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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

April 7, 2006

VIA FACSIMILE & FIRST-CLASS MAIL

The Honorable Hector V. Barreto
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Re: Current Funding, Reporting Status of SBA's Disaster Loan Program

Dear Administrator Barreto:

In a letter dated February 28th, 2006, we expressed to you our concerns regarding the Small Business Administration's ongoing funding requirements for the Disaster Loan Program. Twice in the month of February, the SBA was in danger of running out of funding for this program. In response to the SBA's failure to notify the Committee on Small Business and Entrepreneurship of its need for emergency funding during its budget briefings on February 6th and 7th, we requested that the SBA provide the Committee with daily reports detailing the funding status of the program.

While the SBA has provided some information, and we appreciate that effort, the agency seems reluctant to fully comply. The reports have been incomplete and only provided on a sporadic basis. Most significantly, the Administration has neglected to include an estimated date for how long the funding for loans will last given the current lending rate.

We have asked your staff several times to address these problems, but the reports remain incomplete. The Administration's lack of responsiveness and disregard for transparency in its management of the Disaster Loan program only reinforces the need for compliance with our request. Without daily full disclosure of all the requested information, we are not able to evaluate whether the SBA is effectively managing its available funding for this program.

Based on our interpretation of the data in the reports we have received, as well as on information from SBA staff, it is our impression that funding for the SBA Disaster Loan program will again run out during the first week of May. This is a serious concern, given that supplemental funding needed for the program is not likely to be available until after May 1st. Adding to our concern is the fact that the April 11th application deadline for the Disaster Loan Program is rapidly approaching and will likely result in an increase in applications to be processed.

As of April 7th, more than 54,000 homeowners and businesses were waiting for their disaster loan applications to be processed by the Administration, while more than 100,000 waited for approved loans to be disbursed. At such a critical juncture in the Gulf Coast rebuilding process, and with so many lives dependent on funding from this program, it is imperative that we ensure the stability and continuity of the Disaster Loan Program.

To avoid any unnecessary discontinuation of the program and to prevent hurricane victims from receiving less than what they require as a result of unnecessary capping of loans, we request of the Administration the following information:

- **An estimate for how long the Program's current level of funding will last;**
- **The Administration's contingency plan should funding for the program run out prior to receiving supplemental funds; and,**
- **Complete accounting reports on a daily basis, including all information as requested in our letter of February 28th as well as two-week administrative cost estimates updated as new figures are released.**

Rebuilding the homes, the businesses, and the lives devastated by Hurricanes Katrina, Rita and Wilma continues to be our goal and our responsibility. Through continued cooperation and transparency between the Small Business Administration and the Committee on Small Business and Entrepreneurship, we can ensure that the victims of the Gulf Coast hurricanes, for many of whom the Disaster Loan Program is their only lifeline, will receive the resources they require to rebuild their lives.

We respectfully request written responses to our February 28, 2006 letter as well as to this letter by May 5, 2006.

Sincerely,


Mary L. Landrieu


John F. Kerry