

Mrs. GREEN. What is the rationale for the difference in the interest subsidy after a student has finished college? And the rationale for the forgiveness feature in the NDEA loan program and not in the guaranteed program.

Mr. MUIRHEAD. The rationale, Mrs. Green, for the interest procedure in the guaranteed loan program follows much the same as the rationale developed for the NDEA student loan program. While the student is in school, he is not earning. Consequently it seems wise, then, to pay the interest while he is in school. After he leaves school, he is earning and can be reasonably expected to pay part of the interest, which is much the same rationale that was established in the NDEA student loan.

Mrs. GREEN. I mean the difference in providing a subsidy for some and not for others. Is not the earning potential of the students identical?

Mr. MUIRHEAD. Again, that flows in part from some of the rationale in the NDEA loan program. There is a financial means cutoff in the guarantee loan program. A youngster from a family that is earning less than \$15,000 adjusted income, which works out to be in many cases about \$20,000, is entitled to a subsidy. If he happens to come from a family that is earning above that income there is not as good a rationale for the Government to subsidize his loan.

Mr. BARR. If I can speak to that a bit, I think there is a strong feeling in this country and in the Congress that some relief should be given to middle-income families who are carrying the cost of higher education. I think this is evidenced by the strong support for the tax amendments—the amendments to the tax code proposed by Senator Ribicoff and others. There is very, very strong support in this area at the time. I think that if we were not in heavy deficit, this legislation would probably pass over the strong objections of the Treasury Department.

I believe this strong feeling provides one rationale for a subsidy for a man and wife and three children with an income up to \$20,000. This is roughly the place that the Ribicoff plan cuts off—that is, the benefits start diminishing. The approaches, I think, are parallel in that respect.

Mrs. GREEN. I think the interest is enabling the student to go to school. I don't know that there is a strong sentiment after the student has graduated.

Mr. BARR. I would defer to your judgment on that.

Madam Chairman, we have tried to look ahead for 4 years. I can give you where we think this program would end up by 1972, if you would be interested.

Mrs. GREEN. We would. We are going to have Wright Patman here to testify and we would like your comment.

Mr. GURNEY. Will the chairwoman yield at this point?

Mrs. GREEN. Yes.

Mr. GURNEY. Has any study been given by the Treasury as to an alternate method of tax relief for repayment of these loans after the student becomes a wage earner. In other words, instead of forgiving the interest in the form of a subsidy, would there be any way of encouraging the repayment of the loan with full interest, but still a relief in the form of a tax reduction?