

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members of the Committee on Small Business

FROM: Committee Majority Staff

DATE: March 13, 2024

RE: Full Committee Hearing Titled: “Conducting Oversight: Testimony from the Small Business Administrator”

On **Wednesday, March 20, 2024, at 10:00 AM ET**, the Committee on Small Business will hold a hearing titled “**Conducting Oversight: Testimony from the Small Business Administrator.**” The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to thoroughly review the activities and Fiscal Year 2025 (FY2025) budget request of the U.S. Small Business Administration (SBA).

I. Witness

- **The Honorable Isabella Casillas Guzman**, Administrator, Small Business Administration

II. Background

The SBA was created in 1953 with the passage of the Small Business Act. Its mission is to help “Americans start, grow, and build resilient businesses.”¹ However, the SBA has strayed from that mission, is struggling with its current workload, and must be right-sized for the benefit of the small businesses of America.

In President Biden’s FY2025 budget, the SBA requested \$1.46 billion, a 20 percent increase over the FY2023 enacted level.² In this hearing, the Committee will hear directly from Administrator Isabella Casillas Guzman on the requested increase and how the SBA plans to become effective stewards of taxpayer dollars.

¹ *Organization*, U.S. SMALL BUS. ADMIN. (last visited Mar. 5, 2024).

² U.S. SMALL BUS. ADMIN., FY 2025 CONG. JUST. 2025, 5 (2024).

The SBA's budget has grown by more than 70 percent since 2019.³ This growth began before the COVID-19 pandemic but was certainly exacerbated by it. Throughout the pandemic, the SBA was called upon to help small businesses weather the economic uncertainty in an unprecedented manner. During this time, the SBA distributed more than \$1 trillion in pandemic aid, executing 14 years' worth of lending in just 14 days. The intention was to get critical funds out the door to struggling businesses quickly, then to recoup them once the pandemic had passed. Unfortunately, the SBA has failed to effectively do so.

The SBA Office of the Inspector General (OIG) issued a 2023 report indicating that \$200 billion worth of pandemic loans were likely fraudulent.⁴ This Committee has been actively looking into this issue to ensure these fraudulent disbursements and other ineligible funds are returned to the American taxpayer.

The OIG, private auditors, and the Government Accountability Office (GAO) have raised concerns with essentially every aspect of the SBA's pandemic lending portfolio, particularly servicing and control issues.⁵ These concerns, along with the SBA's failure to get personnel to come into the office to work, violations of the Debt Collection Improvement Act (DCIA), promotion of duplicative programs, and failure to take the recommendations of their own OIG highlight just a few of the concerns this Committee has with the trajectory of the SBA.⁶

III. Conclusion

The SBA has been providing services to entrepreneurs and small business owners for decades. Unfortunately, over the past few years, SBA has strayed from its mission, morphing into a loan servicing agency, and shown that it needs to be right-sized. This hearing will provide the necessary oversight to ensure that the SBA continues to support small businesses and focus on helping those it is meant to serve.

³ *Id.*; H. COMM. ON APPROPRIATIONS, CONSOLIDATED APPROPRIATIONS ACT, 2020, REP. NO. 36-678, 116TH CONG., 675 (2019).

⁴ U.S. SMALL BUS. ADMIN., OFFICE OF THE INSPECTOR GEN., REP. 23-09, COVID-19 PANDEMIC EIDL & PPP LOAN FRAUD LANDSCAPE, 3 (Jun. 27, 2023).

⁵ U.S. SMALL BUS. ADMIN., OFFICE OF THE INSPECTOR GEN., REP. 24-03, INDEPENDENT AUDITORS' REPORT ON SBA'S FISCAL YEAR 2023 FINANCIAL STATEMENTS (Nov. 15, 2023); *Recommendations Database: Small Business Administration*, GOV. ACCOUNTABILITY OFF. (last visited Mar. 5, 2024).

⁶ Hans Nicols, *Scoop: W.H. demands proof from Cabinet officials on return-to-office*, AXIOS, (Jan 19, 2024).