

REPORT TO
THE SENATE AND HOUSE OF REPRESENTATIVES

FROM THE
SECRETARY OF AGRICULTURE

CONCERNING CONTRACTS FOR SERVICES INCIDENT TO MAKING, INSURING, COLLECTING, AND SERVICING LOANS AND PROPERTY UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT, AS AMENDED, RELATIVE TO BUSINESS AND INDUSTRIAL LOANS. (7 U.S.C. 1981)

Section 331 of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1981), authorizes the Secretary of Agriculture, until January 1, 1975, to make contracts for services incident to making, insuring, collecting, and servicing loans and property as determined to be necessary for carrying out the purposes of the Act. This authority has been utilized to contract for services for the purpose of the proper processing of Business and Industrial Loans under the authority of the Act. Section 331 also requires the Secretary to report to the Congress, through the President, on the experience in using such contracts, together with such recommendations for legislation as he sees fit.

The Farmers Home Administration has entered into a contract with Georgia Technical Research Institute to provide consultant and feasibility evaluation service in the processing of pre-applications and applications for Business and Industry loans in Georgia, with possible extension to other southeastern states. This is the only contract made during Fiscal Year 1974. Through April 1974, assistance has been provided on 16 separate projects under this contract, totaling \$20,605.95.

It is anticipated that additional contracts will be entered into in Fiscal Year 1975 with other individuals, companies and institutions to provide similar services.

No additional provisions are being proposed for Business and Industrial loan evaluation assistance in Fiscal Year 1975 legislation other than that referenced in the citation language in (1) the Extracted Budget Schedule from the FmHA Section of the Budget Appendix for Fiscal Year 1975 which states: "Provided further, that not to exceed \$1,000,000 of this appropriation may be used for employment under 5 U.S.C. 3109"; and (2) the language in the FmHA Explanatory Notes to the Appropriation Subcommittees of the House and Senate which states: "(d) An increase of \$1,000,000 for contracting fees for experts and consultants to provide the one-time expertise needed to evaluate the feasibility of certain one-of-a-kind business and industrial loan applications for which it would be uneconomical for FmHA to retain permanent staff."