EXHIBIT C

SMALL BUSINESS ADMINISTRATION,
Washington, D.C., September 13, 1967.

Hon. HERBERT TENZER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN TENZER: I have read with interest your letter of September 8, 1967, as well as a draft bill to amend the Small Business Act, which was separately furnished by your staff.

I would like to take this opportunity to outline more fully the statistics with respect to the loan activity of the Small Business Administration and to discuss the provisions of your proposed bill.

Attachment No. 1 indicates our financial assistance programs (excluding disaster loans) for the fiscal years 1966, 1967, and 1968. Assistance provided to small business companies under the SBIC Program has not been included although such financing represents in excess of $200 million a year.

It should be noted that the current year program, approved by the President and the house of Representatives with Senate action now in process, contemplates the highest level of loan activity in the history of this Agency. Programmed loan activity for fiscal year 1968 is numbered and in dollar value is 60 percent and 47 percent higher respectively than the comparable levels for fiscal year 1967. For all three years, the dollar value of all programs, except Displaced Business Loans, shows a consistent increase. Displaced Business Loans, as you know, are made only when federally financed urban renewal or highway construction programs are involved and the volume of such loans is directly related to the level of activity under such construction programs.

It is clear, therefore, that not only is there not a decline in the level of loans to be made in terms of value, but rather a 57 percent increase from 1966 to 1968. We look forward, as previously stated, to the highest level of loan activity in history for the financial assistance programs indicated in the tabulation.

With respect to loans in the State of New York, the high level of programmed activity in fiscal year 1968 will likewise be experienced in this state. To the extent that need is demonstrated by qualified applicants, we expect to reach a new high in financial assistance this year. With respect to the disproportionate number of loans between fiscal year 1966 and fiscal year 1967 which your letter accurately cited, I would like to state that large numbers of loans in 1966 were occasioned by the transit strike in that year. However, on a dollar value basis, even including loans made on account of the transit strike, the total was $24.5 million for fiscal year 1966 and $22.4 million for fiscal year 1967, a difference of only $2.1 million. In addition, under the Small Business Investment Program, which has a different yearend reporting period, financings in the State of New York are the second highest of any state and exceed $30 million per year.

With respect to Nassau County, you are quite correct in pointing out that there has been a substantial decrease in the loan activity. Attachment Number 2 recapitulates the situation. As in each of the cases cited above, when the total financial assistance program is viewed, the reduction is not quite as large as indicated for the 7a loan program alone. Similarly, 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.

It should be noted that by law we are not allowed to provide financial assistance when funds are available in the private sector. If follows, therefore, that areas and communities with significant economic strength and well-being cannot qualify for financial assistance to the same extent as communities with greater economic need despite comparative population density.

I would now like to address the provisions of the proposed bill. As you know, loan funds available for small business assistance must be provided within the total resources available in the President's Budget and our utilization of these funds must be in accordance with sound management control procedures in order to assure fiscal responsibility. With respect to Section I, while we do not believe that funds can be specifically allocated by population and by relationship to percentage of Federal Revenue alone, we are making allocations on an equitable geographic basis taking into account such economic factors which have been established by or relate to the intent of Congress in assisting the small business community. We believe that the distribution of more than a billion dollars requires the exercise of judgment on the part of SBA in the administration of these programs.