

## SMALL BUSINESS ADMINISTRATION

### Federal Funds

#### General and special funds:

#### SALARIES AND EXPENSES

For necessary expenses of the Small Business Administration as authorized by Public Law 103-403, including hire of passenger motor vehicles (31 U.S.C. 1343 and 1344), and not to exceed \$3,500 for official reception and representation expenses, \$235,401,000: Provided, That the Administration is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan servicing activities: Provided further, That notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to be available for carrying out these purposes without further appropriations.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

#### Program and Financing (in millions of dollars)

Identification code 73-0100-0-1-376	1995 actual	1996 est.	1997 est.
<b>Obligations by program activity:</b>			
00.01 Government Contracting and Minority Enterprise Development .....	33	18	23
00.02 Disaster assistance .....	141	109	28
00.03 Economic development .....	116	108	110
00.04 Management and administration .....	78	81	86
00.05 Executive direction .....	2	1	1
00.06 General Counsel .....	4	3	3
00.07 Congressional and legislative affairs .....	1	1	1
00.08 Hearings and appeals .....	1	.....	.....
00.09 Communications and Publications .....	3	2	2
00.11 Advocacy .....	8	5	7
00.12 Field Operations .....	1	1	4
00.13 Equal Employment Opportunity and Civil Rights Compliance .....	2	1	1
00.14 Regional and District Offices .....	142	113	113
00.15 Chief Financial Office .....	8	9	7
00.16 Field Support .....	.....	24	25
10.00 Total obligations .....	540	476	411
<b>Budgetary resources available for obligation:</b>			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	33	33	.....
22.00 New budget authority (gross) .....	544	443	411
22.30 Unobligated balance expiring .....	-4	.....	.....
23.90 Total budgetary resources available for obligation	573	476	411
23.95 New obligations .....	-540	-476	-411
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	33	.....	.....
<b>New budget authority (gross), detail:</b>			
<b>Current:</b>			
40.00 Appropriation .....	258	219	235
40.75 Procurement reduction pursuant to P.L. 103-[317] .....	-16	.....	.....
43.00 Appropriation (total) .....	242	219	235
<b>Permanent:</b>			
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	303	224	175
70.00 Total new budget authority (gross) .....	544	443	411
<b>Change in unpaid obligations:</b>			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	135	118	112
73.10 New obligations .....	540	476	411
73.20 Total outlays (gross) .....	-558	-482	-426
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation .....	118	112	97
<b>Outlays (gross), detail:</b>			
86.90 Outlays from new current authority .....	185	168	180

86.93	Outlays from current balances .....	70	90	71
86.97	Outlays from new permanent authority .....	303	224	175
87.00	Total outlays (gross) .....	558	482	426
<b>Offsets:</b>				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
Federal sources:				
88.00	Payments from business loan program account .....	-97	-93	-94
88.00	Payments for disaster loan program account .....	-201	-128	-78
88.40	Non-Federal sources .....	-5	-3	-3
88.90	Total, offsetting collections (cash) .....	-303	-224	-175
<b>Net budget authority and outlays:</b>				
89.00	Budget authority .....	241	219	236
90.00	Outlays .....	255	258	251

This appropriation funds salaries, other administrative expenses of the Small Business Administration (SBA), and business education and training programs. The SBA provides assistance to small businesses and to victims of natural disasters through these primary program areas:

**Economic Development.**—The Associate Deputy Administrator for this function exercises direction over the following SBA program offices: Financial Assistance; Surety Bond Guarantees; Investment; International Trade; Women's Business Ownership; Small Business Development Centers; Veterans' Affairs; Native-American Affairs; and Business Initiatives, which includes the Service Corps of Retired Executives. These offices are responsible for the administration of all SBA credit and business education training programs. In 1997, SBA plans to continue providing business management training and tools for the small business community through U.S. Export Assistance Centers, Empowerment Zone One-Stop-Capital Shops, and Business Information Centers. In addition, through new programs such as LowDoc, FASTRAK, and the Export Working Capital Programs (EWCP), SBA has begun targeting financial assistance to segments of the population that have historically been under represented in SBA's credit programs. The SBA's efforts to reduce unnecessary paperwork and make the agency more customer-friendly has attracted new banks interested in establishing partnerships with SBA.

**Government Contracting and Minority Enterprise Development.**—The Associate Deputy Administrator for this function exercises direction over the following SBA program offices: Government Contracting; Minority Enterprise Development; Technology; and Size Standards. These offices are responsible for effectively advocating for small businesses in the area of government contracting. Government Contracting activities are aimed at ensuring that small businesses receive a fair share of government contracts. The Minority Enterprise Development programs provide assistance to minority small business concerns, primarily in the area of Federal procurement. Through this office, SBA assists in the establishment or expansion of firms that are owned by minority or other disadvantaged business persons and have the potential to develop into viable competitive businesses in a reasonable period of time. The Minority Enterprise Development office also evaluates the overall agency performance in promoting minority business development.

**Disaster Assistance.**—The Associate Administrator for the Office of Disaster Assistance oversees the Disaster Loan Program which provides physical disaster loans to individuals and businesses of any size, and economic injury loans to small

**General and special funds—Continued**

**SALARIES AND EXPENSES—Continued**

businesses unable to obtain credit elsewhere. In addition to Presidentially-declared disasters, the program provides loans when a declaration is made by the SBA Administrator. Program eligibility is based on financial criteria and interest rates are set according to statutory formulas. In recent years, the average interest rate on disaster loans has been about four percent. The budget proposes to reduce the cost of disaster loan subsidies by increasing the interest rate on disaster loans to the Treasury's cost of borrowing.

*Advocacy.*—The Chief Counsel for Advocacy acts as a voice for small business within the government. Activities include the representation of small business interests, the analysis of the effects of federal law and regulation on small business, the development and utilization of a small business database to aid in this analysis, and liaison with small business and small business organizations and the public.

*Business Education and Training.*—This appropriation also provides program funds for SBA activities involving business education and training. These programs exist to help entrepreneurs start businesses, stay in business, and grow their businesses. Through one of the widest outreach networks of the Federal government, SBA provides management, technical, and research assistance along with education, training, and information to perspective and existing small business owner/operators.

Data substantiating the benefits produced by the agency's business education and training programs are becoming more readily available. A number of assessments have shown that counseling helps small businesses. Synopses of two such studies are presented below along with program accomplishments.

*Program Performance:*

*Small Business Development Centers (SBDCs).*—The SBDCs provide long term counseling to small businesses at 976 locations in 50 states. In FY 1995, nearly 600,000 customers were helped. Roughly 40 percent of customers are women and 17 percent minorities. A 1992–1993 national study compared the performance improvements of long-term recipients of counseling at 47 SBDCs to the performance of all businesses in the participating states. The SBDC assistance resulted in approximately \$5 in tax revenues for every \$1 spent on the program. Tax revenues exceeded the direct cost of the counseling provided to long-term customers by 15 to 1. For FY 1997, as part of the Administration's Reinventing Government II initiative, the agency is proposing to incorporate a portion of the 7(j) Technical Assistance Program and the Women's Demonstration Project into this business education and training program. For FY 1997, the budget proposes a funding level of \$72.3 million for the enhanced SBDC program.

*Service Corps of Retired Executives (SCORE).*—Through one-on-one counseling and workshops SCORE reaches about 350,000 business owners annually using approximately 13,000 counselors in 700 locations. Counseling costs to the Government are less than \$3 per hour. For 1997, the budget proposes a funding level of \$3.3 million for this program.

*Outreach Initiatives.*—The SBA is actively involved in fostering the development of entrepreneurial skills and economic development opportunities involving veterans, women and businesses engaged in international trade. The budget proposes a 1997 funding level of \$1.1 million to support veterans, women, and international trade outreach initiatives.

*One-Stop-Capital Shops (OSCS).*—One-stop-capital shops are located in urban and rural areas which have been designated as Empowerment Zones. The program and policy objectives of this program are to increase access to capital in economically-distressed areas and to provide systematical

comprehensive business development assistance (i.e., technical, managerial, and financial assistance). Under this new program, SBA will be establishing up to fifteen (15) OSCSs during 1995–1996 in Empowerment Zones designated by HUD and USDA. In addition to these sites, the SBA will be participating in the creation of several other OSCSs in similarly distressed Enterprise Communities. For 1997, the budget proposes \$2.7 million to support this initiative.

*Business Information Centers (BIC).*—In addition to the self-help hardware, software and reference materials, BICs deliver on-site counseling provided by SCORE volunteers. Individuals who are in business or are interested in starting a business will find many resources specifically targeted at helping businesses grow or find new market niches. For 1997, the budget proposes \$485 thousand for this program.

*Native American Affairs.*—This program supports the economic development needs of reservation communities. In FY 1995, over 400 loans were made to Native Americans under the agency's 7(a) program, amounting to nearly \$60 million. Native American firms also made up 7 percent of total contracted dollars of SBA's section 8(a) portfolio in 1995.

*Business Assistance Publications.*—The SBA provides publications on a self-funding basis and distributes an estimated 300,000 items to the public each year.

*Other Services.*—The SBA co-sponsors a variety of special activities with the for-profit, not-for-profit, and public sectors. Many co-sponsored events cost customers between \$35 and \$100, with comparable commercially-sponsored training costing \$300 to \$800. Among the most visible public/private co-sponsorships undertaken is SBA Online, SBA's electronic bulletin board for small businesses. The SBA Online system has been principally underwritten by Sprint, which has paid the cost of all toll-free connections to the system. Between October 1992 and January 1995, more than one million connections to SBA Online were logged, and more than 120,000 individuals used the system on a regular basis.

*Program Performance and Policy Goals.*—SBA has the following program performance and policy goals: 1) provide small businesses with user-friendly access to information, technical and management counseling, and technical assistance and training; 2) design and deliver cost-effective programs that meet the needs of small businesses; 3) align business education programs more closely with financial assistance in a manner that maximizes benefits to customers who obtain SBA guaranteed loans; and 4) expand the use of SCORE volunteers to provide counseling and training on the entire range of SBA programs and services.

*Performance Indicators.*—A true assessment of program effectiveness is a long-term process and there is much to learn about what types of programs contribute to cost-effective business assistance. In the short term, SBA is committed to survey customer satisfaction levels from customers who use its services. In the long run, the agency's performance goal is true economic development and the capacity to assess how SBA business development assistance has contributed to the economy. Performance measures that will be used in 1997 to assess progress in achieving the above goals follow.

Outputs	Intermediate Outcomes
Number of businesses counseled or trained by SCORE volunteers.	Increased customer satisfaction with services
Quality public-private cooperative agreements.	Increased customer access to services, increased focus of specialized programs, and increased leverage of Federal spending
Increased information available on-line	Increased use of services, lower delivery costs, better and more varied information supplied to small business owners
More resource centers, including a BIC in each SBA district, SBDC women's business subcenters, and new Tribal BICs.	Increased access by current and potential small business owners to SBA programs and information

Programs targeted toward increasing small businesses owned by veterans, women, and Native Americans. Increased successful participation of members of these groups in the small business community

**1997 Proposals.**—For agency operating expenses, the budget proposes to continue SBA's efforts to increase administrative efficiencies and enhance the delivery of its programs. Although the agency's programs have grown substantially in recent years, SBA's administrative budget has been able to decline gradually as efficiencies have been realized. Total employment at the agency, excluding disaster-funded positions, which fluctuate with the incidence of natural disaster activity, has been reduced by more than 13 percent since the end of FY 1993.

Object Classification (in millions of dollars)

Identification code 73-0100-0-1-376	1995 actual	1996 est.	1997 est.
Personnel compensation:			
11.1 Full-time permanent .....	151	138	133
11.3 Other than full-time permanent .....	7	6	6
11.5 Other personnel compensation .....	9	2	8
11.9 Total personnel compensation .....	167	146	147
12.1 Civilian personnel benefits .....	47	37	36
21.0 Travel and transportation of persons .....	6	7	6
23.1 Rental payments to GSA .....	23	32	34
23.3 Communications, utilities, and miscellaneous charges .....	18	13	15
24.0 Printing and reproduction .....	2	2	2
25.2 Other services .....	30	27	37
26.0 Supplies and materials .....	3	2	2
31.0 Equipment .....	3	2	2
41.0 Grants, subsidies, and contributions .....	100	99	102
92.0 Undistributed (disaster assistance) .....	141	109	28
99.9 Total obligations .....	540	476	411

Personnel Summary

Identification code 73-0100-0-1-376	1995 actual	1996 est.	1997 est.
Total compensable workyears:			
1001 Full-time equivalent employment .....	5,562	4,178	4,122
1005 Full-time equivalent of overtime and holiday hours .....	320	300	290

Note.—The personnel summary includes regular (non-disaster) full-time equivalents (FTEs) of 3,267, 3,094, and 3,122 in 1995, 1996, and 1997, respectively.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General in carrying out the Inspector General Act of 1978, as amended (5 U.S.C. App. 1-11, as amended by Public Law 100-504), \$9,985,000.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

Program and Financing (in millions of dollars)

Identification code 73-0200-0-1-376	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Management and counsel .....	2	2	2
00.02 Audit .....	2	3	3
00.03 Investigations .....	4	4	4
00.04 Disaster .....	1	1	1
10.00 Total obligations .....	9	10	10
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested balance .....	3	2	1
22.00 New budget authority (gross) .....	9	9	10
23.90 Total budgetary resources available for obligation .....	12	11	11
23.95 New obligations .....	-9	-10	-10
24.40 Unobligated balance available, end of year: Uninvested balance .....	2	1	1
New budget authority (gross), detail:			
40.00 Appropriation .....	9	9	10

Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Appropriation .....	1	1	1
73.10 New obligations .....	9	10	10
73.20 Total outlays (gross) .....	-9	-10	-10
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....	1	1	1
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	8	8	8
86.93 Outlays from current balances .....	1	2	2
87.00 Total outlays (gross) .....	9	10	10
Net budget authority and outlays:			
89.00 Budget authority .....	9	9	10
90.00 Outlays .....	9	10	10

This appropriation provides funds for agency-wide audit, investigative, and inspection/evaluative functions to identify and recommend corrections of management or program deficiencies which may create conditions for fraud, waste, or abuse. The audit function provides internal audit, external audit, and inspection/evaluation oversight activities. Internal audits assess the general management and efficiency of SBA program operations; external audits review all program participants and their compliance with SBA regulations and procedural requirements; and inspection/evaluations address specific requirements of program management and effectiveness. The investigative function detects and investigates allegations of illegal and improper activities involving agency personnel, programs, and operations.

Object Classification (in millions of dollars)

Identification code 73-0200-0-1-376	1995 actual	1996 est.	1997 est.
11.1 Personnel compensation: Full-time permanent .....	6	6	6
12.1 Civilian personnel benefits .....	1	1	1
92.0 Undistributed .....	2	3	3
99.9 Total obligations .....	9	10	10

Personnel Summary

Identification code 73-0200-0-1-376	1995 actual	1996 est.	1997 est.
1001 Total compensable workyears: Full-time equivalent employment .....	106	106	109

Public enterprise funds:

SURETY BOND GUARANTEES REVOLVING FUND

For additional capital for the "Surety Bond Guarantees Revolving Fund", authorized by the Small Business Investment Act, as amended, \$3,730,000, to remain available without fiscal year limitation as authorized by 15 U.S.C. 631 note.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

Program and Financing (in millions of dollars)

Identification code 73-4156-0-3-376	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
10.00 Total obligations (object class 42.0) .....	18	17	18
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance .....	2	4	6
22.00 New budget authority (gross) .....	20	18	21
23.90 Total budgetary resources available for obligation .....	22	22	27
23.95 New obligations .....	-18	-17	-18
24.90 Unobligated balance available, end of year: Fund balance .....	4	6	9

**Public enterprise funds—Continued**

**SURETY BOND GUARANTEES REVOLVING FUND—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 73-4156-0-3-376	1995 actual	1996 est.	1997 est.
New budget authority (gross), detail:			
Current:			
40.00 Appropriation .....	5	3	4
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	15	16	18
70.00 Total new budget authority (gross) .....	20	18	21
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance: Fund balance .....	39	38	35
73.10 New obligations .....	18	17	18
73.20 Total outlays (gross) .....	-19	-20	-17
74.90 Unpaid obligations, end of year: Obligated balance: Fund balance .....	38	35	36
Outlays (gross), detail:			
86.90 Outlays from new current authority .....	4	2	.....
86.93 Outlays from current balances .....	.....	2	.....
86.97 Outlays from new permanent authority .....	15	16	17
87.00 Total outlays (gross) .....	19	20	17
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources .....	-15	-16	-18
Net budget authority and outlays:			
89.00 Budget authority .....	5	2	3
90.00 Outlays .....	4	4	-1

Under this program, the Small Business Administration guarantees a portion of the losses sustained by a surety company as a result of the issuance of a bid, payment, and/or performance bond to a small business concern.

In 1997, the budget proposes a program level anticipated to accommodate expected demand from the preferred surety bond program authorized in P.L. 100-590. The SBA will continue to rely on both preferred and prior approval sureties to deliver this program, with SBA oversight.

Statement of Operations (in millions of dollars)

Identification code 73-4156-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
0101 Revenue .....	14	20	18	21
0102 Expense .....	-20	-18	-17	-18
0109 Net loss .....	-6	2	1	3

Balance Sheet (in millions of dollars)

Identification code 73-4156-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
<b>ASSETS:</b>				
1101 Federal assets: Fund balances with Treasury .....	40	40	39	43
1206 Non-Federal assets: Receivables, net .....	2	2	2	2
1999 Total assets .....	42	42	41	45
<b>LIABILITIES:</b>				
2201 Non-Federal liabilities: Accounts payable .....	40	38	35	36
2999 Total liabilities .....	40	38	35	36
<b>NET POSITION:</b>				
3100 Appropriated capital .....	314	319	322	326
3300 Cumulative results of operations .....	-312	-315	-316	-317
3999 Total net position .....	2	4	6	9
4999 Total liabilities and net position .....	42	42	41	45

**Credit accounts:**

**BUSINESS LOAN PROGRAM ACCOUNT**

For the cost of direct loans, \$2,792,000, and for the cost of guaranteed loans, \$318,580,000, as authorized by 15 U.S.C. 631 note, of which \$2,317,000, to be available until expended, shall be for the Microloan Guarantee Program, and of which \$21,733,000 for the Small Business Investment Company Debentures Program and the Small Business Investment Company Participating Securities Program, shall remain available until September 30, 1998: Provided, That such costs including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That during fiscal year 1997, commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958, as amended, shall not exceed the amount of financings authorized under section 20(n)(2)(B) of the Small Business Act, as amended.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$94,090,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

Unavailable Collections (in millions of dollars)

Identification code 73-1154-0-1-376	1995 actual	1996 est.	1997 est.
Balance, start of year:			
01.99 Balance, start of year .....	.....	.....	16
Receipts:			
02.01 Business loan program downward reestimate of subsidy .....	.....	16	.....
04.00 Total: Balances and collections .....	.....	16	16
07.99 Total balance, end of year .....	.....	16	16

Program and Financing (in millions of dollars)

Identification code 73-1154-0-1-376	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Direct loan subsidy .....	7	9	3
00.02 Guaranteed loan subsidy .....	264	164	329
00.03 Section 503 prepayments .....	30	.....	.....
00.04 Grants .....	27	.....	.....
00.07 Reestimate of loan guarantee subsidy .....	.....	245	.....
00.08 Interest on reestimates of loan guarantee subsidy .....	.....	28	.....
00.09 Administrative expenses .....	97	93	94
10.00 Total obligations .....	425	539	426

Budgetary resources available for obligation:

21.90 Unobligated balance available, start of year: Fund balance .....	26	37	24
22.00 New budget authority (gross) .....	436	527	415
23.90 Total budgetary resources available for obligation .....	462	564	439
23.95 New obligations .....	-425	-539	-426
24.90 Unobligated balance available, end of year: Fund balance .....	37	24	14

New budget authority (gross), detail:

Current:			
40.00 Appropriation .....	405	253	415
40.05 Appropriation (indefinite) .....	1	.....	.....
43.00 Appropriation (total) .....	406	253	415
Permanent:			
60.05 Appropriation (indefinite) .....	.....	274	.....
68.00 Spending authority from offsetting collections: Offsetting collections (cash) .....	30	.....	.....
70.00 Total new budget authority (gross) .....	436	527	415

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance: Appropriation .....	147	179	153
73.10 New obligations .....	425	539	426
73.20 Total outlays (gross) .....	-394	-565	-321
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation .....	179	153	258

Outlays (gross), detail:				
86.90	Outlays from new current authority .....	216	175	205
86.93	Outlays from current balances .....	147	118	118
86.97	Outlays from new permanent authority .....	30	274	.....
87.00	Total outlays (gross) .....	394	565	321
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources .....	-30	.....	.....
Net budget authority and outlays:				
89.00	Budget authority .....	406	527	415
90.00	Outlays .....	364	565	321

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 73-1154-0-1-376	1995 actual	1996 est.	1997 est.	
Direct loan levels supportable by subsidy budget authority:				
1150	Handicapped loans .....	4	.....	.....
1150	Specialized SBIC loans .....	6	.....	.....
1150	Micro loans .....	13	60	34
1159	Total direct loan levels .....	23	60	34
Direct loan subsidy (in percent):				
1320	Handicapped loans .....	41.82	0.00	0.00
1320	Specialized SBIC loans .....	43.10	42.85	0.00
1320	Micro loans .....	19.61	15.69	8.20
1329	Weighted average subsidy rate .....	29.55	15.69	0.00
Direct loan subsidy budget authority:				
1330	Handicapped loans .....	2	.....	.....
1330	Specialized SBIC loans .....	2	.....	.....
1330	Micro loans .....	3	9	3
1339	Total subsidy budget authority .....	7	9	3
Direct loan subsidy outlays:				
1340	Handicapped loans .....	3	1	.....
1340	Specialized SBIC loans .....	3	.....	.....
1340	Micro loans .....	2	8	4
1349	Total subsidy outlays .....	8	9	4
Guaranteed loan levels supportable by subsidy budget authority:				
2150	General business—7(a) (incl. DELTA) .....	7,791	11,046	11,210
2150	Section 502 development company loans .....	43	.....	.....
2150	Section 504 (including DELTA) .....	1,528	2,825	.....
2150	SBIC debenture guarantees .....	104	106	82
2150	SBIC participating security guarantees .....	220	268	149
2150	Specialized SBIC guarantees .....	23	2	.....
2150	Micro loan guarantees .....	.....	8	27
2159	Total loan guarantee levels .....	9,709	14,255	11,468
Guaranteed loan subsidy (in percent):				
2320	General Business—7(a) .....	2.74	1.06	2.68
2320	Section 502 development company loans .....	1.50	.....	.....
2320	Section 504 (including DELTA) .....	0.57	0.00	6.85
2320	SBIC debenture guarantees .....	14.65	15.46	10.01
2320	SBIC participating security guarantees .....	8.90	9.00	9.07
2320	Specialized SBIC guarantees .....	27.85	28.93	.....
2320	Micro loan guarantees .....	11.77	11.95	8.43
2329	Weighted average subsidy rate .....	2.74	1.06	2.68
Guaranteed loan subsidy budget authority:				
2330	General business—7(a) .....	213	120	295
2330	Section 502 development company loans .....	1	.....	.....
2330	Section 504 (including DELTA) .....	9	1	2
2330	SBIC debenture guarantees .....	15	16	8
2330	SBIC participating securities guarantees .....	20	24	14
2330	Specialized SBIC guarantees .....	6	1	.....
2330	Micro loan guarantees .....	.....	1	2
2339	Total subsidy budget authority .....	264	163	321
Guaranteed loan subsidy outlays:				
2340	General business—7(a) (incl. DELTA) .....	169	143	148
2340	Section 502 development company loans .....	1	.....	.....
2340	Section 504 (including DELTA) .....	6	6	2
2340	SBIC debenture guarantees .....	15	16	8
2340	SBIC participating securities guarantees .....	33	24	13
2340	Specialized SBIC guarantees .....	6	1	.....
2340	Micro loan guarantees .....	.....	1	2
2349	Total subsidy outlays .....	230	191	173

SMALL BUSINESS ADMINISTRATION'S SHARE OF DIRECT LOAN LEVELS

[In millions of dollars]			
	1995 actual	1996 est.	1997 est.
Handicapped loans .....	4	0	0
Section 504 loans .....	0	0	2,650
Specialized SBIC loans .....	6	0	0
Micro loans .....	13	60	34
Total direct loans .....	23	60	2,684

SMALL BUSINESS ADMINISTRATION'S SHARE OF GUARANTEED LOAN LEVELS

[In millions of dollars]			
	1995 actual	1996 est.	1997 est.
General business loans .....	6,132	8,395	8,520
Development company loans (Section 502) .....	43	0	0
Development company loans (Section 504) .....	1,528	2,825	0
SBIC debenture guarantees .....	104	106	225
SBIC participating security guarantees .....	220	268	400
Specialized SBIC loans .....	23	2	0
Micro loan guarantees .....	0	8	27
Total guaranteed loans .....	8,050	11,604	9,172

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

**General Business Assistance.**—The Small Business Administration guarantees loans under its section 7(a) General Business Loan program to small businesses that are unable to obtain private financing. These loans must be of such value or so secured as to reasonably assure repayment. No loan may be made unless the financial assistance is not otherwise available on reasonable terms. Under the guarantee plan, the SBA agrees to purchase the guaranteed portion of the loan only upon default.

**Investment Company Assistance.**—A primary function of small business investment companies is to provide a source of equity capital or long-term loans to new or expanding small businesses. The Small Business Investment Act, as amended, authorizes the SBA to guarantee the timely payment of all principal and interest, as scheduled, on debentures issued by such companies. In addition, since 1994, the SBA has guaranteed the performance of participating securities issued by these companies.

**Development Company Assistance.**—Under the Small Business Investment Act, the SBA makes loans through State and local development companies to small businesses. Through these programs, the SBA promotes economic development and job creation and maintenance by stimulating the flow of long-term financing to small business concerns for projects that involve fixed assets. These projects are designed to create or retain a meaningful number of jobs in the communities affected, with a special emphasis on distressed areas. Approximately 154,000 jobs were created or maintained through the \$1.5 billion in loans guaranteed under the Development Company programs in 1995.

**Program Performance:**

**Program performance and policy goals.**—SBA has the following program performance and policy goals: 1) effectively intervene in the economy to correct capital market imperfections; 2) encourage small business lending and surety bonding that results in higher employment and GDP growth; 3) promote capital access for traditionally under-served small business markets and geographic regions, e.g., women, minorities,

Credit accounts—Continued

BUSINESS LOAN PROGRAM ACCOUNT—Continued

small exporters, inner-cities and rural areas; and 4) maintain a high quality portfolio.

*Performance Indicators.*—During the past two years SBA has focused on quantitative, measureable lending goals for underserved segments of the small business market in each district, e.g., minorities, women, and small exporters. The SBA began this process in 1994 when it established internal performance agreements that contained two-year lending goals. Using goal monitoring, the agency is able to track on a regular basis the status of each district office's progress in meeting these goals. Appropriate finance program effectiveness assessment involves the consideration of a number of indicators. First, effectiveness can be assessed by loan-making activity levels—the number and dollar amount of loans guaranteed by SBA. Second, effectiveness can be measured by the health of the loan portfolio—its currency and default figures, and the agency's ultimate record on loan recovery. Beyond these very tangible indicators of success are the more difficult-to-measure indicators. These include such things as the economic benefits that accrue to the small business, its employees, and the community in which it is located.

The number and dollar volume of loans made under the section 7(a) loan program has increased dramatically in recent years. In 1991, SBA made or guaranteed approximately 9,000 loans totaling about \$4 billion. By 1995, those figures had risen to approximately 56,000 loans totaling about \$8 billion, and these figures could have been even higher if additional lending authority had been available. The section 504 program has also shown impressive growth. In 1991, the SBA provided about 1,400 financings totaling nearly \$400 million. By 1995, those figures had increased to about 4,500 financings for \$1.5 billion. Performance measures to be used in 1997 to assess progress in achieving the above goals follow.

Outputs	Intermediate Outcomes
Loans guaranteed—number and dollar amount.	Lower cost loan programs
Private investment leveraged—dollar amount.	Fair and reasonable fees to offset subsidy
Better credit instruments developed—number.	High currency rates
Focused lending for underserved markets—number, dollar amount.	Businesses created, maintained, or expanded
Investments in underserved areas—number.	Increased sources of capital
Businesses created, maintained; jobs created.	Increased capital access for underserved areas
Increased number of EWCP loans .....	Increased small business export sales
Electronic data interchange and monitoring.	High quality and efficient lending practices

Object Classification (in millions of dollars)

Identification code 73-1154-0-1-376	1995 actual	1996 est.	1997 est.
41.0 Direct obligations: Grants, subsidies, and contributions .....	328	446	332
99.0 Reimbursable obligations: Subtotal, reimbursable obligations .....	97	93	94
99.9 Total obligations .....	425	539	426

BUSINESS LOAN PROGRAM ACCOUNT  
(Legislative Proposal, not subject to PAYGO)

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 73-1154-2-1-376	1995 actual	1996 est.	1997 est.
Direct loan levels supportable by subsidy budget authority:			
1150 504 direct .....			2,650
1159 Total direct loan levels .....			2,650
Guaranteed loan levels supportable by subsidy budget authority:			
2150 SBIC Participating Securities .....			251
2150 SBIC Debentures .....			143
2159 Total loan guarantee levels .....			394
Guaranteed loan subsidy (in percent):			
2320 SBIC Participating Securities .....			-5.69
2320 SBIC Debentures .....			-6.45
2329 Weighted average subsidy rate .....			0.00

*Subsidy Rate Changes.*—Over the past year, pursuant to Title V of the 1974 Budget Act, SBA and OMB have conducted a detailed analysis of the loan performance of SBA's 7(a) and 504 credit programs during the period from 1983 through 1995. The results of this analysis have led to a revision of the FY 1997 subsidy rates for each of these programs. For the 504 program, the data analysis indicates that previous estimates of recoveries were substantially higher than SBA's actual recoveries and that previous estimates of defaults were lower than the historical default rate. Consequently, the baseline (current services) subsidy rate for the 504 program was increased from zero to 6.85 percent. For the 7(a) program, the data indicate that actual recoveries and defaults, as well as the timing of such events, differ from previous estimates. Therefore, the baseline (current services) subsidy rate for the 7(a) program has been increased from 1.06 percent to 2.68 percent.

It should be noted, however, that recent trends appear to demonstrate a gradual improvement in the 7(a) portfolio quality. Loans made over the past several years have shown a lower incidence of defaults. This performance improvement and recent legislative changes have been incorporated into the new 7(a) subsidy rate. If these positive trends continue, the 7(a) subsidy rate will begin to decline next year with subsequent reductions to follow for as long as the portfolio quality improves. The SBA and OMB intend to closely monitor these trends and will revise the 7(a) subsidy rate annually as appropriate.

*Section 504 Reforms.*—In order to keep the 504 subsidy rate at zero in FY 1997, the budget proposes to transform the section 504 program's funding mechanism into a direct loan program. Under this proposal, SBA would lend directly to certified development companies, rather than guaranteeing their debentures. This change would eliminate the cost of underwriters and other financial intermediaries. Importantly, these changes would not increase the cost of capital to the Certified Development Companies and would not increase the cost of borrowing to small businesses. This revision would lower the 504 subsidy rate from 6.85 percent to zero.

*SBIC Reforms.*—The budget proposes to increase fees for both participating securities and debentures. The establishment of an annual interest pass-through fee of one percent on the outstanding loan balance and an increase in the upfront funding fee from two percent to three percent for both programs would reduce subsidy costs as follows: from 10.01 percent to 3.65 percent for the debenture program; and from 9.07 percent to 3.38 percent for the participating security program.

**BUSINESS DIRECT LOAN FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 73-4148-0-3-376	1995 actual	1996 est.	1997 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans .....	23	60	34
00.02 Interest on Treasury borrowing .....	7	5	7
10.00 Total obligations .....	30	65	41
<b>Budgetary resources available for obligation:</b>			
22.00 New financing authority (gross) .....	30	65	41
23.95 New obligations .....	-30	-65	-41
<b>New financing authority (gross), detail:</b>			
67.15 Authority to borrow (indefinite) .....	30	58	28
<b>Spending authority from offsetting collections:</b>			
68.00 Offsetting collections (cash) .....	24	27	26
68.10 Change in receivables from program account .....	-3	1	-3
68.47 Portion applied to debt reduction .....	-20	-20	-10
68.90 Spending authority from offsetting collections (total) .....	1	8	13
70.00 Total new financing authority (gross) .....	30	65	41
<b>Change in unpaid obligations:</b>			
<b>Unpaid obligations, start of year:</b>			
72.90 Obligated balance: Fund balance .....	35	33	27
72.95 Receivables from program account .....	6	3	4
72.99 Total unpaid obligations, start of year .....	41	36	31
73.10 New obligations .....	30	65	41
73.20 Total financing disbursements (gross) .....	-35	-69	-55
<b>Unpaid obligations, end of year:</b>			
74.90 Obligated balance: Fund balance .....	33	27	15
74.95 Receivables from program account .....	3	4	1
74.99 Total unpaid obligations, end of year .....	36	31	16
<b>Outlays (gross), detail:</b>			
87.00 Total financing disbursements (gross) .....	35	69	55
<b>Offsets:</b>			
<b>Against gross financing authority and financing disbursements:</b>			
<b>Offsetting collections (cash) from:</b>			
88.00 Federal sources: Payments from program account .....	-7	-9	-3
<b>Non-Federal sources:</b>			
88.40 Repayments of principal, net .....	-7	-6	-11
88.40 Interest received on loans .....	-10	-12	-12
88.90 Total, offsetting collections (cash) .....	-24	-27	-26
88.95 Change in receivables from program accounts .....	3	-1	3
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority .....	9	37	18
90.00 Financing disbursements .....	11	42	29
<b>Status of Direct Loans (in millions of dollars)</b>			
Identification code 73-4148-0-3-376	1995 actual	1996 est.	1997 est.
<b>Position with respect to appropriations act limitation on obligations:</b>			
1111 Limitation on direct loans .....			
1131 Direct loan obligations exempt from limitation .....	23	60	34
1150 Total direct loan obligations .....	23	60	34
<b>Cumulative balance of direct loans outstanding:</b>			
1210 Outstanding, start of year .....	116	126	137
1231 Disbursements: Direct loan disbursements .....	33	41	42
1251 Repayments: Repayments and prepayments .....	-15	-18	-22
1264 Write-offs for default: Other adjustments, net .....	-8	-12	-12
1290 Outstanding, end of year .....	126	137	145

and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 73-4148-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
<b>ASSETS:</b>				
<b>Investments in US securities:</b>				
1106 Federal assets: Receivables, net .....	6	3	4	2
<b>Net value of assets related to post-1991 direct loans receivable:</b>				
1401 Direct loans receivable, gross .....	139	126	137	145
1405 Allowance for subsidy cost (-) .....	-9	-8	-9	-10
1499 Net present value of assets related to direct loans .....	130	118	128	135
1999 Total assets .....	136	121	132	137
<b>LIABILITIES:</b>				
2104 Federal liabilities: Resources payable to Treasury .....	130	118	128	136
2999 Total liabilities .....	130	118	128	136
<b>NET POSITION:</b>				
3100 Appropriated capital .....	6	3	4	1
3999 Total net position .....	6	3	4	1
4999 Total liabilities and net position .....	136	121	132	137

**BUSINESS DIRECT LOAN FINANCING ACCOUNT**

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 73-4148-2-3-376	1995 actual	1996 est.	1997 est.
<b>Obligations by program activity:</b>			
00.01 Direct loans .....			2,650
00.02 Interest on Treasury borrowing .....			33
10.00 Total obligations .....			2,683
<b>Budgetary resources available for obligation:</b>			
22.00 New financing authority (gross) .....			2,683
23.95 New obligations .....			-2,683
<b>New financing authority (gross), detail:</b>			
67.15 Authority to borrow (indefinite) .....			2,574
<b>Spending authority from offsetting collections: Offsetting collections (cash) .....</b>			
68.00 .....			109
70.00 Total new financing authority (gross) .....			2,683
<b>Change in unpaid obligations:</b>			
73.10 New obligations .....			2,683
73.20 Total financing disbursements (gross) .....			-1,490
<b>Unpaid obligations, end of year: Obligated balance:</b>			
74.90 Fund balance .....			1,193
<b>Outlays (gross), detail:</b>			
87.00 Total financing disbursements (gross) .....			1,490
<b>Offsets:</b>			
<b>Against gross financing authority and financing disbursements:</b>			
<b>Offsetting collections (cash) from:</b>			
<b>Non-Federal sources:</b>			
88.40 Repayments of principal, net .....			-75
88.40 Interest received on loans .....			-22
88.40 Fees .....			-12
88.90 Total, offsetting collections (cash) .....			-109
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority .....			2,574
90.00 Financing disbursements .....			1,381

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992

**Credit accounts—Continued**

**BUSINESS DIRECT LOAN FINANCING ACCOUNT—Continued**

Status of Direct Loans (in millions of dollars)

Identification code 73-4148-2-3-376	1995 actual	1996 est.	1997 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation			2,650
1150 Total direct loan obligations			2,650
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1231 Disbursements: Direct loan disbursements			1,325
1251 Repayments: Repayments and prepayments			-66
1290 Outstanding, end of year			1,259

**BUSINESS GUARANTEED LOAN FINANCING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 73-4149-0-3-376	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Default claims	368	452	691
00.02 Payment of downward reestimate to receipt account		16	
10.00 Total obligations	368	468	691
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	1,087	1,258	1,658
22.00 New financing authority (gross)	539	868	947
23.90 Total budgetary resources available for obligation	1,626	2,126	2,605
23.95 New obligations	-368	-468	-691
24.90 Unobligated balance available, end of year: Fund balance	1,258	1,658	1,913
New financing authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	547	859	882
68.10 Change in receivables from program account	-8	9	64
68.90 Spending authority from offsetting collections (total)	539	868	946
70.00 Total new financing authority (gross)	539	868	947
Change in unpaid obligations:			
72.95 Unpaid obligations, start of year: Receivables from program account	63	55	64
73.10 New obligations	368	468	691
73.20 Total financing disbursements (gross)	-376	-459	-627
74.95 Unpaid obligations, end of year: Receivables from program account	55	64	128
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	505	571	
87.00 Total financing disbursements (gross)	376	459	627
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Federal sources: Payments from program account	-264	-164	-329
88.00 Payment from program account—Reestimates		-274	
88.25 Interest on uninvested funds	-65	-45	-55
Non-Federal sources:			
88.40 Fees	-127	-225	-282
88.40 Recoveries	-91	-151	-216
88.90 Total, offsetting collections (cash)	-547	-859	-882
88.95 Change in receivables from program accounts	8	-9	-64
Net financing authority and financing disbursements:			
89.00 Financing authority			1

90.00 Financing disbursements	-171	-400	-255
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Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4149-0-3-376	1995 actual	1996 est.	1997 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	9,709	13,921	11,259
2150 Total guaranteed loan commitments	9,709	13,921	11,259
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	13,007	18,618	25,225
2231 Disbursements of new guaranteed loans	8,402	10,413	11,470
2251 Repayments and prepayments	-2,423	-3,354	-4,359
2261 Adjustments: Terminations for default that result in loans receivable	-368	-452	-688
2290 Outstanding, end of year	18,618	25,225	31,648
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	14,709	19,677	24,369
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	232	527	836
2331 Disbursements for guaranteed loan claims	368	452	688
2351 Repayments of loans receivable	-33	-59	-101
2361 Write-offs of loans receivable	-40	-84	-184
2390 Outstanding, end of year	527	836	1,239

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 73-4149-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1,087	1,258	1,658	1,913
Investments in US securities:				
1106 Receivables, net	63	55	64	128
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross	379	527	836	1,239
1502 Interest receivable	24	23	28	43
1505 Allowance for subsidy cost (-)	-161	-331	-476	-525
1599 Net present value of assets related to defaulted guaranteed loans	242	219	388	757
1999 Total assets	1,392	1,532	2,110	2,798
LIABILITIES:				
2204 Non-Federal liabilities: Liabilities for loan guarantees	1,329	1,451	2,034	2,703
2999 Total liabilities	1,329	1,451	2,034	2,703
NET POSITION:				
3100 Appropriated capital	63	81	76	95
3999 Total net position	63	81	76	95
4999 Total liabilities and net position	1,392	1,532	2,110	2,798



**BUSINESS GUARANTEED LOAN FINANCING ACCOUNT**  
**(Legislative proposal, not subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 73-4149-2-3-376	1995 actual	1996 est.	1997 est.
<b>Obligations by program activity:</b>			
10.00 Total obligations			
<b>Budgetary resources available for obligation:</b>			
22.00 New financing authority (gross)			11
23.95 New obligations			
24.90 Unobligated balance available, end of year: Fund balance			11
<b>New financing authority (gross), detail:</b>			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)			11
<b>Change in unpaid obligations:</b>			
73.10 New obligations			
<b>Outlays (gross), detail:</b>			
87.00 Total financing disbursements (gross)			
<b>Offsets:</b>			
Against gross financing authority and financing disbursements:			
88.40 Offsetting collections (cash) from: Fees			-11
<b>Net financing authority and financing disbursements:</b>			
89.00 Financing authority			
90.00 Financing disbursements			-11

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4149-2-3-376	1995 actual	1996 est.	1997 est.
<b>Position with respect to appropriations act limitation on commitments:</b>			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation			394
2150 Total guaranteed loan commitments			394
<b>Cumulative balance of guaranteed loans outstanding:</b>			
2210 Outstanding, start of year			
2231 Disbursements of new guaranteed loans			394
2251 Repayments and prepayments			-28
2261 Adjustments: Terminations for default that result in loans receivable			
2290 Outstanding, end of year			366
<b>Memorandum:</b>			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			366

**Addendum:**

<b>Cumulative balance of defaulted guaranteed loans that result in loans receivable:</b>			
2310 Outstanding, start of year			
2331 Disbursements for guaranteed loan claims			
2351 Repayments of loans receivable			
2361 Write-offs of loans receivable			
2390 Outstanding, end of year			

**BUSINESS LOAN FUND LIQUIDATING ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 73-4154-0-3-376	1995 actual	1996 est.	1997 est.
<b>Obligations by program activity:</b>			
00.02 Defaults on guarantee loans—regular	238	190	145
00.03 Defaults on guarantee loans—SBIC			
00.05 Other expenses	134	109	81
00.06 Section 503 prepayments	30		

00.91 Total capital expenses	402	299	226
01.01 Operating expenses: Interest expense to Treasury	99	89	76
10.00 Total obligations	501	388	302

**Budgetary resources available for obligation:**  
**Unobligated balance available, start of year:**

<b>Fund balance:</b>			
21.90 Committed	2	1	2
21.90 Uncommitted	528	553	623
21.99 Total unobligated balance, start of year	530	554	625
22.00 New budget authority (gross)	744	469	430
22.60 Redemption of debt	-219	-10	-23
23.90 Total budgetary resources available for obligation	1,055	1,013	1,032
23.95 New obligations	-501	-388	-302
<b>Unobligated balance available, end of year:</b>			
<b>Fund balance:</b>			
24.90 Committed	1	2	
24.90 Uncommitted	553	623	730
24.99 Total unobligated balance, end of year	554	625	730

**New budget authority (gross), detail:**

68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	744	469	430

**Change in unpaid obligations:**

72.90 Unpaid obligations, start of year: Obligated balance:			
Fund balance	-18	113	115
73.10 New obligations	501	388	302
73.20 Total outlays (gross)	-370	-386	-302
74.90 Unpaid obligations, end of year: Obligated balance:			
Fund balance	113	115	115

**Outlays (gross), detail:**

86.97 Outlays from new permanent authority	370	386	302
87.00 Total outlays (gross)	370	386	302

**Offsets:**

<b>Against gross budget authority and outlays:</b>			
<b>Offsetting collections (cash) from:</b>			
88.00 Federal sources	-30		
<b>Non-Federal sources:</b>			
<b>Loan repayments:</b>			
88.40 Financing programs	-183	-170	-160
88.40 Investment programs	-22	-21	-20
88.40 SBIC obligations	-51	-3	
88.40 Section 503 development obligations	-167	-6	-12
<b>Interest income:</b>			
88.40 Financing programs	-115	-136	-125
88.40 Investment programs	-32	-13	-13
88.40 Other income	-144	-120	-100
88.90 Total, offsetting collections (cash)	-744	-469	-430

**Net budget authority and outlays:**

89.00 Budget authority			
90.00 Outlays	-374	-83	-128

Status of Direct Loans (in millions of dollars)

Identification code 73-4154-0-3-376	1995 actual	1996 est.	1997 est.
<b>BUSINESS LOAN FUND, DIRECT LOANS</b>			
<b>Cumulative balance of direct loans outstanding:</b>			
1210 Outstanding, start of year	1,987	1,675	1,476
1232 Disbursements: Purchase of loans assets from the public	199	226	159
1251 Repayments: Repayments and prepayments	-205	-175	-152
1263 Write-offs for default: Direct loans	-306	-250	-221
1290 Outstanding, end of year	1,675	1,476	1,262

**SMALL BUSINESS INVESTMENT COMPANY, DIRECT LOANS**

<b>Cumulative balance of direct loans outstanding:</b>			
1210 Outstanding, start of year	57	6	3
<b>Repayments:</b>			
1251 Repayments and prepayments		-3	-3
1252 Proceeds from loan asset sales to the public or discounted	-51		
1290 Outstanding, end of year	6	3	

**Credit accounts—Continued**

**BUSINESS LOAN FUND LIQUIDATING ACCOUNT—Continued**

Status of Direct Loans (in millions of dollars)—Continued

Identification code 73-4154-0-3-376	1995 actual	1996 est.	1997 est.
SECTION 503 DEVELOPMENT COMPANY, DIRECT LOANS			
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	523	356	350
1251 Repayments: Repayments and prepayments .....	-167	-6	-12
1290 Outstanding, end of year .....	356	350	338

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4154-0-3-376	1995 actual	1996 est.	1997 est.
BUSINESS LOAN FUND, LOAN GUARANTEES			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year .....	9,479	7,675	6,373
2231 Disbursements of new guaranteed loans .....	4		
2251 Repayments and prepayments .....	-1,536	-1,117	-896
Adjustments:			
2261 Terminations for default that result in loans receivable .....	-266	-176	-127
2264 Other adjustments, net .....	-6	-9	-7
2290 Outstanding, end of year .....	7,675	6,373	5,343
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year .....	6,574	5,199	4,375
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year .....	788	1,054	1,230
2331 Disbursements for guaranteed loan claims .....	266	176	127
2390 Outstanding, end of year .....	1,054	1,230	1,357

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. All new activity in this program in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program and financing accounts.

Statement of Operations (in millions of dollars)

Identification code 73-4154-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
0101 Revenue .....	558	170	180	184
0102 Expense .....	-499	-185	-175	-174
0109 Net loss .....	59	-15	5	10

Balance Sheet (in millions of dollars)

Identification code 73-4154-0-3-376	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury .....	512	666	600	575
Investments in US securities:				
1104 Agency securities, par .....		120	100	100
1107 Advances and prepayments .....	17	12	15	16
Non-Federal assets:				
1206 Receivables, net .....	841	485	350	300
1207 Advances and prepayments .....	19	7	10	9
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross .....	1,987	2,036	1,827	1,586
1603 Allowance for estimated uncollectible loans and interest (-) .....	-1,315	-1,215	-1,100	-1,000
1699 Value of assets related to direct loans .....	672	821	727	586

1901 Other Federal assets: Other assets .....	488	99	80	85
1999 Total assets .....	2,549	2,210	1,882	1,671
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable .....	1,461	1,445	1,275	1,150
2102 Interest payable .....	54	156	100	76
Debt:				
2103 Debt to the FFB .....	581	361	297	245
2103 SBIC and development company participation certificates .....	74			
Non-Federal liabilities:				
2201 Accounts payable .....	18	11	10	10
2204 Liabilities for loan guarantees .....	322	200	175	165
2207 Unearned revenue (advances) .....	38	37	25	25
2999 Total liabilities .....	2,548	2,210	1,882	1,671

Object Classification (in millions of dollars)

Identification code 73-4154-0-3-376	1995 actual	1996 est.	1997 est.
33.0 Investments and loans .....	402	299	226
43.0 Interest and dividends .....	99	89	76
99.0 Subtotal, reimbursable obligations .....	501	388	302
99.9 Total obligations .....	501	388	302

**DISASTER LOANS PROGRAM ACCOUNT**

For the cost of direct loans authorized by section 7(b) of the Small Business Act, as amended, \$65,800,000, to remain available until expended: Provided, That such costs including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

In addition, for administrative expenses to carry out the direct loan program, \$78,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

In addition, for the cost of emergency disaster loans and associated administrative expenses, \$100,000,000, to remain available until expended: Provided, That these funds, or any portion thereof, shall be available beginning in fiscal year 1997 to the extent that the President notifies the Congress of his designation of any or all of these amounts as emergency requirements under Section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Provided further, That Congress hereby designates these amounts as emergency requirements pursuant to such Act.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

Program and Financing (in millions of dollars)

Identification code 73-1152-0-1-453	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Direct loan subsidy .....	414	262	66
00.09 Administrative expenses .....	200	127	78
10.00 Total obligations .....	614	389	144
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance .....	434	48	
22.00 New budget authority (gross) .....	130	231	144
22.10 Resources available from recoveries of prior year obligations .....	98	110	
23.90 Total budgetary resources available for obligation .....	662	389	144
23.95 New obligations .....	-614	-389	-144
24.40 Unobligated balance available, end of year:			
Uninvested balance .....	48		
New budget authority (gross), detail:			
40.00 Appropriation .....	130	231	144
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation .....	655	466	232
73.10 New obligations .....	614	389	144
73.20 Total outlays (gross) .....	-705	-513	-257
73.45 Adjustments in unexpired accounts .....	-98	-110	

74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation .....	466	232	119
	Outlays (gross), detail:			
86.90	Outlays from new current authority .....	104	164	111
86.93	Outlays from current balances .....	601	349	146
87.00	Total outlays (gross) .....	705	513	257
	Net budget authority and outlays:			
89.00	Budget authority .....	130	231	144
90.00	Outlays .....	705	513	257

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 73-1152-0-1-453	1995 actual	1996 est.	1997 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct Disaster Loans .....	1,311	932	406
Direct loan subsidy (in percent):			
1320 Disaster subsidy rate .....	31.54	28.08	16.21
Direct loan subsidy budget authority:			
1330 Disaster subsidy budget authority .....	414	262	66
Direct loan subsidy outlays:			
1340 Disaster subsidy outlays .....	505	384	179
Administrative expense data:			
3510 Budget authority .....	200	127	78
3590 Outlays from new authority .....	200	127	78

As required by the Federal Credit Reform Act of 1990, this account records, for loans made pursuant to section 7(b) of the Small Business Act, as amended, the subsidy costs associated with the direct loans obligated in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

Disaster loans made pursuant to Section 7(b) of the Small Business Act are the primary form of Federal assistance for non-farm, private sector disaster losses. For this reason, the program is the only form of SBA assistance not limited to small businesses. Through this program, SBA helps homeowners, renters, businesses of all sizes, and non-profit organizations pay for the cost of rebuilding. Pursuant to the Small Business Act, the government subsidizes borrowers who have incurred uninsured losses or economic injury as the result of a natural disaster. These loans are also a critical source of economic stimulation in disaster-ravaged communities, helping to spur employment and stabilize the local tax base. Eligibility is based on financial criteria. Interest rates fluctuate according to statutory formulas: a lower rate, not to exceed four percent, available to applicants without credit available elsewhere; and a higher rate, not to exceed eight percent, for those with credit available elsewhere. There are three loan programs: physical disaster loans to individuals, physical disaster loans to businesses of any size, and economic injury loans to small businesses without credit available elsewhere.

*Program Performance:*

Over the 41 year history of the program, SBA has helped nearly 1.3 million disaster victims by providing more than \$22.1 billion in disaster assistance. Over 90 percent has been to borrowers that otherwise would not have been able to rebuild. During 1994 alone, SBA approved nearly 125,000 disaster loans for an all-time record amount of about \$4 billion.

Given historical program performance, SBA has annually made approximately \$833 million in loans for disaster relief (excluding the effect of the 1994 Northridge Earthquake). The

1997 request, including the program reform discussed below, would support this program level.

*Program Performance and Policy Goals.*—SBA program performance and policy goals are as follows: 1) provide disaster assistance to victims in the most effective and cost efficient manner; 2) deliver an effective program that achieves its public policy objectives; 3) provide customer-focused assistance that satisfactorily accommodates the needs of all disaster victims; and, 4) simplify and streamline the loan-making process by re-engineering forms, procedures and processes.

*Performance Indicators.*—A true assessment of program effectiveness is a long-term process, and there is much to learn about the true extent that the disaster loan program contributes to effective recovery. In the short term, SBA is committed to providing cost-effective delivery and high satisfaction levels to the customers who use its services. In the long run, the agency's goal is to facilitate true economic recovery and assess how the program's business recovery assistance contributes to the rebuilding of a local or regional economy. Performance measures used in 1997 to assess progress in achieving the above goals follow.

Outputs	Intermediate Outcomes
Loan decision within 7 to 20 days—number, percent.	Increased funds available at time of need
Initial disbursement ordered 4 days after receipt of loan closing documents—number, percent.	Improved customer satisfaction due to simplified and less burdensome processes
Loans approved—number, dollar amount.	Reduced costs to Government

Object Classification (in millions of dollars)

Identification code 73-1152-0-1-453	1995 actual	1996 est.	1997 est.
41.0 Direct obligations: Grants, subsidies, and contributions .....	414	262	66
99.0 Reimbursable obligations: Subtotal, reimbursable obligations .....	200	127	78
99.9 Total obligations .....	614	389	144

DISASTER LOANS PROGRAM ACCOUNT  
(Legislative proposal, not subject to PAYGO)

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 73-1152-2-1-453	1995 actual	1996 est.	1997 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct Disaster Loans .....			427
1159 Total direct loan levels .....			427
Direct loan subsidy (in percent):			
1320 Disaster subsidy rate .....			-8.31

To reduce the substantial subsidy in this program, the budget proposes to increase the interest rate on all disaster loans to the rate on Treasury securities of comparable maturity. This reform would reduce the subsidy rate from 16.21 percent down to 7.90 percent.

DISASTER DIRECT LOAN FINANCING ACCOUNT  
Program and Financing (in millions of dollars)

Identification code 73-4150-0-3-453	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Direct loans .....	1,311	932	833
00.02 Interest on Treasury borrowing .....	180	298	408

**Credit accounts—Continued**

**DISASTER DIRECT LOAN FINANCING ACCOUNT—Continued**

Program and Financing (in millions of dollars)—Continued

Identification code 73-4150-0-3-453	1995 actual	1996 est.	1997 est.
10.00 Total obligations .....	1,491	1,230	1,241
Budgetary resources available for obligation:			
22.00 New financing authority (gross) .....	1,491	1,230	1,241
23.95 New obligations .....	-1,491	-1,230	-1,241
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite) .....	1,488	1,342	1,681
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....	878	827	699
68.10 Change in receivables from program account .....	-231	-76	-98
68.47 Portion applied to debt reduction (-) .....	-644	-863	-1,041
68.90 Spending authority from offsetting collections (total) .....	3	-112	-440
70.00 Total new financing authority (gross) .....	1,491	1,230	1,241
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90 Obligated balance: Fund balance .....	2,112	1,870	1,400
72.95 Receivables from program account .....	438	207	131
72.99 Total unpaid obligations, start of year .....	2,550	2,077	1,531
73.10 New obligations .....	1,491	1,230	1,241
73.20 Total financing disbursements (gross) .....	-1,964	-1,776	-1,489
Unpaid obligations, end of year:			
74.90 Obligated balance: Fund balance .....	1,870	1,400	1,250
74.95 Receivables from program account .....	207	131	33
74.99 Total unpaid obligations, end of year .....	2,077	1,531	1,283
Outlays (gross), detail:			
87.00 Total financing disbursements (gross) .....	1,964	1,776	1,489
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Payments from program account .....	-414	-262	-66
Non-Federal sources:			
88.40 Repayments of principal, net .....	-55	-88	-122
88.40 Interest received on loans .....	-409	-478	-512
88.90 Total, offsetting collections (cash) .....	-878	-828	-700
88.95 Change in receivables from program accounts .....	231	76	98
Net financing authority and financing disbursements:			
89.00 Financing authority .....	844	478	639
90.00 Financing disbursements .....	1,086	948	789

Status of Direct Loans (in millions of dollars)

Identification code 73-4150-0-3-453	1995 actual	1996 est.	1997 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....			
1131 Direct loan obligations exempt from limitation .....	1,311	932	833
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year .....	5,409	7,157	7,891
1231 Disbursements: Direct loan disbursements .....	1,811	923	914
1251 Repayments: Repayments and prepayments .....	-55	-88	-122
1264 Write-offs for default: Other adjustments, net .....	-8	-101	-105
1290 Outstanding, end of year .....	7,157	7,891	8,578

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 73-4150-0-3-453	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:				
Investments in US securities:				
1106 Federal assets: Program account .....	438	466	232	119
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross .....	3,586	6,748	7,005	7,179
1405 Allowance for subsidy cost (-) .....	-235	-414	-262	-66
1499 Net present value of assets related to direct loans .....	3,351	6,334	6,743	7,113
1999 Total assets .....	3,789	6,800	6,975	7,232
LIABILITIES:				
Federal liabilities: Resources payable to Treasury .....				
2104 .....	3,789	6,334	6,743	7,113
2999 Total liabilities .....	3,789	6,334	6,743	7,113
NET POSITION:				
3100 Appropriated capital .....		466	232	119
3999 Total net position .....		466	232	119
4999 Total liabilities and net position .....	3,789	6,800	6,975	7,232

**DISASTER DIRECT LOAN FINANCING ACCOUNT  
(Legislative proposal, not subject to PAYGO)**

Program and Financing (in millions of dollars)

Identification code 73-4150-2-3-453	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Direct loans .....			427
00.02 Interest on Treasury borrowing .....			6
10.00 Total obligations .....			433
Budgetary resources available for obligation:			
22.00 New financing authority (gross) .....			433
23.95 New obligations .....			-433
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite) .....			438
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash) .....			16
68.47 Portion applied to debt reduction (-) .....			-21
68.90 Spending authority from offsetting collections (total) .....			-6
70.00 Total new financing authority (gross) .....			433
Change in unpaid obligations:			
73.10 New obligations .....			433
73.20 Total financing disbursements (gross) .....			-232
74.90 Unpaid obligations, end of year: Obligated balance: Fund balance .....			200
Outlays (gross), detail:			
87.00 Total financing disbursements (gross) .....			232
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of principal, net .....			-1
88.40 Interest received on loans .....			-15
88.90 Total, offsetting collections (cash) .....			-16
Net financing authority and financing disbursements:			
89.00 Financing authority .....			417
90.00 Financing disbursements .....			216

Status of Direct Loans (in millions of dollars)

Identification code 73-4150-2-3-453	1995 actual	1996 est.	1997 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans .....			

1131	Direct loan obligations exempt from limitation .....	427
1150	Total direct loan obligations .....	427
Cumulative balance of direct loans outstanding:		
1210	Outstanding, start of year .....	
1231	Disbursements: Direct loan disbursements .....	143
1251	Repayments: Repayments and prepayments .....	-16
1264	Write-offs for default: Other adjustments, net .....	-17
1290	Outstanding, end of year .....	110

Balance Sheet (in millions of dollars)

Identification code 73-4150-2-3-453	1994 actual	1995 actual	1996 est.	1997 est.
<b>ASSETS:</b>				
Investments in US securities:				
1106	Federal assets: Program account .....			
	Net value of assets related to post-1991 direct loans receivable:			
1401	Direct loans receivable, gross .....			110
1405	Allowance for subsidy cost (-) .....			
1499	Net present value of assets related to direct loans .....			110
1999	Total assets .....			110
<b>LIABILITIES:</b>				
2104	Federal liabilities: Resources payable to Treasury .....			110
2999	Total liabilities .....			110
<b>NET POSITION:</b>				
3100	Appropriated capital .....			
3999	Total net position .....			
4999	Total liabilities and net position .....			110

DISASTER LOAN FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4153-0-3-453	1995 actual	1996 est.	1997 est.	
<b>Obligations by program activity:</b>				
Operating expenses:				
01.01	Interest expense to Treasury .....	89	80	67
01.03	Other expenses .....	12	12	10
01.04	Total operating expenses .....	1		
10.00	Total obligations .....	102	92	77
<b>Budgetary resources available for obligation:</b>				
Unobligated balance available, start of year:				
Fund balance:				
21.90	Committed .....	5	4	4
21.90	Uncommitted .....	373	249	250
21.99	Total unobligated balance, start of year .....	378	253	254
22.00	New budget authority (gross) .....	350	342	289
22.40	Capital transfer to general fund .....	-373	-249	-250
23.90	Total budgetary resources available for obligation .....	355	346	293
23.95	New obligations .....	-102	-92	-77
Unobligated balance available, end of year:				
Fund balance:				
24.90	Committed .....	4	4	4
24.90	Uncommitted .....	249	250	212
24.99	Total unobligated balance, end of year .....	253	254	216
<b>New budget authority (gross), detail:</b>				
68.00	Spending authority from offsetting collections (gross):			
	Offsetting collections (cash) .....	350	342	289
<b>Change in unpaid obligations:</b>				
72.90	Unpaid obligations, start of year: Obligated balance:			
	Fund balance .....	14	51	96
73.10	New obligations .....	102	92	77
73.20	Total outlays (gross) .....	-65	-47	
74.90	Unpaid obligations, end of year: Obligated balance:			
	Fund balance .....	51	96	173

<b>Outlays (gross), detail:</b>			
86.97	Outlays from new permanent authority .....	65	47
87.00	Total outlays (gross) .....	65	47

Offsets:

<b>Against gross budget authority and outlays:</b>				
<b>Offsetting collections (cash) from:</b>				
Non-Federal sources:				
88.40	Loan repayments .....	-242	-252	-213
88.40	Interest income .....	-93	-80	-67
88.40	Other income .....	-12	-10	-9
88.40	Recovery on Loan Cancellations .....	-3		
88.90	Total, offsetting collections (cash) .....	-350	-342	-289

Net budget authority and outlays:

89.00	Budget authority .....			
90.00	Outlays .....	-286	-295	-289

Status of Direct Loans (in millions of dollars)

Identification code 73-4153-0-3-453	1995 actual	1996 est.	1997 est.	
<b>Cumulative balance of direct loans outstanding:</b>				
1210	Outstanding, start of year .....	2,195	1,918	1,620
1231	Disbursements: Direct loan disbursements .....	5		
1251	Repayments: Repayments and prepayments .....	-242	-252	-213
1263	Write-offs for default: Direct loans .....	-40	-46	-39
1290	Outstanding, end of year .....	1,918	1,620	1,368

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from direct loans obligated prior to 1992. This account is shown on a cash basis. All new activity in this program in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program and financing accounts.

Statement of Operations (in millions of dollars)

Identification code 73-4153-0-3-453	1994 actual	1995 actual	1996 est.	1997 est.	
0101	Revenue .....	420	105	90	76
0102	Expense .....	-58	-102	-92	-77
0109	Net income or loss (-) .....	362	3	-2	-1

Balance Sheet (in millions of dollars)

Identification code 73-4153-0-3-453	1994 actual	1995 actual	1996 est.	1997 est.	
<b>ASSETS:</b>					
1101	Federal assets: Fund balances with Treasury .....	392	304	350	340
1206	Non-Federal assets: Receivables, net .....	83	112	70	78
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:					
1601	Direct loans, gross .....	2,196	1,918	1,620	1,368
1603	Allowance for estimated uncollectible loans and interest (-) .....	-177	-154	-165	-160
1699	Value of assets related to direct loans .....	2,019	1,764	1,455	1,208
<b>Other Federal assets:</b>					
1801	Cash and other monetary assets .....	8	1	1	1
1803	Property, plant and equipment, net .....	6			
1999	Total assets .....	2,502	2,187	1,876	1,627
<b>LIABILITIES:</b>					
<b>Federal liabilities:</b>					
2102	Interest payable .....	40	89	32	82
2104	Resources payable to Treasury .....	1			
2201	Non-Federal liabilities: Accounts payable .....	2,460	2,098	1,789	1,545
2999	Total liabilities .....	2,501	2,187	1,821	1,627
4999	Total liabilities and net position .....	2,501	2,187	1,821	1,627

**Credit accounts—Continued**

**DISASTER LOAN FUND LIQUIDATING ACCOUNT—Continued**

Object Classification (in millions of dollars)		1995 actual	1996 est.	1997 est.
Identification code 73-4153-0-3-453				
33.0	Investments and loans .....	11	12	10
43.0	Interest and dividends .....	91	80	67
99.9	Total obligations .....	102	92	77

**POLLUTION CONTROL EQUIPMENT FUND LIQUIDATING ACCOUNT**

**Program and Financing (in millions of dollars)**

Identification code 73-4147-0-3-376		1995 actual	1996 est.	1997 est.
Obligations by program activity:				
10.00	Total obligations (object class 42.0) .....	1	1	1
Budgetary resources available for obligation:				
Unobligated balance available, start of year:				
Fund balance:				
21.90	Committed .....	12	11	10
21.90	Uncommitted .....	3	3	2
21.99	Total unobligated balance, start of year .....	15	14	12
22.00	New budget authority (gross) .....			
23.90	Total budgetary resources available for obligation .....	15	14	12
23.95	New obligations .....	-1	-1	-1
Unobligated balance available, end of year:				
Fund balance:				
24.90	Committed .....	11	10	8
24.90	Uncommitted .....	3	2	2
24.99	Total unobligated balance, end of year .....	14	12	10
New budget authority (gross), detail:				
68.00	Spending authority from offsetting collections (gross):			
	Offsetting collections (cash) .....			
Change in unpaid obligations:				
73.10	New obligations .....	1	1	1
73.20	Total outlays (gross) .....	-1	-1	-1
Outlays (gross), detail:				
86.98	Outlays from permanent balances .....		1	1
87.00	Total outlays (gross) .....	1	1	1
Offsets:				
Against gross budget authority and outlays:				
88.40	Offsetting collections (cash) from: Non-Federal sources .....			
Net budget authority and outlays:				
89.00	Budget authority .....			
90.00	Outlays .....	1	1	1

**Status of Guaranteed Loans (in millions of dollars)**

Identification code 73-4147-0-3-376		1995 actual	1996 est.	1997 est.
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year .....	106	95	86
Adjustments:				
2261	Terminations for default that result in loans receivable .....	-1	-1	-1
2264	Other adjustments, net .....	-10	-8	-7

2290	Outstanding, end of year .....	95	86	78
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year .....	95	76	65
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year .....	53	46	41
2331	Disbursements for guaranteed loan claims .....	1	1	1
2351	Repayments of loans receivable .....	-8	-6	-5
2390	Outstanding, end of year .....	46	41	37

Public Law 94-305 established this fund to alleviate the adverse impact of pollution regulations on small businesses. As a result of the elimination of tax exempt financing associated with the Pollution Control Guaranteed program, no new activity is anticipated for this program.

During 1992, the Small Business Administration started the process of redeeming a large number of outstanding bonds on which it has taken over loan payments. Most of these targeted bonds are ten years old and voluntary redemption is now viable under the bond documents. Redemption of these obligations would preclude the SBA from paying excessive interest over the next ten years.

**Balance Sheet (in millions of dollars)**

Identification code 73-4147-0-3-376		1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:					
1101	Federal assets: Fund balances with Treasury .....	15	14	11	9
1206	Non-Federal assets: Receivables, net .....	21	9	7	6
1701	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Defaulted guaranteed loans, gross .....	6	6	5	4
1999	Total assets .....	42	29	23	19
LIABILITIES:					
2104	Federal liabilities: Resources payable to Treasury .....	20	15	12	10
2201	Non-Federal liabilities: Accounts payable .....	22			
2999	Total liabilities .....	42	15	12	10
NET POSITION:					
3100	Appropriated capital .....	146			
3300	Cumulative results of operations .....	-146			
3600	Other .....		14	11	9
3999	Total net position .....		14	11	9
4999	Total liabilities and net position .....	42	29	23	19

**ADMINISTRATIVE PROVISIONS—SMALL BUSINESS ADMINISTRATION**

*Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers.*

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.