

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

March 15, 2023

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd Street S.W.
Washington, D.C. 20416

Dear Administrator Guzman:

The Committee on Small Business is investigating the Small Business Administration's (SBA) decision to end collection on purchased Paycheck Protection Program (PPP) loans with an outstanding balance of \$100,000 or less. The Committee seeks to better understand this decision and the economic analysis conducted prior to making the decision. We write today to request a staff level briefing and request documents and information.

The PPP closed on May 31, 2021, after making approximately 11.8 million loans, totaling \$799.8 billion.¹ Of these 11.8 million loans, approximately 10.1 million loans, totaling \$228.7 billion, were valued at \$100,000 or less.² On April 27, 2022, the SBA decided to formally end collections on purchased PPP loans with an outstanding balance of \$100,000 or less.³ As of June 30, 2022, SBA had ended debt collections on approximately 59,000 of these loans, totaling approximately \$1.1 billion.⁴

On September 30, 2022, you received a Management Advisory report from the SBA Office of Inspector General (OIG) regarding this decision.⁵ The OIG report found that "SBA did not analyze quantitative PPP data to support that the potential cost of collecting on a PPP loan is likely to be more than the amount recovered."⁶ Additionally, the OIG "did not find any evidence that SBA made any attempts to collect on the purchased PPP loans."⁷ The OIG recommended that the SBA:

¹ SMALL BUSINESS ADMINISTRATION OFFICE OF INSPECTOR GEN., SBAIG-22-25, SBA'S GUARANTY PURCHASES FOR PAYCHECK PROTECTION PROGRAM LOANS (Sept. 30, 2022).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

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1. Stay the April 27, 2022 decision to end collections on purchased PPP loans with an outstanding balance of \$100,000 or less until a comprehensive cost benefit analysis is conducted.
2. Explore alternative means of collections for PPP loans with an outstanding balance of \$100,000 or less.

It is imperative to understand how the SBA came to this decision in order to ensure proper stewardship of American taxpayer dollars. We therefore we request a staff level briefing as soon as possible but no later than March 24, 2023. In addition, we request the following documents and information, as soon as possible but no later than March 31, 2023:

1. Total number of purchased PPP loans valued at \$100,000 or less that are affected by the SBA's April 27, 2022 policy.
2. All communications between and among SBA staff relating to the April 27, 2022 decision to end collection on purchased PPP loans.
3. All communications between SBA and any external entities, including but not limited to the White House, relating to relating to the April 27, 2022 decision to end collection on purchased PPP loans.
4. All documents and evidence relied upon in making the determination that the cost to collect the purchased PPP loans would likely be more than the recovery amount.
5. A copy of the comprehensive analysis, if conducted, recommended by the September 30, 2022 report.

To schedule the delivery of responsive documents or ask any related follow-up questions, please contact Committee on Small Business Majority Staff at (202) 225-5821. The Committee on Small Business has broad authority to investigate "problems of all types of small business" under House Rule X. Thank you in advance for your cooperation with this inquiry."

Sincerely,



Roger Williams
Chairman
Committee on Small Business

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cc: The Honorable Nydia M. Velasquez, Ranking Member
Committee on Small Business