

possible and indeed quite common for families earning in excess of \$15,000, as high as \$20,000, depending on number of children in college to be eligible for subsidy.

Mr. CAREY. Why don't you put on the form the adjusted gross income after deductions, including the allowed deductions for interest on mortgages and local taxes and all of these things so the real figure available to family income appears on the form and not the income after simple deduction?

Mr. MUIRHEAD. Well, we had great difficulty in finally arriving at a rather straightforward way for the banks to determine whether or not this family income was eligible. We did not want to put the banks through the business of having to go through the income tax form and all of its various ramifications. Instead we took the rather simple procedure of saying that adjusted family income is that income that remains after the regular dependency allotments.

Mr. CAREY. That is illusory and you know it, because it is not the real money available for student education, and the real money is that money left to the family after it paid the mortgage on the house, the interest on the car loan, the other expenses the family may have undertaken in terms of illness and all of the other things which the Internal Revenue are agreeable as to legal deductions, and why should the education people be competing with the Internal Revenue people?

Mr. MUIRHEAD. Let me ask Mr. Weiss to comment.

Mr. WEISS. This is a problem we worked on with the Office of Education, and I might offer just two points about it: First, the problem goes both ways. That is, if you go directly to the taxable income, you benefit people who perhaps you don't want to benefit with interest subsidies, people who have substantial tax-exempt interest income, for example.

The second point is: The problem that had arisen in connection with making all of these adjustments relates to the question you raised a little while ago; that is, the administrative burden for the student, the lender, and the State, private or Federal guarantee agency. If you are going to make all of these adjustments, which had originally been attempted, the form becomes long and the information is fairly burdensome to accumulate and check.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Thank you, Madam Chairman. I haven't had a chance to examine all of the statistics. I am in agreement with most of the statements, except I take strong objection to the \$35-a-year application fee. I wasn't persuaded last year by the bankers' testimony they had considered all of the benefits of such student loans.

Furthermore, the bankers I have talked to in my own State, although they would like the extra money, don't feel they actually need the extra money, they are happy to participate in the program because it is doing some good and they know it is a longrun benefit to them.

In the third place, even the bankers admitted there are more institutions participating in the program every year so why should we at this time, with no indication of slack-off—in fact it is increasing—give them extra money to keep them in the program?

Mr. HOWE. I think you realize here we have tried to make a factual study of the situation the banks confront in cooperation with them.