

KYRSTEN SINEMA  
ARIZONA

317 HART BUILDING  
WASHINGTON, DC 20510  
(202) 224-4521

3333 E. CAMELBACK RD, SUITE 200  
PHOENIX, AZ 85018  
(602) 598-7327

20 E. OCHOA ST  
TUCSON, AZ 85701  
(520) 639-7080

<http://sinema.senate.gov>

## United States Senate

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SPECIAL COMMITTEE ON AGING

April 17, 2020

The Honorable Steven T. Mnuchin  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, D.C. 20220

The Honorable Jovita Carranza  
Administrator  
U.S. Small Business Administration  
409 Third Street SW  
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

I write regarding the Small Business Administration (SBA)'s Economic Injury Disaster Loan (EIDL) program.

Yesterday, the EIDL program, which provides Arizona small businesses and nonprofits critical low-interest loans and emergency grants, closed to new applicants due to a lack of funds. This is unacceptable and represents a failing on behalf of the Treasury Department and SBA to adequately warn Congressional leaders and request additional funding.

Arizona small businesses applying for relief are frustrated and angry. Most business owners did not receive what the federal government promised: immediate access to necessary working capital to keep their employees paid and their businesses afloat.

The EIDL promises eligible small businesses up to \$2 million in low-interest loans and, as a new benefit in the CARES Act, an emergency grant of up to \$10,000. The Act directs the Small Business Administration (SBA) to provide an emergency grant was to be offered as a loan advance within 3 days of applying. Our smallest businesses were counting on that timely relief to pay bills and keep Arizonans on payroll.

Business owners and local chambers of commerce tell me that Arizonans are not receiving emergency grants on time. My office has been diligently following up with SBA on behalf of Arizona businesses who applied for EIDL. It is clear that the SBA is overwhelmed with applicants and is running weeks behind a timeframe mandated by law.

To add insult to injury, once the emergency grants arrived -- if they arrived at all -- Arizonans realized that SBA had quietly made an administrative decision to ration the \$10,000 grant to just \$1,000 per employee, up to \$10,000. This was a wrong-headed decision. This decision

shortchanged sole proprietors, Arizona non-profits, and the smallest of our small businesses, many of whom need the relief the most. The decision lacked statutory basis and suggests the SBA had prior knowledge of insufficient funds. It also makes the funding less effective for many applicants, arriving too late and in too paltry of an amount to make a real difference. Most importantly, it broke the promise the federal government made to small business owners across Arizona and around the country.

Last week, the Administration requested an additional \$250 billion for the Paycheck Protection Program, another vital tool for Arizona small businesses. I supported and continue to support passing this funding expeditiously through the U.S. Senate by unanimous consent. What I cannot fathom is how EIDL ran dry without a similar request for additional funds from the Administration. It is clear that we will need to fund EIDL quickly to deliver the relief that Arizona small businesses need and were promised.

To that end, I request answers to the following questions by no later than Monday, April 20, 2020:

1. When did SBA formally make the administrative change to reduce the \$10,000 loan advances to “\$1,000 per pre-disaster employee, up to \$10,000”?
2. Who authorized this administrative change?
3. Why was this administrative change made?
4. Was this administrative change applicable nationally or done on a state-by-state basis? If so, in which states and effective on what dates?
5. What efforts were made to educate potential applicants and the public about this administrative change?
6. What efforts were made to communicate this administrative change to Congress?
7. How much funding for EIDL will SBA require to satisfy anticipated requests from eligible U.S. businesses through September 30, 2020?
8. How much funding for EIDL will SBA require to provide applicants with up to \$10,000 in loan advances through September 30, 2020 without rationing such funds based on the number of pre-disaster employees?
9. When does the Administration intend to formally make these requests of Congress?
10. Once funds are restored, can SBA meet the three-day timeline for disbursing grants? If not, how long should applicants reasonably expect to wait before receiving funds?

Ninety-nine percent of Arizona businesses are small businesses, which employ almost 44 percent of Arizona’s workforce. Arizona’s recovery from this emergency depends on the federal government’s efficient and effective management of the programs provided in the CARES Act. To date, the ham-handed response from Washington has put countless livelihoods at risk and threatens the existence of businesses that Arizonans have dedicated their lives to building. They deserve a government that can provide relief when it is needed most.

Thank you. Should you have questions or require additional information, please contact Michael Wong in my office at [Michael\\_Wong@sinema.senate.gov](mailto:Michael_Wong@sinema.senate.gov). I appreciate your attention to this matter and look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyrsten Sinema". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kyrsten Sinema  
United States Senator