

United States Senate

WASHINGTON, DC 20510

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

May 5, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue Northwest
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street Southwest
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

I write to you today about the ability of Wisconsin's farmers to access the Small Business Administration's (SBA) Paycheck Protection Program (PPP) 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. For this reason, many Wisconsin farms, especially small ones with few or no employees, did not report earnings in 2019. Many of these farms have been excluded from the PPP because the SBA established rules that essentially require a farm to either be profitable in 2019 or have payroll costs in order to be eligible for the program. I ask that you issue new guidance to allow farms on which family members provide unpaid labor to access the PPP based on 2019 earnings before interest, taxes, depreciation, and amortization are removed.

Many Wisconsin farmers are shut out of the PPP despite the SBA's interim final rule that suggests that sole proprietors who did not have positive net earnings in 2019 would be able to use other records to determine their maximum loan amounts. The SBA's interim final rule released on April 2, 2020 states that for sole proprietors, "wage, commissions, income, or net earnings from self-employment or similar compensation," qualify as "payroll costs" for the purposes of determining the applicant's maximum loan amount. Yet SBA has not allowed Wisconsin farmers and their lenders to use any other calculation besides average monthly payroll or net earnings.

Wisconsin farmers support the economy by investing in seed, fertilizer and other inputs, machinery, and agriculture services that drive rural economic activity in their communities. Yet these farmers are shut out of the PPP if those investments pushed the farm's net earnings negative in 2019. Companies who did not post a profit in 2019 still can access the PPP by basing their maximum loan amounts on their payroll costs. However, because many Wisconsin farms do not have a payroll—and were not profitable given the extremely difficult market conditions—

they are shut out of the program. The SBA's exclusion hits Wisconsin's many family farms especially hard.

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 farmers as they fight to keep their farms while working day in and day out to make sure Americans have a steady supply of food.

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