



BLUEPRINTS FOR SUCCESS

Achieving the HUBZone 3 Percent Goal

FY 2016

Office of the HUBZone Program
Government Contracting and Business Development
U.S. Small Business Administration



The HUBZone Program at the U.S. Small Business Administration encourages economic development in Historically Underutilized Business Zones through the establishment of preferences facilitating access to federal contracting opportunities. Certified small businesses in impoverished areas utilize the competitive and sole source contracting and price evaluation preferences of the HUBZone Program to create jobs and increase capital investments in distressed local economies throughout America.

Nine agencies in FY 2016 achieved the government goal to award 3 percent of all dollars for federal prime contracts to HUBZone small businesses. This compilation highlights the accomplishments of the nine 'HUBZone Champions' and provides helpful knowledge to those agencies not yet meeting the 3 percent statutory goal. Broadly utilizing the strategies of the Champion Agencies can lead to greater success for the HUBZone Program and the economic empowerment and development of communities throughout our great nation!

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Acronyms & Abbreviations

BPA:	Blanket Purchase Agreement
CFO Act:	The Chief Financial Officers Act of 1990 (Public Law 101–576)
CFR:	Code of Federal Regulations
COR:	Contracting Officer Representative
CTA:	Contractor Team Arrangements
DUNS:	Data Universal Numbering System
EIN:	Employer Identification Number
FAR:	Federal Acquisition Regulation
FPDS - NG:	Federal Procurement Data System - Next Generation
HCA:	Head of Contracting Activity
HUBZone:	Historically Underutilized Business Zone
IDIQ:	Indefinite Delivery / Indefinite Quantity
IDV:	Indefinite Delivery Vehicle
MAS:	Multiple Award Schedule
NAICS:	North American Industry Classification System
OSBU:	Office of Small Business Utilization
OSDBU:	Office of Small and Disadvantaged Business Utilization
PIID:	Procurement Instrument Identifier
PSC:	Product and Service Code
SAM:	System for Award Management
SAT:	Simplified Acquisition Threshold
SBCR:	Small Business Compliance Review
SBTA:	Small Business Technical Advisor
SES:	Socioeconomic Status
SPE:	Senior Procurement Executive
8(a):	8(a) Business Development Program

Introduction

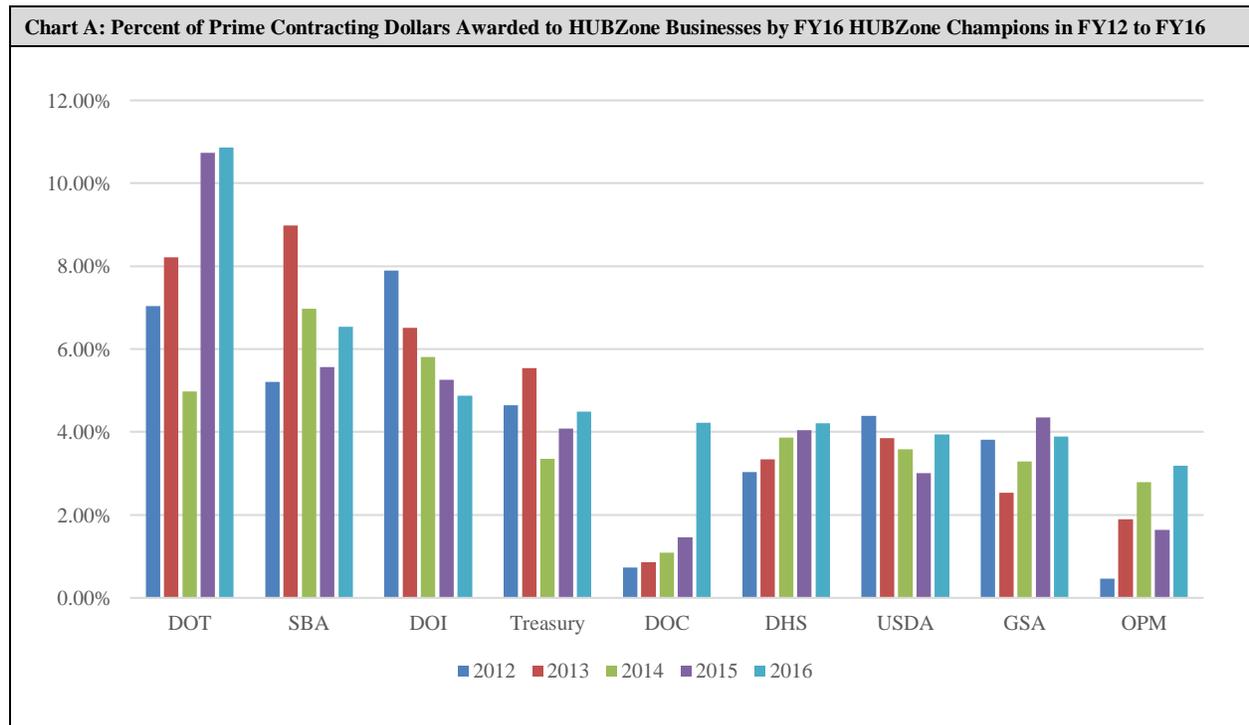
Nine agencies governed by the Chief Financial Officers Act of 1990 achieved in FY 2016 the federal government statutory goal of awarding 3 percent of prime contracting dollars to HUBZone small businesses. This booklet celebrates the successes of these HUBZone Champion agencies and seeks to highlight and share their proven program strategies with the 15 CFO Act agencies not yet achieving the 3 percent HUBZone procurement goal.

1. Department of Transportation (DOT)	10.86%	6. Department of Homeland Security (DHS)	4.21%
2. Small Business Administration (SBA)	6.54%	7. Department of Agriculture (USDA)	3.94%
3. Department of the Interior (DOI)	4.87%	8. General Services Administration (GSA)	3.89%
4. Department of the Treasury (Treasury)	4.49%	9. Office of Personnel Management (OPM)	3.19%
5. Department of Commerce (DOC)	4.23%		

Special recognition must be given to the Department of Transportation, the Small Business Administration, the Department of the Interior, the Department of Treasury, the Department of Homeland Security, and the Department of Agriculture. These six agencies have met or exceeded the 3 percent HUBZone goal in all of the past five fiscal years. As was consistently noted by each HUBZone Champion Agency, it is with the leadership that success begins, and congratulations are therefore in order for the small business leadership at these outstanding federal agencies.

I. Willis Morris, Director of Office of Small and Disadvantaged Business Utilization at the Department of Transportation
II. William Cody, Senior Procurement Executive at the Small Business Administration
III. Megan Olsen, Director of Office of Small and Disadvantaged Business Utilization at the Department of the Interior
IV. Pamela Wilson, Acting Director of Office of Small and Disadvantaged Business Utilization at the Department of the Treasury
V. Kevin Boshears, Director of Office of Small and Disadvantaged Business Utilization at the Department of Homeland Security
VI. Michelle Warren, Acting Director of Office of Small and Disadvantaged Business Utilization at the Department of Agriculture

Two agencies in FY 2016 achieved the HUBZone goal for the first time in the past five fiscal years: Department of Commerce and the Office of Personnel Management. Much applause to OSDBU Director LaJuene Desmukes at the Department of Commerce and OSDBU Director Desmond Brown at OPM for this highly laudable accomplishment.



Introduction

There were 15 CFO Act agencies who did not achieve in FY 2016 the 3 percent HUBZone statutory goal. Five agencies awarded between 0.00 and 0.99 percent of federal government prime contracting dollars to HUBZone small businesses, six agencies between 1.00 and 1.99 percent, and four agencies between 2.00 and 2.99 percent. Eight federal agencies have never successfully met the 3 percent HUBZone goal in any of the past 10 fiscal years.

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Department of Agriculture	8.74%	6.60%	8.22%	9.90%	5.56%	4.40%	3.85%	3.59%	3.01%	3.94%
Department of Commerce	1.94%	2.19%	0.86%	1.08%	0.78%	0.73%	0.86%	1.09%	1.46%	4.23%
Department of Defense	2.22%	2.16%	3.26%	3.00%	2.58%	2.18%	1.78%	1.93%	1.87%	1.57%
Department of Education	0.55%	0.58%	0.80%	0.72%	0.66%	0.29%	0.35%	0.22%	0.22%	0.58%
Department of Energy	0.30%	0.20%	0.13%	0.72%	0.24%	0.39%	0.41%	0.58%	0.39%	0.15%
Department of Health and Human Services	1.20%	1.20%	1.03%	1.42%	0.96%	0.73%	0.57%	0.61%	0.73%	1.03%
Department of Homeland Security	2.96%	3.14%	2.70%	2.66%	2.96%	3.03%	3.34%	3.86%	4.05%	4.21%
Department of Housing and Urban Development	1.63%	2.10%	3.06%	1.13%	0.90%	0.83%	0.88%	0.70%	0.69%	1.20%
Department of the Interior	11.26%	10.01%	10.30%	9.09%	9.39%	7.90%	6.52%	5.81%	5.25%	4.87%
Department of Justice	0.69%	1.08%	0.68%	0.79%	0.74%	1.01%	0.84%	1.06%	0.85%	1.05%
Department of Labor	1.17%	3.54%	1.08%	3.15%	3.12%	0.69%	3.16%	1.07%	2.24%	2.77%
Department of State	2.48%	2.12%	2.71%	2.82%	2.27%	2.49%	2.15%	1.97%	3.22%	2.37%
Department of Transportation	7.56%	7.31%	7.08%	6.83%	6.54%	7.04%	8.21%	4.98%	10.73%	10.86%
Department of the Treasury	1.11%	1.51%	1.83%	2.24%	4.11%	4.65%	5.54%	3.36%	4.08%	4.49%
Department of Veterans Affairs	3.31%	2.69%	2.12%	2.16%	2.24%	1.73%	1.72%	1.50%	1.69%	1.58%
Environmental Protection Agency	2.31%	2.22%	2.13%	0.98%	1.07%	2.53%	2.69%	1.84%	1.34%	0.61%
National Aeronautics and Space Administration	0.73%	0.85%	0.73%	0.89%	0.77%	0.58%	1.17%	0.86%	0.63%	0.51%
Agency for International Development	0.90%	0.26%	0.71%	0.29%	0.58%	0.70%	1.26%	0.22%	0.16%	0.19%
General Services Administration	5.57%	6.57%	3.24%	3.22%	4.39%	3.81%	2.53%	3.29%	4.35%	3.89%
National Science Foundation	0.89%	0.12%	1.07%	0.66%	0.96%	0.69%	0.62%	1.90%	2.15%	2.37%
Nuclear Regulatory Commission	4.58%	4.10%	4.66%	3.59%	3.88%	4.01%	2.35%	2.55%	3.09%	2.90%
Office of Personnel Management	1.86%	1.93%	0.47%	0.07%	0.03%	0.46%	1.90%	2.79%	1.64%	3.19%
Small Business Administration	7.89%	11.85%	8.64%	3.39%	3.78%	5.21%	8.98%	6.98%	5.57%	6.54%
Social Security Administration	3.05%	2.27%	1.45%	1.93%	1.97%	2.01%	1.70%	1.38%	1.31%	1.57%
Number of HUBZone Champion Agencies:	8	8	8	8	8	8	7	7	9	9

In FY 2016, the federal government awarded 1.67 percent of prime contracting dollars (\$6,864,074,200.54) to HUBZone small businesses. This was the lowest percentage of HUBZone dollars over the past ten fiscal years and an impetus for the creation of this document sharing the proven strategies of the HUBZone Champion Agencies.

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target:	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Actual:	2.24%	2.17%	2.81%	2.77%	2.40%	2.01%	1.76%	1.82%	1.82%	1.67%
Variance:	-25%	-28%	-6%	-8%	-20%	-33%	-41%	-39%	-39%	-44%

The Office of the HUBZone Program in Government Contracting and Business Development at the U.S. Small Business Administration is dedicated to working with its federal partners to promote job growth, capital investment, and economic development in historically underutilized business zones through preferential access to federal contracting opportunities. Let us continue to enhance our cooperation to achieve this shared mission!

User Guide

The following nine pages highlight the performance and strategies of the FY 2016 HUBZone Champion Agencies. Each page is identically formatted allowing users of this Blueprints for Success Manual to easily compare and contrast elements of agency success. All HUBZone Champion highlight pages include the following information:

HUBZone Champion Agency

Small Business Administration

FY16: 6.54%

Aligned with its mission to support entrepreneurs and small businesses throughout the United States, the SBA again achieved and exceeded the 3 percent HUBZone goal. Congratulations, SBA!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$6,942,026.66	\$9,581,193.13	\$9,794,825.70	\$8,113,774.27	\$9,897,132.38
HUBZone Percent:	5.21%	8.98%	6.98%	5.57%	6.54%
Unique HUBZone Contracts:	32	27	51	54	56
Unique HUBZone Firms:	21	16	21	26	28

Table 3.2: Top 5 HUBZone NAICS in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541611	541512	541519	561320	511199
NAICS Title:	Administrative Management and General Management Consulting Services	Computer Systems Design Services	Other Computer Related Services	Temporary Help Services	All Other Publishers
Total Dollars:	\$2,469,247.05	\$2,206,679.52	\$1,200,648.94	\$985,307.93	\$937,113.52
Number of Contracts:	8	3	10	9	2
Number of Firms:	5	2	6	2	1

The SBA HUBZone Blueprint for Success:

<p><u>DEVELOP METHODOLOGY TO ACHIEVE GOALS</u></p> <ul style="list-style-type: none"> Each agency has a wealth of procurement data from past fiscal years. Analyze this information to identify trends and the NAICS codes in which the most goods and services are purchased. Encourage and facilitate the participation of small businesses through the practice of procurement forecasting. Forecasting necessitates the agency to plan for future procurements and enables small business to plan and participate. Monitor goaling reports closely each week against projected yearly award values and, as needed, emphasize a category to make sure goals are met throughout the year. 	<p><u>ACTIVE OUTREACH WITH PROGRAM OFFICES</u></p> <ul style="list-style-type: none"> It is important for procurement leadership to develop close working relationships with program offices throughout the agency. These close working relationships enable early identification of projects for which procurements are needed. Early identification of projects is critical to succeeding in the engagement and use of small businesses. Using Advanced Acquisition Strategy is another method of identifying projects suitable for various categories.
<p><u>UTILIZE ADVANCED PLANNING STRATEGIES</u></p> <ul style="list-style-type: none"> The Small Business Administration identifies two or more projects each year to target towards HUBZone firms. These projects are for a base year and include options, which ensure that those dollars in the current and future period of performance count towards the HUBZone goal. Over one-third of the SBA certified HUBZone dollars in FY 2016 were awarded through HUBZone set-aside contracts. 	<p><u>PRIORITIZE LEADERSHIP RELATIONSHIPS</u></p> <ul style="list-style-type: none"> Acquisition leadership at the Small Business Administration prioritizes their relationship with agency leadership and emphasizes the importance of meeting and exceeding the small business procurement goals. In some instances, specific projects and their acquisition strategy are discussed with agency leadership. It is the mission of the SBA to aid, counsel, and assist small businesses, and the procurement of goods and services by the agency is one fundamental way to serve this important mission.

Additional Information:

Contact SBA Denver Finance Center Director Melissa Jo Atwood at melissa.atwood@sba.gov or (303) 844-0538 or Supervisory Contract Specialist Jim Holloway at james.holloway@sba.gov or (303) 844-7969 to learn more about their exceptional work to achieve and exceed the HUBZone goal.

13 | SBA

- Percent of FY16 prime contracting dollars awarded by the Champion Agency to HUBZone small businesses

- The five-year historical performance of agency in HUBZone Program;
- Number of contracts greater or less than zero comprising FY HUBZone dollar total;
- Number of HUBZone firms by EIN agency worked with in a FY

- The top five NAICS economic industries in which certified HUBZone dollars were awarded in FY 2016
- The number of contracts & number of firms through which those HUBZone dollars were awarded

- The four elements identified by the HUBZone Champion Agency as critical to their program success
- The knowledge-sharing of strategies that have worked to help the HUBZone Champion Agency meet the 3 percent HUBZone statutory goal
- Could these Blueprint strategies work to grow the HUBZone Program at your agency?

- Success is achieved in collaboration, and leaders of HUBZone programs at Champion Agencies look forward to talking to you!

HUBZone Champion Agency

Department of Agriculture

FY16: 3.94%

The Department of Agriculture continues to excel in the HUBZone Program. Similar to the 29 agencies at the USDA, its HUBZone dollars reach all corners of America. Amazing work, USDA!

Table 1.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$235,518,371.16	\$199,057,979.93	\$198,425,965.59	\$189,602,982.64	\$232,680,895.75
HUBZone Percent:	4.39%	3.85%	3.59%	3.01%	3.94%
Unique HUBZone Contracts:	2,563	2,036	2,110	1,997	1,884
Unique HUBZone Firms:	728	593	581	551	508

Table 1.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	115310	541511	237310	311421	541519
NAICS Title:	Support Activities for Forestry	Custom Computer Programming Services	Highway, Street, and Bridge Construction	Fruit and Vegetable Canning	Other Computer Related Services
Total Dollars:	\$51,211,993.41	\$36,074,784.71	\$21,054,143.96	\$17,689,326.25	\$13,140,205.91
Number of Contracts:	641	32	212	8	134
Number of Firms:	155	9	87	1	28

The USDA HUBZone Blueprint for Success:

<p><u>DECENTRALIZATION OF BUYING AGENCIES</u></p> <ul style="list-style-type: none"> • USDA buys goods and services on a decentralized basis. • There are 11 different buying agencies which purchase goods and services for the 29 agencies and staff offices that make up USDA. • Each of the 11 buying agencies has a designated Small Business Specialist. The Small Business Specialist acts as an advocate for small businesses at the buying agencies. Vendors are encouraged to contact the Small Business Specialists for more information on specific products and services being purchased: https://www.dm.usda.gov/osdbu/doing-business-usda.htm 	<p><u>DESIGNATION OF HUBZONE COORDINATOR</u></p> <ul style="list-style-type: none"> • Recognizing the importance of preparation and communication to achieve success in the HUBZone program, USDA has an internally designated HUBZone Coordinator. • It is a key responsibility of the HUBZone Coordinator at USDA to ensure that the department exceeds the 3 percent HUBZone goal. • The HUBZone Coordinator is highly knowledgeable about the HUBZone program and a person to whom to turn for questions. • The HUBZone Coordinator is accountable for HUBZone success.
<p><u>TRAINING, TRAINING, TRAINING</u></p> <ul style="list-style-type: none"> • USDA OSDBU provides annual training to all Contracting Officers about the HUBZone program. • OSDBU reminds Contracting Officers about HUBZone regulations in the Title 13 CFR and FAR subpart 19.13. • Contracting Officers are continually encouraged to utilize SBA's Dynamic Small Business Search to identify HUBZone small business concerns. As well, Contracting Officers at USDA receive training on issuing a Sources Sought announcement in FedBizOpps seeking small businesses, including HUBZone firms. 	<p><u>DIRECT OUTREACH TO HUBZONE FIRMS</u></p> <ul style="list-style-type: none"> • USDA OSDBU is an annual and active participant at the HUBZone Council conference and has found this event to be a great opportunity to connect directly with HUBZone firms. • HUBZone areas are highly considered when conducting outreach. • The USDA considers procuring goods and services from all areas and people of the United States a critical part of its mission as a federal agency. Their work is felt in every sector of society, and they provide a forecast for all businesses interested in their department: https://www.dm.usda.gov/osdbu/forecast.htm.

Additional Information:

Reach out to the Office of Small and Disadvantaged Business Utilization Deputy Director Michelle E. Warren at michelle.warren@dm.usda.gov or (202) 720-7835 for more information about the Department of Agriculture and its continual success meeting and exceeding the HUBZone goal.

HUBZone Champion Agency

Department of Commerce

FY16: 4.23%

For the first time in ten years, the Department of Commerce achieved, and exceeded, the HUBZone goal to award three percent of all prime contracting dollars to HUBZone small businesses. Congratulations!

Table 2.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$23,826,360.58	\$28,712,789.09	\$43,716,659.41	\$60,930,936.08	\$193,860,415.98
HUBZone Percent:	0.73%	0.86%	1.09%	1.46%	4.23%
Unique HUBZone Contracts:	378	391	423	561	594
Unique HUBZone Firms:	109	135	130	156	171

Table 2.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541512	541511	541519	541611	541990
NAICS Title:	Computer Systems Design Services	Custom Computer Programming Services	Other Computer Related Services	Administrative Management and General Management Consulting Services	All Other Professional, Scientific, and Technical Services
Total Dollars:	\$107,130,213.87	\$23,366,586.87	\$11,887,947.91	\$10,922,412.09	\$7,257,230.75
Number of Contracts:	16	34	139	20	53
Number of Firms:	9	12	25	10	6

The DOC HUBZone Blueprint for Success:

<p><u>GOAL-ORIENTED INTERNAL COLLABORATION</u></p> <ul style="list-style-type: none"> The Department of Commerce has achieved most of their small business procurement goals for many years. The HUBZone Program, though, remained the stubborn exception. Seeking to change and achieve success in all programs, Department of Commerce leadership (Office of Small and Disadvantaged Business Utilization, Office of Acquisition Management, and the Bureau of Procurement Offices) began to meet regularly in 2010 to develop, collaborate, and begin implementing strategic actions to increase HUBZone awards. 	<p><u>ESTABLISH HUBZONE PROJECTIONS EARLY</u></p> <ul style="list-style-type: none"> Each fiscal year, the Department of Commerce estimates their total procurement obligation based on the discretionary budget. Projections are then established for small business and socioeconomic small business obligations based on SBA-assigned goals. For example, DOC projected in FY16 needing to obligate \$120 million to achieve the HUBZone 3 percent statutory goal. Progress was monitored to the \$120 million, and all collaborators identified opportunities that had large dollar potential to help HUBZones and the agency achieve program success.
<p><u>MONITORING TOTAL PROJECTED OBLIGATIONS</u></p> <ul style="list-style-type: none"> The Department of Commerce monitors progress based upon percentage of total projected obligation. While DOC still checks progress toward goal achievement based on percentage of obligations to date, monitoring percentage of total projected obligations is viewed as a more accurate gauge providing the department better control over managing outcomes. 	<p><u>CULTIVATION OF HUBZONE SUPPLIER BASE</u></p> <ul style="list-style-type: none"> HUBZone Small Business outreach events are regularly held to achieve two goals: (1) Discuss upcoming contract opportunities in next 12 to 24 months, and (2) Allow program managers and contracting officer representatives to meet with firms to gain a better sense of capabilities, experience, and past performance. DOC actively encourages and assists HUBZone firms to form teaming arrangements or relationships across economic sectors. Historically Black Colleges and Universities are institutions of higher learning from which many talented undergraduate and graduate students can be hired to help HUBZone small businesses.

Additional Information:

Director of the Office of Small and Disadvantaged Business Utilization LaJuene Desmukes would be happy to discuss with you their strategies for success in the HUBZone Program at the Department of Commerce. She can be reached at ldesmukes@doc.gov or (202) 482-1472.

HUBZone Champion Agency

General Services Administration

FY16: 3.89%

The Small Business Administration congratulates the General Services Administration for its third straight year achieving the 3 percent federal government HUBZones goal. Way to go, GSA!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$125,020,719.47	\$88,786,141.67	\$128,669,099.28	\$162,446,020.94	\$163,193,371.95
HUBZone Percent:	3.81%	2.53%	3.29%	4.35%	3.89%
Unique HUBZone Contracts:	1,366	1,030	840	927	1,034
Unique HUBZone Firms:	239	212	205	212	216

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	236220	561210	238220	541519	541512
NAICS Title:	Commercial and Institutional Building Construction	Facilities Support Services	Plumbing, Heating, and Air-Conditioning Contractors	Other Computer Related Services	Computer Systems Design Services
Total Dollars:	\$76,189,595.13	\$21,225,567.73	\$18,579,556.98	\$7,475,689.26	\$6,596,803.49
Number of Contracts:	461	191	78	15	6
Number of Firms:	120	17	17	8	4

The GSA HUBZone Blueprint for Success:

<p><u>REINFORCE UTILIZATION OF HUBZONE FIRMS</u></p> <ul style="list-style-type: none"> Acquisition: When placing orders or establishing Blanket Purchase Agreements against multiple-year contracts, small businesses should be given consideration prior to large firms. Designated Small Business Technical Advisors are always available to help identify HUBZone small businesses for GSA contracting opportunities. The agency requires supporting documentation explaining why source selection factor, such as socioeconomic status, was not used. This ensures maximum opportunity for HUBZone firms. 	<p><u>HUBZONE TRAINING FOR ACQUISITION STAFF</u></p> <ul style="list-style-type: none"> GSA partners with SBA to present HUBZone training HUBZone training material and courses are provided to the acquisition workforce via the GSA internal website Market research tools have been created specifically for the agency: (1) list of HUBZone firms by NAICS and PSC; (2) SAM registered 8(a) contractors cross-referenced with HUBZone contractors; and (3) list of MAS HUBZone contractors with sales by schedule; and (4) development of a ‘Small Business Interactive Tool’ to help acquisition workforce easily match product and service requirements with HUBZone vendors.
<p><u>CONTINUOUS ENGAGEMENT WITH VENDORS</u></p> <ul style="list-style-type: none"> OSBU participates in various outreach events specifically for HUBZone vendors or inclusive of HUBZone participation. The GSA Forecast Tool provides information on planned contracting opportunities. It helps vendors learn about potential prime contracting opportunities early in the acquisition process. Opportunities in the GSA Forecast Tool can be filtered by socioeconomic category, including by HUBZone small business. Vendors select ‘Acquisition Strategy: Set-Aside – HUBZone Small Business’ from the filter in the GSA Forecast Tool on the following website: https://www.gsa.gov/smallbizforecast. 	<p><u>OSBU INVOLVEMENT IN PROCUREMENT PROCESS</u></p> <ul style="list-style-type: none"> Involvement of the Office of Small Business Utilization ensures the effective implementation of GSA small business programs. OSBU conducts annual Small Business Compliance Reviews. A checklist is used to review each contract file during the SBCR with particular areas in the checklist focusing upon HUBZones and socioeconomic categories.

Additional Information:

Contact Region 6 Policy Advisor Amy Lara at (816) 589-3783 or amy.lara@gsa.gov or Supervisory Policy Program Advisor Amy Lineberry at (303) 503-6942 or amy.lineberry@gsa.gov to learn more about the outstanding efforts of GSA to achieve and exceed the 3 percent HUBZone goal.

HUBZone Champion Agency

Department of Homeland Security

FY16: 4.21%

The Department of Homeland Security leads the HUBZone Champion Agencies in the number of HUBZone contracts awarded in a fiscal year. Congratulations on outstanding work, DHS!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$389,497,710.44	\$418,200,688.72	\$513,200,650.13	\$562,815,758.88	\$590,334,564.36
HUBZone Percent:	3.03%	3.34%	3.86%	4.05%	4.21%
Unique HUBZone Contracts:	1,825	2,481	2,375	2,454	2,325
Unique HUBZone Firms:	424	345	361	334	378

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541519	541512	561612	541611	236210
NAICS Title:	Other Computer Related Services	Computer Systems Design Services	Security Guards and Patrol Services	Administrative Management and General Management Consulting Services	Industrial Building Construction
Total Dollars:	\$176,520,305.99	\$90,804,966.46	\$56,635,699.65	\$50,045,080.74	\$27,916,195.84
Number of Contracts:	1,059	31	48	77	81
Number of Firms:	16	13	7	16	24

The DHS HUBZone Blueprint for Success:

<p style="text-align: center;"><u>FULL USE OF SMALL BUSINESS REVIEW FORM</u></p> <ul style="list-style-type: none"> • Execution of the small business program requires coordination and the participation of all members on the acquisition team. • DHS Form 700-22 is used by acquisition personnel and reminds staff that first considerations for all procurement actions greater than the SAT are socioeconomic programs. • The form references FAR 19.203, 19.502-4, and 8.405-5 emphasizing how DHS purchases fill needs that support the DHS mission and satisfy public policy objectives. • High emphasis on form towards proper market research and the use of socioeconomic status as part of the evaluation criteria 	<p style="text-align: center;"><u>STRATEGIC SOURCING MULTIPLE AWARD IDIQS</u></p> <ul style="list-style-type: none"> • DHS-wide strategic sourcing multiple award IDIQ contracts are acquisition initiatives that are structured to help the agency obtain critical goods and services while achieving its small business goals. • Whenever feasible, there are award tracks for HUBZone small businesses using pre-determined HUBZone set-side procedures. • Source selection is made at the functional category level within each track, and separate source selection decisions are made within the respective small business categories to ensure representation. These are the special small business set-aside authorities that have been built into the strategic sourcing IDIQ contracts.
<p style="text-align: center;"><u>COMPONENT PROCUREMENTS</u></p> <ul style="list-style-type: none"> • Individual Component Procurements feature proper market research, including full consideration of all the federal small business contracting programs, including the HUBZone program. • Whenever possible, this small business strategy provides for prime contracts in categories where set-aside authority exists. • When using the GSA schedule for procurements, conduct formal small business set-asides or use socioeconomic status as part of the evaluation criteria whenever indicated by market research. This promotes GSA schedule small business participation. 	<p style="text-align: center;"><u>INTERNAL AND EXTERNAL ENGAGEMENT</u></p> <ul style="list-style-type: none"> • The Department of Homeland Security Acquisition Planning Forecast System is a portal for small business vendors to view anticipated contract actions above \$150,000. The forecast (http://apfs.dhs.gov/forecast/) includes a HUBZone filter enabling small businesses to plan and prepare for DHS opportunities. • DHS offers monthly vendor outreach sessions at headquarters. • There is continuous internal communication with the 8 DHS component agencies, including their senior management emphasizing the importance of meeting all the small business goals

Additional Information:

If interested in learning more about the strategies of the Department of Homeland Security to achieve HUBZone success, please connect with their OSDBU Director Kevin Boshears. He can be reached either via email at kevin.boshears@hq.dhs.gov or by phone at (202) 447-5279.

HUBZone Champion Agency

Department of the Interior

FY16: 4.87%

Embracing the HUBZone Program wholeheartedly and demonstrating continuous commitment to small businesses, the Department of the Interior reaps the results of their hard work. Congratulations, DOI!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$219,036,815.25	\$154,064,148.56	\$157,503,470.26	\$148,055,678.13	\$149,342,290.24
HUBZone Percent:	7.90%	6.52%	5.81%	5.26%	4.87%
Unique HUBZone Contracts:	1,834	1,386	1,675	1,914	1,876
Unique HUBZone Firms:	531	418	443	430	427

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	236220	237110	237310	238990	541519
NAICS Title:	Commercial and Institutional Building Construction	Water and Sewer Line and Related Structures Construction	Highway, Street, and Bridge Construction	All Other Specialty Trade Contractors	Other Computer Related Services
Total Dollars:	\$29,699,128.06	\$16,316,937.68	\$15,734,825.64	\$8,714,596.62	\$6,967,516.59
Number of Contracts:	125	34	43	46	278
Number of Firms:	53	30	33	35	28

The DOI HUBZone Blueprint for Success:

<p style="text-align: center;"><u>ANNUAL PROCUREMENT FORECAST</u></p> <ul style="list-style-type: none"> Aligned with the Business Opportunity Development Reform Act of 1988 (Public Law 100-656), the Department of the Interior highly emphasizes acquisition planning. Projections of anticipated contracts above the simplified acquisition threshold are included in the forecast. The DOI forecast is updated annually at the beginning of the fiscal year (October) and includes a “HUBZone Set-Aside” filter. The Procurement Forecast for FY17 includes over 2,700 opportunities and is available as a downloadable Microsoft Excel file: https://www.doi.gov/pmb/osdbu/forecast . 	<p style="text-align: center;"><u>MAXIMIZE SET-ASIDE OPPORTUNITIES</u></p> <ul style="list-style-type: none"> Small Business Specialists use a list of standard practices to ensure that projects are set aside to the maximum extent possible: (1) Use DSBS to locate small businesses; (2) Issue sources sought announcements on projects to ensure reach to HUBZone vendors; (3) Utilize forecast to see in advance what can be set aside; (4) Issue sources sought notices specifically requesting socioeconomic information; (5) When utilizing 8(a) vendor in a sole source, always attempt to get an 8(a) firm with a secondary socioeconomic status, such as HUBZone; and (6) Coordinate with SBA, if necessary, to ensure agreement with strategy for procurement.
<p style="text-align: center;"><u>CONNECT WITH MISSION OF ORGANIZATION</u></p> <ul style="list-style-type: none"> The Department of the Interior is well-positioned for HUBZone contracting due to the nature of their acquisitions. DOI has a footprint in all 50 states and in both urban and rural areas. The work of the department is performed all over the country and often in or near HUBZones. Several organizations within DOI support Indian country (the Bureau of Indian Affairs and the Bureau of Indian Education), and much of that work is performed in HUBZones giving ample opportunity to connect with local firms for contracting. 	<p style="text-align: center;"><u>CONTINUOUS OUTREACH</u></p> <ul style="list-style-type: none"> The Office of Small and Disadvantaged Business Utilization maintains on their website a calendar of events for small businesses at which the Department of the Interior will be present. In the month of June 2017, the Department of the Interior actively participated in nine events for HUBZone firms. The agency views their engagement in these sessions as critical to meeting prospective HUBZone firms with whom they can work in the future. It is important for the small businesses to understand the Department of the Interior and the buying activities of the agency so that the relationship can be mutually beneficial for all involved.

Additional Information:

Connect with the Department of the Interior and their Office of Small and Disadvantaged Business Utilization through Director Megan Olsen. She can be reached at megan_olsen@ios.doi.gov or (202) 513-0692 and would be happy to discuss the strategies and success of DOI in the HUBZone Program.

HUBZone Champion Agency

Office of Personnel Management

FY16: 3.19%

The FY 2016 success of the Office of Personnel Management and their Office of Small and Disadvantaged Business Utilization demonstrates the ability of an agency to strive and achieve. Much applause to OPM!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$5,388,260.19	\$11,746,144.08	\$24,323,991.58	\$17,330,229.60	\$29,961,410.41
HUBZone Percent:	0.46%	1.90%	2.79%	1.64%	3.19%
Unique HUBZone Contracts:	19	29	26	29	49
Unique HUBZone Firms:	13	15	13	16	19

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541519	334111	541611	541512	561210
NAICS Title:	Other Computer Related Services	Electronic Computer Manufacturing	Administrative Management and General Management Consulting Services	Computer Systems Design Services	Facilities Support Services
Total Dollars:	\$12,517,838.99	\$7,366,893.15	\$4,390,683.20	\$3,627,703.42	\$782,000.00
Number of Contracts:	11	2	6	2	1
Number of Firms:	6	2	2	2	1

The GSA HUBZone Blueprint for Success:

<p><u>DEVELOP A STRATEGIC HUBZONE PLAN</u></p> <ul style="list-style-type: none"> Recognizing their past subpar performance connecting HUBZone small businesses to OPM contracting opportunities, OSDBU Director Desmond Brown met with SBA leadership in 2012 to develop an improvement plan. The plan included steps to build strong internal relationships, identify OPM staff to serve as lead HUBZone coordinator, understand OPM contracting dollars (40 percent federal background investigations which would not work with HUBZones), and connect externally with small businesses. 	<p><u>STRONG RELATIONSHIPS & LEADERSHIP</u></p> <ul style="list-style-type: none"> The first step to OPM success with the HUBZone Program began with the OSDBU developing strong relationships with procurement leadership and staff within the agency. In coordination with the Procurement Director, the OSDBU deputized a contracting officer to focus on HUBZones. The deputized HUBZone specialist works in coordination with the Procurement Director to identify and target specific procurements for the HUBZone Program.
<p><u>SUPPORT CONTRACTING STAFF</u></p> <ul style="list-style-type: none"> The OSDBU Team at OPM focuses upon empowering their contracting staff to meet the small business goals. Gift card giveaways and time-off awards have been rewards in contests to see which contracting officer can award the most contracts to HUBZone firms. If the contracting staff has any challenges from program offices about the use of a HUBZone firm, the contracting staff at OPM knows that they can contact the OSDBU Team at any time for support and assistance. The OSDBU is always ready to help. 	<p><u>ENGAGE SMALL BUSINESSES</u></p> <ul style="list-style-type: none"> OPM regularly attends HUBZone Council events and other match-making events at which they can meet HUBZone firms. There is a strong belief at OPM in connecting with the small businesses that take the time to show up in-person at match-making events. These are the firms to whom OPM is reaching out first. Approximately 70 percent of HUBZone contracts awarded at OPM have been awarded to firms that OPM has met in person.

Additional Information:

OPM OSDBU Director Desmond Brown would be happy to share additional strategies about the success of his team and agency in the HUBZone Program. He can be reached at desmond.brown@opm.gov or (202) 606-2083 and looks forward to talking to you.

HUBZone Champion Agency

Small Business Administration

FY16: 6.54%

Aligned with its mission to support entrepreneurs and small businesses throughout the United States, the SBA again achieved and exceeded the 3 percent HUBZone goal. Congratulations, SBA!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$6,942,026.66	\$9,581,193.13	\$9,794,825.70	\$8,113,774.27	\$9,897,132.38
HUBZone Percent:	5.21%	8.98%	6.98%	5.57%	6.54%
Unique HUBZone Contracts:	32	27	51	54	56
Unique HUBZone Firms:	21	16	21	26	28

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541611	541512	541519	561320	511199
NAICS Title:	Administrative Management and General Management Consulting Services	Computer Systems Design Services	Other Computer Related Services	Temporary Help Services	All Other Publishers
Total Dollars:	\$2,469,247.05	\$2,206,679.52	\$1,200,648.94	\$985,307.93	\$937,113.52
Number of Contracts:	8	3	10	9	2
Number of Firms:	5	2	6	2	1

The SBA HUBZone Blueprint for Success:

<p><u>DEVELOP METHODOLOGY TO ACHIEVE GOALS</u></p> <ul style="list-style-type: none"> Each agency has a wealth of procurement data from past fiscal years. Analyze this information to identify trends and the NAICS codes in which the most goods and services are purchased. Encourage and facilitate the participation of small businesses through the practice of procurement forecasting. Forecasting necessitates the agency to plan for future procurements and enables small business to plan and participate. Monitor goaling reports closely each week against projected yearly award values and, as needed, emphasize a category to make sure goals are met throughout the year. 	<p><u>ACTIVE OUTREACH WITH PROGRAM OFFICES</u></p> <ul style="list-style-type: none"> It is important for procurement leadership to develop close working relationships with program offices throughout the agency. These close working relationships enable early identification of projects for which procurements are needed. Early identification of projects is critical to succeeding in the engagement and use of small businesses. Using Advanced Acquisition Strategy is another method of identifying projects suitable for various categories.
<p><u>UTILIZE ADVANCED PLANNING STRATEGIES</u></p> <ul style="list-style-type: none"> The Small Business Administration identifies two or more projects each year to target towards HUBZone firms. These projects are for a base year and include options, which ensure that those dollars in the current and future period of performance count towards the HUBZone goal. Over one-third of the SBA certified HUBZone dollars in FY 2016 were awarded through HUBZone set-aside contracts. 	<p><u>PRIORITIZE LEADERSHIP RELATIONSHIPS</u></p> <ul style="list-style-type: none"> Acquisition leadership at the Small Business Administration prioritizes their relationship with agency leadership and emphasizes the importance of meeting and exceeding the small business procurement goals (CFR and FAR). In some instances, specific projects and their acquisition strategy are discussed with agency leadership. It is the mission of the SBA to aid, counsel, and assist small businesses, and the procurement of goods and services by the agency is one fundamental way to serve this important mission.

Additional Information:

Contact SBA Denver Finance Center Director Melissa Jo Atwood at melissa.atwood@sba.gov or (303) 844-0538 or Supervisory Contract Specialist Jim Holloway at james.holloway@sba.gov or (303) 844-7969 to learn more about their exceptional work to achieve and exceed the HUBZone goal.

HUBZone Champion Agency

Department of Transportation

FY16: 10.86%

In FY2016, the Department of Transportation led the federal government in percentage of prime contracting dollars awarded to HUBZone small businesses all across America. Congratulations on being #1, DOT!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$109,619,615.96	\$133,264,368.69	\$87,877,229.41	\$167,181,351.08	\$206,161,917.80
HUBZone Percent:	7.04%	8.21%	4.98%	10.73%	10.86%
Unique HUBZone Contracts:	183	175	182	169	179
Unique HUBZone Firms:	96	106	101	92	86

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	237310	541713	541380	541330	236220
NAICS Title:	Highway, Street, and Bridge Construction	Research and Development in Nanotechnology	Testing Laboratories	Engineering Services	Commercial and Institutional Building Construction
Total Dollars:	\$192,322,605.80	\$3,006,173.63	\$1,779,617.76	\$1,522,801.23	\$985,099.78
Number of Contracts:	77	7	9	15	2
Number of Firms:	44	4	1	5	2

The DOT HUBZone Blueprint for Success:

<p style="text-align: center;"><u>CONTRACT UNBUNDLING</u></p> <ul style="list-style-type: none"> The great majority of dollars at the Department of Transportation, HUBZone and otherwise, are awarded through the 237310 “Highway, Street, and Bridge Construction” NAICS code. Contract unbundling allows potential small businesses and HUBZone firms to bid and perform on these projects. It increases the supplier base of small businesses that can bring their innovation, creativity, and competition to serve the mission of the Department of Transportation and the U.S. federal government. 	<p style="text-align: center;"><u>EMPHASIZE SMALL BUSINESS GOALS</u></p> <ul style="list-style-type: none"> The Director of the Office of Small and Disadvantaged Business Utilization at the Department of Transportation meets regularly with agency senior leadership to emphasize the importance of achieving the small business procurement goals. Meetings are held on a consistent basis with the Office of the Senior Procurement Executive, and OSDBU actively works to encourage and support the use of small businesses by all acquisition offices throughout the agency.
<p style="text-align: center;"><u>PROMOTE USE OF SET-ASIDES</u></p> <ul style="list-style-type: none"> In their monthly meetings with acquisition offices, the OSDBU promotes the use of small business set-asides. The Department of Transportation awarded 25 competitive HUBZone set-aside contracts in FY 2016. Over 10 percent of the certified HUBZone dollars from the Department of Transportation in FY 2016 were awarded through HUBZone set-aside contracts. 	<p style="text-align: center;"><u>UTILIZE DATA TO INFORM PRACTICES</u></p> <ul style="list-style-type: none"> The OSDBU at DOT regularly analyzes small business achievement reports by socioeconomic group from FPDS. Acquisition offices that are underperforming in any of their socioeconomic category receive assistance from OSDBU. OSDBU does industry analysis to find small business firms currently in the Department of Transportation portfolio to whom the underperforming Offices of Acquisition can reach out about upcoming contracting opportunities.

Additional Information:

<p>For additional information about the preeminent efforts of the DOT in the HUBZone Program, contact OSDBU Director Willis Morris at willis.morris@dot.gov / (202) 366-1930 or Small Business Specialist Leonardo San Roman at leonardo.sanroman@dot.gov / (202) 366-5334.</p>

HUBZone Champion Agency

Department of the Treasury

FY16: 4.49%

A resoundingly consistent agency in their outstanding HUBZone efforts, the Department of Treasury again exceeded in FY16 the 3 percent goal. Congratulations to Treasury on their phenomenal work!

Table 3.1: HUBZone Historical Performance

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$107,863,388.01	\$116,959,390.19	\$91,348,430.05	\$110,810,353.06	\$135,010,805.71
HUBZone Percent:	4.65%	5.54%	3.36%	4.08%	4.49%
Unique HUBZone Contracts:	496	547	518	474	553
Unique HUBZone Firms:	103	89	103	103	105

Table 3.2: Top 5 HUBZone NAICS Codes in 2016 by Total Dollars

Rank:	1	2	3	4	5
NAICS Code:	541511	541519	541512	322121	238990
NAICS Title:	Custom Computer Programming Services	Other Computer Related Services	Computer Systems Design Services	Paper (except Newsprint) Mills	All Other Specialty Trade Contractors
Total Dollars:	\$57,024,824.62	\$46,996,300.84	\$6,274,792.62	\$4,686,287.50	\$3,280,875.64
Number of Contracts:	65	263	11	11	3
Number of Firms:	8	31	6	1	3

The Department of Treasury HUBZone Blueprint for Success:

<p style="text-align: center;"><u>DYNAMIC TREASURY FORECAST REPORT</u></p> <ul style="list-style-type: none"> The agency utilizes a dynamic forecast report allowing potential vendors to identify procurement opportunities as early in the acquisition process as possible. The Forecast of Contracting Opportunities is available at: https://sbecs.treas.gov/Forecast.aspx. The downloadable PDF of contract opportunities can be filtered by acquisition strategy, including for HUBZones Consistent use of the forecast report improves communication with industry and assists OSDBU with marketing efforts. 	<p style="text-align: center;"><u>INSTITUTIONALIZE RESPONSIBILITIES</u></p> <ul style="list-style-type: none"> The federal government has the statutory goal to award 3 percent of prime and subcontract dollars to HUBZone certified small businesses. Seeking to respect and achieve this mandate, the HUBZone 3 percent goal is included in the performance plans of senior managers and staff. The responsibilities for succeeding in the HUBZone Program are institutionalized in the performance plans of key staff. Failure is not an option, and all work together to succeed.
<p style="text-align: center;"><u>LOOK FOR MULTIPLE CERTIFICATIONS</u></p> <ul style="list-style-type: none"> When awarding 8(a) set-aside contracts, look for opportunities where the vendor has multiple certifications, including HUBZone. In FY 2016, The Department of Treasury awarded \$135,010,805.71 in certified HUBZone dollars. Over 40 percent of these dollars (\$56,620,191.78) was awarded to HUBZone small businesses that were also 8(a) certified. Over 53 percent of HUBZone contracts awarded by the Department of Treasury in FY 2016 were to 8(a) certified firms. 296 of Treasury's 553 HUBZone contracts were awarded to HUBZone firms that were also 8(a) certified. 	<p style="text-align: center;"><u>IDENTIFY & SHARE STRONG HUBZONE VENDORS</u></p> <ul style="list-style-type: none"> Treasury has a decentralized purchasing system for the goods and services it needs to accomplish the agency's mission. While purchasing is decentralized at the Department of Treasury, many of the agency's bureaus are buying similar items within, for example, the same NAICS or PSC codes. OSDBU recognized the success of some bureaus working with strong HUBZone firms and wanted to share these strong small businesses with other bureaus at the agency. The Treasury OSDBU Team created a consolidated agency-wide HUBZone vendor list and posted it on the intranet for use by all bureaus.

Additional Information:

Reach out to OSDBU Acting Director Pamela Wilson for more insight about Department of Treasury efforts to achieve HUBZone success. She can be reached via email at pamela.wilson@treasury.gov or by phone at (202) 622-1071.

The HUBZone Agency Top 10 Checklist for Success

It is the collective goal of the federal government to achieve the 3 percent distribution of federal prime contracting dollars to historically underutilized business zones throughout the nation.

The nine HUBZone Champion Agencies collaboratively worked to compile this Top 10 Checklist for Success to assist their federal partners with the implementation of this economic development program dispersing opportunity through government contracting to underutilized parts of America.

- 1. Emphasize Title 13 CFR Part 126 and FAR Subparts 19.13 and 19.203**
In all discussions with leadership and contracting officers, underscore the federal regulations concerning the HUBZone Program that guide behavior and to which every agency must adhere.
- 2. Engage Agency Leadership to Request Support for HUBZone Program**
Arrange an in-person meeting between the OSDBU Director and the Senior Procurement Executive. Provide an overview of the HUBZone Program and directly request their support to achieve 3 percent.
- 3. Plan For and Use Competitive HUBZone Set-Aside to Achieve HUBZone Goal**
The surest strategy to increase dollars to HUBZone small businesses is through the competitive HUBZone set-aside. Request each HCA to identify at least two HUBZone set-aside projects by a certain date.
- 4. Designate at Agency HUBZone Coordinator with Performance Goals**
Work with the Procurement Director to deputize a Contracting Officer as the Lead Coordinator of the HUBZone Program at your agency. Include the 3 percent goal and related steps in their performance plan.
- 5. OSDBU Support for Contracting Officers: Training & Use of HUBZone Firms**
Empower the Contracting Officers to achieve all the small business goals. Provide HUBZone training and make available HUBZone learning tools. Lead contests and offer rewards for most HUBZone contracts.
- 6. Find HUBZone Small Businesses in All Economic Sectors**
Five of the nine HUBZone Champion agencies had their top FY16 HUBZones NAICS sector as “Professional, Scientific, and Technical Services” in the 54 series. This sector is used by all agencies!
- 7. Cultivate HUBZone Supplier Base through Direct Outreach Activities**
Champion HUBZone agencies often meet the suppliers with whom they contract in-person at match-making events and tend to conscientiously develop and utilize strong HUBZone firms over the years.
- 8. Share throughout Agency the Successful Use of Specific HUBZone Vendors**
Whereas buying may be decentralized, bureaus of the agency may purchase similar goods and services. Create for use throughout the agency a record of successful HUBZone vendors with whom you’ve worked.
- 9. Track Closely HUBZone Accomplishments & Report Regularly to SPE / HCAs**
Achievement in the HUBZone Program is an outcome of continuous collaboration, and close communication allows the collaboration to occur. Monitor HUBZone accomplishments closely and keep all actively engaged.
- 10. Utilize the SBA for Assistance with HUBZone Planning & Training**
The Small Business Administration is ready and available to assist any agency in their development of a HUBZone strategic plan. No matter where you are with the HUBZone Program, the SBA is here for you!

Discussion

In analysis of the nine FY 2016 HUBZone Champion Agencies and their historical performance with the program:

- DOT, SBA, DOI, Treasury, DHS, and USDA have exceeded the 3 percent goal in all five past fiscal years;
- GSA achieved the 3 percent goal in four of the past five fiscal years; and
- DOC and OPM are the positive anomalies with each surpassing 3 percent for the first time in 10 years.

The performances of DOT, SBA, DOI, Treasury, DHS, USDA, and GSA in the HUBZone Program have been consistently strong. The HUBZone Program at these agencies is fully ingrained in their procurement communities.

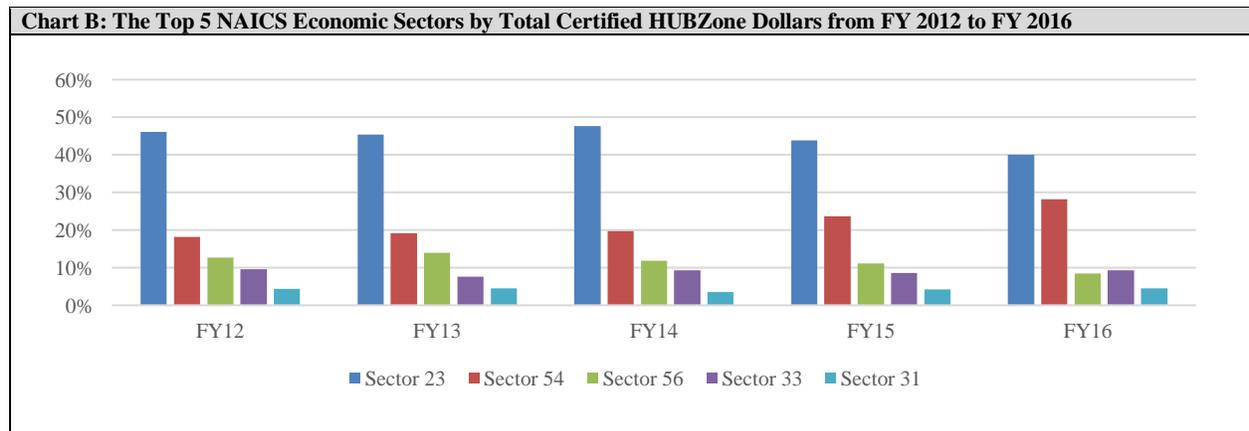
DOC and OPM, though, are positive anomalies. These agencies are two star examples of HUBZone Program change implementation. Recognizing the performance of their peers and seeking to similarly achieve and attain all small business contracting goals, DOC and OPM put forth extraordinary effort in FY16 to become HUBZone Champions.

Table E: Unparalleled Change by DOC and OPM in FY2016 with HUBZone Program Champion Performance											
Department of Commerce						Office of Personnel Management					
	FY12	FY13	FY14	FY15	FY16		FY12	FY13	FY14	FY15	FY16
Target:	3.00%	3.00%	3.00%	3.00%	3.00%	Target:	3.00%	3.00%	3.00%	3.00%	3.00%
Actual:	0.73%	0.86%	1.09%	1.46%	4.23%	Actual:	0.46%	1.90%	2.79%	1.64%	3.19%
Variance:	-76%	-71%	-64%	-51%	41%	Variance:	-85%	-37%	-7%	-45%	6%

Through the nine-year period of FY 2007 to FY 2015, the Department of Commerce and the Office of Personnel Management were part of a group of 10 CFO Act federal agencies who never achieved the 3 percent HUBZone goal. In FY 2016, though, DOC and OPM, unlike the other eight agencies, significantly improved their HUBZone Program performance and achieved success. This is the change towards which the Office of the HUBZone Program seeks to collaboratively work at the remaining 13 of 24 CFO Act agencies with little or no past HUBZone success.

DOC and OPM both achieved the 3 percent HUBZone Program goal in FY16 through the use of small businesses in the professional, scientific, and technical services sector represented by NAICS code “54”. DOC awarded \$193,860,415.98 in certified HUBZone dollars in FY 2016 and over 85 percent of these dollars were in the NAICS 54 economic sector. Similarly, approximately 70 percent of certified HUBZone dollars from the Office of Personnel Management in FY 2016 were awarded through the professional, scientific, and technical services sector.

The two-digit NAICS economic sectors in which certified HUBZone dollars are awarded have remained relatively consistent over the past five fiscal years. Between 2012 and 2015 the top five NAICS sectors in each fiscal year were, in hierarchical order, as follows: (1) Sector 23 - Construction; (2) Sector 54 - Professional, Scientific, and Technical Services; (3) Sector 56 - Administrative Support, Waste Management, and Remediation Services; (4) Sector 33 - Manufacturing; and (5) Sector 31 - Manufacturing. The only difference to this ranked order in FY16 was Sector 33 surpassing Sector 56 in terms of total certified HUBZone dollars allocated to the sector in the fiscal year.



Discussion

The performance of DOC and OPM demonstrates a broader trend in the HUBZone Program. As shown in Chart B, there is a progressive decrease over the past five fiscal years in certified HUBZone dollars awarded to the construction sector (23) and a progressive increase in the professional, scientific, and technical services sector (54).

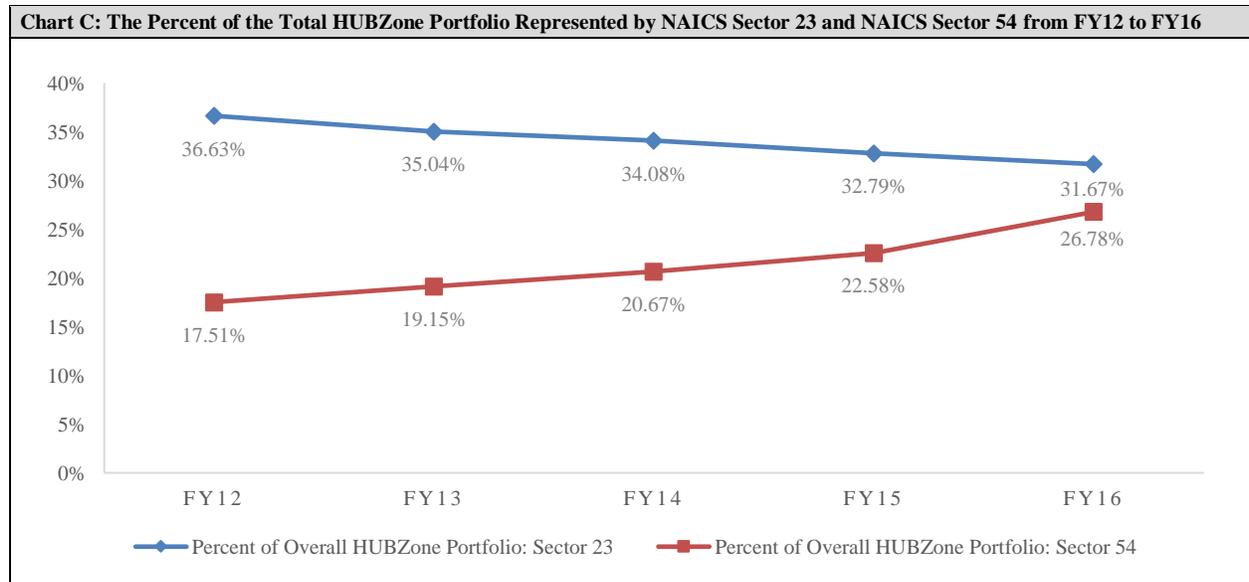
The HUBZone Program has long been heavily associated with the construction sector, and there has been the perception that the HUBZone portfolio is primarily comprised of small businesses in construction. Such a belief on the composition of the HUBZone portfolio may have historically decreased the likelihood of participation in the HUBZone Program by some federal agencies with low contract dollar totals awarded in the construction sector.

Small businesses in sector 54, though, perform professional, scientific, and technical activities for others and possess high degrees of expertise and training. Activities performed by sector 54 small business include legal advice and representation, engineering, and, as is now especially needed by all federal agencies, computer services. For example, the four-digit code 5415 is for computer systems design and related services, and this NAICS industry group was awarded over \$803 million in FY16 accounting for 15.33 percent of the certified HUBZone dollar total.

The decrease in HUBZone dollars awarded to small businesses in sector 23 and the increase in dollars awarded to sector 54 is more aligned with the overall distribution of small business dollars by the federal government.

	HUBZone Champions (9 CFO Act Agencies)	non-HUBZone Champion (16 CFO Act Agencies)	Overall HUBZone Program	FY 2016 Small Business Dollars
Sector 23:	31.09%	43.14%	39.98%	13.38%
Sector 54:	44.63%	22.46%	28.15%	39.22%
Other:	24.28%	34.40%	31.87%	47.40%
TOTAL:	100.00%	100.00%	100.00%	100.00%

Along with Chart B demonstrating the decrease in percentage of certified HUBZone dollars to the construction sector and the increase in the professional, scientific, and technical services sector, Chart C shows corresponding data from the HUBZone portfolio of small businesses eligible to receive federal prime contracts. The percentage of HUBZone small businesses in the construction sector is steadily decreasing while the percentage of HUBZone small businesses in the professional, scientific, and technical services sector is steadily increasing.



There are an increasing number of certified HUBZone small businesses in NAICS sector 54 able to fulfill an increasing number of contracts and dollars awarded through sector 54 in the HUBZone small business program.

Discussion

Though greater sum totals of prime contracting dollars have been awarded to sector 54 small businesses in the HUBZone Program over the past five fiscal years, this sector in the HUBZone portfolio is not exhausted; there is room for growth. The HUBZone portfolio in FY 2016 included 1,385 small businesses in the professional, scientific, and technical sector in the portfolio of 5,172 firms, and 452 were active with federal HUBZone contracts in the fiscal year. Approximately 33 percent of the sector 54 establishments in FY16 engaged in federal contracting leaving around 67 percent, or 933 certified sector 54 small businesses, looking for federal government contracting opportunities and the associated economic returns to their American historically underutilized business zones.

		FY12	FY13	FY14	FY15	FY16
Sector 23	Active in FY in HUBZone Federal Contracting:	1135	854	816	764	692
	Total Count of HUBZone Firms in Sector:	3414	2,608	2542	2422	1638
	Percent Active in HUBZone Contracting:	33.25%	32.75%	32.10%	31.54%	42.25%
Sector 54	Active in FY in HUBZone Federal Contracting:	420	359	417	436	452
	Total Count of HUBZone Firms in Sector:	1644	1425	1542	1668	1385
	Percent Active in HUBZone Contracting:	25.55%	25.19%	27.04%	26.14%	32.64%

*The term "active" indicates that a HUBZone small business was obligated or deobligated certified HUBZone dollars for a sum greater or less than zero in the FY.

More broadly, there were 5,172 small businesses in the HUBZone portfolio in FY16, and 1,932 were engaged in federal contracting through the HUBZone Program during the fiscal year. This is a participation rate of 37 percent.

Fiscal Year:	2012	2013	2014	2015	2016
Number of Small Businesses in HUBZone Portfolio active in HUBZone Contracting:	2,855	2,186	2,166	2,109	1,932
Total Small Businesses in HUBZone Portfolio:	9,389	7,443	7,460	7,387	5,172
Percent of HUBZone Portfolio Active in Contracting in FY:	30.41 %	29.37 %	29.03 %	28.55 %	37.35 %

A total of 2,624 small businesses, though, comprised the portfolio of firms accounting for the \$6,864,074,200.54 certified HUBZone dollar total in FY 2016. The differentiation of 692 between the count of certified businesses engaging in HUBZone contracting and the number of vendors obligated or deobligated HUBZone funds is primarily due to multi-year contracts awarded to small businesses in past fiscal years when previously HUBZone certified.

Fiscal Year:	2012	2013	2014	2015	2016
HUBZone Dollars:	\$8,140,221,002.02	\$6,244,980,082.24	\$6,671,008,848.32	\$6,422,281,935.91	\$6,864,074,200.54
HUBZone Percent:	2.01%	1.76%	1.82%	1.82%	1.67%
Total Vendors:	3,582	3,061	2,900	2,698	2,624

The Office of the HUBZone Program is committed to continuing its research on the HUBZone Program and effective strategies for success through internal efforts, the collaboration of federal partners, and with the assistance of external support. It recognizes that understanding the efforts of its Champion Agencies and the availability of small businesses across economic sectors are only a few factors of consideration impacting HUBZone Program success. There are additional topics into which the Office of the HUBZone Program plans to look in the near future, and your thoughts and perspectives on the most critical areas needing investigation are welcomed and appreciated.

Conclusion

It is the goal of the U.S. Small Business Administration to facilitate success in all small business procurement programming. The HUBZone Program is no exception. Through communication and collaboration, the federal agencies of the United States government can and will achieve the 3 percent statutory HUBZone contracting goal.

The HUBZone Program is a place-based economic empowerment and development initiative whose success is dependent upon partnership between the SBA and fellow federal agencies. The SBA works to fulfill its role by:

- Utilizing data from multiple federal sources to determine the physical areas eligible for HUBZone status;
- Promoting through its headquarters and district offices the HUBZone Program to eligible small businesses;
- Determining initial and continuing eligibility of small businesses to become HUBZone certified; and
- Adjudicating protests of status eligibility to receive HUBZone contracts.

Federal partners through Title 13 CFR Part 126 and FAR Subparts 19.13 and 19.203 fulfill their responsibilities by:

- Using OSDBU or related office at agency to promote the understanding and use of the HUBZone Program;
- Organizing and participating in matchmaking sessions between agency and HUBZone small businesses;
- Requiring or encouraging procurement staff to use HUBZone contract mechanisms, such as set-aside; and
- Achieving at least 3 percent minimum distribution of prime contracting dollars to HUBZone businesses.

Success is only achieved through the efforts of the SBA and the efforts of the federal partners connecting together. As the federal government awarded only 1.67 percent of prime contracting dollars to HUBZone small businesses in this past fiscal year (the lowest percentage of HUBZone dollars over the past ten years), it is evident that disconnects exist in the comprehensive program and responsibilities must be reanalyzed to facilitate future program success.

Examination of the HUBZone Champion agencies assisted in the identification of numerous trends, including the division of federal agencies based upon their past performance and engagement with the HUBZone Program.

Table J: Categorical Division of Federal CFO Act Agencies by Number of Years of Successful HUBZone Program Implementation		
<u>Unsuccessful Implementation</u> <i>(0 – 2 years as a HUBZone Champion between FY 2007 and FY 2016)</i>	<u>Challenged Implementation</u> <i>(3 – 5 years as a HUBZone Champion between FY 2007 and FY 2016)</i>	<u>Successful Implementation</u> <i>(6 – 10 years as a HUBZone Champion between FY 2007 and FY 2016)</i>
<ul style="list-style-type: none"> • Department of Commerce (1) • Department of Defense (2) • Department of Education (0) • Department of Energy (0) • Department of Health and Human Services (0) • Department of Housing & Urban Development (1) • Department of Justice (0) • Department of State (1) • Department of Veteran’s Affairs (1) • Environmental Protection Agency (0) • National Aeronautics & Space Administration (0) • Agency for International Development (0) • National Science Foundation (0) • Office of Personnel Management (1) • Social Security Administration (1) 	<ul style="list-style-type: none"> • Department of Labor (4) 	<ul style="list-style-type: none"> • Department of Agriculture (10) • Department of Homeland Security (6) • Department of the Interior (10) • Department of Transportation (10) • Department of the Treasury (6) • General Services Administration (9) • Nuclear Regulatory Commission (7) • Small Business Administration (10)

Table E categorizes the CFO Act agencies by the number of years of successful HUBZone Program implementation. This Blueprints for Success manual was primarily created for the 15 agencies classified as unsuccessful in their performance with the HUBZone Program. One-third of the 24 CFO Act agencies have never achieved the 3 percent HUBZone goal in any of the past 10 fiscal years. This manual, especially the Agency Top 10 Checklist for Success, is a helpful place to start for the reimagined implementation of the HUBZone Program at these federal agencies, an effort that will occur with the full support and resources of the Small Business Administration partner organization.

Appendix A: Data Point Definitions

The Office of the HUBZone Program in Government Contracting and Business Development at the U.S. Small Business Administration is committed to using data to inform its practices. The following section describes the data and key data points used in the compilation of this HUBZones Blueprints for Success manual.

Data Element Term:	Data Element Definition
Small Business	<p>The Office of the HUBZone Program uses unique Employer Identification Numbers as the identifier for a small business in this manual.</p> <p>Other reports on the HUBZone Program and through the Office of Government Contracting and Business Development at the Small Business Administration commonly use local DUNS as the unique identifier for a small business.</p> <p>In the HUBZone Program portfolio, though, there are occurrences where multiple local DUNS (between 2 and 10) correspond to one EIN. The HUBZone Program therefore decided to use EIN as the best currently available identifier of small businesses (not small business locations) certified within its portfolio.</p>
Federal Contract	<p>The Office of the HUBZone Program utilizes a formula to identify federal contracts within a fiscal year.</p> <p>Unique Contract #: =IF(IDV_PIID= “ “, PIID, IDV_PIID&””&PIID)</p> <p>If there is no Indefinite Delivery Vehicle (IDV) Procurement Instrument Identifier (PIID) for the contract record, then the PIID is used as the unique identifier of the federal contract.</p> <p>If there is an IDV PIID through FPDS-NG records, the Office of the HUBZone Program creates a unique contract number for the record combining the IDV PIID and the PIID.</p> <p>Federal contracts with a sum of zero in a fiscal year are not counted in the fiscal year total of unique federal contracts.</p>

Data utilized in this report was primarily drawn from the locked FPDS-NG data used in past fiscal years for the SBA Small Business Goaling Reports. The only instance throughout this manual where direct FPDS-NG non-locked (“current”) data was used was in Table F on Page 16 in discussion of FY16 small business dollars. This data was accessed through FPDS-NG on 06/01/17 utilizing the fiscal year and contracting officer business size selection filters.

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