

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

February 5, 2021

President Joseph R. Biden, Jr.  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear President Biden,

Thank you for your principled leadership and for working to heal and unify the nation.

We write today to express the importance of including small businesses, specifically minority-owned small businesses, in any effort to leverage the Defense Production Act (DPA) to respond to the COVID-19 pandemic.

On January 21, 2021, you announced the “National Strategy for the COVID-19 Response and Pandemic Preparedness.”<sup>1</sup> A focus of the National Strategy is to substantially increase production of critical medical supplies, including testing supplies, vaccination supplies, and personal protective equipment (PPE), by leveraging the DPA.

Along with the National Strategy, you issued the “Executive Order on a Sustainable Public Health Supply Chain,”<sup>2</sup> which directs certain executive departments and agencies to identify shortfalls of critical COVID-19 related medical supplies and to use “all available legal authorities, including the Defense Production Act, to fill those shortfalls as soon as practicable by acquiring additional stockpiles, improving distribution systems, building market capacity, or expanding the industrial base.”<sup>3</sup>

We commend you for the comprehensive National Strategy and the corresponding Executive Order. The previous administration’s failure to consistently exercise its authority under the DPA remains a mystery to many of us.

With that said, we write to express our clear desire to have DPA powers, particularly those seeking to expand production capacity and supply under Title III, used with large and small businesses alike. Specifically, we ask you to exercise the small business preferences granted under the DPA, especially with minority-owned small businesses which have been extremely impacted by the pandemic. These powers are found in various sections of the DPA including in sections 108 and 701, 50 U.S.C. 4518; 4551. In particular, Section 701 of the DPA notes “small business concerns shall be given the maximum practicable opportunity to participate as contractors, and subcontractors at various tiers, in all programs to maintain and strengthen the Nation’s industrial base and technology base undertaken pursuant to this Act.”<sup>4</sup>

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<sup>1</sup> President Joseph R. Biden, Jr., *National Strategy for the COVID-19 Response and Pandemic Preparedness*, (Jan. 2021), available at: <https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf>

<sup>2</sup> Exec. Order No. 14001, 86 Fed. Reg. 7219 (2021)

<sup>3</sup> *Id.*

<sup>4</sup> 50 U.S.C. 4551

As you know, small businesses are bearing the brunt of the COVID-19 pandemic in many respects. From January 2020 through December 31 2020, the number of open small businesses decreased by 29.7%.<sup>5</sup> Many have gone through severe financial hardship, with half of small businesses entering the COVID-19 crisis only with enough cash on hand to cover less than 15 days of operations without revenue.<sup>6</sup>

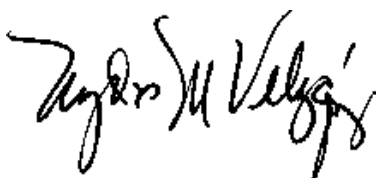
Minority-owned small businesses have been disproportionately affected by the pandemic. A National Bureau of Economic Research study found that, during the first two months of the pandemic, 41% of African American Owned Businesses and 32% of Hispanic-owned small businesses were forced to close their doors, compared to 22% of small businesses overall.<sup>7</sup>

Small businesses are resilient and proven innovators. Faced with adversity, several have even pivoted to manufacturing medical supplies, including PPE, in order to fill the gaps and retain their workforce.<sup>8</sup> They have stepped up to the challenge when our country needed it the most and are ready to stand with the Administration in the fight against COVID-19.

Ensuring small businesses are part of any efforts to leverage the DPA against COVID-19 will serve to fully replenish our stockpiles while strengthening our industrial base and supply chain. Moreover, it will ensure diversity in the industrial base and supply chain for medical supplies, allowing it to remain nimble. Finally, it will pave the way to address some of the small business inequities that have been exacerbated by the pandemic.

We remain available to assist the Administration in every way possible. Thank you for your time and attention to this matter.

Sincerely,



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Nydia M. Velázquez  
Chairwoman  
House Committee on Small Business



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Kweisi Mfume  
Chairman  
Subcommittee on Contracting and Infrastructure

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<sup>5</sup> Opportunity Insights, *The Opportunity Insights Economic Tracker: Supporting the Recovery from Covid-19*, available at: <https://tracktherecovery.org/>

<sup>6</sup> Board of Governors of the Federal Reserve System, *Monetary Policy Report*, (Jun. 2020), available at: [https://www.federalreserve.gov/monetarypolicy/files/20200612\\_mprfullreport.pdf](https://www.federalreserve.gov/monetarypolicy/files/20200612_mprfullreport.pdf)

<sup>7</sup> Robert W. Fairlie, National Bureau of Economic Research, *The Impact of COVID-19 on Small Business Owners: The First Three Months after Social-Distancing Restrictions*, (Working Paper, Revised Aug. 2020), available at: <http://www.nber.org/papers/w27462>

<sup>8</sup> Jesse Noyes, Workest, *There's a shortage of PPE. These Small Businesses Pivoted to Fill the Gap* (Apr 2020), available at: <https://www.zenefits.com/workest/small-business-shortage-ppe-choices-and-solutions/>