



April 20, 2020

U.S. Senate Majority Leader Mitch McConnell  
317 Russell Senate Office Building  
Washington, DC 20510

Dear Majority Leader McConnell,

As Congress is expected to announce a compromise on a package that will provide additional support to small businesses, we urge that this legislation correct the U.S. Small Business Administration policies that restrict or disqualify people with criminal records from accessing emergency loans appropriated by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act).

For example, the Paycheck Protection Program (PPP)—which provides loans meant to help small business employers pay their employees during the COVID-19 crisis—denies applicants if they are “*an owner of 20 percent or more of the equity of the applicant [who] is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years.*” The application also includes several questions that make it unclear as to whether other types of criminal records or past involvement with the justice system may prohibit access to these loans.

We applaud President Trump for acting to provide relief to millions of hardworking Americans, including providing small business loans for businesses and their employees who are struggling to keep afloat during the pandemic. However, as it stands, these loan programs exclude many small business owners who have criminal records—including those who have recently been on any community supervision for a low-level offense—endangering their economic welfare as well as that of the people they employ. Now, more than ever, we need to ensure that all Americans, including those who have paid their debt to society, are able to contribute to the workforce and our economy.

An estimated one in three American adults has a criminal record; and because people with records often have trouble finding employment, many of them have gone on to start their own businesses after they have paid for their mistakes. The exclusions listed in the aforementioned rule are far too broad and exclude far too many individuals, some of whom have become pillars of their communities: job creators who provide invaluable skills and services, and an essential tax base, to their communities.

Preventing emergency loans from being distributed to businesses owned by individuals with criminal records will have catastrophic consequences to people who have done exactly what society asked of them: they turned away from crime, started a business to support themselves and their families, and contributed to their communities. By removing this unnecessary exclusion, you will support state and local economies that provide the tax base for essential services,

enhance public safety by maintaining employment of people who have turned away from crime, and continue to remove bureaucratic barriers to employment.

The CARES Act was designed to ensure that our workforce could overcome the devastating impact of this indiscriminate pandemic, supplying much-needed assistance to employers and business owners who make up the backbone of our economy. The Small Business Administration's policies regarding people with criminal records go against the intent of the legislation and the Trump administration's ongoing support of second chances for people who have paid for their mistakes and overcome enormous obstacles to start their own businesses and become productive members of society. At a time of historic economic contraction, it would be counterproductive to exclude those with criminal records who have started businesses—and even individuals who have never been duly convicted of a crime—from contributing to our shared recovery efforts.

We urge you to ensure that the forthcoming compromise small business package addresses these harmful, archaic economic policies and allows all small business owners access to relief, including people who have turned their lives around.

Sincerely,

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Kentucky Smart on Crime Coalition



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Bluegrass Institute for Public Policy Solutions  
Catholic Conference of Kentucky

Kentucky Association of Criminal Defense Lawyers  
Kentucky Association of Sexual Assault Programs  
Kentucky Center for Economic Policy  
Kentucky Chamber of Commerce  
Kentucky Coalition Against Domestic Violence  
Kentucky Council of Churches  
Kentucky Youth Advocates  
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