



1201 F St NW #200  
Washington, D.C. 20004

1-800-552-5342  
NFIB.com

April 14, 2020

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, DC 20416

Dear Administrator Carranza,

On behalf of NFIB, the nation's leading small business advocacy organization, I write to urge you to address the funding and communication issues concerning the Economic Injury Disaster Loan (EIDL) program. NFIB recognizes the monumental task assigned to the Small Business Administration (SBA) and the unprecedented crisis small businesses are experiencing. We greatly appreciate your willingness to speak directly to NFIB members, and are committed to working with the SBA and Congress to address these issues.

An NFIB Research Center survey released on April 9, 2020, showed that half of small businesses have applied for EIDLs with nearly every owner also applying for the advanced Emergency Grants of up to \$10,000. The same survey found that of those who have applied only 4% had been approved while the vast majority of applicants still had not received any communication regarding their application. As of April 9, no business owner surveyed had received a loan or a grant.<sup>1</sup>

Late last week, NFIB began hearing from members that the SBA was implementing the EIDL program in a manner inconsistent with the statute and Congressional intent. News reports indicated that due to greater than anticipated demand, funding for the program would be insufficient and the SBA would cap initial loan disbursements to a maximum of \$15,000 per applicant, and limit the Emergency Grants to \$1,000 per employee.<sup>2,3,4</sup>

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<sup>1</sup> 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](https://www.nfib.com/assets/FINAL_Small-Business-Covid-19-Loan-Program.pdf).

<sup>2</sup> 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>.

<sup>3</sup> 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>.

<sup>4</sup> Theodoric 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>.

Under the *CARES Act*, EIDLs have a maximum loan amount of \$2 million per applicant and Emergency Grants are allowed up to \$10,000 per applicant, with the Emergency Grants being fulfilled as soon as 3 days after an entity applies. NFIB believes that Congress intended to ensure that every applicant was advanced the full forgivable \$10,000 Emergency Grant within 3 days of applying. NFIB believes it was Congress' intent to fully fund small business requests for EIDLs, up to \$2 million per applicant. If the SBA is concerned that they cannot fulfill requests due to lack of appropriations, the SBA should communicate that funding issue with the public and request more funding from Congress, rather than limiting loans and grants to small businesses on the brink. Small business owners are depleting their reserves and savings trying to keep their workforce intact and pay their bills as they wait for the Emergency Grant and subsequent EIDL.

NFIB urges the SBA to communicate clearly and promptly with small business owners about their EIDL applications. If the EIDLs and Emergency Grants cannot be funded fully, small businesses must quickly make alternative arrangements, such as applying for a Paycheck Protection Program forgivable loan.

The EIDL program is an essential lending arrangement for small businesses during this unprecedented public health and economic crisis. NFIB looks forward to working with you and Congress to ensure that the EIDL program is funded and implemented in a way that ensures small business owners have their needs met. Thank you for leadership during these difficult times.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Close".

Brad Close  
President  
NFIB