

# OPENING

small business opportunities



## federal government contracting



U.S. Small Business Administration **SBA**

# DOORS

government contracting  
small business opportunities  
**OPENING DOORS**



**SBA**

UNCLASSIFIED

# Small Business Perspectives from SBA The HUBZone Program

US Special Operations Industry Conference

Mariana Pardo

Director

HUBZone Program

May 19, 2015

[www.sba.gov](http://www.sba.gov)

# What We'll Cover

- HUBZone - - - history and purpose
- Contract Types (benefits)
- Requirements
  - Certification
  - Keeping the certification
- Questions & Answers

[www.sba.gov](http://www.sba.gov)

federal government contracting  
small business opportunities  
**OPENING DOORS**



## Quick History – Why is this important?

- In 1996, U.S. Senator Christopher ‘Kit’ Bond, then Chairman of the Small Business Committee, crafts legislation to link preferences for award of Federal contracts to small businesses located in economically dormant and underserved areas, which he called HUBZones.
- JOBS promote long-term economic viability.

[www.sba.gov](http://www.sba.gov)



# HUBZone Program Benefits

- Set-aside awards
- Sole source awards
- Awards through full and open competition after application of 10% price evaluation preference (PEP)
- Subcontracting Opportunities (*attempt to maintain does not apply*)

[www.sba.gov](http://www.sba.gov)



# How to Locate HUBZone contractors

## DSBS

Skip Navigation Accessibility Options  
 Mobile View Print Exit Help  
 SBA DSBS DSBS Quick Market Search TM OnLine Ready

Welcome to the Dynamic Small Business Search

All search form hotlinks open a new browser window.  
 All form fields that require typing in data have "tooltips" with data format information.

**NEW FEATURES FOR MOBILE USERS:**  
 Phone number hotlinks can be used to dial the number on mobile phones.  
 Address hotlinks can be used to show the address in Google Maps.

**This is generally a self-certifying database. The SBA does not make any representation as to the accuracy of any of the data included, other than certifications relating to 8(a) Business Development, HUBZone or Small Disadvantaged Business status. The SBA strongly recommends that contracting officers diligently review a bidder's small business self-certification before awarding a contract.**

**Location of Profile**

States: (any state)  
 AL - Alabama  
 AK - Alaska  
 AA - American Atlantic (APO/FPO)  
 AE - American Europe (APO/FPO)  
 AP - American Pacific (APO/FPO)  
 AS - American Samoa  
 AZ - Arizona  
 AR - Arkansas  
 CA - California  
[\(How to make multiple selections.\)](#)

Searching within a State:  
 (Requires exactly one state from the State list at left.)

Congressional District: [Help](#)

County:  [Lookup Help](#)

Area Code or Phone Number Initial Fragment  
 Metropolitan Statistical Area [Help](#)  
 SBA Servicing Office [Help](#)  
 Zip Code or Zip Code Initial Fragment

**Government Certifications**

Last modified: 07/13/2004 12:00:00 AM  
[> FirstGov](#) [> E-Gov](#) [> Regulations.gov](#) [> White House](#)  
 \* Privacy & Security \* Information Quality \* FOIA \* No Fear Act \* ADA

SBA Processing: 0.197 seconds Version: SBSS 8.1.1  
 Session timeout in 59 minutes.

[www.sba.gov](http://www.sba.gov)

federal government contracting  
 small business opportunities  
 OPENING DOORS



## DSBS – how certification is displayed

- Each firm's DSBS profile has two fields relevant to HUBZone certification. "HUBZone Certified?" will indicate by a YES or NO whether the firm in question is currently certified.
  - A marked YES for this question on a company's profile is official evidence that the firm is certified.
- An approval or recertification letter is NOT valid evidence that a firm is currently certified, since a firm may have been decertified since the notice was issued.
- The other relevant field is the “HUBZone Certification date.”
  - The date given indicates only the initial date of certification and does not reflect the dates of any recertification process, which is internal to SBA.

[www.sba.gov](http://www.sba.gov)

# DSBS – certification display

**SBA** SBA Profile [Mobile View](#) [Exit](#) [Back To Profile List](#) Ready

---

**8(a) Certification:**

SBA 8(a) Case Number:  
 SBA 8(a) Entrance Date:  
 SBA 8(a) Exit Date:

**Small Disadvantaged Business Certification:**

SDB Entrance Date:  
 SDB Exit Date:

**HUBZone Certification:**

HUBZone Certified?:  Yes  No  
 HUBZone Certification Date: 11/05/2009

**8(a) Joint Venture Certification:**

8(a) JV Entrance Date:  
 8(a) JV Exit Date:

**DBE Certifications (and State):**

(none)

**Non-Federal-Government Certifications:**

CA PUC - WBE  
 SB

Last modified: 07/22/2013 12:00:00 AM

[> FirstGov](#) [> E-Gov](#) [> Regulations.gov](#) [> White House](#)  
 \* Privacy & Security \* Information Quality \* FOIA \* No Fear Act \* ADA

SBA Processing: 2.284 seconds Version: SBSS 8.1.1  
 Session timeout in 49 minutes.

[www.sba.gov](http://www.sba.gov)

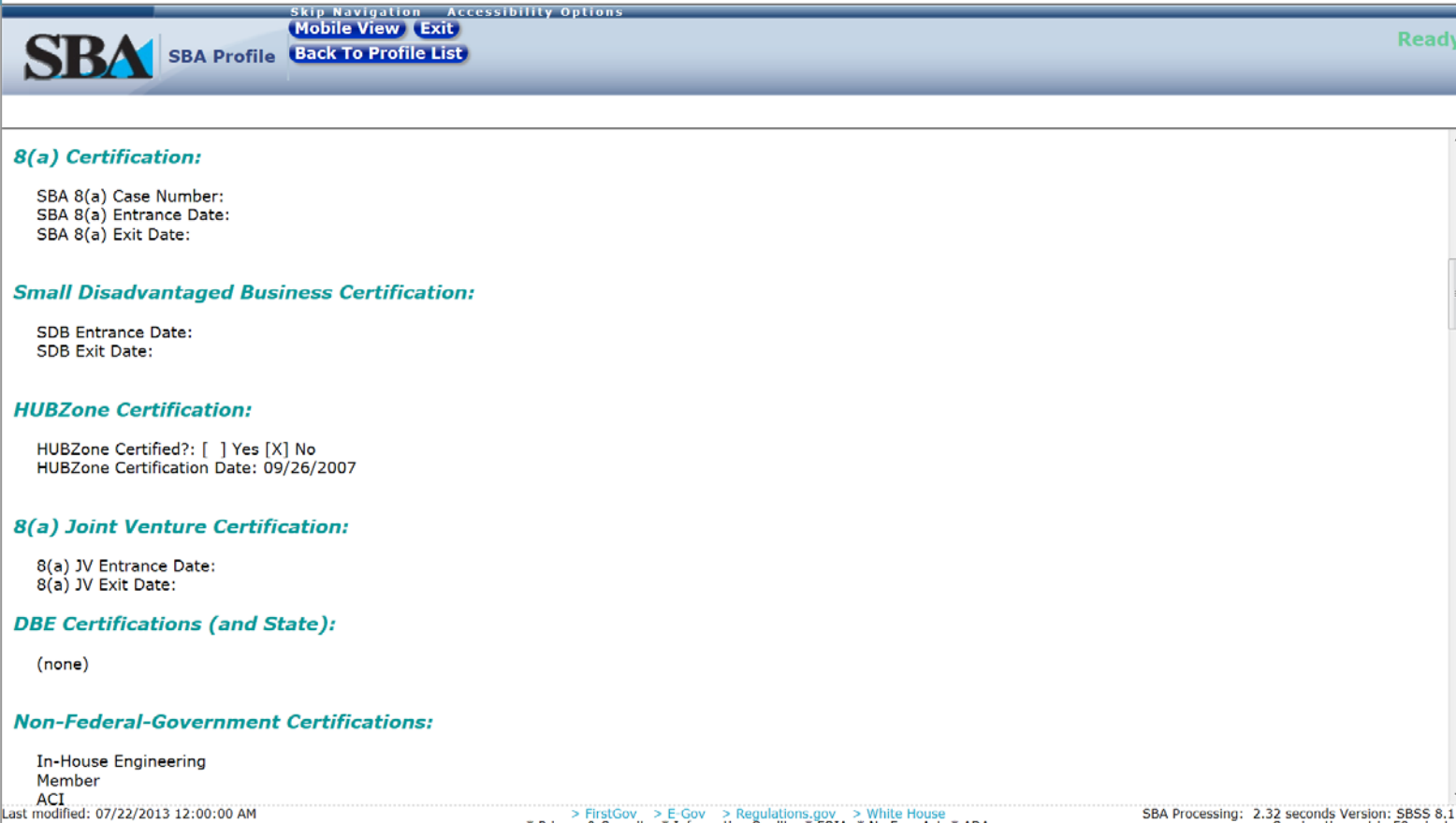
federal government contracting  
 small business opportunities  
**OPENING DOORS**





# DSBS – example of decertified SBC

federal government contracting  
small business opportunities  
OPENING DOORS



Skip Navigation Accessibility Options  
Mobile View Exit  
SBA Profile Back To Profile List Ready

**8(a) Certification:**  
SBA 8(a) Case Number:  
SBA 8(a) Entrance Date:  
SBA 8(a) Exit Date:

**Small Disadvantaged Business Certification:**  
SDB Entrance Date:  
SDB Exit Date:

**HUBZone Certification:**  
HUBZone Certified?: [ ] Yes [X] No  
HUBZone Certification Date: 09/26/2007

**8(a) Joint Venture Certification:**  
8(a) JV Entrance Date:  
8(a) JV Exit Date:

**DBE Certifications (and State):**  
(none)

**Non-Federal-Government Certifications:**  
In-House Engineering  
Member  
ACI

Last modified: 07/22/2013 12:00:00 AM  
> FirstGov > E-Gov > Regulations.gov > White House  
\* Privacy & Security \* Information Quality \* FOIA \* No Fear Act \* ADA  
SBA Processing: 2.32 seconds Version: SBSS 8.1.1  
Session timeout in 58 minutes.

[www.sba.gov](http://www.sba.gov)



# DSBS – example of non-HUBZone SBC

federal government contracting  
small business opportunities  
OPENING DOORS



Skip Navigation Accessibility Options  
[Mobile View](#) [Exit](#)  
**SBA** SBA Profile [Back To Profile List](#) Ready

**8(a) Certification:**  
 SBA 8(a) Case Number:  
 SBA 8(a) Entrance Date:  
 SBA 8(a) Exit Date:

**Small Disadvantaged Business Certification:**  
 SDB Entrance Date:  
 SDB Exit Date:

**HUBZone Certification:**  
 HUBZone Certified?: [ ] Yes [X] No  
 HUBZone Certification Date: N/A

**8(a) Joint Venture Certification:**  
 8(a) JV Entrance Date:  
 8(a) JV Exit Date:

**DBE Certifications (and State):**  
 (none)

**Non-Federal-Government Certifications:**  
 (none given)

**Products & Services**

Last modified: 07/22/2013 12:00:00 AM  
 > [FirstGov](#) > [E-Gov](#) > [Regulations.gov](#) > [White House](#)  
 \* [Privacy & Security](#) \* [Information Quality](#) \* [FOIA](#) \* [No Fear Act](#) \* [ADA](#)  
 SBA Processing: 2.237 seconds Version: SBSS 8.1.1  
 Session timeout in 59 minutes.

[www.sba.gov](http://www.sba.gov)

# Federal Government-Wide Prime HUBZone Contracting Awards by Fiscal Year

• FY 1999	Goal – 1%	Actual - not available
• FY 2000	Goal – 1.5%	Actual - \$663.3 M (.33%)
• FY 2001	Goal – 2.0%	Actual - \$1.7 B (.72%)
• FY 2002	Goal – 2.5%	Actual - \$1.7 B (.71%)
• FY 2003	Goal – 3.0%	Actual - \$3.4 B (1.23%)
• FY 2004	Goal – 3.0%	Actual - \$4.8 B (1.59%)
• FY 2005	Goal – 3.0%	Actual - \$6.2 B (1.94%)
• FY 2006	Goal – 3.0%	Actual – \$7.1 B (2.11%)
• FY 2007	Goal – 3.0%	Actual – \$8.5 B (2.24%)
• FY 2008	Goal – 3.0%	Actual – \$10.1 B (2.34%)
• FY 2009	Goal – 3.0%	Actual – \$12.4 B (2.80%)
• FY 2010	Goal – 3.0%	Actual – \$12 B (2.77%)
• FY 2011	Goal – 3.0%	Actual – \$9.9 B (2.35%)
• FY 2012	Goal – 3.0%	Actual – \$8.1B (2.01%)
• FY 2013	Goal – 3.0%	Actual – \$ 6.2B (1.76%)

[www.sba.gov](http://www.sba.gov)



# Requirements to bid on HUBZone contract 13 CFR 126.601

- At the time a qualified HUBZone SBC submits its initial offer, and where applicable its final offer, on a specific HUBZone contract, it must certify to the CO that:
  - It is a qualified HUBZone SBC that appears on SBA's List;
  - There has been **no material change** in its circumstances since the date of certification shown on the List that could affect its HUBZone eligibility;
  - It is small under the NAICS code assigned to the procurement; and
  - Represent that it will “attempt to maintain” the required percentage of employees who are HUBZone residents during the performance of a HUBZone contract.
- **Attempt to maintain** means making substantive and documented efforts such as written offers of employment, published advertisements seeking employees, and attendance at job fairs. 13 CFR 126.103

[www.sba.gov](http://www.sba.gov)



# HUBZone Program – Purpose

- Provides federal contracting opportunities to qualified small firms in designated HUBZones to:
  - Increase employment opportunities
  - Stimulate capital investment
  - Empower communities through economic leveraging

[www.sba.gov](http://www.sba.gov)

federal government contracting  
small business opportunities  
**OPENING DOORS**



## What is a HUBZone?

- Historically Underutilized Business Zone
- HUBZone areas, typically have:
  - low median household incomes
  - high unemployment
  - high poverty(see “[Designations](#)” section in website’s FAQs)

[www.sba.gov](http://www.sba.gov)



## There are 4 kinds of HUBZone

- A Qualified Nonmetropolitan County\*
  - A Qualified Census Tract\*
  - An Indian Land
  - A Qualified Base Closure Area
- \*When a county or tract loses its HUBZone qualification, it is redesignated for three years.
- The areas **change multiple times a year**. Areas become newly qualified, redesignated, and lose qualification altogether

[www.sba.gov](http://www.sba.gov)

federal government contracting  
small business opportunities  
OPENING DOORS

# HUBZone Maps

**SBA**.GOV  
U.S. Small Business Administration

Print Page | Accessible Version | Help | About HUBZone Maps | HUBZone Home

**Start Here: Is my location in a HUBZone?**

Address  City  State  ZIP Code    [Coordinate Input](#)

**Eligibility Result**

(Search County or All Counties)  
State  County

**HUBZone Mapping**

**Legend**

**Counties**

- Non-Qualified County
- Qualified Non-Metro County
- Redesignated County

**Other Qualified Areas**

- Indian Land
- Base Closure Area

0 400 800  
Miles

Powered by [Magnitude for the Web](#)

[\(Review HUBZone Program Definitions\)](#)

Scale: 1 : 30,392,559

[www.sba.gov](http://www.sba.gov)





# HUBZone Eligibility Requirements (13 CFR 126.200)

- Small business (by SBA standards)
- Directly and unconditionally owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe
- At least 35% of its employees must reside in a HUBZone
- Principal office must be located within a designated HUBZone
- **Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. These are delineated in [Title 13 of the Code of Federal Regulations, Part 126](#)

[www.sba.gov](http://www.sba.gov)



# Maintaining HUBZone Certification – best practices

## 1. Follow the regulatory requirements

- ❑ **Notify SBA of any material change that may affect the firm's HUBZone status.**
  - a. Change in the firm's ownership
  - b. Change in the firm's business structure
  - c. Change in the firm's principal office
  - d. Change in the firm's 35% HUBZone residency status
  
- ❑ **Recertify HUBZone status every 3 years**
  - Although there is no limit to the length of time a firm may qualify as a HUBZone firm, the certification is not a lifetime certification. Every HUBZone firm must recertify every three years to SBA, indicating that it remains a “qualified” HUBZone SBC, 13 CFR § 126.500
  - **NOTE: SBA initiates the recertification action.**

[www.sba.gov](http://www.sba.gov)



# Maintaining HUBZone Certification – best practices (cont'd)

## 2. Incorporate maintaining HUBZone certification into the business plan.

- Assign someone in the firm to monitor and document compliance
- Keep HUBZone employee percentage higher than 35%. This is risky. Have some cushion, say, around 60% or more.
- Maintain a list of potential hires in case one of your HUBZone residents quits. This way you do not have to fall out of compliance and risk decertification.
- Watch the HUBZone map for changes; sign up for email alerts at [Subscribe to HUBZone News](#). If the principal office is in an area that is redesignated, the firm has 3 years to come up with another way to meet the PO requirement.
- Create a “protest file” when bidding on a HUBZone solicitation to ensure the proper evidence is at hand to prove compliance in the event of a HUBZone status protest.
- *Even though certification can potentially be indefinite, the median number of years in the program has been only 4!*

[www.sba.gov](http://www.sba.gov)

# Why is important to understand how to evaluate principal office and 35% employee HUBZone residency requirement?

85% of firms who are declined for certification or decertified from the Program are declined/decertified because of

- failing to meet either the 35% requirement, or
- the principal office requirement, or
- both

[www.sba.gov](http://www.sba.gov)

# Employee definition

## 13 CFR 126.103

**Employee** means all individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month.

- Includes employees:
  - obtained from a temporary employee agency, leasing concern, or through a union agreement
  - co-employed pursuant to a professional employer organization agreement
- SBA will consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes and those set forth in SBA's [Size Policy Statement No. 1](#), in determining whether individuals are employees of a concern.
- Volunteers ( i.e., individuals who receive deferred compensation or no compensation, including no in-kind compensation, for work performed) are not considered employees.
- If an individual has an ownership interest in and works for the HUBZone SBC a minimum of 40 hours per month, that owner is considered an employee regardless of whether or not the individual receives compensation.
- Reside means to live in a primary residence at a place for at least 180 days, or as a currently registered voter, and with intent to live there indefinitely.
- ❖ *When evaluating the minimum 35% employee HUBZone residency requirement: do not pay attention to where employee works – focus only on where the employee lives.*

[www.sba.gov](http://www.sba.gov)



## 35% Employee HUBZone Residency

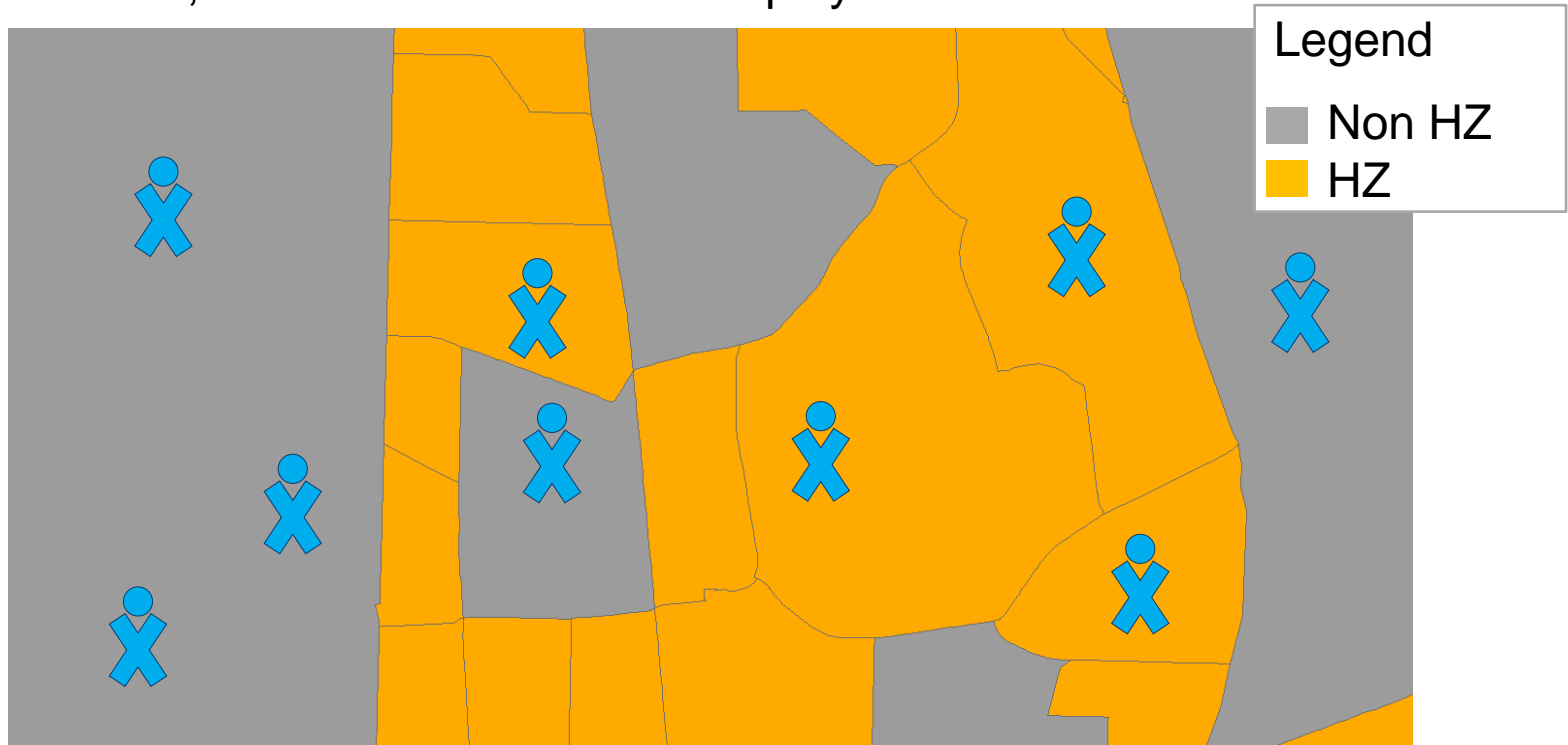
Company, Inc. is a small IT services company with 9 employees. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. Across the street, in a qualified census tract, is a government facility where 6 engineers perform contract specific work. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the government site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the government site lives in a HUBZone.

Does this company meet the 35% requirement?

[www.sba.gov](http://www.sba.gov)

# Answer

When dealing with the evaluation of the 35% employee residency requirement, do not consider where employees work.



Does this firm meet the 35% requirement? **YES**

# Principal Office definition

13 CFR 126.103

- Location where the greatest number of the concern's employees at any one location perform their work.
- For businesses in service or construction
  - exclude the concern's employees who perform the majority of their work at job-site locations to fulfill specific contract obligations.
- ❖ *When evaluating the principal office do not pay attention to where the employees live – focus only on where the employees work.*

[www.sba.gov](http://www.sba.gov)





## Principal Office (example)

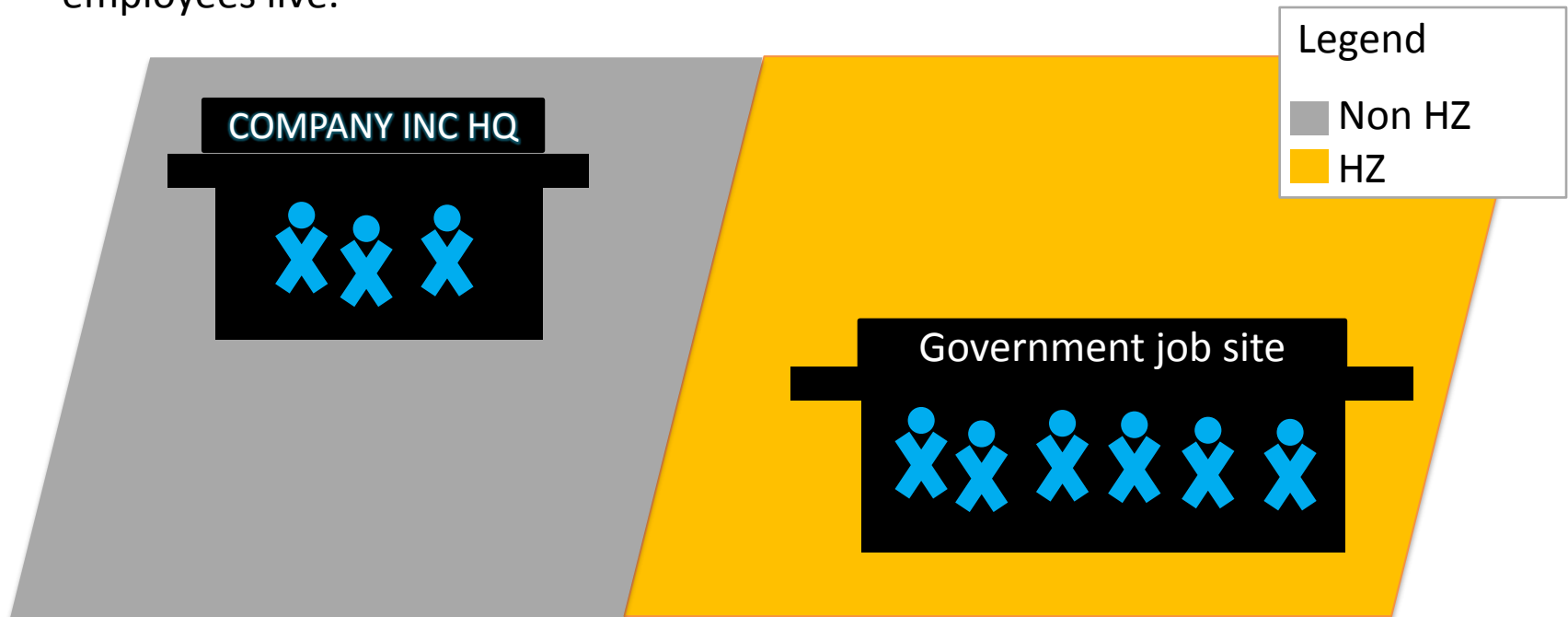
Company, Inc. is a small IT services company with 9 employees. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. Across the street, in a qualified census tract, is a government facility where 6 engineers perform contract specific work. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the government site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the government site lives in a HUBZone.

Does this company meet the Principal Office requirement?

[www.sba.gov](http://www.sba.gov)

# Answer

When dealing with the evaluation of the principal office, do not consider where employees live.



Does this firm meet the PO requirement? **NO**

## Can the HUBZone firm have offices or facilities in another HUBZone or outside a HUBZone?

Yes – as long as the office that has the greatest number of employee is in a HUBZone. (13 CFR 126.207)

Examples:

1. An IT consulting firm with 100 employees has 2 offices, one in a HUBZone and the other, the HQ's is not in a HUBZone. 90 employees work in job sites; 4 employees work at the HQ's and 6 work in the HUBZone office. Firm meets the principal office requirement.
2. An IT consulting firm with 100 employees has 2 offices, one in a HUBZone and the other, the HQ's is not in a HUBZone. 90 employees work in job sites; 6 employees work at the HQ's and 4 work in the HUBZone office. Firm does not meet the principal office requirement.
3. An IT consulting firm with 100 employees has 2 offices, one in a HUBZone and the other, the HQ's is not in a HUBZone. 90 employees work in job sites; 5 employees work at the HQ's and 5 work in the HUBZone office. Firm does not meet the principal office requirement – because no greatest number work in the HUBZone location.

Bonus question: Must the employees who work in the HUBZone office reside in a HUBZone?

[www.sba.gov](http://www.sba.gov)



## **Answer to Bonus Question: Must the employees who work in the HUBZone office reside in a HUBZone?**

- No because this is not regulatory requirement
- Remember:
  - When evaluating the **principal office** do not pay attention to where the employees live – **focus only on where the employees work.**
  - When evaluating the minimum **35% employee HUBZone residency** requirement: do not pay attention to where employee works – **focus only on where the employee lives.**

[www.sba.gov](http://www.sba.gov)

## For more information . . .

- Visit the HUBZone website at <http://www.sba.gov/hubzone> for the latest information, including information about:
  - HUBZone Office Hours – eligibility conversations via a toll free number on Tuesdays and Thursdays from 2:00 to 3:00 p.m. ET
- Contact the helpdesk at [HUBZone@sba.gov](mailto:HUBZone@sba.gov)

[www.sba.gov](http://www.sba.gov)



government contracting  
small business opportunities  
**OPENING DOORS**

# THANK YOU!

Mariana Pardo

Director

HUBZone Program

[mariana.pardo@sba.gov](mailto:mariana.pardo@sba.gov)



[www.sba.gov](http://www.sba.gov)

