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March 14, 2022

Isabella Casillas Guzman
Administrator
Small Business Administration
409 Third Street, SW, Suite 7900
Washington, DC 20416-2230

RE: Demographic tracking for Small Business Administration COVID-19 Relief Funding

Dear Administrator Guzman,

I write today to urge the Small Business Administration (SBA) to track demographic data for the COVID-19 Economic Injury Disaster Loan (EIDL).

Based on [SBA reporting](#), nearly \$357 billion COVID EIDL dollars¹ were distributed during the pandemic, yet there is not a clear picture of which populations received the most assistance. The SBA is unable to confirm if these COVID relief funds were accessed by small businesses who have been historically underserved and unable to obtain capital from traditional banking institutions. By not tracking this data, we continue to neglect disadvantaged business owners.

Small businesses were disproportionately hit by the pandemic; many struggled to survive. In an effort to provide support to these businesses, the federal government [appropriated](#) an additional \$153 billion dollars in COVID relief funds to the SBA. These dollars were intended to help small businesses stay afloat during the COVID-19 emergency. However, [reports](#) indicate that minority small business owners had difficulty accessing COVID relief dollars since the beginning of the pandemic.

Minority small business owners faced a significantly [high closure rate](#) at the onset of the pandemic with 41 percent of Black-owned businesses, 32 percent of Latino- owned businesses and 20 percent of Asian-owned businesses forced to close their doors as a result of COVID-19. The Federal Reserve Bank [reported](#) that minority and women-owned businesses were twice as likely as non-minority businesses to be classified as at-risk or distressed. Without accurate and comprehensive data, there is no way to determine if minority small business owners have been able to access the federal relief dollars they desperately need.

Traditional SBA lending programs such as the 7(a) and the 504 program have clear demographic data of its borrowers. *Why weren't these same practices applied to the COVID EIDL?* The

¹ Including: COVID EIDL, Targeted EIDL Advance, Supplemental Targeted Advance

federal government spent billions of dollars on these programs, yet without data, there is no way to ensure that our most vulnerable populations – those we intended to serve with these dollars – are not left behind. Collecting demographic data will enable the SBA to make necessary changes to antiquated systems that continue to fail disadvantaged businesses.

Thank you for your attention to this critical matter and I look forward to your timely response.

Sincerely,

A handwritten signature in black ink that reads "Josh Harder". The signature is written in a cursive, flowing style.

Josh Harder

United States Representative (CA-10)