

Isn't this a very real situation?

Mr. MARSHALL. You have put your finger on our problem that has faced the educational institutions for a good many years.

How do you determine, the boy who is entering, whether he needs the money or not? There have been mechanisms set up to do that; the college entrance board, for example, has a mechanism set up. Because you see, colleges have been faced with this problem not only in this program but in the scholarship program that they have been giving out.

The college entrance board has one national mechanism. I know in some large State universities every student who applies for aid is put through this service of the college entrance board to determine his need.

There is another organization whose name I forget now, but is a competitor of the college entrance board that performs the same service for colleges.

You are right, of course, the banker at home, in this case New York, probably knows as much or more about the need of the student.

On the other hand, the banker is not in a position to say, "Well, maybe this student's marks are good enough in high school so that he can get a scholarship."

Mr. CAREY. This situation I described, of course, would only obtain insofar as the first-year loan is involved. The second-year loan, assuming, of course, he stays in the same institution, he would be in contact with the student-aid officer on the campus.

Could you envision a situation where the bank might continue to make the initial loan and thereafter the eligibility for further loans could well be carried on by the student-aid officer on the campus?

Mr. MARSHALL. When we started our student-aid program, we had those problems to iron out. We had 20 meetings throughout the country where we got together with the bank officer and student-aid officers. We got them to discuss these problems.

I think you are right there but normally we suggest that the financial-aid officer make a recommendation. If the bank-loan officer disagrees with that recommendation, then they get together by telephone and straighten it out.

The two of them together, with the information that the financial-aid officer has with respect to other assistance that the college might furnish and the bank-loan officer knowing the family circumstances, usually make a better judgment than either one of them separately.

The thing we object to is the prohibition in the present act so that the financial-aid officer cannot make a recommendation or does not feel he wants to.

Mr. CAREY. I agree we should clear that up so that we could get a greater concert of judgment here instead of unilateral judgment by the banker alone.

Mr. MARSHALL. That is right.

Mr. CAREY. I can understand your apprehension that given a Federal guarantee program that States will opt out of this program because it is one more appropriation that the hard-put State legislators can well do without.