

rate for each taxable year equal to five per centum of his personal net taxable income for such year, as defined or determined by section 63 of the Internal Revenue Code of 1954, for each year payments would be made and until such loan is repaid, but no interest shall be charged for any such loan which is repaid in this manner."

On page 32, after line 3, add the following :

(i) Section 823(b) of such Act (42 U.S.C. 297b) is further amended by adding thereto the following paragraph: "In lieu of payments required under this Act, an institution may enter into an agreement with a student providing that, beginning with the student's second taxable year which begins after the student ceases to pursue such full-time course of study, repayments shall be made at a rate for each taxable year equal to five per centum of his personal net taxable income for such year, as defined or determined by section 63 of the Internal Revenue Code of 1954, for each year payments would be made and until such loan is repaid, but no interest shall be charged for any such loan which is repaid in this manner."

Mr. JARMAN. Then it would be on a flexible, open end basis as to the number of years in which repayment would be made, simply based on the amount of income, 5 percent of the net income received in each year?

Mr. SMITH. Yes. As you know, the loans are made through the college, and when the applicant came before the college personnel, he would be told that there are two methods of repayment and that he could choose which one he wanted. From what the people who run nursing schools tell me, they have many good applicants, and if they had this alternate method to use in talking to them, they would decide to go to nursing school, whereas now they don't see some of them again.

Mr. JARMAN. It is an interesting approach to the problem, and we will bring it before the subcommittee in executive session.

Mr. SMITH. Thank you very much.

Mr. JARMAN. Our next witness is Dr. Philip R. Lee, Assistant Secretary for Health and Scientific Affairs.

Dr. Lee, it is fine to have you with the subcommittee again.

STATEMENT OF DR. PHILIP R. LEE, ASSISTANT SECRETARY FOR HEALTH AND SCIENTIFIC AFFAIRS, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY DR. RALPH K. HUITT, ASSISTANT SECRETARY FOR LEGISLATION; DR. LEONARD D. FENNINGER, DIRECTOR, BUREAU OF HEALTH MANPOWER, NATIONAL INSTITUTES OF HEALTH, PUBLIC HEALTH SERVICE; AND DR. THOMAS J. KENNEDY, JR., DIRECTOR, DIVISION OF RESEARCH FACILITIES AND RESOURCES, NATIONAL INSTITUTES OF HEALTH

Dr. LEE. Thank you very much again.

With me are Dr. Huitt, Assistant Secretary for Legislation, Dr. Fenninger, Director, Bureau of Health Manpower, and Dr. Thomas Kennedy, Jr., Director of the Division of Research Facilities and Resources, National Institutes of Health.

This reflects in part the reorganization that has occurred. The Bureau of Health Manpower, the National Library of Medicine, and the National Institutes of Health now comprise a new agency within the Department.