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ETSY.COM

July 22, 2020

The Honorable Mitch McConnell  
Majority Leader  
United States Senate

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives

The Honorable Chuck Schumer  
Minority Leader  
United States Senate

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and  
Minority Leader Schumer, and Secretary Mnuchin:

I am writing today to request that any stimulus package include direct assistance for  
businesses most at risk to the pandemic's impact, in particular microbusinesses and  
businesses operated by women, indigenous community members, and people of color.

Etsy is an online marketplace for unique, creative goods. We help our community of 2.8  
million sellers turn their ideas into successful businesses and connect them with millions  
of buyers looking for an alternative—something special with a human touch. All told, 83%  
of our sellers are women, and nearly all of them are businesses of one, operated out of  
their homes. Individually they may be small, but their economic power is significant. In  
2019, they sold \$5 billion worth of goods around the world.

Etsy sellers' experiences during the COVID-19 crisis have differed dramatically. For the  
tens of thousands of sellers who were able to quickly pivot their businesses to make and  
sell handmade masks, Etsy sales provided a meaningful source of income while also  
providing Americans critical access to face coverings at times of shortened supply. At the  
same time, those specializing in wedding decor or party supplies suffered significant  
losses.

Our sellers' variable experiences mirror that of the broader economy. While e-commerce has thrived, studies show that women-owned businesses, Black-owned businesses, Latinx-owned businesses, and microbusinesses have suffered disproportionate losses. For example, 41% of Black-owned businesses closed between February and April of 2020, while 36% of Latinx businesses and 25% of women-owned businesses closed. These impacted businesses are also our nation's smallest businesses: 82% of minority-owned businesses and 90% of all women-owned businesses are sole proprietorships.

Meanwhile, government support intended to help small businesses survive the pandemic has not reached many who need it most. We were heartened when the Coronavirus Aid, Relief, and Economic Security (CARES) Act extended unemployment protection to the self-employed for the first time, yet challenges in implementation prevented many individuals from accessing the funds at all. Early decisions regarding documentation, eligibility, and loan forgiveness requirements for the Paycheck Protection Program (PPP) dissuaded many from applying, even as much larger companies received multi-million dollar loans.

Right now, as COVID cases surge, our nation's most impacted businesses need direct and immediate assistance to help them survive this pandemic and to drive economic recovery. And while the crisis has taken its greatest toll on communities of color, it has also brought into sharp focus the long-standing inequities that disadvantaged entrepreneurs of color long before "social distancing" entered our national lexicon. The time has come for bold new policies that not only help our businesses today, but also give them the tools, resources, and protections they need to thrive in tomorrow's economy.

## **EMERGENCY RELIEF**

### **Ensure New PPP Loans Support Underserved Businesses**

We must ensure PPP funds make it to the businesses who need them most. In particular, we support the provisions in the HEROES Act (H.R. 6800) that require 25% of funds to be used for small businesses with 10 or fewer employees; an additional \$10 billion for community financial institutions, such as Community Development Financial Institutions (CDFIs), Minority Development Institutions (MDIs), Small Business Association (SBA) microlenders, and SBA Certified Development Companies (CDCs); and a requirement that returned amounts be redistributed through loans to small businesses with 10 or fewer employees.

### **Forgive PPP Loans of \$150,000 or Less**

Many self-employed individuals and microbusinesses were dissuaded from applying for PPP out of fear that the loan would not be forgiven. Others applied for and received PPP, but are now struggling to understand the loan forgiveness process. In this time of crisis, relief programs should ease microbusinesses' fears, not add to them. That's why we strongly support the Paycheck Protection Small Business Forgiveness Act (S.4117), which would forgive PPP Loans under \$150,000.

### **Establish a Microbusiness Grant Program**

Microbusinesses, women-owned businesses, and businesses operated by people of color were not able to access much-needed COVID relief funds at the same rates as larger businesses. The simplest means to rectify this inequity is to implement a direct grant assistance program for our smallest businesses. Several proposals include such measures, including the Save our Streets Act (S.3787/H.R.6949), which would provide grants of up to \$250,000 to microbusinesses with under ten employees, the Restore America's Main Street Act (H.R.6619), which would provide a rebate check to businesses with 50 employees or fewer, and the HEROES Act (H.R. 6800), which established a refundable tax credit up to \$45,000 for the self-employed.

### **Extend Pandemic Unemployment Assistance**

The Pandemic Unemployment Assistance program has provided a lifeline to many self-employed individuals across the country. Yet with COVID cases on the rise and many regions rolling back plans to reopen, many individuals are likely to remain out of work for the foreseeable future. That's why we support an extension of the \$600 weekly Pandemic Unemployment Assistance supplement through January 31, 2021, as included in the HEROES Act (H.R. 6800).

## **BUSINESS INFRASTRUCTURE AND SUPPORT**

### **Provide Emergency Funding for the United States Postal Service**

The vast majority of US Etsy sellers—91%—rely on USPS to deliver their packages to consumers. USPS is particularly important for our sellers who live in rural communities, where USPS may be the only carrier available to them. Given the essential role USPS plays in small and microbusinesses, we strongly support the Postal Service Emergency Assistance Act (S.4174), which would not only ensure this crucial service survives COVID-19, but helps to drive its long-term recovery.

### **Expand Support for Women-owned, Black-owned, and Latinx-owned Businesses**

Disparities in access to entrepreneurial opportunities were evident long before the COVID-19 crisis, yet the pandemic has only exacerbated these inequities. In particular, women of color and women in rural and tribal communities experience challenges accessing capital, leveraging mentorship networks, and gaining the digital skills and tools to build their businesses online. That's why we support proposals in the Economic Justice Act (introduced by Senate Democrats) to permanently authorize and expand programs offered by the Minority Business Development Agency (MBDA) and the SBA, including the 7(a) Community Advantage and PRIME programs, as well as increased funding for Minority Depository Institutions (MDIs) to unlock capital for Black- and Latinx-owned businesses.

### **Expand Broadband in Rural and Underserved Communities**

All Americans deserve access to reliable, high-speed broadband. During the pandemic, when families must move work, school, and businesses online, reliable broadband is more important than ever. We support proposals, such as the \$1.5B appropriation in the

HEROES ACT (H.R. 6800) and additional appropriation in the Economic Justice Act, to bring high-speed broadband to rural and underserved communities.

## **SOCIAL PROTECTIONS FOR THE SELF-EMPLOYED**

### **Ensure Child Care Support**

According to recent reports, women are bearing a disproportionate burden of caring for children during the pandemic while schools, daycares, and camps remain closed. This inequity will likely have a long-term negative impact on their careers and earnings, with a ripple effect on their families. To support women-owned microbusinesses, we must bolster our struggling child care system. We support proposals in the Economic Justice Act that provide funding to ensure that childcare providers can safely reopen and operate, and that child care providers are adequately compensated and protected. We also support efforts, for example through the Working Families Tax Relief Act (H.R.3157), to expand the Child Tax Credit (CTC).

### **Modernize Portable Benefits**

The self-employed are ineligible for the vast majority of social safety net programs because they are not connected to the employer-based benefits system. We support efforts to pilot an alternative portable benefits system—for example through the Emergency Benefits for Independent Workers Program Act (proposed by Senator Warner and Representative DelBene), which would create a \$500 million fund at the Department of Labor to be administered to states to pay for modernizing state unemployment insurance systems to support innovative benefits programs for the growing independent workforce.

### **Expand Earned Income Tax Credit**

The Earned Income Tax Credit (EITC) is an important source of income protection that already works equally well for gig workers and traditional employees. We support efforts by Congress—for example through the Working Families Tax Relief Act (H.R.3157)—to expand EITC across the board. Lawmakers should also allow EITC to be calculated and administered on a quarterly basis, which would better support individuals struggling to manage short-term income volatility.

Etsy sellers are not alone in facing these challenges. All told, more than 57 million people work independently in the United States. Together, they comprise the emerging gig economy and represent a growing number of American job holders. These microbusinesses, independent contractors, and self-employed individuals—many of whom are women and people of color—need an economic recovery package to help stem hardship due to COVID-19.

We look forward to working with members in both chambers and across the aisle on addressing these critical measures.

Sincerely,



Josh Silverman  
CEO, Etsy, Inc.