

Payment Integrity Scorecard

Program or Activity
Paycheck Protection Program (PPP) Loan Forgiveness

Reporting Period
Q3 2025

FY 2024 Overpayment Amount (\$M)*

\$292

*Estimate based a sampling time frame starting 4/2023 and ending 3/2024

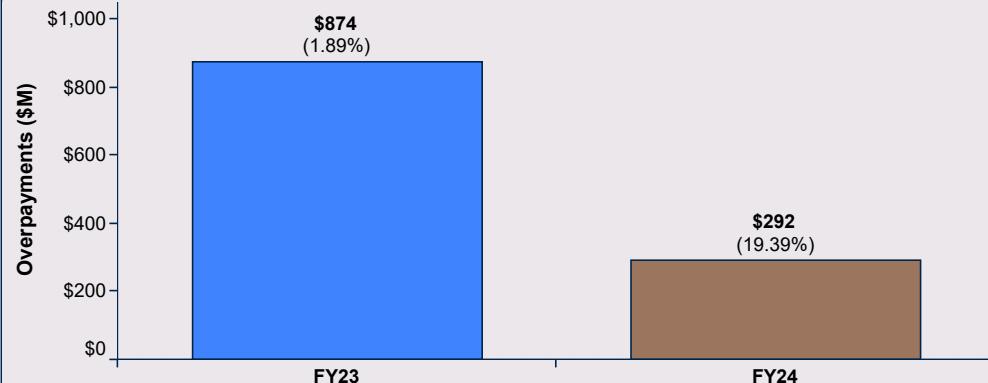
SBA Small Business Administration

Paycheck Protection Program (PPP) Loan Forgiveness

Brief Program Description & summary of overpayment causes and barriers to prevention:

The CARES Act established the Paycheck Protection Program loans to provide economic relief to small businesses and incentivize small businesses to keep their workers on the payroll because of the COVID-19 pandemic. The SBA separated PPP into three payment integrity reporting categories - PPP Approvals, PPP Forgiveness, and PPP Purchases. PPP ended in May 2021. Although no new PPP funds are being disbursed, borrowers may still request forgiveness for a PPP loan. PPP loans can be forgiven if the funds are used for eligible expenses. The predominate reasons for improper payments in PPP Loan Forgiveness were missing or incomplete documentation, and borrower and lender errors in calculation.

Historical Payment Rate and Amount (\$M) (Overpayment as Percentage of Total Outlays)



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

In previous quarters, SBA took the following actions to prevent overpayments in PPP Loan Forgiveness. *PPP loans submitted for forgiveness are screened by the system to determine whether a "hold" code should be placed. Hold codes are placed for borrower bankruptcy, previously defaulted debt, criminal charges, duplicate loans, or other. *SBA performs up to 4 levels of review for PPP loans with hold coded submitted for forgiveness. **The first level of review verifies and confirms the first review's recommendations. **The second level of review verifies and confirms the first review's recommendations. **If the first and second level of review recommend full or partial denial of forgiveness, SBA performs a third level (higher level authority) review. This review looks at findings from the two reviews, loan calculations, and how the funds were spent. **The fourth level review confirms the findings of the third level review and issues a letter of explanation of findings. *Loans previously identified as improper payments are marked with the appropriate "hold" code and added to the post payment review processing queue for an additional higher level authority manual review.

Accomplishments in Reducing Overpayment

Date

1	The agency's primary goal for PPP loan forgiveness is to reduce the volume of Unknown payments identified in 2023 and 2024. SBA requests documentation from lenders; in turn, lenders request substantiating documents from borrowers to resolve loans with unknown payments.	Jun-25
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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	The agency's primary goal for PPP loan forgiveness is to reduce the volume of "Unknown payments" identified in 2023 and 2024. SBA continues to request documentation from lenders; in turn, lenders request the substantiating documents from borrowers to resolve loans with unknown payments. Lenders are continuing their efforts to obtain and provide documentation mitigating the unknown payments.	On-Track	Sep-25	1 Recovery Activity	SBA notifies lenders of the deficiencies and requests that the borrower either: 1) send supporting documentation; or 2) repay the loan.	SBA notifies lenders of the deficiencies and requests that the borrower either: 1) send supporting documentation; or 2) repay the loan.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$292M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	The predominate reasons for improper payments in PPP Loan Forgiveness were missing or incomplete documentation, and borrower and lender errors in calculations.	Change Process: altering or updating a process or policy to prevent or correct error.	SBA performs up to 4 levels of review for PPP loans with hold codes submitted for forgiveness. Loans previously identified as improper payments are marked with the appropriate hold code and added to the post payment processing queue for an additional higher-level review.

At the end of the fiscal year 2023, lenders had not yet returned sufficient supporting documentation for 193 of 382 loans. The inability to assess whether these loans were proper or improper necessitated that SBA categorize these loans as "Unknown" payments, which yielded an Unknown Payment Rate for PPP Forgiveness of 38.56 percent. The agency's primary goal for PPP loan forgiveness was to reduce the volume of Unknown payments between 2023 and 2024. SBA requested documentation from lenders (lenders, in turn, requested documentation from borrowers) to resolve loans with potential unknown payments. The 2024 Unknown Payment Rate for PPP Forgiveness was 4.06 percent. The Unknown Payment Rate for PPP Forgiveness in 2025 is still being determined but is on track for reporting in compliance with statutory requirements. Further, the agency has established Tolerable Rates for the FY2025 reporting cycle yet remains steadfast in its intent to reduce the volume of unknown payments.