

Statement of Secretary Steven T. Mnuchin
Department of the Treasury
Before the Committee on Small Business
United States House of Representatives
July 17, 2020

Chairwoman Velázquez, Ranking Member Chabot, and members of the Committee, I am pleased to join you today to discuss how the Department of the Treasury and the Small Business Administration (SBA) are working together to provide relief to businesses and their workers through the Paycheck Protection Program (PPP). We remain committed to making sure that every American gets back to work as quickly as possible.

Economic Recovery

America's economy continues to recover from the challenges posed by the COVID-19 pandemic. For the second month in a row, the jobs report vastly exceeded forecasts, with a record gain of nearly 5 million jobs when experts predicted 3 million. This brings our two-month total gain to approximately 8 million jobs, meaning that 34 percent of jobs lost due to the pandemic have been recovered. Recent improvements in unemployment insurance claims suggest that the job market has continued to strengthen in July.

While the unemployment rate is still historically high, we are seeing additional signs that conditions will improve significantly in the third and fourth quarters of this year. The Blue Chip Report is forecasting that our GDP will grow by 18 percent annualized in the third quarter, and by 7 percent in the fourth quarter.

The U.S. Chamber of Commerce reported last month that 79 percent of small businesses are at least partially open already, and half of the remaining businesses are opening very soon. Retail sales rose in May by 18 percent, more than double the expected rise of 7 percent, and by 7.5 percent in June, higher than expectations and 1.1 percent higher than June 2019. Investors and businesses have historically high cash positions, the highest level since 1992, indicating that private capital is readily available to re-invest into commercial operations as communities re-open.

We are in a strong position to recover because the Trump Administration worked with Congress to pass legislation on an overwhelmingly bipartisan basis and provide liquidity to workers and markets in record time. In particular, the PPP is keeping tens of millions of employees connected to their jobs. Economic Impact Payments are also helping millions of families and workers to make it through these challenging times.

We are monitoring economic conditions closely. Certain industries, such as construction, are recovering quickly, while others, such as retail and travel, are facing longer-term impacts and will require additional relief. We are also sensitive to the fact that certain areas of the country are experiencing increased numbers of cases of the virus. The Coronavirus Task Force, working collaboratively with state and local officials, is helping to ensure that people can work safely in

this environment. We look forward to continued conversations with you and other members of Congress to address these critical issues.

Paycheck Protection Program

Turning to the PPP, the SBA and Treasury worked together to launch this unprecedented program in record time. The SBA has approved nearly 5 million small business loans for more than \$517 billion to support the employment of over 50 million workers and greater than 80 percent of the small business payroll across the country. This is an extraordinary achievement. We are particularly pleased that loans were broadly distributed and made across diverse areas of the economy, with 27 percent of the funds going to low- and moderate-income communities, which is in proportion to their percentage of the population.

As you might expect with a program of this magnitude, executed on a national scale very rapidly, we initially experienced some complications. We resolved them quickly. To implement the program, our teams have worked with members of Congress on a bipartisan basis to issue a series of rules and guidance to provide clarity to members of the public, as well as borrowers and lenders. By standing up the program quickly, we were able to support tens of millions of workers who may have otherwise been laid off or furloughed.

Aside from the Administration's implementation efforts, we have worked closely with members of Congress in both parties to pass three subsequent pieces of critical legislation, including the recent extension of time for borrowers to apply. We also reached agreements on a second round of funding for over \$300 billion, and on providing businesses with more time and flexibility to keep their employees on the payroll, and ensure their continued operations, as we safely reopen.

I look forward to continuing our bipartisan efforts. A next phase of relief should extend the PPP, but on a more targeted basis for smaller companies and those that have been especially hard hit by the pandemic, such as restaurants, hotels, and other travel and hospitality businesses.

Transparency

The Treasury Department is implementing the CARES Act with transparency and accountability. We have released a significant amount of information on our website. We are also providing information on the government-wide reporting site [USAspending.gov](https://www.usaspending.gov), and in updates to Congress. We are cooperating with various oversight bodies, including three inspectors general, the new Congressional Oversight Commission, congressional committees of jurisdiction, the Pandemic Response Accountability Committee, and the Government Accountability Office (GAO).

Regarding the PPP, Treasury and SBA have regularly released data regarding loans, including lender sizes, loan sizes, lending by state, lending by industry, funds remaining, and other information. We released PPP loan-level data in a way that struck the appropriate balance of providing public transparency while protecting the payroll and personal income information of small businesses, sole proprietors, and independent contractors. In addition to these public releases, we have released the complete set of loan-level data to the GAO, this Committee, and

other congressional committees to assist them with carrying out their legislative responsibilities, while maintaining the confidentiality of nonpublic personally identifiable information and commercially sensitive business information.

On other programs, Treasury and the Internal Revenue Service have made data and information regarding the millions of Economic Impact Payments available on their websites and to the GAO. The Department has also posted on Treasury.gov documents and information about all of the Payroll Support Program Agreements we have entered into, loans for air carriers and other eligible businesses, and Coronavirus Relief Fund payments to States, local governments, and Tribes.

We are also pleased that the Federal Reserve has announced plans to add to its existing public disclosures about its liquidity facilities, by posting additional information on its website. Federal Reserve Chairman Powell and I have had very productive initial discussions with the four members of the Congressional Oversight Commission, and we look forward to continuing to work with them.

CARES Act Program Implementation

In addition to the PPP, Treasury has been hard at work implementing other significant CARES Act programs.

- **Economic Impact Payments:** We distributed nearly 160 million payments totaling nearly \$270 billion in record time.
- **Programs to Support Air Carriers and Other Eligible Businesses:** We have successfully implemented the Payroll Support Program, which makes \$32 billion in financial assistance available to support hundreds of thousands of aviation jobs. In the last two weeks, we announced a significant loan under the CARES Act to support tens of thousands of jobs critical to maintaining national security, as well as anticipated agreements on more than \$20 billion of loans to air carriers. These funds will ensure that these strategically important industries will remain intact, viable, and poised to return to growth.
- **Coronavirus Relief Fund:** From this \$150 billion fund, we have disbursed all of the amount appropriated for state and local governments and nearly all of the amount for tribal governments. In doing so, we have provided recipients with as much flexibility as possible under the statute. We are in the process of reaching out to recipients to receive updates on their current uses of the funds.
- **Federal Reserve Facilities:** We have committed almost \$200 billion in credit support for Federal Reserve lending facilities under the CARES Act, money that is going to promote the flow of credit to businesses, households, and state and local governments, as well as to restore liquidity and funding to credit markets. The Federal Reserve, in consultation with Treasury, has modified the terms of the lending programs since they were announced in order to ensure broad access to credit and liquidity for American

businesses. We have over \$250 billion remaining to create or expand programs as needed.

Phase Four

We will be having bipartisan conversations about supplemental relief legislation and hope Congress will pass an additional package by the end of this month. Treasury has already been entrusted with a tremendous amount of funding to inject into the economy. We are closely monitoring the results of these efforts, and we are seeing conditions improve. We anticipate that additional relief will be targeted to certain industries, smaller businesses, and lower- to middle-income families that have been especially hard-hit by the pandemic. Our focus will be on jobs and getting all Americans back to work.

Conclusion

I would like to thank the members of the Committee for working with us to help the American people. I would be pleased to answer any questions you may have.