



AEO *Association for
Enterprise Opportunity*
THE VOICE OF MICROBUSINESS

March 5, 2013

Ms. Karen G. Mills
Administrator
U.S. Small Business Administration
409 Third Street SW
Washington, DC 20416

Dear Administrator Mills,

On behalf of the Association for Enterprise Opportunity (AEO), our more than 400 microbusiness development organizations (MDOs) and microlenders, and the entrepreneurs our members serve, I am writing to underscore the devastating consequences sequestration will have on our nation's entrepreneurs.

In a February 19, 2013 letter to Senate Appropriations Committee Chair Barbara Mikulski, the negative effects of indiscriminate, across-the-board cuts will have on the U.S. Small Business Administration (SBA) and the small businesses your agency serves across the country are made clear. We echo your frustration with the nature of the cuts, placing undue hardship on small businesses. Our economy depends on their success and ability to create jobs.

The business assistance and lending programs overseen by the SBA are absolutely critical to the success of so many entrepreneurs in this country. Research has shown that 88 percent of businesses that receive counseling from an organization supported by the Program for Investment in Micro-Entrepreneurs (PRIME), Women's Business Center (WBC) Program, and the Technical Assistance component of the Microloan Program are still in business after five years – as compared to a 50 percent success rate among businesses that did not. The impacts these programs have are clear.

Due to sequestration, our members are telling us that across-the-board cuts are a double-whammy for microbusinesses. Not only will funding for critical business assistance programs be reduced, but the cost of capital will go up. AEO members

that are lenders have said that decreased access to guaranteed loans would increase their cost of capital, forcing them to increase interest rates on their borrowers.

Although it is widely acknowledged that sequestration was designed to induce Congressional action, the results of this misguided policy will severely impact our members' ability to serve entrepreneurs and microbusinesses. We understand that your agency, like all other nondefense agencies, faces a five percent cut in discretionary funding through the end of FY2013. Nonetheless, AEO will continue to make the case for these important programs in Congress and the Administration.

Our nation's smallest businesses are on the frontlines of the economy and we must ensure that they receive the tools they need to start, grow, and succeed.

Sincerely,

A handwritten signature in black ink, appearing to read "Connie E. Evans". The signature is fluid and cursive, with a large initial "C" and "E".

Connie E. Evans
President & CEO