



Women Construction Owners & Executives, USA

**Testimony of Inés Rivas-Hutchins  
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**U.S. House of Representatives  
Committee on Small Business  
Subcommittee on Contracting and Infrastructure**

**Hearing on  
“Review and Assessment of the SBA HUBZone Program”  
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Good morning, Chairman Mfume, Ranking Member Salazar, and Members of the Committee.

Thank you for the opportunity to testify today. As a small businesswoman and member of Women Construction Owners and Executives (WCOE), I commend your commitment to programs ensuring that all categories of business owners through-out the nation have an opportunity to succeed.

The Congressionally authorized Historically Underutilized Business Zones (HUBZone) program was designed to address unemployment and underemployment and to create economic benefit for communities where good jobs are scarce. The program set up opportunities for small businesses in those areas by creating a federal marketplace with set-asides, sole-source awards and price preferences. For the record, the HUBZone set-aside program provides another needed avenue for women-owned construction companies seeking federal contracts. For firms in rural areas or other underutilized areas, this can be especially beneficial. Women-owned construction firms continue to be underutilized in the federal marketplace. Unfortunately, women continue to face discrimination in the bid process both in the private and the public sector. I should emphasize that, in general, the ability to fully and fairly compete for federal contracts is critical because winning a federal contract award is a powerful tool and can propel a business forward.

### [Introduction](#)

I am Inés Rivas-Hutchins, Founder and President of INTEC Group, LLC. I am pleased today to also be representing WCOE, a national trade association representing the interests of women owners and executives in the construction industry. WCOE was founded in 1984 and has continued to be the voice of women business owners in the construction industry for 38 years.

We have worked to create fairer procurement processes so that female owners in the construction industry will have greater opportunities for success.

WCOE members from across the nation work in a wide variety of construction industry occupations and our firms include both union and nonunion companies. Members include a rebar/highway contractor in Illinois, a general contractor who performed the landscape revitalization for the Statue of Liberty, a steel supplier for major federal projects from California, the owner of an electrical company in California, a trucking company owner from Missouri, and many more, including women who own construction-related professional service businesses. WCOE members hold a variety of different certifications: small business, WOSB, EDWOSB, DBE, MBE, EDWBE, and HUBZone certifications. As a group, WCOE focuses on helping women-owned businesses – and women executives – succeed in the construction industry.

### [My Company and Experience with HUBZone](#)

INTEC Group, LLC is an Economically Disadvantaged Woman-Owned Small Business (EDWOSB), SBA 8(a) program participant, and an SBA certified HUBZone firm in the state of Kentucky that specializes in all aspects of general construction. INTEC Group has a successful history of providing quality products and services to the federal government, including the U.S. Department of the Army the U.S. Air Force, and the Army Corps of Engineers.

As an owner in a rural area, I am pleased to have the opportunity to unlock the amazing potential inside people. INTEC invests in our people through training and leadership development and encourages employees to develop their skills and talents. The HUBZone program allows us to be positive contributors to our community and to give our workers the opportunity to develop and provide for their families. HUBZone evens the playing field for us. We're a local company, and we work directly for our community. Bringing those federal dollars back to our community using local talent is a big reason why we maintain this designation. Beyond that, it's no secret there's a talent shortage in the industry. We need all the people we can get. HUBZone ensures there's an incentive for educated STEM graduates to stay in Kentucky. We want them here where they grew up. We want to have a job for them, and not have them move to big cities.

I came to the United States from Venezuela 23 years ago with a background in Architecture studies, but I soon fell in love with the boots on the ground aspect of the construction industry. Managing projects became my passion. I worked my way up in this industry from Construction Operations Manager to Project Manager, to Company owner. I started my own company in 2015, capitalizing on the knowledge gained and connections made throughout my career. INTEC Group has been an 8(a) certified contractor for two years and a HUBZone certified contractor for five years. Although being a Women-Owned Small Business (WOSB) company since the inception, the majority of my federal work has been through the HUBZone program maximizing my company's opportunity for growth. Back in 2017, I was watching for a replacement MATOC contract that in the past had been Small Business set-aside. To my

surprise, the Solicitation was issued HUBZone set-aside instead, which propelled me to do my due diligence and get INTEC Group HUBZone certified. I'm proud to list many important projects in my portfolio, including HUBZone projects such as, Design/Build Pratt Museum Renovation, Re-Purposing the Soldier Readiness Program building, Fort Campbell, Kentucky, Design/Build Range 28, Fort Campbell, Kentucky, Tyndall AFB Demolition Phase II, Tyndall AFB, Florida. My contracts have ranged from \$100,000 to \$10 million.

INTEC Group has been awarded to-date a total of 225 contracts/task orders in the order of \$151 million, of which 121 awards were HUBZone set asides for approximately \$78 million. It is fair to say, that the HUBZone certification accounts for over 50% of my company's revenue.

All federal programs have a certain amount of red tape but keeping up with HUBZone ever-changing landscape does require extra due diligence due to map changes, office location requirements, and the 35 percent employee residency requirement. Not every small business firm can easily comply or keep up with the HUBZone program changes and it is important to note that recent changes have eased compliance.

#### Key Points about the HUBZone Program:

**HUBZone Maps:** HUBZone eligibility is dependent on where a business is located and where its workers live. The SBA relies on Census tracts to determine if a particular business and its workers are located in low income, underutilized, and underdeveloped areas. Census tracts change over time, and as such the HUBZone designated areas and "maps" have been a moving target. SBA has made some changes which benefit local areas and HUBZone contractors.

- Increasing to five years the HUBZone designation map is helpful because businesses like predictability.
- Extending HUBZone eligibility for BRAC base closure areas from five-years to eight years also gives added predictability.
- Allowing certified firms to be considered a HUBZone small business throughout the life of a contract helps those that have temporarily lost employee(s) and are making good faith efforts to maintain the HUBZone resident requirements.
- Allowing governors to designate HUBZone areas will be beneficial and will allow more designations for rural communities to take advantage of the program. However, it is not yet clear how well it will work. The authority was included in the 2018 National Defense Authorization Act (NDAA) and the first state to receive approval for a request was in 2021. So, I'm not aware if Kentucky has requested new governor-designated areas or not.
- Freezing the HUBZone maps through June 30, 2023, because of the lateness of census data will help avoid confusion.

- In my area, one side of the street is in a HUBZone but the other side of the street is not in the HUBZone! Maybe allowing businesses to ask for a waiver in such circumstances is warranted or perhaps a Governor could address that under his or her new authority.

**Flexibility in employee percentage and office location:**

WCOE is very mindful of the potential for fraud and abuse in certification requirements and in program implementation. (WCOE long supported eliminating self-certification in the WOSB program and is pleased to see SBA is moving forward with implementation of the 2015 NDAA law.) WCOE wants all programs, including HUBZone, to be vigilant about fraud. Still, legitimate companies doing their best to follow HUBZone rules need some flexibility.

**Office Location:** To become certified, firms must maintain a principal office located in the HUBZone. This is made more difficult as HUBZone map lines change. I recently made a significant investment to set up an office and relocation would be costly for my firm, so new long-term investment rules for the main office location helps me and other companies that want to remain in the program but can't afford a move because of a map re-designation.

In another effort to deter fraud, the SBA implements a random site visitation program to validate the geographic location of principal offices. Before the pandemic, my company did have a site visit from an SBA district field official. My staff and I found the SBA staff to be professional and cordial during the visit, and my relationship with my SBA Business Development Specialist was in fact stronger and better after her personal visit to my office. It was not intrusive and is a good investment to keep a check on companies that might want to game the system and WCOE would recommend it continue.

**Residency Requirement:** The HUBZone program has a requirement that 35 percent of all employees must reside in the HUBZone area. The employee residency requirement is important to the mission of the program, but employers cannot control when their employees move or leave the company unexpectedly. I recently had an employee quit and that employee was not easily replaceable. I was concerned about the employee percentage – in a small company, one employee can make a difference! SBA must continue to balance employers' need for flexibility with the program's residency requirement such as the new "Legacy" HUBZone employee provision, allowing businesses to count long-term employees as permanent HUBZone residents.

**Pandemic concessions:** During the pandemic, the SBA made important adjustments addressing changes in workforce arrangements. Firms participating in the 8(a) program for example, were granted an automatic one-year program extension. Going forward, SBA should embrace telework by allowing employees to count toward the principal office requirement if they are teleworking in a HUBZone and report to the principal office.

**Certification:** The federal government awarded almost \$14 billion to HUBZone certified businesses in 2020. WCOE does believe that SBA should make every effort to reduce applicant

fraud and assure that only legitimate and eligible firms benefit from HUBZone contracts. The one-year recertification allowed by SBA is helpful but WCOE supports full documentation review every three-years as another way to reduce fraud and abuse in the program. While WCOE supports strong certification requirements and properly vetted documentation, it also believes technical assistant programs are important to get more women-owned construction businesses into the program.

Not every HUBZone certified contractor in WCOE has had the same experience in acquiring its certification. For me, HUBZone certification was not a difficult process. It was easier for me because of my experience in going through the certification process for other programs and having staff to work through the process while I run my business. For new applicants though, I can see it could be daunting. The average HUBZone firm has approximately 4 employees. Such a company without experience with federal certification programs and without staff dedicated to follow the process, the website, the documentation, and the uploading of documents can be tedious and time-consuming. However, in my opinion, the SBA does a good job of providing support for applicants and SBA has decreased the time it takes to process HUBZone applications.

### Building and Expanding HUBZone Contract Utilization

**Marketing Campaign:** More effort needs to go into awareness and education about the HUBZone program. Although, I have had success in the HUBZone program, statistics show not enough of the contracts have been set-aside for HUBZone certified firms. Contracting officers say they are unable to find enough qualified firms to set-aside contracts. On the other hand, HUBZone companies within WCOE have indicated they have a hard time finding contracts. So, more marketing and education for contracting officers, for businesses, and now to Governors regarding their ability to expand the map in their states, would benefit the program.

WCOE's experience has been that in construction most have no idea what a HUBZone is – that includes potential end-users and contractors alike. Some 834 of the nation's 3,242 counties, have HUBZone status and that number is likely to increase. More needs to be done to increase the interest by small business contractors to apply for HUBZone certification. A stronger education and marketing effort will help that happen.

**Incentives for Meeting Goals:** Simply producing an agency scorecard, *the SBA Procurement Scorecard*, for Congressional and public review, has not achieved the desired results. **There has been a hesitancy to set goals higher for set-aside programs but in New York state, for example, when the goals were set higher for the state WOSB program, the number of contract awards increased.** (See Scott Stringer's 2017 report, *Making the Grade: NYC Agency Report Card on Minority- and Women-owned Business Enterprises*.) Higher goals, with more contracts available would encourage more small businesses to certify and expand the number of potential bidders for federal contracts. The Biden Administration has recently set higher goals for some programs but delayed increasing goals for others but all programs would benefit

from higher goals, especially if there were stronger marketing and agency incentives for meeting goals.

WCOE firmly believes that **agency or contracting officer incentives to meet goals would be helpful, especially if there are no consequences for never meeting goals.** More education about meeting the goals and more communication about who in an agency is responsible for meeting the goals would help. The DOT has an excellent record with its DBE program that could be adapted and modeled.

**Reform the Procurement Scorecard:** WCOE has long advocated for changes and more transparency for the SBA Procurement Scorecard, which “scores” how well agencies performed in meeting their small business goals. The federal government goal for HUBZone contracting is only three percent, yet the federal government has never met its goal. So, the *Scorecard* alone has not been an effective tool in encouraging agency participation.

SBA allows agencies to double or triple count contract awards. As it stands, one contract can be counted for multiple programs. A contract award to a woman-owned HUBZone contractor who is also a veteran can count toward three different program goals, making the Procurement Scores look higher than they actually are.

WCOE has also advocated for more transparency in the Scorecard on dollar amounts awarded. The Scorecard should include how many awards are made along with the value of contracts awarded by each agency. This would give a more complete picture of which agencies have energetic outreach. The scorecard should reveal if it is one company that was awarded a million-dollar contract or if 40 companies received \$25,000 contracts.

**Subcontracting Plan Compliance:** For WCOE companies, subcontracting is an important way and sometimes the only way to enter the federal marketplace. It allows construction companies to build a positive past performance record. With the advent of category management, subcontracting is more important than ever. As with agencies, there is no incentive for meeting or consequences for failure to meet subcontracting goals.

**Category Management/Multiple Award Contracts:** As the federal government is looking for ways to save money, it has turned to “category management” – and contracting officers are feeling pressured to use the process. That effort shrinks bid opportunities for small businesses. Those most hurt will be those companies trying to break into the federal space. For many women-owned construction companies, federal contracts are a powerful tool for growing their business.

On this issue, Congressional oversight is extremely important because small businesses across all categories need to have fair access to federal contracts and subcontracts. Increasing the awards for sole source contracts should be considered for HUBZone contractors to help balance out that trend to category management and Multiple Award Contracts (MACs) need to ensure continued opportunities for all disadvantaged businesses.

**Expand Sole Source Contract Opportunities for HUBZone and WOSB Companies:** A current impediment to awarding sole source contracts is the requirement that a contracting officer must show that they do not have a reasonable expectation that offers would be received from two or more HUBZone small business concerns. There is confusion around the language “reasonable expectation,” which leaves this interpretation up to each contracting officer. This presents a barrier to awarding a sole source contract to a HUBZone company, as this could open the door to a protest – an action contracting officers seek to avoid. Eliminating this requirement for the HUBZone, WOSB/EDWOSB and SDVOSB programs would increase these awards to small businesses. Additionally, SBA’s Office of Government Contracting and Business Development (GCBD) should develop guidance to clarify how the acquisition workforce can award sole source contracts to small businesses.

### Conclusion

Thank you again for your focus on the HUBZone program. Like all the programs designed to help small businesses, the need remains, not just for fairness in the federal government contracting program but for creation of needed jobs in depressed and rural areas.

Thank you and I am happy to answer any questions.