Good evening,

On behalf of the 20,000 members of the Pennsylvania Institute of Certified Public Accountants (PICPA), I hope you will share the attached letter with Representative Fitzpatrick. The letter outlines an efficient solution for the federal government to use already-existing payroll providers as it distributes payroll funding to small businesses to help keep those businesses from closing their doors.

Please reach out to me if you have any questions, and thank you for your work to lead our country during these unprecedented days and weeks.

Sincerely,

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An Open Letter to President Donald J. Trump, Secretary of the Treasury Steven Mnuchin, SBA Administrator Jovita Carranza and Members of Congress

Our nation is taking unprecedented steps to address the current coronavirus pandemic, keep our citizens safe and American workers on the job. Broad governmental proposals for bank loans and direct loans are good steps, and fast action is required. We need to quickly take an additional step to ensure small businesses continue to keep their employees paid.

Small businesses are the heart of the American economy and employ roughly 60 million people. We know the impact that layoffs have on workers’ lives and business operations, so it’s critical we keep as many people on the payroll as possible.

The problem: It takes time to create new processes to distribute funds to small businesses – speed is of the essence here. An efficient and effective process would be to leverage established small business payroll processing that is already in place and can be marshalled immediately to protect jobs and preserve resiliency within the small business sector.

Payroll processors produce approximately 40 percent of all payroll payments in the United States, and their customers are mostly small businesses of 500 employees or less. We urge the federal government to use these existing systems to direct funds to small businesses so they can make payroll and not shut down due to restrictions caused by the pandemic. In this scenario, the federal government could set up a central payroll funding account that small business payroll processors could utilize so that millions of small businesses could continue paying workers during this time of crisis.

This direct funding of payroll accounts will not solve all the funding problems currently facing small businesses, but it’s a step in the right direction and has numerous benefits. It is a faster and more efficient process that does not require small businesses to get loans, and it ensures employees directly receive money. In addition, small businesses that use this federal funding facility would be required to maintain their workforce, which would dramatically reduce layoffs.

We believe multiple initiatives and tools are required to keep small businesses in operation. The direct payments and loans to small businesses will play an important role, but we recognize these will take weeks to implement. We are also convinced that proposed direct payments to individuals will not prevent small businesses from laying off employees. Small businesses need to make payroll now – the clock is ticking.

As the federal government focuses its attention on America’s economic engine – small businesses and their millions of employees – direct funding of their payroll can help. The payroll processing companies and the 45,000-plus CPA firms in America have long been partners in helping small businesses thrive in good times, and we have a role to play in the grave challenges we face today.
The program would not cover all small business employees, such as gig-economy workers, who would need to be supported through other measures. But we have the expertise and systems in place to help a significant part of the small business sector and its employees, many of whom are hourly workers who are most in need.

We want to help the federal government move quickly and aggressively, as we know that many employees who are laid off will not be rehired immediately. Small businesses will wind down operations, and it will be difficult to cycle back up. The pandemic will pass, but the economic impact will last.

Ensuring we can rebound quickly is essential for the long-term health of our economy.

Sincerely,

Barry C. Melancon, CPA, CGMA  
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AICPA

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