

Congress of the United States
Washington, D.C. 20515

May 15, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20510

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

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

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

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

We thank you for your work to increase supplementary funding levels for the Paycheck Protection Program (PPP). With the passage of the Paycheck Protection Program and Health Care Enhancement Act and anticipated, future PPP funding efforts, we ask that you require increased oversight and transparency into the program. Like many of our colleagues, we have significant concerns regarding the administration and implementation of the first and second tranches of PPP funds. Due to the coronavirus 2019 (COVID-19), millions of America's small businesses have been forced to shutter their operations and lay off employees. In the Federal government's unprecedented effort to quickly disburse resources to small businesses across the country, it appears the limited guardrails and broad discretion provided has allowed the Small Business Administration, Treasury Department, and approved banking partners to administer PPP in a manner that has barred many small businesses from receiving relief. As a result, we urge you to direct the newly formed Bipartisan House Select Committee on the Coronavirus Crisis, the Congressional Oversight Commission and the Pandemic Response Accountability Committee¹ to immediately prioritize a thorough and ongoing review of the PPP. In particular, we encourage the House Select Committee to lean on the leadership and expertise of Financial Services Committee Chairwoman Waters and Small Business Committee Chairwoman Velazquez who can provide tremendous insight into the program's original intent and shortcomings, as well as conduct thoughtful, incisive and thorough oversight.

Although the program was intended to provide quick access to capital, especially for businesses struggling with payroll due to stay at home orders, many small businesses struggled to submit applications with approved lenders when the PPP program initially opened, and many banks closed their application windows quickly, limited enrollment to certain existing customers, or did not participate at all. Not only has the PPP faced an incredibly rocky rollout, the program has

¹ POLITICO, "Pelosi and McConnell in talks to pick chair of coronavirus oversight panel". Kyle Cheney, et. al Heather Caygle and John Bresnahan. <https://www.politico.com/news/2020/04/10/pelosi-mcconnell-coronavirus-oversight-panel-178773>. April 10, 2020.

also been beleaguered by reports of application cherry-picking, poor quality control, backlogs and rumors of inappropriate activity. Within two weeks, the nearly \$350 billion initially provided to the PPP was depleted and thousands of qualified small businesses were unable to secure funding. Instead of assisting small businesses, the coveted funding went to large, well-resourced hotel and restaurant chains. For example, an owner of an essential food service business outlined how he received a \$3.4 million loan to support his business that has not yet been impacted by COVID-19, and how healthy companies can easily exploit aid meant for those that had to shut down².

We have also anecdotally heard that some of our approved banking partners secured loan numbers from the SBA without providing comprehensive application materials to the agency. Therefore, banks without as rigorous a process for validation appear to be “gaming” the system, while other banks that are taking the necessary risk mitigation steps and due diligence find their requests placed in a queue or remain in a backlog. Our smallest lenders continue to face significant hurdles to participating in the program, including constantly changing guidance, limited transparency, and an inability to bulk upload applications on a small scale. Lastly, there remain widespread concerns about the lack of granular reporting requirements, particularly regarding minority-owned and women-owned businesses, as well as minority-serving institutions like historically black colleges and universities that have faced systemic barriers to accessing capital and traditional financing. That is precisely why these oversight commissions must immediately begin to conduct oversight of these federal relief resources and review the processes occurring within banks and at the agencies. We applaud the provisions in the Paycheck Protection Program and Healthcare Enhancement Act that attempt to better tailor the most recent tranche of PPP funding toward those in the greatest need. We ask that robust oversight of these provisions be conducted to examine their effectiveness, and to assess the SBA’s adherence to the spirit of the program.

For millions of American small business owners, the PPP has been a welcome lifeline for preserving their businesses, protecting their employees, and maintaining their livelihoods. However, the window for utilizing relief is swiftly closing. We appreciate your efforts to negotiate a strong, bipartisan package, but without the necessary oversight and accountability, we fear the program will not live up to its original intent and will leave thousands of small businesses without the support they so desperately need.

Thank you for your consideration of our requests.

Sincerely,



Alma S. Adams, Ph.D.
United States Representative

² Wall Street Journal, “PPP Loan Terms Amount to Legalized Fraud”. Vargas, Pete.
<https://www.wsj.com/articles/ppp-loan-terms-amount-to-legalized-fraud-11587422730>. April 20, 2020.

/s/ Cindy Axne

Cindy Axne
United States Representative

/s/ Henry Cuellar

Henry Cuellar
United States Representative

/s/ Marcia Fudge

Marcia L. Fudge
United States Representative

/s/ Josh Harder

Josh Harder
United States Representative

/s/ Dave Loebsack

Dave Loebsack
United States Representative

/s/ Tom O'Halleran

Tom O'Halleran
United States Representative

/s/ Bennie Thompson

Bennie Thompson
United States Representative

/s/ Cheri Bustos

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United States Representative

/s/ Angie Craig

Angie Craig
United States Representative

/s/ Jesús G. "Chuy" García

Jesús G. "Chuy" García
United States Representative

/s/ Alcee L. Hastings

Alcee L. Hastings
United States Representative

/s/ Joseph D. Morelle

Joseph D. Morelle
United States Representative

/s/ Jan Schakowsky

Jan Schakowsky
United States Representative

/s/ Gilbert R. Cisneros, Jr.

Gilbert R. Cisneros, Jr.
United States Representative