

## TSONGAS AMENDMENT

Mr. Chairman, I am offering an amendment to authorize the Direct Loan program at \$220 million.

This amount is the same as the Senate Budget Committee level, and is a reduction of \$10 million over current law levels.

On many occasions, I find myself in agreement with the Chairman on issues, and often defer to his superior wisdom on the details of SBA programs. However, what the Chairman is proposing--- to eliminate all direct lending of SBA with the exception of the handicapped, seems to me to be too drastic a step, and I am reluctant, in fact cannot support him on this.

My understanding is that while past problems with direct lending have been documented in the press, and by GAO, we have in fact held only one hearing in this committee over the past three years on direct loans. Furthermore, to my knowledge, neither that hearing nor any related actions have really addressed how we can improve this program, and make it work better.

I know the Chairman feels that the amount of money is small, and so widely dispersed as to have a limited impact. I will tell the Chairman that so far in 1983 only 19 loans have been made in SBA's Boston office, which is a very small number. But to my mind, the SBA is a great part of the problem here. They have decided to eliminate the program, and have been inconsistent and uneven, to say the least, in their management of the direct loans. This year there was a proposal by the President to defer 2nd quarter funds for this program, which forced funds until just a few weeks ago, when Congress disapproved that deferral as part of the jobs bill.

I am saying that we don't really have a handle on the program because it is in disarray, and while that may lead the Chairman to the conclusion that it should be killed, it leads me to the conclusion that we should examine it, and find out whether we

should kill it, or in fact whether we should repair it. The reason it is important to me that we not take what I consider to be irrevokable action here as part of this markup is because I am unwilling to eliminate a program that is designed to provide assistance to small businesses who for whatever reason cannot get banks to lend them money even with an SBA guarantee. The Chairman might say, "how do we know that is true, that these direct loan recipients are not just using the program when they could well qualify under the guarantee program?" I say, we have no evidence that it is not true, and I am not willing to support elimination when I don't have a clear picture of the reality here. I know from experience that there are some businesses for whom access to capital, not cost of capital is the issue. I can't be party to a move to deny these businesses funds. My last point is this, the Chairman has, in effect, the power of the purse, through his position of Chairman of the State Justice Commerce Appropriations Subcommittee. It seems to me that if we keep the program on the books, then the Chairman has the perodative to express his opposition to the program through the fundina process. But if we drop the program from the books, we can never get it back, can never get the funding. I just don't think this is the right approach, to eliminate it here today without a thoughtful look at whether or not it can be made a more effective program.