



From the OFFICE of the GOVERNOR

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Contact: govpress@la.gov

Gov. Edwards Asks Congress to Fix Duplication of Benefits Issue in Funding Bill

Today, Gov. John Bel Edwards sent a letter to leaders in the U.S. House of Representatives and the U.S. Senate requesting that Congress clarify language in the Stafford Act that has led to flood victims being penalized for making use of Small Business Administration (SBA) disaster loans in the aftermath of the 2016 floods. As Congress considers disaster assistance for Hurricane Harvey, survivors of that storm are likely to experience similar problems as they work to recover.

Currently, flood survivors who applied for SBA loans immediately following the floods are not able to make full use of grant funding available through the RESTORE Louisiana Homeowner Assistance Program. The Federal Emergency Management Agency (FEMA), in the immediate aftermath of a disaster, insists that survivors apply for a SBA loan without fully disclosing that they could be penalized down the road. 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.

The following is an excerpt from the governor's letter:

"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 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.

"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." [You can read the full letter here.](#)
