

to obtain college educations because housing is available through the direct loan program who might not otherwise have been able to go to college.

(b), (c), (d), (e), and (f) not applicable.

(g) It is very difficult to relate this program to the gross national product. However, some studies indicate that a college education increases the earning capacity of a person by about \$3,000 per year, as compared to the high school graduate. Since housing can provide college educational opportunities which might not otherwise be available, the college housing program has an impact on the increased earnings mentioned above. In addition, the construction costs and salaries of providing the additional college housing facilities do contribute to GNP, as indicated in (h) below.

(h) Other economic effects:

(1) About 80 percent of a loan goes for construction and other labor, which produces about 15 percent in Federal taxes, and one-quarter of this in State and local taxes.

(2) About one-half of the loan is for materials, on which there is an average sales tax of 2 percent.

(3) Each project produces an increase in the number of man-years of labor, assuming that 80 percent of the project is construction cost, and that each \$1,000 produces 207 man-hours of labor, and an average of 2,000 man-hours makes up a man-year.

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

Program: College housing program.

Department or agency, and office or bureau: Department of Housing and Urban Development; Housing Assistance Administration [formerly in Community Facilities Administration].

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

[In thousands of dollars]

Federal Government:	
Loan disbursements.....	262, 050
Other expenditures ¹	50, 715
Total, Federal expenditures ²	312, 765
Non-Federal expenditures, not available.	

¹ Other expenditures include interest payments as well as other administrative costs.

² Expenditures are shown on a gross basis. Net expenditures are \$220,700,000.

NOTE: In national income terminology, the college housing loan fund is classified as a government enterprise.

PUBLIC FACILITY LOANS

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

The program is intended to serve as a loan resource for small communities unable to obtain credit in the private market on reasonable terms for financing needed public works. Eligibility extends to political subdivisions and instrumentalities of States serving populations under 50,000 (under 150,000 in redevelopment areas and no population limit for communities near NASA installations) and to Indian tribes. Loans must be reasonably assured of repayment. The maximum maturity is 40 years.

Small communities are frequently disadvantaged in borrowing. Many are relatively unknown in the capital markets, they are inexperienced in financial matters, they lack the established credit ratings