The background of the cover features a blue-tinted aerial view of a large industrial or military complex, with a prominent pentagonal building in the center. Overlaid on this are several glowing, 3D-rendered coronavirus particles in shades of cyan and blue, scattered across the upper right portion of the image. The NDIA logo is positioned in the top left corner within a dark grey shield-shaped box.

NDIA

AT THE HEART
OF THE MISSION

THE DEFENSE INDUSTRIAL BASE AMID COVID-19: SURVEY SUMMARY

BY: NDIA STRATEGY & POLICY TEAM

May 13, 2020

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OBJECTIVES

Through conducting this survey and its analysis, NDIA seeks to understand the preparedness levels of the Defense Industrial Base (DIB) during the COVID-19 crisis. NDIA will provide information from our membership on the health and safety precautions being implemented to protect the DIB's workforce.

INTRODUCTION/BACKGROUND

NDIA was approached by Rep. Moulton and the Defense Department's Office of Small Business Programs to respond to important questions involving the health and safety of the defense and national security sector's workforce during the COVID-19 pandemic. NDIA created a survey and disseminated it to the entire membership to obtain the most accurate data possible for the Congressman and his colleagues. These important questions brought up by Rep. Moulton and the Office of Small Business Programs are part of a broader effort to assess the impacts of the COVID-19 crisis on the Defense Industrial Base.

SUMMARY OF FINDINGS

- Most companies are following CDC and OSHA guidelines.
- Majority of companies closed facilities and implemented teleworking capabilities.
- While most companies answered "Yes" to sick leave if a worker tested positive for COVID-19, a majority of midsize and large companies also answered "Yes" to forcing workers to take paid time off should an employee contract the virus.
- Companies are mostly providing PPE equipment, adjusting workstations for social distancing, and reorganizing schedules for fewer workers during each shift. However, a majority answered that PPE is not being sourced to workers at this time due to telework.
- With the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL), we saw more small and midsize businesses apply for PPP compared to EIDL. We also saw more small businesses apply for PPP compared to midsize companies.
- Numbers for receiving PPP and EIDL were above 50%, but—in general—many small and midsize businesses in our survey did not apply for either PPP or EIDL.

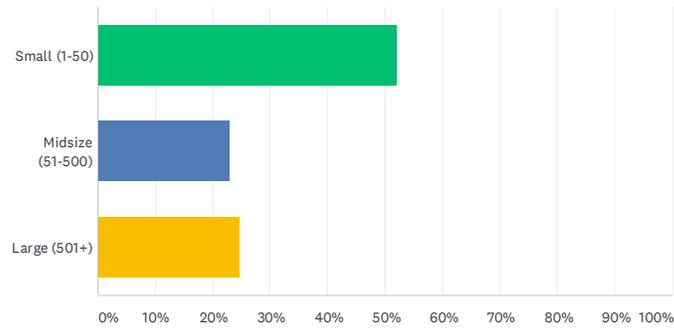
METHODOLOGY

The NDIA Strategy and Policy Team developed the survey to target its membership on the health and safety of the defense industrial base workforce. The team published the survey at 12:00 pm EDT on April 22, 2020, and closed it at 5:00 pm EDT on April 28, 2020. The survey was distributed to NDIA's Divisions (industrial working groups), NDIA's Chapters (based on location), and NDIA Connect (NDIA's members-only online community).

DEMOGRAPHICS

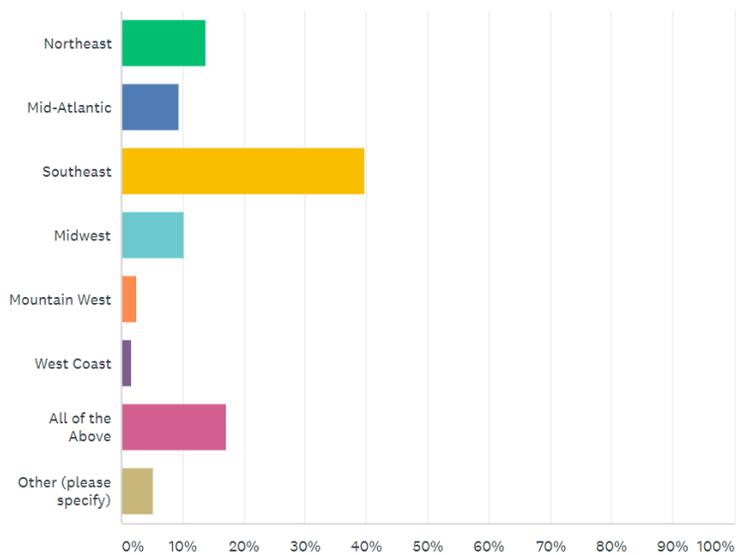
Demographics in the survey included three pieces of information: size of the company, region(s) of the company, and the specific work sector. A total of 132 individuals provided data in response to this survey.

Figure 1: Size of the Company



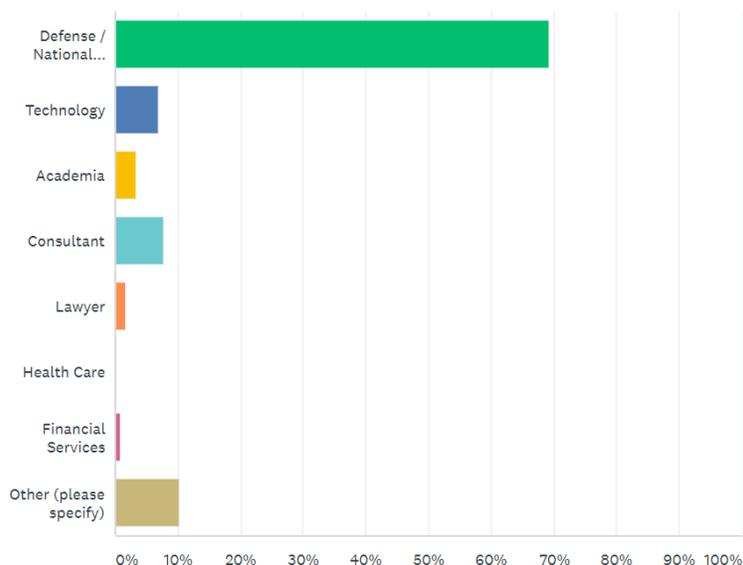
While eligibility for the Paycheck Protection Program (PPP) stops at 500 employees, we decided to further dissect the data to see the differences between respondents with extremely small businesses and others who are a larger but categorically fall under the Small Business Administration's (SBA) employee-based sizing standards. We also wanted to compare this data to that of companies that are considered large.

Figure 2: Region(s) of the Company



NDIA aimed to identify where most survey respondents were located across the nation. Interestingly, most small businesses in our data come from the Northeast.

Figure 3: Sector of Work



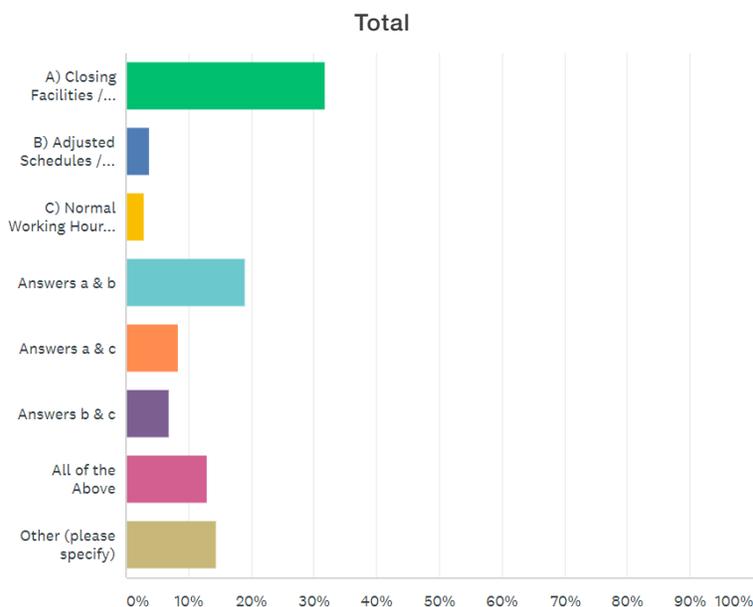
With this survey question, NDIA sought to identify the sectors in which respondents operated. The largest percentage of respondents came from the Defense / National Security sector. For those who responded “Other,” the result was a mix of sectors such as Marketing and Law Enforcement.

REP. MOULTON’S / DEFENSE DEPARTMENT’S OFFICE OF SMALL BUSINESS PROGRAMS’ QUESTIONS

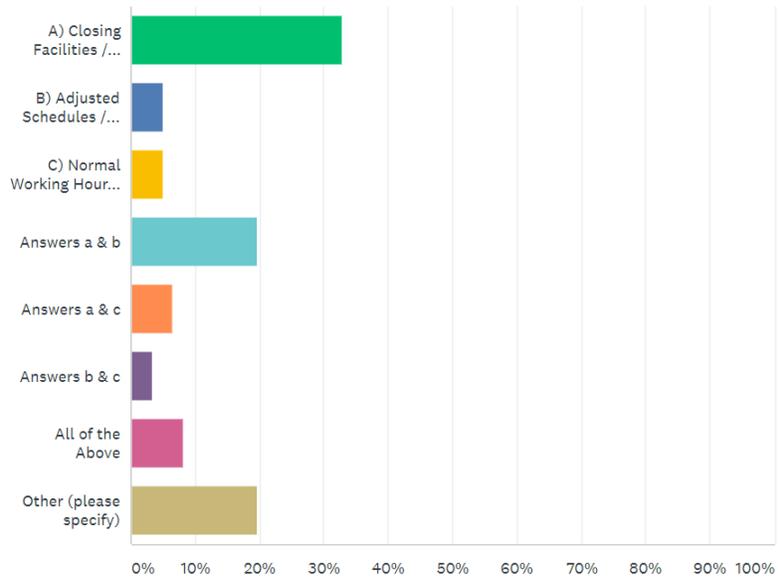
The following figures provide the responses by members of NDIA to the questions posed by Rep. Moulton in order. NDIA’s Strategy & Policy Team then provides subdivided answers in the following order: total, small businesses, midsize businesses, and large businesses.

Question 1: How are you adjusting operations at your facilities due to the outbreak of COVID-19?

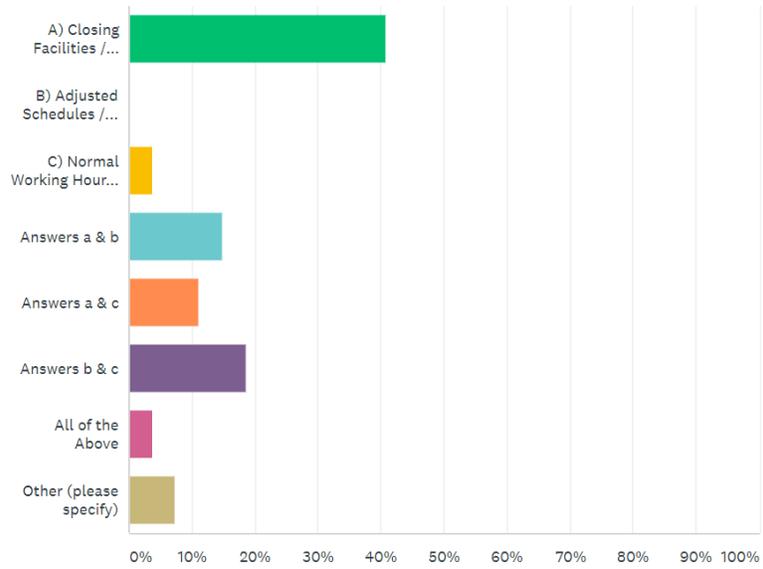
* To note, the answers include: A) Closing Facilities / Teleworking, B) Adjusted Schedules / Split Days, and C) Normal Working Hours with PPE.



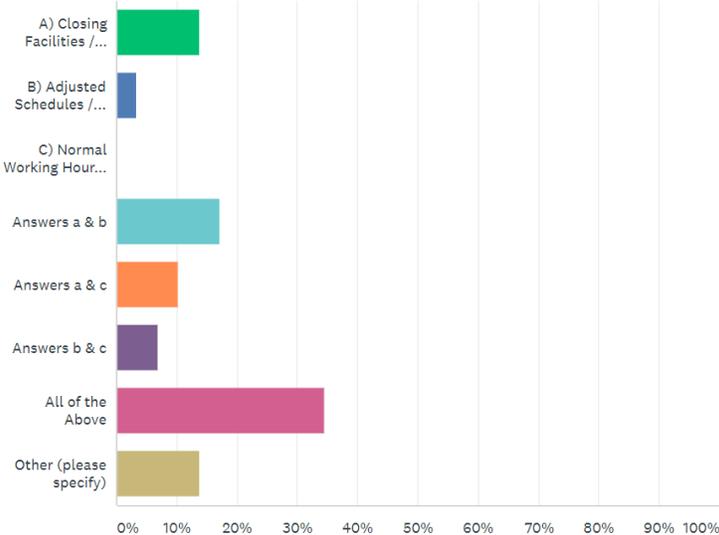
Small Businesses (1 – 50)



Midsize Businesses (50 – 501)



Large Businesses (501+)



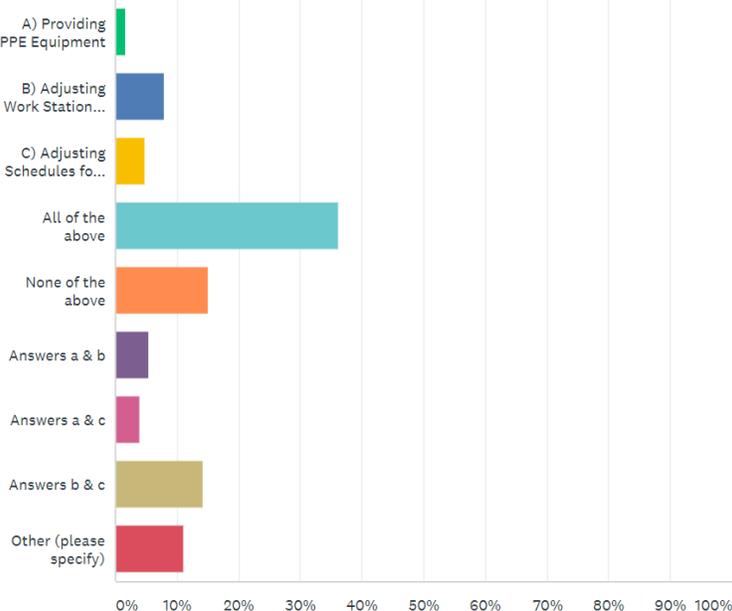
Analysis:

- Most companies are closing facilities or teleworking.
- Specifically, most respondents from small and midsize businesses are closing facilities or teleworking.
- More midsize companies are closing or teleworking while also both adjusting schedules or implementing split days and normal working hours with PPE.
- Fewer midsize companies are solely adjusting schedules as compared to small-sized ones.
- More midsize companies are working normally with PPE compared to small-sized ones.
- For large companies, we see mostly an all-of-the-above approach.

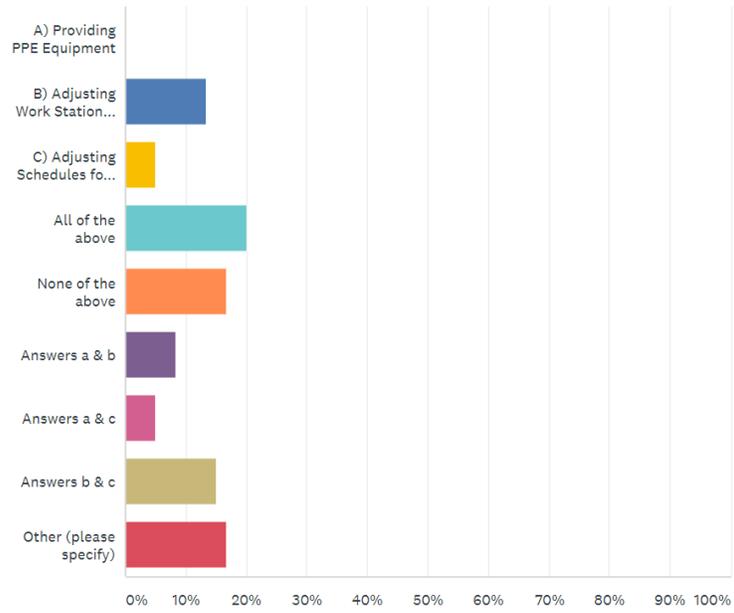
Question 2: What worker protections are in place to prevent transmission of COVID-19?

** To note, the answers include: A) Providing PPE Equipment, B) Adjusting Workstations for Social Distancing, and C) Adjusting Schedules for Fewer Workers During Each Shift.*

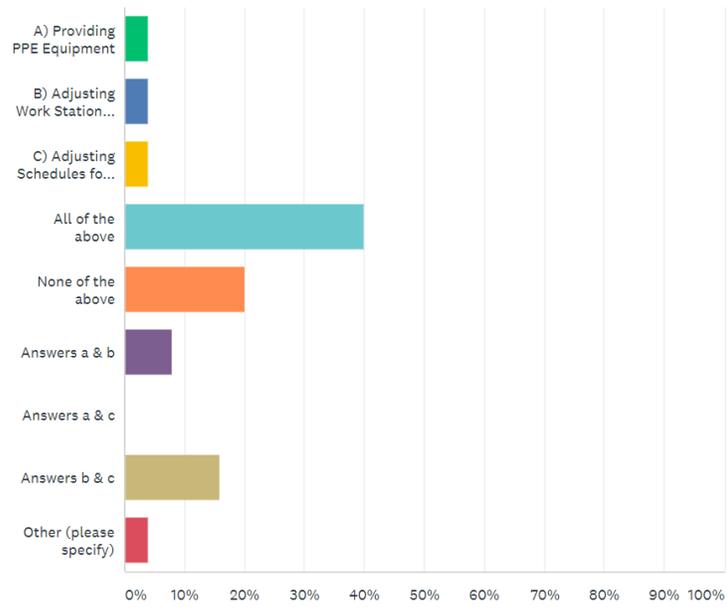
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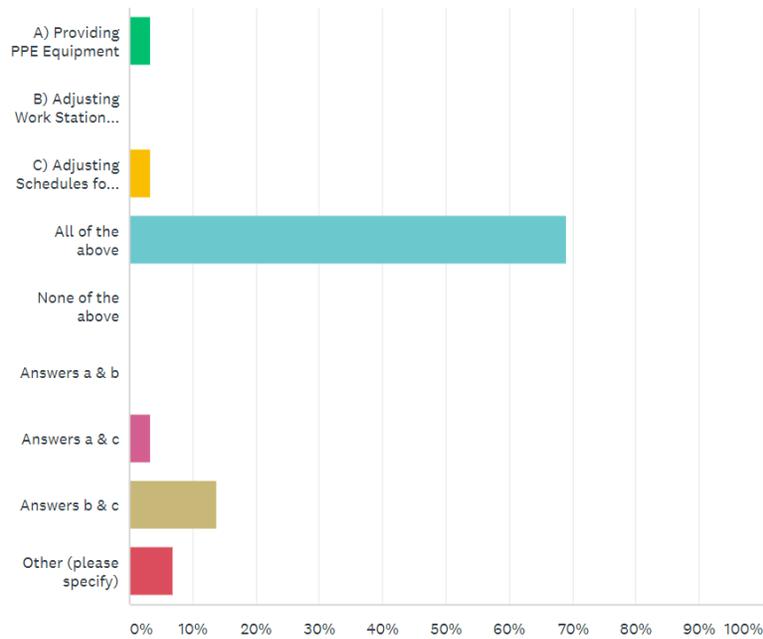
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



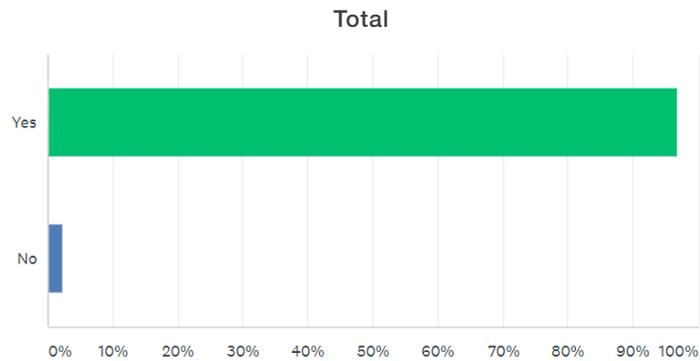
Large Businesses (501+)



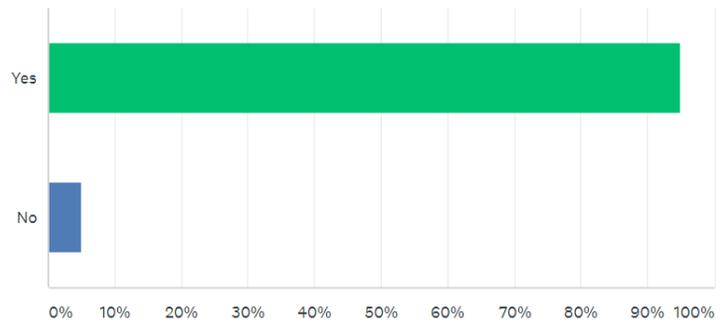
Analysis:

- The majority of respondents said “All of the above”—providing PPE equipment, adjusting workstations for social distancing, and adjusting schedules for fewer workers during each shift.
- The second most common response was “None of the above.”
- The third most common response included both adjusting workstations for social distancing and adjusting schedules for fewer workers during each shift, thereby not providing any PPE equipment.
- Most of the small-sized businesses chose “All of the above”; some were teleworking while others were both adjusting workstations for social distancing and adjusting schedules for fewer workers during each shift.
- Midsize companies mostly said either “All of the above” or “None of the above.”
- Most of the large companies said “All of the above.”
- Interestingly, the data shows “None of the above” as second most common answer for the midsize companies.

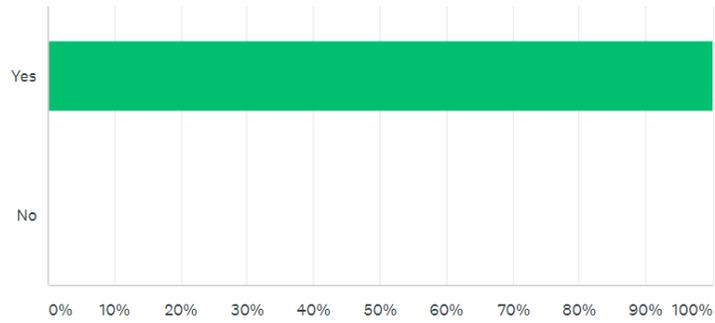
Question 3: Are CDC and OSHA guidelines being followed?



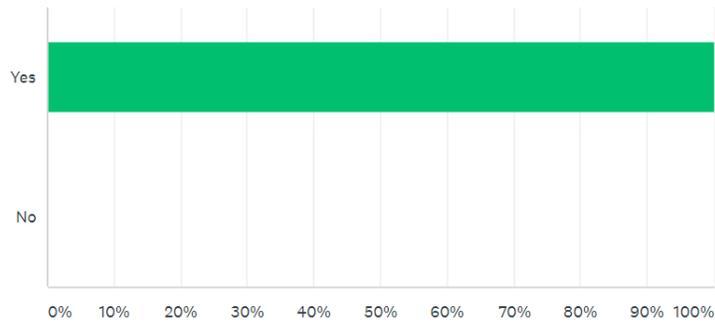
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



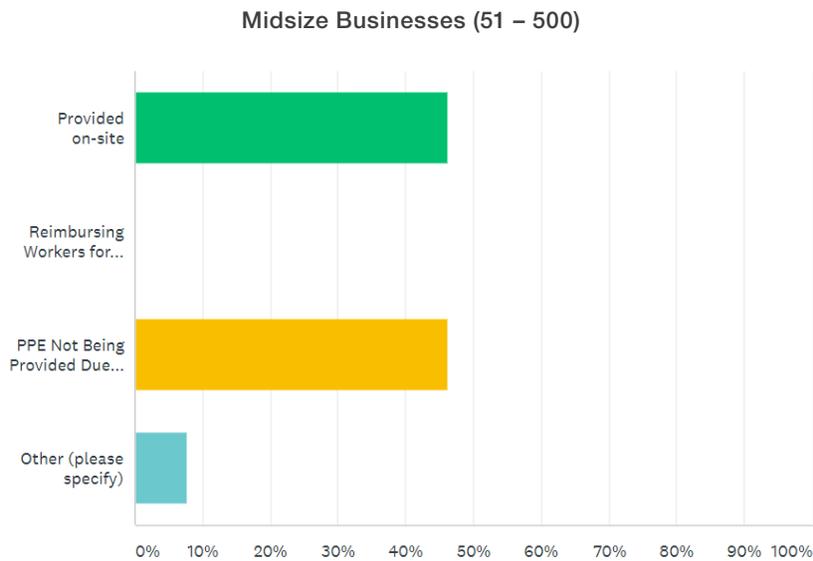
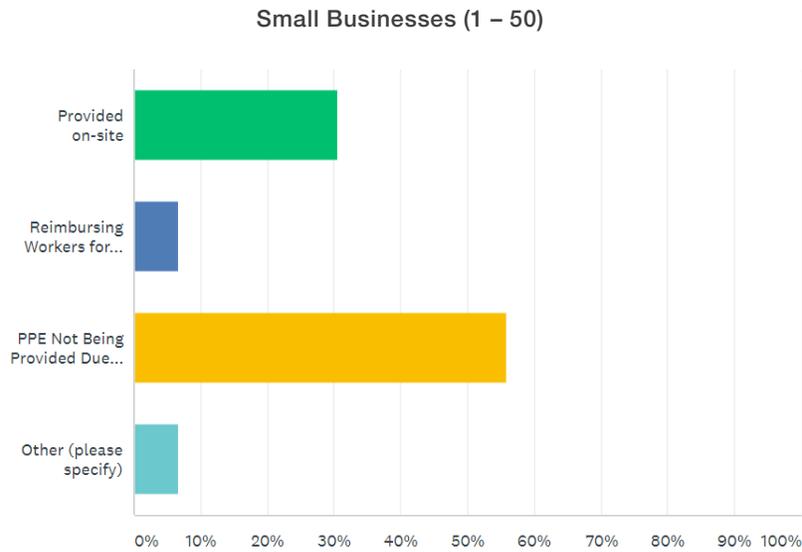
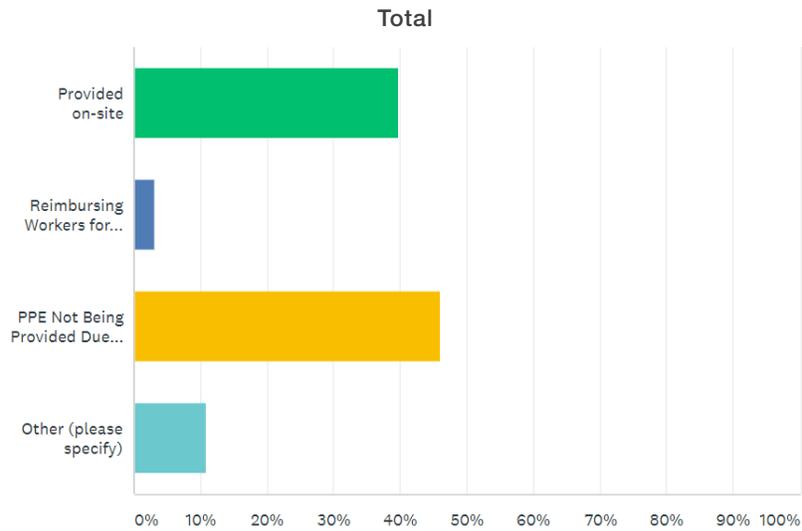
Large Businesses (501+)



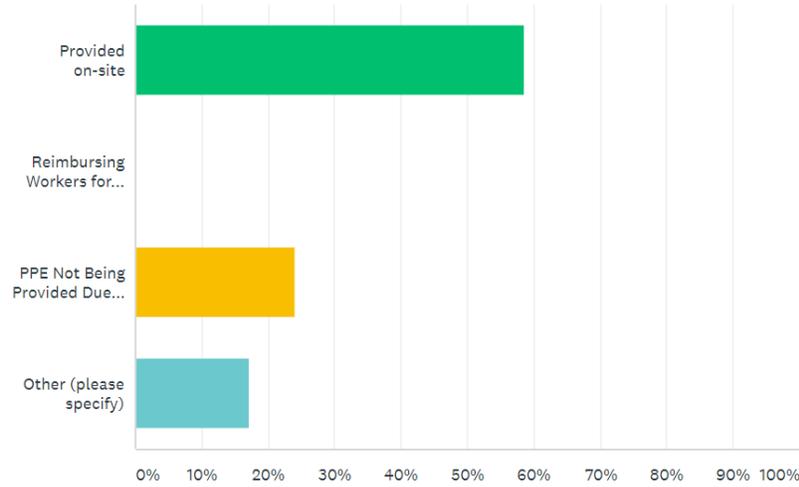
Analysis:

- Most respondents are following CDC and OSHA guidelines. The only ones who voted “No” were from small businesses. This result may be due to those respondents having already been teleworking or working from home to begin with.

Question 4: How is PPE being sourced to workers?



Large Businesses (501+)



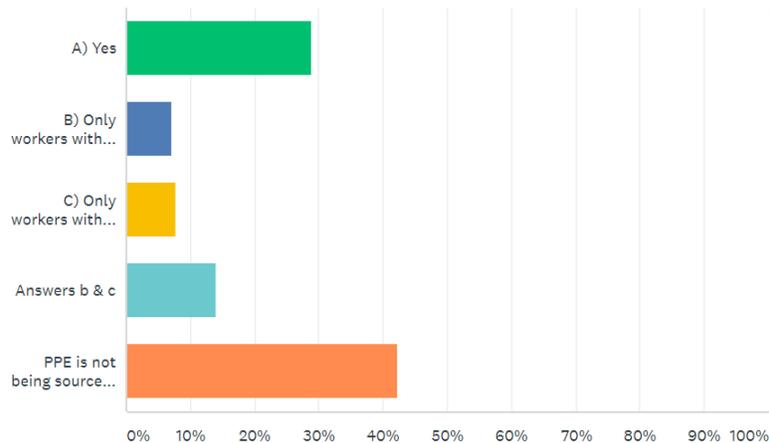
Analysis:

- Most respondents said PPE is not being provided due to telework.
- Some respondents' companies have provided PPE onsite.
- Most small companies are not providing PPE, while 30% are providing it onsite.
- For midsize companies, half are providing PPE onsite while the rest are not providing PPE due to telework.
- For large companies, 58% are providing PPE onsite.
- Since most respondents are teleworking, PPE is currently not being provided for workers. From the data, it seems that PPE is being provided onsite for those that are not teleworking. Few are getting reimbursements.

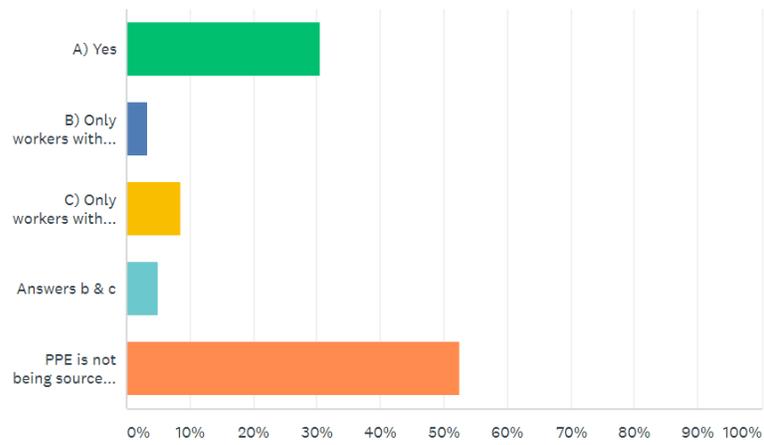
Question 5: Is PPE being sourced to all workers?

* To note, the answers include: A) Yes, B) Only Workers with Specific Functions, C) Only Workers with Specific Exposure Risks, D) Answers B & C, and E) PPE is not being sourced to workers at this time.

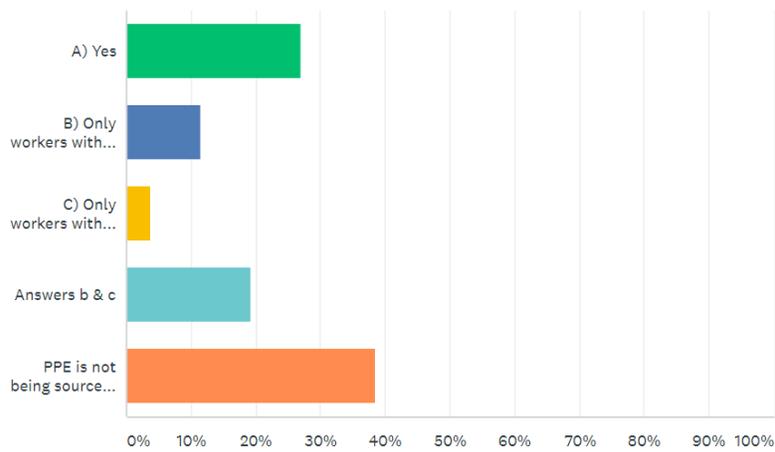
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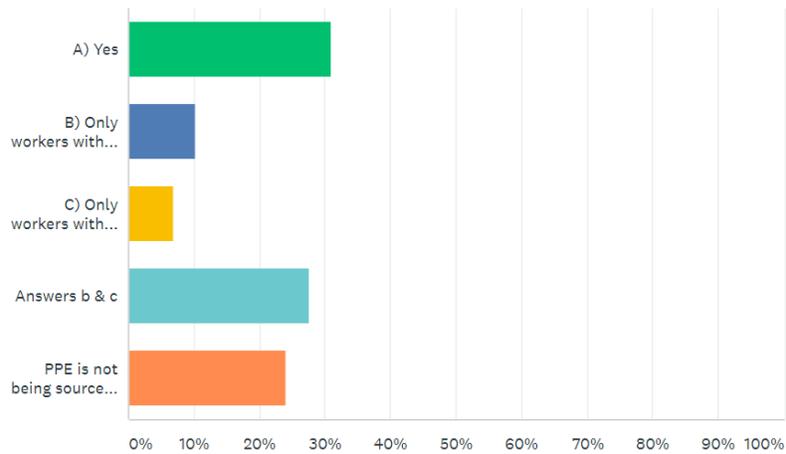
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

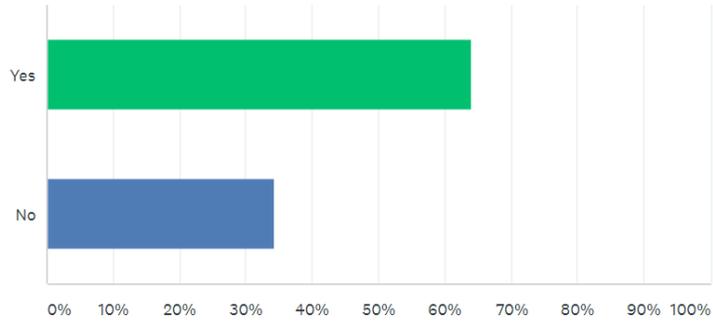


Analysis:

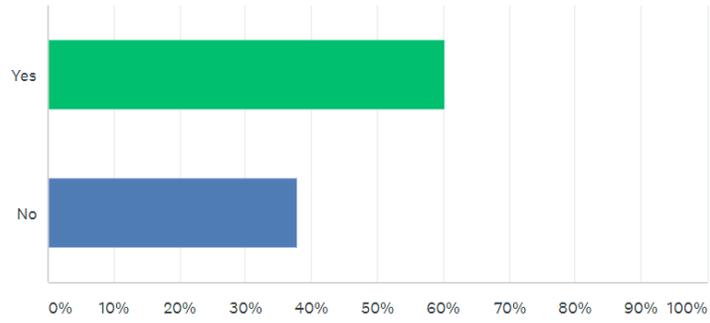
- Most respondents said PPE is not being sourced to workers at this time. This result could mean that workers are either teleworking and do not need PPE or that workers are bringing in their own PPE.
- 28% of respondents, however, did answer “Yes.”
- More PPE was reported as being sourced onsite for small-sized companies compared to midsize ones.

Question 6: Is existing PPE adequate to limit infection amongst your workforce?

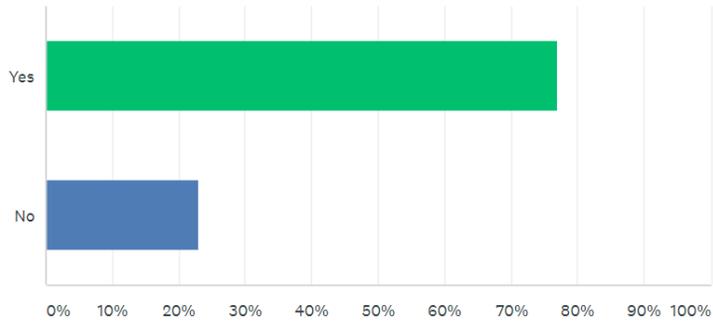
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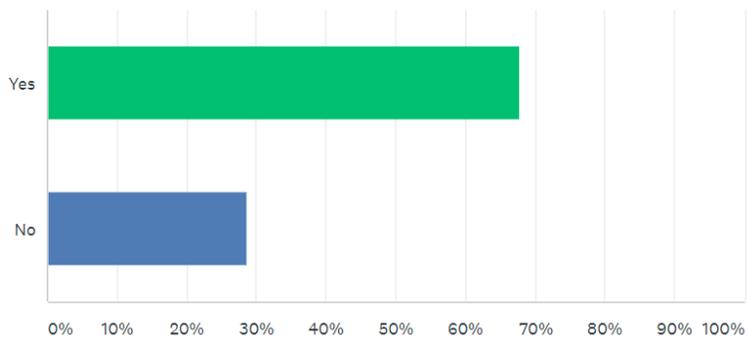
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

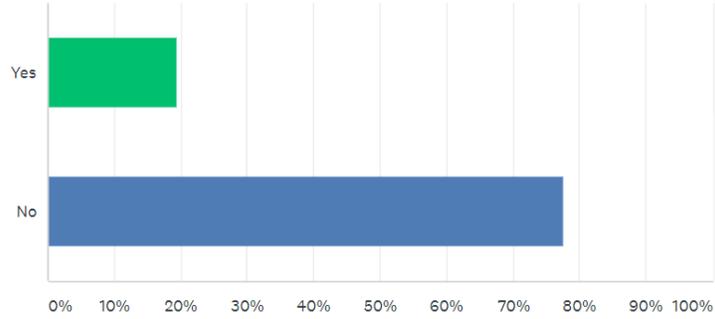


Analysis:

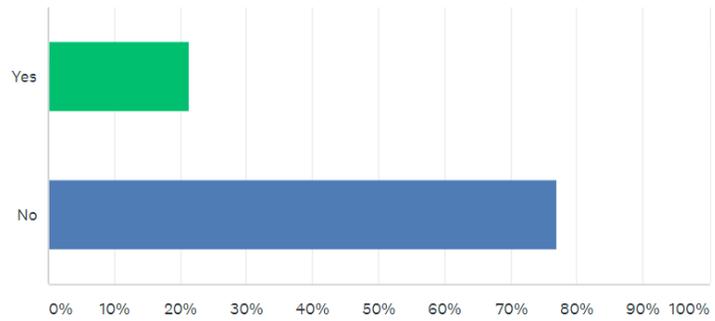
- 64% of respondents said “Yes.”
- Respondents from small companies answered “No” more than ones from midsize and large companies.

Question 7: Do you need assistance procuring proper PPE to keep your workforce safe?

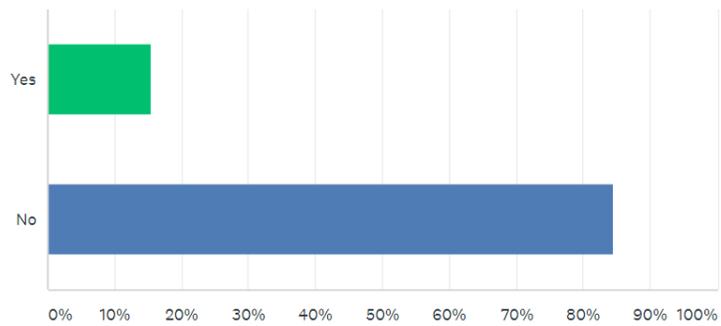
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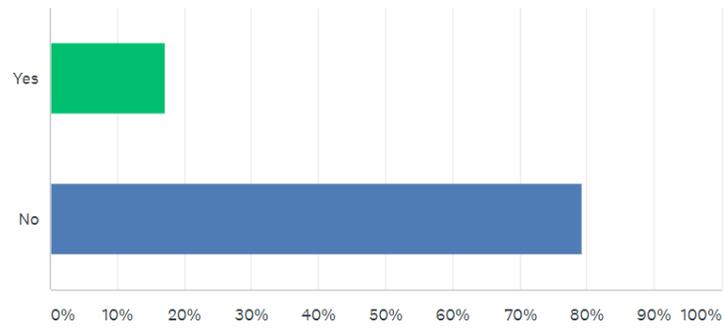
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

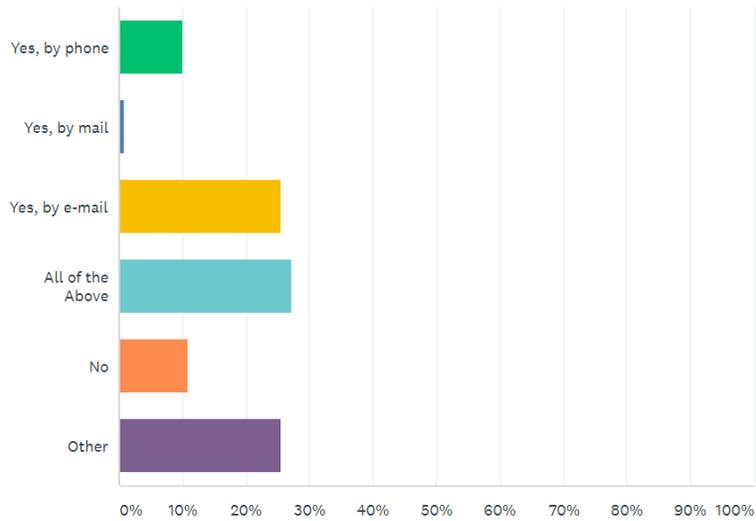


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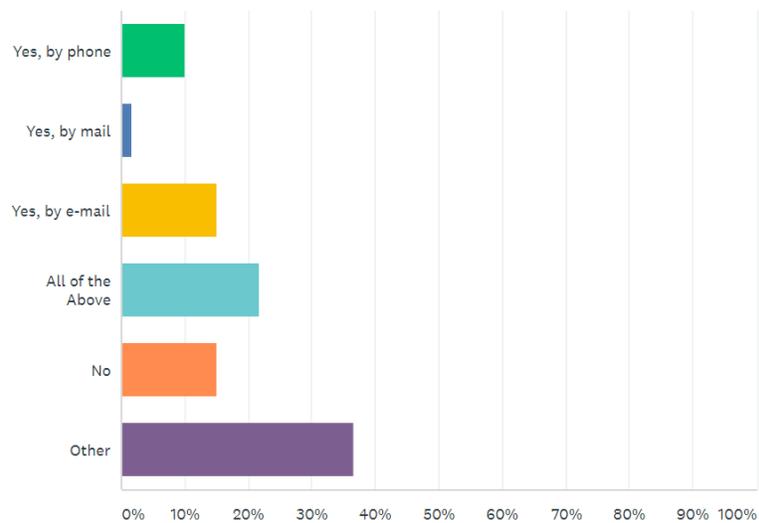
- Roughly 77% of respondents said “No.”
- However, most respondents who said “Yes” were from small companies.

Question 8: Are workers being notified of confirmed infections?

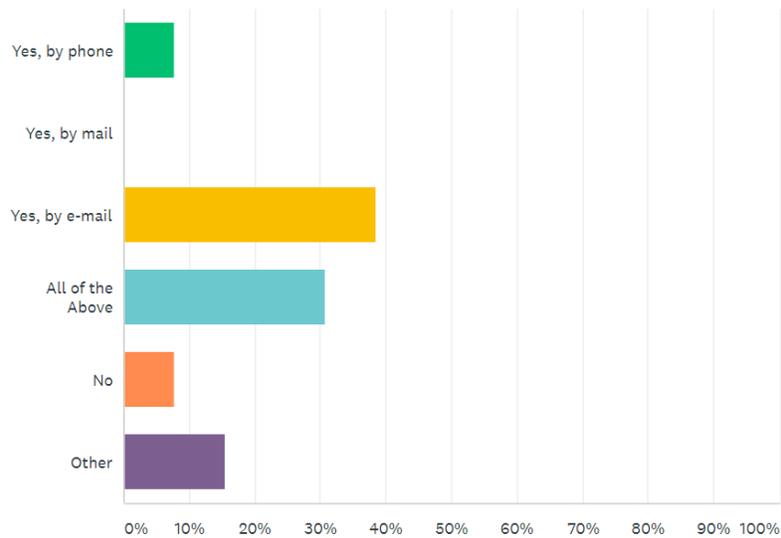
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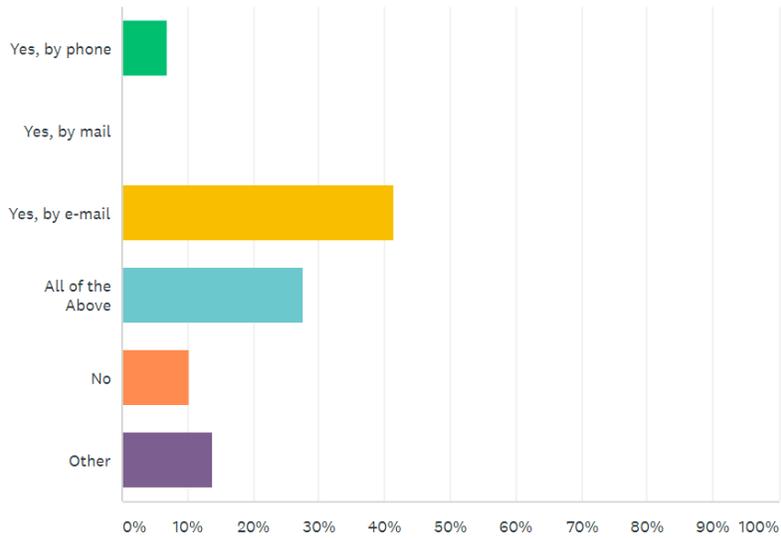
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

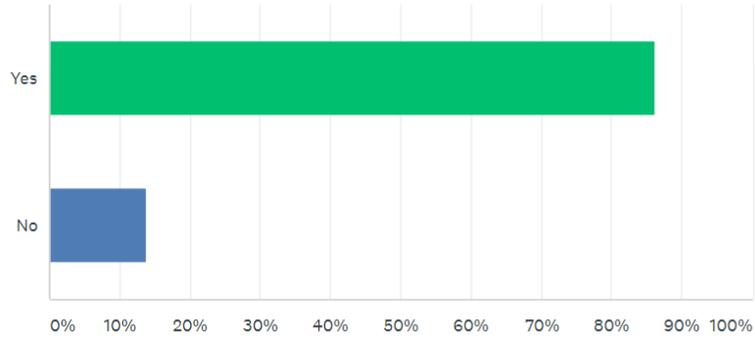


Analysis:

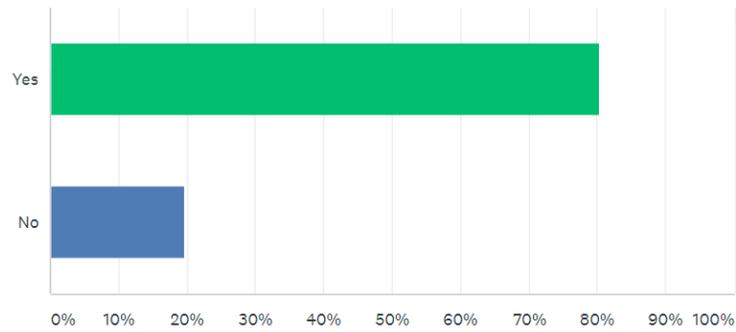
- Most respondents said “All of the above”—by phone, mail, and email—at 27%.
- There was a tie for the second most popular response between “Yes, by email” and “Other.” However, most respondents who said “Other” are already teleworking or have not yet had any infections.
- While most midsize companies are just emailing at 38%, 30% are using phone, mail, and email. These results are similar to those for large companies.

Question 9: Are workers who test positive being put on sick leave while quarantined?

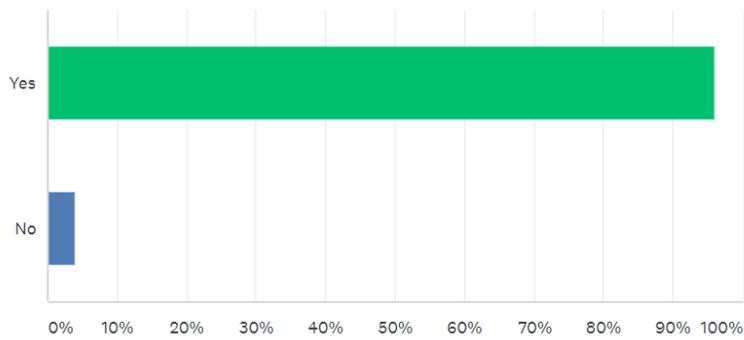
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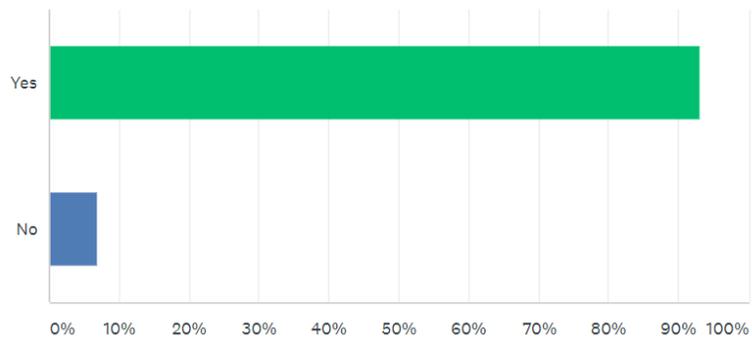
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

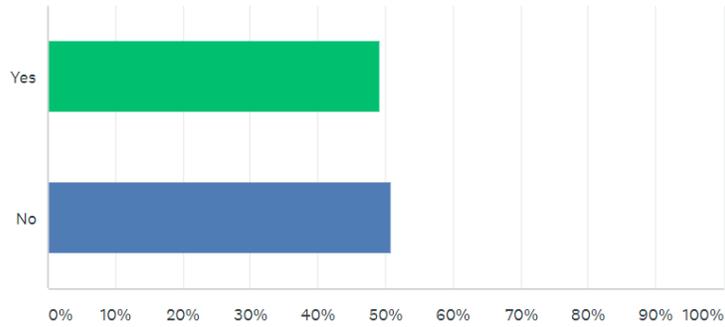


Analysis:

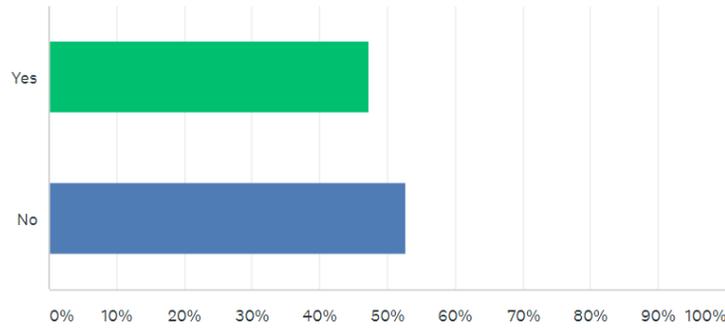
-86% of respondents said “Yes” in total. The most who said “No” came from small companies at 19%.

Question 10: Are workers who test positive being forced to take paid time off?

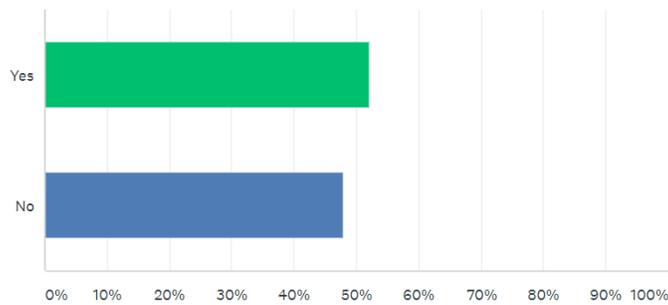
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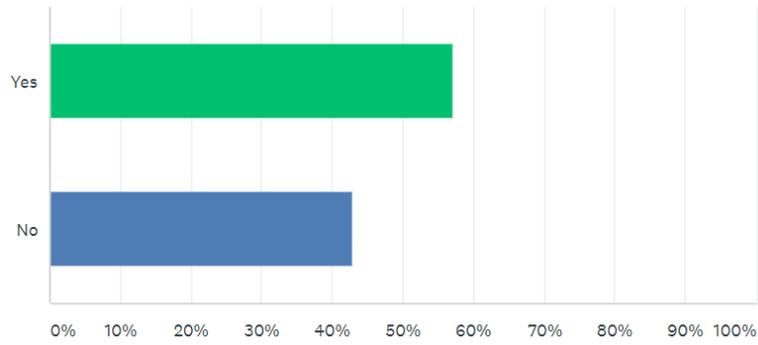
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

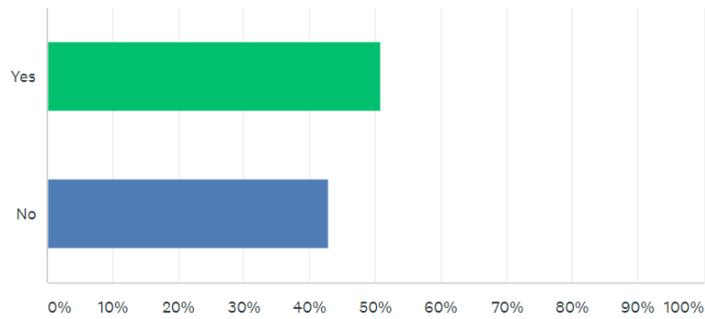


Analysis:

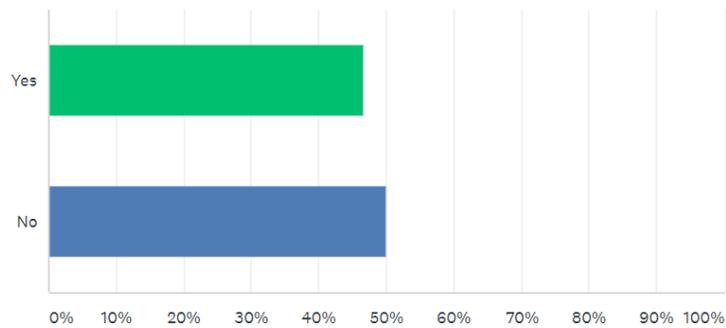
- In total, 51% of respondents answered “No.”
- The majority of small businesses said “No.” More small and midsize companies said “No” compared to large companies. However, a majority of midsize and large companies said “Yes.”

Question 11: Are you getting consistent Section 3610 of the CARES Act guidance across all your contracts regardless of federal agency?

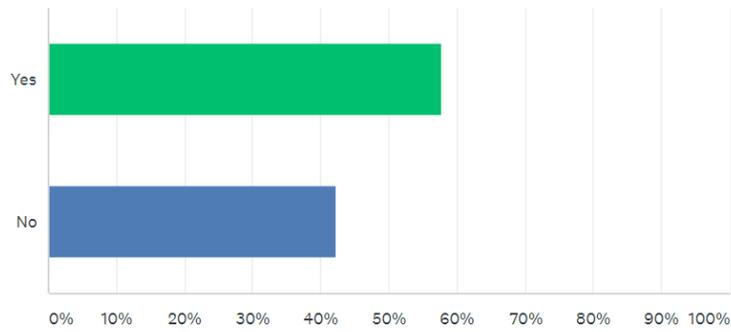
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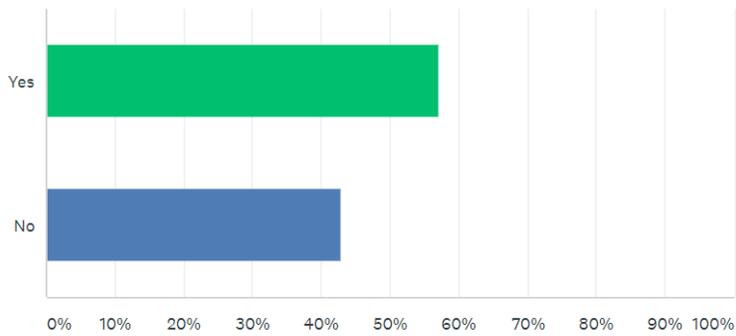
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

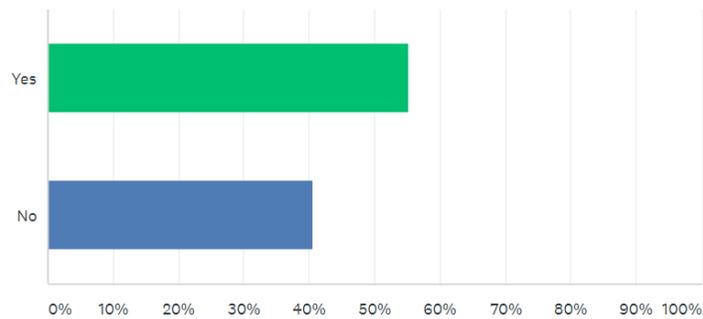


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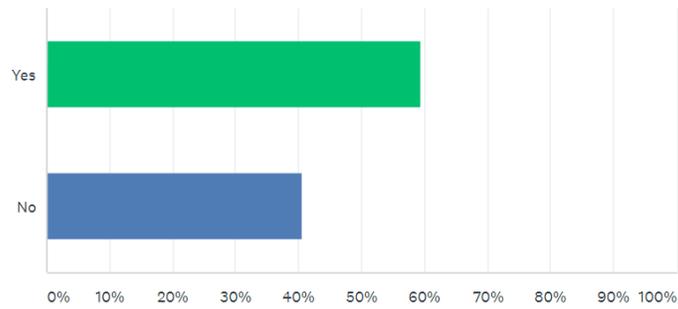
- While most answered “Yes” at 50%, the majority of comments included not understanding Section 3610. Other respondents commented that their company is still analyzing this issue, while others said that Section 3610 is not relevant to them.
- Notably, most respondents who answered “No” came from small businesses.

Question 12: Should the Defense Department pull forward a year to allow companies to increase work production and employ more workers?

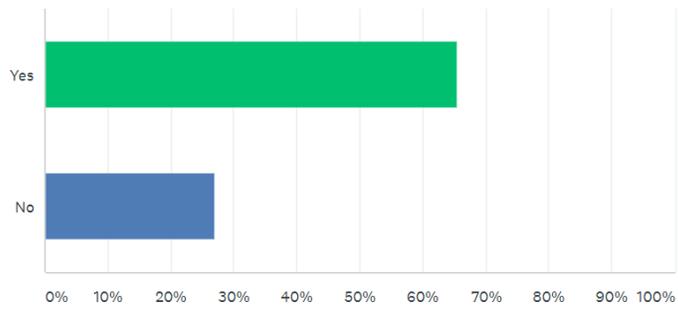
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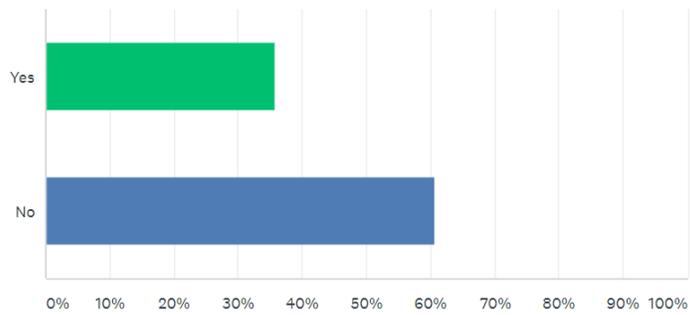
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)



Analysis:

- Most answered “Yes” at 55%.
- Some comments mentioned concerns that accelerating things could be burdensome, including attempts to hire new staff and/or not having the time to work on new projects.
- Majority of small and midsize businesses answered “Yes.”
- Majority of large businesses answered “No.”

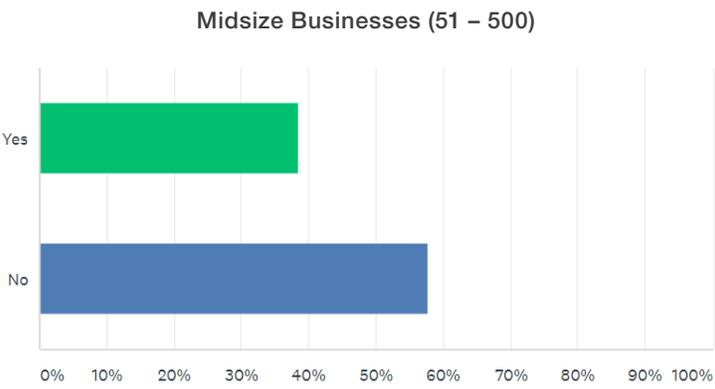
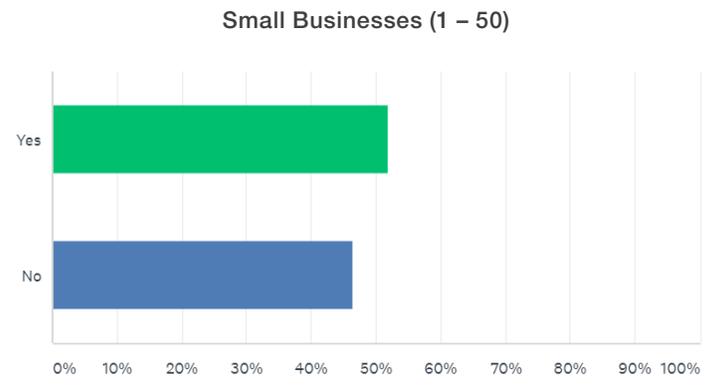
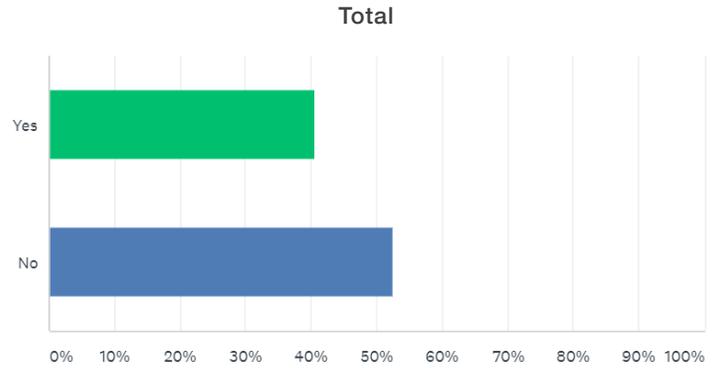
Question 13: If Congress extends the “forgiveness period” of PPP loans from January 31, 2020, to the 8 weeks beyond loan receipt, how would this extension specifically impact your company?

** To note, this question did not include multiple choices.*

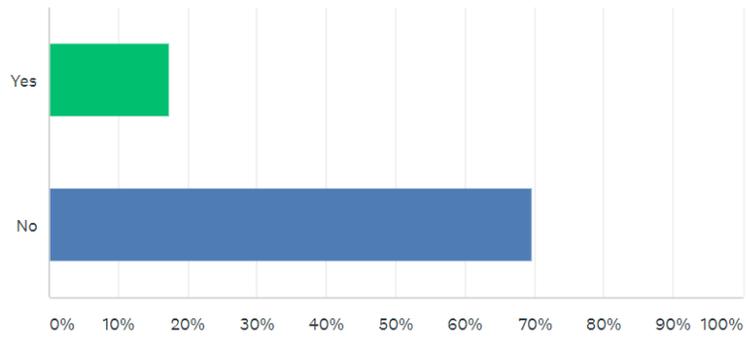
Analysis:

- Small businesses were mostly 50/50 on the question as respondents fell between “Unsure” and “Yes” when considering whether the extension would help with cash flow.
- Most midsize businesses said there would be no impact.

Question 14: Should there be a different loan structure for the program / future funding?



Large Businesses (501+)



Analysis:

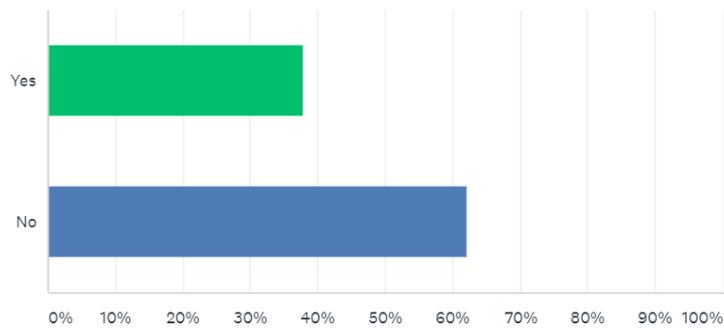
- In general, most answered “No.”
- Both midsize and large businesses answered “No.”
- For small businesses, most answered “Yes.” It is interesting to see that small and midsize businesses have different responses to this question.

Comments from participants:

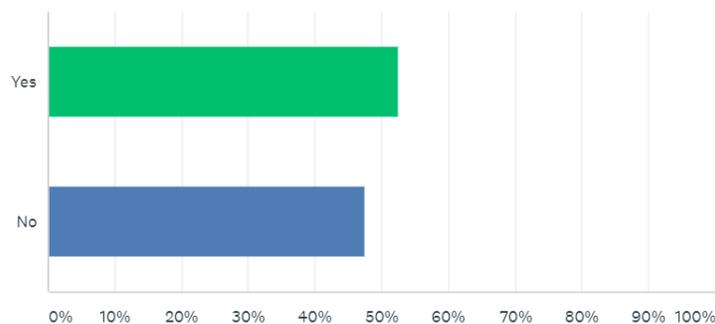
- “Limit loopholes whereby small businesses are having difficulty acquiring loans. Some small businesses believe that the big banks are making it difficult to receive loans and others believe there needs to be more guidance / consistency on who can and cannot receive loans. Moreover, most want additional funds but are concerned that larger / more profitable companies are receiving most of the portion and mom & pop shops aren’t receiving much.”
- “Government needs to ensure only small companies that have little to no working capital get the loans and should not hand them out to big international companies like Ruth Chris and such.”

Question 15: Did you apply for the SBA CARES Act Paycheck Protection Program (PPP)?

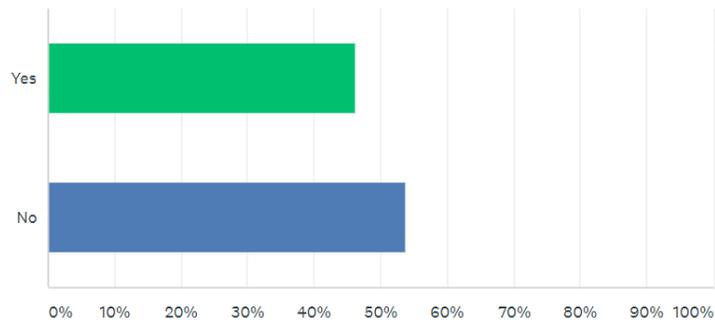
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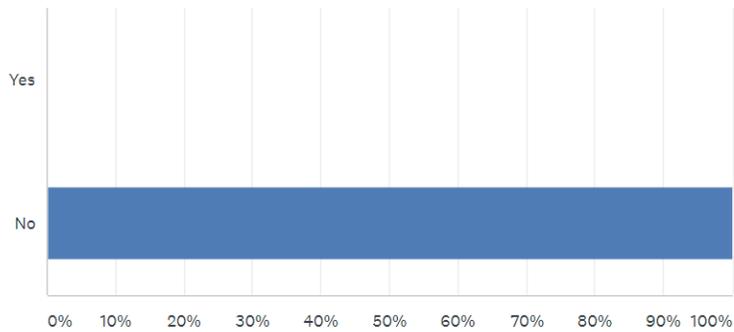
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

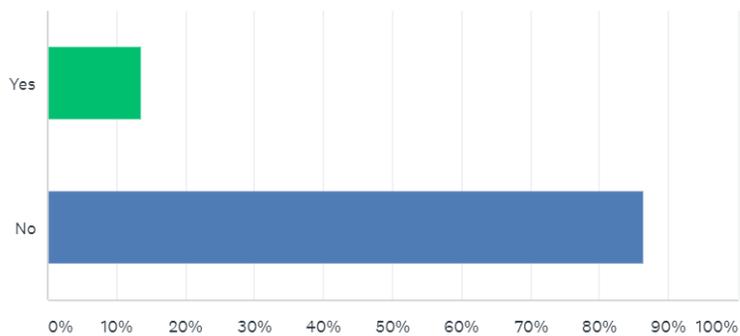


Analysis:

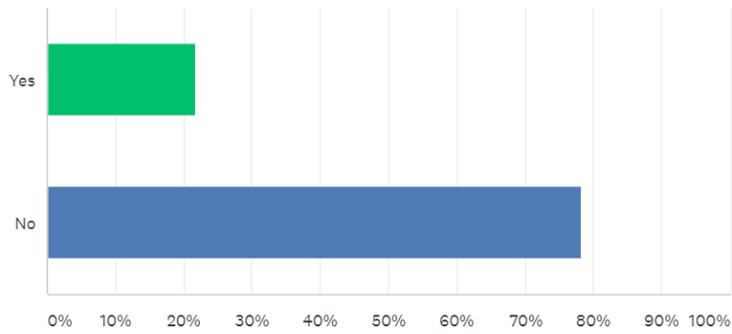
- Most small businesses answered “Yes” at 59%.
- Midsize businesses said “No” at 54%.
- The numbers appear somewhat low to expectations.

Question 16: Did you apply for the Economic Injury Disaster Loan (EIDL)?

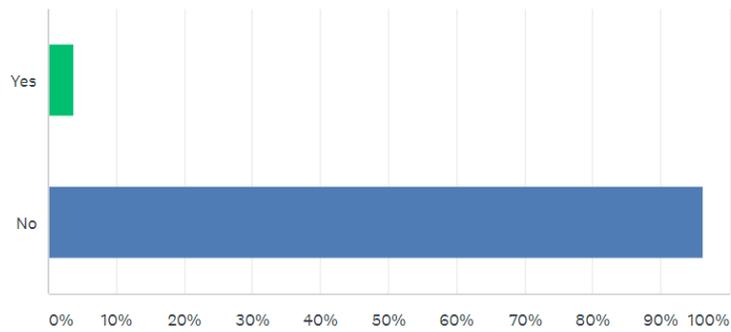
Total



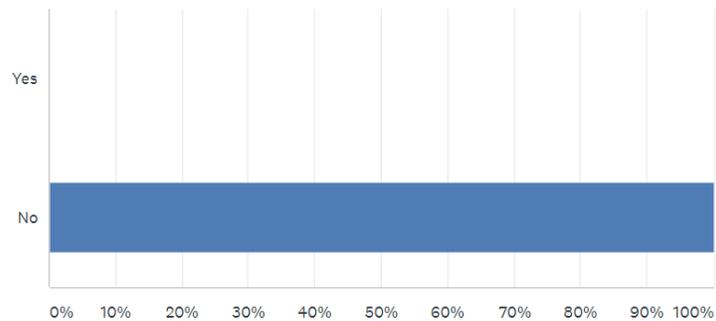
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

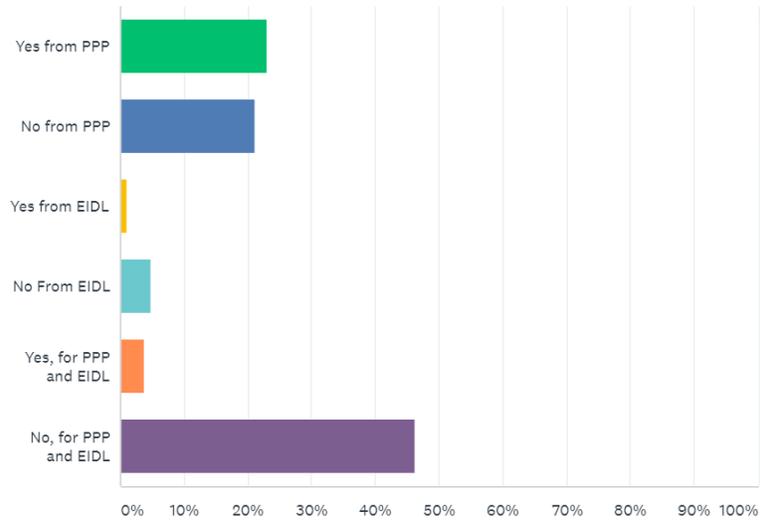


Analysis:

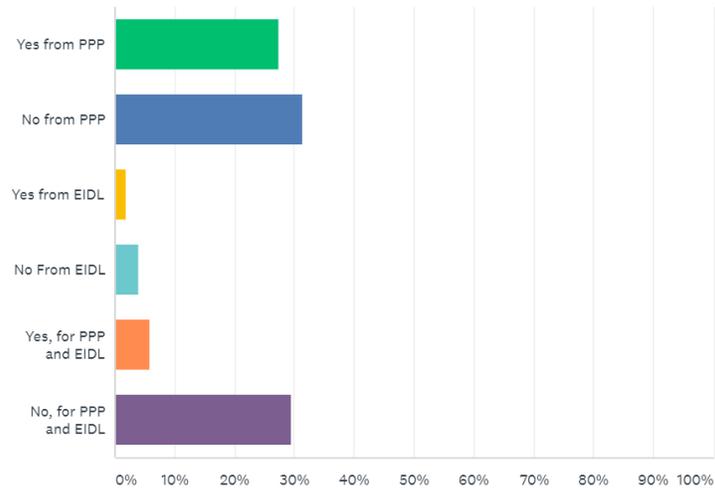
- Roughly 78% of small businesses answered “No.”
- Moreover, around 96% of midsize businesses answered “No” as well.
- Surprisingly, few small and midsize businesses applied for EIDL. While there’s no forgiveness for EIDL, the numbers are a little low as this option is another avenue for businesses to receive a loan.

Question 17: Did you receive the loan?

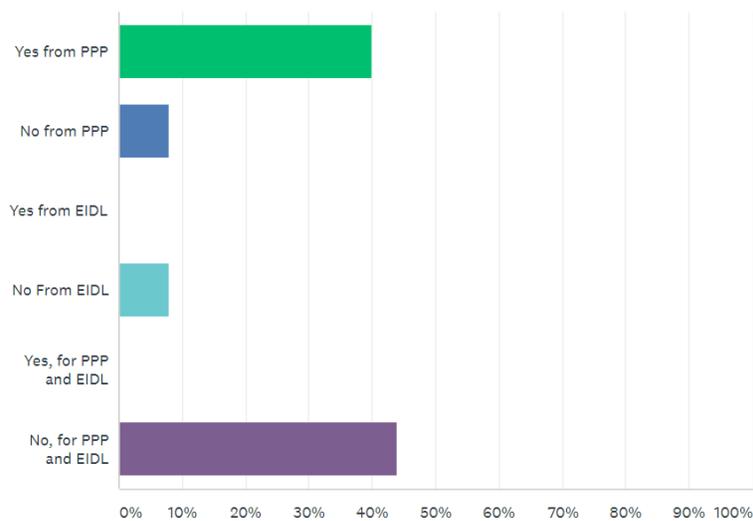
Total



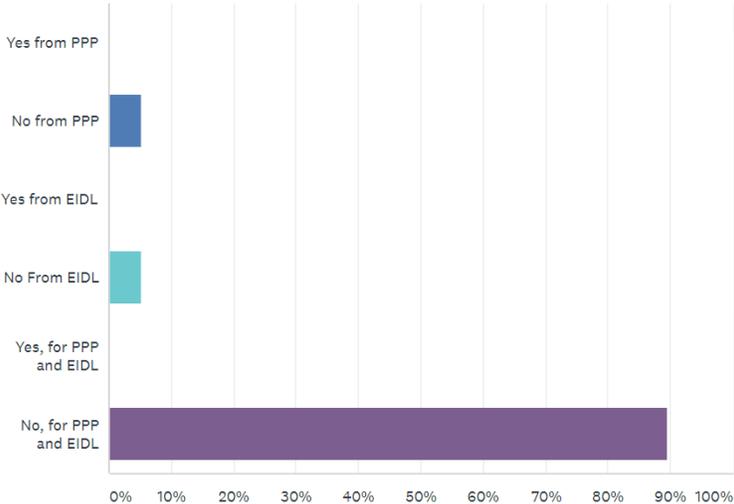
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)

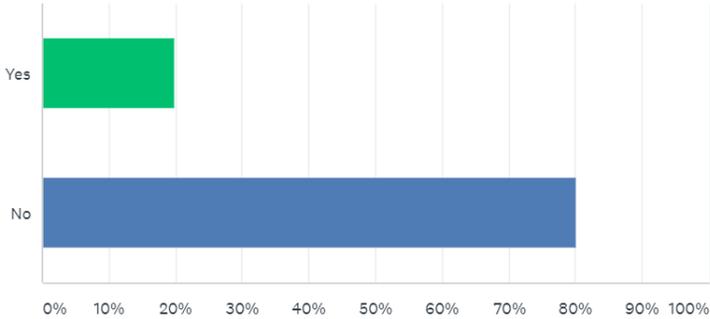


Analysis:

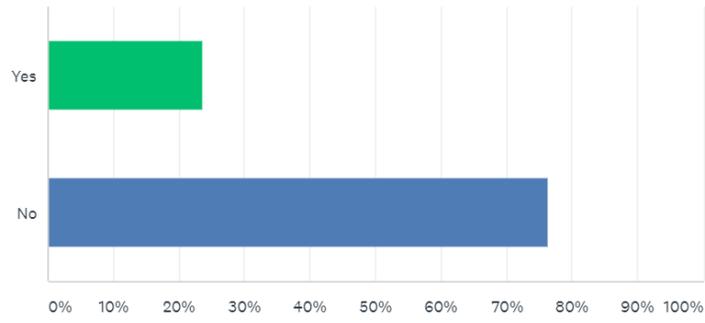
- In general, 46% answered “No.”
- 23% answered “Yes” for PPP and 22% said “No” for PPP.
- 31% of small businesses answered “No” for just PPP while 29% answered “No” for both PPP and EIDL.
- 27% of small businesses answered “Yes” for PPP.
- For midsize businesses, 40% answered “Yes” for just PPP while 44% answered “No” for both PPP and EIDL.
- Moreover, of the small businesses who applied for PPP, only 32% applied for EIDL. Of the midsize businesses who applied for PPP, only 8% applied for EIDL.
- Further, of the small businesses who applied for EIDL, 23% did not apply for PPP.
- Of the small businesses who applied for PPP, 41% received PPP and 41% did not receive PPP. 9% received both PPP and EIDL.
- Of the midsize businesses who applied for PPP, 83% received PPP.
- Of the small and midsize businesses that applied for PPP, 28/43 (65%) received PPP, EIDL, or PPP and EIDL. Of the small and midsize businesses who applied for EIDL and may or may not have applied for PPP, they received PPP or EIDL or both at 8/14 (57%).

Question 18: Did you want to apply for PPP or EIDL and could not?

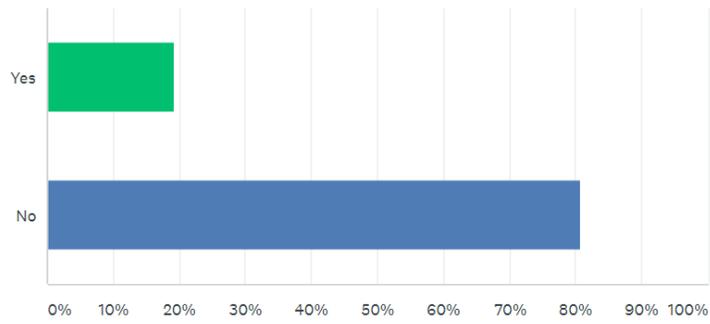
Total



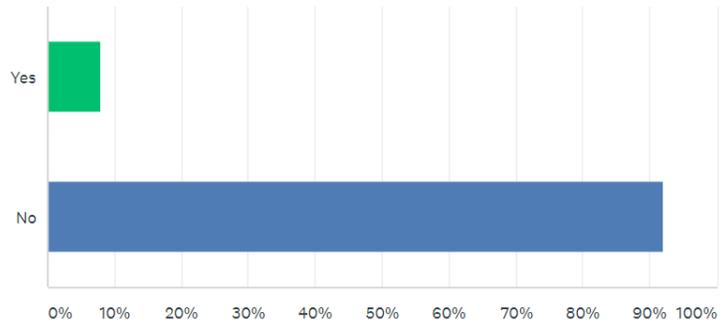
Small Businesses (1 – 50)



Midsize Businesses (51 – 500)



Large Businesses (501+)



Analysis:

- Majority said “No” at 80%.

Question 19: What specific recommendations do you think should be included in a possible next stimulus package (tranche 4) that will get you and your workforce through this crisis?

** To note, this question did not include multiple choices.*

Comments from participants:

Small Businesses (1 – 50)

- “Additional SBA loans that DO NOT require personal backing + have a low (2-3%) interest rate for first few years + give 5 years or more to repay would be VERY helpful.”
- “Increase opportunities for more work - increased defense and infrastructure spending. End extra unemployment benefits, so workers have incentive to return to work. Interest-free loans for purchasing of equipment and hiring of employees, to stimulate business spending and support growth opportunities.”
- “I do not mind paying back a loan - keeping the interest rates lower will help. I do recognize the Government is strapped as well. I would like to see goals for small business contracts go up substantially. We are equipped to help, but we need to be given the chance now more than ever.”
- “Need to fund PPP for another 2 month and require businesses to demonstrate need by looking at any decreases in a year over year comparison and then apply that reduction percentage to the PPP assistance amount. Need to help business and limit assistance to what is truly needed to offset the loss of business due only to COVID-19.”
- “Additional funding and extended forgiveness period.”
- “More PPP funds so we can get in this round. Also, we need DOD to authorize progress payments from DLA/DFAS so suppliers can quickly get back in the game. Some suppliers utilized their working capital line of credit to stay in business.”
- “Deliver on EIDL for starters. I have no idea where my application is, whether I will get anything at all. I cannot plan.”
- “More cash for payroll, access to PPE, and relief from taxes for now.”
- “More monitoring of the loans and how they are being distributed to ensure they really go to small business and not colleges like Harvard that benefit from Non-profit situations.”
- “Very small and minority businesses should be given special protection. I applied and after 14 days nothing happened. Today I got notification from BoA that my application will be forwarded to SBA. That is after two weeks.”

Midsize Businesses (51 – 500)

- “There has to be funding and distribution identified for small business.”
- “Ensure the right companies are getting the funding. Stricter guidelines for larger businesses that have more working capital.”
- “Relaxing SBA guidelines on sole source awards to small businesses other than 8A.”
- “Prime contractors should pay the Sub K’s who are placed in the Ready State using the same invoicing / payment process used while working on sites.”
- “CARES implementation and explanations have been a moving target and much is left to an individual organization interpretation. Just as soon as you set up data tracking systems, the “rules” change -- very frustrating. DOD implementation guidance has been a moving target, making it challenging for primes to provide good invoicing guidance to its subs.”
- “Enabling not just continuation of existing contracts, but continued acquisition activities since stasis will kill small-to-midsize businesses.”

Large Businesses (501+)

- “Funding for changes arising from impacts; continued use of higher and faster progress payments; clear direction to contractors.”
- “Focus on shovel ready programs (example military tracked and wheeled vehicles). Supply base extends well beyond the big OEMs to many midsize and small business that supply material or finished parts to the Global Supply Chain.”

- “Enable consistent base access for contractors who need to perform work onsite, such as infrastructure improvements, equipment repair, etc.”
- “Ability to get advanced payments on current contracts to provide liquidity to our company as well as our supply base. Fall back to progress payments but progress payments can be a struggle for any supplier without sound accounting systems. Milestone payments can ensure liquidity without putting un-necessary compliance risk / monitoring requirements onto supply chains.”
- “More opportunity to work from home. Our government employees work from home every other day, but contractors must come in every day.”
- “I suggest a child care relief act for First Responders and Medical Care Providers in the form of a monthly stipend or voucher program.”
- “Use the WPA to procure PPE for defense workers. We do not need loans or stimulus, only PPE so we can resume work. Please don’t waste valuable govt resources on programs, just federalize the production of PPE.”
- “We can hire immediately if orders were increased for materials that have a known future demand. In addition we desperately need coverage for added costs due to having to resource work from Mexico to USA.”

MAJOR FINDINGS

While most companies closed facilities and implemented teleworking, those not exclusively teleworking said they are providing Personal Protective Equipment (PPE), adjusting workstations for social distancing, and reorganizing work schedules to have fewer workers during each shift. Midsize and large firms with open facilities stated they are working normally with PPE.

Nearly all companies are following CDC and OSHA guidelines. PPE is not currently provided to most workers due to teleworking arrangements. Half of midsize and nearly 60 percent of large companies are providing PPE onsite for their open facilities. The majority of small businesses are not providing PPE. However, most companies that are not providing PPE are exclusively teleworking. Companies do not report the need for assistance with procuring PPE, with the exception of a few small-sized firms. This condition may change when these companies issue back-to-work orders and cease teleworking. Few telework-only small companies have fully contemplated back-to-work requirements yet.

Regarding notifications of infections, companies are utilizing email, phone, and mail. However, since the majority of workers are currently teleworking, most have not had infections to date. Workers who do test positive are being put on sick leave by most companies. Most small and midsize companies are not requiring workers to take paid time off. Some respondents commented they had difficulty understanding the guidance from Section 3610 of the CARES Act and are still analyzing it in order to meet the requirements of the legislation.

With small business loans and forgiveness, in our survey, small businesses are more likely to apply for PPP compared to midsize businesses. Moreover, of the small businesses that applied for PPP, less than half of them have received PPP. However, a few small businesses received both PPP and EIDL. Interestingly, of the midsize businesses that applied for PPP, only two respondents have not received PPP. While numbers for receiving PPP and/or EIDL were above 50%, in general, many businesses—both small and midsize—did not apply for either PPP or EIDL.

Additional comments submitted to the survey include concerns regarding liability for companies when workers return if infections occur and whether enforcement of on-site working once government restrictions are lifted will trigger any liability issues if the companies are CDC and OSHA compliant.

CONCLUSION

NDIA has a unique position as a convener of academics, industry, and government, and will continue to leverage this position to ensure the robustness of our national security. As always but especially at this point in the COVID-19 crisis, communication between industry and government is key. The results discussed in this report should be carefully examined by policymakers seeking to provide support and relief to our nation’s small businesses. We look forward to continuing this dialogue.