

tioned—and where the State, having exhausted its Federal “seed money” can appropriate no State funds until at least the next session of its legislature.

In such a case, unfortunately for the student who wants a guaranteed loan, the glowing promise of this coinsurance plan identifies itself on closer examination as five times zero, because there is no fund there to be multiplied by 5.

This, unhappily, is the situation which would confront students in a number of States. This condition would persist in any such State until (1) new funds could be found and (2) an additional organization could be established which is willing to engage with the Federal Government in the proposed 80 percent Federal coinsurance program.

It is our judgment that this coinsurance program, if enacted in the form proposed, will turn out to be complex, difficult, time consuming, and impossible of early implementation.

As only one example, consider the number of overlapping agencies there will be in the field. United Student Aid Funds will certainly still be operating its private program. We have every intention of carrying out our promises and meeting our responsibilities to the students, colleges, and lenders who now participate in our operation.

A number of States may also continue to contract with us to run their plans. Other States will operate their own guarantee programs. A few States may opt for a Federal guarantee.

The proposed coinsurance program can only compound this confusion. With such a multiplicity of programs, it is absolutely inevitable that borrowers, colleges, and lenders will be inundated by redtape, paperwork, and delays.

Our position on these matters is neither new nor unpublicized. Our friends in and out of Government have long known of our total lack of enthusiasm for any Federal guarantee program.

As to the current coinsurance plan, we quickly communicated our views to those in Government most directly concerned, including the Treasury, the Office of Education—and the lenders as well.

I must say that since July 11, when we first heard of this hastily contrived Federal coinsurance proposal, we have had a hard time getting some of these people to consider the possibility that it could contain some flaws.

So it is a pleasure today to have a sort of captive audience.

Mrs. GREEN. If I may interrupt, it is not captive. We are here by choice.

Mr. MARSHALL. And we do appreciate that. The next topic I have here is “Should Need Be Considered in Granting Loans?”

My associates have the same feeling as I do about the word “need.” We think “financial requirement” is a better label than the word “need,” because we don’t want to confine this program to the poverty stricken alone.

Let us consider these facts.

How much of the \$750 million—or, if we use the Office of Education figure, \$1,400 million—estimated as the loan demand in the coming school year, represents real need?

“Demand” can be manipulated; “need” cannot. “Demand” may be a better word than “need” to apply to the Office of Education estimate,