

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

March 13, 2026

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

Dear Administrator Loeffler:

I write to reiterate prior requests that you immediately provide outstanding reimbursements to grantees of the Small Business Administration (SBA). Further, I urge you to do so prior to pausing all grant payments due to upcoming system upgrades, which you have said will result in withholding additional payments to SBA grantees for a period of at least three months.

In January 2026, Members of the House Small Business Committee wrote to you to request the timely release of delayed or withheld reimbursements to grantees in the SCORE Program and the State Trade Expansion Program (STEP). Since March 2025, the SBA has not issued a Notice of Award for its cooperative agreement with the SCORE Association, and the Office of Management and Budget (OMB) has failed to release \$9.7 million in funds to SCORE, resulting in staff terminations and program cuts. Meanwhile, all State Trade Expansion Program (STEP) grantees are waiting for Fiscal Year (FY) 2025 awards totaling \$20 million, and some are still waiting for reimbursements totaling \$2.3 million from FY 2023 and \$5.8 million from FY 2024. It is imperative that the SBA not withhold funds for services already rendered by these grantees, which is causing financial constraints and harming their ability to serve entrepreneurs across the country.

However, on March 5, 2026, the SBA notified the resource partners that it would pause all grant payments as it updates its Grant Solutions payment system. I understand the SBA has determined that the existing system required manual inputs that can lead to errors and had inconsistent methods of processing and tracking payments. However, as you know, timely reimbursements are vital for SBA grantees, including its resource partners. With payments already delayed, in some cases by a year or more, another long delay will further harm the small businesses that depend on services provided by SBA's resource partners.

These services have been incredibly successful over the years. For example, in FY 2024 alone, SCORE volunteers mentored more than 237,000 unique clients, including 26,833 veterans, and helped start more than 13,000 new businesses. Since its inception in 2011, STEP has helped thousands of small businesses enter new markets, in turn generating export sales, creating jobs and

expanding our economy. In FY 2023, SBDCs assisted 325,773 small businesses, resulting in 20,738 new starts. WBCs served 64,527 unique clients and helped launch 2,087 new women-owned businesses. These grant-supported programs are proven, time-tested programs small businesses across the country have come to rely on, and funds should be released without further delay.

Further, the SBA has a legal obligation to implement Congressionally approved programs and distribute appropriated funds, consistent with Congressional intent. The SBA is currently withholding millions of dollars in reimbursements from grantees in these programs, representing an illegal impoundment of funds. Now, the SBA anticipates withholding additional payments, at least through the end of May 2026, and doing so without providing adequate advance notice for grantees.

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 am therefore seeking information on the SBA’s decision to withhold and suspend grant payments, and the impact on SBA grantees and the small businesses they serve, and respectfully request you provide answers to the questions below, in written form or via briefing, by March 30, 2026:

1. Please provide a complete breakdown of the FY 2025 funds in the Entrepreneurial Development account, specifying the amount of funds that have not been released to every grant recipient, and explanation as to why the funds have been delayed.
2. What steps are you taking to ensure that the programs continue to provide counseling and training services to small businesses during the system outage and upgrade?
3. Please provide all communications and supporting documentation, including Microsoft Teams messages, related to the decision to pause grant payments and make improvements to Grant Solutions.
4. What specific changes are being made to improve Grant Solutions?
 - a. Why is the timeframe for the system outage unknown?
 - b. What factors will impact the length of the system outage?
5. Will these changes affect any of the procedures SBA grantees must follow to submit documentation for reimbursement under their grant agreements, either during the system upgrade or upon completion of the improvements?
6. Does the SBA plan to maintain regular communication with all grant recipients affected by the system outage to provide updates on anticipated timeframes as information becomes available?
7. According to the SBA, the Agency has been evaluating processes and documentation across grant programs for the past year. As it prepared for upgrades over this period, did the SBA consider the feasibility of providing grantees with advance payments to bridge the

duration of the system outage and ensure small business services would continue uninterrupted?

- a. What factors caused the SBA to determine not to provide advance payments?
8. Have SBA District Offices identified any resource partners who may be more severely impacted than others, such as those who had outstanding payments prior to March 5, 2026, or with large upcoming payments that will now be withheld through at least May 2026?
 9. Has the SBA evaluated potential changes in the level of support available for small businesses as a result of delayed reimbursements? For example, has the SBA collected information from resource partners on potential impacts of spending?
 - a. If so:
 - i. How many have indicated they will need to lay off staff and or close service locations?
 - ii. How many have indicated they expect to cancel outreach events or other planned programming?
 10. While Grants Solutions is unavailable, the SBA has said staff will continue to work with grantees prepare payments for completion as soon as payments resume. Will these payments include any of the outstanding reimbursements that pre-date the March 2026 system outage?

I appreciate your time and attention to this matter and look forward to your response. If you have any questions, please contact the Committee's Democratic staff at (202) 225-4038.

Sincerely,



Nydia M. Velázquez
Ranking Member
Committee on Small Business