



FACT SHEET

PRESS OFFICE

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How has SBA changed since Hurricane Katrina?

Like government at every level, the U.S. Small Business Administration was overwhelmed in the aftermath of the 2005 Gulf Coast hurricanes, which required loan approvals twice as high, in dollar terms, than the next largest disaster in agency history.

SBA has reengineered the Disaster Assistance program with a significant focus on customer service, direct accountability, and new technologies that have quadrupled processing capacity. SBA is in the process of completing its Disaster Recovery Plan, which includes procedures to better handle future catastrophic disasters, and has begun testing this plan through simulations conducted with outside experts.

The National Oceanic and Atmospheric Administration recently released its prediction that the upcoming 2007 hurricane season will have above average activity. The SBA is well-prepared to provide the resources people need to recover, rebuild and revive their communities in the event of major disaster. Since 2005, we have:

Increased our capacity to handle large-scale disasters.

The Gulf Coast hurricanes of 2005 resulted in SBA's largest disaster response in its 53-year history. The agency received over 420,000 loan applications and approved almost two times the dollars of the next largest disaster in agency history. This demand surge left the agency with significant backlogs. Since then, we have ramped up our capabilities by:

- Improving the Disaster Credit Management System (DCMS) to handle 8,000 simultaneous users. We now have four times the processing capability since the Gulf Coast hurricanes.
- Ensuring a trained, active and ready reserve corps. SBA can draw from a pool of 3,000 experienced individuals who can quickly staff up our disaster offices. Approximately 900 of these individuals have signed up as reservists and are committed to reporting with 48 hours notice.
- Incorporating SBA non-disaster staff in surge scenarios. This allows us to boost manpower to handle increased demand.

Invested thousands of man hours to launch a new loan disbursement process that is quicker and easier for our customers to use.

Before the Gulf Coast hurricanes, the process of receiving a loan was cumbersome and often frustrating to the borrower. We changed the structure to establish more accountability and efficiency. Now, each borrower has a case manager, which helps to ensure that paperwork is done right the first time. In addition, it gives borrowers a more compassionate, responsive experience.

We also moved 1,300 staff and changed our entire loan disbursement process work flow, from a production line, to 15-person integrated teams where each function is represented, with authority and competency to make decisions, ensure accountability, and manage for results.

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Contacted over 90,000 borrowers in the Gulf to introduce them to the new process and recorded the issues they faced, so we could have a data base to provide much better insight into borrower challenges.

Some quick numbers to illustrate our progress:

- We reduced backlogs by over 90 percent, and the age of that backlog from 2 ½ months to less than 10 days.
- Of 160,000 applicants with approved loans from the 2005 Gulf Coast hurricanes, 99 percent have now either received all or some of their loan money, or have chosen not to proceed with their loans.
- Of the \$6.9 billion in approved loans requested by borrowers (net), \$5.1 billion has been fully disbursed in the Gulf, and \$.5 billion has been partially disbursed. Approximately \$1.3 billion in additional commitments are available.

Created a new Disaster Recovery Plan with procedures for how the agency will ramp up quickly to respond to catastrophic disasters.

Incorporating the lessons learned from the Gulf Coast hurricanes, the SBA has been designing a plan that will allow it to function effectively and react quickly should a catastrophic disaster strike.

Improved our communications outreach so that people know the SBA is a resource they can count on.

Many people are surprised when they find out that SBA provides assistance to renters, homeowners and business owners after a disaster. This tells us that we need to do a better job of spreading the word about what it is we do. To that end, we have been proactive this pre-hurricane season about promoting our resources through the media, public service announcements, and our Web site, www.sba.gov.

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