



July 23, 2015

Speaker John Boehner
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Democratic Leader Nancy Pelosi
H-204, US Capitol
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Senate Majority Leader Mitch McConnell
317 Russell Senate Office Building
Washington, DC 20510
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Senate Democratic Leader Harry Reid
522 Hart Senate Office Building
Washington, DC 20510
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Dear Lawmakers:

As a representative of the 28 million small businesses in America, Small Business Majority urges you to support Senate action to raise the cap on the U.S. Small Business Administration's 7(a) lending program.

Access to capital has been a persistent problem for entrepreneurs, particularly since the recession. And, while it has eased in some parts of the small business community, there are significant gaps that remain in critical areas, including in minority and rural communities and for women and veterans. In fact, Small Business Majority's opinion polling shows an overwhelming 90% of small business owners nationwide agree the availability of credit for small businesses is a problem.

SBA's 7(a) loan program is an important source of capital for entrepreneurs who struggle to gain the credit they need to grow or start their businesses. In FY 2014, the lending program approved more than 50,000 7(a) loans, totaling \$19.2 billion. SBA's statistics show that nearly one-third of 7(a) loan approvals (28.9%) were to minority-owned businesses, and 13.3% were to women-owned businesses.

SBA has already approved more than 45,000 loans this year, totaling more than \$16.5 billion. 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. Once this statutory cap is reached, SBA will be forced to suspend its 7(a) small business lending until the start of the new fiscal year on October 1, 2015, unless the 7(a) loan authority is increased.

Failure to raise the cap on 7(a) lending would be detrimental to small businesses, particularly small businesses that have been historically underserved. According to an analysis conducted by the Congressional Research Service, "loans under the 7(a) and 504 programs were more likely to be made to minority-owned, women-owned, and start-up businesses as compared to conventional small business loans. Moreover, the average amounts for loans made under the 7(a) and 504 programs to these types of firms were substantially greater than conventional small business loans to such firms."¹ This shows that the 7(a) program is helping to fill a much needed lending gap.

Earlier this year, the Senate Small Business & Entrepreneurship Committee passed legislation to increase the current authorization of \$18.75 billion; however, the pace of 7(a) lending will soon exceed that cap. The legislation we support would raise the lending cap to \$23.5 billion, as requested by the Office of Management and Budget.

We urge you to support this legislation and help small businesses that continue to struggle with access to capital. Lifting the cap for 7(a) lending is vitally important to the small business community and the economy.

Sincerely,

John Arensmeyer, Founder & CEO
Small Business Majority

¹ Congressional Research Service, "Small Business Administration 7(a) Loan Guaranty Program." 2015. Available at <http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R41146.pdf>

