ciation writes that if the fees are being made on behalf of the student and the rate of interest on the loan is 6 percent per annum the construction has been given them that such a loan would be in conflict with the usury laws of New York.

Mr. MUIRHEAD. May I respond to that because this was a question in the developing of the amendments that are before you. The language now reads that the payment of the fee is a payment for service rendered to the bank rather than on behalf of the student. So the fee does not get itself involved with the usury laws of the State. It would be a problem if the fees were paid on behalf of the student.

Mrs. GREEN. Does the Office of Education handle the records, processing the guaranteed student loan program, or do you contract that out?

Mr. MUIRHEAD. We handle some of the records. Most of the records for handling the student loan program are handled either through the State agencies or the nonprofit private agency on behalf of the State, and the lender.

The Office of Education does handle the records having to do with payment of the interest to the banks. We then have a relationship with the bank. But the question of determining the eligibility of the student, what the income of his family is, and whether or not he is enrolled in college, those records are handled through a combination of both the State agency and the lenders.

Mrs. GREEN. You do it all then? You do not contract out anything?

Mr. MUIRHEAD. We do not contract it out.

Mrs. GREEN. On the study that was called for in the legislation under section 13 have you broadened that to include other programs besides the guaranteed loan program?

Mr. MUIRHEAD. I don't think we have.

Mrs. GREEN. Is that study underway?

Mr. MUIRHEAD. That study is underway but I don't think we have broadened it to include other programs.

We have the study that the Commissioner referred to some time ago with the college entrance board which is taking a look at the other student loan programs, principally the NDEA.

Mrs. GREEN. The study of forgiveness does not come under this study.

Mr. MUIRHEAD. No. That comes under the college board study that was referred to some time ago.

Mrs. GREEN. From student aid officers we have had some adverse comments on two parts of the guaranteed loan program. One, the lack of a family means test, and two, lack of institutional control over the student eligibility. Would you comment on either one of those?

Mr. MUIRHEAD. Yes. Those concerns are quite understandable. The student financial aid officer on the college campus directs his attention to the effective use of the college resources in terms of using them to the best advantage for young people that have financial need.

This is the objective of the NDEA loan program, the opportunity grants program, and the college work-study program. However, the objective of this program is not precisely that. This program is aimed more directly at middle- and upper-middle-income families who probably by changing their expenses and using their resources could pay for the cost of higher education. They could not, however, meet a test