cancellation was established at the rate of 10 percent (plus interest) for each year of teaching, up to a maximum of 50 percent. Borrowers teaching in an elementary or secondary school in a district eligible for assistance pursuant to title II of Public Law 81-874 may receive cancellation at the rate of 15 percent (plus interest) for each year up to a maximum of an additional 50 percent.

3. History

At the time of the enactment of the National Defense Education Act in 1958, the Nation faced a critical shortage of manpower in the fields of education, science, mathematics, engineering, and modern foreign languages. At the same time, talented high school graduates with high potential in these and other fields were not going on to college, many because they could not afford the rising cost of higher education. The national defense student loan program was designed to assist qualified financially needy students to pursue higher education in certain fields, and to provide more professionally trained people to meet the Nation's requirements. The act has been amended subsequently to provide loans to needy students in all fields of study, without the original special preferences.

Since the program became operational 7 years ago, more than 890,000 students attending 1,700 colleges and universities in all 50 States have borrowed approximately $800 million. The average annual loan during the first full year of the program was $438. In 1965 the average loan was $522. In fiscal year 1965, over 319,000 loans were made totaling some $166.6 million. Since the beginning of the program, $14.2 million has been canceled under the "forgiveness" features for borrowers who become teachers.

4. Level of operations. (See table 1.)

Program: National defense student loans.

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

TABLE 1.—*Level of operations or performance, fiscal years 1964–67*

Measure and unit	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 estimate	Fiscal year 1967 estimate [1]
(a) Magnitude of the program (thousands of student borrowers)	247	319	400	
(b) Applicants or participants (colleges and universities)	1,574	1,616	1,704	
(c) Federal finances:				
Unobligated appropriations available (millions)	$121.2	$145	$179.3	
Obligations incurred (millions)	$108.4	$130.4	$179.3	
Allotments or commitments made (millions)	$108.4	$130.4	$179.3	
(d) Matching or additional expenditures (millions)	$12	$14.4	$19.9	
(e) Number of Federal Government employees administering, operating, or supervising the activity (man-years)	[2] 26	[2] 34	[2] 37	
(f) Non-Federal Government personnel employed (man-years)	[3] 1,574	[3] 1,616	[3] 1,704	
(g) Other measures of level or magnitude or performance:				
Canceled loans for teachers [4] (persons)	[4] 62,807	[4] 95,000	[4] 150,000	
Obligations for:				
Loans to educational institutions	$898,975	$1,088,711	$1,600,000	
Cancellation of student loans	$263,781	$516,398	$650,000	

[1] Not available at this time.
[2] Does not include persons serving in the field.
[3] Estimated on the basis of 1 person per participating institution.
[4] These are estimated cumulative figures showing the number of partial loan cancellations for borrowers who have become teachers.