

Office of the Governor
State of Louisiana

JOHN BEL EDWARDS
GOVERNOR



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September 6, 2017

The Honorable Paul Ryan
Speaker of the House
H-232, The Capitol
Washington D.C. 20515

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
House Minority Leader
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Ryan, Leader Pelosi, Majority Leader McConnell, and Leader Schumer:

Over the last 19 months, our country has been hit by devastating flooding and severe weather that has crippled many states, including Louisiana. Most recently, Hurricane Harvey devastated the state of Texas and left families in Southwest Louisiana with significant flood damage.

Last year, two record flood events hit Louisiana causing unimaginable damage in every corner of our state. Combined, the March and August floods affected approximately 193,137 families. Thankfully, Congress stepped in and appropriated nearly \$1.7 billion in Community Development Block Grants (CDBG) to assist in the rebuilding process. With the funds having been available for our use since April 10, 2017, we are in the process of distributing that assistance to homeowners through the RESTORE Louisiana Program.

With this program underway, a significant challenge has arisen that Congress should address in any upcoming funding legislation. In the aftermath of the 2016 floods, approximately 18,000 Louisiana homeowners were approved for Small Business Administration (SBA) disaster loans. Many of these homeowners applied for these loans at the urging of the Federal Emergency Management Agency (FEMA), but either did not take a loan or only took a fraction of the amount they were eligible to receive. All of the homeowners, however, are now penalized for grant assistance in the recovery process, regardless of whether the loan was utilized only in part

Duplication of Benefits

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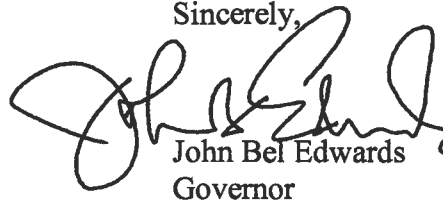
or not used at all. In many cases, the decision not to take the full amount of the SBA loan was the result of the homeowner's determination that they could not afford to pay back the full amount of the loan. For example, a homeowner who was eligible for a \$90,000 SBA disaster loan, but perhaps only borrowed \$30,000 immediately following the disaster, would be penalized in the grant program for the full amount of the loan. The federal government labels this scenario as a Duplication of Benefits (DOB). This is also the case if a homeowner borrowed \$0. That homeowner is still penalized for the full \$90,000.

Immediately following a disaster, SBA loans are often the only source of funds readily available to survivors. In fact, FEMA insists that all individuals seeking Individual Assistance (IA) first apply for a SBA loan. These loans must be repaid by the homeowner, while CDBG funds are grants. In Texas, thousands of homeowners will soon face this same dilemma, but Congress has the power to right this injustice.

As you consider legislation to fund the federal government and disaster assistance, I would request that you include language that clarifies the DOB provision of the Stafford Act so that victims of a disaster will not be penalized for making use of SBA disaster loans. This simple fix will allow affected homeowners in both Texas and Louisiana to access funds that are critically needed and will help move the rebuilding process forward.

If you have any additional questions or need additional information as you consider this request, please do not hesitate to contact me. On behalf of the people of Louisiana, thank you for your support of our recovery efforts over the last year.

Sincerely,



John Bel Edwards
Governor

cc: The Honorable Thad Cochran, Chairman, U.S. Senate Committee on Appropriations
The Honorable Patrick Leahy, Vice Chairman, U.S. Senate Committee on Appropriations
The Honorable Rodney Frelinghuysen, Chairman, House Committee on Appropriations
The Honorable Nita Lowey, Ranking Member, House Committee on Appropriations
Louisiana Congressional Delegation