

March 24, 2022

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

Dear Administrator Guzman:

I write to again call your attention to the thousands of small businesses who continue to experience lengthy delays in Paycheck Protection Program (PPP) loan forgiveness.

As you know, PPP was a historic and bipartisan program that helped small businesses and nonprofits survive the COVID-19 pandemic. It was based on the simple idea that eligible small businesses and nonprofits could take out emergency loans, and then receive loan forgiveness to the extent they spent the proceeds on essential costs, including payroll and rent. This structure helped millions of small businesses not only survive the pandemic, but keep their employees working.

Recognizing the importance of PPP loan forgiveness in achieving these goals, Congress has repeatedly acted to streamline the loan forgiveness process for PPP borrowers. Most importantly, for small borrowers, Section 307 of the *Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act*, directs the SBA to make available a simplified forgiveness application for borrowers of PPP loans under \$150,000. Congress was clear that PPP borrowers who validly completed this application “shall be forgiven.”<sup>1</sup> In other words, for small borrowers that follow the rules, loan forgiveness is mandatory.

Despite this clear mandate from Congress, it appears that a significant number of borrowers continue to experience delays in loan forgiveness. According to the most recent data available, the SBA has a backlog of more than 63,000 unresolved loan forgiveness applications. Additionally, there are approximately 1.4 million PPP loans of less than \$150,000 still outstanding in which the borrower has yet to apply for loan forgiveness.

Of further concern, the most recent data available shows that businesses in zip codes that are majority Black or Hispanic, including in Miami-Dade, Broward, and Osceola counties in Florida, had some of the lowest 2020 PPP loan forgiveness rates in the country. For an administration that has pledged to make racial equity a central plank of its agenda, these numbers suggest a remarkable lack of responsiveness to underserved communities.

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<sup>1</sup> Pub. L. No. 116-260, tit. III, Section 307(a)(3), 134 Stat. 1998.

These delays have left deserving small business owners under a cloud of ambiguity or saddled with looming debt payments that they simply cannot afford. This is unacceptable. I call on your agency to do its job and ensure that every PPP loan recipient that is eligible and wishes to apply for loan forgiveness receives it without delay. As such, I ask you to respond to the following questions by Thursday, March 31:

- What steps will the SBA take toward fully eliminating the PPP loan forgiveness application backlog?
- What is the SBA's expected timeline to fully eliminate its PPP loan forgiveness application backlog?
- What steps has the SBA taken, and is planning to take, to ensure that PPP loan recipients who have not received loan forgiveness are aware of the forgiveness options available to them?
- What specific steps is the SBA taking to increase the forgiveness rates for loan recipients of loans of \$50,000 or less?
- What steps has the SBA taken to reach out to, and resolve, challenges for loan recipients who worked through lenders that the SBA or Department of Justice have been identified as fraudulent or problematic?
- What steps will the SBA take to work with minority and low-income communities experiencing low loan forgiveness rates?

These are not simply numbers on a spreadsheet. These are real parents, families, and real small businesses that have experienced some of the hardest years to run a business in living memory. They have shown remarkable resilience, and should not be saddled with crippling debt or forced to close their doors due to the SBA's lack of responsiveness.

I look forward to your response, and urge you to take appropriate action to resolve these issues immediately.

Sincerely,



Marco Rubio  
U.S. Senator