

a program of this kind. They have run into some difficulties with it.

Before coming in here we tried to ascertain from them whether or not they had cleared this matter up or whether or not they could provide us with some information for the committee. They indicated that they would not be able to at this time but that "we can in a few days tell you precisely what our proposal would be in this area."

I am sorry that we cannot be more precise than that.

Mrs. GREEN. I was unaware of any problems. I thought the credit unions were participating to the maximum extent of the money they had.

Mr. DAVIS. There is some conflict, I understand, between certain State laws.

Mrs. GREEN. We would appreciate that additional information.
(The information requested follows:)

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 9, 1967.

HON. EDITH GREEN,
U.S. House of Representatives,
Washington, D.C.

DEAR MRS. GREEN: We have devoted some time and effort over the past few weeks investigating the matter of Federal credit union participation in the Title IV student loan program. Our objective was to document that part of our testimony read into the record of hearings of the House Sub-Committee on Higher Education Amendments of 1967, which related to the difficulty encountered by Federal credit unions to make student-guaranteed loans in all the 50 states.

We cited in our letter of May 10, 1967 the examples of the AFL-CIO Federal Credit Union which services eligible union borrowers nationally and similar credit unions operated by the Federal government and servicing regional personnel throughout the country.

In the above cited instances, we drew attention to the problem of the lack of uniformity at the state level in regard to laws and regulations which preclude these credit unions from making loans in certain of the states.

In the State of New Jersey, for example, only lending institutions whose principal offices are physically located in that state may participate. Federal credit unions with interstate memberships, headquartered in Washington, D.C. cannot provide this service to their members residing in Virginia.

These are but some examples of our experience at AFL-CIO. In exploring further, we find similar circumstances in those states listed below:

California	Michigan	Pennsylvania
Connecticut	New Hampshire	Rhode Island
Illinois	New Jersey	Tennessee
Indiana	New York	Vermont
Louisiana	Ohio	Virginia
Massachusetts	Oklahoma	Wisconsin

Although it is true that Federal and state credit unions may make loans when located in the state of the loan applicant, we have learned that these institutions are generally small units and the 10% of assets limitation cuts deeply into potentially available resources. We agree with the restriction, but hasten to point out that the larger institutions which would provide these funds generally carry out-of-state members on their rolls as in the case of labor unions.

In reviewing this matter with other Federal credit union officials serving Federal employees, we confirmed the fact that they too are precluded from participation in the program. Federal credit unions must make loans available in a fair and equitable manner to their members. Therefore, any lending program which by state action provides restrictions from participation, in effect, bars all such institutions with a national membership.

We, therefore, propose that the Sub-Committee give serious consideration to amending Part B, Sec. 421 (a) (2) to read as follows: