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THE CONSTRUCTION
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April 8, 2020

The Honorable Mitch McConnell
United States Senate
Washington, D.C. 20510

The Honorable Charles Schumer
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
United States House of Representatives
Washington, D.C. 20515

RE: Additional Funding for & Streamlined Access to SBA Loans Related to COVID-19

Dear Leader McConnell, Speaker Pelosi, and Minority Leaders Schumer and McCarthy,

Thank you for the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act that provides construction employers with critically needed access to capital, expedited cash-flow, and critical tax relief, among other things. Such legislation is significant in these unprecedented times to the more than 27,000 commercial construction industry firms the Associated General Contractors of America (AGC) represents. In addition to providing robust and immediate supplemental funding, AGC asks that you also make access to vitally needed Small Business Administration (SBA) loan programs simpler, not more complicated.

AGC is witnessing significant confusion among the 682,000 construction firms that have fewer than 500 employees as it relates to the paid leave requirements under the Families First Coronavirus Response Act (FFCRA)—that uses the Fair Labor Standards Act regulations to determine employee counts—and the Paycheck Protection Program (PPP) under the CARES Act—that uses SBA regulations for counting employees. Between two regimes of regulations for counting employees and conflicting SBA PPP regulations, many construction firms have been unfairly disadvantaged and delayed in applying for PPP loans. To help remedy this confusion, AGC recommends that Congress:

- 1. Allow all businesses required to provide the new FFCRA paid leave to be automatically eligible for PPP loans to mitigate confusion and meet the intent of the new loan program, which is to help ensure employees are paid, not laid off; and**
- 2. Waive the SBA affiliation regulations for all industries seeking PPP loans, as these regulations are incomprehensible to the vast majority of construction businesses, especially at a time when their financial viability is hanging in the balance.**

The simple alignment of PPP eligibility with the applicability of FFCRA paid leave requirements will help ensure that badly needed economic relief reaches our nation's small business and their employees. Similarly, waiving SBA affiliation rules will further eliminate needless confusion, expand access to these loans as intended, and allow construction businesses to retain more employees. Again, in addition to providing more funding for these needed SBA loans, AGC also requests streamlined and clear eligibility requirements as articulated above.

Sincerely,

James V. Christianson
Vice President, Government Relations