

Also with me today is our associate federal legislative counsel, Mr. James Smith.

Although the main purpose of these hearings is to discuss H.R. 6232, I would like to expand these comments to cover several aspects of the guaranteed student loan program authorized by title IV of the Higher Education Act of 1965.

Two years ago our association appeared before Congress to support the concept of State and private guarantee plans, rather than a Federal program of guaranteed student loans. Our arguments at the time were based on the impressive records that State and private plans were compiling in a very short period.

We felt at the time, and still feel, that a system whereby private lenders would work with State and private guarantee agencies would offer the best approach to meeting the demand for long-term, low-cost loans to finance college education.

Congress supported this method in passing the Higher Education Act of 1965, which was signed by President Johnson on November 8, 1965. That act directed the Commissioner of Education to encourage the growth of State and private guarantee plans.

It authorized the Commissioner to advance seed money to be used as reserve funds by State and private agencies and to pay interest on behalf of eligible students.

I might interpose a comment with respect to the point Mr. Carey brought up a moment ago. All students are eligible to borrow these loans, regardless of family income, but it does not apply above a certain income level.

Mr. CAREY. Yes, it is true that every student is eligible to apply, but not all students get a guarantee of remission of interest. The funds are limited and in order to serve the low-income student first, the policy is to tell the student from a family with greater means that he will not be recommended for loans; isn't that so?

Dr. WALKER. Yes.

Mr. CAREY. The effect is the same?

Dr. WALKER. There is not a cutoff, I think, at this particular level and our goal is for all students to borrow this money and our statement is to correct the difficulties.

Mrs. GREEN. How do you determine need?

Dr. WALKER. I will go on with my statement and explain that.

Our association conducted an extensive educational campaign to acquaint banks with the new program. We distributed a brochure entitled "Banking's New Opportunity" to every bank in the country last June as soon as the regulations were completed by the Office of Education.

We prepared kits for banks that included copies of the regulations and copies of the necessary forms, descriptions of the procedures involved, and sample radio and newspaper ads.

We discussed student loans at our last two annual conventions and passed resolutions in support of the program. We have had representatives of the Office of Education discuss the program at numerous national and regional banker meetings and conferences.

Many State associations followed with workshops and seminars on student loans.