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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

HOUSE ARMED SERVICES  
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TECHNOLOGY COMMITTEE  
SUBCOMMITTEE ON ENVIRONMENT,  
CHAIR  
SUBCOMMITTEE ON RESEARCH &  
TECHNOLOGY

July 28, 2020

Chairwoman Nydia Velazquez  
House Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Velazquez:

I thank you and the House Committee on Small Business for your work on behalf of small businesses at this unprecedented time. As Congress considers additional coronavirus relief measures, I know you will continue to prioritize the ongoing challenges faced by small businesses that make up the economic backbone of our communities.

I have worked closely with small businesses in my district since the beginning of the crisis to help them get the support they need. In addition to multiple roundtables with local small businesses and Chambers of Commerce, I put out a small business survey in April that informed my advocacy for key changes to the Paycheck Protection Program (PPP) which I shared with your committee. I was pleased to see many of the recommendations included in the Paycheck Protection Program Flexibility Act.

After visiting and talking with numerous small businesses that have reopened in recent weeks, I launched a second survey focused on the challenges these businesses face in reopening and remaining economically viable as the pandemic continues to impact operations. Over 350 businesses filled out this survey, representing businesses from 52 of the towns in my district and a wide range of sectors, from auto body repair shops to florists to dental offices.

The results are a sobering reminder that many small businesses continue to face a difficult road ahead. While a majority (over 70%) of these small businesses received loans under the Paycheck Protection Program, this initial loan is not enough to weather the ongoing crisis. Below are some key results and insights from the survey that I want to share with you:

- Over 69% report current revenue levels below half of pre-pandemic levels, including an astonishing 44% below a quarter of their pre-pandemic revenue.
- A mere 9% of respondents are currently profitable, and 79% do not expect to be profitable six months from now.
- Employers of all sizes have reduced staff, and the percent of businesses operating with only one or two employees has increased from 35% to 50% over the course of the pandemic.

- The biggest challenges to reopening that business owners identified are a lack of consumer confidence and restrictions on capacity. Other areas of concern include safety expenses, staffing issues, and the costs of adjusting operations.
- While 72% of small businesses responding to the survey received funding from the PPP program, only 37% accessed advances provided by the Economic Injury Disaster Loan (EIDL) program and only 29% received a loan from the EIDL program suggesting that this program has been underutilized.

An overarching theme of the responses is that many of these small businesses will never make up the revenue they've already lost due to the pandemic, yet their rent and expenses continue to accumulate. According to the owner of a childcare center in Nutley: *"We are struggling to maintain expenses due to being closed for several months with zero income. In addition to this, our current revenue is approximately 1/20 of what our usual revenue is due to very low enrollment..."* And from a therapy provider in Wayne: *"We need assistance to make it over the longer term. We had very good short term plans, but our limited capacity feels like it is going to be a reality for quite some time."*

Widespread permanent closure of small businesses would have a devastating ripple effect across the economy and would be personally devastating to our business owners and communities. Yet under current levels of support, many will be forced to close their doors in the coming months. As the owner of an event marketing firm in Rockaway explains: *"You cannot make up for lost revenues. The PPP held us over, but there are still too many unknowns with it and at some point the mounting debt will be insurmountable and we will have to close."* And a carpet and flooring store in Montville that shared simply: *"We have reopened. We just don't know how much longer we can remain open."*

It is imperative that Congress take immediate action to direct additional relief towards the small business community through both repurposing the guidelines for the approximately \$130 billion currently remaining in the PPP and with additional appropriations to the PPP for the purposes outlined below. To that end, I am requesting your committee consider the following in the next relief bill:

- Allow small businesses to apply for a second loan from the PPP. In order to target these funds to the small businesses who need it the most, this could be limited by employee size and/or revenue loss;
- Clarify that small business owners who previously returned their PPP loans are able to reapply for the program given that the terms have been substantially altered by the recently adopted Paycheck Protection Program Flexibility Act;
- Allow additional costs to be considered in any second round of PPP such as rent, mortgage, utilities, insurance, and personal protective equipment (PPE);
- Add a forgivable amount to the PPP loan for industries subject to PPE requirements under CDC and OSHA guidance. This allowance could be structured in different ways, such as a fixed amount based on company size or the ability to submit receipts for PPE to be reflected in the loan amount;
- Simplify the loan forgiveness provisions, or provide automatic loan forgiveness for loans under a certain size with adequate safeguards for fraud;
- Require the SBA to provide updated and accurate data on the PPP program;
- Require the SBA to release monthly reports on its Disaster Loan Account that funds EIDL, in a similar manner to FEMA reporting on its Disaster Relief Fund; and
- Require the SBA to report to Congress within 30 days on the total amount needed to meet the demand for the EIDL program (Loans and Advances) as Congress intended under the CARES Act.

Finally, I want to emphasize the incredible work that our local Chambers of Commerce have been doing in support of our small business communities at a time when many of their traditional revenue sources are

unavailable to them. As I have expressed previously, I fully support allowing these Chambers, many of which are 501(c)(6) organizations, to apply for support through the PPP in any upcoming legislation.

Thank you for your consideration of these recommendations. If you have any questions, please do not hesitate to reach out to me or my office.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mikie Sherrill". The signature is fluid and cursive, with a large initial "M" and a stylized "S".

Mikie Sherrill  
Member of Congress (NJ-11)