

We are suggesting that there be no Federal subsidy on the interest of these loans following 1 year after graduation of these individuals which will substantially reduce the cost of this program.

As far as response to your earlier question, of course in the evaluation of the funds available for the national interest, of course education recognizes the very tight situation and the heavy demands on needs for the Government at this point in the area of national defense.

We are, however, making suggestions here as this does ease, as we all pray that it will, that education has its positions clearly before them, and the committee and the Congress, of the continuing needs of financial aids to this type, but at the same time recognizing that this must be in balance with some kind of support to the institutions themselves to keep the costs down so that more loans per individual and more loans to individuals won't be such a necessity.

Chairman PERKINS. To what extent now are your students participating in these programs and how has the commercial program worked down there?

Mr. OSWALD. I think it has worked fairly well, although the State guarantee at this moment is now used up. I think the banks have varied in their participation in it. I believe that the administrative cost part that is suggested for the banks to process the loans is probably a necessity in order to get them more actively involved in these loans.

Chairman PERKINS. Dr. Martin, what is your view?

Mr. MARTIN. I would confirm that, Congressman Perkins. I think it varies with the bank and with the locality. We find many places where they are getting money with ease and other places where the bankers do not fully understand or some who even think the loans ought to be handled in our own hometown which, of course, is not the intention of the Congress, I am sure.

Mr. OSWALD. Mr. Perkins, may I take the opportunity to introduce Vice President Curley of the University of Kentucky who is our principal financial officer and whom I asked to join us at the table.

Chairman PERKINS. I am sorry I overlooked you Dr. Curley. We are all deeply concerned with the wide disparity in the authorizations for our educational programs and the appropriation requests.

As I see it, the most important parts of this legislation are student assistance and support program and services and facilities and equipment support.

My principal interest is whether or not we should establish priorities because of the very tight budget situation. With a limited amount of money, should we fund programs at a reduced level in all categories or should we make our investments more heavily in some and not in others?

And if the latter is the case, would you care to give us your priorities?

Mr. OSWALD. I would say to the extent that there are needy students who cannot go to college other than through some kind of assistance, we must try to keep that at a level to meet these needs. But I think in a sense if we put all of our support, our highest priority entirely in that area, and reduce such things as the Educational Facilities Act not only in appropriations but by proposing to raise the interest of what would be paid on loans, that this may well end up in increasing cost