on September 30, 1967, they had outstanding 836 loans totaling $76.4 million, of which 90% went to small businesses. We expect the private sector to continue to finance corporate activity and have accordingly only budgeted a modest $5 million for each of FY 1968 and FY 1969.

(*f*) *Local Development Companies* (*Section 502*).—The Local Development Company program is one I like to describe as a "peoples program" because it is pre-eminently a local, self-help program. Each company must be principally composed of, and controlled by, persons residing or doing business in the community. The benefits of the program accrue to the people in the community—not just the company or the small businessman.

Since the inception of the program in 1959, a total of 1,556 projects costing $305 million had been approved by December 31, 1967. Of this amount, SBA financed $219 million (71%), the Local Development Companies raised $69 million, and private lending agencies provided $17 million. The small businesses financed under this program report that 64,631 employment opportunities have been provided (Table 20).

During FY 1967, 70% of the 338 loans were made in communities with under 10,000 population; 23.4% were in depressed areas such as Appalachia; some were used to assist in diversification of industries; others to expand existing businesses; 41.2% went into new businesses. A wide range of industries was involved: Manufacturing—189; Services—83; Wholesale-retail—45; Construction, Transportation, Recreation, etc.—21. With its proven capacity to stimulate economic growth at the local level, this program will continue to have a high priority in our operations.

The program for 1968 calls for 413 projects costing $79 million, excluding Local Development Company contributions; comparable figures for FY 1969 are 479 projects costing $84.7 million.

(*g*) *Small Business Investment Companies*.—We view the SBIC program as an important and vital SBA resource to aid small business, and as a substantial contributor to business profitability and job creation in both urban centers and local communities. From the inception of the program in 1959 to March 31, 1967 (the latest reporting date for the program evaluation report):

SBIC's had made 26,751 financings totaling $1,179 million.

SBIC's had assets of $691.5 million, of which only 36% represented borrowings from SBA.

Reports from 1,381 SBIC-assisted firms indicate they have increased their employment by 11,800 jobs (29%) since the original financings were made. Thus, for every $9,000 in SBIC disbursements, one new employee was hired. To put it another way, for every $3,000 in SBA seed money, $6,000 was added by SBIC's to create a new job opportunity.

The accumulated information which we have available regarding the impact of the SBIC program on small businesses and job creations is still sparse. The information available covers only two years since the installation of the requirement by SBA for SBIC's reporting data on their portfolio concerns. As the data builds up on the small business concerns financed by SBIC's, a more complete and profound analysis can be made of this impact. The information which is available, however, demonstrates the high potential of the program to provide assistance to small business concerns. For instance, a comparison of pre-financing and March 1967 data indicates that—

Gross Revenue increased 42 percent on the average for the small business concerns.

Profits showed an increase of 100 percent, from $11.1 million to $22.2 million.

Net Worth increased 18.8% from $179 million to $213 million.

Total Assets increased 36.8% from $711 million to $973 million.

Short-term borrowings increased 22.2% from $113.4 million to $138.6 million, demonstrating the increasing ability of SBIC financed concerns to secure funds from other sources.

We feel that the SBIC program is particularly valuable in providing assistance to small businesses in the manufacturing and technical innovation fields, not only by supplying loan or equity financing to these concerns but in providing management assistance and financial expertise to the principals of the small concerns, which is often as valuable as the funds provided.

The legislative enactments of 1966 and 1967 have done much to strengthen the SBIC program and improve its image. We believe we now have the tools to properly administer the program to assure that it achieves, more effectively, its intended purpose—to provide venture capital and long-term loans to small business.