Crapo Statement at Quarterly CARES Act Hearing
May 19, 2020

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled "The Quarterly CARES Act Report to Congress," with the Honorable Steven T. Mnuchin, Secretary, Department of the Treasury; and the Honorable Jerome H. Powell, Chairman, Board of Governors of the Federal Reserve System, providing testimony.

The text of Chairman Crapo's remarks, as prepared, is below.

"We are all becoming more familiar with remote hearings, but let me offer a few videoconferencing reminders:

"Once you start speaking, there will be a slight delay before you are displayed on screen.

"To minimize background noise, please click the mute button until it is your turn to speak or ask questions.

"If there is a technology issue, we will move to the next senator until it is resolved.

"Because we have a hard stop at 12:15, all senators and witnesses need to be especially mindful of the five minute clock.

"You should all have one box on your screens labeled 'clock' that will show how much time is remaining.

"At 30 seconds remaining, I will gently tap the gavel to remind senators their time has almost expired.

"To simplify the speaking order process, Senator Brown and I have again agreed to go by seniority.

"With that, today we welcome to this virtual hearing The Honorable Steven T. Mnuchin, Secretary, Department of the Treasury; and The Honorable Jerome H. Powell, Chairman, Board of Governors of the Federal Reserve System.

"We will receive testimony from the Secretary of the Treasury and Chairman of the Federal Reserve, as required under Title IV of the CARES Act.

"Congress has appropriated nearly $3 trillion to protect, strengthen and support Americans, to fight the pandemic, and also to stabilize the infrastructure of our economic system.

“A large portion of this funding is authorized under Title IV of the CARES Act, which provides significant resources for loans, loan guarantees, and other investments from Treasury and the Federal Reserve’s 13(3) emergency lending facilities and programs in support of eligible businesses, States, municipalities, and Tribes.

“Title IV of the CARES Act provided a $454 billion infusion into the Exchange Stabilization Fund to support the Federal Reserve’s emergency lending facilities that facilitate liquidity in the marketplace and support eligible businesses, States, local governments and Tribes.

“This unique lending authority, known as 13(3) authority, is authorized under section 13 of the Federal Reserve Act, and plays a critical role in stabilizing markets.

“Both prior to and after the enactment of the CARES Act, the Federal Reserve announced the establishment of or its intent to establish several emergency lending facilities to support financial markets and businesses, including some that are funded by the CARES Act.

“Last week, other members of this Committee and I had a robust discussion with Vice Chairman Quarles on these facilities and stressed the importance of getting facilities like the Main Street Lending Programs and the Municipal Liquidity Facility up and running quickly to provide a lifeline to struggling businesses, States and local governments.

“Again, I stress the importance of setting these facilities up quickly and allowing broad access.

“There was also a discussion about whether it is acceptable for the Treasury to take any losses on investments put into the special purpose vehicles that the Fed will lend to for various programs.

“The 13(3) facilities are a critical component of a strong economic recovery, which reinforces the need to have them quickly operational, broadly available and as flexible as possible.

“Title IV also contains robust oversight provisions – specifically the one that brought us here today, Section 4026.

“It is critical that each agency follow all reporting and oversight requirements in the CARES Act.

“Other steps are already being taken to ensure appropriate oversight.

“Last week, this Committee voted the Special Inspector General for Pandemic Recovery favorably out of committee, and yesterday, the Congressional Oversight Committee published its initial report on oversight of Title IV.

“The CARES Act is the biggest rescue package in the history of Congress and we need to make sure the dollars and program quickly find their mark.

“During this hearing, I look forward to hearing more about the status of Treasury loan programs, 13(3) emergency facilities, and the Paycheck Protection Program; steps the Fed and Treasury have taken, and will continue to take, to provide transparency into the loans and loan guarantees under the CARES Act; and how the unused funds from Title IV will be prioritized and leveraged to provide additional liquidity to the economy.

“While not part of Title IV of the CARES Act, SBA and Treasury have worked around the clock to ramp up the Paycheck Protection Program that has approved over 4.3 million loans to small businesses that amounts to about $513 billion.

“According to SBA, the overall loan size for the PPP is $118,000, and during the second round of PPP funding, the average loan size has been around $70,000.

“On April 28, Treasury and SBA announced that the SBA would review all PPP loans in excess of $2 million to make sure borrowers’ self-certification for the loans was appropriate.

“Last week, SBA and Treasury provided a safe harbor for loans under $2 million.

“Finally, on May 8, 2020, Commerce Committee Chairman Wicker and I sent a letter to Secretary Mnuchin on the Payroll Support Program (PSP) requesting a detailed report on the status of the program and on May 12, Treasury announced new transparency measures with regards to the PSP.

“I encourage you to continue to work with the applicants and update the information as additional funds are disbursed.

“I commend each of you and your staff for the hard work and extraordinary actions you have taken to stabilize the economy and provide support to Americans during this trying time.

“Thank you for joining us today to share your agency’s activities and plans in response to COVID-19.”

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