

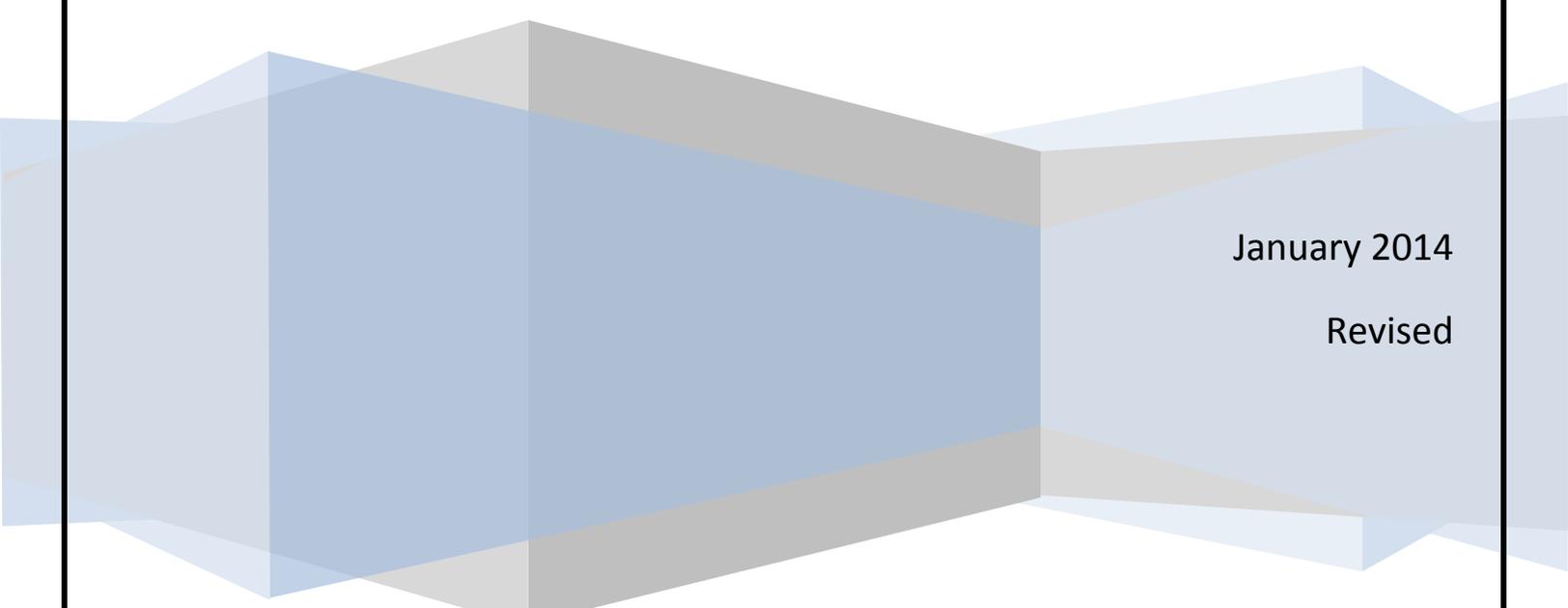
U.S. Small Business Administration

Office of Government Contracting and Business Development

Supplemental Workbook

The HUBZone Primer

Eligibility & Certification Requirements



January 2014

Revised

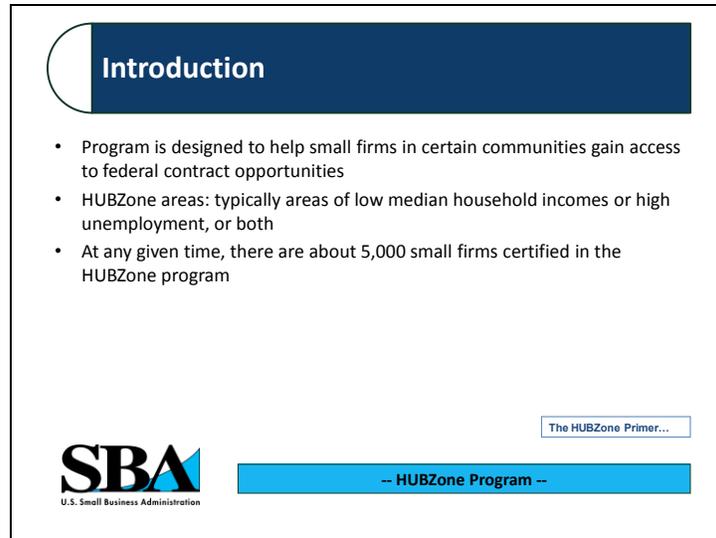
Slide 1



This is about federal contract markets and participating in those markets as a HUBZone certified firm.

Welcome to "**The HUBZone Primer**" -- a small business guide outlining program eligibility and certification requirements.

NOTE: *This supplemental workbook tracks the slides and narrative contained in the online training program, "The HUBZone Primer." The online version of the training program, with audio can be accessed at: www.sba.gov/gcclassroom. For the user's convenience, all hyperlinks contained in the copied slides are included as links at the end of the workbook.*



Introduction

- Program is designed to help small firms in certain communities gain access to federal contract opportunities
- HUBZone areas: typically areas of low median household incomes or high unemployment, or both
- At any given time, there are about 5,000 small firms certified in the HUBZone program

 [The HUBZone Primer...](#)

-- HUBZone Program --

The HUBZone program is designed to help small businesses -- in certain urban, rural, BRAC, Indian reservation, and difficult development areas outside the U.S. mainland – to gain access to federal procurement opportunities. HUBZone areas are typically areas of low median household incomes or high unemployment, or both.

At any given time, there are some 5,000 small firms certified in the HUBZone program.

Program Purpose

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

[The HUBZone Primer...](#)

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Importantly, the HUBZone program helps small businesses in urban and rural communities.

It provides federal contracting assistance to qualified small firms located in historically underutilized business zones -- or HUBZones -- to increase employment opportunities, stimulate capital investment in those areas, and empower communities through economic leveraging.

Notes:

How the Program Works

- SBA regulates and implements the HUBZone program
 - Determines which businesses are eligible
 - Maintains a listing of qualified HUBZone firms to fulfill procurement opportunities
 - Adjudicates protests of eligibility regarding HUBZone contracts

 [The HUBZone Primer...](#) **-- HUBZone Program --**

The U.S. Small Business Administration regulates and implements the HUBZone program. As such, SBA determines which businesses are eligible for the program, maintains a listing of qualified HUBZone small businesses that can be used by federal agencies to fulfill procurement needs and adjudicates protests of eligibility regarding HUBZone contracts.

Notes:

Key Program Benefits

- Contract set-asides and sole source opportunities
- 3% government-wide prime and subcontracting goals
- 10% price evaluation preference



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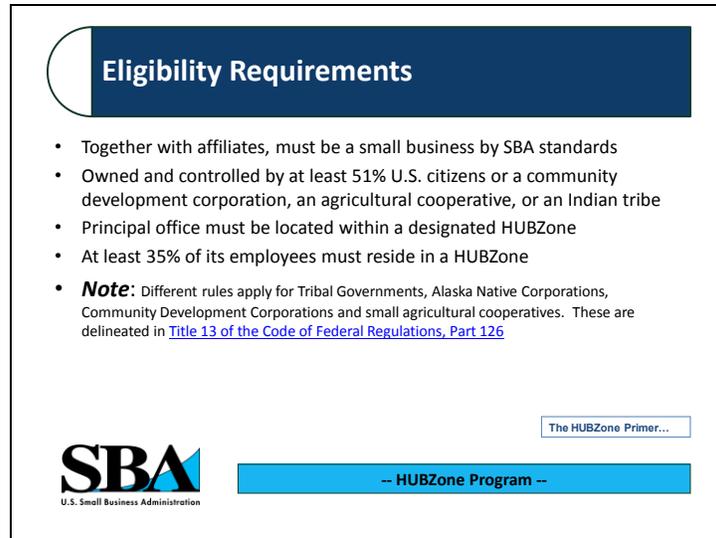
The HUBZone Primer...



-- HUBZone Program --

The program offers significant benefits to certified HUBZone firms. These benefits include:

- Set asides – that is contracting officers can reserve or set-aside specific contracts for qualified HUBZone firms;
- Government-wide contracting goals have also been established requiring that at least 3% of all federal prime contracting dollars and 3% of all federal subcontracting dollars flow to certified and qualified HUBZone firms;
- In addition, a price evaluation preference of 10% can be applied to certified HUBZone firms in full and open contract competitions.



The slide features a dark blue header with the title "Eligibility Requirements" in white. Below the header is a bulleted list of requirements. At the bottom left is the SBA logo, and at the bottom right is a blue button labeled "The HUBZone Primer...". A blue bar at the bottom center contains the text "-- HUBZone Program --".

Eligibility Requirements

- Together with affiliates, must be a small business by SBA standards
- Owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe
- Principal office must be located within a designated HUBZone
- At least 35% of its employees must reside in a 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](#)

 [The HUBZone Primer...](#)

-- HUBZone Program --

To be eligible for the HUBZone program a business must meet the following criteria:

- It must be a small business by SBA standards and, if applicable, together with affiliates it must also be a small business, by SBA standards;
- It must be directly owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe;
- Its principal office must be located within a designated HUBZone, which includes lands considered “Indian country” and military facilities closed by the Base Realignment and Closure Act; and,
- At least 35% of its employees must reside in a HUBZone.

There are different rules for concerns owned by 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.

Eligibility Requirements – Ownership by Individuals

- Business must be directly and unconditionally owned and controlled by at least 51% U.S. citizens --- 13 CFR 126.200(b) (1)(i)
 - *Citizen* means a person born or naturalized in the United States. SBA does not consider holders of permanent visas and resident aliens to be citizens --- 13 CFR 126.103
 - *Person* means a natural person --- 13 CFR 126.103

 [The HUBZone Primer...](#) **-- HUBZone Program --**

A business must be directly and unconditionally owned and controlled by at least 51% U.S. citizens.

Consider this example:

Betty Smith is the 100% owner of ABC Inc. – a corporation. ABC owns 100% of XYZ – a limited liability corporation. The XYZ company applies for HUBZone certification.

The application is denied -- because XYZ a limited liability corporation is not directly and unconditionally owned and controlled by at least 51% U.S. citizens.

Notes:

Eligibility Requirements – Principal Office

- Principal office must be located within a designated HUBZone
 - *Principal office* means the location where the greatest number of the concern's employees at any one location perform their work - - - 13 CFR 126.103
 - For concerns whose “primary industry” is service or construction, the determination of principal office excludes the concern's employees who perform the majority of their work at job-site locations to fulfill specific contract obligations - - - 13 CFR 126.103



[The HUBZone Primer...](#)

-- HUBZone Program --

A principal office must be located within a designated HUBZone. Consider this example:

A janitorial firm has 100 employees. Ninety five of them work at job sites. The headquarters office is in a HubZone. A second office is in a non-HUBZone. The headquarters office has 2 employees. The second office has 3 employees.

The firm does not meet the principal office requirement because the greatest number of the concern's employees work at the non-HUBZone location.

Do the employees that work in the HUBZone office have to reside in a HUBZone? The answer is no.

It is important to note:

- When dealing with the evaluation of the principal office - - - do not consider where employees live.
- When dealing with the evaluation of the 35% employee residency requirement - - - do not consider where employees work.

Is Your Business in a HUBZone?



[HUBZone Maps - Page](#)

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OK.... So how do you know if your firm or employees are located in a designated HUBZone area?

SBA has created an electronic tool where you can insert the address and zip code of a specific location (or its coordinates) to determine if that location is recognized as a designated HUBZone. HUBZones are determined by the government – using the most current census, unemployment and other data. This is a very helpful and important tool.

At you convenience, return to this slide or the resource section at the end of the course and use the hyperlink to access the HUBZone Maps, page. This page will help you determine if your business location and employees are located within a HUBZone area. You can access the interactive maps from this page, but be sure to check the notice on the landing page for areas that have not been incorporated into the map yet.

Reflections Before You Apply

- Most successful HUBZone firms plan for their success
 - Long-term and revolving strategies that define how to be and remain competitive
 - Maintain principal office and 35% employee residency requirements
- Planning is everything

[The HUBZone Primer...](#)

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The HUBZone program is a powerful contracting initiative with many benefits to certified businesses. However, it is only intended for qualified firms who are competitive and remain in compliance.

SBA has found that the most successful HUBZone firms are those who plan for their success. That is, they have a long-term and continually evolving strategy that defines and refines how to be and remain competitive in government contracting markets.

In addition, successful HUBZone firms must be vigilant about principal office and residency requirements – which must always be maintained, but can change quickly. Firms without a strategy to maintain principal office and 35% employee residency requirements can find themselves out of compliance and promptly decertified.

Planning is everything..... Plan for your success as a HUBZone certified firm.

Slide 11



The application process.

Notes:

Applying for HUBZone Certification

- **STEP 1.** Verify eligibility compliance
- **STEP 2.** Gather what you need (supporting documentation)
- **STEP 3.** Review the HUBZone Application Guide
- **STEP 4.** Review and ask questions
- **STEP 5.** Access SBA's General Login System (GLS)
- **STEP 6.** Complete and submit the online HUBZone application
- **STEP 7.** Submit requested supporting documentation

 [The HUBZone Primer...](#) 

If you feel you are qualified and only when you are ready to apply – should you apply for HUBZone certification. The application process is not difficult. However, like any important application process it does require solid preparation, meaningful thought and a certain level of due diligence. It makes sense to do it right, the first time. No business wants to waste time and resources going through the motions and then not realizing what is expected.

So, we recommend that seven steps be followed in the application process. They are: verify eligibility compliance; gather all information and documentation that you need; review the HUBZone Application Guide; review your documentation and ask questions; access SBA's General Login System – GLS; complete and submit the online HUBZone application; and finally, submit all requested supporting documentation to the SBA.

Each of these steps is discussed in the following.

Step 1. Verify Eligibility Requirements

Applying for HUBZone Certification

- Firm is a small business by [SBA size standards](#)
- Business is directly owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe
- Firm's principal office and at least 35% of its employees reside in a designated HUBZone
- **Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives

[Learn more...](#)
[Eligibility Requirements 13-CFR 126](#)



Not every business is eligible for the HUBZone program.

Before you begin the application process, make sure you meet core eligibility requirements. That is:

- verify that your firm is a small business by SBA standards;
- confirm ownership and control, such that the business is directly owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe; and,
- make certain the firm's principal office is, and at least 35% of its employees reside in a designated HUBZone.

As mentioned earlier, different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. Learn more about eligibility requirements by clicking on the hyperlink to access 13-CFR-Part 126.

Step 2. Gather What You Need
Applying for HUBZone Certification

CHECKLIST - [HUB Zone Supporting Documentation Request](#)

- General business information
- DUNS number
- Business and personal federal tax returns (last 3 years)
- Business ownership documentation – articles of incorporation, LLC, etc.
- Citizen documentation for owners
- SAM profile
- Proof of principal office location, such as lease agreement
- Official payroll records and other information showing employees residing within HUBZones
- Other information supporting HUBZone requirements

[The HUBZone Primer...](#)

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The HUBZone program is statutorily authorized and specific eligibility requirements are strictly adhered-to and monitored by the SBA.

As you prepare to apply for HUBZone certification, you will be asked to provide, identify, demonstrate and validate much information. Therefore, it's important to assemble key business, ownership, tax and other pertinent information to have readily available during the application process and BEFORE you attempt to complete the online HUBZone application.

Such information at a minimum, should include: general business information, SAM profile data, DUNS number, appropriate NAICS codes, recent business tax returns, personal federal tax returns for principals, proof of principal office location, such as a lease agreement, citizen documentation for owners, ownership documentation, such as articles of incorporation or LLC agreement, official payroll records and other information that can demonstrate employees' living within designated HUBZones and other basic information that supports HUBZone eligibility requirements. Use the hyperlinked – document request checklist – to better understand what supporting documentation will be requested by the SBA.

Step 3. Review HUBZone Application Guide
Applying for HUBZone Certification

- Review the HUBZone [Application Guide](#)
- **Critical Step** – do not attempt to complete the actual online HUBZone application until you have reviewed the Application Guide and gathered all documents you need to complete the application

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-- HUBZone Program --

Step 3 is critical. Review the HUBZone Application Guide. This is an important guide.

Do not attempt to complete the actual online HUBZone application until you have reviewed the Application Guide and gathered all documents you need to complete the application.

Notes:

Step 4. Review and Ask Questions

Applying for HUBZone Certification

- You don't know what you don't know...
- Review HUBZone eligibility requirements, application guide and the documentation you gathered and ask questions



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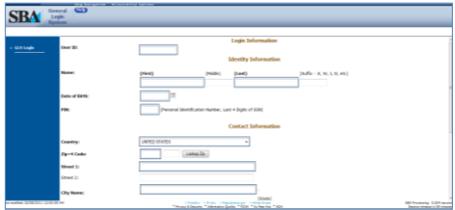
As mentioned earlier, no business wants to waste time and resources going through the motions and then not getting what is expected. That is why Step 4 is particularly important.

Remember, you don't know what you don't know. Make a point of becoming informed. Carefully review HUBZone eligibility requirements, the Application Guide and the supporting documentation you gathered, and then importantly, ask questions of SBA HUBZone staff and others qualified in the HUBZone program.

This is also a good time to review and update your firm's SAM profile. The information in your SAM profile must be consistent throughout the firm's documentation. Again, review and ask questions.

Step 5. Access SBA's General Login System

Applying for HUBZone Certification



[Register for a GLS Account](#)



-- HUBZone Program --

To apply for HUBZone certification, you must register for an account in SBA's General Log-in System, more commonly referred to as GLS. The GLS system provides a single log-in point for all SBA services. This streamlines and simplifies service delivery to our clients.

It is easy to register for an account, if you don't already have a GLS account. Once you register and establish a GLS **ID** and **password**, keep this information in a safe and readily available place. It is also important to note, that you will have to update your password every 90 days.

To access the online HUBZone application, you will first have to login to SBA's GLS system.

The screenshot shows a slide with a dark blue header containing the text "Step 6. Submit Online HUBZone Application" and "Applying for HUBZone Certification". Below the header is a bullet point: "• Complete and submit the online HUBZone application". In the center, there is a yellow box with the text "Click here..." and a blue link "Apply to the HUBZone Program". At the bottom left is the SBA logo (U.S. Small Business Administration). At the bottom right is a small button labeled "The HUBZone Primer...". At the very bottom center is a blue bar with the text "-- HUBZone Program --".

OK, so after you've determined that your firm is eligible, looked at the application guide, gathered the information and documentation you need, updated the firm's SAM and Dynamic Small Business Search profiles and obtained a GLS login ID and password – you are now ready to complete and submit the online application.

The application is comprehensive and includes multiple sections. Some sections can be completed in a few minutes, while others will take longer. However, it is important to note that each section once accessed will time-out in one hour, if the section is not completed in the time frame. If that happens, all information entered up to that point is lost and the application has to be started over.

Therefore, access the HUBZone application only after you have completed Steps 1-5 and you are ready to apply.

Step 7. Submit Requested Documentation

Applying for HUBZone Certification

- After application is submitted and reviewed, supporting documents will be requested by the SBA
- Documents must be provided to the SBA within two weeks
- Requested documents will include:
 - Documentation supporting ownership & control and size standards
 - Business and personal tax returns
 - Documents showing compliance with HUBZone employment and principal office requirements

[Learn more about requested supporting documentation](#)



Once your HUBZone application is submitted online, SBA will review it and, if its complete and accepted, request documentation to support your application. The request will come in the form of an e-mail and will request specific documents. You will have two weeks to fulfill the document request.

Requested documents will include: documentation supporting ownership and control and size standards requirements; business and personal tax returns; and, documents showing compliance with HUBZone employment and principal office requirements.

Slide 20

Avoid Common Mistakes

- Application “times-out”
- 35% of employees are not located within HUBZone areas
- Requested supporting documents do not validate information in the HUBZone application
- SAM profile is not up to date

 [The HUBZone Primer...](#)

-- HUBZone Program --

Some common mistakes in the HUBZone application process can be easily avoided.

Make sure you have all required information before completing the online application – so it doesn’t time out. Make certain 35% of employees are located within HUBZone areas. Importantly, make sure requested supporting documents can validate information entered in the application; for example, you will be asked to provide evidence of the HUBZone residency for each employee. Also, make certain your SAM profile is current. In other words, make sure you follow the steps recommended in this training module.

Notes:

Slide 21



Resources and tools.

Notes:

Resources and Tools

HUBZone Maps	13 CFR – Part 126 HUBZone Program
SBA District Offices	Small Business Development Centers (SBDC)
HUBZone Application Guide	Procurement Technical Assistance Centers (PTAC)
Electronic HUBZone Application	SBA Size Standards
GLS Registration	Supporting Documentation
SCORE	HUBZone Certification



Information is power. Use these resources and tools to help you better understand the HUBZone program and to apply for certification.

Notes:

Contact Us...

- Thank you for taking the time to learn about the HUBZone program
- Please contact us with any questions you may have

HUBZone Help Desk
HUBZone@sba.gov

➤ **Note:** The HUBZone office offers eligibility assistance on Tuesdays and Thursdays from 2 to 3 p.m. EST. Please call 1-888-858-2144, access code 3061773# to join this interactive helpline forum where HUBZone staff will present a specific eligibility topic followed by a general question and answer session. For firms seeking specific application status or answers about supporting documentation, please email the SBA HUBZone Business Opportunity Specialist who you worked with.

[The HUBZone Primer...](#)



-- HUBZone Program --

Thank you for taking the time to learn about the HUBZone program. Much information has been discussed and we hope it is helpful.

However, please contact us with any additional questions you may have about the program or application process.

The HUBZone office does offer eligibility assistance on Tuesdays and Thursdays from 2 to 3 p.m. EST. You can call the number and use the access code noted in the slide to join this interactive helpline forum where HUBZone staff will present a specific eligibility topic followed by a general question and answer session. For firms seeking specific application status or answers about supporting documentation, please email the SBA HUBZone Business Opportunity Specialist who you worked with.

Thank you.

Hyperlinks Contained in the Workbook

- HUBZone Application Guide
 - http://www.sba.gov/sites/default/files/files/HUBZone_Application_Guide.pdf
- HUBZone Maps Page
 - <http://www.sba.gov/content/hubzone-maps>
- Code of Federal Regulations (13CFR) Part 126
 - <http://www.sba.gov/content/part-126-hubzone-program>
- SBA District Offices
 - <http://www.sba.gov/tools/local-assistance/districtoffices>
- GLS Registration
 - https://eweb.sba.gov/gls/dsp_addcustomer.cfm?imappsystypnm=8ASDB
- Small Business Size Standards
 - <http://www.sba.gov/content/am-i-small-business-concern>
- SCORE
 - <http://www.score.org>
- Small Business Development Centers (SBDCs)
 - <http://www.asbdc-us.org/>
- Federal Business Opportunities
 - <http://www.fbo.gov>
- Supporting Documentation
 - <http://www.sba.gov/content/frequently-asked-questions#supportingdocs>
- HUBZone Certification
 - <http://www.sba.gov/hubzone>
- Procurement Technical Assistance Centers (PTACs)
 - <http://www.aptac-us.org/contracting-assistance-for-business/find-your-ptac/>

- SBA-Government Contracting
 - <http://www.sba.gov/aboutsba/sbaprograms/gc/index.html>