

Congress of the United States
Washington, DC 20515

July 30, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader McConnell, Minority Leader McCarthy, and Minority Leader Schumer:

We write to highlight the critical need for assistance to mid-sized manufacturers in upcoming COVID-19 relief legislation, through means to address the question of solvency timelines as well as provide a direct lending opportunity to rapidly and appropriately assist this population.

As you know, small to medium sized manufacturers are the backbone of the U.S. economy and the middle class. According to the National Association of Manufacturers, American manufacturing contributed \$2.362 trillion to the U.S. economy in the first quarter of fiscal year 2020. For every \$1.00 spent in manufacturing, another \$2.74 is added to the economy. But this pandemic has inflicted serious economic crisis on these mid-sized businesses at the same time it highlighted vulnerabilities of America's overreliance on global supply chains and the necessity of a robust domestic manufacturing base.

Medium-sized manufacturers too often lack the capacity typical of large companies to weather the whims of the free market in normal times. The onset of the COVID-19 economic crisis was but another attack on an already economically vulnerable sector. To make matters worse though, while small business manufacturers could seek refuge through the Paycheck Protection Program and larger firms relied on preexisting relationships with financing institutions with the means to help them weather the storm, many medium sized firms lacked these resources necessary to fend off economic crisis. To make matters worse, the Federal Reserve's Main Street Lending Facility took months to stand-up. As many mid-sized businesses took drastic measures to fend off bankruptcy, time was of the essence in March, April, then May, even June before the Main Street Lending Facility was up-and running. This was woefully inadequate. Delay forced many to make the hard decision to file for bankruptcy to slow the hemorrhages, grant restructuring, and ultimately save American jobs.

As currently stands, the Treasury Department and Federal Reserve are precluded from assisting firms that declared bankruptcy. However, the injustice of this fact is their delayed action resulted in more bankruptcy filings. Congress has the means to set appropriate parameters for waivers in instances where firms, particularly mid-sized manufacturing businesses, were financially healthy pre-COVID, and but-for the pandemic, were set to have a healthy financial year. We implore the next COVID package to address this injustice. Additionally, we respectfully request the creation of a lending window to assist medium-sized manufacturers through an adequately scaled rescue fund.

These actions would go a long way to save good American jobs and ensure global economic competitiveness of our domestic manufacturing base. Thank you for your consideration.

Sincerely,



MARCY KAPTUR
Member of Congress



TIM RYAN
Member of Congress