

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

October 31, 2017

The Honorable Linda McMahon
U.S. Small Business Administration (SBA)
409 3rd Street SW
Washington, DC 20416

Dear Administrator McMahon:

The effect of Hurricane Maria on Puerto Rico's small businesses has been unprecedented. According to the United Retailers Association of Puerto Rico, nearly 35 percent of small and midsize businesses in Puerto Rico have not resumed operations due to widespread power outages. Altogether it is expected that 5,000 of Puerto Rico's small businesses will shut down. Given the SBA's responsibility in providing assistance to those in disaster areas, it is critically important that the agency employs all of its tools to help Puerto Rico's small businesses. Doing so is essential so that these businesses can endure the economic uncertainty created by Hurricane Maria and be part of the Island's economic recovery.

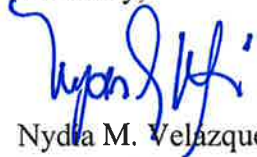
SBA's core functions to help Puerto Rico's small businesses includes facilitating access to federal contracts and providing direct loans. While I am pleased SBA is recruiting a bilingual procurement analyst to serve as the Procurement Center Representative (PCR) to aid, counsel, and protect the interests of small businesses on the Island, more work needs to be done to increase local firms' participation in the recovery efforts. With regard to disaster lending, as of yesterday, only 12 of the 548 business disaster loan applications related to Hurricane Maria have been approved. This is simply unacceptable as thousands of small firms are struggling to keep their doors open and in some cases, struggling to compete for federal contracts.

The SBA is in a unique position to assist these firms by providing loans and advocating for their participation in cleanup and recovery contracts. Local firms have the greatest knowledge of – and stake in – their communities, thereby positioning them to be efficient and effective vendors. Yet, they cannot do this without adequate access to financing.

I recognize the complexity of the situation and the arduous challenges facing the SBA on the Island, as well as the contributions the agency and its personnel have already made. However, more must be done. In this regard, I ask that you provide the Committee with specific steps the agency is taking to 1) increase disaster loan approvals in Puerto Rico and 2) promote local small business participation in federal contracts, especially those related to the on-going disaster response and recovery.

Thank you for your attention to this matter and I look forward to working together to craft a solution to help the 50,000 small businesses in Puerto Rico. Please do not hesitate to contact me directly or have your staff contact Melissa Jung, Deputy Staff Director of the Committee, at 202-225-4038.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nydia M. Velazquez". The signature is stylized with a large initial "N" and a prominent flourish at the end.

Nydia M. Velazquez
Ranking Member