

in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. These transactions represent \$1.2 billion.

There were SBIC's in 42 States and two territories as of April 30, 1968. We are presently attempting to encourage the formation of financially sound SBIC's in all States to make available to small concerns the facilities of these institutions.

Reports from 1,381 SBIC-assisted firms indicate they have increased their employment by 11,800 jobs—29 percent—since the original financings were made. Thus, for every \$9,000 in SBIC disbursements, one new employee was hired. To put it another way, for every \$3,000 in SBA seed money, \$6,000 was added by SBIC's to create a new job opportunity.

The accumulated information which we have available regarding the impact of the SBIC program on small businesses and job creations is still sparse. The information available covers only 2 years since the installation of the requirement by SBA for SBIC's reporting data on their portfolio concerns. As the data builds up on the small business concerns financed by SBIC's, a more complete and profound analysis can be made of this impact. The information which is available, however, demonstrates the high potential of the program to provide assistance to small business concerns. For instance, a comparison of prefinancing and March 1967 data indicates that:

Gross revenues increased 42 percent on the average for the small business concerns.

Profits showed an increase of 100 percent, from \$11.1 million to \$22.2 million.

Net worth increased 18.8 percent, from \$179 million to \$213 million.

Total assets increased 36.8 percent, from \$711 million to \$973 million.

Short-term borrowings increased 22.2 percent, from \$113.4 million to \$138.6 million, demonstrating the increased ability of SBIC-financed concerns to secure funds from other sources.

We feel that the SBIC program is particularly valuable in providing assistance to small businesses in the manufacturing and technical innovation fields. Not only by supplying loan or equity financing to these concerns but in providing management assistance and financial expertise to the principals of the small concerns, which is often as valuable as the funds provided. Because of reporting difficulties, and as a result of corresponding lack of information, these figures do not represent a majority of the small business concerns financed. We expect the reports to be received as of March 31, 1968, to provide a better basis of information on the small businesses financed by SBIC's.

The SBIC industry, the Small Business Investment Act, and SBA regulations thereunder, have, of course, undergone many changes since first established in 1958. Congress, SBA, and the industry have been gaining experience in ways to further the purposes of the act so as to maintain and foster a healthy, expanding, and useful industry to serve the small business community.

There are three major aspects of SBA's activities aiding the industry: as a promoter, as a lender, and as a regulator.

SBA's role under the act is to insure compliance with the statutory purposes of the program and protection of the Government's creditor position, and to help implement adequate guidelines and incentives to promote sound and profitable financial institutions serving small business concerns throughout the Nation.