



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

June 25, 2015

The Honorable John Boozman  
Chairman  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

I'm writing to formally request your leadership in avoiding a temporary shutdown of the U.S. Small Business Administration's flagship 7(a) Loan Guaranty Program (Program), which is on track to hit its program authorization ceiling of \$18.75 billion well before the end of FY 2015.<sup>1</sup> Indeed, our activity and trend analysis reveal a strong uptick that, if sustained, would exceed our lending authority ceiling by late August. I, therefore, seek Congressional action in raising the authorized level for 7(a) lending, as established in the appropriations act, to \$22.5 billion for Fiscal Year 2015.

This action will ensure that no small business is turned away due to the statutory cap on 7(a) lending. Thanks to this Committee's efforts last year, we were able to avoid a 7(a) shutdown in fiscal year 2014. That potential shutdown was also caused by unexpected high demand for this vital lending program. I'm hopeful you will again come to the aid of America's small businesses at this encouraging time of record demand. We now seek immediate higher authority to meet the unprecedented financing needs of American small businesses in 2015.

As you will recall, this is a zero-subsidy request. The 7(a) Program is currently operating without appropriated subsidy funds and would continue to do so at the requested program level.

SBA data show we have gross approvals of over \$15.1 billion in 7(a) loan guarantees as of June 20, 2015. Net approvals through the same date are over \$14.1 billion, indicating we have reached 75 percent of our annual program authority prior to even beginning the 4<sup>th</sup> quarter of the fiscal year— normally the program's busiest time of

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<sup>1</sup> Currently, the Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. 113-235, Div. E, title V, Small Business Administration, Business Loans Program Account, provides "that during fiscal year 2015 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed \$18,750,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans."

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**year. When the 7(a) Program reaches its statutory program level of \$18.75 billion, SBA will be forced to suspend 7(a) small business lending until the beginning of the new fiscal year. By our calculations, a shutdown could put several billion dollars of lending volume on hold throughout late August and September and have a deleterious effect on job creation.**

**SBA's lending partners and the national trade association representing 7(a) lenders have expressed to us mounting concern about the uncertainty of having sufficient 7(a) Program authority available to serve small business owners, moreover any lapse in the 7(a) Program will have negative impacts on the delicate small business financial ecosystem supporting the nation's small business community.**

**This Program is providing critical access to capital for entrepreneurs still recovering from the Great Recession while undergirding the small business growth taking hold in our economy.**

**Let me stress how extremely appreciative I am of the \$23.5 billion level of lending authority already indicated in the House Committee on Appropriations markup for 2016 Financial Services and Government appropriations.**

**Thank you for your continued support of SBA's efforts to serve the nation's small business community. If you have any questions, please do not hesitate to contact me directly, or have your staff contact Thaddeus Inge, SBA Associate Administrator for Congressional and Legislative affairs, at (202) 205-6634. Please be assured that a similar request is being sent to Chairman Vitter, Vice Chairwoman Mikulski, Senator Coons, Senator Shaheen, Representative Lowey, Representative Serrano, and Representative Velázquez.**

**Respectfully,**



**Maria Contreras-Sweet**