

# Congress of the United States

Washington, DC 20515

## Help Small Businesses Gain Access to the Capital They Need

June 13, 2001

Dear Colleague:

We are asking you to join us in supporting our nation's largest small business lending program, the Small Business Administration's (SBA) 7(a) Loan Guarantee Program. The 7(a) program addresses the financing needs of small firms that are not met in the private capital markets when commercial lenders do not provide loans for the purposes, in the amounts, and with the terms required by small business borrowers. By providing loan guarantees to eligible small businesses that have been unsuccessful in obtaining private financing on reasonable terms and conditions, the 7(a) program fills the gap left by traditional private lenders and provides the necessary capital for America's small businesses to expand and create jobs.

The 7(a) program is important to small businesses in all of our districts. Just last year, the 7(a) program backed more than 43,000 loans worth over \$10.5 billion to small firms across the United States. Since 1992, the program has provided almost \$76 billion in capital to America's small entrepreneurs, in fact 7(a) loans make-up nearly 30 percent of *all* long-term loans made to U.S. small businesses. The 7(a) program is as important to small businesses as small businesses are to the American economy. By employing 53% of the private sector workforce, small businesses are truly the engine that drives our economy. And current economic conditions indicate that the 7(a) program will become increasingly important to small businesses over the next year. For instance, a Federal Reserve Study released just last month indicates that banks have begun to tighten their underwriting requirements on small business loans. As the economy slows, and private lenders continue to tighten lending requirements on conventional loans, more and more small business will be looking to the 7(a) program to meet their short-term capital needs.

Please join us in signing the attached letter to Chairman Wolf and Ranking Member Serrano of the House Appropriations Subcommittee on Commerce, Justice, State and Related Agencies requesting \$117 million in direct funding for the SBA's 7(a) program for FY 2002. Although this amount would represent a significant decrease from this year's funding level, it would go a long way toward ensuring that the 7(a) loan program is able to take on an increasingly important public policy purpose as our nation enters into a period of slower economic growth.

Should you have any questions or would like to sign on to this letter, please contact either of us or Eric Edwards with the House Small Business Committee (x54038) or Stephanie O'Donnell with Rep. Kelly (x55441).

Sincerely,

  
Nycia M. Velázquez  
Member of Congress

  
Sue W. Kelly  
Member of Congress