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June 11, 2019

The Honorable Chris Pilkerton
Acting Administrator and General Counsel
409 3rd Street SW
Washington, D.C. 20416

Dear Acting Administrator Pilkerton:

As a former small business owner, I want to ensure that the Historically Underutilized Business Zones (HUBZone) program is fulfilling its mission and improving economic opportunity in distressed communities across the country, including in my home state of Wyoming. I was troubled to read recently that the program may be falling short of its intended purpose in some areas.

According to an April 26, 2019, *Washington Post* article, HUBZone program funds are going to some of Washington, D.C.'s wealthiest areas, while its poorest are being left behind. The *Post*, which analyzed data from various cities, found that this disparity "extends nationally."

The *Post*'s findings are consistent with concerns raised by the Government Accountability Office (GAO) that improvements are needed to more effectively target the program to its intended recipients. In 2008, GAO recommended that the Small Business Administration (SBA) Administrator "should further develop measures and implement plans to assess the effectiveness of the HUBZone program that take into account factors such as (1) the economic characteristics of the HUBZone area and (2) contracts being counted under multiple socioeconomic subcategories." That recommendation was not implemented. Further, in April 2019, GAO sent its priority open recommendations to SBA, one of which is that its Administrator "should consistently collect information that would enable the agency to track the specific type of assistance programs provide[d] and the entrepreneurs they serve and use this information to help administer its programs."

To ensure that SBA is properly overseeing the HUBZone program, I request your responses to the following questions:

1. The *Post* article quotes a director from GAO who described the HUBZone program as a "blunt instrument" that lacks the precision to benefit specific geographic areas. What steps, if any, is SBA taking to improve the program's ability to target and spur economic development in the neediest communities?

2. The article quotes SBA as stating that “the HubZone office doesn’t yet have access to a program that captures the geographic distribution of contracting metrics.” Please describe the current technology systems that SBA employs to administer the HUBZone program. What challenges exist, particularly in the area of data reporting, and how are they being addressed? Is SBA pursuing new technologies that can better capture the necessary data? Please explain.
3. Please describe SBA’s oversight role in the HUBZone certification and recertification processes. Does the agency take any steps to verify the information provided through these processes?
4. How does SBA combat fraud, waste, and abuse in the HUBZone program?
5. A “HUBZone” can be located in a “qualified census tract.” How does SBA plan to incorporate data obtained from the upcoming 2020 Census in administering the HUBZone program?
6. The article stated that “[t]he federal government has an annual goal of awarding about 3 percent of all contracts to HUBZone firms. The goal has never been met in the program’s history.” Why has this goal not been met, and what steps, if any, is SBA taking to reach it?

Please provide your response in writing by June 25, 2019.

Thank you in advance for your prompt attention to this matter. If you have any questions about this request, please have your staff contact Doug Sahmel on the Budget Committee staff at 202-224-0642.

Sincerely,



Michael B. Enzi
Chairman
Committee on the Budget