



Testimony of

R. Dennis DuFour

President

Before the

United State House of Representatives Committee on Small Business

On the Subject of

**Serving Small Businesses: Examining the Effectiveness of
HUBZone Reforms**

September 13, 2017

Chairman Chabot, Ranking Member Velazquez and members of the United States House of Representatives Committee on Small Business:

My name is Dennis DuFour and I am the President of The Data Entry Company (TDEC). I appreciate the opportunity to testify at today's hearing titled "Serving Small Businesses: Examining the Effectiveness of HUBZone Reforms."

I want to discuss three things with you today. First, I am going to give you a brief history of our business and what we do. Then I am going to discuss how we leveraged the valuable HUBZone certification to create jobs in underserved parts of the U.S. And, finally, I am going to explain why the HUBZone program reform must happen now and in particular the need for area stability. This is an urgent matter.

About TDEC: TDEC was started in 1958 by Ray DuFour, my grandfather, who was an insurance agent. His first customer was the National Active and Retired Federal Employee Association (NARFE) who had purchased a group hospitalization policy and Ray needed a way to process each member's insurance application. So he started TDEC to receive and open mail, enter applicant data onto keypunch cards and prepare checks for bank deposit. There weren't computers in the late '50s and '60s like we see today. Data was entered on a keypunch card and the cards were fed into machines to create data tapes.

A couple of years later my father, Mo DuFour, went to work for the company and rapidly expanded our customer base. He added customers like the National Geographic Society, Citibank Credit Cards and the Republican National Committee (RNC) to name a few. I vaguely remember in the early '70s my father racing back from our summer vacation because someone broke into the Democratic National Committee Headquarters at the Watergate Hotel and the FBI wanted to see the data we had collected for the RNC. This investigation led to the first resignation of a sitting United States President.

Today, in our 59th business year, my brother John and I lead TDEC and we focus on serving Federal, State and commercial customers with their labor intensive functions including, as our name states, data entry services. We have 300 employees that provide services at our locations in Maryland, Ohio and Virginia as well as at government offices from Alaska to Florida and in 21 others states in between. My brother and I don't take lightly the fact that we operate this business. Statistically only 12% of businesses survive into the 3rd generation.

Leveraging the HUBZone Program: In March of 2002, I applied to the Small Business Administration (SBA) for HUBZone certification for TDEC. The program analyst at the SBA assigned to our application was Mariana Pardo, who I note is now the Director of the HUBZone Program. After a thorough examination of our application including our ownership, our business size and the percentage of then 51 employees we have that live in HUBZones - we were welcomed into the program in November 2002.

We immediately began to leverage this valuable certification by marketing our new status to the Federal Government and to large prime contractors. That led to winning two sub-contracts to large prime contractors and to our first HUBZone set-aside prime contract with the National Oceanic and Atmospheric Administration in 2007. On that contract we provided Administrative Support Services to the Northwest and Alaska Fisheries Science Centers in the State of Washington and the State of Alaska. We were re-awarded a competitive contract to provide similar services to NOAA in 2012 and continue to serve this important customer today.

For 15 years we have continuously maintained our HUBZone certification through scheduled and un-scheduled program examinations, re-certifications and HUBZone protests. We are proud to report that 47% of our now 300 employees live in HUBZones - well above the 35% program requirement. We achieve this high percentage of HUBZone employees because we continually seek to attract, retain and train well qualified employees in under-served areas and it is working!

Urgent HUBZone Re-designation Reform: In January 2018, just 4 months from now, Garrett County, Maryland, where TDEC's principle office is, will no longer be a HUBZone. There are another 11 businesses in Garrett County that are faced with this same re-designation problem. In late 2016, I wondered if this was isolated to Garrett County so my team and I researched which other counties in the United States had a similar imminent issue. We found that there are 15 other non-metropolitan counties that will be re-designated in January 2018 and then 71 more similar counties in July 2018. This is a total of 86 counties in 2018 spanning 25 States.

The more we dug into the data we found it gets more-dire. Our research found that 4,700 jobs are at risk at 245 companies in these under-served economically disadvantaged communities.

Knowing that TDEC was not alone in this timely matter, I began a campaign to reach out to fellow HUBZone firms to solicit their support and feedback. This campaign called "Save Our HUBZone" reaches over 4,000 HUBZone firms across the United States. And this group is not shy to raise their voices. Here are a few of the hundreds of responses I received to a simple question: "How will re-designation affect your business?"

This is a critical issue to our remaining in this town and county in Pennsylvania. Without it, we will be forced to lay people off locally and relocate to another town and probably another state to continue to do business.

Lake County, California is a poor rural northern California County with many small businesses, many whom are HUBZone businesses. This gives our small company and other small businesses an opportunity to obtain Federal work.

HUBZone communities need the support of HUBZone companies. No one better understands the community than those who are there in it. Take away the lifeline of the community and the

community itself will wither. Maintaining HUBZone designation maintains life within the community. Save a community by keeping HUBZone designation as is. – Detroit, Michigan

Our small business is a HUBZone qualified small business and this status helps us get federal projects as a small business. Without this status we will not qualify as a small business set-aside anymore and therefore will lose out on some of the contracts geared for small businesses. This will put us back in the running with all the large competition and will directly impact our company and employees. Matanuska-Susitna Borough / Alaska

I support H.R. 3294 because the reforms proposed will continue to provide needed opportunity in economically-struggling areas of our country. I am looking to hire students from Atlanta Tech College. These students come from a community of public assistance and various other ailments because of their socio-economical situations. We are providing jobs, because of the HUBZone certification. It's an honor and a privileged and I support H.R. 3294!! – Atlanta, Georgia

HUBZone Small Businesses are vital to the need of creating jobs and employment opportunities for the Citizens who reside in the HUBZone areas. Most are not high skilled individuals but are hard working, dedicated and apt to learning new skills. Loss of HUBZone status can totally shut the doors of the HUBZone Small Business and put thousand / millions of people out of work. – Hamilton County, Ohio

So my message to you echoes what we have heard from my fellow HUBZone firms. We need you to give HUBZone firms stability by extending the re-designation period as you have in HR 3294. This bill, which was introduced by both the Ranking Member and the Chairman, if enacted now, will freeze the HUBZone map until 2020 and then only be changed every 5 years. This will give communities and their businesses time to build resources to compete in a post HUBZone environment. Remember it took us 5 years of marketing our services in order to get a prime contract.

While I am excited and encouraged by all the enhancements to the HUBZone Program made in HR 3294 I am most interested in the urgent need to save HUBZone communities by freezing the HUBZone map until 2020.

Just like you face tough decisions in your job so do I. I need to decide in the next month whether to lose our HUBZone status and stay in our current location or to move our business to another HUBZone. This decision has been weighing on me for some time because we have loyal long term employees that will be affected. If we move, our people may lose their jobs and there really aren't any other viable jobs for them in Garrett County. Coupled with that is the fact that we have been in business in Garrett at the very same location for over 50 years. It is difficult and costly to move a business and is a distraction to the businesses purpose. We also have a ton of

history in our Oakland, MD office. I remember as a little boy trying to use the key punch card machines to punch holes in keypunch cards. Let's just say that I was terrible at it.

So I ask you to act immediately on HR 3294 and give HUBZone communities certainty. I speak for the thousands of HUBZone workers whose jobs are at stake. There is no more important economic development issue impacting rural communities in America! I am available to answer any questions you have and again, I appreciate the opportunity to speak with you today.