

ment put in this. I like your suggestion also that the student financial aid officer be involved because he gets the big picture of what the students problems are going to be in college.

Perhaps one of the things that Congress could do—and you can try this one on for size, to see how you like it—is that we could create a program where we give students and financial aid officers the technique of making these loans and accumulating them in some kind of bulk, maybe at the rate of \$50,000 or \$100,000 packages, and selling them to financial institutions with a Federal guarantee attached. This would allow a student financial aid officer to go around his own community and the financial community and say, “Here, I am going to make some loans and they will be guaranteed by the Federal Government. I will be shipping them to you in lots of \$25,000, \$50,000, or \$100,000 at a time. And I will be doing the paperwork or my school will be doing the paperwork.”

As a person interested in the point of education of students, do you think this would work?

Mr. MORSE. Congressman Gibbons, that is very interesting. Before there was any NDEA, and I was director of financial aid for Rensselaer Polytechnic Institute in Troy, N.Y., in the early fifties, we did just exactly that. We loaned money to our students, packaged the notes, and took them to the Manufacturer's Bank and they discounted them and loaned us more money for us in turn to lend the kids. It was fairly expensive to the institution. We were charging the kids only 3 percent interest, and we were having to pay 4½ percent interest.

This will work, provided you have an economically stable institution.

Mr. GIBBONS. This would put the Federal Government behind it.

Mr. MORSE. I would like to think about that some more. It is another variation of what we thought was going to be accomplished through the participation sales concept whereby the institutions would borrow from the Commissioner and the Commissioner would bundle institutional notes along with other Government assets and sell them through the participation sales route and thus get the money back.

Mr. GIBBONS. We could create the pool to be administered by some Federal agency. These institutions instead of receiving dollars could receive a guarantee. We now apportion the work-study money, we now apportion the NDEA loans. Just make up these packages of obligations created between the student and the financial institution, and we would cut out a lot of paperwork, we would cut out a lot of things that the bankers complain about that it costs them so much money to put a loan on the books.

You take in \$30,000 to \$100,000 worth at a time, and it would be a real simple transaction for the bank. It would eliminate having the financial officer of the bank interview the student or parent.

There seem to be other alternatives to explore. I throw that out as a suggestion. I would like to have your response later on after you have mulled it over.

Mr. MORSE. I will do my best to give you a response. I will call together some knowledgeable people to try it out.

One other thing I have thought about but am not bright enough to think through yet, there should be a considerable amount of money available in insurance companies and pension funds and in colleges