



April 8, 2020

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

Re: *Economic Injury Disaster Loan Program*

Dear Administrator Carranza:

As a leading representative of the 30 million small businesses in America, Small Business Majority writes today regarding the troubling delay in the processing and disbursing of the Economic Injury Disaster Loans (EIDL) and loan advances to small businesses across the country. **We urge you to take the steps needed to ensure the EIDL process is efficient and swift so that small businesses receive the assistance they needed yesterday to keep their businesses afloat.**

We have been in constant communication with our network of 60,000 small business owners, our national Small Business Council, business support organizations and other stakeholders that support the small business community. We are hearing countless stories from business owners who have been forced to lay off employees and have lost revenues they won't recover that they have yet to receive their EIDL funds or their loan advance of up to \$10,000 (despite language in the CARES Act indicating that borrowers would receive this advance within three days).

We appreciate that the SBA is doing what it can to help small businesses facing collapse, but we urge you to use whatever means necessary to ensure timely and efficient disbursement of loan funds. Desperate small business owners around the country are being told to be patient as they wait for funds or clearer guidance about the options before them, but these owners are making tough decisions about the future of their businesses **today** and cannot afford further delays.

John Lee, who operates Concord Industrial Products in California, first applied for the EIDL in mid-March and again after the CARES Act passed. It has now been nearly three weeks since his initial application and over a week since he reapplied, and to date, he has not received a status update about the loan, nor has he received the mandated loan advance. These loan advances are a lifeline for small businesses, but the original provision—which called for an advance of \$10,000—has since been changed to \$1,000 per employee for each small business owner. For Mr. Lee, who like so many small business owners employs less than 10 employees, will not receive the full amount of the promised cash advance which he so desperately needs.

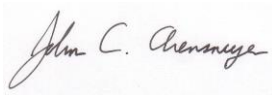
In addition to streamlining the disbursement of these funds, we urge you to reconsider SBA's interpretation of the law and ensure that the smallest most vulnerable businesses are on equal footing as their larger counterparts applying for EIDL loans. For Mr. Lee, who anticipated opening another business in California this summer, if funding is not received quickly, future jobs are on the line as well.

Additionally, small businesses are not receiving guidance on how and when to apply, or even confirmation that their loan application was received after being submitted through SBA's portal. Kim McAllister operates three small businesses in Oklahoma and in her own words, all business has "dried up," forcing her to apply for EIDL, but again she has not heard anything about the status of her application. With each passing day, Kim's business, and others like her remain fearful of what their future and livelihoods' hold.

The lack of clarity in processing EIDL loans is hurting small business owners, particularly because many small business owners are either unable, or are waiting, to apply for the Paycheck Protection Program (PPP), whose rollout and guidance has been disastrous. Until the SBA guarantees that the EIDL program and other small business assistance programs are operating competently, small businesses will continue to crumble into non-existence.

Sri Ramaswamy owns Infinilytics, an artificial intelligence company based in the San Francisco Bay Area. Similarly, Sri originally applied for EIDL in mid-March and reapplied once the CARES Act passed to ensure she could receive an advance on her loan. To date, she has not heard a word on anything related to her EIDL application, and for Sri if she does not receive the promised cash advance soon she will be unable to make payroll and maintain her staff. Already she has been forced to make the difficult choice of not paying her management team in order to ensure that other employees receive a paycheck. If she can't make payroll, then she will have to furlough everyone.

These business owners represent only a handful of the hundreds of thousands, if not millions, of businesses in communities across the country that are struggling, and it is imperative that the SBA reevaluate its processes to provide quick, direct assistance to those applicants in need. As Congress considers passing an interim emergency relief bill that would include more funding for the PPP and EIDL, the SBA must immediately enact measures to significantly improve processing applications for assistance programs like EIDL so that small businesses get the support they need right now.



John C. Arensmeyer
Founder & CEO

CC:

Senate Majority Leader, Mitch McConnell

Senate Minority Leader, Chuck Schumer

House Speaker, Nancy Pelosi

House Minority Leader, Kevin McCarthy

Chairman of the Senate Committee on Small Business & Entrepreneurship, Marco Rubio

Ranking Member of the Senate Committee on Small Business & Entrepreneurship, Ben Cardin

Chairwoman of the House Committee on Small Business, Nydia Velazquez

Ranking Member of the House Committee on Small Business, Steve Chabot