

## Strategic Objective 1.6: Disaster Assistance

*Ensure that SBA's disaster assistance resources for businesses, non-profit organizations, homeowners and renters can be deployed quickly, effectively, and efficiently in order to preserve jobs and help return small businesses to operation*

<p><b>FY 2014 - 2015 Priority Goal:</b> Increase the return rate for disaster survivor loan applications by 10 percentage points, from 24 percent to 34 percent, by September 30, 2015</p> <p><b>Performance Goal:</b> Ensure the customer satisfaction rate for disaster loan approvals is 71 percent in FY 2017</p> <p><b>Objective Lead:</b> Associate Administrator, Office of Disaster Assistance</p> <p><b>Programs/Activities:</b> Disaster Loans, Disaster Assistance, Small Business Development Centers (SBDC), Women's Business Centers (WBC), SCORE, Field Office Outreach</p> <p><b>Strategies:</b></p> <ol style="list-style-type: none"><li>1. Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster</li><li>2. Strengthen disaster operations to enhance effectiveness and efficiency</li><li>3. Utilize SBA's nationwide infrastructure for short and long-term recovery</li></ol>
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Returning small businesses to normal operations and families to their homes after a disaster is critical to ensuring that local economies regain traction as quickly as possible and once again are able to create jobs. The SBA, in coordination with the Federal Emergency Management Agency (FEMA), other federal agencies, the American Red Cross, and an array of state and local entities, helps small businesses prepare for disaster and provides timely and accessible low cost, low interest loans to business owners, non-profits, homeowners, and renters who are survivors of disaster. SBA disaster assistance loans, integrated with other federal disaster assistance, increase the positive impacts on communities. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities.

In addition to providing loans for physical damage, the SBA provides working capital in the form of economic injury disaster loans (EIDL) to small businesses, small agricultural cooperatives, small aquaculture businesses, and most non-profit organizations. The Agency has an active portfolio of about \$6.5 billion in loans. The SBA will target a customer satisfaction rate for disaster loan approvals of 71 percent in FY 2017. This performance goal measures how delivery of the disaster assistance loan program is perceived by recipients. By streamlining the disaster loan application process, moving toward an electronic submission model that is user-friendly and reduces errors, and promoting disaster preparedness, the SBA is supporting the President's management agenda to deliver better, faster, and smarter services to citizens and businesses. These efforts increase quality and value in the federal government's core administrative functions, continue to enhance productivity, and achieve cost savings.

**Progress Update:** The SBA, in consultation with the OMB, has determined that the performance toward this objective is making noteworthy progress. The SBA exceeded its Disaster Loan Application Return Rate Priority Goal of 34 percent. By using call centers and promoting the use of electronic loan applications, the SBA enhanced program efficiency by reducing errors and processing times and improved customer service. SBA disaster loan activity was lower than average with only 33,743 applications being processed (30,084 homes, 3,659 businesses, including EIDLs). A normal year of disaster loan activity for the SBA is based on 40,000 home loan applications, 10,000 business loan applications, and 2,000 EIDL applications processed. The SBA, in working 255 active disaster

declarations across the country, approved 11,447 disaster loans for a total of \$371.7 million in assistance to disaster survivors.

Table 1.6a displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

**Table 1.6a: Disaster Assistance Budget – Total Administrative Resources (Thousands)**

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 248,669	\$ 253,428	\$ 253,629	\$ 337,144	\$ 246,358	\$225,712	\$236,373	\$236,863

Table 1.6b shows progress toward the Priority Goal of increasing the return rate for disaster assistance loan applications. Table 1.6c shows progress on the performance goal that tracks the customer satisfaction rate.

**Table 1.6b: FY 2014-2015 Disaster Assistance Priority Goal**

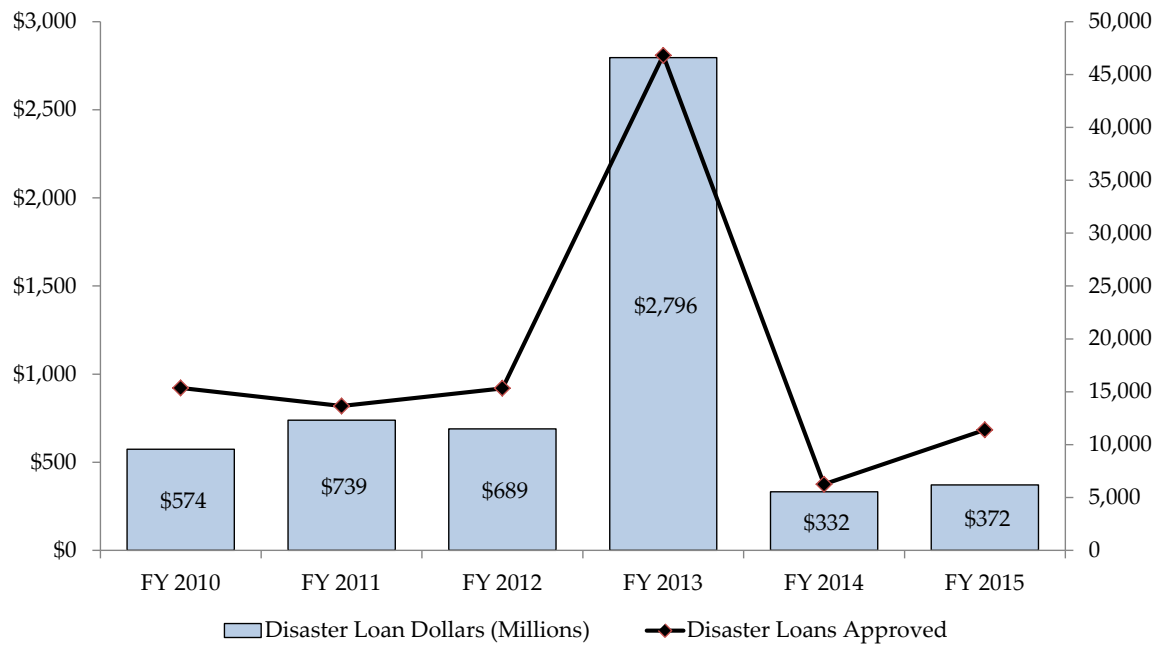
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Return Rate for Disaster Survivor Applications	Target	N/A	N/A	N/A	Baseline	29%	34%	50%	
	Actual	N/A	N/A	N/A	24%	69%	98%		
	Variance	N/A	N/A	N/A	0%	138%	188%		
<b>Additional Information:</b> Since implementing a new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications rather than automatically mailing paper copies), the return rate for applications has significantly increased, leading to quicker loan processing for disaster survivors. Due to the successful impact of SBA's strategies, this goal will be retired after FY 2016.									

**Table 1.6c: Disaster Assistance Performance Goal**

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Customer Satisfaction Rate for Approvals	Target	71%	71%	71%	71%	71%	71%	71%	71%
	Actual	74%	80%	80%	81%	80%	80%		
	Variance	4%	13%	13%	14%	13%	13%		
<b>Additional Information:</b> The SBA established this Performance Goal in FY 2010 and has provided historical data for context. The SBA conducts an annual customer satisfaction study on its Disaster Assistance program using the methodology of the American Customer Satisfaction Index (ACSI). SBA can use the survey data to identify and target areas for improvement that will have the greatest impact on customer satisfaction scores. The government-wide customer service standard is 66 percent. The new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications) and the use of electronic loan applications has a direct, positive impact on disaster survivors by increasing the number of interactions between the SBA and disaster survivors. This increased attention and customer service is resulting in improved customer satisfaction ratings.									

Chart 1.6 shows the total dollar (millions) and number of disaster assistance loans approved. The spike in the dollar and number of loans in FY 2013 resulted from the devastation caused by Hurricane Sandy – the second costliest hurricane in United States history – that hit the coasts of several states, most notably Connecticut, New Jersey, and New York.

**Chart 1.6: Disaster Loans Approved (\$ Millions and Number of Loans)**



***Strategy 1: Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster***

Small business owners invest a tremendous amount of time and money to make their ventures successful, but many owners do not properly plan and prepare for disasters. Having a plan in case disaster strikes can help mitigate the negative effects on a small business or individual and, by extension, the possible negative impacts on employees, customers, vendors, and the local economy. Many small businesses never reopen their doors following a disaster, but planning and preparedness can be a lifeline to staying in business. The SBA partners with the American Red Cross and a nationwide network of counseling partners, such as small business development centers, to prepare businesses for disasters and assist them after one occurs.

Table 1.6d shows progress toward the disaster field presence performance indicator.

**Table 1.6d: Disaster Assistance Performance Indicator**

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Disasters Having Field Presence Within 3 Days	Target	95%	95%	95%	95%	95%	95%	95%	95%
	Actual	100%	100%	100%	100%	100%	100%		
	Variance	5%	5%	5%	5%	5%	5%		
<b>Additional Information:</b> Field presence is defined as getting disaster personnel to disaster sites within three days of disaster declaration.									

FY 2015 Accomplishments and Challenges

The SBA recognizes that preparedness is a shared responsibility and continued to encourage emergency readiness both at home and at work. The Agency participated in *America’s PrepareAthon!*, a nationwide, community-based campaign for action to increase emergency preparedness and

resilience. The SBA continued to partner with Agility Recovery and held free monthly business disaster preparedness webinars on [PrepareMyBusiness.org](http://PrepareMyBusiness.org).

The SBA improved its online presence and explored new ways to connect with target audiences and disaster stakeholders to achieve program objectives. The Agency also published a *Reference Guide to the SBA Disaster Loan Program* which communicates the three-step process of applying, verifying, and closing loans. It serves as a resource for disaster survivors, resource partners, and other stakeholders for the purpose of promoting disaster preparedness, assistance, and recovery.

Ensuring consistent messaging for disasters across the country can be a challenge. Since different regions of the country experience different types of disasters, relaying key messages on preparation is important. The SBA works to ensure that every part of the country is prepared for different types of disasters in order to get small businesses and communities back to normal operations.

#### FY 2016 and FY 2017 Planned Performance

The SBA will continue to focus on mitigating future disaster damage by promoting disaster preparedness. By providing resources on [SBA.gov](http://SBA.gov), the Agency helps small businesses plan for emergencies and works with its resource partners to educate individuals and small businesses in disaster prone areas about best practices to respond to and recover from a disaster.

The Agency will continue to improve collaboration with a disaster preparedness and operations team supporting its district offices and resource partners to ensure clear and consistent guidance on how to access both local and federal aid following a major disaster.

The SBA recognizes the potential for resource partners to assume a larger role supporting disaster assistance and will continue the Technical Assistance Loan Approval Initiative implemented by the small business development centers, women's business centers, and SCORE. This initiative provides assistance to approved businesses and to declined businesses when preparing reconsideration or reacceptance requests for declined or withdrawn disaster business loan applications; supports consultation in areas such as developing or adapting a business plan, financial planning, and marketing; and provides support for general business management and technical assistance.

The SBA will continue to encourage disaster preparedness by supporting local stakeholder outreach efforts through workshops and other events. The Agency continues to market its Disaster Assistance loan program by continuing to target audiences with an emphasis on [SBA.gov](http://SBA.gov) and other direct links. The SBA will continue to ensure that district offices enhance messaging to disaster survivors.

### ***Strategy 2: Strengthen disaster operations to enhance effectiveness and efficiency***

The SBA is continually reviewing and implementing process improvements to enhance program delivery. The development of [DisasterAssistance.gov](http://DisasterAssistance.gov) has made disaster assistance responsive, consistent, and easy for disaster survivors to find government resources. Additionally, the SBA electronic loan application (ELA) for disaster assistance loans captures more than 80 percent of all applications, simplifying the application process and speeding delivery of assistance to disaster survivors across all eligible home or business loan applications. Response time to disaster survivors is reduced by the time saved not needing to mail the application. Furthermore, the integrity of the data used in the underwriting process is improved because application data from the ELA uploads directly into the

Disaster Credit Management System, unlike paper applications which require data entry by SBA employees. Finally, the SBA has established approximate processing time standards based on tiered levels of possible application volumes: Level I (less than 50,000 applications) has a two to three week processing goal; Level II (50,001 to 250,000 applications) has a three to four week processing goal; Level III (more than 250,000 applications) has a four-plus week processing goal; and Level IV (more than 500,000 applications) has a more than a four-plus week processing goal.

Table 1.6e shows progress toward the disaster assistance efficiency performance indicators, including the initial disbursement rates and time to process home, business, and economic injury disaster loans.

**Table 1.6e: Disaster Assistance Performance Indicators**

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing</b>	<b>Target</b>	95%	95%	95%	95%	95%	95%	95%	95%
	<b>Actual</b>	100%	100%	100%	100%	100%	98%		
	<b>Variance</b>	5%	5%	5%	5%	5%	3%		
<b>Additional Information:</b> Disbursement refers to the last step of a three-step disaster loan process in which a loan is closed and funds are disbursed to the customer for an approved loan amount.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Percent of Disaster Loans Processed Within Standard</b>	<b>Target</b>	85%	85%	85%	85%	85%	85%	85%	85%
	<b>Actual</b>	100%	100%	95%	55%	100%	100%		
	<b>Variance</b>	18%	18%	12%	-35%	18%	18%		
<b>Additional Information:</b> Additional Information: The SBA introduced this composite performance indicator in FY 2015 to replace separate indicators related to home, business, and EIDL loan processing. Historical data have been provided for context. The new 2 to 3 week processing goal standard for all loan types, coupled with the 25-year low loan volume, produced the high variance.									

FY 2015 Accomplishments and Challenges

In an effort to continually improve efficiency and effectiveness for future disasters, the SBA identified and addressed several significant process improvements. The Agency amended regulations to increase the unsecured loan limits from \$14,000 to \$25,000 on physical damage loans in major presidential disaster declarations for individual assistance, and up to \$25,000 on economic injury disaster loans. The SBA also revised regulations to allow for an expedited approval process for both home and business loans. These process improvements will significantly enhance the delivery of services to disaster survivors.

On July 1, 2015, the SBA released *SOP 5038, Disaster Assistance Program*, a complete re-write of its standard operating procedures (SOP) which brings a back-to-basics approach to SBA’s loan making processes. The refreshed SOP is expected to improve the disaster survivor’s experience when applying for disaster loan assistance in several meaningful ways, including streamlining processes to help facilitate faster loan processing and disbursements, adding more underwriting flexibility to extend disaster loan assistance to more survivors, and helping business owners and homeowners in communities rebuild and prepare for future disasters. The new SOP includes a total of 125 changes and removes redundancy in an effort to improve the overall customer experience for disaster survivors.

As part of the Agency’s FY 2014-2015 Priority Goal to increase the disaster loan application return rate, the SBA simplified the disaster loan process and improved the disaster survivor experience by

eliminating the mailing of paper applications to all disaster survivors referred to the SBA by FEMA. The new process improves communication to the disaster survivor rather than indiscriminately mailing applications to everyone referred by FEMA. Using automation, the disaster survivors are now contacted by the SBA to determine how they would like to apply: online, in person at a Disaster Recovery Center, or with a paper application by mail. Additionally, in FY 2015, the SBA fully implemented distinct tracks for home and business loan processing, and expedited processing for both loan types. In FY 2015, 18 percent of original loan approvals were processed using the RAPID expedited loan approval process.

As an overall challenge, disaster survivors' primary concern in the aftermath of a major disaster event may be emergency food and shelter. In these cases, long-term recovery decisions may not be their immediate concern and could impact SBA's ability to meet its goals. To mitigate this challenge, the SBA actively promotes disaster preparedness planning to targeted communities and audiences and leverages SBA's nationwide partner infrastructure which provides short-term and long-term assistance to their communities.

#### FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will target an electronic loan submission rate of 45 percent. Building on the lessons learned from past disasters is routine practice and part of SBA's mission-driven culture. The Agency continues to re-evaluate and re-engineer business processes to meet the ever changing needs of the disaster survivors it serves. The continued implementation of process improvements is expected to result in a more efficient operation that responds to disaster declarations and enhances customer service.

The SBA will target 71 percent customer satisfaction for approvals. In FY 2016, the Agency will target a return rate for disaster survivor applications of 50 percent. By promoting greater ELA use to encourage higher application return rates, the SBA will reduce the number of applications mailed to disaster survivors and the associated costs. The increased return rate is also achieved through enhanced communication (e.g., the Disaster Assistance Improvement Plan and leveraging digital and social media that link to ELA) and auto-dialer and mail outs that direct applicants to ELA.

In FY 2017, the SBA will modify disaster home and business loan processing procedures to establish a standard 15- and 30-year fixed term for loans. Implementing a standard 15/30-year term will streamline loan processing by eliminating the potential for requests to extend the loan term or reduce loan payments, allow more cash flow flexibility for future needs, help disaster victims replace disaster damaged property, and is consistent with SBA's disaster assistance mission to provide affordable, timely, and accessible financial assistance to homeowners, renters, and businesses. Additionally, the shift could enhance customer satisfaction because the use of fixed loan terms is consistent with both standard industry lending practices and is comparable to SBA's 7(a) lending terms, which will be easier for borrowers to understand.

In FY 2017, the SBA will target the release of a new public facing web portal where disaster survivors can obtain the status of their SBA disaster loan application and information on application processing milestones. The implementation of a secure web portal will allow survivors to access status information regarding their loan, including notifications from the SBA. In addition, it will enable survivors to provide additional documentation and correspond with SBA staff regarding their application for assistance. The SBA plans to include the following key functions in the secure web portal: general information/questions; application/loan status check; notifications; view

correspondence and download required application documents; document upload; live chat/secure messaging; electronic signature (e-Signature); and mobile application.

***Strategy 3: Utilize SBA's nationwide infrastructure for short and long-term recovery***

The SBA is committed to providing a "One SBA" approach in the aftermath of disasters to provide short and long-term assistance. In doing so, the Agency engages district offices and resource partners early so they can continue to provide assistance to their communities after the disaster declaration deadlines have passed. SBA district offices leverage public and private sector resources, including resource partners throughout the disaster affected areas, to provide support.

FY 2015 Accomplishments and Challenges

The SBA continued to leverage its "three-step process" communications strategy that provides a consistent message to the public and strengthens awareness of the disaster loan application process. Disaster survivors now have a clearer understanding of the disaster loan process in the context of three easy to follow steps: (1) applying for loan; (2) verifying property and processing loan decisions; and (3) closing and disbursing loan funds. Additionally, the SBA published a reference guide for the SBA Disaster loan program designed to summarize the program for the purpose of promoting disaster preparedness, assistance, and recovery. The guide serves as a resource for the Disaster Assistance program and how to apply for an SBA disaster loan. In addition to making the reference guide available to the public, the SBA shared the guide with its Office of Field Operations and the Office of Entrepreneurial Development to be distributed to SBA district offices and resource partners (small business development centers, SCORE, and women's business centers).

FY 2016 and FY 2017 Planned Performance

The SBA will continue its long-term outreach efforts working with its resource partners in the disaster damaged areas. The SBA also plans to continue to expand the Technical Assistance Loan Application initiative outreach in order to assist in the economic recovery of communities after a disaster.