

Congress of the United States
Washington, DC 20515

May 20, 2020

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

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

Dear Secretary Mnuchin and Administrator Carranza:

Thank you for your continuing efforts to implement the small business relief programs provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement Act. We write to bring your attention to the challenges facing Veterans Service Organizations (VSOs) and ask that you provide the regulatory flexibility needed so that non-profits, to include VSOs, are able in the best position to continue serving their communities during this crisis and after it subsides.

For over a century, VSOs have provided a unique and essential service to thousands of Veterans, military personnel, their families and communities. In several locations, Posts serve as the lifeblood of their surrounding community, offering social and community service programs and assisting veterans and their dependents in obtaining the benefits they rightfully deserve.

The economic survival of VSOs is critical to our nation's rich veteran community. Without these Posts, veterans and their families will lose out on benefits assistance, career and job training events, financial services, volunteer opportunities, mentoring, and much more. In order to ensure VSOs can continue serving their communities, we respectfully request you provide the necessary flexibility and remove the payroll threshold for PPP loan forgiveness specifically for VSOs, allowing these organization to use other expenses instead of payroll costs to compute the maximum loan amount. This will enable these critical organizations to address their high fixed costs, support their small number of employees, and better protect long-term viability.

Additionally, once VSOs receive PPP funds, there are issues with the current requirements for how funds must be used to make them forgivable. As you know, Section 1106 of the CARES Act allows for loan forgiveness, a critical aspect of the Paycheck Protection Program (PPP) for America's struggling small businesses and tax-exempt organizations, including 501(c)(3) and 501(c)(19) organizations. While the CARES Act laid out four allowable uses of PPP loans – payroll, mortgage or rent payments, and utility costs – it did not stipulate a fixed allocation of funds among those four uses. However, the Small Business Administration's Interim Final Rule requires that 75% of PPP funds be used on payroll costs. We appreciate the policy goal behind this regulation, but it poses a particular challenge for organizations relying on volunteers with only a small number of employees, like VSOs. These organizations are essentially shut out of realizing full loan forgiveness, and therefore are at greater risk of having to close their doors. We request flexibility on this policy to support organizations like VSOs with their high fixed costs.

Thank you for your consideration of this request. We look forward to working with you to provide the necessary flexibility to VSOs across the country.

Sincerely,



Joe Neguse
Member of Congress



Jason Crow
Member of Congress



Michael F. Bennet
United States Senator



Cory Gardner
United States Senator



Diana DeGette
Member of Congress



Ed Perlmutter
Member of Congress



Doug Lamborn
Member of Congress



Scott R. Tipton
Member of Congress



Ken Buck
Member of Congress