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110–82

RELIEF FOR ENTREPRENEURS: COORDINATION OF OBJECTIVES AND VALUES FOR EFFECTIVE RECOVERY ACT OF 2007 OR THE "RECOVER ACT"

MARCH 30, 2007.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. VELÁZQUEZ, from the Committee on Small Business, submitted the following

R E P O R T

[To accompany H.R. 1361]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 1361) to improve the disaster relief programs of the Small Business Administration, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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59–006

I. AMENDMENT TO H.R. 1361

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery Act of 2007" or the "RECOVER Act".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PLANNING

Sec. 101. Comprehensive disaster response plan.
Sec. 102. Annual disaster simulation exercise.
Sec. 103. Disaster reserve corps.
Sec. 104. Plans to secure additional office space.
Sec. 105. Coordination of disaster assistance programs with FEMA.
Sec. 106. Associate Administrator for Disaster Assistance.

TITLE II—LENDING

Sec. 201. Incidents of National Significance.
Sec. 202. Information tracking and follow-up system.
Sec. 203. Immediate Disaster Assistance program.
Sec. 204. Increased deferment period.
Sec. 205. Revised repayment terms.
Sec. 206. Revised disbursement process.
Sec. 207. Revised collateral requirements.
Sec. 208. Enhanced lending authority for private lenders.
Sec. 209. Disaster processing redundancy.
Sec. 210. Grant program.
Sec. 211. Waiver of prohibition on duplication of certain benefits.
Sec. 212. Increase legislative limit.
Sec. 213. Net earnings clauses prohibited.
Sec. 214. Economic injury disaster loans to nonprofits.
Sec. 215. Applicants that will constitute a major source of employment due to changed economic circumstances.
Sec. 216. Preliminary application process for assistance for small business concerns with essential employees ordered to serve on active duty in the Armed Forces.
Sec. 217. Economic injury disaster loans in cases of ice storms and blizzards.
Sec. 218. Economic injury disaster loans for businesses affected by lack of snowfall.

TITLE III—OVERSIGHT

Sec. 301. Reports on disaster assistance.

TITLE I—PLANNING

SEC. 101. COMPREHENSIVE DISASTER RESPONSE PLAN.

The Small Business Act is amended by redesignating section 37 as section 99 and by inserting after section 36 the following:

"SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.

"(a) PLAN REQUIRED.—The Administrator shall develop, implement, and maintain a comprehensive written disaster response plan. The plan shall include the following:

"(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

"(2) For each disaster described under paragraph (1)—

"(A) an assessment of the disaster;

"(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

"(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

"(D) guidelines pursuant to which the Administration will coordinate with other Federal agencies and with State and local authorities to best respond to the demand referred to in subparagraph (B) and to best use the resources referred to in that subparagraph.

"(b) COMPLETION; REVISION.—The first plan required by subsection (a) shall be completed not later than 180 days after the date of the enactment of this section. Thereafter, the Administrator shall update the plan on an annual basis and following any incident of national significance (as declared by the President or his designee).

"(c) KNOWLEDGE REQUIRED.—The Administrator shall carry out subsections (a) and (b) through an individual with substantial knowledge in the field of disaster readiness and emergency response.

"(d) REPORT.—The Administrator shall include a report on the plan whenever the Administrator submits the report required by section 47(a).".

SEC. 102. ANNUAL DISASTER SIMULATION EXERCISE.

The Small Business Act is amended by inserting after section 37 (as added by section 101) the following:

"SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.

"(a) EXERCISE REQUIRED.—The Administrator shall conduct a disaster simulation exercise at least once each fiscal year. The exercise shall include the participation of, at a minimum, not less than half of the individuals in the disaster reserve corps and shall test, at maximum capacity, all of the information technology and telecommunications systems of the Administration that are vital to the activities of the Administration during such a disaster.

"(b) REPORT.—The Administrator shall include a report on the disaster simulation exercise whenever the Administration submits the report required by section 47(a).".

SEC. 103. DISASTER RESERVE CORPS.

The Small Business Act is amended by inserting after section 38 (as added by section 102) the following:

"SEC. 39. DISASTER RESERVE CORPS.

"(a) CORPS REQUIRED.—The Administrator shall maintain within the Administration a disaster reserve corps, the purpose of which is to perform the functions of the Administration related to disaster response. The corps shall consist of at least 1,000 individuals, each of whom—

"(1) does not ordinarily have the duties of a full-time officer or employee of the Administration; but

"(2) is able to assume duties related to disaster response when the Administrator so requires.

"(b) TRAINING.—The Administrator shall ensure that each individual in the corps receives training each year in one or more functions relating to disaster response. To the maximum extent practicable, the function in which an individual is trained in one year shall be different from the function in which the individual was trained in prior years.

"(c) GEOGRAPHIC DISTRIBUTION.—The Administrator shall ensure that not more than 30 percent of the individuals in the corps reside in any one region of the Administration.

"(d) REPORT.—The Administrator shall include a report on the corps whenever the Administration submits the report required by section 47(a).".

SEC. 104. PLANS TO SECURE ADDITIONAL OFFICE SPACE.

The Small Business Act is amended by inserting after section 39 (as added by section 103) the following:

"SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.

"(a) PLANS REQUIRED.—The Administrator shall develop long-term plans to secure additional office space to accommodate an expanded workforce in times of disaster.

"(b) REPORT.—The Administrator shall include a report on the plans whenever the Administration submits the report required by section 47(a).".

SEC. 105. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.

The Small Business Act is amended by inserting after section 40 (as added by section 104) the following:

"SEC. 41. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.

"(a) COORDINATION REQUIRED.—The Administrator shall ensure that the disaster assistance programs of the Administration are coordinated, to the maximum extent practicable, with the disaster assistance programs of the Federal Emergency Management Agency.

"(b) REGULATIONS REQUIRED.—The Administrator, in consultation with the Director of the Federal Emergency Management Agency, shall establish regulations to ensure that each application for disaster assistance is submitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

"(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of this section. Thereafter, the regulations shall be revised on an annual basis.

"(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 47(a).".

SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.

The Small Business Act is amended by inserting after section 41 (as added by section 105) the following:

"SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.

"(a) IN GENERAL.—There is established in the Administration an Associate Administrator for Disaster Assistance, appointed by the President by and with the advice and consent of the Senate, from among individuals who have—

"(1) proven management ability; and

"(2) substantial knowledge in the field of disaster readiness and emergency response.

"(b) DIRECTOR OF DISASTER PLANNING.—

"(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Planning, appointed by the Administrator from among the personnel of the Administration.

"(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall—

"(A) develop and implement the Administration's plans for responding to disasters; and

"(B) direct the Administration's training exercises with respect to disasters.

"(3) COORDINATION.—In carrying out the duties under paragraph (2), the Director shall coordinate with—

"(A) the Associate Administrator for the Office of Disaster Assistance of the Administration;

"(B) the Director of the Federal Emergency Management Agency; and

"(C) other Federal, State, and local disaster planning offices, as necessary.

"(c) DIRECTOR OF DISASTER LENDING.—

"(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Lending, appointed by the Administrator from among the personnel of the Administration.

"(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall direct all aspects of the disaster lending program under section 7(b).

"(d) RESOURCES.—The Administrator shall ensure that the Associate Administrator for Disaster Assistance, the Director of Disaster Planning, and the Director of Disaster Lending have adequate resources to carry out the duties under this section.".

TITLE II—LENDING

SEC. 201. INCIDENTS OF NATIONAL SIGNIFICANCE.

(a) DISASTER LOANS TO PRIVATE NONPROFIT ORGANIZATIONS.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended—

(1) in subparagraph (D) by striking the period at the end and inserting "; or"; and

(2) by inserting after subparagraph (D) the following:

"(E) an incident of national significance, as declared by the President or his designee, in which case assistance under this paragraph may be provided, subject to the other applicable requirements of this paragraph, to a private nonprofit organization (as that term is defined in section 29(a)(2)) that is located in an area affected by the incident of national significance.".

(b) MITIGATION LOANS TO SMALL BUSINESS CONCERNS.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (d) the following:

"(e) DISASTER MITIGATION LOANS.—

"(1) AUTHORITY.—The Administrator may make or guarantee a mitigation loan to a small business concern that receives a loan under section 7(b)(1)(A) for the damage or destruction, by reason of an incident of national significance (as declared by the President or his designee), of property owned by the small business concern.

"(2) AMOUNT OF LOAN.—The amount of a loan under paragraph (1) shall not exceed 20 percent of the total amount of the cost of the damage or destruction referred to in paragraph (1). The total amount shall be calculated without re-

gard for any costs for which the small business concern is reimbursed under any insurance policy or otherwise.".

(c) APPLICABILITY FOR FISCAL YEAR 2006 TO HURRICANES KATRINA, RITA, AND WILMA.—

(1) IN GENERAL.—For fiscal year 2006, the Administrator—

(A) may carry out subsection (e) of section 7 of the Small Business Act (as added by subsection (b) of this section) with respect to a private nonprofit organization that was located, as of August 28, 2005, in a hurricane-affected area; and

(B) may carry out such subsection (e) with respect to a small business concern that was located, as of August 28, 2005, in a hurricane-affected area, for damage or destruction by reason of Hurricane Katrina, Hurricane Rita, or Hurricane Wilma.

(2) HURRICANE-AFFECTED AREA DEFINED.—In this section, the term "hurricane-affected area" means a county or parish in the State of Alabama, Florida, Mississippi, Louisiana, or Texas, that has been designated by the Administrator of the Small Business Administration as a disaster area by reason of Hurricane Katrina, Hurricane Rita, or Hurricane Wilma under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223.

SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYSTEM.

The Small Business Act is amended by inserting after section 42 (as added by section 106) the following:

"SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYSTEM FOR DISASTER ASSISTANCE.

"(a) SYSTEM REQUIRED.—The Administrator shall develop, implement, and maintain a centralized information system to track communications between personnel of the Administration and applicants for disaster assistance. The system shall ensure that whenever an applicant for disaster assistance communicates with such personnel on a matter relating to the application, the following information is recorded:

"(1) The method of communication.

"(2) The date of communication.

"(3) The identity of the personnel.

"(4) A summary of the subject matter of the communication.

"(b) FOLLOW-UP REQUIRED.—The Administrator shall ensure that an applicant for disaster assistance receives, by telephone, mail, or electronic mail, follow-up communications from the Administration at all critical stages of the application process, including the following:

"(1) When the Administration determines that additional information or documentation is required to process the application.

"(2) When the Administration determines whether to approve or deny the loan.

"(3) When the primary contact person managing the loan application has changed.".

SEC. 203. IMMEDIATE DISASTER ASSISTANCE PROGRAM.

The Small Business Act is amended by inserting after section 43 (as added by section 202) the following:

"SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.

"(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Immediate Disaster Assistance program, under which the Administration participates on a deferred (guaranteed) basis in 85 percent of the balance of the financing outstanding at the time of disbursement of the loan if such balance is less than or equal to $25,000 for businesses affected by a disaster.

"(b) ELIGIBILITY REQUIREMENT.—To receive a loan guaranteed under subsection (a), the applicant must also apply for, and meet basic eligibility standards for, a loan under section 7(b).

"(c) USE OF PROCEEDS.—A person who receives a loan under section 7(b) must use the proceeds of that loan to repay all loans guaranteed under subsection (a), if any, before using the proceeds for any other purpose.

"(d) APPROVAL OR DISAPPROVAL.—The Administrator shall ensure that each applicant for a loan under the program receives a decision approving or disapproving of the application within 36 hours after the Administration receives the application.".

SEC. 204. INCREASED DEFERMENT PERIOD.

Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (e) (as added by section 201(b)) the following:

"(f) ADDITIONAL REQUIREMENTS FOR 7(B) LOANS.—

"(1) INCREASED DEFERMENT AUTHORIZED.—

"(A) IN GENERAL.—In making loans under section 7(b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

"(B) PERIOD.—A deferment under subparagraph (A) may not exceed 4 years.".

SEC. 205. REVISED REPAYMENT TERMS.

Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (f) by adding after paragraph (1) (as added by section 204) the following:

"(2) REVISED REPAYMENT TERMS.—In making loans under section 7(b), the Administrator—

"(A) shall not require repayment to be made until 12 months after the date on which the final disbursement of approved amounts is made; and

"(B) shall calculate the amount of repayment based solely on the amounts disbursed.".

SEC. 206. REVISED DISBURSEMENT PROCESS.

Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (f) by adding after paragraph (2) (as added by section 205) the following:

"(3) REVISED DISBURSEMENT PROCESS.—In making loans under section 7(b), the Administrator shall disburse the loan amounts in stages as follows:

"(A) LOANS UP TO $150,000.—If the total amount approved is less than or equal to $150,000—

"(i) the first disbursement shall consist of 40 percent of the total loan amount, or a lesser percentage of the total loan amount if the Administrator and the borrower agree on such a lesser percentage;

"(ii) the second disbursement shall consist of 50 percent of the amounts that remain after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement; and

"(iii) the third disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement.

"(B) LOANS FROM $150,000 TO $500,000.—If the total amount approved is more than $150,000 but less than or equal to $500,000—

"(i) the first disbursement shall consist of 20 percent of the total loan amount, or a lesser percentage if the Administrator and the borrower agree on such a lesser percentage;

"(ii) the second disbursement shall consist of 30 percent of the total loan amount remaining after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement;

"(iii) the third disbursement shall consist of 25 percent of the total loan amount remaining after the first and second disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement; and

"(iv) the fourth disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first and second disbursements and the first half of the third disbursement.

"(C) LOANS GREATER THAN $500,000.—If the total amount approved is more than $500,000—

"(i) the first disbursement shall consist of at least $100,000, or a lesser amount if the Administrator and the borrower agree on such a lesser amount; and

"(ii) the number of disbursements after the first, and the amount of each such disbursement, shall be in the discretion of the Administrator, but the amount of each such disbursement shall be not less than $100,000.".

SEC. 207. REVISED COLLATERAL REQUIREMENTS.

Section 7 of the Small Business Act is amended in subsection (f) by adding after paragraph (3) (as added by section 206) the following:

"(4) REVISED COLLATERAL REQUIREMENTS.—In making a business loan under section 7(b), the total approved amount of which is less than or equal to

$100,000, the Administrator shall not require the borrower to use the borrower's home as collateral.".

SEC. 208. ENHANCED LENDING AUTHORITY FOR PRIVATE LENDERS.

The Small Business Act is amended by inserting after section 44 (as added by section 203) the following:

"SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE LENDERS.

"(a) PROGRAM AUTHORIZED.—The Administrator may, and during a period specified in subsection (b) shall, carry out a program under which the Administrator permits banks and other financial institutions to process, approve, close, and service disaster loans under section 7(b) for a fee not to exceed 2 percent of the total loan amount.

"(b) PERIODS DURING WHICH PROGRAM IS REQUIRED.—The program under subsection (a) is required to be carried out during the following periods:

"(1) Any period of an incident of national significance (as declared by the President or his designee).

"(2) Any period during which the average time for the Administration to approve disaster loans in response to any single disaster is 30 days or more.

"(c) EXCLUSION OF LENDERS.—If the number or rate of defaults on loans processed, approved, and closed by a lender under the program under subsection (a) are inordinate, as determined by the Administrator, the Administrator may do any one or more of the following:

"(1) Exclude the lender from participating in the program under subsection (a).

"(2) Exclude the lender from participating in the Preferred Lenders Program under section 7(a)(2)(C)(ii).

"(d) FACTOR IN PREFERRED LENDERS PROGRAM.—In determining whether a lender is to be certified or recertified to participate in the Preferred Lenders Program under section 7(a)(2)(C)(ii), the Administrator may consider as a factor the following:

"(1) The loans processed, approved, and closed by the lender under the program under subsection (a).

"(2) The participation or non-participation of the lender in the program under subsection (a).".

SEC. 209. DISASTER PROCESSING REDUNDANCY.

The Small Business Act is amended by inserting after section 45 (as added by section 208) the following:

"SEC. 46. DISASTER PROCESSING REDUNDANCY.

"(a) IN GENERAL.—The Administrator shall ensure that the Administration has in place a facility for disaster loan processing that, whenever the Administration's primary facility for disaster loan processing becomes unavailable, is able to take over all disaster loan processing from that primary facility within 2 days.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary.".

SEC. 210. GRANT PROGRAM.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3) the following:

"(4) GRANTS TO DISASTER-AFFECTED SMALL BUSINESSES.—

"(A) IN GENERAL.—The Administrator may make a grant of up to $100,000 to a small business concern that—

"(i) was located in a designated disaster area affected by disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10233, and was located in a county or parish that, as a result of Hurricanes Katrina, Rita, or Wilma of 2005, experienced a loss of at least 100 housing units, experienced a loss of at least 1 percent of available housing stock, and required Federal infrastructure assistance of a least $200,000;

"(ii) submits to the Administrator a certification by the owner of the concern of intent to reestablish the concern in the same county or parish in which the business was originally located, or in any other county or parish described in clause (i);

"(iii) has applied for, and was rejected for, a conventional disaster assistance loan under section 7(b); and

"(iv) was in existence for at least 2 years before the date on which the applicable disaster declaration was made.

"(B) PRIORITY.—In making grants under this paragraph, the Administrator shall give priority to a small business concern that the Administrator

determines is economically viable but unable to meet short-term financial obligations.

"(C) DEFINITION.—In this paragraph, the term 'disaster-affected area' means an area that has been designated by the Administrator as a disaster area.

"(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this paragraph such funds as may be necessary.".

SEC. 211. WAIVER OF PROHIBITION ON DUPLICATION OF CERTAIN BENEFITS.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (4) (as added by section 210) the following:

"(5) WAIVER OF PROHIBITION ON DUPLICATION OF CERTAIN BENEFITS.—For any disaster victim under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223, in providing assistance under paragraph (1) or (2), the Administrator may waive, in whole or in part, the prohibition on the duplication of benefits, including whether damage or destruction has been compensated for by, credit is available from, activities are reimbursable through, or funds have been made available from any other source.".

SEC. 212. INCREASE LEGISLATIVE LIMIT.

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by striking "$1,500,000" and inserting "$3,000,000" both places such term appears.

SEC. 213. NET EARNINGS CLAUSES PROHIBITED.

Section 7 of the Small Business Act is amended in subsection (f) by adding after paragraph (4) (as added by section 207) the following:

"(5) NET EARNINGS CLAUSES PROHIBITED.—In making loans under section 7(b), the Administrator shall not require the borrower to pay any non-amortized amount for the first 5 years after repayment begins.".

SEC. 214. ECONOMIC INJURY DISASTER LOANS TO NONPROFITS.

(a) IN GENERAL.—Section 7 of the Small Business Act (15 U.S.C. 636) is amended in subsection (b)(2)—

(1) in the matter preceding subparagraph (A)—

(A) by inserting after "small business concern" the following: ", private nonprofit organization,"; and

(B) by inserting after "the concern" the following: ", organization,"; and

(2) in subparagraph (D) by inserting after "small business concerns" the following: ", private nonprofit organizations,".

(b) CONFORMING AMENDMENT.—Such section is further amended in subsection (c)(5)(C) by inserting after "business" the following: ", organization,".

SEC. 215. APPLICANTS THAT WILL CONSTITUTE A MAJOR SOURCE OF EMPLOYMENT DUE TO CHANGED ECONOMIC CIRCUMSTANCES.

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by inserting after "constitutes" the following: ", or will due to changed economic circumstances constitute,".

SEC. 216. PRELIMINARY APPLICATION PROCESS FOR ASSISTANCE FOR SMALL BUSINESS CONCERNS WITH ESSENTIAL EMPLOYEES ORDERED TO SERVE ON ACTIVE DUTY IN THE ARMED FORCES.

Section 7(b)(3) of the Small Business Act (15 U.S.C. 636(b)(3)) is amended—

(1) in subparagraph (C)—

(A) by striking "90 days" and inserting "1 year"; and

(B) by adding at the end the following: "The Administrator may, when appropriate (as determined by the Administrator), waive the ending date specified in the preceding sentence and provide a later ending date."; and

(2) by adding at the end the following new subparagraph:

"(G) The Administrator shall establish a process under which a small business concern described in subparagraph (B) may file a preliminary application for assistance under this paragraph, accompanied by supporting documentation, before the date on which the essential employee is ordered to active duty. The Administrator may not actively consider such an application or provide assistance to the small business concern based on such an application until the date on which the essential employee is ordered to active duty.".

SEC. 217. ECONOMIC INJURY DISASTER LOANS IN CASES OF ICE STORMS AND BLIZZARDS.

Section 3(k)(2) of the Small Business Act (15 U.S.C. 632(k)(2)) is amended—

(1) in subparagraph (A) by striking "and";

(2) in subparagraph (B) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(C) ice storms and blizzards.".

SEC. 218. ECONOMIC INJURY DISASTER LOANS FOR BUSINESSES AFFECTED BY LACK OF SNOWFALL.

(a) IN GENERAL.—Section 3(k)(2) of the Small Business Act (15 U.S.C. 632(k)(2)), as amended by section 217, is further amended—

(1) in subparagraph (B) by striking "and" at the end;

(2) in subparagraph (C) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(D) lack of snowfall.".

(b) CONFORMING AMENDMENT.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended in the matter preceding subparagraph (A) by inserting after "(including drought" the following: "or lack of snowfall".

TITLE III—OVERSIGHT

SEC. 301. REPORTS ON DISASTER ASSISTANCE.

The Small Business Act is amended by inserting after section 46 (as added by section 209) the following:

"SEC. 47. REPORTS ON DISASTER ASSISTANCE.

"(a) ANNUAL REPORT REQUIRED.—Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

"(1) specify the number of Administration personnel involved in such operations;

"(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

"(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

"(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.

"(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—During the period of an incident of national significance (as declared by the President or his designee), the Administrator shall, on a monthly basis, submit to the committees specified in subsection (a) a report on the disaster assistance operations of the Administration with respect to that incident of national significance. The report shall specify—

"(1) the number of applications distributed;

"(2) the number of applications received;

"(3) the average time for the Administration to approve or disapprove an application;

"(4) the amount of disaster loans approved;

"(5) the average time for initial disbursement of loan proceeds; and

"(6) the amount of disaster loan proceeds disbursed.".

II. PURPOSE AND SUMMARY

The purpose of the Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007 is to address specific and identified problems in the Small Business Administration's (SBA) disaster assistance program. Most notably, the bill is intended to ensure that the SBA performs comprehensive, risk-based, disaster planning on an annual basis and that the agency has mechanisms in place to maintain its disaster readiness over the long-term. The act provides the agency with a variety of tools to improve the disaster planning process, including the reorganization of the agency's Office of Disaster Assistance, a requirement that the agency engage in an annual disaster simulation ex-

ercise, and requirements that the agency formalize plans to address the need for additional space and employees in the event of a major disaster.

The act will also enhance the SBA's disaster loan program by improving the manner in which disaster loans are processed, approved, and disbursed, and by providing the agency with additional financial assistance tools that are intended to better fit the various needs of small businesses following a disaster. The bill will establish a bridge financing program to provide small businesses with emergency, small-dollar financing within 36 hours following a disaster. This program will provide vital funds to disaster victims during the 21 day target approval timeframe for conventional disaster loans. These immediate disaster assistance loans will be limited in amount and will be contingent upon the applicant applying for, and meeting basic eligibility standards for a conventional disaster loan. These factors are intended to limit the federal government's risk exposure under this program.

H.R. 1361 also establishes an Enhanced Lending Authority for Preferred Lenders Program that is intended to enable the SBA to enlist the resources of private lenders to process, approve, disburse, and service loans during incidents of national significance. This program may be implemented whenever the administrator sees fit or in two specific situations when the administration is most likely to need the additional loan processing, approval, and disbursement capacity that the private sector can provide. The Enhanced Lending Authority for Preferred Lenders Program loans are intended to carry the same favorable interest and repayment terms as conventional disaster loans administered under Section 7(b) of the Small Business Act.

The bill also creates a small grant program to assist the most severely affected small businesses damaged by Hurricanes Katrina, Rita, and Wilma. To ensure that grant assistance only goes to the neediest small businesses and is only used to spur redevelopment in communities where market forces have failed, the program will only be applicable under very limited circumstances. In order to receive a grant, a small business must have been located in those communities most severely damaged by Hurricanes Katrina, Rita, and Wilma, must have been in existence at least two years prior to the disaster, must have been rejected for a conventional SBA loan, must have remained economically viable following the disaster, and have certified that they will reopen their business in one of the affected communities. Only a small number of businesses are expected to meet all of these requirements, and the program is intended to be administered at the discretion of the Administrator.

To enable the SBA to be more responsive to the needs of individual disaster victims, H.R. 1361 provides the administrator with authority to waive the prohibition on duplication of benefits stemming from state administered grant assistance programs. This provision will enable the SBA to assist those victims that were negatively impacted by deficiencies in the loan processing and disbursement process. These waivers will be available at the discretion of the Administrator of the SBA.

The bill also streamlines the SBA's loan processing and disbursement process and makes them more responsive to the needs of borrowers. The SBA will be required to develop, implement, and main-

tain a centralized system to track all communication written, verbal, and electronic, between disaster assistance applicants and agency employees. The SBA will also be required to provide follow-up information to disaster assistance applicants as their application moves through vital stages of the processing, approval, and disbursement process. The Act is intended to improve the way the SBA disburses approved assistance to victims by setting a minimum amount that must be disbursed in each disbursement stage unless the applicant requests a lesser amount.

Finally, a reporting requirement will ensure that members of Congress are adequately informed about all aspects of the SBA's disaster assistance and disaster planning programs so that they may provide the SBA with the support they need to fulfill their vital mission following a disaster.

III. Background and Need for Legislation

It has been estimated that over 40 percent of business fail to recover following a disaster. By some measures, over 60 percent of businesses will fail completely after a disaster. In many cases, these businesses fail simply because they lack the financial resources necessary to restart their enterprises. The SBA's disaster loan program was implemented for the purpose of providing timely financial assistance in the form of low interest loans and working capital for businesses and homeowners devastated by a disaster. The SBA's disaster loans have become the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses.

In the wake of the 2005 Gulf Coast Hurricanes (these were Hurricane Katrina, Hurricane Rita, and Hurricane Wilma), many applicants for SBA disaster assistance were frustrated with the agency's response—both in terms of the complexity of the process and the seemingly ambiguous reasons that they were rejected for receiving assistance. Many business and home owners found their loan applications mired in an agency backlog that has taken over a year to process and without a well-informed, centralized point contact within the agency. Those that were approved for assistance often waited months to receive any funds, far past the point when financial assistance could have been of any use. In many cases, individuals simply avoided the SBA, believing that the disaster assistance program was more of a hindrance than a help.

After Hurricane Katrina, the backlog for both loss verification and application processing ballooned, reaching a peak of 204,000 total applications in December 2005. According to the Government Accountability Office (GAO), the average wait time, not including the time for loan closing, was 74 days, while the agency's goal was 21 days. In addition to delays, business owners faced severe bureaucratic impediments, in which applications were misplaced or lost, phone calls were not returned, and contradictory information was provided. This often meant that critical repairs had to be postponed or delayed indefinitely, further impairing local firms. Even worse, many small businesses had to close completely due their inability to secure immediate financial assistance. As of January 22, 2007, the SBA was still processing 231 loan applications from the 2005 Gulf Coast Hurricanes.

As of January 22, 2007 the SBA approved only 38 percent of the loan applications that it processed for the 2005 Gulf Coast hurricanes. By comparison, this is significantly fewer than the 60 percent of applications that the federal government approved in response to Hurricane Andrew in 1992.

In addition to the lengthy loan approval process, the SBA experienced significantly delayed loan disbursements to approved applicants. As of May 27, 2006, nine months after the 2005 Gulf Coast hurricanes, the SBA had disbursed only $1.4 billion, or 14 percent, of the $9.7 billion in loan dollars that had been approved for disaster assistance. As of this same date, about 73,000 approved loans had not been fully disbursed to disaster victims. By the SBA's own measure, only 55 percent of approved loans received an initial disbursement within 5 days of loan closing, compared to the agency's goal of disbursing 95 percent of loans in that same timeframe. As of January 2007, the agency still had over 40,000 loans totaling nearly $6 billion in undisbursed funds.

Prior to the 2005 Gulf Coast hurricanes, the SBA's Office of Disaster Assistance had a staff of approximately 800 individuals, including approximately 400 permanent staff and 400 temporary staff. In the immediate aftermath of the 2005 Gulf Coast hurricanes, the SBA had to urgently hire more than 3,500 staff. The agency was challenged in not only ensuring that it had adequate numbers of staff, but also in ensuring that these individuals had appropriate training and supervision. In some cases, the SBA was forced used staff who recently had been hired themselves to train and supervise newly hired staff.

A leading factor in the SBA's poor response to the 2005 Gulf Coast Hurricanes, was the agency's lack of a comprehensive, centralized disaster plan that integrated the results of disaster simulations and catastrophe models. Typically, higher officials within the agency are responsible for ensuring that this type of disaster planning occurs. Instead, the agency delegated logistical planning to local agency officials, reasoning that these individuals were in the best position to estimate the agency's needs. The SBA believed that centralized planning would yield limited results. Although SBA headquarters encouraged field offices to establish written disaster plans, however, field offices were not required to do so.

What limited disaster planning the SBA did perform was based upon the agency's experience in previous disasters, none of which approached the magnitude of the 2005 Gulf Coast hurricanes. The SBA based its information technology processing requirements primarily upon the agency's experience in the Northridge earthquake of 1994. This approach, however, failed to contemplate the possibility of more severe disaster, information that could have been garnered using disaster simulations and catastrophe models. Consequently, the SBA was unprepared for the logistical problems that occurred following the 2005 Gulf Coast hurricanes.

In January 2005, the SBA began using its new Disaster Credit Management System (DCMS) to process loan applications for all new disaster declarations. DCMS was intended to improve the quality and timeliness of the SBA's disaster loan process and enhance its overall response to disasters. Following the 2005 Gulf Coast hurricanes, however, DCMS experienced system outages and slow response times that impeded the agency's ability to provide

timely disaster assistance. In planning for DCMS, the SBA estimated the necessary system capacity based upon the volume of applications received in previous disasters. No previous disaster, however, reached the magnitude of the 2005 Gulf Coast Hurricanes. As a result, DCMS lacked the necessary user capacity, which restricted the number of staff that could access the system and process the large volume of applications in a timely manner.

Additionally, the SBA lacked adequate technical support to implement the DCMS system. Most notably, the SBA failed to follow federal procurement policies to verify if the DCMS contractor provided the agency with the correct computer hardware specified in its contract. Had the SBA done so, it would have discovered that the contractor had, in fact, provided the agency with the incorrect hardware. Consequently, DCMS experienced system outages and was incapable of operating at peak capacity to support the necessary number of users.

The SBA also failed to completely stress test DCMS prior to its implementation. Such testing would have ensured that the system could operate at maximum capacity and would have given the agency the opportunity to identify and correct problems prior to the 2005 Gulf Coast hurricanes.

In advance of the hurricanes, there were several steps that the SBA could have taken to help ensure the availability of trained and experienced staff. The agency could have cross-trained agency staff not normally involved in disaster assistance to provide backup support. Alternately, the agency could have maintained the status of a reserve of potential temporary employees trained in the agency's disaster policies and systems.

Additionally, the SBA had not effectively planned for the office space requirements that would be necessary in a disaster the size of the 2005 Gulf Coast hurricanes. The SBA did not have an established plan to acquire additional space that would be necessary to accommodate the more than 2,000 employees that were hired for the agency's primary loan processing center in Ft. Worth, Texas. Instead, the agency was forced to contract with the GSA on an ad hoc basis to secure sufficient office space in an effort to locate additional space for the newly hired staff. Even so, the newly acquired space was not adequately configured to serve as a disaster loan processing center and the SBA still lacked sufficient capacity to process the rapidly growing backlog of disaster loan applications.

The SBA's customer service center in Buffalo, New York lacked sufficient space in order to expand during an emergency and lacked a contingency plan to guide its efforts in identifying space to accommodate an expanded workforce if a major disaster occurred. As a result, the agency again had to work with the GSA on an ad hoc basis to secure sufficient space for its telecommunications function.

The SBA lacked adequate vendor service and support for its telecommunications system in Buffalo. Only one vendor in the Buffalo region could service the type of phone system that the agency uses and the phone system was not designed to interface with other key agency systems, which affected the center's operations.

Following the 2005 Gulf Coast Hurricanes, the SBA failed to take advantage of the benefits of coordinating with other Federal agencies operating major disaster redevelopment programs, including FEMA, HUD and USDA. These agencies had established dis-

aster programs for providing assistance to small businesses and farmers to restart their businesses and repair physical structures.

The lack of cross-agency coordination was most evident in the SBA's lack of coordination with the Federal Emergency Management Agency (FEMA). These two agencies were required to work together because the SBA's disaster loan program also served as a screening mechanism for FEMA's disaster grants. Applicants for FEMA grant assistance could only have their applications considered after they applied for and were rejected for SBA assistance. As a result, delays in the SBA's loan processing system were directly translated into delays for FEMA disaster assistance. In the wake of the 2005 Gulf Coast hurricanes, FEMA referred 2.4 million people to the SBA's disaster assistance program who were patently ineligible for SBA assistance. This greatly increased the volume of referrals to the SBA and was likely a contributing factor in the delays for SBA disaster assistance.

The SBA failed to pursue coordination efforts with local entities, particularly city, state, and parish officials. These relationships could have helped to promote the redevelopment of infrastructure required for small businesses and would have helped the agency in effectively distributing timely and accurate information to Hurricane victims. Instead, the agency operated largely in isolation, limiting its ability to build goodwill and working relationships among local authorities.

A limited survey of Gulf Coast hurricane victims who filed SBA disaster loan applications revealed that more than half were not aware of the agency's disaster assistance program prior to the 2005 Gulf Coast hurricanes. Additionally, agency officials reported that the public tends to confuse the SBA's disaster assistance programs with those of FEMA. To overcome the public's preconceived notions concerning the SBA's disaster assistance program, the agency employed various means to provide information and assistance regarding disaster recovery loan assistance. The agency mobilized its staff members to speak at organized events and advertised its disaster loan programs in a variety of media. Despite these efforts, however, the SBA's outreach efforts were lacking in several respects.

In previous disasters, SBA officials had an informal policy of contacting individuals who did not return disaster assistance loan applications. This practice provides the agency with another opportunity to explain the SBA disaster assistance loan program and correct public misconceptions. While this practice is not mandatory, the SBA had previously attempted to contact 100 percent of all individuals who did not file loan applications. Following the 2005 Gulf Coast hurricanes, the SBA mailed 2.2 million applications and received over 400,000 completed applications. Of the 1.8 million individuals who did not submit loan applications, only 800,000 received follow-up calls.

In part, the SBA could not make such a large volume of follow-up phone calls because they lacked the staff resources that this outreach practice required. This problem could have been resolved with more robust disaster planning and greater support in the budget reauthorization process.

IV. Hearings

In the 110th Congress, the Committee on Small Business held a hearing on the SBA's disaster assistance program and its response to the 2005 Gulf Coast Hurricanes on February 14, 2007. The Committee subsequently held a hearing on H.R. 1361, the Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007 on March 8, 2007.

V. Committee Consideration

The Committee on Small Business met in open session on March 15, 2007, and ordered H.R. 1361 reported to the House, as amended, by a record vote.

VI. Committee Votes

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Ms. Velázquez to report the bill, as amended, to the House with a favorable recommendation was AGREED to by a record vote of 17 ayes and 9 nays, as follows:

Committee on Small Business
110th Congress –First Session
Recorded Vote Sheet

Full Committee Markup

VOTE ROSTER FOR H.R. 1361, "Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery Act of 2007" or "RECOVER Act"
FINAL PASSAGE

March 15, 2007
10:00 a.m.
Room 2360 RHOB

Vote:

Aye	Nydia Velázquez (NY)
Aye	Juanita Millender-McDonald (CA)
Aye	William Jefferson (LA)
Aye	Heath Shuler (NC)
Aye	Charles Gonzalez (TX)
Aye	Rick Larsen (WA)
__	Raúl Grijalva (AZ)
Aye	Michael Michaud (ME)
Aye	Melissa Bean (IL)
Aye	Henry Cuellar (TX)
Aye	Daniel Lipinski (IL)
Aye	Gwen Moore (WI)
Aye	Jason Altmire (PA)
Aye	Bruce Braley (IA)
Aye	Yvette Clarke (NY)
Aye	Brad Ellsworth (IN)
Aye	Henry Johnson (GA)
Aye	Joe Sestak (PA)

Nay	Steve Chabot (OH)
Nay	Roscoe Bartlett (MD)
Nay	Sam Graves (MO)
Nay	Todd W. Akin (MO)
__	Bill Shuster (PA)
Nay	Marilyn Musgrave (CO)
__	Steve King (IA)
Nay	Jeff Fortenberry (NE)
__	Lynn Westmoreland (GA)
__	Louie Gohmert (TX)
Nay	Dean Heller (NV)
Nay	David Davis (TN)
__	Mary Fallin (OK)
__	Vern Buchanan (FL)
Nay	Jim Jordan (OH)

TOTAL YEAS: __17_____

TOTAL NAYS: __9_____

The following amendments were considered and disposed of by a record vote. The names of Members voting for and against follow:

An amendment by Mr. Chabot, No. 015, to strike the grant program in section 210 from H.R. 1361 was NOT AGREED TO by a record vote of 10 ayes and 17 nays. Record vote follows:

Committee on Small Business
110th Congress –First Session
Recorded Vote Sheet
Full Committee Markup

VOTE ON: Amendment .015 by Mr. Chabot, on H.R. 1361

March 15, 2007
10:00 a.m.
Room 2360 RHOB

Vote:

Nay	Nydia Velázquez (NY)
Nay	Juanita Millender-McDonald (CA)
Nay	Jefferson (LA)
Nay	Heath Shuler (NC)
Nay	Charles Gonzalez (TX)
Nay	Rick Larsen (WA)
Nay	Raúl Grijalva (AZ)
Nay	Michael Michaud (ME)
__	Melissa Bean (IL)
Nay	Henry Cuellar (TX)
Nay	Daniel Lipinski (IL)
Nay	Gwen Moore (WI)
Nay	Jason Altmire (PA)
Nay	Bruce Braley (IA)
Nay	Yvette Clarke (NY)
Nay	Brad Ellsworth (IN)
Nay	Henry Johnson (GA)
Nay	Joe Sestak (PA)

Aye	Steve Chabot (OH)
Aye	Roscoe Bartlett (MD)
Aye	Sam Graves (MO)
Aye	Todd W. Akin (MO)
__	Bill Shuster (PA)
Aye	Marilyn Musgrave (CO)
__	Steve King (IA)
Aye	Jeff Fortenberry (NE)
__	Lynn Westmoreland (GA)
__	Louie Gohmert (TX)
__	Dean Heller (NV)
Aye	David Davis (TN)
Aye	Mary Fallin (OK)
Aye	Vern Buchanan (FL)
Aye	Jim Jordan (OH)

TOTAL YEAS: __10_____

TOTAL NAYS: __17_____

An amendment by Mr. Chabot, No. 016, to strike the waiver of duplication of benefits provision in section 211 from H.R. 1361 was NOT AGREED TO by a record vote of 7 ayes and 14 nays. Record vote follows:

Committee on Small Business
110th Congress –First Session
Recorded Vote Sheet

Full Committee Markup

VOTE ON: Amendment .016 by Mr. Chabot, on H.R. 1361

March 15, 2007
10:00 a.m.
Room 2360 RHOB

Vote:

Nay	Nydia Velázquez (NY)
Nay	Juanita Millender-McDonald (CA)
Nay	Jefferson (LA)
Nay	Heath Shuler (NC)
Nay	Charles Gonzalez (TX)
Nay	Rick Larsen (WA)
Nay	Raúl Grijalva (AZ)
Nay	Michael Michaud (ME)
Nay	Melissa Bean (IL)
Nay	Henry Cuellar (TX)
-----	Daniel Lipinski (IL)
Nay	Gwen Moore (WI)
-----	Jason Altmire (PA)
Nay	Bruce Braley (IA)
Nay	Yvette Clarke (NY)
Nay	Brad Ellsworth (IN)
-----	Henry Johnson (GA)
-----	Joe Sestak (PA)

Aye	Steve Chabot (OH)
Aye	Roscoe Bartlett (MD)
-----	Sam Graves (MO)
Aye	Todd W. Akin (MO)
-----	Bill Shuster (PA)
Aye	Marilyn Musgrave (CO)
-----	Steve King (IA)
Aye	Jeff Fortenberry (NE)
-----	Lynn Westmoreland (GA)
-----	Louie Gohmert (TX)
Aye	Dean Heller (NV)
Aye	David Davis (TN)
-----	Mary Fallin (OK)
-----	Vern Buchanan (FL)
-----	Jim Jordan (OH)

TOTAL YEAS: __7_____

TOTAL NAYS: __14_____

An amendment by Mr. Michaud, No. 007, on Economic Injury Disaster Loans for businesses affected by lack of snowfall, was AGREED TO by a record vote of 14 ayes and 11 nays. Record vote follows:

Committee on Small Business
110th Congress –First Session
Recorded Vote Sheet

Full Committee Markup

VOTE ON: Amendment .007 by Mr.Michaud, on H.R. 1361

March 15, 2007
10:00 a.m.
Room 2360 RHOB

Vote:

Aye	Nydia Velázquez (NY)
Aye	Juanita Millender-McDonald (CA)
Aye	Jefferson (LA)
Nay	Heath Shuler (NC)
Aye	Charles Gonzalez (TX)
Aye	Rick Larsen (WA)
-----	Raúl Grijalva (AZ)
Aye	Michael Michaud (ME)
Aye	Melissa Bean (IL)
Aye	Henry Cuellar (TX)
Aye	Daniel Lipinski (IL)
Aye	Gwen Moore (WI)
-----	Jason Altmire (PA)
Aye	Bruce Braley (IA)
Aye	Yvette Clarke (NY)
Aye	Brad Ellsworth (IN)
Aye	Henry Johnson (GA)
Nay	Joe Sestak (PA)

Nay	Steve Chabot (OH)
Nay	Roscoe Bartlett (MD)
-----	Sam Graves (MO)
Nay	Todd W. Akin (MO)
-----	Bill Shuster (PA)
Nay	Marilyn Musgrave (CO)
-----	Steve King (IA)
Nay	Jeff Fortenberry (NE)
-----	Lynn Westmoreland (GA)
-----	Louie Gohmert (TX)
Nay	Dean Heller (NV)
Nay	David Davis (TN)
-----	Mary Fallin (OK)
Nay	Vern Buchanan (FL)
Nay	Jim Jordan (OH)

TOTAL YEAS: __14_____

TOTAL NAYS: __11_____

The Committee considered the following other amendments:

A manager's amendment by Ms. Velázquez, No. 022, was AGREED TO by a voice vote.

An amendment by Mr. Chabot, No. 017, striking provisions requiring the SBA to report to Congress during incidents of national significance, was NOT AGREED TO by a voice vote.

An amendment by Mr. Braley, No. 008, on Economic Injury Disaster Loans for businesses in case of ice storms and blizzards, was AGREED TO by a voice vote.

VII. SECTION-BY-SECTION ANALYSIS OF H.R. 1361

Sec. 101 Comprehensive Disaster Response Plan

This provision will require the SBA to develop, implement, and maintain a comprehensive written disaster response plan. The plan should include a risk-based assessment of the various types of disasters likely to occur in each of the agency's 10 districts. Each assessment should include an analysis of the SBA's needs for an effective response to each disaster scenario, with emphasis on meeting demand for information technology, telecommunications, human resources, and office space needs. Additionally, the comprehensive plan should include appropriate guidelines for coordination with other federal agencies as well as with State and local authorities to effectively respond to each disaster and best utilize agency resources.

In developing the comprehensive plan, the Committee believes that the SBA should integrate the results of disaster simulation exercises and catastrophe modeling programs to generate its disaster risk assessments and estimate the demand on agency resources.

The Committee does not intend for the comprehensive disaster response plan to be a static document, but believes that the risks and disaster assessments should be revised on an annual basis and whenever the agency experiences an incident of national significance as that term is defined in H.R. 1361. Additionally, the agency must include a report on the status of the disaster plan, highlighting any changes and developments from previous years in its annual report to Congress as required by H.R. 1361.

Sec. 102 Annual Disaster Simulation Exercise

This provision will require the SBA to undertake at least one agency-wide disaster simulation exercise each fiscal year that includes, at a minimum, the participation of not less than half of the agency's disaster reserve corps. Additionally, the annual disaster simulation exercise should includes stress-testing of the agency's vital information technology and telecommunications systems.

The Committee intends for the stress-testing element to include testing various aspects of DCMS and the call support systems, including the core application functions and additional components such as loss verification and scanning. This stress-testing should simulate an increased number of concurrent users to determine whether the complete system, operating at maximum capacity will meet the agency's needs for effective and accurate operations in a major disaster.

The Committee intends that the annual disaster simulation exercise will be based upon the most serious disaster scenarios that the

agency has identified in the comprehensive disaster plan and will adjust annually in the disaster scenario and the geographic region where it is performed.

Sec. 103 Disaster Reserve Corps

This provision will require the SBA to maintain a disaster reserve corps of 1,000 individuals who receive annual training, and, to the greatest extent practicable, are cross-trained to perform more than one function relating to disaster response.

The Committee believes that by requiring that no more than 30 percent of the reserve corps staff come from any one of the SBA's ten regions, the risk that the reserve corps could be impacted by a disaster may be mitigated. The Committee does not believe that this requirement will adversely affect the agency's recruiting efforts, as the SBA can recruit reserve corps staff from nine of its other regions in the event that it reaches the 30 percent cap in one region. Additionally, the Committee believes that any costs associated with this requirement will be outweighed by the benefit of having a nationally dispersed reserve corps staff that is less exposed to geographic risks and better able to respond to disasters in their region.

Sec. 104 Plans To Secure Additional Space

This provision will require the SBA to develop long-term plans to secure additional space to accommodate an expanded workforce in times of disaster.

Sec. 105 Coordination of Disaster Assistance Programs With FEMA

This provision will require the SBA to establish uniform guidelines in consultation with the director of the Federal Emergency Management Agency to provide for the coordination of their assistance programs. Specifically, the SBA must establish regulations to ensure that applications for disaster assistance are submitted to the appropriate agency as quickly as possible.

The Committee intends for these regulations to remedy problems caused by the SBA's disaster loan program being used as a screening mechanism for FEMA's disaster grants. Additionally, the Committee intends for these regulations to eliminate the need for the SBA to first consider disaster loan applications from victims who are patently ineligible for SBA assistance as a precondition to consideration for FEMA assistance.

Sec. 106 Associated Administrator for Disaster Assistance

This provision will require the SBA to create a new position within the agency, the Associate Administrator for Disaster Assistance, appointed by the President, who will be responsible overseeing the agency's entire disaster response function, including, but not limited to, disaster planning, administering financial assistance, and coordinating with other federal, state, and local authorities. The Committee intends that this individual should have substantial expertise in the field of disaster readiness and emergency response and should have proven management ability. The Committee believes that the creation of a high-level administration official dedicated to disaster planning will be vital to ensuring that the

agency maintains its disaster readiness over the long-term and will assist the SBA in developing and implementing its disaster response plan.

Two Director positions will also be established and will report directly to the Associate Administrator. A Director of Disaster Planning will be established to develop and implement the SBA's disaster readiness plan, including the agency's annual disaster simulation exercise. A Director of Disaster Lending will be established to direct the agency's 7(b) disaster loan program and administer the financial assistance programs created under H.R. 1361. The Committee intends that neither the establishment of the Director of Disaster Planning nor the establishment of the Director of Disaster Lending should directly result in a net increase in the number of SBA full-time employees. Additionally, the Committee intends that both the Director of Disaster Planning and the Director of Disaster Lending should be appointed by the Administrator from among individuals within the agency and that both directors should have experience in working with the programs that they will be appointed to oversee.

Sec. 201 Incident of National Significance

This provision will permit the SBA's disaster assistance program to respond to an Incident of National Significance as declared by the President or his designee. Additionally, this provision will be made retroactive to enable businesses affected by the 2005 Gulf Coast Hurricanes to apply for and receive a disaster mitigation loan as provided by Section 7(b)(1)(A) of the Small Business Act.

Sec. 202 Information Tracking and Follow-up System

This provision will require the SBA develop, implement, and maintain a centralized information system to track all communications (written, e-mail, and phone) between disaster victims and SBA personnel concerning the status of their application. At a minimum, this system must record the method of communication, the date of the communication, the identity of the SBA employee involved in the communication, and a summary of the subject matter of the communication. This provision will also require the SBA to provide follow-up communications to disaster victims as their disaster loan proceeds through critical stages of the origination, approval, and disbursement process.

The Committee intends for this section to help the SBA remedy its deficiencies in effectively tracking and providing accurate information on disaster loan applications. The Committee also believes that this disaster tracking system will eliminate the need for SBA personnel to receive loan application status updates from applicants.

Sec. 203 Immediate Disaster Assistance Program

This provision directs the SBA to establish a program to make immediate short-term loans to small businesses damaged in a disaster. The Immediate Disaster Assistance Program will be administered through private sector lenders, however, and will carry an 85 percent guaranty on amounts up to $25,000. For this reason, loans under this program must be contingent upon the business applying for and meeting basic criteria for a subsequent SBA disaster loan,

and the outstanding loan balance must be repaid with the proceeds of the conventional SBA loan.

The Committee intends for this program to function as a bridge financing program for small businesses that are awaiting approval and disbursement of funds under the SBA's conventional disaster loan program. The immediate disaster assistance program is intended to provide disaster victims with emergency, small-dollar financing within 36 hours following a disaster pending the victim's receipt of a conventional disaster loan. This contrasts with the SBA's current loan program which has a target approval timeframe of 21 days and is intended to provide the disaster victim with long-term, low-interest assistance.

To ensure that costs associated with this program are kept low, the Committee has drawn the Immediate Disaster Assistance Program with a limited and narrow scope. For this reason, the guaranty is limited to 85 percent on amounts up to $25,000. Additionally, loans will be contingent upon the applicant applying for, and meeting basic eligibility standards for a conventional disaster loan, which is then used to pay the balance of the immediate disaster assistance loan. These two factors alone will limit the federal government's risk exposure under this program. Because these are intended to be short-term, small-dollar loans, the additional costs for borrowers should be marginal.

Sec. 204 Increased Deferment Period

This provision will provide the SBA with authority to provide disaster victims with an option of receiving a four year deferment period for disaster loans. The Committee believes that this provision will provide disaster victims with additional time they need to rebuild their homes and businesses and reestablish their income before beginning repayment of their SBA disaster loan. Additionally, because the four year deferment is made at the discretion of the Administrator, and because interest will continue to accrue during the deferment period, the Committee believes that this provision will have little or no cost.

Sec. 205 Revised Repayment Terms

This provision requires the SBA to impose a minimum deferment period of twelve months and mandates that the repayment period begin from the date that the final loan disbursement is made. Additionally, this provision requires that repayment amounts be based solely on funds that have actually been disbursed.

The Committee intends for this provision to provide disaster victims with more equitable repayment terms that are more responsive to their needs immediately following a disaster. Additionally, because the interest continues to accrue during the mandatory twelve month deferment period, the Committee believes that this provision will have little or no cost.

Sec. 206 Revised Disbursement Process

This provision will require that approved funds for SBA disaster loans be disbursed upon a schedule with increased minimum disbursement levels to better meet the needs of disaster victims. The Committee believes that this provision will enable the SBA to remedy problems in disbursing approved loan amounts in adequate

amounts to meet disaster victims' needs in a timely manner. The Committee does not intend for this provision to preclude the SBA from making full disbursements in situations where it feels full disbursements are appropriate. The Committee only intends that this provision set minimum amounts that must be disbursed at each stage. The Committee also does not intend that the minimum disbursement amounts be controlling in situations where the borrower actually desires lesser amounts be disbursed in each stage.

The Committee believes that by maintaining a disbursement schedule with stages and by leaving the disbursement schedule for loans in excess of $500,000 at the discretion of the SBA, the risk of increased losses will be limited.

Sec. 207 Revised Collateral Requirements

This provision will revise the collateral requirements so that business owners are not required to pledge their homes for business loans less than $100,000. The Committee believes that this provision will encourage more small businesses to seek disaster loans without apprehension that their home will be placed at risk as they attempt to rebuild their businesses following a disaster. Additionally, the Committee believes that this provision is consistent with the SBA's current practice of making loans based upon an individual's ability to repay and income.

Sec. 208 Enhanced Lending Authority for Preferred Lenders

This provision will create a program that permits Preferred SBA lenders to originate, process, approve, and service disaster loans for a small fee. This program may be initiated at the discretion of the Administrator, during incidents of national significance, and whenever the SBA's average time for disaster loan approvals in any single disaster runs longer than 30 days. This provision will also permit the Administrator to suspend, revoke, or condition a lender's PLP status in the event that the loans they make experience an inordinate number of defaults.

The SBA does not object to the creation of this program, but would like flexibility in deciding when the program must be implemented. As an initial observation, Section 208 is currently structured to provide the Administrator with discretion to implement the private lender program when he sees fit. Section 208 simply requires that the Administrator also implement the program in two specific situations when the Administration is most likely to need the additional loan processing, approval, and disbursement capacity that the private sector can provide. These situations are unlikely to occur frequently.

Sec. 209 Disaster Processing Redundancy

This provision will require the SBA to maintain a backup disaster processing operation in a separate geographic location from the primary processing operation. The backup facility must be capable of taking over all disaster loan processing from the SBA's primary facility within two days following a disaster that renders the primary facility inoperable. The Committee intends for this provision to mitigate the risk associated with the SBA's current practice of maintaining a single disaster processing facility.

Sec. 210 Grant Program

This provision will provide the SBA with authority to offer grants of up to $100,000 for the businesses that were most severely affected by the 2005 Gulf Coast Hurricanes. The Committee believes that this program will fill the need for financial assistance for small businesses that is currently not being met by any federally administered assistance program. The Committee does not intend for the grant program to carry forward to future disasters. The Committee intends that the grant program will be a one time program for small businesses impacted by Hurricanes Katrina, Rita, or Wilma.

To limit the costs associated with this program, the Committee has limited the scope of the program by imposing very strict requirements for eligibility. Only small businesses located in qualifying counties and parishes will be eligible for grant assistance. These qualifying counties and parishes are those that experienced a loss of at least 100 housing units, that experienced a loss of at least 1% of housing stock, and that required Federal infrastructure assistance of at least $200,000. The Committee intends for these limitations to restrict the availability of grant assistance to only those communities that were severely impacted by Hurricanes Katrina, Rita, or Wilma. Additionally, a small business must also certify that it will reestablish its business in a qualifying county or parish. A small business must also have been in existence at least two years prior to the disaster and must have applied for and been rejected for a conventional SBA disaster loan. The Committee also intends for grant assistance to go to small businesses that are economically viable, as determined by the Administrator. The Committee believes that only a small number of businesses will meet all of these requirements to qualify for a grant. Finally, the Committee only intends for grant assistance to be provided in situations where the Administrator feels it is appropriate, and has thus provided the Administrator with discretion over whether the grant program will be implemented.

Sec. 211 Waiver of Prohibition on Duplication of Certain Benefits

This provision will permit the Administrator to waive the prohibition on duplication of benefits for any victim of Hurricanes Katrina, Rita, or Wilma. In situations where an individual was not fully compensated for damage to their home through SBA loans in combination with other forms of assistance, insurance, or legal settlement, the Committee believes that the SBA should not require that the other form of compensation be used to repay the SBA disaster loan. Additionally, in situations where disaster victims have been negatively affected by delays in the SBA's loan processing or disbursement process, the Committee believes that the SBA should have flexibility to waive the prohibition on duplication of benefits if it will help victims to recover and rebuild.

The Committee intends for this provision to provide the SBA with authority to remedy problems associated with the Louisiana Road Home grant assistance program for homeowners. The Committee does not intend for this provision to carry forward to other disasters. It will be limited solely to Hurricanes Katrina, Rita, or Wilma. Additionally, the Committee only intends for waivers to be provided in situations where the Administrator feels it is appro-

priate, and has thus provided the Administrator with discretion to decide when a waiver will be applied.

Sec. 212 Increase Legislative Limit

This provision will increase the legislative limit on disaster loans from $1.5 million to $3 million. The Committee believes that this increase will enable the SBA to make loans that are more responsive to disaster victims that require higher levels of funding to recover and rebuild.

Sec. 213 Net Earnings Clause Prohibited

This provision will preclude the imposition of annual "Supplemental Payment" terms on loans in excess of $1 million during the first five years of repayment. The Committee believes that this provision will benefit capital-intensive small businesses that earn high profits, but require these funds for reinvestment in the business to remain profitable. The Committee does not intend for this provision to completely prohibit the SBA from imposing a net earnings clause, it simply precludes imposing these terms within the first five years of loan repayment.

Sec. 214 Economic Injury Disaster Loans to Non-Profits

This provision will permit private nonprofit organizations to qualify for disaster assistance.

Sec. 215 Applicants That Will Constitute a Major Source of Employment Due to Changed Economic Circumstances

This provision will permit small businesses that were not a major source of employment prior to the disaster, but which subsequently are a major source of employment following the disaster to qualify for disaster loans beyond the current statutory limit. The Committee intends that this provision will enable the SBA to administer the disaster loan program with reference to the borrower's circumstances relative to the local area's economic conditions when the loan application is made.

Sec. 301 Annual Report on Disaster Assistance

This provision will require the SBA to submit to Congress a report on the Disaster assistance program performance during the previous fiscal year. This report will cover changes in staffing, technology, and a review of challenges encountered and overall results. Additionally, during an incident of national significance, the SBA must make monthly reports to Congress with basic information on their disaster response.

During incidents of national significance, the Committee does not intend for the SBA to provide information beyond what is readily available through current data tracking systems like DCMS. The Committee does not believe that the SBA should divert vital agency resources for the purpose of reporting to Congress during incidents of national significance.

VIII. Congressional Budget Office Cost Estimate

March 29, 2007.

Hon. Nydia M. Velázquez,
Chairwoman, Committee on Small Business,
House of Representatives, Washington, DC.

Dear Madam Chairwoman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1361, the RECOVER Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Daniel Hoople.

Sincerely,

Peter R. Orszag.

Enclosure.

H.R. 1361—RECOVER Act

Summary: H.R. 1361 would make various changes to existing and future loans made by the Small Business Administration (SBA) in response to a disaster. Those changes would increase the cost of assistance that SBA will provide after future disasters, and also would increase the cost of certain loans SBA has already made or obligated. In addition, the bill would: increase the maximum loan that can be made for certain categories of individuals and businesses for hazard mitigation purposes; authorize SBA to guarantee disaster bridge loans to businesses; establish a program to authorize certain types of private lenders to process, approve, disburse, and service SBA disaster loans; and create a grant program for small businesses affected by the 2005 Gulf Coast hurricanes. Moreover, the bill would expand the Economic Injury Disaster Loan (EIDL) program to include private, nonprofit organizations.

One provision of the bill would increase direct spending. Section 211 would grant SBA the discretion to partially or fully waive the requirement that borrowers prepay disaster loans upon receipt of other funds that are considered to be a duplication of the benefits provided by the SBA disaster loan. This provision would apply to borrowers in areas affected by Hurricanes Katrina, Rita, and Wilma. Based on information from SBA, CBO estimates that authorizing SBA to waive the duplication of benefits requirement would increase the subsidy rate for outstanding disaster loans by about 2 percentage points, at an estimated cost of $215 million over the 2007–2009 period. That cost would be incurred without enactment of any subsequent legislation.

In addition, CBO estimates that implementing other provisions of H.R. 1361 would cost $347 million over the 2008–2012 period, subject to the appropriation of the necessary funds.

H.R. 1361 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of the bill is shown in the following table. The budgetary impact of this legislation falls within budget function 450 (community and regional development).

	By fiscal year, in millions of dollars—					
	2007	2008	2009	2010	2011	2012
CHANGES IN DIRECT SPENDING						
Elimination of Prohibition on Duplication:						
Estimated Authorization Level	215	0	0	0	0	0
Estimated Outlays	140	45	30	0	0	0
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Changes to Future SBA Disaster Loans:						
Estimated Authorization Level	0	28	29	29	30	30
Estimated Outlays	0	14	25	29	29	30
Grants to Disaster-Affected Small Businesses:						
Estimated Authorization Level	0	180	0	0	0	0
Estimated Outlays	0	72	72	36	0	0
Economic Injury Disaster Loans to Private:						
Estimated Authorization Level	0	3	3	3	3	3
Estimated Outlays	0	2	3	3	3	3
Other Provisions Affecting SBA:						
Estimated Authorization Level	0	6	6	6	6	6
Estimated Outlays	0	4	5	5	6	6
Total Proposed Changes—Subject to:						
Estimated Authorization Level	0	217	38	38	39	39
Estimated Outlays	0	92	105	73	38	39

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted before the end of fiscal year 2007, that the amounts authorized by the bill will be appropriated for each year, and that spending will follow historical patterns for current and similar programs.

The Federal Credit Reform Act (FCRA) of 1990 requires an appropriation of the estimated subsidy costs and administrative costs associated with loan guarantee and direct loan program operations. The subsidy cost is the estimated long-term cost to the government of a direct loan or a loan guarantee, calculated on a net-present-value basis, excluding administrative costs. Administrative costs, calculated on a cash basis, include activities related to making, servicing and liquidating loans, as well as overseeing the performance of lenders.

The budgetary impact of the bill's modifications to SBA's credit programs is measured in terms of projected subsidy costs. H.R. 1361 does not specify an explicit authorization level for either the subsidy or the administrative costs for the amendments it would make to SBA's disaster loan program or for the new direct loan and loan guarantee programs authorized by the bill; CBO estimated those amounts using historical information about the operation of SBA's disaster loan program.

Direct spending

Section 211 would grant SBA the discretion to partially or fully waive the requirement that borrowers prepay disaster loans upon receipt of other funds (for example, grants or insurance payments) that are considered to be a duplication of the benefits provided by the loan. This provision would apply to loans made to areas of Texas, Louisiana, Mississippi, Alabama, and Florida affected by Hurricanes Katrina, Rita, and Wilma.

Under procedures specified in the Federal Credit Reform Act for recording the cost of direct federal loans, the Administration now estimates that the subsidy rate is about 20 percent for disaster loans made in fiscal year 2006 and 18 percent for loans made in

fiscal year 2007. As of March 2007, SBA had approved about $5.4 billion in disaster loans to individuals and businesses affected by the 2005 Gulf Coast hurricanes. CBO estimates that loan disbursements will reach about $7 billion by the end of fiscal year 2007 and close to $11 billion through 2009. Under current law, the expected subsidy cost to the federal government of those disaster loans made through fiscal year 2009 is about $1.9 billion. Based on information from SBA, CBO estimates that eliminating the prohibition on the duplication of benefits would increase the subsidy rate by about 2 percentage points, at an estimated cost of $215 million over the 2007–2009 period, largely because the loans would remain outstanding for longer periods of time.

Under FCRA, the budgetary cost of legislative modifications to existing loans is recorded on the budget in the same year that the legislation making the modification is enacted. Thus, for the $7 billion in loans expected to be disbursed by the end of fiscal year 2007, CBO estimates that this provision would cost $140 million in 2007. As approved loans continue to be disbursed through 2009, the additional costs of those loans would be recorded in the federal budget upon disbursement. As a result, CBO estimates that enacting H.R. 1361 will increase direct spending by $215 million over the 2007–2009 period. Enacting H.R. 1361 would affect direct spending because that cost would be incurred without enactment of subsequent legislation.

Spending subject to appropriation

CBO estimates that the costs of implementing H.R. 1361 that are subject to appropriation action would total $347 million over the 2008–2012 period, assuming appropriation of the necessary amounts.

Disaster Mitigation Loans. Section 201 would authorize SBA to make or guarantee loans for disaster mitigation up to a maximum of 20 percent of the assessed damage to a home or business. Currently, SBA offers direct loans for such purposes up to a maximum of 20 percent of the approved disaster loan. In some cases, SBA will make a disaster loan for less than the assessed damage due to factors such as reimbursements from other sources. Thus, H.R. 1361 would increase the maximum amount of a disaster mitigation loan by 20 percent of the difference between assessed damages and the approved loan amount. The bill would apply this increase to loans made to small businesses and private, nonprofit organizations in the areas of Texas, Louisiana, Mississippi, Alabama and Florida affected by Hurricanes Katrina, Rita, and Wilma, as well as to all future mitigation loans. The demand for such loans tends to be relatively small, and CBO estimates that implementing this provision would have a negligible effect on the federal budget over the next five years.

Immediate Disaster Assistance Program. Section 203 would establish an Immediate Disaster Assistance Program. Under the program, SBA would guarantee 85 percent of private loans, up to $25,000, made to businesses following a disaster. Once an application is received, SBA would be required to approve or disapprove such a loan guarantee within 36 hours. Upon approval of a traditional disaster loan for a business borrower, any amount guaranteed under the proposed Immediate Disaster Assistance Program

would be immediately repaid. Such a program to "bridge" the time period between the need for a loan and the availability of a traditional disaster loan would be similar to one already operated by SBA for certain nondisaster loans. Based on information from the agency, CBO expects that demand for SBA loans would not be significantly altered under such new authority, although additional risk would be incurred for borrowers that receive loan guarantees and are later denied a traditional disaster loan. Because that is not likely to occur often, CBO estimates that this program would have a negligible cost over the next five years.

Changes to Future SBA Disaster Loans. Section 205 would require SBA to lengthen the time period during which borrowers may defer repayment of disaster loans to a minimum of 12 months after final loan disbursement. Furthermore, the bill would require that repayment calculations be based solely upon the disbursed amount of the loan. Currently, SBA grants a minimum deferment period of five months following loan approval and calculates repayment based on the approved amount of the loan. Based on information from SBA, CBO expects that the deferment period for most disaster loans would increase to about 18 months under the bill and that the revised repayment calculation would extend the total repayment period for a small number of loans. CBO estimates that implementing these provisions of H.R. 1361 would increase the future subsidy cost of disaster loans by about 3 percentage points. For this estimate, CBO assumed that the demand for SBA disaster loans over the next five years would average about $1 billion per year. On that basis, we estimate that implementing this provision would cost $14 million in 2008 and $127 million over the 2008–2012 period. Such costs would be subject to appropriation action.

Section 207 would prohibit SBA from requiring a borrower to use his or her home as collateral for a business disaster loan of less than or equal to $100,000. Current law prohibits the collateral requirement for loans that are less than $10,000. For loans above this threshold, SBA prefers (but does not require) the use of a borrower's home as collateral. As such, CBO expects that this provision would not increase the number of loans approved by SBA, but that it could affect the recovery rates on any future loans that go into default. SBA does not consider the value of a home as collateral when estimating the subsidy rate for business disaster loans. Therefore, CBO expects that this provision would have a minor impact on the subsidy cost of such loans.

Enhanced Lending Authority for Private Lenders. Section 208 would direct SBA to establish a program whereby certain private lenders would be permitted to process, approve, close, and service disaster loans. This program could be implemented at any time at the discretion of the SBA, but would be required when a disaster of national significance occurs or when the average approval period for disaster loans exceeds 30 days. For this work, SBA would pay participating private lenders a servicing fee of up to two percent of the total loan amount approved by the private lenders.

CBO expects that such a program would be used infrequently following rare catastrophic events. The existence of the Disaster Reserve Corps that would be authorized by this bill would lessen the need to use private lenders. Assuming minimal differences in the

default rates and administrative expenses of loans made by private lenders and those made by SBA, CBO estimates that implementing this provision would have a negligible effect on the federal budget. It is possible, however, that having private lenders approve, disburse, close, and service direct federal loans could change—perhaps significantly—the subsidy rate for future disaster loans. There is no precedent for this type of private-sector involvement in issuing federal loans, and CBO has no basis for judging whether and how subsidy rates would change as a result of this provision.

Grants to Disaster-Affected Small Businesses. Section 210 would establish a grant program for small businesses in certain areas of Texas, Louisiana, Mississippi, Alabama, and Florida affected by Hurricanes Katrina, Rita, and Wilma. Eligible small businesses include those that were denied traditional disaster loans and are determined to have long-term economic viability. The maximum amount of such grants would be $100,000, and they would be awarded upon the condition that the business be reestablished in the disaster-affected region. As of March 2007, about 18,000 businesses were rejected for traditional disaster loans in the applicable regions. Because they did not receive loans, CBO expects few businesses could be considered viable. Assuming 10 percent of those applicants met the eligibility criteria specified in the bill and were awarded the full grant value, CBO estimates that implementing this provision would cost $72 million in 2008 and $180 million over the 2008–2012 period, assuming appropriation of the necessary funds.

Disaster Loans to Private Nonprofit Organizations. Section 214 would expand SBA's Economic Injury Disaster Loans (EIDL) program to include private, nonprofit organizations. Under current law, the EIDL program makes direct loans to small businesses and small agricultural cooperatives that have suffered a substantial loss in business revenue as a result of a disaster. Based on the historical volume of physical disaster loans made to nonprofits and of EIDLs made to small businesses, CBO estimates that implementing this provision would cost $2 million in 2008 and $14 million over the 2008–2012 period for the subsidy and administrative cost of making additional loans.

Other Provisions. Based on information from SBA, CBO estimates that implementing other provisions of H.R. 1361 would require appropriations totaling $30 million over the next five years. That amount includes:

- $15 million to maintain a Disaster Reserve Corps of 1,000 individuals, including training and an annual simulation exercise;
- $10 million to ensure that a backup loan-processing facility could become operational within 2 days of a primary facility becoming unavailable; and
- $5 million to create separate Directors of Disaster Assistance and Planning, including additional support staff.

Those estimates are based on information from SBA regarding costs of existing or similar programs. Based on historical spending patterns, CBO estimates that fully funding those activities would cost $4 million in 2008 and $26 million over the next five years, assuming appropriation of the necessary amounts.

Intergovernmental and private sector impact: H.R. 1361 contains no intergovernmental or private-sector mandates, as defined in UMRA, and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Daniel Hoople; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Craig Cammarata.

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

IX. Committee Estimate of Costs

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 1362. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

X. Oversight Findings

In accordance with clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 1361 are incorporated into the descriptive portions of this report.

XI. Statement of Constitutional Authority

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, Section 8, clause 18, of the Constitution of the United States.

XII. Compliance With Public Law 104–4

H.R. 1361 contains no unfunded mandates.

XIII. Congressional Accountability Act

H.R. 1361 does not relate to the terms and conditions of employment or access to public services or accommodations with the meaning of section 102(b)(3) of P.L. 104–1.

XIV. Federal Advisory Committee Statement

This legislation does not establish or authorize the establishment of any new advisory committees.

XV. Statement of No Earmarks

Pursuant to clause 9 of rule XXI, H.R. 1361 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

XVI. Performance Goals and Objectives

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

H.R. 1361 includes a number of provisions designed update and improve the Small Business Administration's ability to plan and respond effectively to large scale disasters. H.R. 1361 will also improve the agency's ability to provide disaster assistance that is more responsive to the needs of disaster victims.

XVII. Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * * * *

SEC. 3. (a) * * *

* * * * * * *

(k)(1) * * *

(2) For purposes of section 7(b)(2), the term "disaster" includes—

(A) drought; [and]

(B) below average water levels in the Great Lakes, or on any body of water in the United States that supports commerce by small business concerns[.]*;*

(C) ice storms and blizzards; and

(D) lack of snowfall.

* * * * * * *

SEC. 7. (a) LOANS TO SMALL BUSINESS CONCERNS; ALLOWABLE PURPOSES; QUALIFIED BUSINESS; RESTRICTIONS AND LIMITATIONS.—The Administration is empowered to the extent and in such amounts as provided in advance in appropriation Acts to make loans for plant acquisition, construction, conversion, or expansion, including the acquisition of land, material, supplies, equipment, and working capital, and to make loans to any qualified small business concern, including those owned by qualified Indian tribes, for purposes of this Act. Such financings may be made either directly or in cooperation with banks or other financial institutions through agreements to participate on an immediate or deferred (guaranteed) basis. These powers shall be subject, however, to the following restrictions, limitations, and provisions:

(1) * * *

* * * * * * *

(b) Except as to agricultural enterprises as defined in section 18(b)(1) of this Act, the, Administration also is empowered to the extent and in such amounts as provided in advance in appropriation Acts—

(1) * * *

(2) to make sure loans (either directly or in cooperation with banks or other lending institutions through agreements to par-

ticipate on an immediate or deferred (guaranteed) basis) as the Administration may determine to be necessary or appropriate to any small business concern*, private nonprofit organization,* or small agricultural cooperative located in an area affected by a disaster, (including drought *or lack of snowfall*), with respect to both farm-related and nonfarm-related small business concerns, if the Administration determines that the concern*, organization,* or the cooperative has suffered a substantial economic injury as a result of such disaster and if such disaster constitutes—

(A) * * *

* * * * * * *

(D) if no disaster declaration has been issued pursuant to subparagraph (A), (B), or (C), the Governor of a State in which a disaster has occurred may certify to the Small Business Administration that small business concerns*, private nonprofit organizations,* or small agricultural cooperatives (1) have suffered economic injury as a result of such disaster, and (2) are in need of financial assistance which is not available on reasonable terms in the disaster stricken area. Not later than 30 days after the date of receipt of such certification by a Governor of a State, the Administration shall respond in writing to that Governor on its determination and the reasons therefore, and may then make such loans as would have been available under this paragraph if a disaster declaration had been issued**[**.**]***; and*

(E) an incident of national significance, as declared by the President or his designee, in which case assistance under this paragraph may be provided, subject to the other applicable requirements of this paragraph, to a private nonprofit organization (as that term is defined in section 29(a)(2)) that is located in an area affected by the incident of national significance.

Provided, That no loan or guarantee shall be extended pursuant to this paragraph (2) unless the Administration finds that the applicant is not able to obtain credit elsewhere.

(3)(A) * * *

* * * * * * *

(C) A small business concern described in subparagraph (B) shall be eligible to apply for assistance under this paragraph during the period beginning on the date on which the essential employee is ordered to active duty and ending on the date that is **[**90 days**]** *1 year* after the date on which such essential employee is discharged or released from active duty. *The Administrator may, when appropriate (as determined by the Administrator), waive the ending date specified in the preceding sentence and provide a later ending date.*

* * * * * * *

(E) No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed

to the borrower under this subsection would exceed [$1,500,000] *$3,000,000*, unless such applicant constitutes*, or will due to changed economic circumstances constitute,* a major source of employment in its surrounding area, as determined by the Administration, in which case the Administration, in its discretion, may waive the [$1,500,000] *$3,000,000* limitation.

* * * * * * *

(G) The Administrator shall establish a process under which a small business concern described in subparagraph (B) may file a preliminary application for assistance under this paragraph, accompanied by supporting documentation, before the date on which the essential employee is ordered to active duty. The Administrator may not actively consider such an application or provide assistance to the small business concern based on such an application until the date on which the essential employee is ordered to active duty.

(4) GRANTS TO DISASTER-AFFECTED SMALL BUSINESSES.—

(A) IN GENERAL.—The Administrator may make a grant of up to $100,000 to a small business concern that—

(i) was located in a designated disaster area affected by disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10233, and was located in a county or parish that, as a result of Hurricanes Katrina, Rita, or Wilma of 2005, experienced a loss of at least 100 housing units, experienced a loss of at least 1 percent of available housing stock, and required Federal infrastructure assistance of a least $200,000;

(ii) submits to the Administrator a certification by the owner of the concern of intent to reestablish the concern in the same county or parish in which the business was originally located, or in any other county or parish described in clause (i);

(iii) has applied for, and was rejected for, a conventional disaster assistance loan under section 7(b); and

(iv) was in existence for at least 2 years before the date on which the applicable disaster declaration was made.

(B) PRIORITY.—In making grants under this paragraph, the Administrator shall give priority to a small business concern that the Administrator determines is economically viable but unable to meet short-term financial obligations.

(C) DEFINITION.—In this paragraph, the term "disaster-affected area" means an area that has been designated by the Administrator as a disaster area.

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this paragraph such funds as may be necessary.

(5) WAIVER OF PROHIBITION ON DUPLICATION OF CERTAIN BENEFITS.—For any disaster victim under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223, in providing assistance under paragraph (1) or (2), the Administrator may waive, in whole or in part, the prohibition on the duplication of benefits, including whether damage or destruction has been compensated for by,

credit is available from, activities are reimbursable through, or funds have been made available from any other source.

(c)(1) * * *

* * * * * * *

(5) Notwithstanding the provisions of any other law, the interest rate on the Federal share of any loan made under subsection (b)(1) and (b)(2) on account of a disaster commencing on or after October 1, 1982, shall be—

(A) * * *

* * * * * * *

(C) in the case of a business*, organization,* or other concern, including agricultural cooperatives, unable to obtain credit elsewhere, not to exceed 4 per centum per annum;

* * * * * * *

(e) DISASTER MITIGATION LOANS.—

(1) AUTHORITY.—The Administrator may make or guarantee a mitigation loan to a small business concern that receives a loan under section 7(b)(1)(A) for the damage or destruction, by reason of an incident of national significance (as declared by the President or his designee), of property owned by the small business concern.

(2) AMOUNT OF LOAN.—The amount of a loan under paragraph (1) shall not exceed 20 percent of the total amount of the cost of the damage or destruction referred to in paragraph (1). The total amount shall be calculated without regard for any costs for which the small business concern is reimbursed under any insurance policy or otherwise.

(f) ADDITIONAL REQUIREMENTS FOR 7(B) LOANS.—

(1) INCREASED DEFERMENT AUTHORIZED.—

(A) IN GENERAL.—In making loans under section 7(b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

(B) PERIOD.—A deferment under subparagraph (A) may not exceed 4 years.

(2) REVISED REPAYMENT TERMS.—In making loans under section 7(b), the Administrator—

(A) shall not require repayment to be made until 12 months after the date on which the final disbursement of approved amounts is made; and

(B) shall calculate the amount of repayment based solely on the amounts disbursed.

(3) REVISED DISBURSEMENT PROCESS.—In making loans under section 7(b), the Administrator shall disburse the loan amounts in stages as follows:

(A) LOANS UP TO $150,000.—If the total amount approved is less than or equal to $150,000—

(i) the first disbursement shall consist of 40 percent of the total loan amount, or a lesser percentage of the total loan amount if the Administrator and the borrower agree on such a lesser percentage;

(ii) the second disbursement shall consist of 50 percent of the amounts that remain after the first disbursement, and shall be made when the borrower has

produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement; and

(iii) the third disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement.

(B) LOANS FROM $150,000 TO $500,000.—If the total amount approved is more than $150,000 but less than or equal to $500,000—

(i) the first disbursement shall consist of 20 percent of the total loan amount, or a lesser percentage if the Administrator and the borrower agree on such a lesser percentage;

(ii) the second disbursement shall consist of 30 percent of the total loan amount remaining after the first disbursement, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first half of the first disbursement;

(iii) the third disbursement shall consist of 25 percent of the total loan amount remaining after the first and second disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first disbursement and the first half of the second disbursement; and

(iv) the fourth disbursement shall consist of the amounts that remain after the preceding disbursements, and shall be made when the borrower has produced satisfactory receipts to demonstrate the proper use of the first and second disbursements and the first half of the third disbursement.

(C) LOANS GREATER THAN $500,000.—If the total amount approved is more than $500,000—

(i) the first disbursement shall consist of at least $100,000, or a lesser amount if the Administrator and the borrower agree on such a lesser amount; and

(ii) the number of disbursements after the first, and the amount of each such disbursement, shall be in the discretion of the Administrator, but the amount of each such disbursement shall be not less than $100,000.

(4) REVISED COLLATERAL REQUIREMENTS.—In making a business loan under section 7(b), the total approved amount of which is less than or equal to $100,000, the Administrator shall not require the borrower to use the borrower's home as collateral.

(5) NET EARNINGS CLAUSES PROHIBITED.—In making loans under section 7(b), the Administrator shall not require the borrower to pay any non-amortized amount for the first 5 years after repayment begins.

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SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.

(a) PLAN REQUIRED.—The Administrator shall develop, implement, and maintain a comprehensive written disaster response plan. The plan shall include the following:

(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

(2) For each disaster described under paragraph (1)—

(A) an assessment of the disaster;

(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

(D) guidelines pursuant to which the Administration will coordinate with other Federal agencies and with State and local authorities to best respond to the demand referred to in subparagraph (B) and to best use the resources referred to in that subparagraph.

(b) COMPLETION; REVISION.—The first plan required by subsection (a) shall be completed not later than 180 days after the date of the enactment of this section. Thereafter, the Administrator shall update the plan on an annual basis and following any incident of national significance (as declared by the President or his designee).

(c) KNOWLEDGE REQUIRED.—The Administrator shall carry out subsections (a) and (b) through an individual with substantial knowledge in the field of disaster readiness and emergency response.

(d) REPORT.—The Administrator shall include a report on the plan whenever the Administrator submits the report required by section 47(a).

SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.

(a) EXERCISE REQUIRED.—The Administrator shall conduct a disaster simulation exercise at least once each fiscal year. The exercise shall include the participation of, at a minimum, not less than half of the individuals in the disaster reserve corps and shall test, at maximum capacity, all of the information technology and telecommunications systems of the Administration that are vital to the activities of the Administration during such a disaster.

(b) REPORT.—The Administrator shall include a report on the disaster simulation exercise whenever the Administration submits the report required by section 47(a).

SEC. 39. DISASTER RESERVE CORPS.

(a) CORPS REQUIRED.—The Administrator shall maintain within the Administration a disaster reserve corps, the purpose of which is to perform the functions of the Administration related to disaster response. The corps shall consist of at least 1,000 individuals, each of whom—

(1) does not ordinarily have the duties of a full-time officer or employee of the Administration; but

(2) is able to assume duties related to disaster response when the Administrator so requires.

(b) TRAINING.—The Administrator shall ensure that each individual in the corps receives training each year in one or more functions relating to disaster response. To the maximum extent prac-

ticable, the function in which an individual is trained in one year shall be different from the function in which the individual was trained in prior years.

(c) GEOGRAPHIC DISTRIBUTION.—The Administrator shall ensure that not more than 30 percent of the individuals in the corps reside in any one region of the Administration.

(d) REPORT.—The Administrator shall include a report on the corps whenever the Administration submits the report required by section 47(a).

SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.

(a) PLANS REQUIRED.—The Administrator shall develop long-term plans to secure additional office space to accommodate an expanded workforce in times of disaster.

(b) REPORT.—The Administrator shall include a report on the plans whenever the Administration submits the report required by section 47(a).

SEC. 41. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.

(a) COORDINATION REQUIRED.—The Administrator shall ensure that the disaster assistance programs of the Administration are coordinated, to the maximum extent practicable, with the disaster assistance programs of the Federal Emergency Management Agency.

(b) REGULATIONS REQUIRED.—The Administrator, in consultation with the Director of the Federal Emergency Management Agency, shall establish regulations to ensure that each application for disaster assistance is submitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of this section. Thereafter, the regulations shall be revised on an annual basis.

(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 47(a).

SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER ASSISTANCE.

(a) IN GENERAL.—There is established in the Administration an Associate Administrator for Disaster Assistance, appointed by the President by and with the advice and consent of the Senate, from among individuals who have—

(1) proven management ability; and

(2) substantial knowledge in the field of disaster readiness and emergency response.

(b) DIRECTOR OF DISASTER PLANNING.—

(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Planning, appointed by the Administrator from among the personnel of the Administration.

(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall—

(A) develop and implement the Administration's plans for responding to disasters; and

(B) direct the Administration's training exercises with respect to disasters.

(3) COORDINATION.—In carrying out the duties under paragraph (2), the Director shall coordinate with—

(A) the Associate Administrator for the Office of Disaster Assistance of the Administration;

(B) the Director of the Federal Emergency Management Agency; and

(C) other Federal, State, and local disaster planning offices, as necessary.

(c) DIRECTOR OF DISASTER LENDING.—

(1) APPOINTMENT.—There is established in the Administration a Director for Disaster Lending, appointed by the Administrator from among the personnel of the Administration.

(2) DUTIES.—Subject to the authority, direction, and control of the Associate Administrator for Disaster Assistance, the Director shall direct all aspects of the disaster lending program under section 7(b).

(d) RESOURCES.—The Administrator shall ensure that the Associate Administrator for Disaster Assistance, the Director of Disaster Planning, and the Director of Disaster Lending have adequate resources to carry out the duties under this section.

SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYSTEM FOR DISASTER ASSISTANCE.

(a) SYSTEM REQUIRED.—The Administrator shall develop, implement, and maintain a centralized information system to track communications between personnel of the Administration and applicants for disaster assistance. The system shall ensure that whenever an applicant for disaster assistance communicates with such personnel on a matter relating to the application, the following information is recorded:

(1) The method of communication.

(2) The date of communication.

(3) The identity of the personnel.

(4) A summary of the subject matter of the communication.

(b) FOLLOW-UP REQUIRED.—The Administrator shall ensure that an applicant for disaster assistance receives, by telephone, mail, or electronic mail, follow-up communications from the Administration at all critical stages of the application process, including the following:

(1) When the Administration determines that additional information or documentation is required to process the application.

(2) When the Administration determines whether to approve or deny the loan.

(3) When the primary contact person managing the loan application has changed.

SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.

(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Immediate Disaster Assistance program, under which the Administration participates on a deferred (guaranteed) basis in 85 percent of the balance of the financing outstanding at the time of disbursement of the loan if such balance is less than or equal to $25,000 for businesses affected by a disaster.

(b) ELIGIBILITY REQUIREMENT.—To receive a loan guaranteed under subsection (a), the applicant must also apply for, and meet basic eligibility standards for, a loan under section 7(b).

(c) USE OF PROCEEDS.—A person who receives a loan under section 7(b) must use the proceeds of that loan to repay all loans guaranteed under subsection (a), if any, before using the proceeds for any other purpose.

(d) APPROVAL OR DISAPPROVAL.—The Administrator shall ensure that each applicant for a loan under the program receives a decision approving or disapproving of the application within 36 hours after the Administration receives the application.

SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE LENDERS.

(a) PROGRAM AUTHORIZED.—The Administrator may, and during a period specified in subsection (b) shall, carry out a program under which the Administrator permits banks and other financial institutions to process, approve, close, and service disaster loans under section 7(b) for a fee not to exceed 2 percent of the total loan amount.

(b) PERIODS DURING WHICH PROGRAM IS REQUIRED.—The program under subsection (a) is required to be carried out during the following periods:

(1) Any period of an incident of national significance (as declared by the President or his designee).

(2) Any period during which the average time for the Administration to approve disaster loans in response to any single disaster is 30 days or more.

(c) EXCLUSION OF LENDERS.—If the number or rate of defaults on loans processed, approved, and closed by a lender under the program under subsection (a) are inordinate, as determined by the Administrator, the Administrator may do any one or more of the following:

(1) Exclude the lender from participating in the program under subsection (a).

(2) Exclude the lender from participating in the Preferred Lenders Program under section 7(a)(2)(C)(ii).

(d) FACTOR IN PREFERRED LENDERS PROGRAM.—In determining whether a lender is to be certified or recertified to participate in the Preferred Lenders Program under section 7(a)(2)(C)(ii), the Administrator may consider as a factor the following:

(1) The loans processed, approved, and closed by the lender under the program under subsection (a).

(2) The participation or non-participation of the lender in the program under subsection (a).

SEC. 46. DISASTER PROCESSING REDUNDANCY.

(a) IN GENERAL.—The Administrator shall ensure that the Administration has in place a facility for disaster loan processing that, whenever the Administration's primary facility for disaster loan processing becomes unavailable, is able to take over all disaster loan processing from that primary facility within 2 days.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary.

SEC. 47. REPORTS ON DISASTER ASSISTANCE.

(a) ANNUAL REPORT REQUIRED.—Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Com-

mittee on Small Business of the Senate and the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

(1) specify the number of Administration personnel involved in such operations;

(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.

(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—During the period of an incident of national significance (as declared by the President or his designee), the Administrator shall, on a monthly basis, submit to the committees specified in subsection (a) a report on the disaster assistance operations of the Administration with respect to that incident of national significance. The report shall specify—

(1) the number of applications distributed;

(2) the number of applications received;

(3) the average time for the Administration to approve or disapprove an application;

(4) the amount of disaster loans approved;

(5) the average time for initial disbursement of loan proceeds; and

(6) the amount of disaster loan proceeds disbursed.

SEC. **[**37.**]** *99.* All laws and parts of laws inconsistent with this Act are hereby repealed to the extent of such inconsistency.

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