

Mr. HOWE. We can provide it. It will have to depend in turn on our estimate of the number of students who will take advantage of it. We have some estimates and will base our costs on those.

Mrs. GREEN. Can you give us a guess this morning? Do you have any recollection of what the cost might be?

Mr. MUIRHEAD. Well, the cost, Madam Chairman, for the guaranteed loan program, the cost is the payment of the interest subsidy and we have in our materials the amount that is estimated for the interest subsidy next year. We can make projections for subsequent years as the program grows.

Mrs. GREEN. What is the cost for next year, the estimate?

Mr. MUIRHEAD. I don't have that figure at hand. I can readily get it for you.

Mrs. GREEN. I think some of the other members of this committee are taking a second look at this tax credit proposal in relation to the success or lack of success of the guaranteed loan program. There was an article in yesterday's paper in terms of the contributions for education which are tax deductible, although not a tax credit. It amounts to 17 percent of the total or \$2.3 billion for last year.

That is where businesses, corporations, and individuals who want to contribute to a scholarship fund can deduct, of course, up to the ceiling. What is the justification then for the fact that I, as a parent, cannot deduct anything for the education of my own children, although I can contribute to any number of scholarship funds for other children and deduct the full amount of the contribution? What is the justification for this, in terms of cost, if we allow corporations and businesses, and individuals to contribute to education up to \$2.3 billion, but then the Treasury opposes this amount in terms of a tax credit for grown children?

Mr. MUIRHEAD. Well, the educational and charitable deductions have a long, long history in fact and law, and they are based upon the principle of philanthropy, unless the act is a philanthropic act in which interest is presumably not involved, he does not fall under that category.

I think most tax specialists just would not compare them. They are just two different kinds of questions.

But I am not a tax expert. I can tell you why we don't favor the tax credit. We don't favor it for the reason it does not reach the youngsters who are most in need and to those it does reach it will have soon been countered, we believe, by rising tuitions; that is, it will be a form of institutional subsidy in effect for private institutions and this has run through all of the conversations about the tax credit, that private institutions will raise their tuition when the tax credit is available so people can pay more.

So, in effect, it will not be aid to the students, nor will it be aid to the parents, it will be subsidies to institutions.

Mr. HOWE. Could I add, Mr. Secretary, that it will create a pressure on public institutions which have been endeavoring to hold down their tuition rates and some of them which have been endeavoring to maintain free and open public education to abandon that policy because it creates an additional source of possible support for them.

It seems to me that the guaranteed loan program with the change in interest rates, gives us an opportunity of really opening up widely