

April 28, 2020

The Honorable Steven 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 3rd St. SW
Washington, D.C. 20416

Secretary Mnuchin and Administrator Carranza:

I am writing to share my concerns about the Paycheck Protection Program (PPP) and to request your agencies work diligently to provide more detailed and up-to-date data on the lenders and businesses applying to, and participating in, the program.

As you know, Nevada businesses and families have always faced unique challenges in accessing banking services and it ranks as the most underbanked state in the entire nation.¹ Countless businesses in our state, particularly those owned by minorities and other underserved groups, do not have traditional commercial lending relationships with banks and other lenders. Many instead rely on family, their community, or nontraditional lenders to access credit. In the initial round of PPP funding, I heard from many constituents who were unable to secure loans because lenders preferred to lend to businesses with existing commercial lending accounts. Adding to this challenge is the fact the Nevada economy is particularly vulnerable to shocks, such as the current crisis caused by COVID-19.² Our state's economy is reliant on tourism and hospitality, two sectors that contract dramatically during economic downturns.

These issues leave me particularly concerned about the performance of the PPP and ensuring that access to this critical relief is equitable. Nevada has one of the highest rates of minority business ownership in the country³ and early reporting suggests that many of these businesses have had significant trouble accessing loan relief.⁴ For PPP to be successful, it must reach the communities and businesses most in need, including those sectors of the economy that are most heavily impacted and that lack other sources of emergency credit. Some reports suggest that businesses without acute economic need received PPP loans over those who have been severely impacted by

¹ <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

² <https://ftalphaville.ft.com/2017/03/06/2185515/will-nevada-ever-recover-from-the-housing-bust/>

³ <https://advocacy.sba.gov/2019/05/23/small-business-facts-spotlight-on-minority-owned-employer-businesses/>

⁴ <https://abcnews.go.com/Health/minority-owned-small-businesses-face-unique-steep-hurdles/story?id=70011898>

the pandemic.⁵ I am encouraged that the SBA and Treasury have worked to updated guidance to alleviate this issue, but more detailed and timely data can help ensure proper oversight of this program and help policymakers respond to the needs of our constituents.

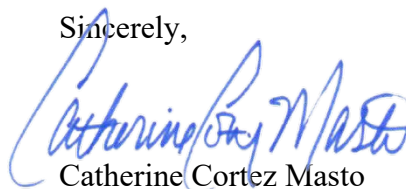
As you know, Congress has recently provided an additional \$310 billion to the program after its initial \$350 billion appropriation was exhausted in just two weeks. As your agencies assist lenders in disbursing this round of funding, I ask that you work to provide the following information, with national numbers and a Nevada specific breakdown, on a timely basis to Congress by May 8, 2020:

- Totals for, and a distribution of, loan numbers and loan amounts disbursed to businesses, disaggregated by:
 - Number of employees and average monthly payroll;
 - Lending institution for the top 50 lenders. Lending institutions should be identified by name and not anonymized as in the previous data release;⁶
 - Census tracts in which minorities comprise 50 percent or more of the census tract population.
 - Intrastate geographic data.⁷
 - Customer status, including whether the business client was a new customer or a customer with an existing checking or credit relationship with the lenders;
 - Whether the business applied through a general application system or a concierge or specialized system;
 - Sector in which the business operates.

This data can help Congress respond to any challenges that arise with PPP funding and ensure that states like Nevada, which are particularly vulnerable to the current crisis, are receiving an equitable level of PPP funding.

I appreciate your work on the Paycheck Protection Program and look forward to working with you.

Sincerely,



Catherine Cortez Masto
United States Senator

⁵ <https://www.forbes.com/sites/eriksherman/2020/04/24/public-companies-ppp-loans-money/#555e55f340d2>

⁶ <https://www.sba.gov/document/report--paycheck-protection-program-ppp-report-through-april-16-2020-12-pm-est>

⁷ For example, the Treasury Department and the SBA could identify whether a business was located in a rural or underserved area according to the Consumer Financial Protection Bureau's definition of such an area. <https://www.consumerfinance.gov/policy-compliance/guidance/rural-and-underserved-counties-list/>