

Congress of the United States

Washington, DC 20515

July 28, 2020

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

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20024

Dear Secretary Mnuchin and Administrator Carranza,

We write today to request that this Administration use all necessary means to ensure the remaining Paycheck Protection Program (PPP) loans are made available to minority-owned small businesses who need financial assistance and have been excluded from the PPP to date.

Congress authorized the PPP in order to provide much needed financial assistance to small businesses struggling to stay afloat during the coronavirus pandemic. However, shortly after enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, there were reports that larger, profitable businesses were receiving PPP loans while many small, needy businesses, including minority-owned businesses, could not secure a loan. The recently-released list of those who took loans in excess of \$150,000 confirms many of the concerns raised early in the PPP about the equitable distribution of the loans. The list includes millionaires, large franchises, and large law firms. This is alarming to those of us in the Congress who envisioned PPP loans as a way, during this pandemic, to keep small businesses, who lacked access to capital, operating with their workers.

While the COVID-19 pandemic has caused tremendous harm to families and businesses across the nation, communities of color disproportionately have been affected. According to recently released federal data, African-Americans and Latinos are three times as likely to contract COVID-19 as their White neighbors.¹ They also are disproportionately more likely to be unemployed during this pandemic and to be at risk of financial ruin when federal supplemental unemployment benefits terminate on July 31.² This disparate impact on minority and underserved communities requires urgent action.

The value of PPP loans to small businesses in our country cannot be overstated and for many minority-owned businesses these loans are critical to ensuring their survival. Yet, only 12 percent of African-American and Latino business leaders report that they received the loan that

¹ <https://www.nytimes.com/interactive/2020/07/05/us/coronavirus-latinos-african-americans-cdc-data.html>

² <https://www.cbo.gov/publication/56447>

they applied for and sadly one-half of these business owners expect to permanently close soon.³ This is tragic and indeed was preventable, but this state of affairs stems from the Administration's mismanagement of the program. The PPP loans were set up by the Small Business Administration (SBA) on a first-come, first-served basis without any attempt to ensure equitable participation in the application and approval process or diversity in the lending or community institutions seeking loans. The Administration's own data notes that nearly 30 percent of all businesses in the United States are minority-owned⁴—far more than the 12 percent who received loans. We need to encourage minority business ownership by providing access to needed capital.

Recently enacted legislation extending the PPP provides the Administration an opportunity to improve upon the current results. We request that SBA and the Department of the Treasury undertake a full-scale outreach program targeting small, minority-owned businesses who were left behind in the early rounds of the PPP. Actions must be undertaken to make sure these underserved businesses are aware of the availability of these loans, to provide assistance and guidance to the lending institutions who serve these businesses, and to better capture data on inclusion and equity in the PPP loans that are approved.

Thank you, in advance, for your attention to this matter.

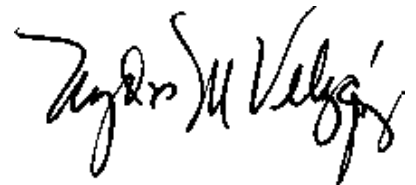
Sincerely,



Richard E. Neal
Chairman
Committee on Ways and Means



Maxine Waters
Chairwoman
Committee on Financial Services



Nydia M. Velázquez
Chairwoman
Committee on Small Business

³ <https://www.forbes.com/sites/tommybeer/2020/05/18/minority-owned-small-businesses-struggle-to-gain-equal-access-to-ppp-loan-money/#18b29d65de3f>

⁴ <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/09/24153946/Frequently-Asked-Questions-Small-Business-2019-1.pdf>