

The HUBZone Primer

Accessible Text File

Slide 1 The HUBZone Primer
Eligibility & Certification Requirements
Office of Government Contracting & Business Development
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U.S. Small Business Administration

Narrative

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

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

Slide 2 Introduction

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

Narrative

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

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

Slide 3 Program Purpose

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

Narrative

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

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

Slide 4 How the Program Works

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

Narrative

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

Slide 5 Key Program Benefits

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

HUBZone Help Desk... HUBZone@sba.gov

Narrative

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

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

Slide 6 Eligibility Requirements

- Small business (by SBA standards)
- Owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe
- Principal office must be located within a designated HUBZone
- At least 35% of its employees must reside in a HUBZone
- **Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. These are delineated in Title 13 of the Code of Federal Regulations, Part 126 - <http://www.sba.gov/about-sba-services/7591/13775>

Narrative

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

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

There are different rules for concerns owned by Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives. These are delineated in Title 13 of the Code of Federal Regulations, Part 126.

Slide 7 Eligibility Requirements – Ownership by Individuals

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

Narrative

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

Consider this example:

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

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

Slide 8 Eligibility Requirements – Principal Office

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

Narrative

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

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

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

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

It is important to note:

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

Slide 9 Is Your Business in a HUBZone?

Graphic - HUBZone Maps Tool – Link -

Narrative

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

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

At your convenience, return to this slide or the resource section at the end of the course and use the hyperlink to access the HUBZone Maps, page. This page will help you determine if your business location and employees are located within a HUBZone area.

Slide 10 Reflections Before You Apply

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

Narrative

The HUBZone program is a powerful contracting initiative with many benefits to certified businesses.

However, it is only intended for qualified firms who are competitive and remain in compliance.

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

In addition, successful HUBZone firms must be vigilant about principal office and residency requirements – which must always be maintained, but can change quickly. Firms without a strategy to maintain

principal office and 35% employee residency requirements can find themselves out of compliance and promptly decertified.

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

Slide 11 HUBZone Certification Application Process

Narrative

The application process.

Slide 12 Applying for HUBZone Certification

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

Narrative

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

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

Each of these steps is discussed in the following.

Slide 13 Step 1 Verify Eligibility Requirements – Applying for HUBZone Certification

- Firm is a small business by SBA size standards <http://www.sba.gov/content/am-i-small-business-concern>
- Business is directly owned and controlled by at least 51% U.S. citizens or a community development corporation, an agricultural cooperative, or an Indian tribe
- Firm's principal office and at least 35% of its employees reside in a designated HUBZone
- **Note:** Different rules apply for Tribal Governments, Alaska Native Corporations, Community Development Corporations and small agricultural cooperatives

- **Learn more...** Eligibility Requirements 13-CFR-126 - <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=8e50efb90b1e9a6628c364627eb148cb;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;cc=ecfr>

Narrative

Not every business is eligible for the HUBZone program.

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

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

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

Slide 14 Step 2 Gather What You Need Applying for HUBZone Certification

CHECKLIST - HUBZone Supporting Documentation Request

http://www.sba.gov/sites/default/files/hubzone_request_for_doc.pdf

General business information

DUNS number

Business and personal federal tax returns for the last 3 years

Business ownership documentation – articles of incorporation, LLC, etc.

Citizen documentation for owners

SAM profile

Appropriate NAICS codes

Official payroll records and other information showing employees residing within HUBZones

Proof of principal office location, such as lease agreement

Other information supporting HUBZone eligibility requirements

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

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

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

Slide 15 Step 3 Review the HUBZone Application Guide

- Review the HUBZone Application Guide
- **Critical Step** – do not attempt to complete the actual online HUBZone application until you have reviewed the sample form and gathered all documents you need to complete it

Narrative

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

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

Slide 16 Step 4 Review and Ask Questions Applying for HUBZone Certification

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

HUBZone Help Desk... HUBZone@sba.gov

Narrative

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

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

This is also a good time to review and update your firm's CCR and Dynamic Small Business Search or DSBS profiles. The information in these profiles must be consistent throughout the firm's documentation. Again, review and ask questions.

Slide 17 Step 5 Access SBA's General Login System Applying for HUBZone Certification

Graphic – SBA GLS page

Register for a GLS Account https://eweb.sba.gov/gls/dsp_addcustomer.cfm?imappsystypnm=8ASDB

Narrative

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

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

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

Slide 18 Step 6 Submit Online HUBZone Application Applying for HUBZone Certification

- Complete and submit the online HUBZone application
- Click here... Apply to the HUBZone Program
https://eweb1sp.sba.gov/hubzone/internet/general/dsp_enter_application.cfm?null=1236867264012

Narrative

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

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

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

Slide 19 Step 7 Submit Requested Documentation Applying for HUBZone Certification

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

Narrative

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

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

Slide 20 Avoid Common Mistakes

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

Narrative

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

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

Slide 21 Resources and Tools

Narrative

Resources and tools.

Slide 22 Resources and Tools

HUBZone Maps <http://map.sba.gov/hubzone/maps/>

SBA District Offices <http://www.sba.gov/about-offices-list/2>

Sample HUBZone Application http://www.sba.gov/sites/default/files/files/sample_HUB_Application.pdf

Electronic HUBZone Application

https://eweb1sp.sba.gov/hubzone/internet/general/dsp_enter_application.cfm?null=1236867264012

GLS Registration https://eweb.sba.gov/gls/dsp_addcustomer.cfm?imappsystypnm=8ASDB

SCORE <http://www.score.org/chapters-map>

13 CFR – Part -126 <http://ecfr.gpoaccess.gov/cgi/t/text/text->

[idx?c=ecfr;sid=8e50efb90b1e9a6628c364627eb148cb;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;c=ecfr](http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=8e50efb90b1e9a6628c364627eb148cb;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;c=ecfr)

Small Business Development Centers (SBDC) <http://www.asbdc-us.org/>

Procurement Technical Assistance Centers (PTAC) http://www.aptac-us.org/new/Govt_Contracting/find.php

SBA Size Standards <http://www.sba.gov/content/am-i-small-business-concern>

Supporting Documentation http://www.sba.gov/sites/default/files/hubzone_request_for_doc.pdf

HUBZone Certification <http://www.sba.gov/hubzone>

Narrative

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

Slide 23 Contact Us...

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

HUBZone Help Desk

HUBZone@sba.gov

Narrative

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

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

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

Thank you.