



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

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**U.S. House of Representatives Committee on Transportation and Infrastructure**  
**Economic Development, Public Buildings, and Emergency Management**  
**Subcommittee**

Good morning. Chairman Barletta, Ranking Member Carson, and distinguished members of the Subcommittee, thank you for inviting me to discuss the role of the U.S. Small Business Administration (SBA) in the federal government's disaster response and recovery efforts.

The SBA Office of Disaster Assistance is responsible for providing affordable, timely, and accessible financial assistance to businesses of all sizes, homeowners, and renters impacted by disasters. Many disaster survivors have insurance, which covers part or all of the physical property losses due to a natural disaster. For those losses not covered by insurance, the primary form of federal financial assistance is a low-interest SBA loan. Since SBA's inception in 1953, we have approved more than \$53.1 billion in disaster loans to almost 2 million families and business owners across the country.

SBA's Role in Responding to a Disaster

SBA is not a "first responder" agency in the typical sense of the term – we do not provide fire, safety, or emergency medical services. However, we are on the ground immediately following a disaster, coordinating with federal, state, and local partners to set up Disaster and Business Recovery Centers and deploy critical financial assistance. In the aftermath of a disaster, such as Superstorm Sandy and the devastating tornado in Moore, Oklahoma, SBA's primary role is to provide families and businesses with low-interest, long-term loans. We also help small businesses recover through our 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 help survivors get back on their feet, SBA's disaster home loans of up to \$200,000 enable families to rebuild their homes and their lives. Moreover, businesses of all sizes and non-profit organizations are eligible for loans of up to \$2 million. These funds can be used 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 that 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, these working capital loans can help keep it afloat until normal operations resume. The maximum EIDL loan amount is \$2 million for physical and economic injuries combined.

## SBA's Response to Superstorm Sandy

I have seen firsthand the tremendous damage caused throughout the northeast by Superstorm Sandy, and as you know, the destruction was immense. This was one of the largest disasters our country has confronted since Hurricane Katrina ravaged the Gulf Coast more than eight years ago. Nonetheless, I can assure you that SBA leveraged all of our resources to provide timely and effective assistance throughout the affected states. Working closely with our response and recovery partners at the Federal Emergency Management Agency (FEMA) and the Department of Housing and Urban Development (HUD), as well as with state and local agencies, we used every tool available to assist the maximum number of families and business owners impacted by Sandy.

In the immediate aftermath of the storm, many disaster victims did not have easy access to television, radio or the internet. To address the lack of traditional channels of communication, SBA established a telephone hotline through our Disaster Customer Service Center. From November 2012 through May 2013, the call center, which also provides language translation services, responded to over 212,000 phone calls with an average wait time of less than 18 seconds.

But we did not stop there. Leveraging public and private resources, SBA deployed over 390 disaster specialists to the region. Following the Presidential Disaster Declarations in New York, New Jersey, Connecticut, and Rhode Island, Superstorm Sandy victims were able to apply for home and business disaster loans online or in person at any of the 146 Disaster Recovery Centers (DRCs) and 38 Disaster Loan Outreach Centers (DLOCs). As with other disasters, SBA and FEMA were co-located in each of these DRCs. SBA also established 49 Business Recovery Centers (BRCs) where victims could apply for business disaster loans and receive additional business counseling and assistance from our local Small Business Development Center, SCORE, and Women's Business Center partners. Moreover, while North Carolina and Virginia were not declared Presidential Disasters, the two states received an SBA Administrative Disaster Declaration, making affected homeowners, renters, and businesses eligible for SBA disaster assistance.

Between our loan processing centers, call center, and on-the-ground staff, SBA had over 2,400 disaster employees dedicated to Superstorm Sandy. This is in addition to our local SBA district office staff and extensive resource partner network throughout the region. As a result of this increased presence, SBA staff were able to personally meet with over 130,000 Sandy survivors. We approved over \$2.4 billion to 36,493 homeowners, renters and businesses (32,433 home loans for \$1.9 billion; 4,060 business loans for \$474.2 million), with an overall approval rate of 53 percent.

While we are proud of our response efforts, we are always looking for ways to better support those communities impacted by disasters. In recent years, SBA has made a number of improvements that have allowed us to better respond to disaster victims. For example, we have streamlined application forms and implemented a redesigned electronic loan application, which has led to a more transparent and efficient application process. We successfully increased use of the electronic loan application from 26 percent in Fiscal Year 2011 to 36 percent in Fiscal Year 2012, and 55 percent in Fiscal Year 2013. We have also designated case managers for each approved application so borrowers know their principal point of contact when they have a question or need help through the closing and disbursement process. These reforms played a key role in allowing SBA to efficiently and effectively respond to Sandy and subsequent disasters, like the massive tornado that struck Moore, Oklahoma.

Whether on the ground in the affected areas or at our regional centers, we are always keenly focused on meeting the needs of the families and business owners impacted by disasters. It is our mission to help

victims rebuild their lives and livelihoods. As part of our ongoing efforts in Sandy affected states, SBA and the Hurricane Sandy Rebuilding Task Force recently co-hosted an event to educate and connect small businesses to commercial buyers from the private sector and federal, state, and local governments. Through this event, SBA facilitated close to 500 in-person business matchmaking sessions with several dozen federal and commercial buyers. But this was just one piece of the recovery effort. We know this is a long-term process and we are committed to doing the hard work necessary to ensure that these small business owners and their communities are able to emerge stronger than ever.

Thank you again for inviting me to testify this morning. I appreciate the opportunity to update the Committee on SBA's 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.