

Stimulus turns political as SBA tries to claw back funding from Planned Parenthood

Vehicles drive past a Planned Parenthood office in Peoria, Ill. (Daniel Acker/Bloomberg)

A political fight over \$80 million in subsidized Small Business Administration loans that were awarded to Planned Parenthood nonprofits is escalating, with 127 Republican lawmakers on Friday calling for a federal investigation of the loans and 41 Democratic senators on Saturday defending them.

Each of Planned Parenthood's state and local affiliates is a separate nonprofit, with its own leadership and funding organization. The Small Business Administration, a federal agency distributing \$669 billion in subsidized loan funding to address the economic crisis caused by the [coronavirus](#) pandemic, sent letters to dozens of Planned Parenthood affiliates last week ordering them to give back the money.

The SBA said the local chapters are too closely affiliated with Planned Parenthood's national organization to be considered independent entities. The loans received by Planned Parenthood organizations total about \$80 million, according to a letter from congressional Republicans.
Story continues below advertisement

Planned Parenthood has been a lightning rod for years among conservatives, who say the organization, which provides a wide range of women's health services, including abortions, should be barred from receiving federal funding. In February, the Trump administration issued a rule barring groups that provide abortions or abortion referrals from participating in a \$286 million federal family planning program. The move was aimed primarily at Planned Parenthood.

The group's receipt of money under the SBA's Paycheck Protection Program further enraged congressional Republicans.

"Leave aside all the other issues, they do not qualify," Sen. Marco Rubio (R-Fla.) told Fox News last week. The senator has long opposed federal funding for organizations that perform abortions. Rubio, who helped write the Cares Act that created the small business loan program and has been a vocal advocate for it, demanded an investigation.

Story continues below advertisement

"They need to return the money, and if they did this knowingly they need to be held accountable," Rubio said. "And whoever helped them do this knowingly needs to be held accountable. That includes, potentially, people on staff at the SBA, the banks and anybody else."

In their letter Saturday, 41 Democratic senators asked SBA Administrator Jovita Carranza and Treasury Secretary Steven Mnuchin to stop what they called "ideologically-driven action" against Planned Parenthood organizations.

"The SBA must administer the PPP program in a manner that is uniform and does not target any entity or subset of entities for exclusion, especially if doing so is based on a political ideology, the services provided by that entity, or any other factor unrelated to the criteria established by law in the Cares Act," the senators wrote.

Story continues below advertisement

The controversy over Planned Parenthood funding is the latest to emerge from the Paycheck Protection Program, which offers low-interest loans to small businesses and nonprofits to keep employees on the payroll. The loan program is a critical component of the Trump administration's attempt to contain the economic damage caused by the coronavirus.

In the loan program's initial \$349 billion round of funding, numerous well-known national brands received funding through their local affiliates — the AutoNation car dealerships, Shake Shack and Ruth's Chris Steak House, to name a few.

The Cares Act did not forbid such organizations from receiving loan money, providing the franchises appear on a list of SBA-approved franchises. But anger over the loans grew when the initial tranche of funding ran out, and the SBA clarified its rules, requesting that publicly traded companies return the money by May 18. Many did, but [others refused](#), saying they qualified under the original terms of the loan program.

Story continues below advertisement

In demanding money back from the Planned Parenthood affiliates, the SBA said the local organizations are little more than tendrils of a powerful national [organization](#).

The Planned Parenthood Federation of America “is known to have and to exercise control over its local affiliates,” the SBA wrote in a letter to a local affiliate, which was subsequently [posted online](#) by NPR.

Citing a publicly available version of the national organization's bylaws, the SBA noted that Planned Parenthood's local organizations must submit to rigorous accreditation reviews every three years and can be stripped of their affiliation if they don't maintain certain standards.

Story continues below advertisement

Planned Parenthood rejected that description of its organization, noting that the bylaws themselves have to be approved by the local chapters. In a memo distributed to reporters, it noted that the national organization “has its own Board of Directors and management team, which is different from the Boards and management teams of the member organizations.” It said that neither the text of the Cares Act that set up the PPP nor any of the regulations or informational materials published by the SBA would exclude an affiliate with fewer than 500 employees from receiving a loan.

“This is a clear political attack on Planned Parenthood health centers and access to reproductive health care,” the organization wrote. “It has nothing to do with Planned Parenthood health care organizations' eligibility for COVID-19 relief efforts, and everything to do with the Trump administration using a public health crisis to advance a political agenda and distract from their own failures in protecting the American public from the spread of COVID-19.”

Representatives of local Planned Parenthood organizations argue that they are just as worthy of an economic lifeline as other organizations.

Story continues below advertisement

“When we looked at the Cares Act it was very clear that we were eligible,” said Stephanie Fraim, president and chief executive of Planned Parenthood of Southwest Central Florida, which received roughly \$2 million under the Paycheck Protection Program. “We were facing tough choices about whether to keep staff on or not.”

Fraim says her organization already has started spending the loan money, with about 85 percent of it

going to payroll. So far, the group has been able to avoid laying off any of its 187 employees. It's kept all 10 of its clinics open for procedures it deemed essential, including treatment for urinary tract infections, cancer treatment, hormone replacement therapy and abortions.

But the organization has seen fewer patients than usual since Florida's social distancing restrictions began in March, and it canceled two fundraising galas, in Orlando and Tampa, that would have brought in several hundred thousand dollars in a normal year, Fraim said.

Fraim says her organization received the SBA letter demanding it return the money on Friday. She said no decision has been reached on how to respond.

"None of us right now knows what the future is going to hold," she said. "If we can keep 100 percent of our staff, it will be one of the proudest things we've done in our career."