



Association for Corporate Growth

Via electronic transmission

April 9, 2020

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House of Representatives
1236 Longworth H.O.B.
Washington, DC 20515

Dear Senator McConnell and Speaker Pelosi,

Re: Additional funding of the Paycheck Protection Act (PPP)

The bright side. It's what Americans are holding out hope for and why we are writing you today. Two things that Americans value without dispute: Their financial security and their health. Now more than ever, their jobs and their health care are at the forefront of Americans' minds.

More than 16 million Americans have filed for unemployment benefits in recent weeks. We applaud Congress' efforts thus far to keep Americans healthy and employed, including its consideration of additional funding of the Paycheck Protection Program (PPP). Small businesses around the country that employ millions of Americans are in desperate need of additional assistance. More than one-third of our members have reported eligibility for the program, but a larger, more significant number of firms are excluded. The have and have nots are mirror images of one another. They *all* employ hardworking Americans, *none* of whom wants to lose their job.

We strongly urge you to waive the overly broad "affiliation" rules that are unfairly preventing countless small businesses from being eligible to receive the assistance they desperately need. We urge you to waive the "affiliation" rules to prevent imminent layoffs throughout the country.

The Association for Corporate Growth® (ACG) represents 15,000 professionals who operate within the middle market, where they drive and support growth at more than 200,000 companies that employ more than 45 million people. We recently surveyed our members about eligibility for the PPP.

In less than 48 hours (Saturday through mid-day Monday), we received 1,131 responses, of which an astonishing 62% indicated that their own company or client's business is excluded from the PPP. The affected companies are nationwide, with California, Texas, Florida and New York leading.

ACG estimates these anticipated layoffs put 5 million jobs at risk. Most, if not all, of these businesses are not eligible for PPP because of the "affiliation" rules that require them to aggregate revenues and employees with other businesses under common ownership. Waiving the affiliation rules will help blunt additional trauma to Americans during this pandemic.

Our survey respondents outlined the impact of the current "affiliation" rules:

- *"Without PPP, the company may have no alternative but to furlough staff."*
- *"Without PPP, our employees will have to turn to other programs, including state unemployment and gov't funded health care during the downturn."*
- *"Without this cash inflow (PPP) will not be able to survive for the 2nd quarter of 2020".*

Our survey's key takeaways include:

- 77% reported the PPP exclusion will impact the survival of their business
- 92% stated the PPP exclusion will result in employees being laid off
- 85% anticipate layoffs in the next month
- 61% expect the layoffs to come as soon as late next week

Our present-day economic crisis requires immediate action – not adherence to rules whose sensibility was rooted in a yesterday that we can hardly remember. We saw bipartisan support for broad rule interpretation last week. If now is the time to provide an additional authorization of the Paycheck Protection Program, then we respectfully request that you explicitly articulate your intent that companies with equity investment qualify.

The middle market was the single largest contributor to growing U.S. jobs, accounting for over 51.8 million jobs created since the financial crisis (2011-2017), and is responsible for one-third of both private sector GDP and employment. Despite the powerful impact of the middle market on the U.S. economy, the middle market historically has been underrepresented in policy discussions and proposals. We urge you not to dismiss the importance of the companies who operate in this segment of the economy. We, simultaneously, will ask those affected companies to contact their member of Congress and share their stories about their companies and the Americans whose jobs are now at risk.

Americans fear most - which they are uncertain. Congress has the power to be a bright spot for employers and employees not currently eligible for the PPP. For the good of Americans' long-term health and financial security, we appeal that additional PPP funding includes a clear articulation of legislative intent - that relief should be broad and include equity investors.

Respectfully,



Thomas Bohn
President and CEO
Association for Corporate Growth



Martin Okner
Chairman, ACG Global Board of Directors
President and COO, dpHUE