

requests to their real needs, but that another college, of smaller enrollment, had requested a much larger figure, and then when the reductions had to be made, there was an across-the-board reduction for every college. This financial student-aid officer said, "This is the last time I am ever going to be honest; instead of sending in a realistic request, I am going to pad it and get the figure up as high as I can."

Mr. MOORE. This is the reason we use a set of nine regional panels across the country—to review the initial requests, because this has been a problem over the years between the bulk of the institutions who are straightforward and quite candid and those that assume there will be a reduction and consequently multiply the requests by two or three. The panel reviews each request and decides whether or not it is reasonable. If it feels it is not, before it comes to Washington, it is reduced and a figure at a more fair level, if you will, is negotiated with the institution.

It is to get at this very problem you mentioned. We have done this for 3 years in a row. Frankly, the panel people—and we used 110 of them this year—are all from colleges and universities, so it is a peer-group situation where people are sitting in judgment as far as their own college is concerned.

The second question: If grant funds allotted to an institution are placed in the work-study account or NDEA loan fund, must they be matched on a 9-to-1 ratio? The answer is "Yes," as would be the case with money going directly into the fund.

Third question is: Under the new proposal, may the student receive only a grant? The answer is "Yes," with some qualifications.

This would be at the option of the institution, provided that the grant amount plus, for example, the student's own summer earnings equal the annual cost. Generally this will happen only in a case, first of all, where the student has no help at all from his family, and secondly where the cost is \$600, \$700, or \$800 a year.

The problem we are facing now with the required matching, especially in the junior colleges and community colleges, is that a student who requires grant support of \$500 is required to take a \$250 loan and a \$250 grant. This proposal would allow more flexibility, according to the institution's desire to put this package together.

The last question: How should the college financial officer be brought into the guaranteed loan program?

Here, I think, as compared to NDEA, the financial-aid officer has three primary functions: First of all, he should define for the bank the true out-of-pocket costs for attending college for the year. Secondly, he should detail other kinds of financial assistance, if any, which had been provided to the student, although, by and large, people in the guaranteed loan program do not fall into the category subsumed by NDEA, work-study and the grants program. Third, he should establish the enrollment status of the student. If he had other information about him, he could put it on the application.

We think this guaranteed loan program is basically one of supplementing the cash outlay of the family in these middle- and upper-middle-income areas. Consequently the ultimate decision as to whether or not to make the loan and how much to lend should really stay with