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SBA ANNOUNCES 15 ONE STOP CAPITAL SHOPS

WASHINGTON -- Fifteen cities across the country will be awarded U.S. Small Business Administration (SBA) One Stop Capital Shop (OSCS) locations as part of the Clinton Administration's Empowerment Zone/Enterprise Community initiative, SBA Administrator Philip Lader announced today.

The award winners were chosen from hundreds of proposals submitted by state and local governments acting on substantial community and grass-roots input.

"This was truly a bottom-up process," Lader said in announcing the choices. "We look forward to working closely with these state and local governments and communities to provide the tools that small businesses need to get into business, stay in business and grow."

The One Stop Capital Shops essentially will act as mini-offices for SBA, Lader explained. They will provide access to SBA programs designed to help small businesses in a coordinated and easily accessible manner. Those programs include financing support and management and technical assistance.

The SBA has been working with other federal departments and agencies on the initiative for the past 18 months through the Community Enterprise Board (CEB). The CEB, which is chaired by Vice President Gore, has been instrumental in organizing and implementing the project.

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Lader estimated that as much as \$3 billion in economic development can and will be stimulated by this initiative. Its impact will be magnified by the fact that this growth will occur in poor urban and rural communities that desperately need access to capital and job creation tools.

"This is an excellent example of how a public/private partnership should work," Lader said. "Under this scenario a contribution from the federal government will be substantially leveraged by the private sector and local governments for the benefit of small businesses in distressed areas. This is a win/win situation for all of us."

Twelve of the 15 locations are in urban areas. They are Detroit, Los Angeles, Baltimore, Chicago, Oakland, Philadelphia, Atlanta, New York City, Cleveland, Boston, Houston and Kansas City. Three centers will be established in rural areas. They are the Rio Grande Valley, the Mississippi River Delta region, and the Kentucky Highlands.

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SBA OFFERS NEW ELECTRONIC GUIDE FOR ENTREPRENEURS THROUGH INTERNET

WASHINGTON -- Cruising the information superhighway looking for the right fuel to turbo charge your small business engines? According to the U.S. Small Business Administration's (SBA) Administrator Philip Lader, your next stop should be the SBA's new World Wide Web (WWW) Home Page. The SBA Home Page is an interactive, multimedia, electronic guide which includes detailed information on SBA programs, services and management, and is available through Internet, a vast electronic computer network used in more than 150 countries.

Lader says the new service offers interactive, multimedia access to information on the agency's mission and goals, biographical data and photographs of SBA's Administrative and management board. It also offers descriptions of the agency's loan and business development programs, listings of SBA field offices, information on SBA resource partners -- Small Business Development Centers (SBDCs), Service Corps of Retired Executives (SCORE), Business Information Centers (BICs) -- and geographically organized calendars of events.

"We are delighted to be a leader in taking government agencies into the 21st century," the SBA Administrator said. "Making information on the SBA more accessible and user friendly is just one example of this Administration's commitment to 'reinventing government.'"

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The information available on the SBA Home Page is a subset of the information contained on SBA Online, the agency's popular computer bulletin board system, but with more visual appeal. With free software such as Mosaic and Lynx, home page users can interface with computer graphics, audio, and text "hotlinks" which take the user to related areas of interest such as SBA loan and business development programs and business information from other government agencies.

SBA also offers an Internet gopher for Internet users who do not have the capability of accessing the graphics-based interface of the SBA Home Page. The gopher service provides extensive information on SBA services and other government agencies.

The electronic mail address for accessing SBA's WWW Home Page is: <http://www.sbaonline.sba.gov> and the address for the Internet gopher is: <gopher://www.sbaonline.sba.gov>.

SBA still offers its bulletin board service, SBA Online. Available to both Internet and non-Internet users, this service has received over a million calls since it began in 1992, and requires a PC, modem, communications software and phone line. The numbers are 1-800-697-4636; 1-900-463-4636; and (202) 401-9600 in Washington, D.C. and via Telnet from Internet: [telnet sbaonline.sba.gov](telnet://www.sbaonline.sba.gov).

For more information, contact the SBA Technical Support line at (202) 205-6400.

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NOTE TO EDITORS IN WASHINGTON, D.C.: The 800 and 900 numbers for SBA Online are not accessible for Washington, D.C. metropolitan-area callers. Callers in the Washington, D.C. metropolitan-area should call: 202/401-9600 to access SBA Online.

FACT SHEET on the SBA HOME PAGE

WHAT IS THE HOME PAGE?

SBA's World Wide Web (WWW) Home Page is part of the new "electronic government" concept which is designed to make government information more easily accessible to the people. SBA established its "home page" on a WWW server on Internet in order to provide a user-friendly graphic-based, interface to individuals accessing the system. A "home page" can be thought of as a computer screen containing basic information to inform the public about the organizations mission and services. It also includes an instant lines to data from other government agencies.

WHAT IS INTERNET?

Internet, also known as Net, is the world's largest computer network, serving 20 - 30 million people in 150 countries. The Internet is a network of networks -- ranging from big and formal private corporate networks to colleges, universities and governments around the world -- which allows users to freely exchange information.

WHAT CAN YOU DO WITH THE HOME PAGE?

With the SBA Home Page, the user can access: 1) information on starting, financing and expanding a small business; 2) geographically-organized calendars of SBA-sponsored events and/or training sessions; 3) transferrable business-related files; 4) SBA Online, the agency's computer bulletin board system; 5) the Gopher Service, which provides text-based information; and 6) the home pages of other government agencies, including "Welcome to the White House."

HOW DOES IT WORK?

Using a piece of software called Mosaic (distributed for free by the federally supported National Center for Supercomputing Applications), anyone with a computer and an Internet connection can access the WWW server. Mosaic uses the WWW's "hypertext" features which allow words and images to be used as direct links to additional information on related topics. Simply by clicking on a linked word or image with a computer mouse, a user can retrieve and display new files and information without learning commands.

WHY IS SBA DOING THIS?

The introduction of SBA's Home Page is part of a government-wide effort to improve the way the federal government communicates with the American people. It not only enhances the information available to small businesses, schools, libraries, and other institutions, but it provides a single point of access to information on all SBA programs and services. It also promotes interaction and participation between the public and the SBA by offering explanations of who does what for the agency with their photographs.

WHAT IS THE ADDRESS OF THE SBA HOME PAGE ON THE INTERNET?

The electronic mail address for accessing SBA's WWW Home Page is:

<http://www.sbaonline.sba.gov>. The electronic mail address for accessing SBA's gopher is: <gopher://www.sbaonline.sba.gov>. To use SBA's anonymous FTP (file transfer protocol) on the WWW use: <ftp://www.sbaonline.sba.gov>.

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SBA GUARANTEES ON LOANS TO MINORITIES JUMPED BY 60 PERCENT IN FY 1994

WASHINGTON -- The U.S. Small Business Administration's (SBA) commitment to increasing loan volume to minority business owners paid a 60 percent dividend in fiscal year 1994, showing strong gains in loans to members of underserved segments of the business community, Deputy SBA Administrator and Chief Operating Officer Cassandra M. Pulley said today.

With the total number of loan approvals in the 7(a) General Business Loan Guaranty program posting a 36 percent increase in FY 1994, loans to minorities, including African American, Hispanic, Native American and Asian business owners, increased by 60 percent to a record 18.5 percent of the program's total.

"The difficulty small business owners have in securing credit has always been more acute for minority business owners," Pulley said. "They have been under-represented in business ownership and under-represented in SBA's loan portfolio.

"That's why SBA has made a firm commitment to improve access to SBA-guaranteed loan capital for minorities, and that commitment has borne fruit," she said. "At the same time, we recognize that we must do even better in FY 1995, and we are quite confident that we will have even stronger improvement by the end of this fiscal year."

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One reason for that confidence is the SBA's acclaimed new LowDoc program, which simplifies the loan process and increases the availability of loans under \$100,000. The program helped boost loans to minorities because their generally smaller size and smaller capital needs left them disadvantaged by the reluctance of commercial banks to issue business loans under \$100,000. LowDoc is overcoming that reluctance.

Overall, SBA approved guarantees on 6,757 loans totaling \$1.6 billion to minority business owners in FY 1994, well above the FY 1993 totals of 4,233 loans totalling about \$1 billion. SBA made 1,434 loans worth \$201.6 million to African Americans in FY 1994, compared to 825 loans worth \$139.1 million in FY 1993.

Loan volume to Hispanic-owned businesses increased to 2,427 loans totaling \$429.2 million, up from 1,518 loans totaling \$300.3 million in FY 1993. Loans to Asian American-owned businesses increased to 2,606 loans totaling \$854.2 million, compared to 1,688 loans for \$589.7 million in FY 1993. Loans to Native American-owned businesses increased to 233 loans totaling \$49.8 million, up from 142 loans for \$33.87 million in FY 1993.

Pulley also noted that SBA is developing a pre-qualification program for minority loan applicants. Under such a program, minority business owners would apply to SBA through a non-profit third party for a preliminary commitment to issue a guarantee. That would allow the borrower to make the initial visit to a commercial lender with an SBA guarantee commitment in hand.

Overall, the 7(a) program, which provides loan guarantees on loans to creditworthy small businesses that cannot otherwise get credit, registered nearly 36,500 loans amounting to more than \$8.17 billion, both records. The number of loans showed a 36 percent increase over last year's record and the dollar volume posted a 21.4 percent gain.

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U.S. Small Business
Administration

NEWS RELEASE

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SBA GUARANTEES ON LOANS TO WOMEN JUMPED BY 86 PERCENT IN FY 1994

WASHINGTON -- The U.S. Small Business Administration's (SBA) commitment to increasing loan volume to traditionally underserved groups led to a gain of 86 percent in the number of loan guarantees to women business owners in fiscal year 1994, Deputy SBA Administrator and Chief Operating Officer Cassandra M. Pulley said today.

Total loan approvals in the 7(a) General Business Loan Guaranty program increased by 36 percent in FY 1994, and loans to women business owners increased by 86 percent to a record 20 percent of the program's total.

"We looked at our books and found that women-owned businesses were receiving an average of 12 percent of SBA loans," Pulley said. "At the same time, women own 38 percent of all small businesses and those businesses employ more people than all of the Fortune 500 companies combined.

"Certainly these businesses should be better represented in SBA's portfolio, and we've done something about it," Pulley said. "At the same time, we feel we can do even better in FY 1995."

Overall, SBA approved loan guarantees to women-owned businesses on 7,211 loans totaling \$1.17 billion in FY 1994, up from the 3,876 loans totaling \$721.9 million in FY 1993. Those loans represent 20 percent of total SBA FY 1994 loan volume.

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One key factor in improving loan volume to women business owners was the SBA's acclaimed new LowDoc program, which simplifies the loan process and increases the availability of loans under \$100,000.

Some of the increase can also be attributed to the Women's Pre-Qualification Loan Pilot, which began in June 1994 and is operating in 16 cities. Under the pilot project, selected non-profit organizations help applicants assemble their loan application packages and submit them in advance to SBA.

SBA then can issue a pre-commitment letter, which the applicant then takes along with her loan package to a commercial bank to apply for a loan.

Overall, the 7(a) program, which provides loan guarantees on loans to creditworthy small businesses without credit available elsewhere, registered nearly 36,500 loans amounting to more than \$8.17 billion, both records.

Over the course of the first two years of the Clinton Administration, SBA approved more than \$14.9 billion in loans guarantees to nearly 63,300 small businesses, almost as much as the total volume for the previous four years combined.

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NEW LICENSEES IN SBA'S SBIC PROGRAM DOUBLE EXISTING NON-BANK PRIVATE CAPITAL

WASHINGTON -- New licensees in the U.S. Small Business Administration's (SBA) venture capital program have more than doubled the level of non-bank private cash in the program, adding \$545 million in new private venture capital funds to the investment pool for developing small businesses, SBA Deputy Administrator and Chief Operating Officer Cassandra M. Pulley said today.

The 35 new companies licensed in FY 1994 in the Small Business Investment Company (SBIC) program have a total of \$545 million of committed private capital, compared to just \$490 million for the 107 non-bank licensees in the program at the beginning of the year. Another 44 license applications representing \$700 million in additional private capital commitments are being processed.

"This is the venture capital community's vote of confidence in SBA's overhaul of the SBIC program over the past year," said Pulley.

"What you're seeing is a huge infusion of venture capital that will be looking for small businesses in which to invest their money," Pulley said. "Over the next few years, we expect to license up to 200 new SBICs with combined private and SBA-backed capital of \$9 billion or more."

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Combined with record-setting loan volume in SBA's centerpiece business loan guaranty program, the SBIC program is part of SBA's determined assault on the small business credit crunch.

"President Clinton's primary mission for the SBA is to increase the availability of capital for small businesses, and we are doing exactly that," Pulley said. "As a result, SBA is helping finance healthy businesses, new jobs, stronger communities and real, sustainable growth in the economy.

"This revitalized program, with new funding mechanisms, new controls on licensing and under new leadership, is going to have a dramatic effect on the venture capital industry and the creation and growth of small businesses," Pulley said.

In the SBIC program, SBA licenses and regulates privately owned, and privately operated venture capital firms, and adds federal funds to their private capital to help finance their investments in small businesses.

Even more significant than the amount of capital in these new licensees is the quality of their management, Pulley added. All are experienced venture capital professionals with a history of profitable operations.

The new licensees are located across the country, including Kansas City; Cincinnati; Portland, Maine; Portland, Oregon; San Diego, and Seattle.

"This program has experienced many problems over the later 1980s and early 1990s, but it is on the right track today because of a major overhaul we completed just this year," Pulley said. "This vote of confidence from the new licensees proves that we're on the right track."

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U.S. Small Business
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SBA'S EXPORT LOAN PROGRAMS POST SHARP GAINS IN LOANS TO SMALL BUSINESS EXPORTERS

WASHINGTON -- The U.S. Small Business Administration's (SBA) international trade loan programs posted gains of nearly 65 percent in fiscal year 1994, SBA Deputy Administrator and Chief Operating Officer Cassandra M. Pulley said today.

The International Trade Loan and Export Revolving Line of Credit programs delivered 1,243 loan guarantee approvals totaling about \$469.7 million in FY 1994, up from 754 loans for \$289.3 million in FY 1993.

"Small businesses are the nation's greatest untapped potential for expansion into overseas markets," Pulley said. "Small businesses comprise 95 percent of all U.S. exporters but account for just 30 percent of exports.

"The biggest problem," said Pulley, "is that small businesses do not have access to the capital resources that big businesses draw upon to finance their export transactions. SBA is doing something about that."

SBA recently joined with the Export-Import Bank on a major overhaul of both agencies' export loan programs, with the resulting Export Working Capital Program becoming available nationwide on Oct. 1.

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"We've taken our export loan program apart and put it back together again, blending our strengths with those of the Ex-Im Bank to establish a single U.S. government export loan program that retains the best features of each agency's programs," Pulley said.

"There is enormous demand out there and there's enormous potential in this new program," she said. "We expect to double our volume for export loans as a result."

The improvement for SBA's export loan volume in FY 1994 accompanied a broad increase in overall loan volume for the agency's centerpiece 7(a) General Business Loan Guaranty program, which provides guarantees on loans to creditworthy small businesses that cannot otherwise get credit.

The program registered nearly 36,500 loan approvals amounting to more than \$8.17 billion in FY 1994, both records. The number of loans showed a 36 percent increase over last year's record and the dollar volume posted a 21.4 percent gain.

Just five years ago, volume for the program was just \$3 billion. In fact, the total volume for the past two years -- almost \$15 billion -- nearly equals the volume for the previous four years combined.

SBA loans to minorities increased by almost 60 percent and amounted to 18.5 percent of total loan volume, compared to less than 16 percent in FY 1993. Loans to women entrepreneurs increased by 86 percent, amounting to almost 20 percent of total volume, up from 14.4 percent in the previous year.

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SBA ADMINISTRATOR LADER JOINS VICE PRESIDENT IN UNVEILING FIRST INTERACTIVE COMPUTER HANDBOOK TO GOVERNMENT SERVICES

WASHINGTON -- U.S. Small Business Administration (SBA) Administrator Philip Lader joined Vice President Al Gore, world-renowned artist Peter Max and other government leaders yesterday to unveil the first interactive, multimedia, electronic citizens' handbook of information on government services.

Vice President Gore pointed out how small business owners can now access descriptions of SBA loan and business development programs from home or office computers. The new system provides a single point of access to all electronic government information on the Internet, a vast electronic computer network used by people in more than 150 countries.

"This is another concrete example of how we can 'reinvent government,' leading the agencies into the 21st century," Lader said. "Given my close work with Vice President Gore on the 'reinventing government' initiative, I'm delighted SBA can be a leader in the use of the Internet."

Vice President Gore called the program "an electronic roadmap to the federal government -- a place on the information superhighway where people can get needed information about government services and where they can provide immediate feedback to the President."

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Artist Max designed some of the graphics used in the system. Money bags are used as one of the icons representing the SBA.

The new system will augment SBA Online, the agency's popular electronic bulletin board system. Using free software such as Mosaic or Lynx (developed for the hearing or visually impaired), entrepreneurs can access information through a multimedia interface which includes photographs, audio, and "hotlinks" in the text which take the user to related areas of interest.

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EDITORS: "Welcome to the White House" can be accessed at:
<http://www.whitehouse.gov> --- SBA's WWW Home Page Internet address is
<http://www.sbaonline.sba.gov>

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SMALL, WOMEN-OWNED & MINORITY FIRMS WIN IN OVERHAUL OF FEDERAL PROCUREMENT LAW

*..... SBA readies coast-to-coast satellite
broadcast on October 31 to explain impact*

WASHINGTON -- With today's White House signing ceremony instituting a host of new policies governing federal procurement, small companies from across the country, especially women- and minority-owned firms, are now in a better position to enter the lucrative \$200 billion-per-year market in supplying goods and services to the U.S. government.

The new law contains provisions that change the government's procurement process by reducing paperwork, lifting requirements on purchases of \$2,500 or less and simplifying procedures for purchases of \$100,000 or less. The reform is an outgrowth of Vice President Gore's National Performance Review released last fall and many of the provisions were backed by the U.S. Small Business Administration (SBA).

"It was just about a year ago," said SBA Administrator Philip Lader, "that Vice President Gore committed the Administration to a major restructuring of the way this government obtains goods and services. The SBA pushed for wider opportunities for small businesses. And we are delighted that the new law provides for this.

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"Taxpayers will benefit by seeing even more high quality products supplied at competitive prices to the government by American small businesses. To ensure that these small businesses understand the essentials of this new procurement process, the SBA is planning a coast-to-coast satellite broadcast on October 31. It will be available free to anyone capable of receiving a standard telebroadcast.

"We'll be sharing with our customers, the small business community, a complete analysis of the new law so they can determine for themselves how best to capitalize on these contracting opportunities." Lader said more details on the broadcast will be made public as they are finalized.

A major feature of the new law requires that the government's chief rule-making agency in this area, the Office of Federal Procurement Policy, develop policies with the SBA that encourage small business participation in simplified acquisitions and promote the achievement of certain government-wide contracting goals.

The federal government already has a goal of buying at least 20 percent of its goods and services from small businesses, with five percent going to firms owned by the disadvantaged. The new law adds to this by saying that five percent of federal prime contract and subcontract dollars should now go to women-owned firms.

Other provisions of importance to small businesses are:

- The dollar-value threshold for simplified purchasing procedures has been raised to \$50,000, up from \$25,000. As an incentive to increase use of electronic commerce, the threshold can be increased to \$100,000 for those agencies switching to an electronic procurement system;

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- The law now requires that government purchases from \$2,500 to \$100,000 be reserved for small business, increasing by an estimated \$2.5 billion the amount of government business open solely to small firms. The only exception would be when officials can't obtain bids from two or more competitive small firms;
- A new government-wide procurement system, the Federal Acquisition Computer Network (FACNET), will be implemented no later than January 1, 2000. After full implementation, an entire government purchase -- from solicitation through payment -- will be handled electronically and will be available to any small business with a personal computer and modem; and,
- To help civilian agencies meet the goal of awarding five percent of federal contracting to small disadvantaged businesses, the law expands a Department of Defense program to all federal agencies. Essentially, the program lets agencies earmark certain contracts for bidding only among small disadvantaged firms and, under certain conditions, lets them award a contract to a disadvantaged firm even if the bid price exceeds competing bids by up to ten percent.

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SBA'S NEW LOWDOC PROGRAM REACHES \$100 MILLION MARK, BOOSTS LOANS TO WOMEN, MINORITIES AND VETERANS

WASHINGTON, DC -- The U.S. Small Business Administration's (SBA) acclaimed new LowDoc program has passed the \$100 million mark since going nationwide in July, posting strong gains in loans made to minorities, women-owned businesses and veterans, SBA Administrator Erskine Bowles said today.

"This program is doing exactly what we wanted it to do so far," Bowles said. "It is breaking through the gridlock of paperwork that kept commercial banks from making these smaller loans, and is offering dramatic proof of the heavy demand for this kind of loan. LowDoc is encouraging the dreams of thousands of entrepreneurs, boosting the nation's economy and financing the creation of new jobs."

LowDoc -- shorthand for low documentation loans -- is based on a one-page application form for loans under \$100,000. The program makes SBA's basic business loan guarantee program more user friendly than it's ever been, Bowles said.

Combining a greatly simplified application process with a rapid response from SBA loan officers -- as little as two or three days -- LowDoc slashes pages and pages of bureaucracy and red tape out of the loan process.

Thus far, SBA has made 2,126 LowDoc loans worth more than \$102 million, for an average of \$47,977. Twenty-four percent have gone to businesses owned by women, 20 percent to businesses owned by minorities and 16 percent to businesses owned by veterans. Forty-five percent have been made in rural areas and 69 percent have been for new businesses.

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SBA tested limited documentation loans in Texas, beginning in late 1993, to overcome the red tape associated with applying for and, for lenders, making loans under \$100,000. Bowles expanded the program nationwide in July 1994, citing the fact that volume in that region for loans under \$100,000 tripled over the same six-month period a year earlier.

LowDoc applies to loans of under \$100,000 made by banks and guaranteed up to 90 percent by SBA. The approval process focuses on character, credit and business experience and loans can be made for an existing business, a business purchase or a business start-up.

LowDoc relies heavily on a lender's experience and judgment of a borrower's credit history and character. The primary considerations are the borrower's willingness and ability to repay debts, as shown by his or her personal and business credit history, and by past or projected business cash flow. No predetermined percentage of equity is required and lack of full collateral is not necessarily a determining factor.

The application form for loans under \$50,000 consists of a single page. Applications for loans from \$50,000 to \$100,000 include that short form application plus the applicant's income tax returns for the previous three years and personal financial statements from all other guarantors and co-owners of the business.

Any small business eligible under the regular 7(a) loan program can apply under LowDoc if its average annual sales for the previous three years is \$5,000,000 or less and it employs 100 or fewer individuals, including the owner, partners, or principals.

The program recently won a National Performance Review Hammer Award from Vice President Al Gore, who cited it for "making tremendous advances in customer service and cutting bureaucratic red tape."

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VICE PRESIDENT GORE GIVES SBA "HAMMER" AWARD FOR CUTTING RED TAPE IN LOAN APPLICATIONS

WASHINGTON, D.C. -- Vice President Al Gore today presented a National Performance Review Hammer Award to Small Business Administration (SBA) Administrator Erskine Bowles, citing the agency for its new LowDoc loan program.

"SBA has been a leader in reinventing government," Vice President Gore said. "In just a brief time, SBA's reinvention initiatives have made efficiency and excellence the standard rule, making tremendous advances in customer service and cutting bureaucratic red tape."

The Hammer Award is given to federal employees who exemplify the principles of making government work better and cost less -- those who are breaking down unnecessary bureaucracy to build better government.

Accepting the award, Bowles said: "Vice President Gore challenged us to reinvent the way we do business -- to value efficiency and excellence in customer service above all else."

Bowles, Gore noted, was the first administrator of a small and independent agency to enter into a performance agreement with President Clinton, resulting in subsequent performance agreements with all 68 district directors and each of SBA's headquarters program managers.

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SBA's LowDoc reinvention team was dedicated to cutting red tape and reducing paperwork on small business loan guarantee applications and approvals. The effort cut the traditional application package from an inch-thick stack of paperwork to a single page on applications for loans under \$100,000.

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U.S. Small Business
Administration

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SBA INVOKES NEW, BROAD-BASED APPROACH IN PROMOTING MINORITY ENTERPRISE

WASHINGTON -- Shifting dramatically from tactics used by previous administrations, the U.S. Small Business Administration (SBA) has unveiled a three-phased approach to minority business development expected to better equip a wider range of minority-owned firms to compete in the economic mainstream.

The foundation of this new approach is to ensure across-the-board access to the full array of SBA financial and economic development programs, rather than relying almost exclusively on federal contracting as a minority business growth stimulant.

SBA Administrator Erskine Bowles authorized this new, more comprehensive approach after listening to small minority business owners and others criticize the agency's existing minority program as being too narrowly focused.

The majority of the 5,000 firms participating in that initiative, known as the 8(a) program, spend most of their time trying to vie for a small portion of federal procurements in a restricted competition, with only a few firms actually able to secure contracts. The federal government spends each year about \$200 billion for goods and services, with only \$4 billion moving through the 8(a) program.

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"Whether it was in town hall meetings or right here in my office," said Bowles, "the message was the same. The 8(a) program as it currently stands is woefully outdated. The agency can't continue to support a program that serves far too few minority-owned companies, doesn't begin to attack this sector's major problem, which is access to credit, and channels most of its benefits only to those firms specializing in federal contracting. We needed a fresh approach.

"What we've come up with, after hundreds of hours of meetings with members of Congress, trade associations, finance specialists and, most importantly, the 8(a) firms themselves, is this three-phase system. Our new program offers comprehensive assistance in the form of business counseling, financial aid and, for those firms that do work with the federal government, help with obtaining contracts. Ultimately, this leads to businesses that can fully compete in the economic mainstream and provide much-needed jobs in the local communities."

Echoing Bowles, SBA Deputy Administrator Cassandra Pulley, who supervised much of the day-to-day activity in pulling the package together, said, "With the help of our customers and constituents, we have developed a comprehensive program to address the issues raised by our customers, the minority-owned business firms, and our partners in assisting them, the Federal procuring agencies."

Under this newly-devised program, a start-up company with less than two years in operation could come to the agency and, after self-certification as a minority-owned firm, obtain introductions to all SBA programs and participate in pre-business workshops, eventually moving on to seminars and courses offered through SBA's many resource partners, such as the Small Business Development Centers or the U.S. Department of Commerce's Minority Business Development Agency.

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In phase two, firms with two or more years experience would receive more intensive sessions with SBA business development staff, until the evolution positions them for phase three. This final phase, which can last up to nine years, provides specialized training in management, marketing, procurement processes and access to federal contracting using the 8(a) process. This last stage requires formal certification of minority ownership of the company and approval of certain objective business criteria.

The time period for each phase is flexible, and a company can proceed to a different level if justified by experience and business activity level.

Other program features include:

- Government-wide Small Disadvantaged Business Set-Aside Program;
- Delegation of 8(a) contract award authority;
- Pre-qualification for SBA Loans and Surety Bonds;
- Increased SBA loan guaranty;
- Graduate-Mentor program;
- Waiver of Affiliation rules for joint ventures;
- Elimination of local/national buy;
- Reduction in reporting requirements;
- Increased diligence among SBA government contracting specialists to identify contract opportunities; and
- Delegation of most program authority to the agency's district offices.

The SBA was created in 1953 to help small businesses get started, stay in business and grow. Through a network of more than 100 field offices, 14,000 volunteer counselors with the Service Corps of Retired Executives (SCORE), 600 Small Business Development Centers and more than 500 Small Business Institutes, the SBA has documented more than nine million cases of assistance nationwide.

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SBA ADMINISTRATOR ANNOUNCES PILOT PROGRAM TO EASE IMPACT OF FEDERAL REGULATIONS ON SMALL BUSINESSES

WASHINGTON -- U.S. Small Business Administration (SBA) Administrator Erskine Bowles, in conjunction with New York Governor Mario Cuomo and North Carolina Governor Jim Hunt, today announced a pilot initiative among six federal regulatory agencies, SBA, the Office of Information and Regulatory Affairs (OIRA), and the states of New York and North Carolina. The initiative is designed to increase communication, coordination and streamlining of the regulatory process among federal, state and local regulatory agencies.

This announcement came during the second Small Business Forum on Regulatory Reform cosponsored by SBA and OIRA. For the first time in history, the departments of Justice, Labor and Transportation, the Environmental Protection Agency, the Food and Drug Administration and the Internal Revenue Service have been working together to look at the cumulative impact of the regulatory process on small businesses. Their efforts over the past four months have produced an ambitious set of recommendations for reform.

The government agencies participating in the forum identified the cumulative burden of federal-state regulations as a hardship for small businesses. The pilot program will focus on opportunities to improve the regulatory process, achieve paperwork reduction, and eliminate duplicative and inconsistent regulations. The program also will study the possibility of using common forms for permits and licensing, and of conducting joint inspections.

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"The cumulative burden of federal, state and local regulations on small businesses must be addressed," said Bowles. "This new spirit of cooperation between federal agencies and their state and local counterparts is a significant step toward relieving small businesses of excess and even contradictory regulations."

"Small businesses are concerned over the cumulative burden of overlapping federal and state regulations. Our cooperative effort will help ease that burden," said Cuomo.

In his 1994 State of the State Address, Governor Cuomo called for a "zero-based" regulatory reform effort, directing several state agencies to examine their existing regulations to see if they make sense -- individually and as a system.

"Our state's economy depends on the vitality of small businesses, and this project takes a positive step toward sustaining that vitality," said Hunt. "We need to nurture small business growth and development, and we must look at ways to adapt existing laws, regulations and tax policies to help more small businesses become successful."

North Carolina's Small Business Advisory Council, created by Governor Hunt and made up of small business owners and senior state officials, is working to streamline the state's procurement process and to set up one-stop shops for licensing, and other regulatory information.

Bowles noted that additional state and local governments are welcome to participate in the project and several states have already expressed interest.

Among the states expected to join in the regulatory reform effort will be the state of Illinois, which currently has an environmental task force working on recommendations to increase awareness of environmental regulations and to make compliance easier for small business owners.

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SERVICE CORPS OF RETIRED EXECUTIVES (SCORE) CELEBRATES 30 YEARS OF SERVING SMALL BUSINESS

WASHINGTON -- Millions of America's successful small businesses have something in common. They have been counseled and trained by members of SCORE, the Service Corps of Retired Executives Association. SCORE, established in 1964, celebrates its 30th anniversary in service to the small business community in May.

"I am proud to be associated with the fine, dedicated people of SCORE," SCORE President Jim Garvey said today. "The service our volunteers provide to their communities and their country is unparalleled."

In the last fiscal year, SCORE members offered no-cost business counseling to more than 175,000 clients and provided over 4,000 low-cost workshops and seminars to an additional 113,000 people. SCORE members donate over 1.1 million hours of training and counseling to small business yearly. "With a federal appropriation of just \$3.09 million," Garvey said, "SCORE's business counseling and training costs the American taxpayers less than \$3.00 an hour. That's an incredible bargain by any standard."

Since 1964, SCORE volunteers, working in cooperation with the U.S. Small Business Administration (SBA), have provided professional, confidential, no-cost counseling to anyone interested in opening a small business or facing problems running an existing business.

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SCORE's 13,000 volunteers work at the community level, providing the benefit of their many years of business experience directly where it is needed. Counseling is provided at over 700 locations covering every state and U.S. territory.

"SBA is proud of SCORE's history and its contributions to the success of American small business," said SBA Administrator Erskine Bowles. "The men and women of SCORE who share their business and management expertise with thousands of eager entrepreneurs and hopefuls yearly are an invaluable asset to SBA and the small business community. We commend SCORE on 30 years of outstanding service to small business."

Recently SCORE members worked extensively with military bases facing defense downsizing and base closures. Both military and civilian personnel in South Carolina, Florida and California benefited from SCORE consultations. In Dallas, Texas, SCORE volunteers are working with employees affected by the cancellation of the federally-funded Superconducting Super Collider project. The project's outplacement group contacted SCORE to work with employees interested in starting a small business after the project is closed.

For more information or to locate the SCORE office nearest you, call the National SCORE Office at (800) 634-0245.

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SBA Number: 94-33
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SBA LAUNCHES PRE-QUALIFICATION PROJECT TO BOOST BUSINESS LOANS TO WOMEN

WASHINGTON, D.C. -- The U.S. Small Business Administration (SBA) today launched a pilot project to increase the number of loans made to women business owners by helping them pre-qualify for SBA guarantees, SBA Administrator Erskine Bowles said today.

The Women's Pre-Qualification Loan Project's pilot locations will operate in Chicago, Albuquerque; Salt Lake City; Denver; San Francisco; New Orleans; Helena, MT; Charlotte, NC; Columbus, OH, and Louisville, KY.

"According to our books, women now receive about 8-to-10 percent of SBA loans," Bowles said. "When you stop to think that women own 38 percent of all small businesses and those businesses employ more people than all of the Fortune 500 companies combined, they certainly ought to be getting more than 10 percent. We need to do better than that.

"We also know that 70 percent of women business owners are financing their businesses with their personal credit cards," Bowles said. "So it's not that women don't need capital; it's more that they just can't get it. We think this project will help us find out why."

Bowles said the goal of the project is to increase the percentage of SBA 7(a) guaranteed loans to women to a minimum of 15 percent of total SBA loan volume.

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Under the pilot project, selected loan packagers will pre-screen and present credit requests from women entrepreneurs to SBA officials. Lending decisions will be based on the borrower's key financial ratios, cash flow, business and credit history and repayment ability.

If SBA finds the borrower qualified, it will issue a pre-qualification letter indicating that the application appears to merit a guaranteed loan. The loan applicant will be able to take that letter, along with her loan package, to a commercial bank to apply for a loan guaranteed by SBA.

"In our preliminary meetings with lenders, women's groups and SBA district offices, everyone was enthusiastic about this project," Bowles said. "Now we're going to see if we can make it work."

SBA can guarantee up to 90 percent of a loan up to \$155,000, and up to 85 percent of larger loans, with the maximum guarantee for this program set at \$250,000. Small business owners and entrepreneurs who want to know more about applying for a loan under the program should contact the SBA district office in the cities listed above for more information on how to apply.

The project will be up and running in each of the 10 cities between now and June 1.

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SBA Number: 94-29
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NEW REGULATORY PACKAGE WILL REVITALIZE, REFOCUS SMALL BUSINESS VENTURE CAPITAL INDUSTRY

WASHINGTON, D.C. -- U.S. Small Business Administration (SBA) Administrator Erskine Bowles today announced a sweeping package of regulations that will revitalize the agency's basic venture capital program and refocus the industry's attention on early stage and start-up small businesses.

The approved Small Business Investment Company (SBIC) regulatory package was sent Monday to the Federal Register for publication. It will become final upon publication.

"This is a great day for SBA and a great day for small businesses," Bowles said. "We are once again ready to begin licensing new SBICs, as many as 150 to 200 new investment companies over the next three years, with combined private and federal capital resources amounting to up to \$9 billion.

"Along with President Clinton's 50 percent reduction in the capital gains tax for investments in new small businesses with capital of under \$50 million, this is the kind of basic investment in the economy that this administration is committed to providing," Bowles added. "With this foundation we can build new companies, create new jobs and produce new economic growth."

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Bowles described the new regulations as necessary to eliminate structural problems within the SBIC program and to reversing the long-term decline in U.S. venture capital commitments from a peak of \$4.2 billion in 1987 to approximately \$1.8 billion this past year.

"Too much of the available venture capital funding in recent years has been in the form of late-stage financing to larger companies," Bowles said. "A revitalized SBIC program, with our new management team and this regulatory package in place will ensure that venture capital is available for small businesses."

SBICs, licensed and regulated by the SBA, are privately owned and privately managed investment firms that use their own capital, plus funds secured through SBA guarantees, to make venture investments in small businesses. SBICs provide risk capital in the form of debt and equity financing to small businesses for their growth, modernization or expansion.

The linchpin of the package is a new preferred security with priority payments similar to dividends and a profit participation feature. SBA will offer it as an alternative to the interest-bearing bonds now used to augment private capital raised by SBICs. The bonds require SBICs to make semi-annual interest payments, which are inconsistent with patient, long-term equity investments in small businesses.

The new securities -- along with a number of suggested regulatory changes -- will more appropriately match sources and uses of capital and allow the government to share in the profits created by successful SBICs, offsetting the additional early-year risks associated with the new security.

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Other changes planned for the program will help attract substantial new private capital into the venture capital industry by opening the program to investments by public pension funds and state and local governments, tightening regulatory oversight, sharply increasing the maximum funding SBICs can receive from SBA, and reducing constraints on SBICs that do not risk government capital.

"The end result will be bigger and stronger SBICs that are more resistant to temporary downturns in the economy and more able to provide the financing that this country's most innovative companies need to compete in the world economy," Bowles said.

Despite the inherent risks of the SBIC program, it is cost-effective for the taxpayers, providing jobs, economic growth and tax revenue at the federal, state and local levels. Many firms that have benefited from early infusions of SBIC financing have become household names, including Apple Computer, Federal Express and Intel.

SBICs have invested nearly \$10.7 billion in more than 73,000 small businesses since the program's inception in 1958. Those investments have created well over one million new jobs, tens of millions of dollars in exports, and tax revenues that greatly exceeded the cost of the program.

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**EXPORT ASSISTANCE CENTER
INAUGURATED IN BALTIMORE**

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SBA Release 94-8
FOR IMMEDIATE RELEASE

January 31, 1994 - The Clinton Administration inaugurated a centerpiece of its National Export Strategy today with the opening of the new U.S. Export Assistance Center in Baltimore. The Baltimore center consolidates under one roof the export promotion and trade finance services of the U.S Department of Commerce, Export-Import Bank, and Small Business Administration.

"The Baltimore U.S. Export Assistance Center is part of an interagency initiative to streamline and coordinate the myriad trade promotion services offered by the Federal government with those provided by Maryland's state and local trade groups to provide the most effective, responsive trade facilitation program available." Commerce Secretary Ronald H. Brown said.

"American companies recognize that our economic strength depends upon being competitive in world markets," the Secretary continued. "This center offers a new strategic approach to the delivery of export assistance to Maryland businesses. It eliminates needless guesswork and enables businesses to easily tap into the vast government resource network."

The Baltimore center--and three additional U.S. Export Assistance Centers which opened for business today in Miami, Chicago, and Long Beach--are being established under provisions of the Export Enhancement Act of 1992 authored by Senator Paul Sarbanes.

"The Export Assistance Centers will bring together in one place all the export promotion and trade finance assistance from more than a dozen Federal agencies," Senator Sarbanes said.

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"Exporters in Maryland will be able to identify which Federal programs will be of greatest assistance in helping them compete worldwide."

"Each center offers a range of Federal export assistance in one convenient location and reflects the Small Business Administration's commitment that our customers--the small businessmen and women nationwide--must have easy access to our services," Small Business Administration Administrator Erskine Bowles said.

"America's small business needs to compete in the global market," Ex-Im Bank Chairman Kenneth D. Brody said. "The Clinton Administration is committed to bringing government service to the customer, not the customer to the service. Ex-Im Bank is proud to be a part of this new initiative."

Trade and finance specialists from the Commerce Department, Small Business Administration, and Export Import Bank will be available at the center to provide tailored, comprehensive assistance to meet the needs of exporter clients. These experts will work closely with the active state and local agencies that have put Maryland near the top in export growth in recent years.

In 1992, exports by Maryland companies were up more than 22 percent over 1991 and for the first nine months of last year, Maryland exports increased 6.1 percent, about twice the national average.

The three principal participating Federal agencies offer the following specialized export assistance services:

The Commerce Department, with its worldwide network of commercial officers in major international markets, provides market research, timely trade leads, custom-tailored counseling, and on-site assistance here and overseas. Commerce also organizes or supports numerous trade shows and missions each year, designed to help locate potential trade partners for U.S. companies.

The Export-Import Bank helps U.S.-based firms sell their goods and services overseas by offering export credit insurance, pre-export financing through working capital guaranteed loans, and medium and long-term loans and guarantees to overseas buyers.

The Small Business Administration helps through a variety of programs those firms interested in international trade, particularly those new to exporting. Major initiatives include organizing trade missions and conferences, and offering basic information on creating or sustaining an export program. The

agency also provides both long-term, fixed-asset financing and short-term working capital, generally through its regular 7(a) loan guarantee program, an Export Revolving Line of Credit, or the International Trade Loan Program.

The U.S. Government's Trade Promotion Coordinating Committee (TPCC) recommended the four centers be established in its report to Congress, "Toward a National Export Strategy: U.S. Exports = U.S. Jobs." Chaired by Commerce Secretary Ronald H. Brown, the TPCC is an interagency group of 19 Federal agencies committed to more effectively developing and coordinating U.S. export promotion programs. Additional Export Assistance Center sites will be added in 1995 and 1996.

For more information, contact the Baltimore U.S. Export Assistance Center located in the World Trade Center, 401 East Pratt Street, Baltimore, MD, tel. (410) 962-4539.

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SBA Number: 94-6
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SBA ADMINISTRATOR DOUBLES THE AMOUNT HOMEOWNERS AND RENTERS CAN BORROW FOR DISASTER LOSSES

WASHINGTON, D.C. -- In response to the needs of Los Angeles area earthquake victims, Administrator Erskine B. Bowles of the U.S. Small Business Administration (SBA) announced today that disaster loan limits for homeowners and renters with disaster-damaged property are being increased. For all disasters occurring on or after Jan. 1, 1994, homeowners can now borrow up to \$200,000 to cover losses to a primary residence and up to \$40,000 is available to cover personal property losses.

"These increases will help residents of the Los Angeles area with long-term rebuilding," Bowles said. "SBA is committed to using all of the agency's resources to help during this crisis."

The action doubles the amount individuals may borrow to cover home and personal property losses. The previous limits, \$100,000 for homes and \$20,000 for personal property, were established in 1984.

In a disaster, SBA reaches beyond the small business community to offer loans to homeowners and renters, as is the case in Los Angeles. Typically, about 80 percent of the SBA disaster loans approved go to individuals to repair damaged residences and personal property. To apply, call Federal Emergency Management Agency (FEMA) teleregistration at 1-800-462-9029 or visit any local disaster application center. Representatives are staffing every Federal assistance location.

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SBA also offers disaster loans of up to \$1.5 million to businesses of all sizes and non-profit organizations, and can make economic injury disaster loans available to small businesses.

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SBA Number: 94-3
For release: January 12, 1994

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SBA ON-LINE LOGS OVER 600,000 CALLS IT'S FIRST YEAR; OFFERS BOTH 800 AND 900 NUMBER FOR USERS

WASHINGTON -- The U.S. Small Business Administration (SBA) has announced changes in the phone access to **SBA On-Line**, its popular computer-based electronic bulletin board, launched in October, 1992. Effective January 24, **SBA On-Line** will have both an 800 number and a 900 number for callers to use, depending on the type of information sought.

SBA On-Line has operated on free 800 numbers donated by SPRINT which logged over 600,000 calls in its first year of operation. It is regularly used by over 60,000 small business callers, and receives about 2,000 calls per day.

"**SBA On-Line** has been an overwhelming success," said SBA Administrator Erskine Bowles. "The SBA has responded to a need to convert to technology-enhanced operation and to provide relevant and timely information to our customers. **SBA On-Line** is a fast and easy way for small business people anywhere in the U.S. to quickly access SBA help from their home or office. We are very grateful to SPRINT for giving us the opportunity to make this service available completely free during its first 15 months of operation."

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Due to the large volume of calls received by **SBA On-Line** and the increase in services, such as gateways to other federal bulletin boards, the SBA will make adjustments in the way the board is accessed. The SBA and SPRINT will continue to provide a free 800 number (1-800-697-4636) for all menu items relating to SBA services and information from other government agencies. In addition, a 900 number (1-900-463-4636) will offer complete **SBA On-Line** functions, including the mailbox function, which allows users to communicate with one another and the gateway function, which allows users to access other government on-line services. The 900 number is provided by SPRINT on a highly subsidized basis and represents an economical way to receive and exchange vital business information.

"The good news is that SPRINT has agreed to continue the '800' toll free access number for information on SBA's many loan and business development programs," Bowles said. "The '900' pay-for-use number will be needed only by users who wish to utilize the mailbox function to exchange messages.

SPRINT is providing a full free minute for connect time before a charge of 30 cents for the first minute and 10 cents for each additional minute begins on the 900 number. SBA and SPRINT anticipate an average forty minute call to be around \$4.00. The 900 number will also feature a cost-saving "off-line mail reader" which will allow callers to download mail to their own computers to read and answer at their leisure, thus saving time and money on the 900 line.

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NOTE TO EDITORS IN WASHINGTON, D.C.: The 800 and 900 numbers will not be accessible for Washington, D.C. metropolitan-area callers. Callers in the Washington, D.C. metropolitan-area should call: 202/401-9600 for all **SBA On-Line** information.