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*REPORT TO THE COMMITTEE  
ON LABOR AND PUBLIC WELFARE  
UNITED STATES SENATE*

74-0524



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Administration Of  
Small Business Loan Program  
Under The Occupational  
Safety And Health Act

B-163375

Department of Labor  
Small Business Administration

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

APRIL 4, 1974

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-163375

The Honorable Harrison A. Williams, Jr.  
Chairman, Committee on Labor  
and Public Welfare  
United States Senate

Dear Mr. Chairman:

This is one of a series of reports in response to your letter of June 22, 1972, requesting the General Accounting Office to review aspects of the Occupational Safety and Health Act of 1970 being carried out by the Occupational Safety and Health Administration, Department of Labor. This report concerns administration of the small business loan program the act authorized.

As of August 31, 1973, the Small Business Administration had made or guaranteed loans totaling \$10.1 million to 64 small businesses. Of these, the Small Business Administration made 52 loans totaling \$7.6 million directly to small businesses, the Administration made 9 loans totaling \$1.5 million in participation with private banks, and private banks made 3 loans totaling \$1 million and the Administration guaranteed them.

We found problems in processing and approving loans and a need to improve program administration. We are making several recommendations to the Secretary of Labor and the Administrator of Small Business to achieve improvements.

We are recommending that your Committee consider the advisability of having the Occupational Safety and Health Act amended authorizing the Occupational Safety and Health Administration not to cite small businesses applying for financial assistance under the act for standards violations found during onsite consultative visits.

We discussed this report with officials of the Department of Labor and the Small Business Administration and considered their views in preparing it.

Copies of this report are being sent to the Director, Office of Management and Budget; the Secretary of Labor; and the Administrator, Small Business Administration.

This report should interest other committees and Members of Congress and agency officials. Therefore, as you have agreed, we are distributing copies of this report accordingly.

Sincerely yours,

A handwritten signature in cursive script that reads "Thomas P. Staats". The signature is written in dark ink and is centered on the page.

Comptroller General  
of the United States

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ABBREVIATIONS

- GAO General Accounting Office
- OSHA Occupational Safety and Health Administration
- SBA Small Business Administration

COMPTROLLER GENERAL'S REPORT  
TO THE COMMITTEE ON LABOR  
AND PUBLIC WELFARE  
UNITED STATES SENATE

ADMINISTRATION OF  
SMALL BUSINESS LOAN PROGRAM  
UNDER THE  
OCCUPATIONAL SAFETY AND HEALTH ACT  
Department of Labor  
Small Business Administration  
B-163375

D I G E S T

WHY THE REVIEW WAS MADE

The Chairman, Senate Committee on Labor and Public Welfare, asked GAO to review aspects of the Occupational Safety and Health Act of 1970 being carried out by the Department of Labor's Occupational Safety and Health Administration (OSHA).

This report, one of a series, deals with financial assistance to small business firms under the act. The act authorizes a program of financial assistance to small businesses<sup>1</sup>--in the form of loans and loan guarantees--likely to suffer substantial economic injury as a result of the act.

The Chairman was concerned about the program's implementation and the extent to which small businesses were using the program. As agreed with the Committee, GAO discussed this report with officials of the Department of Labor and the Small Business Administration (SBA) and considered their views in preparing it.

FINDINGS AND CONCLUSIONS

SBA and OSHA administer the program jointly. SBA is responsible for determining whether an applicant for financial assistance qualifies as a small business and whether it is likely to suffer substantial economic injury.

OSHA is responsible for determining whether a violation of OSHA standards exists and the applicant's proposed use of funds will correct the violations. After financial assistance is approved, SBA is responsible for executing and administering the loan or loan guarantee. (See p. 6.)

OSHA is primarily responsible for promoting use of the loan program by small businesses. SBA field offices also assist OSHA in promoting the program. (See p. 7.)

Information is not available to show how many of the about 4.7 million small businesses might suffer substantial economic injury because of the act or how much financial

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<sup>1</sup>The Small Business Act states that a small business shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. In addition and as authorized by the act, the Administrator of SBA has established additional eligibility criteria, including number of employees and volume of sales.

assistance they would need to comply with OSHA standards.

As of August 31, 1973, SBA had made or guaranteed loans totaling \$10.1 million to 64 small businesses. Of these, SBA made 52 loans totaling \$7.6 million directly to small businesses and made 9 loans totaling \$1.5 million in participation with private banks; private banks made 3 loans totaling \$1 million and SBA guaranteed them. (See p. 7.)

GAO reviewed the 10 loans (totaling over \$900,000)--8 direct and 2 made in participation with private banks--which had been made before GAO's fieldwork and found that loan processing and approving should be improved.

Policies and procedures needed for determining substantial economic injury

SBA had not defined what is meant by the term "substantial economic injury" nor has it established policies and procedures outlining how loan processing officers should determine whether the applicant would suffer substantial economic injury. As a result, SBA loan officers seemed to be basing their determinations of substantial economic injury on costs to be incurred by the firms to correct the deficiencies to meet OSHA standards. (See pp. 9 to 14.)

Prescribed loan operating policies and procedures not followed on some loans

SBA and OSHA field offices were not following the prescribed policies and procedures in processing and approving some loans. For example:

- SBA did not obtain the required OSHA approval of the loan application on three loans. (See p. 15.)
- Two loans were in amounts exceeding that allowed by SBA policies and procedures. (See p. 16.)
- The required report from a licensed professional engineer and/or architect was not obtained for one loan. (See p. 18.)
- The required documentation showing that private funding was not available was not obtained in two cases. (See p. 20.)

OSHA inability to make consultative visits without citing employers for standards violations

Another factor contributing to problems in the loan program is that, if OSHA makes a consultative visit to the loan applicant's facilities to observe conditions to be corrected, it must under existing law immediately cite the firm for any standards violations noted.

Several legislative proposals which would allow OSHA inspectors to make consultative visits without citing violations have been introduced in the 93d Congress; however, none of the proposals had been enacted as of November 15, 1973. (See pp. 22 to 27.)

Loan program promotion

In the first 14 months of the program's operations--April 1971 to June 1972--efforts to promote the program were not very successful. OSHA and SBA subsequently increased their promotion activities and the number of loans increased. Only 8 loans were made in the first



14 months of the program compared with 56 loans or loan guarantees made in the next 14 months. (See p. 28.) OSHA promotes the program by requiring its compliance officers to give small businesses copies of the fact sheet on the program at the time of inspection. GAO noted in reviews at three regions that the compliance officers were not adhering to this requirement. (See p. 28.)

About 87 percent of the small businesses responding to a questionnaire GAO sent said they had not been advised of the loan program when they were inspected and cited for violating OSHA standards. (See p. 30.)

GAO's findings corroborate issues raised by the House Subcommittee on Environmental Problems Affecting Small Business in June 1972 hearings on the impact of the act on small business. The Subcommittee reported that the number of loans SBA made was nominal and inexcusable and that, although the Department of Labor had distributed a fact sheet on SBA loans for small business, SBA must try more vigorously to adequately inform those affected by the act. (See p. 30.)

In response to the House Subcommittee recommendation, OSHA and SBA devised additional ways to acquaint small businesses with the program. (See p. 31.)

OSHA and SBA Washington headquarters officials also met several times to discuss the program. Officials made field visits and sent memorandums to reemphasize to their field offices the importance of promoting the program and to

encourage greater cooperation among the field offices in processing applications. (See p. 31.)

In addition, on August 13, 1973, the SBA Administrator and the Assistant Secretary for OSHA signed an agreement establishing new procedures enabling SBA to call on OSHA for technical advice to help all small businesses comply with OSHA regulations. Formerly, only those seeking a loan expressly to meet OSHA requirements could receive OSHA advice. (See p. 31.)

OSHA and SBA need to further improve program administration. Specifically, SBA needs to determine and establish a policy on what is meant by "substantial economic injury."

SBA and OSHA field offices also need to be required to comply with the prescribed policies and procedures for carrying out the program. (See pp. 14 and 20.)

Allowing OSHA authority to make consultative onsite visits to small businesses applying to SBA for financial assistance under the act, without requiring OSHA to cite businesses for violations found, could help improve program administration.

The benefits to be derived from such authority, however, must be judged, considering how it would affect OSHA as a whole and the act's legislative intent.

Authority to not cite a small business for violations noted during consultative visits could result in numerous business requests for consultations and might require additional employees and additional funding. (See p. 26.)

RECOMMENDATIONS TO  
THE ADMINISTRATOR, SBA

The Administrator should direct that

- policies and procedures be established to define "substantial economic injury" and how the loan processing officers should go about determining--and documenting--whether the applicant would likely suffer substantial economic injury in correcting the OSHA standards violations and
- action be taken to insure that SBA loan officers properly implement the prescribed operating policies and procedures in processing and approving the application. (See pp. 14 and 20.)

RECOMMENDATIONS TO  
THE SECRETARY OF LABOR

The Secretary should direct OSHA to take the necessary action to

- insure that OSHA field office personnel administering the loan program follow prescribed operating policies and procedures,
- insure that its compliance

officers adhere to the requirement that small businesses be advised of the availability of the program at the time of OSHA's inspection, and

- require compliance officers to note this action taken in the inspection reports. (See pp. 20 and 32.)

AGENCY ACTIONS AND  
UNRESOLVED ISSUES

The Department of Labor and SBA advised GAO that it concurred generally with all the recommendations and that they had taken or planned to take actions similar to those GAO suggested. (See pp. 14, 21, and 32.)

MATTERS FOR CONSIDERATION  
BY THE COMMITTEE

The Committee should consider the advisability of amending the Occupational Safety and Health Act to allow OSHA to make consultative visits to small businesses applying to SBA for financial assistance under the act, without having to cite the firms for standards violations noted. (See p. 27.)

## CHAPTER 1

### INTRODUCTION

Of the 83 million persons employed in America's civilian work force, the Occupational Safety and Health Act of 1970 (29 U.S.C. 651) covers three-fourths or almost 60 million employees in about 5 million businesses--including about 4.7 million small businesses. The act, effective April 28, 1971, is to insure, to the extent possible, safe and healthful working conditions for every working man and woman in the Nation.

The act places the burden of reducing occupational safety and health injuries and illnesses on employers, including those in small businesses.

The Secretary of Labor is responsible for administering occupational safety and health programs under the act. The Secretary delegated this responsibility to the Assistant Secretary of Labor for Occupational Safety and Health by creating the Occupational Safety and Health Administration (OSHA) April 28, 1971. OSHA is a decentralized organization with about two-thirds of its manpower in 10 regional offices, 52 area offices, 3 district offices, and 22 field stations.

The act authorizes establishing and enforcing mandatory occupational safety and health standards to insure safe and healthful working conditions for employees. Safety and health standards consist of rules for avoiding hazards which research and experience have proved to be harmful to personal safety and health.

OSHA is to enforce the act and to insure that employers comply with the safety and health standards established under the act. Compliance safety and health officers and industrial hygienists--experts in the field of hazard recognition and control--make OSHA's inspections.

### SMALL BUSINESS LOAN PROGRAM

Section 28 of the act amended section 7(b) of the Small Business Act (15 U.S.C. 636) to authorize the Small Business Administration (SBA) to provide financial assistance through loans and loan guarantees:

"\* \* \* to assist any small business concern in effecting additions to or alterations in the equipment, facilities or methods of operation of such business in order to comply with the applicable standards promulgated pursuant to section 6 of the Occupational Safety and Health Act of 1970 or standards adopted by a State pursuant to a plan approved under section 18 of the Occupational Safety and Health Act of 1970, if the Administration determines that such concern is likely to suffer substantial economic injury without assistance under this paragraph."

SBA, in cooperation with OSHA, administers the program. Under the program small businesses may apply to SBA for financial assistance when they wish to voluntarily meet the safety and health standards OSHA established or after OSHA has inspected them and cited them for not meeting established standards. SBA's regional and district offices operate the program.

Once SBA receives an application for financial assistance, the field office determines whether the applicant qualifies as a small business and whether it is likely to suffer substantial economic injury without the loan.

SBA procedures provide that a concern applying for a loan should:

- Obtain from a licensed professional engineer and/or architect a report including plans and specifications to permit OSHA to determine whether the work will bring the plant into compliance with OSHA standards.
- Submit copies of the professional's report to SBA regional and district offices along with an application for a loan which has pertinent background material and a copy of the OSHA-issued citation, if an inspection has been made.

OSHA regional and area offices are to assist SBA regional and district offices in processing and approving loan applications. OSHA offices are to review the application and professional's report to assist SBA in determining whether OSHA standards have been violated and whether an applicant's

proposed use of funds will bring the firm in compliance with OSHA standards.

After OSHA approves the professional's report and forwards it to SBA, SBA field offices complete the review of the application and, if the applicant meets all SBA and OSHA requirements, approve the loan.

According to SBA loan policies, SBA field offices are not to approve an application unless there is a reasonable prospect of repayment and successful operation of the business by the owner.

OSHA field offices are primarily responsible for promoting the program by making small businesses aware of the available financial assistance. Under informal agreement between SBA and OSHA, SBA field offices assist OSHA in promoting the program.

#### Types of loans

Section 7(a) of the Small Business Act authorizes SBA to make, participate in, or guarantee loans to small businessmen for such purposes as purchasing a new business, expanding an existing business, or purchasing equipment to comply with OSHA's safety and health standards. The loans are designated as direct, immediate participation, or guarantee loans. On direct loans SBA provides the full amount of the loan to the applicant and is responsible for disbursing, servicing, and administering the loan.

Either SBA or a private lending institution makes immediate participation loans to the borrower, and either the lending institution or SBA purchases an agreed percentage of each loan amount. A bank makes a guaranteed loan under an agreement whereby SBA agrees to purchase the guaranteed portion of the loan from the bank if the borrower defaults on repayment for 90 days.

As of August 31, 1973, SBA had made or guaranteed loans totaling \$10.1 million to 64 small businesses. Of these, SBA made 52 loans totaling \$7.6 million directly to small businesses and made 9 loans totaling \$1.5 million in participation with private banks; 3 loans totaling \$1 million were under the loan guarantee program.

The Small Business Act allows SBA to make OSHA loans under more favorable terms and conditions than regular SBA business loans. The principal advantages of an OSHA loan over a regular SBA loan are that

- the maximum length of a loan is 30 years, whereas a regular SBA loan is limited to 10 to 15 years;
- the current interest rate on an OSHA loan is 6-1/8 percent; interest rates on a regular SBA loan could range as high as 11 percent; and
- an OSHA loan has no closing fees, whereas such fees are required for a regular SBA loan.

#### SCOPE OF REVIEW

Our review included examining OSHA and SBA efforts to promote the program and make small business aware of the financial assistance available under the program. Also we reviewed all 10 of the loans (totaling over \$900,000) which had been made before our fieldwork to determine whether the loans were made only to eligible small businesses and for the purpose the act authorized and whether the loans were processed and approved according to OSHA and SBA procedures.

At OSHA and SBA headquarters in Washington, D.C., we (1) reviewed OSHA and SBA policies and procedures for promoting and administering the loan program, (2) examined pertinent documents, reports, and records, and (3) held discussions with OSHA and SBA officials and with some loan recipients. We also reviewed the promotion efforts at OSHA and SBA regional offices in Atlanta; Dallas; and San Francisco and the procedures followed in processing and approving selected loans made to small firms at their regional offices in Boston; Chicago; Kansas City, Missouri; and Denver.

In addition, we received responses to questionnaires from 136 randomly selected small businesses in three regions--Atlanta, Dallas, and San Francisco--that OSHA had cited for allegedly violating safety and health standards in fiscal year 1972. In our questionnaire we asked whether they were (1) aware of the program, (2) advised of the program at the time OSHA inspected them, and (3) interested in obtaining financial assistance through the program, and if not, why not.

## CHAPTER 2

### POLICIES AND PROCEDURES NEEDED FOR

#### DETERMINING SUBSTANTIAL ECONOMIC INJURY

SBA is authorized to make loans to small businesses to enable them to comply with safety and health standards promulgated under the act if SBA determines that the firm is likely to suffer substantial economic injury without such assistance. SBA has not defined "substantial economic injury" nor has it established procedures for its field personnel to determine how the firm would suffer substantial economic injury without financial assistance.

As a result, SBA loan officers seemed to be basing their determinations of substantial economic injury on the costs to be incurred by the firms to correct the deficiencies to meet OSHA standards.

#### LACK OF POLICY DEFINING "SUBSTANTIAL ECONOMIC INJURY"

Neither the Occupational Safety and Health Act of 1970 nor its legislative history defines the term "substantial economic injury". According to the act, however, before approving a loan, SBA must determine that the small business will likely suffer substantial economic injury without such assistance.

On November 14, 1971, SBA issued its National Policy Manual which prescribes SBA policies for the occupational safety and health loan program and on December 9, 1971, issued its National Standard Operating Procedures Manual for the program. These manuals contain the detailed policies, procedures, and requirements for SBA regional and area offices operating personnel who interview and counsel prospective applicants; determine the applicants' eligibility; and accept, screen, and process, applications from eligible small businesses.

Neither manual, however, defines what would constitute substantial economic injury a small business may suffer without the loan. Nor do they contain policies and procedures the field offices should use in determining whether and how

the applicant will likely suffer substantial economic injury without SBA's financial assistance.

In the absence of established criteria and policy, according to an SBA Washington headquarters loan official, SBA loan officers determine substantial economic injury by judging each set of particular conditions or circumstances on a case-by-case basis. He said it would be impossible to devise conditions that would include all the conceivable circumstances that would, in SBA's opinion, justify substantial economic injury under the program. Also SBA has purposely left the determination of economic injury flexible so that applicants that would suffer substantial economic injury would not be denied a loan because of restrictive conditions or circumstances.

In February 1972 SBA published rules and regulations for the program in the Code of Federal Regulations (13 CFR 123) which set forth the information applicants must submit to establish substantial economic injury when applying for an OSHA loan. The procedures state that an applicant shall (1) furnish a statement of the extent to which the business has been injured by the need to correct the deficient conditions, (2) for purposes of comparison, furnish financial and operating conditions covering the current period and a 1-month period of normal operations before the application, (3) list any accounts and notes receivable which are delinquent due to the deficient conditions, (4) explain fully the reasons for an abnormally large and burdensome inventory, (5) list all payables which are delinquent due to the deficient conditions as well as current payables, and (6) describe any adopted or planned economies designed to reduce costs of doing a smaller volume of business.

The SBA National Policy Manual and the SBA National Standard Operating Procedures Manual for the program do not contain the above requirements nor does SBA require its loan officers to obtain and review the above information from loan applicants.

LACK OF EVIDENCE TO SHOW HOW  
"SUBSTANTIAL ECONOMIC INJURY" WAS DETERMINED

Of the 10 loans made at the time of our fieldwork, we were unable to find evidence showing how the SBA loan officers determined that the firms would likely suffer substantial economic injury without the loans.



One case, for example, involved a manufacturing firm that requested a loan for \$90,000 to upgrade its plant and equipment to voluntarily comply with OSHA standards. The applicant requested, in addition, \$120,000 under SBA's regular business loan program to construct a new building.

The SBA loan officer in his report on the loan said the applicant was clearly eligible for the \$90,000 under the OSHA act. He did not indicate in his report, however, how he determined that the applicant would suffer substantial economic injury without the loan.

His report indicated that the \$90,000 was needed to meet OSHA safety standards and requirements and that it was not economically feasible for the firm to stay in its present facilities. His report indicated that the loans would also expand the applicant's business, improve its sales, and increase its profitability. The report showed that the firm's past earnings were quite good and showed progressive improvement from year to year. The loan officer concluded that the firm was losing a considerable amount of business because of the lack of adequate space but that with the loans the firm should increase both sales and profits.

SBA approved both loans the firm requested.

Another case involved an SBA loan of \$45,000 to a water-conditioning company. An architect inspected the firm's facility and found various OSHA standards violations, including violations of the electrical code and decayed and cracked walls which made the building structurally unsound. In July 1972 the firm applied to SBA for a loan to construct a new building. The firm attached the required architect's report which stated that the firm's building offered no expansion possibilities and that measures needed to correct the facilities would be unwarranted because of the building's condition.

The application was submitted to the OSHA field office for approval. The OSHA office returned the application and stated:

"We have reviewed the attachments and believe that a substantial portion of the loan will be necessary to correct existing violations of OSHA safety standards. We, therefore, recommend loan approval if

you ascertain that the applicant is likely to suffer economic injury without such loan assistance."

Although the processing officer indicated in his report that the applicant had complied with all statutory and policy requirements--including the requirement concerning economic injury--we found no evidence in the report to show how the officer had determined this. When we discussed this with him, he said that the small business would have suffered economic injury without the loans because the correction necessary to comply with the safety standards would have resulted in costly repairs and caused an economic hardship. However, the firm had not submitted an estimate of the cost to make the necessary repairs.

CRITERIA AND POLICY DEFINING  
"SUBSTANTIAL ECONOMIC INJURY"  
ESTABLISHED UNDER OTHER SBA LOAN PROGRAMS

SBA also administers the Displaced Business Loan Program (authorized under the Small Business Act) under which it makes loans to small businesses who have suffered substantial economic injury as a result of a Federal highway, urban renewal or other federally assisted construction project. Although the Small Business Act has not defined "substantial economic injury," SBA has established a policy and criteria with key indicators or factors that are to be used by its loan officers in determining what substantial economic injury would or did occur.

SBA's policy states that, to receive a displaced business loan, an otherwise eligible applicant (1) must submit evidence that it has sustained or will sustain substantial economic injury resulting from its displacement and (2) must furnish evidence demonstrating that substantial economic injury has occurred or will occur and the extent of economic injury and that the economic injury is the result of its displacement by, its location in, or its being adjacent to or near a federally aided renewal program, a highway project, or other construction.

The policy also states that economic injury may be indicated by numerous factors, including:

--An already realized reduction in sales volume.

- Satisfactory evidence that future sales volume will be reduced.
- Reduction in profits or an operating loss already experienced.
- Satisfactory evidence that the applicant may have a reduction in profits or may suffer an operating loss.
- Slow inventory turnover.
- Development of delinquencies in trade payables, current accruals, and lien payments.
- Difference between the replacement cost and the just compensation for the facility taken or to be taken.

SBA officers are required to consider the above factors in determining whether the applicant has suffered substantial economic injury and, thus, would be eligible for the loan.

Apparently SBA could devise a similar policy to define "substantial economic injury" for the occupational safety and health loan program.

### CONCLUSIONS

As indicated above, some of the loans were made without adequate assurance or determination that the firms would suffer substantial economic injury without such financial assistance. Therefore, SBA needs to strengthen its loan policies and procedures to insure that loans are made only to firms that will suffer substantial economic injury in complying with OSHA standards. The publication of the regulations requiring applicants to furnish statements supporting their claims of substantial economic injury is a step in the right direction. However, SBA needs to take further action.

Specifically, SBA should determine and establish as its policy what is meant by "substantial economic injury" and establish operating procedures and criteria for its loan officers to use in determining whether an applicant will suffer substantial economic injury without the loan. The policies and procedures should also require that the loan

officer adequately document and include in the file the evidence supporting his determination. Such a determination is needed for proper administration of the program in accordance with the act's requirements.

#### RECOMMENDATION TO THE ADMINISTRATOR, SBA

In implementing the loan program authorized under the OSHA act, we recommend that the Administrator direct that policies and procedures be established to define "substantial economic injury" and how the processing officers should go about determining--and documenting--whether the applicant will likely suffer substantial economic injury in correcting OSHA standards violations.

#### AGENCY COMMENTS

We discussed the recommendation informally with SBA officials who concurred with the recommendation. By letter dated December 17, 1973, SBA officials advised us that they would clarify or define the term "substantial economic injury" as soon as possible.

### CHAPTER 3

#### PRESCRIBED OPERATING POLICIES AND PROCEDURES

##### NOT FOLLOWED ON SOME LOANS

In some of the 10 loans approved at the time of our fieldwork, SBA and OSHA field offices were not following the prescribed internal loan operating policies and procedures for processing and approving applications. For example:

- SBA did not obtain the required OSHA approval on three loans.
- Two loans were in amounts exceeding that allowed by SBA loan policies and procedures.
- The required report from a licensed professional engineer and/or architect was not obtained for one loan.
- Loan funds were used to pay one applicant's legal and accounting fees in violation of SBA's procedure.
- The required documentation showing that private funding was not available was not obtained in two cases.

##### LOANS NOT SUBMITTED FOR OSHA APPROVAL

SBA and OSHA procedures require that applications for loans be submitted to OSHA to determine that an actual violation of OSHA standards exists and that the proposed use of the funds will correct the violation. Of the 10 loans we reviewed, SBA had not submitted 3 to OSHA for review and approval as required.

One SBA district office authorized two loans totaling \$110,000 without obtaining OSHA approval. The first loan, for \$90,000, was awarded to a portrait company primarily for purchasing land and constructing a new building. The second loan, for \$20,000, was awarded to a tree service company for constructing a new building.

The SBA office made the two loans on the basis of State agencies' inspections. SBA district officials said SBA had authorized these two loans under the mistaken assumption that OSHA had approved the State's plan for assuming responsibilities for occupational safety and health programs. Therefore SBA assumed that the State agency had the authority to approve the loans.

We discussed these loans with the OSHA Assistant Regional Administrator for Compliance who said that, in the case of the first loan, his review of the information contained in the loan file showed no OSHA standards violation which would be corrected. He said the second loan was probably proper and necessary to correct OSHA standards violations.

SBA regional office officials informed the district office that OSHA must be contacted for approval on loans of this type. SBA district officials said they had not been aware of this requirement.

In the remaining case an SBA district office authorized a loan for \$200,000 to a construction company primarily for purchasing new machinery and equipment. The SBA loan officer, in this case, gave no reason for not processing the application through OSHA other than this was the first loan of this type his office had made. Applications are now sent to OSHA for approval, he said.

In two other cases an SBA district office approved two loans totaling \$35,000 and \$17,000, respectively, without getting OSHA approval. In these cases, however, the loans were canceled before the funds were disbursed.

SBA officials said local procedures would be established requiring that all loans be processed in accordance with national SBA/OSHA policy and procedures.

#### LOANS IN EXCESS OF AMOUNTS SBA POLICIES ALLOWED

Two loans were in amounts in excess of those SBA loan policies allowed. SBA's policy on use of proceeds provides that:

"\* \* \* the use of proceeds are to be limited to those additions to or alterations in equipment, facilities, and methods of operation which the Occupational Safety and Health Administration (OSHA) of the Department of Labor or State authority specifically considers as being necessary to meet the requirement imposed by the Occupational Safety and Health Act of 1970."

SBA's policy states that (1) loans will be made for constructing new buildings when remodeling is not feasible or for replacing rented quarters when upgrading cannot be arranged and for purchasing new or upgraded equipment. The policy provides that upgrading in size and quality may not exceed corresponding criteria and procedures used in SBA's Displaced Business Loan Program. With regard to upgrading, the procedures state that the new building space cannot be more than 33-1/3 percent larger than the applicant's present building space and that the amount of land cannot be more than 50 percent larger than the existing land area.

The first case involved a loan of \$82,000 to an equipment company to voluntarily comply with OSHA standards after inspections by the State Occupational Health and Safety Department in April 1972 and the city fire department in May 1972 disclosed OSHA standards violations in the firm's buildings. The inspection reports suggested that a new building be provided or that the present buildings be remodeled and be brought up to acceptable standards.

After receiving the inspection reports, the firm submitted an application to SBA in July 1972 requesting a loan for \$82,000. The application indicated that the firm would use \$80,000 of the loan to purchase land and construct a new building containing about 6,534 square feet of space to replace its existing structures containing 4,578 square feet. The remaining funds were for working capital.

SBA procedures allow only a 33-1/3-percent increase in floor space when replacing structures. The increase in this case was about 43 percent. The excess footage was allowed because SBA used a statement from an architect that the applicant's existing building space was 5,178 square feet. The statement was wrong because the architect had made an error in addition.

The second case involved a \$200,000 loan to a printing firm to voluntarily comply with OSHA standards. The money was to be used to purchase land, construct a new building, and purchase new equipment and for working capital.

The firm's new building was to contain 12,000 square feet of space and would replace its existing building which contained 8,600 square feet. The increase in space over the old building amounted to about 3,400 square feet, or an increase of about 40 percent, which is in excess of the 33-1/3 percent increase SBA's regulation allowed.

Also, the land occupied by the old building contained about 6,000 square feet. Under SBA criteria the land occupied by the new building could not exceed 9,000 square feet--a 50-percent increase or about 3,000 square feet. The applicant's new land space was about 36,875 square feet, an increase of 30,875 square feet which is considerably above that SBA criteria allowed.

The SBA loan officer who approved the loan said he was not aware that SBA's upgrading building and land space guidelines had been exceeded. He said he had inspected the new building and thought it was in compliance.

PROFESSIONAL ENGINEER AND/OR ARCHITECT'S  
REPORT NOT SUBMITTED

For one of the loans we reviewed, OSHA and SBA approved a loan and waived the requirement that the applicant obtain and submit a report from a professional engineer and/or architect covering the work to be done to bring the firm's establishment into compliance with OSHA standards.

We found no evidence that OSHA made an onsite inspection to insure that the improvements to be financed with the loan proceeds were necessary and that they would correct the violations. SBA procedures require applicants to submit a licensed professional engineer and/or architect's report. OSHA procedures require the applicant to submit to SBA a description of the conditions to be corrected and a reference to the OSHA standards which require the corrections. OSHA uses the report to determine that the work will bring the plant into compliance with its standards. Presently, if OSHA makes a consultative inspection of an applicant's



facilities and believes that a safety or health standard has been violated, OSHA is required to cite the employer for violating the standards and may invoke a monetary fine. Thus, the professional's report is the means whereby OSHA verifies the violations and determines that the applicant's proposed use of the loan proceeds will correct the violations.

On March 14, 1972, a company applied to an SBA district office for a loan. The application included a State inspection report, showing certain OSHA standards violations; an engineer's "ballpark" estimate to bring the plant into compliance with the standards; and an electrical contractor's estimate to upgrade the electrical system to National Electrical Code standards. The engineer estimated \$43,000 for the minimum work to bring the plant to OSHA standards and \$80,000 for a more thorough job which would provide for plant expansion.

In lieu of requiring the applicant to submit a professional engineer and/or architect's report, OSHA and SBA agreed to accept the applicant's list of the deficiencies annotated to the OSHA standards. The applicant submitted this data on April 17, 1972, and it was used as a basis for approving a loan of \$60,000 to the applicant.

SBA and OSHA officials said they did not require the firm to submit a report by a professional engineer and/or architect because these services would have been too costly. In such cases OSHA and/or SBA should visit the firm to assure themselves that the improvements to be financed with the loan proceeds were necessary and would correct the violations.

LOAN FUNDS USED TO PAY  
LEGAL AND ACCOUNTING FEES

In one case loan funds were used to pay legal fees (\$1,137) and accounting fees (\$750) the applicant incurred in securing the loan. The SBA procedures prohibit use of loan funds for these purposes.

The SBA loan officer's report gave no reason for this deviation, but the officer said this was the first loan of this type his district office had made.

NO DOCUMENTATION THAT  
PRIVATE FINANCING WAS UNAVAILABLE

SBA loan operating procedures provide that SBA should not provide financial assistance to applicants if funds are available at reasonable rates and terms from private credit sources. An SBA official said documentation on this determination should be in the loan file.

The unavailability of private financing for the applicants was not documented for two loans we reviewed. The officer told us that the applicants' banks had been contacted and that he had determined that financing was not available from them on terms which the applicants could afford. The SBA district director said this documentation should have been included in the loan file.

CONCLUSIONS

Weaknesses and problems exist in processing and approving loans by OSHA and SBA. Some loans were in excess of amounts SBA loan policies and regulation allowed. In other instances SBA and OSHA field officers were not following prescribed internal operating policies and procedures in processing and approving the loan applications.

SBA and OSHA officials should be required to comply with the established and prescribed policies and procedures for operating the program. SBA and OSHA have established the policies and procedures because they are considered essential to help insure more efficient and effective program administration.

RECOMMENDATION TO THE ADMINISTRATOR, SBA

We recommend that the Administrator direct that necessary action be taken to insure that SBA loan officers properly implement the prescribed operating policies and procedures in processing and approving loan applications.

RECOMMENDATION TO THE SECRETARY OF LABOR

We recommend that the Secretary direct OSHA to take the necessary action to insure that OSHA field office personnel follow prescribed operating policies and procedures in reviewing and approving loan applications.

## AGENCIES' COMMENTS

We informally discussed our findings with SBA and OSHA officials who concurred in our findings. By letter dated December 17, 1973, SBA advised us it would direct a memorandum to the loan offices reminding them of the necessity to document compliance with all legislative and administrative requirements. By letter dated February 5, 1974, the Department of Labor advised us that field office personnel are now following prescribed operating policies and procedures.

## CHAPTER 4

### OSHA INABILITY TO MAKE CONSULTATIVE VISITS

#### WITHOUT CITING EMPLOYERS FOR STANDARDS VIOLATIONS

OSHA maintains that the act does not allow an OSHA inspector to make a consultative visit at an employer's facility, without citing the employer for any OSHA standards violation noted. This has caused some problems in the loan program.

#### OSHA'S INSPECTION AUTHORITY

OSHA's inspection and enforcement authority is spelled out in sections 8 and 9 of the act. Section 8 gives OSHA compliance officers the power to make inspections and investigations at employers' facilities and plants--including small businesses--to insure that they are complying with the safety and health standards established under the act. Section 9 requires that, upon inspection or investigation if OSHA believes that an employer has violated a standard, it must issue a citation to the employer. If the OSHA area director concurs, he issues a citation and, in many cases, proposes a penalty.

OSHA maintains that it cannot legally provide any consultative visits on an employer's premises without triggering the act's enforcement procedures--i.e. the issuance of a citation and proposed penalty. OSHA maintains that, since section 8 makes it clear that any entering upon the employer's premises is regarded as an inspection provided for in section 9, appropriate enforcement action must be taken after a consultative visit.

OSHA also maintains that the act does allow it to consult with employers and employees as a way of preventing occupational injuries and illnesses.

OSHA has issued instructions, however, that any consultation its compliance officers have with an applicant must be away from the applicant's establishment.

## PROBLEMS IN PROGRAM

Our review and discussions with OSHA and SBA officials indicate that requiring OSHA personnel to cite firms for violations during consultative visits has caused some problems in the loan program. For example:

- Small businesses fear inspections if they contact OSHA or SBA for loans or information on loans.
- Many small businesses are waiting to see if they will be excluded from inspection by the law and in the meantime are willing to chance being inspected.
- Small businesses are reluctant to voluntarily apply for loans because they are not sure that the modifications made to voluntarily comply with OSHA standards will assure them of being exempt from further citations.

Also, because OSHA has not observed the conditions to be corrected, applicants for loans must submit detailed and technical information on their plans for corrective action. This increases the time and effort required of both OSHA and the applicant. For example, one applicant was required to submit a professional engineer and/or architect's report four times over about 3 months before OSHA approved its proposals for corrective action. A second applicant withdrew its application after OSHA requested it on two separate occasions to furnish additional information about proposed plans to comply with the standards.

If OSHA did not have to cite an employer for standards violations noted during consultative visits, it could use such visits to determine whether the proposed actions and funds requested were limited to only those necessary to correct OSHA standards violations and thus reduce the time required to process applications.

## OSHA ALLOWS STATES TO MAKE CONSULTATIVE VISITS

Section 18 of the act provides that States may assume responsibilities for enforcing the safety and health standards under the act, provided OSHA approves their plans and programs for enforcement. As of November 1973, 50 States and

jurisdictions had submitted their enforcement plans and programs to OSHA for approval. Twenty plans have been approved, of which 16 plans include some type of consultation at the workplace.

To provide maximum flexibility in the States' plans and programs, OSHA adopted the policy that States may develop and carry out a program of onsite consultation if it does not detract from the State's enforcement program effectiveness. OSHA will approve provisions for consultative onsite visits, provided the State meets certain conditions, including:

- The State's enforcement program must be judged at least as effective as the Federal enforcement program.
- The consultation staff must be different from the enforcement staff.
- The State plan must insure that a large backlog of consultation requests will not be reduced by diverting staff who should otherwise be engaged in enforcement and thereby weaken the enforcement program's effectiveness.
- There must be a procedure to insure timely abatement of situations involving imminent danger and serious violations.
- Employers must be notified that consultative visits will not provide immunity from a future regularly scheduled inspection or an inspection resulting from a complaint.

LEGISLATIVE PROPOSALS TO ALLOW OSHA  
TO MAKE ONSITE CONSULTATIVE VISITS  
WITHOUT CITING EMPLOYERS FOR VIOLATIONS NOTED

Various legislative proposals have been introduced in the Congress that would permit OSHA to make consultative visits without triggering the act's enforcement provisions. As of November 15, 1973, 27 such proposals had been introduced in the 93d Congress.

Generally the proposals under consideration would allow onsite consultations of firms without fear of citation unless an imminent danger exists. The proposals provide that OSHA

may visit a firm only if the small businessman requests it to discuss interpretation of standards or application of standards or possible alternative ways of complying with the standards.

During consultative visits, OSHA could recommend eliminating any hazards it noted. A consultative visit would not be regarded as an inspection under section 8 of the act and no citations or civil penalties would be proposed, except in cases of imminent danger the normal provisions of the act would apply. However, OSHA's failure to give advice on a specific matter during the visit would not keep OSHA from issuing a citation in the event of a subsequent inspection.

The major difference among the various proposals is the maximum number of employees an employer could have to qualify for consultative visits. Eleven bills allow 25 or fewer employees; 1 allows 50 or fewer; 12 allow 100 or fewer; 1 allows 250 or fewer; and 2 have no limit.

As of November 15, 1973, none of the 27 bills allowing OSHA to make consultative visits had passed.

#### IMPACT IF LEGISLATIVE PROPOSALS WERE ENACTED

Enacting a proposal allowing OSHA to make consultative visits to small businesses applying to SBA for financial assistance under the act without citing firms for standards violations would probably help resolve some of the problems discussed earlier. More importantly, however, enacting the proposal would also have a considerable impact on OSHA's inspection and enforcement activities, as illustrated by the testimony of the Assistant Secretary of Labor for OSHA before the Senate Appropriations Subcommittee in July 1973.

In answer to a request for OSHA's position on consultative visits, the Assistant Secretary said:

- He was in favor of consultative authority for OSHA. However, if the Congress wanted consultation, it must be willing to finance such a program.
- The amount of increased funding required would depend on the maximum number of employees an employer could have to qualify for consultative visits. For example,

if the cutoff was 100 employees, millions of smaller employers could demand visits.

--He was bringing this question to the attention of the Congress because OSHA would have to have a separate division staffed with people with the same expertise as its compliance officers to meet the demand from small employers.

He estimated it would require at least 1,000 people to do an adequate job if the breakpoint is 100 employees or fewer, or even 25 employees or fewer.

We analyzed the effect that enacting the various legislative proposals would have on the number of businesses eligible to request a consultation. For example, of the 5 million businesses, an estimated 88 percent, or 4.4 million businesses, have fewer than 20 employees; about 95 percent, or 4.7 million, have fewer than 50 employees; about 98 percent, or 4.9 million, have fewer than 100 employees; and about 99 percent, or 4.96 million, have fewer than 250 employees. Thus, anywhere between 4.5 and 4.96 million of the 5 million businesses could request a consultative visit, depending on which legislative proposal was enacted.

#### CONCLUSIONS

We believe that giving OSHA authority not to cite small businesses applying to SBA for financial assistance under the act for violations noted during consultative visits could help improve program administration. The benefits to be derived from such consultative authority in the loan program, however, must be judged, considering how it would affect OSHA as a whole and the legislative intent of the act itself.

From OSHA testimony and our analysis, numerous small businesses could request such consultations which might necessitate additional employees and additional funding. Consequently, we believe that it is a policy matter for the Congress to decide whether such consultative visits should be permitted.



MATTER FOR CONSIDERATION BY THE COMMITTEE

We recommend that the Committee consider the advisability of having the Occupational Safety and Health Act amended to allow OSHA to make consultative visits to small businesses applying to SBA for financial assistance under the act, without having to cite the firms for standards violations noted.

## CHAPTER 5

### LOAN PROGRAM PROMOTION

Of the estimated 5 million business firms covered under the act, about 4.7 million are small businesses. However, information is not available--either at SBA or OSHA--to show how many of the small businesses might suffer substantial economic injury as a result of the act or how much financial assistance they would need to comply with OSHA standards.

In the first 14 months of the program's operations--April 1971 to June 1972--loan program promotion was not very successful. OSHA and SBA subsequently increased their promotion activities and consequently the number of loans was increased. Only 8 loans were made in the first 14 months of the program compared with 56 loans or loan guarantees made in the next 14 months.

### OSHA PROGRAM PROMOTION

OSHA promotes the program mainly by having its regional and area offices furnish copies of a "Fact Sheet for Small Businesses on Obtaining Compliance Loans" to businesses on request. The fact sheet provides information on the program, including how and where to apply for a loan.

In addition, OSHA's Compliance Operations Manual requires that its compliance officers give businesses copies of appropriate laws, standards, regulations, and promotional materials at the time of inspection. Also, the OSHA Deputy Assistant Secretary, in a memorandum dated July 5, 1972, to all regional administrators and area directors, stated that as a matter of policy the fact sheet should be given to small businesses at the completion of an inspection.

Our review of the promotion of the program by three OSHA regional offices--Atlanta, Dallas, and San Francisco--showed regional officials did not receive and start distributing the fact sheets until March 1972--more than 15 months after the act was passed. Also, the fact sheet had not been widely distributed to small businesses in the regions. Generally the region and area offices responded only to requests for information and, unless it was requested, they did not include the fact sheet in notices and letters sent to small businesses in the region.

Also, compliance officers in the three regions were not providing copies of the fact sheets to small businesses during inspection visits because they were unaware of the policy statement. After we brought this matter to their attention, they said they would start handing out fact sheets during inspections.

One of the three regional offices required compliance officers to note in their inspection reports when fact sheets had been given to businesses at the inspection conferences. OSHA should require inspectors to provide copies of the fact sheet to employers at the time of the inspection and to note this action in their reports.

#### SBA PROGRAM PROMOTION

SBA officials said they had done little to promote the loan program except to furnish copies of the fact sheet on request and to discuss the program along with other SBA programs during speaking engagements. SBA officials said they were not aware of any regulations requiring them to promote the loan program and believed this was primarily OSHA's responsibility.

#### SMALL BUSINESSES NOT AWARE OF PROGRAM

To obtain information on whether OSHA and SBA made small businesses aware of the loan program, we sent questionnaires to 414 randomly selected businesses. The firms were in 13 States within the Atlanta, Dallas, and San Francisco regions. These firms represented about 10 percent of those inspected and cited for violating OSHA standards in the three regions during fiscal year 1972.

The firms selected were both large and small businesses and were involved in activities relating to the general, construction, and maritime industries. About 78 percent, or 323 of the firms solicited, responded; 136 of these said they qualified as small businesses. The responses showed that more than half of the small businesses were not aware of the program before OSHA's inspection. Of the 136 small business responses, 79 said their firms were not aware of the loan program before OSHA's first inspection. Of the 53 small businesses aware of the program before OSHA's

inspection, 36 said they learned of the program through their firms' own efforts or through such sources as trade associations, newspapers, insurance companies, and safety organizations. Only 17 small businesses said they learned of the program through either OSHA (13) or SBA (4). Four small businesses did not respond to the question.

Information received from our questionnaires further indicated OSHA compliance officers were not advising the firms of the program, as required, when they inspected them. Of the 136 small businesses, 118 (87 percent) advised us that the OSHA compliance officers had not given them the fact sheet or any other information on the program when inspecting them and citing them for violating OSHA standards.

We also asked the businesses whether they would have been interested in applying for loans had they been aware such loans were available; 14 said yes and 104 said no; 18 small businesses did not respond.

#### ANOTHER LOAN PROGRAM REVIEW

The Subcommittee on Environmental Problems Affecting Small Business, Select Committee on Small Business, House of Representatives, held hearings in June 1972 on the act's impact on small business. The Subcommittee investigated several areas, including the occupational safety and health loan program for small businesses.

In its August 1972 report,<sup>1</sup> the Subcommittee noted that the record of loans SBA made was nominal and inexcusable. The Subcommittee also noted that, although the Department of Labor had distributed a fact sheet on SBA loans for small business, SBA should try more vigorously to inform those the act affected.

The Subcommittee recommended to SBA and the Department, among other things, that SBA develop and implement an aggressive information campaign to reach all small businessmen throughout the Nation on available SBA financial and management assistance programs for OSHA-affected small businesses.

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<sup>1</sup>H. Rept. 1341, 92d Congress, 2d sess.

## OSHA AND SBA ACTIONS

In responding to the recommendations OSHA stated that it was cooperating with SBA in reviewing loan applications. OSHA said it would review the proposed use of funds to determine whether the applicant was required to correct the described conditions to comply with OSHA standards. Secondly, OSHA would determine whether the applicant's proposed use of funds would accomplish the needed corrections. Such reviews, OSHA stated, must be limited to the conditions described in the application since OSHA is precluded by the act from conducting onsite visits for either consultation or certification of loan applications unless any violations disclosed were cited.

SBA stated:

- Means have been devised to acquaint every small businessman in the Nation with the assistance available through SBA.
- OSHA is including an information sheet on the loans with every information kit sent to businesses.
- OSHA will also include the same information sheet with every noncompliance certificate.
- These means constituted the most effective ways of publicizing the program.

Since January 1973 OSHA and SBA Washington headquarters officials responsible for the program had met several times to discuss it. They sent memorandums and made field trips to reemphasize to their field offices the importance of promoting the program and to encourage greater cooperation among the field offices in processing applications.

In addition, on August 13, 1973, the Administrator of SBA and the Assistant Secretary for OSHA signed an agreement reaffirming OSHA and SBA responsibilities in carrying out the program.

- SBA would continue to be responsible for administering the loan program and OSHA would be responsible for providing technical assistance.

--SBA would call on OSHA for technical advice to assist all small businesses to comply with OSHA regulations. Formerly, only those seeking a loan expressly for meeting OSHA requirements could receive OSHA advice.

--When the OSHA office required additional information from the firm to carry out its technical assistance, SBA would directly contact or meet with the loan applicant. Such meetings, however, would not be at the applicant's business establishment.

SBA and OSHA believe the agreement will make it easier for a small business to apply for a loan when needed.

### CONCLUSION

As the program progressed, OSHA and SBA increased their promotion efforts and activities. Also SBA and OSHA, in response to the House Subcommittee on Environmental Problems Affecting Small Business recommendations, devised additional ways to acquaint small businesses with the program. These efforts may have proved helpful as small businesses later used the program more extensively.

To insure continued use of the program, OSHA needs to see that its compliance officers are advising small businesses of the availability of the loans at the time inspections are made as required by OSHA's procedures.

### RECOMMENDATION TO THE SECRETARY OF LABOR

Accordingly, we recommend that the Secretary direct OSHA to take the necessary action (1) to insure that its compliance officers comply with its requirement that small businesses be advised of the availability of the financial assistance under the loan program at the time of OSHA's inspection and (2) to require the compliance officers to note this in their inspection reports.

### AGENCY COMMENT

By letter dated February 5, 1974, the Department of Labor advised us that the compliance officers are now complying with the requirement to advise small business of the availability of the loan program at the time of inspection.



U.S. GOVERNMENT  
 SMALL BUSINESS ADMINISTRATION  
 WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

DEC 17 1973

Mr. George D. Peck  
 Assistant Director, Manpower  
 & Welfare Division  
 United States General Accounting Office  
 441 G Street, N. W.  
 Washington, D. C. 20548

Dear Mr. Peck:

This is to confirm the comments made at a meeting with your representatives and members of my staff concerning the recommendations made in your draft report B-163375, titled "Administration of Small Business Loan Program Under the Occupational Safety and Health Act."

In the report you recommended that "...policies and procedures be established to define what is meant by 'substantial economic injury' ...."

We recognize the need to clarify or define within our Standard Operating Procedures what is meant by this term and this will be done as soon as possible.

With respect to the deficiencies noted in processing, a memorandum will be directed to our loan officers reminding them of the necessity to document compliance with all legislative and administrative requirements.

We appreciate the opportunity to comment on this report, and if you need any additional information, please advise.

Sincerely,

David A. Wollard  
 Associate Administrator  
 for Finance and Investment

"20 YEARS OF SERVICE"

APPENDIX II

U.S. DEPARTMENT OF LABOR  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON

FEB 5 1974

Mr. George Peck  
Assistant Director  
Manpower and Welfare Division  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Peck:

As requested, the General Accounting Office draft report, "Administration of Small Business Loan Program Under the Occupational Safety and Health Act," to the Senate Committee on Labor and Public Welfare has been reviewed.

An examination of our field operations indicates that Occupational Safety and Health personnel are presently complying with the two recommendations outlined in your report to the Secretary of Labor. It is true that at the time your information was gathered our procedures were new and had not been fully implemented. However, since that time I can assure you that these procedures have become fully operational in all OSHA field locations. We are, therefore, in full compliance with your recommendations.

Sincerely,

*Fred G. Clark*

FRED G. CLARK  
Assistant Secretary for  
Administration and Management



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