

STATEMENT OF ALLEN D. MARSHALL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, UNITED STUDENT AID FUNDS, INC.; ACCOMPANIED BY RAY H. LUEBBE, GENERAL COUNSEL AND MEMBER OF THE BOARD OF TRUSTEES, AND EDWARD A. McCABE, WASHINGTON COUNSEL

Mr. MARSHALL. Thank you very much, Madam Chairman. You have introduced me and I would like to introduce Mr. Luebbe, our general counsel, and Mr. McCabe, our Washington counsel. Mr. Luebbe is also a member of our board of trustees.

Mrs. GREEN. May I say Mr. McCabe needs no introduction to the committee.

Mr. MARSHALL. I assumed that.

Before I proceed, I just have a couple of comments I want to make. I was very much interested in Congresswoman Mink's statement here because Hawaii, if my recollection is correct, was the first State to come into our program with a State appropriation. We were able to get all the banks, and I think a much higher percentage of credit unions in Hawaii in our program than any other State. We have had very cooperative and fully voluntary participation of banks and financial institutions in that State.

Also, since I got to Washington I heard again the rumor that is coming in from the field to us that United Student Aid Funds is going out of business.

I would like to put it on your record that we are not. We intend to stay in business and fulfill our contracts with our lenders and with the colleges and so forth.

I am here to present the views of my organization, particularly as to one proposed amendment to the Higher Education Act of 1965. That amendment would set up a Federal coinsurance program, proposing to multiply by 5 the effective guarantee value of reserves maintained by State and private nonprofit loan guarantee agencies.

I should like to begin by citing our own experience. United Student Aid Funds has now been in this field for more than 6 years. We are the only agency guaranteeing student loans nationwide. We operate in all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Our participants include over 9,000 banks, savings and loan associations, and credit unions, and over 900 accredited colleges and universities. This is our own long-established program.

In addition, since last year we operate guarantee programs under contract for 29 States. In all, we have guaranteed over \$125 million worth of loans. No other guarantee operation—Federal, State or private—can begin to match our range, diversity, and breadth of experience in this vital field.

I have attached as appendix A to my written statement a brief history of our participation in the guaranteed loan program set up by the Higher Education Act of 1965.

We strongly oppose the proposed coinsurance plan. We consider it to be in reality a four-fifths Federal guarantee. We strongly endorse a continuation of the present arrangement, set up less than 2 years ago. The program in the present law was designed by Congress