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The Hon. Sandy K. Baruah
Acting Administrator
US Small Business Administration
409 3rd Street, SW
Washington, DC 20416

17 November 2008

Dear Administrator Baruah:

America's small business owners are facing a host of challenges during the current period of extraordinary market turmoil. Chief among these challenges is the difficulty of finding reliable sources of credit. This poses an existential threat to countless businesses across the country.

While the federal government's rescue package appeared at first blush to offer a promising lifeline, the reality is that aid has been slow to reach small businesses. In the intervening months, an increasing number of small business owners have had no choice but to close their doors. Given the current market conditions, there is little reason to expect that this trend will abate in the foreseeable future. Moreover, all indications are that consumers are already curtailing their holiday shopping and travel plans this year. These choices will fall heavily on industries, such as the retail travel industry, that rely on seasonal demand.

Travel agents and other small businesses can be expected to play a key role in an eventual economic recovery. Many of these businesses are in need of a capital infusion to help tide them over until consumer confidence recovers and the economy is restored to health.

The changes to existing programs the SBA announced on November 13, 2008— to permit new SBA loans to be made with the one month LIBOR rate and to allow a new structure for pooling SBA loans for sale in the secondary market— are a welcome signal of the Administration's commitment to ensuring that small businesses have access to capital.

However, it is our view that these extraordinary times warrant still further intervention by the SBA in the form of expanded direct lending to small businesses.

Following the attacks of September 11, 2001, your agency swiftly responded to the ensuing economic downturn by creating the September 11 Economic Injury Disaster Loan Program. This short-term program offered an invaluable lifeline to small businesses in the form of immediate access to funds required to meet ordinary and necessary operating expenses. This program serves as an instructive model on the benefits of direct lending during difficult economic times, and would be an ideal starting point in creating a new program tailored to the current situation. A new EIDL program would provide small businesses with the ability to obtain credit when they need it most—and would help them to do their part in turning the economy around in 2009.

We urge the SBA to act quickly to use its existing direct lending authority to provide access to credit for small business owners in economic distress.

Thank you for your attention to this vital issue.

Yours Sincerely,

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

Chris Russo
President and CEO
American Society of Travel Agents