



Testimony of

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before the

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Subcommittee on Emergency Management and Technology

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Emergency Preparedness - Examining Federal, State
and Local Coordination in Coastal Communities

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Thank you for the invitation to discuss the Small Business Administration's (SBA's) response to major disasters and explore disaster mitigation, preparedness, response, and recovery and state, Tribal, and local coordination efforts with our Federal partners. Good afternoon, Chairman D'Esposito, Ranking Member Thompson, Rep. Carter and distinguished committee members. I am Francisco Sanchez, the Associate Administrator for the Office of Disaster Recovery and Resilience (ODR&R) at the SBA. On behalf of Administrator Isabel Casillas Guzman, and the entire agency, I want to express our deep appreciation for your support of our disaster assistance mission and commitment to ensuring the federal government stands ready to aid our communities in their preparedness and recovery efforts.

With decades of experience in emergency management, I've had the privilege of working on some of the nation's largest security events, including two Super Bowls and three World Series. I've also been involved in local coordination for multiple national special security events. Prior to joining SBA, I served as the Deputy Homeland Security and Emergency Management Coordinator for the Harris County Office of Homeland Security & Emergency Management in Texas, which is the third-largest county in the United States. Harris County includes the City of Houston and, during my tenure in public service, we responded to historically catastrophic hurricanes like Katrina, Rita, Ike, and Harvey. We dealt with extreme natural events, ranging from wildfires that burned thousands of acres, to historic flooding, to rainstorms that dumped 16 inches of rain on our community in less than 12 hours. Recently, Harris County averaged one Presidentially-declared disaster every nine months.

Since my transition to the Federal government in January 2022, I have been leading ODR&R at the SBA. I am now more confident than ever that the disaster enterprise fulfills one of the agency's most important functions. Its mission is to provide affordable, timely, and accessible financial assistance to businesses of all sizes, private non-profit organizations, homeowners, and renters following a declared disaster. The SBA offers low-interest, long-term Federal loans for disaster losses not covered by insurance. Our world-class team works tirelessly to enhance our programs and resources, ensuring that America's 33 million small businesses, along with countless homeowners and renters, can access the recovery and mitigation resources they need to rebuild stronger, smarter, and more resiliently.

We are actively addressing climate change and community preparedness through the Mitigation Assistance Option for Disaster Loans, which has become a critical resource for individuals and businesses impacted by disasters. In 2022, the United States declared 18 separate weather and climate disasters, exceeding \$1 billion in damages. In 2023 alone, SBA has addressed a range of major disasters across the country—from wildfires in Hawaii, to Hurricane Idalia that severely damaged the Southern states of Florida and Georgia, to flooding in Vermont—each time responding swiftly and adjusting to needs on the ground. SBA is currently involved in 31 disaster declarations across the nation. We have active declarations in 17 states. Even after a

disaster declaration closes, our personnel remains on the ground to assist. To date, we have staff in seven states, two territories, and 172 Counties/Parishes to help process closed cases. Under the Biden-Harris Administration we have accepted 285,341 applications and approved 105,748 requests, resulting in \$5,994,586,670 in lending.

We are in New Orleans today to discuss disaster mitigation, preparedness, response, and recovery and state, Tribal, and local coordination efforts with their Federal partners.

According to the National Oceanic and Atmospheric Administration's National Centers for Environmental Information, Louisiana ranks third nationally in terms of total costs from Federally-declared disasters exceeding \$1 billion. Between 1980 and 2023, Louisiana has reported damages of around \$300 billion.

Texas ranks first nationally in damages with an estimated \$300 billion to \$400 billion. Florida follows closely in second place with damages ranging from \$300 billion to \$390 billion over the same 43-year period.

This year Louisiana has faced multiple disasters related to wildfire. From August to October 2023, Louisiana faced a series of wildfires that consumed more than 60,000 acres (94 sq mi), and forced evacuations in several towns, including Merryville and Singer. The most substantial of these fires, the Tiger Island fire in Beauregard Parish, stands as the largest wildfire recorded in the state, burning over 50,000 acres of land.

These fires, which began on August 22, 2023, resulted in at least 441 wildfires across 17 parishes and led to the destruction of at least 21 buildings, prompting the Federal Emergency Management Agency (FEMA) to approve an assistance grant in Beauregard Parish, Louisiana.

Over the past decade, Louisiana has faced several tropical cyclone events, including the landfall of three Category 3+ hurricanes, along with a series of significant flooding events. In 2020, Louisiana experienced five direct tropical cyclone landfalls, setting a record for the highest number for any state in a single hurricane season.

In March and August of 2016, prolonged rainfall resulted in flooding across the state of Louisiana. In August 2016, seven-day rainfall rates reached over two feet in some of the most deluged areas. For the two events combined, in Louisiana, over 42,600 applications were received, with 19,900 approvals totaling \$1.37 billion. For the March 2016 severe storms and flooding, SBA opened 55 physical centers in the state. For the August 2016 severe storms and flooding, SBA opened 51 centers.

On August 27, 2020, Hurricane Laura made landfall in Cameron Parish, Louisiana as a Category 4 hurricane, with maximum sustained winds of 150 mph and storm surge of up to 18 feet. After the Presidential disaster declaration, SBA went to work to help the community rebuild. We approved more than 10,600 loans for \$613 million. SBA opened one physical center and three virtual centers.

On August 29, 2021, Hurricane Ida made landfall at Port Fourchon, Louisiana (Lafourche

Parish) as a Category 4 hurricane, with maximum sustained winds of 150 mph and storm surge of up to 13 feet. SBA's disaster lending team approved 26,000 loans for \$1.31 billion. SBA opened 76 physical centers and three virtual centers.

With 2023's hurricane season ending on November 30, now is the time to build resiliency and make the investments to survive the next storm. One of President Biden's top priorities has been to prepare America's economy and our communities for the growing threats and challenges of a changing global climate.

The SBA plays an important role in advancing this mission.

During Presidential disaster declarations, SBA staff co-locates with FEMA-State Disaster Recovery Centers, providing one-on-one assistance to applicants to begin the process of applying for financial assistance to rebuild and recover. SBA also opens Business Recovery Centers in the affected area to support business owners. Beyond disaster loans, SBA works with our network of specialized Resource Partners such as Small Business Development Centers, SCORE, and others to provide technical assistance and support to help businesses reopen their doors.

As a part of our Recovery and Outreach Strategy, SBA conducts campaigns aimed at helping eligible individuals and businesses with applying for an SBA loan. Whether that's seeking additional assistance from SBA or identifying additional resources within our network, SBA is committed to helping small businesses build capacity for disaster preparedness, resilience, and long-term recovery. Because loans are a complex financial transaction, SBA's outreach strategy focuses on assisting eligible individuals and businesses that may not be familiar with SBA's disaster loan program and applicants that were initially declined. We provide reconsideration opportunities for businesses who are declined and we conduct targeted outreach to encourage businesses that were impacted by a disaster to apply for Economic Injury Disaster Loan (EIDL) assistance.

Under Administrator Guzman's leadership, the SBA announced major changes to its disaster lending program in July 2023. For the first time in nearly 30 years, the SBA adjusted its loan limits, taking into account rising construction costs to ensure that communities across America have access to sufficient funding to rebuild homes, replace personal property, and reopen businesses when disasters strike.

To adjust for current costs, SBA increased loan limits for a homeowner's primary residence from \$200,000 to \$500,000. We increased loan limits for personal property such as clothing, furniture, appliances, automobiles, from \$40,000 to \$100,000.

To give homeowners and businesses time to recover from a disaster, SBA increased the initial payment deferral period from 5 to 12 months. To decrease cost of recovery for borrowers, interest on SBA disaster loans does not begin to accrue for the first 12 months from the date they receive the loan.

To improve customer experience, SBA launched the MySBA Loan Portal in February 2023, allowing users to use a single login to access multiple services including account management

for loans, the Veteran Small Business Certification (VetCert) program, and, most recently, a new online disaster assistance application that eases the burden on disaster survivors and expedites the availability of loan funds to homeowners, renters, businesses and nonprofit organizations recovering from disasters. This effort aligns with an important commitment of Administrator Guzman in Executive Order 14058, to “design and deliver a streamlined online disaster assistance application experience.”

These steps are important, but emergency preparedness starts before disasters. Extended mitigation assistance from SBA is crucial beyond the declared disaster event. Communities face multiple risks like hurricanes, floods, tornadoes, wildfires, and earthquakes. Disaster mitigation funds allow owners to build stronger and more resilient defenses so that they can be prepared when the next disaster strikes.

Early this year, SBA published a final rule to allow property owners to use mitigation loans to prepare for a range of disasters. Previously, disaster loan funds were limited to solely to mitigate a “similar” disaster event that caused damage to their home or business. If a borrower is affected by a fire, they can also access funding to prepare for a flood or hurricane. This commonsense change will allow our communities to be more resilient going forward.

Thank you for your support of SBA and our disaster recovery mission. I look forward to our continued work together.