



CONGRESSIONAL HISPANIC CAUCUS

Joaquin Castro | Chairman

116TH CONGRESS

April 17, 2020

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

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd St. SW
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza,

The Congressional Hispanic Caucus (CHC) underscores the importance of a supplemental appropriations for the Economic Injury Disaster Loan (EIDL) and the Paycheck Protection Program (PPP) with essential changes to PPP to improve its reach and impact on minority-owned businesses and underserved communities. Problems with PPP have prevented many small businesses across the country from accessing the financial help they need. Yesterday, the Small Business Administration (SBA) announced that it has exhausted the \$349 billion allocated to PPP,¹ and that nearly four million businesses have applied for EIDL funding for a total of \$383 billion, although Congress allocated just \$17 billion for the program.² Therefore, forthcoming legislation should appropriate additional funding to PPP and include provisions that will ensure that substantial funding is channeled through community development financial institutions (CDFIs), mandate reporting requirements for disbursements, and provide additional funding for EIDL loans and grants. These actions will help ensure that vulnerable job-creating businesses can access necessary aid and are not left behind by recovery efforts.

It is essential that upcoming legislation automatically authorize certified CDFIs as lenders for PPP and include a set aside of at least \$65 billion to be channeled through these CDFIs. These institutions play a leading role in serving farmers, as well as veteran, family, women, and minority-owned small businesses in rural, urban and suburban communities. Latino businesses commonly bank with smaller financial institutions versus larger banks who are prioritizing businesses that already bank with them.³ The government should empower micro lenders, small community

¹ Thomas Franck, Kate Rogers, *Small business rescue loan program hits \$349 billion limit and is now out of money Apr 16, 2020* <https://www.cnbc.com/2020/04/16/small-business-rescue-loan-program-hits-349-billion-limit-and-is-now-out-of-money.html> (last accessed April 17, 2020).

² Kate Rogers, Betsy Spring, *Small business loans top \$296 billion and could reach the program's limit by the end of Wednesday, Apr 15, 2020* <https://www.cnbc.com/2020/04/15/small-business-rescue-loans-top-296-billion-rapidly-nearing-the-programs-funding-limit.html> (last accessed April 17, 2020)

³ Suzanne Gamboa and Nicole Acevedo, *Coronavirus could 'decimate' Latino wealth, which was hammered by the Great Recession. Apr 12, 2020* <https://www.nbcnews.com/news/latino/coronavirus->

banks, and credit unions that reach these small businesses in our communities, which will result in a more holistic recovery. To remedy the urgent problem that many small businesses are being left behind, future legislation should automatically authorize CDFIs as lenders for PPP and set-aside significant funding to be channeled through CDFI lenders. Moreover, disbursements under PPP should be transparent so we do not have to rely on anecdotal evidence and ensure that small business relief is benefiting all communities, including Hispanic communities. Therefore, mandatory reporting requirements that track which businesses are receiving aid and how much they are receiving must be included in legislation. Mandatory reporting requirements will provide much-needed transparency, inform if loan adjustments need to be made, and strengthen accountability.

Furthermore, there must be a significant increase in funding to disaster loans and grants to satisfy the hundreds of billions in oversubscribed demand. Businesses that are unable to benefit from PPP are turning to disaster loans and grants to help bridge them through the pandemic. This includes nonprofits, small businesses that do not traditionally engage with commercial lenders, and many institutions of higher learning like Hispanic-Serving Institutions, that are in a life-or-death fight for funding. This investment will yield a high return as only about half of the 4.5 million Latino-owned businesses have a relationship with a bank.⁴ Given the demand and limitations with PPP, we anticipate that at least \$50 billion in Economic Injury Disaster Loans and \$15 billion in disaster grants are needed. The federal government should prioritize EIDL and grants as we work to support small businesses across the country.

As we face the prospect that Coronavirus could obliterate Hispanic wealth, which was already crippled by the Great Recession, and that the pandemic continues to threaten the 4.5 million Latino-owned businesses that have about 2.3 million employees on payroll, it is essential that federal aid reach these communities.⁵ Allocating additional funding for PPP and EIDL loans and grants, closing the existing gaps of inequity in accessing relief, and increasing transparency will help enable a stronger and faster recovery for our country.

If you have any questions, please reach out to Congressional Hispanic Caucus Executive Director, Alma Acosta at alma.acosta@mail.house.gov.

Sincerely,

Joaquin Castro
Chair
Congressional Hispanic Caucus

[could-decimate-latino-wealth-which-was-hammered-great-recession-n1178861#anchor-Seekinghelpamidtheurgency](#) (last accessed Apr 17, 2020).

⁴ Id.

⁵ Id.