



July 23, 2015

Dear Member of Congress,

In recent days, the Small Business Administration (SBA) has made some drastic announcements concerning the lapse in the 7(a) loan guarantee program. As SBA's most widely-used and highly beneficial program, the National Small Business Association (NSBA) urges swift action by Congress to raise the lending cap for this economic growth tool to ensure our nation's entrepreneurs have access to affordable capital through an adequately funded small business lending program.

As the nation's oldest nonpartisan small-business advocacy group, with more than 65,000 small businesses members nation-wide, NSBA has been long-time supporters of this widely-successful 7(a) program. In short, the 7(a) program empowers banks to make loans to small businesses with the added security of a government guarantee up to a certain amount of the loan. Historically, small businesses have a difficult time garnering bank financing for a number of reasons: many small and start-up businesses may lack the assets necessary for a traditional bank loan, smaller loans are generally less-profitable for banks, and smaller loans typically have a higher default rate. This program provides more than 30 percent of all long-term small-business lending—the largest source of public or private financing.

SBA has already approved over 45,000 loans this year totaling more than \$16.5 billion, a 25 percent increase over this same period last year. At this rate of usage, the program will hit its FY 2015 loan volume ceiling of \$18.75 billion before the end of the fiscal year and likely within the next few days. If Congress allows this program to be suspended, the consequences will be most severely felt by our businesses and communities who would be unable to create and maintain local jobs.

Based on data from NSBA's 2015 Mid-Year Economic Survey – which will be formally released in the coming weeks – more small businesses are seeking financing today than they were just six months ago. Furthermore, more small firms today are projecting hiring new employees in the coming year than at any point in the last seven years. Compound that by the direct correlation NSBA data has established over two decades between job growth and access to financing, and it is clear that access to affordable, reliable financing is critical to small business and the overall U.S. economy. NSBA's forthcoming survey also found an uptick in small businesses relying on SBA loans, making a shut-down right now particularly harmful for small business.

NSBA has long-advocated for a strong, appropriately funded and stable 7(a) program, and urges Congress to raise the cap on this program to adequately meet the growing demand for 7(a) loans. Based on the 2015 loan figures alone, the 7(a) program is time-tested and vital; it offers tremendous assistance where small businesses would not otherwise receive it. The program is also beneficial not only the government, but the economy as a whole—as it operates at no cost to the U.S. taxpayer, and in fact, has consistently returned money to the Treasury. NSBA strongly encourages Congress to work as quickly as possible to increase the lending authority for the 7(a) program before the August recess.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal line extending to the right.

Todd McCracken
President & CEO