

Mr. QUIE. If we accepted the administration proposal, we probably would increase the availability of capital and reduce the cost to the Federal Government because now there is no reason why any of the private concerns should compete with 3-percent interest loans—but they may be willing to compete with the ones at the cost to the Government.

Mr. CURLEY. We are suggesting that the interest subsidy program for capital facilities be in addition to the direct loan program so that, when the direct loan program is exhausted, institutions will not have to delay facilities but can generate a capital source in the private market subsidized by the Federal Government down to 3 percent.

That is the nature of the suggestion.

Mr. QUIE. My last question then would be in a way referring to the chairman's questioning about setting priorities.

Why do you set such a high priority on title I of the Higher Education Act?

As I listened to your testimony, you did not really criticize the lack of funding of other programs other than the Academic Facilities Act which, of course, was a reduction each year.

Under title I of the Higher Education Act, there is no reduction, it is the same, it will continue at the same level, so nobody should be hurt. They can't, however, expand as much as they want to.

Mr. OSWALD. If I intimated in my testimony that it was a very high priority, I was misunderstood. I indicated that some very worthwhile programs have gotten underway in this and that a lot more could be done if we could get this up to the level of funding.

But as far as contrasting that one with the title I of the Higher Education Facilities Act, in my judgment they are in a quite different area of priority.

Mr. QUIE. Thank you.

Mrs. GREEN. Dr. Oswald and Dr. Curley, I want to turn to student aid proposals. You have recommended that the interest subsidy be terminated 1 year after graduation. How do you feel about the interest on NDEA loans? Would you raise that up to the cost to the Government or would you put it up to 6 percent, the same as the guaranteed student loan, a year after graduation?

Mr. OSWALD. I would comment briefly. I think we have a different situation in that there is not a need factor in the guaranteed student loan. This is aimed at the middle-income families of up to \$15,000.

On the other hand, in the NDEA loans there is quite a need factor involved in the application and the selection for a loan.

Mrs. GREEN. But at what point is the need after graduation? Is there a difference in need upon graduation from a university between a student who comes from a \$4,000 income family and one that comes from a family with a \$10,000 income? Isn't the need the same at the time of graduation?

Mr. OSWALD. It is if you disregard the potential of the family in the process of helping launch a young man into a graduate school or into a professional or productive work status.

Mr. CURLEY. I think that is basically the feeling of the associations, that the student receiving the NDEA loan is from a different strata.

Mrs. GREEN. The capacity to earn is the same.