Further, this provision now generates far more annoyance than it can possibly be worth. Repealing it would add about 10 percent to the present inschool interest subsidy costs, since about 90 percent of all families fall below the present $15,000 cutoff.

We have never been enthusiastic over this whole interest subsidy idea. But we say—if you are going to have a subsidy, apply it to every borrower while in school. Then eliminate it for all after graduation.

You will save substantial amounts of money. You will also simplify loan arrangements for the student, the lender, the guarantor and the college. You will eliminate the form with greatest nuisance value among the many Federal forms which have plagued us all since the Higher Education Act became operational in 1966.

GIVE THE FINANCIAL AID OFFICER AT THE SCHOOL A MEANINGFUL ROLE

We propose that you expressly permit the financial aid officer to counsel with the student and his family, and to take family circumstances into account, and to recommend the amount of the loan which that student should receive.

Clearly, this is one of the most significant of all the changes you could make in the present law.

If this be a so-called "needs" requirement, so be it. We believe there are both moral and practical reasons for writing it into this particular law.

It is wrong for students who could perfectly well remain in school without a guaranteed and subsidized loan to obtain such a loan, purely for the sake of their own or their family's convenience, at the expense of students who really do need the money.

And since the amount that lenders can set aside for nonprofit loans is obviously limited, this kind of shift from students who have need to students who borrow for convenience is bound to take place under the present law.

Indeed, the law as designed makes it take place. The Office of Education has stated that NDEA loans should care for students from low-income families, leaving middle-income students to be served by the guaranteed loan program.

But this does not mean that it is not perfectly possible to lure higher income students into the guaranteed loan program, and to force lower income students out of it, simply by making it generally known that these low-cost loans are available regardless of financial circumstances. Many financial aid officers report that this is already happening.

WHAT IS OUR FUTURE DIRECTION?

We believe Congress should this year answer a key question for the guidance of all of us who are now engaged in this field of student assistance.

Do you want the guaranteed loan program to become a complete Federal program, administered by the U.S. Office of Education?

Or, do you want to continue a cooperative program, administered by the States and by such private nonprofit organizations as the States and educational institutions may elect, and supported in its