

March 4, 2021

The Honorable Ben Cardin
Chair
Senate Committee on Small Business &
Entrepreneurship
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chair Cardin,

On behalf of the HUBZone Contractor's National Council (HUBZone Council), I would like to bring to your attention an initiative to increase opportunities for Maryland Small Businesses within underserved communities.

The HUBZone Council is a national non-profit trade association comprised of companies and organizations working together to improve and support both the HUBZone program and small business community. We promote and advocate for improvements in the HUBZone program and provide assistance for HUBZone-certified small businesses to compete in the federal marketplace, as well as contribute to the economic development of our nation's most distressed areas. The Council represents hundreds of small businesses providing a diverse range of services to the federal government.

In conjunction with the Md. Washington Minority Companies Association (MWMCA), the HUBZone Council plans to introduce a motion to the Maryland Public Service Commission (PSC) to expand the perimeters of their diversity spend goals to include companies participating in the Historically Underutilized Business Zone Empowerment Contracting program. The PSC is an independent administrative agency within the state government that regulates public utilities. Like other states' Public Utilities Commissions, the Maryland PSC regulates and sets tariff rates for natural gas, electricity distribution, local telephone, water, and sewage disposal companies, which equate to approximately \$3.32 billion in utility procurements annually. For the past 25 years, the Commission has entered a Memoranda of Understanding (MOU) with the major utility companies referred to as the PC16. Participating organizations volunteer to develop, implement, and consistently report on activities and accomplishments to promote a strategy to support viable and prosperous women-owned, minority-owned, service-disabled-veteran-owned, veteran-owned, LGBTQ and non-profit business enterprises. The PC16 MOU expresses each entity's commitment to using its best efforts to achieve a goal of 25% diverse supplier contracting. According to the 2019 Annual Report, companies participating in the PC16 averaged approximately \$820 million in diversity spend each year. Of the sixteen companies, only eight companies reached their diversity goal.

Companies participating in the Small Business Administration's (SBA) HUBZone program are operating within distressed communities impacted by low income, high poverty, or high unemployment. Therefore, we propose including HUBZone SBCs within the diversity spend. This

change would facilitate employment opportunities and economic growth within Maryland communities that have the most need.

Currently, the State of Maryland has 419 HUBZone Certified Small Businesses, with the highest concentration of certified companies in District 7 and District 5. Of the 411, 340 represent one or more of the supplier diversities spend categories already recognized by the PSC.

In order to understand the large-scale impact this change would have; it is important to know the breakdown of counties within the state of Maryland. Currently Maryland has 24 counties: 18 Metropolitan and five non-metropolitan, subdivided into 1406 census tracts. According to SBA, there are 311 census tracts located within qualified HUBZones – 57 of which are re-designated and set to expire pending the release of the 2020 census. Of the 311 census tracts, 70% are located within Baltimore City and Prince George's County. Additionally, of Maryland's five non-metropolitan counties, three counties are wholly qualified – Garrett County, Dorchester County, and Worcester County. These three counties alone account for nearly 14% of the overall landmass of the state. Based on this information, the Council believes that the inclusion of HUBZone small businesses as part of the supplier diversity goals will generate opportunities and economic growth within Maryland's most economically distressed communities.

The Council is reaching out to state and local officials to assist in driving this initiative. As the newly appointed Chair of the Senate Committee on Small Business & Entrepreneurship, as well as a longstanding champion for the HUBZone program, we are asking for your support on this initiative.

Thank you in advance for considering our request, if you have any additional questions feel free to contact me at 240-442-1787 or michelle.burnett@hubzonecouncil.org.

Sincerely,

Michelle Burnett
Executive Director
HUBZone Contractors National Council