

Mr. MARSHALL. If a student has borrowed a thousand dollars for a year, it becomes due and payable at the end of the year. His fee is \$5 on that. So a check for \$5 accompanies the note. We endorse the note and keep the check. It is almost like an application fee.

Mr. GIBBONS. Is it collected in the beginning?

Mr. MARSHALL. Yes; it is collected at the beginning.

Mr. GIBBONS. One-half of 1 percent?

Mr. MARSHALL. For the duration of the note.

Mr. GIBBONS. As a practical matter, the borrower puts it up in cash? He just borrows some more?

Mr. MARSHALL. Yes, that is possible.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Thank you, Madam Chairman.

Mr. Marshall, thank you very much for your statement. We have had a Marshall plan for Europe and a suggested one for the cities recently, and now perhaps we have one for higher education.

I think the points you have made are very good. I just want to ask you a few questions about them.

In your last recommendation, you recommend whatever fee to lenders is necessary to take these loans out of the "loss" category. You mean you are just going to go from lender to lender and allow them whatever extra cost it would take?

Mr. MARSHALL. No. I was there addressing myself to the proposal before you which would be a flexible fee, as I understand it, from \$20 to \$35.

Whatever is necessary to take the loans out of the loss category probably would be a good idea, would be the simplest way to do it.

Of course, the other way is to permit a flexible interest rate.

Mr. HATHAWAY. So you would go along with the administration recommendation with respect to that?

Mr. MARSHALL. Yes; unless the committee would choose a different course that would accomplish the same purpose.

Mr. HATHAWAY. I think the committee has some doubts about whether those fees represent actual costs or not. We are having a detailed breakdown on that.

In the next to the last recommendation where you ask to take into consideration some need factors, wouldn't it be fairly difficult to take into consideration a lot of need factors? Maybe we should simply lower the adjusted gross income requirements from \$15,000 down to \$10,000.

Mr. MARSHALL. No, I would not take that course of action at all. I can sympathize with the fellow who is getting \$30,000 a year who has three or four children in college, or has a sick wife, or something like that. He may need the money much more than someone who earns \$12,000.

You have to have flexibility in this and leave it to the decision of the financial aid officer of the college, who knows whether, for example, there is a work-study program available. Maybe there is one available. Maybe he has sized up the student as not being academically high enough so that he can work and pass. So he is in favor of giving him a loan instead of making him work.

There are many factors that I don't think you can generalize about.