



2021 Policy Priorities

The HUBZone Council is a non-profit trade association providing information and support for companies and professionals interested in the Small Business Administration's (SBA) HUBZone program. The Council is dedicated to fighting for government acquisition practices that maximize small business ability to compete.

Adapt to New Cybersecurity Requirements in the DoD Marketplace. DoD will soon require a cyber certification known as the Cybersecurity Maturity Model Certification (CMMC) and prohibited components manufactured in China according to Section 889 of the FY2019 National Defense Authorization Act, pose compliance challenges for small business contractors. The Council seeks to advise its members of these new requirements and provide a small business voice to regulators with respect to the cost burden associated with implementation.

Ensure Small Businesses are Participating in the Category Management Initiative. The Council led the effort to bring the small business community and government stakeholders together to work to minimize negative impacts by the governmentwide category management initiative on small businesses. These efforts resulted in the inclusion of a provision in the FY2020 National Defense Authorization Act (NDAA) that requires annual reporting of small business participation on Best in Class (BIC) vehicles. The government has never met its 3% HUBZone goal. The Council remains dedicated to finding opportunities that ensure maximum participation of HUBZone businesses.

Apply the HUBZone Price Evaluation Preference to Task Orders. The HUBZone price evaluation preference helps to level the playing field for HUBZone firms in full-and-open competition and allows federal agencies greater opportunity to devote federal spending to HUBZone firms. Regrettably, federal agencies have interpreted FAR 19.1304 as prohibiting the price evaluation preference to task orders when, in fact, it only prohibits commodities. While we believe the law is clear, we urge Congress to direct federal agencies to amend their interpretation to follow the law as Congress intended. As the federal government increasingly drives its spending through IDIQ contracts, such as the "Best in Class" contracts, a significant opportunity for HUBZone spending is being lost because the HUBZone price evaluation is not being applied in the award of task orders. **Applying the price preference** would significantly benefit SBA, agencies, HUBZone firms and the communities they serve.

Expand Sole Source Contract Opportunities for HUBZone Companies. The Council supports reforming the structure of the sole source requirements, allowing agencies to leverage sole source authority in order to meet the HUBZone small business goals. As government buying continues to trend toward buying through large vehicles and moving away from direct contracts, the ability for small companies to win sole source awards is more crucial than ever. The Council supports eliminating option years for sole source contracts in the House-passed legislation, H.R. 190,

"Expanding Contracting Opportunities for Small Businesses Act of 2019." While this bill is a step in the right direction, it is not parity. The Council believes that creating parity among SBA

socioeconomic contracting programs, as it relates to sole source contracts, would incentivize agencies to increase their awards to all programs. A current impediment to awarding sole source contracts is the requirement that a contracting officer must show that she/he does not have a reasonable expectation that offers would be received from two or more HUBZone small business concerns. There is confusion around the language “reasonable expectation,” which leaves this interpretation up to each contracting officer. This presents a barrier to awarding a sole source contract to a HUBZone company, as this could open the door to a protest – an action contracting officers seek to avoid. Eliminating this requirement for the HUBZone, WOSB/EDWOSB and SDVOSB programs would increase these awards to small businesses.

Change Reporting Requirements to Accurately Reflect Contract Set-Asides. Each year, the Small Business Administration issues a procurement scorecard, which indicates how agencies performed in meeting their small business goals. The governmentwide goal of contracting with HUBZones is 3%. Despite this small number, the federal government has never met its goal – in FY2018, only 2.05% of prime contract dollars went to HUBZone certified businesses. The Council believes that even fewer contracts have gone to HUBZone businesses due to inaccurate reporting. Agencies often count the same dollar value towards multiple socioeconomic program goals, even though the contract was not explicitly a set-aside for more than one program. For example, if a contract is set-aside for the WOSB program, and the winning company is also a certified HUBZone and SDVOSB, those contract dollars count toward the agency’s goals in each of the three programs. This practice ultimately inflates the data reported on small business contracting awards. The Council recommends agencies report progress toward small business based on how the contract was solicited. In other words, if an agency set a contract aside for the HUBZone program, then the dollars should only count as a HUBZone award.

Maximize Subcontracting Opportunities in the Federal Marketplace. Subcontracting is a way for small businesses to enter the federal marketplace and build past performance. However, presently, there is little to no recourse for prime contractors that fail to meet their small business subcontracting goals. The Council encourages incentives that would spur subcontracting plan compliance. Additionally, the Council supports creating transparency in the SBA procurement scorecard by expanding required subcontracting reporting by the SBA. In this provision in the SBA reauthorization draft bill, each agency would be required to report its subcontracting goal achievement including the number, dollar amount, and distribution of subcontracts awarded to small businesses each year.

Extend the RISE Act to Include Subcontracting Goals. The HUBZone Council supports legislation to amend the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE Act) to include large business subcontracting goals. The RISE Act authorizes SBA to establish contracting preferences for small businesses located in disaster areas, including HUBZone firms, and gives agencies double credit for awards to these small businesses that are located in the declared disaster areas. Many of the small businesses operating within disaster areas may lack the bandwidth, resources or bonding capacity required to prime these contracts. Therefore, the Council supports extending the RISE Act to subcontracting goals. This change would increase local spending and provide increased opportunities for HUBZone businesses.

Expand Highway Trust Fund to include HUBZone Small Businesses.

Presently, HUBZone SBC’s are excluded from competing for opportunities funded under the DOT Trust Fund which is approximately 2.3 Billion dollars annually.