

Mr. CAREY. It is fairly evident, though, that there is a very big sector of market for loans and need for loans among students that we are not serving now.

Mr. MARSHALL. We are not serving. The States are, except for the 19 States where the Federal guarantee has been put into effect.

Mr. CAREY. Thank you very much.

Mr. BRADEMAs. Thank you again, Mr. Marshall, for your extremely helpful testimony. It has been most useful to the committee.

Mr. MARSHALL. Thank you.

Mr. BRADEMAs. Our final witness this morning is Mr. Robert J. Murphy, Jr., president of the Knickerbocker Federal Savings & Loan Association, who is testifying on behalf of the National League of Insured Savings Associations. Mr. Murphy, we have about 15 minutes before the House comes into session. If it is agreeable with you, sir, perhaps you could summarize your testimony and it will be printed in its entirety in the record.

STATEMENT OF ROBERT J. MURPHY, JR., PRESIDENT, KNICKERBOCKER FEDERAL SAVINGS & LOAN ASSOCIATION, NEW YORK, ON BEHALF OF THE NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS

Mr. MURPHY. I will start formally, at least. My name is Robert J. Murphy, Jr. I am president of the Knickerbocker Federal Savings & Loan Association of New York City.

It is my privilege to appear today on behalf of the National League of Insured Savings Associations, a nationwide trade association.

There are basically four points. Overall, members of the national league support this legislation, but there are four points in particular that we would like to draw your attention to which we believe would facilitate a larger flow of savings and loan money into the student loan program.

First of all, we fully support that part of the bill which would authorize the Federal associations to make loans for vocational education. At this time, we are only authorized to make loans for college students, and we feel that it should be broadened, that it seems unfair that people who do not wish to go to college cannot reach their own fulfillment in the area in which they have capacity.

Under the New York State plan, the State associations can make these vocational loans. We are fully behind your suggestion that we be given authority to make vocational loans.

We support the Federal reinsurance plan, because we think it is probably less expensive for the Government than doing it directly or totally, and it would make more insurance available.

For every dollar laid out by the State, in the event of default, the Federal Government would pay \$4, which is a total of \$5 in insurance.

Furthermore, the thought in this is that you keep the State in the picture, too, and the lending institution.

A third point has to do the tax law and is possibly outside the interest of this committee at this time, but I think it is very important that you should at least know that in the definition of a domestic savings and loan, building and loan association—