



April 16, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, U.S. Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
U.S. Senate
S-221, U.S. Capitol
Washington, D.C. 20510

Dear Leader McConnell and Leader Schumer:

As you work to extend and build upon the Coronavirus Aid, Relief, and Economic Security (CARES) Act, we write to request certain modifications and improvements to the programs that were included in the law. We kept these requests focused on the areas under negotiation as we understand them including small business reforms, state and local funding, health care, and food assistance through the Supplemental Nutrition Assistance Program (SNAP).

Since the CARES Act became law, we have spoken with Coloradans across the state about the Paycheck Protection Program (PPP), including small business owners, farmers, and non-profit directors. It is clear that we should provide additional funding for the PPP, but we should also modify the program to ensure it is providing support for as many small businesses and non-profits as the program was originally intended.

Through our conversations, we believe the following modifications and additions to the PPP can help fix the very real-on-the-ground issues preventing many small businesses from participating in the program:

- Increase the program appropriations and the loan amount to 4 times average monthly payroll (permitting those that already have loans to increase their loan amount to reach that level) for firms that have suffered significant revenue losses as a result of the COVID-19 public health emergency;
- Increase the amount that can be spent on non-payroll expenses for firms that have suffered significant revenue losses as a result of the COVID-19 public health emergency;
- Expand eligibility as follows:
 - Expressly provide that health care entities, such as quasi-governmental Critical Access Hospitals and other rural health care providers, are eligible to participate in the program;
 - Include certain nonprofits who should not have been excluded in the first place, subject to the applicable affiliation rules;
 - Expand the exception to the 500-employee limitation for franchises, which is contained in the Small Business Administration (SBA) guidance, to include franchised businesses beyond those listed in the SBA's franchise listing; and
 - Expand the affiliation rule exception to include more firms that, for all intents and purposes have fewer than 500 employees, such as fitness centers and retail trade establishments.

- Expressly provide that, following the recently-issued SBA guidance regarding distributions from partnerships and LLCs (up to \$100,000 annualized), existing PPP loans that excluded such payments may increase their loan amounts accordingly;
- Add the following to list of qualified expenses: mortgage principal payments in accordance with previously-established amortization schedules (no pre-payments), inventory expenses in advance of re-opening businesses, and past-due inventory invoices;
- Expressly provide that businesses can participate in both the PPP and EIDL loans, provided that funds are not spent on the same expenses;
- Set aside PPP funding to support our smallest businesses; as well as minority-, veteran-, women-owned, and other underserved businesses that may not have an existing business banking relationship;
- Expressly provide that Community Development Financial Institutions (CDFIs) are authorized lenders under the program;
- Authorize the Treasury Department, the Federal Reserve, and/or the SBA to purchase program loans for borrowers with 50 or more employees from the originating banks two weeks after origination; and authorize the appropriate entity purchase program loans for businesses with less than 50 employees immediately after origination; and
- Ensure that small agricultural producers who employ individuals under the H-2A program can have their payroll expenses count for loan forgiveness purposes.

In addition to the PPP modifications, the Economic Injury Disaster Loan (EIDL) Program that was included in the CARES Act has been oversubscribed. The intended goal was to have these loans paired with the PPP in order to provide businesses a greater amount of liquidity. It has been clear in our communications across the state that the program is oversubscribed and EIDL needs significantly more funding and improved efficiency to get the funding more quickly into the economy. The CARES Act required EIDL advances of up to \$10,000 per loan to be delivered immediately, but the oversubscription has caused the SBA to limit the amount of those advances and they have been slow in arriving. EIDL borrowers simply cannot wait for weeks for approval on minimal advances. We must make sure the program is fully funded so it can be useful for businesses.

We must also work to provide health care providers, both those on the frontlines and those struggling with lost revenue, the support they need. We request additional funding through the Public Health and Social Services Emergency Fund (PHSSEF) to support hospitals and health care providers in the next phase of legislation. We must also ensure that there is a transparent and evidence-based process in place to provide relief to rural hospitals and health clinics, Medicaid providers, including home and community-based services providers, children's hospitals, nursing homes, providers treating undocumented patients, and safety net hospitals and clinics who provide critical, life-saving care to underserved populations and were not addressed in the Department of Health and Human Service's initial \$30 billion tranche of funding from the CARES Act.

Further, state and local governments and tribes are on the front lines of responding to the crisis. The CARES Act included \$150 billion for these entities from the Coronavirus Relief Fund and tens of billions of additional support for education and housing needs. In addition to direct federal support for education, housing, and public health needs, it is critical that Congress provide an additional \$500 billion in flexible fiscal relief to states and hundreds of billions of additional support directly to local governments without population thresholds and with the flexibility to fill major revenue shortfalls. We request robust funding to ensure further flexible relief in the next legislative response. In fact, any interim agreement between the leaders must include this critical state and local funding.

Lastly, we are deeply disturbed by the severe deprivation so many families are experiencing, manifested in scenes of hours-long lines at food banks across the country. To alleviate some of the pressure on the hardest-hit families, we support increasing overall SNAP benefits by 15% and continuing that increase until the public health crisis has ended and the economy has returned to pre-crisis conditions, along with other reforms to SNAP to cut red tape and expand access to nutritional assistance.

Colorado is representative of America. We have remote rural communities and large urban areas. We depend on the agriculture industry, but we also have some of the most cutting-edge technology companies in the world. We are known for our restaurants, hotels, and outdoor recreation. Those industries are supported by countless plumbers, electricians, and contractors. And like America, we have our differences, but above all, Coloradans are pragmatic—we do what works. The ideas laid out in this letter reflect what Coloradans have told us is needed to make these programs work. We should waste no time in adopting them.

We thank you for your work on behalf of the American public. We believe that we share the common goals of keeping thousands of small businesses across Colorado and the nation with the ability to retain as many workers as they can, our hospitals and health care providers equipped with what they need, and state and local governments and tribes with the ability to respond during this pandemic. Should you require additional information on these suggestions, our staffs are able to further discuss. As you negotiate the next federal response, we respectfully request you include these modifications to the CARES Act and additional requests in mind.

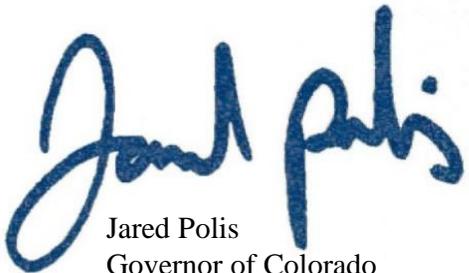
Sincerely,



Cory Gardner
United States Senator



Michael F. Bennet
United States Senator



Jared Polis
Governor of Colorado

Cc: U.S. Department of the Treasury