

Congress of the United States

Washington, DC 20515

February 7, 2002

The Honorable John F. Kerry
Chairman
Senate Committee on Small Business and Entrepreneurship
304 Russell Senate Office Building
Washington, DC 20510-6350

Dear Senator Kerry:

As Members of the Congressional Hispanic Caucus, we are writing to ask that you join us in opposition of the proposed rule issued by the SBA on Monday, January 28, 2002. This rule makes several changes to SBA's HUBZone Program, and we believe that many of these modifications will have a significant negative impact on the 8(a) Program.

SBA's 8(a) Program is the main vehicle for minorities to enter the federal contracting marketplace. But this rule, which is yet another cynical attempt by conservatives to dismantle one of the last anti-discrimination affirmative access programs for minority entrepreneurs, could cause the complete elimination of the 8(a) Program over time.

The 8(a) Program has been under attack from conservatives for a decade. The HUBZone Program is represented as a means to help low-income, high unemployment communities, which we certainly feel is a commendable goal. But the reality is that conservatives are exploiting HUBZone to circumvent contracting opportunity programs for individual minorities and women in the name of helping low-income neighborhoods throughout the United States.

This rule removes the HUBZone program even further from its roots. In addition to causing the inevitable decline of SBA's flagship minority business program, the parity provisions of the proposed regulations contradict the original agreement previously worked out by the Congressional Hispanic Caucus and members of the House and Senate Committees on Small Business. The new language proposed by the SBA is in direct violation of this agreement.

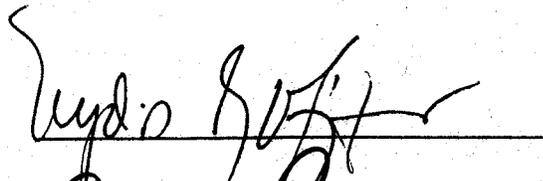
Even SBA's own statement in the proposed regulation that "(n)on-HUBZone concerns currently participating in the federal marketplace will be affected economically as a result of their not being eligible to compete for contracts that are restricted to the HUBZone Program" confirms our belief that parity will cause serious harm to the minority business participants of the 8(a) Program.

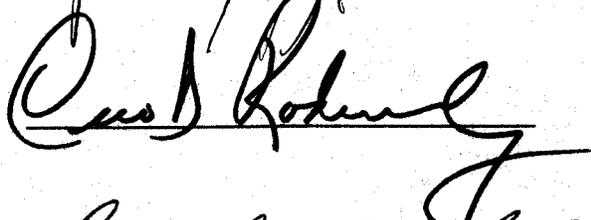
The proposed regulations accomplish what the courts and previous legislative attempts have failed to do -- destroy the last and largest program to help minority businesses access the federal marketplace. If successful, this proposal will force the roll back of minority business programs to where they were 30 years ago. This rule resurrects the defeated Republican Congressional attempt to effectively erase 8(a) by imposing parity with HUBZone.

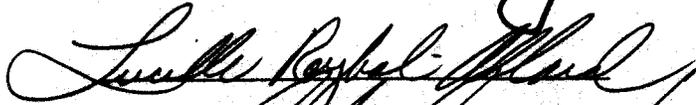
At this time, we must join forces to fight SBA's proposed rule and save the 8(a) Program. To date, we have seen little leadership from Senate Committee Democrats on the 8(a)-HUBZone parity issue, and believe that your lack of support sends the message that we are alone in our convictions. Instead, we must speak out on this issue with one strong Democratic voice. We are asking, at this time, that you pledge your support and join us in opposing the proposed rule that grants the two programs parity.

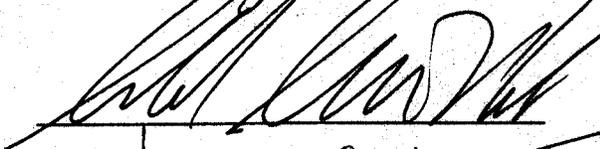
This is an issue of critical importance to the Hispanic business community. We hope that you will assist us in retaining the current regulatory preference for the 8(a) Program, which has helped thousands of Hispanic-owned businesses enter the federal marketplace and has made minority businesses one of the most important sectors in our nation's economy.

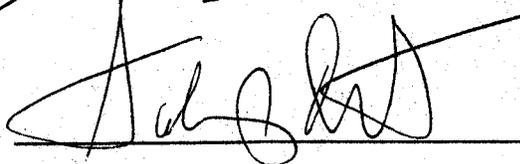
Sincerely,

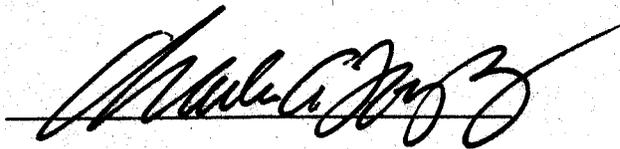

Lydia Lopez

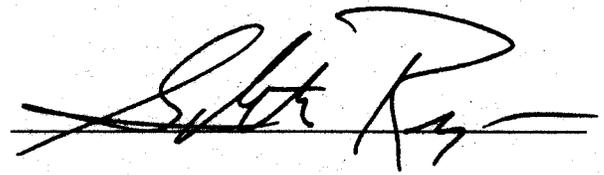

Carol Roken

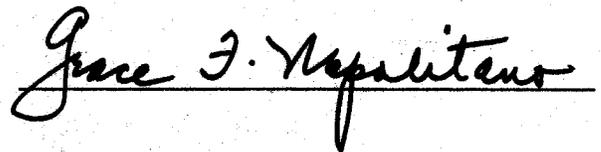

Lucille Rayfield

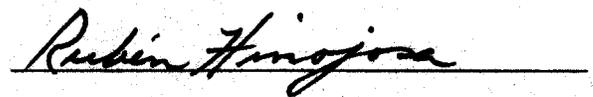

Ed Pastor


Joe Baca


Linda M. Jones

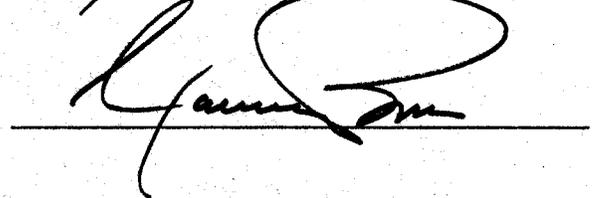

Ruben Hinojosa


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Linda M. Jones

Jeri E. Severson

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Rahat Kherani

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Luis V. Gutierrez

cc: Senator Carl Levin
Senator Tom Harkin
Senator Joseph Lieberman
Senator Paul Wellstone
Senator Max Cleland
Senator Mary Landrieu
Senator John Edwards
Senator Maria Cantwell
Senator Jean Carnahan