Lastly, I would like to describe for the committee a program which is not new in SBA but which time has certified is tested and significant in helping the deprived and underprivileged community in becoming entrepreneurs.

It is the economic opportunity loan program, launched in 1964 and reshaped in 1966.

Under it, two loan programs provide funds for underprivileged entrepreneurs according to their needs:

One program makes available loans of up to $15,000 with a maximum term of 15 years at 5½ percent for those with submarginal incomes who want to go into business or are struggling to stay in business.

The other increases the maximum available to $25,000 for up to 15 years for those who the record can show have been denied the opportunity to compete because of social or economic discrimination.

The record is filled with statistics of what this program, because of less stringent criteria, has provided entrepreneurs who otherwise would have been denied sources of capital. Some highlights:

In its first 23 months, almost 2,600 loans for $26 million were approved.

From December 1966 through February of this year—when the program was accelerated—more than 4,000 loans for $43.5 million were made.

None of these loans would have been made without this program.

Nearly half of these loans were made to minority entrepreneurs.

All of them went to small operators.

About 15,000 job opportunities were created.

The involvement of banks as participants in these admittedly high-risk loan situations has shown a steady increase. Five percent when the program started; 11 percent now—and a predicted 13 percent for the current fiscal year.

I have briefly described what we in SBA believe are programs of imagination and purpose.

SBA makes no grants. The dollars we place in small enterprises come back when loans are repaid.

The technical assistance, and the management assistance we provide comes back to our Nation in the form of more successful, taxpaying small businesses and employment of our underprivileged citizens.

Thank you.

(The legislative authority for the various programs referred to were ordered to be received into the record at this point:)

PUBLIC LAW 88–452[1]

ECONOMIC OPPORTUNITY ACT OF 1964

## TITLE IV—EMPLOYMENT AND INVESTMENT INCENTIVES

### STATEMENT OF PURPOSE

SEC. 401. It is the purpose of this title to assist in the establishment, preservation, and strengthening of small business concerns and improve the managerial skills employed in such enterprises; and to mobilize for these objectives private as well as public managerial skills and resources.

[1] This has been amended by PL 89–794 (*see* p. 146) and PL 90–222 (*see* p. 146).