

**STATEMENT
GULF DISASTER LOANS
AND THE FUTURE OF THE DISASTER ASSISTANCE PROGRAM
SENATE COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP
Senator Olympia J. Snowe
JULY 25, 2007**

Thank you, Chairman Kerry, for holding today's vital hearing on disaster loan oversight, and for your continued leadership on this crucial matter. I would also like to welcome SBA Administrator Preston and Inspector General Thorson. Thank you both for your countless hours and efforts on this issue. Administrator Preston, this morning, you have just passed the one-year anniversary of your tenure at SBA - congratulations.

As we learned all too well in the aftermath of the devastating 2005 Gulf Coast hurricanes, it is absolutely imperative that government programs on the front-lines are fully prepared when called upon to aid disaster victims. When Hurricane Katrina hit, the agency made too many costly mistakes, leaving disaster victims waiting months for loans to be processed or their money to be disbursed. As of September 30, 2006, SBA had only disbursed \$3.1 billion, or 30% of loans approved. In fact, SBA took an average of about 74 days to process disaster loan applications, as compared with the agency's goal of 21 days. These numbers are staggering, there is absolutely no excuse for the lack of urgency shown by the SBA to victims of the Gulf Coast disasters.

I believe the SBA's recently-released "Disaster Recovery Plan" is a step in the right direction toward correcting the problem. Yet I'm deeply alarmed by reports the Inspector General will share with us today. This new recovery plan equips the SBA with the tools required to avoid making the same egregious errors in the future.

In my former capacity as Chair of this Committee, reforming and improving the SBA's Disaster Loan program has been one of my top priorities - personally visiting the Gulf region, chairing multiple hearings, sending staff to the affected areas to oversee the SBA's disaster response, and unanimously passing disaster response legislation last Congress.

As for this Congress, I appreciate the efforts of all the members of this committee -- specifically Senators Kerry, Landrieu, and Vitter – who worked with me to unanimously pass bipartisan disaster response legislation this March.

However, what disheartens many on this committee – myself included – is that Congress has yet to pass our disaster legislation. Let's remember we're still very much in the early part of a hurricane season where the National Oceanic and Atmospheric Administration projects above normal activity, predicting 13 to 17 named storms, with seven to 10 becoming hurricanes, of which three to five could reach category 3 strength or higher. Heavy rains alone have taken their toll on the southern part of my state of Maine which has endured catastrophic flooding for the second time in less than a year.

I am concerned that if we don't pass this bill, we will find ourselves in the same room talking about the same problems after the next catastrophic disaster. How many cities do we have to lose? How many small business have to shut-down? How many people do we have to displace? The American people and victims of disaster deserve better.

***And so, Mr. Chairman, as you will agree, failure to pass our bill simply makes no sense!* Disaster legislation is a highly consequential matter and I hope that we can immediately resolve objections in the Senate. The Administration strongly advocates the Senate bill, and has sent a letter of support to that effect.**

Now is the time to move this bill forward, so we can work with the House and pass legislation that can be signed into law.

Today's hearing represents an opportunity we must seize upon to look-ahead and collaborate with the SBA on a more comprehensive and aggressive response to future disasters. It is paramount that we bolster the agency's capacity for assisting country's small business community with the same dedication to excellence exemplified by entrepreneurs it strives to serve.

I look forward to working with you, Chairman Kerry, and our distinguished panels of witnesses on implementing a plan to better position the SBA to prepare for and respond to potential disasters.

Thank you, Mr. Chairman.