



ACQUISITION HOUR:

THE HUBZONE PROGRAM – CERTIFICATION BENEFITS AND NEW REGULATIONS

November 28, 2017

WEBINAR ETIQUETTE

- Please
 - When logging into go-to-meeting, enter the name that you have registered with
 - Put your phone or computer on mute
 - Use the Chat option to ask your question(s): We will read them and our guest speaker will provide an answer to the group
- Thank you!

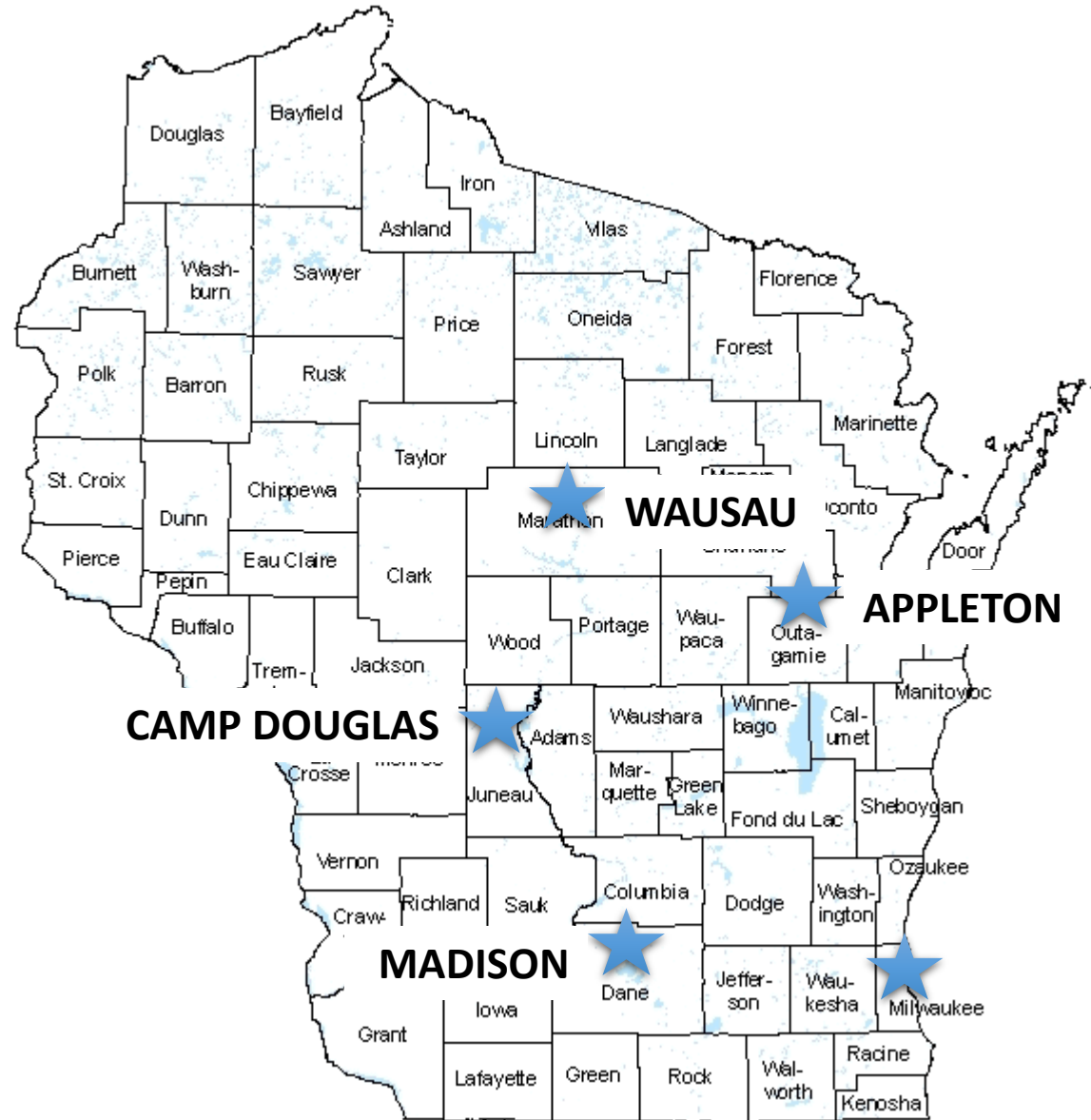
ABOUT WPI

SUPPORTING THE MISSION

Assist businesses in creating,
development and growing their sales,
revenue and jobs through Federal, state
and local government contracts.

WPI OFFICE LOCATIONS

- MILWAUKEE – *Technology Innovation Center*
- MADISON –
 - *Madison Enterprise Center*
 - *FEED Kitchens*
- CAMP DOUGLAS – *Juneau County Economic Development Corporation (JCEDC)*
- WAUSAU – *Wausau Region Chamber of Commerce*
- APPLETON – *Fox Valley Technical College*



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STATE & LOCAL GOVERNMENT

OTHER GOVERNMENT & GRANTS

SUCCESS & AWARDS

FAQS

WPI'S CURRENT NEWSLETTER

www.wispro.org

UPCOMING EVENTS

AUGUST 16 2017

ACQUISITION HOUR: CYBER SECURITY FOR CURRENT AND PROSPECTIVE DOD CONTRACTORS AND SUBCONTRACTORS

AUGUST 17 2017

ACQUISITION HOUR - THE END OF THE FISCAL YEAR IS HERE: WHAT IS HOT AND WHAT IS NOT

SEPTEMBER 19 2017

ACQUISITION HOUR: SELLING TO THE STATE OF WISCONSIN AND LOCAL GOVERNMENTS

SEPTEMBER 20 2017

ACQUISITION HOUR: OVERVIEW OF THE FEDERAL ACQUISITION REGULATIONS (FAR)

OCTOBER 4 2017

ACQUISITION HOUR: ESRS INDIVIDUAL SUBCONTRACTOR REPORTING (ISR) BASICS

CURRENT OPPORTUNITIES (5)

SERVICES OFFERED BY WPI

- FREE Bid Matching Services
- Individual Counseling and Assistance
- Locating Local, State and Federal Opportunities
- Government Market Strategy Development
- Training in use of Government websites and tools
- Assistance with System for Award Management (SAM) Registration
- Assisting in Market Research Process
- Development of Market Profile
- Small Business Subcontracting Plans Development, Outreach and Reporting
- Small Group Training
- Outreach and training with Local, State and Federal agencies
- Assist with Pre and Post Award Functions
- Assistance with Agency Specific Contracting Requirements
- Assistance with Contracting Regulations and Requirements, including FAR, DFAR, CFR
- Assistance with GSA Schedule Preparation and Administration
- Assistance with Local, State and Federal Certifications, including:
 - Service Disabled & Veteran Owned Small Business, HUBZone, Woman Owned Small Business, 8(a) Business Development Program
 - State
 - Local
 - DBE
- Bid review and Submission Assistance
- Proposal review and Submission Assistance
- Capabilities Statement and Related Government Marketing Material Development
- Assistance in Locating and Developing Teaming Partners and Subcontractors
- Updated Government Market Information

Why is the HUBZone certification important?

- Geolocalized certification:
 - This program helps small businesses in urban and rural distressed communities gain preferential access to federal procurement opportunities.
- Federal Goal of 3%
 - This Goal is **NOT** being met - efforts are underway to increase the number of qualified HUBZone certified firms to meet the needs of the Federal government and its prime contractors
- Sole source and set aside contracts
 - The certification allows you to decrease the competition on requirements that are set aside for this small business category

What can you do to benefit

- GET CERTIFIED
 - If you met all the requirements
 - YOU WILL STILL have to market your business
- TEAM UP with a HUBZone certified business
 - The new subcontract rules are advantageous to these teaming arrangements

The HUBZone Program

Applying for Approval and Maintaining the Certification

Shane Mahaffy, Lead Business Opportunity Specialist



U.S. Small Business Administration

-- HUBZone Program --

What is HUBZone?

- Historically Underutilized Business Zone
- 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 4,500 small firms certified in the HUBZone program



-- HUBZone Program --

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



-- HUBZone Program --

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
(http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm)
 - Adjudicates protests of eligibility regarding HUBZone contracts

Key Program Benefits

The government has a mandate of awarding 3% of all prime contract dollars to HUBZone firms.

Two mechanisms:

- Contract set-asides and sole source
- 10% price evaluation preference applied to full and open competition (only applies to the large business and not to the small business concern)



-- HUBZone Program --

Which firms are most likely to win contracts?

- The most successful firms share these traits:
 - AGR over \$2 million
 - More than 15 employees
 - Been in business longer than 10 years

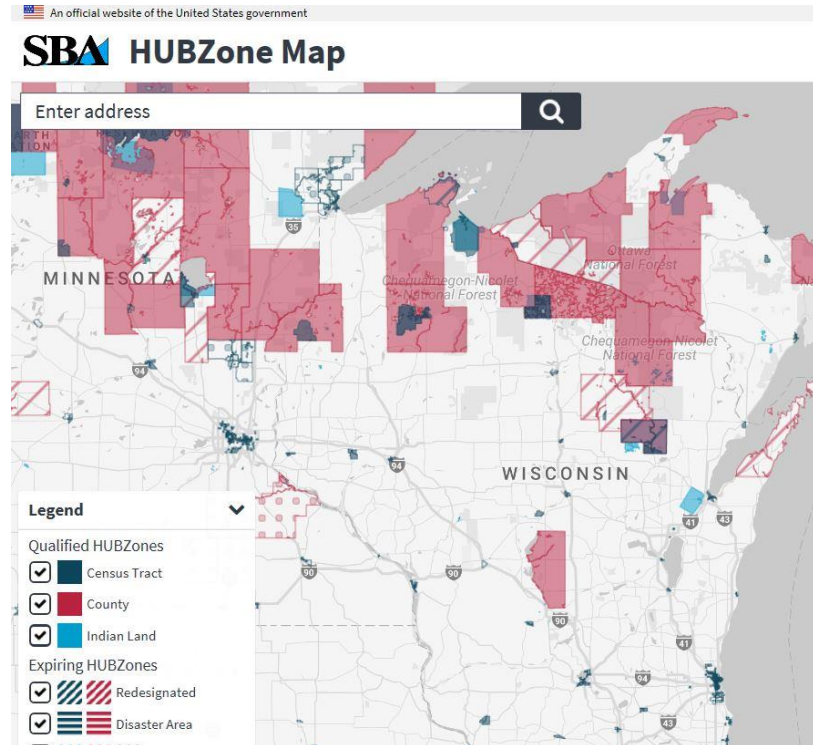
Where are the HUBZones?

- There are 4 kinds of HUBZone:
 - A Qualified Nonmetropolitan County*
 - A Qualified Census Tract*
 - An Indian Land
 - A Qualified Base Closure Area
- *When a county or tract loses its HUBZone qualification, it is redesignated for three years.
- Areas may become newly qualified, redesignated, and lose qualification altogether.



-- HUBZone Program --

The HUBZone Maps



Always check <https://www.sba.gov/content/hubzone-maps> for the latest updates on qualified areas!

Questions?

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](#)

Eligibility Requirements – SIZE

- At time of application for certification a HUBZone Small Business Concern must meet SBA's size standards for its primary industry classification as defined in 13 CFR --- § 121.201.
- At time of initial contract offer a HUBZone SBC must be small for the size standard corresponding to the NAICS code assigned to the contract. 13 CFR --- 126.601(b)



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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

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

Eligibility Requirements – 35% residency

- At least 35% of its employees reside in a HUBZone
 - Employee means all individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month. This includes employees obtained from a temporary employee agency, leasing concern, or through a union agreement or co-employed pursuant to a professional employer organization agreement --- 13 CFR 126.103
 - Volunteers (*i.e.*, individuals who receive deferred compensation or no compensation, including no in-kind compensation, for work performed) are NOT considered employees --- 13 CFR 126.103
 - When determining the percentage of employees that reside in a HUBZone, if the percentage results in a fraction, round up to the nearest whole number --- 13 CFR 126.200
 - SBA defines *reside* means to live in a primary residence at a place for at least 180 days, or as a currently registered voter, and with intent to live there indefinitely --- 13 CFR 126.103

IMPORTANT!!

85% of firms who are declined for certification are declined because of failing to meet either the 35% requirement, the Principal Office (PO) requirement, or both.



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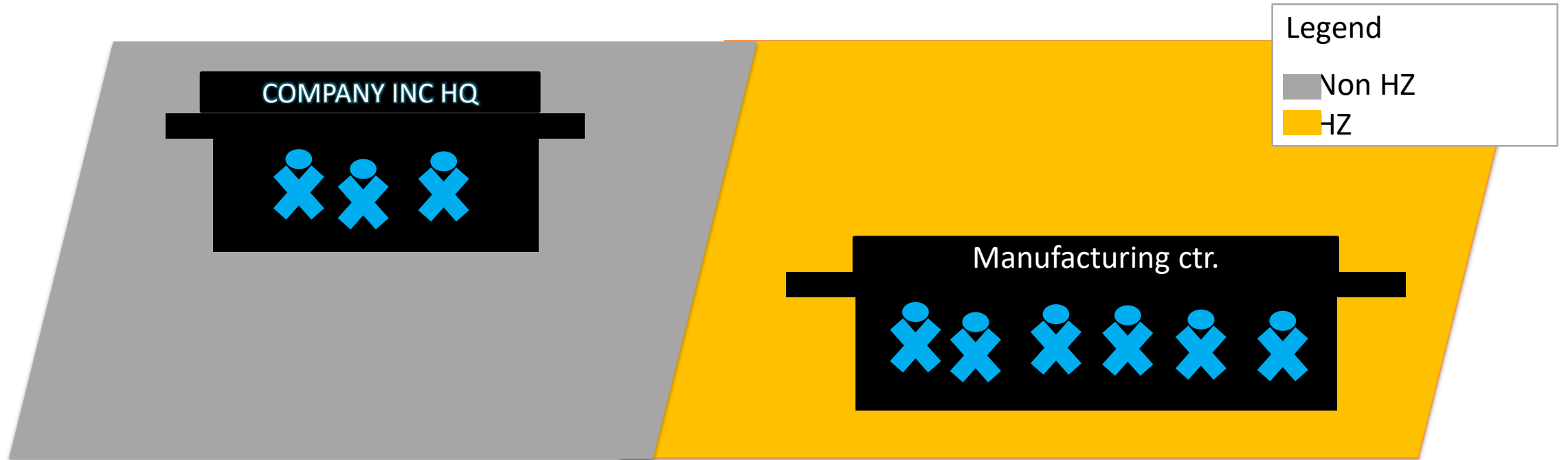
PO Example 1

Company, Inc is a small company that makes widgets. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. The company has a manufacturing site across the street from the headquarters located in a qualified census tract. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the manufacturing site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the manufacturing site lives in a HUBZone.

Does this company meet the principal office requirement?

PO (Example 1)

When dealing with the evaluation of the principal office, do not consider where employees live.



Does this firm meet the PO requirement? **YES**

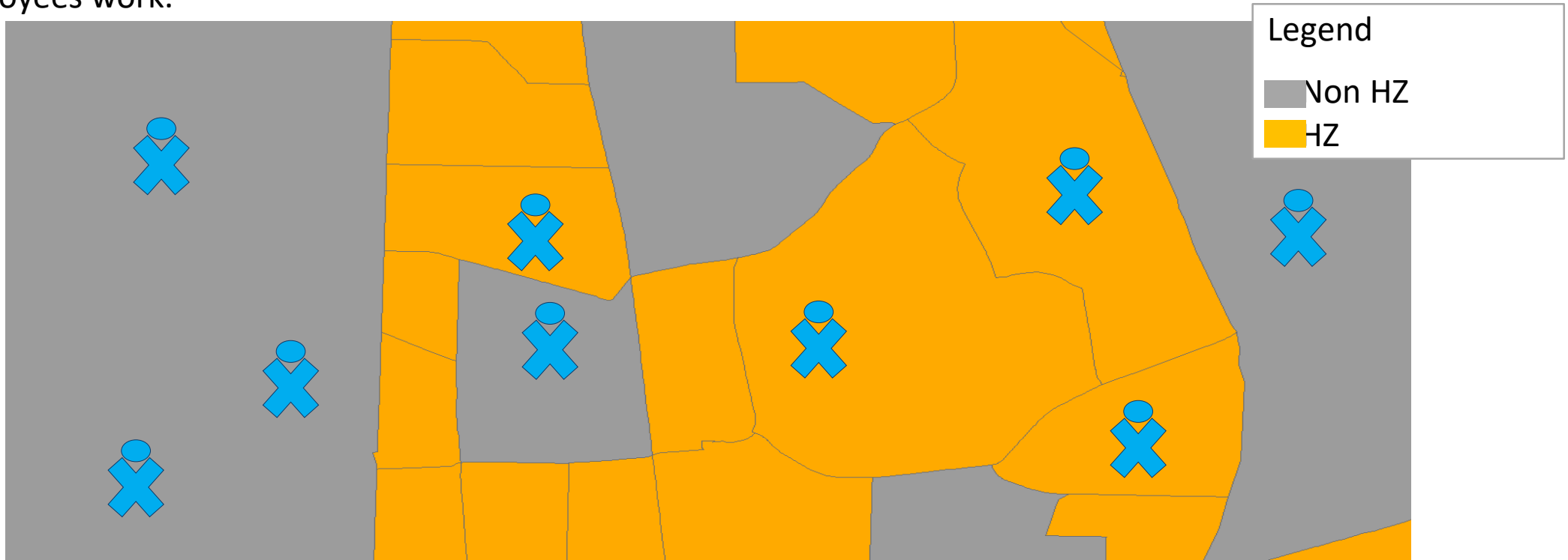
35% (Example 2)

Company, Inc is a small company that makes widgets. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. The company has a manufacturing site across the street from the headquarters located in a qualified census tract. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the manufacturing site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the manufacturing site lives in a HUBZone.

Does this company meet the 35% requirement?

35% (Example 2)

When dealing with the evaluation of the 35% employee residency requirement, do not consider where employees work.



Does this firm meet the 35% requirement? **YES**

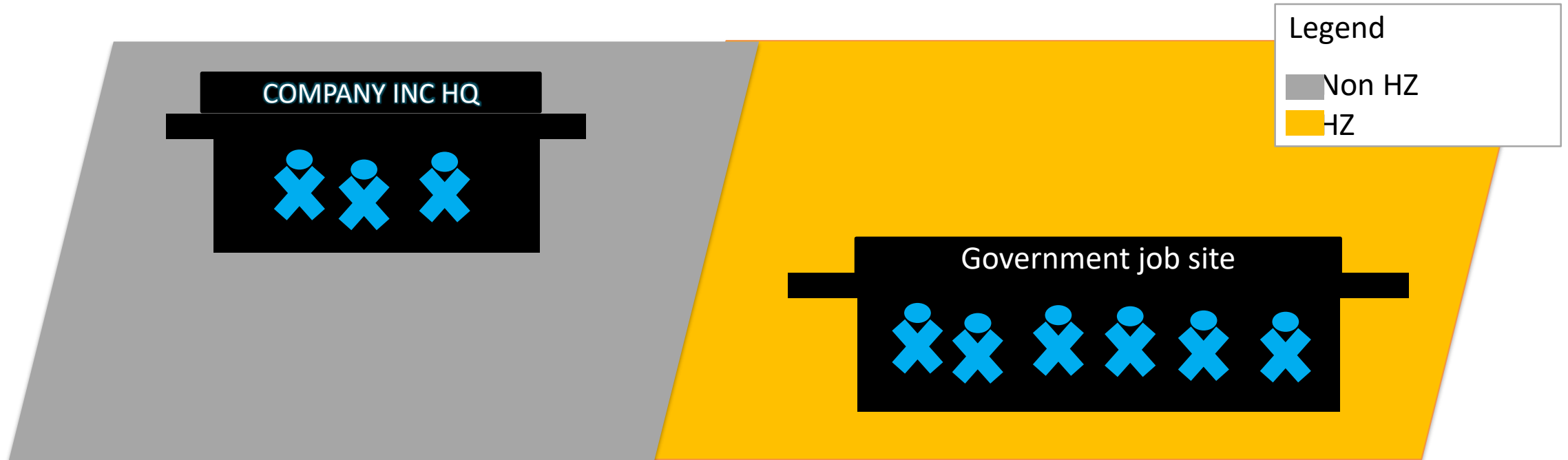
PO (Example 3)

Company, Inc is a small IT services company. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. Across the street, in a qualified census tract, is a government facility where 6 engineers perform contract specific work. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the government site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the government site lives in a HUBZone.

Does this company meet the Principal Office requirement?

PO (Example 3)

When dealing with the evaluation of the principal office, do not consider where employees live.



Does this firm meet the PO requirement? **NO**

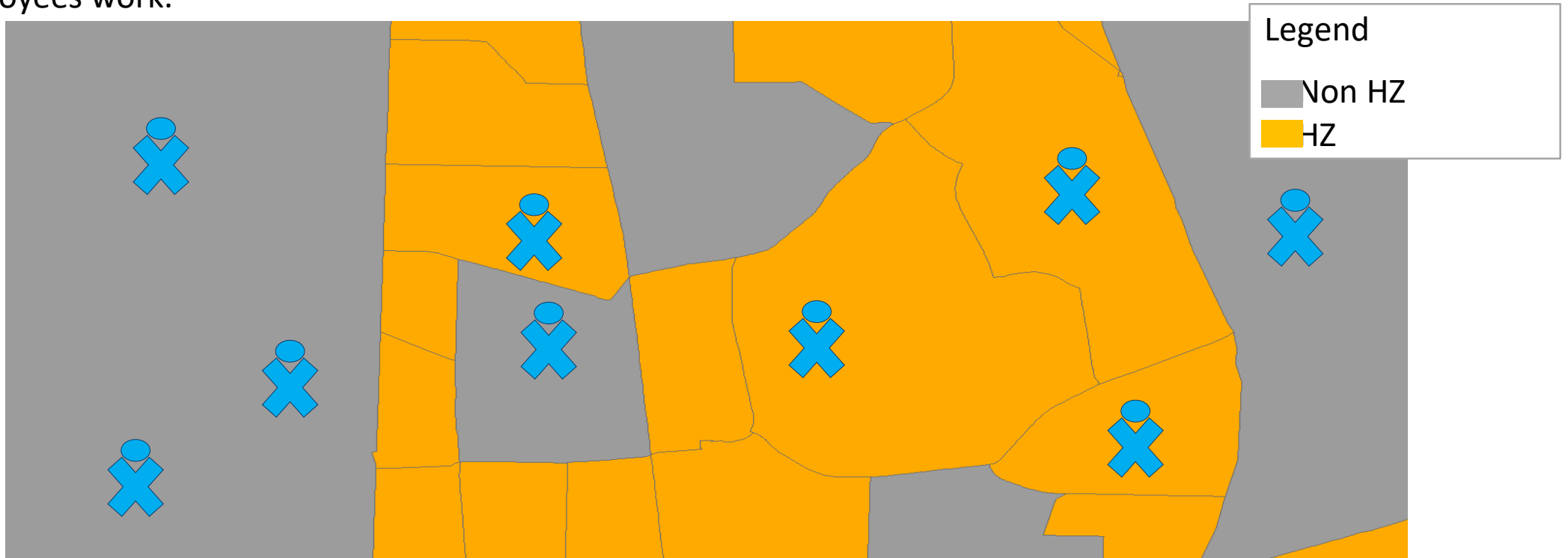
35% (Example 4)

Company, Inc is a small IT services company. Their headquarters is located in an urban area that is not HUBZone, according to the map. The two owners and an administrative support person spend the majority of their work hours there. Across the street, in a qualified census tract, is a government facility where 6 engineers perform contract specific work. The owners and the admin all live in a HUBZone a few miles away. There are 6 employees at the government site. One of them is part time and works only 20 hours every week. Only one of the six employees who works at the government site lives in a HUBZone.

Does this company meet the 35% requirement?

35% (Example 4)

When dealing with the evaluation of the 35% employee residency requirement, do not consider where employees work.



Does this firm meet the 35% requirement? **YES**

PO and 35% (Example 5)

Trainers, Inc is a small company that provides training services. There is one owner and two employees. Everyone works from their home, and everyone lives in a HUBZone.

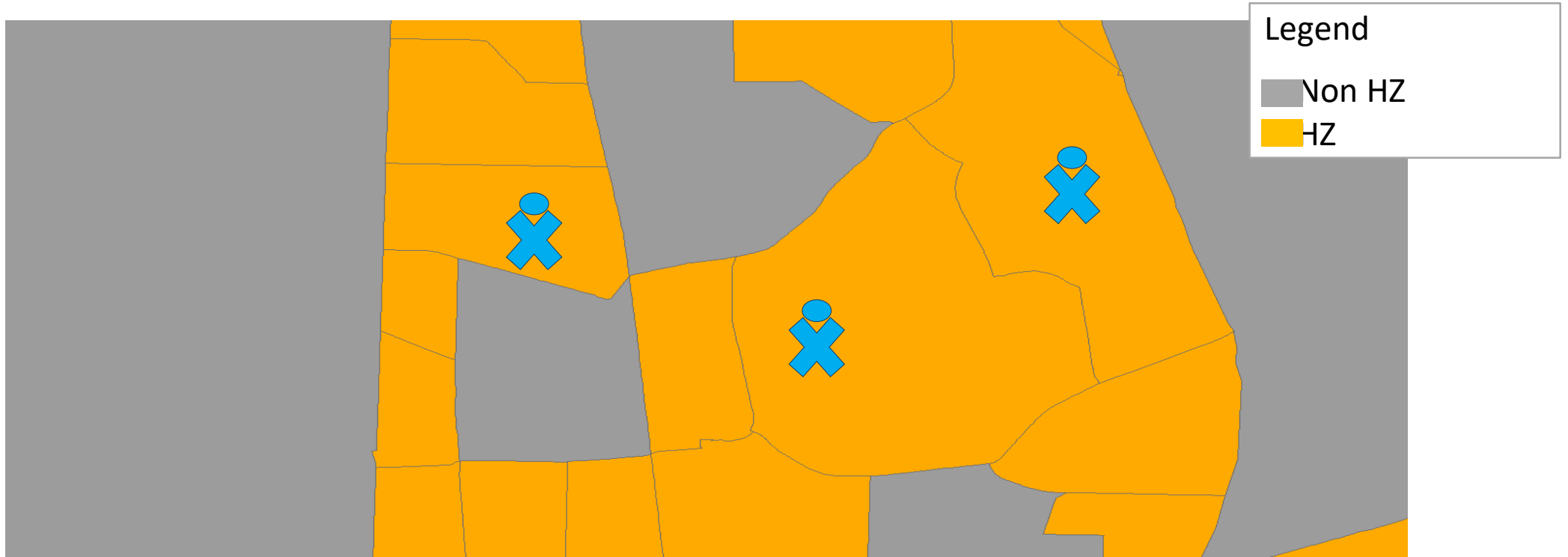
Does this company meet the PO requirement?

Does this company meet the 35% requirement?



PO and 35% (Example 5)

Does this firm meet the PO requirement? **YES**



Does this firm meet the 35% requirement? **YES**

Ownership and Control (Example 6)

Betty Smith is the 100% owner of Brooklyn, Inc. Brooklyn, Inc. owns Company, LLC. Betty Smith is a US citizen. Company, LLC applies for HUBZone certification.

Does Company, LLC meet the ownership and control requirement?

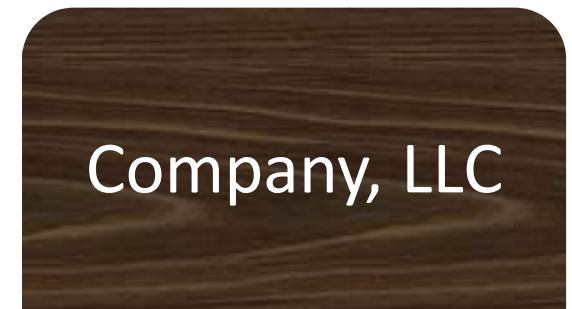
Ownership and Control (Example 6)

Betty Smith is the 100% owner of Brooklyn, Inc. Brooklyn, Inc. owns Company, LLC. Betty Smith is a US citizen. Company, LLC applies for HUBZone certification.

Does Company, LLC meet the ownership and control requirement? **NO**



http://www.goodreads.com/author/show/2327917.Betty_Smith



Questions?

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. The HUBZone office has a 35% and principal office [calculator](#) that you can use to guide you in determining whether you meet these requirements at <http://www.sba.gov/content/applying-hubzone-program>
 - Review the HUBZone application guide which delineates the entire application process, provides the complete list of required documentation and provides a glossary of definitions http://www.sba.gov/sites/default/files/files/HUBZone_Application_Guide.pdf
 - Planning is everything



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Avoid Common Mistakes

- SAM and/or DSBS not updated with proper credentials
- Application “times-out.” Each page must be completed within 60 minutes.
- Unable to access the GLS system
- 35% of employees are not located within HUBZone areas
- Requested supporting documents do not validate information in the HUBZone application
- HUBZone website is not reviewed



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Supporting Documentation

- A lack of supporting documentation is the #1 reason for certification delay.
- Few firms return the requested documentation within 14 days of the request– **even though this request is available on the HUBZone [website](#) and on the landing page in the electronic application as well**
- The firm should assemble the documentation **before** submitting the application.



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HUBZone Certification

Application Process

Applying for HUBZone Certification

- **STEP 1.** Review HUBZone frequently asked questions and the HUBZone application guide www.sba.gov/hubzone
- **STEP 2.** Gather what you need (supporting documentation) (application guide and HUBZone website)
- **STEP 3.** Review and ask questions (HUBZone@sba.gov)
- **STEP 4.** Use the [calculator](#) to verify eligibility compliance of PO and 35%
- **STEP 5.** Access SBA's General Login System (GLS) and update DSBS/SAM as needed
- **STEP 6.** Complete and submit the online HUBZone application
- **STEP 7.** Submit requested supporting documentation within SBA's required deadline.

CRITICAL INFO - do not attempt to complete the actual online HUBZone application until you have reviewed the application guide and gathered all documents you need to complete it

Access SBA's General Login System

Applying for HUBZone Certification

Skip Navigation Accessibility Options

SBA General Login System [Help](#)

• [GLS Login](#)

Login Information

User ID:

Identity Information

Name: (First) (Middle) (Last) (Suffix - Jr, Sr, I, II, etc)

Date of Birth:

PIN: (Personal Identification Number, Last 4 Digits of SSN)

Contact Information

Country:

Zip+4 Code:

Street 1:

Street 2:

City Name: (State)

last modified: 02/08/2011 12:00:00 AM

[> FirstGov](#) [> E-Gov](#) [> Regulations.gov](#) [> White House](#)
* Privacy & Security * Information Quality * FOIA * No Fear Act * ADA

SBA Processing: 0.204 seconds
Session timeout in 59 minutes.

[Register for a GLS Account](#)



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Submit Requested Documentation

Applying for HUBZone Certification

- After online application is submitted, reviewed, and electronically verified, the firm has 10 business days to submit the supporting documents
- The link to the list of documentation is embedded in each page of the online application to facilitate access
- Requested documents may include:
 - Documentation supporting ownership & control and size standards
 - Business and personal tax returns
 - Documents showing compliance with HUBZone employment and principal office requirements



[Learn more about requested supporting documentation](#)

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Electronic verification step

- The application is not received as an active submission until the firm's highest ranking officer completes the electronic verification step.
 - *The electronic verification attests that all information is true and correct*
 - Review the potential decline factor(s), if any, prior to executing the electronic verification step.
- If you find that the firm is not eligible you may cancel the application and reapply at any time once the firm determines that it meets all criteria.
- A concern that SBA has declined or decertified may seek certification after ninety (90) calendar days from the date of decline or decertification
- The on-line application **cannot** be saved. It must be completed in one setting.



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Maintaining HUBZone Certification

Maintaining HUBZone certification

1. **Notify SBA of any material change that may affect the firm's HUBZone status.**
 - a. Change in the firm's ownership
 - b. Change in the firm's business structure
 - c. Change in the firm's principal office
 - d. Change in the firm's 35% HUBZone residency status

2. **Recertify HUBZone status every 3 years**

Although there is no limit to the length of time a firm may qualify as a HUBZone firm, the certification is not a lifetime certification. Every HUBZone firm must recertify every three years to SBA, indicating that it remains a "qualified" HUBZone SBC, 13 CFR § 126.500

NOTE: SBA will initiate the recertification action.

Maintaining HUBZone certification

3. Incorporate maintaining HUBZone certification into the business plan.

- Do not maintain a HUBZone employee percentage near 35%. This is risky. Have some cushion, say, around 60% or more.
- Maintain a list of potential hires in case one of your HUBZone residents quits. This way you do not have to fall out of compliance and risk decertification.
- Watch the HUBZone map for changes; sign up for email alerts at [Subscribe to HUBZone News](#). If the principal office is in an area that is redesignated, the firm has 3 years to come up with another way to meet the PO requirement.

Even though certification can potentially be indefinite, the median number of years in the program has been only 4!

Resources and Tools

Resources and Tools

Resources & Tools	Resources & Tools
HUBZone Website	Applying for Certification
35% and PO calculator tool	Maintaining Certification
HUBZone maps / designations	SBA Learning Center
Supporting Documentation	SBA Local Assistance
HUBZone Regulations 13 CFR – Part 126	SBA Size Standards



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Contact Us....

- HUBZone Program
 - Office Hours: Tuesdays and Thursdays from 2:00 to 3:00 p.m. EST. Access information: <http://www.sba.gov/hubzone>
 - Helpdesk: HUBZone@sba.gov



-- HUBZone Program --

SBA WISCONSIN DISTRICT OFFICE

For more information on SBA's programs and services

Please contact:

Shane Mahaffy, Lead Business Opportunity Specialist

Telephone: 414-297-1455

Email: Shane.Mahaffy@sba.gov

Or visit our office web site at www.sba.gov/wi



-- HUBZone Program --

ACQUISITION HOUR LIVE WEBINAR SERIES

- November 29, 2017 – **Overview of CPARS** – [CLICK HERE](#) for additional information – presented by Carol Murphy – Wisconsin Procurement Institute (WPI)
- November 29, 2017 – **Cyber Security and Technology** – [CLICK HERE](#) for additional information – presented by George Chavez, Chavez Consulting, LLC
- December 5, 2017 – **The SBA 8(a) Certification Program** – [CLICK HERE](#) for additional information – presented by Shane Mahaffy, Lead Business Opportunity Specialist, US.Small Business Administration (SBA)
- December 6, 2017 – **Cyber Security for Current and Prospective DOD Contractors and Subcontractors** – [CLICK HERE](#) for additional information – presented by Marc Violante – Wisconsin Procurement Institute (WPI)
- December 12, 2017 – **Intellectual Property for Government Contractors and Subcontractors** – [CLICK HERE](#) for additional information – presented by Laura J. Grebe, Attorney, Husch Blackwell LLP

UPCOMING EVENTS

National Contract Management Association, Wisconsin Chapter: [End of Year
Federal Contractor Update](#)

January 17, 2018 - Milwaukee, WI

UPCOMING EVENTS

Pre-Marketplace Series: Money, Markets and Margins (M3) – Increasing Your Profitability, Networks and Net Worth

November 30, 2017 – Wauwatosa, WI

December 6, 2017 – Green Bay, WI

UPCOMING EVENTS



MARKETPLACE 2017 – Governor’s Conference on Minority Business Development – December 13 – 14, 2017 – Milwaukee, WI



QUESTIONS?

SURVEY



CONTINUING PROFESSIONAL EDUCATION



CPE Certificate available, please contact:

Benjamin Blanc

benjaminb@wispro.org

PRESENTED BY

Wisconsin Procurement Institute (WPI)

www.wispro.org

Shane Mahaffy | Lead Business Opportunity Specialist

US SMALL BUSINESS ADMINISTRATION

Shane.Mahaffy@sba.gov 414-297-1455

Benjamin Blanc, CFCM, CPPS | Government Contract Specialist

Benjaminb@wispro.org 414-270-3600

10437 Innovation Drive, Suite 320

Milwaukee, WI 53226