

SMALL BUSINESS ADMINISTRATION

The budget provides \$701 million in new budget authority for the Small Business Administration (SBA). When combined with anticipated carryover and decreased loan subsidy costs, this funding level allows SBA to continue to expand assistance to small businesses at a reduced cost to the Federal taxpayer.

In 1998, SBA proposes to continue to increase its reliance on its private sector partners. Three initiatives will allow SBA to complete its transition from physically servicing and liquidating its \$36 billion loan portfolio to overseeing its private sector partners. First, 7(a) General Business lenders will be required to service and liquidate all loans approved after FY 1997. Second, SBA will sell its \$10 billion portfolio of defaulted guarantees and direct loans beginning in FY 1998. Third, SBA requests \$18 million to improve its portfolio monitoring capabilities. These proposals will allow SBA to focus its limited resources on expanding assistance to small businesses while relying on its private sector partners for "back-end" activities. The budget estimates that these proposals will lead to lower credit, administrative, and subsidy costs.

The budget proposes growth in programs to expand access to capital, assist disadvantaged small businesses, and provide education and training. As part of SBA's goal of stretching taxpayers' dollars, the budget also assumes that (1) Small Business Development Companies will charge counseling fees to substitute for a reduction in federal grants and proposes that (2) disaster loan borrowers pay an interest rate equal to the rate on Treasury securities of comparable maturity.

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 103-403, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed \$3,500 for official reception and representation expenses, [\$223,547,000, of which \$1,000,000 shall only be available for obligation and expenditure for projects jointly developed, implemented and administered with the Minority Business Development Agency of the Department of Commerce] *\$246,100,000*. *Provided*, That the Administrator 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: *Provided further*, That [\$75,500,000] *\$57,500,000* shall be available to fund grants for performance in fiscal year [1997] *1998* or fiscal year [1998] *1999* as authorized by section 21 of the Small Business Act, as amended. [In addition, for expenses not otherwise provided for, of the Small Business Administration, \$11,500,000, of which: \$3,000,000 shall be available for a grant to continue the WVHTC Foundation outreach program to assist small business development; \$7,000,000 shall be available for a grant to the Center for Rural Development in Somerset, Kentucky, for small business and rural technology development assistance; \$1,000,000 shall be available for a grant to Indiana State University for the renovation and equipping of a training facility, to assist in creating small business and economic development opportunities; and \$500,000 shall be available for a continuation grant to the Center for Entrepreneurial Opportunity in Greensburg, Pennsylvania, to provide for small business consulting and assistance.] (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)			
Identification code 73-0100-0-1-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Government Contracting and Minority Enterprise Development	21	21	32
00.02 Disaster assistance	112	126	123
00.03 Economic development	117	132	127
00.04 Management and administration	83	75	77
00.05 Executive direction	2	1	1
00.06 General counsel	5	5	5
00.07 Congressional and legislative affairs	1	1	1
00.08 Hearings and appeals	1	1	1
00.09 Communications and publications	3	2	2
00.11 Advocacy	5	5	5
00.12 Field operations	3	4	5
00.13 Equal Employment Opportunity and civil rights compliance	2	2	2
00.14 Regional and district offices	123	123	126
00.15 Chief financial officer	10	9	10
10.00 Total obligations	488	507	517
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	4		
22.00 New budget authority (gross)	487	508	517
22.22 Unobligated balance transferred from other accounts	2		
22.30 Unobligated balance expiring	-5		
23.90 Total budgetary resources available for obligation	488	508	517
23.95 New obligations	-488	-507	-517
24.40 Unobligated balance available, end of year:			
Uninvested balance			
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	219	235	246
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	268	273	271
70.00 Total new budget authority (gross)	487	508	517
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	174	182	181
73.10 New obligations	488	507	517
73.20 Total outlays (gross)	-477	-508	-514
73.40 Adjustments in expired accounts	-3		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	182	181	184
Outlays (gross), detail:			
86.90 Outlays from new current authority	169	180	188
86.93 Outlays from current balances	40	55	55
86.97 Outlays from new permanent authority	268	273	271
87.00 Total outlays (gross)	477	508	514
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Payments from business loan program account	-97	-95	-97
88.00 Payments from disaster loan program account	-164	-127	-173
88.00 Reprogramming of disaster loan subsidy	-50		
88.40 Non-Federal sources	-7	-1	-1
88.90 Total, offsetting collections (cash)	-268	-273	-271
Net budget authority and outlays:			
89.00 Budget authority	219	235	246
90.00 Outlays	209	235	243

General and special funds—Continued**SALARIES AND EXPENSES—Continued**

Summary of Budget Authority and Outlays

(in millions of dollars)

Enacted/requested:	1996 actual	1997 est.	1998 est.
Budget Authority	219	235	246
Outlays	209	235	243
Legislative proposal, subject to PAYGO:			
Budget Authority			1
Outlays			1
Total:			
Budget Authority	219	235	247
Outlays	209	235	244

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 (ADA) 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 1998, SBA plans to continue providing business management training and tools for the small business community through U.S. Export Assistance Centers, 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 have 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 Federal procurement awards. The Minority Enterprise Development programs provide assistance to socially and economically disadvantaged small business concerns, primarily in the areas of business development and Federal procurement. Through this office, SBA assists firms that are owned by disadvantaged persons to help them develop into viable competitive businesses in a reasonable period of time.

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 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 is charged by law to be an independent voice for small business within

the government, and to: (1) examine the role of small business in the economy and its contribution to competition; (2) evaluate financial markets and the credit needs of small business; (3) measure the costs of regulation on small business; and, (4) monitor agency compliance with the Regulatory Flexibility Act (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA).

Program Performance

Small Business Development Centers (SBDCs).—The SBDCs provide long term counseling to small businesses at about 1,000 locations in 50 states. In FY 1996, nearly 600,000 customers were helped of which roughly 40 percent of the customers were women and 17 percent were minorities.

Service Corps of Retired Executives (SCORE).—Using one-on-one counseling and workshops SCORE reaches about 270,000 business owners annually using approximately 13,000 counselors through approximately 400 chapters located across the country. Counseling costs to the Government are less than \$3 per hour. For 1998, the budget proposes a funding level of \$3.5 million for this program.

Microloan Technical Assistance.—The Microloan Program helps support the Administration's initiative to put those on welfare to work by providing opportunities to start up small businesses using SBA-guaranteed microloans. Microloan Technical Assistance grants ensure that microloan borrowers are provided the necessary education and training needed for them to succeed. The budget provides \$16.5 million in Microloan grants.

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 1998 funding level of approximately \$1 million to support veterans, women, and international trade outreach initiatives.

Women's Demonstration Program.—Through this program the SBA makes awards to private entities to deliver entrepreneurial training programs for women business owners or those interested in starting a business. In 1996, 54 demonstration sites, or business centers, were operating in 28 states and Washington, DC. Each offers financial, management, marketing and technical assistance to current and potential women business owners. This budget proposes \$4 million for this program in 1998 to establish 10 to 12 new sites, and to continue two initiatives begun in 1996: the Women's Business Intranet (which links all of the demonstration sites) and a virtual demonstration site on the Internet, which will allow women nationwide to have access to these services.

Business Information Centers (BIC).—These centers offer self-help hardware, software and reference materials, and 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 1998, the budget proposes \$500 thousand for this program.

Native American Affairs.—This program supports the economic development needs of reservation communities. In 1996, over 400 loans were made to Native Americans under the agency's 7(a) program, amounting to more than \$66 million in loans. The agency also opened 15 new Tribal Business Information Centers (TBICs) to deliver business education and training on reservations.

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

One Stop Capital Shops (OSCS).—One Stop Capital Shops are located in Empowerment Zone, Enterprise Community, and Rural Economic Area Partnership communities. The objectives of these programs are to stimulate and sustain eco-

conomic development in these economically distressed and underserved areas. The OSCS is a delivery mechanism for existing SBA programs that emphasize the use of public/private relationships. The SBA serves as a catalyst by offering its business development and capital resources together in one location with other federal, state, local, and private sector resources in order to leverage and complement those resources and provide better customer service. Based on the performance of the 15 shops, the SBA plans to expand the number in 1998.

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, 1996, more than one and a half million connections to SBA Online were logged, and more than 120,000 individuals used the system on a regular basis.

Performance Measures

Program and Policy Goals under the GPRA.—President Clinton has made small business formation and growth an essential part of his national economic plan. He has asked the Small Business Administration to focus on five program and policy goals as part of the plan: (1) improve small businesses' access to capital; (2) reduce the regulatory and paperwork burden on small firms; (3) offer quality business education, information, and training; (4) serve as the President's eyes and ears, reporting back to him on the needs of small business, and function as an "advocate" for small businesses; and, (5) help disaster victims to rebuild so they can contribute again to the Nation's economy.

SBA Strategic Plan.—It is the mission of the SBA to serve America's small businesses in the most cost effective manner possible to help preserve free competition, to contribute to strengthening the Nation's economy, and to assist disaster-ravaged communities recover from their losses.

Performance Indicators.—In the long run, the Agency's performance goal is true economic development and the capacity to assess how SBA assistance contributes to helping small businesses succeed. A variety of credit and non-credit business output and outcome measures are included in the SBA strategic and annual performance plan to measure progress in the following areas: businesses created, maintained, and/or expanded; jobs created, and revenues generated; cost effective access to quality training, counseling and information; private capital leveraged more effectively; improved customer satisfaction; reduced paperwork, more understandable regulations, and increased compliance; increased use of resource partners and more flexible lending; small businesses receiving an increased share of Federal procurement and research; efficient delivery of disaster service and a greater satisfaction level; and, delivery of SBA programs that "work better and cost less."

1998 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 22 percent since the end of 1992.

Portfolio monitoring.—Over the past four years, SBA has aggressively increased access to capital, reduced staffing, and delegated authority to its private sector partners. In order to support these trends and to maintain a quality portfolio, the budget requests \$18 million for improving portfolio monitoring. This initiative, which is a key part of the 1998 7(a) General Business Loan Guaranty Program proposal, will allow SBA to: recruit expertise in lender oversight; develop the necessary in-house systems for lender monitoring; contract with a financial advisor on asset disposition; and establish performance standards for SBA lenders similar to those developed by other financial institutions such as Fannie Mae. The ADA for Economic Development will re-engineer portfolio management, incorporate the best practices of the other financial institutions with lender oversight, and develop lender performance goals. The Chief Information Officer will direct the design of a corporate database that provides timely information on portfolio performance, and the Chief Financial Officer will guide the collection of financial information, analysis and the reporting needed to support this enhanced oversight capability.

SBDC counseling fees.—The budget requests \$57.5 million for the SBDC program, \$16 million below the 1997 level. The Administrator assumes that SBDCs will charge fees for counseling services to offset this reduction in Federal support.

Disadvantaged business development.—The budget includes additional resources that will enable SBA to assume increased responsibilities pursuant to the U.S. Department of Justice's Affirmative Action Review. The budget provides \$1.9 million to re-engineer business processes and improve SBA's ability to provide support for Small Disadvantaged Businesses. The budget also proposes to increase the 7(j) program to \$9.2 million in order to provide increased management and technical assistance and training for the development of firms owned by socially- and economically-disadvantaged individuals. Assistance to these 8(a) program participants will be tailored to the developmental needs of individual firms. The existing 7(j) Executive Education Program will be expanded to four additional sites to reach a geographically wider audience of new entrepreneurs.

PASS database.—The 1998 budget includes \$1.2 million for the Procurement Automated Source System (PASS). PASS is the cornerstone of SBA's system for posting the profiles of small businesses interested in procurement opportunities with the federal government or its large, prime contractors. The system also will accept data required to support the certification process as recommended by the Department of Justice's Affirmative Action Review and will be an important component of new efforts to ensure compliance with federal acquisition regulations.

Object Classification (in millions of dollars)

Identification code 73-0100-0-1-376	1996 actual	1997 est.	1998 est.
Personnel compensation:			
11.1 Full-time permanent	144	148	152
11.3 Other than full-time permanent	7	7	7
11.5 Other personnel compensation	4	4	4
11.9 Total personnel compensation	155	159	163
12.1 Civilian personnel benefits	39	40	41
21.0 Travel and transportation of persons	5	5	5
22.0 Transportation of things	1		
23.1 Rental payments to GSA	26	25	27
23.3 Communications, utilities, and miscellaneous charges	12	12	13
24.0 Printing and reproduction	2	1	1
25.2 Other services	35	31	54
26.0 Supplies and materials	2	1	1
31.0 Equipment	3	1	1
41.0 Grants, subsidies, and contributions	96	106	88
Undistributed:			
92.0 Undistributed (disaster loan making)	93	104	102
92.0 Undistributed (disaster loan servicing)	19	22	21

General and special funds—Continued

SALARIES AND EXPENSES—Continued

Object Classification (in millions of dollars)—Continued

Identification code 73-0100-0-1-376	1996 actual	1997 est.	1998 est.
99.9 Total obligations	488	507	517

Personnel Summary

Identification code 73-0100-0-1-376	1996 actual	1997 est.	1998 est.
Total compensable workyears:			
1001 Full-time equivalent employment	4,640	4,450	4,522
1005 Full-time equivalent of overtime and holiday hours	300	290	300

Note.—The personnel summary includes regular (non-disaster) full-time equivalents (FTEs) of 3,023, 2,985, and 3,047 in 1996, 1997, and 1998, respectively.

SALARIES AND EXPENSES

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 73-0100-4-1-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.03 Economic development			1
10.00 Total obligations (object class 25.2)			1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			1
23.95 New obligations			-1
New budget authority (gross), detail:			
42.00 Transferred from other accounts			1
Change in unpaid obligations:			
73.10 New obligations			1
73.20 Total outlays (gross)			-1
Outlays (gross), detail:			
86.90 Outlays from new current authority			1
Net budget authority and outlays:			
89.00 Budget authority			1
90.00 Outlays			1

In 1998, the budget proposes that fees collected for SBIC examination and licensing be collected by the Salaries and Expenses Account to fund the costs of contracting out for SBIC examination and licensing.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App. 1-11, as amended by Public Law 100-504), **[\$9,000,000] \$10,600,000.** (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 73-0200-0-1-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Management and counsel	2	2	2
00.02 Audit	3	3	3
00.03 Investigations	4	4	5
00.04 Disaster	1	2	1
10.00 Total obligations	10	11	11
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	2	1	
22.00 New budget authority (gross)	9	9	11

22.22 Unobligated balance transferred from other accounts		1	
23.90 Total budgetary resources available for obligation	11	11	11
23.95 New obligations	-10	-11	-11
24.40 Unobligated balance available, end of year:			
Uninvested balance	1		

New budget authority (gross), detail:

40.00 Appropriation	9	9	11
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Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1	1	1
73.10 New obligations	10	11	11
73.20 Total outlays (gross)	-10	-10	-11
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	10
86.93 Outlays from current balances	2	2	1
87.00 Total outlays (gross)	10	10	11

Net budget authority and outlays:

89.00 Budget authority	9	9	11
90.00 Outlays	10	10	11

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. 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.

The 1998 budget requests \$10.6 million to support an increase in staff required for critical oversight of SBA's burgeoning business loan portfolio, the disaster assistance program, and other programs. The OIG oversight efforts and investigative activities: (1) enhance the SBA's efficiency and effectiveness; (2) serve to deter fraud and abuse in agency programs; and (3) consistently demonstrated a high rate of return on invested funds.

Object Classification (in millions of dollars)

Identification code 73-0200-0-1-376	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Full-time permanent	7	8	8
12.1 Civilian personnel benefits	1	2	2
92.0 Undistributed	2	1	1
99.9 Total obligations	10	11	11

Personnel Summary

Identification code 73-0200-0-1-376	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment	109	110	112

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] \$3,500,000**, to remain available without fiscal year limitation as authorized by 15 U.S.C. 631 note. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)				
Identification code 73-4156-0-3-376	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
10.00 Total obligations (object class 42.0)	16	16	16	
Budgetary resources available for obligation:				
21.90 Unobligated balance available, start of year: Fund balance	2	1	6	
22.00 New budget authority (gross)	16	22	21	
23.90 Total budgetary resources available for obligation	18	23	27	
23.95 New obligations	-16	-16	-16	
24.90 Unobligated balance available, end of year: Fund balance	1	6	11	
New budget authority (gross), detail:				
Current:				
40.00 Appropriation	3	4	4	
Permanent:				
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	13	17	17	
70.00 Total new budget authority (gross)	16	21	21	
Change in unpaid obligations:				
72.90 Unpaid obligations, start of year: Obligated balance: Fund balance	40	41	39	
73.10 New obligations	16	16	16	
73.20 Total outlays (gross)	-15	-18	-18	
74.90 Unpaid obligations, end of year: Obligated balance: Fund balance	41	39	37	
Outlays (gross), detail:				
86.90 Outlays from new current authority	2	1	1	
86.93 Outlays from current balances				
86.97 Outlays from new permanent authority	13	17	17	
86.98 Outlays from permanent balances				
87.00 Total outlays (gross)	15	18	18	
Offsets:				
Against gross budget authority and outlays:				
88.40 Offsetting collections (cash) from: Non-Federal sources	-13	-17	-17	
Net budget authority and outlays:				
89.00 Budget authority	3	5	4	
90.00 Outlays	2	1	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 1998, 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	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	20	16	22	21
0102 Expense	-18	-16	-16	-16
0109 Net loss	2		6	5

Balance Sheet (in millions of dollars)

Identification code 73-4156-0-3-376	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury				
1206 Non-Federal assets: Receivables, net	2		2	2
1999 Total assets	42	43	45	45
LIABILITIES:				
2201 Non-Federal liabilities: Accounts payable	38	41	36	36
2999 Total liabilities	38	41	36	36

NET POSITION:				
3100 Appropriated capital	319	321	326	326
3300 Cumulative results of operations	-315	-320	-317	-317
3999 Total net position	4	1	9	9
4999 Total liabilities and net position	42	42	45	45

Credit accounts:

BUSINESS LOANS PROGRAM ACCOUNT

For [the cost of direct loans, \$1,691,000, and for] the cost of guaranteed loans, [\$182,017,000] \$173,235,000, 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 \$40,510,000] \$20,233,000 for the Small Business Investment Company Debentures Program and the Small Business Investment Company Participating Securities Program shall remain available until September 30, [1998] 1999: Provided, That such costs, including the cost 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] 1998, 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] \$2,300,000,000, and direct loan obligations and commitments to guarantee loans under section 7(m) of the Small Business Act of 1953, as amended, shall not exceed \$44,086,000.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$94,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.)

Unavailable Collections (in millions of dollars)

Identification code 73-1154-0-1-376	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			188
Receipts:			
02.01 Business loan program downward reestimate of subsidy		188	50
04.00 Total: Balances and collections		188	238
07.99 Total balance, end of year		188	238

Program and Financing (in millions of dollars)

Identification code 73-1154-0-1-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loan subsidy	1	2	2
00.02 Guaranteed loan subsidy	117	226	180
00.07 Reestimate of loan guarantee subsidy	245	183	
00.08 Interest on reestimates of loan guarantee subsidy	29	15	
00.09 Administrative expenses	93	94	94
00.10 Microloan grants (in S&E)	4	1	3
10.00 Total obligations	489	521	279
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	41	77	33
22.00 New budget authority (gross)	527	478	267
22.21 Unobligated balance transferred to other accounts	-2		
22.30 Unobligated balance expiring	-1		-23
23.90 Total budgetary resources available for obligation	565	555	277
23.95 New obligations	-489	-521	-279
24.90 Unobligated balance available, end of year: Fund balance	77	33	
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	253	279	267
Permanent:			
60.05 Appropriation (indefinite)	274	199	
70.00 Total new budget authority (gross)	527	478	267

Credit accounts—Continued

BUSINESS LOANS PROGRAM ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 73-1154-0-1-376	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	129	96	160
73.10 New obligations	489	521	279
73.20 Total outlays (gross)	-522	-458	-272
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	96	160	165
Outlays (gross), detail:			
86.90 Outlays from new current authority	119	176	168
86.93 Outlays from current balances	129	83	104
86.97 Outlays from new permanent authority	274	199	.....
87.00 Total outlays (gross)	522	458	272
Net budget authority and outlays:			
89.00 Budget authority	527	478	267
90.00 Outlays	522	458	272

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

Identification code 73-1154-0-1-376	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Micro loans	9	24	19
1159 Total direct loan levels	9	24	19
Direct loan subsidy (in percent):			
1320 Micro loans	15.69	8.86	10.28
1329 Weighted average subsidy rate	15.69	8.86	10.28
Direct loan subsidy budget authority:			
1330 Micro loans	1	2	2
1339 Total subsidy budget authority	1	2	2
Direct loan subsidy outlays:			
1340 Micro loans	2	2	2
1349 Total subsidy outlays	2	2	2
Guaranteed loan levels supportable by subsidy budget authority:			
2150 General business—7(a)	7,328	7,815	6,595
2150 General business—7(a) DELTA	23	48	88
2150 Section 504	2,443	2,650	2,300
2150 Section 504 DELTA	10	50	139
2150 SBIC debentures	109	300	376
2150 SBIC participating securities	238	410	456
2150 Micro loan guarantees	2	19	25
2159 Total loan guarantee levels	10,153	11,292	9,979
Guaranteed loan subsidy (in percent):			
2320 General business—7(a)	1.06	2.54	2.32
2320 General business—7(a) DELTA	3.15	4.57	3.25
2320 Section 504	0.00	0.00	0.00
2320 Section 504 DELTA	0.57	1.01	0.72
2320 SBIC debentures	15.46	3.19	2.30
2320 SBIC participating securities	9.00	3.29	2.54
2320 Micro loan guarantees	11.95	8.21	8.12
2329 Weighted average subsidy rate	1.15	2.12	1.51
Guaranteed loan subsidy budget authority:			
2330 General business—7(a)	78	199	153
2330 General business—7(a) DELTA	1	2	3
2330 Section 504 .....	.....	.....	.....
2330 Section 504 DELTA .....	.....	1	1
2330 SBIC debentures	17	10	9
2330 SBIC participating securities	21	14	12
2330 Micro loan guarantees .....	.....	2	2
2339 Total subsidy budget authority	117	228	180
Guaranteed loan subsidy outlays:			
2340 General business—7(a)	103	135	149
2340 General business—7(a) DELTA .....	.....	1	2
2340 Section 504	5	1	.....
2340 Section 504 DELTA .....	.....	.....	1
2340 SBIC debentures	17	10	9

2340 SBIC participating securities	21	14	12
2340 Micro loan guarantees .....	.....	1	2
2349 Total subsidy outlays	146	162	175

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.

Budget authority is not requested for the section 504 and microloan programs in 1998. Instead, an appropriated loan level that currently reflects expected needs is requested.

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 involving 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 243,500 jobs were created or maintained through the \$2.4 billion in loans guaranteed under the Development Company programs in 1996.

Program Performance

Program performance and policy goals.—SBA has the following program performance and policy objectives to support its first GPRA goal of Improving Access to Capital: (1) focus lending on “traditionally under-served” small businesses; (2) offer specialized financing, such as venture capital, export financing, and bonding opportunities; (3) improve methods of providing credit assistance through electronic lending, less documentation, centralized functions, and one-stop capital access points; (4) reduce costs by maintaining high quality portfolio through an improved liquidation process; and, (5) effectively implement a loan asset sales program.

Performance Indicators.—During the past three 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, effec-

tiveness 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. In 1996, those figures had risen to approximately 46,000 loans totaling about \$7.3 billion. The section 504 program has also shown impressive growth. In 1991, the SBA provided about 1,400 financings totaling nearly \$400 million. By 1996, those figures had increased to about 6,900 financings for \$2.4 billion. Performance measures to be used in 1998 to assess progress in achieving the above goals follow.

Outputs	Outcomes
<ul style="list-style-type: none"> • Number and dollar value of guaranteed loans. • Percentages of loans going to underserved markets. • Client access to SBA services (customer satisfaction). • Percentage of loans taken that are current. • More flexible credit delivery instruments developed. 	<ul style="list-style-type: none"> • Financial viability: higher percentages of business skill in business after five years, and higher percentage of borrowers who fully repay loans. • Numbers of businesses created, expanded and/or maintained. • Jobs created and revenue generated.

Section 7(a): Reflecting an improvement of the 7(a) loan portfolio and implementation of SBA's Liquidation Improvement Project, the baseline (current services) 7(a) subsidy rate declines from 2.54 percent to 2.32 percent. The budget proposes to reduce this rate to 1.80 percent through a three-part policy initiative. First, lenders will be required to service and liquidate all loans approved after 1997. This initiative builds on SBA's record of success in working with lenders under the LowDoc, Preferred Lender, and Fastrack programs, which are now serviced and liquidated by 7(a) lenders. This initiative will also allow SBA to focus its resources on expanding access to capital and portfolio monitoring, rather than physically servicing and liquidating defaulted loans. Second, SBA will establish a deferred purchase policy for all new loans, requiring lenders to liquidate all business chattel prior to SBA's default claim payment, reducing the Government's present value default costs. Third, SBA will invest \$18 million in portfolio monitoring improvements. This funding will be used to recruit expertise in lender oversight, establish financial performance goals for private sector partners, create a database for tracking lender and portfolio performance, and develop a management information system to provide timely and accurate information to agency management. In combination, these three proposals will lower the 7(a) subsidy rate from 2.32 percent to 1.80 percent, reducing the subsidy budget authority needed to fund the requested \$8.5 billion loan level by \$44.2 million. This reduction reflects the estimated improvement in defaults and an increase in recoveries resulting from improved monitoring of servicing and more efficient liquidation performed by SBA lenders. The lower rate also reflects the present value savings resulting from the deferred purchase.

Section 504: The 1998 subsidy rate reflects improved 504 loan performance. However, this improvement is more than offset by reductions in the estimate of recoveries on defaulted loans. Therefore, to maintain the baseline subsidy rate at zero, the budget increases the pass-through fee to the 1997 authorized level of .9375%.

Loan asset sales: As part of SBA's transition from loan servicing to lender oversight, the budget proposes the sale of all direct and defaulted business loans in FYs 1998 and 1999. (SBA disaster loans will be sold over a three-year period.) These sales will allow SBA to focus its limited resources on expanding access to capital rather than servicing and liquidating a growing portfolio. The budget estimates that SBA's business loan assets will be sold at a net gain to the Government.

Microloan Program: The Agency proposes to continue the Microloan direct and guarantee loan programs in 1998, using carryover funding remaining from 1997.

Object Classification (in millions of dollars)

Identification code 73-1154-0-1-376	1996 actual	1997 est.	1998 est.
25.2 Other services	97	95	97
41.0 Grants, subsidies, and contributions	392	426	182
99.9 Total obligations	489	521	279

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	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 General business—7(a)			1,905
Guaranteed loan subsidy (in percent):			
2320 General business—7(a)			-0.52

BUSINESS DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4148-0-3-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans	9	24	39
00.02 Interest on Treasury borrowing	7	8	10
10.00 Total obligations	16	32	49
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	15	30	50
23.95 New obligations	-16	-32	-49
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)	13	24	41
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	32	19	46
68.10 Change in receivables from program account	-1	-3	1
68.47 Portion applied to debt reduction	-29	-10	-38
68.90 Spending authority from offsetting collections (total)	2	6	9
70.00 Total new financing authority (gross)	15	30	50
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90 Obligated balance: Fund balance	54	44	11
72.95 Receivables from program account	5	4	1
72.99 Total unpaid obligations, start of year	59	48	12
73.10 New obligations	16	32	49
73.20 Total financing disbursements (gross)	-28	-68	-41
Unpaid obligations, end of year:			
74.90 Obligated balance: Fund balance	44	11	17
74.95 Receivables from program account	4	1	2
74.99 Total unpaid obligations, end of year	48	12	19
87.00 Total financing disbursements (gross)	28	68	41

Credit accounts—Continued

BUSINESS DIRECT LOAN FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 73-4148-0-3-376	1996 actual	1997 est.	1998 est.	
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
88.00	Federal sources: Payments from program account	-12	-2	-4
Non-Federal sources:				
88.40	Repayments of principal, net	-14	-8	-11
88.40	Interest received on loans	-6	-9	-8
88.40	Proceeds from loan asset sale			-23
88.90	Total, offsetting collections (cash)	-32	-19	-46
88.95	Change in receivables from program accounts	1	3	-1
Net financing authority and financing disbursements:				
89.00	Financing authority	-16	14	3
90.00	Financing disbursements	-4	49	-5

Status of Direct Loans (in millions of dollars)

Identification code 73-4148-0-3-376	1996 actual	1997 est.	1998 est.	
Position with respect to appropriations act limitation on obligations:				
1111	Limitation on direct loans			
1131	Direct loan obligations exempt from limitation	9	24	19
1150	Total direct loan obligations	9	24	19
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	167	161	155
1231	Disbursements: Direct loan disbursements	12	12	13
1251	Repayments: Repayments and prepayments	-14	-14	-28
1264	Write-offs for default: Other adjustments, net	-4	-4	-8
1290	Outstanding, end of year	161	155	132

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 73-4148-0-3-376	1995 actual	1996 actual	1997 est.	1998 est.	
ASSETS:					
Investments in US securities:					
1106	Federal assets: Receivables, net	3	302	310	319
Net value of assets related to post-1991 direct loans receivable:					
1401	Direct loans receivable, gross	126	120	123	127
1405	Allowance for subsidy cost (-)	-8	-53	-54	-56
1499	Net present value of assets related to direct loans	118	67	69	71
1999	Total assets	121	369	379	390
LIABILITIES:					
2104	Federal liabilities: Resources payable to Treasury	118	369	379	390
2999	Total liabilities	118	369	379	390
NET POSITION:					
3100	Appropriated capital	3			
3999	Total net position	3			
4999	Total liabilities and net position	121	369	379	390

BUSINESS GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4149-0-3-376	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.01	Default claims	399	552	701
00.02	Payment of downward reestimate to receipt account	16	188	
00.03	Payment to liquidation account			188
00.04	Negative subsidy from loan asset sales			50
10.00	Total obligations	415	740	939
Budgetary resources available for obligation:				
21.90	Unobligated balance available, start of year: Fund balance	1,076	1,376	1,461
22.00	New financing authority (gross)	716	826	1,017
23.90	Total budgetary resources available for obligation	1,792	2,202	2,478
23.95	New obligations	-415	-740	-939
24.90	Unobligated balance available, end of year: Fund balance	1,376	1,461	1,539
New financing authority (gross), detail:				
Spending authority from offsetting collections:				
68.00	Offsetting collections (cash)	755	826	1,037
68.10	Change in receivables from program account	-39		-20
68.90	Spending authority from offsetting collections (total)	716	826	1,017
70.00	Total new financing authority (gross)	716	826	1,017
Change in unpaid obligations:				
72.95	Unpaid obligations, start of year: Receivables from program account	125	86	86
73.10	New obligations	415	740	939
73.20	Total financing disbursements (gross)	-455	-741	-959
74.95	Unpaid obligations, end of year: Receivables from program account	86	86	66
87.00	Total financing disbursements (gross)	455	741	959
Offsets:				
Against gross financing authority and financing disbursements:				
Offsetting collections (cash) from:				
Federal sources:				
88.00	Payments from program account	-205	-225	-179
88.00	Payment from program account—Reestimates	-274	-199	
88.25	Interest on uninvested funds	-36	-65	-65
Non-Federal sources:				
88.40	Fees	-153	-169	-183
88.40	Proceeds from loan asset sales			-386
88.40	Recoveries	-87	-168	-224
88.90	Total, offsetting collections (cash)	-755	-826	-1,037
88.95	Change in receivables from program accounts	39		20
Net financing authority and financing disbursements:				
89.00	Financing authority			
90.00	Financing disbursements	-299	-85	-78

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4149-0-3-376	1996 actual	1997 est.	1998 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	10,154	10,641	11,887
2150	Total guaranteed loan commitments	10,154	10,641	11,887
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	20,907	24,630	28,452
2231	Disbursements of new guaranteed loans	6,773	6,955	7,143
2251	Repayments and prepayments	-2,651	-2,723	-2,796
2261	Adjustments: Terminations for default that result in loans receivable	-399	-410	-421
2290	Outstanding, end of year	24,630	28,452	32,378

Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	20,193	23,282	26,455
Addendum:				
Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	393	628	870
2331	Disbursements for guaranteed loan claims	399	410	421
2351	Repayments of loans receivable	-62	-63	-65
2361	Write-offs of loans receivable	-102	-105	-107
2364	Other adjustments, net			-512
2390	Outstanding, end of year	628	870	607

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	1995 actual	1996 actual	1997 est.	1998 est.	
ASSETS:					
Federal assets:					
1101	Fund balances with Treasury	1,258	1,257	1,291	1,326
Investments in US securities:					
1106	Receivables, net	55	164	168	173
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:					
1501	Defaulted guaranteed loans receivable, gross	527	628	870	607
1502	Interest receivable	23	45	46	47
1505	Allowance for subsidy cost (-)	-331	-331	-340	-349
1599	Net present value of assets related to defaulted guaranteed loans	219	342	576	305
1999	Total assets	1,532	1,763	2,035	1,804
LIABILITIES:					
2204	Non-Federal liabilities: Liabilities for loan guarantees	1,451	1,763	2,035	1,804
2999	Total liabilities	1,451	1,763	2,035	1,804
NET POSITION:					
3100	Appropriated capital	81			
3999	Total net position	81			
4999	Total liabilities and net position	1,532	1,763	2,035	1,804

BUSINESS LOAN FUND LIQUIDATING ACCOUNT
Program and Financing (in millions of dollars)

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
Capital expenses:				
00.02	Defaults on guarantee loans—	335	327	318
00.05	Other expenses	106	103	50
00.91	Total capital expenses	441	430	368
01.01	Operating expenses: Interest expense to Treasury	84	70	30
10.00	Total obligations	525	500	398
Budgetary resources available for obligation:				
Unobligated balance available, start of year:				
Fund balance:				
21.90	Committed	1	1	1
21.90	Uncommitted	339	337	347
21.99	Total unobligated balance, start of year	340	338	348
22.00	New budget authority (gross)	566	551	610
22.60	Redemption of debt	-43	-42	-41
23.90	Total budgetary resources available for obligation	863	847	917

23.95	New obligations	-525	-500	-398
Unobligated balance available, end of year:				
Fund balance:				
24.90	Committed	1	1	1
24.90	Uncommitted	337	347	518
24.99	Total unobligated balance, end of year	338	348	519

New budget authority (gross), detail:				
68.00	Spending authority from offsetting collections (gross):			
	Offsetting collections (cash)	566	551	610

Change in unpaid obligations:				
72.90	Unpaid obligations, start of year: Obligated balance:			
	Fund balance	327	389	439
73.10	New obligations	525	500	398
73.20	Total outlays (gross)	-463	-450	-348
74.90	Unpaid obligations, end of year: Obligated balance:			
	Fund balance	389	439	488

Outlays (gross), detail:				
86.97	Outlays from new permanent authority	463	450	348

Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources			-188
Non-Federal sources:				
Loan repayments:				
88.40	Financing programs	-175	-171	-153
88.40	Investment programs	-38	-37	-28
88.40	SBIC obligations	-6	-5	
88.40	Section 503 development obligations	-27	-27	-26
Interest income:				
88.40	Financing programs	-123	-120	-117
88.40	Investment programs	-50	-48	-23
88.40	Other income	-137	-133	-65
88.40	Section 503 Prepayments	-10	-10	-10
88.90	Total, offsetting collections (cash)	-566	-551	-610

Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	-104	-101	-262

Status of Direct Loans (in millions of dollars)

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.	
BUSINESS LOAN FUND, DIRECT LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	1,675	1,352	1,050
1232	Disbursements: Purchase of loans assets from the public	152	117	90
1251	Repayments: Repayments and prepayments	-214	-208	-101
1262	Adjustments: Discount on loan asset sales to the public or discounted			-439
1263	Write-offs for default: Direct loans	-261	-211	-82
1290	Outstanding, end of year	1,352	1,050	518

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.	
SMALL BUSINESS INVESTMENT COMPANY, DIRECT LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	6		
Repayments:				
1251	Repayments and prepayments	-6		
1252	Proceeds from loan asset sales to the public or discounted			
1290	Outstanding, end of year			

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.	
SECTION 503 DEVELOPMENT COMPANY, DIRECT LOANS				
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	356	319	281
Repayments:				
1251	Repayments and prepayments	-22	-23	-20
1252	Proceeds from loan asset sales to the public or discounted	-15	-15	-13
1290	Outstanding, end of year	319	281	248

Credit accounts—Continued

BUSINESS LOAN FUND LIQUIDATING ACCOUNT—Continued

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.
BUSINESS LOAN FUND, LOAN GUARANTEES			
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	7,675	6,383	5,341
2231 Disbursements of new guaranteed loans	1	1	1
2251 Repayments and prepayments	-1,078	-896	-750
Adjustments:			
2261 Terminations for default that result in loans receivable	-201	-135	-91
2264 Other adjustments, net	-14	-12	-10
2290 Outstanding, end of year	6,383	5,341	4,491
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	5,495	4,598	3,866
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	1,054	1,255	1,390
2331 Disbursements for guaranteed loan claims	201	135	91
2390 Outstanding, end of year	1,255	1,390	1,481

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	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	170	189	210	234
0102 Expense	-185	149	165	184
0109 Net loss	-15	338	375	418

Balance Sheet (in millions of dollars)

Identification code 73-4154-0-3-376	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	666	727	794	866
Investments in US securities:				
1104 Agency securities, par	120	160	214	286
1107 Advances and prepayments	12	9	7	5
Non-Federal assets:				
1206 Receivables, net	485	816	780	745
1207 Advances and prepayments	7	7	7	7
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	2,036	1,671	1,331	766
1603 Allowance for estimated uncollectible loans and interest (-)	-1,215	-1,114	-787	-401
1699 Value of assets related to direct loans	821	557	544	365
1901 Other Federal assets: Other assets	99	61	37	23
1999 Total assets	2,210	2,337	2,383	2,297
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	1,445	1,667	1,670	1,610
2102 Interest payable	156	94	96	96
Debt:				
2103 Debt to the FFB	361	318	325	327
2103 SBIC and development company participation certificates	7	7	7	7

Non-Federal liabilities:

2201 Accounts payable	11	15	15	15
2204 Liabilities for loan guarantees	200	71	72	73
Other:				
2207 Unearned revenue (advances)	37			
2207 Other Liabilities		165	168	169
2999 Total liabilities	2,210	2,337	2,353	2,297
4999 Total liabilities and net position	2,210	2,337	2,353	2,297

Object Classification (in millions of dollars)

Identification code 73-4154-0-3-376	1996 actual	1997 est.	1998 est.
33.0 Investments and loans	441	430	368
43.0 Interest and dividends	84	70	30
99.0 Subtotal, reimbursable obligations	525	500	398
99.9 Total obligations	525	500	398

BUSINESS LOAN FUND LIQUIDATING ACCOUNT

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 73-4154-4-3-376	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Uncommitted			
23.95 New obligations			
24.90 Unobligated balance available, end of year: Uncommitted			-1
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

DISASTER LOANS PROGRAM ACCOUNT

For the cost of direct loans authorized by section 7(b) of the Small Business Act, as amended, \$105,432,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

In addition, for For administrative expenses to carry out the direct loan program, \$86,500,000, including not to exceed \$500,000 for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan program \$173,200,000, [and said sums] which may be transferred to and merged with appropriations for Salaries and Expenses [and Office of Inspector General]. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 73-1152-0-1-453	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loan subsidy	243	150	90
00.09 Administrative expenses	164	177	173
10.00 Total obligations	407	327	263
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested balance	92	83	83
22.00 New budget authority (gross)	331	327	173
22.10 Resources available from recoveries of prior year obligations	67		35
23.90 Total budgetary resources available for obligation	490	410	291
23.95 New obligations	-407	-327	-263
24.40 Unobligated balance available, end of year: Uninvested balance	83	83	28
New budget authority (gross), detail:			
40.00 Appropriation	331	327	173

Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation	251	157
73.10	New obligations	407	327
73.20	Total outlays (gross)	-434	-311
73.45	Adjustments in unexpired accounts	-67	
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation	157	173
<hr/>			
Outlays (gross), detail:			
86.90	Outlays from new current authority	228	232
86.93	Outlays from current balances	206	79
87.00	Total outlays (gross)	434	311
<hr/>			
Net budget authority and outlays:			
89.00	Budget authority	331	327
90.00	Outlays	434	311

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

Identification code 73-1152-0-1-453	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150	Direct Disaster Loans	867	747
1159	Total direct loan levels	867	747
Direct loan subsidy (in percent):			
1320	Disaster subsidy rate	0.00	0.00
1329	Weighted average subsidy rate	28.08	20.02
Direct loan subsidy budget authority:			
1330	Disaster subsidy budget authority	243	150
1339	Total subsidy budget authority	243	150
Direct loan subsidy outlays:			
1340	Disaster subsidy outlays	270	134
1349	Total subsidy outlays	270	134
<hr/>			
Administrative expense data:			
3510	Budget authority	164	177
3590	Outlays from new authority	164	177

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. 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 over 1.3 million disaster victims by providing more than \$24.1 billion in disaster assistance. Over 90 percent has been to borrowers that otherwise would not have been able to rebuild.

During 1996 alone, SBA approved nearly 38,000 disaster loans for an amount of almost \$1 billion.

Program Performance and Policy Goals.—The SBA program performance and policy goals are: 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; 4) simplify and streamline the loan-making process by re-engineering forms, procedures and processes; and, 5) effectively implement the proposed asset sales program.

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 to be used in 1998 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

1998 Proposals

Under current law, interest rates fluctuate according to statutory formulas: a lower rate, not to exceed four percent, is available to applicants without credit available elsewhere; a higher rate, not to exceed eight percent, is charged to borrowers who have credit available elsewhere. To reduce the subsidy in this program, the budget proposes to increase the interest rate for borrowers without credit available elsewhere to the cost to the U.S. Treasury for securities of comparable maturity. For borrowers with access to credit elsewhere, the interest rate would be pegged above the Treasury rate. This change would reduce the subsidy from 23.46 percent to 11.44 percent, enabling more loans to be made with the same amount of budget authority. Baseline loan levels would increase from \$383 million to \$785 million, a difference of \$402 million. In the schedules below, the effects of the legislative proposal should not be added to the regular budget schedules.

Historically, SBA has approved approximately \$785 million in loans for disaster relief annually, excluding the effect of the 1994 Northridge Earthquake. No appropriation of loan subsidy budget authority is requested for the Disaster Loans Program Account for 1998. The 1998 loan program will be fully funded from anticipated carryforward balances provided the recommended revisions to the disaster loan interest rates are enacted.

This budget requests \$5.8 billion in contingent funding for FY 1998, the 1991-1997 average emergency spending under the BEA. This fund will be available to this and other accounts as the need arises. Please see the Emergency Requirements for Natural Disasters account in the Funds Appropriated to the President Chapter for more detailed information. The requested amount for future years will be based on average emergency funding under the BEA.

The base programs will have access to the proposed contingency fund once all available appropriations in the affected account/accounts have been obligated, and a Presidential decision has been made to make additional funds available. The fund is meant to be flexible enough to respond to a variety of disasters and thus does not reserve or dedicate specific

Credit accounts—Continued

DISASTER LOANS PROGRAM ACCOUNT—Continued

amounts within the total for the eligible programs. The flexibility of the fund is essential to meet the full range of disaster funding requirements.

Object Classification (in millions of dollars)

Identification code 73-1152-0-1-453	1996 actual	1997 est.	1998 est.
41.0 Direct obligations: Grants, subsidies, and contributions	243	150	90
99.0 Reimbursable obligations: Subtotal, reimbursable obligations	164	177	173
99.9 Total obligations	407	327	263

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	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct Disaster Loans			402
1159 Total direct loan levels			402

DISASTER DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4150-0-3-453	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans	867	747	785
00.02 Interest on Treasury borrowing	296	396	459
00.03 Purchase of loans from liquidating			100
10.00 Total obligations	1,163	1,143	1,344
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	1,163	1,143	1,345
23.95 New obligations	-1,163	-1,143	-1,344
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)	1,311	1,436	1,643
Spending authority from offsetting collections:			
Offsetting collections (cash):			
68.00 Offsetting collections (cash)	807	760	728
68.00 Proceeds from loan asset sales (cash)			100
68.10 Change in receivables from program account	-86	-47	-29
68.47 Portion applied to debt reduction (-)	-869	-1,006	-1,097
68.90 Spending authority from offsetting collections (total)	-148	-293	-298
70.00 Total new financing authority (gross)	1,163	1,143	1,345
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90 Obligated balance: Fund balance: Unpaid obligations	1,870	2,053	1,824
72.95 Receivables from program account	207	121	74
72.99 Total unpaid obligations, start of year	2,077	2,174	1,898
73.10 New obligations	1,163	1,143	1,344
73.20 Total financing disbursements (gross)	-1,066	-1,419	-1,422
Unpaid obligations, end of year:			
74.90 Obligated balance: Fund balance: Unpaid obligations	2,053	1,824	1,775
74.95 Receivables from program account	121	74	45
74.99 Total unpaid obligations, end of year	2,174	1,898	1,820
87.00 Total financing disbursements (gross)	1,066	1,419	1,422

Offsets:

Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Payments from program account	-243	-150	-90
Non-Federal sources:			
88.40 Repayments of principal, net			-100
88.40 Repayments of principal, net	-88	-120	-154
88.40 Interest received on loans	-476	-490	-484
88.90 Total, offsetting collections (cash)	-807	-760	-828
88.95 Change in receivables from program accounts	86	47	29
Net financing authority and financing disbursements:			
89.00 Financing authority	442	430	546
90.00 Financing disbursements	259	659	594

Status of Direct Loans (in millions of dollars)

Identification code 73-4150-0-3-453	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	867	747	785
1150 Total direct loan obligations	867	747	785
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	6,748	7,227	7,391
1231 Disbursements: Direct loan disbursements	946	874	638
Repayments:			
1251 Repayments and prepayments	-408	-610	-638
1252 Proceeds from loan asset sales to the public or discounted			
1264 Write-offs for default: Other adjustments, net	-59	-100	-106
1290 Outstanding, end of year	7,227	7,391	7,285

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	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Investments in US securities:				
1106 Federal assets: Program account	466	227	232	93
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	6,748	7,227	7,389	7,278
1405 Allowance for subsidy cost (-)	-414	-248	-308	-142
1499 Net present value of assets related to direct loans	6,334	6,979	7,081	7,136
1999 Total assets	6,800	7,206	7,313	7,229
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	6,334	6,979	7,170	7,135
2999 Total liabilities	6,334	6,979	7,170	7,135
NET POSITION:				
3100 Appropriated capital	466	227	143	94
3999 Total net position	466	227	143	94
4999 Total liabilities and net position	6,800	7,206	7,313	7,229

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

Program and Financing (in millions of dollars)

Identification code 73-4150-2-3-453	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans			402
00.02 Interest payment to Treasury			1
10.00 Total obligations			403
Budgetary resources available for obligation:			
22.00 New financing authority (gross)			403
23.95 New obligations			-403
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)			403
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)			17
68.47 Portion applied to debt reduction (-)			-17
68.90 Spending authority from offsetting collections (total)			
70.00 Total new financing authority (gross)			403
Change in unpaid obligations:			
73.10 New obligations			403
73.20 Total financing disbursements (gross)			-403
87.00 Total financing disbursements (gross)			403
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Repayments of principal, net			-2
88.40 Interest received on loans			-15
88.45 Offsetting governmental collections			
88.90 Total, offsetting collections (cash)			-17
88.95 Change in receivables from program accounts			
Net financing authority and financing disbursements:			
89.00 Financing authority			386
90.00 Financing disbursements			386

Status of Direct Loans (in millions of dollars)

Identification code 73-4150-2-3-453	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1131 Direct loan obligations exempt from limitation			403
1150 Total direct loan obligations			403
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1231 Disbursements: Direct loan disbursements			403
1251 Repayments: Repayments and prepayments			-17
1264 Write-offs for default: Other adjustments, net			-16
1290 Outstanding, end of year			370

DISASTER LOAN FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4153-0-3-453	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
01.01 Interest expense to Treasury	78	70	63
01.03 Other expenses	13	10	8
10.00 Total obligations	91	80	71
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Fund balance:			
21.90 Committed	4	2	4

21.90 Uncommitted	207	175	144
21.99 Total unobligated balance, start of year	211	177	148
22.00 New budget authority (gross)	307	269	345
22.40 Capital transfer to general fund	-249	-218	-215
23.90 Total budgetary resources available for obligation	269	228	278
23.95 New obligations	-91	-80	-71
Unobligated balance available, end of year:			
Fund balance:			
24.90 Committed	2	4	2
24.90 Uncommitted	175	144	205
24.99 Total unobligated balance, end of year	177	148	207

New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	307	269	345

Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance:			
Fund balance	93	79	159
73.10 New obligations	91	80	71
73.20 Total outlays (gross)	-105		
74.90 Unpaid obligations, end of year: Obligated balance:			
Fund balance	79	159	230

Outlays (gross), detail:			
86.97 Outlays from new permanent authority	91		
86.98 Outlays from permanent balances	14		
87.00 Total outlays (gross)	105		

Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
Non-Federal sources:			
88.40 Loan repayments	-213	-200	-186
88.40 Interest income	-80	-60	-52
88.40 Other income	-12	-9	-7
88.40 Recovery on Loan Cancellations	-2		
88.40 Proceeds from loan asset sales			-100
88.90 Total, offsetting collections (cash)	-307	-269	-345

Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-202	-269	-345

Status of Direct Loans (in millions of dollars)

Identification code 73-4153-0-3-453	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1,918	1,676	1,416
1231 Disbursements: Direct loan disbursements			
Repayments:			
1251 Repayments and prepayments	-213	-220	-186
1252 Proceeds from loan asset sales to the public or discounted			-100
1263 Write-offs for default: Direct loans	-29	-40	-34
1290 Outstanding, end of year	1,676	1,416	1,096

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	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	93	93	78	103
0102 Expense	-102	-102	-83	-74
0109 Net income or loss (-)	-9	-9	-5	29

Credit accounts—Continued

DISASTER LOAN FUND LIQUIDATING ACCOUNT—Continued

Balance Sheet (in millions of dollars)

Identification code 73-4153-0-3-453	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	304	256	269	255
1206 Non-Federal assets: Receivables, net	112	111	78	69
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	1,918	1,677	1,415	1,096
1603 Allowance for estimated uncollectible loans and interest (-)	-154	-129	-160	-135
1699 Value of assets related to direct loans	1,764	1,548	1,255	961
Other Federal assets:				
1801 Cash and other monetary assets	1		1	1
1803 Property, plant and equipment, net	6	5		
1999 Total assets	2,187	1,920	1,603	1,286
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	89	78	70	63
2104 Resources payable to Treasury				
2201 Non-Federal liabilities: Accounts payable	2,098	1,842	1,533	1,322
2999 Total liabilities	2,187	1,920	1,603	1,385
4999 Total liabilities and net position	2,187	1,920	1,603	1,385

Object Classification (in millions of dollars)

Identification code 73-4153-0-3-453	1996 actual	1997 est.	1998 est.
33.0 Investments and loans	13	10	8
43.0 Interest and dividends	78	70	63
99.0 Subtotal, reimbursable obligations	91	80	71
99.9 Total obligations	91	80	71

POLLUTION CONTROL EQUIPMENT FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 73-4147-0-3-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 42.0)	1	3	3
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Fund balance:			
21.90 Committed	11	14	9
21.90 Uncommitted	3	-1	3
21.99 Total unobligated balance, start of year	14	13	12
23.90 Total budgetary resources available for obligation	14	13	12
23.95 New obligations	-1	-3	-3
Unobligated balance available, end of year:			
Fund balance:			
24.90 Committed	14	9	7
24.90 Uncommitted	-1	3	3
24.99 Total unobligated balance, end of year	13	12	10
Change in unpaid obligations:			
73.10 New obligations	1	3	3
73.20 Total outlays (gross)	-1	-3	-3
Outlays (gross), detail:			
86.98 Outlays from permanent balances	1	3	3
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays		3	3

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4147-0-3-376	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	100	86	73
Adjustments:			
2261 Terminations for default that result in loans receivable		-1	-1
2264 Other adjustments, net	-14	-12	-10
2290 Outstanding, end of year	86	73	62
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	86	73	62
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	46	47	43
2331 Disbursements for guaranteed loan claims	1	1	1
2351 Repayments of loans receivable		-5	-6
2390 Outstanding, end of year	47	43	38

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	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	14	13	12	10
1206 Non-Federal assets: Receivables, net	9	9	10	9
1701 Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Defaulted guaranteed loans, gross	6	6	7	8
1999 Total assets	29	28	29	27
LIABILITIES:				
2104 Federal liabilities: Resources payable to Treasury	15	28	26	27
2201 Non-Federal liabilities: Accounts payable				
2999 Total liabilities	15	28	26	27
NET POSITION:				
3100 Appropriated capital				
3300 Cumulative results of operations				
3600 Other	14	1	3	2
3999 Total net position	14	1	3	2
4999 Total liabilities and net position	29	29	29	29

ADMINISTRATIVE PROVISIONS—SMALL BUSINESS ADMINISTRATION

SEC. 504. 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: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1997.*)