Mr. GURNEY. I think you could find many instances where a graduate might come from your lower income family and higher income family and end up with the same job in X company drawing the same amount of money. Presumably he would be repaying the money, not his family, is that true?

Mr. BARR. That is correct.

Mr. GURNEY. What does it cost Uncle Sam for this subsidized interest after graduation?

Mr. BARR. It is not inconsiderable.

For fiscal year 1968 I believe it will be $56 million.

Mr. GURNEY. Of course, that could be very considerable more once we get this reinsurance program going.

Mr. BARR. Excuse me, Mr. Gurney. That is not a correct statement. The $56 million includes the forgiveness of all interest while the student is in school. So I would have to break that out. I don't think we have any figures on the after-school subsidy yet. The program has not been going that long.

Mr. GURNEY. I wonder if we could have some projected figures.

Mr. BARR. Yes. I will defer to the Commissioner here as to a comment on this question of whether or not the student after graduation should continue to get the subsidy. I think very clearly while he is in school a student from one of these lower middle income families should have this interest forgiveness. The question is not nearly so clear to me as to what should occur after he gets out of school.

Mr. GURNEY. That is true.

There is another point, too. Of course, you don't have any experience on this yet but what are we talking about approximately in terms of the interest obligation after graduation? There, of course, you would have to know what the average loan would be. Is there any projection of what that might be?

Mr. HOWE. The average loan is around $800. It is expected to move up to a thousand.

If I may comment on this point. It seems to me there are two issues.

One is at the point of the student's decision to take out the loan in the beginning.

The youngster who is in a lower income family, looking at the decision to take out a loan may be inhibited by facing a 6-percent straight interest rate even 4 years away. So at that decision I believe the forgiveness feature is probably going to attract in a larger proportion of young people than a flat 6-percent arrangement would.

Secondly, I expect we could show you some information and we would have to dig this out, which would indicate that the expected income levels, after going to work, of people from lower income families did indeed tend to reflect the fact that they came from lower income families and that their average income levels in the first few years after college were to a degree limited.

Many of these young people will be going to 2-year colleges rather than 4. They will have expectations of employment that are at a somewhat different level than those who have a bachelor's degree. Although there will not be any perfect match here when you look at individuals, I think the broad figures will show that the expected income level in