



April 2, 2019

The Honorable Mike Quigley
Chair
Subcommittee on Financial Services & General Government
House Appropriations Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Quigley,

On behalf of the HUBZone Contractors National Council, I am writing to urge your support for increased funding to implement reforms to the Small Business Administration's (SBA) Historically Underutilized Business Zone Program (HUBZone) as you consider FY2020 appropriations. The HUBZone Program is the only small business contracting program focused on economic development in underutilized communities.

The HUBZone Council is a non-profit trade association providing information and support for companies and professionals interested in the HUBZone Program. By helping HUBZone-certified companies maximize their success in earning federal contracts, the Council strives to promote economic development in underutilized rural and urban communities.

According to the Government Accountability Office (GAO), the HUBZone program faces unique challenges. The GAO found that communications from the SBA regarding firm eligibility and area designation failed to reach program participants in a timely manner. As a result, formerly-certified firms could be potentially ineligible while working to revitalize our nation's communities without their knowledge. The GAO also found challenges in the recertification process that has created a backlog of program applicants, which poses a risk of ineligible firms participating in the program.

The FY2018 National Defense Authorization Act (NDAA) included provisions that bring much needed reform the HUBZone program. These provisions:

- Freeze the HUBZone maps until January 1, 2020, and transition the program to 5-year map updates after 2020
- Provide state governors the ability to petition the SBA Administrator to designate areas that have an average unemployment rate of at least 120% of the national or state average --- whichever is lowest --- as HUBZones
- Remove the qualifier "nonmetropolitan" from "state median income" when determining HUBZone program eligibility



- Require the SBA to make a determination on a firm's HUBZone eligibility within 60 days of application receipt
- Ensure that Base Realignment and Closure (BRAC) counties receive the full eight years of HUBZone eligibility, beginning on the date the county was designated as a BRAC

In order to adequately implement these reforms, the HUBZone Council is requesting \$5 million for the HUBZone program. This modest increase in funding will enable the SBA to implement the above provisions, improve operations, reduce fraud and abuse, and enhance eligible firm participation.

Thank you in advance for your consideration. If you have any questions regarding this request, please feel free to contact Jennifer Mangone at (202) 626-8528 or at jmangone@madisonservicesgroup.com.

Sincerely,

Shirley Bailey
President & Chair