

NOTES FOR GOVERNOR JAMES B. EDWARDS

SMALL BUSINESS ASSOCIATION

MONDAY, MAY 3, 1976 AT 1:00 P.M.

NATIONAL:

ESTABLISHED IN 1953 TO "AID COUNSEL, ASSIST AND PROTECT INSOFAR AS IS POSSIBLE THE INTEREST OF SMALL BUSINESS CONCERNS INORDER TO PRESERVE FREE COMPETITIVE ENTERPRISE."

EXCLUDING FARMS, 9.42 SMALL BUSINESSES IN THE U.S.

LAST THIRTY YEARS HAS BROUGHT ANNUAL INCREASES IN NUMBER OF BUSINESSES.

REPORTS SHOW THAT ABOUT 57 PERCENT OF ALL BUSINESSES FAIL IN THEIR FIRST FIVE YEARS.

SBA OPERATES 102 OFFICES IN 91 CITIES TO ASSIST SMALL BUSINESSES.

MORE THAN A BILLION DOLLARS IS AVAILABLE EACH YEAR TO PROVIDE LOANS.

COUNSELING AND TRAINING PROGRAMS WERE CONDUCTED FOR MORE THAN 256-THOUSAND SMALL BUSINESS OWNERS AND PROSPECTIVE OWNERS.

THROUGH SUBCONTRACTING, MORE THAN \$9.4 BILLION IN GOVERNMENT CONTRACTS WERE LET TO SMALL BUSINESSES THROUGH THE SBA.

(THE FOLLOWING IS FROM U.S. NEWS AND WORLD REPORT, MAY 3):

NEARLY 9 PERCENT OF SBA LOANS GO BAD. AS OF LAST JUNE, 8.8 PERCENT OR \$344.1 MILLION IN LOANS WERE IN TROUBLE.

A RECENT GENERAL ACCOUNTING OFFICE REPORT SHOWED THAT IN ABOUT ONE OUT OF EVERY FIVE LOANS, THE SBA FAILED TO ADEQUATELY SIZE UP THE FINANCIAL SHAPE OF THE BORROWER. MANY LOANS HAVE GONE TO RELATIVELY WEALTHY PEOPLE.

OF 902 LOANS SAMPLED BY THE GAO, 202 WERE USED TO REPAY DEBTS TO BANKS PARTICIPATING IN THE SBA LOANS. AN ADDITIONAL 217 LOANS WERE USED TO REPAY CREDITORS INCLUDING NON-PARTICIPATING BANKS. NEW SBA ADMINISTRATOR MITCHELL P. KOBELINSKI IS TIGHTENING UP ON THESE LOANS. SBA WILL ASK CONGRESS FOR ADDITIONAL FUNDING FOR THE REST OF THE YEAR AND ASK THAT THE PRESENT INTEREST RATE OF 10½ PERCENT BE RAISED IN JULY.

STATE:

THERE ARE FIVE COLLEGES AND UNIVERSITIES IN SOUTH CAROLINA PARTICIPATING IN THE SMALL BUSINESS INSTITUTE PROGRAM: USC, CLEMSON, THE CITADEL, WINTHROP, AND USC COASTAL.

SBA CONTRACTS WITH THE UNIVERSITIES AND COLLEGES TO PROVIDE MANAGEMENT AND CONSULTING SERVICES TO SMALL BUSINESS OWNERS ON MANAGERIAL PROBLEMS. THE UNIVERSITIES USE SENIOR BUSINESS AND GRADUATE STUDENTS TO GO OUT AND REVIEW AND DISCUSS PROBLEMS WITH BUSINESSMEN WHICH THEY MIGHT BE CONFRONTED WITH AND THEN ARRIVE AT POSSIBLE SOLUTIONS TO THESE PROBLEMS.

AT THE PRESENT TIME, THERE ARE 50 CASES WHICH THESE COLLEGES AND UNIVERSITIES ARE WORKING ON.

FOR FISCAL YEAR (BEGINNING JULY 1, 1975 CONTINUING THROUGH APRIL 30, 1976) THE COLUMBIA OFFICE SBA MADE 215 LOANS IN SOUTH CAROLINA--\$14,375,050.

FOR LATEST FULL FISCAL YEAR, THEY MADE 259 LOANS--\$15,194,800.

PRESENTATION:

GOVERNOR TO PRESENT "SMALL BUSINESS PERSON OF THE YEAR AWARD".

RECIPIENT IS: JOSEPH ANTHONY BICKETT, PRESIDENT, BICKET DISTRIBUTING COMPANY, INC., FLORENCE, SC. BUSINESS DEALS IN FROZEN FOODS, EMPLOYES 14 PEOPLE AND HAS A 14,000 SQUARE FOOT PLANT ON 6½ ACRES OF LAND.