

United States Senate

WASHINGTON, DC 20510

September 14, 2020

The Honorable Jerome H. Powell
Chair
Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Chair Powell and Secretary Mnuchin:

As our nation responds to the economic crisis caused by the COVID-19 pandemic, we appreciate all that you are doing to support our economy during these challenging times. The creation of the Main Street Lending Program (MSLP) was part of the Federal Reserve's (the Fed) unprecedented effort to support our nation's small and mid-sized businesses that face financial strain. We write today with concern that the MSLP is underutilized and unworkable for many businesses and nonprofit organizations because of its current terms.

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* provided historic financial relief for families, businesses, and local governments across the nation. Despite this much-needed relief, many businesses and nonprofit organizations across Illinois continue to struggle and are unable to obtain the economic support necessary to stay afloat during this pandemic. Using funds provided by the *CARES Act*, the Treasury Department (Treasury) committed \$75 billion to support the MSLP. Through this facility, the Fed is able to purchase up to \$600 billion of loans made to small and mid-sized businesses and nonprofit organizations that were in sound financial condition prior to the onset of the COVID-19 pandemic.

Despite the best intentions from the Fed and Treasury, we have heard concerns about the required terms from many businesses and nonprofits across Illinois that are eager to participate in the MSLP. It is especially concerning to us that as of last week, only \$1.2 billion in loans had been generated through the MSLP, equating to just 0.2 percent of the Fed's \$600 billion in lending authority. We urge you to establish more favorable terms for businesses and nonprofits participating in the MSLP to better extend this critical lifeline to our nation's businesses and nonprofits and enable wider participation by those that were hardest hit by the pandemic.

A wide variety of industries and businesses, including hotels and lodging, as well as nonprofit organizations, could benefit from a MSLP that better meets their needs and affords them a fighting chance at survival. Small business owners across the country are having to abandon a lifetime's worth of investment and sacrifice, and being forced to permanently close their doors as they are unable to meet their current financial obligations due to the pandemic. It is up to all of us at the federal level to ensure that the financial relief we've provided is making it to the businesses and nonprofits that are most in need.

Further, as you know, the COVID-19 pandemic has fallen disproportionately on the shoulders of Black and Brown communities, including businesses owned and operated by minorities, women, and veterans. These small businesses are pillars in their communities. To this end, we urge the Fed and Treasury to make the necessary improvements to the MSLP to ensure we save as many of these businesses as possible.

Again, we appreciate the efforts taken by the Fed and Treasury to support our economy during these challenging times, but it is clear that we must do more. We believe that, with some modifications, the Fed and Treasury can dramatically boost participation in the MSLP, which would save more businesses and nonprofits, prevent unnecessary job losses, and sustain our economic recovery. We look forward to working with you to get our economy back on track.

Thank you for your consideration of this important issue.

Sincerely,



Richard J. Durbin
United States Senator



Tammy Duckworth
United States Senator