




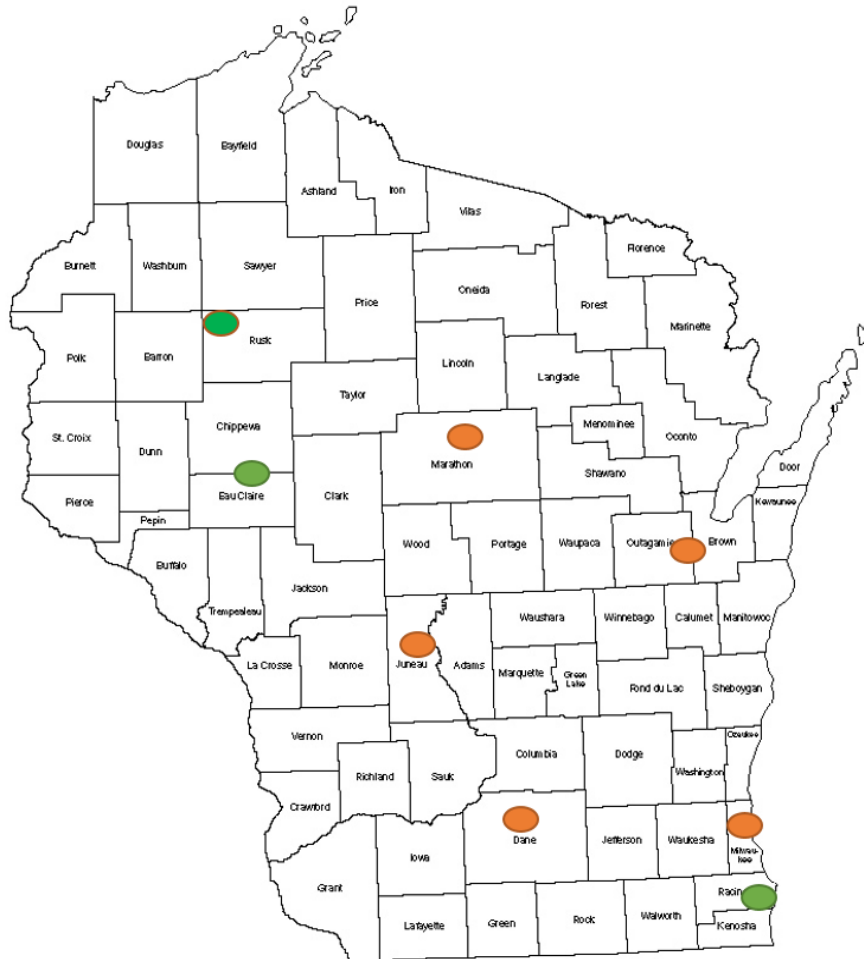
A Procurement Technical Assistance Center (PTAC)

A photograph of the Wisconsin State Capitol building at dusk. The building is illuminated with warm lights, and its green dome is a prominent feature. The sky is a deep blue, and trees with autumn foliage are visible in the foreground.

# ACQUISITION HOUR: THE HUBZONE PROGRAM – CERTIFICATION BENEFITS AND NEW REGULATIONS

February 07, 2017





## LOCATIONS:

- **Primary office – Milwaukee** - Technology Innovation Center
- **Staffed Satellite offices**
  - Madison** (FEED – Food Enterprise & Economic Development / MEC – Madison Enterprise Center)
  - Camp Douglas** (Juneau County Economic Development Corporation)
  - Wausau** (Wausau Region Chamber of Commerce)
  - Appleton** (Fox Valley Technical College)
- **Active Partnerships**
  - Racine** – LaunchBox
  - Eau Claire** - Western Dairyland
  - Ladysmith** – Indianhead Community Action

## MY ACCOUNT

Hello benjaminb (not benjaminb? [Sign out](#)).

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### Current Opportunities [View All](#)

#### 1. [SBA Seeks Funding Proposals from Non-Profits and Local Institutions to Provide Entrepreneurship Training for Service Members, Military Spouses and Veterans - January 18, 2017](#)

WASHINGTON – The U.S. Small Business Administration (SBA) is inviting funding proposals from non-profit organizations, state, local and tribal government agencies, and institutions of higher learning to provide “Boots to Business” entrepreneurship training to service members, military spouses, and veterans.

#### 2. [Chicago Secures \\$1 Billion in Federal Grant Funding for Rail Upgrades - January 10, 2017](#)

Chicago’s Transit Authority will receive nearly \$1.1 billion in federal grant funding to help pay for upgrades meant to expand rail capacity on the north side of the city, officials said Monday.

The money will go toward roughly \$2.1 billion of planned work on the city’s Red and Purple “L” lines. This will include improvements to track, stations, power and signal systems, and the purchase of 32 new railcars, according to the Federal Transit Administration.

#### 3. [Secure That Smart Toaster and Win \\$3,000- January 4, 2017](#) The Federal Trade Commission is offering up to \$25,000 in prize money for applications or tools that help people protect their smart home devices from hackers, according to a Federal Register notice.

The competition, which will announce winners in July, comes as the internet is creeping into more and more household devices ranging from baby monitors to toasters.

These internet-of-things devices are often less secure than traditional internet-connected devices such as laptops and smartphones. It’s also often more difficult to update the software in these devices to patch vulnerabilities, making

# 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

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



-- HUBZone Program --

## 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.

# The HUBZone Maps

Maps - HUBZone Mapping - HUBZone Mapping - Microsoft Internet Explorer provided by SBA

http://map.sba.gov/hubzone/maps/

SBA .GOV  
U.S. Small Business Administration

Print Page | Accessible Version | Help

Start Here: Is my location in a HUBZone?

Address  City  State  ZIP Code  Find Reset Coordinate Input

Eligibility Result

(Search County or All Counties)

State  County  Go Find HUBZone Counties Find Qualified Tracts Find Former Bases Find Indian Land

HUBZone Mapping

Legend

Counties

- Non-Qualified County
- Qualified Non-Metro County
- Redesignated County

0 400 800 Miles

Powered by Mapitude for the Web

Criteria for County HUBZone Designation

A Qualified Nonmetropolitan County is any county that is not located in a metropolitan area and that meets any of the following three criteria:

- the county's median household income is less than 80% of the nonmetropolitan state median household income, based on the most recent data available from the Census; or
- the county's unemployment rate is not less than 140 percent of the average unemployment rate for the United States or for the State in which such county is

Always check <http://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)



-- HUBZone Program --

# 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.**



-- HUBZone Program --

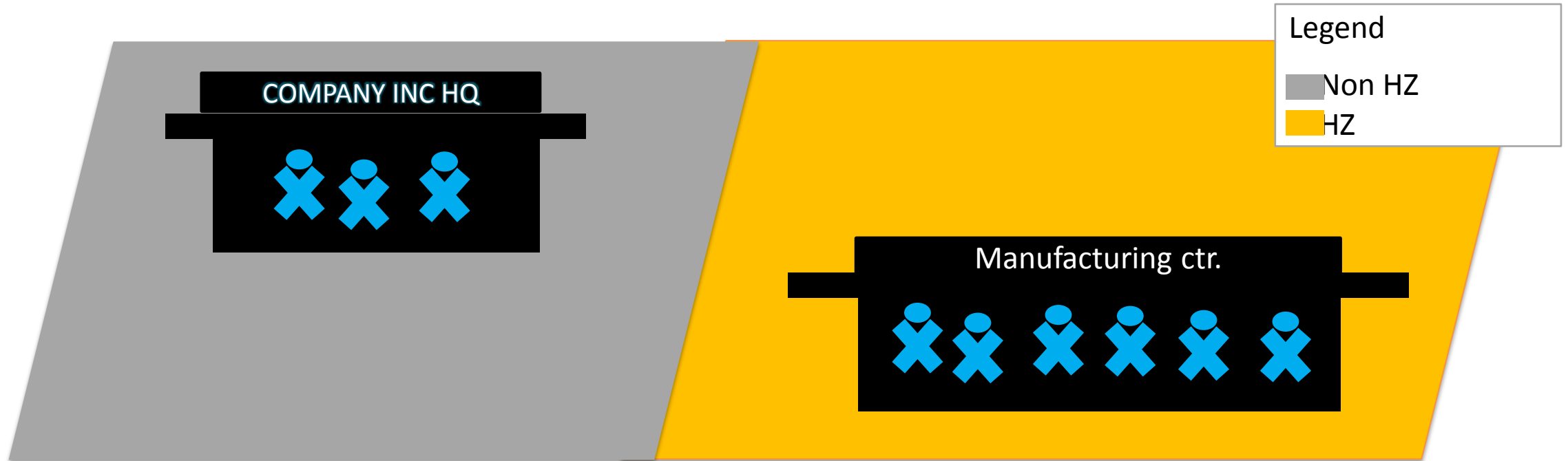
# PO Example 1

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**

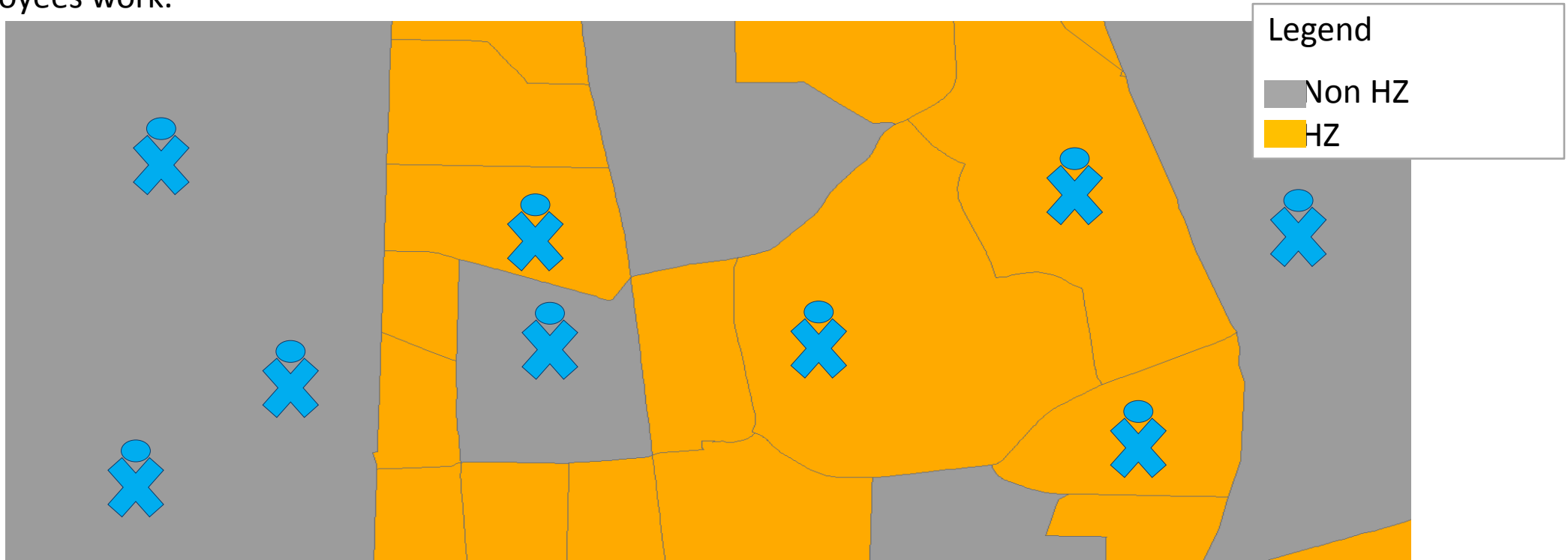
## 35% (Example 2)

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**

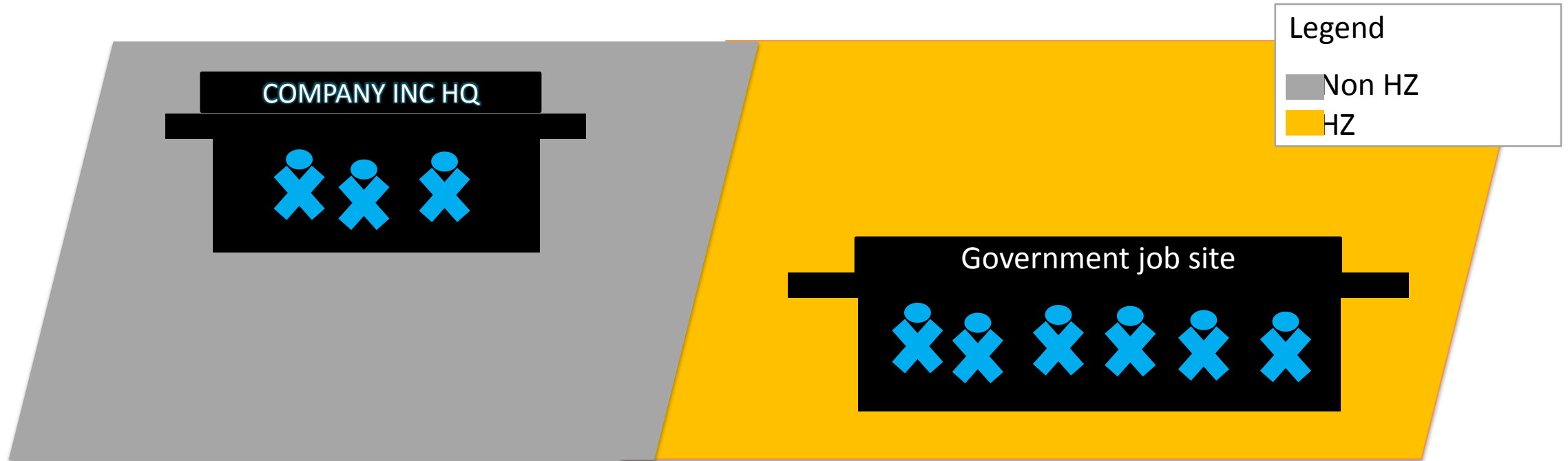
## PO (Example 3)

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**

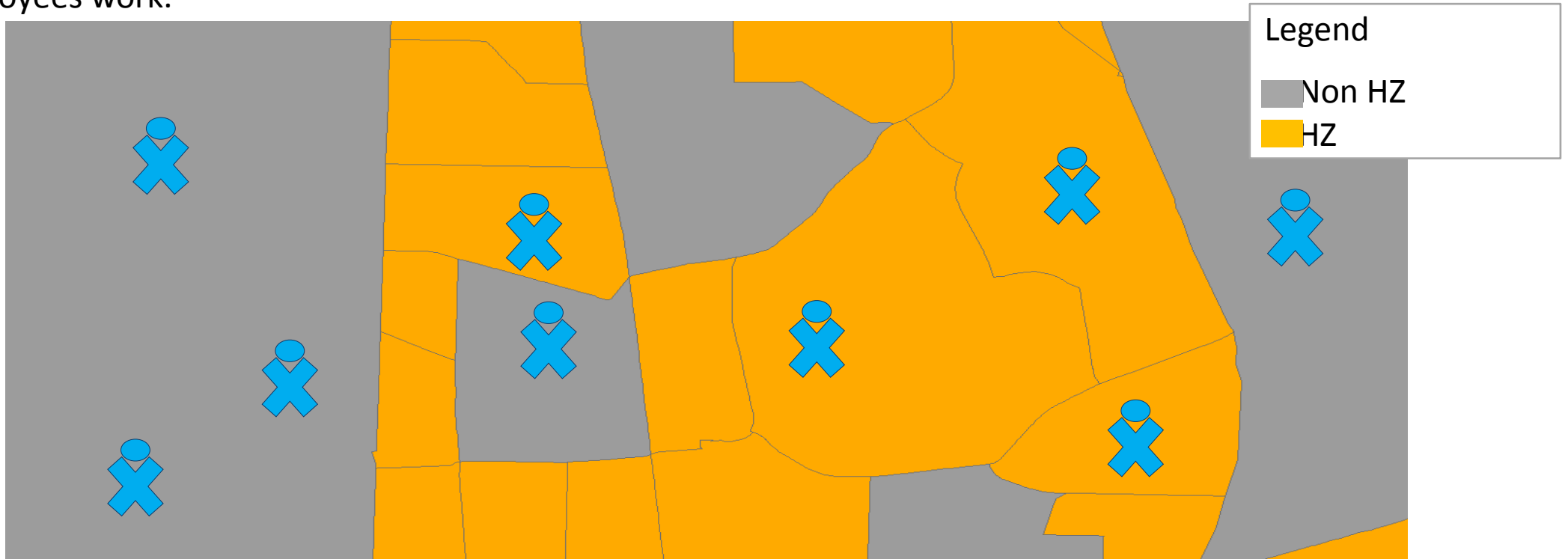
## 35% (Example 4)

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?

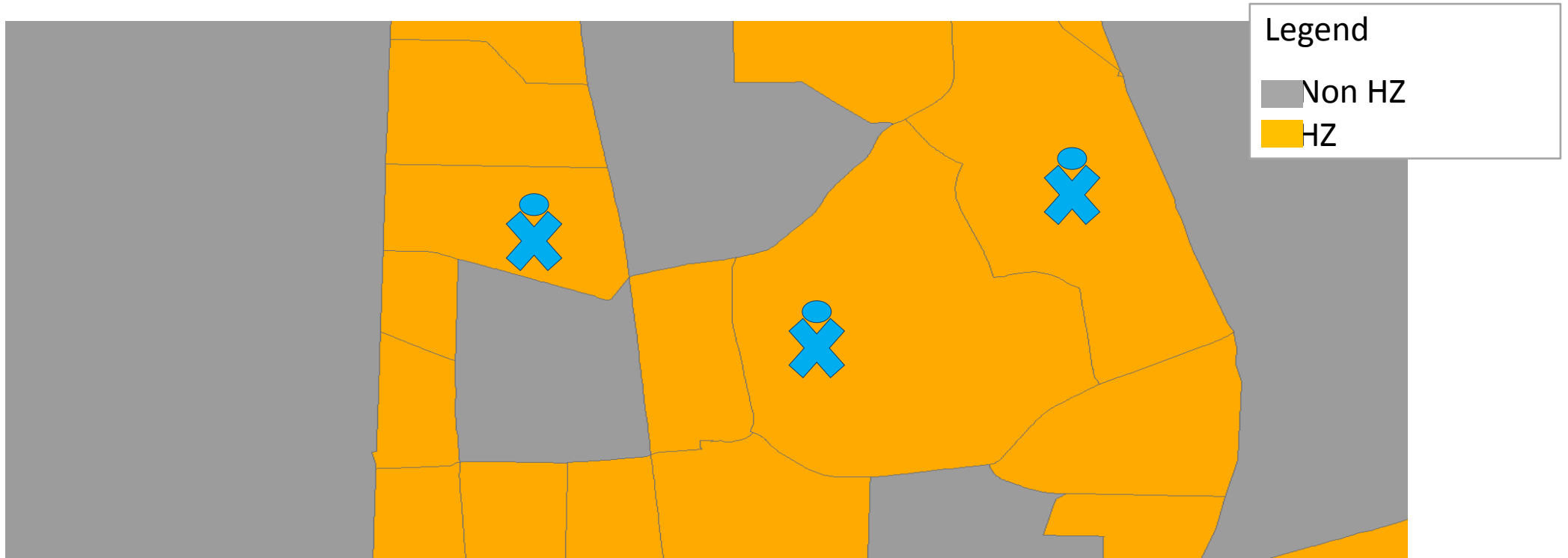
Does this company meet the 35% requirement?



-- HUBZone Program --

# 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?

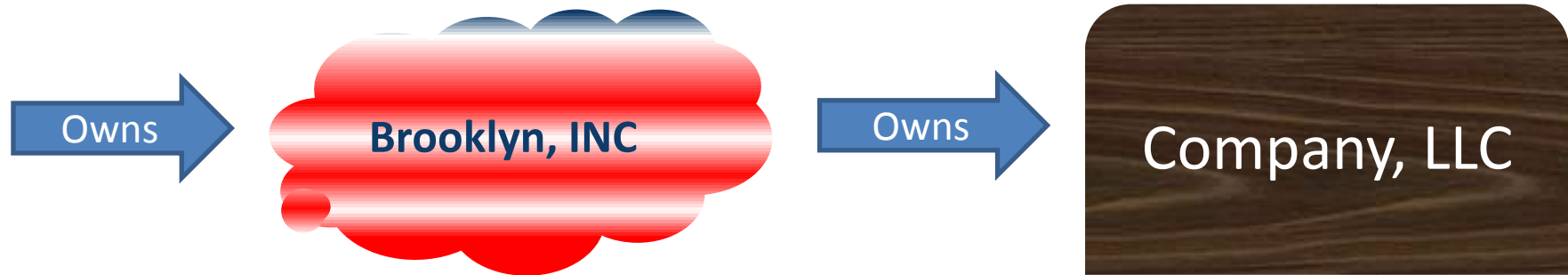
# Ownership and Control (Example 6)

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](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](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



# 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](http://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](mailto: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](#)

**User ID:**

**Login Information**

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

**Date of Birth:**

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

**Identity Information**

**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](#)

-- HUBZone Program --

# 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.



-- HUBZone Program --

# 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
<a href="#">HUBZone Website</a>	<a href="#">Applying for Certification</a>
<a href="#">35% and PO calculator tool</a>	<a href="#">Maintaining Certification</a>
<a href="#">HUBZone maps / designations</a>	<a href="#">SBA Learning Center</a>
<a href="#">Supporting Documentation</a>	<a href="#">SBA Local Assistance</a>
<a href="#">HUBZone Regulations</a> <a href="#">13 CFR – Part 126</a>	<a href="#">SBA Size Standards</a>



-- HUBZone Program --

# 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](mailto: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](mailto:Shane.Mahaffy@sba.gov)

Or visit our office web site at [www.sba.gov/wi](http://www.sba.gov/wi)



-- HUBZone Program --

# Upcoming WPI Events – Acquisition Hour Webinars

- [WHAT IT TAKES TO WIN – SELLING TO STATE AND LOCAL GOVERNMENTS](#) – February, 15, 2017 – Milwaukee
- February 22, 2017 – [Acquisition Hour – Introduction to Certifications available to Minority Owned Businesses](#) - Presented by U.S Small Business Administration
- March 1, 2017 – [Acquisition Hour – Market Research – Using the Federal Procurement Data Systems \(FPDS\)](#) – Presented by WPI
- March 8, 2017 – [Acquisition Hour – Introduction to Certifications available to Woman Owned Businesses](#) – Presented by WPI
- [What it Takes to Win – Writing an Effective Proposal](#) – April 6, 2017 - Milwaukee

# HUBZONE Onsite Events: Growing New Customers with Government Contracting – the Federal Small Business HUBZone Program

- [February 28, 2017 – Milwaukee](#)
- [March 1, 2017 – Madison](#)
- [March 2, 2017 – La Crosse](#)
- [March 14, 2017 – Hurley](#)
- [March 20, 2017 – Sturgeon Bay](#)
- [March 21, 2017 – Friendship](#)
- [March 23, 2017 – Siren](#)

# Federal Acquisition Regulations (FAR)

- A series of webinars on Wednesdays from 6.00pm to 7.00pm.
  - This introductory session of the FAR REVIEW series is geared towards those interested in becoming CFCM certified. Sessions of this FAR REVIEW series will cover all parts of the FAR and will be beneficial to current Federal contractors and subcontractors even if not intending to participate in the NCMA certification exam.
- Schedule listed below:
  - <https://www.wispro.org/wp-content/uploads/2017/02/FAR-Training-Webinar-Schedule.pdf>



# QUESTIONS?

# Continuing Professional Education



CPE Certificate available, please contact:

**Benjamin Blanc**

[benjaminb@wispro.org](mailto:benjaminb@wispro.org)

# SURVEY



# Today's Presentation was done by

Shane Mahaffy

Lead Business Opportunity Specialist

US SMALL BUSINESS ADMINISTRATION

For additional assistance, please contact Shane at

414-297-1455

[Shane.Mahaffy@sba.gov](mailto:Shane.Mahaffy@sba.gov)

# For Assistance or Additional Information contact

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