



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 and Entrepreneurship
Hearing on “Examining SBA’s Office of Disaster Assistance”**

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Thank you, Chairman Rubio, Ranking Member Cardin, and members of the committee. Thank you for inviting me to discuss SBA's Disaster Loan Program. I am James Rivera, the Associate Administrator for SBA's Office of Disaster Assistance (ODA). On behalf of Acting Administrator Christopher Pilkerton and the entire agency, I want to start by thanking you for your continued support of the agency's disaster assistance mission and your commitment to ensuring that the federal government is ready to help our communities prepare and recover from disaster.

This is my thirtieth year of service at SBA. I began my career with SBA's 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.

ODA's mission is to provide affordable, timely, and accessible financial assistance following a declared disaster to businesses of all sizes, private non-profit organizations, homeowners, and renters. The SBA offers low-interest, long-term direct federal loans for disaster losses not covered by insurance. Since SBA's inception in 1953, it has provided over 2.2 million disaster loans totaling more than \$65 billion dollars. During my tenure at SBA, the agency has responded to at least seven disaster events totaling over \$1 billion, including Hurricanes Katrina, Rita and Wilma in 2005 for \$10.9 billion; Hurricanes Harvey, Irma and Maria in 2017 for \$7.3 billion; and the Northridge Earthquake in 1994 for \$4 billion. SBA disaster loans 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 disaster assistance is directed at long-term economic recovery rather than first response. SBA staff are present on the ground in the aftermath of a disaster as part of a recovery effort coordinated with other federal, state, local, and tribal partners. SBA's focus is on providing affordable disaster loans for privately-owned property loss to homeowners, renters, businesses, and private non-profit organizations. SBA disaster loans can only be used for uninsured, underinsured or uncompensated losses.

The SBA and the Federal Emergency Management Agency (FEMA) partner to ensure disaster survivors obtain the maximum amount of assistance for which they are eligible; the two agencies use integrated technology to confirm eligibility and expedite the delivery of disaster assistance. For Presidential disaster declarations including Individual Assistance, disaster survivors first register with FEMA on [DisasterAssistance.gov](https://www.disasterassistance.gov), and are then referred to SBA based on eligibility.

As part of a broad effort to get disaster survivors back on their feet, SBA provides affordable loans of up to \$200,000 to help homeowners repair or replace their damaged or destroyed

primary residence. We also provide up to \$40,000 to help homeowners and renters replace damaged or destroyed personal property such as furniture, clothing, appliances, and vehicles.

For businesses of all sizes and private non-profit organizations, SBA provides up to \$2 million dollars to repair or replace damaged real estate; leasehold improvements; furniture and fixtures; inventory; and machinery and equipment. 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 even if they suffered no physical damage. These loans provide working capital to a business or organization until normal operations can resume following a disaster.

SBA provides additional loan funds for mitigation – up to 20 percent of the total physical loss verified by SBA – to help prevent or reduce damages from future disasters.

Since I last appeared before this committee in September 2017, SBA has provided disaster assistance in all fifty U.S. states and had staff on the ground within 48 hours to coordinate federal, state and local recovery efforts in response to major disasters including 2018 Hurricanes Michael and Florence, and the 2018 California wildfires. ODA staff were exempt from the 2019 January furlough and were able to assist disaster survivors and service disaster loans without disruption throughout the lapse in appropriations. This was particularly important given that SBA was able to continue to provide assistance to survivors of more than 200 events, and SBA disaster field offices remained opened in eleven disaster areas.

These past two years have been SBA's most active since Hurricanes Katrina, Rita and Wilma struck the Gulf Coast in 2005. In response to 2017 Hurricanes Harvey, Irma, and Maria, SBA processed over 340,000 loan applications and approved over 145,000 loans totaling \$7.3 billion. SBA met this need, processing home loans in an average of 16 days and business loans in an average of 23 days. Even as we approach the two-year anniversary of Hurricane Maria, SBA still has a presence on the ground in Puerto Rico, where we currently operate 24 community recovery centers with 97 SBA disaster assistance staff. In response to 2018 Hurricanes Florence and Michael, SBA processed over 46,000 applications and approved nearly 26,000 loans totaling more than \$1.1 billion. We further reduced processing times to 7 days for home loans and 11 days for business loans. Additionally, we approved over 3,700 loans totaling \$414 million for the California wildfires of 2018.

While responding to these major events, the SBA also assists communities recovering from more localized disasters that I know are familiar to many of you. Since 2018, we have approved more than \$9.9 million dollars for Florida businesses and homes affected by algal blooms, in addition to the 12,640 loans totaling more than \$638 million approved for victims of Hurricane Michael in that state. In Iowa, we opened seven centers staffed with 21 SBA employees in the immediate aftermath of the recent floods, and we still have 8 staff on the ground at three different field locations to assist survivors.

SBA continues to improve our technology and processes to reduce loan cycle times and enhance customer service. As part of SBA's recent modernization efforts, our office now utilizes a cloud-based system and the enhanced Disaster Credit Management System (DCMS) 2.0 to streamline

loan processing. Our new desktop loss verification process reduced verification times from an average of 10 days during 2012 Superstorm Sandy to 5 days during the 2017 Hurricane season. Since 2017, ODA also completed a number of updates to make our online Disaster Loan Assistance Portal faster and easier to use, including options to electronically upload documents and receipts and electronically sign applications. As a result, ODA can support a higher volume of loan processing and offer a better user experience, reflected in our most recent customer satisfaction score of 78%, one of the highest scores across the federal government.

As of May 31, 2019, we have a total staff of 1,371, but we carefully monitor our staffing numbers so we can respond effectively and efficiently to the needs of disaster survivors. During major presidential disaster declarations, our staff co-locates on the ground at FEMA-State Disaster Recovery Centers to assist disaster survivors in person, one-on-one, with their SBA disaster loan application. SBA also opens Business Recovery Centers throughout the disaster-affected area to provide assistance to business owners. SBA works closely with its resource partners to go beyond disaster loans and connect businesses with free technical assistance and business counseling services.

Since I last appeared before this committee, ODA has redoubled its efforts to increase national disaster preparedness. In August 2018, ODA signed a two-year co-sponsorship agreement with the Insurance Institute for Business and Home Safety (IBHS) to work jointly on a Disaster Preparedness Campaign and distribute materials focused on disaster preparedness, business continuity, and structural mitigation resources. In January 2019, ODA opened an Office of Preparedness, Communication, and Coordination that staffs interagency working groups dedicated to disaster preparedness, recovery, and mitigation. Active collaborations with our resource partners, federal agencies, and private sector partners enable us to respond quickly to survivor needs and foster resilience among our communities.

Let me also speak to a few legislative related items. This committee has been very responsive to the agency's funding needs, through annual and supplemental appropriations. You have also helped to identify and address issues related to disaster loan eligibility and loan disbursement. Passage of legislation offered by Chairman Rubio in 2018 helped to clarify eligibility for different categories of federal assistance, and legislation from Senator Kennedy last November helped ensure that disaster survivors are able to receive an equitable level of initial loan disbursement to help them with their immediate recovery efforts. We thank Senator Kennedy for sponsoring, and Senators Booker, Rubio, and Hawley for cosponsoring, a bill to make this provision permanent, and we appreciate the committee's action in April in passing the bill.

In closing, I appreciate the opportunity to update this committee on SBA's disaster assistance program and current work. We believe that our program data demonstrates that our recent process and policy improvements have already enhanced our capacity to meet the needs of our nation's disaster survivors. Thank you for your support of the agency and our program. I look forward to our continued work together.