

GAO Highlights

Highlights of [GAO-17-566T](#), a testimony before the Committee on Small Business, House of Representatives

Why GAO Did This Study

While SBA is known primarily for its financial support of small businesses, the agency also assists businesses of all sizes and homeowners affected by natural and other declared disasters through its Disaster Loan Program. Disaster loans can be used to help rebuild or replace damaged property or continue business operations. After SBA was criticized for its performance following the 2005 Gulf Coast hurricanes, the agency took steps to reform the program and Congress also passed the 2008 Act. After Hurricane Sandy (2012), questions arose on the extent to which the program had improved since the 2005 Gulf Coast Hurricanes and whether previously identified deficiencies had been addressed.

This statement discusses (1) SBA implementation of provisions from the 2008 Act; (2) additional improvements to agency planning following Hurricane Sandy; and (3) SBA's recent and planned actions to improve information resources for business loan applicants. This statement is based on GAO products issued between July 2009 and November 2016. GAO also met with SBA officials in April 2017 to discuss the status of open recommendations and other aspects of the program.

View [GAO-17-566T](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

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SMALL BUSINESS ADMINISTRATION

Actions Taken to Help Improve Disaster Loan Assistance

What GAO Found

The Small Business Administration (SBA) implemented most requirements of the Small Business Disaster Response and Loan Improvements Act of 2008 (2008 Act). For example, in response to the 2008 Act, SBA appointed an official to head the disaster planning office and annually updates its disaster response plan. SBA also implemented provisions relating to marketing and outreach; augmenting infrastructure, information technology, and staff; and increasing access to funds for nonprofits, among other areas. However, SBA has not yet implemented provisions to establish three guaranteed loan programs. In 2010, SBA received an appropriation to pilot one program and performed initial outreach to lenders. However, in 2014, GAO found that SBA had not implemented the programs or conducted a pilot because of concerns from lenders about loan features. GAO recommended that SBA evaluate lender feedback and report to Congress about implementation challenges. In response, SBA sought comments from lenders and sent a letter to Congress that explained remaining implementation challenges.

After Hurricane Sandy, SBA further enhanced its planning for disaster response, including processing of loan applications. In a 2014 report on the Disaster Loan Program, GAO found that while SBA encouraged electronic submissions of loan applications, SBA did not expect early receipt of a high volume of applications after Sandy and delayed increasing staffing. SBA also did not update key disaster planning documents to adjust for the effects of such a surge in future disasters. GAO recommended SBA revise its disaster planning documents to anticipate the potential impact of early application submissions on staffing and resources. In response, SBA updated its planning documents to account for such impacts.

SBA has taken some actions to enhance information resources for business loan applicants but could do more to improve its presentation of online disaster loan-related information. In 2016, GAO found that SBA took or planned to take various actions to improve the disaster loan program and focused on promoting disaster preparedness, streamlining the loan process, and enhancing online application capabilities. However, GAO found that SBA had not effectively presented information on disaster loans (in a way that would help users efficiently find it), had not consistently described key features and requirements of the loan process in print and online resources, or clearly defined financial terminology used in loan applications. Absent better integration of, and streamlined access to, disaster loan-related information, loan applicants may not be aware of key information and requirements for completing the applications. Therefore, GAO recommended that SBA (1) integrate disaster loan-related information into its web portals to be more accessible to users, (2) ensure consistency of content about the disaster loan process across information resources, and (3) better define financial terminology used in the loan application forms. In January 2017, SBA indicated it was working on a glossary for the application. GAO plans to follow up with SBA about the other two open recommendations.