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NOMINATION OF ISABELLA CASILLAS GUZMAN TO BE ADMINISTRATOR OF THE U.S. SMALL BUSINESS ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

OF THE

UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

FEBRUARY 3, 2021

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NOMINATION OF ISABELLA CASILLAS GUZMAN TO BE ADMINISTRATOR OF THE U.S. SMALL BUSINESS ADMINISTRATION

WEDNESDAY, FEBRUARY 3, 2021

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

The Committee met, pursuant to notice, at 10:30 a.m. in Room 301, Russell Senate Office Building, Hon. Ben Cardin, Acting Chairman of the Committee, presiding.

Present: Senators Cardin, Cantwell, Shaheen, Markey, Booker, Coons, Hirono, Duckworth, Rosen, Paul, Rubio, Scott, Ernst, Inhofe, Young, Kennedy, and Hawley.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, ACTING CHAIRMAN, A U.S. SENATOR FROM MARYLAND

Chairman CARDIN. The Small Business Entrepreneurship Committee will come to order. The purpose for today's hearing is to hear from our nominee for the Administrator of the Small Business Administration, Isabella Guzman, and I would like to welcome her here this morning. I know she came in from California and we appreciate very much her being here today.

I want to start by thanking Chairman Rubio for his generosity in scheduling this hearing and allowing me to chair the hearing. I also want to thank Senator Paul for his cooperation in allowing this hearing to take place and for me to have the opportunity to chair this hearing.

Ms. Guzman, it is good to see you again. Welcome to the Committee, and I thank you for your willingness to serve.

I am going to first recognize our newest Senator from California, Senator Padilla, who is here today to introduce our nominee. Senator Padilla.

STATEMENT OF HON. ALEX PADILLA, A U.S. SENATOR FROM CALIFORNIA

Senator PADILLA. Thank you, Senator Cardin, Senator Paul, other members of the Committee, for the opportunity to introduce Isabel Guzman.

At a time when small businesses across the country are facing unprecedented challenges and economic hardship, we need a strong leader who will bring experience and deep understanding of the

issues to the Small Business Administration, and I am confident that Isabel Guzman is that leader. As the daughter of a small business owner, Isabel grew up experiencing first-hand the entrepreneurial spirit and resilience of America's small businesses. She knows the dreams that small businesses represent and the opportunities they create for families and communities.

After earning her undergraduate degree from the University of Pennsylvania's Wharton School of Business, Isabel has dedicated her career to helping small businesses grow and succeed. Isabel, herself, was a small business entrepreneur. Isabel already has a deep understanding of the Small Business Administration, having served both as a senior advisor and as Deputy Chief of Staff during the Obama administration. She oversaw the agency's adoption of new technologies and programs that made the SBA more accessible to entrepreneurs of all backgrounds.

She currently serves as the Director of the Office of the Small Business Advocate for the State of California, the most populous state in the Nation, which makes up the largest economy of any state in the Nation, and home to more than 4 million small businesses.

Among the many uncertainties of the COVID–19 pandemic, Isabel has worked with small businesses to weather the pandemic and has helped implement the largest relief effort of any state in the Nation. In addition to overseeing a network of small business centers, Isabel's office has launched a Shop Safe, Shop Local initiative aimed at helping small businesses reopen safely, as well as the Get Digital California initiative, to help small businesses adopt new technologies to safely and successfully operate during the pandemic.

Having successfully navigated the high volume and sophisticated business environment in California, I am confident that Isabel understands the urgent and complex needs of this moment. Her expertise is critical to our Nation's economic recovery. She is ready to hit the ground running and will assure the SBA helps small businesses across America not only survive the pandemic but build back better than before.

Respectfully, I urge the Committee to support her nomination. Thank you, Senator Cardin.

Chairman CARDIN. Senator Padilla, thank you very much for your introduction and we very much appreciate that and we certainly welcome you to the United States Senate. It is nice to be your colleague. You are free to go. We are going to continue the hearing. I know you have a busy schedule, so if you need to leave please feel free to excuse yourself.

Senator PADILLA. Thank you.

Chairman CARDIN. Before I get started I do want to welcome Senator John Hickenlooper to our Committee. He is virtually with us today and he will be our newest member of the Committee, and we just welcome him to the Small Business Committee.

Our Committee has a great tradition of bipartisan cooperation, which we are continuing today in the manner in which this hearing is taking place, so we very much welcome the participation of all members.

I want to start again by thanking Ms. Guzman for your willingness to serve our Nation during this extremely challenging time. Serving in public life is not easy, and certainly is not easy particularly in this environment. So we thank you and your family for your willingness to serve our Nation as the Administrator of the Small Business Administration.

The SBA has played an oversized role in COVID–19. It was tasked with important aspects of the COVID relief package. SBA was called upon to provide an enormous amount of help in setting up new programs. The staff worked extraordinarily hard, nights and weekends, in order to get these programs up and running. Eight hundred twenty billion dollars was run through the SBA in COVID relief, establishing a new program, the Paycheck Protection Program, and an EIDL advance program, both new, and, of course, the eligibility of COVID pandemic for the EIDL loan program.

There was a close working relationship between the SBA and this Committee. I particularly want to thank Senator Rubio, Senator Shaheen, and other members of this Committee as we worked very closely with the SBA in not only setting up this program but how it was initially administered. And we hope that that close cooperation will continue under the Biden administration.

There were certainly many challenges as a result of COVID–19. We all recognize, on this Committee, that small businesses are the growth engine of America as far as job creation and innovation, but the resiliency for small businesses is not as strong as larger companies. So when there is a recession or there is a challenge in our economy, we need to pay particular attention to small businesses, and that is exactly what we did in establishing these new programs. The first effort was to get money out quickly to protect payroll, and we were successful in getting that done. We now need to target the relief to those small businesses that have the greatest need.

We learned, during the initial rollout of the program, that we have a challenge in reaching the underserved communities, the underbanked communities, minority small businesses, and we welcome your thoughts as to how you, if confirmed, would deal with making sure we get the relief to the small businesses that need it the most. It is critically important in the SBA Administration to have a confirmed Administrator as quickly as possible to provide steady leadership and permanent leadership during these very challenging times.

Let me, if I might, I want to talk a little bit about your background and get your commitments as to how you will proceed if confirmed as our Administrator. I am looking forward to hearing from you about how your background and record of working with and supporting small businesses has prepared you to lead the SBA.

I am especially looking forward to hearing about your most recent position as California's Director of the Office of Small Business Advocate, as well as your prior service helping to lead SBA as a deputy chief of staff and senior advisor during the Obama administration. I also want to hear more about how working for your family business shaped the way you go about supporting small businesses, because that is an experience that I and countless Americans have shared.

My grandfather emigrated to America and started a small store. He was able to find a better way to do business, and over the years that small store grew to become a very large company. In the process, he was able to contribute to his community and the economy by creating good-paying jobs. That is the American story, and for far too many families right now the pandemic is threatening that American dream.

When I was negotiating the small business provisions of the CARES Act and subsequent relief bills family businesses as well as the millions of families that rely on small businesses for their paycheck were front of mind. I am proud of what we have been able to do so far, but clearly more needs to be done.

In my home State of Maryland, which boasts the highest concentration of minority-owned, primarily Black-owned and women-owned businesses in the country, the programs created and funded by the CARES Act have provided billions of dollars of aid to hundreds of thousands of small businesses. To date, nearly 100,000 Maryland businesses have received approximately $328 million in EIDL advance grants, and the most recent data from the SBA shows that approximately 65,000 Maryland small businesses have received $3.4 billion in EIDL loans. And my colleagues here, from the states they represent, we would see similarly large numbers of the small businesses that have benefited from the tools we have available.

I have had conversations with many of those small business owners and they have told me that the small business aid that they received empowered them not only to weather the storm of the pandemic but also to retool their businesses for the new normal that will follow. Just two months ago, the members of this Committee heard testimony from one of my constituents, Mrs. Iman McFarland, who said, "PPP and EIDL did more than just keep our businesses afloat. It created a rising tide to support lifting up five employees I was able to bring back, as well as the broader community we have been able to serve."

While PPP and EIDL worked for Mrs. McFarland and many other small business owners, we also know prior to the passage of the CARES Act that small businesses in underserved and underbanked communities struggled to access PPP due to their minimal to non-existent relationship with traditional financial institutions. It was with this inequality in mind that Senator Shaheen and I drafted the language in the CARES Act instructing the SBA and the Treasury Department to issue guidance to financial institutions participating in the Paycheck Protection Program to prioritize loans for underserved small businesses.

This issue struck such a chord that a group of advocates from the U.S. Black Chambers to the Hispanic Chamber of Commerce and Native Women-Led formed the Page 30 Coalition to try and get the guidance implemented. Unfortunately, the Trump administration did not issue that guidance, which led to the SBA IG's finding that the implementation of the PPP did not fully align with the congressional intent of the CARES Act.

So as we negotiate a COVID relief package that passed in December, my colleagues and I once again pushed for provisions to ensure that small businesses in underserved communities were not

left behind. I am proud that the initial data that we have looked at, in regards to the PPP loans being issued in January, we see that they are going to smaller small businesses, and the size of the loans are smaller. That is a good indication that we are getting a better targeting. But we want to know how you will use the position, if confirmed, to reach this target group that has traditionally been left out of SBA priority programs because of their lack of connection to the banking community.

No one knows exactly when the pandemic will end so I am grateful that the Biden-Harris administration has laid out an aggressive plan, the American Rescue Plan, to defeat COVID–19 by funding vaccination and containing the virus while delivering aid to the hardest hit communities and small businesses. Because to truly help small businesses recover we must defeat this virus. If American consumers do not want to go out of their homes, we are not going to help small businesses. If schools do not reopen, parents are not going to be able to fully participate in our economy and help small businesses.

Ms. Guzman, as we in Congress enact an American Rescue Plan we will be relying on data and insight from the SBA. Here we have had bipartisan concern by the way the SBA has made that information available to Congress. And, by the way, also the General Accounting Office has been unable to get that information. We need that demographic information on how the program is working so we can adjust it to reach the targeted communities that have been traditionally underserved. So we are going to be looking for your commitment to make sure that you get that information and share that information with those of us in Congress.

Thank you once again for your commitment to serving the Nation during this difficult moment in our history, and I look forward to hearing your testimony this morning.

At this time I would yield—I am the Acting Chairman today but the Acting Ranking Member, Senator Paul.

OPENING STATEMENT OF HON. RAND PAUL, A U.S. SENATOR FROM KENTUCKY

Senator PAUL. Thank you, Mr. Acting Chairman. Welcome, Ms. Guzman. I enjoyed our conversation yesterday, and I do wish you the best of luck. I think the job will be bigger than the job has ever been in the past.

Philosophically, I have been opposed to borrowing such extraordinary amounts of money, and I think it has been a false choice in the sense that we say either the economy collapses in ruin or we bail it out with money that we do not have. There has always been another choice, and that is examining whether or not the economic lockdowns have been beneficial.

There is no evidence, really, that any of the COVID lockdowns have affected the trajectory of the virus. Even President Biden, in the last week, has admitted as much. The virus is doing what it wants to do, regardless of any of our interventions. In fact, there was a Stanford study that looked at ten different countries and with a variety of economic mandates, from very severe to voluntary. I really found no difference in the trajectory of the virus.

In fact, if you look at the trajectory of the daily incidence of COVID-positive patients it is growing exponentially, despite any of the mandates that we have put in place. If you look at state-to-state, between the states that have lax parameters to the states that won't let you go anywhere, you have to wear a mask outside, or you cannot dine inside or outside, there is really not much difference. In fact, the states with the severest mandates really often have some of the highest incidence. So Florida versus California, the incidence in California, on a per-person or a pro rata ratio, is actually much higher in California than Florida, despite California having the harshest lockdown.

The reason I bring this up is that there has been a choice, and still is a choice, on how we help business in our country and small businesses. The small businesses have been devastated by government policy, primarily Governors' policy, but they have been devastated by these rules. So the choice is not just shake the free money tree, print up money, and give everybody money, or nothing. The other choice would have been, could have been, and still is let's free these businesses up. Let's get rid of the mandates that are crippling our business.

Even with the mandates causing such harm to restaurants and hotel industry and travel industry, overall unemployment, actually, in Kentucky, is actually lower than it was in seven of the eight years of President Obama's two administrations. So I think we do need to put things in perspective, and those who say this is an existential thing and we have just got to borrow whatever, and the debt be damned, and we just have to do whatever and not worry about the consequences of the future, I think we do.

Lord Maynard Keynes was sort of one of the early promoters, and most prominent promoters, of the free money stimulus, government stimulus, where we borrow money and pass it out. He was asked, "Well, it, you know, it seems to work in the short run but what about the long term?" And his response was, "Well, in the long term we will all be dead anyway." And I think that is sort of a callous way to look at the future of our country and not worry about what we are doing to the currency and what we are doing to the underpinnings of our economy by borrowing so much money.

So I think we should keep that in perspective in the debate that we continue to have in Washington over what is best to be done. The programs that have been put out before us, PPP and the others that are, many of them gradually being shifted from being loans to grants, I think actually gives more incentive for more corruption. And we are already finding people who have bought expensive luxury cars, Lamborghinis, things like that, with their PPP money. Some of them are being caught. The more of these loans that are turned into grants and have less oversight and the people have less verification of what they have done with the money, the more corruption we will get.

So I would argue that within the parameters of the law that you will have to obey the law, but let's try not to expand and use any authority as the Administrator to try to convert things from actually having oversight, such as loans, to things that have no oversight. Now Congress has changed some of these parameters and we will live with that, but I really do fear that a lot of corruption is

going to happen, and more corruption will happen as more of this is turned into grants.

So as we move forward, Mr. Chairman, I think it is important that we continue to have a debate over what works and what does not work. And the virus has been devastating in many ways to so many people. You know, I have friends who have died from the virus. I have friends who are currently sick with it. But simply saying, oh, we must do things, where there is no evidence that these things are working, I think it is important that we re-evaluate them, and we re-evaluate whether or not giving monies to states actually encourages them to open the economy or discourages them from opening the economy.

I, for one, think that the only thing that will change the trajectory of this is the vaccine, and I look forward to the time when we get the vaccine out to more people. The states that are utilizing private entities to help them get it out are doing better. In Florida they are using Publix pharmacies. I would suggest that we need to very rapidly gear this thing up.

In my home state, if you call the Public Health Department and you want a vaccine you will get a 20-minute message. You will be unlikely to find a person, and the first thing they tell you on the message is, "Oh, if you know somebody not wearing their mask, let us know their name so we can have the police go talk to them." Nowhere on the machine or on the Public Health website is any place where you can sign up for a vaccine. You know, I think what we should be doing is having large sign-up sheets with your name, your age, and trying to get people on a list where we can call them in to get the vaccine instead of being so intent on trying to punish or harass people that you do not think are adhering to whatever mandates that really do not seem to be appearing to change the trajectory of the virus.

So I think as we continue to have this debate I hope you will work very hard. I am hopeful that you will try to oversee the administration of these loans without letting them get out of hand. And I wish you the best of luck. Thank you.

Chairman CARDIN. Thank you, Senator Paul. I appreciate your opening statement.

Ms. Guzman, if you would rise. It is the tradition of our Committee to swear in the nominees for the Administrator of the SBA. If you would raise your right hand and repeat after me.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Ms. GUZMAN. I do.

Chairman CARDIN. You may be seated.

I have two questions that are asked again to all nominees to be Administrator of the SBA. Should you become confirmed as Administrator, are you willing to appear and testify before any duly constituted committee of Congress when requested to do so?

Ms. GUZMAN. Yes, I will.

Chairman CARDIN. Are you willing to provide such committee as is requested by any such committee the information that they request?

Ms. GUZMAN. Yes, I will.

Chairman CARDIN. Thank you. You may now give us your opening statement. Thank you.

STATEMENT OF ISABELLA CASILLAS GUZMAN, OF CALIFORNIA, TO BE ADMINISTRATOR, U.S. SMALL BUSINESS ADMINISTRATION

Ms. GUZMAN. Thank you so much. Good morning, incoming Chairman Cardin, as well as incoming Ranking Member Paul, members of the Committee. It is an honor to appear before you today, and thanks to Senator Padilla for introducing me to the Committee. I am very proud that he is representing California.

As a product of and lifelong advocate for America's small businesses, I am honored and profoundly grateful that President Biden has nominated me to serve as the next Administrator of the U.S. Small Business Administration. I am deeply committed to helping support our Nation's small businesses and entrepreneurs and would be proud to lead the SBA and help small businesses start, operate, grow, and be resilient.

Let me tell you about my background. I grew up in a small business family in California, visiting and working with my dad at his veterinary hospital. What I remember more than anything, I loved the connection he had with the clients he served every day. At a young age, I experienced first-hand how important small business owners are to the communities they serve and why we rightly call them the fabric of our neighborhoods. They enliven our Main Streets, create the products and services that enrich our lives, and innovate to solve the world's problems.

If confirmed, I pledge to serve as their voice and represent the enormous diversity across our small businesses, from independent contractors and sole proprietors to startups and innovative technology and science-based firms to Main Street and manufacturing, of all sizes and all stages of development, and all entrepreneurs from diverse backgrounds and geographies.

At over 30 million strong, small businesses power our economy. They represent vastly all of our Nation's total businesses and employ nearly half of the private workforce.

But they are facing an unprecedented crisis and need our support to survive and thrive again. As this Committee knows so well, small businesses across the country have been devastated by the pandemic and economic downturn. I feel a sense of urgency that we need to work harder than ever, think more creatively than ever, and build more collaboration than ever to meet this moment.

Throughout my career, I have started businesses and helped entrepreneurs launch and grow their firms, and I appreciate and understand the challenges they face every day. We all know a small business owner who works so hard, wearing multiple hats to tenaciously pursue their dreams, the American dream. As California's current Small Business Advocate I have also seen the impossible situations and intense frustrations small business owners are experiencing as they attempt to survive the COVID–19 pandemic. Many have experienced revenue drops, increasing debt, and shrinking cash flows as a result of the health and safety guidance and lockdown restrictions and changing marketplaces.

Small businesses need a team behind them. SBA must be a part of that team, helping them access capital and connecting them to marketplaces to build revenues and to networks that can help them navigate resources to improve outcomes so that they can do what they do best: create our Nation's jobs and help spur our economy.

I am confident that I can hit the ground running and deliver the recovery policies of the Administration and this Committee. President Biden is committed to addressing inequities in our economy and providing relief to those who are struggling during the pandemic. He has focused on building our economy back better and strengthening our small businesses. And America's small businesses are counting on effective and equitable implementation of COVID–19 relief and recovery programs passed by Congress and implemented by the SBA, because their survival is at risk.

If confirmed, I would leverage my prior experience serving in leadership at the SBA and commit to working diligently to be a good steward of its programs. I am committed to ensuring the agency has the right systems, technology, and operating processes in place to advance its mission and reach all our small businesses. Most importantly, I will work to ensure funds get into the hands of the small businesses who have been hurt the most by the pandemic and economic crisis through no fault of their own. I also pledge to be transparent, responsive, and accessible to this Committee about SBA's operations and needs.

President Biden has committed to advancing racial justice and equity for all Americans. If confirmed, I am committed to helping the SBA advance opportunity for all, including our underserved entrepreneurs who have faced historic barriers to start and grow their businesses.

I am deeply honored by the President's nomination and look forward to getting to work immediately with the mission-driven civil servants at the SBA to help all of America's small businesses build better futures for their families and their communities. Their success is our country's success.

Thank you, Mr. Incoming Chairman. I look forward to all of the Committee members' questions.

[The prepared statement of Ms. Guzman follows:]

Isabella Casillas Guzman
Nominee; Administrator, U.S. Small Business Administration
Written Testimony, U.S. Senate Committee on Small Business & Entrepreneurship
Wednesday, February 3, 2021
10:30 a.m.
Washington, D.C.

Good Morning Chairman Rubio, Ranking Member Cardin, Members of the Committee – it is an honor to appear before you today.

As a product of and lifelong advocate for America's small business community, I am honored and profoundly grateful that President Biden has nominated me to serve as the next Administrator of the U.S. Small Business Administration.

Now more than ever, I am deeply committed to helping support our nation's small businesses and entrepreneurs and would be proud to lead the SBA and help small businesses start, operate, grow, and be resilient.

Let me tell you about my background. I grew up in a small business family in California – visiting and working with my dad at his veterinary hospital.

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have been devastated by the pandemic and economic downturn. I feel a sense of urgency that we need to work harder than ever, think more creatively than ever, and build more collaboration than ever to meet this moment.

Throughout my career I have started businesses and helped entrepreneurs launch and grow their firms, and I appreciate and understand the challenges they face every day. We all know a small business owner who works so hard – wearing multiple hats to tenaciously pursue their dreams.

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I am deeply honored by the President's nomination and look forward to getting to work immediately with the mission-driven civil servants at the SBA to help all of America's small businesses build better futures for their families and communities. Their success is our country's success.

Thank you, Mr. Chairman. I look forward to the Committee's questions.

Chairman CARDIN. Ms. Guzman, thank you very much for that opening statement, and I particularly appreciate your comments about working with our Committee and transparency issues that, in general, worked well with the Trump administration. We had a very fine relationship with sharing of information and implementing the new laws that were passed in the CARES Act and reinforced by subsequent legislation.

There was one notable exception, and I mentioned it in my opening statement. We had a very difficult time getting the granular information on the loans in order to do our oversight in Congress as well as to adjust the program to make sure that the funds were getting to the small businesses in an equitable manner, particularly those in underserved communities. We introduced legislation, made requests to require demographic information be supplied by the borrowers so we could determine where the loans were going from the point of view of communities, whether the underserved communities were really being treated fairly. And we were basically unable to get that information.

Just very recently, we got some information. On January 31st, the SBA released data on the performance of the 2021 PPP program—this is one that just was passed in December—and unfortunately less than 22 percent of the borrowers completed the demographic questionnaire.

So my question to you is, what will you do to improve the transparency that you mentioned in your statement so that we can get the data we need to make sure that the programs that we have created are reaching the intended small businesses in an equitable manner, particularly those who have traditionally been underserved? How are we going to make sure we get that demographic information in order to evaluate and oversight the program as well as adjust it moving forward?

Ms. GUZMAN. Thank you, Senator, for that question. I do believe wholeheartedly that managing with data and information is critical. I agree with you that decisions rest on performance, and so it would be my priority to ensure that communication and collaboration is open on that information, you know, further that we are leveraging our technology fully and our systems and processes to ensure that we can provide insights as we move along for any adjustments as we proceed.

So it is definitely a priority, especially in ensuring strong oversight and control.

Chairman CARDIN. I would just urge you to work with the staffs of our Committee on this issue, because it has been a real challenge for us, and we have been working in the blind in crafting legislation. We had a hard time getting information even on the drawdown on the program, when it first started up, to make sure there was adequate funding provided.

So I take your commitment to work with us in a way that we can share information so that, as policymakers, we can support your mission with timely information to make adjustments, if needed.

Ms. GUZMAN. Yes, I would completely. Thank you. And I would make sure that my staff is available as well to collaborate with the

Committee and staff and individual members as concerns are raised.

Chairman CARDIN. Thank you. I want to deal with eligibility for SBA programs for those who have criminal records, and I start here because as the Paycheck Protection Program was implemented, SBA adopted an entirely new exclusion for partial owners convicted of any felony within the last five years.

Now we raised objections, bipartisan objections. I worked with Senator Portman and Senator Lankford and others to try to get an adjustment on that. We thought it should be eliminated in its entirety. The Treasury and SBA made an adjustment to reduce that to one year, but they still did not deal with those accused of crime, before their convictions, and still had prohibitions that we thought were against what was the intent of Congress.

Tell me how you feel about returning citizens being eligible for SBA programs if their criminal convictions had nothing to do with any type of an economic crime or they are just accused of a crime and they have not yet had their day in court.

Ms. GUZMAN. Thank you, Senator. Actually, when I served at the Small Business Administration we focused on the re-entry population, looking at how we could expand the programs to ensure that we were working to spur entrepreneurship in this community. So if confirmed it would be my pleasure to return to that, to some of those programs analysis, and figure out how we can continue to support entrepreneurship with the re-entry population.

Chairman CARDIN. And then, lastly, let me just call your attention to two bills that I have filed with other colleagues, one dealing with venture capital in minority businesses and emerging markets, the other dealing with partnerships with our HBCUs and minority institutions to help in regards to incubator and accelerator programs. And I would just encourage you to take a look at these bills, see whether we can work together on this. Some of this may be able to be handled administratively, which is consistent with your statement on helping the underserved community. And I just call that to your attention and hope we can work together on those issues.

Ms. GUZMAN. Thank you. I will definitely pay attention to those two pieces and look at the SBA programs and how we can fully utilize those programs.

Chairman CARDIN. For the benefit of the members of the Committee, we will proceed by seniority order, because I do not know when people got on the—we were joined by many people that are on the internet. So first on my list would be Senator Scott. Let's see how we get you connected here.

Senator SCOTT. Senator Cardin?

Chairman CARDIN. We got you. You are on, Senator.

Senator SCOTT. Okay. Excellent. Good morning, Senator Cardin. Thank you for introducing me, and Ms. Guzman, thank you for your willingness to serve. Without much of a question this is a really important time to be serving as the Small Business Administrator. And I will say to Senator Cardin's last comment, as it relates to those who are formerly incarcerated, who have paid for their deeds for their crimes, it really is important for us to make sure that they are acclimated and then assimilated into the line for

the access to the Small Business Administration, the Paycheck Protection Program.

And I will note that Senator Booker and myself, we were able to get guidance from the previous Administrator of the SBA to make sure that those folks who were not involved in financial crime, as Senator Cardin just alluded to, had an opportunity to avail themselves to the loans, be it the EIDL loan or the PPP loans. That is a really important part of creating jobs and opportunity and growing equity in this country, for those who were formerly incarcerated.

One of the other issues that is really important to me, Ms. Guzman, is the fact that 30 million-plus small businesses around the country depend on you to be their voice, to be the person that is at the table within this administration when talking about some of the common sense priorities that must be understood from the prism of a small business owner's perspective. I thank you for working as a small business owner yourself in your father's business. I certainly am a former small business owner and understand and appreciate that the more you increase cost, the fewer jobs you create, and the devastating impact that it can have in the middle of a pandemic.

That said, I am very concerned that the small businesses around the country need a voice at the table as it relates to this minimum wage debate that we will be having for the next several weeks, if not several years. I am hoping that you will be a voice of reason at that table, especially having been a part of a small business.

I will say that last week I had the opportunity to visit a restaurant here in Washington, DC, in the Union Market District, a restaurant called Bidwell. I had a chance to speak with the owner, Chef John, and the bar manager, who did a wonderful job of distilling the importance of not increasing the minimum wage, particularly in the midst of a pandemic, when we have already seen 110,000 restaurants close their doors permanently, and thousands, if not millions of others are holding on by a thread.

By increasing the cost of labor you actually reduce the number of businesses, and according to the Congressional Budget Office the number of businesses that we could see lost is in the hundreds of thousands, which will lead to up to almost 4 million lost jobs in the economy, and those numbers were pre-pandemic. I can only imagine that those numbers are infinitely worse in the middle of the pandemic, and my question to you is, as you take all those facts into consideration can we count on you being a voice of reason, trying to find a way to explain the plight of 30 million small businesses? And I will say that that is a really important consideration that small businesses would love to understand and appreciate your position on.

Ms. GUZMAN. Thank you, Senator. You know, I know that out of this pandemic we need a shared recovery. In California, I actually work closely with multiple organizations. I believe in hearing all voices, and I believe strongly in being the voice of small business, that they really do power my work, and those stories mean a lot to me, of the different restaurants and bar owners and service industry folks that I have met in my service.

And so those stories are really what propel my work, and so I do intend on being the voice of small business at the table and utilizing the resources, if confirmed, at the SBA, including the Office of Advocacy that does extensive research and is an independent agency, to make sure that I am aware of the issues and can voice those concerns.

And then in addition, the SBA has great programs to help small businesses adapt to the marketplace, and I would want to be sure that I can help them navigate through any challenges and be——

Senator SCOTT. Thank you very much. Yes, ma'am. Absolutely. I will make this my last note since my time is running out, that the reality of the minimum wage conversation and debate really should be one that is concerned from a regional perspective. In states like South Carolina, our cost of living is about 5.8 percent lower than the average, where in New York it is about 52 percent higher, and in California it is 46 percent higher, and here in D.C. it is 57 percent higher. So when you are having a conversation about increasing the cost of business, you are not only lowering the number of employees, you are also having a national conversation about something that has a more regional feel.

Thank you for your time and I will submit other questions for the record. Thank you, Ms. Guzman. Thank you, Senator Cardin.

Chairman CARDIN. Thank you, Senator Scott. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman, and to Ms. Guzman, thank you for being willing to be considered for this nomination at this critical time. I think everyone has pointed out the importance of the Small Business Administration in helping our small businesses get through this emergency that we are experiencing because of COVID. And I very much appreciate all the hard work that those at SBA did after the passage of our bills last year to help small businesses.

But I would like to begin with agreeing with Senator Cardin that one of the biggest challenges we had was trying to get information from SBA about how the PPP program and the EIDL programs were working. And it is not clear to me if the challenge is that there are not systems in place to provide that data or everyone was so overworked that they were not able to get it for us. But I hope you will commit today to—I heard you say you will talk to the staff and make sure that they produce whatever reports are requested by the Committee. I hope you will also agree to come before us and to ensure that any staff that is requested come before us as well, to discuss concerns that we might have.

Ms. GUZMAN. Thank you. Yes, no, I do appreciate that this collaboration with the Committee is very important, and so I would completely respect that and work hard to do that.

Senator SHAHEEN. Great. Thank you. One of the programs that was created in the most recent COVID bill, back in December, was a new program to help with live entertainment venues. They have been particularly hard hit in New Hampshire and across the country, because most of them do not have a large number of full-time employees. They have part-time employees and so the PPP dollars, as you know, did not work quite the same way for those venues.

And under the program, SBA is authorized to make up to $15 billion in grants, but we still have not seen any of the guidance

from SBA on how those grants will be made available, and we are hearing a great deal of concern from small businesses in New Hampshire who are interested in applying and are really getting desperate.

So can you talk about how you might get this program up and running as soon as possible?

Ms. GUZMAN. Thank you, Senator. If confirmed, my priority will be on—number one priority will be on ensuring that COVID relief is implemented efficiently, quickly, as well as equitably, including the Shuttered Venues Grants. So this would be one of the day one priorities, is to understand where they are at with this process and make sure that this is implemented as quickly as possible.

Senator SHAHEEN. Great. Thank you. We had the opportunity to talk a couple of weeks ago, which I very much appreciated, and one of the things we talked about was the STEP program to help states with small businesses with exporting their goods. And it is legislation that I care a lot about, because I helped to introduce it and see it get passed.

And when it is working well it is very effective, but as you may be aware the GAO identified several outstanding issues with the STEP program that I would just call to your attention. First that a significant portion of funding has been returned to SBA because administrative requirements are too burdensome, and that is what I hear on a regular basis, that there is not enough flexibility in the program, the paperwork that is required is very difficult for, as you know, for many of these small businesses they do not have somebody who can fill out burdensome administrative requirements.

And so it has been really challenging, and there is a whole list of concerns that GAO expresses. Inconsistent program guidance—our small businesses hear from other businesses in other states that they have been allowed to do things that our folks in New Hampshire are being told they are not allowed to do under the grants. Lack of flexibility. Just a whole range of things.

So can you talk about what you might be able to do as Administrator to help address some of those long-time problems within the STEP program?

Ms. GUZMAN. Thank you, Senator. Yes, twofold, I am both familiar from my work at the SBA with the STEP program. I did implement programs and priorities on behalf of the Administrator, operationalizing the vision, and STEP was one of those that I worked extensively on, so I do understand some of those challenges. In addition, as a recipient in California, we administered the program, and I have heard directly from small businesses who have had challenges. So I would use those two past experiences to really dive in and try to ensure that we implement that program as efficiently as possible, and across all these programs it would be simplification, understanding the experience of small business.

Senator SHAHEEN. Well, so given your insights, why has it been such problem with this program?

Ms. GUZMAN. I understand that there were lots of programmatic issues when they first established it and in terms of making really strong controls and measures. And so balancing that with efficiently and effectively getting the program out is, I think, the challenge. And so I would need to dive back in and understand where

they are at with some of those changes to see if there are ways to simplify the program.

Senator SHAHEEN. I appreciate that very much. You know, my recollection is that this legislation was passed in 2010, so after 10 years it seems like these problems should have been worked out. So we will stay in touch and I can assure you I will continue to ask questions to see how we can make progress and stand ready to help you with that. Thank you.

Ms. GUZMAN. Thank you.

Chairman CARDIN. Senator Ernst.

Senator ERNST. Thank you, Mr. Chairman, very much, and is it Guz-mon [phonetic] or Guz-man?

Ms. GUZMAN. Guz-mon [phonetic.]

Senator ERNST. Okay. Thank you, Ms. Guzman. I really enjoyed our conversation the other day and thank you for making time for that.

I really do appreciate the fact that you are stepping up to serve our small businesses across the United States, especially during a really difficult time of COVID–19. And for nearly a year the members of this particular Committee have worked tirelessly to find solutions for the very significant challenges that are facing our small businesses, and they have been battered, just relentlessly, by COVID–19, and you understand that quite well.

So we really have a great deal of pride in the Paycheck Protection Program. We do think it has been very helpful. There have been a few hiccups here and there, but again, we are just grateful to have come together in providing vital assistance to our small businesses and saving millions of jobs across the United States.

And so, Ms. Guzman, if confirmed, I really do look forward to working with you and your team. We have got to strengthen and improve these programs and find ways to continue to bring assistance to all of these wonderful entrepreneurs and small businesses across Iowa and across the country, as we continue on that path to recovery.

There is one hiccup that I would like to ask you about, which is very concerning to a number of us. In the CARES Act, Congress made it very, very clear that SBA's affiliation rules must apply to nonprofit organizations in determining the eligibility for the Paycheck Protection Program. So in order to receive that first draw, those small businesses or nonprofits could not employ more than 500 people across each of their affiliations. For the second draw on the loan they could not employ more than 300 people.

Despite employing more than 16,000 people nationwide, reports emerged last year that many Planned Parenthood affiliates illegally applied for and received those PPP loans. So as Administrator, will you commit to upholding the CARES Act and ensuring that those who violate SBA rules are held accountable?

Ms. GUZMAN. I would definitely commit to being a good steward of the program as the rules and regulations have been spelled out, and would look forward to discussing affiliation with you further, if confirmed.

Senator ERNST. Yes, thank you. And we will have additional discussions on that. We want to make sure that those businesses,

those nonprofits that truly do have a need and meet the rules are those that are receiving.

Senator Shaheen also mentioned the Shuttered Venue Operators grant program. Really important in Iowa as well. So I am very glad that you will be taking time and attention to work on the rules there.

One of the topics that we touched on during our call last week was the topic of child care, and it is so important that we address this issue. We have a lack of affordable child care across the State of Iowa, and the role the SBA could play in helping these child care entrepreneurs, we really want to develop and explore that.

So in the last Congress, by colleague, Senator Rosen, and I introduced legislation that would allow nonprofit child care centers to utilize SBA capital access programs. Can you speak to the role that you believe the SBA should play in addressing the child care crisis and helping child care operators, especially in our rural areas?

Ms. GUZMAN. Thank you, Senator, for that question. I know President Biden has prioritized the Care Economy, and we know how important child care is, especially to our women entrepreneurs, in order for them to succeed. The SBA does have programs that it can utilize as well as I would welcome the opportunity to explore ways that we can better serve the child care facilities. So in addition to the current loan programs and the Small Business Development Center targeted programming that exists, in California there are some great best practices of intensive training for child care providers, and I would welcome the opportunity to make sure that we are leveraging those, scaling those, as well as looking at other opportunities to help.

Senator ERNST. Well, I appreciate that, and I am running out of time. I do want to take a moment to say, though, that I did enjoy our conversation. I was thoroughly impressed with your knowledge of the various programs through SBA, and, Ms. Guzman, I look forward to supporting your confirmation, so thank you very much.

Ms. GUZMAN. Thank you so much, Senator.

Chairman CARDIN. Thank you. Senator Markey by WebEx.

Senator MARKEY. Great. Thank you so much, and welcome, Ms. Guzman. I enjoyed our conversation last week and I am absolutely confident that President Biden made an excellent choice to be the new head of the SBA.

Massachusetts is a huge beneficiary of the SBIR and STTR programs. Here are some of the numbers. Since the program was created, Massachusetts companies have received 22,000 of the grants, and last year alone 593 awards valued at over $350 million went to Massachusetts companies, which has really helped to create an ecosystem of innovation in the State of Massachusetts.

We talked during our conversation last week about how strongly I believe that we must ensure that the SBIR program is available to truly small businesses. For a long time there have been efforts to open up the program more and more so that venture capital-backed companies can access the funding. I am concerned that if we open up this program too much to venture capital funding we will crowd out access to funding needed by truly small businesses.

Do you have any thoughts on proposals to increase venture capital involvement in the SBIR program?

Ms. GUZMAN. Thank you, Senator Markey, and I did enjoy our conversations about this and other topics. The SBIR program, or America's Seed Fund, is one of the most critical programs that the SBA has. I agree that with the impact great companies have come out of that program. You know, I know that ensuring that small businesses have access to the Federal research dollars is a priority and I would commit to being a good steward to ensure that our small businesses, and not only that but the underserved communities, including our rural as well as women and people of color, have access to this program. I think that there are great ideas that exist around our country and ensuring that there are these available grants to spur that innovation as well as help businesses commercialize is really a priority. So I would look forward to partnering to figure out how we can maintain that strength of the program and improve it.

Senator MARKEY. Okay. And again, my question actually goes to obviously the role of the venture capital world, which has access to plenty of capital it wants to play in moving into this sector as well, which I catch arched eyebrows that hit the ceiling as I look at their interests in this program, knowing how well it is already serving the smallest businesses, the entrepreneurial, the innovative businesses in our country.

And, Ms. Guzman, I would ask for your commitment to ensure that the SBIR program continues to be based on merit, and I would also ask for your thoughts on how we can provide more funding for small businesses across the country who may not have access to a Massachusetts or a California business university type of ecosystem.

Ms. GUZMAN. The program is a great program, and if there is an opportunity to continue to expand capital to early stage venture companies as well as early stage researchers who are trying to formulate these great innovations I think that is a strong program that we should deliver against.

And in terms of the specifics of merit, I think the program is very strong, and we need to make sure that we are investing in the best ideas across the country.

Senator MARKEY. Yeah, thank you. There is always a kind of an uncertainty about the funding for the SBIR program. Do you support making the SBIR program permanent?

Ms. GUZMAN. Thank you for that, Senator, and if confirmed I know SBIR reauthorization is right around the corner. You know, it is a program that has been emulated, respected across the globe, and I do think it is a very critical program that I would like to see continued at the SBA.

Senator MARKEY. Okay. And do you believe that just 3 percent of Federal R&D for startups and entrepreneurs is adequate, or would you support an increase in the allocation percentage that goes to startups and entrepreneurs?

Ms. GUZMAN. My role will always be to be the voice of small business and advocate on their behalf. In addition, I would be a good steward of the programs as implemented by Congress, as well as the priorities of the administration.

Senator MARKEY. And I am glad that you are going to be taking this job and I am very heartened by the level of support that you

are clearly going to bring to ensure that minority-owned businesses have the same access to capital as other businesses, and it is very heartening to me to hear your level of commitment to that goal.

Ms. GUZMAN. Thank you, Senator.

Senator MARKEY. Thank you. Thank you, Mr. Chairman.

Chairman CARDIN. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman, for hosting this meeting, and Ms. Guzman, I enjoyed our visit. We had a chance to talk about some of the—and this is so important to me. I think I impressed upon you that Oklahoma is—we are a small business community. In fact, I questioned my staff when they said that we had statistical data that showed that 99 percent of the businesses in Oklahoma are small businesses employing over half of the workers in Oklahoma. So I think we are the ones that really need this program.

There are two problems with it, that have nothing to do with the pandemic but things I want to call to your attention, because they are things that we need to be addressing that you may not have thought of before. And I agree with the comments that have been made about the Paycheck Protection Program, and it is—has been very helpful.

A problem that we have in my State of Oklahoma, and, of course, maybe I am partly to blame, is that our businesses do not know what resources are out there, but the SBA does, what their mission is, what is available to them. And I have not been able to—sometimes I get a response of surprise that resources are out there.

Do you have any ideas on what you could do to maybe work together to lift the awareness of what SBA is all about and what is there for our small businesses?

Ms. GUZMAN. Thank you, Senator Inhofe. I agree that connection to resources is one of the biggest challenges for small businesses. President Biden has prioritized establishing navigators in communities, so local voices who can connect to small businesses and inform them of the resources that exist. If confirmed, I would want to leverage SBA's field offices, resource partners, as well as extensive partnerships across chambers and other organizations to help to that end.

Senator INHOFE. So he has talked to you about this?

Ms. GUZMAN. The President has mentioned several times navigators in terms of his priorities, and so yes, for the Small Business Administration that would be one of our priorities.

Senator INHOFE. And sometimes we run into this in government. There are opportunities and they reach a level of perfection and yet it is not reaching the ones that are supposed to be reached. Because I think there are some things that maybe as members, maybe some of my fellow members are doing things I am not doing, but I have not been successful in doing this and this is something I think really should be a pretty high priority. So I look forward to working with you on that.

Now another program that has been promoted, and not just due to the pandemic but the program ongoing, is the EIDL program. That is the Economic Injury Disaster Loan program, as you are fully aware of. It was designed originally for natural disasters. Now

in my State of Oklahoma we have had more than our share of natural disasters, and so this has been very helpful.

But we do hear, quite often, that the EIDL program has experienced a lot of delays in process, and also heard of significant issues of fraud inside the program, and I believe that is true. In fact, one constituent shared that her husband did not apply for an EIDL and yet an application appeared and information was used fraudulently and used in an application. Now I do not know how that happened, but we do hear that it does happen.

Have you addressed the fraud and abuse problem in that particular program?

Ms. GUZMAN. Thank you, Senator. If confirmed, I would prioritize the reduction of fraud, waste, and abuse as well as implementing controls and systems and leveraging the technology systems, the new technology systems they implemented to ensure this program gets into the hands of the small businesses who need it. I have heard those same stories in California. Very frustrated small businesses are those who could not receive it or get an answer, and I want to prioritize making sure that we——

Senator INHOFE. So in your experience you have had personal experience with this?

Ms. GUZMAN. Correct.

Senator INHOFE. Well, that is good and I am glad that you are aware of that.

And the last thing I wanted to bring up is the fact that we are aware that some businesses are afraid to reopen because of frivolous lawsuits, and our businesses cannot stay closed because they are afraid of being sued. And these businesses will continue to play a central role in rebuilding our local economies. I think it is something that we need to be looking at, and I would just ask you to agree with me on the importance of providing liability protections to these businesses, to ensure our businesses are not at risk over frivolous lawsuits.

Ms. GUZMAN. Thank you for that, Senator. I know that liability is a big concern for small businesses, and ensuring that we are addressing the pandemic and making it safe for people out in the marketplace is really critical. I will be the voice of small business and express their concerns and use their stories to be elevated and share those experiences.

Senator INHOFE. Well, that is good, and I am looking forward to working with you in the future and supporting your nomination.

Ms. GUZMAN. Thank you so much, Senator.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman CARDIN. Senator Coons.

Senator COONS. Thank you, Chairman Cardin, and Senator Rubio, and I would like to thank the Committee staff, Meredith and Sean, for working so hard to schedule this Committee hearing quickly, and Mrs. Guzman, it is a delight to be with you today. I really enjoyed our call, and I look forward to supporting your nomination and to working closely with you as you lead the Small Business Administration going forward.

The crisis that our Nation is enduring at the moment, this pandemic and the recession associated with it, is hitting restaurants particularly hard, as you well know. And last summer Senators

Sinema and Wicker, Graham, and I introduced the Restaurants Act to provide direct grants, not just loans, to hard-hit independent restaurants. I heard just yesterday from Sasha Aber, a friend who runs Home Grown Cafe in Newark, Delaware. She is a regular at the annual Taste of Delaware that we do in the Kennedy Caucus Room, and I hope you will join us next year. Sasha was telling me this weekend just how hard-hit her business has been and how she and her employees, and many other restaurants in my State, need more help.

I am really encouraged by President Biden's focus on helping restaurants in the American Rescue Plan, and I would be interested in how you think we can best deliver that, why you think grants are more important than loans, and how significant you think it is to target assistance to sectors like restaurants that have had a particularly difficult time of it.

Ms. GUZMAN. Thank you, Senator. I had the pleasure of serving on the Governor's Task Force on Business and Jobs Recovery during the COVID response, and with the California Restaurant Association chairman on small business issues specifically, so I have heard from him, you know, many stories about how this is affecting California restaurants as an example, and that is a microcosm of what is happening across the country.

You know, a lot of these businesses are straddled with debt, have limited cash flow, and so grants have been in high demand across multiple sectors. So I recognize that for small businesses to survive this grants are needed as well, as well as targeted relief to ensure that our small businesses who really need it are able to survive this pandemic. So I would look forward to working with you collaboratively on this issue.

Senator COONS. I was struck to see this morning, in the Delaware Business Times, that Delaware is so far coming in last in terms of the second round of PPP loans, in terms of the count and volume. To my knowledge, and to my staff's knowledge, that is not due to any deficiency on the part of Delaware's lenders or businesses. I think it is important the SBA monitor the geographic distribution of funds. I hope you will work with me on that. I think part of it may be because audits for first-round PPP loans are more cumbersome than may be necessary. There have been days of back-and-forth between auditors, lenders, and borrowers, even for loans as small as $10,000.

How will you balance the important priorities of program integrity and efficiency, in terms of speed?

Ms. GUZMAN. Thank you for that. I do think that that is the challenge of that balance. You know, I am quite familiar with the programs, and if confirmed I would look forward to figuring out how we can push as much as possible to make these simple for our small businesses to understand and leverage, because it is very difficult for them to go through mountains of papers to try to figure things out. So, you know, I know that we can better use our field, our resource partners, and get communications out there that help small businesses.

Senator COONS. And as we spoke about, those resource partners can be absolutely critical. Particularly to smaller businesses, for those that are women-owned, minority-owned, accessible advice

and counseling is vital, particularly to navigate a crisis like this and to understand SBA's programs.

Shawnee Inn in Greenwood, Delaware, is an example. It is operated by Diane Eby, and Diane asked Cindy Small at Delaware's SBDC for help early in the pandemic, and Cindy helped her get not just a PPP loan but FEMA approval to house Federal employees, which then helped her get through.

I would be interested in how you see SCORE and SBDCs and other resource partners working to make sure that our small businesses can access the great programs SBA provides.

Ms. GUZMAN. Yes, and as a small business owner I used SCORE myself. I learned all about patents from one of their advisors, so I know that there are some great resources out there in the community. In California, we actually match and leverage the Federal resource partners, and they have been critical on the ground in informing small businesses. So I would look forward to being a good steward of those programs and making sure they are reaching communities.

Senator COONS. As you know, SCORE was founded in Delaware, and I look forward to working with you to strengthen it.

My last question, we discussed the urgent need to support new entrepreneurs, entrepreneurs of color, women entrepreneurs, those living in distressed communities, and you mentioned the lack of runway capital as a major barrier. Please explain that problem and the consequences of leaving it unaddressed. I am hopeful that the next generation Entrepreneurship Act, which Senator Scott and I co-authored, could be a part of the solution to this challenge.

Ms. GUZMAN. Well, as President Biden has said, our talent and our spirit of entrepreneurship, as well as our ideas, come from all parts of the country, and unfortunately there are many communities that face barriers to capital or have experienced historic racism or barriers that have prevented them from building the wealth that is needed for accessing capital or relying on friends and family.

And so these entrepreneurs, and their great ideas, need to be supported as well for our economy to grow and for job creation to happen. So I think it is really critical that we look at all of our programs from that lens of equity and make sure that we are reaching our underserved populations.

Senator COONS. Well, Mrs. Guzman, I look forward to supporting your confirmation and to working closely with you. This has been one of the most functional, productive committees I serve on in the Senate, and I am hopeful we will get a great deal done together during this period when our small businesses need you and the SBA so much. I am so grateful to our incoming Committee Chairman for his leadership as well. Thank you.

Ms. GUZMAN. Thank you, Senator.

Chairman CARDIN. I now call on Senator Young via WebEx.

Senator YOUNG. Ms. Guzman, welcome to the Committee and thank you for your interest in serving our country in this capacity. Congratulations on your nomination.

Yesterday I reintroduced the Small Business Innovation Voucher Act with Senator Cortez Masto. This bill would require the SBA to establish the Innovation Voucher Grant Program, the first of its

kind, to support small businesses in carrying out R&D or commercialization of new or innovative products and services.

Now unlike other SBA grant programs, my voucher program would achieve a different outcome by reallocating Federal funds from larger, later-stage grants to more small, early stage grants, and from older firms and regular winners of these grants to younger firms and first-time applicants. By building on current models, it is our belief that we can facilitate public-private partnerships between small businesses and our world-renowned research institutions, giving our entrepreneurs expanded access to drive innovation.

We have seen this model work in a number of states, particularly my home State of Indiana. Indiana's Innovation Voucher Program has proven itself to be quite successful. Going forward, small businesses, we believe, will be the key to post-COVID recovery, but the pandemic has already exacerbated, as you well know, several challenges preventing firm footing in the marketplace.

So, Ms. Guzman, I ask you, will you commit to working with me and my office, as well as Senator Cortez Masto, to focus on legislation such as our Innovation Voucher Program, to facilitate these public-private partnership?

Ms. GUZMAN. Thank you, Senator, and I enjoyed my conversation with you as well as Senator Cortez Masto about this issue. I think I shared with you that I implemented a small innovation grant in California through the Department of Defense program around cybersecurity, and studied those programs across the state. So I am familiar and look forward to discussing it further with you and working with you.

Senator YOUNG. Well, thanks so much, and we will look forward to following up with you should you be confirmed, as I believe you will.

What are some other ways that you might share with the Committee that you would like to see small businesses supported to bring innovative ideas to the market, as we have seen a decrease in the number of young firms and their survivability rate of our smaller firms over the years?

Ms. GUZMAN. Well, young firms are really critical. They are the large contributors to that two-thirds of net new job number that is often cited. They are creating jobs. And, if confirmed, I would be the voice of all small businesses, including these younger firms and early startups. And so I would look forward to partnering to make sure that SBA's programs are leveraged and utilized extensively by these small businesses.

Senator YOUNG. Thank you. I am going to pivot, Ms. Guzman, to talking about fintech, financial technology services, these online banking platforms that are of such great utility to so many Americans now. Unfortunately, some of our smallest businesses, such as those with fewer than ten employees, have trouble accessing traditional banking networks to obtain SBA-backed loans.

As part of the CARES Act, numerous CDFIs, minority depository institutions, and fintechs were approved to provide PPP loans, so that is a good thing. As a short-term option, allowing fintech companies to administer PPP loans during a crisis, and therefore offering business owners more seamless options, was critical to keeping

many businesses afloat. However, fintech companies do not have preferred lender status, meaning businesses will still be required to access other options if SBA loans are out of reach in the future.

So would you kindly, Ms. Guzman, speak to whether you see fintechs as a new, emerging tool for the Small Business Administration in its loan programs?

Ms. GUZMAN. Thank you for that. Adoption of fintech across the banking sector as well as with these new fintech companies and our CDFIs, even, is really critical. I think expanding distribution for capital will improve access. And so I look forward to partnering with the lending institutions broadly, to ensure that we can keep them engaged in SBA programs. This has been a record high number of different lenders engaged in SBA than ever before, and I think we need to take advantage of that.

Senator YOUNG. Excellent. Well, on that issue as well I will look forward to working with you and your staff, should you be confirmed.

Lastly, in my remaining amount of time, and I am unable to see the clock but it will be less than a minute here, I would like to mention the RESTART Act. The RESTART Act was a bipartisan piece of legislation that I developed with Senator Michael Bennet, receiving 60 bipartisan co-sponsors in the Senate, a couple hundred in the House. It would create a long-term working capital loan to our hardest-hit businesses, measured by the amount of revenue loss they experienced on account of the pandemic. And then there would be a forgiveness element based on, once again, the economic impact these businesses have faced on account of the pandemic.

It is industry neutral in its approach, and, look, we all recognize that there are a number of businesses who are still reeling on account of the COVID–19 pandemic. My own belief is that it is likely that some additional assistance will still be required for these businesses. Do you believe that future support programs should be modeled after a sort of industry-neutral, long-term working capital loan program, like the RESTART Act proposes, so that we can target those hardest-hit businesses?

Ms. GUZMAN. If confirmed, I do look forward to evaluating all of SBA's lending products. We do have a variety of options, from the 7A and 504, and, you know, other programs that we can constantly ensure that small businesses are able to access in order to get capital, you know, whether it is that long-term patient capital or otherwise. So I would look forward to exploring options as we go through that analysis and working with this Committee and you and your staff to ensure that we are able to support all of these businesses.

Senator YOUNG. Well, I am out of time. It sounds like you are open to the RESTART Act. Thank you very much.

Chairman CARDIN. Senator Booker.

Senator BOOKER. Thank you, Mr. Chairman. Ms. Guzman, thank you so much for taking time to meet with me. I am so excited about your nomination and I look forward to supporting you on the floor when it comes to your confirmation vote.

I was kind of excited that my colleagues have already brought up this issue, Senator Cardin and Senator Scott, the issue of justice-involved individuals. In 2019, there was more marijuana possession

arrests in our country than all violent crime combined, and those people with criminal convictions for doing things that two of the four last Presidents admitted to doing would be excluded from a lot of the loan programs that we have seen in PPP and other SBA financing. That is ridiculous to me.

And I just want to put a finer point on what I am looking for, which is just you can do it with the stroke of a pen, can empower folks. And you know marijuana laws are disproportionately enforced against who?

Ms. GUZMAN. People of color.

Senator BOOKER. People of color. So we literally have college kids, with impunity, smoking pot, but people who are Black and brown are four times more likely, even though their usage rates are no different. So that ultimately affects, as the ABA says, 40,000 collateral consequences, and that is one of the reasons why there is such a wealth disparity between communities of color, because they are over-policed and over-conflicted for things that are just unjust.

And so I am really hoping, with a sweep of a pen, that you would change this. It is an administrative function, and I know it is something the Vice President and I have worked on these issue when she was a Senator. The President and I have talked about these issues ad nauseum. I know where their heart is on these issues.

And so I hate to put you on the spot, but would you commit to reversing this guidance and creating justice for Black and brown folks who have been over-incarcerated for these nonviolent drug crimes, to allow them to have access to these loan programs?

Ms. GUZMAN. Thank you, Senator. I believe I shared with you as well that during my time at the Administration we did focus on this reentry population as well as making some administrative changes to simply access. And so I would immediately be willing to dive in and explore what administrative changes I could make to open up these loans.

Senator BOOKER. Well, I hope we have a conversation on that when you stroke that pen, write that out. If you want to see the most ridiculous happy dance you have ever witnessed, you can have me there, and I will be happy, because this is something that is just so painfully wrong. The universe is not that big, but you could really become a model for the whole Executive branch, where just somebody got in there and quickly did right, and I know communities would celebrate as much as I will, should and when that happens.

I am still concerned about Black and brown businesses, you know, really benefiting from PPP in sort of the second draw. Part of the issue is that we simply just lack the data to understand the scope of this sort of issue that a lot of our businesses are doing. And over the summer the SBA released what little data they had on PPP lenders. About 86 percent of the 661,218 loans made at the time had failed to provide any information about race or ethnicity of the business owner. But we know the Black and brown business owners across the country are simply not getting the help they need, and I know you are intimately aware with that.

One analysis, by Accountable.US, found that districts with the highest Black populations received up to $13 billion less in PPP

dollars. While we have heard about the improvements to the PPP distribution since December, it is clear that there is more to be done to make PPP lending more equitable.

And so I would love to offer my assistance in that. To me, I think it is something that you could really be a champion of. But I would love to jump really quick to something I think you, in your incredible career, have a lot of experience with, which is just this idea that these local loan funds, from your work in California you have seen this, that really small businesses don't have banking relationships, but I really think that these local loan funds, one of which you sort of helped to administer, could really be the source of a lot of making of changes.

So I put together a bipartisan bill called the RELIEF for Main Street Act, that would seed and scale efforts like the one you ran in California particularly aimed at businesses with 20 employees or less. My bill, which I have worked on with the Chairman and other members of the Committee, would fund about $15 billion in the Heroes 2 bill that passed the House last Congress, and I am pleased to see that President Biden's American Rescue Plan included a $15 billion designation for the kind of flexible funds that you ran, which is now something that has me really excited.

And so I just wonder, in the last seconds I have, could you maybe talk about why getting money into the funds like you ran in California really provided better advantage for businesses that don't have those kind of banking relationships?

Ms. GUZMAN. Well, the California Rebuilding Fund, or the iBank programs that are administered as loans in California have been effective in both leveraging dollars as well as working with local CDFIs and mission lenders to advance access to capital to underserved communities, specifically. So they have had great track record. These are local lenders on the ground with connections to communities, so I do think they are great programs.

And then, of course, the California relief grants that I have been administering as well, through CDFI networks, through our technical assistance providers, have been able to reach underserved communities at really high rates as well.

So I would look forward to bringing those learnings here in D.C. and seeing how we can scale and leverage programs like that to help our underserved communities.

Senator BOOKER. That is great. Well, I want to just put one marker down, as I pass it back to the Chairman. One of the big concerns I have, and I have seen this in bipartisan conversations I have had with other members of this Committee, is just the challenge we have with the vulnerability of our supply chains in this country. And a lot of times it takes a lot of money, up-front capital, and ten-year projections to build manufacturing capacity here for things that we now know are critical, from penicillin to PPE.

And I think this is something that I know the administration is interested in, and I hope that you could partner with members of this Committee, because I believe one of the lasting legacies of President Biden's Build Back Better could be actually strengthening manufacturing, which would have not only an economic plus to us but it would give us a national security edge should we face crises in the future, whether they be pandemics or, God forbid,

military conflicts for us, not to be so dependent upon adversary nations for critical manufacturing.

Ms. GUZMAN. Thank you for that. Yes, in California we did look closely at on-shoring, near-shoring, and I worked in partnership with the California Manufacturing Technology Association while I was on the Governor's task force, and it is a critical issue. We want to shore up our supply chains and give small businesses an opportunity to access those supply chains too, with contracting. So procurement and supply chain are very important issues for me, and if confirmed I would take that passion to the SBA.

Senator BOOKER. Thank you. I look forward to giving a very hearty yes when it comes to the vote on the floor, and thank you very much.

Ms. GUZMAN. Thank you very much.

Chairman CARDIN. Thank you, Senator Booker. We will now go to Senator Kennedy by WebEx.

Senator KENNEDY. Thank you, Mr. Chairman. Mr. Chairman, I cannot see the clock, so if you would let me know when I have 30 seconds left.

Ms. Guzman, congratulations. I want to ask you about our tax code first. In 2007, as you probably know, Congress changed the way we tax pass-through entities. I am talking about LLCs, LLPs, sub-S corporations, partnerships, sole proprietorships. Congress exempted 20 percent of income from those pass-through entities from the Federal income tax. Was that a good idea? Bad idea? What do you think?

Ms. GUZMAN. Thank you for that, Senator. You know, I would work in partnership with the Office of Advocacy on issues like this, to understand some of the research they have done as well as be the voice of small business. While I do not have a specific opinion on that I would love to get back to you and talk to you further about it.

Senator KENNEDY. Well, are you familiar with it? Tell me how it works.

Ms. GUZMAN. I am familiar that, you know, there has been some tax benefits for these types of organizations, but, you know, I would need to get back to you on that, in terms of, you know, as it relates to SBA and the programs. I would basically be the voice of small business, of course, and tax issues, regulation issues, all these are of concern, but I do not have specifics on that.

Senator KENNEDY. Well, but, I mean, obviously your job is to help small businesswomen, small businessmen, and taxes represent a cost of doing business, just like your electricity bill or your insurance bill. Do you think this provision in the law has helped small business, or has it hurt it——

Ms. GUZMAN. Senator——

Senator KENNEDY [continuing]. or are you just not familiar with it?

Ms. GUZMAN. Senator, thank you for flagging it. I am not as familiar with the research in terms of whether or not it has been effective or beneficial. So, you know, rather than answer without any specific knowledge of a research study I would rather research that further and get back to you on this issue.

Chairman CARDIN. Senator Kennedy, could I interject for one minute? I will not take it out of your time.

Senator KENNEDY. Okay.

Chairman CARDIN. Because you are raising a very important point about the tax code impact on small businesses. We don't have jurisdiction over the tax code, but I will be in conversation with Senator Wyden as to whether we can't have some opportunity, either a joint hearing to look at the tax code impact on small businesses, because your point is very well taken.

The pass-through, as I understand it, was a rough justice to deal with the C rate reductions, since most small businesses use the C rates rather than the corporate rate—they used individual rate rather than the corporate rate in their taxes. And I think we do need to get more information on this, because my own personal view is that small businesses have not benefited to the same extent that larger companies that use a corporate tax rate from the 2017 tax bill.

I just interject on that because I think this is a subject our Committee needs to take a greater look at, and I thank you very much for raising today, at this nomination hearing.

Senator KENNEDY. Well, I appreciate that, Mr. Chairman. Many of the small businesses in Louisiana are not C corps, which, as you know, has the disadvantage of double taxation. Many of the small businesses in my state are pass-throughs. So this is a very important provision, and I, at some point, since Ms. Guzman is going to be the champion for small business, I would kind of like to know what her position is on that. I am going to submit a question in writing, if that is appropriate, Mr. Chairman.

Ms. Guzman, let me ask you about, are you familiar with Small Business Innovation Research grants?

Ms. GUZMAN. Yes, Senator, I am.

Senator KENNEDY. And I assume then you are familiar with Small Business Technology Transfer awards.

Ms. GUZMAN. Correct, yes.

Senator KENNEDY. Okay. Are you familiar with the FAST program that we started? FAST is an acronym for a Federal and State Technology partnership program. Are you familiar with that program?

Ms. GUZMAN. Yes, Senator, I am.

Senator KENNEDY. As I understand, the FAST program was set up to try to level the playing field and make sure that these grants and these awards are more evenly distributed. How has the FAST program worked? How well has it worked, in your opinion?

Ms. GUZMAN. Thank you for that question, Senator. It is a really critical issue that we ensure that SBIR and STTR is able to be utilized across the country. There is definitely disproportionate use in certain geographics. And so I know that beyond FAST grants, there's FAST grants as well as agencies that participate in SBIR have extended outreach and assistance programs to try to reach communities who don't traditionally access these programs. And so all of them are priority areas for ensuring access to underserved businesses and underserved small businesses who want to utilize this America's Seed Fund. In terms of——

Senator KENNEDY. Well, can I interrupt you just a second——

Ms. GUZMAN. Sure. Please, Senator.

Senator KENNEDY [continuing]. because I am about to run out of time. I hate to interrupt people. I am going to come see you, Ms. Guzman. I don't think the FAST program has worked. It is still not leveling the playing field. But we will save that topic for another day.

If I could ask you—and I interrupted you because I want to really give you time to answer this question. What is the better way, as a matter of policy, to increase people's wages? A minimum wage increase or an increase in the earned income tax credit?

Ms. GUZMAN. Senator, I don't have a—you know, I know that my responsibility will be to take the research and the data and be the voice of small business, as well as the small business stories around this issue. I intend to do so, if confirmed, and, you know, to evaluate and look at the research from both sides. You know, it has been my practice in California to convene working groups with various organizations, with difference of opinion, just so that I can hear and listen to all the opinions across these issues.

Senator KENNEDY. Well, yes, ma'am, and I appreciate that. But in your opinion, what is a better way to increase wages without impacting business—minimum wage increase or an earned income tax credit increase?

Ms. GUZMAN. Senator, I would need to evaluate that. It is similar to my response to you on the previous tax question, that I would need to further, you know, research the matter and share with you, you know, at a different time. So thank you for the question.

Senator KENNEDY. How does the earned income tax credit program work?

Ms. GUZMAN. Well, SBA would—you know, in terms of the impact on small businesses, I really honestly could not share with you at this time.

Senator KENNEDY. No, just how does the whole program work?

Ms. GUZMAN. With the earned income tax credit? I mean, businesses are—all of these programs are trying to ensure that small businesses are able to, you know, take the tax benefits and credits, you know, that can support their businesses. You know, again, I cannot offer you anything further. Sorry. Senator, I know that this is really a critical issue, and I would look forward to partnering with you and your office in the future to discuss this further, if confirmed.

Senator KENNEDY. Well, it is a critical issue, Ms. Guzman, and I would encourage you to learn more about the earned income tax credit. I mean, if we raise the minimum wage to $15 an hour, the Congressional Budget Office says it is going to cost us 1.3 million jobs in the middle of what some of my colleagues say is a recession, during the pandemic. An earned income tax credit change—and I am not advocating here; I am trying to understand your position on it, because you are going to have to be a champion for small business. A change in the earned income tax credit, which would also put more hands in low-income workers, if we paid for it with an offset or a pay for in the Federal budget, would increase people's income without causing people to be laid off.

Chairman CARDIN. Senator Kennedy, your time is pretty well expired.

Senator KENNEDY. Okay. Did I go over by a lot, Mr. Chairman?

Chairman CARDIN. Well, I took some of your time, so I am trying to equalize it. But I think you are over by about two minutes right now.

Senator KENNEDY. Well, I am sorry. Consider this plane landed.

Chairman CARDIN. Thank you very much, and I will just repeat again, on the tax issues I really do think we need to weigh in and we need to have a view on how that tax code is affecting small businesses. So I look forward to working with you, Senator Kennedy, on that issue. I serve on the Finance Committee so I will take that message to the Senate Finance Committee.

Senator KENNEDY. And I am sorry I went over, Mr. Chairman, but I cannot see the clock.

Chairman CARDIN. Senator Hirono, via WebEx.

Senator HIRONO. Thank you, Mr. Chairman. I, too, cannot see the clock, so you need to let me know when I have 30 seconds left.

Ms. Guzman, it is a pleasure to see you again and thank you very much for the chance to talk with you a few days ago. I ask these two fundamental questions of every nominee who comes before any of the committees on which I sit, and while you answered a similar question to the committee questionnaire I am going to ask you these questions.

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?

Ms. GUZMAN. No, I have not, Senator.

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

Ms. GUZMAN. Yes, I have not.

Senator HIRONO. When I had a chance with you, you made a commitment to making sure that underserved small businesses, in particular, would have adequate access, maybe more access at this point, to the $284 billion for PPP that Congress recently approved. Do you have any specific kinds of things that you would do to make sure that minority businesses and businesses with fewer than ten employees, for example, would have access to PPP?

Ms. GUZMAN. Thank you, Senator, for that question. It is a priority of the Administration to ensure that our underserved businesses are able to access resources, and I believe that we can better deploy the community-based resources, our resource partners, as well as our field offices to ensure that there is strong communication, strong awareness, strong training so that more businesses can access this program equitably.

Senator HIRONO. And also when we had a chat I mentioned that there are a lot of small businesses who have a really hard time with all of the paperwork and requirements, so they should be as understandable as possible. So I hope you will take a look at that.

I have a question regarding 8(a), the 8(a) program, and I think you have a familiarity with that, because we advocated for an extension, an additional year for businesses to participate in 8(a) programs and you had advocated for this extension.

So the 8(a) programs support, for example, Native businesses, Native Hawaiian businesses, Alaska Native businesses. So I would like you to reinforce that. Do you have a commitment to making

sure that the outreach to 8(a) programs and support for the 8(a) program remains a commitment on your part?

Ms. GUZMAN. Thank you, Senator Hirono. I would definitely commit to ensuring that all of our programs are utilized fully, including the 8(a) program, and that that outreach is conducted extensively.

Senator HIRONO. And sometimes the 8(a) participants need a little bit more time, more flexibility to meet various requirements, so I hope that the 8(a) businesses that may have difficulty meeting their business activity targets for commercial or non-Federal revenues, that they would be given adequate time to meet those requirements.

Ms. GUZMAN. Yes. Thank you, Senator. I would look closely at that program and make sure that it is aligned with the situation that so many of these contractors are facing right now, during COVID and on an ongoing basis, so that they can fully leverage the program and grow to be successful firms.

Senator HIRONO. So since last year, the Senate Republicans have been working to prevent Planned Parenthood local chapters from receiving PPP loans. They are trying to disqualify these chapters from receiving loans, based on basically an ideological perspective. And you signed a letter to SBA arguing that local chapters should be eligible for these loans, and hear continuing concerns about how SBA tried to apply its affiliate rules to disqualify certain nonprofit organization from participating in PPP.

So I hope that you will commit to ensuring a fair, mutual, and consistent application of program rules for similarly situated entities and not seek to disqualify any organizations based on ideological reasons.

Ms. GUZMAN. Senator, if confirmed, I would work hard to implement the program as per the rules and regulations outlined.

Senator HIRONO. You mentioned that you would look to your local resource partners, and we had a chat about that, and it is good to know that you intend to fully use your local resource partners to get the word out to especially minority-owned and other small businesses as to the availability of PPP loans. I think my time is up. I see a clock up there now.

Chairman CARDIN. Yes, your time is up.

Senator HIRONO. I can barely see it. Okay. Thank you so much, Mr. Chairman.

Chairman CARDIN. Thank you. Senator Hawley? I am not sure your mic is on.

Senator HAWLEY. How about that?

Chairman CARDIN. Better.

Senator HAWLEY. There we go. Thank you. Let me just start, actually, with where Senator Hirono just left off, and I know that Senator Ernst asked you about the affiliation rule as well. So I just wanted to be clear on the answers that you gave to Senator Ernst and now just to Senator Hirono.

The CARES Act explicitly says, in the text of the Act, that nonprofits are eligible for PPP funds only if they and their affiliate organizations have no more than 500 employees. Now Planned Parenthood employs approximately 16,000 people across the country, and according to their own financial statements each and every one

of its offices, both regional and national, each one is affiliated. They are all affiliated together, which means that each office is ineligible to receive funds under the text of the Act.

So I just want to be clear that I understand your position on this. You will enforce, if confirmed, you will enforce the affiliation rule. Is that correct?

Ms. GUZMAN. I would implement all the rules and regulations as applies to SBA's programs, and I welcome the opportunity to discuss affiliation and its application in these instances.

Senator HAWLEY. Good, and just on Planned Parenthood in particular, can you commit to ensuring that Planned Parenthood affiliates, that are affiliated per the CARES languages, will not receive funding under PPP?

Ms. GUZMAN. The SBA affiliation rule addresses all of these issues quite extensively, and I would welcome the opportunity to review that with your office as well as with the SBA staff, if confirmed, to ensure that we are following all the rules and regulations.

Senator HAWLEY. Do you regard it as an open question? I mean, the Planned Parenthood issue, do you regard that as an open question, Mrs. Guzman?

Ms. GUZMAN. Senator, I would need to dive into the specifics around affiliation and the control. It is about independence and control. And so I would definitely need to dive into this specific case. I couldn't give you a specific opinion about one individual entity at this point.

Senator HAWLEY. Let me ask you about a different set of nonprofits, religious nonprofits. After the passage of the CARES Act, my office, we were inundated with requests from churches and other religious nonprofits in my state, the State of Missouri, saying that they had been told by some local and regional SBA offices that they were not eligible to participate in PPP, this despite very clear language in the CARES Act that makes religious nonprofits, 501(c)(3)s, eligible for assistance, again, provided they have fewer than 500 employees.

This eligibility was explicitly preserved in the December relief bill that Congress passed. And my question to you is, can you commit to applying that law and ensuring the churches and other religious nonprofits continue to be eligible to receive PPP funding?

Ms. GUZMAN. Yes, Senator, in this case as well I would commit to applying the rules and regulations as defined by Congress and implementing them at the SBA.

Senator HAWLEY. Very good. And you can commit today to ensuring that churches and religious nonprofits receive equitable treatment, on the same level playing field as every other nonprofit under the rules. Is that fair to say?

Ms. GUZMAN. I would want to ensure that all of our district offices and our research partners have the communication and understanding of the programs so that they could equitably distribute these funds.

Senator HAWLEY. Good. Thank you.

The Economic Injury Disaster Loan program, you and I visited about this yesterday. I expressed my concern based on the number of folks in Missouri who had come to me, who are eligible, under

the terms of the program, but who had a terrible time receiving funding, and then, of course, as I said to you yesterday, to see the October OIG report that suggested that that program, the EIDL program, was rife with waste, fraud, and abuse is particularly—particularly—frustrating, given the meritorious applicants who either had significant delays or weren't able to get the funding.

So I know you are aware of the issue. Let me just ask you what steps you will take to ensure the EIDL's program integrity and make sure that legitimate small businesses are not getting crowded out by fraud and abuse.

Ms. GUZMAN. Thank you, Senator, for that question, and I did enjoy the conversation about that, as we have seen it in California as well. But the controls and oversight are really critical in these programs so we can ensure that the right businesses, who are suffering, get these funds. And so I would prioritize implementation of the relief funding across the board to ensure that that is the case.

Senator HAWLEY. Very good. Thank you very much for your time. Congratulations on your nomination. Thank you, Mr. Chairman.

Chairman CARDIN. Thank you. Senator Duckworth by WebEx.

Senator DUCKWORTH. Thank you, Mr. Chairman. Ms. Guzman, I appreciated the opportunity to meet with you a couple of weeks ago, and I am grateful for the expertise and experience that you will bring to this role.

We are obviously at a critical juncture in our Nation's small businesses, and I want to focus today on how we make sure that SBA is at the forefront of helping small business owners of every demographic get back on their feet.

My first question is going to be about the SBA microloan program. I think it is one of the most important tools for expanding access——

Chairman CARDIN. Senator Duckworth, I think we have a problem on your connection. Let's see if we can get that re-established.

[Pause.]

Chairman CARDIN. While we are waiting for Senator Duckworth, let me make a couple of announcements, if I might. At the conclusion of this hearing the record will stay open until 5 p.m. on Friday for questions for the record, and I would encourage the nominee to try to respond to those questions as quickly as possible. Once they are completed, I will then query the offices to see whether we can't schedule a floor consideration as quickly as possible. So your cooperation in responding to the questions for the record would be extremely helpful, and I would encourage you to do that.

Secondly, I am going to concur in many of the letters of recommendations that we have received from various groups, including receiving today the letter from the U.S. Chamber of Commerce in support of Mrs. Guzman's nomination being confirmed. And they point out that it is very important that we act on the nomination as soon as possible. Well, I concur in the Chamber's view, and without objection will make that letter part of our record.

[The U.S. Chamber of Commerce letter follows:]

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

SUZANNE P. CLARK
PRESIDENT

1615 H STREET, NW
WASHINGTON, DC 20062
SCLARK@USCHAMBER.COM

February 3, 2021

TO THE MEMBERS OF THE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP:

The U.S. Chamber of Commerce strongly supports the nomination of Isabel Guzman to be Administrator of the U.S. Small Business Administration (SBA). We believe that she is well qualified for this position.

Isabel Guzman understands the importance of partnering with the private sector to aid small businesses. As Director of California's Office of the Small Business Advocate, she oversaw the Shop Safe Shop Local initiative, which shows how government can collaborate with chambers of commerce and other small business leaders to help communities that rely on employment, products, services, and other benefits derived from a healthy Main Street economy.

Ms. Guzman's confirmation would provide leadership for an agency that is currently implementing the largest small business relief program in the history of the United States. We are hopeful that you will advance her nomination expeditiously, and we hope that the President and this Committee will move forward with nominations for the Deputy Administrator and for the Chief Counsel for Advocacy. The economic aid response to the COVID-19 pandemic is an all-hands-on-deck exercise and filling these important positions at SBA should be a priority.

The Chamber looks forward to working with Isabel Guzman as SBA Administrator. We support her nomination and appreciate the Committee scheduling the February 3 hearing.

Sincerely,

Suzanne P. Clark

Suzanne P. Clark

Chairman CARDIN. You have heard, I think, a consistent message from the members of this Committee. We want to make sure that the existing tools that the SBA has are targeted to those companies that need it the most, particularly during this health care pandemic, and that we want to fine-tune it and provide the resources and help to make sure that they are available.

And then in regards to new opportunities and tools, we want to work with you to see what we can do to provide additional help to the small business community in our Nation. We have a particular concern about the underserved community, the underbanked community, those in minority communities, women-owned small businesses, that traditionally had a more difficult time in accessing these tools, and as Senator Inhofe pointed out, looking at ways that we can get into the community in a more effective way to get that information out.

And I know that President Biden has talked about the community navigators. We have the resource partners under the SBA that all need to be reinforced. I was pleased that this year, in this past year, in Maryland, we were able to go from one Women's Business Center to three Women's Business Centers. That is going to help a great deal in reaching demographics that need help in accessing the tools that are available. So we want to make sure that we provide that type of assistance.

The bottom line is working together we think we can really help the small business community, and that is why it is so important that we share information and we work together.

I have been informed that Senator Duckworth offers her apologies. The video is not working on her computer, and therefore she will not be able to ask questions in person at this year, and can certainly take advantage of the questions for the record.

I have been told that Senator Rosen is likely to join us very shortly, so we are going to stay, if you don't mind, in a brief recess, to see if Senator Rosen can be here. We will hold this hearing open for ten minutes to see if Senator Rosen can come by to ask questions. If you don't mind, we will just take a brief recess.

Ms. GUZMAN. That would be fine. That would be fine. Thank you so much.

[Recess.]

Chairman CARDIN. The Small Business Entrepreneurship Committee will resume its session, and at this time I would recognize Senator Rosen by WebEx.

Senator ROSEN. I was just questioning in another committee so I am trying to juggle that around. Mrs. Guzman, I just want to thank you for being here today, and your commitment to serving our Nation. We really had a productive phone call, a productive meeting, just last week, and I look forward to your plans to revive our Nation's economy, to create those jobs, and really just keep our Nation's small businesses afloat. You know, amidst a global pandemic it has really devastated our small business community, not just in Nevada but across this Nation, and I urge this Committee to have a swift confirmation of Mrs. Guzman so we can let her get immediately to the hard work of bringing our businesses back.

But I want to talk about something really important to Nevada, and, of course, so many other states in the Nation, but it is access

to PPP loans for gaining small businesses. Last year, when the SBA rolled out the Paycheck Protection Program that Congress created, small business that earned more than one-third of their revenues in legal gaming, operations were excluded from the program. This had the potential to starve Nevada's small businesses of critical support when they needed it most.

As you know, not all casinos are big businesses. Many, including some of our hotel casinos, are small businesses, and they employ large numbers of workers who make up the backbone of Nevada's economy. Moreover, while people assume that gaming only means casinos, in our state there is gaming equipment inside restaurants, grocery stores, convenience stores, gas stations, and the like. Bans on loans to gaming in businesses also affects our gaming equipment manufacturers in Nevada as well.

But thankfully, Senator Cortez Masto and I, along with the House delegation, were able to convince the SBA, under the last administration, to abandon this misguided policy, and the agency's guidance for the next round of PPP also allows gaming businesses to access relief.

So, Mrs. Guzman, given the importance of gaming to Nevada's economic recovery, will you commit to working with me to be sure that the legal gaming small businesses continue to have access to PPP, SBA loans, and the like, as they try to stay afloat and revive themselves as we reopen our economy?

Chairman CARDIN. I am not sure your mic is on.

Ms. GUZMAN. Apologize. My mic was off. Thank you so much, Senator. I appreciated meeting with you and I enjoyed the conversation. I am very happy to commit to ensuring that the program is as accessible as possible to all of our small businesses who qualify, and I look forward to partnering with you. I have noted the concern and I will be sure to follow up with your staff and coordinate anything in the future that you have concerns about specific to those types of businesses.

Senator ROSEN. Thank you. I appreciate it. I also want to talk about lifting the caps on EIDL loans and grants. You know, my office helped directly nearly 1,200 Nevada small businesses with their COVID relief programs, and the complaint that we most frequently heard about was the SBA's $1,000-per-employee cap on the EIDL advance grants, and the $150,000 cap on the EIDL loans. These borrowing caps were not Congress' intent when we allocated these funds, and some of our businesses have not been able to survive because these caps were inadequate.

Last year, I introduced, with bipartisan legislation, EIDL For Small Business Act that eliminates the borrowing cap on the EIDL loans and the EIDL grants, and it replenished the funding for the EIDL program.

And so can you commit this session to work with us to fully remove the caps on EIDL loans and grants, and invest the new dollars that are needed, 99 percent of businesses in Nevada, small businesses, that are needed to give that support that our businesses so desperately need?

Ms. GUZMAN. Thank you, Senator. Yes, I heard similar concerns from small businesses in California, and if confirmed I look forward to diving in quickly into all the CARES Act support to make sure

that we are reaching the businesses that need it, at the levels the Congress has allowed. And so I would look forward to partnering with you and your staff on ensuring that that happens.

Senator ROSEN. I know I just have a few seconds left, so we do have legal state cannabis businesses, and so I am just going to—we can speak about this offline and I will submit some questions. But will you work with our office to commit to consider providing legally operating cannabis small businesses equal access to SBA resources, the loans, counseling, mentoring, and training?

Ms. GUZMAN. I commit to further understanding those rules and regulations and seeing how we can partner with your office to serve all the small businesses who are in need.

Senator ROSEN. Thank you. I appreciate that. Thank you again, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Rosen.

That will complete our hearing, but once again, let me just remind the members that we will keep the record open until 5 p.m. tomorrow, Friday—5 p.m. Friday, excuse me—for questions for the record, and would encourage Ms. Guzman, if you would respond to those questions as quickly as possible so that we can work to schedule Committee action on your nomination as quickly as possible.

Ms. GUZMAN. Yes, Senator, I will.

Chairman CARDIN. With that the hearing will be adjourned.

Ms. GUZMAN. Thank you so much.

[Whereupon, at 12:34 p.m., the Committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

Senate Committee on Small Business and Entrepreneurship Hearing

February 3, 2021

Follow-Up Questions for the Record

Questions for Isabella Casillas Guzman

Questions from:

Ranking Member Paul

Government Spending

As people realize that lockdowns don't work and the economy is showing signs of recovery, the federal government's role ought to decrease. In the last year, Congress has appropriated nearly $3.5 trillion in stimulus. To put that in perspective, if the money that we spent on stimulus last year represented the GDP of a nation, this nation would be the 5th largest economy in the world, right behind Germany and right above India and the United Kingdom. Even though we authorized another $900 billion less than one month ago, The Biden administration is eager to move on another $1.9 trillion stimulus bill. This is shocking for two reasons. First, we have not even begun to see the effects of the $900 billion we just spent. Secondly, our economy appears to already be recovering. The Congressional Budget Office just released a forecast suggesting that the U.S. economy is recovering from the pandemic much quicker than expected.

QUESTION 1:

Have you identified any ways to streamline and reduce the unnecessary expenditures of the Small Business Administration?

RESPONSE TO QUESTION 1:

My goal will be to maximize the return on our investments so that small businesses in America will come back even stronger. SBA serves a critical role in supporting American small businesses, and the effective management and implementation of its programs will be a priority for me if I am confirmed. I will prioritize reducing fraud, waste and abuse, to ensure that funding is not misused and that I am acting as a

good steward of taxpayer dollars so that we can reach the small businesses that need that funding most to survive and thrive.

QUESTION 2:

As the economy and credit markets start to fully recover, how will you phase out the SBA's involvement in market operations?

RESPONSE TO QUESTION 2:

See response below.

Biden Administration's COVID-19 Relief Package

The Biden Administration's $1.9 trillion COVID-19 package includes $50 billion in small business funding on top of billions of dollars that the SBA has not fully allocated. The Biden plan calls for more grants and government investment in small businesses. Current programs at the SBA such as the $20 billion EIDL Targeted Grants and the $15 billion Shuttered Venue Operators Grant are not even open yet.

QUESTION 3:

Do you believe it is an appropriate use of taxpayer funds for Congress to further appropriate money for grants when the SBA has not yet used the money previously appropriated and certain programs have not even been open to the public yet?

RESPONSE TO QUESTIONS 2-3:

The investment by Congress over this last year in small businesses is unprecedented in American history. I will implement the programs the legislative branch has created, as swiftly, effectively and equitably as possible to provide relief to small businesses who are struggling as a result of the pandemic. I will also work to ensure that small business programs are managed to meet the needs of eligible businesses and SBA continues to reach and support small firms as we move into economic recovery.

PPP Fraud

The latest stimulus package appropriated $325 billion to the SBA's pandemic response programs, including $284 billion to fund a second-round of PPP. We have seen a tremendous amount of fraud in the PPP with funds being used to buy Lamborghinis and luxury real estate. Authorities have caught some bad actors, but we know there is likely more undetected waste, fraud, and abuse within the program. Additionally, various organizations, such as Planned Parenthood and its affiliates, received PPP loans despite clearly being ineligible under the program rules.

QUESTION 4:

With more than $557 billion in taxpayer dollars already spent in forgivable PPP loans, what is your plan to make sure fraudsters and ineligible organizations do not receive funds under this program?

RESPONSE TO QUESTION 4:

See response below.

QUESTION 5:

In what ways will you ensure SBA is catching all waste, fraud, and abuse in the PPP?

RESPONSE TO QUESTIONS 4-5:

President Biden is committed to ensuring that fraud, waste and abuse is identified, prevented and rooted out. If confirmed, I will work with SBA staff, contractors and lending stakeholders to quickly evaluate agency data, technology and processes to drive better outcomes and stronger oversight controls to reduce fraud, waste and abuse.

Further, working as the Deputy Chief of Staff for SBA helped me understand the vital role that the Office of the Inspector General plays in protecting against fraud, waste and abuse. If confirmed, I commit to ensuring transparency and collaboration between the SBA program offices and the Office of the Inspector General to make sure that all SBA programs are good stewards of taxpayer resources.

QUESTION 6:

Will you commit to meeting all statutory reporting requirements for PPP and other COVID-19 related small business programs?

RESPONSE TO QUESTION 6:

I will work closely with SBA staff and the Committee to ensure that statutory reporting deadlines are met and that Congress has the data it needs to assess program performance.

QUESTION 7:

Will you commit to ensuring all affiliation rules are applied in accordance with the statute and existing SBA regulations?

RESPONSE TO QUESTION 7:

If confirmed, I will ensure SBA's affiliation rules are applied in accordance with the law.

QUESTION 8:

Will you commit to clawing back SBA-approved PPP loans to Planned Parenthood and its affiliates which are ineligible under SBA's affiliation rules?

RESPONSE TO QUESTION 8:

As a nominee I cannot yet speak to individual loans, but if confirmed, I will review and ensure SBA's affiliation rules are applied in accordance with the law.

Disaster Loan Disbursement and Fraud

On July 28, 2020, the Small Business Administration Office of the Inspector General issued a report highlighting concerns of potential fraud within the Economic Injury Disaster Loan (EIDL) Program. That report showed that $250 million in economic injury loans and advance grants were given to potentially ineligible recipients. The OIG also found that approximately $45.6 in duplicate payments were potentially made. This problem is part of the larger issue of balancing the quick disbursement of funds while also ensuring that taxpayer dollars do not go to waste.

QUESTION 9:

How will you mitigate fraud, waste, and abuse in the EIDL loans and advances?

RESPONSE TO QUESTION 9:

See response below.

QUESTION 10:

Will you commit to working on modernizing the disaster loan program and placing significant internal controls to avoid fraud, waste, and abuse?

RESPONSE TO QUESTIONS 9-10:

President Biden is committed to ensuring that fraud, waste and abuse is identified, prevented and rooted out. If confirmed, I will work with SBA staff, contractors and lending stakeholders to quickly evaluate agency data, technology and processes to drive better outcomes and stronger oversight controls to reduce fraud, waste and abuse.

Further, working as the Deputy Chief of Staff for SBA helped me understand the vital role that the Office of the Inspector General plays in protecting against fraud, waste and abuse. If confirmed, I commit to ensuring transparency and collaboration between the SBA program offices and the Office of the Inspector General to make sure that all SBA programs are good stewards of taxpayer resources.

California COVID-19 Small Business Response

QUESTION 11:

In your position as the Director of California's Office of Small Business Advocate, what role did you play in the implementation of lockdown orders?

RESPONSE TO QUESTION 11:

See response below.

QUESTION 12:

How would you evaluate California's response to business lockdowns due to the COVID-19 pandemic and do you believe California's response to COVID-19 is a model for the nation?

RESPONSE TO QUESTIONS 11-12:

While I serve as the voice of small business and relay concerns about the impacts of the health orders on small business in California, the decisions related to public health and the pandemic (including safety restrictions) are made by the California Department of Public Health in consultation with other state officials.

This unprecedented public health emergency has caused an economic crisis that disproportionately impacts the livelihoods of small businesses, and they need targeted attention and relief. I am proud of the support my office was able to offer California small businesses during the pandemic, including the implementation of the California Small Business COVID-19 Relief Grant Program, the Shop Safe Shop Local and Get Digital CA initiatives, the advocacy for the creation of the California Rebuilding Fund and expanded loan program funding, free PPE distribution across the state, and direct support and educational outreach to thousands of small businesses via my staff and our network of over 80 funded small business centers.

QUESTION 13:

Are lockdowns, unrealistic PPE requirements, and other burdensome regulations going to be the kinds of policies we should expect in your role as the SBA Administrator?

RESPONSE TO QUESTION 13:

See response below (response to questions 13 and 16).

QUESTION 14:

What mistakes did the Newsome Administration make during its efforts to combat COVID-19 that adversely impacted small businesses?

RESPONSE TO QUESTION 14:

This unprecedented situation and the restrictions on gatherings and commerce have caused an economic emergency that disproportionately impacts the livelihoods of small businesses. In my role as California's Small Business Advocate, I focused intently on being the voice of small businesses and advocating directly on their behalf to state officials. I frequently communicated the unique challenges facing small businesses and worked to ensure they had access not just to economic relief programs but essential health and safety guidance as well.

QUESTION 15:

What lessons have you learned from the Newsome Administration's mistakes that you will carry over to your current role?

RESPONSE TO QUESTION 15:

As California's Small Business Advocate and as a citizen who shops and frequents my neighborhood's Main Street businesses, I have seen firsthand the impossible situations and intense frustrations small business owners are experiencing as they attempt to navigate and survive the COVID-19 pandemic. This includes revenue drops, increasing debt and shrinking cash flows, and even disruptions caused by COVID-19 infections in the workplace.

If confirmed, I will carry those stories with me to SBA. Small businesses need a team behind them, and the Congress has directed SBA to be a part of that team by delivering relief to those in the greatest need. My focus will be on small business recovery by helping entrepreneurs access capital, connect to marketplaces and navigate available resources so they can do what they do best: create our nation's jobs and help spur our economy.

QUESTION 16:

Will you seek to have any national guidelines imposed on small businesses?

RESPONSE TO QUESTIONS 13 and 16:

I am committed to being an advocate for small business, and if confirmed, I will make it a priority to understand the impact that proposed regulations would have on small business owners and their employees, and to meet with relevant stakeholders and experts to identify opportunities to support small businesses.

Regulatory Reform

The Biden Administration has alluded to vastly expanding regulations for small business owners – from environmental requirements to a $15 minimum wage requirement – despite numerous studies showing the harmful effects that these initiatives will have on small business owners. This is not the time to create more obstacles for already struggling small business owners.

QUESTION 17:

Will you advocate against new regulations proposed by the Administration that would have a negative impact on small businesses?

RESPONSE TO QUESTION 17:

See response below (response to questions 17-21).

QUESTION 18:

As Administrator, what will you do to reduce unnecessary regulatory burdens on small businesses?

RESPONSE TO QUESTION 18:

See response below (response to questions 17-21).

QUESTION 19:

Do you have a plan for identifying red-tape and unnecessary regulation? How will you prioritize which regulations to remove and which ones to keep?

RESPONSE TO QUESTION 19:

See response below (response to questions 17-21).

QUESTION 20:

Can you give us a sense as to what direction a Small Business Administration under your leadership will take in regards to regulations? Do you plan to recommend more requirements for small business owners?

RESPONSE TO QUESTION 20:

See response below (response to questions 17-21).

QUESTION 21:

What will you do to ensure SBA is conducting outreach to small businesses early in the regulatory development process?

RESPONSE TO QUESTIONS 17-21:

I understand that the issue of regulations is of particular importance to you and I am committed to working with you and understanding the specific concerns you are hearing from small businesses in your state. As an advocate for small business within the President's administration I will commit to engaging with a diverse range of small businesses, organizations and experts and share any concerns. Further, I am committed to working with the SBA Office of Advocacy or the SBA Office of the National Ombudsman on any regulatory concerns brought to my attention.

QUESTION 22:

Will you commit to maintaining the integrity and independence of the SBA Office of Advocacy?

RESPONSE TO QUESTION 22:

The SBA Office of Advocacy plays an important role in the regulatory process. During President Obama's Administration I worked closely with and respected the work and independence of the Office of Advocacy. I look forward to working closely with them again if I am confirmed as Administrator.

Biden Administration Executive Orders

President Biden's Executive Orders on the Keystone XL Pipeline and the Paris Climate Accord will have a severely detrimental impact on small businesses and cause many American workers to lose their jobs.

QUESTION 23:

What will you do to help small business owners whose industries are negatively affected or made obsolete by these executive orders?

RESPONSE TO QUESTION 23:

President Biden recognizes that we are in a crisis – an economic, climate, COVID-19 and racial justice crisis, and that all four areas must be addressed head on.

Small businesses have not been spared from any of these crises, and I experienced this firsthand in California with devastating wildfires negatively impacting our small businesses.

If confirmed, I commit to ensuring that President Biden's priorities are executed, and I commit to collaborating with you, your staff, this Committee and all key stakeholders to find new and creative ways to make progress across all four of these vital areas and support small businesses in the process. I also commit to ensuring that when small businesses need help, the SBA will be there for them.

Religious Organizations Eligibility

As you know, the California Relief Grant Program provides grants to small businesses and nonprofit organization impacted by the pandemic throughout the state. Currently, churches and other religious organizations are ineligible for the program. As you may know, the CARES Act and subsequent legislation allowed religious organizations to apply for PPP given the devastating impact they have faced and the vital role they play in their communities.

QUESTION 24:

If confirmed as the Administrator, do you commit to ensuring that churches and religious organizations maintain access to the SBA's pandemic relief programs as required by law?

RESPONSE TO QUESTION 24:

I will ensure SBA's program rules are applied in accordance with the law.

Funding Undocumented Immigrant-Owned Small Businesses

Throughout the COVID-19 pandemic, the State of California has made it a priority to provide relief funding to undocumented immigrants residing in the state. This relief took the form of direct stimulus payments and a $125 million dollar loan program. Currently, small businesses owned by undocumented immigrants are not eligible for any SBA relief programs.

QUESTION 25:

With millions of American citizens out of work and over 100,000 American owned small businesses permanently closed, would you support having SBA funds set aside for small business owners who are undocumented immigrants?

RESPONSE TO QUESTION 25:

If confirmed, I look forward to working closely with you and the Committee to understand the needs of America's small business owners and how we can best meet those needs. Further, I will ensure SBA's programs are applied in accordance with applicable laws.

SBA's Community Advantage Pilot Program

The SBA Inspector General's report 20-08, found that the Community Advantage (CA) Pilot Program was "duplicative of the 7(a) loan programs, charged higher interest rates than non-CA 7(a) loans, and the management and technical assistance provided was limited and did not mitigate the risk of loss."

QUESTION 26:

Will you commit to reviewing the Community Advantage program and implementing all of the SBA Inspector General's recommendations?

RESPONSE TO QUESTION 26:

See response below.

QUESTION 27:

Will you commit to reporting to the Committee no later than 180 days after your confirmation, your recommendation on whether the Community Advantage program should be eliminated and why?

RESPONSE TO QUESTIONS 26-27:

If confirmed, my staff and I will work to consider the effectiveness of all of SBA's programs, including Community Advantage and the Inspector General's recommendations about it, to ensure that funds are reaching the businesses that need help most. President Biden is committed to ensuring that fraud, waste and abuse is prevented and rooted out. I will commit to ensuring transparency and collaboration between the SBA program offices and the Office of the Inspector General to make sure that all SBA programs are good stewards of taxpayer resources.

Agricultural Small Businesses

California leads the country in cash farm receipts even though the average farm size is below the national average. California farmers and ranchers face numerous obstacles, including water scarcity, power outages, and wild-fires.

QUESTION 28:

As California's current Small Business Advocate, could you explain the impact you had on the sizeable small business owners who farm and own orchards and vineyards?

RESPONSE TO QUESTION 28:

California has a rich and diverse agriculture sector and includes many small business farms, vineyards and orchards. As California's Small Business Advocate, I worked with the California Department of Food and Agriculture to make sure our farmers and growers running small businesses had access to our programs and information on federal relief. I also urged the California Legislature to approve our dedicated regional advisor to Central California (which includes the rich agriculture region of the San Joaquin Valley) for better coordinated outreach and to further direct resources to assist small businesses.

Across all programs and special projects, I have prioritized underserved business groups which include the many small business farms, orchards and vineyards operating in those communities. During the Public Safety Power Shutoffs and the wildfires affecting these regions over the past two fire seasons, we deployed direct support and outreach to help the small businesses affected by these crises and provided coordination through the California Disaster Recovery Framework's Economic Recovery Support Function.

Questions from:

Senator Cantwell

Restaurants

Since the beginning of the coronavirus pandemic, more than 110,000 restaurants across the country have closed permanently or long-term, including more than 2,300 in my state of Washington.

Restaurants will continue to face difficulties in the coming months as our communities continue to cope with COVID.

I have called for targeted relief for restaurants. The Democratic leadership has given instructions to Committees for a $25 billion direct relief program for restaurants.

QUESTION 1:

Will you work with me and my colleagues to ensure that targeted relief for restaurants is included in next COVID relief package? Will you make sure SBA is ready to get any targeted relief to restaurants as soon as possible?

RESPONSE TO QUESTION 1:

See response below.

QUESTION 2:

How can SBA make sure that targeted relief for restaurants reaches the independent and smallest restaurants that have been among those that have been hit the hardest? What specific steps could SBA take and what would you need from Congress?

RESPONSE TO QUESTIONS 1-2:

Restaurants are a critical segment of the economy, drivers of job creation and play a significant role in supporting our Main Streets. Mom-and-pop restaurants have been hit especially hard by the pandemic, and I have seen this firsthand in my state of California while working alongside the California Restaurant Association on small business recovery.

As you know, the SBA lending programs have traditionally been a critical resource for community banks and micro lenders to support restaurants with working capital. The SBA 504 program has made it possible for many small restaurants to own their own real estate and build wealth. And SBA's resource partners support and often specialize in the food and restaurant category, providing technical assistance and capital infusion support.

These programs provide a basis for us to problem-solve this critical issue of ensuring we reach the independent and smallest restaurants who have been hit hardest. If confirmed, I will commit to working with you, your staff, this committee and all of the various key industry and community stakeholders to design solutions with this target in mind, tailor outreach and create systems, processes, technology solutions and controls to reach and track performance towards this target.

SBA Disaster Assistance

As a California native and given your work with the Governor's office, you know the tremendous damage and loss that natural disasters inflict on communities and businesses. You have seen the growing consequences of climate change.

In addition to wildfire disasters, Washington suffers from frequent floods, landslides, and earthquakes that have destroyed communities.

The 2020 wildfire season was one of the worst in more than two decades. In Washington alone, over 1,600 fires burned at least 840,000 acres. Thousands of people were forced to evacuate their homes and 3,000 houses and structures were threatened or destroyed.

The town of Malden, a rural community of less than 300 people in Southeast Washington, was particularly devastated by these wildfires -- 80 percent of the town's homes and structures were destroyed.

This includes the town's only post office, town hall, food bank, fire station, library, and power and water utilities. Many people are still displaced, homeless, and lack important community services.

Despite the clear need for federal emergency assistance, President Trump refused to grant a disaster declaration and instead held these communities hostage for 126 days.

Thankfully, earlier this week, President Biden approved Governor Inslee's request for a statewide federal emergency disaster declaration, which will allow the new administration to get critical resources to these distressed communities like Malden.

At the same time, SBA is overseeing hundreds of billions of dollars in COVID assistance.

Despite this important work, SBA must be ready to fully respond to natural disasters from wildfires and hurricanes to earthquakes.

QUESTION 3:

If confirmed, will you work with me and other relevant agencies like FEMA to ensure Malden and other communities in Washington that were hit by wildfires get the help that they need?

RESPONSE TO QUESTION 3:

See response below.

QUESTION 4:

Given the massive efforts underway at SBA to respond to COVID, what steps will you take to ensure that SBA has the resources and staff to rapidly respond to the need for wildfire, flood, and other natural disaster-related assistance?

RESPONSE TO QUESTIONS 3-4:

The SBA plays a critical role in Disaster Assistance and I take that responsibility seriously, especially having worked so closely with our California Office of Emergency Services during my current role as California's Small Business Advocate. As the Economic Recovery Support Function Coordinator, I have overseen our economic response to the Camp Fire and visited with impacted communities, including the town of Paradise, California, that faced similar hardships as you describe. I do appreciate the need to respond quickly and compassionately to any disaster, as well as commit to long-term recovery. Local communities depend on the SBA and its programs to help rebuild their small businesses. Should I be confirmed I can commit to working with you, other members of the Committee and Governors around the country on the disaster program and to ensure SBA is ready to scale and to support other disasters, even during our pandemic response. In California, we concurrently responded to the pandemic, wildfires, Public Safety Power Shutoffs risks, and civil unrest as a result of racial injustice. I appreciate the balance required to ensure SBA can join other federal agencies rapidly and effectively in disaster response.

Native-Owned Small Businesses

Native American communities have been disproportionately impacted by the health and economic impacts of the coronavirus pandemic.

At the same time, Tribal treaty businesses, such as Lummi and Quinault Tribal Treaty fishermen, as well as fishermen who are Members of other Tribes located on Washington state's Pacific Coast and Columbia River, lack the documentation required to apply for the Paycheck Protection Program (PPP) or an Economic Injury Disaster Loan (EIDL).

These fishermen and other Tribal treaty businesses do not have federal tax information because federally recognized Tribes are sovereign nations. Therefore, it has been difficult for these businesses to provide documentation to SBA on how much they earn and how much they've lost due to the pandemic.

As a result, they have not been able to get the relief that they should otherwise be eligible for.

QUESTION 5:

Will you direct SBA to work with small Tribal treaty businesses in the Pacific Northwest and across the country that do not have the necessary tax or financial documents to develop alternative documentation requirements for small business COVID relief programs?

RESPONSE TO QUESTION 5:

See response below (response to questions 5-8).

QUESTION 6:

Will you work to create a system that makes PPP loans from banks more accessible to treaty fishermen?

RESPONSE TO QUESTION 6:

See response below (response to questions 5-8).

QUESTION 7:

Would you consider alternative documentation for treaty fishermen to qualify for a PPP loan, including a fisherman's catch record, wages, list of crew members, and overhead costs, which can often be confirmed by a particular Tribe?

RESPONSE TO QUESTION 7:

See response below (response to questions 5-8).

QUESTION 8:

What more can SBA do to work with community stakeholders, Tribes, and other relevant agencies like Treasury to ensure that Native-owned small businesses get federal resources available to them to help survive this pandemic?

RESPONSE TO QUESTIONS 5-8:

I look forward to doing all I can to engage and support Tribal small businesses in the United States. If confirmed, I will work with Tribal nations, governments, Tribal leaders, and you, your staff, this committee and all key Agency stakeholders to think anew about how we make capital more accessible. We look forward to implementing President Biden's Memorandum on Tribal consultations.

The Office of Native American Affairs will have a prominent role in the SBA during my tenure if confirmed, and I look forward to strengthening that relationship and working with you on Tribal issues.

Local News

During the COVID pandemic, local newspapers and broadcasters have provided their communities with invaluable sources of trusted, reliable public health updates and information about vaccines and vaccine distribution.

They have also helped combat misinformation and disinformation about COVID.

At the same time, local newspapers and broadcasters have struggled.

The COVID relief enacted into law last December included a provision making thousands of small local newspapers, local radio and TV broadcasters, and local public broadcasters eligible for federal relief under the Paycheck Protection Program (PPP).

It also ensured local newspapers and broadcasters could get a second round of PPP loans if they meet the eligibility requirements.

QUESTION 9:

If confirmed, can you assure me that SBA will take all steps necessary so that local newspapers, radio and TV stations, and local public broadcasters – including university-licensed stations – can obtain much needed PPP support as soon as possible so they can continue to provide essential public services through the COVID pandemic and beyond?

RESPONSE TO QUESTION 9:

See response below.

QUESTION 10:

Will you ensure that the SBA communicates regularly and works closely with the industry associations and local newspapers and broadcasters in implementing the local news provisions?

RESPONSE TO QUESTIONS 9-10:

In California, I worked directly with newspaper associations to provide outreach on state and federal relief. I welcome the opportunity to work with you, your staff, and key stakeholders to provide relief to eligible newspapers and broadcasters across the country. If confirmed, I commit to providing clear and reliable guidance on all rules related to PPP and increasing communications with lenders, small business advocates and support organizations, as well as small businesses directly so they can access the relief they need. I commit to working to ensure that all funds appropriated by Congress for PPP and any other programs are managed appropriately, effectively and equitably as this committee has instructed.

Live Venues

Live event venues have been some of the hardest-hit businesses in the country, and they likely won't be able to reopen safely until a vaccine is widely available.

Thankfully, the stimulus package passed last December created a new grant program I supported to provide aid to small and independent live venues.

My office has heard from venues in Washington state that would like more clarity on the program requirements and have questions about recently issued guidance.

These businesses also want to know when this program will begin accepting applications.

QUESTION 11:

When do you expect the Shuttered Venue Operators Grant program to open?

RESPONSE TO QUESTION 11:

See response below (response to questions 11-14).

QUESTION 12:

Can you ensure that businesses with questions about this grant program will be able to quickly get answers and to try to resolve any problems they may encounter when applying?

RESPONSE TO QUESTION 12:

See response below (response to questions 11-14).

QUESTION 13:

Will you make sure that these grants go to small and independent venues as the legislation intended?

RESPONSE TO QUESTION 13:

See response below (response to questions 11-14).

QUESTION 14:

Will you ensure that the SBA communicates regularly and works closely with the industry associations and local stages in implementing the live venues grant program?

RESPONSE TO QUESTIONS 11-14:

Venues and related businesses have been disproportionately impacted by this pandemic and this program will provide critical relief to support them. As a native Californian, I know how vital this is to our sense

of community and how these businesses spur local commerce, impacting restaurants and other Main Street businesses in their vicinity.

If confirmed, I commit to expediting the rollout of this vital program. I will work hard to ensure that SBA's implementation prioritizes strong outreach to targeted venues and that communication is strong to ensure information can flow quickly. I welcome the opportunity to work with you, your staff, and all key stakeholders in order to get these resources out the door to eligible theater and live entertainment businesses across the country.

Smallest Businesses

Over 95% of small businesses in Washington state have fewer than 10 employees, and many of these smallest businesses have not gotten the help they need to deal with the impacts of the coronavirus pandemic.

These smallest businesses are disproportionately owned by women and minority entrepreneurs.

The COVID relief package enacted into law in December set aside $15 billion for the smallest borrowers with up to 10 employees and set aside $25 billion for second PPP loans for the same smallest borrowers.

Now we have to make sure we are reaching these smallest companies and making sure they actually benefit from this assistance.

QUESTION 15:

How could SBA partner with community stakeholders to increase outreach to the smallest businesses, especially those in underserved communities, who do not have existing banking relationships? I continue to hear that some still struggle to access the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDLs)?

RESPONSE TO QUESTION 15:

I hear questions like these frequently from small businesses, and from the advocates and small business centers that support them, especially from within underserved or underbanked communities. If confirmed, I commit to better partnering with and leveraging our SBA resource network including SBDCs, WBCs, SCORE, field offices and other community organizations to help ensure they are all available, equipped

with information and being supported to conduct necessary outreach to America's small businesses -- especially the smallest and most underserved.

QUESTION 16:

How can the SBA better coordinate with the Treasury to make sure banks and CDFIs ensure that the smallest businesses with 10 employees or less can readily access the COVID relief for which they are eligible?

RESPONSE TO QUESTION 16:

I appreciate the challenges small businesses under 10 employees have in accessing capital, and the additional technical assistance and guidance they may require. In California, I worked closely with the CDFI community, mission lenders and banks to ensure liquidity and access to state programs, especially disaster loans during COVID. If confirmed, I will work diligently with SBA lenders including banks, community financial institutions and financial technology companies to ensure opportunities for these businesses to access COVID relief.

If confirmed, I will also commit to working with Treasury and other key stakeholders across the administration to help ensure we reach all businesses. I will collaborate across the cabinet and with Secretary Yellen's team in particular, seeking ways to partner with the Treasury Department's CDFI program, which is a valuable resource for underserved communities. In my prior experience at SBA, we worked to enable access for CDFI lenders to the SBA's 7(a) program. Now, with the rapid creation of new small business relief programs, there are more ways for federal agencies to work together to help our small firms, and I will make this a priority.

Women's Business Centers

Women-owned small businesses have been particularly hard-hit by the coronavirus pandemic, and as a result, Women's Business Centers across the country have seen an unprecedented uptick in demand, including in my state of Washington.

Due to the heightened need for these centers, I am concerned that a recent survey by the Association of Women's Business Centers found that there have been significant delays at SBA in renewing grants for Women's Business Centers and distributing COVID-related grants.

QUESTION 17:

Can you look into this issue and ensure that organizations that host Women's Business Centers receive their grants in a timely fashion?

RESPONSE TO QUESTION 17:

If confirmed, I will work closely with SBA's resource partners, including Women's Business Centers, and the Office of Women's Business Ownership on grants management to ensure that funding is distributed efficiently so that our services can reach the businesses who need it most.

Questions from:

Senator Hirono

Category management

Even as federal spending has increased in recent years, the number of businesses receiving contracts has declined. Many businesses are concerned about how category management has contributed to this decline, and what the decline will mean for federal contracting opportunities and the federal contractor supplier base.

QUESTION 1:

Can you commit to looking at the impact of category management on federal contracting opportunities and the federal contractor supplier base?

RESPONSE TO QUESTION 1:

I understand that category management has become a growing source of concern for the small business contracting community. If confirmed I look forward to working closely within the administration to ensure that any strategies for achieving economies of scale are not at the expense of the small business community. It is our goal to achieve efficiencies and partner with talented small business federal contractors, who have much to offer in the way of innovation.

Office of Native American Affairs (ONAA)

Within SBA, ONAA plays an important role promoting Native American, Alaska Native, and Native Hawaiian businesses. But with more resources, ONAA could do more to promote these businesses—including through additional business outreach and related activities.

QUESTION 2:

Can you commit to making sure ONAA continues to play an important role promoting Native American, Alaska Native, and Native Hawaiian businesses?

RESPONSE TO QUESTION 2:

I look forward to doing all I can to engage and support Tribal small businesses in the United States. If confirmed, I will work with Tribal nations, governments, Tribal leaders, and you, your staff, this committee and all key Agency stakeholders to think anew about how we make capital more accessible. We look forward to implementing President Biden's Memorandum on Tribal consultations.

The Office of Native American Affairs will have a prominent role in the SBA during my tenure if confirmed, and I look forward to strengthening that relationship and working with you on Tribal issues.

HUBZone

HUBZone has continued to be an important program for Hawaii businesses and businesses elsewhere.

QUESTION 3:

Can you commit to making sure HUBZone continues to work for Hawaii businesses and businesses elsewhere, and that the federal government meets its contracting goals for HUBZone?

RESPONSE TO QUESTION 3:

With President Biden's leadership and commitment to supporting all of our diverse businesses and regions, I believe we have a significant opportunity to meet the 3% HUBZone goal for the first time in history, and Hawaiian businesses will also be key to ensuring that performance. If confirmed, I will commit to working with you and the Committee in exploring ways to engage to meet this goal.

Cybersecurity measures

Cybersecurity measures can be an obstacle to small businesses receiving federal contracts. They can be complicated and expensive, but without them many businesses are unable to compete for contracts.

QUESTION 4:

Can you commit to helping small businesses implement the necessary cybersecurity measures to compete for federal contracts through technical assistance, training, and other resources?

RESPONSE TO QUESTION 4:

In California, I have worked with cyber experts and small business centers implementing specialized training programs for our small businesses to meet the cybersecurity certification demands in federal contracts. I understand this is increasingly becoming a barrier to success for many small business contractors and would look forward to sharing best practices and exploring options to utilize the 7(j) and other programs to ramp up the cybersecurity offerings of our small business contracting partners.

QUESTION 5:

Will you coordinate with other federal agencies that require these measures so small businesses understand how they can effectively compete for contracts?

RESPONSE TO QUESTION 5:

If confirmed, I look forward to partnering with colleagues at the national security agencies to ensure that we are not leaving value on the table and are working closely with talented small businesses contractors to help them access the technical training they need to get certified and compete for these opportunities.

Program data

Congress needs timely and accurate data to determine whether relief programs like PPP are working for businesses and nonprofits, and whether those programs require changes.

QUESTION 6:

Can you commit to providing members of the Senate Small Business and Entrepreneurship Committee with timely and accurate data so we can evaluate the effectiveness of programs like PPP?

RESPONSE TO QUESTION 6:

See response below.

QUESTION 7:

Wherever possible, can you commit to providing Committee members with demographic and state-level data for these programs—including for PPP loan approvals and forgiveness?

RESPONSE TO QUESTIONS 6-7

I will work closely with SBA's staff and the Committee to ensure that all statutory reporting deadlines are met and that Congress has the data it needs to assess the program's performance.

Questions from:

Senator Duckworth

SBA's Microloan Program

SBA's Microloan Program is one of the most important tools for expanding access to capital among disadvantaged small businesses.

The Microloan program is truly devoted to the smallest of small businesses, and it is specifically tailored to help women, minority, low-income and Veteran entrepreneurs. In Fiscal Year 2019, the average microloan was less than $15,000. Of the 5,533 loans distributed, 62% went to minority entrepreneurs and 48% of borrowers were women.

That's why I worked hard to include key provisions of my Microloan Program Enhancement Act in the year-end COVID-19 relief package – and I first want to express my appreciation to Senators Cardin and Rubio, who were monumental in achieving that success.

As a result of that legislation, we were able to expand access to this critical program, provide more technical assistance to small business owners, and reduce burdens in the loan terms borrowers face while they get back on their feet.

Mrs. Guzman, we've seen a number of studies highlighting how minority- and women-owned small businesses have closed at disproportionate rates during this pandemic, and have been unable to secure financing from financial institutions or other programs. These additional funds from the year-end COVID-19 bill are crucial to combatting these systemic challenges.

QUESTION 1:

Can you give us a sense of when you expect to see this additional Microloan program funding rolled out to intermediaries, and will you commit to working with Congress to deploy these desperately needed resources as quickly as possible?

RESPONSE TO QUESTION 1:

This is a vital program that supports an underserved sector of lending that FDIC-insured banks and credit unions have historically struggled to support. Microlenders play a crucial role on the ground, working directly with startups and underserved communities to ensure that a dream can become a reality. If confirmed, I will work quickly with SBA staff to understand plans to roll out this funding and ensure all COVID-19 relief funding is administered swiftly, efficiently and equitably. I will commit to following up with you, your staff and the Committee with further information.

I want to tell one, quick story about a small, electronics recycling business in Freeburg, Illinois – a town of 3,500 located near my state's border with Missouri. This company is a family business, and in 2020 – like so many others – they faced dire circumstances.

The onset of the pandemic basically brought their business to a halt. They faced concerns about their safety in resuming operations, and an overall slowing of business. But they were able to access SBA's relief programs, including a $5,000 Microloan to get help quickly. Most banks would not administer such a small loan, but because of the SBA's Microloan program and a nearby intermediary, this small business was able to keep its doors open.

These are the success stories we lift up when we support this program, and ensure it has the resources it needs to meet the demands of borrowers.

QUESTION 2:

Mrs. Guzman, can you describe your experience working with Microloan borrowers, and provide your assurance that if confirmed, you will be a strong champion of the Microloan Program when formulatingSBA's budget and submitting legislative proposals to the Hill?

RESPONSE TO QUESTION 2:

The microloan program is an important program for addressing all stages of the lifecycle of a business. Itsaccessibility and technical assistance allow a truly small business the opportunity to grow. While serving at the SBA, I worked with our team to explore ways to expand the quantity and diversity of participating microlenders, including ethnic chambers and mission lenders.

If confirmed, I commit to working with you, your staff, this committee and all key stakeholders to ensureSBA microloans and small dollar loans under $50,000 are prioritized to achieve greater market penetration, so that any person with an idea and a dream can realize it and create new jobs for their community.

<u>SBA's ONBOARD Initiative</u>

I also want to raise another initiative that I know, from our conversation, you are familiar with: SBA's ONBOARD Initiative.

The Obama administration created this public-private partnership to increase the number of women and people of color on Advisory Boards and Boards of Directors of high growth small businesses.

Specifically, SBA partnered with LinkedIn to create an online platform to strengthen recruitment of Americans who are under-represented among the leadership of small, privately-held companies.

This was a valuable effort to make sure the leaders of America's small businesses reflect the makeup of the country they serve and employ… and I remain deeply disappointed that the Trump administration eliminated the ONBOARD Initiative in 2017.

QUESTION 3:

Mrs. Guzman, if confirmed, will you work with my office to restore the ONBOARD Initiative, or a successor effort, to address the need for greater diversity in the leadership of U.S. small businesses?

RESPONSE TO QUESTION 3:

In my prior role as Deputy Chief of Staff at SBA, I was proud to help conceive and launch the Open Network for Board Diversity (ONBOARD) Initiative. I share your commitment to expanding diversity and increasing representation in America's corporate boardrooms. If confirmed, I will work with you and your staff to collaborate closely on ways to increase representation within smaller companies, and I look forward to working together on it.

SBA and Accessibility

I also want to talk about a provision within President Biden's campaign proposals and another opportunity for us to work together.

As a candidate, President Biden offered to leverage the expertise at SBA to ensure that entrepreneurs with disabilities have full access to the tools necessary to be successful. I strongly support that goal.

I also believe it is critical that, as small businesses get back on their feet, we help them comply with the ADA—a major civil rights law that was passed over 30 years ago— so that they are accessible for the more than 60 million Americans with disabilities.

I plan to re-introduce legislation to expand the Disabled Access Tax Credit so that more small businesses can receive assistance for modifying their physical facilities and becoming ADA compliant.

I'm hopeful that expansion of the Disabled Access Tax Credit will be included in any further COVID-19 relief package, given the support it would provide to our nation's small businesses.

In the year 2021, there should be no excuse for not complying with the ADA, but at the same time, we need to equip our Nation's small business owners with the tools needed to make their businesses accessible.

QUESTION 4:

Mrs. Guzman, if confirmed, will you commit to working with me to achieve the vision laid out by then-candidate Biden of an improved SBA that prioritizes initiatives that empower entrepreneurs with disabilities?

RESPONSE TO QUESTION 4:

Everyone in America who dreams of becoming an entrepreneur should be able to find the support they need to turn that dream into a reality. If confirmed, I will commit to working with you on ensuring that SBA programs and our resource partners help entrepreneurs with disabilities do exactly that.

Small Businesses and Defense Contracting Requirements

As you know, the Department of Defense has begun implementing its cybersecurity standards for all government contracts, with the goal to have all contracts meet CMMC requirements by 2026.

As part of the FY21 NDAA, I offered two amendments on CMMC, including a request that GAO review CMMC's impact on small businesses. That amendment was ultimately included in the final NDAA, and we are working with GAO to complete that study as quickly as possible.

I remain concerned that we may not be fully comprehending the impact of these new requirements on small businesses.

QUESTION 5:

Would you commit to working with me to see if there is a role for SBA in this process, perhaps in providing TA or other assistance to small businesses working to become compliant with CMMC requirements?

RESPONSE TO QUESTION 5:

I have heard concerns from national leaders and small business owners that it is becoming increasingly difficult to keep up with cybersecurity requirements. In order for small businesses to participate in the federal marketplace, we need to ensure that they are prepared and ready with

required certifications. If confirmed, I will work closely with the Department of Defense and the other national security agencies to develop a plan to help small businesses gain access to training and other technical assistance to ensure they are compliant with Cybersecurity Model Certification (CMMC).

Contracting Data by Gender

Another issue I'm concerned about is the potential unequal distribution of contract awards between male Veteran-owned small businesses and women-Veteran owned small businesses.

My ultimate goal is to make sure all Veteran-owned small businesses are receiving robust access to contracting opportunities, but I've also heard from stakeholders that women Veteran entrepreneurs are at a disadvantage in this space.

QUESTION 6:

Will you commit to providing fully transparent data on contract awards to Veteran-owned small businesses, with specific emphasis on parsing out the data based on gender?

RESPONSE TO QUESTION 6:

If confirmed, I am committed to providing you, your staff and this committee with transparency under the statute and regulations in publishing data on the Congressional Small Business Goals and outcomes, including gender disparities for Service-Disabled Veteran outcomes. This will give us a framework for how we're performing, where we can do better, and ultimately position the Federal Government to tap into the full complement of small business talent in the federal marketplace.

Questions from:

Senator Rosen

QUESTION 1:

Millions of families have difficulty finding affordable child care due to the shortage of child care options in the United States. This challenge existed before the onset of the COVID-19 pandemic, but in recent months, news reports have indicated that child care providers are at risk of permanently closing, which will only exacerbate the child care shortage we currently face. This is also a workforce problem. There are approximately 325,000 child care employees in the childcare sector – 93 percent of whom are women and 45 percent of whom are minorities.

Currently, only for-profit child care providers have full access to all of SBA's loan products, while non-profit providers only have access to the SBA's Microloan Program, which is capped at $50,000. Other programs such as the 7(a) and 504 loan programs are off limits. This blocks access to capital for non-profit child care providers to establish care facilities or expand existing ones. To address this problem, last Congress, I introduced the Small Business Child Care Investment Act, bipartisan legislation that would provide qualified non-profit small business child care providers access to the same SBA loans as those available to for-profit child care providers.

Will you commit to working with my office to consider providing non-profit child care providers FULL access to SBA loan products?

RESPONSE TO QUESTION 1:

As a working mother and the daughter of a small business owner, I know how important this service is to our economy, especially to full participation in our economy for women entrepreneurs.

President Biden has prioritized the care economy, and we know entrepreneurship and small business ownership plays an important role in its success. We also know how important childcare is -- especially to our women entrepreneurs. I welcome the opportunity to explore ways to better serve childcare providers and help ensure they can access capital to grow. In addition to SBA's current loan programs and resource partners, in California there are some great best practices of intensive trainings for childcare providers within our supported network of small business centers, and I will welcome the opportunity to make sure we are leveraging and scaling ideas like those.

QUESTION 2:

The Native 8(a) program has brought opportunity to historically disadvantaged native communities. Can you provide your thoughts on the future for the program and how it can be strengthened and improved? And given the significant participation of the Native 8(a) program and its importance to native communities, the Office of Native American Affairs (ONNA) within the SBA could play a larger role in advancing the goals of the Administration and improve communications with Tribal businesses. Do you support elevating the role of the ONAA by expanding its responsibilities and increasing funding?

RESPONSE TO QUESTION 2:

I am committed to ensuring access and opportunity within the federal marketplace. If confirmed, I will explore opportunities to further develop our strategies and approach to partnering with Native-owned businesses. I will work to ensure that our navigators and resource partners have the tools necessary to proactively support the business development efforts of Native-owned firms.

I believe there is a lot we can do to significantly enhance our approach to engaging and partnering with Native 8(a) firms in particular. There is no limit to the talent and entrepreneurial spirit across our nation, including in our Native-owned businesses, and I look forward to ensuring that our programs and resources are tailored to meet the needs, interests, and aspirations of all, including the Native small business community.

Senator Rubio

The Paycheck Protection Program has been one of the most successful relief efforts undertaken by the federal government during the COVID-19 pandemic, distributing now over $530 billion in forgivable loans to small businesses. Since the enactment of the omnibus spending bill in December, the program has re-opened with an additional $284.5 billion in funds. However, since re-opening, a number of lenders and borrowers have experienced difficulty applying to the new system the SBA is using. Apparently, some borrowers have been unable to receive the second PPP loan they are eligible for because of unresolved issues with the first PPP loan that they were not aware of.

QUESTION 1:

Will you commit to fixing this error so that borrowers can be notified of what was wrong with their first round PPP loan, in order for them to fix it and receive a second PPP loan?

RESPONSE TO QUESTION 1:

See response below (response to questions 1-3).

One of the key features of the second round PPP loan is that it is limited to small businesses and nonprofits that can demonstrate a revenue loss of 25 percent. However, especially for the smallest businesses, revenue measurement can be difficult and lacks uniformity. Some small businesses may not have professional records. Others may have unique situations that make their revenues look higher than they really have been. For example, in Florida, I have heard from some businesses who were still recovering from Hurricane Michael well into 2019, which left them with little to no revenues. By a year-over-year measure, in 2020 some of these businesses may be counted has having had an increase in revenue. But that was only because they were recovering from a hurricane.

QUESTION 2:

Will you commit to using your administrative discretion to permit exceptions to the revenue reduction requirement for special cases like these, where the business has intervening circumstances?

RESPONSE TO QUESTION 2:

See response below (response to questions 1-3).

QUESTION 3:

Will you interpret the revenue loss requirement more broadly to include small businesses that do not have professional records, and may only have bank account statement to prove revenue declines?

RESPONSE TO QUESTIONS 1-3:

In my work with lenders and small businesses in California on PPP and in designing California's relief grant program, I have heard similar challenges. If confirmed, I commit to working urgently with the Office of Capital Access, SBA lenders, technology providers, and resource partners to resolve these

access challenges. I will work improve communications and troubleshooting on unresolved round 1 issues and to find feasible solutions for revenue challenges within SBA's legal authorities. I will work to ensure we have a streamlined and simplified process so that all eligible small businesses are more readily able to access the program, while also maintaining and implementing controls for fraud, waste, and abuse.

One of the biggest successes in the Paycheck Protection Program has been the creation of a robust network of lenders to deliver a large magnitude of funds to small businesses. This has been especially true of the increased number of community financial institutions participating in the program.

QUESTION 4:

How will you continue to expand the participation of lenders in PPP?

RESPONSE TO QUESTION 4:

See response below (response to questions 4-5).

QUESTION 5:

How will you plan to utilize this infrastructure of lenders to serve the goals of the SBA beyond PPP?

RESPONSE TO QUESTIONS 4-5:

SBA's record number of lending partners represents a strong opportunity to broaden the agency's distribution channels over the long-term to benefit small businesses, especially the underserved. If confirmed, I look forward to working with the SBA's mission-driven career staff, resource partners, your staff, the Committee staff and relevant stakeholder associations to identify ways to build upon the successes of PPP and find ways to improve and expand the agency's impact for small businesses.

Questions from:

Senator Ernst

QUESTION 1:

On January 20, President Biden signed an executive memorandum, "Modernizing Regulatory Review", which represents a break from the policy of previous administrations to carefully weigh regulatory costs versus benefits in issuing new regulations. The memorandum makes clear that regulatory policy in the Biden Administration will be rebalanced towards the benefit side of the equation. As the SBA Office of Advocacy has repeatedly affirmed, the regulatory compliance burden falls hardest on our nation's small businesses. It is my view that changes in regulatory process directed by this memorandum could greatly increase this burden. Do you share this concern?

RESPONSE TO QUESTION 1:

It is important that we create a level playing field for small businesses to compete and thrive in our economy. If confirmed, I look forward to working closely with you and the other members of this committee to ensure that small businesses are not overburdened.

QUESTION 2:

What is your view on the importance of the SBA Office of Advocacy in the regulatory process and how will you support its congressionally directed independence in promoting the interests of small businesses in the regulatory process?

RESPONSE TO QUESTION 2:

See response below.

QUESTION 3:

Will you commit to supporting the SBA Office of Advocacy if they believe a regulation has a significant impact on a substantial number of small businesses and urging other agencies to issue a Regulatory Flexibility Analysis on proposed regulations when that is the case?

RESPONSE TO QUESTIONS 2-3:

The SBA Office of Advocacy plays an important role in the regulatory process. During President Obama's Administration I worked closely with and respected the work and independence of the Office of Advocacy. I look forward to working closely with them again if I am confirmed as Administrator.

QUESTION 4:

I have heard that the SBA's "Unresolved Borrower" status is halting loans for restaurants, simply because they are operating under CARES Act eligibility for NAICS 72. Restaurants that qualify for second draw loans need these holds lifted immediately, where appropriate, versus being subject to an undefined and protracted SBA resolution process. Will you and your team prioritize improving this process so restaurants can obtain the relief they need?

RESPONSE TO QUESTION 4:

In my work with lenders and small businesses in California on PPP, I have heard similar challenges. If confirmed, I commit to working urgently with the Office of Capital Access, SBA lenders, and technology providers to resolve these access challenges. I will work to ensure we have a streamlined and simplified process so that all eligible small businesses are more readily able to access the program, while also maintaining and implementing controls for fraud, waste and abuse.

Questions from:

Senator Inhofe

SBA 8(a) Business Development Program

QUESTION 1:

The Native 8(a) program has made a real impact to bring hope and opportunity to historically disadvantaged native communities. Can you provide your thoughts on the future for the program and how it can be strengthened and improved?

RESPONSE TO QUESTION 1:

If confirmed, I will explore opportunities to further develop our strategies and approach to partnering with Native-owned businesses. I will start by working to ensure that our navigators and resource partners have the tools necessary to proactively support the business development efforts of these firms.

There is a wealth of talented Native-owned businesses, and I look forward to ensuring that our programs and resources are tailored to meet the needs, interests, and aspirations of the Native small business community.

QUESTION 2:

Federal procurement officers have begun moving toward a Category Management system with a noble goal to increase efficiency and streamlining acquisition. Unfortunately, however, procurements utilizing Category Management are excluded from 8(a) requirements and therefore close opportunities for small businesses to compete and for the government to gain the value of increased competition. Is the development of Category Management's impacts on small business programs something that you are aware of, and is there a way to continue to increase government efficiency while facilitating opportunities to compete for all small businesses?

RESPONSE TO QUESTION 2:

I am aware that category management has become a growing source of concern for the small business contracting community. In California, we have Leveraged Purchase Agreements that present similar challenges to our small contractors. If confirmed, I look forward to working closely within the administration to ensure that any strategies for achieving economies of scale are not at the expense of the small business community. It would be my goal to help ready contractors and provide capital tools to position our small firms for larger contracts, while also working in partnership across the administration to seek expanded opportunities for small businesses. I will work hard to help agencies achieve efficiencies and partner with talented small business federal contractors, who have much to offer in the way of innovation.

Questions from:

Senator Young

QUESTION 1:

In early January, the SBA Inspector General highlighted that $3.6 billion in PPP loans might have gone to ineligible employers last year – which reminds us of the stark fact that fraud is mounting.

With the new round of PPP, safeguards were put in place to vet borrowers' information. It's been reported that the process will involve running automated identity and data variation checks – which will likely delay application approval.

Going forward, how do you plan to bolster coordination with the Treasury (or lenders) to accurately address or identify fraud and ensure legitimate businesses are receiving the relief they need?

RESPONSE TO QUESTION 1:

President Biden is committed to ensuring that fraud, waste and abuse is prevented and rooted out. If confirmed, I will collaborate with SBA lenders and technology providers to ensure that the SBA supports a streamlined and simplified process to ensure access to capital for all eligible small businesses while also maintaining and implementing controls and oversight to prevent fraud, waste and abuse and other violations of the law. I will also commit to ensuring transparency and collaboration between the SBA program offices and the Office of the Inspector General to make sure that all SBA programs are good stewards of taxpayer resources.

QUESTION 2:

In December, Congress approved additional funding for the Paycheck Protection Program, providing a targeted approach that included funds available for underserved and minority businesses. It is important that we continue to support pandemic recovery efforts, lending programs, and technical assistance for small business owners – especially in underserved areas.

QUESTION 2:

What are your plans to help underserved businesses access proper financial assistance, as well as counseling from SBA-related networks?

RESPONSE TO QUESTION 2:

See response below.

QUESTION 3:

How do you plan to improve proactive outreach to ensure entrepreneurs know about the availability of funds/relief – especially for those in underserved areas?

RESPONSE TO QUESTIONS 2-3:

This is an absolutely vital area of focus for the Biden Administration and, if confirmed, for my tenure at SBA.

The SBA has historically been a tremendous resource for America's small businesses, but I also know from experience in California as the Small Business Advocate that access to these programs is too often burdened by complexity, lack of awareness about which program may help and lack of connection to the right channels or networks to help apply. We learned from PPP that even programs that support positive results can lead to inequitable access and outcomes for underserved small businesses and areas.

If confirmed, I will work to ensure that our navigators, resource partners and field staff have the tools necessary to proactively reach out to underserved areas. We need to build local relationships and trusted networks to authentically reach these businesses.

I commit to working with you, your staff, this committee and all stakeholders to renew our collective energy and creativity to ensuring access to these transformative resources is equitable.

Many businesses in the attractions industry – like Holiday World & Splashin' Safari in Indiana – are ineligible for PPP loans due to SBA size requirements, including counting part-time employees as full-time employees. Typically, these businesses are capital- and labor-intensive and they tend to hire large numbers of seasonal workers; however, some have as few as 100 full-time, year-round employees.

At a time when revenues are down 50-75%, seasonal amusement parks have been fighting the pandemic at a disadvantage compared to other sectors with respect to accessing certain SBA programs.

QUESTION 4:

Will you commit to reviewing current SBA regulations to ensure seasonal small businesses – especially amusement parks and attractions businesses – are not at a disadvantage when it comes to qualifying for small business relief due to the unique employment fluctuations inherent in their business model?

RESPONSE TO QUESTION 4:

If confirmed, I commit to providing clear and reliable guidance on all rules related to PPP and increasing communications with lenders, small business advocates and support organizations, as well as small businesses directly so they can access the relief they need. I commit to reviewing and addressing issues that you and other committee members, stakeholders and small businesses raise while working to ensure that all funds appropriated by Congress for PPP and any other programs are managed appropriately, effectively and equitably as this committee has instructed.

Questions from:

Senator Kennedy

Paycheck Protection Program (PPP)

The Small Business Administration and the Treasury Department did an impressive job administering the Paycheck Protection Program (PPP) under the previous administration. The speed at which they were able to roll out the program was unprecedented, and I am grateful for their willingness to work with me and the people of Louisiana.

The PPP reopened on January 11, 2021, and there are still a significant number of technical issues that still need to be resolved. I've heard from lenders and small businesses in Louisiana that several loans are being inappropriately rejected or held when the lender attempts to submit the PPP loan application through the portal. For example, loans are showing new "not approved by the SBA" messages with no way to clear up these inaccurate rejections.

QUESTION 1:

Will you commit to addressing the long list of questions about the PPP I've included below in a timely manner?

RESPONSE TO QUESTION 1:

See response below.

QUESTION 2:

For loans that are not forgiven, the PPP will be around for at least the next five years. Will you commit to working with me to resolve issues that come up in the future?

RESPONSE TO QUESTIONS 1-2:

If confirmed, I commit to addressing all of the questions in your list below, and any other issues that are confusing to borrowers and lenders. I will work to ensure SBA is providing clear guidance on all rules related to PPP and increasing communications with lenders and small businesses so they can access the relief they need.

I commit to reviewing and addressing issues that you and other committee members, stakeholders and small businesses raise while working to ensure that all funds appropriated by Congress for PPP and any other programs are managed appropriately, effectively and equitably as this committee has instructed.

Pass-Through Tax Deduction: Section 199A

President Biden's tax plan calls for the elimination of much of the Tax Cuts and Jobs Act, including the elimination of the pass-through business deduction for filers with taxable income above $400,000. This would effectively raise taxes on small business owners through the elimination of the pass-through tax deduction during a time when small businesses are struggling.

QUESTION 3:

As a follow up from our conversation at the hearing on February 3rd, 2021, can you explain how the pass-through deduction (Section 199A of the Internal Revenue Code) works?

RESPONSE TO QUESTION 3:

See response below (response to questions 3-5).

QUESTION 4:

Do you support raising taxes on small business owners?

RESPONSE TO QUESTION 4:

See response below (response to questions 3-5).

QUESTION 5:

As the voice for small businesses, would you advise the president to retain the pass-through tax deduction for all small business owners?

RESPONSE TO QUESTIONS 3-5:

Some small businesses, including sole proprietors, partnerships, and S-corps among others, function as "pass-through" entities, where the income of the business is treated as personal income for its owner and taxed in that way. The pass-through deduction allows many owners of such businesses to take a deduction of up to 20% of income.

I hear your concern over taxes for small businesses. If I am confirmed, I commit to listening to small businesses on all subjects including taxes and serving as their voice inside the Administration. While the SBA does not play a role in writing the tax code, I will outline the concerns and interests of small business with those that do.

I look forward to spending time with experts on this issue and hearing from you. If confirmed I can commit to you that I will work with you and the rest of the Committee on these policies.

Question on EIDL

The Small Business Administration (SBA) Office of Disaster Assistance was quickly overwhelmed with its response to COVID-19 through the Economic Injury Disaster Loan (EIDL) and advance program. The SBA struggled to keep up with demand, as COVID-19 is the largest disaster the SBA has ever seen.

When the EIDL loan program was first launched, the Office of Disaster intake system was so overwhelmed that the system crashed. It took months to get up and running adequately. Once up and running, my constituents would wait on the phone for hours on end, only to reach someone who has wrong information or can't help them.

In addition to the widespread fraud and abuse throughout the program, the Small Business Administration (SBA) Inspector General (IG) reported major issues with the EIDL program.

Specifically, the SBA IG identified challenges to the SBA's initial disaster response to the COVID-19 pandemic, including disbursing funds to the incorrect accounts listed on the loan applications, multiple EIDLs to the same applicants, and approximately $1.1 billion in COVID-19 EIDLs and EIDL advances to ineligible businesses. Additionally, there have been reports of outright fraud and management issues within the Office of Disaster Assistance.

The Office of Disaster Assistance at the SBA is a critical resource to the people of Louisiana. Whether it be a low-cost physical disaster loan after a hurricane, an EIDL loan during COVID, or the new Shuttered Venue Operators (SVO) grant program, I expect this critical resource to work when disaster strikes.

QUESTION 6:

What changes would you make to the Office of Disaster Assistance so the SBA can better respond to disasters in the future?

RESPONSE TO QUESTION 6:

See response below.

QUESTION 7:

As the Administrator of the SBA, what measures will you take to ensure that the Office of Disaster Assistance will be prepared to handle large-scale disasters in the future?

RESPONSE TO QUESTIONS 6-7:

This is an important topic. The California Office of the Small Business Advocate staff and I have received numerous requests for direct assistance from small business owners facing similar challenges to what you describe. I have seen firsthand the significant impact the COVID-19 pandemic has had in the marketplace, resulting in revenue losses from closures and increased expenses to meet new consumer demands and health and safety guidance.

Access to SBA-provided funds has been vital to small business survival during the pandemic, the need remains high, and we will see further need when disasters occur in the future. If confirmed, I commit to working with all interested parties, including this committee, to ensure the SBA's Office of Disaster Assistance will be ready whenever disaster strikes. My staff and I will work to evaluate all the data, technology and processes that drive the agency's programs, and collaborate closely with you and your staff to ensure the Office of Disaster Assistance, and all of SBA's offices, can drive the right outcomes for small business owners.

QUESTION 8:

Would you be willing to share the Boston Group study with members of the Small Business Committee?

RESPONSE TO QUESTION 8:

If confirmed, I commit to transparency and collaboration and will work with you and the rest of the Committee to ensure that members and staff have the information you need to assess the impact and performance of SBA programs.

QUESTION 9:

Will you investigate all of the technical glitches the Office of Disaster Assistance experienced with the EIDL program laid out in the SBA OIG report?

RESPONSE TO QUESTION 9:

If confirmed, I commit to working with SBA staff and contractors to ensure that the EIDL program supports effective and equitable delivery of capital to all eligible small businesses. I will assess the systems and processes used by the EIDL program to ensure that we are hitting that goal.

QUESTION 10:

Do you have concerns that the Office of Disaster Assistance (ODA) is 1 of 2 offices at the SBA that do not have a political appointee at its helm?

RESPONSE TO QUESTION 10:

If confirmed, I plan to work closely with career personnel to assess the current staffing in all offices to ensure they are sufficiently addressing the needs of small businesses.

Live performing arts and entertainment venues are a huge part of Louisiana's culture and economy, and they were the first to shutter when the pandemic struck. The Shuttered Venue Operators (SVO) Grant program will be a critical resource for these businesses.

QUESTION 11:

When will the Office of Disaster Assistance (ODA) begin administering the SVO Grant program?

RESPONSE TO QUESTION 11:

See response below.

QUESTION 12:

Do you feel that the ODA is prepared to administer the program?

RESPONSE TO QUESTIONS 11-12:

SBA's disaster assistance programs have always been critical to supporting small businesses when they need help most, and the agency's role has greatly expanded with the new programs passed by Congress. If confirmed, one of my top priorities upon beginning my role will be assessing the readiness of SBA's people, processes and technology to implement these programs, including Shuttered Venues.

Criminal Rioting

Over the last eight months, there have been protests spanning the United States. It began with the riots over the summer of 2020 and culminated with the storming of the United States Capitol in January of 2021.

These protests have caused over $1 billion in property damage and resulted in the tragic loss of over 50 lives. The past eight months have been the most expensive period of riots in our history. This all comes amid a global pandemic when small business owners are already struggling just to get by.

QUESTION 13:

Do you feel that an individual who causes damage to a small business while participating in an unlawful riot or civil disorder should still qualify for SBA assistance?

RESPONSE TO QUESTION 13:

See response below.

QUESTION 14:

Would you support a prohibition from receiving SBA relief for any business owner who was convicted of a felony or misdemeanor during and in connection with a riot or civil disorder? Why or why not?

RESPONSE TO QUESTIONS 13-14:

This has been a difficult year for our country, and many of our small businesses have suffered economic harm. If confirmed as SBA Administrator, my priority will be on ensuring that the agency's programs are available to help those businesses when they need it to ensure our economy can recover. Further, if confirmed, my role is to administer the programs which Congress creates and adhere to the laws as defined to support the agency's mission.

Unanswered PPP Questions

RESPONSE TO QUESTIONS 15-37:

In my work with lenders and small businesses in California, I have heard some of the challenges in this round of PPP that you have outlined below. I appreciate your raising all of these concerns that are creating barriers to access.

As I committed to you above in response to your Questions 1-2, if confirmed I will work to address all of the questions in this list, and any other issues that are confusing to borrowers and lenders. I commit to working urgently with the Office of Capital Access, SBA lenders and technology providers to resolve these access challenges. I will work to ensure we have a streamlined and simplified process so that all eligible small businesses are able to access the program, while also maintaining and implementing controls for fraud, waste and abuse.

In order to proactively address these and other concerns in the marketplace, I will also commit to providing clear guidance on all rules related to PPP and increasing communications with lenders and small businesses so they can access the relief they need.

QUESTION 15:

Error Messages on First Draw loans. Lenders are encountering input errors that need to be addressed to properly reflect loans in ETrans. Incorrect social security numbers, incorrect loan amounts, incorrect borrower entity errors are being experienced, but there is no mechanism to upload supporting documentation to resolve the error. What is the general process for input error resolution for first draw loans?

QUESTION 16:

Correcting Borrower Mistakes on First Draw Loans. When a borrower realizes that an error was made with respect to a first draw loan (i.e., a miscalculation of average monthly compensation), how should it be corrected if (1) the borrower has applied for forgiveness but the first draw loan has not been forgiven yet or (2) the borrower's loan has been forgiven?

QUESTION 17:

Not Approved by SBA. When a second draw application is going through SBA's various validation stages via their public records searches, applications are eventually put in one of three statuses: (1) Approved, (2) Not Approved by SBA, or (3) Further Research Required. The most concerning of these three stages is the "Not Approved by SBA."

The SBA provides a general reason why they are in this status (examples include Applicant Name Discrepancy, Applicant Tax ID Discrepancy, Dormant Business Identified) but no way to overcome or correct these errors. Bankers are finding it difficult to contest these findings. In some instances, the only solution SBA has provided to date for Not Approved by SBA loans is a link to the LexisNexis site where you can send a generic inquiry. However, this is not a viable or realistic solution. How should a lender resolve this issue?

QUESTION 18:

NAICS Code Changes. Lenders are fielding a number of questions from borrowers with NAICS code changes due to changes in their primary business activities. How do lenders and applicants address situations where the borrower feels that their NAICS number is no longer correct?

QUESTION 19:

Second Draw Loan Requirements. There are some clearly defined requirements in the various interim final rules that could prohibit a borrower from receiving a PPP loan. For example, the second draw loan requirements include a provision that the funds from the first draw loan must be spent on qualifying expenses. When substantially all of the dollars are spent in this way but an immaterial amount is not, does the applicant have any ability to pursue a second draw loan? Many of these borrowers have fully repaid the small remaining balance and would qualify for second draw loans based on revenue reduction.

QUESTION 20:

Examples of How To Determine Personnel Reductions. Can SBA provide details and some mathematical examples on how borrowers determine headcount reductions when applying for second draw loans? Specifically, what baseline reference period should be used? The original Feb.- April 2020 baseline period, or the beginning of the second draw loan covered period? What is the impact of changes in headcount through time?

QUESTION 21:

Revenue Reduction for Affiliated Businesses. Please clarify when affiliated businesses meet the revenue reduction test. For example, assume three affiliated businesses, A, B and C. If neither A nor B on an individual basis has experienced a 25% decline in gross receipts, but when the gross receipts of C are added to the total, the combined businesses have a 25% reduction in gross receipts, are all three businesses eligible for second draw loans, or only business C? Conversely, if A and B each individually have a 25% reduction, but when C is added, the combined businesses do not have a 25% reduction, are they all ineligible for second draw loans?

QUESTION 22:

Eligibility of Estates. Please clarify whether the estate of deceased borrower, where the heirs are operating the business, but title has not yet officially passed to them, may apply for a first or second draw loan. Can the estate apply? Should the heir apply in their own names?

QUESTION 23:

Do second draw gross receipts include government program payments, such as the Coronavirus Food Assistance Program payments for farmers/ranchers?

QUESTION 24:

Can farmers/ranchers that are structured as partnerships, LLCs or S corporations use the gross income method to compute maximum loan amounts? Or must they use only income from self-employment on Form 1065 K-1, or employee compensation from Form 1120-S?

QUESTION 25:

Can farmers/ranchers that are partnerships, LLCs request a first draw loan using Schedule F or are they required to use Form 1065 K-1?

QUESTION 26:

When a farmer or rancher requests an increase/ recalculation of the first draw loan amount, does a new covered period start upon disbursement of the increased loan amount, or is it considered retroactive owners' compensation for the original 2020 covered period?

QUESTION 27:

Can qualified borrowers use the previous 12 months of income to calculate the maximum borrowing amount or do they have to use the calendar year?

QUESTION 28:

For the definition of gross receipts, what does it mean that cost of goods sold is added back to total income?

QUESTION 29:

Can a borrower exclude from gross receipts the amount of unforgiven first draw loan proceeds that they intend to spend on forgivable expenses? Or are only amounts already forgiven by SBA excluded when computing gross revenue?

QUESTION 30:

What are the mechanics of accomplishing both a first and second draw loan in this round?? E.g., for a new first draw borrower, how soon can they apply for a second draw loan? What about self-employed borrowers, do they need to wait the full number of weeks it would take them to "pay" themselves on a weekly pro-rated basis given the income they used to compute their loan amount?

QUESTION 31:

Does the bank or the individual lender/loan officer register on SAM.gov?

QUESTION 32:

Will the first and second draw SBA PPP loans be added together to determine eligibility for simplified forgiveness (loans of $150,000 or less) or will the two be considered independently?

QUESTION 33:

For second draw loans, what will the reference period be to determine whether the borrower has maintained FTEs or salary/wage levels so that forgiveness is not reduced?

QUESTION 34:

How does a borrower with multiple NAICS codes determine whether they qualify to use 3.5 times monthly payroll costs when computing the loan amount? For example, is a brewery with a tap room serving customers considered a NAICS code 72 business?

Increasing a first draw loan. A Lender of record electronically requests through Etran to increase the first draw PPP loan amount after the loan has been fully disbursed and the loan has been reported on the lender's first 1502. When the lender tried to increase the loan amount, it gets the following messages:

4218 for a fully disbursed PPP loan the loan approval amount cannot be decreased or increased and

4219 for a fully disbursed PPP loan the average monthly payroll cannot be decreased or increased.

QUESTION 35:

Since the SBA has said the first day for loan increases is January 25th, these error messages may have been generated because the requests were submitted too early. However, please clarify how lenders should change the loan amount to the new increased amount. For instance, should they request an increase by changing the loan amount to the new increased amount or should they be requesting the amount of the increase only?

When submitting a second draw application for an LLC that uses the owner's SSN as the TIN, the following error message occurs:

Confirm the PPP First Draw SBA Loan Number provided is correct; please validate with your Borrower that the First Draw SBA Number is disbursed and in the appropriate status within ETRAN. Also ensure the type of business you are entering is correct. Error: E0020

Banks are receiving the following error on many applications where they are sure the number of employees is correct for the borrower as well as the average payroll cost per employee:

Our automated routines have determined that the number of employees is likely inaccurate. Please verify the number of employees for this business and resubmit. Error: E0059.

Banks are also getting error code 0020 when a tax ID is formatted or off from what was entered into Etran. The creates a problem when a 2nd draw customer goes to a lender that did not lend on the 1st draw.

Loans are getting denied because the SBA is uncovering incorrect information about the borrower from some other source and is not providing details to the lender on how to correct the issue and get the loan approved.

QUESTION 36:

Banks are getting error messages about Dun and Bradstreet numbers. Why are Dun and Bradstreet numbers being used to identify borrowers? In bankers' experience, these numbers have reliability problems. Specifically, they receive this error message when a loan request is made:

There Appears to be a Problem with your loan request. Please review the reason below to determine the proper course of action.

• *For Business, only one PPS Loan can exist with DUNS value 096941726.*

QUESTION 37:

The SBA rules and guidance issued seem to force farm partnerships to calculate loan amount based on the partner's net income from self-employment reflected in their K-1 tax schedules, line 14A (plus any employee payroll expenses), rather than utilizing gross income from their Schedule F tax returns. Other categories of farmers, such as self-employed or sole proprietorships, can use their gross income from their Schedule F tax returns. This is causing inequitable treatment of farmers and ranchers resulting in thousands of farmers/ranchers being unable to use the gross income method because of their form of business. Would you clarify how farmers and ranchers operating as partnerships should calculate the maximum loan amount including outlining the appropriate step-by-step calculation?

January 20, 2021

Honorable Ben Cardin
Chairman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20515

Chairman Cardin,

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 Ms. Isabel Guzman for the position of Administrator of the US Small Business Administration (SBA).

We at America's SBDC believe, as we work to reinvigorate the economy and rebuild it better, that Ms. Guzman will make an ideal Administrator of the SBA. During the Obama Administration, Ms. Guzman was an excellent Deputy Chief of Staff at SBA. Her knowledge of the SBA and its programs and her management skills will be invaluable as the Biden Administration focuses the resources of the federal government on revitalizing the small business economy.

Ms. Guzman has also been a tireless champion of small businesses from the moment she became the Director of the Office of Small Business Advocate for the State of California. As she started, the state's funding for small business assistance had just expanded. She continued to not just support state funding for SBDCs and other small business assistance, but also helped ensure it is being used most effectively for all small businesses. She has been an outstanding partner to the SBDC networks in California, supporting their activities, and helping small business owners, business groups, and state officials know of and access the great resources SBDC have for small business owners. During the pandemic, Ms. Guzman has fought to make sure all small business owners, especially minority owned, women owned, and other underserved businesses had access to the resources they need to survive the pandemic. That is a mission we are confident she will carry on at SBA.

The members of America's SBDC are impressed by her knowledge, passion and her understanding of the myriad ways the federal government can assist small business. On behalf of America's SBDC, I encourage you and your colleagues to confirm her nomination as quickly as possible.

Sincerely,

C. Edward Rowe III
President/CEO
8990 Burke Lake Road - Second Floor, Burke, VA 22015 ▫ (703)764-9850 ▫ www.asbdc-us.org

AGC THE CONSTRUCTION ASSOCIATION

Stephen E. Sandherr, Chief Executive Officer

January 19, 2021

Chairman Ben Cardin
Committee on Small Business
& Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20515

Ranking Member Marco Rubio
Committee on Small Business
& Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20515

RE: Isabel Guzman, Nominee for Administrator of Small Business Administration

Dear Senators,

On behalf of the Associated General Contractors of America (AGC) and its more than 27,000 construction company members, I write in support of the nomination of Isabel Guzman to Administrator of the Small Business Administration (SBA) and respectfully request her confirmation hearing be expeditiously scheduled.

AGC appreciates the work this Committee has done to address the unparalleled economic impact of the COVID-19 pandemic. The Paycheck Protection Program (PPP) is one of the most impactful pandemic relief measures utilized by tens of thousands of construction firms to retain their employees amid the greatest economic disruption of our lifetimes. As the agency tasked with managing PPP—as well as other financial assistance programs—it is imperative that there is no delay in appointing a new SBA Administrator expeditiously.

During her tenure at SBA, Ms. Guzman has proved to be a practical and performance driven official who achieves positive results for American taxpayers. Importantly, Ms. Guzman also has firsthand experience in running her own small businesses. Most recently, as the Director of California's Office of the Small Business Advocate, Ms. Guzman worked tirelessly to advocate for better government policies for America's small businesses.

Given her experience, she is well positioned to understand the need for certainty and consistency in administering SBA programs as Congress intended as well as the issues that have arisen with those programs during the pandemic. Ms. Guzman is a competent and proven government administrator with well-documented experience. For these reasons, I write in support of the nomination of Isabel Guzman to Administrator of SBA.

Sincerely,

Stephen E. Sandherr
Chief Executive Officer
The Associated General Contractors of America

cc: Members of the Committee on Small Business & Entrepreneurship

January 15, 2021

The Honorable Marco Rubio
Chairman
Committee on Small Business
& Entrepreneurship
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
Committee on Small Business
& Entrepreneurship
Washington, DC 20510

Dear Chairman Rubio and Ranking Member Cardin:

The undersigned small business organizations urge the Senate Committee on Small Business & Entrepreneurship to expeditiously schedule a confirmation hearing for Isabel Guzman, President-elect Biden's nominee to serve as the Administrator of the U.S. Small Business Administration (SBA).

We are grateful for the work of this Committee to address the economic suffering on Main Street caused by COVID-19. Passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in April provided a lifeline for millions of small businesses over the past ten months. Last month's enactment of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) promises to provide assistance for parts of the economy that need help the most.

Unfortunately, the pandemic continues to wreak havoc on entrepreneurs, their employees, and their communities. 62% of small businesses fear the worst is yet to come.[1] Main Street employers and employees are counting on leadership at the SBA to deliver on the commitments Congress made in passing the CARES Act and the Economic Aid Act.

Administrator Carranza's successor will be expected to deliver on a newly authorized Paycheck Protection Program (PPP), administer increased funding for Economic Injury Disaster Loans (EIDLs) and grants, prioritize emergency aid for disadvantaged communities, and oversee a new grant program for shuttered venue operators. The aid provided by these critical programs would benefit from having an SBA Administrator confirmed and actively engaged as part of the President's Cabinet.

Thank you for considering our views.

Sincerely,

Agricultural Retailers Association
Air Conditioning Contractors of America
America's SBDC
American Beverage Licensees
American Council of Engineering Companies
American Dental Association
American Foundry Society
American Home Furnishings Alliance

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[1] MetLife & U.S. Chamber of Commerce Small Business Index (December 15, 2020). Available at: https://www.uschamber.com/sbindex/pdf/sbi_reports/SBI_2020_Q4.pdf.

American Hotel & Lodging Association
American Institute of Architects
Asian American Hotel Owners Association
Associated General Contractors of America
Associated Industries of Massachusetts
Associated Wire Rope Fabricators
Association For Manufacturing Technology
Association of Kentucky Fried Chicken Franchisees
Association of Women's Business Centers
Brick Industry Association
CA Network of Women's Business Centers
California Association for Micro Enterprise Opportunity
California Association of Boutique & Breakfast Inns
California Hotel and Lodging Association
Council for Responsible Nutrition
Credit Union National Association
Financial Executives International
Foodservice Equipment Distributors Association
Golf Course Superintendents Association of America
GovEvolve
HUBZone Contractors National Council
Independent Community Bankers of America
Independent Office Products & Furniture Dealers Alliance
Innovative Lending Platform Association
Institute of Makers of Explosives
International Franchise Association
International Sign Association
International Wood Products Association
Invest in Women Entrepreneurs Initiative
Kansas Global Trade Services, Inc.
National Asian/Pacific Islander American Chamber of Commerce & Entrepreneurship
National Association for the Self-Employed
National Association of Chemical Distributors
National Association of Government Guaranteed Lenders
National Association of Music Merchants
National Association of Professional Employer Organizations
National Association of Professional Insurance Agents
National Association of REALTORS®
National Association of Surety Bond Producers, Inc.
National Automatic Merchandising Association
National Automobile Dealers Association
National Business League, Inc.
National Cooperative Business Association CLUSA International
National Cotton Council
National Federation of Independent Business
National Grain and Feed Association
National Grocers Association
National Independent Automobile Dealers Association

National LGBT Chamber of Commerce
National Lime Association
National Ready Mixed Concrete Association
National Retail Federation
National RV Dealers Assoc
National Small Business Association
NextGen Chamber of Commerce
Pet Industry Distributors Association
Professional Beauty Association
Secondary Materials and Recycled Textiles Association
Small Business & Entrepreneurship Council
Small Business Council of America
Small Business Investor Alliance
Small Business Legislative Council
Small Business Majority
Small Business Roundtable
Specialty Equipment Market Association
The Fertilizer Institute
The Latino Coalition
The SCORE Foundation
The Transportation Alliance
U.S. Chamber of Commerce
United Veterinary Services Association
U.S. Pan Asian American Chamber of Commerce Education Foundation
Western Electrical Contractors Association
Women Veterans Business Coalition
Women's Business Enterprise National Council

cc: Members of the Committee on Small Business & Entrepreneurship

Senator Dianne Feinstein
Statement for the Record: U.S. Senate Committee on Small Business & Entrepreneurship
Nomination Hearing for Isabel Guzman as Administrator of the U.S. Small Business Administration
February 3, 2021

Mr. Chairman, this morning, I offer my support of Isabel Guzman's nomination to be Administrator of the Small Business Administration.

Isabel is a lifelong Californian with extensive experience in helping small businesses to grow and thrive. Isabel developed an entrepreneurial spirit from a young age, when she worked at her father's veterinary hospital before graduating with degrees in business and economics from the Wharton School of Business.

Since 2019, Isabel has served as California's Director of the Office of the Small Business Advocate for Governor Gavin Newsom's Office of Business and Economic Development. In that role, she has headed numerous

programs that have helped ensure that entrepreneurs have the capital and the right market connections to succeed.

She also has direct experience in leadership at the Small Business Administration, where she served as a senior adviser and deputy chief of staff.

At a time when many U.S. small businesses have closed permanently due to the COVID-19 pandemic, and millions of other small businesses are struggling to stay afloat, it is essential that we institute strong leadership at the Small Business Administration.

I believe that Isabel is an excellent candidate to head the Small Business Administration at this crucial juncture. I urge the Committee to vote in favor of her nomination. Thank you, Mr. Chairman.

National Headquarters
8415 Datapoint Drive, Suite 400
San Antonio, Texas 78229
210-692-3805 (voice) 210-692-0823 (fax)
www.hacu.net

HACU
HISPANIC ASSOCIATION OF COLLEGES & UNIVERSITIES

February 1, 2021

The Honorable Members of the U.S. Senate Committee
on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20515

Dear Members of the U.S. Senate Committee on Small Business and Entrepreneurship:

On behalf of the Hispanic Association of Colleges and Universities (HACU) and its more than 500 member institutions across the nation, I write to respectfully request an expedited confirmation process for Administrator of the U.S. Small Business Administration nominee Isabel Guzman. Ms. Guzman is uniquely qualified to lead this vital agency during these times of upheaval and unprecedented challenges in our country. Her previous experience as deputy chief of staff to the administrator of the Small Business Administration will allow Ms. Guzman to begin her work uniquely positioned with ample knowledge of the SBA and its operational structure.

HACU is the only national association advocating for Hispanic-Serving Institutions (HSIs) and Hispanic higher education success. HSIs enroll two-thirds of the 3.8 million Hispanic college students in American higher education, most of them are first-generation college students and come from low-income families. HSIs also educate more than double the number of African Americans enrolled at HBCUs, more Native Americans than all the Tribal Colleges and Universities combined, the largest number of Asian Americans in the country, and a sizeable Anglo enrollment. The 6.5 million students at HSIs are a microcosm of America's diversity.

The SBA plays a critical role in advancing minority owned businesses across this nation. Through strategic partnerships with minority-serving institutions, particularly Hispanic-Serving Institutions, the SBA can advance the economic opportunities of Latinos, which are among the fastest growing small businesses in our nation.

Thank you for considering our request and for your commitment to vetting and confirming the leadership of the new Administration. Please do not hesitate to contact me if HACU or I can be of any assistance. I can be reached at antonio.flores@hacu.net or 210-576-3214.

Respectfully,

Antonio R. Flores
President and CEO

Cc. The Honorable Chuck Schumer, Senate Majority Leader
The Honorable Mitch McConnell, Senate Minority Leader

ICBA
INDEPENDENT COMMUNITY BANKERS of AMERICA®

Noah W. Wilcox, *Chairman*
Robert M. Fisher, *Chairman-Elect*
Brad M. Bolton, *Vice Chairman*
Gregory S. Deckard, *Treasurer*
Alice P. Frazier, *Secretary*
Preston L. Kennedy, *Immediate Past Chairman*
Rebeca Romero Rainey, *President and CEO*

February 3, 2021

The Honorable Ben Cardin
Chairman
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, D.C. 20510

The Honorable Marco Rubio
Ranking Member
Committee on Small Business
& Entrepreneurship
United States Senate
Washington, D.C. 20510

Dear Chairman Cardin and Ranking Member Rubio:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for convening a confirmation hearing for the nomination of Isabel Guzman to serve as Administrator of the U.S. Small Business Administration (SBA). We are pleased to support Ms. Guzman's nomination and ask that you expedite it. The leadership of a Senate-confirmed Administrator is critical to the success of the new second draw Paycheck Protection Program (PPP). Numerous outstanding questions are currently inhibiting the operation of this vital program.

Community banks have made 60 percent of PPP loans which have supported the retention of over 3.7 million employees. In addition, 72.6 percent of PPP loans to minority-owned small businesses, 71.5 percent of PPP loans to women-owned small business, and 63.4 percent of PPP loans to veteran-owned small businesses were made by community banks.

Ms. Guzman's prior experience at the SBA, as well as her experience as Director of California's Office of Small Business Advocate, make her highly qualified to serve as SBA Administrator. She has a demonstrated commitment to promoting the adoption of technology among small businesses. We look forward to working with Ms. Guzman to work through the remaining implementation challenges of the second draw PPP so that the program may live up to its full potential as a lifeline for small businesses and employment retention.

Thank you again for expediting consideration of Ms. Guzman's nomination.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

NADCO
National Association of Development Companies

February 1, 2021

The Honorable Senator Rubio
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

The Honorable Senator Cardin
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

Dear Senator Rubio and Senator Cardin,

The National Association of Development Companies (NADCO), representing over 200 mission driven U.S. Small Business Administration (SBA) Certified Development Companies (CDCs) serving small business owners and communities throughout the United States and its territories, writes to support Isabel Guzman as the next Administrator of the SBA. We welcome her experience and leadership to help guide SBA in supporting communities across America as SBA continues to play a central role in helping small businesses endure the coronavirus pandemic. We appreciate her commitment to building strong small businesses and making sure that **all** small businesses can access SBA financing and support.

CDCs are mission-based lenders operating in urban and rural communities committed to helping small businesses grow, create jobs, and generate wealth and economic activity in communities across the country. As community financial institutions, CDCs offer a variety of loan products and services to small businesses including the SBA 504 Program. As CDCs continue to assist with economic development in their communities, having a strong leader at the helm of SBA is critical to continuing this good work. NADCO and the nation's CDCs look forward to working in partnership with your committee and Ms. Guzman as the tip of the spear in continuing to grow our economy and create new jobs. We urge a swift confirmation by the full Senate so that our important work together can begin.

Sincerely,

Rhonda D. Pointon
President & CEO

Catherine Riddle
NADCO Chairman of the Board

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

Washington D.C. Office:
1001 5th Street SE
Washington, DC 20003

www.nadco.org



February 2, 2021

The Honorable Benjamin Cardin
Chairman
U.S. Senate Committee on Small
Business and Entrepreneurship
Washington, D.C.

The Honorable Marco Rubio
Ranking Member
U.S. Senate Committee on Small
Business and Entrepreneurship
Washington, D.C.

Dear Chair Cardin and Ranking Member Rubio:

The National Small Business Association is pleased that the Committee has called an expeditious hearing to consider the nomination of Isabel Guzman to serve as Administrator of the U.S. Small Business Administration (SBA). Guzman has previously served at senior levels in the SBA as Deputy Chief of Staff, and has more recently served as California's director of the Office of the Small Business Advocate. Ms. Guzman is highly qualified for this post, and we urge swift action on her confirmation.

Ms. Guzman brings with her a wealth of experience on key small-business priorities including access to capital and federal contracting. Early in her career, Ms. Guzman founded a small business that provided consulting in government contracting—experience which could prove very useful in ensuring small-business access to the federal marketplace. She also worked for ProAmerica Bank, a commercial bank for small- and midsize-companies. This insight into small-business lending could be beneficial when it comes to managing SBA's extensive loan portfolio.

Isabel Guzman's experience both within and outside the SBA should enable her to hit the ground running, something America's struggling small-business community needs as the pandemic rages and economic growth on Main Street stagnates. I look forward to working with you to advance this nomination, and NSBA and our members look forward to working with her as Administrator to advance the critical needs of the small business community.

Yours truly,

Todd O. McCracken
President and CEO

Celebrating 15 Years
SMALL BUSINESS MAJORITY

January 21, 2021

The Honorable Ben Cardin
Chairman, U.S Senate Committee on Small Business & Entrepreneurship
Washington, D.C. 20510

The Honorable Marco Rubio
Ranking Member, U.S. Senate Committee on Small Business & Entrepreneurship
Washington, D.C. 20510

RE: Confirmation of President Biden's Nominee, Isabel Guzman, as Administrator of the U.S. Small Business Administration

Dear Chairman Cardin and Ranking Member Rubio:

As a representative of America's 30 million small businesses, Small Business Majority writes today to strongly urge you to schedule a hearing to swiftly confirm Isabel Guzman as President Biden's nominee as Administrator for the U.S. Small Business Administration (SBA).

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and inclusive economy. We engage our network of more than 80,000 small businesses and 1,000 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

The nomination of Isabel Guzman to lead the SBA is welcome news for small businesses and our economy in the midst of the COVID-19 pandemic. Guzman has a distinguished career, which includes serving as the Deputy Chief of Staff and Senior Advisor for the SBA under President Obama followed by her current leadership as the Director of California's Office of the Small Business Advocate. She has demonstrated her passion and commitment to ensuring that small businesses are central to a thriving and inclusive economy, which is why we urge you to confirm her quickly.

Small Business Majority has worked closely with Guzman to support small businesses nationally and in California to put the needs of small businesses, particularly women and minority-owned businesses front and center. We've seen firsthand that she has worked diligently to enhance California's investments in small business and women development centers.

The SBA plays a pivotal role in America's entrepreneurial ecosystem through critical sources of funding, training and business assistance for small businesses. These resources, particularly the Paycheck Protection Program and the Economic Injury Disaster Loan Program, are crucial to small businesses as they navigate the COVID-19 pandemic and we are thankful for the work your Committee has done to address the needs of small businesses. Small businesses continue to struggle to keep their doors open, and they require a champion who will ensure they make it safely to shore.

In order to guarantee small businesses are truly supported and prioritized during a tumultuous economic period, we urge you to immediately appoint Isabel Guzman as SBA Administrator.

Sincerely,

John C. Arensmeyer

John Arensmeyer
Founder and CEO

cc: The Honorable Chuck Schumer, Majority Leader
The Honorable Mitch McConnell, Minority Leader

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President and CEO

February 1, 2021

The Honorable Charles Schumer
Majority Leader United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader United States Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Majority Leader Schumer and Minority Leader McConnell,

On behalf of the United States Hispanic Chamber of Commerce (USHCC) and our Board of Directors, we write you to affirm our full support for the immediate confirmation of Isabel Guzman to serve in the Biden-Harris Administration as the Administrator of the U.S. Small Business Administration (SBA). We urge you to hold a fair and swift confirmation so that the new Administration can move forward in the implementation of its strategy to rebuild the small business economy in our country.

The USHCC actively promotes the economic growth, development, and interests of more than 4.7 million Hispanic-owned businesses that, combined, contribute over $800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce.

We believe immediate action must also be taken to rectify the inequities in our Government's pandemic relief programs that have kept our communities from achieving all they can as equal citizens of the United States. Having a new leader at the SBA as soon as possible will allow us to address these important issues in a timely manner. Ms. Guzman has years of experience working as Deputy Chief of Staff at the SBA during the Obama Administration, playing a leading role in executing the agency's mission to ensure the prosperity of America's more than 30 million small businesses.

The Small Business Administrator is a key member of the President's team and is a critical piece of our nation's economic recovery. Her leadership is responsible for reviving the American economy as our small business community faces an unprecedented economic threat. The SBA's hard-working employees have tirelessly provided support to small businesses in the form of technical assistance and economic support to get businesses back on their feet and build our economy back from the ground up. It is undeniable that as thousands of American jobs remain at risk every day, millions will continue to struggle, that is why our nation cannot afford a delay in our need for this type of critical leadership. American main streets, more than 9.3 million minority-owned businesses (MBEs), and aspiring entrepreneurs are waiting, and their individual economic success depends on this confirmation.

Ms. Guzman is one of the most knowledgeable small business experts in our country. Her professional identity has earned bipartisan praise, she also has deep support from our nation's Latino communities, small business advocates, and associations. Furthermore, many leading organizations have endorsed her and called for her timely confirmation. There is no time to waste on this important Senate vote and confirmation.

1424 K Street NW - Suite 401 - Washington, DC 20005 - Telephone (202) 842-1212 - Fax (202) 842-3221
www.ushcc.com

The USHCC in collaboration with our network of business owners, corporate leaders, chambers of commerce, and community advocates stand ready to work closely with Ms. Guzman and the U.S. Small Business Administration to ensure that our critical policy needs are considered and met for the economic revitalization, empowerment, and growth of our community. Thank you in advance for your consideration on this important matter. We look forward to your positive response and collaboration on this request and strategic political confirmation direction for the U.S. Senate.

Respectfully,

Ramiro A. Cavazos
President and CEO
United States Hispanic Chamber of Commerce

CC: The White House
Members of the U.S. Senate Committee on Small Business and Entrepreneurship
The Congressional Hispanic Caucus

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www.ushcc.com