

We believe adoption of these proposals would enable the guaranteed loan program to meet in full, for the foreseeable future, the genuine needs of the lenders, the colleges, and, above all, the students themselves.

It would accomplish this without miring down the Federal Government in a costly, open-ended operation, and without driving State and private nonprofit agencies from a field where they have been working diligently and well.

Permit me again to emphasize that we who are associated with united student aid funds are truly interested in making it possible for deserving students from families at all income levels to finish their education and to provide this help by utilizing the special talents of all parties involved.

This concludes my formal testimony. I shall be glad to answer any questions.

Mr. BRADEMAs (presiding). Thank you very much, indeed, Mr. Marshall. I have two or three questions.

I take it from your testimony in its early part that you don't have any complaints about the idea of using some sort of index or determination of need in providing for guaranteed loans?

You are not complaining about it but you are complaining about the use of the adjusted gross income of \$15,000 and over as a basis for exemption?

Mr. MARSHALL. That is right, Congressman. My experience in the employee benefit field for a number of years indicates that any sharp cutoff point like this creates problems, both under and over. So that if this is not going to cost much we would prefer the interest subsidy to everyone but then determine whether the student needs the money or not on all the facts involved, not just the income. Because many people with large families in college—I speak with some feeling, I have financed two boys for many years to do college work—need the money even though their incomes may be over \$15,000.

Mr. BRADEMAs. There is one presupposition in your observation that puzzles me. That is you fail, I think, maybe you could comment on this observation, to take into account when you make that statement that it is not just a question of gross income that we are talking about here, it is adjusted gross income.

So that when you use the phrase "there are some people with large families," your observation is redundant.

Mr. CAREY. Will my colleague yield at that point?

Mr. BRADEMAs. I yield to the most redundant colleague on the committee. Mr. Carey has a very large family.

Mr. CAREY. Does the gentleman feel that the \$600 exemption which brings you down to the adjusted income reflects the cost of educating a child?

Mr. BRADEMAs. As a bachelor on the committee, I am the last fellow in the world to comment on that problem.

But you understand my question?

Mr. MARSHALL. Yes, I do. It seems to me that the formula for fixing the adjusted gross income does not give the necessary allowances as Congressman Carey pointed out. If it is \$20,000 you are out anyway.

Mr. BRADEMAs. That is a very helpful response. Obviously, when