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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

September 19, 2006

VIA FACSIMILE & FIRST CLASS MAIL

The Honorable R. David Paulison
Director/Under Secretary
Federal Emergency Management Administration
500 C Street, SW
Washington, DC 20472

Dear Director Paulison:

As you know, more than a year ago the Gulf Coast region was devastated by Hurricane Katrina and then Hurricane Rita. As the result of this national disaster, the nation has made a great commitment of time and resources to rebuild and restore the region to its unique place in our nation. Restoring the Gulf Coast's business community – especially it's small business community – is a critical component to bringing the region back to its former glory.

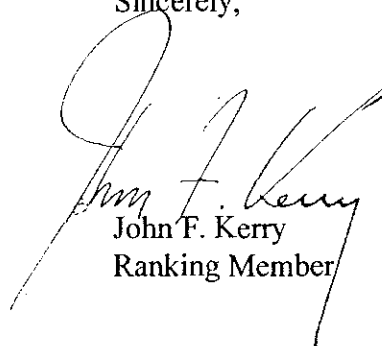
According to the Louisiana Economic Development office between 15,000 and 20,000 small businesses in Louisiana alone were initially affected by Hurricane Katrina. These business represented tens of thousands of employees and hundreds of millions of dollars in payroll. Many of these small businesses also represent the expertise and labor that is rebuilding the region. As a nation we must ensure that we do all we can to support their continued health and growth.

To ensure that the small businesses of the Gulf region survive and thrive, it is important that FEMA fulfill its responsibility to promptly compensate those small businesses that it has contracted with during the recovery. Unfortunately, I have heard from several small business representatives and owners that FEMA is unwilling or unable to pay contractors for completed work in a timely fashion. If this is not the case I would like further clarification so that I can evaluate the situation. Your answers to the following questions would be helpful to that end.

- 1) How many small businesses have contracted with FEMA for Katrina related goods or services? How many of those contracts are prime and how many are subcontracts?
- 2) How many of those contracts have in whole or part (such that payment is due) been successfully completed? What is the average time between contract completion and full payment? What is the average time of payment for non-small business contracts that have small business subcontractors?
- 3) How many successfully completed contracts were not paid within 3 months, 6 months, 9 months or longer?

Businesses in the Gulf Coast region are already struggling to survive. Doing business with the federal government should be a lifeline to those businesses not the final nail in their coffin. I would appreciate your response to the above questions no later than November 1, 2006. Thank you in advance for your cooperation on this important issue. If you have questions about this matter, please feel free to contact me, or have your staff contact Gregory Willis at (202) 224-8496.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Kerry". The signature is fluid and cursive, with a large initial "J" and "K".

John F. Kerry
Ranking Member