

Congress of the United States
Washington, DC 20515

May 11, 2020

U.S. House Select Committee on the Coronavirus Crisis
2157 Rayburn House Office Building
Washington, DC 20515

Dear Select Committee on the Coronavirus Crisis:

We write in strong support of Universal Stainless and Alloy Products, Inc. (“Universal”) in reply to the letter on Friday, May 8, 2020 from the Select Subcommittee on the Coronavirus Crisis (the “Committee”) related to the \$10 million loan that Universal received under the Paycheck Protection Program (“PPP”) established by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). We support Universal’s intent to retain the PPP loan.

By way of background, Universal is a steel manufacturer that was incorporated in 1994. As of April 14, 2020, Universal employed 771 employees, of which approximately 590 are members of the United Steel Workers (USW). They manufacture and market semi-finished and finished specialty steel products for use in a variety of industries, including the aerospace, power generation, oil and gas, heavy equipment, healthcare, semiconductor and general industrial markets. A portion of their material is sold and utilized in the defense industry.

Universal operates in four locations: Bridgeville, PA (approximately 10 miles outside of Pittsburgh) and Titusville, Pennsylvania; Dunkirk, New York; and North Jackson, Ohio. Their corporate headquarters is located at the Bridgeville location in southwest Pennsylvania.

The coronavirus has presented substantial challenges which have negatively impacted Universal’s operations and financial position. As part of the PPP Application, Universal was required to certify that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant.” Further, Universal meets the PPP employee thresholds based on its North American Industry Classifications System (“NAICS”) code under which Universal is permitted to have as many as 1,500 employees and still qualify for the PPP funds.

The COVID-19 pandemic has sent the aerospace market into an unprecedented crisis. Approximately 70% of sales by Universal in 2019 represented products sold to customers in the aerospace market. The second largest end market for Universal is the oil & gas market, representing approximately 10% of sales in 2019. Demand has plummeted along with oil prices.

Universal is micro-cap company and has a market cap of approximately \$66M as of May 8, 2020, which is extremely small for a public company. Universal’s “access to other sources of liquidity sufficient to support ongoing operations” is limited. The steel industry is a heavily capital-intensive industry, with companies in the industry having a need for a significant reserve of capital. The current inability for Universal to access the public equity or debt markets severely hinders the company’s ability to maintain its operations.

Universal Stainless and Alloy Products, Inc.

Given their current financial position and business prospects, Universal is exactly the type of company which the PPP program was created to assist. Supporting steel manufacturers like Universal has the added public benefit of preventing further erosion of our domestic manufacturing base, in a sector that is inextricably linked to our national security.

We strongly urge the Committee to reconsider its request for Universal Stainless and Alloy Products, Inc. to return its PPP funds to ensure that we are protecting good paying jobs in our Congressional Districts.

Thank you in advance for your attention to this matter.

Sincerely,

Conor Lamb
Member of Congress

Tom Reed
Member of Congress

Tim Ryan
Member of Congress

Mike Kelly
Member of Congress