million represented a carryover from fiscal 1965 of applications which could not be funded that year.

It thus seems clear that even with all applications shut off as of January 31 of this year, the program will go into fiscal 1967 with an unmet backlog of applications on hand of perhaps $500 million and an additional $300 million which might have come in had applications not been cut off. Allowing for some "fallout" due to private sales, changes in plans, etc., it is conservative to say that the program will enter the new fiscal year with a backlog on hand of at least $400 million. The 1967 fiscal year budget recommends limiting the program for that year to $300 million. Thus it would appear that the agency will not be in position to accept any new applications until, at the earliest, late in the 1967 fiscal year, or more than a year from now.

The budget message proposes:

(1) That the new borrowing authority now fixed in law as of the next 3 fiscal years, at $300 million a year, be eliminated.

(2) That the program be limited to $300 million in the coming fiscal year.

(3) That $800 million in existing obligations held by the Treasury be sold through a "Fannie May pool" operation with, I assume, $300 million of this made available for new loans for fiscal 1967.

For the current fiscal year, new borrowing authority is fixed at $300 million, and the program is being held to this amount, although there is in the Treasury in excess of $200 million in previous loan repayments, which were intended to constitute a revolving fund from which additional loans could be made. Use of this fund would permit a $500 million rather than a $300 million program for the current year, and permit that many more badly needed student housing spaces to be provided at least a year earlier than they will otherwise be provided, if they are provided.

For the 1967 fiscal year, the proposal to eliminate new borrowing authority, not use the revolving fund of more than $200 million, and sell $800 million in existing obligations but use only $300 million for new loans, would in effect close down the program as far as approval of new applications are concerned until some time after July 1, 1968. Meanwhile college enrollments are at an all-time high, larger high school classes are graduating each year, the cold war GI bill will swell enrollments of returning servicemen—provided they can get in.

Our association is sensitive to and sympathetic with the budgetary problems related to Vietnam, the pressures of inflation, etc. We feel that the method of financing the program is a matter for decision by the executive and legislative branches. We are greatly concerned, however, that a reasonably adequate program be provided.

According to the best information we can get, the reduction in the interest rate for the college housing loan program made by the Congress last year has not been a major factor in the excess of application demand over the $300 million to which the program is now limited. In this connection we note that $192 million in applications was carried over from fiscal 1965 to fiscal 1966, indicating that—without the 3-percent feature—demand was already substantially in excess of the $300 million level.

We trust that the Congress, in passing on the proposed changes in law, will also wish to assure itself that a reasonably adequate and continuing program is provided for, and wish to offer testimony at the appropriate time.

Sincerely,

RUSSELL I. THACKREY,
*Executive Director.*

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AMERICAN COUNCIL ON EDUCATION,
*Washington, D.C., March 22, 1966.*

Hon. WRIGHT PATMAN,
*Chairman, Committee on Banking and Currency,*
*U.S. House of Representatives,*
*Washington, D.C.*

Hon. WILLIAM A. BARRETT,
*Chairman, Subcommittee on Housing, Committee on Banking and Currency, U.S. House of Representatives, Washington, D.C.*

DEAR ——— ———: Yesterday Mr. Russell Thackrey, executive director of the National Association of State Universities and Land-Grant Colleges, wrote to you