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THE SMALL BUSINESS ADMINISTRATION DURING THE ADMINISTRATION OF LYNDON B. JOHNSON

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NOVEMBER 1963 - JANUARY 1969

Supplement

THE SMALL BUSINESS ADMINISTRATION

DURING THE ADMINISTRATION OF LYNDON B. JOHNSON

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SUPPLEMENT

TO

ADMINISTRATIVE HISTORY

SMALL BUSINESS ADMINISTRATION

HOWARD J. SAMUELS, ADMINISTRATOR

PREFACE

This supplement sets forth the accomplishments of and additional organizational changes made by the Small Business Administration during the period between January 1, 1968 and the end of the Lyndon B. Johnson Administration. Supplementary documents appear as Chapter III.

Howard J. Samuels
Administrator

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CHAPTER I

ACCOMPLISHMENTS JANUARY 1, 1968 THROUGH JANUARY 20, 1969

1. Business loans: In the year ending December 31, 1968, SBA topped the previous year's record high of dollar volume of business loans approved. Nineteen hundred and sixty-seven's volume of $482.7 million to 9,518 small businesses was increased in 1968 to $501.6 million in loans to 9,223 small businesses.

The Agency was able to achieve this increase, despite severe fiscal restrains culminating in a curtailment of the direct loan program in November, only because of intensive efforts to persuade banks to participate, principally under the Simplified Blanket Guaranty Plan introduced in 1967, and further refined in 1968. These efforts were intensified with the introduction of Project OWN in August 1968.

As a result, banks participated on a guaranty basis in 54 percent of all business loans in the last five months of 1968, the highest level in the Agency's history. Including immediate participation loans, banks participated in an unprecedented 85 percent of all business loans during this period.

2. Displaced business loans: The number of small firms needing assistance in reestablishing their businesses as the result of being displaced by Federally-assisted construction contracts was less in 1968 than in 1967. However, primarily due to increased construction costs, the average amounts needed for individual loans were greater.

This resulted in 286 approved Displaced Business Loans in 1968, for $43.4 million, vis-a-vis 405 in 1967, totaling $35 million.

3. Economic opportunity loans: Prior to August 1968 the Economic Opportunity Loan Program was divided into EOL I and EOL II. EOL I provided loans up to $15,000 to low-income individuals. EOL II provided loans up to $25,000 to those individuals above the marginal income level who had suffered from economic and social disadvantages. In mid-August 1968, EOL I and EOL II were combined into a single EOL program with loans up to $25,000 with a maximum maturity of 15 years. The eligibility requirements remained basically the same, however, low income individuals would now be able to borrow up to $25,000. Internal procedures were clarified in order to further expand the program.

With the advent of Project OWN in August of 1968, the activity under this program significantly increased as Economic Opportunity Loans provide a major tool in the success of this Agency-wide program.

SBA continued contacting public and private agencies and they are cooperating in referring applicants for the program. These organizations included the Social and Rehabilitation Services Administration of the Department of Health, Education and Welfare, the Farmers Home Administration of the Department of Agriculture, the Veterans Administration, Community Action Agencies, National Business Legue, Interracial Council on Business Opportunity, the Urban League and the Urban Coalition.

Private sector participation was encouraged and a considerable increase in the number of bank loans with SBA guaranty was noted.

In 1967, 3,432 loans totaling $36.9 million were made compared to 3,670 loans for $42 million in 1968.

4. Community development: In 1968, one (1) state development company loan (under Section 501 of the Small Business Investment Act) for $500,000 was approved. This reflected well insofar as the general economy was concerned because a state development company can only come to SBA for funding when it is unable to borrow from its member banks, insurance companies and utility companies.

The Agency's objective in the local development company loan program (under Section 502 of the Small Business Investment Act) was to reduce SBA's cost per job and to reduce SBA's exposure in each project. In calendar year 1968 for the first time in the ten year history of this program the private sector dollar exceeded the SBA dollar. Through December 31, 1968, 422 loans were approved for a total financing of $79,936,128; 54 percent of which came from the private sector. Further, the SBA's investment per job amounted to only $1,631 per each of the 22,418 employment opportunities provided.

5. Disaster loans: There were no unusually large disasters declared by the Agency in calendar year 1968. The primary activity in this program resulted in carry-over activity from the widespread flooding of Fairbanks, Alaska, in August 1967, and Hurricane Beulah which struck Texas in September 1967. It is probable that without SBA assistance the town of Fairbanks could not have survived financially. The same is true also with reference to the South Texas area assisted.

In all, there were 39 disaster loan areas declared in 21 states. These and carry-overs from previous declarations in the fall of 1967 resulted in 6,061 loan approvals for $44.5 million for an average loan size of $7,342. Included in these figures are economic injury loans made to small firms in areas of natural disaster declared by the President or Secretary of Agriculture. This is a considerable reduction from the 1967 figures of 51 declarations in 31 states resulting in 9,866 loans for $88.9 million.

Effective in March 1968, a major change was made in the disaster lending program due to fiscal restraints imposed. On both home and business loans, the liquid assets of disaster victims and available commercial credit must be utilized prior to creating eligibility for disaster loan assistance. Loans previously unlimited in dollar amounts are now limited to $100,000 SBA share for business concerns, and $25,000 SBA share on loans to home owners.

6. Small business investment companies: In 1968, small business investment companies completed their first year of operation under the Small Business Investment Act Amendments of 1967, which became effective January 9, 1968. These amendments stressed the importance of venture capital for small business and increased the amount of government funds or government-guaranteed funds available to SBICs, as well as furthering the program in other ways.

Of the 441 SBICs reporting to SBA at March 31, 1968, the close of the SBIC fiscal year, 221 had private capital of $300,000 or less; 175 were capitalized from private sources at between $300,000 and $1 million; 31 had private capital of between $1 million and $5 million; and 14 had private capital of over $5 million.

Among the companies reporting to SBA at the end of the 1968 fiscal year there were 33 publicly owned SBICs, 25 SBICs wholly owned by banks, and 42 SBICs partially owned by banks.

Financial condition and progress of SBICs: Total assets reported by the SBIC industry decreased from $691.5 million reported by 548 companies as of the close of the SBIC fiscal year, March 31, 1967, to $637.3 million at March 31, 1968, as reported by 441 companies. Loans to and investments in small business concerns were down by $87.1 million, whereas cash and U. S. Government obligations were up by $23.2 million. On a per company basis, average total assets per SBIC increased from $1,264,000 to $1,445,000 during the fiscal year.

Liabilities decreased by $30 million. The decrease in funds borrowed from SBA was absolutely and proportionately less than the decrease in funds borrowed from others.

During the calendar year 1968, SBA approved $19.5 million in funds for SBICs; 40 applications for $21.6 million were pending at the end of the year.

Total net worth of reporting companies declined by $24.2 million during the fiscal year ended March 31, 1968, in keeping with the diminished size of the industry, but combined retained earnings were transformed from a deficit of $21.4 million to positive earnings of $4 million. This resulted from an exceptionally good year for the industry, from a profit standpoint, together with the elimination of certain companies with large accumulated deficits.

As indicated, the companies reporting in the program decreased by 107 in the fiscal year ended March 31, 1968. With respect to the calendar year, the total number of SBICs in operation was reduced from 568 in December 1967 to 507 in December 1968. This shrinkage in the industry is expected to stop in the near future with an estimated 370 effective companies, so that there will be a stable number of older, quality companies to which new licensees will be added.

A net realized gain on investments of $28.3 million for the 441 reporting companies, combined with a continued net operating loss amounting to $2.3 million, resulted in a net return of 6 percent on invested capital. This does not include the return realized by SBIC stockholders who received portfolio securities distributed as dividends.

The 89 SBICs ranking highest in net return on invested capital showed great profitability for the fiscal year. Those capitalized at $300,000 or less had a net return on invested capital of 16.1 percent; those with $300,000 to $1 million of private capital had a net return of 26.1 percent; those having between $1 million and $5 million of capital showed a net return of 27.6 percent; and those with more than $5 million capital reported a net return of 15.9 percent.

During the fiscal year ended March 31, 1967, the 441 SBICs reporting to SBA disbursed $143.2 million to small business concerns in 2,816 financings. These disbursements, made in 50 states and territories of the United States, included $78.2 million in loans, $30.4 million for debt securities with equity features, and $34.5 million for capital stock and stock rights. This revealed a significant shift from the purchase of debt securities to the purchase of stock and stock rights; however, total equity financing disbursements remained proportionally about the same as the previous year, or 45 percent of the total disbursements.

Nonmanufacturing concerns obtained $89 million during the fiscal year ended March 31, 1967, while manufacturers received $54.2 million, a distribution of 62 percent to nonmanufacturing and 38 percent to manufacturing, as compared to 68 percent nonmanufacturing and 32 percent to manufacturing in the previous fiscal year.

7. Government contracts: Active participation by SBA in the agency set-aside program was reinstituted in late 1967. In 1968 32 Procurement Center Representatives were assigned to various procurement installations throughout the United States. The installations to which they are assigned were chosen for the greatest possible impact on small business contracting. Factors considered in the selection were: dollar amounts of procurements; types of items or services purchased; and estimated potential for small business.

Three of the PCRs will be assigned to regional offices of the Defense Contract Administrative Services to evaluate the problems faced by small business in their performance of government contracts and to assist them with any contract administration difficulties.

The Certificate of Competency (COC) program benefits both small business and the government. Estimated savings are based on the difference between the price offered by the COC contractor and the next bid on each contract. In addition to contracts awarded to small business as a result of the issuance of COCs, an increasing number of contracts were awarded by the procuring activities after COC actions were in progress but without the formality of issuing a COC. Information developed by SBA during the course of surveys often convinces the contracting officer that the small business has access to both the capacity and credit necessary for the performance of the contract. During calendar year 1968, 144 such contracts were awarded to small businesses totaling $31 million for an estimated savings of $2.2 million. Since the beginning of the program there have been 2,150 such contracts awarded, totaling $408.6 million for a cumulative savings of $33.1 million.

The benefits of the COC program extend beyond the award of contracts to small businesses. In many cases where SBA declined to issue a COC, the Agency provided the small businessman with assistance in correcting capacity and credit deficiencies so that the firm could qualify on later procurements without the necessity of COC assistance. Often, too, firms obtaining contracts under COCs prove themselves so well that they are later specifically invited to bid by procuring agencies and receive contracts without the need of obtaining a COC.

Sixty-five of the 100 top defense contractors are now participating in SBA's Voluntary Subcontracting Program. These contractors accounted for 65.5 percent of the total dollar value of military prime contracts over $10,000 in fiscal year 1967. This is an increase over the participation of 37 firms in 1967, but since discussions are still proceeding with some prospective members the exact number is not established. Since only 75 of the top 100 contractors offer significant subcontracting potential, it is doubtful that there will be any significant further enlargement of the program.

In order to achieve this current growth without substantial personnel increases, SBA has oriented the program to heavy dependence upon the membership. The large prime contractor assumes a great portion of responsibility by agreeing to:

- Identify commodities and services for which small businesses are not presently solicited;

- Provide to SBA the data necessary to develop new sources (drawings, technical descriptions, specifications, for example);

- Review specifications for revision, when feasible, so that small firms will not be excluded by unnecessarily restrictive requirements;

- Advise procuring agencies of specifications or contract provisions which appear to be unnecessarily restrictive; and

- Advise small firms on procedures for acceptance for the Qualified Products List.

SBA Subcontracting Specialists concentrate on participation with the Defense Department in reviews of the procurement systems of prime contractors, checking for methods, practices and accomplishments of small business programs; locating and recommending small subcontractors to prime contractors for inclusion in procurement opportunities where small business competition is presently lacking; and educating and upgrading of small firms by informing them of government subcontract opportunities and by assisting them to overcome various deficiencies in areas such as quality control and contract administration.

In 1968, over $4 billion in subcontracts were awarded small business firms by 39 DOD prime contractors cooperating in the Voluntary Subcontracting Program. Other firms awarded an additional $2.5 billion to small concerns.

The ultimate goal of SBA in the government subcontracting field is to see that all small firms with the necessary productive capabilities are in a position to actively compete for government subcontract opportunities. During 1968 coverage of the Facilities Inventory was expanded to include 71 Standard Industrial Classifications Codes which embrace primary needs of prime contractors in areas where small firms have potential capability. At the end of 1968 SBA had completed a listing of approximately 9,000 small firms and had physically surveyed their plants to verify the products they are capable of producing. In 1969 these files will be updated by resurveys and augmented to include additional categories of firms needed by SBA Procurement Center Representatives carrying out the functions of the Prime Contracts Assistance Program at Government Procurement Agencies.

8. Small business management: During 1968, SBA continued its efforts to strengthen and improve the management capabilities of small businessmen through management education and training. Sound management concepts and modern techniques were provided small business owners and managers through four types of training: courses, conferences, problem clinics, and workshops for prospective small business owners.

Management courses were held to assist owner-managers in acquiring the knowledge of management skills and practices necessary for the successful operation of a small business. These courses covered business planning, organizing, staffing, directing, and controlling. The most common course was a general survey of six to eight different subject areas in the broad field of business management with one subject being covered in each meeting. Presentations included formal lectures, panel discussions, and audio-visual presentations. In addition to classroom instruction, in many communities, management courses were broadcast on television. Both commercial and educational TV stations participated.

During 1968, 31,933 business owners and managers attended 1,173 cosponsored courses.

One-day conferences were held to help busy owner-managers keep up with particular management subjects. For example, exporting conferences offered a wide range of practical information on foreign trade. Tax conferences demonstrated the impact of taxation on business management decisions. Because of the great demand many crime prevention conferences, similar to the courses already mentioned, were held.

During 1968, over 900,000 business owners and managers attended one or more of some 600 cosponsored conferences.

During 1968, over 6,000 business owners and managers attended one or more cosponsored problem clinics, in which particular problems of common interest were discussed and solved.

During 1968, over 8,000 business owners and managers attended one or more of some 250 cosponsored workshops designed to help prevent casualties among new businesses.

Under the CALL Program (Counseling at Local Levels) SBA's Management Assistance Officers provided individual counseling to small businessmen in key business communities located away from SBA offices, and even in remote places where the public has no easy access to a regional office.

In the CALL Program in 1968, management counseling cases reached an all time high of 116,588. This represented a substantial increase from the 64,654 businesses counseled in 1967, and a very steep rise from the 38,000 businesses counseled in 1966. This counseling effort has expanded the scope of management counseling to include any phase of establishing, purchasing, operating, merging, relocating, or liquidating a small business.

In the second half of 1968, the Office of Management Assistance became very involved in Project OWN. One of the key factors in assessing a prospective minority businessman is managerial capability or potential. The Management Assistance field staff was given the responsibility of determining this capability or potential.

9. Size standards: During fiscal year 1968 SBA took a number of actions with respect to regulations for qualifying as a small business concern. These actions included:

1. Revising Schedules A and B, the definitions of a small business manufacturer in the various industries, for the purpose of SBA loans and government procurements, respectively, to reflect changes in industry definitions.

2. Publishing Revision 8 of the Small Business Size Standards Regulation. This revision made no substantive changes but was merely a compilation of Revision 7 and its 13 amendments thereto.

3. Raising the procurement size standards for certain service industries for the purpose of bidding on government procurements from average annual receipts not exceeding \$1 million, to \$3 million and \$5 million as follows: Food services-\$5 million; computer programming services-\$3 million; tire recapping services-\$3 million; data processing services-\$3 million; computer maintenance services-\$5 million; laundry and cleaning and dyeing services-\$3 million; flight training services-\$5 million; and motor car and truck rental and leasing service-\$5 million.

In the second half of the year the SBA received from the Bureau of the Census, statistics tabulated from the 1963 Census of Manufactures by employment size of company. Work is being done on proposed publications which will be comparable to Size Structure of Manufacturing Industries in the United States, 1958 and Opportunities for Smaller Manufacturers, which were published in June 1963.

10. Government liaison: During 1968, SBA's Government Liaison Staff reviewed 1,707 proposed changes in government procurement regulations and prepared major policy positions on 49 of them. At the request of the Government Liaison Staff, and with its active participation, an interagency study group was established to revise Standard Form 37, "Report on Procurement by Civilian Agencies,"

and to devise an optional form for prime contractors to use in reporting on their subcontracting activities. The Federal Register of November 22, 1968 illustrated the new forms and designated their use effective January 1, 1969. Liaison was initiated or maintained at 24 government agencies and departments, and representation was provided on 12 interagency committees.

During the year, the staff was called upon to resolve various problems of small firms which had been referred to the Central Office for solution.

During 1968, over 500 small firms were assisted by the Government Liaison Staff.

In July 1968, a second mission was assigned to the Government Liaison Staff. It was charged with basic responsibility for planning and developing SBA's policies and procedures for implementing for the first time Section 8(a) of the Small Business Act. Section 8(a) declares it to "be the duty of" SBA, and SBA is empowered whenever it "determines such action is necessary" to enter into procurement contracts with other Federal agencies on such terms and conditions as the parties agree.

The decision to invoke Section 8(a) was based on the President's announcement of October 2, 1967, for launching a major new test program in five cities "to mobilize the resources of private industry and the Federal Government to help find jobs and provide training for thousands of America's hardcore unemployed." Pursuant to the President's announcement, SBA assessed its authority and capabilities with the intent of making a meaningful contribution to the program.

It was evident that socio-economic factors dictated the necessity for establishing ownership opportunities for the disadvantaged in order to enter the economic mainstream of American life. Accordingly, the Administrator made a determination on October 5, 1967 to use Section 8(a) as a mechanism for promoting minority entrepreneurship. The first prime contract was taken on December 22, 1967. As a result of this overall activity, SBA has entered into 28 prime contracts with government departments and agencies in 1968 valued at $15,180,535. This has resulted in the employment of several hundred minority workers.

The types of contracts taken under Section 8(a) have included bakery products, pallets, cable assemblies, tents, wood and metal boxes, electrical equipment, antennas, punts, repairs to generator sets, and modification of T-33 aircraft. Prime contracts have ranged up to $6,710,744 and subcontracts up to $2,430,868. More detailed discussions of this program appear elsewhere in this history.

11. Technology utilization: The Technology Utilization program was broadened during 1968 in order to enable small manufacturers throughout the Nation to take advantage of research and development sponsored by the government. In 1968, 3,500 small manufacturers were educated as to the services of SBA's TU Program and the technology dissemination program of other government agencies and groups. Three hundred and twenty-five companies received technical counseling assistance in applying business and technical information and new technology for the purposes of developing new and improved product and processes and overcoming business and technical problems.

SBA's Technology Utilization Publications also were initiated in 1968. Four publications were produced in the fields of electronics, metal joining, tooling, and instrumentation. These publications were distributed to 50,000 small manufacturers and resulted in 3,000 requests for technical documents from the government. These publications are becoming a significant source in the generation of requests from the small business community for technical case assistance.

CHAPTER II

ADDITIONAL ORGANIZATIONAL CHANGES: JANUARY 1968 - JANUARY 1969

In June 1968, a reorganization of the Office of Associate Administrator for Procurement and Management Assistance was effected by Robert C. Moot who had been appointed on August 1, 1967 to succeed Bernard L. Boutin as Administrator of SBA. The reorganization established a foreign trade program and centralized preprogram planning activities in a new Technical Planning Staff. The revitalizing of foreign trade activities stemmed from increasing numbers of requests for information regarding foreign trade opportunities and SBA efforts to stimulate small business interest in export trade and thereby assist in relieving the pressure on the international balance of payments.

Under the reorganization, the Government liaison personnel formerly assigned to the Office of Procurement Assistance were reestablished as a Government Liaison Staff reporting directly to the Associate Administrator for Procurement and Management Assistance. The new staff was also given the program responsibilities for the implementation of section 8(a) of the Small Business Act by the negotiation of prime contracts with Government procurement agencies and the resulting subcontracts with firms selected to execute them on behalf of the SBA, in order to further the objectives of the Agency's minority program. Thus, the Office provides staff assistance to the Associate Administrator, who is delegated authority under section 8(a) to enter into contracts with the U.S. Government to furnish articles, equipment, supplies or materials to the Government. The delegation also permits discretion to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small business concerns or others. The delegation by the Administrator was effected December 7, 1967, following a Presidential recommendation in the latter part of that year to the Department of Defense and the Small Business Administration and was motivated by the President's desire to place contracts in areas of hard-core unemployment. Previously, this authority was held by the Administrator, but was never exercised.

At the same time, SBA was directed by Congress to place particular emphasis upon the preservation or establishment of small business concerns "located in the urban or rural areas with high proportions of unemployed or low-income individuals or owned by low-income individuals." In addition, section 406 of the Economic Opportunity Amendments of 1967 (enacted December 23, 1967) authorized SBA to provide financial assistance to public or private organizations to pay all or part of the costs of projects designed to provide technical and management assistance to individuals or enterprises eligible for assistance under Title IV of the Act, with special attention to small business concerns located in such disadvantaged areas or owned by low-income individuals.

To carry out the intent of Congress, Administrator Moot initiated a new SBA effort designed to stimulate the creation or expansion of manufacturing and wholesale type firms, owned, managed and operated by the residents of designated target areas. In addition to entrepreneurial and employment opportunity for community residents, the aim of the program was to reverse the unfavorable "balance of payments" in the target areas by exporting goods produced in the community.

A Community Economic Development (CED) Task Force, composed of representatives from the major program areas and legal staff, was designated to work under the direct supervision of the Deputy Administrator to develop plans for implementation of the program.

In line with recommendations developed in the report entitled "SBA Target Area Program for Community Economic Development," submitted by the CED Task Force in February 1968, the Administrator approved the establishment of the CED Program on a pilot basis.

Working papers of the CED Task Force, which set forth the objectives of the program, proposed organization and functions, resources to be utilized, phased plans and procedures, and the approved target area program report, are as shown in Chapter II, Document 1. From these a final draft of organizational structure was developed by the Organization and Management staff, in cooperation with the CED Task Force. A copy of the draft also is included in Document 1.

While no formal organizational structure was adopted, pending evaluation of the pilot program, the groundwork was laid for future implementation of Title IV. By June 1968, sixteen target locations had been designated, with teams operating in, or selected for seven of these areas. On June 5, 1968, the contracting or grant authority under section 406 of the Economic Opportunity Act, as amended, was delegated by the Administrator to the Associate Administrator for Procurement and Management Assistance, in line with his responsibility for the managerial and technical assistance program. The redelegation to the Associate Administrator would enable him to carry through on negotiations and agreements to provide funding for projects designed to develop entrepreneurial and managerial skills in the target areas.

A few weeks later the President, in a White House Release of June 28, announced his intention to transfer Mr. Moot as Assistant Secretary of Defense (Comptroller) and to nominate Howard J. Samuels, then Under Secretary of Commerce, to succeed Mr. Moot as Administrator of the SBA. Regarding these new assignments, the President stated:

> Mr. Moot's extensive background and experience in the complex financial problems of the Defense Establishment will be of great value to me and Secretary Clifford in the months immediately ahead.
>
> Mr. Samuels will bring to the administration of the small business program not only his experience in the Commerce Department but his successful background in the organization and operation of small business enterprise .....
>
> In designating Mr. Samuels to head the Small Business Administration, I am presenting him with the challenge to take the lead in the development of minority entrepreneur programs through the available resources of the Federal Government and the cooperation of American business. One of the main reasons for my asking Mr. Samuels to assume this difficult task is that it will require the commitment of the private sector. His stature as a national business leader will enable him to attract their talents and resources in meeting this urgent challenge.

Shortly after taking office on August 1, 1968, Administrator Howard J. Samuels announced the launching of a new "government-business partnership effort" aimed at speeding up the formation of minority-owned businesses. In a press release dated August 13, Administrator Samuels said:

> Dubbed "Project OWN," the new program will enlist banks, industry and community organizations, with the leadership and

> financial backing of the Federal Government . . .the new drive will build on experience gained in programs already underway through the SBA, business and community groups, and will combine them in a coordinated national effort.

Under the guidelines provided by the Administrator, the Organization and Management staff developed a new organizational structure for implementation of the Minority Entrepreneurship (ME) Program. It was established August 9, 1968, as the Office of Assistant Administrator for Minority Entrepreneurship, with responsibility for developing and administering the ME Program on a nationwide basis, to promote and assist in the development of minority ownership, management and work force participation in business enterprises of the community.

The ME organization and functions are shown in Chapter III, Document 2, together with copies of early press releases announcing the program, its goals and objectives, and designated target cities.

During the following months, a number of "outreach" centers were opened in minority communities, to provide a necessary link between SBA efforts to establish the minorities in business and the minority population. Where feasible, Project OWN officials work directly with the community action groups to furnish these centralized services.

In line with his responsibility to promote the involvement of public and private organizations in the program, the Assistant Administrator for Minority Entrepreneurship was given contracting or grant authority under section 406 to follow through on negotiations and make agreements for funding of such projects. This specific authority was transferred from the Associate Administrator for Procurement and Management Assistance in January 1969, by the Administrator's revision of the delegation to the Associate Administrator and new delegation to the Assistant Administrator.

In November 1968, Administrator Samuels announced a nationwide drive to increase the participation by minority construction contractors in the total construction industry. The program was initiated in designated target cities as an extension of Project OWN.

A National Construction Task Force, operating as a permanent entity under Project OWN, was formed to provide leadership and assistance in the development of programs responsive to the needs of minority contractors. This guidance is implemented at the local level by Action Construction Teams (ACT) in each of the target cities. The Task Force Washington and field organization is shown in Chapter III, Document 3.

The Administrator also was instrumental in the formation of the Black Economic Development Advisory Council to the SBA. The Council, comprised of individuals representing a diversity of black organizations, backgrounds and ideologies, will advise SBA on the operation of Project OWN and serve as a national communication forum for black economic development groups. (See Chapter III, Document 4.)

While the Administrator has given emphasis to implementation of the Project OWN Program, organizational changes have been effected in other areas:

On August 23, 1968, a major reorganization of the Office of the Assistant Administrator for Administration was implemented. Its purpose was to permit more effective direction of the administrative management operations. Two deputy assistant administrator positions were consolidated, freeing a top management official to direct a newly organized effort to improve SBA field administration activities. There also were consolidations of other offices: the programs of organization and management, reports and administrative services were grouped within a newly established Office of Management Analysis and Services; data processing and analytical services were merged in the Office of Data Services; and program planning activities were placed under the Office of Budget and Finance. These actions reduced the span of control for the Assistant Administrator for Administration.

In September 1968, the St. Thomas Branch Office in the Virgin Islands was abolished, and the Islands now are served by the Puerto Rico Regional Office. The change resulted from previous analyses and recommendations by Organization and Management Analysis Staff, based on studies of the geographic and economic characteristics of the islands, workload statistics and the potential need for SBA services. Recommendations regarding the closing of this office also were made by the Deputy Administrator, following a visit to the islands in March 1968. However, the office, manned by clerical personnel, was maintained on a trail circuit-rider basis for a six-month period. A reevaluation by the New York Area Administrator and Central Office staff in July 1968 of the need to maintain a full-time office on this basis justified the closing of the St. Thomas office.

The Administrator effected an additional change in field organization in September 1968, to increase employee utilization and effectiveness in the Pacific Coastal Area. In line with recommendations by the

Organization and Management Analysis Staff and Pacific Coastal Area Administrator, the boundary of the Las Vegas Branch Office was changed to include the entire State of Nevada and the California County of Inyo. Servicing of this area was transferred to Las Vegas Branch Office from the San Francisco Regional Office.

Other realignments within the Central Office have been accomplished during Administrator Samuels' tenure of office to improve SBA program operations and effect a more efficient administration.

CHAPTER III

SUPPLEMENTARY DOCUMENTS

SUPPLEMENTARY DOCUMENT 1

WORKING PAPERS OF CED TASK FORCE

1

2

SMALL BUSINESS ADMINISTRATION

TARGET AREA PROGRAM

FOR

COMMUNITY ECONOMIC DEVELOPMENT

Demonstration Projects

WHAT:

A NEW AND ADDITIVE SBA EFFORT TO STIMULATE THE DEVELOPMENT AND GROWTH OF SMALL BUSINESS MANUFACTURING AND WHOLESALE TRADE ENTERPRISES -- OWNED, MANAGED AND OPERATED BY THE RESIDENTS OF DESIGNATED TARGET AREAS.

IN ADDITION TO ENTREPRENEURIAL AND EMPLOYMENT OPPORTUNITY FOR COMMUNITY RESIDENTS, ONE OF THE OBJECTIVES OF THIS PROGRAM WILL BE TO REVERSE THE ADVERSE BALANCE OF PAYMENTS IN THE TARGET AREA BY EXPORTING GOODS PRODUCED IN THE COMMUNITY.

WHERE:

OEO DESIGNATED URBAN AREAS AND SBA DESIGNATED RURAL AREAS WITH HIGH CONCENTRATIONS OF UNEMPLOYED OR LOW INCOME INDIVIDUALS.

HOW:

COMMUNITY DEVELOPMENT ORGANIZATIONS WORKING WITH FULL-TIME SBA TEAMS IN EACH TARGET AREA TO ESTABLISH AND ASSIST JOB PRODUCING MANUFACTURING AND WHOLESALE SMALL BUSINESS CONCERNS.

WHO:

OEO DEVELOPMENT CORPORATIONS, 502 LOCAL DEVELOPMENT COMPANIES, SMALL BUSINESS DEVELOPMENT CENTERS COMPOSED OF COMMUNITY CITIZENS WILL BE HOUSED CONTIGUOUS WITH THE SBA TEAM IN THE TARGET AREA TO CONDUCT COMMON PURPOSE OPERATIONS.

WHEN:

PROGRAM TO BE INITIATED IMMEDIATELY AND DEVELOPED PROGRESSIVELY IN ACCORDANCE WITH PHASED PLANS AND RESOURCE CAPABILITY.

H I G H L I G H T S

Local Community Involvement

SBA recognizes the need for enlisting the aid of local organizations which have demonstrated both the ability to reach and communicate with the targer area residents and an interest in the economic development of those areas.

SBA will utilize Housing Development Centers, Community Action Agencies, and certain Small Business Development Centers to implement this program. These organizations are presently operative and are financially supported by OEO or EDA.

These organizations will sponsor the establishment of a multi-project Local Development Company and will assist SBA in the development of project packages which will fulfill the stated program objective.

Functions of the Local Organization

1. Seek out, screen, and identify those target area residents with the ability to own and manage manufacturing or wholesale firms.
2. Serve as the communication link between SBA and local residents in publicizing and explaining SBA's programs.
3. Coordinate the activities of other local groups and organizations sharing this common objective (NBL, ICBO, CORE, Chambers of Commerce, etc.)
4. Develop private sector participation in the financial, management and technical assistance phases of the program.
5. Interface with state and local governments in stimulating their interest and involvement.
6. Utilize the resources of private groups under contract to conduct studies of the general economic needs of the local community.
7. In conjunction with SBA, encourage the involvement of related Federal Programs such as MDTA.
8. With SBA, provide continuing management training, counseling, and guidance for those receiving assistance under this special program.
9. Assist target area businesses or proposed businesses in the development of financial and related information necessary to complete formal application to SBA for a program project.

Fiscal Year 1968

The funds necessary for the operations of the local community organizations for the balance of this fiscal year will be held to a minimum.

The local organizations that we have described are presently funded by OEO or EDA until June 30, 1968.

Fiscal Year 1969

The local organization program developed during the remainder of FY 1968 will be a solid foundation upon which to carry out the SBA responsibilities under Section 406 during FY 1969.

SBA will have sufficient experience and expertise to effectively expand the program into additional urban and rural target areas.

It is anticipated that the Local Development Companies organized in FY 1968 will become self-sustaining in terms of administrative expenses. The request for funds to conduct Section 406 during FY 1969 will be reduced accordingly.

SBA Community Involvement

Special SBA target area development teams will be established to implement this program at the local level.

Each team will consist of a:

Loan Officer

Procurement and Management Assistance Officer

Community Liaison Officer (hired from the community)

The Special Team will be housed in the target area along with the local organization staff on a full time basis.

Clerical support for both groups will be furnished by the local community organization.

The primary function of the Team will be to work closely with the staff of the local organization in identifying and developing the kinds of packages which will result in the creation or expansion of manufacturing and wholesale firms in the target area.

The Team members will be specially trained in the use of the following resources for the development of projects to be submitted to the Administrator:

Regular 7(a) business loans

Displaced Business Loans

Lease Guarantees

502 loans

Economic Opportunity Loans

8(a) procurement assistance

City and state procurement assistance

Commercial bank financing

The Life Insurance Urban Area Investment Program

SBA management courses, clinics, seminars, counseling and SCORE

Big business management, technical, and sub-contracting assistance

Small Business Investment Companies

Other applicable programs administered by Labor, Commerce, HUD, OEO, etc.

Field Offices of SBA

The SBA Team will operate under the general direction and guidance of the SBA Regional Director and will receive his technical and logistical support.

Packages developed by the Team will be forwarded directly to the Washington Office along with the recommendations of the Team members for final action.

The Area Administrator will be responsible for reviewing the operation of this program at the regional office level on a regular basis to assure that it is being carried out in a manner consistent with the intent of the Administrator.

Central Office of SBA

A Target Area Development Group will be established in the Washington Central Office and will report directly to the Deputy Administrator.

This Group will be hand-picked and appointed by the Deputy Administrator and will be responsible for coordinating program activities at local and national levels on a full time basis.

The proposal packages will be forwarded directly to the Central Office Group by the local SBA teams. After in-depth review by appropriate group members, the proposals will be submitted to the Deputy Administrator, along with the recommendations of the Group.

Community Economic Development Program

1. Objective of Program

2. Summary

3. Organization and Functions

   a. Central Office

   b. Field

   c. Role of local organization

4. Resources

   a. Legislation

   b. Organizational

   c. Budgetary

   d. Other Agencies

      (1) Federal

      (2) State and City

      (3) Non-governmental

         (a) Profit-making

         (b) Non-profit

5. Phased Plans

   a. Immediate

   b. FY 1969

6. Procedures

Community Economic Development Program

1. Objective of Program

A new additive program -- the Community Economic Development Program -- has been established by the Small Business Administration. Its aim is to reduce and in time reverse the presently unfavorable "balance of payments" in selected Target Areas, vis-a-vis those areas of the country which enjoy low unemployment rates and average, or better than average, income and growth.

2. Summary

The Program will utilize all existing organizations -- local and Federal, public and private -- to the fullest possible extent. It will be planned and directed to provide entrepreneurial opportunities to manufacturing and wholesaling enterprises so as to increase "exports" from Target Areas and income payments received from outside the Areas, thereby assisting in the establishment of a sound economic base for the community.

Target Areas will be chosen from OEO-designated urban areas and from SBA-designated rural areas having high concentrations of unemployed or low-income individuals.

To the maximum extent feasible, the ownership and management of the proposed enterprises will be vested in minority individuals and groups now resident in the Target Areas.

The Program will be administered in consonance with SBA's mission, as set forth by the Administrator in the following terms:

1. Maintain a competitive environment.

2. Stimulate and strengthen the overall economy.

3. Help build state and local economic growth.

4. Provide opportunity for all qualified individuals.

5. Provide for balanced job growth throughout the small business community.

3. Organization and Functions

a. Central Office

This Program will be accomplished through a Community Economic Development Staff to be established in the Central Office of SBA. The CED Staff will be responsible, under existing legislation and subject to guidelines and policy approved by the Administrator and administered by the Deputy Administrator, for the Community Economic Development Program.

All programs and facilities of SBA will be enlisted, to the extent required, on behalf of the CED Program.

CED Staff will be made up of a small group of experienced SBA employees under the direct supervision of the Deputy Administrator.

The Staff will:

1. Recommend Target Areas for initial operations.

2. Evaluate and recommend SBA Field Office employees nominated as members of Target Area Development Teams.

3. Evaluate and recommend Target Area resident proposed as Target Area Liaison Officer.

4. Plan and conduct training sessions for Teams, and explanatory sessions for local organizations.

5. Plan and participate in explanatory programs for Area Administrators and Regional Directors.

6. Aid Teams in identifying (and, if necessary, redefining objectives of) appropriate local organizations.

7. Establish Central Office liaison at working level with other Federal Agencies.

8. Review and recommend to the Deputy Administrator all Project Proposals received from Target Area Development Teams.

9. Review progress of all approved Projects.

10. Review progress of all Teams, and, as experience develops, recommend modification or enlargement of the program, including additional Target Areas.

b. Field

A Target Area Development Team will be established for each Target Area. Each Team will generally consist of three members, and will be housed in the Target Area in, or as close as possible to, the local organization. In a Team of three persons, two will be SBA personnel selected from those having substantial knowledge of lending and management and procurement assistance programs. The third member will be an individual who is a resident of the Target Area and is recommended by responsible persons in the community. This member will become an SBA employee under Civil Service procedures. He will serve as the Target Area liaison officer.

The SBA Team members will be conversant with all the resources of SBA. With the aid of CED Staff, they will become familiar with all congruous efforts or programs of other agencies and private organizations.

c. Role of Local Organization

For the purpose of attaining the program objectives, SBA recognizes the need for enlisting the aid of local organizations which have demonstrated both the ability to reach and communicate with target area residents and an interest in the economic development of those areas.

These organizations may be state chartered, non-profit corporations financially supported for administrative costs by either Federal or non-Federal funds or a combination thereof.

Where presently existing, for example, OEO-funded Housing Development Centers, Community Action Agencies, and certain Small Business Development Centers may be utilized by SBA for the purpose of implementing this program. Where necessary a coalition of these existing organizations and/or the amending of their existing charters will be recommended, so that a target area will have one organization recognized by the local residents and SBA as the focal point in that community for this special small business development program. Where needed, additional funds may be sought from other sources for the purpose of enabling these organizations to assume this new function. This organization may sponsor the establishment of a multi-project local development company with broad representation of target area residents to serve as a conduit for the injection of public and private development funds into the area.

The Team will work closely with the local organization. Such organization may be an OEO-sponsored development corporation, a Sec. 502-type local development company, a Small Business Development Center, etc. It will be expected to:

1. Seek out, identify and screen Target Area residents with existing or potential ability to own and manage manufacturing or wholesale firms. In addition, the organization will assist in the identification and training of employees for such firms.

2. Serve as the communications link between SBA and local residents in publicizing and explaining this and other SBA programs.

3. Cooperate with, and assist in coordinating the activities of other local groups having similar objectives, such as National Business League, Interracial Council for Business Opportunity, Congress of Racial Equality, Chambers of Commerce, etc.

4. Encourage private sector participation in the financing, management training and technical assistance needs in the program. These will include banks, local and national businesses, educational institutions, etc.

5. Establish cooperative contact with State and local governments to stimulate their interest and involvement. This may be evidenced by the provision of funds for operating expenses, office space, and opportunities for procurements.

6. Utilize resources of any private groups which may be under contract to develop feasibility studies for projects, or studies on the general economic needs of the local community.

7. Solicit help of related Federal programs such as job training (MDTA).

8. Provide, with the help of SBA, continuing management training, counseling and guidance to those being assisted by the program.

9. Assist target area businesses or proposed businesses in development of financial and related information necessary to complete application to SBA for a program project.

4. Resources

a. Legislation

There is ample legislative authority to conduct the program as outlined. Moreover, it is in complete consonance with Executive-sponsored programs, and SBA's own Mission and Objectives.

b. Organizational

As stated above, the full resources of SBA will be brought to bear on this program, to the extent required. This will not entail any slackening of SBA's efforts in behalf of small business in general.

The Central Office Community Economic Development Staff will serve under the immediate supervision of the Deputy Administrator. Target Area Development Teams will be responsible to the CED staff for this program only but will operate with the administrative, program and logistic support of the SBA Regional Director. Clerical support for the Team will be solicited from the local organization, wherever possible.

c. Budgetary

During fiscal year 1968, funds needed will be held to the minimum required to implement the program in a limited number of areas. For 1969, proposals for funds will be submitted in accordance with regular budgetary procedures.

d. Other Agencies

(1) Federal

In addition to utilizing the resources of SBA, such as business lending, displaced business loans, lease guarantees, State and local development company loans, Economic Opportunity loans, 8(a) procurement assistance, SBIC financing, and management and procurement assistance, the program will establish liaison and actively cooperate with Labor, Commerce, Agriculture, HUD, OEO, Interior, HEW, and any others with similar or ancillary aims.

(2) State and City

Liaison and cooperation with development organizations will be actively pursued. Procurements will be sought from local governments on behalf of approved projects.

(3) Non-governmental

(a) Profit-making

The program recognizes the strength of the profit motive in encouraging enterprise and initiative. Participation by profit-oriented banks, SBICs, insurance companies and business concerns will be sought.

(b) Non-profit

No possible source of help in the program will be neglected. Participation of universities, foundations, etc. will be solicited.

5. Phased Plans

a. Immediate

A representative number of Target Areas, in urban and rural areas, will be selected forthwith. Immediately upon approval of the program, SBA will proceed to appoint Team members and start orientation of them and their Regional Directors and Area Administrators.

b. Fiscal Year 1969

The program will be expanded during fiscal year 1969 to cover a larger number of representative Target Areas.

6. Procedures

In developing a program package, the Target Area Development Team will, as required, utilize the resources of the Regional Office to which it is attached.

When a package is fully developed, the Team will forward it along with their recommendations directly to the Central Office. Copies will be sent simultaneously to the Regional Director.

The Regional Director will have five working days within which to review the proposal and make whatever comments and recommendations he deems necessary to the Central Office.

The CED Staff will review the proposal in depth, taking into consideration the comments and recommendations of the Regional Director, and will submit the proposal to the Deputy Administrator with it's recommendation.

Final decision will be made by the Deputy Administrator. When an affirmative decision is made, copies of the proposal and decision will be supplied to the Regional Office for the Target Area.

CED program funds will be administered by the Deputy Administrator from funds maintained in the Central Office.

Administrative expenses for TAD Teams will be allocated to Area Administrators in a manner similar to the current system.

Small Business Administration
Washington, D. C.

SC19/ND 705-1

National Directive
Standard Change No. 19

(date)

Organization and Functions

"Organizational Structure"

Introduction

1. Purpose. Charts 1 and 1A and functional statement 1(2) have been revised and new functional statements 1(2)(c) and 1(2)(d) have been developed to reflect establishment of new organizational units under the Deputy Administrator, as follows:

   a. Community Economic Development Staff with functional responsibility for development, direction and coordination of the SBA Community Economic Development (CED) Program; and

   b. Community Economic Development Teams, responsible to the Deputy Administrator for the execution and coordination of the CED Program in specific target cities and areas.

   Chart 10 and functional statements 9(1), 10(1), 10(3) through 10(6), and 10(8) through 10(9) have been revised to reflect area and regional office responsibilities in connection with the CED Program.

   For budget and accounting purposes, the effective date of this change is July 1, 1968.

2. Personnel Concerned. All SBA supervisors.

3. Page Changes

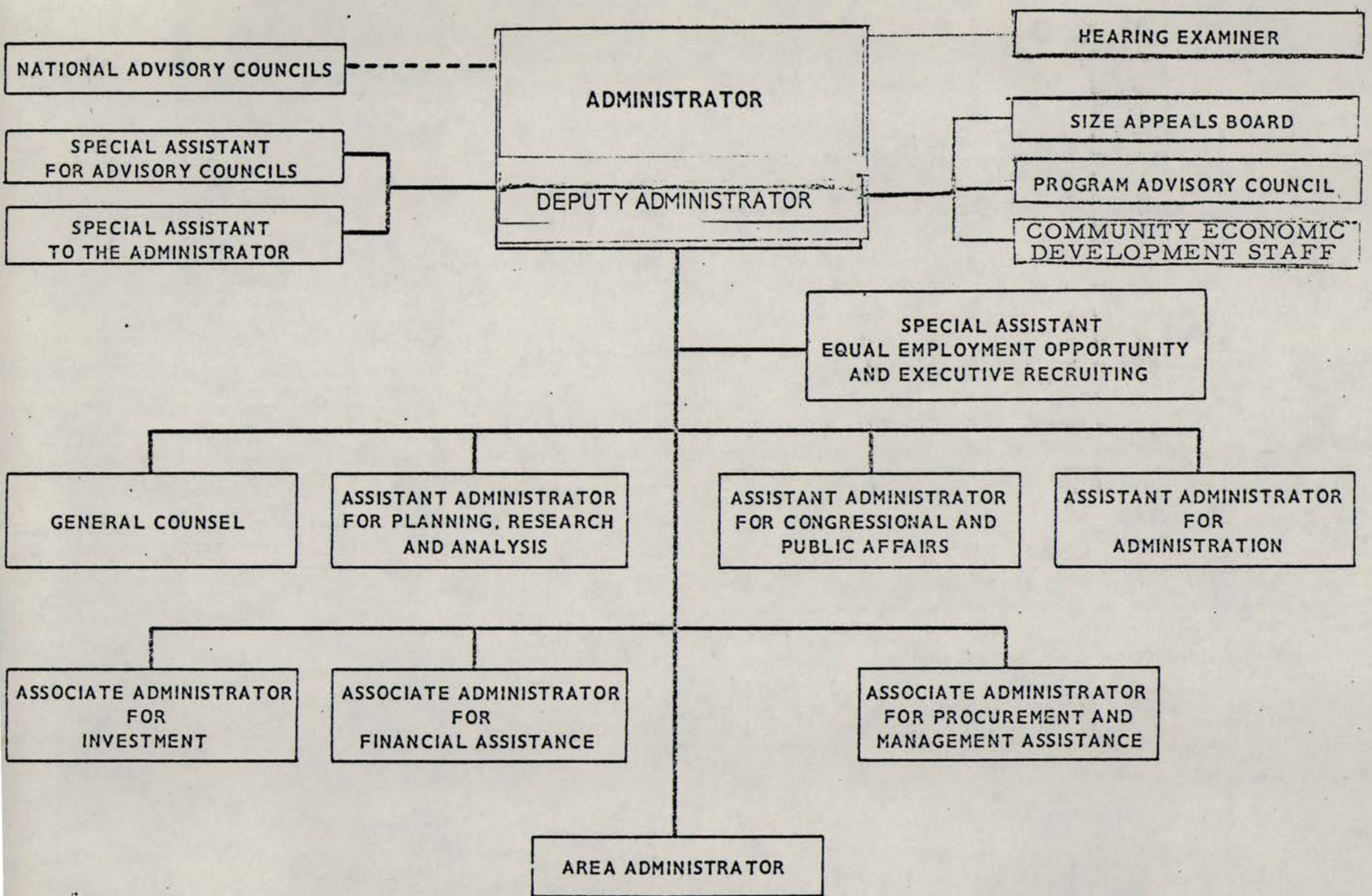
Remove	Dated	Insert	Dated
Chart 1	9-22-67	Chart 1	
Chart 1A and functional statement 1(2)	3-17-67	Chart 1A and functional statements 1(2), 1(2)(c) and 1(2)(d)	
Chart 10 and functional statements 9(1), 10(1), 10(3), 10(8) through 10(9)	4-15-68	Chart 10 and functional statements 9(1), 10(1), 10(3), and 10(8) through 10(9)	

4. Distribution. AC

5. Originator. Office of Organization and Management.

ISSUED BY DIRECTION OF:

ROBERT C. MOOT
ADMINISTRATOR



Approved: Robert C. Moot
Administrator

Chart

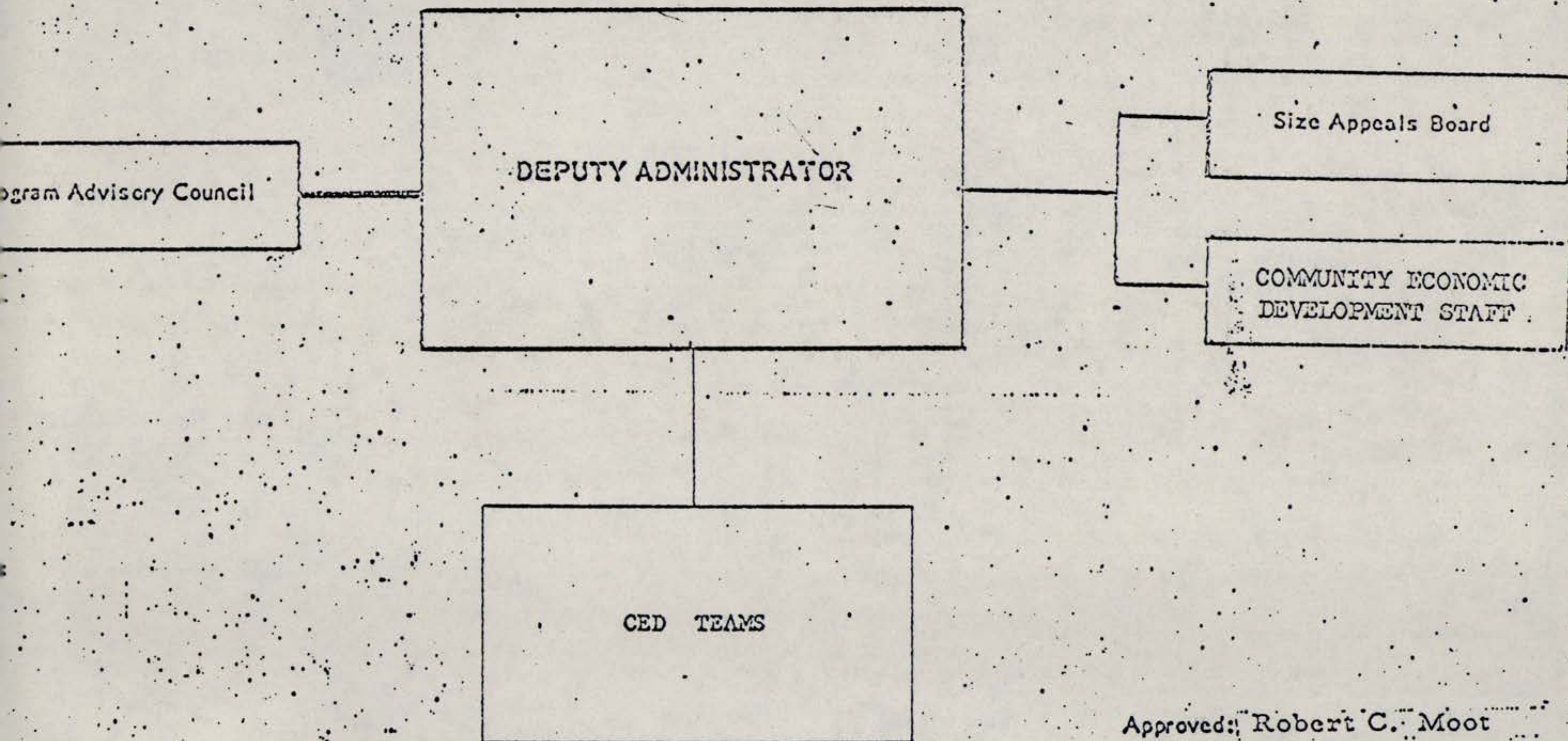


Chart IA

Approved: Robert C. Moot
Administrator

DEPUTY ADMINISTRATOR

The Deputy Administrator is appointed by the Administrator to assist him in directing the programs of the Small Business Administration.

Acts for the Administrator during his absence or disability. Provides executive leadership, direction, and coordination to the associate administrators, assistant administrators, other Central Office officials reporting directly to the Administrator, and the area administrators in carrying out their program or staff responsibilities.

Reconciles policy matters and plans and coordinates Agency participation in the Interagency Program.

Approves selection of SBA representatives to serve on interagency committees, task forces and conferences.

Serves as Chairman of the Program Advisory Council and the Size Appeals Board.

Directs and supervises administrative work performed by SBA Administrative Secretary and Secretary to the Size Appeals Board in connection with Agency administrative proceedings and size appeals matters.

* Administers and has full program responsibility for the Community Economic Development Program. Recommends policies and directs the establishment of agencywide standards and procedures governing program operations. Receives Community Economic Development proposals and recommendations from the Community Economic Development Staff and recommends action to the Administrator with respect thereto. Evaluates the effectiveness of the program. *

* Community Economic Development Staff *

Is responsible for over-all Agency development, direction and coordination of the SBA Community Economic Development Program.

Executes the program in conformance with guidelines and policy approved by the Administrator and in line with criteria and authority provided under ~~Section 402~~ Title II ~~and 406~~ of the Economic Opportunity Act, as revised (P. L. 90-222, 90th Cong.), the President's Test Cities Program, The Model Cities Program, and other Federal programs established to aid and foster community economic development.

Develops and makes recommendations for the designation of specific target communities (urban and rural) to be assisted under SBA's all inclusive Community Economic Development Program.

Functional Statement No. 1

Makes recommendations for establishing

Community Economic Development (CED) Teams in selected cities and area

~~These teams, where established, are under the immediate program~~

~~direction of the Deputy Administrator of SBA and receive~~ Provides technical

guidance ~~from the Central Office Community Economic Development~~

~~Staff for~~ to CED Teams for project development and proposals, ~~and are responsible~~

~~for execution of the program in the designated target cities and~~

~~areas.~~

Develops procedural instructions and criteria for Community Economic Development Teams to use in the development and recommendation of individual or package project proposals. These proposals (packages) will incorporate all appropriate kinds of SBA financial and procurement and management assistance necessary to accomplish objectives relative to a given project, i.e., a project may propose the use of 7(a), 502, lease guarantee, and any other type of SBA assistance that may be needed by the borrower(s) and entrepreneurs.

Receives project packages and proposals directly from the CED teams and reviews ~~them~~ for feasibility, ~~and~~ Makes recommendations thereon to the Deputy Administrator. In conjunction therewith, reviews comments submitted by area administrators and regional directors within their established time limitations after a package or proposal has been submitted to the Community Economic Development Staff.

Prepares long-range plans and formulates policy designed to implement the Community Economic Development Program. This includes requisite Central Office interaction and cooperation with local organizations, municipal and state government bodies, business representatives, and the interlacing of the activity with F the economic development programs of other Federal agencies.

Monitors and appraises all SBA projects after they are established[1] to evaluate their condition and effectiveness and to insure their continuing existence and growth. This includes the rendering of procurement and management assistance, financial counseling, servicing, and other appropriate actions by use of area and regional office technicians and facilities.

Makes prescribed reports, conducts studies independently, or as directed, and provides representation on interagency committees that are engaged in community economic development efforts.
Provides assistance and [illegible] and [illegible] on all matters [illegible] Economic [illegible] Program, [illegible] performance of and maintenance [illegible] with [illegible] Devel[illegible].

1/ "Established" means after a project has been approved and all means of SBA and other types of assistance ~~has~~ HAVE been applied, i.e., loans fully or partially disbursed, management counseling given, etc.

Community Economic Development Team

Is responsible to the Deputy Administrator for the execution and coordination of the Community Economic Development Program in specific target cities and areas designated by the Administrator. In the target cities and areas, is responsible for the promotion and development of tailored projects involving small business manufacturing, wholesale trade or other enterprises which export goods or services from the target area and have the participation of disadvantaged community residents in the ownership, management and work force.

On the basis of identifiable needs in the designated cities and areas and in collaboration with appropriate local officials, business representatives, participating banks, area and regional financial and procurement and management assistance technicians, develops and presents directly to the ~~Central Office~~ Community Economic Development Staff for review and approval individual packages and proposals for assisting specific entrepreneurs and businesses. These packages will include proposals for providing any combination of 7(a) loans, 8(a) assistance, 502 loans, lease guarantee, or any other type of assistance that is required to make a feasible project workable. Such projects or packages either involve multiple use of resource from various SBA programs or resource utilization

Functional Statement 1(2)(c)

Maintains liaison with the Central Office Community Economic Development Staff and furnishes additional information and data, as requested, for their use in reviewing individual package proposals.

Maintains liaison with and requests assistance beyond team capability when requirements dictate, from area and regional offices.

Develops and carries out local promotional programs to encourage private industry to establish substantial small business operations owned by residents of the disadvantaged areas in selected cities and target areas. Assists these businesses in becoming familiar with and seeking appropriate types of assistance that may be available from SBA and under other types of Federal aid programs.

Works with other Federal agencies, municipal bodies and state officials in promoting and developing large scale community economic development packages designed to assist multiple groups of businesses with ownership, management and labor force from the disadvantaged area.

Maintains liaison and promotes relations with banks, insurance companies, savings and loan associations, SBIC's and other types of financial institutions for the purpose of encouraging their participation in the financing of feasible projects and packages under the program.

Provides information to the respective area administrators, regional directors, and their office technicians as concerns program progress and project data which may be required for their use in making intelligent comments to the ~~Central Office~~ Community Economic Development Staff, on specific projects and packages.

Monitors and appraises all local projects after they are established [1] to evaluate their condition and effectiveness and to insure their continuing existence and growth. This includes the rendering of management and procurement assistance, financial counseling, servicing, and other appropriate actions by use of area and regional office technicians and facilities.

Makes prescribed reports, conducts studies independently or as directed, and provides representation on interagency and local committees ~~who~~ that are engaged in the community economic development effort~~s~~.

Receives immediate program direction and supervision from the Deputy Administrator. Receives administrative, program and logistic support from the regional director.

1/ "Established" means after a project has been approved and all means of SBA and other types of assistance have ~~has~~ been applied, i.e., loans fully or partially disbursed, management counseling given, etc.

AREA ADMINISTRATOR

Serves as principal representative of the Administrator in the area assigned.

Responsible and accountable to the Administrator for accomplishments and results with respect to all programs of assistance to small business concerns conducted throughout the area and is subject to the technical direction of the officials of the respective Central offices.

Directs, coordinates, and administers the area's development company assistance, procurement and management assistance, financial assistance, and liquidation and disposal programs.

Evaluates, coordinates, and maintains control over the execution of operations by regional directors within the area. Assures compliance with policies and established procedures, standards and instructions.

Represents the Administrator with Federal, state, county, and local governmental agencies; the banking community; trade associations; business, civic, and related organizations.

Cooperates with Central Office officials in the planning, establishment, and evaluation of standards and procedures governing the administration of SBA programs within the area.

Directs the establishment of proper priorities for ensuring that the services of area counsel and area appraisal staffs are furnished the liquidation and disposal groups.

Plans and directs the development of short- and long-range objectives and goals, based on economic trends within the area.

Evaluates the performance of the area program coordinators, and assures that the goals and objectives established are met.

Provides advice and guidance to the regional offices with respect to the lending, development company assistance, and management assistance programs of the Small Business Administration.

Provides information services regarding the small business investment company program and assists SBA Central Office in promoting the program.

Monitors the activities of the state advisory councils and coordinates recommendations made by them.

Responsible for the formulation, development, administration, and accomplishment of the area planning-programming-budgeting system submission.

Reviews the effectiveness of the operations of the Community Economic Development Teams and confers with regional directors and Central Office officials relative to the execution of the program. Submits comments on team proposals to CED staff in Washington.

AREA ADMINISTRATOR

REGIONAL DIRECTOR

- State Advisory Councils
- Regional Counsel
- SCORE Chapter
- Regional Appraisal Staff

Procurement and Management Assistance Division
- Chief**

Financial Assistance Division
- Chief
- Assistant Chief*

Assistance Teams (1 or more)***
- Team Leaders
- FA Specialists
- PMA Specialists
- Appraisers
- Attorneys

COMMUNITY ECONOMIC DEVELOPMENT TEAM****
- Team Leader
- Team Member
- Community Liaison Officer

Development Company Assistance Division
- Chief**

Accounting, Clerical and Training Division
- Chief

*In offices having 15 or more loan specialists or trainees.

**When workload and staff warrant.

***Personnel designated to work with Teams in providing professional support within specialized functional areas. Technical supervision and direction will lie with regional counsel, senior staff appraiser and PMA chief.

****In selected target area cities. Under immediate program direction and supervision of Deputy Administrator. Receives administrative, program and logistic support from the regional directo

Chart - 10

Approved: [illegible] Administrator

REGIONAL DIRECTOR

Serves as principal representative of the area administrator in the region assigned and is responsible for conducting all operations in conformance with established policies, standards, and procedures.

Responsible and accountable to the area administrator for accomplishments and results with respect to all programs of assistance to small business concerns conducted throughout the region and is subject to the technical direction of the area office.

Directs, coordinates, and executes the region's procurement and management assistance program as assigned, the financial assistance program, and the development company assistance program.

Evaluates the performance of operations by regional office personnel.

Represents the area administrator in contacts with small business concerns, the financial community, prime contractors, and other agencies within the region.

Directs the establishment of proper priorities for ensuring that the services of regional counsel, regional appraisal, and procurement and management assistance staffs are furnished the teams.

Assures clerical and administrative support of the teams by the Accounting, Clerical and Training Division.

Participates in the development of short- and long-range objectives and goals, based on economic trends within the region.

Coordinates with area office in promoting Small Business Administration programs; also provides information services regarding the small business investment program.

Administers the operations of state advisory councils and the Service Corps of Retired Executives.

Formulates, develops, and prepares the regional planning-programming-budgeting system submission.

* Provides program, administrative and logistic support and cooperates with the Community Economic Development Team. Submits comments on team proposals to CED staff in Washington.

REGIONAL COUNSEL STAFF

Plans, coordinates, and provides legal services for program operations of the region.

Advises and assists the regional director or regional program officials on legal matters where advice is sought or is needed.

Ensures the prompt and efficient performance of professional legal services in offices under regional jurisdiction.

Provides assistance on matters of loan eligibility, loan processing and closing, size standards, certificates of competency, administration, and other matters relating to the Small Business Administration operations.

Assists area counsel in handling litigation matters as required.

Conducts a continuing review of legal services and initiates or recommends remedial action where necessary.

Directs the assignment of legal personnel to work with the assistance team and provides them technical direction and general supervision.

Maintains liaison with governmental and other agencies having activities related to the legal functions of the region.

Provides legal advice and services for the Community Economic Development Team.

SERVICE CORPS OF RETIRED EXECUTIVES

Provices in-depth counseling assistance to small business concerns in conjunction with the procurement and management assistance program of the Small Business Administration.

Assists the procurement and management assistance staff in conducting administrative management courses, conferences, problem clinics and workshops.

Cooperates and maintains liaison with the Community Economic Development Team.

REGIONAL APPRAISAL STAFF

Plans, coordinates and provides appraisal services for program operations of the region.

Assures that the Small Business Administration's appraisal policy and program are executed in conformity with policies and controls established by the Central Office, area administrator, and the regional director.

Participates in the development of short- and long-range regional objectives and goals. Evaluates the performance of the personnel for which responsible and assures that the goals and objectives established are met.

Maintains liaison with governmental and other agencies, whose activities relate to the appraisal program of the region.

Directs the assignment of appraisal personnel to work with the teams, and provides them technical direction and general supervision.

Provides appraisal services and advice for the Community Economic Development Team.

** Directs the assignment of procurement and management assistance personnel to work with teams, and provides technical direction and supervision.

** Provides advisory services regarding prime contract, subcontract, management and technical assistance programs.

** Maintains liaison with governmental and nongovernmental agencies whose activities relate to the procurement and management assistance program of the region.

** Conducts administrative management courses, conferences, procurement opportunity meetings, problem clinics and workshops.

Coordinates with the area PMA coordinator in matters relating to procurement or production case assistance.

Recruits, guides and assists volunteers for the Service Corps of Retired Executives.

Provides program support and cooperates with the Community Economic Development Team.

** - To the extent possible based upon personnel and time availability.

FINANCIAL ASSISTANCE DIVISION

Executes the financial assistance program within the region.

Supervises the processing of regular business, economic opportunity assistance, displaced business, and disaster loans, lease guarantees, and rehabilitation loans for the Department of Housing and Urban Development.

Processes, when requested, the financial aspects dealing with certificates of competency.

Supervises the servicing of regular business, economic opportunity assistance, displaced business, and disaster loans, lease guarantees, rehabilitation loans for the Department of Housing and Urban Development, and loans to small business acquired and retained by SBA as a result of liquidation of a small business investment company.

Maintains liaison with the banking community, civic and business organizations, governmental and nongovernmental agencies, whose activities relate to the financial assistance activities program of the region.

Coordinates with, and provides technical direction to, the Accounting, Clerical and Training Division in matters relating to the financial assistance program of the region.

Evaluates the performance of financial assistance personnel within the region.

* Coordinates the assignment of personnel to work with the assistance teams, such as regional attorneys, procurement and management assistance specialists and appraisers. *

* Provides program support and cooperates with the Community Economic Development Team. *

ASSISTANCE TEAM

Functional Responsibilities - Assistance Team Leader

Supervises and maintains administrative control over members of the team. Supervises loan processing activities of team members and processes the more complex loans and financial aspects of certificates of competency; supervises loan administration activities of team members, exercises loan administration authority as set forth in his delegated authority, and performs servicing actions necessary to protect the interest of SBA. Participates with the team in monthly review of the loan portfolio for which the team has responsibility.

Approves or declines direct business and disaster loans not in excess of $50,000, and participation business and disaster loans not in excess of $50,000 (SBA's share).

Approves or declines economic opportunity loans not in excess of $25,000 (SBA's share).

Recommends approval or declination of direct loans in excess of $50,000, and participation loans in excess of $50,000 (SBA's share).

Closes and disburses approved business, economic opportunity and disaster loans.

Maintains familiarity with local economic conditions and business development.

Provides program support and cooperates with the Community Economic Development Teams.

Functional Responsibilities - Financial Assistance

Provides financial counseling, advice, and assistance to small business.

Receives, reviews and processes loan applications assigned to the team for which the regional office has responsibility.

Visits applicant's business, secures and collates credit information, and assists applicant in securing local financial credit or loan participation between a financial institution and SBA.

Orders appraisals, as necessary, and makes evaluation of collateral offered to secure proposed loans.

Establishes terms and conditions for proposed loans.

Recommends approval or declination of direct and participation loans.

Closes and disburses approved loans.

Makes credit examinations, reports of findings and recommendations on financial aspects of applications for certificates of competency.

Administers loans for which the team has responsibility and takes corrective actions on loans when required to protect the interests of SBA.

Makes periodic visits to borrower's business and participating financial institutions.

Processes requests for changes in collateral or in terms and conditions of loans and orders appraisals if necessary.

Approves or declines, under delegated authority, or recommends approval or declination of changes in collateral or in terms and conditions of loans.

Administers financial aspects of issued certificates of competency.

Prepares reports on loans automatically classified as "in liquidation." Recommends liquidation on loan cases in which every avenue of assistance to the borrower has been exhausted, and the conclusion has been reached that foreclosure or other liquidation proceedings are imperative to protect the interests of SBA.

Provides direction to ACT Division personnel in carrying out specific assignments for the team.

Takes corrective action on financial matters brought to its attention by the ACT Division.

Conducts a monthly review of the loan portfolio for which the team has responsibility. This includes only those loans classified as problem or delinquent and those loans with adverse changes, payments or financial conditions which have been brought to the team's attention by the ACT Division. The team is responsible for assuring that a proper course of action is taken on each specific problem.

Maintains familiarity with local economic conditions and business developments.

Functional Responsibilities - Procurement and Management Assistance

Provides management counseling, advice and assistance to small business.

Serves as professional advisers to the teams, as time and personnel permit, in providing the following management assistance support:

Reviews all declined loan applications.

Counsels with small businessmen starting new businesses prior to the loan application decision.

Participates with the team in the monthly loan portfolio review. Assists the team by providing management guidance concerning problem cases and in determining that a proper course of action is taken on each specific problem.

Provides assistance to improve the management capabilities of applicant or borrower.

Participates in screening all loan applications.

Selects and assigns SCORE personnel to specific cases.

Solicits assistance through the area PMA program coordinator, on specific procurement or production problems.

Functional Responsibilities - Regional Counsel

Serves as professional advisers to the teams on legal aspects as time and personnel permit.

Participates with the team in the monthly loan portfolio review and provides legal guidance on all matters relating to problem and delinquent loans.

Functional Responsibilities - Regional Appraisal Staff

Serves as professional advisers to the teams on appraisal aspects as time and personnel permit.

Community Economic Development Program

* All team members provide program support and technical assistance to the Community Economic Development Team. *

ACCOUNTING, CLERICAL AND TRAINING DIVISION

Functional Responsibilities - Chief, ACT Division

Executes the clerical support function for all programs within the region.

Assigns clerical personnel to support teams, other technical staff members of the region and area representatives in a travel status, as needed.

Assigns documents examiners to work with the teams in closing loans.

Supervises the administrative activities of the Accounting, Clerical and Training (ACT) Division.

Takes final action under his delegated authority on specific loan processing and servicing transactions.

Plans, coordinates and executes a program for the instruction and guidance of trainees and other personnel assigned to the division.

Maintains liaison with governmental and nongovernmental agencies whose activities relate to the accounting, clerical and training functions of the region.

Functional Responsibilities - ACT Division

Performs the clerical support function for the teams, other technical staff members of the region and area representatives in a travel status, as needed.

Performs the more routine processing, closing and servicing functions in support of the teams.

Coordinates, controls and prepares statistical and special reports.

Performs the essential administrative and personnel services for the region and disaster branch offices, as needed.

Provides clerical support and performs administrative services for the Community Economic Development Team.

SUPPLEMENTARY DOCUMENT 2

ASSISTANT ADMINISTRATOR
FOR
MINORITY ENTREPRENEURSHIP

2

ASSISTANT ADMINISTRATOR FOR
MINORITY ENTREPRENEURSHIP

Plans, develops, coordinates and administers the Minority Entrepreneurship Program of the Small Business Administration.

Formulates and recommends policies and directs the establishment of Agencywide standards and procedures governing the Minority Entrepreneurship program throughout SBA.

Plans and directs the development of short- and long-range goals and objectives. Evaluates and reports to the Administrator on the accomplishments in meeting such goals and objectives.

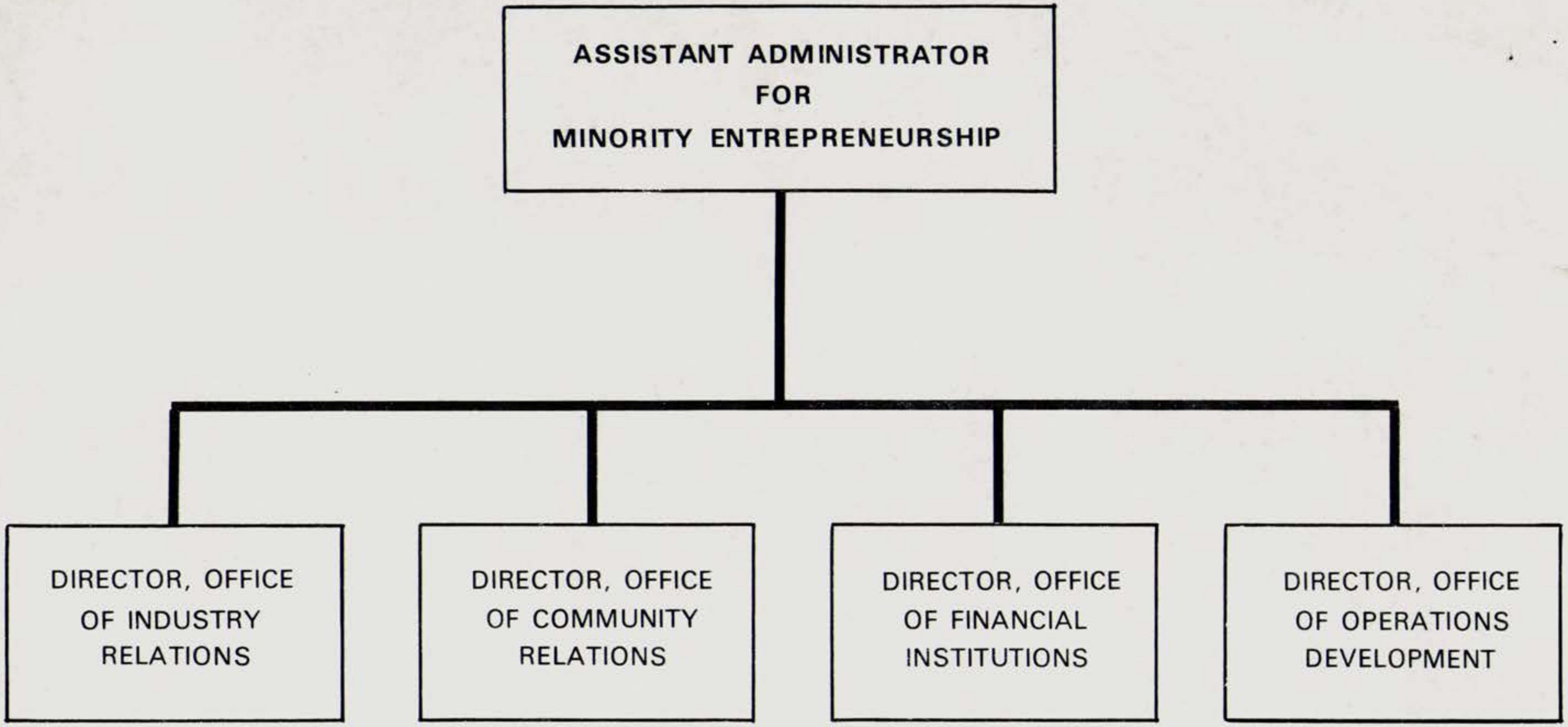
Represents the Administrator in negotiations with other Government agencies whose activities relate to the Minority Entrepreneurship program.

Confers with top representatives of industry, the banking community, local governments, and community action groups to enlist their substantial participation and involvement in the Minority Entrepreneurship program, emphasizing their importance and stake in cooperative development of minority enterprises and minority entrepreneurships in the United States ghetto areas.

In cooperation with Associate Administrators for Financial Assistance, Investment, and Procurement and Management Assistance formulates overall plans and directs establishment of procedures for provision of developmental and follow-on services vital to the viability of minority entrepreneurs, such as loan guarantees, small business investment company equity financing, management counseling, and management and technical training.

Provides for the development of adequate controls over the administration of the minority entrepreneurship program as carried out by the Central and field offices.

Serves as a member of the Program Advisory Council.



Approved: Howard J. Samuels
Administrator
August 9, 1968

Chart 9

OFFICE OF OPERATIONS DEVELOPMENT

Develops overall Agency criteria and procedures for the Minority Entrepreneurship (ME) Program, in collaboration with ME staff and other appropriate program and staff officials.

In cooperation with the Assistant Administrator and ME program directors, establishes approved policies, criteria and procedures governing program operations and activities in Central and field offices. This will include guidance to field Minority Entrepreneurship Teams on the promotion and coordination of all aspects of the ME program.

Develops requirements for submission of program, cost reduction and manpower utilization reports, providing for data input to the SBA data bank.

Receives and coordinates with the Assistant Administrator and ME program directors, field reports on accomplishments, problems, need for interagency coordination or other program assistance. Takes appropriate action or guides field action within established procedures and directives.

Provides day-to-day oral guidance to regional directors and ME team leaders in the resolution of problems, requiring interpretation of established policies and procedures.

Coordinates and participates in the consideration and resolution of unique and precedent-establishing problems with the Assistant Administrator and ME program directors to obtain the required action.

Advises the Assistant Administrator on all administrative matters, and on all personnel and training matters involving field ME team personnel. Cooperates with other ME office directors with respect to such activities.

Works with area administrators and regional directors in directing the deployment of field ME teams for maximum program accomplishment.

Coordinates and prepares PPBS statements, statistics and reports for submission by the Assistant Administrator for Minority Entrepreneurship to the Administrator and Assistant Administrator for Administration.

In cooperation with Office of Reports develops work measurement system for Central and field office staff. Analyzes the workload and work measurement data submitted by ME program offices and field ME teams.

Maintains liaison with ME staff and other components of SBA to assure implementation of program development on a coordinated basis.

In cooperation with the Assistant Administrator for Minority Entrepreneurship, coordinates with Associate Administrators for Financial Assistance, Investment and Procurement and Management Assistance, provision of special expertise and support services to field ME teams. These would include primarily processing and servicing of loan guarantees, loan participations, financial management and general counseling and management training, to assure efficient and expeditious application of such services to ghetto enterprise establishment and the continuing viability of minority-owned and managed ghetto enterprises.

Serves as the alternate for the Assistant Administrator for Minority Entrepreneurship on interagency committees that are engaged in community economic development programs.

OFFICE OF COMMUNITY RELATIONS

Formulates and recommends Agency policies governing the community relations program.

Plans, directs, coordinates and evaluates the community relations phase of the Minority Entrepreneurship Program.

Directs and promotes relations and effective liaison at the national level with minority groups, civil rights and community action organizations, such as the Urban League, CORE, NAACP, to develop participation in the SBA program designed to assist minority individuals to own or operate selected service-type businesses in ghetto areas.

Actively encourages involvement of such groups in promoting and developing projects directed toward business ownership, management and work force participation by minority residents in disadvantaged communities.

Directs studies and develops meaningful criteria on community relations for use of the Assistant Administrator for Minority Entrepreneurship in planning overall policy, goals and objectives including trends, cause, effect and solution to problems having national impact on community relations and effect on the minority entrepreneurship program.

Directs the development of short- and long-range objectives and program goals. Evaluates the performance of personnel for which responsible and assures that the goals and objectives established are met.

Represents SBA at national or regional conventions of community relations groups to promote program support. Participates with the Administrator and/or Assistant Administrator in conferences involving national leadership in industry or financing, contributing to the objectives of such conferences within his specialized field.

Maintains liaison with other government agencies, such as OEO, Labor, HEW, HUD, whose economic development activities relate to the community relations program.

Develops criteria and procedures to be applied by field Minority Entrepreneurship Teams in establishing working relationships with local government officials, local minority, civil rights and community action groups, banks and other financial institutions and local industry to enlist their cooperation, support, and participation in developing and establishing minority ownership and operation of ghetto community enterprises.

OFFICE OF INDUSTRY RELATIONS

Formulates and recommends Agency policies governing the industry relations program.

Plans, directs, coordinates and evaluates the industry relations phase of the Minority Entrepreneurship (ME) Program.

Develops and maintains an inventory of service-type industries and franchisers, engaged in the establishment of local operations under a franchising arrangement. Concentrates on specific industries specializing in products or services essential to the needs of a typical community, with minimum requirements for business operating experience, or providing training necessary to a successful operation.

Establishes and maintains liaison with industries, trade associations, manufactures and wholesalers, and franchisers to promote their cooperation in establishing local retail outlets and franchises in "ghetto" target communities and in licensing or franchising for operation by minority entrepreneurs.

Promotes involvement by such industries and allied trade associations in stimulating industrywide interest and participation in and providing minority entrepreneurship opportunities and related management training.

Directs the development of short- and long-range objectives and program goals. Evaluates the performance of personnel for which responsible and assures that the goals and objectives established are met.

Develops criteria and procedures to be used by field Minority Entrepreneurship Teams in carrying out at the local level all aspects of the industry relations program.

Advises and guides field ME teams on basic agreements obtained from chain industries and franchisers at the national level, for local followup and negotiation for establishment of local outlets and franchises in ghetto communities.

Supports and assists the field teams, as required, in crystallizing and bringing about consummation of agreements and arrangements between chain industries and franchisers and local minority entrepreneurs.

Coordinates field problems, developing in the program which depend for their solution on greater banking and community participation and support with the Directors, Office of Community Relations and Financial Institutions. In cooperation with these officials, develops plans for a joint attack on such problems.

OFFICE OF FINANCIAL INSTITUTIONS

Develops, fosters and stimulates interest and participation on a nationwide scale of the banking-investment industry in the SBA program to promote minority ownership and management in the ghetto communities.

Formulates and recommends Agency policy governing the financial institutions program of the Small Business Administration in cooperation with Associate Administrators for Financial Assistance and Investment.

Plans, directs, coordinates and evaluates the financial institutions phase of the Minority Entrepreneurship (ME) Program.

Coordinates with the Assistant Administrator for Minority Entrepreneurship and Associate Administrators for Financial Assistance and Investment with respect to existing and proposed SBA financing plans essential to the ME Program.

Establishes and maintains liaison with banking associations, top executives of banking, insurance-investing, and other financial institutions, particularly those with branches in or serving ghetto communities, to promote their involvement in revitalizing these communities by liberalized financing and underwriting of minority endeavors.

Negotiates commitments and agreements with such financial institutions to invest in or finance enterprises established for ownership and management by minorities in ghetto communities throughout the country.

Maintains liaison with other Federal agencies, such as Commerce, HUD, and OEO, for coordination of activities and financial arrangements of these agencies with those of SBA in particular ghetto communities.

Directs the development of short- and long-range objectives and program goals. Evaluates the performance of personnel for which responsible and assures that the goals and objectives established are met.

Develops criteria and procedures to be applied by field Minority Entrepreneurship Teams in conducting at the local level all aspects of the financial institutions program.

Advises and guides field ME teams on basic commitments and agreements obtained from the ABA, banks, savings and loans associations, small business investment companies, insurance and trust investors, and other financial institutions, for local direct financing or participation in financing of minority entrepreneurs.

Supports and assists the field teams, as required, in promoting and firming up the most suitable type of financing within plans and commitments from the banking-investment industry, for the specific ghetto enterprises and minority entrepreneur involved.

Provides guidance in resolution of unique or complex problems that develop in carrying out these activities.

REGIONAL DIRECTOR

Serves as principal representative of the area administrator in the region assigned and is responsible for conducting all operations in conformance with established policies, standards, and procedures.

Responsible and accountable to the area administrator for accomplishments and results with respect to all programs of assistance to small business concerns conducted throughout the region and is subject to the technical direction of the area office.

Directs, coordinates, and executes the region's procurement and management assistance program as assigned, the financial assistance program,
* the development company assistance program, and the minority entrepreneurship program. *

Evaluates the performance of operations by regional office personnel.

Represents the area administrator in contacts with small business concerns, the financial community, prime contractors, and other agencies within the region.

Directs the establishment of proper priorities for ensuring that the services of regional counsel, regional appraisal, and procurement and management assistance staffs are furnished the teams.

Assures clerical and administrative support of the teams by the Accounting, Clerical,and Training Division.

Participates in the development of short- and long-range objectives and goals, based on economic trends within the region.

Coordinates with area office in promoting Small Business Administration programs; also provides information services regarding the small business investment program.

Administers the operations of state advisory councils and the Service Corps of Retired Executives.

Formulates, develops, and prepares the regional planning-programming-budgeting system submission.

MINORITY ENTREPRENEURSHIP TEAM

Executes and coordinates the Minority Entrepreneurship (ME) Program within the designated areas under direction of regional director.

Establishes and maintains liaison with local government officials, such as Mayor, city council members, county managers, and with local minority, civil rights and community action groups, to enlist their participation in SBA minority entrepreneurship programs at the local level.

Works with community groups and local officials to identify essential needs of the community and seek out minority residents with potentiality as owners and managers of business outlets for needed products or services.

In coordination with Office of Industry Relations and other SBA components, determines types of industry that will afford opportunity for minority entrepreneurship or work participation in providing needed products or services to the community.

In collaboration with appropriate local officials and in coordination with other SBA components promotes involvement of industry and banks in developing and establishing minority ownership and management of ghetto community enterprises.

Follows up on agreements obtained from trade associations, industries and franchisers at the national level and negotiates for establishment of local outlets and franchises in the ghetto communities. Consummates agreements and finalizes arrangements between chain industries and franchisers and local minority entrepreneurs, in coordination with Office of Industry Relations.

Follows up on basic commitments and agreements obtained at the national level from banks, savings and loan associations,insurance and trust investors, SBIC's and other financial institutions, to develop the most suitable type of financing within the plans and commitments for the specific ghetto enterprise and minority entrepreneur involved.

Coordinates with other regional office components for provision of special expertise and support services, including primarily processing and servicing of loan guarantees, loan participations, financial management and general counseling and management training, to be applied in development of ghetto enterprise establishments and continuing viability of minority-owned and managed ghetto enterprises.

NEWS

SMALL BUSINESS ADMINISTRATION

(202) 382-1891   1441 L Street, N.W.   Washington, D.C. 20416

SBA #1985

RELEASE FOR P.M. PAPERS
Wednesday, September 4, 1968

Howard J. Samuels, Administrator of the Small Business Administration, today announced the first 26 target cities in Project OWN--the Agency's nationwide program to create businesses owned by members of minority groups.

The goal of the program, according to Samuels, is to help create minority owned businesses at the rate of 10,000 a year by the end of the current fiscal year, and at a rate of 20,000 annually by the end of the following fiscal year.

In activating the first 26 cities, Samuels said, "This is only the beginning. We have a number of other areas already targeted for this program, and we plan to move into them as soon as we can organize our resources and manpower, and combine them with those of the private sector.

"The key to the success of Project OWN is the part played by the private sector--the banks, industry, trade associations and community groups--which contain the creative and financial genius of the Nation. Thus far, the cooperation has been excellent; but we can use more help. I have been personally carrying this appeal all around the country, and will continue to do so."

Project OWN is a joint government-private sector program under which a minimum of public money is used. Banks will supply most of the capital for the new businesses and the private sector will help provide guidance and training for the fledgling businessmen. SBA will guaranty the loans and by means of special teams, will seek out the men and women among minority groups who have the capability of becoming small business owners.

- more -

Project OWN enlists the support of banks, industry, local leaders, and representatives of minority groups to find the qualified persons to start new businesses or buy out businesses already operating.

Every section of the Nation is represented in the initial list of 26 areas:

Northeastern Area: Boston, Mass.; and Providence, R. I.

New York Area: Jersey City, -Newark, N. J.; New York City; Syracuse, N. Y.

Middle Atlantic Area: Baltimore, Md.; Cleveland, Ohio; Philadelphia, Pa.; Pittsburgh, Pa.; and Washington, D. C.

Southeastern Area: Atlanta, Ga.; Miami, Fla.; 10-County-Elk and Duck River Area, Tennessee.

Midwestern Area: Chicago, Ill.; Detroit, Mich.; Kansas City, Mo.; Milwaukee, Wisc.; and St. Louis, Mo.

Southwestern Area: Houston, Texas; Texarkana, Texas-Arkansas; and Wister, Oklahoma.

Rocky Mountain Area: Denver, Colo.

Pacific Coastal Area: Los Angeles, Calif.; Navajo Indian Reservation-Gila River-Window Rock, Ariz.; San Francisco-Oakland; and San Diego, Calif.

The other areas to be included when the program is fully underway, are:

Northeastern Area: Springfield, Mass.; Manchester, N. H.; New Haven, Conn.; and Portland, Maine.

New York Area: Atlantic City, N. J.; Buffalo, N. Y.; and Rochester, N. Y.

Middle Atlantic Area: Akron, Ohio; Cincinnati, Ohio; Clarksburg, W. Va.; Columbus, Ohio; Dayton, Ohio; Louisville, Ky.; Norfolk, Va.; Toledo, Ohio; and Wilkes-Barre, Pa.

- more -

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Middle Atlantic Area: Akron, Ohio; Cincinnati, Ohio; Clarksburg, W. Va.; Columbus, Ohio; Dayton, Ohio; Louisville, Ky.; Norfolk, Va.; Toledo, Ohio; and Wilkes-Barre, Pa.

- more -

Southeastern Area: Birmingham, Ala.; Charlotte, N.C.; Memphis, Tenn.; Mississippi, S. W. 5 counties; Smithville, Tenn.; St. Lucie County, Fla.; and Tampa, Fla.

Midwestern Area: Duluth, Minn.; East St. Louis, Mo.; Escanaba, Mich.; Indianapolis, Ind.; Minneapolis, Minn.; and St. Paul, Minn.

Southwestern Area: Albuquerque, N. Mexico; Dallas, Texas; Eagle Pass, Texas; New Orleans, La.; and Oklahoma City, Okla.

Rocky Mountain Area: Helena, Mont.; Omaha, Neb.; and Trinidad, Colo.

Pacific Coastal Area: Fresno, Calif.; Las Vegas, Nev.; Phoenix, Ariz.; Portland, Oregon; Santa Clara County, Calif.; and Seattle, Wash.

NEWS

SMALL BUSINESS
ADMINISTRATION

(202) 382-1891 1441 L Street, N.W. Washington, D.C. 20416

SBA #1979

RELEASE FOR P.M. PAPERS
Tuesday, August 13, 1968

on

Small Business Administrator Howard J. Samuels ~~today~~ announced the launching of a new "government-business partnership effort" aimed at speeding up the formation of minority-owned businesses.

Dubbed "Project Own," the new program will enlist banks, industry, and community organizations, with the leadership and financial backing of the federal government.

"We think we can attain a rate of 10,000 new minority businesses by the end of this fiscal year. Last year the actual total was only 2,200 new minority businesses backed by the Small Business Administration. And by the end of next year, a rate of 20,000 a year should be attainable," he emphasized.

A program of this magnitude, he said, will be "a giant step toward closing the gap between black and white in the ownership and management of American business." Samuels said the various minorities, with a total of 12 percent of the population, own not more than three percent of the businesses today.

"A program to answer the appeal from the ghettos for a stake in American capitalism can wait no longer," Samuels said. He said the new drive will build on experience gained in programs already underway through the SBA, business and community groups, and will combine them in a coordinated national effort.

Samuels said expansion of minority ownership to meet the goal would require investment at a rate of about $250 million by the end of the first year, and $500 million the second year.

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He said the funds would come largely from private sources, backed by SBA guarantees. "The Agency already has the tools and resources without additional appropriations from Congress," he said.

The new drive will be based on a four-pronged approach:

. . . . The banking community is expected to increase its commitments to minority borrowers and play an active role in selection and supervision of the loans. A number of leading banks are already involved, Samuels said, and the Urban Affairs Committee of the American Banking Association has pledged its support and will assign a full-time director to spearhead the effort.

. . . . Industry groups will volunteer management assistance and other support, including increased franchising opportunities. As a starter, the Menswear Retailers of America is earmarking $20 million in extended credit and is establishing a management and technical assistance program. Samuels said he hopes shortly to complete selections of leaders in at least 15 other industries to head similar efforts.

. . . . Community groups will be involved in identifying potential owners and managers and organizing local efforts to develop business sites, help process loans, and coordinate managerial assistance. Such groups as the National Business League, Urban Coalition, Urban League, and The Puerto Rican Forum are expected to participate in accomplishing this "outreach."

. . . . SBA will assume leadership on behalf of the federal government in guaranteeing loans and coordinating the work of other agencies. The Labor Department, Commerce Department, and Office of Economic Opportunity have pledged to make appropriate resources available and have assigned liaison officers to SBA.

Samuels called "Project Own" "an example of 'creative capitalism' with government and the private sector working together toward solution of one of the Nation's most compelling problems." He said he was encouraged by the success of this approach in the National Alliance of Businessmen, a program which he helped launch as Under Secretary of Commerce.

"Project Own" envisions the purchase by minority members of businesses being sold by white owners, establishment of new enterprises, and upgrading of existing businesses.

-more-

He said there is no "set formula" and that approaches will vary from community to community, both in urban and rural areas with high proportions of unemployment, low-income, or disadvantaged individuals. SBA already is working to achieve this partnership and involvement at the grassroots level, working city by city and region by region.

Samuels said such an undertaking could not be done by government alone. It can only succeed, he said, through a "full partnership of government with the private sector."

Samuels said the trend toward increased bank participation in SBA loans has already been established. In the last fiscal year half of all the investment generated by SBA programs came from private sources. This growing participation increased the impact of SBA lending operations from $650 million in fiscal 1967 to $800 million in fiscal 1968.

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SBA Plan to Aid Ghetto Merchants

By Steve Szabo—The Washington Post

SBA chief Howard J. Samuels announcing "Project Own."

New Program to Rely On Private Financing

By Paul G. Edwards
Washington Post Staff Writer

Small Business Administrator Howard J. Samuels yesterday announced a program to increase business ownership by minorities that will rely largely on private financing insured by the Government.

At a news conference, Samuels said he hoped to raise the total of 2200 minority-owned businesses formed with SBA assistance last year to an annual rate of 10,000 by the end of this fiscal year. By the end of the 1969 calendar year, he said, he hopes the annual rate will be 20,000.

"We have a record of some accomplishment," he said, "but if we continue at last year's rate, we will never close the gap."

The ownership gap, he said earlier, is demonstrated by the fact that minorities make up about 12 per cent of the U.S. population, but own only about 3 per cent of U.S. businesses.

Samuels made clear that the success of the program — dubbed "Project Own"—will depend on the willingness of commercial banks to make loans to nonwhites who want to open a business, usually in an urban ghetto with little capital of their own.

At this time, he said, only about 150 of the Nation's 14,000 banks have any kind of program for business lending in the ghetto.

"The whole program will depend on the banks," he said. "They will make the loans, but we will take the risk. We will guarantee 90 per cent of each loan made."

The Urban Affairs Committee of the American Bankers Association has pledged its support and named a full-time director to develop bank participation, Samuels said.

Samuels, who took over as SBA Administrator only a month ago, said he expects the agency's losses to double as a result of the new effort.

"We will lower our criteria," he said, "putting more emphasis on character and ability and less on collateral. Our losses were about 3 per cent last year and probably will go to about 6 or 7 per cent next year. We have the reserve funds to cover it. I don't think we'll run into an inordinate rate of defaults."

Samuels said the SBA will need no new legislation to put the program into effect.

On a dollar basis, the Administrator said he has set a goal for lending under the project to reach an annual rate of $250 million at the end of first year and $500 million by the end of the second.

Last year, he said, loans to minorities accounted for about $50 million of the $800 million in direct loans or guarantees made by SBA. Most of the $50 million was in the form of direct loans.

A new division has been set up within SBA to administer the program, Samuels said, and the agency's regional offices will be called on to ferret out both lenders and prospective loan customers.

In addition to banks, Samuels said the agency will call on industries to provide managerial counseling to loan recipients and on community groups to help bring minority businessmen into the program.

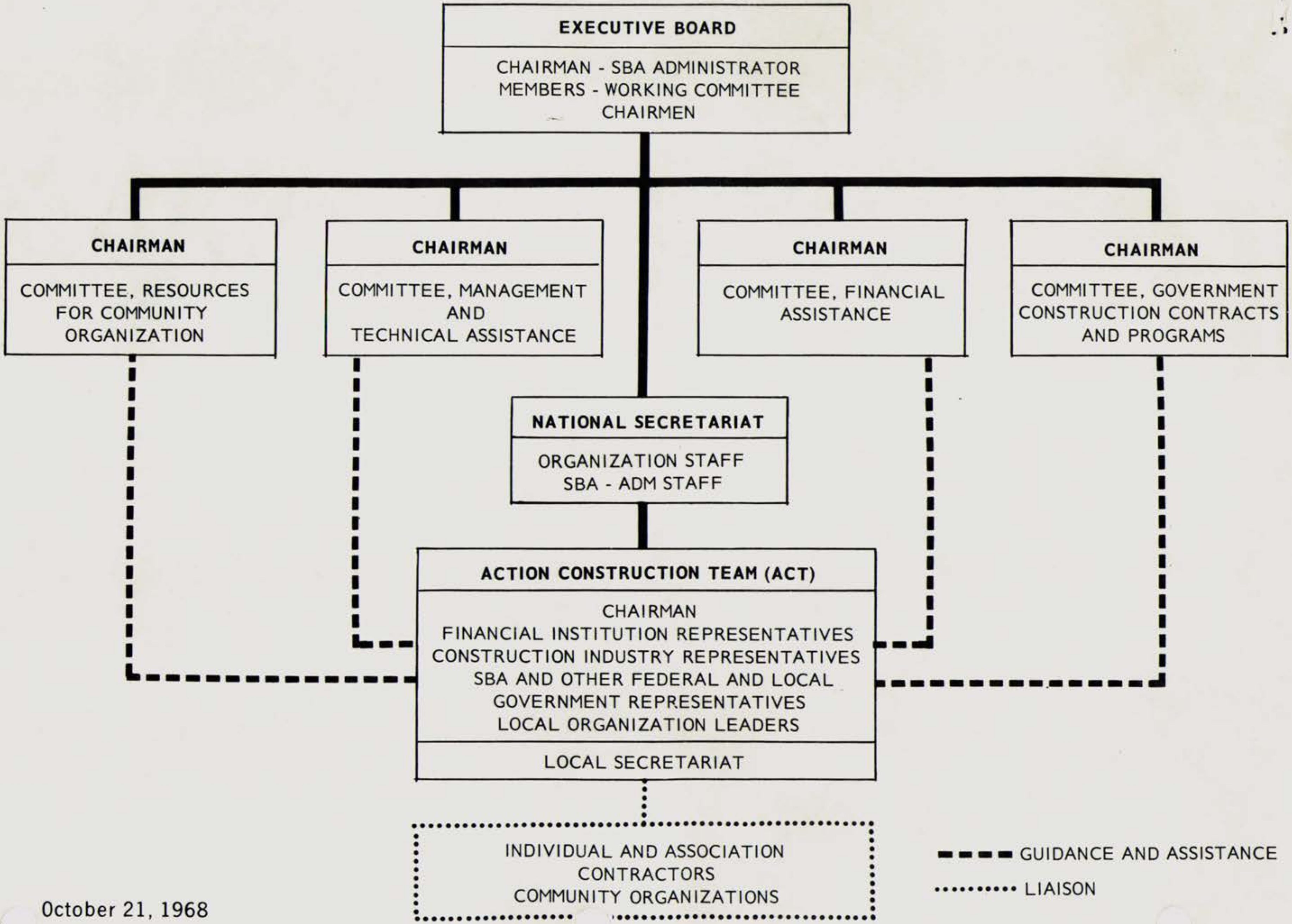
He sid the Menswear Retailers of America already has pledged assistance to the program and earmarked $20 million for technical assistance.

SUPPLEMENTARY DOCUMENT 3

NATIONAL CONSTRUCTION TASK FORCE

3

NATIONAL CONSTRUCTION TASK FORCE



October 21, 1968

SUPPLEMENTARY DOCUMENT 4

PRESS RELEASE - BLACK ECONOMIC DEVELOPMENT ADVISORY COUNCIL

TO THE SMALL BUSINESS ADMINISTRATION

4

NEWS

SMALL BUSINESS ADMINISTRATION

(202) 382-1891 1441 L Street, N. W. Washington, D.C. 20416

SBA #2010

FOR RELEASE AT 12 NOON
Saturday, December 14, 1968

BLACK ORGANIZATIONS FORM COUNCIL TO ADVISE SBA

It was announced today that persons from more than 40 black organizations have formed the Black Economic Development Advisory Council to the Small Business Administration. The Council will advise SBA on the operation of Project OWN and serve as a national communication forum for black economic development groups.

The Council, comprised of individuals representing a diversity of black organizations, backgrounds and ideologies met today and agreed to the following:

1. That SBA's Project OWN provides a valid point of departure for improved government programs for minority economic development;

2. That it is compatible with fundamental goals of black economic development shared by the participating organizations;

3. That the Council will serve as an important communications link among the participating black organizations as well as with the government agencies.

The Council will meet quarterly to deliberate recommended actions of its subcommittees on Legislation, Community Economic Development, Individual Entrepreneurship, and Information and Communication. The committees will undertake the following:

1. Discussion, recommendation and support of Congressional legislation which increases the effectiveness of federal economic development efforts among minority groups.

2. Development of more viable frameworks for multiple ownership (community-owned) economic units.

- more -

3. Provision of more effective technical assistance programs to developing businesses; creation of more effective outreach programs which will truly inform the minority communities of the range of SBA and other federal assistance programs; and creation of more realistic loan criteria which will enable more minority entrepreneurs to obtain financial assistance.

4. Creation of a channel for regular discussion among more than 40 black economic organizations to achieve more coordinated action and to devise increasingly efficient goals and methods.

SBA Administrator Howard J. Samuels issued the original invitation to the representatives last month in order to establish a vehicle which could perpetuate the original goals and vitality of SBA's Project OWN. The Council feels that the last five months of Project OWN under the administration of Howard Samuels represents a meaningful step forward in increasing the effectiveness, impact and reach of SBA loan capital into the minority communities.

The Council, far from being a rubber-stamp endorsement of Administration policies, has structured itself as a co-policy formulator to continue to upgrade the effectiveness of government economic development programs.

The Council has also set goals for itself which go beyond the scope of advisors to SBA. It will be a new vehicle for the transfer of information and the establishment of goals beneficial to all of the participating organizations.