

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
COMMERCE
HEALTH, EDUCATION,
LABOR, AND PENSIONS

April 7, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
403 3rd Street SW
Washington, D.C. 20416

Dear Administrator Carranza:

I write to you today about the eligibility of Wisconsin's farmers in the new loan programs included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The collapse in demand from the coronavirus pandemic catches Wisconsin's farms at a particularly challenging time, many have suffered for years from depressed prices and the uncertainty from trade wars. The Small Business Administration's (SBA) Paycheck Protection Program (PPP) and the \$10,000 advances from the expanded Economic Injury Disaster Loan (EIDL) program could provide much-needed relief for farmers' provided that the programs are implemented with the unique needs of agricultural businesses in mind. Therefore, I ask that you clarify that farms are eligible for the EIDL program (consistent with the CARES Act) and ensure that agricultural producers are able to use alternative calculations such as net earnings to determine their loan size under the PPP.

I was pleased that the guidance released Thursday for the PPP made many farms eligible by eliminating the revenue standards that have been difficult for many farms to meet in previous SBA loan programs. However, I remain concerned that—for farmers—the SBA's calculation to determine the size of the loan based on payroll costs might lead to smaller loans than farmers need. Many sole-proprietors do not pay themselves an income. Additionally, because of the unique circumstances of agricultural production, basing the PPP loan size on a farm's payroll costs will likely yield loans that are far smaller than needed. As such, I request that your agency clarify to agricultural industry applicants that alternative calculations such as net earnings, or other calculations that might provide greater loan values, are acceptable.

Additionally, I write to request that your agency issue guidance for the EIDL, clarifying Congressional intent that farms are eligible for the program. The expanded EIDL program includes a \$10,000 forgivable advance, which would be vital for struggling farmers in Wisconsin right now. As you know, the expanded temporary EIDL program includes specifically defined eligible entities, outlined in section 1110(a)(2) of the CARES Act, that differ from the current EIDL eligibility. Congress did not intend to exclude farms from this program and I therefore ask that your guidance clarify their eligibility.

Thank you for your tremendous efforts to quickly issue guidance for the PPP program in less than a week. Additionally, I thank you for your attention to this matter. Please let me or my office know if we can be of assistance in getting much needed assistance to Wisconsin's agricultural producers.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin
United States Senator