

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

# Hurricane Idalia – Initial Disaster Assistance and Recovery Response



**Inspection Report**

**Report 24-12**

**April 3, 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](mailto: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

### Hurricane Idalia – Initial Disaster Assistance and Recovery Response (Report 24-12)

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#### What OIG Reviewed

This report presents the results of our inspection of the U.S. Small Business Administration's (SBA's) initial disaster assistance response to Hurricane Idalia.

On August 30, 2023, Hurricane Idalia struck Keaton Beach in Florida as a Category 3 hurricane, where it caused damage to the Big Bend region, a rural area where the peninsula and panhandle come together. The hurricane also crossed into southern Georgia. The President declared this a disaster in Florida on August 31 and in Georgia on September 7.

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

To answer our objective, we visited seven disaster assistance facilities in Florida to observe SBA's operations and interactions with Hurricane Idalia survivors. We did not visit centers in Georgia due to low application volume and fewer recovery centers in the state than those reported in Florida. We interviewed program officials and reviewed applicable laws and regulations, SBA's standard operating procedures, and training guidance. We also reviewed disaster loan application processing data and recovery center staffing data.

#### What OIG Found

We found SBA's initial response to Hurricane Idalia was timely and effective. SBA established a field presence within 3 business days and opened a Business Recovery Center within 10 business days for both Florida and Georgia. During our site visits, we interviewed residents who reported positive experiences with the customer service received at the recovery centers. Additionally, we found SBA was responsive to the increase in loan applications that resulted from Hurricane Idalia.



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

**MEMORANDUM**

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**Date:** April 3, 2024

**To:** Isabel Casillas Guzman  
Administrator

**From:** Hannibal "Mike" Ware  
Inspector General

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

**Subject:** Hurricane Idalia – Initial Disaster Assistance and Recovery Response (Report 24-12)

This report presents the results of our inspection of *Hurricane Idalia – Initial Disaster Assistance and Recovery Response*.

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 and Chief Financial Officer, Office of Performance, Planning, and the Chief Financial Officer  
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# Introduction

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The U.S. Small Business Administration (SBA) plays a major role in disaster relief efforts in the wake of hurricanes, floods, earthquakes, and other physical disasters that occur in the United States and its territories. SBA's disaster assistance program provides low-interest disaster loans to individuals and businesses impacted by such disasters. Loans are offered to businesses of all sizes, private nonprofit organizations, homeowners, and renters to repair or replace real estate, personal property, machinery and equipment, inventory, and business assets that have been damaged or destroyed in a declared disaster. SBA also provides Economic Injury Disaster Loans (EIDL) to eligible small businesses and most nonprofit organizations, providing working capital to help overcome economic injury.

SBA works alongside the Federal Emergency Management Agency (FEMA) 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 by SBA and staffed with SBA personnel to assist survivors with their disaster loan applications, answer questions about SBA programs, and close loans.
- Interim Operating Facility (IOF) – A FEMA-managed center intended to serve as the provisional joint field office (JFO) and to operate and serve as the immediate and potentially pre-event federal presence for field level operations. The IOF is expected to transition support over to a JFO as it becomes operational. Once this occurs, staff typically transition from the IOF to the JFO.
- JFO – A temporary FEMA-managed center serving as the unified command center for disaster established to provide a central point for federal, state, local, and tribal executives with the responsibility of incident oversight, direction, and/or assistance to effectively coordinate protection, prevention, preparedness, response, and recovery actions.

## **Hurricane Idalia**

On August 30, 2023, Hurricane Idalia, a powerful Category 3 hurricane, first made landfall on Keaton Beach in the Big Bend region of Florida. The Big Bend region is a rural area where the Florida peninsula and panhandle come together – punctuated with fishing villages and beach communities. The National Hurricane Center predicted the storm would bring disastrous storm surges and destructive winds to areas on the eastern seaboard of Florida, and the path of the storm would eclipse the Florida panhandle and southern Georgia.

Hurricane Idalia left a trail of destruction. With sustained winds of 125 miles per hour, this hurricane tied the record with the Cedar Key Hurricane of 1896 as being the strongest storm to ever hit the area. According to the National Hurricane Center, Hurricane Idalia left nearly 500,000 residents in Florida and Georgia without power.

On August 31, 2023, the President declared a major disaster in Florida and ordered federal aid to supplement state, tribal, and local recovery efforts in the affected areas.

On September 7, 2023, the President also declared a major disaster in Georgia and ordered federal aid to supplement state and local recovery efforts in the affected areas.

The loan application filing deadline for Hurricane Idalia to address physical property damage ended in Florida on November 29, 2023, and in Georgia on November 6, 2023. The loan application deadline for EIDL applications to address business economic losses is May 31, 2024, for Florida and June 7, 2024, for Georgia.

## **Objective**

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

# Results

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We found SBA’s initial response to Hurricane Idalia was timely and effective. The agency met its strategic goal of establishing a field presence within 3 business days and opened a BRC to assist disaster survivors within 10 business days in both Florida and Georgia. In Florida, SBA established a field presence with FEMA at the IOF in 2 business days of the Presidential declaration and opened a BRC in 5 business days of the declaration. In Georgia, SBA opened the first BRC in 4 business days of the Presidential declaration and increased staff at the JFO in Atlanta in 3 business days of the declaration. During the disaster, SBA appropriately responded and properly assigned staff at the centers based on loan volume.

## Customer Service Response

We performed a site visit approximately 6 weeks after the hurricane occurred. During our walkthrough of the agency’s operations in Florida, 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 Portable Loan Outreach Centers, where survivors could seek assistance from SBA. In Florida and Georgia, there were at least 26 locations where Customer Service Representatives were available to provide disaster loan assistance.

In addition to SBA’s on-site support, the Customer Service Center was available and had minimal wait times. The disaster response team used a recently upgraded phone system, which allowed most calls to be answered within 1 minute. Calls lasted an average of 5 to 7 minutes. 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 our prior report.<sup>1</sup>

## 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 the agency was responsive to the number of loan applications to be processed that resulted from Hurricane Idalia and other ongoing disasters. As of November 30, 2023, SBA had already completed processing 4,237 of 4,402 applications, representing 96 percent of all applications submitted (table 1).

**Table 1: Hurricane Idalia Loan Application Volume**

As of Date	Number of Applications Received	Number of Applications Completed	Percent of Applications Completed	Number of Applications Approved	Dollar Value of Loans Approved (in millions)	Dollar Value of Loans Disbursed (in millions)
09/30/2023	2,782	2,394	86%	794	45,047.6	1,637.9
10/30/2023	3,859	3,621	94%	1,266	71,796.6	8,893.3
11/30/2023	4,402	4,237	96%	1,475	84,251.9	16,679.2

*Source:* OIG analysis based on Disaster Credit Management System disaster activity reports, September 30, 2023 – November 30, 2023

Although Hurricane Idalia caused damage in both Florida and Georgia, most of the approved relief loans were for applicants in Florida. As of November 30, 2023, SBA received 3,591 applications and approved funding for 1,235, totaling \$74.4 million in Florida. For Georgia, SBA received 811 applications and approved funding for 240, totaling \$9.8 million.

We also evaluated loan processing timeliness, including approvals, denials, and withdrawals, submitted as of November 29, 2023 – the physical damages’ application filing deadline. We calculated the average processing time to be approximately 7 days. Table 2 shows the loan application processing times for these loans.

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

**Table 2: Hurricane Idalia Loan Processing Times as of November 30, 2023**

	All Applications	Home	Business	EIDL
Loan processing – average processing days	6.92	5.97	9.96	9.9

Source: SBA Office of Inspector General analysis of Hurricane Idalia application volume retrieved from ETRAN

## Recovery Center Staffing

SBA adequately staffed the IOF and DRCs for Hurricane Idalia and established BRCs in Florida and Georgia to handle the application volume according to its strategic goals. Using the *Field Operations Center-East A-Z Guide* and *Hurricane Idalia Action Plan*, SBA determined its projected staffing requirements for the hurricane at the beginning of the declaration. Hurricane Idalia was declared a major disaster by the President in Florida on August 31, 2023, to which SBA provided staff for the IOF on September 1, 2023. Additionally, SBA opened a BRC in Florida on September 5, 2023. The President later declared Hurricane Idalia a disaster in Georgia on September 7, 2023. SBA provided staff for the JFO on September 11, 2023, and opened the first BRC on September 12, 2023. SBA met its strategic goals of establishing a field presence within 3 business days and opening a BRC within 10 business days of disaster declarations for both Florida and Georgia.

Many centers began to close due to the low application volume and minimal recovery center traffic after the first month of the declarations for both states. As a result, staffing reassignments were made to centers that remained open. We conducted site visits at one BRC, five DRCs, and the IOF located in Florida during the week of October 10, 2023. We observed minimal traffic at the DRCs and BRCs and witnessed just one applicant at the seven centers we visited. We did not visit recovery centers in Georgia due to low application volume and fewer applicants visiting the centers than in Florida. As SBA met its projected staffing goals found in the *FOC-East A-Z Guide* and *Hurricane Idalia Action Plan* of three employees per center, we believe SBA had adequate staff to process the increase in loan applications caused by Hurricane Idalia.

# Appendix 1: Scope and Methodology

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

To answer our objective, we interviewed SBA officials from Field Operations Center (FOC)-East, the Processing and Disbursement Center, Damage Verification Center, and Customer Service Center. Further, we reviewed applicable laws and regulations, SBA's standard operating procedures (SOP), including SOP 50 30 9, and other SBA operating policies and guidance. We obtained and reviewed computer-generated Disaster Credit Management System disaster activity reports to assess loan application volume and disaster loan application processing in addition to staffing data provided by FOC-East contained in the detailed field activity reports (DFAR). Lastly, we visited the following seven centers in Florida:

1. Enoch Davis Center Disaster Recovery Center (DRC), Pinellas County, St. Petersburg, Florida
2. Palm Harbor Community Service Agency DRC, Pinellas County, Palm Harbor, Florida
3. Hernando Public Library Spring Hill Branch DRC, Hernando County, Spring Hill, Florida
4. Gainesville Interim Operating Facility, Alachua County, Gainesville, Florida
5. Suwannee County Chamber of Commerce Business Recovery Center, Suwannee County, Live Oak, Florida
6. Career Source North Florida DRC, Madison County, Madison, Florida
7. Jefferson County Library DRC, Jefferson County, Monticello, Florida

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

## Use of Computer-processed Data

We relied on computer-processed data of loan application processing contained in the Disaster Credit Management System and daily field operations and staffing reports analyzed in the DFARs. 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 DFARs. We believe the data is sufficiently reliable to support the report conclusions.

## Prior Audit Coverage

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

Report Number	Report Title	Report Date
24-11	<i>Maui Wildfires – Initial Disaster Assistance and Recovery Response</i>	April 2, 2024
21-05	<i>Consolidated Results of SBA’s Initial Disaster Assistance Response to Hurricanes Harvey, Irma, and Maria</i>	December 22, 2020
18-19	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Maria</i>	July 19, 2018
18-16	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Irma</i>	April 26, 2018
18-10	<i>Inspection of SBA’s Initial Disaster Assistance Response to Hurricane Harvey</i>	January 19, 2018