

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6315

April 15, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
100 F. St. NE Washington, D.C. 20220

Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve
20th Street and Constitution Avenue, NW
Washington, DC 20551

\Dear Secretary Mnuchin and Chairman Powell,

We write to you as Members of the House Small Business Committee and on behalf of the nation's 30 million small businesses during this truly unprecedented time in our nation's history as the nation grapples with the effects of COVID-19. With more than [90% of Americans](#) being told to stay home to "flatten the curve" of infections, the American economy has essentially been shut off. Restaurants, hotels, bars, retail stores, barber shops, dance and yoga studios, gyms – practically every segment of the small business sector is suffering immeasurably. The recently passed emergency package will provide some relief for small businesses and their employees through grants under the Economic Injury Disaster Loan (EIDL) program and loans under the Paycheck Protection Provisions (PPP).

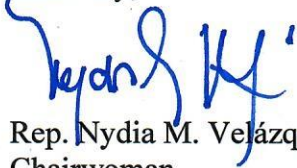
However, both Treasury and Federal Reserve play an important role in supporting small businesses. On April 9th, the Federal Reserve announced it was taking additional actions to provide up to \$2.3 trillion in loans to support the economy. The [press release](#) states that this funding will **"assist households and employers of all sizes."** With that as background, I urge you to take the following actions to support small businesses, sole-proprietors, and self-employed individuals:

1. Prioritize micro-businesses with less than 25 employees and provide them with fair terms and conditions, and viable access to lenders able and willing to urgently address their needs. Millions of small business owners in retail, hospitality, restaurants, construction and manufacturing, among others, were put at the back of the line when applying for the PPP program due to lenders prioritizing existing customers before new customers.

2. Prioritize the specialized capital access needs of independent contractors, sole proprietors and microbusinesses, who must often borrow as consumers. As noted by the Federal Reserve Bank of New York, nearly three in 10 small businesses rely on personal loans.¹ Disaster-affected small businesses are 1.5 times more likely to rely on personal loans.² It is critical that, that the lending facilities you establish encourage personal consumer loans at reasonable rates and terms to ensure access for America's smallest entrepreneurs.
3. Prioritize lending to traditionally underserved communities, including women-, minority-, and veteran-owned businesses as well as those small businesses located in rural areas and smaller cities and towns.
4. Provide increased liquidity and capacity for smaller banks and credit unions by purchasing PPP loans from originating institutions.
5. For the large corporations that receive money, you should stipulate that these firms treat their small business partners and suppliers fairly. This includes not cancelling contracts with small suppliers of goods and services, allowing extra time for payment in any contractual agreement and utilizing small and diverse owned-firms in future contracts to support the economic recovery.

Ultimately, the CARES Act, in its totality, must assist and stabilize the very sector of the economy, our nation's small businesses and entrepreneurs that will be central to guiding us back to prosperity. If you have any questions regarding this letter, please contact Naveen Parmar, General Counsel and Policy Director with the Committee on Small Business at naveen.parmar@mail.house.gov. Thank you for your attention to this matter.

Sincerely,



Rep. Nydia M. Velázquez
Chairwoman
House Small Business Committee



Representative Judy Chu



Representative Bradley Schneider



Representative Jason Crow



Representative Angie Craig

¹ <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-StartupFirms-2016.pdf> [newyorkfed.org].

² <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2017/SBCS-Report-on-Disaster-Affected-Firms.pdf> [newyorkfed.org].



Representative Chrissy Houlahan



Representative Adriano Espaillat



Representative Dwight Evans



Representative Andy Kim

Representative Sharice Davids