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SUBCOMMITTEE ON DOMESTIC AND
INTERNATIONAL MONETARY POLICY,
TRADE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, DC 20515

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September 20, 2005

The Honorable George W. Bush
President of the White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

As the Gulf Region continues to struggle toward a massive recovery, the catastrophic damage caused by Hurricane Katrina has clearly left many in Louisiana, Mississippi and Alabama in dire need of immediate assistance. With recent estimates for the economic losses exceeding \$100 billion, the recovery efforts needed to reinvigorate both the Gulf Region, and in turn, this nation's economy, are substantial. In your remarks last week to the nation, you assured the small businesses in the Gulf Region that assistance was on the way. However, to date, the administration has failed to lay out specifics as to how they will follow through on any of the promises made to the thousands of small businesses that have been devastated by Hurricane Katrina. At a time when the well-being of thousands are at stake, these businesses need more than empty promises. What they need now is action.

With small businesses playing such a vital role in job creation and economic stimulus throughout the Gulf Region and our nation, they are the last sector that should be left in need of assistance. Clearly, what these small firms need right now is the ability to stabilize their business, to be able to cover the cost of their employees' salaries and health care costs, meet their monthly operating costs, and make emergency repairs, so they can truly rebuild the businesses that they have worked so hard to get up and running. In addition, many of these small firms need to be able to cover their current financial obligations, as a number of small firms have a significant amount of existing debt or outstanding loans that are coming due each and every day.

Congress has passed several pieces of legislation in the past few weeks, none of which have provided any assistance to small businesses. With thousands of Gulf Region small businesses having either lost their business or segments of it, it is critical to ensure these entrepreneurs receive the immediate assistance they so desperately need.

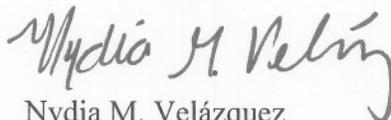
Given the immense scope of this disaster – being one of the worst and most destructive in our nation’s history – it is likely that the SBA will face unprecedented demand for SBA Disaster Loans. It is more important now than ever that the agency’s Office of Disaster Assistance (ODA) is ready to meet the needs of the thousands of Gulf Region small businesses that have been negatively impacted by Hurricane Katrina. I am concerned that ODA may be unable to meet this demand due to the recent reductions in SBA’s workforce, the on-going centralization of core ODA applications, and that ODA employees were in the midst of adjusting to a new system at the time of this tragic event.

In addition to the immediate financing needs of small companies in the Gulf Region, local businesses need to be able to participate in the recovery, relief and rebuilding efforts. The recent emergency order to procurement rules, waive nearly all small business protections, and they do not allow agencies to target local small businesses to perform on these emergency contracts. The small businesses that were impacted by this natural disaster should be at the top of the list when it comes to participating in the rebuilding and recovery of their very own communities.

Last week, in the White House agenda for dealing with Hurricane Katrina, the administration highlighted the need to provide assistance to minority owned enterprises, yet it failed to provide any explanation as to what type of unique assistance they are planning to provide to this vital sector. As the Ranking Member on the House Small Business Committee, there is a sense of immense urgency to ensure the needs of the Gulf Region’s small businesses will be met following this catastrophic disaster. The administration has yet to outline any specifics of how they will meet the existing needs of these businesses. Therefore, I have enclosed a list of questions and request that detailed responses be provided.

It is with immediate urgency that the administration lay out a plan to help the thousands of small firms in the Gulf Coast to recover and stabilize their business ventures. At a time like this, we cannot allow the economic engines of this country to go without assistance. It is critical that the administration ensures that small businesses of the Gulf Region are given the support they need to recover and rebuild their entrepreneurial dreams.

Sincerely,



Nydia M. Velázquez
Ranking Minority Member

cc: Hector Barreto, Administrator of the Small Business Administration (SBA)