

Congress of the United States
Washington, DC 20515

March 7, 2022

The Honorable Isabella Casillas Guzman
U.S. Small Business Administration
409 3rd Street, Southwest
Washington, DC 20416

The Honorable Francisco Sanchez Jr.
U.S. Small Business Administration
409 3rd Street, Southwest
Washington, DC 20416

Dear Administrator Guzman and Associate Administrator Sanchez Jr.:

Thank you for your leadership in managing the Small Business Administration's (SBA) response to Hurricane Ida, which devastated communities across the Commonwealth of Pennsylvania and along its destructive pathway. As you know, many small businesses continue to face a long and uphill path to recovery.

Since Hurricane Ida struck our communities, we have unfortunately heard from many business owners who have opted to shut their doors for good, facing unsustainable damage and continued economic pressure from the ongoing pandemic. Lacking federal access to disaster grants, many small businesses have turned to SBA's loan programs for assistance. For business owners who can afford repayment, SBA's disaster loan programs can be key to recovery.

We appreciate your agency's work in administering these programs and approving over \$50 million in Home and Personal Property and Business Physical Disaster Loans to date across Pennsylvania. While SBA's physical damage application deadline has passed, opportunities remain for businesses to apply for Economic Injury Disaster Loans (EIDL) through June 10, 2022. These loans may be critical to businesses unable to meet their obligations, pay ordinary and necessary operating expenses, and obtain credit elsewhere.

SBA has reported to our offices that the agency has received just 71 EIDL loan applications for Pennsylvania in the aftermath of the storm. Out of this total, SBA has approved **zero** applications and **zero** dollars have been approved or disbursed. Considering the harsh economic circumstances experienced by small business owners impacted by both Hurricane Ida and the ongoing pandemic, we write today to bring your attention to these loan approval figures and request your response to the questions outlined below to better inform Congress' work.

Hurricane Ida was a disaster within a disaster. Before Ida struck, thousands of small businesses across Pennsylvania had already received COVID-19 EIDL loans, totaling over \$8 billion at the end of 2021.¹ Current law is silent on defining how SBA should make decisions and process loan applications during multiple Presidentially declared disasters. With this in mind:

- 1. Why were the 71 EIDL applications in Pennsylvania not approved? Out of the 71 applications, how many had previously applied for COVID-19 EIDL loans and how many could not demonstrate adequate repayment ability?**

¹ U.S. Small Business Administration. Disaster Assistance Update Nationwide COVID EIDL, Targeted EIDL Advances, Supplemental Targeted Advances December 23, 2021. https://www.sba.gov/sites/default/files/2021-12/COVID-19%20EIDL%20TA%20STA_12232021_Public-508.pdf.

2. **When a business is subject to more than one Presidential disaster declaration and applies for multiple SBA disaster loans, how is SBA processing subsequent loan applications and taking into consideration loan caps? Under what authority does SBA make such decisions?**
3. **How do you recommend Congress act to ensure that businesses which experience compounded economic injury due to multiple natural disasters receive the assistance they need through SBA's disaster loan program?**

Multiple reports have found that substantially high percentages of small businesses fail to recover after natural disasters.² While SBA strives to make a loan determination within 2-3 weeks after receiving an application, every day a business does not receive relief can be critical to their likelihood of recovery. As demonstrated through past attempts to establish SBA expedited disaster loans and bridge loans, Congress has an interest in providing loan assistance to small businesses in a timely manner following natural disasters. We understand that past attempts to implement fast-tracked disaster loans have been unsuccessful. Given your knowledge of the challenges and barriers that exist:

4. **What substantive recommendations do you have for how Congress can improve on past difficulties to reform SBA's disaster assistance programs to ensure loans are approved and disbursed faster than the agency's current goal of 2-3 weeks?**
5. **Considering the success of the Paycheck Protection Program in engaging the private sector in SBA lending, what do you see as the greatest barriers to future engagement from the private sector in SBA's natural disaster loan programs?**

Thank you for your attention to these questions and for your continued commitment to ensuring our small businesses recover from both Hurricane Ida and the COVID-19 pandemic. We look forward to your response.

Sincerely,



Chrissy Houlahan
Member of Congress



Brian Fitzpatrick
Member of Congress



Mary Gay Scanlon
Member of Congress



Madeleine Dean
Member of Congress

² Federal Emergency Management Agency, *Make Your Business Resilient*, at https://www.fema.gov/media-library-data/1441212988001-1aa7fa978c5f999ed088dcaa815cb8cd/3a_BusinessInfographic-1.pdf.

Institute for Business and Home Safety, *A Disaster Protection and Recovery Planning Toolkit for the Small to Mid-Sized Business*, 2007.

Nina S. N. Lam, Helbert Arenas, Kelley Pace, et al. "Predictors of Business Return in New Orleans After Hurricane Katrina," *Public Library of Science*, vol. 7, no. 10 (October 2012).