

SPECIAL SECTION

THE ROLE OF THE SMALL BUSINESS ADMINISTRATION IN ECONOMIC RESURGENCE*

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From his first day in office, President Clinton has indicated that he expects this nation's economic resurgence to begin with small business. In this regard, the President has developed a comprehensive agenda for America's entrepreneurs, and he expects the Small Business Administration (SBA, the Agency) to play an instrumental role in promoting that agenda.

The President has set four priorities for the Agency. First, he has asked us to work with him to end the credit crunch that is hampering so many small business owners. To help effect this, he has been very supportive of our loan guarantee programs that provide banks with the incentive to do business with small firms.

Today, a portfolio of more than 176,000 loans—worth roughly \$25 billion—makes us the largest single financial backer of U. S. businesses. Guaranteed loans reached a record volume of \$5.6 billion in fiscal year 1992, and we are likely to surpass that in 1993 and 1994.

Another source of credit for small companies can be found with the Small Business Investment Company (SBIC) program, the government's only venture capital initiative. There are 189 SBICs in operation across the country, with \$2.6 billion in total capital resources.

We also have an innovative Microloan program that reaches out to individuals who have promising ideas and need relatively small amounts of money to get started. We fund intermediaries who then provide capital in the average amount of \$7,500.

The Microloan program fills an important niche, and in one year has managed to pump more than \$6 million into local economies. Numerous jobs have been created, with roughly 38 percent of the dollars loaned going to start-up businesses.

As you can see, we are working on a number of different fronts to increase funding for small firms. That is our first priority. Second, we are leading the charge against unnecessary paperwork and regulations that inhibit growth and productivity in small businesses.

**The Administrator of the Small Business Administration was invited to share his views regarding the role of the SBA. Invited articles are not reviewed by the JSBS Editorial Advisory Board.*

One of the reasons we are so intent on streamlining government is the detrimental effect shoddy federal operations have on the private sector. Studies estimate that federal regulation costs the private sector anywhere from \$67 billion to \$510 billion annually. According to the U. S. Chamber of Commerce, small businesses nationwide had to dedicate 1.2 billion hours just to fill out federal tax forms in 1992, at a cost of \$60 billion.

We are determined to help alleviate this burden. The Office of Advocacy within the SBA is responsible for monitoring the Regulatory Flexibility Act, a statute that requires every federal agency to review its new regulations and ensure that they do not inhibit the operations of small companies. We plan to be very diligent in our duties.

The third priority set by the President involves restructuring, reorganizing, and reinvigorating the SBA so that it operates in a more efficient and effective manner. We are reinventing our own Agency...something we call "Entrepreneurial SBA."

As part of this reinvention, we are moving resources to the field—to our regional and district offices—where our customers are located. We are also combining departments that should be working more cooperatively and we will be looking to consolidate functions, to ensure efficient and effective program delivery.

But all of the reorganizing and restructuring would be in vain without a reinvigorated organization. After four years of very public efforts to abolish the Agency and eight more years of benign neglect, the SBA was demoralized. That is changing with the renewed dedication to the mission of the SBA within this Administration.

Indeed, the past year has given the Agency a new lease on life. The President's commitment to small business and his clear message that the SBA will serve as his voice for America's small businesses are providing the impetus for hope and change, not only within the SBA, but within the small business community.

Finally, the President wants the SBA to be his eyes and ears in the small business community. One of the ways we have accomplished this is through a series of town hall meetings conducted across the country where we solicited ideas and suggestions of small business owners, bankers, and community leaders.

As a result of what we heard at the town hall meetings, we have already instituted a number of changes at the SBA to help eliminate burdensome red tape. For example, we are currently test marketing a one-page loan application form. I will soon be reporting on the findings of the town hall meetings directly to the President, thereby ensuring that small business has a seat at the economic table in the Clinton Administration.

I hope it is clear that we have a President who is eager to work with the small business community. And I can promise you that I plan to make the SBA the staunchest ally for small business interests in Washington.