

# Congress of the United States

Washington, DC 20515

August 28, 2023

The Honorable Isabel Guzman  
Administrator  
Small Business Administration (SBA)  
409 3rd St., SW  
Washington, DC 20416

Dear Administrator Guzman,

We write to bring your attention to the unique needs and challenges of child care providers who accessed Economic Injury Disaster Loans (EIDL) to keep their small businesses open during the COVID-19 pandemic. The SBA distributed \$378 billion to provide a lifeline to micro and small businesses, with nearly one-fourth located in low- and moderate-income areas. The pandemic pushed thousands of child care providers to the brink of permanent closure, exposing the already significant challenges faced by the care economy. We appreciate that the SBA understands its role supporting child care providers as both small businesses themselves, and essential in the survival of other small businesses whose employees rely on their services to stay open.

Child care providers are facing a looming funding cliff as pandemic assistance supported by the American Rescue Plan Act's (ARPA) Child Care Stabilization Grant funds is set to expire on September 30th. According to a recent report by The Century Foundation, the expiration of ARPA funding could cause 3.2 million children to lose their slots and more than 70,000 providers will be forced to close their doors.<sup>1</sup> The end of the waivers for the Child and Adult Care Food Program (CACFP) will also reduce reimbursements for meals and snacks under this program provided by home-based child care providers.

Child care providers, who provide a key service to small businesses and their employees, increasingly find themselves with significant debt. Additionally, providers with debt from EIDL often comes as a surprise because of confusion with the forgivable Paycheck Protection Program (PPP). A recent survey conducted by the National Association of Family Child Care found that many family child care borrowers expected their EIDL repayment rate to be lower. Most respondents reported that the EIDL funding they received will ultimately have negative consequences on their small business.<sup>2</sup>

Small, family-based child care providers, in particular, face disproportionate challenges in navigating capital access because they do not have the same infrastructure as other businesses. Additionally, family child care providers typically operate out of their homes and are overwhelmingly women of color who face systemic barriers to accessing capital.

---

<sup>1</sup> <https://tcf.org/content/report/child-care-cliff/>

<sup>2</sup> <https://nafcc.org/national-association-for-family-child-care-assessment-of-the-economic-injury-disaster-loan-eidl-call-for-immediate-repayment-relief/>

Congress and SBA want EIDL to be a lifeline for small businessowners, and we hope SBA can assist vulnerable family child care providers with navigating their loans so our economy continues its remarkable recovery. On behalf of the small business owners and families who may be affected by child care closures in our communities, we seek the following information:

1. Please provide:
  - a. the number of EIDL loans made to child care providers;
  - b. the total of outstanding EIDL loans made to child care providers;
  - c. the estimated cost to the agency for providing additional technical assistance to family child care providers;
  - d. a description of any efforts currently underway to reform and improve SBA's EIDL loan repayment process.
2. Are you able create a specific 'care workforce inbox' to assist family child care providers and provide case continuity?
3. Are you able to offer a webinar specific to family child care providers on EIDL, as well as other SBA programs like access to Small Business Development Centers, Women Business Centers, Community Navigators, or other programs where providers can receive coaching and special assistance navigating SBA resources?

We are working in Congress to provide more support to child care providers, who operate under a unique model that is not responsive to market solutions. To keep our economy strong and support small businesses and their employees, we must also support those small businesses that provide care to working families. We urge you to work with child care providers to provide guidance, support, and assistance so they can stay open as our economy continues to strengthen. We look forward to a response from you about how we can work together on these important issues.

Sincerely,



Suzanne Bonamici  
Member of Congress



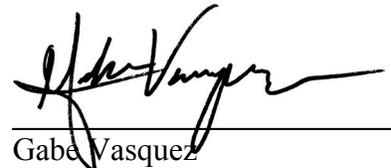
Joaquin Castro  
Member of Congress



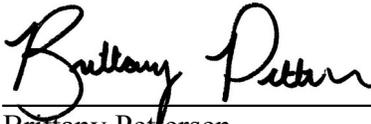
Sara Jacobs  
Member of Congress



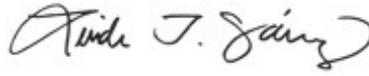
Salud Carbajal  
Member of Congress



Gabe Vasquez  
Member of Congress



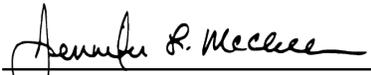
Brittany Petterson  
Member of Congress



Linda T. Sánchez  
Member of Congress



Katie Porter  
Member of Congress



Jennifer L. McClellan  
Member of Congress



Donald M. Payne, Jr.  
Member of Congress



Becca Balint  
Member of Congress



Rashida Tlaib  
Member of Congress



Andrea Salinas  
Member of Congress



James P. McGovern  
Member of Congress



Hillary J. Scholten  
Member of Congress



Debbie Wasserman Schultz  
Member of Congress



Terri A. Sewell  
Member of Congress



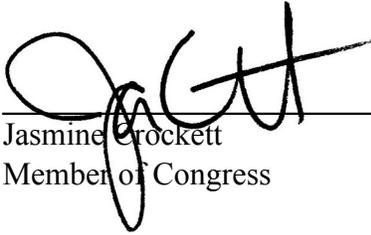
Ed Case  
Member of Congress



Shri Thanedar  
Member of Congress

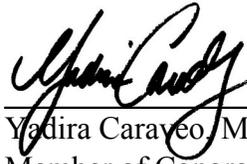


Mark DeSaulnier  
Member of Congress



---

Jasmine Crockett  
Member of Congress



---

Yadira Caraveo, M.D.  
Member of Congress



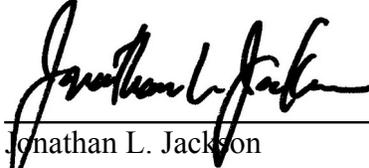
---

Danny K. Davis  
Member of Congress



---

Stephen F. Lynch  
Member of Congress



---

Jonathan L. Jackson  
Member of Congress