

Hurricanes Fiona and Ian – Initial Disaster Assistance and Recovery Response



Inspection Report

Report 24-13

April 9, 2024



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NOTICE:

Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274, any nongovernmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context as it relates to any specific reference contained herein. Comments must be submitted to AIGA@sba.gov within 30 days of the final report issuance date. We request that any comments be no longer than two pages, Section 508 compliant, and free from any proprietary or otherwise sensitive information. The comments may be appended to this report and posted on our public website.



U.S. Small Business Administration Office of Inspector General

EXECUTIVE SUMMARY

Hurricanes Fiona and Ian – Initial Disaster Assistance and Recovery Response (Report 24-13)

What OIG Reviewed

This report presents the results of our inspection of the U.S. Small Business Administration's (SBA) disaster assistance response to Hurricanes Fiona and Ian. In September 2022, both hurricanes made landfall, causing catastrophic damage to Puerto Rico, Florida, and South Carolina.

The President declared Hurricane Fiona a disaster in Puerto Rico on September 21, 2022. Hurricane Ian was declared a disaster in Florida on September 29, 2022, and in South Carolina on November 21, 2022. Subsequently, SBA mobilized to provide disaster-related home, personal property, and business loans to qualified recipients within areas impacted by the hurricanes.

Our objective was to determine SBA's initial disaster response to Hurricanes Fiona and Ian, including staffing adequacy, loan application volume, and timeliness of disaster loan approvals.

To answer our objective, we interviewed program officials and reviewed public laws, regulations, and SBA policies and procedures. We also reviewed disaster loan application processing data and recovery center staffing data.

What OIG Found

We found SBA's response to Hurricanes Fiona and Ian was timely and effective. SBA established a field presence within 3 business days and opened a Business Recovery Center within 10 business days of the disaster declaration for both hurricanes, meeting its

strategic goals. SBA also approved loan applications in a timely manner, faster than its goal of 31 days.

Lastly, SBA adequately staffed its recovery centers throughout both hurricane responses. The agency reacted to anticipated resource needs by implementing a hiring initiative and providing advanced specialty training. These actions addressed a projected staffing shortfall, including the need for bilingual staff who were brought in to assist from other SBA offices.




**OFFICE OF INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION**

MEMORANDUM

Date: April 9, 2024

To: Isabel Casillas Guzman
Administrator

From: Hannibal "Mike" Ware 
Inspector General

Subject: Hurricanes Fiona and Ian – Initial Disaster Assistance and Recovery Response
(Report 24-13)

This report presents the results of our inspection of *Hurricanes Fiona and Ian – Initial Disaster Assistance and Recovery Response*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact me or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Francisco Sanchez Jr., Associate Administrator, Office of Disaster Recovery and Resilience
Katie Frost, Associate Administrator, Office of Capital Access
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Introduction

The U.S. Small Business Administration (SBA) plays a major role in disaster relief efforts in the wake of hurricanes, floods, earthquakes, and other physical disasters. SBA's disaster assistance program provides low-interest disaster loans to businesses of all sizes, private nonprofit organizations, homeowners, and renters to repair or replace real estate, personal property, machinery and equipment, inventory, and business assets that have been damaged or destroyed in a declared disaster. SBA also provides Economic Injury Disaster Loans to eligible small businesses and most private nonprofit organizations, providing working capital to help overcome economic injury.

SBA's disaster assistance operations are organized into two offices: the Office of Capital Access and the Office of Disaster Recovery and Resilience. The Office of Capital Access manages the lending component of disaster recovery, while the Office of Disaster Recovery and Resilience oversees the field operation centers for recovery operations. To maximize SBA services to affected areas, the agency established the following types of recovery centers:

- Business Recovery Center (BRC) – A facility established by SBA and staffed with SBA personnel to assist survivors with loan applications, answer questions about SBA programs, and close loans.
- Disaster Recovery Center (DRC) – A joint federal/state public facility where representatives of all participating federal, state, and local disaster relief agencies and organizations issue program applications, related information, and other services to disaster survivors. Depending on the size and scope, the Federal Emergency Management Agency may set up more than one DRC. SBA is represented at each DRC.

Hurricanes Fiona and Ian

On September 18, 2022, Hurricane Fiona made landfall along Puerto Rico's southwestern coast as a Category 1 hurricane, causing \$2.5 billion in damages in Puerto Rico alone. Ten days later, Hurricane Ian made landfall in Florida as a Category 4 hurricane and then continued on, making another landfall in South Carolina as a Category 1 hurricane on September 30, 2022. There was over \$112 billion in cumulative damages within both states from Hurricane Ian.

The President issued an emergency declaration for the affected regions of Puerto Rico on September 21, 2022, Florida on September 29, 2022, and South Carolina on November 21, 2022. Subsequently, SBA mobilized its staff to establish recovery centers in the areas affected by both hurricanes.

This report presents the results of our inspection of SBA's initial response to the Hurricane Fiona and Hurricane Ian disasters.

Objective

Our objective was to assess SBA's initial response to the Hurricane Fiona and Hurricane Ian disasters, including staffing adequacy, loan application volume, and timeliness of disaster loan approvals.

Results

We found SBA's response to Hurricanes Fiona and Ian was timely and effective. SBA established a field presence within 3 business days and opened a BRC within 10 business days of the disaster declaration for both hurricanes, meeting its strategic goals. SBA also approved loan applications in a timely manner, faster than its goal of 31 days. Additionally, SBA successfully addressed initial staffing concerns and maintained adequate staffing levels throughout its response to both hurricanes.

Field Operations Response

We reviewed SBA's disaster response by assessing its field presence, the timeliness of opening its BRCs, and the number of recovery centers established to aid in disaster recovery efforts. According to its strategic goals, the agency aimed to establish a field presence within 3 business days of the disaster declaration and open a BRC within 10 business days of the declaration. We found that SBA successfully reached its strategic goals by establishing a field presence in Puerto Rico, Florida, and South Carolina in 3 business days after each disaster declaration and opening the first BRCs 5 to 6 days after each declaration. Overall, there were 97 recovery centers established throughout Puerto Rico, Florida, and South Carolina to respond to both hurricanes (see table 1 for a breakdown of the recovery centers in each location).

Table 1: Hurricanes Fiona and Ian Recovery Centers

Disaster	Number of BRCs	Number of DRCs	Total Number of Recovery Centers
Fiona – Puerto Rico	7	43	50
Ian – Florida	6	37	43
Ian – South Carolina	1	3	4
Total	14	83	97

Source: OIG analysis based on data provided by SBA

Disaster Loan Volume and Timeliness

We evaluated the volume of loans submitted and the time it took for SBA to begin approving those loans. We found that SBA processed and approved loan applications timely. Specifically, 4 months after the disasters, we found the agency had approved 88 and 97 percent of the loan applications for Hurricanes Fiona and Ian, respectively. This equates to over \$1.6 billion in loans completed in this timeframe (tables 2 and 3).

Table 2: Hurricane Fiona – Applications Processed and Approved

As of Date	Number of Applications Received	Number of Applications Processed	Number of Applications Approved	Dollar Value of Loans Approved (in millions)	Percentage Completed
10/15/2022	710	384	106	\$3,682	54
10/31/2022	1,373	798	208	\$8,028	58
11/30/2022	4,289	2,903	983	\$28,523	68
12/31/2022	7,686	5,056	1,722	\$52,868	66
01/31/2023	9,179	8,054	2,957	\$88,236	88

Source: OIG analysis based on loan application data

Table 3: Hurricane Ian – Applications Processed and Approved*

As of Date	Number of Applications Received	Number of Applications Processed	Number of Applications Approved	Dollar Value of Loans Approved (in millions)	Percentage Completed
10/15/2022	19,979	8,010	1,168	\$65,454	40
10/31/2022	35,990	22,772	6,476	\$429,601	63
11/30/2022	51,030	46,215	15,404	\$1,087,664	91
12/31/2022	58,619	57,161	19,537	\$1,377,407	98
01/31/2023	64,231	62,489	22,507	\$1,592,313	97

* The numbers in table 3 represent loan data from Florida only. This table excludes data from South Carolina because SBA stated that, given the minimal size of the disaster (under 500 applications were received as of January 15, 2023), a report including the South Carolina data was not generated prior to November 7, 2023.

Source: OIG analysis based on loan application data

Further, we found SBA approved disaster loans within 15 and 14 days on average for Hurricanes Fiona and Ian, respectively, in significantly less time than the agency’s 31-day processing goal.

Recovery Center Staffing

We reviewed Field Operations Center-East’s (FOC-East) recovery center staffing levels to determine whether SBA’s initial staffing goal was met and if adequate staffing levels were maintained throughout Hurricanes Fiona and Ian. We found SBA successfully addressed initial staffing concerns and maintained adequate staffing levels for both hurricanes. FOC-East’s policy states that the staffing strategy is initially three Customer Service Representatives per center; however, staffing levels are adjusted based on an assessment of impacted areas.

Through its FOC-East’s office, SBA determined its staffing needs by considering the projected activities at the beginning of the disaster declaration. For both Hurricanes Fiona and Ian, FOC-East created an initial action plan based on the projected volume of customer service requests and loan applications. With these projections, FOC-East projected a staffing shortfall, including the need for bilingual staff.

To address the shortfall, FOC-East hired 285 disaster personnel to support Hurricane Fiona and Hurricane Ian operations. Additionally, FOC-East brought in bilingual staff from various SBA offices and implemented advanced specialty training to address outreach needs. These actions increased SBA’s ability to open and staff more centers, provide increased outreach to survivors, and provide services to more borrowers; thereby closing more loans and getting funds to those in need.

Appendix 1: Scope and Methodology

This report presents the results of our inspection of the U.S. Small Business Administration's (SBA) disaster assistance response to Hurricanes Fiona and Ian. Our objective was to determine SBA's initial response to the hurricanes, including staffing adequacy, loan application volume, and timeliness of disaster loan approvals.

To answer our objective, we:

- Interviewed SBA officials from Field Operations Center-East, the Processing and Disbursement Center, the Damage Verification Center, and the Customer Service Center;
- Reviewed applicable laws, regulations, and implementing guidance governing the disaster loans;
- Interviewed SBA officials from the Office of Capital Access and Office of Disaster Recovery and Resilience to determine whether reorganization efforts impacted disaster response efforts (prior to July 3, 2022, all disaster operations were organized under the Office of Disaster Assistance);
- Reviewed SBA's standard operating procedures (SOP), including SOP 50 30 9, Disaster Assistance Program, and other Field Operations Center-East operational and training guidance; and
- Analyzed disaster loan application processing and staffing data.

We performed this review in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform a review to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objective. We believe the evidence obtained provides a reasonable basis for our conclusions and observations based on our objectives.

Use of Computer-processed Data

We reviewed computer-generated disaster activity reports from Disaster Credit Management System 2.0 and disaster field activity reports. We used these reports to analyze the loan application volume, staff totals, and staff hours worked, including overtime hours. We conducted

limited testing on data extracts to verify reliability of the data by comparing the field activity reports to the staffing reports to ensure the data was accurate and complete. Based on our limited testing, we believe the computer-processed information was reliable for the purposes of this inspection.

Prior Audit Coverage

The following lists the Office of Inspector General’s previous audit coverage related to the objective of this report:

Report Number	Report Title	Report Date
24-12	<i>Inspection of SBA’s Initial Response to Hurricane Idalia</i>	April 3, 2024
24-11	<i>Maui Wildfires – Initial Disaster Assistance and Recovery Response</i>	April 2, 2024
21-05	<i>Consolidated Results of SBA’s Initial Disaster Assistance Response to Hurricanes Harvey, Irma, and Maria</i>	December 22, 2020
18-19	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Maria</i>	July 19, 2018
18-16	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Irma</i>	April 26, 2018
18-10	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Harvey</i>	January 19, 2018