

**SBA**

Your Small Business Resource

*HUBZone*

# *HUBZone PROGRAM UPDATE*

*9<sup>th</sup> Annual Army Small Business*

*Conference November 3, 2005*

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# Quick History

In 1997, U.S. Senator Christopher ‘Kit’ Bond, then Chairman of the Small Business Committee, crafts legislation to link preferences for award of Federal contracts to small businesses located in economically distressed areas (HUBZones).

Feels JOBS, not more job training, is what’s needed to promote long-term economic viability.



# *Design*

- *From the outset, designed as a virtual program always available at: [www.sba.gov/hubzone](http://www.sba.gov/hubzone)*
  - *Application for Certification*
  - *Program Examinations*
  - *Recertification*



# *Program Overview*

## *HUBZone Program -*

### *Community Based:*

- *Employment*
- *Empowerment*
- *Enterprise*



# *HUBZone Portfolio*

- *Total Portfolio: 13,500*
- *HUBZone firms' total average annual receipts: \$24 Billion*
- *HUBZone firms' total employment: 191,000 employees*
- *HUBZone residents employed by HUBZone firms: 124,000 (65%)*

# *HUBZone Portfolio, “Commercial Ranking”*

- *If the HUBZone Portfolio were included in the Fortune 500, based on average annual revenue, it would be ranked 92<sup>nd</sup>, just ahead of McDonalds and Coca Cola.*
- *The portfolio:*
  - *Has over 620 firms with average annual revenue in excess of \$10 million,*
  - *Includes 1,200 high technology firms in NAICS Code 541512, and*
  - *Includes 491 machine shops in NAICS Code 332710.*

# *DOD Issues*

- *HUBZone Qualified Areas Expanded To*

- Include:*

- *Military base closure areas (BRAC) – 5 years from date of closure or date of legislation (12/4/04)*

- *Department of the Army National HUBZone SB Conference*



# *HUBZone Contracting*

- *Set-aside awards*
- *Sole source awards*
- *Awards through full and open competition after application of 10% price evaluation preference (PEP)*
- *Subcontracting Opportunities*



# *Federal Government HUBZone Contracting Awards by Fiscal Year*

- **FY 1999** Goal - 1% Actual - not available
- **FY 2000** Goal - 1.5% Actual - \$663.3M (.33%)
- **FY 2001** Goal - 2.0% Actual - \$1.7 B (.72%)
- **FY 2002** Goal - 2.5% Actual - \$1.7 B (.71%)
- **FY 2003** Goal - 3.0% Actual - \$3.4 B (1.23%)
- **FY 2004** Goal - **3.0%** Actual - **\$4.8 B (1.59%)**
  - **HZ-S/A 1,085 Actions \$168.5 Million**
  - **SB-SA 104,238 Actions \$11.9 Billion**
- **FY 2004 DOD Achievement 3.1B 1.48%)**
- **FY 2004 Army Achievement 1.6B (2.8%)**
- **FY 2005 Army Achievement 2.1B (3.1%)\***

**\*Preliminary Data**

# *Program Impact*

- *Recent regulatory change authorized SBA to collect updated financial information and information relating to employment and capital investment from certified firms in order to gauge the success of the HUBZone Program.*
  - *Survey was approved by the Office of Management and Budget, and*
  - *Executed over the Internet*
  - *Results: As a direct result of HUBZone certification:*
    - *11, 461 employees were hired, 7, 063 were HUBZone residents*
    - *Over a half billion dollars (\$523M) was invested in HUBZones*

# *The HUBZone Program*

*“Rebuilding America's  
Communities, One Small  
Business at a Time ”*

