

Administrator Isabella Guzman
Small Business Administration
409 3rd St., SW
Washington, DC 20416
Sent electronically to isabella.guzman@sba.gov

Dear Administrator Guzman,

We are a coalition of organizations that are concerned about oversight of the pandemic relief measures, which represent a large and necessary government investment in the restarting of our economy. We appreciate the steps that the new administration has already taken to strengthen supervision of pandemic relief and increase the transparency of related spending. However, there is one glaring area where we are still waiting for critical data to be released – the forgiveness status of individual Paycheck Protection Program (PPP) loans.

SBA has reported that as of March 25, it has received applications for forgiveness for loans totaling over half of the dollar volume of PPP loans issued in 2020, most of which has already been forgiven. This represents \$194.5 billion of taxpayer money granted to ensure business survival, primarily by allowing workers to receive paychecks and benefits. The forgiveness process requires PPP recipients to first submit records of how the funds were spent to private lending institutions, which determine whether forgiveness is allowed and then forward that decision to SBA for review. It is in the public interest to see if recipients are claiming that they rehired employees, and the extent to which this factored in forgiveness decisions, as a check on this decision-making process; and whether the PPP program actually saved jobs.

For example, on May 14, 2020, an affiliate of private equity firm Walton Street Capital received a \$4,139,700 PPP loan for the Minneapolis Hilton. According to information released by the SBA, the loan amount was based on a pre-pandemic payroll of 482 employees. But in December 2020, the hotel General Manager told a local TV reporter the hotel was down to just 45 employees.¹ And in February 2021, the Minneapolis Star Tribune reported that the hotel was down to only 28 workers.²

The Minneapolis Hilton is simply one of thousands of businesses whose record of rehiring and/or retaining is unknown to the public. Headlines in major outlets reflect widespread skepticism about PPP's effectiveness – for example, "[Congress backed a trillion-dollar job-saving program. 'No one really knows' if it's working,](#)" Politico, 3/26, and "[Taxpayers don't know how many jobs PPP loans saved during the pandemic. No one counted,](#)" *LA Times*, 4/1. In the absence of further government disclosure, this risks hardening into mistrust about future government interventions.

We believe that the SBA should release a new spreadsheet of PPP loans including the original loan data (e.g. loan number, amount of loan, date of loan approval), along with data points about forgiveness that SBA likely already has for each loan:

¹ <https://minnesota.cbslocal.com/2020/12/09/covid-impact-mn-gov-walz-to-call-special-session-to-pass-relief-for-small-businesses-workers-families/>

² <https://www.startribune.com/hospitality-workers-on-edge-wondering-if-jobs-will-come-back/600025486/>

- An indication of whether the borrower has applied for forgiveness
- Whether the lending institution has recommended the loan be wholly or partially forgiven
- Whether the SBA has decided to wholly or partially forgive a loan, deny a loan, or place the loan under review
- The date of application for forgiveness, and the date of decision by SBA on forgiveness
- The amounts that the borrower spent on each approved use area, especially payroll
- The number of jobs that the borrower supported with PPP funds
- The average and range of pay and benefits that each worker supported with PPP funds received
- The number of hours that workers worked
- The dates of the covered period elected by the borrower
- Whether workers employed by borrowers experienced pay reductions, and if so, how much
- Whether the borrower applied for or received a second draw PPP loan

While the release of forgiveness data about PPP loans quickly – ideally, soon after a forgiveness determination is made – will increase transparency going forward, SBA should also consider steps it can take to bolster accountability for PPP recipients. In particular, a mechanism that would allow employees of PPP recipients to report that they were not rehired with PPP funds would help SBA identify potential program misuse.

Please let us know about your plans to release PPP loan forgiveness data. We are happy to discuss in greater depth.

Sincerely,

UNITE HERE

Americans for Financial Reform Education Fund

Good Jobs First

Public Citizen

Revolving Door Project

U.S. PIRG

Citizens For Responsibility and Ethics in Washington

Government Accountability Project

American Oversight

Project on Government Oversight

Transparency International - U.S. Office