

Written Testimony of

Robert A. Schuerger, II

Principal and Attorney at Law
Law Offices of Robert A. Schuerger Co., LPA
Columbus, OH

Before the
House Committee on Small Business

“Serving Small Businesses: Examining the Effectiveness of HUBZone Reforms”

September 13, 2017

Good morning Chairman Chabot, Ranking Member Velazquez, and Members of the Committee. My name is Robert Schuerger and I am the founder and lead attorney for the Law Offices of Robert A. Schuerger Co., LPA. Founded in 2008, we have been a HUBZone-certified law firm since August 2016. I am also a member of the HUBZone Council. Thank you for giving me the opportunity to testify today. Chair Chabot, it gives me great pride to know that the Committee is led by a fellow Buckeye.

Schuerger Law's principal office is based in a HUBZone area that is in urban downtown Columbus, Ohio. We also maintain an office and 11 employees, in Wilmington, in rural Clinton County, Ohio. Since our founding in 2008, Schuerger Law has grown to 52 employees, growth we attribute directly to our success in the HUBZone program. Our clients include public sector entities such as local governments, hospitals and universities. As a result of our HUBZone certification, we have hired 23 employees and are a subcontractor for the Department of Education. We were recently awarded a prime contract with the Department of Justice.

We learned about the HUBZone program when we were looking at federal contract opportunities. We had just purchased a building in 2014 in downtown Columbus that was in the HUBZone area. We then went through the certification process which at times was challenging due to long wait periods, analysts changing on the file and an understaffed HUBZone office. Director Pardo was instrumental in rectifying those delays and a year later we were HUBZone certified and eager to begin pursuing the new opportunities the certification afforded the business.

Since certification we have grown from a firm of 29 employees to 52 employees. This job increase is directly attributable to our HUBZone status as it allowed us to become a federal subcontractor to the Department of Education and a prime contractor to the Department of Justice. The Clinton County office was uniquely qualified to be our satellite office as DHL had just moved out of the Regional Airport leaving thousands without jobs. We have stepped in and taken over a space in the airport with the target to grow the business through our federal procurement to at least 40 jobs.

I am pleased the Committee has undertaken the task of changing a program badly in need of change. In my view, H.R. 3294, "The HUBZone Uniformity and Business Stability Act of 2017" provides much needed stability to companies like mine. Clinton County, home of Wilmington, will lose its HUBZone designation in 2018. I certainly favor the approach in H.R. 3294 which freezes the current HUBZone eligibility maps until 2020. It would provide us with the transition time our firm needs while we decide how to keep our valued employees and finding a new office. Transitioning from the annual ACS to a 5-year process, will enable our firm to find that location and make the capital investments necessary to continue bringing economic development to the hard-working people of Ohio.

The HUBZone online tool, that requires the SBA to "clearly and conspicuously provide access to the data used by the Administrator to determine whether or not an area is a qualified area in the year in which the online tool was prepared" is also a significant requirement.

It will assist HUBZone firms that maintain offices in multiple locations, like Schuerger Law. This tool, updated every 5 years, would ensure HUBZone firms have the latest information on HUBZone eligible areas. This bill also ensures that the SBA Administrator removes redesignated areas that are no longer qualified, which has been a problem in the past with many companies who have undergone the extensive certification process only to find the HUBZone qualified area lost its designation.

Another provision of the bill, including Subsection 31(d)(6) provides a firm who loses certification, 30 days to submit documentation to the SBA to reestablish eligibility. Since the certification process is time consuming, this is a common-sense approach to the process. We believe it will incentivize HUBZone participation. Firms that may be hesitant to become HUBZone-certified have clear recourse should they feel that their certification was unjustly revoked.

I would note that the federal government has never met its goal of contracting 3% of its contracts to HUBZone companies. I would urge the Committee to keep up its oversight of federal agencies and encourage them to contract with HUBZone firms. It is certainly important to Clinton County, Ohio and many other areas in this country. Adoption of this legislation is critical to the success of the program and time is of the essence. We really need action this year to ensure that firms like mine can continue work in the program.

In closing, I want to emphasize that the HUBZone program is an important economic development program. Incentivizing companies to locate in depressed areas is a good policy approach. However, changes must be made to the program, such as those in H.R. 3294.

Thank you for the attention you have brought to this critical issue, and for all of your work supporting our nation's small businesses and those in Ohio. I look forward to answering any questions.