

Mr. ERLNBORN. So it is your answer you are managing the program, you anticipate to manage it under the 85-15 so that the \$140 million will be sufficient for the program for this fiscal year.

Mr. MUIRHEAD. Yes, sir.

Mr. QUIE. Are you going to have any flexibility in your administration of it or will every institution receive 85 percent of the cost of the program? Will some of them that are financially capable be required to assume a greater local share?

Mr. MUIRHEAD. Of course, a great many of the institutions put in a great deal more than 10, 15, 25 percent as their contribution.

Mr. QUIE. They had their own program beforehand.

Mr. MUIRHEAD. Yes, as their contribution to the objective of the program to provide work opportunities for young people. We have not devised a procedure for saying that the matching in one institution will be greater than the matching in another institution.

Mr. QUIE. The law only says that it shall not be greater than 85 percent. You can set it at a lower figure.

Mrs. GREEN. I have a couple other questions.

On the educational opportunity grant, if we assume that a student would borrow under the guaranteed loan and would be eligible for an educational opportunity grant, do you see the guaranteed loan as matching?

Mr. MUIRHEAD. Under the present language of the law, the guaranteed loan program, if it involves an institution in its administration, may be used in matching for opportunity grants.

Mrs. GREEN. I thought it was the total amount of student financial assistance. Do you recommend that it be used there?

Mr. MUIRHEAD. Mrs. Green, it seems to me I would so recommend that the matching for the opportunity grants be made available either from the NDEA loan programs or the guaranteed loan program.

Mrs. GREEN. We are going to hear from USAF a little bit later but I understand they oppose the guaranteed loan program amendment you propose. May I have in writing what effect it would have on the total program if USAF should withdraw, if their opposition goes to that extent.

Mr. BARR. I can give you a quick answer.

Mrs. GREEN. Will you do this in writing because that is the second bell.

Mr. BARR. I will.

(The information referred to follows:)

EFFECT UPON THE GUARANTEED STUDENT LOAN PROGRAM OF WITHDRAWAL OF UNITED STUDENT AID FUNDS, INC.

United Student Aid Funds currently is serving as the guarantee agency (under contract with either the U.S. Office of Education or a state government) in over 30 states. USAF representatives have indicated that USAF, for reasons of its own, is not disposed to accept the 80% reinsurance arrangement proposed by President Johnson. This would mean that, absent any additional contributions to USAF reserve funds, USAF will gradually exhaust its capacity to guarantee further loans under the guaranteed student loan program. This already has occurred in a few states, and the problem will arise in additional states over the coming year.

Representatives of various lender associations—including credit unions, savings and loan associations, mutual savings banks, and commercial banks—