

110TH CONGRESS  
1ST SESSION

# S. 598

To require reporting regarding the disaster loan program of the Small Business Administration, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2007

Mr. KERRY (for himself, Ms. SNOWE, Ms. LANDRIEU, Mr. VITTER, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To require reporting regarding the disaster loan program of the Small Business Administration, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Small Business Dis-  
5       aster Loan Reporting Act of 2007”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act—

1           (1) the terms “Administration” and “Adminis-  
2           trator” mean the Small Business Administration  
3           and the Administrator thereof, respectively;

4           (2) the term “applicable period” means the pe-  
5           riod beginning on the date on which the President  
6           declares a major disaster and ending on the date  
7           that is 30 days after the later of the closing date for  
8           applications for physical disaster loans for that dis-  
9           aster and the closing date for applications for eco-  
10          nomic injury disaster loans for that disaster;

11          (3) the term “disaster loan program of the Ad-  
12          ministration” means assistance under section 7(b) of  
13          the Small Business Act (15 U.S.C. 636(b));

14          (4) the term “disaster update period” means  
15          the period beginning on the date on which the Presi-  
16          dent declares a major disaster and ending on the  
17          date on which that declaration terminates;

18          (5) the term “major disaster” has the meaning  
19          given that term in section 102 of the Robert T.  
20          Stafford Disaster Relief and Emergency Assistance  
21          Act (42 U.S.C. 5122);

22          (6) the term “small business concern” has the  
23          meaning given that term in section 3 of the Small  
24          Business Act (15 U.S.C. 632); and

1           (7) the term “State” means any State of the  
 2           United States, the District of Columbia, the Com-  
 3           monwealth of Puerto Rico, the Northern Mariana Is-  
 4           lands, the Virgin Islands, Guam, American Samoa,  
 5           and any territory or possession of the United States.

6 **SEC. 3. DEVELOPMENT AND IMPLEMENTATION OF MAJOR**  
 7 **DISASTER RESPONSE PLAN.**

8           (a) IN GENERAL.—Not later than May 1, 2007, the  
 9 Administrator shall—

10           (1) by rule, amend the 2006 Atlantic hurricane  
 11 season disaster response plan of the Administration  
 12 (in this section referred to as the “disaster response  
 13 plan”) to apply to major disasters; and

14           (2) submit a report to the Committee on Small  
 15 Business and Entrepreneurship of the Senate and  
 16 the Committee on Small Business of the House of  
 17 Representatives detailing the amendments to the dis-  
 18 aster response plan.

19           (b) CONTENTS.—The amended report required under  
 20 subsection (a)(2) shall include—

21           (1) any updates or modifications made to the  
 22 disaster response plan since the report regarding the  
 23 disaster response plan submitted on July 14, 2006;

24           (2) a description of how the Administrator  
 25 plans to utilize and integrate District Office per-

1       sonnel of the Administration in the response to a  
2       major disaster, including information on the utiliza-  
3       tion of personnel for loan processing and loan dis-  
4       bursement;

5           (3) a description of the disaster scalability  
6       model of the Administration and on what basis or  
7       function the plan is scaled;

8           (4) a description of how the agency-wide Dis-  
9       aster Oversight Council is structured, which offices  
10      comprise its membership, and whether the Associate  
11      Deputy Administrator for Entrepreneurial Develop-  
12      ment of the Administration is a member;

13          (5) a description of how the Administrator  
14      plans to coordinate the disaster efforts of the Ad-  
15      ministration with State and local government offi-  
16      cials, including recommendations on how to better  
17      incorporate State initiatives or programs, such as  
18      State-administered bridge loan programs, into the  
19      disaster response of the Administration;

20          (6) recommendations, if any, on how the Ad-  
21      ministrator can better coordinate its disaster re-  
22      sponse operations with the operations of other Fed-  
23      eral, State, and local entities;

24          (7) any surge plan for the disaster loan pro-  
25      gram of the Administration in effect on or after Au-

1       gust 29, 2005 (including surge plans for loss  
2       verification, loan processing, mailroom, customer  
3       service or call center operations, and a continuity of  
4       operations plan);

5               (8) the number of full-time equivalent employ-  
6       ees and job descriptions for the planning and dis-  
7       aster response staff of the Administration;

8               (9) the in-service and preservice training proce-  
9       dures for disaster response staff of the Administra-  
10      tion;

11              (10) information on the logistical support plans  
12      of the Administration (including equipment and  
13      staffing needs, and detailed information on how such  
14      plans will be scalable depending on the size and  
15      scope of the major disaster;

16              (11) a description of the findings and rec-  
17      ommendations of the Administrator, if any, based on  
18      a review of the response of the Administration to  
19      Hurricane Katrina of 2005, Hurricane Rita of 2005,  
20      and Hurricane Wilma of 2005; and

21              (12) a plan for how the Administrator, in co-  
22      operation with the Administrator of the Federal  
23      Emergency Management Agency, will coordinate the  
24      provision of accommodations and necessary re-  
25      sources for disaster assistance personnel to effec-

1       tively perform their responsibilities in the aftermath  
2       of a major disaster.

3       (c) EXERCISES.—Not later than May 31, 2007, the  
4 Administrator shall develop and execute simulation exer-  
5 cises to demonstrate the effectiveness of the amended dis-  
6 aster response plan required under this section.

7 **SEC. 4. CONGRESSIONAL OVERSIGHT.**

8       (a) MONTHLY ACCOUNTING REPORT TO CON-  
9 GRESS.—

10           (1) REPORTING REQUIREMENTS.—Not later  
11 than the fifth business day of each month during the  
12 applicable period for a major disaster, the Adminis-  
13 trator shall provide to the Committee on Small Busi-  
14 ness and Entrepreneurship and the Committee on  
15 Appropriations of the Senate and to the Committee  
16 on Small Business and the Committee on Appropria-  
17 tions of the House of Representatives a report on  
18 the operation of the disaster loan program author-  
19 ized under section 7 of the Small Business Act (15  
20 U.S.C. 636) for that major disaster during the pre-  
21 ceding month.

22           (2) CONTENTS.—Each report under paragraph  
23 (1) shall include—

24                   (A) the daily average lending volume, in  
25                   number of loans and dollars, and the percent by

1           which each category has increased or decreased  
2           since the previous report under paragraph (1);

3           (B) the weekly average lending volume, in  
4           number of loans and dollars, and the percent by  
5           which each category has increased or decreased  
6           since the previous report under paragraph (1);

7           (C) the amount of funding spent over the  
8           month for loans, both in appropriations and  
9           program level, and the percent by which each  
10          category has increased or decreased since the  
11          previous report under paragraph (1);

12          (D) the amount of funding available for  
13          loans, both in appropriations and program level,  
14          and the percent by which each category has in-  
15          creased or decreased since the previous report  
16          under paragraph (1), noting the source of any  
17          additional funding;

18          (E) an estimate of how long the available  
19          funding for such loans will last, based on the  
20          spending rate;

21          (F) the amount of funding spent over the  
22          month for staff, along with the number of staff,  
23          and the percent by which each category has in-  
24          creased or decreased since the previous report  
25          under paragraph (1);

(G) the amount of funding spent over the month for administrative costs, and the percent by which such spending has increased or decreased since the previous report under paragraph (1);

(H) the amount of funding available for salaries and expenses combined, and the percent by which such funding has increased or decreased since the previous report under paragraph (1), noting the source of any additional funding; and

(I) an estimate of how long the available funding for salaries and expenses will last, based on the spending rate.

(b) DAILY DISASTER UPDATES TO CONGRESS FOR  
PRESIDENTIALLY DECLARED DISASTERS.—

(1) IN GENERAL.—Each day during a disaster update period, excluding Federal holidays and weekends, the Administration shall provide to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives a report on the operation of the disaster loan program of the Administration for the area in which the President declared a major disaster.



1 (2) CONTENTS.—Each report under paragraph

2 (1) shall include—

3 (A) the number of Administration staff  
4 performing loan processing, field inspection,  
5 and other duties for the declared disaster, and  
6 the allocations of such staff in the disaster field  
7 offices, disaster recovery centers, workshops,  
8 and other Administration offices nationwide;

9 (B) the daily number of applications re-  
10 ceived from applicants in the relevant area, as  
11 well as a breakdown of such figures by State;

12 (C) the daily number of applications pend-  
13 ing application entry from applicants in the rel-  
14 evant area, as well as a breakdown of such fig-  
15 ures by State;

16 (D) the daily number of applications with-  
17 drawn by applicants in the relevant area, as  
18 well as a breakdown of such figures by State;

19 (E) the daily number of applications sum-  
20 marily declined by the Administration from ap-  
21 plicants in the relevant area, as well as a break-  
22 down of such figures by State;

23 (F) the daily number of applications de-  
24 clined by the Administration from applicants in

1 the relevant area, as well as a breakdown of  
2 such figures by State;

3 (G) the daily number of applications in  
4 process from applicants in the relevant area, as  
5 well as a breakdown of such figures by State;

6 (H) the daily number of applications ap-  
7 proved by the Administration from applicants in  
8 the relevant area, as well as a breakdown of  
9 such figures by State;

10 (I) the daily dollar amount of applications  
11 approved by the Administration from applicants  
12 in the relevant area, as well as a breakdown of  
13 such figures by State;

14 (J) the daily amount of loans dispersed,  
15 both partially and fully, by the Administration  
16 to applicants in the relevant area, as well as a  
17 breakdown of such figures by State;

18 (K) the daily dollar amount of loans dis-  
19 bursed, both partially and fully, from the rel-  
20 evant area, as well as a breakdown of such fig-  
21 ures by State;

22 (L) the number of applications approved,  
23 including dollar amount approved, as well as  
24 applications partially and fully disbursed, in-

1 including dollar amounts, since the last report  
2 under paragraph (1); and

3 (M) the declaration date, physical damage  
4 closing date, economic injury closing date, and  
5 number of counties included in the declaration  
6 of a major disaster.

7 (c) NOTICE OF THE NEED FOR SUPPLEMENTAL  
8 FUNDS.—On the same date that the Administrator noti-  
9 fies any committee of the Senate or the House of Rep-  
10 resentatives that supplemental funding is necessary for  
11 the disaster loan program of the Administration in any  
12 fiscal year, the Administrator shall notify in writing the  
13 Committee on Small Business and Entrepreneurship of  
14 the Senate and to the Committee on Small Business of  
15 the House of Representatives regarding the need for sup-  
16 plemental funds for that loan program.

17 (d) REPORT ON CONTRACTING.—

18 (1) IN GENERAL.—Not later than 6 months  
19 after the date on which the President declares a  
20 major disaster, and every 6 months thereafter until  
21 the date that is 18 months after the date on which  
22 the major disaster was declared, the Administrator  
23 shall submit a report to the Committee on Small  
24 Business and Entrepreneurship of the Senate and to  
25 the Committee on Small Business of the House of

1 Representatives regarding Federal contracts awarded-  
2 ed as a result of that major disaster.

3 (2) CONTENTS.—Each report submitted under  
4 paragraph (1) shall include—

5 (A) the total number of contracts awarded  
6 as a result of that major disaster;

7 (B) the total number of contracts awarded  
8 to small business concerns as a result of that  
9 major disaster;

10 (C) the total number of contracts awarded  
11 to women and minority-owned businesses as a  
12 result of that major disaster; and

13 (D) the total number of contracts awarded  
14 to local businesses as a result of that major dis-  
15 aster.

16 (e) REPORT ON LOAN APPROVAL RATE.—

17 (1) IN GENERAL.—Not later than 6 months  
18 after the date of enactment of this Act, the Adminis-  
19 trator shall submit a report to the Committee on  
20 Small Business and Entrepreneurship of the Senate  
21 and the Committee on Small Business of the House  
22 of Representatives detailing how the Administration  
23 can improve the processing of applications under the  
24 disaster loan program of the Administration.

1           (2) CONTENTS.—The report submitted under  
2 paragraph (1) shall include—

3           (A) recommendations, if any, regarding—

4               (i) staffing levels during a major dis-  
5 aster;

6               (ii) how to improve the process for  
7 processing, approving, and disbursing  
8 loans under the disaster loan program of  
9 the Administration, to ensure that the  
10 maximum assistance is provided to victims  
11 in a timely manner;

12              (iii) the viability of using alternative  
13 methods for assessing the ability of an ap-  
14 plicant to repay a loan, including the credit  
15 score of the applicant on the day before  
16 the date on which the disaster for which  
17 the applicant is seeking assistance was de-  
18 clared;

19              (iv) methods, if any, for the Adminis-  
20 tration to expedite loss verification and  
21 loan processing of disaster loans during a  
22 major disaster for businesses affected by,  
23 and located in the area for which the  
24 President declared, the major disaster that  
25 are a major source of employment in the

1 area or are vital to recovery efforts in the  
2 region (including providing debris removal  
3 services, manufactured housing, or building  
4 materials);

5 (v) legislative changes, if any, needed  
6 to implement findings from the Adminis-  
7 tration's Accelerated Disaster Response  
8 Initiative; and

9 (vi) a description of how the Adminis-  
10 tration plans to integrate and coordinate  
11 the response to a major disaster with the  
12 technical assistance programs of the Ad-  
13 ministration; and

14 (B) the plans of the Administrator for im-  
15 plementing any recommendation made under  
16 subparagraph (A).

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