

United States Senate

April 24, 2020

The Honorable Steven T. Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

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Dear Secretary Mnuchin and Administrator Carranza:

Thank you for your leadership in implementing the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act includes a number of critical provisions, including Section 1102 which created the Paycheck Protection Program (PPP) within the Small Business Administration (SBA) designed to provide direct funding to small businesses and workers. The success of the PPP is integral to ensuring the survival of millions of small businesses across the country, making equitable and non-discriminatory implementation of this Section essential.

Congress initially appropriated \$349 billion for the PPP and according to SBA's data, financial institutions utilized all of that funding to generate 1.66 million loans to businesses. The SBA started approving PPP loans on April 3, 2020, but in less than two weeks the program was insolvent due to high demand. Many small businesses were forced to wait until April 14, 2020 to submit an application due to a lack of guidance focusing on the smallest entities, including independent contractors and other self-employed individuals. That means millions of small businesses around the country were forced to wait to apply and placed behind thousands of other applications with only a minimal amount of funds available – through no fault of their own. Additionally, between April 3, 2020, and the time the programs funding expired on April 16, 2020, many businesses submitted applications but never received funding, either due to a lack of relevant guidance or financial institutions prioritizing certain customers.

The PPP is run on a first come first serve basis, however there are no regulations or legislation governing the manner in which financial institutions process applications. Given the immense level of discretion and authority lenders have when it comes to picking what businesses applications are processed, I believe it is imperative that the Department of Treasury (Treasury) and SBA issue guidance as soon as possible to provide clear direction on how to prioritize applications so that all business, regardless of size, have an opportunity to access the PPP as Congress intended. This guidance should also include direction on how financial institutions will assist businesses that were either denied due to a lack of relevant guidance at the time of their application or were not given timely consideration based on the date of their application.

As we continue to work on implementation and oversight of the CARES Act I request that you take additional steps to ensure financial institutions are fulfilling the intent of the law and serving businesses of all sizes equally. Thank you for your consideration of this immediate and pressing need on behalf of small businesses across the country.

Sincerely,



Martha McSally
U.S. Senator