The interest accumulated during the college year does add quite a bit more to his payments then does the interest repayable after graduation, particularly if it is only 3 percent.

Mr. ERLENBORN. Because of the interest on the interest?

Mr. MARSHALL. The interest on the interest, that is right.

Mr. ERLENBORN. You suggest that there would be a substantial savings if we took off the half interest subsidy after graduation. Currently there would also be a much more drastic or dramatic savings if we took off the entire interest subsidy?

Mr. MARSHALL. That is right. I submitted in my testimony before this committee on August 23 an appendix which was based on Commissioner Howe's estimate of the borrowers in 1972 when the program presumably would be in full effect and the annual cost to the Government there, if only a third of the students borrowed a thousand dollars, the interest subsidy in school would be $720 million.

The interest subsidy with 3 percent on the payout notes would be $330 million.

Mr. ERLENBORN. On page 8, you make a suggestion of providing seed money for States. You have some examples. You say $10 million on the basis on which these advances have been made to date and, in addition, further repayable seed money is not to exceed $15 million.

Do you mean these figures in toto or for each State?

Mr. MARSHALL. In total.

Mr. ERLENBORN. For all States?

Mr. MARSHALL. Yes. The 1965 bill appropriated $17½ million; $7½ million in 1 year and $10 million in the other. This is the same figure, $17½ million in total.

Mr. ERLENBORN. I have no further questions.

Mr. BRADEMAS. Mr. Carey.

Mr. CAREY. Thank you, Mr. Chairman.

There is a great deal of merit, I believe, in your idea that the student aid officer is better able to make a complete judgment on what the mix of aids could be for the student who needs the loan and other assistance in order to pursue a college career. But isn't it true that if you examine the physical distance elements here it may not be quite as workable as it appears on paper.

It is all right where the student and the institution are located in the same community. What about the student located in Long Island, N.Y., or New York City, who is applying for admission to an institution far remote from a metropolitan area which is where a great many students have to go now if they can't gain admission in a local institution?

Here we have two strangers who have never heard of each other before except through correspondence. The student does not write to one institution. The experience I find today is that they are writing to a dozen or more and submitting their college boards and inquiring about financial aid.

Is it not so that the student would have to build up a relationship with maybe a dozen student-aid officers before he finds the one who is going to be able to handle his financing package, whereas, if he is dealing with the local bank in his community he takes his problem to one institution whom he meets face to face, and in a sense the bank becomes the agent of the institution anyway.