

United States Senate

WASHINGTON, DC 20510-3203

March 9, 2022

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd St. SW
Washington, D.C. 20416

Dear Administrator Guzman:

We write today in support of the nearly four million Economic Injury Disaster Loan (EIDL) small business borrowers that continue to struggle due to the COVID pandemic and ask that you use your administrative authority to extend the deferment period for the EIDL program to help small businesses across the country thrive as our economy continues to recover.

The EIDL program has provided a lifeline for wide array of industries and business sectors. While there are many hopeful signs that the economy is improving, most small businesses are not yet in a position to benefit from the recovery due to their smaller profit margins, more limited inventories, lack of access to capital, and supply chain delays. The enterprises that turned to the Small Business Administration (SBA) during the pandemic include some of the most vulnerable businesses in our nation. Granting them additional time before having to pay back their loans would not only provide much-needed relief during this period of continued uncertainty, increased costs, and supply chain challenges, but also put them in a much better position to thrive once the economy is fully recovered.

Upon your confirmation last spring, we were encouraged by your immediate decision to extend the deferral period for the EIDL program from 12 to 24 months. This decisive use of your authority was an acknowledgment that the operating environment for small businesses remained perilous, due not only to the continuing health threat, but to large scale changes that had greatly altered our economy during the pandemic. As you know, small businesses find it challenging to support debt even in the best of times. Your decision to extend the EIDL deferment period provided immediate relief and was warmly welcomed by businesses trying to get their bearings after a year spent fighting to survive.

Unfortunately, since the beginning of your tenure at SBA, additional COVID-19 variants forced businesses to contend with many challenges. The U.S. Census Bureau reported small businesses started 2022 not operating at full capacity, facing staffing shortages, and decreased revenues. For the past year, small businesses have faced difficult decisions: do they invest their limited capital to prepare for customers that may not be able to come through the door or do they risk being unable to meet demand and suffer damage to their hard-earned reputations? Do they hire workers to serve clientele that may not materialize or accept the possibility of being understaffed and overwhelmed? Do they proceed in anticipation of a return to normal or do they permanently

adapt their business model? No business can answer these questions with certainty right now, and yet they are unavoidable, forcing small business owners to make crucial decisions that will ultimately determine the viability of their enterprises. These are also decisions that put tremendous pressures on a small business's balance sheet.

You have the authority to reduce at least some of the uncertainty businesses are facing with regard to their EIDL loans. As you did last year, we encourage you to use the SBA's statutory authority to provide additional breathing room for small businesses whose loan payments will soon become due. As you know, small businesses are resilient and innovative. The knowledge that debt service will not be a short-term concern is invaluable. Extending the deferment period allows these small businesses to use their cash on hand for operating expenses, pay employees and make long term planning decisions.

When Congress funded the COVID EIDL program in 2020, it did so to ensure small businesses would have access to the capital they needed to weather this pandemic and ultimately come out of it stronger. After two turbulent years, we know the end is in sight, and SBA should continue to provide small enterprises the resources and relief. We ask that you recognize the continued uncertainty and struggles for small businesses and extend the COVID-19 EIDL deferment period.

Sincerely,



Raphael Warnock
United States Senator



Mark Kelly
United States Senator



Catherine Cortez Masto
United States Senator



Benjamin Cardin
United States Senator



Maria Cantwell
United States Senator



Jacky Rosen
United States Senator



Michael F. Bennet
United States Senator



John Hickenlooper
United States Senator



Jeanne Shaheen
United States Senator



Margaret Wood Hassan
United States Senator



Charles E. Schumer
United States Senator



Cory A. Booker
United States Senator



Mazie K. Hirono
United States Senator



Edward J. Markey
United States Senator



Tammy Duckworth
United States Senator



Christopher Coons
United States Senator