

CONGRESS OF THE UNITED STATES

DELEGATION OFFICE
STATE OF NEW MEXICO
HART SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510

April 13, 2020

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

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

Secretary Mnuchin and Administrator Carranza,

The Small Business Administration (SBA) Paycheck Protection Program (PPP) is intended to inject \$349 billion into struggling small businesses and nonprofits across the nation. Businesses across New Mexico are in desperate need of the forgivable, low-interest PPP loans to pay employees and other expenses during this unprecedented crisis. The Coronavirus Aid, Relief, and Economic Security (CARES) Act also created a new SBA disaster grant available as a part of the economic injury disaster loan (EIDL) process. The purpose of this grant is to quickly provide capital to small businesses that are waiting for loan approval.

Neither of these programs is fully serving the needs of businesses and nonprofits in New Mexico as Congress intended. The first-come, first-served distribution of the \$349 billion in the PPP has strongly disadvantaged community banks and mission-based nonprofit lenders in New Mexico that serve the majority of our small businesses. We recommend that a portion of available PPP funding be reserved for those borrowers who do not have relationships with the traditional lenders that will dominate delivery of PPP Loans. Without proactive and sustained outreach, we can expect that underserved communities will be disproportionately harmed – just as they were during the Great Recession when minority business enterprises suffered a steep decline in the proportion of SBA-backed loan approvals. These lenders are struggling to follow the frequently changing guidance from the SBA and cannot process loans with the speed of large, nationwide banks.

The uncertainty and lack of clear guidance from the SBA has left many small lenders hesitant to provide loans and unsure they will receive reimbursement from the SBA. Lenders that do want to provide loans find the SBA's E-Tran system crashing or locking them out for days, leaving loans unprocessed and small businesses stranded. Requests for tech support to the SBA have gone unanswered. This dysfunctional and uncoordinated roll out is resulting in a systematic exclusion of small businesses in primarily low-income and minority communities. It is also having a significant impact on our farmers and agribusinesses in the state. Delayed guidance on agriculture eligibility for PPP disadvantaged our farmers, as well as entities like the Farm Credit Bureau of New Mexico which has faced significant roadblocks to become an approved lender. We are extremely troubled that the PPP loans are not achieving their intended goal, which is to support businesses and nonprofits in New Mexico.

Further, the lack of transparency with both EIDL- and PPP-approved loans adds to our concern. While the SBA has released the national totals for approved EIDL and PPP loans in excess of \$100 billion, the SBA has declined—even after repeated requests from state-based SBA officials, the Governor’s Office, Members of Congress, and Congressional committee chairs—to provide any additional details. Without information and data about the distribution of these loans, including loan amount, geographic location, business sector, and business size, we have no way of knowing if the PPP is working as intended.

We are concerned about the limited ability for the SBA’s district office in New Mexico to serve our constituents. Reportedly, local SBA offices do not have access to the Administration’s loan or emergency systems. As such, they are unable to assist businesses with specific questions related to their applications. And they are unable to answer general question about PPP and EIDL’s performance in our state. We urge you to authorize SBA’s district offices to have access to critical information and be able to address problems raised by New Mexico businesses.

We are also deeply concerned with both the loan and grant parts of the EIDL program. Businesses in New Mexico that applied for these programs weeks ago have still not received EIDL approval. The EIDL grants that Congress directed to be provided within three days of application have yet to be distributed. New Mexico businesses are in desperate need of these funds and are frustrated—as are we—with the repeated delays in the approval and distribution of these funds.

The lack of transparency and poor execution of these programs must be quickly fixed. We ask for your immediate response to the following questions related to transparency, access, and implementation.

On the topic of transparency:

1. How many loans have been approved in New Mexico?
2. How many loans have been disbursed in New Mexico?
3. What is the zip code for each loan distributed and for what amount?
4. Please provide a way for Congress to access all of these loan program metrics daily.

On the topic of access to PPP and EIDL:

1. Is there a plan to ensure an equitable geographic distribution of PPP and EIDL funds to guarantee that rural communities, like those in New Mexico, have access?
2. Is there a plan to set aside a portion of the PPP allocation for community and mission-based lenders who help the underserved small businesses and nonprofits in rural parts of the country, including New Mexico?
3. How will you ensure equal access to PPP loans by traditionally underserved communities, including women-, minority-, and veteran-owned businesses, as well as those located in rural areas?

On the topic of PPP and EIDL implementation:

1. Many small businesses in New Mexico applied for an EIDL weeks ago but still have not received funds. When will the SBA start disbursing EIDL grants to New Mexico businesses?
2. What is SBA doing to encourage lenders to accept and process PPP loan applications from businesses and nonprofits that they have not worked with previously?
3. Lenders are reporting that they can't fully process loans for disbursement because the E-Tran system is crashing regularly. What steps are being taken to fix the problems with the system?
4. How can businesses and nonprofits track the status of their loan application?

We are deeply troubled by the issues that our constituents are facing in the PPP and EIDL process. We ask that you work closely with us to ensure that these programs provide the support and relief that is desperately needed by New Mexico's small business and nonprofit communities. We look forward to your answers to the above questions before Wednesday, April 15, 2020.

Sincerely,

/s/ Tom Udall
United States Senator

/s/ Martin Heinrich
United States Senator

/s/ Ben Ray Luján
United States Representative

/s/ Deb Haaland
United States Representative

/s/ Xochitl Torres Small
United States Representative