

total economy and the second reviews its regional or local effects. In terms of the national economy, this facilities program has the indirect effect of contributing to the gradual improvement of the educational level of the labor force and citizenry. It is generally acknowledged that educational expenditures are one of our economy's most productive long-term investments.

The effects of the Federal facilities program on the economy of a region or locality can be substantial. The degree of impact depends primarily on the size of the program relative to that of the community involved. A large construction project in a small town, particularly if the town is in a depressed area, would have substantial shortrun influence on employment, personal income, worker migration, etc. In addition, indirect effects on the community, such as increased sales and rising prices, might occur. The longrun effects of a completed educational facility would include an increase in consumers (students), a permanent increase in jobs, and an additional and positive attraction in the community. All of these consequences, however, would tend to be reduced in situations where the facilities program constituted but a small portion of the economic activities of the region involved.

While the precise effects of the graduate facilities program on the economy cannot be measured, the expansion of graduate education in the United States will unquestionably have the effect of increasing the supply of highly skilled people who can make a substantial economic contribution at a high level of income and productivity. The effect of the program on research and development will also be substantial, since the expansion of graduate education will mean an expansion of research facilities in science, engineering, and other fields in many parts of the United States, with a beneficial effect on both regional and national economies. The effect should be to stimulate the growth of existing businesses and industries and to bring about the creation of new economic enterprises.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Higher education facilities.

Department or agency, and office or bureau: Department of Health, Education, and Welfare; Office of Education; Bureau of Higher Education.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In millions of dollars]

|                                                                                   |                   |
|-----------------------------------------------------------------------------------|-------------------|
| Federal Government:                                                               |                   |
| Purchases of goods and services.....                                              | <sup>1</sup> 0. 6 |
| Grants to State commission to administer title I.....                             | 1. 3              |
| Loans to institutions (title III).....                                            | 1. 7              |
| Total, Federal expenditures.....                                                  | 3. 6              |
| Non-Federal expenditures financed by individuals and nonprofit organizations..... | <sup>2</sup> 1. 6 |
| Total expenditures for program.....                                               | 5. 2              |

<sup>1</sup> Estimated.

<sup>2</sup> Estimated matching expenditures by institutions of higher education in accordance with sec. 303 of the Higher Education Facilities Act pertaining to title III loans for construction projects.