

BENJAMIN L. CARDIN, MARYLAND, CHAIRMAN  
JONI ERNST, IOWA, RANKING MEMBER

MARIA CANTWELL, WASHINGTON  
JEANNE SHAHEEN, NEW HAMPSHIRE  
EDWARD J. MARKEY, MASSACHUSETTS  
CORY A. BOOKER, NEW JERSEY  
CHRISTOPHER A. COONS, DELAWARE  
MAZIE K. HIRONO, HAWAII  
TAMMY DUCKWORTH, ILLINOIS  
JACKY ROSEN, NEVADA  
JOHN W. HICKENLOOPER, COLORADO

MARCO RUBIO, FLORIDA  
JAMES E. RISCH, IDAHO  
RAND PAUL, KENTUCKY  
TIM SCOTT, SOUTH CAROLINA  
TODD YOUNG, INDIANA  
JOHN KENNEDY, LOUISIANA  
JOSH HAWLEY, MISSOURI  
TED BUDD, NORTH CAROLINA

# United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

TELEPHONE: (202) 224-5175 FAX: (202) 224-5619

SEAN MOORE, DEMOCRATIC STAFF DIRECTOR  
MEREDITH WEST, REPUBLICAN STAFF DIRECTOR

March 29, 2023

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

Dear Administrator Guzman,

I am writing to you today with urgency and significant concern regarding new information on the U.S. Small Business Administration's (SBA) management of the COVID-19 Economic Injury Disaster Loan ('EIDL') program. I have received reports that the SBA intends to forgo collections on loans under \$100,000 made through the EIDL program. EIDL loans under \$100,000 account for approximately \$71 billion. This follows reports of an April 2022 decision by SBA<sup>1</sup> to forgo debt collection referrals to the Department of Treasury ('Treasury') on approximately \$1.1 billion in Paycheck Protection Program (PPP) loans under \$100,000. In total, the SBA could forgo collections on over \$72 billion of COVID program loans, without appropriate justification or authorization to do so by Congress.

In a September 2022 report, the SBA Office of Inspector General (OIG) sharply criticized the decision to forgo PPP collections, suggesting that the SBA had violated the Federal Claims Collection Standards and the Debt Collection Improvement Act by failing to confirm that borrowers did not possess an ability to repay and by forgoing *any* attempts at collecting on those loans before choosing to end collections altogether.<sup>2</sup> The SBA made this decision despite there being ample options to manage collection of these loans, including simply referring them to the Treasury.

In addition, the SBA OIG noted that the ability of a federal agency to collect on a delinquent debt decreases over time.<sup>3</sup> SBA has chosen on at least four occasions to defer payments on EIDLs<sup>4</sup> and, as time passes, it becomes *more* likely that these loans will never be repaid and *less* likely that any delinquent debts will ever be collected. This is unacceptable, as is any potential attempt by the SBA to once again forgo collections altogether on a program it is tasked with managing on behalf of the American taxpayer. Loans under \$100,000 constitute the

---

<sup>1</sup> Small Business Administration Office of Inspector General, [SBA's Guaranty Purchases for Paycheck Protection Program Loans](#) (Report Number 22-25) Pg. 1 Para. 5, 2022

<sup>2</sup> *Id.* at Pg. 3 Para. 6

<sup>3</sup> *Id.* at Pg. 5 Para. 3

<sup>4</sup> Bruce R. Lindsay *et al.*, [COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options](#), Pg. 14 Paras. 3-5, 2023

overwhelming majority of loans made through EIDL and Congress has never intended for loans made through the EIDL program to be forgiven. In an effort to assure that does not happen, please respond to the following questions no later than April 5, 2023.

1. What is the current amount of loans by number and dollar that are past due (30 days late) and are in default (90 days late)?
2. Has the SBA made any attempt at contacting EIDL borrowers to assess their ability to repay their loans and, if not, why?
3. Has the SBA made any attempt at contacting PPP loan borrowers who have not received forgiveness to assess their ability to repay their loans and, if not, why?
4. Does the SBA intend to require EIDL and PPP loan program borrowers to repay their loans, regardless of their size?
5. The OIG has reported that SBA engaged the services of a third party to make recommendations around alternative means of collection within the EIDL and PPP loan programs. What were their recommendations and has SBA conducted a cost-benefit analysis of them? If not, why has SBA chosen not to conduct such an analysis? If so, what were the results of that analysis and does SBA intend to adopt any of the recommendations?
6. Has the SBA discussed or considered how their failure to collect will impact other federal programs if borrowers who have effectively defaulted are able to continue receiving federal payments or loans?
7. If the SBA decides to forgo these collections, do they intend to report the borrowers to Treasury for inclusion on the Do Not Pay list?

I want to reiterate that it is unacceptable for SBA to write off taxpayer-funded loans by forgoing collections, and my concern, as reflected in reports by the OIG, is that the longer SBA waits to begin repayment and collections, the less likely it is that taxpayers will ever be repaid. I urge the agency to reverse course immediately.

Thank you for your consideration on this important matter.

Sincerely,



Joni K. Ernst  
Ranking Member