CITY OF CUPERTINO
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CUPERTINO
CHAMBER OF COMMERCE

May 19, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

We write on behalf of the City of Cupertino and its business community regarding the implementation of the Federal small business rescue programs enacted as part of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136)*. This act provides funding for key Small Business Administration (SBA) COVID-19 response programs, including the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) program, and the Emergency EIDL Grant program. This act also includes important policy reforms to expand access to SBA assistance to more unbanked and underserved businesses, including minority-owned businesses, small mom-and-pop shops, and smaller nonprofits—all of which are too often overlooked.

Approximately 74% of small business owners—and nearly all small business owners with employees—had applied for PPP forgivable loans as of April 17, 2020, according to a recent survey conducted by the National Federation of Independent Business (NFIB) Research Center. The same survey found that only 20% of applicants had received disbursements. Nearly 80% of small business owners were still waiting and many did not know where they stood in the process. Demand for relief remains high and many small business owners who are relying on this funding remain uncertain about the future of their business.

We urge you to consider the following as you implement new legislation:

1. Expand Access for Underserved and Small Independently Owned Businesses
We must ensure that federal recovery funding reaches businesses that have been underserved by mainstream lending institutions in the past. In the interim COVID-19 act, Congress set aside funding for PPP lending by small banks and credit unions with fewer than $10 billion in assets and for community-based lenders that include Minority

Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), as well as SBA microlenders and Certified Development Companies (CDCs). We encourage you to earmark PPP funding solely for distribution by MDIs, CDFIs, microlenders, and CDCs to ensure these institutions have access to these important funding tools. The specific mission of these institutions to serve low-income, minority small business owners and communities uniquely positions them to increase the amount of PPP loans that reach our underserved, independently owned businesses. These businesses are the heartbeat of Cupertino's diverse community and are particularly vulnerable during this crisis.

2. Award the Full Amount of $10,000 SBA Emergency EIDL Grants as Intended
Under the *CARES Act*, Emergency EIDL Grants were to be made in amounts of up to $10,000 within three days of receiving an application. However, arbitrary limitations on award amounts limiting claims to $1,000 per employee prevent sole-proprietors and small family-run businesses with only two or three employees to receive the full amount of $10,000. In many cases this shortfall significantly impacts a business owner' ability to survive when they had counted on the full amount of funding.

Additionally, knowing that time is of the essence for small business operators with very few bridge funding options, please ensure that loans and grants are distributed within the statutorily mandated three-day time frame.

We appreciate your immediate attention to these critical issues and thank you for your continued work to mitigate the devasting impact this health crisis is having on our economy.

Sincerely,

Steven Scharf
Mayor
City of Cupertino

Anjali Kausar
Chief Executive Officer
Cupertino Chamber of Commerce