

Sen. Susan M. Collins
Statement on Continuing the Paycheck Protection Program Second-Degree Amendment
(SA 2680)
October 20, 2020

Madam President, I rise this afternoon in support of the amendment that Senator Rubio and I introduced to extend and strengthen the Paycheck Protection Program. It would allow our nation's hardest-hit small businesses to get a second forgivable PPP loan that they so desperately need. Our amendment would make available \$258 billion for new PPP forgivable loans.

Madam President, as I know you're aware from your experience in West Virginia, the Paycheck Protection Program has been hugely successful. In the State of Maine, three out of four of our small businesses have received forgivable loans totaling \$2.3 billion. To put that in context, that is equal to approximately half of the entire state budget. Most important of all, those loans have helped to sustain the jobs of more than 250,000 Mainers.

Nationwide, the PPP has been a critical lifeline for more than five million small employers, helping to sustain upwards of 50 million American jobs. As *The Washington Post* wrote in June following a dramatically better than expected jobs report, "Give some credit to the government relief efforts, especially the Paycheck Protection Program, for bringing back jobs."

This program has provided one-time loans sufficient to support eight weeks of payroll, plus a limited amount to help cover certain overhead expenses, which were completely forgivable as long as borrowers retained and paid their employees. Our purpose was to help small businesses save jobs and pay their workers – keeping that all important employer-employee relationship intact – so that when businesses could reopen and Americans could go back to work, it could happen quickly when the pandemic subsided.

When Chairman Rubio and I, together with Senators Ben Cardin and Jeanne Shaheen, put the PPP together at the onset of the national emergency, none of us could have envisioned that the pandemic would be so persistent. That here in October, it would still be forcing shutdowns and mitigation measures that many months later.

Yet the cruel fact is that the virus is still spreading, and many of the steps taken to fight it – necessary to protect public health – threaten catastrophic damage to many small businesses and their employees who have been sustained by the PPP loan funds, but they are still unable to return to normal operations. According to the NFIB, our nation's largest advocacy group for small businesses, 84 percent of its small business members exhausted their PPP loan funds by mid-August, many fear they will have to lay off their employees – the last thing they want to do, or even cease operations altogether if more support is not forthcoming soon. In a key letter in support of our amendment circulated today, the NFIB also said that its most recent survey shows that 49 percent of its members anticipate needing some sort of additional financial support in the next 12 months.

Madam President, let me give you an example. I recently learned of a T-shirt printing shop in Maine that received a PPP loan. It provided a lifeline to get this business through the

past several months. But with many youth sports leagues and school activities still suspended, this business and its employees need more help to sustain them until springtime, when they hope to once again be printing T-shirts for Little League teams and other sporting events.

The impact of the pandemic has been particularly acute for our hotels, our restaurants, our B&Bs, and our seasonal businesses that rely on a strong summer to pay their bills throughout the year. A state like mine, which is so dependent on tourism, has been particularly hard hit, since many of our tourism-based businesses lost the first part of the summer. A recent survey by the American Hotel and Lodging Association showed that, if we do not act – and act soon – to provide additional assistance, 74 percent of our nation’s hotels will be forced to lay off more workers, and two-thirds could even be forced to close their doors entirely.

The same is true in my State of Maine. An article published last month in the *Bangor Daily News* reports that the state could stand “to lose two-thirds of hotels and direct lodging jobs if Congress doesn’t approve more aid soon.”

Our restaurants are also struggling. While tourists finally started to return to Maine in August, this summer season has understandably been one of the slowest on record for my state. With the warm weather gone, and outdoor dining no longer feasible, many of our restaurants can only accommodate about half as many customers as they used to be able to accommodate and still comply with the CDC guidelines. They fear that they might not be able to make it through the winter without further help.

A few days ago, I received an email from a couple that owns an award-winning restaurant in Portland, Maine. This couple told me they would have closed without a PPP loan, but they haven’t taken a paycheck since March, and simply cannot make it through the winter without a second round. As they put it:

[We] loved that the PPP enabled us to keep in contact with our staff even when they were not able to work in the beginning due to the state restrictions. Furthermore, it helped us to be able to hire them back so that we could reopen immediately. But at this point we are staying open only to support our employees. The new PPP would give us the needed funds to limp through the winter, while still keeping our staff employed and our customers safe.

I am sure many other members of the Senate are seeing the same in their states. And that is why it is so important that we renew once again this very successful program. As you know, we went through the first \$359 billion in just 13 days, that is what the demand was like. Then we passed additional legislation to replenish the program with \$320 billion additional dollars. But, Madam President, we only extended the date to August 8th for applicants for the program. We need to reopen it up to those who did not apply the first time and now find themselves in need and to allow the hardest-hit businesses to receive a second PPP loan. We also need to do this to help our nonprofits that are also struggling to survive. And that is why we simply must put aside any partisan politics. This program was the product of bipartisan negotiations that went on day after day, night after night, and we came together.

So let me describe the key points in this proposal:

First, the amendment would allow those small employers that have seen their revenues decline by 35 percent or more in the first, second, or third quarter of this year compared to the same quarter last year to receive an additional Paycheck Protection Program loan.

Second, because we want to target this additional assistance to the businesses that need it most, we generally limit eligibility to entities that have 300 or fewer employees, rather than 500.

Third, we expand the list of forgivable PPP expenses in some very common sense ways. We allow forgiveness for supplier costs and investment in facility modifications and personal protective equipment for the business to operate safely for its employees and customers. Examples would be those plexi-glass guards we are seeing everywhere, masks for employees of course, patio installations and related outdoor furnishings. This is especially important to restaurants facing dining restrictions and those struggling to get the high-quality food supply needed to operate because they have fallen behind in their bills.

Fourth, we extend PPP to small 501(c)(6) organizations that are not lobbying organizations and that have 150 or fewer employees, such as local chambers of commerce, economic development organizations, and tourism offices. They are doing a great job representing their members through this crisis.

Fifth, we would allow forgivable loan funds to be spent through December 31st and clarify in law that borrowers can apply for loan forgiveness at the time of their choosing after eight weeks from the loan origination.

Sixth, we greatly simplify the loan forgiveness process for smaller borrowers, those that make a good-faith effort to comply with the program's requirements, would be able to use a one-page simplified loan forgiveness form if the borrowed no more than \$150,000. We also make the loan forgiveness process less complex for borrowers of loans between \$150,000 and \$2 million.

Seventh, we provide the SBA with \$50 million in additional audit funding to ensure that it has the resources necessary to protect the program against fraud. Regrettably, there are always going to be those who attempt to exploit a program and that is why we want to beef up the audit capacity.

And finally, our amendment includes a series of set-asides designed to ensure that smaller borrowers and underserved communities get the help they need. These set-asides include: \$25 billion designated for borrowers with 10 or fewer employees; \$10 billion for community financial institutions, such as small community banks and credit unions; and \$10 million for the Minority Business Development Agency. In addition, the amendment directs the SBA to issue guidance addressing barriers to access in capital for minority, underserved, veteran, and women-owned businesses.

Madam President, the Paycheck Protection Program is the result of a bipartisan commitment to support our small businesses, our nonprofits, and their employees during this pandemic. It has been a tremendous success, but many small businesses and nonprofits simply require more help now in order to survive, given the length and persistence of this pandemic.

This amendment provides that help. It is supported by the National Federation of Independent Business, the National Restaurant Association, the American Hotel and Lodging Association, the International Franchise Association, and Hospitality Maine.

Madam President, I urge our colleagues to support this amendment, to do so now, even if you disagree on other issues that may be taken up. Surely, we can come together and extend this bipartisan, highly successful program to secure the jobs of small businesses and also to ensure that these small businesses stay afloat. We want to make sure that small businesses, which employ the majority of people in this country, are able to keep their employees employed. We can continue to work to find common ground, and I am involved in those efforts, on other policies to help support the health and safety of Americans and the safe, responsible opening of our communities.

We need more resources for testing and vaccine development; for aid to municipalities and schools; for assistance to our lobstermen, our fishermen, our farmers, our loggers; and to our aviation and motorcoach industries. We need more assistance for child care and for the U.S. Postal Service.

But now is the time to move forward on this bill, on this proposal, to extend and strengthen the PPP, before we lose more small businesses, before their employees are forced out of their jobs. So, let's act today. It is past time to put aside partisan bickering to provide this much needed relief for the American people. I urge all of our colleagues to join us in support of this important action to renew and strengthen the PPP program. Thank you, Madam President.