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ATTORNEY GENERAL RAOUL URGES CONGRESS TO STRENGTHEN PAYCHECK PROTECTION PROGRAM

Raoul, 23 Attorneys General Call for More Transparency, Flexibility and Equity for the Benefit of Small and Minority-Owned Businesses

Chicago — Attorney General Kwame Raoul today joined a coalition of 24 state attorneys general to call for key changes to the Paycheck Protection Program (PPP) to ensure that funds are distributed fairly and equitably.

[In a letter to Congressional leadership](#), Raoul and the coalition express concerns that the program, while helping some small businesses and their employees, suffers from a lack of transparency, technical savvy and functionality that led to funds being distributed in a manner overly benefitting large, well-connected companies. As a result, Raoul and the attorneys general argue that both the first and second rounds of funding have left many small businesses across the country underserved by the PPP.

“Small businesses are at the heart of our communities, and they should not have to compete with large, publicly-traded companies for funds earmarked for them,” Raoul said. “COVID-19 has disproportionately impacted minority communities, so it is critical that any future rounds of funding from the PPP include equitable distribution to minority-owned small businesses.”

Raoul and the coalition are calling for Congress to adopt the following measures before allocating additional PPP funding:

- **Increasing Fair Access to Funding for Small Businesses:** Congress should require the Small Business Administration (SBA) to provide stronger, explicit guidance to lenders to ensure that funding goes to small businesses and not large, publicly-traded companies. Additionally, Raoul and the coalition urge Congress to adopt rules that prohibit lenders from giving preference to certain categories of applicants over others, such as existing, larger customers or customers whose current debts could create conflicts of interest for the lender.
- **Ensuring Equitable Distribution:** A portion of any future funding for the program should be allocated exclusively for minority-owned small businesses. That funding should be fairly distributed across metropolitan areas, and small banks and credit unions should be fairly represented as lending sources involved in the program. The coalition also calls for the SBA to create a simple and straightforward process for “unbanked” or “lesser-banked” small businesses or those that do not wish to apply through their current financial institution to receive funding.
- **Better Communication and Transparency:** Congress should direct the SBA to provide more guidance to businesses during the application process. The SBA also should be required to disclose more granular data on the percentage of loans in various size categories; the number and amount of loans processed by each lender; the geographic distribution of all loans by metropolitan statistical area and borrower demographics, including gender, race, and ethnicity; and comprehensive data on the businesses that receive funding.
- **More Flexibility and Technical Support:** The program does not adequately serve small businesses and requires more flexibility. The coalition calls for longer time limits for businesses to

rehire employees without having to repay the loan, and approved uses for the money by businesses that allocate a smaller amount of revenue to salaries, and more time to pay the loan back for businesses who don't qualify for forgiveness. Congress also should provide the SBA with greater funding to improve technical support and mandate a uniform, user friendly process for use by lenders.

Joining Raoul in sending the letter are the attorneys general of California, Connecticut, Colorado, the District of Columbia, Delaware, Hawaii, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Mexico, New York, Nevada, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington and Wisconsin.