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NOMINATION OF THE HONORABLE KELLY LOEFFLER TO BE ADMINISTRATOR OF THE SMALL BUSINESS ASSOCIATION

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

OF THE

UNITED STATES SENATE

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

JANUARY 29, 2025

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NOMINATION HEARING

WEDNESDAY, JANUARY 29, 2025

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 3:33 p.m., in Room 428A, Russell Senate Office Building, Hon. Joni Ernst, Chair of the Committee, presiding.

Present: Senators Ernst [presiding], Risch, Scott, Young, Hawley, Budd, Curtis, Justice, Husted, Markey, Cantwell, Shaheen, Coons, Hirono, Rosen, Hickenlooper, and Schiff.

OPENING STATEMENT OF SENATOR ERNST

The CHAIR. I call the Committee on Small Business and Entrepreneurship to order. I want to welcome everyone to the first hearing of the committee in this Congress. I am excited to assume the role of chair and serve as the voice for our small businesses.

The purpose of today's hearing is to consider President Trump's nominee to lead the Small Business Administration, former Senator Kelly Loeffler. I'd like to welcome you here today and thank you for your willingness to serve.

Senator LOEFFLER. Thank you very much, Senator.

The CHAIR. I'm also delighted to welcome the committee's new Ranking Member, Senator Markey. He has been an esteemed member of the committee for nearly 12 years. We both recognize the importance of our nation's small businesses, innovation and promoting national security, particularly through the SBIR/STTR Program. And I'm excited to continue the bipartisan working relationship of our committee.

I would also like to welcome back our returning members and provide a warm welcome to all of our new members to the Committee, Senators Curtis, Justice, Husted, and Schiff. I am looking forward to working with everyone, and I expect a very productive term, where we focus on the most pressing issues facing small businesses, including tax and regulatory relief to ensure entrepreneurs thrive.

Just to give a quick run of show, I'm going to make a brief opening statement, then I'll turn to the Ranking Member Markey to do the same. Following that, we have Senator Scott and Senator Britt who will introduce our nominee. Then, we'll administer the oath, which is required. After the oath, Senator Loeffler will be recognized for an opening statement, followed by questions from our

members, alternating between each side. I now recognize myself for five minutes for purposes of an opening statement.

Senator Loeffler, as I already said, welcome to the committee and thank you for your willingness to serve in this role. I greatly appreciate the time you've spent meeting with me and my colleagues prior to this hearing.

I want to take a minute to recognize some of your family here supporting you today. First, your husband Jeff. Thank you, Jeff, for being here. Next, your brother Brian and his family, who I understand traveled to Washington, DC from their farm in Illinois. And also, your parents, Don, and Lynda, who are watching the hearing from their home in Florida today. We appreciate you all making the trip here and tuning in to this important hearing.

As a former member of this body, you understand the importance of the Senate's advice and consent process, and I appreciate that you have fully embraced the committee's standard, yet extensive, vetting of your experience and background in advance of today's hearing and our upcoming vote on your confirmation.

As a successful businesswoman, it is abundantly clear that you truly understand what it takes to be an entrepreneur. Throughout your distinguished career, you've risen through the ranks of multiple companies due to your determination and grit, and you've started many successful businesses yourself.

Most importantly, you understand what it means to be overrun by Washington's bureaucratic overreach, and the government must instead get out of business's way so they thrive. Small businesses and their advocates are excited for your leadership.

The Committee has received several letters of support for Senator Loeffler's nomination. The mission of the SBA is to aid small businesses to ensure economic prosperity and free competition. Traditionally, SBA administrators' programs and services fall into three main buckets: there's counseling, contracting and access to capital.

While SBA once may have been characterized as a smaller agency, Covid small business programs made SBA a household name, as the agency received a whopping $1.1 trillion in taxpayer funding to assist small businesses during the pandemic. With that funding came big responsibilities and our main concern, the SBA under the prior administration failed to live up to its mission. I believe substantial reforms must be made to get the SBA back in shape, and that is going to require strong leadership.

The Biden Administration decided to turn a blind eye to Covid fraud and delinquencies refusing to properly collect outstanding debt and fraudulent funds, which has huge implications to the taxpayer. Reports have indicated SBA charged off about $18.6 billion worth of EIDL loans in fiscal year 2024. Not once during the Biden Administration was the SBA able to provide an accounting of their loans receivable and loans guarantees, which meant that the Government Accountability Office hasn't been able to even issue a financial audit of the agency since fiscal year 2020.

SBA also completely mismanaged and misinformed Congress last year regarding its disaster loan account, resulting in a shortfall lasting 66 days. An unacceptable failure for the disaster victims in North Carolina, South Carolina, Georgia, Virginia, and Florida. I

do appreciate that once the account was funded, SBA staff worked around the clock, including over the holidays to get the money out to disaster victims. But I never want to see that situation unfold again.

While SBA is failing, it also appears that its workforce continues to stay at home, while it's more than 246,000 square foot, Washington, DC headquarters sits empty. The GAO found that even if everyone did show up to work in person, the SBA's building space would still only be 67 percent utilized, which is a complete waste of taxpayer money. That is why I introduced a bill to relocate 30 percent of the headquarters workforce to the SBA district offices across the country and cut 30 percent of office space.

The SBA has been completely out of touch with the real-world challenges of entrepreneurs, and while the Biden Administration simultaneously let SBA employees stay home, they also added positions in Washington, DC, while stripping offices in Iowa, New Hampshire, Utah, and other states. I would like to work with you, Senator Loeffler, on ways to ensure SBA is effectively utilizing its personnel and ensuring that small businesses in all parts of America are able to access SBA programs if they need them.

I've detailed these concerns and others regarding the mess you have to clean up from the Biden Administration, and potential landmines you will encounter in a letter to President Trump on day one of his new administration. I ask unanimous consent to enter this letter into the record. Without objection, so ordered.

[The information referred to follows:]

JONI ERNST, IOWA , CHAIR
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United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350
TELEPHONE: (202) 224–5175

January 21, 2025

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President,

The prior Administration put small businesses last and caused small business confidence to hit its lowest point in more than 11 years.[1] Since your election, this confidence has soared to a six-year high as our nation's job creators look forward to once again having a partner in the Oval Office.[2] As Chair of the U.S. Senate Committee on Small Business and Entrepreneurship, it is my responsibility to ensure that small businesses both in the great state of Iowa and across America thrive and to oversee the programs and services offered by the U.S. Small Business Administration (SBA).[3] Unfortunately, you are inheriting an agency with mounting taxpayer losses and gross political mismanagement. The Biden Administration treated the SBA like a blank check and removed critical safeguards used to ensure taxpayer investments are protected. Their unsustainable changes to all SBA programs left disaster funding empty in the fall of 2024 and many of the programs are showing critical indicators that they will need funding to offset losses.

For several years in a row, the Government Accountability Office (GAO) was unable to issue a financial audit of the SBA because the agency could not provide enough support for their loans receivable and loan guarantees.[4] The SBA is on a path of insolvency with numerous unnecessary and duplicative programs. I am ready and willing to work with you and your SBA Administrator-nominee Kelly Loeffler to right-size the SBA and restore prudent decision making at the agency. However, as we start on this path, I must alert you to the following landmines that await you, caused entirely by the careless acts of the Biden Administration.

SBA Mismanagement of Lending Programs is Leading to Rapid Deterioration and Depleted Funds

The 7(a) loan program utilizes private sector banks to make loans to small businesses with the guarantee that, if those loans default, the SBA will purchase a portion of the defaulted loan from the bank. Over the last year, the 7(a) program has seen a dramatic increase in negative statuses for its loans.[5] Defaults,

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[1] Jeff Cox, *Small business optimism hits 11-year low as inflation fears won't go away*, CNBC, (Apr. 9, 2024), *available at* https://www.cnbc.com/2024/04/09/small-business-optimism-hits-11-year-low-as-inflation-fears-wont-go-away.html.
[2] Press Release, NFIB, *New NFIB Survey: Small Business Optimism Surges Again, Reaches Six-year High* (Jan. 14, 2025), *available at* https://www.nfib.com/news-article/new-nfib-survey-small-business-optimism-surges-again-reaches-six-year-high-6/.
[3] Senate Rule XXV 1(l).
[4] GAO, GAO-25-107421, FINANCIAL AUDIT: FY 2024 AND FY 2023 CONSOLIDATED FINANCIAL STATEMENTS OF THE U.S. GOVERNMENT (Jan. 16, 2025), *available at* https://www.gao.gov/products/gao-25-107421.
[5] SBA, FY24 ANNUAL 7(A) RISK ANALYSIS REPORT 16, (Dec. 2, 2024), (on file with Comm.).

early defaults (loans that default in the first 36 months of their term), and delinquencies are all at the worst they have been since March 2020, when shutdowns were in effect but pandemic relief had not yet been passed by Congress.[6] While SBA has claimed that interest rates were the primary driver of this deterioration, the rate at which these negative outcomes are increasing in frequency is also outpacing equivalent measures in the private sector, indicating that this is likely driven in large part by SBA policy, rather than market-wide factors. Chief among the culprits are the Biden Administration's rulemakings in 2023 that relaxed underwriting criteria for 7(a) and 504 loans and expanded the participation of non-bank lenders that lack a state or federal-level prudential regulator.[7] SBA needs an audit of its early defaults in the 7(a) program to determine if there are specific, reckless lenders jeopardizing the safety and soundness of the program. SBA's senior leadership, beginning with Administrator Guzman and extending throughout the ranks, exerted improper and undue political influence in selecting new lenders, which resulted in irresponsible administrative actions that must be reviewed.

Further, purchases of 7(a) loans from private lenders by SBA are also at the highest level since the pandemic, with $1.6 billion in purchases in fiscal year (FY) 24. These elevated purchase levels have caused the 7(a) program's net cash flow (fee revenue minus purchase costs) to be negative for the first time in 13 years, driven by the dramatically lower fee revenue from borrowers, who do not pay any fees on loans of $1 million or less, and reduced fees levied on lenders for guarantees.[8] Statutorily, the program is required to operate at zero cost to the taxpayer where losses are offset by these fees. The Biden Administration cut fees for borrowers every year from FY22 to FY24 and completely eliminated the guarantee fee charged to lenders for loans under $1 million, while reducing the fee for loans above $1,000,000.[9] The new SBA team must review the program's cash flow to make sure the program is still on track to remain at zero cost to the taxpayer.

SBA Must Prioritize COVID Program Servicing and Potential for Increased Defaults

Despite mandates to recover fraud, the SBA continues to charge off billions of dollars' worth of COVID Economic Injury Disaster Loans (EIDL), with $18.6 billion in COVID EIDLs charged off in FY24 alone and over $70 billion charged off cumulatively.[10] The agency has claimed they do not have the capacity to continue servicing the COVID EIDL portfolio, which is why in 2023 they attempted to forgo

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[6] *Id.*

[7] Affiliation and Lending Criteria for the SBA Business Loan Programs, 88 Fed. Reg. 21074, (Apr. 10, 2023) (to be codified at 13 C.F.R. pt 120 and 121), *available at* https://www.federalregister.gov/documents/2023/04/10/2023-07173/affiliation-and-lending-criteria-for-the-sba-business-loan-programs; Small Business Lending Company (SBLC) Moratorium Recission and Removal of the Requirement for a Loan Authorization, 88 Fed. Reg. 21890, (Apr. 12, 2023) (to be codified at 13 C.F.R. pt. 120), *available at* https://www.federalregister.gov/documents/2023/04/12/2023-07181/small-business-lending-company-sblc-moratorium-rescission-and-removal-of-the-requirement-for-a-loan.

[8] SBA, SBA INFORMATION NOTICE 5000-858936, 7(A) FEES EFFECTIVE OCTOBER 1, 2024, (July 23, 2024), *available at* https://www.sba.gov/sites/default/files/2024-07/Information%20Notice%205000-858936%207a%20Fees%20for%20FY%202025%20%28FINAL%29.pdf.

[9] SBA, SBA INFORMATION NOTICE 5000-20048, 7(A) FEES EFFECTIVE OCTOBER 1, 2020, (Sept. 22, 2020), *available at* https://www.sba.gov/sites/default/files/2020-09/SBA%20Information%20Notice%205000-20048_7%28a%29%20Fees%20Effective%20October%201%2C%202020-508.pdf; SBA, SBA INFORMATION NOTICE 5000-848801, 7(A) FEES EFFECTIVE OCTOBER 1, 2023, (Aug. 29, 2023), *available at* https://www.sba.gov/sites/default/files/2023-08/7%28a%29%20Fees%20Notice%20FY%2024%205000-848801.pdf.

[10] SBA, *Small Business Administration loan program performance,* (Nov. 19, 2024), *available at* https://www.sba.gov/document/report-small-business-administration-loan-program-performance (see SBA loan performance reports, specifically table 5); please note loans are "charged off" if SBA determines no additional principal and interest from the borrower will be recovered by the agency.

collections on all Paycheck Protection Program (PPP) and COVID EIDLs under $100,000, over $72 billion in loans, before reversing course later that year due to pressure from this Committee. Likely due to political considerations, the agency has also evaded its duty to refer these loans to collections, instead letting small business owners repeatedly enter the Hardship Accommodation Program (HAP), a "relief" program that allowed the Biden-Harris Administration to say the COVID EIDLs were current and avoid the need to refer the borrowers to collections even as borrowers drown in accruing interest.[11] Due to the timing and term length of small business participation in the HAP, your Administration will inherit the challenge of what SBA must do with these loans, with defaults likely to increase as small business owners come out of the HAP and begin making their full payments. This is yet another example of gross negligence by SBA's political leadership creating burdens that will likely be blamed on your Administration.

Gross Policy Mismanagement Led to Disaster Program Shortfall

As you start your Presidency, the news is filled with grim outlooks on California wildfires and other natural disasters occurring throughout our nation. Unfortunately, SBA's role in this space is both vitally important and has gone horribly wrong. In 2023 and 2024, the SBA made multiple unilateral administrative changes to the disaster loan program.[12] These changes include moving the Office of Disaster Assistance into SBA's Office of Capital Access under the new title of the Office of Disaster Recovery and Resilience,[13] SBA raising the maximum loan amount for all its disaster loans,[14] deferring principal and interest payments for one year,[15] and increasing the unsecured loan limit of some of its disaster loans.[16] SBA acknowledged these changes would impact the disaster loan subsidy rate, but made no apparent changes to the distribution of loans or modeling of when the disaster loan account would be depleted; therefore, the changes contributed to the shortfall.[17] This led to the unacceptable situation where on October 15, 2024, the SBA announced that "it has exhausted funds for its disaster loan program."[18] On December 21, 2024, under the American Relief Act, 2025, (Pub. L. 118-158) the SBA disaster subsidy loan account received $2.249 billion, $50 million of which is required to go to SBA's Office of Inspector General (OIG). It also allowed for $613 million of the total request to be transferred to the SBA disaster administrative account. However, this measure did not include any transparency or accountability standards to ensure this situation never occurs again. The prior Administration failed to put disaster survivors first and work with Congress. I am confident your

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[11] Andy Medici, *An SBA Covid loan hardship program tops $36B – and hope is dimming to get current*, THE BUS. JOURNALS (Oct. 8, 2024), *available at* https://www.bizjournals.com/bizjournals/news/2024/10/08/sba-covid-eidl-loan-hap-hardship-forgiveness.html.

[12] Disaster Assistance Loan Program Changes to Maximum Loan Amounts and Miscellaneous Updates, 88 Fed. Reg. 39335, (June 6, 2023) [hereinafter SBA Disaster Change 2023], *available at* https://www.federalregister.gov/documents/2023/06/16/2023-12779/disaster-assistance-loan-program-changes-to-maximum-loan-amounts-and-miscellaneous-updates; *see also* Disaster Assistance Loan Program Changes to Unsecured Loan Amounts and Credit Elsewhere Criteria, 89 Fed. Reg. 59826, (July 24, 2024) [hereinafter SBA Disaster Change 2024], *available at* https://www.govinfo.gov/content/pkg/FR-2024-07-24/pdf/2024-16207.pdf.

[13] Press Release, SBA, *Administrator Guzman Transforms SBA's Disaster Enterprise to Strengthen Support for Disaster-Impact Communities*, (Feb. 2023), *available at* https://www.sba.gov/article/2023/feb/01/administrator-guzman-transforms-sbas-disaster-enterprise-strengthen-support-disaster-impacted.

[14] SBA Disaster Change 2023, *supra* note 12.

[15] *Id.*

[16] SBA Disaster Change 2024, *supra* note 12.

[17] *Id.*; Email from Staff, SBA to Staff, Senate Small Business Committee (Oct. 10, 2024), (on file with Comm.).

[18] Press Release, SBA, *SBA Exhausts Funds for New Disaster Loans*, (Oct. 15, 2024), *available at* https://www.sba.gov/article/2024/10/15/sba-exhausts-funds-new-disaster-loans.

Administration will carefully examine the rules and decisions that led to this outcome and remedy it for the American people while aiding disaster survivors.

SBA Rulemaking Risks Catastrophe in the SBIC Program

The Small Business Investment Company (SBIC) program provides licenses to private equity and venture capital funds so they can borrow low-cost, government-guaranteed loans (matched with private capital) to invest in United States small businesses. It traditionally pays for itself through interest payments and fees paid by licensees. The Biden Administration's 2023 SBIC rule created new accrual debenture licenses, which do not require any payments before the debenture's 10-year maturity date to facilitate long-term—and inherently riskier—equity stake investments.[19] While the SBIC program has remained zero-subsidy since 1999, this relies on the low-risk terms of conventional SBIC licenses that historically dominate the program and pay interest semi-annually. In contrast, the investment strategy driven by new licensees increases the risk of loss to taxpayers. With more than ten accrual licenses awarded so far in FY24 and FY25, each eligible for up to $175 million in SBA leverage, a substantial amount of taxpayer funds are at risk under a potentially hazardous SBIC investment strategy.[20] The Biden Administration failed to heed lessons learned from the disastrous SBIC participating securities initiative of the 1990s, which similarly prioritized equity investments and resulted in a projected $2.7 billion-dollar loss forcing SBA to wind down the program.[21] The new SBA management team needs to immediately pose a moratorium on accrual licenses, audit the portfolio, and establish true performance metrics for the funds that are not paying semi-annual interest payments.

Diversity, Equity, and Inclusion (DEI) Preferences Distract from Technological Excellence in the SBIR-STTR Program

Under the Biden Administration, the multi-agency SBIR-STTR program—overseen by the SBA—has shifted its priority from awarding innovators based on technical merit to a focus on identity politics. Through Executive Order (EO) 13985 and EO 14091, President Biden required federal agencies to prioritize a "comprehensive approach to advancing equity for all"[22] throughout contracting and grant programs resulting in DEI-focused "equity-action plans"[23] taking root across the federal government.[24]

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[19] Small Business Investment Company Investment Diversification and Growth, 88 Fed. Reg. 45982, (July 18, 2023), *available at* https://www.federalregister.gov/documents/2023/07/18/2023-13981/small-business-investment-company-investment-diversification-and-growth.

[20] *Id*; Email from Staff, Legislative Affairs, Department of Defense to Staff, S. Comm. on Small Business and Entrepreneurship, (Oct 31, 2024, 3:51 EST) (on file with Comm.); SBA, SMALL BUSINESS INVESTMENT COMPANY (SBIC) PROGRAM OVERVIEW REPORT FOR FISCAL YEAR 2024, (Jan. 8, 2025), *available at* https://www.sba.gov/document/report-small-business-investment-company-sbic-program-overview-report; Small Business Administration Office of Innovation and Investment Briefing to S. Comm. on Small Business and Entrepreneurship staff, (Jan. 13, 2025).

[21] ROBERT J DILGER, CONG. RSCH. SERV., (R41456), SBA SMALL BUSINESS INVESTMENT COMPANY PROGRAM, (June 15, 2021), *available at* https://crsreports.congress.gov/product/pdf/R/R41456/91.

[22] Exec. Order No. 13985, 86 Fed. Reg. 7009, (Jan. 20, 2021), *available at* https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government.

[23] Exec. Order No. 14091, 88 Fed. Reg. 10825, (Feb. 16, 2023), *available at* https://www.federalregister.gov/documents/2023/02/22/2023-03779/further-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal.

[24] Exec. Order No. 13985, 86 Fed. Reg. 7009, (Jan. 20, 2021), *available at* https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government; Exec. Order No. 14091, 88 Fed. Reg. 10825, (Feb. 16, 2023), *available at* https://www.federalregister.gov/documents/2023/02/22/2023-03779/further-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal.

Following this, several agencies including the Department of Energy and National Institutes of Health established SBIR-STTR diversity supplemental awards based on the identity of the researchers or key personnel of small businesses receiving an award.[25] Agencies have also begun requiring a diversity statement as part of the application—for example, a portion of the Department of Energy's SBIR-STTR application review is based on an applicant's ability to "promote inclusive and equitable research."[26] Allocating resources to small businesses based on the diversity of its key personnel or its racial equity-oriented goals, rather than the quality of a technology and its innovation potential, takes away from a merit-based approach that is necessary for the SBIR-STTR program to meet its full potential. As SBIR-STTR needs to be reauthorized this year, these prior efforts have no place in moving our nation's innovators forward.

SBA Information Technology (IT) and Certification Platform Leads to Major Cyber Vulnerabilities

Over several Administrations, SBA's IT has remained a significant management challenge. In July 2024, I wrote a letter with House Small Business Committee Chairman Williams to SBA regarding its poorly timed plans to upgrade its online small business contracting certification portal.[27] In November 2024, the Government Accountability Office (GAO) issued a report examining the SBA's new Unified Certification Platform (UCP) and determined that the SBA urgently needs to address outstanding risks.[28] GAO identified critical management gaps, finding that the agency did not have an acceptable risk mitigation plan and failed to fully identify, document, and manage risks including cybersecurity risks.[29] The SBA's failures leave the UCP vulnerable to successful cyberattacks on a platform intended to collect personal data, including financial information, from American small business owners. The GAO also found the SBA's UCP was not entirely unified, undercutting the whole point of this IT investment.[30] Finally, the GAO found the SBA's cost estimate to be unreliable, indefensible, and rooted in one project manager's past experience rather than on objective data or documentation.[31] Further, SBA used its IT Working Capital Fund to support certain IT projects while other portions of SBA lacked basic IT capacity. Over the past three years, SBA FITRA implementation score has been a C.[32] The SBA OIG found that the SBA had ineffective information security during this period.[33] The new

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[25] U.S. DEP'T OF ENERGY, OFF. OF SCI., *DOE Phase II Diversity Supplements,* (Jan. 14, 2025), *available at* https://science.osti.gov/sbir/Awardee-Resources.
U.S. DEP'T OF HEALTH & HUM. SERV., NAT. INST. OF HEAL., *Small Business Diversity Supplement Application Guidance,* (Jan. 14, 2025), *available at* https://seed.nih.gov/small-business-funding/find-funding/supplemental-funding-to-diversify-the-entrepreneurial-workforce/application-components.

[26] U.S. DEP'T OF ENERGY, OFF. OF SBIR/STTR PROG., *PIER Plan,* (Jan. 14, 2025), *available at* https://pamsexternalhelp.science.energy.gov/pages/viewpage.action?pageId=105513098.

[27] Letter from Joni Ernst, Ranking Member, S. Comm. on Small Business and Entrepreneurship, and Roger Williams, Chair, H. Comm. on Small Business, to Isabel Casillas Guzman, Admin'r, SBA, (July 11, 2024), *available at* https://fedscoop.com/wp-content/uploads/sites/5/2024/07/7.11.24-SSBC-HSBC-Joint-Letter-on-SBA-Contracting-System-Pause.pdf.

[28] GAO, GAO-25-106963, IT MODERNIZATION: SBA URGENTLY NEEDS TO ADDRESS RISKS ON NEWLY DEPLOYED SYSTEM 16 (Nov. 2024), *available at* https://www.gao.gov/assets/gao-25-106963.pdf.

[29] *Id.*

[30] *Id.*

[31] *Id.*

[32] MERITALK, *SBA - FITARA Dashboard*, *available at* https://fitara.meritalk.com/view/sba.

[33] SBA OIG, REPORT 24-07, FISCAL YEAR 2023 FEDERAL INFORMATION SECURITY MODERNIZATION ACT, (Mar. 7, 2024), *available at* https://www.sba.gov/sites/default/files/2024-03/SBA%20OIG%20Report%2024-07.pdf; *see also* Letter from Joni K. Ernst, Chair, S. Comm. on Small Business and Entrepreneurship, to Isabella Guzman, Adm'r, SBA, (May 9, 2024), *available at* https://www.ernst.senate.gov/imo/media/doc/capital_it_fund_letter.pdf.

Administration needs to seek a strong Chief Information Officer and expeditiously work to protect small businesses' personal information.

As we work to support our nation's more than 34 million small business, I urge your Administration to take a holistic look at improvements and efficiencies we can make at the SBA.[34] I look forward to working with you and SBA Administrator-nominee Loeffler on fixing these pressing issues and putting the SBA back on a path to success and providing relevant services to meet the needs of America's entrepreneurs.

Sincerely,



Joni K. Ernst
Chair

[34] Press Release, SBA Office of Advocacy, *New Advocacy Report Shows Small business Total Reaches 34.8 million, Accounting for 2.6 million net new jobs in Latest Year Data*, (Nov. 19, 2024), *available at* https://advocacy.sba.gov/2024/11/19/new-advocacy-report-shows-small-business-total-reaches-34-8-million-accounting-for-2-6-million-net-new-jobs-in-latest-year-of-data/#:~:text=The%20United%20States%20contains%2034.8,followed%20by%20Texas%20and%20Florida./.

The CHAIR. In Iowa, Main Street is in trouble, and I hear from my colleagues that this is true in their states across America. Small businesses are the lifeblood of our rural communities and for too long under the Biden Administration, they've been crushed with red tape and woke program requirements, with no one caring about how that affects the day-to-day operations.

I see a great opportunity for the Trump administration and you Kelly, to revitalize small businesses in America. Thank you again for being here and I look forward to your testimony. I now recognize Ranking Member Markey for his opening statement.

STATEMENT OF SENATOR MARKEY

Senator MARKEY. Thank you, Madam Chair, and congratulations to you. And welcome, to everyone here. I'd like to take a moment to welcome the newest members of the committee, on the majority it's Senator Curtis and Justice and Husted. Congratulations. And on the minority is Senator Schiff from California. I look forward to working with all of you.

Senator Schiff, I extend my sympathies to you and the people of California. It's devastating to see the horrific damage caused by recent fires in your state. We stand with you in these challenging times.

But unfortunately, climate disasters like those in California and that damage that was caused by just Hurricane Milton and Hurricane Helene, in a three-week period, in September and October of last year, it caused—those three storms cost 500 billion dollars' worth of damage, much to small businesses. That's more than half of the defense budget of the United States. That's the damage caused by three storms in a very brief period of time and not counting all the other damages they have caused.

And it's only going to get worse, and more expensive unless we invest in long-term solutions to keep communities safe. We need to provide resources for small businesses in places such as California and the southeastern states to recover, to adapt and to innovate. And I was looking forward to this hearing to discuss work together on behalf of America's 34 million small businesses, including more than 722,000 small businesses in Massachusetts. We have 7 million people in Massachusetts and 722,000 small businesses. That's our state's identity, it is small businesses.

However, we find ourselves in a new reality, where the programs across government can be cut in a moment's notice with a cryptic two-page memo, leaving lawmakers and American families alike scrambling, to figure out whether the government is open for business. Can a new business owner looking to open her beauty salon, expects to close on an SBA loan and get her money on schedule?

Yesterday we heard conflicting answers out of the White House, and I can only imagine what that uncertainty does to a first-time small business trying to meet its expenses, unacceptable. We can't allow a plumber or a childcare provider in everytown America, someone that may have spent their entire life working for someone else and is ready to invest in themselves, to question whether their government will keep its word and stand behind them.

Apparently, we also live in a new reality where more than a dozen Inspector Generals, can be fired without notice or cause, in

clear violation of the law that required a 30 days' notice. Mike Ware, the Inspector General at SBA, was illegally fired by President Trump on Friday night while he was at dinner with his wife. Inspector General Ware has earned bipartisan respect for his candor, for his meticulousness, and his tireless work ethic over 34 years of service. And because of his work, he was elected to actually chair the governmentwide council of Inspectors General.

Having independent oversight at SBA is more important than ever given the breadth of its work. And I might add here, that under Mike Ware's leadership as SBA's Inspector General, he collected $9 billion in Covid-related fraud. Mike Ware did that job, and he is the chair of all Inspectors General, for the record, and got fired on Friday night, illegally with no notice, just wrong.

Our job on this committee is to support small businesses and create a ruthless Darwinian marketplace that would bring a smile to Adam Smith. Massachusetts is one of the wealthiest states in America per person. So, we believe in capitalism, but we also believe in fairness. I want to ensure that every enterprising kid with a million-dollar idea has the chance to fairly to compete in the marketplace.

We can promote innovation and competition by strengthening programs like SBIR, or the Small Business Innovation Research program and STTR, the Small Business Technology Transfer Program, which help bring many innovative ideas to life.

In Massachusetts, small businesses have won more than $8 billion in SBIR awards and over $722 million in STTR awards. As Ranking Member, I want to work together with Chair Ernst to strengthen SBIR and STTR, keep businesses in Massachusetts and Iowa or across our country, keep them competitive and build on the small business boom that was created under the Biden Harris Administration.

Under President Biden's leadership, we saw a record 21 million new business applications, support for more than $1.2 trillion in loans and grants, to more than 13 million small businesses, 13 million small businesses, and a record amount of federal contracting dollars for small businesses, including small disadvantaged businesses. We need to keep that momentum up, and I just am looking forward to these next couple of years.

Senator Loeffler, thank you for joining us today and I know we share a belief that access to capital in underserved areas is vital and I look forward to hearing your vision for America's small businesses. In particular, I'm eager to hear how you plan to promote competition, innovation, and job creation. It's an absolute critical part of our economy and as we know, a vision without funding is an hallucination, so we just have to make sure that we keep these programs intact, protected and flowing for everyone. So, I thank you, Madam Chair. I look forward to this hearing.

The CHAIR. Thank you, Ranking Member Markey. And next, I would like to recognize Senator Britt from the great State of Alabama to introduce our nominee. Senator Britt, you're recognized.

STATEMENT OF SENATOR BRITT

Senator BRITT. Thank you, Chair Ernst, and Ranking Member Markey, and members of the committee. It is an honor to be here

with you today to introduce my friend. She's President Trump's nominee to be Administrator of the Small Business Administration, former United States Senator Kelly Loeffler. A prolific job creator, an entrepreneur, and a quintessential American success story.

Kelly grew up on a family farm, became the first in her family to earn a college degree and worked her way up to the highest levels of business. She joined Intercontinental Exchange when it had under 100 employees, and then spent nearly 20 years building it into a global powerhouse and a Fortune 500 company.

She went on to found Bakkt, and as its CEO and first employee, she laid the foundation to take the company public in just three years. Since leaving the Senate in 2001, she's devoted her time to running a voter registration nonprofit.

To me, the most striking and most impressive part of Kelly's story is this; she gave up a successful career in the private sector to serve the Senate, and donated every single paycheck while she was here to charity. And now, that she's made the decision to serve the American people once again, when confirmed, if confirmed, which I believe you will be and strongly, hopefully in a bipartisan fashion. With her signature selflessness, she will once again donate her salary to charity.

Kelly is the perfect choice to lead the SBA, and I want you to understand why this matters to me. First off, 99.4 percent of the businesses in the great State of Alabama are small. So, what you do matters. And I'm also the daughter of two small business owners, and so I have seen the struggles of my parents firsthand.

You've seen that when people get in these rooms in DC and create big, burdensome regulation, the truth is they hit the little guy the hardest. And you get it, you've lived it and you're ready to fight for these individuals. You're ready to fight for the American dream, you have a proven track record in delivering efficiency, accountability, and results driven leadership. And she wants to empower every entrepreneur with the resources and support they need to pursue what they believe they can.

In closing, I'd like to say I have absolute confidence in Kelly's ability to strengthen our main streets, to figure out how we get capital to underserved communities, to figure out how we roll back red tape and let people do what they do best, job creators soar and achieve the American dream. Helping our small businesses thrive like never before is what I'm confident she will do.

So, thank you so much for the opportunity to speak to each and every one of you, and thank you for giving her the utmost credence because she's who we need in this role as the next SBA administrator. Thank you.

The CHAIR. Thank you, Senator Britt. And next, we will have Senator Tim Scott here at the dais to introduce the Honorable Kelly Loeffler. And Senator Scott, you are recognized.

STATEMENT OF SENATOR SCOTT

Senator SCOTT. Thank you, Chairwoman Ernst, Ranking member Markey and members of the committee. And it's my honor to be here today to introduce President Trump's nominee to serve as Administrator of the Small Business Administration, my friend Kelly Loeffler from the great State of Georgia. I agreed to introduce Kelly

today because her path like mine, to success and the U.S. Senate defied all odds. She's standing before you because she loves the Lord, she has an amazing work ethic, and frankly, she loves her country as much as anyone I've ever met.

Small business in rural America run through the thread of the Loeffler family. I love the story of her family. She's a fourth-generation farmer. Her grandfather had an eighth-grade education, her father a high school education. She worked so hard, that literally her hard work and her strong value system made her the first college graduate and then later she earned her MBA. Her story is frankly a story of remarkable success and one that we should all be thankful that America continues to create all across the country.

And one of the things that we oftentimes think of when we think about success and the American dream is home ownership. For me, the American Dream was achieved through small business, of having someone to be the Administrator of the SBA who understands and appreciates small business, I have a great passion for people like that.

Someone who's not only—you are at the top of the food chain in business, but frankly, I prefer the part of your story that starts with a woman working her way at minimum wage jobs and working your way up that ladder, that we spend so much time talking about the top of the ladder, that we forget that most of us have to climb that ladder rung by rung by rung. And you've done a marvelous job of doing that.

One of the things I'd like to celebrate about her time in the United States Senate after being appointed in Georgia was that, during the pandemic we worked closely on relief for families and businesses across the South. We fought to improve access to the CARES funds to keep Main Street alive.

You and I fought together to stop bad actors from taking advantage of fraudulent loans. And we backed President Trump's efforts to move supply chains from overseas, cut regulations, lower taxes, and empower American entrepreneurs to succeed. By the end of your term, you had passed half a dozen bills into law and delivered $47 billion of relief funds to Georgia, to their employees, and to their small businesses.

Kelly's career has been nothing short of amazing, proving that the American dream can be achieved through hard work, faith, with the right leaders in place. Kelly Loeffler is the right leader to put in place as the Administrator at the SBA. Her proven track record is why we can have great confidence that the SBA will return to the gold standard under your leadership.

I'll just stop there with my prepared remarks and simply say that as a small business owner for 15 years, I have great confidence in your ability to do the job. To my fellow members of this committee, I hope that you'll hear her out, but I'm also asking for you to vote for her, because it is time for us to right the ship, to focus on the underserved communities around this country, and to make sure that every single ZIP Code in this nation has strong, powerful, small businesses. Because without small businesses, we will have high unemployment and low enthusiasm. Thank you for your time.

The CHAIR. Thank you, Senator Scott, for that kind introduction. Now, I will note that the vote has started. So, if we have members further down the dais that would like to go vote now, please do so. Ms. Loeffler, if you would, please rise. We'll swear you in.

Okay. Ms. Loeffler, raise your right hand. And this is the tradition of the committee to swear in our nominees. So, we are swearing in today Kelly Loeffler to be Administrator of the SBA. Please answer the following questions. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Senator LOEFFLER. I do.

The CHAIR. Should you be confirmed as Administrator, are you willing to appear and testify before any duly constituted Committee of Congress when requested to do so?

Senator LOEFFLER. Yes.

The CHAIR. Good. Okay. Are you willing to provide such information as requested by any such committee?

Senator LOEFFLER. I am.

The CHAIR. Thank you. You may go ahead and take your seat, Ms. Loeffler, and you are now recognized for five minutes to provide your opening statement to the committee.

TESTIMONY OF THE HONORABLE KELLY LOEFFLER, NOMINEE TO BE ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Senator LOEFFLER. Thank you, Chair Ernst. And let me just say it's a distinct honor to be here today. Chair Ernst, Ranking Member Markey, and members of the committee, it's truly an honor to be before you today as President Trump's nominee for the Administrator of the Small Business Administration.

I'm as humbled to be here today as I was serving alongside many of you in the U.S. Senate, and I've appreciated the opportunity to meet with nearly every member of this distinguished committee in recent weeks.

I'm especially grateful to President Trump for entrusting me with the privilege and responsibility of serving America's 34 million small businesses. There is no stronger advocate for these job creators than our President, and I share his commitment. If confirmed, I will work tirelessly with him to make small business great again.

I want to thank my incredible husband Jeff, my wonderful family and friends who have joined us here today and in person and via broadcast. Most importantly, I give all thanks and glory to God.

As someone who has spent my life working in small businesses, starting them, growing them, and helping them succeed—I know that small business is big business for America. They comprise 99 percent of all businesses, they create two out of every three new jobs and employ nearly half of the private sector workforce. They are the opportunity and innovation engines that drive prosperity and growth and they power the American economy as much as they power the American dream.

In his first term, President Trump made historic strides to empower job creators and job seekers alike, driving small business formation, a blue-collar boom. And through historic tax cuts, trade deals and deregulation, his agenda created 7 million new jobs, de-

livered historically low poverty and record employment for minority communities.

His first term accomplishments were so great that following the 2024 election, small business optimism recorded its largest jump since 1980. That was more than two months before he even took office.

Small business is in my DNA. I grew up as the fourth generation on our family's farm in Illinois. My wonderful parents, Don and Lynda didn't have degrees, but they had faith and grit. They worked relentlessly to sustain our farm and small trucking company, risking everything to provide for us while navigating volatile commodity markets and complex regulations and facing countless day-to-day challenges.

It's where my Midwestern work ethic was ingrained, working in our soybean fields, and waiting tables at local restaurants, preparing me for a lifetime of growing and starting businesses. I became the first in my family to graduate college, later earned my MBA and became the only CFA ever to serve in Congress.

Since then, I helped grow a startup into a Fortune 500 company. For 10 years, I co-owned a WNBA team. I later launched a financial tech company as the founding CEO and first employee. I recall managing budgets in excel spreadsheets, hiring my first team member and working with regulators, as much as I recall ringing the bell when two of those companies went public.

In the Senate, I strongly supported President Trump's historic agenda and pandemic response. Having spent years as a small business owner, I made it my mission to serve as their voice. I spent much of 2020 delivering relief-traveling the state of Georgia and meeting with Main Street entrepreneurs like Eric and Rachel from Dockside Seafood in Savannah, they were struggling to navigate the PPP program. The loan that we helped them get didn't just save the restaurant, it saved the jobs of 35 Georgians. And I'm so proud to say that they're still in business today.

Now, no matter the business, the challenges are consistent—from managing inflation and capital to hiring a skilled workforce and weathering uncertainty. Job creators in the last four years have faced rising demands to comply with new rules, often drafted with unknown cost and consequence. This regulatory complexity crushes growth, picks winners and losers, and denies opportunity to those who dare to dream of a better future.

If I have the honor of being confirmed, I'll leverage my decades of business experience to champion America's entrepreneurs. We'll cut red tape and modernize this agency while restoring the accountability and transparency that taxpayers deserve. I will crack down on fraud with a zero-tolerance policy while shifting SBA's focus from Washington, DC back to Main Street, across America.

And if confirmed, I'll collaborate across government and the private sector to deliver efficiency and results. Importantly, we will responsibly and urgently meet the challenge of disaster relief. I am committed to serving all who are impacted from North Carolina to California to Hawaii.

Each taxpayer dollar entrusted to the SBA should have an economic multiplier effect, delivering productive capital to grow manufacturing, strengthen rural communities, create jobs, and develop

critical technologies like AI and chips. I believe we must continue to empower entrepreneurs from all walks of life, including women and veterans.

Above all, the SBA's founding mission needs urgent restoration: empowering small businesses, and growing our economy. That's exactly what the America First agenda does—by ending inflation, cutting taxes, unleashing American energy dominance, slashing regulation, and reining in waste, fraud, and abuse across government.

In the last four years, small businesses have lost ground burdened by inflation, big government regulation and uncertainty that threatens the very existence of Main Street. President Trump's proven agenda will restore the small business economy marking a return to "Made in America"—with a golden era of prosperity and growth.

At the SBA, that means meeting today's dynamic challenges alongside America's entrepreneurs, not by sitting in Washington or working from home. We will honor their jobs by doing ours.

Small businesses are the risk takers, job creators, taxpayers, innovators, and the providers of first jobs. To former waitresses like me, they represent the best of American free enterprise. Like President Trump, I've signed the front of a paycheck. We both understand there is nothing "small" about small business.

Chair Ernst, Ranking Member Markey, and committee members: thank you for your dedication to small business. I welcome your questions and I would be honored to earn your support to serve as the next Administrator of the Small Business Administration. Thank you.

[The prepared statement of Senator Loeffler follows.]

Kelly Loeffler
Former U.S. Senator (R-GA)
Nominee, Small Business Administration Administrator

Chair Ernst, Ranking Member Markey, and Members of the Committee.

It's a great honor to appear before you today as President Trump's nominee for Administrator of the Small Business Administration.

I'm as humbled to be here today as I was serving alongside many of you in the U.S. Senate. And I have appreciated the opportunity to meet with nearly every member of this distinguished Committee in recent weeks.

I am especially grateful to President Trump for entrusting me with the privilege and responsibility of serving America's 33 million small businesses. There is no stronger advocate for these job creators than our President. I share his commitment, and if confirmed, will work tirelessly to make Small Business Great Again.

Finally, I want to thank my incredible husband, Jeff, and my wonderful family and friends who have joined us here today in-person and via broadcast. Most importantly, I give all thanks and glory to God.

As someone who has spent my life either working in small businesses, starting them, growing them, or helping them succeed – I know that small business is big business for America. They comprise 99% of all businesses, create 2 out of every 3 new jobs, and employ nearly half of the private sector workforce. They are the opportunity and innovation engines that drive prosperity and growth, and they power the American economy as much as the American Dream.

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Each taxpayer dollar entrusted to SBA should have an economic multiplier effect – delivering productive capital to grow manufacturing, strengthen rural communities, create jobs, and develop critical technology like AI and chips. I believe we must continue to empower entrepreneurs from all walks of life, including women and veterans.

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Chair Ernst, Ranking Member Markey, and Committee Members: thank you for your dedication to small business. I welcome your questions and would be honored to earn your support to serve as the next Administrator of the Small Business Administration.

The CHAIR. Thank you, Senator Loeffler for your testimony. Before we move to questions, the committee has received several letters of support for Senator Loeffler's nomination, and I ask unanimous consent to enter into the record letters of support from the following organizations.

America's Small Business Development Centers, Independent Community Bankers of America, Independent Women's Forum, Job Creators Network, National Association of Development Companies, National Retail Federation, Small Business Investor Alliance, Small Business and Entrepreneurship Council, National Association of Government Guaranteed Lenders, International Franchise Association, National Restaurant Association, Georgia Public Policy Foundation, Governor of Georgia—Brian Kemp, Association of Women's Business Centers, Economic and Community Development Institute, U.S. Black Chambers Incorporated, and the National Small Business Association.

[The information referred to follows:]

ANGEL CAPITAL ASSOCIATION

January 29, 2025

The Honorable Joni Ernst
Chairwoman
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20515

The Honorable Ed Markey
Ranking Member

Re: Letter of Support for Administrator for the Small Business Administration Nominee Kelly Loeffler

Dear Senators Ernst and Markey:

I am writing on behalf of the Angel Capital Association (ACA) to express our strong support for the nomination of the Honorable Kelly Loeffler to serve as the Administrator for the Small Business Administration and urge her swift confirmation. Ms. Loeffler's experience serving in the Senate and her lifelong work with small businesses, startups, and entrepreneurs lends itself particularly well to leading the SBA.

ACA is the voice of over 15,000 accredited investors, family offices, and the voice of the angel investor community. ACA is the leading professional association supporting the success of angel investors in high-growth, early-stage ventures. ACA provides professional development, data analytics, industry voice, public policy advocacy, and an array of resources to its membership of individual accredited investors who invest individually or through more than 250 angel groups, individuals, family offices and platforms.

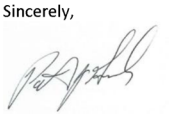
As SBA Administrator, Ms. Loeffler will lead an agency that is responsible for delivering billions of dollars in loans and disaster assistance to small businesses. The SBA works across government and the private sector to deliver efficiency and results to help grow small businesses.

The SBA plays an important role delivering productive capital to grow manufacturing, strengthen rural communities, and create jobs. ACA believes it is vitally important to have the SBA focus on emerging state-up companies in key innovation areas like artificial intelligence and biotech. ACA hopes under Administrator Loeffler's leadership the agency will expand its focus to providing emerging entrepreneurs with Federal resources to scale their startups as well as helping angel investors deploy their private capital to invest in early-stage companies. ACA would encourage Administrator Loeffler to work in tandem with the US Securities and Exchange Commission to be a strong voice for the small business and start-up ecosystem to bring the voice of entrepreneurs and their investors to policy discussion at the SEC and throughout the Trump Administration.

ACA strongly urges support for Ms. Loeffler's nomination in the Small Business and Entrepreneurship Committee and looking forward to her expeditious confirmation on the Senate floor.

Thank you for your time and consideration.

Sincerely,



Patrick Gouhin, CEO

10977 GRANADA LANE, SUITE 103 OVERLAND PARK, KANSAS 66211 (913) 894-4700
www.angelcapitalassociation.org

ASSOCIATION OF WOMEN'S BUSINESS CENTERS

Klassi Duncan, Chair
New Orleans, LA

Roberta McCullough, Past Chair
Durham, NC

Nicole Liatos, Vice Chair
Cleveland, OH

Kathryn Rudloff, Secretary
Melbourne, FL

Ruth Garcia-Corrales
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Austin Goble
Clanton, AL

Nikki Hahn
White Plains, NY

Gwen Hart
Burlington, VT

Katty Ibarra
San Diego, CA

Sophia Kanaan
Sacramento, CA

Danette Nguyen
Rockville, MD

Cindy Ramos-Davidson
El Paso, TX

Luz Sellers
Wilmington, DE

Rana Shanawani
Chatham, NJ

Jackie Scott
Temecula, CA

Anne Flynn Schlicht
Pittsburgh, PA

Kassi Strong
Billings, MT

In support of the next SBA Administrator

The Association of Women's Business Centers (AWBC) extends its congratulations to former Senator Kelly Loeffler on her nomination as the next Administrator of the U.S. Small Business Administration (SBA). Women entrepreneurs across the country rely on the SBA's programs and initiatives, and we are optimistic that Senator Loeffler's leadership will bring renewed focus and innovation to this vital agency.

At AWBC, we represent a national network of Women's Business Centers dedicated to empowering women-owned businesses through education, access to resources, and advocacy. We recognize the unique challenges faced by women entrepreneurs and are committed to ensuring they have the tools they need to succeed in today's competitive marketplace.

We are eager to partner with Administrator Loeffler to expand opportunities for women entrepreneurs, particularly in accessing capital and growing through federal contracting. These are areas where increased collaboration and thoughtful leadership can make a transformative difference. By investing in women-owned businesses, we strengthen families, communities, and the broader economy.

AWBC is excited about the future of the SBA under this new leadership. Together, we can advance policies and programs that create a more dynamic small business ecosystem, ensuring that women entrepreneurs continue to drive innovation, create jobs, and build sustainable economic growth.

Sincerely,

The Association of Women's Business Centers

ECDI | Investing in the growth of small business

December 5, 2024

In Support of SBA Nominee Kelly Loeffler

The Economic and Community Development Institute (ECDI) congratulates Former Senator Kelly Loeffler on her nomination to be the next Administrator of the U.S. Small Business Administration (SBA). Senator Loeffler's experience in both public service and the private sector positions her to effectively lead the SBA and address the needs of America's small businesses, especially in this critical time of recovery and growth.

As a leading Community Development Financial Institution (CDFI) and SBA partner, ECDI is eager to work alongside Administrator Loeffler to ensure that small businesses in Ohio, Kentucky, and Indiana, as well as our six Women's Business Centers and Veterans Business Outreach Center (VBOC), have access to the capital, resources, and support necessary for success. ECDI is committed to strengthening and sustaining the diverse small business community we serve through vital SBA programs that foster economic development and job creation.

ECDI is confident that under Administrator Loeffler's leadership, the SBA will continue to prioritize access to capital, equitable opportunities in federal contracting, and innovative programs that empower entrepreneurs across the country. Our Women's Business Centers and VBOC have been instrumental in supporting underrepresented entrepreneurs, and we look forward to collaborating with the SBA to further expand these services and reach even more individuals across Ohio, Kentucky, and Indiana.

We are excited to work with Administrator Loeffler to build a strong, resilient, and inclusive small business ecosystem. By aligning our shared goals, we can continue to drive economic empowerment and create sustainable growth that benefits all communities.

Inna Kinney
Founder and CEO

Steve Fireman
President and General Counsel

Chair Ernst additional remarks:

In November 2023, as Ranking Member of the Senate Small Business & Entrepreneurship Committee, I published a report documenting the Small Business Administration's (SBA's) inadequate approach to investigating rampant fraud in its programs.[1] I also documented actions by the Departments of Justice and Treasury to restrict the ability of law enforcement agencies to address fraud in SBA's COVID grant and loan programs. This occurred despite clear evidence that fraudsters took advantage of SBA's pandemic lending and grant programs to potentially steal $200 billion of taxpayer dollars for their own gain.[2] This fraud took place at the expense of legitimate small businesses struggling to survive due to poor accounting practices at SBA. This has also led to the SBA's inability to pass a financial statement audit since a 2020, and its failure to comply with the majority of improper payment reporting requirements in the *Payment Integrity Information Act*.[3]

Unfortunately, rather than strengthen their own internal accounting and controls to better assist with the recovery of improper payments, the Biden Administration's SBA understated the extent of potential fraud, accused the SBA Office of Inspector General (OIG) of misleading the public, and attempted to end collections on all loans under $100,000.[4] While some policy changes to address improper payments require congressional action, SBA is already capable of putting in place effective policies to ensure loans are paid back. This includes seeking the recovery of all improper payments and implementing key recommendations from SBA OIG and GAO. These first steps require no action from Congress, and the Trump Administration SBA should take them immediately.

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[1] S. COMM. ON BUSINESS AND ENTREPRENEURSHIP, SMALL BUSINESS COVID-19 FRAUD: THREE YEARS LATER, 118th Cong. (Nov. 14, 2023), *available at* https://www.ernst.senate.gov/imo/media/doc/small_business_covid-19_fraud-three_years_later_state_of_play1.pdf.

[2] SBA OIG, REPORT 23-09, COVID-19 PANDEMIC EIDL AND PPP LOAN FRAUD LANDSCAPE (2023) At 8, *available at* https://www.sba.gov/sites/default/files/2023-06/SBA%20OIG%20Report%2023-09.pdf.

[3] GAO, GAO-25-107421, FINANCIAL AUDIT: FY 2024 AND FY 2023 CONSOLIDATED FINANCIAL STATEMENTS OF THE U.S. GOVERNMENT (2025) at 6, *available at* https://www.gao.gov/assets/gao-25-107421.pdf.

[4] S. COMM. ON BUSINESS AND ENTREPRENEURSHIP, SMALL BUSINESS COVID-19 FRAUD: THREE YEARS LATER, 118th Cong. (Nov. 14, 2023) at 12, *available at* https://www.ernst.senate.gov/imo/media/doc/small_business_covid-19_fraud-three_years_later_state_of_play1.pdf.

U.S. SENATE COMMITTEE ON
SMALL BUSINESS
& ENTREPRENEURSHIP

Small Business COVID-19 Fraud: THREE YEARS LATER

State of Play

Ranking Member Ernst
Minority Report

NOVEMBER 14, 2023

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EXECUTIVE SUMMARY

From funding Lamborghinis, luxury vacations, extravagant jewelry, and even an alpaca farm, fraudsters abused the U.S. Small Business Administration's (SBA) COVID-19 relief programs to the tune of more than $200 billion in fraud—all on the dime of hardworking American taxpayers. While the SBA has claimed a zero-tolerance policy when it comes to fraud, its behavior demonstrates nothing of the sort.[1, 2] The SBA has discounted the full extent of fraud and instead tried to cast doubt on the legitimacy of fraud estimates made by expert investigators in its own Office of Inspector General (OIG). In addition, there are certain federal entities working to restrict the ability of law enforcement agencies to address fraud. These efforts, coupled with the SBA's lackadaisical approach to rampant fraud in its programs, have hampered recovery efforts. Flagrant fraud within government programs, especially when it is allowed to go unpunished, hurts taxpayers and harms small businesses most. The SBA OIG recently reported it has over 100,000 actionable investigative leads. A temporary surge of federal law enforcement investigators is needed to help meet this demand. Congress must restore the abilities of the Special Inspector General for Pandemic Recovery (SIGPR) to help tackle these cases and reverse the SBA's decision to end collections on loans under $100,000 to hold criminals responsible. Accordingly, the passage of S. 2664 the *Strengthening Taxpayer Recoveries Act*, S. 659, the *Administrative False Claims Act*, and the implementation of four key Government Accountability Office (GAO) recommendations would augment the capacity of investigators to recover taxpayer funds, ensure loans are paid back, and strengthen federal government controls when disbursing funding in the future.

1 "Ernst Says SBA Must Be Held Accountable for Pandemic Relief Funds That Were Misspent." The Ripon Society, April 21, 2023.

2 "Hearing: Nomination of Dilawar Syed to be Deputy Administrator of the Small Business Administration." U.S. Senate Committee on Small Business & Entrepreneurship, March 8, 2023.

Background: The Pandemic Landscape

Summary of COVID-19 Pandemic Programs at SBA

As public health authorities around the country issued lockdown orders at the onset of the COVID-19 pandemic in March 2020, this prevented millions of small businesses from operating, and sent the unemployment rate over 13 percent.[3] To help prevent further economic devastation, Congress established relief programs to help small businesses remain solvent and retain their workers through the crisis.

The Paycheck Protection Program (PPP), the largest of the SBA relief programs, provided forgivable loans to small businesses, non-profits, and self-employed workers to cover payroll costs, rent, interest, and utilities. These loans were designed to tide over small businesses that faced severe economic challenges or were unable to operate due to lockdown orders. When the SBA stopped accepting new PPP applications on May 31, 2021, it had approved over 11.8 million PPP loans totaling nearly $800 billion.[4] The SBA's COVID-19 Economic Injury Disaster Loans (EIDL) program provided economic relief to small businesses and nonprofit organizations. Congress authorized the SBA to make low interest, fixed-rate, long-term loans to provide borrowers with working capital to meet ordinary and necessary operating expenses, as well as advance grants that did not require repayment.[5]

While the PPP and EIDL programs constituted the vast majority of pandemic relief funds, the *American Rescue Plan Act*, a bill passed along partisan lines, established the Restaurant Revitalization Fund (RRF) and expanded other SBA pandemic relief lending programs, including the Shuttered Venue Operators Grant (SVOG).[6] Through the RRF, the SBA provided grants of up to $5 million to restaurants and similar businesses that experienced revenue losses related to the response to the COVID-19 pandemic.[7] The SVOG program provided grants for live venue operators, theatrical producers, and similar businesses affected by COVID-19.[8]

Fraudsters took advantage of SBA's pandemic lending and grant programs to steal taxpayer dollars for their own enrichment. What's more, these fraudulently obtained funds took resources away from legitimate small businesses struggling to survive the lockdowns. In July 2023, the SBA OIG reported that of the $1.2 trillion of EIDL and PPP funds, over $200 billion (17% of all funds) were disbursed to potential fraudsters.[9]

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3 Smith, Sean M., Roxanna Edwards, and Hao C. Duong. "Unemployment Rises in 2020, as the Country Battles the COVID-19 Pandemic." Monthly Labor Review, U.S. Bureau of Labor Statistics, June 2021.

4 Dilger, Robert Jay. "SBA Paycheck Protection Program (PPP) Loan Forgiveness: In Brief." Congressional Research Service, October 6, 2021.

5 Lindsay, Bruce R. "SBA COVID-19 EIDL Financial Relief: Policy Options and Considerations." Congressional Research Service, April 18, 2023.

6 P.L. 117-2

7 Levin, Adam G. "SBA Restaurant Revitalization Fund Grants." Congressional Research Service, August 15, 2022.

8 Dilger, Robert Jay, and Adam G. Levin. "SBA Shuttered Venue Operators Grant Program (SVOG)." Congressional Research Service, July 5, 2022.

9 "Covid-19 Pandemic EIDL and PPP Loan Fraud Landscape." Report 23-09, U.S. Small Business Administration, Office of Inspector General, June 27, 2023.

There have been too many high-profile examples of egregious or bizarre federal cases of PPP and EIDL fraud to exhaustively list. Among the notable cases are:

1. The fintech Kabbage loaned over **$7 million** to fake farms including **"Deely Nuts"** and **"Beefy King."**[10]
2. Actor Austin St. John, who played the **Red Power Ranger** in the Mighty Morphin Power Rangers, was charged along with 19 others for fraudulently obtaining **$3.5 million in PPP loans**.[11]
3. A man in Florida plead guilty to wire fraud and engaging in an illegal monetary transaction after using PPP loans to pay off his mortgage on his home and business property, purchase an 18 karat **gold Rolex watch**, as well as **buy a Jaguar CKE Roadster** sports car.[12]
4. Former **NFL player** Joshua Bellamy used fraudulent PPP dollars on a stay at the Seminole Hard Rock Hotel and Casino and to purchase jewelry.[13]
5. A man in Florida plead guilty to wire fraud after he used **$318,000** of the $3.9 million PPP loan he received to **purchase a Lamborghini**.[14]
6. Eight members of the "Insane Crip Gang," a subset of the national "Crips" street gang, used PPP loans to buy **weapons** which were ultimately used in various robberies, kidnappings, and murders.[15]
7. Actress Ion Overman, of **"Madea Goes to Jail,"** was charged—along with 21 others—for a PPP fraud scheme totaling **$3,899,377**.[16]
8. **Former Olympic speed skater** Allison Baver used parts of her **$10 million** fraudulent PPP loan to pay HOA fees and finance Lord of the Rings star Elijah Wood's movie about Ted Bundy.[17, 18, 19]
9. Disgraced fintech company Womply claimed to have Artificial Intelligence systems able to scan people's faces to match government ID photos, but were tricked by scam artists using **barbie dolls**, **masks**, and **mannequin photos** to obtain fraudulent PPP loans.[20]
10. **Drug trafficker** Ashford Richardson, who spent five years and three months in prison for conspiring to distribute multiple kilograms of cocaine, is back in prison after fraudulently obtaining over **$50,000** in EIDL and PPP loans while on supervised release.[21]

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10 Willis, Derek, and Lydia DePillis. "Hundreds of PPP Loans Went to Fake Farms in Absurd Places." ProPublica, May 18, 2021.

11 "18 Arrested, Charged in East Texas Paycheck Protection Program-Related Fraud." U.S. Attorney's Office, Eastern District of Texas, May 18, 2022.

12 "Jacksonville Man Pleads Guilty to COVID Relief Fraud and Money Laundering." U.S. Attorney's Office, Middle District of Florida, February 14, 2023.

13 "Former NFL Player Sentenced to More than Three Years in Prison for Covid-19 Relief Fraud." Office of Public Affairs, U.S. Department of Justice, December 10, 2021.

14 "Man Purchased Lamborghini After Receiving $3.9 Million in PPP Loans." Office of Public Affairs, U.S. Department of Justice, February 10, 2021.

15 "Eight Crips Gang Members and Associates Indicted for Racketeering and Numerous Violent Crimes on Long Island." U.S. Attorney's Office, Eastern District of New York, April 13, 2023.

16 "22 People Charged in Connection with a Multi-Million Dollar Paycheck Protection Program Fraud Scheme." U.S. Attorney's Office, Northern District of Georgia, February 1, 2022.

17 Carlisle, Nate. "Fox 13 Investigates: Utah Trial Starts for Olympian Who Received Pandemic Bailout." FOX 13 News Utah (KSTU), June 26, 2023.

18 "Utah Woman Found Guilty of $10m Worth of PPP Loan Fraud." United States Attorney's Office, District of Utah, June 30, 2023.

19 "Allison Baver Verdict: Former Olympic Speedskater Guilty on All Counts Related to $10m PPP Loan." The Salt Lake Tribune, June 30, 2023.

20 Kilander, Gustaf. "Scammers used doll faces to secure in COVID pandemic aid in PPP fraud." The Independent, June 29, 2023.

21 "Drug Trafficker Returns to Prison for Committing PPP and Other Pandemic Relief Fraud While on Supervised Release." U.S. Attorney's Office, Northern District of Georgia, June 15, 2023.

Investigation of Pandemic Fraud

The U.S. Department of Justice (DOJ) has charged over 3,000 defendants across the country with defrauding the SBA's COVID programs.[22] The SBA OIG has also made it a high priority to prosecute those who engaged in schemes to illegally obtain PPP or EIDL funds. Between March 2020 and September 2023, the SBA OIG reported 1,180 indictments, 936 arrests, and 613 convictions related to PPP or EIDL fraud. As of September 2023, there are 580 ongoing investigations into fraudulent practices in the PPP or EIDL programs.[23] The SIGPR and the Pandemic Response Accountability Committee (PRAC) have also made significant strides in cracking down on abuse and fraud within these pandemic relief programs. For instance, in January 2023, the PRAC identified $5.4 billion in potentially fraudulent EIDL and PPP loans obtained using over 69,000 questionable Social Security numbers.[24] Within the PRAC, the Pandemic Analytics Center of Excellence (PACE) applies the latest advances in analytic and forensic technologies to help OIGs and law enforcement pursue data-driven pandemic relief fraud investigations. Investigative work has been crucial to recovering illegally obtained and improperly disbursed taxpayer dollars.

The SIGPR and the PRAC have been essential in identifying and investigating cases of potential fraud within PPP, EIDL, and other pandemic relief programs. Congress established the SIGPR and the PRAC to safeguard Americans' tax dollars within the relief and aid programs. Congress granted the SIGPR inspector general powers and authorities to audit and investigate loans made by the Secretary of the Treasury on behalf of any program established by the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.[25] Congress also created the PRAC through the CARES Act, to support and coordinate independent oversight of pandemic relief spending while seeking out fraud, waste, abuse, and mismanagement.[26] The SIGPR and the PRAC investigations have resulted in arrests, guilty pleas, sentencings, and imprisonments. Among the success stories of the SIGPR and the PRAC's work are uncovering a $53 million PPP fraud scheme in North Texas, a more than $7 million fraud operation in Virginia, and a $2.6 million EIDL, PPP, and Main Street Lending Program (MSLP) fraud case in South Florida.[27] These watchdogs have played—and continue to play—a crucial role in identifying fraud perpetrated against American taxpayers through pandemic relief programs, as well as holding fraudsters accountable for stealing taxpayer dollars.

However, the SIGPR's jurisdiction to investigate fraud within the SBA COVID-19 programs is contested. Amidst resistance from the U.S. Department of the Treasury to the SIGPR's oversight of the SBA COVID-19 programs, the DOJ's Office of Legal Counsel issued an opinion in which it claimed the SIGPR's jurisdiction is narrowly limited to programs established under title IV, subtitle A of the *CARES Act*.[28] In practice, this interpretation would preclude the SIGPR from investigating the Coronavirus Relief Fund, Payroll Support Program, and PPP, restricting the SIGPR's role in detecting fraud to the Treasury's direct loans and the Federal Reserve's lending programs.[29] This dispute undermines the SIGPR's critical work of detecting and responding to fraudulent abuse of taxpayer funds. In a quarterly report to Congress, Special Inspector General Brian Miller acknowledged that this work cannot continue unless Congress can, "pass legislation to clarify SIGPR's mandate to provide oversight" of the SBA's COVID-19 programs.[30]

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22 "Justice Department Announces Results of Nationwide COVID-19 Fraud Enforcement Action." Office of Public Affairs, U.S Department of Justice, August 23, 2023.

23 SBA OIG Congressional Update on file with author, October 2023.

24 "Fraud Alert: PRAC Identifies $5.4 Billion in Potentially Fraudulent Pandemic Loans Obtained Using Over 69,000 Questionable Social Security Numbers." Pandemic Response Accountability Committee (PRAC).

25 "SIGPR Overview" U.S. Special Investigator General for Pandemic Recovery, 2023.

26 "About Us | Pandemic Oversight." U.S. Special Investigator General for Pandemic Recovery, 2023.

27 "Quarterly Report to the United States Congress." Office of the Special Inspector General for Pandemic Recovery, April to June, 2023.

28 "Authority of the Special Inspector General for Pandemic Recovery To Oversee Programs Established Under the CARES Act." U.S. Department of Justice, Office of Legal Counsel, April 29, 2021.

29 "SIGPR Quarterly Report to the United States Congress." Office of the Special Inspector General for Pandemic Recovery, January to March, 2021.

30 "SIGPR Quarterly Report to the United States Congress." Office of the Special Inspector General for Pandemic Recovery, January to March, 2021.

Fraud at Fintechs

Financial technology (fintech) companies' reckless lending practices are responsible for a significant portion of the fraud and misuse of taxpayer dollars within the SBA's largest emergency pandemic lending programs: PPP and EIDL. James E. Clyburn (D-SC), when Chairman of the House Select Subcommittee on the Coronavirus Crisis, revealed in a December 2022 report that the SBA heavily delegated to fintech companies who enriched themselves with taxpayer-funded processing fees while failing to guard effectively against fraud risks:

> The Select Subcommittee's investigation found that fintechs were given extraordinary responsibility in administering the nation's largest pandemic relief program, as certain SBA lenders heavily delegated applicant screening to companies that claimed to employ effective and innovative fraud control technology. However, many of these companies appear to have failed to stop obvious and preventable fraud, leading to the needless loss of taxpayer dollars. The Select Subcommittee's investigation found that several fintechs, largely existing outside of the regulatory structure governing traditional financial institutions and with little to no oversight, took billions in fees from taxpayers while becoming easy targets for those who sought to defraud the PPP.[31]

Womply and Blueacorn, two fintechs investigated by the Select Subcommittee, together facilitated about one third of PPP loans in 2021.[32] These companies prioritized profit margins over responsible stewardship of taxpayer dollars during an unprecedented national economic crisis. The Select Committee investigation determined that the PPP "lacked sufficient incentives for fintechs to implement strong fraud prevention controls."[33]

Traditional lending institutions generally maintain established borrower relationships due to Know Your Customer and anti-money laundering requirements. Wide-ranging *Bank Secrecy Act* compliance programs also ensure strong underwriting standards. By contrast, fintechs lack the established relationships and oversight frameworks compelling formal anti-fraud procedures.[34] Researchers at the University of Texas at Austin (UT Austin) found fintech-originated loans were 3.23 times as likely as traditionally-originated loans to have at least one indicator of misreporting, such as a business registry flag, a multiple loan flag, a high implied compensation flag, or reporting a higher number of jobs for EIDL advances than in a PPP application. According to the UT Austin researchers' analysis, potential misreporting rates were in excess of 25% for 10 large fintech lenders.[35] Fintechs enabled fraudsters and scammers to get a hold of billions in taxpayer funds, through limited oversight over their loans. Meanwhile, millions of struggling small businesses eligible for pandemic relief funds were left empty handed.

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31 "Preparing for and Preventing the Next Public Health Emergency: Lessons Learned from the Coronavirus Crisis," Select Subcommittee on the Coronavirus Crisis, December 2022.

32 Id.

33 Id.

34 Griffin, John, Samuel Kruger, and Prateek Mahajan. "Did Fintech Lenders Facilitate PPP Fraud?" The Journal of Finance, February 7, 2023.

35 Id.

Part 1: The SBA's False Narrative Discounts the Full Extent of Fraud

The SBA Publicly Understates the Amount of Fraud

In June 2023, the SBA OIG reported that the SBA likely disbursed more than $200 billion in potentially fraudulent EIDL and PPP funds.[36] Rather than acknowledge the agency's subpar performance, the SBA's leadership accused its OIG of misleading the public. In response to the SBA OIG report, the SBA implausibly claimed only $36 billion of EIDL and PPP funds were likely obtained fraudulently.[37, 38] The SBA's fraud estimate is around 600% less than the SBA OIG's estimate. The SBA alleges it conducted an "extensive analysis" to arrive at its $36 billion figure, but has failed to provide evidence to the Committee to support this claim.[39, 40]

In a July 2023 hearing of the House Committee on Small Business, the SBA OIG Inspector General Hannibal "Mike" Ware testified that every loan within the $200 billion figure meets the OIG's threshold for opening an investigation, resources permitting.[41] The SBA OIG's work aligns with applicable quality control standards. On the other hand, the SBA's fraud estimate relied on manual reviews that fall short of the standards followed by the Inspector General community. Moreover, the SBA does not have access to the same datasets and does not possess comparable expertise in assessing fraud or conducting law enforcement investigations. The House Committee on Small Business invited the SBA Administrator Isabella Casillas Guzman to the same hearing at which Inspector General Ware testified. Regrettably, Administrator Guzman declined the opportunity to defend the SBA's bold claims, or the agency's strategy of casting aspersions on its Inspector General's estimates of rampant fraud within the SBA's programs.[42]

The SBA's Understatement of Restaurant Revitalization Fund (RRF) and Shuttered Venue Operators Grant (SVOG) Fraud Rates

In a June 2023 report, the SBA boasted both the RRF and SVOG programs had estimated fraud rates well below 1%, at 0.75% and 0.33% respectively. However, this internal SBA estimate based on the quantity of referrals to the SBA OIG is unreliable. The SBA's failure to refer potential fraud to its OIG does not speak to the actual volume of fraud present. Instead, it is an indicator that the SBA internal controls for detecting fraud within these programs could use strengthening.

In fact, independent auditors found the SBA failed to comply with nearly all of the reporting requirements under the *Payment Integrity Information Act of 2019* (PIIA).[43, 44] The PIIA is a law requiring federal agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments. The audit report also noted the SBA's risk assessment methodology did not consider certain identified risk factors for RRF and SVOG.

Other reports also suggest the SBA may be undercounting fraud in the RRF. In June 2023, the GAO reported the SBA could take additional steps to identify and respond to fraudulent or ineligible RRF recipients. The SBA replied that RRF controls do not need to be assessed, and additional steps do not need to be taken to identify potential

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36 "COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape." Report 23-09, Office of Inspector General, U.S. Small Business Administration, June 27, 2023.

37 Id.

38 "Protecting the Integrity of the Pandemic Relief Programs: SBA's Actions to Prevent, Detect and Tackle Fraud." U.S. Small Business Administration, June 2023.

39 Id.

40 "COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape." Report 23-09, Office of Inspector General, U.S. Small Business Administration, June 27, 2023.

41 "Full Committee Hearing – "Stolen Taxpayer Funds: Reviewing the SBA and OIG Reports of Fraud in Pandemic Lending Programs." U.S. House Committee on Small Business, July 13, 2023.

42 Id.

43 "Independent Auditors' Report on SBA's Fiscal Year 2022 Compliance with the Payment Integrity Information Act of 2019." Report 23-07, Office of Inspector General, U.S. Small Business Administration, May 15, 2023.

44 P.L. 116-117

fraud, because the SBA believes strong controls are in place that align with industry practices.[45, 46] One month after the GAO report, the SBA OIG found the SBA approved 3,790 RRF applications—totaling $557 million—without verifying gross sales, a key fraud control designed to prevent ineligible entities from receiving awards. Many of the 3,790 applications had indictors of potential fraud, and the SBA has still not reviewed 2,172 of these RRF awards, totaling $278.6 million.[47] In a September 2023 report, the OIG found that over 20,000 RRF recipients, receiving approximately $3.5 billion, had not filed any of the required reports. The SBA OIG also identified that the SBA had not completed timely post award reviews.[48] After 10 months, program officials reviewed only 88 awards, fewer than one percent of the 10,050 awards selected for review.[49] For certain subcategories of the 88 completed reviews, 89% or 100% of awards went to ineligible recipients.[50]

Not only was the RRF replete with fraud, but the SBA acted unconstitutionally when disbursing funds as well. Various plaintiffs sued SBA in federal court alleging SBA's use of race-based and sex-based preferences for the awarding of the RRF funds violated the Equal Protection Clause of the 14th Amendment. In each of these lawsuits, the SBA was found to be violating the Constitution.[51]

For SVOG, the SBA's internal 0.33% fraud rate estimate is also not indicative of the actual amount of fraud in the program. The SBA removed internal controls for the program and its fraud risk monitoring needs improvement. The SBA OIG reported that the SBA switched to a risker payment method providing less protection against fraud. Of 10 awards to organizations the OIG reviewed, all were unauthorized commitments without proper documentation and several had inadequate support for the grant amounts.[52] In an October 2023 report, the SBA OIG found that the SBA made 47 SVOG awards to ineligible entities—23 percent of the awards sampled by the SBA OIG. Additionally, the SBA OIG found the SBA limited or eliminated certain verification procedures, such as obtaining tax transcripts, implemented a strict 4-hour review time for applications, and stopped the practice of validating certain matches to the U.S. Department of the Treasury's Do Not Pay List. These changes weakened internal controls and allowed ineligible entities to receive SVOG grants.[53] According to the GAO, the SBA could improve its ability to identify and address fraud among SVOG grantees. The SBA did not fully agree with this finding.[54]

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45 "2023 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits." GAO-23-106089, U.S. Government Accountability Office, June 14, 2023.

46 "Restaurant Revitalization Fund: Opportunities Exist to Improve Oversight." GAO-22-105442, U.S. Government Accountability Office, July 14, 2022.

47 "SBA's Administrative Process to Address Potentially Fraudulent Restaurant Revitalization Fund Awards." Report 23-10, Office of Inspector General, U.S. Small Business Administration, July 5, 2023.

48 "SBA's Oversight of Restaurant Revitalization Fund Recipients." Report 23-15, Office of Inspector General, U.S. Small Business Administration, September 29, 2023.

49 Id.

50 Id.

51 "Restaurant Revitalization Fund: Opportunities Exist to Improve Oversight." GAO-22-105442, U.S. Government Accountability Office, July 14, 2022.

52 "SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program." Report 22-15, U.S. Government Accountability Office, July 5, 2022.

53 "SBA's Internal Controls to Prevent Shuttered Venue Operators Grants to Ineligible Applicants". Report 24-02, Office of Inspector General, U.S. Small Business Administration, October 25, 2023.

54 "COVID Relief: SBA Could Improve Communications and Fraud Risk Monitoring for Its Arts and Entertainment Venues Grant Program." GAO-23-105199, U.S. Government Accountability Office, October 2022.

The SVOG and RRF were rife with fraud. Notable cases include:

1. A South Florida man was charged with fraudulently obtaining funds under SVOG and allegedly used the funds to purchase **exotic sports cars**.[55]
2. San Diego restaurant owners were charged with allegedly conspiring to **underreport gross receipts** in order to qualify for RRF loans, and lied on loan applications regarding the use of the money.[56]
3. Washington, D.C. restauranteurs plead guilty to tax offenses and theft of RRF funds for personal enrichment including for home construction, college tuition payments, and **vacations**.[57]
4. A Massachusetts food truck business owner was sentenced to two years in prison for a $1.5 million fraud scheme involving proceeds from RRF and other pandemic programs used to purchase **shares in technology companies**.[58]
5. A Florida couple were sentenced to prison for wire fraud conspiracy, money laundering conspiracy, and making false statements relating to SVOG and other pandemic programs totaling over **$4.8 million**.[59]

The SBA Overstated the Number of Referrals to the SBA OIG

On April 26, 2023, while under oath in front of the U.S. Senate Committee on Small Business and Entrepreneurship, Mr. Patrick Kelley, the former SBA Associate Administrator for the Office of Capital Access, made unsubstantiated allegations regarding the SBA's activities. Specifically, Mr. Kelley testified that over a two-year period, the SBA referred 3.5 million applications to the SBA OIG.[60] The SBA OIG was unable to validate—and indeed contradicted—Mr. Kelley's assertion.

According to Mr. Sheldon Shoemaker, SBA's Deputy Inspector General, who also testified at the hearing, the spreadsheets SBA provides on its internal fraud reviews include information obtained from the SBA OIG and other law enforcement agencies. For example, the spreadsheets SBA gave to the OIG include applications flagged for fraud based on the over 90,000 EIDL file requests from law enforcement agencies.[61] These should not be considered SBA referrals. Instead, they are already ongoing investigations. Put simply, Mr. Kelley and the SBA were trying to claim credit for the work others have already done.

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55 "South Florida Man Charged with COVID-19 Relief Fraud Allegedly Spends Loan Money on Exotic Sport Cars." U.S. Attorney's Office, Southern District of Florida, November 8, 2022.

56 "San Diego Restaurant Owners Charged with COVID-Relief Fraud and Money Laundering." Office of Public Affairs, U.S. Department of Justice, May 24, 2023.

57 "Georgetown Restauranteurs Plead Guilty to Tax Offenses and Theft of COVID Relief Funds." U.S. Attorney's Office, District of Columbia, August 14, 2023.

58 "Brighton Food Truck Business Owner Sentenced to Two Years in Prison for $1.5 Million COVID-Relief Fraud Scheme." U.S. Attorney's Office, District of Massachusetts, July 26, 2023.

59 "Tallahassee Couple Sentenced To Federal Prison For Wire Fraud Conspiracy, Money Laundering Conspiracy, And Making False Statements Relating To COVID-19 Relief Programs." U.S. Attorney's Office, Northern District of Florida, May 3, 2023.

60 "Hearing: Oversight of SBA's Implementation of Final Rules to Expand Access to Capital." U.S. Senate Committee on Small Business & Entrepreneurship, April 26, 2023.

61 Senate Committee on Small Business and Entrepreneurship, Answers to Questions submitted by Mr. Sheldon Shoemaker, Deputy Inspector General, U.S. Small Business Administration, Oversight of SBA's Implementation of Final Rules to Expand Access to Capital, 118th Cong. on file with author (April 26, 2023). In response to "Has the SBA referred over 3 million instances of fraud on disbursed loans?", Sheldon Shoemaker responded that "SBA has made numerous referrals of alleged fraud to OIG; however, OIG is unable to validate the SBA assertion... The spreadsheets that SBA provides encompass information they may have received from their own fraud reviews, ID theft submissions, information obtained from financial institutions, as well as information obtained from OIG and/or other law enforcement agencies. For example, the spreadsheets include applications that were flagged for fraud based on the over 90,000 EIDL file requests from law enforcement agencies. These should not be considered as referrals by SBA as they are already ongoing investigations."

In fact, contrary to Mr. Patrick Kelley's testimony indicating a significant volume of referrals, the SBA referred few suspicious RRF awards to its OIG.[62, 63] In July 2023, the U.S. Senate Committee on Small Business and Entrepreneurship requested Administrator Guzman either provide the underlying evidence substantiating Mr. Kelley's claim, or correct his misrepresentation to Congress.64 As of the date of publication of this report, Administrator Guzman has failed to do either.

The SBA states it has adopted a "Tone at The Top" for Fraud Risk Management though the SBA's Actions Indicate Otherwise

Establishing a strong "Tone at the Top" is an essential part of the internal control environment and internal control framework overall. This includes communicating a commitment to combat fraud within pandemic relief programs. Per the Standards for Internal Control in the Federal Government, "without a strong tone at the top to support an internal control system, the entity's risk identification may be incomplete, risk responses may be inappropriate, control activities may not be appropriately designed or implemented, information and communication may falter, and results of monitoring may not be understood or acted upon to remediate deficiencies."[65]

The SBA cites the "Tone at the Top" as one of its major principles for fraud risk management and as a key element to its Fraud Risk Management Strategic Plan.66 However, despite its rhetoric, SBA leadership is refusing to implement the GAO and the SBA OIG recommendations designed to improve the SBA's fraud risk management, and is discounting the full extent of fraud. This sets the wrong tone and sends the wrong message.

The SBA should do more to leverage data analytics to prevent and detect fraud

The SBA itself acknowledges "the use of data analytics across an entire portfolio helps identify potential signs of fraud," and states it has made substantial efforts on the use of data analytics.[67] However, the SBA only performed data analytic treatment on a fragmented portion of the overall portfolio—fewer than 14% of loans, grants, and awards. The SBA indicates it performed "data analytic treatment" on 6.7 million of 49.3 million loans.[68] Additionally, the GAO has found the SBA did not fully leverage information to help identify applicants who tried to defraud multiple pandemic relief programs and would benefit from further development of its data analytics program.[69] The SBA should perform data analytics across its entire portfolio to prevent and detect ineligible and fraudulent transactions. This may also result in more efficient allocation of resources, cost savings, and reduced loan review backlogs.

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62 "2023 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits." GAO-23-106089, U.S. Government Accountability Office, June 14, 2023.

63 "Restaurant Revitalization Fund: Opportunities Exist to Improve Oversight." GAO-22-105442, U.S. Government Accountability Office, July 14, 2022.

64 Senator Joni Ernst. "Letter to the SBA Administrator Regarding Improper Payments." U.S. Senate, July 26, 2023.

65 "Standards for Internal Control in the Federal Government." GAO-14-704G, U.S. Government Accountability Office, September 10, 2014.

66 "Protecting the Integrity of the Pandemic Relief Programs: SBA's Actions to Prevent, Detect and Tackle Fraud." U.S. Small Business Administration, June 2023.

67 Id.

68 Id.

69 "COVID Relief: Fraud Schemes and Indicators in SBA Pandemic Programs." GAO-23-105331, U.S. Government Accountability Office, May 2023.

Part 2: Efforts to Recover Funds

Overview of Recovery Efforts

Recovering money fraudsters stole from American taxpayers must be a priority for the federal government. The DOJ has seized more than $1.4 billion in stolen COVID-19 relief funds.[70] The SBA OIG's collaboration with the U.S. Secret Service, other federal agencies, and financial institutions has resulted in EIDL and PPP funds seized or returned to the SBA.[71] Meanwhile, the SIGPR has rapidly scaled up its operations to complement these efforts.[72, 73] While law enforcement investigations and seizure of improperly obtained funds is vital, the SBA needs to do more.

For example, the SBA has refused to pursue collections of loans valued at $100,000 as required by law, and has failed to take recommended steps to improve its fraud risk management. The SBA's actions undermine efforts to maximize the recovery of funds for the taxpayer and could incentivize ineligible and fraudulent borrowers to obtain loans valued at $100,000 or less in future loan programs.

There is roughly $200 billion worth of fraud within EIDL and PPP programs.74 Instead of letting that money stay in the hands of fraudsters, it could be put to the service of the American people. Here are some examples of what $200 billion could buy the American taxpayer:

$200 Billion Estimated Fraud	**$1.4 billion in funds seized by the Justice Department[75]**
15 USS Ford class aircraft carriers (around **$13 billion** each)	**10%** of the cost of 1 USS Ford class aircraft carrier
Over **250** million iPhone 14's at **$799** per phone	**1.8** million iPhone 14's
Annual U.S. health care spending for **15 million people** (around $13,000 a person)	Annual U.S. health care spending for **108,000 people**
36 of the top 50 **most expensive sports teams** in the world at their 2023 valuation[76]	**One** of the 9 least valuable **Major League Baseball** franchises
438 million Taylor Swift Eras Tour tickets[77]	**3 million** Taylor Swift Eras Tour tickets

70 "Justice Department Announces Results of Nationwide COVID-19 Fraud Enforcement Action." Office of Public Affairs, U.S. Department of Justice, August 23, 2023.

71 "COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape." Report 23-09, Office of Inspector General, U.S. Small Business Administration, June 27, 2023.

72 "SIGPR Quarterly Report to the United States Congress." Office of the Special Inspector General for Pandemic Recovery, January to March, 2021.

73 "Congressional Budget Justification and Annual Performance Plan and Report." Office of the Special Inspector General for Pandemic Recovery, FY 2023.

74 "Covid-19 Pandemic EIDL and PPP Loan Fraud Landscape." Report 23-09, U.S. Small Business Administration, Office of Inspector General, June 27, 2023.

75 The SBA OIG reported its collaboration with the SBA, the U.S. Secret Service, other federal agencies, and financial institutions has resulted in nearly $30 billion in EIDL and PPP funds being seized or returned to the SBA. This consists of over $1 billion in seizures by the U.S Secret Service, $9 billion returned by financial institutions, and $20 billion paid from borrowers. The SBA OIG based the $9 billion and $20 billion figures on SBA reporting and does not have loan level detail to the data.

76 Ozanian, Mike, and Justin Teitellbaum. "Baseball's Most Valuable Teams 2023: Price Tags Are up 12% despite Regional TV Woes." Forbes, March 23, 2023.

77 Bhattarai, Abha, Lerman, Rachel, Sabens, Emily. "The Economy (Taylor's Version)." The Washington Post, October 13, 2023.

The SBA's Faulty Rationale and Unlawful Decision to End Collections on Loans Under $100,000

The SBA decided to forgo debt collections on EIDL less than $100,000. The SBA OIG calculated the amount of delinquent and past due EIDLs to be $62 billion as of March 24, 2023.[78,79] This is in addition to failing to pursue collections on PPP loans under $100,000, for an estimated $1.1 billion.[80] In total, the SBA is intending to forgo collections on over $63 billion of COVID program loans made with Americans' tax dollars, without justification or congressional authorization. As additional loans become due, the money being left on the table is only likely to grow.

The SBA risks violating federal law by prematurely ending active collection activities on delinquent PPP and EIDLs with balances of up to $100,000. Federal law prohibits agencies from ending collections on fraudulent, false, or misrepresented claims.[81] The SBA did not fully agree with the SBA OIG's recommendation for the SBA to attempt active collection and review loan applications for any EIDL that appears to be fraudulent, false, or misrepresented.[82]

Under the *Debt Collection Improvement Act*, federal agencies can only suspend or end collections on claims in certain circumstances including when the cost of collection is likely to be greater than the amount recovered for loans not more than $100,000.[83] The SBA cited this as justification for not collecting on its loans. However, the SBA OIG determined the SBA's April 2022 analysis was not comprehensive to sufficiently support the proposition that the cost to pursue collections on PPP loans valued at $100,000 or less was likely more than the recovery amount. The SBA was obligated to include comprehensive estimates of the expected costs and benefits for EIDL and PPP collections per Office of Management and Budget (OMB) Circular A-94. It did not. The SBA OIG also recommended the SBA explore alternative means of collections for EIDL and PPP loans with an outstanding balance of $100,000 or less.[84,85] The SBA has not evaluated alternative collection techniques such as the Centralized Receivables Service (CRS) program within the Bureau of the Fiscal Service, a low-cost option available to federal agencies to manage nontax receivables.[86] The SBA could use the CRS or pursue other options to meet the Treasury Financial Manual requirement to maximize recoveries for efficiency and cost-effectiveness.[87] The SBA has not compared the cost effectiveness of alternative collection techniques as required by federal law.[88]

In addition, the SBA's analysis for anticipated EIDL and PPP recoveries was flawed. The agency based its analysis on a 0.28% recovery rate—or $65,000 total recoveries out of $23.5 million—on SBA Express working capital loans of $100,000 or less made to sole proprietors between 2009 and 2022. This is an unrealistic comparison, at best. The $65,000 of SBA Express loans the SBA recovered over a 13-year period (around $5,000 a year) is not comparable to the $1.1 billion in PPP loans under $100,000 on which the SBA has ended collections, or the over $62 billion in delinquent or past due EIDLs under $100,000. In addition, SBA Express loans to sole proprietors are materially different to EIDL and PPP. Only about half of EIDLs of which the SBA plans to end collections were made to sole proprietors. Lenders likely pursued active collections on SBA Express loans prior to those loans being referred to Treasury, whereas EIDLs were direct loans made by the SBA and PPP had higher SBA guarantee percentages. As a

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78 "Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans." Report 23-16, Office of Inspector General, U.S. Small Business Administration, September 29, 2023.

79 SBA indicated the number of delinquent, past due, or charged off COVID-19 EIDLs total $33.4 billion as of May 9, 2023. However, SBA OIG was unable to validate SBA's significantly different amount which did not sync with SBA's own loan accounting system of record and data.

80 "Management Advisory – SBA'S Guaranty Purchases for Paycheck Protection Program Loans.." Report 22-25, Office of Inspector General, U.S. Small Business Administration, September 30, 2022.

81 "31 USC 3711(b)(1): Collection and Compromise." U.S. Code.

82 "Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans." Report 23-16, Office of Inspector General, U.S. Small Business Administration, September 29, 2023.

83 "31 USC 3711(a): Collection and Compromise." U.S. Code.

84 "Management Advisory - SBA'S Guaranty Purchases for Paycheck Protection Program Loans." Report 22-25, Office of Inspector General, U.S. Small Business Administration, September 30, 2022.

85 "Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans." Report 23-16, Office of Inspector General, U.S. Small Business Administration, September 29, 2023.

86 "Part III: The Federal Nontax Debt Collection Process." Bureau of the Fiscal Service, Treasury Financial Manual, Volume I, Part 3, Chapter 5000, May 2023.

87 Id.

88 31 C.F.R. § 901.10

result, higher recovery rates can be expected for PPP and EIDL. A good-faith estimate could not equate a subset of SBA Express loans to sole proprietors with these two programs.

Even the consulting firm the SBA hired to assess the EIDL portfolio determined expected recoveries to be significantly higher and inconsistent with the SBA's conclusions.[89] According to the SBA's own reporting, EIDL and PPP loans have both maintained positive recovery rates, yet the SBA refuses to comply with federal debt collection requirements.[90] The SBA is increasing the taxpayer's burden by refusing to collect on these delinquent EIDL and PPP loans. Further, ending collection prematurely sets a dangerous precedent encouraging future borrowers in stimulus programs to not repay loans under $100,000. Continuing to pursue collections will ensure accountability for delinquent borrowers and bolster the integrity of federal lending programs.

Improvements to the SBA's Fraud Risk Management Would Assist in Recovering Funds

Due to concerns regarding the SBA's lackluster response to fraud and improper payments in its pandemic relief programs, Small Business Committee Ranking Member Joni Ernst (R-IA) wrote a letter to the SBA Administrator emphasizing the importance of SBA leadership taking improper payments seriously given the significant fraud the GAO and the SBA OIG have highlighted within the SBA's programs.[91] As described within the letter, the SBA has not taken adequate steps to prevent and detect improper payments.

The SBA's failure to adequately identify improper payments within its programs makes identifying fraud and recovering funds more difficult.

89 "Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans." Report 23-16, Office of Inspector General, U.S. Small Business Administration, September 29, 2023.

90 "Small Business Administration Loan Program Performance." U.S. Small Business Administration, January 30, 2023.

91 Senator Joni Ernst. "Letter to the SBA Administrator Regarding Improper Payments." July 26, 2023.

Part 3: Opportunities for Future Legislation and Policy Changes

Congress must act to ensure criminals who defraud American taxpayers are brought to justice. Specifically, Congress should pass the *Strengthening Taxpayer Recoveries Act*, the *Administrative False Claims Act*, and legislation to enhance improper payment reporting requirements.

Strengthening Taxpayer Recoveries Act

In response to mounting warnings from the SBA OIG, the SIGPR, and throughout the small business community, Ranking Member Ernst is spearheading the *Strengthening Taxpayer Recoveries Act*, which she introduced on July 27, 2023 along with Senators Josh Hawley (R-MO), Marco Rubio (R-FL), and Todd Young (R-IN).[92]

The *Strengthening Taxpayer Recoveries Act* would amend the *CARES Act* to provide the SIGPR with statutory authority to conduct investigations on the SBA COVID-19 relief programs and extends the SIGPR authority an additional five years to 2030. The bill allows the SIGPR to utilize funds recovered from investigations and audits. Collectively, these measures will restore the SIGPR's authorities, ensure the SIGPR can continue its critical work, and provide a temporary surge of federal law enforcement investigators to help tackle the unprecedented scale of fraud within the pandemic programs.

In addition to strengthening the SIGPR's ability to protect taxpayer funds, the legislation holds the SBA accountable to pursue fraud within its programs and recover funds for American taxpayers. Specifically, it requires the SBA Administrator to refer any claim for collection of a loan under $100,000 to the Department of Treasury. The Department of Treasury will then render a final decision to suspend, end, or make collections on referred claims.

Furthermore, the legislation would enhance Congressional oversight of the SBA's collection efforts. It would require that the SBA Administrator to provide monthly briefings to the Senate and House Small Business Committees on the progress the SBA is making on pursuing collections, and annual testimony before the House and Senate Small Business Committees on the implementation of the collection of claims in regards to covered loans, improper payments related to covered programs, and the SBA compliance with the *Payment Integrity Information Act of 2019*.

Beyond collections, the legislation would also require the DOJ Attorney General to report to Congress on the DOJ's prosecutions of COVID relief-related fraud. The report will include data such as the total number and disposition of prosecutions, the total dollar amount recovered by prosecutions, the total number and source of referrals, and declined cases with reasons for declining prosecution.

It would also create a website with real-time data on COVID-19 program funds recovered by the federal government to help Congress and the public ensure that collections of fraudulently-acquired taxpayer funds become and remain a priority.

Finally, to ensure fraudsters who abused the SBA's COVID-19 program funds do not escape justice by running out the clock, the *Strengthening Taxpayer Recoveries Act* would extend the statutes of limitations to 10 years for Restaurant Revitalization Grants and the SVOG program in alignment with the statutes of limitations for both the PPP and EIDL programs.

92 Strengthening Taxpayer Recoveries Act, S. 2664, 118th Cong. (2023).

Administrative False Claims Act of 2023

Congress should pass the *Administrative False Claims Act*, introduced by Senator Chuck Grassley (R-IA) and cosponsored by Senators Richard Durbin (D-IL) and Gary Peters (D-MI).[93] The bill increases the maximum amount of a fraud claim that may be handled administratively from $150,000 to $1 million, allows responsibilities in the administrative process assigned to the Attorney General or an Assistant Attorney General to be delegated to other DOJ employees, and allows the government to recoup costs for investigating and prosecuting these frauds. The *Administrative False Claims Act* will improve the SBA's ability to recover funds from fraudsters and serve as a deterrence to those considering fraud against the federal government, no matter the amount.

GAO open matters for Congressional Consideration

Finally, members of the Committees of jurisdiction (U.S. Senate Committee on Homeland Security & Governmental Affairs (HSGAC) and House Committee on Oversight and Accountability) should introduce and pass legislation to enhance improper payment reporting requirements, per the following GAO open matters for congressional consideration:[94, 95]

1. "Congress should amend the Payment Integrity Information Act of 2019 to designate all new federal programs making more than $100 million in payments in any one fiscal year as "susceptible to significant improper payments" for their initial years of operation."[96]
2. "Congress should amend the Payment Integrity Information Act of 2019 to reinstate the requirement that agencies report on their antifraud controls and fraud risk management efforts in their annual financial reports."[97]
3. "Congress should clarify that (1) chief financial officers (CFO) at CFO Act agencies have oversight responsibility for internal controls over financial reporting and key financial management information that includes spending data and improper payment information; and (2) executive agency internal control assessment, reporting, and audit requirements for key financial management information, discussed in an existing matter for congressional consideration in our August 2020 report, include internal controls over spending data and improper payment information."[98]
4. "Congress should require agency chief financial officers (CFO) to (1) submit a statement in agencies' annual financial reports certifying the reliability of improper payments risk assessments and the validity of improper payment estimates, and describing the actions of the CFO to monitor the development and implementation of any corrective action plans; and (2) approve any methodology that is not designed to produce a statistically valid estimate."[99]

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93 Administrative False Claims Act of 2023, S. 659, 118th Cong. (2023).

94 "Open Matters for Congressional Consideration: Action Can Produce Billions of Dollars in Financial and Other Benefits for the Nation." GAO-23-106837, U.S. Government Accountability Office, July 25, 2023.

95 "Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for Covid-19 and Beyond." GAO-22-105715, U.S. Government Accountability Office, March 17, 2022.

96 Id.

97 Id.

98 Id.

99 Id.

CONCLUSION

Rampant fraud within the SBA pandemic relief programs is hurting taxpayers and the small businesses the programs were intended to serve. The SBA has discounted the full extent of fraud and instead, needs to prioritize combatting fraud and pursue fund recoveries. During his confirmation process, the SBA Deputy Administrator provided Senator Joni Ernst, Ranking Member of the Small Business and Entrepreneurship Committee, his firm commitments on a zero-tolerance policy when it comes to fraud. However, the SBA has not lived up to its promise. It is important to avoid setting a dangerous precedent that fraud is acceptable and future borrowers do not need to repay loans. The SBA's failure to fully engage in the fight against fraud has resulted in increased caseloads for the law enforcement community and the need for a temporary surge of federal law enforcement investigators. We recommend Congress pass the *Strengthening Taxpayer Recoveries Act*, the *Administrative False Claims Act of 2023*, and implement four key GAO open matters for congressional consideration. These measures are vital for responsible use of taxpayer funds and for holding fraudsters accountable.

Appendix 1. Oversight Work Conducted

Various oversight bodies such as the GAO and the SBA OIG have conducted audits and reviews into the pandemic relief programs carried out through the SBA. These reports have provided important recommendations to improve the structure of these programs, examined the effectiveness of the programs' ability to help targeted businesses, and determined the factors that enabled fraudulent use of these programs. The Senate Committee on Small Business and Entrepreneurship, as part of its oversight work, has held hearings including:

- A March 2021 hearing on "Oversight of SBA's COVID-19 Relief Programs";
- A May 2021 hearing on "The Pandemic Response and the Small Business Economy";
- An August 2022 hearing on "Oversight of SBA's COVID Economic Injury Disaster Loan Program"; and
- An April 2023 hearing on "Oversight of SBA's Implementation of Final Rules to Expand Access to Capital".

Other committees, such as the Committee on Small Business of the House of Representatives, have also held relevant oversight hearings on these pandemic relief programs.

GEORGIA
PUBLIC POLICY FOUNDATION

January 22, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, D.C. 20510

The Honorable Edward J. Markey
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey:

It is my great pleasure to offer enthusiastic support for the nomination of Senator Kelly Loeffler as Administrator of the Small Business Administration. Senator Loeffler is a successful businesswoman whose experience would make her a true asset to the SBA, and I urge you to hold a confirmation hearing without delay.

Since 1991, the Georgia Public Policy Foundation has been a trusted, independent resource for Georgians. We propose practical solutions to real-life problems based on fact, an understanding of sound economic principles and the core principles of our free-enterprise system: economic freedom, limited government, personal responsibility, individual initiative, respect for private property and the rule of law.

These principles were gravely threatened during the recent COVID-19 pandemic, and small businesses bore the greatest risk from government-mandated closures. We therefore were heartened by the actions Senator Loeffler took on behalf of small businesses not only in Georgia, but throughout the nation. One of the best examples is her sponsorship of the Regulatory Relief to Support Economic Recovery Act, to codify the Trump administration's executive order which directed federal agencies to remove regulatory barriers so that small businesses could not only survive but thrive. She also served on President Trump's congressional task force to reopen the economy.

These pro-growth measures reflect the kinds of economic policies Senator Loeffler has championed throughout her career in business and politics. As a proven leader in both arenas, she is extremely well qualified to lead the SBA as Administrator.

We are excited at the prospect of having such a true champion of free enterprise as Senator Loeffler as Administrator of the SBA. Thank you for your consideration.

Sincerely,
/s/
Kyle Wingfield
President and CEO

CC: Members of the Senate Committee on Small Business and Entrepreneurship

ICBA
One Mission. Community Banks.

Lucas White, Chairman
Jack E. Hopkins, Chairman-Elect
Alice P. Frazier, Vice Chairman
Quentin Leighty, Treasurer
James H. Sills, III, Secretary
Derek B. Williams, Immediate Past Chairman
Rebeca Romero Rainey, President and CEO

January 14, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, D.C. 20510

The Honorable Edward J. Markey
Ranking Member
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey:

On behalf of ICBA and the nearly 50,000 community bank branches we represent, I write to offer our strong support for former Senator Kelly Loeffler's confirmation as Administrator of the Small Business Administration. Former Senator Loeffler is highly qualified for this post and will make an excellent Administrator. We request that you convene a confirmation hearing in the near future.

Community banks have a long history of working closely with the SBA to broadly and effectively deploy capital to America's small businesses. The 7(a) program is invaluable in allowing community banks to support local small businesses that would not otherwise qualify for conventional credit. Community banks account for around 50 percent of 7(a) loans, meeting the needs of the smallest borrowers.

As a successful businesswoman, former Senator Loeffler understands the importance of SBA lending programs for qualifying small businesses. She distinguished herself in the U.S. Senate as an advocate for pro-growth economic policies, American industry, and entrepreneurship. She has the requisite experience and leadership profile to thrive as Administrator of the SBA.

Thank you for your consideration. We look forward to working closely with former Senator Loeffler to ensure the success of agency programs.

Sincerely,
/s/
Rebeca Romero Rainey
President & CEO

CC: Members of the Senate Committee on Small Business & Entrepreneurship

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IndependentWomen®

Independent Women Supports the Confirmation of Senator Kelly Loeffler as Administrator of the Small Business Administration

January 15, 2025

Dear Senators,

Independent Women, which advances policies that enhance opportunity and well-being, fully supports the confirmation of Senator Kelly Loeffler to serve as Administrator of the Small Business Administration. President Trump deserves the team he wants so that he can carry out the directive given to him by the American people.

There is no question that Senator Loeffler is incredibly qualified to serve as Administrator of the Small Business Administration.

Senator Loeffler's extensive experience in the private sector will enable her to support America's small businesses. Impressively, she has grown a small startup company into a Fortune 500 company. Senator Loeffler knows firsthand about businesses' need to meet payroll and evaluate how to serve consumers as well as employees' interests. This is the kind of background that is too often lacking in Washington. We need business leaders who can help create environments so that American entrepreneurs can innovate and small businesses can continue to thrive as the backbone of the American economy. That's exactly what we can expect from Senator Loeffler in her role leading the SBA.

Independent Women is proud to support the nomination of such a qualified nominee to serve as Administrator of the Small Business Administration. We urge senators to provide Senator Kelly Loeffler with a fair and respectful hearing and to confirm her as Administrator of the Small Business Administration.

Respectfully,

Heather R. Higgins
CEO
Independent Women's Voice

Carrie Lukas
Vice President
Independent Women's Voice



January 21, 2025

The Honorable Joni Ernst
Chairwoman
U.S. Senate Committee on Small Business
Washington, DC 20510

The Honorable Ed Markey
Ranking Member
U.S. Senate Committee on Small Business
Washington, DC 20510

Dear Chairwoman Ernst and Ranking Member Markey:

On behalf of the International Franchise Association (IFA), the world's oldest and largest organization representing franchising worldwide, we write in strong support of the nomination of former U.S. Senator Kelly Loeffler to serve as Administrator of the U.S. Small Business Administration (SBA).

SBA's lending programs are invaluable to the nation's small businesses, which include approximately 830,000 franchise establishments. These locally owned businesses support nearly 8.8 million direct jobs, $896.9 billion of economic output for the U.S. economy, and almost 3 percent of the Gross Domestic Product.

IFA has long appreciated our strong relationship with the SBA and its support of the franchise sector. The SBA 7(a) loan program is the primary source of funding many franchisees rely on for start-up costs and expansion, and this is especially true for first time franchisees. In all, an estimated 10% of all SBA loans go to franchises.

Senator Loeffler boasts an impressive resume in government and the private sector, and her experience in finance in particular positions her to improve the efficiency of this important agency. Her home state of Georgia has become one of the nation's leaders for franchise growth, offering a model to follow at the national level. Thousands of American small business franchises rely on the capital and counseling provided by the SBA, and we look forward to working alongside Senator Loeffler to ensure SBA's lending programs meet the needs of current and future franchise business owners.

IFA welcomes Senator Kelly Loeffler's nomination. Thank you for considering our views.

Sincerely,

Mike Layman
Chief Advocacy Officer
International Franchise Association

1900 K Street, N.W., Suite 700 Washington, DC 20006 USA
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January 18, 2025

The Honorable Joni Ernst, Chair
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ed Markey, Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey,

On behalf of the Job Creators Network (JCN), the country's leading conservative small business advocacy organization, I am writing to express strong support for Senator Kelly Loeffler's nomination to serve as Administrator of the U.S. Small Business Administration (SBA). Her nomination represents a decisive step toward strengthening America's small business community and the economy.

Sen. Kelly Loeffler's journey from her upbringing on a family farm to her accomplishments in business and public service exemplifies the values of hard work, perseverance, and entrepreneurial spirit that define America's small business owners. Growing up in rural Illinois, Ms. Loeffler worked on her family's farm, where she learned the value of hard work, self-reliance, and commitment—qualities that have shaped her career and continue to guide her leadership.

At the Job Creators Network, we believe Ms. Loeffler's track record reflects the type of vision and action needed to address the pressing challenges facing our nation's entrepreneurs. Having served as the CEO of Bakkt, a financial services and technology company, Ms. Loeffler has extensive firsthand experience navigating the complexities of growing a business, creating jobs, and driving innovation.

In addition to her leadership in the private sector, Ms. Loeffler's time in the U.S. Senate further underscores her commitment to supporting America's small businesses.

Her proposal of *Senate Resolution 777* along with Senator David Perdue highlights her focus on free-market solutions that prioritize choice, flexibility, and competition in healthcare. Notably, she also introduced the *Economic Empowerment for Underserved Communities Act* (S.5011), which aimed to provide economic assistance to small businesses impacted by COVID-19 by designating funds for the Community Development Financial Institutions Fund and establishing a Small Business and Domestic Production Recovery Investment Facility.

Additionally, Loeffler sponsored the *Small Business Expense Protection Act of 2020* (S.3612), designed to ensure that small businesses could deduct expenses paid with forgiven Paycheck Protection Program loans, thereby reducing their tax burden during the pandemic. Through these legislative efforts, Loeffler has shown a clear dedication to empowering small businesses, making her a well-qualified candidate for the role of Administrator of the U.S. Small Business Administration.

As Administrator of the SBA, Ms. Loeffler would bring a deep understanding of the challenges faced by business owners—whether in rural communities, like the one she grew up in, or in urban centers—and an unwavering commitment to providing the resources they need to succeed. Her leadership would ensure that the SBA continues to support entrepreneurs and small business owners.

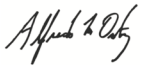
The SBA plays a critical role in supporting the backbone of our economy—America's small businesses. With over 30 million small businesses in the United States, the SBA's mission to provide access to capital, mentorship, and disaster recovery resources is more important than ever.

We at the Job Creators Network believe that Kelly Loeffler's nomination represents an extraordinary opportunity to strengthen America's small businesses and, in turn, our nation's economy. Her work ethic, business acumen, and vision for empowering entrepreneurs are exactly what the SBA needs during these dynamic times.

I respectfully urge the Senate Small Business and Entrepreneurship Committee and Congress to confirm Kelly Loeffler as the Administrator of the Small Business Administration. Her confirmation would be a significant step toward empowering America's entrepreneurs and securing a robust economic future.

Thank you for considering this nomination and for your continued efforts to support small businesses across the nation.

Sincerely,



Alfredo Ortiz
Chief Executive Officer
Job Creators Network

STATE OF GEORGIA
OFFICE OF THE GOVERNOR
ATLANTA 30334-0090

Brian P. Kemp
GOVERNOR

January 29, 2025

The Honorable Joni Ernst
Chairwoman
U.S. Senate Committee on Small Business & Entrepreneurship
428A Russell Senate Office Bldg
Washington, D.C. 20510

The Honorable Ed Markey
Ranking Member
U.S. Senate Committee on Small Business & Entrepreneurship
428A Russell Senate Office Bldg
Washington, D.C. 20510

Dear Chairwoman and members of the Committee,

I am proud to express my support for the Honorable Kelly Loeffler as Administrator of the Small Business Administration (SBA) as you consider her nomination and work through the confirmation process. Senator Loeffler has a proven track record of promoting the economic success of everyday Americans, and I am confident that she will further these achievements for small business owners all across this country in this role.

Kelly is a living product of the American Dream, and she understands the key role small businesses play in our nation's thriving economy. She spent over 25 years building businesses and creating jobs, working with equal determination on her family farm and in corporate America. As Senator for the State of Georgia, she fought to reduce burdensome regulations hindering business growth and advocated for small businesses across a variety of industries.

Americans can expect Kelly Loeffler to bring that same common-sense approach to the SBA as she supports President Trump's priorities to foster opportunity and strengthen the economy. I look forward to your fair and careful consideration of her nomination.

Sincerely,

Brian P. Kemp

NATIONAL ACE
NATIONAL ASIAN / PACIFIC ISLANDER AMERICAN CHAMBER OF COMMERCE & ENTREPRENEURSHIP

February 3, 2025

The Honorable Jodi Ernst
Chairwoman
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

The Honorable Ed Markey
Ranking Member
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

The Honorable Tim Scott
Member
Senate Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

Dear Chairwoman Ernst, Ranking Member Markey, and Senator Scott,

I am writing to express my strong support for the nomination of the Honorable Kelly Loeffler as the next Administrator of the Small Business Administration (SBA). Her extensive experience as a small business owner, coupled with her deep understanding of the challenges faced by entrepreneurs, positions her uniquely to lead the agency effectively.

Senator Loeffler's commitment to building upon the legacy of former SBA Administrator Linda McMahon is commendable. Her focus on increasing accountability within the agency and ensuring that it meets the needs of its clients is a much-needed approach that will benefit small businesses across the country.

We look forward to collaborating with her once confirmed and believe that her leadership will be instrumental in supporting the many small businesses that depend on the SBA's core mission.

Thank you for your attention to this important nomination.

Sincerely,



Chiling Tong,
President & CEO
National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE)

NADCO
National Association of Development Companies

January 17, 2025

Dear Ms. Loeffler:

The National Association of Development Companies (NADCO), and the certified development companies (CDCs) we represent nationwide, are pleased to support your nomination to be the 28th Administrator of the Small Business Administration (SBA).

Your background and years of expertise in the financial services sector, as well as your tenure as senator from Georgia, position you well to take on the leadership role of Administrator and advance the Agency's mission to empower entrepreneurs, foster economic growth, and ensure small businesses have the resources they need to contribute to a dynamic national economy.

Since its inception in the 1950s, SBA has been a vital resource for entrepreneurs and small businesses, filling market gaps and helping them access the capital they need to start and grow. As mission-driven economic developers, CDCs have been a long-time industry partner supporting small business growth and job creation across the country through delivery of SBA's 504 Loan Program, Community Advantage Loan Program, Microloan Program, and other federal, state, and local programs. As an industry, we believe strongly in the SBA's mission and its role in cultivating a thriving U.S. small business sector.

We look forward to partnering with you and your team to do all we can to champion the nation's small businesses and achieve the mission set before us.

Sincerely,

Rhonda Pointon
President & CEO
National Association of Development Companies (NADCO)

NADCO
National Association of Development Companies

January 21, 2025

Honorable Joni Ernst
Chair
Committee on Small Business and Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Honorable Ed Markey
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey:

The National Association of Development Companies (NADCO), and the certified development companies (CDCs) we represent nationwide, are pleased to support the nomination of former Senator Kelly Loeffler to be the 28th Administrator of the Small Business Administration (SBA).

Senator Loeffler's background and years of expertise in the financial services sector, as well as her tenure as senator from Georgia, position her well to take on the leadership role of Administrator and advance the Agency's mission to empower entrepreneurs, foster economic growth, and ensure small businesses have the resources they need to contribute to a dynamic national economy.

Since its inception in the 1950s, SBA has been a vital resource for entrepreneurs and small businesses, filling market gaps and helping them access the capital they need to start and grow. As mission-driven economic developers, CDCs have been long-time industry partners supporting small business growth and job creation across the country through delivery of SBA's 504 Loan Program, Community Advantage Loan Program, Microloan Program, and other federal, state, and local programs. As an industry, we believe strongly in the SBA's mission and its role in cultivating a thriving U.S. small business sector.

We look forward to partnering with Senator Loeffler and her team to do all we can to champion the nation's small businesses and achieve the mission set before us.

Sincerely,

Rhonda Pointon
President & CEO
National Association of Development Companies (NADCO)

NAGGL

January 20, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, DC 20510

The Honorable Ed Markey
Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, DC 20510

Dear Chair Ernst & Ranking Member Markey:

On behalf of nearly 1,000 private-sector financial institutions and partners that served over 70,000 small businesses across the U.S. just last year alone through the Small Business Administration (SBA) 7(a) lending program, I write to express the support of the National Association of Government Guaranteed Lenders (NAGGL) for the swift confirmation of Senator Kelly Loeffler to serve in President Donald J. Trump's Cabinet as the next SBA Administrator.

SBA, as the agency charged with protecting and assisting America's small businesses, must have a leader who understands the needs of this sector and recognizes that its success is strongly tied to both the success of the overall economy and that of the private-sector lenders that serve to support Main Street America. NAGGL is pleased to endorse a nominee in Senator Loeffler who shares this understanding, as well as the common goals of the 7(a) lending industry: to create jobs and grow the economy through private-sector investments, and to ensure that the backbone of America's economy—small businesses—have access to the capital needed in order to thrive. With its unique private-sector driven framework, 7(a) lending accomplishes these goals and fills a vital gap in the conventional lending marketplace.

It is because of Senator Loeffler's support and understanding of the small business sector, generally, and of SBA's 7(a) loan program that NAGGL is proud to give its endorsement to her confirmation as SBA Administrator. Once confirmed, Senator Loeffler's decades-long successful business and finance career uniquely positions her to truly grasp the myriad of challenges and opportunities that exist in starting, building, and growing a business, as well as the needs of the financial services partners that support those businesses.

For over 70 years, the lending industry has ensured that the SBA's largest and hallmark program, the 7(a) loan program, created or retained millions of jobs, and grew the local economies of this country in both tangible and immeasurable ways. As we begin a new Administration, NAGGL sincerely looks forward to continuing those efforts on behalf of small businesses and working hand-in-hand with Senator Loeffler as she leads an agency that plays an incredibly vital role in the federal government. We urge the Committee and the Senate to quickly consider and confirm Senator Loeffler and thank you for your continued leadership and support.

Sincerely,

Anthony R. Wilkinson
President & CEO, National Association of Government Guaranteed Lenders (NAGGL)

January 24, 2025

The Honorable Joni Ernst
Chair
Senate Small Business Committee
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ed Markey
Ranking Member
Senate Small Business Committee
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey,

On behalf of the National Restaurant Association, I am writing to convey our support for Sen. Kelly Loeffler's nomination as Administrator of the Small Business Administration (SBA) and Bill Briggs' nomination as Deputy Administrator of the SBA.

The restaurant and foodservice industry is the second-largest private sector employer in the United States, with over 15.7 million employees and generating more than $1.4 trillion in annual sales. Sixty-three percent of adults have worked in the restaurant industry, making it the nation's training ground.

The SBA is an indispensable partner to our industry, which is primarily composed of small businesses. Notably, 9 out of 10 restaurant operators employ fewer than 50 people, and 7 out of 10 are single-unit owners. Rising food and labor costs – each up more than 30% in the past five years – and workforce shortages continue to challenge operators nationwide. Effective SBA leadership is crucial for fostering policies that promote economic growth, job creation, and business sustainability.

Sen. Loeffler brings extensive experience from both small and large businesses, as well as the public sector, providing her with valuable insights into the challenges entrepreneurs face and how to stimulate economic growth. Her formative years on her family farm and working in restaurants instilled a deep appreciation for hard work, honed lifelong skills, and ingrained the importance of serving others.

We valued our collaboration with Sen. Loeffler at the outset of the COVID-19 pandemic, one of the most challenging periods in the history of the restaurant industry. In 2020 alone, the restaurant and foodservice sector faced unprecedented challenges, with over eight million employees laid off or furloughed and a staggering $240 billion in lost sales. Senator Loeffler supported initiatives like the Paycheck Protection Program (PPP), which played a critical role in allowing restaurants to stay in business and keep employees on payroll.

While Congress passed the PPP, Mr. Briggs played a pivotal role in the challenging task of setting up and implementing this large-scale initiative under unprecedented conditions. He attentively listened to feedback from restaurants to ensure the program's effectiveness. Without his expertise

and diligence, countless restaurants and small businesses across the country would not have survived.

We respectfully urge the Senate to approve the nominations of Sen. Loeffler and Mr. Briggs. Their leadership will provide the necessary direction to address the challenges facing the restaurant and foodservice industry and ensure its continued contribution to the nation's economic growth and success.

Thank you for your consideration.

Sincerely,



Michelle Korsmo
President & CEO
National Restaurant Association

NRF National Retail Federation

January 17, 2025

The Honorable Joni Ernst
United States Senate
260 Russell Senate Office Building
Washington, DC 20510

The Honorable Ed Markey
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairwoman Ernst and Ranking Member Markey:

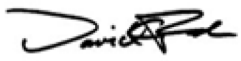
On behalf of the National Retail Federation, I write in support of the nomination of former Senator Kelly Loeffler as the next Administrator of the Small Business Administration (SBA). Her experience as an executive, startup founder, and job creator makes her an ideal leader for the SBA. We respectfully encourage the Small Business Committee to quickly review her nomination and for the Senate to confirm Senator Loeffler at its earliest convenience.

For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies. More than 98% of retailers are small businesses, and the next Administrator of the Small Business Administration must be a champion for American entrepreneurship, help shape efficient and modern regulations, and empower these businesses to grow, innovate, and thrive.

With a proven track record of navigating complex regulatory, competitive, and economic challenges, Senator Loeffler possesses the background and experience needed to address some of the most pressing issues facing small businesses and the American economy today.

We look forward to working with the Committee members and the new Administrator on to create opportunity for small retail businesses to reach their full potential. Thank you for your consideration of our endorsement of former Senator Kelly Loeffler to be the Administrator of the Small Business Administration.

Sincerely,



David French
Executive Vice President
Government Relations

NATIONAL RETAIL FEDERATION
1101 New York Avenue, NW, Suite 1200
Washington, DC 20005
www.nrf.com

January 28, 2025

The Honorable Joni Ernst
Chair
Senate Committee on Small Business and Entrepreneurship
United States Senate
260 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ed Markey
Ranking Member
Senate Committee on Small Business and Entrepreneurship
United States Senate
255 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey:

On behalf of the National Small Business Association[1] (NSBA) and its more than 65,000 members, I write in full support of the nomination of The Honorable Kelly Loeffler to be Administrator of the Small Business Administration (SBA).

Ms. Loeffler is the embodiment of a small business advocate and ally, evidenced by both her track record while serving as a United States Senator as well as throughout her successful business career, experiences that uniquely position her to understand firsthand the challenges and opportunities inherent in starting and growing a business. NSBA believes wholeheartedly that Ms. Loeffler has the expertise and determination to lead the SBA, to ease the regulatory burden currently faced by the small business community, to elevate the role of the Office of Advocacy, and to streamline and modernize the way small businesses contract with the federal government.

I have no doubt that Ms. Loeffler will be a tremendous asset in helping the new Administration achieve its key goals of stronger economic growth and job creation by further fostering our nation's rich history of small business entrepreneurship. I am therefore pleased to support her nomination and respectfully urge members of the committee to do so as well.

Should you have any questions, please do not hesitate to reach out to Reed Westcott, Senior Director of Government Affairs and Federal Policy at rwestcott@nsbaadvocate.org.

Thank you,

Todd McCracken
President & CEO
National Small Business Association

[1] Founded in 1937, NSBA is the nation's oldest small-business advocacy organization. We operate on a bipartisan basis to represent the interests of all American small businesses. We have 65,000+ members in every state and every industry across the country, including our numerous state affiliates. More information about NSBA and our priorities can be found on our website at: www.nsbaadvocate.org.



January 18, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, D.C. 20510

The Honorable Edward Markey
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Chair Ernst and Ranking Member Markey:

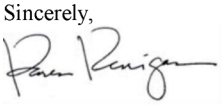
The Small Business & Entrepreneurship Council (SBE Council) is pleased to support the confirmation of Kelly Loeffler as Administrator of the U.S. Small Business Administration (SBA). Ms. Loeffler's business experience across industries and in firms small and large, her multifaceted knowledge of capital markets, and her personal entrepreneurial journey and insight will add tremendous value to the important work of the SBA.

At a time of rapidly changing markets, digitization, and the challenging headwinds that small business owners have endured during the Covid-era up until now, they are looking for policy stability and practical tools and advice to run and grow their firms. As a proven business leader and entrepreneur, Ms. Loeffler is an ideal candidate to ensure SBA programs and their delivery are effective and efficient, and meet the needs of our nation's small business owners. Moreover, as a former member of the U.S. Senate, we are confident that Ms. Loeffler's respect for the institution and its role will ensure that SBA programs focus on authorized programs and that critical lending programs are executed diligently and efficiently.

SBE Council is confident that Ms. Loeffler's leadership and stewardship of the SBA will prove to be positive for the many diverse startups and small business owners who seek guidance, technical support, and capital to more effectively compete in a challenging economic climate. We urge every member of the U.S. Senate to support her confirmation.

Thank you for your support of America's entrepreneurs and small business owners, and please do not hesitate to contact me for questions or additional information.

Sincerely,



Karen Kerrigan
President & CEO

Protecting Small Business, Promoting Entrepreneurship

800 Connecticut Ave. NW ● Suite 300 ● Washington, D.C. 20006 ● (703)-242-5840

www.sbecouncil.org

January 13, 2025

Honorable Joni Ernst
Chairwoman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20515

Honorable Edward Markey
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20515

Chairwoman Ernst and Ranking Member Markey,

On behalf of America's SBDC, the Association representing Small Business Development Centers, I would like to express our support and enthusiasm for the nomination of the Honorable Kelly Loeffler of Georgia for the position of Administrator of the US Small Business Administration (SBA). Senator Loeffler has a well-known career as a business leader, and a knowledge of financial services and technology that is well suited to the management and improvement of SBA's financial services and entrepreneurial development programs.

Her family background in agriculture will also help bring a focus on expanding assistance and entrepreneurial opportunity in America's rural communities. Her combination of financial and technological knowledge combined with her understanding of rural communities will help improve and expand SBA's effectiveness. On behalf of America's SBDC, I encourage you and your colleagues to confirm her nomination as quickly as possible.

Sincerely,

C. E. Rowe
President/CEO

SMALL BUSINESS INVESTOR ALLIANCE™

January 17th, 2025

The Honorable Joni Ernst
Chairwoman
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20515

The Honorable Ed Markey
Ranking Member
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20515

Dear Chairwoman, Ranking Member, and Senators of the Committee:

The purpose of this letter is to express our support for the confirmation of Former Senator Kelly Loeffler to serve as Administrator at the Small Business Administration (SBA) and to encourage the Senate to provide its advice and consent to fill this position swiftly.

SBIA is the trade association representing small business investors, including the Small Business Investment Companies (SBIC) and Rural Business Investment Companies (RBIC). Since 1958 we have been a close partner with SBA to promote small business growth, capital access, job creation, and entrepreneurship. This partnership has empowered companies like Federal Express, Apple, Intel, Tesla, and many others to grow from small businesses into icons of American industry and ingenuity.

We should start 2025 with renewed faith in America's ability to build a better future by growing the small business economy. With former Senator Loeffler at the helm of SBA, this committee will create an immediate opportunity to help small business owners turn their hopes into action by fully using one of the most successful and least known SBA tools, the Small Business Investment Companies.

The SBIC program is a proven model of thoughtful public policy that places American small businesses first. SBICs are private investment funds licensed and regulated by the SBA that invest exclusively in U.S. American small businesses, often in manufacturing and in underserved markets. Since SBIC investments cannot be used to offshore operations, they are financing the American renaissance with reshoring and reinvestment. Investing 100% of their capital in growing small businesses across America, SBICs are designed to renew the American dream.

Small businesses need their government to prioritize them with the same focus and intensity that hostile foreign governments have shown in displacing the United States as the world's economic engine. A successful SBA can aid American enterprise to rise to this challenge. Small business investors are ready to be put to good use by the new Loeffler SBA. The beneficiaries of an affirmative vote will be small businesses, their communities, and ultimately the entire American economy.

We respectfully urge the Senate to act quickly to confirm former Senator Kelly Loeffler as SBA Administrator.

Sincerely,



Brett Palmer
President
Small Business Investor Alliance

CC: Committee on Small Business and Entrepreneurship

February 5, 2025

Submitted via email

Chair Joni Ernst
United States Senate
Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20510

Ranking Member Edward J. Markey
United States Senates
Senate Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20510

Re: SHRM Supports the Nomination of the Honorable Kelly Loeffler for Small Business Administration Administrator

Dear Chair Ernst and Ranking Member Markey:

I write on behalf of SHRM and our nearly 340,000 HR professionals and business executive members in 180 countries to express SHRM's support for the nomination of the Honorable Kelly Loeffler to lead the U.S. Small Business Administration (SBA).

As the trusted authority on all things work, SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. SHRM has an unwavering commitment to focus on policy, not politics, and makes a concerted effort to reach across party lines and work with *all* administrations to secure the lives and livelihoods of workers. Further, we believe the President has the right to pick his key advisors and in its exercise of "advise and consent," SHRM urges the Senate to confirm the nomination of the Hon. Loeffler. During today's rapidly evolving economic times, American small businesses and workers alike rely on the federal government to provide clear guidance, deliver results, and implement policies that foster thriving, successful businesses.

The Small Business Administrator is pivotal in achieving these outcomes. The Hon. Kelly Loeffler intends to grow manufacturing, strengthen rural communities, create jobs, and develop critical technology, as well as streamline and modernize the SBA. She aims to provide low-cost entrepreneurial development programs, as well as access to capital and disaster relief loans for small businesses. As a member of the United States Congress, the Hon. Kelly Loeffler championed policies such as investing in workforce development to create jobs and a reliable and flexible H-2 visa program to supply the nation's businesses, including farmers, with needed temporary workers.

It is SHRM's responsibility as the voice of all things work to advocate and collaborate with all policymakers to develop and implement workplace policies that build a world of work that works for all. SHRM will continue to put policy above politics and collaborate with the SBA Administrator to advance clear, balanced, and consistent workplace policies that serve the long-term interests of American workers and workplaces.

We welcome the opportunity to discuss this nomination or our policy priorities further. If you or your staff have any questions, please contact SHRM Government Affairs at governmentaffairs@shrm.org.

Sincerely,

Johnny C. Taylor, Jr., SHRM-SCP
President & CEO

Emily M. Dickens
Chief of Staff, Head of Public Affairs &
Corporate Secretary



U.S. BLACK CHAMBERS, INC.

The National Voice of Black Business

December 9, 2024

In Support of SBA Nominee Kelly Loeffler

The U.S. Black Chambers, Inc. (USBC) congratulates Former Senator Kelly Loeffler on her nomination to serve as the next Administrator of the U.S. Small Business Administration (SBA). As the voice of Black business, representing over 172 chambers and millions of Black-owned enterprises nationwide, USBC looks forward to engaging with Senator Loeffler in her new role to advance policies that strengthen America's small business ecosystem.

Small businesses, particularly Black-owned enterprises, are vital to the U.S. economy. They create jobs, foster innovation, and anchor communities across the nation. We are eager to collaborate with Administrator Loeffler to ensure that Black businesses have equitable access to SBA programs, capital, contracting opportunities, and resources necessary to thrive.

USBC remains steadfast in its commitment to advocating for inclusive policies that empower minority entrepreneurs. With Administrator Loeffler's leadership, we hope to see a renewed focus on breaking down barriers to entry, expanding federal procurement opportunities, and building economic resilience within underserved communities.

We look forward to working with the SBA under Senator Loeffler's administration to address the unique challenges faced by Black businesses and to create pathways for long-term economic empowerment.

Best regards,

U.S. Black Chambers, Inc.

+202-463-8722
www.usblackchambers.org
1001 Connecticut Ave NW, #504, Washington, DC 20036

The CHAIR. Without objection, so ordered.

So, at this time, we will go ahead and move on to questions. So, I now recognize myself for five minutes of questions.

Senator Loeffler, in our conversation, you made it clear that given your time in the Senate, you understand the role of Congress. You denoted given your business experiences, you'd view us as your board and the taxpayers as your shareholders, with responsibilities to all of us to ensure the SBA moves forward in the right direction.

Unfortunately, the Biden Administration did not share this view. I repeatedly requested information and those requests were ignored or fumbled. Can you commit to provide this committee with the documents and information at requests in a timely manner?

Senator LOEFFLER. Absolutely Chair Ernst. I look forward to a collaborative and responsive relationship.

The CHAIR. Yes, and I think that is essential to a good partnership between Congress, the Small Business Administration, and our constituencies. That's who we serve. So, thank you for that.

Last year, SBA failed to alert or provide the committee with information before the agency ran out of funding for its disaster assistance program. Can you commit to more transparent, timely, and forthright dialogue between the SBA and this committee should you become administrator?

Senator LOEFFLER. Absolutely, Chair Ernst. This should never happen again under my watch, it will not and we will work to make sure that we have all the controls in place.

The CHAIR. Thank you for that answer. I'd like to move on to your goals and vision for the agency. Now, we know that it's extremely important to me that we right size the SBA and get it on a clear course to deliver its mission. Within your first 100 days as administrator, what would be your primary goals and objectives to get the SBA back on track?

Senator LOEFFLER. Thank you for the question, Chair Ernst. And I too enjoyed the time that we were able to spend together with you and your staff. I think your leadership of this committee is critical and I appreciate the work that you've done to date.

I look forward to working with this entire committee toward the aims of restoring the Small Business Administration, to serving small businesses and supporting economic growth in this country, that's our North Star. In order to do that, we must have accountability at this agency—it's in dire need of restoration, and that starts with shoring up the financial situation.

The fact that this agency has not been able to pass an audit for four years is a disgrace. We must make sure that we are accountable to taxpayers, that our programs are solvent and working toward the aims of serving small businesses. So, obviously, we're going to get our financial house in order and do it quickly.

And we're going to do that, in addition to making sure the programs are working for small businesses and taxpayers, we know that the core (7a) loan program is in need of oversight in terms of understanding the rising delinquencies and defaults. We will take a hard look at that. We will make sure that the disaster funds are resourced and accounted for, and that there are no more situations where Americans in a crisis are faced with months of not having disaster relief.

And then finally, we are certainly going to get this agency back to work. I am grateful for President Trump's rapid action through his executive order to return to work. We're going to make sure that we have people at work committed to the success of small businesses that have a heart for small business, but also have that sense of accountability to taxpayers.

The CHAIR. Thank you so much for that. And as you talk about the audit, we know that we need transparency within the Small Business Administration, and hearing that is music to my ears. I began my elected career representing the taxpayers of Montgomery County as their county auditor. And I'm just excited to know that you will follow through on that commitment.

As you know, I also serve as the Chair of the Senate DOGE Caucus, and we have a public mandate and a very rare opportunity to expose and roll back programs for what they truly are, multimillion dollar boondoggles. SBA is not immune to this, which provides us extraordinary opportunity to streamline and disrupt the bureaucracies and their status quo. Will you commit to examining programs to root out fraudulent actors?

Senator LOEFFLER. This is critical because we're over four years past Covid. The last administration took a pass on rooting out fraud in these programs. I appreciate your work and your legislation, continuing Covid collections to make sure that we go after those that want to defraud the government. As I said, we'll have a zero-tolerance policy toward fraud, but also toward waste and abuse. And we will root that out within the agency and those that seek to exploit the programs.

The CHAIR. Very good. Thank you very much, Senator Loeffler. At this time, I will turn the gavel over to Senator Curtis while I go vote. And I will recognize Ranking Member Markey for your questions.

Senator MARKEY. Thank you, Madam Chair, very much. On Monday night, President Trump's budget office issued a memo that directed agencies to cut off all federal spending outside of payments to individuals. The Trump Administration issued this order even though this spending was authorized and appropriated by Congress and intended to benefit the American people.

So, my first question is very straightforward, do you believe that this action by the President to cut off federal funding, authorized and appropriated by Congress, was lawful?

Senator LOEFFLER. Senator, I disagree with the premise of your question because the money was certainly with regard to the agency's discretionary in many cases. But I fully agree with President Trump's decision to stop wasteful spend spending, it resulted in a landslide victory that many Americans were waiting for relief against excessive government spending that has——

Senator MARKEY. He froze all programs. He did not freeze programs that had waste, fraud, and abuse. He froze all programs. Do you think that's lawful that he can freeze all programs?

Senator LOEFFLER. With all due respect, I completely disagree. Not all programs were frozen at all. He, specifically in the OMB, called out programs related to illegal DEI programs and programs that effectively linked to the Green New Deal that picks winners and losers. And so, I think Americans breathed the sigh of relief

when they saw that the waste, fraud, and abuse is going to get out of this government.

Senator MARKEY. Wait, no, no. On the next day, OMB did put out a statement saying, funds for small businesses are not subject to the order. So, he did not single out all these programs, initially. They were under this cloud of freezing all programs, it had to be clarified. And that's good for small businesses, but only for now. This uncertainty, the cloud, which was placed over the head of small businesses across the country, that could return at any moment. It's just a dangerous precedent that the President set.

I hope that you would hold President Trump to upholding the law. And if President Trump asked you to do anything illegal or unconstitutional in your role as SBA administrator, would you say no?

Senator LOEFFLER. Ranking Member Markey, the President is not going to ask me to do that. I'm not going to create a hypothetical situation here. I will faithfully uphold the law and President Trump is fighting for Americans.

Senator MARKEY. The President has already acted illegally twice in the last five days. He fired Inspector——

Senator LOEFFLER. I respectfully disagree.

Senator MARKEY. He fired the Inspector General, that was illegal under the law. He froze all funding on Monday night, that was also against the law. So, it's not as though he won't ask you to do something illegal, unconstitutional. He's been doing it all week. And this is the first week. So, let me move on. Since its creation in 1982——

Senator LOEFFLER. Ranking Member, Markey, if I could, just for the record, note that these were not illegal actions. I support the President's actions, it's in his right to select the members of the executive branch, that's what he was doing and he certainly is in the right to stop wasteful spending as the President.

Senator MARKEY. No, no. The President violated a statute by firing the Inspector General. It requires 30 days' notice, it's a statute passed by Congress, signed by a President. It's a violation of law. He does not have the ability to be a King, or a dictator. He has to follow the law, Senator.

Senator LOEFFLER. I believe there's precedent for this in his right as the head of the executive.

Senator MARKEY. Now, let me move on to SBIR which has had staggering success across the country and especially in Massachusetts. Overall, Massachusetts has received over 26,000 SBIR and STTR awards, $9 billion in funding. And I strongly believe in these programs and their potential for just supercharging our economy as those programs have in Massachusetts and states all across the country.

And when I met with you, you mentioned that SBIR awards should be awarded on a merit basis. And I agree wholeheartedly that merit drives innovation. So, will you commit to working with me and the committee to ensuring that any SBIR/STTR reauthorization effort maintains a merit-based process and does not limit innovation?

Senator LOEFFLER. Absolutely, Ranking Member, Markey, if I have the honor of being confirmed, I will look forward to working with you. And I know we have a lot of common ground in support

of small businesses, particularly the SBIR. And for those watching, it's the Small Business Innovation Research program that allows the United States to be at the forefront of technological, biomedical, and other types of national security related technology research and innovation that is so important to this country. Thank you.

Senator MARKEY. Okay. Thank you.

Senator CURTIS [presiding]. Thank you. And now I will yield five minutes to myself. And I'm so pleased, Senator to have you with us and we'll call you Senator, at least for now. When you came into my office, I really appreciated the connection we made about small businesses in our own lives, and in your family's lives.

And like many of the members here, we can all identify with the statistics in our state, I don't think they're very different, in mine, its 99 percent are small business, over half of all the employees in the state are small business. And it's such an important part of our economy, yet they often lack resources and don't have some of the advantages of larger businesses.

And one of the things we discussed when you were in my office is how to best hook up the resources of your administration with those small businesses in our state. You were generous, if I remember correctly, to offer to come out to our state, and I'm getting a nod ahead, so I'm going to take a yes for that. And I think as part of that, not just you coming out, but helping educate my small businesses about what's available to them and how they can access those. So, we'll look forward to your visit.

Senator LOEFFLER. Thank you, Senator. I'm very excited about visiting your town, I'm excited to have you in the Senate and appreciated meeting with you and your staff in the basement office. I used to have a basement office. It's a great way to start. [Laughter.]

Senator CURTIS. It's like a small business, right?

Senator LOEFFLER. That's right. It's a small business.

Senator CURTIS. I think we talked about—I had a small business before I came here. My father was a small business owner. My grandfather was a small business owner. My daughters and children have small businesses. And one of the things that I don't think America realizes is that most of these small businesses struggle just to keep the lights on, right? It's hard paycheck to paycheck.

They don't have a lot of money to do a lot of things other people do. Part of that is they don't have the money for lawyers and attorneys to deal with the excessive regulations that sometimes we can put on them here from Washington, DC. And as a result, I believe regulations are disproportionately hard on small businesses.

So, share with me for a minute what you can do to lighten this burden and how do we make sure here in Washington that we're not the biggest problem with small businesses?

Senator LOEFFLER. Senator, thank you for recognizing that vital issue to America's 34 million small businesses many who have fewer than nine employees. And, you know, in answering your question, I'd like to speak to small businesses in saying you have someone that, if confirmed, will understand what it's like to have a small business—to worry about meeting payroll, let alone paying the bills for the small business, particularly with the setbacks that small businesses have had in the last four years, losing about 10

percent on the top line revenue while seeing their costs increase by 20 percent due to inflation.

So, small businesses have lost ground. Now, the SBA can be a way of helping small businesses combat what has been a tough four years if we deploy the resources appropriately and prudently so that the small businesses who need it most have access to that, be it through capital, be it through technical assistance or other ways of supporting entrepreneurship in this country, which is so vital to our advancement on a global stage, but also within our local communities.

These are the businesses that sponsor the softball teams. These are the businesses that provide that first job, and they're the ones that never work from home. They show up, they turn out their commitments to their customers, and that's absolutely what we're going to do at the SBA.

Senator CURTIS. Great. I appreciate that. Looking forward to working with you on that. Kind of a sister to that would be just federal policy in general and we know we're going to be talking about tariffs in the upcoming days. Once again, these are disproportionately hard on small businesses, and we had this conversation in my office too, would love to invite you to work with the administration and the Senate as we move into a world where tariffs are real reality, to figure out how to help small businesses accommodate better to those tariffs', things like a different runway timeframe and when those hit the small businesses.

Can you just comment on how we can deal with our small businesses and what might be one of their most difficult challenges?

Senator LOEFFLER. Thank you, Senator. If I have the honor of being confirmed, I will be a voice for small business. But let me assure you, there is no bigger small business champion than President Trump. He will make sure that small business has a voice at the table. But I also think it's important that we look at the data and not the hyperbole that happens sometimes in the media.

President Trump was successful in implementing tariffs in his first term, but also successful at keeping inflation right around that 2 percent mark, which really, you know, some facts that the media always overlooks. So, you have my commitment that small businesses will be considered in all the decisions we make. And that's something that I know firsthand from President Trump. He is their biggest advocate.

Senator CURTIS. I think I should yield my time. Thank you. [Laughter.]

The CHAIR. And thank you Senator Curtis for manning the chair. I now recognize Senator Hirono.

Senator HIRONO. Thank you, Madam Chair. Mrs. Loeffler, welcome. As part of my responsibility as a member of this committee, as well as all the other committees on which I sit, I ask the following two initial questions of all nominees who come before any of my committees. So, I'll ask you, since you became a legal adult, have you ever made unwanted requests for sexual favors or committed any verbal or physical harassment or assault of a sexual nature?

Senator LOEFFLER. No, Senator.

Senator HIRONO. Have you ever faced discipline or entered into a settlement relating to this kind of conduct?

Senator LOEFFLER. No, Senator.

Senator HIRONO. During the pandemic, you opposed Planned Parenthood Health Centers receiving PPP Loans for ideological reasons even though, like other nonprofits, they were eligible for loans as later determined by SBAs own inspector general. Last week, the President fired the IG without proper notice as required by law. And it's clear that President Trump believes he can do whatever he wants. As the Administrator, should you be confirmed, would you commit to implementing SBA programs in a fair and impartial manner?

Senator LOEFFLER. Senator Hirono, let me first say, I hope that we could be able to meet, I'd requested several meetings. I keep the people of Maui in my prayers. I know that they're still struggling through the disaster that occurred about 18 months ago, and I hope that we can work together.

But let me correct with all due respect both premises of your question. I objected to the Planned Parenthood receipt of Covid relief loans because they did not fit the parameters of the program because of the affiliation——

Senator HIRONO. Actually, Mrs. Loeffler, you do know that the IG took a contrary position. So, all I'm asking is whether you can be fair and impartial in being the administrator of SBA, a very important position. As you say, there are so many small businesses throughout our country. So, just a simple affirmation that you can do so is what I'm asking.

Senator LOEFFLER. Senator, I will faithfully uphold all of the laws and ethics rules.

Senator HIRONO. Well, the thing is that, as I mentioned with President Trump, the laws that he likes are the ones he likes, and then the ones he doesn't like, he considers them to be illegal. But I will move on.

As a Senator, you co-sponsored the resolution, recognizing Brian Sicknick, the U.S. Capitol police officer, who was brutally attacked during the January 6th insurrection and who later died. As a result, last week, the President issued blanket pardons for the January 6th Insurrectionists, including those responsible for attacking Officer Sicknick. Do you agree with the President's decision to pardon these violent offenders? Yes, or no?

Senator LOEFFLER. Yes, Senator. I strongly support President's pardon. These individuals were denied due process and it's time to get past political persecution in this country. That's what Americans voted for.

Senator HIRONO. Mrs. Loeffler, they were not denied due process because they were tried and found guilty, and some of them even admitted their guilt. So, I am disappointed that you agree that these violent, basically criminals, should be pardoned.

Then, we get to the Lahaina Wildfire. In 2023, Lahaina experienced wildfires that devastated the entire community, including schools, homes, businesses, and more. Key to their recovery has been what I've described as the federal family of agencies, which of course includes FEMA and SBA.

Last week, the President proposed eliminating FEMA and he said, "Let the states take care of the tornadoes and the hurricanes and all of the other things that happen". So, I have seen the devastation in Lahaina and the rural FEMA and SBA played in the recovery. The SBA itself provided hundreds of millions of dollars in loans to help the Lahaina recover. It would be a huge mistake to eliminate SBAs role in disaster response and relief, and have states fend for themselves.

Do you agree with the President's recent comments that states should be left to fend for themselves during and after natural disasters? That's another yes or no question.

Senator LOEFFLER. Senator, I disagree with the premise. The President strongly supports disaster relief. He was on the ground just last week in North Carolina.

I also mentioned Hawaii in my opening remarks, that we do support the continued relief there.

Senator HIRONO. So, you support the continuing involvement of the SBA in recovery.

Senator LOEFFLER. Yes. And the President's been clear that individual assistance will not be paused.

Senator HIRONO. I'm glad you do and that you support the continuing role, important role of SBA. When you were running for U.S. Senate, you——

The CHAIR. The Senator's time has expired,

Senator HIRONO. Time flies. Are you having a second round?

The CHAIR. We can do a second round. Yes.

Senator HIRONO. If not, I'll certainly submit questions for the record. Thank you.

The CHAIR. Thank you, Senator Hirono. Next, I will recognize Senator Budd for five minutes of questions.

Senator BUDD. Thank you, Chair, Senator Loeffler, congratulations on your nomination. Thanks to your family and your friends for being here and for leaving your role in private work twice to serve our country. So, thank you for what you're willing to do.

Your state and my state and several others have gone through quite a lot since late September with Hurricane Helene. In the moments where I wasn't in Western North Carolina myself, I was able to see—if I was able to look up and see a television. It was you standing there, I believe it was in Valdosta with President Trump, committing that if he were reelected, he would support. He's lived up to that. He's been back to Western North Carolina. I believe he's our rebuilder-in-chief.

So, one of the things that we saw was that the SBA under President Biden, it failed to notify Congress in a timely manner about the depletion of the Disaster Relief Fund and didn't fulfill their reporting requirements along the way. So, if confirmed, how would you ensure timely and accurate reporting to Congress regarding disaster loan account balances and funding needs? And how would you address the transparency failures that we saw during the Biden Administration?

Senator LOEFFLER. Thank you for this important question, Senator. And let me assure you, my prayers are with the people of Western North Carolina. I know the President was there recently, and is truly the rebuilder-in-chief, as are many private enterprises

in your own state, Samaritan's Purse, and I thank them for their dedication across the Southeast. And my prayers are with the people of Georgia and all impacted.

But let me say what happened on October 15th, when Congress was shocked by the news that despite assurances two days earlier, the disaster relief funding had run out. Now, in business, this would never be tolerated. And we see examples of this everywhere within this agency that I know we're all trying to get our arms around and make a quick correction on.

You have my commitment that we will ensure that disaster relief funding is there for hardworking Americans when they need it. And I look forward to your feedback on how the response has been so that we can strengthen the program and having the transparency so that this committee is routinely apprised of the status of the agency across all vectors that we're serving the American people on.

Senator BUDD. Thank you for that. So, the SBA disaster loan program, you know, it's critical in supporting small businesses, as you've mentioned in a few of your earlier remarks and also being there to help communities during crises. But we have recent disasters like Hawaii or for us, Helene, that really revealed a lot of real shortcomings in the SBAs management and oversight of its disaster loan portfolio.

So, these have led to funding shortfalls, lack of transparency, administrative inefficiency that really hindered a timely disaster response and recovery. The people of Western North Carolina, I know of North Georgia as well, they felt these failures firsthand when they needed assistance. Most instead, they were left waiting due to the SBA's mismanagement during a time of dire need.

So, Senator, will you commit to working with my office, and this committee to address these shortcomings and ensure that the SBA is fully prepared to respond effectively to the needs of businesses in North Georgia, Western North Carolina, and the other states that are in need from disasters?

Senator LOEFFLER. Absolutely Senator, you have my commitment. Thank you.

Senator BUDD. Senator, the numbers paint a troubling picture for small businesses. You know, there was a survey from 2023–2024. It was the Intuit QuickBooks Small Business Index, and it says that small businesses employment declined over 51,000 jobs. And it also said that revenue fell on average for those businesses about $12,000, that's a lot for a small business. So, and that's also the steepest year over year decline since the Obama administration of 2015.

That same time, the 2024 Goldman Sachs 10,000 Small Business Voices survey revealed that 77 percent of small businesses are deeply concerned about their ability to access the capital that they need to operate reliably. So, as you know, small businesses, it makes up the bulk of our economy. I think President Trump has said small business is big business. So, and this level of decline is, I would imagine, you would think as well is it's unacceptable. So, under President Trump's leadership, how can we expect to see a new golden age for our small businesses?

Senator LOEFFLER. Absolutely. Thank you for that question, because President Trump is restoring the golden era for all Americans by strengthening our economy, making our country more safe and secure, and ensuring wasteful taxpayer spending is not driving up inflation. Inflation is the number one problem, not only facing families, but small businesses. They're looking at 20 percent higher costs on at least 10 percent lower revenues. That's an unsustainable situation for our employers who are putting it all on the line. And small businesses have my commitment that I will have their back.

The CHAIR. Thank you, Senator Budd. I now recognize Senator Schiff for five minutes of questions.

Senator SCHIFF. Thank you, Madam Chair. It's an honor to serve on this committee and represent California's 4.2 million small businesses, including tech, startups, nonprofits, childcare centers, rural businesses, the arts and entertainment industry, and women and minority owned businesses. That number is growing daily, and I am very proud to represent these incredible business owners, innovators, and hardworking employees. Senator Loeffler, I appreciated the conversation that we had last week. I think it was last week. The weeks have seemed endless these days.

As you know very well, horrific wildfires and high winds have ravaged California over the last month, displacing thousands of families and destroying homes, schools, community centers, places of worship, and countless small businesses. As these fires have impacted the livelihood of innumerable Californians, it is crucial that we know California will have the full support of the federal government to respond, to recover, and to rebuild. And we must rebuild resiliently.

The SBA provides disaster assistance for homeowners, renters, nonprofits, and businesses of all sizes affected by natural disasters. I got to see this really in operation, visiting the Discovery Resource Centers in Los Angeles, in Westwood, and in Pasadena. SBA was on hand in large numbers to help small business owners and homeowners find what resources were available to them to help them recover and rebuild.

I do want to echo the concern raised by my colleague, Senator Markey, about the freeze on federal funding. I know there has been a subsequent statement saying that the freeze order has been lifted, but not the freeze. None of us really know how to make heads or tails of that. But what concerns me is that even if the administration says that help to individuals will not be affected by this, if federal funding to SBA is curtailed, then it means SBA cannot make loans to individuals and to small businesses. And at a time when California's desperately need that help, any delay, any uncertainty will just add additional injury.

I've also been distressed by some of the calls to condition funding to California. California has contributed more to the recovery of other states than any other state of the Union. And I want to ask you, first of all, to recommit to something we discussed privately, and that is to ensuring if confirmed, that all states, not just California, but all states, receive speedy relief for disaster victims and survivors without regard for whether a state is red or blue, or green, or yellow, or anything else. Are you committed to in a color-

blind political-affiliation blind way, make sure that SBA assistance is speedily provided to small businesses in every state?

Senator LOEFFLER. Senator, I appreciated our time in being in your office and discussing this important matter. Obviously, my prayers are with California, but our efforts will be there, as well as President Trump demonstrated by his first official trip.

Typically, Presidents might fly outside the country. He went to California. He immediately appointed a task force, getting the very capable, Rick Grenell, involved. I think the President's actions have demonstrated his support for disaster relief. He's done it effectively in in his last term, and I will support his efforts and leadership to ensure the people of California have the resources they need under President Trump's leadership.

Senator SCHIFF. Well, let me just say I was grateful the President came to Los Angeles. I felt that if he saw the damage, he could not help but be moved, and I think and hope that he was. I am concerned, though, about some of the statements he has made about tying disaster assistance to the passage of completely unrelated voter ID laws, or frankly, any other unrelated policy matter.

Let me also raise the need to, not just with respect to the disaster in California, but elsewhere, make sure that the SBA is proceeding a pace with a sense of urgency, that it is efficiently and effectively processing loan applications. I realize the balance is difficult because you have to avoid fraud, and there was massive fraud among some who were applying for Covid relief. We do not want to see that repeated, but nevertheless, we don't want to see excessive delays either.

Frankly, I think firing the inspector general harms the ability to fare out waste, and fraud, and abuse. But are you committed to doing everything you can to provide speedy attention to SBA applications while providing at the same time safeguards to avoid fraud?

Senator LOEFFLER. Yes, I am Senator. Thank you.

Senator SCHIFF. Thank you, Madam Chair—or Mr. Chairman?

Senator HAWLEY [presiding]. Thank you very much, Senator. On behalf of the chair, I'll recognize myself. Senator Loeffler, it's great to see you. Thank you for being willing to do this job. As you and I discussed when we met in my office, I loved serving with you. You were a terrific Senator, and I'm just so glad that you're willing to do this job. It's going to be a great, great service to our country.

Let me just ask you a question or two, to start with, about the priorities at SBA. I noticed that on day one of his administration, the last President issued an executive order directing federal agencies to adopt a broad racial equity agenda. And that was particularly a focus of SBA over the last four years.

In fact, according to one report, by far, the largest program that uses racial preferences in the federal government is the 8(a) Program run by SBA. To be eligible for it, companies had to show various racial and other characteristics in order to access funding. A federal court in Tennessee ruled it unconstitutional. Another federal court struck down a similar requirement, also administered by SBA, the Restaurant Revitalization Fund.

Here's my question to you. President Trump has now, thankfully, with his own executive order, said we're going to put a stop to

these DEI programs. How do you see implementing that at SBA, and will you get SBA refocused on actually helping small businesses no matter who the owner is, no matter where they are? There'll be no tipping of the scales in order to fit some bureaucrat's agenda. We're going to help those in need, get them stood up. We're going to execute on the mission of SBA. Tell us what you'll do about that?

Senator LOEFFLER. Senator, thank you. Thank you, and I appreciate the time we spent in your office discussing these matters. Importantly, President Trump's EO overturns a divisive and illegal DEI program that was spread throughout the government, and particularly within the SBA. This will allow us to reduce the burdens on small business for costly implementation of needless programs.

But moreover, I think the best way we can serve small businesses is making SBA lending available to all who qualify, as opposed to picking winners and losers, and pitting Americans against one another. So, you have my full commitment that we will root that out and make sure that it is broadly available to all who qualify.

Senator HAWLEY. That's a fantastic answer. I'm glad to hear it. And let me just ask you about another priority. While the last administration's Small Business Administration was focused on this DEI agenda, what it was not doing was helping people in rural areas of the country, like most of my state.

In Fiscal Year 2024, just to take one example, SBA made 103,000 loans. Only 12,000 of those went to rural businesses. That's just over 12 percent of SBA's $56 billion in capital last fiscal year. Only $6 billion went to rural businesses. That's just 11 percent there. You want to talk about inequity? There's an imbalance between urban and rural.

And listen, we've got urban centers in my state as well. I'm all for small businesses in urban centers getting what they qualify for. But would you agree with me that our small businesses in rural America are extremely important? They're often the lifeblood of our communities. Like, the small town where I grew up, 4,000 people, relies on small businesses.

What will you do to make sure that small business in rural America is a priority? That they're getting access to the funds that they qualify for, and we're doing everything we can to help these small businesses revitalize these communities?

Senator LOEFFLER. Well, Senator, not only do I agree with you, I've lived it. I was raised in a family of fourth generation small business. My nearest town had 600 people in it, and my high school had 8 small towns. Many of my fellow students, parents, were small business owners. I saw the hard work that they did, the complexity of dealing with increased federal regulation even back then.

And we have to ensure that small businesses in rural communities are getting the support they need. I understand it firsthand. And I know that we can do better, and we will do better because this is an area that we can grow in terms of bringing manufacturing, "Made in America", again, can come back driven by rural America and paying attention to people that have been forgotten about. That's what President Trump does. He remembers the for-

gotten men and women working so hard in this country to make it work.

Senator HAWLEY. Fantastic. Well, I welcome your focus on this. I look forward to working with you. Let me ask you just about fraud, and waste, and abuse. And you've talked about this some. I think your answers have been very heartening. You remember, in fact, you referenced it at the height of the pandemic. Congress enacted this so-called CARES Act to provide very necessary relief to millions of Americans. We also, at the same time, created, however, a Special Inspector General to monitor any fraud and abuse in that program.

Now, for reasons that continue to elude me, the last administration, the last President when he came to office, almost immediately limited the remit of this Special Inspector General, then tried to effectively defund it. And now, we find out hundreds of billions of dollars were wasted or fraudulently dispersed, or not properly paid back under these programs.

Would you agree with me that we need the Special Inspector General, SIGPR, we need that office to be properly funded. We need it to be given the jurisdictional authority that it deserves. Senator Ernst has a bill to make sure that SIGPR gets that jurisdictional authority. Would you support that? And can you talk to us about the need to be rooting out fraud, and abuse, and corruption?

Senator LOEFFLER. Absolutely. Senator, if I'm confirmed, I look forward to working with this committee to have a higher standard of accountability, to act with more urgency, to have a zero-tolerance policy with regard to fraud, and to making taxpayers whole. We have to get back to that accountability and getting those funds back into taxpayer hands as soon as possible.

Senator HAWLEY. Very good. Thank you. And now, I'll recognize Senator Shaheen.

Senator SHAHEEN. Thank you. Congratulations, Senator Loeffler on your nomination, and thank you for your willingness to serve. Welcome to all your family and friends who are here with you this afternoon.

New Hampshire, like many of the states represented on this committee, has over 99 percent of its businesses who are small businesses. I certainly agree with the fact that small businesses are the lifeblood of this country. Two-thirds of jobs are created from small businesses. My favorite statistic about our small businesses is that they create 16 times more patents than large businesses. So, it's critical that we provide assistance to ensure that they thrive.

Now, I heard from one of our businesses in New Hampshire yesterday that sells agricultural equipment to universities, and they help research feed efficiency to help farmers. He was worried about the halt to funding this week. So, the order that freezes spending caused him to worry about his businesses. So, what would you say to that business owner so that they're reassured that their orders are going to continue?

Senator LOEFFLER. Senator, I appreciated the chance to meet with you in your office, and with your staff, and your leadership in this committee as well.

Certainly, the facts are that no individual assistance was or is part of that pause. What the President is rightfully doing is fulfilling his commitment that overwhelmingly Americans agree with, which is to root out waste, fraud, and abuse in spending programs. And it's not uncommon for Presidents to come in and put a pause on agency discretionary funds that could be contributing to the problems we have with debt, with inflation.

And there's no bigger champion of small businesses than President Trump. He's told me, personally, that small business is big business and he gets it. So, small businesses can be assured that they will have a champion in me as well. Having been raised in a small family business, I know the risks that small business operators bear every day, and we will ensure that they have a voice in this administration, and they do.

Senator SHAHEEN. Well, I certainly agree that it's reasonable to review how programs are working, and that we all should be in favor of getting rid of waste, fraud, and abuse. That doesn't help anybody. I think what's unprecedented about the current situation is the uncertainty that it creates for so many of the people who benefit from those programs, and the fact that it's so broad and far-reaching.

I enjoyed the opportunity to meet with you, and thank you for coming in and talking. One of the things that we discussed was the importance of our field offices within the SBA. And I was pleased that Chair Ernst mentioned the importance of ensuring that we keep people in the field offices and not reduce those staff members, because that's where so much of the help for our small businesses comes from.

So, can you reassure us that you will focus to make sure that the district offices have the support they need and are able to staff up in the way that helps our small businesses?

Senator LOEFFLER. Absolutely. Senator, if confirmed, I can assure you, we will put an emphasis on the field. And we have in the SBA 10 regional offices and then 68 field district offices. And the great aspect of this is we can be out with our entrepreneurs, with our small businesses, not only delivering capital, but the technical support and counseling that they need to succeed. Because we know that when small businesses have the counseling and mentorship that they need to fill in any gaps, they are more successful.

And I've heard so many great stories from small businesses. I know you hear them every day who rely on just that extra little help to become successful. I've seen them in our own community. So, you have my commitment. I look forward to visiting your state as well.

Senator SHAHEEN. Good. Thank you. We look forward to having you come to New Hampshire. One of the most important roles you will have is as a spokesperson for small businesses. I was pleased that President Trump continues to maintain the SBA administrator as a member of his cabinet. I think that's very important.

And one of the issues that I've been proud to work on that I think we need to continue to focus on for our small businesses is helping them access foreign markets. Because so many, 99 percent of markets, are outside of the United States, but only about 3 per-

cent of small and medium-sized businesses do business outside of the United States.

I was proud to help create the State Trade Expansion Program, the STEP program. I would hope that, again, you would commit to continuing to support that program and helping our small businesses get into those international markets.

Senator LOEFFLER. Certainly. The STEP program is a very appealing program to understand how we can broaden our work with exports, and small businesses can play a tremendous role there. I look forward to working with you and the entire committee to see where we can broaden the export program and make this more efficient, and to deliver more wins for small businesses.

Senator SHAHEEN. Thank you. Thank you, Madam Chair.

The CHAIR [presiding]. Thank you, Senator Shaheen. I'll recognize Senator Young for five minutes.

Senator YOUNG. Thank you, Madam Chair. Welcome, Senator Loeffler. It's great to see you here today. And congrats once again on this nomination. It's good to see your husband, Jeff, a Hoosier, fellow mid-westerner behind you as well.

When my father heard not only that I was elected to the United States Senate, but that I was going to sit on the Small Business Committee in the U.S. Senate, I can't tell you how excited he was. He perhaps perceived this to be known as the most powerful committee in the U.S. Senate. It's not always known for that, but it was the most important committee to my dad. Because when my dad was getting started in the business, he relied on SBA support loans in particular to help him grow his business. And for him, this was the most important committee.

And there's a certain wisdom to that as you travel around. As we travel around our various states, we see that most jobs these days are actually created, not by large enterprises, because those come and those go—they're great for ribbon cutting sometimes—but it's usually the smaller enterprises.

And to the extent we can optimize our policies so that more people will start these small businesses and they grow into larger businesses, that's kind of the key to economic development. So, really important post you're going to be occupying here. If confirmed, how are you going to work to keep our small businesses competitive today and resilient tomorrow? Kind of an open-ended question.

Senator LOEFFLER. Thank you, Senator. And I agree with your dad. I think I couldn't be more humbled by this awesome responsibility for small businesses that power our local communities, that do create two out of every three new jobs in America. That's incredibly powerful.

So, I think there's a number of things we can do to make small business more competitive. First of all, respecting that small business is about free enterprise and it's not about the government. So, we have to look at ourselves and say, what are we doing within this agency to make it harder for small businesses to access capital, to access perhaps government contracting or counseling.

Are we there for them? A big part of that is getting everyone back in the office, off the golf course, into the office, being aligned with our small businesses where they are on Main Street and not

K Street. So, my focus is certainly going to be on the field activity. Making sure everyone in the agency's accountable, and making sure the programs actually work for small business. We'll be doing a deep dive.

Senator YOUNG. So, I think, directionally, you're absolutely on the right course, and that's the most important thing, at this point. Do you have specific ideas about how SBA might be modernized and improved under your leadership?

Senator LOEFFLER. Well, certainly, I don't want to get ahead of myself. If I have the honor of being confirmed, I would look at a broad range of efficiency, both cost and technological efficiencies that could be gained. I'll be looking at organizational design. I'll be looking at skill sets and training that might be needed to deliver our services to increase our response times to small businesses. And we'll be metrics driven. We'll have goals, and we'll be reporting that out to this committee.

Senator YOUNG. Well, I think there are members of this committee, count me in, who want to help you and the rest of the administration be successful as it relates to small businesses and the Small Business Administration.

One of the things that you might consider doing is prioritizing an incentive for new businesses and small businesses to adopt the latest technologies. I just had a great exchange with Howard Lutnick, the Secretary of Commerce nominee, and we emphasized the importance of digital trade, which he strongly supports, unlike unfortunately, the previous administration. But I think that's encouraging.

But I've related to the Small Business Administration, I found that many Hoosier small businesses rely on digital tools, but the law doesn't clearly state if these costs qualify within the 7(a) loan program. So, if someone wants to buy an AI technology, for example, it's unclear if the law will include that. So, I've introduced legislation along with Senators Rosen, Budd, and Shaheen, the Small Business Technological Advancement Act that would clarify and promote the purchase of digital tools with small businesses. If confirmed, would you be willing to work with me on this topic?

Senator LOEFFLER. Senator Young, absolutely. If confirmed, I would be. AI is at the forefront of both as President Trump said, a wakeup call to American innovation, but potentially as tools for automating small businesses, making them more efficient. And whether it's things like co-pilots or agents, I would support looking at that as a solution.

Senator YOUNG. Well, thank you. And I will be submitting a question for the record on another important topic I know to you in our small businesses about how you intend to address bolstering SBA's cybersecurity infrastructure. Thanks so much.

The CHAIR. Very good. Thank you, Senator Young. Senator Coons.

Senator COONS. Thank you, Chair, and thank you, Senator. Great to be with you, and thank you to your family and those who are here to support you. As I hope you know, your predecessor in the this position, in the previous two administrations, I've had a particularly strong working relationship with. SBA Administrator

McMahon came to visit Delaware several times. We worked well together.

I would agree, my dad said the same thing, to Senator Young's comment. My dad started and ran a small manufacturing business, and he thought this was the most exciting committee I could possibly be on. And it has been in the past, a very productive committee. My hope is that we will get back to churning out legislation that works with you, that we will appropriately authorize and appropriate funds, review funds and programs.

When we had a chance to meet two weeks ago, one of the programs I brought up was SCORE, which I suspect everyone knows, was founded in Wilmington, Delaware, thus, my obsession with SCORE. But I think one of the highest, federally-appropriated dollar for actual impact programs in history. There's more than 10,000 volunteers through SCORE who deliver roughly 4 million hours a year of free business plan consulting.

SCORE clients return $59 in tax revenue for every dollar appropriated to SCORE. It needs to be reauthorized. We need to look at it to ensure it's operating well and that there's accountability. Would you support SCORE and its reauthorization, and work with me to achieve a bipartisan reauthorization, if confirmed?

Senator LOEFFLER. Senator Coons, I thank you for the time shared in your office. I was also just delighted to hear now about your dad's sentiments. I agree. And I look forward to working with you to review SCORE, see how it can be made more robust, and to evaluating the program, and sharing all of that data with this committee so that we have a very collaborative approach to ensuring our efforts are making a difference for small businesses.

As you note, it's definitely had an impact, and we want to make sure that programs that work are made available to more entrepreneurs.

Senator COONS. Well, those 10,000 volunteers help more than 300,000 entrepreneurs, so I'm very hopeful we can work together on that.

A piece of legislation, Senator Rubio and I, now Secretary Rubio, and I worked on for several Congresses was to help make sure that SBIR grantees actually produce commercialized technology. About half of SBIR awards lead to commercialize technology, but half don't. And this would specifically authorize some of the pre-market scale up costs through SBIR. It's called the RAMP for Innovators Act.

The SBA plays a critical role in coordinating SBIR activities across the whole government. I'd be interested in what your priorities would be for SBIR as a program, and whether you would help work with us on reauthorization and ensuring that it doesn't just fund endless research, but actually funds the leap to the marketplace.

Senator LOEFFLER. Absolutely, Senator. I think the Small Business Innovation Research grants are critical to solving some of the challenges America has in scaling our technological innovations quickly. The program gives more dry powder and runway to these important technological breakthroughs, whether in the area of bioscience technology, AI, drones, mission-critical things to our na-

tional defense. That would not be possible without the support of research institutions.

So, I look forward to collaborating with this entire committee on the reauthorization and reviewing the program for where it can be strengthened to produce more efficient results, and to highlighting some of the wins to ensure that these are wins that generate a powerful return on taxpayer investments.

Senator COONS. Another concern I've expressed in previous Congresses is the amount of federal contracting money that's going to small businesses. Small businesses continue to get a robust piece of the total federal pie. I think it's 28 percent, which exceeds the target, but it's for a smaller and smaller number of larger and larger small business firms.

I'd also be interested in working with you to make sure that we actually are contracting, federally, as broadly as possible to as many small businesses as possible. I think as literally every colleague has referenced, 98 percent of the businesses in my state, even in the State of Delaware, which has a whole lot of incorporation are small businesses.

Would you work with me to make sure that we achieve those goals in terms of small business contracting?

Senator LOEFFLER. Absolutely. Senator, I've confirmed I would like to work with you on that. I do agree that this program is vital for small businesses to have an awareness of and to have access to the program. If the programs become too complex that only a select few can find their way in, that voids the program's foundational beginnings.

So, I would look forward to working with the entire committee to ensure small businesses have an additional path to success. And I also wanted to acknowledge Administrator McMahon and her great work. And I hope that we can have the same constructive, collaborative great relationship working for small businesses. Thank you.

Senator COONS. I look forward to it. Thank you, Senator.

The CHAIR. Thank you, Senator Coons. Senator Husted.

Senator HUSTED. Thank you, Chair Ernst, and Ranking Member, and my fellow colleagues. Great to join you on the Small Business Committee. And, Senator Loeffler, congratulations on your nomination, and look forward to supporting you when your nomination comes to the Senate floor.

I know you are entering this job at a difficult time in the sense that there have been a lot of questions about fraud that occurred and loss of money that has occurred during the pandemic. And there will be an expectation of accountability, which there should be for every tax dollar we spend.

But at the same time, we know that speed is—you know, time is money in business, and small businesses, particularly during a time of natural disaster or when they're just really trying to be able to make ends meet, to keep the business open and they may need help from the SBA. So, that time is also so very important.

So, just give me some insights and to the committee as to how you expect to balance that accountability and speed?

Senator LOEFFLER. Thank you, Senator. And thank you for making time to meet in your first week here in the Senate. I enjoyed

our conversation and know that small businesses have a champion based on your work in Ohio for them.

You ask a critically important question about accountability of these programs. Americans are expecting them to be there when they need them. When they're not, it creates yet another layer of uncertainty at a time of devastation, or at least uncertainty if you're forming a small business.

So, certainly, what we need to do is have a review of these programs, what's working, what's not working, and make sure that it's data-driven. That we look holistically across the 7(a) program, the Disaster Relief Program, and understanding what went wrong. What are the parameters of the program? Where have we gone outside the parameters and why, and what work we might do with Congress to strengthen these programs so that they're accessible.

Obviously, Chair Ernst has pointed out rising delinquencies in the 7(a) loan program, rising delayed payments or early defaults. And these are the types of things that red flags should be put up sooner. We need greater accountability in this agency, and certainly we can't find out two days later when we had assurances that there was a disaster fund ready for hurricane victims, that it's actually dry. That's an abuse of taxpayer dollars and of the program, and we need to get to the bottom of it.

So, you have my assurance that if confirmed, we will work closely to be a steward of taxpayer dollars be accountable to this committee. And I know President Trump strongly supports the small business community having the resources they need in an efficient manner that respects taxpayer dollars.

Because, let's face it, the 7(a) loan program, the bread-and-butter loans that small businesses use to start, is meant to operate at a zero subsidy. Meaning, taxpayers do not fund these programs. They should pay for themselves when they operate appropriately, and they generally do that. But we're in a position right now as this year starts that that may not happen. So, we need to investigate that.

Senator HUSTED. Great. One more thought. One of the things that I always talk to my team about is customer service. How do we serve people well? Are we listening to our customer? And then, what are they telling us, and how are we turning that information back to into change enhancements? Things like that, that we can do.

So, I'm interested in your thoughts on how you intend to do that, and then encourage you to let us know what you learn so that we can be better in what we do and how we serve those same customers.

Senator LOEFFLER. This is an area that I really look forward to getting into. The field program, the field operation that SBA has could be incredibly powerful to increasing responsiveness, to tailoring programs that are more efficient, to deliver resources to small businesses in a way that the original formation of the agency's attempt was meant to do.

So, I think, first of all, getting people back to work, getting people out in the field, tracking the data, and using that feedback loop. Looking at how long our case times are open, how long is a case open when someone comes to us with a question? How long do they

have to wait on the phone for someone to answer it? When you're a small business person, you don't have any extra time. And I think what small businesses want to know is that there are people at this agency that understand the challenges and the complexities that they already deal with. And this agency doesn't need to be one of them. So, we want to be part of the solution, not the problem.

Senator HUSTED. Great. Thank you.

The CHAIR. Wonderful. Thank you, and welcome to the committee. Senator Rosen, five minutes, please. Thank you.

Senator ROSEN. Thank you, Chair Ernst, Ranking Member Markey, for holding this hearing. And Senator Loeffler, when you came to the Senate, your office was a cross of mine from Russell. And I appreciate your service to the nation. You know how this place works and your willingness to serve again. And I, too, have had a great relationship with all the past administrators under both administrations because small business matters, and I look forward to having the same ones with you.

In our discussions, we talked about the challenges and the resources and just being able to get to the people who need it and help them do what is their dream or their idea, really important. So, Chair Ernst and I, we've had a bill out there for a while we talked about a little bit, too. It's on childcare, because childcare is so important and the rising cost of childcare, severe shortage of affordable options, they're really financially squeezing. Not just Nevada families, I would say families all over this country, urban and rural.

And lack of access to childcare. It's really a problem for small business and parents alike. And it creates barriers for people who want to start or even grow their business, right? And it makes it difficult for small businesses sometimes to retain employees because they struggle to find affordable childcare. So, this is why we know this crisis demands action.

And, yesterday, we reintroduced our bill, again, Chair Ernst and I, the Small Business Childcare Investment Act. Our bipartisan bill will increase the availability of affordable, high-quality childcare for working families by allowing nonprofits, your boys and girls clubs, your YMCA, your church, your mosque, your synagogue, whatever that is. I've even talked to senior centers in rural areas. They have a big footprint commercial kitchen. They said we're a place where the community, we could put up childcare, right?

And so, this program doesn't cost anything. It just lets down the guardrail so that nonprofits have the opportunity to apply for the same resources. And now they can put this affordable childcare. They're nonprofit, they don't need to make a profit. And we look forward to getting it over the finish line as quickly as possible.

And so, can you discuss a little bit how you feel about the childcare crisis, how it impacts small business, and are you open to SBA expanding access to resources and loans to nonprofits?

Senator LOEFFLER. Senator, thank you for the question, and appreciated our time together in your office to hear more about Nevadans' needs and how the SBA can be part of it. And I think childcare is a relevant issue in every single state across this country. Small businesses, particularly given the need to provide for childcare for the owner—like, if you're a small business owner or

an employee, it cuts across every single person that touches a small business.

And I think small businesses can be part of the solution. And I'd love to work with you and Chair Ernst to review this potential solution and to look at other ways that the SBA might support parents and children as they work in small businesses. So, I look forward to those conversations and the input of the rest of the committee as well.

Senator ROSEN. Thank you. And something we had a great talk about was our veterans and how entrepreneurial they are, and how much they take the things that they've learned at the military, and they can translate those to things when they come home.

And so, Nevada, we are home to over 200,000 veterans and over 23,000 veteran-owned small businesses. And despite this, Nevada was without, for the longest time, a dedicated in-state Veterans Business Outreach Center, easier to say VBOC, until 2023, when at my urging, we pushed the administration to have Nevada have its first SBA VBOC. And our veterans, our transitioning service members, they receive that tailored support they need. And like I said, we talked about it with your own dad and how he started his business. It was such a great story. So, I appreciate you shared that with me.

So, in the Fiscal Year 2025 budget, SBA requested an increase for veterans' outreach underscoring the importance of VBOCs and helping ease the transition from active duty to civilian life. So, under your leadership what do you see as the future for the Veterans Business Outreach Center and how it helps?

Senator LOEFFLER. Senator, I couldn't agree more. Our veterans need the support of the SBA. And if confirmed, I would love to work with all of you on how do we better support our veterans. As I mentioned, my father learned truck driving skills in the Air National Guard that resulted in our small trucking business. We know that veterans have untapped potential that we can help unleash. I will commit to working with this committee and even across this administration with Secretary Collins to ensure that our veterans have the resources that they so deserve.

Senator ROSEN. Thank you. And I'll submit the rest of my questions for the record, but they're mostly on workforce development. We had a good chance to talk about how we train people right where they are, to give them the skills they need to stay in their communities and build back those neighborhoods, and diners, and all of that, wherever they are, and how important it is. So, I look forward to hearing back from you and working with you.

Senator LOEFFLER. Thank you, Senator Rosen.

Senator ROSEN. Thank you, Madam Chair.

The CHAIR. Thank you, Senator Rosen. And we will start a second round of questions. I believe Senator Markey, our ranking member, has another question. Thank you.

Senator MARKEY. Thank you. And one of the benefits of being Chair or Ranking Member is all the other members leave, and they don't even know that there's a hearing that continues, and we get to ask more questions.

So, earlier, one of the Republican Senators asked you, Senator, about the DEI executive orders and mentioned the 8(a) business

development program for socially and economically disadvantaged small businesses, that it was deemed unconstitutional. It was not deemed unconstitutional. The application process had to change and the program continues.

So, with that clarification, earlier, you said, Senator, that President Trump's executive order overturned DEI SBA programs. And, again, 8(a) for socially and economically disadvantaged small businesses, it's codified. So, in your opinion, does an executive order overturn a law that was put on the books by this committee on a bipartisan basis?

Senator LOEFFLER. Ranking Member Markey, thank you for the question. I think the important thing to note here is I support President Trump's executive order overturning DEI programs, but I've also committed——

Senator MARKEY. But can an executive order overturn——

Senator LOEFFLER [continuing]. To following the law——

Senator MARKEY. I'm sorry. Please, go on.

Senator LOEFFLER. Yes. I've committed to following the law. We will work with the administration to ensure that all Americans have access to the programs that exist in the Small Business Administration under the law, and we'll continue to keep this committee updated as to any modifications as we go.

Senator MARKEY. So, do you believe the law does, in fact—an executive order does, in fact, overturn a law passed by the House and Senate, and signed by a President? Is that your conclusion that President Trump is right and that all DEI programs are now removed?

Senator LOEFFLER. Ranking Member Markey, I've committed to you that I will uphold the law in all the programs, and we will communicate any changes to the programs to this committee.

Senator MARKEY. You believe that, therefore, that you're authorized to change DEI programs because of an executive order, even though it's statutorily mandated that those programs are on the books?

Senator LOEFFLER. I support President Trump's executive orders, and we will ensure that we follow the law in the administration of this SBA.

Senator MARKEY. Okay. Well, the Small Business Administration administers a number of programs that aim to level the playing field for entrepreneurs from underserved communities that have faced historical barriers to small business ownership due to discrimination and prejudice.

The programs that this committee has put on the books include the service-disabled, veterans-owned small businesses, women's business centers, and 8(a) business development programs for the disadvantaged. And these programs, and many others like them, are codified into statute, and recent actions by President Trump seek to rescind these so-called DEI initiatives.

But as Administrator, President Trump's executive order would also direct you to terminate diversity, equity, inclusion, and accessibility positions at SBA. And in light of that, we just have to remember that executive orders cannot change or rescind Congressional mandates. We are the Article 1 branch of government.

When those red coats were going down Massachusetts Avenue in Massachusetts, and the Minutemen and women came out in Lexington and Concord, they were saying no taxation without representation. They already had a King. They could pick a Prime Minister or a President, but they were going to have a House and Senate, which is why we're Article 1 in the Constitution. That's what the Minutemen and women all across our country were fighting for.

And so, Trump might think he can overturn what we do here, but that's what the revolution was all about. It was about having representation on this committee. And you may say that you're going to support him and that he's the law, but he's not the law. And I just want to continue this conversation with you because I just think that there has to be an understanding that supporting women-owned businesses——

Senator LOEFFLER. Senator, I can assure you I will support——

Senator MARKEY. Do you believe supporting women-owned businesses is DEI?

Senator LOEFFLER. Senator, I've never said that. Senator, I can assure you that I will uphold the law. I was a women-owned business. I had a majority, minority women-owned business for a decade. I understand the importance of it. By having a well-functioning agency is the best way that we can assure that there is more access to these programs by a diverse range of communities without picking winners and losers. That's what the American people want. That's why President Trump won in a landslide, because the American people want fairness and merit brought back. And you and I have discussed that in your office. That's what this country's about.

Senator MARKEY. But you do understand that it has to be the Congress that changes the laws, it can't be done by executive order?

Senator LOEFFLER. Yes, Senator, I will uphold the law.

Senator MARKEY. Okay. Thank you.

The CHAIR. Thank you, Ranking Member Markey. And I'll make some comments to this discussion as well. And we know that there are many programs that are codified. They are in law. And you will uphold the law, and I appreciate that answer.

Unfortunately, what we did see during the Biden Administration was through a lot of supplemental movement from the administration, they did put into place different DEI programs within the SBA. So, the executive order is likely to immediately roll back the Biden era DEI mandates that were supplemental, but those that are not legally binding.

So, yes, I anticipate that you will follow the law, Senator Loeffler, should you be confirmed, and you're well on your way. I will assume your confirmation, not you. But again, there are many things that President Biden took within his own action, his own prerogative, within the SBA, that was not codified nor approved by this committee.

So, we will ensure that you follow the law, Senator Loeffler. But certainly, we can roll back the things that were unilaterally done by President Biden in the SBA. Thank you. And I will recognize Senator Cantwell for five minutes.

Senator CANTWELL. Thank you, Chair Ernst, and congratulations on taking over the chairmanship. Great to see you there, and look forward really. Such a big integration between small businesses in the State of Washington, and our military and Hanford cleanup. And so, really great lessons that I think could be applied broader to other areas of the government.

And great to see our new Ranking Member, Senator Markey. I know I probably feeling ancient at the moment, but it's not that long ago when Senator Kerry was the chair of this committee, and he brought a lot of energy to the SBIR and other important technology startup issues that were a big part of the discussion at that time. So, look forward to working with both of you on the committee.

And it's good to see my former colleague again, congratulations on your nomination. You and I had a chance to talk briefly in the office. I wanted to bring up a couple of things. One, we had this question to Mr. Lutnick today at our Commerce hearing, but do you support the Minority Business Development Authority?

Senator LOEFFLER. Senator, thank you for your time in your office. I enjoyed our conversation. Certainly, I appreciate that program that the Commerce Department runs and see that there's potential for collaboration between SBA. I really do support working across the administration to ensure our resources are utilized and we don't have overlap in our programs, and that they're serving Americans who need those services the most.

Senator CANTWELL. Thank you. And will you work with me to make sure that the Department of Agriculture meets this same small business, set aside challenge that DOD has so successfully done, but in this case, the Department of Agriculture really isn't giving our small mills the access that they need. And so, will you work with me to make sure that those important SBA issues are addressed at the Department of Ag?

Senator LOEFFLER. Senator, I appreciate our conversation about your timber business. I think, if confirmed, I would look forward to working with Secretary Rollins to ensure that we have a collaborative relationship. I understand there was previously an MOU with the Department of Agriculture and hope that we can collaborate to support small businesses in that regard as well.

Senator CANTWELL. Thank you so much. I appreciate that. And when it comes to—let's just carry that on. One of the reasons why we want this infrastructure is because if you think about reducing the fuel that we need, and some of the ideas like cross-laminated timber, you need to have the mills in those regions. And so, to get the mills, you have to have the agreement that you're going to give them some supply.

But now, look at the disaster we just saw in, you know, California. And we realized the situation is—we already knew this in the Northwest, we've had our share of pretty big dramatic fires. But there was a border crossing issue in Sumas where a town was flooded, and then a town of Malden where a fire wiped through the town. You know, over 300,000 acres burned in wildfires in my state, just in 2024.

So, how do we make sure that we keep politics—I feel like so much politics happened on federal funding in the last few years.

How do we keep the politics out of it and disagreements, and make sure—there was a case on the Malden Fire where it was delayed for months about a disagreement between the President then and our governor. And it took a new administration. And this was even though Cathy McMorris Rodgers and I were working together to say, let's do these funds. And how will you help us make delivering disaster assistance urgently without all this noise that we're hearing?

Senator LOEFFLER. Senator, I appreciate the question. And I think, certainly, your state has had its share of disaster. You had the bomb cyclone in November and ongoing recovery from that. I think Americans were stunned by the politization of the hurricane response under FEMA where they refused to go to homes with Trump support, Trump signs in the front yards.

Americans want to see the end to that. We should not be politicizing our disaster response. I think that that's something that we have to restore confidence in. And certainly, the SBA will be working with the Trump Administration to restore integrity to the relief efforts.

Senator CANTWELL. I don't know whether the chair has had this issue, but probably because there's disasters everywhere. And that is this whole debate about the way the funding model works currently in taking care of communities who've experienced disasters.

The urban communities, because they have density, are taken better care of. And the rural areas—although a rural community is a rural community, Sumas is an example. It's right by the border. It hangs together. If Sumas isn't there, I'm not sure we can sustain that border. What'll happen is it'll get closed down. And then what? All the traffic will then have to go down I–5. So, it's a bad idea. Or in the Mukilteo, we had an economy that was devastated and people were like, "No, we're not going to help you because you don't really have the same ratio." I'm like, it's a juggernaut of an economy. Just because it doesn't have density doesn't mean that it isn't a big problem.

So, the GAO concluded that the SBA needs to recognize that rural communities experience disasters differently—not really differently. They're devastated, just they're not in the same density. So, as we consider how to make SBA loans for small, vulnerable, rural communities more viable, do you think businesses and homeowners—we want them to return to these areas. We don't want to see a community—in our case, these are communities that sit on close proximity to the Cascades, but they're a huge tourism economy for the whole state. So, they have a big footprint.

So, what are your thoughts on how we implement this SBA change, working with our colleagues to get a better recognition of the economic impact that disadvantages rural communities?

Senator LOEFFLER. Well, Senator, I would love to work with you on that, to visit your state, to understand the dynamics there. I grew up in a rural community. I understand the unique characteristics of delivering relief. I mean, we lived in the heartland, lived through tornadoes, hailstorms, and other devastating efforts that of recovery together as a community. And often, the TV cameras weren't there. You're recovering on your own.

So, how can we better ensure that disaster relief isn't based on, as you mentioned, any politics or media profile, but where the relief is sorely needed to prop up and strengthen the economic stability of that tax base of the community, the culture, the people, the generations that live there, and the industry that it supports. So, I'd love to work with you on that, if confirmed,

Senator CANTWELL. Thank you. Is my time expired, Madam Chair?

The CHAIR. Yes.

Senator CANTWELL. Thank you so much. Sorry to go on. But those are very important issues, and I so appreciate the opportunity to ask them and look forward to working on these with you.

The CHAIR. No, thank you, Senator Cantwell, and I would enjoy working with you on that as well. Because, yes, in the State of Iowa, we have had challenges with disaster recovery and the cost to benefit ratio. We have struggled this with this for a very long time because of our rural areas.

And just for the audience, if I can take the chair's prerogative here and share with you. We have many disasters, flooding, in particular in Iowa, where many restaurants and downtown rural communities are destroyed. But the cost to benefit ratio is never high enough for the federal government to come in and provide that level of assistance.

However, if a restaurant on an Eastern or Western Coast, you know, along the ocean is destroyed, well, of course the cost to benefit ratio is going to be higher. The cost of that restaurant is much higher. So, they are the ones that are likely to receive the disaster assistance, but not those of us that are in the Midwest.

A home of one size in Iowa is much cheaper than a home on the coast, but it's still someone's home. It's still someone's business. So, I think that we have a lot of work to do in this area, and I'd be happy to partner with you on that, Maria.

Senator CANTWELL. Well, thank you, Madam Chair. And I think the added thing that people don't realize is that it also is a economy that generates a lot of revenue for absolutely your state. It could be an Ag economy, it could be a tourism economy, it could be a community that offers something different.

But if you take that out of the middle of your state or wherever it is because the ratio just hasn't been addressed correctly, then we're losing out on that big economic picture. So, we have to get people to realize that that relationship to the state overall should somehow be considered in the ratio.

The CHAIR. Yeah, absolutely. Thank you for that input, Senator Cantwell. And a number of issues were addressed today during this really productive hearing. And thank you for being here, and I want to thank President Trump for your nomination to the Small Business Administration. I look forward to working with you upon your confirmation into this position. And because there are no other questions, I again want to thank you very much for your willingness to serve, and to be here today, and for your family's support of you in this position.

We are going to leave the record open until close of business tomorrow at 5:00 p.m. Thursday, January 30th, for members to submit questions for the record. And we will keep the record open for

two weeks to edit statements, and submit letters, and any other relevant materials. Without objection, so ordered. Senator Loeffler, we would appreciate your prompt response to any additional questions that are submitted. With that, the Committee on Small Business and Entrepreneurship stands adjourned.

[Whereupon, at 5:29 p.m., the hearing was adjourned.]

Questions from: Chair Ernst

Unified Certification Platform (UCP) – Contracting

Earlier this month Chair Ernst sent the attached letter to the SBA expressing serious reservations with the SBA's recent deployment of its Unified Certification Platform, the UCP. The Biden SBA wrongfully assumed an unacceptable level of risk when it intentionally deployed the system prematurely. It is up to the new Administrator to clean up this mess that the Biden Administration created.

QUESTION 1:

First, there are several unresolved GAO recommendations to secure the system against cyberattack. The current UCP leaves American small business owners sensitive personal and financial data vulnerable to cybertheft and misuse, and we cannot allow this to continue. Do you commit to quickly resolving this?

If confirmed, I will review the GAO recommendations and communicate regularly with your office on resolving any outstanding issues.

QUESTION 2:

Second, to resolve GAO recommendations regarding the SBA's cost estimation and risk assessment processes. It is completely unacceptable that the Biden Administration's SBA would rely solely on the expert opinion of one project manager to estimate the cost of this major technological investment. Should you become the new Administrator, how would you improve the SBA's processes with the goal of maximizing accountability, transparency and proper stewardship of taxpayer dollars?

If confirmed, I will review SBA's risk assessment processes to implement stronger internal controls, ensure independent evaluations, and require rigorous data-driven assessments for major technological investments. My goal is to restore confidence in SBA's financial management and technological infrastructure to ensure every dollar is spent wisely to support America's small businesses and disaster relief efforts.

QUESTION 3:

Third, a unified certification platform is a laudable goal, and while the last Administration botched this job, the new Administrator can take these lessons learned and actually deliver what Biden's SBA could not, and in a transparent and responsible manner. To do this a strong IT environment will be needed, over the past three years, SBA FITRA implementation score has been a C. Will you commit to improving this?

If confirmed, I will seek to strengthen the UCP to provide a secure, efficient and reliable platform for SBA stakeholders.

Planned Parenthood Paycheck Protection Program Forgiveness

On May 19, 2020, SBA notified a number of Planned Parenthood Federation of America (PPFA) affiliates that they had wrongfully applied for 38 Paycheck Protection Program (PPP) loans totaling more than $80 million dollars. SBA determined that these local affiliates of PPFA were ineligible for PPP loans under the applicable affiliation rules and size standards and that the loans they received should be returned. Despite this determination, the SBA approved further loans in 2021 totally nearly $40 million. Further, SBA allowed at least 34 Planned Parenthood PPP loans to be forgiven.1 Chair Ernst and

former Ranking Member Paul, now HSGAC Chair, continue to seek this information regarding these decisions.

QUESTION 4:

Will you ensure this information is provided to Congress in a timely manner?

If confirmed, I will ensure that all relevant information regarding these PPP loans is provided to this Committee and Congress in a timely manner – and work with this Committee to crack down on bad actors and uphold the integrity of SBA's programs.

Small Business Investment Company Critical Technologies Initiative (SBICCT Initiative)

In 2023, the SBA and the Department of Defense Office of Strategic Capital announced an MOA to initiate the SBICCT initiative, aiming to steer private capital to small businesses building America's industrial capacity in critical technology areas.

QUESTION 5:

As Administrator, will you support continued collaboration between SBA and the Department of Defense to promote America's competitiveness and ensure we obtain superior technologies and industrial capacity as compared to our adversaries?

Yes.

Questions For All Incoming Cabinet Nominees

QUESTION 6:

I recently published a report on federal telework, and it included questions all incoming nominees selected to head departments and agencies should answer. In light of that -

QUESTION 7:

How will you achieve the 60 percent utilization goal for your headquarters building set by Congress?

As I stated in my testimony, the SBA workforce has a duty to the American taxpayers to show up for work—just as small business owners do every day. If confirmed, I will fully implement President Trump's executive directives to end telework, bring SBA employees back to the office, and ensure the agency operates at full capacity to support America's entrepreneurs and those impacted by disaster. I will take immediate steps to meet or exceed the 60 percent utilization goal, ensuring that SBA is fully engaged in delivering results for small businesses, and will report back to the Committee routinely on our metrics.

QUESTION 8:

How frequently will you require each employee of the agency, including those covered by collective bargaining agreements, to show up to work and what disciplinary measures are appropriate for those who do not meet your requirement?

If confirmed, I will require employees to be at the office every work day. Further, I will conduct a thorough review of all relevant agreements, laws, and executive actions to ensure that SBA is

appropriately staffed and operating at maximum productivity. President Trump has made it clear that federal employees must return to in-person work, and if confirmed, I will fully support and enforce the Administration's policies and will work with the agency's Human Resources department to enforce that requirement.

QUESTION 9:

Will you disclose the locations, titles, and job descriptions of all of your agency's nonsecurity- related employees?

If confirmed, yes, I will work with the HR and Legal staff at the agency to provide the requested staffing information.

QUESTION 10:

Will you provide no less than every six months a summary of the backlogs on services provided by your agency as well as the waiting times for phone calls and number of unanswered calls to the agency?

If confirmed, I am committed to maintaining open and regular communication with this Committee to ensure full transparency regarding SBA's performance metrics, actions we are taking to improve, and the progress toward key operating objectives. I will provide the requested summary no less than every six months, ensuring SBA meets its mission efficiently and effectively.

Question from: Ranking Member Markey

QUESTION 1:

As we've seen with the horrific fires in California and with Hurricanes Helene and Milton, extreme weather events are only becoming more common and more devastating. For many small businesses, facing the effects of a climate disaster is not a matter of if but when. For seasonal or outdoor economy small businesses like ski lodges or small farms, climate change and extreme weather poses an imminent existential threat.

Will you assist small businesses survive the effects of climate change?

Regardless of the nature of the disaster, providing recovery assistance is a core pillar of the SBA's mission, and if confirmed I will prioritize ensuring SBA disaster assistance is delivered urgently, efficiently, and without unnecessary bureaucratic delays, including being prepared with funds when disaster strikes and notifying Congress should sufficient funding be at risk.

As Administrator, what is your plan to support these small businesses and get ahead of the next disaster?

If confirmed, not only am I committed to ensuring that small business owners have the essential tools they need for recovery, but I am committed to evaluating and improving the disaster program and preventing crises like the SBA's own funding crisis that prevented thousands of Americans impacted by Hurricanes Helene and Milton from receiving timely, critical aid.

QUESTION 2:

Clean energy and energy efficiency standards are helping lower energy costs for small businesses and consumers - creating jobs. In Massachusetts, we have a thriving clean energy economy supporting 108,000 jobs and over 4,000 small businesses.

Will you commit to developing and supporting policies at the SBA that help small businesses make investments that reduce their energy costs through installation of energy efficient appliances and renewable technology?

If confirmed, I will follow the law and work with President Trump to unleash American energy dominance and support small businesses in combating rising energy prices.

Will you also support clean energy and clean technology small businesses and entrepreneurs receive the tools and financing they need to get their businesses off the ground?

If confirmed, I will ensure that SBA programs and assistance benefit the American business owners that qualify, regardless of sector, subject to applicable federal law.

QUESTION 3:

According to the most recent data, loans of less than $100,000 to small businesses in Massachusetts totaled $2.3 billion. Under the Biden Administration we saw an increase in small dollar loans in the 7(a) program, especially loans under $150,000.

What steps can SBA take to increase access to small dollar loans and microloans under its current programs and to help increase capital opportunities for fledgling businesses outside of SBA's programs?

If confirmed, I am committed to evaluating programs to improve access, streamline application processes, and modernize SOPs – while maintaining program performance, the zero-subsidy status of the 7(a) program, and a zero-tolerance approach to fraud.

QUESTION 4:

As administrator, will you support Congress raising or eliminating the Women's Business Center (WBC) funding cap to ease the financial burden on centers and unlock their full counseling and training potential?

If confirmed, I look forward to working with you and the members of the Small Business Committee to evaluate the performance of WBC's, the funding cap, and discussing recommendations.

QUESTION 5:

Do you agree with President Trump that FEMA should be eliminated?

I agree with President Trump's stated goal to ensure that government is acting efficiently and fairly on behalf of the American people. As demonstrated by his visits to North Carolina and California in his very first week as President, disaster victims are a priority for his administration. I look forward to implementing President Trump's efforts in this regard, as well as working with our federal, state, and local partners to support the relief efforts that individuals and small businesses need to recover and rebuild.

QUESTION 6:

After the Trump Administration's pardoning of January 6th attackers, the International Association of Chiefs of Police (IACP) and the Fraternal Order of Police (FOP) released a joint statement, saying, "when perpetrators of crimes, especially serious crimes, are not held fully accountable, it sends a dangerous message that the consequences for attacking law enforcement are not severe, potentially emboldening others to commit similar acts of violence."

Do you agree with the IACP and FOP that by pardoning January 6th attackers, President Trump has sent a dangerous message emboldening others to commit similar acts of violence?

This question is outside of the scope of my role as nominee to lead the Small Business Administration. If confirmed, I look forward to working with the President and this Committee to resolving issues confronting small businesses across our country.

QUESTION 7:

Small business owners of color continue to struggle to access federal contracts because of racial discrimination. A 2024 report on government contracting analyzed hundreds of studies, spanning over 40 years, using a methodology consistent with decades worth of disparity studies conducted by social scientists. This method has also been recognized by the Supreme Court as an accurate way of providing evidence of discrimination in public contracting.

The report found that, on average, minority-owned businesses earn fewer government contracts than would be expected based on the share of available minority-owned firms. The study also found that this gap is correlated with racial bias and is not explained by other factors.

Additionally, the report found that the gap has worsened over years. In fact, between 2014 and 2019, minority-owned firms received only half the contracting dollars that would be expected based on their population share.

Yes or no, do you believe that racial and gender discrimination still exists in America?

Discrimination is illegal under federal Civil Rights laws. If confirmed, I will follow the law as passed by Congress.

QUESTION 8:

As Senator, you introduced legislation to codify the Minority Business Development Agency and sought to target financial assistance to underserved and minority communities, specifically "Black American, Native American, Hispanic American, or Asian American."

Would you still support defining underserved communities with demographic characteristics, such as gender, ethnicity, race, disability, and veteran status?

If confirmed, I will assess the performance of all SBA programs to ensure that the agency is working toward assisting all American business owners that qualify.

Please explain why you decided it was appropriate to specifically define minorities in your bill? Do you still think the groups you identified face historic barriers?

If confirmed, I will follow the law as passed by Congress.

QUESTION 9:
The Community Advantage program has demonstrated a commitment to helping unbanked or underbanked businesses get access to capital. The program utilizes Community Development Financial Institutions, Community Development Corporations, and other types of lenders. The Community Advantage program must target 60 percent of its loans to underserved markets, which are: (1) Businesses located in Low-to-Moderate Income (LMI) communities; Empowerment Zones and Enterprise Communities; Historically Underutilized Business Zones; Promise Zones; Opportunity Zones; or rural areas, (2) new businesses, (3) businesses that are 51% owned and controlled by veterans, and (4) businesses where more than 50% of the workforce is low-income or resides in LMI census tracts.

Do you commit to strengthening the Community Advantage lending program in order to help increase access to capital for unbanked and underbanked businesses? Do you commit to keeping the program's 60 percent to underserved markets requirement?

If confirmed, I am committed to evaluating programs across the board, including Community Advantage.

QUESTION 10:

Last year, the SBA announced a Green Lender Initiative in order to enroll additional climate lenders in its business loan programs. The initiative will help support a cleaner and more sustainable economy and will help lower energy costs for small businesses and the communities they serve. Do you plan to continue the agency's efforts to combat climate change? If not, please explain why?

If confirmed, I am committed to evaluating each of the SBA's loan programs across all sectors of industry and the range of lender types.

QUESTION 11:

The Biden Administration increased investments in rural communities, including direct aid and efforts to better connect them to government resources. Importantly, the Administration made strides in addressing a critical issue for rural small business owners: access to capital.

From 2020-2024, the SBA's 7(a) Business Loan Program made a total of 41,097 loans to rural small businesses totaling over $20.5B – a marked improvement over SBA's 7(a) rural lending between 2017-2020 (37,126 loans totaling $15.6B).

Will you commit to building on the Biden Administration's success in ensuring equitable access to federal resources for rural small business owners?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues.

QUESTION 12:
The Federal Acquisition Regulation (FAR) Council issues regulations that govern small businesses' ability to compete for Federal contracts. There has only been three voting members on the council since its inception in 1984: the Department of Defense, General Services Administration, and NASA. Despite issuing regulations that largely impact small businesses' ability to pursue contracting opportunities with the Federal Government, none of the voting members have a primary responsibility to represent small business interests when determining those policies.

Do you believe that the Small Business Administration should be added as a voting member to the FAR Council to ensure that small businesses are properly represented when the council considers regulatory policy?

If confirmed, I would be open to discussing the work of the Council with you and the Committee further.

QUESTION 13:

When SBA issue its own regulations, there is often an extended delay between SBA's final rule posting and its implementation into the FAR. In instances where there are conflicting regulations, agencies will oftentimes defer to the outdated regulatory language found in the FAR.

Under your leadership, how will SBA engage the FAR Council to ensure that the administration's regulations are implemented into the FAR in a timely manner?

Ensuring consistency and timeliness in regulatory implementation is critical for small businesses navigating federal contracting. If confirmed, I will build needed relationships within the SBA and across agencies to gain greater coordination, clear timelines, and improved communication to prevent conflicting regulations that create confusion and barriers for small businesses.

QUESTION 14:

Until recently, small businesses seeking certifications to compete for set-aside awards were required to submit an application for each certification. SBA now administers a unified certification portal that enables small businesses to apply for multiple set-aside certifications using only one application. This change reduced bureaucracy and streamlined the process. As part of this launch, SBA significantly cleared the backlog of each of the set-aside applications, including those for Women Owned Small Business certifications.

As Administrator, how do you plan on making sure that small businesses do not face prolonged delays in gaining set-aside certifications?

Technology issues at the agency are well-documented, most recently with regard to the UCP. As discussed earlier in my responses, if confirmed, I look forward to quickly evaluating the technology, staffing, and processes needed to solve for these delays, among other technology issues such as cyber-security.

Do you commit to minimizing the backlog across all set-aside certifications including those required for 8(a) and WOSB set-aside contracts?

Streamlining the certification process is critical to ensuring all small businesses can compete for federal contracts without unnecessary delays or excessive bureaucracy. If confirmed, I will prioritize improving SBA's unified certification portal to keep the process efficient, responsive, and accessible. I will also ensure that SBA remains proactive in minimizing backlogs by implementing clear processing timelines, leveraging technology, and ensuring appropriate staffing. My goal would be to reduce bureaucratic and technological barriers so that small businesses can more easily access the opportunities for which they qualify.

QUESTION 15:

Small businesses use set-aside programs to better access federal contracts. The federal government is the largest buyer of goods of services in the American economy. During President Trump's first term, total set aside-awards for every contracting set-aside program significantly dropped. The largest drop was a 43 percent decline in general small business set-aside awards in 2018 compared to 2017.

Do you commit to following the law and preserving these set-aside programs? How will you work to ensure the Trump Administration not only meets the contracting goals defined in statute, but exceeds them?

I commit to following the law. If confirmed, I will work to assess the effectiveness of each set-aside program, address inefficiencies, and implement improvements where needed. I will collaborate with federal agencies, industry stakeholders, and this Committee to ensure that taxpayer dollars are spent efficiently and that a range of small businesses benefit from these important contracting opportunities

QUESTION 16:

Since their inception, the SBIR and STTR programs have awarded over $72 billion in research and development funding to small businesses across the country, including nearly $9 billion to Massachusetts small businesses. Without continued authorization, innovative small businesses in Massachusetts and across the country will stand to lose billions in exclusive research and development funding opportunities that do not exist in the private sector.

Do you support making the SBIR and STTR programs permanent to ensure that small businesses can continue to lead technological innovations across the country?

I look forward to working with your office, the Committee, and agencies across government to evaluate the programs and ensure they are driving innovation with efficiency and results for taxpayers and American innovation leadership.

QUESTION 17:

Since Congress granted the authority was granted to allow limited SBIR/STTR award making to majority venture-backed small businesses, only 4 of the 11 agencies have ever made awards to these particular firms.

Do you agree in limiting the participation of majority venture-backed firms in order to protect the participation of truly small businesses in the program?

If confirmed, I look forward to working with your office, the Small Business Committee, and agencies across government to share our evaluation of the reach and effectiveness of these programs to ensure they are driving innovation while being efficient with taxpayer dollars.

QUESTION 18:

The Federal and State Technology (FAST) Partnership Program provides funding to organizations across the country to increase SBIR/STTR proposals submitted by small businesses in underserved or rural areas, owned by women, or socially/economically disabled individuals. Despite this important mission, the program is significantly underfunded.

Do you support increasing funding for the FAST Partnership Program to ensure that underserved small business owners are able to receive the technical and financial assistance needed to develop and submit competitive proposals for SBIR/STTR awards?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on this issue.

Do you support making the FAST program permanent?

If confirmed, I will evaluate the program to review its performance to date, and report to this Committee on our findings.

QUESTION 19:

Over the past few years, the Office of Credit Risk Management has had an increase in its workload, but funding for this office and the number of full-time employees has remained flat. Please detail what efforts, if any, you would undertake to build that office's capacity to meet its new demands?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on

specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on this issue.

QUESTION 20:

Do you commit to be open and transparent with any audits and investigations led by the SBA's OIG and the GAO?

Yes.

QUESTION 21:

How to you plan to lead the agency in closing out all of the outstanding OIG and GAO recommendations?

If confirmed, I will prioritize a full review of all outstanding recommendations and establish clear priorities and timelines for resolution. My goal is to restore trust in SBA by ensuring it operates with integrity, efficiency, transparency, operational excellence, and a commitment to sound financial stewardship.

QUESTION 22:

Section 7(a)(24) of the Small Business Act requires the agency to notify both the Committees on Small Business of the Senate and the House not later than 15 days before making any changes to its flagship lending program.

Do you commit to notify the committees of any and all policy and administrative changes made to the 7(a) program before they are instituted?

Yes.

Can you commit to instituting this requirement as it pertains to all of the SBA's business loan programs?

As I said in my testimony, I will prioritize open communication and accountability, ensuring that this Committee is informed of and engaged in SBA's decision-making.

QUESTION 23:

SBA's business loan program regulatory scheme has been combined together to include multiple programs, including the 7(a) and 504 loan programs (see 13 CFR Part 120). This is done even though the programs serve different purposes and have different policy requirements. There was a push last congress to make clear in multiple pieces of legislation that these programs are separate and should be treated as such. What is your view as to how the SBA should regulate these two programs going forward?

If confirmed, I will work with this Committee to review and clarify regulations where needed, ensuring that each program operates efficiently, transparently, and in alignment with congressional intent.

QUESTION 24:

If confirmed, would you commit to providing this committee, within 30 days of your appointment, an organizational chart for the agency that includes the number of FTEs by program offices and the location of the program offices for the 1st Quarter of FY 2025?

While it has been more than 30 days since President Trump announced my appointment, and as I am not confirmed, I do not have access to this information. However, yes - I will ensure you receive an updated organizational chart, including the number of full-time employees by program office and office locations, as soon as possible, if I am confirmed.

QUESTION 25:

In Massachusetts, we have two Women's Business Centers (WBCs) that, in 2023 alone, trained more than 1,400 people and created or sustained almost 700 jobs. As you know, the WBC program currently caps WBC grants at a paltry $150,000 per center forcing many centers across the country to operate on shoe string budgets and be unable to meet the demand for their services.

As Administrator, will you support Congress raising or eliminating the WBC funding cap to ease the financial burden on centers and unlock their full counseling and training potential?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on this program.

QUESTION 26:

As you know, the Small Business Administration and FEMA are the federal government's primary sources of financial assistance to help disaster survivors recover and rebuild following a natural disaster. President Trump has stated he plans to "get rid of" FEMA and condition federal disaster assistance on the number of votes he got in a particular state.

As Administrator, would you withhold SBA's taxpayer funded disaster assistance if President Trump told you to?

If confirmed, I will follow the law. As demonstrated by his visits to North Carolina and California in his very first week as President, disaster victims are a priority for the Trump administration. I look forward to implementing President Trump's efforts in this regard, as well as working with our federal, state, and local partners to supporting the relief efforts that individuals and small businesses need to recover and rebuild.

Will you commit to disburse SBA disaster assistance as needed to American's no matter their geographic location or political affiliation?

If confirmed, I will make it a top priority to ensure SBA disaster assistance is delivered urgently, efficiently, and without unnecessary bureaucratic delays.

QUESTION 27:

As Administrator, will you commit to refraining from political attacks on any SBA grantee or loan recipient, past, present, or future?

If confirmed, I will ensure that SBA programs and assistance benefit all American business owners that qualify, and that there is accountability within the programs, with a zero-tolerance policy for fraud and abuse of programs and taxpayer dollars.

QUESTION 28:

Several of the Small Business Administration's (SBA) entrepreneurial development programs require reauthorization to ensure the programs are meeting the needs of the modern small business owner and entrepreneurs. Do you support reauthorizing SBA's entrepreneurial development programs?

If confirmed, I am committed to evaluating SBA programs for efficacy, budgetary requirements and performance, and areas of needed improvement to ensure a return on taxpayer dollars.

QUESTION 29:

In recent years, SBA has expanded their resource partner footprint at Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs), providing invaluable free entrepreneurial counseling and training to students and their local communities.

As Administrator, will you continue existing partnerships with HBCU's and MSI's?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues

Will you look for additional areas to partner with HBCU's and MSI's?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues

QUESTION 30:

In all 50 states and Washington D.C., SBA's Growth Accelerator Fund Competition (GAFC) has supported small business startups and entrepreneurs in underserved regions and industries to launch, grow, and scale their businesses through incubators and accelerators. Since 2019, the GAFC has supported over 21,000 small businesses.

Will you commit to continuing the efficient and effective operation of the GAFC?

If confirmed, I look forward to learning more about GAFC and reviewing its performance and objectives to ensure it delivers the intended results for taxpayers, maximizes impact for entrepreneurs, and aligns with SBA's mission to accelerate commercialization, foster innovation, and promote economic growth.

QUESTION 31:

How many officials at SBA were placed on paid administrative leave following President Trump's Executive Order 14035?

As I have not been confirmed, I do not have access to information required to answer this question.

QUESTION 32:

How will you ensure that individuals with disabilities are able to take advantage of all of SBA's programs, including as it relates to accessibility services?

If confirmed, I will ensure that SBA programs and assistance benefit all American business owners that qualify, and I look forward to working within the agency and this Committee to understand where gaps exist for qualified small businesses to access these programs.

Questions from: Senator Risch

QUESTION 1:
Senator Loeffler, when we met in December, we discussed the Biden SBA's proposal to alter long-standing district boundaries in Idaho. Despite broad opposition from constituents, small businesses, chambers of commerce, and others in Idaho, the SBA pushed this through at the 11th hour. The new map is not only misaligned with regional dynamics—it forces constituents to travel upwards of 8 hours to access their new regional office. This is unacceptable and should never have been implemented. Senator Loeffler, will you commit to reversing these changes and restoring the original service area?

I appreciated the opportunity to learn more about this issue in our meeting and understand the adverse impact this 11th hour change will have on small businesses across northern Idaho. If confirmed, I look forward to working with you and your staff to address your concerns on behalf of small businesses.

QUESTION 2:
A long-standing goal of the SBA, and one I prioritized when I chaired this committee, has been to achieve a zero-subsidy rate for guaranteed loan programs. The Biden administration demonstrated blatant disregard for the prudent use of taxpayer dollars by implementing rules changes that increased risk and undermined the stability of these loan programs. By weakening underwriting standards, removing loan authorization requirements, and opening the door for unregulated institutions to participate, while also failing to account for increased risk to the program, the administration undermined the solvency of the program. As a result, we are witnessing the highest rates of loan defaults and delinquencies since March 2020. Senator Loeffler, given your background as a businesswoman, I am confident you understand the importance of effectively managing loan risk. Are you committed to the SBA's zero-subsidy goal for these loan programs?

As I emphasized in my testimony, achieving a zero-subsidy rate for SBA's guaranteed loan programs will be a top priority and I will report to this committee on our findings as we conduct our review. If confirmed, I will prioritize restoring strong underwriting standards, enforcing responsible lending practices, appropriate reviews in the CFO/OCRM departments, and ensuring that all participating institutions are properly regulated. SBA must support small businesses without exposing taxpayers to unnecessary risk, and I will work to strengthen oversight, reduce default rates, and maintain the integrity of these critical loan programs.

QUESTION 3:
This committee is concerned with the SBA's push to relocate its workforce to Washington, D.C., by closing and consolidating district offices. This is antithetical to the mission of the SBA, a fundamentally customer-facing agency. America's small businesses need 'boots on the ground' assistance, not bureaucrats thousands of miles away. This is especially important for rural areas where local support can make a substantial difference in business sustainability and growth. Will you commit to working with this committee to steer the SBA back to its foundational mission of assisting small businesses, especially in rural areas?

Absolutely. As I said in my testimony, I strongly support moving SBA's focus on staffing and our services out of Washington and back into Main Streets across the country. Entrepreneurs need accessible, on-the-ground support and I am committed to ensuring SBA is responsive, accessible, and focused on delivering services for small businesses where they are.

Questions from: Senator Young

QUESTION 1:

A recent GAO study that found the Small Business Administration (SBA) did not have a project level risk management strategy, a risk mitigation plan, and did not fully identify and document risks. If confirmed, how will you address bolstering the SBA's cybersecurity infrastructure?

I know from my experience in the private sector that cybersecurity is mission critical, particularly given increased threats against government institutions that hold sensitive financial and PII data. If confirmed, I will review any recommendations by OIG and GAO, audit the SBA's existing cybersecurity infrastructure, and work with our CIO and technology teams to ensure that any vulnerabilities are identified and addressed.

QUESTION 2:
As small businesses look to compete in the federal contracting space, many are faced with a federal "contracting cliff." That is, as businesses grow beyond small business size standards, they still struggle to compete for federal contracts against the larger firms. For businesses that grow beyond the small business size standard, but are not yet competitive with larger firms, do you believe the SBA should explore transitional programs to help them remain competitive until a legislative solution is enacted?

If confirmed, I look forward to working with you, the members of the Small Business Committee, and all of Congress to explore ways SBA can encourage small business growth, without disincentivizing it in our own programs, while ensuring that taxpayer funded programs are operated efficiently and in accordance with the objective of growing small business opportunities within contracting.

QUESTION 3:
If confirmed, how would you prioritize addressing systemic issues, like the contracting cliff, to ensure that the SBA's supports the growth and scaling of small businesses?

Our first priority must be auditing existing programs to ensure efficiency, broad accessibility, and a zero-tolerance approach to fraud. If confirmed, I will work with industry and government stakeholders to explore solutions for the contracting cliff, focusing on capital access, skilled labor, and technical assistance. We must streamline SBA programs to support access, while fostering fair competition and reducing regulatory barriers that hinder scaling.

Questions from: Senator Cantwell

QUESTION 1: SBA TIMBER SET-ASIDE PROGRAM
The Small Business Administration and Forest Service operate a set-aside program to help ensure small timber companies receive a share of timber contract sales from national forests. It is jointly administered by the Forest Service and the Small Business Administration. Twice per year, the Forest Service reviews the portion of timber volume sold to small businesses and holds a set-aside open only to small businesses if the small business market share dips 10 percent or more below the historical average.

Historically, the set-aside program has applied only to traditional timber sales (where logs are sold to the highest bidder), not to stewardship contracts. Under stewardship contracts, the Forest Service and Bureau of Land Management sell timber and use the proceeds to pay for forest health projects. The stewardship program grew significantly after being created. However, small businesses are concerned about the program because it does not have a set-aside for them.

In May 2023, the SBA finalized a rule about a separate regulation that prevents small businesses from reselling or exchanging more than 30% of sawtimber volume sold to them from federal forests to non-small businesses. In the new rule, the SBA is allowed to grant a waiver in cases when a small business is unable to meet the 30% requirement due to circumstances outside of its control.

In the process of finalizing that rule, SBA received comments about adjusting the computation of market share to include timber sold under stewardship contracts. SBA and the Forest Service previously agreed to add these timber sales to the computation of market share in a Memorandum of Understanding, but SBA had not amended its regulations to reflect the new computation. In the May 2023 final rule, SBA agreed to adopt the policy adjusting the market share computation to include stewardship sales into its regulations.

USDA also planned to pursue rulemaking to incorporate Stewardship and Good Neighbor Authority Contracting into the SBA set-aside program. This could involve a two-year rulemaking and negotiations with SBA.

- If confirmed, do you commit to working with USDA and small timber companies to ensure Stewardship and Good Neighbor Authority contracts are included in the SBA Timber Set Aside Program in an expeditious Manner?

I appreciated the opportunity to learn about this issue in our meeting last month and understand its importance in your home state of Washington, as well as the importance of these natural resources in the context of the U.S. economy. If confirmed, I look forward to working with your office and the U.S. Department of Agriculture on this issue.

QUESTION 2: Disaster Assistance
I asked you about the politicization of disaster funding in the hearing yesterday, and I want to get some additional clarity on this issue. In the past few years, Washington state has had two tragic disasters which have nearly destroyed two of our rural towns. In Sumas, a northern-border crossing town, floods almost totally destroyed the town in 2021. The town of Malden was nearly wiped off the map after the Babb Road Fire ripped through it in September 2020. Over 300,000 acres were burned by wildfires in Washington state in 2024. In November of last year, we had a bomb cyclone that killed two people and knocked out power to half a million customers at its peak, downing trees and power lines.

These natural disasters often devastate our cities and towns and put our small rural communities at risk of disappearing. I see the SBA as the tip of the spear for disaster relief for most of the residents and businesses in my state.

The California Wildfires program at SBA is critical to assisting those impacted by the California wildfires. Yet the President has said he wants to condition federal disaster assistance on California agreeing to enact a voter ID law.

- Federal funding for the response to the Malden fire was delayed months by then- President Trump because he had a disagreement with our governor, despite bipartisan pleas for help from our congressional delegation – a case of politics interfering with critical disaster assistance. It took President Biden taking office for Malden to finally receive aid, 141 days after Washington state's request.

    - Do you believe it is appropriate to condition federal disaster assistance on an unrelated policy issue like voter ID?

If confirmed, I will make it a top priority to work with the Trump Administration to ensure SBA disaster assistance is delivered in a timely manner without bureaucratic delays.

    - Will you commit to making it a priority to deliver SBA disaster assistance urgently, without conditions or political considerations?

If confirmed, I will make it a top priority to ensure SBA disaster assistance is delivered urgently, efficiently, and without unnecessary bureaucratic delays. President Trump has made clear his commitment to rebuilding communities affected by disasters, and I will ensure that SBA is fully engaged in supporting the administration's efforts.

- GAO found that rural communities may have characteristics that can make recovering from a disaster difficult. Low population density and low incomes can underpin some of the challenges. I am considering how to make SBA loans for small, vulnerable, rural communities, more viable.

    - For example, do you think businesses and homeowners would be more likely to return to rebuild in their decimated community after a disaster if they had access to a product targeted to rural communities where a natural disaster challenges the viability of the community, such as one which provides deferred repayment schedules with zero-interest during the deferral?

If confirmed, I would evaluate, modernize, and improve the disaster program based on learnings from recent disasters that can improve the program.

QUESTION 3: Women- and Minority-Owned Small Businesses
Women-owned businesses employ over 11 million people and generate more than $2 trillion in annual revenue. I've long advocated for programs at the Small Business Administration that support women-owned small businesses, like the Women's Business Centers (WBC) program. The SBA Seattle WBC in FY 2023 trained 1,290 people, supported the start of 115 businesses, and created 2,272 jobs.

- SBA has done a lot to improve access to resources for women, veterans, and minorities. Yet President Trump issued an executive order purporting to erase Diversity, Equity, and Inclusivity (DEI) from our government programs.

- Do you consider programs designed to provide assistance to Asian American, African American, Native Americans, or women to fall within the scope of the President's order?

If confirmed, I will conduct a comprehensive review of all programs to ensure they are fair, transparent, and legally sound. My goal is to make sure that all small business owners—regardless of race, sex, or background—have access to opportunities based on merit and meeting established underwriting guidelines for the programs.

- Will you commit to protecting SBA's efforts to prioritize the needs of women, minorities, and veterans to start and grow their small businesses?

If confirmed, I will be committed to fulfilling the SBA's mission of delivering capital access, contracting and counseling to all businesses that qualify – and meet the requirement of a zero-subsidy 7(a) loan program..

- Are you going to eliminate any specific programs that protect disadvantaged groups, like the WBC program, to comply with President Trump's executive orders on DEI? Please provide a list of programs you intend or are considering for elimination or removing staffing.

If confirmed, I will conduct a comprehensive review of all programs to ensure they are fair, transparent, and legally sound. My goal is to make sure that all small businesses—regardless of race, sex, or background—have access to opportunities based on merit and meeting established underwriting guidelines for the programs.

- I support federal goals of awarding at least 5 percent of federal contracting dollars to women-owned firms every year. I think that goal should be even higher. But the government procurement process is opaque, especially for businesses with few resources. We have to do more to help women-owned small businesses win these contracts.

  - Will you work with me to improve access to the government procurement process for women-owned small businesses?

If confirmed, I will work with your office and this Committee to discuss ways to improve awareness and access to contracting for all groups of applicants

  - Do you believe the 5 percent goal should be higher?

This is a matter for Congress to decide. I will follow the law and look forward to working with your office on this topic if confirmed.

QUESTION 4: SBIR and STTR
The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs fund a diverse portfolio of startups and small businesses across technology areas and markets to stimulate innovation and meet federal Research and Development needs.

For example, Seattle-based Mountain Safety Research (MSR) responded to a U.S. Army SBIR solicitation. The DoD was interested in water treatment devices that troops in the field could use easily and efficiently. MSR developed an "ultra-filtration" water treatment device that removes viral as well as bacterial hazards. In the end, two different products were designed—one for the military and another for the outdoor market.

This is just one example. SBIR and STTR support innovations that change lives and keeps America at the forefront of innovation across a wide range of fields, from computing to healthcare.

- The new Secretary of Defense has expressed views opposing funding for research that isn't directed toward the core mission of the DoD. A lot of great research – dual use, or intended first for defense applications, but also successful in commercial use – is funded by the DoD, including research funded under SBIR and STTR. Some of this funding advances medical care. The wide range of innovation that is funded through SBIR and STTR may not be seen by the Defense Secretary as within the core mission, so these comments concern me.
    - Will you work to ensure these programs are fully supported by all the participating agencies, including the DoD, which has been a strong component of these programs?

If confirmed, I look forward to working with your office, the Small Business Committee, and agencies including the Department of Defense to evaluate the programs and ensure they are driving innovation with efficiency and results for American taxpayers.

    - Will you work with me to create opportunities for the SBA to support the growth of America's innovation economy, including the Tech Hubs created under CHIPS and Science?

I believe America must remain at the forefront of technological, military, and economic innovation to remain competitive and secure. If confirmed, I look forward to working with you to ensure our small business community has a role in driving that innovation.

- I am concerned the President is arbitrarily taking steps to reshape programs across government to align with his agenda. But these programs have missions – and congressionally authorized and appropriated funding to execute the mission.
    - What will you do to protect SBA's existing programs such as SBIR and STTR to improve access to capital for entrepreneurs and other small businesses in accordance with the fundamental mission of the program?

If confirmed, I look forward to working with your office, the Small Business Committee, and agencies including the Department of Defense to evaluate the programs and ensure the programs are appropriately designed to drive innovation.

QUESTION 5: STEP
The State Trade Expansion Program, or STEP, helps small businesses navigate the export marketplace. It has a tremendous return on investment, with every grant dollar leading to $43 in new export sales. I am proud that Washington state has routinely been one of the highest performing states in the program, receiving a total of $2.4 million to serve hundreds of small businesses in just the last two cycles.

In Washington state, we've seen STEP grants create opportunity for diverse business owners. For instance, IQ Smart Interactive, a woman-owned business in Spokane, and Hajny Trading, a Native American, woman-owned company in rural Ellensburg, are both expanding their international reach.

- Given that only a small percentage of American small businesses currently export, how will you use STEP and other SBA resources to help more diverse and rural businesses access global markets?

If confirmed, I will work to ensure that SBA's STEP is effectively reaching small businesses by streamlining access, improving outreach, and ensuring that program funds are used efficiently to help small businesses enter global markets. My commitment is to reduce bureaucratic red tape and make sure that small businesses have access to the available tools, technical support, and programs needed to grow internationally.

Efforts like President Trump's National Strategic Manufacturing Inaituvie

- Given the administration's plans to increase tariffs, what steps do you think SBA can take to counter the adverse impacts of tariffs, such as those on inputs to American manufacturing, and particularly, the harsh realities of retaliatory tariffs, as they affect small businesses?

If confirmed, I will work with your office and this Committee to ensure small businesses have a strong advocate and an important role in new opportunities.

QUESTION 6: 8(A) LOANS
You discussed the 8(a) loan program briefly during yesterday's hearing. As referenced above, President Trump issued an executive order purporting to overturn DEI programs across the federal government. The 8(a) program supports small business owners who are socially and economically disadvantaged.

- How do you plan to comply with the executive order as it pertains to the 8(a) program? Are you planning to shut down the 8(a) program or eliminate the staffing of that program?

If confirmed, I will conduct a comprehensive review of all programs to ensure they are fair, transparent, and legally sound. My goal is to make sure that all small businesses—regardless of race, sex, or background—have access to opportunities based on merit and meeting established underwriting guidelines for the programs.

- You were also asked whether you believe an executive order can overturn a law, and did not provide a clear answer. Yes or no – can President Trump unilaterally remove programs like 8(a) that were established by statute – in 8(a)'s case, Sections 7(j)(10) and 8(a) of the Small Business Act (15 U.S.C. §§ 636(j)(10) and 637(a))?

If confirmed, I will follow the law.

QUESTION 7: INSPECTORS GENERAL
The inspector general for the Small Business Administration, Mike Ware, was fired by the Trump administration last Friday night, along with other inspectors general. The only reason given was "changing priorities of the administration." But inspectors general are not part of any administration – they are independent of politics to credibly enforce transparency in government and ensure there is no waste, fraud or abuse of authorities. In 2022, Congress amended the Inspector General Reform Act of 1978 to require 30-day notice of an administration's decision and reason for removing an inspector general. Members of both parties have expressed concern about this late-night firing without notice.

- By law, the president has to give Congress 30 days' notice of his intent to remove an inspector general. As IG Ware asked, "What strength is there in the Inspector General Act if they say they don't have to abide by parts of it?" Do you support President Trump's decision to fire the SBA inspector general on Friday with no notice to Congress at all? Do you believe his action was a violation of law?

If confirmed, I will follow the law.

- Will you seek to rehire Mike Ware, who is otherwise very well qualified?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific commitments in this area before I have a chance to confer with the President.

- President Trump said when he nominated you that he wants to reduce waste and fraud at SBA. How does that square with firing the person in charge of reducing waste and fraud at SBA with no notice and no specific justification?

If confirmed, I will follow the law.

Questions from: Senator Shaheen
SBIR:
QUESTION 1:

The SBA administers the small business innovation and technology transfer programs which do so much to support small businesses and help bring their innovative solutions to the public. I know the OMB clarified that the funding freeze earlier this week was not intended to affect small businesses, but I heard from a small business in New Hampshire that has an SBIR grant from the National Science Foundation and is worried about making payroll this week. Can you reassure small businesses that rely on SBIR that their grants and contracts will continue?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues.

Commodity Costs
QUESTION 2:

Given your business background, I believe you're aware large businesses regularly use commodity markets to lock in their costs going forward and protect themselves from price increases. Last week I introduced bipartisan legislation with Senator Cassidy, the Helping Small Businesses THRIVE Act, that directs the SBA to help small businesses make use of those same tools to protect against inflation.

Do you think this kind of effort can be helpful to small businesses worried about price increases, and will you work at the SBA to explore how you can help small businesses make use of these tools?

If confirmed, I look forward to learning more about the legislation you have introduced with Senator Cassidy – and to working with your office and the members of the Small Business Committee to help small businesses mitigate the lingering impact of inflation and price volatility.

Universities:
QUESTION 3:

Universities, like my state's land grant university the University of New Hampshire, play an important role in supporting the innovation ecosystem that undergirds the U.S. global competitiveness. What do you intend to do as SBA Administrator to support the translation of university research into commercialized products and new small businesses?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues.

QUESTION 4:

In addition to faculty researchers, there is a lot of entrepreneurial spirit within our nation's student populations, but often not much federal programming to support entrepreneurial skill development and

business ventures for this population. How can SBA better partner with universities like the University of New Hampshire to help students build entrepreneurial skills and start small businesses?

While I have testified about my priorities if confirmed, it is premature to discuss any specific recommendations before engaging with the Small Business Administration staff and the Office of Management and Budget. Additionally, at this time, it would be premature for me to comment on specific policy commitments before I have a chance to confer with the President. If I am confirmed, I look forward to working with you on these issues.

Questions from: Senator Booker

Disaster

The Economic Injury Disaster Loan (EIDL) Program is managed by the SBA and provides low- interest loans to small businesses that have been economically impacted by disasters, such as COVID-19 or hurricanes. The program is designed to help businesses recover and rebuild after experiencing a devastating event that disrupts the livelihoods they worked hard to create.

Most recently, as of October 2024, the SBA reported receiving approximately 37,000 applications related to Hurricane Helene and 12,000 applications for Hurricane Milton. It is clear that the EIDL program is an essential lifeline for small businesses and must be protected at all costs.

QUESTION 1:

Mrs. Loeffler, as SBA Administrator, will you pledge to keep this program running for the thousands of small business owners who rely on it?

If confirmed, not only am I committed to ensuring that small business owners have the essential tools they need for recovery and rebuilding, but I am committed to evaluating and improving the program to prevent funding crises like the one that prevented thousands of Americans impacted by Hurricanes Helene and Milton from receiving critical aid, as well as incorporating lessons learned to improve the strength of the program and eliminate fraud so that relief gets to those who truly need it.

Manufacturing

In 2021, there were 238,851 manufacturing firms in the U.S., with 234,931 of these firms (98.4%) having fewer than 500 employees. Among them, 75% had fewer than 20 employees, and 93.4% had fewer than 100 employees. Unlike other small businesses, small manufacturers often require larger, long-term investments that traditional 7(a) or 504 loans may not adequately address.

To further support small manufacturers, my bill, the Scale Up Manufacturing Investment Company Act, seeks to improve access to capital by enabling investment firms to raise funds through securities and debentures, directing these investments toward scaling and commercializing emerging manufacturers' innovations.

QUESTION 2:

Mrs. Loeffler, how will you work support small manufacturers in the US?

This data confirms small businesses' critical role in manufacturing and the ability of SBA to accelerate their impact. If confirmed as SBA Administrator, I look forward to learning more about your legislation and working closely with you, members of the Small Business Committee, and other stakeholders to ensure that small manufacturers have access to the capital and resources they need to grow and innovate as we look to strengthen the U.S. manufacturing base, supply chain and skilled workforce.

Access to Capital in Underserved Communities

Business investment remains overwhelmingly concentrated, leaving small businesses— particularly those in rural and low-income areas—to fend for themselves more than ever before. In 2024, just nine firms secured over half of the $71 billion raised by U.S. venture capital funds. These small businesses are the

heart and soul of our communities, and we must protect their ability to access the resources and funding they need to thrive. My bill, the SOAR Act, aims to address this issue by investing in startup accelerators and incubators in underserved areas and supporting groups that have historically faced barriers to securing investment capital. These include women, veterans, minority entrepreneurs, individuals with disabilities, and rural communities.

QUESTION 3:

As SBA Administrator, what steps would you take to expand access to VC, in particular for veterans, women, and people in rural and other underserved communities?

I believe the SBIC program is a powerful tool that can expand access to venture capital funding for all communities, including veterans, women, and those in rural areas. If confirmed, I hope to further modernize and streamline its operations to continue leveraging the program as a force multiplier for all communities to foster innovation, promote access to capital, and stimulate economic growth.

The Small Business Investment Company (SBIC) program can help businesses grow by increasing access to private equity. However, geographic limits and lack of incentives cause limited investment for entrepreneurs in underserved communities.

QUESTION 4:

As SBA Administrator will you commit to encouraging existing SBICs to seek smaller enterprises in underserved communities/geographies by offering additional leverage for investments in LMI (low- or moderate-income) areas and Opportunity Zones? No subsidies or appropriations are needed to advance these changes.

If confirmed, I am committed to supporting President Trump's agenda of lifting every American up by offering capital opportunities to all businesses that qualify.

In FY23, the SBA reported a spike in small-dollar loans, which resulted, in part, from the agency's program reforms which expanded access to affordable small loans by modernizing lending criteria and welcoming new lenders with expertise on underserved borrowers into the 7(a) programs. The SBA report indicated that these reforms contributed to a doubling of loans of less than $150,000 since FY20 and a 33% increase since FY23. Underserved entrepreneurs, and in particular sole proprietors, often face difficulties qualifying for typical loan sizes and often need microloans to sustain average expenses to grow and scale.

QUESTION 5:

Will you expand on these reforms to diversify access to capital and increase small business growth for Black entrepreneurs?

If confirmed, I am committed to evaluating loan programs across the board to improve access, streamline application processes, and modernize SOPs – while maintaining a zero-tolerance approach to fraud. Above all, we will ensure that loans are awarded on the basis of merit – and work with financial institutions to ensure that all communities have better access to the funding opportunities and technical and counseling resources that can help their businesses to thrive.

Underserved Entrepreneurs

As a Senator, you understood the unique challenges facing historically underserved communities – you introduced and cosponsored legislation expanding CDFIs for minority business owners, expanding access to broadband in underserved areas, and by making the Minority Business Development Agency permanent. As you know, Black entrepreneurs start their businesses with less than one-third of the capital that their white counterparts do — funding that often comes with higher interest rates and more burdensome requirements.

QUESTION 6:

The SBA 7(a) program provides loans to small businesses through participating lenders that are backed by the SBA. However, more flexible lending models like revenue-based investing and contract financing are needed to close the capital disparities entrepreneurs face. The SBA Working Capital Pilot offers business lines of credit as part of the SBA loan program to offer greater flexibility to entrepreneurs. How will you increase flexible loan programs at the SBA to benefit a wider range of small business owners?

I was proud to work on the issue of expanding capital access opportunities in the Senate – and if confirmed, I am committed to exploring loan options to better serve entrepreneurs across all communities. It is my intention to evaluate the effectiveness of current initiatives and work with this committee and across the various programs that exist under this Administration to consider additional ways to ensure businesses have access to the capital they need to grow and thrive in a competitive market.

From 7(a) lending to entrepreneurial development programs, small business owners across the country have relied on the SBA for access to loans and funding opportunities that they might not otherwise have.

QUESTION 7:
How will you, as Administrator, implement President Trump's January 20th Executive Order, "Ending Radical and Wasteful Government DEI Programs And Preferencing", and how should we expect that to impact important SBA programs like Women's Business Centers and the Service-Disabled Veteran-Owned business setasides, which you previously championed?

If confirmed, I will review this order and comply with all federal laws. Further, if confirmed, I will conduct a comprehensive review of all programs to ensure they are fair, transparent, and legally sound. My goal is to make sure that all small businesses—regardless of race, sex, or background—have access to opportunities based on merit and consistent with statutory and underwriting guidelines.

QUESTION 8:
I want to highlight, in particular, the rescission of Executive Order 11246, which "prohibited federal contractors from engaging in employment discrimination based on race, color, religion, sex, sexual orientation, gender identity, or national origin.". Mrs. Loeffler, as the SBA Administrator, how will you ensure that federal contractors, particularly ones receiving preferential consideration under SBA contracting programs, are complying with federal law?

If confirmed, I am committed to ensuring that all federal contractors comply with all applicable federal laws.

Questions from: Senator Hirono

Loyalty to Trump

QUESTION 1:

When you were running to be a U.S. Senator, you claimed to have a 100 percent voting record with President Trump. You have since become closer to the President, even co-chairing his inaugural committee.

If the President asks you to do something illegal or improper, such as denying loans for ideological reasons, would you do it?

If confirmed, I will follow the law.

Contracting Programs

QUESTION 2:

As Administrator, you would be responsible for overseeing the SBA's contracting programs for veteran-owned, women-owned, and disadvantaged businesses, which include businesses that support Indigenous communities. These programs include performance goals.

Would you commit to fully supporting these contracting programs? Including the performance goals?

If confirmed, I will conduct a comprehensive review of all programs to ensure they are fair, transparent,
and legally sound. My goal is to make sure that all small businesses—regardless of race, sex, or background—have access to opportunities based on merit and meeting established underwriting guidelines for the programs.

Questions from: Senator Rosen

SBA Engagement in Workforce Development

As we discussed during our meeting, you and I share a commitment to growing, developing, and maintaining a highly skilled and adaptable workforce, especially in our rural communities. I recently introduced bipartisan legislation with Senator Blackburn to bolster the residential construction workforce. My CONSTRUCTS Act will create workforce training programs to better meet the needs of the construction industry, which will boost housing development and lower housing costs through increased supply. This is a great first step, but we need to do more to address job and skill gaps across ALL industries.

QUESTION 1:
While SBA has not historically played a direct role in workforce development, I know we both agree that having a skilled workforce is critical to the success of our small businesses. What role, if any, do you think SBA can play in workforce training?

If confirmed, I believe that SBA can support a whole-of-government approach to workforce training, and I hope to enhance our partnership with the Department of Education and other agencies to cultivate pipeline of workers and entrepreneurs alike.

Support for Travel and Tourism Businesses

Travel and tourism are the backbone of Nevada's economy. From world-class events on the Las Vegas strip to outdoor recreation on our public lands, Nevada's exciting entertainment and natural beauty attract visitors from around the world. These features not only bring visitors to the state, but also draw in small businesses wanting to participate in our booming tourism economy.

While Nevada is often known for the large casinos on the Las Vegas strip, these large businesses make up only one percent of our thriving business community. In Nevada, 99 percent of all businesses are small, so we understand the importance of small businesses to our local economy.

QUESTION 2:

How will you support travel and tourism small businesses, and how will SBA coordinate with other agencies tasked with supporting tourism, including the National Travel and Tourism Office in the Department of Commerce?

If confirmed, I will support travel and tourism small businesses by ensuring access to resources, funding, and technical assistance. We will coordinate closely with the National Travel and Tourism Office in the Department of Commerce and other relevant agencies to align our efforts and maximize support for these businesses. I'm sure I can learn more by visiting your state as well. By fostering collaboration and providing targeted assistance, we aim to ensure that small businesses in the travel and tourism sector thrive and contribute to America's growing economy.

Awareness of SBA Resource Partners

SBA has an impressive network of resource partners that provide critical support to small businesses – from Veteran Business Outreach Centers, to Small Business Development Centers, to SCORE mentoring services. Despite the availability of these important resources, I have heard how challenging it can be for small business owners to navigate the maze of available federal assistance.

QUESTION 3:

How will you raise awareness of existing SBA and partner resources for small business owners in both urban and rural communities, so that ALL of our small businesses can learn about the opportunities that ar

If confirmed, increasing awareness of SBA and partner resources will be one of my top priorities.

Questions from: Senator Hickenlooper
QUESTION 1:

According to recent research, 77% of small businesses are concerned about their ability to access financing. If confirmed, how will you support small businesses in accessing affordable capital?

If confirmed, I am committed to evaluating all loan programs to improve access, streamline application processes, and modernize SOPs – while maintaining a zero-tolerance approach to fraud. Above all, we will ensure that loans are awarded on the basis of merit – and work with financial institutions to ensure that all communities have access to the funding opportunities and resources to thrive.

QUESTION 2:

I have supported the Small Business Investment Company (SBIC) program to help extend access to equity financing for small businesses. This is particularly important for small businesses in underserved areas. These companies often struggle to raise money by selling stock, so they have to take on debt. As SBA Administrator, how will you encourage SBICs to invest in smaller enterprises in underserved communities and geographies?

I believe the SBIC program is a powerful tool that can expand access to venture capital for all communities, including veterans, women, and those in rural areas. If confirmed, I hope to further modernize and streamline its operations to continue leveraging the program as a critical tool to stimulate economic growth, foster innovation, and promote access to capital.

QUESTION 3:

Small businesses in Indian Country face unique challenges accessing capital. Last Congress, I worked with colleagues on both sides of the aisle on legislation that would codify the SBA's Office of Native American Affairs. That bill made it out of the Small Business Committee on an 18 to 1 vote. If confirmed, will you commit to ensuring that the Office of Native American Affairs at SBA has the resources it needs to support Tribal entrepreneurs?

If confirmed, I will review the unique challenges faced by small businesses in Indian Country and communicate with your office on this issue.

QUESTION 4:

According to FEMA, 43 percent of small businesses affected by a disaster never reopen, and an additional 29 percent go out of business within 2 years. We have seen catastrophic damage from disasters in recent years in Colorado and around the country, most recently from the devastating fires in California and hurricanes in North Carolina. What is your plan to ensure the SBA can adequately support our nation's small business after natural disasters?

If confirmed, I will prioritize timely access to disaster relief funding, streamline the application process, and provide comprehensive recovery resources to help small businesses rebuild.

QUESTION 5:

There are countless programs at the SBA that empower entrepreneurs who otherwise wouldn't be able to start a business. We need these programs to run well, but we agree that it shouldn't be overly burdensome

to access them. How do you plan on cutting red tape while ensuring that SBA still serves the small business owners who rely on these programs?

If confirmed, I plan to streamline processes and reduce bureaucratic hurdles to make it easier for entrepreneurs to access SBA programs. We will implement efficient SOPs and leverage technology to simplify applications while maintaining a zero-tolerance approach to fraud.