

April 22, 2020

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

Dear Administrator Carranza,

I write to you today to express my concern with the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL), and the other financial assistance measures that Congress enacted to help struggling small businesses during this healthcare crisis. Businesses across the country are being hit hard by the pandemic, especially those in West Virginia. As a state that is almost exclusively rural, West Virginia businesses do not possess the financial resources or infrastructure that businesses in other states and localities may be afforded. That's why it's so important that the Small Business Administration (SBA) provide the resources the businesses in my state desperately needed. Unfortunately, over the last three weeks, I have heard stories from numerous small businesses who have struggled to obtain funding through the programs that were supposed to provide a lifeline during this healthcare crisis.

When we passed the *Coronavirus Aid, Relief and Economic Security (CARES) Act* we intended to implement a robust set of programs aimed at helping the mom and pop stores sprinkled throughout states like West Virginia because they are the lifeblood of our rural economies. We understood the delicate balance that needed to be struck to make sure that we were getting money into the hands of these small businesses, while providing applicants and lenders the necessary guidance needed to administer the Payroll Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) programs in the most efficient and helpful ways possible.

Nonetheless, my colleagues and I have instead heard of numerous issues and SBA determinations that have been contrary to what was envisioned by Congress. Specifically, I have heard from struggling businesses that immediately applied for the EIDL \$10,000 advance, but have yet to receive it some three weeks later. I have heard from businesses that submitted an application for a PPP loan on the first day loans were available but have yet to receive even an update on the status of their application. At the same time, I have seen similar businesses in other states approved for PPP loans or EIDL grants where West Virginia businesses were denied.

The struggles extend to our lending institutions where delays in becoming a SBA lending institution, being allocated funding, and ultimately, receiving funding for these assistance programs seem to be far more delayed than our counterparts across the country. West Virginians understand that these times are unprecedented and that we need to remain patient, but at some point, enough is enough.

Take for example Kin Ship Goods, a local clothing and home goods store based in Charleston that proudly employs 12 hardworking West Virginians. In an effort to protect their employees and customers, they closed their doors on March 13<sup>th</sup> before the first case of COVID-19 had even been discovered in our state and moved to online orders. Still, they committed to paying their 12 employees for two weeks. Despite applying for both EIDL and PPP loans on April 3<sup>rd</sup>, they have yet to receive an update. Today, more than 5 weeks after closing their doors, they are struggling to stay afloat.

A West Virginia owned excavation company, Ellison Dozer and Service Inc., in Elizabeth has been in business since 1987 and employees 19 West Virginians. They are facing a similar problem. They applied for a PPP loan several weeks ago and have yet to hear from SBA or their lending institution about the status of their loan. Due to reduced work orders, they have been forced to lay off or reduce hours for 5 of their 19 employees.

I write today not only to express my concerns with the implementation of this program and to relay just some of the many thoughts my constituents have shared with me, but also to seek some clarity on what is being done in these programs. To do so, I request that you provide an answer to the following questions as soon as possible, but no later than May 1, 2020.

1. My staff informed me that monies were being allocated for PPP loans at a higher rate for lending institutions that were already existing SBA lenders compared to those lending institutions that had become eligible as lenders recently. Can you provide clarity to this claim?
2. Can you provide a breakdown of the most up to date figures of loans that were distributed based on the size of the small business?
3. Do you plan on releasing guidance as to reasoning why a business may have been denied a PPP loan or EIDL?
4. If SBA knew that guidance for applicants and lenders would not be comprehensive, why was the program rushed to be implemented on April 3, 2020 rather than delaying implementation for a few days in order to give applicants and lenders ample opportunity to become acquainted with the program?

As of today, 80% of applicants under the Paycheck Protection Program and the EIDL program are still waiting for answers as to where their assistance is. I fear many of those are in West Virginia. To get through this pandemic and all of the ripple effects that it will have, it is going to take all of us working together, from the folks in my hometown of Farmington to leaders in Washington tasked with implementing these vital programs. West Virginians are as strong as they come, but sometimes, even we need a little help. Thank you for your attention to this matter, and I look forward to working with you in the days and weeks ahead on how we can get these programs working for everyone, not just a select few.

Sincerely,



U.S. Senator Joe Manchin III