

Ranking Member Olympia J. Snowe
Senate Committee on Small Business and Entrepreneurship
Introduction of the HUBZone Improvement Act of 2010
February 23, 2010

Ms. SNOWE. Thank you, Mr. President. I rise today, along with Senators Landrieu, Bond, and Merkley to introduce the Historically Underutilized Business Zone (HUBZone) Improvement Act of 2010. This vital piece of bipartisan legislation is similar to that which I introduced in the 110th Congress, S. 3699. The purpose of the bill is to help ensure that only eligible firms participate in the critical HUBZone program by requiring that the Small Business Administration (SBA) implement Government Accountability Office (GAO) recommendations for improving the management, oversight and evaluation of the program.

As former Chair and now Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I have long championed critical small business programs such as the HUBZone program, which provides federal contracting opportunities to small firms located in economically distressed areas.

The program is devised to help stimulate economic development and job creation. In these troubled economic times, a properly functioning HUBZone program is essential for nation-wide economic recovery. According to the SBA, as of October 2009, 21,222 certified businesses have participated in the HUBZone program since its inception in 1997. In Fiscal Year 2008, HUBZone firms were awarded approximately \$10.1 billion in federal contracts. And let there be no doubt – with the federal government contracting for over \$500 billion in goods and services in Fiscal Year 2009 alone – we must have a robust and trustworthy

HUBZone program for small businesses to continue generating jobs in our nation's most economically distressed communities.

The GAO has issued multiple reports detailing fraud and abuses within the HUBZone program. Alarming, the GAO found that the mechanisms the SBA uses to certify and monitor HUBZone firms provide limited assurance that only eligible firms participate in the program. The GAO specifically stated that the "SBA's control weaknesses exposed the government to fraud and abuse." The GAO also had concerns that the SBA had no mechanisms to adequately assess program results.

The legislation I am introducing today would take immediate steps to rectify the serious issues that GAO found. The bill requires the SBA to implement the GAO recommendations resulting from the study and audits. These include maintaining an accurate, correct and up-to-date map; implementing policies that ensure that only eligible firms participate in the program; employing appropriate technology to control costs and maximize other benefits, such as uniformity, completeness, simplification and efficiency; notifying the Congressional Small Business Committees of any backlogs in applications and recertifications with plans and timetables for eliminating the backlogs; and implementing plans to assess the effectiveness of the HUBZone program.

Moreover, the Federal government must strive to continue to provide maximum practicable contracting opportunities to those who are legitimate HUBZone firms. I am dismayed by the myriad ways that government departments and agencies have time and again egregiously failed to meet most of their statutory small business contracting goals. I am alarmed that only one

Federal small business contracting program – the Small Disadvantaged Business program – has met its statutory goal, and that the three other small business goaling programs have all fallen drastically short. In Fiscal Year 2008, the Federal government met only 2.34 percent of its three percent government-wide goal for the HUBZone program. Even worse, the Federal government missed meeting its overall goal for small business contracting by almost two percent, depriving small businesses of over \$10 billion dollars.

I am confident that this legislation will require the changes necessary to eliminate fraud while paving the way for the Federal government to maximize the use of this contracting vehicle. In turn, qualified HUBZone firms will provide the essential job creation and economic development necessary in their respective communities. The HUBZone program is a tremendous tool for replacing lost jobs across all industry sectors in distressed geographic areas, and clearly, this program should be better utilized.

I ask unanimous consent that my statement and a copy of this bill be placed in the appropriate place in the Congressional Record.

Thank you, Mr. President. I yield the floor.