

Congress of the United States
Washington, DC 20515

May 7, 2020

The Honorable Nancy Pelosi
Speaker, U. S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader, Leader, U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, U. S. House of
Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader, U.S. Senate
Washington, DC 20510

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

As Congress continues to respond to the threat of the novel coronavirus across the country, it is essential that we institute policies that address the needs of our most vulnerable small businesses. We must reconsider the initial timelines and limitations put in place for our small business assistance programs as the extent of this crisis becomes clearer each day.

The idea behind the Paycheck Protection Loan Program (PPP) was simple. We wanted to cover the immediate needs of small businesses and allow them to maintain their workforce to pre-pandemic levels while national emergency and state stay home orders persisted. However, as applicants have started to receive their loans from the first round of PPP funding, it is clear the guidelines for spending are putting undue strain on these businesses, and in many cases creating additional roadblocks instead of providing much-needed relief.

Both Congress and the Department of Treasury established guidelines to ensure that PPP funds are used appropriately and within a reasonable timeframe. Among these guidelines is the requirement that the entirety of the loan must be spent within the 8-week window immediately following receipt of the loan. This requirement makes it impossible for businesses to responsibly pace their spending in order to keep their businesses open in the long-term, as many will not have revenue after that 8-week period if stay home orders and business closures persist. Consequently, this could mean many employees who have been brought back on payroll through the PPP loan will not be maintained. This would defeat the objective of the PPP, which is to keep people on payroll and off unemployment for the extent of this crisis.

Additionally, the requirement put on businesses to rehire employees and return to full staffing levels by June 30, 2020 does not reflect the current state of the crisis. We commend this attempt to offer flexibility as businesses slowly work to get back on their feet, while recognizing the importance of returning to full staffing levels as quickly as possible. However, it will be impossible for many businesses to continue working toward full employment by the end of June,

especially under the expectation that the economy will not fully reopen until after the summer. June 30th is simply too soon to expect businesses to return to normal operations.

Businesses that have received PPP loans are trying hard to meet these requirements, but many are finding it impossible to do so while meeting the other requirements of the loan program. And if businesses cannot meet every requirement, their loan will not be forgiven, thrusting them into debt without any revenue source to pay it back. By providing employers flexibility to utilize PPP payroll funds over a longer time period, many employees will be retained through the most severe period of revenue loss and small businesses will be able to return to full time employment once demand returns.

Businesses are acting in good faith to keep their businesses operational and their employees on payroll. While it is essential that we implement accountability measures and guidelines on how these loans must be spent, it's important that we give businesses the flexibility to spend these funds over a longer time period given the scale of the COVID-19 public health crisis. Our small businesses are the backbone of our economy, and if we allow them to fail now, our local economies will take years to fully recover.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Xochitl'.

Xochitl Torres Small
Member of Congress

A handwritten signature in blue ink, appearing to read 'Joe Cunningham'.

Joe Cunningham
Member of Congress

Peter Welch
Member of Congress

Jim Cooper
Member of Congress

Chellie Pingree
Member of Congress

Brian Fitzpatrick
Member of Congress

Jamie Raskin
Member of Congress

Ed Case
Member of Congress

Jim Costa
Member of Congress

Vicente Gonzalez
Member of Congress

Dave Loebsack
Member of Congress

Val B. Demings
Member of Congress

Peter A. DeFazio
Member of Congress

André Carson
Member of Congress

Raúl M. Grijalva
Member of Congress

Kathleen M. Rice
Member of Congress

David Trone
Member of Congress

Chris Pappas
Member of Congress

Bill Foster
Member of Congress

Daniel T. Kildee
Member of Congress

Joseph D. Morelle
Member of Congress

Gregory W. Meeks
Member of Congress

Tom O'Halleran
Member of Congress

Elaine G. Luria
Member of Congress

Sean Patrick Maloney
Member of Congress

Doris Matsui
Member of Congress

Jahana Hayes
Member of Congress

Eleanor Holmes Norton
Member of Congress

Rashida Tlaib
Member of Congress

J. Luis Correa
Member of Congress

Cindy Axne
Member of Congress

Kendra S. Horn
Member of Congress