

GAO Highlights

Highlights of [GAO-17-67](#), a report to congressional committees

Why GAO Did This Study

According to SBA, the agency received more than 40,000 disaster business loan applications from fiscal years 2010 through 2014, and estimates that applicants spent on average a total of more than 25,000 hours per year filling out disaster loan application forms. PRA requires agencies to minimize paperwork burden on individuals and small businesses. The Recovery Improvements for Small Entities After Disaster Act of 2015 includes a provision for GAO to evaluate SBA's compliance with PRA. This report examines (1) controls in SBA's process for complying with PRA form renewal requirements in administering its disaster business loans, and (2) SBA's recent and planned actions to reduce burden for business loan applicants.

GAO analyzed applicable laws and guidance, including PRA and OMB and SBA guidance and policies, relevant reports, and loan applicants' responses to SBA and other surveys. GAO also interviewed SBA officials and a nongeneralizable sample of eight SBA resource partners (Small Business Development Centers) that provided disaster-related assistance to businesses, based on county-level loan approvals for 2012 through April 1, 2016.

What GAO Recommends

SBA should (1) better integrate disaster-loan-related information on its web portal; (2) improve consistency of information, including the loan process, required documents, and estimated time frames, in paper and electronic resources; and (3) define financial terminology on disaster business loan application forms. SBA agreed with GAO's recommendations.

View [GAO-17-67](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov

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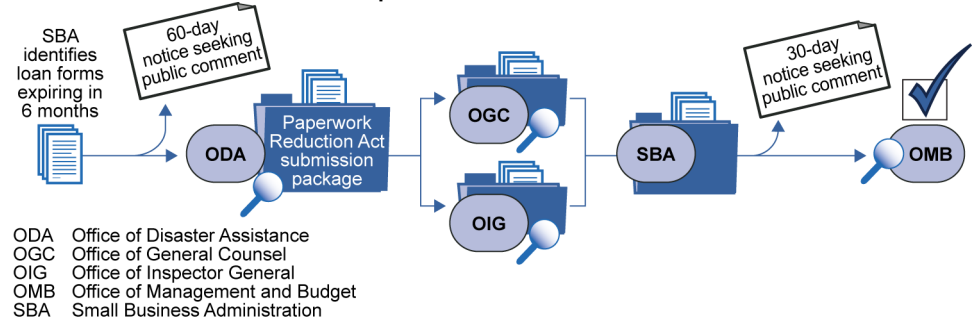
SMALL BUSINESS ADMINISTRATION

Agency Has Controls to Comply with Paperwork Reduction Act but Could Improve Accessibility and Consistency of Disaster Loan Information

What GAO Found

The Small Business Administration (SBA) process for complying with the Paperwork Reduction Act (PRA) includes a number of controls to help disaster business loan forms comply with the act and Office of Management and Budget (OMB) requirements (see figure). For example, SBA has a standard operating procedure that documents its clearance process; a requirement to solicit public comments; and a requirement that offices of Disaster Assistance, General Counsel, and Inspector General review submission packages for PRA clearance. SBA surveys business loan applicants to solicit suggestions for improving the loan process. The disaster business loan forms also include a valid OMB control number, as required by PRA.

Small Business Administration's Paperwork Reduction Act Clearance Process



Source: GAO analysis of SBA's Standard Operating Procedure 00 30 3. | GAO-17-67

SBA has implemented and planned actions to streamline the disaster business loan process, but the agency has not made loan-related information and requirements easily accessible or consistent, or defined key terms, contributing to applicants' burden. SBA's 2015 Performance Report set out the agency's recent and planned actions, including streamlining the loan process and enhancing online loan application capabilities. SBA has published written and electronic materials about the disaster loan process, but applicants cannot easily access these materials from SBA's dedicated disaster loan web portal, contrary to federal guidelines for improving digital services. Also, SBA's materials provide inconsistent information on the process, required documents, and estimated processing time frames. Business loan applicants reported that they found the documentation requirements confusing and the application time frames unclear. PRA and an OMB directive on open government generally state that agencies should explain the collection and use of information and promote transparency by providing the public with information about government activities. Similarly, some Small Business Development Centers told GAO that loan applicants have expressed confusion over undefined financial terminology in SBA's loan application, particularly terminology in the required personal financial statement. Federal law requires agencies' forms be written using plain language that is appropriate for the intended audience. Improved integration of electronic resources and consistency of information in SBA's materials would help business disaster victims better access resources and understand the disaster loan process and expected time frames. Further, providing definitions of loan terminology can help reduce victims' confusion.