



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

February 12, 2013

The Honorable Bill Posey  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Posey:

Administrator Mills has asked me to respond to your January 9, 2013, regarding Hurricane Sandy relief funding. As you know, on January 29 the Disaster Relief Appropriations Act of 2013 (Act) was enacted. The Act provides \$804 million in supplemental funding for the Small Business Administration (SBA). The Administration is pleased that Congress took bipartisan action to provide funding for the communities and small businesses devastated by Hurricane Sandy.

The Act provided \$20 million for small business technical assistance through grants or cooperative agreements with organizations, including SBA's current resource partner network of Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and SCORE. Approximately 360,000 small businesses were affected by Hurricane Sandy. In the affected region, SBA's resource partners include 45 Small SBDCs, 14 WBCs and hundreds of SCORE volunteers, who are already assisting in Business Recovery Centers with disaster assistance applications, records recovery and initial recovery planning.

Based on experience with major disasters in the past, such as the Gulf Coast Hurricanes in 2005, additional resources are needed by the Office of Inspector General to provide effective oversight of the SBA's disaster response to Hurricane Sandy. The \$5 million in the Act will be used to support approximately five auditors and five criminal investigators and associated operating costs for a period of at least four to 6 years. Availability of funds for this timeframe is particularly important because many times fraudulent loans are not immediately identified, have a deferment period for repayment, and take years to default.

The Act also provides \$779 million for the Disaster Loans Program Account, of which \$520 million is for disaster loan subsidy, and \$259 million is for associated administrative expenses. This funding will help support \$4.68 billion in SBA direct lending to homeowners, renters, businesses of all sizes, and non-profit organizations to pay for the cost of replacing, rebuilding or repairing property damaged by Hurricane Sandy.

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We appreciate your support of the SBA Disaster Assistance Program. If you and your staff have additional questions about the matters discussed in this letter, 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