Mr. GOODELL. Is the funding you mention on page 15 part of the administration proposal to amend the social security law where it is proposed that they be permitted to earn additional income without deductions from their public assistance programs?

Secretary FREEMAN. I am informed this is in the bill pending before this committee.

Mr. GOODELL. I ask our counsel if that is correct? I have not seen it. Do you have counsel here who could refer to that specific point?

Secretary FREEMAN. No, sir, I do not.

Mr. GOODELL. You indicated 11 percent of all rural nonborrowers under title III are receiving some type of public assistance and then you say it is proposed that they be eligible to earn additional income.

I am interested whether your proposal would let only rural borrowers be permitted to earn additional income or is there going to be some extension of this to the urban individuals receiving welfare assistance?

Secretary FREEMAN. In this instance, my comment is directed toward the title III loans that are loans made to rural people by the Farmers Home Administration.

In connection with loan programs in urban areas, I have not made any recommendation but I would be prepared to recommend that it would make good sense to me that it should be done in both places. When some of these people begin to have very modest earnings, I think the incentive of not requiring the deduction of those earnings from their very limited assistance payments makes good sense.

Mr. GOODELL. You are indicating that the broad end authority to receive income while still receiving welfare assistance should be both rural and urban in those instances where there are loans made, or are you extending it beyond that?

Secretary FREEMAN. I don't know in the first instance of any comparable loan program in urban areas to the title III FHA loans that are made, so I would hesitate to make a——

Mr. GOODELL. Of course we had extensive testimony from the Small Business Administration about their special program for the small business operations which need assistance and much of that is in urban areas.

You apparently feel we should experiment and it sounds like a good idea to permit people who are now on welfare to earn some additional money without losing welfare payments.

Secretary FREEMAN. That is right.

Mr. GOODELL. Would you limit this to those individuals who are receiving direct Federal money—loan assistance of some type—or are you saying we ought to extend it beyond that?

Secretary FREEMAN. I said in my testimony I think this would be a sensible and practical thing to do in the case of title III EO loans made by FHA.

I am not privy to some of the problems that might exist in connection with the urban areas or the Small Business Administration. However, it would appear to me from what I know this would make good sense, too. But I would have to speak with some reservation because I am not informed in depth on this.

Mr. GOODELL. Your recommendation is restricted to loans to those receiving welfare assistance?