

# Disaster Preparedness and Recovery Plan

2013



U.S. Small Business Administration



## Summary of Changes

This 2013 edition of the Disaster Preparedness and Recovery Plan (DPRP) reflects the decision of the Small Business Administration's Administrator to expand continuity of operations planning beyond a single disaster loan making mission essential function. References to a "single mission essential function" have been changed throughout the document. Additionally, the following specific changes have been made:

- All statistics have been updated to data as of April 2013.
- All references derived from the National Recovery Framework have been updated. This includes deleting references to Emergency Support Function (ESF) #14, Long-Term Community Recovery, which has been replaced by the National Disaster Recovery Framework.
- Role of District Directors in Economic Recovery Support Function has been clarified.
- Evolving language emerging from developing the Federal Interagency Operational Plan – Recovery has been included where appropriate (e.g., Mission Scoping Assessment).
- Case study from Superstorm Sandy on SBA counseling mission included.



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## Executive Summary

Since its inception in 1953, the U.S. Small Business Administration (SBA) has served to aid, counsel, assist and protect the interests of small businesses. While SBA is generally known for the financial support it provides to small businesses, it also plays a critical role in assisting the victims of natural and other disasters. SBA provides disaster assistance through capital, counseling, and contracting services. Its Disaster Loan Program helps homeowners, renters, businesses of all sizes, and private nonprofits fund their recovery. (As of March 2013, SBA has approved nearly 2.0 million disaster loans for over \$52 billion.) Counseling by SBA and its resource partners helps small businesses navigate through the recovery process. Federal contracting guidance and other SBA efforts bring business to impacted firms.

SBA's response to disasters has five guiding principles. These principles allow the Agency to effectively execute surge plans involving the whole Agency. They are as follows:

- SBA is prepared to respond. SBA has an organizational infrastructure designed to respond swiftly and effectively to disaster activity.
- SBA is trained to respond. Training and coordination are the keys to preparedness.
- SBA's response at higher post-disaster demand levels requires a "One SBA" approach. Employees across SBA organization have roles to play and are valuable assets to help SBA achieve the level of performance America requires and expects.
- SBA takes pride in quality assurance and customer service. The Agency continuously strives to deliver the highest level of quality of service with available resources. Customers will be provided with the necessary support and communication channels to minimize confusion and ensure a positive experience during their time of greatest need.
- SBA's actions are coordinated with its government partners. The Agency communicates with local, state, federal government agencies, and Congress to deliver timely assistance.

SBA's Disaster Preparedness and Recovery Plan (DPRP) supports the following outcomes:

- Processes coordinated with federal guidance and protocols for preparedness (e.g., the *National Response Framework* (NRF) and the *National Disaster Recovery Framework* (NDRF)).

- A customer-focused, transparent, outcome-driven model of performance.
- Timely decision-making and available resources (human capital, facilities, technology, and partnerships) throughout the Disaster Loan Making (DLM) process.
- Support of long-term economic recovery by providing access to capital, counseling, and contracting services for disaster victims to rebuild and withstand economic injury.

SBA's Disaster Preparedness and Recovery Plan is applicable Agency-wide to ensure a broad scope of coordination, awareness, and support throughout the organization. The DPRP comprises the following key sections:

- Section 1, Introduction, gives a background on SBA and its role in supporting national preparedness.
- Section 2, Preparedness and Risk, sets the stage for later process descriptions by outlining SBA's roles and responsibilities under Presidential Policy Directive 8, National Preparedness, and the five preparedness frameworks: prevention, protection, response, recovery, and mitigation. The section also assesses risks applicable to SBA's preparedness efforts.
- Section 3, Mission, outlines SBA's mission to maintain and strengthen the Nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters. This includes discussion of pre-disaster protection mitigation efforts, continuity of operations planning and small business readiness, and post-disaster response and recovery elements of continuity planning, disaster loan making, and long-term recovery steps encompassing more than the restoration of a community's physical structures.
- Section 4, Execution, describes how SBA conducts its disaster-related missions, in chronological sequence, beginning with warning and preparation for an event with notice (e.g., a hurricane).
  - Response includes
    - Initial continuity actions and
    - The disaster loan-making process, which includes:
      - ◆ Disaster declaration and notification;
      - ◆ Application intake;

- ◆ Loss verification;
  - ◆ Loan processing; and
  - ◆ Closing and loan disbursement.
- Discussion of recovery outlines SBA's support to the NDRF in short-term, intermediate, and long-term timeframes. As recovery develops, the Office of Disaster Assistance's (ODA) Disaster Loan Making operations are supplemented and supplanted by Government Contracting and Business Development, Field Operations, Entrepreneurial Development and resource partners, and Capital Access.
- Section 5, Coordination and Logistics, details processes and elements that support the execution of the DPRP:
    - The Disaster Oversight Council/Executive Management Team oversees direction and support of the disaster loan process during disasters and coordinates DLM and continuity of operations (COOP).
    - Surge Process: SBA categorizes disasters into levels based on the number of anticipated disaster loan applications. This categorization enables SBA to determine an appropriate surge level for scaling resources (human capital, facilities, and information technology) and operations to meet the needs of disaster victims. Levels I and II are within ODA's core capabilities; Levels III and IV necessitate an SBA-wide response. The disaster categories are as follows:

SURGE LEVEL	APPROXIMATE RANGE OF EXPECTED APPLICATIONS
Level I	100,000 and below
Level II	100,000 to 250,000
Level III	250,000 to 500,000
Level IV	500,000 and above

- Budgeting: Securing sufficient funding for SBA's disaster lending is of strategic importance.
  - Office Responsibilities: The roles of ODA and its components, the Office of Disaster Planning, Management and Administration, Field Operations, and Entrepreneurial Development are all detailed, as is the support from other portions of SBA.
  - The section concludes with a short discussion of COOP logistics.
- Section 6, Public Communications, sets forth the mechanisms for communicating with citizens, state and local officials, federal officials, the

media, national business organizations, and other strategic partners during disasters. Although the specific communication plan will vary for each disaster, SBA will apply the same principles for all levels of disaster. The two major objectives guiding the Communications Plan are clear:

- SBA will inform citizens of SBA services and how to obtain them, and
- SBA will coordinate operations with other recovery partners.

## 1. Introduction

The U.S. Small Business Administration was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small businesses, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of our nation. SBA's mission is to promote small business development and entrepreneurship through business financing, government contracting, and management and technical assistance. SBA also works with other federal agencies to reduce the regulatory and paperwork burdens of small businesses. In addition, SBA serves as the government's long-term lender to homeowners, renters, businesses, and private nonprofits damaged by disasters.

SBA recognizes that small business is critical to the nation's economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, its bottom line mission remains the same. SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to customers throughout the United States, Puerto Rico, U. S. Virgin Islands, American Samoa, Guam, Northern Mariana Islands, Federated States of Micronesia, and the Republic of the Marshall Islands.

The Small Business Administration is generally known for the financial and contracting support it provides to small businesses, but it also plays a critical role in assisting the victims of natural and other disasters. SBA provides disaster assistance through capital, counseling, and contracting services. Its Disaster Loan Program helps homeowners, renters, businesses of all sizes, and private nonprofits fund their recovery. Counseling by SBA and its resource partners helps small businesses navigate through the recovery process. Federal contracting guidance and other SBA efforts bring customers to impacted businesses.

SBA is a part of the federal government's comprehensive approach to preparedness and domestic disaster incident management. Presidential Policy Directive (PPD) 8, issued in 2011, prescribed a national preparedness goal and directed the development of a coordinated and comprehensive system of frameworks to ensure national preparedness and resiliency. The five frameworks directed under PPD-8 are: response, recovery, prevention, protection, and mitigation.

The *National Response Framework* (NRF) provides the guiding principles that enable all response partners to provide a unified national response to disasters

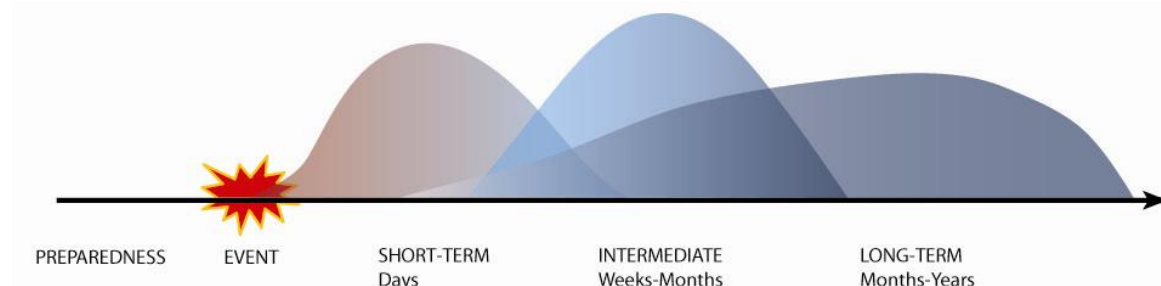


Figure 1. The Disaster Continuum.

and emergencies – from relatively small incidents to the largest catastrophe. The NRF establishes a comprehensive, national, all-hazards approach to domestic incident response and short-term recovery. The NRF assigns responsibilities to federal entities through Emergency Support Functions (ESF). The NRF was in place before PPD-8 and is being updated. The Office of Disaster Assistance (ODA) will continue to support NRF processes, including emergency management, mass care, and external affairs. ODA also coordinates directly with state and local officials to support disasters not warranting activation of the NRF. To enhance these channels, SBA's outreach efforts ensure frequent contact and coordination with the National Emergency Management Association.

SBA's support to long-term community recovery under the NRF has transitioned to structures found in the *National Disaster Recovery Framework* (NDRF) published in late 2011. It provides the guiding principles that enable all recovery partners to provide a comprehensive national recovery effort facilitating the collaboration of all levels of federal, state, and local government with the private sector and other recovery oriented entities. The NDRF is focused on large catastrophic incidents, but is equally applicable in localized smaller disasters.

Supporting SBA's ability to facilitate federal response and recovery efforts is its Continuity of Operations (COOP) Plan. First and foremost, COOP planning aims to assure continuous agency leadership and the ability to conduct its mission essential functions, including disaster loan making. COOP also focuses on employee safety and, once affected employees and their families are secure, resuming operations at any impacted SBA facility.

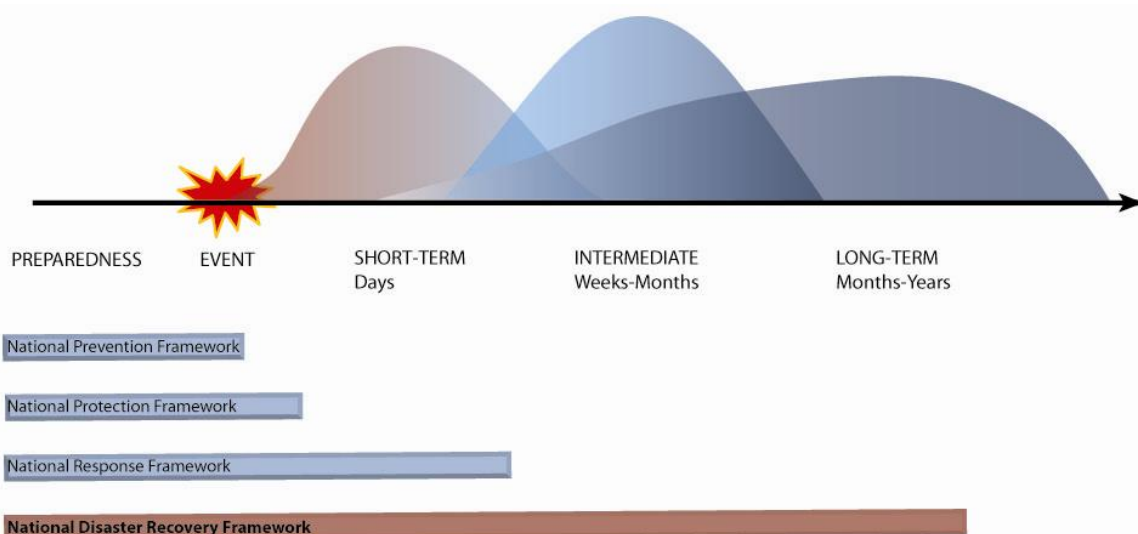
In carrying out SBA's mission as a primary support agency for the NDRF's economic recovery support function, many of SBA's program offices play a significant role. While SBA's DLM Program is a crucial first step in providing assistance and needed capital for recovery, other SBA programs are important in the longer term. Long-term disaster recovery is largely economic recovery through economic development and SBA's routine, steady state programs are important contributors following any disaster.

## 2. Preparedness and Risk

To obtain and maintain the prepared, resilient communities suggested by the *National Security Strategy* requires the capabilities “to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk.” These capabilities combine to provide national *preparedness*.<sup>1</sup> The Small Business Administration’s *Disaster Preparedness and Recovery Plan (DPRP)* outlines how SBA conducts operations in support of the national preparedness frameworks required by PPD-8 and the National Preparedness Goal. The DPRP expands upon and replaces the SBA *Disaster Recovery Plan*.

### *Preparedness Frameworks*

The five frameworks specified by PPD-8 are prevention, protection, mitigation, response, and recovery. Figure 2, below, displays the relation between an incident and these frameworks. (The mitigation framework continuously underpins the other four frameworks.)



**Figure 2. Preparedness Frameworks Across the Disaster Continuum.**

The activities undertaken within these five frameworks are constantly underway, whether caused by actual events, exercises, or simply through ongoing planning efforts. Certain measures consume or commit resources to a degree that it is unwise to activate them until a specific probability of an event rises above a generally recognized level.<sup>2</sup>

<sup>1</sup> Presidential Policy Directive 8, National Preparedness, March 30, 2011, p 2.

<sup>2</sup> Greater context for preparedness planning is provided at Appendix II.

Table 1. PPD-8 Frameworks.

Framework	Definition*	SBA Contribution
<b>Prevention</b>	Capabilities necessary to avoid, prevent, or stop a threatened or actual act of terrorism.	None
<b>Protection</b>	Capabilities necessary to secure the homeland against acts of terrorism and manmade or natural disasters.	Continuity of operations planning, employee safety planning, and business continuity counseling.
<b>Mitigation</b>	Capabilities necessary to reduce loss of life and property by lessening the impacts of disasters.	Continuity of operations planning, employee safety planning, and business continuity counseling.  Portions of Physical Disaster Loans can be applied to improvements for mitigation.
<b>Response</b>	Capabilities necessary to save lives, protect property and the environment, and meet basic human needs after an incident has occurred.	Support NRF processes, including emergency management, mass care, and external affairs (preliminary damage assessments)
<b>Recovery</b>	Capabilities necessary to assist communities affected by an incident to recovery effectively, including, but not limited to, rebuilding infrastructure systems; providing adequate interim and long-term housing for survivors; restoring health, social, and community services; promoting economic development; and restoring natural and cultural resources.	Physical and Economic Injury Disaster Loans provide long-term housing for survivors; help restore health, social, and community services; and promote economic development.  Small Business Recovery: Access to capital, counseling, and access to markets all promote economic redevelopment and long-term recovery.

\*Definitions from PPD-8, pp 6-7.

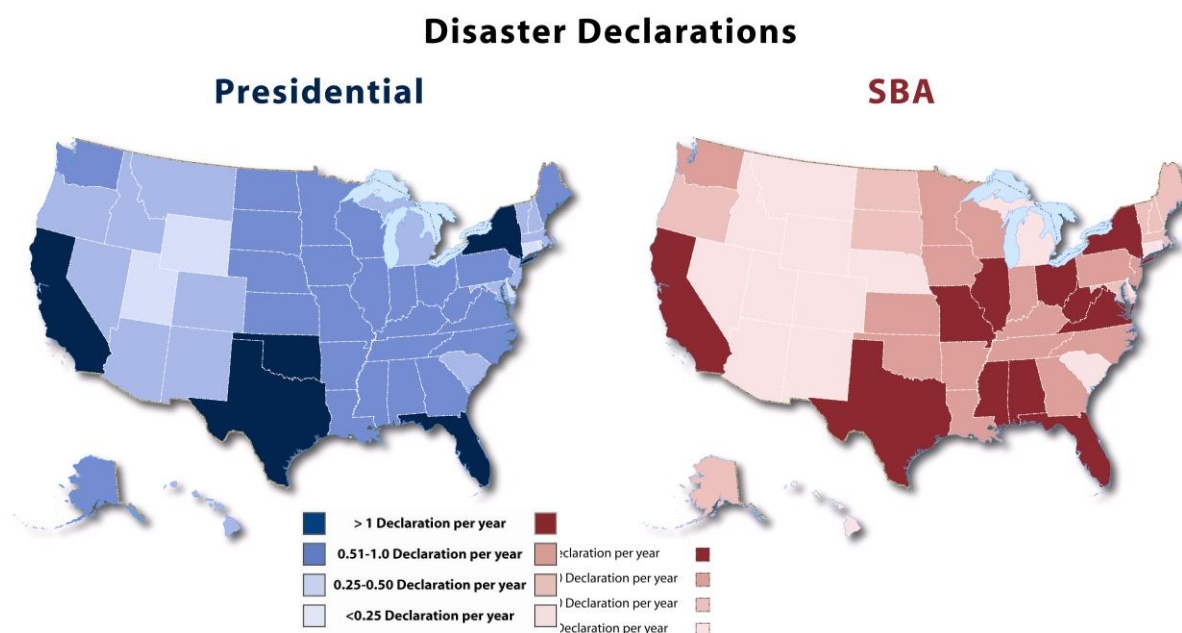
As Table I, above, indicates, SBA has a role to play in four of the five frameworks. Because it has no role in “preventing imminent threats,” SBA is not active in prevention. Before an incident occurs, SBA has an internal protection and mitigation role through employee safety and COOP plans. SBA’s external protection and mitigation roles in service to citizens and small businesses are primarily counseling and the mitigation allowances added to physical disaster loans to mitigate the effects of any subsequent disaster. (See Section 2.)

SBA does not have a “life-saving” or “life-sustaining” mission, but it participates in ESFs to be fully integrated with FEMA’s efforts and does, in fact, begin deploying elements of ODA very rapidly after an incident. The rapid activation of ODA resources following a disaster is, in fact, one of the important first steps in recovery.



## Risk Analysis

SBA must assess risk from two perspectives. First, it must address the risk to its own resources and capabilities through its employee safety and continuity of operations plans aimed, first and foremost, at preserving its ability to provide disaster loans. Second, because of that primary disaster assistance mission, SBA must evaluate the demands various disaster scenarios can place upon the agency regardless of impact to its own assets. Most incidents requiring action – internal or external – by SBA are natural disasters; the most demanding of these are presidentially declared disasters under the Stafford Act.<sup>3</sup> Figure 3 shows the most likely locations of major disasters based on historical analysis.



**Figure 3. Declared Disasters (Reflects Presidential Disaster Declarations since 1953 and SBA involvement with major disasters requiring Individual Assistance since 1991).**

Several types of natural events can result in disasters under the Stafford Act, but not lead to high demand for SBA disaster loans:

- **Tornadoes** are difficult-to-predict weather phenomena that occur primarily in the South and Midwest each spring and summer. Tornadoes generally cause more localized damage than other types of natural weather and they are generally covered by private hazard insurance. Consequently, while damage in a tornado's path may be locally catastrophic, SBA's tornado lending is substantially less than that for other types of damage.

<sup>3</sup> Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288.

- **High Winds** destroy natural and man-made structures, both directly and via material carried through the air that collides with other objects. Such events are typically smaller in scale.
- **Severe Winter Weather** can occur throughout the United States and includes extreme snow and ice. It can also include crop freezes in southern states. Such events typically generate relatively few loan applications.
- **Floods** can result from excessive rain or runoff from melting snow, or from a combination of both.<sup>4</sup> Either can result in localized or widespread flooding. Damage can be predicted by the amount of rainfall/snowfall, the nature of the watershed area, and the assets at risk. SBA has ample historical data on floods that it uses for pre-disaster planning and forecasting.

Other events can cause damage leading to greater demand for SBA disaster assistance loans:

- **Hurricanes** cause damage through a combination of high winds and flooding, but may vary substantially as to levels of damage. Predictions are made based on amount of rainfall, velocity of wind, and level of storm surge (generally the most destructive component). A hurricane's effects

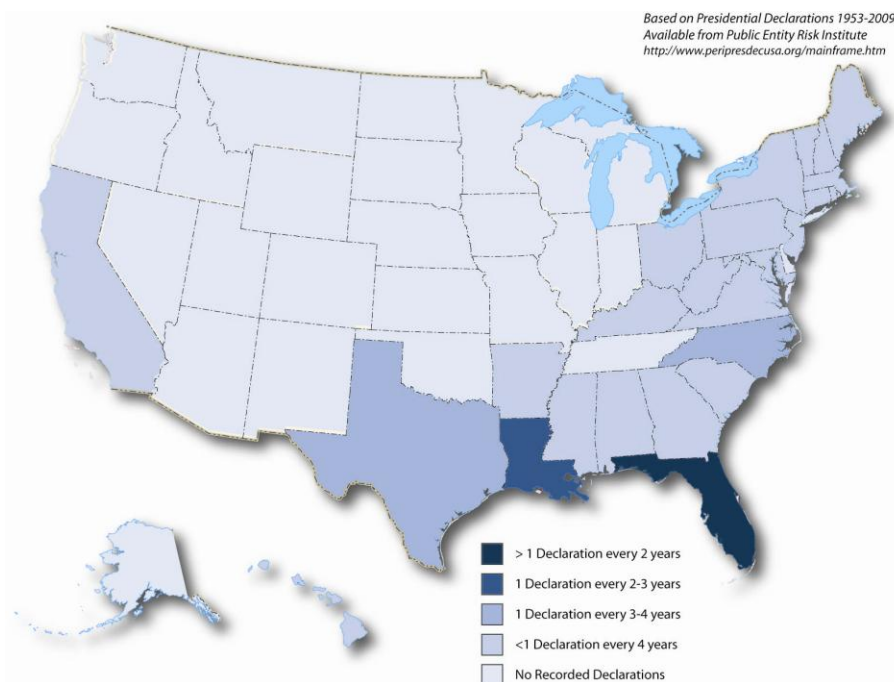


Figure 4. Presidential Declarations for Hurricanes.

<sup>4</sup> For purposes of this plan, flooding damage from storm surge is considered part of a hurricane.

may cover several states and may occur in quick succession (as in 2005 and 2011). At the same time, multiple SBA offices, employees, and the families of employees can be placed at simultaneous risk. The greatest risks from hurricanes are along the Atlantic and Gulf Coasts of the United States (Figure 4).

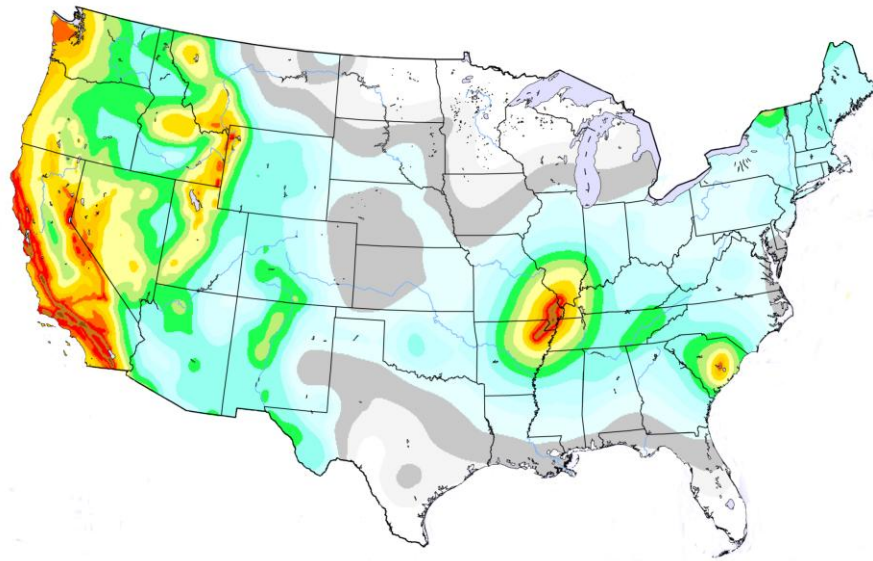


Figure 5. Seismic Risk.

- **Seismic activity** causes damage near fault zones, most frequently on the West Coast. Figure 5, from the U.S. Geological Survey, highlights those areas where serious earthquakes are most likely to occur. Destruction from an earthquake can vary greatly; the map indicates potential risks, but does not predict any specific quake's effect. Once an earthquake has occurred, SBA estimates the number of disaster loan applications expected based on the magnitude.
- **Other disasters** include riots or terrorist attacks. Certain terrorist attacks could constitute a major challenge to SBA disaster loan operations, but these disasters are generally one-of-a-kind events. Once such a disaster occurs, SBA assesses the situation and employs the best means necessary to respond.

## Managing Internal Risk

The interaction of SBA's COOP plans and its planning for assisting the nation in recovery from a disaster should be well understood. The key trigger for both is a specific incident or expected incident. Both can involve last minute, pre-incident activities, and post-event actions under adverse conditions. COOP is the internal tool, within SBA, that ensures that the agency continues to perform its mission essential functions during a wide range of emergencies.<sup>5</sup> Thorough and layered planning allows the agency to continuously provide most services to nearly all parts of the country almost regardless of the challenge faced.

SBA staff and facilities face the same array of risks as the country at large, as described above. Any single event will impact only a specific area, whether it be small such as that following a tornado or large as after hurricane or earthquake. Most SBA functions, especially the disaster loan function, are designed so that the risk of systemic failure following a single disastrous event is negligible. Thus, after an event, COOP plans focus on ensuring the safety of employees at and restoring the functions of individual SBA facilities. While those COOP activities take place, if the event qualifies for disaster loan assistance, ODA begins providing

### Disaster Example

A Category 3 hurricane strikes Miami causing severe wind and water damage, including flooding of SBA's South Florida District Office. The storm crosses Florida into the Gulf of Mexico, re-strengthens, and reverses back across North Florida before finally losing strength back over the Atlantic. During its second pass, it spawns tornados damaging the neighborhood around SBA's Jacksonville District Office.

As forecasters develop storm track information, both COOP and disaster loan program activities begin. The COOP functions, led by the two Florida District Directors assisted by Headquarters staff in Washington first focus on employee safety. After the storm has passed and employees accounted for, appropriate alternative means are activated (alternate facilities, telework, etc.) as conditions allow to restore normal services. This restoration may account for locally reduced availability of services in the immediate aftermath of the storm in affected Districts.

It is important to understand that ODA field operations personnel deploying into a disaster area can provide services for immediate citizen disaster assistance needs. SBA personnel in impacted facilities in the disaster area can initially focus on their own safety and that of their families, then on continuity of SBA operations and restoring facilities to full function.

Disaster loan functions, managed by ODA Headquarters staff in Washington assisted by center directors, are activated so ODA representatives deployed into the affected area are rapidly available alongside Federal Emergency Management Agency staff as Individual Assistance programs support the victims of the storm. Such assistance may include support for SBA employees and their families at the two District Offices.

NOTE: As with most incidents, this hurricane does not threaten the overall continuity of SBA's *mission essential functions*.

<sup>5</sup> *Federal Continuity Directive (FCD) 1*, which provides the specific direction needed to enable the National Continuity Policy established by National Security Presidential Directive (NSPD) 51, dated May 2007, defines COOP as "an effort within *individual* organizations (i.e., Federal executive branch departments and agencies) to ensure they can continue to perform their essential functions during a wide range of emergencies, including localized acts of nature, accidents, and technological or attack-related emergencies." Department of Homeland Security, Federal Emergency Management Agency, *Federal Continuity Directive 1*, October 2012, p 3.

disaster loans to victims. SBA offices and centers may be using alternative, COOP, procedures and facilities. ODA, however, uses its “normal” operating procedures in all but a handful of specific scenarios.

### External Risk – The Disaster Loan Function

SBA uses risk analysis to develop risk-based, regionally oriented outreach programs before disasters strike. For example, hurricane-oriented materials are distributed to the public and businesses in Regions I, II, III, IV, and VI each year before the start of “hurricane season” on June 1. Earthquake-oriented materials are distributed periodically in Regions IX and X based on West Coast earthquakes and Regions IV, V, VI, and VII based on the risks of the New Madrid Seismic Zone and similar geologic threats. SBA continues to explore means to better tailor this material to the regions and risks, as well as to better pre-coordinate with state and local governments in areas most likely to be affected. Table 2 categorizes disaster frequencies by region.

**Table 2. Disaster Frequency by Region.**

Region	I	II	III	IV	V	VI	VII	VIII	IX	X
<b>Hurricane</b>	✓	✓	✓	+		+				
<b>Earthquake</b>									✓	✓
<b>Tornado</b>			✓	+	+	+	+	✓		
<b>Flood</b>	✓	+	+	+	+	+	+	✓	+	+
<b>Slide</b>		✓		✓			✓	✓	✓	✓
<b>Wildfire</b>						✓			✓	
<b>Winter Storm</b>		✓	✓	✓	✓	✓		✓	✓	✓
✓-- Measurable frequency, +-- Significant frequency										

Risk analysis and historical trends are also used to appropriately size and tailor planned response to disasters. From 1992 through 2012, SBA processed an average of 111,000 disaster loan applications per year. During that same period, SBA received more than 100,000 applications in six years and exceeded 200,000 applications in only three years. SBA continues to work with the Federal Emergency Management Agency (FEMA) to assess extraordinary risks through modeling, analysis, and exercise. The FEMA-coordinated National Exercise Program periodically looks at such scenarios. SBA is active in the planning and analyses for such exercises.<sup>6</sup>

<sup>6</sup> SBA’s budgetary process uses five-year averages, which indicate an annual demand of 100,000 loan applications.

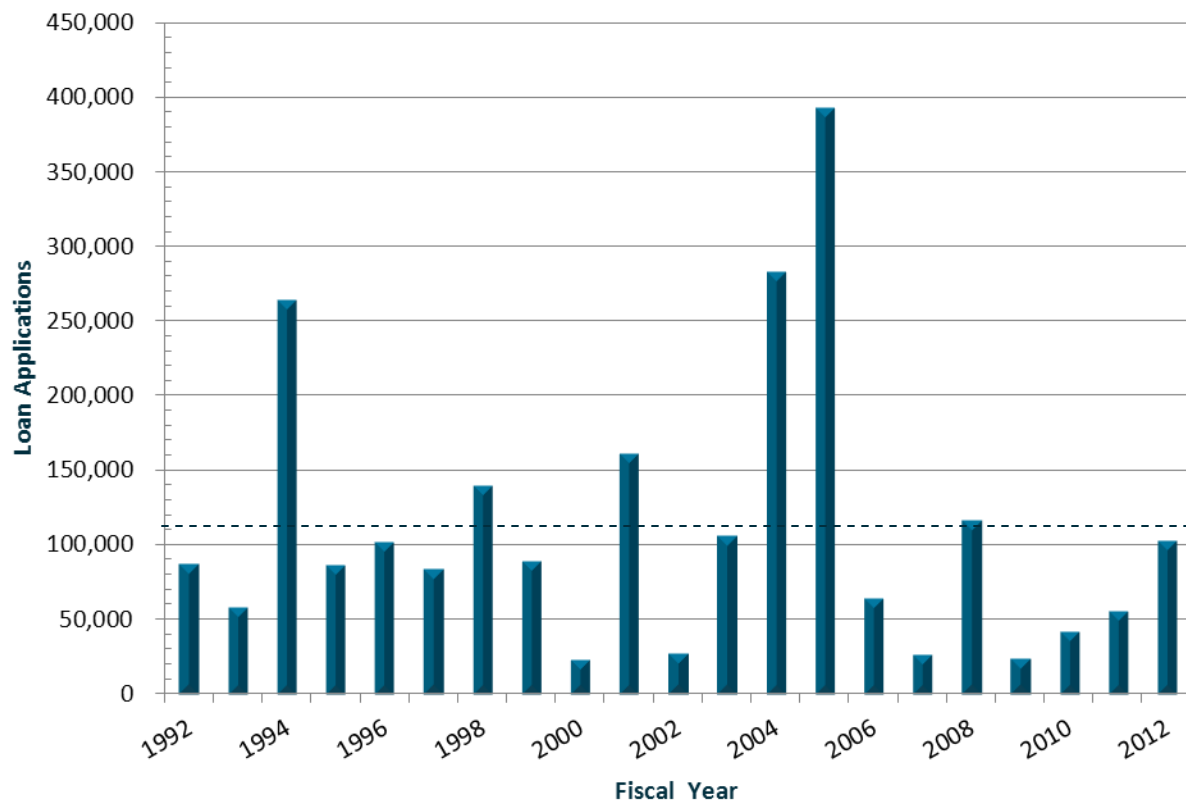


Figure 6. Annual Disaster Loan Applications (By fiscal year of Presidential declaration).



### 3. Mission

SBA focuses on empowering American small businesses with capital, counseling, and contracting services. These roles apply before, during, and after disasters and include specialized disaster programs and applications of steady state programs throughout the disaster continuum.

**Capital:** At all times, SBA facilitates loans for small businesses with third party lenders, guarantees bonds, and helps small businesses find venture capital. When disaster strikes, SBA's Disaster Loan Program provides specially targeted capital directly to homeowners, renters, businesses of all sizes, and private nonprofit organizations.

**Counseling:** SBA provides small business counseling, mentoring and training through a variety of programs and resource partners, located strategically around the country. SBA is dedicated to helping small businesses succeed. Counseling includes many business topics including: starting a business; managing a business; financing a business; and contracting. SBA provides tailored materials and resources to help small businesses make plans to recover from disaster-related financial losses and business interruption, and to protect their employees, the community, and the environment.

**Contracting and Other Services:** In supporting small businesses to grow America's economy, SBA encourages small business access to all markets. It places special emphasis on government contracting and export markets. Contracts with the federal, state and local governments represent an unparalleled opportunity for small businesses. Teaming with the U.S. Department of Commerce, the U.S. Export-Import Bank, and other public and private organizations, SBA also operates U.S. Export Assistance Centers to provide the help small businesses need to compete in today's global marketplace.

#### ***Pre-Disaster Protection and Mitigation***

To prepare for disasters, SBA develops its internal COOP plans and encourages small business readiness through business continuity planning. Both of these initiatives also aid individual preparedness among SBA staff, small business owners, small business employees, and the family members of all of these groups.

***The mission of the Small Business Administration is to maintain and strengthen the Nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.***

## Continuity of Operations

The goal of SBA's COOP planning is to protect staff and assets, continue the mission essential functions, and minimize the disruptions to other functions following any disaster. Through a unified agency plan linking generally redundant systems and offices, COOP planning provides coherent and thorough guidance to meet contingencies at any of the agency's operating locations and for Disaster Assistance staff deployed to field locations. This planning aims to ensure the availability of adequate leadership, staff, facilities, and communications throughout the disaster continuum.

<b>Prior to Event</b>	<b>Event to 12 Hours</b>	<b>12 Hours to 30 Days</b>	<b>Beyond</b>
<i>Preparedness &amp; Readiness</i>	<i>Notification &amp; Relocation</i>	<i>Continuity Operations</i>	<i>Reconstitution</i>
Ensure staff has updated information on situation and in alerting systems, response staff has been trained, alternate site is prepared, and plans tested	Notify and account for staff, protect assets as appropriate, relocate as needed, ensure availability of designated leadership	Continue/restart disaster loan function, account for staff, minimize impact on functions other than disaster loans, begin restoring agency infrastructure as needed	Assess damage and reestablish normalcy

Mission essential functions (MEFs) are those functions that enable a department or agency to provide vital services, exercise civil authority, maintain the safety of the public, and sustain the industrial/economic base during disruption of normal operations.<sup>7</sup> National policy requires MEFs to be restarted, if interrupted by a disaster, during the 12-hour to 30-day continuity operations period. All other functions may wait until reconstitution is effected, as much as 30 days after the precipitating event. Disaster loan making is one of seven SBA MEFs, supporting the National Essential Function to provide "rapid and effective response to and recovery from the domestic consequences of an attack or other incident."

### Mission Essential Functions

1. Declare disasters, process applications for disaster loans from individuals and businesses, and disburse approved loans.
2. Issue acceptance letters to procuring Federal agencies in response to offering letters submitted under the 8(a) Business Development Program and negotiate and execute 8(a) contracts.
3. Servicing and liquidation of all SBA direct and guaranteed loans made pursuant to the Small Business Act.
4. Process and approve SBA guaranteed loans made by delegated and non-delegated lenders pursuant to Section 7(a) of the Small Business Act and process and approve loans made by Certified Development Companies pursuant to Section 504 of the Small Business Act.
5. Receive, evaluate and forward for disbursement requests from resource partners for payment.
6. Issue Approval Notices for Small Business Investment Companies to allow for investments into small businesses.
7. Approve the repurchase of debentures pursuant to SBA's guarantee upon demand.

<sup>7</sup> FCD 1, p 6.



### Small Business Readiness

Businesses can protect themselves by identifying the risks associated with natural and man-made disasters and by creating a plan for action should a disaster strike. SBA assists small businesses prepare for disasters through various risk assessment and planning guides. Planning checklists parallel SBA's own internal COOP process leading businesses to spell out: recovery leadership team, risks and hazards, alternate locations, communications, employee support, technology and data, operations, supply chain, safety, and testing and plan maintenance.

SBA and the American Red Cross join forces to work with SBA District Offices and SBA resource partners such as SCORE, the Small Business Development Centers (SBDCs) and the Women's Business Development Centers (WBCs) to promote and, along with local Red Cross chapters, sponsor preparedness training workshops. The two agencies work to increase awareness in the business community about the Red Cross Ready Rating™ program – a free, self-paced, web-based membership program that helps a business measure its ability to deal with emergencies, and gives customized feedback on how to improve those efforts.

The Ready Rating™ program can be a first step to self-certification under FEMA's Voluntary Private Sector Preparedness Accreditation and Certification Program (PS-Prep). Congress directed the Department of Homeland Security to develop and implement PS-Prep as a voluntary program of accreditation and certification of private entities using standards that promote private sector preparedness, including disaster management, emergency management and business continuity programs. The purpose of the PS-Prep Program is to enhance nationwide resilience in an all-hazards environment by encouraging private sector preparedness.

### Post-Disaster Response and Recovery

When disaster strikes, SBA immediately activates appropriate elements of its COOP planning and, working in close cooperation with FEMA and impacted states/territories/tribes, ODA initiates actions to provide qualified victims (homeowners, renters, business of all sizes, and private non-profits) with disaster-tailored

***SBA provides  
affordable, timely,  
and accessible  
financial assistance  
to homeowners,  
renters, business of  
all sizes, and non-  
profits and provides  
technical assistance,  
advocacy, and access  
to capital for small  
businesses to help  
citizens recover from  
disasters and  
reestablish their lives  
while protecting and  
stabilizing the  
economy to maintain  
the public's  
confidence.***

financial assistance. SBA also quickly joins with interagency partners to assist in facilitating the long-term recovery of affected communities and regions.

## COOP

The introspective purposes of COOP planning have already been described. Except in cases where ODA centers and/or SBA Headquarters in Washington are struck by a disaster, COOP processes and the disaster loan and long-term recovery functions outlined below operate in coordinated and complementary, but relatively independent, channels. In these “routine” disasters, Headquarters staff will assist affected District/Center Directors in accounting for staff, executing planned continuity options, and, when circumstances permit, reestablishing a routine operation and presence in the affected region. Under these circumstances access to some non-disaster SBA programs may be limited in directly impacted regions for some period of time.

## Disaster Loan Making

SBA, through its Office of Disaster Assistance, is responsible for providing affordable, timely and accessible financial assistance to homeowners, renters, businesses, and private nonprofits following a disaster. ODA has been a part of the Agency since its inception in 1953, and has provided nearly two million disaster loans totaling over \$52 billion to disaster victims.<sup>8</sup> Providing funds to affected residents and business, as it does, SBA DLM is a tool of intermediate recovery providing cash flow to businesses and individuals and business resumption assistance.

Disaster losses are unexpected and create financial hardships for disaster victims. Fortunately, many disaster victims in America have insurance which covers part or all of their private property losses due to tornadoes, hurricanes, floods, earthquakes, wildfires and other disasters. However, for disaster losses not covered by insurance or other sources, the primary form of Federal financial assistance is a disaster loan from SBA. Disaster loans for property damages are available to homeowners, renters, non-farm businesses of all sizes, and private nonprofit organizations. Certain private nonprofits and small businesses are also eligible for Economic Injury Disaster Loans (EIDLs) to help with ongoing operating expenses until they recover from the disaster. For many, SBA disaster loans with low interest rates and long repayment terms make recovery possible.

**National Response Framework:** SBA is a part of the Federal government's single comprehensive approach to domestic incident management to respond to major disasters. The NRF, using the National Incident Management System (NIMS), provides the guiding principles that enable all response partners to

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<sup>8</sup> As of March 2013.

provide a unified national response to disasters and emergencies – from the smallest incident to the largest catastrophe. The NRF establishes a comprehensive, national, all-hazards approach to domestic incident response. The NRF assigns responsibilities to 38 federal entities through 14 ESFs.<sup>9</sup>

The ESFs align categories of resources and provide strategic objectives for their use. NRF structure allows the flexibility to assign ESF resources according to their capabilities, tasking, and requirements to augment and support the overall response and recovery effort in a collaborative manner. Through the ESF structure, federal and state coordinating officials assure coordination and application of resources.

SBA is a support agency for three ESFs:

- ESF #5      Emergency Management;
- ESF #6      Mass Care, Emergency Assistance, Housing, and Human Services; and
- ESF #15     External Affairs.

In addition to the NRF structure, ODA's field personnel coordinate directly with state and local officials to support disasters not warranting activation of the NRF. To enhance these existing channels, SBA's outreach efforts ensure frequent contact and coordination with the National Emergency Management Association.

**Mitigation.** Generally, SBA physical disaster loans for businesses or homeowners may not be used to upgrade homes or make additions except as required by local building authority or building code. However, loans may be increased up to 20 percent of the total amount of disaster damage to real estate, as verified by SBA, to make improvements that lessen the risk of property damage by future disasters of the same kind.

### **Long-Term Recovery**

The NDRF defines three phases of recovery:

- Short-Term (days): Health and safety needs beyond rescue, the assessment of the scope of damages and needs, the restoration of basic infrastructure and the mobilization of recovery organizations and

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<sup>9</sup> A new NRF was released May 6, 2013, as directed by PPD-8. Changes are aimed at better engaging the Whole Community in preserving life in the first 72 hours of a disaster. As a result of the publication of the NDRF, ESF #14, Long-Term Community Recovery has been eliminated from the NRF.

resources, including restarting and/or restoring essential services for recovery decision-making.

- Intermediate (weeks to months): Returning individuals, families, critical infrastructure and essential government or commercial services to a functional, if not pre-disaster, state; activities often characterized by temporary actions that provide a bridge to permanent measures.
- Long-Term (months to years): Complete redevelopment and revitalization of the impacted area, rebuilding or relocating damaged or destroyed social, economic, natural and built environments, and a move to self-sufficiency, sustainability, and resilience.

***Recovery encompasses more than the restoration of a community's physical structures to its pre-disaster conditions.***

*National Disaster Recovery Framework, 2011*

SBA disaster loans, processed in the early weeks and months after an event, are an intermediate recovery tool that provide the financial bridge to the long-term recovery goal of rebuilding or relocating homes and businesses. SBA's routine, steady-state programs providing access to capital, counseling, and markets provide some of the tools of long-term recovery for affected small businesses.

Like the NRF, the NDRF establishes a comprehensive, national, all-hazards approach to domestic incident recovery. The NDRF assigns responsibilities to federal entities through six Recovery Support Functions (RSF).

**SBA is a primary agency for the Economic RSF (coordinated by the Department of Commerce).**

It is a supporting agency for three RSFs:

- Community Planning and Capacity Building (coordinated by FEMA);
- Housing (Department of Housing and Urban Development); and
- Health and Social Services (Department of Health and Human Services).

## 4. Execution

This chapter outlines operational reaction to a disaster. It is supported by SBA's COOP plan, as well as ODA and other agency standard operating procedures.

### *Indications and Warning*

SBA monitors a number of official information channels such as FEMA's daily situation report and the Homeland Security Information Network, as well as open source media.

### *Preparation – Notice Event*

The most common events SBA can effectively react to in advance are hurricanes and floods.<sup>10</sup> These take days, even weeks, to develop into significant incidents within the United States. During this time, affected office and center directors can refine COOP guidance for their respective staffs, guidance that includes how to maintain contact with SBA management, priorities to protect employee and family safety, and potential benefits if employees become victims. ODA Headquarters tracks impending events and makes preliminary estimates of the size of response that will be required – how many and what type reservists or other personnel will be required, likely numbers of loan applications expected, probable loan volumes, etc. Models, staff experience, and other factors will all be used in this process. If required, SBA will respond to pre-disaster declarations issued by the President through FEMA under the Stafford Act. ODA uses the warning time to coordinate with FEMA and plan the initial mobilization of field teams.

**Forecasting and Modeling** – The primary goals of forecasting and modeling are to predict as accurately as possible the application volume that will result from a disaster and the timing of when the applications will be received. The timing of when loan applications arrive subsequent to a disaster depends on the type and scale of the disaster. SBA's forecasting model includes historical intake patterns for the categories of disaster type mentioned above. SBA utilizes models both before and after disasters occur to guide the application of appropriate staff and resources.

**Pre-positioning Resources** – ODA participates in the U.S. Department of Homeland Security's FEMA Regional Response Coordination Centers (RRCC) when they are activated. At their highest operational level, these centers

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<sup>10</sup> While tornadoes can be forecast, lead time is short; they are fast moving, localized events. Other than reacting in the same way the general population should near an affected office or center, there is little systemically for SBA to do. ODA's Disaster Loan Program response to tornadoes is generally the same as a no-notice event.

operate around the clock to prepare for the potential effects of predicted events.

Representatives from all the Federal and volunteer agencies that support state and local governments with disaster assistance work out of the RRCC. This staff orchestrates the pre-event staging of personnel, resources, and relief supplies across the potentially affected area in anticipation of the chartable event.

**Staffing Projections** – ODA makes staffing projections to estimate the resources (in each of the various job classifications required) it will need to respond to disasters. These projections are based on the number of disaster loan applications expected, which is based on the projected number of disaster-damaged homes and businesses and the geographic range of the damage zone.

ODA's core and term reserve provide initial staffing augmentation as required to manage and process the influx of loan applications following a disaster. Core reservists allow ODA to rapidly expand and subsequently contract its capacity during typical conditions. The term reserve roughly doubles ODA's capacity during more challenging disaster periods. The surge capacity outlined below describes how ODA expands to meet the largest of disaster demands with newly recruited employees.

## **Response**

Regardless of the degree of indication and warning available before an event occurs, once it does take place, SBA assesses the magnitude of the event's impact on SBA resources and the scope of disaster loan activity required by the affected population.

### **No-Notice Event**

When a no-notice event occurs, SBA must effectively conduct all of the actions outlined in preparation for an event with notice, but do so as quickly as possible and potentially in a confused post-event environment. The greatest challenge presented by a no-notice event is internal agency continuity of operations; ODA can rapidly deploy the resources needed to initiate disaster loan operations under almost all conditions.

### **COOP**

Employee safety is the number one concern in the immediate aftermath of an event. When leadership feels all required effort has been directed towards assuring the safety of employees, other response elements can be undertaken.

**Headquarters** – Unless the headquarters itself is seriously impacted by the event, SBA Headquarters will continue to oversee routine program management.

COOP staff, Management and Administration, and impacted program offices (most often Field Operations) will assist senior leadership in assessing the event's impacts and offering needed assistance to those offices and centers.

Once the status of employees has been determined, the Headquarters offices, working with the local office/center leadership as conditions permit, will evaluate the status and recoverability of damaged resources. Headquarters will work with the U.S. General Services Administration (GSA), the local Federal Executive Board, and others as appropriate to coordinate and facilitate the reconstitution and restoration of impacted services and facilities.

In the event that SBA's Washington Headquarters is impacted by an event, the agency's COOP plan outlines telecommuting, relocation, and devolution options to minimize the overall degradation of SBA's ability to perform its missions. As for any other SBA location, the plans place employee safety and accountability as the number one priority. The disaster loan mission, an identified Mission Essential Function (MEF), will be resumed in a few hours, if it is interrupted by the event at all. Other MEFs will be resumed within days. Other SBA missions may be suspended for 30 days or more as alternate processes focus on the MEFs and the overall reconstitution of Headquarters' functions.

**Impacted Locations** – Local COOP and occupant evacuation plans outline specific guidance in the event of disaster for each of SBA's facilities nationwide. First, office/center leadership ensures that staff is safely away from any impacted SBA facilities and accounted for. Once employee safety is assured, multiple actions and assessments can be performed:

- Overall impact on local operations can be assessed;
- Employees, some of whom are likely also victims of the event, can be allowed time to arrange for personal and family needs;
- Assistance for affected employees (e.g., insurance, employee assistance plan, and SBA's disaster loans for individuals and homeowners) can be arranged; and
- Restoration and reconstitution actions.

In general, local office/center directors are not responsible for facilities evaluations and restoration; these are conducted by local GSA and SBA Headquarters elements. The local leadership can focus on operations under the local COOP plan, including helping impacted employees and assisting in the initial assessment of the event's effects on local small business.



ODA will deploy staff to the affected area to execute the disaster loan mission (see below). ODA staff will coordinate closely with impacted District Director(s) to ensure consistency of messaging, effective relations with local media, and adequate coordination with the local business community. When requested and as practical, District Directors begin coordination with the Department of Commerce-led Economic RSF as SBA's face of long-term recovery.

### DLM Decision-Making and Mobilization

When an event occurs, SBA executives assess the situation and make decisions depicted in the Disaster Recovery Decision Tree (Figure 7). First, the Associate Administrator for Disaster Assistance assesses whether a disaster can be handled by ODA's internal capacity or whether the Agency must surge. ODA's internal capacity suffices for disasters that generate less than 100,000 applications (Level I – Core Capability) and disasters that generate between 100,000 and 250,000 applications (Level II – Transition to Surge). If the AA/ODA decides that internal capacity will initially suffice, the members of the Executive Management Team/Disaster Oversight Council (EMT/DOC – see Section 4) continually monitor the situation. If the number of expected loan applications exceeds approximately 250,000 initially or during the course of a disaster, the AA/ODA will discuss with the membership of the EMT/DOC whether to make a surge recommendation to the Administrator. A surge is not executed merely because a specified number of applications has been projected. Elevating the Agency

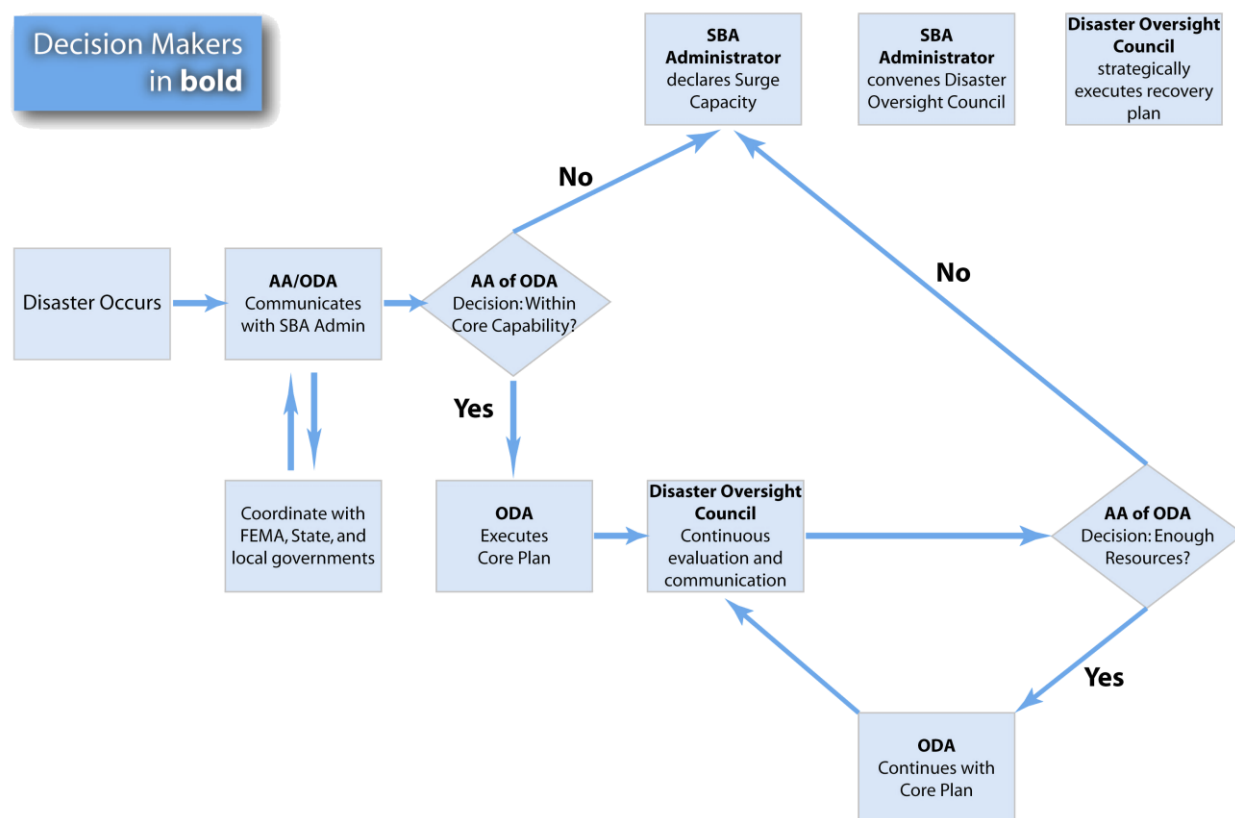


Figure 7. SBA Disaster Decision Tree.



to a surge level of response is a specific decision to be made by the Administrator after considering the overall nature of the disaster. SBA operates at surge capacity during and after disasters that generate more applications than supportable by ODA's internal capacity, approximately 250,000 applications.

**Table 3. Surge Levels.**

SURGE LEVEL	APPROXIMATE RANGE OF EXPECTED APPLICATIONS
Level I	100,000 and below
Level II	100,000 to 250,000
Level III	250,000 to 500,000
Level IV	500,000 and above

As the assessment of the disaster with regard to SBA's Disaster Loan Making capacity is being conducted, coordination with FEMA, State, and local government also begins. The responsible Field Operations Center deploys staff to the affected area. This initial staff in the affected area will work with FEMA to conduct a Preliminary Damage Assessment (PDA), which is normally needed to validate the occurrence of a "major disaster" under the Stafford Act.

**Disaster Declaration and Notification** – SBA disaster loans are available when one or more government entities declare that a disaster has occurred. SBA publishes the availability of assistance in the *Federal Register*. The published notice identifies the kinds of assistance available, the date and nature of the disaster, and the deadline and location for filing loan applications.

There are six ways disaster declarations are issued that make SBA disaster loans possible:

1. Presidential Disaster Declarations: The President declares a Major Disaster and authorizes Individual Assistance (Assistance to Individuals and Households Program) or Public Assistance. FEMA provides a disaster declaration summary to SBA after it is signed by the President. When a Presidential Disaster Declaration is issued, ODA issues a disaster declaration notice (after both of the above actions are complete).
2. Agency Physical Disaster Declarations: SBA makes a physical disaster declaration, based on the occurrence of at least a minimum amount of physical damage to buildings, machinery, equipment, inventory, homes and other property. Following a request from a state governor, SBA reviews Agency disaster declaration criteria to make an appropriate Agency Disaster Declaration.

3. Governor Certification (7b2D) Declarations: SBA makes an economic injury declaration following a governor's certification that at least five small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms. (This can also be in response to a determination issued by the Secretary of Commerce, regarding certain fishery resource disasters.)
4. Secretary of Agriculture Declarations: SBA makes an economic injury disaster declaration in response to a determination of a natural disaster by the Secretary of Agriculture. The Department of Agriculture – Farm Service Agency provides notifications to SBA that it has made emergency loans available.
5. Military Reservist Economic Injury Disaster Loan: SBA may make a Military Reservist Economic Injury Disaster declaration as authorized by the Veterans Entrepreneurship and Small Business Development Act of 1999. SBA makes low interest, fixed rate loans available to a small business owned by or employing a military reservist if the reservist is called up to active military duty during a period of military conflict, and he or she is an essential employee critical to the success of the business' daily operation and whose call-up has caused or will cause the business substantial economic injury.
6. Additional Disaster Assistance: SBA may declare eligibility for additional disaster assistance in the event of a Presidentially declared disaster that has resulted in extraordinary levels of casualties or damage or disruption, is comparable to the description of a catastrophic incident in the *National Response Framework*, and is of such size and scope that regular disaster assistance is inadequate or a significant number of businesses outside the disaster area have suffered substantial economic injury.

**Application Intake** – When each loan application is received, it goes through three steps before processing begins.

1. Application Screening: SBA disaster loan applications are available at disaster recovery centers (DRC), through the mail, and electronically. When completed loan applications are received, they are first screened for acceptability. Loan officers also review the application to determine repayment ability based on the minimum income level and debts as reported on the application.
2. Application Entry: Once an application is screened, it is sent to Application Entry and recorded in the Disaster Credit Management System (DCMS). The loan application is further assessed for credit and

repayment ability. Then, a determination is made to advance the loan or decline the loan. Applications that meet the initial credit and repayment threshold are sent on to Loss Verification. After application entry, all application documents are sent to Scanning.

3. **Scanning:** The Scanning Department receives input from the Application Entry group, Loan Processing, Loss Verification, Mail Association, inbound faxes, and the Legal Department. After scanning the documents, they are sorted, counted for reporting purposes and prepared for longer term storage as a backup to electronic records consistent with the record-keeping requirements currently in place.

**Loss Verification** – All applications for physical disaster loan assistance require on-site inspections. Physical disaster loans are for permanent rebuilding and replacement of uninsured, or under-insured, disaster-damaged, privately owned real and/or personal property.

ODA's Damage Verification Center (DVC) performs inspections to establish the cause and extent of disaster damages. The DVC verifier views disaster-related damages for both real and personal property, and records observations in a report form contained on a tablet computer. DVC submits the report to guide the Loan Department in establishing eligibility.

**Loan Processing** – Loans are processed in accordance with the regulations and policies that govern DLM. SBA lends taxpayer funds to disaster victims and must base their decisions on a balance between the needs of the victim and prudent underwriting. Because the interest rate on loans to most borrowers is below the rate charged in the private sector, and the term of the loans goes out as far as 30 years, the loan service costs are often significantly below market loans, thereby broadening the pool of applicants who are able to pay back SBA loans. Nevertheless, SBA can only make disaster loans to those victims that can demonstrate a reasonable ability to repay the loan.

Loan decisions are based on repayment ability, damage eligibility and credit-worthiness, all of which are analyzed during loan processing. In processing disaster loans, SBA can incur risks that many private lenders will not and applies more lenient credit standards than private lenders. At the same time, SBA must adhere to fundamental credit standards and must thoroughly process loan applications to ensure that each loan is likely to be repaid. In Presidential declarations, loan applications that are declined in processing are referred to the FEMA for possible grant assistance.

**Closing and Loan Disbursement** – Once a loan is approved, loan closing documents are completed and sent to the borrower. Borrowers have several options for completing their loan documents, such as:

- Completing the documents by themselves and returning them to SBA.
- Scheduling a loan closing appointment to execute the documents with an SBA representative.
- Contacting SBA by phone to review the loan closing documents.

Secured loans are disbursed in stages that correspond with the borrower's needs. SBA also monitors the use of disaster loan funds to ensure compliance with program guidelines and the terms and conditions of the loan authorization and agreement as these loans are subsidized by the Federal government. The law establishes severe civil penalties for misuse of disaster loan proceeds. When disbursing the real estate portion of a disaster loan, SBA personnel maintain contact with the borrower as necessary to determine an appropriate disbursement schedule and to confirm that construction is progressing as planned. As noted in the Loan Authorization and Agreement, the disbursement period on the disaster loan is generally limited to 6 months; however, SBA can extend this period on a case-by-case basis for ongoing projects.

## ***Recovery***

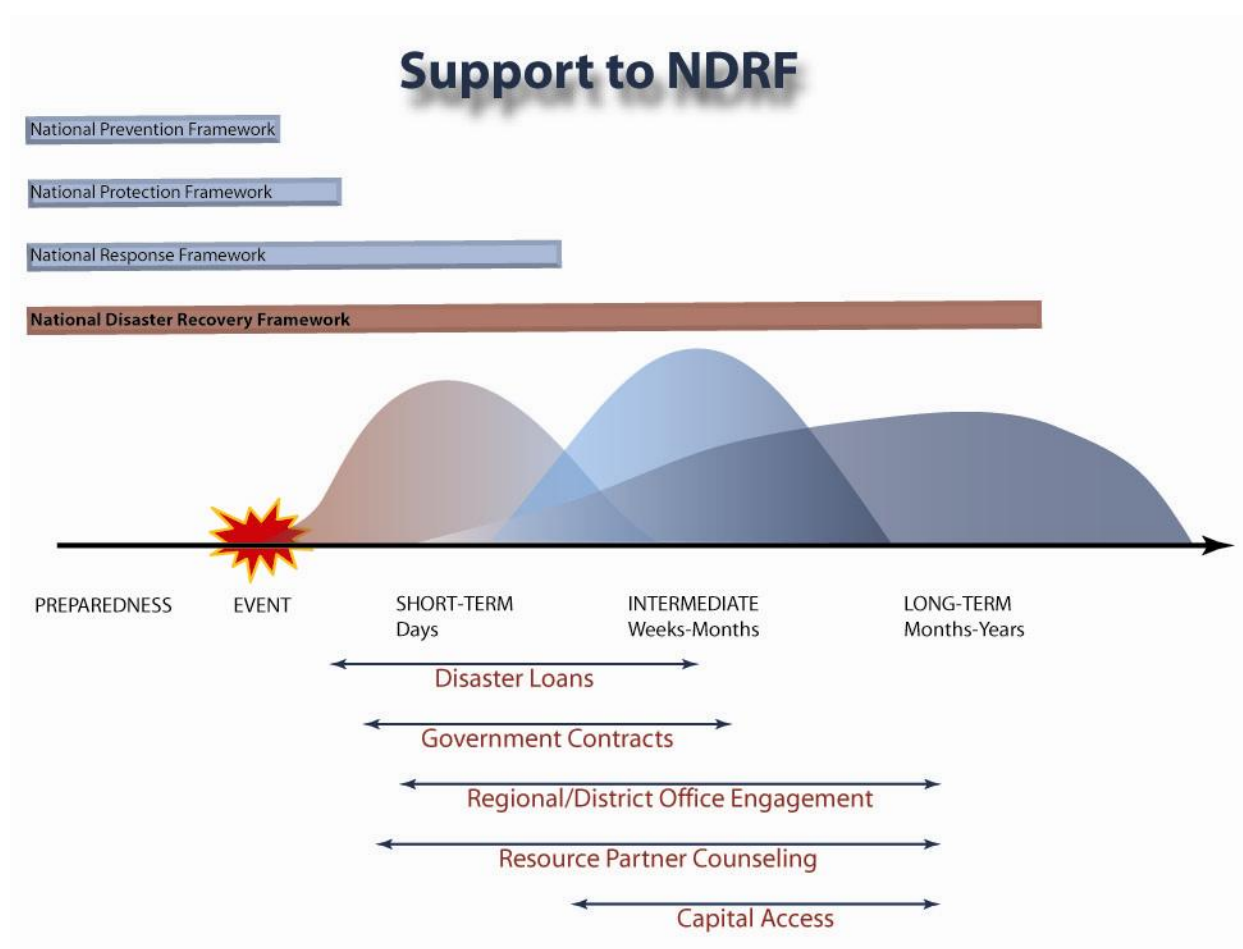
SBA remains a support agency to several Emergency Support Functions in the NRF, but it has been actively engaged in shaping the *National Disaster Recovery Framework*, with a significant emphasis on being the voice of small business within the Economic Recovery Support Function.

The NDRF points out that the best recoveries from disaster are those that begin before the disaster itself with pre-disaster recovery planning. Decisions made quickly in disaster response can have impacts that shape a community's recovery. The sooner tailored recovery expertise can be applied at local, State, and Federal levels, the more effective and integrated a recovery can be.

SBA does not wait to apply its small business expertise for recovery purposes, but is ready to engage with its interagency partners in the early days of a response to assess the long-term recovery challenges.

## **Intermediate**

The NDRF defines intermediate recovery as the phase of recovery where activities are often characterized by temporary actions that provide a bridge to permanent measures. Two SBA program areas support intermediate recovery: Disaster Assistance and Government Contracting and Business Development.



**Figure 8. SBA Disaster Recovery Engagement.**

**Disaster Loans** – SBA offers disaster property loans to renters, homeowners, businesses of all sizes, and private nonprofits to covered uninsured physical losses. Economic injury disaster loans are available to small businesses and certain private nonprofits to offset lost revenues and assist with ongoing operating costs. By making these loans available, SBA accelerates restoring the affected community's cash flow and moves it toward a recovery end state that includes permanent housing and resumed business operations, including the operations of small businesses.

To establish this recovery capability, SBA works alongside FEMA responders to conduct damage assessments and establish one-stop recovery centers for individuals and businesses.

**Government Contracting** – In general, the first “new business” coming to a community following a disaster is the business of cleaning up – debris removal, drying and cleaning of flooded buildings, etc. – and shoring up – roofing tarps, temporary phone and electric lines, and the like. By employing locally based contractors for this purpose, governments (Federal, state, and local) contribute

to local cash flow, business resumption, and other aspects of economic recovery, while performing critical services needed to prepare for the community's long-term recovery.

SBA's Office of Government Contracting and Business Development (GCBD) works pre-disaster to ensure as many small businesses as practical are included in the response and short-term recovery contracts arranged by FEMA and ESF agencies for activation in the event of a disaster. FEMA is required by the Post-Katrina Emergency Reform Act of 2006 to "maintain a registry of contractors willing to perform debris removal, distribution of supplies, reconstruction, and other disaster or emergency relief activities." All Federal agencies are to consult this registry when conducting applicable acquisition planning; GCBD monitors these acquisitions at the time of a disaster and encourages the maximum use of local small businesses.<sup>11</sup>

**Table 4. Recovery Phases.**

NDRF Definition	Primary SBA Focus
<b>Short-Term Recovery</b> – Phase of recovery which addresses the health and safety needs beyond rescue, the assessment of the scope of damages and needs, the restoration of basic infrastructure and the mobilization of recovery organizations and resources including restarting and/or restoring essential services for recovery decision making.	<ul style="list-style-type: none"> <li>Disaster Assistance (support to damage assessments)</li> </ul>
<b>Intermediate Recovery</b> – Phase of recovery which involves returning individuals, families, critical infrastructure and essential government or commercial services to a functional, if not pre-disaster, state. Such activities are often characterized by temporary actions that provide a bridge to permanent measures.	<ul style="list-style-type: none"> <li>Disaster Assistance (loans)</li> <li>Government Contracting and Business Development</li> </ul>
<b>Long-Term Recovery</b> – Phase of recovery that may continue for months or years and addresses complete redevelopment and revitalization of the impacted area, rebuilding or relocating damaged or destroyed social, economic, natural and built environments and a move to self-sufficiency, sustainability and resilience.	<ul style="list-style-type: none"> <li>Office of Field Operations (lead coordination)</li> <li>Entrepreneurial Development (Resource Partners)</li> <li>Capital Access</li> </ul>

<sup>11</sup> Semiannually, pursuant to the Small Business Disaster Response and Loan Improvements Act of 2008, SBA reports to Congress the total number of contracts awarded as a result of each major disaster; the total number of contracts awarded to small business concerns as a result of each major disaster; the total number of contracts awarded to women and minority-owned businesses as a result of each major disaster; and the total number of contracts awarded to local businesses as a result of each major disaster.



## Long-Term

While SBA participates as a supporting agency for three other Recovery Support Functions under the NDRF, it is most active as a primary agency and as the small business advocate within the Economic Recovery Support Function (ERSF). The Office of Disaster Planning (ODP) serves as SBA's primary point of contact with the ERSF coordinating agency, the Department of Commerce, and ERSF contacts in the other primary agencies (FEMA, and the Departments of Agriculture, Labor, and the Treasury.) As displayed in Figure 8, above, while the planning horizon is "long-term," action begins very quickly. ODP may reach out to Regional Administrators and District Offices and, through OED, to resource partners within days of the triggering event.

As the goal of long-term recovery is the complete redevelopment and revitalization of the impacted area, economic recovery is *economic development*. The recovery process recognizes that there is a sense of urgency not necessarily attached to "routine" economic development. If critical elements of a community cannot be revitalized quickly enough, those elements or others dependent upon them can be quickly lost. The ERSF process also is designed around the premise that "restoration" – that is, a near total re-creation of conditions prior to the disaster – is not sufficient and leaves a community behind any progress it might otherwise achieved had the disaster not occurred. The ERSF process accounts for a "new normal" that retains the strengths of the pre-disaster community and capitalizes on new opportunities, but may have to let elements now that are weak or absent slip away.

At some point in the long-term recovery process, economic recovery becomes routine economic development supported by steady state programs. Indeed, the key metric of economic recovery is that all efforts in the endeavor ultimately are supplanted by steady state programs. For this reason, SBA's District Offices and its resource partners provide the face of the ERSF's small business efforts in an impacted area.

Typically, in the aftermath of a disaster, Commerce reaches out to SBA and other primary agencies upon notice of ERSF activation (or, for particularly large disasters, potentially in anticipation of formal activation) to begin gathering data applicable to assessing the economic impacts suffered. ODP works with ODA and Field Operations to establish a flow of pertinent and tailored data regarding the affected communities. As the ERSF agencies provide data and analysis, Commerce, working in coordination with the Federal Disaster Recovery Coordinator (FDRC), develops a plan for completing its picture of impacts and providing a Mission Scoping Assessment (MSA). This may include sending interagency teams to key communities in the affected region. Such teams may be primarily local ones, in which case SBA's local District Office will likely lead agency participation, or combined Headquarters and local efforts, for which

ODP will coordinate agency representation. When assessments are complete, the ERSF will contribute to the FDRC's Recovery Support Strategy (RSS).<sup>12</sup> In turn, the RSS will outline to the affected community specific avenues for obtaining disaster-specific assistance and steady state Federal programs applicable to achieving the community's own long-term recovery plan.

**Regional and District Offices** – The coordination of long-term local support to small businesses in disaster-impacted communities, and thus to the communities themselves, is accomplished by the same Field Operations staff that supports routine economic and small business development in the same communities. Regional Administrators and District Directors are the face of this activity. Their tools remain the same ones as in routine economic development, but, working within the ERSF, they can also access and link programs managed by other agencies (disaster-specific and steady state) that will promote small business interests in the community. In general, these long-term recovery activities become appropriate priorities carried out with the District's and Region's existing, budgeted resources. In limited cases, some additional effort can be funded (primarily for overtime) by the President's Disaster Relief Fund (DRF), which is managed by FEMA, through a mission assignment from the FDRC to the ERSF.<sup>13</sup>

**Counseling** – To understand how best to use capital and seek markets in the new normal of the post-disaster environment, small businesses require tailored counseling provided by District Offices and SBA's resource partners such as Small Business Development Centers, SCORE, and Women's Business Centers. In certain areas, SBA also has established relationships with economic development "clusters" – resource partners usually focused on tying together groupings of small business capabilities across a defined

#### Sandy Case Study

As part of the Disaster Relief Appropriations Act of 2013 (Public Law 113-2), the Obama Administration sought and received \$20 million in supplemental appropriations for SBA to support organizations providing technical assistance related to disaster recovery and long-term resilience to small businesses recovering from Hurricane Sandy.

The funds were split into two allotments. The first is being shared with SBDCs and WBCs in states with Sandy-impacted counties, as well as with SCORE, to accelerate existing counseling and training services. The second allotment aims to spur the long-term collaboration of the resource partners in the affected regions and to build expanded partnerships to identify and build community and business resiliency.

<sup>12</sup> The MSA and RSS are closely coordinated with the impacted state and local communities, as the ultimate goal is to achieve the recovery objectives set by the impacted communities.

<sup>13</sup> A *mission assignment (MA)* is a work order issued by FEMA Operations to a Federal agency directing completion of a specific task, and citing funding, other managerial controls, and guidance. The directed effort involves only non-permanent work and utilizes a Federal Agency's unique resource(s). MAs have not been developed for SBA activities in any disaster to date.



geographical area.<sup>14</sup> SBA's Office of Entrepreneurial Development (OED) coordinates efforts to develop and present appropriate counseling programs for areas struck by disaster. Subject matter can include use of SBA disaster loans and assistance in the application process<sup>15</sup>, business planning in the post-disaster environment (which can include the exploration of alternative markets for goods and services), and the exploration of entrepreneurial opportunities created by the disaster. Counseling can also include business continuity and related disciplines, which constitutes mitigation of the effects of future disasters on the same businesses.

Because SBA's resource partners are independent entities and not built on a single model, their application to a specific disaster will vary. When appropriate, OED will address altered performance goals set for some resource partners so as to better serve the impacted small business community. DRF and other funding may become available in some disasters to expand services at some resource partner locations.

**Capital Access** – SBA's disaster loans are a first step in capitalizing the revitalization of small business in a disaster-struck area. Through the ERSF, a variety of Federal programs (e.g., state uses of the Department of Housing and Urban Development's Community Development Block Grants or the Department of Agriculture's Rural Development Business and Cooperative Programs), state or local disaster investment funds, and private funding sources can all be brought to bear on a community's recovery. In that mix are all of SBA's steady state capital programs: 7a and 504 loans, Small Business Investment Companies, etc.

One initial step frequently taken by the Office of Capital Access (OCA) is to encourage participating 7(a) lenders and Certified Development Companies (CDCs) to provide deferment relief for borrowers with lender-serviced SBA-guaranteed 7(a) loans and CDC-serviced 504 loans in affected areas.<sup>16</sup>

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<sup>14</sup> Since 2010, SBA has funded Regional Innovation clusters, Advanced Defense Technology clusters, and Jobs and Innovation clusters in 33 locations throughout the U.S.

<sup>15</sup> Disaster loan application assistance can range from simply explaining the process to the re-creation of needed records lost in the disaster itself.

<sup>16</sup> OCA Information Notices highlighting lender options can also point out how deferments can be extended to loans sold in the secondary market. Guidance regarding SBA procedures for deferments of 7(a) and 504 loans can be found in SOP 50 50 (4), Chapter 4, Para. 13.d., Chapter 5, Para. 8 and Chapter 8, Para. 8.c.(3).

## 5. Coordination and Logistics

As outlined, program offices in SBA have a role in responding to and recovering from a disaster – both the internal response required for continuity of operations and the external response required by the general population and small businesses struck by any disaster. This section spells out coordination mechanisms and the various disaster responsibilities of major SBA components, especially as they relate to the agency's mission essential function of disaster loan making.

### *Disaster Oversight Council/Executive Management Team*

As outlined in the Section 3 discussion of execution decision-making, when the Administrator, upon recommendation from the AA/ODA, activates a surge, the authority for strategic management of the disaster response is elevated from the AA/ODA to the Disaster Oversight Council. The Disaster Oversight Council is a subset of SBA's Executive Management Team (see below) consisting of:

- Administrator (or designee, chair)
- Deputy Administrator
- Chief of Staff (COS)
- Chief Operating Officer
- Chief Financial Officer (CFO)
- General Counsel (GC)
- Assistant Administrator of CLA (AA/CLA)
- Associate Administrator for ODA (AA/ODA),
- Associate Administrator for the Office of Field Operations (AA/OFO),
- Associate Administrator for OCA (AA/OCA),
- Associate Administrator for GCBD (AA/GCBD),
- Associate Administrator for Entrepreneurial Development (AA/ED),
- Assistant Administrator for OCPL (AA/OCPL),
- Associate Administrator for Management and Administration (AA/M&A),
- Chief Information Officer (CIO), and
- Director, ODP.

During a surge, the Disaster Oversight Council coordinates, as needed and usually through normal, day-to-day processes, to direct and support ODA's centers and all of SBA's resources to ensure an adequate response. Accordingly, SBA rapidly expands office space, augments staff to meet the

anticipated workload, adjusts schedules, employs a double-shift approach, and works with resource partners (SBDCs, SCORE, WBCs) as necessary to respond effectively.

### ***Coordination of Disaster Loan Making and COOP***

The COOP Plan is a tool that preserves the ability of SBA to execute its disaster loan function in a way that provides near-maximum routine service to disaster victims anywhere in the United States. Dispersal and redundancy of ODA assets minimizes the likelihood that any single event significantly degrades SBA's ability to carry out its disaster loan mission. The coordination of ODA field activities within affected SBA Districts was addressed earlier in this plan; this section addresses coordination when SBA Headquarters falls victim to disaster.

If the decision is made to relocate to any of SBA's alternate operating sites, members of the Executive Management and Incident Management teams (EMT and IMT, comprising the Emergency Relocation Group – ERG) will be required to report to the alternate site within 12 hours of the event. Comprised of SBA's senior leadership, the EMT is responsible for the oversight and command and control of the agency at all times, especially during a continuity event. It provides the leadership and management level decisions required to support SBA's mission essential function, as well as other emergency response and recovery operations.

Because the disaster loan making function is a dispersed one, executing the Headquarters COOP plan and activating the EMT has little direct or immediate impact on the mission essential function. Were a critical decision required during the 12-hour relocation window, several options would be explored: convening the Disaster Oversight Council telephonically, executing an immediate decision of the Administrator, or executing an immediate (but possibly interim) decision by the AA/ODA. In a severe circumstance where communications cannot be immediately raised with the DOC members, elements of the devolution plan can be applied.

### ***Scaling Disaster Loan Making Operations***

SBA's operations have resource components that scale: human capital, facilities, and information technology (IT). Each component can scale, separately or in concert with the others, according to the expansion that is required to meet various levels of disaster activities. These components scale to ensure that SBA can achieve a level of performance consistent with both external requirements (needs of victims) and internal goals: functional requirements increase as the agency is called upon to respond to the larger loan application volumes associated with each disaster level.

Figure 9 illustrates how human capital, facilities, and IT measures are triggered as demand (measured by the number of disaster loan applications to be processed) increases. To illustrate this approach this section provides an overview by each key component. (Appendix IV contains additional description of the process.) The strategy for expanding capacity balances the need for meeting loan application demand in the few years when demand exceeds 100,000 applications and the requirement to conserve expenditures in the many

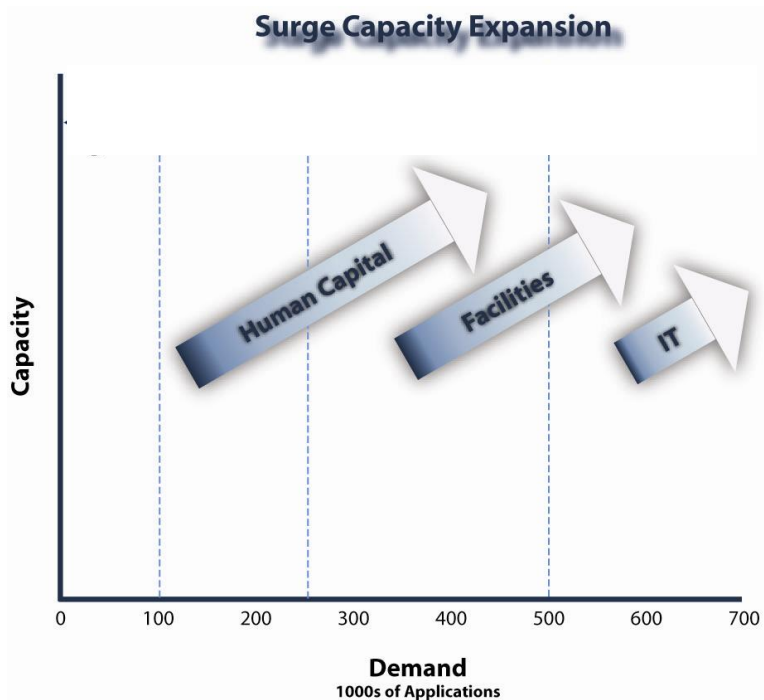


Figure 9. Capacity Expansion.

years when it does not (see Figure 6 earlier in this plan). Human capital being the most costly resource, ODA has developed a staffing strategy involving pre-identified staff that can be incrementally added to its workforce, as needed. Similarly, surge facilities have also been identified to be available as needed. Level IV circumstances are assessed as being low probability, unique events that are sufficiently buffered by the capacity developed in Levels I-III; SBA will be able to procure facilities and IT, and continue to expand its workforce, rapidly enough to meet demand.

### Staffing Strategy

The SBA Disaster Staffing Strategy is essential to ensure the Core staff is in place at all times and ready to respond to disasters as they occur. The strategy is designed to standardize staffing across all Centers and enable a sustainable staffing approach. Key to this strategy is that the pre-identified staff ("Term Intermittent") is processed onto SBA's payroll<sup>17</sup> already and can be activated immediately and deployed as necessary.

In general, the three colors in Figure 10 delineate the pre-identified staff to be applied to Levels I, II, and III disasters, respectively. Because most years follow predictable patterns of loan demand (driven by floods and tornadoes in the

<sup>17</sup> These individuals have been selected through a competitive hiring process, completely processed through SBA's human capital requirements, and are maintained in a non-pay status until deployment is required.

spring and hurricanes in the summer and fall), ODA is able to adjust staffing levels within Level I operations by adjusting the number of Term Seasonal employees active at any time. Level II requires the use of Term Intermittent staff and Level III calls upon the temporary employees depicted in the right-hand box.

Permanent	Cadre	DR Term Seasonal	Excepted Service - Attorneys	DR Term Intermittent	Excepted Service - Attorneys	Temporary - Schedule A - Schedule B Contractors
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Numerous flexibilities exist within this strategy that allow ODA to fully tailor its work

**Figure 10. Components of SBA Staffing Strategy.**

force to meet the precise requirements it faces after a given event. No disaster is exactly like another, the surge levels are planning guides. If the Associate Administrator of ODA judges a situation more demanding than it might appear based on forecast application levels, the Administrator can elevate the Agency's response to provide ODA more cross-SBA help.

The staffing strategy process enables ODA to determine the appropriate staffing levels and skills required for specific disasters.

1. Assess Application Volume: When deemed necessary, the ODA Scalability Model is executed to validate the staffing needs. (See Appendix III.)
2. Validate Staffing Levels: ODA crosswalks availability models, as well as other disaster information, with Centers' staffing projections, and identifies the staffing levels to ensure that they have the staff needed to respond. To validate staffing levels, ODA looks at unique characteristics of each disaster.
3. Determine Unique Disaster Characteristics: In addition to validating that their current staffing level projections meet the requirements to respond to the disaster, Centers will also identify unique disaster requirements to ODA to ensure that the staff possesses the requisite skills.
4. Identify Resources: Once the unique requirements are identified by ODA then the Centers, working with Office of Disaster Personnel, will identify specific staff to activate to provide the needed skills.
5. In-Process/Hire Surge Staff: ODA, in coordination with Centers and the Office of Disaster Personnel, will place staff in pay status, hire staff, or execute a contract based on the needs for responding to the disaster.

**Non-ODA Surge Staff** – Some non-disaster SBA staff have experience in loan processing and other disaster assistance functions. Working with other program offices, ODA can engage these staff members as a loan processing “buffer.” While non-ODA personnel are engaged in the loan process for four to six weeks, ODA seeks longer term temporary hires for the same purpose.<sup>18</sup>

ODA is prepared to adapt materials from its ongoing training programs to cross-train these personnel in cost-effective locations, as the need arises and conditions warrant.

**External Hiring** – When SBA cannot meet staffing projections with pre-identified staff or contractors, it immediately begins advertising for positions using Public Service Announcements (PSAs) in the locality where employees are needed. ODA also places classified ads, and recruits at local colleges and job fairs. If local recruitment is not sufficient, then ODA performs a national hiring initiative, placing classified ads in publications throughout major U.S. metropolitan markets.

**Utilizing District Office Employees** – SBA is prepared to utilize its nationwide District Office infrastructure to assist increased disaster activity when warranted. District employees can be instrumental in coordinating local resources through SBDCs, Chambers of Commerce, and other local professional and charitable organizations to improve outreach and accelerate response in the field. ODA has also trained District Public Information Officers and Regional Communication Directors on understanding the disaster loan program, crisis communications, dealing with the media, best practices and understanding disaster assistance provided by other Federal Agencies.

**Resource Partners** -- In addition to the long-term recovery efforts of SBA's resource partners described in Section 3, during responses at all levels, SBA leverages its partners to help ODA with local outreach:

- Making potential applicants aware of SBA's services and handing out disaster loan applications;
- Screening and interviewing – helping applicants complete documents and collect requisite background information; and
- Application assistance.

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<sup>18</sup> In general, non-ODA surge staff serves on a voluntary basis, with the specific agreement of their respective program offices, and in accordance with Article 31 of the Master Labor Agreement.

### **Infrastructure**

ODA maintains a 150,000 sq. ft. facility as permanent space for the Processing and Disbursement Center (PDC) in Fort Worth, TX. This space accommodates a total of 1,750 work stations. This amount of space is expected to support operations well into a Level III disaster. Additionally, ODA has identified and maintains approximately 20,000 sq. ft. for backup and surge processing in Sacramento, CA, accommodating approximately 350 work stations. The agency is able to immediately ramp up while assessing if additional surge space will be needed (expected in Level IV). SBA can implement a double shift approach to accommodate more than one employee at each work station. (Loss verifiers – who perform their primary duties out in the field – do not require office space in these facilities.)

### **Information Technology**

DCMS provides a broad range of geographically-dispersed SBA employees access to the system. Specifically, SBA employees performing surge processing across the agency's nationwide infrastructure have access to the system to maximize efficiency. DCMS has been tested and verified to support 10,000 concurrent users.

### ***Disaster Loan Making Budgeting***

Securing sufficient funding for SBA's disaster program administration and lending is a strategic support function. This process involves two main components: completing the original demand forecast and then carefully monitoring all available data as the situation progresses to determine whether the original forecast needs updating.

SBA's process for tracking disaster fund usage involves a coordinated effort between the ODA and the Office of the CFO (OCFO). ODA develops the initial estimates of a disaster's loan demand based on the following sources of information:

- Estimated number of referrals from FEMA;
- Historical average rate of applications received as a percentage of FEMA referrals;
- Historical average rate of applications approved;
- Historical average loan size for comparable disaster type (e.g. hurricane); and
- Results from the Internal Demand Forecast Model (see Appendix III).



After initial demand levels are established using this approach, SBA determines whether additional (supplemental) funds are needed. If so, SBA works with the Office of Management and Budget (OMB) to request supplemental funds from Congress.

As it begins to process loans following a disaster, ODA tracks the following information for home loans, combination business and EIDL, and stand-alone economic injury disaster loans:

- Total applications received
- Approved applications
- Withdrawn applications
- Pre-processing declines
- Declined applications
- Applications remaining in process
- Loans closed
- Loans disbursed

From these numbers ODA calculates approval rates and average loan amounts that can be compared to historical averages and recent trends. It also projects actions on applications in-house but not yet processed, and applications issued, but not yet received. Progress on application processing and related activities is tracked weekly or even daily in the case of major disasters. The frequency of reviews and updates to the original forecast depend on the magnitude of the disaster and the availability of funds. The original assumptions and latest data are reviewed and revised by ODA and then reviewed by OCFO. If significant divergence is noted, the information is shared with SBA senior management. Such variances are researched and can trigger an immediate review of the key forecast assumptions if necessary. For minor events where sufficient funds are available, assumptions are only updated every few months.

A tracking report of all disaster loans provides net loan approval amounts, net numbers of loans approved, average loan size, estimated days remaining of funding availability at current average daily rates, program and subsidy amounts used to date, and program and subsidy current available balances.

SBA uses these tracking methods to closely monitor disaster funding requirements and provide timely information to OMB and the congressional offices on disaster budget issues as appropriate.

## ***Office Responsibilities***

### **Office of Disaster Assistance**

Upon declaration of a disaster, the SBA's assets are immediately put into motion to help with recovery. As an event unfolds, SBA's Office of Disaster Assistance expands office space, calls on staff and reservists to meet the anticipated workload, and adjusts schedules to accommodate the increased workload and various time zones.

The ODA organizational structure and assets are functionally-based and geographically dispersed, minimizing reliance on a single region.

**ODA Headquarters** – This office, part of SBA Headquarters in Washington, DC, coordinates and leads disaster responses for Level I and Level II. Level I disasters are smaller in scale and do not generally require SBA Headquarters to be actively engaged on a day-to-day basis. For Level I and Level II disasters, the ODA Headquarters staff performs the following functions:

- Coordinate with FEMA, Congress, CLA, and OCPL.
- Coordinate and lead information-sharing with all Centers, ODA management, SBA senior management, Regional and District staff, and SBA Resource Partners.
- Participate in or lead meetings and activities with the NRCC, FEMA, and other relevant disaster response teams.
- Assess programmatic needs and project level of activity and budget. Damage estimates are based on surveys, historical information for similar types of events in the state and/or region, information from imaging, state and local reports, media, insurance in force, demographics, and timing of event (e.g., local events, festivals, off season or in season).
- Prepare and publish SBA disaster declaration in the *Federal Register* following disaster declarations.
- Approve or decline requests for disaster declaration submitted by ODA's Field Operations Centers.
- Coordinating with PDC, CSC, and Field Operations Centers (FOCs) regarding the supply of English and Spanish applications on hand.
- Review and set policy, procedures and guidelines for all ODA operations.

**Quality Assurance** –ODA quality assurance focuses on monitoring that the staff is in compliance with SBA policy, regulations, and law.

A Quality Assurance Team, reporting directly to ODA Headquarters, looks for exceptions or departures from stated policy. The Quality Assurance Team performs ongoing reviews of the loan processing and disbursing functions. Additionally, the team conducts any specific reviews requested by management; the Quality Assurance Team also conducts a semi-annual erroneous payment review.

ODA also has a quality assurance plan for monitoring the various functions of the CSC, identifying areas for improvement and training opportunities. ODA provides checklists, job aides, and other training materials to each customer service representative. ODA monitors communications with customers, in an effort to assure courteous, accurate, and professional customer service.

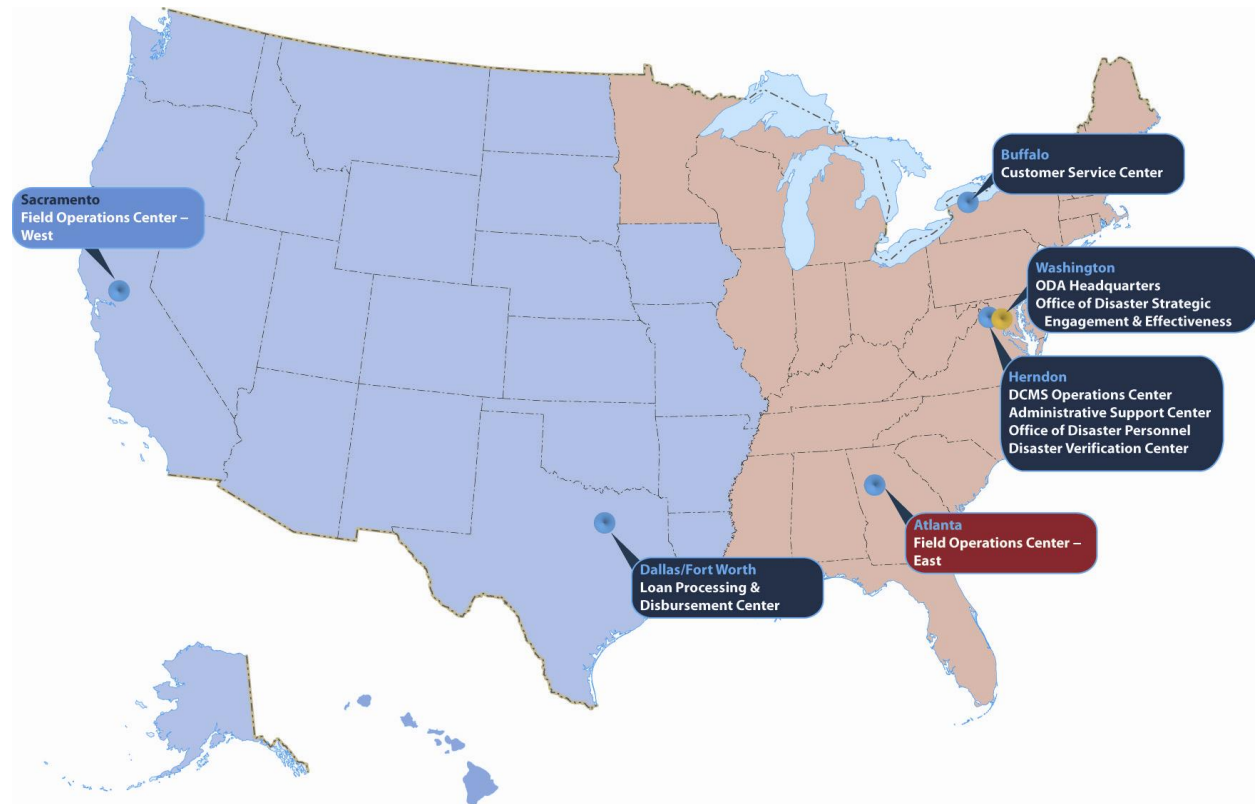


Figure 9. ODA Functional Centers.

**Customer Service Center** – Frequently, disaster victims have questions about how to file or fill out a disaster loan application. Many disaster victims have little experience in completing loan applications. Operationally, ODA supports this need through its CSC, located in Buffalo, New York. It is a single nationwide point of contact for disaster victims who have questions about SBA disaster loans. It

provides them with the following services: a call center, e-mail response, disaster application mailings, and pre-application entry.

The CSC baseline state of readiness allows it to adequately respond to Level I and II disasters, representing a workload of approximately 2,000 calls per day or less.

CSC is responsible for the following tasks:

- Determining staffing requirements based on workload projections.
- Based on the forecasted call volume for the new disaster, projecting hourly call patterns using the CSC's Daily Call Forecasting tool.
- Requesting activation of specified number of reserve technicians and specialists in the local commuting area in a disaster, when necessary.
- Ensuring Mailbox and Problem Resolution teams are in place. A specialized team of customer service agents is dedicated to respond to email inquiries received through ODA's Customer Service mailbox (disastercustomerservice@sba.gov). The mailbox team typically has a dual responsibility of manning the Disaster Recovery Center line, a dedicated 800-line for exclusive use by field personnel.
- Staffing the Help Desk which is the front line interface to users. The Help Desk is responsible for handling requests, primarily from ODA staff, for assistance with DCMS operational questions and issues.

**Field Operations Centers** – FOCs coordinate disaster field operations and reach out to ODA's external partners to publicize ODA's Disaster Loan Program in advance of and following disasters. Outreach targets include FEMA Regional Offices, State Offices of Emergency Services, SBA's Regional Administrators and District Directors, Congressional offices, and SBA's resource partners (SBDCs, SCORE, WBCs, private sector professional organizations, etc.).

FOCs are responsible for:

- Establishing, staffing, and maintaining field operations onsite in declared disaster areas, including Disaster Recovery Centers and SBA Disaster Loan Outreach Centers (DLOCs). DRCs are partnerships between FEMA and SBA.
- Conducting disaster surveys with FEMA, state, and local officials.
- Communicating with media outlets.

- Communicating with Congressional District offices and other elected officials, including proactively conveying SBA's disaster response accomplishments.

Field Operations Center – East (FOC-E) is located in Atlanta, Georgia and serves the states east of the Mississippi River, plus Minnesota, the U.S. Virgin Islands, and the Commonwealth of Puerto Rico.

Field Operations Center – West (FOC-W) is located in Sacramento, California and serves the states west of the Mississippi River (except Minnesota) plus American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, and Republic of the Marshall Islands.

**Processing and Disbursement Center** – All disaster loans are processed and funds are disbursed at the PDC, located in Fort Worth, Texas.

The PDC is responsible for the following functions:

- Mailing disaster loan applications requested by victims of a declared disaster.
- Screening for acceptance of all received disaster loan applications.
- Reviewing and processing all accepted disaster loan applications.
- Closing all approved SBA disaster loans and the disbursement of the disaster loan proceeds.
- Performing onsite loss re-verifications.

If the size of a disaster requires a larger response, or if an incident yields the Dallas/Fort Worth PDC facility inoperable, SBA's Sacramento, California location provides backup capability.

**Administrative Support Center (ASC)** – ASC provides the necessary administrative support functions during disaster operations, including:

- Executing payroll, including filing of all time and attendance data generated in the field.
- Handling day-to-day procurement needs of ODA centers, with an emphasis on purchasing from local small businesses whenever practicable.
- Making travel arrangements and processing travel vouchers for personnel involved in disaster operations.

**Office of Disaster Personnel** – provides the necessary human resources functions during disaster operations including the hiring of disaster staff, consistent with the ODA's Staffing Strategy.

**Office of Disaster Strategic Engagement and Effectiveness (ODSEE)** – implements the ODA training plan consistent with ODA's competency framework.

**Disaster Credit Management System Operations Center** – The DCMS Operations Center supports ODA's information technology requirements. The systems supported by the operations center are essential to ODA employees' ability to help disaster victims recover.

The DCMS Operations Center has two departments. The Technical Operations group is responsible for the infrastructure, hardware, network, database, system administration and security issues. The Functional group is responsible for the software applications, planning, development, testing, training and communications, and reports.

DCMS is responsible for the following functions:

- Monitoring, tracking, and analyzing system metrics to keep the system up and operational.
- Procuring, maintaining, and supporting tablet computers for use in disaster locations.
- Closely monitoring tablet inventory for DVC in order to procure additional units, with sufficient reserve if needed.
- Completing upgrades and reprogramming requests to address operational needs and process improvements
- Assessing system capacity during a disaster and executing surge plans to expand capacity if necessary. Specific triggers have been identified to indicate when the system is reaching capacity.
- Ensuring connectivity of disaster recovery satellite offices.

The DCMS Operations Center in Herndon, VA gives 10,000 personnel the ability to use the system simultaneously. A redundant DCMS Operations Center in Irvine, California serves as a backup, should the Herndon Center be incapacitated; it also has capacity for 10,000 concurrent users.

**Damage Verification Center** – DVC verifies the cause and extent of physical damages to a loan applicant's property. It is responsible for completing all original loss verification reports. All approved applications for physical disaster

loan assistance require on-site inspections. Physical disaster loans are for permanent rebuilding and replacement of uninsured, or under-insured, disaster-damaged, privately owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes, and private nonprofit organizations. The DVC's verification report is an essential element in the loan making process that guides the PDC in establishing eligibility.

The DVC verifier views disaster-related damages for both real and personal property, and records observations in a report form contained on a portable personal tablet computer. The DVC verifier has specific responsibilities that include, but are not limited to: determining the estimated cost of repair or replacement of real, personal and business property; providing information gathered during the on-site inspection to guide SBA loan officers in establishing eligibility within program guidelines; and estimating replacement and pre-disaster Fair Market Value of property.

### **Office of Disaster Planning**

ODP ensures disaster planning and readiness for the SBA and the efficient use of resources. The Director of ODP coordinates the efforts of other SBA offices both internally and external to SBA to execute disaster recovery as directed by the Administrator. Specific functions include:

- Creating, maintaining, and implementing the comprehensive disaster preparedness and recovery plan of the Administration;
- Serving as the primary point of contact for the Administration within the RSF structure of the NDRF;
- Ensuring there are in-service and pre-service training procedures for the disaster response staff of the Administration;
- Coordinating and directing the training exercises of the Administration relating to disasters, including disaster simulation exercises and disaster exercises coordinated with other government departments and agencies;
- Maintaining and coordinating SBA's Continuity of Operations Plan; and
- Other responsibilities relevant to disaster planning and readiness (including serving as SBA focal point for coordination with the Domestic Resilience Group and the White House National Security Staff), as determined by the Administrator.

### **Management and Administration**

The Office of Management and Administration manages execution of COOP plans whenever an SBA facility is impacted by a disaster. When Headquarters is



hit by a disaster, M&A also manages both overall continuity operations at SBA's alternate facilities and the reconstitution process.

In the event of a major disaster requiring execution of the disaster loan mission, M&A, through its office of Administrative Services, provides the necessary support to ensure that adequate space and facilities are available. To ensure the availability of space and facilities, Administrative Services works closely with officials from the General Services Administration to maintain the relationship, communication, and commitment needed to make certain of the immediate availability of space and facilities in those areas of the country most likely to be subjected to natural disasters.

M&A, through the Office of Human Resource Solutions (OHRS), coordinates with ODA to determine if there is a need to augment ODA disaster personnel staff. If a disaster requires surge operations, OHRS will work with ODA and other program areas to implement the surge procedures. Specifically, OHRS will notify employees who are being affected and notify the SBA's union of activation of surge procedures. Depending on the severity and location of the event, OHRS is able to move its operations to the OHRS Denver Personnel Center. Should the OHRS Payroll Operation be impacted by the disaster, OHRS has measures in place with the National Finance Center (NFC) to ensure that SBA employees continue to be paid. OHRS would activate its "go teams" to a NFC backup location to manually input time and attendance data into the NFC. NFC has measures in place and emergency backup facilities to ensure payroll will be processed in a timely manner.

### **Field Operations**

While ODA has the primary responsibility for the delivery of SBA's disaster loan program, non-disaster field offices must play a role in all disasters to ensure a seamless and effective response to our customers. The extent to which a regional, district or branch office will be called upon to support a disaster recovery operation will be determined largely by the severity of the disaster and how widespread it is. Many local offices lack sufficient staff to support a large endeavor and in many cases their own employees may be suffering the effects of the event and need to take care of their own families and home situations.

The Office of Field Operations at Headquarters will coordinate with M&A, ODP, ODA, and other offices to ensure the support to impacted District offices, as well as employees and their families, while providing assistance to the disaster loan mission, as required. As the ERSF stands up, OFO will determine which field staff will serve as SBA's on-scene representatives to the ERSF and for the FDRC. Typically, local District Directors serve as SBA's local lead for long-term recovery.

### Office of Entrepreneurial Development and Resource Partners

OED, in conjunction with SBA resource partners (SBDCs, SCORE, WBCs and clusters), supports the small business community in preparing for and recovering from disasters. SBA's resource partner network and entrepreneurial services such as the Small Business Training Network contribute significantly to disaster preparedness for small businesses and provide counseling services tailored to regional and local circumstances post-disaster to help small businesses recover. OED serves as SBA's central point-of-contact for resource partners and coordinates national and regional training for resource partners on disaster preparedness, response, and recovery.

OED coordinates with SBDC, SCORE, WBC and clusters to work with ODA, SBA district offices, and other local resources to provide "one stop" resource availability. Placing SBA, SCORE, WBC, SBDC and cluster personnel at one physical or virtual location can enable a seamless process for small businesses needing assistance. SBDCs participate in pre-disaster preparations when advance notice is available, as well as counseling small businesses on business continuity practices.

At all disaster levels, resource partners:

- Make potential applicants aware of SBA's services and hand out disaster loan applications;
- Screen and interview applicants and help complete documents and collect requisite background information;
- Provide:
  - Application assistance,
  - Direct counseling assistance to help small businesses,
  - Financial record reconstruction,
  - Alternative marketing recommendations for small businesses to reach current/new customers;
- Promote use of the Electronic Loan Application (ELA);
- Form business support groups in conjunction with SBA efforts; and
- Provide other general small business counseling and training, to include future risk mitigation and resiliency strategies.

## **Other Offices Supporting Disaster Recovery**

**Office of the Chief Financial Officer** – The Acquisition Division, within the Denver Finance Center, is responsible for meeting the acquisition needs of ODA during a disaster response. To facilitate ODA's needs in an expeditious manner, a senior Contracting Officer will be assigned to support their needs on an ongoing basis. That individual will work very closely with ODA to handle both routine and emergency requirements. The senior Contracting Officer will also work closely with the Federal Emergency Response and Recovery Contracting team to utilize contracting vehicles developed specifically for disaster needs. When a disaster strikes, the Division will provide additional contracting support, as needed, to help ODA define their requirements, effect a streamlined acquisition process, and procure the right solution for their needs within budget and on time.

**Office of the Chief Information Officer** – OCIO is responsible for developing and implementing information technology policy, standards and procedures in accordance to applicable laws and regulations for use throughout the agency. It provides oversight, management and operational support of SBA's IT units, including the agency's continuity of operations, disaster response, and recovery capabilities for the infrastructure and critical systems. OCIO manages and monitors the agency's network to ensure a fast response to any problems that may arise during critical times, regarding stability, reliability and availability of all critical systems. OCIO supports SBA's websites, and ensures they are accessible at all times, so those affected by disasters can get to disaster related information from the first responders phase through to the recovery phase.

**Office of Communications and Public Liaison** – The Assistant Administrator, OCPL is responsible for all public communications and creates the Agency's communications-related policy, for both normal and disaster operations. As part of this responsibility, OCPL creates the Agency's core messages to ensure customers and government entities understand SBA's mission, capabilities, and services. OCPL disseminates the messages at the national level and to SBA Field and Disaster Offices for local distribution.

**Congressional and Legislative Affairs** – The Assistant Administrator, CLA is responsible for SBA's communications with members of Congress and their staffs. CLA responds to Congressional inquiries and seeks to keep members informed of SBA's recovery activities. CLA focuses on members of the districts affected by a disaster to ensure their constituents' needs are addressed, as well as members of the authorizing and appropriating congressional committees to ensure resource needs are well understood.

**Office of Government Contracting and Business Development** – GCBD works to create an environment for maximum participation by small, disadvantaged, veteran, and woman-owned businesses in federal government contract awards

and large subcontract awards. This effort is focused on creating an environment where maximum participation by small business – including disadvantaged, veteran, and women-owned businesses – can be achieved through support such as financing, training, counseling, communication, and procurement and legislative policies. For businesses who want to play a role through Federal contracts, disaster recovery begins before an event occurs. GCBD encourages small business involvement in the Federal procurement process that develops catalogs of companies that provide recovery-oriented services, such as FEMA registries and U.S. Army Corps of Engineers debris removal contracts.

**Office of Capital Access** – SBA's programs to provide small businesses access to capital are many and varied. Once the immediate needs generated by a disaster are addressed by insurance proceeds and SBA disaster loans, established businesses and entrepreneurs both can address business opportunities created by the event. Because the purpose is the same post-disaster as it is steady state, SBA can help facilitate a loan with a third party lender, guarantee a bond, or help businesses find venture capital using its day-to-day programs. SBA provides a number of financial assistance programs for small businesses, managed by OCA, that have been specifically designed to meet key financing needs, including debt financing, surety bonds, and equity financing.

When ODA's Disaster Loan operations require surge personnel, OCA staff with loan experience can play a key role in meeting the temporary need.

### ***COOP Logistics***

The goal of continuity planning is to provide resiliency to the Administration; this is best achieved by relying to the maximum extent possible on resources residing totally within SBA itself. While total self-reliance is not practical, SBA's COOP planning achieves it to large measure. By and large, a local office experiencing a disaster will be supported by neighboring offices and SBA Headquarters in Washington. Centers are designed so that counterparts can pick up important functions. Logistical support is no exception.

In most cases, any support that is lacking will be provided by or through Headquarters. In the case of an incident affecting SBA Headquarters, the procurement function is part of the Emergency Relocation Group specified in the COOP plan, including devolution elements. Resources that cannot be rapidly obtained from unaffected portions of SBA can be obtained through these procurement channels.

The largest logistics challenge in a continuity situation is reconstitution, the transition from continuity operations to "normal" operations once the threat of further disruption is passed. Current plans allow reconstitution to mean anything

from a simple resumption of full operations at an original location (the usual occurrence) to a complete replacement of a facility in the original or different community in extreme circumstances. (For example, a building fire at Headquarters might be quickly contained and all workers returned in a matter of days. A terrorist attack on Washington with a weapon of mass destruction might require a long-term approach to replacing facilities or even the relocation of the seat of national government.)

## 6. Public Communications

In a disaster situation, SBA plays an essential role in restoring the affected area's economic health and vitality. Each year SBA handles tens of thousands of disaster loan applications for small businesses, homeowners, and renters to help them return to their pre-disaster standard of life. Ensuring accurate, timely, and consistent information exchange between disaster victims and the government institutions upon which they rely is a vital part of SBA's disaster recovery mission.

### *Target Audiences*

SBA will provide accurate, timely, and consistent information to several audiences simultaneously:

- **Disaster Victims and SBA Customers:** Provide accurate, timely, and consistent information on contacting SBA, agency services (especially about how to apply for disaster loans and long-term recovery counseling), and how to ease the application process.
- **State & Local Officials:** Provide accurate, timely, and consistent information about SBA's services, how to access them, and the status of SBA operations in their area (with ongoing status reports throughout the process).
- **Federal and Congressional Officials:** SBA maintains partnerships with FEMA, DHS, Commerce, and other federal partners to ensure smooth recovery operations. These partners understand SBA's role in supporting disaster recovery and remain in close contact throughout a recovery operation through ODA, ODP, and other channels. SBA coordinates with agency partners that offer financial assistance programs that (a) could impact SBA benefits or (b) be leveraged through Recovery Support Functions to enhance the long-term recovery of affected small businesses. As necessary, CLA, in coordination with appropriate other SBA elements, will explain how SBA is responding to particular events to Congressional delegations.
- **National, Regional, and Local Media Outlets:** Enhance strong relationships with media to facilitate dissemination of SBA's message, provide an accurate picture of SBA operations, and encourage reasonable expectations as to what the agency can and cannot do.
- **National Business & Government Associations:** Partner with ERSF agencies, economic development organizations, non-profits, and government associations to provide additional channels for increasing awareness of

SBA services and how they can be leveraged to aid in economic recovery.

- **Strategic Partners:** Partner with ERSF agencies, economic development organizations, non-profits, and SBA resource partners to provide additional channels for increasing the awareness of SBA services and aid in economic recovery.

### ***Roles and Responsibilities***

AA/OCPL is responsible for all communications and creates the Agency's communications-related policy, for both normal and disaster operations. As part of this responsibility, OCPL creates the Agency's core messages to ensure customers and government entities understand SBA's mission, capabilities, and services. OCPL disseminates the messages at the national level and to SBA Field and Disaster Offices for local distribution.

AA/CLA is responsible for SBA's communications with members of Congress and their staffs. CLA responds to Congressional inquiries and seeks to keep members informed of SBA's recovery activities. CLA focuses on members of the districts affected by the disaster to ensure their constituents' needs are addressed, as well as members of the authorizing and appropriating congressional committees to ensure resource needs are well understood.

SBA's early interaction with its customers and state and local stakeholders is a joint effort between ODA and regional and district public affairs personnel. These personnel maintain up-to-date contact with state, county, and municipal officials to educate them on SBA's role in disaster recovery prior to a disaster, and to facilitate early recovery operations afterwards. They also maintain contact lists for local media outlets to ensure the public is aware of SBA's services and how they can be accessed. District Office personnel have established relationships with local development organizations and professional organizations (e.g., civic organizations, Chambers of Commerce), who will often be the first point of contact for local business leaders in the event of disaster. As recovery focus shifts from Disaster Loans to longer term requirements, the communications role shifts from ODA leadership to Regional Administrators and District Directors, working in conjunction with Commerce and other agencies supporting the Federal Disaster Recovery Coordinator and independently performing SBA's mission of empowering small businesses.

SBA retains a robust crisis communications capability within ODA, with dedicated Public Information Officers (PIOs) at its FOC (East & West). When a disaster occurs, these experienced professionals deploy to the on-site Joint Information Center (JIC) alongside personnel from FEMA and other federal agencies to facilitate intra-government communications. ODA Field



Communication Managers also lead the early interaction with the local media outlets to answer inquiries and inform the public of SBA activities.

SBA employees have received significant training in crisis communications and public relations and are well prepared to interact with affected customers, federal, state and local officials, and the media. SBA has created communications materials, which will be disseminated immediately in the event of a disaster.

### ***Pre-Disaster Communications Outline***

Pro-active communication, before disasters occur, is central to SBA's strategy. These "pre-disaster" communications are not specific to any one disaster, but are general preparations. To this end, OCPL:

1. In coordination with ODA,
  - a. Initiates SBA-wide training for all public affairs staff related to handling disasters in their districts.
  - b. With DHS and FEMA, establishes seasonal pen and pad briefings for national media on disaster-related issues.
  - c. To the extent practical, provides region-specific materials on disaster loan programs (e.g., hurricane-relevant releases each year in Regions I, II, III, IV, and VI prior to June 1).
  - d. Conducts regional-specific marketing and outreach through the National Emergency Management Association, SBA resource partners, and others.
2. In conjunction with ODA, ODP, and CLA,
  - a. Develops and disseminates basic materials explaining SBA's disaster services to all levels of government and media;
  - b. Enacts an earned media campaign (media tour) with a paid media option (advertisements): FOCs circulate tips and relevant information to hurricane states during the month before hurricane season, in coordination with OCPL.

### ***Surging Post-Disaster***

This communications plan outlines the course of events for communicating prior to a forecast disaster and during the execution of recovery operations; it has two major objectives:

1. Educating customers about SBA services and how to use them.
2. Facilitating operations with other recovery partners.

The plan is aligned with the Emergency Support Function #15 Standard Operating Procedure established by DHS, enabling communications through NIMS.

### **Level I Disaster Communications**

In the case of disasters such as hurricanes, where there is the opportunity to prepare for a disaster before it occurs, the ODA PIO reviews the communications operating procedures, sets an initial communication strategy, and creates requisite disaster-specific materials. For other disasters, such as tornadoes, SBA begins its recovery operations once a disaster declaration has been issued.

ODA PIOs contact the affected regional and district offices at the onset of a disaster. The public affairs personnel at the regional and district levels immediately reach out to local officials to inform them of classification of the disaster and what services SBA will provide to assist in the recovery. SBA maintains a Disaster Toolbox for the field representatives to use in the period immediately following a disaster that contains ready-to-use materials providing basic information on SBA disaster loan services.

The PIOs entering a disaster area and SBA's field assets coordinate communications to the media in order to deliver a coherent message to the local population. These communications occur daily until DLM operations end. Once in the affected area, the PIOs, working with local District Directors, lead the communications efforts with federal, state, and local stakeholders from the JIC. They provide trained spokespeople to interact with local media outlets in order to further disseminate SBA's message. The PIOs interact closely with FEMA's Community Relations staff to coordinate outreach actions. ODA personnel also interact with congressional officials visiting the affected area.

During Level I disasters, the OCPL provides communications oversight in order to ensure SBA's customers and stakeholders receive accurate, timely, and consistent information. When required, OCPL staff interacts with national media. The OCPL also serves as an additional communications resource to internal SBA operations such as PDC, and other federal agencies, primarily with contacts in the Washington, DC area.

CLA retains oversight of responses to congressional inquiries, interacts directly with members and their staffs in the Washington, DC area, and ensures that members visiting the affected area receive an accurate picture of SBA

operations. The PIOs provide information to members of Congress who are visiting the affected area.

### **Level II, III, and IV Disaster Communications**

For Level II disasters, the same concept of operations and basic sequence of events applies. However, the AA/OCPL is responsible for coordinating all internal and external communications in the event of a major disaster event (Levels III and IV). All external messaging, to include press releases and information sharing with various local, tribal, state and other federal government agencies will be coordinated and approved by OCPL. This includes coordination of messaging from all SBA regional and district field offices, as well as ODA disaster center offices. The coordination of this messaging is important during larger events in order to ensure that the agency stays on message and is providing the most accurate and up-to-date information to the public. The SBA Administrator, in consultation with the AA/OCPL, AA/ODA, and AA/OFO will monitor the ongoing disaster situation to determine the appropriate level of communications necessary, as well as ensure that appropriate and timely coordination is taking place with ODA center personnel and the impacted SBA field offices.

OCPL may choose to set up a centralized communications function at SBA headquarters in Washington, DC or other location in response to any disaster on the high end of Level II or for Level III and IV events. Such centralization can increase the Agency's ability to conduct recovery operations and reach out to its customers. It provides a clearinghouse for Agency communications to create a clear picture of SBA recovery operations. The AA/OCPL can also deploy headquarters personnel to the JIC to facilitate information flow between the headquarters and on-site activities.

During Surge Plus disasters (Levels III and IV), OCPL takes on broader communication responsibilities. To that end, a clearinghouse would respond to inquiries regarding the laws and policies that govern SBA recovery operations and all media inquiries that do not originate from the affected area. It would serve as the main communications hub within SBA, for federal partners, and for members of Congress.

## Appendix I. Abbreviations

AA	Associate Administrator
ASC	Administrative Service Center
CDC	Certified Development Company
CFO	Chief Financial Officer
CIO	Chief Information Officer
CLA	Congressional and Legislative Affairs
COOP	Continuity of Operations
COS	Chief of Staff
CSC	Customer Service Center
DCMS	Disaster Credit Management System
DLM	Disaster Loan Making
DLOC	Disaster Loan Outreach Center
DOC	Disaster Oversight Council
DPRP	Disaster Preparedness and Recovery Plan
DRC	Disaster Recovery Center
DRF	Disaster Relief Fund
DVC	Damage Verification Center
EIDL	Economic Injury Disaster Loan
ELA	Electronic Loan Application
EMT	Emergency Management Team
ERG	Emergency Relocation Group
ERSF	Economic Recovery Support Function
ESF	Emergency Support Function
FDRC	Federal Disaster Recovery Coordinator
FEMA	Federal Emergency Management Agency
FOC	Field Operations Center
GC	General Counsel
GCBD	Office of Government Contracting and Business Development
GSA	U.S. General Services Administration
IMT	Incident Management Team
IT	Information Technology
JIC	Joint Information Center
MA	Mission Assignment
M&A	Management and Administration
MEF	Mission Essential Function
MSA	Mission Scoping Assessment
NDRF	National Disaster Recovery Framework
NRF	National Response Framework
OCA	Office of Capital Access
OCIO	Office of the Chief Information Officer
OCFO	Office of the Chief Financial Officer

OCPL	Office of Communications and Public Liaison
ODA	Office of Disaster Assistance
ODP	Office of Disaster Planning
ODSEE	Office of Disaster Strategic Engagement and Effectiveness
OED	Office of Entrepreneurial Development
OFO	Office of Field Operations
OHRS	Office of Human Resource Solutions
OMB	Office of Management and Budget
PDA	Preliminary Damage Assessment
PDC	Processing and Disbursement Center
PIO	Public Information Officer
PPD	Presidential Policy Directive
PSA	Public Service Announcement
PS-Prep	Voluntary Private Sector Preparedness Accreditation and Certification Program
RRCC	Regional Response Coordination Center
RSF	Recovery Support Function
RSS	Recovery Support Strategy
SBA	U.S. Small Business Administration
SBDC	Small Business Development Center
WBC	Women's Business Center

## Appendix II. Preparedness

Preparedness is the sum of actions taken to meet an almost infinite array of threats and risks, but can also be looked at in individual slices of time before, during, and after an event or as sets of specific actions. SBA prepares for disasters, whether natural or man-made, large-scale or small, and ones that affect both parts of the general population and SBA, as well as ones that spare the Agency. Most disasters are singular points in time or of short duration – an explosion, a fire, a storm, an earthquake. Those few that linger, a pandemic for example, still can be viewed as having a finite duration. In PPD-8, the President directed agencies to group these sets of actions into five frameworks: prevention, protection, mitigation, response, and recovery.

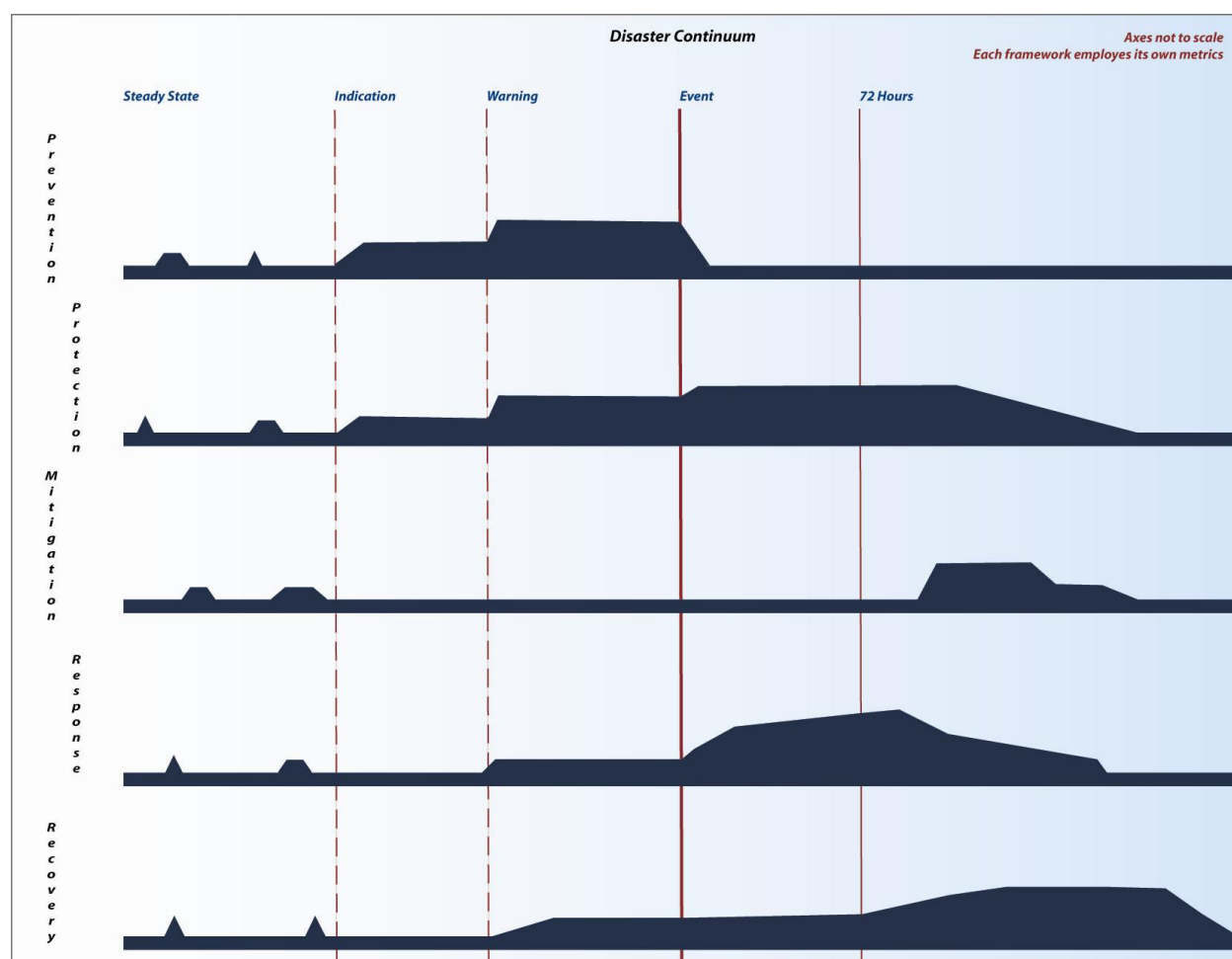


Figure 12. Level of Activity -- Preparedness Frameworks.

The activities undertaken within these five frameworks are constantly underway, whether caused by actual events, exercises, or simply through ongoing planning efforts. Figure 12, above, presents a stylized view of how activities ebb and flow over time, across the disaster continuum. For simplicity, time has been broken

into five windows centered on an event. During routine periods between events, shown as “steady state,” activities within all five frameworks peak – sometimes in synchronized fashion, sometimes independently – based on established planning cycles, exercises, and perceptions of prevailing threats. Here “indication” is used to mean when an expert consensus forms that a specific risk has markedly elevated. A deepening tropical depression off the African west coast is an indication that a hurricane may strike the U.S. along the Gulf or Atlantic coasts. Increased intelligence “chatter” may be an indication of an impending terrorist attack. The tropical depression may trigger increased protective measures. The chatter may trigger both protective and preventive measures.

Certain measures consume or commit resources to a degree that it is unwise to activate them until a specific probability of an event rises above a generally recognized trigger level. This trigger is termed “warning.” As hurricane models are refined to produce the likely location of landfall, response resources are moved into position to be most useful post-event. Protective actions, such as shuttering windows, are taken or recommended. Depending on the nature of intelligence, the same mobilization of response assets and activation of protective measures may occur for a potential terrorist attack, but warning will certainly lead to a maximum effort to interdict the terrorist and prevent such an attack.

When an event occurs, further efforts to prevent are futile (though preventive activities for related event may accelerate further), but protective actions may and response activities will spike toward a maximum. Any protective actions – such as the closure of U.S. airspace following the 9/11 attacks – will continue for some indeterminate period based upon threat perceptions. Response actions are generally designed to peak within 72 hours of an event so as to maximize life saving and sustainment, but may continue a slow growth for some additional time period.

The linkages between prevention, protection, and response are rather intuitive. Recovery is often described as something that takes place “when the community is ready for it” sometime beyond the response period. A community’s most effective approach to recovery actually begins well before any event. Community planning (land use, economic development, etc.) can address threats and risks and lay the groundwork for what happens in the event of a disaster. For example, coastal counties in the state of Florida are required to prepare hurricane recovery plans. While the bulk of recovery activities will start sometime after the major response that spools up in the first 72 hours post-event, prepared communities may initiate certain efforts during the indication and warning phase.



Mitigation can occur at any time pre- or post-event. Developers who construct new buildings that resist seismic shocks in California are practicing mitigation. Rebuilding conducted as part of a recovery effort will often have to meet new building code standards designed to mitigate hazards. Similarly, recovery plans may shift redevelopment from a floodplain. Mitigation and recovery, thus, go hand-in-hand and eventually become part of steady state protection.



## **Appendix III. Forecasting and Modeling**

The primary goal of forecasting and modeling is to estimate as accurately as possible the loan volume that will result from a specific disaster, so that SBA can tailor an appropriate disaster response effort. Obtaining reliable information about the number of disaster loan applications a given disaster will generate will have positive outcomes throughout SBA's disaster response process. Modeling, simulating potential damage and effects of disasters and leveraging historical disaster information, provides SBA with insight to the necessary, appropriate, and most efficient response.

For disaster planning, SBA employs two internal models. The first model draws on readily available economic and demographic data from outside sources and combines this information with historical SBA experience to estimate loan volume expected from a given disaster. This information is used as a source of data for decision-making regarding whether SBA has sufficient disaster loan authority available or will require a supplemental appropriation. The loan demand forecast from the first model will also be used as an input to the second internal model. The second model forecasts the level and timing of staffing requirements.

The assumptions in these forecasting models are actively updated throughout an event as conditions change and more information about the specific situation becomes available. SBA recognizes the added value of external modeling approaches, and will use information from FEMA's HAZUS modeling process to provide additional, event-specific information that will refine and improve SBA's ongoing response. SBA has further incorporated HAZUS into its overall modeling process to independently validate the outputs from its internal modeling tools. Where internal modeling and HAZUS are insufficient, such as in projecting the effects of terror acts or analyzing the presence of insurance in a particular community; SBA will turn to additional external modeling resources to augment its capability.

The data outputs from the models described below inform SBA leaders in making decisions in the areas of human capital, infrastructure, technology, partnership needs, and communications. These tools are critical to SBA in designing a surge implementation plan that is both successful and cost-effective.

- Internal Demand Forecast Model – This model is designed to estimate the dollar amount of disaster assistance loans that will be made in response to a disaster, based on the information available at the time the disaster occurs.

When a disaster takes place, reliable information is available about the counties affected. To translate these geographical areas into likely loan volume estimates, the model has an internal database of economic, demographic, and physical data for each of 3,300 counties (or equivalents), including a proxy for the assets at risk, and equations to estimate loan volumes from measures of assets at risk and disaster severity. It also has information about the loan volumes and characteristics for large historical disasters to provide a basis for comparison.

Using the database and equations allows the agency to identify one or more scenarios involving the individual counties affected and the severity of the disaster. Then, this information is translated into alternative estimates of the potential loan volumes that might result. As more information about the size of the impact area becomes available, the estimates can be refined.

- Internal Resource Requirements Model – This model is designed to forecast the staffing levels necessary for SBA to handle a wide range of disaster events. Key assumptions and inputs to the model include the following:
  - The target application review and decision timeframe;
  - The requirements for specialized staff skills such as loss verification, loan processing, and legal review in the application process;
  - Staff productivity and training requirements;
  - The total expected loan volume; and
  - The type of disaster.

Using this information, the model forecasts the staff necessary, by specific skill area, to meet the targeted loan application review time on a weekly basis following the disaster event. The model can also be reversed to show the backlog in applications generated by a given set of available staff.

The most critical assumptions in the model include the estimate of applications expected, the expectation regarding the timing of the receipt of the applications (the “intake curve”) and the staff productivity. The estimate of expected applications leverages the initial risk assessment, which is led by FEMA and includes input from other agencies including SBA. Equally important to knowing the total volume of loan applications is having a strong understanding of the timing of application receipt. SBA’s analysis has shown that the loan application “intake curve” depends on

the type and scale of the disaster. Therefore, the model includes historical intake patterns for six categories of disaster type and scale (e.g. disasters with less than 5,000 applications, earthquakes, floods, etc.). This timing information is an important factor in determining when staff will be needed and how the resources will be deployed. Finally, staff productivity is a significant factor in the model but difficult to measure. The productivity estimates are based on a mix of data and expert opinion.

SBA's staffing modeling is based primarily on the notion that the entire SBA loan volume is not received immediately. Particularly given the variable nature of disaster events and their effect on populations, each disaster will have its own characteristics and the application flow will reflect those. SBA's modeling has looked at historical disaster events to determine the most likely application flow that will result from various events. At the onset of a disaster scenario, SBA will apply its initial modeling results against the staffing model in order to determine the resource and staffing needs as well as the appropriate, situation-specific surge plan.

- FEMA's HAZUS Model – HAZUS is a Geographical Information Systems based system created by FEMA that enables decision-making in disaster preparedness, response, and recovery by projecting the impact of potential and actual disasters and also by projecting potential losses that will result from these disasters. SBA uses HAZUS to evaluate the various impacts that hurricane, flood, and earthquake disaster scenarios will have on different parts of the United States. The results from the evaluation of these scenarios provide essential information that SBA uses to determine the scope of its disaster response effort and to further refine its disaster response processes. Specifically, SBA culls information about disaster scope; uninsured property loss; persons displaced; businesses displaced; physical property loss; and demographic information. This information is useful both for relative adjustments to the specific disaster response and for long-term refinement to the entire SBA disaster response process.

Further, HAZUS helps SBA integrate with the operations of other governmental organizations (such as FEMA and many state governments and local governments that use the program for their emergency response). It provides SBA a real-time ability to track disasters as they occur and rapidly react to changes in scenarios. In certain "what if" scenarios (i.e., "what if a Category 4 hurricane hit Jacksonville, Florida?"), SBA uses information from HAZUS that is useful in predicting what SBA's response must be in situations like these.

ODA has joined with the Department of Homeland Security (DHS), FEMA, and other federal partners in the disaster response community to establish

the first ever GeoCONOPS (Geospatial Concept of Operations). GeoCONOPS is a multiyear effort focused on the geospatial and modeling communities supporting DHS and the emergency management activities under the NRF. The GeoCONOPS is currently in review by FEMA for adoption by NIMS.

In addition to SBA's participation in the GeoCONOPS community, the ODA has developed a close working relationship with the HAZUS user community and HAZUS model developers. Through this partnership, ODA has refined and enhanced its use of HAZUS model outputs in order to provide more accurate and actionable information from both internal HAZUS models and FEMA's official model results in response to disaster specific scenarios. These improvements streamlined ODA's efforts in determining staffing and resource requirements to support a wide range of disaster events.

### ***Modeling and the Surge Process***

Modeling the impacts associated with disasters is a fundamental element of the surge process. Modeling takes place leading up to and during an event and continues to have a role throughout the surge process.

When a disaster appears to be so large that it will overcome the core capabilities of the ODA, modeling techniques are essential in gauging the level of surge and scale needed to enhance SBA's core. Because models provide only estimates, actual surge decisions ultimately rest on judgment. Each level of SBA's surge plan is bounded by an estimate of approximate application volume, but simply having an estimate of such volume is not an automatic trigger for assuming a particular surge level.

The following are areas in which modeling is used to spur and support the surge process:

- ***Initial Severity Assessment*** – SBA uses internal modeling to conduct a severity assessment of any disaster situation. This takes place prior to surge (and, when possible, prior to the disaster event) and is used to determine the expected level of surge that is required.
- ***Early Return Modeling*** – Within the first two weeks of surge, SBA uses internal modeling as well as information from HAZUS and external modeling providers to determine the accuracy of initial estimates and any unforeseen circumstances that have resulted from the disaster activity. This is particularly important in scenarios in which SBA must concurrently manage the influx of loan applications from multiple disasters. SBA uses this early return modeling to help plan staffing and other requirements.

- **Location Modeling/Resource Allocation** – SBA's modeling capabilities are useful in determining the ideal physical locations at which to locate surge employees and assist SBA in focusing its efforts in the appropriate geographic regions.
- **Real-Time Assessment** – Throughout the surge process, modeling continues to be performed to provide real-time assessment of the efficiency of the SBA surge response and to provide suggestions and opportunities for streamlining the response and improving the surge.
- **End-of-Surge Modeling** – Modeling is instrumental in determining the appropriate time to “end” the surge phase of SBA disaster response and also to discern any “Lessons Learned” or best practices that resulted from the surge effort.

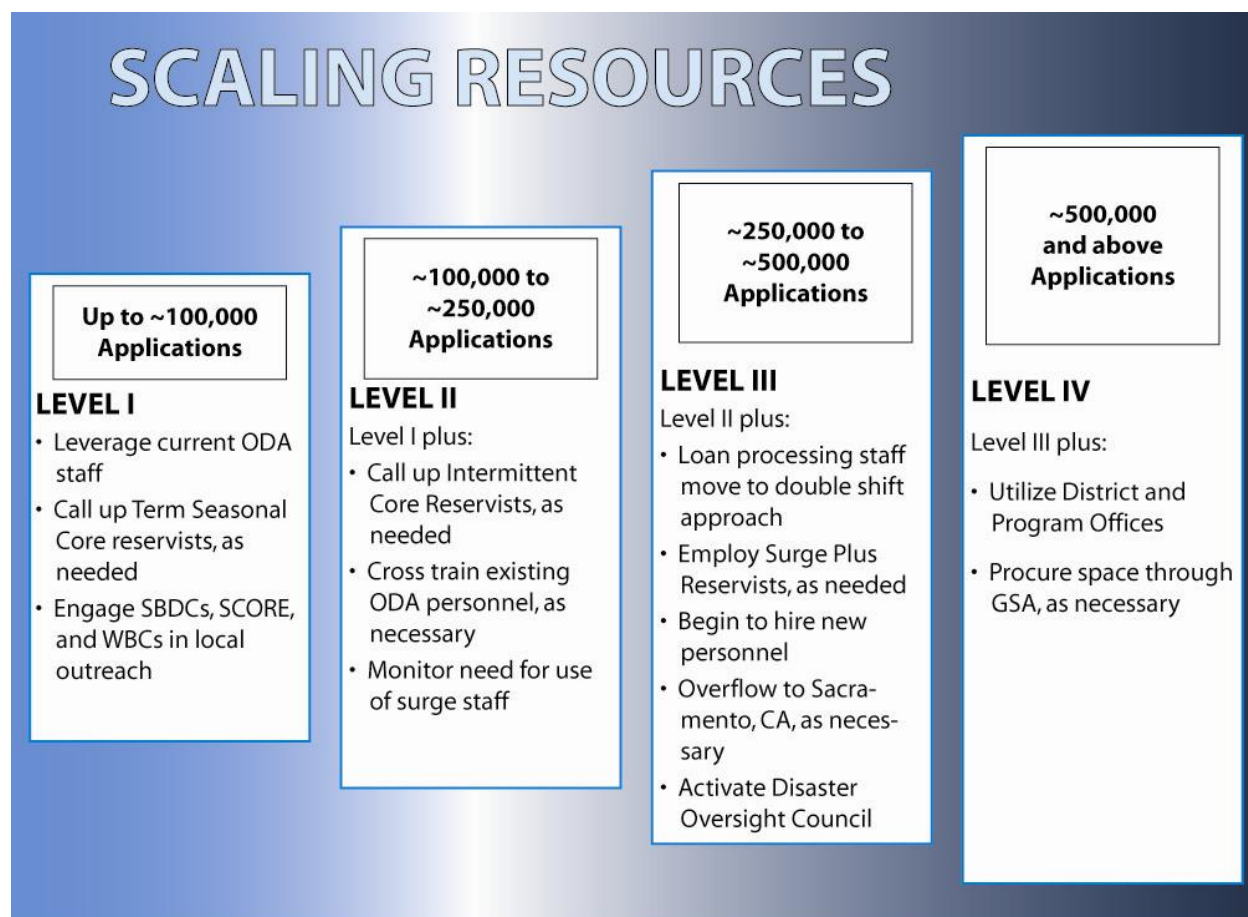




## Appendix IV. Surging to Accommodate Need

The size of a disaster affects the number of loan requests SBA receives, and consequently the resources SBA must activate to serve its customers. While the 2005 Gulf Coast Hurricanes represent the highest level of disaster activity that SBA has faced to date, the Agency is prepared to serve the needs of disaster victims at even greater levels of disaster activity.

Disasters are categorized into levels based on estimates of the number of anticipated applications. This categorization enables SBA to determine an appropriate surge level for scaling resources and operations to meet the needs of disaster victims. The disaster categories are shown in Figure 13.



**Figure 10. Overview of Disaster Surge Process.**

In a typical year, disasters result in fewer than 100,000 loan applications to SBA – Level I operations. Shortly after a major event, ODA uses modeling tools to determine whether the volume of loan applications from any given disaster likely will overwhelm this core capability. In a Level II situation, ODA has pre-identified staff ready to expand its workforce to meet the need. Scaling the SBA

operation to a Level III or IV requires agency-wide support to adequately fulfill the needs of SBA's customers within desired performance parameters. With an understanding of current capacity levels and potential activity increase, ODA immediately and proactively requests additional SBA resources and support from the SBA Administrator.

### Level I Plan Execution

SBA's routine on-board strength, operations processes, and infrastructure capacity, positions SBA to handle up to 100,000 disaster loan applications within its performance goal of 21 days (from receipt of the application to decision). For Level I disasters, ODA activates core reserves as necessary to ensure that the proper balance of staff is readily accessible to respond to disasters at this level where the flow of applications tends to occur more rapidly. While SBA is fully prepared at this level, the occurrence of numerous disasters of this size would result in the deployment of SBA resources associated with higher levels.

Level I – Up to 100,000 Applications	
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>➤ Leverage current ODA staff</li> <li>➤ Call up Core reserves, only as necessary</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>➤ Leverage current composition of ODA facilities</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>➤ DCMS core capability provides adequate capacity</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>➤ Engage SBDCs, SCORE, WBCs in local outreach</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>➤ CLA communicates with affected congressional offices</li> <li>➤ ODA PIOs communicate with the affected SBA regional and district offices and with the media</li> <li>➤ The public affairs personnel at the regional and district levels inform local officials of the classification of the disaster and SBA services available; listen to local needs</li> <li>➤ ODA and OCPL constantly communicate</li> </ul>

### Level II Plan Execution

A Level II response (approximately 100,000 – 250,000 applications) requires ODA to leverage Core and Surge staff to ensure adequate processing capability. ODA's active space (PDC, Herndon Center, FOCs – East and West, and CSC) provides enough workstations for the necessary loan processing personnel.

<b>Level II – 100,000-250,000 Applications</b>	
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>➤ Leverage current ODA staff</li> <li>➤ Call up Term Intermittent staff, as necessary</li> <li>➤ Cross train existing ODA personnel, as necessary</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>➤ Leverage current composition of ODA facilities</li> <li>➤ Surge Facility in Sacramento on standby should flow of applications proves to be challenge or agency finds benefit in running concurrent operations</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>➤ DCMS core capability provides adequate capacity</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>➤ Engage SBDCs, SCORE, WBCs in local outreach</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>➤ CLA communicates with affected congressional offices</li> <li>➤ ODA PIOs communicate with the affected SBA regional and district offices and with the media</li> <li>➤ The public affairs personnel at the regional and district levels inform local officials of the classification of the disaster and SBA services available; listen to local needs</li> <li>➤ ODA and OCPL constantly communicate</li> <li>➤ OCPL activates information clearinghouse, if deemed advisable</li> </ul>

While SBA has the core capability to achieve pre-set performance goals at Level II of 21 days, it closely monitors and anticipates disaster loan application volume. Once the volume is anticipated to exceed significantly 250,000 (due to a single disaster or due to multiple disasters), ODA's Associate Administrator recommends and the Administrator triggers a move to Level III.

### Level III Plan Execution

Once disaster loan application volume is anticipated to exceed approximately 250,000 (due to a single disaster or due to multiple disasters), SBA's Administrator triggers an agency-wide surge, including the "Surge Plus" elements of ODA's staffing strategy. SBA experiences peak application inflow in or around the second month of processing. This timing guides surge strategies in the loan processing and loss verification functional areas to maintain a performance goal of 21 days.

At Level III, ODA also leverages non-ODA staff at SBA and employs hiring strategies in key functions to ensure that a full complement of staff is deployable in the week in which SBA's modeling indicates that they are required.

<b>Level III – 250,000-500,000 Applications</b>	
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>➤ Leverage current ODA staff</li> <li>➤ Call up Term Schedule A personnel and contractors, as necessary</li> <li>➤ Cross train existing ODA personnel, as necessary</li> <li>➤ Employ non-ODA surge staff (District Offices, etc.)</li> <li>➤ Loan processing staff on double shifts</li> <li>➤ Hire new personnel, as necessary</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>➤ Leverage current composition of ODA facilities</li> <li>➤ Activate Surge Facility in Sacramento</li> <li>➤ Operate double shifts to maximize resources</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>➤ DCMS core capability provides adequate capacity</li> <li>➤ Closely monitor DCMS utilization and capacity</li> <li>➤ Closely monitor tablet inventory for DVC in order to procure additional units and maintain sufficient reserve</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>➤ Engage SBDCs, SCORE, WBCs in local outreach</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>➤ OCPL activates information clearinghouse, if deemed advisable</li> <li>➤ OCPL/CLA/clearinghouse communicates with affected congressional offices, partner agencies, media</li> <li>➤ AA/CPL deploys personnel to JIC, as necessary</li> </ul>

Level III operations may require employees of the Processing and Disbursement Center in Fort Worth to work double-shifts. This double-shift approach yields an equivalent of 3,500 available workstations (1,750 actual workstations, deployed at double the standard number of hours per 24-hour period) for application intake, loan processing, and disbursement activity. SBA's surge loan processing and disbursement facility in Sacramento may also employ a double-shift capacity, as needed, which yields an additional equivalent of 700 workstations (350 actual workstations) for loan processing and disbursement activity. The ability to access DCMS remotely allows non-ODA personnel to contribute on a part-time or full-time basis without needing to leave their normal work locations.

#### **Level IV Plan Execution**

A Level IV disaster (more than approximately 500,000 disaster loan applications) will be larger, and generate more loan applications, than any previous event, including the 2005 Gulf Coast Hurricanes. This number of applications (due to a single disaster or due to multiple disasters) will require SBA to leverage disaster planning modeling tools to determine if it is necessary to adjust the performance goal for processing beyond 21 days.

In addition to the Surge Plus Term Intermittent employees and Schedule A appointments, SBA will leverage all available staff across the Agency as well as implementing contracts with the private sector. Moreover, ODA will immediately accelerate hiring strategies in key functions to ensure that a full

complement of staff is deployable in the week in which ODA's modeling indicates that they are required. Rapidly initiating hiring ensures that the peak application periods are staffed.

A Level IV response requires employees of the Processing and Disbursement Center in Fort Worth to work double-shifts. SBA's surge loan processing and disbursement facility in Sacramento will also employ a double-shift capacity. Further, SBA will leverage other available space, as needed, to serve ODA's expanding staff levels.

<b>Level IV – More than 500,000 Applications</b>	
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>➤ Leverage current ODA staff</li> <li>➤ Call up Term Schedule A personnel and contractors, as necessary</li> <li>➤ Cross train existing ODA personnel, as necessary</li> <li>➤ Employ non-ODA surge staff (District Offices, etc.)</li> <li>➤ Loan processing staff on double shifts</li> <li>➤ Hire new personnel</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>➤ Leverage current composition of ODA facilities</li> <li>➤ Activate Surge Facility in Sacramento</li> <li>➤ Operate double shifts to maximize resources</li> <li>➤ Utilize District Offices, where available</li> <li>➤ Work with GSA to lease additional facilities</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>➤ DCMS access is distributed and monitored across each work shift to ensure the system remains viable</li> <li>➤ If necessary, execute contingency plan to expand DCMS capacity</li> <li>➤ Procure additional tablet inventory for DVC, as necessary</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>➤ Engage SBDCs, SCORE, WBCs in local outreach</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>➤ OCPL activates information clearinghouse, if deemed advisable</li> <li>➤ OCPL/CLA/clearinghouse communicates with affected congressional offices, partner agencies, media</li> <li>➤ AA/CPL deploys personnel to JIC, as necessary</li> </ul>

Finally, through the application of SBA's disaster planning tools, the agency will be in a position to determine in the early weeks of a response if the agency possesses adequate infrastructure to house the required amount of staff to meet the process-to-decision production goal. Should SBA estimate that it requires additional capacity for a given surge, the agency will immediately leverage pre-existing relationships with GSA to negotiate the procurement and utilization of additional infrastructure. GSA is aware that SBA may need to acquire space quickly when a Level IV disaster occurs. SBA continually monitors available space, in case of such a need.

Surge capacity for DCMS is built into the system. DCMS has sufficient memory and processing power capacity online to handle transactions from 10,000 concurrent users. The server has maximum flexibility to automatically direct computer resources to any system bottleneck that may occur. There are



enterprise wide licenses in place to allow the immediate provision of services when needed. Software suppliers are contracted to modulate licenses and use as needed. SBA is invoiced and pays for only what is used based upon demand. The DCMS network has installed burstable communication lines for use when necessary. SBA pays a standard amount for a low usage, but any transaction load automatically and immediately can burst to the level necessary to essentially eliminate network latency issues. (SBA has explored cloud computing but market research has concluded that that a shared cloud solution is still too risky for a mission critical, high-availability system, such as DCMS. As SBA refreshes existing hardware, opportunities will be sought to use an internal cloud solution where feasible and the risks are manageable.)