

Mr. MITCHELL. Mr. Moot, concerning the dialog had between you and the chairman pertaining to allocation of funds or what might be said to be a quota situation, does the situation ever arise wherein it is necessary toward the end of the month or toward the end of any period that you have to say to a specific regional office, "You can approve no more applications this month because you are out of your funds or have used your quota," or "you have got to slow down in this area or that area"?

Mr. MOOT. This happens frequently, Mr. Mitchell, much more frequently than I like as an Administrator. What we do is to grant the money to the areas on a monthly basis during this particular fiscal year. The area administrator in turn passes the money out to the regions, based on need as I have previously described.

Now, if we have a regional director, who has a rush of business, and makes all of his loans available, with the resources he has within the first 15 days, he suddenly finds himself without funds.

He then goes to the area and the area administrator looks at his other regions to see who is using funds at what rate, and where he might logically reallocate funds within regions. If he has no additional funds, he comes back, in the case of the program we are talking about, to headquarters, where Mr. Hendricks every other week gets a report from all of the areas, and looks in total as to where the funds are being used, and if it is possible to reallocate on a national basis.

If this is not possible, then we can anticipate against next month's funds, for example, to allow a particular region to continue operating, but we do not encourage any region to make all of his funds available in a very short period of time, rather than looking at what his month's business is going to be.

We think that in order to do the job that you have charged us with, to build the best possible economic growth throughout the country, that we need to be somewhat selective within the total requirements that are placed upon us.

Mr. MITCHELL. What is your total budget for regular business lending program for fiscal year 1968, the present fiscal year—the total amount of SBA funds budgeted for this program?

Mr. MOOT. For loans?

Mr. MITCHELL. For the 7(a) program.

Mr. MOOT. We have for 1968 a budget of \$537 million in total. This is the gross amount.

Mr. MITCHELL. What is your budget, anticipated budget for fiscal year 1969, the comparable figure?

Mr. MOOT. \$649,700,000.

Mr. MITCHELL. There will be an increase anticipated of over \$100 million.

Mr. MOOT. Yes, sir; in fiscal year 1967, Mr. Mitchell, it was \$385.3 million, so that shows a steady increase in the 3 years.

Mr. MITCHELL. Then actually in essence there is no curtailment in any aspect of your regular business loan program?

Mr. MOOT. No, sir. We were over \$400 million at the end of April through 10 months on a comparable figure, so that you can see we are—

Mr. MITCHELL. Yes.