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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
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November 13, 2023

The Honorable Chris Van Hollen
Chairman
Financial Services and General Government
Appropriations Subcommittee
Washington, DC 20510

The Honorable Bill Hagerty
Ranking Member
Financial Services and General Government
Appropriations Subcommittee
Washington, DC 20510

Chairman Van Hollen and Ranking Member Hagerty:

I write to urge your committee to provide the Small Business Administration Office of Inspector General (OIG) with the funding necessary to continue its vital work investigating fraud within the Small Business Administration's (SBA) COVID relief programs. As you know, Congress acted decisively and expeditiously at the beginning of the COVID-19 pandemic to provide extraordinary relief to America's small businesses at a time when their survival was far from assured. One of my proudest accomplishments during my time in Congress was working with senators from both sides of the aisle to address the dire and unprecedented threat facing small businesses as the pandemic unfolded. Together, we introduced the Paycheck Protection Program (PPP), the COVID Economic Injury Disaster Loan (EIDL) program and the Shuttered Venue Operators Grant (SVOG) program. In total, these pieces of legislation made $1.2 trillion available to small businesses across the country, including $2.4 billion to over ten thousand businesses in New Hampshire.

Unfortunately, many unscrupulous actors viewed our collective commitment to help deserving small businesses as an opportunity to defraud the American taxpayer. While the vast majority of fraud occurred in the early days of the pandemic, the hard work of tracking down those who took advantage of these relief programs will take years to accomplish.

The committee takes fraud enforcement seriously. In 2022, Congress passed H.R. 7352, the PPP and Bank Fraud Enforcement Harmonization Act of 2022 and H.R. 7334, the COVID-19 EIDL Fraud Statute of Limitations Act of 2022. This legislation extended the statute of limitations for PPP and COVID EIDL fraud in order to ensure that law enforcement has enough time to pursue outstanding cases. Congress recognized that the task of recovering funds and holding criminals accountable for their actions is a long-term undertaking, but without additional appropriations to help investigators carry out program enforcement, far too many of these bad actors will go unpunished.

I recognize that the challenge of recovering ill-gotten loans and grants is significant. Fortunately, OIG has successfully established highly productive working relationships with other branches of law enforcement and developed advanced analytical capabilities that have yielded substantial results: in the last three years, OIG's work has led to 1,180 indictments, 936 arrests and 613 convictions. Remarkably, this small office has managed to collect more than $13 billion in investigative recoveries, fines and forfeitures despite functioning on an average annual budget of less than $24 million.

I was encouraged to see that the Financial Services and General Government (FSGG) Appropriations Subcommittee included more than $47 million in funding for OIG in the bill passed out of committee this July, which was a substantial increase compared to the previous year's appropriation. Since then, however, the president has asked Congress for an additional $14 million for OIG as part of his supplemental request for critical domestic needs. This amount is the minimum that would be necessary simply to allow the office to retain its current investigative team and maintain its current caseload.

OIG has been a leader in the fight against COVID-era fraud and has shown that it can deliver impressive results with the limited resources available to it. We have seen that its rate of return on investment is substantial and that the dollars it receives are put to productive use. But beyond the simple matter of making good on Congress's investment in COVID program enforcement, our support for OIG also sends an important message to those who would consider taking advantage of lifelines like PPP, EIDL and SVOG in the future. While we will never waiver in supporting the nation's small businesses in a time of crisis, we are equally determined to punish those who would shamelessly and opportunistically defraud the American taxpayer. For this reason, I strongly encourage your committee to provide additional funding that will allow OIG to expand its work and fully investigate those who took advantage of SBA's COVID programs.

Thank you for your consideration.

Sincerely,

Jeanne Shaheen
Chair