

May 19, 2020

The Honorable Steven Mnuchin  
Secretary of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220

Dear Secretary Mnuchin,

We write on behalf of taxpayers, consumers and business owners across the country to urge the Trump Administration to expand eligibility for COVID-19 relief funds to a broader segment of the US economy. As it stands now, the government is largely excluding mid-size companies, franchisees and private equity-backed small businesses from PPP relief funds. Many are being shamed to return their funds altogether, creating uncertainty amongst small businesses that are already using the Paycheck Protection Program to keep workers employed.

The undersigned organizations are not often in favor of large government subsidies, preferring free market competition instead. But in this case, an unprecedented pandemic has led to bipartisan consensus that SBA and Treasury action is needed to stave off an unemployment crisis never before seen in this country. Given the scope of support the Congress has passed for small businesses, it is important to make sure that these programs do not leave any small businesses or workers behind.

Simply put, any company that employs American workers should have access to relief. Many small businesses are either partially funded or wholly owned by larger holding companies and these businesses deserve comparable relief under the current small business support programs. Programs designed to keep employees on the payroll shouldn't discriminate because of business practices unrelated to the employee.

Additionally, the Treasury Department should not indulge the fringe case shaming campaign of franchise companies like Ruth's Chris and Shake Shack that have returned their Paycheck Protection Program (PPP) loans, despite qualifying for them under the CARES Act. Each of these companies employs less than 500 people per location. The employees of these companies are no less deserving of their pay because the media has turned its attention to shaming PPP recipients it decides do not deserve the funds. Indulging these anomalies instead of focusing on the overall success of the PPP loan program plays directly into the unfair messaging and reporting. As you know, and as the media should more accurately report, the overwhelming majority of funds are currently providing a lifeline for small businesses and their workers across the country.

The Small Business Administration's (SBA) 7a loan program includes strict rules regarding the types of companies that may access funds. Included in these are "affiliation rules" which discriminate against small, unrelated businesses that share common controlling shareholders and lumps them into one entity, putting them above the 500-employee threshold and excluding them from much needed economic relief. Some version of these rules may make sense during normal times, but not during a time when the country is looking to turn the corner from a global pandemic.

Both parties have acknowledged this apparent issue in current law. In [a letter](#) written by House Republican Whip Steve Scalise and signed by 59 other House Republicans, they call upon Secretary

Mnuchin and Fed Chair Powell to expand loan eligibility for companies under the CARES Act to encompass all small and medium sized businesses, without discriminating by industry. Speaker Nancy Pelosi [writing to](#) the Treasury Department pointed out that many small businesses individually fall below the 500-employee threshold but are backed by private equity and thus they have been cut off from the Congressionally allocated funds.

We are in unprecedented times, and public relations should not trump public policy. It is imperative that the government treat all employees fairly and equally in order to help fuel the great American recovery. We urge you to extend relief to all small businesses and their employees, regardless of the underlying business entity structure.

Sincerely,



Family Business Coalition



American Values



Center for Freedom and Prosperity



Center for a Free Economy



Coalition of Franchisee Associations



Franchise Business Services



Frontiers of Freedom



National Black Chamber of Commerce



National Franchisee Association



Arizona Free Enterprise Club



Hispanic Leadership Fund