

SBA Number: 93-83
For release: **IMMEDIATE RELEASE**
October 29, 1993

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WHITE HOUSE SHIFTS FEDERAL BUYING PLAN; SMALL BUSINESS TO BENEFIT, SAYS SBA

WASHINGTON -- The U.S. Small Business Administration (SBA) is saying that many of the revised federal procurement procedures and legislative proposals released this week by the Clinton Administration will yield a direct benefit to small firms across the nation, in some cases resulting in billions of dollars in new contracting opportunities.

In a letter to the President, SBA Administrator Erskine Bowles said, "Fair access to government business is an important ladder of opportunity for small business, and for this reason I welcome the commitment to procurement reform you are demonstrating." He noted that the Administration "is strongly committed to improving opportunities for small and small disadvantaged businesses."

The White House announced changes this week to the way government buys goods and services, which in the past fiscal year accounted for nearly \$200 billion in spending. The reform, which blends a series of executive orders with legislative proposals, is an outgrowth of Vice President Gore's National Performance Review released in September.

Of particular importance to small businesses, and specifically supported by SBA's Bowles, are the following:

- Legislation that would raise the dollar-value threshold for simplified purchasing procedures to \$100,000, up from \$25,000. Once adopted, the law would permit buys

below this new \$100,000 threshold to be reserved for small business, thereby increasing by an estimated \$2.5 billion the amount of government business open solely to small firms;

- An executive memorandum signed this week launching a program that will open up the federal procurement process to any small business with a personal computer and modem. A full range of acquisition information -- from solicitations, through contracts, to payments -- will be handled electronically. An initial phase, to be completed by September 1994, will mark the introduction of the electronic exchange to government buys and will be brought to full government-wide use by January 1997;
- An overall reduction in the paperwork associated with federal procurements under \$100,000 that will encourage small companies that previously shunned the process to become active participants; and
- An Administration proposal expanding to all civilian agencies a Department of Defense program targeted to small disadvantaged businesses. Essentially, the program lets the Defense department earmark certain contracts for bidding only among these disadvantaged firms and, under certain conditions, lets the department award a contract to a disadvantaged firm even if the bid price exceeds competing bids by up to ten percent. The objective is to help the department, and if expanded, the civilian agencies, meet a goal of awarding five percent of federal contracting to small disadvantaged businesses.

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SBA number: 93-64
Release date: August 27, 1993

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PUBLICATION OF NEW RULES FOR SBIC PROGRAM MARKS START OF MAJOR REORGANIZATION

WASHINGTON, D.C. -- Publication for comment of new rules for the U.S. Small Business Administration's (SBA) Small Business Investment Company (SBIC) program marks the beginning of a new era for the government's most successful venture capital program, SBA Administrator Erskine Bowles said today.

"This is as great a change in one program as SBA has ever undertaken," Bowles said. "We have completely revamped this program so that it can provide more venture capital to more small businesses than ever before.

"This is a major commitment to improving the flow of patient, long-term venture capital financing to the nation's most innovative enterprises," Bowles said. "It's going to create growth, new jobs and a stronger economy."

The three packages of regulations published over the past month in the *Federal Register* deal with increasing the size of small businesses in which SBICs can invest, creating a new system for financing SBICs and changing the program's basic operational structure.

Many of the changes became necessary to eliminate structural problems within the program and to reverse a long-term decline in U.S. venture capital commitments from a peak of \$4.2 billion in 1987 to approximately \$1.1 billion in 1991.

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SBICs, licensed and regulated by the SBA, are privately owned and privately managed investment firms that use their own capital, plus funds acquired with 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.

Despite the inherent risks of the program, it is cost effective for the taxpayers, providing jobs, economic growth and tax revenue at the federal, state and local levels. SBICs have invested nearly \$10.7 billion in more than 73,000 small businesses since the program's inception in 1958. Those investments 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.

The regulations provide for a new funding instrument designed to provide incentives to SBICs to make long-term equity investments in small businesses. The new instrument, a preferred security, would give the government a share of the profits from successful investments financed with federal funds.

The bill also 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 evolving high-technology industries need to compete in the world economy," Bowles said.

SBA number: 93-63
Release date: August 26, 1993

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MORE THAN \$100 MILLION IN SBA DISASTER LOANS APPROVED SO FAR IN MIDWEST FLOOD RECOVERY

WASHINGTON, D.C. -- The U.S. Small Business Administration (SBA) has approved 4,104 disaster loans totalling more than \$100 million so far to help the Midwest recover from the Great Flood of 1993, SBA Administrator Erskine B. Bowles announced today. Homeowners, renters and businesses in the nine Midwestern states declared flood disaster areas in July continue to return SBA applications at the rate of several hundred per day.

"The recovery is taking shape," Bowles said. "SBA's goal since the beginning has been to deliver assistance quickly, and reaching the \$100 million milestone shows that SBA is rapidly responding. Once an application is returned to SBA, it is taking just under a week on the average to get a loan decision."

SBA representatives continue to staff 33 disaster loan workshops throughout the Midwest. SBA workshops are located in areas with the highest concentrations of damage. Applicants can visit a workshop six days a week to get one-on-one assistance in completing the application.

"Because each applicant's situation is different, they may need to talk to an SBA loan officer face-to-face. At the workshops, we can answer questions and get down to the business of making a flood recovery loan that the borrower can live with," Bowles said.

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To register for Federal assistance, individuals and businesses in the Midwest should first call FEMA teleregistration at 1-800-462-9029

SBA disaster loan approvals break down by state as follows:

<u>STATE</u>	<u>DATE DECLARED</u>	<u>LOANS APPROVED</u>	<u>DOLLARS APPROVED</u>
Missouri	July 9, 1993	1,049	\$32.9 million
Iowa	July 9, 1993	970	\$25.0 million
Illinois	July 9, 1993	615	\$22.9 million
South Dakota	July 19, 1993	269	\$ 6.4 million
Wisconsin	July 2, 1993	234	\$ 4.4 million
Kansas	July 22, 1993	285	\$ 4.4 million
Minnesota	July 10, 1993	228	\$ 3.6 million
North Dakota	July 26, 1993	377	\$ 3.5 million
Nebraska	July 19, 1993	77	\$ 1.0 million
TOTAL		4,104	\$104.1 million

SBA disaster loans are a primary source of Federal recover assistance for individuals and businesses. The following loans are available to cover uninsured flood damage whenever the President or SBA Administrator makes a disaster declaration in an area:

- Home/Personal Property Disaster Loans -- Homeowners can apply for up to \$100,000 in disaster loans to cover losses to a primary residence. Personal property loans of up to \$20,000 are available to homeowners and renters.
- Business Physical Disaster Loans -- Non-farm businesses and non-profit organizations may be eligible for loans for physical losses not covered by insurance. Businesses of any size are eligible.
- Economic Injury Disaster Loans -- Small businesses unable to pay bills and meet expenses as a result of financial losses from a disaster may apply for these working capital loans, with or without physical damage.

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The new maximum loan limit for business physical and economic injury disaster loans is \$1.5 million. This loan limit applies to one or a combination of both business loans. A business that is a Major Source of Employment may not be subject to the loan limit.

Because of unforeseen delays, many Midwesterners face in the flood recovery, SBA has extended the disaster loan application period. Individuals and business owners now have until November 15 to return physical loss applications to SBA.

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SBAU.S. Small Business
Administration**NEWS**

SBA number: 93-62
Release date: August 25, 1993

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SBA ACCOMPLISHMENTS ON THE ONE-YEAR ANNIVERSARY OF HURRICANE ANDREW: DISASTER LOAN APPROVALS TOP \$670 MILLION

WASHINGTON, D.C. -- In the year since Hurricane Andrew's destructive winds blew through South Florida and Louisiana, the U.S. Small Business Administration (SBA) approved 25,578 disaster loans totalling \$672.8 million. This represents the most extensive SBA response to a disaster in the last two decades, SBA Administrator Erskine B. Bowles announced today.

"The thousands of loans approved are helping the residents and business owners of South Florida and Louisiana rebuild their lives. Full recovery from the devastating hurricane will take years, but SBA assistance plays a big part in moving the process along," Bowles said.

The vast majority of Hurricane Andrew disaster loans -- 22,982 loans totalling \$633.8 million -- went to South Florida. In Louisiana, SBA approved 2,596 disaster loans totalling \$39 million.

To speed the delivery of SBA disaster loan assistance in Florida, SBA processed the loans on-site at offices at the Miami International Airport. More than 650 SBA employees, many who were hired locally, were involved in the effort. The application

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period was extended several times and the final deadline was July 1. SBA continues to maintain a presence in Florida. A small staff of SBA legal personnel remain in Miami today, helping borrowers close their disaster loans.

Cooperation from the Internal Revenue Service (IRS) and the U.S. Treasury helped SBA streamline procedures and provide home disaster loans in an average of seven days in Florida and Louisiana.

"All of the Federal agencies that respond to disasters are part of a team. SBA was fortunate that some of the procedures first introduced in the Hurricane Andrew response are still in place and now helping with the Midwest flood recover," Bowles said.

When the President of SBA Administrator declares a disaster in an area, SBA loans help individuals as well as businesses rebuild uninsured, damaged property. Homeowners can apply for loans to cover losses to a primary residence, and funds are available to homeowners and renters to cover personal property losses. Non-farm businesses and non-profit organizations of any size can apply for loans to cover physical losses. Economic injury disaster loans are available to small businesses affected financially by a disaster.

SBA disaster loan approvals in the flood-struck Midwest hit the \$100 million mark this week. So far in fiscal year 1993 (Oct. 1, 1992 through Sept. 30, 1993), SBA has approved more than 52,000 disaster loans totalling \$1.47 billion nationwide. This is the second highest rate of disaster home and business loan approvals in the agency's 40 year history. The busiest year was fiscal year 1973, following Hurricane Agnes in the Northeast.

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SBA number: 93-58
Release date: August 11, 1993

For more information,
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SBA SEEKS PARTICIPANTS FOR FIRST TRADE MISSION TO POLAND

WASHINGTON -- The U.S. Small Business Administration (SBA) is seeking firms to join an inaugural week-long trade mission to Poland scheduled for late October. Participants will visit the cities of Wroclaw, Poznan and Warsaw.

Plans call for one-on-one meetings with pre-screened Polish companies eager to do business. The target industries, considered among the best prospects for U.S. exports to Poland by the U.S. Department of Commerce, include:

- computer software and services/computers and peripherals/telecommunications equipment and software;
- environmental/pollution control equipment and industrial process controls; and
- consumer goods.

"The dramatic political and economic changes that have occurred in Eastern Europe since 1989 have created lucrative commercial opportunities for U.S. businesses," said SBA Administrator Erskine Bowles. "We have every reason to believe that American small businesses with good quality products and services can do very well in this environment."

"The trade mission participants will meet face-to-face with Polish firms who have already expressed an interest in the products and services of the participating American firms. If you have never exported, or are new to the Eastern European marketplace, this mission is tailor-made for you."

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The cost for the October 24-30 trade tour is \$1,500 (air travel, hotels and meals not included) and the registration deadline is August 20.

For a copy of the announcement brochure or more information, contact any of these SBA representatives: Jean Smith (202-205-7262, Office of International Trade), Eileen Joyce (704-344-6587, Charlotte, N.C. district office), or Lydia Kleiner (202-205-6673, Office of Women's Business Ownership).

While the trade mission is open to all business owners, the agency is especially urging women-owned firms to consider participation. It's estimated that only 3 percent of women business owners are involved in exporting services or products overseas. The trip evolved through a specialized SBA program, Women Going International (WGI).

Additionally, participants will build on an existing Sister City relationship between Charlotte, N.C. and Wroclaw, as well as network with members of the new Polish association for women business owners and managers.

The mission matches U.S. companies with representatives, agents, distributors, joint venture partners and/or direct customers. All business appointments are screened and arranged in advance by the Commerce Department's U.S. & Foreign Commercial Service (US&FCS) staff in Poznan and Warsaw.

Participants will receive briefings on doing business in Poland by experts from the US&FCS and various other in-country industry experts.

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SBAU.S. Small Business
Administration**NEWS**SBA number: 93-52
Release date: July 28, 1993For more information,
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NEW BEGINNING AT SBA AS IT MARKS 40TH ANNIVERSARY

WASHINGTON, D.C. -- Nearly 12.8 million small businesses have received direct or indirect help from the U.S. Small Business Administration (SBA) since the agency's founding in 1953, SBA Administrator Erskine Bowles said today in marking this week's 40th anniversary of the agency.

"SBA is a great agency that has a lot to be proud of," Bowles said. "I'm especially pleased that SBA's 40th anniversary comes during my first year as Administrator, because it offers me an opportunity to spread the news about the contribution this agency has made and is making to the economy.

"We are already the government's most cost-effective instrument for economic development," he said. "Our track record confirms that. But we can do better. We must become more effective and efficient, more user-friendly, more customer-oriented. And we are going to do that."

Since President Eisenhower signed SBA into existence in July 1953, SBA has delivered almost 12.8 million loans, guarantees, contracts, counseling sessions, and other forms of assistance to small businesses.

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In fact, SBA's current business loan portfolio of more than 176,250 loans worth roughly \$25 billion makes it the largest single financial backer of U.S. businesses in the nation, Bowles said.

Since 1953, SBA's finance investment, procurement, surety bond and disaster assistance programs have provided direct and indirect financial assistance amounting to more than \$166.85 billion to more than 1,240,783 businesses.

This includes 639,797 direct and guaranteed loans under the 7(a) program (\$72.5 billion); 25,243 loans under the 501/502/503/504 programs (\$9.31 billion); 101,659 investments by SBICs in small businesses (\$10.7 billion); 9,400 participants in the 8(a) contracting program (\$42.6 billion); 256,684 disaster loans to farms and businesses (\$11.74 billion), and 208,000 surety bond guarantees covering more than \$20 billion worth of final contracts.

In addition to direct and indirect financial help, SBA's national network of business education, counseling and technical assistance programs has provided management and business training and counseling help to 11,553,255 businesses since 1953.

This includes 8,108,419 training clients and 3,415,123 counseling clients under the Service Corps of Retired Executives (SCORE), Small Business Development Center (SBDC), Small business Institute (SBI), women's, minority and veterans outreach programs, and 29,713 businesses under the 7(j) management and technical assistance program.

Beyond the small business sector, SBA also has made 863,384 disaster assistance loans amounting to nearly \$6.1 billion to homeowners and renters who have suffered physical damage to their property as a result of natural or man-made disasters.

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SBAU.S. Small Business
Administration

NEWS

SBA number:
Release date: 93-5
January 19, 1993

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SBA DISASTER LOANS FOR HURRICANE ANDREW DAMAGE IN FLORIDA TOP \$500 MILLION

WASHINGTON, DC -- U.S. Small Business Administration (SBA) Administrator Patricia Saiki announced today that SBA disaster loan teams in Miami have approved more than 18,000 disaster loans, totalling \$501.3 million, to individuals and business owners affected by Hurricane Andrew in South Florida.

"SBA disaster loans are helping the people of South Florida rebuild their lives. We streamlined our procedures to provide loans in record time, with special emphasis on assisting each applicant individually," Saiki said.

Disaster loans for homeowners, renters and businesses to repair damage from the August 23, 1992 hurricane are still available in Dade and surrounding Florida counties. The deadline to apply for loans to cover physical losses was recently extended to February 19. Small businesses may apply for economic injury disaster loans through May 24.

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"Five months after the hurricane, reconstruction of homes and businesses is well underway, although there is still a long way to go. SBA loan teams remain in Miami and will stay until the job is done," Saiki said.

With loan application deadlines still open, the SBA Hurricane Andrew response in Florida is shaping up as one of the major disaster loan-making efforts in recent years:

<u>DISASTER/STATE</u>	<u>DATE</u>	<u>LOANS APPROVED</u>	<u>DOLLARS APPROVED</u>
Loma Prieta Quake California	10/89	15,038	\$553.7 million
Hurricane Andrew Florida	8/92	18,281	\$501.3 million
Los Angeles Riots California	4/92	5,159	\$305.9 million
Hurricane Hugo South Carolina	9/89	8,643	\$192.0 million

SBA offers disaster loans to homeowners, renters and businesses of all sizes that have uninsured damages from a natural or physical disaster. Loans of up to \$100,000 can be used to repair a primary residence; up to \$20,000 is available to cover personal property losses. Businesses can apply for up to \$500,000. Interest rates can be as low as four percent with loan terms of up to 30 years, based on SBA's determination of each applicant's situation.

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Because SBA makes disaster loans instead of grants, federal recovery funds are repaid to the U.S. Treasury. Delivery of disaster loans to individuals and businesses (excluding farms) has been SBA's responsibility since the agency's inception in 1953. Since that time, more than one million loans totalling nearly \$17 billion have been approved.

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