February 9, 2021

Nydia Velázquez, Chair
Small Business Committee

Blaine Luetkemeyer, Ranking Member
Small Business Committee

Dear Chairwoman Velázquez and Ranking Member Luetkemeyer,

On behalf of LeadingAge's more than 5,000 nonprofit aging services providers and other mission-minded organizations that touch millions of lives every day, I write to urge you to act quickly and pass a robust, comprehensive COVID-19 relief bill to help protect older adults and those who serve them throughout the country, specifically through the Paycheck Protection Program. Older adults and the providers who serve them continue to be at the center of the pandemic storm.

Specifically, we request your support for the following Paycheck Protection Program provisions in the relief bill under consideration:

- **Funding for PPP:** The Economic Aid provided more than $250 billion for the PPP loans. We supported this appropriation, and ask that Congress consider adding additional dollars to the loans as current appropriations are exhausted.
- **Eligibility for First Draw Loans**: The CARES Act extended eligibility for the PPP loans to organizations with up to 500 employees, with certain waivers from this based on religious affiliation and/or for certain industries (e.g., food and lodging). Many aging services providers across the continuum of care are affiliated with other providers, and sometimes through these affiliations employ more than 500 workers. These providers operate in the same manner as standalone providers, but because of their affiliation they have been ineligible for PPP loans. At the same time, they have faced the brunt of the pandemic just as much as those providers that have been eligible. For example, the challenges and resource constraints a nursing home has faced during the pandemic are the same regardless of whether it operates independently or as part of a larger, multisite organization. The same applies to other senior living communities, as well as community-based providers (e.g., adult day, PACE organizations, home health) affiliated with larger health systems. Eligibility for the PPP loans should be extended to meet the needs of this group of providers, whether it is through an expansion to all 501(c)(3) organizations, or through a narrower NAICS code-based expansion for aging services as was done for the food service and lodging industries.
- **Eligibility for Second Draw Loans—Employee Count**: The Economic Aid Act helpfully created a second draw loan within the PPP program. These additional funds have been incredibly helpful for those aging services providers that are eligible for these dollars. At the same time, many providers remain in dire financial straits yet are unable to access the loans based on the eligibility criteria. For example, aging services providers that employ between 301-500 employees are not able to access a second draw loan based on size, despite the fact that these providers serve a larger number of older

adults. Allowing these providers to access second draw loans, in addition to the eligibility expansions requested in the First Draw section of this letter, would ensure that the full breadth of aging services providers are allowed to access crucial PPP dollars.

- **Eligibility for Second Draw Loans—Economic Threshold**: Under the Economic Aid Act, organizations are eligible for a second draw loan if they can demonstrate a 25% loss in gross receipts from 2019 to 2020. At the same time, aging services providers are in financial jeopardy that is not necessarily discernible by gross receipt loss and thus are not considered eligible for a second loan. For example, continuing care retirement communities across the country have experienced a sharp drop of new resident move-ins, a critical metric that portends future revenue. That is a longer-term loss that under current program rules would not allow these communities to access second draw loans, jeopardizing their ability to provide housing and supports to older adults over time. Further, many aging services providers not eligible under current rules still experienced a sharp increase in new expenses (e.g., PPE costs, staffing) that require additional support like a second draw PPP loan. Congress should expand eligibility for second draw loans to account for these situations.
- **Eligibility for Second Draw Loans—CARES Act dollars**: The Economic Aid Act exempts first draw PPP loans from the second draw loan revenue calculation, but makes no provision similarly exempting other CARES Act dollars (e.g., Provider Relief Fund, Coronavirus Relief Fund). As a result, providers who received funds from these programs last year now find themselves unable to access PPP loans because of the one-time payments they received from these funds. The CARES Act has provided crucial support for these providers, but does not provide longer-term relief that a second draw PPP loan could. Congress should specifically exempt CARES Act dollars from the second draw loan revenue calculation.
- **PPP Loan Forgiveness**: Congress has deferred to the Small Business Administration and the Department of the Treasury for determining PPP loan forgiveness processes. As such, these agencies have published forms and questionnaires for providers to complete. In October 2020, SBA published a "Loan Necessity Questionnaire" for certain not-for-profit borrowers (SBA Form 3510). This document requires data above and beyond what borrowers had to submit in their loan applications, and was published well after the first PPP application period closed in August. This has created uncertainty on loan forgiveness for these providers, and is administratively burdensome. Congress should not require this form be completed for the purposes of loan forgiveness application.

Congress must pass a comprehensive COVID-19 relief bill now. Thank you for your continued efforts to address the critical health and economic impact of this pandemic. We strongly agree with the need for broad-based legislation to get this pandemic under control. Please contact Ruth Katz, senior vice president for policy and advocacy (rkatz@leadingage.org), or Brendan Flinn, director, Medicaid & HCBS policy (bflinn@leadingage.org), for further information.

Sincerely,

Katie Smith Sloan

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President and CEO
LeadingAge