

United States Senate

WASHINGTON, DC 20510-4305

August 4, 2020

The Honorable Marco Rubio
Chairman
Committee on Small Business &
Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
Committee on Small Business &
Entrepreneurship
United States Senate
Washington, DC 20510

Dear Chairman Rubio and Ranking Member Cardin,

On March 27, 2020, Congress passed the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, providing much-needed relief to our nation's small businesses. However, soon after the *CARES Act* became law, the U.S. Small Business Administration (SBA) imposed caps on EIDL loans and EIDL Advance grants. As Congress negotiates the fourth COVID relief package, we urge you to recapitalize the Economic Injury Disaster Loan (EIDL) and EIDL Advance programs and remove the caps imposed by the U.S. Small Business Administration (SBA). As the economic storm caused by COVID-19 continues and hurricane, wildfire, and other natural disasters threaten our small business community, it is critical Congress authorize robust disaster loan funding.

SBA has capped EIDL loans used to cover small business operating expenses, at \$150,000 per business, instead of the congressionally mandated maximum of \$2 million. Similarly, the SBA placed caps on EIDL Advance grants, limiting small businesses to \$1,000 per-employee (up to \$10,000), rather than the congressionally mandated \$10,000 for every eligible small business, regardless of size. Such caps hurt small businesses needing capital to carry them through the pandemic and corresponding economic slowdown. Lack of access to capital has crippled our nation's smallest and most vulnerable businesses, including minority-owned businesses.


Since the *CARES Act* became law, nationwide the EIDL program has provided nearly 3 million small businesses with over \$160 billion in loans, and the EIDL Advance program has provided 5.7 million small businesses with \$20 billion in direct cash relief, but such relief can only continue with a new infusion of funds and with long-needed reforms. Therefore, we ask the committee to provide robust funding for EIDL in the next coronavirus relief package and also take steps in such legislation to ensure that SBA cannot place caps on EIDL loans and grants below the levels authorized by Congress in the *CARES Act*.

Separately, while the EIDL and EIDL Advance programs have been a lifeline for millions of small businesses struggling at no fault of their own, we recognize that the program needs better oversight. A recent SBA Office of the Inspector General (OIG) report from July 28, 2020 noted possible fraud by applicants for EIDL loans and advances, citing a small number of cases in which loans and grants may have gone to ineligible individuals. As good stewards of taxpayer money, we urge the Committee to take swift action to incorporate the OIG's recommendations to

address concerns over SBA's internal controls related to disaster assistance as it works to recapitalize EIDL and remove SBA's arbitrary caps that have unintentionally hurt small businesses.

Thank you for your consideration and for your thoughtful leadership during these unprecedented times to ensure that our nation's small businesses have the support they need to succeed. We are confident that investing in EIDL and EIDL Advance, and removing SBA's caps will help unleash the economic potential of American small businesses as they navigate their way through our ongoing pandemic.

Sincerely,



John Cornyn
United States Senator



Jacky Rosen
United States Senator



Deb Fischer
United States Senator



Brian Schatz
United States Senator



M. Michael Rounds
United States Senator



Catherine Cortez Masto
United States Senator



John Boozman
United States Senator

/s/ Chris Van Hollen

Chris Van Hollen
United States Senator



Kevin Cramer
United States Senator



Kelly Loeffler
United States Senator



Bill Cassidy
United States Senator