

# United States Senate

WASHINGTON, DC 20510

May 5, 2020

The Honorable Steven Mnuchin  
Secretary  
U.S Treasury Department  
1500 Pennsylvania Ave NW  
Washington DC 20220

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 3rd St, SW  
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

Thank you for your tireless work in developing and implementing the Coronavirus Aid, Relief and Economic Security (CARES) Act. This critical legislation has bolstered our country's defense against COVID 19 and provided a critical lifeline for businesses struggling to keep their doors open. We commend your efforts to make the Paycheck Protection Program (PPP) and Economic Interruption Disaster Loans (EIDL) as effective as possible.

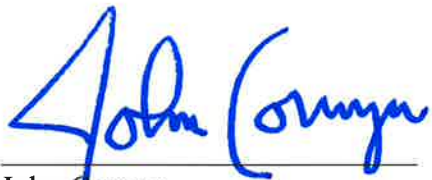
As you know, the CARES Act provided a path to loan forgiveness for funds spent on payroll and other statutorily defined covered business expenses, conditioned upon business retaining or rehiring employees. These provisions incentivize business owners to keep their employees, providing steady income for millions of Americans and limiting start-up costs after the pandemic. However, the Small Business Administration (SBA) and Department of Treasury have created other conditions for loan forgiveness. Specifically, regulations require that at least 75 percent of a PPP loan be spent on payroll, leaving no more than 25 percent to go toward the additional covered business expenses identified in the statute.

The 25 percent threshold is problematic for several business sectors, especially those whose mortgage, rent, or utility payments constitute a large portion of fixed monthly expenses. If they are unable to cover these expenses, they will have to decide between keeping their doors open, at personal financial risk, or closing shop and laying off employees. These are businesses that will not recover. Such an outcome would result in mass layoffs that would shift more Americans onto unemployment, presenting significant long-term costs to families, businesses, and states.

We ask that you exercise the power of your respective offices to ensure all business sectors are able to spend at least 50 percent of the loan proceeds on the statutorily allowed non-payroll expenses. Access to loan forgiveness was a critical component of the CARES Act, and making it as effective as possible will help further the CARES Act's goal of supporting small businesses while keeping American workers employed.

Our offices stand ready to work with you in ensuring the full recovery of the U.S. economy and that the implementation of the CARES Act is equitable to all covered business sectors. Please do not hesitate to contact us if we can assist in any way.

Sincerely,



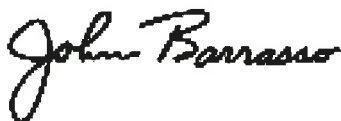
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John Cornyn  
United States Senator



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Robert Menendez  
United States Senator



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John Barrasso  
United States Senator



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Richard J. Durbin  
United States Senator



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Marsha Blackburn  
United States Senator

/s/

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Chris Van Hollen  
United States Senator



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John Boozman  
United States Senator



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Christopher A. Coons  
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Ron Wyden  
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Robert Portman  
United States Senator



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Patrick Leahy  
United States Senator



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Cory A. Booker  
United States Senator