

March 4, 2021

The Honorable Tami Perriello
Administrator, Acting
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

RE: Essential changes to PPP for self-employed and sole proprietors

Dear Administrator Perriello:

As a leading representative of America's 30 million small businesses, we urge you to reopen the Paycheck Protection Program (PPP) for all self-employed individuals and sole proprietors who previously received PPP loan funds based on their net profits.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 80,000 small businesses and 1,000 business organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

On Monday, February 22, the White House made essential changes to how loan funds for sole proprietors and the self-employed were calculated under PPP. As you know, PPP loans were originally calculated using net profits, which deducts business expenses. As a result, the net profit for a self-employed individual or sole proprietor was often very low after accounting for these deductions.

This approach shut out many of America's small businesses. In a recent survey we conducted of our network, we found that while 60% of self-employed respondents did receive a PPP loan, nearly [one in three](#) did not receive the full loan amount they requested, including virtually all of the Black self-employed entrepreneurs surveyed.

While the Administration's changes to the loan calculation based on gross income is a critical step forward, it does not benefit the businesses who already took out PPP loans under the previous rules. These recipients played by the rules and had to find a way to keep their business functioning with very limited funding.

PPP has been a critical lifeline to small businesses, but the distribution of the funding has not been equitable, thereby undermining our country's economic drivers. The limited funding distributed to the self-employed and sole proprietors must be fixed in order to address this inequity, particularly because [70% of businesses](#) without employees are owned by women and people of color.

We urge you to reopen PPP for all self-employed and sole proprietors who received loans under the previous loan calculations.

Sincerely,



John Arensmeyer
Founder and CEO

cc:

The Honorable Chuck Schumer: Majority Leader

The Honorable Nancy Pelosi: Speaker

The Honorable Ben Cardin: Chairman, U.S.
Senate Committee on Small Business &
Entrepreneurship

The Honorable Nydia Velázquez: Chairwoman,
House Committee on Small Business

The Honorable Mitch McConnell: Minority
Leader

The Honorable Kevin McCarthy: Minority
Leader

The Honorable Rand Paul: Ranking Member,
U.S. Senate Committee on Small Business &
Entrepreneurship

The Honorable Blaine Luetkemeyer: Ranking
Member, House Committee on Small Business