

If we eliminate the cancellation feature and do not consider that a cost in either NDEA or the guaranteed loans, the Under Secretary advises that, if we have 500 students borrowing \$4,000 each with 10-year repayment cycles, that the cost to the Federal Government for the NDEA loans for this 10-year period, would be \$464,394, that the cost under GSLP would be \$579,407, or a difference of \$115,000 for 500 students borrowing 4,000 each over a 10-year period.

Now, at the beginning I asked the number of NDEA loans. I think it is fair to assume we could figure on a million over the 10-year period. This has been about the amount, is that right, Mr. Moore?

Mr. MOORE. A million accounts, yes.

Mrs. GREEN. All right, and more than that in loans?

Mr. MOORE. Yes.

Mrs. GREEN. So a million would be a conservative figure?

Mr. MOORE. Yes.

Mrs. GREEN. Then if the additional cost for 500 students is \$115,000, if my old math is accurate, the increased cost to the Federal Government is \$230 million over this 10-year period if we use the guaranteed student loan program instead of the NDEA?

Mr. GIBBONS. Will you yield?

Mrs. GREEN. Yes.

Mr. GIBBONS. I want to make sure I understand the basis of your argument, and I wish you could put that letter also in the record. Your argument is based on the fact that in NDEA you knock out all of the forgiveness feature?

Mrs. GREEN. The forgiveness feature is not considered in the projections.

Mr. GIBBONS. Or interest subsidy?

Mrs. GREEN. We consider interest subsidy in both.

Mr. GIBBONS. In that program under an interest subsidy, the Federal Government has no expense involved in the program.

Mrs. GREEN. The interest paid on behalf of the borrower is \$517,000, and the insurance reserve matching seed money is \$5,942, and the placement and conversion fees is \$56,338.

Mr. GIBBONS. Obviously that seed money is just a gift. I think we would be foolish in putting it out and I hope we don't put out the other 12 million.

Mrs. GREEN. All I am asking: Is there agreement on the part of Office of Education that there is an additional cost over a 10-year period if we go to a guaranteed student loan program instead of the NDEA?

Mr. HOWE. Mrs. Green, I have not had a chance to examine that letter. We would like to do so. I am sure it is a responsible study. We would like to see what qualifications and judgments have been made in the course of it and give you a response on this question, but we currently don't have a copy of this.

Mrs. GREEN. I will make one available. I presumed you had one.

Mr. QUITE. Will you yield?

Mrs. GREEN. Yes.

Mr. QUITE. I would say my recollection of the U.S. Office's response in the last Congress was similar to this of the additional cost of the guaranteed subsidized loan program being over and above the NDEA guaranteed loan program.