



**U.S. Small Business Administration**

**TESTIMONY of**

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**U.S. Senate Small Business and Entrepreneurship Committee**

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Chairman Vitter and Senator Booker, thank you for this opportunity to testify about SBA's commitment to provide timely disaster assistance – and to update you on our efforts in response to last month's Presidential disaster declaration for flooding in Louisiana and our work to redouble our efforts on behalf of those still impacted by Superstorm Sandy.

I was confirmed as Deputy Administrator last June. At the open let me share my observation that SBA's vital role in providing disaster assistance is felt deeply by SBA employees who work diligently to be ready to provide services at unknown times in unknown places in a way that shows compassion for disaster survivors. And I have come to be inspired by and share their conviction. On the worst days of people's lives, SBA must be at our best, to provide financing, resources and counseling to help Americans rebuild.

Last year alone, SBA was on the ground for 11 presidentially declared disasters, including flooding in Detroit and Texas; an earthquake in Napa Valley; wildfires in Southern California; and record flooding in South Carolina. For the year, SBA's team fielded more than 145,000 calls; deployed more than 400 personnel to disaster zones; inspected more than 19,000 damaged properties; processed more than 30,000 applications; and disbursed more than \$340 million in loans to disaster survivors.

SBA's committed professionals have been doing this work for a very long time. In fact, our Office of Disaster Assistance reached a historic milestone last year: We surpassed 2 million disaster loans approved since our founding in 1953. Over those years, we've awarded more than \$54 billion in disaster loans for small business owners, nonprofits, homeowners and renters.

On Monday I toured SBA's Disaster Recovery Center in Slidell, Louisiana, to get a firsthand look at our efforts to deliver aid in 30 parishes declared federal disaster areas after the recent flooding. All of us understand well the urgency of the situation and appreciate Chairman Vitter's hands-on leadership in speeding help to so many in need. SBA currently has 85 staff members on the ground across Louisiana, working in concert with FEMA. To date, we've received 2,221 loan applications and approved \$14.2 million in financing, with millions more expected in the coming days and weeks.

I also want to thank Senator Vitter, Senator Booker and members of this Committee for your passion and persistence on behalf of the survivors of Superstorm Sandy. Your leadership in getting the RISE Act through Congress is already making an impact.

As this Committee knows, the devastation caused by Sandy was historic and far-reaching. It was the second-costliest Atlantic storm in American history, after Hurricane Katrina. Sandy claimed 162 lives, displaced 775,000 Americans, and destroyed hundreds of thousands of homes and businesses. In response, SBA has approved more than \$2.5 billion in low-interest loans to more than 37,000 individuals and businesses affected.

Long after the mainstream media turned its focus away from the devastation wrought by this disaster, this Committee kept fighting for Sandy's survivors. Your bipartisan leadership has enabled SBA to re-open the disaster loan application process this year for those still working to rebuild in Sandy's aftermath.

Since the RISE act authorized re-opening assistance to Sandy victims four months ago, we've received more than 1,879 applications. We opened 29 centers in 9 states and maintained a field presence for 105 days. During that time we serviced more than 1,505 disaster survivors that visited the centers and conducted more than 330 loan closings. Our average processing time on these applications has been reduced to just **9 days**, and we've already approved an additional \$34.8 million in disaster assistance.

SBA learned some valuable lessons after Sandy; now we're applying them. As you'll recall, after Sandy, too many storm victims had to wait a month or longer to get their disaster claims processed by SBA. That's unacceptable, and we've taken steps to ensure this never happens again.

Prior to Administrator Contreras-Sweet's arrival at SBA two years ago, it was the agency's long-standing policy to process loan requests on a first-come, first-served basis regardless whether they came from homeowners or business owners. After Sandy, home loan applications were filed more quickly than those for business loans, because it often takes entrepreneurs longer to make damage assessments and evaluate their economic losses. As a result, many of the 4,200 business owners who requested disaster loans ended up near the back of the queue. As a member of the Hurricane Sandy Rebuilding Task Force, SBA worked to institute new and innovate process improvements and created separate tracks for processing business loans and home loans, so small business owners will not be unduly delayed. In business, time is money. Our new processing system is geared toward helping small businesses rebuild and reopen as soon as possible.

I've been directly and repeatedly engaged with our Office of Disaster Assistance leadership on their efforts to automate and streamline our application, approval and distribution processes. The promise of new technology and automation are particularly well suited to the demands of ODA's work, which requires flexibility and the need to scale up in just a few days.

Some of the improvements have already been implemented. We have updated our online disaster loan application, so applicants can fill out a form on SBA's secure website and submit it digitally. Today, 90 percent of SBA disaster loans are being submitted online. We know that applications that are intuitive and accessible will lead to faster to survivors getting back to pre-disaster conditions quickly. We have also recently launched Phase I of the web portal that provides information on the status of the disaster survivor's application.

We have automated our loan application review, which has transformed our workflow process to prevent backlogs for all applicants. We have implemented an expedited approval process on loans where an immediate decision can be made due to an applicant's strong credit and confidence about the damage assessment. This allows us to turn more quickly to applications that require additional time to complete.

As a result of these changes, SBA has reduced our processing time to 6 days for home loans, and 10 days for business loans. We are now disbursing funds faster than ever before. Additionally, as a result of the RISE Act, we raised our limit on unsecured loans from \$14,000 to \$25,000 for physical repairs or economic losses. We've shaved weeks off disbursement times by relaxing

these collateral rules on small loans. These changes help business owners and homeowners quickly jump-start rebuilding projects.

And where disaster survivors need a little help making sense of it all – when they need to be more than a credit score and a damage estimate – we’ve overhauled our staffing models into integrated teams with a case manager for each applicant. And we expect by next year, our new DCMS 2.0 system will be live, which provides a completely automated system that will bring together in one place the application system, our processing / approval system, and permit applicants to track every step of their applications in real time. We expect significant benefits in terms of our speed and scope of operations.

Our work to fully implement the RISE Act is ongoing. We are publishing rules to implement the RISE Act changes in the disaster loan program. We recognize the value of providing not only financing but also high-quality business counseling and disaster mitigation strategies to help recovering small businesses. SBA staff is currently finalizing our regulatory strategy under the RISE Act to institutionalize our ability to award additional disaster counseling funds when necessary.

Mr. Chairman, I’ve had the opportunity to visit our SBA Disaster Processing Center in Texas, as well as Disaster Recovery Centers in Louisiana and Missouri. I’ve seen how hard our committed staff works. They are a knowledgeable, experienced and caring group of public servants who are ready to uproot their own lives and respond to chaotic and stressful circumstances when the American people need us the most. I am proud to work with them, encouraged by the improvements we’ve already made and look forward to working with this committee to make additional improvements wherever they may be needed.

Thank you for your leadership and your support, and I would be happy to answer any questions.