



Highlights of [GAO-07-114](#), a report to congressional addressees

## Why GAO Did This Study

The Small Business Administration (SBA) is the federal government's primary provider of disaster loans to businesses, homeowners, and renters. In a previous report (GAO-06-860), GAO found that SBA's limited information systems planning contributed to delays in processing disaster loans for the victims of the 2005 Gulf Coast Hurricanes (Katrina, Rita, and Wilma). To provide further insight into how SBA's disaster preparedness could be enhanced, this second report, initiated under the Comptroller General's authority, assesses other logistical issues (e.g., staffing and space acquisition) that may have affected the efficiency of the agency's response to the hurricanes. Specifically, this report (1) assesses SBA's logistical planning efforts prior to the Gulf Coast hurricanes and current planning efforts and (2) discusses SBA's outreach services to hurricane victims.

GAO reviewed disaster planning reports, interviewed SBA officials, and visited the Gulf Coast region.

## What GAO Recommends

To help ensure that SBA is better prepared to provide disaster assistance, GAO recommends that the agency (1) establish time frames for completing key elements of its disaster management plan and (2) assess whether use of disaster simulations and models could enhance disaster planning efforts. SBA agreed with these recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-114](http://www.gao.gov/cgi-bin/getrpt?GAO-07-114).  
To view the full product, including the scope and methodology, click on the link above.  
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## SMALL BUSINESS ADMINISTRATION

# Additional Steps Needed to Enhance Agency Preparedness for Future Disasters

## What GAO Found

SBA engaged in limited logistical disaster planning prior to the Gulf Coast hurricanes, which, in retrospect, likely contributed to the initial challenges that the agency faced in processing the related surge in disaster loan applications on a timely basis. GAO reports, reports by other investigative agencies, and disaster management experts have stated that comprehensive planning and the supplementary use of sophisticated techniques (e.g., simulations of varying disaster scenarios) can help organizations prepare for potential disasters and mitigate their effects. However, SBA did not engage in or complete comprehensive disaster plans prior to the Gulf Coast hurricanes, in part, due to the view by headquarters agency officials that such planning yielded limited benefits and that local agency officials were in the best position to estimate logistical requirements. With better planning, available evidence suggests the agency could have been better positioned to provide initial disaster assistance to hurricane victims in an organized and efficient manner. In particular, SBA faced challenges in training and supervising thousands of temporary employees hired to process loan applications, had not taken steps to help ensure additional trained staff would be available, and encountered difficulties in obtaining suitable office space for the expanded workforce.

In the wake of the Gulf Coast hurricanes, SBA officials said that they recognized the importance of disaster planning and have initiated a planning process designed to address key areas, which includes cross-training other agency staff to provide disaster assistance and recruiting and training a reserve of potential temporary employees. SBA has also taken steps to expedite the process for disbursing approved disaster loans. However, GAO continues to have concerns about several limitations in SBA's current planning process, including the lack of a timetable for competing key elements of its disaster management plan and the fact that the agency has not assessed whether its disaster plan would benefit from the supplemental use of disaster simulations or catastrophe models.

SBA took a variety of steps under trying conditions to inform victims of the Gulf Coast hurricanes about its assistance programs, but several factors may have limited the effectiveness of these outreach efforts. SBA staff members reached out to disaster victims by speaking at about 600 organized events and advertising. However, the effectiveness of SBA's outreach efforts may have been reduced by, among other things, both the extensive damage and victim relocations associated with the hurricanes. According to SBA officials, the agency has initiated an internal review of the outreach that it provided to victims of the Gulf Coast hurricanes and is developing a plan to better provide such outreach in future disasters.