

The Honorable Mitch McConnell
Majority Leader United States Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader United States
Senate S-221, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker United States House of
Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader United States House of
Representatives
H-204, The Capitol
Washington, D.C. 2051

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

As a former deputy administrator of the Small Business Administration and the president of a nonpartisan government watchdog group, we write to you today about principles we believe are necessary for Congress to consider when crafting any additional much-needed relief for small businesses.

When Congress passed the CARES Act, it intended for the Paycheck Protection Program (PPP) to be a lifeline for small businesses struggling to survive the historic COVID-19 public health and economic crisis. However, because the Trump administration poorly designed, and even more poorly implemented, the program, publicly-traded and other large, well-connected corporations were able to exploit the program with little transparency or oversight while small, mom-and-pop businesses — particularly those in communities of color — were systematically shut out. The Trump administration made matters worse by repeatedly stonewalling efforts to shine a light on these failures, only reluctantly releasing partial data on the program's loan recipients that reflects just 14 percent of those who obtained assistance.

The facts are clear: COVID-19 is not dissipating, and the challenges facing our small businesses will continue in the near term. It is incumbent upon Congress to authorize additional relief for small businesses; but it should not be a straight renewal of the PPP.

Congress should craft a legislative lifeline for small businesses that satisfies the following four criteria:

- **Enforceable Transparency, Disclosure, and Oversight:** Enforceable transparency and oversight measures must be included in any new legislation. Disclosure requirements for all aid recipients must be made available to the public. This information, at a minimum, must include: trade names of entities/corporations that received loans as well as their parent company identifications, if applicable; demographic breakdowns of the ownership of the

companies; the amounts of aid and dates released; and the number of employees at the time the aid is given. Mandatory release of this data ensures that taxpayers know how their government is spending their money and will prohibit the administration from withholding data, a major problem with PPP.

- **Incentivizing Aid to Communities that Need It Most:** Congress should include measures to ensure people and businesses who need help the most have access to credit. There are many ways to do this, including incentivizing banks to provide loans to underserved communities, which typically need smaller loans, by setting a minimum origination fee. With PPP loans, banks and lending institutions prioritized large corporations and those with which they had a pre-existing relationship when processing loan applications while leaving behind small businesses, especially those owned by people of color. This is backwards and must change.
- **No Big Bank Profiteering:** Strict conditions should be put on the fee structure of banks involved in the lending process. Congress should prohibit loan proceeds for corporate buybacks or dividends, and consider mandating that any fees banks receive be used to avoid layoffs. Banks should be prohibited from making excessive profits off the new small business relief program. Reports indicate that banks are expected to receive as much as \$24 billion in taxpayer money from PPP proceeds. [S&P reported](#) that more than 30 banks could end up making as much from these loan programs in just the first six months of the year as they reported in profits for all of 2019.
- **Accountability:** Congress must investigate the failures of the PPP to ensure those mistakes are not repeated in the future. An audit of the entire PPP is warranted, including investigating why there are data discrepancies. There are numerous examples of the administration claiming loans were given to companies that denied receiving the aid, and there are competing statistics about how many jobs were saved. Congress should find out what steps the administration is taking to correct these discrepancies, if any. Taxpayers deserve to know where their money went.

There is broad agreement our small businesses need help in these challenging times. This program must be transparent, data-driven and aligned with the needs of the communities that need the help the most.

Thank you for your time and consideration into this matter.

Sincerely,

Marie Johns
Former Deputy Administrator
Small Business Administration

Kyle Herrig
President
Accountable.US