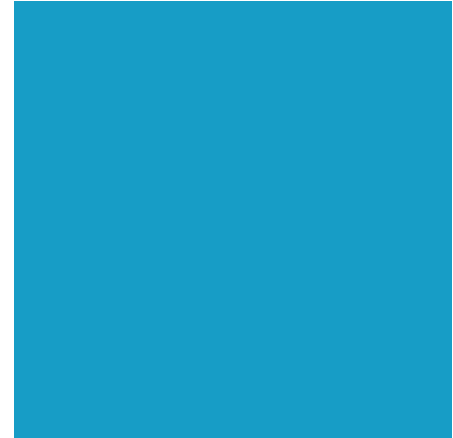
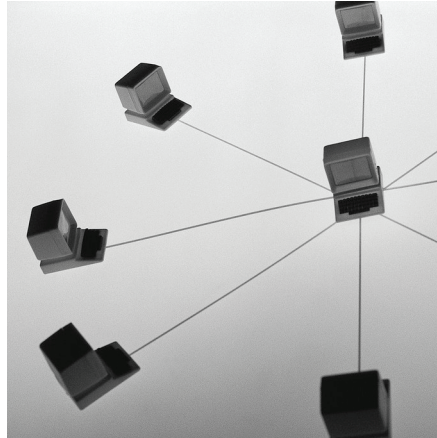


Disaster Recovery Plan



United States Small Business Administration (SBA)

June 1, 2007

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	5
I. INTRODUCTION.....	11
SBA’s Role in Disaster Recovery Efforts.....	12
The National Response Plan, Presidential Directives, and FEMA Guidance.....	13
Enabling SBA to Meet Future Challenges.....	14
Key Improvements.....	15
II. DISASTER RECOVERY FRAMEWORK: THE PROCESS.....	18
Process.....	19
Pre-disaster Planning and Preparation.....	19
Disaster Declaration and Notification.....	21
Application Intake.....	22
Loss Verification.....	23
Loan Processing.....	23
Closing and Loan Disbursement.....	23
III. DISASTER RECOVERY FRAMEWORK: OPERATIONAL SUPPORT.....	25
Scaling Operational Support.....	25
Human Capital and Training Overview.....	25
Current ODA Staff.....	26
Disaster Reservists.....	26
Cross-Training Existing ODA Personnel.....	26
Non-ODA Surge Staff.....	26
Activating Non-ODA Surge Staff in Phases.....	27
SBDCs, SCORE, WBCs.....	27
External Hiring.....	28
Quality Assurance.....	28
Information Technology Overview.....	28
Infrastructure Overview.....	29
Deploying District office Employees - The Disaster Hub Concept.....	29
Partnerships Overview.....	30
Strategic Support.....	30
Budgeting.....	30

IV.	ORGANIZATIONAL ROLES AND RESPONSIBILITIES	33
	Overview	33
	Office for Disaster Assistance (ODA) Headquarters	34
	ODA’s Customer Service Center	34
	ODA Field Operations Centers (FOCs)	35
	ODA’s Loan Processing and Disbursement Center	36
	ODA’s Personnel and Administrative Support Center (PASC).....	36
	Human Resources	36
	Disaster Credit Management System (DCMS) Operations Center	36
	ODA’s Field Inspection Team (FIT)	37
V.	BUSINESS PROCESS IMPROVEMENTS	39
	1. Accelerated Loan Application Decision Processing	39
	2. Improved Processes and Tools for Loan Closing and Funds Disbursement.....	39
	3. More Transparent, Meaningful Performance Data to Manage Operations	40
	4. More Consistent Adherence to Policy Through Training and Internal Quality Assurance	40
	5. Improved Coordination across Disaster Center Operations	40
VI.	FORECASTING AND MODELING.....	42
	Modeling and the Surge Process	44
VII.	SURGING TO ACCOMMODATE NEED	45
	Core Capabilities.....	45
	Surge Capacity	46
	Disaster Recovery Decision Tree.....	47
	SBA’s Level I Plan	49
	SBA’s Level II Plan	50
	SBA’s Level III Plan.....	51
	SBA’s Level IV Plan	52
	Detailed Surge Plan.....	53
VIII.	SIMULATIONS.....	55
IX.	COMMUNICATIONS PLAN.....	56
	Target Audiences	56
	Roles and Responsibilities	56
	Pre-Disaster Communications Outline.....	57
	Communications Plan: Surging to Accommodate Need.....	58
	Level I Disaster Communications.....	58
	Level II, III, and IV Disaster Communications.....	59
	Improving SBA’s Capabilities	60

X.	PATH FORWARD	61
	Ongoing Initiatives:	61
	Next-Generation Modeling and Simulation	61
	Updated Standard Operating Procedures and Training.....	61
	Continued Business Process Improvements	61
	Expanded Public-Private Partnership.....	62
XI.	APPENDICES	63
	Appendix A: Lessons Learned.....	63
	Lesson # 1: SBA must have a surge plan for scaling to respond to disasters of the level of the 2005 Gulf Coast Hurricanes or greater	63
	Lesson # 2: When scaling to respond to large disasters, communication needs to be improved at all levels	64
	Lesson #3: SBA must increase capacity, reduce errors and rework, provide better customer support, and have tools in place to support operational adjustments.....	64
	Lesson #4: To respond to future disasters, ODA must improve its computer systems.....	65
	Appendix B: Acronyms	67
	Appendix C: Scope and Methodology	68
	Scope.....	68
	Methodology	68
	Appendix D: Disaster Scale Down Process	69
	Appendix E: Roles and Responsibilities of Other SBA Offices that Support Disaster Recovery	70
	M&A.....	70
	OCPL	70
	OCIO.....	70
	SBA District Offices	71
	Appendix F: The Accelerated Disaster Response Initiative (ADRI)	72

LIST OF FIGURES

FIGURE ES-1: SBA’S DETAILED SURGE PLAN FOR MANAGING DISASTER LOAN APPLICATIONS (MAY 15, 2007)	8
FIGURE ES-2: SCALING TO MEET THE LEVEL OF DISASTER	9
FIGURE ES-3: DISASTER RECOVERY DECISION TREE.....	10
FIGURE 1: ODA FUNCTIONAL CENTERS	13
FIGURE 2: FRAMEWORK FOR SCALING OPERATIONAL SUPPORT	15
FIGURE 3: DISASTER RECOVERY FRAMEWORK.....	18
FIGURE 4: REGIONAL NATURAL DISASTER RISK	20
FIGURE 5: FRAMEWORK FOR SCALING OPERATIONAL SUPPORT.....	25
FIGURE 6: ODA FUNCTIONAL CENTERS	33
FIGURE 7: OVERVIEW OF DISASTER LEVELS – FOCUS ON CORE CAPABILITIES.....	46
FIGURE 8: SCALING TO MEET THE LEVEL OF DISASTER.....	47
FIGURE 9: SBA’S DISASTER RECOVERY DECISION TREE.....	48
FIGURE 10: SBA’S DETAILED SURGE PLAN FOR MANAGING DISASTER LOAN APPLICATIONS (MAY 15, 2007)	54
FIGURE 11: DISASTER SIMULATION PROCESS	55
FIGURE 12: CONCEPT OF OPERATIONS FOR SURGE COMMUNICATIONS.....	60

EXECUTIVE SUMMARY

Since its inception in 1953, the U.S. Small Business Administration (SBA) has served to aid, counsel, assist and protect the interests of small businesses. While SBA is generally known for its financial support of small businesses, the Agency also plays a critical role in assisting the victims of natural and other declared disasters. Specifically, SBA provides disaster assistance through its Disaster Loan Program (DLP) to help homeowners, renters, and businesses of all sizes recover from disasters such as earthquakes, hurricanes, and terrorist attacks.

Subsequent to the Katrina, Rita, Wilma disasters (also known as the 2005 Gulf Coast Hurricanes) SBA experienced significant challenges in scaling up its capacity to respond to the loan applications of many disaster victims. The cumulative damage of the Gulf Coast disaster cycle caused damage that was so extensive that the number of resulting disaster loan applications overwhelmed SBA's capacity to process them. The storms caused nearly \$100 billion in estimated damages and over 1,400 deaths.⁴ As of May 15, 2007, SBA had approved more than 160,000 disaster assistance loans for a total of \$6.9 billion in net approved loans (\$5.7 billion disbursed) to individuals and businesses since the 2005 Gulf Coast Hurricanes.

SBA recognized the severe challenges that hindered its efforts to aid recovery, and has made dramatic improvements to its business processes. The Agency is prepared to process loans faster, provide better quality, and be more helpful to its customers in future disasters. This recovery plan identifies the framework and processes that SBA has in place that enable it to effectively respond to disasters. It incorporates lessons learned from its response to the 2005 Gulf Coast Hurricanes and recent business process improvements. It also lays out the proven processes and guiding principles that enabled SBA to respond effectively in the past to disasters having a smaller scale than the 2005 Gulf Coast Hurricanes. A collaborative, cross-disciplinary team within SBA met for several months to share best practices and lessons learned and to develop a methodology for scaling its operations to an acceptable performance level.

SBA's response to catastrophic disasters has five guiding principles. These principles allow the Agency to effectively execute surge plans involving the whole Agency, and multiple others across the United States. They are as follows:

- **SBA is prepared to respond.** Based on process improvement and lessons learned, SBA has a much-improved organizational infrastructure to respond to catastrophic disaster activity, swiftly and effectively.
- **SBA is trained to respond.** Training and coordination are the keys to preparedness. The vast majority of employees involved in SBA's catastrophic disaster response have been trained and will continue to be trained in their roles. They also will receive clear guidance on how the recovery plan will be implemented.
- **SBA's response requires an "all hands on deck" approach.** Employees across the entire SBA organization will have key roles to play in core functions and will be valuable assets to help SBA achieve the level of performance America requires and expects.
- **SBA takes pride in quality assurance and customer service.** The Agency will continuously strive to deliver the highest level of quality in service. Customers will be

⁴ White House Report: "Katrina Lessons Learned," Chapter 1, Figure 1.1. see: <http://www.whitehouse.gov/reports/katrina-lessons-learned/chapter1.html>

provided with the necessary support and communication channels to minimize confusion and ensure a positive experience during their time of greatest need.

- **SBA's response will be coordinated with its government partners.** The Agency will communicate with local, state, and federal government agencies, including Congress, to deliver timely assistance.

SBA's Disaster Recovery Plan supports the following outcomes:

- Support of long-term economic recovery by providing capital to help disaster victims rebuild and withstand economic injury;
- Faster decisions on disaster loan applications, closing and disbursement;
- A customer-focused, transparent, outcome-driven model of performance;
- A strong, standing, Core Capability supplemented by Surge Capacity; and
- Processes coordinated with federal guidance and protocols for disaster recovery (e.g., the National Response Plan (NRP) and the National Incident Management System (NIMS), where applicable).

SBA's Disaster Recovery Plan (DRP) is applicable Agency-wide to ensure a broad scope of coordination, awareness, and support throughout its organization. The DRP comprises the following key sections, summarized below:

- Section I, *Introduction*, gives a background on SBA and its role in supporting disaster recovery, according to national policy.
- Section II, *Disaster Recovery Framework: The Process*, discusses SBA's process for preparing for and processing disaster loan applications, including:
 - Pre-disaster Planning & Preparation;
 - Disaster Declaration & Notification;
 - Application Intake;
 - Loss Verification;
 - Loan Processing; and
 - Closing & Loan Disbursements.
- Section III, *Disaster Recovery Framework: Operational Support*, delineates SBA's five functional components that scale: (1) human capital, (2) infrastructure, (3) technology, and (4) public/private partnership, all reliant on streamlined (5) communications. SBA has prepared to scale each of these components, depending on the level of response needed for a given disaster. Furthermore, SBA leaders have designed an efficient and cost-effective means for making the best strategic decisions during their surge implementation plan. These components are summarized below:
 - **Human Capital (Personnel):** Utilize current staff; enlist Active Reserve and Ready Reserve; leverage ODA contractors; train ODA personnel in loan processing functions, then SBA (non-ODA) staff; engage SBDCs, SCORE, and WBCs in non-loan processing functions (local outreach); hire externally.
 - **Infrastructure (Facilities):** Expand office space, staff to meet anticipated workload, adjust schedules as needed to accommodate various time zones, employ a double-shift

- approach to maximize usage of facilities, and leverage assets within the Agency and its resources/partners to respond.
- **Information Technology:** Leverage DCMS core capabilities with oversight measures to ensure that system capacity remains stable.
 - **Public/Private Partnerships:** Utilize contractors and leverage relationships with other organizations.
 - **Communications:** Inform citizens of the SBA resources available to them; listen to businesses, chambers of commerce, and citizens; reach out to state, local, and federal partners.
- Section IV, *Organizational Roles and Responsibilities*, describes the organizational structure and roles and responsibilities of SBA's main offices that support disaster recovery, including:
- ODA Headquarters;
 - Disaster Customer Service Center;
 - Disaster Field Operations Centers (East and West);
 - Loan Processing and Disbursement Center; and
 - Personnel and Administrative Services Center, which includes:
 - Administrative and Human Resource Function,
 - Disaster Credit Management System Operations Center, and
 - Field Inspection Team.
- Section V, *Business Process Improvements*, highlights the changes SBA has made to accelerate responsiveness and improve quality in its loan processing function
- Section VI, *Forecasting and Modeling*, describes the models SBA uses to predict the number of disaster loan applications that will be generated by a particular disaster. Because SBA uses these forecasting tools, it has enough time to obtain and deploy the resources needed for processing loan applications subsequent to a disaster.
- Section VII, *Surging to Accommodate Need*, explains the resources SBA will deploy in response to disasters of different sizes. SBA categorizes disasters into levels based on the number of anticipated applications. This categorization enables SBA to determine an appropriate surge level for scaling resources and operations to meet the needs of disaster victims. Levels I and II are within ODA's core capabilities; for Levels III and IV necessitate an SBA-wide response. The disaster categories are as follows:
- **Level I** – 100,000 applications received and below;
 - **Level II** – 100,000 to 250,000 applications received;
 - **Level III** – 250,000 to 500,000 applications received; and
 - **Level IV** – 500,000 applications received and above.

Figure ES-1 (below) graphically depicts SBA's plan for accommodating Levels I – IV, in terms of Personnel, Facilities, and Information Technology. The surge plan for Personnel (Human Capital) first leverages current ODA staff, then deploys Active Reserves, Ready Reserves, existing contractor relationships, Cross Trained ODA personnel, Non-ODA Surge Staff, and then externally hired personnel, as necessary. SBA maintains the facilities to process 500,000 disaster

loan applications, before needing to locate additional space. SBA's Information Technology capacity supports 8,000 concurrent users.

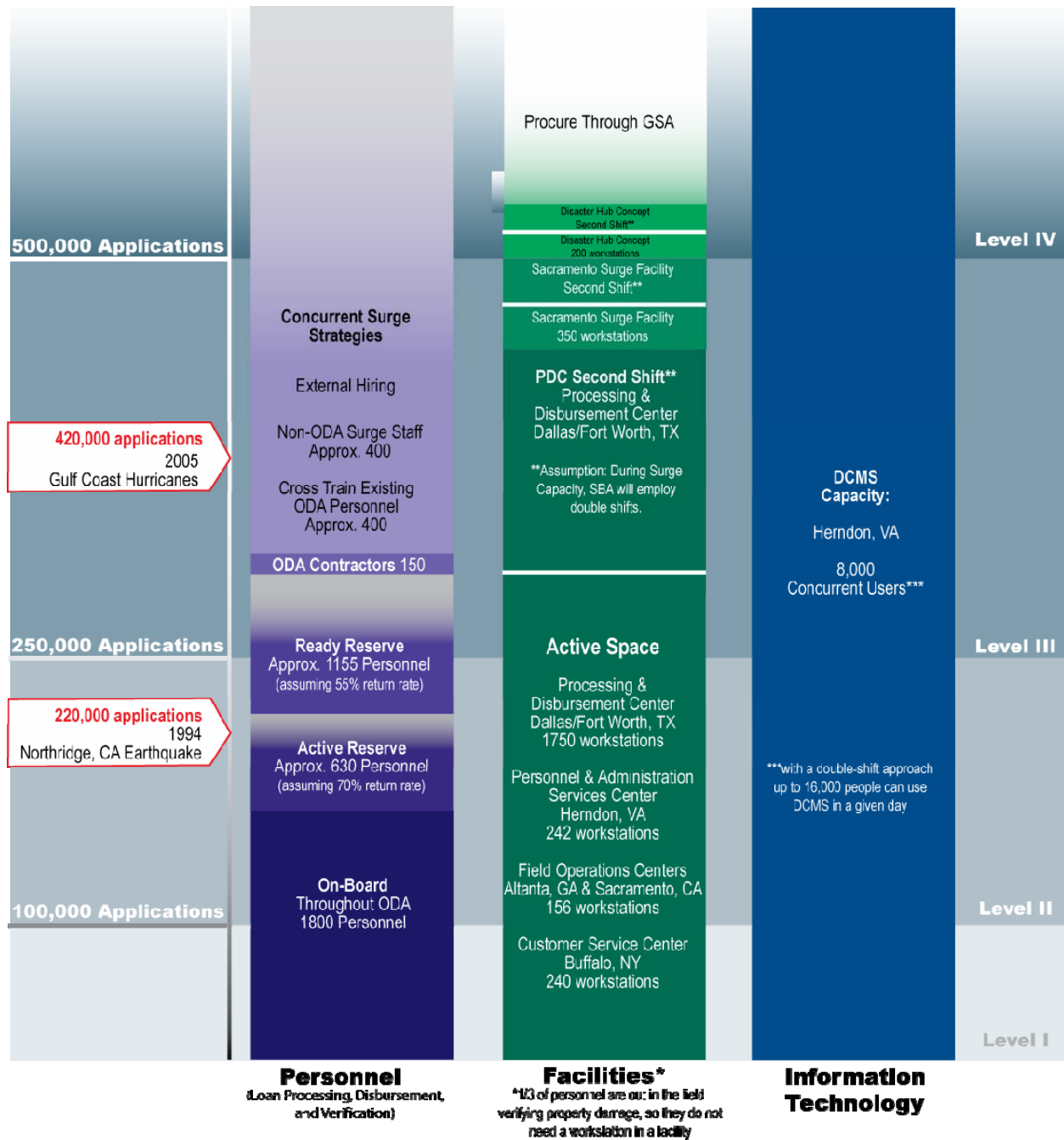


Figure ES-1: SBA's Detailed Surge Plan for Managing Disaster Loan Applications (May 15, 2007)

The following graphic, Figure ES-2, is another view of SBA’s surge plan, particularly the scaling of Human Capital/Personnel. Note that as SBA’s response moves from a core response (Levels I and II) to a surge response (Levels III and IV), more and more cross-SBA resources are deployed.

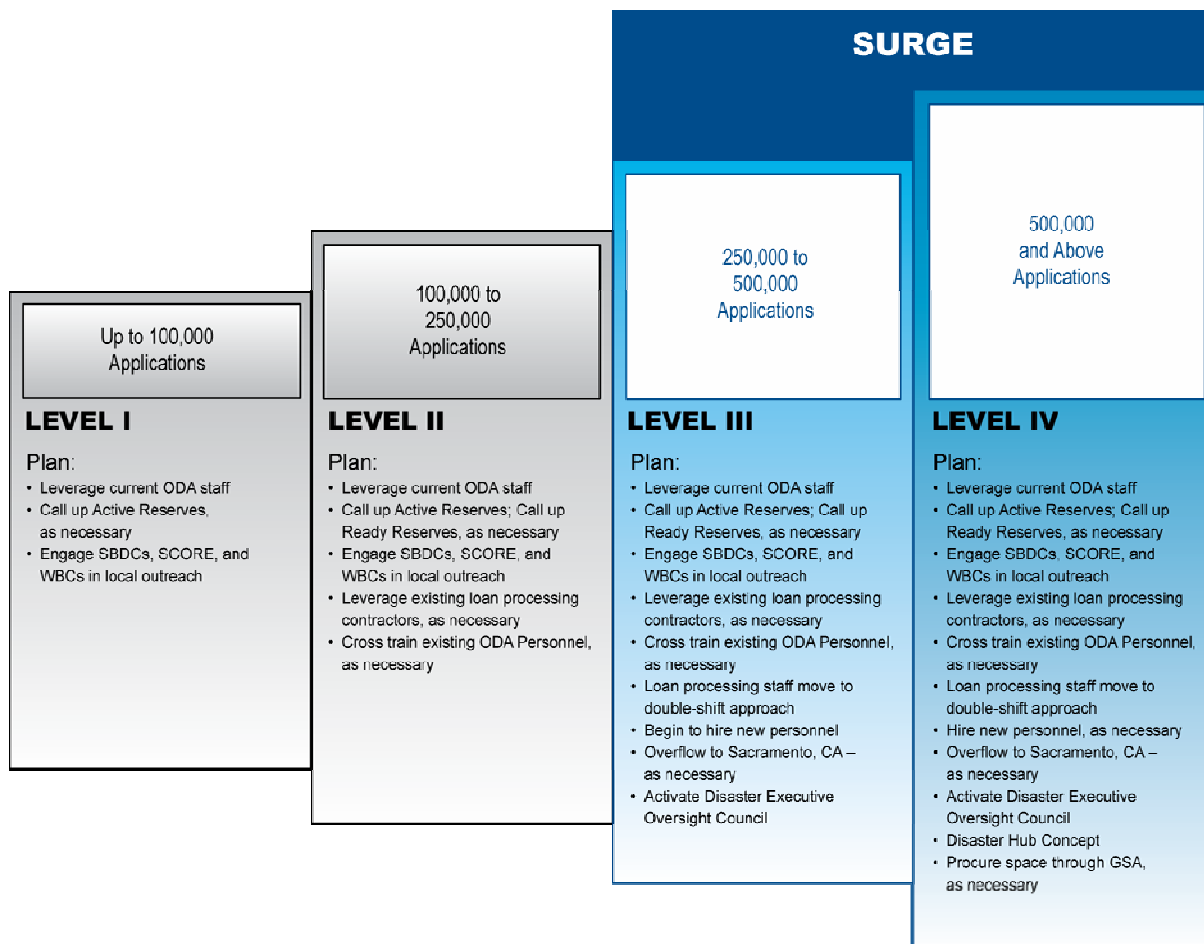


Figure ES-2: Scaling to Meet the Level of Disaster

Lastly, Section VII addresses SBA’s leadership decision-making structure for deciding how to best respond to a given disaster or series of disasters. Figure ES-3, Disaster Recovery Decision Tree, depicts the flow of decisions that SBA executives make: Initially, they decide whether a disaster can be handled by SBA’s Core Capability, or whether the Agency must move to Surge Capacity. If SBA decides that Core Capability will initially suffice, the Disaster Executive Oversight Council continually monitors loan applications, and elevates to Surge Capacity if the number of applications will exceed 250,000.

When Surge Capacity is required, the authority for the disaster response is elevated from the Associate Administrator of ODA to the Disaster Executive Oversight Council. At this point, there is a chain of mechanisms to ensure appropriate Surge Capacity resource allocation, as shown in Figure ES-3. As a surge response unfolds, SBA’s functional and support centers actively respond as directed by the Disaster Management Operations Council.

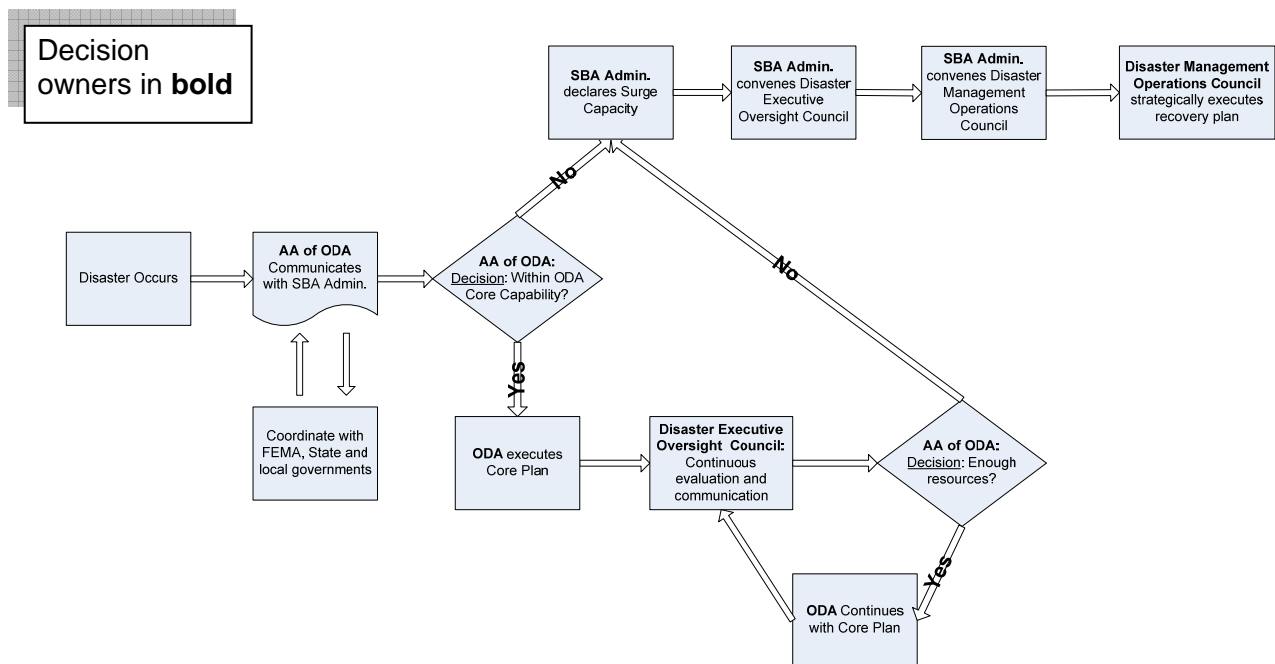


Figure ES-3: Disaster Recovery Decision Tree

- Section VIII, *Simulations*, describes the exercises SBA has performed and will continue to perform, which test their readiness for disasters. Preliminary exercises have tested SBA Headquarters' ability to surge to respond to large-level disasters; future simulations will test other offices throughout the organization.
- Section IX, *Communications Plan*, sets forth the mechanisms for communicating with citizens, state and local officials, federal officials, the media, national business organizations, and other strategic partners during disasters. Although the specific communication plan will vary for each disaster, SBA will apply the same principles for all levels of disaster. The two major objectives guiding the *Communications Plan* are clear:
 - SBA will inform citizens of SBA services and how to obtain them, and
 - SBA will coordinate operations with other recovery partners.
- Section X, *Path Forward*, recognizes that SBA continues to refine its disaster response capabilities. It describes SBA's ongoing initiatives for enhancing its operations:
 - **Next-Generation Modeling and Simulation** to augment SBA's current capabilities;
 - **Updated Standard Operating Procedures and Training** across the entire organization in addition to adopting regular simulation and tabletop exercises;
 - **Continued Business Process Improvements** to streamline the ways in which citizens interact with SBA in the disaster loan application process, including the ability to file disaster loan applications online;
 - **Expanded Public-Private Partnership** for improved local outreach, planning, and processing capability for a surge response.

I. INTRODUCTION

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small businesses, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of our nation. SBA's mission is to promote small business development and entrepreneurship through business financing, government contracting, and technical assistance. SBA also works with other federal agencies to reduce the regulatory and paperwork burdens of small businesses. In addition, SBA serves as the government's long-term lender to homeowners, renters, and businesses damaged by disasters.

SBA recognizes that small business is critical to the nation's economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, its bottom line mission remains the same. SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to customers throughout the United States, Puerto Rico, U. S. Virgin Islands, Guam, Northern Mariana Islands, Federated States of Micronesia, and the Republic of the Marshall Islands.

While the Small Business Administration (SBA) is generally known for the financial support it provides to small businesses, the Agency also plays a critical role in assisting the victims of natural and other declared disasters. Specifically, SBA provides disaster assistance through its Disaster Loan Program to help homeowners, renters, and businesses of all sizes recover from disasters such as earthquakes, hurricanes, and terrorist attacks. SBA faced unprecedented demand for its disaster loan assistance services in the wake of Hurricanes Katrina, Rita, and Wilma, which devastated the U.S. Gulf Coast region across five states.⁵ The storms caused more than \$100 billion in estimated damages and over 1,400 deaths. As of May 15, 2007, SBA had approved more than 160,000 disaster assistance loans for a total of \$6.9 billion in net approved loans (\$5.7 billion disbursed) to individuals and businesses since the 2005 Gulf Coast Hurricanes.⁶ The cumulative damage of the Gulf Coast disaster cycle caused damage that was so extensive that the number of resulting loan applications overwhelmed SBA's capacity to process them. In the disaster recovery period, SBA, Congress, and the general public recognized that SBA's response to the hurricanes was impaired by several challenges, leaving many disaster victims without the timely assistance that they needed.⁷

SBA faced a series of cascading challenges as it ramped up its loan processing operations subsequent to the 2005 Gulf Coast Hurricanes. The scope of the disaster was widespread and unprecedented. There were extraordinary numbers of disaster victims to counsel and applications to process. There were ongoing operational transitions in progress within SBA. In summary, challenges and lessons learned surfaced in the areas of operations, human capital, infrastructure, communications and technology. Through process

⁵ Hurricanes Wilma, Katrina, and Rita are collectively referred to as the 2005 Gulf Coast Hurricanes.

⁶ SBA.gov – Disaster Recovery Daily Update.

http://www.sba.gov/localresources/disasteroffices/disaster_recov/hurricanes/pdf/Recovery-Update-072606.pdf

⁷ GAO, SBA: Additional Steps Needed to Enhance Agency Preparedness for Future Disasters, **GAO-07-114**, Feb 2007.

improvements, enhanced internal and external coordination, and refined capabilities to surge and scale operations, SBA is better prepared to face future disasters with expeditious, personalized, quality service for its customers.

This document identifies the critical steps SBA has taken, in conjunction with its Federal partner agencies, to prepare for, respond to and recover from disasters. This document will be reviewed periodically, and updated as appropriate.

SBA'S ROLE IN DISASTER RECOVERY EFFORTS

SBA, through its Office of Disaster Assistance (ODA), is responsible for providing affordable, timely and accessible financial assistance to homeowners, renters, and businesses following a disaster. ODA has been a part of the Agency since its inception in 1953, and has provided more than 1.8 million disaster loans totaling \$46 billion to disaster victims. In addition to its disaster loan program, SBA helps small businesses recover from disasters through its guaranteed lending, technical assistance and procurement programs.

Disaster losses are unexpected and create financial hardships for disaster victims. Fortunately, many disaster victims in America have insurance which covers part or all of their private property losses due to tornadoes, hurricanes, floods, earthquakes, wildfires and other disasters. However, for disaster losses not covered by insurance or other recoveries the primary form of federal financial assistance is a disaster loan from SBA. Disaster loans for property damages are available to homeowners, renters, non-farm businesses of all sizes, and private-nonprofit organizations. Certain small businesses are also eligible for Economic Injury Disaster Loans (EIDLs) to help with ongoing operating expenses until they recover from the disaster. For many, SBA disaster loans with low interest rates and long repayment terms make recovery possible.

The disaster loan program is administered through a coordinated effort among ODA's headquarters and functional centers: Customer Service Center, East and West Field Operations Centers, Processing and Disbursement Center and the Field Inspection Team, and its support centers: Disaster Credit Management System (DCMS) Operations Center and the Personnel and Administrative Support Center (See Figure 1).

MISSION

To help people recover from disasters and rebuild their lives by providing affordable, timely and accessible financial assistance to homeowners, renters and businesses.



Figure 1: ODA Functional Centers

THE NATIONAL RESPONSE PLAN⁸, PRESIDENTIAL DIRECTIVES, AND FEMA GUIDANCE

As a signatory to the National Response Plan (NRP), SBA is a part of the federal government's single comprehensive approach to domestic incident management to prevent, prepare for, respond to, and recover from major disasters, terrorist attacks and other emergencies. The NRP, using the national Incident Management System (NIMS), provides the structure and mechanisms for national-level policy and operational direction for domestic incident management. The NRP applies to all incidents requiring a coordinated Federal response as part of an appropriate combination of Federal, State, local, tribal, private-sector, and nongovernmental entities⁹. In May 2007, the White House published National Security Presidential Directive (NSPD) 51, updating and reinforcing national continuity policy.

SBA has one Primary Mission Essential Function (PMEF), which is to collect and disseminate disaster-related information from declared disasters and be prepared to process disaster loan applications. The Agency has a comprehensive Continuity of Operations Plan (COOP), which ensures it will be able to perform this essential function even in the event of a disaster that adversely impacts SBA's operations.

⁸ In Homeland Security Presidential Directive (HSPD)-5, President Bush directed the development of a new National Response Plan (December 2004) to align Federal coordination structures, capabilities, and resources into a unified, all-discipline, and all-hazards approach to domestic incident management. See: <http://www.dhs.gov/xlibrary/assets/NRPbaseplan.pdf>. The NRP designed to integrate the efforts and resources of multi-levels of government, the private sector, and non-governmental entities and includes planning assumptions, roles and responsibilities, concept of operations, incident management actions, and protocols for plan maintenance. The NRP also assigns crisis responsibilities to specific federal agencies.

⁹ Information taken from NRP Quick Reference Guide.

In response to the National Response Plan, Presidential Directives, and FEMA Federal Preparedness Circular 65 prescriptions, SBA has taken the following COOP measures:

- Incorporated continuity requirements in its operational COOP planning, so that if an event occurs without warning, SBA can continue its one essential function, with an emphasis on geographic dispersion of leadership, staff and infrastructure;
- Documented orders of succession and delegations of authority;
- Acquired resources necessary for continuity operations;
- Continued to train staff to continue to support the PMEF in an emergency;
- Transferred all COOP coordination functions to the Deputy Administrator and appointed a senior accountable official as COOP Coordinator;
- Identified and submitted to the NIMS Integration Center the disaster recovery PMEF and continues to develop viable and effective plans to implement this function;
- Planned, programmed and budgeted for continuity capabilities consistent with NSPD 51 directives; and
- Planned to perform annual tests of portions of plans and training of staff to evaluate program readiness and ensure adequacy and viability of plans and communications systems.

ENABLING SBA TO MEET FUTURE CHALLENGES

This recovery plan describes SBA's ability to scale its existing operations to effectively respond to disasters requiring varying levels of support. By building on a solid foundation of experienced professionals, proven processes, operational improvements and lessons learned from the Agency's response to the unparalleled 2005 hurricane season, SBA has strengthened its disaster recovery capability in response to different disaster scenarios.

This recovery plan ensures that SBA's departments, field offices, and governmental partners seamlessly work together to respond quickly to disasters and help communities recover. SBA has scalable systems and the infrastructure in place, including a core steady state of capabilities that can be enhanced based on needs projected through risk modeling.

SBA faces future disaster scenarios with new resolve and the institutional knowledge gained from overcoming the challenges of the Gulf Coast Hurricanes. SBA has five functional components that scale: human capital, infrastructure, partnerships, and technology, with communications ensuring appropriate responses in each. Each component can scale, separately or in concert with the others, according to the surge that is required to meet various levels of disaster (See Figure 2).

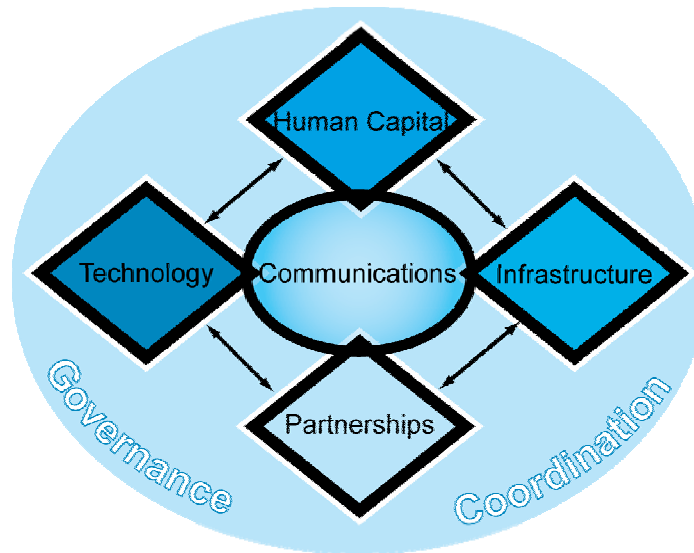


Figure 2: Framework for Scaling Operational Support

KEY IMPROVEMENTS

SBA has improved its business procedures for scaling its operations to address catastrophic disasters. SBA increased its capacity for processing loan applications from victims of catastrophic events and also streamlined its ability to respond to smaller scale disasters by implementing several key improvements. Consequently, SBA is better prepared to provide service to its customers in any situation.

As described in this recovery plan, SBA approaches disaster seasons with a strong sense of commitment, a set of programmatic improvements and enhancements, and a cohesive concept of operations. SBA is prepared to coordinate internally, as well as with FEMA, other government entities, and the private sector to leverage SBA's resources and respond accordingly. SBA has made the following key improvements:

- **Upgraded System Capacity.** To accommodate a larger workforce to process loans, SBA has expanded the capacity of the Disaster Credit Management System (DCMS) to support 8,000 concurrent users. This expansion represents a four-fold increase in capacity over peak usage during the 2005 Gulf Coast Hurricanes. The system also enables users to work remotely, thus expanding the geographic alternatives for recruiting the workforce.
- **Expedited Referrals to Grant Providers.** Focusing on the need to render more decisions in a timely and efficient manner, SBA is using tools to enable it to refer applicants to grant providers much more quickly, with less work for the applicant and a significantly reduced processing burden for SBA. These improvements will reduce the volume of files pending a decision, minimize the aging of such files, provide funds to disaster victims more quickly, and ease the processing burden on DCMS.
- **Operational Reengineering and Oversight.** Based on a review of customer feedback and internal performance indicators, SBA identified multiple inefficiencies and quality issues in its processes. This review led to a full redesign of its internal production and support services operations that established integrated teams with case managers, attorneys, loan experts, and other support staff working together in a collaborative unit on cases assigned to each team.

- Under this new approach, each borrower is assigned a case manager who provides personalized, one-on-one service, assisting the disaster victim by explaining the process, answering questions, and clarifying outstanding issues, which has resulted in less confusion, a reduction in errors, and a minimization of duplicative or additional work. This new process has yielded improved coordination and communication not only with the disaster victims but also among employees. Integrated teams accounted for faster response times, decreased error rates, and improved customer service and support. In addition, multiple IT improvements, policy modifications, and control enhancements have led to a faster, higher-quality operation.
- **Business Intelligence Tools.** The expanded use of performance metrics and reengineering tools significantly improves management's ability to establish clear timelines for initiatives, clarify performance goals, recognize individual accountability, and provide greater insight into the issues that SBA must address as they arise.
 - **Enhanced Disaster Workforce.** SBA's Disaster Assistance capability expands and contracts in size based on the level of disaster activity. Prior to the 2005 Gulf Coast Hurricanes making landfall, ODA had about 800 employees on the payroll but quickly surged to over 4,300 employees in response to these unprecedented storms. Today, ODA has roughly 1,800 employees across all key functions. Recognizing the benefits and effectiveness of the ability to immediately supplement its workforce, the Agency expanded its Active and Ready Reserves (described further in Section III). This capability allows the Agency to activate this specialized group of trained personnel to report for duty within 48 hours. The number of trained employees on board and in the Disaster Reserves increases the Agency's capacity to quickly respond to disasters, including catastrophic events in 2007 and beyond.
 - **Partnered with Private Sector.** As a result of the unprecedented application volume received, SBA created the Disaster Loan Partners Initiative and awarded three private sector contracts to assist with SBA's loan processing and loan closing activities. This unique partnership with the private sector provides the Agency with additional experienced personnel to enhance program delivery to disaster victims. This model can be expanded to include additional service providers to support various aspects of the lending operations, and SBA is actively evaluating the alternatives for expanding private sector support in serving the needs of disaster victims.
 - **Leveraged SBA's Nationwide Infrastructure.** During its response to the 2005 Gulf Coast Hurricanes, the Agency utilized SBA's nationwide District office infrastructure to handle increased disaster activity. In addition, the Agency expanded the role of its District offices through a plan to utilize District employees in future disasters in such activities as processing support, media outreach and coordinating local resources through Small Business Development Centers (SBDCs), Chambers of Commerce, and other local professional and charitable organizations to improve outreach and accelerate response in the field.
 - **Expanded Office Space for Surge Capacity.** As a result of the Gulf Coast Hurricanes, the Agency has more than doubled its capacity for loan processing and disbursement in the Fort Worth, TX center. In addition, SBA maintains backup and Surge Capacity in Sacramento. These facilities offer sufficient capacity to process 500,000 disaster loan applications; any further space requirements can be addressed by working closely with GSA in the event it is required.

- **Bolstered Forecasting Ability and Risk Monitoring Procedures.** The Agency has enhanced its capability to forecast application volumes when disasters strike. These new models – which include a flexible tool for forecasting – provide a more robust methodology for predicting application volume based on risk and disaster characteristics, allowing SBA to better gauge its response to a catastrophe. Based on the status of systems, facilities, and trained personnel at the time of the disaster, the models enable SBA to forecast the level and method of escalation necessary to respond in a timely and effective manner. Recognizing the benefits of forecasting, SBA is reviewing external disaster models to determine the value of linking the expected scope of potential disasters with its preparedness estimates.
- **Developed Disaster Scalability Preparedness Tool.** The Agency now has the ability to determine resource needs – financial, human capital (by function), and logistics – required to maximize SBA’s response against a number of different application volume scenarios. It is using this tool to ensure that resources are available under various scenarios.
- **Improved Ability to Help Small Businesses Win Federal Contracts.** SBA has been working with federal partners to make sure that small businesses were able to compete for contingency contracts subsequent to the 2005 Gulf Coast Hurricanes. SBA has also been working with the Chief Acquisition Officer's Council on an integrated acquisitions community for responding to an incident of national significance. SBA developed a plan following the 2005 Gulf Hurricanes to use procurement center representatives and District Directors across the country to identify contracting opportunities for small businesses in affected areas.

The next two sections on the Disaster Response Framework describe SBA’s process for helping disaster victims rebuild, including the organizational support functions that enable the process.

II. DISASTER RECOVERY FRAMEWORK: THE PROCESS

SBA accomplishes its mission of supporting disaster recovery efforts by providing affordable, timely and accessible financial assistance to eligible homeowners, renters, and businesses following a disaster. Financial assistance is available in the form of low-interest, long-term loans to assist individuals and businesses in their long-term recovery efforts. As discussed in detail in Section VII, *Surging to Accommodate Need*, SBA has established categories for its disaster response based on the number of loan applications projected. Level I and Level II disasters, in which SBA receives up to 250,000 loan applications, can be processed effectively using current processes and capabilities. Disasters categorized as Level III (250,000 – 500,000 applications) and Level IV (500,000 applications and above) will require additional surge support, which is detailed in Section VII of this document.

Figure 3 illustrates the Disaster Recovery Framework, which portrays the process and operational support systems that enable SBA to deliver loans to eligible disaster victims. The processes and support functions outlined below are valid for all categories of disaster. However, the scope and scale of operations as well as the necessary resources will vary depending on the size of the disaster.



Figure 3: Disaster Recovery Framework

PROCESS

PRE-DISASTER PLANNING AND PREPARATION

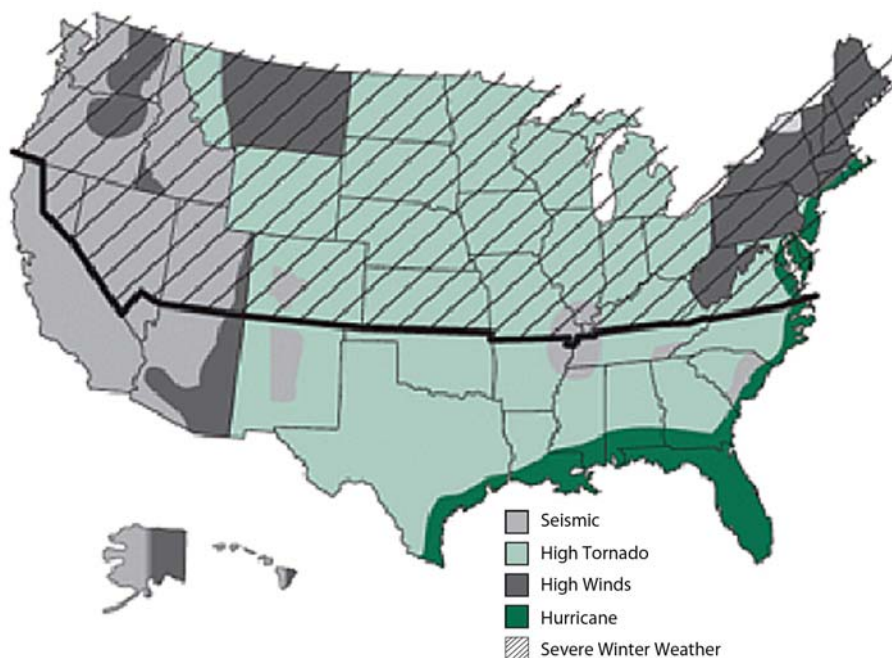
SBA's role in a disaster response is different from that of first responders: The agency plays a disaster recovery role and is primarily concerned with the number of loans generated by a given disaster, whether the disaster is a hurricane, earthquake, or terrorist attack. This section describes the different types of disasters and how SBA prepares to face them. SBA regularly incorporates historical data, to increase the accuracy and efficiency of its pre-disaster planning efforts. Section VI, *Forecasting and Modeling*, further describes the modeling tools SBA uses to predict loan volume and the corresponding resources needed for loan processing.

Pre-disaster planning for catastrophic disasters helps in the following ways:

- Allows SBA to position resources in a more efficient manner;
- Increases the speed of SBA's response by having advance information about specific types of disaster scenarios;
- SBA learns from each disaster response, incorporating lessons learned to improve future responses.

Most disasters requiring SBA's response are natural disasters, and the following graphic (Figure 4) illustrates which regions are at greatest risk for various natural disasters. The destructiveness of disasters varies.¹⁰ While SBA does not dramatically alter its processes based on the type of disaster, the circumstances of the disaster will affect application volume. SBA's Disaster Recovery Plan is based on historical data and analysis.

¹⁰ Institute for Business and Home Safety (IBS). *A Disaster Planning Toolkit for the Small to Mid-Sized Business Owner*, p. 8. <http://ibhs.org/docs/OpenForBusiness.pdf> A Disaster Planning Toolkit



Floods and wildfires are potential risks throughout the United States.

Figure 4: Regional Natural Disaster Risk

Seismic Activity causes damage near fault zones, most frequently on the West Coast. Once an earthquake has occurred, SBA can estimate the number of disaster loan applications that will be generated based on the magnitude. SBA makes forecasts in enough time to surge its human capital, technology, infrastructure, and other resources.

Tornados are difficult-to-predict weather phenomena that occur primarily in the Midwest each summer. Tornados generally cause less damage than other types of natural weather and they are frequently covered by private hazard insurance. Consequently, SBA's tornado lending is substantially less than that for other types of damage.

High Winds destroy natural and man-made structures, both directly and via material carried through the air that collides with other objects. Such events are typically smaller in scale.

Hurricanes cause damage by a combination of high winds and flooding. Historically, hurricanes have varied substantially in the combination of wind and flooding damage. Damage can be predicted by the amount of rainfall and the strength of the wind in the affected area and the assets at risk. SBA has ample historical data on hurricanes that it uses for pre-disaster planning and forecasting.

Severe Winter Weather, occurs primarily in the northern United States, and includes extreme snow and ice. Such events are typically smaller in scale.

Floods have been either wide-area flooding based on substantial rain, sometimes in combination with the run-off from melting snow. Damage can be predicted by the amount of rainfall in the watershed area and the assets at risk. SBA has ample historical data on floods that it uses for pre-disaster planning and forecasting.

Other disasters, include riots, or terrorist attacks. These disasters are generally one-of-a-kind events. Once such a disaster occurs, SBA quickly assesses the situation and employs the means necessary to respond. Sections III and VII describe SBA's plan for scaling human capital, infrastructure, partnerships, technology, and communications.

ODA prepares for anticipated disasters through forecasting, pre-positioning resources (when possible), and projecting employment needs. There are many different kinds of models for potential impacts based on various types of disasters and SBA will employ models to estimate the number of loans particular scenarios will generate.

Forecasting and Modeling - The primary goals of forecasting and modeling are to predict as accurately as possible the loan *volume* that will result from a disaster and the *timing* of when the applications will be received. The timing of when loan applications arrive subsequent to a disaster depends on the type and scale of the disaster. SBA's prediction model includes historical intake patterns for the categories of disaster type mentioned above. SBA prepares both before and after disasters occur to apply the appropriate staff and resources. These modeling tools are described more fully in Section VI, *Forecasting and Modeling*.

Pre-positioning resources - ODA participates in the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Regional Response Coordination Centers (RRCC) when they are activated, as a standard operating procedure. These centers operate around the clock at their highest operational level to prepare for the potential effects of chartable events.

Representatives from all the federal and volunteer agencies that support state and local governments with disaster assistance work out of the RRCC. Staff orchestrates the massive pre-event staging of personnel, resources and relief supplies across the potentially affected area in anticipation of the chartable event.

Employment projections – ODA periodically makes employment projections to estimate the number of staff it will need to respond to disasters. Additionally, when a disaster occurs, Center Managers, with input from their Department Managers and data from internal SBA modeling tools, project staffing needs to adequately respond to the disaster. The staffing projections are based on the number of disaster loan applications expected, which is based on the number of disaster-damaged homes and businesses and the geographic range of the damage zone.

ODA continually varies the number of Disaster Reservists, depending on the need. ODA's Disaster Reserve personnel fall into two categories: Active Reserve and Ready Reserve. ODA first deploys Active Reservists to provide the staffing required to manage and process the influx of loan applications following a disaster. Then ODA reviews Ready Reserve Lists to contact former temporary employees, used in the past.

DISASTER DECLARATION AND NOTIFICATION

SBA disaster loans are available when one or more government entities declare that a disaster has occurred. SBA publishes the availability of assistance in the Federal Register. The published notice identifies the kinds of assistance available, the date and nature of the disaster, and the deadline and location for filing loan applications.

There are six ways disaster declarations are issued that make SBA disaster loans possible:

1. **Presidential Disaster Declarations** - The President declares a Major Disaster or an emergency and authorizes Individual Assistance (Assistance to Individuals and Households Program) or Public Assistance. The Federal Emergency Management Agency (FEMA) provides a disaster declaration summary to SBA after it is signed by the President. At that point, SBA's Office of Disaster Assistance issues a disaster declaration notice (after both of the above actions are complete).
2. **Agency Physical Disaster Declarations** - SBA makes a physical disaster declaration, based on the occurrence of at least a minimum amount of physical damage to buildings, machinery, equipment, inventory, homes and other property. SBA reviews Agency disaster declaration criteria to make an appropriate Agency Disaster Declaration.
3. **Governor Certification (7b2D) Declarations** - SBA makes an economic injury declaration following a state certification that at least five (5) small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms.
4. **Secretary of Agriculture Declarations** - SBA makes an economic injury disaster declaration in response to a determination of a natural disaster by the Secretary of Agriculture. The Department of Agriculture – Farm Service Agency (FSA) provides notifications to SBA that it has made emergency loans available.
5. **Secretary of Commerce Declarations** - SBA makes an economic injury disaster declaration (EIDL) in response to a declaration issued by the Secretary of Commerce, regarding fishery resource disasters.
6. **Military Reservist Economic Injury Disaster Loan** - SBA may make a Military Reservist Economic Injury Disaster declaration as authorized by the Veterans Entrepreneurship and Small Business Development Act of 1999. SBA makes low interest, fixed rate loans available to a small business employing a military reservist if the reservist is called up to active military duty during a period of military conflict, and he or she is an essential employee critical to the success of the business daily operation whose call-up has caused or will cause the business substantial economic injury.

APPLICATION INTAKE

Application Screening – SBA disaster loan applications are available at disaster recovery centers and through the mail. When completed loan applications are received, they are first screened for acceptability. Loan officers also review the application to determine repayment ability based on the minimum income level and debts as reported on the application.

Application Entry - Once an application is accepted by Screening, it is sent to Application Entry and recorded in DCMS. The loan application is assessed for credit and repayment ability. Then, a determination is made to advance the loan or decline the loan. Applications that meet the initial credit and repayment threshold are sent on to Loss Verification. After application entry, all application documents are sent to Scanning.

Scanning - The Scanning Department receives input from the Application Entry group, Loan Processing, Loss Verification, Mail Association, inbound faxes and the Legal Department. After scanning the documents, they are sorted, counted for reporting purposes and prepared for longer term storage as a backup to electronic records consistent with the record-keeping requirements currently in place.

LOSS VERIFICATION

All approved applications for physical disaster loan assistance require on-site inspections. Physical disaster loans are for permanent rebuilding and replacement of uninsured, or under-insured, disaster-damaged, privately owned real and/or personal property.

ODA's Field Inspection Team (FIT) performs inspections to establish the cause and extent of disaster damages. The FIT verifier views disaster-related damages for both real and personal property, and records observations in a report form contained on a portable personal tablet computer. FIT submits the report to guide the Loan Department in establishing eligibility. Section IV, *Organizational Roles and Responsibilities*, further describes FIT's loss verification duties.

LOAN PROCESSING

Loans are processed in accordance with the regulations and policies that govern the disaster loan program. SBA lends taxpayer funds to disaster victims and must base their decisions on a balance between the needs of the victim and prudent underwriting. Because the interest rate on loans to most borrowers is below the Treasury rate, and the term of the loans goes out as far as 30 years, the loan service cost are often significantly below market loans, thereby broadening the pool of applicants who are able to pay back SBA loans. Nevertheless, SBA can only make disaster loans to those victims that can demonstrate a reasonable ability to repay the loan.

Loan decisions are based on repayment ability, damage eligibility and credit-worthiness, all of which are analyzed during loan processing. In processing disaster loans SBA can incur risks that many private lenders will not and applies more lenient credit standards than private lenders. At the same time, SBA must adhere to fundamental credit standards and must thoroughly process loan applications to ensure that each loan is likely to be repaid. In Presidential declarations, loan applications that are declined in processing are referred to the Federal Emergency Management Agency (FEMA) for possible grant assistance.

CLOSING AND LOAN DISBURSEMENT

Once a loan is approved and signed off by the appropriate parties, loan closing documents are completed and sent to the borrower. Borrowers have several options for completing their loan documents, such as:

- Completing the documents by themselves and returning them to SBA.
- Scheduling a loan closing appointment to execute the documents with an SBA representative.
- Contacting SBA by phone to review the loan closing documents.

Secured loans are disbursed in stages that correspond with the borrower's needs. SBA also monitors the use of disaster loan funds to ensure compliance with program guidelines and the terms and conditions of the loan authorization and agreement as these loans are subsidized by the Federal government and the law establishes severe civil penalties for misuse of disaster loan

proceeds. When disbursing the real estate portion of a disaster loan, SBA personnel maintain contact with the borrower as necessary to determine an appropriate disbursement schedule and to confirm that construction is progressing as planned. As noted in the Loan Authorization and Agreement the disbursement period on the disaster loan is limited to 6 months; however, SBA can extend this period on a case-by-case basis for ongoing projects.

III. DISASTER RECOVERY FRAMEWORK: OPERATIONAL SUPPORT

While Section II addresses ODA's primary customer-facing process, this section addresses the operations that support the process.

SCALING OPERATIONAL SUPPORT

SBA's operations have five key disaster recovery components that scale: human capital, infrastructure, partnerships, and technology, with communications ensuring appropriate responses in each. Each component can scale, separately or in concert with the others, according to the surge that is required to meet various levels of disaster (See Figure 5). These components scale to ensure that SBA can achieve a level of performance consistent with both internal goals and external expectations. Consistent with a surge approach, functional requirements across the key components of the framework increase as the Agency is called upon to respond to the larger application scenarios associated with each catastrophic disaster level. To illustrate this approach this section provides:

- A surge overview by each key component (i.e., human capital, infrastructure, technology, and public/private partnership); and
- Communications are addressed separately in Section IX.

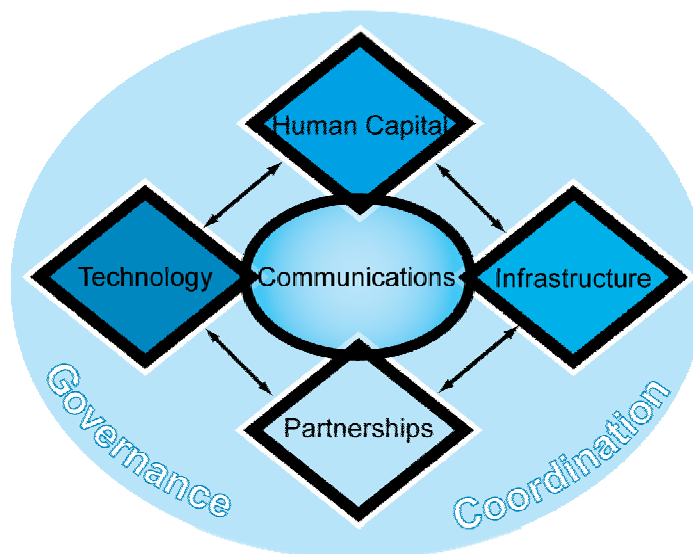


Figure 5: Framework for Scaling Operational Support

HUMAN CAPITAL AND TRAINING OVERVIEW

Human capital is the cornerstone of the Agency's disaster response. SBA's human capital augments ODA's staff and Active/Ready Reserve, and stands ready to help as the need expands beyond ODA's resources. SBA's framework recognizes the critical role that disaster employees play in the organization's response capability and the expanding role for the entire SBA organization in a Surge Capacity. By building on the framework in place, SBA will be able to respond to catastrophes even larger than the 2005 Gulf Coast Hurricanes.

CURRENT ODA STAFF

At the onset of hurricane season 2007, ODA has approximately 1,800 employees on staff. Their roles and responsibilities are described fully in Section IV, *Organizational Roles and Responsibilities*.

DISASTER RESERVISTS

ODA's Disaster Reserve is composed of two groups: Active Reserve and Ready Reserve. The Active Reserve employees, except for Attorneys, are selected and appointed through competitive procedures to term seasonal/on-call appointments. The Ready Reserve consists of former ODA employees whom management has identified as a key resource to call back to service at time when the Active Reserve is not sufficient to respond to large scale events.

Approximately 900 Active Reservists are currently on SBA's rolls; SBA will add more in the near-term, as needed, to respond to hurricanes and other disasters. This represents the most robust Active Reserve since the inception of SBA's Disaster Program. The additional personnel for the Active Reserve will have the necessary skills to perform key functions in the processing of disaster loans.

When former employees join SBA's Active Reserve, they commit in advance to report for duty within a 48 hour timeframe. For planning purposes, SBA anticipates that 70 percent of Active Reservists will honor that commitment (70% of 900 = 630). By having a large Active Reserve list, the Agency has better positioned itself to handle a catastrophic disaster situation, and augmented its ability to quickly ramp up and meet the needs of disaster victims. Funds have been allocated for training to ensure each and every reservist maintains their required level of core competency.

In addition, approximately 2,100 Ready Reserve employees are currently on SBA's list as potential sources of human capital. For planning purposes, SBA anticipates that 55% of Ready Reservists will report to duty if asked (55% of 2,100 = 1155). These individuals provide SBA a base of potential employees that can easily be re-integrated into SBA's operations, leveraging existing familiarity with SBA systems and processes to save resources and expedite the surge process.

CROSS-TRAINING EXISTING ODA PERSONNEL

In the initial stages of a disaster, ODA will hire and train customer service representatives to staff Disaster Recovery Centers, meet with disaster victims, and screen applications. As the disaster activity in the field wanes, these customer service representatives will be cross-trained to process loans in the Dallas-Fort Worth and Sacramento locations or to continue in the field working with disaster victims to help close their SBA disaster loans. ODA has produced training material for loan processing and loan closing surge training. SBA estimates that it can train 400 customer service representatives to perform these functions, as needed.

NON-ODA SURGE STAFF

Beyond the ODA, SBA's response to the 2005 Gulf Coast Hurricanes also included contributions from SBA's District Field Office structure and program areas such as the Office of Capital Access. In total, over 7,000 loans were processed by District offices. Additionally, Capital Access employees processed loans at the PDC and PDC Surge Facility in Sacramento, California following the 2005 Gulf Coast Hurricanes.

This internal Surge Capacity was employed for the first time in response to the 2005 Gulf Coast Hurricanes. For the 2007 hurricane season and beyond, SBA will deploy a larger complement of internal surge personnel for short-term periods of time, as required. ODA is training some of these non-disaster field staff in loan processing and other disaster assistance functions.

By employing this approach, SBA will have 400 people ready for service in temporary roles while the ODA uses its primary resources – the Active Reserve and Ready Reserve lists, contract support, and existing advertising and hiring procedures – to fill positions. This approach allows SBA to respond more quickly to catastrophic disaster than it has in the past, being ready to process disaster loan applications when they arrive.

ACTIVATING NON-ODA SURGE STAFF IN PHASES

SBA leverages internal surge support in a phased approach (see Figure ES-1). The first phase of utilization will encompass internal SBA skill sets that are capable of providing Surge Capacity in SBA's core functions of loan processing and post-approval processing. Specifically, this includes:

- District office personnel across the nation that (1) have been identified as having processed disaster loans during the Gulf Coast Hurricanes, or (2) have been identified as having loan processing experience. The majority of these individuals currently hold positions within the Agency as business opportunity specialists and lender relations specialists.
- Office of Capital Access personnel who are located in centers across the nation and who display the skill-set necessary to process disaster loans. The majority of these individuals currently hold positions within the Agency as loan servicing assistants and/or loan specialists.

The second phase of utilization leverages internal SBA skill sets that are capable of providing Surge Capacity in SBA's support functions, as well as additional support in SBA's core functions. Specifically, this will include utilizing staff across SBA's support areas in the Office of Management and Administration (M&A), CFO and CIO, as well as support from offices such as the Office of Government Contracting and Business Development (GC/BD), and personnel located throughout SBA headquarters.

Cross training for these personnel (approximately 400) will employ materials that have been adapted for nationwide training of non-disaster field office staff in cost-effective locations, as the need arises. ODA will also train surge legal and paralegal staff in loan processing, as necessary.

SBDCs, SCORE, WBCs

During Level I – Level IV responses, SBA leverages SBDCs, SCORE, and Women's Business Centers (WBCs), as needed. These groups primarily help with local outreach:

- Making potential applicants aware of SBA's services and handing out disaster loan applications;
- Screening and interviewing – helping applicants complete documents and collect requisite background information;
- Application assistance

EXTERNAL HIRING

When SBA cannot meet staffing projections based on the pool of Active Reserve, Ready Reserve and other staffing resources, it immediately begins advertising for positions using Public Service Announcements (PSAs) in the locality where employees are needed. If the PSAs do not immediately generate an adequate response, ODA places classified ads, and recruits at local colleges and job fairs. If local recruitment is not sufficient, then ODA performs a national hiring initiative, placing classified ads in publications throughout major U.S. metropolitan markets. During the 2005 Gulf Coast Hurricanes SBA successfully hired over 4,000 employees using this approach.

Additionally, SBA is creating public/private sector partnerships that SBA can call upon for assistance for Level III and IV catastrophic events. For more information, see the “Expanded Public-Private Partnership” in Section X, *Path Forward*.

QUALITY ASSURANCE

SBA has revamped its application processing system since the 2005 Gulf Coast Hurricanes, as described fully in Section V, Business Process Improvements. Consequently, SBA’s quality assurance methods, both at its Processing and Disbursement Center and Customer Service Center, have also evolved.

At the Processing and Disbursement Center, quality assurance focuses on monitoring that the staff has been processing loan applications in accordance with SBA Policy, DCMS processing changes and overall enhanced focus on customer support.

A Quality Assurance Team looks for exceptions or departures from stated policy. Each month the Quality Assurance review team performs a standard monthly review. Additionally, the team conducts any specific reviews requested by management. The Quality Assurance Team currently consists of two Loan Officers and two Attorneys that conduct the reviews.

The purpose of the Quality Assurance Team is to provide management with accurate and meaningful reports that reflect how the staff has complied with the policies and procedures that govern the disaster loan program. In addition to the ongoing daily reviews that are completed, the Quality Assurance staff also conducts a semi-annual loan charge-off review. Audits are conducted monthly with a report issued to management.

The Customer Service Center also has a quality assurance plan for monitoring the various functions of its operation, identifying areas for improvement and identifying training opportunities. ODA provides checklists, job aides and other training materials to each customer service representative. The CSC monitors communications with customers, in an effort to assure courteous, accurate and professional customer service.

ODA continues to build on the above described quality assurance methodology, employing Quality Assurance/Training Specialists who study and refine ODA’s case management system.

INFORMATION TECHNOLOGY OVERVIEW

At the time of the 2005 Gulf Coast Hurricanes, the DCMS was newly developed and only provided the capacity to accommodate approximately 2,000 concurrent users. After it became apparent that the system could not accommodate the Agency’s need, ODA implemented the DCMS Hardware Upgrade project. Since that time, the DCMS has been tested and verified to now support 8,000 concurrent users. This

represents a four-fold increase in capacity from peak usage during SBA's 2005 response, putting SBA in a much better position to face future catastrophic disasters.

DCMS now provides a broader range of geographically-dispersed SBA employees access to the system. Specifically, SBA employees performing surge processing across the Agency's nationwide infrastructure have access to the system to maximize efficiency.

INFRASTRUCTURE OVERVIEW

SBA has retained Field Operations Center – West in Sacramento, CA. While currently being used for field operations West of the Mississippi River, it also serves as an alternate geographic location for loan processing if a disaster requires a larger response, or if an incident renders the Dallas/ Fort Worth facility inoperable. While SBA has taken additional steps to ensure robust capacity in Dallas/Fort Worth for core functions, current estimates indicate that if the Agency has a catastrophic disaster that will yield a large amount of applications (250,000 or more), SBA seeks additional support for the Agency's core functions in a Surge Capacity.

The Sacramento facility allows SBA to offer training in its core functions in an additional facility to complement Dallas/Fort Worth. By leveraging Sacramento, SBA is positioned to simultaneously grow two pools of disaster reservists (in core functions) in two geographic locations.

In addition to the Disaster facility currently housed in Sacramento, SBA has a district office and a loan servicing center in the area. With the SBA brand name firmly established in this geographic location, SBA is able to call upon a robust disaster reserve force. Further, the Sacramento facility is currently fully functional, requiring no additional infrastructure ramp-up or potential down time.

In sum, as shown in Figure ES-1, SBA approaches the 2007 hurricane season with the office facilities required to receive, process, disburse, and verify 500,000 applications, without having to procure additional facilities through GSA. Including only "active space" – the PDC (1750 workstations), PASC (242 workstations), FOC-E and FOC-W (156 total workstations), and CSC (240 workstations) – SBA has facilities to process in excess of 250,000 disaster loan applications. Adding a double-shift approach¹¹ at the PDC and a double-shift approach at the Sacramento PDC Surge Facility (350 workstations), SBA scales its operations to accommodate 500,000 disaster loan applications. While at first glance it appears that SBA has fewer workstations than necessary to house the upwards of 6,000 employees required to respond to a 500,000 application disaster within 21 days, loss verifiers – who perform their primary duties out in the field – do not require office space (see: "Facilities" bar in Figure 10).

DEPLOYING DISTRICT OFFICE EMPLOYEES - THE DISASTER HUB CONCEPT

The Office of Field Operations (OFO) provides executive direction and oversight to SBA's ten regional offices, 68 district offices and 12 branch offices. This extensive field network provides SBA programs and services to small business communities all across the country. OFO and the Office of Disaster Assistance have successfully and collaboratively responded to disasters in the past.

¹¹ A "double-shift" approach means that one set of loan processors works during the day and another at night. So, for example, the PDC, which has 1,750 workstations, is capable of having 3,500 workers (1,750 x 2) during a given period.

When all other facilities are at their capacity, SBA will employ the Disaster Hub Concept. Surge personnel who have been identified will either report to the Processing and Disbursement Center, Sacramento Processing Facility, or “Disaster Hubs” located in one of the above mentioned district offices (SBA headquarters in Washington DC is also available for surge loan processing as well.)

Disaster Hubs are available to house district office employees to perform disaster loan processing for short-term (30/60/90 day) periods of time. This approach augments ODA’s existing staff levels while ODA uses its primary human capital methods to hire permanent staff. Disaster Hubs have been identified based on analysis of vacant workstations, offices, IT factors (e.g., network and hub capacity, complement of outfitted workstations, authentication requirements), and conference and training rooms suitable for processing disaster loans. By utilizing the Disaster Hubs on double-shifts, it is estimated that SBA has an equivalent of 400 workstations (200 actual workstations) available for loan processing activities.

The benefits of using Disaster Hubs in this capacity are many:

- First, regardless of where the disaster occurs, district offices can be a significant contributor to SBA’s overall disaster response effort because they are dispersed across the country. The SBA district office is a known-commodity in the community. District offices have contacts and resources which will help in facilitating interagency relief efforts and communicating effectively with the community.
- Secondly, each identified site has a minimum of ten fully cabled workstations/offices which are available to host disaster loan processors. Many of the sites have more than ten workstations/offices, as well as training and/or conference rooms.
- Third, every district office that can host a Disaster Hub site in the event they are needed is staffed with employees who possess the necessary skill set to process disaster loans.

PARTNERSHIPS OVERVIEW

SBA has begun the process of expanding agreements with resource partners in order to define and predict the external support, both public and private, that will be available in supporting surge efforts. This effort will continue. Additional information is available in Section X, *Path Forward*.

STRATEGIC SUPPORT

The previous sections have explained SBA’s process for operational support functions, according to its Disaster Recovery Framework (see Figure 3). The last component of SBA’s Disaster Recovery Framework, *Strategic Support*, includes Communications, and Forecasting and Modeling, and Budgeting. SBA’s Communications Plan is addressed in Section IX, and Forecasting and Modeling in Section VI. Budgeting is discussed below.

BUDGETING

Securing sufficient funding for SBA’s disaster program administration and lending is a key strategic support function. This process involves two main components: completing the original demand forecast and then carefully monitoring all available data as the situation progresses to determine whether the original forecast needs updating.

SBA's process for tracking disaster fund usage involves a coordinated effort between the Office of Disaster Assistance (ODA) and the Office of the Chief Financial Officer (OCFO). ODA develops the initial estimates of disaster loan demand based on the following sources of information:

- Estimated number of referrals from the Federal Emergency Management Agency (FEMA);
- Historical average rate of applications received as a percentage of FEMA referrals;
- Historical average rate of applications approved;
- Historical average loan size for comparable disaster type (e.g. hurricane); and
- Results from the Internal Demand Forecast Model described in Section VI of this report.

After initial demand levels are established using this approach, SBA determines whether additional (supplemental) funds are needed. If so, SBA works with the Office of Management and Budget (OMB) to request supplemental funds from Congress.

As SBA begins to process loans following a disaster, SBA tracks the following information for home loans, combination business & economic injury disaster loans (EIDL), and stand-alone economic injury disaster loans:

- Total applications received
- Approved applications
- Withdrawn applications
- Pre-processing declines
- Declined applications
- Applications remaining in process
- Loans closed
- Loans disbursed

From these numbers SBA calculates percentage rates and average loan amounts that can be compared to historical averages and recent trends. It also projects actions on applications in-house but not yet processed, and applications projected to be received. Progress on application processing and related activities is tracked weekly or even daily in the case major disasters. The frequency of reviews and updates to the original forecast depend on the magnitude of the disaster and the availability of funds. For major disasters, assumptions are updated as often as weekly. The original assumptions and latest data are reviewed and revised by ODA and then reviewed by OCFO. If significant, they are then shared with SBA senior management. Any substantial variances are researched and can trigger an immediate review of the key forecast assumptions if necessary. For minor events where sufficient funds are available, assumptions are only updated every few months.

Following the unprecedented pace of loan approvals for the 2005 Gulf Coast Hurricanes, SBA instituted a daily tracking report of all disaster loans which we continue to use for all disaster activity. This report allows us to see on a daily basis net loan approval amounts, net numbers of loans approved, average loan size, estimated days remaining of funding availability at current average daily rates, program and subsidy amounts used to date, and program and subsidy current available balances. This report is distributed within the agency and to congressional staff upon request.

SBA uses these tracking methods to closely monitor disaster funding requirements and provide timely information to OMB and the congressional offices on disaster budget issues as appropriate.

Section III has addressed SBA's high-level framework for responding to disasters. The next Section, *Organizational Roles and Responsibilities*, explains the operational deployment of SBA's Office of Disaster Assistance (ODA) during all disasters.

IV. ORGANIZATIONAL ROLES AND RESPONSIBILITIES

OVERVIEW

Upon declaration of a disaster, the U.S. Small Business Administration's assets are immediately put into motion to help with recovery. As an event unfolds, SBA's Office of Disaster Assistance expands office space, calls on staff and active reservists to meet the anticipated workload, and adjusts schedules to accommodate the increased workload and various time zones.

The ODA organizational structure and assets are functionally-based and geographically dispersed, minimizing reliance on a single region. While there are additional offices within SBA that support disasters (see Appendix E), the primary offices that support a disaster response are as follows:

- **ODA Headquarters** at SBA's Central Office in Washington, DC.
- A full-service **Customer Service Center (CSC)** located in Buffalo, New York. Disaster victims contact this center when they have questions about their loan application. Services for disaster victims include a call center, e-mail response, disaster application mailing capabilities, and pre-application entry, and the center provides services to the other centers as needed.
- Two disaster **Field Operations Centers (FOC)**: FOC-E (East) is located in Atlanta, Georgia and FOC-W (West) is located in Sacramento, California. The two FOCs are responsible for the coordination of preliminary damage assessments, field operations, information dissemination, and disaster loss verifications outside of the continental United States (OCONUS).
- A centralized **Loan Processing and Disbursement Center (PDC)** located in Fort Worth, Texas. The PDC receives applications, evaluates them, and disburses funds to eligible borrowers. The backup location is in Sacramento, California.
- The **Personnel and Administrative Services Center (PASC)**, housed in Herndon, Virginia, includes the **Administrative and Human Resource** functions, the **Disaster Credit Management Systems (DCMS) Operations Center**, which oversees the DCMS system, and the **Field Inspection Team (FIT)**, which provides the loss verification/inspection function within the continental United States (CONUS).



Figure 6: ODA Functional Centers

OFFICE FOR DISASTER ASSISTANCE (ODA) HEADQUARTERS

ODA coordinates and leads disaster responses for Level I and Level II. Level I disasters are smaller in scale and do not generally require SBA Headquarters to be actively engaged on a day-to-day basis. For Level I and Level II disasters, the ODA Headquarters staff performs the following functions:

- Coordinate with FEMA, Congress, and Office of Communications and Public Liaison (OCPL).
- Coordinate and lead information-sharing with all Centers, ODA management, SBA senior management, Regional and District staff, and SBA Resource Partners.
- Participate in or lead meetings and activities with the National Response Coordination Center (NRCC), FEMA, Emergency Support Function Leaders Group (ESFLG), and Interagency Incident Management Group (IIMG), and other relevant disaster response teams.
- Activate Emergency Support Function (ESF) under the National Response Plan where SBA is a support or lead agency, as appropriate.
- Assess programmatic needs and project level of activity and budget. Damage estimates are based on surveys, historical information for similar types of events in the state and/or region, information from imaging, state and local reports, media, insurance in force, demographics, and timing of event (e.g., local events, festivals, off season or in season).
- Prepare and publish SBA disaster declaration in the Federal Register following disaster declarations.
- Approve or decline requests for disaster declaration submitted by ODA's Field Operations Centers.
- Review and set policy, procedures and guidelines for all ODA operations.

ODA'S CUSTOMER SERVICE CENTER

Frequently, disaster victims have questions about how to file or fill out a disaster loan application. Many disaster victims have little experience in completing loan applications. Operationally, ODA supports this need through its Customer Service Center, located in Buffalo, New York. It is a single point of contact for disaster victims who have questions about SBA disaster loans. It provides them with the following services: a call center, e-mail response, disaster application mailing capabilities, and pre-application entry.

The CSC baseline state of readiness allows it to adequately respond to Level I and II disasters, representing a workload of approximately 2,000 calls per day or less.

ODA's CSC is responsible for the following tasks:

- Determining staffing requirements using 'New Disaster Forecasting Model' based on FEMA workload projections. This forecasting tool provides detailed call pattern estimates and staffing needs for the initial 90-days of a disaster.
- Based on the forecasted call volume for the new disaster, projecting hourly call patterns using the CSC's Daily Call Forecasting tool.
- Requesting activation of specified number of Disaster Reserve Techs/Specs in the local commuting area in a disaster, when necessary.
- Ensuring Mailbox team and Problem Resolution teams are in place. A specialized team of customer service agents is dedicated to respond to email inquiries received through ODA's

Customer Service mailbox (disastercustomerservice@sba.gov). The mailbox team typically has a dual responsibility of manning the Disaster Recovery Center line, a dedicated 800-line for exclusive use by field personnel.

- A “Problem Resolution” team works to research issues and facilitate resolution through points-of-contact in other centers.
- Coordinating with Administration regarding the supply of English and Spanish applications on hand.
- Updating the Disaster Information Gateway (DIG) and the CSC’s public folders. The Disaster Information Gateway and Public Folders are utilized by the CSC as resources to store and disseminate important information to the CSR staff. The DIG and public folders are central locations for items such as: Declaration Information, Fact sheets, DRC locations (by state and declaration), news clips, work schedules, numbered memos, forms, phone lists, and other general information.

ODA FIELD OPERATIONS CENTERS (FOCs)

Field Operations Centers (FOCs) coordinate disaster field operations and reach out to ODA’s external partners to publicize ODA’s Disaster Loan Program in advance of and following disasters. Outreach targets include FEMA Regional Offices, State Offices of Emergency Services, SBA’s Regional Administrators and District Directors, Congressional offices, and SBA’s resource partners (SBDCs, SCORE, WBCs, Private Sector Professional Organizations, etc.).

FOCs are responsible for:

- Establishing, staffing, and maintaining field operations onsite in declared disaster areas, including Disaster Recovery Centers (DRCs) and SBA Disaster Loan Outreach Centers (DLOCs). DRCs are partnerships between FEMA and SBA.
- Conducting disaster surveys with FEMA, state, and local officials.
- Performing original loss verifications for OCONUS disasters.
- Performing onsite loss re-verifications for CONUS and OCONUS disasters.
- Communicating with media outlets.
- Communicating with Congressional District offices and other elected officials, including proactively conveying SBA’s disaster response accomplishments.

Field Operations Center – East (FOC-E) is located in Atlanta, Georgia and serves the states east of the Mississippi River, plus Minnesota, the U.S. Virgin Islands, and the Commonwealth of Puerto Rico.

Field Operations Center – West (FOC-W) is located in Sacramento, California and serves the states west of the Mississippi River (except Minnesota) plus American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, and Republic of the Marshall Islands.

ODA'S LOAN PROCESSING AND DISBURSEMENT CENTER

Loans are processed and funds are disbursed at the Disaster Assistance Processing and Disbursement Center (PDC). PDC employees access the same systems as Customer Service Center employees.

The PDC is responsible for the following functions:

- The mailing of all disaster loan applications requested by victims of a declared disaster.
- The screening for acceptance of all received disaster loan applications.
- Reviewing and processing all accepted disaster loan applications.
- The closing of all approved SBA disaster loans and the disbursement of the disaster loan proceeds.

If the size of a disaster requires a larger response, or if an incident yields the Dallas/Fort Worth PDC facility inoperable, SBA's Sacramento, California location provides backup capability.

ODA'S PERSONNEL AND ADMINISTRATIVE SUPPORT CENTER (PASC)

The Personnel and Administrative Services Center (PASC), includes the Administrative and Human Resource function, the ODA's Disaster Credit Management Systems (DCMS) Operations Center, and the Field Inspection Team (FIT).

HUMAN RESOURCES

Human Resources provides the necessary administrative support functions during a disaster response, including:

- Executing payroll, including filing of all time and attendance forms generated in the field.
- Handling day-to-day procurement needs of ODA centers, with an emphasis on purchasing from local small businesses whenever practicable.
- Making travel arrangements and processing travel vouchers for personnel involved in the disaster response.

DISASTER CREDIT MANAGEMENT SYSTEM (DCMS) OPERATIONS CENTER

The DCMS Operations Center supports ODA's information technology requirements. The systems supported by the operations center are essential to ODA employees' ability to help disaster victims recover.

The DCMS Operations Center has three departments. The Technical Operations group is responsible for the infrastructure, hardware, network, database, system administration and security issues. The Functional group is responsible for the software applications, planning, development, testing, training and communications, and reports. The third is the Help Desk which is the front line interface to users. The Help Desk is responsible for handling requests, primarily from ODA staff, for assistance with DCMS operational questions and issues.

Much of the activity at the center is monitored through automated routines¹²; the level of support to maintain this capability is currently in place.

DCMS is responsible for the following functions:

- Monitoring, tracking, and analyzing system metrics to keep the system up and operational.
- Procuring, maintaining, and supporting portable computer tablets for FIT and Loss Verification to use in disaster locations. ODA currently has 1,600 tablets.
- Closely monitoring tablet inventory for FIT in order to procure additional units, with sufficient reserve if needed.
- Completing upgrades and reprogramming requests to address operational needs and process improvements
- Assessing system capacity during a disaster and executing surge plans to expand capacity if necessary. Specific triggers have been identified to indicate when system is reaching capacity (e.g. approximately 4,000 concurrent users, CPU usage at 50% of capacity on a consistent basis during peak times, memory usage at 50% of capacity on a consistent basis during peak times; or a combination of these factors).
- Ensuring connectivity of disaster recovery satellite offices.

The DCMS Operations Center in Herndon, VA gives 8,000 personnel the ability to use the system simultaneously. A redundant DCMS Operations Center in Tempe, Arizona serves as a backup, should the Herndon Center be incapacitated. The Tempe DCMS facility has capacity for 2,000 concurrent users.

ODA'S FIELD INSPECTION TEAM (FIT)

FIT verifies the cause and extent of physical damages to borrower's property. It is responsible for completing all original loss verification reports in the continental United States. All approved applications for physical disaster loan assistance require on-site inspections. Physical disaster loans are for permanent rebuilding and replacement of uninsured, or under-insured, disaster-damaged, privately owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes, and nonprofit organizations. The FIT's verification report is an essential element in the loan making process that guides the Loan Department in establishing eligibility.

The FIT verifier views disaster-related damages for both real and personal property, and records observations in a report form contained on a portable personal tablet computer. The FIT verifier has specific responsibilities that include, but are not limited to: determining the estimated cost of repair or replacement of real, personal and business property; providing information gathered during the on-site inspection to guide SBA loan officers in establishing eligibility within program guidelines; and estimating replacement and pre-disaster Fair Market Value of property.

¹² A routine is a series of computer instructions for performing a specific, limited task.

This section has detailed SBA's ability to respond to disasters through its ODA; Appendix E addresses other SBA offices that play a role. The following section, *Business Process Improvements*, addresses key improvements that SBA has made since the 2005 Gulf Coast Hurricanes.

V. BUSINESS PROCESS IMPROVEMENTS

SBA's core process in its disaster recovery role is loan processing and disbursement (see Section II). Since August of 2006 SBA has (and continues to be) engaged in a comprehensive reengineering of the processes, tools and policies that directly impact disaster victims' experience with SBA and the ability of SBA loan processing employees to provide customer-focused service.

The Accelerated Disaster Response initiative (ADRI) focuses on improving the disaster victim's end-to-end experience from disaster loan application, through approval and closing, to final disbursement of funds: a complete overview is provided in Appendix H. The driving principles behind ADRI are speed of response, customer support and quality.

The cornerstone for achieving this goal is SBA's Case Manager Model – the assignment of a case manager to each approved disaster loan. The case manager is the single point of contact and personal advocate for getting loan funds disbursed when the borrower needs them.

Introduced to accelerate disbursement on backlogged disaster loans after the 2005 Gulf Coast Hurricanes, the case manager model proved its value by enabling SBA to get faster, more accurate and more customer-friendly action on more than 93,000 loans. As of July 2006, these loans had been approved but not fully disbursed. The case management approach was also instrumental in accelerating SBA's focus on making end-to-end process improvements.

These improvements, spanning across five key success factors, are being addressed by cross-functional reengineering teams operating with the mandate to design, test and implement solutions as quickly as possible. Highlights of improvements deployed and in process, include the following:

1. ACCELERATED LOAN APPLICATION DECISION PROCESSING

SBA has implemented a comprehensive set of improvements to give disaster victims a faster answer on their qualification for a loan post application, including:

- In collaboration with FEMA, installing mechanisms that ensure that only the disaster victims with the necessary income qualifications are directed to apply for an SBA disaster assistance loan, allowing for the immediate referral of individuals to other assistance programs.
- Redesigning the application receiving, data input and screening process to ensure rapid and accurate transfer of applicant information into loan approval processing at all incoming volume levels.
- Using more automated processing tools to screen ineligible applications in order to more quickly direct these disaster victims to other assistance programs and to free-up SBA resources to focus on qualified applications.
- Increasing the authority level of SBA loan officers to approve applications with high credit/high repayment scores without the need for secondary review, speeding response to low default risk borrowers and freeing time for in-depth review of other applications.

2. IMPROVED PROCESSES AND TOOLS FOR LOAN CLOSING AND FUNDS DISBURSEMENT

In order to streamline the process of getting funds into the hands of approved disaster loan recipients, SBA has instituted a number of improvements, including:

- Positioning more SBA staff and equipment to enable the disaster victims to close their loans on site, thus avoiding delays associated with mail delivery and corrections to closing documents.
- Simplifying and standardizing loan closing documents to make these documents easier for disaster victims to understand and less likely to result in errors.
- Overhauling the entire mail receiving and sorting process including bar coding of documents to speed the delivery of information needed by case managers to disburse loan funds.

3. MORE TRANSPARENT, MEANINGFUL PERFORMANCE DATA TO MANAGE OPERATIONS

To better equip managers and supervisors to monitor, coach and improve performance of loan processing operations, SBA continues to develop a new generation of performance reports pulled directly from its Disaster Credit Management System (DCMS) that will provide daily information on loan officer and case manager productivity and disbursement activity for borrowers. This “real time” performance reporting will help SBA executives detect bottlenecks in loan processing before they result in large backlogs.

4. MORE CONSISTENT ADHERENCE TO POLICY THROUGH TRAINING AND INTERNAL QUALITY ASSURANCE

To mitigate the risk of discrepancies in loan officer and case manager actions as processing volumes and staff increase during large disasters, SBA has established a standing Policy Communications Team to quickly respond to areas of concern and give any employee an outlet for raising questions and concerns. In addition, a training, certification and ongoing internal quality assurance audit program continues to be refined for all loan processing jobs.

5. IMPROVED COORDINATION ACROSS DISASTER CENTER OPERATIONS

To bring a renewed focus to the concept of “operating as one team”, SBA’s Office of Disaster Assistance senior leaders have been working together to break down communication, goal alignment and other barriers that hinder coordinated and effective response during disasters. This effort has resulted in a number of important changes in the way ODA governs its continuous improvement efforts, including:

- The integration of technology personnel into business process reengineering teams to improve the definition of system change requirements and reduce the cycle time for deploying system enhancements.
- Cross-center improvement teams established to review, and where necessary, redesign Administrative and Personnel support services. These teams are reducing waste and implementing standards in backroom processes that can or break the smooth functioning of core loan processing.
- The installation of a weekly, monthly and quarterly discipline for reporting progress on all improvement activities, capturing results and launching new improvement projects.

The Accelerated Disaster Response initiative has yielded significant dividends for SBA and will continue to do so as more solutions are deployed. The case manager model will continue to be refined to ensure

customer focus and find efficiencies in resource utilization. ODA senior leaders will continue to integrate ADRI projects into daily operations.

VI. FORECASTING AND MODELING

The primary goal of forecasting and modeling is to predict as accurately as possible the loan volume that will result from a disaster, so that SBA can plan an appropriate disaster response effort. Obtaining reliable information about the number of disaster loan applications a given disaster will generate will have positive outcomes throughout SBA's disaster response process. Modeling, simulating potential damage and effects of disasters and leveraging historical disaster information, provides SBA with insight to the necessary, appropriate, and most efficient response.

For disaster planning, SBA employs two internal models. The first model draws on readily available economic and demographic data from outside sources and combines this information with historical SBA experience to predict loan volume demand expected from a given disaster. This information is used as a source of data for decision-making regarding whether SBA has sufficient disaster loan authority available or will require a supplemental appropriation. The loan demand forecast from the first model will also be used as an input to the second internal model. The second model forecasts the amount and timing of staffing requirements.

The assumptions in these forecasting models are actively updated throughout an event as conditions change and more information about the specific situation becomes available. SBA recognizes the added value of external modeling approaches, and will use information from FEMA's HAZUS modeling process to provide additional, event-specific information that will refine and improve SBA's ongoing response. SBA has further incorporated HAZUS into its overall modeling process to independently validate the outputs from its internal modeling tools. Where internal modeling and HAZUS are insufficient, such as in projecting the effects of terror acts or analyzing the presence of insurance in a particular community, SBA will turn to additional external modeling resources to augment its capability.

The data outputs from the models described below inform SBA leaders in making decisions in the areas of human capital, infrastructure, technology, partnership needs, and communications. These tools are critical to SBA in designing a surge implementation plan that is both successful and cost-effective.

- **Internal Demand Forecast Model** – This model is designed to estimate the dollar amount of disaster assistance loans that will be made in response to the next large disaster, based on the information available at the time the disaster occurs.

When a disaster takes place, reliable information is available about the counties likely to be affected. To translate these geographical areas into likely loan volume estimates, the model has an internal database of economic, demographic, and physical data for each of 3,300 counties (or equivalents), including a proxy for the assets at risk, and equations to estimate loan volumes from measures of assets at risk and disaster severity. It also has historical information about the loan volumes and characteristics for each of the large historical disasters to provide a basis for comparison.

Using the database and equations allow the agency to identify one or more scenarios involving the individual counties affected and the severity of the disaster. Then, this information is translated into alternative estimates of the potential loan volumes that might result. As more information about the size of the impact area becomes available, the estimates can be refined.

- **Internal Resource Requirements Model** – This model is designed to forecast the staffing levels necessary for SBA to handle a wide range of disaster events. Key assumptions and inputs to the model include the following:
 - The target application review and decision timeframe (e.g. SBA’s current goal of 21 days);
 - The requirements for specialized staff skills such as loss verification, loan processing, and legal review in the application process;
 - Staff productivity and training requirements;
 - The total expected loan volume; and
 - The type of disaster.

Using this information, the model forecasts the staff necessary, by specific skill area, to meet the targeted loan application review time on a weekly basis following the disaster event. The model can also be reversed to show the backlog in applications generated by a given set of available staff.

The most critical assumptions in the model include the estimate of applications expected, the expectation regarding the timing of the receipt of the applications (the “intake curve”) and the staff productivity. The estimate of expected applications leverages the information from the initial risk assessment that is led by FEMA and includes input from other agencies, including SBA. Equally important to knowing the total volume of loan applications is having a strong understanding the timing of application receipt. SBA’s analysis has shown that the loan application “intake curve” depends on the type and scale of the disaster. Therefore, the model includes historical intake patterns for six categories of disaster type and scale (e.g. disasters with less than 5,000 applications, earthquakes, floods, etc.). This timing information is an important factor in determining when staff will be needed and how the resources will be deployed. Finally, staff productivity is a significant factor in the model but difficult to measure. The productivity estimates are based on a mix of data and expert opinion. The available data is still being explored to gain insight as to how productivity varies with the type or size of the disaster, or with technology advances.

SBA's staffing modeling is based primarily on the notion that the entire SBA loan volume is not received immediately. Particularly given the variable nature of catastrophic disaster events and their effect on populations, each disaster will have its own characteristics and the application flow will reflect those. SBA's modeling has looked at historical disaster events to determine the most likely application flow that will result from various events. At the onset of a disaster scenario, SBA will apply its initial modeling results against the staffing model in order to determine the resource and staffing needs as well as the appropriate, situation-specific surge plan.

- **FEMA’s HAZUS Model** – HAZUS is a Geographical Information Systems (GIS) based system created by FEMA that enables decision-making in disaster preparedness, response, and recovery by projecting the impact of disasters and also by projecting potential losses that will result from these disasters. SBA uses HAZUS to evaluate the various impacts that hurricane, flood, and earthquake disaster scenarios will have on different parts of the United States. The results from the evaluation of these scenarios provide essential information that SBA uses to determine the scope of its disaster response effort and to further refine its disaster response processes. Specifically, starting during the hurricane season 2007 SBA will cull information about disaster scope; uninsured property loss; persons displaced; businesses displaced; physical property loss; and demographic information. This information will be

useful both for relative adjustments to the specific disaster response and for long-term refinement to the entire SBA disaster response process.

Further, HAZUS helps SBA integrate with the operations of other governmental organizations (such as FEMA and many state governments and local governments that use the program for their emergency response). It provides SBA a real-time ability to track disasters as they occur and rapidly react to changes in scenarios. In certain “what if” scenarios (i.e., “what if a Category 4 hurricane hit Jacksonville, Florida?”), SBA will use information from HAZUS that will be useful in predicting what SBA’s response must be in situations like these.

MODELING AND THE SURGE PROCESS

Modeling the impacts associated with catastrophic disasters is a fundamental element of the surge process. Modeling takes place leading up to and during a catastrophic event and continues to have a role throughout the surge process.

When a disaster appears to be so large that it will overcome the core capabilities of the ODA, modeling techniques are essential in gauging the level of surge and scale needed to enhance SBA’s core.

The following are areas in which modeling will be used to spur and support the surge process:

- **Initial Severity Assessment** – SBA uses internal modeling to conduct a severity assessment of any disaster situation. This will take place prior to surge (and, when possible, prior to the disaster event) and will be used to determine the expected level of surge that will be required.
- **Early Return Modeling** – Within the first two weeks of surge, SBA will use internal modeling as well as information from HAZUS and external modeling providers to determine the accuracy of initial estimates and any unforeseen circumstances that have resulted from the disaster activity. This will be particularly important in catastrophic scenarios in which SBA must concurrently manage the influx of loan applications from multiple disasters. SBA will use this early return modeling to help plan staffing and other requirements.
- **Location Modeling/Resource Allocation** – SBA’s modeling capabilities will be useful in determining the ideal physical locations at which to locate surge employees and will assist SBA in focusing its efforts in the appropriate geographic regions.
- **Real-Time Assessment** – Throughout the surge process, modeling will continue to be performed to provide real-time assessment of the efficiency of the SBA surge response and to provide suggestions and opportunities for streamlining the response and improving the surge.
- **End-of-Surge Modeling** – Modeling will be instrumental in determining the appropriate time to “end” the surge phase of SBA disaster response and also to discern any “Lessons Learned” or best practices that resulted from the surge effort.

While this section has addressed how SBA prepares to help with recovery, Section VII, *Surging to Accommodate Need*, details the order in which SBA appropriates resources to meet various levels of disasters.

VII. SURGING TO ACCOMMODATE NEED

The size of a disaster affects the number of loan requests SBA receives, and consequently the resources SBA must activate to serve its customers. While the 2005 Gulf Coast Hurricanes represent the highest level of catastrophic disaster activity that SBA has faced to date, the Agency is now prepared to serve the needs of disaster victims at even greater levels of catastrophic disaster activity.

Disasters are categorized into levels based on the number of anticipated applications. This categorization enables SBA to determine an appropriate surge level for scaling resources and operations to meet the needs of disaster victims. The disaster categories are as follows:

- **Level I** – 100,000 applications received and below
- **Level II** – 100,000 to 250,000 applications received
- **Level III** – 250,000 to 500,000 applications received
- **Level IV** – 500,000 applications received and above

CORE CAPABILITIES

In an average year, the majority of disasters result in fewer than 100,000 loan applications. As a general practice, and based on the experience of SBA's disaster assistance program, SBA can address the needs of disaster victims for incidents up to catastrophic Levels I and II using its current Core Capability. Catastrophic Level III and Level IV represent scenarios that will require SBA to leverage strategies and solutions across the SBA organization, or outside of the SBA organization.

ODA will use modeling tools to determine shortly after a major event whether the volume of loan applications from any given disaster will overwhelm its Core Capability. Scaling the SBA operation to a Level III or IV will require Agency-wide support to adequately fulfill the needs of SBA's customers within desired performance parameters. With an understanding of current capacity levels and potential activity increase, ODA immediately and proactively requests additional SBA resources and support from the SBA Administrator. This section further specifies the surge plan that SBA will employ at each defined level of catastrophic disaster.

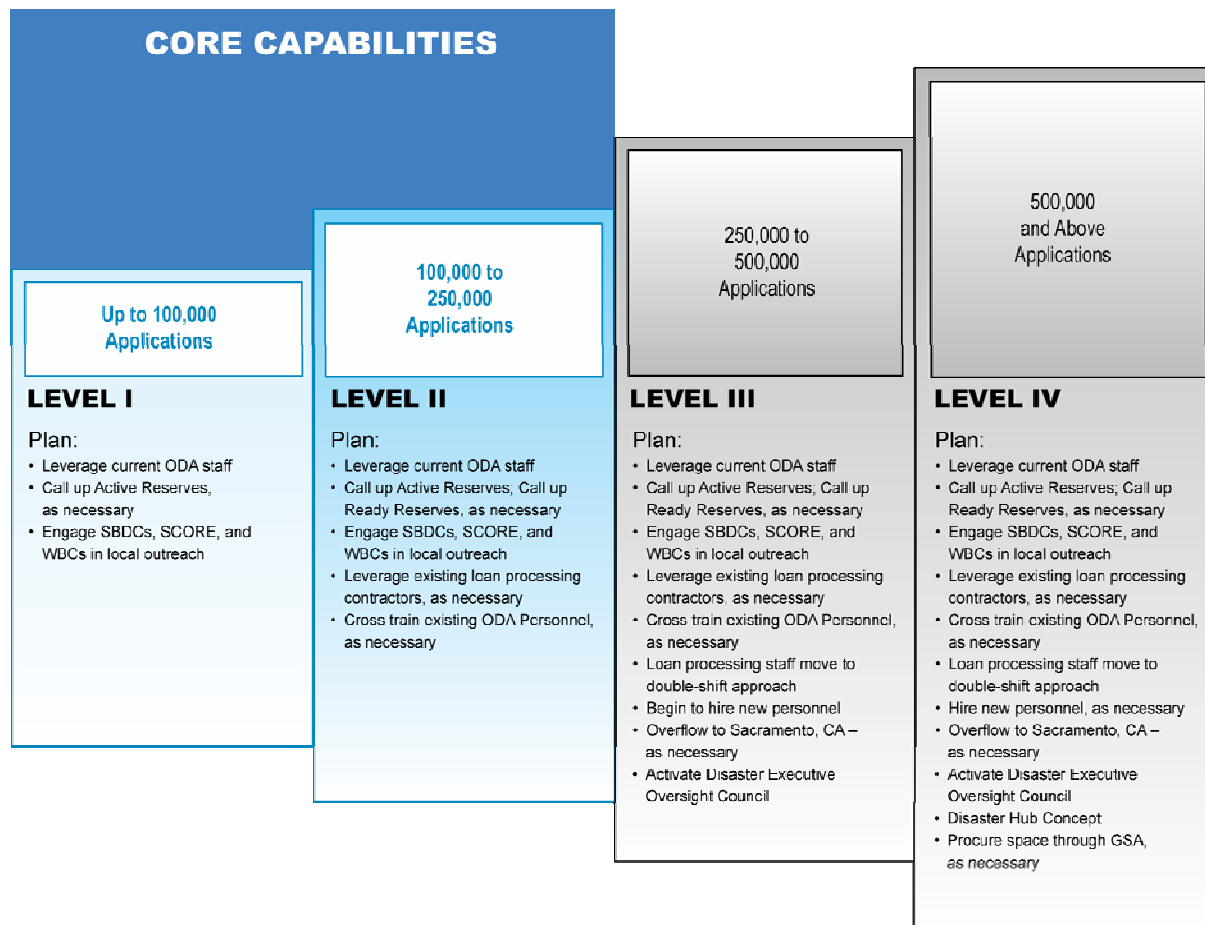


Figure 7: Overview of Disaster Levels – Focus on Core Capabilities

SURGE CAPACITY

As discussed in Section II, *Disaster Recovery Framework: The Process*, there are six types of disaster declarations; any of which make SBA disaster loans possible. When a disaster declaration occurs, SBA will experience an increase in the number and amount of loan applications. The more widespread or severe a disaster, the larger the number of homeowners and business that will be impacted, and the larger the level of operational surge for which SBA must plan.

The following graphic (Figure 8) illustrates SBA standards used to define catastrophic disaster levels and a snapshot of how SBA scales to meet the requirements of each level¹³. More detail on the specific surge activities can be found in the detailed descriptions of each level.

¹³ While this section only addresses SBA’s process for scaling up its operations, it also has a set process for scaling down once resources are no longer needed. The scale down process is a reflection of the scale up process. Appendix D provides more information on how SBA prepares for and executes the scale down process.

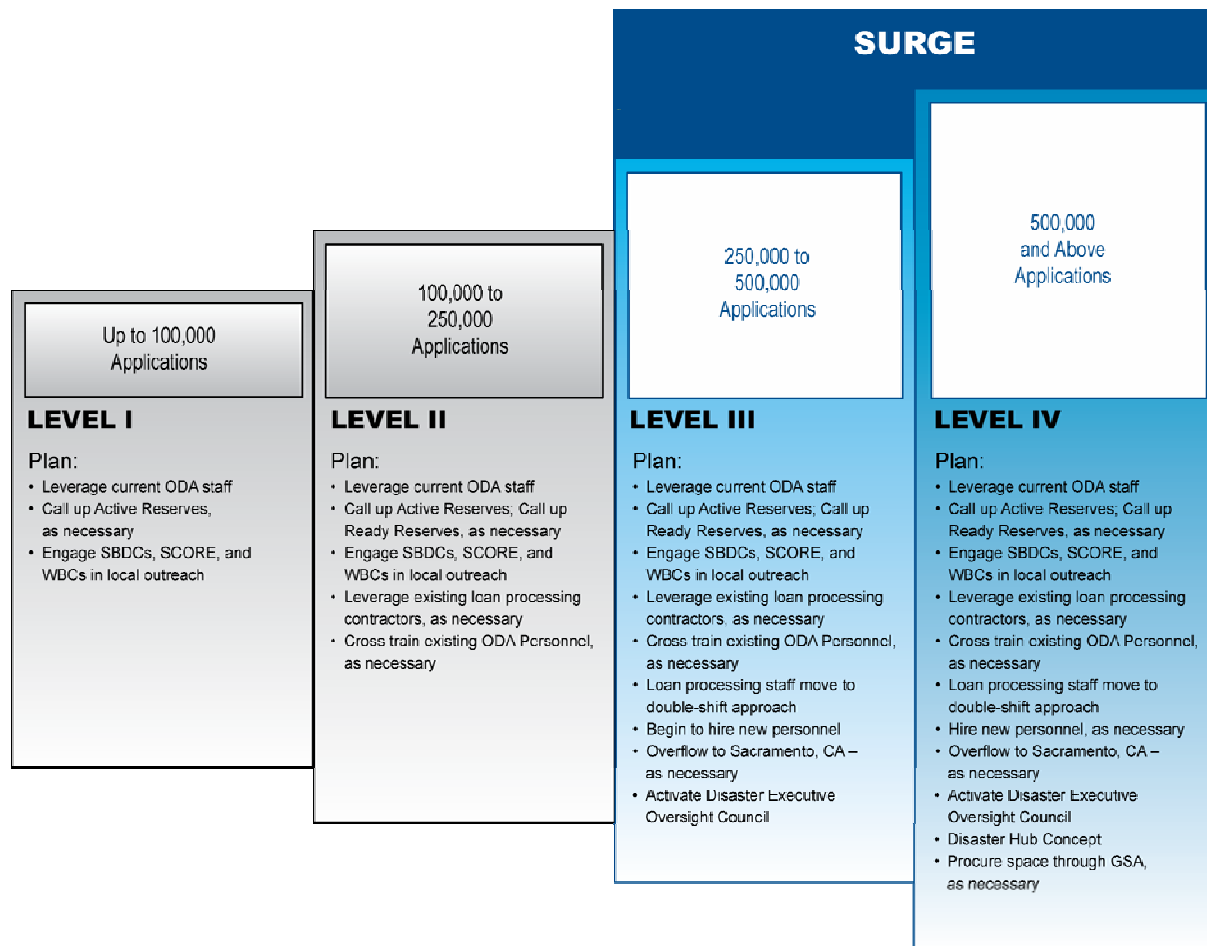


Figure 8: Scaling to Meet the Level of Disaster

DISASTER RECOVERY DECISION TREE

SBA’s Disaster Recovery Decision Tree (see Figure 9) depicts the decisions that SBA executives make in responding to a given disaster. First, they decide whether a disaster can be handled by SBA’s Core Capability, or whether the Agency must move to Surge Capacity. SBA’s Core Capability suffices for Level I disasters (fewer than 100,000 applications) and Level II disasters (between 100,000 and 250,000 applications). The Disaster Executive Oversight Council continually monitors loan application volume in Level I and II disasters and will elevate to Surge Capacity when the application intake exceeds its threshold of 250,000. SBA operates at Surge Capacity for Level III (between 250,000 and 500,000 applications) and Level IV (more than 500,000 applications) disasters.

When Surge Capacity is required, the authority for the disaster response is elevated from the Associate Administrator of ODA to the Disaster Executive Oversight Council. At this point, there is set of procedures that ensure appropriate Surge Capacity resource allocation, as shown in Figure 9. The Disaster Executive Oversight Council consists of SBA’s Administrator, Deputy Administrator, Chief of Staff, CFO, General Council, and the head of the Office of Congressional and Legislative Affairs. The Disaster Executive Oversight Council ensures that the Disaster Management Operations Council, comprised of relevant SBA program heads and executives, executes the Disaster Recovery Plan. Specifically, the Disaster Management Operations Council consists of the following individuals:

- Associate Administrator of ODA (AA/ODA),
- Associate Administrator of the Office of Field Operations (AA/OFO),
- Associate Administrator of the Office of Capital Access (AA/OCA),
- Associate Administrator of Government Contracting and Business Development (AA/GCBD),
- Associate Administrator of Entrepreneurial Development (AA/ED),
- Associate Administrator of the Office of Communications and Public Liaison (AA/OCPL),
- Associate Administrator of Human Capital Management (AA/OHCM),
- Chief Information Officer (CIO).

During Surge Capacity, the Disaster Management Operations Council directs and supports ODA’s centers and all of SBA’s resources to ensure an adequate response. Accordingly, SBA rapidly expands office space, augments staff to meet the anticipated workload, adjusts schedules, employs a double-shift approach, and works with resource partners (SBDCs, SCORE, Women’s Business Centers) as necessary to respond effectively.

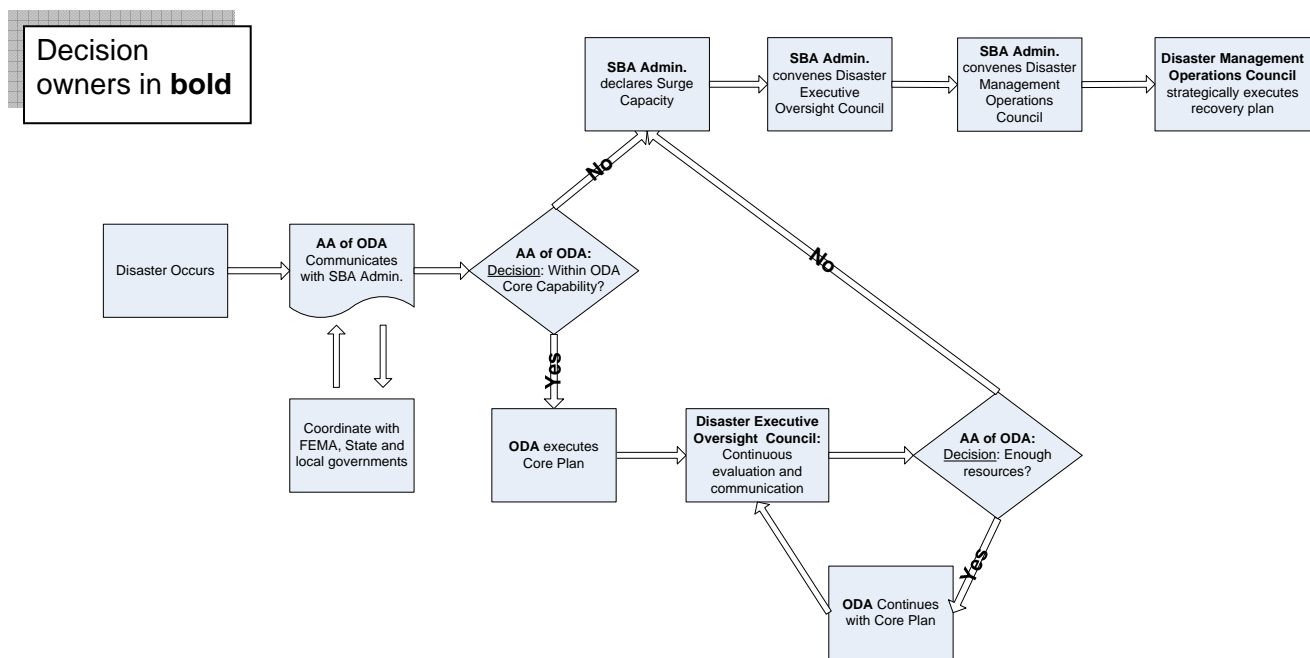


Figure 9: SBA’s Disaster Recovery Decision Tree

SBA’S LEVEL I PLAN

The combination of SBA’s on-board strength, reengineered operations and expanded infrastructure capacity, positions SBA to handle Level I disasters within its Core Capability at a performance goal of 21 days (from receipt of the application to decision).¹⁴ Historically, SBA has had tremendous success reaching this performance goal at this level. The business process reengineering efforts described in Section V position the Agency to achieve this performance goal with even greater efficiency. Subsequent to approval of loan applications, SBA has sufficient staff to perform post-processing functions.

For Level I disasters, ODA will activate the Ready and Active Reserve only if necessary to ensure that the proper balance of staff is readily accessible to respond to disasters at this level where the flow of applications tends to occur more rapidly. While SBA is fully prepared at this level, the occurrence of numerous disasters of this size would result in the deployment of SBA resources associated with higher levels of the catastrophic framework.



Level I – Core Capabilities – 100,000 applications	
	<ul style="list-style-type: none"> ➤Leverage current ODA staff ➤Call up Active Reserves, as necessary
	<ul style="list-style-type: none"> ➤Leverage current composition of SBA's disaster buildings
	<ul style="list-style-type: none"> ➤DCMS core capability provides adequate capacity
	<ul style="list-style-type: none"> ➤Engage SBDCs, SCORE, and WBCs in local outreach
	<ul style="list-style-type: none"> ➤CLA communicates with affected congressional offices ➤ODA PIO's communicate with the affected SBA regional and district offices and with the media ➤The public affairs personnel at the regional and district levels inform local officials of the classification of the disaster and the services SBA will provide; listen to local needs ➤ODA and OCPL constantly communicate

¹⁴ SBA uses a modeling formula for calculating the various staffing needs to process a certain number of loans under a given condition for the maximum allowable aging timeframe. In this model, multiple variables are in place; however, the number of applications and the number of allowable days aging drive the staffing requirement. Under normal business conditions with existing staff levels and workloads, the current SBA performance metrics for the maximum allowable aging time for loan processing are 12 days for home loans and 17 days for business loans (Again, days allowable drives staffing needs). However, for the purposes of Surge Capacity planning, SBA uses a 21 day maximum allowable aging timeframe as its performance goal (up to 30 for modeling Level IV). This number allows SBA to respond to the influx of loan applications, while maintaining control of the variables for staffing needs and time for processing applications, both of which play a significant role in driving costs. The SBA model can be adapted to calculate the staffing needs and associated costs by adjusting the maximum allowable aging timeframe for a given number of applications.

SBA’S LEVEL II PLAN

A Level II response (100,000 – 250,000 applications) is still within SBA’s Core Capability. It does require SBA to leverage the Active Reserves, and possibly the Ready Reserves, to ensure adequate processing capability. SBA’s Active Space (PDC, PASC, FOCs – East and West, and CSC) provides enough workstations for the necessary loan processing personnel.

While SBA has the Core Capability to achieve pre-set performance goals at Level II, it will closely monitor and anticipate disaster loan application volume: Once the volume is anticipated to reach 250,000 (due to a single disaster or due to multiple disasters), ODA’s Associate Administrator and the Disaster Executive Oversight Council trigger Surge Capacity (see Figure 9, Disaster Recovery Decision Tree).



Level II – Core Capabilities – 100,000 to 250,000 applications	
	<ul style="list-style-type: none"> ➤Leverage current ODA staff ➤Call up Active Reserves; Call up Ready Reserves, as necessary ➤Cross train existing ODA Personnel, as necessary
	<ul style="list-style-type: none"> ➤Leverage current composition of SBA’s disaster buildings ➤Surge Facility in Sacramento on “stand-by” should the flow of applications proves to be a challenge, or if the agency finds benefit in running concurrent operations
	<ul style="list-style-type: none"> ➤DCMS core capability provides adequate capacity
	<ul style="list-style-type: none"> ➤Engage SBDCs, SCORE, and WBCs in local outreach ➤Leverage existing loan processing contractors, as necessary
	<ul style="list-style-type: none"> ➤CLA communicates with affected congressional offices ➤ODA PIO’s communicate with the affected SBA regional and district offices and with the media ➤The public affairs personnel at the regional and district levels inform local officials of the classification of the disaster and the services SBA will provide; listen to local needs ➤ODA and OCPL constantly communicate ➤OCPL activates the Disaster Assistance Information Center (DAIC) at SBA Headquarters, if Level III or IV response anticipated






SBA’S LEVEL III PLAN

Once disaster loan application volume is anticipated to reach 250,000 (due to a single disaster or due to multiple disasters), SBA’s Disaster Executive Oversight Council triggers Surge Capacity. According to SBA’s disaster planning modeling tools, SBA will experience peak application inflow in or around the second month of processing. This will require SBA to employ surge strategies in the loan processing and loss verification functional areas to achieve a performance goal of 21 days.

In addition to the Disaster Reserves (Active Reserve and/or Ready Reserve), SBA will leverage the contractors that are ready to process loans, as well as the Non-ODA Surge Staff located primarily in the District Offices and the Office of Capital Access. ODA will employ hiring strategies in key functions to ensure that the full complement of staff are deployable in the week in which SBA’s modeling activities indicate that they are required to be productive on SBA’s front lines.

With respect to infrastructure, Level III may require employees of the Processing and Disbursement Center in Fort Worth to work double-shifts, as they did during the Gulf Coast Hurricanes. This double-shift approach yields an equivalent of 3,500 available workstations (1,750 actual workstations, deployed at double the standard number of hours per 24-hour period) for application intake, loan processing, and disbursement activity. SBA’s surge loan processing and disbursement facility in Sacramento may also employ a double-shift capacity, as needed, which yields an additional equivalent of 700 workstations (350 actual workstations) for loan processing and disbursement activity. SBA will prepare pre-positioned Disaster Hubs to be used, should the volume be anticipated to exceed 500,000.



Level III – Surge – 250,000 to 500,000 applications	
	<ul style="list-style-type: none"> ➤Leverage current ODA staff ➤Call up Active Reserves; Call up Ready Reserves, as necessary ➤Cross train existing ODA personnel, as necessary ➤Employ Non-ODA Surge Staff (District Offices, etc..) ➤Loan processing staff work double-shifts ➤Hire new personnel, as necessary
	<ul style="list-style-type: none"> ➤Leverage current composition of SBA’s disaster buildings ➤Activate Surge Facility in Sacramento ➤Operate a double-shift approach to maximize resources ➤Utilize Disaster Hub Concept, as necessary
	<ul style="list-style-type: none"> ➤DCMS core capability provides adequate capacity ➤Closely monitor DCMS utilization & capacity ➤Closely monitor tablet inventory for FIT in order to procure additional units, with sufficient reserve
	<ul style="list-style-type: none"> ➤Engage SBDCs, SCORE, WBCs in local outreach ➤Leverage existing loan processing contractors
	<ul style="list-style-type: none"> ➤OCPL activates the Disaster Assistance Information Center (DAIC) at SBA Headquarters ➤DAIC communicates with affected congressional offices, partner agencies, media ➤AA/CPL deploys personnel to JIC, as necessary

SBA'S LEVEL IV PLAN

A Level IV disaster (more than 500,000 disaster loan applications) will be larger, and generate more loan applications, than any previous event, including the 2005 Gulf Coast Hurricanes. This number of applications (due to a single disaster or due to multiple disasters) will require SBA to leverage disaster planning modeling tools to determine if it is necessary to adjust the performance goal for processing beyond 21 days.

In addition to the Disaster Active and Ready Reserve, SBA will leverage all available surge human capital available across the Agency. Moreover, ODA will employ hiring strategies in key functions to ensure that the full complement of staff are deployable in the week in which SBA's modeling activities indicate that they are required to be productive on SBA's front lines. It is anticipated that hiring will begin immediately to ensure that the peak application periods are well staffed. Finally, SBA recognizes that draft legislation is pending in Congress that would prove to be most applicable to disaster activity associated with this catastrophic level. SBA awaits further direction from Congress, and will adapt pursuant to enacted legislation.

With respect to infrastructure, a Level IV response requires employees of the Processing and Disbursement Center in Fort Worth to work double-shifts. SBA's surge loan processing and disbursement facility in Sacramento will also employ a double-shift capacity (see Level III description for details). Further, SBA will leverage Disaster Hubs, as needed, to augment ODA's existing staff levels while it uses its primary human capital methods to hire permanent staff. By utilizing Disaster Hubs with a double-shift approach, it is estimated that SBA has an additional equivalent 400 workstations available for loan processing activities.

Finally, through the application of SBA's disaster planning tools, the Agency will be in a position to determine in the early weeks of a catastrophic response if the Agency possesses adequate infrastructure to house the required amount of staff to meet a 21 day process to decision goal. Should SBA estimate that it will require additional capacity for a given surge, the Agency will immediately leverage pre-existing relationships with GSA to negotiate the procurement and utilization of additional infrastructure. GSA is aware that SBA may need to acquire space quickly when a Level IV disaster occurs. SBA continually monitors available space throughout, in case of such a need.



Level IV – Surge – 500,000 & above applications	
	<ul style="list-style-type: none"> ➤ Leverage current ODA staff ➤ Call up Active and Ready Reserves ➤ Cross train existing ODA personnel, as necessary ➤ Employ Non-ODA Surge Staff (District Offices, etc..) ➤ Loan processing staff work double-shifts ➤ Hire new personnel, as necessary
	<ul style="list-style-type: none"> ➤ Leverage current composition of SBA's disaster buildings ➤ Operate a double-shift approach to maximize resources ➤ Activate Surge Facility in Sacramento, employ double-shift ➤ Utilize Disaster Hub Concept
	<ul style="list-style-type: none"> ➤ DCMS access is distributed & monitored across each work-shift to ensure that the system remains viable ➤ If necessary, execute contingency plan to expand DCMS capacity ➤ Procure additional tablets inventory for FIT, as necessary
	<ul style="list-style-type: none"> ➤ Engage SBDCs, SCORE, WBCs in local outreach ➤ Leverage existing loan processing contractors
	<ul style="list-style-type: none"> ➤ OCPL activates the Disaster Assistance Information Center (DAIC) at SBA Headquarters ➤ DAIC communicates with affected congressional offices, partner agencies, media ➤ AA/CPL deploys personnel to JIC, as necessary

DETAILED SURGE PLAN

Figure 10 (below) graphically depicts SBA’s plan for surging to accommodate the receipt of 500,000 disaster loan applications within its current composition of assets and resources. The numbers in the graphic are accurate as of May 15, 2007. While the above charts show the surge plan Level-by-Level, Figure 10 shows the surge plan as a continuum, spanning Levels I through IV. Particularly for the first two components – Human Capital/Personnel, Facilities/Infrastructure – there is an order to how the resources scale.

The surge plan for Personnel (Human Capital) first leverages ODA staff, then leverages employees from across the SBA organization. SBA leverages Active Reserves, Ready Reserves, existing contractor relationships, ODA staff, SBA staff, and then hires externally as necessary.

SBA maintains the facilities to process 500,000 disaster loan applications, before needing engage GSA to locate additional space. Space is measured in terms of workstations. Fully a third of the personnel during Surge Capacity are out in the field verifying property damage and therefore do not use workstations in one of the facilities. These loss verifiers log onto the DCMS system remotely, from their location in the field. The main loan processing and disbursement centers are in Dallas/Fort Worth, Texas and in Sacramento, California (Surge Facility). Each of these centers can employ double-shifts, one during the day and one at night, if necessary (as was done subsequent to the 2005 Gulf Coast Hurricanes).

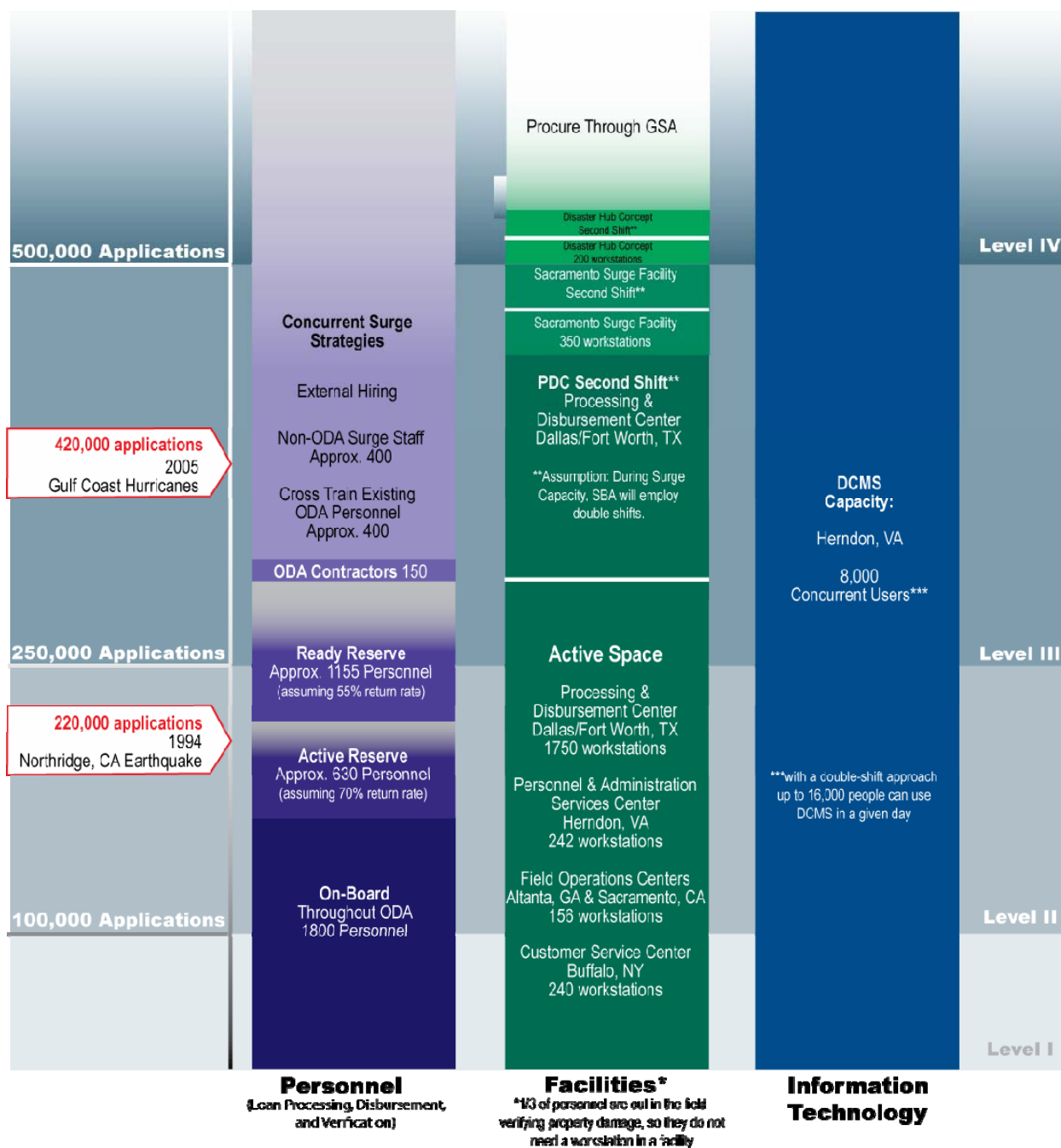


Figure 10: SBA’s Detailed Surge Plan for Managing Disaster Loan Applications (May 15, 2007)

This section described how SBA will adjust its strategy for responding, based on the size of a disaster. Section VIII, *Simulations*, describes the exercises SBA has conducted and will conduct in order to give its employees practice in responding to different surge scenarios.

VIII. SIMULATIONS

Simulations are tools SBA uses to test and evaluate both personnel and protocols integral to efficient disaster response. An ideal simulation will allow SBA not only to test participants but also will highlight shortcomings and areas of concern in the SBA Disaster Recovery Plan. Effective implementation of post-simulation “Lessons Learned” will improve the SBA disaster plan and maximize performance in a real disaster scenario.

SBA’s disaster simulations will be part of the normal SBA training program, but scheduled during times of minimal disaster activity so as not to exert undue pressure on SBA staff. Simulations can be tailored to specific program offices (e.g. Communications, Office of Field Operations, etc.) or can be implemented with a top-down approach that will encompass the entire Agency, including senior management. SBA staff will also participate in other Federal simulations and select state, tribal and local exercise as time allows.

Simulations will include systems testing at maximum levels including application processing and call center volume. They will also include ramp-up tests of hubs and backup processing facilities.

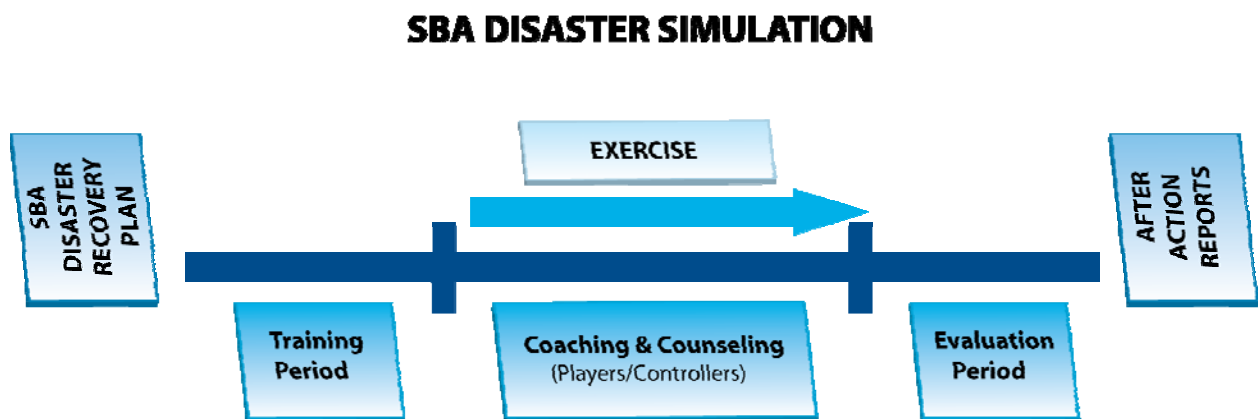


Figure 11: Disaster Simulation Process

In May 2007, 35 employees from SBA’s Headquarters performed a tabletop exercise to test key components of this Disaster Recovery Plan. This exercise was the first of a series of exercises and simulations SBA will perform in order to prepare for disasters. It was directed toward the Senior Management of SBA, as well as management members of Office of Disaster Assistance and Office of Field Operations. It identified three operational areas (Communications, Governance, and Training) that SBA must drill in the future.

IX. COMMUNICATIONS PLAN

In a disaster situation, SBA plays an essential role in restoring the affected area's economic health and vitality. Each year SBA handles tens of thousands of disaster loan applications for small businesses, homeowners, and renters to help them return to their pre-disaster standard of life. Ensuring accurate, timely, and consistent information exchange between disaster survivors and the government institutions upon which they rely is a vital part of SBA's disaster recovery mission.

The 2005 Gulf Coast Hurricanes have profoundly impacted SBA's disaster recovery planning. One important lesson is the need to interact with an increased number of customers, disaster victims, and state, local, and federal stakeholders in the event of a widespread disaster. SBA has developed a graduated plan that brings greater communications resources to bear as the event size increases.

TARGET AUDIENCES

SBA will provide accurate, timely, and consistent information to several audiences simultaneously. Stakeholders have been classified in the following categories, including the communication objective for each constituent group:

- **Disaster Victims and SBA Customers:** Provide accurate, timely, and consistent information on contacting SBA, Agency services (especially about how to apply for disaster loans) and how to simplify the application process.
- **State & Local Officials:** Provide accurate, timely, and consistent information about SBA's services, how to access them, and the status of SBA operations in their area (with ongoing status reports throughout the process).
- **Federal and Congressional Officials:** SBA's Office of Congressional and Legislative Affairs (CLA) and Office of Intergovernmental Affairs have partnerships with FEMA, DHS, and other federal partners to ensure smooth recovery operations for customers. These partners understand SBA's role in supporting disaster recovery; as necessary, CLA and Intergovernmental Affairs will explain how SBA is responding to particular events and coordinate with its partners. SBA will coordinate with agency partners that offer other financial assistance programs that would impact SBA benefits.
- **National, Regional, and Local Media Outlets:** Enhance strong relationships with media to facilitate dissemination of SBA's message, provide an accurate picture of SBA operations, and encourage reasonable expectations as to what the Agency can and cannot do.
- **National Business & Government Associations:** Partner with economic development organizations, non-profits, and government associations to provide additional channels for increasing awareness of SBA services and aid in economic recovery.
- **Strategic Partners:** Partner with economic development organizations, non-profits, and SBA resource partners to provide additional channels for increasing the awareness of SBA services and aid in economic recovery.

ROLES AND RESPONSIBILITIES

The Assistant Administrator for Communications and Public Liaison (AA/OCPL) is responsible for all communications, and creates the Agency's communications-related policy, for both normal and disaster recovery operations. As part of this responsibility, OCPL creates the Agency's core messages to ensure

customers and government entities understand SBA's mission, capabilities, and services. OCPL disseminates the messages at the national level, and to SBA Field and Disaster Offices for local distribution.

The Assistant Administrator for Congressional and Legislative Affairs (AA/CLA) is responsible for SBA's communications with members of Congress and their staffs. CLA responds to Congressional inquiries and seeks to keep members informed of SBA's recovery activities. CLA focuses on members of the districts affected by the disaster to ensure their constituents' needs are addressed, as well as members of the authorizing and appropriating congressional committees to ensure resource needs are well understood.

SBA's interaction with its customers and state and local stakeholders is led by regional and district public affairs personnel. These personnel maintain up-to-date contact with state, county, and municipal officials to educate them on SBA's role in disaster recovery prior to a disaster, and to facilitate recovery operations afterwards. They also maintain contact lists for local media outlets to ensure the public is aware of SBA's services and how they can be accessed. Field Office personnel have established relationships with local development organizations and professional organization (e.g., civic organizations, Chambers of Commerce), so will be the first point of contact for local business leaders in the event of disaster.

SBA also retains a robust crisis communications capability within its ODA, with dedicated Public Information Officers (PIOs) at its Field Operations Centers (East & West). When a disaster occurs, these experienced professionals deploy to the on-site Joint Information Center (JIC) alongside personnel from FEMA and other federal agencies to facilitate intra-government communications. ODA Field Communication Managers also lead the interaction with the local media outlets to answer inquiries and inform the public of SBA activities.

SBA employees have received significant training in crisis communications and public relations and are well prepared to interact with affected customers, federal, state and local officials, and the media. SBA has created communications materials, which will be disseminated immediately in the event of a disaster.

PRE-DISASTER COMMUNICATIONS OUTLINE

Pro-active communication, before disasters occur, is central to SBA's strategy. These "pre-disaster" communications are not specific to any one disaster, but are general preparations. To this end, OCPL:

1. In coordination with ODA,
 - a. Initiates SBA-wide training for all public affairs staff related to handling disasters in their districts;
 - b. With DHS and FEMA, establishes seasonal pen and pad briefings for national media on disaster-related issues;
2. In conjunction with ODA, CLA, and Intergovernmental Affairs,
 - a. Develops and disseminates basic materials explaining SBA's disaster services to all levels of government and media;
 - b. Enacts an earned media campaign (media tour) with a paid media option (advertisements)
 - i. FOCs circulate tips and relevant information to hurricane states during the month before hurricane season, in coordination with OCPL.

COMMUNICATIONS PLAN: SURGING TO ACCOMMODATE NEED

SBA developed this communications plan with two major objectives:

1. Informing customers of SBA services and how they can use them; and
2. Facilitating operations with other recovery partners.

The plan outlines the course of events for communicating prior to and during the execution of recovery operations. It identifies the assets to be called upon to respond, according to disaster severity (Level I-IV). SBA has developed this plan to be in alignment with the Emergency Support Function-15 Standard Operating Procedure¹⁵ established by the Department of Homeland Security, enabling communications through the National Incident Management System (NIMS). Below is a summary of the concept of operations for reaching out to customers and other stakeholders in the different levels of disasters.

LEVEL I DISASTER COMMUNICATIONS

In the case of disasters such as hurricanes, where there is the opportunity to prepare for a disaster before it occurs, the ODA PIO reviews the communications operating procedures, sets an initial communication strategy, and creates requisite disaster-specific materials. For other disasters, such as tornadoes, SBA begins its recovery operations once the disaster declaration has been issued.

ODA PIOs are responsible for contacting the affected regional and district offices at the onset of a disaster once a disaster has been declared. The public affairs personnel at the regional and district levels immediately reach out to local officials to inform them of classification of the disaster and what services SBA will provide to assist in the recovery. SBA has developed a Disaster Toolbox for the field representatives to use in the period immediately following a disaster that contains ready-to-use materials providing basic information on SBA services.

The PIOs entering the area to begin recovery operations and SBA's field assets coordinate communications to the media in order to deliver a coherent message to the local population. These communications occur daily until recovery operations end and at community events.

Once in the affected area, the PIOs lead the communications efforts with federal, state, and local stakeholders from the JIC. They provide trained spokespeople to interact with local media outlets in order to further disseminate SBA's message. The PIOs interact closely with FEMA's Community Relations staff to coordinate outreach actions. ODA personnel also interact with congressional officials visiting the affected area.

During Level I disasters, the OCPL provides communications oversight in order to ensure SBA's customers and stakeholders receive accurate, timely, and consistent information. When required, OCPL staff interacts with national media. The OCPL also serves as an additional communications resource to internal SBA operations such as Processing and Disbursement Center (PDC), and other federal agencies, primarily with contacts in the Washington, DC area.

CLA retains oversight of responses to congressional inquiries, interacts directly with members and their staffs in the Washington, DC area, and ensures that members visiting the affected area

¹⁵ ESF-15 is an Interim guidance document at this time.

receive an accurate picture of SBA operations. The PIOs provide information to members of Congress who are visiting the affected area.

LEVEL II, III, AND IV DISASTER COMMUNICATIONS

Disasters classified above Level II require SBA to bolster its communication resources with a more expansive team: The scale of the recovery efforts in these events multiplies the number of stakeholders. Consequently, SBA has developed a Surge Capacity that employs SBA headquarters communications assets. This plan for increasing communications assets follows the principles of the overall Disaster Recovery Plan.

For Level II disasters, the same concept of operations and basic sequence of events applies. However, the AA/OCPL will activate the Disaster Assistance Information Center (DAIC) at SBA headquarters in Washington, DC (or other necessary locations) in response to any disaster on the high end of Level II and for all Level III and IV events. The DAIC increases the Agency's ability to conduct recovery operations and reach out to its customers. The purpose of the DAIC is to create a clearinghouse for Agency communications to create a clear picture of SBA recovery operations. The DAIC consists of representatives from the OCPL, CLA, ODA and other SBA offices, so as to collect information from across the organization. The AA/OCPL can also deploy headquarters personnel to the JIC to facilitate information flow between the DAIC and on-site activities. The DAIC is responsible for creating and maintaining a single, unified and accurate picture of recovery operations. The DAIC can then create clear, cohesive messages that all SBA personnel deliver to customers, state and local officials, and federal partners.

One of the DAIC's main roles is to take on communication responsibilities that could decrease the ability of ODA to conduct recovery operations. To that end, the DAIC will respond to inquiries regarding the laws and policies that govern SBA recovery operations and all media inquiries that do not originate from the affected area. The DAIC will serve as the main communications hub within SBA, for federal partners, and for members of Congress.

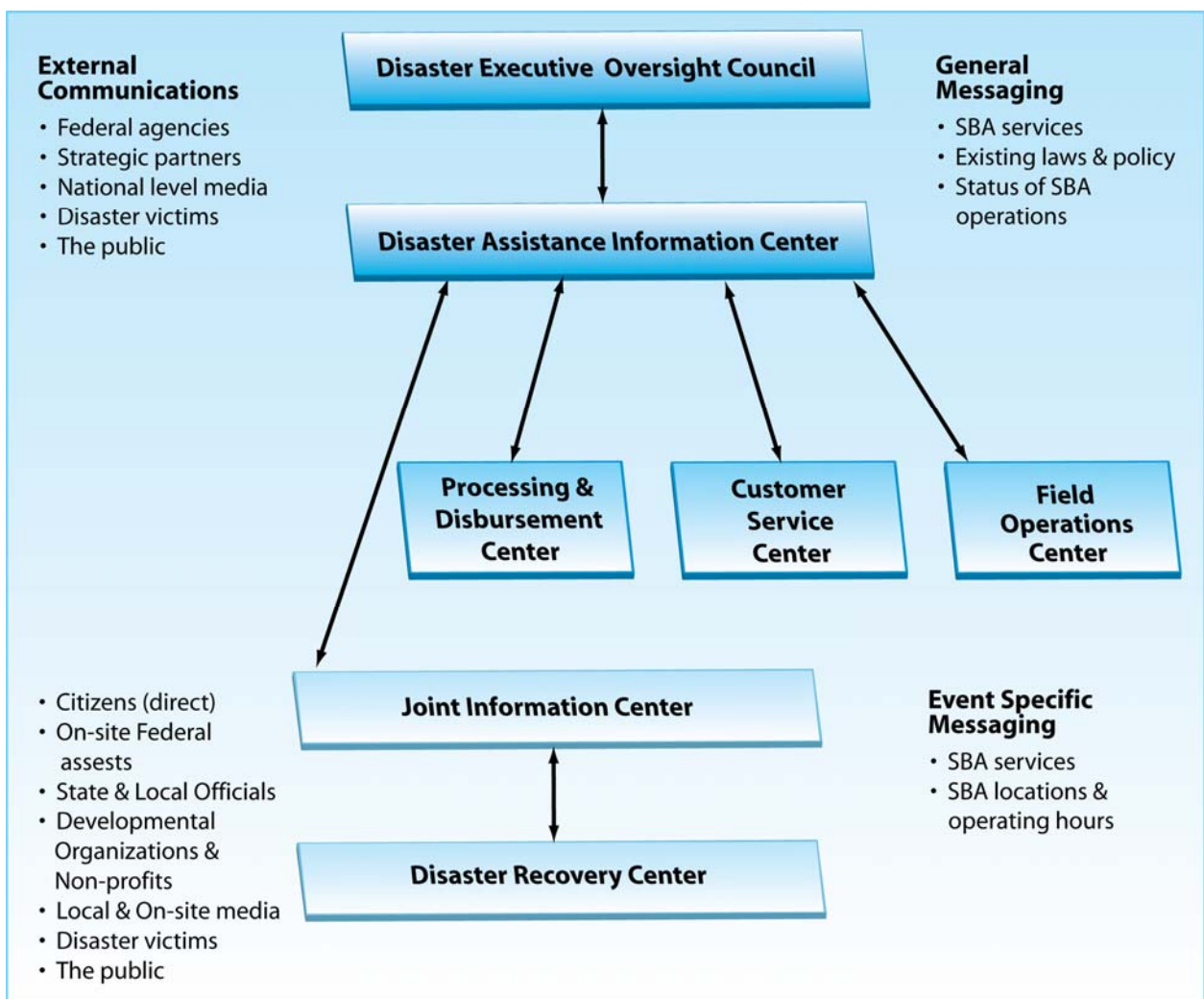


Figure 12: Concept of Operations for Surge Communications

Level III and IV disasters require the greatest assistance from SBA's headquarters assets. Experience shows that such disasters require significant resources and oversight to establish a clear picture of the situation and accurately portray the state of recovery operations. In these cases, the AA/OCPL takes direct control of all SBA communication. The AA/OCPL may move the DAIC to the affected area while maintaining a stay-behind staff to manage Washington, DC area communications. Depending on need, the AA/OCPL will leverage surge support from SBA offices in unaffected districts to reinforce communications efforts in the disaster area. As disasters of this magnitude attract significant national media attention, the AA/OCPL will interact with the media from SBA Headquarters or from the affected area.

IMPROVING SBA'S CAPABILITIES

SBA's plans are dynamic: the Agency will continue to learn and improve its operations as it responds to hurricanes in 2007 and other disasters. Lessons learned during and after the 2005 Gulf Coast Hurricanes shaped the Agency's disaster recovery plan and how the Agency communicates with customers and other stakeholders. OCPL, ODA, and Field Offices will test their capabilities, communications plan, and existing SOPs through exercises and simulations. SBA will adjust its plan and SOPs over time to reflect organizational learning, and ultimately to better meet customers' needs.

X.PATH FORWARD

SBA continues to develop and refine its disaster recovery capabilities. This section describes ongoing initiatives that will further improve its disaster recovery ability over time.

ONGOING INITIATIVES:

- *Next-Generation Modeling and Simulation*
- *Updated Standard Operating Procedures and Training*
- *Continued Business Process Improvements*
- *Expanded Public-Private Partnership*

NEXT-GENERATION MODELING AND SIMULATION

SBA already uses FEMA's HAZUS model to assist in projecting the impact of disasters and the number of disaster loan applications that will be likely to be generated by a particular disaster. SBA has used proprietary data – particularly historical disaster loan records – to augment and customize HAZUS to suit and support SBA's purposes.

During the past year, SBA launched a significant effort to examine leading-edge modeling and simulation developments in the private sector that could further improve its ability to forecast disaster recovery needs, loan volume, and total costs. SBA may incorporate some of these external modeling products into its risk modeling process. The actuarial and insurance industries have in-depth assessment techniques and models that could augment SBA's risk modeling process, and could potentially expand the variety of disasters that SBA's models address. Not only do these tools allow for an understanding of future disasters based on similar past disasters, they also provide for "what if"-type scenarios, for which there is little historical data from which to make projections. Implementation of such models would allow SBA to even more accurately predict loan amount and volume, and consequently to make funding requests to Congress that more truly reflect the size of the response needed.

UPDATED STANDARD OPERATING PROCEDURES AND TRAINING

Standard Operating Procedures have long been in place, along with corresponding training, for the SBA's core competencies regarding disaster recovery. The 2005 Gulf Coast Hurricanes provided incentive for multiple process improvements and updated standard operating procedures, particularly regarding SBA's surge response. These have been implemented over the past two years. A comprehensive approach to enhancing standard operating procedures, training, and coordination will continue. In addition, SBA will perform annual simulation and tabletop exercises to test and further upgrade its core and surge disaster response procedures.

CONTINUED BUSINESS PROCESS IMPROVEMENTS

SBA continues to improve and automate business processes to bring about greater responsiveness and efficiencies. Section V, *Business Process Improvements*, addresses the business process improvements that have already been made.

Currently, SBA is focused on defining functionality and system requirements for an online disaster loan application. By empowering homeowners, renters and business owners to begin the loan-application system on their own, delays will be reduced significantly. When displaced disaster victims reach any location with Internet access, they will be able to initiate the loan process, check on the status of their request, and receive automated updates at certain milestones events. Online filing will increase customer satisfaction, and reduce errors. The electronic application intake program will create other internal process improvements, such as reduce cycle-times and increase productivity of SBA employees.

SBA is actively involved in the planning for a government-wide single portal for disaster victims to submit electronic applications for assistance, as directed by *Executive Order: Improving Assistance for Disaster Victims* (August 29, 2006). This FEMA-led initiative is currently referred to as the *Disaster Assistance Improvement Plan* and includes 14 other Federal agencies and departments. The focus of the current plan is to provide application services following major disaster declarations to homeowners and renters, most of which are typically referred to SBA for a loan. The current plan proposes changes and improvements to both the FEMA NEMIS and DOL GovBenefits programs to meet the objectives of the Executive Order, and for other agencies to fund their supporting infrastructure.

The on-going SBA effort to release an online disaster loan application is necessary to support the internal infrastructure requirements of the government-wide single portal. The SBA effort includes addressing a gap in the single government portal by including online application services for business owners and to victims of disasters not declared by FEMA. SBA will closely coordinate with FEMA as it designs the functionality to be included in the government-wide portal and will incorporate the common data collected by this process. Using the same module and web service developed for the online loan application, SBA will feed its data into the other planned internal process improvements for a single integrated and efficient loan process solution.

Another potential component of the business process improvements is next-generation information technology capabilities that can assist SBA in its mission. In particular, SBA is considering strategies for developing systems-supported models that leverage public records for more rapid responsiveness to victims of disaster, while observing privacy and security statutes and regulations. The Agency is pursuing further time savings by partnering with the IRS to speed the transfer of tax return data needed for loan processing as well as contracting with commercial companies to reduce delays in securing property titles.

EXPANDED PUBLIC-PRIVATE PARTNERSHIP

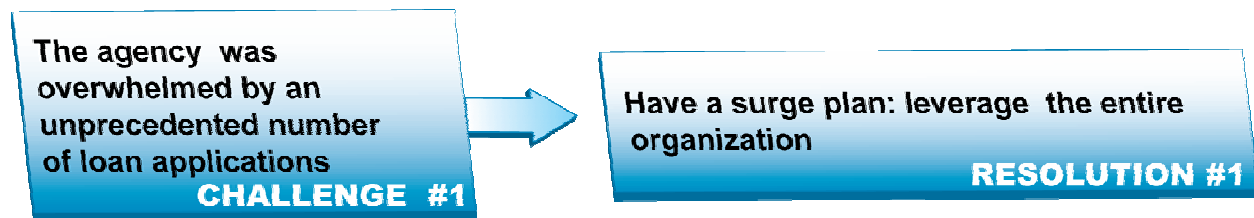
SBA is actively engaging with a number of government, private, and non-profit organizations. The Agency aims to achieve the following objectives, particularly for Surge Capacity:

- **Improved local outreach following disasters**
 - Examples of major potential partners: U.S. Chamber of Commerce, International City and County Managers Association, National Association of Counties
- **Improved planning capability**
 - Examples of major potential partners: U.S. Chamber of Commerce, International City and County Managers Association, National Government Finance Officers' Association, Private Sector Council)
- **Bolster processing capability**
 - Examples of major potential partners: U.S. Chamber of Commerce, International City and County Managers Association

XI. APPENDICES

APPENDIX A: LESSONS LEARNED

The volume of loan applications subsequent to the 2005 Gulf Coast Hurricanes overwhelmed SBA's workforce, infrastructure, and loan processing system. At that time, SBA was not sufficiently prepared for a catastrophe of this magnitude. As a result, many disaster victims in the Gulf Region did not receive timely assistance. SBA has identified four previous challenges or primary lessons learned and corresponding resolutions.



LESSON # 1: SBA MUST HAVE A SURGE PLAN FOR SCALING TO RESPOND TO DISASTERS OF THE LEVEL OF THE 2005 GULF COAST HURRICANES OR GREATER

The Gulf Coast Hurricanes of 2005 highlighted SBA's need for a surge plan to respond to disasters of this magnitude or greater. The number of loan requests from disaster victims generated by the Gulf Coast Hurricanes was approximately three times the number that resulted from any other instance in SBA's 50 year history. The quantity of loan applications after the Gulf Coast Hurricanes exceeded SBA's existing processing capacity. Additionally, SBA's Office of Disaster Assistance (ODA) was undergoing an organizational restructuring that further taxed its resources and operations. SBA had not fully developed a pervasive internal support mechanism to leverage all internal and external resources. SBA has now developed a surge plan, as described in Section VII of this report, *Surging to Accommodate Need*, for addressing increases in loan applications.

Lesson Learned

SBA learned that to effectively address the magnitude of loan applications created by the Gulf Coast Hurricanes of 2005 (or greater); the entire Agency must mobilize. Only if this happens can SBA supply ample resources in Surge Capacity. Section VII of this report, *Surging to Accommodate Need*, details SBA's plan to surge and provide resources for different levels of disaster based on the estimated number of loan applications, with the goal of enabling the Agency to meet performance standards regardless of the scope of the disaster.



LESSON # 2: WHEN SCALING TO RESPOND TO LARGE DISASTERS, COMMUNICATION NEEDS TO BE IMPROVED AT ALL LEVELS

In the Agency's surge following the 2005 Gulf Coast Hurricanes, there was insufficient communication among all of ODA's Centers and the rest of the Agency. Although the Centers have specific functions, they lacked an information-sharing network or platform and did not share information with each other as fully as should be expected: the result was that it was difficult to fully serve the disaster victims. Additionally, SBA's communication with external stakeholders – Congress, federal, state, and local agencies fell short of expectations.

SBA has implemented procedures to improve communication among ODA's Centers, throughout SBA, and with external stakeholders. This plan is detailed in Section VII, *Surging to Accommodate Need*, and in Section IX, *Communications Plan*, of this report.



LESSON #3: SBA MUST INCREASE CAPACITY, REDUCE ERRORS AND REWORK, PROVIDE BETTER CUSTOMER SUPPORT, AND HAVE TOOLS IN PLACE TO SUPPORT OPERATIONAL ADJUSTMENTS

As a result of the 2005 Gulf Coast Hurricanes, SBA received an unprecedented 420,000 loan requests. This massive volume exposed the weaknesses in the business process and key operations. Because of inflexibility in the operational model, the Agency lacked throughput capacity, resulting in a large backlog. At one point the average request took 75 days to process. While there are some borrowers that remain in the process (as of May 2007), the preponderance have issues with insurance, utilities, or obtaining documents – issues unrelated to SBA's response.

SBA has made significant progress in reengineering its processes and expediting referrals to grant programs to be prepared for future disasters. Through dialogue and operational improvements since the 2005 hurricanes, the Agency has become more adaptive.

Business Process Improvements and Oversight

A chief complaint of loan applicants after the hurricanes of 2005 was the complex process of interaction with multiple SBA representatives. Based on a review of customer feedback and internal performance indicators, SBA has identified inefficiencies and quality deficiencies in its processes.

SBA performed an in-depth review of its processes, which led to a full redesign of SBA's internal production and support services operations. Integrated teams now work together in collaborative units, focusing on cases assigned to them. They respond to customers faster, make fewer errors,

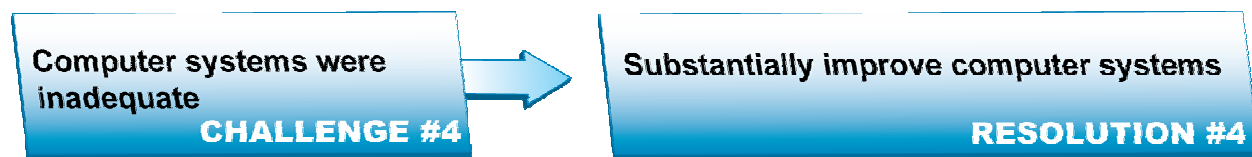
and generally provide better service. The new process has yielded improved communication with disaster victims and better collaboration among ODA employees.

Now, at the time of a loan approval, each borrower is assigned a case manager who is his or her point of contact throughout the process. This streamlined 'lifecycle' case management system helps the borrower navigate the process more efficiently, and thus receive the service they need in a timelier manner.

SBA has contacted over 90,000 borrowers in the Gulf to introduce them to the new process and has recorded the challenges encountered. SBA has used this information to create a database that provides insight into borrowers' needs and concerns.

Expedited Referrals to Grant Programs

SBA is using automated tools to expedite applicants' referral to grant programs, which results in less work for the applicant and a burden reduction for SBA. By using these tools, SBA can process a larger number of loans in a shorter period of time and refer ineligible loan applicants to grant providers much sooner. This improvement has reduced the volume of files pending a decision, minimized the aging of such files, and eased the processing burden on DCMS.



LESSON #4: TO RESPOND TO FUTURE DISASTERS, ODA MUST IMPROVE ITS COMPUTER SYSTEMS

When Hurricanes Katrina, Rita, and Wilma hit the Gulf Coast, SBA was in the process of upgrading its ODA loan processing computer systems. Prior to the Gulf Coast Hurricanes, ODA used Automated Loan Control System (ALCS) and Loan Officer Reporting (LOR). These systems were decommissioned due to severe resource, security, and scalability limitations. Therefore, a new computer system was in the process of being implemented.

ODA's new computer system, the Disaster Credit Management System (DCMS), was not completely deployed when the first of the three hurricanes struck. Consequently, the new system could only accommodate approximately 2,000 concurrent users. In addition, because the system was new, the workforce had a limited knowledge of the efficient use of the system's tools. SBA was in the process of expanding system capacity, network capacity and scanning infrastructure during the response. However, the volume of loan applications stressed the new system's capacity, causing significant backlogs.

Upgraded System Capacity

Since the Gulf Coast 2005 Hurricanes, SBA has completed the DCMS Hardware Upgrade project, significantly expanding DCMS' capacity. This expansion represents a four-fold increase in capacity over peak usage during the 2005 Gulf Coast Hurricanes up to 8,000 concurrent users. The current system also allows users to work remotely, expanding the geographic alternatives for workforce recruiting.

Advantages of DCMS

Now that the DCMS technology has been fully implemented and enhanced, SBA efficiently processes disaster loan applications by allowing data to be captured and reused throughout the

process -- much of the process is now automated. DCMS underwent extensive performance testing prior to release to production. SBA intends to continue to enhance the DCMS software and hardware components to further improve performance and capabilities and will perform additional stress testing, as necessary, to assess the impact of these changes to the new baseline.

APPENDIX B: ACRONYMS

AA/OCPL	Assistant Administrator for Communications and Public Liaison	HR	Human Resources
AA/ODA	Assistant Administrator for the Office of Disaster Assistance	HSIN	Homeland Security Information Network
AA/OFO	Associate Administrator of the Office of Field Operations	IA	Individual Assistance
ADRI	Accelerated Disaster Response Initiative	IFA	Interjurisdictional Fisheries Act
ALCS	Automated Loan Control System	IIMG	Interagency Incident Management Group
BPR	Business Process Re-Engineering	MOU	Memorandum of Understanding
CLA	Congressional and Legislative Affairs	NACo	National Association of Counties
COBRA	Coastal Barrier Resources Act	NIMS	National Incident Management System
CONUS	Continental United States	NPSC	National Processing Service Center
CSC	Customer Service Center	NRC	National Capital Region
DAIC	Disaster Assistance Information Center	NRCC	National Response Coordination Center
DCMS	Disaster Credit Management System	OCIO	Office of the Chief Information Officer
DGR	Delegated Government Representative	OFO	Office of Field Operations
DHS	Department of Homeland Security	OCON	Outside the Continental United States
DLP	Disaster Loan Program	US	Office Communications and Public Liaison
DLV	Disaster Loss Verification	OCPL	Office of Disaster Assistance
DLOC	Disaster Loan Outreach Center	ODA	Office of Management and Budget
DRC	Disaster Recovery Center	OMB	Personnel and Administrative Services Center
EIDL	Economic Injury Disaster Loans	PASC	Preliminary Damage Assessment
ESF	Emergency Support Function	PDA	Processing and Disbursement Center
ESFLG	Emergency Support Function Leaders Group	PDC	Public Information Officer
FEMA	Federal Emergency Management Agency	PIO	Project Management Office
FIT	Field Inspection Team	PMO	Public Service Announcement
FOC	Field Operating Center	PSA	Performance Work Statement
FOC-E	Field Operating Center East	PWS	Regional Response Coordination Centers
FOC-W	Field Operating Center West	RRCC	Small Business Administration
FSA	Farm Service Agency	SBA	Small Business Development Centers
GFOA	Government Finance Officers Association	SBDC	Subject Matter Expert
GC/BD	Government Contracting and Business Development	SME	Standard Operating Procedures
GIS	Geographical Information Systems	SOP	Women's Business Centers
GSA	General Services Administration	WBC	Video Conference Calls
		VTC	

APPENDIX C: SCOPE AND METHODOLOGY

SBA faced unprecedented demand for its disaster loan assistance services in the wake of Hurricanes Katrina, Rita, and Wilma. The scale of the demand forced SBA to reexamine its Core Capabilities, Surge Capacity, and means for communicating, both internally and externally, in times of disaster. This document has identified the critical steps that SBA has taken and will take, in partnership with other agencies, to prepare for and respond to disasters.

SCOPE

Although this document identifies the critical path for moving forward, it does not set forth Standard Operating Procedures. SOPs have long been in place, along with corresponding training, in SBA's core competency to respond to disasters. Based upon the comprehensive Disaster Recovery Plan that SBA has now developed, it will upgrade SOPs and training across the organization, particularly with regard to responding to large-scale disasters.

METHODOLOGY

A collaborative team within SBA met for several months to develop the Disaster Recovery Plan. The team shared lessons learned and developed a methodology for modeling and meeting the needs of future disaster victims. Regarding each element of the surge response (Human Capital, Infrastructure, Technology, Communications, and Partnerships), SBA employed the following methodologies:

- **Human Capital** - employed detailed models based on productivity metrics to determine the staff's need relative to various levels of disaster loan application requests:
- **Infrastructure** – Analyzed productivity metrics, levels of Surge Capacity, and double-shift approaches employed subsequent to the 2005 Gulf Coast Hurricanes.
- **Technology** – Finished implementing and testing the DCMS system. Received input from SBA's CIO and the manager of SBA's DCMS Operations Center.
- **Communications** – Reviewed stakeholders' requests, analyzed contact points, and issues that arose subsequent to the 2005 Gulf Coast Hurricanes.
- **Partnerships** - Initiated an outreach campaign to build partnerships with government (federal, state, and local) and private sector entities.

SBA has disseminated internally generated products to key external stakeholders, including GSA, FEMA, and DHS in order to obtain additional information and enhance ongoing communications. It is important that all of the government agencies involved in responding to disasters do so in concert. SBA acknowledges that being prepared for large-scale disasters has a significant cost. Before finalizing the budget for the Disaster Recovery Plan SBA has vetted it with its stakeholders. The Agency's partners, GSA, FEMA, and DHS, understand its core capabilities and support its surge plans and readiness measures.

APPENDIX D: DISASTER SCALE DOWN PROCESS

As part of SBA's cost-effective, application-driven staffing model, levels of staff vary according to the number of applications needing processing services. SBA maintains employee types, which allow for a flexible and fair staffing model that can scale and surge when needed, while maintaining fiscal responsibility during down times.

As previously discussed in the *Surging to Accommodate Need* section, SBA can scale up its operations and increase manifold in size according to the level of a catastrophic event. However, as the recovery phase draws to a close, SBA must resume its normal operating protocols and gradually scale down its staffing, equipment, and resource needs.

According to its written procedures, when workload decreases cause a surplus of employees, decision-makers within SBA can estimate the continuing need for each job group (e.g., screening & applications entry, scanning, loss verification, loan processing, legal, etc.) and calculate the personnel reduction necessary for each job group. By using the surge modeling processing, SBA can determine an expected point at which the peak of loan volume and processing needs for various skill areas will be reached and can subsequently make decisions about releasing surge staff.

The scale process closely reflects the scale up process. Whereas, the screening and application job group is the first scale up, it is likely to be the first to scale down. Several factors affect the actual order of scaling up and down of the disaster staff: the presence of multiple disasters, the number of loan modifications, and the number of relocations. Multiple disasters or a large number of loan modifications may require the Office to retain screeners and scanners while still releasing other support staff or others sooner.

APPENDIX E: ROLES AND RESPONSIBILITIES OF OTHER SBA OFFICES THAT SUPPORT DISASTER RECOVERY

While Section IV addressed the primary offices that support disaster, there are other offices that play a role. Below is a brief description of these offices, including their roles and responsibilities in SBA's disaster response.

M&A

The Office of Management and Administration (M & A) is responsible for the oversight and management of the Office of Human Capital Management (OHCM) and the Office of Business Operations (OBO).

In the event of a major disaster, M & A, through the OBO, provides the necessary support to ensure that adequate space and facilities are available and that urgent acquisition needs are addressed expeditiously. To ensure the availability of adequate space and facilities, OBO works closely with officials from the General Services Administration to maintain the relationship, communication, and commitment needed to make certain of the immediate availability of space and facilities in those areas of the country most likely to be subjected to natural disasters.

The Division of Procurement and Grants Management (DPGM), within OBO, is responsible for meeting the acquisition needs of the Office of Disaster Assistance (ODA) during a disaster response. To facilitate ODA's needs in an expeditious manner, a senior Contracting Officer will be assigned to support their needs on an ongoing basis. That individual will work very closely with ODA to handle both routine and emergency requirements. That individual will also work closely with the Federal Emergency Response and Recovery Contracting team to utilize contracting vehicles developed specifically for disaster needs. When a disaster strikes, DPGM will provide additional contracting support as needed. DPGM will work closely with ODA to help them define their requirements, effect a streamlined acquisition process, and procure the right solution for their needs within budget and on time.

M & A, through OHCM, will coordinate with ODA to determine if there is a need to augment ODA disaster personnel staff. If a disaster goes to a Level III, OHCM will work with ODA and other program areas to implement the surge procedures. Specifically, OHCM will notify employees who are being affected and notify the SBA's union of activation of surge procedures. Depending on the severity and location of the event, OHCM is able to move its operations to the OHCM Denver Personnel Center. Should the OHCM Payroll Operation be impacted by the disaster, OHCM has measures in place with the National Finance Center (NFC) to ensure that SBA employees continue to be paid. OHCM would activate its "go teams" to a NFC backup location to manually input time and attendance data into the NFC. NFC has measures in place and emergency back up facilities to ensure payroll will be processed in a timely manner.

OCPL

See Section IX, *Communications Plan*, for OCPL's roles and responsibilities during each level of the disaster response.

OCIO

The Office of the Chief Information Officer is responsible for developing and implementing Information technology policy, standards and procedures in accordance to applicable laws and regulations for use throughout the Agency. It provides oversight, management and operational

support of SBA's IT units, including the Agency's continuity of operations, disaster response and recovery capabilities for the infrastructure and critical systems. OCIO manages and monitors the Agency's network to ensure a fast response to any problems that may arise during critical times, regarding stability, reliability and availability of all critical systems.

OCIO and ODA work collaboratively in developing a paperless disaster loan application, which upon deployment will allow victims of natural disasters to complete the required paperwork online more expediently. OCIO manages SBA's websites, and ensures they are made available for accessibility at all times, so those affected by disasters can get to disaster related information from the first responders phase through to the recovery phase.

SBA DISTRICT OFFICES

While the Office of Disaster Assistance (ODA) has the primary responsibility for the delivery of SBA's disaster loan program, non-disaster field offices must play a role in Level III and IV disasters to ensure a seamless and effective response to our customers. The extent to which a regional, district or branch office will be called upon to support a disaster recovery operation (for example, as a Disaster Hub) will be determined largely by the severity of the disaster and how widespread it is. Many local offices lack sufficient staff to support a large endeavor and in many cases their own employees may be suffering the effects of the event and need to take care of their own families and home situations.

As a part of the Accelerated Disaster Recovery Initiative (ADRI), the ten Regional Communications Directors, or other highly qualified persons, have been designated by the Regional Administrators to work with ODA to support media and public affairs activities and coordinate support for SBA disaster programs from district offices within their region. These regional disaster designees will serve as points of contact when catastrophic disasters are declared.

APPENDIX F: THE ACCELERATED DISASTER RESPONSE INITIATIVE (ADRI)

SBA's Administrator Preston, by executive appointment, established the Accelerated Disaster Response Initiative in September 2006. Its goal is to modernize and improve the business processes that SBA uses to assist disaster victims while providing for an integrated technology solution that eases the burden on the disaster loan applicants. An ADRI Team supports the initiative and reports directly to the Administrator.

ADRI's main goal is to improve the speed in which disaster victims receive assistance while improving the manner in which disaster loans are approved and distributed. It has four main initiatives: an integrated case management approach to loan processing; an automated system for more rapidly collecting applicant data; private sector loan processing support for Surge Capacity; and broader SBA-wide integration. Section V, *Business Process Improvements*, addresses the improvements already brought about by ADRI.

In addition, the Accelerated Disaster Response Initiative Chief sits on a Presidential Task Force that was established in August 2006 to improve "the promptness and efficiency with which disaster victims obtain access to eligible Federal disaster assistance." This task force is charged with inventorying and assessing the effectiveness of disaster assistance programs, integrating a "single point" disaster application for use by multiple federal agencies, and the development of ways to eliminate or reduce duplication of efforts or requirements while minimizing fraud and waste.