

# Congress of the United States

Washington, DC 20515

April 1, 2004

The Honorable Frank R. Wolf  
Chairman  
House Appropriations  
Subcommittee on CJS  
Washington, DC 20515

The Honorable José Serrano  
Ranking Member  
House Appropriations  
Subcommittee on CJS  
Washington, DC 20515

Dear Chairman Wolf and Ranking Member Serrano:

We are writing to strongly urge you to provide \$132.5 million for the Small Business Administration's (SBA) flagship 7(a) loan program, assuming the current 1.06% credit subsidy rate is maintained. This level of funding would allow SBA to fully meet the estimated demand for 7(a) loans without capping their amount.

As you know, small businesses are the primary engines of job creation for our economy. The 7(a) loan program provides long-term financing to approximately 30 percent of those businesses. The \$100 million federal investment in 7(a) in FY 2004 alone will leverage nearly \$10 billion in small business loans, with a much larger return to economic growth. We oppose the SBA's proposal to eliminate the federal loan subsidy for the 7(a) program and support a funding level that adequately meets demand, because we believe the country benefits from this relatively modest investment in small businesses and those they employ.

For FY 2004, Congress provided funding intended to support a 7(a) program level that was approximately 4 percent higher than requested by the SBA. With virtually no warning, however, SBA shut down the program in early January, citing a lack of resources. The program was reinstated following a huge outcry from Congress and the public, but with new caps and restrictions that have caused great hardship and losses for small businesses throughout this country. Even after passage of the FY 2004 omnibus appropriations bill, SBA did not remove the cap or other restrictions.

Now is not the time to reduce the effectiveness of a program that is proven to stimulate the economy and create jobs. We are asking that you fund the 7(a) program at a level sufficient to obviate the need for caps or other restrictions and return 7(a) to its full strength and effectiveness. We also ask that you include report language in your bill requiring SBA to report back to your committee quarterly regarding the level of remaining 7(a) funding and prospective demand, and to promptly report to the committee at any other time when a lack of resources threatens the continued operation of the program.

We know you have a commitment to our small businesses and to the continued strength of our economy. We look forward to continuing to work with you to ensure that 7(a) receives the funding it needs to remain one of the shining successes of the SBA.

Sincerely,

Paul Pini

Shawn Bran

Connie Brown

Donald Hadden

Chf Edwards

John Duggell

Rubin Hinojosa

Lure Brun

Charlie Stahl

Bert Hodson

Margaret Widney

Melanie Waters

Tom Moran

Gary A Ackerman

Paul C. J. Lee

Wendy Westbrook

D. Conroy

Jon Stakely

Shelley Buckley

Jim Mathews

Frank W. Ballou

David Scott

Medicine J. Baudello Jim W. Brown

Albert R. Upton

Yed Strickland

Frank [unclear]

Mik Row

Nick Metzger

Uma Shoo

Ed Case

Gertrud Jovani Viki

Chris Bell

Tom Allen

Nagregy W. Meek

Lois Capron

Gene E. Napolitano

C.A. Dutch Ruppel

Floyd E. Cummings

Denise L. Majette

~~John M. Pickett~~

Paul Ellis

Neil Abernethy

Joe Cooper

Dana DeBevoise

~~Bob Stenhouse~~

Mark S. Green

Cal Dooly

Earl Parnery

Timmy Zy

Tony Baldoni

Ellen Tausscher

Linda J. Sanchez

Mike Doyle

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