



April 21, 2020

The Honorable Nancy Pelosi
 Speaker
 U.S. House of Representatives
 H-232, The Capitol
 Washington, D.C. 20515

The Honorable Mitch McConnell
 Majority Leader
 United States Senate
 S-230, The Capitol
 Washington, D.C. 20510

The Honorable Kevin McCarthy
 Minority Leader
 U.S. House of Representatives
 H-204, The Capitol
 Washington, D.C. 20515

The Honorable Charles E. Schumer
 Minority Leader
 United States Senate
 S-221, The Capitol
 Washington, D.C. 20510

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

We write to request urgent changes to the Paycheck Protection Program (PPP) that will ensure it can serve the needs of deeply affected small businesses during this time of unprecedented economic disruption.

We appreciate the tremendous bipartisan effort made to establish the PPP in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. While the program represents a critical first step in providing relief for businesses that have been negatively impacted by the ongoing crisis, and should be immediately provided with additional funding, the program in its current form will not be adequate to prevent widespread permanent closures and the corresponding waves of lost jobs that will come as once-viable businesses fail.

PPP is primarily designed to help businesses cover payroll expenses during a short-term period of lost revenue. However, many small businesses are facing the likelihood of prolonged revenue loss, severe operational disruption, and uncertainty regarding when life will return to normal. By providing relatively small borrowing amounts and strictly linking relief to payroll expenses, PPP as it is currently structured is of limited use to businesses struggling to meet a wide range of fixed costs over an extended period. Troublingly, the businesses most in need of emergency relief will face the biggest hurdles in putting PPP to its intended use unless structural improvements are made soon.

Our organizations endorse and recommend a number of fundamental improvements to the program, first proposed by Economic Innovation Group, to better target and serve deeply affected small businesses, and to make PPP more effective in helping them survive a prolonged period of disruption. We request the following:

- **Extend the duration of the program through December 31, 2020.** The covered period for the program is currently set to end on June 30, 2020.
- **Remove funding uncertainty.** Small businesses should never again be unable to access PPP loans due to funding shortfalls. Congress should approve such sums as necessary for PPP through the duration of the covered period to eliminate concerns about the first come, first-served program running out of money due to heavy demand.
- **Increase borrowing limits so businesses can withstand an extended period of lost revenues and operational disruption.** At minimum, borrowers should be able to qualify for a loan that is equivalent to five times the average monthly sum of *all* covered expenses up to \$25 million. Borrowers are currently limited to loans that are only 2.5 times average monthly payroll costs alone, or \$10 million, whichever is less. Businesses that have already been approved for a PPP loan should be able to apply for additional loans as needed up to the maximum amount.
- **Expand the list of covered expenses.** Covered expenses should include payroll costs, rent, utilities, mortgage interest, mortgage principal, business insurance, inventory, and payments on debt incurred prior to the covered period. Currently, PPP loans can only be used for payroll costs, mortgage interest payments, rent, leases, and utilities.
- **Extend covered period for loan forgiveness.** PPP currently allows for only eight weeks of covered expenses to be forgiven, with a non-statutory hard cap of 25 percent on non-payroll expenses imposed by the Small Business Administration (SBA), making PPP of very limited use to businesses facing an extended period of inability to meet a variety of critical expenses. Loan forgiveness should instead be calculated as the sum of amounts paid for covered expenses during the 20 weeks after the loan commences, and Congress should prevent the imposition of any non-statutory restrictions on the forgiveness formula.
- **Make re-hiring deadline contingent on when the loan commences.** The law currently sets a fixed date of June 30 for re-hiring, which disadvantages borrowers whose loan commenced later in the covered period. Instead, Congress should provide a level playing field for all borrowers by allowing them 16 weeks from the date the loan commences during which to eliminate any reductions to pre-crisis full-time equivalent employees.
- **Ensure businesses are not penalized if former employees are unwilling to return.** The PPP currently reduces loan forgiveness proportionally for the number of employees not re-hired by the deadline. Congress should waive this penalty if an employer is unable to re-hire any employee who receives greater assistance under the expanded Unemployment Insurance than their previous compensation at the business.
- **Discourage unaffected businesses from applying.** As Congress works to ensure the program is of greater use to businesses grappling with the impacts of the economic crisis, it should also ensure it is better targeted to the intended recipients. The law currently includes no meaningful disincentive for healthy businesses to take advantage of the program. When applying for loan forgiveness, borrowers should be required to provide

good faith certification under threat of penalty that they meet at least one category of significant economic harm. Businesses could satisfy the requirement if they:

- experienced 20 percent or more in reduced revenue for at least one month;
- are in a “deeply affected industry” as determined by the Administrator;
- were subject to mandatory shutdown by local or state authorities and were unable to continue operations by telework or other remote options;
- experienced significant disruption to supply chain; or,
- experienced significant disruption to the health and availability of their workforce.

The survival of America’s small businesses is essential to a strong recovery from the economic shutdown. We commend Congress and the agencies for designing and implementing this emergency program in the midst of an unprecedented crisis. PPP is an important first step and has aided more than a million businesses in its first weeks of implementation. However, the need for greater scale and flexibility in the program cannot be overstated. We therefore urge Congress to act immediately to strengthen this program and ensure it provides the resources and flexibility needed for small businesses to navigate this ongoing health and economic crisis.

Thank you for considering our recommendations.

Sincerely,

American Hotel & Lodging Association
Asian American Hotel Owners Association
Disability:IN
Economic Innovation Group
Exhibition Services & Contractors Association
Experiential Designers + Producers Association
International Association of Amusement Parks and Attractions
International Association of Exhibitions and Events
International Association of Venue Managers
International Franchise Association
Main Street Alliance
Main Street America
National Association for the Education of Young Children
National Association of Women Business Owners
National Restaurant Association
National Small Business Association
Small Business Majority
Small Business Roundtable
Society of Independent Show Organizers
U.S. Hispanic Chamber of Commerce
U.S. Travel Association

cc: Senator Marco Rubio (R-FL)

Senator Ben Cardin (D-MD)
Representative Nydia Velazquez (D-NY-07)
Representative Steve Chabot (R-OH-1)