

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2301 Rayburn House Office Building
Washington, DC 20515-6515

March 23, 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 Community Navigator Pilot Program (the Program). The Committee is concerned that the continued funding of this Program—which was created to improve access to pandemic related funding—is an irresponsible use of taxpayer funds.¹ We write today to request a staff level briefing and request additional documents and information.

The Program was created under the American Rescue Plan Act (ARPA) directed the Small Business Administration (SBA) to “make grants to, or enter into contracts or cooperative agreements with, private nonprofit organizations, resource partners, States, Tribes, and units of local government to ensure the delivery of free community navigator services to current or prospective owners of eligible businesses in order to improve access to assistance programs and resources made available because of the COVID-19 pandemic.”² Yet instead of bringing the program to a close at the end of the pandemic, President Biden’s FY2024 allocates nearly \$42 million more for the Program.³

One of the stated goals of the Program is to service counties without access to any type of SBA Resource Partner/service center.⁴ However, SBA Resource Partners/service centers are also eligible for program funding.⁵ Funding centers that are already eligible for funding under other programs does not help meet the goal of serving “those who have historically not benefitted from

¹ The American Rescue Plan Act, Pub. L. No. 117-2, title V, § 5004, 135 Stat. 90 (2021).

² *Id.*

³ U.S. SMALL BUS. ADMIN., FY 2024 CONGRESSIONAL BUDGET JUSTIFICATION, FY 2022 ANNUAL PERFORMANCE REPORT, 96 (Mar. 13, 2023).

⁴ U.S. SMALL BUS. ADMIN., COMMUNITY NAVIGATOR PILOT PROGRAM FREQUENTLY ASKED QUESTIONS. 3 (Oct. 28, 2021).

⁵ U.S. SMALL BUS. ADMIN., OFFICE OF ENTREPRENEURIAL DEVELOPMENT, CNP-2021-01, COMMUNITY NAVIGATOR PILOT PROGRAM NOTICE OF FUNDING OPPORTUNITY, 10 (May 25, 2021).

the Agency's services."⁶ In addition, it seems that the Program has failed to provide ample assistance to small businesses at a reasonable cost to the taxpayer. Between FY21 and FY22 Navigators spent a combined \$131,631,000.⁷ According to the SBA's budget justification, the program helped to start 422 new businesses in those two years, and "serviced" 16,312 "new clients meaning the cost per new business started to the taxpayer was \$311,921.80. The cost per client serviced was \$8,069.58 during this two-year period."⁸

Further, the Committee seeks clarity regarding the selection process for grantees as well as methods of oversight used to determine whether Spokes, the local organizations funded to work in targeted communities, are properly using Program resources. Specific metrics for what constitutes an appropriate Spoke are unclear, with vague qualifiers for Spokes such as "trusted, culturally knowledgeable" and "credible."⁹

The American people deserve to know that their tax dollars are being properly used to support the mission of the SBA which is to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns" and not for superfluous or duplicative programs. We therefore request the following documents and information, covering the time period January 1, 2021 to the present, as soon as possible but no later than April 7, 2023:

1. All the score cards used by the Technical Evaluation Panels to evaluate Hub applicants, including those which were not selected for the Program.
2. All documents and communications regarding the staffing process for the Technical Evaluation Panels.
3. All documents detailing metrics as to what constitutes a suitable Spoke organization.
4. List all small businesses receiving Program resources and their affiliated Spokes.
5. All the documentation all applicants were required to submit under 4.1.2 of the Notice of Funding Opportunity.
6. All SBA Form 3516 (or current equivalent) submissions.
7. All documents and communications regarding the staffing (including selection process, total headcount, and territory of each) of the community impact liaisons who are tasked with assuring accountability and oversight measures to ensure proper distribution and use of Program funding.

⁶ U.S. SMALL BUS. ADMIN., FY 2024 CONGRESSIONAL BUDGET JUSTIFICATION, FY 2022 ANNUAL PERFORMANCE REPORT, 96 (Mar. 13, 2023).

⁷ *Id.*

⁸ *Id.*

⁹ U.S. SMALL BUS. ADMIN., FY 2024 CONGRESSIONAL BUDGET JUSTIFICATION, FY 2022 ANNUAL PERFORMANCE REPORT, 96 (Mar. 13, 2023).

8. All documents and communications related to the methodology of/criteria used by community impact liaisons in determining whether Program funding had been properly distributed and spent, as well as all resulting work product.
9. All documents and communications related to the decision to allow SBA Resource Partners/service centers to be eligible for Program funding.
10. Identify every SBA Resource Center that has received Program funding, along with the amount.
11. The percent of small businesses served through the Program that are in an area without reasonable access to any type of SBA Resource Partner/service center.
12. Copies of all Spoke entity Commitment Letters and Funding Distribution Agreements provided by Hubs to the SBA.
13. A copy of the implicit bias training that the Awards Panel underwent before its Hub evaluation and selection process.
14. A list of all any entities that were awarded funding and participated in voter registration activities.

In addition to the above requests, we request you reach out to schedule a staff level briefing as soon as possible but no later than March 29, 2023.

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

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