

April 1, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
403 3rd Street SW
Washington, D.C. 20416

Dear Administrator Carranza:

First, we write to thank you for your leadership and swift action. Ensuring that small businesses have access to the tools that the Small Business Administration offers is critical to helping Main Street through this unprecedented crisis.

We are especially grateful for the clarity provided on the Economic Injury Disaster Loan application that clearly identifies cooperative businesses.

As you issue guidance and implement the Coronavirus Aid, Relief, and Economic Security Act (CARES; P.L. 116-136), we urge you to ensure that cooperative businesses can fully participate in the Paycheck Protection Program. The intent of the Paycheck Protection Program is to provide the necessary financing to enable businesses to keep workers on their payrolls. If cooperative businesses and their employees are not able to access this financing tool, they will be put at a devastating disadvantage relative to other types of businesses in their industry sectors.

Current regulations express that cooperatives are an eligible legal form for purposes of SBA's 7(a) loan program (13 CFR § 121.105(b)). In addition, section 1102(b)(1) of the CARES Act makes clear that the PPP applies to any business concern currently eligible for SBA programs. When considering whether to include cooperatives as part of PPP, we urge you to exercise the broadest authority possible to ensure that employees of cooperatives are included in this critical program.

The harsh economic consequences of COVID-19 do not discriminate by business structure. There are more than 65,000 cooperative businesses in the United States facing the same economic hardships as other business models. Collectively, cooperatives generate more than \$75 billion in annual wages. It is imperative that cooperative businesses are treated equally with other business structures and able to access the PPP.

We recognize the immense challenge that SBA faces in rapidly implementing this new program and disbursing funds at unprecedented rates. Please be assured we stand ready to support SBA to ensure cooperative businesses will receive equal access under the PPP.

Sincerely,

National Cooperative Business Association CLUSA International
CoBank
Credit Union National Association
Democracy at Work Institute
Farm Credit Council
Federation of Southern Cooperatives/Land Assistance Fund

National Association of Federally-Insured Credit Unions
National Association of Housing Cooperatives
National Cooperative Bank
National Co+op Grocers
National Council of Farmer Cooperatives
National Farmers Union
National Rural Electric Cooperative Association
National Rural Utilities Cooperative Finance Corporation
Neighboring Food Co-op Association
NTCA – The Rural Broadband Association
U.S. Federation of Worker Cooperatives