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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

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

September 25, 2019

Mr. Chris Pilkerton  
Acting Administrator and General Counsel  
U.S. Small Business Administration  
409 3rd Street, SW  
Washington, D.C. 20416

Dear Acting Administrator Pilkerton:

On Thursday, September 19, 2019, the Office of Inspector General (OIG) for the Small Business Administration (SBA) released an advisory memo on its review of two Women's Business Centers (WBCs) located in Alabama. OIG found the WBCs located in Mobile and Brewton have been closed for more than a year and had major deficiencies.

OIG wrote that the two Alabama WBCs "materially violated federal statutes, regulations, and the terms and conditions of its cooperative agreements." The report also stated that OIG "witnessed and spoke to a potential client" who visited the WBC, but "left without obtaining services."

As you know, WBCs provide vital entrepreneurial development services to entrepreneurs, including many from underserved communities. For many of these entrepreneurs, the services provided by WBCs can be the difference between success and failure. Studies show that small businesses created by entrepreneurs who receive at least 3 hours of entrepreneurial development training have much higher survival rates than small businesses created by entrepreneurs who received less counseling or none at all. With small business formation in the United States at a 40-year low, SBA must do all it can to ensure that entrepreneurs have access to the resources they need to open successful businesses and pursue their dreams.

I am pleased that SBA has already committed to enacting the recommendations made by OIG in the memo, including referring the Alabama WBC and its staff to the Suspension and Debarment Official and taking action to hold the Alabama WBC in noncompliance with its cooperative agreements with the agency. However, I remain concerned that two WBC locations were closed for more than a year without any appropriate action from SBA. The services that WBCs provide are simply too important to fall through the cracks.

SBA's failure to conduct oversight of the Alabama WBCs raises many questions about the agency's oversight procedures, including SBA district offices' ability to ensure that resource partners operating in their territory are delivering high-quality services to entrepreneurs. Therefore, I request answers from SBA addressing the following questions:

1. Please breakdown the number of employees in SBA's Office of Entrepreneurial Development and the title and role of the employees. How many employees are there in each of the Office of Women's Business Ownership, the Office of Small Business Development Centers, and the Office of Entrepreneurial Education?
2. Please state the different roles SBA's Office of Entrepreneurial Development, Office of Women's Business Ownership, SBA district offices, and the Office of Field Operations has to ensure WBCs' financial and programmatic compliance with federal regulations and terms and conditions of cooperative agreements. How do these various offices within SBA coordinate on oversight of the WBC program?
3. When did the recipient of the grant, the Women's Business Center, Inc., receive its initial grant and for which location? When did the recipient receive its second grant and for which location?
4. When did the two locations receive their final funding and/or reimbursement from SBA?
5. For the two cooperative agreements, each for \$131,250 in federal funding, how much of the funding was spent in compliance with the terms and conditions of the agreements? How much was spent incorrectly?
6. When did the two WBC locations close their doors?
7. What is SBA's timeline and action steps from now until August 31, 2020, to complete OIG Recommendation 1: Take action in accordance with 2 CFR 200.338 Remedies for Noncompliance and the Notice of Award for suspension, termination, and debarment?
8. Please provide a list of WBCs that are self-terminating or having difficulty complying with their cooperative agreement.
9. What are the policies in place for SBA to issue a cure notice to a resource partner like a WBC for failing to comply with SBA's cooperative agreement? What is the timeline for SBA to issue a cure notice? What are the triggering events?
10. What is SBA doing to fix this situation? What reviews and oversight does SBA need in place to avoid a similar situation?

It is clear that the current oversight structure of SBA is ill-equipped to manage WBCs, Small Business Development Centers, and the SCORE program. SBA's Office of Entrepreneurial Development does not have line authority to its 68 district offices.

If you require additional information regarding this request, please have your staff contact Therese Meers in my office at (202) 224-5175 [therese\\_meers@sbc.senate.gov](mailto:therese_meers@sbc.senate.gov).

Sincerely,

A handwritten signature in blue ink that reads "Ben Cardin". The signature is written in a cursive style with a large, sweeping initial "B" and a distinct "C" for "Cardin".

Benjamin L. Cardin  
Ranking Member