



U.S. Small Business
Administration



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SBA's Small Business Learning Series

The HUBZone Program

Not intended for public distribution

Host

**Darryl Williams, Procurement Center Representative
SBA Office of Government Contracting
Area IV, Warren, MI**

Welcome to “SBA Virtual Learning 2024”

1. Questions answered during the final 10 minutes.
2. Technical problems: Contact your IT admin who manages Teams settings for your organization.
3. Captioning available for this presentation.
4. We cover the “SBA Quick Reference” as time allows.
5. For more SBA training visit the SBA Learning Center website <https://www.sba.gov/tools/sba-learning-center/search/training>

Important Announcements

July 3, 2024, First Wednesday

- Today's SBA Learning Series session of First Wednesday is moved to today, Thursday, July 11, 2024
- This is due to First Wednesday proximity to July 4, 2024 (The Fourth of July Holiday)

The APEX Accelerator Program

The APEX Accelerators are a vital resource partner.

- The APEX Accelerators posts past “First Wednesday” programming at this link:
<http://www.aptac-us.org/for-contracting-officers-sba-webinar-library/>
- Contracting Officer Resources: “How APEX Accelerators partner with federal agencies”: <http://www.aptac-us.org/federal-partners/>
- Find your nearest APEX Accelerators/Procurement Technical Assistance Center at <http://www.aptac-us.org>
- APEX Accelerator Information at <https://www.apexaccelerators.us/#/>

Small Business Administration YouTube Page

SBA YouTube page posts past “First Wednesday” programming at links below.

FY2023

- October 5, 2022 – 8(a) Business Development Program Updates: <https://youtu.be/Yl5Sp0dP1aE>
- November 2, 2022 – Surety Bond Guarantee Program: <https://youtu.be/QlZJiMLcc5o>
- December 7, 2022 – Subcontracting Program: <https://youtu.be/gMaaeGl8CBs>
- January 4, 2023 – Surveillance Review Program: <https://youtu.be/euUX4Jv6kRI>
- February 1, 2023 – HUBZone Program: <https://youtu.be/YGnS8e6idCc>
- March 1, 2023 – The Mentor Protégé Program: <https://youtu.be/A9KbCm4FP1c>
- April 5, 2023 – Non-Manufacture Rule (NMR): <https://youtu.be/AqwYMWoe9f0>
- May 3, 2023 – Size Program: https://youtu.be/45WZ_oPb1GY
- Jun 7, 2023 – Legislature and Regulatory Updates: <https://youtu.be/ljx9IajQJNY>
- July 5, 2023 – Market Research: [SBA First Wednesday Market Research - July 13, 2023](#)
- August 2, 2023 – Service-Disabled Veteran Owned Program (SDVOSB): <https://youtu.be/QxcxJISRhnw>

FY2024

- October 4, 2023 - Certificate Of Competency: <https://youtu.be/VDZ-uuCLlWw>
- November 1, 2023 - 8(a) Program Updates: <https://youtu.be/6fN3dK0EShs>
- December 6, 2023: <https://youtu.be/sa29iONBtfk>
- January 3, 2024 - Compliance Reviews: https://youtu.be/WmZn_oa13-o
- February 7, 2024 – Limitations on Subcontracting: <https://youtu.be/fYtGi6zhjXM>
- March 6, 2024 – Mentor Protégé Program: <https://youtu.be/ULmCzTe4c04>
- April 3, 2024 – Women-Owned Small Business Program: <https://youtu.be/E-R17-5lBn4>
- *May 9, 2024 - Participation Plans & Subcontracting Plans: <https://youtu.be/6OBLwxqdoZM>
- June 5, 2024 – Legislative and Regulatory Update: <https://youtu.be/iajaPOhtgHI>
- July 11, 2024 – HUBZone Program:
- August 7, 2024 – Market Research:

FIRST WEDNESDAY VIRTUAL LEARNING SERIES FY 2024 SCHEDULE

FY 2024	Date	Topic
1	October 4, 2023	COC
2	November 1, 2023	8(a) Program Updates
3	December 6, 2023	The Timber Program and SBA POCs
4	January 3, 2024	Compliance Reviews
5	February 7, 2024	Limitations on Subcontracting
6	March 6, 2024	SBA Mentor Protégé Program and Joint Ventures
7	April 3, 2024	Women Owned Small Business (WOSB)
8	*May 9, 2024	Participation Plans versus Subcontracting Plans
9	June 5, 2024	Legislative Updates
 10	*July 11, 2024	The HUBZone Program
11	August 7, 2024	Market Research

* Schedule Revision Due to Holiday or Programming Conflict

The program schedule is for information only and is subject to change.

One Continuous Learning Point

Self-service process for one CLP of credit: Many of you want to receive credit for today's training. You will be glad to know that today's training is worth one CLP. The slide presentation will include the training certificate on Slide 10. Fill, download the training certificate, copy and submit it through regular channels.

If you listen in groups and you want all attendees to be included on the future mailing list, send email addresses of participants in an excel document to sbalearning@sba.gov.

“SBA 1st Wednesday Virtual Learning 2024”

This Certificate is awarded to

Insert Your Name Here

For completion of

The HUBZone Program

This training seminar may be credited towards “Continuous Learning Points” as described in OFPP Policy Letter 05-01. Recommendation of One CLP.



Pamela J. Beavers

Director, Area IV
SBA Office of Government Contracting

07/11/2024

DATE

Today's Speaker

Lori Gillen, Director

Office of the HUBZone Program

**Office of Government Contracting and Business
Development**

Staff Speakers:

Laura Maas and Alison Amann



U.S. Small Business
Administration

HUBZone Program Presentation

SBA Leaning Series

Laura Maas, Deputy Director, Office of the HUBZone Program

July 11, 2024



HUBZone Program Mission

Launched in 1999, the HUBZone Program fuels the development of distressed communities by providing small businesses preferential access to federal government contracts.



Federal Government has goal to award 3% of procurement to HUBZone-certified small businesses and provides additional opportunities via set-aside and price preference awards.



Small businesses become certified by locating in and employing residents from qualified HUBZones.

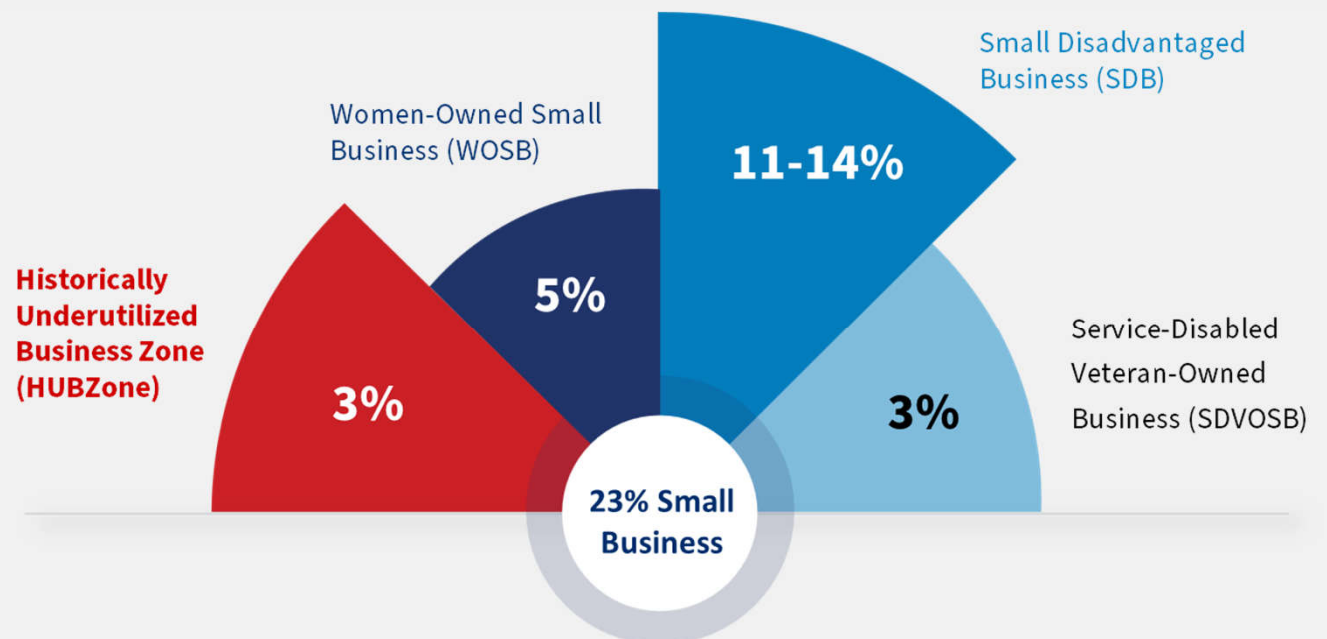


HUBZone communities benefit from jobs and investment.



The Federal Procurement Scorecard: Small Business Goals

The federal government's objective to drive 23% of all federal procurement opportunities to small businesses also includes goals to expand opportunities for disadvantaged enterprises and communities.





HUBZone Eligibility Requirement



Size: Meet SBA standards as small for a NAICS listed in the firms SAM.gov profile.



Ownership: Be at least 51% owned and controlled by persons who are US citizens, or a community development corporation, agricultural cooperative, Native Hawaiian Organization, Alaska Native Corporation, or Indian tribe.



Principal office: Lease or own a facility (where the most employees work) in a designated HUBZone.



Employing HUBZone Residents: Ensure at least 35% of the firm's employees reside in a designated HUBZone.

HUBZone Designations



There are seven different designations:

1. Qualified Census Tract
2. Qualified Non-Metropolitan County
3. Indian Land
4. Disaster Area
5. BRAC
6. Redesignated (transition)
7. Governor's Designated (rural) Areas

HUBZone Continuing Eligibility

Firms must:

- Recertify annually.
- Participate in a program examination at least once every three years; more often if they receive a HUBZone set aside contract.
- Notify SBA if their business is involved in a merger or acquisition.
- Comply with regulations regarding subcontracting, providing employees with legitimate work, co-working space, and attempting to maintain 20% HUBZone residency while performing on a HUBZone contract.

Firms may:

- Continue in the program for as long as they qualify.
- Fall in and out of compliance throughout the year but must be prepared to meet eligibility requirements each year for a period of time preceding the certification anniversary date.



Benefits of HUBZone Certification



Qualify for a set-aside or sole source contract, or a 10% price preference in full and open competition, available only to certified HUBZone firms



Build past performance history as a prime, sub, or joint venture partner by contributing a valuable certification to non-HUBZone set-aside proposals



Access specialized training and assistance reserved only for SBA certified firms



Make an impact in an underserved area by investing in the community and creating jobs

HUBZone Application Process

Prepare

Obtain UEI and register in SAM.gov (GSA)

Tip: Read FAQs and Supporting Documents Checklist on website

Gather

Required documents include:

- Payroll/proof of residency
- Proof of ownership
- Proof of principal location
- **Tip:** Use eligibility workbook spreadsheet on website to report locations and employees

Apply

Access on-line application through website:
sba.gov/HUBZone

- **Tip:** Reach out to HUBZone Customer Service Helpdesk for assistance

Submissions are not considered a complete application until ALL required documents have been received

Certification and Continuing Eligibility Support

REACH OUT IN ADVANCE FOR ELIGIBILITY QUESTIONS AND APPLICATION HELP



EMAIL

HUBZone Help Desk
HUBZone@sba.gov



CALL

Tuesdays/Thursdays
2 p.m. ET
1-208-391-5817
ID: 278449067#



WEBSITE

- SBA.gov/HUBZone



SBA RESOURCES

Get local assistance
SBA.gov/local-assistance



HUBZone Portfolio



QUIZ TIME

The number one NAICS sector for HUBZone firms is:

- A. 33 Manufacturing
- B. 56 Waste Management
- C. 23 Construction
- D. 54 Professional Services

QUIZ TIME: ANSWER

The number one NAICS sector for HUBZone firms is:

D. 54 Professional Services



Snapshot of HUBZone Firms



+/- 4,000 certified HUBZone enterprises



40% of HUBZone firms are dual certified
65% self-certified as SDB



70% of HUBZone firms are in **Professional and Technical Services or Construction**

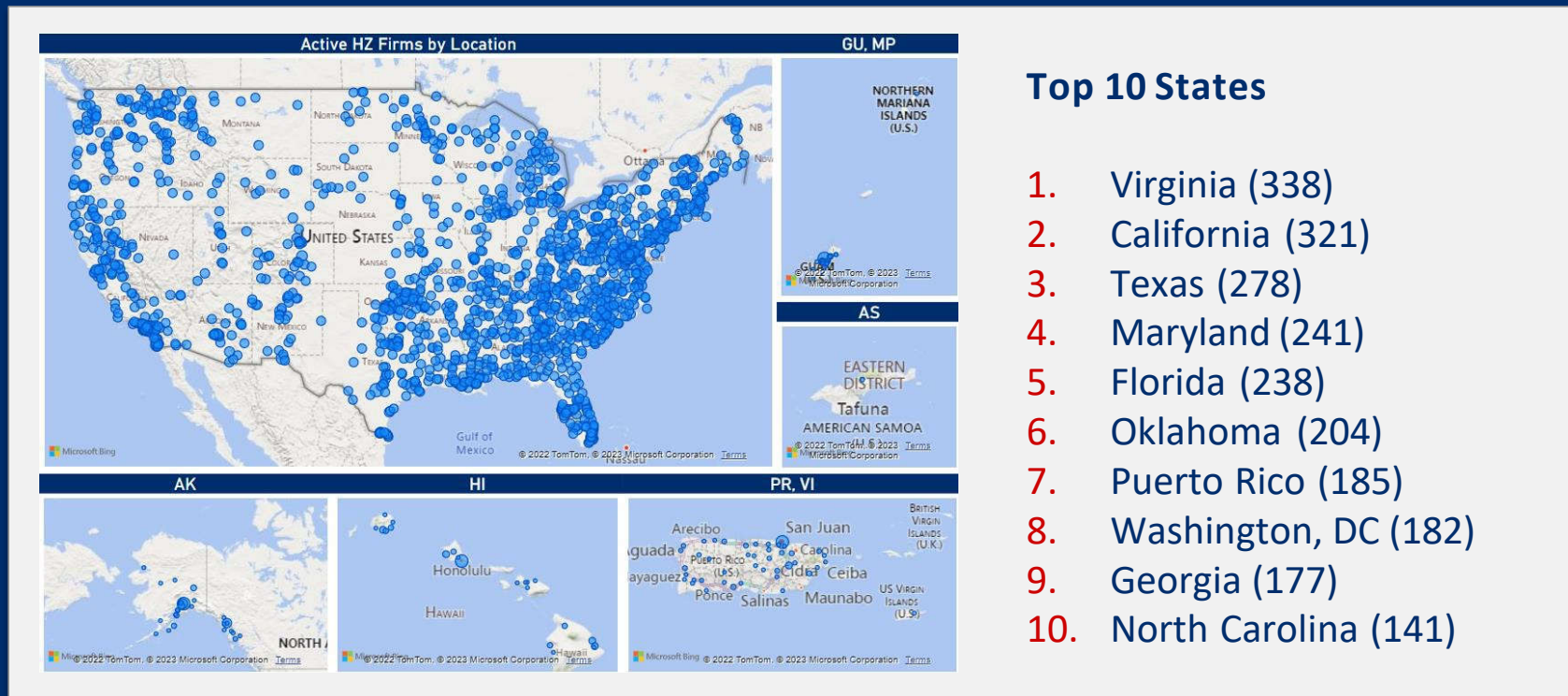


2,636 HUBZone firms were awarded contracts totaling more than **\$17.5 billion** in FY23



Typical firm entering: \$400K AGI, 5 employees, 8 years old
5 years later: \$1 million, 8 employees

Map of HUBZone Firms



HUBZone Results



TEVET assists its customers in acquiring the most effective test and measurement solutions available while maximizing capital investments and providing value during every step of the process from identification to sustainment. The HUBZone program has afforded TEVET the ability to sign long-term corporate-wide agreements with the majority of its customers, ensuring continued job growth and development in its community.

TEVET, a certified Service Disabled Veteran Owned Small Business, has a long history with the HUBZone program. In FY22, the company had \$17.5M in contract dollars.


1 employee




65 employees

HUBZone Results



Ines Rivas-Hutchins founded **INTEC Group, LLC** in 2015, specializing in all aspects of general construction. From the beginning, Rivas-Hutchins used the SBA training programs offered by the SBA Kentucky District Office and the Kentucky Procurement Technical Assistance Center to enhance her leadership and management skills.

In 2022, HUBZone set-aside contracts made up more than 50 percent of the company's revenue.



>50%

HUBZone Results



LINC Research Inc., based in Huntsville, Alabama, is an engineering services company that specializes in research and development, structural engineering, technology transfer, optics technology development and testing, software engineering development and testing, and programmatic support areas for NASA, DOD, and commercial missions. They have won SBIR awards.

The company helped launch a HUBZone Accelerator in Huntsville, recently moved into a larger facility—in a HUBZone, and strives not only to offer rewarding careers for its current employees but also to provide career visioning for the HUBZone community in which it is located, including in schools down to the elementary level.



Career visioning



FY23 HUBZone Scorecard

FY: 2023

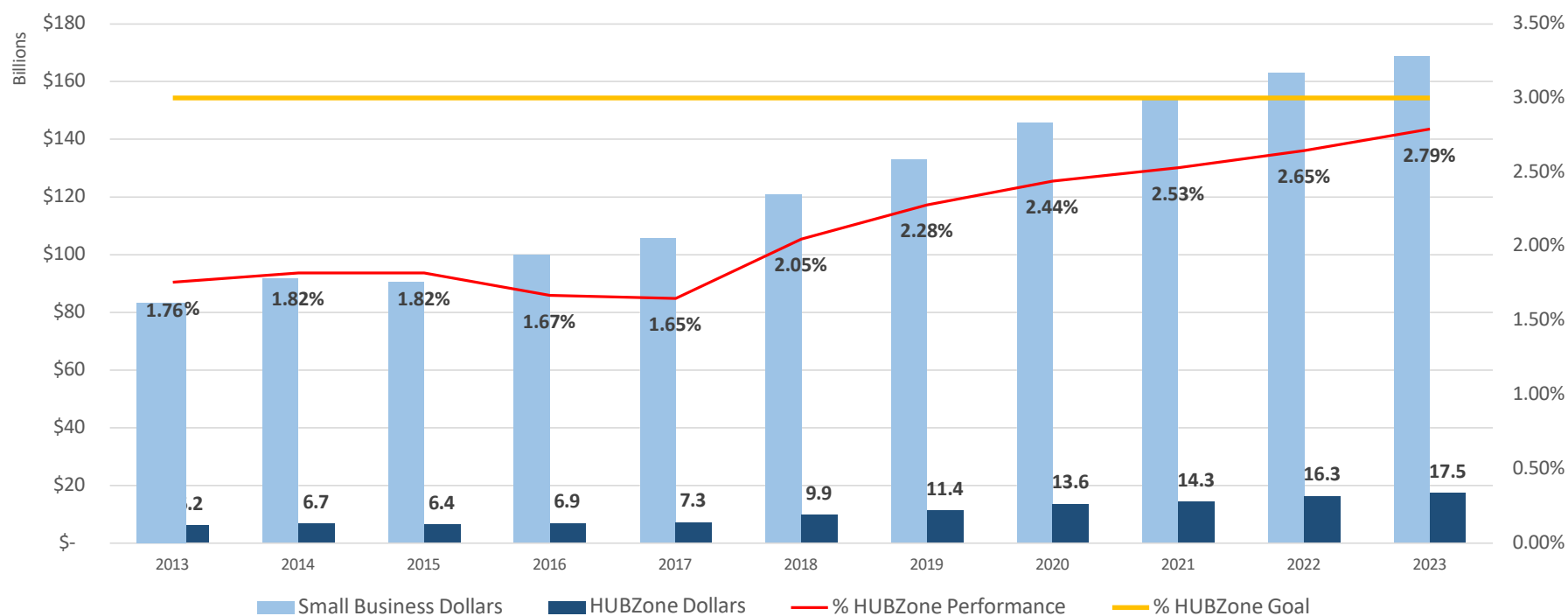
HZ Scorecard Goal Achievement: The Good News



- **Most HUBZone dollars ever (\$17.5 billion)**
- Second highest percentage in history of program (2.79%)
- Sixth straight year of improvement
- 7.4% increase in dollars to HUBZone communities (+\$1.2 bil.)
- 5.4% increase in federal goal attainment
- 27% increase in HUBZone vehicle contracts (+\$727 mil.)

HUBZone Government-wide Scorecard Performance

3% Goal



Agency Level HUBZone Goal Achievement | FY 2023

3% Goal: Met (17 – 2 more than FY22)

SBA: 18.8%
\$98.8M, (-30%)

Labor: 11.6%
\$292.8M (+7.2%)

Interior: 8.29%
\$480.5M (-6%)

NRC: 8.06%
\$15.1M (+17%)

USDA: 6.72%
\$778.7M (+8.3%)

Commerce: 6.53%
\$371.5M (+11%)

State: 5.75%
\$699.8M (+0.6%)

GSA: 5.69%
\$380.3M (-7%)

NSF: 5.31%
\$34.3M (+37%)

DHS: 4.69%
\$1.2B

DOT: 4.46%
\$398.7M (+19%)

OPM: 4.4%
\$25.1 (+15%)

HUD: 3.8%
\$50.2 (+30%)

Treasury: 3.71%
\$377.0M (-0.19%)

DOJ: 3.41%
\$328.1M (+37%)

Veterans: 3.05%
\$1.2B (+9%)

EPA: 3.0%
\$69.6M (+16%)

3% Goal: Not Yet (7)

Education: 2.87%
\$60.6M (+39%)

DoD: 2.37%
\$8.6B (+20%)

HHS: 2.10%
\$873.1M (+18%)

Energy: 1.70%
\$738.2M (+5%)

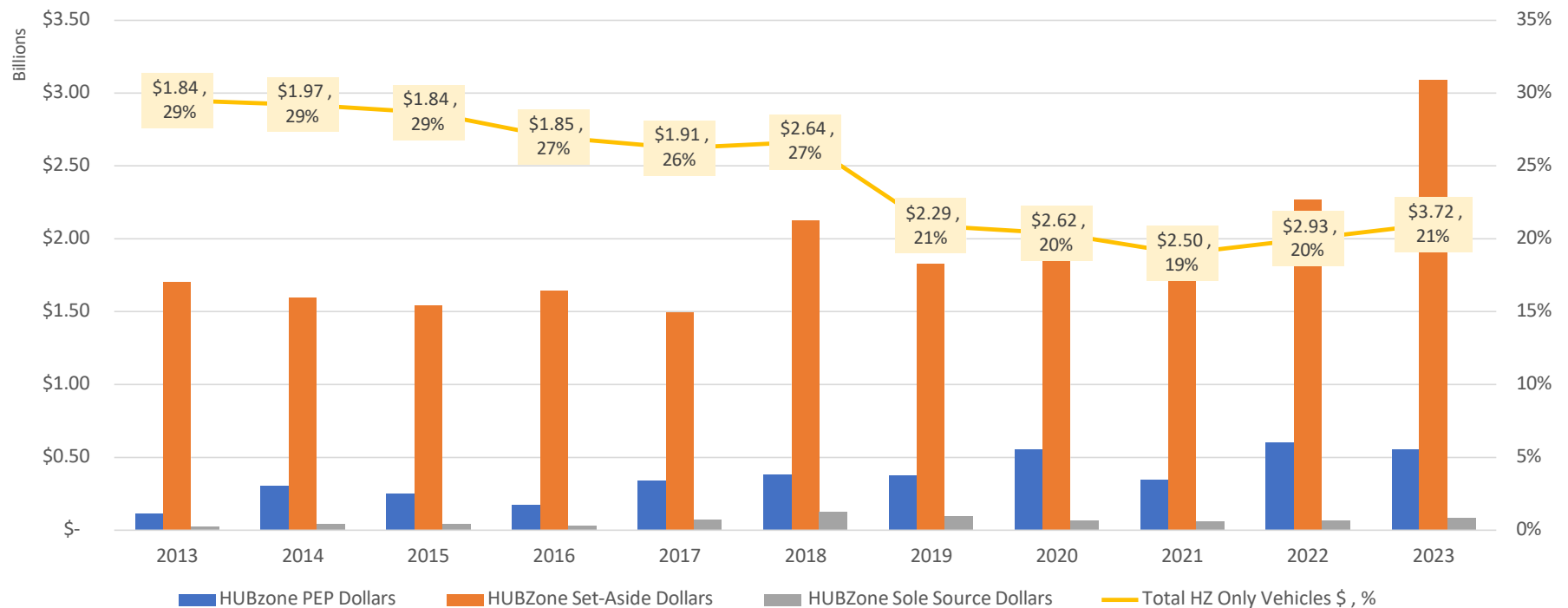
SSA: 1.18%
\$24.5M (+33%)

NASA: 0.97%
\$200.5 (-0.6)

USAID: 0.53%
\$36.2M (+20%)

GREEN BOLD=3% or higher
Green= Improvement over FY22
Yellow Highlight= Went from less than 3% to at/above 3% compared to FY22
ORANGE HIGHLIGHT = Fell below 3% compared to FY22
RED = Decline from FY22

Government Wide HUBZone Only Vehicle Dollars vs. Total HUBZone Dollars | FY 2013-2023



Why Emphasize HUBZone Set-Aside Contracts?

1. The majority (80%) of contracts to HUBZone firms are awards based on another status such as 8(a), WOSB, SDVOSB, SDB, or small—not HUBZone only set-asides.

Other certifications of HUBZone firms:

8(a)	EDWOSB	SDVOSB	SDB	Veteran
14%	5%	11%	65%	16%

HUBZone certification uniquely requires action (and expenses) on the part of the firm to maintain compliance. If firms are not seeing and winning HUBZone set-asides they question the value of maintaining the certification.

2. Agencies are swimming up-hill without doing set-asides.

Increasing expenditures through HUBZone set-aside vehicles by 1% would result in a 0.8% increase in total dollars spent on HUBZone businesses. (SBA, 2018)

3. More set-asides means more firms and better competition for Agencies.

What can Agencies do?

- 1. Increase HUBZone set-asides contracts:** Ask every CO to do one more HUBZone set-aside than they did last year (a 1% increase in set-asides correlates to a .8% increase in overall HZ goal.)
- 2. Dedicate more IT contracts for HUBZone set-asides:** Break up contracts going to non-small businesses and make more or larger IT awards to HZ firms (IT is the #1 NAICs for HZ).
- 3. Make HUBZone a priority at the top:** Set a goal; designate a HUBZone Champion to work with all branches/divisions and SBA; track progress and publicize successes; build relationships with HUBZone firms; and leverage SBA resources to conduct outreach and dispel old myths.

How Do Agencies Benefit From Awards to HUBZone Firms?

Meeting Diverse Scorecard Goals:

- 40% of HUBZone firms claim dual certification—so increasing awards to HUBZone firms is also likely increasing awards to 8(a), WOSB, and Veterans.
- **65% of HUBZone certified firms self-certify as a small disadvantaged business!**

Fueling Local Economic Impact: In FY20, \$13 billion in federal procurement to HUBZone firms generated 1.9x the impact for a total of \$24.7 billion in aggregate economic activity—boosting some of the most distressed communities in our nation.

- +59,000 direct jobs supported
- +79,000 indirect jobs supported
- +\$7.1 billion in employee earnings

Building Goodwill: In one study of 30 mostly rural counties, contracts awarded to HUBZone firms was the largest source of federal procurement in 10% of the communities.

HUBZone firms can make a big difference in their communities!



HUBZone Contract Vehicles and Resources for Agencies

Why Do Some Agencies Not Do HUBZone Set-Asides?

- “Sole-source is confusing.”
- “I thought HUBZone firms only do construction and manufacturing work.”
- “HUBZone is not a priority for my agency.”
- “I can’t find HUBZone firms that sell what we buy.”
- “Not enough capable HUBZone firms to meet our special requirements.”
- “Seems too complicated to verify eligibility.”
- “Too many protests when we use HUBZone.”



QUIZ TIME

Contracting officials must verify the certification status of a HUBZone firm:

- A. At time of offer**
- B. At time of award**
- C. Both**
- D. Neither**

QUIZ TIME: ANSWER

Contracting officials must verify the certification status of a HUBZone firm:

A. At time of offer

HUBZone Resources for Contracting Officers

Tips for Contracting Officers: The HUBZone Program



WHAT IS NEW AND IMPROVED?

SBA made comprehensive changes to the HUBZone program in 2020 to make it easier for contracting officers and firms to use the program. How is it easier for contracting officers?

- **Fewer steps before contract award.** If a firm is certified at the time of a contract offer, it will be considered a HUBZone small business throughout that contract. That means contracting officers no longer need to verify a firm's eligibility again at time of award.
- **Easier eligibility verification.** A firm must appear in the [Dynamic Small Business Search \(DSBS\)](#) as a HUBZone-certified business at the time of contract award. This means contracting officers only need to check this one place to verify a firm is certified.



HUBZONE PROGRAM SET-ASIDE TOOLS

Contracting officers have three easy tools available for HUBZone set aside:

Sole source. A HUBZone contract can be awarded as sole source if the contracting officer does not have a reasonable expectation that two or more qualifying small businesses will submit offers, determines that the qualified HUBZone business is responsible, and determines that the contract can be awarded at a fair market price.

Set aside. A competitive HUBZone set aside can be awarded if the contracting officer has a reasonable expectation that at least two responsible HUBZone businesses will submit offers and that the resulting contract can be awarded at a fair market price.

Price Evaluation Preference (PEP). A full and open competition contract can be awarded with a price evaluation preference for HUBZone small businesses. A HUBZone small business must be considered lower than the offer of a large business provided that the offer of the HUBZone small business is not more than 10% higher.



FINDING A HUBZONE FIRM

1. Search [DSBS](#) to find and verify HUBZone-certified businesses.
2. Get personal assistance from the SBA's government contracting area offices or from [Procurement Technical Assistance Centers](#).
3. Contact your agency's Office of Small and Disadvantaged Business Utilization (OSDBU) or your Agency Small Business Specialist.
4. Issue a sources sought announcement in the [System for Awards Management \(SAM\)](#) seeking interested HUBZone small businesses.
5. Look for a HUBZone-certified firm in the [GSA Schedule program](#).

HELPFUL RESOURCES

Your agency's OSDBU can help you understand how to maximize use of the HUBZone program.

Matchmaking sessions can lead to new contracts with HUBZone businesses as well as long-term relationships with HUBZone firms over the years. Visit [GSA's website](#) to find upcoming events that you can participate in.

To learn about your agency's progress toward its HUBZone goal, access your scorecard at [SBA's website](#).

SBA has helpful tools on its [website](#), including a video and tutorials for using the set-aside tools.

Contracting officials

Work with SBA to meet and exceed your agency's contracting goals.

Small business procurement

Contracting officers can use SBA's services to find businesses that can do the work and help them meet agency goals.

[Learn more about small business procurement](#)

Contracting program administration

Contracting officers can use SBA programs to help the government meet its goal of awarding at least 23% of contract dollars to small businesses.

[Learn more about contracting program administration](#)

Contract administration

Contracting officers can use SBA resources to help resolve challenges that arise in the course of their work.

[Learn more about contract administration](#)

[Website: SBA Resources for Contracting Officers](#)

What Contracting Officers Should Know About the HUBZone Program

[Video: What contracting officers should know about the HUBZone program—YouTube](#)

[Fact Sheet: Tips for Contracting Officers](#)

HUBZone Program References

- **Statutory authority:** Small Business Act, 15 U.S.C. 632(p), 657a
- **HUBZone Program Regulations:** 13 CFR Part 126
- **Size Regulations:** 13 CFR Part 121
- Recent rulemakings:
 - **Governor's Designated Areas**
 - Direct Final Rule: 84 FR 62449 (Nov. 15, 2019)
 - Effective Jan. 1, 2020
 - **HUBZone Program Improvements**
 - Final Rule: 84 FR 65239 (Nov. 26, 2019)
 - Effective Dec. 26, 2019

HUBZone Contracts (13 CFR 126.600)

HUBZone contracts are contracts awarded to certified HUBZone small business concerns, regardless of the place of performance, through any of the following procurement methods:

- **Sole-source awards**
- **100% HUBZone set-aside awards** and partial set-asides
- **Full and open competition**, where the **HUBZone price evaluation preference is applied** (application of a 10% price evaluation preference applied in full and open competition only applies if initial low offer is from a large business, not if low bidder is a small business)
- **Reserves** for HUBZone SBCs under Multiple Award Contracts (MAC)
- **Orders set-aside** for HUBZone SBCs against a MAC, where the MAC was awarded in full and open competition

Relationship Among Small Business Programs (FAR 19.203)

- SBA's small business socioeconomic programs include:
 - 8(a) Business Development Program
 - HUBZone program
 - Service-Disabled Veteran-Owned Small Business Program (SDVOSB)
 - Women-Owned Small Business (WOSB) Federal Contracting Program
 - Veteran Small Business Certification (VetCert)
- There is **no order of precedence among these programs**
- In determining which socioeconomic program to use, the contracting officer should consider, at a minimum:
 - Results of market research
 - Agency progress in fulfilling small business goals

HUBZone and Simplified Acquisition (13 CFR 126.607, FAR 19.1305)

AT OR BELOW SAT	CO may award via HUBZone set-aside or sole-source award
ABOVE SAT	CO shall first consider a set-aside before a HUBZone sole-source award or setting aside the requirement as a small business set-aside

- SAT = \$250,000;
- Micro-purchase threshold = \$10,000

HUBZone Sole-Source Awards

(13 CFR 126.612, FAR 19.1306)

CO may award a sole-source contract to a HUBZone SBC (before considering a small business set-aside) **if:**

- CO does not expect to receive offers from at least two HUBZone SBCs
- Anticipated price of the contract (including options) will not exceed
 - \$7M for a requirement assigned a manufacturing NAICS code; or
 - \$4.5M for all other requirements
- The requirement is not currently being performed by an 8(a) participant and has not been accepted as an 8(a) requirement by SBA
- The HUBZone SBC has been determined to be a responsible contractor with respect to performance
- Award can be made at a fair and reasonable price

SBA has the right to appeal CO's decision not to make a HUBZone sole-source award.

HUBZone Set-Aside (FAR 19.1305(c))

- **To award via HUBZone set-aside, CO must have a reasonable expectation that—**
 - Offers will be received from at least two HUBZone SBCs; and
 - Award will be made at a fair market price

If the CO receives

- **only one acceptable offer** from a certified HUBZone SBC
 - the CO should make an award to that concern
- **no acceptable offers** from HUBZone SBCs
 - the CO should withdraw the HUBZone set-aside and set the procurement aside for small business concerns, as appropriate (see FAR 19.203)

Set-Aside of Orders

- A CO may
 - **Set-aside an order placed against a multiple-award contract** for HUBZone SBCs (FAR 19.5) and no justification for this exception to fair opportunity is required (FAR 16.5)
 - **Set-aside part(s) of a multiple-award contract** for HUBZone SBCs (FAR 19.5)
 - **Reserve one or more contract awards** for HUBZone SBCs under full and open multiple-award procurements (FAR 19.5)
 - **Set-aside orders and BPAs under the GSA Schedule** (FAR 8.4)

Joint Venture

- A HUBZone SBC may joint venture with one or more other small business concerns or its SBA-approved mentor for the purpose of submitting an offer for a HUBZone contract. (13 CFR 126.616)

NOTE:

The joint venture itself need not be certified as a qualified HUBZone SBC.

Price Evaluation Preference (PEP) For HUBZone SBCs (13 CFR 126.613, FAR 19.1307)

- The HUBZone price evaluation preference (PEP) shall be used in acquisitions conducted using full and open competition
- The preference shall NOT be used
 - Where price is not a selection factor (e.g., Architect/Engineer acquisitions)
 - Where all fair and reasonable offers are accepted (e.g., the award of multiple award schedule contracts)

Applying the HUBZone PEP

- The CO shall apply the HUBZone PEP in F&O competition, **when the lowest, responsive, responsible offeror is a large business**
- **The PEP is applied by adding a factor of 10% to**
 - The otherwise lowest, responsive, responsible offer from a large business (AKA the large business that is the apparent successful offeror)
 - Offers from HUBZone SBCs that have waived the PEP
 - Offers from small business concerns that are not the apparent successful offeror

NOTE:

Apply PEP first,
then do best value
analysis

Price Evaluation Preference— Examples

OFFER		PEP APPLIED (*10%)	
HUBZone	\$113	HUBZone	\$113
Small	\$103	Small	\$103
Large	\$100	Large	\$110

OFFER		PEP APPLIED (*10%)	
HUBZone	\$100	HUBZone	\$100
Small	\$97	Small	\$97
Large	\$95	Large	\$104.5

NOTE: 1.) If price equal → Award to the HUBZone SBC. 2.) If lowest offeror is not a large business the HUBZone PEP is not applied. 3.) If after applying PEP a small is lowest, they are ignored and contract is awarded to HUBZone firm if they are lower than the large with PEP.

QUIZ TIME

If a firm becomes ineligible while performing on a contract, the contracting officer must terminate the contract:

- A. True**
- B. False**

QUIZ TIME: ANSWER

If a firm becomes ineligible while performing on a contract, the contracting officer must terminate the contract:

B. False

Requirements to Bid on HUBZone Contracts

(13 CFR 126.601)

At the time a certified HUBZone SBC submits its initial offer (including price) on a specific HUBZone contract, it must certify to the CO that:

- It is a **certified HUBZone SBC that appears on SBA's List (DSBS)—dsbs.sba.gov**;
- It is a **small business** under the NAICS code assigned to the procurement;
- It **will “attempt to maintain”** having at least 35% of its employees residing in a HUBZone during the performance of a HUBZone contract. (13 CFR 126.200(e)); and
- It will comply with the applicable limitations on subcontracting during performance of the contract, as set forth in 13 CFR 125.6, 126.200(f) and 126.700.

NOTE:

The requirement to notify SBA of a material change was removed with the Regulations published on 11/26/2019.

Attempt to Maintain

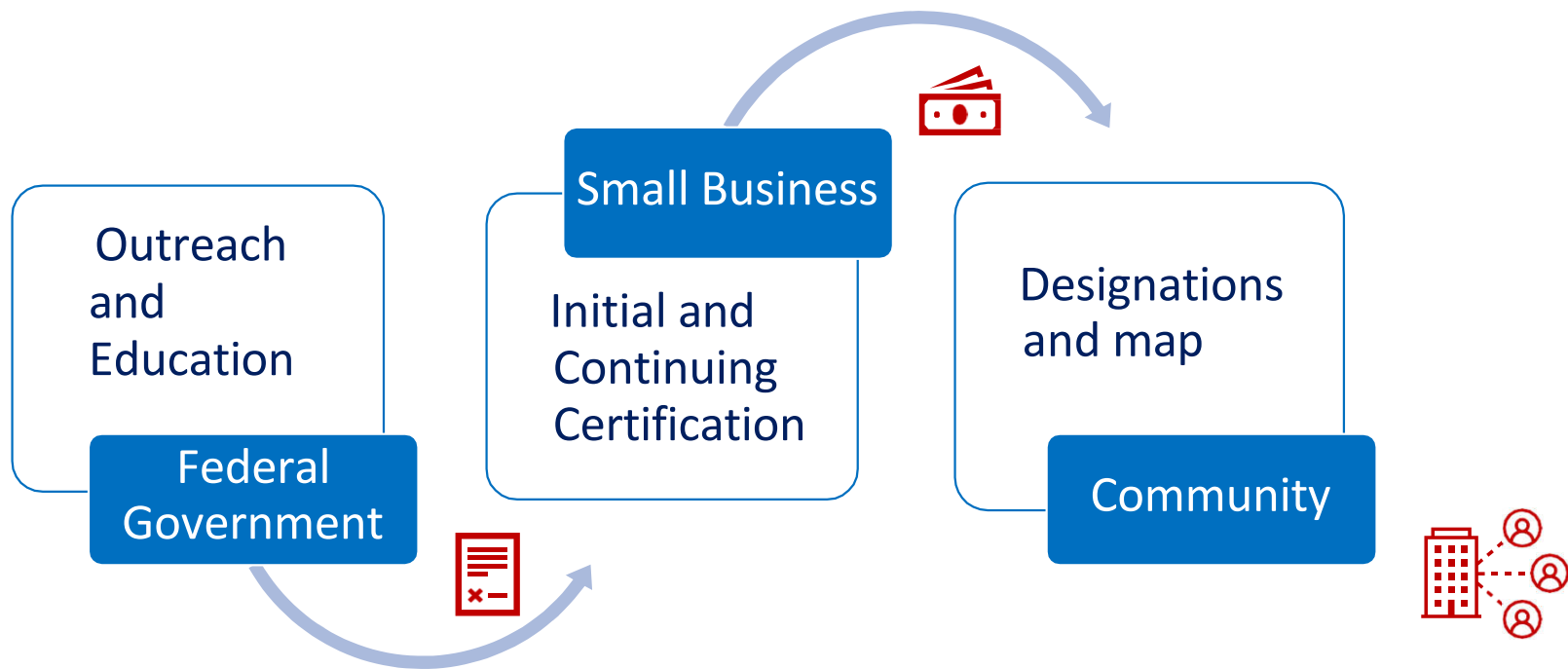
- A firm will be eligible to compete for HUBZone set-aside awards while attempting to maintain compliance with the 35% HUBZone residency requirement, so long as at least 20% of its employees reside in a HUBZone.
- HUBZone firms that are performing on a HUBZone contract at the time of their recertification must have at least 20% of their employees residing in a HUBZone to recertify.
- HUBZone firms that are not performing on a HUBZone contract at the time of recertification must have at least 35% of their employees residing in a HUBZone to recertify.

When firms receive a federal contract, they often need to ramp up hiring quickly—which in the case of HUBZone threatened to temporarily place them out of compliance with the requirements of the program **if fewer than 35% of the workforce did not live in a HUBZone**. This change provides clarity regarding the definition of attempting to maintain compliance while performing on a federal contract.

Agency Roles

- Verify firm is HUBZone certified at **time of offer by checking DSBS**
- If there is a conflict between the firm's certification status in DSBS and SAM, contact HUBZone office at HUBZone@sba.gov
- Conduct market research by consulting your OSDBU, Procurement Center Representative (PCR), DSBS, or SBA District Office
- Submit a protest if you suspect fraud or ineligibility (HZProtests@sba.gov)
- Apply the HUBZone Price Evaluation Preference for full and open competitions as appropriate

HUBZone Program Office



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Supplemental Information

Limitations on Subcontracting (LOS)

Final Rule published at 81 FR 34243—Effective June 30, 2016

A HUBZone SBC prime contractor may subcontract part of a HUBZone contract, provided the HUBZone SBC meets the following requirements:

Services (except construction)

- Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs

Supplies (from a manufacturer)

- Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs

General Construction

- Spend no more than 85% of the value of the prime contract on subcontractors that are not HUBZone SBCs
- Cost of materials are excluded

Special Trade Construction

- Spend no more than 75% of the value of the prime contract on subcontractors that are not HUBZone SBCs
- Cost of materials are excluded

NOTE: Subcontractors that are also HUBZone SBCs are referred to as “similarly situated entities.”

Nonmanufacturer Rule (NMR) (13 CFR 126.601, FAR 19.1303)

- **A HUBZone SBC may submit an offer for supplies as a nonmanufacturer if it meets the requirements of the NMR set forth at 13 CFR 121.406(b)(1)**
 - In 2016, SBA eliminated the requirement that the manufacturer must also be a HUBZone SBC (81 FR 34243)
- Under SBA regulations, a CO may now request a waiver of the NMR for a HUBZone contract
 - Class waivers also apply to HUBZone contracts
- As a result, the HUBZone program's treatment of the NMR is now consistent with SBA's other socioeconomic programs

Compliance With LOS and NMR

When do the HUBZone LOS and NMR apply?

- HUBZone set-asides
- Partial HUBZone set-asides
- HUBZone reserves
- Orders set-aside for HUBZone SBCs
- Awards to HUBZone SBCs under F&O after HUBZone PEP applied

What is the compliance period?

- Set-aside (full or partial): Base term and each subsequent option period
 - HOWEVER, CO may require concern to meet the LOS or NMR for each order
- Order set-aside under F&O: Term of order

How to Find a HUBZone Firm

- Search DSBS to find and verify HUBZone-certified businesses.
- Get personal assistance from the SBA's government contracting area offices or from Procurement Technical Assistance Centers.
- Contact your agency's Office of Small and Disadvantaged Business Utilization (OSDBU) or your Agency Small Business Specialist.
- Issue a sources sought announcement in the System for Awards Management (SAM) seeking interested HUBZone small businesses.
- Look for a HUBZone-certified firm in the GSA Schedule program.

How to Locate HUBZone Contractors Using the Dynamic Small Business Search (DSBS)

(dsbs.sba.gov)

The screenshot shows the DSBS website interface. At the top, there is a navigation bar with the SBA logo, "DSBS", and links for "Mobile View", "Print", "Exit", "Help", "DSBS", "Quick Market Search", and "TM OnLine". A "Ready" status indicator is in the top right corner. Below the navigation bar, a welcome message reads "Welcome to the Dynamic Small Business Search". A note states "All search form hotlinks open a new browser window." and "All form fields that require typing in data have 'tooltips' with data format information." A red starburst icon highlights "NEW FEATURES FOR MOBILE USERS:" with sub-points: "Phone number hotlinks can be used to dial the number on mobile phones." and "Address hotlinks can be used to show the address in Google Maps." A disclaimer states: "This is generally a self-certifying database. The SBA does not make any representation as to the accuracy of any of the data included, other than certifications relating to 8(a) Business Development, HUBZone or Small Disadvantaged Business status. The SBA strongly recommends that contracting officers diligently review a bidder's small business self-certification before awarding a contract." The "Location of Profile" section includes a "States:" dropdown menu with a list of states (AL - Alabama, AK - Alaska, AA - American Atlantic (APO/FPO), AE - American Europe (APO/FPO), AP - American Pacific (APO/FPO), AS - American Samoa, AZ - Arizona, AR - Arkansas, CA - California) and a "Searching within a State:" field with a note "(Requires exactly one state from the State list at left.)". There are also fields for "Congressional District:" with a "Help" link, "County:" with a "Select 1 State, then press Lookup" button and a "Lookup Help" link, "Area Code or Phone Number Initial Fragment", "Metropolitan Statistical Area" with a "Help" link, "SBA Servicing Office" with a "Help" link, and "Zip Code or Zip Code Initial Fragment". The "Government Certifications" section is partially visible at the bottom. The footer contains the text "Last modified: 07/13/2004 12:00:00 AM", navigation links for "FirstGov", "F-Gov", "Regulations.gov", and "White House", and a footer bar with "Privacy & Security", "Information Quality", "FOIA", "No Fear Act", and "ADA". The bottom right corner of the footer bar shows "SBA Processing: 0.197 seconds Version: SBSS 8.1.1 Session timeout in 50 minutes."

DSBS–How HUBZone Certification Is Displayed

Each firm's DSBS profile has two fields relevant to HUBZone certification:

- "HUBZone Certified? [] Yes [] No"
- "HUBZone Certification Date"
- "HUBZone Certified? [X] Yes [] No"—indicates the **firm is currently HUBZone certified**. The date in the HUBZone Certification Date field is the date the firm was certified and became eligible for HUBZone awards.
- "HUBZone Certified? [] Yes [X] No"—indicates the **firm is NOT currently HUBZone certified**. The dates in the HUBZone Certification Date field is the date the firm was originally certified and the date the certification ended. This firm is not currently eligible for HUBZone awards.
- "HUBZone Certified? [] Yes [X] No" with N/A next to "HUBZone Certification Date" means that the **firm was never HUBZone certified**.

NOTE:

- "HUBZone Certification Date" indicates the initial date of certification and does not reflect the dates of any recertification process, which are internal to SBA.
- An approval or recertification letter is **NOT valid evidence** that a firm is currently HUBZone certified, because the firm may have been decertified since the notice was issued.

DSBS example:

Currently Certified HUBZone Small Business

 SBA Profile [Mobile View](#) [Exit](#) [Back To Profile List](#) Ready

8(a) Certification:
SBA 8(a) Case Number:
SBA 8(a) Entrance Date:
SBA 8(a) Exit Date:

Small Disadvantaged Business Certification:
SDB Entrance Date:
SDB Exit Date:

HUBZone Certification:
HUBZone Certified?: ☒ Yes ☐ No
HUBZone Certification Date: 11/05/2009

8(a) Joint Venture Certification:
8(a) JV Entrance Date:
8(a) JV Exit Date:

DBE Certifications (and State):
(none)

Non-Federal-Government Certifications:
CA PUC - WBE
SB

DSBS example:

Decertified HUBZone Small Business

SBA Profile

Back to Profile List

Mobile View

Exit

Ready

8(a) Certification:
SBA 8(a) Case Number:
SBA 8(a) Entrance Date:
SBA 8(a) Exit Date:

Small Disadvantaged Business Certification:
SDB Entrance Date:
SDB Exit Date:

HUBZone Certification:
HUBZone Certified?: ☐ Yes ☒ No
Previously HUBZone certified: From 09/27/2002 through 05/08/2008

8(a) Joint Venture Certification:
8(a) JV Entrance Date:
8(a) JV Exit Date:

Non-Federal-Government Certifications:
(none given)

Products & Services

Capabilities Narrative:
CUT AND SEW SWEATSHIRTS & PANTS, JACKETS, PLACKET SHIRTS, T-SHIRTS, BLANKETS, RUGS, EXERCISE SUITS, CHILDREN'S CLOTHES, PATIENT GUARDS TO PREVENT BEDSORES, WRIST BRACE FOR CARPAL TUNNEL SYNDROME, Duffle Bags, Sleeping Bags AND other misc. textile items.

Special Equipment/Materials:
300 MULTIPLE TYPE SEWING MACHINES, MODERN CUTTING EQUIPMENT & TABLES, AUTOMATED PACKING MACHINES, HANDLING EQUIPMENT, CLEANING DEPT, SPECIAL ATTACHMENTS, BRAIDING MACHINES.

DSBS example:

Non-HUBZone Small Business

The screenshot shows the SBA Profile page for a Non-HUBZone Small Business. The page has a blue header with the SBA logo, "SBA Profile", and links for "Mobile View", "Exit", and "Back To Profile List". A "Ready" status is shown in the top right. The main content area is white and contains several sections for certification information:

- 8(a) Certification:**
 - SBA 8(a) Case Number:
 - SBA 8(a) Entrance Date:
 - SBA 8(a) Exit Date:
- Small Disadvantaged Business Certification:**
 - SDB Entrance Date:
 - SDB Exit Date:
- HUBZone Certification:**
 - HUBZone Certified?: ☐ Yes ☒ No
 - HUBZone Certification Date: N/A
- 8(a) Joint Venture Certification:**
 - 8(a) JV Entrance Date:
 - 8(a) JV Exit Date:
- DBE Certifications (and State):**
 - (none)
- Non-Federal-Government Certifications:**
 - (none given)



U.S. Small Business
Administration