



**HUBZones**  
*Work for America*

***HUBZone Contractors National Council***

*Providing a voice for HUBZone Small Businesses and the communities they support*

**FDA HUBZone Small Business Outreach**

**June 25, 2018**

# OUTLINE

- ❑ About the Council
- ❑ HUBZone Program History
- ❑ HUBZone Eligibility & Compliance
- ❑ Regulatory Updates & Changes

# HUBZone Contractors National Council

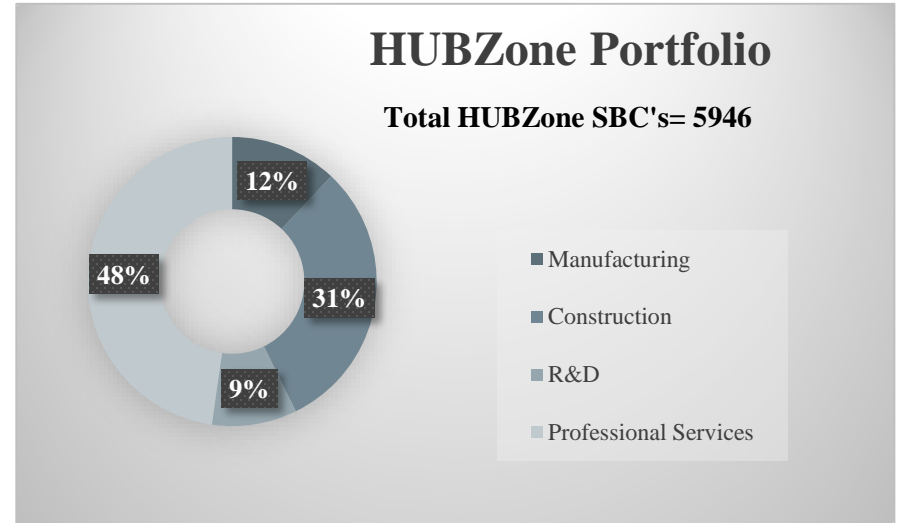
The HUBZone Council is a non-profit national trade association established to monitor public policy and to advocate on behalf of the HUBZone community.



*Promoting Job Creation, Economic Stability and Community  
Development*


# OUR MISSION

- To improve awareness of the HUBZone Program within the Federal Acquisition program, to improve overall HUBZone Government Goal of 3%.
- Increase the number of HUBZone Contracting opportunities
- Provide the small business community with the tools and knowledge to succeed.
- Monitor public policy and promote change on behalf of the HUBZone Program.

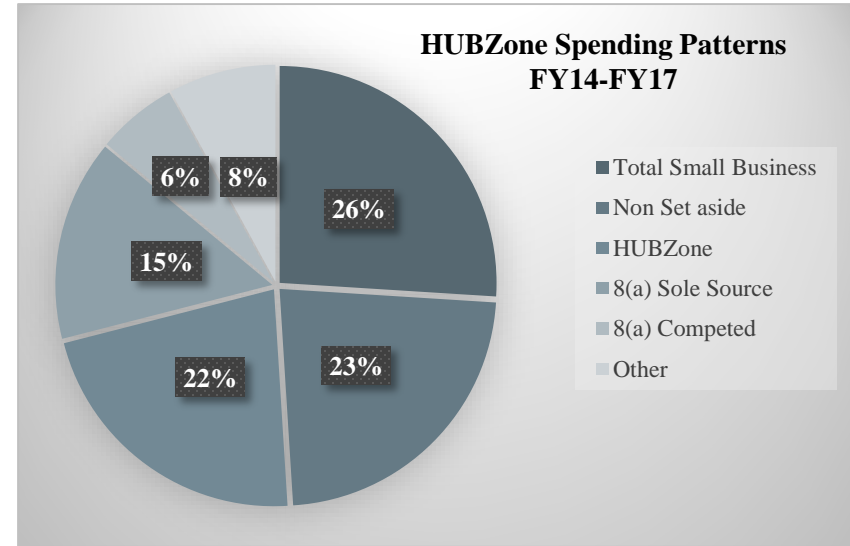


*Report Generated April 2018 ( DSBS)*

# DID YOU KNOW

The HUBZone Program is the only small business program to have never met the 3% statutory goal? 

Goal Category	Eligible Dollars	Actual Dollars	Goal %	Actual %
Small Business	\$443.2 B	\$105.9B	23 %	23.9 %
Small Disadvantaged Business	\$443.2 B	\$105.9B	5 %	9.1%
Women Owned	\$443.2 B	\$105.9B	5 %	4.72 %
Service Disabled Veteran Owned	\$443.2 B	\$105.9B	3 %	4.03 %
Certified HUBZone Small Business	\$443.2 B	\$105.9B	3 %	<b><u>1.65 %</u></b>



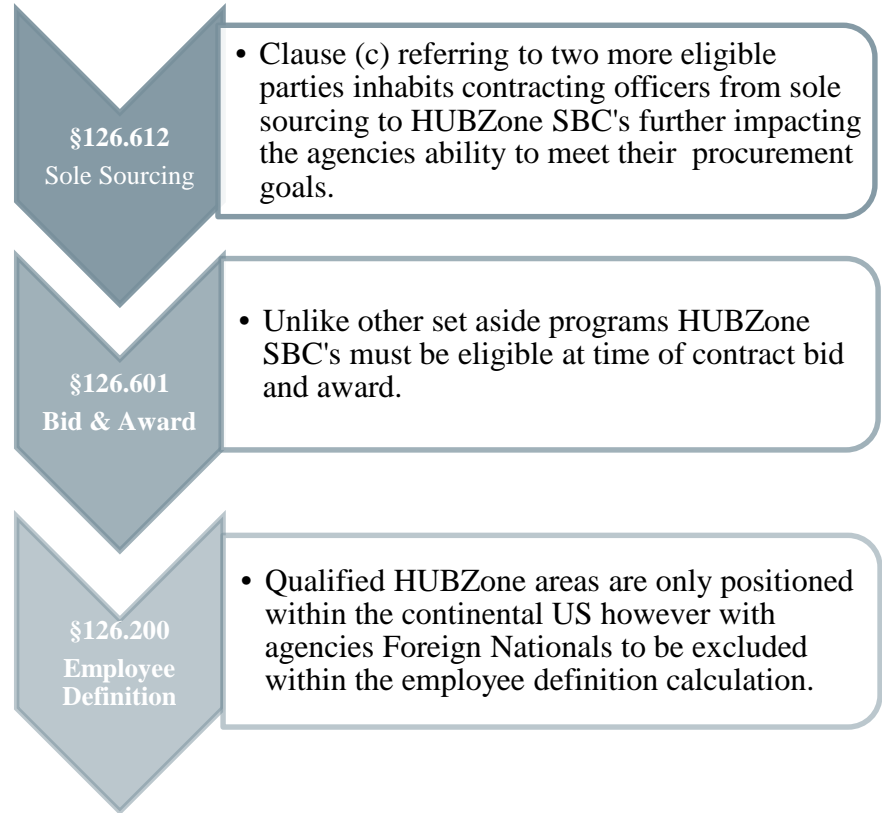
According to an analysis conducted by Deltek it is estimated that 77% of the dollars obligated towards the HUBZone procurement goals from FY 14-17 were not procured as HUBZone set asides?

# WHAT IS THE ISSUE

- ❑ Advocate for reduce regulatory impediments
- ❑ Increase HUBZone contracting opportunities

**TOP PRIORITY**

CATEGORY  
MANAGEMENT



# GOVERNMENT WIDE CATEGORIES

**FY17 common spend - \$303B**

## Facilities & Construction ≈\$81.2B Led by GSA

- Construction Related Materials
- Construction Related Services
- Facilities Purchase & Lease
- Facility Related Materials
- Facility Related Services

## Industrial Products & Services ≈\$11.1B Led by GSA

- Basic Materials
- Fire/Rescue/Safety/Environmental Protection Equipment
- Hardware & Tools
- Industrial Products Install/Maintenance/Repair
- Machinery & Components
- Oils, Lubricants, & Waxes
- Test & Measurement Supplies

## Professional Services ≈\$71.1B Led by GSA

- Business Admin Services
- Financial Services
- Legal Services
- Management & Advisory Services
- Marketing & Public Relations
- Research & Development
- Social Services
- Technical & Engineering Services

## Travel ≈\$7.5B Led by GSA

- Employee Relocation
- Lodging
- Passenger Travel
- Travel Agent & Misc. Services

## IT ≈\$56.7B Led by GSA

- IT Software
- IT Hardware
- IT Consulting
- IT Security
- IT Outsourcing
- Telecomms

## Security & Protection ≈\$5.4B Led by DHS

- Ammunition
- Protective Apparel & Equipment
- Security Animals & Related Services
- Security Services
- Security Systems
- Weapons

## Medical ≈\$43.5B Co-Led by DoD and VA

- Drugs & Pharmaceutical Products
- Healthcare Services
- Medical Equipment, Accessories, & Supplies

## Human Capital ≈\$4.5B Led by OPM

- Compensation & Benefits
- Employee Relations
- Human Capital Evaluation
- Strategy, Policies, & Ops Planning
- Talent Acquisition
- Talent Development

## Transportation & Logistics ≈\$28.5B Led by DoD

- Fuels
- Logistics Support Services
- Motor Vehicles (non-combat)
- Package Delivery & Packaging
- Transportation Equipment
- Transportation of Things

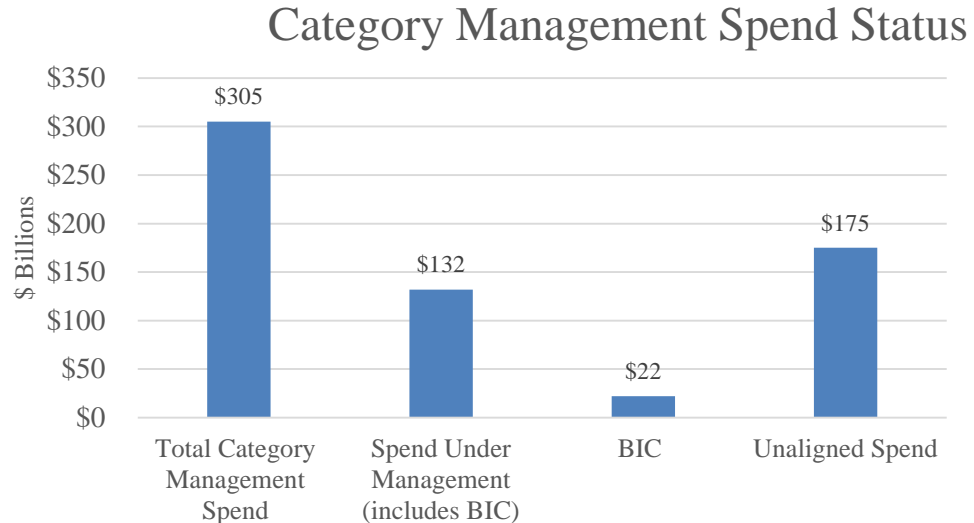
## Office Management ≈\$2.3B Led by GSA

- Furniture
- Office Management Products
- Office Management Services

# CATEGORY MANAGEMENT

- ❑ Category management seeks to diminish government buying through direct contracts and bolster buying through large contracts with sizeable task orders.
- ❑ In FY18 the government goal is to move 20% of direct contracts to agency-wide and government-wide contracts. The second goal is to move 35% of existing agency-wide and government-wide to Best in Class contracts.

HOW WILL  
YOU BE  
EFFECTED?





# TIME FOR A CHANGE

- Consider HUBZone first for any opportunity that could be performed at contractor facility.
- Evaluate forecast and consider releasing RFI/SS for any opportunity solicited under another set aside being performed at contractor facility.

## Evaluate Forecast

## Adjust Market Analysis Tactics

- Increase the number of HUBZone set aside opportunities along with HUBZone specific RFI/SS requests.
- Diversify the types of opportunities being set aside.
- Streamline the RFI and Sources sought process using spreadsheets and analytics to reduce the burden on both parties.

- Provide general feedback explaining why and opportunity was not set aside.
- Leverage organizations such as the council or SBA to assist with notifying the portfolio and educating them on areas of improvement.

## Feed Back

# THE PURPOSE

The purpose of the [HUBZone](#) program is to provide federal contracting assistance for qualified [SBCs](#) located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in such areas.



*“When the HUBZone Program was first established, its goal was to create hope for ‘hundreds of thousands of underemployed or unemployed who long ago thought our country had given up on them, I can think of no more important goal than bringing economic hope, independence, jobs, and businesses to neglected areas marked by high unemployment and poverty.*”

# THE HUBZone GOAL

- SBA location based program primary objective is job creation and increasing capital investment in distressed communities.
- This program encourages economic development in underutilized rural and urban business zones with low median household incomes or high unemployment.
- HUBZone awards support the recovery efforts of small businesses located in areas with low income, high poverty, or high levels of unemployment with contracting opportunities.

# WHAT IS A HUBZone?

HUBZone stands for **historically underutilized business zone**, an area may qualify as a HUBZone based on 1 of the 6 classifications below:

- (1) Qualified census tracts;
- (2) Qualified non-metropolitan counties;
- (3) Lands within the external boundaries of an Indian reservation;
- (4) Qualified base closure areas;
- (5) Re-designated areas; or
- (6) Qualified disaster areas.



The HUBZone areas are designated by statute and draw upon determinations and information obtained by other agencies. For More Information: [HUBZone Eligibility Primer](#)

# ELIGIBILITY REQUIREMENTS

**(1)Ownership.** The concern must be at least 51% owned and controlled by persons who are United States citizens; or in whole or part of one of the following:

- Alaskan Native Owned
- Hawaiian Native Owned
- Agricultural Cooperative
- Community Development Corporation

**(2)Size.** The concern, together with its affiliates, must qualify as a small business under the size standard corresponding to its primary industry classification as defined in part 121 of the CFR.

**(3)Principal office.** The concern's principal office must be located in a HUBZone

**(4)Employees.** At least 35% of the [concern's employees](#) must [reside](#) in a [HUBZone](#).

*For More Information:* [The HUBZone Primer: Eligibility and Certification Requirements](#)

# TYPES OF HUBZone CONTRACTS

- A **competitive** HUBZone set-aside contract can be awarded if the contracting officer has a reasonable expectation that at least two responsible HUBZone small businesses will submit offers and that the resulting contract can be awarded at a fair market price.
- A **sole source** HUBZone contract can be awarded if the contracting officer does not have a reasonable expectation that two or more qualified HUBZone small businesses will submit offers, determines that the qualified HUBZone small business is responsible, and determines that the contract can be awarded at a fair price. The government estimate cannot exceed \$7.5 million for manufacturing requirements or \$4 million for all other requirements.
- A **full and open competition** contract can be awarded with a price evaluation preference. The offer of the HUBZone small business will be considered lower than the offer of a non-HUBZone/non-small business-providing that the offer of the HUBZone small business is not more than 10 percent higher.

# HUBZone CONTRACTING

- ❖ Contracts may be set aside acquisitions exceeding the micro-purchase threshold for competition restricted to HUBZone small business concerns (2)
- ❖ Consideration must be consider HUBZone set-asides before considering HUBZone sole source awards
- ❖ To set aside an acquisition for competition restricted to HUBZone small business concerns, the contracting officer must have a reasonable expectation that—
  - ❑ Offers will be received from two or more HUBZone small business concerns; and
  - ❑ Award will be made at a fair market price.

# 19.1306 SOLE SOURCE AWARDS

(a) A contracting officer shall consider a contract award to a HUBZone small business concern on a sole source basis (see [6.302-5\(b\)\(5\)](#)) before considering a small business set-aside (see [19.203](#) and subpart [19.5](#)), provided none of the exclusions at [19.1304](#) apply; and—

(1) The contracting officer does not have a reasonable expectation that offers would be received from two or more HUBZone small business concerns;

(2) The anticipated price of the contract, including options, will not exceed—

(i) \$7 million for a requirement within the North American Industry Classification System (NAICS) codes for manufacturing; or

(ii) \$4 million for a requirement within all other NAICS codes;

(3) The requirement is not currently being performed by an 8(a) participant under the provisions of [Subpart 19.8](#) or has been accepted as a requirement by SBA under [Subpart 19.8](#);

(4) The acquisition is greater than the simplified acquisition threshold (see [Part 13](#));

(5) The HUBZone small business concern has been determined to be a responsible contractor with respect to performance; and

(6) Award can be made at a fair and reasonable price.

(b) The SBA has the right to appeal the contracting officer's decision not to make a HUBZone sole source award.



# SIMPLIFIED ACQUISITION

- Below SAT: *At or below the simplified acquisition threshold.* The requirement to exclusively reserve acquisitions for small business concerns at [19.502-2\(a\)](#) does not preclude the contracting officer from awarding a contract to a small business under the 8(a) Program, HUBZone Program, SDVOSB Program, or WOSB Program.
- *Above the simplified acquisition threshold.* The contracting officer shall first consider an acquisition for the 8(a), HUBZone, SDVOSB, or WOSB programs before using a small business set-aside (see [19.502-2\(b\)](#)). However, if a requirement has been accepted by the SBA under the 8(a) Program, it must remain in the 8(a) Program unless SBA agrees to its release in accordance with 13 CFR 124, 125 and 126.

# AWARD ELIGIBILITY

At the time a [qualified HUBZone SBC](#) submits its initial offer, and where applicable its final offer, on a specific [HUBZone contract](#), it must [certify](#) to the CO that:

- (1) It is a [qualified HUBZone SBC](#) that appears on SBA's [List](#);
- (2) There has been no material change in its circumstances since the date of certification shown on the [List](#) that could affect its [HUBZone](#) eligibility;
- (3) It is small under the NAICS code assigned to the procurement; and
- (4) If the [qualified HUBZone SBC](#) was certified pursuant to [§ 126.200\(b\)](#), it must represent that it will “attempt to maintain” (See [§ 126.103](#)) the required percentage of [employees](#) who are [HUBZone](#) residents during the performance of a [HUBZone contract](#).

# REGULATORY UPDATES (NDAA)

- Freezes HUBZone maps until January 1, 2020 and transitions the program to 5-year map updates after 2020
- Provides state governors the ability to petition the SBA Administrator to designate areas that have an average unemployment rate at least 120% of national or state average -- whichever is lowest -- as HUBZones; petitions require annual resubmission
- Removes the qualifier “nonmetropolitan” from “state median income” when determining HUBZone program eligibility
- Requires the SBA to make a determination on a firm’s HUBZone eligibility within 60 days of application receipt
- Ensures that BRAC counties receive HUBZone eligibility for a full 8 years beginning on the date the county was designated a BRAC
- Requires the Small Business Administration (SBA) to conduct a study on small business participation on Multiple Award Contracts (MACs)
- Recertification will change *from* the current submission of a certification document *to* a fully documented review, akin to determination of initial eligibility.
- Direct ownership is not mandated in HUBZone statute effective (May 25, 2018) **(SBA RECENT CHANGE)**

# SAVE THE DATE



## **2018 Legislative Fly-In**

Lobbying Event

Capitol Hill, July 25, 2018

REGISTRATION COMING SOON



## **Annual Golf Outing**

Networking Event

Chantilly, VA October 10, 2018

REGISTRATION COMING SOON



## **National HUBZone Conference**

HUBZone Networking & Match Making Event

Chantilly, VA October 11-12, 2018

REGISTRATION COMING SOON

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