



EVALUATION OF THE HUBZONE EARLY ENGAGEMENT INITIATIVE

Final Report

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The statements, findings, and conclusions found in this study are those of the contractor and do not necessarily reflect the views of the Office of Program Performance, Analysis, and Evaluation, the United States Small Business Administration, or the United States Government.

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Acronyms & Glossary

Acronyms	
EEl	Early Engagement Initiative
FPDS	Federal Procurement Data System
HUBZone	Historically Under-utilized Business Zone
HCTS	HUBZone Certification Tracking System
PSM	Propensity-Score Matching
PTAC	Procurement Technical Assistance Center
RP	Resource Partner
RQ	Research Question
RUCA	Rural-Urban Commuting Area
SAM	System for Award Management
SBA	Small Business Administration
SBDC	Small Business Development Center
TAP	Transition Assistance Program
VBOC	Veterans Business Outreach Center
WBC	Women's Business Center

Glossary	
EEl Applicant	This term refers to any firm in process of applying for HUBZone certification, whose application will be processed through SBA's expedited (EEl) process.
EEl Participant	This term refers to any firm that has been approved for HUBZone certification, whose application was processed through SBA's expedited (EEl) process.
EEl-Referring Partner	This term refers to any member within the grouping of organizations (PTACs, District Offices, SBA Grantees) that have participated in SBA's EEl training, have screened/referred HUBZone applicants through the EEl in the past, and/or are actively screening/referring HUBZone applicants through the EEl.
EEl-Trained Partner	This term refers to any member within the grouping of organizations (PTACs, District Offices, SBA Grantees) that have participated in SBA's EEl training
Partner	This term refers to any member within the grouping of organizations (PTACs, District Offices, SBA Grantees) involved in providing HUBZone assistance in partnership with SBA
Resource Partner/Grantee	These terms refer to any member within the grouping of organizations (SBDC, WBC, SCORE, VBOC) that partner with SBA to provide training, opportunities, and funding to communities in their local areas
Standard Applicant	This term refers to any firm in process of applying for HUBZone certification, whose application will be processed through SBA's standard (non-EEl) process.
Standard Participant	This term refers to any firm that has been approved for HUBZone certification, whose application was processed through SBA's standard (non-EEl) process.

Executive Summary

The Historically Under-Utilized Business Zone (HUBZone) Program facilitates federal contracting opportunities for small businesses located in economically distressed communities, with the goal of alleviating unemployment, stimulating investment, and increasing overall community well-being. To better achieve these goals, the HUBZone Program launched the Early Engagement Initiative (EEI) in October of 2017. The EEI is designed to improve the quality of submitted HUBZone applications, increase the likelihood that firms applying for HUBZone certification are qualified small business concerns, and identify and fast-track “procurement-ready” businesses at the time of application submission.

The EEI’s primary stakeholders include the Small Business Administration (SBA), their network of partners, and any small businesses applying for HUBZone certification. These stakeholders work together at various stages of EEI implementation, the first of which is the initial EEI training. At this stage, SBA identifies partners that are well-suited to implement the EEI and provides formal training on the EEI’s purpose and process. Upon completing the training, partners are ready to employ the “early engagement” strategy, which involves consulting with firms, assessing for procurement readiness, and providing the technical assistance necessary to reduce complications down the line. For firms that demonstrate procurement readiness, the EEI-trained partner submits the completed HUBZone application and EEI screening tool to notify SBA of the EEI referral, at which point the SBA reviewer pulls the application from the queue and assigns it for expedited review. Ultimately, the EEI process is expected to reduce application processing times, increase application approval rates, and improve business outcomes among HUBZone-certified firms.

The objective of this evaluation was to provide SBA with an understanding of the EEI’s implementation and effectiveness during the window of analysis (October 2017 through September 2020). The research team used a mixed-methods, quasi-experimental research design and a combination of administrative, application, procurement, survey, and interview data to analyze various aspects of the EEI. Specifically, the evaluation was centered around two primary questions: *1) Do firms that receive HUBZone certification through the EEI have better outcomes than those firms certified through the standard process? 2) What procurement readiness selection criteria do partners use and which criteria predict better outcomes?*

The research team conducted quantitative analyses using HUBZone Certification Tracking System (HCTS) application data from a total of 131 EEI applicants and 4,843

standard applicants, as well as Federal Procurement Data System (FPDS) contract award data from a total of 116 EEI participants and 577 matched standard participants.¹ The research team also gathered qualitative interview data from 12 EEI-trained partners, as well as conducted survey recruitment among the available universe of 227 EEI-trained partners, from which 48 responses were received (21.2%). The low survey response rate was potentially limiting in certain analyses, such as measuring the impact of procurement readiness criteria on firm outcomes. Despite these limitations, the research team uncovered a number of significant findings and implications, and in turn, developed a list of practical recommendations for further consideration. Below are key findings pertaining to each research question.

Research Question 1: Do firms that receive HUBZone certification through the EEI have better outcomes than those firms certified through the standard process?

- On average, application processing time was 14.7 days **faster** for EEI applicants (23.3 days) as compared to standard applicants (38 days)
- The application approval rate was **higher** for EEI applicants (88.6%) as compared to standard applicants (52.2%)
- The recertification rate was **slightly higher** for EEI participants (71.6%) as compared to standard participants (66.5%)
- The rate of winning *at least one* federal contract award was **significantly higher** for EEI participants (35.3%) as compared to the matched group of standard participants (25.1%)
- Survival analysis revealed that EEI participants obtained the first prime federal contract award at a rate 1.5 times (approximately 19 months) **faster** than the matched group of standard participants
- On average, EEI participants won a **significantly larger number** of federal contract awards (40.5 awards) as compared to the matched group of standard participants (16.3 awards)
- On average, EEI participants had a **significantly larger total value** of federal contract awards (\$7,418,922) as compared to the matched group of standard participants (\$2,976,523)

¹ The comparison group of standard participants was matched to the treatment group of EEI participants based on 15 factors, including but not limited to application year, business characteristics, urbanicity, number and value of awards prior to the application, and others (see Appendix A).

Research Question 2: What procurement readiness selection criteria do partners use and which criteria predict better outcomes?

- Fewer than half (45.3%) of survey respondents used any procurement readiness criteria to select applicants for EEI referral
- Among respondents who did use criteria, the top three most frequently used items were firms' participation in HUBZone training, active pursuit of federal contracts, and business management capabilities necessary for government contracting
- Interview data revealed several key themes regarding procurement readiness criteria:
 - Subjectivity: procurement readiness is difficult to operationalize with a 'one-size-fits-all' rubric; instead, it is often assessed on a case-by-case basis
 - Past Performance vs. Years of Experience: procurement readiness is better gauged by a firm's prior business successes, as opposed to number of years spent in government contracting
 - Suitability of Products/Services: procurement readiness involves the likelihood that a firm's products/services will be sought after in the federal marketplace
 - Marketing Capabilities: the capacity to effectively market products/services is an important component of procurement readiness
- The research team conducted statistical analyses comparing firm outcomes among EEI participants whose referring partners **did use** criteria, and EEI participants whose referring partners **did not use** criteria. These analyses were limited by the low survey response rate and the limited availability of data on EEI-referring partners' use of criteria, such that no significant differences in outcomes were detected between the two groups of EEI participants.
- The research team conducted a case study that linked qualitative findings with relevant outcome data to develop a narrative on how the use of criteria influences firm outcomes:
 - EEI-Referring Partner #1 – used **little to no criteria**; the EEI-referred firm did not win any contract awards during the window of analysis
 - EEI-Referring Partner #2 – used **moderate criteria**; the EEI-referred firm won nine contract awards during the window of analysis
 - EEI-Referring Partner #3 – used **moderate to strict criteria**; the EEI-referred firms won an average of 12.5 contract awards during the window of analysis

The above findings provide support for the EEI's ability to reach its intended outcomes and suggest a significant potential for program expansion. The research team anticipates that the following key recommendations will contribute to increased effectiveness and consistency for the EEI and its stakeholders.

- ***Expand and improve the EEl training process:*** SBA can increase trainings in areas with larger/denser HUBZones; administer “targeted” trainings based on partner region, demographic context, and community needs; administer post-training questionnaires to measure training effectiveness; and offer more frequent/regularly scheduled follow-up trainings
- ***Increase communication with EEl-referring partners:*** SBA can implement a more streamlined/continuous system of communication with partners throughout the application process; and provide partners with application approval/duration reports
- ***Increase emphasis on procurement readiness:*** SBA can increase formal partnerships with partners (e.g., joint workshops) to deliver more consistent messaging to HUBZone-interested firms about the importance of procurement readiness; and develop a procurement readiness assessment tool for partners to use when selecting firms for EEl referral
- ***Improve HUBZone-related technical processes:*** SBA can track and regularly update the point of contact for EEl-referring partners in HCTS; integrate SAM/FPDS data into HCTS to report HUBZone participant outcomes over time; and transition the HUBZone application platform to beta.certify
- ***Increase “peer learning” opportunities:*** Partners can host virtual and/or in-person “peer learning” sessions to share EEl implementation challenges and best practices
- ***Require workshop attendance:*** Partners can refer HUBZone-interested firms to attend a workshop as a prerequisite for starting the application process, as well as post-approval workshops to learn strategies for increasing federal contracting opportunities

Introduction

Background of the HUBZone Program

The Historically Under-Utilized Business Zone (HUBZone) Program was initiated in 1997, when Congress enacted the Small Business Administration Reauthorization Act (Public Law 105-135), designed to promote economic development and employment opportunities in low-income metropolitan or rural areas with high poverty and unemployment rates. Title VI of the Act established the HUBZone program with a goal to award federal contracts to small businesses located in these areas. The HUBZone program goals are to provide federal contracting assistance for qualified small businesses located in HUBZones and increase employment opportunities, investment, and economic development in HUBZones. To better achieve these goals, in 2019 the U.S. Small Business Administration (SBA) streamlined the eligibility requirements and the application process, and improved contracting provisions.

In 2019, the (SBA) issued a final rule to implement changes to the HUBZone program to make it more attractive to small businesses and encourage them to invest in HUBZone communities and hire HUBZone residents. The key improvements to the application process relevant for this evaluation included the following.:

- The self-recertification was moved to annually and does not involve document review.
- Firms no longer need to inform the HUBZone program if they temporarily fall out of compliance between their annual recertification dates.
- Applications for HUBZone certification will be processed within 60 days of a complete submission.
- If a firm is a certified HUBZone small business at the time of its initial offer for a contract, it generally will be considered a HUBZone small business throughout the life of that contract.
- Once certified as a HUBZone small business, a firm will be eligible for all HUBZone contracts for which the firm qualifies as small, for one year from the date of its initial certification (and subsequently, for one year after each annual recertification), unless the firm acquires, is acquired by, or merges with another firm during that period.

Early Engagement Initiative

In October 2017, the HUBZone program launched the Early Engagement Initiative (EEI). The purpose of the EEI is to improve the quality of submitted applications, increase the likelihood that firms applying for HUBZone certification are qualified

small business concerns, and identify and fast-track substantially “procurement-ready” businesses at the time of application submission. During the period of analysis (October 1, 2017, thru September 30, 2020), 131 of the 4,974 HUBZone applicants were referred for expedited HUBZone certification and 116 received expedited HUBZone certification application approval (as of February 2021).

The initiative is implemented as follows:

SBA trains Procurement Technical Assistance Centers (PTAC), District Offices, and Resource Partners including Small Business Development Centers (SBDC), Women's Business Centers (WBC), Veterans Business Outreach Centers (VBOC), and SCORE.

1. Each PTAC, District Office, or Resource Partner consults with potential HUBZone-qualified firms, provides information, refers to other programs and resources, verifies that the firms have all required documentation, and assists with the submission of HUBZone applications.
2. Each firm submits their application and supporting documents to become HUBZone certified.
3. The PTAC, District Office, or Resource Partner notifies the HUBZone program that they have screened the firm’s application and recommends the expedited review.
4. The HUBZone program provides the expedited review and makes a decision regarding HUBZone certification for each applying firm.

Description of the Evaluation

Evaluation Objectives

The objective of this formative and outcome evaluation was to provide SBA with an understanding of the implementation and effectiveness of the EEI. The evaluation addressed the following research questions:

1. Do firms that receive HUBZone certification through the EEI have better application and procurement outcomes than those firms certified through the standard process?
 - a. Are firms referred through the EEI approved quicker than or at a higher percentage than firms using the standard process?
 - b. Do firms referred through the EEI have lower rates of application declines than firms using the standard process?
 - c. What percentage of firms certified through the EEI have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?

- d. What percentage of firms certified through the EEI have secured contracts, in what timeframes (certification to contract award), and how does this population compare to firms certified through the standard process?
 - e. What percentage of firms certified through the EEI have secured multiple contracts, and how does this population compare to firms certified through the standard process?
 - f. Do firms referred through the EEI have larger contract values than firms using the standard process?²
2. What procurement readiness selection criteria predict contract award?
 - a. What criteria do partners use to determine procurement readiness?
 - b. Which HUBZone certification early engagement selection criteria predict improved contract procurement, compliance, and continued HUBZone certification outcomes?
 - c. Do predictive criteria differ for urban, rural, and tribal firms, or by other firm characteristics such as NAICS, other SBA certifications, or type of goods and services?
 - d. Do predictive criteria differ by the firm's ownership structure or other program eligibility criteria?

The outcomes of interest were categorized as follows:

1. Program outcomes:
 - Application processing time (duration between application assignment date and disposition date)
 - Rates of application approvals, rejections, and withdrawals
 - Rates of annual HUBZone recertification
2. Business procurement outcomes:
 - Rates of firms receiving at least one prime federal contract
 - Time to the first award
 - Rates of firms receiving multiple contracts
 - Dollar value of contracts received

Evaluation Methods

This evaluation used mixed-methods and quasi-experimental research designs to address the research questions. For a detailed description of the methodology, see Appendix A.

² This research question was added by SBA during the evaluation.

The evaluation consisted of the following methodological approaches.

1. Descriptive analyses addressed the first research question regarding the differences in the application and recertification outcomes for the EEI and the standard process applicants. Since the data covered the full universe of all HUBZone applicants, no significance testing was conducted.
2. A quasi-experimental design addressed the first research question regarding effectiveness of the EEI for the business procurement outcomes. This design involved comparing the businesses that were referred through the EEI to the comparison group of firms that submitted HUBZone applications via the standard application process. The comparison group was selected to match the EEI group based on a variety of characteristics and factors, such as time in the program, business characteristics, urbanicity, winning federal contracts prior to the program, etc. (see Appendix A). This approach controls for an array of factors and therefore, the differences in the outcomes could be attributed to the effect of the EEI.
3. A mixed-methods approach addressed the second research question regarding procurement readiness selection criteria. The research team conducted quantitative (descriptive and univariate) analyses using SBA administrative data and survey with EEI-referring partners, as well as qualitative analyses of interview data gathered from stakeholders.

Data Sources

Optimal utilized the following data sources to conduct this evaluation:

1. *HUBZone EEI administrative data*: This source contains data on all HUBZone applicants that were referred through the EEI and received expedited reviews. These data include the date that applications were received, assigned, completed, and approved.
2. *SBA HUBZone Certification Tracking System (HCTS)*: This source includes data from the HUBZone Application Screening Tool for all HUBZone applicants. The key data elements include application date, application status, and recertifications. This database was used to measure the outcomes of application processing time, rates of application declines, and continued HUBZone certification.
3. *SAM (Federal Procurement Data System or FPDS)*: This source contains detailed information on firm characteristics, as well as the date, number, dollar value, and type (e.g., set-aside, sole source) of federal prime contracts awarded. This database was used to measure the key procurement outcomes of the program. It was also used for the selection of the comparison group of HUBZone firms with similar characteristics to the EEI firms.

4. *SBA Program Staff Focus Group and PTAC/District Office/Resource Partner Interviews:* These sources were used to 1) define EEI procurement-readiness selection criteria, 2) understand the process for “procurement-ready” firm selection, 3) identify barriers and facilitators to program implementation and outcomes, 4) describe best practices for application and procurement assistance, and 5) provide recommendations for the program improvements.
5. *PTAC/District Office/Resource Partner Web Surveys:* This source includes 48 completed surveys (21.2% response rate) that measured the partner characteristics, SBA training on EEI, outreach activities for HUBZone and EEI, procurement readiness selection criteria, HUBZone program application assistance, and suggestions for the EEI improvements.

Limitations

There were several methodological limitations that potentially affected this evaluation’s findings and interpretations. The incompleteness of administrative data meant that, among the 323 partners recorded as having received SBA’s EEI training during the window of analysis, only 227 were recorded with corresponding contact information. This limited the research team’s ability to reach the entire population of EEI-trained partners for survey recruitment and thus limited the number of potential survey respondents. Furthermore, the low response rate among EEI-trained partners with available contact information (21.2%) limited the significance of certain findings, such as the influence of procurement readiness criteria on business outcomes. Also, the small universe of EEI participants (n=116) limited the ability to determine the significance of the influence of procurement readiness selection criteria on business procurement outcomes. In addition, participation in SBA’s EEI training consisted of only one required session lasting between 2-4 hours for most partners, which may have impeded the survey respondents’ ability to recall whether they had received the training and the content it covered. Moreover, the relatively short evaluation period (4 years) may not have been long enough to fully assess the differential impact of the EEI on business procurement outcomes. Lastly, there were methodological challenges involved in equalizing the EEI and comparison group of HUBZone firms based on the available SAM data, which excludes factors that could not be directly measured. For example, it’s possible that the successful procurement among small businesses is dependent upon their participation in various trainings, technical assistance, and counseling programs. These factors were not available for matching EEI and comparison group firms.

Evaluation Results

Program Implementation, Scope, and Stakeholders

This section introduces a series of descriptive analyses which combine administrative, procurement, survey, and interview data to summarize various aspects of the EEI. These analyses are intended to provide the reader with important context for understanding the evaluation’s key findings, which are presented in the subsequent section and organized by research question. Additional results are presented in Appendix B.

EEI Training

SBA requires that all partners complete the official EEI training before they can begin referring HUBZone applications for expedited review. Thus, the research team’s first step in assessing EEI implementation was to analyze data on EEI training participation and satisfaction. Although EEI-trained status was a component of the survey’s inclusion criteria, the current analysis found that only 58.3% of respondents answered “Yes” when asked if they had received EEI training. Findings from partner interviews offered some potential context for this discrepancy, suggesting that respondents who answered “No” or “Unsure” may have been unable to recall their participation in EEI training, or may have completed the survey in lieu of the original contact listed in SBA’s training records due to organizational turnover. Of those respondents who reportedly *had* received EEI training, 71.5% were either satisfied or very satisfied with the quality of training received (Table 1).

Table 1. EEI Training Participation & Satisfaction

Did respondent receive EEI training?	Count	Percent
No	14	29.2%
Yes	28	58.3%
Unsure/Don't know	6	12.5%
Total	48	100.0%
Respondent’s feedback on quality of EEI training	Count	Percent
Very Dissatisfied	5	17.9%
Neutral	3	10.7%
Satisfied	12	42.9%
Very Satisfied	8	28.6%
Total	28	100.0%

Source: Survey data.

With respect to training timeline, the distribution of training participants by year was comparable in both survey respondents and all EEI-trained partners, with most having received EEI training in 2020 (Table 2). This data further suggests that some EEI-trained respondents may have answered “No” or “Unsure” due to their inability to

recall the training, given the four-year gap between the first training year in the window of analysis (2018) and the current evaluation's survey administration year (2022).

Table 2. EEI Training Participation by Year

Training Year	Survey Respondents		All EEI-Trained Partners	
	Count	Percent	Count	Percent
2018	3	6.3%	6	2.6%
2019	3	6.3%	19	8.4%
2020	34	70.8%	169	74.4%
2021	8	16.7%	33	14.5%
Total	48	100.0%	227	100.0%

Source: Survey data and SBA administrative data. **Note:** The survey response rate was 21.2%.

Stakeholder Characteristics

In an effort to assess the scope of the EEI and its impact on various stakeholders, the research team sought to describe the partners' organization types. It was found that half of all survey respondents were affiliated with a PTAC, followed by 25% with a District Office and 18.8% with an SBDC. Further analysis revealed a similar distribution among all EEI-trained partners, in which the majority (86.3%) were affiliated with either a PTAC, District Office, or SBDC (Table 3).

Table 3. EEI-Trained Partners by Affiliated Organization Type

Org. Type	Survey Respondents		All EEI-Trained Partners	
	Count	Percent	Count	Percent
PTAC	24	50.0%	127	55.9%
District Office	12	25.0%	30	13.2%
SBDC	9	18.8%	39	17.2%
Other	3	6.3%	19	8.3%
SCORE	0	0.0%	8	3.5%
WBC	0	0.0%	4	1.8%
Total	48	100.0%	227	100.0%

Source: Survey data and SBA administrative data. **Note:** The survey response rate was 21.2%.

Stakeholder Proximity

The scope of the EEI was measured, in part, by calculating the distance between HUBZone applicants and their closest available partners. It was found that 76.5% of all applicants were located within 15 miles of **any** partner, whereas 67.6% were located within 50 miles of **any EEI-trained** partner. A comparative analysis based on applicant category (EEI vs. standard) revealed no significant differences in partner proximities between the two groups (Table 4).

Table 4. Distance Between Applicants & Partners

Distance to <u>any</u> PTAC, DO, or Grantee	Standard	EEl Applicants	All Applicants
Mean (miles)	11.5	10.5	11.5
Standard deviation (miles)	21.8	12.3	21.5
Median (miles)	5.2	6.5	5.3
Percent within 15 miles	76.3%	75.8%	76.5%
Percent within 30 miles	90.1%	91.4%	90.1%
Distance to <u>EEl-Trained</u> PTAC, DO, or			
Mean (miles)	80.2	51.2	79.4
Standard deviation (miles)	348.1	57.4	342.9
Median (miles)	25.8	27.1	25.8
Percent within 50 miles	67.7%	64.8%	67.6%
Percent within 100 miles	86.0%	80.5%	85.9%
Total	4,098	128	4,226

Source: SBA administrative data and SAM/FPDS data. **Note:** Distance was calculated based on zip codes.

Stakeholder Outreach

To further examine the EEl implementation process, the research team sought to assess whether and how partners conducted outreach to spread program-related awareness and education among HUBZone-interested firms. It was found that 79.2% of survey respondents conducted **general HUBZone** outreach and 43.8% conducted **EEl-specific** outreach as a component of their HUBZone outreach, while 50% did not mention the EEl at all in their outreach to firms (Table 5).

Table 5. Level of Outreach Conducted for HUBZone & EEl

Did respondent conduct HUBZone outreach?	Count	Percent
No	4	8.3%
Yes	38	79.2%
Unsure/Don't know	6	12.5%
Did respondent conduct EEl-specific outreach?	Count	Percent
No	24	50.0%
Yes (EEl-specific outreach on its own)	3	6.3%
Yes (as a component of general HUBZone outreach)	21	43.8%
Total	48	100.0%

Source: Survey data.

Among respondents who had reported any level of outreach, the research team found that **hosting events** and **sharing email/web materials** were the two most commonly identified outreach activities, both for HUBZone in general as well as for the EEl specifically (Table 6).

Table 6. Type of Outreach Conducted for HUBZone & EEI

Outreach Activity	General HUBZone		EEI-Specific	
	Count	Percent	Count	Percent
Events with other PTACs/District Offices/Resource Partners	32	84.2%	16	66.7%
Email and web materials	20	52.6%	11	45.8%
Market Research Workshops	10	26.3%	6	25.0%
Mailing printed materials	3	7.9%	2	8.3%
Other (one-on-one trainings, workshops, meetings)	8	21.1%	6	25.0%
Total	38	100.0%	24	100.0%

Source: Survey data. **Note:** Only calculated for respondents who reported any level of outreach.

Stakeholder Service Delivery

Partners receive grants from the SBA to provide counseling and assistance at the local level, such that each partner must develop a service delivery model that best meets the unique, community-specific needs of their respective clientele. Survey respondents were asked to describe their service delivery models in terms of the setting, mode, type, and level of assistance offered. According to survey data analysis, the majority of respondents provided **one-on-one** (87.5%) and **virtual** (91.7%) application assistance (Table 7). Furthermore, 75% of respondents reportedly *did not* provide a different **level or type of assistance** between standard applicants and EEI applicants. For context, interview data suggested that the difference lies more in the **time spent assisting** each type of applicant, with standard applicants typically requiring more time as compared to EEI applicants.

Table 7. Description of HUBZone Application Assistance Provided

Application Assistance: <i>Setting</i>	Count	Percent
One-on-one	42	87.5%
Small groups	18	37.5%
Large groups	10	20.8%
Application Assistance: <i>Mode</i>	Count	Percent
In-person	30	62.5%
Virtual (webinar, email materials, web materials)	44	91.7%
Phone	4	8.3%
Application Assistance: <i>Level & Type Provided</i>	Count	Percent
Assistance level/type differed between standard and EEI applicants	10	20.8%
Assistance level/type <i>did not differ</i> between standard and EEI applicants	36	75.0%
Missing data	2	4.2%
Application Assistance: <i>Feedback Surveys</i>	Count	Percent
Conducted HUBZone/EEI-specific client feedback surveys	1	2.1%
Conducted non-HUBZone/EEI-specific client feedback surveys	29	60.4%
Did not conduct client feedback surveys	16	33.3%
Missing data	2	4.2%
Total	48	100.0%

Source: Survey data. **Note:** Respondents could select more than one setting/mode, so counts/percentages may sum to greater than 100.

Stakeholder Experience with HUBZone & EEI

The scope of the EEI was further assessed by measuring the volume and frequency at which partners provided – and firms received – HUBZone application assistance through the EEI. Survey respondents were asked to quantify the amount of assistance they had provided to applicants (both standard and EEI) after receiving EEI training. In total, 30 out of 48 partners provided estimates for how many applicants they had assisted. It was found that, on average, respondents had assisted around 10 HUBZone applicants overall, and had screened 5 applicants for EEI referral. Of those screened applicants, an average of 2.4 were excluded due to applicant shortfalls, whereas an average of 2.7 were ultimately referred through the EEI (Table 8).

Table 8. Volume of HUBZone & EEI Assistance Provided

Respondent's Estimated Number of Applicants:	Mean	St. Dev.	Median	Min	Max
Assisted with standard HUBZone application	10.2	15.8	4.5	0	70
Screened for EEI referral	5.0	5.4	4	0	25
Excluded for EEI referral due to shortfalls in:					
• procurement readiness	0.6	1.3	0	0	5
• application readiness	0.7	1.5	0	0	7
• procurement & application readiness	1.1	2.1	0	0	10
Referred through the EEI	2.7	3.3	2	0	13

Source: Survey data. **Note:** Statistics are based on estimates provided by 30 out of 48 respondents.

Key Findings by Research Question

Research Question 1

Do firms that receive HUBZone certification through the EEI have better outcomes than those firms certified through the standard process?	
Summary of Key Findings for RQ1:	
<p><i>Program (Application) Outcomes</i></p> <p>Compared to the standard applicants, EEI applicants had:</p> <ul style="list-style-type: none"> • Quicker application processing times • Higher rates of application approvals • Higher rates of continued HUBZone certification 	<p><i>Business (Procurement) Outcomes</i></p> <p>Compared to the matched group of standard participants, EEI participants had:</p> <ul style="list-style-type: none"> • Higher rates of contracts awarded • Reduced time to first contract award • Higher rates of multiple contract awards • Higher total value of contract awards

RQ1.a) Are firms referred through the EEI approved more quickly, or at a higher percentage, than firms referred through the standard process?

HUBZone application processing time was measured as the total number of days between date of application assignment³ and date of final disposition, minus the number of days during which the application had an “on-hold” status for any reason. On average, application processing time was 14.7 days faster for EEI applicants as compared to standard applicants (Table 9).

Table 9. HUBZone Application Processing Time

Application Processing Time	Standard Applicants	EEI Applicants	All Applicants
Average (days)	38.0	23.3	37.6
Standard deviation (days)	41.7	18.7	41.3
Median (days)	26	19	25
Processed in more than 60 days	23.4%	3.8%	22.9%
Processed in more than 90 days	11.2%	0.8%	10.9%
Total	4,843	131	4,974

Source: HCTS data.

RQ1.b) Do firms referred through the EEI have lower rates of application declines than firms using the standard process?

EEI applicants had lower rates of application declines (higher rates of approvals) as compared to standard applicants (Table 10).

Table 10. HUBZone Application Disposition

Application Disposition	Standard Applicants	EEI Applicants	All Applicants
Approved	52.2%	88.6%	53.2%
Declined	1.0%	0.0%	1.0%
HQ Withdrawn	20.0%	9.2%	19.7%
No Response - HQ Withdrawn	26.8%	2.3%	26.2%
Total	4,843	131	4,974

Source: HCTS data.

³ SBA has a universal pre-screening process in place for all HUBZone applicants (both standard and EEI) in order to verify application completeness prior to application assignment. Thus, the **date of application assignment** occurs once the pre-screener deems the application to be complete and assigns it to an analyst for review, at which time the official processing clock begins.

RQ1.c) What percentage of firms certified through the EEI have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?

EEI participants had a slightly higher recertification rate as compared to standard participants (Table 11).

Table 11. Continued HUBZone Certification

Percent of HUBZone Firms:	Standard Participants	EEI Participants	All Applicants
With at least 1 recertification	66.5%	71.6%	66.7%
Number of recertifications:			
0	33.5%	28.5%	33.3%
1	57.6%	59.5%	57.7%
2	8.8%	12.1%	8.9%
3	0.1%	0.0%	0.1%
Total	2,528	116	2,644

Source: HCTS Data.

RQ1.d) What percentage of firms certified through the EEI have secured contracts, in what timeframes (certification to contract award), and how does this population compare to firms certified through the standard process?

EEI participants were significantly more likely to win **any** federal contract awards after approval as compared to the matched group of standard participants. EEI participants were also significantly more likely to win Small Business set-aside or sole-source contract awards after approval as compared to the matched group of standard participants (Table 12).

Table 12. Awarded At Least One Prime Contract After HUBZone Approval

Award Type	Standard Participants	EEI Participants
Any prime federal contract *	25.1%	35.3%
HUBZone set-aside contract	4.2%	6.9%
Small Business set-aside contract ***	15.6%	28.5%
8(a) contract	4.5%	7.8%
Veteran contract	3.5%	5.2%
Indian Nation contract *	0.2%	1.7%
Women-Owned contract	0.5%	0.9%
Total number of firms	577	116

Source: SAM/FPDS data. **Note 1:** *p<.05, ***p<.001. **Note 2:** Award types include both set aside and sole source awards.

Since the majority of participants in both the EEl and standard participant groups (73.2%) did not win any contracts after approval, their time to award is unknown. Thus, the time-to-event, or survival analysis, was conducted to compare the two groups for the difference in predicted duration between application approval and contract award dates.⁴ The results revealed a significantly shorter time to winning the first federal contract award (after approval) among EEl participants, as compared to the matched group of standard participants. EEl participants obtained the first prime federal contract award at a rate **1.5 times faster** than matched standard participants. The median predicted time for EEl participants to win their first prime contract after approval was **19 months less** than it was for matched standard participants (Table 13).

Table 13. Time to First Contract Award After HUBZone Approval (Survival Analysis)

Time to:	Hazard Ratio	Std. Error	Median Predicted Time (months)		All Firms
			Matched Standard	EEl	
First contract award *	1.47	.26	58.6	40.0	693

Source: SAM/FPDS data. **Note 1:** * $p < .05$. **Note 2:** median predicted time was calculated for FY 2018 through FY 2021 (i.e., 48 months). **Note 3:** median predicted time is defined as the time it takes for a half the participants in a group to receive their first award.

RQ1.e) What percentage of firms certified through the EEl have secured multiple contracts, and how does this population compare to firms certified through the standard process?

On average, EEl participants won a **significantly larger number** of federal contract awards after approval as compared to the matched group of standard participants (Table 14). EEl participants were also significantly more likely to win **multiple** HUBZone and Small Business set-aside or sole-source contract awards as compared to the matched group of standard participants.

⁴ Some firms may have already been awarded their first prime federal contract prior to submitting their HUBZone application. In these cases, the research team measured duration to the “first” prime federal contract award **after** application approval.

Table 14. Awarded Multiple Contracts After HUBZone Approval

Number of contract awards (any type) **	Standard Participants	EEI Participants
<i>Mean</i>	16.3	40.5
<i>Standard deviation</i>	50.2	138.1
<i>Median</i>	3	8
Percentage of firms with multiple contract awards	70.3%	75.6%
Total number of firms with contracts	145	41
Number of HUBZone contract awards	Standard Participants	EEI Participants
<i>Mean</i>	4.2	3.5
<i>Standard deviation</i>	6.7	3.3
<i>Median</i>	1	2
Percentage of firms with multiple HUBZone contract awards *	45.8%	87.5%
Total number of firms with HUBZone contracts	24	8
Number of Small Business (SB) contract awards	Standard Participants	EEI Participants
<i>Mean</i>	5.1	4.9
<i>Standard deviation</i>	10.1	6.8
<i>Median</i>	2	2
Percentage of firms with multiple SB contract awards *	55.6%	72.7%
Total number of firms with SB contracts	90	33

Source: SAM/FPDS data. *Note 1:* among firms with contract awards. *Note 2:* * $p < .05$, ** $p < .01$

RQ1.f) Do firms referred through the EEI have larger contract values than firms using the standard process?

On average, EEI participants had a **significantly larger total value** of federal contract awards after approval as compared to the matched group of standard participants. EEI participants also had a significantly larger total value of Small Business set-aside or sole-source awards as compared to the matched group of standard participants (Table 15).

Table 15. Total Value of Federal Contract Awards After HUBZone Approval

Value of all federal contract awards **	Standard Participants	EEI Participants
Mean	\$2,976,523	\$7,418,922
Standard deviation	\$9,107,627	\$19,506,770
Median	\$275,000	\$917,586
Total firms with contracts	145	41
Value of HUBZone contract awards	Standard Participants	EEI Participants
Mean	\$1,009,158	\$422,717
Standard deviation	\$2,139,423	\$526,923
Median	\$134,610	\$159,783
Total firms with HUBZone contracts	24	8
Value of Small Business contract awards ***	Standard Participants	EEI Participants
Mean	\$1,159,622	\$3,878,004
Standard deviation	\$5,005,122	\$19,236,560
Median	\$75,219	\$147,663
Total firms with Small Business contracts	90	33

Source: SAM/FPDS data. **Note 1:** among firms with contract awards. **Note 2:** **p<.01, ***p<.001.

Research Question 2

What procurement readiness selection criteria do partners use, and which criteria predict better program outcomes?	
Summary of Key Findings for RQ2:	
<i>Use of Criteria</i>	<i>Criteria Effectiveness</i>
<ul style="list-style-type: none"> PTACs, DOs, & Grantees largely assess procurement readiness on a case-by-case basis, as opposed to using a formal checklist Past performance outweighs years of experience as an indicator of procurement readiness Interest/motivation, participation in procurement trainings/workshops, product suitability, and marketing capabilities are all significant factors 	<ul style="list-style-type: none"> EEI applicants had slightly better approval rates if referred by partners using specific procurement readiness criteria items, vs. those referred by partners without these criteria There were no statistically significant differences in business outcomes for EEI participants referred by partners that used vs. didn't use procurement criteria; however, case studies demonstrated the qualitative impacts of criteria use on firm outcomes

RQ2.a) What criteria do partners use to determine procurement readiness?

Less than half (41.7%) of EEI-referring partners reported using any procurement readiness selection criteria when screening applicants for EEI referral (Table 16).

Table 16. Use of Procurement Readiness Selection Criteria

Does respondent use any procurement readiness selection criteria?	Count	Percent
Yes	20	41.7%
No	12	25.0%
Unsure/Don't know	16	33.3%
Total EEI-referring partners	48	100.0%

Source: Survey data.

Among those partners who reportedly **did use** specific criteria to assess firms' procurement readiness, the most frequently used items were 1) participation in HUBZone training, 2) actively seeking federal contracts, 3) business management capabilities necessary for government contracting, 4) products or services appropriate for the federal marketplace, and 5) business experience of performance in the commercial marketplace (Table 17).

Table 17. Description of Procurement Readiness Selection Criteria

Criteria Item	Count	Percent
Participation in HUBZone workshop and/or training	14	70.0%
Actively seeking federal contracts or subcontracts, efforts being undertaken to win federal contracts	14	70.0%
Business management capabilities necessary for government contracting (business systems; sufficient staff; financial stability; etc.)	14	70.0%
Products/services appropriate for the federal marketplace	13	65.0%
Business has a track record of performance in the commercial marketplace	12	60.0%
Minimum number of years in business (e.g., 2 or more)	10	50.0%
Corporate documents are in order and up to date	10	50.0%
Experienced federal government contractor, already engaged in contracting	9	45.0%
Knowledge of procurement processes required to compete in federal marketplace	7	35.0%
Knowledge of regulations required in federal government contracting	6	30.0%
Business accepts government credit cards	4	20.0%
Business has necessary security clearances	3	15.0%
Business partnerships/strategic partnerships	3	15.0%
Other (business potential, certifications)	4	20.0%
Total EEI-referring partners	20	100.0%

Source: Survey data. *Note:* calculated for respondents with selection criteria.

Stakeholder Interviews: Procurement Readiness Themes

The quantitative findings mentioned above (regarding EEI-referring partners' use of procurement readiness criteria) were further supported by the following qualitative findings, which are based on a comprehensive thematic analysis of stakeholder interview data. This section summarizes key themes that emerged during discussions with respondents about their use of criteria when selecting HUBZone applicant firms to be expedited through the EEI.

Theme 1: Subjectivity

Multiple respondents explained that procurement readiness can look different from one firm to the next and is difficult to operationalize with a 'one-size-fits-all' rubric; instead, it is often assessed on a case-by-case basis through informal conversations with a firm. One respondent described her assessment process with the following quote: *"I'm meeting with them, talking with them, just getting a feel for how many employees do they have? What's that person's background, what is it that they do? What have they done in the past? What are they interested in pursuing? What other time and resources do they have?"* Another respondent said of her intuitive ability, developed over time, to recognize which firms are ready for government contracting and could most benefit from an expedited approval: *"That, for me, came with experience. I probably wouldn't have been able to do that in the first year or two. But just in having worked with so many businesses, at this point, you kind of just get a feel for those that are ready or not."*

Theme 2: Past Performance vs. Years of Experience

The majority of respondents explained that a firm's readiness is more accurately gauged by the success of that firm's prior business activities, as opposed to the specific number of years they have spent pursuing certain types of contracts. One respondent explained this in the following way: *"If you're a construction company, for example, you could be open for a year and a half and still not be ready to work on federal government contracting. But if you're in the commodity sector and you're selling commercial, off-the-shelf items and you just retired as an S4 supply officer or non-comm from the Army, you could be ready to hit the ground running after being open for two weeks. It's really kind of situational."*

Theme 3: Suitability of Products/Services

Almost all respondents emphasized the importance of weighing the likelihood that a firm's products or services will be sought after in the federal marketplace as part of their procurement readiness assessment. One respondent explained: *"If they're in an*

industry where the government doesn't buy that commodity or service very often, then we're not going to encourage them to go through this process."

Theme 4: Marketing Capabilities

Several respondents talked about a firm's capacity to effectively market their products or services as an important component of procurement readiness. One respondent gave the following example: *"If I have somebody that's selling apparel, they've got the machines for the t-shirts and they make t-shirts and they want to go into HUBZone, I'm going to say, there are some potential government opportunities for you...I'll tell them, it's really going to be you going out and marketing yourself. For example, if the government's got an event going on and – not corporate events, but government events – where they're out of their normal attire. But they still want that unity, and they'll go and get t-shirts, things like that."*

Theme 5: Interest/Motivation

Respondents also described how interest and motivation play an important role during the process of assessing whether a firm is procurement ready and should be selected for expedited review. This gives the referring partner a sense of how committed the firm will be, upon approval, to use their HUBZone certification to actively pursue and win federal contract opportunities. As one respondent described: *"During the application process we will also see their interest. Some companies are very proactive, and some companies just do the minimum requirements, and you have to keep calling them to remind them that they need to continue gathering all their required information. That's very easy to see – if the company is committed or if it's not."*

RQ2.b) Which HUBZone certification early engagement selection criteria predict improved contract procurement, compliance, and continued HUBZone certification outcomes?

The research team sought to analyze the statistical relationship between **EEl-referring partners' use of criteria** and **EEl-referred firm outcomes** by using survey data to determine whether EEl-referring partners used or did not use criteria, and administrative data to determine whether EEl participants were referred by partners that used or did not use criteria. Given the low survey response rate (21.2%), there was limited data available to measure the use of criteria among EEl-referring partners. As a result, one-third of all EEl-referred participants (43 out of 128) were missing data for their EEl-referring partner's use of criteria and thus were excluded from the analysis. EEl participants referred by partners with **no criteria** (9 out of 128) were combined with EEl participants referred by partners who **didn't know whether they used** criteria (18 out of 128) for a total of 27 EEl participants in the "No/Don't Know" group and 58 EEl participants in the "Yes" group, and an overall total of 85 EEl-referred firms for analysis (Table 18).

Table 18. EEl Participants by Referring Partner's Use of Procurement Readiness Criteria

Did EEl participant's referring partner use any criteria to assess procurement readiness?	Count	Percent
Yes	58	45.3%
No	9	7.0%
Don't know	18	14.1%
Missing data	43	33.6%
Total	128	100.0%

Source: Survey, HCTS, and SAM/FPDS data.

The research team analyzed program outcomes among these 85 EEl-referred firms and found that application approval rates were **significantly higher** for those referred by partners that used **specific criteria items**, as compared to those referred by partners that did not use these criteria items (Table 19). This suggests a potential effect of some criteria items in identifying firms that are motivated, experienced, and have the necessary business management capabilities to successfully engage in the HUBZone application process.

Table 19. EEI Application Approval Rate by Specific Criteria Use

	SPECIFIC CRITERIA ITEMS:							
	Actively seeking federal contracts or subcontracts		Track record of performance in commercial marketplace		Corporate documents in order and up to date		Business management capabilities necessary for government contracting	
	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>
Percent Approved	81.3%**	100.0%	80.0%**	97.8%	81.0%*	97.7%	81.4%*	97.6%
Number Approved	39	37	32	44	34	42	35	41
Total	48	37	40	45	42	43	43	42

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$, ** $p < .01$

Furthermore, EEI participants referred by partners that used “experienced federal government contractor” as a criteria item were significantly more likely to win a larger number of contracts, as compared to firms referred by partners that did not use this criteria item (mean=191.6, $n=16$ vs. mean=18.7, $n=69$) (Appendix A, Table 26). The research team also analyzed business outcomes among these 85 EEI-referred firms; however, due to small sample sizes in both EEI participant groups (“Yes” and “No/Don’t Know”) the statistical analysis was severely limited in its power to detect any significant differences in business outcomes between EEI participants referred by partners that **did use** criteria, and EEI participants referred by partners that **did not use** or **didn’t know whether they used** criteria. (Appendix A, Table 21).

Qualitative Case Study Design & Implementation

In an effort to offset potential quantitative limitations – including low response rate and small sample size – the research team developed case studies that linked qualitative findings with relevant firm outcome data. The case study’s independent variable was defined as the *EEI-referring partner’s use of procurement readiness criteria* and contained three levels of increasing rigor: **little-to-no criteria**, **moderate criteria**, and **moderate-to-strict criteria**. The case study’s dependent variable was defined as the *EEI-referred firm’s program and business outcomes*, which included application processing time, application disposition, winning any contracts after approval, number of contract awards won, time to first award, and value of contract awards. Following an in-depth analysis of relevant interview data, the research team identified one EEI-referring partner to best represent each level of rigor and used HCTS and FPDS data to match each partner with their respective EEI-referred firms and analyze outcomes for each subset of firms (Table 20).

Table 20. Case Study Narratives on Criteria Use and Firm Outcomes

EEI-Referring Partner #1: Little to No Criteria Used
<p>Interview Excerpt: <i>"I just simply say, if you're interested in HUBZone, you've got to have your company located in a HUBZone and 35% of your employees residing in a HUBZone. If you can pass that hurdle, then we can help you, because we've been selected as one of a handful or two of PTACs across the country that have this ability to be able to shorten the application timeline from six months plus, to two months or so."</i></p>
<p>Interpretation: This excerpt offers some insight into the partner's model of service delivery and suggests that every HUBZone applicant they assist will be referred through the EEI as long as the applicant meets SBA's basic HUBZone eligibility requirements. It also demonstrates how the partner uses their EEI-trained status as a "selling point" because of the potential to speed up the certification process, rather than as a tool reserved for applicants that can exhibit a certain level of procurement readiness.</p>
<p>EEI-Referred Firm Outcomes: During the window of analysis, this partner referred one HUBZone applicant through the EEI with a duration of more than 100 days between application assignment and approval, according to HCTS data. As of 12/31/2021, the time since approval for this EEI-referred firm was about 11.5 months, during which time the firm did not win any contract awards, according to FPDS data.</p>
EEI-Referring Partner #2: Moderate Criteria Used
<p>Interview Excerpt: <i>"We try to determine the firm's likelihood of having some economic impact from this. They have to be at a point where they're really ready to get a contract. What we do is a propensity for success, looking at each company based on the industry and try to make a determination - number one, do they have a decent chance of actually selling to the federal government? We assess their organizational status and then just try to see if they could realistically perform on government contracts. We're not going to get into their financial stuff because I think that's outside of what our program is, so hopefully they're on decent footing."</i></p>
<p>Interpretation: This excerpt describes this partner's focus and emphasis on procurement readiness and the most important factors they consider when assessing a firm, including product suitability and organizational status. However, the excerpt also suggests that the partner is flexible in their assessments, and they take into account the different weights that certain factors can have on a firm's procurement readiness assessment depending on that firm's industry.</p>
<p>EEI-Referred Firm Outcomes: During the window of analysis, this partner referred one HUBZone applicant through the EEI with a duration of 28 days between application assignment and approval, according to HCTS data. As of 12/31/2021, the time since approval for this EEI-referred firm was about 2 years and 7.8 months, during which time the firm won 9 contract awards with a value of \$2,447,869.50. The time to first award was 9.5 months, according to FPDS data.</p>
EEI-Referring Partner #3: Moderate to Strict Criteria Used
<p>Interview Excerpt: <i>"I have gotten tougher on who I accept, and I try to only offer the prescreen to the people who can jump right in and potentially get some contracts. Firms are highly encouraged to attend a four-week HUBZone bootcamp prior the EEI prescreen, which gauges their understanding of HUBZone, marketing capabilities, and level of commitment to the certification and contracting process. One of my biggest things for firms is knowing where they fit in the government space. Who are their potential customers and how big of the pie would really be their take in government contracting? Have they done state contracts? Have they acted as a prime? Are they ready in that regard, or do they need to get some past performance under their belt before they can really utilize the certification?"</i></p>
<p>Interpretation: This excerpt describes a model of service delivery in which new clients are highly encouraged to commit to a program-specific bootcamp as a pre-requisite for EEI referral. The partner describes how each session of the bootcamp focuses on measures of procurement readiness, including education, marketing capability, interest/motivation, product suitability, and past performance. Firms must successfully meet the requirements for each session in order to complete the bootcamp, such that the entire bootcamp serves as the partner's assessment of procurement readiness.</p>
<p>EEI-Referred Firm Outcomes: During the window of analysis, this partner referred six HUBZone applicants through the EEI with a mean duration of 27.8 days between application assignment and approval, according to HCTS data. According to FPDS data, two out of the six EEI-referred firms had won contract awards, with a mean of 12.5 contract awards won. The mean time to first award was 11.6 months and the mean value of contract awards was \$1,663,346.15.</p>

RQ2.c) Do predictive criteria differ for urban, rural, and tribal firms or by other firm characteristics such as NAICS, other SBA certifications, or type of goods and services?

RQ2.d) Do predictive criteria differ by the firm's ownership structure or other program eligibility criteria?

The analyses compared business characteristics between EEI participants referred by partners that **did use** criteria and those referred by partners that **did not use** (or did not know if they used) criteria. Among all explored business characteristics, EEI applicants referred by partners that did use criteria were significantly more likely to be corporations, manufacturers, and older age businesses, as compared to EEI applicants referred by partners that did not use criteria (Table 21).

Table 21. Business Characteristics of EEI Participants Referred by Partner who Used/Did Not Use Criteria

	Partner's Use of Criteria		
	<i>No / Don't Know</i>	<i>Yes</i>	<i>Missing data</i>
Entity **			
Sole Proprietorship	3.7%	13.8%	20.9%
Partnership	22.2%	10.3%	14.0%
Corporate	55.6%	74.1%	65.1%
Other	18.5%	1.7%	0.0%
Manufacturer of goods **	0.0%	22.4%	7.0%
Business age (as of 1/1/2022) *			
Mean (years)	12.7	20.6	14.0
Standard deviation (years)	8.9	17.8	13.1
Median (years)	10.0	14.6	8.9
Total	27	58	43

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$, ** $p < .01$

The analyses also compared business characteristics between **EEI and standard applicants**, which provided further insight regarding the potential effect of procurement readiness criteria in selecting firms with particular characteristics. EEI applicants were more likely to be in the manufacturing industry and older age businesses as compared to standard applicants, and were less likely to be located in metropolitan areas, minority-owned businesses, or small disadvantaged businesses as compared to standard applicants (Table 22). These results may suggest that EEI-referring partners are using criteria that seems to select a disproportionate number of EEI firms from non-metropolitan areas, resulting in lower rates of minority and disadvantaged businesses as compared to the overall population of standard applicants.

Table 22. Business Characteristics of EEI and Standard Applicants

Urbanicity (RUCA codes) ***	Standard Applicants	EEI Applicants	All Applicants
Metropolitan	76.8%	51.6%	76.1%
Micropolitan	11.3%	18.0%	11.5%
Small town	6.3%	16.4%	6.6%
Rural	4.4%	14.1%	4.7%
Territories (other than PR; AS, GU, MP, VI)	1.2%	0.0%	1.1%
Minority-owned ***	54.9%	36.7%	54.4%
Self-Certified Small Disadvantaged Business **	75.0%	64.8%	74.7%
Manufacturing industry*	12.8%	22.7%	13.1%
Business age (as of 1/1/2022) **			
Mean	13.3	16.7	13.4
Standard deviation	13.9	15.1	13.9
Median	8.3	12.3	8.4
Total	4,096	128	4,224

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$, ** $p < .01$, *** $p < .001$.

Conclusions and Recommendations

The research team conducted quantitative and qualitative data analyses to answer the evaluation questions. The findings provide support for the program's ability to reach its intended outcomes. It was found that EEI applicants had better program (application) outcomes overall, and EEI participants had better business (procurement) outcomes overall, as compared to standard applicants and participants. However, given the small universe of EEI participants and the low survey response rate, none of the business outcomes significantly differed between EEI participants referred by partners that did use procurement readiness criteria versus those referred by partners that did not use criteria. Overall, these results suggest the potential for the EEI program to be effective in achieving its outcomes if expanded and implemented among a larger and more diverse group of partners. The research team anticipates that the following key recommendations will contribute to increased effectiveness and consistency for the EEI and its stakeholders.

Recommendations for SBA's Office of the HUBZone Program

- **Expand and improve the EEI training process:** The availability of PTACs, District Offices, and SBA Grantees throughout the U.S., and the short distance to these facilities for all HUBZone applicants, suggest the potential for program expansion:
 - Ultimately, EEI expansion depends on the availability and size of existing HUBZones within each partner's service area. Thus, SBA might consider prioritizing increased trainings (both in person and virtual) for PTACs, District

- Offices, and SBA Grantees that are located in areas with larger and denser HUBZones.
- Findings from the qualitative data demonstrated the ways in which partners tailor their services to accommodate the specific needs of their clientele and community. For this reason, SBA might consider designing more “targeted” trainings that are offered in small groups and present information that is specific to the trainee location. The training materials could be tailored to groups of PTACs, District Offices, and SBA Grantees based on region, demographic context, and unique community needs.
 - SBA might consider administering a post-training questionnaire to measure trainee understanding of the EEI’s purpose and requirements, and to ensure EEI trainings are helpful, relevant, consistent, and up to date.
 - SBA might consider offering more frequent and regularly scheduled follow-up trainings to keep partners aware of any programmatic changes or updates.
 - ***Increase communication with EEI-referring partners:***
 - SBA might consider implementing a more streamlined and continuous system of communication with partners throughout the application process.
 - Out of 22 survey respondents who provided suggestions for EEI improvements, 8 (36.4%) described the importance of better collaboration with SBA, particularly with respect to feedback regarding the performance of their referred EEI applicants. SBA might consider providing partners with reports on application approval rates and durations for the applicants they referred, as a way to let partners know how effectively they are implementing the program.
 - ***Increase emphasis on procurement readiness:***
 - Respondents did not have a consistent, across-the-board understanding about the definition and significance of procurement readiness when selecting applicants for the EEI. For this reason, SBA might consider “re-branding” the EEI in a way that more clearly emphasizes procurement readiness as a core component.
 - SBA might consider increasing opportunities for formal partnerships with PTACs, District Offices, SBA Grantees (e.g., SBA guest instructors during PTAC HUBZone workshops). This will help to deliver more consistent messaging to firms about the purpose and benefits of HUBZone certification and the use of the procurement readiness criteria.
 - SBA might consider developing a procurement readiness assessment tool which requires the referring partner to assess each firm using a list of standardized criteria and assign a ‘Procurement Readiness Score’ which must fall above a specified threshold in order to submit the EEI referral.

- SBA might consider integrating the procurement readiness assessment tool into the current EEI screening tool and the HCTS, where partners can use the results for the “failed” items of the procurement readiness tool to suggest and refer firms to training and resources so they can improve in certain areas.
- ***Improve HUBZone-related technical processes.***
 - SBA might consider regularly tracking and updating the point of contact for EEI-referring partners in HCTS. This could enhance continuous communication with SBA and facilitate data collection for future evaluations. The system could also be used to provide online reporting capabilities to EEI-referring partners for the outcomes of their applicants.
 - SBA might consider integrating SAM/FPDS data into HCTS to track, dashboard, and report HUBZone participant procurement outcomes over time. This integrated system could be updated quarterly or annually with the new SAM/FPDS data.
 - Resource partners mentioned challenges with the current online application system used for HUBZone (General Login System or GLS); SBA might consider transitioning to the beta.certify platform used by other SBA programs.

Recommendations for PTACs, District Offices, and SBA Grantees

- ***Increase “peer learning” opportunities:*** Partners might consider hosting virtual and in-person “peer learning” sessions, as well as developing an online community, through which they can share EEI implementation challenges and best practices. This would increase consistency of program implementation across different partners and regions.
- ***Require workshop attendance:*** Partners might consider referring HUBZone-interested firms to attend an educational workshop as a prerequisite for starting the application process, and using this as one of the key criteria to gauge firm procurement readiness, interest, and motivation. Partners should also consider referring firms to attend post-approval workshops to learn marketing, networking, and other strategies for increasing federal contracting opportunities.

Recommendations for Future Evaluations

- ***Increase opportunities for survey recruitment*** by better tracking the point of contact for EEI-referring partners to ensure accurate and updated contact information.
- ***Conduct qualitative data analyses*** with a larger sample of EEI-referring partners and selected subject matter experts to develop a more specific list of key procurement readiness criteria, as well as key indicators and data elements needed to standardize the definition of procurement readiness and the measurement of

criteria effectiveness.

- ***Conduct a follow-up evaluation*** to validate the procurement readiness criteria tool and its relationship to business procurement outcomes. Use these results to further revise and improve the tool.
- ***Conduct a follow-up evaluation*** with larger samples of EEI-referring partners and EEI applicants to provide more detailed results and recommendations regarding the relationship of specific procurement readiness selection criteria and business procurement outcomes.

Appendix A: Evaluation Methodology

Evaluation Design

This evaluation addressed the following research questions:

1. Do firms that receive HUBZone certification through the Early Engagement Initiative (EEI) have better outcomes than those firms certified through the standard process?
 - a. Are firms referred through the EEI approved quicker than or at a higher percentage than firms using the standard process?
 - b. Do firms referred through the EEI have lower rates of application declines than firms using the standard process?
 - c. What percentage of firms certified through the EEI have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?
 - d. What percentage of firms certified through the EEI have secured contracts, in what timeframes (certification to contract award), and how does this population compare to firms certified through the standard process?
 - e. What percentage of firms certified through the EEI have secured multiple contracts, and how does this population compare to firms certified through the standard process?
 - f. Do firms referred through the EEI have larger contract values than firms using the standard process?
2. What procurement readiness selection criteria predict contract award?
 - a. What criteria do partners use to determine procurement readiness?
 - b. Which HUBZone certification early engagement selection criteria predict improved contract procurement, compliance, and continued HUBZone certification outcomes?
 - c. Do predictive criteria differ for urban, rural, and tribal firms or by other firm characteristics such as NAICS, other SBA certifications, or type of goods and services?
 - d. Do predictive criteria differ by the firm's ownership structure or other program eligibility criteria?

This evaluation addressed the above research questions to determine the program effectiveness for firms referred through the EEI process relative to firms certified through the standard process, as well as to describe the procurement readiness selection criteria used by the PTACs, District Offices, and SBA Grantees. The evaluation design had three components:

1. Descriptive analyses addressed the first research question regarding the differences in the application and recertification outcomes for the EEI and the standard process applicants. Since the data covered the full universe of all HUBZone applicants, no significance testing was conducted.
2. A quasi-experimental design addressed the first research question regarding effectiveness of the EEI for the business procurement outcomes. This design involved comparing the firms that were referred through the EEI to the comparison group of firms that submitted HUBZone applications via the standard application process between October 2017 and September 2020.
3. A mixed-methods approach addressed the second research question regarding procurement readiness selection criteria. The research team conducted quantitative (descriptive and correlational) analyses using the SBA administrative data and survey data from EEI-trained partners, as well as qualitative analyses of interview data gathered from stakeholders.

The evaluation design examined EEI outcomes among firms that submitted HUBZone applications to SBA between FY 2018 and FY 2020 (October 2017 thru September 2020).⁵ The outcomes of interest were categorized as follows:

1. Program outcomes:
 - Application processing time (duration between application assignment date and disposition date)
 - Rates of application approvals, rejections, and withdrawals
 - Rates of annual HUBZone recertification
2. Business procurement outcomes:
 - Rates of firms receiving at least one prime federal contract
 - Time to the first award
 - Rates of firms receiving multiple contracts
 - Dollar value of contracts received

Data Sources

The evaluation used the following administrative, secondary, and primary data sources:

- *HUBZone EEI Administrative Data*: SBA provided administrative data on the universe of HUBZone applicants that were referred through the EEI and/or

⁵ Two HUBZone applications were submitted to SBA in August of 2017. Although these two HUBZone applications were subsequently referred to receive expedited review through the EEI, they were excluded from this evaluation because they were received by SBA prior to the EEI's official launch date on October 1, 2017.

received expedited review during the window of analysis. These data included the date that applications were received, assigned, completed, and finalized.

- *HUBZone Certification Tracking System (HCTS)*: SBA uses documentation provided by the firm to verify its compliance with the HUBZone program requirements. The system includes data merged from the HUBZone Application Screening Tool. The key data elements include application dates and statuses. This database was used to measure the outcomes of application processing time, rates of application declines, and continued HUBZone certification.
- *SAM (Federal Procurement Data System or FPDS)*: This database contains detailed information for the federal awards. Relevant data elements include the firm's characteristics such as business age, primary industry (6-digit NAICS), security level, type (e.g., for-profit, Limited Liability Companies); ownership (e.g., women, Woman Owned Small Business, Economically Disadvantaged Women Owned Small Business, Veteran Owned); SBA certifications (8(a), HUBZone, Self-Certified Small Disadvantaged Business); size (number of employees, annual revenue); the firm's contact information (address), and Data Universal Numbering System (DUNS) number. The relevant data elements also include the date, number, and dollar value of federal prime contracts awarded, as well as types of awards (set-aside, multi-year, Indefinite Delivery Vehicles). This database was used for the selection of the comparison group of HUBZone firms with similar characteristics to the EEI firms. This database was used to measure the key outcomes of the rate of firms receiving at least one prime contract, time to the first award, and the number and value of contracts awarded.
- *PTAC, District Office, and SBA Grantee Interviews & Web Surveys*: These data were used to 1) identify the types/levels of procurement readiness selection criteria that partners used, 2) examine how "procurement-ready" firms were assessed, 3) investigate barriers and facilitators to EEI implementation and outcomes, 4) identify best practices for procurement readiness assessment and application technical assistance, and 5) provide suggestions for program expansion and improvement. Specifically, the web survey and interview protocol covered the following topic areas: SBA's training on the EEI; outreach activities conducted for HUBZone and/or EEI; use of procurement readiness selection criteria; HUBZone application assistance procedures; and suggestions for program improvements.

Data Collection

Interviews

The research team conducted 12 half-hour long interviews (via webinar) with staff from PTACs, District Offices, and SBA Grantees who received EEI training and/or made a referral for a firm's HUBZone application to be processed through the EEI.

Participants for these interviews were selected using a quota sampling approach, in which attempts were made to recruit the quota ($n=4$) of interview subjects from each of the three specified organization types (PTAC, District Office, and SBA Grantee) to establish a diverse sample. The interviews were based on a semi-structured question guide, giving participants the opportunity to expand on ideas that may not have been otherwise prompted.

Web Survey

The research team administered a 20-minute web survey to staff from PTACs, District Offices, and SBA Grantees who received EEI training and/or made a referral for a firm's HUBZone application to be processed through the EEI. Using a contact list provided by the SBA, the web survey was distributed via email to the survey universe. This universe consisted of 227 individuals who were 1) affiliated with a PTAC, District Office, or SBA Grantee; 2) had available contact information; and 3) received EEI training from SBA ($n=223$) and/or made one or more referrals to expedite a firm's HUBZone application through the EEI ($n=26$) during the period of analysis. The overall survey response rate was 21.2%, and the response rate among reachable cases was 23.3% (Table 1).

Table 1. Web Survey Response Rate

Survey Disposition	Count	Percent
Completed	48	21.2%
Not opened	143	63.0%
Hard Refusal	15	6.6%
Bounced email	15	6.6%
Ineligible (reported not being involved with the EEI)	6	2.6%
TOTAL	227	100.0%

Source: Survey data.

With respect to affiliated organization type, the distribution was comparable in both survey respondents and all EEI-trained partners (Table 2).

Table 2. EEI-Trained Partners by Affiliated Organization Type

Org. Type	Survey Respondents		All EEI-Trained Partners	
	Count	Percent	Count	Percent
PTAC	24	50.0%	127	55.9%
District Office	12	25.0%	30	13.2%
SBDC	9	18.8%	39	17.2%
Other	3	6.3%	19	8.3%
SCORE	0	0.0%	8	3.5%
WBC	0	0.0%	4	1.8%
Total	48	100.0%	227	100.0%

Source: Survey data and SBA administrative data. **Note:** The survey response rate was 21.2%.

With respect to training timeline, the distribution of training participants by year was comparable in both survey respondents and all EEI-trained partners, with the majority having received EEI training in 2020 (Table 3).

Table 3. EEI Training Participation by Year

Training Year	Survey Respondents		All EEI-Trained Partners	
	Count	Percent	Count	Percent
2018	3	6.3%	6	2.6%
2019	3	6.3%	19	8.4%
2020	34	70.8%	169	74.4%
2021	8	16.7%	33	14.5%
Total	48	100.0%	227	100.0%

Source: Survey data and SBA administrative data. **Note:** The survey response rate was 21.2%.

Summary of Analytical Approaches

Analyses for the first research question involved the intention to treat approach of examining outcomes for EEI participants as well as outcomes for standard participants. The unit of analysis is the firm. Since the matching procedures equalized EEI and standard participants, multivariate analyses were not needed. The analyses comparing the two groups involved univariate tests: tobit regressions for censored outcomes (e.g., number and dollar value of awards), chi-squares for categorical outcomes (e.g., winning a contract award, winning multiple contracts), and survival analysis for time to the first award.

Analyses for the second research question involved descriptive, univariate, and qualitative analysis techniques. For the qualitative analyses, survey and interview data were systematically coded to define overall themes, themes within questions, and themes across questions. The research team utilized a grounded theory approach during qualitative analysis, which allowed them to move beyond simple data descriptions in order to generate theories based on relationships among main themes and subthemes.

Exhibits 1 and 2 summarize the analytical approaches used to address each research question and sub-question.

Exhibit 1. Analytical Approaches for Research Question 1 (RQ1)

RQ1) Do firms that receive HUBZone certification through the EEI have better application and procurement outcomes than firms certified through the standard process?			
Research Sub-Question	Hypothesis	Source	Analytical Approach
RQ1.a) Are firms referred through the EEI approved quicker than or at a higher percentage than firms using the standard process?	The application processing time is shorter for the treatment group (EEI) as compared to the control group (standard).	HCTS data	The research team conducted crosstabs to compare application processing time between the EEI and standard HUBZone applicants.
RQ1.b) Do firms referred through the EEI have lower rates of application declines than firms using the standard process?	The rate of firms with declined applications is lower in the treatment group (EEI) as compared to the control group (standard).	HCTS data	The research team conducted crosstabs to compare application decline rates between the EEI and standard HUBZone applicants.
RQ1.c) What proportion of firms certified through the EEI have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?	The proportion of firms that successfully recertify is higher in the treatment group (EEI) as compared to the control group (standard).	HCTS data	The research team conducted crosstabs to compare continuous HUBZone certification (i.e., the proportion of firms that successfully recertify) between the EEI and standard HUBZone applicants.
RQ1.d₁) What proportion of firms certified through the EEI have secured contracts, and how does this compare to firms certified through the standard process? RQ1.d₂) What are the timeframes in which firms certified through the EEI have secured contracts (from certification to contract award), and how does this compare to firms certified through the standard process?	RQ1.d₁) The proportion of firms winning contracts is significantly higher in the treatment group (EEI) as compared to the control group (standard). RQ1.d₂) The time to winning the first prime federal contract will be shorter for the treatment group (EEI) as compared to the control group (standard).	SAM data	RQ1.d₁) The research team conducted crosstabs (chi-squares) to compare the proportion of firms with at least one federal contract awarded after HUBZone certification between the EEI group and the matched control group. RQ1.d₂) Since some firms in the dataset had not yet won a contract during the period of analysis, their time to award was unknown. The research team conducted time-to-event, or survival analysis (Kaplan-Meier survival estimates), to compare the two groups for difference in the probability of the expected duration of time (number of days between application submission date and the first federal prime contract award date).
RQ1.e) What percentage of firms certified through the EEI have secured multiple contracts, and how does this population compare to firms certified through the standard process?	The number of contract awards is significantly higher in the treatment group (EEI) as compared to the control group (standard).	SAM data	The research team conducted crosstabs (chi-squares) to compare the proportion of firms with multiple federal contracts awarded after HUBZone certification and tobit regressions for the number of awards between the intervention group and the matched control group. The team also explored the differences between the two groups for the value of awards (via tobit regressions).
RQ1.f) Do firms referred through the EEI have larger contract values than firms using the standard process?	The contract values are significantly larger in the treatment group (EEI) as compared to the control group (standard).	SAM data	The research team conducted chi-squares and tobit regressions to compare the total dollar value of awards for the EEI participants and the matched comparison group of standard participants.

Exhibit 2. Analytical Approaches for Research Question 2 (RQ2)

RQ2) What procurement readiness selection criteria do partners use, and which criteria predict better program outcomes?			
Research Sub-Question	Hypothesis	Data Sources	Analytical Approach
2a) What criteria do partners use to determine procurement readiness?	<i>Exploratory analyses</i>	Interview and survey data	The research team conducted descriptive analyses on the procurement readiness screening and selection criteria used by PTACs, District Offices, and SBA Grantees during the window of analysis. The research team conducted qualitative analyses (transcript coding and theme identification) to define the procurement readiness selection criteria used by partners when selecting firms for EEI referral.
2b) Which HUBZone certification early engagement selection criteria <u>predict</u> improved contract procurement, compliance, and continued HUBZone certification outcomes?	<i>Exploratory analyses</i>	Survey, administrative, HCTS, and SAM data Interview and survey data	Given the treatment group's small sample size (n=116), and the low survey response rate (21.2%) among EEI-trained partners, the power of the analyses was not sufficient to conduct multivariate analyses to detect significant differences in outcomes between EEI firms referred by partners with and without the use of procurement readiness criteria. Thus, the research team conducted descriptive analyses and univariate tests (t-tests and chi-squares) to identify significant differences in outcomes between EEI firms referred by partners with and without the use of procurement readiness criteria. The research team conducted qualitative analyses (transcript coding and theme identification) to help understand the process by which partners determine which criteria to use, measure the effectiveness of those criteria in identifying procurement-ready firms, and refine the criteria for improved future outcomes.
2c) Do predictive criteria differ for urban, rural, and tribal firms or by other firm characteristics such as NAICS, other SBA certifications, or type of goods and services?	<i>Exploratory analyses</i>	Survey, administrative, and SAM data Interview and survey data	The research team conducted descriptive analyses and univariate tests (t-tests and chi-squares) to identify significant differences in firm characteristics between EEI firms referred by partners with and without the use of procurement readiness criteria. The research team conducted qualitative analyses (transcript coding and theme identification) to determine whether criteria differ based on a variety of firm characteristics.
2d) Do predictive criteria differ by the firm's ownership structure or other program eligibility criteria?	<i>Exploratory analyses</i>	Survey, administrative, and SAM data Interview and survey data	The research team conducted descriptive analyses and univariate tests (t-tests and chi-squares) to identify significant differences in firm characteristics between EEI firms referred by partners with and without the use of procurement readiness criteria. The research team conducted qualitative analyses (transcript coding and theme identification) to determine whether criteria differ based on a variety of firm characteristics.

Quasi-Experimental Research Design

The quasi-experimental design involved comparing the treatment group of EEI applicant firms to the comparison group of standard applicant firms. The comparison group was selected to match the treatment group based on a variety of available firm characteristics and factors. Thus, the differences in outcomes could be attributed to the effect of the EEI, as this approach attempts to control for an array of factors. The analyses for this design typically involve bi-variate analyses.⁶ The design focused on outcomes for HUBZone applicant firms (both standard and EEI) whose applications were received by SBA between October 2017 and September 2020.

Data Sources

- SAM 2017 through 2020: characteristics of firms at the application FY. These data were used for the matching procedures to select the comparison group and conduct descriptive comparisons of EEI and standard firms.
- FPDS 2014 through 2021 (collapsed from the transaction to the firm level with DUNS and CAGE identifiers; contract modification=0 and dollar obligated >0). These data were used for the analyses comparing procurement outcomes for EEI participants to non-EEI approved firms. The following procurement outcomes were used:
 - 1) Number of prior contracts: from 2014 up to (including) the approval date (sign date <= approval date)
 - 2) Total value (sum) of prior contracts (dollars obligated): from 2014 up to (including) the approval date (sign date <= approval date)
 - 3) Number of contracts after approval: from (not including) the approval date through 2021 (sign date > approval date)
 - 4) Total value (sum) of contracts after approval (dollars obligated): from (not including) the approval date through 2021 (sign date > approval date)
 - 5) Time (days) to the first contract after the approval date: from the approval date to the earliest contract award date (sign date) [earliest sign date – approval date]

SAM data (business characteristics) and FPDS data (contract awards) were merged to the list of 4,226 HUBZone applicants based on CAGE codes and DUNS. Two standard

⁶ The use of covariates in the quasi-experimental design analyses introduces analytical bias to the results. The goal of the matching process is to equalize the treatment and comparison groups on relevant factors, thus avoiding model dependence (i.e., analytically controlling for differences between the two groups, which influences the program effectiveness results).

applicants could not be matched to the SAM data. The data for revenue and employees was checked for outliers using Z-scores, scatterplots, and Interquartile Ranges (IQRs). Six cases with revenue of 225,000,000 and above were outliers. Four cases with 20,000 and more employees were outliers. To fix the outliers, first, the significant predictors of revenue and employment were identified by using regressions. Then, the hot-deck imputation was used to fix the outliers using industry, entity type, business age, and either revenue or employees. FPDS data were also examined for the award value outliers. Addressing these outliers was needed because these data elements were used for the matching procedures described below.

Matching

Due to the large number of variables needed for matching, the research team used the Propensity-Score Matching (PSM) approach. PSM allows matching on a single metric, even when numerous covariates are involved, and minimizes dropping treatment cases without adequate matches in the non-treatment group. The PSM model included 2,527 standard and 116 EEI approved applicants. The model used one-to-many selection of the comparison group cases based on the nearest neighbor match (some treatment cases shared nearest neighbors). Variables used for matching included:

- Application year of the EE participants
- Business structure (ENTITY STRUCTURE)
 - Sole Proprietorship
 - Partnership or Limited Liability Partnership
 - Corporate Entity (Not Tax Exempt)
 - Corporate Entity (Tax Exempt)
 - Other
- Business type (BUS TYPE STRING; 3 variables)
 - Limited Liability Company
 - Subchapter S Corporation
 - Manufacturer of Goods
- NAICS code (2-digit industry) (PRIMARY NAICS)
- Geographic location: 4 Census regions (based on STATE)
- Urbanicity, RUCA codes (based on ZIP CODE)⁷
 - Metropolitan

⁷The rural-urban commuting area (RUCA) codes are categorized by **metropolitan cores** (census tract equivalents of urbanized areas); **micropolitan and small-town cores** (census tract equivalents of urban clusters); and **rural areas** (rural tracts where the primary commuting flow is local or to another rural tract).

(SOURCE: <https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes>)

- Micropolitan
- Small town
- Rural
- County Area Deprivation Index (ADI)⁸
- The distance (in miles) to the closest location of PTAC, District Office, or SBA Grantee (based on zip code)
- Business size (2 variables):
 - average number of employees
 - average annual revenue
- Business age (BUSINESS START DATE)
- Any minority firm flag (BUS TYPE STRING)
 - Minority Owned Business
 - Asian-Pacific American Owned
 - Subcontinent Asian (Asian-Indian) American Owned
 - Black American Owned
 - Hispanic American Owned
 - Native American Owned
 - Alaskan Native Corporation Owned Firm
 - American Indian Owned
 - Indian Tribe (Federally Recognized)
 - Native Hawaiian Organization Owned Firm
 - Tribally Owned Firm
 - Indian Economic Enterprise
 - Indian Small Business Economic Enterprise
 - Tribal Government
- Any SBA certifications or self-certifications
 - (SBA BUSINESS TYPES STRING)
 - 8(a) certification
 - SBA Certified 8A Program Participant
 - SBA Certified 8A Joint Venture
 - (BUS TYPE STRING)
 - Self Certified Small Disadvantaged Business
 - Veteran
 - Veteran Owned Business
 - Service-Disabled Veteran Owned Business

⁸ The Area Deprivation Index (ADI) is based on American Community Survey (ACS) Five Year Estimates of 17 indicators of socioeconomic disadvantage in the domains of education, unemployment, poverty, income, and housing quality. It ranks neighborhoods such that a ranking of 1 indicates the lowest level of "disadvantage" and a ranking of 100 indicates the highest level of "disadvantage". (SOURCE: www.neighborhoodatlas.medicine.wisc.edu)

- Woman
 - Woman Owned Business
 - Woman Owned Small Business
 - Economically Disadvantaged Women Small Owned Business
 - Joint Venture Women Owned Small Business
 - Joint Venture Economically Disadvantaged Women Small Owned Business
- Number and value of previous prime federal contracts (since 2014 to the application date or year)
- Acceptance of government credit cards (CREDIT CARD USAGE)
- Any government security level (COMPANY SECURITY LEVEL)

Following the selection of 577 comparison group cases, the equivalence of the comparison group (matched standard participants) and the treatment group (EEI participants) was confirmed for all matching variables. The results revealed that none of the variables significantly differed between the two groups (Table 4).

Table 4. *Equivalence of Matched Standard and EEI Participant Characteristics*

Region	Matched Standard		EEI Participants		Standard Applicants	
	Count	Percent	Count	Percent	Count	Percent
Midwest	13	2.3%	4	3.5%	494	12.1%
Northeast	126	21.8%	35	30.2%	327	8.0%
South	282	48.9%	47	40.5%	2,191	53.5%
West	105	18.2%	19	16.4%	852	20.8%
Territories (PR, AS, GU, MP, VI)	51	8.8%	11	9.5%	232	5.7%
Urbanicity (RUCA codes)						
Metropolitan	343	59.5%	59	50.9%	3,147	76.8%
Micropolitan	109	18.9%	20	17.2%	464	11.3%
Small town	77	13.3%	20	17.2%	256	6.3%
Rural	48	8.3%	17	14.7%	182	4.4%
Territories (other than PR)	0	0.0%	0	0.0%	47	1.2%
DC, VA, & MD Metropolitan Areas	53	9.2%	8	6.9%	566	13.8%
Minority-owned	262	45.4%	44	37.9%	2,250	54.9%
Any certifications (other than HUBZone)	466	80.8%	89	76.7%	3,466	84.6%
Self-Certified Small Disadvantaged	406	70.4%	76	65.5%	3,072	75.0%
Business age (as of 1/1/2022)						
Mean	15.3		16.5		13.3	
Standard deviation	14.4		15.2		13.9	
Total	577		116		4,096	

Source: SAM/FPDS Data.

Detailed Results by Research Sub-Question

Application Processing Time

RQ1.a) Are firms referred through the EEI approved more quickly, or at a higher percentage, than firms referred through the standard process?

HCTS data were used to analyze the outcome of **application processing time**.⁹ HUBZone application processing time was measured as the total number of days between date of application assignment and date of final disposition, minus the number of days during which the application had an “on-hold” status for any reason. The analyses used crosstabs to compare application processing time between the EEI and standard HUBZone applicants. The analyses revealed that, on average, application processing time was **14.7 days faster** for EEI applicants, as compared to standard applicants (Table 5).

Table 5. HUBZone Application Processing Time

Application Processing Time	Standard Applicants	EEI Applicants	All Applicants
Average (days)	38.0	23.3	37.6
Standard deviation (days)	41.7	18.7	41.3
Median (days)	26	19	25
Processed in more than 60 days	23.4%	3.8%	22.9%
Processed in more than 90 days	11.2%	0.8%	10.9%
Total	4,843	131	4,974

Source: HCTS Data.

Application Decline Rate

RQ1.b) Do firms referred through the EEI have lower rates of application declines than firms using the standard process?

HCTS data were used to analyze the outcome of **application decline rate**.¹⁰ The analyses used crosstabs to compare the rate of application declines between EEI and standard HUBZone applicants. The analyses revealed that application decline rates were **lower** (0.0%) and approval rates were **higher** (88.6%) for EEI applicants, as compared to application decline and approval rates for standard applicants (1.0% and 52.2%, respectively) (Table 6).

⁹ Since the data covered the full universe of all HUBZone applicants, no significance testing was conducted.

¹⁰ Since the data covered the full universe of all HUBZone applicants, no significance testing was conducted.

Table 6. HUBZone Application Disposition

Application Disposition	Standard Applicants	EEl Applicants	All Applicants
Approved	52.2%	88.6%	53.2%
Declined	1.0%	0.0%	1.0%
HQ Withdrawn	20.0%	9.2%	19.7%
No Response - HQ Withdrawn	26.8%	2.3%	26.2%
Total	4,843	131	4,974

Source: HCTS Data.

Continued HUBZone Certification

RQ1.c) What percentage of firms certified through the EEl have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?

HCTS data were used to analyze the outcome of **continued HUBZone certification**.¹¹ The analyses used crosstabs to compare continuous HUBZone certification (i.e., the proportion of firms that successfully recertify) between the EEl and standard HUBZone applicants. The analyses revealed that the recertification rate was **slightly higher** for EEl participants (71.6%) as compared to standard participants (66.5%) (Table 7).

Table 7. Continued HUBZone Certification

Percent of HUBZone Firms:	Standard Participants	EEl Participants	All Applicants
With at least 1 recertification	66.5%	71.6%	66.7%
Number of recertifications:			
0	33.5%	28.5%	33.3%
1	57.6%	59.5%	57.7%
2	8.8%	12.1%	8.9%
3	0.1%	0.0%	0.1%
Total	2,528	116	2,644

Source: HCTS Data.

Winning Any Contracts

RQ1.d₁) What proportion of firms certified through the EEl have secured contracts, and how does this compare to firms certified through the standard process?

FPDS data were used to analyze the outcome of **winning at least one federal contract award** after HUBZone certification approval. The analyses used cross-tabulations (chi-squares) to compare the proportion of firms winning at least one prime federal contract, after HUBZone approval, between EEl participants and

¹¹ Since the data covered the full universe of all HUBZone applicants, no significance testing was conducted.

matched standard participants. The analyses revealed that the rate of winning at least one federal contract award was **significantly higher** for EEI participants (35.3%) as compared to matched standard participants (25.1%) (Table 8).

Table 8. *Awarded At Least One Prime Contract After HUBZone Approval*

	Matched Standard		EEI Participants	
Any contract *	<i>Count</i>	<i>Percent</i>	<i>Count</i>	<i>Percent</i>
No	432	74.9%	75	64.7%
Yes	145	25.1%	41	35.3%
HUBZone contract				
No	553	95.8%	108	93.1%
Yes	24	4.2%	8	6.9%
Small Business contract ***				
No	487	84.4%	83	71.6%
Yes	90	15.6%	33	28.5%
8(a) contract				
No	551	95.5%	107	92.2%
Yes	26	4.5%	9	7.8%
Veteran contract				
No	557	96.5%	110	94.8%
Yes	20	3.5%	6	5.2%
Women Owned contract				
No	574	99.5%	115	99.1%
Yes	3	0.5%	1	0.9%
Total	577	100%	116	100%

Source: SAM/FPDS Data. **Note 1:** * $p < .05$, *** $p < .001$ (chi-square), **Note 2:** award types include both set-aside and sole-source awards.

Time to First Award

RQ1.d₂) *What are the timeframes in which firms certified through the EEI have secured contracts (from certification to contract award), and how does this compare to firms certified through the standard process?*

SAM/FPDS data were used to analyze the outcome of **time to the first federal prime contract award** (Period of Performance Start Date), after HUBZone approval, between EEI participants and matched standard participants. The timeframe for this analysis was FYs 2018-2021. Since most of the firms (73.2%) in both the treatment and comparison groups did not win any contracts between the certification date through September 2021, the time to award for these firms is unknown. Therefore, the time-to-event, or survival analysis, was used to compare the two groups for the difference in the probability of the expected duration of time between application approval date and the first federal prime contract award date.¹² This analysis is based on all available

¹² Some firms may have already been awarded their first prime federal contract prior to submitted their HUBZone application. In these cases, we measured the duration to the “first” prime federal contract after the HUBZone application approval.

cases in the two groups, rather than only cases that won a contract award. The analysis revealed that EEl participants obtained prime federal contracts at a rate **1.47 times faster** than matched standard participants. The median time it takes EEl participants to win their first prime contract (after certification) is 40 months, versus 58.6 months for standard participants (Table 9).

Table 9. Time to First Contract Award After HUBZone Approval (Survival Analysis)

Time to:	Hazard Ratio	Std. Error	Median Predicted Time (months)		All Firms
			Matched Standard	EEl	
First contract award *	1.47	.26	58.6	40.0	693

Source: SAM/FPDS Data. **Note 1:** *p<.05. **Note 2:** median predicted time was calculated for FY 2018- FY 2021 (i.e., 48 months).

Note 3: median predicted time is defined as the time it takes for a half the participants in a group to receive their first award.

Multiple Contract Awards

RQ1.e) What percentage of firms certified through the EEl have secured multiple contracts, and how does this population compare to firms certified through the standard process?

FPDS data were used to analyze the outcome of **winning multiple contract awards**. The analyses involved chi-squares and tobit regressions to compare the number of awards won, after HUBZone approval, between EEl participants and matched standard participants. The analyses revealed that on average, EEl participants won a **significantly larger** number of federal contract awards (40.5 awards) as compared to the matched group of standard participants (16.3 awards) (Table 10).

Table 10. Awarded Multiple Contracts After HUBZone Approval

Number of federal contract awards **	Matched Standard Participants		EEI Participants	
Mean	16.3		40.5	
Standard deviation	50.2		138.1	
Median	3		8	
Number of federal contract awards *	Count	Percent	Count	Percent
1	43	29.7%	10	24.4%
2 to 3	31	21.4%	6	14.6%
4 to 11	42	29.0%	8	19.5%
12+	29	20.0%	17	41.5%
Total	145	100%	41	100%
Number of HUBZone contract awards				
Mean	4.2		3.5	
Standard deviation	6.7		3.3	
Median	1		2	
Number of HUBZone contract awards *				
1	13	54.2%	1	12.5%
2	2	8.3%	4	50.0%
3+	9	37.5%	3	37.5%
Total	24	100%	8	100%
Number of Small Business contract awards				
Mean	5.1		4.9	
Standard deviation	10.1		6.8	
Median	2		2	
Multiple Small Business contract awards *				
No	40	44.4%	9	27.3%
Yes	50	55.6%	24	72.7%
Total	90	100%	33	100%
Number of 8(a) contract awards				
Mean	6.4		13.3	
Standard deviation	6.8		14.5	
Median	4		7	
Multiple 8(a) contract awards				
No	5	19.2%	1	11.1%
Yes	21	80.8%	8	88.9%
Total	26	100%	9	100%
Number of Veteran contract awards				
Mean	6.9		10.7	
Standard deviation	9.9		10.4	
Median	2.5		5.5	
Multiple Veteran contract awards				
No	6	30.0%	0	0.0%
Yes	14	70.0%	6	100.0%
Total	20	100%	6	100%
Number of Women Owned contract awards				
Mean	2.7		4	
Standard deviation	2.1		,	
Median	2		4	
n	3		1	

Source: SAM/FPDS Data. **Note 1:** among firms with contract awards; **Note 2:** * $p < .05$, ** $p < .01$ (tobit regressions and chi-squares).

Contract Values

RQ1.f Do EEI firms referred have larger contract values than standard firms?

The **contract values** outcome was analyzed using FPDS data to conduct chi-squares and tobit regressions, and found that EEI participants had a **significantly larger** total value of federal contract awards (\$7,418,922) on average, as compared to the matched group of standard participants (\$2,976,523) (Table 11).

Table 11. Total Value of Federal Contract Awards After HUBZone Approval

Value of all federal contract awards **	Matched Standard Participants		EEI Participants	
Mean	\$2,976,523		\$7,418,922	
Standard deviation	\$9,107,627		\$19,506,770	
Median	\$275,000		\$917,586	
Value of all federal contract awards	Count	Percent	Count	Percent
<\$40,000	26	17.9%	8	19.5%
>=\$40,000 & <=\$150,00	33	22.8%	6	14.6%
>\$150,000 & <\$750,000	40	27.6%	6	14.6%
>=\$750,000 & <\$3,500,000	26	17.9%	11	26.8%
>=\$3,500,000	20	13.8%	10	24.4%
Total	145	100%	41	100%
Value of HUBZone contract awards				
Mean	\$1,009,158		\$422,717	
Standard deviation	\$2,139,423		\$526,923	
Median	\$134,610		\$159,783	
Value of HUBZone contract awards	Count	Percent	Count	Percent
<=\$30,000	4	16.7%	0	0.0%
>\$30,000 & <=\$100,000	4	16.7%	3	37.5%
>\$100,000 & <\$350,000	7	29.2%	2	25.0%
>=\$350,000 & <\$2 mil	6	25.0%	3	37.5%
>=\$2,000,000	3	12.5%	0	0.0%
Total	24	100%	8	100%
Value of Small Business contract awards ***				
Mean	\$1,159,622		\$3,878,004	
Standard deviation	\$5,005,122		\$19,236,560	
Median	\$75,219		\$147,663	
n	90		33	
Value of 8(a) contract awards				
Mean	\$2,621,681		\$4,128,464	
Standard deviation	\$3,713,893		\$4,733,266	
Median	\$560,196		\$1,512,608	
n	26		9	
Value of Veteran contract awards				
Mean	\$3,843,377		\$7,822,900	
Standard deviation	\$15,466,655		\$11,070,952	
Median	\$108,664		\$1,980,612	
n	20		6	
Value of Women Owned contract awards				
Mean	\$126,187		\$109,932	
Standard deviation	\$94,901		.	
Median	\$147,626		\$109,932	
n	3		1	

Source: SAM/FPDS Data. **Note 1:** among firms with contract awards; **Note 2:** **p<.01, ***p<.001 (tobit regressions).

Procurement Readiness Criteria

RQ2.a) What criteria do partners use to determine procurement readiness?

Tables 12-19 contain various descriptive statistics comparing EEI and standard applicants. Significant differences between the groups suggest a potential effect of procurement readiness criteria on the selection of applicants with particular characteristics for EEI referral.

Table 12. HUBZone Application Disposition Overall and by Year

Application Disposition ***	Standard Applicants		EEI Applicants		All Applicants	
	Count	Percent	Count	Percent	Count	Percent
Approved	2,527	61.7%	116	90.6%	2,643	62.5%
Decline	31	0.8%	0	0.0%	31	0.7%
HQ Withdrawn	1,540	37.6%	12	9.4%	1,552	36.7%
FY of Application Disposition *						
2018	873	21.3%	32	25.0%	905	21.4%
2019	1,266	30.9%	53	41.4%	1,319	31.2%
2020	1,581	38.6%	33	25.8%	1,614	38.2%
2021	378	9.2%	10	7.8%	388	9.2%
Total	4,098	100.0%	128	100.0%	4,226	100.0%

Source: HCTS Data. Note 1: *p<.05, ***p<.001, Note 2: among firms with available CAGE codes.

Table 13. Applicant Business Type

Entity	Standard Applicants		EEI Applicants		All Applicants	
	Count	Percent	Count	Percent	Count	Percent
Sole Proprietorship	599	14.6	18	14.1%	617	14.6%
Partnership	599	14.6%	18	14.1%	617	14.6%
Corporate	2,680	65.4%	86	67.2%	2,766	65.5%
Other	218	5.3%	6	4.7%	224	5.3%
LLC						
No	2,165	52.9%	74	57.8%	2,239	53.0%
Yes	1,931	47.1%	54	42.2%	1,985	47.0%
Subchapter S Corporation						
No	3,180	77.7%	94	73.4%	3,274	77.5%
Yes	916	22.4%	34	26.6%	950	22.5%
Manufacturer of goods						
No	3,769	92.0%	112	87.5%	3,881	91.9%
Yes	327	8.0%	16	12.5%	343	8.1%
Total	4,096	100%	128	100%	4,224	100%

Source: SAM/FPDS Data. Note 1: data for two withdrawn applicants could not be merged based on their CAGE codes or DUNS.

Table 14. Applicant Business Location

	Standard		EEI Applicants		All Applicants	
Urbanicity (RUCA codes) ***	<i>Count</i>	<i>Percent</i>	<i>Count</i>	<i>Percent</i>	<i>Count</i>	<i>Percent</i>
Metropolitan	3,147	76.8%	66	51.6%	3,213	76.1%
Micropolitan	464	11.3%	23	18.0%	487	11.5%
Small town	256	6.3%	21	16.4%	277	6.6%
Rural	182	4.4%	18	14.1%	200	4.7%
Territories (other than PR; AS, GU, MP, VI)	47	1.2%	0	0.0%	47	1.1%
Region ***						
Midwest	494	12.1%	4	3.1%	498	11.8%
Northeast	327	8.0%	37	28.9%	364	8.6%
South	2,191	53.5%	55	43.0%	2,246	53.2%
West	852	20.8%	21	16.4%	873	20.7%
Territories (PR, AS, GU, MP, VI)	232	5.7%	11	8.6%	243	5.8%
Total	4,096	100%	128	100%	4,224	100%
Distance to closest PTAC/DO/RP (miles)						
Mean	11.5		10.5		11.5	
Standard deviation	21.8		12.3		21.5	
Median	5.2		6.5		5.3	
Percent within 15 miles	76.3%		75.8%		76.5%	
Percent within 30 miles	90.1%		91.4%		90.1%	
Distance to closest EEI PTAC/DO/RP						
Mean	80.2		51.2		79.4	
Standard deviation	348.1		57.4		342.9	
Median	25.8		27.1		25.8	
Percent within 50 miles	67.7%		64.8%		67.6%	
Percent within 100 miles	86.0%		80.5%		85.9%	
Total	4,098		128		4,226	

Source: SAM/FPDS Data. **Note 1:** ***p<.001; **Note 2:** distance to the closest PTAC/DO/RP was calculated based on zip codes.

Table 15. Applicant Business Owner Race & Ethnicity

	Standard Applicants		EEI Applicants		All Applicants	
Minority owned ***	<i>Count</i>	<i>Percent</i>	<i>Count</i>	<i>Percent</i>	<i>Count</i>	<i>Percent</i>
No	1,846	45.1%	81	63.3%	1,927	45.6%
Yes	2,250	54.9%	47	36.7%	2,297	54.4%
Hispanic						
No	3,568	87.1%	113	88.3%	3,681	87.1%
Yes	528	12.9%	15	11.7%	543	12.9%
Black ***						
No	2,971	72.5%	112	87.5%	3,083	73.0%
Yes	1,125	27.5%	16	12.5%	1,141	27.0%
Asian-Pacific, Subcontinent Asian American						
No	3,799	92.8%	122	95.3%	3,921	92.8%
Yes	297	7.3%	6	4.7%	303	7.2%
Native American, Alaskan, Tribally Owned						
No	3,828	93.5%	119	93.0%	3,947	93.4%
Yes	268	6.5%	9	7.0%	277	6.6%
Total	4,096	100%	128	100%	4,224	100%

Source: SAM/FPDS Data. **Note 1:** ***p<.001; **Note 2:** the results became non-significant when controlled for RUCA.

Table 16. Applicant Business Certifications

	Standard Applicants		EEI Applicants		All Applicants	
Any certifications (other than HUBZone) *	Count	Percent	Count	Percent	Count	Percent
No	630	15.4%	30	23.4%	660	15.6%
Yes	3,466	84.6%	98	76.6%	3,564	84.4%
SBA-Certified 8(a) or Joint Venture						
No	3,768	92.0%	117	91.4%	3,885	92.0%
Yes	328	8.0%	11	8.6%	339	8.0%
Veteran						
No	3,250	79.4%	109	85.2%	3,359	79.5%
Yes	846	20.7%	19	14.8%	865	20.5%
Self-Certified Small Disadvantaged Business **						
No	1,024	25.0%	45	35.2%	1,069	25.3%
Yes	3,072	75.0%	83	64.8%	3,155	74.7%
Women-owned (any flag)						
No	2,820	68.9%	90	70.3%	2,910	68.9%
Yes	1,276	31.2%	38	29.7%	1,314	31.1%
Total	4,096	100%	128	100%	4,224	100%

Source: SAM/FPDS Data. Note: *p<.05, **p<.01.

Table 17. Applicant Business Characteristics

Business age (as of 1/1/2022) **	Standard Applicants		EEI Applicants		All Applicants	
Mean	13.3		16.7		13.4	
Standard deviation	13.9		15.1		13.9	
Median	8.3		12.3		8.4	
Number of observations	4,096		128		4,224	
Business age groups *	Count	Percent	Count	Count	Percent	Count
<5 years	1,281	31.3%	25	1,281	31.3%	25
5 to <10 years	1,029	25.1%	29	1,029	25.1%	29
10 to <15 years	565	13.8%	25	565	13.8%	25
15 to <25 years	674	16.5%	24	674	16.5%	24
>=25 years	547	13.4%	25	547	13.4%	25
Acceptance of government credit cards						
No	1,354	33.1%	47	1,354	33.1%	47
Yes	2,742	66.9%	81	2,742	66.9%	81
Any government security level (company)						
No	1,813	44.3%	53	1,813	44.3%	53
Yes	2,283	55.7%	75	2,283	55.7%	75
Industry group (based on 2-digit NAICS) *						
Construction	874	21.3%	34	874	21.3%	34
Manufacturing	524	12.8%	29	524	12.8%	29
Transportation & Warehousing	131	3.2%	3	131	3.2%	3
Information	106	2.6%	2	106	2.6%	2
Professional, Scientific, & Technical	1,334	32.6%	35	1,334	32.6%	35
Administrative, Support, Waste Management, Remediation Services	443	10.8%	9	443	10.8%	9
Other	684	16.7%	16	684	16.7%	16
Total	4,096	100%	128	4,096	100%	128

Source: SAM/FPDS Data. Note: *p<.05, **p<.01.

Table 18. Applicant Business Size

Annual average number of employees	Standard Applicants		EEI Applicants		All Applicants	
Mean	15.6		18.8		15.7	
Standard deviation	41.1		39.4		41.0	
Median	4		6		4	
Annual number of employees (groups)	Count	Percent	Count	Count	Percent	Count
0	98	2.4%	5	98	2.4%	5
1	921	22.5%	29	921	22.5%	29
2 to 3	924	22.6%	18	924	22.6%	18
4 to 9	1,027	25.1%	29	1,027	25.1%	29
10 to 25	573	14.0%	24	573	14.0%	24
>25	553	13.5%	23	553	13.5%	23
Annual average revenue						
Mean	\$2,736,810		\$3,081,618		\$2,747,259	
Standard deviation	\$9,382,418		\$5,849,105		\$9,294,833	
Median	\$329,500		\$846,847		\$347,496	
Annual revenue (groups) *						
<=\$25,000	926	22.6%	20	926	22.6%	20
>=\$25,000 & <\$300,000	1,034	25.2%	30	1,034	25.2%	30
>=\$300,000 & <\$1,500,000	956	23.3%	24	956	23.3%	24
>=\$1,500,000 & <\$4,500,000	624	15.2%	28	624	15.2%	28
>=\$4,500,000	556	13.6%	26	556	13.6%	26
Total	4,096	100%	128	4,096	100%	128

Source: SAM/FPDS Data. Note: *p<.05.

Table 19. Contract Awards Prior to HUBZone Approval

	Standard Applicants		EEI Applicants		All Applicants	
Had any contract awards prior to application final disposition (since 2014)	Count	Percent	Count	Percent	Count	Percent
No	3,247	79.3%	102	79.7%	3,349	79.3%
Yes	849	20.7%	26	20.3%	875	20.7%
Total	4,096	100%	128	100%	4,224	100%
Total value of awards prior to application final disposition (since 2014)						
Mean	\$2,515,814		\$1,097,287		\$2,473,663	
Standard deviation	\$17,300,000		\$2,115,460		\$17,100,000	
Median	\$193,028		\$155,500		\$192,600	
n	849		26		875	

Source: SAM/FPDS Data.

RQ2.b) Which HUBZone certification early engagement selection criteria predict improved contract procurement, compliance, and continued HUBZone certification outcomes?

RQ2.c) Do predictive criteria differ for urban, rural, and tribal firms or by other firm characteristics such as NAICS, other SBA certifications, or type of goods and services?

RQ2.d) Do predictive criteria differ by the firm's ownership structure or other program eligibility criteria?

Survey data on EEI-referring partners' use of procurement readiness criteria were merged with FPDS and SAM data on EEI-referred firm outcomes. Given the low survey response rate (21.2%), there was limited data available to measure the use of criteria among EEI-referring partners. As a result, one-third of all EEI-referred participants (43 out of 128) were missing data for their EEI-referring partner's use of criteria and thus were excluded from the analysis. EEI participants referred by partners with **no criteria** (9 out of 128) were combined with EEI participants referred by partners who **didn't know whether they used** criteria (18 out of 128) for a total of 27 EEI participants in the "No/Don't Know" group and 58 EEI participants in the "Yes" group, and an overall total of 85 EEI-referred firms for analysis (Table 20).

Table 20. EEI Participants by Referring Partners' Use of Procurement Readiness Criteria

Did EEI participant's referring partner use any criteria to assess procurement readiness?	Count	Percent
Yes	58	45.3%
No	9	7.0%
Don't know	18	14.1%
Missing data	43	33.6%
Total Firms	128	100.0%

Source: Survey, HCTS, and SAM/FPDS data.

The research team analyzed program and business outcomes among these 85 EEI-referred firms; however, due to small sample sizes in both EEI participant groups ("Yes" and "No/Don't Know") the statistical analysis was severely limited in its power to detect any significant differences in outcomes between EEI participants referred by partners that **did use** criteria, and EEI participants referred by partners that **did not use** or **didn't know whether they used** criteria (Table 21).

Table 21. Outcomes for EEI Participants Referred by Partner who Used/Did Not Use Criteria

	No Criteria / Don't Know		Used Criteria		Missing Data	
Program/Business Outcome	Count	Percent	Count	Percent	Count	Percent
HUBZone application approval	22	81.5%	54	93.1%	40	93.0%
HUBZone recertification	18	81.8%	35	64.8%	30	75.0%
Winning a Federal Contract	9	33.3%	19	32.8%	13	30.2%
Median predicted time to first contract award						
Months	41.6		41.3		51.6	
n	27		58		43	
Number of Federal Contracts						
Mean	10.2		68.2		21.0	
Standard deviation	10.6		200.8		25.6	
Median	4		6		12	
n	9		19		13	
Value of Prime Federal Contracts						
Mean	\$3,630,011		\$4,769,893		\$13,913,672	
Standard deviation	\$6,336,508		\$12,107,087		\$30,889,574	
Median	\$163,923		\$953,773		\$1,455,843	
n	9		19		13	

Source: Survey, HCTS, and SAM/FPDS data.

The analyses also compared business characteristics between EEI participants referred by partners that **did use** criteria and EEI participants referred by partners that **did not use** or **didn't know whether they used** criteria. Several business characteristics were significantly different between the two groups (Tables 22 & 23).

Table 22. Business Age & Size of EEI Participants Referred by Partner who Used/Did Not Use Criteria

Business age (as of 1/1/2022) *	No Criteria / Don't Know	Used Criteria	Missing data
Mean	12.7	20.6	14.0
Standard deviation	8.9	17.8	13.1
Median	10.0	14.6	8.9
n	27	58	43
Annual average number of employees			
Mean	23.7	19.5	14.9
Standard deviation	67.6	30.8	23.2
Median	3	7.5	6
n	27	58	43
Annual average revenue			
Mean	\$2,575,837	\$3,362,483	\$3,020,360
Standard deviation	\$6,004,482	\$5,304,577	\$6,531,953
Median	\$187,000	\$1,500,000	\$710,076
n	27	58	43

Source: Survey, HCTS, and SAM/FPDS data. Note: *p<.05.

Table 23. Business Characteristics of EEI Participants Referred by Partner who Used/Did Not Use Criteria

	No Criteria / Don't Know		Used Criteria		Missing data	
Urbanicity (RUCA codes)	Count	Percent	Count	Percent	Count	Percent
Metropolitan	16	59.3%	27	46.6%	23	53.5%
Micropolitan	3	11.1%	8	13.8%	12	27.9%
Small town	4	14.8%	13	22.4%	4	9.3%
Rural	4	14.8%	10	17.2%	4	9.3%
Territories (other than PR; AS, GU, MP, VI)	16	59.3%	27	46.6%	23	53.5%
Entity **						
Sole Proprietorship	1	3.7%	8	13.8%	9	20.9%
Partnership	6	22.2%	6	10.3%	6	14.0%
Corporate	15	55.6%	43	74.1%	28	65.1%
Other	5	18.5%	1	1.7%	0	0.0%
LLC	14	51.9%	20	34.5%	20	46.5%
Subchapter S Corporation	8	29.6%	14	24.1%	12	27.9%
Manufacturer of goods **	0	0.0%	13	22.4%	3	7.0%
Minority-owned	10	37.0%	20	34.5%	17	39.5%
Any certifications (other than HUBZone)	20	74.1%	45	77.6%	33	76.7%
Industry group (based on 2-digit NAICS)						
Construction	6	22.2%	15	25.9%	13	30.2%
Manufacturing	4	14.8%	17	29.3%	8	18.6%
Professional, Scientific, and Technical Services	9	33.3%	15	25.9%	11	25.6%
Administrative, Support, Waste Management, Remediation Services	2	7.4%	5	8.6%	2	4.7%
Other	6	22.2%	6	10.3%	9	20.9%
Total	27	100%	58	100%	43	100%

Source: Survey, HCTS, and SAM/FPDS data. Note: ** $p < .01$.

In addition to comparing outcomes between EEI participants referred by partners that used or did not use **any criteria**, we also examined outcomes between EEI participants referred by partners that used or did not use **specific criteria items** to assess a firm's procurement readiness. Among all explored criteria items, the following significant differences in outcomes were found between the two groups of EEI participants (Tables 24, 25, and 26). These results should be interpreted with caution due to the small cell sizes in both EEI participant groups.

Table 24. EEI Application Approval Rate by Specific Criteria Use

	SPECIFIC CRITERIA ITEMS:							
	Actively seeking federal contracts or subcontracts		Track record of performance in commercial marketplace		Corporate documents in order and up to date		Business management capabilities necessary for government contracting	
	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>	<i>Not Used</i>	<i>Used</i>
Percent Approved	81.3%**	100.0%	80.0%**	97.8%	81.0%*	97.7%	81.4%*	97.6%
Number Approved	39	37	32	44	34	42	35	41
Total	48	37	40	45	42	43	43	42

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$, ** $p < .01$

EEI participants referred by partners that used “minimum number of years in business” as a criteria item were significantly more likely to win a federal contract (50.0%) as compared to EEI participants referred by partners that did not use this criteria item (27.7%). These results are likely due to time, given that older firms have had more time to apply for and win contracts as compared to younger firms (Table 25). Lastly, EEI participants referred by partners that used “experienced federal government contractor” as a criteria item won a significantly larger number of federal contracts on average (191.6) as compared to EEI participants referred by partners that did not use this criteria item (18.7). (Table 26).

Table 25. Winning a Federal Contract among EEI Participants, by Specific Criteria Use

Winning a Federal Contract *	SPECIFIC CRITERIA ITEM:	
	Minimum number of years in business	
	<i>Not Used</i>	<i>Used</i>
Percent	27.7%	50.0%
n	18	10
Median predicted time to the first federal contract (months) *	57.1	25.1
Total	65	20

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$.

Table 26. Number of Contracts Won among EEI Participants, by Specific Criteria Use

Number of Federal Contracts Won *	SPECIFIC CRITERIA ITEM:	
	Experienced federal government contractor	
	<i>Not Used</i>	<i>Used</i>
Mean	18.7	191.6
Standard deviation	26.8	390.2
Median	6.0	5.0
n	23	5
Total	69	16

Source: Survey, HCTS, and SAM/FPDS data. *Note:* * $p < .05$.

Appendix B: Additional Survey and Interview Results

The following appendix contains supplemental survey and interview results, as well as analytical context for the data summarized in the report.

EEI Training

The table below (Table 1) corresponds to Table 1 in the report, which summarized survey respondents' participation in EEI training. Among those who reportedly did receive training, this survey question asked whether respondents had received any follow-up EEI training, and 42.9% responded that they had not.

Table 1. *EEI Training Participation*

Did respondent receive any supplemental or follow-up EEI training?	Count	Percent
No	12	42.9%
Yes	7	25.0%
Training was not needed	7	25.0%
Unsure	2	7.1%

Source: Survey data. **Note:** Only calculated for respondents who reportedly received the initial EEI training.

Stakeholder Service Delivery

The table below (Table 2) corresponds to Table 7 in the report, which summarized survey respondents' descriptions of their service delivery models in terms of the setting, mode, type, and level of HUBZone and EEI assistance offered. This open-ended survey question asked partners to describe the level/type of assistance provided to standard applicants compared to the level/type of assistance provided to EEI applicants.

Table 2. *Description of HUBZone Application Assistance Provided*

How does the standard application assistance compare with the EEI assistance? (open-ended item)
<ul style="list-style-type: none">• Additional assistance and PTAC reviews are provided for EEI applications as compared to HUBZone application questions and general interactions.• District Office staff set up one-on-one Teams and/or Zoom sessions to check applications for completion before the applications are submitted.• EEI applications are scrutinized in detail prior to submittal and are only submitted via EEI if we believe that all criteria necessary for approval are met and well documented. Standard applicants are provided the same guidance but may elect to submit without a detailed final review.• More hands-on approach with the screening spreadsheet vs just giving clients guidance on application process.• Standard coaching on the application process for independent submission versus coaching and document review and entry per the EEI spreadsheet is more involved.• The Standard HUBZone program is slightly slow in their decision to accept the business in the program.

Source: Survey data.

Stakeholder Experience with HUBZone & EEI

The table below (Table 3) corresponds to Table 8 in the report, which summarized survey respondents' estimates of how many standard and EEI applicants they had assisted since receiving EEI training. This survey question asked whether/how the number of applicants they assisted was impacted by COVID-19, and 54.2% responded that it had no effect.

Table 3. *Volume of HUBZone & EEI Assistance Provided*

How has the number of HUBZone applications been affected by COVID-19?	Count	Percent
Greatly Decreased	3	6.3%
Decreased	5	10.4%
Neutral/No effect	26	54.2%
Increased	7	14.6%
Greatly Increased	3	6.3%
Missing data	4	8.3%
Total	48	100.0%

Source: Survey data.

Use of Procurement Readiness Criteria

The table below (Table 4) corresponds to Table 17 in the report, which summarized survey respondents' description of the criteria they used to assess an applicant's procurement readiness. This survey question asked respondents to rate the strength and effectiveness of their criteria for selecting applicants that were appropriate for EEI referral.

Table 4. Effectiveness of EEI Procurement Readiness Criteria

Strength of procurement readiness criteria for the EEI	Count	Percent
Unsure/Don't know	2	10.0%
Very easy	1	5.0%
Easy	1	5.0%
Moderate	15	75.0%
Stringent	1	5.0%
Very Stringent	0	0.0%
Overall effectiveness of criteria for EEI selection		
Unsure / Don't know	2	10.0%
Not effective	0	0.0%
A little effective	0	0.0%
Somewhat effective	2	10.0%
Moderately effective	10	50.0%
Very effective	6	30.0%
Overall effectiveness of criteria for complying with HUBZone program requirements/continuing participation		
Unsure / Don't know	2	10.0%
Not effective	0	0.0%
A little effective	0	0.0%
Somewhat effective	2	10.0%
Moderately effective	10	50.0%
Very effective	6	30.0%
Total	20	100.0%

Source: Survey data. **Note:** calculated for respondents with EEI procurement readiness selection criteria.

Open-Ended Responses: Partner Survey

The survey asked respondents to describe changes they felt should be implemented in order to improve the HUBZone Early Engagement Initiative (EEI) Program.

Communication

A total of 22 partners provided a response to this question (out of 48 respondents), and seven of those respondents (31.8%) expressed the need for increased communication, engagement and/or partnership among stakeholders (SBA, EEI-referring partners, and HUBZone applicants). Below are several excerpts that describe this:

- “Clear communication with applicants and establishing expectations of the timeline early on. Communicate often.”
- “Continue to provide updated information....just stay in touch.”
- “Having regular conversations among the district offices implementing the program would help improve the program organically. The district office representatives can share best practices and lessons learned with other offices so

that the program would 1) be implemented more consistently and 2) benefit from the trials and errors of the different offices.”

- *“Include the PTAC counselor in the SBA communications with the applicant.”*
- *“Feedback - what did or EEl applicants get right? What did they get wrong? would allow continuous improvement in the process.”*
- *“Possibly include an option to include the PTAC representatives in the SBA evaluation interaction e-mail correspondence with the clients. Many times, the clients may be distracted with day-to-day operations and the responses to the SBA end up being delayed.”*
- *“The SBA could partner with PTACs to market EEl more aggressively.”*

Training

Seven of the 22 respondents (31.8%) described a need for more frequent training, follow-up training, and/or more targeted training on the EEl. Below are excerpts describing this:

- *“It will be good if the EEl training is offered annually. I took my training in March 2020.”*
- *“More targeted training for PTAC/SBDC organizations to ensure that applications that are marked for early engagement program are actually complete applications. In the early stages of the pilot program, too many PTACS and District Offices were claiming to submit an early engagement application, however the applications were not actually complete and more processing was required by the program office. More training can help solve this problem.”*
- *“More training for DO staff.”*
- *“On-demand training for PTACs or other organizations that provide free business assistance.”*
- *“Periodic retraining is desirable.”*
- *“Training, and follow-up training.”*
- *“We originally were welcomed to the program and given very base-level training, stumbling our way through the process as we worked on the initial applications. We've not received any follow-up information or training since then, and understand there've been some changes to the program. The Excel spreadsheet doesn't work as intended since we keep getting error messages that the sheet can't access the links or other resources embedded in it. We're one of the PTACs, and since we do so few of these, it's been a non sequitur.”*

Partner Interview Data

The research team conducted 12 interviews with partners from PTACs, District Offices, and SBA Grantee organizations. Themes and sub-themes related to procurement readiness are summarized under Research Question 2 of the report. Additional findings that emerged during partner interviews fell into two broad themes: 1) *Program/Stakeholder Assets, Strengths & Facilitators* and 2) *Program/Stakeholder Challenges, Gaps & Opportunities for Improvement*.

Program/Stakeholder Assets, Strengths & Facilitators

Nine of the 12 partners interviewed mentioned various procedural and program updates that have reportedly improved the HUBZone and EEI application process. Below are excerpts that summarize various examples of procedural improvements:

- *“We use the SBA's document checklist, which, up until the changes they had four different checklists depending on your business type, so corporation versus LLC versus sole proprietorship, etc. And now there's just one document checklist which is great. That's been a good improvement.”*
- *“A lot of the changes that they made are fantastic. You still have to fill out the signature form, but no longer having to get it notarized, hard copy, mailing it somewhere where it never gets seen or gets lost. All that stuff's better.”*
- *“The new certify site's description of the program is better than it was on the old site.”*
- *“I think the HUBZone folks have done an excellent job in terms of the resources. I love their FAQs, they have a PDF document about the program improvements that happened a year or two ago that help applicants maintain eligibility.”*
- *“The EEI spreadsheet is incredible because it really does guide you through the entire process and it forces the company to actually look at everything they have, whereas before it was kind of just a guess.”*
- *“One of our other PTAC groups had a client whose application went through in a record time of like six days. And a couple that I've done have been processed within 30 days. We've been very impressed with it. I was looking at 6 to 9 months at one point when I started four years ago, so this is a huge upgrade, an incentive, it's been very positive.”*

Six respondents shared highly positive feedback about SBA's EEI training, and more specifically about SBA's primary point of contact for EEI who administers the training and acts as a valuable resource for program information. Below are several notable excerpts:

- *“The EEI training was fantastic. It was great. It was easy to follow. [SBA’s Trainer] is very knowledgeable. She answered all questions, walked us through it.”*
- *“The training served its purpose in terms of, this is what the initiative is, this is how it works. These are the tools that we use to implement the the initiative.”*
- *“I’ve had great experience with both my contact for the Early Engagement Initiative and just the HUBZone Help Desk in general. They’ve been pretty responsive to applicants and to me if I have a question.”*
- *“When I reach out for the the Early Engagement Initiative, I reach out directly to [SBA’s HUBZone Program Manager]. If I had a question about the HUBZone program, I’ll join one of those calls on Tuesday/Thursday. And usually, she’s the one taking the call anyway. Our point person has usually just been directly to [SBA’s HUBZone Program Manager] because we know she’s going to answer correctly and quickly. So that relationship with her is great.”*
- *“I thought the training was good. I’ve gotten to know to [SBA’s HUBZone Program Manager], she’s great and she’s kind of my go-to. She’s been awesome with the HUBZone program, and she’s certainly made my life easier with working with my clients. I’m very grateful for her assistance.”*

All 12 respondents reported feeling that the EEI is worthwhile and offers significant value for all stakeholders involved (despite several respondents noting program challenges, as mentioned in the following section). Below are selected excerpts that demonstrate this finding:

- *“I think it’s great that we can work with firms closely and sort of sell them that pre-application. Everybody’s ears perk up when they hear that. I think it’s great. I love the program.”*
- *“I think the EEI is a big benefit for firms who are procurement ready and ready to apply for HUBZone.”*
- *“It’s a worthwhile program, for firms who are procurement ready. It ostensibly helps expedite and kind of streamline the certification process.”*
- *“I find that firms tend to be a little bit warmer to the idea of applying for HUBZone knowing that we are an Early Engagement Initiative center, as opposed to having to go down the six months plus path.”*
- *“I think the process is really good, it speeds up the application. Like I said, the spreadsheet really kind of sums up everything. The FAQs are a really good review for clients when they’re thinking about going through HUBZone because they really explain everything that’s needed when maybe the website doesn’t. I think the EEI is very worthwhile.”*

- *“I definitely feel that the EEI is worthwhile. The ability that we have, to fill out that spreadsheet and send that in, letting SBA know that we've worked with a client and that they're ready to go and we've reviewed their documents, and they prioritize that application, I think it's it's been wonderful.”*

Program/Stakeholder Challenges, Gaps & Opportunities for Improvement

Eight of the 12 interview respondents mentioned various technical/procedural challenges and resource gaps they had experienced while working with firms to provide HUBZone and EEI assistance. Additionally, two respondents mentioned the challenge of frequent program changes, and six mentioned that increased communication with SBA and/or follow-up training were potential opportunities for program improvement. Below are selected excerpts to capture these findings:

- *“I think the biggest thing that HUBZone could do is just update their website with the most current information possible and update the list of required documents. For example, when you print out the cover sheet, it doesn't mention anything about tax returns.”*
- *“It would be helpful if the HUBZone website mentioned that firms need accounting information to apply, like their tax return, filing date, total receipts, net profit, current assets, fixed assets, other assets, current liabilities, long term liabilities. Otherwise, an applicant might be in the middle of the application and all of a sudden get hit with this, and you hope that they can call their tax accountant and talk to them at that moment and ask for this information. So that would be very helpful.”*
- *“I think it would be helpful if the SBA published an online list of counselors that can help firms get their HUBZone certification, because of the chance you've got people who wouldn't necessarily use a PTAC for anything else, but may be interested in getting a HUBZone certification. If you have a list of all the different people who can help with that, or centers, Early Engagement Initiative centers that could do that in each state, that might be something that would help get more traffic.”*
- *“Everything's constantly moving with it. I had a client that I was helping this month and the process, when we started with them, is vastly different than it was even six months ago because of program changes, documentation changes, et cetera.”*
- *“As a PTAC, when I was helping somebody with the application last summer, I went to meet with them, I've got the checklists ready and I'm armed with the knowledge of how the process works, but I discovered during the process that various changes were made recently, and I hadn't been aware.”*

- *“I think what might have been beneficial for us is if there was more follow up. I think we had the training a couple of years ago and then that was it. So maybe if there was more follow up from the the HUBZone Program Office in terms of, are there any questions, or what else would you need from us to implement this initiative?”*
- *“I think the idea of the EEI is really amazing, but I didn't get as much participation as I think I would have if there had been more of a campaign from SBA to get the word out.”*
- *“The Help Desk usually responds quickly, but it would be helpful if they had a dedicated phone number for PTACs to call and talk to somebody if you're having an issue in the middle of the application process.”*

Lastly, several partners mentioned a number of regional and demographic-specific program challenges, as highlighted in the below excerpts:

- *“Usually when you mention HUBZone to somebody, they get confused with what we call Texas HUB, which is the historically underutilized business program for the state of Texas. And so, they get that whole thing confused. Sometimes I'll talk about Texas HUB when they mean to talk about HUBZone, or they'll talk about HUBZone when they really mean to talk about Texas HUB. So that's one of the one of the issues we run into.”*
- *“Rural addressing is an issue because the SBA's mapping system uses U.S. Postal Service data, and the USPS bases their addresses on their postal routes. When you're rural, the postal route carrier might be three towns over. Many firms have a rural address, a hamlet address, and then a taxpayer address, and they're all different, which creates a big challenge with documentation, especially since HUBZone is a geographic-based program.”*
- *Another issue we run into here is that the HUBZone program requires LLCs to provide operating agreements, which are not required by our state law. You can register as an LLC with the Secretary of State and not have an operating agreement. But they need one to apply for HUBZone, and there's no one set format or form, because it's not a requirement here.”*
- *“For Native clients that live on the reservation, oftentimes their documents, such as their bills, are a little different from traditional bills. The documents that HUBZone wants do not exist in some cases on the reservation We often need to submit a letter of explanation explaining why certain things had to happen and why certain documents were provided as opposed to others. It might be helpful if SBA had a special system for reviewing applications from firms on the reservation, to specify what kind of documentation is acceptable.”*