



STATEMENT

OF

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U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE

THE

COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON EMERGENCY MANAGEMENT & TECHNOLOGY
UNITED STATES HOUSE OF REPRESENTATIVES

“Emergency Preparedness: Examining Federal, State, and Local Coordination in Coastal Communities”

November 28, 2023
New Orleans, Louisiana

Chairman D’Esposito, Ranking Member Carter, and the Members of the Subcommittee, thank you for the opportunity to join you today to discuss the mission of the Federal Emergency Management Agency. I am Tony Robinson, Regional Administrator for FEMA Region 6. I have been with FEMA since 1987 and am responsible for covering Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

FEMA has a powerful mission: Helping people before, during, and after disasters. In recent years, carrying out that mission has become more challenging and complex. We can no longer speak of a disaster “season.” From atmospheric rivers in January to tornados and wildfires in December, we now face intensified natural disasters throughout the year, often in places not used to experiencing them. In just the last several months, we have seen disasters ranging from record flooding in Vermont, to the nation’s deadliest fire in over a century occurring on the island of Maui, to the first tropical cyclone to make landfall in California since 1938, and the impact of three hurricanes on the Gulf Coast of Florida over the last year.

In the face of this new reality, it is more important than ever that we break the cycle of disaster damage and reconstruction. Instead, we must focus on being better prepared, resilient, and vigilant against these ever-increasing threats. Under Administrator Criswell’s leadership, with bipartisan support in Congress, and in close collaboration with Federal, state, local, Tribal, and territorial governments, community-based organizations, and the private sector, FEMA is leading the way towards greater resilience.

FEMA is not only a response and recovery agency. We also work to mitigate the worst impacts of disasters before they occur. Hazard mitigation saves lives, results in less complex disaster recoveries, and can help us break the disaster cycle.

For example, FEMA is implementing a national strategy to incentivize the adoption of disaster-resistant building codes. We know that one of the most important ways to build resilience across our country, and save lives, is through adoption of hazard-resistant building codes. Communities that have adopted more modern, more resilience-focused building codes have avoided an estimated \$32 billion in losses from natural disasters across the country since the year 2000 alone, which could translate into over \$130 billion in savings by 2040. According to the FY23 Q4 Building Code Adoption Tracking (BCAT) database, only 31 percent of jurisdictions have adopted the current (2021) or next most recent (2018) hazard-resistant building codes. That would mean that slightly more than two out of three communities in the U.S. have not adopted current hazard-resistant building codes, which represents roughly 177 million people at high risk from the growing impacts of natural disasters who do not reside in communities with hazard-resistant building codes. We must close that gap.

We recognize that many mitigation projects are expensive, and financing the construction of these projects is very challenging for communities. That is why we appreciate Congress’ support in authorizing and funding the Safeguarding Tomorrow Revolving Loan Fund (STORM RLF) as another mechanism which FEMA is using to increase the resiliency of our nation by providing new types of financial support to our State, Local, Tribal, and Territorial (SLTT) partners. STORM RLF provides capitalization grants to states, eligible Federally recognized Tribes, and territories to establish revolving loan funds from which they will provide low interest loans to local governments to undertake mitigation projects and activities that will reduce their risks from natural hazards and disasters. At least 40 percent of the loans are expected to be directed to

small or under-resourced communities, as we know that access to traditional grant funding is a significant barrier that small, rural, and other communities with limited capacity face when seeking to undertake mitigation projects.

On September 12th, 2023, FEMA awarded the first round of STORM RLF funding to Louisiana, six other states, and the District of Columbia. A combined \$50 million in grant funding will kick start eight loan programs to help communities reduce their vulnerability to natural hazards and disasters. FEMA awarded Louisiana \$6.9 million, the highest amount among the eight selected recipients. FEMA expects to make available for competition additional STORM RLF funding in 2024.

FEMA's Building Resilient Infrastructure and Communities (BRIC) grant program has also proven to be a very effective tool for mitigation efforts. To date, FEMA has allocated nearly \$4 billion in grant funding to states, local communities, Tribal Nations, and territories to undertake hazard mitigation projects. Following the FY 2022 BRIC national competition, FEMA selected 124 projects across 115 communities. The selections span all 10 FEMA regions, including 38 states, one Tribe, and the District of Columbia.

BRIC is being made more accessible to communities that are the most at risk and most in need through the implementation of the Community Disaster Resilience Zones Act of 2022. FEMA announced the first set of Zones in September that designate high risk disadvantaged communities to receive up to 90% Federal cost share for projects primarily benefiting these Zones.

Here in Louisiana, Jefferson Parish was selected for a project to harden power infrastructure to protect residents, essential businesses, and emergency service providers from hurricane-force winds, as well as upgrade poles and wire to withstand 150-mph winds and lightning strikes. When completed, this project is expected to result in interruption and restoration cost savings of over \$150 million in the next 50 years and, more importantly, will save lives by keeping the power on to communities even during severe weather events.

In Plaquemines Parish, where the historic community of Ironton experienced devastating flood levels as high as 12-14 feet during Hurricane Ida, our BRIC Direct Technical Assistance Program is working with the community to develop an FY 2024 application that would identify solutions to improve the community's drainage system during future events.

As the Committee knows, disaster recovery is often complex, painstaking, and takes a long time. A part of building a resilient nation is also preparing our communities to recover quicker when disasters happen. FEMA just completed the first cohort of one of its new initiatives to help communities prepare for recovery in partnership with U.S. Department of Housing and Urban Development (HUD). Together we established a first of its kind Pre-Disaster State Housing Planning Initiative designed to assist participating states in developing or maturing their pre-disaster housing strategy. Over the course of several months, with technical assistance from FEMA and HUD, participating states identified their existing housing stock in the state and localities, documented current and potential strategies for temporary and permanent housing options to be pursued after a disaster, while simultaneously creating strategies to provide resilient, affordable housing to survivors as soon as possible after an event. I would like to

commend Louisiana for being one of the first four states across the nation to join this new initiative.

With regard to individuals and families, under Administrator Criswell's leadership, we have taken concrete steps to simplify and create more equitable solutions for assistance through our Individual Assistance (IA) program that have led to real, and tangible positive impacts for disaster survivors. In 2021, we expanded methods of ownership verification for homeowners whose properties had been handed down informally through generations, as well as expanding methods of occupancy verification for owners and renters to prove the disaster-damaged home was the primary residence. Both ownership and occupancy verification also allow self-certification as a last resort due to challenges with obtaining traditional forms of documentation. As a result, in 2022, an additional \$348 million dollars of assistance went to more than 78,000 renters, and an additional \$444 million dollars went to more than 57,000 homeowners. Previously, these individuals would have been denied FEMA assistance, complicating their recovery.

FEMA is also working to simplify our Public Assistance Program to streamline the distribution of aid to communities. We are refining information collection forms to enable applicants to complete project applications on their own and reduce paperwork. By implementing the requirements of the Small Project Efficient and Effective Disaster Recovery (SPEED) Act, less information will be required for small projects – projects less than \$1 million – which will accelerate recovery funds to these communities. To provide some perspective, approximately 94 percent of projects are small. The forms will also include questions designed to better facilitate support for underserved communities.

We also changed how to calculate the threshold for property losses for survivors to qualify for Direct Housing assistance, which ensures more precise damage evaluations regardless of the size of the damaged home. The previous calculations could disadvantage homeowners with more modest homes, who might have suffered comparable damage to larger homes but were receiving less assistance. The new calculation methodology is more accurate in providing assistance that is proportionate to the damage sustained.

FEMA also is in the process of making it easier for survivors to apply for disaster assistance – beginning with the online application available on DisasterAssistance.gov. Instead of requiring survivors to answer questions for every possible program, including for services they don't need, we're shifting to a tailored, needs-based assessment process. The new process will improve the customer experience and reduce the burden for applicants by providing a more intuitive application process. Notably, this deliverable fulfills an important commitment of the DHS Secretary from Executive Order 14058, to “design and deliver a streamlined, online assistance application.”

FEMA has also contributed administrative data and staff perspectives to cross-agency projects to improve the recovery experience for people impacted by disasters. One effort focuses on administrative burden analysis across the recovery experience, and the other focuses on meeting survivors with a trauma-informed approach.

There is still much to do to build a more resilient America, but FEMA is well positioned to address the increasing range and complexity of disasters, support the diversity of communities we serve, and meet our nation's growing expectations of the Agency. We appreciate and continue to need Congress' support as we execute our mission of helping people before, during, and after disasters.

Thank you for the opportunity to testify. I look forward to answering your questions.



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WRITTEN STATEMENT FOR THE RECORD

**Testimony of Pamela Gonzales Granger, PE
McBade Engineers & Consultants, LLC
Youngsville, Louisiana**

Before the Committee on Homeland Security

Subcommittee on Emergency Management and Technology

United States House of Representatives

**For the Field hearing entitled "Emergency Preparedness: Examining Federal, State and Local
Coordination in Coastal Communities."**

Tuesday, November 28, 2023

Introduction

Good morning, Chairman D'Esposito, Ranking Member Carter and other members of the subcommittee. I am Pamela Gonzales Granger, PE, a practicing registered professional civil engineer, owner and principal engineer of McBade Engineers & Consultants, LLC in Youngsville, Louisiana. Currently, I own and manage a woman owned small business civil engineering firm that provides professional civil engineering services to local and state governmental clients for infrastructure projects. I have been providing engineering modeling, planning and design services to governmental clients for over 29 years.

I am honored to testify today before your subcommittee based upon my personal experiences and my firm's experience over the past seven years with implementing disaster recovery and mitigation projects within small local communities in Louisiana as part of the August 2016 Flood known as DR 4277. I have personally led every project that my firm is involved in that is funded by both the Hazard Mitigation Program (HMGP) and HUD which are administered through the State of Louisiana through Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) and the Louisiana Office of Community Development through the Louisiana Watershed Initiative (LWI) Program, respectively as part of the recovery and mitigation efforts of DR 4277. I have firsthand knowledge of the federal, state, and local coordination and implementation of disaster recovery and mitigation projects through the HMGP and LWI funding for the local communities of Youngsville and Church Point, Louisiana.

My testimony today focuses on the needs, benefits, challenges, and areas where we can collectively improve on the coordination and implementation of the HMGP program, disaster recovery and mitigation so that communities can recover, be more resilient and implement projects that result in a reduction of flood levels and flood insurance premiums. My experience is based upon the two recent DR 4277 regional detention pond projects for the City of Youngsville, Louisiana.

Needs and Benefits of HMGP and other Federal Programs for Disaster Preparedness, Recovery and Resilience for Small and Local Communities

The phrase "water doesn't know political boundaries" became very apparent to many small communities throughout Louisiana during the flood of August 2016. Many communities, including the City of Youngsville, recognized that drainage, stormwater management and floodplain management was beyond what a community does just within its own corporate limits. Small communities where drainage is influenced by adjoining communities, communities downstream and coastal tides must work on a regional basis and work with state and federal partners to implement projects that positively impact a region.

Many small communities have limited financial resources as well as staff resources that have the availability and experience to identify and implement projects and activities on a regional level. Most community charters prohibit and/or limit local funding for projects that may be more regional in impacts and location. This is why the need continues for federal and state funding of projects that result in a regional impact on drainage, stormwater, and floodplain management.

Projects like the City of Youngsville's Bailey Grove Regional Detention and Coulee LaSalle Regional Detention are great examples of how the local governments agreed to work together on the selection and implementation of regional projects with the HMGP funding appropriated for the "Acadiana Region". Both projects benefit the City of Youngsville, City of Broussard, Unincorporated Lafayette Parish, Vermilion Parish, Iberia Parish, and St. Martin Parish. None of the entities by themselves would have been able to fund \$10M in regional detention projects. The projects provide for a reduction of four to twelve inches in 100-year Base Flood of the FEMA modeled channels of Coulee LaSalle and Bayou Parc Perdu depending upon where you are located along the channel within each City or Parish. In an area where most homes had on average six inches of water within the homes during the 2016 flood, this is recognized as a significant benefit. In Youngsville alone there was more than an estimated \$29M in flood damage to homes in the areas of these channels.

Challenges with Applications, Implementation and Reimbursements

After disasters like the 2016 flood or hurricanes, small municipal governments face a daunting task of recovery, typically with limited staff resources. Many small communities do not have full engineering departments or grant writers and have limited accounting staff.

➤ **The Challenge of the Procurement Policy:**

To apply for federal grant programs such as HMGP or BRIC, most small communities need to hire a consultant due to limited internal resources. Oftentimes, local communities such as Youngsville would prefer to get consultants that are familiar with their infrastructure and their needs to help them with the grant application. Typically, the grant applications require a level of engineering preliminary study and/or modeling to answer the questions and score well on the application for approval. This means the community must fund the grant writer with their own funds to apply. Due to the level of engineering analysis, most engineering firms will need to be funded to pursue grants. If the grant application is approved and funded, the community must follow procurement policy to select a firm. The firm that applied for the funding is typically prohibited from submitting for selection to perform the engineering. While communities understand the need for the “level playing field” for consultants, the current procurement policy adds several months to a project for selection, adds cost for the new consultant to learn about the system and costs to the community to fund the applicant consultant to help the selected consultant with understanding the system. This is counterproductive to recovery in time and cost.

➤ **The Challenge of Changing Requirements Once a Project is Started:**

Once the project is selected and moves forward, grantees are given instructions with requirements and schedules along with guidance documents. However, as new disasters occur and new funding for those disasters become available, new procedures, processes and guidance documents are developed with the intention of making it easier for the new applicants. Two examples in our experience were the new algorithms and process for the calculation of the Benefit Cost Analysis or BCA and the Hydrologic and Hydraulic (H&H) Report Requirements. Our project plans, specifications, benefit cost ratio and H&H report were submitted in June 2021, but we received comments a year later referring to a guidance document released after our submittal. The BCA analysis was rejected due to new guidance and tool kit that was not previously provided as a grantee for DR 4277. While we understand and appreciate the importance of the BCA and we acknowledge and agree we want to only spend money on projects that provide a benefit that exceeds the cost, a project that has been started should stay within the guidance provided in the grant agreement as long as the grantee has been making forward progress within the given project time and in constant communication with the state partners. We must strive to work together as to not move the goal post throughout the life of the project.

➤ **The Challenge of the Federal Partner Review and Coordination:**

As part of the grantee requirements, a quarterly report must be submitted regarding the progress of the projects. There is no requirement for the state and federal partners to provide quarterly or any regular updates to the grantee regarding the review process during the application, funding, or any submittal review phases. If there is a requirement, we did not receive any regular correspondence on our Youngsville projects.

There are many schedule and time constraints that are placed on the grantee for accountability but there are no schedule or time constraints placed on the state and federal partners to provide anything to the grantee. The grantee’s ability to get their project approved, funded and/or reviewed is directly related to how much you constantly inquire, and the number and titles of the individuals you copy on your inquiries. Our experience on our two Youngsville projects was when you are unable to get answers after several weeks and/or months on an inquiry, we reached out to the staff of our congressman.

During the review process, significant delays occurred with comments submitted from the Federal agency to the state agency then to the grantee. The program would benefit tremendously from a review comment system that was on a portal instead of letters generated then sent to a desk for signature, then emailed to one person then

delays getting emailed to numerous others before being sent to the grantee. Once the grantee received comments, a 30–60-day deadline was typically given to the grantee to respond to comments.

➤ **The Challenge of a Central Portal:**

Access to a central portal that the local, state, and federal partners can all utilize is critical to the success of efficient and succinct project implementation. A central portal should be where all information is stored and where all partners can access the same information and where alerts can be set to notify members of submittal documents. A review comment section where all partners provide comments and responses would make the process more efficient and thorough.

While a portal exists, during our project implementation the portal experienced a lot of technical issues including document reduction and failures to alert when documents are uploaded. Due to the numerous technical issues and the inability for everyone to use it efficiently, links to drop boxes had to be created to submit documents for review.

➤ **The Challenge of Reimbursements**

Most small communities like the City of Youngsville do not have the funds to pay consultants and contractors and then wait to be reimbursed by the State. For the first phase of the projects, which is the data collection, modeling and design phase, the City of Youngsville did pay us as the consultants as we submitted invoices, as they had sufficient cash flow at the time of design. Phase 1 of the two projects combined was less than \$2.2M. However, Phase 2 was almost \$8M for construction, program management, construction management and construction observation services. The construction contracts were for nine months, which resulted in an average of \$1M a month in construction and fees for the project. The City of Youngsville does not have the amount of cash flow to pay invoices then get reimbursed. The City of Youngsville has experienced reimbursements and/or payments taking 90 to 120 days. This means that the contractors and engineers are funding the Phase 2 of the projects by taking out loans to meet cash flow to run their companies and paying interest on that money, yet interest is not paid to contractors and consultants. At that rate of reimbursement, consultants and contractors cannot afford to be involved with multiple disaster recovery or mitigation projects at a time. As a small business owner who is passionate about helping small municipal clients like Youngsville with disaster recovery, mitigation and resilience, the reimbursements are a significant challenge to the sustainability of our company. Our experience in 2023 has forced us to limit the number of clients we can assist with federal funded programs at the same time, despite our success in assisting our clients with navigating the process.

Summary

Disaster recovery, mitigation and resiliency grant programs are highly regarded and well-intended. With the science and technology at our disposal it should not take the amount of time it takes to implement projects from inception to completion. The two City of Youngsville projects were 2 of 132 projects that received application approval under the HMGP for DR 4277. As of August 2023, only 3 of the 132 projects were approved for Phase 2 which is construction. The City of Youngsville projects are the only 2 projects that have been constructed in the state under the HMGP for DR 4277, seven years after the disaster.

We must improve these numbers and statistics. Working together we can improve the programs to deliver high quality projects quickly, efficiently and cost effectively. We can improve and/or eliminate every challenge identified.

I thank you for the opportunity to testify today. I offer my assistance to work with and provide ideas to the state and federal partners as well as this subcommittee from my perspective as consultant that not only designs but

works as an extension of staff of a local community when working on projects that are federally funded. I am happy to answer any questions you may have.



Testimony of

Francisco Sanchez
Associate Administrator
Office of Disaster Recovery & Resilience
U.S. Small Business Administration

before the

House Homeland Security Committee
Subcommittee on Emergency Management and Technology

Congressional field hearing on

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

November 28, 2023

Testimony of Francisco Sanchez
Associate Administrator
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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.