

OPENING STATEMENT AS PREPARED FOR DELIVERY



**Opening Statement of
Chairman Steve Chabot
Committee on Small Business
Hearing: *Ensuring Opportunities: Oversight of the HUBZone Program*
AS PREPARED FOR DELIVERY
September 7, 2016**

Today, our Committee will examine the Historically Underutilized Business Zones, or HUBZone, program. This program run by the SBA seeks to incentivize small business development in economically distressed areas by providing access to government contracting opportunities. We are pleased to welcome back to the Committee Mr. Bill Shear from the Government Accountability Office, and Mr. John Shoraka from the Small Business Administration.

Since its inception nearly twenty years ago, the goal of the HUBZone program has been to boost economic growth and business development in the areas of this nation that are most in need. If this goal is to be achieved, the program must operate in the most efficient and effective way possible.

In the past few years, GAO has performed several reviews of the program to examine how it is working. Through these reviews, GAO had identified several areas where the program must improve. One of the chief concerns identified by GAO, a concern that this Committee shares, is making sure that the opportunities provided by the HUBZone program are being utilized by small businesses who actually qualify for the program. The sole-source contract awards and 10% evaluation preference provided to HUBZone firms are significant incentives to companies, encouraging them to locate and hire employees in areas of significant need. The HUBZone program cannot fulfill its mission if the opportunities provided by these incentives are being taken by companies that don't actually qualify for the program. In response to their concerns, GAO has put forward several recommendations. Among those recommendations are increased and improved communications between HUBZone firms and SBA, as well as steps to make it easier to verify information from HUBZone firms. SBA has accepted some of these recommendations, but others have not been adopted. We are here to look at how the HUBZone program has adapted to those recommendations and to examine other ways the program could improve.

It is crucial, however, that any efforts to alter or expand the program are made by working through Congress and with this Committee. Actions that could change how the program has been run, or how effective the program will be, must be done out in the open, with the public debate afforded by the People's branch. This Committee sees on daily basis the tremendous impact small businesses can have in providing jobs and lifting the economic outlook of an entire community. The HUBZone program is intended to help these small businesses, but can only succeed if the program is run in way that actually helps the areas most in need. I thank our witnesses for being here today, and I yield to the Ranking Member for her opening statement.