Mr. QUIE. Mr. Barr, you estimated the cost for 1972 of $400 million.

Mr. BARR. Yes, $455 million.

Mr. QUIE. Does this take into consideration the default loans as well, for 80 percent of which you will have to assume responsibility?

Mr. BARR. No, it does not, Mr. Quie. If you wanted to apply the New York experience of about 3 percent, you should add the cost of expected losses to that figure. These would amount to about $60 million over the next 15 years. The Federal cost, four-fifths of this would be about $48 million.

Mr. QUIE. For that whole period of time?

Mr. BARR. Yes, that is correct.

Mr. QUIE. Do you expect, Mr. Muirhead, that as time goes on, if we adopted the amendment proposed now in the guaranteed loan program that there will be more dependence on the guaranteed loan and less on the NDEA loan and there will be a tendency to stabilize the NDEA loan program around $200 million?

Mr. MUIRHEAD. It seems to me that there should be a reasonable projection if the guaranteed loan program reaches the level that we think is its potential. It would then be available to an increasing number of students who are now receiving help under the NDEA, particularly the students under the NDEA who are from families with higher income. I think probably we will continue to have a pressing need for the NDEA for the sutdents from the very low income families. I think your projection is as reasonable as any that we could project at this time.

Mr. QUIE. Then you would expect that the students who presently are receiving an NDEA loan but come from a family with an income of, say, $6,000 to $12,000 would not be able to secure an NDEA loan any longer? If my recollection serves me correctly, in some schools, students in families as high as $11,000 have received an NDEA loan.

Mr. MUIRHEAD. Yes. Of course, I think it should be emphasized that a very small percentage of the students under the NDEA loan come from families above $8,000 or $9,000. The overwhelming majority, running to more than 70 percent, of the loans go to youngsters from families earning less than $6,000. I think it is fair to assume that as we look down the road an increasing number of students from $8,000, $9,000, or $10,000 families might turn to the guaranteed loan program.

Mr. QUIE. Are you going to issue any regulations on the NDEA loan program to require the institutions of higher learning to scale the income level down on the eligibility.

Mr. MUIRHEAD. No. We have no present plans for doing so because the amount that the student receives under the NDEA loan is usually made after a rather careful assessment of his family income. As the costs of higher education increase, as they will, particularly in private higher education, there will be instances where students in the $8,000, $9,000, $10,000 bracket, can show that they are eligible under the financial need test of the NDEA.

Mr. HOWE. Mr. Quie, I will point out that the way experience is developing with these two programs they seem to be complementing each other rather nicely. Mr. Muirhead just told you that the high percentage of NDEA loans were below the $6,000 income level. I have the figures here on page 3 of my testimony showing that about 70 percent