

educational system that increasingly feels the pinch of demands it is not equipped to meet are major aims of the graduate fellowship program. The Federal Government, through such programs, helps to insure a more adequate flow of resources into education; insures greater opportunities for graduate students; helps to advance the quality of education at the undergraduate and graduate level; and will thus add immeasurably to the economic growth of our Nation.

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

Program: Graduate fellowships.

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.....	¹ 0. 1
Payments to institutions.....	² 20. 7
Total, Federal expenditures.....	20. 8
Non-Federal expenditures.....	-----
Total expenditures for program.....	20. 8

¹ Estimated wages and salaries.

² Payments to institutions to be disbursed to NDEA fellows and payments to institutions to pay the cost of administering the program.

NOTE.—In national income terminology the payments to private nonprofit institutions are classified as a transfer payment. Those payments which are made to public institutions are classified as grants.

NATIONAL DEFENSE STUDENT LOANS

(The National Defense Education Act—Title II)

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

To enable higher education institutions to provide low-interest loans to college students.

2. *Operation*

The Federal Government contributes up to 90 percent of the total amount for the establishment of national defense student loan funds at American institutions of higher learning.

All public and private nonprofit institutions of higher education, including junior colleges, which are accredited by a nationally recognized accrediting agency may participate in the national defense student loan program. Other institutions may be eligible for participation under provisions of section 461 of the Higher Education Act of 1965.

Undergraduate and graduate students attending school full time or half time, who need money to go to college, may borrow from student loan funds. Loan amounts during an academic year are limited to \$1,000 for undergraduate and \$2,500 for graduate students. Total loans for individual students are limited to \$5,000 for undergraduate study and \$10,000 for undergraduate and graduate work combined.

Repayment to the lending institution extends over a 10-year period beginning 9 months after the borrower ceases full- or half-time study. Interest at 3 percent starts to accrue at the beginning of the repayment period. For borrowers who become teachers, a "teacher forgiveness"