ministration is one of the more important agencies of the Government; they have a deep interest in seeing that congressional intent, as defined in the Small Business Act, is carried out faithfully and effectively. I hope, therefore, that you can understand why we are anxious to get acquainted with you and to explore with you the philosophies and policies which you intend to apply and pursue as the head of this important agency.

As you well know, Mr. Administrator, our country has been privileged to enjoy 8 years of steady, unprecedented economic growth and expansion. Generally speaking, small business has benefited and shared in this prosperity, but even so, we know that there are many problems—serious problems—confronting small business today that must be dealt with if the small business community is to maintain its competitive vitality.

Some of these problems are pretty close to home. For instance, we know that except for guaranteed loans, the maximum amount that SBA is able to loan to a single small business concern is $150,000, whereas the Congress, in adopting the Small Business Act of 1958, set this maximum at $350,000. Moreover, we know also that apparently SBA is required to enforce some kind of a priority system because each month it seems that one or more of the regional offices are required to reject a number of worthy loan applications simply because sufficient funds are not available. This shortage of funds, of course, makes it difficult for SBA to finance the establishment of new businesses in ghetto areas and to provide financial help to those small business concerns eligible for poverty loans under the provisions of the Economic Opportunity Act of 1964. As we know, these poverty loans come out of SBA's revolving fund. If you don't have sufficient to take care of the regular SBA loans, how are you going to take care of the others also?

In the face of this critical fiscal situation, it seems to me that it was a mistake to enlarge the list of eligible borrowers so as to include liquor dealers or other business concerns engaged primarily in the sale of alcoholic beverages.

Let me mention some other small business problems and, of course, I hope they are receiving your attention along with those associated with our ghetto areas and disfavored peoples.

The lease guarantee program is new and your agency is to be commended for the hard work that has been put forth to make this a valuable and realistic aid to small business. I think we will agree, however, that eventually some way must be found to provide these guarantees at a more moderate cost to the owner of a small business.

The Service Corps of Retired Executives program (SCORE) has been especially successful and effective. Recently, howver, I rceived a letter from one of the SCORE chapters, advising that the group would disband unless certain improvements were authorized. I am satisfied, of course, that you will see that this SCORE program will not be neglected.

The small business share of procurement by the Department of Defense has declined from about 22 percent in 1966 to 19 percent in 1968. The percentage of procurements set aside for small business has declined from about 6 percent in 1965 to 4 percent in 1968. The percentage of research and development contracts awarded to small