

**U.S. Senator Maria Cantwell**

**Senate Committee on Small Business and Entrepreneurship Hearing titled, “The Pandemic Response and the Small Business Economy: An Update from the U.S. Small Business Administration”**

**Witnesses: The Honorable Isabel Guzman, Small Business Administration, Administrator**

**May 26, 2021**

CANTWELL: Thank you, Chairman Cardin, and thank you, Senator Paul, for this important hearing. We all have a lot going on today, but we're all here right now because of this issue that Senator Cardin brought up, Senator Ernst brought up. I didn't hear what Senator Paul said, but my guess is we all are very concerned about the Restaurant Fund running out of money as of yesterday, I guess. And so the \$20 billion before the majority of people really had time to apply.

So I know my colleague asked you about this, so I'm sorry if I'm going over some detail here. If Congress would approve more funds, how long would it take to get assistance to those restaurants? And if they've already been in the application process, will they receive priority over people who hadn't already filled out paperwork?

GUZMAN: When we first began outreach on the Restaurant Revitalization Fund, we encouraged businesses to apply immediately regardless of their priority or set aside category because it is a first in, first out. If we received more funding we would be able to leverage those applicants so that we could speedily get these funds out to those who applied.

CANTWELL: Do you have any idea how many applicants you have that were unserved?

GUZMAN: Not the specific number of applicants because we're still working through the specific awards. So there obviously will be an excessive number. We have \$76 billion in requests.

CANTWELL: Do you have any idea how many restaurants that you're going to serve versus how many applicants you have left? I mean, just any idea. There's 30% more applicants that we didn't serve...

GUZMAN: You know, I don't have the specific numbers on how many we estimate at this point. But I can follow up with you on that based on the awards made to date.

CANTWELL: That would be great. I would love to see those numbers. So you're saying fairly quickly is what you're saying? That you can get the dollars out the door fairly quickly to those who had already applied?

GUZMAN: Yes.

CANTWELL: Right. So I also, in April, I think the entire Washington delegation sent you a letter about a technical barrier that prevented 120 Washington state distillers from accessing the Restaurant Revitalization Fund. In order to be considered for the grants, entities must have derived at least 33% of their revenue from on-site sales. Washington state law limits distilleries to gain no more than 30% of their revenue from on-site consumption. In my state distillers sell more through local distribution to restaurants than in tasting rooms.

Could the SBA address this problem, and could you revise the eligibility criteria to accommodate a limited number of distillers, such as those in Washington?

GUZMAN: We spoke with stakeholders in order to understand what the marketplace needs were, and we would welcome guidance on that if any additional fund is created.

CANTWELL: What does guidance mean? I'm giving you guidance. I'm giving you the guidance that it would be great to solve this problem.

GUZMAN: If it could be addressed in statute that would be great.

CANTWELL: Okay. And then how can we improve the communication with the venue application process? The Save Our Venues. How can we improve that?

GUZMAN: With the shuttered venues, we encouraged everyone to apply up front. We have a sizeable group in both first priority, second priority, and third priority. We are processing through those applications as quickly as possible. It's a very complex program by statute with various types of entities, which has created a lot of various eligibility requirements along the way and requires intensive, you know, applicant-by-applicant review. But we have started awarding funds. We've been in communication regularly with the stakeholders. In fact, my team just met with them again this week to give them an update. We'll continue to give them updates as frequently as possible, as well as this Committee.

CANTWELL: You'd be surprised then if somebody had submitted an application a month ago and had not heard anything?

GUZMAN: We're still in the process of reviewing. So, no, I'm not surprised by that as we obviously in the initial launch had some technical difficulties, and then beyond that have been working through processing and finalizing the technology to run through the review and award disbursement side.

CANTWELL: I think this is really important on the communications side. We get the complexity of these and we're moving fast, but it would be great if people could say, "Yes, your application was received and it was completed and we're reviewing and we'll get back to you." If they could get that.

GUZMAN: I'll verify with my team.

CANTWELL: I think that will be helpful. Anyway, I know this is challenging, and the complexity of the various programs given how much SBA played a key role in everything. But I hope that we will continue to look at this revenue side of the equation for restaurants and for other entities and make sure that we're continuing to move quickly as we did on other aspects of the economy. Thank you, Mr. Chairman.