

# FEDERAL DISASTER RESPONSE AND SBA IMPLEMENTATION OF THE RISE ACT

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## HEARING

BEFORE THE

## COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

APRIL 6, 2016

Printed for the Committee on Small Business and Entrepreneurship



Available via the World Wide Web: <http://www.fdsys.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

24-852 PDF

WASHINGTON : 2017

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## **FEDERAL DISASTER RESPONSE AND SBA IMPLEMENTATION OF THE RISE ACT**

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**WEDNESDAY, APRIL 6, 2016**

UNITED STATES SENATE,  
COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP,  
*Washington, DC.*

The Committee met, pursuant to notice, at 2:00 p.m., in Room 428A, Russell Senate Office Building, Hon. David Vitter, Chairman of the Committee, presiding.

Present: Senators Vitter, Rubio, Scott, Fischer, Gardner, Ernst, Ayotte, Cantwell, Heitkamp, Markey, Booker, and Peters.

### **OPENING STATEMENT OF HON. DAVID VITTER, CHAIRMAN, AND A U.S. SENATOR FROM LOUISIANA**

Chairman VITTER. Well, good afternoon, everyone. We are going to go ahead and get started, and we are going to be joined momentarily by Senators Booker, Rubio, and perhaps some others.

Thank you all for joining me today for the Senate Small Business and Entrepreneurship Committee's Hearing on recent disaster recovery efforts and SBA's progress in implementing the Recovery Improvements for Small Entities After Disaster Act of 2015, also known as the RISE Act.

Now this year alone, FEMA and SBA have been responsible for responding to numerous disasters. FEMA currently has 21 disaster declarations since January while the SBA has 5 agency declarations of its own.

Among those are declarations that include my home State of Louisiana, which experienced historic flooding last month. Although Louisiana knows better than anyone the challenges of rebuilding after a storm, the historic flooding we saw left nearly half the state under a FEMA disaster declaration, with even more parishes qualifying for SBA assistance.

It is unfortunate, but it remains true; disasters of this scope are an indiscriminate and sweeping fact of life. They affect the livelihoods of families and business alike and require a speedy and effective response. Today's hearing will take a close look at how well the Federal Government is responding to these major natural disasters.

Of course, small businesses in particular are often among those hit the hardest and experience long-lasting effects when disasters occur. As the driving force of our nation's growth and workforce, small businesses need extra help to get back on their feet as quickly as possible, and we need to make sure that they are receiving

the help they need. This includes small businesses in rural communities, which face their own unique challenges, and the long-term recovery assistance we provide is often vital in ensuring that they do not have to close their doors.

That is why I made it a top priority last year to introduce and pass legislation that would improve the SBA's disaster recovery programs, and with the help of my colleagues on this Committee, that RISE Act was signed into law last fall.

Now a major problem for small businesses after a disaster is access to capital, and so we made sure the RISE Act included language to improve the SBA's loan programs and their administration so that small businesses can recover quickly. Considering the SBA's significant shortcomings in the past, particularly in its disaster recovery efforts in response to Hurricane Katrina in 2005 and Superstorm Sandy in 2012, the Act codifies a number of recommendations from the Sandy Rebuilding Task Force and also provides more time to those impacted by Sandy to apply for assistance if they had not already.

The Act also established the Recovery Opportunity Loan Program which provides long-term disaster recovery assistance to affected businesses after the closure of SBA's application period for traditional disaster loan programs. With the SBA's failure to stand up similar programs in the past, the Act sought to ensure its success and to expedite loan-making and processing by building the mandate for the Recovery Opportunity Program on the preexisting 7(a) framework, utilizing existing SBA lenders.

In addition to these key loan provisions, my colleagues and I sought to help small business owners impacted by disasters to compete for and win Federal grants and contracts. As I have discussed with FEMA and the SBA in prior roundtables, it is important for local small businesses to take the lead in rebuilding and in cleanup efforts. While FEMA has previously attested to their efforts to push their own contractors to quickly turn over such responsibility to local small businesses, the RISE Act finally grants them preference, leveling the playing field when competing with larger firms.

More generally, there is a need to ensure small businesses are supported and protected beyond their capital needs, too. My colleagues and I ensured the RISE Act takes that into account by authorizing a number of actions to do so. This includes allowing for nationwide assistance from the SBDCs, additional funding authority for counseling and technical assistance, and allowing physical damage disaster loans to be used for life-saving measures like safe rooms.

The improvements passed as part of the RISE Act build on the already substantial progress that FEMA and the SBA have made in the last decade. Still, because such disasters can leave complete devastation in their wake, we continue to face challenges in carrying out an effective response. That is why it is so important not only to become better prepared, and to better prepare the public, for disasters but to also identify and execute tangible improvements in FEMA and SBA responses.

We all recognize the important role that small businesses play in each of our local communities and economies. So when it comes to helping small business' recovery after a major natural disaster, the

conversation is not so much political as it is tactical, thank goodness.

I look forward to today's discussion. Thanks to everyone for being here today.

With that, I want to turn it over to my colleague, Senator Booker. He has been a great partner here in the Senate, including on the RISE Act, particularly given his Superstorm Sandy experience, and he is sitting in as Ranking Member for Senator Shaheen who could not be here today because of an absolute conflict.

Senator.

**OPENING STATEMENT OF HON. CORY A. BOOKER, A U.S.  
SENATOR FROM NEW JERSEY**

Senator BOOKER. Thank you very much, and I really do appreciate your leadership on the RISE Act.

It is good to be here today. It is Jeanne Shaheen who I am thanking for being Ranking. That was a rhyme; I do not know if you noticed that. But she has been pulled away on other business.

I really appreciate Senator Heitkamp and Senator Fischer for being here. They are to this Committee like Bruce Springsteen and Bon Jovi are to the State of New Jersey.

So I want to recognize the incredible resiliency of New Jersey. We, as a State, endured a superstorm and recently the Storm Jonas, and our State has shown incredible strength, but this truly has been a partnership as well with a lot of different actors who have helped us become strong.

I saw firsthand, as a mayor, the devastation of Sandy hit our largest city as well as throughout our coast, and I could not be prouder of the way that the people in our State really pulled together to demonstrate New Jersey's strength. Communities throughout our State are still, though, unfortunately, working to recover fully from Superstorm Sandy. There is a lot more to be done.

The passage of the RISE Act, which again I do want to thank Senator Vitter for his leadership, really has helped New Jersey communities to heal. As of March 31st, the SBA disaster loan program has provided my State with over \$863 million in loans for small businesses and homes—about \$848 million during the original relief effort and over \$15 million in loans in the 3 months since the disaster loan program reopened in December 2015.

In total, the SBA program has approved \$2.5 billion in loans in areas that have been negatively impacted by Superstorm Sandy. Unfortunately, we have increased intense weather events over the past couple of years. These challenges seem to be coming and coming and coming.

I spent time back home this past winter, helping New Jerseyans deal with the damage from Jonas and documenting the devastating impacts that flooding can have on a home or a small business. I am pleased that the SBA accepted the SBA disaster declaration requested by Governor Christie in February that Senator Menendez and I, along with our House colleagues, do support.

I am hopeful that the changes within the SBA can make the program strong and the improvements that are included in the RISE Act can really help to make sure that after such weather events,

New Jersey, as well as other areas across our country, can be granted expeditious and efficient help.

So while we continue to help Sandy and Jonas survivors, I am eager to see the efforts that have been made to improve the disaster relief program moving forward by both the SBA and FEMA. I am confident that our businesses will recover. I am confident that our State will stand stronger than ever before.

And, I want to thank the distinguished panelists for all your hard work as civil servants in serving our country. I am truly grateful for what you all do every day. You do not get the gratitude, I think publically, as often as you and your team members deserve.

I am also proud to be on this Committee and to be able to work on behalf of small business owners and Americans impacted by natural disasters all over our country.

Mr. Chairman, again, thank you for your leadership, your partnership, and I look forward to this discussion today.

Chairman VITTER. Thank you very much, Senator Booker.

And, as is our custom, we want to get to the witnesses as soon as possible. All other members are welcome to submit any statements for the record, and obviously, you will have a question time.

Both of our witnesses today are deeply involved in the Federal Government's disaster response efforts, either as on-the-ground first responders or as coordinators of much needed long-term financing for rebuilding. They will speak today on the successes and challenges of recent disasters and the progress they have made in implementing the RISE Act.

Our first witness is Mr. Douglas Kramer, Deputy Administrator at the U.S. Small Business Administration. Prior to his confirmation as Deputy Administrator, Mr. Kramer served as General Counsel for USAID from March to November 2015. In his time as a member of this administration, he has also served in the Office of the White House Counsel and as Deputy Assistant to the President.

And then we will hear from Ms. Elizabeth Zimmerman, Associate Administrator for Response and Recovery at FEMA, the Federal Emergency Management Agency. Prior to her appointment there, she was involved with emergency management in Utah and served as Assistant Director of Recovery for the State of Arizona. In her time at FEMA, she has sought to improve coordination between the Federal, state, local, and tribal governments through the development and publication of the National Disaster Recovery Framework, and also coordinated implementation of the Sandy Recovery Improvement Act of 2013 which authorized several significant changes to the way FEMA can deliver disaster assistance.

We look forward to hearing from you both. You have five minutes each. I believe our electronic clock is out right now, but you will get cues from staff about that wind-down. We look forward to hearing from you.

Mr. Kramer.



**STATEMENT OF DOUGLAS J. KRAMER, DEPUTY  
ADMINISTRATOR, U.S. SMALL BUSINESS ADMINISTRATION**

Mr. KRAMER. Thank you, Chairman Vitter and Senator Booker and all members of the Committee, for this opportunity to testify about SBA's commitment to providing timely disaster assistance and to update you on our efforts in response to last month's presidential declaration for flooding in Louisiana and our work to redouble our efforts on behalf of those still impacted by Superstorm Sandy.

Last year alone, SBA was on the ground for 11 presidentially declared disasters including flooding in Detroit and Texas, an earthquake in Napa Valley, wildfires in Southern California, and record flooding in South Carolina. For the year, SBA's team fielded more than 145,000 calls, deployed more than 400 personnel to disaster zones, inspected more than 19,000 damaged properties, processed 30,000 applications, and disbursed more than \$340 million to disaster survivors.

SBA's committed professionals have been doing this work for a long time. In fact, our Office of Disaster Assistance reached a milestone last year; we surpassed 2 million disaster loans approved since our founding in 1953. Over those years, we have awarded more than \$54 billion in disaster loans for small businesses, homeowners, nonprofits, and renters.

On Monday, I toured SBA's Disaster Recovery Center in Slidell, Louisiana, to get a firsthand look at our efforts to deliver aid in 35 parishes declared Federal Disaster Areas after the recent flooding. All of us understand well the urgency of the situation and appreciate Chairman Vitter's hands-on leadership in speeding help to so many in need.

SBA currently has 85 staff on the ground across Louisiana, working in concert with FEMA. To date, we have received more than 2,500 loan applications and approved more than \$18 million in financing, with millions more expected in the coming days and weeks.

I also want to thank Chairman Vitter, Senator Booker, and the members of the Committee for your passion and persistence on behalf of the survivors of Superstorm Sandy. Your leadership in getting the RISE Act through Congress is already making a significant impact. Long after the mainstream media may have turned its focus away from the devastation wrought by this disaster, the Committee kept fighting for Sandy survivors. Your bipartisan leadership has enabled SBA to reopen loan application processes this year for those still working to rebuild in Sandy's aftermath.

Since the RISE Act authorized reopening assistance to Sandy victims four months ago, we have received more than 1,800 applications, opened 29 centers in 9 states, and maintained a field presence for more than 100 days. During that time, we serviced 1,500 disaster survivors and conducted more than 330 loan closings. Our average processing time, importantly, on those applications was reduced to just nine days. And, we have already approved an additional \$34 million in disaster assistance.

SBA did learn some important lessons after Sandy, and now we are applying them. As you will recall, after Sandy, too many storm victims had to wait several months to get their disaster claims

processed by SBA, and that is simply unacceptable. We have taken steps to ensure that never happens again.

I have been directly and repeatedly engaged with our Office of Disaster Assistance Leadership on their efforts to automate and streamline our application approval and distribution processes. The promise of new technology and automation is particularly well suited to the demands of ODA's work, which requires flexibility and the need to scale up in just a few days.

Some of the improvements have already been implemented, and we have updated our online disaster loan application so applicants can fill out a form on SBA's secure web site and submit it digitally. Ninety percent of SBA disaster loans today are being submitted online. We know that applications that are intuitive and accessible will lead survivors to getting back to pre-disaster situations quickly. And we have also recently instituted phase one of the web portal that will allow disaster survivors to go online and see the exact step in the process where their application is sitting.

Our work to fully implement the RISE Act is ongoing. We are publishing rules to implement the RISE Act changes in the disaster loan program. We recognize the value of providing not only financing but also high-quality business counsel and disaster mitigation strategies to help recovering small businesses. SBA staff is currently finalizing our regulatory strategy under the RISE Act to institutionalize our ability to award additional disaster counseling funds when necessary.

Mr. Chairman, SBA Administrator Maria Contreras-Sweet and I have visited several of our disaster operations in the field. I have had the opportunity to visit our SBA processing center in Texas as well as Disaster Recovery Centers in Louisiana and Missouri.

I have seen how hard our committed staff works. They are a knowledgeable, experienced, and caring group of public servants who are ready to uproot their own lives and respond to chaotic and stressful circumstances when the American people need us most. I am proud to work with them, encouraged by the improvements we have already made, and look forward to working with this Committee to make additional improvements wherever they may be needed.

Thank you for your leadership and support, and I would be happy to answer any questions you have.

[The prepared statement of Mr. Kramer follows:]



**U.S. Small Business Administration**

**TESTIMONY of**

**DOUGLAS KRAMER**

Deputy Administrator  
U.S. Small Business Administration

**U.S. Senate Small Business and Entrepreneurship Committee**

Wednesday, April 6 2016

Chairman Vitter and Senator Booker, thank you for this opportunity to testify about SBA's commitment to provide timely disaster assistance -- and to update you on our efforts in response to last month's Presidential disaster declaration for flooding in Louisiana and our work to redouble our efforts on behalf of those still impacted by Superstorm Sandy.

I was confirmed as Deputy Administrator last June. At the open let me share my observation that SBA's vital role in providing disaster assistance is felt deeply by SBA employees who work diligently to be ready to provide services at unknown times in unknown places in a way that shows compassion for disaster survivors. And I have come to be inspired by and share their conviction. On the worst days of people's lives, SBA must be at our best, to provide financing, resources and counseling to help Americans rebuild.

Last year alone, SBA was on the ground for 11 presidentially declared disasters, including flooding in Detroit and Texas; an earthquake in Napa Valley; wildfires in Southern California; and record flooding in South Carolina. For the year, SBA's team fielded more than 145,000 calls; deployed more than 400 personnel to disaster zones; inspected more than 19,000 damaged properties; processed more than 30,000 applications; and disbursed more than \$340 million in loans to disaster survivors.

SBA's committed professionals have been doing this work for a very long time. In fact, our Office of Disaster Assistance reached a historic milestone last year: We surpassed 2 million disaster loans approved since our founding in 1953. Over those years, we've awarded more than \$54 billion in disaster loans for small business owners, nonprofits, homeowners and renters.

On Monday I toured SBA's Disaster Recovery Center in Slidell, Louisiana, to get a firsthand look at our efforts to deliver aid in 30 parishes declared federal disaster areas after the recent flooding. All of us understand well the urgency of the situation and appreciate Chairman Vitter's hands-on leadership in speeding help to so many in need. SBA currently has 85 staff members on the ground across Louisiana, working in concert with FEMA. To date, we've received 2,221 loan applications and approved \$14.2 million in financing, with millions more expected in the coming days and weeks.

I also want to thank Senator Vitter, Senator Booker and members of this Committee for your passion and persistence on behalf of the survivors of Superstorm Sandy. Your leadership in getting the RISE Act through Congress is already making an impact.

As this Committee knows, the devastation caused by Sandy was historic and far-reaching. It was the second-costliest Atlantic storm in American history, after Hurricane Katrina. Sandy claimed 162 lives, displaced 775,000 Americans, and destroyed hundreds of thousands of homes and businesses. In response, SBA has approved more than \$2.5 billion in low-interest loans to more than 37,000 individuals and businesses affected.

Long after the mainstream media turned its focus away from the devastation wrought by this disaster, this Committee kept fighting for Sandy's survivors. Your bipartisan leadership has enabled SBA to re-open the disaster loan application process this year for those still working to rebuild in Sandy's aftermath.

Since the RISE act authorized re-opening assistance to Sandy victims four months ago, we've received more than 1,879 applications. We opened 29 centers in 9 states and maintained a field presence for 105 days. During that time we serviced more than 1,505 disaster survivors that visited the centers and conducted more than 330 loan closings. Our average processing time on these applications has been reduced to just 9 days, and we've already approved an additional \$34.8 million in disaster assistance.

SBA learned some valuable lessons after Sandy; now we're applying them. As you'll recall, after Sandy, too many storm victims had to wait a month or longer to get their disaster claims processed by SBA. That's unacceptable, and we've taken steps to ensure this never happens again.

Prior to Administrator Contreras-Sweet's arrival at SBA two years ago, it was the agency's long-standing policy to process loan requests on a first-come, first-served basis regardless whether they came from homeowners or business owners. After Sandy, home loan applications were filed more quickly than those for business loans, because it often takes entrepreneurs longer to make damage assessments and evaluate their economic losses. As a result, many of the 4,200 business owners who requested disaster loans ended up near the back of the queue. As a member of the Hurricane Sandy Rebuilding Task Force, SBA worked to institute new and innovate process improvements and created separate tracks for processing business loans and home loans, so small business owners will not be unduly delayed. In business, time is money. Our new processing system is geared toward helping small businesses rebuild and reopen as soon as possible.

I've been directly and repeatedly engaged with our Office of Disaster Assistance leadership on their efforts to automate and streamline our application, approval and distribution processes. The promise of new technology and automation are particularly well suited to the demands of ODA's work, which requires flexibility and the need to scale up in just a few days.

Some of the improvements have already been implemented. We have updated our online disaster loan application, so applicants can fill out a form on SBA's secure website and submit it digitally. Today, 90 percent of SBA disaster loans are being submitted online. We know that applications that are intuitive and accessible will lead to faster to survivors getting back to pre-disaster conditions quickly. We have also recently launched Phase I of the web portal that provides information on the status of the disaster survivor's application.

We have automated our loan application review, which has transformed our workflow process to prevent backlogs for all applicants. We have implemented an expedited approval process on loans where an immediate decision can be made due to an applicant's strong credit and confidence about the damage assessment. This allows us to turn more quickly to applications that require additional time to complete.

As a result of these changes, SBA has reduced our processing time to 6 days for home loans, and 10 days for business loans. We are now disbursing funds faster than ever before. Additionally, as a result of the RISE Act, we raised our limit on unsecured loans from \$14,000 to \$25,000 for physical repairs or economic losses. We've shaved weeks off disbursement times by relaxing

these collateral rules on small loans. These changes help business owners and homeowners quickly jump-start rebuilding projects.

And where disaster survivors need a little help making sense of it all – when they need to be more than a credit score and a damage estimate – we’ve overhauled our staffing models into integrated teams with a case manager for each applicant. And we expect by next year, our new DCMS 2.0 system will be live, which provides a completely automated system that will bring together in one place the application system, our processing / approval system, and permit applicants to track every step of their applications in real time. We expect significant benefits in terms of our speed and scope of operations.

Our work to fully implement the RISE Act is ongoing. We are publishing rules to implement the RISE Act changes in the disaster loan program. We recognize the value of providing not only financing but also high-quality business counseling and disaster mitigation strategies to help recovering small businesses. SBA staff is currently finalizing our regulatory strategy under the RISE Act to institutionalize our ability to award additional disaster counseling funds when necessary.

Mr. Chairman, I’ve had the opportunity to visit our SBA Disaster Processing Center in Texas, as well as Disaster Recovery Centers in Louisiana and Missouri. I’ve seen how hard our committed staff works. They are a knowledgeable, experienced and caring group of public servants who are ready to uproot their own lives and respond to chaotic and stressful circumstances when the American people need us the most. I am proud to work with them, encouraged by the improvements we’ve already made and look forward to working with this committee to make additional improvements wherever they may be needed.

Thank you for your leadership and your support, and I would be happy to answer any questions.

Chairman VITTER. Thank you very much, Mr. Kramer, and we will certainly be getting to those questions.

Now, Ms. Zimmerman.

**STATEMENT OF ELIZABETH ZIMMERMAN, ASSOCIATE ADMINISTRATOR FOR RESPONSE AND RECOVERY, FEDERAL EMERGENCY MANAGEMENT AGENCY**

Ms. ZIMMERMAN. Good afternoon, Chairman Vitter, Senator Booker, and members of the Committee. Thank you very much for the opportunity to be here today to testify on FEMA's support to the private sector during the disaster response and recovery process.

At FEMA, we recognize how important it is for the community's recovery following a disaster to get local businesses back up and running. Local businesses are where our survivors work, get their resources, and where they connect with other members of their community.

I am pleased to provide you an overview of FEMA's disaster assistance programs and their initiatives we have established to coordinate with and assist the private sector during disaster recovery. I also will discuss specific support we are providing to local businesses during the current response to Louisiana.

Following a presidential disaster declaration, FEMA has three primary disaster assistance programs that can be activated—the Individual Assistance Program, the Public Assistance Program, and the Hazard Mitigation Grant Program.

The IA Program provides support to individual survivors, including grants for temporary housing, and home repair or replacement, as well as other disaster-related expenses. FEMA's individual assistance applicants must first apply to SBA before we can provide some types of disaster assistance.

The Public Assistance Program provides Federal funding to state, local, tribal, territorial governments, and certain nonprofit organizations for emergency works, expenses, and repairs or replacements of public infrastructure.

The Hazard Mitigation Grant Program provides Federal funding for mitigation measures throughout the declared state or tribal nation to help reduce risk before the next event.

During a presidential disaster declaration that authorizes individual assistance, the U.S. Small Business Administration's low-interest loan program is also activated, which includes funding for damaged property or economic injury. The SBA program is a primary source of Federal funding for affected businesses in the aftermath of a declared disaster. FEMA does not have the authority to provide Federal assistance to businesses, and our partner, SBA, is the key to that assistance for them.

Following a disaster declaration, FEMA deploys private sector staff dedicated to engaging the business community to ensure that FEMA understands the impacts of the disaster on the local economy. They also connect businesses to SBA's loan program liaisons, as well as FEMA's Individual Assistance Program, so that they can help their employers help themselves and keep staff working in the affected area and to get the assistance they might need for their families.

FEMA also contracts with local firms during disaster response to support the community recovery. Section 307 of the Stafford Act directs FEMA, to the extent feasible and possible, to contract with local firms for disaster response activities. All procurement unit leads in the joint field office that are deployed to a disaster response are trained on local contract considerations and how to identify local businesses that could be used. From 2010 to 2015, FEMA awarded more than \$88 million in contracts to local firms during response activities.

We want to use local businesses, but we also do not want to compete against those in the community that may need the same resources. Much of the support to local businesses is conducted indirectly through the grants that we provide to local, state, and tribal governments.

FEMA also directly employs members of affected communities through our local hire process. This not only helps provide employment opportunity for survivors who may have been impacted by a disaster but also allows FEMA to hire staff who have connections to the community and understand the unique recovery challenges that they face. Several Katrina-impacted Louisianans still currently work at FEMA that were hired on immediately following Katrina.

As outlined in the National Disaster Recovery Framework, the Federal interagency also works with the impacted state to determine whether they need to activate the Economic Recovery Support Function, which provides long-term Federal support to help coordinate resources and provide technical assistance to rebuild a local economy post-disaster.

Now I would like to give you a brief update regarding the ongoing response in Louisiana to the severe storms and flooding last month. I was able to go down there three days after the President declared the disaster to meet with both the State's and our folks that were deployed immediately after.

On March 13th, the President did issue the major disaster declaration for Louisiana. This declaration and subsequent amendments made funding available to both eligible individuals and governments in 35 parishes through FEMA's Individual Assistance and Public Assistance Programs and Hazard Mitigation Assistance statewide.

Since the disaster was declared, more than 1,100 Federal employees were deployed to support the State and implement the Federal disaster assistance programs. FEMA's private sector staff are coordinating outreach to businesses through partnerships with SBA, a private sector coordinator at the Governor's Office of Homeland Security and Emergency Preparedness, the local Chambers of Commerce, and state business and trade associations.

In the first 20 days following the declaration, FEMA has contracted with multiple local firms, resulting in more than \$715,000 to the local economy for goods and services such as the Joint Field Office security guards, translators and interpreters, and office supplies.

FEMA has also deployed a Federal Disaster Recovery Coordinator to Louisiana, who is currently working with the State counterparts to determine the recovery coordination needs.



In conclusion, here at FEMA we subscribe to a whole-community approach to emergency management. All sectors of the community, including the private sector, need to be involved in the preparing for, protecting against, responding to, recovering from, and mitigating future disasters in order for us as a nation to be more resilient.

Thank you again, Chairman, for having me testify today, and I look forward to answering any questions the Committee may have.

[The prepared statement of Ms. Zimmerman follows:]

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STATEMENT

OF

ELIZABETH A. ZIMMERMAN  
ASSOCIATE ADMINISTRATOR  
OFFICE OF RESPONSE AND RECOVERY  
FEDERAL EMERGENCY MANAGEMENT AGENCY  
U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE  
THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
U.S. SENATE  
WASHINGTON, D.C.

“Federal Disaster Response and SBA Implementation of the RISE Act”

Submitted  
By

Federal Emergency Management Agency  
500 C Street SW  
Washington, D.C. 20472

April 6, 2016

### **Introduction**

Good afternoon Chairman Vitter, Ranking Member Shaheen, and Members of the Committee. My name is Elizabeth Zimmerman and I am the Associate Administrator for the Office of Response and Recovery at FEMA, responsible for directing the Agency's response, recovery, and logistics programs and field operations. Thank you for the opportunity to testify about FEMA's support of the private sector during the disaster response and recovery process.

At FEMA, we recognize how important it is for a community's recovery following a disaster to get local businesses, large and small, back up and running. Local businesses are where survivors work, get their resources, and connect with other members of their community.

Today, I will provide an overview of FEMA's disaster assistance programs and the initiatives we've established to coordinate with and assist the private sector during disaster recovery. I will also discuss specific support we are providing to local businesses during the current response in Louisiana. Finally, I will highlight some of the work we do during steady-state to help better prepare businesses to be more resilient in the event of a disaster.

### **FEMA's Disaster Assistance Programs**

Following a Presidential disaster declaration, FEMA has three primary disaster assistance programs that can be activated to support affected communities: the Individual Assistance Program, the Public Assistance Program, and the Hazard Mitigation Grant Program (HMGP).

The Individual Assistance program provides support for individual survivors, including grants for temporary housing and home repair or replacement for their primary residence, as well as other disaster-related needs such as medical, dental, child care, and funeral expenses. FEMA's Public Assistance program provides supplemental federal funding to state, local, tribal, and territorial governments and certain non-profits on a cost-sharing basis for emergency work costs and repair or replacement to public infrastructure damaged during the disaster. The HMGP provides federal funding for hazard mitigation measures throughout a declared state or tribal nation to help build more resilient communities and reduce risk before the next event.

Upon a major disaster declaration that authorizes Individual Assistance, the U.S. Small Business Administration's (SBA) low-interest disaster loan program is activated that includes loans for damaged property as well as Economic Injury Disaster Loans to help small businesses meet working capital needs. This program is the primary source of federal funding for affected businesses in the aftermath of a declared disaster. FEMA works closely with the SBA during a response, co-located at the Joint Field Office (JFO) in the affected area, to coordinate outreach to local businesses and educate them on these available assistance programs.

Following a disaster declaration, FEMA deploys personnel dedicated to private sector coordination. These staff engage local chambers of commerce, business industry associations, and major local employers to ensure that FEMA understands the impacts of the disaster on the local business community. They also provide information to business leaders on the SBA's disaster loan program as well as FEMA's Individual Assistance program so that employers can help their staff get any assistance they may need for their homes and families.

FEMA private sector specialists also collaborate with local private sector partners to provide information on how to do business with FEMA, which may include presentations to chamber or association membership groups outlining the requirements to be considered for potential contracting opportunities.

#### **Contracting with Local Firms to Support Community Recovery**

Section 307 of *The Robert T. Stafford Emergency Relief and Disaster Assistance Act* (P.L. 93-288, as amended, 42 U.S.C. 5121-5207) directs FEMA, to the extent feasible and possible, to contract with local firms in the affected area for disaster response and recovery activities.

To ensure there are no delays in getting support to survivors, at the beginning of a response FEMA relies on national surge contracts, interagency agreements, or mission assignments to other federal agencies. The Agency then transitions some of these functions, when practical and feasible, to local business contracts. The *Stafford Act* requirement is met during a disaster response by either establishing set-asides or an evaluation preference to local firms, as outlined in the *Federal Acquisitions Regulation*.

All Procurement Unit Leads deployed to a disaster response are trained on local contract transition considerations, and how to identify local businesses that could be used for response activities. From 2010-2015, FEMA awarded more than \$88 million in contracts to local firms for response activities.

#### **Local Hire Process**

In addition to supporting existing local businesses in disaster response efforts, FEMA also directly employs members of affected communities through our Local Hire process. As a disaster response progresses, FEMA will hire and train members of the community for positions across a wide variety of functions. This not only helps provide employment opportunity to survivors who may have been affected by the disaster, but also allows FEMA to employ staff who have connections to the community and understand the unique recovery challenges they face.

#### **National Disaster Recovery Framework**

Published in 2011, the National Disaster Recovery Framework (NDRF) identifies core recovery principles, establishes six federal Recovery Support Functions (RSFs), defines roles and responsibilities of recovery coordinators, and outlines the organizational structure for a federal recovery coordination mission to support state, local, tribal, and territorial governments. This framework, through the activation of the Economic Recovery RSF, provides a national coordination model that taps into whole community resources to support businesses and the local economy as it recovers.

#### **National Business Emergency Operations Center**

In 2012, FEMA established the National Business Emergency Operations Center (NBEOC), which facilitates two-way information flow between FEMA, impacted states, and the private sector during a disaster response. The NBEOC allows us to engage with key private sector stakeholders who bring resources, capabilities, and expertise to bear during a disaster response to determine impacts on their ability to provide services to the public. Participation in the NBEOC

is open to all members of the private sector, including large and small businesses, associations, universities, think tanks, and non-profits.

NBEOC personnel, along with FEMA's Region VI Private Sector Liaison, worked closely with the Louisiana Business Emergency Operations Center at the onset of the March 2016 flooding to provide key response information to the affected business community and assess initial impacts.

#### **Ongoing Response in Louisiana to the March 2016 Severe Storms and Flooding**

On March 13, 2016, President Obama issued a Major Disaster Declaration for Louisiana (DR-4263-LA) in response to severe storms and flooding. This declaration, and subsequent amendments, made funding available to both eligible individuals and state, local, and tribal governments in 30 parishes through FEMA's Individual and Public Assistance programs. The Hazard Mitigation Grant Program was also activated state-wide.

Once the disaster was declared, more than 1,100 federal employees were deployed to support the state and implement the federal disaster assistance programs. Both FEMA and SBA deployed staff to directly support local business recovery. FEMA currently has six employees in Louisiana specifically dedicated to private sector coordination. These personnel are deployed throughout the designated parishes and are coordinating outreach and support to businesses through partnerships with:

- counterparts at the Small Business Administration;
- the Private Sector Coordinator in the Governor's Office of Homeland Security and Emergency Preparedness;
- the Louisiana Business Emergency Operations Center;
- local Chambers of Commerce;
- State business and trade associations; and
- FEMA's Disaster Survivor Assistance Teams that deploy to affected areas and meet with affected individuals and businesses to provide information about federal assistance programs.

Thanks to these partnerships, FEMA was able to immediately tap into business networks following the declaration and provide information about available assistance programs to the private sector. These businesses have also become partners in sharing that information throughout the whole community. For example, businesses are sharing FEMA Individual Assistance registration information on Outdoor Advertising digital billboards and Walgreens reader boards throughout the designated parishes. FEMA has also coordinated with a local utility company to print registration information on the billing statements of more than 200,000 customers.

Within ten days of the Louisiana disaster declaration, state and federal partners opened up eight Disaster Recovery Centers (DRCs) across the designated parishes, with more to follow. These centers are "one-stop-shops" for individuals and businesses to get information about available recovery programs. Representatives from FEMA's Individual Assistance Program and the SBA are available at all DRC locations to provide information and answer questions.

In coordination with SBA, FEMA's private sector specialists in Louisiana are sharing timely and relevant recovery information to affected businesses and monitoring emerging issues and trends in order to address high-level concerns if needed. FEMA private sector staff also support partners to facilitate events which can include Business Recovery Fairs, forums on business continuity and preparedness, and roundtables to discuss industry-specific issues.

In the first ten days following the Louisiana declaration, FEMA contracted with multiple local firms resulting in more than \$600,000 to the local economy for goods and services such as JFO security guards, translators and interpreters, and office supplies.

#### **Business Preparedness**

While this hearing is focused on disaster recovery efforts, it is also important to note that FEMA headquarters and all ten FEMA regions work year-round to engage businesses and encourage emergency and business continuity planning to help them recover more quickly in the event of a disaster. Preparing small businesses for all-hazards is a shared goal between FEMA and the SBA, with FEMA actively supporting SBA efforts to improve small business resilience.

FEMA's Private Sector Division developed a Small Business Toolkit to make resources from across government agencies available to small businesses in one centralized location. This material is part of the larger Ready Business Campaign which is designed to help owners and managers of businesses prepare their employees, operations, and assets in the event of an emergency. The primary elements of Ready Business include web content for comprehensive business preparedness and Ad Council PSAs delivered through television, radio, print, outdoor advertising. The Ready Business website also hosts the Business Continuity Planning Suite developed by the DHS National Protection and Programs Directorate and FEMA.

Each year FEMA collaborates with the DHS Private Sector and Infrastructure Protection Offices and with NORTHCOM/NORAD to plan a public-private partnership conference. In December 2015, FEMA hosted the "Fifth Annual Business Resilience through Public-Private Partnerships" conference in New Orleans. Nearly 400 attendees from private sector businesses, non-profits, and state, local, and tribal governments gathered to pursue strategies to build a more resilient nation through community resilience. Conference participants developed action plans and a collection of shared resources to further their organization's resilience and nurture new partnerships.

The Ready Campaign, FEMA Private Sector Division, and the Individual and Community Preparedness Division are also currently developing regional preparedness and operational coordination workshops for small business preparedness and how to develop public-private coordination mechanisms during disasters. These regional events are scheduled to begin in May.

#### **Conclusion**

At FEMA, we subscribe to a whole community approach to emergency management. All sectors of a community, including the private sector and specifically local businesses, need to be involved in preparing for, protecting against, responding to, recovering from, and mitigating against disasters in order for us, as a nation, to be more resilient. The federal family continues to work with businesses before, during, and after a disaster to support community resiliency and recovery.

Again, thank you for the opportunity to testify today. I look forward to any questions the Committee may have.

Chairman VITTER. Great. Thank you very much, Ms. Zimmerman.

I know Senator Rubio has an upcoming commitment. So I am going to trade slots with him so he can ask questions before he has to leave.

Senator.

Senator RUBIO. Thank you. I appreciate your indulgence on this. The Foreign Relations Committee has a meeting I need to get to as well, so I appreciate you.

Chairman VITTER. Sure.

Senator RUBIO. I will not use the full time.

But the first question, Mr. Kramer, as you may know my home State is not a stranger to severe weather. We had a wetter than average winter that caused Lake Okeechobee's levels to climb, and as a result the U.S. Army Corps of Engineers began discharging billions of gallons of water to the east through the St. Lucie River and to the west as well. And the discharges have had a dramatic and negative consequence on hundreds of businesses that rely on healthy rivers, including, for example, the commercial fishermen. And, of course, tourism results have seen a decline in various parts of the State.

So I will continue to work on the Central Everglades Planning Project, which is more of a long-term solution. But in the short term, we should help these businesses that have been harmed to recover, and here is how we can.

On the 17th of March of this year, the Secretary of Agriculture issued a disaster declaration for several Florida counties as a result of flooding due to heavy rains. This declaration triggered the eligibility for SBA assistance. It is my understanding that SBA is considering extending eligibility under this same declaration to businesses affected by these discharges from Lake Okeechobee, and of course, that is something I would strongly consider—strongly encourage the SBA to approve.

Can you update me on what the status is and the estimated timing for a decision on that?

Mr. KRAMER. Sure, Senator. Thank you for that question.

I am aware of the situation. I am aware that the Secretary of Agriculture has made a declaration, a disaster declaration, for that area. I am not aware, though, that—for an SBA declaration in the absence of a presidential declaration we have to receive an application from the governor for our services and our declaration.

The governor has made such a declaration with regard to two different events in late February related to tornadoes that were in Florida, and so we have worked with them on that. And I know that those came to us just last week, and we should have an approval. I expect a decision in a matter of days on those.

I am not aware yet, though, that we have received a request for a declaration on the other one, although I can contact our staff and make sure they use the established lines of communication they have.

Senator RUBIO. So by issuing the declaration by the Secretary of Agriculture for these counties, as a result of flooding, this in and of itself does not trigger eligibility for SBA assistance?

Mr. KRAMER. I will confirm. My understanding is that when there is a presidential declaration our services are automatically triggered. Otherwise, there is a separate process by which we make a declaration. Oftentimes, it can happen in concert with the other ones, but the Secretary of Agriculture declaration would not necessarily trigger our services. But I will confirm that—

Senator RUBIO. Okay.

Mr. KRAMER [continuing]. And make sure that we follow up.

Senator RUBIO. Well, if there is something missing from the State side, we would like to know about so they can address it.

It related to the event you talked about, Ms. Zimmerman. My question is with regards to both Escambia and Santa Rosa Counties. They were ravaged by storms. The first had one tornado hit the Town of Century, hit over 100 homes and commercial buildings, caused about 3.9 million in damages. And then the second hit Ferry Pass just a few days later and destroyed, or severely damaged, about 300 homes and buildings. And, the total damage, about \$18 million.

So the governors made these requests, and I wrote the President twice in support of two separate disaster declarations—first, for an emergency declaration which was denied, and then subsequently, a major disaster declaration which was also denied.

So the Pensacola News Journal has reported that one of the reasons that the State will not receive disaster assistance is because, independently, the storms failed to meet a damage cost threshold for Federal assistance. The Journal says that FEMA refused—this is a quote—“refused to let the State roll the damage amounts for the two tornadoes into one request.”

However, given that these storms occurred in the same week and were only 30 miles apart, I believe FEMA should be able to roll the damage totals from the area into one request. It is my understanding that this has been done in the past for similar disasters.

So what are the guidelines for assessing the cumulative effects from storms in close proximity and time? And I guess what are the guidelines? I know that has happened in the past.

Ms. ZIMMERMAN. Thank you, Senator.

Yes, when storms impact communities, we look; we work with our partners at the National Weather Service to identify whether storms are of the same system or if they are of separate systems, and so we rely on them as another Federal agency to tell us if they are one system or not.

When we look at disaster damages and the impacts, we look at that first, but we look at the overall impacts of those disasters and get the requests from the governors, which we did have a request from the governor for the storm that hit Escambia and Santa Rosa, and they requested for individual assistance.

We went out and performed damage assessments alongside the state and local communities and identified a total of 45 homes destroyed and 40 with major damages, so looking at just about 85 homes, major damage or destroyed. So that was of a level that it was felt that the State would be able to handle that.

Senator RUBIO. Okay. Well, just in closing, I just want to hopefully be able to work with you on this because this has been a recurring issue in Florida. Florida is victim to multiple storms that



occur within a short period of time. In and of themselves, the one storm, the one tornado may not reach the threshold, but when you combine all these events happening in the same geographic area within a close proximity of time and space, if you add those up, it gets pretty dramatic. And Florida seems to be repeatedly impacted by this.

I hope we can establish guidelines that allow us to meet that threshold, and I am sure we will work with your agency to do that, I hope.

All right, thank you.

Thank you, Chairman.

Chairman VITTER. Great. Thank you very much.

Senator Booker.

Senator BOOKER. Mr. Chairman, with your indulgence and thanks to your example, I am going to allow Senator Heitkamp to go next.

Chairman VITTER. Okay.

Senator HEITKAMP. He said he would only do that if I made it a big public display that he was so gracious, but ... no.

[Laughter.]

Senator HEITKAMP. Actually, I think that—

Chairman VITTER. I do not think Marco spent enough time pointing that you are on our side. So maybe you can.

Senator HEITKAMP. Example, right?

I think it is interesting when you look around this podium here to see that there is not a state that is not impacted by disaster. And you know, you can have a state as large as Florida, as large as New Jersey, rural like North Dakota and like Louisiana, and we all know that it is some of the most trying times for so many of our people.

And certainly, when we think about disaster in North Dakota, we think about flooding. And it is not the kind of gush flooding that you see come down a valley. It is the slow rising of water that spreads out of the banks and literally can destroy a whole town, similar to what happened in Grand Forks, North Dakota.

Now being a kind of veteran of the programs, obviously, we were participating and glad to see the Chairman's emphasis on the RISE Act, see it passing, but also want to make sure that implementation is done in a way that we think that was intended by Congress.

And one of the criticisms that I frequently hear, especially of the SBA programs, is the criticism that you have—it seems like there is one hand taking, or one hand extended while the other hand is taking. And way too often, for small businesses it is not just their business that is affected; there also is their home.

And so we were pretty insistent that a provision needed to be placed that would prohibit SBA from collateralizing someone's home because then literally their whole life is at risk, unless that was necessary.

Mr. Kramer, can you tell me what is the timeline in implementation of that provision? Because as I understand it, it is one of the provisions of the RISE Act that has not yet received implementation, has not been implemented.

And, if it has not been implemented, then what is your time frame in which you will see it being implemented?

Mr. KRAMER. Well, thank you, Senator, for that question, and I think you hit in the question on some of the challenges that we face in providing disaster assistance and running a prudently managed program.

On the one hand, we go into these difficult circumstances. We are the loan side of the operation, not the grant side of the operation. So, in addition to providing support, we are creating a long-term relationship.

Under existing laws and regulations, we are required to take the best available collateral in order to protect the long-term sustainability and integrity of the program. But I think when you talk to all of our folks who work in the Office of Disaster Assistance, they know well how to be both competent and also compassionate of the circumstances that people are going through.

So as I think we are looking right now at writing regulations that enforce the specific language of the RISE Act with regard to taking collateralization of the home, and I expect that at some point this summer we will have a draft of that because we are trying right now to figure out how to do exactly what you just said—to be compassionate and understanding about people's need to keep their home after a disaster, but also to do it in a way that also serves the other obligations that we have, to take collateral in these loan programs, maintain the subsidy rate that we operate with, and all that.

So I can tell you that all of those aspects of your question are being given due consideration. We are in the process of working on a regulation this year that I think we will have in draft form by sometime this summer.

Senator HEITKAMP. So you anticipate that by this summer we will at least know what the draft regulation looks like, with implementation probably by the end of the year?

Mr. KRAMER. I think that is probably the schedule.

Senator HEITKAMP. What would you do in the meantime? The old rules would remain in existence until you change, or would there be an ad hoc determination?

Let's say we had a disaster tomorrow in North Dakota.

Mr. KRAMER. Right.

Senator HEITKAMP. With SBA funding for small business, how would—given that this law is in effect, how would you then implement this provision without a regulation?

Mr. KRAMER. You know, I asked our staff a very similar question to that—what we are doing in the interim, and how often it is the case that we go in and actually take and try to foreclose on the property of a disaster survivor. And my understanding is because of what we do and the other resources we have in the field actually foreclosing on someone's home as collateral is an act of absolute last resort that we do not see happen very often.

And so I have made clear to that staff that before we would take some action we would need to think clearly about how to make sure that we are in compliance with the new terms of the statute. But it is something, frankly, that I do not think we expect to happen in the short term while we are doing this.

Senator HEITKAMP. Well, obviously, I am deeply concerned because a lot of times second and third mortgages on homes is a re-

ality for homes that are devastated by a natural disaster. And simply to—you know, if you are a homeowner, one would question why you would ever hang on, and that is not good for the community either. So, if we are going to see communities recover, we need to make sure that there is a possibility of recovery in a way that is maybe more humane than what we have had before.

Ms. Zimmerman, I think we have come a long way on disaster response and recovery, and certainly, with the passage of the RISE Act. But there is always room for improvement. And I know when we look at the challenges in a rural state, like North Dakota, getting out there and getting people to kind of appreciate what the unique challenges are in a rural community.

Can you just tell me what you see as necessary next steps to provide coverage not just in large urban areas but also rural areas in terms of recovery from natural disasters?

Ms. ZIMMERMAN. Sure. As we are out in any disaster, it is challenging, when you are in a rural community that has been impacted by disasters, to make sure we go to the people. And that is one of the things that we, over the last few years, have been concentrating on with FEMA, to make sure we have staff going out in the field to meet the disaster survivors where they are at, where they are trying to recover, and not making them come to us.

So by having mobile centers that we move around and take people so that they can be walking the streets in those rural communities or driving to where the people live to make sure they are getting the assistance, whether it be that assistance that FEMA could provide or from any of the voluntary agencies, we are working very closely with other partners that we have in the emergency management/disaster response world.

Senator HEITKAMP. I think one of the great challenges here in terms of disaster relief is that the balance between wanting it to be self-contained and have no subsidization from Federal taxpayer dollars, and then recognizing that the taxpayer input and dollars that we can bring to help a community recover is good overall for the economy of this country but also is a good investment. So it is a tough balance.

And so you see it right now with flood insurance. I am trying to figure out if we are going to cash-flow flood insurance entirely on its own or whether we are going to have some kind of subsidization that recognizes a universal risk that we all take and that we are all in it together.

So I think these are issues that we are going to have to work through in Congress.

But we certainly appreciate the work that both of you do, and I am grateful, as is my State, for all of the assistance FEMA has given us as we experience, whether it is a tornado or whether it is devastating flooding in my State. Thank you again for your public service.

Chairman VITTER. Great. Thank you, Senator.

I will go to my questions now. First, I want to thank both of you and your agencies for your response recently in Louisiana. It has been very proactive and very aggressive, and we appreciate that. And I think all of our goals is to make that the new normal in every state after every disaster from now on.

Let me go back to the RISE Act. One significant provision in the RISE Act was the Recovery Opportunity Loan Program, and that is a big priority of mine in the RISE Act, and we want to get that up and going.

Now we were concerned when we were writing the RISE Act that if you look at, say, the 2008 Farm Bill, with disasters programs in it like the Immediate Disaster Assistance Program, that is still not implemented. It is still without regs, without guidance, basically with no substantial action, Mr. Kramer, from the SBA. We do not want that to happen. It should not be happening there.

We certainly do not want it to happen in the Recovery Opportunity Loan Program. For that reason, one thing we did is design and stand up that Recovery Opportunity Loan Program on the existing 7(a) loan program platform, which should mean the process to implementation should be a lot quicker.

So what is the update on that, and what is a specific timeline on this implementation of the Recovery Opportunity Loan Program?

Mr. KRAMER. Well, thank you, Senator Vitter, and I think a lot of my response will agree with some of what you just said.

I think the Recovery Opportunity Loan Program in the RISE Act has a good opportunity for success in great part because of what you just said about the fact that it is an idea built upon our existing 7(a) loan platform.

Outside of the straight disaster loan context, most of our other business finance programs operate as guarantees where we are not making the loans, and so we need a willing partner, that bank that is going to go out and make a loan to a small business that we then guarantee, which takes some of our direct control out of that system. And I will talk about, you know, the IDAP, EDAP, and PDAP in a second, which is, I think, part of the frustration we are running into in getting those up and running.

On Recovery Opportunity, though, to make sure that I answer your question up front, we are looking right now at modeling how we can get the regulations written on this. I would expect that sometime this summer we will have regulations out on Recovery Opportunity.

Frankly, I will tell you the one issue that we are trying to get through right now is the opportunity in the Recovery Opportunity loans is that it takes a normal 7(a) loan and increases our guarantee up from what is usually 50 percent to 85 percent. And I think we try to use that 35 percent to incentivize the banks to become partners in helping us in disaster response, which is a great idea.

At the same time, though, our fees have to remain the same, and we have to operate that program at zero subsidy. So, in order to roll that out, we need to do the modeling to make sure that we can take on that additional guarantee amount without changing the fee structure of the subsidy amount, but we are doing that work right now. Once we figure that out, it will lead us to writing regulations, which we expect to do this summer and have those.

Chairman VITTER. And so this summer would be the end of that whole process?

Mr. KRAMER. I think the end of the process, where we have looked at that and we are then writing the regulations and then putting them into a clearance process and putting them out for comment.

Chairman VITTER. Well, I do not want to eat up all my time on this.

Mr. KRAMER. Sure.

Chairman VITTER. But could you follow up in writing with a schedule of the entire rollout process to completion of this? My experience in life with myself, among others, is that you will never stay on a reasonable schedule unless you first have a reasonable schedule. I mean acknowledge a goal. And so, if you can give that to us in writing, that will be a great step with regard to staying on some reasonable schedule.

Another big concern that we tried to address in the RISE Act certainly comes out of my Katrina and Rita experience. One of the most frustrating things I saw was enormous, mostly FEMA, dollars coming into Louisiana for all sorts of things like debris removal, just to take an obvious category, and almost all of it going to mega-contracts, to mega-firms, outside Louisiana. And the only Louisiana small business participation was six rungs of subcontracts down, pennies on the dollar.

And we did some analysis comparing that, for instance, to local jurisdictions that had preexisting debris removal contracts with local, and those were much more efficient, much lower cost for the taxpayer, much bigger positive impact for local businesses, which helped with the recovery.

So we tried to address that in the RISE Act.

Going back to Mr. Kramer, there has been real delay in SBA's formulation of guidelines for Federal agencies to meet that local requirement. What is the cause for delay? How are we going to break through that?

Mr. KRAMER. So, on that specific provision, we do have a draft of rules that we are currently consulting with the FAR Council because eventually the way we expect that process to go is we would take the regulations on the local contracting preference and incorporate that into the general Federal procurement policy rules. And so we are in that stage of the discussion right now with them to get those provisions implemented.

Chairman VITTER. Okay. Again, if you could follow up with a specific timeline that we can stick to because this is another big, big priority of many members on this Committee and otherwise.

Okay, now we will go to Senator Peters. I think that order is right.

Senator PETERS. I will be happy to go. But Senator Booker, were you?

Senator BOOKER. No, sir. It is on you, Senator Peters.

Senator PETERS. Well, thank you, and my accolades to you as well for passing because you were here before me. So I appreciate that.

Senator BOOKER. I appreciate it. Feel free to take more time up if you would like to give me more accolades.

Senator PETERS. Thank you.

Thank you, Mr. Kramer and Ms. Zimmerman. I appreciate your being here, and I want to echo what my colleagues have said. We appreciate your work in standing up for emergencies that occur around the country. It is something that we must do as a nation, to stand with those who are facing a crisis in whatever form. It goes to the core of who we are as a people, I believe.

And that is why it has been somewhat concerning, and disappointing I think, with what has happened with the situation in my State with the City of Flint, which I think most everyone would agree has been absolutely a catastrophic disaster that impacted an entire community. You have poisoning of water that has impacted every citizen but in particular the children. As you know, lead poisoning can have an impact on brain development at an early age of exposure, which will carry on for an entire lifetime.

We were pleased that the President declare an emergency, which has been helpful with both SBA as well as FEMA resources. But as you know, under the Stafford Act, it is not categorized as a major disaster, and a request from the State to have it categorized as a major disaster has been denied.

Although, I can assure you if you ask any resident of the City of Flint if this is a major disaster they will not have to think very hard or long about that. And certainly, if you ask a child if this is a major disaster, given the situation that they may have been poisoned for their rest of their life, it is pretty clear to parents and everyone around them that it is a major catastrophe.

So I guess we probably need to change that, and I certainly think we need to work on thinking through how we define disasters.

But perhaps, Ms. Zimmerman, you could explain to me some of the limitations that are placed on FEMA as well as the SBA without a major disaster declaration, although we do have this emergency declaration. What are some of those limitations, and how is FEMA's ability to respond impacted by the definition?

Ms. ZIMMERMAN. Sure. Thank you, Senator.

As you stated, there is an emergency declaration, and we have an authority to respond whether it is an emergency declaration or a major disaster declaration. Based on the governor's request to have assistance with bringing in the water, the cartridges, the filters, and the test kits, we have been doing that since January 15th when the major disaster declaration was made, making those resources available to the State and on down to the community of Flint so that they have that and have the accessibility of all of those commodities. So there is no difference between the emergency declaration and a major disaster declaration in us being able to provide what was being asked for.

And we are working side by side with the State and with HHS, Health and Human Services, who has the lead for this event on the other side, to make sure that as the governor's office has stood up in the local community, to have their long-term recovery committee looking at this and the full impacts of that and what might be needed in the future. So we are participating also with that on that side of it.

Senator PETERS. Although I understand the emergency declaration has been extended just to August?

Ms. ZIMMERMAN. The governor asked for it to be extended until August 15th, and we have done that.

Senator PETERS. But my understanding is that FEMA also said that this would be the last extension. Is that correct?

Ms. ZIMMERMAN. So, yeah. So emergency declarations are meant to be in an immediate emergency. It is usually between 60 and 90 days. This one we have extended for seven months, for a total of seven months. So, looking at that, we would be looking to the governor's committee on long-term recovery as well as the Flint Recovery Group to be looking at what actions they are going to be taking and how this situation will be addressed.

Senator PETERS. So even though the statement was made that this would be the last extension until August, is it possible to extend it beyond that? Because it is clear that this is an emergency that is going to last well beyond August?

And my concern, quite frankly, for Flint, is that although it is receiving a lot of national attention now, there are TV cameras, and the lights are shining very brightly, eventually, that all goes away. And the problem is still very much there and will continue to be an insidious problem for decades to come.

How can we work with FEMA to extend? And if the governor requested, what is the process to get additional Federal assistance?

Ms. ZIMMERMAN. Sure. Thank you, Senator.

So, yeah. So the intent of an emergency declaration, as was given to us by Congress, was for those situations that are of immediate impact—as I say, 30, 60, 90 days. So we have extended it.

Emergency work, if you do have a major disaster declaration, the most that usually goes for is six months. So we would have to look at this because the intent of the emergency declaration is not to go on for years, but something that would be handled, and then you would look for what is the longer-term solution to the issue.

Senator PETERS. Right.

Ms. ZIMMERMAN. So we would be happy to—we are participating in those discussions, as I say, with the governor's recovery committee as well as the Flint Recovery Group.

Senator PETERS. Great. Well, I appreciate it. I see my time is expired.

And, Mr. Kramer, I appreciate the SBA's efforts on loan assistance as well in the City of Flint.

But it is just my hope that both of your agencies appreciate, and I believe you do—you have folks on the ground—and realize the long-term nature of this.

And when it comes to the recovery of small businesses in particular, it is definitely long term in the fact you have reputational risk, especially for our restaurants and other places in Flint, where it may be a long time for people to come back to those types of businesses, which is much different than what you have in a natural disaster. When the hurricanes pass, it is past. This is something that may have lingering, residual impact, and I certainly hope the SBA will continue to be there helping our local businesses.

Mr. KRAMER. Yes, Senator, we plan to be. I think you have seen in our response, in addition to our traditional loan programs, which is often what we bring to disaster areas, I think we identified in

Flint that there was a need for additional business counseling services, additional micro-loan services. Administrator Contreras-Sweet went out and announced some of those efforts. So I think we realized it was a unique situation, different from some of the other disasters we have seen, and I think have put in place some support that will help that long-term recovery.

Senator PETERS. Great. Thank you. Thank you both.

Senator BOOKER [presiding]. Senator Cantwell.

Senator CANTWELL. Thank you, Mr. Chairman, and certainly appreciate your discretion in allowing us to ask questions before you.

Like many of my colleagues who have asked questions about disasters that have already occurred, I do, too. And so although I want to point out that we are doing a big Cascadia exercise in Washington in a few weeks, or actually I think it is in June, where nearly 6,000 people are going to participate in a response plan for a possible tsunami event or something in the Cascadia subduction zone. So we are talking about something, you know, on a grand scale that could impact thousands of people. So definitely appreciate FEMA's participation in that.

But, two things. One, in the fires that we have had, we saw both the declaration by FEMA that there was not enough housing density to reimburse on the housing issue, and I feel like there is basically a prejudice against our rural communities that are clearly communities. If you have a valley community, which is what the Twisp Valley was, and yet because it is not in a dense concentration, and yet when hundreds of homes are wiped out by a fire—and it is a tourism area. So if you do not have workers to rebuild the homes, then you are not going to have the same economy, which affects our whole state economy.

So I wonder what FEMA is willing to do to review that. You turned down the request, but I do not even mean the specific request now. I mean, what do you think about this issue that there is a prejudice against areas that are not as dense? Because I just do not think you are taking into consideration the economic footprint of a rural economy and in these cases where you are talking about whitewater rafting, skiing—you know, again, destination tourism areas.

The second issue that has come up in both the Oso disaster and the two fire seasons that we have had, which have been the worst, I think the cost is—we think one of our tribes probably had a \$2 billion timber loss. That is how much economic impact we are talking about.

That we do not have a good communication plan—there seems to be a chicken and an egg between when a broadband communication system is going to be deployed because no one knows who is going to pay for that.

So, in the Oso case, literally, two communities were separated by a mudslide that was devastating, and the broadband was knocked out. And so the question was: Who is going to pay for the communications? Who is going to pay for the disaster?

In the two fires, one, the fire basically burned up the broadband, and so it was gone. And in the second fire, literally, a similar situation happened. A command center was trying to provide response



to this whole county about whether they should evacuate or not, but no one had any way to communicate with anybody.

So I would rather see some temporary deployment of broadband communication by FEMA, emergency response in the emergency, and us not worrying about this issue of, okay, well, now we have to gather all the information, have to submit it, wait to see if there is a declaration before we are going to provide the communication.

If these people are responsible in the middle of a fire season for the evacuation plan, whether the valley should evacuate, and yet we have no broadband and no one wants to deploy the emergency communication, how is that an emergency response?

So, Ms. Zimmerman, I do not know if you have some suggestions for either of those problems.

Ms. ZIMMERMAN. So, yes. Thank you, Senator.

So on the first one, for individuals. So density of the houses is just one of the criteria that we look at. So, obviously, we look at overall population but what the impacts are. We look at the demographics of those that were impacted by the disaster.

We look at what the state should be able to assist with. As we know, when the local community gets impacted, then it goes up to what the county can assist with, as well as what the state can assist with, before it rises to the level of what the Federal Government and what the impacts would be that would have us come into it.

So we look at many different factors. One of the things—

Senator CANTWELL. And is that an economic issue, do you think? Is there some economic threshold?

Ms. ZIMMERMAN. We look at the economic, but we cannot do anything for the economic side. That is where we rely on our partners at SBA for economic recovery from events. So as we look that—but that is something that has been an issue for a long time.

And from the Sandy Recovery Improvement Act—back in 2013, that was passed—it gave us the ability to look at the individual assistance and to be able to look at the criteria that we would be looking at and how we would be able to say whether or not a state can handle it, what is the state's responsibility, the state's capabilities, and to be able to look at that. So that is some guidance that we have looked at.

We have worked with our state and local partners to identify how should we be looking at individual assistance differently. So I can tell you that that guidance—we are working together. We published some information in the Federal Register, we got comments on that, and we about to—I would hope before the end of the year, we would be publishing the new criteria for individual assistance. So that is something we have been working hand-in-and with—

Senator CANTWELL. Is there anything about this density issue?

Ms. ZIMMERMAN. So, yes. So that is part of what it is that we are looking at, as well as how we can truly look at the financial capability. A lot of it comes down to what financial resources are available at both the local and the state governments. So that is something we looked at.

So, as I say, that should be coming out here before the end of the calendar year.

Senator CANTWELL. Okay. And what about the communication, broadband communication?

Ms. ZIMMERMAN. Communication. You know, we have our mobile emergency response communications that we can dispatch when it is needed. When you were talking about you have to gather all the costs to see who is going to reimburse, if it is coming to rebuilding something, that does come after a presidential disaster declaration.

But when us—looking when you are talking about fires, in the U.S. Forest Service and their efforts, they are the lead when it comes to forest fires and the resources and things that go out for that. So not being able to look at that, what resources they have, but if we are called in to assist we can do that with—we have mobile communications vans and trucks that go out.

Senator CANTWELL. I see my time is expired, but I want to follow up with you on that because I really do think there is a gap here. And I am happy to put it in writing and maybe get some response.

Ms. ZIMMERMAN. That would be good. We would look—

Senator CANTWELL. But I definitely feel like we are still in the emergency and there is no broadband communication and it does not get deployed. So I still feel like there is a chicken and egg here.

And I would appreciate if you would also look at—there is a—after the Carlton Complex, which at that moment was the biggest fire in our State's history. There are some FEMA requests that are still unresolved in that Carlton Complex as far as water main damage that was done. So if you could get us a response on that, and we will get that to you in writing.

Thank you.

Chairman VITTER [presiding]. Great.

Senator BOOKER.

Senator BOOKER. Thank you very much, Mr. Chairman.

Before I start my remarks, I just want to give an acknowledgment to the staffer in the back there who is holding up the number sign. He is going above and beyond the call today. And I will also mention that he has—

Chairman VITTER. Oh, I thought that was a rating, actually.

[Laughter.]

Senator BOOKER. Let's also mention for the record—

Chairman VITTER. I was noting that none of us were getting above 5.

Senator BOOKER. No, no.

[Laughter.]

Chairman VITTER. I am glad to see it is the time.

Senator BOOKER. Which, as you know, these days for Congress, that is still a generous rating.

But I will note that he has the second-best haircut in the room right now.

So I just, again, want to—I cannot say how grateful I am and my office is since, literally, the week that I arrived, in fact before I was sworn in, in the special election, we began working closely with FEMA and then the SBA on the urgencies around Sandy. It has not always been a road without bumps, but we have been so grateful for the responsiveness, corrective actions, and even partnering with people like Senator Vitter with the RISE Act, in trying to make sure that we are doing everything possible.

I will note that the reopening of the centers has resulted in tremendous resources being brought to businesses in my home State. And so I really cannot say enough with the open lines of communication, the partnership, the working together, and really what this is all about, which is helping people in our respective states. So thank you all for that.

I am just going to go with some general questions because, obviously, I feel very much that I am getting a lot of the more particular questions regarding Jonas and Sandy.

But just generally, you know, the destruction of residential homes and displaced local populations takes a major toll on local economies. There is incredible evidence showing that a dollar spent for mitigations before a disaster strikes saves about four bucks in the aftermath. It is just sort of common sense and even fiscal conservatism. It is like, where would you rather put the resources?

But from 2011 to 2014, FEMA Spent 14 times more within its mitigation programs after rather than before a disaster. So just as a matter of thought on this and your input for the record, Ms. Zimmerman, how can FEMA correct this seeming imbalance in its approach to pre- and post-disaster mitigation?

Ms. ZIMMERMAN. Sure. Thank you, Senator.

So the—I am not going to—the pre-disaster mitigation program does not fall within my purview but very well aware of the Hazard Mitigation Grant Program. So, after disasters, communities get 15 percent of the total cost for individual assistance and public assistance combined, an additional 15 percent on top of that. That then gets expended for mitigation grant projects, which the state then administers, makes the selection of those projects.

And if a state has an Enhanced Mitigation Plan, they can get 20 percent of that total cost of the disaster.

Senator BOOKER. Right. But just in general—and I understand that.

Ms. ZIMMERMAN. Yeah.

Senator BOOKER. And these are great programs that we have taken advantage of.

Ms. ZIMMERMAN. Yes.

Senator BOOKER. But don't you think a rebalancing, seeing what you are doing after the fact, that it could have maybe even prevented if we had done work? Don't you think it requires a rebalancing? I am asking you to opine here if you would.

Ms. ZIMMERMAN. So for us, I mean, we are given the dollars that we are given to work with and the statutes that allow us where we can pay for mitigation.

So a lot of—I have to give accolades to a number of states and local communities that put their state and local dollars into the mitigation projects that they do. A lot of them do far more than is provided by the Federal Government when it comes to mitigation ahead of time.

Senator BOOKER. No. I appreciate that.

And then just real quickly in the two minutes I have remaining, you know, it is about to be hurricane season right now, and I just want to know—maybe I will turn to the SBA. Are you doing anything to prepare for—you know, we have heard from everywhere from Florida to, obviously, concerns I have, and Louisiana. Are we

doing anything to be proactive, learning what we have from storms like Jonas and Sandy?

Mr. KRAMER. Absolutely. So in response, I mean, we are still, as I suggested in my opening remarks, implementing the solutions to the lessons we learned from Sandy. A lot of that for us is centered around automating our programs. We are a good deal of the way down that road but not all the way there yet, but we expect that over the next 6 to 12 to 18 months we will have a fully automated system online.

We have found in some of the larger disasters we have responded to in the last couple of years—the flooding in Dallas, the flooding in South Carolina—that we have been able to significantly reduce our response times, to get answers to people applying for our loan programs, down to a matter of 10 days or so, a few days longer for businesses, shorter for homeowners.

And we have confidence that we will be able to scale that up to respond to even a much larger incident like a hurricane. Our application process, the way we process those loans and distribute them, I think are all far down the road of being in a fully automated system so that we will be able to respond more quickly even when we do have to scale up to hurricane levels.

Senator BOOKER. Thank you, Mr. Chairman.

Chairman VITTER. Thank you very much.

Senator Markey, perfect timing. If you are ready, you are up. Otherwise, I can go on a second round.

Senator MARKEY. I might need FEMA relief here.

Senator BOOKER. You, sir, are not a disaster.

[Laughter.]

Senator MARKEY. May I hold just for a minute?

Chairman VITTER. Yes. I am going to go to a second round. Maybe you can follow me if that is okay.

Ms. Zimmerman, you heard my concerns about involving local small business in recovery and cleanup. You mentioned that issue in your comments, and previously Ms. Gerilee Bennett from FEMA in a roundtable discussion commented on FEMA efforts to better involve local small business. What is being done from the FEMA perspective? Because I think that is such a missed opportunity in the past in helping the economy recover through these local small businesses.

Ms. ZIMMERMAN. Sure. I appreciate that, Chairman.

So, as we are looking at disaster recovery work, FEMA ourselves does not contract with small businesses to do debris removal and to do other projects. That is through the grant money that we give to the states, tribes, and local communities.

But what we do when we set up our joint field offices is any staff that we need to hire, such as the security, do local hire programs so that we, as you say, bring back into the community. Then also, as we go out and purchase, if we need to purchase commodities or things, we try to do that on the local basis. And then also, encouraging folks.

One of the great elements of the Sandy Recovery Improvement Act is for the debris removal, and as you noted in your comments. So being able to pay local communities that have gone to the effort to put together a debris plan, to put together pre-identified contrac-

tors, local contractors that they could call upon in times of need and to be able to do their debris removal, as well as to be able to reimburse those local communities if they use their own workforces to do that debris, which would not be part of their normal job duties.

So those efforts from the Sandy Recovery Improvement Act have really—we have seen a lot more debris being removed quicker, as well as less expensively, and to employ both local contractors as well as the local community through their own efforts.

Chairman VITTER. Okay. Great. Thank you.

Mr. Kramer, I mentioned previously the lack of implementation of programs in the 2008 Farm Bill. Has SBA completed revising its own planning documents. If not, when is that going to happen, and why hasn't SBA reported to Congress on issues it has with implementing those mandated programs, if there are problems or obstacles?

Mr. KRAMER. Thank you, Chairman. I am happy to provide that update.

As we addressed before, with the three different forms of those programs—the IDAP, EDAP, and PDAP.

On the IDAP, we issued regulations on that program to implement that program in October of 2010. We have not yet, though, had utilization of that program because, again, the banks that are making the loans have not sought to utilize that program.

So in order to modify that program to increase utilization, and also figure out how to design the other programs so that they would not run into similar obstacles, we recently put out all three for an ANPRM to get comments from the banks themselves about the programs and what they would like to see. We recently closed that. We received about 20 comments including from the 2 largest industry groups, and there was decent expression of frustration by those banks about how they could make this work.

And so we are engaged in a dialogue with them right now about how we can redesign the programs to make it something that they would choose to take on. There are some risks that the banks would take on in those programs, and they are trying to figure out what we can do to support them in doing that in a way that would be beneficial to them.

So we are reviewing those comments right now, and I would be happy to have our staff reach out to your staff once they have reviewed those comments and provide a report on what we are hearing about those programs and to talk about a way forward.

Chairman VITTER. Okay. Could you also—I know I sound like a broken record. Can you also give us a timetable about how we are going to work this?

Mr. KRAMER. Yeah. And I think that one—

Chairman VITTER. This stuff does go back to the 2008 Farm Bill.

Mr. KRAMER. We will do that.

Chairman VITTER. Okay. And then finally, Mr. Kramer, one significant need for a lot of this to move more effectively is, in some cases, automating the approval process for disaster loans, other technology, IT issues. However, SBA has had difficulty in the past in implementing large IT and technology projects. What is the SBA

doing to ensure that its IT modernization projects, including DCMS 2.0, will be completed on time?

Mr. KRAMER. We have a five-minute limit for this? I could—we have been working—I have been working directly on some of the IT challenges at the agency since the day I got there a year ago, and we are working on this on a number of different fronts.

One of the things we have done that might get most directly to part of your question is that we have identified the parts of our IT system that are—you could argue it is all essential, but—the most essential. When you look at our financial systems, it is our capital access program and our disaster systems. We have taken efforts to sort of prioritize and emphasize those processes.

And so I think we do have sufficient funding in place. We are sufficiently far down the road in procuring the contractor, who has already done this sort of scope of work, to implement DCMS 2.0, and that is on track. And I think that is something that we will do successfully on time because we have already taken a couple of steps in that direction.

We have successfully implemented the online application, which is now being utilized in 90 percent of circumstances of people applying.

We also, just within the last couple of weeks, set up phase one of our web portal, which is the external-facing part that allows disaster survivors who have applied for a loan to go online and see exactly where their loan is in the process.

The part in the middle that remains is to make sure that we take our processing systems and fully automate them so they can be flexible and scalable as well.

But I think with the success we have had to this point I think we will continue to have that in rolling out DCMS 2.0.

And I think when you look at what we have done with SBA One, and the success we have had in sort of building up the automation we have for our lending programs, and rolling that out, I think we have seen good success in that regard.

So this is certainly not an issue that I will be resting on. There are a number of IT challenges across the agency. But I do think that we are making positive efforts and moving forward on a number of them.

Chairman VITTER. Okay. Now we will turn to Senator Markey.

Senator MARKEY. Thank you, Mr. Chairman, very much.

And we thank all of you for your great work. I want to begin by first thanking FEMA for your great work in helping us up in Massachusetts after our 111 inches of snow last winter. FEMA was just great, and I want to put that on the record.

We had 111 inches of snow, and Anchorage, Alaska had 20. They had to actually truck in snow to begin the Iditarod race. They had to do the same thing again this year. So, clearly, the weather is changing, and FEMA has to adapt to it, and we thank you so much for that.

And to the SBA, thank you so much. You were there after the tragic Boston Marathon bombings. And when tornadoes swept through the Cities of Revere and Springfield, the SBA made Federal disaster loans to those communities.

And we in Massachusetts, we say, "There but for the grace of God goes us." If Hurricane Sandy had just been another degree off and just hit us, we would still be in recovery.

So may I ask this? As FEMA and the SBA look at this change in climate and the impact that it can have, especially on small businesses, I look at a restaurant, Haddad's, down on the south shore of Massachusetts that 10 years ago was told that they were too close to the ocean. So they had to move it actually up onto the side of a hill. And then the new maps came out two years ago, and they were told that that is now no longer acceptable, that they have to go even higher if they want to be able to—in the long run, be able to qualify for low-cost insurance.

So can you talk a little bit about that issue, and especially how it impacts the SBA, and what planning FEMA has in place in order to deal with that issue of the ever-rising tides related to the warming of the oceans and the intensification of the storms?

Up in New England, actually, our oceans are warming faster than just about any other place in the world right now. So could you deal with that, Ms. Zimmerman or Mr. Kramer?

Mr. KRAMER. Thank you, Senator, for that question.

As a part of what we do, I would say that our first response, or our first priority in providing a response, to disaster survivors is to allow them to rebuild and get back to a life as normal as it could have been before the disaster. In doing that, we do make sure in the disbursement process that people who are going through a moment of crisis have been thoughtful and prudent about what they plan to do as far as the disaster recovery goes and so that they are going to be doing sufficient repairs to make sure that they have a sustainable structure and home once they are done building.

And adding in the RISE Act the ability for them to put a safe room into that dwelling is one advance in that direction, trying to have that sort of advance thought.

I know that we continually look in the demands that we put on folks to do prudent rebuilding. We are looking all the time at these same sorts of issues of what are responsible ways to rebuild and what standards we are—

Senator MARKEY. So looking out in the years ahead, do you think that the SBA's budget and FEMA's budget will actually have to be increased in order to deal with the ever-increasing power of these storms to damage small businesses, Ms. Zimmerman?

Ms. ZIMMERMAN. So, yes. So from FEMA's side, we rely on SBA because we do not have the authority to provide assistance to small businesses. But, yes, definitely looking at the extreme weather that we have seen and that we know we are going to see more of and the changing climates and everything else.

So, really, what we have been focused on is taking a look at not necessarily—most of our programs were rebuild to what had been in the past, but really taking that emphasis look on what could happen in the future and how can that risk, how can the rebuilding and the recovery that we have a part of make that be so it is insurable going forward, and so that we are looking to what could happen in the future instead of always looking backwards as our programs have previously.

Senator MARKEY. Do you think that Congress should amend the Stafford Act to allow for adaptive rebuilding for communities after natural disasters like Hurricane Sandy?

Ms. ZIMMERMAN. So, I mean, we are constantly looking at our programs, and what it is we can do under the wide range and the ability with the Stafford Act, and how we can best support that to be building and rebuilding for the future.

Senator MARKEY. And do you have specific recommendations as to how the agency can improve its response to a similar disaster like we had last winter in Massachusetts?

Ms. ZIMMERMAN. So, for us, working hand in hand with the state is very important for us to make sure that we are there in support of them as we have been trying to lean forward when it comes to disaster response. So as we see things happening when we do have a notice for them, to make sure that we have whether it is our commodities out there, our folks working side by side in the emergency operations center there, just to be able to be there and to get that knowledge, and to be able to make sure that the resources flow shortly thereafter.

When you do have 111 inches of snow, you have got to make sure people are safe and those actions that those local communities can take so that residents are not in harm's way.

Senator MARKEY. And does the SBA have any plans for helping to adapt to this climate change which is taking place? Is that part of your thinking at all at this point?

Mr. KRAMER. When you look at our role in the disaster response, it is generally working on an individual basis with disaster survivors, be them businessowners or homeowners, and doing that sort of one-on-one relationship.

Generally, the sort of larger communitywide planning and working with community institutions to take those sorts of steps are things that are handled by our colleagues at FEMA and other Federal agencies.

So to the extent that we can do that, and making sure that businesses and individuals are being responsible in the way that they rebuild, that is the way it usually manifests in our program.

Senator MARKEY. Excellent. Thank you.

Thank you, Mr. Chairman.

Chairman VITTER. Okay. Thank you.

Senator Scott.

Senator SCOTT. Thank you, Mr. Chairman, and thank you to both the witnesses for being here today.

As you both, I am sure, are very aware the fact that my State, South Carolina, experienced devastating floods back in October, which led to, of course, a recovery effort to rebuild our communities, our homes, our businesses, and especially our farms. Our farming community was—agricultural community was devastated in many ways, and certainly the resources necessary to rebuild are still in question, and we are still looking for ways to be of assistance to our farming community and our agriculture community.

In many ways, our State recovers quickly, but the only way that we have been able to recover truly has been through the assistance of both the SBA and FEMA. You guys have provided a lot of boots on the ground, a lot of manpower, a number of hours, and frankly,



a lot of dollars and resources going into South Carolina that we are very thankful for.

When I think about the impact of the storm on my community, I think about the fact that Chairman Vitter was kind enough to allow me to hold a hearing in South Carolina. What we heard from that hearing was many of our citizens were very thankful for the responsiveness of both agencies, very thankful for their interactions and their communications on a consistent basis, seemed to be positive which, of course, in the midst of a storm is not necessarily always what one would expect.

There were some challenges, of course, and I would like to ask a couple of questions about some of those challenges.

Ms. Zimmerman, I understand that over the past few months FEMA issued over \$150 million in loans and several million more in grants to South Carolina residents. However, there were still some FEMA claims that are outstanding, still pending. I am not sure if you have an idea of how many cases or claims that are still pending. Do you have an idea of what that number would be for South Carolina?

Ms. ZIMMERMAN. Thank you, Senator.

I do not, if you are talking about flood insurance claims or—because just note that our Individual Assistance Program is not a loan; those are grants that go out to the homeowners.

Senator SCOTT. Yes.

Ms. ZIMMERMAN. And so if you are talking about flood insurance claims, I do not know how many are still pending, but I can get that information.

Senator SCOTT. That would be great if you could get that for me.

Ms. ZIMMERMAN. Sure.

Senator SCOTT. Another question for you, ma'am. Do you have any recommendations for ways to reduce the hurdles or the bureaucracy that is in your agency to make it easier and perhaps more efficient for folks who are waiting for those claims to be finished up? Is there any way that we could expedite that process, or do you see any hurdles that we can work on clearing out of the way?

Ms. ZIMMERMAN. Yes. So, if those are the flood insurance claims—

Senator SCOTT. Yes.

Ms. ZIMMERMAN [continuing]. That does not fall in my purview in response and recovery, but I will definitely go back and meet with Roy Wright, who is our Associate Administrator over flood insurance, and be happy to get that information and to provide any additional assistance that we think could help, if there is anything that we need from the State to help process those claims.

Senator SCOTT. Okay. Thank you very much.

Ms. ZIMMERMAN. Sure.

Senator SCOTT. Thank you, Mr. Chairman.

Chairman VITTER. Okay. That wraps up our discussion.

Thank you both very much for this discussion and exchange and also, even more importantly, for your ongoing work in all of our states, certainly including mine right now due to the recent flooding.

We identified a number of things where we requested information and will actively follow up. So we will follow up on all of that and have as a goal working to improve responses in all of these areas.

Thank you very much.

[Whereupon, at 3:22 p.m., the hearing was adjourned.]

## **APPENDIX MATERIAL SUBMITTED**

Opening Statement by Senator Jeanne Shaheen:

Hearing: “**Federal Disaster Response and SBA Implementation of the RISE Act**”

Senate Committee on Small Business and Entrepreneurship

Wednesday, April 6, 2016

Good afternoon. Thank you to both of our witnesses for being here today to testify.

When disasters occur and damage small businesses, we need federal recovery programs to work effectively and quickly. SBA and FEMA both play important roles during federal disaster responses. SBA aids long-term recovery and mitigation efforts through low interest loans, while FEMA is responsible for coordinating response and recovery efforts in the immediate aftermath of a disaster.

This hearing is an opportunity to discuss ongoing efforts by FEMA and the SBA to enact the bipartisan RISE Act, which was signed into law on November, 25, 2015. As many know, the RISE Act is a broad disaster bill intended to provide support for victims recovering from disasters. Among other items, the RISE Act reopens disaster assistance loans for Hurricane Sandy victims for one year.

This is important because Hurricane Sandy was the second most costly hurricane in U.S. history. In the aftermath, there were a number of concerns with the effectiveness and timelines of SBA’s response. Victims applying for relief complained of long application processing times, and requests to submit duplicate paperwork. It is my hope that ongoing efforts to improve SBA disaster response via the provisions in the RISE Act will help us prevent similar problems should disasters unfortunately strike communities in the future.

I want to thank both SBA and FEMA for joining us today, and I look forward to learning more about the ongoing efforts to implement the remaining sections of the RISE Act. Thank you, Mr. Chairman.