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Congress of the United States  
House of Representatives  
Washington, DC 20515

COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEES:  
INTELLIGENCE AND COUNTERTERRORISM  
CHAIRMAN  
EMERGENCY PREPAREDNESS RESPONSE AND  
RECOVERY  
COMMITTEE ON  
VETERANS' AFFAIRS  
SUBCOMMITTEES:  
HEALTH  
OVERSIGHT AND INVESTIGATIONS

July 29, 2020

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
H-204, U.S. Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230, U.S. Capitol  
Washington, D.C. 20510

The Honorable Charles E. Schumer  
Minority Leader  
U.S. Senate  
S-221, U.S. Capitol  
Washington, D.C. 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell and Leader Schumer:

Restaurants in New York's 11th Congressional District, throughout New York City, and across the country are facing economic disaster through no fault of their own—and we must work to ensure their survival. As you negotiate the next package of relief for businesses and families affected by the COVID-19 pandemic, I urge you to include a second round of the Small Business Administration's (SBA) Paycheck Protection Program (PPP) that ensures that the hardest hit industries, like the restaurant industry, are prioritized in the program's processing and disbursement, and include language to mandate that SBA lenders proactively reach out to their restaurant industry clients to expedite this second round and prevent confusion. We know well the mistakes made in the first round of PPP, and we must never repeat them.

Restaurants are suffering disproportionately, with sales decreasing from \$66 billion in February of this year, to \$30 billion by April. With mounting local restrictions like those in New York City, make no mistake—this industry is in danger of going under, and the programs we authorize now must prevent that from happening. In this next COVID relief legislative package, we must provide prescriptive language that does not allow for SBA to implement PPP contrary to Congressional intent, and to the detriment of our restaurants. The 75% payroll ratio in the program's inception was not a statutory requirement, and when SBA instituted this rule, it took

an act of Congress to fix it. We must provide the appropriate flexibility for eligible expenses including for PPE, insurance costs, and costs to conform to local government regulations as cities and states reopen. This language must be clear and within the statute, as our small businesses can't afford any delay. To that end, we know that SBA lenders prioritized million-dollar businesses and public companies, while leaving our smallest restaurants and businesses high and dry. Language mandating that lenders create a simplified second round application, with outreach to the smallest and hardest-hit restaurant customers for priority consideration, will prevent corrupt practices and ensure our restaurants' survival.

It is clear that PPP was beneficial to not only our restaurant owners, but to the workers whose jobs were retained—and as we've seen in New York, the first round of PPP did not adequately address this issue. According to New York State Department of Labor Data, while the number of food service and bar jobs increased by 50,000 between April and June in 2020, those levels were only 40% of what was available in those sectors last year in June 2019. And this particularly affects Black and Hispanic workers, who make up 40% of the restaurant workforce in this country. If the Congress seeks to make reemployment our priority, we must direct relief funds through a second round of PPP to the industries that are suffering the most. That means not setting an arbitrary revenue loss threshold for second round eligibility that ignores the increased expenses of continuing to operate in a struggling industry during this pandemic. Again, we do not have the luxury of time to go back and fix our mistakes--our restaurants are already on the brink.

While there is broad agreement on this issue, there was also broad agreement in the bicameral passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act—and we saw that a lack of prescriptive language allowed banks to focus on their bottom lines, and allowed the SBA to set arbitrary rules. This agreement must be matched by commonsense provisions included in statute. Our restaurants have reached the end of their rope, and it is time that we step up as leaders and support them—not doing so would condemn this industry, and potentially destroy one of the cultural bedrocks of New York City, and of this country.

Sincerely,

A handwritten signature in black ink, appearing to read 'Max Rose', followed by a long horizontal line extending to the right.

Max Rose  
Member of Congress

