Mrs. GREEN. Can you get the figures for the academic year?

Mr. WALKER. I shall certainly try. It will be from the Office of Education.

Mrs. GREEN. I would like to know how many loans were made because of the Federal program. It seems to me it really has not been a very creditable start. To me it has been a pretty dismal start.

Mr. WALKER. Ma'am, that is a matter of opinion. I think the total figures are $400 million. The act was not signed until November 1965, regulations available not until April. Seed money and other arrangement not available until August-September 1966. The tightest money in 40 years, a near crisis in the financial market in August 1966, which was at the time of peak loan demand. I would argue with all the force I can bring that it is a highly creditable start. I think the Office of Education people agree with that. I would add it is very very far short of its potential and that is what we are trying to recommend be corrected.

Mrs. GREEN. What do you estimate it costs to make a consumer loan?

Mr. WALKER. It will depend on the nature of the consumer loan, as to single payment, unsecured, automobile or what have you. Probably in the general neighborhood according to our surveys of around $21.

Mr. GANNON. This was a very extensive survey of 800-some banks in four or five Federal Reserve districts. It was a very detailed cost analysis, the cost of putting a loan on the books. That study is available. It was made available to Barr Committee and they referred to it quite a bit in preparing their study.

Mrs. GREEN. Does that include the insurance cost?

Mr. WALKER. Which insurance cost?

Mrs. GREEN. On a consumer loan.

Mr. WALKER. This is the cost of putting the loan on the books of the bank. This is the paperwork, the officer time, all of that, simply putting it on the books. So it would not include an insurance cost. May I correct the misimpression that the Barr Committee simply took figures from ABA and worked out its recommendations. They relied on other information, particularly this comprehensive Federal Reserve cost analysis study which is quite authoritative.

Mrs. GREEN. Why do you estimate it will cost $35?

Mr. WALKER. We are supporting the recommendation of the President of the United States for $35. These are the most expensive type loans a commercial bank or a credit union or a savings and loan association or a mutual savings bank can make. It is because of the involvement of the bank, the student, the guarantee agency, the Office of Education, the checking back and forth, talking with the parents, counseling with the student. All of this uses up available high level clerical or officer time. Even the most efficient lenders find that it will take up to twice the amount of acquisition cost, of putting these loans on the books, than, say, a regular automobile type loan.

Mrs. GREEN. Do you plan any credit investigations?

Mr. WALKER. No, there is no credit investigation in this. But again the credit investigation involved—would that be part of the cost of acquisition of consumer cost?

Mr. GANNON. Yes.

Mr. WALKER. There would not be credit investigation but it would involve the paperwork and time.