Mr. GURNEY. Thank you, Madam Chairman.

Mrs. GREEN. Congressman Hathaway?

Mr. HATHAWAY. Mr. Marin, you list various reasons why the 6-percent rate is not attractive. I don't find in your statement any assertion that the credit unions are actually losing money at 6 percent. Are they?

Mr. MARIN. I don't think so, really. I think what they are more likely to do is simply not make the loans. It is hard to explain the total cost accounting or to come up with an accurate estimate of cost accounting, as I have suggested. I think Dr. Walker will probably agree on this. The likelihood is that a credit union that has some money in Government bonds or Treasury bills or corporate security excess funds is willing to make a few 6-percent student loans because the return is about the same as they would get on their investment portfolio anyway.

But most credit unions have a very small amount of investment portfolio—I am talking about the entire movement in the United States—which is perhaps about 15 percent of their total funds, $1 billion. Obviously if this whole billion dollars were invested in this, it would be more than the entire program has engendered from all financial institutions so far. But that is not feasible, either. You have to have some cash in the bank and some immediate liquidity, and so on.

I think the credit unions that make these loans make them primarily as an alternative to part of their investment portfolio, which is not yielding 12 percent, it is yielding 6 percent. They are not losing money, but they are not encouraged to make many of these loans for that and other reasons. I don't think it is one of a pattern of problems here.

Mr. HATHAWAY. It is just that there are other investments that are better?

Mr. MARIN. Essentially, that is the answer you would get from most financial institutions on the rate side.

Mr. HATHAWAY. I think we have heard of some banks making them at a loss.

Mr. MARIN. This may well be, because you remember the bank does not work with volunteers at all. The credit union does operate to a substantial degree with volunteers. So the cost is obviously somewhat lower.

Mr. HATHAWAY. Do you have any figures or are you going to submit them in answer to Mr. Gurney's question in regard to what the breakdown is on cost?

Mr. MARIN. Yes. We will submit them as we have received them from the replies to this questionnaire to 56 large participating credit unions. I don't think they will be very conclusive, but they will help in establishing a basis for discussion.

Mr. HATHAWAY. So, your advocacy of the Barr committee recommendation is on the basis——

Mr. MARIN (continuing). That there should be some fee. I am not really pumping for the $35 as one that I can document is necessary. I think somewhere around $25 to $35 is probably a fair figure.

Mr. HATHAWAY. This is just to make it more attractive and not because you are losing any money?

Mr. MARIN. These costs are being absorbed in the total program somehow or other now.

Mr. HATHAWAY. Thank you.