CHRISTOPHER S. BOND, MISSOURI, CHAIRMAN
CONRAD R. BURNS, MONTANA
PAUL COVERDELL, GEORGIA
ROBERT F. BENNETT, UTAH
OLYMPIA J. SNOWE, MAINE
MICHAEL ENZI, WYOMING
PETER G. FITZGERALD, ILLINOIS
MIKE CRAPO, IDAHO
GEORGE V. VOINOVICH, OHIO
SPENCER ABRAHAM, MICHIGAN
JOHN F. KERRY, MASSACHUSETTS
CARL LEVIN, MICHIGAN
TOM HARKIN, IOWA
JOSEPH I. LIEBERMAN, CONNECTICUT
PAUL D. WELLSTONE, MINNESOTA
MAX CLELAND, GEORGIA
MARY LANDRIEU, LOUISIANA
JOHN EDWARDS, NORTH CAROLINA

EMILIA DISANTO, STAFF DIRECTOR
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR

United States Senate
COMMITTEE ON SMALL BUSINESS
WASHINGTON, DC 20510-6350

July 24, 2000

The Honorable William Cohen
Secretary of Defense
U.S. Department of Defense
The Pentagon, # 3E880
Washington, DC 20301

Dear Mr. Secretary:

Three years ago, in the Small Business Reauthorization Act of 1997, the Congress adopted and the President signed provisions to create the HUBZone program. This program seeks to leverage the Federal government's nearly $200 billion in contracting to create jobs and business opportunity in the nation's most distressed areas of poverty and unemployment.

Many agencies have been very active in communicating information about this new program to small businesses, with conferences and various other types of publicity. However, once small business owners become interested and excited in the opportunities presented by the program, they often encounter a discouraging problem: contracting officers who know little or nothing of the program, who do not believe it applies to their agency, who are awaiting additional guidance from their supervisors, or who are otherwise finding reasons not to carry out the Congressional mandate. I am greatly concerned that small business owners will lose their interest and excitement over the program due to the inertia of contracting officers not wanting to carry out the program or not knowing how to do so.

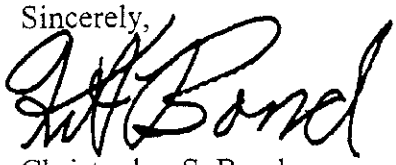
Enclosed is a sampling of the letters I have received on this question from HUBZone small businesses and the HUBZone Contractors National Council, indicating that this problem seems to be fairly widespread. I am also enclosing a letter from the executive director of the Washington County, Florida, Chamber of Commerce, in which he notes this lack of interest from contracting officers, among other problems in implementing the HUBZone program.

Additional delay costs real money to a qualified HUBZone small business. To participate in the program, the firm must hire 35% of its employees from a HUBZone area before applying for certification. This means a firm must commit money up-front, by hiring HUBZone residents, before taking a chance on winning a contract through the program. If such a firm then encounters a contracting officer who is not particularly interested in awarding HUBZone contracts, thus making the HUBZone program benefits questionable or speculative, that firm must reassess whether its decision to hire HUBZone residents is a good business decision. HUBZone firms may decide not to pursue this program further and discharge the HUBZone employees they have hired. This would undo any benefit occurring in the HUBZone area, and would hit especially hard on HUBZone employees seeking to leave welfare and move into the workplace.

Accordingly, I am sending this circular letter to each of the Federal departments and agencies that awarded more than $1 billion in contracts during Fiscal 1999. Attached is a series of questions in which I seek to ascertain what your agency is doing to train its procurement staff in carrying out the HUBZone mandate. The questions are numbered for your convenient reference; in your response, please indicate by number each question to which you are responding, and restate the question prior to your answer. I would appreciate your response to these questions by August 25, 2000.

If you have questions about this letter, please contact Cordell Smith of the Senate Small Business Committee majority staff on (202)224- .

Sincerely,



Christopher S. Bond
Chairman

CSB:ces

Questions concerning agency implementation of the HUBZone program

[1] What office is responsible for training contracting officers in carrying out small business programs--and particularly the HUBZone program--at your agency?

[2] What was that office's budget in Fiscal 1999, and what is its budget in Fiscal 2000, for training contracting officers? How much of the Fiscal 1999 training budget was actually spent on training?

[3] Has that office conducted training seminars for contracting officers in Fiscal 1999 or Fiscal 2000? If so, how intensive was the seminar, and how much time was spent on small business programs? Did you hold a session dealing specifically with the HUBZone program? Please attach a copy of the seminar agenda. Did all contracting officers attend, and if not, what follow-up training was done to educate those unable to attend?

[4] In Fiscal 1999 or Fiscal 2000, has your agency's Office of Small and Disadvantaged Business Utilization (OSDBU) conducted training seminars to train contracting officers in understanding HUBZone program requirements? If your OSDBU is the office responsible for training in your response to question [1], skip to question [7].

[5] What was your agency's budget for OSDBU in Fiscal 1999, and what is it in Fiscal 2000?

[6] What was your agency OSDBU's budget for conducting training seminars in Fiscal 1999? What is it in Fiscal 2000? How much of those amounts was devoted to training contracting officers in particular?

[7] What process does your agency follow to ensure that OSDBU has the opportunity to review upcoming contracting opportunities for possible HUBZone firm participation?

[8] Who is your agency's immediate supervisor for OSDBU? Does OSDBU report to different supervisors for different purposes? If so, please identify all the OSDBU supervisors and the OSDBU functions overseen by each supervisor.

Please respond by August 25, 2000. If you have questions, please contact Cordell Smith of the Senate Small Business Committee majority staff on (202)224- .