U.S. Senator Maria Cantwell

Senate Committee on Small Business and Entrepreneurship Hearing titled: "Oversight of SBA's COVID-19 Relief Programs"

Witnesses: Mr. Patrick Kelley, Associate Administrator, Office of Capital Access, U.S. Small Business Administration; Mr. James Rivera, Associate Administrator, Office of Disaster Assistance, U.S. Small Business Administration; The Honorable Hannibal "Mike" Ware, Inspector General, U.S. Small Business Administration; Mr. William B. Shear, Director, Financial Markets and Community Investment, U.S. Government Accountability Office

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CANTWELL: Okay thank you. I wanted to follow up on the Chairman's comments. You covered several things, but I want to go back to the Restaurant Revitalization Grant Program. It's $28 billion and restaurants across the United States have been really impacted. More than 2,300 have closed in my state since the start of the pandemic, and famous Chefs like Tom Douglas who's a James Beard award winning chef, helped really make Seattle a destination with many restaurants. He's gone from 850 employees down to 65. As of March, 3 of his 13 restaurants are still open. We have Tony Brown in Spokane, he's been featured on the Food Network. He went from 44 employees down to 11 employees and lost a majority of his revenue.

This is a story throughout the state of Washington, Mr. Rivera, and I wanted to get back to the basics of the application program since SBA is juggling a lot of different issues. I want to understand the time frame here, I know you mentioned to the Chair a platform and making sure the right platform, but with the large volume of grant applications in addition to the other grant applications that you're talking about for idle, and the music venue -- what additional personnel, or technology, or resources, or responsibilities do we need to have to get this program underway? What else does SBA need?

KELLEY: Senator Cantwell, thank you for your question. I think first off, Congress should feel really good about the statutory language that you've given us to authorize this program. So for example, one of the limitations for a program of this scale and size could have been the requirement of using sam.gov, but as you know, the statutory authorizing language speaks to allowing us, giving the agency the discretion to seek unique identifiers that the industry uses. So in the case of restaurants that would be EIN, Social Security ITIN Numbers, so that's an important aspect of this. And that's really important because sam.gov services 657,000 roughly entities and it's scheduled for maintenance in April. And so having that latitude to design a unique instance with the industry sector unique identifiers was a really important step. The second thing that I think the committee did which is consistent with what the Congress has done in this round of PPP that's important is giving prioritization to Women-owned, Veteran, and social and economically disadvantaged restaurants with a priority period, emphasizing the smallest of small businesses with the five hundred thousand in sales.

From a technology perspective, one of the great things about what Mr. Shear spoke to and what Mr. Ware spoke to, with respect to leveraging data analytics to know your customer, to identify individuals, to identify business owners, leveraging LexisNexis public records database, DMV databases, and so forth, gives us the ability to create a platform that's scalable, can offer a web application for folks to apply, to leverage the SBA's network of affiliated entities, such as our district offices, but also to architect an application program interface which will allow for intermediaries, similar to the PPP Program, like point-of-sale vendors that restaurants use.

CANTWELL: Okay, thank you. I think I've heard enough, thank you. I understand the complexity here, I worked in software for 5 years, but what I really want to get down to is the brass tacks here. Are we talking weeks, are we talking a month, are we talking, you know by April 15th? What are we talking?

I think restaurants who've been hanging on, they need to know. They need to know when they will be able to apply and when do you think you'll get the money out the door. So we're not tying you to you know forever and ever, but we think this long to get our application up and running, we think this long to get the money out the door. We're already hearing great stories from our constituents about, "Oh my gosh, thank you for getting those checks, they've arrived thank you, it was a lifeline." So the restaurants, which we in previous bills hadn't been able to secure the kind of help and support, now we have it but we have to realize they've been in the queue a long, long time so they need to know this information. Are we talking about by April 15th? Or what are we talking about?

KELLEY: Yes, so what we're trying to do is stand up the program as quickly as possible and as you know from technology projects, things are hard and can slide to the right. But right now we're targeting, beginning a phased launch in April, provided we can work with our partners at OMB to scale the platform in a way that allows us to leverage ecosystem partners like point of sale vendors, as well as allowing folks to apply directly.

CANTWELL: And then how soon with the money than go out after that?

KELLEY: So the idea would be in the next 7 to 10 days to start posting information relevant to the applicants and to give guidance on application and supporting documentation, similar to what's being done, James [Rivera] spoke to on shuttered venues, beginning this week, and then we would move to the prioritization pilot phase, and then to a broader open following that phase. And so that would typically unfurl over 30 to 45 days where you would have the prioritization entities coming into the instance and disbursing funds and then opening it more broadly.

CANTWELL: Mr. Chairman, I see my time is expired but I'm just saying, okay maybe after COVID we'll have this very allusive conversation about the government and how fast. To me, some of our colleagues, both Republicans and Democrats have made this point, help states update their systems. It's not like software updating of states would be a bad idea after this experience because now we see we're gated. We're gated on everything that we want to do, and we need to figure out how to be more successful at getting these things set up quickly and out the door, albeit, yes, making sure that the right people are applying.

So anyway, I would encourage you to sharpen the answer up once the platform is established and the request is in, what that turnaround time on a check is, because I think your answer was getting a little elongated. We're not trying to trick you, we're just trying to tell people who are holding on, restaurants who are holding on, or who've been trying to figure this out, what their time frame really looks like before they might actually see financial help. Thank you, Mr. Chairman.