

Mr. SANDERS. I don't quite know where to start. This seems to me to depend on the purpose of the legislation. If the legislation is to give a considerable amount of aid to a considerable number of people, then I think you could make a case for the needs subsidy.

I think in the original administration bill actually there was virtually no subsidy provided. I think at this point this is an opinion matter on which I would not value my own judgment very much.

Mrs. GREEN. We disagree. We would.

Mr. SANDERS. If you use the loan based on a rather sharp definition of need and if you continue NDEA, I would think then there should be a needs interest subsidy on this program also, if the needs assessment test is very liberal. That is, if you go much higher than the income level, then I think the need for the subsidy is fairly small. I would find it very difficult to defend it.

Mrs. GREEN. In your judgment, if the interest subsidy after graduation were knocked out, do you think it would reduce the temptation to borrow money and make money?

Mr. SANDERS. Let me say I would favor the interest subsidy during the period of college years. Obviously, most students have no way to produce revenue at that point. It is almost deceptive, it seems to me, to make loans and require the immediate payment of interest.

I think without any question the pressure to take loans that are not absolutely necessary would be reduced if there were no interest subsidy after graduation.

Mrs. GREEN. Dr. Kirkpatrick, would you comment on these points and may I say to you we are going to look forward to this document that you have just had published with a great deal of interest.

I am sure it will be very helpful to us.

STATEMENT OF JOHN I. KIRKPATRICK, COLLEGE ENTRANCE EXAMINATION BOARDS

Mr. KIRKPATRICK. John I. Kirkpatrick, College Entrance Examination Boards.

May I talk for just a half moment on the second point about the removal of interest subsidy during the payout period. Because the study attempts to speak for quite a few groups, not only the colleges and universities, even the bankers and State agencies and the others that are all involved, I had to say this on the subject.

If the staff hazarded an opinion it would be something more than a simple majority of all the groups would not object to the removal of the interest subsidy during the payout period.

However, there was not a sufficiently strong case made to warrant recommending the removal of the subsidy. The discussion is offered here for possible further examination in the future and we show the three or four reasons why the interest subsidy might be eliminated in the payout period.

But we had to straddle the fence on this because we were trying to speak for a half dozen different kinds of groups throughout the country.

I personally came out of the whole study feeling that the elimination of the interest subsidy during the payout period would be a good thing