

Mr. QUIE. Thank you.

Mrs. GREEN. Congressman Burton.

Mr. BURTON. How much of the time is spent on this complicated form and at this point I would like made available to the subcommittee members a sample form so we can view firsthand just what the elements are, but how much of the time is taken seeing that the student qualifies under the family income test, seeing if he qualifies?

Mr. WALKER. Mr. Gannon conducted the survey a year or so ago on the cost of this program.

Mr. GANNON. They originally had a very complicated formula to figure our adjusted family income. This has been changed within the last year, reducing it a little bit. The student is asked to figure out the adjusted family income for both the student and parent and this has to be signed by the parents. This is in addition to the application for the loan. A point that I would like to add on earlier discussion here, there forms, the students takes them into the bank, they go to the financial aid officer at the college who has to verify that the student is in fact enrolled and is a student in good standing.

The recommendation is that the same form being handled by the financial aid officer as it is, so it is not more of a burden on him and you are not really eliminating a step so far as the bank is concerned.

Mr. BURTON. What percentage of the students are rejected because they don't meet the income test?

Mr. WALKER. This does not lead to rejection, but the only thing the income test decides is not whether you are eligible for a loan, my son is eligible for a loan, but whether you get the interest subsidy, full interest subsidy in college and 50-percent subsidy while out of college. The son of the richest man in the Nation could get one of these subsidized student loans and I think that is a very significant point.

Does the Congress really want to work that way?

Mr. BURTON. Well, will you respond to that?

Mr. WALKER. I beg pardon. He could get one of these federally guaranteed loans, not with a subsidy.

Mr. BURTON. Well, how much time is spent in this aspect of determining whether or not that student should get the interest subsidy?

Mr. WALKER. Well, it does not take a dickens of a lot of time but is a matter of filling out the form on the part of the student but when you are dealing with a 16-, or 17-, or 18-year-old, you are making computations and checking, and so forth, and the cost of people in the bank with a clerk checking this and a junior officer, and so on, it means it runs into a little bit of time for clerical help, which is costly, it runs into quite a bit of money.

Mr. BURTON. If we accept one of the recommendations you made that we eliminate the interest subsidy after graduation, really how important is it that we hold fast to this requirement that the student must come within some artificial definition of being in a family that otherwise can't meet educational needs before they get the interest subsidy while in school?

Are we spending more money than were on eligibility checks—or are we classifying students in a way not really that relevant?

Mr. WALKER. I think the way you are classifying probably needs another look. However, you get around a lot of those problems by