

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

Maui Wildfires – Initial Disaster Assistance and Recovery Response



Inspection Report

Report 24-11

April 2, 2024



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NOTICE:

Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, Section 5274, any nongovernmental organizations and business entities identified in this report have the opportunity to submit a written response for the purpose of clarifying or providing additional context as it relates to any specific reference contained herein. Comments must be submitted to AIGA@sba.gov within 30 days of the final report issuance date. We request that any comments be no longer than two pages, Section 508 compliant, and free from any proprietary or otherwise sensitive information. The comments may be appended to this report and posted on our public website.



U.S. Small Business Administration Office of Inspector General

EXECUTIVE SUMMARY

Maui Wildfires – Initial Disaster Assistance and Recovery Response (Report 24-11)

What OIG Reviewed

This report presents the results of our inspection of the U.S. Small Business Administration's (SBA) initial disaster assistance response to the wildfires in Maui, Hawaii.

On August 8, 2023, several wildfires broke out on the island of Maui, causing loss of life and catastrophic damage. The President declared this a disaster on August 10, 2023, and SBA mobilized to provide disaster-related home and business loans to qualified recipients within areas impacted by the wildfires.

Our objective was to assess SBA's initial response to the Maui wildfire disaster, including staffing, loan application volume, and timeliness of disaster loan approvals.

To answer our objective, we performed an on-site inspection of SBA's disaster response to observe its operations and interactions with disaster survivors. Further, we interviewed program officials and reviewed public laws, regulations, and SBA policies and procedures. We also reviewed disaster loan application processing data and recovery center staffing data.

What OIG Found

We found SBA's initial response to the Maui wildfire disaster was timely and effective. On the day of the Presidential disaster declaration, SBA placed personnel in locations throughout Hawaii to support businesses and residents impacted by the wildfires. Within 6 days of the Presidential disaster declaration, SBA representatives were stationed at the first Disaster Recovery Center and Business Recovery Center on Maui and

provided timely disaster loan assistance to survivors. During our site visit, we interviewed disaster survivors and found they were satisfied with the customer service and assistance received.

While SBA successfully navigated disaster assistance challenges such as increased customer service calls and loan applications, we identified an opportunity for improvement that may be beneficial in future disasters – specifically, a standard way to quickly adjust staffing levels as the volume of activity shifts at each center.

What OIG Suggested

We suggested SBA management routinely conduct a staffing needs assessment throughout a disaster to ensure recovery centers are adequately staffed based on customer demand and workload.

Agency Response

SBA management provided a formal response to this report, stating SBA regularly examines staffing levels and will continue to do so as the agency navigates future disaster assistance challenges. OIG will continue to assess SBA's procedures for routinely conducting staffing needs assessments in future reviews.



**OFFICE OF INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION**

MEMORANDUM

Date: April 2, 2024

To: Isabel Casillas Guzman
Administrator

From: Hannibal "Mike" Ware
Inspector General

A handwritten signature in black ink, appearing to be "Mike Ware", written over the printed name.

Subject: Maui Wildfires – Initial Disaster Assistance and Recovery Response (Report 24-11)

This report presents the results of our inspection of *Maui Wildfires – Initial Disaster Assistance and Recovery Response*. We made one suggestion for SBA management to routinely conduct a staffing needs assessment throughout a disaster to ensure recovery centers are adequately staffed based on customer demand and workload.

SBA management disagreed with our suggestion and stated that SBA regularly examines staffing levels and will continue to do so as it navigates future disaster assistance challenges.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact John Provan, Director of Disaster Assistance Program Group, or Andrea Deadwyler, Assistant Inspector General for Audits, at (202) 205-6586.

cc: Francisco Sanchez Jr., Associate Administrator, Office of Disaster Recovery and Resilience
Katie Frost, Associate Administrator, Office of Capital Access
Katherine Aaby, Associate Administrator & Chief Financial Officer, Office of Performance, Planning, and the Chief Financial Officer
Walter B. Hill Jr., Chief Risk Officer, Office of Performance, Planning, and the Chief Financial Officer
Therese Meers, General Counsel, Office of General Counsel
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Contents

Introduction	1
Maui Wildfires	1
Objective	2
Results	2
Customer Service Response	2
Disaster Loan Volume and Timeliness	4
Recovery Center Staffing	5
Suggested Action	6
Evaluation of Agency Response	6

Tables

1	Disaster Loan Application Volume	4
2	Recovery Center Customer Volume	5

Appendices

1	Scope and Methodology	1-1
2	Agency Response	2-1

Introduction

The U.S. Small Business Administration (SBA) provides low-interest disaster loans primarily for physical damage and economic injury to individuals and businesses impacted by a declared disaster to support the recovery of the affected communities. The disaster program accomplishes its mission through staff members assigned to recovery centers in areas affected by the disaster, a customer service call center, and a loan processing center. SBA works alongside the Federal Emergency Management Agency in coordination with state and local government agencies to establish Disaster Recovery Centers (DRC) throughout disaster-affected areas. The DRCs assemble representatives from federal, state, and local disaster relief agencies and organizations to issue program information and provide applications for government assistance. Additionally, SBA may establish its own recovery centers focused on providing SBA services in affected areas, as described below:

- Business Recovery Center (BRC) – A facility established and staffed by SBA to assist survivors with loan applications, answer questions about SBA programs, and close loans.
- Portable Loan Outreach Center (PLOC) – Similar to a BRC but established in an outdoor setting reliant on solar and generator power to operate its systems. The center equipment is broken down each night and stored until the following day when it is reestablished. A PLOC provides the same SBA services as a BRC and DRC.

Maui Wildfires

The Maui wildfire disaster began in the state of Hawaii on August 8, 2023, with wildfires in the towns of Olinda and Kula (referred to as Upcountry), followed by a wildfire in the coastal town of Lahaina. The wildfires led to 100 deaths in the community and displaced more than 7,700 residents. Approximately 1,000 acres were burned in Upcountry, and the town of Lahaina was devastated, with more than 2,000 buildings destroyed and 2,100 acres burned.

On August 10, 2023, just 2 days after the wildfires began, the President declared a major disaster in Hawaii and ordered federal aid to support recovery efforts in the areas affected by the wildfires. That same day, SBA established physical damage and economic injury loan application deadlines and mobilized staff to support the establishment of the Interim Operating Facility in Honolulu. Six days later, on August 16, 2023, the first DRC and BRC on Maui were opened. SBA

extended application deadlines several times. The final day to submit physical disaster loan applications was January 25, 2024, while the deadline for economic injury loan applications was May 10, 2024.

This report presents the results of our inspection of SBA's initial response to the Maui wildfire disaster.

Objective

Our objective was to assess SBA's initial response to the Maui wildfire disaster, including staffing, loan application volume, and timeliness of disaster loan approvals.

Results

We found SBA's initial response to the Maui wildfires was timely and effective. On the day of the Presidential disaster declaration, SBA placed personnel in locations throughout Hawaii to support businesses and residents impacted by the wildfires. Personnel were prepared to assist disaster survivors at the first DRC and BRC within 6 days of the declaration, well within SBA's goal to establish a BRC in 10 days. During our site visit, we interviewed disaster survivors and found they were satisfied with the customer service and assistance received.

While SBA successfully navigated disaster assistance challenges such as increased customer service calls and loan applications, we identified an opportunity for improvement that may be beneficial in future disasters – specifically, a standard way to quickly adjust staffing levels as the volume of activity shifted at each center.

Customer Service Response

We performed a site visit approximately 6 weeks after the wildfires occurred, allowing us to interview residents of Maui who were seeking assistance from SBA. During our walkthrough of the agency's operations on Maui, we did not observe significant customer wait times. Overall, the residents interviewed reported positive experiences related to the services provided at the recovery centers.

SBA established several locations beyond the DRCs, such as BRCs and PLOCs, where survivors could seek assistance from SBA. On Maui, there were at least eight locations where Customer Service Representatives were available to provide disaster loan assistance. This included supporting a recovery center established by a resource partner because too few Hawaiians were seeking federal assistance. The center sought to break down barriers by engaging with, and providing aid to, wildfire survivors who preferred help from other Hawaiians or were suspicious of government programs.

To increase accessibility to disaster assistance in the town of Lahaina, SBA also opened a PLOC near the shelters for displaced residents.

In addition to SBA’s on-site support, the customer service center was available and had minimal wait times. This disaster response utilized a recently upgraded phone system. Most calls were answered within 1 minute and lasted 5 to 7 minutes on average. For longer wait times, the system activated a callback function that allowed customers to maintain their place in line without having to remain on hold. We believe this upgraded phone system alleviated the issues regarding unanswered calls discussed in Report 21-05, *Consolidated Results of SBA’s Initial Disaster Assistance in Response to Hurricanes Harvey, Irma, and Maria*.¹



¹ SBA OIG, Report 21-05, *Consolidated Results of SBA’s Initial Disaster Assistance in Response to Hurricanes Harvey, Irma, and Maria* (December 22, 2020).

As SBA responded to the wildfires, another major disaster occurred that had the potential to impact the level of service SBA was providing to the Maui wildfire disaster survivors. On August 30, 2023, Hurricane Idalia made landfall in the Big Bend region of Florida, causing flooding and destruction across three states. This disaster caused an increase in demand for customer service; however, it did not affect call center response times.

Disaster Loan Volume and Timeliness

We evaluated the volume of loans submitted and the time it took for SBA to begin approving those loans. We found SBA was responsive to the increase of loan applications that resulted from the Maui wildfires. SBA met its goal of completing loans in 10 days by averaging 10 days overall to complete loan applications. For example, 60 days after the Presidential declaration, 3,329 applications had been submitted, with 2,792 of them completed with a final decision, representing 84 percent of all applications submitted by that date. At the earliest stages of the disaster, the turnaround time to complete loans was slightly slower at an average of 11 days; however, nearly half of all applications submitted within the first 15 days were completed within that time (table 1).

Table 1: Disaster Loan Application Volume

Days Since Declaration	Applications Submitted	Applications Completed	Percentage Completed	Average Days to Complete Loan Applications
15	675	326	48%	11
30	1,603	1,093	68%	11
60	3,329	2,792	84%	10
90	4,549	4,135	91%	10

Source: OIG analysis based on Disaster Credit Management System Maui loan application data through November 28, 2023

Hurricane Idalia, which occurred shortly after the Maui wildfire disaster, also caused an increase in demand of disaster loan processing. However, we did not find that it affected processing timeliness for the Maui wildfire disaster, as SBA continued to meet its processing goals.

Recovery Center Staffing

We evaluated staffing levels and customer volume at the recovery centers located on Maui and found opportunities where staffing levels could have been adjusted as the volume of activity shifted at each center to meet customer needs even more effectively.

We identified recovery centers with very different activity levels but similar personnel numbers of Customer Service Representatives during a 2-month period. For example, the Kihei BRC had 12 Customer Service Representatives, 635 customer interactions, and 325 overtime hours during the months of September and October, resulting in an average of 54 customer interactions per Customer Service Representative during that 2-month period. In contrast, the Lahaina DRC had 16 Customer Service Representatives, 2,752 customer interactions, and 1,478 overtime hours during the same period, resulting in an average of 175 customer interactions per Customer Service Representative. The Lahaina DRC had a significantly higher volume of customers and operated with longer hours, which resulted in more overtime hours relative to the Kihei BRC (table 2).

Table 2: Recovery Center Customer Volume

Location	Hours of Operation	Average Staff	Total Interactions	Total Overtime Hours	Average Interactions per Staff
Kihei BRC	Mon–Fri 8 a.m.–5 p.m. Sat 10 a.m.–2 p.m.	12	635	325	54
Lahaina DRC	Mon–Sat 8 a.m.–7 p.m.*	16	2,752	1,478	175

* The Lahaina DRC operated on Sundays, 8 a.m.–7 p.m. during the month of September.

Source: OIG analysis of Maui detailed field activity reports for the months of September and October 2023

Due to the proximity of the recovery centers located on Maui, we found opportunities existed for SBA to adjust staffing levels with minimal impact to the level of service provided at affected locations. For example, in the town of Lahaina, there were three SBA locations with Customer Service Representatives within a 3-mile radius. In Kihei, two centers were established within the same building. Also, as the towns of Kihei and Lahaina are only about 24 miles apart, Customer Service Representatives could reasonably move between locations.

The Disaster Recovery Center Coordinator (DRCC) is responsible for monitoring each recovery center’s activity to assess the volume and types of activities to ensure appropriate staffing is maintained. The DRCC was tasked with reassigning staff as necessary based on volume and type of activity to reduce staffing, travel, and overtime costs.

While a DRCC was assigned to the disaster to manage staffing, operational flexibility could have been better leveraged to reduce the overtime hours worked by employees at the Lahaina DRC. On average, Customer Service Representatives at the Kihei BRC assisted less than one customer per day during the months of September and October 2023. At the Lahaina DRC, Customer Service Representatives assisted triple the number of customers during the same time period. We believe a process to routinely assess staffing needs throughout disasters will enable the agency to meet its mission even more efficiently and effectively.

Suggested Action

We suggest the Administrator direct the Associate Administrator for the Office of Disaster Recovery and Resilience to:

Suggestion 1: Develop and implement procedures to routinely conduct a staffing needs assessment throughout a disaster to ensure recovery centers are adequately staffed based on customer demand and workload.

Evaluation of Agency Response

SBA management provided formal comments to the draft report. We have included those comments in appendix 2. SBA management disagreed with our suggested action, stating SBA regularly examines staffing levels and will continue to do so as it navigates future disaster assistance challenges. Management further stated that a new system is not needed because of the existing system that is in place.

We will continue to assess the effectiveness of SBA’s procedures to routinely conduct staffing needs assessments throughout a disaster during future disaster reviews.

Appendix 1: Scope and Methodology

This report presents the results of our inspection of the U.S. Small Business Administration's (SBA's) initial disaster assistance response to wildfires in Maui, Hawaii. Our objective was to assess SBA's initial response to the Maui wildfire disaster, including staffing, loan application volume, and timeliness of disaster loan approvals.

To answer our objective, we interviewed SBA officials from Field Operations Center-West, the Processing and Disbursement Center, the Damage Verification Center, and the Customer Service Center. Further, we reviewed applicable laws, regulations, and implementing guidance governing the disaster loans. We also reviewed SBA's standard operating procedures (SOP), including SOP 50 30 9, Disaster Assistance Program, and other Field Operations Center-West operational and training guidance. Finally, we obtained disaster loan application processing and staffing data.

We conducted on-site visits to four Disaster Recovery Centers, a Disaster Assistance Center, a Portable Loan Outreach Center, and a Business Recovery Center on the island of Maui. During these site visits, we gained an understanding of how SBA implemented its policies and procedures to aid disaster survivors. We also interviewed survivors about the accessibility of the facility, wait times, awareness of available services, and level of customer service received from SBA when applying for a disaster loan. In addition, we analyzed data to assess loan application processing times and the volume of loan applications.

We performed this review in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform a review to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our objective. We believe the evidence obtained provides a reasonable basis for our conclusions and observations based on our objectives.

Use of Computer-processed Data

We relied on computer-processed data from SBA's loan application system and reports prepared by Field Operations Center-West employees. We received access to the Disaster Credit Management System, the loan application system, and received reports related to daily field operations and staffing reports for the Maui wildfire disaster. We conducted limited testing on data extracts to verify reliability of the data by ensuring consistency between common data

points on the staffing report, payroll reconciliation report, and the detailed field activity reports. Based on our limited testing, we believe the computer-processed information is reliable for the purposes of this inspection.

Prior Audit Coverage

The Office of Inspector General (OIG) performed a review of SBA’s initial response to Hurricanes Harvey, Irma, and Maria. In fiscal year 2021, OIG issued a consolidated report¹ capturing the results from all three reviews. We reported concerns related to disaster loan application backlogs and unanswered calls in the Customer Service Center. While the application backlog was attributed to the three hurricanes occurring within a 30-day period, we identified concerns regarding the capabilities of the customer service phone system.

The following lists the OIG’s previous audit coverage related to the objective of this report:

Report Number	Report Title	Report Date
21-05	<i>Consolidated Results of SBA’s Initial Disaster Assistance in Response to Hurricanes Harvey, Irma, and Maria</i>	December 22, 2020
18-19	<i>Inspection of SBA’s Initial Disaster Response to Hurricane Maria</i>	July 19, 2018
18-16	<i>Inspection of SBA’s Initial Disaster Response to Hurricane Irma</i>	April 26, 2018
18-10	<i>Inspection of SBA’s Initial Disaster Response to Hurricane Harvey</i>	January 19, 2018

¹ SBA OIG, Report 21-05, *Consolidated Results of SBA’s Initial Disaster Assistance Response to Hurricanes Harvey, Irma, and Maria* (December 22, 2020).

Appendix 2: Agency Response



U.S. Small Business
Administration

To: Hannibal Ware
Inspector General
U.S. Small Business Administration

Subject: Management Response:
Maui Wildfires – Initial Disaster Assistance and Recovery
Response (Project 23805)

Date: March 28, 2024

The U.S. Small Business Administration (SBA) appreciates OIG’s suggested opportunity for improvement. However, SBA’s Office of Disaster Recovery and Resilience (ODR&R) does not agree with the OIG’s suggestion to develop and implement new procedures for staffing needs assessment.

SBA regularly examines staffing levels and will continue to do so as we navigate future disaster assistance challenges. SBA already has a well-established process to routinely conduct a staffing needs assessment throughout a disaster to ensure recovery centers are adequately staffed based on customer demand and workload. A new system is not needed because of the existing system already in place. When monitoring staffing disparity, SBA considers factors that influence staffing levels, such as: safety, geography lodging availability, transportation, and operating hours. SBA activity volume at Business Recovery Centers is historically less than SBA Disaster Recovery Centers.

Thank you for allowing SBA the opportunity to comment on OIG’s Discussion Draft Report on SBA’s Initial Disaster Assistance and Recovery Response to the Maui Wildfires and for taking SBA’s views into consideration.

Sincerely,
**RAFAELA
MONCHEK**

 Digitally signed by RAFAELA
MONCHEK
Date: 2024.03.29 11:11:19 -04'00'

Rafaela Monchek
Deputy Associate Administrator
Office of Disaster Recovery and Resilience