

State. In Maine, we passed an emergency appropriation of \$50,000 and are now considering an appropriation of \$500,000 for the coming fall, to meet the increased demand in student loans.

Have you considered an additional authorization to meet the increased demand?

Secretary GARDNER. No, sir; we have not, not this year.

Mr. HATHAWAY. Is it your belief that although the program is inadequately funded, the States should provide for the difference between the Federal funding and the student demands?

Secretary GARDNER. Well, this is the kind of decision we had to make in all of our budget categories and it was a series of judgments as to how much money we could allocate each of the things we are trying to do. We did not seek additional authorization.

Mr. HATHAWAY. Do you have figures, national figures, on how much the demand exceeded the supply of guaranteed loan money?

Mr. MUIRHEAD. We do. The guaranteed loan program as you, of course, know, Congressman Hathaway, has gotten off to a rather halting start for a great many reasons.

Nevertheless, it has, and will have, by the end of the year, provided loans in the neighborhood of \$400 million to about 460,000 students, and for a program which started when the interest rates were as difficult as it was, it is a rather good achievement.

We do not have figures to indicate how many students have been turned down. We do have projected figures for the program level next year. It is our hope it will reach the level next year, reaching 750,000 students as compared with 460,000 this year.

To return to your question as to the advance funds for the States, as you know, we did provide during the first 2 years of the program, and it has been enacted for 2 years but in operation 1 year, a total of \$17.5 million which was intended to get the States started. There are a number of States, the State of Maine being one, in which they used up the guaranteed funds and some way must be found to either broaden that guarantee fund or to put into operation the provision in the act which the Congress passed which says that in the event that a State program cannot provide it, there will be a Federal guarantee program.

We are considering that now, as to whether or not we will have to do that.

It has been our thought that we would only put the Federal program into operation as a very last resort.

Mr. HATHAWAY. Thank you, sir.

Now, a question about the work-study program, I noticed you recommend that instead of the Federal share being decreased to 75 percent that it be decreased to 80 percent. At the present time, it is 90 percent.

In the field hearings we were informed by many of the colleges that if it went below 90 percent they would have to curtail work-study programs considerably. Did you consider maintaining the 90 percent?

Mr. MUIRHEAD. A good deal of thought went into maintaining it at 90 percent when scheduled under the law to change it to 75 as of August, I think.

We finally have a compromise position, as you see before you, rather than having a 75 percent, 75-25 percent matching, it is 80-20, and we are hoping it is helpful.