

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

February 4, 2013

The Honorable Karen Mills
Administrator, U.S. Small Business Administration
409 Third Street, SW
Washington, D.C. 20416

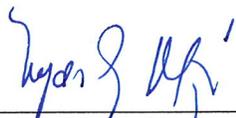
Dear Administrator Mills:

As you are aware, Hurricane Sandy has caused catastrophic damage to the coastal communities in New York, New Jersey, and Connecticut. With recent estimates for the economic losses associated with this disaster approaching \$60 billion, the recovery efforts needed to reinvigorate these areas will be substantial. In order for the rebuilding process to have the greatest positive impact on these areas, it is critical that the federal government channel a greater portion of contracts to locally-owned small businesses.

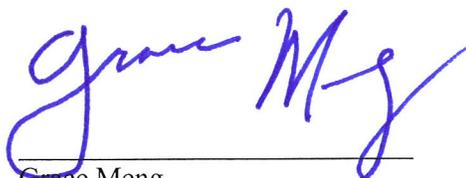
Unfortunately, recent data demonstrate that small businesses have been receiving contracts related to Hurricane Sandy at a rate well below the statutory goals.¹ To date, \$305.6 million in contracts have been awarded, with only \$47.2 million – or 15.4 percent – going to small businesses. This is well below the 23 percent federal goal. In addition, small disadvantaged businesses have received 3.2 percent of contracts (statutory goal is 5 percent); women-owned businesses have received 2.1 percent (statutory goal is 5 percent); and service-disabled veteran-owned businesses have received 0.5 percent (statutory goal is 3 percent).² By failing to incorporate more small businesses into federal recovery efforts, many local firms, which are already facing challenges due to the storm, are missing out on lucrative opportunities that could be the difference between survival and bankruptcy.

Going forward, it is imperative to strengthen the commitment to small firms and make sure that more federal contracts are open to them. This is even more important now, given that President Obama has enacted legislation providing \$50.5 billion in assistance for these efforts. With our waterfront neighborhoods still reeling from this disaster, we must remember that local, small businesses must be part of the equation. By incorporating them, we are giving them, their employees, and the communities they are located in, the best chance at a long-lasting recovery.

Sincerely,



Nydia M. Velázquez
Ranking Member



Grace Meng
Member of Congress

¹ 15 U.S.C. 644(g)

² Federal Procurement Database System, Hurricane Sandy Report, January 24, 2013.