

# United States Senate

April 17, 2020

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

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

Dear Secretary Mnuchin and Administrator Carranza,

We write to ask that the Treasury Department and the Small Business Administration (SBA) investigate why there has been such a large state-by-state disparity in the distribution of funds from the Paycheck Protection Program (PPP), and to take all necessary steps to mitigate any inequities you identify.

While the economic makeup of each state can differ significantly, we were surprised by the vast differences in how PPP funds have been allocated among the states. According to a *Wall Street Journal* analysis, California received the fewest number of loans (58.5) per 1,000 small businesses of any state, only about one-sixth as many as the leading state (339 loans per 1,000 small businesses). Another analysis by former U.S. Treasury economist Ernie Tedeschi of loan amounts allocated as a percentage of eligible payroll in each state found that California was 49<sup>th</sup> among all states at 24%, less than one-third of the state that received the highest percentage (75%) of eligible payroll.

There may be good reasons for some of these funding disparities. But as California was the first state to issue a stay-at-home order on March 19, our small businesses have been shut down longer than in any other state. It is difficult to understand why California's small businesses would qualify for so much less aid than others.

We urge the Treasury Department and the SBA to thoroughly review all potential reasons for the substantial PPP funding disparities among states and to take any necessary steps to address any problems you find. Further, we ask that you respond with any statutory changes that are needed to make the program more equitable. Given the serious nature of the crisis and the urgent need that small businesses have for PPP funding, we ask that you respond within seven days.

Sincerely,



Dianne Feinstein  
United States Senator



Kamala D. Harris  
United States Senator