



## Shoring Up Manufacturing During the COVID-19 Pandemic

BY EMILY MAHER

At the start of 2020, the United States was experiencing a 128-month economic expansion period, the **longest** in modern American history, marked by record low employment numbers. The manufacturing sector represented **11%** of the U.S. gross domestic product and employed nearly **13 million workers**. Manufacturing businesses were struggling to fill **400,000 job openings** in the historically tight labor market. According to the National Association of Manufacturers, the **greatest challenge for manufactures was finding skilled workers**. Manufacturers were targeting resources on ways to reduce the talent shortage and prepare for a sustainable, qualified, future labor force.

Fast forward a few months into April and the outlook is very different. The U.S. is fighting to contain the novel coronavirus COVID-19 pandemic, and a recession is looming. To fight the spread of the virus, at least **42 states** urged residents to stay home, bringing the economy to a near screeching halt. As a result, **10 million Americans** filed for

**unemployment** within two weeks. Few industries are immune from the virus' impact, but because it is deemed an **essential** sector, manufacturing is uniquely positioned to aid the nation in recovery.

In this unprecedented time for the nation's economic and physical health, lawmakers across the country are working with manufacturers. In some cases, they are offering them incentives to support medical supply production. In other cases, they are increasing financial support to small- and medium-sized businesses to bandage the pandemic's impact.

### State Action

Several states are aligning executive and legislative actions to prop up support for manufacturing businesses.

#### ■ Reducing Barriers to Manufacturing

States experienced a shortage of personal protective equipment (PPE) and medical devices, like ventilators, as infection numbers were increasing.

### Did You Know?

- Federal and state governments are working to provide financial assistance and relief to manufacturers during the COVID-19 pandemic.
- [The Hollings Manufacturing Extension Partnership's Supplier Scouting service](#) identifies and connects domestic manufacturing sources with supply chains of large companies and government agencies.
- Some states are reducing liability barriers so manufacturers can repurpose production lines to support the fight against COVID-19.

To close the gap, many states are easing liability regulations to encourage manufacturers to restock dwindling supplies. In some cases, this means shifting product focus.

Legislatures in [Alaska](#) and [Kentucky](#) passed similar bills to protect businesses making PPE from negligence and product liability claims. [Louisiana](#) also introduced legislation to shield manufacturers from civil liabilities or personal injury claims while the state's emergency declaration is in order.

In Connecticut, Governor Ned Lamont issued a series of executive orders related to manufacturing COVID-19 products. He suspended manufacturing registration requirements and permitted non-traditional manufacturers to make sanitizers and medical devices.

### ■ Manufacturing and Business Relief

Even though manufacturing has been deemed an essential business, the speed and severity of the economic shutdown have left manufacturers vulnerable to worker layoffs and financial strain. In coordination with economic development agencies, many states are offering emergency manufacturing and business relief loans.

Maryland used funds from its budget stabilization account to authorize [\\$130 million](#) in loan and grant funding for small businesses and manufacturers negatively affected by the virus. The package included a \$5 million [Emergency Relief Manufacturing Fund](#) to help manufacturers produce PPE and other items. The program granted up to \$100,000 for manufacturers to increase their existing capacity or pivot operations to produce critical coronavirus-related products.

Connecticut's Manufacturing Innovation Fund Voucher Program is funding a \$1.3 million COVID-19 [grant program for manufacturers](#) in the state. The grants, up to \$75,000, can be used to assist in the production of critical equipment and supply needed for the emergency and other purposes to help companies build capacity or repurpose their operations.

Oklahoma created a [Manufacturing Reboot Program](#) to assist existing manufacturers as they retool to develop new products and expand capacities. The program used up to \$5 million from the Governor's Quick Action Closing Fund and awarded companies \$25,000 to \$150,000, depending on market potential and long-term economic impact of the new production.

## Federal Action

To quickly shore up supplies and medical devices, the federal government has made large

shifts in policy, regulations and funding in order to mitigate and respond to the crisis.

The Coronavirus Aid, Relief and Economic Security (CARES) Act provides an estimated \$2.2 trillion stimulus package to respond to the effects of the pandemic. The package includes multiple funding provisions to boost manufacturing funding and provide immediate relief to [small businesses](#).

Recognizing the critical need for supplies, the federal government included \$6 million to the National Institute of Standards and Technology (NIST) for measurement science to support viral testing and biomanufacturing. Another \$60 million will fund the Industrial Technology Services, in part to support manufacturing biomedical equipment.

Through the CARES Act, the Small Business Administration (SBA) received [initial relief funding](#) for emergency grants, payment coverage for existing loans, and the Paycheck Protection Program (PPP). [SBA relief options](#) were restocked with the passage of the PPP and Health Care Enhancement Act, or "[phase 3.5](#)" of federal coronavirus relief packages. The package increases the appropriation for SBA PPP loans by \$310 billion, totaling \$659 billion, with funding set aside specifically for community banks and lenders. Phase 3.5 also appropriates \$10 billion for emergency grants and \$50 billion for disaster loans.

Additionally, to "add production lines or manufacture alternative sites," the Federal Drug Administration released new [guidance](#) to address the public health emergency. The guidance creates more flexibility for manufacturers to repurpose devices, eliminates distribution barriers and allows enforcement discretion.

The [Hollings Manufacturing Extension Partnership](#) (MEP) is mobilizing national domestic production needs in the current economic and health crisis through its strong federal, state and local partnerships. Operated by NIST, the MEP federal program consists of a national network of 51 MEP centers, 1,400 advisors and 365 service locations. Specifically, MEP's [Supplier Scouting](#) service is tapping into domestic manufacturing capabilities and capacities to identify critical supplies and perform qualification and capacity assessment. The Supplier Scouting service can also identify manufacturers subject to the [Defense Production Act](#), along with businesses willing to pivot production to critical supplies.

## Additional Resources

- [The National Institute of Standards and Technology Hollings Manufacturing Extension Partnership](#)
- [Resources for and State Responses to the Coronavirus Challenge, The State Economic Development Executives \(SEDE\) Network](#)
- [The Small Business Owner's Guide to the CARES Act](#)
- ["2018 Deloitte and The Manufacturing Institute skills gap and future of work study"](#)

## NCSL Contact

[Emily Maher](#)  
303-856-1415