

June 13, 2005

Dear Member of Congress:

As Congress nears the consideration of the FY 2006 Science, State, Justice, and Commerce, and Related Agencies appropriations bill, we are writing to urge you to support an amendment that will restore funding for the Small Business Administration's (SBA) 7(a) loan program at its FY 2004 level of \$79 million. By supporting the 7(a) program, we can ensure that small businesses throughout our local communities can continue to prosper and create jobs.

For entrepreneurs unable to secure affordable financing in the conventional market, the 7(a) loan program provides an essential safety valve. Without adequate funding for this program, small businesses will be unable to access the capital they need to expand their operations and hire new employees.

During the last decade, the funding for this important program has been drastically reduced. In 1995, nearly \$200 million was appropriated for the 7(a) program; last year, funding for this program was eliminated completely and the program's cost were shifted to small businesses and their community-based lenders. As a result, small businesses now pay steep upfront fees to use this program, impeding their ability to secure the financing they need.

The recent moves have made the program more expensive and less of an alternative for entrepreneurs unable to secure affordable financing in the conventional markets. Due to the higher fees, businesses are now being forced to pay as much as an additional \$3,000 in upfront fees. This will cause many entrepreneurs to scale back their plans for expansion and hiring, limiting economic development and job creation in many communities. These changes are also forcing lenders out of the program, reducing small businesses' access to affordable capital. Without a broad network of 7(a) lenders, the program will be unable to achieve its full potential.

Over the last decade, the 7(a) program has provided more than 424,000 loans for over \$90 billion to our nation's small businesses. An adequate appropriation for the 7(a) loan program would stimulate economic growth in communities across the country.

We thank you in advance for your support of America's small businesses.

Sincerely,

National Small Business Association (NSBA)
National Black Chamber of Commerce (NBCC)
National Association of Convenience Stores (NACS)
American Hotel and Lodging Association (AHLA)
Credit Union National Association (CUNA)
Independent Community Bankers of America (ICBA)
American Nursery and Landscape Association (ANLA)
Associated Equipment Distributors (AED)
Aeronautical Repair Station Association (ARSA)
Air Conditioning Contractors of America (ACCA)
National Bankers Association (NBA)
National Procurement Council (NPC)
United Motorcoach Association (UMA)
U.S. Women's Chamber of Commerce (USWCC)