



# **Republican Priorities to Improve the Small Business Administration *2022***

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Friends,

Our entrepreneurs are our nation's job creators. Their innovative products and services fuel our communities. They take risks, train employees, and provide two-thirds of all new jobs.

Small businesses have faced continued hardships in recovering from the pandemic, and this year has unfortunately brought new challenges with labor shortages, inflation, and supply chain disruptions.

Together, we have extended relief through the Paycheck Protection Program (PPP), fought for oversight to protect the integrity of the Small Business Administration's (SBA) programs, and shielded small businesses from burdensome government mandates.

There is no one-size-fits-all solution to meet the diverse demands of our unique small business communities. The SBA is the sole federal agency charged with helping and assisting the nation's smallest businesses. However, the SBA's programs to support small businesses have been fraught with fraud, delays, and mismanagement. Further, the SBA continues to move away from private-sector lenders having a role within capital programs and move toward a pure government lending option.

I am confident that we can work together to empower our small businesses and improve the SBA to better serve America's job creators in an effective, efficient, and responsible manner.

To achieve this goal, I introduced the IMPROVE the SBA Act. This legislation will reform the SBA, enhance private sector lending, empower entrepreneurs through counseling, support small businesses in federal contracting, and increase oversight and transparency.

When entrepreneurship is strong, the next great economy is on the way. Your commitment to our nation's entrepreneurs has been a critical part of our success, and I look forward to continuing the fight on behalf of our nation's small businesses and hardworking Americans.

A handwritten signature in black ink, appearing to read "Blaine Luetkemeyer", followed by a horizontal line.

Blaine Luetkemeyer  
Ranking Member  
Committee on Small Business

# IMPROVE the SBA Act

*Improve Management, Programs, Resources, and Oversight for Vital Entrepreneurs*



## **Reform the Small Business Administration**

Ensure that the SBA serves small businesses in an effective, efficient, and prudent manner



## **Enhance Private Sector Lending**

Prohibit the SBA from direct lending and reform disaster lending to empower private sector lenders



## **Empower Entrepreneurs with Counseling**

Ensure integrity in the SBA's counseling services and increase outreach to rural communities and small businesses



## **Support Small Businesses in Federal Contracting**

Protect small business contracting opportunities and improve the accuracy of federal small business spending data



## **Increase Oversight and Transparency**

Eliminate duplicative programs and require the SBA to promptly take action on all Inspector General recommendations



**U.S. HOUSE COMMITTEE ON SMALL BUSINESS**

# ***THE SMALL BUSINESS ADMINISTRATION***

## **BACKGROUND:**

The SBA was created by the Small Business Act of 1953 and is the sole federal agency charged with helping and assisting the nation's smallest businesses. In addition to representing small businesses at the federal level, the SBA also administers numerous programs to assist small businesses with capital, counseling, and contracting resources.

## **GOALS:**

- Improve the SBA to better serve small businesses in a prompt, effective, efficient, and responsible manner
- Increase accountability and ensure all SBA programs meet performance and outreach metrics and targets
- Ensure all small businesses are served and represented by the SBA

## **SOLUTION:**

### **IMPROVE the SBA Act, Title I — Small Business Administration Oversight**

This section modifies the SBA's mission statement to better serve small businesses and requires the SBA to establish performance metrics for all programs. Additionally, this section also requires the SBA Administrator to testify annually before Congress and report on outstanding SBA Inspector General and Government Accountability Office recommendations.

### **IMPROVE the SBA Act, Title VI — Prohibition of Ineligible Use of Funds**

This section prohibits certain businesses from utilizing the SBA's resources, including Planned Parenthood, those that are primarily engaged in lobbying, and those that have a principal place of business in China or are indirectly or directly owned by a business in China. Additionally, this section also prohibits businesses from using SBA proceeds to make payments on commercial debt or federal debt.

### **IMPROVE the SBA Act, Title VII — Ensure All Small Businesses Are Served**

This section requires the SBA capital and counseling programs to be administered on a first-come, first-serve basis and prohibits the SBA from using preferences and priorities for distributing assistance.

### **IMPROVE the SBA Act, Title X — Small Business Administration as a Representative of Small Businesses**

This section requires the SBA to examine the impacts of increased taxes, government spending, inflation, supply chain, regulatory costs, federal minimum wage, and COVID-19 lockdowns on small businesses.

## **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

### **Stop Funding Rioters Act | February 9, 2022**

*H.R. 6653 prohibits persons convicted of a felony or misdemeanor of striking a law enforcement officer while participating in a riot that resulted in damage to a small business from receiving assistance from the SBA.*

Introduced by Rep. **Beth Van Duyne** (R-TX) | Original House Cosponsors: Reps. **Blaine Luetkemeyer** (R-MO); Scott Perry (R-PA); Louie Gohmert (R-TX)

### **Small Business Advanced Cybersecurity Enhancements Act | July 19, 2021**

*H.R. 4513 requires the SBA to establish a central small business cybersecurity-assistance unit within the SBA and a regional cybersecurity-assistance unit within each small business development center.*

Introduced by Rep. **Byron Donalds** (R-FL) | Original House Cosponsors: Reps. Nydia Velazquez (D-NY); Steve Chabot (R-OH); Chrissy Houlahan (D-PA)

### **Ensuring Economic Recovery Act | March 9, 2021**

*H.R. 1718 requires the SBA to report on the recovery of small businesses from the COVID-19 pandemic and the effects of increasing the federal minimum hourly wage to \$15 on small businesses.*

Introduced by Rep. **Bath Van Duyne** (R-TX) | Original House Cosponsors: Reps. **Blaine Luetkemeyer** (R-MO); **Scott Fitzgerald** (R-WI); **Maria Salazar** (R-FL); **Andrew Garbarino** (R-NY); **Pete Stauber** (R-MN)

### **Letter to the Biden Administration Raising Concerns About the Administration's Directives to Federal Agencies to Engage in Voting Access and Registration Activities | March 29, 2022**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Republican Leaders on the House Committees on Administration, Agriculture, Education and Labor, Energy and Commerce, Oversight and Reform, and the Appropriations Subcommittees on Agriculture, Financial Services, and General Government Services sent a letter to Susan Rice, the Director of the Domestic Policy Council and Shalanda Young, the Director of the Office of Management and Budget expressing constitutional and statutory authority concerns with President Biden's executive order directing federal agencies to engage in voting access and registration activities.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); Rodney Davis (R-IL); Bryan Steil (R-WI); Glenn Thompson (R-PA); James Comer (R-KY); Cathy McMorris Rodgers (R-WA); Virginia Foxx (R-NC); Andy Harris (R-MD); Steve Womack (R-AR)

**Letter to Comptroller General Dodaro Voicing Support for Veteran-Owned Small Businesses | March 23, 2022**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and House Committee on Veterans Affairs Ranking Member Mike Bost (R-IL) sent a letter to Comptroller General Dodaro voicing their support for veteran-owned small businesses and access to capital.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); Mike Bost (R-IL)

**Letter to SBA Administrator Guzman Requesting Better Communication and Responsiveness | October 18, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and House Committee on Financial Services Ranking Member Patrick McHenry (R-NC) sent a letter to SBA Administrator Guzman voicing their significant concerns about the lack of communication and responsiveness from the SBA on behalf of their constituents and Members of Congress.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); Patrick McHenry (R-NC)

**Letter to SBA Administrator Guzman Requesting Information and Documents on Any Plans to Change the SBA's Programs to Reflect President Biden's Executive Order 13985, "Advancing Racial Equity and Support for Undeserved Communities Through the Federal Government" | June 22, 2021**

*Previous House Committee on Small Business Ranking Member on the Subcommittee on Underserved, Agricultural, and Rural Business Development **Jim Hagedorn** (R-MN) sent a letter to SBA Administrator Guzman requesting information and documents on how the SBA plans to change its programs to fit into the Biden administration's order to advance racial equity through the federal government.*

# CAPITAL

## **BACKGROUND:**

The COVID-19 pandemic was a direct assault on small businesses. From state and local shutdown orders to altered capacity restrictions, American small businesses faced severe economic and operating challenges over the last two years. In response, former President Trump and Congress created and activated numerous relief measures in March of 2020 to stabilize small businesses and to support the American worker. The Paycheck Protection Program (PPP), which was delivered to small businesses through private sector lenders, provided approximately \$800 billion to small businesses and other eligible entities. The second primary small business relief measure was the SBA's Economic Injury Disaster Loan (EIDL) program, which was a direct loan program through the SBA. While both aimed to assist the nation's smallest firms during challenging times, the results have been different.

While the PPP operated with speed due to private sector efficiencies, the EIDL program was plagued with delays and communication issues. Moreover, both programs had different fraud risk and oversight measures. The PPP excelled as private sector lenders protected American taxpayer dollars by following federal financial regulations. In comparison, the EIDL program was a direct lending program that suffered from disparate underwriting controls and a lack of oversight metrics resulting in potentially \$80 billion in fraudulent activity, according to the SBA's Inspector General. Similar to how the country was experiencing challenges, the SBA was put under stress during a time of uncertainty. Unfortunately, the results show that the SBA should not be involved in direct lending.

Beyond the COVID-19 small business relief programs, the SBA traditionally bridges the capital access gap for small businesses that cannot obtain conventional credit. From the 7(a) Loan program, which serves as the primary access to capital tool to the 504 Loan program, which provides long-term, fixed rate loans, the SBA's programs stimulate business growth and job creation for eligible small businesses. Additionally, the SBA's Microloan Program provides loans of up to \$50,000, but importantly also requires technical assistance to ensure the small business owners have the tools to expand. Generally, within these programs, the SBA does not provide direct loans to participating small businesses; rather, the SBA guarantees the repayment of loans made by lenders.

The Democrats continued push for government expansion includes a direct lending option under the 7(a) Loan Program. This is a movement away from private-sector lenders having a role within these programs toward a pure government lending option. The government should not be in the business of making direct loans.

## **GOALS:**

- Restore the integrity of the SBA's lending programs by prohibiting direct lending
- Empower private sector lenders to serve small businesses
- Increase oversight and reduce fraud



## **SOLUTION:**

### **IMPROVE the SBA Act, Title II — Small Business Administration Capital Programs**

This section prohibits direct lending within the 7(a) Loan program. Additionally, this section removes the SBA as a direct lender under the SBA's Disaster Loan Program and replaces it with a private sector lender driven program. By enhancing the role of banks and credit unions under the Disaster Loan program, this section will deliver efficiencies for small businesses and safeguard American taxpayer dollars. Lastly, this section heightens the SBA's oversight controls by creating a high-risk loan review process and requires annual testimony from program officials.

## **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

### **COVID-19 EIDL Fraud Statute of Limitations Act of 2022 | March 31, 2022**

*H.R. 7334 would extend the statute of limitations for fraud by borrowers under the COVID-19 EIDL program.*

Introduced by Rep. **Blaine Luetkemeyer** (R-MO) | Original House Cosponsor: Rep. Nydia Velazquez (D-NY)

### **To Prohibit the Administrator of the Small Business Administration from Directly Making Loans Under the 7(a) Loan Program | November 18, 2021**

*H.R. 6037 would prohibit the SBA Administrator from directly making loans under the 7(a) loan program.*

Groups Supporting: Arkansas Bankers Association; Bank Policy Institute; Community Bankers Association of Georgia; Community Bankers Association of Illinois; Community Bankers of Iowa; Community Bankers of Michigan; Consumer Bankers Association; Credit Union National Association; CrossState Credit Union Association; Florida Bankers Association; Georgia Bankers Association; Independent Community Bankers of America; Independent Community Bankers of Minnesota; Iowa Bankers Association; Job Creators Network; Kansas Bankers Association; Mississippi Bankers Association; Missouri Bankers Association; Missouri Independent Bankers Association; National Association of Federally-Insured Credit Unions; Nebraska Bankers Association; North Carolina Bankers Association; Ohio Bankers League; Pennsylvania Association of Community Bankers; Secured Finance Network; Small Business and Entrepreneurship Council; Texas Bankers Association; Wisconsin Bankers Association

Introduced by Rep. **Blaine Luetkemeyer** (R-MO) | Original House Cosponsors: Reps. **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); Rep. **Scott Fitzgerald** (R-WI)

### **7(a) Loan Agent Oversight Act | July 19, 2021**

*H.R. 4531 requires the SBA to submit an annual report on 7(a) loan agents.*

Introduced by Rep. **Dan Meuser** (R-PA) | Original House Cosponsors: Rep. Dean Phillips (D-MN)

**ENTREE Act | July 20, 2021**

*H.R. 4568 amends the American Rescue Plan Act to provide additional funding and increased oversight over the Restaurant Revitalization Fund.*

Introduced by Rep. **Blaine Luetkemeyer** (R-MO) | Original House Cosponsors: Reps. **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); **Scott Fitzgerald** (R-WI)

**EIDL Oversight Act of 2021 | May 13, 2021**

*H.R. 3202 establishes oversight requirements for EIDL grants and loans.*

Introduced by Rep. **Blaine Luetkemeyer** (R-MO) | Original House Cosponsors: Reps. **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); Rep. **Scott Fitzgerald** (R-WI)

**American Innovation and Manufacturing Act | March 26, 2021**

*H.R. 2262 establishes within the SBA a credit facility to provide financial assistance to investment companies that finance small manufacturing businesses.*

Introduced by Rep. **Claudia Tenney** (R-NY)

**Letter to the SBA Inspector General Requesting Answers on SBA Direct Lending | December 14, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to the SBA Inspector General requesting answers on how the SBA has performed as a direct government lender in the past.*

**Letter to SBA Administrator Guzman Opposing Ineffective Direct Lending Efforts | November 17, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Rep. **French Hill** (R-AR) sent a letter to SBA Administrator Guzman urging the SBA to stop its direct lending efforts to allow the private sector lenders to do their job.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **French Hill** (R-AR)

**Letter to House Leadership Expressing Concerns with Democrat Proposals to Expand Government Direct Lending | October 1, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Committee Republicans sent a letter urging House Leadership to exercise extreme caution with any proposals that rely solely on the federal government to underwrite and disburse small business assistance.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); **Scott Fitzgerald** (R-WI)

**Letter to SBA Administrator Guzman Demanding Answers from SBA as EIDL Fraud Runs Rampant | August 26, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Administrator Guzman requesting a timeline of when all SBA Inspector General and Government Accountability Office recommendations focused on the EIDL program will be implemented.*

**Letter to SBA Administrator Guzman Regarding Identity Theft Concerns within the EIDL Program | April 4, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Administrator Guzman requesting more information about identity theft within the EIDL program.*

**Letter to the SBA Administrator Guzman Requesting Answers to Questions on the 90-Day PPP Loan Forgiveness Timeline | March 31, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Administrator Guzman inquiring into the SBA's 90-day PPP loan forgiveness timeline.*

**Letter to SBA Administrator Guzman Urging the SBA to Increase Oversight of the EIDL Program | March 19, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Administrator Guzman urging the SBA to expand oversight on the EIDL program to protect taxpayer money from fraud, waste, and abuse.*

## COUNSELING

### **BACKGROUND:**

The SBA's Office of Entrepreneurial Development oversees the SBA's resource partners and counseling programs which can serve as a valuable tool to small businesses. The four core counseling and training Entrepreneurial Development (ED) programs are the Small Business Development Centers (SBDCs), Service Corps of Retired Executives (SCORE), Women's Business Centers (WBCs), and Veterans Business Outreach Centers (VBOCs). Through cooperative agreements, the SBA programs provide entrepreneurs with free or low-cost training, mentorship, and counseling on marketing, finance, technology, exports, human resources, emerging markets, and more.

### **GOALS:**

- Increase transparency and restore integrity in the SBA's counseling programs
- Expand outreach to small businesses
- Ensure the SBA's resource partners support small businesses in navigating economic headwinds

### **SOLUTION:**

#### **IMPROVE the SBA Act, Title III — Small Business Administration Counseling Programs**

This section increases testimony and reporting requirements for the SBA's counseling programs, sets marketing standards for resource partners, and expands and targets outreach to rural small businesses, the career and technical education community, opportunity zones, and businesses with 20 or fewer employees. Additionally, this section directs the SBA's resource partners to assist small businesses in navigating supply chain disruptions, finding labor, and improving cybersecurity.

### **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

#### **[SCORE for Small Business Act of 2022](#) | January 20, 2022**

*H.R. 6450 reauthorizes the SCORE program and increases reporting requirements.*

Introduced by Rep. **Young Kim** (R-CA) | Original House Cosponsors: Rep. Angie Craig (D-MN)

#### **[Small Business Development Center Cyber Training Act of 2021](#) | July 19, 2021**

*H.R. 4515 requires SBDCs to provide cybersecurity planning assistance to small businesses.*

Introduced by Rep. **Andrew Garbarino** (R-NY) | Original House Cosponsors: Reps. Dwight Evans (D-PA); Steve Chabot (R-OH); Chrissy Houlahan (D-PA)

**Supporting Small Business and Career and Technical Education Act of 2021 | May 20, 2021**

*H.R. 3366 requires Small Business Development Centers and Women's Business Centers to assist small businesses in hiring graduates from career and technical education programs and graduates of such programs that are interested in starting small businesses.*

Introduced by Rep. **Roger Williams** (R-TX) | Original House Cosponsors: Rep. Marie Newman (D-IL)

**Letter to SBA Associate Administrator Madrid Regarding the Implementation and Oversight of the SBA's Grant Programs | February 17, 2022**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Associate Administrator Mark Madrid inquiring about the SBA's ability to effectively manage its grant programs.*

**Letter to SBA Administrator Guzman Requesting Information on the Community Navigator Program | October 15, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to SBA Administrator Guzman expressing concern with the Community Navigator Pilot Program's implementation and oversight.*

## *CONTRACTING*

### **BACKGROUND:**

Congress has long held that small businesses are critical to the United States economy and as such, the federal government has a unique responsibility to ensure the growth and success of small businesses within the federal ecosystem. To promote these greater goals of economic growth and the success of small businesses, the Small Business Act establishes that the SBA operate a variety of federal prime contracting programs designed to provide small businesses with federal contracting opportunities. The purpose of these programs is to provide a safe harbor in which small contractors can grow and mature their capabilities and networks so that they may eventually become vital partners to the federal government providing valuable goods and services, driving up competition and decreasing costs to the taxpayer. Federal prime contracting programs maintained by the SBA include: the 8(a) Business Development program in which eligible participants are socially and economically disadvantaged individuals, the Historically Underutilized Business Development Program in which eligible participants operate within economically underserved communities, the Women-Owned Small Business Program, the Service-Disabled Veteran-Owned Small Business Program, and the All-Small Mentor-Protégé Program.

Unfortunately, there has been a significant decline in the number of small business contractors, particularly among new entrants. Considering that small businesses consist of a significant share of contractors, particularly subcontractors, to the federal government, this erosion of the federal small business industrial base poses significant danger to our national security and economic growth. Contract consolidation and bundling strategies currently utilized by the federal government decrease prime contracting opportunities for small businesses, pushing opportunities downwards to the subcontracting levels. This forces small businesses to increasingly rely on large prime contractor companies for federal work.

Democrats have engaged in a misguided push toward increasing contracting dollars toward small businesses without contemplating current deficiencies in the way dollars are counted. Inaccuracies in dollars reported continue to persist which must be rectified before any mandated expansion of dollars flowing to small businesses will be useful. Additionally, Democratic efforts focusing primarily on increasing contracting opportunities for only minority-owned small businesses unfairly isolate all other small businesses who also share in the same challenges as minority-owned small businesses and could also benefit from such proposals.

## **GOALS:**

- Ensure accuracy and accountability in federal dollars reported as going to small businesses
- Protect valuable prime contracting opportunities and subcontracting opportunities available to small businesses in the federal marketplace
- Increase oversight over the SBA's management of its federal contracting programs

## **SOLUTION:**

### **IMPROVE the SBA Act, Title IV — Small Business Administration Contracting Programs**

This section requires annual testimony from the SBA Office of Government Contracting & Business Development to ensure the SBA is properly managing and tracking the outcomes of its federal contracting programs. This section also enhances accountability and accuracy in federal dollars reported as going to small businesses by eliminating duplications in dollars counted. This section also protects valuable prime contracting and subcontracting opportunities by instituting measures that will increase large prime contractor accountability in meeting their subcontracting goals.

## **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

### **[Expanding Contracting Opportunities for Small Businesses Act of 2021](#) | May 7, 2021**

*H.R. 3065 increases the allowable award price for federal government contracts with certain small businesses, including socially and economically disadvantaged small businesses, small businesses owned and controlled by women, and small businesses owned and controlled by service-disabled veterans.*

Introduced by Rep. **Maria Salazar** (R-FL) | Original House Cosponsors: Reps. Marie Newman (D-IL); **Pete Stauber** (R-MN); Aumua Amata Coleman Radewagen (R-AS); Dwight Evans (D-PA)

### **[Letter to SBA Administrator Guzman and Chief of the Office of Size Standards Sharma Expressing Concerns with the SBA's Non-Manufacturer Rule](#) | July 19, 2021**

*Letter from all Subcommittee on Contracting and Infrastructure Republican Members to SBA Administrator Guzman and Khem Sharman, Chief of the SBA Office of Size Standards, urging an investigation into the SBA's non-manufacturer rule, arguing that it could lead to less federal funds reaching small businesses.*

Signees: Reps. **Maria Salazar** (R-FL); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Scott Fitzgerald** (R-WI)

**Letter to SBA Administrator Guzman Regarding Subcontracting Goals | May 19, 2021**

*Letter from all Subcommittee on Contracting and Infrastructure Republican Members to SBA Administrator Guzman requesting implementation of the rule required by Section 1614 of P.L. No. 113-66, the National Defense Authorization Act for Fiscal Year 2014, permitting prime contractors to obtain subcontracting credit towards their subcontracting goals at all tiers, and prohibiting the establishment of a secondary subcontracting goal.*

Signees: Reps. **Maria Salazar** (R-FL); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Scott Fitzgerald** (R-WI)

**Letter to President Biden Requesting Concerning the Defense Production Act | March 31, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Representative **Maria Salazar** (R-FL), Ranking Member, Subcommittee on Contracting and Infrastructure, sent a letter to President Biden requesting that he carefully consider the impact on small businesses before invoking the Defense Production Act.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **Maria Salazar** (R-FL)



## *OVERSIGHT*

### **BACKGROUND:**

The SBA has played an outsized role in assisting the American economy recover from the COVID-19 pandemic. While the agency has had serious deficiencies in internal controls, program fraud, and information technology for years, the pandemic has only exacerbated these concerns. Today, with \$1.2 trillion in assistance flowing through the SBA to small businesses, the SBA must maintain the integrity of these relief programs and safeguard American taxpayer dollars. Unfortunately, recent reports from the SBA Office of Inspector General (OIG) and U.S. Government Accountability Office (GAO) continue to identify programmatic challenges within the SBA's pandemic relief programs. The OIG has gone so far as to identify "COVID-19 stimulus lending [as] the greatest overall challenge facing SBA."

In response to the pandemic, numerous emergency programs were quickly stood up to provide immediate relief, stabilize small businesses, and support the American economy. While speed was essential in the early days of the pandemic, over two years since these programs were created, the SBA has yet to fully implement the necessary steps to adequately safeguard taxpayer funds. In March of 2021, one year after the initial relief programs were implemented, the SBA OIG identified vulnerabilities within the PPP which allowed for duplicate loans to be made to the same borrowers. In April of 2021, the OIG identified "serious concerns with the control environment and the tracking of performance results in the Shuttered Venue Operations Grant (SVOG) program" necessitating immediate action to reduce the risk of fraud in this then new program. In May of 2021, the OIG notified the SBA of significant issues with "its handling of complaints of identity theft in the Coronavirus Disease 2019 (COVID 19) Economic Injury Disaster Loan (EIDL) program."

Similarly, in March of this year, a GAO official testified before the Committee regarding the SBA's failure to heed the GAO's yearlong warning of the need to implement the best practices for fraud and risk management. Included in that yearlong warning was the further need for the SBA to name a lead entity to implement GAO fraud risk management best practices.

It wasn't until April of this year, over two years since these relief programs were initiated and over a year since GAO placed the SBA on notice of the need for reforms, that the SBA finally appears to be taking steps to adequately address potential fraud. On April 1, 2022, the SBA announced the appointment of a SBA Special Counsel for Enterprise Risk, the creation of a SBA Fraud Risk Management Board, and further coordination with DOJ's Chief Pandemic Prosecutor. Throughout this Congress, Republican members have repeatedly urged the SBA Administrator to strengthen agency controls, increase transparency, and take a proactive approach to preventing fraud.

## **GOALS:**

- Eliminate fraud and duplicative programs to protect taxpayer dollars
- Ensure the SBA takes prompt action on OIG and GAO recommendations
- Increase the SBA testimony and reporting requirements to ensure that Congress can conduct proper oversight

## **SOLUTION:**

### **IMPROVE the SBA Act, Title I — Small Business Administration Oversight**

This section requires the SBA Administrator to testify annually within 30 days of the President's Fiscal Year budget request. Additionally, this section holds SBA management accountable for all outstanding GAO and OIG recommendations by requiring the SBA to report to Congress on all at the end of each Fiscal Year.

### **IMPROVE the SBA Act, Title V — Small Business Administration Duplication**

This section ensures that the SBA is maintaining its core mission and prohibits the SBA from beginning new pilot programs until all OIG recommendations are closed. Additionally, this section requires the SBA to only utilize existing SBA programs to deliver counseling services, as these programs are already set up and serving small businesses. This section also eliminates and prohibits the Community Navigator Pilot Program and the SBA programs that duplicate private sector resources, such as accelerators and incubators.

### **IMPROVE the SBA Act, Title VIII — Inspector General of the Small Business Administration**

This section requires the SBA to take action on OIG recommendations in a timely manner by requiring the SBA management to make a decision on each issued recommendation within 10 days and requiring the SBA to close out all recommendations within 90 days. Further, it establishes an accelerated timeline for emergency authorization rulemaking recommendations to be made within 45 days.

## **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

### **[Bringing Back Main Street Act of 2021](#) | August 20, 2021**

*H.R. 5070 requires the GAO to study and report on the amount of small business assistance that has been received by foreign-based small businesses during the period beginning on March 1, 2020 and ending on the bill's date of enactment.*

Introduced by Rep. **Beth Van Duyne** (R-TX) | Original House Cosponsors: Rep. **Byron Donalds** (R-FL)

**Restaurant Recovery Fairness Act of 2021 | May 25, 2021**

*H.R. 3551 increases oversight requirements within the Restaurant Revitalization Fund program.*

Introduced by Rep. **Beth Van Duyne** (R-TX) | Original House Cosponsors: **Blaine Luetkemeyer** (R-MO); **Jim Hagedorn** (R-MN); **Dan Meuser** (R-PA); **Andrew Garbarino** (R-NY); **Roger Williams** (R-TX); Rep. **Byron Donalds** (R-FL); Reps. **Dean Phillips** (D-MN)

**Letter to SBA Administrator Guzman Concerning Restaurant Revitalization Fund Portal Closures | May 20, 2021**

*Small Business Committee Republican Members sent a letter to SBA Administrator Guzman expressing concerns about the closure of the Restaurant Revitalization Fund program.*

Signees: Rep. **Blaine Luetkemeyer** (R-MO); **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); **Scott Fitzgerald** (R-WI)

**Letter to the Secretary of the Treasury Yellen and SBA Administrator Guzman Requesting Information Relating to the Number of Planned Parenthood Organizations that Received PPP Loans | April 16, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Rep. **Byron Donalds** sent a letter to Secretary of the Treasury Yellen and SBA Administrator Guzman inquiring into the number of Planned Parenthood groups who received PPP loans.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **Byron Donalds** (R-FL)

## ADVOCACY

### **BACKGROUND:**

The Office of Advocacy independently represents the interests of small businesses. Additionally, the Office of Advocacy is a source of government statistics, produces research, and provides comments on behalf of small businesses in the regulatory process.

The Chief Counsel for the Office of Advocacy monitors compliance with the Regulatory Flexibility Act and acts as the watchdog for burdensome government regulations. Regulations are particularly harmful to small businesses who lack large staffs, capital, and resources. According to research compiled by the American Action Forum, during the first year in office, the Biden Administration accrued approximately \$201 billion in regulatory costs. Additionally, the Biden Administration added over 130 million new compliance hours with their regulatory actions.

### **GOALS:**

- Protect small businesses from the impacts of harmful government regulations
- Ensure the Office of Advocacy provides small businesses with up-to-date information on the small business economy
- Support rural entrepreneurs

### **SOLUTION:**

#### **IMPROVE the SBA Act, Title IX — Office of Advocacy**

This section will require the Office of Advocacy to publish quarterly economic reports, increase testimony requirements from the Chief Counsel for Advocacy, and enhance the primary function of the Office of Advocacy to include compiling a public repository of both the direct and indirect costs and effects of government regulations. Additionally, this section directs the Office of Advocacy to make recommendations and evaluate federal assistance for rural small businesses.

### **ADDITIONAL LEGISLATION AND ENGAGEMENT:**

#### **[Small Business Advocacy Improvements Act of 2022](#) | March 7, 2022**

*H.R. 6454 clarifies the functions and duties of the SBA Office of Advocacy.*

Introduced by Rep. **Blaine Luetkemeyer** (R-MO) | Original House Cosponsors: Rep. Troy Carter (D-LA)

**Letter to EPA Administrator Regan and Assistant Secretary of the Army for Civil Works Connor Regarding a Notice of Proposed Rulemaking to Redefine the Scope of Waters Protected under the Clean Water Act | February 23, 2022**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to Environmental Protection Agency Administrator Regan and Assistant Secretary of the Army for Civil Works Connor requesting the suspension of the proposed WOTUS rule until a complete and accurate economic analysis can be completed.*

**Letter to Chair Mallory Expressing Opposition to the Proposed Rule to Repeal Trump Administration Reforms to the National Environmental Policy Act | November 22, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and House Committee on Oversight and Reform Ranking Member James Comer (R-KY) sent a letter to Chair Brenda Mallory expressing their opposition to the Council on Environmental Quality's proposed rule to reform the Trump Administration's changes to the National Environmental Policy Act.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); James Comer (R-KY)

**Letter to President Biden and Speaker Pelosi Expressing Opposition to Tax Increases for Small Businesses | August 23, 2021**

*House Committee on Small Business Republicans sent a letter to President Biden and Speaker Pelosi voicing opposition to any attempts to raise taxes on small businesses, as it will only hurt small businesses recovering from the COVID-19 pandemic.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); Rep. **Scott Fitzgerald** (R-WI).

**Letter to the President Biden Expressing Concern and Disappointment with the Executive Order Titled "Promoting Competition in the American Economy" | August 4, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to President Biden expressing his concern with how the President's "Promoting Competition in the American Economy" Executive Order is written to be anti-competitive for small businesses.*

**Letter to EPA Administrator Regan and Acting Assistant Secretary of the Army for Civil Works Pinkham Regarding the Regulatory Flexibility Act and the Definition of "Waters of the United States" Under the Clean Air Act | June 28, 2021**

*House Committee on Small Business Republicans sent a letter to Environmental Protection Agency Administrator Regan and Acting Assistant Secretary of the Army for Civil Works Pinkham advising that small business owners be taken into consideration while the new Waters of the United States rule is being written.*

Signees: Reps. **Blaine Luetkemeyer** (R-MO); **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); Rep. **Scott Fitzgerald** (R-WI)

**Letter to the Office of Information and Regulatory Affairs Requesting a Regulatory Environment that Allows Small Businesses to Grow and Create Jobs | June 3, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) sent a letter to Acting Administrator for the Office of Information and Regulatory Affairs Sharon Block requesting that her office carefully review any regulations that might be harmful to small businesses.*

**Letter to President Biden Requesting a Chief Counsel for Advocacy to be Nominated | March 12, 2021**

*House Committee on Small Business Ranking Member **Blaine Luetkemeyer** (R-MO) and Committee Republicans sent a letter to President Biden requesting that he swiftly nominate a Chief Counsel for Advocacy.*

Signees: Reps. **Roger Williams** (R-TX); **Jim Hagedorn** (R-MN); **Pete Stauber** (R-MN); **Dan Meuser** (R-PA); **Claudia Tenney** (R-NY); Rep. **Andrew Garbarino** (R-NY); **Young Kim** (R-CA); **Beth Van Duyne** (R-TX); **Byron Donalds** (R-FL); **Maria Salazar** (R-FL); Rep. **Scott Fitzgerald** (R-WI)