

New Mexico delegation wants a fix for CARES Act Programs

Written by gallupsun
Thursday, 16 April 2020 19:44



First-come, first-served hurts the underserved

Staff Reports

WASHINGTON, D.C. - U.S. Senators Tom Udall, D-NM and Martin Heinrich, D-NM and U.S. Representatives Ben Ray Luján, D-NM, Deb Haaland, D-NM, and Xochitl Torres Small, D-NM are raising concerns with the U.S. Treasury Department and the Small Business Administration's implementation of the Paycheck Protection Program and the Economic Injury Disaster Loan process. The delegation is urging Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza to improve the guidance for these programs so that struggling small businesses and nonprofits in New Mexico can receive desperately needed federal assistance and support.

SBA's Paycheck Protection Program is intended to inject \$349 billion into struggling small businesses and nonprofits across the nation. Businesses across New Mexico are in desperate need of the forgivable, low-interest PPP loans to pay employees and other expenses during this unprecedented crisis. The Coronavirus Aid, Relief, and Economic Security Act, that the entire New Mexico delegation voted to pass, also created a new SBA disaster grant available as a part of the Economic Injury Disaster Loan process. The purpose of this grant is to quickly provide capital to small businesses that are waiting for loan approval.

"Neither of these programs is fully serving the needs of businesses and nonprofits in New Mexico as Congress intended," the delegation wrote. "The first-come, first-served distribution of

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the \$349 billion in the PPP has strongly disadvantaged community banks and mission-based nonprofit lenders in New Mexico that serve the majority of our small businesses. We recommend that a portion of available PPP funding be reserved for those borrowers who do not have relationships with the traditional lenders that will dominate delivery of PPP Loans. Without proactive and sustained outreach, we can expect that underserved communities will be disproportionately harmed - just as they were during the Great Recession when minority business enterprises suffered a steep decline in the proportion of SBA-backed loan approvals. These lenders are struggling to follow the frequently changing guidance from the SBA and cannot process loans with the speed of large, nationwide banks.”

The delegation continued, “We are concerned about the limited ability for the SBA’s district office in New Mexico to serve our constituents. Reportedly, local SBA offices do not have access to the Administration’s loan or emergency systems. As such, they are unable to assist businesses with specific questions related to their applications. And they are unable to answer general question about PPP and EIDL’s performance in our state. We urge you to authorize SBA’s district offices to have access to critical information and be able to address problems raised by New Mexico businesses.”

“We are also deeply concerned with both the loan and grant parts of the EIDL program. Businesses in New Mexico that applied for these programs weeks ago have still not received EIDL approval. The EIDL grants that Congress directed to be provided within three days of application have yet to be distributed. New Mexico businesses are in desperate need of these funds and are frustrated - as are we - with the repeated delays in the approval and distribution of these funds,” the delegation added.

According to figures released by the Small Business Association on April 14, more than 5,300 loans to New Mexico small businesses, totaling more than \$1.1 billion, have been approved by the SBA under the Paycheck Protection Plan. Obligated loans do not necessarily represent funds that have actually been disbursed, and the New Mexico delegation is fighting to ensure these funds are expeditiously distributed and to ensure that all eligible New Mexico businesses get their fair share of funding through PPP, as Congress considers increasing funds for the program.

In the letter, the delegation addressed Treasury Secretary Mnuchin and Administrator Carranza on the topic of transparency and asked these three questions.

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How many loans have been approved in New Mexico?

How many loans have been disbursed in New Mexico?

What is the zip code for each loan distributed and for what amount?

The letter requests that Mnuchin provide a way for Congress to access all of these loan program metrics daily.