

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

May 20, 2013

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U. S. Government Accountability Office  
441 G Street, N. W.  
Washington, D.C. 20548

Dear Mr. Dodaro:

Over its history, the Small Business Administration (SBA) has played a critical role in helping businesses recover from floods, hurricanes, fires, terrorist attacks, and other disasters. By providing low-interest disaster loans in a quick and efficient manner, the SBA's Disaster Assistance Program has enabled local communities to recover and regain their strength.

Last year, the Northeast was struck by Superstorm Sandy – one of the worst storms to ever make landfall on American soil. An estimated \$75 billion was lost due to physical damage and business interruption, making it the second-costliest Atlantic storm, behind only Hurricane Katrina. Superstorm Sandy affected 24 states, including the entire eastern seaboard from Florida to Maine and as far west as Wisconsin. Damage was particularly severe in New York and New Jersey, where Governors Andrew Cuomo and Chris Christie expect damage in their states to exceed \$33 billion and \$30 billion, respectively.

In the wake of Superstorm Sandy concerns have been raised that the SBA's response has been ineffective, leaving many business owners without the immediate assistance that they need. Although SBA tries to make a decision on each application within 14 days, processing delays, and high decline rates have forced small businesses to find alternative ways of securing assistance, or in the worst case scenario deciding whether to shut down their businesses altogether.

In order to fully understand the effectiveness of SBA's response to Superstorm Sandy, I request that you conduct a study to provide the Committee with answers to the following questions:

1. How timely has SBA provided disaster assistance to small businesses affected by Superstorm Sandy, and what have been the primary causes of any delays in processing disaster loan applications? Here, I ask that you address the following:
  - a. What actions has SBA taken to overcome these delays and how effective were such actions?
  - b. How well did SBA implement its Disaster Preparedness and Recovery Plan and what effect did it have on SBA's ability to respond to Superstorm Sandy?
  - c. How quickly was SBA able to train new employees brought on to assist with the Superstorm Sandy backlog?
  - d. Has the Disaster Credit Management System (DCMS) helped or hindered SBA's response to businesses affected by Superstorm Sandy?
  - e. Based on this disaster, is DCMS appropriately scalable to respond to super-disasters like Superstorm Sandy?
2. What steps has SBA taken to expedite and increase its response to small businesses affected by Superstorm Sandy? Including:
  - a. A review of the existing regulatory authority that the SBA has to make changes to the disaster program and if SBA had made those changes to improve disaster response before Superstorm Sandy; and
  - b. A review of the program changes authorized under the Food, Conservation, and Energy Act of 2008 and their appropriateness for Superstorm Sandy.
3. How do the disaster loan approval rates for Superstorm Sandy compare with previous hurricanes? In your response to this question, I would like you to:
  - a. analyze loan approval rates based on whether credit was available from other sources or not (based on SBA's credit elsewhere determination); and
  - b. compare the timeframe in which approvals and disbursements for loans were made as compared to previous Atlantic storms, including hurricanes.
4. Given the magnitude of Superstorm Sandy and the unique challenges that applicants face in demonstrating future financial solvency, how, if at all, does SBA's evaluation of applicants' "ability to repay" restrict businesses' access to the program?

Due to SBA's on-going response to Superstorm Sandy and the Committee's desire to stay informed of new developments, I ask that GAO provide my staff with regular briefings on this request. Please contact Michael Day, my Staff Director for the Committee, at 225-4038 to discuss this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nydia M. Velázquez", with a stylized flourish at the end.

Nydia M. Velázquez  
Ranking Democratic Member