G. Regional programming system

As indicated previously under "The Concept" (page 3)—it is essential that SBA assistance programs be "dovetailed" with organized state and local economic development plans, and with programs of other Federal agencies having the same economic growth objectives—*Because:* SBA must have a sound basis for planning and distributing $1 billion annually in financial assistance throughout the nation.

Stated another way, the Administrator must have some means of weighing the annual (and supplemental) resource allocation requests of the eight areas and sixty-two regions. On what basis would he approve, reduce or increase a request? Should his actions or decisions be based solely on the economic needs of the area? The unavailability of capital in the area? The performance capability of the SBA staff in the area? The return to the Government or the national economy without regard to local economic needs? To what extent, if any, should he consider the input of other Federal agencies into each area? The successful achievement of the agency overall objectives (page 1), the orderly implementation of the balanced growth concept, and the evaluation of the *effectiveness* of SBA assistance programs will depend in large part on the decisions made by the Administrator in allocating SBA resources among the several area and regional offices. To provide a mechanism for informed and intelligent decision making, the Administrator has directed development of a Regional Programming System and established a Task Force to study the matter and submit recommendations to him.

By letter dated December 22, 1967, all area administrators whose staff had participated in the Economic Development Workshops were requested to submit their ideas and concepts of how the Regional Programming System might operate and the factors to be considered by the Administrator in making resource allocation decisions.

To further assure that a true regional flavor be incorporated in development of the system, three senior officials from area and regional offices have been invited to participate in the Task Force efforts.

U.S. GOVERNMENT MEMORANDUM

To: All area administrators.
From: Robert C. Moot, Administrator.
Subject: *502 policy.*

I have been made aware that the present 502 Policy-Guidelines have been very confusing indeed. I believe the attached revision should correct this situation.

This revision should not be interpreted as the opening of a "Pandora's Box" but it should first, clarify our position and, second encourage more outside money.

The basic assumption, in determining the minimum LDC injection and the allowable first mortgage money requirement, is that the size of the community relates directly to the availability of private resources. I shall expect, regardless of the size of the community, that our Economic Development staff make every effort to obtain the maximum outside participation.

There shall be no more "Low Impact" businesses; however, I shall expect that each 502 loan approved provide the very highest overall economic impact in that particular community possible. All small businesses eligible under the SBA Act of 1953 and the SBA Investment Act of 1958, as amended, shall be eligible for 502 loans.

Since we are working with the TAPS of FHA we have revised our community size provision for 10% minimum LDC injection with that of FHA insofar as rural areas are concerned.

The minimum 25 membership rule in LDC's is still in effect as well as the restrictions on membership and ownership in the LDC by the SBC, its principals and those having a pecuniary interest in the project.

The attached, revised policy shall take effect immediately, except in those projects where SBA has made certain commitments during the development stages of the project. If there is any question in this regard, the Area Administrators shall make the appropriate determination in writing and place it on file. Area Coordinators shall make note of this on Form #603.