



American Society of Travel Agents
1101 King Street, Suite 200
Alexandria, VA 22314

Tel 703.739.2782
Fax 703.684.8319
800.ASK.ASTA

askasta@astahq.com
www.ASTAnet.com

Karen Gordon Mills
MMP Group, Inc.
75 Federal Street
Brunswick, Maine 04011

23 December 2008

Dear Ms. Mills:

Congratulations on your recent nomination to lead the Small Business Administration in the incoming Obama Administration.

As you prepare for the momentous task of leading this important agency during extraordinarily difficult economic times, I would like to offer a few thoughts as the President and Chair of The American Society of Travel Agents (ASTA), the world's largest association of travel professionals.

ASTA, founded in 1931, represents approximately 3,500 domestic travel agency firms. We are a classic 501(c)(6) trade association representing the interests of travel agents to all levels of government and industry, while promoting professional and ethical conduct and consumer protection for the travelling public. While our membership includes large travel management companies such as American Express Travel and large online agencies such as Expedia, Orbitz, and Travelocity, the core of our membership lies squarely in the small business community. On average, our member companies have 7.1 employees. A significant majority of these agencies' employees—fully 73%-- are female, and 84% of agencies are owned by women.

Contrary to popular opinion, U.S. air carriers provide no base or standard commission to travel agents. Instead, their primary revenue source is in the form of service or transaction fees paid by their customers. Travel agents support, and are supported by, a healthy travel and tourism industry.

Like all small businesses, ASTA member travel agents are facing acute challenges during the economic downturn. Access to credit is a particular challenge.

The staff of the Small Business Administration are to be commended for having taken two important regulatory steps to address the credit crisis in recent months: permitting section 7(a) loans to use the LIBOR as a base rate for variable interest rate loans, and using Weighted Average Coupons to facilitate the assembly of secondary market pools. While these are important first steps, I believe there is more to be done to expand access to credit for travel agents and other small businesses.

Last month, I wrote to Acting SBA Administrator Sandy K. Baruah to request that the SBA create a new program to make direct loans to small businesses to help them weather the credit crunch. After the attacks of September 11, 2001, a similar initiative, the Economic Injury Disaster Loan (EIDL) program, provided emergency loans to small businesses who had suffered economic hardship as a result of the attacks. Among the businesses saved by that program were hundreds of travel agencies.

In parallel to this request to Acting Administrator Baruah, ASTA presented this idea to the transition team for consideration. While it is evident that this program will not be created in the waning days of the current Administration, I urge you to consider a program of direct lending, modeled on the EIDL program, as one means of restoring confidence to the small business community that credit will be available to those who need a lifeline.

Finally, I invite you to use our association as a resource for any questions you or your staff may have concerning the travel agency business or the broader travel and tourism industry. Paul Ruden, ASTA's Senior Vice President for Legal and Industry Affairs, and Colin Tooze, Vice President of Government Affairs, may be reached at any time at (703) 739-6842. Please do not hesitate to contact them.

Best wishes for a successful confirmation hearing. On behalf of ASTA, I look forward to working with you in the months and years to come.

Very truly yours,

A handwritten signature in black ink, appearing to read "Chris Russo", with a long horizontal flourish extending to the right.

Chris Russo
President and Chair
American Society of Travel Agents