



U.S. Small Business  
Administration

**Report to Congress on  
Historically Underutilized  
Business Zone (HUBZone)  
Performance Metrics  
for Fiscal Year 2021**

**April 6, 2022**

## Introduction

The Small Business Act (the Act), in Section 31(e), 15 U.S. C. § 657a(e), requires the Small Business Administration (SBA) to collect data on performance metrics that are designed to measure the success of the Historically Underutilized Business Zone (HUBZone) program in meeting the program's objective of promoting economic development in economically distressed areas, and to submit an annual report on those performance metrics to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate. On December 14, 2020, SBA published an Information Notice announcing these performance metrics.<sup>1</sup> These performance metrics include<sup>2</sup>:

1. Number of HUBZone firms decertified due to the results of a program examination performed in connection with their annual recertification;
2. Number of HUBZone firms decertified due to the results of a program examination performed in connection with their annual recertification that failed to submit documentation after being proposed for decertification;
3. Number of HUBZone-related outreach events presented by SBA District Offices;
4. Number of HUBZone-related outreach events presented by SBA Headquarters and number of attendees of such events;
5. Number of HUBZone certification applications received;
6. Number of new HUBZone certifications;
7. Number of HUBZone-certified firms at the end of the fiscal year;
8. Number of HUBZone firms that were awarded Federal contracts;

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<sup>1</sup> SBA Information Notice 6000-20010, "HUBZone Annual Report Metrics."

<sup>2</sup> Section 31(e)(3) of the Small Business Act, 15 U.S.C. § 657a(e)(3), requires that this annual report include Performance Metrics 1-3. The remainder of the performance metrics were developed by SBA and included in Information Notice 6000-20010.

9. Dollar amount of Federal contracts awarded to HUBZone firms; and
10. Dollars awarded to HUBZone firms through HUBZone sole source and set-aside contracts or orders.

## Program Improvements

In Fiscal Year (FY) 2021, the HUBZone program implemented comprehensive changes to reduce the regulatory burdens imposed on HUBZone small business concerns and government agencies, implement new statutory provisions, and eliminate ambiguities in the regulations. The purpose of these changes was to help the HUBZone program achieve its intended results: investment and continued employment in economically distressed communities. These changes included the following:

1) Requiring annual recertification for all HUBZone-certified firms. To meet this requirement, SBA adjusted the existing recertification process to select and notify firms for recertification on an annual rather than triennial basis.

2) Conducting program examinations of all HUBZone-certified firms at least every three years. To meet this requirement, SBA employed a risk-based approach to assign program examinations to HUBZone-certified firms based on the amount of federal contract dollars awarded to them in the past two years and established a team of analysts dedicated to conducting program examination reviews.

3) Making eligibility determinations of HUBZone applicants within 60 calendar days after receipt of a complete application package. This requirement was met through a number of efforts including expanded early engagement and customer support, enhanced pre-application educational materials, and the development of new and improved tools for applicants.

4) Expanding the HUBZone map to include Governor-designated covered areas. In FY 2021, SBA approved from the Governor of Illinois its first petitions for the inclusion of Governor-designated covered areas in non-urban areas which included one new county and 34 new census

tracts. The HUBZone map was further expanded to include nearly 450 Qualified Non-Metropolitan Counties across the country as a result of changes included in the 2018 NDAA and the recent extension of the HUBZone Map freeze through June 30, 2023, to accommodate the delayed release of the 2020 Census data.

## Discussion of Performance Metrics

### **Program Examinations (Performance Metrics 1 & 2)**

In FY 2021, SBA began implementing the new HUBZone program requirement that all HUBZone-certified firms undergo a program examination at least every three years to ensure continued program eligibility. Through the program examination process, SBA officials verify the accuracy of any certification made or information provided by the small business concern as part of their annual recertification.

Where the firm is not eligible based on its response or failure to respond, SBA will send a written notice of proposed decertification. The firm has 30 days to submit documentation supporting its eligibility. If the firm submits sufficient documentation to support its eligibility, it will receive written notice that it will maintain its certified HUBZone status in the SBA's Dynamic Small Business Search (DSBS). If the firm fails to respond within the required timeframe or the documentation submitted is not sufficient to support its eligibility, it will be decertified and its certified HUBZone status will be removed in DSBS.

In FY 2021, SBA performed 1,336 program examinations. Of those, 178 resulted in decertification because the firm chose to voluntarily withdraw from the HUBZone program or SBA determined that the firm was not eligible. Of the 178 decertified firms, 141 were decertified because they failed to submit documentation after being proposed for decertification.

### **Outreach Events (Performance Metrics 3 & 4)**

SBA has 68 District Offices across the country, organized into ten Regions. SBA District Offices are responsible for overseeing the delivery of SBA’s programs throughout their territory and for providing small businesses with tools to enhance and grow their businesses. One way District Offices provide those tools and assist with the delivery of SBA’s programs is through outreach events, including in-person trainings and webinars often hosted in collaboration with SBA resource partners. In FY 2021, SBA District Offices held or participated in 287 outreach events related to the HUBZone program. Table 1 provides the number of outreach events by SBA District Offices, broken out by SBA Region.

<b>Table 1: HUBZone Outreach Events SBA District Offices</b>	
<b>SBA Region</b>	<b>Number of Events</b>
Region 1 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)	3
Region 2 (New York, New Jersey, Puerto Rico)	24
Region 3 (Maryland, Delaware, Pennsylvania, Virginia, West Virginia, Washington, D.C.)	37
Region 4 (Alabama, Georgia, Kentucky, Mississippi, North Carolina, Florida, South Carolina, Tennessee)	40
Region 5 (Ohio, Illinois, Indiana, Michigan, Minnesota, Wisconsin)	28
Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)	34
Region 7 (Iowa, Kansas, Nebraska, Missouri)	22
Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)	32
Region 9 (Arizona, California, Guam, Hawaii, Nevada)	51
Region 10 (Alaska, Idaho, Oregon, Washington)	16
<b>Total</b>	<b>287</b>

In FY 2021, SBA Headquarters staff, through the Office of the HUBZone Program, participated in 26 outreach events, with a total of 2,318 attendees. Table 2 shows the number of HUBZone-related outreach events that included SBA Headquarters staff as a presenter and the cumulative number of participants, broken out by audience type (i.e., small businesses, resources

partner counselors, contracting officers).

<b>Table 2: HUBZone Outreach Events SBA Headquarters</b>		
<b>Audience</b>	<b>Number of Events</b>	<b>Number of Participants</b>
Small Businesses	14	1,388
Resource Partners (i.e., PTACs, SBDCs)	8	514
Contracting Officers	4	416
<b>Total</b>	<b>26</b>	<b>2,318</b>

**HUBZone Certifications (Performance Metrics 5-7)**

In FY 2021, the HUBZone program received 1,857 applications from businesses seeking HUBZone certification. This count represents the total number of applications submitted through SBA’s HUBZone Certification Tracking System (HCTS) between October 1, 2020, and September 30, 2021. In FY 2021, 940 applicants obtained HUBZone certification. This count represents the total number of applications that the Office of the HUBZone program approved between October 1, 2020 and September 30, 2021. At the end of FY 2021, there were 5,815 certified HUBZone small business concerns. This count represents the total number of firms with HUBZone-certified status in HCTS as of October 1, 2021.

<b>Table 3: HUBZone Certifications</b>	
<b>Action</b>	<b>Firms</b>
New Applications Received	1,857
New Certifications	940
Total HUBZone firms at End of Year (EOY) FY 2021	5,815

**Federal Contract Awards to HUBZone Firms (Performance Metrics 8-10)**

In FY 2020, government-wide achievement in prime contracting to certified HUBZone small businesses continued an upward trajectory, increasing from 2.28% in FY 2019 to 2.44% in FY 2020.

HUBZone firms received over \$13.6 billion in prime contracts in FY 2020, representing an increase of more than \$2 billion dollars from the prior year, and translating to more than 68,000 jobs in disadvantaged communities<sup>3</sup>. Table 3 presents the performance metrics related to Federal contract awards to HUBZone firms.

<b>Table 4: Fiscal Year 2020 Federal Contract Awards to HUBZone Firms</b>	
<b>Category</b>	<b>Vendors/Dollars</b>
Number of HUBZone Vendors Receiving Contracts	2,311
Total Obligations to HUBZone Vendors	\$13,877,602,463
Obligations Through HUBZone Sole-Source	\$70,985,228
Obligations Through HUBZone Set-Asides	\$2,618,327,668

## Conclusion

FY 2021 was a transformational year for the HUBZone program, as new certification, annual recertification, and program examination processes were established and existing processes were enhanced to increase the program’s ability to meet its objective of promoting economic development in economically distressed areas.

In an effort to better understand the HUBZone program’s contribution to economic development, in FY 2021, SBA contracted with a research firm to conduct an economic impact study evaluating the HUBZone program<sup>4</sup>. The study used an input-output model to analyze the economic activity supported by HUBZone procurement over an 11-year period, between FY 2009 and FY 2019, for each of the 50 states and the District of Columbia and for 30 selected HUBZone counties. The study found that each dollar of federal procurement to HUBZone firms generated a little over one dollar in gross output at the county level and approximately two dollars in gross output at the state level. At both the state and county levels, HUBZone procurements were found to generate

<sup>3</sup> [HUBZone Small Business FY2020 Prime Contracting Overview \(sba.gov\)](https://www.sba.gov/document/report-hubzone-economic-impact-report)

<sup>4</sup> <https://www.sba.gov/document/report-hubzone-economic-impact-report>

substantial employee earnings and jobs.

Moving forward, the HUBZone program is furthering its efforts to improve the customer experience, to ensure that HUBZone certification and continuing eligibility requirements are met, and to increase utilization of HUBZone contracts and firms by federal agencies. SBA continues to collect and monitor data related to the established performance metrics and looks forward to including comparative data in the FY 22 HUBZone Annual Report to Congress.