

April 11, 2024

Mr. Hannibal “Mike” Ware
Inspector General
Office of the Inspector General
U.S. Small Business Administration
409 3rd Street, S.W., Suite 7150
Washington, DC 20416

Dear Inspector General Ware,

We are writing to follow up on an investigation request dated August 28, 2023 related to remote work, telework, space utilization, and locality pay policies at the U.S. Small Business Administration (SBA).

On March 20, 2024, in a hearing before the U.S. Senate Committee on Small Business & Entrepreneurship, SBA Administrator Guzman testified that she disagrees with the Government Accountability Office (GAO) finding that SBA is among the very worst federal agencies in terms of headquarters utilization rate, with a rate of just 9 percent.^{1, 2, 3} Administrator Guzman claimed “[her] data does not match” the GAO’s findings,⁴ instead asserting her agency’s headquarters ‘occupancy rate’—not its utilization rate—is 50 percent, most likely on the basis of the SBA’s stated in-office work policies.⁵

Administrator Guzman’s disagreement with the GAO underlines the importance of your office engaging in the comprehensive reviews, audits, and evaluations of the SBA’s policies as requested in the August 28, 2023 letter. That request is particularly necessary in light of the new reporting requirements enacted as part of Division B of P.L. 118-47, the Further Consolidated Appropriations Act, 2024, which requires each agency to report the average number and percent

¹ [Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework](#) GAO-23-106200, U.S. Government Accountability Office, Statement of David Marroni, Acting Director, Physical Infrastructure Team, July 13, 2024.

² U.S. Government Accountability Office (GAO-23-106200) defines utilization as a ratio of a building’s capacity and the extent to which an agency uses that capacity. Utilization differs from attendance because a building’s capacity is based on the size of the building, not the number of people assigned to it. All assigned staff could go to a building and it could still be underutilized if the building has more space than it needs.

³ [Oversight of the U.S. Small Business Administration and Review of the President’s Fiscal Year 2025 Budget Proposal](#) U.S. Senate Committee on Small Business & Entrepreneurship, March 20, 2024.

⁴ Id.

⁵ [Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework](#) GAO-23-106200, U.S. Government Accountability Office, Statement of David Marroni, Acting Director, Physical Infrastructure Team, July 13, 2024.

of employees present in the office, as well as the average office space utilization rate.⁶ We request your office assess the SBA's office space utilization as part of your role in providing independent, objective, and timely oversight of the SBA. In addition, we request you not limit your review merely to the SBA's headquarters and its Washington, D.C.-based employees, but also review the agency's footprint and workforce in its field offices across the country.


Given Administrator Guzman's disagreement with the GAO findings and her apparent conflation of the SBA's policies for in-office work and its building utilization rate, it is imperative that the SBA OIG coordinate with the SBA to ensure it implements a sound and valid approach to data collection and reporting as it fulfills its obligations under P.L. 118-47.⁷

Thank you for your attention to this important matter. We look forward to hearing from your office no later than April 19th, 2024. If you have any questions, please do not hesitate to contact me or Meredith West on my staff at (202) 224-5175.

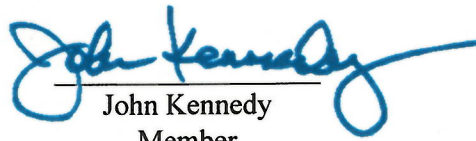
Sincerely,



Joni K. Ernst
Ranking Member



Tim Scott
Member



John Kennedy
Member

⁶ Division B of Pub. L. 118-47 (2024).

⁷ Id.