

# Congress of the United States

Washington, DC 20515

October 24, 2011

Karen Gordon Mills  
Administrator  
U. S. Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Suite 7000  
Washington, DC 20416

Dear Ms. Mills:

We are extremely concerned about the process the Small Business Administration has implemented to incorporate 2010 decennial census data into the Historically Underutilized Business Zone (HUBZone) program and the negative impact it will have on small businesses in Alaska.

Congress has consistently recognized the merits of the HUBZone program, which provides federal contract preferences to businesses willing to operate in low income, high poverty or high unemployment areas. The program has been responsible for stimulating economic development and creating jobs in distressed communities throughout the country. In Alaska, many small businesses meet the HUBZone certification because they are located within isolated, stand alone boroughs classified as "non-metropolitan counties". While these firms must individually qualify for the program, their eligibility is driven by where the firm and its employees are physically located.

We were surprised to learn that SBA began notifying all HUBZone qualified firms located in four Alaskan boroughs (Aleutians West, Denali, Fairbanks North Star and Matanuska-Susitna) that as of October 1<sup>st</sup> they are no longer eligible to participate in the program. According to the notice, these firms are being decertified as a consequence of your agency incorporating 2010 Decennial Census data into the criteria used to determine a borough's eligibility. However, it's our understanding that the statutory formula used in that determination must incorporate both income and employment data. Not only has that data not been made available, it's our understanding that SBA won't even have the American Community Survey (ACS) income data until later this year. Consequently, we question whether it is reasonable and accurate to have already reset the program's geographical boundaries. We understand 101 small businesses in Alaska have been notified of your intent to decertify. These businesses provide good local jobs, so we are greatly concerned about how this decision will impact those communities.

SBA has given firms 30-days to challenge the validity of this involuntary decertification, even though nothing may have materially changed about their underlying business practices. We understand that the implicit goal of this program is to improve the overall standing of an economically geographical area. However, small businesses cannot be expected to invest time into a lengthy HUBZone certification process if their year-by-year eligibility is subject to the annual fluctuations of economic statistical data. In recognition of that fact, the program has historically

extended a 3-year wind-down period following any change in eligibility that resulted merely from a borough losing its overall eligibility. It does not appear that the regulations SBA is using to implement the 2010 census changes are in the best interest of the community or the firms involved.

We would like to work with you on developing an alternative approach that will accommodate the program's goals without penalizing the affected businesses and communities. Until then, we think the SBA should delay decertifying any existing HUBZone qualified firms within the impacted boroughs.

We appreciate your prompt attention to this request.

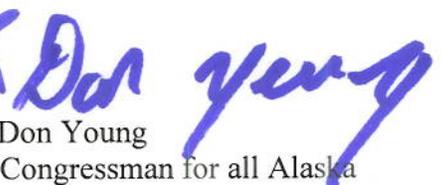
Sincerely,



Lisa Murkowski  
United States Senator



Mark Begich  
United States Senator



Don Young  
Congressman for all Alaska