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EXAMINING SBA'S OFFICE OF DISASTER ASSISTANCE AND THE RESPONSE TO RECENT CATASTROPHIC FLOODS

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HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP
UNITED STATES SENATE

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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JUNE 19, 2019

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Opening Statements

EXAMINING SBA'S OFFICE OF DISASTER
ASSISTANCE AND THE RESPONSE TO RECENT
CATASTROPHIC FLOODS

WEDNESDAY, JUNE 19, 2019

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

The Committee met, pursuant to notice, at 3:00 p.m., in Room 428A, Russell Senate Office Building, Hon. Joni Ernst, presiding.

Present: Senators Rubio, Ernst, Hawley, Cardin, Cantwell, Shaheen, and Duckworth.

OPENING STATEMENT OF HON. JONI ERNST, A U.S. SENATOR FROM IOWA

Senator Ernst. Good afternoon. Today's hearing of the Senate Committee on Small Business and Entrepreneurship will come to order. Thank you all for being here and welcome to our witnesses. I also want to thank Chairman Rubio for letting me take the gavel today.

Today's hearing is titled Examining SBA's Office of Disaster Assistance and the Response to Recent Catastrophic Floods. It will discuss SBA's disaster programs and their footprint in response to the recent flooding in the Midwest. We will also continue our work to reauthorize the Small Business Act, focusing today on the critical role SBA's Office of Disaster Assistance plays in helping individuals and businesses recover after a disaster strikes.

In my home State of Iowa, widespread flooding has had a devastating impact, causing an estimated $1.6 billion in damage in Iowa alone, with even more damage reported across the Midwest. Although the flooding began in March, this is an ongoing disaster, as a wet spring has led to further flooding in areas where the water was beginning to recede.

To make matters worse, the flooding throughout much of western Iowa is deja vu for many of the victims, as some of these same communities were affected by widespread flooding in 2011.

Thankfully, as folks begin to rebuild their homes and neighborhoods they will be aided by the Disaster Supplemental Package that was signed into law earlier this month, which included my amendment for USDA to cover the loss of on-farm stored grain. While this is just one step in the recovery, it will help victims of the flooding to get back on their feet.

During my visits to the disaster areas, I have seen firsthand the devastating impact the flooding had on our small businesses and have met with a number of business owners about the challenges they are facing. Many of these folks were just recovering from flooding this spring before finding their businesses under water yet again this month.

The SBA's Office of Disaster Assistance has played an essential role in the recovery effort by providing services and counseling to our small business owners, but it is important that we continually assess these programs to ensure they are providing effective and timely assistance to the victims.

The disaster assistance programs provided by the SBA allow victims of a disaster to receive direct loans and working capital for physical damage or economic injury. Homeowners, renters, and businesses of all sizes can apply for SBA disaster assistance in presidentially declared or SBA-declared disaster areas.

There are three types of loans that are offered by the Office of Disaster Assistance. These are home and personal property disaster loans, business physical disaster loans, and economic injury disaster loans. Many are unaware that the SBA gives loans to not just businesses but also to homeowners and physical property owners after disasters.

In fact, over 80 percent of SBA's disaster loans are given to individuals and homeowners through home and personal property disaster loans, which contain two categories of loans. The first is personal property loans, which provide up to $40,000 to uninsured or underinsured individuals to repair or replace their property at their primary residence for items such as appliances and furniture. The second is real property loans, which allow homeowners who are uninsured to obtain up to $200,000 to restore their primary property to its pre-disaster status.

Next, business physical disaster loans can provide loans up to $2 million to businesses of all sizes to repair or replace damaged property, equipment, or inventory. Finally, small businesses can receive up to $2 million in working capital through SBA's economic injury disaster loans to aid small businesses that have suffered economic losses from the disaster.

These programs have helped homeowners and small businesses alike. However, according to the SBA Inspector General, SBA has continued to have issues delivering expedited relief to disaster victims while mitigating fraud and improper payments.

It is important that as we look to reauthorize the Small Business Act we remain focused on ensuring we are protecting taxpayer dollars while keenly assisting our communities. I hope today's discussion will be a productive step toward improving the Federal Government's response to disasters, including these catastrophic floods, and shed some light on how we can enhance the integral role SBA plays in helping survivors get back on their feet and on with their lives.

And with that, thank you again. Senator Cardin, I will turn it to you.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, RANKING MEMBER, A U.S. SENATOR FROM MARYLAND

Senator Cardin. Well, Senator Ernst, first of all, thank you for help in putting together this hearing and for your leadership on this Committee. It is always a pleasure to work with Senator Rubio in the Chair but it is also nice to have you in the Chair, so welcome to that.

This is a continuation of our hearings on the reauthorization of programs under the Small Business Administration. This hearing is going to be on disaster assistance programs, which is a critically important part of the SBA toolbox.

Senator Ernst, I know the pain that you have gone through in your community in the Midwest with the continuing flooding, and you have our heartfelt feelings, and we obviously want to come together as a Nation to do everything we can to help the people that have been victimized, and do everything we can to make the circumstances better.

I experienced this firsthand in Maryland, in Ellicott City. Ellicott City experienced two deadly floods in a period of less than two years, where floodwaters came down Main Street, which is basically family-owned-type businesses, what a Main Street used to be and still is in Ellicott City, Maryland. This was a unique flood. We have had flooding before where the river banks just rose. This was so much rain in such a short period of time the flow of the water caused the damage.

I was there. I saw firsthand the damage that was inflicted, the loss of life, the loss of property. Jason Barnes is here from All Time Toys, and we will have a chance for him on this second panel.

But I want to tell you, when I got there I was so impressed to see SBA already there. They were on the ground, working and helping and providing the necessary information to the property owners. I will also acknowledge the SBDCs that were there. Now we anticipated that, in the law that we passed in 2015, the RISE Act, to empower the SBDCs to play a greater role in the recovery process. They provided resources for training, et cetera, and it worked. And it was, I think, the right thing to do, because, quite frankly, the resource partners know the communities best. So the SBDCs, the Women's Business Centers, SCORE, these affiliates can really help with the businesses on the ground to give them firsthand advice on how to keep their businesses going. And I think we need to take a look at the CDFIs to see whether we cannot use them in a better way in disaster relief.

Our focus here is whether we can be more effective in the use of the tools that we have. That is the reauthorization process. Senator Ernst mentioned the tools that are available. I will not go back over them. But let me just tell you the numbers, as I understand it. Forty percent of small businesses cannot survive a major disaster. They never reopen. That is a shocking number. So we need to try to do something better.

One of the things you hear frequently is that they need quick access to capital, and that is why the SBA program for disaster relief is unique. It is direct loans, and it applies not just to small businesses but to property owners, residential property owners. So it is a broader program, and we have made a lot progress in streamlining the process so they can get their capital quicker. I think it is about three weeks, on average, in order to be able to get disaster loans from the SBA.

Well, quite frankly, for some businesses three weeks is too long. They need the money immediately in order to be able to keep their doors open. As I understand it, also, we tried to do something about that in 2008, with new bridge loans that did not work. I am not blaming anybody why it did not work. There was no, as I understand it, commercial bank interest. It just did not work. But the need is still there. So are there other things we can do to allow businesses to access capital sooner in order to bridge and stay in existence?

Fifty percent of those who apply for the SBA disaster loans do not qualify for it. So if there is a three-week determination and then they have to go to the next source, which might be through FEMA and HUD, can we coordinate that better so that they have clear direction sooner as to what is available to keep them in business?

The other thing I think we need to concentrate on is to recognize that small businesses need help to be prepared for disaster for a plan of business continuation. You do not think about it until after you are out of business, but you really should be having those discussions, and we should be able, through SBA, to provide those types of services earlier, and obviously we also need to look at, and we do allow funds that are made available through the SBA to deal with mitigation to reduce the risks in the future.

These are all important issues. We have an excellent panel. So I look forward to hearing from our witnesses.

Senator Ernst. Thank you very much, Senator Cardin. And what I would like to remind, for our panels, we have got some wonderful witnesses here today for our panel and for our audience today. We will have a series of votes beginning at 3:30 p.m., so I will apologize ahead of time. We will be coordinating to move back and forth to the floor of the U.S. Senate. But if we need to we may have to take just a short recess to accommodate any movement. But again, I want to thank our witnesses for being here today.

So we are going to go ahead and start with our first panel, and thank you, Mr. Rivera, for being here.

James Rivera is the Associate Administrator in the Office of Disaster Assistance of the U.S. Small Business Administration here in Washington, D.C. Prior to this position, Rivera served as Deputy Associate Administrator of the Office of Disaster Assistance, improving the agency's disaster operations after Hurricanes Katrina, Rita, and Wilma. He has worked in the Office of Disaster Assistance since 1994.

Rivera received his bachelor of business administration degree in finance and economics from Texas Tech University.

Thank you again, Mr. Rivera, for being here today. We will go ahead. If you would please, we will listen to your opening statement.

STATEMENT OF JAMES RIVERA, ASSOCIATE ADMINISTRATOR, OFFICE OF DISASTER ASSISTANCE, U.S. SMALL BUSINESS ADMINISTRATION, WASHINGTON, DC

Mr. Rivera. Thank you, Senator Ernst and Ranking Member Cardin, and members of the Committee. I appreciate the opportunity to testify today on the agency's current Federal disaster efforts in the Midwest as well as other areas in the country.

Let me start by saying how much we appreciate the support you have provided the agency and our disaster program. Over the years you have been very responsive to our findings and staffing needs, and we are thankful for the working relationship with the Committee and the leadership you provide.

I also want to share how proud I am of the men and women in the SBA's Office of Disaster Assistance. They are a dedicated group who work very hard year-round to help disaster survivors in time of need. Working with our Federal partners and State Emergency Management Agencies, SBA is on the ground soon after the weather events, to begin assessing damage. In coordination with your governor, SBA will help determine if appropriate factors might exist for Federal disaster declarations.

Ultimately, requests for Federal disaster declarations are initiated by the governor's office and fall into one of two categories. A major declaration is submitted to and approved by the President and involves Federal agencies including FEMA, SBA, and HUD. An agency or SBA declaration would involve only SBA resources and is approved by the SBA administrator.

To give you a sense of scale, in fiscal year 2018, SBA responded to a total of 13 major presidential declarations and 35 agency declarations. So far in fiscal 2019, SBA has responded to 13 presidential major declarations and 34 agency declarations. We have current disaster declarations in Iowa, Oklahoma, Indiana, Illinois, and Kentucky. In addition, we continue to provide disaster loan assistance to survivors from Hurricane Florence in South Carolina and Hurricane Michael in Florida.

Senator Ernst, in your home State of Iowa, we continue to serve disaster survivors of severe flooding, and have so far approved over 300 loans for over $27 million. We will continue to keep you informed of our efforts and we hope you will continue to call on us if we can be helpful in any way.

Just last week, our acting administrator had the opportunity to visit with Governor Reynolds to provide her an update on our activity. We made the same offer to her to please reach out if we can help answer questions, clarify loan status, or simply help disaster survivors to the right contact.

A large part of our success in providing disaster loan assistance to survivors are the improvements we have made in processing and approving loans. Since 2005, we have greatly reduced our cycle times to a current average of 8 days for home loans and 12 days for businesses. In Iowa right now, those numbers are slightly lower, with 7 days for homes and 10 days for businesses.

We also just spent a lot of time expanding our preparedness efforts. Just last week, we conducted a conference for agency personnel involving media training. Additionally, we continue to focus on outreach plans for working with local, State, and

Federal officials, as well as our resource partners. We have focused staff efforts this year on interagency coordination, and on Monday we conducted a conference call with all the governors' offices to refresh them on our role and to share our points of contact.

In my almost 30 years of working at SBA, most of it has been in the disaster program. I have learned that every disaster event is unique. The agency has come a long way and we have made numerous improvements to address the challenges we face in every disaster. The SBA team will continue to be there for disaster survivors and we hope you will continue to call on us when disaster events impact your State.

Thank you again for the opportunity to testify and for your ongoing support.

[The prepared statement of Mr. Rivera follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Senator Ernst. Thank you very much. I really do appreciate that, and I would like to echo what Ranking Member Cardin had said as well, during the Ellicott City flooding, that you saw SBA there right away. And I would say that with the flooding in southwest Iowa, SBA was there right away as well, so I do appreciate that.

We will go ahead and start our round of questions for you, Mr. Rivera. I will go ahead and start and then we will pass it off to Senator Cardin.

To receive SBA disaster assistance, folks must go through a pretty convoluted process. At least that is the way it seems to the folks back home. For example, I have received feedback that many disaster victims are unaware that you have to be denied by FEMA in order to receive the SBA assistance.

What can we do to better educate the folks that are going through a very stressful time, to make sure they understand what that process is?

Mr. Rivera. Thank you for the question. ``Convoluted'' is not the word I like to use. We like to use the word ``streamlined.''

We refer everybody to FEMA, DisasterAssistance.gov. From every Administration I have worked for, the face of presidential declarations is FEMA. So if you go through the DisasterAssistance.gov portal, when you register with FEMA, what we have done from a streamlining perspective, 30 of those data points, when they get referred to--actually get transferred, so the disaster survivor, when they are filling out our application, do not have to go through that same process with those 30 data points, from that perspective.

We continue to work closely with FEMA. We are trying to make the process as simple as possible, but that is the current process that we are currently working through. But we continue to try to maximize any sort of efficiencies we can get with FEMA, to the SBA process.

Senator Ernst. Okay. So would it be fair to just simply say then, everything needs to start with FEMA? Everything needs to start with FEMA.

Mr. Rivera. So we are covered by the Disaster Recovery Framework, the broad interagency coordination between 25 Federal and State agencies, so the first point of contact is Disaster Assistance. What a lot of disaster survivors do not realize is that they may not be eligible for SBA assistance on the front end, so FEMA will filter out those individuals and will refer them to their unmet needs program, which is another FEMA program. So we have tried to simplify the process from that perspective.

Senator Ernst. Okay. Thank you very much. And on a similar note, what we have heard from folks going through some of these disaster loans, there have been improvements, and you did mention some lower days to actually get those disaster loans. And there have been improvements on the issue by moving to things like desktop verifications, and maybe you can talk a little bit about that, versus the on-the-ground inspections. We know that more progress is always needed. If there is a way that we could assist with that, we want to do that.

I have heard from some folks who have been flooded out of their homes and attempted to purchase other homes in the community, using SBA financing, but they were unable to meet closing dates because of certain SBA delays.

So what can SBA and Congress do to ensure that the folks are receiving their assistance in a timelier manner? So while they may be approved, there are certain delays.

Mr. Rivera. If I can start back with Katrina-Rita-Wilma, I know 2005 is a long time ago. We used to take every disaster survivor through the entire experience, and up front we knew a lot of these individuals would not qualify for a loan, but we went ahead and put them through the credit score, the verification process, the full processing. And that is why it took us 74 days to process a home loan back then.

Since we have actually started streamlining the processes, we know, up front, that individuals with a lower credit score will not qualify for an SBA loan. That is approximately 30 percent that we call get automatically declined.

We experienced--if I can take you to 2012, during Superstorm Sandy--it took us 10 days, on average, to get a loss verifier, one of our staff on the ground to do a physical inspection on the ground. So since that period of time--we started doing this during Harvey, Irma, and Maria--we actually do a desktop verification. So what we get is we get similar to a footprint of a Realty.com that shows the home or the business, and we have Marshall & Swift standards that can say, based on three feet of water you cut sheetrock up to four feet, and so forth and so on. And we can estimate what it costs to repair or replace that home or that business. So that actually cut five days off of our processing time.

We continue to have these rigorous internal controls in place to make sure that we are not jeopardizing any taxpayer funds, from that perspective. But those are a couple of examples that we have used over the years that have accelerated the processing times.

Senator Ernst. Okay. And you said that the process now, we are down to 8 days in Iowa for homes?

Mr. Rivera. Yes, ma'am. We are running 7 days for homes and about 10, 11 days for businesses. And I always caution everybody that will listen to me, our goal is two to three weeks, just based on volume. We do not really know how much volume we are going to get. But we are able to successfully get most applications in that 10-day time frame.

Senator Ernst. Okay. Wonderful. Well, I appreciate that, and thanks for moving to that desktop verification. That sounds like it has helped. I appreciate it.

Ranking Member Cardin.

Senator Cardin. Thank you, Madam Chair. Thank you very much for your dedicated service. You have done this for a long time and we appreciate it very much.

Let me tell you the confusion that I see in the system, the way it is designed. A business owner who has not had experience with a disaster or how to keep a business open all of a sudden finds that they are in a crisis situation. They need to get capital quickly if they are going to be able to stay in business, if they are going to pay their creditors. They may have critical employees that they have to deal with.

And the SBA gives a loan, and you can make that decision kind of quickly, but you have to qualify for it. But through FEMA and HUD you could get a grant. So if I am there the day after a flood, it seems to me I have choices to make, and it does seem like it is set up with challenges to figure out where I should go. If I go through the FEMA route and wait that time I might be out of business before they qualify me for a grant. If I go through the SBA you could do it quickly, but I have to qualify for a loan, and that means if I would have qualified for HUD I may not have qualified for SBA.

So how do we make this easier for people to understand?

Mr. Rivera. The current process that we have everyone follow is start with FEMA. Even if you are a small business you probably have employees that may have been impacted by the disaster. FEMA does a real quick referral on businesses. They provide minimal assistance from that perspective to businesses. Once they come to us we will process the application in that two- to three-week time frame.

In larger presidential declarations, HUD, with their Community Development Block Grant, DR funds do come into the scenario, but usually it is further behind us, from that perspective.

From a Federal response perspective, you know, we are probably the only player in town when it comes to disaster businesses that play.

Senator Cardin. So you are saying HUD is not a player in this?

Mr. Rivera. They are in some cases. It is dependent on how the grantee for the specific State is set up. We have seen where some businesses are eligible for grants, but that is after it has filtered through the SBA loan program.

Senator Cardin. Okay. And I understand you are not responsible for that. I fully understand that. But if I am going to qualify for a HUD grant my income has got to be pretty low, and I am the most vulnerable to be out of business before we get to that point, aren't I?

Mr. Rivera. Yes, sir.

Senator Cardin. All right. We have identified a problem. How do we fix it?

Mr. Rivera. That is always the challenge we have, is just how quickly we can provide the service from that perspective. We encourage lenders out there that have a current existing base to borrow. I was a commercial lender in the private sector before I came to SBA. We would not make those loans. Or we would ask them--we would ask--you know, I had a portfolio of road contractors. That is how I became familiar with SBA disaster lending. They flooded, and I was asked to lose a relationship as a desk officer. And here comes SBA to make the loans, from that perspective.

We do not--we are not--I wish we could help everybody, but, on average, our approval rate is in the 50 percent range, so that is the best we can do from that perspective.

Senator Cardin. All right. I will ask one final open question for you. We are looking at reauthorizing and changing laws to make them work better. So from the SBA point of view--we will leave HUD and FEMA aside right now--but from the SBA point of view, do you have any priorities for us to consider to make your job a little bit easier and to give easier time for those who have been victimized, businesses that have been victimized?

Mr. Rivera. Right. Well, one of the big items that we would like to make permanent is the reauthorization of the RISE Act as far as the insecure threshold. It sunset last year--it did not sunset last year. It got extended last year to Thanksgiving of this year. What that means is for an unsecured loan we can make an initial disbursement up to $25,000. Without that authority, when it sunsets, it will go back to $14,000. So that is an additional $9,000 worth of capital we can provide through a low-interest, long-term loan. That is one of the bigger items.

Money is always an issue, even though we closely watch the taxpayer funds. We have spent close to $200 million this year as a result of Florence and Michael earlier this year. So I know that is a part of the appropriations staff, but those are probably the two major things.

Senator Cardin. And we can weigh in with appropriators. I appreciate that.

How about the CDFIs? Could they play a stronger role?

Mr. Rivera. We have not dealt with CDFIs in the disaster arena. That is a really good question. I mean, we can go back and do some due diligence on that, from that perspective, but I have not--we have not dealt with the CDFI community. You know, we have dealt with--very few banks have been interested in the program, because of the risk associated with a disaster loan.

Senator Cardin. We will follow up on that, but as you know, the RISE Act did empower certainly the development centers, so we will take a look at that. Thank you.

Mr. Rivera. Thank you.

Senator Ernst. Senator Hawley.

Senator Hawley. Thank you, Madam Chair.

Mr. Rivera, can I just--I want to go back to Senator Cardin's line of questioning about loans versus grants, just to make the point again that often those who have been impacted by, for example, flooding like we have experienced here in the State of Missouri, or my State of Missouri, are not in the best situation when it comes to their credit, and yet SBA's disaster relief is currently centered around loans.

So I am just wondering, is there space for more grant programs to assist both homeowners and small businesses?

Mr. Rivera. From my perspective, the Small Business Act is only, under 7(b), from the Disaster Loan Program, we can only provide loan assistance. We have never been given the opportunity to provide business grants.

Senator Hawley. Should we change that?

Mr. Rivera. That is really your call. We will acquiesce to whatever it is from that perspective. There has been some grant assistance down the road, but historically we have just been a direct lender.

Senator Hawley. Sticking with just the topics of flooding and recovering from it, to date, no Federal dollars have yet been spent in response to the terrible flooding we have experienced in Missouri, partly because, in the first weeks of flooding, we did not qualify under the Stafford Act guidelines, for the extent of the damage required before a State qualifies for aid. We do now, and appeal is under consideration, and I believe--I have every indication from the relevant agencies that we are going to get that aid as soon as possible.

However, while we are going through this process, there are hundreds of Missouri families and businesses who are struggling, and it prompts me to ask, do you think that the Stafford Act and other guidelines, as currently structured, are maximizing our ability to get timely relief to folks who need it?

Mr. Rivera. The choice of how a declaration is declared, is at the governor's--you know, at the governor's hand. Presidential declarations include--Stafford Act declarations include other types of assistance--individual assistance, public assistance--I am sure you know all of this--mitigation, and so forth and so on. Ours is a very narrow disaster loans only. So the governor does have the ability to go presidential, and we stand behind the President, and, you know, we sit and we wait until the President declares, or if they decline it then what we can do is we can proceed forward with our regulatory criteria.

We have two different types of disaster declarations. They are in our Code of Federal Regulations. If there is a governor certification, if there are five small businesses have sustained substantial economic injury, we can do an Economic Injury Disaster Loan Program. On the flip side, if 25 homes or businesses sustained 40 percent or more uninsured loss, we can provide an agency declaration for physical loss. But we stand down until the decision through the presidential process has been finalized.

Senator Hawley. Thank you, Madam Chair.

Senator Ernst. Thank you. Do you have any other questions.

Senator Cardin. No.

Senator Ernst. Okay. Well, since we do not have other members present we appreciate the time and the information. If we do have other members that have questions for the record we will submit those to you, Mr. Rivera, but again, I want to thank you very much for being here today and representing the SBA and the disaster loan program. So thank you.

And at this time we will go ahead and move forward to the second panel.

Senator Cardin. So that the members of the second panel understanding, I am leaving only so I can cast a vote so we can keep the hearing going as long as possible, but I will be back in time to drill you in questioning. Don't worry.

[Pause.]

Senator Ernst. Thank you to the members of our second panel. We will go ahead and get started. We will start with opening statements from each one of you. First I will go ahead and make the introductions of the members of our panel, and again, I want to thank you very much for being here today.

So a very special welcome, of course, from me to our first panelist, Lisa Shimkat. She is the State Director of the Iowa Small Business Development Center. Shimkat has worked for the Iowa Small Business Development Center since 2007, and received the National State Star Award in 2010, commending her performance as an SBDC.

Ms. Shimkat received her MBA from Iowa State University, which is the finest of institutions known to man--thank you so much--and is a Certified Business Advisor from University of Toledo, and obtained an Economic Development Finance Professional Certification through the National Development Council.

We are incredibly lucky to have Ms. Shimkat in Iowa. She is a tremendous asset for small businesses across our State, and she and her staff have played a critical role in helping our flood victims get back on their feet this year. So, Lisa, thank you very much for being here.

Next we have Robin Barnes. Thank you very much, Ms. Barnes, for being here. She serves as the Executive Vice President at Greater New Orleans, Inc., the Regional Economic Development Organization for Southeast Louisiana, and oversees several major initiatives designed to create and protect jobs in the region.

She has a deep knowledge of disaster resilience strategies, having served on the Hurricane Sandy Rebuilding Task Force in 2013, and as the Director of the Louisiana office of Seedco Financial, a national nonprofit community development financial institution, where she ran the organization's emergency business and economic recovery response to Hurricanes Katrina, Rita, Gustave, and Ike, and the Deepwater Horizon oil spill. She also opened the Seedco Financial Southeast Louisiana

Fisheries Assistance Center in Belle Chasse, Louisiana, the first business assistance center for commercial fisheries. Following 9/11, she managed small business recovery programs for Seedco in New York.

Thank you very much, Ms. Barnes, for your efforts.

And Jason Barnes, our final panelist today, thank you very much, sir, for being here. He is the owner of All Time Toys, which has been in business since 2006, and was formed by a group of friends. In the summer of 2016, their store in Ellicott City was hit by a major flash flood, which left the company in shambles. However, Mr. Barnes worked with the Maryland Small Business Development Center for two years to re-establish his business, and laid the groundwork for a second location in Eldersburg, Maryland.

When another flood hit Ellicott City in 2018, All Time Toys' original location was completely destroyed yet again, this time beyond repair. But thanks to his efforts in the two years between disasters, his business was able to survive and has actually continued to grow in a second location.

Thanks for your perseverance. Thank you for being here.

Again, welcome to the members of our second panel, and Ms. Shimkat, we will go ahead and start with you.

STATEMENT OF LISA SHIMKAT, STATE DIRECTOR, AMERICA'S SBDC IOWA, AMES, IA

Ms. Shimkat. Thank you, Chairwoman Ernst, Ranking Member Cardin, and members of the Committee. Thank you for inviting me to testify today. I am the State Director of Iowa's SBDC. My background includes both SBA and USDA programs. I was raised in Iowa, moved away after college, following a path through Chicago, Myrtle Beach, Atlanta, and then we chose to return to Iowa to raise our children.

I am here today to share information about the flooding disaster that has gripped our State in its clutches, and it does not seem to be ready to leave any time soon. Iowa has been hit with a flood event that started in March of 2019. Our SBDC teams reached out immediately to the economic developers, chambers, and other partners to let them know how we are able to help. They encouraged them to make sure to use us as a tool in their toolbox to help local businesses navigate through the process of clean-up and move toward recovery.

The sustainability of these small, rural communities depended upon our State working together and working quickly to find information, hopefully solutions, for these small businesses.

Sadly, businesses who were able to clean up in May, when the waters receded, were hit by a second round of flooding the first week in June. Roads that had just opened to bring visitors and consumers back to our business communities were closed again.

The flood is a different kind of disaster, a different kind of frustration, and I hope to be able to discuss how a different kind of defense is needed.

On March 23rd, it was announced that the several Disaster Recovery Centers and Business Recovery Centers were going to open. During this time, we were also communicating with the Office of the Governor, Iowa Economic Development Authority, the Iowa DOT, Secretary of Ag, and many county and local officials.

Businesses were affected in varying degrees. Keg Creek Brewing Company was impacted by fresh water availability and transportation. A boil issue was in effect for their area and they had two choices--either boil their own water or have it trucked in from Red Oak, which added another 30-mile round-trip drive. The additional handling of the water and the extended commute time for their employees due to a majority of the roads in the area closed increased their production costs by approximately 30 percent. Their distributor is in Nebraska, which provides additional challenges because many of the roads across the Missouri River are closed.

Several communities have been devastated. Hamburg, Iowa, is a community with a population of just over 1,000 residents. They were still under water when we toured. We saw homes that were gutted, belongings sitting on the front lawns while the home itself looked like just an empty shell. What once held a family now just held nothing. I have never felt so much hopelessness. Tanya Garfield, Director of the SBA Disaster Field Ops immediately got on her phone and had her team set up a Business Recovery Center in Hamburg.

Businesses lost more than just inventory. The clean-up efforts seemed insurmountable. One small business owner reached out to her SBDC counselor after mud and debris filled her building. Our regional director went over to her place the next day, which was a Saturday, and on her own time spent 12 hours helping Alicia scoop mud out of the building. The flood waters came back in June, and that business owner is under water again, and will not be reopening. She is frustrated that the programs were not designed for smaller businesses like hers.

Interstate highways and local roadways north and south of Council Bluffs, along the Missouri River, were overtopped and damaged due to the high flow rate of flood waters. Flooding caused the closure of approximately 48 miles of Interstate 29 and three major Missouri River crossings in Southwest Iowa. This means that there are 125 miles between open State highway bridges crossing the Missouri River. The only way for commuters and freight to cross is through bridges in the Omaha/Council Bluffs area and St. Joseph, Missouri. The DOT estimates 45,000 vehicles and trucks were detoured per day.

Throughout the floods so far, SBDCs have played, and continue to play an integral role in disaster response and recovery in Iowa. SBDC counselors and advisors are often first on the scene, helping businesses and communities rebound from the damage. We work closely with State and Federal agencies to make sure that small businesses, rural small businesses as well, the backbone of our community, are supported. SBDCs offer significant advising to our clients during the response. SBA disaster team leads did a great job coordinating with the SBDC network.

Disaster recovery is not a one size fits all. We need to find ways to help get rural businesses back to wealth creation.

In closing, thank you for letting me share my thoughts and I look forward to questions and sharing ideas for how to address this problem.

[The prepared statement of Ms. Shimkat follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Chairman Rubio [presiding]. Thank you very much.

Ms. Barnes.

STATEMENT OF ROBIN BARNES, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, GREATER NEW ORLEANS, INC., NEW ORLEANS, LA

Ms. Barnes. Chairman Rubio, Senator Ernst, Ranking Member Cardin, and members of the Committee, including my Senator from Louisiana, Senator John Kennedy, thank you for inviting me to speak with you today. I am Executive Vice president at Greater New Orleans, Inc. I have worked with small businesses engaged in disaster recovery from 9/11 to Katrina and beyond, and I also served on the Hurricane Sandy Rebuilding Task Force.

Today I stand in solidarity with my colleagues here and with communities around the country that have experienced disasters and are recovering, rebuilding, and building resilience to weather their next disaster or market shock.

So many of you on this Committee represent districts that have been brought to complete halts by disasters. We know reviving and bolstering the small business ecosystem can be one of the most effective strategies for jump-starting the recovery after a disaster. Small businesses are fundamental to the economic and social health of their communities. They provide critical services, enhance quality of life, supply major industries, generate tax revenues, and offer economic mobility opportunities for people of all ages, ethnicities, and genders. Small businesses have generated over 65 percent of net new jobs since 1995, and that is why I am honored to be here today with all of you, for this important national conversation.

GNO, Inc.'s mission is to create a greater New Orleans with a thriving economy and an excellent quality of life for everyone. Since Hurricane Katrina, Greater New Orleans is creating new and supportive road maps for small business growth. Some key examples include our Louisiana Small Business Recovery and Grant Program, a $230 million multi-pronged effort, funded by HUD CDBG after Katrina, that enabled 4,500 small businesses, including restaurants, commercial fisheries to reopen.

The New Orleans Startup Fund is a CDFI that has created 1,400 jobs through its investments and serves as the investment arm for Propeller, a nonprofit incubator that grows and supports entrepreneurs to tackle social and environmental disparities.

The post-Katrina recovery process revealed critical gaps in the small business ecosystem that prevented full participation of local small businesses in the rebuilding. New infrastructure and new tools have been established to ensure full participation moving forward. For example, the City of New Orleans revamped its DBE program, piloted a mobilization fund, and organizations like the Urban League of Louisiana, Launch NOLA, Good Work Network, and the New Orleans Business Alliance identified niche opportunities to better serve entrepreneurs. I believe that these innovations in my community can be replicated and scaled to benefit small businesses nationwide.

After most disasters, small businesses first rely on their insurance--if they have insurance--their reserves, and the help of neighbors to get up and running. After the worst disasters, they require the help of the Federal Government. SBA loans and other Federal resources in the forms of grants and technical assistance are critical to economic recovery.

I commend Congress for the passage of the 2015 RISE Act, which has catalyzed several improvements in the process of helping small businesses recover from disasters.

When considering additional small business disaster recovery solutions, I would ask the Committee members to include the following three components:

One, access to capital. Quick access to small loans and grants is key to small business survival, and that is a fact. Many of the small businesses that borrow funds after a disaster are first-time borrowers, and as you can imagine, a disaster is not necessarily the best time to take on debt for the very first time. Therefore, it is imperative that there are other sources of funding, like grants, to be considered, and that technical assistance is provided to support the businesses before, during, and after the loan is made. Community development field can play a great role here with organizations such as CDFIs.

Two, technical assistance and information about resources and services. After a disaster, businesses need immediate, direct, and consistent communication about resources available to them and how to access those services. The SBDCs are key providers of this sort of assistance. But also there are other community-based and economic development organizations in communities that know how to engage the most vulnerable populations and can accommodate language and literacy barriers. And, frankly, sometimes what is needed is for someone to go out into the field, open up an iPad, and walk someone through a loan application process.

Three, building business resilience. Building business resilience means not only anticipating near-term disasters but also planning for the long-term future. Making businesses aware of the need for, and availability of flood insurance is key, but furthermore, including businesses in a broader conversation about climate adaptation, long-term planning, and how businesses can consider adapting their business model to accommodate the severe weather patterns and transition their businesses to other opportunities.

In conclusion, I thank you for this opportunity and I offer myself and my organization, GNO, Inc., as a resource to you in the future.

[The prepared statement of Ms. Robin Barnes follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Senator Ernst [presiding]. Thank you very much.

Mr. Barnes.

STATEMENT OF MR. JASON BARNES, OWNER, ALL TIME TOYS, ELDERSBURG, MD

Mr. Barnes. Thank you, Senator Cardin and Senator Ernst for having me. I am the owner of All Time Toys that was located in Ellicott City, Maryland, until the May 2018 flash flood. I am now located in Eldersburg, Maryland. I was employed by the company in 2005, and worked my way up to the operations manager and then, on June 1st, 2016, I bought the company, only two months before the July 30th, 2016, flood.

The 2016 flood completely devastated my business and caused a complete system failure across the board. I lost about 75 percent of the total company, including most inventory and the back-end systems needed to support the business.

Several days later, I was sitting in the Disaster Assistance Center, completely drained. I was emotionally and physically beaten and was looking for answers about what to do next. I approached the Maryland SBDC help desk and met with its consultants, Craig Panos and Garrett Glover. From that point forward, with their continued support and knowledge and resources, I was able to rebuild my business and restore my company.

I first met with Garrett a few days after that fateful day in August, and we came up with our first plan for recovery, the first of many ongoing strategic plans. The first priority was to start selling product and generate revenue. We started by selling what merchandise was left online and did everything else that was needed to get the brick-and-mortar back up and running, from grants to displays to staffing, and Jan. 20th, 2017, we reopened in record time.

What a massive success the reopening was, with some of the highest sales the company had ever seen. From that point forward, I met with Garrett on a weekly basis on a recovery plan. Together we worked on everything from the basics of merchandising to financing to advance business tool and systems, like diagnostic P&L formats for tracking sales and analyzing expenses. We created a differentiating brand ID, enhanced customer experience, human resource, and employee development procedures. We created a unique company culture where we could expand the company and allow it to keep growing. And so we did. By the winter of 2018, we started working on and were succeeding with plans to launch a second location within the year.

Then, disaster struck again. May 2018 brought in another flash flood to Main Street. The second one was even more devastating than the 2016 flood. But, because of the work and lessons learned from the previous flood, we had the skills, systems, and confidence to rebound smartly and quickly. Within a month, working continuously with the SBDC, we were selling online, and within five months we were able to reopen again, but this time bigger and with a more mature operation.

At this point our store has been open for eight months, and again, we are still setting new sales records, greater customer satisfaction, and repeat business, and, in the process, we have retained and created jobs. And yes, we are even now back on track scouting for a second location.

In August of 2016, I was a new, clueless business owner facing one of the greatest disasters a business can face. And when I bought the company, I knew how to make money selling toys, but I knew nothing about being a business owner. All I knew is what I did not know, which was a lot. I knew I had a passion for toys, game, and collectibles but zero about running a business. But working continuously with the Maryland SBDC, and even after a few weeks, I was able to start learning how to run a business.

The SBDC did more than just help me find financing and put things back together to recover. They taught me how to analyze and improve every aspect of my business so that I did not just survive but, more importantly, I could thrive moving forward. The lessons I have learned are too many to count and too many to say in any sort of time frame that would not take hours.

You have to understand that the lessons and resources Garrett and Craig provide are tailored to the individual needs of each business. What I needed and learned might not fit what others needed and that is what makes them so special. Because of the individualized action plans and one-on-one meetings, they were able to find out what my business is, what my business needs, what I wanted my business to be, and how best to move forward in my disaster recovery effort.

The greatest gift that the Maryland SBDC has given me is a true passion for business, which now outweighs my love of toys, games, and collectibles. This love of business has truly driven me after multiple disasters, and I am consoled knowing that the SBDC will always be there to help with recovery and growth, moving forward. I have talked about that fateful day in August 2016, when I first started working with the SBDC, but that is not the one day that stands out most in my mind.

The one most memorable day came the morning after the devastating May 2018 flood. My store manager and I were picking up our new IDs for access and survey what was left of our business on Main Street. When we pulled up, we saw two familiar faces. Both Garrett and Craig were standing there, and I knew from this point they were in it with us for the long haul, and so they have been.

To say my business would not be standing today without the Maryland SBDC is an understatement, and with their help I am no longer just surviving disaster. I am looking to a brighter future where long-term success is possible.

Thank you.

[The prepared statement of Mr. Jason Barnes follows:]

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

Senator Ernst. Very good testimony from everyone. Thank you very much.

We will start with our questions now, Senator Cardin and I, so we will--what did you say, you were going to grill them? Is that--okay.

[Laughter.]

Okay. Well, and this is for the entire panel. But according to FEMA, roughly 40 to 60 percent of small businesses never reopen their doors following a disaster. I believe that Ranking Member Cardin had mentioned something to that effect.

What are some of the obstacles that prevent businesses from reopening after a disaster, even if they are finding the services you have to offer. What stops them from reopening?

And maybe, Mr. Barnes, you might be able to speak to that first. What were some of the obstacles that you faced?

Mr. Barnes. Financing was first. That was the biggest thing. I only had two months, previously to opening, you know, my shop. I put everything in to buy the company. I was sitting with like maybe $500. Financing was the biggest problem. There was a good chance that by September I was not going to be able to reopen. Everything was just gone. On top of that it is just clean-up, getting the--you know, everything up and running, moving forward.

But financing was the number one, and luckily, with our Ellicott City, that was not as much of a problem. There were a lot of options available from the DHCD to SBA that people could tap into, depending on what happened. So we had a 90 percent success rate, but even after 2018, a lot more shut down because it just got harder to, you know, sustain.

Senator Ernst. Okay. And then, Ms. Shimkat, now Jason was able to get back on his feet, utilizing some of these different programs and tools. So what barriers would folks face where they would not be able to receive assistance through those programs, and reopen their businesses?

Ms. Shimkat. Some of the barriers that we have seen is, specifically even with a flood, it just keeps happening. And with the inability to know when the end is, and to try to recover, you lose hope. When you do all this clean-up, you spend this money, of your own money to clean up, because you cannot wait many times. The inventory could get ruined. You need to make sure that you are also providing for your employees.

So the clean-up and then the rural aspect. In many of those rurals--Hamburg, Pacific Junction--you had folks that lost their homes, their employees lost their homes, and those were folks that were also buying from those local small businesses, the mom-and-pop stores, those Main Street businesses.

And then the third part, as a clean-up rule, and then to the employees, we have very low unemployment in the State, which is a great thing, but it also can be a barrier as well for these small businesses. When the Missouri went over its banks and we lost Interstate 29, we lost Highway 34, we lost a lot of employees. There are a lot of employees that go across the State there, where maybe they worked in one and lived in another. What we ran into then is the commute time goes from five minutes to an hour and a half. And maybe in larger communities, you know, the Coast, that is not a big deal, but it is when they can find another job closer to where they are for about the same pay, with a five-minute commute. So they struggled then, as well, keeping those employees. Those are some of the challenges.

Senator Ernst. I understand. And so then they would make that choice not to reopen their business and perhaps seek other employment elsewhere.

Ms. Shimkat. Absolutely.

Chairman Rubio. Okay. Thank you. And Ms. Barnes, did you have any thoughts on that?

Ms. Barnes. Absolutely. I think sometimes we tend to start from the time that the disaster happens and look at all the things that are going to make it challenging for the business to come back and reopen, when what we really need to do is take a step back and look at sort of the situation with small businesses.

First of all, most small businesses in this country are tiny. They are under 20 employees, or 10 employees, or less. And they are particularly vulnerable to disasters because they have small profit margins, they lack revenue diversity, and they cannot sustain extended business interruption.

Small businesses lack adaptive business management models, and I want to be very careful about that, because I think small businesses are really incredible in terms of adapting as neighborhoods change and things change over time. But when there is a catastrophic event and something happens, it is particularly hard to immediately adapt your business model when you do not know who is coming back, what customers are going to be around, and that sort of thing.

They tend to be uninsured and they tend to depend on generating revenues from customers and clients who have also been impacted by the businesses.

All of these things are amplified then, when there is a disaster. And so starting the process of recovery from the time of the disaster is almost too late, because what we really need to be thinking about is how do we help them prior to the disaster, really build that capacity in anticipation that there probably will be a market shock or a disaster at some point.

Senator Ernst. Very good. Well, thank you very much. I am out of time but I think we will have time to bounce back and forth.

Senator Cardin.

Senator Cardin. Well, thank you very much.

Mr. Barnes, you defy the odds, first, to survive a flood, being in business for such a short period of time, not having any cash to deal with that, not knowing what to do next, because you had never thought you would have to go to through this. You were still on a learning curve being a business owner. And then 20 months later, to go through a second experience.

But in the second experience, you already understood how to keep a business open, because you went through it the first time. And it seems to me the SBDC, the Small Business Development Center, really was your lifesaver, really was your lifeline to understand how you could stay in business.

That was exactly what we intended when we passed the RISE Act, to have help on the ground that understood the community and had the confidence of the community, that could be there on a continuing basis.

So I really do appreciate your courage. I was on the ground and saw the devastation, and I must tell you, the courage of the shop owners on Main Street is unbelievable, because it was a frightening situation after the first, and the second was worse than the first. So good work.

Mr. Barnes. Thank you.

Senator Cardin. Mrs. Barnes, you are reinforcing Senator Hawley's point about grants, which is interesting. We had not really given that a lot of attention, because SBA does not have the capacity right now to deal with how they would deal with grants. But it is something we should consider, since there are grants available through HUD. And that takes a long time and it does not really work to keep you in business. So it is an area that we do have a gap that we really need to concentrate on.

You did mention, though, the CDFIs. How could we enhance their ability to help us in a disaster?

Ms. Barnes. Well, CDFI's are a very interesting organization, and I do want to also broaden it to the idea of community banks and community development, credit unions, because I believe that there are a lot of organizations that are on the ground that have the capacity to make financial transactions--that is what they do--that can be activated if they are incentivized to do so.

I worked for a CDFI after 9/11 and after Katrina, and what we were able to do, as an organization, was pull together resources. So we identified the Federal resources that were available, we looked to philanthropy, and we really started to put together a comprehensive program, which is really, I think, what is most needed, where you have grants, loans, technical assistance, and such.

In New Orleans, after Katrina, we relied on the SBDC to partner with us. So we operated a program for fishermen, and we had a Fisheries Assistance Center. We had the SBDC sitting in our office doing intake with the fishermen.

We actually, by the time of the BP oil spill, SBA was sitting in our office as well, because we talked to SBA and we said we have vulnerable populations, and this is the thing that CDFIs know about. They know about their community and they know about the population in their community, so they know how to think about the services.

And so, basically, we were able to sort of aggregate all these services under one roof. Everybody had different resources that they were using, right. We were not necessarily pooling resources. But we were able to, through the smart intake of the SBDCs, and then referrals that we were able to make to other resources, grants that we had through HUD CDBG, we were able to really activate a very strong program.

Senator Cardin. And I think Mr. Barnes would agree that the partnerships that were available in Howard County, in Ellicott City, the County Exec was incredibly open to all the county resources, that you had the reinforcement of community organizations. You had neighbors helping neighbors. All of that was coordinated through the county and State, with the Federal partners, and it made a real difference with the confidence level to get back into business.

Mr. Barnes. Oh yeah. The 2016 flood was--you know, the difference between 2016 and 2018, you know, 2018 took the wind out of a lot of stuff. But definitely the 2016, all the resources and everything were set up and it made a huge difference. Howard County, I always said, was the petri dish of how to survive a flood the best way possible, between the SBDC, the SBA, FEMA was there. I mean, the Disaster Center was just a wealth of knowledge and resources to get everyone back up and running.

I think after the 2016 flood they had a 90 percent retention rate. That is huge. And I think only two businesses went under completely.

Senator Cardin. Right. A couple relocated, but you are correct. It was a very high percentage that stayed in business after the flood.

Mr. Barnes. Yeah. It was unheard of numbers after a disaster.

Senator Cardin. Thank you.

Senator Ernst. Yes, and Ms. Shimkat, we have had a good discussion about the partnerships that exist out there, and from you I know that the work that you and your colleagues at the Iowa SBDC have done in helping Iowans recover. I have heard a lot of those stories.

And as you and our other panelists have pointed out, the SBDC counselors are not only serving as mentors to those that are going through a very stressful experience and helping them in navigating government resources, but you are all the volunteers on the ground that are helping the small businesses actually clean up their properties, whatever needs to be done.

We know that you work in tandem with SBA and their Disaster Field Office. Can you go ahead and walk us through your work together and what resources, if any, SBA does provide to you to aid communities with their disaster recovery.

Ms. Shimkat. When a disaster happens--and every disaster is a little different--let's say a tornado. When a tornado comes through, the first thing we do is we get one of our folks over there immediately, on site, with the local people. And in Iowa we are already partnering with everyone, so many times it is a quick phone call right after an events happens, so we can get started.

In this most recent instance, it was a great example of they reached out to us. We already were there. We were reaching out to all the economic developers, and they said, ``Where should we locate? Help us get those names.'' And I thought that was excellent because we were able to get them where the core offices needed to be, where, ``Hey, here are some ideas. Here are some people to reach out to immediately.'' That was very beneficial.

When the head of Disaster Operations West, Tonya Garfield, came to town the first time, she reached out, or had her team reach out, and they said, ``We need to get together. Why don't you come with us as we tour as well.'' And then we could add, ``Hey, here are some things we are running into,'' and then they could also be that arm to get those services immediately where they needed to go.

I was very impressed. I was around in 2008, as we were just kind of starting down the road of some of these things. So I have seen a huge difference in what is working. I know that puts more pressure on them, the timetable to get things more quickly.

The other part is they were also in constant contact. They also made sure that they were available at every town hall meeting, and if there was somebody that maybe was upset, I instantly got a phone call from their lead person here in the State, and said, ``Hey, get somebody over to this person right away. Let us know how we can help.'' So that was another way too.

One of the questions you asked earlier of SBA was how can we get the information out. Sometimes people may not be ready to hear when the disaster is so overwhelming, and by repeating the message, and repeating ``here is who is available,'' that is key. And then also having all of the partners understand there are no silos here. ``Hey, you know what? You are the one that can help them better. Let's get you over there.'' That has been very, very beneficial, that we can really reach out quickly and handle problems efficiently.

Senator Ernst. That is very good and very helpful. And I appreciate that. It is important that we are sharing that word back and forth between various agencies and communities to make sure that we are getting the right people to the right organizations.

Ms. Shimkat. Absolutely.

Senator Ernst. So thank you.

I am going to focus a little bit on our farmers, and we do have some great farmers in Maryland as well.

Senator Cardin. Absolutely.

Senator Ernst. In your testimony, Ms. Shimkat, you discussed that designed disaster accounted for 9.2 percent of the total U.S. market value of agricultural products in 2017. Can you provide insight on how our farmers are recovering and how can Congress assist to expedite that recovery?

Ms. Shimkat. Absolutely. One thing, if I may add, when I first started bringing up that the egg and the business side are interconnected, people were a little confused at first. But I reached out to Secretary Naig, and some of the flood damage--1.9 million bushels of corn lost, 482,000 bushels of soybeans lost, and that is just what we have so far. We have the bins, that as the moisture got into those bins and the bins expanded, the corn expanded, and all of that lost. So you are looking at the 2018 crops that were in the bins lost; 2019--many of them have not gotten in the fields, so now the 2019 crop is lost. And if we cannot get the debris cleaned out of those fields, the 2020 is going to be lost.

So helping with the lost grain that was stored is tremendous. Also, being able to look at the clean-up side, and if there are recovery loans that they more so fit what traditional loans for the agricultural industry are. They are the seasonal side. Here is when they are given. Here is when we can follow up with them.

As far as the payments, deferred payments. And then also, some other things that we are looking at is you have many of the business owners are also farmers at the same time, and looking at if there could be, you know, tax deductions or tax credits when it comes to disaster, that can be applied to current or even, over an extended period of time, future tax years as well.

Senator Ernst. That is fantastic information, because oftentimes we do not think about the farmers. We think about, you know, businesses and Main Street. But we have to understand there are other types of businesses that exist out there, farming being one of those.

Senator Cardin.

Senator Cardin. I am going to sort of wrap up for this, because we do have some votes that are on right now. I want to thank all three of you.

Ms. Barnes, I want to just underscore the point you said about adaptation and resiliency. I think that is very important, that before there is a disaster you get as much preparation as possible, including flood insurance and information about that.

So as we look at information that is made available through the SBA generally, there should be more preparation for the unexpected, because, unfortunately, it happens. So I think that was a good point and I think it is something else that we need to take a look at as we move towards the reauthorization of these programs.

But I want to thank all three of you for your testimony, and we really do look forward to strengthening these tools, and we are proud of the work that is done at the SBA.

Senator Ernst. Thank you so much, Ranking Member Cardin, and I do appreciate our distinguished panel for being here today and sharing your experiences and your expertise. It is imperative that this committee stays focused on making sure that the Small Business Administration is supporting small businesses and our individuals in a timely and efficient manner as they recover after the devastation of a disaster.

So the hearing record will stay open for two weeks, and any statements or questions for the record should be submitted by Wednesday, July 3rd, at 5 p.m.

Again, our thanks to the panelists, and with that this hearing is adjourned.

[Whereupon, at 4:08 p.m., the Committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

[GRAPHICS NOT AVAILABLE IN TIFF FORMAT]

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