

Appendix A—Supplementing the statement of Robert C. Moot, Administrator, Small Business Administration

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APPENDIX A—PREFACE

Section VI of the Administrator's statement discussed, in summary fashion, the contribution of SBA's lending programs toward Meeting the Capital Needs of Small Business.

The material in this Appendix provides additional details on each of SBA's lending programs—legislative authorization, historical performance, loan policies, and the outlook for the future.

SECTION I—BUSINESS LOAN PROGRAM

A. Introduction—SBA's business loan program is the oldest and the largest of its financial assistance programs. In the fourteen year period ending June 30, 1967, almost 76,000 loans had been approved for a total of \$3.4 billion. Of this amount, \$2.4 billion (70.1%) has been approved during the unprecedented seven year period of continued national economic growth which began in 1961. This indicates that as the national economy grows, the demands on SBA for financial assistance to small business increases substantially. An expanding economy generates new business entries as well as business expansion and modernization.

The objective of the Congress in authorizing the business loan program was "... to insure a well-balanced national economy ..." Reflecting this objective, we have tailored our program to achieve a balance among the loan recipients.

In the six year period ending June 30, 1966: (a) 11% of our loans were for less than \$5,000 and (b) 62% for less than \$25,000.

In the fourteen years ended December 31, 1967, the industry distribution of our business loans has been wide and varied (Table 2):

[Dollar amounts in millions]

Industry	Number	Percent	Amount	Percent
Manufacturing.....	19,331	24	\$1,355	38
Wholesale.....	6,706	8	327	9
Retail.....	29,005	36	780	22
Services.....	15,243	19	597	16
Others.....	10,497	13	544	15
Total.....	80,782	100	3,603	100

B. SBA's Participation Program with the Banking Community.—The authority to make business loans was restricted by the mandate that "no loan shall be made unless it is shown that a participation is not available" and further that "such participation by SBA shall not be in excess of 90% of the balance of the loan outstanding at the time of disbursement."

Over the years, we have maintained close liaison with members of the American Bankers Association and the Independent Bankers Association to get greater participation in our loans. Good progress has been made (Tables 1 and 7):

[Dollar amounts in millions]

	1954-67		By 1967		Fiscal year 1968 estimate		Fiscal year 1969 estimate	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total.....	\$3,350.7	100	\$385.3	100	\$537	100	\$649.7	100
Direct.....	856.4	26	60.4	16	57	11	77.0	12
Participation.....	1,846.5	55	196.4	51	225	42	276.0	42
Guaranteed.....	647.8	19	128.5	33	255	47	296.7	46