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Aid for Small Businesses in Coronavirus Stimulus Legislation is Not Reaching Those Who Need It Most Urgently

Congress Must Act Now to Fix the Paycheck Protection Program

(WASHINGTON DC) -- The US Senate adjourned Thursday without reaching an agreement to fix significant flaws in the Treasury Department's roll out of the Paycheck Protection Program (PPP), which makes emergency financial relief available to small businesses and the people they employ.

Based on how the Treasury Department structured the program, the resources made available through the PPP over the past week are flowing almost exclusively to the preferred customers of banks. Unless Congress acts, underserved businesses, and people they employ, will be left out. Very small businesses and sole proprietors, underbanked rural businesses and minority-owned businesses are among the most vulnerable businesses that are unlikely to get access.

The intent of the Congress is expressed in the text of the legislation:

"It is the sense of the Senate that the Administrator should issue guidance to lenders and agents to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than two years."

Congress must direct the US Department of Treasury and the US Small Business Administration (SBA) to take the following actions in order to ensure underserved businesses and non-profits have the resources that they so desperately need to get through this economic crisis:

- **Set aside 5% of the Paycheck Protection Program** appropriation for underserved small businesses and non-profits, to be deployed by US Treasury certified Community Development Financial Institutions (CDFIs), mission-driven lenders that focus on serving these populations.
- **Provide "Delegated Authority"** to many more CDFI lenders that have a track record of opening access to capital for underserved small businesses and non-profits.
- Directly **provide liquidity to eligible lenders** that have a track record of opening access to capital for underserved small businesses and non-profits, specifically for the purpose of deploying the PPP product.
- Change the regulation to **allow businesses to include in their applications amounts to pay 1099 contractors** that primarily rely on that business for their income.

- **Set a minimum fee of \$2,500 per PPP loan** to eliminate the current disincentive in the lender fee structure for processing small loans below \$50,000, which are more likely to be made to underserved microbusinesses.
- **Extend the deadline by which PPP applications can be processed until at least September 30, 2020.** Give underserved businesses and non-profits more time to connect with a lender to access the PPP as the initial roll out of the program did not provide equitable access to these critical emergency relief funds.

“We want to thank Chairman Marco Rubio (R-FL), Ranking Member Ben Cardin (D-MD) of the Senate Small Business Committee as well as Chairwoman Nydia Velázquez (D-NY) of the House Small Business Committee for responding rapidly to the urgent needs of our nation’s small businesses,” said Noel Poyo, NALCAB Executive Director. “Unfortunately, we are seeing banks leave out many small businesses and the Congress must act swiftly to fix the Paycheck Protection Program to ensure this emergency financial relief is made available to all small business owners and the people they employ.”

Congress must act now to fix the Paycheck Protection Program or underserved small businesses will not access the emergency financial relief that Congress intended to provide them.

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About [NALCAB](#)

NALCAB - the National Association for Latino Community Asset Builders - is the hub of a national network of more than 120 mission-driven organizations in 40 states, DC and Puerto Rico that that serve ethnically diverse Latino communities across the US. Members of the NALCAB Network invest in their communities by building affordable housing, addressing gentrification, supporting small business growth, and providing financial counseling on issues such as credit building and home ownership. Our mission is to strengthen the economy by advancing economic mobility in Latino communities. NALCAB’s work advances economic mobility for low and moderate-income people.