

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

April 1, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Ave, NW
Washington, D.C. 20220

Ms. Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Secretary Mnuchin and Administrator Carranza,

The coronavirus disease 2019 (COVID-19) pandemic has inflicted unprecedented harm on the American economy and has taken a significant toll on the economic security of millions of workers and families. Businesses of all sizes are struggling to sustain their operations and millions of workers have been laid off or furloughed. In fact, a staggering 3.3 million Americans filed for unemployment in a single week, and one million Californians filed for unemployment over a two-week span.

By passing H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress took bold, unprecedented action to provide historic relief to millions of our nation's workers, families, and businesses of all sizes who are struggling in the midst of this national public health and economic emergency. This landmark legislation includes the availability of small businesses to access forgivable Paycheck Protection Program (PPP) loans to maintain workforce levels and ensure that workers continue to receive their paychecks throughout the duration of the crisis.

Many small businesses with equity investors are concerned that they may not have access to these PPP loans because of the Small Business Administration's (SBA) affiliation rule. As the SBA and the Treasury Department develop guidance on the implementation of access to these critical resources, it is absolutely imperative that the relief provided under PPP be extended to protect all workers, irrespective of the affiliations of their employers. Small businesses and their workers are particularly exposed to the novel economic challenges that the COVID-19 pandemic is inflicting on our economy and cannot be left out of programs specifically designed to protect them and ensure their economic security.

However, these loans cannot serve as a government handout to well-funded private funds looking to line their pockets with taxpayer money at the expense of our nation's workers or the fundamentals of the portfolio companies they own. This program is solely designed to protect workers and small businesses. Any funds granted through this program must not be used to pay any debts or obligations to private funds, including management or consulting fees. Instead, any

company seeking a loan from this program should use taxpayer-funded aid to: fully maintain its workforce levels; maintain workforce pay and benefits at or above pre-crisis levels and work towards implementing a \$15 minimum wage; provide its workforce with a minimum of two weeks of paid leave; and implement a corporate governance structure that includes worker representation on their corporate boards.

Access to forgivable PPP loans is critical to protecting workers and preserving jobs during the coronavirus pandemic and to ensuring a strong economic recovery for all. PPP loans were specifically designed to give struggling small businesses a lifeline throughout these difficult times while guaranteeing that workers receive their paychecks to support themselves and their families. I urge you to ensure that any guidance issued allows all small businesses access to this critical program and to ensure that any companies receiving this aid be encouraged or otherwise required to adopt the aforementioned policies as a condition of receiving these loans.

Sincerely,



MAXINE WATERS
Chairwoman