

Under the revolving fund arrangement, the college no longer has the obligation.

Mrs. GREEN. If I may interrupt, isn't there a provision that if the colleges have difficulty getting that 10 percent, they can borrow from the Government?

Mr. MUIRHEAD. Yes; there is such a provision in the law now.

Mrs. GREEN. So this would not help them; if they can borrow it anyhow, they would still get 100 percent Federal funds.

Mr. MUIRHEAD. Yes; but they would not have to borrow their own 10 percent. They could borrow the total amount of money. You are quite right, the original provision now would permit them to borrow the money.

Mrs. GREEN. Have you ever figured up the comparable cost if you take, we will say, 500,000 or 1 million students, borrowing at the maximum amount for a 4-year period, what it would cost the Federal Government under the NDEA proposal as it is now operating and under the Fannie Mae proposal which you suggest?

Mr. HOWE. In order to do it, Mrs. Green, we would have to make some assumption about the distribution within NDEA of those students among the capital grant program and the new loan program and if we make the assumption that it was, let us say, half-and-half, we will have this situation.

Mrs. GREEN. I am thinking of one under the NDEA as it exists and the other then completely under the new loan program.

Mr. HOWE. We could do that.

Mrs. GREEN. So you wouldn't be dividing it. The only assumption you have to make really is the interest cost.

Mr. HOWE. Yes; if you did it with the NDEA as it exists. We can do that and it would probably be most useful to use a number of students which is typical of the number we would have in, say, this year or the next.

Mr. QUIE. Could I ask a question? On the revolving fund the school will not have to put up its 10 percent?

Mr. HOWE. That is correct.

Mr. QUIE. What about loans that are not repaid; who bears the responsibility for them?

Mr. MUIRHEAD. The loans are guaranteed and the Government would pay 90 percent of the loans.

Mr. QUIE. They still have to share in 10 percent of the losses?

Mr. MUIRHEAD. Yes; they have to share in 10 percent of the loss, that is correct.

Mr. HOWE. Going ahead to title III of NDEA, which is the equipment and minor remodeling funding for elementary and secondary institutions, analogous to the program just mentioned under the Higher Education Act, here we are asking for a 5-year extension and a number of minor changes. One of them is again analogous to what we have done with the Higher Education Act, the removal of the categories and the suggestion that the program operate without strictly listed categories—and that therefore the schools be eligible to decide where these funds can best be used by them.

This subject matter limitation has existed, I believe, throughout the period of the act and we are suggesting it be dropped.