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Senate of Pennsylvania

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April 20, 2020

Dear Members of the Pennsylvania Congressional Delegation,

During this time of uncertainty and disaster, small businesses have been devastated by the ripple effects of stay-at-home orders and social distancing policies. Barbers, corner store operators and mom-and-pop restaurateurs in our communities operate on thin margins in good times, and now find themselves unable to meet the financial obligations of both their businesses and families. Congress also acted swiftly to come to the rescue of small business, enacting the CARES Act and authorizing new programs designed to allow owners to continue making payroll and meet other operating financial obligations without bureaucratic delay. However, we write to you as our Pennsylvania Congressional delegation with concerns that federal programs meant to support these small businesses in their greatest time of need are not reaching a significant portion of small businesses in our communities. Now that the initial round of funding for these programs has run out and a second authorization is coming to a vote, it is critical that any future authorization include clear prohibitions against regulatory restrictions which discriminate against a large proportion of minority business owners, include mechanisms for businesses without existing banking relationships to access funds, and accommodate for non-payroll expenses in high cost-of-living areas.

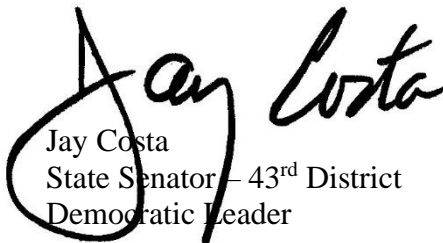
Regulatory restrictions placed on the Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP) bar applications from business owners with criminal histories. These restrictions against lending were not in the CARES Act and do not reflect the historic bipartisan effort currently underway toward criminal justice reform. Pennsylvania has been a national leader in these efforts, utilizing evidence-based practices to improve public safety while reducing our prison population. Ours was the first state to enact legislation supported by members of both parties to automatically seal criminal records after proven rehabilitation, a move cheered by business and industry groups to expand workforce eligibility. We join the voices of many others, including the American Civil Liberties Union, Justice Action Network, and Main Street Alliance, who oppose this unfair restriction on critical funding, which is also more restrictive than SBA regulations for existing programs.

As many of us know, limited employment opportunities exist upon release for returning citizens, leading many to open their own business as a means of survival other than returning to criminal activities. These barbers, tailors, dry cleaners and corner-store owners form the backbone of the local economy. However, many of these businesses are financed by personal savings or informal peer-to-peer loans and therefore do not have existing relationships with banks. The initial round of PPP funding was, in many cases, restricted by banks to clients with existing accounts. The SBA must develop a method of getting relief to businesses without such pre-existing relationships directly, without delay.

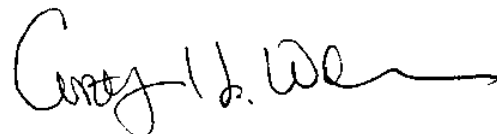
Finally, the requirement for recipients of PPP to use seventy five percent of the funding to cover payroll expenses to qualify for loan forgiveness makes this program unappealing to businesses in high cost of living areas. We've heard from some constituents that operational expenses like rent and franchise fees vastly outweigh payroll costs, and without federal assistance to pay those expenses their businesses are increasingly likely to fail. These owners should not have to repay loans, with interest, based on factors beyond their control while others are forgiven.

Thank you for your consideration of this important matter. We wish you good health as we continue to persevere through this trying time in our nation's history.

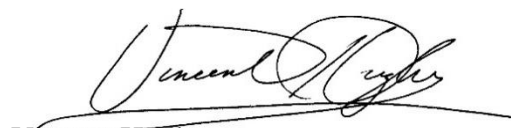
Sincerely,



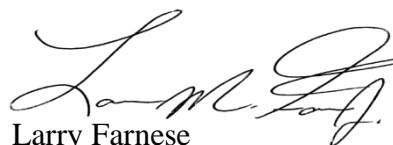
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State Senator – 43rd District
Democratic Leader




Anthony H. Williams
State Senator – 8th District
Democratic Whip




Vincent Hughes
State Senator – 7th District
Democratic Appropriations Chair



Larry Farnese
State Senator – 1st District
Democratic Caucus Secretary



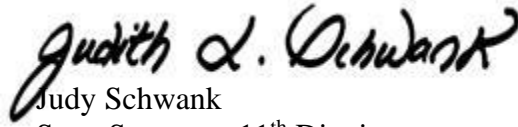
Wayne Fontana
State Senator – 42nd District
Democratic Caucus Chairman



Lisa Boscola
State Senator – 18th District
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John Blake
State Senator – 22nd District
Democratic Caucus Administrator



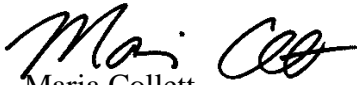
Judy Schwank
State Senator – 11th District



Tina Tartaglione
State Senator – 2nd District



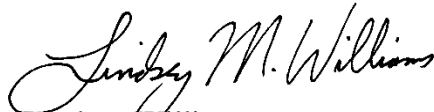
Andrew Dinniman
State Senator – 19th District



Maria Collett
State Senator – 12th District



Art Haywood
State Senator – 4th District



Lindsey Williams
State Senator – 38th District



Katie Muth
State Senator – 44th District



Sharif Street
State Senator – 3rd District



Tim Kearney
State Senator – 26th District



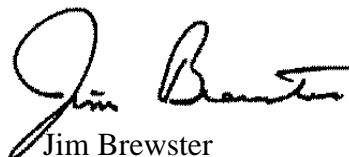
John Sabatina
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Daylin Leach
State Senator – 17th District



Steve Santarsiero
State Senator – 10th District



Jim Brewster
State Senator – 45th District



Pam Iovino
State Senator – 37th District