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DISASTER LOAN PROGRAM

Enhanced Procedures and Data Needed to Address Duplication of Benefits

Why GAO Did This Study

Natural disasters cause billions of dollars in damage to U.S. communities each year. SBA's Disaster Loan Program helps borrowers, including homeowners and businesses, rebuild or replace damaged property or continue business operations.

The Joint Explanatory Statement accompanying the Further Consolidated Appropriations Act, 2024, includes a provision for GAO to examine duplication of benefits in SBA disaster assistance. This report examines (1) SBA policies and procedures for preventing, identifying, and resolving cases of duplicative benefits, and (2) SBA data on such cases and SBA efforts to resolve them.

GAO analyzed SBA disaster loan data from June 2020 through December 2023—the latest available data. GAO also reviewed related documentation from SBA and other federal agencies, and interviewed agency officials.

What GAO Recommends

GAO recommends that SBA (1) develop documented procedures for resolving cases of duplicative disaster benefits and (2) enhance the collection and accessibility of its data on these cases. SBA partially agreed with the first recommendation and agreed with the second. SBA stated that it would address both recommendations.

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What GAO Found

Duplication of disaster benefits occurs when disaster survivors receive compensation from multiple sources—such as insurance and federal aid—that exceeds their total eligible losses. To prevent this, the Small Business Administration (SBA) requires borrowers to self-report any additional assistance they have received when applying for an SBA disaster loan. SBA uses the information to determine the maximum loan amount needed to cover eligible losses. SBA also contacts borrowers before each loan disbursement to check whether they have received any other potentially duplicative compensation, such as insurance payments or grants. If duplication of benefits is identified, SBA notifies borrowers of corrective actions they may take to resolve the issue.

SBA has identified cases of duplicative disaster assistance (see table), but SBA could not determine whether or how the duplication was resolved or how much over-disbursement was recovered in these cases. SBA is statutorily required to recover any duplicative benefits that it has provided to disaster assistance recipients when deemed in the government's best interest. However, it does not have documented procedures outlining how its staff should ensure borrowers take corrective actions to fully resolve such cases. Establishing documented procedures could better ensure that SBA staff fully and appropriately resolve cases of duplication and identify recovered amounts.

SBA Disaster Loans with Identified Duplication by Date Identified, June 2020–Dec. 2023

Time period	Loans with duplication identified
June 2020–Sept. 2020	59
Oct. 2020–Sept. 2021	738
Oct. 2021–Sept. 2022	592
Oct. 2022–Sept. 2023	541
Oct. 2023–Dec. 2023	57
No date provided	3
Total	**1,990**

Source: GAO analysis of Small Business Administration (SBA) data. | GAO-25-107608

Notes: SBA could not provide data before June 2020 or after December 2023 due to tracking system transitions. For more details, see table 3 in GAO-25-107608.

Additionally, SBA's ability to track these duplications is limited. SBA relies on borrower self-reporting and data-sharing with federal agencies to detect duplications. However, its data management systems cannot automatically retrieve detailed case data. As a result, staff must manually review text fields in individual loan records to verify the status of duplicative benefits, repayment actions, or adjustments made, leading to inconsistencies and inefficiencies. By enhancing data collection and accessibility, SBA could better monitor and address duplication of benefits involving disaster assistance, and thereby improve efficiency and help ensure recovery of duplicate funds. Enhanced data collection would also strengthen its ability to evaluate the effectiveness of its procedures.

United States Government Accountability Office