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

TESTIMONY OF

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U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON EMERGENCY MANAGEMENT, INTERGOVERNMENTAL RELATIONS, AND THE DISTRICT OF COLUMBIA

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS

MAY 8, 2013

Thank you for the opportunity to testify today regarding the Small Business Administration's role in helping communities recover and rebuild after major disasters, as well as the importance of collaboration between the public and private sectors in disaster response and long-term recovery.

As you know, SBA is responsible for providing affordable, timely, and accessible financial assistance in the form of low-interest loans to businesses of all sizes, homeowners, renters, and non-profit organizations in the aftermath of a disaster. These include Economic Injury Disaster Loans for small businesses and non-profits to help them meet financial obligations and operating expenses that could have been met if the disaster had not occurred.

When a major disaster strikes, SBA is on the ground across the affected region, providing individuals and businesses with information, support, and access to disaster recovery loans. We are there from day one and will stay deeply involved as communities rebuild. After a major disaster, it is well known that SBA provides disaster loans; however, these loans are only one small part of the agency-wide approach that we offer to affected communities. For example, because of the series of major disasters we have seen in recent years, and the expectation of future extreme weather and other impacts of climate change, SBA has put a strong emphasis on preparedness. We have partnered with a private company, Agility Recovery, to host a series of monthly disaster preparedness webinars for businesses. Each month, these free interactive events feature subject-matter experts presenting tips for business owners to help them develop their own business continuity strategies. Topics have included "Utilizing Social Media During a Crisis," "Winter Weather Preparedness," "Crisis Communication Planning," and "Protecting Your Organization by Preparing Your Employees." SBA's Office of Entrepreneurial Development and our vast network of business counselors and economic development partners also play an essential role in immediate disaster response, in addition to helping the region's small businesses restart, rebuild, and thrive again.

SBA's Entrepreneurial Development programs and partners are deeply embedded in local and regional economic development ecosystems across America. We support over 1 million clients annually as they start and grow their small businesses. We have more than 14,000 business counselors, mentors, and trainers available through over 1,000 Small Business Development Centers, 106 Women's Business Centers, and over 350 SCORE chapters. Our partners are deeply embedded in their local communities, and in addition to their federal funding, receive funding from state and local governments, educational institutions, charitable foundations, and corporate and other private sector partners. This vast resource partner network, in addition to SBA's 68 District Offices, is what makes us uniquely situated to aid survivors in the aftermath of a disaster.

Immediately after a disaster occurs, our Resource Partners help staff Disaster Recovery Centers, provide intake space for Business Recovery Centers in their own service center locations, and set up informational events in communities across the area.

In this early period, our Resource Partners help business owners map out the recovery process, collect information, and apply for disaster loans. They connect business owners with other local, state, and federal resources, ranging from help accessing local governmental and utility programs to connections with the IRS to obtain copies of critical tax documents. Our resource partners also help businesses take the first concrete steps to obtain the capital, resources, and mentoring that they need to get back up and running.

Over the long term, our Resource Partners help existing businesses review and re-shape their business plans, vendor and customer relationships, marketing and customer-acquisition plans, and financing arrangements. We know that some small businesses hardest hit by a disaster will unfortunately never return; therefore, our partners help new businesses get access to all the tools that they need to plan for successful growth and make their communities vibrant again.

With regard to our response to Sandy, the Sandy Supplemental enacted by Congress provided $20 million for small business technical assistance for the areas impacted by the storm. After sequestration cuts, SBA is using a two-phase approach to deploy $19 million that allows us to jumpstart the recovery process and invest in rebuilding the region’s small business community.

The first phase, which we have already deployed, focused $5.8 million on immediate and intensive business counseling and training to support recovery as businesses are getting back up to speed. This is a six-month initiative to meet immediate, short-term needs for supporting business recovery. The funds have been distributed to our Resource Partners for immediate, intensive small business counseling and training services in the Sandy-affected counties. We'll be tracking activities and outcomes to make sure these funds are effectively spent to get businesses back on their feet.

Phase Two of our Sandy response is a two-year initiative using $13.2 million to build longer-term, community-based small business recovery and resiliency in Sandy-affected counties. The Program Announcement for this Phase was published on April 19th and we expect to receive proposals from the affected areas by June 5th. In their grant proposals, applicants must provide detailed plans for coordination and collaboration by our SBA Resource Partners with both each other and with state and local economic development efforts. These plans will avoid duplication of effort and will ensure an integrated response to community economic recovery efforts by all the players working to support small businesses as they restart, rebuild and recover over the long term. These collaborative partner groups will each bring unique contributions to deliver positive results for small businesses

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We thank you for your support and I look forward to answering any questions.