

of making it work. When you get right down to it, it seems to me it is purely a question of economics. Is the bank going to get a reasonable return on its money, or isn't it?

In our own area, and I have checked with bankers, you have a few banks that are community-minded, always have been, that are in this program just as much as they can reasonably handle. Of course they get referrals from all the other banks in the area that won't participate. I don't think bankers are any different from any other cross-section of society, including Congressmen.

Some are more community-conscious citizens than others are. Some want to push their community ahead and others would prefer simply to make a little more money.

So in order to make the program work and also to help these banks that are carrying the burden now, the thing has to be economically sound. You simply cannot depend completely on eleemosynary motives. Isn't that a fair statement?

Mr. WALKER. I think that is a fair statement, except I would say that the prototypes of these programs developed through USAF and the State plans were mainly built at the pushing and the urging of the commercial banking industry. I would say that this involvement, and this is why we fought so hard to keep this through the State approach rather than a Federal guarantee approach because I think the banker sees perhaps more clearly because of his tie-in with the community I mentioned earlier, that in the long run this is not just eleemosynary, in the long run his community and probably his bank will profit, too.

Mr. GURNEY. I think that is true. Neither do I think it has to be put completely on a dollars and cents basis. Certainly the eleemosynary aspects of it are rather considerable. If you can put enough sweetener in this thing so that it is reasonably sound, then the banks who don't believe in this have to come along. They will be forced to by the other banks.

Mr. WALKER. We are not talking about much. I think the appropriation was \$25 million for the fee or \$20 million for the fee. In any event, out of a \$135 billion budget we are talking about \$25 to \$30 million for this purpose.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Dr. Walker, won't the paperwork decrease as time goes on and as you get more experience with these loans so that the cost of processing will be less?

Mr. WALKER. Yes, sir, there will tend to be greater efficiency. We have had considerable progress in discussions with Office of Education in reducing the paperwork.

But there is an irreducible minimum which it cannot be brought below. I would not think the cost of acquisition, if you are going to engage in that vital counseling with the student, is going to go down very much. It could be brought down considerably in a phase we are not even in yet by adoption of the Michigan plan or by elimination of the postgraduate, after-graduation interest subsidy.

Mr. HATHAWAY. On this counseling, since it is a guaranteed loan, why do you have to have any more information than that the student is in school and is maintaining good academic standing?