STATEMENT OF ALAN D. MARSHALL, PRESIDENT, UNITED STUDENT AID FUND; ACCOMPANIED BY EDWARD A. McCABE, WASHINGTON COUNSEL FOR UNITED STUDENT AID FUND

Mr. MARSHALL. Thank you, Madam Chairman. Mr. McCabe and I are delighted and honored to have the opportunity to appear again before your committee to present our views with respect to the legislation you have before you.

As you know, our organization is a private nonprofit tax-exempt corporation formed 8 years ago to guarantee repayment of low-cost student loans.

United Student Aid Funds, Inc., has endorsed more than 300,000 loans for more than $185 million in all 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

Participants in its regular reserve program now include more than 900 colleges and universities, 100 vocational schools, and more than 9,000 banks and other lenders.

It also operates guarantee programs for 27 States, Puerto Rico, and the Virgin Islands.

We were founded in the belief that an educated citizenry is the greatest asset of any nation. Our purpose was and is to provide the marginal financial assistance that would make it possible for needy and deserving students—I use both adjectives advisedly—to complete their college educations.

We have confined our efforts to guaranteeing student loans even though our charter is broader than that. In that field, I believe the range and diversity of our experience cannot be matched by any other agency—Federal, State, local, or private. This is largely because of the diversity of our operations.

The recommendations I shall make today on the legislation being considered by your committee are based on this experience.

In brief, we endorse recommendations of the Office of Education which simplify operations of the several guaranteed loan programs and make them more equitable. These are the recommendations dealing with—

(*a*) making terms and conditions of loans to students at vocational schools the same as those to students at institutions of higher education; and

(*b*) encouraging all guarantee agencies and lenders to defer payment of loans when the borrower is serving in the military, the Peace Corps, or VISTA, or is back in school as a full-time student; and authorizing the full Federal interest subsidy benefits during such period.

THE INTEREST SUBSIDY

We propose repeal of those sections of the Higher Education Act which now prohibit Federal interest subsidies to students from families with adjusted gross incomes of $15,000 and over.

This would have several advantages. It would be more equitable, since many families with incomes over $15,000 can need assistance as much as families with lower incomes.