

not get a chance to see it. I can only tell the congressman that I gave him the best information that I had available.

Mr. QUIE. I hope that the information that is available to you in SBA is better than what was made available to you by OEO.

Mr. BOUTIN. I will swear to the information by SBA, because I am directly responsible for its being good.

Mr. QUIE. Thank you.

Chairman PERKINS. Mr. Goodell.

Mr. GOODELL. How much money are you spending on the program you outlined here designed to help the poor and the marginal group in the second category?

Mr. BOUTIN. We have right now for this current fiscal year, fiscal 1967, set aside \$50 million for loan funds.

Mr. GOODELL. This comes out of the regular—

Mr. BOUTIN. This comes out of our revolving fund, right; but we have to go to our Appropriation Committees and report to them our plans for the ensuing fiscal year so there is congressional control here to an extent. But we set aside \$50 million. We are going to use about \$32.5 million this fiscal year. Based, however, upon our projections of the productivity—

Mr. GOODELL. Fiscal 1968?

Mr. BOUTIN. Fiscal 1967. For fiscal 1968 we have set aside \$60 million, which we think is about right in terms of the productivity under the new program.

Mr. GOODELL. I will not take very long, Mr. Boutin. I favor the concept of small business loans in this area. I think the way you have outlined the present program is reasonable and realistic.

I would only say, however, that the way you are now operating it is essentially the way we recommended that it be set up in the beginning. It seems to me it does present a little example, in capsule, of the value of utilizing existing agencies with existing experience in these areas rather than having a so-called central organization such as OEO just come in with overall authority and delegating it down to the existing agencies.

Your testimony on page 4 is a rather eloquent indictment of the way we started the program. It clearly points up that we could have avoided a great many of the administrative problems that occurred in this program had we initially recognized that SBA was interested in giving loans to small businessmen; that its administrators would have been delighted to have the opportunity and the authority to make loans to marginal small businessmen and poor small businessmen, but basically the standards of authority under which they were operating did not permit them to do so at the time that the poverty proposals were made.

I am quoting from your statements:

Moreover, there were certain administrative difficulties. SBA, in the person of the Administrator, bears full responsibility for all Government funds that are made available in the form of loans through all of our loan programs, including title IV. However, SBDC employees who were processing our applications were under the authority of OEO.

This division of management control resulted sometimes in delays in the processing of applications. Frequently our professional loan specialists were forced to do extra work due to the inexperience of some SBDC employees.

I will cite the apparent recommendation of the administration to abandon the SBDC's and to move in the direction of having the pro-