

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6515

October 2, 2025

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Loeffler:

I write in response to very troubling reports that the U.S. Small Business Administration (SBA) is using taxpayers' dollars to promote partisan activities that could potentially violate the Hatch Act, and other federal laws.

First and foremost, I demand that the agency immediately cease directing or encouraging employees to include political language in automated out-of-office replies, and halt any and all future political communications or guidance. On Wednesday October 1, 2025, the SBA circulated an email to SBA colleagues, suggesting they use the following out of office reply for their Outlook email:¹

I am out of the office for the foreseeable future because Senate Democrats voted to block a clean federal funding bill (H.R. 5371), leading to a government shutdown that is preventing the U.S. Small Business Administration from serving America's 36 million small businesses. Every day that Senate Democrats continue oppose a clean funding bill, they are stopping an estimated 320 small businesses from accessing \$170 million in SBA-guaranteed funding."

"As a result of the shutdown, we wanted to notify you that many of our services supporting small businesses are currently unavailable. The Agency is executing its Lapse Plan and as soon as the shutdown is over, we are prepared to immediately return to the record-breaking services we are providing under the leadership of the Trump Administration."

It has also come to my attention that an official agency-wide email was sent to SBA employees (CHCO alert) and a prominent red "Special Announcement" banner was posted on SBA's public

¹ Email from U.S. SMALL BUS. ADMIN. to staff (Oct. 1, 2025) (on file with the H. COMM. ON SMALL BUS.); Vittoria Elliot, *Federal Workers Are Being Told to Blame Democrats for the Shutdown*, WIRED (Oct. 1, 2025), <https://www.wired.com/story/government-employees-out-of-office-email-replies>; Eileen Sullivan, *Some Furloughed Federal Staff Use Automated Replies to Blame Senate Democrats*, N.Y. TIMES (Oct. 1, 2025), <https://www.nytimes.com/2025/10/01/us/politics/furlough-small-business-administration-emails.html>.

facing website,² containing language of a political nature. These communications use taxpayers' dollars in a way that can be construed as influencing political activity. Again, the banner needs to be removed, and the political communications need to cease.

Second, it is important to set the record straight. The characterization that the shutdown is being forced by Congressional Democrats, when in fact two Republican Members of Congress and a Republican Senator voted against the measure, is a blatant disregard for the truth. Republicans control the House, Senate, and the White House, and should be entirely focused on governing, and working to reopen the government, rather than engaging in misleading and inappropriate political activities. Congressional Democrats stand ready and willing to negotiate a bipartisan agreement to reopen the government and lower health care costs.

Third, these types of directives, which attribute blame of a government shutdown to a specific political party, are, at best, highly inappropriate and, at worst, a clear violation of the Hatch Act and other federal laws. The Hatch Act prohibits federal employees from "us[ing] [their] official authority or influence for the purpose of interfering with or affecting the result of an election."³ According to U.S. Office of Special Counsel (OSC) guidance, this limitation on political activity includes "activity directed at the success or failure of a political party."⁴ Likewise, the Purpose Statute prohibits the use of appropriated funds on any object other than those "for which the appropriations were made except as otherwise provided by law."⁵ Finally, the Anti-Deficiency Act prohibits the expenditure of unappropriated taxpayer dollars.⁶

Congress did not appropriate taxpayer dollars to the SBA to encourage federal employees to engage in partisan political activities or impugn elected officials. Doing so is a clear misuse of Congressionally appropriated funds, and possibly a violation of the Hatch Act, the Purpose Statute, and the Anti-Deficiency Act. The bottom line is the SBA's mission is to support America's small businesses through counseling services, lending programs, contracting opportunities, and disaster relief, and every dollar spent should be used to fulfill that mission directly, not be used for nefarious political activities.

Fourth, I am particularly troubled by what appears to be persistent disregard for ethical standards of your leadership at the SBA. In a previous letter, I raised my serious concerns over using taxpayers' dollars for political travel.⁷ Social media posts indicate that you have travelled extensively to key states that are expected to play a decisive role in determining control of the House and Senate in the next election, and you have stumped for President Trump, along with Vice President Vance, for the One Big Beautiful Bill Act, raising serious concerns of potential Hatch Act violations. To that end, I recently became aware of your visit to the Bronx, New York in which you engaged small businesses owners in discussion about "what socialism would do to

² U.S. Small Bus. Admin., *Home*, <https://www.sba.gov/> (last visited Oct. 2, 2025).

³ 5 U.S.C. § 7323(a)(1).

⁴ 5 C.F.R. § 734; *Federal Employee Hatch Act Information*, U.S. OFF. OF SPEC. COUNS., <https://osc.gov/Services/Pages/HatchAct-Federal.aspx> (last visited Oct. 1, 2025).

⁵ 31 U.S.C. § 1301(a).

⁶ 31 U.S.C. §§ 1341-1342, 1511-1519.

⁷ Letter from H. COMM. ON SMALL BUS. to U.S. SMALL BUS. ADMIN. (on file with the H. COMM. ON SMALL BUS.).

New York City.”⁸ Again, I am concerned that your activities have crossed the line into inappropriate political activity, particularly if conducted in an official capacity and using taxpayers’ dollars.

It is extremely troubling that you are engaging in unethical political activity while small businesses are facing economic uncertainty from the tariffs and the increased costs of goods. It is essential that the SBA focus on its core mission and operate with the highest level of transparency and integrity. The ongoing lack of accountability under your leadership is disturbing. Numerous oversight letters have been sent to your office but have gone unanswered. This reflects a pattern of neglect, which in turn undermines public trust.

Pursuant to Rule X of the House of Representatives, the Committee on Small Business has broad authority to investigate “problems of all types of small business.” The Committee possesses jurisdiction over “assistance to and protection of small businesses.” I request a detailed and thorough response to the following inquiries as soon as possible, but no later than October 15, 2025:

1. Who wrote and/or directed the SBA to use the specific language in the suggested out-of-office reply, CHCO alert to employees, and the “Special Announcement” banner?
2. Please describe in detail the process for reviewing these communications that are sent to employees and posted on SBA’s website.
3. Were the Office of the General Counsel and/or ethics officers consulted before the emails were sent or the “Special Announcement” posted?
 - a. If yes, did the Office of the General Counsel or any ethics officer express concern that these communications would violate federal laws?
4. What safeguards will you put in place to ensure political activities do not recur in the future, particularly in violation of the Hatch Act or which compromise the integrity of public service?
5. Have employees participated in Hatch Act training courses, and if yes, how often?
6. Are Hatch Act trainings mandatory for federal employees?
7. Does SBA’s training specifically address what constitutes political activity?
8. Did the individuals who drafted and approved the communications complete the Hatch Act training?
9. How many employees have not completed Hatch Act training?
10. Please provide a detailed record of Hatch Act training courses and a list of employees who completed and did not complete the training.

⁸ Kelly Loeffler (@SBA_Kelly), Twitter (Sep. 28, 2025, 4:17 PM), https://x.com/SBA_Kelly/status/1972395153676702027 (on file with the H. COMM. ON SMALL BUS.); Kelly Loeffler (@SBA_Kelly), Twitter (Sep. 27, 2025, 5:00 PM), https://x.com/SBA_Kelly/status/1972043685799120916 (on file with the H. COMM. ON SMALL BUS.).

Please direct any follow-up questions to the Committee on Small Business Minority staff at (202) 225-4038. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nydia M. Velázquez". The signature is fluid and cursive, with the first name being the most prominent.

Nydia M. Velázquez
Ranking Member
House Committee on Small Business