



**U.S. SMALL BUSINESS ADMINISTRATION**  
WASHINGTON, D.C. 20416

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**October 12, 2011**

**U.S. Senate Committee on Appropriations**  
**Homeland Security Subcommittee**

Good afternoon Chair Landrieu, Vice Chairman Lautenberg, Ranking Member Coats, and distinguished members of the Subcommittee. Thank you for inviting me to discuss SBA's role in disaster response and recovery.

The SBA Office of Disaster Assistance is responsible for providing affordable, timely and accessible financial assistance following a disaster to businesses of all sizes, homeowners, and renters. Many disaster survivors have insurance, which covers part or all of the physical property losses due to a natural disaster, but for disaster losses not covered by insurance, an SBA loan is the primary form of Federal financial assistance. This financial assistance is available in the form of low-interest loans, and since the SBA's inception in 1953, we have provided over 1.9 million disaster loans for more than \$49.6 billion dollars.

SBA's Role in Responding to a Disaster

SBA is not a "first responder" agency even though we are on the ground immediately following a disaster. SBA's primary focus is providing low interest, long term loans as part of the recovery effort in coordination with other government partners at the Federal, state, and local levels. In addition to SBA's disaster loan program, we help small businesses recover through our guaranteed lending, technical assistance, and government contracting and business development programs.

Disaster loans are a vital source of economic stimulus in the affected areas following a disaster. As part of an overall effort to assist survivors to get back on their feet, SBA's disaster home loans of up to \$200,000 help those employed in the local community return and rebuild their homes. Moreover, businesses of all sizes and non-profit organizations are eligible for loans of up to \$2 million to assist with any uninsured and otherwise uncompensated physical losses sustained during a disaster to repair or replace damaged physical property.

Additionally, SBA offers Economic Injury Disaster Loans (EIDL) to small businesses, small agricultural cooperatives, and most private non-profit organizations who have suffered economic injury caused by a disaster. If a small business or organization is unable to meet obligations and pay its ordinary and necessary operating expenses, an EIDL loan can help. These loans provide working capital to businesses or organizations. The maximum loan amount is \$2 million for physical and economic injuries combined.

SBA's Response to Hurricane Irene and Tropical Storm Lee

The devastating damage to the East Coast from Hurricane Irene and Tropical Storm Lee has elicited a strong and proactive response from SBA. The Agency has undertaken a multi-faceted, aggressive approach to the event.

Since the beginning of these devastating storms on September 1, SBA has approved more than \$94 million in disaster loans to help more than 2,200 homeowners, renters, businesses and non-profit organizations begin the recovery and rebuilding process in the wake of Hurricane Irene and Tropical Storm Lee. Of the \$94 million in approvals to date, \$29 million represents loans to disaster survivors located in New Jersey, \$24 million in New York and \$11 million in Pennsylvania.

From a workforce perspective, SBA has responded to these disasters by deploying 398 SBA disaster assistance workers to staff 160 Disaster Recovery Centers located throughout the East Coast. SBA is co-located with FEMA in 18 centers in New Jersey with 64 staff on the ground; 28 centers in New York with 90 staff on the ground; and 35 centers in Pennsylvania with 83 staff on the ground. At these centers SBA representatives are meeting one-on-one with disaster survivors, answering questions, explaining SBA's disaster loan program, and helping survivors complete disaster loan applications and close disaster loans. As of last week, SBA had personally met with more than 6,800 disaster survivors. SBA has also responded to over 45,000 phone calls at its Disaster Customer Service Center with a wait time of less than 20 seconds.

### FY2011 Highlights

The agency is prepared to aggressively respond to all disasters, large and small. During FY2011, we successfully responded to:

- 36 Presidential Individual Assistance Declarations
- 60 Agency Declarations
- 9 Economic Injury Declarations
- Mailed out over 306,000 disaster applications within one day of a FEMA referral.
- Approved 13,643 disaster loans for over \$739 million.

Two of the largest Presidential Declarations in FY 2011 were the North Dakota flooding, where SBA loaned over \$234 million, and in Alabama, where tornado survivors have received over \$101 million in SBA loans. We also successfully responded to smaller disasters (SBA's Administrative Disaster Declaration authority) in other states like Indiana, where we loaned \$326,500 to ten disaster survivors.

### Preparedness and SBA's Key Improvements to the Disaster Assistance Program

To ensure overall preparedness in the Disaster Program, we maintain 1,850 workstations in the Fort Worth processing and disbursement facility and over 300 more surge workstations in our Sacramento center. We currently have 1,700 employees in pay status with a reserve force of over 2,000 employees. Additionally, our office works with local SBA District Directors on the ground along with area Small Business Development Centers and other SBA resource partners.

From a loan processing perspective, we are currently exceeding our processing goals by approving or declining loan application requests within 8 days during fiscal year 2011 (our goal is 14 days for homeowners and 18 days for businesses). In response to the Irene and Lee events, SBA is processing loan applications in less than 10 days on average.

In regards to marketing and outreach, SBA has developed an aggressive plan to reach all potential applicants in an area before a disaster strikes. We are concentrating on areas that are vulnerable to recurring disasters by providing expanded outreach efforts before a disaster strikes. Additionally, we have provided all SBA employees with access to an online "Disaster Tool Kit" with detailed information on the Agency's role in preparedness, outreach, and disaster assistance.

We have also instituted annual disaster trainings for SBA's Regional Administrators, District Directors, and Disaster Public Information Officers on disaster assistance responsibilities.

### Inter-Agency Coordination

In responding to disasters, the SBA works closely with our sister agencies. For instance, SBA and FEMA have consistently worked together in order to effectively provide assistance to disaster survivors. SBA and FEMA implemented internal agency agreements so SBA and FEMA can continually exchange data electronically. The data exchanges are critical in providing improved disaster assistance to survivors such as accelerating referrals to SBA and providing SBA loan application status updates in “real time.”

In closing, I appreciate the opportunity to share with the Subcommittee the role SBA plays in small business disaster recovery efforts. We firmly believe that the reforms we have instituted have enabled us to be prepared to efficiently and effectively respond to the needs of our nation’s disaster survivors. I look forward to answering any questions. Thank you.