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April 14, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
H-230, The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
H-221, The Capitol
Washington, DC 20510

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

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

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

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of providing further appropriations to the Paycheck Protection Program (PPP) created in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. These funds need to be provided this week, before the original appropriations are exhausted, and without restrictions or limitations. Additionally, NFIB requests immediate authorization and appropriations to increase Economic Injury Disaster Loans (EIDLs) and Emergency Grants from the Small Business Administration (SBA).

COVID-19 has created unprecedented disruption and anxiety for small business owners, with 92% of small business owners reporting a negative impact on their businesses as a result of the pandemic.¹ *Half of small business owners will not be able to operate their businesses under current conditions in one to two months.*² Small businesses and their employees need additional financial assistance, and they need it urgently.

There is significant demand for both the PPP forgivable loans and EIDLs, as 70% of small business owners applied for PPP forgivable loans and another 33% are planning to do so in the

¹ Holly Wade, *COVID-19 Impact on Small Business: Part 3*, NFIB Research Center, April 2, 2020, <https://www.nfib.com/assets/Final-Coronavirus-write-up-pt-3-1.pdf>.

² *Ibid.*

next month. Nearly half of small business owners applied for EIDLs.³ Many small business owners planned to rely on the PPP forgivable loans for payroll and the EIDLs for working capital. However, while some small businesses have received approved applications, the vast majority of businesses have not received loans, jeopardizing small businesses and employees who need immediate financial assistance.

NFIB appreciates that there is bipartisan support for significantly increasing appropriations for the PPP forgivable loans, but further delays in approving these funds will be devastating. The original appropriation for the PPP forgivable loans may be exhausted as soon as this week. As the program operates on a first-come, first-served basis, further delays in appropriations will slow the forgivable loan approval process and lock out those business owners who are only recently eligible to apply such as independent contractors and self-employed individuals. If the funds are exhausted or financial institutions are forced to limit applications, the smallest businesses will be harmed the most.

NFIB supports the immediate appropriation of an additional \$251 billion for the PPP forgivable loans. This funding will provide essential cashflow to help the smallest businesses pay for personnel expenses such as payroll and benefits, as well as fixed costs like mortgage interest, rent or lease payments, and utilities. In addition to these crucial funds, further flexibility would improve the utility of the PPP and help small business owners weather this unprecedented crisis.

NFIB also supports increased funding for EIDLs and the advanced Emergency Grants associated with them. These programs are intended to provide advanced assistance up to \$10,000 in forgivable Emergency Grants and up to \$2 million in low-interest loans that could be used for broader business expenses than the PPP forgivable loans. According to the NFIB Research Center, none of the small business owners who applied for EIDLs have received a loan or an Emergency Grant.⁴ NFIB has heard from members and there have been recent media reports that the EIDLs have been exhausted, resulting in maximum of an initial and possibly only loan disbursements of \$15,000 per business and limited grants of \$1,000 per employee.^{5,6,7} Small businesses are relying on these loans and grants and are exhausting reserves and savings while they await delivery.

The CARES Act was a good, bipartisan first step in providing financial assistance to small business owners. Providing additional appropriations is a necessary and urgent next step.

³ Holly Wade, *COVID-19 Small Business Loan Program Survey*, NFIB Research Center, April 9, 2020, https://www.nfib.com/assets/FINAL_Small-Business-Covid-19-Loan-Program.pdf.

⁴ *Ibid.*

⁵ Amara Omeokwe and Yuka Hayashi, *SBA Under Fire for Failing to Get Aid to Struggling Small Businesses*, Wall Street Journal, April 8, 2020, <https://www.wsj.com/articles/sba-under-fire-for-failing-to-get-aid-to-struggling-small-businesses-11586343600>.

⁶ Stacy Cowley, *Small Businesses Wait for Cash as Disaster Loan Program Unravels*, New York Times, April 9, 2020, <https://www.nytimes.com/2020/04/09/business/smallbusiness/small-business-disaster-loans-coronavirus.html?referringSource=articleShare>.

⁷ Theodor Meyer, *Small Business Loan Effort Might be Less Generous than Advertised*, Politico, April 10, 2020, <https://www.politico.com/news/2020/04/10/small-business-loan-effort-less-generous-179592>.

NFIB's Small Business Optimism Index experienced the largest monthly decline in the survey's history with 9 of the 10 Index components declining, further evidence that economic disruptions are escalating on Main Street as small businesses struggle to keep their doors open.⁸ NFIB remains committed to working with Congress and the Administration to provide timely and continual assistance to small business owners to mitigate the unprecedented negative impact of COVID-19.

NFIB urges immediate action to provide additional financial assistance to small business owners.

Sincerely,

A handwritten signature in black ink that reads "Kevin Kuhlman". The signature is written in a cursive, slightly slanted style.

Kevin Kuhlman
Senior Director, Federal Government Relations
NFIB

⁸ William C. Dunkelberg and Holly Wade, *Small Business Economic Trends*, NFIB Research Center, April 7, 2020, <https://www.nfib.com/assets/SBET-PDF-March-2020.pdf>.