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Chief, Freedom of Information/Privacy Acts Office
Small Business Administration
409 3rd St., S.W., 8th floor
Washington, DC 20416
Fax: (202) 205-7059
Email: foia@sba.gov

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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

June 3, 2013

Re: FOIA #2013-04133

This is in response to your April 20, 2013, Freedom of Information Act (FOIA) request for correspondence between the U.S. Small Business Administration and Congressional committees from 2012 to present.

We are releasing the documents to you in full.

In accordance with 13 CFR 102.6, we are not assessing fees for processing your request.

We trust that this satisfies your request.

Lastly, in an effort to make SBA more open and responsive, we have created a new Congressional Correspondence FOIA page (<http://www.sba.gov/content/congressional-correspondence>). There are almost 200 documents on the page, and we are adding more every week. We hope you find it useful and informative.

Sincerely yours,

Kim L. Bradley
Director
Office of the Executive Secretariat

Enclosures



U.S SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

February 20, 2013

U.S. House of Representatives
Committee on Small Business
Attn: Justin Pelletier
2361 Rayburn House Office Building
Washington, DC 20515

Hand Delivered

Dear Justin:

Per the request of Ranking Member Velazquez, enclosed please find the materials requested from SBA pursuant to a letter dated January 31, 2013. If you have any questions or concerns, please do not hesitate to contact me or Jordan Haas in SBA's Office of Congressional and Legislative Affairs.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Coutsos", written over a horizontal line.

Nicholas J. Coutsos
Assistant Administrator
Congressional and Legislative Affairs

Enclosure



OFFICE OF THE ADMINISTRATOR

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

December 15, 2008

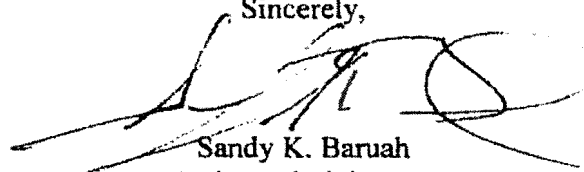
The Honorable Nydia Velazquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Velazquez:

Section 12064 of P.L. 110-246 requires the U.S. Small Business Administration to conduct a study which compares the Agency's standard operating procedures for disaster loans under section 7(b) of the Small Business Act (15 USC 636(b)) with its disaster regulations. This section also requires us to submit a report to Congress containing the findings and recommendations of the study.

We are pleased to send you the required report. If you have any questions, please feel free to contact me directly.

Sincerely,



Sandy K. Baruah
Acting Administrator

Study on Consistency between
U.S. Small Business Administration Regulations
and Standard Operating Procedures

The Food, Conservation and Energy Act of 2008 (Farm Bill), P.L. 110-246, 122 Stat. 1652, provides, in Title XII, Crop Insurance and Disaster Assistance Programs, Subtitle B¹, Small Business Disaster Assistance Programs, Part I, Disaster Planning and Response, the following mandate:

Sec. 12064. CONSISTENCY BETWEEN ADMINISTRATION REGULATIONS AND
STANDARD OPERATING PROCEDURES.

(a) IN GENERAL.—The Administrator shall, promptly following the date of enactment of this Act, conduct a study of whether the standard operating procedures of the Administration for loans offered under section 7(b) of the Small Business Act (15 U.S.C. 636(b)) are consistent with the regulations of the Administration for administering the disaster loan program.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to Congress a report containing all findings and recommendations of the study conducted under subsection (a).

The Farm Bill was enacted initially on May 22, 2008, as H.R. 2419, Pub. L. No. 110-234, and was enacted a second time on June 18, 2008, to include a Title inadvertently omitted, as H.R. 6124, Pub. L. No. 110-246, in each case by Congressional override of the President's veto.

As further discussed in this report, we found no conflicts between the regulations and the standard operating procedures (SOPs) governing the disaster loan program of the Small Business Administration (SBA). We did identify certain outdated provisions in the regulations and/or SOPs and we recommended that SBA make the changes necessary to update those provisions.

Methodology:

We carefully reviewed SBA's disaster regulations, found at 13 C.F.R. Part 123, in their entirety. These regulations pertain almost exclusively to SBA disaster loan making. We also reviewed the remainder of SBA's regulations in Title 13 of the Code of Federal Regulations for specific references to SBA's disaster loan program.

While our primary focus was on a careful review of SOP 50 30 6, Disaster Assistance Program, we also reviewed several of SBA's SOPs for references to the disaster loan program. In particular, we reviewed SOP 20 33, Accounting & Financial Management of the Disaster Loan Fund and SOP 33 16, Personnel Management for Disaster Offices and found that none of the

¹ Pursuant to § 12051 of the Farm Bill, Subtitle B of Title XII of that legislation, §§ 12051 through 12091, is also known separately as the Small Business Disaster Response and Loan Improvements Act of 2008, hereinafter "the 2008 Act".

disaster regulations applied to these SOPs. We also reviewed SOP 50 50 4, Loan Servicing, and 50 51 2, Loan Liquidation and Acquired Property, for specific references to disaster loans. Additionally, we reviewed the contents of SOP 50 52, Consumer Loan Servicing and Collections for Disaster Home Loans.

We reviewed memoranda from the Associate Administrator for Disaster Assistance that changed SOP 50 30 6, in accord with Chapter 1, paragraph 4 of that SOP.

We did not consider as conflicting any situations in which the SOP was more detailed or more extensive than SBA disaster regulations.

Findings:

1. *13 CFR Part 123 and SOP 50 30 6 -- Disaster Assistance Program*

We found no conflicts between SBA disaster regulations and the Disaster Assistance Program SOP 50 30 6 (SOP), but we did identify the following interpretational issues:

Interpretational Issues

a. Eligibility of Home Loan Borrower

13 C.F.R. § 123.100(a)(1) provides that a person is eligible for a home disaster loan if that person owns and occupies his or her primary residence and has suffered a physical loss. 13 C.F.R. §123.101(e) provides that a homeowner is ineligible for a physical disaster home loan if the homeowner's damaged property is a secondary home. That subsection further provides that if such property is rented, the property owner may be eligible for a physical disaster business loan.

By contrast SOP 50 30 6, at Chapter 2, paragraph 13 n (2) provides that an owner of real property that is the primary residence of another may be eligible as a home loan applicant if a person residing in the damaged property is related – as family, life long friend or business associate or employee – to the property owner and the resident intends to remain there on a long-term basis.

Based upon our review this appears to be an issue of interpretation. The property is not rental property since no rent is being charged, but the property is not considered “secondary home” of the owner under the circumstances described in the SOP.

b. Presence of EIDL Loan Applicant in Declared Area

SBA regulations provide, in part:

“[o]nly those victims located in the declared disaster area are eligible to apply for disaster loans....In major disasters, economic injury disaster loans may be made for victims in contiguous counties or other political subdivisions.... Disaster declarations issued by the

the Administrator of the SBA include contiguous counties for both physical and economic injury assistance....” 13 C.F.R. § 123.4

SOP 50 30 6, at Chapter 11, paragraph 117a., states in part: “Section 7(b)(2) of the Small Business Act requires that all EIDL applicants be located in a declared disaster area. This includes all counties covered in the declaration. There must be a physical presence in the disaster-affected area for a business to be eligible” (emphasis in original)

At first blush, the regulation and the SOP appear to conflict regarding the eligibility of businesses located in areas contiguous to the disaster area. However, in light of the following explanation, we conclude there is no conflict:

Major disaster declarations by the President are directed to the specific county/parish. For purposes of the major disaster declaration, that is the declared disaster area. SBA then issues its disaster declaration which includes the area covered by the Presidential declaration and adds contiguous counties for EIDL assistance, in accordance with its regulatory authority. Consequently, for purposes of the SBA declaration, the declared disaster area includes the primary area plus the contiguous counties. When the SBA Administrator issues a disaster declaration in response to a governor’s request, the declared disaster area would include the primary county (for physical and EIDL assistance) and the contiguous counties (for EIDL assistance).

c. Eligibility for EIDL Loans of Businesses Whose “Purpose for Being” is Gambling

13 C.F.R. § 123.301 enumerates types of businesses that are ineligible for an EIDL loan. Subsection (e) provides that a business is ineligible for an EIDL loan if it is “[d]eriving more than one-third of gross annual revenue from legal gambling activities.”

SOP 50 30 6, at paragraph 120 a (6), lists among applicants not eligible for EIDL loans:

“Casinos, Racetracks, Etc. Businesses whose purpose for being is gambling (such as casinos, racetracks, poker parlors, etc.) are not eligible for EIDL assistance regardless of their ability to meet the one-third criteria established for otherwise eligible concerns.” (emphasis in original)

We list this as an interpretational issue, and not a conflict, because we perceive it as extremely unlikely that a business whose “purpose for being” is gambling would derive less than one-third of its gross revenue from gambling.

2. Regulatory Anachronisms

There are several regulations and SOP provisions that should be eliminated or amended because they are no longer relevant.

a. 13 C.F.R. 123.400 – 412, SOP 50 30 6 section 40 f, and Appendix 28 to the SOP. These

provisions of the regulations and the SOP deal with the Pre-Disaster Mitigation Loan Program. 13 C.F.R. 123.400 noted that this was a pilot program, authorized only through FY 2004. In the absence of re-authorization, references to the program should be deleted. Similarly, 13 C.F.R. 123.600 – 123.606 deal with “Economic Injury Disaster Loans as a result of the September 11, 2001 Terrorist Attacks”. These loans are no longer being made, and the C.F.R. should be amended accordingly.

- b. 13 C.F.R. Part 121. Because of a reorganization, the SBA disaster program office no longer has Disaster Area Office Directors. SBA presently operates through several named Centers. Accordingly, references to Disaster Area Office Directors in part 121 should be changed to the appropriate Center personnel. See, in particular, 13 C.F.R. 121.303(d), 121.1002, and 121.1101.

3. Detailed Provisions of SOP 50 30 6

As SOP 50 30 6 must govern the actual operation and day-to-day procedures of the disaster program, it is necessarily more detailed than the C.F.R. For example, chapters five and eight of the SOP, respectively entitled *Amounts, Terms and Conditions of Physical Disaster Loans* and *Disaster Loan Closing and Disbursement*, implement the C.F.R. by setting forth the steps entailed in approving and disbursing disaster loans.

Certain key provisions in these chapters, such as paragraph 43, Verification of Damage, in chapter five, and almost all of the closing and disbursement requirements of chapter 8, are not dealt with directly by any section of the C.F.R. The role of the loss verifier, an essential component in determining eligibility and extent of loss, is not addressed at all in the C.F.R. In other instances, topics touched upon briefly in regulations are extensively detailed in the SOP. In chapter 5, paragraph 44, *Determination of Amount of Physical Loan Eligibility*, four relatively brief C.F.R. sections are supplemented and implemented by six SOP pages of definitions and procedural steps.

SOP provisions such as those cited above are necessary to put into effect the disaster relief outlined by statute and regulations. They do not constitute conflicts with the C.F.R.

There are other instances, which we have also determined do not constitute conflicts, in which specific language of a C.F.R. provision is extended or modified by the SOP. For example, 13 C.F.R. 123.101, dealing with ineligible personal property, provides that items whose replacement value “is extraordinarily high and not easily verified” is ineligible. Paragraph 30 of the SOP implements this provision by noting that, in some cases, luxury items may be covered to the same extent as “an ordinary item meeting the same functional purpose,” citing, as an example, a fur coat being replaced by a cloth coat.

As another example, paragraph 30 also provides that a borrower who had a very large quantity of the type of ordinary item for which compensation is available will be eligible for payment only for an ordinary quantity of these items. The C.F.R. simply provides that compensation is available for such items without reference to exceptions for unusual quantities. Again, we regard

the more specific SOP provisions as a reasonable interpretation and implementation of the regulation, rather than as a conflict with the regulations.

4. Coordination between SBA and other state and federal agencies

The operation of the disaster loan program entails dealings with other state, federal, and local agencies that derive their authority from sources other than statutes and regulations pertaining to the SBA. The disaster loan program is therefore affected by authority found outside SBA's enabling legislation and regulations.

For example, chapter seven of SOP 50 30 6, *Processing of Applications*, discusses, in paragraph 73, *Duplication of Benefits*, the manner in which SBA coordinates the payment of benefits with other programs that provide assistance to disaster victims. Paragraph 73 a (2) lists the order in which the aid from various agencies should be applied (Volunteer agencies' emergency assistance programs, FEMA Home Repair and Replacement, hazard insurance, SBA and Department of Agriculture disaster loans, FEMA IHP assistance. etc.).

Establishing the priorities for applying payments among federal, state, and private agencies is beyond the scope of SBA regulation. This provision, and other mentions of coordination between SBA and other agencies (e.g., paragraph 85, *Limited Repayment Ability/Loss in Excess of Lending Limits*), exist under authority created by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, 42 U.S.C. Sections 5121-5207. This statute is referred to as the Stafford Act.

There are also instances in which C.F.R. and SOP provisions relating to the SBA overlap with other statutes. Chapter one, paragraph nine of the SOP, *Confidential Information* falls within the purview of 13 C.F.R. Part 102 and 5 U.S.C. Sections 552 and 552a. SOP chapter three, paragraph 32 f, *Ineligible Property*, falls within 13 C.F.R. 123.17, 123.101, 123.201, and the prohibitions of the "Coastal Barrier Islands Resource Act", more commonly referred to as the "Coastal Barrier Resources Act", Public Law 97-348, 16 U.S.C. 3501 *et seq.* None of these represents a conflict either between the regulations and the SOPs or otherwise.

5. SBA Disaster Regulations Outside Part 123

SBA's disaster regulations appear almost exclusively in 13 C.F.R. Part 123. As noted above, the regulations at Part 123 deal with SBA disaster loan making. They do not address other aspects of the disaster loan program, such as the precise organization of disaster offices, the hiring of disaster personnel, or the management of disaster loan funds.

The disaster regulations in Part 123 provide that disaster loan servicing is governed by 13 C.F.R. Part 120. See 13 C.F.R. § 123.16(a). A review of part 120 reveals only one specific reference to disaster loans, found at 13 C.F.R. § 120.545. That section – entitled "What are SBA's policies concerning the liquidation of collateral and the sale of business loans and physical disaster loans, physical disaster assistance loans, physical disaster business loans and economic injury disaster loans?" – governs liquidation of collateral, the right of SBA to include loans in asset sales, disposal of collateral recoveries, security interests and SBA's relationship to loan guarantors.

There are no specific regulations governing disaster loan servicing and disaster loan liquidation exclusively. Rather, for servicing and liquidation purposes, disaster loans are governed by the same regulations as govern business loans.

The disaster regulations in Part 123 further provide that, for economic injury disaster loans (“EDIL loans”) and pre-disaster mitigation loans, the size regulations in part 121 govern. See 13 C.F.R. §§ 123.300(b), 123.403(c), 123.501(a) and 123.601(b). 13 C.F.R. §123.13(b) further provides that any decline due to size can only be appealed as set forth in Part 121. There are five sections of Part 121 which make specific reference to the disaster loan program, as follows:

- § 121.301(a) describes the criteria that applicant business loan and disaster loan must meet to establish themselves as small;
- § 121.302(c) establishes the date as of which a business’ size is determined for purposes of disaster loans (*generally*, the date the disaster commenced);
- § 121.303 (d) provides that an applicant for a disaster loan denied a loan due to size may request a formal size determination of the Area Director for the Disaster Area Office which denied assistance;
- § 121.1002 provides that the Area Director, or his or her designee, for the Disaster Area Disaster Area Office which denied a disaster loan due to size makes the formal size determinations; and
- § 121.1101 provides that an appeal of the formal size determination from the Disaster Area Office must be made to the Office of Hearings and Appeals (OHA) in accordance with 13 C.F.R. Part 134.

These provisions dealing with size standards govern the eligibility of applicants for certain types of SBA disaster loans. Within the SOPs, such eligibility issues for disaster loans are covered in the Disaster Assistance Program SOP.

Additionally, two provisions of 13 C.F.R. Part 101 make reference to the disaster program. 13 C.F.R. § 101.104(d), in discussing the functions of SBA field offices, provides the names and general functions for disaster assistance offices. 13 C.F.R. 101.200(b) discusses when SBA may hire private counsel in regard to disaster loans. As we noted above, the reference to Disaster Area Offices are out of date since the reorganization of the disaster loan program office, and references should more appropriately reflect the pertinent Center.

We found no conflict between the SOP and any of these SBA regulations located outside Part 123 that are applicable to the disaster program.

6. ODA Memoranda Changing SOP 50 30 6

Chapter 1, paragraph 4 of SOP 50 30 6, entitled "Changes to this SOP," provides:

"Disaster loan policies and guidelines cannot anticipate all of the needs that may arise in any given disaster. Therefore, these procedures and guidelines may change without advance notice. OAD [Office of Disaster Assistance] notifies the Disaster Assistance Offices of all changes."

Since the current Disaster Assistance Program SOP took effect in November 2007, ODA has issued eight numbered memoranda from the Associate Administrator changing the SOP. Of those eight memoranda, four change the SOP in such a way as to bring it into compliance with recent statutory changes. SBA regulations, however, have yet to be updated to conform to the Act. We do not consider these inconsistencies between the regulations and the SOP to be conflicts because the regulations are, in effect, overridden by the clear language of the statute. The other four do not result in any inconsistency with the regulations.

The four memoranda that update the SOP to conform to the statute are as follows:

a. *ODA Memorandum 08-25, SOP Changes – Collateral Requirements*

13 C.F.R. § 123.11 provides that SBA will not require collateral to secure either a disaster home loan or physical disaster business loan of \$10,000 or less or an EIDL loan of \$5,000 or less. Consistent with the 2008 Act, this ODA Memorandum essentially provides that, for physical disasters declared on or after May 22, 2008, SBA will not require collateral for physical disaster loans of \$14,000 or less. The memorandum also discusses the implementation of this new rule. This memorandum affects the following paragraphs of SOP 50 30 6: ¶ 13.g.(4), ¶ 48.b.(1) & (2).a, ¶ 50.a, ¶ 55, ¶ 80.c.(1) & (3), ¶ 95.b.(1),d.(2). and (4).

b. *ODA Memorandum 08-26, Legislative Changes Affecting Disaster Loan Amounts*

13 C.F.R. § 123.202 provides that disaster business loans to the same borrower, together with affiliates, cannot exceed \$1.5 million unless the business is a major source of employment as set forth in the regulation. Consistent with the 2008 Act, this ODA Memorandum implements the increase to the administrative limits on business loans to \$2 million for all business loans arising from disasters declared on or after May 22, 2008. This memorandum affects ¶¶ 41,b., 41. c (1) & (2), 42, 52.a, 62 b. (2), 78 b. (2) and 115.

c. *ODA Memorandum 8-28, Legislative Changes Affecting Post Disaster Mitigation Measures Loan Limits*

Consistent with the 2008 Act, this ODA Memorandum implements the increase in the post-disaster mitigation measures' eligibility through a change in the calculation method. In addition to the change in calculation method, the memorandum notes that, for business loans, the \$2 million legislative limit includes funds for post-disaster mitigation. This memorandum affects SOP 50 30 6 ¶¶ 40.e. (1), 40. e (2), 40 e. (5)(6), 40 e. (7), 41 a (3) and (5), and 41 b.

d. ODA Memorandum 08-29. Economic Injury Disaster Loan to Private Non-Profits

13 C.F.R. §123.301(b) provides that a business is not eligible for an EIDL loan if it is a non-profit or charitable concern. The 2008 Act authorizes private non-profit organizations, regardless of size, to be eligible for EIDL loans. To bring SOP 50 30 6 into compliance with this legislative change, this ODA Memorandum amended ¶¶ 8, 80 and 120 a (3).

7. Other SOPs Relevant to the Disaster Program

As discussed above, we concluded that there are no specific disaster regulations governing loan servicing and loan liquidation exclusively. However, we did review SOPs 50 50 4, Loan Servicing and 50 51 2, Loan Liquidation and Acquired Property, for specific references to disaster loans or the disaster program. That review of SOP 50 50 4 and SOP 50 51 2 revealed no conflict with disaster regulations. Additionally, a review of the contents of SOP 50 52, Consumer Loan Servicing and Collections for Disaster Home Loans, also revealed no conflict with SBA disaster regulations.

Neither SOP 20 33, Accounting & Financial Management of the Disaster Loan Fund, nor SOP 33 16, Personnel Management for Disaster Offices, is governed by disaster regulations. Therefore, no conflict exists between SBA's disaster regulations and either of these SOPs.

**FY2011 Annual Report on Disaster Assistance
U. S. Small Business Administration**

SBA's disaster loan programs are a critical piece of the federal government's overall response in the wake of disasters.

The accomplishments this year have capitalized on having a highly skilled and motivated staff that is able to respond to different levels of disaster activities. Throughout the year we have invested in our staff to increase their skills, streamline the loan process, improve technology, reduce contracting costs, and implement a new Staffing Strategy for the Office of Disaster Assistance (ODA). At the same time the ODA's American Customer Satisfaction Index climbed 7 points from the previous year with a score of 80 on a 0-100 scale.

These improvements enable us to provide disaster assistance faster, resulting in an average processing time overall of less than 10 days (Home loans - 8 days, Business loans - 10 days, and Economic Injury Disaster loans - 12 days). In the last month of the fiscal year, ODA went from approximately 950 employees on board to immediately training and deploying nearly 800 additional employees within three weeks in order to respond to Hurricane Irene and Tropical Storm Lee.

SBA's "One SBA" approach is critical to helping families get back in their homes and for businesses to bring back their employees.

(1) SBA personnel involved in disaster assistance operations

The number of SBA personnel involved in disaster assistance operations for FY11, by month:

FY11 by Month	Number of Staff
October	991
November	893
December	833
January	815
February	809
March	825
April	978
May	1107
June	1069
July	934
August	946
September	1720

(2) Material Changes to Operations: including changes to technologies and personnel responsibilities

Disaster Credit Management System (DCMS) – The Disaster Credit Management System (DCMS) is used by ODA to process all home and business disaster loan applications, including applications submitted through the Electronic Loan Application (ELA) system. No material changes were made to the system during FY11. We continue to monitor system performance and installation of normal upgrades and system improvements.

The Operations and Maintenance, Hosting and Reporting contracts expired in FY11. SBA issued seven solicitations for contracts to replace the three that expired. The new contract structure allowed for greater competition and cost savings for DCMS. As of the end of FY11 six of the contracts have been awarded and one is in the procurement process.

The ELA was launched in August of 2008. In FY11, 27 percent of all applications received were submitted using the ELA. No material changes were made to the ELA. However, we continue to enhance the ELA to improve DCMS user functionality. Victims of disasters may continue to apply for disaster loan assistance at their convenience over any computer connected to the Internet. The ELA website is accessible to the public from the SBA's main website.

Disaster Assistance Improvement Plan (DAIP) - SBA continued full participation in the DAIP mandated by Executive Order 13411, meeting all goals set by the Executive Order. Costs associated with complying with this mandate have been included in upcoming budgets.

(3) Effectiveness of the Disaster Loan Program based on Key Performance Indicators

Key Performance Indicators	Type of Measure	FY2011 Goal	FY2011 Actual
Disasters having field presence within 3 days (%)	Output	95%	100%
Loans with initial disbursements within 5 days of loan closing	Output	95%	100%
Percentage of disaster home loans processed within 14 days	Output	85%	98%
Percentage of disaster business loans processed within 18 days	Output	85%	99%
Percentage of disaster EIDL loans processed within 18 days	Output	85%	99%
Customer Satisfaction Rate: Approvals	Outcome	71%	80%

FY 2011 Approval Figures

For FY 11 ending September 30, 2011, the SBA approved 13,643 disaster loans for \$739,353,100. (Home Loans - 11,926 for \$567,148,800, Business Loans - 1,405 for \$144,392,200, EIDL - 312 for \$27,812,100)

(4) Plans for responding to disasters during the next fiscal year

During FY2012, the Agency will continue to build upon the lessons learned as a result of past disasters. ODA will continue to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. The implementation of changes to office operations will be ongoing, and the changes will result in a more efficient operation which will reduce the staff necessary to process major disaster declarations and enhance customer service. Other SBA program offices including the Office of Field Operations, Office of Entrepreneurial Development, Office of Capital Access, and Office of Government Contracting and Business Development will play an ongoing role in delivering all SBA programs and services to the victims of disaster.

SBA participated actively in the interagency process resulting in the publication in September 2011 of the National Disaster Recovery framework (NDRF). Prior to the publication, multiple SBA elements participated in a pilot project testing NDRF processes in Alabama following the series of tornadoes striking the state on April 27, 2011. SBA also co-chaired the interagency intergovernmental working group that developed a 3-day tabletop exercise exploring recovery from a catastrophic earthquake in the New Madrid Seismic Zone as part of FEMS's National Level Exercise 2011 – a key first step in the rollout process associated with the NDRF. SBA contributed substantively to the development of the National Preparedness Goal issued by the President in September and will remain closely engaged in the development of other parts of the National Preparedness System, as directed by the President in Presidential Policy Directive (PPD) 8.

SBA continues to reassess its disaster marketing and outreach strategy. We are leveraging our existing SBA core structure and employees to vastly expand our force of trained counselors prepared to assist in all types of disasters.

The SBA will continue to work with its federal partners to coordinate the delivery of disaster assistance available to disaster victims throughout the nation.

(5) Biennial Disaster Simulation Exercise

SBA conducted a disaster simulation, Senior Leadership Seminar (SLS), exercise in FY10. As required by the Farm Act, SBA plans to conduct the biennial Senior Leadership Seminar (SLS) in fiscal year 2012. A functional test of information technology, communications, and reserve notification will again be completed as part of the simulation.

(6) Disaster Recovery Plan

A revised, streamlined, and more focused annual update to the SBA Disaster Recovery Plan (DRP) was issued in 2011.

(7) Plans for Sufficient Office Space

The DRP includes SBA's plans to maintain sufficient office space for an expanded disaster workforce. The Agency currently maintains more than 360,000 sq. ft. of space in multiple locations across the country with 180,000 sq. ft. specifically allocated as permanent space for the Processing and Disbursement Center in Fort Worth, TX. This space accommodates a total of 1,750 work stations. Additionally, ODA maintains approximately 20,000 sq. ft. for backup and surge processing in Sacramento, CA to accommodate approximately 350 work stations. SBA can further capitalize on the existing work stations by implementing the double shift approach to accommodate more than one

employee at each work station. Should SBA estimate that it requires additional capacity for a given surge; the Agency can utilize space in its District Offices and will immediately leverage pre-existing relationships with GSA to negotiate the procurement and utilization of additional infrastructure.

**FY2012 Annual Report on Disaster Assistance
U. S. Small Business Administration**

The following report covers SBA disaster operations in FY2012.

(1) SBA personnel involved in disaster assistance operations

The number of SBA personnel involved in disaster assistance operations for FY12, by month:

Month	Number of Staff
October	1575
November	1296
December	1144
January	971
February	821
March	914
April	847
May	814
June	813
July	846
August	866
September	1124

(2) Material Changes to Operations; including changes to technologies and personnel responsibilities;

Disaster Credit Management System (DCMS)

DCMS is used by Office of Disaster Assistance (ODA) to process all home and business disaster loan applications, including applications submitted through the Electronic Loan Application (ELA) system. No material changes were made to the system during FY12. We continue to monitor system performance and installation of normal upgrades and system improvements.

In FY12, we planned a refresh of the various Loss Verification Modules to occur in FY13. This refresh will take advantage of technology advances in mobile devices which did not exist when the module was first coded in 2004. We validated and updated the original requirements using significant stakeholder involvement and obtained a contractor with experience and expertise in the mobile device technology.

The ELA was launched in August of 2008. In FY12, ODA increased the percentage of all applications received and submitted using the ELA to over 35 percent. We redesigned and updated the ELA screens to look like the actual forms. We continue to enhance the ELA to improve DCMS user functionality. Victims of disasters may continue to apply for disaster loan assistance at their convenience over any computer connected to the Internet. The ELA website is accessible to the public from the SBA's main website.

Disaster Assistance Improvement Plan (DAIP) - SBA continued full participation in the DAIP mandated by Executive Order 13411, meeting all goals set by the Executive Order. Costs associated with complying with this mandate have been included in upcoming budgets.

(3) Effectiveness of the Disaster Loan Program based on Key Performance Indicators

Key Performance Indicators	Type of Measure	FY2012 Goal	FY2012 Actual
Disasters having field presence within 3 days (%)	Output	95%	100%
Loans with initial disbursements within 5 days of loan closing	Output	95%	100%
Percentage of disaster home loans processed within 14 days (Average processing time 9 days.)	Output	85%	96%
Percentage of disaster business loans processed within 18 days (Average processing time 15 days.)	Output	85%	93%
Percentage of disaster EIDL loans processed within 18 days (Average processing time 14 days.)	Output	85%	93%
Percentage of Businesses sustaining Economic Injury restored within 6 months after final disbursement	Outcome	79%	95%
Percentage of Businesses sustaining physical damage that are restored within 6 months of final disbursement	Outcome	65%	73%

Percentage of Homeowners restoring their homes within 6 months of final disbursement.	Outcome	79%	79%
Percentage of Renters restoring their damaged property within 6 months after final disbursement	Outcome	84%	77%
Customer Satisfaction Rate: Approvals	Outcome	71%	80%

FY 2012 Approval Figures

For FY 12 ending September 30, 2012, the SBA approved 15,324 disaster loans for \$689,614,900; consisting of 13,417 home loans for \$474,576,300, 1,714 business physical loans for \$190,200,800 and 193 economic injury disaster loans for \$24,837,800.

(4) Plans for responding to disasters during the next fiscal year

During FY2013, the Agency will continue to build upon the lessons learned as a result of past disasters, including the catastrophic 2005 Gulf Coast hurricanes. The Office of Disaster Assistance will continue to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. The implementation of changes to office operations will be ongoing, and the changes will result in a more efficient operation which will reduce the staff necessary to process major disaster declarations and enhance customer service. Other SBA program offices including the Office of Field Operations, Office of Entrepreneurial Development, Office of Capital Access, and Office of Government Contracting and Business Development will play an ongoing role in delivering all SBA programs and services to the victims of disaster.

SBA continued to work closely with FEMA throughout FY 2012 to fully implement the National Disaster Recovery Framework (NDRF), as well as develop all of the national frameworks called for by Presidential Policy Directive (PPD) 8, National Preparedness. SBA played a key role in the development of the Federal Interagency Operational Plans (FIOP) called for by PPD-8, especially FIOP-Recovery. Additionally, SBA continued to work with the FEMA National Exercise Division for full SBA contribution to planning, and subsequent participation in, the National Exercise Program.

SBA continues to reassess its disaster marketing and outreach strategy. We are leveraging our existing SBA core structure and employees to vastly expand our force of trained counselors prepared to assist in all types of disasters.

The SBA will continue to work with its federal partners to coordinate the delivery of

disaster assistance available to disaster victims throughout the nation.

(5) Biennial Disaster Simulation Exercise

SBA conducted a disaster simulation, Senior Leadership Seminar (SLS), exercise in FY12. As required by the Farm Act, SBA plans to conduct the biennial Senior Leadership Seminar (SLS) again in early calendar year 2014. A functional test of communications and reserve notification was completed as part of the simulation. A functional test of information technology planned for early FY 2013 has been delayed to assure rapid response to the victims of Superstorm Sandy. A copy of the 2012 SLS After Action Report is attached to this report.

(6) Disaster Recovery Plan

The *Disaster Preparedness and Recovery Plan* (DPRP) replaced the Small Business Administration's *Disaster Recovery Plan* in its entirety. While the DPRP is a new document to meet the requirements of PPD- 8, it retains all the policies and processes established for the Disaster Loan Program published in previous editions of the *Disaster Recovery Plan* and complies with the Small Business Disaster Response and Loan Improvements Act of 2008. The 2012 DPRP is attached to this report.

(7) Plans for Sufficient Office Space

The DRP includes SBA's plans to maintain sufficient office space for an expanded disaster workforce. The Agency currently maintains more than 360,000 sq. ft. of space in multiple locations across the country with 150,000 sq. ft. specifically allocated as permanent space for the Processing and Disbursement Center in Fort Worth, TX. This space accommodates a total of 1,750 work stations. Additionally, ODA maintains approximately 20,000 sq. ft. for backup and surge processing in Sacramento, CA to accommodate approximately 350 work stations. SBA can further capitalize on the existing work stations by implementing the double shift approach to accommodate more than one employee at each work station. Should SBA estimate that it requires additional capacity for a given surge, the Agency can utilize space in its District Offices and will immediately leverage pre-existing relationships with GSA to negotiate the procurement and utilization of additional infrastructure.



Disaster Preparedness and Recovery Plan

2012



Summary of Changes

The *Disaster Preparedness and Recovery Plan* (DPRP) replaces the Small Business Administration's *Disaster Recovery Plan* in its entirety. While the DPRP represents a new document to meet the requirements of Presidential Policy Directive (PPD) 8, *National Preparedness*, published in 2011, it retains all the policies and processes established for the Disaster Loan Program published in previous editions of the *Disaster Recovery Plan* and complies with the Small Business Disaster Response and Loan Improvements Act of 2008. Key features of the 2012 DPRP include:

- Expands discussion of the application of SBA's programs, beyond the Disaster Loan Program, to meet small business disaster recovery needs supported by the Economic Recovery Support Function outlined in the *National Disaster Recovery Framework*, published in 2011.
- Adds references for all preparedness components specified in PPD-8: prevention, protection, mitigation, response, and recovery.
- Adds context for executing SBA continuity of operations plans in conjunction with the Disaster Loan Program.
- Reformats the material in the *Disaster Recovery Plan* to better align the DPRP to serve as the departmental-level operational plan required by PPD-8 to support interagency operational plans.

Contents

Summary of Changes..... i

Contents.....iii

 List of Figures..... iv

 List of Tables..... v

Executive Summary vii

1. Introduction 1

2. Preparedness and Risk..... 3

 Preparedness Frameworks3

 Risk Analysis.....5

3. Mission 11

 Pre-Disaster Protection and Mitigation 11

 Post-Disaster Response and Recovery 13

4. Execution 17

 Indications and Warning 17

 Preparation – Notice Event..... 17

 Response..... 18

 Recovery 24

5. Coordination and Logistics 31

 Disaster Oversight Council/Executive Management Team31

 Coordination of Disaster Loan Making and COOP32

 Scaling Disaster Loan Making Operations.....32

 Disaster Loan Making Budgeting36

 Office Responsibilities.....38

Furthermore, we realize that implementation does not end with compliance with reporting requirements. The very spirit of the law necessitates reducing risk in all areas of the agency by strengthening our controls and improving our business processes.

Therefore, we are highly focused on ensuring we evaluate what makes a payment “improper” and the level of risk posed, which may vary across our programs.

Measurable Milestones. Because the SBA was deemed compliant with the IPERA reporting requirements as outlined in the Part II of OMB Circular A-123, Appendix C: Compliance with the Improper Payments Requirements, we are not providing measurable milestones for compliance in this report. However, our planned corrective actions and milestones for continuing to reduce risk in improper payments are published in our management responses to the OIG and can be found in Appendix I of the OIG Report 12-07.

Accountable Senior Agency Official. The SBA’s accountable senior agency official for IPERA is Deputy Administrator Marie Johns.

Accountability Mechanism. The SBA has developed an accountability mechanism to continue making strides in our improper payments program. Each program included in the OIG compliance report serves a different role in achieving the agency’s mission of meeting the needs of today’s small businesses. For example, in the 7(a) and 504 programs, SBA is guaranteeing loans and debentures for small businesses, and for disaster assistance, SBA is directly providing the disaster loans to small businesses, as well as homeowners. Although the appropriate measurements and assessments are conducted at the program level, SBA’s executive leadership and senior management are committed to a collective agency-wide approach to reducing improper payments.

For improper payments, we have developed a comprehensive approach that requires the program offices to monitor their achievements in each of these four key components:

- Robust risk assessment
- Complete and accurate reporting
- Comprehensive corrective action plan
- Effective recapture activities

Utilizing this approach, we will continue to refine and improve our measures and the payment recapture activities already underway at the SBA. In our initial review in FY 2011, we determined that establishing an agency payment recapture program was not cost-effective. However, based on the recommendation of the OIG, in FY 2012 we will

June 22, 2012

The Honorable Elijah Cummings
Ranking Member, Committee on Oversight
and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Representative Cummings:

The U.S. Small Business Administration (SBA) is committed to the successful implementation of the Improper Payments Elimination and Recovery Act (IPERA). We fully support and have intensified our efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Federal Government.

This correspondence is being sent as recommended by our Office of the Inspector General (OIG), and we agree that your committee should be made aware of our progress in Fiscal Year (FY) 2011.

We place a high value on compliance with IPERA. As supported by OIG Report 12-07, all SBA programs assessed were compliant with the reporting requirements in OMB Circular A-123, Appendix C in FY 2011. However, the agency is committed to continuing to reduce the risk of improper payments in all areas, specifically in disaster assistance and contracting/disbursements. For more information about the agency's FY 2011 improper payments reporting, please see our FY 2011 Annual Financial Report¹, which includes further details on the estimated rates and corrective actions aimed at continuing to reduce the risk of improper payments, and the OIG's Report 12-07², which includes its assessment of our compliance with IPERA and the agency's comments on the report (Appendix I page 27).

Estimated rates for Contracting/Disbursements were not published for FY 2011 because that program had only undergone the first step in a four-step process (outlined in the Circular A-123 guidance) by the time the OIG audit commenced. At that time, we had conducted the risk assessment (Step 1) and were in the process of establishing the measurement and methodology for improper payments (Step 2). We plan to implement Step 2 in FY 2012 by determining the most appropriate, statistically valid methodology to measure our estimated improper payments rate, which allows us to complete Steps 3 and 4 (Implementing a plan to reduce improper payments and Reporting annual estimates and progress in reductions).

¹ <http://www.sba.gov/content/fy-2011-agency-financial-report-afr>

² <http://www.sba.gov/sites/default/files/Report%2012-10%20Ipera%20Reporting%20Action%20Needed%20to%20Prevent%20and%20Reduce%20Improper%20payments.pdf>

The Honorable Darrell E. Issa
Page 3

re-evaluate the most appropriate overall approach to a robust and cost-effective agency payment recapture program. If you have any questions, please contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

Sincerely,

Marie C. Johns

Furthermore, we realize that implementation does not end with compliance with reporting requirements. The very spirit of the law necessitates reducing risk in all areas of the agency by strengthening our controls and improving our business processes.

Therefore, we are highly focused on ensuring we evaluate what makes a payment “improper” and the level of risk posed, which may vary across our programs.

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Washington, DC 20515

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June 14, 2012

The Honorable Richard Durbin
Chair, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$3,265,000 in unobligated balances from funds available for the Intermediary Lending Pilot Program (ILPP) administrative expenses, to be used for loan subsidy in the Microloan Program.

The Small Business Jobs Act of 2010 provided SBA with \$6.5 million in administrative funds to carry out the ILPP through September 30, 2012. However, the Agency expects to use only approximately half of that amount by such date. The reprogramming described in this letter will repurpose these funds to support SBA's Microloan Program for this fiscal year. This action will allow a portion of the \$3,678,000 in microloan subsidy that SBA received in FY 2012, to be carried over to FY 2013 to support approximately \$21 million in additional microloan lending during that year.

If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience.

With warmest regards,

Karen G. Mills

June 14, 2012

The Honorable Jose E. Serrano
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$3,265,000 in unobligated balances from funds available for the Intermediary Lending Pilot Program (ILPP) administrative expenses, to be used for loan subsidy in the Microloan Program.

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With warmest regards,

Karen G. Mills

June 14, 2012

The Honorable Jerry Moran
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

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With warmest regards,

Karen G. Mills

June 14, 2012

The Honorable Jo Ann Emerson
Chair, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Ms. Chairwoman:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$3,265,000 in unobligated balances from funds available for the Intermediary Lending Pilot Program (ILPP) administrative expenses, to be used for loan subsidy in the Microloan Program.

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With warmest regards,

Karen G. Mills



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

December 28, 2012

Francis Yebesi
Director, Office of Federal Agency Programs
U.S. Department of Labor - OSHA
Room N-3622
200 Constitution Avenue, NW
Washington, DC 20210

Dear Mr. Yebesi:

In response to the Department of Labor – Occupational Safety and Health Administration request, please find the Small Business Administration’s Fiscal Year 2012 Annual Report on Occupational Safety and Health enclosed.

The SBA is taking steps to implement improvements noted herein and to bolster the program, most notably by planning to create a dedicated safety and health manager position. The Agency has realized numerous successes, including decreased injury and lost time rates and sharply reduced motor vehicle accident rates.

Sincerely,

Kenneth Etheridge
Director, Office of Administrative Services
U.S. Small Business Administration

Encl: Agency Fiscal Year 2012 Annual Report on Occupational Safety and Health

January 29, 2013

The Honorable James Risch
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Risch:

As required by the Business Opportunity Development Reform Act of 1988, the U.S. Small Business Administration (SBA) is pleased to submit its annual 408 Report on the SBA's 8(a) Business Development Program. The report is entitled "2011 Fiscal Year Report to the U.S. Congress on Minority Small Business and Capital Ownership Development."

Sincerely,

A John Shoraka
Associate Administrator
Office of Government Contracting
& Business Development

Enclosure

January 29, 2013

The Honorable Mary Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

As required by the Business Opportunity Development Reform Act of 1988, the U.S. Small Business Administration (SBA) is pleased to submit its annual 408 Report on the SBA's 8(a) Business Development Program. The report is entitled "2011 Fiscal Year Report to the U.S. Congress on Minority Small Business and Capital Ownership Development."

Sincerely,

A John Shoraka
Associate Administrator
Office of Government Contracting
& Business Development

Enclosure

January 29, 2013

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As required by the Business Opportunity Development Reform Act of 1988, the U.S. Small Business Administration (SBA) is pleased to submit its annual 408 Report on the SBA's 8(a) Business Development Program. The report is entitled "2011 Fiscal Year Report to the U.S. Congress on Minority Small Business and Capital Ownership Development."

Sincerely,

A. John Shoraka
Associate Administrator
Office of Government Contracting
& Business Development

Enclosure

April 3, 2013

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Dicks:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Inouye, Chairman Rogers, and Senator Cochran.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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A similar letter is being sent to Chairman Inouye, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Inouye, Chairman Rogers, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Rogers, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

Committee on Homeland Security and Government Affairs
United States Senate
Washington, DC 20510

As required by the Privacy Act (5 USC 552(a)(o)), the U.S. Small Business (SBA) is submitting a copy of the Computer Matching Agreement: U.S. Small Business Administration (SBA) and U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) to your Committee. The purpose of this Agreement is to ensure that applicants for SBA disaster loans and DHS/FEMA Other Needs Assistance do not receive a duplication of benefits for the same disaster.

We appreciate your support of the SBA and the commitment to America's small businesses. If you and your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

Nicholas J. Coutsos
Assistant Administrator
Office of Congressional and Legislative Affairs

January 17, 2013

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As required by the Privacy Act (5 USC 552(a)(o)), the U.S. Small Business (SBA) is submitting a copy of the Computer Matching Agreement: U.S. Small Business Administration (SBA) and U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) to your Committee. The purpose of this Agreement is to ensure that applicants for SBA disaster loans and DHS/FEMA Other Needs Assistance do not receive a duplication of benefits for the same disaster.

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Sincerely,

Nicholas J. Coutsos
Assistant Administrator
Office of Congressional and Legislative Affairs

March 1, 2013

The Honorable Mike Johanns
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Johanns:

Pursuant to Title III of Public Law 113-2, the Disaster Relief Appropriations Act, 2013, the U.S. Small Business Administration is pleased to submit the Agency's expenditure plan for the funds provided under the "Salaries and Expenses" section of Title III of the Act.

Should you have any questions regarding this plan, please contact Mr. Nicholas J. Coutsos, Assistant Administrator for the Office of Congressional and Legislative Affairs, at (202) 205-6700.

With warmest regards,

Karen G. Mills

Enclosure

March 1, 2013

The Honorable Ander Crenshaw
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Pursuant to Title III of Public Law 113-2, the Disaster Relief Appropriations Act, 2013, the U.S. Small Business Administration is pleased to submit the Agency's expenditure plan for the funds provided under the "Salaries and Expenses" section of Title III of the Act.

Should you have any questions regarding this plan, please contact Mr. Nicholas J. Coutsos, Assistant Administrator for the Office of Congressional and Legislative Affairs, at (202) 205-6700.

With warmest regards,

Karen G. Mills

Enclosure



U.S SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

February 20, 2013

U.S. House of Representatives
Committee on Small Business
Attn: Justin Pelletier
2361 Rayburn House Office Building
Washington, DC 20515

Hand Delivered

Dear Justin:

Per the request of Ranking Member Velazquez, enclosed please find the materials requested from SBA pursuant to a letter dated January 31, 2013. If you have any questions or concerns, please do not hesitate to contact me or Jordan Haas in SBA's Office of Congressional and Legislative Affairs.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Coutsos", with a long horizontal line extending to the right.

Nicholas J. Coutsos
Assistant Administrator
Congressional and Legislative Affairs

Enclosure

- 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;

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 2012, SBA has approved more than 1.9 million disaster loans for over \$50 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)*).

Figure 13. Level of Activity -- Preparedness Frameworks. 57

Figure 14. Overview of Disaster Surge Process. 67

List of Tables

Table 1. PPD-8 Frameworks..... 4

Table 2. Disaster Frequency by Region 9

Table 3. Surge Levels. 21

Table 4. Recovery Phases. 26

COOP Logistics 47

6. Public Communications..... 49

 Target Audiences 49

 Roles and Responsibilities 50

 Pre-Disaster Communications Outline 51

 Surging Post-Disaster 51

Appendix I. Abbreviations 55

Appendix II. Preparedness 57

Appendix III. Forecasting and Modeling..... 61

 Modeling and the Surge Process 64

Appendix IV. Surging to Accommodate Need..... 67

List of Figures

Figure 1. The Disaster Continuum. 1

Figure 2. The Disaster Continuum. 3

Figure 3. Declared Disasters. 5

Figure 4. Presidential Declarations for Hurricanes..... 6

Figure 5. Seismic Risk. 7

Figure 6. Annual Disaster Loan Applications (Presidential Declarations)..... 10

Figure 7. SBA Disaster Recovery Engagement 20

Figure 8. Disaster Decision Tree..... 20

Figure 9. SBA Disaster Recovery Engagement 25

Figure 10. Capacity Expansion. 33

Figure 11. Components of SBA Staffing Strategy. 34

Figure 12. ODA Functional Centers. 39

The Honorable Elijah Cummings

Page 3

re-evaluate the most appropriate overall approach to a robust and cost-effective agency payment recapture program. If you have any questions, please contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

Sincerely,

Marie C. Johns

June 22, 2012

The Honorable Susan M. Collins
Ranking Member, Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Senator Collins:

The U.S. Small Business Administration (SBA) is committed to the successful implementation of the Improper Payments Elimination and Recovery Act (IPERA). We fully support and have intensified our efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Federal Government.

This correspondence is being sent as recommended by our Office of the Inspector General (OIG), and we agree that your committee should be made aware of our progress in Fiscal Year (FY) 2011.

We place a high value on compliance with IPERA. As supported by OIG Report 12-07, all SBA programs assessed were compliant with the reporting requirements in OMB Circular A-123, Appendix C in FY 2011. However, the agency is committed to continuing to reduce the risk of improper payments in all areas, specifically in disaster assistance and contracting/disbursements. For more information about the agency's FY 2011 improper payments reporting, please see our FY 2011 Annual Financial Report¹, which includes further details on the estimated rates and corrective actions aimed at continuing to reduce the risk of improper payments, and the OIG's Report 12-07², which includes its assessment of our compliance with IPERA and the agency's comments on the report (Appendix I page 27).

Estimated rates for Contracting/Disbursements were not published for FY 2011 because that program had only undergone the first step in a four-step process (outlined in the Circular A-123 guidance) by the time the OIG audit commenced. At that time, we had conducted the risk assessment (Step 1) and were in the process of establishing the measurement and methodology for improper payments (Step 2). We plan to implement Step 2 in FY 2012 by determining the most appropriate, statistically valid methodology to measure our estimated improper payments rate, which allows us to complete Steps 3 and 4 (Implementing a plan to reduce improper payments and Reporting annual estimates and progress in reductions).

¹ <http://www.sba.gov/content/fy-2011-agency-financial-report-afr>

² [http://www.sba.gov/sites/default/files/Report%2012-](http://www.sba.gov/sites/default/files/Report%2012-10%20Ipera%20Reporting%20Action%20Needed%20to%20Prevent%20and%20Reduce%20Improper%20payments.pdf)

[10%20Ipera%20Reporting%20Action%20Needed%20to%20Prevent%20and%20Reduce%20Improper%20payments.pdf](http://www.sba.gov/sites/default/files/Report%2012-10%20Ipera%20Reporting%20Action%20Needed%20to%20Prevent%20and%20Reduce%20Improper%20payments.pdf)

Furthermore, we realize that implementation does not end with compliance with reporting requirements. The very spirit of the law necessitates reducing risk in all areas of the agency by strengthening our controls and improving our business processes.

Therefore, we are highly focused on ensuring we evaluate what makes a payment “improper” and the level of risk posed, which may vary across our programs.

Measurable Milestones. Because the SBA was deemed compliant with the IPERA reporting requirements as outlined in the Part II of OMB Circular A-123, Appendix C: Compliance with the Improper Payments Requirements, we are not providing measurable milestones for compliance in this report. However, our planned corrective actions and milestones for continuing to reduce risk in improper payments are published in our management responses to the OIG and can be found in Appendix I of the OIG Report 12-07.

Accountable Senior Agency Official. The SBA’s accountable senior agency official for IPERA is Deputy Administrator Marie Johns.

Accountability Mechanism. The SBA has developed an accountability mechanism to continue making strides in our improper payments program. Each program included in the OIG compliance report serves a different role in achieving the agency’s mission of meeting the needs of today’s small businesses. For example, in the 7(a) and 504 programs, SBA is guaranteeing loans and debentures for small businesses, and for disaster assistance, SBA is directly providing the disaster loans to small businesses, as well as homeowners. Although the appropriate measurements and assessments are conducted at the program level, SBA’s executive leadership and senior management are committed to a collective agency-wide approach to reducing improper payments.

For improper payments, we have developed a comprehensive approach that requires the program offices to monitor their achievements in each of these four key components:

- Robust risk assessment
- Complete and accurate reporting
- Comprehensive corrective action plan
- Effective recapture activities

Utilizing this approach, we will continue to refine and improve our measures and the payment recapture activities already underway at the SBA. In our initial review in FY 2011, we determined that establishing an agency payment recapture program was not cost-effective. However, based on the recommendation of the OIG, in FY 2012 we will

The Honorable Susan M. Collins
Page 3

re-evaluate the most appropriate overall approach to a robust and cost-effective agency payment recapture program. If you have any questions, please contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

Sincerely,

Marie C. Johns

May 28, 2013

The Honorable Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$2 million in unobligated balances allocated for the Fiscal Year 2012 (FY 2012) Entrepreneurial Development Initiative within the Salaries and Expenses Appropriation Account to the 7(j) Technical Assistance Program (7(j) Program). These funds will be used for the Advanced Manufacturing Jobs and Innovation Accelerator Challenge (Advanced Manufacturing Jobs Accelerator). This initiative is designed to leverage existing financial and technical resources from five distinct Federal agencies through awards to approximately 12 projects that will be selected through competitive multi-agency grants. The Accelerator Challenge grants will fund a wide range of services such as business training and counseling, mentoring, technology transfer counseling, commercialization of existing research and development counseling, export readiness counseling, and support for underserved communities.

Under the 7(j) Program, SBA can enter into grants with public or private organizations that deliver management or technical assistance to individuals or enterprises located in areas of high unemployment or low income. The 7(j) Program is uniquely suited for SBA's clusters program because it provides the full spectrum of small business assistance needed to help the Accelerator Challenge initiative achieve its mission. It is important to note that Accelerator Challenge grant funding will not affect the approximately \$3.1 million already available for FY 2012 7(j) Program activities.

If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Representative Serrano, Chairman Durbin, and Senator Moran.

With warmest regards,

Karen G. Mills

May 28, 2013

The Honorable José E. Serrano
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$2 million in unobligated balances allocated for the Fiscal Year 2012 (FY 2012) Entrepreneurial Development Initiative within the Salaries and Expenses Appropriation Account to the 7(j) Technical Assistance Program (7(j) Program). These funds will be used for the Advanced Manufacturing Jobs and Innovation Accelerator Challenge (Advanced Manufacturing Jobs Accelerator). This initiative is designed to leverage existing financial and technical resources from five distinct Federal agencies through awards to approximately 12 projects that will be selected through competitive multi-agency grants. The Accelerator Challenge grants will fund a wide range of services such as business training and counseling, mentoring, technology transfer counseling, commercialization of existing research and development counseling, export readiness counseling, and support for underserved communities.

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If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Chairwoman Emerson, Chairman Durbin, and Senator Moran.

With warmest regards,

Karen G. Mills

May 28, 2013

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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With warmest regards,

Karen G. Mills

May 28, 2013

The Honorable Jerry Moran
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

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If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Chairman Durbin, Chairwoman Emerson, and Representative Serrano.

With warmest regards,

Karen G. Mills

November 8, 2012

The Honorable Mary L. Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

I am pleased to provide you with the U.S. Small Business Administration's (SBA) Report to the Congress on activity under the Secondary Market Guarantee Authority, as required by Section 503(e) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Please be advised there is no activity to report, as no loans were made under that authority, which has expired.

The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Senators Snowe, Durbin and Moran, and Representatives Velázquez, Graves, Emerson and Serrano.

We appreciate your continued support of SBA. If you and your staff have any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Snowe:

I am pleased to provide you with the U.S. Small Business Administration's (SBA) Report to the Congress on activity under the Secondary Market Guarantee Authority, as required by Section 503(e) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Please be advised there is no activity to report, as no loans were made under that authority, which has expired.

The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Senators Landrieu, Durbin and Moran, and Representatives Velázquez, Graves, Emerson and Serrano.

We appreciate your continued support of SBA. If you and your staff have any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velázquez:

I am pleased to provide you with the U.S. Small Business Administration's (SBA) Report to the Congress on activity under the Secondary Market Guarantee Authority, as required by Section 503(e) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Please be advised there is no activity to report, as no loans were made under that authority, which has expired.

The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Representatives Graves, Emerson, and Serrano, and Senators Landrieu, Snowe, Durbin and Moran.

We appreciate your continued support of SBA. If you and your have staff any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Sam Graves
Chair
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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We appreciate your continued support of SBA. If you and your have staff any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Jo Ann Emerson
Chair, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chair:

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The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Representatives Velázquez, Graves and Serrano, and Senators Landrieu, Snowe, Durbin and Moran.

We appreciate your continued support of SBA. If you and your staff have any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Jose E. Serrano
Ranking Member, Subcommittee on Financial Services
and General Government
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

I am pleased to provide you with the U.S. Small Business Administration's (SBA) Report to the Congress on activity under the Secondary Market Guarantee Authority, as required by Section 503(e) of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Please be advised there is no activity to report, as no loans were made under that authority, which has expired.

The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Representatives Velázquez, Graves, and Emerson, and Senators Landrieu, Snowe, Durbin and Moran.

We appreciate your continued support of SBA. If you and your have staff any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Richard Durbin
Chair, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

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We appreciate your continued support of SBA. If you and your have staff any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

November 8, 2012

The Honorable Jerry Moran
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

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The enclosed report summarizes Section 503 Recovery Act data as of June 30, 2012. A similar letter is being sent to Representatives Velázquez, Graves, Serrano and Emerson, and Senators Landrieu, Snowe and Durbin.

We appreciate your continued support of SBA. If you and your have staff any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

October 17, 2012

The Honorable Barbara Lee
U.S. House of Representatives
Washington, DC 20515

Dear Representative Lee:

Administrator Mills has asked me to respond to your recent letter to the U.S. Small Business Administration (SBA) about our inclusiveness and diversity in our workforce among Federal contractors and with procurement opportunities throughout the Federal government.

SBA is committed to ensuring that our Agency and those who work for it reflect the diversity of our nation. As such, SBA has taken steps to put together a strategic plan on diversity and inclusion. This includes ensuring that minority candidates have access to continuing education, training, mentoring, and other career advancement opportunities. In addition, SBA has been working with our Federal partners to put in place plans to ensure maximum contracting opportunities for minority, women, and service-disabled veteran-owned businesses.

Per your request, attached you will find (i) our diversity plan (Attachment A), (ii) SBA's plan for maximizing procurement and contracting opportunities (Attachment B), (iii) a summary of our staff diversity (Attachment C), and (iv) a summary of SBA's contracts larger than \$650,000 (Attachment D).

If you or a member of your staff has any questions regarding this matter, please contact me at (202) 205-6700. A similar response is being sent to Representative Serrano.

Sincerely,

Nicholas Coutsos
Assistant Administrator
for Congressional and Legislative Affairs

Enclosures

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Snowe:

“Section 1322 of the Small Business Jobs Act of 2010: Subcontracting” requires the U.S. Small Business Administration (SBA) to provide a report to the Committees on Small Business of the House of Representatives and Small Business and Entrepreneurship of the Senate detailing the implementation of this section. Also, this report identifies further steps that can be taken to ensure that subcontractor listed on Federal procurement bids are included in work performed when appropriate. This report is attached.

As always, thank you for your continued support of the SBA’s programs. If you and your staff have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700. A similar letter is being to Chair Landrieu, Chairman Graves, and Representative Velázquez.

With warmest regards,

Karen G. Mills

cc: Attachment

The Honorable Mary L. Landrieu
Chair
Committee on Small Business & Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

“Section 1322 of the Small Business Jobs Act of 2010: Subcontracting” requires the U.S. Small Business Administration (SBA) to provide a report to the Committees on Small Business of the House of Representatives and Small Business and Entrepreneurship of the Senate detailing the implementation of this section. Also, this report identifies further steps that can be taken to ensure that subcontractor listed on Federal procurement bids are included in work performed when appropriate. This report is attached.

As always, thank you for your continued support of the SBA’s programs. If you and your staff have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700. A similar letter is being to Chairman Graves, Senator Snowe, and Representative Velázquez.

With warmest regards,

Karen G. Mills

cc: Attachment

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

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As always, thank you for your continued support of the SBA’s programs. If you and your staff have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700. A similar letter is being to Chair Landrieu, Chairman Graves, and Senator Snowe.

With warmest regards,

Karen G. Mills

Cc: Attachment

The Honorable Sam Graves
Chair
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

“Section 1322 of the Small Business Jobs Act of 2010: Subcontracting” requires the U.S. Small Business Administration (SBA) to provide a report to the Committees on Small Business of the House of Representatives and Small Business and Entrepreneurship of the Senate detailing the implementation of this section. Also, this report identifies further steps that can be taken to ensure that subcontractor listed on Federal procurement bids are included in work performed when appropriate. This report is attached.

As always, thank you for your continued support of the SBA's programs. If you and your staff have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700. A similar letter is being to Chair Landrieu, Senator Snowe, and Representative Velázquez.

With warmest regards,

Karen G. Mills

cc: Attachment

December 11, 2012

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The U.S. Small Business Administration is providing you a report summarizing progress on modernizing our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations). A similar letter is being sent to Chairman Rogers, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

October 4, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This responds to the recent request by the House Small Business Committee on concerns raised in the Committee on Small Business letter of October 1, 2012, (Committee Letter) regarding the participation of those firms certified in the 8(a) Business Development (BD) program in Federal procurement.

This letter and the enclosures which accompany it are in response to the request for copies of all memorandums of understanding between SBA and the executive branch agencies pertaining to the 8(a) BD program. The documents are copies of the Partnership Agreements (PA) between SBA and those agencies with procurement authority whereby SBA delegates the contract execution functions to the agencies per the requirements of 13 Code of Federal Regulations C.F.R. § 124.501. The PA sets forth the delegation of authority and establishes the basic procedures for expediting the award of 8(a) contract requirements to eligible 8(a) Participants. SBA does not currently have any other agreements regarding the 8(a) BD program. Please note that the current agreements were extended through October 31, 2012.

In response to the concerns raised in the Committee Letter regarding MOUs and 8(a) program participation, SBA is revisiting the current provisions in the PAs which address multiple award contracts (MACs) and government-wide acquisition contracts (GWACs). Specifically, the revisions to the PAs will reflect those provisions in the Code of Federal Regulations (13 C.F.R. § 124.506(a)) and in the Federal Acquisition Regulations (FAR) that address MAC and GWAC vehicles and how they relate to the 8(a) BD program. The changes will address those concerns raised regarding the 8(a) Participant's ability to compete in the MAC and GWAC environment.

The Honorable Sam Graves
Page 2

Additionally, we welcome the opportunity to meet in person to address this issue with you, your staff, and the members of the Committee on Oversight and Government Reform. Mr. Calvin Jenkins, the Deputy Associate Administrator for Government Contracting and Business Development, Mr. Darryl Hairston, the Associate Administrator for Business Development, and members of his staff are available at your convenience.

If you and your staff have any questions, please contact Deputy Associate Administrator Jordan Haas in the Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G Mills
Administrator

Enclosures

January 3, 2013

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The attached report, "Pass-Throughs and Government Contracting", has been prepared in response Senate Report 112-079, "Financial Services and General Government Appropriations Bill, 2012", which directs the U.S. Small Business Administration (SBA) to work to ensure that only legitimate small business interests receive small business awards. The Senate Report requests that SBA submit a report to the Committees on Appropriations of the U.S. House of Representatives and U.S Senate, identifying administrative, legislative, and regulatory steps that could be taken to address the practice of pass-throughs as it relates to Federal small business contracting.

As always, thank you for your continued support of the SBA's programs. If you have any questions concerning this report, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G. Mills

Attachment

January 3, 2013

The Honorable Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Ms. Chairwoman:

The attached report, "Pass-Throughs and Government Contracting", has been prepared in response Senate Report 112-079, "Financial Services and General Government Appropriations Bill, 2012", which directs the U.S. Small Business Administration (SBA) to work to ensure that only legitimate small business interests receive small business awards. The Senate Report requests that SBA submit a report to the Committees on Appropriations of the U.S. House of Representatives and U.S Senate, identifying administrative, legislative, and regulatory steps that could be taken to address the practice of pass-throughs as it relates to Federal small business contracting.

As always, thank you for your continued support of the SBA's programs. If you have any questions concerning this report, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G. Mills

Attachment

August 13, 2012

The Honorable Sam Graves
Chair, Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The purpose of this letter is to transmit the report required by Section 1204(f) of the Small Business Jobs Act. Please see attachment. If you and your staff have any questions, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205 6700.

With warmest regards,

Dario Gomez
Associate Administrator
Office of International Trade

Attachment

August 13, 2012

The Honorable Mary Landrieu
Chair, Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

The purpose of this letter is to transmit the report required by Section 1204(f) of the Small Business Jobs Act. Please see attachment. If you and your staff have any questions, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205 6700.

With warmest regards,

Dario Gomez
Associate Administrator
Office of International Trade

Attachment

August 13, 2012

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velázquez:

The purpose of this letter is to transmit the report required by Section 1204(f) of the Small Business Jobs Act. Please see attachment. If you and your staff have any questions, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205 6700.

With warmest regards,

Dario Gomez
Associate Administrator
Office of International Trade

Attachment

August 13, 2012

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Snowe:

The purpose of this letter is to transmit the report required by Section 1204(f) of the Small Business Jobs Act. Please see attachment. If you and your staff have any questions, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205 6700.

With warmest regards,

Dario Gomez
Associate Administrator
Office of International Trade

Attachment

May 7, 2012

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided by SBA in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Rogers, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

May 7, 2012

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

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With warmest regards,

Karen G. Mills

Enclosure

May 7, 2012

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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With warmest regards,

Karen G. Mills

Enclosure

May 7, 2012

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Dicks:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided by SBA in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Inouye, Chairman Rogers, and Senator Cochran.

With warmest regards,

Karen G. Mills

Enclosure

April 23, 2012

The Honorable Daniel Inouye
Chair, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Please find enclosed the U.S. Small Business Administration's report on our progress in expanding the Microloan Program. This report is provided in accordance with Senate Report 112-079, as incorporated by the Conference Report to the Consolidated Appropriations Act, 2012.

A similar letter is being sent to Chairman Rogers, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

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The Honorable Thad Cochran
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Committee on Appropriations
United States Senate
Washington, DC 20510

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Enclosure

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Washington, DC 20515

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With warmest regards,

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Enclosure

April 23, 2012

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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A similar letter is being sent to Chairman Inouye, Chairman Rogers, and Senator Cochran.

With warmest regards,

Karen G. Mills

Enclosure

October 25, 2012

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510-6350

Dear Senator Snowe,

Administrator Mills has asked me to respond to your letter regarding the implementation of the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act (MSRA) of 2007, which required a concerted effort to expand domestic seafood processing. We appreciate the importance of this provision and this effort to expand domestic seafood processing in light of the challenging circumstances the lobster industry in Maine faced this past summer.

At the U.S. Small Business Administration (SBA), both in our Maine District Office and throughout the Agency, we are very committed to aiding the commercial lobster industry in Maine. We know that Maine is the biggest lobster-producing state in the nation with approximately 7,500 licensed lobster fishermen. Furthermore, the annual value of the lobster catch is about \$300 million, supporting other businesses such as boatyards, marine outfitters, and restaurants.

As you mention in your letter, there continues to be challenges in developing domestic seafood processors in the United States, and a significant portion of the lobster and seafood caught in Maine are processed in plants in the provinces of New Brunswick and Nova Scotia, Canada. Most of the factors leading to this are outside of SBA's jurisdiction and involve U.S. treaties with Canada, custom laws, trade tariffs, maritime laws, tax conventions, and other agreements. However, SBA has made a number of efforts to help the lobster industry as a whole and specifically to try to help expand domestic seafood processing.

SBA's efforts to aid the lobster industry involves both our core lending programs as well as outreach activities aimed at promoting and expanding domestic seafood processing. A few examples include SBA's participation in the Lobsterman trade show in Rockport each year, along with our lenders and resource partners. Our 2012 Small Business Person of the Year in Maine is Michael Coté, founder and owner of Looks Gourmet Foods, a processor of lobster and other fishery value-added products and exporter (www.BarHarborFoods.com). Most importantly, we have and continue to do loans and

provide technical assistance for all types of small businesses involved with the lobster fishing industry, and work closely with our Federal government guaranty partners at the United States Department of Agriculture Rural Development and the Finance Authority of Maine (FAME). In the last 3 years, the shellfish fishing industry, seafood processors, wholesalers, and markets in Maine have received nearly 50 SBA loans for over \$3,500,000.

Please be assured that SBA will continue our work to help the lobster industry through our traditional Agency loan and counseling programs and will also look for new opportunities to partner with other Federal and state agencies to expand domestic seafood processing for the benefit of small businesses in the lobster industry. As you suggested in this letter, SBA would be happy to meet to discuss these matters. If you and your staff have any questions, please do not hesitate to contact me at (202) 205-6700.

Thank you again for your leadership as we continue to find ways to better serve small businesses across the country.

Sincerely,

Nick Coutsos
Assistant Administrator
Office of Congressional
and Legislative Affairs



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

September 11, 2012

The Honorable Robert P. Casey, Jr.
United States Senate
Washington, DC 20510

Dear Senator Casey:

Administrator Mills asked me to respond to your recent letter to the U.S. Small Business Administration (SBA) concerning the Agency's progress in addressing the practice of "pass through companies" receiving contracts intended for small business.

The Agency shares your concern about preventing the practice of "pass-throughs" as described in your letter. The SBA is committed to ensuring that the benefits of the various small business programs actually flow to small businesses, the intended beneficiaries of these programs. The Agency's regulations require that firms awarded small business contracts must perform a specified percentage of the work of those contracts with their own labor force. For services and supply contracts, SBA's regulations require a small business to perform at least 50% of the contract with its own employees. For general construction, a small business must perform at least 15% of the contract, and for specialty trade construction, a small business must perform at least 25% of the contract. These limitations on subcontracting are intended to prevent small businesses from subcontracting the entire performance of small business contracts to large businesses.

Procuring agencies are responsible for administering the contracts they award. As such, procuring agencies are charged with monitoring and ensuring that the applicable performance of work requirement is met for each contract awarded through a small business contracting vehicle. A firm's failure to meet the applicable performance of work requirement will negatively affect its past performance for future contracts. In addition, SBA has initiated Federal Government-wide suspension and debarment actions against both small and large business concerns where those concerns misrepresented to procuring agencies that the small businesses were going to perform the required percentage of work and knowingly had agreements that would allow large businesses to perform most of the work.

The SBA's report addressing pass-throughs required by the FY2012 Financial Services Appropriation Act discusses the Agency's efforts to promulgate regulations and the measures taken to prevent pass-through actions. The report is currently undergoing SBA internal review prior to being sent to Administrator Mills for signature and transmission to the Hill.

The Honorable Robert P. Casey, Jr.
Page 2

We appreciate your support of the SBA and the Pennsylvania small business community. If you and your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Shoraka', with a long horizontal flourish extending to the right.

John Shoraka
Associate Administrator
Office of Government Contracting
and Business Development

The Honorable Barbara Mikulski
Chair
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chair:

Senate Report 112-79 notes that the small business timber sale set-aside program is designed to serve many small rural communities and small timber mills. The Committee directed the U.S. Small Business Administration's (SBA) Administrator to coordinate with the Forest Service and the Bureau of Land Management to provide a report detailing SBA's current and planned activities related to communications with timber businesses in small rural communities. Enclosed is a copy of that report.

As always, thank you for your continued support of this Program and small businesses nationwide. If you have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G. Mills

Enclosure

The Honorable Richard Shelby
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Shelby:

Senate Report 112-79 notes that the small business timber sale set-aside program is designed to serve many small rural communities and small timber mills. The Committee directed the U.S. Small Business Administration's (SBA) Administrator to coordinate with the Forest Service and the Bureau of Land Management to provide a report detailing SBA's current and planned activities related to communication with timber businesses in small rural communities. Enclosed is a copy of that report.

As always, thank you for your continued support of this Program and small businesses nationwide. If you have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G. Mills

Enclosure

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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As always, thank you for your continued support of this Program and small businesses nationwide. If you have any questions concerning this report, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

With warmest regards,

Karen G. Mills

Enclosure

The Honorable Nita Lowey
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Lowey:

Senate Report 112-79 notes that the small business timber sale set-aside program is designed to serve many small rural communities and small timber mills. The Committee directed the U.S. Small Business Administration's (SBA) Administrator to coordinate with the Forest Service and the Bureau of Land Management to provide a report detailing SBA's current and planned activities related to communication with timber businesses in small rural communities. Enclosed is a copy of that report.

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With warmest regards,

Karen G. Mills

Enclosure

February 19, 2013

The Honorable James E. Risch
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Risch:

Thank you for your January 28, 2013, letter and for the opportunity to meet with you the prior week to discuss small business issues. Let me also congratulate you again on your new position as Ranking Member of the U.S. Senate Committee on Small Business and Entrepreneurship. I enjoyed our meeting and I am pleased to expand upon the important matters we discussed.

My responses to each of your questions regarding the U.S. Small Business Administration's (SBA) programs are set forth in the attachments to this letter.

If you have additional questions pertaining to the enclosed materials, please do not hesitate to have your staff contact Nicholas Coutsos, SBA Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700.

Again, thank you for your support of the SBA and your leadership on small business issues. We look forward to partnering with you and the Committee to assist America's small businesses and to continue making the SBA more efficient and effective.

With warmest regards,

Karen G. Mills

SBA Responses to January 28, 2012 Letter from Senator Risch

1. *The current default rate on SBA loans, from FY07 to the present, broken out by 7(a), 504, Community Advantage, SBA Express, Patriot Express, and Microloans*

Below are the Agency's 12 Month Purchase Rates for the 7A, 504, SBA Express, and Patriot Express programs for Fiscal Years 2007 through 2012. SBA believes that purchase rates are a more accurate indicator of loan performance than default rates because these are guaranteed loan programs, not direct loan programs. When a lender determines a loan is in default, it requests a purchase package from SBA, and once this occurs the agency considers the loan purchased. Loans in our Community Advantage initiative are new, so we do not have relevant performance data at this point. We have also included default rate information for our Microloan program, under which SBA makes direct loans to Community Based non-profits which, in turn, use the proceeds to make direct unguaranteed microloans to small businesses.

7A Purchase Rates

- FY 2007: 1.9%
- FY 2008: 3.3%
- FY 2009: 6.6%
- FY 2010: 7.3%
- FY 2011: 4.4%
- FY 2012: 3.1%

504 Purchase Rates

- FY 2007: 0.8%
- FY 2008: 1.6%
- FY 2009: 4.0%
- FY 2010: 6.3%
- FY 2011: 2.8%
- FY 2012: 3.4%

SBA Express Purchase Rates

- FY 2007: 2.9%
- FY 2008: 5.0%
- FY 2009: 9.8%
- FY 2010: 11.2%
- FY 2011: 7.8%
- FY 2012: 5.1%

Patriot Express Purchase Rates

- FY 2009: 1.9%
- FY 2010: 4.7%
- FY 2011: 5.0%
- FY 2012: 4.3%

Microloan Program Default Rates (Loans to Intermediaries)

- FY 2007: 0.24%
- FY 2008: 0.07%
- FY 2009: 2.35%
- FY 2010: 1.83%
- FY 2011: 1.30%
- FY 2012: 0.65%

2. The current default rate on conventional small business loans

Please see the chart in Appendix I (entitled “Benchmarking SBA Purchase Rates to the Market”) for a quarterly comparison between SBA 7(a) loans and conventional small business loans. The chart compares private sector “Commercial and Industrial” loan charge-off rates compiled by the Federal Reserve Board (FRB) and SBA 7(a) purchase rates, which we believe best illustrate default rates in the public and private small business lending markets. Note that the chart also includes charge-offs from consumer credit cards, another financing tool often utilized by small businesses.

3. *The default rate on SBA disaster loans, broken out by disaster, from Katrina to the present*

Annual Default Rates* for SBA Disaster Loans (as of 12/31/2012, with major disasters broken out)

Cohort/Largest Disasters	Default Rate	Total Disbursement	Principal Charged Off
2006 Total	10.37%	6,234,973,485	646,618,423
- Katrina	8.94%	5,577,770,999	498,677,835
- Rita	11.97%	525,298,698	62,884,562
- Wilma	18.54%	560,180,324	103,875,243
2007 Total	8.67%	951,478,973	82,515,695
2008 Total	8.28%	519,308,615	42,992,302
2009 Total	6.05%	570,866,860	34,550,782
- Gustav	8.69%	73,865,418	6,417,410
- Ike	4.91%	315,764,035	15,501,931
2010 Total	3.25%	366,184,586	11,913,593
- BP Oil Spill	0.69%	35,317,200	245,104
2011 Total	1.29%	381,766,457	4,914,297
2012 Total	0.27%	343,079,512	941,954
- Irene	0.48%	128,970,539	618,384

*Defined as total principal charged off as a percent of total disbursement amount

4. Data on how much of disaster losses tend to be covered by insurance

SBA does not specifically track that information, since the amount of a disaster loan is based on the victim's uncompensated (i.e., uninsured) loss. Any insurance or other recoveries (e.g., grants) received are subtracted from the eligible loan amount.

However, there is publicly available information on total insured loss by disaster. For example, Hurricane Katrina had \$41.1 billion in insured loss, Hurricane Wilma had \$10.3 billion, Hurricane Rita had \$5.627 billion, and Hurricane Ike had 12.5 billion in insured loss.¹ We have not seen official numbers on the insured loss for Hurricane Sandy, but have heard anecdotally that it could be \$50 billion.

5. Information on what percentage of disaster loan disbursements are repaid from insurance proceeds

SBA does not currently track that information. However, SBA is examining whether and how this information could be tracked in the future.

6. The SBA's policy on the treatment of insurance requirements and proceeds, including flood insurance, in the disaster loan program

In general, prior to loan disbursement SBA will reduce the approved loan amount for any insurance payment that covers the same loss as the SBA loan. Following disbursement of the SBA loan, any insurance recovery is applied directly to the SBA loan to reduce the outstanding principal balance.

There are a number of insurance requirements for SBA loan recipients. For instance, SBA requires hazard insurance on all secured loans to protect the damaged (real and personal) property, as well as all insurable collateral (i.e., non-damaged real estate, inventory, business assets such as machinery and equipment). Additionally, if damaged or collateral property is located in a Special Flood Hazard Area (SFHA), SBA requires the property to be covered by flood insurance before any loan disbursement. And if property located outside an SFHA was damaged by rising water, SBA requires flood insurance on the damaged property prior to disbursement in excess of certain thresholds, typically \$14,000.

¹ Property coverage only. Does not include flood damage covered by the federally administered National Flood Insurance Program. As of September 2009.

Source: ISO's Property Claim Services unit (PCS); See http://www.iii.org/facts_statistics/hurricanes.html.

Additionally, SBA reviews all disaster loan applications to determine whether any previously required flood insurance on the property was maintained. If required flood insurance was not maintained in accordance with applicable laws, the applicant is not eligible for SBA disaster assistance.

7. Clarification on the treatment of the disaster loans in bankruptcy proceedings

SBA loans, disaster or otherwise, are not afforded any unique or special treatment under the Bankruptcy Code. Accordingly, SBA loans are dischargeable just like any typical loan to a debtor from a non-governmental lender, subject to any and all applicable defenses to which the SBA may be entitled.

8. The supporting data and information on your comment that it is less expensive for the Federal government to do business with small businesses than large businesses in contracting

While there is no definitive data on cost savings with regard to small business federal contracting, there are a number of benefits to the federal government's small business contracting programs and the statutory 23% goal. Small business contracting is a win-win. Small businesses get the revenue they need to grow their businesses and create jobs. Meanwhile, the federal government gets the chance to work with some of the most responsive, innovative and nimble companies in the US—often with a direct line to their CEO. As your counterpart, Chairman Sam Graves of the House Small Business Committee, stated in an Op-Ed in *Politico*, “[Small businesses] can perform a service or produce goods for the government at a lower rate and often more quickly than their larger counterparts.”



OFFICE OF THE ADMINISTRATOR

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

October 4, 2012

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velázquez:

The purpose of this letter is to transmit the report required by Section 1205(b) of the Small Business Jobs Act, *Study and Report on Filling Gaps in High-and-Low Export Volume Areas*. Please see attachment. If you and your staff have any questions, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205 6700.

With warmest regards,

Karen G. Mills

Attachment



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

October 4, 2012

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

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With warmest regards,

Karen G. Mills

Attachment



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

October 4, 2012

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With warmest regards,

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OFFICE OF THE ADMINISTRATOR

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WASHINGTON, D.C. 20416

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Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

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With warmest regards,

Karen G. Mills

Attachment

May 18, 2012

The Honorable John Boehner
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Enclosed is the U.S. Small Business Administration (SBA), Office of Inspector General (OIG) Semiannual Report. This report covers the activities of the OIG for the period of October 1, 2011 through March 31, 2012. Additionally, it summarizes the OIG's audits, investigations, and other activities for the semiannual reporting period.

We are proud at the SBA of our partnership with the Inspector General's office. The SBA is committed to combating fraud, waste, and abuse, and we benefit greatly from the Inspector General's ongoing efforts to ensure that we continue to build on that commitment.

During this reporting period, the OIG issued 12 reports containing 95 recommendations for improving SBA operations and reducing fraud and unnecessary losses in the Agency's programs. In addition, OIG investigations resulted in 26 indictments and 32 convictions. Overall, the OIG achieved monetary recoveries and savings of \$34,279,527 from recommendations that funds be put to better use agreed to by management, disallowed costs agreed to by management, court ordered and other investigative recoveries and fines, and loans or contracts not made as a result of investigations and name checks.

Should you or your staff have any questions, please contact Ms. Peggy E. Gustafson, SBA's Inspector General, at (202) 205-6586.

Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Joseph R. Biden, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

Enclosed is the U.S. Small Business Administration (SBA), Office of Inspector General (OIG) Semiannual Report. This report covers the activities of the OIG for the period of October 1, 2011 through March 31, 2012. Additionally, it summarizes the OIG's audits, investigations, and other activities for the semiannual reporting period.

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

Ms. Orice M. Williams-Brown
Managing Director
Financial Markets and Community Investment
U.S. Government Accountability Office
441 G Street, NW, Room 2440-B
Washington, DC 20548

Dear Ms. Williams-Brown:

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During this reporting period, the OIG issued 12 reports containing 95 recommendations for improving SBA operations and reducing fraud and unnecessary losses in the Agency's programs. In addition, OIG investigations resulted in 26 indictments and 32 convictions. Overall, the OIG achieved monetary recoveries and savings of \$34,279,527 from recommendations that funds be put to better use agreed to by management, disallowed costs agreed to by management, court ordered and other investigative recoveries and fines, and loans or contracts not made as a result of investigations and name checks.

Should you or your staff have any questions, please contact Ms. Peggy E. Gustafson, SBA's Inspector General, at (202) 205-6586.

Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Jacob J. Lew
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Lew:

Enclosed is the U.S. Small Business Administration (SBA), Office of Inspector General (OIG) Semiannual Report. This report covers the activities of the OIG for the period of October 1, 2011 through March 31, 2012. Additionally, it summarizes the OIG's audits, investigations, and other activities for the semiannual reporting period.

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Mary L. Landrieu
Chair, Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velázquez:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Representative Cummings:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Jose Serrano
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Jerry Moran
Ranking Member
Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

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Sincerely,

Karen G. Mills

Enclosure

May18, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Snowe:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Jeff Sessions
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Senator Sessions:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Representative Van Hollen:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Senator Collins:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Kent Conrad
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Paul Ryan
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Dicks:

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Sincerely,

Karen G. Mills

Enclosure

May 18, 2012

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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Sincerely,

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May 18, 2012

The Honorable Daniel K. Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

Karen G. Mills

Enclosure

October 10, 2012

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with Division C – Financial Services and General Government Appropriations Act, 2012, Senate Report 112-79, the U.S. Small Business Administration, in coordination with the Federal Reserve, is pleased to submit a report entitled Data Collection on Small Business Lending.

If you have any questions regarding this report, you may contact me at (202) 205-6700. A similar letter is being sent to Senator Moran, and Representatives Emerson and Serrano.

Sincerely,

Nicholas Coutsos
Associate Administrator
Office of Congressional and Legislative Affairs

October 10, 2012

The Honorable Jerry Moran
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

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October 10, 2012

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Chairwoman
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Committee on Appropriations
U.S. House of Representatives
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Dear Madam Chairwoman:

In accordance with Division C – Financial Services and General Government Appropriations Act, 2012, Senate Report 112-79, the U.S. Small Business Administration, in coordination with the Federal Reserve, is pleased to submit a report entitled Data Collection on Small Business Lending.

If you have any questions regarding this report, you may contact me at (202) 205-6700. A similar letter is being sent to Chairman Durbin, Senator Moran, and Representative Serrano.

Sincerely,

Nicholas Coutsos
Associate Administrator
Office of Congressional and Legislative Affairs

October 10, 2012

The Honorable José E. Serrano
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

In accordance with Division C – Financial Services and General Government Appropriations Act, 2012, Senate Report 112-79, the U.S. Small Business Administration, in coordination with the Federal Reserve, is pleased to submit a report entitled Data Collection on Small Business Lending.

If you have any questions regarding this report, you may contact me at (202) 205-6700. A similar letter is being sent to Chairman Durbin, Senator Moran, and Representative Emerson.

Sincerely,

Nicholas Coutsos
Associate Administrator
Office of Congressional and Legislative Affairs



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR


March 27, 2013

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
Washington, DC 20530-0001

Dear Mr. Attorney General:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,


Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

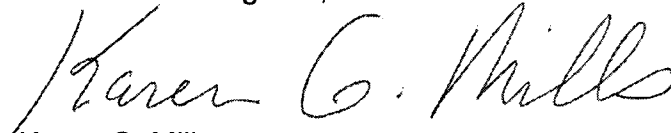
March 27, 2013

The Honorable Mary L. Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,


Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable James E. Risch
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Risch:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Nydia M. Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velazquez:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

Mr. John Berry
Director
U.S. Office of Personnel Management
Theodore Roosevelt Building
1900 E St. NW
Washington, DC 20515

Dear Mr. Berry:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Jacqueline A. Berrien
Chair
U. S. Equal Employment Opportunity Commission
1801 L Street, N.W.
Washington, DC 20507

Dear Madam Chair:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills
Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20510

Dear Mr. Speaker:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Joseph R. Biden, Jr.
The Vice President of the United States
Washington, DC 20510

Dear Mr. Vice President:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Tom A. Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Senator Coburn:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

March 27, 2013

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Representative Cummings:

I respectfully submit, in accordance with Section 203, Public Law 107-174, the U.S. Small Business Administration's Fiscal Year 2012 Notification and Federal Employee Anti-Discrimination and Retaliation (No FEAR) Act Annual Report to Congress. A copy of this report has been sent to all appropriate committee offices.

With warmest regards,

Karen G. Mills

Enclosure

August 17, 2012

The Honorable Jerry Moran
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

This letter serves as notice that the U.S. Small Business Administration (SBA) intends to reprogram up to \$1.5 million in unobligated Small Business Jobs Act funding within the Salaries and Expenses Appropriation Account to the Veterans Business Development Program. These funds will be used to enhance SBA's participation in various initiatives to support the estimated 288,000 service members expected to transition to civilian life during the next 12 months.

The Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008, P. L. 110-186 (Feb. 14, 2008), required SBA to increase its veteran outreach efforts by, among other things, regular participation in the Department of Labor's Transition Assistance Program (TAP) workshops on a nationwide basis. This additional funding for the SBA's Veterans Business Development Program will enable the Agency to expand its involvement in these workshops. The reprogrammed funds will also facilitate SBA's efforts to provide increased entrepreneurial development counseling, training, and mentoring to veterans who own or are considering starting a small business.

If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Chairman Durbin, Senator Moran, and Representative Serrano.

With warmest regards,

Karen G. Mills

August 17, 2012

The Honorable Jose E. Serrano
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Serrano:

This letter serves as notice that the U.S. Small Business Administration (SBA) intends to reprogram up to \$1.5 million in unobligated Small Business Jobs Act funding within the Salaries and Expenses Appropriation Account to the Veterans Business Development Program. These funds will be used to enhance SBA's participation in various initiatives to support the estimated 288,000 service members expected to transition to civilian life during the next 12 months.

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With warmest regards,

Karen G. Mills

August 17, 2012

The Honorable Richard Durbin
Chair, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter serves as notice that the U.S. Small Business Administration (SBA) intends to reprogram up to \$1.5 million in unobligated Small Business Jobs Act funding within the Salaries and Expenses Appropriation Account to the Veterans Business Development Program. These funds will be used to enhance SBA's participation in various initiatives to support the estimated 288,000 service members expected to transition to civilian life during the next 12 months.

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With warmest regards,

Karen G. Mills

August 17, 2012

The Honorable Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Emerson:

This letter serves as notice that the U.S. Small Business Administration (SBA) intends to reprogram up to \$1.5 million in unobligated Small Business Jobs Act funding within the Salaries and Expenses Appropriation Account to the Veterans Business Development Program. These funds will be used to enhance SBA's participation in various initiatives to support the estimated 288,000 service members expected to transition to civilian life during the next 12 months.

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With warmest regards,

Karen G. Mills

The Honorable Jerry Moran

Page 2

251(b)(2)(D)(iii) of the Act defines "disaster relief" as "activities carried out pursuant to a determination under section 102(2)" of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This determination refers to the Presidential declaration of a major disaster.

Assuming that the President's Budget is enacted, SBA anticipates that it will have no FY 2013 appropriations for administrative expenses related to non-major disasters as authorized by Section 7(b) of the Small Business Act. These would include SBA's disaster declarations that are administratively-declared, made in tandem with the Secretary of Agriculture's or Secretary of Commerce's disaster determinations, based on a State Governor's disaster certification, or made under the Military Reservist Economic Injury Disaster Loan Program. To remedy this situation, SBA is providing this notice of its intent to provide funding to cover the administrative expenses of non-major disasters in FY 2013 through a reprogramming of funds described above.

If SBA does not reprogram these funds, SBA would need to curtail disaster loan operations for Hurricane Isaac and non-major Disasters, which would significantly impair its ability to respond to such disaster activity, liquidate and service disaster loans, and maintain the statutorily required level of staff necessary to respond adequately to open and new disaster declarations.

SBA is acutely aware of the need for fiscal restraint. We will continue our efforts to promote cost-effectiveness within the Disaster Loan Program, while at the same time meeting the needs of homeowners, businesses, and nonprofit organizations impacted by future disasters.

If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Chairwoman Emerson, Chairman Durbin, and Representative Serrano.

With warmest regards,

Karen G. Mills

September 13, 2012

The Honorable Jerry Moran
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

This letter serves as notice of the U.S. Small Business Administration's (SBA) intent to reprogram up to \$70 million in unobligated balances for the cost of direct loans within the Disaster Loans Program Account (DLPA) to be used for disaster administrative expenses. Up to \$35 million of this amount would be for disaster administrative expenses associated with Hurricane Isaac and other major disasters. And, up to \$35 million of this amount will be for disaster administrative expenses associated with non-major disasters under the Disaster Loan Program, as outlined in the 2013 Congressional Budget Justification. DLPA loan subsidy currently has an unobligated balance of \$400 million.

Hurricane Isaac Response: As noted above, the additional funds will assist SBA in its efforts to provide assistance to those who suffered damages under Hurricane Isaac and other major disasters. As a result of Hurricane Isaac and the severe storms and flooding in Louisiana, Mississippi and Florida, SBA is deploying staff and resources to assist small businesses, homeowners and renters in the affected regions. Hurricane Isaac (80 mph winds, damage assessments pending) is predicted to be the fifth largest Category One/Two hurricane in history, after Hurricanes Juan (1985, \$4.7 billion in damages, 85 mph winds); Gustav (2008, \$4.4 billion in damages, 105 mph winds); Georges (1998, \$2.9 billion in damages, 105 mph winds); and an unnamed hurricane in 1906 (\$2.3 billion in damages in today's dollars, 110 mph winds).

Non-Major Disaster Response: The President's FY 2013 Budget requested \$167 million in administrative expenses for SBA's Disaster Loans Program as part of the allowable disaster relief adjustment to the discretionary spending limits pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011 (P. L. 112-25). Section

1985, as amended by the Budget Control Act of 2011 (P. L. 112-25). Section 251(b)(2)(D)(iii) of the Act defines “disaster relief” as “activities carried out pursuant to a determination under section 102(2)” of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This determination refers to the Presidential declaration of a major disaster.

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SBA is acutely aware of the need for fiscal restraint. We will continue our efforts to promote cost-effectiveness within the Disaster Loan Program, while at the same time meeting the needs of homeowners, businesses, and nonprofit organizations impacted by future disasters.

If you have additional questions, please feel free to contact me directly. If your staff would like further information on the reprogramming, they may contact Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We are happy to meet with you or your staff at your convenience. A similar letter is being sent to Chairwoman Emerson, Chairman Durbin, and Senator Moran.

With warmest regards,

Karen G. Mills

September 13, 2012

The Honorable Jose E. Serrano
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

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With warmest regards,

Karen G. Mills

September 13, 2012

The Honorable Richard Durbin
Chair, Subcommittee on Financial Services
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Committee on Appropriations
United States Senate
Washington, DC 20510

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October 31, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mister Chairman:

I am pleased to provide you with the Annual Report to the Congress on the status of lending activity under the U.S. Small Business Administration's (SBA) Premier Certified Lending Program (PCLP), as required by Section 508(j) of the Small Business Investment Act of 1958.

The enclosed schedule summarizes the number of Premier Certified Lenders, the number and dollar amount of debentures approved under PCLP, the number and dollar amount of debentures disbursed under PCLP, and the currency rate for PCLP debentures. It compares that data with similar data from the Accredited Lenders Program (ALP) and the 504 program as a whole. A similar letter is being sent to Chair Landrieu, Senator Snowe, and Representative Velazquez.

If you and your staff have any questions, please feel free to contact me directly, or your staff may contact Nicholas Coutsos, Deputy Assistant Administrator at (202) 205-6335. We appreciate your continued support of the SBA.

With warmest regards,

Karen G. Mills

Enclosure

October 31, 2012

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Representative Velazquez:

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If you and your staff have any questions, please feel free to contact me directly, or your staff may contact Nicholas Coutsos, Deputy Assistant Administrator at (202) 205-6335. We appreciate your continued support of the SBA.

With warmest regards,

Karen G. Mills

Enclosure

October 31, 2012

The Honorable Olympia Snowe
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Snowe:

I am pleased to provide you with the Annual Report to the Congress on the status of lending activity under the U.S. Small Business Administration's (SBA) Premier Certified Lending Program (PCLP), as required by Section 508(j) of the Small Business Investment Act of 1958.

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With warmest regards,

Karen G. Mills

Enclosure

October 31, 2012

The Honorable Mary Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

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With warmest regards,

Karen G. Mills

Enclosure

December 18, 2012

The Honorable Mary Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

I am pleased to provide you with the Annual Report on the status of lending activity under the U.S. Small Business Administration's (SBA) Premier Certified Lending Program (PCLP), as required by Section 508(j) of the Small Business Investment Act of 1958.

The enclosed report summarizes the number of Premier Certified Lenders, the number and dollar amount of debentures approved under PCLP, the number and dollar amount of debentures disbursed under PCLP, and the currency rate for PCLP debentures. It compares that data with similar data from the Accredited Lenders Program and the 504 program as a whole. A similar letter has been sent to Senator Snowe, and Representatives Graves and Velazquez.

If you and your staff have any questions, please contact me directly, or your staff may contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335. We appreciate your continued support of the SBA.

With warmest regards,

Karen G. Mills

Enclosure

November 27, 2012

The Honorable John Boehner
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Enclosed is the U. S. Small Business Administration (SBA), Office of Inspector General (OIG) Semiannual Report. This report covers the activities of the OIG for the period of April 1 through September 30, 2012. Additionally, it summarizes the OIG's audits, investigations, and other activities for the semiannual reporting period.

We are proud at the SBA of our partnership with the OIG. The SBA is committed to combating fraud, waste, and abuse, and we benefit greatly from the Inspector General's ongoing efforts to ensure that we continue to build on that commitment.

During this reporting period, the OIG issued 10 reports containing 31 recommendations for improving SBA operations and reducing fraud and unnecessary losses in the Agency's programs. In addition, OIG investigations resulted in 33 indictments and 27 convictions. Overall, the OIG achieved monetary recoveries and savings of \$56,304,123 from recommendations that funds be put to better use agreed to by management, disallowed costs agreed to by management, court ordered and other investigative recoveries and fines, and loans or contracts not made as a result of investigations and name checks.

Should you or your staff have any questions, please contact Ms. Peggy E. Gustafson, SBA's Inspector General, at (202) 205-6586.

With warmest regards,

Karen G. Mills

Enclosure

November 27, 2012

The Honorable Joseph R. Biden, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

Enclosed is the U. S. Small Business Administration (SBA), Office of Inspector General (OIG) Semiannual Report. This report covers the activities of the OIG for the period of April 1 through September 30, 2012. Additionally, it summarizes the OIG's audits, investigations, and other activities for the semiannual reporting period.

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Should you or your staff have any questions, please contact Ms. Peggy E. Gustafson, SBA's Inspector General, at (202) 205-6586.

With warmest regards,

Karen G. Mills

Enclosure

April 4, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

At your request, the U.S. Small Business Administration (SBA) is providing the following information about the effects of sequestration. Specifically, you have asked us to (1) identify programmatic spending reductions that would be more beneficial to the American people than across-the-board sequestration, and (2) provide a list of programs no longer necessary to meet the goals of the agency.

Small businesses are the engine of the American economy, providing the most likely path for economic growth and employment. Any spending reductions that impact SBA's ability to provide capital, counseling, and contracting assistance to small business could hinder the ongoing economic recovery. However, to help mitigate the adverse effects of sequestration, SBA has put in place a plan to distribute funding reductions across virtually all of the Agency's business assistance programs. Each such program will absorb some cuts to prevent devastating effects on any one of the Agency's programs.

Additionally, in SBA's FY 2013 Congressional Budget Justification, we requested that the Program for Investment in Micro-Entrepreneurs (PRIME) no longer be funded because its functions and activities are quite similar to other SBA entrepreneurial assistance programs. We also requested that the Federal and State Technology Partnership Program no longer be funded. In FY 2012, these two programs together represented \$5.5 million of SBA's appropriations. We continue to believe that these two programs are no longer necessary to meet the goals of the Agency.

If you and your staff have additional questions about the matters discussed in this letter, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700. A similar response is being sent to Representative Cummings.

With warmest regards,

Karen G. Mills

April 23, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter requesting information about the effects of sequestration on the U.S. Small Business Administration (SBA). Specifically, you have asked us to (1) identify programmatic spending reductions that would be more beneficial to the American people than across-the-board sequestration, and (2) provide a list of programs no longer necessary to meet the goals of the agency.

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If you and your staff have additional questions, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700. A similar response is being sent to Representative Cummings.

With warmest regards,

Karen G. Mills

April 23, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

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If you and your staff have additional questions, ~~about the matters discussed in this letter,~~ please contact our Office of Congressional and Legislative Affairs at (202) 205-6700. A similar response is being sent to Representative Cummings.

With warmest regards,

Karen G. Mills

April 4, 2013

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Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

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With warmest regards,

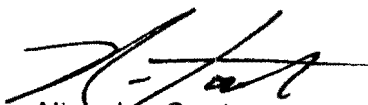
Karen G. Mills

The Honorable Darrell E. Issa
Page 2

3. To the best of the Agency's knowledge, we have no applicable documentation to provide for additional conferences above the cost benchmarks provided in the Committee's request.

A similar response is being sent to Representative Cummings. For more information concerning this matter, please contact me at (202) 205-6335.

Sincerely,



Nicholas Coutsos
Assistant Administrator
Office of Congressional and Legislative Affairs

Attachments



U.S SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

August 1, 2012

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Administrator Mills has asked me to respond to the Committee's request for additional documents and information regarding two U.S. Small Business Administration (SBA) conferences identified for further review by the Committee.

The two events that were identified by the Committee are:

- I. Office of Disaster Assistance's Program/Media Training for Public Information Officers in Minnetonka, MN, September 22-24, 2009; and
- II. Small Business Managers Performance Management Training in Baltimore, MD, April 4-7, April 18-21, April 25-28, May 2-5 and September 19-22, 2011.

The following items are the materials collected in response to the Committee's specific requests:

1. Additional documents for both of the conferences identified by the Committee have been included in separate zip files, submitted as attachments 1 & 2. The zip files contain documentation such as the event attendee lists, related procurement records as well as general event information (conference itineraries, training course schedules, agendas, etc.).
2. To the best of the Agency's knowledge, all available materials on the conference budgets are included in attachments 1 & 2. SBA Program Offices are allocated an overall operating budget and must plan conference and training budgets within those parameters. SBA instituted a process in September, 2011 to comply with OMB Memorandum 11-35 to implement a centralized process for conference review and approval.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

August 1, 2012

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Administrator Mills has asked me to respond to the Committee's request regarding the political activities of Federal employees, including those at the U.S. Small Business Administration (SBA).

The Hatch Act directs that Federal employees should be able to "exercise fully, freely, and without fear of penalty ... their right to participate ... in the political processes of the Nation" and expressly permits employees to take an active part in political campaigns. 5 U.S.C. §§ 7321, 7323. We are concerned by the breadth of your request for information regarding SBA employees' political activities, which could have a chilling effect on legitimate political conduct protected by the Hatch Act and the First Amendment when there is no evidence of any misconduct on the part of any SBA employee.

In response to your letter, however, we would like to lay out the Agency's commitment to educating its employees on their Hatch Act obligations and the process for ensuring compliance with the Hatch Act. For example, since January 2009, SBA's Designated Agency Ethics Official (DAEO) has held six distinct Hatch Act briefings targeting various groups of SBA employees. In addition, the Office of Special Counsel's (OSC) Hatch Act Unit recently conducted a briefing on the Hatch Act for SBA's PASs (the SBA Administrator, the Deputy Administrator and the Chief Counsel for Advocacy) and their staffs. All of these briefings are in addition to the Hatch Act and ethics trainings that all new SF-278 filers receive in person within two weeks of their arrival at the Agency. SBA's DAEO supplements this training and the briefings with Hatch Act notices, memos, and guidance. We believe these efforts—along with SBA's rigorous, ongoing ethics compliance activities—help ensure proper compliance with the Hatch Act.

A similar response is being sent to Representative Cummings. For more information concerning this matter, please contact me at (202) 205-6335.

Sincerely,

Nicholas Coutsos
Assistant Administrator
Office of Congressional and Legislative Affairs

August 13, 2012

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Dicks:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is in compliance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Senators Inouye and Cochran, and Representative Rogers.

With warmest regards,

Karen G. Mills

Enclosure

August 13, 2012

The Honorable Hal Rogers
Chair, Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is in compliance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Senators Inouye and Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

August 13, 2012

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is in compliance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Senator Inouye, and Representatives Rogers and Dicks.

With warmest regards,

Karen G. Mills

Enclosure

August 13, 2012

The Honorable Daniel Inouye
Chair, Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The U.S. Small Business Administration (SBA) is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is in compliance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Senator Cochran, and Representatives Rogers and Dicks.

With warmest regards,

Karen G. Mills

Enclosure

The Honorable Mary L. Landrieu
Page 2

I hope that these responses to your questions address your concerns. If you have any questions, please contact me or Nicholas Coutsos, SBA Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700.

Thank you again for your leadership and partnership as we continue to find ways to better serve small businesses across the country.

Sincerely,

Jonathan I. Carver
Chief Financial Officer &
AA for Performance Management

Enclosures



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

October 24, 2012

The Honorable Mary L. Landrieu
Chair
United States Senate
Committee on Small Business & Entrepreneurship
Washington, DC 20510-6350

Dear Madam Chair:

Administrator Mills has asked me to respond to your letter to Office of Management and Budget (OMB) Deputy Director for Management Jeffrey D. Zients and her regarding the U.S. Small Business Administration (SBA) 7(a) and 504 Loan Programs' subsidy costs. After close coordination with OMB, we are responding on behalf of OMB and SBA. As you know, access to capital for our small businesses is essential to our nation's economic recovery, allowing small business to prosper and create jobs. Last year SBA had a record year of lending – we supported \$30 billion in small business lending to over 60,000 businesses.

While the subsidy rate has increased in recent years due to a variety of economic factors, we still believe SBA loans provide an excellent return on investment. For fiscal year 2013, we are requesting \$351 million in subsidy to support \$22 billion in loan authority. This authority level is sufficient to serve the needs of the small businesses that seek our assistance. As you discuss in your letter, the loan subsidy rates are set by a formula. Currently, the fees that offset these costs are at their maximum statutory levels.

I appreciate your interest in the subsidy cost estimates for our loan programs and the econometric model that is used to forecast them. Attachment A provides an overview of the model, including its variables and recent changes. As the attachment notes, SBA – in consultation with OMB – conducts intensive annual reviews of the model to improve its predictive capabilities. Although these intensive reviews have not produced any model-specification changes over the past two years, based on our preliminary analysis, we are reviewing potential changes to the model for the FY 2014 Budget. We address your specific numbered questions in attachment B to this letter.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



March 22, 2013

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Congresswoman Velázquez:

Pursuant to Public Law 110-246, the Small Business Disaster Response and Loan Improvement Act of 2008, the U.S. Small Business Administration is pleased to submit its semi-annual report for the period covering July to December 2012 on the Federal Contracts awarded as a result of major disasters.

Should you have any questions regarding this report, please contact the Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James Rivera
Associate Administrator,
Office of Disaster Assistance

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



March 22, 2013

The Honorable Mary L. Landrieu
Chairman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

Pursuant to Public Law 110-246, the Small Business Disaster Response and Loan Improvement Act of 2008, the U.S. Small Business Administration is pleased to submit its semi-annual report for the period covering July to December 2012 on the Federal Contracts awarded as a result of major disasters.

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Sincerely,

James Rivera
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Office of Disaster Assistance

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



March 22, 2013

The Honorable James E. Risch
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Risch:

Pursuant to Public Law 110-246, the Small Business Disaster Response and Loan Improvement Act of 2008, the U.S. Small Business Administration is pleased to submit its semi-annual report for the period covering July to December 2012 on the Federal Contracts awarded as a result of major disasters.

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Associate Administrator,
Office of Disaster Assistance



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

March 22, 2013

The Honorable Darrell E. Issa
Chairman
Committee on Oversight
and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your recent letter requesting information concerning the Small Business Administration's (SBA's) Historically Underutilized Business Zones (HUBZone) program. Administrator Mills asked me to respond to the letter on her behalf.

In response to your letter, SBA is providing all documents received from Signet Computers, LLC (Signet) and Strong Castle, LLC in connection with their respective HUBZone applications. SBA is also providing all documentation with regard to a December 14, 2012, HUBZone status protest for Request for Quotes Number T1RNO-12-Q-0083 filed by Government Acquisitions, Inc., which challenged the HUBZone status of Signet. Please note that the Agency does not have access to the Office of Inspector General documents.

The documents provided contain sensitive information that should not be disclosed to the public. The documents may also contain proprietary commercial or financial information. Moreover, these documents contain private or personal information which, if disclosed would amount to a clearly unwarranted invasion of privacy of a person, and information protected by the provisions of the Privacy Act of 1974 (5 U.S.C. 552a(b)). As such, the materials are being provided for your purposes only and should not be further disseminated without the written approval of the SBA.

If your staff would like further information on SBA's suspensions and debarments, please contact me at (202) 205-6700.

Respectfully,

Nicholas Coutsos
Assistant Administrator for Congressional and Legislative Affairs

Enclosure

April 19, 2013

The Honorable James E. Risch
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Risch:

Pursuant to section 9(b)(7) of the Small Business Act (15 U.S.C. §638(b)(7)), the Small Business Administration (SBA) is pleased to transmit the consolidated Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Annual Report for Fiscal Years 2009-2011. The report details the accomplishments and progress of the 11 agencies under the SBIR program and the five agencies under the STTR program. The report highlights the total number of awards and dollars spent, the number of awards distributed to minority-owned and disadvantaged, HUBZone certified, and women-owned small businesses, the overall competitiveness of the program, and extramural budget calculation performance by participating agencies. During FYs 2009-2011, the SBIR program gave out an average of \$1.9 billion in 5,766 awards per year and the STTR program gave out \$244 million in 769 awards annually.

The SBA continues to implement security controls to protect and enhance configuration management, access control, and incident handling.

If you and your staff have any questions concerning the report, please contact Mr. Nicholas Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335. An identical letter and a copy of the report have been sent to Senator Mary Landrieu, and Representatives Sam Graves, Nydia Velázquez, Lamar Smith, and Eddie Bernice Johnson.

As always, thank you for your continued support of this Program and small businesses nationwide.

With warmest regards,

Karen G. Mills

Enclosure

April 19, 2013

The Honorable Eddie Bernice Johnson
Ranking Member
Committee on Science, Space and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Representative Johnson:

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With warmest regards,

Karen G. Mills

Enclosure

April 19, 2013

The Honorable Sam Graves
Chairman
Committee on Small Business
U. S. House of Representatives
Washington, DC 20515

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As always, thank you for your continued support of this Program and small businesses nationwide.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Rogers, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Cochran:

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Chairman
Committee on Appropriations
U.S. House of Representatives
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April 3, 2013

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Committee on Appropriations
U.S. House of Representatives
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Karen G. Mills

Enclosure

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United States Senate
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Karen G. Mills

Enclosure

April 3, 2013

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Inouye, Senator Cochran, and Representative Dicks.

With warmest regards,

Karen G. Mills

Enclosure

April 3, 2013

The Honorable Norm Dicks
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Representative Dicks:

The U.S. Small Business Administration is providing you with a report summarizing the Agency's progress regarding the modernization of our Loan Management and Accounting Systems. This report is provided in accordance with a request set forth in 155 Congressional Record H1653, H2063 (daily ed. Feb. 23, 2009) (Explanatory Statement submitted by Mr. Obey, then Chairman of the House Committee on Appropriations).

A similar letter is being sent to Chairman Inouye, Chairman Rogers, and Senator Cochran.

With warmest regards,

Karen G. Mills

Enclosure

May 9, 2013

The Honorable Mary L. Landrieu
Chair
United States Senate
Committee on Small Business & Entrepreneurship
Washington, DC 20510-6350

Dear Madam Chair:

Thank you for your recent letter expressing concern for the effect of sequestration on small business contracting.

As you know, the U.S. Small Business Administration (SBA) has the highest small business utilization goal of any federal agency at 67 percent. After reviewing our sequestration plan for fiscal year (FY) 2013, SBA does not expect to reduce its spending on small business contracts as a result of the reduced, post-sequestration funding levels. Instead, SBA will be achieving its required reductions by reducing direct and guaranteed lending, reducing grants to our business partners, and not backfilling vacant positions.

The current status of SBA's progress towards meeting the FY 2013 Small Business (SB) Utilization Goal and the related Sub-Goals is provided in the attached table. As of May 8th, 2013, the Agency has awarded over 61 percent of its contracts to a small business. The SBA purchases roughly \$100 million in goods and services throughout the fiscal year with the majority of awards occurring in the final two quarters of the fiscal year. The Agency is confident that it will meet its SB Utilization targets in FY 2013.

I appreciate the Committee's continued interest in and support of the small business community. If you and your staff should have any additional questions or concerns, please contact Nick Coutsos, SBA's Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Enclosure

SBA Small Business Utilization Goals for FY 2013 (as of 5/8/13):

Small Business Administration	# of Actions	\$ Amount	% of Total	Goal	Δ% from Goal
Total Small Business Eligible Actions	457	\$22,409,799.06			
Small Business Actions	301	\$13,693,595.04	61.11%	67.00%	-5.89%
Small Disadvantaged Business Actions	120	\$8,241,698.32	36.78%	5.00%	31.78%
Women Owned Small Business Actions	69	\$1,994,165.01	8.90%	5.00%	3.90%
Certified HUBZone Small Business Actions	14	\$383,336.34	1.71%	3.00%	-1.29%
Service Disabled Veteran Owned Small Business Actions	24	\$678,019.47	3.03%	3.00%	0.03%
Veteran Owned Small Business Actions	30	\$704,720.45	3.14%	n/a	3.14%
8(a) Procedure Actions	52	\$6,661,618.59	29.73%	n/a	29.73%



U.S SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

April 8, 2013

The Honorable Claire McCaskill
Chair
Subcommittee on Financial and
Contracting Oversight
United States Senate
Washington, DC 20510

Dear Madam Chair:

Per your request for information on how the U.S. Small Business Administration (SBA) manages Freedom of Information Act (FOIA) requests enclosed please find the answers to the questions outlined in your request. If you have any questions or concerns, please contact me at (202) 205-6335. A similar response is being sent to Senator Coburn.

Sincerely,

Nicholas J. Coutsos
Assistant Administrator
Congressional and Legislative Affairs

Enclosure

[TYPE TEXT]

1. It appears that the only means to submit a FOIA request is through mail, fax or email. Has the SBA considered developing an online FOIA request application?

The majority of all FOIA requests received by SBA are submitted online to either the FOIA Inbox (foia@sba.gov) or to a FOIA Public Liaison or FOIA Requester Service Center Staff member here at SBA. As stated in our online "General FOIA Information" webpage (<http://www.sba.gov/about-sba-services/14201>), SBA does not require a special form to submit a request, and each requester may create a request that meets their individual needs.

2. Will the SBA automatically direct requests to all relevant offices of components? If not, why not?

Yes, SBA automatically directs all requests to the relevant Agency office(s) that may maintain information.

3. To what extent may requesters track their requests online?

The FOIA software used by SBA is an internal system that is not designed to allow public interface. However, requesters are always provided contact information, including a tracking number assigned to each individual FOIA request, which allows them to contact SBA for status reports.

4. How are FOIA requests tracked within the SBA?

Each FOIA request is assigned to the FOIA contact within the Agency office(s) to which the request (or portion thereof) applies. These contacts ensure that disclosable information that is responsive to the request is gathered, submitted, and remitted through SBA's FOIA Tracking and Case Management System. SBA's Freedom of Information/Privacy Acts Office monitors the system on a daily basis to help ensure proper legal compliance, timely responsiveness, and effective customer service.

5. Does the SBA use software or dedicated hardware acquired from or managed by contractors to process or respond to FOIA requests? If so, please provide the name of the contractor, contract number, a description of the contract scope and the work performed, the contract start and end dates, and the contract costs for the past four years, including base and options values, as well as obligated amount.

Yes, SBA uses AccessPro Case Management software to process, respond to, and manage its FOIA requests. This software is an automated, FOIA-specific case tracking and reporting system. It allows SBA to track all response actions, perform administrative tasks, generate reports (i.e., the Annual FOIA Report), manage correspondence, and redact documents. The contract (SBAHQ-10-F-0276) was awarded to Digidoc Inc. for a total of \$188,000. The services provided were implementation, data migration, 130 licenses, employee training, and system maintenance.

[TYPE TEXT]

6. Do contractors process FOIA requests, make determinations, calculate fees, or participate in the FOIA request or response process? If so, please provide the name of the contractor, contract number, a description of the contract scope and the work performed, the contract state and end dates, and the contract costs for the past four years, including base and options value, as well as obligated amount.

Contractors do not process SBA FOIA requests.

7. If a determination is made to release documents or information to a requester, are the documents and information made public? If so, in what format and where are they made available?

SBA frequently posts requested data on the "Frequently Requested Records" webpage (<http://www.sba.gov/about-sba-services/7589>). And in compliance with the President's Open Government initiative, SBA program offices proactively post information derived from a FOIA request on their own homepages. But since many of SBA's records are commercial in nature and/or protected by the Privacy Act, public posting of some information may not be appropriate.

8. What percentage of responses are made electronically?

Over 90 percent of SBA responses are electronically provided.

9. Is the SBA aware of the FOIA Online portal? Has the Department considered joining FOIA Online? Why or why not.

Yes, SBA first became aware of the FOIA Online portal after our current FOIA AccessPro System had been procured and fully deployed. In the future, and as the necessary funding becomes available, we will look into the possibility of participating in the FOIA Online portal.



U.S SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

April 8, 2013

The Honorable Tom Coburn
Ranking Member
Subcommittee on Financial and
Contracting Oversight
United States Senate
Washington, DC 20510

Dear Senator Coburn:

Per your request for information on how the U.S. Small Business Administration (SBA) manages Freedom of Information Act (FOIA) requests enclosed please find the answers to the questions outlined in your request. If you have any questions or concerns, please contact me at (202) 205-6335. A similar response is being sent to Chair McCaskill.

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Congressional and Legislative Affairs

Enclosure

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November 15, 2012

The Honorable Jo Ann Emerson
Chairwoman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Emerson:

In accordance with section 608 of the Consolidated Appropriations Act, 2012, Pub. L. 112-74, Div. C, the U.S. Small Business Administration (SBA) is providing you notice of its intent to reorganize the Office of Capital Access (OCA). This reorganization will address opportunities and challenges facing the SBA, and help the Agency better serve the needs of small businesses.

A summary of the OCA reorganization is as follows:

- With the addition of two new offices, OCA will consist of six offices, each headed by a Career Senior Executive Service Director: (1) Office of Financial Assistance (business loan program policy); (2) Office of Financial Program Operations (business loan servicing and processing centers); (3) Office of Economic Opportunity (OEO) (discussed below); (4) Office of Performance and Systems Management (OPSM) (discussed below); (5) Office of Credit Risk Management (lender oversight); and (6) Office of Surety Guarantees (surety bond guarantee program);
- OCA will establish two Deputy Associate Administrator positions (one Career and one Non-Career), and realign the reporting structure so that the six Career SES Directors of Programs will report to the OCA's Associate Administrator through the Career Deputy;
- The new OEO will be responsible for the planning, coordination, implementation, evaluation, and improvement of the Agency's efforts to enhance the economic well-being of underserved communities. The administration of the Microloan Program, the Community Advantage Pilot Program, Program for Investment in Microentrepreneurs and the Intermediary Lending Pilot Program will be housed under this new office; and,
- The new OPSM will be responsible for facilitating the integration of the various loan guaranty financial and reporting systems throughout SBA's enterprise architecture. In addition, the office will work with SBA's customers to maintain

The Honorable Jo Ann Emerson
Page 2

and further develop the Agency's loan program framework, including performance metrics and benchmarks for the various loan programs.

If you have questions regarding this matter, please contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6700. We would also be happy to provide you with a detailed briefing on this organizational change.

I appreciate your continued support, and I look forward to working with you to create a more efficient and effective SBA.

With warmest regards,

Karen G. Mills

November 15, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

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The Honorable Sam Graves
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Karen G. Mills

November 15, 2012

The Honorable Mary Landrieu
Chair
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

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The Honorable Mary Landrieu
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I appreciate your continued support, and I look forward to working with you to create a more efficient and effective SBA.

With warmest regards,

Karen G. Mills

November 15, 2012

The Honorable Richard Durbin
Chairman, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Section 116 of the Continuing Appropriations Resolution, 2013, Public Law 112-175, requires agencies to submit a spending, expenditure or operating plan, not later than 30 days after enactment of the Resolution, to the Committees on Appropriations of the Senate and of the House of Representatives. The enclosed plan is submitted pursuant to the requirements of Section 116 of Public Law 112-175.

An identical plan is being sent to the Ranking Member, United States Senate, Subcommittee on Financial Services and General Government for Committee on Appropriations, and the Chairwoman and Ranking Member, U.S. House of Representatives, Subcommittee on Financial Services and General Government for the Committee on Appropriations. If you have any further questions, please do not hesitate to contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Attachment

November 15, 2012

The Honorable Jerry Moran
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Moran:

Section 116 of the Continuing Appropriations Resolution, 2013, Public Law 112-175, requires agencies to submit a spending, expenditure or operating plan, not later than 30 days after enactment of the Resolution, to the Committees on Appropriations of the Senate and of the House of Representatives. The enclosed plan is submitted pursuant to the requirements of Section 116 of Public Law 112-175.

An identical plan is being sent to the Chairman, United States Senate, Subcommittee on Financial Services and General Government for Committee on Appropriations, and the Chairwoman and Ranking Member, U.S. House of Representatives, Subcommittee on Financial Services and General Government for the Committee on Appropriations. If you have any further questions, please do not hesitate to contact Mr. Nick Coutsos, Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6335.

With warmest regards,

Karen G. Mills

Attachment

November 15, 2012

The Honorable Jose Serrano
Ranking Member, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Serrano:

Section 116 of the Continuing Appropriations Resolution, 2013, Public Law 112-175, requires agencies to submit a spending, expenditure or operating plan, not later than 30 days after enactment of the Resolution, to the Committees on Appropriations of the Senate and of the House of Representatives. The enclosed plan is submitted pursuant to the requirements of Section 116 of Public Law 112-175.

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With warmest regards,

Karen G. Mills

Attachment

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Chairman, Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Ms. Chairwoman:

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With warmest regards,

Karen G. Mills

Attachment

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



The Honorable Sam Graves
Chairman
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Chairman Graves:

Pursuant to Section 43 of the Small Business Act and related requirements of Title XII, Subtitle B of the Food, Conservation and Energy Act of 2008 (P.L. 110-246), the U.S. Small Business Administration is pleased to submit the Annual Report on Disaster Assistance for FY2012.

Should you have any questions regarding this report, please contact the Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James Rivera
Associate Administrator,
Office of Disaster Assistance

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Congresswoman Velázquez:

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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



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United States Senate
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U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

MAY 24 2012

The Honorable Mary L. Landrieu
United States Senate
Washington, DC 20510

Dear Senator Landrieu:

Administrator Mills has asked me to respond to your recent letter regarding implementation of Section 566 of the Consolidated Appropriations Act of 2012.

In your letter you requested confirmation from the U.S. Small Business Administration (SBA) of the implementation strategies that are currently in place regarding the aforementioned Act that was passed in 2012. To date, the Agency has coordinated with Officials from the State of Louisiana to ensure homeowners impacted by Hurricanes Katrina and Rita are receiving timely and effective assistance. Specifically, SBA provided Louisiana State Officials with a list of the disaster loan recipients who met the criteria established by the State. We will continue to coordinate with the State to ensure payments provided by the State as part of the Federal Emergency Management Administration's Hazard Mitigation Grant Program are applied to the specific borrower's loan balances appropriately. The State has agreed to notify SBA regarding how the payments should be applied to each borrower's outstanding loan balance.

We appreciate your continued support of SBA and the Louisiana small business community. If you and your staff have additional questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James E. Rivera
Associate Administrator
for Disaster Assistance

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



October 22, 2012

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Congresswoman Velázquez:

Pursuant to Public Law 110-246, the Small Business Disaster Response and Loan Improvement Act of 2008, the U.S. Small Business Administration is pleased to submit its semi-annual report for the period covering January to June 2012 on the Federal Contracts awarded as a result of major disasters.

Should you have any questions regarding this report, please contact the Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

James Rivera
Associate Administrator,
Office of Disaster Assistance

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416



October 22, 2012

The Honorable Sam Graves
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