



## United States Senate

WASHINGTON, DC 20510-0504

<http://feinstein.senate.gov>

May 11, 2020

Senator Marco Rubio  
Chairman  
Senate Committee on Small Business  
& Entrepreneurship  
428A Russell Senate Office Building  
Washington, DC 20515

Senator Benjamin L. Cardin  
Ranking Member  
Senate Committee on Small Business  
& Entrepreneurship  
428A Russell Senate Office Building  
Washington, DC 20515

Dear Chairman Rubio and Ranking Member Cardin,

As you develop additional coronavirus response legislation, I write to ask that you consider several important improvements to the Paycheck Protection Program (PPP) based on concerns from California constituents:

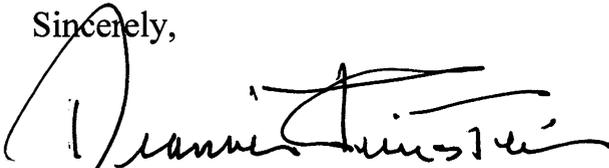
1. More flexibility for borrowers: PPP funds are designed to help prevent small businesses from going under now. However, some kinds of businesses will be able to ramp up their operations more quickly than others. Some—such as restaurants and businesses in the travel and tourism sectors—will face a longer recovery as public confidence gradually returns and people start to travel again, which makes PPP less useful to them in the short run. I ask that you consider changing the Program so that companies with different needs are still able to take full advantage of PPP funds.

In addition, I support the requirements for small businesses using PPP funds to retain workers on payroll in order to stave off even more unemployment. However, the Small Business Administration's (SBA's) implementation of this directive requires small businesses to use 75% of PPP funds on payroll in order to be fully forgiven, which is impossible for many small businesses, particularly those in high-cost regions that pay higher relative rent and mortgage costs. On May 8, the SBA's Inspector General noted that "many small businesses have more operational expenses than employee expenses" and that their review of loan data found that "tens of thousands of borrowers would not meet the 75-percent payroll cost threshold." I ask that you ensure that the threshold is appropriately flexible to accommodate small businesses in different situations, while still maintaining the requirement that small business receiving PPP funds continue to pay their employees.

2. Greater equality of opportunity: As you know, the issuance of PPP loans was very uneven across different states in the first round of PPP loans. In addition, despite Congress having asked the SBA to prioritize lending to underserved markets, states with more diverse populations, underbanked and minority-owned businesses, as well as businesses in low-income communities, received less access to funds than others. The Center for Responsible Lending found that 90% of the first round of funding went to wealthier businesses with non-diverse ownership. While it appears that these inequities have been addressed to some degree in the second round of PPP funding, I ask that you ensure ongoing equality of access to funding is more clearly required in statute.

I applaud your creation of the Paycheck Protection Program, which has been a lifeline for hundreds of thousands of small businesses. To improve upon the program in the next piece of legislation, I believe the issues above must be addressed. I thank you for your consideration.

Sincerely,



Dianne Feinstein  
United States Senator

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