

HOUSE DEMOCRATS SMALL BUSINESS PRIORITIES



OVERVIEW

Republican's latest COVID-19 relief proposal simply funds the Paycheck Protection Program (PPP) while ignoring flaws that have emerged during the implementation of the CARES Act. House and Senate Democrats are fighting for a plan that funds critical relief programs and also provides essential technical changes that improve delivery and close gaps in coverage. Below are talking points on some of the issues that exist in SBA COVID-19 relief programs and how Democrats intend to fix them.

Talking points and Statistics

ECONOMIC INJURY DISASTER LOAN PROGRAM

What Are EIDLs and Why are they important?

The SBA's EIDL program provides small businesses with working capital loans to help overcome a temporary loss of revenue due to COVID-19. Small businesses and eligible nonprofits can request an emergency advance up to \$10,000 and does not need to be repaid. As of April 16th, 2020, the EIDL program was closed to new applicants. There is [bipartisan agreement](#) that more funding should be appropriated for the program. **However, Republican's latest COVID-19 relief proposal ignores EIDL and, if passed, would allow the program to remain unfunded. House and Senate Democrats' plan would allocate an additional \$65 billion for the program.**

- These SBA loans and emergency grants are just as critical to small businesses as Paycheck Protection Program (PPP) loans.
- This funding can be used more flexibly to help small businesses cover long-term expenses like rent because unlike PPP, there isn't a 25% cap on non-payroll expenses. They are especially important for small businesses with small staffs and greater non-payroll expenses like many of our restaurants.
- We also want to reiterate the strong bipartisan and industry support for EIDL. The Chamber of Commerce, NFIB, National Association of Manufacturers, and multiple Congressional Republicans have publicly pushed for these programs to receive further funding.
- These programs are in demand, and the proposed \$65 billion for EIDL loans and grants can cover the short fall.
- [SBA's website](#) also has a notification that they are unable to accept new applications for EIDL loans and grants based on available appropriations funding.

Emergency Grants:

- o In two weeks, 4.7 million businesses have applied for the new grant.
- o We have heard the program is oversubscribed and that the full \$10 billion included in CARES will be gone within the next few days.
- o In fact, SBA has been rationing the size of the grants to preserve money given the large demand. That means a business with five employees gets only \$5,000 rather than the \$10,000 as intended. We should replenish this program's funding, not cut the amount of critical funding provided.

EIDL Loans:

- o In the past two weeks, another 5 million small businesses have applied for an EIDL loan.
- o The remaining EIDL funding is expected to run out in the next two weeks.
- o As a result of the depleted funding, small businesses are being told they will receive smaller loans than expected.

PAYCHECK PROTECTION PROGRAM

- While we want to get the money out as quickly as possible, we must ensure that speed does not mean businesses are being excluded, and the program is being mismanaged.
- Since the program's rollout, mismanagement on the part of the Trump Administration has been apparent. From a lack of clear guidance for lenders to reports of [large corporations being awarded loans](#), problems have persisted. House Democrats are fighting for measures that would add new guardrails and increase transparency.
- The Trump Administration has yet to provide important information regarding the program, such as the companies receiving these loans, the size of businesses, and detailed demographic and geographic information.
- The early days of PPP have also shown that not everyone is getting access to the program. Many underserved and rural small businesses are being locked out of the program due to a lack of an existing relationship with a big bank or other factors.
- We have proposed an additional \$65 billion in additional funding for community financial institutions like community banks, CDFIs, Minority Depository Institutions, SBA microloan intermediaries, and SBA CDCs to expand the reach of PPP.
- Mission-based lenders have strong existing relationships in the communities they operate and will be able to reach neglected businesses.

FUNDING FOR HOSPITALS AND STATE AND LOCAL GOVERNMENTS

- Small business recovery depends on solving the COVID-19 public health crisis. Additional funding for the hospitals and state and local governments fighting the virus on the frontlines is crucial. Small businesses are counting on the Congress and the federal government for an all hands-on deck approach that includes ensuring these institutions are adequately funded.