Without the priority system, New York State would have received much more than the 2.5 percent of loans and the 3.5 percent of the funds distributed by SBA.

Moreover, it is disturbing to note that small business loans in Nassau County dropped from 66 in fiscal year 1966 to 13 in fiscal year 1967 and that on a nationwide basis the number of direct loans dropped from 10,404 to 8,086. I have also discovered that more than 1,550 requests for loans from business concern in Nassau County were recorded by SBA. This figure includes all loan inquiries—even though applications may not have been filed. Since SBA has refused to accept applications which do not fall within their guidelines, this statistic—as opposed to the number of processed loans—is a more realistic appraisal of the need for SBA assistance in Nassau County.

In my letter of September 8, 1967 to Robert C. Moot, Administrator of the Small Business Administration, which I have attached to my testimony (Exhibit B), I urged a review and revision of the allocation system employed by SBA to assure a more equitable distribution of loans throughout the 50 States. In addition, I called for a more informative statistical reporting system so that Congress can effectively exercise its watchdog function and for the elimination of priorities based on the type of business applying for assistance.

SBA Administrator Moot, in reply to my letter, admitted that Nassau County loans had sharply declined by stating: (Exhibit C—full text of letter with attachments)

"With respect to Nassau County, you are quite correct in pointing out that there has been a substantial decrease in the loan activity * * * there is no reason not to anticipate an upward trend in loan activity for fiscal year 1968 in consideration of our substantially higher projections for that fiscal year."

In 1966 this distinguished Committee recommended the elimination of the priority system. To date, I believe that recommendation has been consistently ignored. This priority system continues to deprive small businessmen from receiving SBA assistance. The nationwide loan program and policies must be strengthened so a more equitable distribution system can be established and put into operation.

I am pleased that this Committee is fully aware of the problems attending the small business industry and I am hopeful the Administration will make recommendations which will establish a profitable, well regulated industry within the goals of the Small Business Administration. This is the only federal agency whose sole mission is to promote the welfare of our 5,000,000 small business concerns and is considered by many to be the Magna Carta of our free enterprise system.

EXHIBIT A

SEPTEMBER 5, 1967.

Hon. JOE L. EVINS,
Chairman, Select Committee on Small Business,
Rayburn House Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: As the Congressman from a district with approximately 20,000 small businesses, I have been concerned with the activities of the Small Business Administration. My examination of SBA programs reveals a startling drop in the number of SBA loans nationwide and in Nassau County, New York, part of which I represent.

Statistics furnished by the SBA show that the number of Section 7(a) loans in Nassau County dropped from 66 in fiscal year 1966 to 13 in fiscal year 1967. On a nationwide bases, the number dropped from 10,404 to 8,086 loans.

I have been unable to find any satisfactory explanation for these statistics. In addition is is apparent that the number of banks, willing to participate in SBA loans, has also decreased to an alarming point.

I respectfully request the assistance of the Select Committee on Small Business in 1) investigating this matter in Washington, and 2) sending a representative to Nassau County to explore it fully at the local level.

I would appreciate any assistance you could give me in this matter.

Sincerely,

HERBERT TENZER,
Member of Congress.