As we have indicated previously, SBA is attempting to improve the information base related to the program, and to explore the long-range questions which must be studied if the program is to achieve continued growth.

Among these questions are:

The nature and size of the small business equity gap? This is the problem that the program was designed to meet. We must know more about the actual equity-capital needs of various types of small business.

What are the means for meeting this equity gap? The SBIC program has proven itself as a workable concept, but what other aids to the small business equity problem are available for utilization in conjunction with SBIC financing?

What is the appropriate annual rate of investment for the SBIC industry? Is the need for such financing growing?

Another important question is what structure for the industry can be most effective? What are the respective roles of public SBIC's, bank SBIC, closely held SBIC's and specialized types of SBIC's? There may be different types of roles for all these kinds of companies; but what are they? And how can they best be promoted?

What different small business opportunities are presented by various types of geographic areas and what approaches are needed in these areas for maximum utilization of the SBIC program to aid the contribution which small concerns can make to economic growth?

Our studies of the small business community indicates that the SBIC program can be of very great benefit to aid small concerns operating in high-growth areas of the economy. For example, in the manufacturing and new-technology fields there is a particular need for equity capital for rapidly expanding small businesses serving new and specialized markets. And SBIC financing can assist in providing capital to local industry to help in generating balanced economic development.

We are also attempting to better coordinate the SBIC program with our other small business assistance efforts. As you know, SBA's recently broadened lease-guarantee program permits small firms of all types to rent prime commercial or industrial premises which might otherwise be unavailable to small business. And SBA's local development company loan program provides long-term industrial mortgage loans to allow plant construction and reconstruction for small concerns. In many cases, the small firm might utilize these SBA financial assistance programs in conjunction with an SBIC investment which provides the additional equity-type capital needed for its expanded operations.

SBA may also provide management assistance, such as facilities or procurement advice, to small concerns receiving SBIC financing; and the small firm might be eligible for a regular SBA business loan. We have instructed our SBA field offices throughout the country to work closely with SBIC's in their area to help provide coordinated assistance services for small firms.

We are also working closely with the industry to help improve program effectiveness. The first two meetings of the National SBIC Advisory Council strengthened channels of communication with the SBIC industry and established a mechanism for joint efforts toward program objectives. Among the matter being emphasized are methods to broaden the geographic coverage of the program, to attract more