The recommendation of this committee, in its report 2339, recommendation No. 11, stated:

> Following the report of the special study being conducted under the management improvement contract, the report and recommendations should be submitted to the Congress for consideration.

Could you tell the committee what has happened on that management improvement contract?

Mr. MOOT. Yes, sir. The contract was terminated at the conclusion of phase 1, so that the greater portion of the contract was never consumated.

Phase 1 of what was a two-phased contract was an exploration of the various objectives and emphases that we should be in SBA placing on various programs. Phase 2 was how we should structure our operation in the agency, in order to implement those objectives.

We felt that as phase 1 developed, that we could probably do this better in-house, in terms of improving our operations, so that with the approval and agreement with the Bureau of the Budget, which was a joint participant with us on the program, we terminated that contract at the end of phase 1.

Mr. MITCHELL. Then you have arrived at no recommendations that would require legislation or the attention of Congress?

Mr. MOOT. No, sir, we have not.

Mr. MITCHELL. That is all, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Administrator.

We understand you are going to be available as time goes on for other questions as they may develop. We thank you and we will now hear from your Associate Administrator, Mr. Logan Hendricks, who is well and favorably known to this committee.

Mr. HENDRICKS. Thank you, Mr. Chairman and members of the committee.

I welcome this opportunity to appear before the committee to discuss several of the programs within my area of responsibility. Specifically, I would like to report on our regular business loan program, our displaced business loan program, our development company assistance program, the new lease guarantee program, and our disaster loan assistance programs. If it is your preference, I will stop as I complete my remarks on each of the programs mentioned in the event that committee members have questions at that point.

The CHAIRMAN. Very good. I think that is in the interests of good order.

REGULAR BUSINESS LOANS—SECTION 7(a) SMALL BUSINESS ACT

Mr. HENDRICKS. The Small Business Administration's regular business lending program continues to be of vital importance to the small business community and our national economy and is essential to help assure a healthy, competitive, free enterprise system—the objectives of the Congress in authorizing the business loan program in 1953.

Since the inception of this program through December 31, 1967, over 80,000 loans have been approved, for a total of $3.6 billion. Of this amount $2.6 billion has been approved during the unprecedented period of continued national economic growth which began in 1961. The industry distribution of these loans has been wide and varied: