



U.S. Small Business
Administration

**Statement of James Rivera
Associate Administrator
Office of Disaster Assistance
U.S. Small Business Administration**

**before the
Senate Committee on Small
Business & Entrepreneurship**

**Hearing on Oversight of SBA's COVID-19 Relief
Programs**

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Good morning, Chairman Cardin, Ranking Member Paul, and members of the committee. Thank you for inviting me to discuss the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) program and other relief programs in response to the Coronavirus (COVID- 19) pandemic.

My name is James Rivera, the Associate Administrator for the SBA's Office of Disaster Assistance (ODA). On behalf of our new Administrator, Isabel Guzman, and the entire Agency, I want to start by thanking you for your strong support of the Agency's disaster assistance mission and your continued leadership to ensure that as a country we can meet the challenges of multiple disaster events, including, for the first time in the history of SBA, a global pandemic affecting the United States.

I began my career with the Office of Disaster Assistance in 1989 as a disaster loan specialist in Ft. Worth, Texas after working in the private sector as a commercial loan officer. I served in several leadership positions throughout the Agency before entering my current role in 2009. As the Associate Administrator of ODA, it is my responsibility to oversee the SBA's Disaster Loan Program. In my thirty-two-year tenure, I have never seen such unprecedented economic disruption as was faced by small business owners due to the pandemic.

Let me take an opportunity to outline the work SBA is doing and report on our progress regarding the Economic Injury Disaster Loan program during the COVID-19 pandemic. Traditionally, during a declared disaster, SBA offers EIDL assistance to small businesses, small agricultural cooperatives, and most private non-profit organizations that have suffered economic injury caused by a disaster. These loans provide emergency working capital to small businesses and non-profit organizations in a defined footprint that suffered a physical disaster impact until normal operations can resume. While EIDL assistance is a critical component of SBA disaster assistance, most of our assistance is to help homeowners, renters and businesses repair or replace their physical losses.

Since SBA's inception in 1953, and leading up to COVID-19, SBA had approved over 2.2 million disaster loans for \$67 billion to disaster survivors. SBA's disaster loan mission is to help to rebuild homes and businesses, increase resilience, preserve jobs, and spur economic recovery. This financial assistance forms a critical part of the federal government's disaster response and recovery effort.

SBA has approved and distributed more disaster loan funds for COVID-19 than for all other disasters combined in the history of the Agency. To put this into perspective, during Hurricanes Katrina, Rita, and Wilma in 2005, we approved 160,845 loans for \$11 billion; for Superstorm Sandy in 2012 we approved 38,094 loans for \$2.6 billion; for Hurricanes Harvey, Irma, and Maria in 2017, we approved 145,636 loans for \$7.4 billion; and for Hurricanes Florence and Michael in 2018, we approved 25,991 loans for \$1.16 billion.

As of March 18, we have approved over 3.7 million COVID-19 Economic Injury Disaster Loans for over \$202 billion. These emergency loans have gone to the smallest businesses,

with nearly 90% awarded to businesses with 10 or fewer employees. Over this past year, the Agency approved and disbursed three times as many EIDL loans for COVID-19 as we have in the past 68 years for all disaster loans in all other disasters combined. We continue to approve over 10,000 new loan requests each day. Since June 15, 2020, the average processing time for all COVID-19 EIDL applications has been just under 17 days; however, of that time a total of 8 days on average are attributable to applicant delays, such as waiting to select a loan amount, accept an approved loan offer or sign loan closing documents, so the total average processing time is closer to just 9 days.

We still have over \$270 billion in remaining loan authority for the COVID-19 EIDL program.

On March 12, 2021, SBA announced that we will extend deferment of all disaster loan payments until 2022. We are extending the first payment due date from 12 months to 24 months for all disaster loans, including COVID-19 EIDL, made in 2020. For loans made in 2021, we are extending the first payment due date from 12 months to 18 months. And for all disaster loans that were already in repayment status, we are deferring payments automatically until March 31, 2022. Interest will continue to accrue on the loans and borrowers can begin making payments early if they wish, but the extended deferment period will bring added financial relief to millions of households and small business owners still struggling from the impacts of the pandemic.

In addition to the loan activity, we also processed 5.8 million EIDL Advances (emergency assistance) for \$20 billion. The EIDL Advance program, which was originally created by the CARES Act, closed on July 10, 2020, after we fully obligated the funds. On December 27, 2020, the Economic Aid Act created the Targeted EIDL Advance with initial appropriations of \$20 billion. The Targeted Advances are more prescriptive than the original EIDL Advance program. To qualify, a business must 1) be in a low-income community, 2) suffered greater than 30 percent economic injury over an 8-week period after March 2, 2020 compared to the previous year, and 3) have 300 or fewer employees. The legislation also required that we prioritize processing and approval of two priority groups. The first priority group being businesses that received less than the full \$10,000 EIDL Advance in 2020, and the second priority group being businesses that applied for EIDL assistance but did not receive the Advance due to the unavailability of funds.

Since December 27, we have been hard at work to complete the necessary system upgrades required to process the Targeted EIDL Advances, including procuring a contract to map the primary business address to determine the low-income community requirement, as defined by section 45(D)(e) of the Internal Revenue Code, implement economic loss calculations using monthly gross revenue value from 2019 to current month-to-date, and finalize streamlined processes to obtain tax transcripts from the IRS and to check for matches against the Treasury Do Not Pay (DNP) list.

On February 1, 2021, we began sending email invitations to businesses in the first priority group, those who did not receive the full \$10,000. To date, we have invited more than 3.2 million businesses to apply for the Targeted EIDL Advance program. We have received more than 456,000 applications and approved a small test batch of 336 Targeted EIDL Advances for a total of \$2.6 million. We recently completed successful testing of the IRS

transcript data transmissions and the Treasury Do Not Pay list, which will increase approvals. The Economic Aid Act rescinded the restriction on obtaining the IRS transcript data so that is a new integration into our system. The Treasury Do Not Pay list was also identified by SBA to strengthen internal controls and reduce potential improper payments. Our focus will shift to incorporating the Supplemental Targeted EIDL Advance from the American Rescue Plan Act. These payments of \$5,000 will go to the hardest hit small businesses that are in a low-income community, suffered greater than 50 percent economic loss, and have 10 or fewer employees.

Another new relief program created by the Economic Aid Act is the Shuttered Venue Operators Grant (SVOG) program. We know this is a priority for Congress, and the businesses that need this assistance, and I assure you we have been working hard to develop and implement this program. It was appropriated with \$16.25 billion and will provide grants up to a maximum of \$10 million for live venue operators, independent movie theaters, museums, and other eligible entities. Last week, we launched a new landing page for this program and announced that we plan to begin accepting applications on April 8, 2021. Soon, SBA will hold an information session for potential applicants that is a requirement for grant programs. With a targeted launch date of April 8, we are making every effort to prepare eligible applicants for the opening of the application window by releasing a steady stream of information about the program and actively engaging with stakeholders. This engagement is critical to ensuring the successful implementation of this important program to assist businesses in the arts and entertainment industry. We thank the members of this Committee, their staff, and the staff of so many other offices, such as Senators Cornyn and Klobuchar, for working with us to implement the program as Congress intended.

To date, we have received over 18 million applications for the COVID-19 EIDL program. To meet the incredible demand, the Agency worked tirelessly to bring on additional staff. Through interagency agreements, we were able to access staff resources from several other federal partners that are active in disaster assistance. Unlike physical disasters where the Agency would typically deploy staff to the disaster region, we adjusted to this unique and challenging pandemic situation by supplementing our support staff in our call centers and our loan processing centers. Currently, the Office of Disaster Assistance staff totals over 8,200 personnel, including nearly 2,000 contractors, an all-time staffing high for the Agency's disaster response efforts. The previous all-time high was 5,000 employees for the 2017 Hurricane Season.

While continuing to respond to COVID-19, the SBA also continues to assist communities recovering from more localized disasters that I know are familiar to many of you. The Agency is currently servicing over 16 other declarations, and this fiscal year, we have approved 25,500 home and business disaster loans for \$1.3 billion in non-COVID related disasters. This includes the recent severe winter storms in Louisiana, Oklahoma, and Texas. SBA is continuing to respond to disasters across the country, and we are also prepared for the upcoming 2021 Atlantic Hurricane Season.

I want to express my appreciation for ODA's remarkable and hardworking staff who are endlessly committed to supporting business and homeowners throughout these difficult times. I want to close by also expressing my gratitude to members of this committee, for

your support of the Agency throughout our implementation and restructuring of the EIDL program, and for your commitment to America's small businesses.

These are challenging times for our nation's small businesses, and their resiliency through this pandemic will be the driving force for our nation's economic recovery. The recent programs enacted through the Economic Aid Act and the American Rescue Plan Act, will build upon the programs enacted one year ago through the CARES Act. They are essential economic relief programs, and we will continue working with you to ensure their ongoing success.

Thank you again, Chairman, and members of the committee, for the opportunity to testify today.