



STORM WATCH: MAKING SURE SBA'S DISASTER LOAN PROGRAM IS PREPARED
APRIL 26, 2017

AS PREPARED FOR DELIVERY

Good morning. I call this hearing to order. The Committee is here today to take another hard look at SBA's Disaster Loan Program, a program that has struggled in the past responding to major disasters. The Disaster Loan Program provides direct loans to help businesses of all sizes, homeowners, and renters rebuild following a federally declared or certified disaster.

But in the wake of past major disasters—such as Hurricane Katrina and Hurricane Sandy—SBA has fallen short. Disaster victims have had to wait weeks and months for their loans to be processed. And in already desperate and confusing times, they have been left confused by SBA's role within the federal government's complex and duplicative disaster response.

Congress and government watchdogs have tried to help SBA improve its disaster loan program through legislation, hearings, and recommendations.

Following Hurricane Katrina, Congress passed the Small Business Disaster Response and Loan Improvements Act. At our July 2015 hearing on the disaster loan program, however, SBA had yet to implement all the statutory provisions and mandates. We will find out today where SBA currently stands on these efforts.

Then following Hurricane Sandy, Congress passed the RISE After Recovery Act. Our Ranking Member Velazquez led that effort. This legislation provided SBA with better tools to more efficiently and effectively respond to the needs of disaster victims.

The Government Accountability Office and SBA's Office of Inspector General—both represented here on the panel today—have issued several recommendations over the years advising SBA on ways to improve loan processing times, guard against waste and fraud, and clarify communication between the Agency and disaster victims. Again, SBA has implemented many of these recommendations, but not all.



We will have the opportunity to check today where SBA stands on implementing these important recommendations.

SBA has made strides since the days following Hurricane Katrina. The Agency has simplified the loan application process while reducing processing and closing time frames.

But it is yet to be seen if SBA is better prepared for the next big disaster. How is it trying to reduce loan process times? How is it ensuring that loan officers still check applicants' eligibility and creditworthiness in a timely manner? Is SBA conducting simulations? What kinds of simulations? How is it improving post-disaster communications? These are just some of the questions before our panel today.

Unlike past hearings, we are not in the wake of a major catastrophe. That provides us a unique opportunity to examine the steps SBA is currently taking to prepare for the next one, whenever and wherever it may strike. As Administrator McMahon stated in her confirmation hearing, "[d]isasters don't pick a time, they happen. And we need to be prepared for those disasters." This Committee wants to help SBA and Administrator McMahon make sure it is prepared.

I want to thank all the witnesses for being here today. We look forward to hearing your testimony.

I now yield to the Ranking Member, Ms. Velázquez, for her opening statement.

