even basis with other uses of lender funds. Thus, the $25 level of fees currently proposed is only co-incidentally equal to the estimated cost of $25 for putting the loans on the books of the lending institution.

Interest rate equivalent of proposed fees

Fee [1]	*Interest equivalent* [2] *(percent)*
0	0
$5	.15
$10	.30
$15	.45
$20	.61
$25	.76
$30	.92
$35	1.08

[1] Amount of fee payable at price loan is placed on books or converted to payment status.
[2] Actuarial average.

NOTE.—Interest equivalents are subject to interpolation errors of 2 to 3 basis points.

In comparing the proposed fees with the NDEA provision, it should be kept in mind that the base on which the payments are calculated is quite different. In the NDEA program the payments are determined by (1) the amount of loans outstanding at the end of the fiscal year, which will increase annually and be greater than the average loan volume during the year so long as the volume of new loans exceeds the volume of repayments, cancellations, and write-offs because of default, or (2) actual costs. The proposed fees would be applicable, however, to the number of new loans made during the year without specific reference either to the cost of making these new loans or to the cost of maintaining loans already on the books. In addition the colleges are not subject to any interest cost for the Federal advances amounting to 90 percent of the capital used for NDEA loans while commercial lenders pay for all loan funds used.

In fiscal year 1966 payments to colleges under the NDEA provisions for reimbursement for administrative costs totalled approximately $4.6 million. This was equal to 0.7% of the average amount of NDEA loans outstanding during fiscal year 1966. Since the average NDEA loan is smaller than the average guaranteed student loans, the value of NDEA provision in fiscal 1966 was approximately the same as the value of the proposed fees at a $15 level. Administrative cost payments equal to 1% of outstanding loans at the end of the fiscal year would have a value about equal to the value of the proposed fees at a level of $20–$25.

Mrs. GREEN. Do you propose a separate guaranteed student loan program for students in the health profession?

Mr. MUIRHEAD. We have not proposed that, but the nurses and doctors attending higher education institutions are eligible under the guaranteed loan program which is before you. Nurses who may be attending programs that are eligible under the vocational and technical loan program are also eligible.

In other words, the eligibility of this program is broad enough to cover the professions you have mentioned.

Mrs. GREEN. Mr. Barr, the last time you were here, I also asked you if you would give us an estimate what the cost would be if we added the forgiveness feature for teachers who go into the teaching profession and who borrow under the guaranteed student loan program.

Do you have those figures?

Mr. BARR. I am sorry, I do not have those figures.

Mrs. GREEN. I am interested in the administration either dropping the forgiveness feature or applying it to all the programs.

Mr. BARR. There is no reason for a forgiveness feature in this particular legislation. On the NDEA program, maybe the Commissioner would like to speak on that.