

LONG-TERM OBJECTIVE 3.1

Help restore homes and businesses affected by disasters.

Financial Assistance

Performance and Cost to Achieve Results

SBA disaster assistance is a critical source of financial assistance in disaster-ravaged communities. It is crucial to respond to disaster victims as quickly and efficiently as possible.

In this area, SBA is measuring the success of its programs based on the percentage of loan recipients that are able to resume and maintain operations, and that have their property repaired or restored within six months of the final loan disbursement:

- By FY 2008, achieve a level of assurance that 80% of small businesses receiving Economic Injury Disaster Loans (EIDL) are operational six months after final disbursement.
- By FY 2008, achieve a level of assurance that 72% of businesses receiving financial assistance to repair or replace disaster-damaged property are restored within six months after final loan disbursement
- By FY 2008, achieve a level of assurance that 85% of individuals receiving financial assistance to repair or replace disaster-damaged property have restored their homes within six months of final disbursement

For each of these, incremental targets have been set for each fiscal year to FY 2008.

A number of indicators are used to measure achievement of each of these goals. Among the indicators is a measurement of the timeliness of processing and disbursement of disaster loan funds, so that recipients can begin their recovery rapidly.

For FY 2005, all measurable progress measures that evaluate SBA's success in keeping businesses operational after they receive EIDL assistance, were met, with the exception of the "timeliness of processing" efficiency measure.

The volume of disaster activity for FY 2005 is the highest since the 1994 Northridge Earthquake and was caused by multiple major disaster declarations within a very short time resulting from the Florida hurricanes. Processing times were slowed by the sheer volume of applications received in a compressed timeframe and an unusually high number of inexperienced temporary staff who needed to be immediately hired and trained to



process the loans. Although the scope of natural disaster events cannot be controlled, this issue should be substantially mitigated by full implementation of the Disaster Credit Management System (DCMS) and workforce transformation effort. Essentially, fewer temporary employees will be required to deal with large disaster events because transformation will bring experienced Disaster Cadre employees together to staff a centralized processing center that will be equipped with the new automated and more efficient DCMS processing system.

Based on the overall performance measures in this area, the Agency exceeded this year's goal of ensuring that 76% of EIDL recipients were operational six months after final EIDL disbursement during FY 2005.

For FY 2005, SBA looked to achieve a level of assurance that 55% of businesses receiving financial assistance to repair or replace disaster-damaged property would be restored within six months after final loan disbursement. The progress measures were met, with the exception of the timeliness in processing efficiency measure. Specifically, overall progress evaluation is that SBA will meet or exceed the expectation of ensuring that 55% of business physical disaster loan recipients are restored within six months after final physical loan disbursement during FY 2005.

For FY 2005, the goal was to achieve a level of assurance that 75% of homeowners and 70% of renters receiving financial assistance to repair or replace disaster-damaged property have restored their homes within six months of final disbursement.

Other than timeliness of processing, evaluation measures indicate that SBA will meet or exceed this goal for FY 2005.



SBA HELPED SUSTAIN MINORITY FIRM AFTER 9/11

Ashok Nalamalapu left India in 1987 and came to the U.S. with \$100 in his pocket. In 1990, he graduated from the New Jersey Institute of Technology, and began working as a consultant, leading several software projects at Fortune 500 companies.

In 1996, Nalamalapu started his own firm, working out of the attic of his house in Portland, ME. Today, he is president of CST2000 LLC, doing business as iCST, a global software consulting company with 8(a) minority status. Since 2001, iCST has grown to employ 50 individuals working on projects for clients including the State of Maine, MBNA, VISA International, Liberty Mutual, Fairchild Semiconductors and LL Bean.

Following 9/11 and the business slow down and stock market plunge, iCST faced a major cash flow challenge. An **economic injury disaster loan from the SBA** helped sustain the business during the economic downturn.

The table that follows contains program output-measure values, total costs, and unit costs for indicators selected as the basis for program efficiency measurement.

Results and Budgetary Resources Agency Level Assistance <i>Strategic Goal 3. Restore homes and businesses affected by disaster.</i> <i>Long Term Objective 3.1: Help restore homes and businesses affected by disaster</i>							
SBA Output Measures		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Goal	FY 2005 Actual	FY 2005 % Goal Variance
Disaster Assistance	Applications processed	88,837	102,278	104,518	N/A	153,072	N/A
	Number of original loans approved	21,829	25,856	28,510	N/A	62,075	N/A
	Number of loans funded	18,584	21,170	22,264	N/A	41,651	N/A
	Value of loans approved (\$ millions)	\$1,338	\$885	\$884	N/A	\$2,279	N/A
	Percentage of disasters having field presence within 3 days	99.0%	100.0%	100.0%	95.0%	100.0%	G 5.3%
	Percentage of loans with initial disbursements within 5 days of loan closing	96.0%	98.9%	99.0%	95.0%	97.0%	G 2.1%
	Time to process 85% of home applications (days)	N/A	N/A	11	16	25	-56% R
	Time to process 85% of business physical applications (days)	N/A	N/A	14	19	35	-84% R
	Time to process 85% of EIDL applications (days)	N/A	N/A	13	19	24	-26% R
	Achieve & maintain 100% training of ODA staff as related to hazard mitigation.	N/A	N/A	100.0%	100%	100.0%	G 0%
	Percentage of increased disaster loan recipients' participation in mitigation over 2003 levels.	N/A	N/A	40.0%	70.0%	333.0%	B 375.7%
Total Receiving Financial Assistance		18,584	21,170	22,264	N/A	41,651	N/A
SBA Costs		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2005 Actual	FY 2005 % Cost Variance
Total Program Cost (\$000)		\$346,723	\$270,377	\$216,313	\$480,106	\$424,748	-11.5%
Disaster Assistance	Cost per Application Processed	\$3,506	\$2,314	\$1,826	N/A	\$2,176	N/A
	Cost Per Loan Funded	\$16,758	\$11,178	\$8,571	N/A	\$9,459	N/A

Goals Not Met

Indicators	Target	Result	Below Target by
(a) Time to process 85% of home applications	16 Days	25 Days	56%
(b) Time to process 85% of business physical applications	19 Days	35 Days	84%
(c) Time to process 85% of EIDL applications	19 Days	24 Days	26%
Reasons for performance result			
The volume of disaster activity for FY 2005 was the highest since the 1994 Northridge Earthquake and was caused by multiple major disaster declarations as a result of the Florida Hurricanes within a very short time period. Processing times were slowed by the sheer volume of applications received in a very compressed time frame and unusually high number of inexperienced temporary staff who needed to be immediately hired and trained to process the loans.			
Steps being taken to improve performance or targets			
Over time we anticipate that fewer temporary employees will be required to deal with large disaster events as Transformation will bring experienced Disaster Cadre employees together to staff a centralized processing center that will be equipped with the new automated and more efficient DCMS processing system.			
Impact of result			
Although targets were not met this year, the Agency continues to strive towards the goals and expects to fully meet the targets upon full implementation of DCMS.			

Indicators	Target	Result	Below Target by
Disaster Assistance, Percentage of increased disaster loan recipients participation in mitigation over 2003 levels	70% increase	333% increases	376%
Reasons for performance result			
The significant increase in goal accomplishment is an anomaly from past years, but appears to be related to the exceptional increase in overall FY 2005 loan activity.			
Steps being taken to improve performance or targets			
We already know FY 2006 will be another record breaking year in terms of loan volume. Accordingly, ODA will monitor the relationship of loan volume to goal accomplishment for this fiscal year as well. This will allow ODA time to develop some empirical data to help determine if change in the target goal is appropriate and if so, to what extent.			
Impact of result			
Increased disaster loan activity is again anticipated for fiscal year 2006 and ODA will re-evaluate the 2006 goal accordingly.			



SBA HELPS EMS PASS ON THE MESSAGE

Anurag and Sharada Singh met at the University of New York in Albany, although they grew up in the same town in India. Jointly they built Enterprise Messaging Services (EMS) in Malvern, PA. The company, started in 1993, provides advanced medical education solutions, consulting services, and application development services. EMS has become the leading provider of turnkey products and solutions in the area of clinical skills training and evaluation (CSTE). Among the medical schools implementing an EMS CSTE system are New Jersey Medical School, the University of Texas Medical Branch, Jefferson Medical School, and Philadelphia College of Osteopathic Medicine.

Starting out as a home-based business, EMS recently relocated to 6,000 square feet of space in Malvern. The company entered the SBA's **8(a) Business Development contracting** program in 2000. This program sparked exposure for EMS, enabling the firm to receive several public and private contracts outside the 8(a) program. EMS has developed large-scale systems for major national and international companies and the Federal government. Many of their projects are subcontracted to minority and woman business owners.