



U.S. Small Business
Administration

Statement of James Rivera
Associate Administrator
Office of Disaster Assistance
U.S. Small Business Administration

before the
House Committee on Small Business

**Hearing on “The Economic Injury Disaster Loan Program:
Status Update from the Administration”**

July 1, 2020

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Good morning, Chairwoman Velázquez, Ranking Member Chabot, and members of the committee. Thank you for inviting me to discuss the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) program and our response to the Coronavirus (COVID-19) pandemic.

My name is James Rivera, the Associate Administrator for the SBA's Office of Disaster Assistance (ODA). On behalf of Administrator Jovita Carranza and the entire Agency, I want to start by thanking you for your strong support of the Agency's disaster assistance mission and your continued leadership to ensure that as a country we are able to meet the challenges of multiple disaster events, including, for the first time in the history of SBA, a global pandemic affecting the United States.

I began my career with the Office of Disaster Assistance in 1989 as a disaster loan specialist in Ft. Worth, Texas after working in the private sector as a commercial loan officer. I served in several leadership positions throughout the Agency before entering my current role in 2009. As the Associate Administrator of ODA, it is my responsibility to oversee the SBA's Disaster Loan Program. In my thirty-one-year tenure, I have not previously seen such unprecedented economic disruption as is currently being faced by small business owners due to the COVID-19 outbreak.

Let me take an opportunity to outline the work SBA is doing and report on our progress regarding the Economic Injury Disaster Loan program during the COVID-19 pandemic. Traditionally, during a declared disaster, SBA offers EIDL assistance to small businesses, small agricultural cooperatives, and most private non-profit organizations that have suffered economic injury caused by a disaster. These loans provide working capital to a business or organization in areas of physical disaster impact until normal operations can resume.

Since SBA's inception in 1953, and leading up to COVID-19, SBA had approved over 2.2 million disaster loans for \$66.7 billion to disaster survivors, of which 338,000 loans totaling \$20.9 billion were for businesses. SBA's disaster loan mission is to help to rebuild homes and businesses, increase resilience, preserve jobs, and spur economic recovery. This financial assistance forms a critical part of the federal government's disaster response and recovery effort.

SBA has now approved and distributed more loans for COVID-19 than for all other disasters combined in the history of the Agency. To put this into perspective, during Hurricanes Katrina, Rita and Wilma, we approved 160,845 loans for \$11 billion; for Superstorm Sandy we approved 38,094 loans for \$2.6 billion; for Hurricanes Harvey, Irma and Maria, we approved 145,636 loans for \$7.4 billion; and for Hurricanes Florence and Michael, we approved 25,991 loans for \$1.16 billion.

As of June 26, we have approved over 2 million coronavirus EIDL loans for over \$125 billion. In just three months, the Agency approved and disbursed nearly twice as many EIDL loans for COVID-19 as we have in the past 67 years for all disaster loans in all other

disasters combined.

In March, Administrator Carranza acted quickly in response to requests from Governors for federal disaster assistance through SBA. In reviewing and signing 56 requests for disaster declarations, the Administrator also made an important administrative change to enable economic injury disasters for COVID-19 to be declared on a state or territory-wide basis. Traditionally, small business impact for a disaster declaration is certified by SBA and state emergency management agencies at a county level. The broader designation eased the administrative requirements on states and territories and allowed all small businesses potential access to federal assistance.

Before the CARES Act was enacted, the Agency began receiving and processing disaster loans in response to the COVID-19 pandemic under the disaster declarations signed by the Administrator. As the CARES Act contained major structural changes to the EIDL program, we modified the program to the new criteria and then continued to process loans until reaching the limit of our previous funding amount. We were appreciative of Congress approving additional subsidy in the Paycheck Protection Program and Healthcare Enhancement Act, which also included further eligibility changes to the program for agricultural enterprises. We again had to modify the program to the new criteria. After experiencing these suspensions in our loan processing due to statutory changes and lack of funding, we have been able to continuously process loan applications.

One of the major program changes mentioned above is Section 1110 of the CARES Act, which created a new EIDL advance emergency grant for loan applicants. At the time of bill development, the Agency shared with committee leaders the challenges associated with creating and implementing an entirely new distribution system for disaster grants. The Agency has never before administered disaster grants and we requested additional time for disbursement of the advances, longer than the three days referenced in the bill. As you know, we worked very hard to stand-up that system and were pleased to be able to process grant payments beginning seven business days after enactment of the CARES Act.

To reach as many applicants as possible, and after consulting congressional authors of these provisions, the advances were structured on a \$1,000 per-employee basis, up to \$10,000 total. This allowed us to maximize resources and reach significantly more small businesses. At this time, the Agency has processed and disbursed monies to all eligible businesses requesting an emergency advance. As of June 25, the Agency has distributed nearly 4.2 million advances to small businesses for close to \$14 billion.

To meet the incredible demand for EIDL loans and advances, the Agency has worked tirelessly to bring on additional staff. Through interagency agreements, we were able to access staff resources from several other federal partners that are active in disaster assistance. Unlike physical disasters where the Agency would typically deploy staff to the disaster region, we adjusted to this unique and challenging pandemic situation by supplementing our support staff in our call centers and our loan processing centers. At this time, the Office of Disaster Assistance staff totals over 7,000 personnel, an all-time high for the Agency's disaster response efforts.

While continuing to respond to COVID-19, the SBA also continues to assist communities recovering from more localized disasters that I know are familiar to many of you. The Agency is currently servicing over 175 declarations, and this fiscal year, we have approved more than \$1.1 billion in non-COVID related disasters. This includes tornadoes in Texas and Tennessee, flooding in New York, California, Kentucky and Ohio, and droughts in Florida, Kansas, and Colorado. SBA is continuing to respond to disasters across the country, and we are also prepared for an expected active 2020 Atlantic Hurricane Season.

I want to express my appreciation for ODA's remarkable and hardworking staff who are endlessly committed to supporting business owners throughout these difficult times. I want to close by also expressing my gratitude to members of this committee, for your support of the Agency throughout our implementation and restructuring of the EIDL program, and for your commitment to America's small businesses.

These are challenging times for our nation's small businesses, and their resiliency through this pandemic will be the driving force for our nation's economic recovery. The programs recently enacted through the CARES Act and related legislation play a key role in that recovery. They are essential economic relief programs, and we will continue working with you to ensure their ongoing success.

Thank you again, Madame Chairwoman, and members of the committee, for the opportunity to testify today.