

Dr. Walker placed in the record the ABA's comments on interest-free tax and loan accounts held in the commercial banks for the U.S. Treasury. I do not wish to burden your hearing record with the voluminous reports filed by the General Accounting Office concerning the loss suffered by the United States Government under the Treasury Tax and Loan Account System, but I would like to include in the record a listing of General Accounting Office documents which pertain to this problem. It can be seen from the large number of instances in which this matter is discussed that the General Accounting Office considers it a very serious problem.

In closing, I would also like to discuss the 6 percent interest rate on student loans that has been characterized as a "loss rate" by the American Bankers Association and by Under Secretary of the Treasury Barr.

The June 1967 issue of "Bank Stock Quarterly" carries the results of a study of 50 banks across the country that, among other things, shows the interest rate needed by these banks in order to break even on their loans. The study shows that the average break-even cost of the banks studied was 3.89 percent. I would be the first to admit that a 50-bank sampling does not represent a full picture of the banking industry; but, at the same time, I would point out that the number of banks studied was two-and-half times the number used by the American Bankers Association in its poll. And since the "Bank Stock Quarterly" poll was not designed to prove a specific point (i.e., that 6 percent rate is a loss rate), it would appear that the "Bank Stock Quarterly" summary is the more accurate.

With kindest personal regards.

Sincerely yours,

WRIGHT PATMAN,  
Chairman.

REPORTS TO THE CONGRESS BY THE COMPTROLLER GENERAL OF THE UNITED STATES WHICH CONTAIN  
REFERENCES TO THE TREASURY TAX AND LOAN ACCOUNT SYSTEM

| Reference | Title of report                                                                                                                                                  | Date of report |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| B-114802  | Audit of the Office of the Treasurer of the United States for fiscal years 1952 and 1953.....                                                                    | June 14, 1954  |
| B-114802  | Audit of the Office of the Treasurer of the United States for the fiscal year 1954.....                                                                          | July 6, 1955   |
| B-114802  | Audit of the Office of the Treasurer of the United States for the fiscal year ended June 30, 1955..                                                              | Dec. 11, 1956  |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States for the fiscal year ended June 30, 1956.....                                      | Aug. 22, 1957  |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1957..                                                               | Feb. 18, 1959  |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1958..                                                               | Oct. 9, 1959   |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1959..                                                               | Apr. 29, 1960  |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1960..                                                               | Feb. 7, 1962   |
| B-114802  | Review of the Treasury Department study of Treasury tax and loan accounts, services rendered by banks for the Federal Government, and other related matters..... | May 21, 1962   |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1961..                                                               | July 30, 1962  |
| B-114802  | Audit of custodianship functions, Office of the Treasurer of the United States, fiscal year 1962..                                                               | May 23, 1963   |

Mrs. GREEN. Congressman Gurney.

Mr. GURNEY. Thank you, Madam Chairman.

Do you have any statistics for the committee as to where the bulk of these guaranteed loans are now made; that is, what percentage are made in Texas or New York or in other States?

Mr. WALKER. Yes; general figures in terms of Mr. Barr's and Mr. Howe's statement that they were concentrated in the States that have the old plan. We have a complete rundown on the program available from the Office of Education by States. We can get specific percentages, but they are mainly clustered in Illinois, New Jersey, New York, Pennsylvania, Massachusetts. These are the old established plans.

There are quite a few in Texas, but Texas has a direct loan program. They finance it under a bond issue.

Mr. GURNEY. That leads into the other question which I am really interested in.

Why have some of the other States been so slow to get into the program?