



Eric Hoplin
President & CEO

October 20, 2021

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the National Association of Wholesaler-Distributors (NAW), I write to alert you to imminent supply chain disruptions and thousands of employees being laid off due to the implementation of Executive Order 14042, Ensuring Adequate Covid Safety Protocols for Federal Contractors (September 9, 2021). NAW member companies are acutely aware of the December 8, 2021, deadline by which federal contractor covered employees must be vaccinated or be terminated, and they believe that unless the Executive Order is modified, severe damage will be inflicted on employees and their families, individual businesses, and the recovering US economy. NAW urges that the Executive Order's implementation be revised to avoid this calamity and provide alternatives to promote safety, including testing, and consider a short-term delay to provide time to carry out these changes and to avoid further supply chain disruptions in the coming months.

NAW is the "national voice of wholesale distribution," an association comprised of employers of all sizes, and national, regional, state, and local line-of-trade associations spanning the \$6 trillion wholesale distribution industry that employs more than 5.7 million workers in the United States. Approximately 35,000 enterprises with places of business in all 50 states and the District of Columbia are affiliated with NAW. NAW members provide a wide and diverse source of products and services across every sector of the economy, including to federal agencies.

NAW and our member companies are fully committed to the mission of getting every American vaccinated. In the early months of this year, NAW partnered with National Football League teams and the National League of Cities to support mass vaccination sites and pop-up vaccine sites throughout the country. NAW member companies donated more than \$1 million in PPE and other supplies to this effort to help safely vaccinate thousands of Americans and help cities across the country reopen.

NAW member companies are also firmly pro-vaccine for their own employees and want their teams to be healthy and safe. Their interest in getting their employees vaccinated is greater than the government's interest. These employers have taken both monetary and creative steps to accomplish that mission. They are offering time off to employees to get the shot and recover from any side effects. They are offering to make vaccine appointments for their workers. They have arranged for on-site vaccinations.

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NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS

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They are offering monetary bonuses of as much as \$1,000 to employees who get the shot. They are offering gift cards and gas cards, and full days off with pay. They are making significant investments in their wellness programs to allow employees to earn strong discounts to their health and dental insurance premiums. They are reimbursing vaccine costs if not covered by their health plans. They are offering extra vacation days and extra sick leave days. One company even offered trips to Las Vegas as an incentive.

But despite their efforts and commitment, there are still employees across the distribution industry who – for whatever reason – refuse to be vaccinated. This reality will present new challenges if this Executive Order is implemented as written: thousands of valued employees will be forced out of their jobs shortly before the holidays, the already compromised supply chain will be under added pressure during the busiest time of the year, and the already tight labor market will make it immeasurably more difficult to replace laid off employees, compounding supply chain disruptions.

The jobs these likely-to-be-terminated workers perform are critical to the successful operation of a wholesaler-distributor and America's supply chain. They are truck drivers, warehouse workers, service technicians, clerical workers; they are in operations, customer service, sales. They are the same employees who stayed at their posts from the first days of the pandemic, to keep the supply chain moving. Come December, many companies will be unable to keep products moving through their warehouses and distribution centers to satisfy growing consumer demand if forced to terminate these essential workers.

Significantly, many of these employees are at the lower end of the socio-economic system and can least afford to find themselves suddenly unemployed. In other words, the Executive Order will require NAW member companies to lay off many of their most vulnerable workers. In addition, several NAW member companies report that these workers are disproportionately from communities of color.

Some have argued that workers will not quit their jobs because of the mandate, but recent data convincingly proves that American workers today are more than willing to walk away from their jobs. According to Bureau of Labor Statistics reports, almost 20 million workers have done just that since April, with more than four million doing so in August alone. There is no indication that trend has changed in the seven weeks since that last report. The result is a critical labor shortage which, if allowed to continue, could well cripple our recovery.

NAW member companies report not only that their workers have refused every generous incentive offered to encourage them to get vaccinated, but that many of these workers have told them directly and unequivocally that they would choose to be fired if keeping their job will require them to get vaccinated. There is no evidence and no reason to believe that these workers will now acquiesce to a mandate from Washington. If many NAW members and other federal contractors should choose to cancel their contracts rather than terminate employees, federal agencies may find their supplies of essential goods disrupted.

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NAW's grounding on employee reluctance to vaccination flows directly from our members and their employees. Members know their employees; such knowledge is vital to maintaining a stable and experienced workforce. Our surveys and discussions clearly establish that there remains a significant number of individuals who do not want to be and will not be vaccinated. Failing to acknowledge and account for these individuals is a serious miscalculation, as it forecloses meaningful alternatives such as testing that will do much to promote health and well-being.

Terminations on December 8th will not only impact thousands of terminated individuals and their families shortly before the holidays, but families and businesses across the country will endure additional supply chain disruptions. Goods are already stuck in container ships off U.S. ports for as long as two weeks because there are not enough workers to get them unloaded; once off the ships, the containers sit on the ground in those ports because there are not enough truck drivers to transport the contents to their intended destinations. It is widely reported that store shelves are already increasingly empty and holiday gift shopping will be disappointing at best. Strong consumer demand cannot grow our economy if there are insufficient goods to meet that demand.

If tens or hundreds of thousands of employees are terminated just two weeks before Christmas – including the employees of the NAW companies which ensure the movement of products through the supply chain – the result could be nothing short of catastrophic for the newly-unemployed and their families, and for the US economy.

NAW fully embraces initiatives promoting public health and speeding economic recovery and wants them to succeed. We urge you to consider the realities facing employers acting in good faith and provide alternatives to promote safety, including testing, and consider a short-term delay to implement these changes and avoid further supply chain disruptions in the coming months.

Respectfully,

A handwritten signature in black ink, appearing to read "Eric Hoplin". The signature is fluid and cursive, with a large initial "E" and "H".

Eric Hoplin
President & CEO

*cc: United States Senate
United States House of Representatives*