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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

October 25, 2006

The Honorable Lurita A. Doan  
Administrator  
U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405

RE: Utilization of HUBZone small business concerns through the GSA  
government-wide acquisition contracts (GWACs)

Dear Administrator Doan:

Congratulations on your recent appointment as the Administrator of the General Services Administration.

I am writing today to request that your agency reverse its recent decision not to set aside a \$500 million dollar GSA Infrastructure Technology Global Operations (GITGO) Acquisition for small businesses certified under the Historically Underutilized Business Zone (HUBZone) program. On October 5, the GSA announced its intent to award the GITGO acquisition as a single task order under the GSA's 8(a) Streamlined Technology Acquisition Resources for Services (STARS) government-wide acquisition contract (GWAC).

I believe that this decision runs contrary to the HUBZone provisions of the Small Business Act and implementing regulations. It creates an uneven playing field for small businesses operating in HUBZones across the country, putting these small businesses that drive our nation's economy at a strong disadvantage when competing for information technology work from your agency. In Maine, low-income and high-unemployment areas in 9 out of 16 counties currently qualify for the HUBZone program. By not setting this contract aside for HUBZone firms, your agency significantly expanded the field of bidders to a pool where non-HUBZone firms predominate. As a result, the ability of HUBZone firms to win GITGO work will be greatly diluted.

As Chair of the Senate Committee on Small Business and Entrepreneurship, I remain concerned that the Federal government and your agency have developed a record of failing to deliver on their obligations under the Small Business Act to direct Federal contracts to economically distressed areas. The Federal government has never met its statutory three percent HUBZone contracting goal, achieving only 1.23 percent in FY2003, only 1.595 percent in FY2004, and only 1.944 percent in FY2005. The GSA has only met its HUBZone goals for a single year, FY2005, since the program's creation. Although your agency administers a separate GWAC for HUBZone firms, that GWAC is poorly utilized. An August 2006 report, *The Impact*

*of Government-Wide Acquisition Contracts on Small Business*, published by the Office of Advocacy of the U.S. Small Business Administration, concluded that the GSA's HUBZone GWAC has been the second least-utilized GWAC overall out of 22 GWACs in existence throughout the Federal government as of FY2004. Through August 31, 2006, firms on the HUBZone GWAC received only \$27.3 million in task orders, while firms on the GSA's STARS GWAC received \$488.2 million.

There are numerous HUBZone small businesses that are presently qualified in the relevant functional areas and are registered on the GSA's STARS GWAC and the HUBZone GWAC. Specifically, there are 77 qualified HUBZone firms on the STARS GWAC and 11 qualified HUBZone firms on the HUBZone GWAC. The HUBZone provisions of the Small Business Act, 15 U.S.C. §657a(b)(2)(B), clearly state that, "*[n]otwithstanding any other provision of law . . . a contract opportunity shall be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price.*" The authority of Section 657a, adopted by Congress in October 1997, thus supercedes any general provisions governing awards of task orders under multiple-award contracts or GWACs adopted in the Federal Acquisition Streamlining Act of 1994 or the Clinger-Cohen Act of 1996. I note that the 8(a) STARS GWAC would be subject to the SBA regulations in 13 CFR §126.607(b) requiring priority to firms dually-certified as 8(a) and HUBZone firms.

To ensure compliance with the HUBZone statute, I ask that the GSA promptly set the GITGO acquisition aside for HUBZone small businesses by restricting it to companies on the HUBZone GWAC, or to HUBZone companies on the 8(a) STARS GWAC in accordance with the SBA regulations providing for preference to firms certified in the 8(a) and the HUBZone programs.

In addition, the following measures would promote further participation of HUBZone firms in GITGO and other Federal IT GWAC opportunities:

- (1) imposing a requirement that HUBZone firms perform the majority of the work under the task order when partnering with large businesses or other, non-HUBZone businesses;
- (2) establishing a primary evaluation factor concerning joint ventures and teaming arrangements with HUBZone small businesses;
- (3) allowing for an extended response time (45 days or longer) in order to promote teaming arrangements;
- (4) facilitating the financing of GITGO work in economically distressed areas by providing that advance and accelerated payments are necessary and proper for this work under the Prompt Payment Act Amendments of 1988 and implementing regulations;
- (5) permitting HUBZone companies to meet secure facility requirements and surge

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capacity requirements through their own resources as well as through teaming arrangements, including mentor-protégé arrangements;

(6) ensuring that HUBZone firms can complete work on task orders awarded prior to the expiration of the HUBZone GWAC and creating a successor HUBZone GWAC; and

(7) breaking up this acquisition into several task orders in order to make multiple awards to HUBZone firms.

I am confident that, as a former HUBZone contractor yourself, you will take appropriate action in the interest of small and HUBZone businesses. I request that you provide a written response to this letter within 30 days, addressing my requests, concerns, and suggested additional measures. In addition, I request that you promptly submit your acquisition strategy and any changes thereto for review by the SBA. Finally, I ask that you provide an update concerning any other plans you may have for improving small business participation in GSA's GWACs and otherwise advancing the President's Small Business Agenda.

Sincerely,

  
OLYMPIA J. SNOWE  
Chair

cc: The Honorable Paul A. Denett, Administrator for Federal Procurement Policy  
The Honorable Steven C. Preston, Administrator, U.S. Small Business Administration