



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

**TESTIMONY OF**

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**BEFORE THE**

**COMMITTEE ON SMALL BUSINESS  
U.S. HOUSE OF REPRESENTATIVES**

***“Disaster Assistance: Is SBA Meeting the Recovery Needs of Disaster Victims?”***

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Good afternoon Chairman Graves, Ranking Member Velazquez, and distinguished members of the Committee. Thank you for inviting me to discuss SBA’s disaster assistance programs.

I am James Rivera, the Associate Administrator for the SBA Office of Disaster (ODA). ODA is responsible for providing affordable, timely and accessible financial assistance following a disaster to businesses of all sizes, homeowners, and renters. This financial assistance is available in the form of low-interest loans, and since SBA’s inception in 1953, we have provided over 1.9 million loans for more than \$50 billion dollars.

SBA is prepared to undertake a multi-faceted, aggressive approach in response to disasters, and is continuing to provide essential support to the disaster survivors. During FY2011, SBA approved 13,643 disaster loans for over \$739 million.

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. 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, nonprofits and businesses of all sizes are eligible for loans of up to \$2 million dollars.

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. These loans provide working capital to a business or organization until normal operations can resume following a disaster.

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

SBA's disaster loan programs are a critical piece of the federal government's overall response in the wake of disasters. Since 2005, we have seen a great deal of success in our disaster program. Following the 2005 Gulf Coast Hurricanes, SBA made dramatic improvements to our operations. By incorporating lessons learned and installing process improvements, SBA's Disaster Assistance Program overhauled its entire disaster loan platform. As a result, SBA is now better prepared to process loans faster, provide a better quality of service and be more helpful to disaster survivors.

To ensure overall preparedness, the Disaster Program increased the number of workstations from 350 to over 1,750 (in Fort Worth) and brought online a "surge" center (in Sacramento) with 350 additional workstations. A second shift can be added to meet production if needed. Our core staff is 850, regardless of activity, and we have a pool of over 2,000 reserve staff to draw from. During the Irene and Lee events, we peaked at 1,750 employees. On top of this, we have increased the Disaster Credit Management System's capacity from 800 to 10,000 concurrent users.

Last fiscal year, we capitalized on having a highly skilled and motivated staff who are able to respond to different levels of disaster activity. Throughout the year we invested in staff to increase their skills, streamline the loan process, improve technology, and reduce contracting costs. We also implemented a new staffing strategy for ODA that allows us to supplement baseline staffing of 850 staff, through the immediate training and deployment of an additional 900 staff within three weeks, as was done in response to Hurricane Irene and Tropical Storm Lee.

From a loan processing perspective, we are currently exceeding our processing goals by approving or declining loan application requests within 8 days for home loans and 10 days for business loans 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. To put this into perspective, the average processing time during the 2005 Gulf Coast Hurricanes was 74 days for disaster home loans and 66 days for disaster business loans. Additionally, in August of 2008, SBA introduced an electronic loan application (ELA) which allows disaster survivors to apply for assistance online. In recent disasters, ELA has accounted for approximately 27 percent of all applications submitted.

SBA also revamped the post-approval process and improved the processes and tools for loan closings and funding disbursements. The emphasis is on customer service and accountability, with each approved loan being assigned an individual case manager.

To ensure coordination and collaboration across the board, SBA also works closely with our sister agencies. For instance, SBA and FEMA 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."

### Marketing and Outreach

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

We also instituted annual disaster training for SBA's Regional Administrators, District Directors, and Disaster Public Information Officers on disaster assistance responsibilities. And finally, we are currently involved in an overall assessment of our Disaster Assistance messaging, branding and outreach activities. This assessment includes focus groups with individuals who have been impacted by a disaster. The information and feedback from this assessment helped us strengthen the effectiveness of both our preparedness and post-disaster communications and outreach efforts.

### Response to Hurricane Irene and Tropical Storm Lee

Since the beginning of these devastating storms on September 1, 2011, SBA approved more than \$350 million in disaster loans to help more than 9,100 homeowners, renters, businesses and non-profit organizations recover and rebuild from the devastation caused by Hurricane Irene and Tropical Storm Lee.

Additionally, SBA responded to the needs of residents and business owners by deploying 600 SBA disaster assistance workers and field inspectors to staff 163 Disaster Recovery Centers located throughout the East Coast. At these centers, SBA representatives are providing one-on-one service to disaster victims and have personally met with more than 16,000 disaster victims to answer questions, explain SBA's disaster loan program, help complete disaster loan applications and close disaster loans. In addition, homeowners and business owners can call our Disaster Customer Service Call Center in Buffalo, New York, which handled over 61,000 calls related to Hurricane Irene and Tropical Storm Lee.

### 2008 Farm Bill

Finally, SBA is making substantial progress in implementing the provisions of the 2008 Farm Bill that bear directly on our Disaster Assistance Program. We have been working closely with GAO to ensure that we are on schedule and we are happy to report that 23 of these provisions have already been implemented. The remaining three are being addressed, and we will continue to work with GAO on these.

In closing, we appreciate the opportunity to share with the Committee the role SBA plays in small business disaster recovery efforts, and we believe that the reforms we have instituted and the new tools Congress provided will allow us to more effectively and efficiently respond to the needs of our nation's citizens.

I look forward to further describing these efforts and answering your questions. Thank you.