

Congress of the United States
Washington, DC 20515

April 14, 2020

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20510

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader Schumer, and Leader McCarthy:

Thank you for your work to build upon the three bipartisan legislative packages the Congress has passed in response to the COVID-19 epidemic so far. I am writing to ask that, as you work on a “CARES 2.0” package to build upon our existing programs to support small businesses, you ensure that the smallest of businesses in our communities have equal access to capital through EIDL and PPP, as well as any other emergency programs.

Over the past several weeks, I have convened several virtual town halls and conference calls with small business leaders, and today I met virtually with representatives from our local banks and credit unions. Through these conversations, I learned that our smallest companies, in particular sole proprietors and those with a workforce of less than 20, are struggling to access the programs Congress intended to help them. Even as we work on growing the pie of funding for PPP and consider proposals like raising the employee count threshold from 500 to 1,000 or greater, we must not forget about the specific needs of our smallest businesses.

As a former Chief Operating Officer, I can appreciate how difficult it would be to navigate eligibility and application requirements for these programs—let alone finding a willing lender—and I was lucky enough to work in a company with a dedicated Human Resources and Finance operation. Although SBA and Treasury have worked with lenders to ensure the application process is as streamlined as possible, business owners are working to meet these requirements as they also navigate stay-at-home orders and non-essential business closures. Further, we have learned that the complications in this process are compounded for potential PPP borrowers who do not have an existing relationship with a SBA-backed lender. For those forced to look beyond their first-choice bank, they are finding that some lenders are simply refusing to lend to new customers and many lenders are delayed in offering PPP loans while they await SBA approval on additional loan processors.

I would like to share two stories in particular. First, Thomas is a small business owner in Phoenixville. He applied for PPP with his local community bank and was told that they were working around the clock to understand the Treasury regulations so that they could roll out the PPP program. Thomas wrote to me, “As you know, the money in the PPP is “first come first served” and with the complexity of the SBA, I believe that our small request is being potentially penalized because of time being lost.” Second, Lisa from Exton reached out about her husband’s three physical therapy facilities that have been impacted by the COVID-19 pandemic. She shared that she had gone to two local banks, neither of which were ready to lend under PPP, and that when she and her husband were finally able to access an online application, it

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took over seven hours to complete an application due to high volume on the system. She expressed concern that the funds would run dry before small business owners like her husband have the opportunity to access funds, because bigger companies and bigger banks have greater resources to compete for funding.

I am confident that there are countless stories like Thomas's and Lisa's around the country. I ask that you consider the following in any "CARES 2.0" or future small business relief legislation:

- Additional SBA funding for the purpose of accelerating approval of new SBA-backed lenders and of existing SBA-backed lenders' new loan processors.
- Additional funding for SBA's grant to SCORE programs, which provide business mentorship support and can help small businesses navigate the COVID-19 response landscape.
- Setting aside funding within the EIDL and PPP specifically with the intent of reaching our smallest businesses that have been hit hardest by the epidemic. This could include a set-aside for businesses with fewer than 25 employees, including sole proprietors and self-employed individuals, a set-aside for smaller community banks, or prioritization of small firms that have been mandated to close as a result of state "essential business" orders.
- Allowing small businesses to utilize EIDL and PPP funds for a wider range of expenses, including refunding customers for pre-paid services and to advance purchase product to help smooth the transition to reopening.
- Consider not only more funds for these programs but the inclusion of automatic stabilizers that would allow small businesses to continue receiving support if the crisis continues for months. I believe that we must build in triggers – based on duration or on economic markers – that deploy additional funding for the EIDL and PPP programs to help address the concerns that funding will run out before this crisis is over.

Thank you for your consideration of these ideas and for your continued work on these important issues.

Sincerely,



Chrissy Houlahan
Member of Congress