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April 21, 2020

The Honorable Tammy Baldwin  
709 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Baldwin:

On behalf of graphic artists – illustrators, designers, animators, web designers, cartoonists, and others – we are contacting you to ask that Congress pass legislation to support the microbusinesses, sole proprietorships, freelancers, and small businesses our members represent.

Congress acted swiftly and decisively to pass significant relief packages, and we appreciate that effort. Such relief is much needed – within just a few weeks, graphic artists found that their businesses were gutted. Projects which were initiated were put on hold, clients were no longer able to pay outstanding invoices, prospective projects and deposits on those projects dried up, and, in compliance with public health orders, graphic artists are unable to conduct business outside of their homes. The passage of The CARES Act was met with great hope, but graphic artists have been frustrated in availing themselves of desperately needed relief funds:

- Sole proprietors and freelancers have received conflicting messages from banks on whether or not they qualified for PPP loans, and have been turned away.
- The microbusinesses, sole proprietors, and small businesses found the PPP and EIDL application processes difficult to understand and execute, and did not have easy access to advisors. That meant that larger “small” businesses with access to financial advisors, accounting staff, or existing banking relationships were able to quickly submit their applications and be at the front of the queue.
- Those applying for EIDL loans discovered that, as their application process was underway, the amounts which could potentially be awarded were severely limited. Likewise the terms of the PPP loans also changed during the application process. This shifting of the programs’ terms caused confusion and consternation for small businesses and sole proprietorships without access to on-demand financial advice.
- Many microbusinesses, sole proprietors, and small businesses who submitted their applications early in the process did not hear on their applications for several days, only to be told that funding had dried up.

Our members do not have the financial resources to weather many weeks of a business shutdown. At the same time, they are concerned that lifting social distancing measures prematurely will result in repeated outbreaks of COVID-19, resulting in repeated quarantining measures that are guaranteed to result in the collapse of their businesses. They are caught between a rock and a hard place.

Our concern is that additional relief measures will similarly be out of reach for small businesses of under 50 staff, microbusinesses, sole proprietors, and freelance workers. We ask that the relief packages currently being considered by Congress recognize that such truly small businesses cannot compete effectively against small business of up to 500 employees for limited funds.

We request that additional relief funding measures recognize the economic reality for small businesses under 50 employees, microbusinesses under five employees, sole proprietors, and freelancers. Those measures could include substantial funding for the PPP and EIDL programs with funding earmarked for microbusinesses, sole proprietors and freelancers; the creation of different entry points into the loan application process based on the size of the applicant; and language that clearly includes freelancers and contract workers in unemployment provisions.

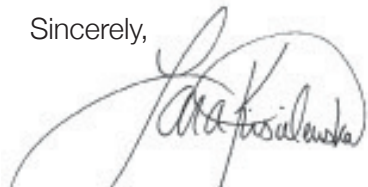
Additionally, small businesses of under 10 employees often rely on 1099 workers to assist with vital operations, such as administration, marketing, and project management. While 1099 workers can apply for PPP loans, small business owners need a vehicle to keep those workers paid. They need their 1099 workers to try to complete projects still in the pipeline, and to land new business to stay afloat.

In asking for financial relief for microbusinesses, we are not asking for a handout. We are asking for support for a significant driver of the US economy.

- According to a study by Association of Enterprise Opportunity<sup>1</sup>, businesses with under 5 employees (including the owner) constitute fully 92% of all US businesses and (as of 2011) employed over 26 million individuals.
- That same study showed that in 2011, microbusinesses, generated \$42 billion in direct federal tax, and \$52 billion in state and local taxes and fees.
- Individually-owned businesses outstrip corporations; according to Tax Foundation<sup>2</sup>, as of 2014, there were over 23 million sole proprietorships.

Our members and the larger graphic artist community we represent fall into these categories of businesses. They are single-person design and illustration studios, freelancers, small design firms and animations studios employing a few people on staff and/or using contract workers as needed, etc. They provide a vital service to other small businesses, large corporations, media companies, and publishers. They look to Congress to pass legislation which will offer meaningful relief and enable them to keep their businesses functioning through these difficult times.

Sincerely,



Lara Kisielewska, National President  
Graphic Artists Guild

William Morse, National Secretary  
Linda Secondari, National Treasurer  
Rebecca Blake, Advocacy Liaison  
Yanique DaCosta, National Board Member  
Todd LeMieux, National Board Member  
Rose Lowry, National Board Member  
Dawn Mitchell, National Board Member  
Haydn Adams, Immediate Past President

<sup>1</sup> Bigger Than You Think: The Economic Impact of Microbusinesses in the United States. (Association for Enterprise Economy)

<sup>2</sup> The U.S. Has More Individually Owned Businesses than Corporations. <https://taxfoundation.org/us-has-more-individually-owned-businesses-corporations>