

Congress of the United States
Washington, DC 20515

July 27, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
403 3rd Street SW
Washington, DC 20416

Dear Administrator Carranza,

We write today with grave concerns regarding the Small Business Administration's (SBA) Paycheck Protection Program (PPP) borrower data, released on July 6, 2020. Data covering the number of jobs retained per loan and the borrower's congressional district has proved to be largely erroneous, casting shadows on the veracity, quality, and reliability of other loan data.

As you know, congressional efforts—including the CARES Act (P.L. 116-136), the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139), the Paycheck Protection Program Flexibility Act (P.L. 116-142), and S.4116, a bill to extend the authority for commitments for the paycheck protection program and separate amounts authorized for other loans under section 7(a) of the Small Business Act, and for other purposes (P.L. 116-147)—have appropriated \$659 billion for PPP loans to small businesses, provided for greater flexibility to borrowers, and extended the program through August 8, 2020. These efforts also included a total of \$2.775 billion for salaries and expenses at the SBA to administer this program with the urgency that the ongoing pandemic and national recession merit.

While the PPP has provided a critical lifeline for millions of small businesses and their employees, more transparency is warranted for Congress to both exercise necessary oversight of the program and to determine what additional steps we must take to help our nation's small businesses recover. That is why on April 17, 2020, members of the House Small Business Committee requested that granular data be provided by the SBA, including loan amount, demographic information, and the congressional district in which borrowers are located.

On June 22, 2020, the SBA announced that it would make additional PPP data available to the public, including business names, address, NAICS codes, zip codes, business type, demographic data, non-profit information, jobs supported, and loan amount ranges for all loans \$150,000 and above. Additionally, the SBA announced it would release loan information for grants less than \$150,000 without identifying information. Per negotiations and discussions between congressional leaders and the SBA, data released on July 6 included congressional districts as well.

We have found much of the released data to be grossly incorrect. According to one report in the Washington Post, an analysis on 4.9 million loans indicated that many companies retained far more workers than they employ¹. Another report by the Post estimated that at least 226,000 small business

¹ <https://www.washingtonpost.com/business/2020/07/14/ppp-job-claims-sba/>

loans were credited to the incorrect congressional district.² Additionally, much of the demographic data is missing—inhibiting Congress’s ability to accurately assess and track the impact of PPP loans on women, veteran and minority-owned small businesses, and the impact of the program on our constituents. Many of us have independently verified large-scale inaccuracies while parsing our own data.

Considering these circumstances, we urge you to provide the following information:

1. How the SBA arrived at the “jobs retained” figure for each business.
2. If the “jobs retained” data was exclusively self-reported, or reported by the lender, please detail the SBA’s efforts to independently verify this data.
3. How SBA attributed loans to congressional districts.
4. If the congressional district data was self-reported, or reported by the lender, please detail the SBA’s efforts to independently verify this data.
5. What measures the SBA is taking to ensure future reports contain accurate data, including in the demographic, jobs reported, and congressional district categories.
6. Congress appropriated an additional \$2.775 billion to the SBA for staffing purposes in March and April. What additional resources, if any, are needed from Congress in order to assist the SBA in properly reporting and verifying PPP loan data.

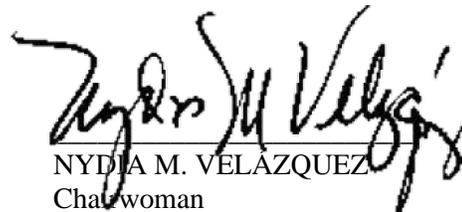
While erroneous data raises several questions for Congress, it also casts doubt on the full data set. We therefore urge the SBA to rectify these issues promptly to ensure the integrity of the data reported.

Thank you for your time and consideration of this urgent matter. We look forward to your prompt response.

Sincerely,



JASON CROW
Member of Congress



NYDIA M. VELÁZQUEZ
Chairwoman
House Committee on Small Business

LISA BLUNT ROCHESTER
Member of Congress

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² https://www.washingtonpost.com/business/on-small-business/ppp-data-get-murky-on-wrong-congress-district-for-226000-loans/2020/07/16/39f95d4a-c767-11ea-a825-8722004e4150_story.html

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