

Based on the "6 x 6" pilot experience, a program of business incentives for the economically disadvantaged was authorized under Title IV of the Economic Opportunity Act of 1964. Initially, this program was delegated to the Small Business Administration by the Director of the Office of Economic Opportunity.

In November of 1966, the EOL program was transferred to the Small Business Administration. Since that time we have:

First: Expanded the program nationwide. Financial and management assistance became available through all of our field offices operating in the 50 states and Puerto Rico. Previously, the program was available in only 44 communities where Small Business Development Centers were located.

Second: Re-oriented our "management assistance" program to make maximum use of specialized talents in processing loan applications and counseling the borrower or potential borrower:

An evaluation guide has been developed to assist in processing loan applications and determining whether (1) the applicant had or could acquire managerial competence, or (2) the applicant's lack of managerial capability and motivation precluded consideration for financial assistance. Over 3,000 loan applicants have been screened and evaluated by our Management Assistance specialists since May 1967.

Where needed, a SCORE volunteer is assigned to the EOL borrower for one-to-one counseling. This assistance is offered for as long as the borrower's need exists.

SBA is also offering courses, workshops, and seminars to those eligible for EOL assistance.

Third: Redefined the eligibility criteria and divided the program into two sections:

EOL (I) Program.—provides loans up to \$15,000 with a term of up to 15 years at 5½ percent interest—lower in EDA designated areas—to individuals with marginal or sub-marginal incomes who need help to expand or strengthen an established business and to those who have the necessary talent, motivation, and experience to establish a new business.

EOL (II) Program.—is designed to assist those who, although their incomes may be above the marginal level, have been denied the opportunity to compete in business on equal terms because of social or economic discrimination, health, handicap, hardship, etc. Loans up to \$25,000 are available for periods up to 15 years.

B. Loan Volumes.—There has been a substantial acceleration in loan volumes since SBA was given direct authority for this program in November of 1966 (Tables 16 and 17):

In the first 23 months, with geographical limitations, 2,585 loans for \$26.2 million were approved.

In the 13 months of the expanded operation, 3,712 loans for \$39.7 million were approved.

Thus, our loan approvals have already exceeded by about 50 percent, the volume of the first 23 months.

C. Future Outlook.—The budget allowances for FY 1968 and FY 1969 provide for \$39.0 million and \$47.0 million respectively. To assure maximum benefits to the economy we have adopted two basic guidelines:

First, our resources will be carefully allocated so that this assistance will continue to be made available on a nationwide basis, but priority will be accorded to those rural and urban areas where pockets of poverty exist.

Second, we are encouraging private banks and lending institutions to expand their participation in the EOL program. For example:

Five banks in the New Haven, Connecticut area have recently established a million-dollar loan fund to make loans to minority-owned businesses—with an SBA guarantee.

The State of Illinois has deposited \$2 million with the Hyde Park Bank in South Chicago with which the Bank will make loans to be guaranteed by the Small Business Administration.

SECTION IV—LOCAL ECONOMIC DEVELOPMENT PROGRAMS

A. Authority.—SBA is authorized to provide financial assistance to *State Development Corporations* and *Local Development Companies* to assist in promoting economic development of communities or areas—and on condition that these entities use the proceeds of Federal loans to assist eligible small businesses. The intent of the programs is to increase the flow of private equity capital and long-term loans to small business concerns to finance their operations, growth, expansion, and modernization.