The HUBZone Program Report

by

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Washington, DC 20016

for

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Purpose

Public Law 108-447 directed the Office of Advocacy to conduct a study measuring the effectiveness of the definitions under Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4) for the purposes of economic impact on small business development and job creation. This section of the law is commonly referred to as the HUBZone program. This study examines the impact of the definitional changes to the HUBZone program.

Overview

In 1997, Congress passed the Small Business Administration Reauthorization Act (Public Law 105-135), which included provisions designed to promote economic development and employment opportunities in metropolitan or rural areas with low income, high poverty rates, and/or high unemployment rates. Title VI of the Act established the Historically Underutilized Business Zone (HUBZone) program to target federal contracts to small businesses that are located in these areas. In 2004 and 2005, Congress designated two additional classes of HUBZones: Indian lands and military bases closed under the Base Realignment and Closure (BRAC) Act. As a result of these changes there are now five classes of HUBZones:

1. Qualified census tracts (QCTs),
2. Qualified counties,
3. Indian reservations,
4. Difficult development areas (DDAs), and
5. Military bases closed under BRAC.

The HUBZone program has three mechanisms for targeting contracts to HUBZone businesses: set-asides, sole source awards and price preferences. In the eight-year period from FY2000 through FY2007, there have been about 21,350 contracts totaling $6.28 billion awarded through the three HUBZone mechanisms.

Overall Findings

- In general, the program has grown steadily in terms of total contract dollars, from $44 million in FY 2000 to $1.76 billion in FY 2007. FY 2004 was the only year in which there was a decline in the total amount awarded to HUBZone businesses. HUBZone contract dollars in FY 2007 were 2.75 times the FY 2003 level. Growth from FY 2006 to FY 2007 was 26 percent.
- The number of HUBZone businesses and HUBZone vendors increases with the population and area of the HUBZone.
- The program has not generated enough HUBZone contract dollars to have an impact on a national scale. When spread over an eight-year period across 2,450 metropolitan areas and counties with qualified census tracts, qualified counties, and Indian reservations, $6 billion has a limited impact.
- HUBZone set-asides are the most frequently used tool to award HUBZone contracts. HUBZone sole source and price preferences were least often used by contracting officers.

Scope and Methodology

Data for this study were drawn from three databases. Two of these provide information on all HUBZone businesses, namely the database of applications for HUBZone certification and the the Central Contractor Registration (CCR) data on small busi-

nesses. The third source, the Federal Procurement Data System (FPDS), provides information on HUBZone businesses that have won HUBZone contracts.

In analyzing HUBZones, it is useful to think of them in relation to counties. From this perspective, there are three general types of HUBZones:

- **Sub-county areas.** These include all qualified census tracts, small Indian reservations, and BRAC bases.
- **Counties.** These include qualified counties, large Indian reservations, and DDAs.
- **Larger areas that are collections of HUBZones.** These include metropolitan areas which have only QCTs, and states that are almost entirely HUBZones (principally DDAs and Oklahoma).

There are fundamental differences in the way indirect impacts on earnings and employment are treated in these different types of HUBZone areas.

The report generally follows this structure. Chapter 2 provides a general overview of the population of HUBZone businesses and Federal HUBZone procurement. Chapters 3-9 assess the distribution of HUBZone businesses and revenues and the resulting impacts. Each chapter deals with an individual class of HUBZones. Chapters 10 and 11 deal with topics common to all HUBZones: the industry and size distribution of HUBZone businesses, and the timing of certification of new HUBZone businesses. Chapter 12 summarizes conclusions of the study. The report also contains eight appendixes on data and methodology.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at ***advocacy @sba.gov*** or (202) 205-6533.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at ***www.sba.gov/advo/research***.

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Executive Summary

Public Law 108-447 directed the Office of Advocacy to conduct a study measuring the effectiveness of the definitions under Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4) for the purposes of economic impact on small business development and job creation. This section of the law is commonly referred to as the HUBZone program. This study examines the impact of the definitional changes to the HUBZone program. The program is designed for the award of prime contracts and subcontracts, but this report will only address prime contract effects.

Historically Underutilized Business Zones and the Program

The HUBZone program is designed to award federal contracts to businesses in counties and census tracts that have low income, high poverty rates, and/or high unemployment rates (hence the term "historically underutilized business zone" or "HUBZone.") Indian lands and bases closed under the Base Realignment and Closure Act (BRAC) are also HUBZones. To qualify as a HUBZone business, a firm must be small, U.S.-owned, and it must have its principal office located in a HUBZone and have at least 35 percent of its employees residing in a HUBZone.

The HUBZone program has three mechanisms for targeting contracts to HUBZones:

- A contract shall be set aside for competition restricted to a HUBZone business if there is a reasonable expectation of two qualified HUBZone bidders and a fair market price.
- A contracting officer may award sole source contracts to qualified HUBZone businesses.
- In any full and open competition, the price offered by a qualified HUBZone business shall be deemed as being lower than the price of another offeror if the HUBZone business price offer is not more than 10 percent higher than the other price offer.

HUBZone Contracts

In the eight-year period from FY2000 through FY2007, there have been about 21,350 contracts totaling $6.28 billion awarded under these HUBZone mechanisms. The HUBZone set-aside has been the principal mechanism used. The sole source is second in contracts, and the price preference is second in contract dollars.[1]

HUBZone procurement has grown steadily, except for a drop-off in FY2004 (which was amply made up in FY2005).[2] Growth has been slower in the last two years

[1] The split is as follows:

	Set-Asides	Sole Source	Price Preference
Contracts:	85.9%	8.1%	6.0%
Contract Dollars:	69.8%	4.4%	25.8%

[2]

Year:	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007
($million):	$44	$201	$422	$636	$445	$1,369	$1,401	$1,764

than in the first three, but the value of HUBZone contracts increased by 25.9 percent from FY2006 to FY2007. It seems likely to break the $2 billion mark in FY2008.

HUBZone contracts are heavily concentrated in construction (NAICS 23), with almost half of HUBZone contracts and almost two-thirds of HUBZone contract dollars. Other important industries are administrative and support services (NAICS 561), manufacturing (NAICS 31-33), professional, scientific and technical services (NAICS 54), and wholesale trade (NAICS 42). Procurement shares of the last three industries (NAICS 31-33, 54, and 42) are smaller than the industry shares either of HUBZone businesses or of the economy as a whole.

HUBZone Businesses and Vendors

HUBZone businesses are generally quite small. Only about 7 percent of all HUBZone businesses reported having more than 50 employees. Outside of the industries noted above, no industry has as many as 20 HUBZone businesses with more than 50 employees.

The number of HUBZone businesses in a HUBZone increases with the population of the HUBZone area. Among large metropolitan areas, however, the number of HUBZone businesses increases proportionately less rapidly than the population. For very small HUBZones (a few hundred people) there are very few HUBZone businesses.

It takes time for the program to become established in a new HUBZone. Measuring from the time a county or qualified census tract (QCT) first becomes a HUBZone, it takes a year or two for a significant number of HUBZone businesses to become certified. Thereafter, the number of new HUBZone businesses grows for at least several years.

Most certified HUBZone businesses have been unsuccessful in obtaining HUBZone contracts. Only about 23 percent have become actual HUBZone vendors.

Impacts

Depending on how one counts, there are about 2,450 HUBZone areas.[3] Although it involves a little apples-and-oranges comparison,[4] one can summarize the impacts as follows:

[3] This count includes 365 metropolitan areas with qualified census tracts (QCTs); 1,301 qualified counties, including non-metropolitan (1,169) and metropolitan (132); 300 other counties, including non-qualified counties with clusters of QCTs (235) and difficult development areas or DDAs (65); and 549 Indian reservations, Alaska Native Villages, and Tribal Statistical Areas.

[4] Three classes of HUBZone present distinct issues that hamper the program's effectiveness:

- Indian reservations have few HUBZone businesses because many are very small (the median population = 305).
- Territorial DDAs (except Guam) have very few contracting opportunities outside of the states.
- The HUBZone timeline is mismatched with the process of closing BRAC bases.

- About two-thirds of HUBZone areas have HUBZone businesses;
- Just under one-third have HUBZone vendors that have won HUBZone contracts; and
- About 4 percent of HUBZone areas have received annual-equivalent HUBZone contract revenues greater than $100 per capita, based on the HUBZone population.

As Table ES shows, the situation is much the same for all classes of HUBZone. The program has a substantial impact in only a very small percentage of HUBZones. Where the impact is largest, there generally is at least one very successful vendor in the HUBZone. Thus the program can be effective. At present, however, the impact in two-thirds of all HUBZones is nil.

TABLE ES
SUMMARY OF HUBZONE IMPACT STATUS, BY CLASS OF HUBZONE

Impact Variable	HUBZone Area						
	Qualified Census Tracts		Qualified Counties		Indian Country	DDAs[a]	BRAC Bases[b]
	Metro Areas	Non-Metro Areas	Non-Metro	Metro			
	Metro Area	County	County	County	Reservation	County	Base
Total HUBZone Areas	365	235	1,169	132	549	65	117
with HUBZone Businesses	342	110	946	106	155	44	1
with HUBZone Vendors	235	22	400	45	65	8	0
with > $50 Per Capita Annually[c]	44	17	70	9	29	0	0
with > $100 Per Capita Annually[c]	22	13	36	4	21	0	0
Percent with Vendors	64.4	9.4	34.2	34.1	11.8	12.3	0.0
Percent > $100 Per Capita Annually[c]	6.0	5.5	3.1	3.0	3.8	0.0	0.0

[a] DDA = Difficult development area.

[b] BRAC = Base Realignment and Closure Act.

[c] The per capita figures are derived by dividing HUBZone contract revenues by population for a specific locality.

Realizing Program Potential

The HUBZone program appears to have been designed and implemented on the premise that it could piggyback on existing programs for data, infrastructure, and even definitions, so that few new resources would be needed. This approach has not succeeded. With some exceptions,[5] contracting officers have not bought into the HUBZone program. Only 13 percent of contracting offices on the Federal Procurement Data System have used one of the HUBZone mechanisms in a contract.

[5] The Department of Defense appears to have been very cooperative with the program.

Although HUBZone staff have been uniformly described as helpful and informative, there does not seem to be any systematic outreach or promotion of the program beyond responding to inquiries. There are few, if any, program materials and little information outside of the HUBZone web site. The mapping system on the web site, which is antiquated, needs upgrading. Enlisting and equipping local development officials in HUBZone areas could be quite fruitful and might provide allies in raising contracting officers' awareness.

Outreach is particularly important for BRAC bases. When a base closes, there is a protracted statutory process, and a state/local planning authority is designated or set up before the closure. To get maximum benefit from the program, HUBZone staff need to coordinate with this authority to devise and implement strategies to integrate the program into the recruitment of businesses. As it is, local planning authorities do not know that their BRAC base is a HUBZone.

Relying on the mandatory nature of the HUBZone program has not been sufficient. Additional strategies are needed to take advantage of specific provisions of the program. A HUBZone set-aside is mandatory only if there are *two* qualified, responsive HUBZone businesses, for example, but we have seen no effort to ensure that multiple HUBZone businesses will respond to a contract opportunity. The price preference is automatic and virtually universal. Yet it has not been emphasized, is underutilized, and does not seem to have been used to "make it easy for the customer" (i.e., the contracting officer) to make the desired decision.

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Chapter 1. Introduction

1.A. The HUBZone Program

In 1997 Congress passed the Small Business Reauthorization Act (P.L. 105-135), which included provisions designed to promote economic development and employment opportunities in metropolitan or rural areas with low income, high poverty ratees, and/or high unemployment rates. Title VI of the Act established the Historically Underutilized Business Zones (HUBZone) Program to target federal contracts to small businesses that are located in these areas. In 2004 and 2005, Congress designated two additional classes of HUBZones: Indian lands and bases closed under the Base Realignment and Closure Act (BRAC). To qualify as a HUBZone business, a firm must be a small business whose principal office is located in a HUBZone and at least 35 percent of its workforce must come from a HUBZone area.

The HUBZone program has three mechanisms for targeting contracts to HUBZones:

- A contract shall be set aside for competition restricted to HUBZone business if there is a reasonable expectation of two qualified HUBZone bidders and a fair market price.
- A contracting officer may award sole source contracts to qualified HUBZone businesses.
- In any full and open competition, the price offered by a qualified HUBZone business shall be deemed as being lower than the price of another offeror if the HUBZone business price offer is not more than 10 percent higher than the other price offer.

There are five classes of HUBZones:[6]

- Qualified census tracts (QCTs), the designated class of HUBZones in metropolitan areas;
- Qualified counties, originally only in non-metropolitan areas;
- Indian reservations, including designated statistical areas in Alaska and Oklahoma;
- Difficult development areas (DDAs), only applicable to Alaska, Hawaii, and territories; and
- Military bases closed under BRAC.

Public Law 108-447 requested the Office of Advocacy to conduct a study measuring the effectiveness of the definitions under Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4)) for the purposes of economic impact on small business development and job creation. This study was performed under contract number SBAHQ-06-M-0486 for the Office of Advocacy.

In order to analyze the impact of the program, it is useful to divide HUBZone areas into three groups:

- Sub-county areas, which include all qualified census tracts, small Indian reservations, and BRAC bases.[7]

[6] HUBZones, their designation, and their characteristics are described more fully in Appendix A.

- Counties (including qualified counties, large Indian reservations, and difficult development areas—DDAs); and
- Larger areas that are collections of HUBZones; these include metropolitan areas which have only QCTs and states that are almost entirely HUBZone, principally DDAs and Oklahoma.

There are fundamental differences in the way indirect impacts on income and unemployment are treated in these different types of HUBZone areas.

1.B. HUBZone Program Impacts

The purpose of this study is to quantify and assess the economic impacts of the HUBZone program. There are three facets of impacts that are of concern:

- The population of certified HUBZone businesses;
- Federal procurement through the HUBZone program; and
- Effects of the HUBZone program on income and unemployment rates in HUBZones.

Revenues from HUBZone contracts drive impacts. The measure of "revenues per capita" reflects the size of the impacts, and income and employment impacts are derived from these contract revenue streams. Accordingly, we define success of the program in terms of the size and sustainability of contract revenues received by businesses in a HUBZone area (which, of course, are small businesses).

The report is structured as follows: Chapter 2 provides a general overview of the population of HUBZone businesses and federal HUBZone procurement. Chapters 3-9 assess the distributions of HUBZone businesses and revenues and the resulting impacts. Each chapter deals with an individual class of HUBZones.[8] Chapters 10 and 11 deal with topics common to all HUBZones: The industry and size distribution of HUBZone businesses, and the timing of certification of new HUBZone businesses. Chapter 12 summarizes conclusions of the study.

[7] Some DUNS numbers in Hawaii and Puerto Rico had multiple addresses in the FPDS data. Earlier contracts were at an address in a QCT, but later addresses (for contracts in FY2005 or later) were only in a DDA. These were considered to be pre-existing HUBZone businesses and not DDA impacts.

[8] QCTs and qualified counties are both subdivided into metropolitan and non-metropolitan categories. This turns the original five classes into seven.

Chapter 2. Overview of the HUBZone Program

2.A. Data Sources

Two databases provide information on all HUBZone businesses, and a third provides information on HUBZone business who have won HUBZone contracts, whom we will call "vendors" to distinguish them from certified HUBZone businesses without contracts. These three databases are[9]

- The database of applications for HUBZone certification;
- The Central Contractor Registration (CCR) data on small businesses; and
- The Federal Procurement Data System (FPDS).

Applications Data. The database of HUBZone business applications, which was provided by the HUBZone program's data contractor,[10] contains 13,833 records. This includes both HUBZone businesses that are currently active in the program and those that were previously active but are no longer active. The file does not differentiate or provide a drop-out date. Thus these data represent a cumulative record of HUBZone businesses over the life of the program.

These data were used for certification of HUBZone businesses. Specific identifier information (including names and addresses) was withheld for confidentiality purposes, but the data include ZIP codes and census tract numbers, as well as DUNS numbers.[11] Employment and revenue size and other HUBZone-specific information are also included. Unfortunately, these data are in very poor condition and contain numerous missing values, data inconsistencies, conflicting formats, and other errors that required a great deal of data cleaning.

CCR Data. The CCR data, which are available online, are the principal resource available to contracting officers for identifying HUBZone businesses and other types of small businesses. The data layout and a dynamic small business search tool are designed to make it very easy to extract records on the basis of HUBZone status, NAICS code, location (county), and numerous other variables. The data are well edited and more consistent than the applications data. The structure of the data and size limitations on any one search, however, make the data quite cumbersome to download as a full database. CCR data include specific identifying information, including DUNS numbers, but not confidential variables such as employment and revenue. Nor do they provide census tract information. They distinguish between active HUBZone businesses and previously certified but currently inactive businesses. The CCR data contain several thousand more records on HUBZone businesses, which is curious because the application data are presumably the source for CCR data on HUBZones.

CCR data were not generally used for analysis of HUBZone businesses in QCTs and qualified counties. They were used where precise address location was needed (Indian reservations, DDAs, and BRAC bases), where it was essential to have a complete list of HUBZone businesses (DDAs and BRAC bases), and in some instances to fill gaps in other data.

[9] These data sources are summarized below and discussed in greater detail in Appendix B.

[10] The file was produced in early September 2007.

[11] The DUNS number is a unique nine-digit business identification number administered by Dun & Bradstreet.

FPDS Data. FPDS data are available on line. The data include a set of socioeconomic variables that identify contractors that belong to classes of businesses, such as HUBZone businesses, that are eligible for set-aside or other procurement programs. These data also include complete address information and DUNS numbers. FPDS data were not used in identification of certified HUBZone businesses, but they were central to the identification of HUBZone vendors. They included over 1,000 HUBZone vendors who were not found in the applications data.

Census Data. Census 2000 data are available in various electronic forms. They were used for all socioeconomic variables that characterize HUBZones, including population, labor force, unemployment, median income, and mean income.[12]

2.B. An Overview of HUBZone Businesses

Table 2.a shows the distribution of HUBZone businesses by state. As an adjustment for the very different sizes of states, Table 2.a also shows the number of HUBZone businesses per million population for each state. A state's population size is a major factor in the number of HUBZone businesses a state has. Ten of the 12 most populous states are in the top 16 HUBZone states, with both lists headed by California and Texas.[13] At the other extreme, nine of the 15 smallest entities (ten states, four territories, and the District of Columbia) are among the 14 entities with the fewest HUBZone businesses.[14]

Normalizing HUBZone businesses by dividing the number by population presents a different picture.[15] Most of the states with the most HUBZone businesses per capita[16] are relatively small states with medium to high numbers of HUBZone businesses. The states with the fewest HUBZone businesses per capita[17] are headed by some small states, but they include some very large states as well. Thus there appears to be a tendency for HUBZone businesses per capita to fall off as states become very large.

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[12] Census 2000 data are the only source that give full data for census tracts and other very small HUBZones. The use of data from one year standardizes the estimates of impacts. The use of data early in the program may overstate impacts and the HUBZones have since grown.

[13] The other eight are: New York, Florida, Pennsylvania, Ohio, Michigan, Georgia, North Carolina, and Virginia. Of the 12 largest states, only Illinois and New Jersey have significant numbers of HUBZone businesses.

[14] These nine are American Samoa, the Northern Mariana Islands, Vermont, North Dakota, South Dakota, Delaware, Rhode Island, and New Hampshire. Of the 15 smallest entities, Puerto Rico, Wyoming, the District of Columbia, Alaska, Montana, and Hawaii have medium numbers of HUBZone businesses, and some of these are special cases.

[15] Although making calculations per capita is generally a method of correcting for size differences, the results are biased upward for states that have exceptionally high proportions of land that are HUBZones. This generally results from two factors. The DDA provision made territories and two states almost solid HUBZones. This affects the figures for Alaska, Hawaii, and Guam. Because of the definitions used, most of Oklahoma is included in Indian Country and is thus HUBZone. In subsequent analysis, the population used is the population of the HUBZone itself (QCTs, county, Indian reservation, and so forth).

[16] Puerto Rico, Alaska, the District of Columbia, Montana, Idaho, Wyoming, Hawaii, Oklahoma, New Mexico, Mississippi, North Dakota, Oregon, and South Dakota.

[17] American Samoa, Delaware, Rhode Island, Connecticut, the Northern Mariana Islands, New Jersey, Massachusetts, New York, Illinois, Iowa, and California.

Table 2.a HUBZONE BUSINESSES, BY STATE			
State or Territory	**HUBZone Businesses**	**Population**	**HUBZone Businesses per Million Population**
Alabama	413	4,447,100	92.9
Alaska	327	626,932	521.6
Arizona	226	5,130,632	44.0
Arkansas	112	2,673,400	41.9
California	886	33,871,648	26.2
Colorado	233	4,301,261	54.2
Connecticut	44	3,405,565	12.9
Delaware	8	783,600	10.2
District of Columbia	277	572,059	484.2
Florida	462	15,982,378	28.9
Georgia	449	8,186,453	54.8
Hawaii	236	1,211,537	194.8
Idaho	300	1,293,953	231.8
Illinois	256	12,419,293	20.6
Indiana	166	6,080,485	27.3
Iowa	75	2,926,324	25.6
Kansas	84	2,688,418	31.2
Kentucky	261	4,041,769	64.6
Louisiana	400	4,468,976	89.5
Maine	119	1,274,923	93.3
Maryland	298	5,296,486	56.3
Massachusetts	114	6,349,097	18.0
Michigan	354	9,938,444	35.6
Minnesota	172	4,919,479	35.0
Mississippi	400	2,844,658	140.6
Missouri	210	5,595,211	37.5
Montana	237	902,195	262.7
Nebraska	66	1,711,263	38.6
Nevada	70	1,998,257	35.0
New Hampshire	35	1,235,786	28.3
New Jersey	129	8,414,350	15.3
New Mexico	272	1,819,046	149.5
New York	373	18,976,457	19.7
North Carolina	512	8,049,313	63.6
North Dakota	89	642,200	138.6
Ohio	425	11,353,140	37.4
Oklahoma	588	3,450,654	170.4
Oregon	450	3,421,399	131.5
Pennsylvania	486	12,281,054	39.6
Rhode Island	12	1,048,319	11.4
South Carolina	215	4,012,012	53.6
South Dakota	80	754,844	106.0
Tennessee	297	5,689,283	52.2
Texas	682	20,851,820	32.7
Utah	153	2,233,169	68.5
Vermont	56	608,827	92.0
Virginia	512	7,078,515	72.3
Washington	522	5,894,121	88.6
West Virginia	95	1,808,344	52.5
Wisconsin	157	5,363,675	29.3
Wyoming	112	493,782	226.8
Guam	118	154,805	76.2
Northern Mariana Islands	1	69,221	14.4
Puerto Rico	198	3,808,610	5.2
Virgin Islands	9	108,612	82.9

2.C. HUBZone Procurement

2.C.1. Data

Data Source. Data on federal procurements are available from the Federal Procurement Data System. These data include nearly 150 variables about all aspects of a procurement. All records in FY1998 through FY 2007 with a HUBZone business as vendor were selected.

Each procurement has an ID number, but the number is unique only with respect to a contracting office and a fiscal year. A contract involves at least one contract action. Each record in the database describes a contract action or set of contract actions related to one procurement. An individual action may or may not involve obligating (or, occasionally, de-obligating) funds.

Definitions. In interpreting the FPDS data we used definitions of "contract" and "HUBZone contract" that involved a number of FPDS variables:

We defined a "contract" as a group of records that have the same:

- Procurement ID,
- Contracting office ID,
- DUNS number of the vendor, and
- Fiscal year.[18]

We defined a "HUBZone contract" as a contract whose records included:[19]

- A "yes" value in the field "vendor is a HUBZone business" and
- An indicator of use of a HUBZone mechanism, namely:
  - One of three types of set-aside: a HUBZone set-aside for limited competition, a HUBZone sole source, or an 8(a) set-aside with HUBZone preference; or
  - One of two types of preferential pricing: a HUBZone price evaluation, or a combined HUB/SDB preference.

[18] This procedure produced 20,836 contracts from 30,982 records. If the DUNS number is omitted, the number of contracts falls to 19,035—presumably reflecting multi-vendor awards. If the fiscal year is dropped out, the number of contracts is 17,727—presumably reflecting contracts with actions in more than one fiscal year.

[19] This definition does not explicitly accommodate ID/IQ contracts, except to the extent that the relevant actions are coded with a HUBZone mechanism. Such contracts may account for some records that were listed as having HUBZone contractors but no HUBZone mechanism. The number of ID/IQ contracts appeared to be small, however, and there was no obvious way of identifying HUBZone contracts that were not coded with a HUBZone mechanism. FPDS uses a different definition, which is discussed in Appendix D.

2.C.2. Procurement

Procurement by Procurement Mechanism. The HUBZone Act designates three procurement mechanisms, two of which are mandatory, for use under the program:

- A HUBZone set-aside, with competition limited to HUBZone businesses;[20]
- Sole source to a HUBZone business, at the discretion of a contracting officer;[21] and
- A HUBZone price evaluation preference, under full and open competition.[22]

Table 2.b shows HUBZone procurement by type of procurement mechanism.[23] The HUBZone set-aside is clearly the major vehicle of the program. Its growth follows the contours of the program as a whole. Other mechanisms lag.[24]

The 8(a) set-aside with HUBZone preference was the next mechanism to take hold. Its use leveled off in 2004 and has declined in numbers of contracts and dollars since 2005. The combined HUB/SDB preference came into use slightly later. It has declined—especially in terms of dollars—since 2005. The HUBZone price evaluation was not used significantly until 2004. It is used for relatively large contracts, however, so that it ranks second overall in dollars, although it is fourth in contracts. The HUBZone sole source began to be used significantly in 2005. It has not grown since then but has slipped past the 8(a) with HUBZone preference as a contributor.

Table 2.c shows the extent to which price preferences were actually used. Preferences were actually used in just under half of contracts designated "combined HUB/SDB preference" and just under one-third of contracts designated "HUBZone price evaluation." In terms of dollars, however, nearly 90 percent of obligations were subject to preferential pricing under combined HUB/SDB preference, and a slight majority of obligations were subject to preferential pricing under HUBZone price evaluation.

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[20] "A contract opportunity *shall* be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than two qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price."

[21] "A contracting officer may award sole source contracts… to any qualified HUBZone small business concern, if—
(i) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity, and the contracting officer does not have a reasonable expectation that 2 or more qualified HUBZone small business concerns will submit offers for the contracting opportunity;
(ii) the anticipated award price of the contract (including options) will not exceed
(I) $5 million, in the case of a contract opportunity assigned a standard industrial classification code for manufacturing; or
(II) $3 million in the case of all other contract opportunities; and
(iii) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price."

[22] "In any case in which a contract is to be awarded on the basis of full and open competition, the price offered by a qualified HUBZone small business concern shall be deemed as being lower than the price offered by another offeror (other than another small business concern), if the price offered by the qualified HUBZone small business concern is not more than 10 percent higher than the price offered by the otherwise lowest, responsive, and responsible offeror."

[23] A few of the contracts have more than one designation. In such cases, a set-aside was chosen over a price preference, and a HUBZone-related price preference was chosen over a non-HUBZone designation.

[24] The five mechanisms in Table 2.b include variants on the mechanisms found in the statute. There are two types of set-aside, one only giving preference to HUBZone businesses who are also 8(a) and the other a combined price preference. These two hybrid variant mechanisms either lacked or lost authorization, and very little clear training was given to contracting officers prior to about FY2004. As Table 2.b indicates, their use fell sharply thereafter.

Table 2.b
HUBZONE CONTRACTS AND OBLIGATIONS
BY FISCAL YEAR AND TYPE OF PROCUREMENT

Fiscal Year	Variable	HUBZone Set-Aside	HUBZone Sole Source	8(a) with HUBZone Preference	HUBZone Price Evaluation	Combined HUB/SDB Preference
1998	Contracts	1	-	-	-	-
	Obligations	$50,046	-	-	-	-
1999	Contracts	1	-	-	-	-
	Obligations	$543,270	-	-	-	-
2000	Contracts	108	-	82	1	6
	Obligations	$21,899,899	-	$12,547,000	$6,250,000	$3,101,000
2001	Contracts	525	-	192	1	5
	Obligations	$142,569,966	-	$48,797,550	$4,202,360	$5,771,000
2002	Contracts	1,286	2	467	11	16
	Obligations	$261,358,158	$0	$120,036,351	$19,335,351	$21,521,423
2003	Contracts	2,059	2	442	4	14
	Obligations	$481,714,344	$220,862	$107,843,634	$2,731,603	$43,306,186
2004	Contracts	545	53	442	133	12
	Obligations	$182,686,693	$16,273,239	$107,843,634	$129,670,162	$8,179,516
2005	Contracts	3,163	635	562	288	21
	Obligations	$703,141,744	$89,245,037	$124,136,709	$446,604,086	$6,365,158
2006	Contracts	3,364	527	387	397	18
	Obligations	$784,132,155	$98,172,969	$84,172,494	$432,312,405	$2,530,820
2007	Contracts	4,372	506	365	338	14
	Obligations	$1,128,798,617	$76,280,472	$71,916,433	$486,783,461	$666,822
TOTAL	Contracts	15,424[a]	1,725	2,939[b]	1,173	106[c]
	Obligations	$3,706,894,892[a]	$280,192,579	$677,293,805[b]	$1,527,889,428	$91,441,925[c]

[a] Includes ten contracts ($7,729,464) that are also designated as "HUBZone price evaluation."

[b] Includes 43 contracts ($1,117,412) that are also designated as "HUBZone price evaluation" and nine contracts ($2,761,966) that are also designated as "combined HUB/SDB preference."

[c] Includes two contracts ($347,990) that are also designated as "8(a) sole source" and one contract ($7,731) that is also designated "8(a) competed."

Table 2.c EXTENT OF PRICE PREFERENCE USE					
Price Preference	**Variable**	**Combined HUB/SDB Preference**	**HUBZone Price Evaluation**	**No Preference Used**	**Total**
0 %[a]	Contracts	58	849	19,576	20,483
	Obligations	$9,454,690	$835,761,665	$4,662,772,273	$5,507,988,628
1%	Contracts	14	147	1	20,483
	Obligations	$10,085,197	$366,653,968	$251,106	$376,990,271
2%-4%	Contracts	1	10	1	12
	Obligations	$79,510	$16,050,066	$29,606	$16,159,182
5%	Contracts	5	108	4[b]	117
	Obligations	$27,478,607	$143,408,913	$999,988[b]	$171,887,508
6%-9%	Contracts	2	3		5
	Obligations	$1,745,000	$6,775,373		$16,159,182
10%	Contracts	37	99	12[c]	148
	Obligations	$45,572,879	$168,086,319	$10,300,774[c]	$223,959,972
Total Exercised	Contracts	59	367	18	444
	Obligations	$84,961,193	$869,060,958	$11,581,474	$965,603,625

Note: Contracts and dollars do not sum to figures elsewhere because of some multiple designations. See notes to Table 2.b.

[a] Includes contracts with a missing value in the preferential pricing field, as well as no preference used.

[b] Includes three contracts ($480,468) with missing values in the evaluated preference field.

[d] All contracts have missing values in the evaluated preference field.

Subcontracting. The HUBZone program anticipates subcontracts with HUBZone businesses, but the statutory language refers only to a 3 percent direct prime contracting goal for HUBZone businesses. The HUBZone regulations speak to the level of personnel or supply costs that the subcontractor must procure or spend in a HUBZone.[25] All subcontracting plans for large business federal contractors must include a HUBZone subcontracting goal, but no other procurement mechanism is specified.

The available data on subcontracting are effectively limited to aggregate totals, which are presented in Table 2.d. Data on subcontractors under individual prime contracts are available

[25] " . . . with respect to any subcontract entered into by the small business concern pursuant to a contract awarded to the small business concern under section 31, the small business concern will ensure that—

'(aa) in the case of a contract for services (except construction), not less than 50 percent of the cost of contract performance incurred for personnel will be expended for its employees or for employees of other HUBZone small business concerns; and

'(bb) in the case of a contract for procurement of supplies (other than procurement from a regular dealer in such supplies), not less than 50 percent of the cost of manufacturing the supplies (not including the cost of materials) will be incurred in connection with the performance of the contract in a HUBZone by 1 or more HUBZone small business concerns." Sec. 601(a)(5)(A)(I).

from the eSRS System, which is still under development. These data, however, have several limitations. They contain only aggregated dollar values for each contract; they have no information on HUBZone businesses; and the Department of Defense (which accounts for 69 percent of HUBZone contracting) has not yet been included in the system.

There are also conceptual difficulties with HUBZone contracts. Since there is no explicit mechanism, there is no way of determining what role inclusion of HUBZone businesses in the subcontracting plan played in the award of the contract. Consequently, the impacts of the HUBZone program, strictly defined, cannot be assessed. Addressing HUBZone subcontracts is an issue for future research.

Table 2.d
SUBCONTRACTING TO HUBZONE BUSINESSES

	Subcontracting to HUBZone Businesses		
		Percent of Small Business Subcontracting	
Fiscal Year	Total	Goal	Actual
2004	$1,563,738,097	7.5	3.1
2005	$2,090,799,597	7.5	3.5
2006	$2,588,618,523	7.5	4.3

Source: U.S. Small Business Administration subcontracting reports.

Industry and Size. Table 2.e summarizes HUBZone procurement by industry (generally 2-digit NAICS Code) in terms of numbers of contracts, dollars obligated, and mean contract value. Table 2.f disaggregates the contracts for each industry by size of obligation.

As Table 2.f shows, HUBZone procurement is heavily concentrated in relatively few industries. Construction has the largest share, with 64 percent of HUBZone contract dollars and 46 percent of HUBZone contracts. Next in importance—with shares between 4 percent and 13 percent of contract dollars and between 7 percent and 16 percent of contracts—are administrative and support services, manufacturing, and professional, scientific, and technical services. Waste management and remediation services has 3.2 percent of HUBZone contracts; agriculture, forestry, fishing and hunting has 2.7 percent; and wholesale trade has 2.3 percent. All other industries have less than a 1 percent share of contract dollars.

Overall, the mean contract size is $337,970. Industries with larger mean contract sizes are mining, quarrying and oil and gas extraction (2.5 times the mean); public administration[26] (1.8 times the mean); construction (1.4 times the mean); arts, entertainment, and recreation (1.2 times the mean); and manufacturing (1.01 times the mean).

[26] This industry is an anomaly among HUBZone procurements. No HUBZone business lists this NAICS. It is not clear whether this reflects a misclassification of the vendor or of the funding agency.

Table 2.e HUBZONE CONTRACTS AND TOTAL OBLIGATIONS BY NAICS INDUSTRY				
NAICS Industry		Total Contracts	Total Obligations	Mean Value[a]
11	Agriculture, Forestry, Fishing and Hunting	553	$31,263,902	$70,573
21	Mining, Quarrying, & Oil and Gas Extraction	79	$53,168,036	$857,549
22	Utilities	56	$14,326,979	$270,320
23	Construction	9,667	$4,035,861,031	$463,572
31-33	Manufacturing	2,683	$821,646,712	$340,932
42	Wholesale Trade	473	$43,096,399	$100,693
44-45	Retail Trade	212	$8,064,871	$41,147
48-49	Transportation and Warehousing	233	$39,973,948	$191,263
51	Information	198	$46,195,910	$439,961
52	Finance and Insurance	7	$290,700	$72,675
53	Real Estate and Rental and Leasing	146	$16,077,751	$119,094
54	Professional, Scientific, and Technical Services	1,475	$248,367,131	$212,280
561	Administrative and Support Services	3,317	$612,231,115	$202,591
562	Waste Management & Remediation Services	675	$57,014,946	$96,800
61	Educational Services	55	$12,967,979	$308,761
62	Health Care and Social Assistance	88	$13,330,956	$182,616
71	Arts, Entertainment, and Recreation	14	$5,433,863	$417,989
72	Accommodation and Food Services	231	$53,998,201	$257,134
81	Other Services (except Public Administration)	237	$33,653,349	$157,259
92	Public Administration	45	$26,049,359	$605,799
NAICS Code Missing		392	$132,492,796	$249,986
TOTAL		20,836	$6,305,505,934	$337,970

[a] Computation omits contracts that have missing values for obligations.

The following industries had average contract sizes less than one-third of the mean: wholesale trade; waste management and remediation services; finance and insurance; agriculture, forestry, fishing and hunting; and retail trade.

Table 2.f provides a more detailed view of the size distributions of contracts. Overall, the median size is in the $25,000-$50,000 range, and 19 percent of contracts are over $250,000. These metrics can be used to examine contract size by industry.

Industries with large contracts (in the sense that the median contract value is over $50,000 and/or more than 20 percent of the contracts are over $250,000) include:

- Utilities: median over $50,000 and 27 percent of contracts over $250,000;
- Mining, quarrying, & oil and gas extraction: median over $50,000 and 24 percent of contracts over $250,000;
- Construction: median over $50,000 and 24 percent of contracts over $250,000;
- Health care and social assistance: median over $50,000;
- Arts, entertainment and recreation: 33 percent of contracts over $250,000;
- Public administration: 33 percent of contracts over $250,000;
- Education services: 22 percent of contracts over $250,000; and
- Accommodation and food services: 22 percent of contracts over $250,000.

Table 2.f HUBZONE CONTRACTS BY NAICS INDUSTRY AND CONTRACT SIZE RANGE										
	HUBZone Contracts by Obligation Size Range									
NAICS Code	<$0	$0 or Null	$1 - $10,000	$10,001-$25,000	$25,001-$50,000	$50,001-$100,000	$100,000-$250,000	$250,001-$500,000	$500,000-$1 million	Over $1 million
11	22	110	103	65	72	80	82	18	0	1
21	1	17	2	7	5	12	16	10	4	5
22	0	3	4	4	8	12	10	4	6	5
23	334	961	1,374	1,050	1,055	1,110	1,418	950	637	778
31-33	48	273	540	394	313	306	325	202	127	155
42	9	45	151	80	75	44	40	15	7	7
44-45	4	16	80	47	26	23	12	3	0	1
48-49	13	24	61	28	15	24	39	12	11	6
51	3	93	9	16	11	17	21	7	11	10
52	0	3	0	0	3	0	1	0	0	0
53	4	11	54	29	12	8	6	11	10	1
54	62	305	145	153	160	210	223	107	57	53
561	123	295	808	698	348	302	350	122	123	148
562	55	86	214	86	67	59	43	36	21	8
61	3	13	8	4	4	9	2	5	4	3
62	0	15	10	6	9	18	13	9	7	1
71	0	1	3	4	0	1	0	2	1	2
72	16	21	49	21	14	24	38	12	20	16
81	9	23	55	36	23	28	27	15	14	7
92	2	2	14	1	6	4	1	2	4	9
Missing	45	22	122	63	61	60	70	45	32	32
TOTAL	753	2,339	3,806	2,792	2,287	2,351	2,737	1,587	1,096	1,247

Industries with small contracts (the median contract value is under $25,000 and/or less than 10 percent of the contracts are over $250,000) include:

- Wholesale trade: median under $25,000 and 1.9 percent of contracts over $100,000;
- Agriculture, forestry, fishing and hunting: median under $25,000 and 3.4 percent of contracts over $250,000;
- Retail trade: median under $25,000 and 6.1 percent of contracts over $250,000;
- Waste management & remediation services: median under $25,000 and 9.6 percent of contracts over $250,000;
- Finance and insurance: no contracts over $250,000; and
- Real estate and rental and leasing; information; administrative and support services; and transportation and warehousing: all with medians under $25,000.

The mean and median contract size data are generally consistent—especially in identifying industries with relatively small contracts. Of the four industries that account for over 80 percent of HUBZone contracts and over 90 percent of dollars obligated, two (construction and manufacturing) have relatively large contracts and two (administrative and support services and professional, scientific, and technical services) have contracts below average size.

Non-HUBZone Vendors. Most of this analysis utilizes data selected because the vendor in the record was a HUBZone business. Additional records were selected separately because the

record designated one of the five procurement mechanisms associated with the HUBZone program, but the vendor was *not* a HUBZone business. Table 2.g summarizes these contracts and their vendors. A non-HUBZone vendor is possible. An 8(a) with HUBZone preference does not *have* to go to a HUBZone business, for example, and some of these businesses may be in HUBZones even if they do not have the certification. Yet the award of any sort of HUBZone project to any governmental jurisdiction (except tribal) or a sheltered workshop under the Javits-Wagner-O'Day Act is problematic.[27] The numbers are substantial; these contracts are nearly 10 percent of the contracts and dollars that went through the HUBZone program.

Table 2.g
SUMMARY OF HUBZONE-DESIGNATED CONTRACTS AWARDED TO NON-HUBZONE VENDORS

Socioeconomic Status	Contracts	Obligations
8(a) Firm	495	$77,976,912
American Indian	91	$89,140,746
Asian Indian	47	$9,413,362
Asian Pacific	88	$20,431,878
Black	143	$18,880,548
Educational Institution	11	$3,487,991
Emerging Small	171	$25,901,243
Federal Government	32	$1,365,751
Historically Black College or University Concern	0	$0
Hispanic	126	$32,800,055
Hospital	4	$33,233
Javits-Wagner-O'Day (Sheltered Workshop)	47	$3,287,199
Local Government	0	$0
Minority Institution	17	$149,250
Minority Owned Business	531	$187,723,407
Native American	139	$103,684,054
Non-profit Organization	45	$6,037,240
SDB Concern	626	$168,949,957
Service-Disabled Veteran	67	$8,543,307
State Government	3	$82,480
Tribal Government	6	$1,140,185
Veteran	207	$30,515,128
Women	318	$52,404,108
Actual Total[a]	2,108	$465,568,451

[a] Adjusted to correct for vendors with multiple socioeconomic classifications. Sums of table columns are more than 50 percent larger due to double-counting of contracts.

[27] The incidence of miscoding of socioeconomic data in federal contracts has been documented in *Analysis of Type-of-Business Coding for the Top 1,000 Contractors Receiving Small Bsuienss Awards in FY 2002,* by Eagle Eye Publishers (Washington, D.C.: U.S. Small Business Administration: Office of Advocacy), 2004. Since the report was published, the Small Business Administration, the Office of Management and Budget's Office of Federal Procurement Policy, and the General Services Administration have made great strides to improve the accuracy of the data on small business coding in FPDS.

Chapter 3. Metropolitan Qualified Census Tracts

3.A. HUBZone Businesses and Vendors in Qualified Census Tracts

3.A.1. Metropolitan Areas

Metropolitan areas are made up of counties, and the number of counties is a convenient rough[28] measure of the geographic extent of a metropolitan area. About two-fifths (39.5 percent) of metropolitan areas have only one county, and over one third (35.1 percent) have two or three counties. A total of 528 metropolitan counties were not included in this part of the analysis, either because they were HUBZones in their own right or because they contained no qualified census tracts (QCTs).[29]

By the 2003 definitions, there are 370 metropolitan areas in the United States. Of these 370 MSAs, 64 were not analyzed as metropolitan areas with QCTs for several reasons. Some were analyzed under other classes that take precedence over QCTs, including:

- Fourteen MSAs that consist entirely of qualified counties, which were classified as metropolitan in 2003,
- Seven MSAs that consist entirely of DDAs, and
- Two MSAs (in Oklahoma) that consist entirely of Indian Country.

Some were dropped at this point because it was clear that HUBZone impacts would be nil, including:

- Six MSAs with no QCTs, and
- Thirty-five MSAs with QCTs but no certified HUBZone businesses.[30]

3.A.2. HUBZone Businesses and Vendors

Geography. Table 3.a shows the 306 metropolitan areas that have QCTs and HUBZone businesses, sorted in descending order of the number of QCTs . Table 3.a also shows the numbers of counties, census tracts, QCTs, HUBZone businesses, and HUBZone vendors in each core metropolitan area.[31] Table 3.b shows distributions of QCTs, HUBZone businesses, and vendors for all core MSAs. Table 3.b also shows distributions of QCTs and HUBZone businesses for core metropolitan areas that do not have vendors and those that do have vendors.

[28] This measure can be misleading. The Los Angeles-Long Beach-Santa Ana, CA Metropolitan Area, for example, ranks second in number of both Qualified Census Tracts and HUBZone businesses, but it has only two counties.

[29] Of these counties, 132 are qualified counties that were put in metropolitan areas in the 2003 reclassification of MSAs; 58 are DDAs in Alaska, Hawaii, and Puerto Rico, and 338 contain no QCTs. The first two groups of counties are not analyzed here, as QCTs are not the primary basis for HUBZone status, and including them with QCTs would constitute double-counting. They are covered in subsequent chapters.

[30] Further information on MSAs is provided in Appendix III.

[31] "Core metropolitan area" refers to the part of a metropolitan area that is not a qualified county, DDA, or Indian reservation and thus has only QCTs as HUBZones.

Table 3.a
COUNTIES, CENSUS TRACTS, VENDORS AND HUBZONE CONTRACTS IN METROPOLITAN CORE AREAS

Metropolitan Area[a]	Counties[b]	Census Tracts		HUBZone Businesses		HUBZone Vendors		Contracts		Contract Revenues	
		Total	QCTs	Total	Per QCT	Total	Per QCT	Total	Per Vendor	Total	Per Contract
New York, NY-NJ-PA	23	4,505	923	182	0.20	62	0.1	255	4.1	$170,561	$669
Los Angeles, CA	2	2,631	565	233	0.41	68	0.1	283	4.2	$74,026	$262
Chicago, IL-IN-WI	14	2,052	537	143	0.27	25	0.0	68	2.7	$19,398	$285
Detroit, MI	6	1,289	293	121	0.41	17	0.1	202	11.9	$82,044	$406
Philadelphia, PA-NJ-DE-MD	11	1,472	282	115	0.41	44	0.2	243	5.5	$67,851	$279
Dallas-Fort Worth, TX	12	1,046	204	140	0.69	40	0.2	179	4.5	$34,811	$194
Cleveland, OH	5	693	193	82	0.42	23	0.1	74	3.2	$101,653	$1,374
Houston, TX	10	895	181	129	0.71	23	0.1	99	4.3	$151,388	$1,529
Miami, FL	3	891	169	107	0.63	24	0.1	898	37.4	$157,041	$175
Boston, MA-NH	7	923	155	82	0.53	30	0.2	143	4.8	$79,119	$553
San Francisco, CA	5	871	151	112	0.74	34	0.2	453	13.3	$97,513	$215
Washington, DC-VA-MD-WV	22	1,016	134	448	3.34	225	1.7	977	4.3	$306,063	$313
Baltimore, MD	7	625	132	116	0.88	39	0.3	203	5.2	$90,101	$444
Phoenix, AZ	2	696	127	65	0.51	25	0.2	120	4.8	$51,200	$427
Pittsburgh, PA	6	702	118	120	1.02	11	0.1	52	4.7	$8,450	$163
Milwaukee, WI	4	416	117	31	0.26	8	0.1	53	6.6	$7,328	$138
New Orleans, LA	7	388	117	122	1.04	30	0.3	111	3.7	$83,663	$754
Kansas City, MO-KS	12	511	115	51	0.44	12	0.1	36	3	$28,304	$786
Riverside, CA	2	587	114	65	0.57	23	0.2	185	8	$75,479	$408
St. Louis, MO-IL	15	546	114	46	0.40	22	0.2	65	3	$14,874	$229
Atlanta, GA	23	670	108	112	1.04	40	0.4	173	4.3	$40,469	$234
Minneapolis, MN-WI	13	746	96	34	0.35	15	0.2	43	2.9	$4,217	$98
San Diego, CA	1	605	94	132	1.40	47	0.5	381	8.1	$198,465	$521
Cincinnati, OH-KY-IN	15	486	93	36	0.39	12	0.1	26	2.2	$8,124	$312
San Antonio, TX	8	339	85	114	1.34	44	0.5	398	9	$166,017	$417
Memphis, TN-MS-AR	6	278	84	37	0.44	6	0.1	22	3.7	$3,542	$161
Oklahoma City, OK	7	309	80	103	1.29	22	0.3	130	5.9	$111,471	$857
Buffalo, NY	2	302	76	51	0.67	14	0.2	83	5.9	$43,082	$519
San Juan, PR	3	518	75	112	1.49	6	0.1	15	2.5	$5,096	$340
Providence, RI-MA	5	349	68	27	0.40	7	0.1	15	2.1	$3,053	$204
Denver, CO	9	528	67	73	1.09	30	0.4	149	5	$59,850	$402
Sacramento, CA	4	403	65	25	0.38	7	0.1	15	2.1	$10,858	$724
Columbus, OH	8	385	63	27	0.43	8	0.1	48	6	$53,776	$1,120
Tampa, FL	4	547	58	59	1.02	14	0.2	46	3.3	$6,741	$147
Rochester, NY	5	253	56	25	0.45	8	0.1	21	2.6	$5,234	$249
Hartford, CT	3	283	55	10	0.18	3	0.1	3	1	$237	$79
Seattle, WA	4	665	54	65	1.20	14	0.3	33	2.4	$16,438	$498
Virginia Beach, VA-NC	15	364	54	137	2.54	61	1.1	460	7.5	$102,353	$223
Indianapolis, IN	10	315	53	26	0.49	5	0.1	8	1.6	$1,078	$135
Austin, TX	5	256	52	21	0.40	7	0.1	18	2.6	$7,790	$433
Richmond, VA	17	262	46	55	1.20	9	0.2	67	7.4	$1,990	$30
Toledo, OH	3	163	46	17	0.37	2	0.0	6	3	$307	$51
Birmingham, AL	5	205	45	36	0.80	7	0.2	12	1.7	$2,791	$233
Louisville, KY-IN	11	259	44	26	0.59	10	0.2	110	11	$43,158	$392
Mobile, AL	1	114	42	25	0.60	9	0.2	24	2.7	$9,013	$376
Youngstown, OH-PA	3	168	42	8	0.19	3	0.1	5	1.7	$2,782	$556
Charlotte, NC-SC	5	261	41	17	0.41	-	-	-	-	-	-
Bridgeport, CT	1	209	39	13	0.33	3	0.1	8	2.7	$221	$28
Akron, OH	2	166	38	18	0.47	4	0.1	15	3.8	$240	$16
Albuquerque, NM	4	195	38	92	2.42	25	0.7	53	2.1	$49,463	$933
Dayton, OH	4	208	38	41	1.08	8	0.2	57	7.1	$8,493	$149
Tucson, AZ	1	198	38	20	0.53	5	0.1	15	3	$6,915	$461
Portland, OR-WA	6	421	37	32	0.86	11	0.3	34	3.1	$12,747	$375
Syracuse, NY	3	189	37	19	0.51	7	0.2	11	1.6	$2,618	$238
Baton Rouge, LA	7	129	36	24	0.67	2	0.1	3	1.5	$2,575	$858
El Paso, TX	1	126	36	75	2.08	21	0.6	136	6.5	$46,087	$339
Jackson, MS	3	104	35	48	1.37	5	0.1	7	1.4	$85	$12

Metropolitan Area[a]	Counties[b]	Census Tracts		HUBZone Businesses		HUBZone Vendors		Contracts		Contract Revenues	
		Total	QCTs	Total	Per QCT	Total	Per QCT	Total	Per Vendor	Total	Per Contract
Fresno, CA	1	158	36	17	0.47	10	0.3	54	5.4	$37,867	$701
Albany, NY	5	214	34	11	0.32	4	0.1	4	1	$250	$62
Las Vegas, NV	1	345	34	16	0.47	12	0.4	64	5.3	$24,900	$389
Nashville, TN	9	253	34	22	0.65	1	0.0	3	3	$210	$70
New Haven, CT	1	185	33	16	0.48	3	0.1	6	2	$826	$138
Charleston, SC	3	117	31	36	1.16	9	0.3	43	4.8	$37,546	$873
Omaha, NE-IA	8	237	31	24	0.77	9	0.3	32	3.6	$7,905	$247
Springfield, MA	3	140	31	11	0.35	7	0.2	63	9	$15,280	$243
Bakersfield, CA	1	140	29	16	0.55	3	0.1	4	1.3	$3,765	$941
Beaumont, TX	3	101	29	6	0.21	2	0.1	2	1	$637	$318
Flint, MI	1	131	29	5	0.17	-	-	-	-	-	-
Little Rock, AR	5	144	29	26	0.90	-	-	-	-	-	-
Orlando, FL	4	328	29	23	0.79	15	0.5	67	4.5	$60,117	$897
San Jose, CA	1	341	29	27	0.93	10	0.3	13	1.3	$1,980	$152
Jacksonville, FL	5	201	28	33	1.18	9	0.3	26	2.9	$19,921	$766
Knoxville, TN	5	128	28	37	1.32	11	0.4	23	2.1	$14,177	$616
Columbia, SC	4	136	27	30	1.11	9	0.3	12	1.3	$1,587	$132
Montgomery, AL	3	78	26	36	1.38	8	0.3	112	14	$75,673	$676
Shreveport, LA	2	83	26	24	0.92	6	0.2	12	2	$7,044	$587
Stockton, CA	1	121	26	7	0.27	-	-	-	-	-	-
Durham, NC	3	83	25	16	0.64	3	0.1	18	6	$395	$22
Savannah, GA	3	77	25	11	0.44	1	0.0	2	2	$294	$147
Brownsville, TX	1	86	24	4	0.17	-	-	-	-	-	-
Lansing, MI	3	117	24	3	0.13	-	-	-	-	-	-
Augusta, GA-SC	5	88	23	24	1.04	4	0.2	37	9.3	$1,989	$54
Corpus Christi, TX	2	78	23	33	1.43	7	0.3	13	1.9	$9,329	$718
Greenville, SC	2	116	23	13	0.57	1	0.0	1	1	$47	$47
McAllen, TX	1	80	23	5	0.22	-	-	-	-	-	-
Worcester, MA	1	164	23	6	0.26	-	-	-	-	-	-
Salt Lake City, UT	1	193	22	47	2.14	18	0.8	91	5.1	$41,107	$452
Utica-Rome, NY	2	92	22	6	0.27	3	0.1	22	7.3	$3,228	$147
Ann Arbor, MI	1	97	21	3	0.14	1	0.0	1	1	$9	$9
Huntington, WV-KY-OH	5	75	21	7	0.33	2	0.1	14	7	$1,534	$110
Macon, GA	4	50	21	23	1.10	2	0.1	2	1	$950	$475
Oxnard, CA	1	155	21	20	0.95	5	0.2	33	6.6	$2,352	$71
Chattanooga, TN-GA	6	98	20	5	0.25	1	0.1	1	1	$32	$32
Columbus, GA-AL	2	60	20	12	0.60	2	0.1	24	12	$8,138	$339
Modesto, CA	1	89	20	2	0.10	-	-	-	-	-	-
Ponce, PR	3	60	20	3	0.15	1	0.1	32	32	$847	$26
Raleigh, NC	3	128	20	7	0.35	4	0.2	29	7.3	$1,579	$54
Allentown, PA-NJ	4	163	19	1[c]	0.05	2	0.1	2	1	$228	$114
Fort Wayne, IN	3	104	19	3	0.16	-	-	-	-	-	-
Lexington, KY	6	95	18	15	0.83	1	0.1	40	40	$36,769	$919
Spokane, WA	1	106	18	27	1.50	13	0.7	63	4.8	$17,978	$285
Albany, GA	2	35	17	6	0.35	-	-	-	-	-	-
Grand Rapids, MI	3	148	17	14	0.82	4	0.2	14	3.5	$8,307	$593
Greensboro, NC	2	122	17	12	0.71	2	0.1	2	1	$48	$24
Lubbock, TX	1	61	17	5	0.29	-	-	-	-	-	-
Poughkeepsie, NY	2	133	17	8	0.47	3	0.2	6	2	$1,898	$316
Wichita, KS	3	137	17	18	1.06	10	0.6	35	3.5	$6,374	$182
Charleston, WV	2	61	16	6	0.38	-	-	-	-	-	-
Davenport, IA-IL	3	99	16	5	0.31	2	0.1	4	2	$2,229	$557
Duluth, MN-WI	2	83	16	10	0.63	2	0.1	18	9	$9,879	$549
Huntsville, AL	2	87	16	79	4.94	25	1.6	99	4	$25,484	$257
Pensacola, FL	2	77	16	26	1.63	9	0.6	19	2.1	$3,940	$207
Pueblo, CO	1	51	16	5	0.31	4	0.3	17	4.3	$9,731	$572
Reading, PA	1	82	16	3	0.19	1	0.1	1	1	$1,200	$1,200
Trenton, NJ	1	73	16	7	0.44	5	0.3	11	2.2	$673	$61
Visalia, CA	1	76	16	4	0.25	2	0.1	24	12	$5,021	$209
Erie, PA	1	72	15	3	0.20	1	0.1	4	4	$194	$48

Metropolitan Area[a]	Counties[b]	Census Tracts		HUBZone Businesses		HUBZone Vendors		Contracts		Contract Revenues	
		Total	QCTs	Total	Per QCT	Total	Per QCT	Total	Per Vendor	Total	Per Contract
Evansville, IN-KY	4	76	15	8	0.53	-	-	-	-	-	-
Fort Smith, AR-OK	4	44	15	20	1.33	1	0.1	1	1	$60	$60
Peoria, IL	4	92	15	7	0.47	-	-	-	-	-	-
Springfield, MO	4	82	15	3	0.20	2	0.1	2	1	$5	$3
Winston-Salem, NC	4	97	15	3	0.20	-	-	-	-	-	-
Gulfport, MS	3	52	14	34	2.43	7	0.5	29	4.1	$6,874	$237
Kalamazoo, MI	2	76	14	4	0.29	3	0.2	7	2.3	$6,359	$908
Monroe, LA	2	47	14	3	0.21	-	-	-	-	-	-
South Bend, IN-MI	2	84	14	6	0.43	2	0.1	5	2.5	$6,877	$1,375
Tallahassee, FL	4	63	14	8	0.57	2	0.1	2	1	$588	$294
Amarillo, TX	4	62	13	6	0.46	2	0.2	27	13.5	$3,202	$119
Binghamton, NY	2	65	13	7	0.54	-	-	-	-	-	-
Harrisburg, PA	3	111	13	5	0.38	2	0.2	3	1.5	$1,669	$556
Rockford, IL	2	82	13	7	0.54	5	0.4	12	2.4	$2,997	$250
Santa Barbara, CA	1	86	13	11	0.85	1	0.1	1	1	$440	$440
Canton, OH	2	87	12	3	0.25	2	0.2	49	24.5	$40,257	$822
Lafayette, LA	2	50	12	8	0.67	4	0.3	16	4	$2,926	$183
Lincoln, NE	2	63	12	3[c]	0.25	4	0.3	11	2.8	$1,151	$105
Muskegon, MI	1	44	12	5	0.42	1	0.1	1	1	$99	$99
Provo, UT	2	87	12	5	0.42	1	0.1	1	1	$111	$111
Scranton, PA	3	168	12	7	0.58	3	0.3	3	1	$327	$109
Tuscaloosa, AL	1	45	12	9	0.75	1	0.1	1	1	$6	$6
Wheeling, WV-OH	3	49	12	8	0.67	1	0.1	1	1	$84	$84
Wichita Falls, TX	3	42	12	10	0.83	5	0.4	90	18	$21,394	$238
Abilene, TX	3	44	11	6	0.55	4	0.4	14	3.5	$277	$20
Champaign-Urbana, IL	3	50	11	4	0.36	-	-	-	-	-	-
College Station, TX	3	40	11	2	0.18	-	-	-	-	-	-
Colorado Springs, CO	2	117	11	24	2.18	8	0.7	19	2.4	$1,713	$90
Des Moines, IA	5	107	11	7	0.64	1	0.1	8	8	$6,825	$853
Gainesville, FL	2	45	11	5	0.45	1	0.1	3	3	$597	$199
Killeen, TX	3	62	11	7	0.64	1	0.1	1	1	$858	$858
Merced, CA	1	47	11	1	0.09	-	-	-	-	-	-
Salinas, CA	1	84	11	4	0.36	-	-	-	-	-	-
Springfield, OH	1	43	11	6	0.55	1	0.1	1	1	$5	$5
Waco, TX	1	51	11	4	0.36	1	0.1	1	1	$605	$605
Yauco, PR	3	22	11	1	0.09	-	-	-	-	-	-
Alexandria, LA	1	34	10	12	1.20	1	0.1	1	1	$4	$4
Athens, GA	4	44	10	7	0.70	1	0.1	2	2	$223	$111
Chico, CA	1	42	10	10	1.00	2	0.2	7	3.5	$34,028	$4,861
Clarksville, TN-KY	3	45	10	25	2.50	3	0.3	56	18.7	$38,545	$688
Columbia, MO	2	32	10	2	0.20	1	0.1	2	2	$242	$121
Deltona, FL	1	78	10	7	0.70	1	0.1	24	24	$2,135	$89
Gadsden, AL	1	28	10	5	0.50	1	0.1	3	3	$1	$0
Houma, LA	2	52	10	5	0.50	2	0.2	2	1	$1,409	$705
Johnson City, TN	3	40	10	1	0.10	-	-	-	-	-	-
Johnstown, PA	1	48	10	6	0.60	2	0.2	19	9.5	$8,411	$443
Lake Charles, LA	2	43	10	8	0.80	-	-	-	-	-	-
Lynchburg, VA	5	53	10	3	0.30	-	-	-	-	-	-
Manchester, NH	1	81	10	3	0.30	-	-	-	-	-	-
Muncie, IN	1	31	10	3	0.30	1	0.1	1	1	$111	$111
Odessa, TX	1	29	10	1	0.10	-	-	-	-	-	-
Pascagoula, MS	1	29	10	30	3.00	5	0.5	22	4.4	$2,882	$131
Pine Bluff, AR	3	33	10	5	0.50	-	-	-	-	-	-
Port St. Lucie, FL	2	60	10	[d]	-	1	0.1	1	1	$5,891	$5,891
Waterloo, IA	3	49	10	2	0.20	-	-	-	-	-	-
York, PA	1	82	10	2	0.20	-	-	-	-	-	-
Asheville, NC	3	65	9	7	0.78	1	0.1	1	1	$618	$618
Cape Coral, FL	1	117	9	7	0.78	-	-	-	-	-	-
Fayetteville, NC	1	51	9	52	5.78	19	2.1	67	3.5	$4,938	$74
Ithaca, NY	1	23	9	1	0.11	1	0.1	3	3	$334	$111
Lancaster, PA	1	94	9	1	0.11	1	0.1	1	1	$13	$13

Metropolitan Area[a]	Counties[b]	Census Tracts		HUBZone Businesses		HUBZone Vendors		Contracts		Contract Revenues	
		Total	QCTs	Total	Per QCT	Total	Per QCT	Total	Per Vendor	Total	Per Contract
Madison, WI	3	111	9	[d]	-	2	0.2	2	1	$127	$64
Ogden, UT	3	93	9	4[c]	0.44	14	1.6	22	1.6	$52,598	$2,391
Roanoke, VA	4	49	9	22	2.44	3	0.3	5	1.7	$2,159	$432
Salem, OR	2	63	9	1[c]	0.11	5	0.6	20	4	$1,565	$78
Springfield, IL	2	55	9	[d]	-	1	0.1	1	1	$4	$4
Vallejo, CA	1	80	9	3	0.33	1	0.1	3	3	$6,175	$2,058
Wilmington, NC	2	42	9	6	0.67	1	0.1	1	1	$78	$78
Yuma, AZ	1	33	9	5	0.56	1	0.1	33	33	$1,806	$55
Anderson, IN	1	36	8	2	0.25	1	0.1	1	1	$23	$23
Anniston, AL	1	28	8	7	0.88	2	0.3	29	14.5	$9,563	$330
Atlantic City, NJ	1	63	8	1	0.13	1	0.1	1	1	$278	$278
Battle Creek, MI	1	40	8	1	0.13	-	-	-	-	-	-
Bloomington, IL	1	41	8	1	0.13	-	-	-	-	-	-
Boulder, CO	1	68	8	11	1.38	3	0.4	7	2.3	$475	$68
Hagerstown, MD-WV	3	47	8	17	2.13	3	0.4	5	1.7	$409	$82
Lima, OH	1	34	8	1	0.13	-	-	-	-	-	-
Myrtle Beach, SC	1	43	8	[d]	-	1	0.1	2	2	$11	$6
Niles, MI	1	48	8	2	0.25	-	-	-	-	-	-
Rocky Mount, NC	2	32	8	1	0.13	-	-	-	-	-	-
Sarasota, FL	2	143	8	4	0.50	-	-	-	-	-	-
Spartanburg, SC	1	51	8	1	0.13	-	-	-	-	-	-
Sumter, SC	1	22	8	8	1.00	3	0.4	3	1	$64	$21
Terre Haute, IN	3	41	8	6	0.75	1	0.1	4	4	$492	$123
Tyler, TX	1	36	8	4	0.50	2	0.3	28	14	$17,495	$625
Yakima, WA	1	34	8	11	1.38	4	0.5	8	2	$4,992	$624
Altoona, PA	1	34	7	2	0.29	1	0.1	1	1	$13	$13
Anchorage, AK	1	68	7	62	8.86	7	1.0	11	1.6	$1,389	$126
Bangor, ME	1	49	7	4	0.57	1	0.1	27	27	$5,946	$220
Blacksburg, VA	1	15	7	30	4.29	2	0.3	4	2	$1,946	$486
Bloomington, IN	2	34	7	16	2.29	1	0.1	1	1	$328	$328
Boise City, ID	2	72	7	16	2.29	3	0.4	4	1.3	$987	$247
Eugene, OR	1	78	7	2[c]	0.29	4	0.6	16	4	$1,543	$96
Fort Collins, CO	1	56	7	6	0.86	-	-	-	-	-	-
Greeley, CO	1	37	7	1	0.14	1	0.1	1	1	$43	$43
Greenville, NC	1	22	7	6	0.86	2	0.3	36	18	$9,036	$251
Hattiesburg, MS	3	25	7	5	0.71	-	-	-	-	-	-
Jackson, MI	1	37	7	1	0.14	1	0.1	1	1	$33	$33
Las Cruces, NM	1	32	7	7	1.00	2	0.3	14	7	$1,463	$104
Racine, WI	1	39	7	6	0.86	-	-	-	-	-	-
Texarkana, TX AR	3	33	7	1	0.14	1	0.1	25	25	$5,485	$219
Topeka, KS	4	49	7	3	0.43	3	0.4	9	3	$1,061	$118
Weirton, WV-OH	3	39	7	1	0.14	1	0.1	2	2	$2,427	$1,213
Yuba City, CA	2	30	7	4	0.57	-	-	-	-	-	-
Burlington, VT	3	43	6	5	0.83	1	0.2	1	1	$8	$8
Charlottesville, VA	5	37	6	2	0.33	2	0.3	2	1	$1,581	$791
Danville, VA	2	28	6	2	0.33	-	-	-	-	-	-
Elmira, NY	1	23	6	2	0.33	-	-	-	-	-	-
Fargo, ND-MN	2	40	6	9	1.50	3	0.5	7	2.3	$3,926	$561
Florence, AL	2	31	6	3	0.50	-	-	-	-	-	-
Goldsboro, NC	1	21	6	6	1.00	6	1.0	131	21.8	$28,028	$214
Grand Junction, CO	1	28	6	3	0.50	2	0.3	5	2.5	$12,426	$2,485
Green Bay, WI	2	54	6	12	2.00	-	-	-	-	-	-
Jackson, TN	2	30	6	2	0.33	1	0.2	1	1	$19	$19
Morgantown, WV	2	29	6	5	0.83	1	0.2	3	3	$4,102	$1,367
Palm Bay, FL	1	92	6	27	4.50	9	1.5	32	3.6	$72,224	$2,257
Panama City, FL	1	29	6	9	1.50	3	0.5	18	6	$3,164	$176
Redding, CA	1	33	6	8	1.33	3	0.5	13	4.3	$5,548	$427
Rome, GA	1	20	6	1	0.17	-	-	-	-	-	-
St. Joseph, MO-KS	3	32	6	1	0.17	1	0.2	26	26	$10,026	$386
Santa Cruz, CA	1	52	6	4	0.67	1	0.2	2	2	$643	$321
State College, PA	1	29	6	2	0.33	1	0.2	1	1	$1,866	$1,866

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Bowling Green, KY	1	19	5	2	0.40	2	0.4	36	18	$7,037	$195
Cleveland, TN	1	17	5	5	1.00	-	-	-	-	-	-
Decatur, AL	2	33	5	2	0.40	1	0.2	1	1	$49	$49
Dothan, AL	2	27	5	19	3.80	2	0.4	22	11	$11,981	$545
Florence, SC	1	29	5	8	1.60	1	0.2	5	5	$204	$41
Great Falls, MT	1	23	5	10	2.00	4	0.8	13	3.3	$5,734	$441
Janesville, WI	1	36	5	1	0.20	1	0.2	1	1	$8	$8
Jonesboro, AR	1	13	5	2	0.40	-	-	-	-	-	-
Kankakee, IL	1	26	5	1	0.20	-	-	-	-	-	-
Kennewick, WA	2	37	5	18	3.60	7	1.4	10	1.4	$3,470	$347
Kingsport, TN-VA	3	51	5	1	0.20	-	-	-	-	-	-
La Crosse, WI-MN	2	30	5	1[c]	0.20	2	0.4	3	1.5	$355	$118
Medford, OR	1	36	5	2[c]	0.40	7	1.4	28	4	$1,879	$67
Midland, TX	1	27	5	2	0.40	-	-	-	-	-	-
Naples, FL	1	52	5	3	0.60	1	0.2	1	1	$17	$17
Pocatello, ID	1	22	5	8	1.60	-	-	-	-	-	-
Portland, ME	3	108	5	1	0.20	1	0.2	1	1	$23	$23
Reno-Sparks, NV	2	69	5	5	1.00	3	0.6	5	1.7	$380	$76
San Luis Obispo, CA	1	44	5	[d]	-	1	0.2	3	3	$269	$90
Sioux City, IA-NE-SD	4	37	5	1	0.20	-	-	-	-	-	-
Victoria, TX	2	23	5	6	1.20	-	-	-	-	-	-
Bellingham, WA	1	27	4	7	1.75	-	-	-	-	-	-
Brunswick, GA	2	15	4	4	1.00	-	-	-	-	-	-
Corvallis, OR	1	19	4	1[c]	0.25	2	0.5	3	1.5	$270	$90
Cumberland, MD-WV	1	24	4	3	0.75	2	0.5	33	16.5	$8,180	$248
Grand Forks, ND-MN	2	27	4	5	1.25	1	0.3	2	2	$350	$175
Logan, UT-ID	2	24	4	2	0.50	-	-	-	-	-	-
Missoula, MT	1	19	4	5	1.25	2	0.5	3	1.5	$99	$33
Norwich, CT	1	62	4	2	0.50	1	0.3	2	2	$1,360	$680
Owensboro, KY	1	23	4	4	1.00	-	-	-	-	-	-
Parkersburg, WV-OH	2	43	4	7	1.75	3	0.8	9	3	$894	$99
Bremerton, WA	1	51	3	8	2.67	2	0.7	4	2	$38	$9
Bristol, VA	2	14	3	1	0.33	1	0.3	1	1	$47	$47
Cedar Rapids, IA	3	55	3	1	0.33	-	-	-	-	-	-
Idaho Falls, ID	2	26	3	5[c]	1.67	6	2.0	31	5.2	$4,125	$133
Jefferson City, MO	4	31	3	2	0.67	-	-	-	-	-	-
Joplin, MO	2	32	3	1	0.33	-	-	-	-	-	-
Lawrence, KS	1	22	3	1	0.33	-	-	-	-	-	-
Lewiston, ID-WA	2	16	3	7	2.33	-	-	-	-	-	-
St. Cloud, MN	2	34	3	1	0.33	1	0.3	6	6	$124	$21
Santa Fe, NM	1	40	3	9	3.00	2	0.7	87	43.5	$13,308	$153
Warner Robins, GA	1	19	3	19	6.33	7	2.3	40	5.7	$13,650	$341
Billings, MT	2	32	2	5	2.50	3	1.5	4	1.3	$1,017	$254
Burlington, NC	1	23	2	1	0.50	1	0.5	5	5	$349	$70
Dover, DE	1	34	2	1	0.50	-	-	-	-	-	-
Gainesville, GA	1	22	2	1	0.50	1	0.5	1	1	$5	$5
Harrisonburg, VA	2	25	2	2	1.00	-	-	-	-	-	-
Jacksonville, NC	1	26	2	4	2.00	3	1.5	8	2.7	$4,348	$543
Ocean City, NJ	1	24	2	2	1.00	1	0.5	4	4	$862	$216
Oshkosh, WI	1	38	2	1	0.50	1	0.5	2	2	$224	$112
Rapid City, SD	2	26	2	7	3.50	4	2.0	5	1.3	$401	$80
Salisbury, MD	1	17	2	1	0.50	-	-	-	-	-	-
Santa Rosa, CA	1	86	2	1[c]	0.50	3	1.5	7	2.3	$200	$29
Williamsport, PA	1	27	2	2	1.00	1	0.5	1	1	$4	$4
Bismarck, ND	2	21	1	[d]	-	1	1.0	2	2	$421	$211
Cheyenne, WY	1	18	1	5	5.00	2	2.0	2	1	$421	$211
Dubuque, IA	1	23	1	2	2.00	1	1.0	3	3	$915	$305
Elizabethtown, KY	2	22	1	2	2.00	1	1.0	1	1	$174	$174
Fort Walton Beach, FL	1	33	1	6	6.00	3	3.0	8	2.7	$1,638	$205
Hickory, NC	4	68	1	1	1.00	1	1.0	1	1	$5	$5
Hinesville, GA	1	2	1	11	11.00	-	-	-	-	-	-

Metropolitan Area[a]	Counties[b]	Census Tracts		HUBZone Businesses		HUBZone Vendors		Contracts		Contract Revenues	
		Total	QCTs	Total	Per QCT	Total	Per QCT	Total	Per Vendor	Total	Per Contract
Holland, MI	1	35	1	1[c]	1.00	2	2.0	2	1	$133	$67
Lebanon, PA	1	29	1	[d]	-	1	1.0	1	1	$68	$68
Morristown, TN	2	21	1	[d]	-	1	1.0	1	1	$1,388	$1,388
Olympia, WA	1	34	1	2	2.00	2	2.0	3	1.5	$1,507	$502
St. George, UT	1	18	1	[d]	-	1	1.0	1	1	$69	$69
Sioux Falls, SD	4	37	1	2	2.00	-	-	-	-	-	-
All Metropolitan Areas	908	50,770	9,582	6,346	0.66	1,874	0.2	10,070	5.4	$3,817,377	$91,806

a Names of most metropolitan areas have been truncated to include only the first city, although all states are shown.

b Excludes qualified counties, counties that are entirely within Indian country, and counties that are entirely DDAs.

c Number of HUBZone businesses reported in the HUBZone applications data is less than the number of HUBZone vendors reported in the FPDS data.

d The HUBZone applications data report no HUBZone businesses in these MSAs, but FPDS data report HUBZone vendors.

Table 3.b
DISTRIBUTIONS OF QCTs, HUBZONE BUSINESSES, AND HUBZONE VENDORS AMONG METROPOLITAN AREAS

Basis for Distribution		QCTs			HUBZone Businesses			HUBZone Vendors
		All MSAs With Businesses	MSAs With No Vendors	MSAs With Only Vendors	All MSAs	MSAs Without Vendors	MSAs With Vendors	
Quartiles	1st Quartile	6	5	7	2	1	3	1
	Median	10	8	12	6	3	8	3
	3rd Quartile	25	11	34	20	6	26	7
Deciles	1st Decile	3	3	3	1	1	1	1
	2nd Decile	5	4	6	2	1	3	1
	3rd Decile	7	5	7	3	2	5	1
	4th Decile	9	6	10	5	2	6	2
	Median	10	8	12	6	3	8	3
	6th Decile	14	10	17	8	4	14	4
	7th Decile	20	11	27	16	5	23	7
	8th Decile	33	15	38	26	6	33	9
	9th Decile	67	20	93	55	7	75	22
	Largest	923	41	923	448	26	448	225

Table 3.a shows 306 metropolitan areas with HUBZone businesses.[32] Of these MSAs, 236 (77.1 percent) actually have HUBZone vendors. Including MSAs with QCTs but no HUBZone businesses (and excluding those analyzed elsewhere, just over two-thirds (69.2 percent) of MSAs have HUBZone vendors.

As Table 3.b indicates, the distributions of numbers of QCTs, HUBZone businesses, and HUBZone vendors are all skewed. The median numbers are 10 QCTs, six HUBZone businesses,

[32] For ten of these MSAs, the HUBZone applications data do not report any HUBZone businesses. Since the FPDS data report HUBZone vendors in these MSAs, one must presume that there are HUBZone businesses there. The analysis of HUBZone businesses was done using the applications data. It is doubtful that the accuracy would be improved by adding a large number of HUBZone vendors but no more HUBZone businesses that are not vendors.

and three HUBZone vendors—all very modest numbers. All of the numbers rise steadily above the median, but they do not really accelerate until above the third quartile. In all three distributions, a small number of MSAs have very large numbers.

Table 3.c
RELATIONSHIP BETWEEN QCTs AND HUBZONE BUSINESSES

HUBZone Activity	Number of Qualified Census Tracts in a Metropolitan Area				
	1–10	11–25	26–50	51–100	Over 100
HUBZone Businesses per QCT	1.00	0.63	0.77	0.84	0.54
HUBZone Vendors per QCT	0.41	0.23	0.22	0.25	0.17
No HUBZone Businesses	32	3	-	-	-
No HUBZone Vendors	79	22	4	-	-

Size of MSAs. A perusal of Table 3.a makes it clear that the size of a metropolitan area—indicated by the number of QCTs—is a substantial influence on both the number of HUBZone businesses and the number of HUBZone vendors. Table 3.c shows this relationship by taking both HUBZone businesses and HUBZone vendors per QCT. Both show the same general pattern. A few QCTs have relatively high ratios of both (but falling through single digits).[33] The ratios stabilize and rise slightly over a range of about 11 to 100 QCTs, reflecting a fairly constant relationship of HUBZone businesses and vendors to QCTs. Where there are over 100 QCTs, both ratios fall by about one-third. More QCTs result in more HUBZone businesses and vendors, but not at as great a rate.

Table 3.c also shows the relationship between the number of QCTs and the absence of HUBZone businesses. Almost all MSAs that have no HUBZone businesses, and most MSAs that have no HUBZone vendors are small; they have 10 or fewer QCTs.

The effects of small numbers of QCTs on success in establishing the HUBZone program are examined in greater detail in Table 3.d. In the range of one to five QCTs:

- There are roughly as many metropolitan areas with and without vendors,
- The mean number of vendors fluctuates around two,
- The largest number of vendors in any metropolitan area is seven, and
- Most of the metropolitan areas with more vendors than QCTs are located conveniently close to large military bases or other significant federal facilities.

In the range of six to 15 QCTs:

- Metropolitan areas with vendors outnumber those without vendors by a margin of about three to two,
- The mean number of vendors rises above two,
- Metropolitan areas with numbers of vendors in the teens begin to appear, and
- The metropolitan areas with more vendors than QCTs are located conveniently close to major military facilities.

In the range of 16 to 30 QCTs:

- The number of metropolitan areas without vendors drops sharply,

[33] To some extent this is caused by the omission of QCTs that have no HUBZone businesses or HUBZone vendors. For one-QCT metropolitan areas, this ratio must be at least 1.00.

- The mean number of vendors rises to six,
- Metropolitan areas with dozens of vendors begin to appear, and
- The metropolitan area with more vendors than QCTs is located conveniently close to military and NASA facilities.

Almost all metropolitan areas with over 30 QCTs have HUBZone vendors, and the metropolitan area with more vendors than QCTs is convenient to numerous federal markets.

Table 3.d
RELATIONSHIP BETWEEN QCTs AND EXISTENCE OF VENDORS IN METROPOLITAN CORE AREAS WITH 30 OR FEWER QCTs

Number of QCTs[a]	Metropolitan Areas[a]			Number of Vendors in MSAs That Have Vendors	
	Without Vendors	With Vendors	Percent With Vendors	Mean	Most
1	9	11	55.0	1.5	3[b]
2	9	9	50.0	2.0	4[c]
3	6	6	50.0	3.2	7[e]
4	10	6	37.5	1.8	3
5	14	13	48.1	2.5	7[e]
6–7	13	27	67.5	2.4	9[f]
8 –10	18	34	65.4	2.7	19[g]
11–15	12	27	69.2	2.5	8
16–20	6	19	76.0	4.9	25[h]
21–30	7	20	74.1	6.0	18
Over 30	1	64	98.5	21.0	225[i]

[a] The count of MSAs and QCTs excludes all MSAs that consist entirely of qualified counties, DDAs, or Oklahoma Tribal Statistical Areas, as well as MSAs that have no QCTs.

[b] Four metropolitan areas have more than one vendor: Cheyenne, WY (2), Holland, MI (2), Olympia, WA (2), and Fort Walton Beach, FL (3).

[c] Four metropolitan areas have more than two vendors: Billings, MT (3), Jacksonville, NC (3), Santa Rosa, CA (3), and Rapid City, SD (4).

[d] Two metropolitan areas have more than three vendors: Idaho Falls, ID (6) and Warner Robins, GA (7).

[e] Two metropolitan areas have more than five vendors: Kennewick, WA (7) and Medford, OR (7).

[f] One metropolitan area has more than seven vendors: Palm Bay, FL (9).

[g] Two metropolitan areas have more than ten vendors: Ogden, UT (14) and Fayetteville, NC (19).

[h] One metropolitan area has more than 20 vendors: Huntsville, AL (25).

[i] One metropolitan area has more vendors than QCTs: Washington, DC-VA-MD-WV (146 QCTs; 225 vendors).

To sum up:

- For the nearly 30 percent of metropolitan areas with no more than 5 QCTs, there is about a 50 percent chance of having vendors.
- For the two-thirds of metropolitan areas with no more than 15 QCTs, there is about a 60 percent chance of having vendors.
- Only in metropolitan areas with more than 15 QCTs does the HUBZone program take root with real consistency.
- Proximity to federal agencies (principally military bases) accounts for the largest numbers of vendors among metropolitan areas with relatively few QCTs.

Table 3.e shows the distribution of the number of vendors among metropolitan areas with ten or fewer vendors and the relationship of this distribution to the numbers of QCTs. Very few of them lie above the diagonal (more vendors than QCTs). Over 40 percent of them have at least five fewer vendors than QCTs. Eleven MSAs with fewer than 20 QCTs have over five vendors. One MSA with more than 50 QCTs has fewer than five vendors; all others in this size range have between five and eight vendors.

Table 3.e
QCTs AND VENDORS

Number of QCTs	Number of Vendors in Metropolitan Core Area									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	6	3	1	1	-	-	-	-	-	-
2	6	-	3	1	-	-	-	-	-	-
3	3	2	-	-	-	1	1	-	-	-
4	2	2	1	-	-	-	-	-	-	-
5	6	4	1	1	-	-	2	-	-	-
6	6	3	4	-	-	1	-	-	1	-
7	8	2	1	1	-	-	1	-	-	-
8	4	2	3	1	-	-	-	-	-	-
9	9	1	2	-	2	-	-	-	-	-
10	6	3	-	-	-	-	-	-	-	-
11	5	-	-	1	-	-	-	1	-	-
12	4	1	1	2	1	-	-	-	-	-
13	1	3	-	-	1	-	-	-	-	-
14	-	2	1	-	-	-	1	-	-	-
15	1	-	-	-	-	-	-	-	-	-
16-20	4	6	1	4	1	-	-	-	1	1
21-30	3	3	3	-	1	1	1	1	2	1
31-50	1	2	3	2	2	-	3	1	4	2
Over 50	-	-	1	-	1	2	3	3	-	-
TOTAL	75	39	26	14	9	5	12	6	8	4

Relationship Between Vendors and Businesses. Table 3.f shows the relationship between the numbers of HUBZone Vendors and the numbers of HUBZone Businesses. Overall, about 30 percent of certified HUBZone Businesses are vendors. The relationship varies in different ranges:

- Up to 10 HUBZone businesses, the number of vendors rises steadily.
- Between 10 and 30, the number of vendors fluctuates, rising only slightly, and only four MSAs have more than ten vendors—none more than 15.
- Over 40 HUBZone businesses the number of vendors rises more sharply, and only 11 MSAs have fewer than 20 vendors—none fewer than five.

Table 3.f
RELATIONSHIP BETWEEN HUBZONE BUSINESSES AND VENDORS

Number of HUBZone Businesses	Number of HUBZone Vendors																	
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**Numbers Over 15**	**Mean**
0	35																	0.0
1	18	24	1															0.6
2	13	11	7															0.8
3	7	7	4	2														1.1
4	7	3	2	2	2													1.3
5	6	9	5	2	1	1												1.4
6	6	3	5	2	1		2											1.8
7	6	5	3	2	2	2		1										2.0
8	3	2	2	4	1													1.8
9		1	2	1	2													2.3
10			2	1	1	1												3.2
11	1	2		1	2			1										2.9
12	1	1	2															1.3
13		1		1														2.0
14					1										1			9.0
15		1																1.0
16		1		4									1					4.2
17	1		1	1							1							3.8
18					1			1			1							7.0
19			1					2										5.3
20		1				2												3.7
21–25		1	2	2	1		1	2	2	2						1		6.0
26–30	1		2			2		1	1	3	2			1				7.3
35–40							1	1	1	1		1	1					9.2
41–50						1			1								18, 22	13.2
51–60										1			1		2		19	13.6
61–75								1							1		21, 23, 25, 30	20.0
76–100																	23, 25, 25, 30	25.8
101–125																	17, 22, 24, 30, 34, 39, 40, 44, 44	28.3
126–150																	23, 25, 40, 47, 61	39.2
182																	62	
233																	68	
448																	225	

Markets. The proximity to military facilities of MSAs with large numbers of HUBZone vendors was repeatedly noted. Table 3.g shows the eleven metropolitan areas that had both HUBZone-business-to-QCT ratios of over 2.5 and HUBZone-to-vendor ratios of at least 1.5. There is an obvious reason for these concentrations: Major federal government—particularly Department of Defense—markets.

Table 3.g
MSAs WITH HIGH CONCENTRATIONS OF HUBZONE BUSINESSES

Metropolitan Areaa	QCTs	HUBZone Businesses		HUBZone Vendors		Principal Federal Government Facilities in the Immediate Vicinity
		Total	Per QCT	Total	Per QCT	
Washington, DC-VA-MD-WV	134	448	3.34	225	1.68	Seat of the Federal Government
Virginia Beach, VA-NC	54	137	2.54	61	1.13	Norfolk Navy Base; Little Creek NAS; Fort Story, FTC Dam Neck
Huntsville, AL	16	79	4.94	25	1.56	Marshall Space Flight Center; US Army Aviation & Missile Command
Fayetteville, NC	9	52	5.78	19	2.11	Fort Bragg; Pope AFB
Palm Bay, FL	6	27	4.50	9	1.50	J.F. Kennedy Space Center
Kennewick, WA	5	18	3.60	7	1.40	US Dept of Energy Hanford Site; Pacific Northwest National Lab
Warner Robins, GA	3	19	6.33	7	2.33	Warner Robins AFB
Rapid City, SD	2	7	3.50	4	2.00	Ellsworth AFB; Camp Rapid
Billings, MT	2	5	2.50	3	1.50	US Dept. of the Interior– BIA, BLM, NPS
Fort Walton Beach, FL	1	6	6.00	3	3.00	Aurlburt Field AFB; Elgin AFB
Cheyenne, WY	1	5	5.00	2	2.00	F.E. Warren AFB

Observations. Metropolitan areas vary from single counties to aggregations of two dozen counties. The number of QCTs in a metropolitan area varies correspondingly, as does the number of HUBZone businesses and vendors.

HUBZone activity is concentrated among large core metropolitan areas. Two percent of these MSAs contain about 25 percent of both HUBZone businesses and HUBZone vendors in all core metropolitan areas. Ten percent of the MSAs contain over 60 percent of these HUBZone businesses and a majority of HUBZone vendors. The majority of MSAs are quite small and have no more than a handful of HUBZone businesses.

With respect to HUBZone businesses:

- Over half of all MSAs have five or fewer businesses,
- About one-third have no more than two, and
- Fifteen percent have none.

With respect to HUBZone vendors:

- Over three-quarters of all MSAs have five or fewer vendors,
- Just under two-thirds have no more than two, and
- Forty-five percent have none.

The number of HUBZone businesses is roughly related to the size of a metropolitan area. This relationship appears to be weakest at the ends of the size spectrum.

- At the small end of the size spectrum, the data suggest a threshold of several QCTs before more than a handful of HUBZone businesses and vendors will take root.
- At the large end of the size spectrum, the average numbers of HUBZone businesses and vendors tend to trail off relative to the size of the metropolitan area.
- The number of HUBZone vendors in an MSA is strongly and positively related to the number of HUBZone businesses.

Regional Variation. Table 3.h shows data on metropolitan HUBZone businesses and vendors on a regional basis. As there are substantial differences among regions, the data are normalized with a ratio of HUBZone businesses to QCTs.

The Rocky Mountain Region, the Pacific Northwest Region, and the Mid-Atlantic Region have been most successful in establishing the HUBZone program. The first two are the smallest in terms of MSAs and QCTs. These three regions:

- Have the highest ratios of HUBZone businesses per QCT (over 1.0),
- Have the highest ratios of HUBZone vendors per QCT (over 0.4),
- Have the fewest MSAs with no HUBZone businesses, and
- Are among the top five for the highest percent of MSAs with HUBZone businesses that also have HUBZone vendors.

Table 3.h
METROPOLITAN QCTs, HUBZONE BUSINESSES, AND HUBZONE VENDORS BY FEDERAL REGION

	MSAs with No HUBZone Businesses		MSAs with HUBZone Businesses					MSAs with HUBZone Vendors				
				QCTs		Businesses			QCTs		Vendors	
Federal Region	Metro Areas	QCTs	Metro Areas	Total	Per MSA	Total	Per QCT	Metro Areas	Total	Per MSA	Total	Per QCT
Region I: New England	3	10	12	436	36.3	180	0.41	10	403	40.3	57	0.14
Region II: Northeast	3	9	16	1,325	82.8	438	0.33	13	1,295	99.6	116	0.09
Region III: Mid Atlantic	-	-	35	1,011	28.9	1,143	1.13	28	963	34.4	426	0.44
Region IV: Southeast	2	22	78	1,422	18.2	1,314	0.92	62	1,280	20.6	328	0.26
Region V: Great Lakes	17	69	46	1,967	43.0	729	0.37	33	1,813	54.9	166	0.09
Region VI: South Central	5	33	36	1,195	33.2	1,049	0.88	25	1,037	41.5	257	0.25
Region VII: Midwest	2	10	18	382	21.2	173	0.45	13	358	27.5	68	0.19
Region VIII: Rocky Mountain	1	1	21	196	9.3	229	1.17	18	184	10.2	102	0.55
Region IX: Southwest	2	5	27	1,459	54.0	817	0.56	22	1,384	62.9	267	0.19
Region X: Pacific Northwest	-	-	17	180	10.6	274	1.52	14	168	12.0	87	0.52
Mean: All Regions	3.5	16	31	957	31.3	635	0.66	24	888	37.3	187	0.21

The Northeast Region and the Great Lakes Region have been least successful in establishing the HUBZone program with the New England Region only slightly better. These

three regions have the lowest ratios of HUBZone businesses per QCT (under 0.5) and the lowest ratios of HUBZone vendors per QCT (under 0.15). In the Great Lakes Region, 17 MSAs (27.0 percent) have no HUBZone businesses.

3.A.3. HUBZone Contracts and Revenues

Distribution by Core Metropolitan Area. Table 3.a also summarizes data on HUBZone contracts for the 236 metropolitan core areas that have HUBZone vendors. The metropolitan core areas shown in Table 3.a make up the largest part of the HUBZone program. They account for about 60 percent of all active HUBZone vendors, HUBZone contracts, and HUBZone contract dollars. Distribution of dollars, vendors and contracts, however, is highly skewed, with fewer than a dozen metropolitan areas having over one-third of the core metropolitan part of the program by several measures:

- Nine metropolitan areas[34] have received over $100 million in HUBZone contracts, and these nine areas account for 38.3 percent of all HUBZone contract dollars flowing to metropolitan core areas.
- Nine metropolitan areas[35] each have 40 or more HUBZone vendors, and these nine areas account for 33.6 percent of all HUBZone vendors in metropolitan core areas.
- Eleven metropolitan areas[36] each have received more than 200 HUBZone contracts, and these 11 account for 47.1 percent of all contracts with vendors in metropolitan core areas.

Table 3.i summarizes the information in Table 3.a by eight revenue size classes. One would expect mean contract revenues per metropolitan statistical area to vary with the size class. It is less obvious that total contract revenues are positively associated with the number of QCTs, the number of vendors, and the number of contracts. The number of vendors per contract could also be expected to have a positive effect on contract dollars, and this effect is also evident. There are less obvious relationships that suggest a positive effect of increasing scale.

In metropolitan areas with less than $5 million in HUBZone contract revenues, there is roughly one vendor for every six QCTs. Above $5 million that ratio rises to one vendor for every four QCTs. For the smallest HUBZone revenue class, there is about one contract for every six QCTs. This ratio rises steadily as the number of QCTs and contract dollars increases. Parity (one contract per QCT) is reached somewhere in the vicinity of $5 million in contract revenues and 40 or 50 QCTs. In the largest MSAs, the ratio is over 1.5.

[34] Washington, DC-VA-MD-WV, San Diego, CA, New York, NY-NJ-PA, San Antonio, TX, Miami, FL, Houston, TX, Oklahoma City, OK, Virginia Beach, VA-NC, and Cleveland, OH.

[35] Washington, DC-VA-MD-WV, Los Angeles, CA, New York, NY-NJ-PA, Virginia Beach, VA-NC, San Diego, CA, San Antonio, TX, Philadelphia, PA-NJ-DE-MD, Atlanta, GA, and Dallas-Fort Worth, TX.

[36] Washington, DC-VA-MD-WV, Miami, FL, Virginia Beach, VA-NC, San Francisco, CA, San Antonio, TX, San Diego, CA, Los Angeles, CA, New York, NY-NJ-PA, Philadelphia, PA-NJ-DE-MD, Baltimore, MD, and Detroit, MI.

Table 3.i VENDORS AND CONTRACTS, BY REVENUE SIZE CLASS							
				Mean Contracts		Contract Revenues	
Size Class in HUBZone Contract Revenues	Number of MSAs	Mean QCTs	Mean Vendors	Per MSA	Per Vendor	Per MSA ($1,000s)	Per Contract ($1,000s)
Over $100 million	9	223	59	408	6.9	$162,779	$399
$50 million–$100 million	15	142	26	158	6.0	$71,682	$453
$10 million–$50 million	33	54	12	63	5.4	$26,420	$417
$5 million–$10 million	34	29	5	24	4.8	$7,319	$311
$1 million–$5 million	55	18	4	15	3.4	$2,412	$156
$500,000–$1 million	15	13	2	6	3.0	$767	$139
$100,000–$500,000	39	13	2	4	2.2	$283	$67
Under $100,000	36	9.3	1.3	1.5	1.2	$34	$23

Population. Table 3.j presents results by MSA population size class[37] (in a manner similar to Table 3.i). Many of the measures of HUBZone activity vary roughly with population size, as one would expect, but some do not and the points of discontinuity differ among variables.

The relationship between QCTs and population is fairly stable across MSA size, with just under one QCT per every 2,000 in population (going no lower than 0.75 per 2,000).

The percent of the population in QCTs is:
- Stable at about 14 percent across size classes from 100,000 to 2.5 million,
- Slightly higher for populations under 100,000, and
- Substantially higher for populations over 2.5 million.

The mean number of HUBZone vendors per metropolitan area varies greatly with population. The mean number of vendors:
- Is highest for metropolitan areas with populations over 2.5 million,
- Falls by two-thirds in the 1 million to 2.5 million size class,
- Falls again by half in the 500,000 to 1 million size class, and then
- Continues to decline with population size.

The mean size HUBZone contract revenues follow a pattern quite similar to mean HUBZone vendors. Mean HUBZone contracts per vendor are:
- Highest for metropolitan areas with populations over 5 million,
- Decline from that level to a low point in the 500,000 to 1 million size class, and then
- Rise again for smaller metropolitan areas, giving the distribution a U shape between population sizes over 100,000.

[37] In subsequent analysis of impacts, the population used for per capita computations is the HUBZone population.

Table 3.j VENDORS AND CONTRACTS, BY MSA POPULATION SIZE CLASS									
MSA Population Size Class	Number of MSAs	Mean QCTs	Population		Mean Vendors	Mean Contracts		Contract Revenues ($1,000s)	
			Mean in 1,000s	Percent in QCTs		Per MSA	Per Vendor	Mean	Per Contract
Over 5 million	6	457	9,274	19.4	44	321	7.3	$87,281	$272
2.5 million to 5 million	13	136	3,631	13.9	43	237	5.6	$92,875	$392
1 million to 2.5 million	29	74	1,584	14.0	14	75	5.2	$33,887	$453
500,000 to 1 million	32	28	694	14.5	7	25	3.7	$9,607	$384
250,000 to 500,000	56	14	363	13.1	4	16	4.1	$7,564	$475
100,000 to 250,000	88	7	162	14.2	2	13	5.9	$3,941	$314
Under 100,000	15	4	86	15.3	2	8	4.4	$2,076	$262

Mean HUBZone contract size:

- Is fairly stable at around or above $400,000 across size classes from 250,000 to 5 million, and
- Is lower—around or under $300,000 for metropolitan areas with over 5 million *and* under 250,000.

It is clear that the metropolitan areas in the largest two size classes dominate the metropolitan HUBZone program and probably the HUBZone program as a whole.

3.B. Impacts

Impacts are defined as a change from a baseline that results from the program or cause being examined—in this case the expenditure of funds through HUBZone contracts, which becomes revenue to the contractor. The effects of interest are changes in income and the unemployment rate, since this is how the areas qualified as HUBZones in the first place.

Adjustments to Revenue Data. The HUBZone contract revenue totals in Table 3.a need to be standardized for comparison and for assessment of impacts. This involves the following steps for each MSA:[38]

- **Per Capita Revenues.** Revenues were divided by total QCT population.
- **Annualization.** Revenues were divided by the number of years in the revenue stream.
- ***De Minimus* Screening.** Revenues were screened to identify MSAs with revenues so small that no significant impacts would result.[39]
- **Short Revenue Streams.** If an MSA received HUBZone revenues only for a year or two (particularly if this was not recent) there are serious questions about the sustainability of the HUBZone impacts. Thus all MSAs with one-year revenue streams prior to FY2006 were dropped.

[38] A more extensive discussion of methodology is found in Appendix D.

[39] The screen used was total HUBZone revenue per capita of $50. MSAs with less were dropped from further analysis.

Impacts Per Capita. Table 3.k presents the data that were used for these adjustments and the values of revenue per capita that resulted. Table 3.k includes only the 112 MSAs that passed both screens (47.7 percent of all MSAs with vendors). Per capita revenues are presented in two forms:

- The ratio of total HUBZone contract revenues over the life of the program to HUBZone population; and
- The ratio of average annual HUBZone contract revenues to HUBZone population, where revenues are averaged over the number of the first contract to the last.

The first of these ratios (which tends to overstate direct impacts) was used in the screening test; the second is the better measure of direct impacts.

Table 3.k includes all but one of the metropolitan areas with total HUBZone revenues over $100 million, but many of them are far down the ranking of per capita income. Conversely, some metropolitan areas at the top of the per capita rankings have small populations; four of the top eight metropolitan areas have QCT populations of under 10,000, and two of these are under 3,000. These outcomes illustrate the point that it takes more resources for larger populations in order to make the same change in the level of economic well being.

Many of the metropolitan areas have had active HUBZone vendors for almost the whole life of the program. About one third have been receiving contracts for seven or eight years, and the median of all metropolitan areas is five years. These revenue streams tend to be stable or growing.[40] About one-eighth of metropolitan areas, however, received HUBZone revenues in only one year.[41] Over 20 percent got HUBZone revenues for only two or three years. These short revenue streams tend to be associated with low revenues (both total and per capita), but this is not always the case. Some metropolitan areas seem to be doing quite well after a late start.[42]

[40] An excellent example of a revenue stream with these characteristics is Boston, MA-NH:

2000	2001	2002	2003	2004	2005	2006	2007
$44,000	$78,500	$881,748	$1,361,824	$2,815,991	$1,471,418	$5,810,455	$7,713,252

[41] Only one of these, which has HUBZone revenues in FY2007, passed the screen.

[42] Utica, NY provides an example of this kind of distribution over time:

2005	2006	2007
$25,000	$771,905	$2,440,154

Table 3.k
TOTAL AND PER CAPITA HUBZONE REVENUES FOR SELECTED MSAs

Metropolitan Area	Total QCT Population	Total HUBZone Revenue	Per Capita Revenue		Span of Years
			Total	Average	
Clarksville, TN-KY	9,883	$38,544,849	$3,900.12	$780.02	2003-2007
Palm Bay, FL	19,868	$72,223,916	$3,635.19	$454.40	2000-2007
Fairbanks, AK	1,766	$5,298,181	$3,000.10	$428.59	2001-2007
Ogden, UT	28,787	$52,597,573	$1,827.13	$365.43	2003-2007
Goldsboro, NC	17,291	$28,027,795	$1,620.95	$231.56	2001-2007
Montgomery, AL	68,073	$75,672,629	$1,111.64	$158.81	2001-2007
Canton, OH	36,843	$40,257,032	$1,092.66	$136.58	2000-2007
Warner Robins, GA	12,819	$13,650,375	$1,064.85	$152.12	2001-2007
Jacksonville, NC	4,413	$4,347,870	$985.24	$328.41	2005-2007
Dothan, AL	12,222	$11,980,613	$980.25	$326.75	2005-2007
Weirton, WV-OH	2,688	$2,426,612	$902.76	$300.92	2004-2007
Grand Junction, CO	15,301	$12,426,330	$812.13	$162.43	2003-2007
Huntsville, AL	38,950	$30,289,808	$777.66	$111.09	2001-2007
Wichita Falls, TX	27,970	$21,393,891	$764.89	$95.61	2000-2007
Chico, CA	44,532	$34,028,248	$764.13	$254.71	2005-2007
Lexington, KY	48,316	$36,769,200	$761.01	$253.67	2005-2007
St. Joseph, MO-KS	13,618	$10,025,879	$736.22	$92.03	2000-2007
Virginia Beach, VA-NC	163,849	$116,215,810	$709.29	$88.66	2000-2007
Cumberland, MD-WV	13,699	$9,503,635	$693.75	$99.11	2001-2007
Oklahoma City, OK	173,372	$111,466,339	$642.93	$91.85	2001-2007
Johnstown, PA	13,138	$8,411,017	$640.21	$320.10	2006-2007
Orlando, FL	95,713	$61,061,900	$637.97	$91.14	2001-2007
Tyler, TX	27,501	$17,495,307	$636.17	$79.52	2000-2007
Great Falls, MT	9,253	$5,733,510	$619.64	$88.52	2001-2007
Bangor, ME	19,532	$11,892,248	$608.86	$101.48	2002-2007
Washington, DC-VA-MD-WV	482,854	$293,054,764	$606.92	$75.87	2000-2007
Fort Walton Beach, FL	2,874	$1,637,753	$569.85	$569.85	2001-2007
Salt Lake City, UT	75,029	$41,107,342	$547.89	$91.31	2001-2006
Port St. Lucie, FL	11,638	$5,890,780	$506.17	$63.27	2000-2007
Olympia, WA	2,993	$1,506,820	$503.45	$100.69	2003-2007
San Diego, CA	413,029	$198,465,049	$480.51	$160.17	2005-2007
San Antonio, TX	359,032	$166,030,937	$462.44	$77.07	2002-2007
Anniston, AL	21,590	$9,563,361	$442.95	$63.28	2001-2007
Charleston, SC	85,887	$37,546,297	$437.16	$62.45	2001-2007
Bowling Green, KY	16,601	$7,036,593	$423.87	$70.64	2001-2006
Albuquerque, NM	111,868	$46,797,163	$418.32	$59.76	2001-2007
Idaho Falls, ID	11,106	$4,125,216	$371.44	$53.06	2001-2007
Texarkana, TX AR	14,986	$5,484,816	$366.00	$122.00	2005-2007
Duluth, MN-WI	27,794	$9,878,500	$355.42	$44.43	2000-2007
Louisville, KY-IN	124,509	$43,158,127	$346.63	$49.52	2001-2007
Dubuque, IA	2,848	$915,310	$321.39	$107.13	2005-2007
Columbus, OH	176,755	$53,776,423	$304.24	$50.71	2002-2007
Cleveland, OH	350,349	$101,647,773	$290.13	$41.45	2001-2007
Greenville, NC	32,001	$9,035,572	$282.35	$40.34	2001-2007
South Bend, IN-MI	24,855	$6,877,387	$276.70	$92.23	2005-2007
Pocatello, ID	12,654	$3,443,072	$272.09	$90.70	2001-2003
Pueblo, CO	36,200	$9,730,702	$268.80	$89.60	2005-2007
New Orleans, LA	288,778	$77,199,874	$267.33	$33.42	2000-2007
Vallejo, CA	24,420	$6,175,000	$252.87		2007
Buffalo, NY	177,926	$43,081,645	$242.13	$30.27	2000-2007
Baltimore, MD	394,577	$94,874,692	$240.45	$34.35	2001-2007
Denver, CO	272,221	$64,414,457	$236.63	$29.58	2000-2007
Jacksonville, FL	84,270	$19,920,505	$236.39	$39.40	2002-2007
Little Rock, AR	73,092	$17,271,126	$236.29	$33.76	2001-2007

Metropolitan Area	Total QCT Population	Total HUBZone Revenue	Per Capita Revenue		Span of Years
			Total	Average	
Redding, CA	25,753	$5,548,235	$215.44	$35.91	2002-2007
Columbus, GA-AL	38,205	$8,138,493	$213.02	$42.60	2003-2007
Fresno, CA	193,835	$37,867,453	$195.36	$24.42	2000-2007
Fayetteville, NC	25,479	$4,938,099	$193.81	$38.76	2002-2007
Panama City, FL	17,023	$3,163,560	$185.84	$26.55	2001-2007
Miami, FL	868,838	$157,535,056	$181.32	$22.66	2000-2007
Houston, TX	835,915	$151,388,146	$181.10	$30.18	2002-2007
Knoxville, TN	80,405	$14,217,682	$176.83	$25.26	2001-2007
Wichita, KS	49,065	$8,482,135	$172.88	$21.61	2000-2007
Gulfport, MS	39,992	$6,873,648	$171.88	$28.65	2002-2007
Morgantown, WV	25,665	$4,101,701	$159.82	$39.95	2004-2007
Fargo, ND-MN	25,347	$3,925,839	$154.88	$25.81	2001-2006
Yakima, WA	47,133	$7,164,627	$152.01	$21.72	2001-2007
Las Vegas, NV	166,587	$24,900,095	$149.47	$18.68	2000-2007
Davenport, IA-IL	15,200	$2,228,631	$146.62	$48.87	2005-2007
Grand Rapids, MI	57,094	$8,306,727	$145.49	$29.10	2003-2007
Lewiston, ID-WA	4,478	$646,480	$144.37	$72.18	2006-2007
Ocean City, NJ	5,994	$862,136	$143.83	$47.94	2004-2006
Billings, MT	7,216	$1,017,085	$140.95	$28.19	2001-2005
Boston, MA-NH	574,130	$79,119,179	$137.81	$17.23	2000-2007
Corpus Christi, TX	68,773	$9,329,144	$135.65	$19.38	2001-2007
Boise City, ID	7,372	$986,959	$133.88	$44.63	2005-2007
Riverside, CA	566,291	$75,799,348	$133.85	$16.73	2000-2007
Kalamazoo, MI	48,752	$6,358,651	$130.43	$26.09	2003-2007
Harrisburg, PA	13,311	$1,669,134	$125.40	$31.35	2003-2006
Medford, OR	14,996	$1,878,837	$125.29	$25.06	2002-2006
Kansas City, MO-KS	218,470	$25,987,058	$118.95	$14.87	2000-2007
Elizabethtown, KY	1,521	$174,000	$114.40	$16.34	2001-2007
Parkersburg, WV-OH	8,558	$964,756	$112.73	$28.18	2004-2007
Cheyenne, WY	3,810	$421,365	$110.59	$22.12	2003-2007
Kennewick, WA	32,150	$3,469,635	$107.92	$35.97	2005-2007
Charlottesville, VA	14,728	$1,581,470	$107.38	$21.48	2003-2007
Pascagoula, MS	27,684	$2,881,832	$104.10	$17.35	2002-2007
Omaha, NE-IA	77,196	$7,905,357	$102.41	$17.07	2002-2007
Atlanta, GA	402,300	$40,376,079	$100.36	$12.55	2000-2007
Phoenix, AZ	536,080	$51,353,958	$95.80	$11.97	2000-2007
Detroit, MI	866,095	$82,034,018	$94.72	$11.84	2000-2007
Shreveport, LA	75,461	$7,043,594	$93.34	$13.33	2001-2007
Amarillo, TX	34,386	$3,201,809	$93.11	$15.52	2000-2005
Seattle, WA	203,155	$18,099,315	$89.09	$29.70	2005-2007
Norwich, CT	15,442	$1,359,983	$88.07	$44.04	2001-2002
Poughkeepsie, NY	42,974	$3,741,724	$87.07	$14.51	2002-2007
Lafayette, LA	34,337	$2,925,573	$85.20	$12.17	2001-2007
Mobile, AL	106,142	$9,012,641	$84.91	$14.15	2002-2007
Roanoke, VA	26,718	$2,159,017	$80.81	$20.20	2003-2006
Pensacola, FL	49,029	$3,939,526	$80.35	$13.39	2002-2007
Rockford, IL	37,885	$2,996,663	$79.10	$15.82	2003-2007
Utica-Rome, NY	42,038	$3,237,059	$77.00	$25.67	2005-2007
Philadelphia, PA-NJ-DE-MD	1,011,034	$67,851,429	$67.11	$9.59	2001-2007
State College, PA	28,966	$1,866,000	$64.42	$32.21	2006-2007
Visalia, CA	79,272	$5,021,114	$63.34	$7.92	2000-2007
Dayton, OH	130,950	$8,266,625	$63.13	$12.63	2003-2007
New York, NY-NJ-PA	3,037,624	$182,652,340	$60.13	$7.52	2000-2007
Eugene, OR	27,895	$1,543,374	$55.33	$7.90	2001-2007
Deltona, FL	38,765	$2,135,275	$55.08	$11.02	2001-2005
Yuma, AZ	33,365	$1,805,859	$54.12	$27.06	2006-2007
Pittsburgh, PA	189,654	$9,989,570	$52.67	$8.78	2002-2007
Youngstown, OH-PA	53,703	$2,782,209	$51.81	$7.40	2001-2007

Table 3.l
INCOME AND EMPLOYMENT IMPACTS ON METROPOLITAN AREAS

Metropolitan Area	Income Impacts			Labor Force	Employment Impacts			
	Direct Output (1,000s)	Total[a] Output (1,000s)	Earnings[b]		New Jobs[c]	Unemployment Rate (percent)		
						Baseline	With Impact	Impact
Lexington, KY	$12,256	$12,417	15.94%	1336	130.3	10.78	1.02	9.76
St. Joseph, MO-KS	$1,253	$1,262	9.18%	187	12.2	16.58	10.07	6.50
Johnstown, PA	$4,206	$4,302	9.09%	284	41.9	29.93	15.16	14.77
Vallejo, CA	$6,175	$6,278	6.61%	1113	61.4	10.96	5.44	5.52
Jacksonville, NC	$1,449	$1,476	5.89%	405	16.8	19.26	15.12	4.14
Clarksville, TN-KY	$7,709	$8,193	5.02%	3022	90.4	18.00	15.01	2.99
Chico, CA	$11,343	$12,502	4.93%	3855	131.5	13.59	10.18	3.41
Dothan, AL	$3,994	$4,277	3.24%	1566	51.3	12.90	9.62	3.28
Tyler, TX	$2,187	$2,284	3.03%	1051	26.1	8.47	5.99	2.48
Montgomery, AL	$10,810	$11,937	2.69%	6153	147.0	11.44	9.05	2.39
Canton, OH	$5,032	$5,216	2.56%	2706	57.0	11.23	9.13	2.11
Grand Junction, CO	$2,485	$2,640	2.40%	1569	27.2	8.35	6.61	1.74
Texarkana, TX AR	$1,828	$1,964	2.12%	1373	23.0	13.98	12.31	1.68
Columbus, OH	$8,963	$9,120	2.04%	4564	97.9	11.66	9.51	2.15
South Bend, IN-MI	$2,292	$2,356	1.94%	1527	24.2	13.03	11.45	1.58
San Diego, CA	$66,155	$74,661	1.78%	62371	800.7	11.20	9.92	1.28
Pueblo, CO	$3,244	$3,658	1.77%	2945	39.7	11.14	9.79	1.35
Oklahoma City, OK	$15,924	$16,947	1.76%	13903	216.7	8.85	7.29	1.56
Fort Walton Beach, FL	$1,638	$1,698	1.69%	1479	18.0	12.91	11.70	1.22
Columbus, GA-AL	$1,628	$1,696	1.56%	1518	18.7	14.10	12.86	1.23
Ogden, UT	$10,520	$12,135	1.52%	13414	158.1	15.38	14.20	1.18
Bangor, ME	$1,982	$2,079	1.32%	1992	24.4	6.43	5.20	1.22
Anniston, AL	$1,366	$1,514	1.17%	2471	18.7	19.06	18.30	0.76
San Antonio, TX	$27,672	$33,285	1.13%	50548	426.1	10.48	9.64	0.84
Cleveland, OH	$14,521	$15,250	1.07%	17309	168.7	13.72	12.74	0.97
State College, PA	$933	$1,013	1.06%	2178	10.4	12.72	12.24	0.48
Yuma, AZ	$903	$948	1.06%	1214	9.3	21.17	20.40	0.77
Wichita Falls, TX	$2,674	$3,213	1.04%	5074	41.1	7.88	7.07	0.81
Houston, TX	$25,231	$26,592	1.04%	39975	306.2	11.01	10.25	0.77
Duluth, MN-WI	$1,235	$1,266	1.02%	1191	12.4	5.21	4.16	1.04
Amarillo, TX	$534	$547	1.00%	986	6.1	12.27	11.65	0.62
Goldsboro, NC	$4,004	$5,385	0.96%	7019	75.5	11.30	10.22	1.08
Portland, OR-WA	$12,747	$13,249	0.94%	17229	132.4	10.60	9.84	0.77
Parkersburg, WV-OH	$241	$243	0.85%	273	2.3	19.05	18.19	0.86
Greenville, NC	$1,291	$1,393	0.84%	2548	16.7	10.09	9.43	0.65
Davenport, IA-IL	$743	$753	0.82%	1145	7.7	13.97	13.30	0.68
Palm Bay, FL	$9,028	$10,712	0.81%	17963	127.2	11.23	10.52	0.71
Pocatello, ID	$1,148	$1,292	0.76%	2882	16.3	13.12	12.55	0.57
Louisville, KY-IN	$6,165	$6,488	0.72%	10778	70.6	14.66	14.00	0.65
Charleston, SC	$5,364	$5,908	0.72%	10275	72.7	12.10	11.39	0.71
Fairbanks, AK	$757	$787	0.68%	796	8.4	17.21	16.16	1.05
Bowling Green, KY	$1,173	$1,324	0.67%	3206	15.3	13.97	13.50	0.48
New Orleans, LA	$9,650	$10,500	0.66%	20060	128.5	12.02	11.38	0.64
Detroit, MI	$10,254	$10,468	0.66%	17638	101.2	13.81	13.24	0.57
Warner Robins, GA	$1,950	$2,497	0.66%	5591	32.3	8.26	7.69	0.58
Fresno, CA	$4,733	$5,389	0.65%	14615	58.2	21.20	20.80	0.40
Orlando, FL	$8,723	$9,267	0.62%	20583	100.6	9.75	9.26	0.49
Morgantown, WV	$1,025	$1,101	0.62%	2218	11.3	12.58	12.07	0.51
Miami, FL	$19,692	$20,740	0.58%	46844	223.5	13.59	13.11	0.48
Cumberland, MD-WV	$1,358	$1,588	0.53%	3751	14.3	17.84	17.45	0.38
Great Falls, MT	$819	$922	0.51%	2361	11.6	11.86	11.37	0.49
Baltimore, MD	$13,554	$14,365	0.51%	29019	119.5	14.09	13.68	0.41
Weirton, WV-OH	$809	$840	0.49%	1113	8.3	4.04	3.29	0.75
Shreveport, LA	$1,006	$1,059	0.49%	3573	12.6	18.64	18.29	0.35
Virginia Beach, VA-NC	$14,527	$16,875	0.47%	49384	169.4	13.52	13.17	0.34
Huntsville, AL	$4,327	$5,297	0.45%	14809	70.5	10.23	9.75	0.48
Kansas City, MO-KS	$3,248	$3,323	0.45%	8028	32.5	12.97	12.56	0.40
Corpus Christi, TX	$1,333	$1,451	0.45%	4890	17.2	19.53	19.18	0.35
Kalamazoo, MI	$1,272	$1,359	0.44%	5224	13.7	16.19	15.93	0.26

Metropolitan Area	Income Impacts			Labor Force	Employment Impacts			
	Direct Output (1,000s)	Total[a] Output (1,000s)	Earnings[b]		New Jobs[c]	Unemployment Rate (percent)		
						Baseline	With Impact	Impact
Salt Lake City, UT	$6,851	$7,723	0.44%	26687	98.8	8.80	8.43	0.37
Jacksonville, FL	$3,320	$3,493	0.44%	10018	37.6	11.17	10.79	0.38
Buffalo, NY	$5,385	$5,677	0.41%	12941	42.6	15.13	14.80	0.33
Little Rock, AR	$2,467	$2,607	0.40%	7816	29.4	9.08	8.71	0.38
Norwich, CT	$680	$700	0.39%	2050	5.4	8.05	7.79	0.26
Grand Rapids, MI	$1,661	$1,723	0.38%	6401	16.9	9.08	8.81	0.26
Ocean City, NJ	$287	$302	0.35%	1132	2.6	24.56	24.33	0.23
Riverside, CA	$9,475	$10,306	0.35%	38760	107.2	12.95	12.68	0.28
Albuquerque, NM	$6,685	$8,000	0.33%	32647	96.6	9.13	8.84	0.30
Deltona, FL	$427	$432	0.33%	1035	4.5	8.50	8.07	0.43
Redding, CA	$925	$1,073	0.33%	4649	11.8	11.10	10.85	0.25
Mobile, AL	$1,502	$1,650	0.32%	6664	20.2	12.53	12.23	0.30
Lafayette, LA	$418	$439	0.32%	2297	5.2	14.85	14.62	0.23
Visalia, CA	$628	$679	0.30%	4497	7.0	20.72	20.57	0.16
Washington, DC-VA-MD-WV	$36,632	$42,558	0.29%	167277	427.3	12.96	12.70	0.26
Utica-Rome, NY	$1,079	$1,141	0.29%	3419	8.6	11.52	11.27	0.25
Philadelphia, PA-NJ-DE-MD	$9,693	$10,144	0.28%	44460	101.0	15.85	15.63	0.23
Denver, CO	$8,052	$8,818	0.28%	40132	93.4	8.57	8.33	0.23
Phoenix, AZ	$6,419	$6,788	0.28%	34895	67.1	8.92	8.73	0.19
Dubuque, IA	$305	$325	0.27%	1451	3.5	8.75	8.51	0.24
Kennewick, WA	$1,157	$1,450	0.27%	8544	16.3	13.59	13.40	0.19
Seattle, WA	$6,033	$6,279	0.26%	27155	61.1	10.30	10.07	0.23
Youngstown, OH-PA	$397	$405	0.26%	1507	4.4	15.59	15.30	0.29
Knoxville, TN	$2,031	$2,224	0.26%	11055	25.2	9.10	8.87	0.23
Boston, MA-NH	$9,890	$10,322	0.26%	40643	83.9	8.69	8.49	0.21
Roanoke, VA	$540	$570	0.25%	2983	5.3	13.34	13.16	0.18
Yakima, WA	$1,024	$1,289	0.24%	9429	14.6	20.91	20.76	0.15
Harrisburg, PA	$417	$429	0.22%	3257	4.2	9.36	9.24	0.13
Pittsburgh, PA	$1,665	$1,703	0.22%	9563	16.6	14.06	13.89	0.17
New York, NY-NJ-PA	$22,832	$23,405	0.21%	97982	171.0	11.40	11.22	0.17
Dayton, OH	$1,653	$1,776	0.20%	11925	20.0	12.17	12.00	0.17
Idaho Falls, ID	$589	$723	0.19%	5194	9.7	9.30	9.11	0.19
Lewiston, ID-WA	$323	$375	0.19%	2300	4.8	6.87	6.66	0.21
Rockford, IL	$599	$648	0.18%	4345	6.5	14.52	14.37	0.15
Olympia, WA	$301	$311	0.18%	1846	3.0	4.77	4.60	0.16
Panama City, FL	$452	$512	0.18%	3531	5.9	7.36	7.20	0.17
Gulfport, MS	$1,146	$1,322	0.17%	7949	16.1	8.04	7.84	0.20
Fayetteville, NC	$988	$1,150	0.16%	10410	14.6	12.10	11.96	0.14
Las Vegas, NV	$3,113	$3,383	0.16%	24193	29.5	12.99	12.87	0.12
Omaha, NE-IA	$1,318	$1,402	0.16%	11112	14.7	9.29	9.16	0.13
Fargo, ND-MN	$654	$739	0.15%	7081	7.8	10.22	10.11	0.11
Pascagoula, MS	$480	$548	0.14%	4339	6.6	9.38	9.23	0.15
Charlottesville, VA	$316	$346	0.14%	3379	3.3	6.19	6.09	0.10
Atlanta, GA	$5,047	$5,417	0.13%	63554	61.5	21.81	21.71	0.10
Poughkeepsie, NY	$624	$652	0.12%	4898	4.8	10.09	9.99	0.10
Pensacola, FL	$657	$741	0.11%	9384	8.5	14.24	14.15	0.09
Wichita, KS	$1,060	$1,175	0.11%	12633	12.4	11.48	11.38	0.10
Billings, MT	$203	$225	0.10%	3527	2.8	7.34	7.26	0.08
Boise City, ID	$329	$340	0.10%	4296	4.0	7.40	7.31	0.09
Medford, OR	$376	$444	0.09%	7675	4.9	13.06	12.99	0.06
Cheyenne, WY	$84	$91	0.06%	1891	0.9	9.20	9.15	0.05
Eugene, OR	$220	$239	0.05%	6463	2.5	8.53	8.49	0.04
Elizabethtown, KY	$25	$26	0.04%	644	0.3	8.70	8.65	0.04

[a] Direct Output = Spending = HUBZone Contract Revenues
Indirect Output = (Direct Output) x (Output Multiplier - 1) x (QCT Population)/(MSA Population)
Total Output = (Direct Output) + (Indirect Output)

[b] Earnings = (Spending) x [(0.5) + (Output Multiplier - 1) x (QCT Population)/(MSA Population)] x [Final Demand Earnings Multiplier]

[c] New Jobs = (Spending) x [(0.5) + (Output Multiplier - 1) x (QCT Population)/(MSA Population)] x [Final Demand Job Multiplier]

Total MSA Impacts. Table 3.l summarizes the various facets of economic impacts of the HUBZone program Total in MSAs:

- **Direct output impacts** for the entire MSA, which are total HUBZone revenues on an annualized basis;
- **Total final demand impacts** (direct plus indirect output impacts) on an annualized basis, for which indirect impacts are computed with regional final-demand multipliers;[43]
- **Increases in earnings** as a percentage of total QCT income, for which regional earnings multipliers were used;
- **Job creation** (annualized), for which regional employment multipliers were used; and
- **Unemployment rate decreases**, for which Census data on the QCTs labor force and unemployment in the QCTs and the estimate of job creation were used to create baseline measures and impact estimates of the unemployment rates.

While impacts were substantial in some metropolitan areas, these substantial impacts were the exception rather than the rule. With respect to earnings:

- 52 MSAs (22.1 percent of all MSAs with vendors) had increases of over 0.5 percent, and
- 31 MSAs (13.2 percent) had increases of over 1.0 percent.

With respect to the unemployment rate:

- 45 MSAs (19.1 percent) had a decrease of 0.5 percentage point or more, and
- 25 MSAs (10.6 percent) had a decrease of over 1.0 percentage point.

A great deal of the HUBZone program's potential remains unrealized.

High-Impact MSAs. Eight metropolitan areas stand out. All have estimated earnings impacts of more than three percent of income, as well as estimated decreases in the unemployment rate of more than 2.5 percentage points. They merit a closer look.

Lexington, KY is a six-county metropolitan area with 20 QCTs, 16 of which are in a single cluster. The time profile is a sharply rising revenue stream that began in FY2005, which appears very promising.[44] There are several interesting characteristics in this situation.

One business accounts for all of the HUBZone revenues. With $30.4 million in HUBZone contracts in FY2007, it is very near the small-business limit of $31 million. Thus, further growth is unlikely. All of this firm's extensive HUBZone business (45 contracts) is with the U.S. Army, including contracting offices in Lexington and Frankfort, KY, Huntsville, AL, and Fort Dix, NJ. One contract accounts for just over half of all the revenues. This business was certified 8(a) from 1991 to 2000 and then as a Small Disadvantaged Business (SDB) for almost two more years. It was certified as a HUBZone business in mid-2004. Two concerns arise as a

[43] The multipliers used, as well as the adjustments made to them, are described in detail in Appendix D.

[44]

2005	2006	2007
$1,550,872	$4,769,687	$30,448,641

result of this history: How much credit can the HUBZone program claim for awards to such an experienced contractor, and what will happen if/when this vendor is no longer in the program?

The estimated reduction in the unemployment rate is almost 10 percentage points, suggesting that the adjustments may tend to overstate impacts.

St. Joseph, MO-KS is another case of one business driving the metropolitan area for the last three years. The business was founded in 2001, was certified HUBZone in 2005, and began getting contracts that year. The firm deals with only one government agency, but the relatively stable size of the individual contracts makes it appear likely that this can be a fairly stable revenue stream. This case is something of a statistical artifact, as the labor force in the six-QCT HUBZone is about one third of the SBA small-business standard for this industry.

Johnstown, PA is another case of substantial dollars coming into a HUBZone with a small labor force (287). Two HUBZone businesses are here, one of which accounts for most of the rapidly rising HUBZone revenues.[45] Each firm has one client. One is the Department of the Interior in Herndon, VA; the other is a U.S. Army contracting office in Philadelphia, PA. These are likely to be businesses that sought out a convenient HUBZone as a base—certainly one of the options the program is designed to encourage.

Vallejo, CA. The firm was certified as a HUBZone business in May 2006—five years into its 8(a) and SDB certifications. In FY2007, it was awarded $6,175,000 in HUBZone contracts—99.6 percent of it in a single contract—with a U.S. Navy contracting office in San Diego.

Jacksonville, NC is a one-county, two-QCT metropolitan area with three HUBZone businesses (although one of them seems to have moved to Florida). One of the two principal firms, which is also certified as SDB and 8(a), is a bit unusual in that the HUBZone certification came first. The HUBZone contracts are with several U.S. Navy contracting offices in Norfolk,VA and one U.S. Coast Guard office in Cleveland, OH. The impact estimates are boosted by a fairly small QCT labor force (405) and a single contract that accounted for a slight majority of the revenues, but the HUBZone program appears to be functioning well here.

Clarksville, TN-KY has three HUBZone vendors (two construction contractors and one in groundskeeping) that have been awarded some 70 HUBZone contracts, mostly by U.S. Army contracting offices in Louisville, KY and Savannah, GA. These have produced a strong and growing, if somewhat fluctuating, revenue stream.[46]

Chico, CA is a one-county, 10-QCT metropolitan area, with two HUBZone vendors, one of which accounts for 99.88 percent of HUBZone contract dollars. This business is not listed in the CCR, but the applications data show that it was certified in mid 2004. Subsequently, it has

45

2006	2007
$493,266	$7,917,751

46

2003	2004	2005	2006	2007
$2,094,644	-	$4,891,812	$21,486,510	$10,071,883

done very well in the HUBZone program, receiving awards from U.S. Army contracting offices in Los Angeles, CA, Portland, OR and Jacksonville, FL.[47] An Indian reservation with no HUBZone vendors abuts the bloc of QCTs.

Dothan, AL is a three-county metropolitan area with five QCTs, four of which are in a bloc in one county. Two HUBZone businesses have brought in almost $12 million in contracts over the last three years, with one accounting for 96.5 percent of the total. The firms have received HUBZone contracts from five U.S. Army and U.S. Air Force contracting offices (in Alabama, adjacent Florida and Mississippi) and one contract with the CDC in Atlanta, GA. Contracts have been won under HUBZone set-asides, 8(a) with HUBZone preference (the larger firm only) and preferential pricing (with a 10 percent preference given to the larger firm on an $8.5 million) contract. There are two data issues: the HUBZone certification date for the small firm (which is also 8(a) and SDB certified) is listed as 8/13/2003 in the application data and 3/6/2008 in the CCR. The larger firm is not listed in either the application data or the CCR.

Summary. Most of these high-impact metropolitan areas rely on one or two HUBZone vendors, which have almost all of their contracts with branches of the armed forces. One successful contractor can have a substantial impact on a relatively small MSA, and replication of this type of success seems quite possible. At the same time, one vendor supplying one contracting office may be a potentially vulnerable foundation for economic revitalization.

High-Revenue Areas. A majority of the HUBZones with high impacts received relatively modest amounts of HUBZone funding. Table 3.m shows impacts for the 24 MSAs that received over $50 million in total HUBZone contracts. By way of comparison, the SBA size standard for "small" in the heavy construction industry is $31 million. These 24 MSAs received over 40 percent of all HUBZone contract revenues. They have a number of characteristics in common:

- The HUBZone program has been active for a long time. Only three of these MSAs have received contracts for less than seven years; none less than five.
- These are large HUBZone areas. The median HUBZone population is 86,915; 12 have populations over 100,000; and none has a HUBZone population under 10,000.
- The MSAs have a lot of QCTs; only four have fewer than 60 QCTs.

Nevertheless, the impacts are mixed and often quite small.

- Fifteen have earnings increases over 0.5 percent of income; eight have increases over 1.0 percent; and two have increases over 2.0 percent.
- Eleven have decreases in the unemployment rate of over 0.5 percentage points; five have decreases of over 1.0 percentage points; and two have decreases of over 2.0 percentage points.

[47] HUBZone revenues for the Chico, CA metropolitan area are:

2005	2006	2007
$5,670,243	$9,199,950	$19,158,055

Table 3.m OUTCOMES SUMMARY FOR HUBZONES WITH FUNDING OVER $50 MILLION						
HUBZone	**Total Dollars (1,000s)**	**QCTs**	**HUBZone Population**	**Years**	**Earnings Increase (Percent)**	**Unemployment Rate Decrease (Percent)**
Washington, DC-VA-MD-WV	$306,063	146	355,502	8	0.29	0.26
San Diego, CA	$198,465	94	149,669	8	1.78	1.28
New York, NY-NJ-PA	$170,561	969	238,889	8	0.21	0.17
San Antonio, TX	$166,017	89	134,692	8	1.13	0.84
Miami, FL	$157,041	169	122,885	8	0.58	0.48
Houston, TX	$151,388	186	98,640	6	1.04	0.77
Oklahoma City, OK	$111,471	78	30,879	7	1.76	1.56
Virginia Beach, VA-NC	$102,353	63	116,751	8	0.47	0.34
Cleveland, OH	$101,653	193	46,054	7	1.07	0.97
San Francisco, CA	$97,513	151	622,428	8	0.76	0.11
Baltimore, MD	$90,101	132	72,996	7	0.51	0.41
New Orleans, LA	$83,663	123	53,842	8	0.66	0.64
Detroit, MI	$82,044	293	42,543	8	0.66	0.57
Boston, MA-NH	$79,119	155	92,717	8	0.26	0.21
Montgomery, AL	$75,673	23	15,854	7	2.69	2.39
Riverside, CA	$75,479	114	118,099	8	0.35	0.28
Los Angeles, CA	$74,026	565	277,249	8	0.34	0.01
Palm Bay, FL	$72,224	6	40,962	8	0.81	0.71
Philadelphia, PA-NJ-DE-MD	$67,851	287	109,333	7	0.28	0.23
Orlando, FL	$60,117	29	47,286	7	0.62	0.49
Denver, CO	$59,850	67	86,568	8	0.28	0.23
Columbus, OH	$53,776	63	12,081	6	2.04	2.15
Ogden, UT	$52,598	9	28,787	5	0.28	0.19
Phoenix, AZ	$51,200	127	86,915	8	1.52	1.18

Other MSAs had far smaller impacts:

- Eight major metropolitan areas have decreases in the unemployment rate of less than 0.3 percent, and seven of these have earnings increases less than 0.35 percent of income.[48]
- Five of these have HUBZone populations over 100,000; two more have HUBZone populations over 85,000.

It appears that HUBZone contract revenues were simply too small to have much impact.

Summary. Of the 341 metropolitan areas with QCTs that do not consist entirely of qualified counties, DDAs, or Indian country:

- Only 235 (68.9 percent) have or have had HUBZone vendors;
- Only 52 (15.2 percent) have had an increase in earnings greater than 0.5 percent; and
- Only 45 of those have had a reduction in the unemployment rate greater than 0.5 percentage points.

While the HUBZone program is functioning well in some metropolitan areas, in most MSAs the program is too small-scale to have an appreciable impact.

[48] These are Los Angeles, CA MSA; San Francisco, CA MSA; New York, NY-NJ-PA MSA; Ogden, UT; Boston, MA-NH MSA; Denver, CO MSA; Philadelphia, PA-NJ-DE-MD MSA; and Washington, DC-VA-MD-WV MSA. Only San Francisco has a higher earnings impact.

Chapter 4. Non-Metropolitan Qualified Counties

4.A. HUBZone Businesses and Vendors in Qualified Counties

4.A.1. Counties

Counties are basic building blocks of some classes of HUBZones and figure in the estimation of impacts for others.

- Qualified Counties are themselves HUBZones.
- DDAs and a few Indian reservations are co-extensive with HUBZones, and it is convenient to treat other large Indian reservations as counties.
- All qualified census tracts, almost all BRAC bases, and most Indian reservations lie within a single county, and the county is treated as the area into which indirect impacts may leak.

Where there is overlap among qualified counties, DDAs, and metropolitan areas, we will treat the county as a unit of analysis, on the basis of seniority. That is:

- Qualified counties generally were HUBZones before the DDA provision was added in 2005. Thus the DDA had no incremental effect in a qualified county.
- Qualified counties were moved into metropolitan areas as part of the 2003 MSA restructuring. All metropolitan qualified counties became HUBZones before that date. Thus the addition of qualified census tracts in 2003 or later made no difference to the HUBZone status.

If an Indian reservation covers a qualified county, however, the HUBZone will be analyzed as a reservation.

4.A.2. HUBZone Businesses and Vendors

Geography. Table 4.a summarizes the HUBZone vendors and contracts in non-metropolitan qualified counties by state. Of the 1,135 qualified counties, 396 (34.9 percent) have had HUBZone vendors. A total of 841 vendors won 4,456 contracts, valued at $1,661 million.[49]

- The counties of two states[50] won over $100 million.
- Three states[51] had more than 40 active HUBZone vendors.
- In six states[52] these vendors won over 200 HUBZone contracts.
- Contract size averaged over $1 million in two states.[53]
- In five states[54] over 70 percent of the qualified counties had at least one vendor.

[49] Data do not include vendors in Indian country HUBZone areas expanded due to the DDA provision.

[50] New York ($404,321,757) and Mississippi ($111,266,931).

[51] Oregon (107), North Carolina (52), and Washington (49).

[52] New York (482), Georgia (465), Oregon (393), Kentucky (282), Idaho (250), and Washington (202).

[53] West Virginia ($1,104,522) and Oklahoma ($1,088,619).

[54] Maine (100 percent), New Hampshire (100 percent), Oregon (85 percent), Washington (73.7 percent), and Wyoming (71.4 percent).

Table 4.a
COUNTIES, CENSUS TRACTS, VENDORS AND HUBZONE CONTRACTS IN METROPOLITAN CORE AREAS

State	Qualified Counties		HUBZone Businesses[a]		HUBZone Vendors[b]		Contracts		Contract Revenues	
	Total	With Vendors	Total	Per Cnty	Total	Per Cnty	Total	Per Vendor	Total	Per Contract
Alabama	31	14	201	6.5	29	2.1	132	4.6	$32,440	$246
Alaska	22	14	230	10.5	31	2.2	78	2.5	$54,138	$694
Arizona	7	5	93	13.3	16	2.6	33	3.2	$14,404	$436
Arkansas	32	9	70	2.2	10	1.1	89	8.9	$9,506	$107
California	14	9	179	12.8	15	1.7	48	3.2	$18,842	$393
Colorado	31	11	109	3.5	22	2.0	48	2.2	$17,100	$356
Florida	16	7	138	8.6	16	2.3	129	8.1	$22,035	$171
Georgia	64	22	220	3.4	32	1.5	465	14.5	$56,718	$122
Hawaii	2	1	47	23.5	1	1.0	2	2.0	$1,623	$812
Idaho	16	9	267	16.7	35	3.9	250	7.1	$71,211	$285
Illinois	33	5	93	2.8	6	1.2	22	3.7	$7,304	$332
Indiana	18	6	102	5.7	11	1.8	60	5.5	$6,301	$105
Iowa	31	4	57	1.8	7	1.8	11	1.6	$8,261	$751
Kansas	15	5	50	3.3	7	1.4	46	6.6	$7,981	$174
Kentucky	62	18	189	3.0	30	1.7	282	9.4	$87,280	$310
Louisiana	30	10	188	6.3	14	1.4	90	6.4	$47,857	$532
Maine	6	6	113	18.8	9	1.5	24	2.7	$2,949	$123
Maryland	3	2	41	13.7	5	2.5	23	4.6	$15,505	$674
Michigan	46	24	193	4.2	35	1.5	147	4.2	$95,013	$646
Minnesota	41	6	128	3.1	8	1.3	36	4.5	$5,658	$157
Mississippi	53	17	299	5.6	27	1.6	184	6.8	$111,267	$605
Missouri	41	7	119	2.9	11	1.6	76	6.9	$25,849	$340
Montana	20	8	187	9.4	26	3.2	125	4.6	$15,238	$122
Nebraska	29	3	39	1.3	4	1.3	71	17.8	$7,845	$110
Nevada	7	4	48	6.9	12	3.0	43	3.6	$4,013	$93
New Hampshire	1	1	31	31.0	2	2.0	2	1.0	$1,570	$785
New Mexico	16	5	150	9.4	12	2.4	25	2.1	$7,354	$294
New York	9	4	129	14.3	33	8.3	482	14.6	$404,322	$839
North Carolina	39	21	384	9.8	52	2.5	159	3.1	$63,715	$401
North Dakota	22	6	68	3.0	7	1.2	45	6.4	$10,489	$233
Ohio	22	9	180	8.2	16	1.8	121	7.6	$20,988	$173
Oklahoma	4	4	21	5.3	4	1.0	24	6.0	$26,127	$1,089
Oregon	20	17	388	19.4	107	6.3	393	3.7	$74,904	$191
Pennsylvania	22	14	278	12.6	23	1.6	69	3.0	$54,112	$784
South Carolina	23	12	123	5.3	20	1.7	89	4.5	$23,447	$263
South Dakota	21	2	73	3.5	2	1.0	5	2.5	$954	$191
Tennessee	48	14	180	3.8	22	1.6	128	5.8	$76,828	$600
Texas	78	8	84	1.1	8	1.0	13	1.6	$3,820	$294
Utah	13	5	114	8.8	13	2.6	27	2.1	$10,972	$406
Vermont	4	1	51	12.8	1	1.0	1	1.0	$8	$8
Virginia	39	12	237	6.1	13	1.1	58	4.5	$12,225	$211
Washington	19	14	372	19.6	49	3.5	203	4.1	$38,814	$191
West Virginia	22	6	50	2.3	7	1.2	32	4.6	$35,345	$1,105
Wisconsin	24	8	99	4.1	11	1.4	39	3.5	$25,945	$665
Wyoming	7	5	107	15.3	21	4.2	33	1.6	$19,221	$582
Puerto Rico	10	1	17	1.7	1	1.0	1	1.0	$3	$3
All States	1,133	396	6,536	5.8	843	2.1	4,456	5.3	$1,660,514	$369

[a] The source for HUBZone businesses is the HUBZone application data file.

[b] The source for HUBZone vendors is the Federal Procurement Data System.

Table 4.b shows state-level variations in the concentration of HUBZone businesses and vendors within qualified counties. Table 4.b uses three metrics to represent concentration:

- Concentration of HUBZone activity is higher when the statewide percentages of qualified counties with no HUBZone businesses or vendors are lower.
- Concentration of HUBZone activity is higher when the statewide average numbers of HUBZone businesses and vendors per qualified county are higher.
- Concentration of HUBZone activity is higher when statewide percentages of qualified counties with many HUBZone businesses and vendors are higher. In this case, more than 25 HUBZone businesses and more than five HUBZone vendors per qualified county.

The highest concentrations are found in nine states which meet two of three criteria:

- No more than one-third of counties lack HUBZone vendors,
- There are at least the average number of HUBZone vendors per county (1.7), and
- At least one county has more than five HUBZone vendors.

These states are also characterized by:

- Low percentages of counties without HUBZone businesses (none in six cases; under 15 percent in the other three),
- Large numbers of HUBZone businesses per county (over ten in eight cases), and
- Most (seven) have at least one county with over 25 HUBZone businesses.

These states are in two regions:

- The Northeast: New Hampshire, New York, and Maryland,[55] and
- The West: Arizona, Idaho, Nevada, Oregon, Washington, and Wyoming.

The lowest concentrations are found in nine states, which meet three criteria:

- At least two-thirds of counties lack HUBZone vendors,
- There are no more than 0.3 HUBZone vendors per county, and
- No county has more than five HUBZone vendors.

These states are in several areas:

- Most are along the Mississippi River and the next tier of states to the west—Arkansas, Illinois, Iowa, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota,
- Two (Virginia and West Virginia) are in the mid-Atlantic region, and
- One (Puerto Rico) is a territory.

[55] Massachusetts, Rhode Island, Connecticut, New Jersey, and the District of Columbia are entirely metropolitan and have no qualified counties.

Table 4.b
MEASURES OF CONCENTRATION OF HUBZONE BUSINESSES AND VENDORS

Region	State	Qualified Counties	Percent of Counties with no HUBZone		Mean Number of HUBZone		Percent of Counties with Over 25 HUBZone Businesses	Percent of Counties with Over 5 HUBZone Vendors
			Businesses	Vendors	Businesses per County	Vendors per County		
Region I	Maine	6	0.00	0.00	18.8	1.5	50.00	0.00
	New Hampshire	1	0.00	0.00	31.0	2.0	100.00	0.00
	Vermont	4	0.00	75.00	12.8	0.3	0.00	0.00
Region II	New York	9	0.00	55.60	14.3	3.7	22.20	11.10
	Puerto Rico	10	60.00	89.90	0.8	0.1	0.00	0.00
Region III	Maryland	3	0.00	33.30	13.0	1.7	0.00	0.00
	Pennsylvania	22	0.00	36.40	10.7	1.0	13.60	0.00
	Virginia	39	17.90	69.20	4.5	0.3	0.00	0.00
	West Virginia	22	18.20	72.70	2.2	0.3	0.00	0.00
Region IV	Alabama	31	9.70	54.80	5.7	0.9	6.50	6.50
	Florida	16	6.30	56.30	6.9	1.0	0.00	6.30
	Georgia	64	26.60	65.60	2.4	0.5	0.00	0.00
	Kentucky	62	19.40	71.00	2.9	0.5	0.00	1.60
	Mississippi	53	11.30	67.90	5.1	0.5	0.00	1.90
	North Carolina	39	10.30	46.20	8.5	1.3	2.60	2.60
	South Carolina	23	13.00	47.80	4.7	0.9	0.00	0.00
	Tennessee	48	16.70	70.80	3.3	0.5	0.00	0.00
Region V	Illinois	33	15.20	84.80	2.5	0.2	0.00	0.00
	Indiana	18	11.10	66.70	4.4	0.6	0.00	0.00
	Michigan	46	8.70	47.80	4.1	0.8	0.00	0.00
	Minnesota	41	22.00	85.40	3.0	0.2	0.00	0.00
	Ohio	22	4.50	59.10	8.0	0.7	4.50	0.00
	Wisconsin	24	16.70	66.70	4.0	0.5	0.00	0.00
Region VI	Arkansas	32	15.60	71.90	2.1	0.3	0.00	0.00
	Louisiana	30	10.00	66.70	5.8	0.5	3.30	0.00
	New Mexico	16	6.30	68.80	7.6	0.8	6.30	0.00
	Oklahoma	4	25.00	25.00	5.3	0.8	0.00	0.00
	Texas	78	51.30	83.30	1.0	0.1	0.00	0.00
Region VII	Iowa	31	25.80	87.10	1.8	0.2	0.00	0.00
	Kansas	15	26.70	66.70	3.0	0.5	0.00	0.00
	Missouri	41	14.60	82.90	2.8	0.3	0.00	0.00
	Nebraska	29	69.00	89.70	1.3	0.1	0.00	0.00
Region VIII	Colorado	31	35.50	54.80	3.5	0.7	0.00	0.00
	Montana	20	30.00	50.00	9.3	1.4	15.00	5.00
	North Dakota	22	27.30	72.70	3.1	0.3	4.50	0.00
	South Dakota	21	39.10	78.30	2.2	0.2	0.00	0.00
	Utah	13	7.70	61.50	7.2	1.0	0.00	7.70
	Wyoming	7	0.00	28.60	15.1	3.0	42.90	42.90
Region IX	Arizona	7	0.00	28.60	13.3	2.7	14.30	14.30
	California	14	0.00	35.70	9.2	1.1	0.00	0.00
	Hawaii	2	0.00	50.00	23.5	0.5	50.00	0.00
	Nevada	7	14.30	42.90	6.9	1.7	0.00	14.30
Region X	Alaska	22	13.60	36.40	10.4	1.4	9.10	4.50
	Idaho	16	0.00	43.80	10.8	2.2	18.80	18.80
	Oregon	20	10.00	15.00	21.8	5.4	10.00	40.00
	Washington	19	10.50	26.30	12.7	2.6	26.30	15.80
All	All–Mean	24.6	19.84	66.55	5.6	1.7	2.47	2.28

4.A.3. Contracts and Revenues

Table 4.c provides this information for the individual counties that received over $10 million in HUBZone contracts each, in order of total contract revenues. These 28 qualified counties received 62.1 percent of all HUBZone contract revenues received by all non-qualified metropolitan counties. Compared with all non-metropolitan counties, these counties have:

- Over twice (2.3 times) as many vendors per county, and relatively few one-vendor counties;
- Over twice (2.4 times) as many contracts per vendor; and
- Contracts that averaged almost two-thirds larger.

Table 4.c
VENDORS AND CONTRACTS IN COUNTIES WITH OVER $10 MILLION IN REVENUES

County	State	Vendors	Contracts		Contract Revenues	
			Total	Per Vendor	Total	Per Contract
Jefferson County	New York	27	455	16.9	$389,910,854	$856,947
Leflore County	Mississippi	3	67	22.3	$62,502,343	$932,871
Campbell County	Tennessee	4	76	19.0	$57,395,053	$755,198
Breckinridge County	Kentucky	8	180	22.5	$47,174,059	$262,078
Evangeline Parish	Louisiana	1	8	8.0	$34,409,900	$4,301,238
Yukon-Koyukuk	Alaska	2	5	2.5	$34,370,701	$6,874,140
Bonner County	Idaho	4	36	9.0	$32,867,454	$912,985
Schuylkill County	Pennsylvania	2	9	4.5	$32,588,856	$3,620,984
Roane County	West Virginia	1	1	1.0	$32,165,598	$32,165,598
Douglas County	Oregon	24	81	3.4	$32,138,692	$396,774
Shoshone County	Idaho	6	125	20.8	$29,928,988	$239,432
Lowndes County	Mississippi	6	74	12.3	$27,577,860	$372,674
Iron County	Michigan	1	11	11.0	$23,729,858	$2,157,260
New Madrid County	Missouri	1	6	6.0	$16,310,195	$2,718,366
Lenoir County	North Carolina	5	23	4.6	$16,064,642	$698,463
Dodge County	Georgia	3	287	95.7	$15,894,104	$55,380
Garrett County	Maryland	4	21	5.3	$15,407,726	$733,701
Bamberg County	South Carolina	2	26	13.0	$14,392,252	$553,548
Marshall County	Alabama	5	27	5.4	$14,153,393	$524,200
Graham County	North Carolina	5	7	1.4	$12,747,375	$1,821,054
St. Lawrence County	New York	3	13	4.3	$12,453,790	$957,984
Menifee County	Kentucky	1	7	7.0	$11,943,786	$1,706,255
Benzie County	Michigan	1	14	14.0	$11,726,255	$837,590
Sampson County	North Carolina	5	25	5.0	$11,443,158	$457,726
Washington County	Florida	6	76	12.7	$10,745,015	$141,382
Cheboygan County	Michigan	1	6	6.0	$10,290,738	$1,715,123
Butler County	Kentucky	2	25	12.5	$10,106,225	$404,249
Green Lake County	Wisconsin	2	8	4.0	$10,087,137	$1,260,892
All Counties		135	1,699	12.6	$1,030,526,007	$606,549

Table 4.d summarizes this information for the other 359 counties by revenue size class. As Table 4.d illustrates, vendors per county, contracts per county, contracts per vendor, and average contract size all are positively related with total county contract revenues. Thus all of these appear to be factors in the impacts of the HUBZone program on counties.

4.B. Impacts

4.B.1. Income and Employment Impacts

Impacts are defined as changes from baseline in income and the unemployment rate that result from the expenditure of funds through HUBZone contracts.

Direct Impacts Per Capita. The HUBZone contract revenue totals in Table 4.a need to be standardized for comparison and for assessment of impacts.[56] Table 4.e presents the data used for these adjustments and the values of revenue per capita that resulted.

Table 4.d
VENDORS AND CONTRACTS IN COUNTIES WITH UNDER $10 MILLION IN REVENUES, BY REVENUE SIZE CLASS

HUBZone Contract Revenues	Number of Counties	Mean Vendors	Mean Contracts		Contract Revenues	
			Per County	Per Vendor	Total	Per Contract
$5 million–$10 million	39	3.8	21.0	5.5	$272,714,820	$333,392
$3 million–$5 million	43	2.6	14.5	5.6	$169,771,284	$272,069
$1 million–$3 million	67	2.4	10.1	4.2	$111,750,384	$164,824
$500,000–$1 million	39	1.6	4.6	2.9	$27,534,532	$154,688
$100,000–$500,000	79	1.5	3.9	2.6	$20,543,922	$66,701
Under $100,000	105	1.1	1.8	1.6	$3,101,385	$16,764

Table 4.e presents per capita revenues in two forms:

- The ratio of total HUBZone contract revenues over the life of the program to HUBZone population; and
- The ratio of average annual HUBZone contract revenues to HUBZone population, where revenues are averaged over the number of years from the first to last contracts.

Table 4.e includes all qualified counties that have *total* revenue per capita of over $50. Table 4.e includes 159 counties. The remaining 237 counties that are included in Table 4.a (59.8 percent of all counties with vendors) did not pass this screen for further analysis. Of the 159 businesses in Table 4.e, 64 (40.3 percent) have *average* revenues of more than $50 per capita, and 79 (49.7 percent) fall below that threshold.[57]

[56] This involves the following steps—discussed in greater detail in Appendix D—for each qualified county:
- Per Capita Revenues. Revenues were divided by total QCT population.
- Annualization. Revenues were divided by the number of years in the revenue stream.
- De Minimus Screening. Revenues were screened to identify MSAs with revenues so small that no significant impacts would result.
- Short Revenue Streams. All MSAs with one-year revenue streams prior to FY2006 were dropped.

[57] Average revenue per capita was not computed for the 16 counties that received revenue in only one year.

Most of these counties in Table 4.e have been receiving HUBZone contract revenues for at least four years. As the total funding and revenue per capita decline, however, this pattern starts breaking up. The 237 counties included in Table 4.a but not Table 4.e are as likely as not to have short revenue streams, revenue streams with one or more middle years with zero revenues, most of the revenue coming in one year, or no contracts in the last two or three years.

Table 4.e
IMPACTS IN TERMS OF PER CAPITA INCOME

County	State	County Population	Contract Revenues	Revenue Per Capita		Span of Years
				Total	Average[a]	
Yukon-Koyukuk	Alaska	6,551	$34,370,701	$5,247	$874	2002-2007
Jefferson County	New York	111,738	$389,910,854	$3,490	$698	2001-2005
Breckinridge County	Kentucky	18,648	$47,174,059	$2,530	$506	2003-2007
Wayne County	Utah	2,509	$5,790,271	$2,308	$330	2001-2007
Shoshone County	Idaho	13,771	$29,928,988	$2,173	$310	2001-2007
Roane County	West Virginia	15,446	$32,165,598	$2,082	*$1,041*	2006-2007
Menifee County	Kentucky	6,556	$11,943,786	$1,822	$260	2001-2007
Iron County	Michigan	13,138	$23,729,858	$1,806	$301	2002-2007
Leflore County	Mississippi	37,947	$62,502,343	$1,647	$275	2002-2007
Graham County	North Carolina	7,993	$12,747,375	$1,595	$266	2002-2007
Campbell County	Tennessee	39,854	$57,395,053	$1,440	$206	2001-2007
Bristol Bay Borough	Alaska	1,258	$1,667,710	$1,326	$221	2002-2007
Evangeline Parish	Louisiana	35,434	$34,409,900	$971	$194	2003-2007
Bonner County	Idaho	36,835	$32,867,454	$892	$112	2000-2007
Atkinson County	Georgia	7,609	$6,770,899	$890	*$445*	2006-2007
Bamberg County	South Carolina	16,658	$14,392,252	$864	*$288*	2005-2007
Dodge County	Georgia	19,171	$15,894,104	$829	$118	2001-2007
New Madrid County	Missouri	19,760	$16,310,195	$825	*$275*	2005-2007
Butler County	Kentucky	13,010	$10,106,225	$777	$129	2002-2007
Benzie County	Michigan	15,998	$11,726,255	$733	$122	2002-2007
Big Stone County	Minnesota	5,820	$4,197,402	$721	*$240*	2005-2007
Clay County	Georgia	3,357	$2,307,771	$687	$98	2001-2007
Pembina County	North Dakota	8,585	$5,613,928	$654	$93	2001-2007
Lancaster County	Virginia	11,567	$7,525,998	$651	$130	2003-2007
Ballard County	Kentucky	8,286	$5,240,048	$632	*$211*	2005-2007
Prince of Wales-Outer Ketchikan	Alaska	6,146	$3,628,634	$590	$148	2004-2007
Fulton County	Kentucky	7,752	$4,511,470	$582	$116	2003-2007
Grant County	Oregon	7,935	$4,264,277	$537	$134	2004-2007
Green Lake County	Wisconsin	19,105	$10,087,137	$528	*$264*	2006-2007
Garrett County	Maryland	29,846	$15,407,726	$516	$86	2002-2007
Washington County	Florida	20,973	$10,745,015	$512	$64	2000-2007
Morrow County	Oregon	10,995	$5,369,577	$488		2004
Lowndes County	Mississippi	61,586	$27,577,860	$448	$75	2002-2007
Crawford County	Michigan	14,273	$5,925,976	$415	$83	2003-2007
Jones County	North Carolina	10,381	$4,301,339	$414	$69	2002-2007
North Slope Borough	Alaska	7,385	$2,957,328	$400	$80	2003-2007
Evans County	Georgia	10,495	$4,166,866	$397	*$132*	2005-2007
Cheboygan County	Michigan	26,448	$10,290,738	$389	$56	2001-2007
Alpine County	California	1,208	$440,622	$365		2005
Brown County	Kansas	10,724	$3,840,860	$358	$90	2004-2007
Carlisle County	Kentucky	5,351	$1,909,488	$357	$59	2002-2007
McLean County	North Dakota	9,311	$3,237,984	$348	$50	2001-2007
Noxubee County	Mississippi	12,548	$4,305,200	$343		2005
San Juan County	Utah	14,413	$4,739,493	$329	$55	2002-2007
Douglas County	Oregon	100,399	$32,138,692	$320	$40	2000-2007
Pike County	Ohio	27,695	$8,568,425	$309	$52	2002-2007
Holmes County	Florida	18,564	$5,731,800	$309	$44	2001-2007
Oceana County	Michigan	26,873	$8,241,192	$307		2004
Wayne County	Georgia	26,565	$8,043,854	$303	$61	2003-2007
Door County	Wisconsin	27,961	$8,311,161	$297	$59	2003-2007

County	State	County Population	Contract Revenues	Revenue Per Capita		Span of Years
				Total	Average[a]	
Dolores County	Colorado	1,844	$536,803	$291	*$97*	2004-2006
Plumas County	California	20,824	$5,919,538	$284	$57	2001-2005
Lyman County	South Dakota	3,895	$1,074,849	$276	*$92*	2005-2007
Assumption Parish	Louisiana	23,388	$6,440,242	$275	$55	2003-2007
Lenoir County	North Carolina	59,648	$16,064,642	$269	$54	2002-2006
Iosco County	Michigan	27,339	$7,291,757	$267	*$133*	2006-2007
Baker County	Oregon	16,741	$4,260,285	$254	$51	2003-2007
Langlade County	Wisconsin	20,740	$5,261,266	$254	$63	2004-2007
Fremont County	Wyoming	35,804	$8,972,847	$251	$42	2002-2007
Fremont County	Idaho	11,819	$2,789,069	$236	$39	2002-2007
Archuleta County	Colorado	9,898	$2,333,479	$236	$39	2002-2007
Albany County	Wyoming	32,014	$7,443,781	$233	*$78*	2005-2007
Lincoln County	Montana	18,837	$4,369,695	$232	$33	2001-2007
Haines Borough	Alaska	2,392	$541,630	$226	$57	2004-2007
Idaho County	Idaho	15,511	$3,417,896	$220	$44	2003-2007
Schuylkill County	Pennsylvania	150,336	$32,588,856	$217	$54	2004-2007
Big Horn County	Wyoming	11,461	$2,463,972	$215	$43	2003-2007
Appling County	Georgia	17,419	$3,740,945	$215	$36	2002-2005
Montezuma County	Colorado	23,830	$5,038,398	$211	$53	2004-2007
Conway County	Arkansas	20,336	$4,174,995	$205		2007
Alamosa County	Colorado	14,966	$3,054,842	$204	*$102*	2006-2007
Madison County	Nebraska	35,226	$7,043,941	$200	$33	2002-2007
Dyer County	Tennessee	37,279	$7,281,942	$195	$33	2002-2007
Sampson County	North Carolina	60,161	$11,443,158	$190	$27	2001-2007
Montgomery County	North Carolina	26,822	$4,970,637	$185		2007
Lee County	South Carolina	20,119	$3,717,451	$185	*$62*	2005-2007
Kenai Peninsula Borough	Alaska	49,691	$9,113,109	$183	$26	2001-2007
Jefferson County	Washington	25,953	$4,648,272	$179	*$60*	2005-2007
Santa Cruz County	Arizona	38,381	$6,830,692	$178	$25	2001-2007
Garden County	Nebraska	2,292	$396,590	$173	*$58*	2004-2006
Marshall County	Alabama	82,231	$14,153,393	$172	$29	2002-2007
Randolph County	Alabama	22,380	$3,837,971	$171	*$57*	2005-2007
Jackson County	Ohio	32,641	$5,586,375	$171	$34	2003-2007
Delta County	Michigan	38,520	$6,550,408	$170	$28	2002-2007
Phillips County	Colorado	4,480	$749,312	$167		2004
Bladen County	North Carolina	32,278	$5,155,170	$160	$32	2003-2007
Tehama County	California	56,039	$8,941,242	$160	$20	2000-2007
Klamath County	Oregon	63,775	$9,309,960	$146	$21	2001-2007
Wallowa County	Oregon	7,226	$1,032,764	$143	*$48*	2005-2007
Macon County	Georgia	14,074	$1,969,881	$140	*$47*	2005-2007
Clallam County	Washington	64,525	$9,027,193	$140	$20	2001-2007
Sumter County	Georgia	33,200	$4,586,402	$138	*$69*	2006-2007
Patrick County	Virginia	19,407	$2,621,730	$135	$23	2002-2007
Geary County	Kansas	27,947	$3,774,534	$135	$23	2002-2007
Bath County	Kentucky	11,085	$1,486,067	$134	$34	2003-2006
Bolivar County	Mississippi	40,633	$5,436,000	$134		2007
Mifflin County	Pennsylvania	46,486	$6,200,692	$133		2007
Churchill County	Nevada	23,982	$3,086,934	$129	$21	2002-2007
DeKalb County	Tennessee	17,423	$2,202,389	$126	$32	2004-2007
Bedford County	Tennessee	37,586	$4,723,712	$126	*$42*	2001-2003
Montcalm County	Michigan	61,266	$7,607,982	$124	*$62*	2003-2004
Elk County	Pennsylvania	35,112	$4,319,613	$123	$21	2002-2007
Logan County	Kentucky	26,573	$3,232,470	$122	*$41*	2005-2007
Phillips County	Arkansas	26,445	$3,180,718	$120	$20	2001-2006
Butler County	Missouri	40,867	$4,899,855	$120	$24	2003-2007
Mason County	Michigan	28,274	$3,380,468	$120	*$40*	2004-2006
Des Moines County	Iowa	42,351	$5,034,749	$119	$20	2002-2007
Montrose County	Colorado	33,432	$3,902,552	$117	$19	2002-2007
Okeechobee County	Florida	35,910	$4,189,618	$117		2007
Stoddard County	Missouri	29,705	$3,389,004	$114	*$38*	2005-2007
Rosebud County	Montana	9,383	$1,064,850	$113	$19	2002-2007
Boundary County	Idaho	9,871	$1,098,690	$111	$19	2002-2007
St. Lawrence County	New York	111,931	$12,453,790	$111	$19	2002-2007
Josephine County	Oregon	75,726	$8,366,741	$110	$16	2001-2007

County	State	County Population	Contract Revenues	Revenue Per Capita		Span of Years
				Total	Average[a]	
Mineral County	Nevada	5,071	$552,315	$109	*$36*	2001-2003
Lewis County	Washington	68,600	$7,467,537	$109	$16	2001-2007
Delaware County	Iowa	18,404	$1,992,268	$108		2003
Talladega County	Alabama	80,321	$8,647,776	$108	*$36*	2005-2007
Berrien County	Georgia	16,235	$1,687,026	$104	*$52*	2006-2007
Montgomery County	Illinois	30,652	$3,089,661	$101	$25	2003-2006
Burnett County	Wisconsin	15,674	$1,519,777	$97	*$48*	2006-2007
Panola County	Mississippi	34,274	$3,278,630	$96	$24	2003-2006
Chippewa County	Michigan	38,543	$3,600,332	$93	$19	2003-2007
Grimes County	Texas	23,552	$2,187,550	$93	*$46*	2002-2003
Mountrail County	North Dakota	6,631	$590,305	$89	$22	2003-2006
Grant County	Washington	74,698	$6,625,748	$89	$13	2001-2007
Modoc County	California	9,449	$802,523	$85	*$42*	2002-2003
Eddy County	New Mexico	51,658	$4,157,464	$80	$20	2004-2007
Toombs County	Georgia	26,067	$2,070,400	$79	$20	2003-2006
Fall River County	South Dakota	7,453	$579,435	$78	*$26*	2005-2007
Klickitat County	Washington	19,161	$1,452,460	$76	$11	2001-2007
Gulf County	Florida	13,332	$981,493	$74		2007
Wilkinson County	Mississippi	10,312	$737,400	$72		2006
Harney County	Oregon	7,609	$540,197	$71	*$24*	2005-2007
Morgan County	Tennessee	19,757	$1,394,949	$71	*$35*	2006-2007
Lewis County	New York	26,944	$1,894,032	$70	$12	2002-2007
Antrim County	Michigan	23,110	$1,624,174	$70	*$23*	2005-2007
Wyoming County	West Virginia	25,708	$1,801,567	$70	$10	2001-2007
Clarendon County	South Carolina	32,502	$2,270,206	$70		2006
Crook County	Oregon	19,182	$1,283,053	$67	$10	2001-2007
Yazoo County	Mississippi	28,149	$1,850,146	$66		2007
Johnson County	Tennessee	17,499	$1,140,053	$65	$11	2002-2007
Skagway-Hoonah-Angoon	Alaska	3,436	$223,787	$65	*$33*	2006-2007
Beadle County	South Dakota	17,023	$1,105,266	$65	*$32*	2006-2007
Franklin County	Maine	29,467	$1,895,567	$64	*$32*	2005-2006
Monroe County	Pennsylvania	138,687	$8,868,932	$64	*$21*	2005-2007
Jackson County	Kentucky	13,495	$815,550	$60	$15	2003-2007
Macon County	Alabama	24,105	$1,454,203	$60	$9	2001-2007
Braxton County	West Virginia	14,702	$870,446	$59	*$20*	2005-2007
Pike County	Alabama	29,605	$1,726,618	$58	*$29*	2006-2007
Coos County	Oregon	62,779	$3,639,022	$58	$8	2000-2006
Washington Parish	Louisiana	43,926	$2,530,761	$58	$12	2003-2007
Williamson County	Illinois	61,296	$3,515,776	$57	*$19*	2005-2007
Thurston County	Nebraska	7,171	$404,647	$56	*$28*	2003-2004
Fayette County	Iowa	22,008	$1,225,898	$56	*$28*	2006-2007
Yancey County	North Carolina	17,774	$957,902	$54		2007
Valdez-Cordova	Alaska	10,195	$549,281	$54	$8	2001-2007
Grant County	Indiana	73,403	$3,855,037	$53	$13	2004-2007
Cochise County	Arizona	117,755	$6,117,673	$52	$9	2002-2007

[a] Averages computed on less than four years data are shown in italics.

Indirect and Total Income Impacts. Total income impacts are presented in three ways in Table 4.f, which includes all counties with an increase in earnings of over 0.25 percent.

- **Direct output impacts** for the entire qualified county, which are total HUBZone revenues on an annualized basis;
- **Total final demand impacts** (direct plus indirect output impacts) on an annualized basis, for which indirect impacts are computed with regional final-demand multipliers;[58] and
- **Increases in earnings** as a percentage of total QCT income, for which regional earnings multipliers were used.

[58] The multipliers used, as well as the adjustments made to them, are described in detail in Appendix D.

Table 4.f
INCOME AND EMPLOYMENT IMPACTS ON QUALIFIED COUNTIES IN NON-METROPOLITAN AREAS[a]

County and State	Income Impacts			Labor Force	Employment Impacts			
	Direct Output	Total[b] Output	Earnings[c]		New Jobs[d]	Unemployment Rate (Percent)		
						Baseline	Impacted	Impact
Jefferson County, NY	$77,982	$132,240	4.37%	54,572	1,886.2	7.47	4.01	3.46
Roane County,WV	$16,083	$27,179	7.73%	6,275	520.4	12.57	4.28	8.29
Leflore County, MS	$10,417	$18,956	2.59%	14,797	407.5	15.90	13.15	2.75
Breckinridge County, KY	$9,435	$17,711	4.01%	8,415	367.1	6.00	1.64	4.36
Campbell County, TN	$8,199	$16,414	2.20%	15,664	342.1	6.65	4.47	2.18
Schuylkill County, PA	$8,147	$16,829	0.49%	67,989	320.9	5.86	5.39	0.47
Evangeline Parish, LA	$6,882	$12,837	2.21%	12,022	290.7	7.25	4.84	2.42
Mifflin County, PA	$6,201	$12,809	1.33%	21,345	244.2	4.11	2.96	1.14
Yukon-Koyukuk, AK	$5,728	$10,713	7.31%	2,847	92.1	19.88	16.64	3.24
New Madrid County, MO	$5,437	$10,523	2.51%	8,660	201.4	5.97	3.64	2.33
Bolivar County, MS	$5,436	$9,892	1.31%	16,686	212.6	15.08	13.81	1.27
Morrow County, OR	$5,370	$10,186	3.99%	5,201	196.1	10.67	6.90	3.77
Green Lake County, WI	$5,044	$9,550	1.87%	10,176	192.8	5.05	3.16	1.89
Montgomery County, IL	$4,971	$10,289	1.51%	13,736	191.0	5.56	4.17	1.39
Bamberg County, SC	$4,797	$9,312	3.16%	6,743	209.9	11.64	8.53	3.11
Lowndes County, MS	$4,596	$8,364	0.54%	28,061	179.8	7.60	6.96	0.64
Shoshone County, ID	$4,276	$7,704	2.40%	6,101	174.9	11.77	8.90	2.87
Okeechobee County, FL	$4,190	$7,862	1.10%	14,870	161.3	4.67	3.58	1.08
Conway County, AR	$4,175	$7,578	1.51%	9,162	162.1	6.55	4.78	1.77
Bonner County, ID	$4,108	$7,403	0.79%	17,149	168.1	7.25	6.27	0.98
Douglas County, OR	$4,017	$7,621	0.31%	45,166	146.7	7.57	7.25	0.32
Iron County, MI	$3,955	$7,455	2.49%	5,516	141.3	9.45	6.88	2.56
Montcalm County, MI	$3,804	$7,170	0.52%	28,114	135.9	5.48	5.00	0.48
Iosco County, MI	$3,646	$6,872	1.06%	11,168	130.2	8.95	7.79	1.17
Atkinson County, GA	$3,385	$6,995	5.81%	3,369	148.6	5.22	0.81	4.41
Lenoir County, NC	$3,213	$6,249	0.45%	27,832	139.4	7.99	7.49	0.50
Talladega County, AL	$2,883	$5,647	0.33%	34,585	127.1	7.74	7.37	0.37
Garrett County,MD	$2,568	$4,677	0.62%	13,852	73.7	5.61	5.08	0.53
Albany County, WY	$2,481	$3,963	0.43%	18,182	72.8	5.44	5.04	0.40
Marshall County, AL	$2,359	$4,621	0.24%	38,900	104.0	5.74	5.47	0.27
Sumter County, GA	$2,293	$4,738	0.73%	15,214	100.6	6.82	6.15	0.66
Dodge County, GA	$2,271	$4,691	1.30%	8,085	99.7	5.42	4.18	1.23
Clarendon County, SC	$2,270	$4,406	0.69%	12,853	99.3	6.68	5.91	0.77
Graham County, NC	$2,125	$4,132	2.63%	3,505	92.2	5.88	3.25	2.63
Benzie County, MI	$1,954	$3,684	0.90%	7,744	69.8	6.19	5.28	0.90
Yazoo County, MS	$1,850	$3,367	0.65%	10,446	72.4	10.65	9.95	0.69
Ballard County, KY	$1,747	$3,279	1.35%	4,015	68.0	4.16	2.47	1.69
Menifee County, KY	$1,706	$3,203	2.79%	2,515	66.4	8.31	5.67	2.64
Butler County, KY	$1,684	$3,162	1.08%	6,233	65.5	4.85	3.79	1.05
Door County, WI	$1,662	$3,147	0.37%	14,711	63.5	5.40	4.97	0.43
Sampson County, NC	$1,635	$3,180	0.26%	28,506	71.0	6.91	6.67	0.25
Wayne County, GA	$1,609	$3,020	0.78%	7,997	62.6	7.93	7.15	0.78
Bedford County, PA	$1,575	$3,253	0.30%	23,821	62.0	5.71	5.44	0.26
Jefferson County, WA	$1,549	$3,038	0.39%	11,711	56.9	6.68	6.19	0.49
Alamosa County, CO	$1,527	$3,098	1.07%	7,507	60.3	8.77	7.96	0.80
Cheboygan County, MI	$1,470	$2,771	0.42%	12,072	52.5	14.17	13.74	0.44
Pike County, OH	$1,428	$2,797	0.46%	14,089	63.0	9.22	8.77	0.45
Big Stone County, MN	$1,399	$2,700	2.13%	2,657	51.7	5.27	3.32	1.95
Evans County, GA	$1,389	$2,870	1.65%	4,629	61.0	8.12	6.81	1.32
Washington County, FL	$1,343	$2,520	0.59%	8,542	51.7	5.54	4.93	0.61
Langlade County, WI	$1,315	$2,491	0.50%	10,298	50.3	5.78	5.29	0.49
Assumption Parish, LA	$1,288	$2,403	0.51%	9,773	54.4	9.26	8.70	0.56
Randolph County, AL	$1,279	$2,506	0.58%	9,639	56.4	5.34	4.76	0.59
Montezuma County, CO	$1,260	$2,554	0.49%	11,434	49.8	6.90	6.47	0.44
Lee County, SC	$1,239	$2,405	0.61%	8,342	54.2	9.96	9.31	0.65
Dyer County, TN	$1,214	$2,430	0.28%	18,004	50.6	7.54	7.26	0.28
Crawford County, MI	$1,185	$2,234	0.67%	6,358	42.3	7.50	6.84	0.67
Plumas County, CA	$1,184	$2,442	0.48%	9,413	47.0	9.49	8.99	0.50

County and State	Income Impacts			Labor Force	Employment Impacts			
	Direct Output	Total[b] Output	Earnings[c]		New Jobs[d]	Unemployment Rate		
						Baseline	Impacted	Impact
Stoddard County, MO	$1,130	$2,187	0.34%	13,870	41.8	6.03	5.73	0.30
Mason County, MI	$1,127	$2,124	0.31%	13,677	40.3	7.27	6.98	0.29
Grimes County, TX	$1,094	$2,388	0.58%	9,505	52.3	6.21	5.66	0.55
Delta County, CO	$1,092	$2,214	0.36%	12,088	43.1	5.58	5.22	0.36
Logan County, TN	$1,077	$2,023	0.31%	12,966	41.9	4.20	3.87	0.32
Lewis County, WA	$1,067	$1,809	0.27%	12,869	25.8	7.67	7.47	0.20
Bladen County, NC	$1,031	$2,005	0.31%	13,907	44.7	5.57	5.24	0.32
Gulf County, FL	$981	$1,842	0.70%	4,981	37.8	5.96	5.20	0.76
Santa Cruz County	$976	$1,817	0.26%	13,980	34.1	7.71	7.47	0.24
Grant County, OR	$964	$1,828	0.93%	3,792	35.2	11.89	10.97	0.93
Brown County, KS	$960	$1,791	0.69%	5,251	34.6	5.79	5.13	0.66
Yancey County, NC	$958	$1,863	0.46%	8,153	41.6	4.54	4.03	0.51
Franklin County, AL	$948	$1,857	0.29%	13,862	41.8	5.58	5.28	0.30
Grant County, NM	$947	$1,635	0.24%	12,421	33.9	8.01	7.74	0.27
Pr. o Wales-Out. Ketchikan, AK	$907	$1,696	0.92%	3,075	14.6	14.99	14.52	0.47
Fulton County, KY	$902	$1,694	0.99%	3,118	35.1	8.60	7.47	1.13
Pike County, OH	$863	$1,731	0.29%	11,451	36.6	9.54	9.22	0.32
Baker County, OR	$852	$1,616	0.42%	7,333	31.1	8.28	7.85	0.42
Berrien County, GA	$844	$1,743	0.50%	7,790	37.0	4.42	3.94	0.48
Wayne County, GA	$827	$1,709	0.32%	10,805	36.3	4.99	4.65	0.34
Holmes County, FL	$819	$1,537	0.43%	7,398	31.5	6.22	5.79	0.43
Pembina County, ND	$802	$1,374	0.50%	4,231	26.0	4.82	4.21	0.61
San Juan County, UT	$790	$1,596	0.83%	4,986	36.7	15.06	14.33	0.74
Burnett County, WI	$760	$1,439	0.37%	7,318	29.0	5.78	5.38	0.40
Phillips County, AR	$749	$1,360	0.27%	10,065	29.1	11.26	10.97	0.29
Wilkinson County, MS	$737	$1,342	0.78%	3,365	28.8	10.37	9.51	0.86
Jones County, NC	$717	$1,394	0.61%	4,589	31.1	4.97	4.29	0.68
Morgan County, TN	$697	$1,396	0.39%	7,975	29.1	6.96	6.59	0.36
Idaho County, ID	$684	$1,232	0.38%	6,598	28.0	10.20	9.78	0.42
Macon County, AL	$657	$1,286	0.28%	9,293	28.9	12.27	11.96	0.31
Lincoln County, MT	$624	$1,109	0.28%	7,916	25.2	13.81	13.49	0.32
Appling County, GA	$623	$1,288	0.38%	8,125	27.4	4.76	4.43	0.34
Fayette County, AL	$613	$1,201	0.33%	8,018	27.0	7.66	7.32	0.34
North Slope Borough, AK	$591	$1,106	0.45%	3,518	9.5	14.92	14.65	0.27
DeKalb County, TN	$551	$1,102	0.26%	8,425	23.0	5.19	4.91	0.27
Big Horn County, WY	$493	$787	0.27%	5,138	14.4	6.33	6.04	0.28
Fremont County, ID	$465	$838	0.35%	5,394	19.0	5.27	4.91	0.35
McLean County, ND	$463	$792	0.31%	4,319	15.0	5.60	5.26	0.35
Modoc County, CA	$401	$828	0.40%	4,128	15.9	11.94	11.56	0.39
Archuleta County, CO	$389	$789	0.28%	4,891	15.4	4.89	4.57	0.31
Bath County, KY	$372	$697	0.27%	4,718	14.5	6.63	6.33	0.31
Lyman County, SD	$358	$616	0.72%	1,874	13.1	9.45	8.75	0.70
Wallowa County, OR	$344	$711	0.39%	3,452	13.7	11.85	11.45	0.40
Clay County, GA	$330	$681	0.93%	1,305	14.5	6.82	5.71	1.11
Carlisle County, KY	$318	$597	0.45%	2,369	12.4	6.25	5.72	0.52
Lewis County, TN	$316	$632	0.27%	5,267	13.2	7.88	7.63	0.25
Bristol Bay Borough, AK	$278	$520	1.14%	649	4.5	10.48	9.79	0.69
Thurston County, NE	$202	$362	0.30%	2,917	7.1	12.58	12.34	0.24
Johnson County, GA	$190	$393	0.29%	3,194	8.3	5.45	5.19	0.26
Dolores County, CO	$179	$363	0.89%	871	7.1	6.08	5.27	0.81
Haines Borough, AK	$135	$253	0.29%	1,149	2.2	13.66	13.47	0.19
Garden County, NE	$132	$236	0.43%	1,159	4.7	1.90	1.50	0.40

[a] Table excludes all counties with neither an earnings impact of more than 0.25 percent or an unemployment impact of at least 0.25 percentage points, as well as all counties that received HUBZone contract years in only one year prior to FY2006.

[b] Direct Output = Spending = HUBZone Contract Revenues
Total Output = (Direct Output) + (Direct Output) x (Output Multiplier - 1) x 0.75

[c] Earnings = (Spending) x [(1) + (Output Multiplier - 1) x (0.75)] x [Final Demand Earnings Multiplier]

[d] New Jobs = (Spending) x [(1) + (Output Multiplier - 1) x (0.75)] x [Final Demand Job Multiplier]

Table 4.f includes 58 counties that had earnings rise by at least 0.50 percent. Among these counties, earnings increased by at least 1.0 percent in 29 counties; by at least 2.0 percent in 16 counties; and by over 5.0 percent in three counties.

Employment Impacts. Employment impacts are computed using state employment multipliers. The results are shown in Table 4.f, which includes all counties with decreases in the unemployment rate of at least 0.25 percentage points. Table 4.g summarizes the outcomes for different baseline unemployment rates. There is only the slightest tendency for counties with relatively high unemployment rates to enjoy relatively high reductions in the unemployment rate.[59]

Table 4.g
COMPARISON OF UNEMPLOYMENT RATE DECREASES WITH BASELINE RATES

Baseline Unemployment Rate	All Counties	Percentage-Point Decrease in Unemployment Rate					
		< 0.25	0.25-0.5	0.5-1.0	1.0-2.0	2.0-5.0	5.0-10.0
Over 10 percent	25	2	9	7	1	5	1
7 to 10 percent	29	2	10	10	3	4	-
All of Table 4.f	112	4	48	31	14	14	1

4.C. Impacts on Selected Areas

Several counties have received annual HUBZone contract revenues of over $10 million,[60] have had earnings increases of more than 4 percent of income,[61] and/or have had reductions in the unemployment rate of over 4 percentage points.[62] Further examination of these six counties appears appropriate.

Jefferson County, NY is something of an anomaly because its population (111,738) would seem to classify it as a metropolitan area. The county is located in upstate New York between Lake Ontario and the extensive Adirondack Park. More pertinently, it contains most of Fort Drum Military Reservation and commands the principal access to the reservation.

Jefferson County has had active HUBZone vendors for seven years. The resulting income stream has been quite strong, with only one weak year and two recent excellent years.[63] The county has 27 HUBZone vendors who have been awarded 455 HUBZone contracts. One of these vendors accounts for 152 contracts, three for over 70 each, one for 32 contracts.

[59] The rule of restricted choice weakens this tendency; reductions of around 5 to 7 percent would be highly unlikely in counties with baseline unemployment rates of less than 7 percent.

[60] Jefferson County, NY, Roane County, WV, and Leflore County, MS.

[61] Roane County, WV, Yukon-Koyukuk Census Area, AK, Atkinson County, GA, Jefferson County, NY, and Breckinridge County, KY.

[62] Roane County, WV and Breckinridge County, KY.

[63]

2001	2002	2003	2004	2005	2006	2007
$642,124	$9,186,679	$27,689,498	$1,370,936	$136,969,917	$78,626,753	$135,424,947

Almost all (93.2 percent) of Jefferson County's contracting has been with the U.S. Army, but most of these revenues come from contracting offices around the eastern U.S. Other Department of Defense clients include the U.S. Air Force, the Defense Logistics Agency, and the Special Operations Command. Other clients include the National Park Service, the GSA Public Buildings Service, and the U.S. Coast Guard. The overall picture is that of a truly thriving HUBZone.

LeFlore County, MS is located in west-central Mississippi, between Jackson, MS and Memphis, TN. It is a fair-sized county (population 37,497). The county qualifies on the basis of both income and unemployment, and it contains five QCTs as well.

LeFlore County has had active HUBZone vendors since 2002. The income stream has been a bit erratic, but two of the last three years have been excellent.[64] There are three HUBZone vendors. One of them has won eight contracts, but these account for the lion's share (91.8 percent) of the revenue. The other two vendors have won numerous small contracts, the majority of which are under $100,000.

The vendors tend to rely on one or two clients, but these are non local clients. The vendor with the lion's share of the county's HUBZone revenue earns almost 90 percent of its HUBZone revenue in contracts with a U.S. Army contracting office in Savannah, GA. The remainder come from a U.S. Air Force office in Charleston, SC. Another vendor has received all of its HUBZone contracts from a U.S. Army contracting office in Jacksonville, FL. The third vendor has won all but one of its HUBZone contracts from U.S. Air Force contracting offices in Charleston, SC and a far northern suburb of Chicago, IL. The lack of anything resembling local clients makes it appear that these vendors may have moved to the area to be in a HUBZone.

Roane County, WV is located near the center of the state, northeast of Charleston. Roane County has one HUBZone vendor, who has won one HUBZone contract. This results in an extremely unpredictable income stream,[65] which makes the contract value (even averaged over two years) a weak measure of HUBZone impacts. Aside from this concern, there are two other concerns about this contract. The HUBZone contract was awarded in 2006, but the business was not HUBZone-certified until September 7, 2007. Moreover, the company did not appear to be a small business when the contract was awarded.[66]

There is a plausible answer to the first question. The contract was subject to full and open competition with a HUBZone price preference, and FPDS data indicate that no preference was actually given. It is quite possible that the contractor freely competed for the contract, and

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2002	2003	2004	2005	2006	2007
$3,677,412	$13,602	-	$29,513,970	$2,014,308	$27,283,051

65

2002	2003	2004	2005	2006	2007
-	-	-	-	$31,033,137	$1,132,461

HUBZone contract revenue in 2007 represents one (or more) of the seven actions with respect to one 2006 contract.

66 For NAICS 237990, the ceiling is $31 million. The value of this contract was $32,165,598, of which $31,033,137 was spent in 2006.

only learned about and applied for the HUBZone program after this contract was awarded. If that is the case, however, the HUBZone impacts on Roane County were nil.

Atkinson County, GA is part of a large bloc of qualified counties in southeast Georgia. A single company has won $6.8 million in HUBZone contracts. A builder of modular structures, its contracts are with contracting offices across the region and well diversified by agency. The firm was HUBZone certified in 2000, has been 8(a) certified, and is also SDB and Service-Connected Disabled Veteran Owned. Yet for all its contracts, the firm won 96.25 percent of its HUBZone contract dollars in fiscal years 2001-2003 and has won only $254,155 since.[67]

Breckenridge County, KY has eight HUBZone vendors and has received $47 million in HUBZone contracts. Of this impressive total, however, 96.5 percent of it was won in FY2007, and $45,389,929.00 (96.2 percent of the total) was won by a single vendor from one contract office 20 miles down US 60 in Fort Knox. [68]

The Yukon-Koyukuk Census Area, AK covers most of north-central Alaska. Despite its vast area, its population is rather small (6,551). The area has had active HUBZone vendors since about 2001. The income stream, which had been relatively stable and modest for several years, is dominated by a single contract that accounts for 91.1 percent of the entire HUBZone revenue stream.[69] There are three HUBZone vendors in the area with six HUBZone contracts from six different contracting offices. Two of the vendors have a client base that includes the U.S. Navy, the U.S. Coast Guard, and the U.S. Air Force. The third vendor has a $32.3 million dollar contract with the Veterans Administration (Washington, DC).

This vendor and contract are critical. The vendor's listed address is in a HUBZone, and it is a legitimate HUBZone business because it "is a wholly owned subsidiary of an Alaska Native Corporation."[70] The business, however, is not in the Yukon-Koyukuk Census Area,[71] and the revenues from this contract should not be counted as beneficial impacts to that area. Without that contract, HUBZone impacts on the Yukon-Koyukuk Census Area are quite modest.

In short: Two of the cases of largest HUBZone impacts are quite problematic. Others also raise questions.

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2001	2002	2003	2004	2005	2006	2007
$1,713,000	$2,044,000	$2,759,744	-	$45,794	$208,361	-

68 The firm was founded in 2002 or 2004 (sources differ), and its HUBZone certification date is February 18, 2005, at which time it listed its annual revenues as $125,000 and its FTE employees as two. The value of the Fort Knox contracts won in FY2007 is 40 percent over SBA's definition of small for the vendor's NAICS code, 561210.

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2002	2003	2004	2005	2006	2007
$180,965	$272,108	$195,590	$150,518	$31,545,664	$2,025,856

70 http://pro-net.sba.gov/cgi-bin/closeme.pl?TO=http%3A%2F%2FWWW%2ECCIALASKA%2ECOM

71 The office listed in the CCR (and the ZIP code in the application data) is in a QCT in Anchorage. The company also lists a mailing address in Prudhoe Bay, AK, as well as offices in California, Florida, and Maine, and it "is an active member of the Bristol Bay Native Corporation (BBNC) family of subsidiaries." The error stems from the application data, where the ZIP code is correct, but the county FIPS code and the census tract number are wrong.

4.D. Summary

The penetration of HUBZone businesses into qualified non-metropolitan counties is low, and substantial impacts are sporadic. Of these 1,133 counties:

- Only 396 (35 percent) have (or have had) active HUBZone vendors;
- Only 159 (14 percent) have had cumulative income per capita of over $50—a screening test for impacts that are large enough for further analysis;
- Only 87 (7.7 percent) have had reductions in the unemployment rate of over 0.25 percentage points; and
- Only 23 (2 percent) have increases in earnings as a percentage of income of over 1 percent and/or reductions in the unemployment rate of over 1 percentage point.

Moreover, large successful contractors tend to do work out of state, which degrades the assumption that all employees reside in a HUBZone. These findings probably overstate impacts.

While impacts are substantial in some non-metropolitan qualified counties, these cases are a small fraction of the counties targeted by the HUBZone program.

Chapter 5. Metropolitan Qualified Counties

5.A. HUBZone Businesses and Vendors in Qualified Counties

5.A.1. Metropolitan Areas with Qualified Counties

Qualified counties in metropolitan areas are a peculiar hybrid that resulted from the redefinition of metropolitan areas in 2003. At that time, some counties that had been qualified were added to existing metropolitan areas or formed into new ones. At the time, some of these counties had active HUBZone vendors, and so the qualified county status was retained. While the majority of these counties have QCTs, many (including almost half of the counties shown in Table 5.a and Table 5.b) do not. Because these counties were originally qualified, retain all of the characteristics, and often lack QCTs, they are analyzed here as counties.

Of the 132 qualified counties in MSAs, 26 have no HUBZone businesses. The remaining 106 qualified counties are located in 80 MSAs. Of these, however, seven qualified counties in four MSAs are DDAs, and two other qualified counties in one MSA are in Indian Country. These are included in subsequent chapters and are not analyzed here. A Puerto Rican *municipio*, which is in an MSA (Yauco) but is not a DDA, is included here.

5.A.2. HUBZone Businesses and Vendors

Geography. Table 5.a shows the 75 metropolitan areas that have qualified counties with HUBZone businesses. Of these MSAs, 40 have HUBZone vendors and 35 do not. The mean number of vendors (in counties that have them) is 2.7.

Table 5.b compares metropolitan qualified counties with and without vendors on the basis of two factors that appear to play a major role in whether there are vendors:

- There are far more HUBZone businesses in the counties with vendors than in the counties without vendors.
- The core metropolitan areas in which qualified counties with vendors are located have more HUBZone vendors than the core MSAs in which qualified counties without vendors are located. More particularly, there are no vendors in 14 (41.2 percent) of the core MSAs in which qualified counties without vendors are located.

Twelve of the metropolitan areas with vendors were newly formed; the other 28 had qualified counties added to them. Nine of these 12 MSAs are made up entirely of qualified counties. [72] In general, these are not major metropolitan areas. The newly formed metropolitan areas are among the most successful of the metropolitan qualified counties, accounting for seven of the 10 counties with HUBZone revenues of over $6 million.

[72] One of the MSAs with no vendors also consists only of a qualified county. For these MSAs, there is no core MSA in the sense of an area where QCTs are the only class of HUBZone.

Table 5.a
VENDORS AND CONTRACTS IN METROPOLITAN QUALIFIED COUNTIES, BY METROPOLITAN AREA

Metropolitan Area[a]	Qualified Counties		HUBZone Establishments		Contracts		Contract Revenues	
	Total	With Vendors	Businesses[b]	Vendors[c]	Total	Per Vendor	Total	Per Contract
Albany, GA	1	-	1	-	-	-	-	-
Alexandria, LA	1	-	3	-	-	-	-	-
Asheville, NC	1	1	7	1	1	1.0	$95	$95
Atlanta, GA	5	1	9	1	18	18.0	$5,437	$302
Augusta, GA-SC	1	1	4	1	11	11.0	$50,692	$4,608
Baton Rouge, LA	2	1	11	1	1	1.0	$32	$32
Birmingham, AL	2	-	6	-	-	-	-	-
Blacksburg, VA	3	-	7	-	-	-	-	-
Bloomington, IN	1	1	16	3	61	20.3	$3,781	$62
Boise City, ID	3	3	16	3	8	2.7	$3,575	$894
Brunswick, GA	1	-	4	-	-	-	-	-
Charleston, WV	1	-	1	-	-	-	-	-
Charlotte, NC-SC	1	-	5	-	-	-	-	-
Clarksville, TN-KY	1	1	12	4	49	12.3	$10,106	$206
Cleveland, TN	1	-	3	-	-	-	-	-
Coeur d'Alene, ID[d,e]	1	1	80	9	41	4.6	$6,549	$160
Columbia, SC	1	-	3	-	-	-	-	-
Columbus, GA-AL	2	1	3	1	1	1.0	$47	$47
Corpus Christi, TX	1	-	3	-	-	-	-	-
Danville, IL[d,e]	1	1	6	1	2	2.0	$347	$173
Davenport, IA-IL	1	-	3	-	-	-	-	-
Dothan, AL	1	1	11	1	4	4.0	$2,986	$746
Duluth, MN-WI	1	-	3	-	-	-	-	-
Durham, NC	1	1	5	1	1	1.0	$25	$25
El Centro, CA[d,e]	1	1	30	2	5	2.5	$675	$135
Evansville, IN-KY	1	1	4	1	1	1.0	$13	$13
Farmington, NM[d,e]	1	1	29	3	14	4.7	$12,248	$875
Fayetteville, NC	1	1	20	4	12	3.0	$790	$66
Florence, SC	1	1	7	4	143	35.8	$2,299	$16
Fort Smith, AR-OK	2	-	15	-	-	-	-	-
Grand Rapids, MI	1	-	2	-	-	-	-	-
Green Bay, WI	1	-	5	-	-	-	-	-
Greensboro, NC	1	1	7	1	2	2.0	$1	$1
Greenville, NC	1	-	2	-	-	-	-	-
Greenville, SC	1	-	4	-	-	-	-	-
Hanford, CA[d,e]	1	1	14	2	34	17.0	$25,599	$753
Hinesville, GA[d]	1	1	11	3	11	3.7	$1,692	$154
Jackson, MS	2	1	11	1	1	1.0	$6,649	$6,649
Jonesboro, AR	1	-	2	-	-	-	-	-
Kansas City, MO-KS	1	-	1	-	-	-	-	-
Little Rock, AR	1	-	1	-	-	-	-	-
Longview, WA[d,e]	1	1	41	10	49	4.9	$8,213	$168

Metropolitan Area[a]	Qualified Counties		HUBZone Establishments		Contracts		Contract Revenues ($1,000s)	
	Total	With Vendors	Businesses	Vendors	Total	Per Vendor	Total	Per Contract
Louisville, KY-IN	1	1	2	1	2	2.0	$1,955	$978
Lynchburg, VA	1	-	1	-	-	-	-	-
Macon, GA	1	1	5	1	1	1.0	$255	$255
Memphis, TN-MS-AR	1	-	5	-	-	-	-	-
Montgomery, AL	1	-	3	-	-	-	-	-
Mount Vernon, WA[d,e]	1	1	37	6	149	24.8	$7,169	$48
Nashville, TN	3	2	6	2	3	1.5	$483	$161
Owensboro, KY	1	-	3	-	-	-	-	-
Pascagoula, MS	1	1	11	2	8	4.0	$712	$89
Peoria, IL	1	-	1	-	-	-	-	-
Pittsburgh, PA	1	1	20	2	7	3.5	$38	$5
Pocatello, ID	1	-	2	-	-	-	-	-
Portland, OR-WA	1	1	18	4	13	3.3	$5,133	$395
Richmond, VA	2	2	19	3	7	2.3	$588	$84
Roanoke, VA	1	-	14	-	-	-	-	-
St. Louis, MO-IL	2	-	2	-	-	-	-	-
Salisbury, MD	1	-	1	-	-	-	-	-
Salt Lake City, UT	2	1	21	4	47	11.8	$3,312	$70
San Jose, CA	1	-	8	-	-	-	-	-
Shreveport, LA	1	-	1	-	-	-	-	-
Springfield, MO	1	1	2	1	2	2.0	$49	$25
Terre Haute, IN	1	1	4	1	8	8.0	$1,039	$130
Toledo, OH	1	1	6	1	1	1.0	$20	$20
Topeka, KS	1	-	1	-	-	-	-	-
Tuscaloosa, AL	2	1	3	2	9	4.5	$398	$44
Valdosta, GA[d]	3	1	27	5	122	24.4	$39,756	$326
Vero Beach, FL[d,e]	1	-	19	-	-	-	-	-
Victoria, TX[b]	1	1	4	3	12	4.0	$15,939	$1,328
Virginia Beach, VA-NC	1	-	3	-	-	-	-	-
Wenatchee, WA[d,e]	2	2	34	8	32	4.0	$2,261	$71
Wichita, KS	1	1	3	1	1	1.0	$12	$12
Wilmington, NC	1	1	6	2	72	36.0	$5,507	$76
Yauco, PR[f]	1	-	1	-	-	-	-	-
All Counties	97	45	721	107	966	9.0	$226,480	$235

[a] Names of metropolitan areas have been truncated to include only the first city, although all states are shown. Full names of MSAs are found in Appendix B.

[b] The source for HUBZone businesses is the HUBZone application data file.

[c] The source for HUBZone vendors is the Federal Procurement Data System.

[d] New metropolitan areas, as of the 2003 redefinitions.

[e] Metropolitan areas that consist entirely of qualified counties.

[f] Most of Puerto Rico is now DDA and is analyzed in Chapter 8. Guánica Municipio, however, is the one county-equivalent in Puerto Rico (or anywhere) that is in an MSA, and is a qualified county, but is not a DDA.

Table 5.b COMPARISON OF METROPOLITAN QUALIFIED COUNTIES WITH AND WITHOUT HUBZONE VENDORS					
	HUBZone Businesses in Qualified Counties		Number of Vendors in Core Metropolitan Area		HUBZone Vendors in Qualified Counties
	With Vendors	Without Vendors	With Vendors	Without Vendors	
1st Quartile	5	1	1	0	1
Median	11	3	2	1	2
3rd Quartile	19	5	5	6	3
9th Decile	30	8	11	10	5
Maximum	80	19	40	61	10
Mean	4.0	14.6	5.6	4.8	2.7

Fourteen of the MSAs have two or three qualified counties, and one has five. Only three of these MSAs have at least one qualified vendor in each qualified county. Four have no qualified vendor in any qualified county.

Of the 40 MSAs with vendors, four (10 percent) have more than one qualified county with HUBZone vendors. In nearly half (42.5 percent) of these metropolitan areas, there is one qualified vendor; and four (10 percent) have more than four vendors.

5.A.3. HUBZone Contracts and Revenues

Table 5.c shows information on contracts and revenues for the 45 individual qualified metropolitan counties that have vendors. There is a wide range of total HUBZone contract revenues among these counties. In general, total contract revenues are positively related to the number of vendors, contracts per vendor, and size of individual contracts.

5.B. Impacts

5.B.1. Income and Employment Impacts

Impacts are defined as changes from baseline in income and the unemployment rate that result from the expenditure of funds through HUBZone contracts.

Direct Income Impacts. Table 5.d includes the 18 qualified counties with total revenue per capita of over $50 and excludes 27 counties in Table 5.c that did not pass this screen for further analysis. Counties in Table 5.d are ranked by the ratio of total contract revenues over the life of the program to county population. Table 5.d shows per capita revenues in terms of both total HUBZone revenues and annualized HUBZone revenues.

Table 5.c METROPOLITAN VENDORS AND CONTRACTS, BY QUALIFIED COUNTY				
County	**Metropolitan Area**	**Vendors**	**Contracts**	**Contract Revenues**
Burke County	Augusta, GA	1	11	$50,691,975
Lowndes County	Valdosta, GA	5	122	$39,756,435
Kings County	Hanford, CA	2	34	$25,599,095
Calhoun County	Victoria, TX	3	12	$15,939,352
San Juan County	Farmington, NM	3	14	$12,248,459
Stewart County	Clarksville, TN	4	49	$10,105,981
Cowlitz County	Longview, WA	10	49	$8,212,714
Skagit County	Anacortes, WA	6	149	$7,169,326
Simpson County	Jackson, MS	1	1	$6,648,981
Kootenai County	Coeur d'Alene, ID	9	41	$6,549,316
Pender County	Wilmington, NC	2	72	$5,507,153
Meriwether County	Atlanta, GA	1	18	$5,437,458
Skamania County	Portland, WA	4	13	$5,133,487
Greene County	Bloomington, IN	3	61	$3,781,089
Tooele County	Salt Lake City, UT	4	47	$3,312,168
Owyhee County	Boise City, ID	1	5	$3,201,265
Geneva County	Dothan, AL	1	4	$2,985,802
Darlington County	Florence, SC	4	143	$2,299,436
Washington County	Louisville, IN	1	2	$1,955,213
Liberty County	Hinesville, GA	3	11	$1,691,957
Chelan County	Wenatchee, WA	6	18	$1,466,406
Sullivan County	Terre Haute, IN	1	8	$1,039,413
Douglas County	Wenatchee, WA	2	16	$794,670
Hoke County	Fayetteville, NC	4	12	$789,801
George County	Pascagoula, MS	2	8	$711,992
Imperial County	El Centro, CA	2	5	$674,512
Louisa County	Richmond, VA	1	4	$454,968
Macon County	Nashville, TN	1	1	$453,000
Hale County	Tuscaloosa, AL	2	9	$398,113
Vermilion County	Danville, IL	1	2	$346,674
Monroe County	Macon, GA	1	1	$255,000
Gem County	Boise City, ID	1	1	$218,241
Boise County	Boise City, ID	1	2	$155,810
Caroline County	Richmond, VA	2	3	$132,632
Haywood County	Asheville, NC	1	1	$95,076
Dallas County	Springfield, MO	1	2	$49,121
Marion County	Columbus, GA	1	1	$47,460
Armstrong County	Pittsburgh, PA	2	7	$37,936
Pointe Coupee Parish	Baton Rouge, LA	1	1	$32,202
Hickman County	Nashville, TN	1	2	$29,914
Person County	Durham, NC	1	1	$24,726
Ottawa County	Toledo, OH	1	1	$20,083
Gibson County	Evansville, IN	1	1	$12,720
Sumner County	Wichita, KS	1	1	$11,929
Rockingham County	Greensboro, NC	1	2	$1,198

Table 5.d IMPACTS IN TERMS OF PER CAPITA INCOME						
			Contract	Revenue per Capita		Span of
County	Metro Area	Population	Revenues	Total	Average[a]	Years
Burke County	Augusta, GA	22,243	$50,691,975	$2,279	$456	2003-2007
Stewart County	Clarksville, TN	12,370	$10,105,981	$817	$136	2002-2007
Calhoun County	Victoria, TX	20,647	$15,939,352	$772	$129	2002-2007
Skamania County	Portland, WA	9,872	$5,133,487	$520	$87	2002-2007
Lowndes County	Valdosta, GA	92,115	$39,756,435	$432	$86	2003-2007
Owyhee County	Boise City, ID	10,644	$3,201,265	$301	$75	2004-2007
Meriwether County	Atlanta, GA	22,534	$5,437,458	$241	$60	2004-2007
Simpson County	Jackson, MS	27,639	$6,648,981	$241	*$120*	2006-2007
Kings County	Hanford, CA	129,461	$25,599,095	$198	$28	2001-2007
Pender County	Wilmington, NC	41,082	$5,507,153	$134	$19	2001-2007
Geneva County	Dothan, AL	25,764	$2,985,802	$116	$29	2001-2004
Greene County	Bloomington, IN	33,157	$3,781,089	$114	*$38*	2006-2007
San Juan County	Farmington, NM	113,801	$12,248,459	$108	$18	2002-2007
Cowlitz County	Longview, WA	92,948	$8,212,714	$88	$13	2001-2007
Tooele County	Salt Lake City, UT	40,735	$3,312,168	$81	$14	2002-2007
Washington County	Louisville, IN	27,223	$1,955,213	$72	*$72*	2006
Skagit County	Anacortes, WA	102,979	$7,169,326	$70	$12	2002-2007
Kootenai County	Coeur d'Alene, ID	108,685	$6,549,316	$60	$10	2002-2007

[a] Averages computed on less than four years data are shown in italics.

The shape of the annual income stream affects the benefits of HUBZone contracts, particularly with respect to the sustainability of benefits. These counties tend to have a pattern of a stable or growing income stream. Most of these counties:

- Had long revenue streams, starting in 2001 or 2002 and continuing through 2007,
- Had their best year in 2006 or 2007, and
- Had several relatively good years, not just one.

Relatively few of these counties received HUBZone contract revenues in only one year or received almost all revenues in one year and a revenue stream of just two or three years. A few have a short revenue stream that is recent and growing, which probably understates future benefits.

Total Impacts. Total income impacts include the indirect expenditures within the targeted area that result from the direct increases in income. This effect is captured with a regional input-output multiplier. Table 5.e presents results on impacts for the 18 qualified counties included in Table 5.d. Results on total income impacts include the following:

- Annualized direct demand increased by over $3 million in three counties; by $1 million to $3 million in three counties; and less than $800,000 in 12 counties.
- Total demand (direct plus indirect demand) increased by over $5 million in three counties; by $1 million to $5 million in eight counties; and less than $1 million in seven counties.
- Labor earnings, measured as a percent of income, increased by over 2 percent in two counties; between 0.25 percent and 1 percent in five counties; and less than 0.25 percent in 11 counties.

Table 5.e INCOME AND EMPLOYMENT IMPACTS ON METROPOLITAN AREAS								
	Income Impacts			Labor Force	Employment Impacts			
					New Jobs[c]	Unemployment Rate (percent)		
County and State	Direct Output	Total[a] Output	Earnings[b]			Baseline	With Impact	Impact
Burke County, GA	$8,044,794	$16,621,551	4.38%	9,108	353	9.24	5.37	3.88
Lowndes County, GA	$4,694,699	$9,699,836	2.11%	44,573	206	5.39	4.92	0.46
Simpson County, MS	$3,232,046	$5,881,272	0.22%	11,389	126	6.28	5.17	1.11
Washington County, IN	$1,955,213	$3,772,681	0.70%	13,813	75	4.40	3.86	0.55
Kings County, CA	$1,410,423	$2,909,773	0.41%	49,044	56	12.65	12.54	0.11
Calhoun County, TX	$1,165,076	$2,543,856	0.10%	8,922	56	7.38	6.75	0.62
Stewart County, TN	$773,096	$1,547,680	0.05%	5,589	32	7.32	6.74	0.58
Greene County, IN	$692,589	$1,336,385	0.06%	16,115	27	5.44	5.27	0.17
Skagit County, WA	$687,500	$1,347,913	0.28%	49,692	25	6.84	6.79	0.05
Owyhee County, ID	$683,888	$1,232,348	0.59%	4,716	28	6.81	6.21	0.59
San Juan County, NM	$670,968	$1,158,947	0.10%	49,000	24	9.07	9.02	0.05
Meriwether County, GA	$471,847	$974,895	0.05%	9,845	21	6.96	6.75	0.21
Geneva County, AL	$387,750	$759,554	0.15%	11,799	17	7.93	7.79	0.14
Skamania County, WA	$384,419	$753,692	0.03%	4,888	14	11.09	10.80	0.29
Pender County, NC	$322,317	$626,930	0.26%	19,087	14	5.64	5.56	0.07
Tooele County, UT	$298,443	$603,056	0.23%	19,221	14	5.55	5.47	0.07
Kootenai County, ID	$275,586	$496,599	0.05%	54,471	11	7.74	7.72	0.02
Cowlitz County, WA	$265,149	$519,851	0.08%	43,307	10	7.68	7.65	0.02

Employment impacts are computed using a regional employment multiplier. The results, which are shown in the last column of Table 5.e, are summarized in Table 5.f. The counties with relatively high unemployment generally benefited less than counties with lower unemployment rates.

Table 5.f COMPARISON OF UNEMPLOYMENT RATE DECREASES WITH BASELINE RATES						
Baseline Unemployment Rate	All Counties	Percentage Point Decrease in Unemployment Rate				
		< 0.25	0.25-0.5	0.5-1.0	1.0-2.0	2.0-5.0
Over 10 percent	2	1	1	-	-	-
7 to 10 percent	7	4	-	2	-	1
All of Table 5.e	18	10	2	4	1	1

5.B.2. Impacts at Their Highest

Burke County was the only county with earnings of more than 0.8 percent or with a drop in the unemployment rate of more than 0.75 percentage points. In this group of HUBZones, it is sufficiently unusual that it merits further examination.

The large HUBZone contract revenues resulted from one business in the construction business (NAICS 236220). This firm was founded in February 1996, according to the HUBZone application data (1995, according to the CCR), and it was certified as a HUBZone business on 12/7/2006, according to the HUBZone data (6/16/2005, according to the CCR). The application data list its employment size as 70 full-time equivalents and its sales as $1,797,080.

FPDS data indicate HUBZone contracts dating back to 2003,[73] with clients that include two or three Army contracting offices,[74] two Navy contracting offices and NASA. The 2007 revenues, which account for almost 80 percent of the total, come from four contracts with the Army, the Navy (2), and NASA (the largest at $26,408,780).

The picture these data present is that of a thriving HUBZone business that is benefiting itself and the county because of the program. The data, however, have a number of anomalies:

- The 2003 contract, which FPDS data describe as a HUBZone set-aside with full competition after exclusion of some sources, was awarded two years before this firm was certified as a HUBZone business.
- The HUBZone applications data and the CCR data give conflicting dates for both the founding and the HUBZone certification business.
- Application data list sales of the business as being 44 percent of the 2003 contract and 28 percent of the 2006 contracts, which were awarded before the application data (but not the CCR data) HUBZone certification date.
- Collectively, the contracts awarded in 2007 disqualify the firm as a small business.[75]

At best, this case illustrates sloppy record-keeping and inconsistent data. It may represent some degree of impropriety in management.

5.B.3. Summary

The penetration of HUBZone businesses into metropolitan qualified counties is low. Of the 127 counties that fall into this category (and are not DDAs or Indian Country):

- Forty-five counties (35.4 percent) have (or have had) active HUBZone vendors;
- Eighteen counties (14.2 percent) have cumulative income per capita of over $50—a screening test for impacts that are large enough for further analysis;
- Nine counties (7.1 percent) have impacts greater than a decrease in the employment rate of at least 0.25 percentage points;
- Seven counties (5.5 percent) have impacts on earnings greater than 0.25 percent of income;
- Three of these counties have either an increase in annual per capita income greater than 1.0 percent or a decrease in the unemployment rate of more than 1.0 percentage point; and
- One of these counties has both an increase in annual per capita income greater than a 1.0 percent and a decrease in the unemployment rate of more than 1.0 percentage point.

[73] Year by year, the amounts are:

2003	2004	2005	2006	2007
$4,058,515	-	-$7,677	$6,417,165	$40,223,972

[74] The office that awarded the 2003 contract is not on the current FPDS list and may have changed into the office that accounts for the negative figure in 2005.

[75] The size standard for NAICS 236220 is $31 million. While each contract (including the large NASA contract) falls below this threshold, the total of $40.2 million does not. This may not be an issue, as SBA size standards are defined as an average over three years.

HUBZone program impacts on metropolitan qualified counties are very limited in scope.

Although the baseline is unobservable when impacts are present, the case of Burke County illustrates definitional questions about impacts at a conceptual level.

- A business may have been successful in winning these (or other) contracts without the HUBZone program. If so, these contracts should be considered part of the baseline, rather than HUBZone impacts.
- If (when) a business ceases to be a HUBZone business—because it ceased to be small, for example—the business will keep winning government contracts. Its revenues will (should) not be counted as HUBZone impacts. To the extent that the HUBZone program contributed to the growth of this business, the contract revenues will in some respects be attributable to the program, and program impacts will outlast the HUBZone status of the business.

Chapter 6. Non-Metropolitan Qualified Census Tracts

6.A. HUBZone Businesses and Vendors in QCTs

6.A.1. QCTs in Non-Metropolitan Areas

The statutory language of the HUBZone Act does not put any geographic restrictions on qualified census tracts. A QCT is a HUBZone. Thus there is a none-of-the-above category of HUBZones that are not in metropolitan areas, not in qualified counties, not in DDAs, not on an Indian reservation, and not on a BRAC base. These are the non-metropolitan QCTs.

6.A.2. HUBZone Businesses and Vendors

Geography. These HUBZone areas are identified simply by ruling out everything else. We searched the census tract data for QCTs that were not coded as metropolitan or as any other class of HUBZone. We then searched the applications data by county/state combinations for HUBZone businesses.

We also matched the portion of the vendor list that had not been identified by HUBZone class with the applications data to obtain census tract numbers. We then matched those census tract numbers with the list of non-metropolitan QCTs. DDA and OTSA counties were removed manually. The results are shown in Table 6.a. We identified

- 468 QCTs;
- 408 HUBZone businesses in 109 non-qualified counties in 40 states; and
- 34 vendors in 21 non-qualified counties in 16 states, and there may be more.[76]

This is a very mixed group of counties. They have relatively small populations, but usually include a small city. Many are somewhat isolated or out of the way. They also tend to be at least partly surrounded by qualified counties.

Many of these counties have a substantial number of HUBZone businesses. Of the 109 counties with HUBZone businesses, there were at least two businesses per QCT in 40 counties (36.7 percent) and at least three businesses per QCT in 13 counties (11.9 percent). Two counties had 6 HUBZone businesses per QCT. In absolute numbers, eight counties had 10 or more HUBZone businesses.

[76] The computer search of the data turned up 90 vendors. Of these:

- 34 were identified as being in QCT HUBZones,
- 30 could not be determined, because the record lacked census tract information, and
- 26 were clearly not in a HUBZone at all, because either the record had a census tract number that did not match any QCTs in the county, or the county had no QCTs at all.

Table 6.a NON-METROPOLITAN QUALIFIED CENSUS TRACTS				
State	**Counties with QCTs**	**Qualified Census Tracts**	**HUBZone Businesses**[a]	**HUBZone Vendors**[b]
Alabama	4	12	23	1
Arkansas	8	12	6	2
Arizona	1	4	8	-
California	2	9	22	1
Colorado	1	1	-	-
Connecticut	2	4	6	1
Florida	8	12	5	-
Georgia	7	19	19	2
Iowa	1	1	-	-
Idaho	4	6	10	1
Illinois	7	13	4	-
Indiana	5	10	3	-
Kansas	8	14	4	-
Kentucky	9	20	29	-
Louisiana	4	20	22	3
Maine	1	1	-	-
Michigan	5	15	3	-
Minnesota	4	6	-	-
Missouri	15	28	17	-
Mississippi	5	7	5	-
Montana	10	16	15	1
North Carolina	10	19	31	6
North Dakota	5	5	7	-
New Hampshire	1	1	1	-
New Mexico	6	10	24	2
Nevada	1	3	-	-
New York	11	30	17	4
Ohio	4	9	5	-
Oklahoma	4	10	20	1
Oregon	3	3	4	-
Pennsylvania	8	14	8	-
South Carolina	2	3	3	-
South Dakota	5	5	-	-
Tennassee	5	11	19	2
Texas	40	82	42	2
Virginia	2	3	13	4
Vermont	1	1	-	-
Washington	1	3	-	-
Wisconsin	5	7	1	-
West Virginia	9	19	12	1
Total	**234**	**468**	**408**	**34**

[a] The source for HUBZone businesses is the HUBZone application data file.

[b] The source for HUBZone vendors is the Federal Procurement Data System.

Table 6.b
VENDORS AND CONTRACTS IN NON-METROPOLITAN COUNTIES WITH QCTs

County	State	QCTs	Vendors	Contracts		Contract Revenues	
				Total	Per Vendor	Total	Per Contract
Acadia Parish	Louisiana	4	3	31	10.3	$8,670,511	$279,694
Angelina County	Texas	3	1	18	18.0	$810,270	$45,015
Bulloch County	Georgia	4	2	18	9.0	$7,604,532	$422,474
Cherokee County	Texas	3	1	1	1.0	$46,562	$46,562
Coffee County	Tennessee	1	1	8	8.0	$1,928,935	$241,117
Culpeper County	Virginia	2	2	6	3.0	$133,882	$22,314
Curry County	New Mexico	4	2	135	67.5	$4,166,026	$30,859
Dale County	Alabama	3	1	2	2.0	$708,726	$354,363
Faulkner County	Arkansas	3	1	14	14.0	$3,809,788	$272,128
Harnett County	North Carolina	2	4	145	36.3	$15,300,115	$105,518
Humboldt County	California	7	1	5	5.0	$12,155,279	$2,431,056
Jackson County	Oklahoma	2	1	1	1.0	$79,519	$79,519
Lewis & Clark County	Montana	1	1	13	13.0	$262,395	$20,184
Madison County	Idaho	2	1	17	17.0	$3,899,431	$229,378
Marion County	West Virginia	3	1	47	47.0	$7,690,122	$163,620
Montgomery County	New York	5	4	8	2.0	$589,726	$73,716
Pasquotank County	North Carolina	2	2	55	27.5	$3,740,181	$68,003
Putnam County	Tennessee	2	1	35	35.0	$4,818,542	$137,673
Sevier County	Arkansas	1	1	2	2.0	$155,669	$77,835
Staunton City	Virginia	1	2	9	4.5	$118,723	$13,191
Windham County	Connecticut	2	1	5	5.0	$36,450	$7,290
Mean Values		**2.7**	**1.6**	**27.4**	**16.9**	**$3,653,590**	**$133,435**

Getting HUBZone contracts was another matter. Only 8.3 percent[77] of these HUBZone businesses became HUBZone vendors.

6.A.3. HUBZone Contracts and Revenues

Table 6.b provides data on the contracts and HUBZone contract revenues for counties that have HUBZone vendors. Table 6.b suggests that these counties compare favorably with other smaller HUBZones.[78] On average, the vendors in these counties do very well in winning contracts, although the mean size of those contracts is considerably smaller than for other categories of HUBZones. Half of the counties have received over $1 million in HUBZone contract revenues, the same as qualified metropolitan counties and only slightly below qualified non-metropolitan counties. None of these counties, however, has received larger HUBZone revenues—$20 million or more.

[77] This number reflects uncertainties that result from use of two data sources:
- Data were inadequate to locate 30 vendors, which tends to understate this percentage.
- FPDS data included HUBZone vendors not found in the applications data, which suggests that there were more non-vendor HUBZone businesses and tends to overstate this percentage.

[78] These areas particularly resemble one-county metropolitan areas. While only two of them have more than four QCTs, all but four of them have more than one QCT.

Table 6.c IMPACTS IN TERMS OF PER CAPITA INCOME						
		QCT	Contract	Revenue per Capita		Span of
County	State	Population	Revenues	Total	Average	Years
Harnett County	North Carolina	7,999	$15,300,115	$1,913	$383	2001-2007
Humboldt County	California	34,496	$12,155,279	$352	$176	2005-2007
Acadia Parish	Louisiana	21,826	$8,670,511	$397	$199	2003-2007
Marion County	West Virginia	5,812	$7,690,122	$1,323	$662	2001-2007
Bulloch County	Georgia	18,903	$7,604,532	$402	$101	2005-2007
Putnam County	Tennessee	7,876	$4,818,542	$612	$612	2003-2007
Curry County	New Mexico	14,162	$4,166,026	$294	$98	2006-2007
Madison County	Idaho	10,977	$3,899,431	$355	$118	2004-2007
Faulkner County	Arkansas	12,732	$3,809,788	$299	$43	2005-2007
Pasquotank County	North Carolina	4,704	$3,740,181	$795	$265	2005-2007
Coffee County	Tennessee	4,076	$1,928,935	$473	$95	2003-2007
Angelina County	Texas	13,292	$810,270	$61	$9	2006-2007
Dale County	Alabama	7,069	$708,726	$100	$100	2003-2005
Montgomery County	New York	10,729	$589,726	$55	$11	2003-2007
Lewis & Clark County	Montana	3,833	$262,395	$68	$17	2003-2007
Sevier County	Arkansas	5,792	$155,669	$27	$9	2007
Culpeper County	Virginia	8,171	$133,882	$16	$3	2003-2006
Staunton City	Virginia	1,402	$118,723	$85	$17	2004-2005
Jackson County	Oklahoma	7,048	$79,519	$11	$11	2007
Cherokee County	Texas	9,066	$46,562	$5	$3	2005
Windham County	Connecticut	9,301	$36,450	$4	$2	2005-2006

The HUBZone contract revenue streams show some interesting characteristics. Most of them go on for a number of years. Although many of them have a gap (typically in the second year), they are generally fairly stable. Most have no single big contract that boosts the numbers. All of the one-year income streams, most of the two-year streams, and all those that did not continue through FY2007 are in the bottom half of the ranking. Counties in the upper part of the list with only two years of revenue streams won their contracts in FY2006 and FY2007.

6.B. Impacts

6.B.1. Income and Employment Impacts

Impacts are defined as changes from baseline in income and the unemployment rate that result from the expenditure of funds through HUBZone contracts.

Direct Per Capita Impacts. Table 6.c shows per capita revenues in terms of both total HUBZone revenues and annualized HUBZone revenues. Comparison of the two values for a single county reflects one aspect of annualizing the data. The relative stability and substantial length of the HUBZone revenue streams result in an exceptionally large drop-off from the total income per capita figures to the average annual income per capita figures.

As Table 6.c indicates, five counties (23.8 percent) did not pass this screen for further analysis (total revenue per capita of over $50).[79] QCTs in non-qualified non-metropolitan

[79] Statistical adjustments and procedures are discussed further in Appendix C.

counties have substantially the highest percentage of HUBZones with vendors to pass the screen of any class of HUBZones.

Total Income Impacts. Table 6.d shows impacts on QCTs within each affected county. Total direct impacts are shown in three ways:

- Total HUBZone contract revenues on an annualized basis;
- Increase in total final demand (output); and
- Increase in earnings, as a percentage of income.

Total final demand is greater than direct output, but the margin is relatively small. This reflects leakage of indirect impacts due to the "openness" of the small clusters of QCTs that make up the HUBZones.

Table 6.d
INCOME AND EMPLOYMENT IMPACTS ON QCTs
IN NON-METROPOLITAN AREAS[a]

	Income Impacts				Employment Impacts			
						Unemployment Rate (percent)		
County and State	Direct Output ($1,000s)	Total[b] Output ($1,000s)	Earnings[c]	Labor Force	New Jobs[d]	Baseline	Impacted	Impact
Marion, WV	$8,671	$11,628	4.09%	8,020	140	10.35	8.61	1.74
Pasquotank, NC	$810	$980	4.06%	5,270	13	11.16	10.91	0.24
Madison, ID	$7,605	$10,350	3.07%	9,489	149	16.32	14.76	1.57
Harnett, NC	$1,929	$2,135	3.04%	1,807	26	10.02	8.57	1.45
Bulloch, GA	$4,166	$6,028	2.48%	5,563	84	9.90	8.40	1.51
Acadia, LA	$709	$826	2.23%	3,640	11	7.69	7.40	0.29
Coffee, TN	$3,810	$4,563	1.64%	6,892	55	14.16	13.36	0.80
Humboldt, CA	$15,300	$20,018	1.63%	10,532	238	11.93	9.66	2.26
Curry, NM	$12,155	$15,369	1.49%	16,552	193	10.98	9.81	1.16
Putnam, TN	$262	$287	1.36%	2,043	3	9.01	8.85	0.16
Faulkner, AR	$3,899	$5,593	0.98%	5,112	78	11.31	9.78	1.52
Angelina, TX	$7,690	$8,936	0.32%	2,432	112	14.35	9.76	4.59
Dale, AL	$590	$752	0.31%	4,377	10	5.00	4.77	0.24
Staunton, VA	$3,740	$4,336	0.17%	1,939	43	12.12	9.88	2.24
Lewis & Clark, MT	$4,819	$6,054	0.16%	6,316	83	7.19	5.88	1.31
Montgomery, NY	$119	$125	0.15%	730	1	2.19	2.06	0.13

[a] Table excludes all counties with contract revenues per capita of less than 0.5 percent.

[b] Direct Output = Spending = HUBZone Contract Revenues
Total Output = (Direct Output) + (Direct Output) x (Output Multiplier - 1) x (QCT Population)/(MSA Population)

[c] Earnings = (Spending) x [(0.5) + (Output Multiplier - 1)x(0.75)]x[(QCT Population)/(County Population)]x[Final Demand Earnings Multiplier]

[d] New Jobs = (Spending) x [(0.5) + (Output Multiplier - 1) x (0.75)] x [(QCT Population)/(County Population)] x [Final Demand Job Multiplier]

The earnings impacts are considerably more consistent than those of other groups of HUBZones. They are modest, with no county receiving more than a 5 percent increase. Yet over 60 percent of these counties achieved earnings increases of over 1 percent.

Employment Impacts. Impacts on unemployment are shown in Table 6.d in the form of new jobs created and estimated reductions in the unemployment rate. HUBZone contracts are estimated to have led to the creation of over 100 jobs in five of the 16 counties. Ten of the

counties are estimated to have had decreases in the unemployment rate of more than 1 percentage point—three of these more than 2 percentage points.

6.B.2. Summary

The non-qualified non-metropolitan counties with QCTs and HUBZone vendors appear to have a consistency of success that is lacking in most classes of HUBZones.

Chapter 7. Indian Country

7.A. HUBZone Businesses and Vendors in Indian Country

7.A.1. Reservations, Alaska Native Villages, and Oklahoma

Identification and Matching. Under the HUBZone Act, three different types of areas are HUBZones because they are part of Indian Country:

- Reservations and trust lands;
- Alaska Native village statistical areas (ANVSAs); and
- Oklahoma tribal statistical areas (OTSAs).

It is extremely difficult to identify which HUBZone businesses are in Indian Country or what reservation or other Indian land they are in. Reservations and OTSAs do not conform to conventional jurisdictional boundaries. Some lands are fragmented, while others—especially OTSAs—abut or are intermixed to form large solid blocs. Data are also a major problem.

- Indian country is supposed to have its own set of census tract numbers, but Census Bureau staff reported that this has not been carried out consistently enough to be reliable.
- HUBZone application data contain a variable indicating that the business is in Indian Country. In over 10 percent of the records coded as being in Indian Country, however, there are no Indian lands in the same ZIP code—and often not even in the same county—as the business.
- The HUBZone mapping system displays geo-coded data on Indian reservations and other Indian lands, but its deficiencies are so numerous and serious that it cannot effectively be used on its own to match a ZIP code to a reservation.[80]

In order to identify the Indian reservation for each of the HUBZone businesses coded as being in Indian Country, with as little effort or guessing as possible, we developed a search procedure that supplements the HUBZone mapping system with MapQuest and USPS Zip code data. During this process, we discovered—and dropped—126 records that were clearly not on any kind of Indian lands. HUBZone vendors were easier to search. There were far fewer records, and FPDS data include street addresses.

An Overview of Indian Country HUBZone Businesses. Table 7.a shows the distribution of Indian Country HUBZone businesses by state and the concentrations within counties of each state. A slight majority of states (27) have such HUBZone businesses. To some extent, the results are driven by the number and size of Indian lands, but other factors appear to be at work as well. The states break somewhat into groups:

- Oklahoma (407) and Alaska (130) between them have a considerable majority of all Indian Country HUBZone businesses. These states, however, are special cases.
- Three other states (Montana, New Mexico, and Washington) have at least 50 HUBZone businesses; four others (Arizona, Idaho, South Dakota, and Minnesota) have about 25 each; and five more (North Dakota, Idaho, Wyoming, California, and Colorado) have more than 10 each. These dozen states have over one third (353) of

[80] The applications data file we had included no specific location information other than census tract and ZIP code.

Indian Country HUBZone businesses and represent (outside Oklahoma) the major concentration in the "lower 48" states—the Northern Plains, the Northwest, and the Southwest.

- The 10 states east of the Mississippi River have a combined total of 45 Indian Country HUBZone businesses (less than 5 percent). Of these states: Wisconsin is the only state with as many as 10 such businesses; Michigan is the only state with more than four counties that have such businesses; and Aroostook County, Maine, is the only county with more than five such businesses.

At the county level:

- A majority of the counties (107) have only one or two such businesses, with nearly 40 percent (78) having only one; but
- Six counties in four states (Oklahoma, Alaska, Montana, and New Mexico) have almost one-third (308) of all such businesses.

Table 7.a
HUBZONE BUSINESSES IN INDIAN COUNTRY, BY STATE

Federal Region	State	HUBZone Businesses on Reservations	Counties with HUBZone Businesses on Indian Reservations							
			Counties by Number of HUBZone Businesses							Total Counties
			1	2	3-5	6-10	11-20	21-40	Over 40	
Region I	Connecticut	1	1	-	-	-	-	-	-	1
	Maine	7	-	-	-	1	-	-	-	1
Region II	New York	8	1	2	1	-	-	-	-	4
Region IV	Alabama	1	1	-	-	-	-	-	-	1
	Florida	3	1	1	-	-	-	-	-	2
	Mississippi	3	3	-	-	-	-	-	-	3
	North Carolina	4	4	-	-	-	-	-	-	4
Region V	Michigan	7	5	1	-	-	-	-	-	6
	Minnesota	24	4	3	2	1	-	-	-	10
	Wisconsin	10	1	2	1	-	-	-	-	4
Region VI	Louisiana	1	1	-	-	-	-	-	-	1
	New Mexico	50	-	-	5	1	-	1	-	7
	Oklahoma	407[a]	14	5	13	10	5	1	1	49
Region VII	Nebraska	10	1	-	-	1	-	-	-	2
Region VIII	Colorado	11	-	1	1	1	-	-	-	3
	Montana	66	1	1	3	1	1	1	-	8
	North Dakota	19	2	1	2	1	-	-	-	6
	South Dakota	25	7	1	4	-	-	-	-	12
	Wyoming	17	-	-	-	-	1	-	-	1
	Utah	9	2	1	1	-	-	-	-	4
Region IX	Arizona	26	4	-	2	2	-	-	-	8
	California	15	4	4	1	-	-	-	-	9
	Nevada	5	3	1	-	-	-	-	-	4
Region X	Alaska	130[b]	5	2	5	2	2	2	-	18
	Idaho	25	2	2	3	1	-	-	-	8
	Oregon	19	5	-	4	-	-	-	-	9
	Washington	56	6	1	4	2	1	-	-	14
	Total	**959**	**78**	**29**	**52**	**24**	**10**	**5**	**1**	**199**

[a] Includes HUBZone businesses in OTSAs.
[a] Includes HUBZone businesses in ANVSAs.

7.A.2. HUBZone Businesses and Vendors

Data. HUBZone applications data were used to identify HUBZone businesses. FPDS data were used to identify HUBZone vendors. The FPDS data included 84 HUBZone vendors whose DUNS numbers did not match the applications data and whose addresses were on Indian lands where the applications data listed fewer—or no—HUBZone businesses.[81] Where this occurred, the number of HUBZone businesses was increased to equal the number of HUBZone vendors. Instances of this adjustment are noted in Table 7.b. Where there were at least as many HUBZone businesses and vendors, however, we made no attempt to increase the number of HUBZone businesses to include the unmatched vendors.

HUBZone Businesses and Vendors by Reservation. Table 7.b shows the numbers of HUBZone businesses and vendors on each reservation and sorts the reservations by state and federal region. Out of a total of 547 Indian reservations, ANVSAs, and OTSAs, 155 have HUBZone businesses, and 62 have HUBZone vendors.

The data in Table 7.b show a high concentration of Indian Country HUBZone businesses in the far western states:

- The most Indian lands containing HUBZone businesses are found in Alaska (27), Oklahoma (14), Washington (14), California (11), New Mexico (11), Arizona (9), and Oregon (8).
- Individual reservations that have at least 10 HUBZone businesses are located in Oklahoma (7), Alaska (4), Washington (3), Montana (2), Arizona (1), Idaho (1), Nebraska (1), New Mexico (1), and Wyoming (1).
- Individual reservations with at least four HUBZone vendors are located in Oklahoma (4), Arizona (1), Idaho (1), Washington (1), North Dakota (1), and South Dakota (1).
- Only three reservations in Regions I, II, III, IV, V, or VII have more than one HUBZone vendor—and they have only two each.

[81] Appendix E includes a further discussion.

Table 7.b
RESERVATIONS AND OTHER INDIAN LANDS WITH HUBZONE BUSINESSES AND VENDORS, BY STATE

Federal Region	State	Reservation	HUBZone Establishments		Population
			Businesses	Vendors	
Region I	Connecticut	Mashantucket Pequot Reservation	1	-	280
	Maine	Houlton Band of Maliseet TDSA	7[a]	1[a]	[b]
Region II	New York	Allegheny Reservation	3	-	6,804
		Oneida Reservation (NY)	2	1	36
		St. Regis Mohawk Reservation	2	-	2,699
		Tuscarora Reservation	1	-	1,028
Region IV	Alabama	Poarch Creek[c]	1	-	207
	Florida	Brighton Reservation	2	-	547
		Immokalee Reservation	1	-	189
	Mississippi	Choctaw Reservation	3	2	5,309
	North Carolina	Cherokee Reservation	4	-	7,538
Region V	Michigan	Bay Mills Reservation	1	-	850
		Hannahville Community	1	-	363
		L'Anse Reservation	2	-	3,727
		Pokagon Band of Potawatomi Indians, TDSA	3	-	[a]
	Minnesota	Fon du Lac Reservation[d]	1	-	3,762
		Leech Lake Reservation	9	2	10,059
		Mille Lacs Reservation	3	1	4,678
		Red Lake Ceded Lands	4	-	5,161
		Shakopee Community Trust Land	1	-	360
		White Earth Reservation	6	1	9,107
	Wisconsin	Ho-Chuck Trust Land[e]	1	-	881
		Lac Courte Oreilles Trust Land	2	-	2,807
		Lac du Flambeau	2	-	2,985
		Oneida Reservation (WI)	5	1	21,306
Region VI	Louisiana	Chitimacha Reservation	1	-	414
	New Mexico	Acoma Pueblo	2	-	2,814
		Cochiti Pueblo	4	-	1,482
		Isleta Pueblo	2	-	3,183
		Jicarilla Apache Reservation	4	-	2,742
		Laguna Pueblo	3[f]	3	3,814
		San Juan Pueblo	6	-	6,748
		Santa Ana Pueblo	2	-	514
		Santa Clara Pueblo	14	-	10,665
		Santo Domingo Pueblo	1	-	3,145
		Tesuque Pueblo	3	-	805
		Zuni Reservation[g]	2	-	7,749
	Oklahoma	Osage Reservation	18	1	44,437
Region VII	Nebraska	Omaha Reservation[h]	10	2	5,196
		Winnebago Trust Land	1[f]	1	

[a] HUBZone applications data list seven HUBZone businesses located in the Aroostook Band TDSA. FPDS data report one vendor located in the Houlton Band of Maliseet TDSA. Lacking any other information, we have combined these into one entity and used the name of the Houlton Band.

[b] The Census Bureau does not have data for these specific Tribal Designated Statistical Area (TDSA). A TDSA is a statistical entity identified and delineated for the Census Bureau by a federally recognized American Indian tribe that does not currently have a legally established land base.

[c] The Poarch Creek Reservation has lands in both Alabama and Florida, but it is listed under Alabama because the HUBZone business is located there.

[d] The Fon du Lac Reservation has lands in both Minnesota and Wisconsin., but the only HUBZone business is located in Minnesota.

[e] The Ho-Chuck Trust Lands are in both Minnesota and Wisconsin., but the only HUBZone business is located in Wisconsin.

[f] The number of HUBZone businesses reported in the applications data has been increased to equal the number of HUBZone vendors reported in FPDS data.

[g] The Zuni Reservation has lands in both Arizona and New Mexico, but the only HUBZone businesses are located in New Mexico.

[h] The Omaha Reservation has lands in both Nebraska and Iowa, but the only HUBZone businesses are located in Nebraska.

Federal Region	State	Reservation	HUBZone Establishments		Population
			Businesses	Vendors	
Region VIII	Colorado	Southern Ute Reservation	8	2	11,159
		Ute Mountain Reservation[i]	4	2	1,712
	Montana	Blackfeet Trust Land	15	1	10,115
		Crow Reservation	4	-	6,878
		Flathead Reservation	33	3	26,203
		Fort Belknap Trust Land	3	1	2,956
		Fort Peck Trust Land	8	1	10,320
		Northern Chyenne Trust Land (Reservation)[j]	3	-	4,471
	North Dakota	Fort Berthold Reservation	8	2	5,874
		Spirit Lake Sioux Reservation	5	2	4,428
		Turtle Mountain Public Domain Tracts[k]	6	4	8,244
	South Dakota	Cheyenne River Reservation	4	2	8,475
		Lake Traverse (Sisseton) Reservation[l]	5	1	10,386
		Lower Brule Reservation	1	-	1,355
		Pine Ridge Trust Land[m]	7	4	15,542
		Rosebud Reservation	3	-	10,369
		Standing Rock Reservation[n]	1	-	8,241
		Yankton Reservation	4	-	6,500
	Utah	Cedar City Reservation (Paiute)	1	1	261
		Unitah and Ouray Trust Land	6	3	19,181
	Wyoming	Wind River Reservation	17	1	23,237
Region IX	Arizona	Colorado River Reservation[o]	1	1	9,197
		Fort Apache Reservation	4	-	12,383
		Gila River	1	1	11,287
		Hopi Reservation	3	-	6,836
		Maricopa (Ak-Chin) Reservation	1	-	752
		Navajo Reservation[p]	22	7	181,269
		Pascua Yaqui Reservation	1	-	3,315
		Salt River Reservation	2	-	6,403
		San Carlos Reservation	1	-	9,385
	California	Agua Caliente Reservation	1	-	21,357
		Alturas Rancheria	2	-	5
		Hoopa Reservation	2	-	2,633
		Karuk Tribe	2	-	296
		Pechanga Reservation	1	1	528
		Round Valley Reservation	1	-	175
		San Manual Reservation	1	1	80
		Soboba Reservation	1	-	538
		Susanville Rancheria	2	-	336
		Torres-Martinez Reservation	1	-	4,130
		Woodfords Community	1	-	21,357
	Nevada	Lovelock Indian Colony	1	-	102
		Reno-Sparks Colony	2	-	872
		Walker River Reservation	1	-	850
		Yerington Colony	1	-	139

[ii] The Ute Mountain Reservation has lands in both Colorado and Utah, with HUBZone businesses in both states, but the majority (3) of the HUBZone businesses is in Colorado.

[j] The Northern Chyenne Reservation has lands in both Montana and South Dakota., but the only HUBZone businesses are located in Montana.

[k] The Turtle Mountain Public Domain has lands in North Dakota, South Dakota, and Montana, but the only HUBZone businesses are located in North Dakota.

[l] The Lake Traverse Reservation has lands in both South Dakota and North Dakota, but the only HUBZone businesses are located in South Dakota.

[m] The Pine Ridge Trust Land lie in both South Dakota and Nebraska, but the only HUBZone businesses are located in South Dakota.

[n] The Standing Rock Reservation has lands in both South Dakota and North Dakota, but the only HUBZone business is located in South Dakota.

[o] The Colorado River Reservation has lands in both Arizona and California, but the only HUBZone business is located in Arizona.

[p] The Navajo Reservation has lands in Arizona, New Mexico, and Utah, with HUBZone businesses in all three states, but the majority (12) of the HUBZone businesses—and of the land—is in Arizona.

Federal Region	State	Reservation	HUBZone Establishments		Population
			Businesses	Vendors	
Region X	Alaska	Annette Island Reserve	5	1	1,447
	Idaho	Coeur d'Alene Reservation	2	1	6,551
		Fort Hall Reservation	7	2	5,759
		Kootenai Reservation	1		67
		Nez Perce Reservation	15	7	17,969
	Oregon	Burns Paiute Reservation	4	2	153
		Coos, Lower Umpqua and Siuslaw Reservations	1	-	11
		Cow Creek Reservation	1	-	0
		Klamath Reservation	3	1	2
		Siletz Reservation	1	-	274
		The Dalles Unit	1	-	[q]
		Umatilla Reservation	3	-	2,927
		Warm Springs Reservation	5	1	3,282
	Washington	Colville Reservation	10	6	7,598
		Lower Elwha Reservation	2	-	375
		Lummi Reservation	5	1	4,193
		Makah Reservation (Ozette)	1	-	1,356
		Muckleshoot Reservation	1	-	3,605
		Nisqually Reservation	1	-	591
		Port Gamble Reservation	1	-	698
		Port Madison Reservation	4	-	6,537
		Puyallup Reservation	13	3	41,402
		Quinault Reservation	1	-	1,370
		Samish Indian Tribe, Washington TDSA	2[f]	2	[b]
		Swimonish Reservation	4	-	2,664
		Tulalip Reservation	2	-	9,246
		Yakima Reservation	10	2	31,731
Alaska Native Village Statistical Areas	Alaska	Barrow	1	-	4,581
		Bethel	5	3	5,471
		Chickaloon	16	-	16,818
		Chilkoot	1	-	347
		Craig	5	1	1,725
		Galena	2	-	679
		Hoonah	3	-	892
		Kake	1	-	715
		Kaltag	1	1	243
		Kanatak	7	-	[q]
		Kenaitze	24	3	29,289
		Ketchikan	16	1	[q]
		Klawock	1	-	846
		Knik	2	-	32,076
		Kotzebue	3	1	3,082
		Lesnoi	1	-	[q]
		Manokotak	1	1	402
		Naknek	3	-	671
		Nenana	2	-	460
		Ninilchik	12	1	13,264
		Nome	1[f]	1	[q]
		Ouzinkie	1	-	201
		Petersburg	7	3	[q]
		Pribilof Islands Aleut Community of St. George	1	-	140
		Pribilof Islands Aleut Community of St.Paul	1	-	590
		Sitka	6	1	[q]
		Wainright	1	-	558
		Yakutat	1	-	683

[q] This name cannot be matched with Census data.

Federal Region	State	Reservation	HUBZone Establishments		Population
			Businesses	Vendors	
Oklahoma Tribal Statistical Areas	Oklahoma	Shawnee-Citizens Band of Potawatomi OTSA	7	-	106,605
		Cherokee OTSA	66	8	462,236
		Cheyenne Arapaho OTSA	5	-	157,878
		Chickasaw OTSA	35	1	277,442
		Choctaw OTSA	25	3	224,432
		Creek OTSA	173	21	704,703
		Iowa OTSA	4	-	6,255
		IRS Former Indian Reservation	14	4	[p]
		Kaw-Ponca OK	6	-	27,798
		Kiowa Comanche Apache Fort Sill Apache OTSA	38	4	193,275
		Peoria OTSA	8	1	4,690
		Sac and Fox OTSA	1	-	55,484
		Seminole OTSA	7	-	22,766
		Wyandotte Tribe OTSA	2[f]	2	1,868

[q] These lands are located in and close to Shawnee in Pottawatomie County. They cannot be matched with Census data.

There is a great disparity in the numbers of HUBZone businesses and vendors among different Indian lands. Table 7.c ranks all of the Indian lands with at least two HUBZone vendors. This list includes most of the Indian reservations with ten or more HUBZone businesses, and the remainder are listed in a note. These 29 Indian reservations have over three-quarters (76.4 percent) of all Indian HUBZone vendors.

The six Indian lands at the top of the list illustrate the concentration of HUBZone activity. Collectively they have almost one-third (31.2 percent) of all Indian HUBZone businesses and more than one-third (35.8 percent) of all Indian HUBZone vendors. Three are in Oklahoma and are OTSAs. Four are very large in terms of population—at least four times as large as anything else on the list (except for one more OTSA).

Table 7.c
INDIAN LANDS WITH TWO OR MORE HUBZONE VENDORS

Name of Reservation or Other Land	State	HUBZone Establishments		Businesses per Vendor	Population	HUBZone Vendors per 1,000 Population
		Businesses	Vendors			
Creek OTSA	OK	173	21	8.2	704,703	0.03
Cherokee OTSA	OK	66	8	8.3	462,236	0.02
Navajo Reservation	AZ	22	7	3.1	181,269	0.04
Nez Perce Reservation	ID	15	7	2.1	17,969	0.39
Colville Reservation	WA	10	6	1.7	7,598	0.79
Kiowa Comanche Apache Fort Sill Apache OTSA	OK	38	4	9.5	193,275	0.02
IRS Former Indian Reservation	OK	14	4	3.5	b	b
Pine Ridge Trust Land	SD	7	4	1.8	15,542	0.26
Turtle Mountain Public Domain Tracts	ND	6	4	1.5	8,244	0.49
Flathead Reservation	MT	33	3	11.0	26,203	0.11
Choctaw OTSA	OK	25	3	8.3	224,432	0.01
Kenaitze ANVSA	AK	24	3	8.0	29,289	0.10
Puyallup Reservation	WA	13	3	4.3	41,402	0.07
Petersburg ANVSA	AK	7	3	2.3	a	a
Unitah and Ouray Trust Land	UT	6	3	2.0	19,181	0.16

Name of Reservation or Other Land	State	HUBZone Establishments		Businesses per Vendor	Population	HUBZone Vendors per 1,000 Population
		Businesses	Vendors			
Bethel ANVSA	AK	5	3	1.7	5,471	0.55
Laguna Pueblo	NM	3[b]	3	1.0	3,814	0.79
Omaha Reservation	NE	10	2	5.0	5,196	0.38
Yakima Reservation	WA	10	2	5.0	31,731	0.06
Leech Lake Reservation	MN	9	2	4.5	10,059	0.20
Fort Berthold Reservation	ND	8	2	4.0	5,874	0.34
Southern Ute Reservation	CO	8	2	4.0	11,159	0.18
Fort Hall Reservation	ID	7	2	3.5	5,759	0.35
Spirit Lake Sioux Reservation	ND	5	2	2.5	4,428	0.45
Cheyenne River Reservation	SD	4	2	2.0	8,475	0.24
Ute Mountain Reservation	CO	4	2	2.0	1,712	1.17
Burns Paiute Reservation	OR	4	2	2.0	153	13.07
Choctaw Reservation	MS	3	2	1.5	5,309	0.38
Samish Indian Tribe, Washington TDSA	WA	2[b]	2	1.0	a	a

[a] Data unavailable because this name was not recognized or could not be matched with Census data.

[b] HUBZone applications data list only one HUBZone business. This number was increased to match the number of vendors reported in FPDS data.

NOTE: A number of reservations had over 10 HUBZone businesses but no more than one HUBZone vendor. Reservations with one HUBZone vendor include: Chickasaw OTSA (35 HUBZone businesses), Osage Reservation (18), Wind River Reservation (17), Ketchikan ANVSA (16), Blackfeet Trust Land (15), and Ninilchik ANVSA (12). Reservations with no HUBZone businesses include: Chickaloon ANVSA (16) and Santa Clara Pueblo (14).

Table 7.d
RESERVATIONS WITH HUBZONE BUSINESSES AND VENDORS

State	Reservations	Number of Reservations with HUBZone Establishments		Percent of Reservations with HUBZone Vendors
		Businesses	Vendors	
Colorado	2	2	2	100.0
Wyoming	1	1	1	100.0
Mississippi	1	1	1	100.0
Montana	6	6	4	66.7
Idaho	5	4	3	60.0
North Dakota	5	3	3	60.0
Nebraska	4	2	2	50.0
South Dakota	9	7	3	33.3
Oklahoma	30	15	9	30.0
Utah	7	2	2	28.6
Oregon	12	8	3	25.0
Minnesota	13	6	3	23.1
Maine	5	1	1	20.0
Arizona	19	9	3	15.8
Washington	37	14	5	13.5
New York	8	4	1	12.5
Wisconsin	12	4	1	8.3
Alaska	206	29	12	5.8
New Mexico	23	11	1	4.3
California	102	22	2	2.0

NOTE: States with reservations that have HUBZone businesses but not vendors are: Connecticut, Florida, Louisiana, Michigan, Nevada, and North Carolina. States with reservations, none of which has a HUBZone business, are: Alabama, Iowa, Kansas, Massachusetts, Rhode Island, South Carolina, and Texas.

Both the percentage of reservations with HUBZone businesses and the percentage of HUBZone businesses that become vendors vary greatly among states. In general they vary together. Table 7.d shows the counts of reservations—total, with businesses, and with vendors—for each state that has HUBZone businesses. There is a strong regional pattern:

- States with the highest proportions of reservations are concentrated in the northern part of the country west of the Mississippi River. In particular, all five Region VIII states are among the top ten.
- States with no Indian HUBZone vendors are concentrated along the East Coast and Gulf Coast.

Size. Reservation size clearly influences the potential for Indian Country HUBZone businesses, but there are limits. With a normalizing measure of HUBZone vendors per 1,000 people, the four largest OTSAs and the very large Navajo Reservation fall to the very bottom of this list. The lands that have the most HUBZone businesses per capita are relatively small, with populations well under 10,000.

Table 7.e
SUMMARY STATISTICS ON SIZE OF INDIAN LANDS, BY NUMBER OF HUBZONE BUSINESSES

Status	Number of HUBZone Businesses	Mean	Median	First Quartile	First Decile	HUBZone Businesses Per Thousand Population
Indian Lands With HUBZone Businesses	1	3,137	683	243	67	0.32
	2	3,954	2,233	460	36	0.51
	3	3,831	3,082	892	671	0.78
	4	5,268	6,255	2,742	1,482	0.76
	5	23,346	4,428	1,725	1,447	0.21
	6	14,216	9,107	8,244	6,748	0.42
	7 to 10	11,881	10,059	5,759	4,690	0.77
	11 to 15	15,569	13,264	10,665	10,115	0.74
	16 to 25	86,580	44,437	23,237	16,818	0.23
	Over 25	332,772	704,703	277,442	26,203	0.21
	ALL	21,900	3,315	671	201	0.29
	Vendors					**Vendors/1,000**
Indian Lands With HUBZone Vendors	1	17,565[a]	4,678	528	80	0.07[a]
	2	8,169	5,759	4,427	153	0.24
	3	20,893	19,181	5,471	[b]	0.14
	4	72,354	15,542	8,244		0.06
	Over 4	274,755	181,269	17,969		0.04
	ALL	43,852	7,598	3,082	243	0.06
	Class					
Indian Lands Without HUBZone Business	Reservations	683	154	43	3	N.A.
	ANVSAs	321	193	106	27	N.A.
	OTSAs	6,001	3,888	725	251	N.A.
	ALL	743	183	68	10	N.A.

[a] One large OTSA strongly influences the numbers. Without it they would be: Mean: 7,570 and Vendor/1,000: 0.13.

[b] Smallest value is 3,814

In order to get a clearer picture of the influence of population size of a reservation on the number of HUBZone businesses, we computed some statistical measures of a size distribution for Indian reservations with HUBZone businesses, reservations with HUBZone vendors, and reservations with no HUBZone businesses. The results are shown in Table 7.e.

Taken together, these statistics show very clear relationships of HUBZone activity to population:

- As a class, Indian reservations with HUBZone vendors are substantially larger than reservations with HUBZone businesses, which (in turn) are much larger than reservations with no HUBZone businesses.
- The numbers of HUBZone businesses and HUBZone vendors on reservations both are strongly and positively related to population size of the reservation.

The patterns of HUBZone businesses and vendors per capita provide more information about the relationship. For both numbers, the value rises to a peak (at three businesses and two vendors) and then falls as populations become larger.[82] The numbers of HUBZone businesses and vendors rises more slowly than population; there appear to be diminishing returns to scale.

Size is relevant for Indian Country—particularly in light of the large numbers of reservations with no HUBZone businesses—because most Indian areas are quite small.

- More than one-third (140) of these lands have populations of less than 100;
- The median size is 305;
- Only six (1.5 percent) have populations over 7,500; and
- Only 17 (less than 5 percent) have populations of more than 4,000, which (for reference) is the Census Bureau's target for a census tract.

There may be a critical mass effect. Just as it appears difficult for a single isolated metropolitan census tract to spawn HUBZone businesses, it may be difficult for a single Indian reservation to do so. Although reservations are considerably larger geographically, the median reservation size is smaller than a census tract. There seems to be some evidence for this:

- Reservations that produce a lot of HUBZone businesses and vendors tend to be surrounded—at least half, but often entirely—by other reservations or by Qualified Counties. This is particularly true of Oklahoma where the entire state, except for the panhandle and an enclave around Oklahoma City, is one big HUBZone.
- States with a lot of reservations but few HUBZone businesses or vendors—California and Nevada being prime examples—tend to have relatively small, scattered reservations that are detached from other HUBZones. Ironically, this is often because the county is "metropolitan"—although the metropolis may be dozens of miles away, while the reservation is in rural country.

[82] The decline in HUBZone businesses per capita is punctuated by a dip or spike (depending on one's point of view).

7.B. HUBZone Contracts and Revenues

Contracts by Reservation. A total of 62 distinct Indian lands[83] have successful HUBZone vendors. Table 7.f shows vendor and contract information for all of these individual areas. Except for the largest OTSA, there is not much relation between the number of vendors and any other measure. Number and size of contracts appear generally to be inversely related.

Table 7.f
INDIAN COUNTRY HUBZONE CONTRACTS, BY RESERVATION

Federal Region	State	Reservation	Vendors	Contracts		Value of Contracts	
				Total	Per Vendor	Total	Per Contract
Region I	Maine	Houlton Band: Maliseet	1	1	1.0	$350,475	$350,475
Region II	New York	Oneida Nation	1	1	1.0	$9,222	$9,222
Region IV	Mississippi	Choctaw Reservation	2	6	3.0	$2,108,638	$351,440
Region V	Minnesota[a]	Leech Lake Reservation	2	18	9.0	$11,243,033	$624,613
		Mille Lacs Reservation	1	15	15.0	$2,289,573	$152,638
		White Earth Reservation	1	4	4.0	$292,738	$73,185
	Wisconsin	Oneida Reservation (WI)	1	1	1.0	$1,711,634	$1,711,634
Region VI	New Mexico	Laguna Pueblo	3	10	3.3	$13,114,157	$1,311,416
		Ramah (Navajo)	1	1	1.0	$397,728	$397,728
	Oklahoma	Osage Reservation	1	8	8.0	$431,784	$53,973
Region VII	Nebraska	Omaha Reservation	2	3	1.5	$1,009,073	$336,358
		Winnebago Trust Land	1	1	1.0	$3,898	$3,898
Region VIII	Colorado	Southern Ute Res.	2	8	4.0	$655,764	$81,971
		Ute Mountain Res.	2	3	1.5	$856,166	$285,389
	Montana	Blackfeet Trust Land	1	2	2.0	$414,916	$207,458
		Flathead Reservation	3	8	2.7	$2,359,485	$294,936
		Fort Belknap Trust Land	1	53	53.0	$6,331,843	$119,469
		Fort Peck Reservation	1	12	12.0	$188,314	$15,693
	North Dakota	Ft. Berthold Reservation	2	9	4.5	$3,545,537	$393,949
		Spirit Lake Sioux Res.	2	30	15.0	$8,143,525	$271,451
		Turtle Mountain Tracts	4	9	2.3	$2,262,477	$251,386
	South Dakota	Cheyenne River Res.	2	2	1.0	$282,598	$141,299
		Lake Traverse Res.	1	1	1.0	$585,000	$585,000
		Pine Ridge Trust Land	4	10	2.5	$3,398,276	$339,828
	Utah	Cedar City Reservation	1	1	1.0	$620,473	$620,473
		Uinta/Ouray Trust Land	3	4	1.3	$349,758	$87,440
	Wyoming	Wind River Reservation	1	1	1.0	$141,000	$141,000
Region IX	Arizona	Colorado River	1	1	1.0	$91,200	$91,200
		Gila River	1	1	1.0	$154,028	$154,028
		Navajo Reservation	6	20	3.3	$957,396	$47,870
	California	Pechanga Reservation	1	8	8.0	$284,818	$35,602
		San Manual Reservation	1	1	1.0	$35,353	$35,353

[83] This includes 43 reservations and trust lands, 11 Alaska Native Village Statistical Areas, and 8 Oklahoma Tribal Statistical Areas.

Federal Region	State	Reservation	Vendors	Contracts		Value of Contracts	
				Total	Per Vendor	Total	Per Contract
Region X	Alaska	Annette Island Reserve	1	2	2.0	$53,852	$26,926
	Idaho	Coeur D'Aline Res.	1	4	4.0	$284,440	$71,110
		Fort Hall Reservation	2	2	1.0	$3,443,072	$1,721,536
		Nez Perce Reservation	7	36	5.1	$3,987,684	$110,769
	Oregon	Burns Paiute Reservation	2	9	4.5	$461,480	$51,276
		Klamath Reservation	1	5	5.0	$69,070	$13,814
		Warm Springs Res.	1	4	4.0	$129,371	$32,343
	Washington	Colville Reservation	6	19	3.2	$3,190,658	$167,929
		Lummi Reservation	1	1	1.0	$606,132	$606,132
		Puyallup Reservation	3	7	2.3	$1,661,104	$237,301
		Samish Tribe	2	5	2.5	$1,709,555	$341,911
		Yakima Reservation	2	6	3.0	$2,173,086	$362,181
ANVSAs	Alaska[c]	Bethel	3	26	8.7	$1,631,221	$62,739
		Craig	1	4	4.0	$379,519	$94,880
		Kaltag	1	1	1.0	$10,000	$10,000
		Kenaitze	3	3	1.0	$7,268,977	$2,422,992
		Ketchikan	1	16	16.0	$3,034,588	$189,662
		Kotzebue	1	3	3.0	$609,958	$203,319
		Manokotak	1	2	2.0	$101,970	$50,985
		Ninilchik	1	1	1.0	$609,261	$609,261
		Nome	1	2	2.0	$50,000	$25,000
		Petersburg	3	13	4.3	$1,292,401	$99,415
		Sitka	1	1	1.0	$4,000	$4,000
OTSAs	Oklahoma	Cherokee OTSA	8	25	3.1	$13,667,895	$546,716
		Chickasaw OTSA	1	7	7.0	$10,794,585	$1,542,084
		Choctaw OTSA	3	8	2.7	$1,130,057	$141,257
		Creek OTSA	21	126	6.0	$37,045,163	$294,009
		IRS Former Indian Res.[b]	4	5	1.3	$198,532	$39,706
		Fort Sill Apache OTSA	4	5	1.3	$7,191,296	$1,438,259
		Peoria OTSA	1	6	6.0	$249,648	$41,608
		Wyandotte Tribe OTSA	2	9	4.5	$15,600,670	$1,733,408

[a] The Fon du Lac Reservation also had one contract, but no funding was recorded.
[b] This IRS Former Indian Reservation (one of many) is located in Ottawa County.
[c] Wrangell ANVSA also had one contract, but no funding was recorded.

- The dominant reservation in vendors, contracts, and contract dollars (but not contract size) is the Creek OTSA.
- Other leaders in number of contracts (with 20 or more) include Fort Belknap Trust Land (MT), Nez Perce Reservation (ID), Spirit Lake Sioux Reservation (ND), Bethel (AK), Cherokee OTSA (OK), and Navajo Reservation (AZ, UT and NM).
- Other leaders in total dollars (over $10 million) are the Wyandotte Tribe OTSA (OK), Cherokee OTSA (OK), Laguna Pueblo (NM), Leech Lake Reservation (MN), and Chickasaw OTSA (OK).
- Leaders in average size of HUBZone contract (over $10 million) include: Kenaitze (AK), Wyandotte Tribe OTSA (OK), Fort Hall Reservation (ID), Oneida Reservation (WI), Chickasaw OTSA, Kiowa-Comanche-Apache Fort Sill Apache OTSA (OK), and Laguna Pueblo (NM).

Table 7.g
OKLAHOMA INDIAN HUBZONE CONTRACTS, BY COUNTY

County	Vendors	Contracts		Value of Contracts	
		Total	Per Vendor	Total	Per Contract
Adair County	2	3	1.5	$1,427,999	$476,000
Bryan County	1	2	2.0	$228,901	$114,451
Comanche County[a]	4	5	1.3	$7,191,296	$1,438,259
Creek County[b]	2	2	1.0	$103,350	$51,675
Haskell County	1	1	1.0	$579,953	$579,953
Muskogee County[c]	5	33	6.6	$10,707,303	$324,464
Okmulgee County[b]	1	6	6.0	$134,879	$22,480
Ottawa County	4	16	4.0	$15,859,318	$991,207
Pittsburg County	1	5	5.0	$321,203	$64,241
Pontotoc County	1	7	7.0	$10,794,585	$1,542,084
Pottawatomie County	3	4	1.3	$189,532	$47,383
Rogers County[b]	3	5	1.7	$3,640,619	$728,124
Sequoyah County[d]	1	1	1.0	$60,246	$60,246
Tulsa County[b]	15	100	6.7	$28,349,091	$283,491
Wagoner County[b]	1	1	1.0	$10,500	$10,500
All OTSA Counties	45	191	4.2	$79,598,775	$416,748

[a] Comanche County is the Lawton Metropolitan Area.

[b] These counties, together with Osage County (Osage Reservation) and Pawnee County, make up the Tulsa Metropolitan Area.

[c] Muskogee County abuts Okmulgee County and Wagoner County and is part of the solid bloc of Indian lands formed by the Tulsa Metropolitan Area.

[d] Sequoyah County is part of the Fort Smith, AR-OK Metropolitan Area.

Oklahoma is unique among other states in the "lower 48" in that the substantial majority of counties in the state are completely HUBZone, including two of the three metropolitan areas in the state, Tulsa (seven counties, population 859,532) and Lawton (one county, population 114,996). The OTSAs form a somewhat confusing patchwork in many of these counties, and there is only one actual reservation (Osage). Thus it is helpful to look at Oklahoma in terms of counties, rather than OTSA. Table 7.g shows the counties in which HUBZone vendors are located.

The county with the most vendors, contracts and HUBZone dollars is Tulsa County, the core of the Tulsa metropolitan area (and of the Creek OTSA). Next is Muskogee County, which abuts the metropolitan area. All of the other completely OTSA metropolitan counties have vendors.[84] Altogether, only eight of the 67 counties with OTSAs have HUBZone vendors. Thus it appears that the numbers of HUBZone vendors are more closely related to large population centers than geographically extensive HUBZone areas.

[84] In the Tulsa MSA, Osage County is a reservation, and Pawnee County is a split county—only partly OTSA. Oklahoma City, the third metropolitan area, contains none of the OTSA counties.

Reservation Size. Table 7.h summarizes the relationship between population of reservations and measures such as numbers of HUBZone vendors, contracts, and contract dollars. OTSAs are shown separately because they are very much larger than other reservations and ANVSAs, and their small number makes the results problematic. The strength and nature of the relationship to size varies:

- The relationship between size and the percent of reservations with HUBZone vendors is striking and strong—ranging from 2.3 percent of the smallest reservations to all of the largest in both reservations and OTSAs
- The mean number of HUBZone vendors (on reservations that have them) is lowest for reservations with populations under about 3,000, but then is fairly stable across size classes except for the largest reservations and OTSAs, where it is much higher.
- The mean number of contracts is low for reservations with populations under 2,000, fairly stable for reservations of populations of 5,000 to 50,000, and is much higher for reservations with populations of 2,000 to 5,000 and over 50,000.
- Mean contract size is also relatively small for reservations with populations under 2,000, but shows no consistent pattern of variation for larger reservations.

The data indicate that the smallest 80 percent of all reservations are not fertile grounds for HUBZone vendors.

Table 7.h
MEASURES OF HUBZONE SUCCESS BY SIZE OF RESERVATION

Category	Size of Population	Reservations with HUBZone Vendors		Mean Number of Vendors	Mean Number of Contracts	Mean Total Value of All Contracts
		Number	Percent			
Reservations and ANVSAs	1,000 or Less	9	2.3	1.1	3.3	$315,484
	1,001-2,000	3	10.7	1.3	3.0	$429,846
	2,001-3000	3	15.8	1.0	18.3	$2,111,914
	3,001-5,000	9	37.5	1.7	10.9	$3,700,884
	5,001-7,500	6	40.0	2.0	8.3	$1,414,278
	7,501-10,000	7	58.3	2.3	6.9	$2,096,235
	10,001-25,000	12	66.7	2.0	6.6	$968,793
	25,001-50,000	6	75.0	2.3	6.2	$2,600,665
	Over 50,000	1	100.0	6.0	20.0	$957,396
	All	56	11.7	1.9	7.6	$1,698,550
OTSAs	1,000 or Less	-	0.0	-	-	-
	1,001-10,000	2	18.2	1.5	7.5	$7,925,159
	10,001-100,000	-	0.0	-	-	-
	100,001-250,000	2	50.0	3.5	6.5	$4,160,677
	Over 250,000	3	100.0	10.0	53.0	$20,502,548
	All	7	24.1	5.7	26.7	$12,239,902

7.C. Impacts

7.C.1. Income and Employment Impacts

Impacts of interest are changes in income and the unemployment rate due to the expenditure of funds through HUBZone contracts. Analysis of reservations is somewhat more complex than for other classes of HUBZone.[85] HUBZone revenues per capita are presented in Table 7.i, based both on total and annualized HUBZone revenues.

Impacts Per Capita. Table 7.i includes all 36 Indian reservations with total revenue per capita of over $50. Some of the largest and (in terms of total dollars) most successful reservations—particularly OTSAs—are not included because their populations are so large. Moderately large total HUBZone contract revenues result in very small per capita revenues when the HUBZone population is in the hundreds of thousands, as it is in the larger OTSAs.

Per capita measures also have limitations at the other end of the size spectrum. Small populations can make relatively modest total HUBZone revenues look impressively large. Four of the seven reservations with the largest per capita revenue, for example, have very small populations—below the median for Indian reservations.

Total Income Impacts. Total income impacts are presented in three ways in Table 7.j.

- Annualized direct impacts;
- Total (direct and indirect) impacts; and
- Increases in earnings as a percent of income.

The income impacts are large relative to other HUBZone classes. Eleven (29.7 percent) of these reservations have estimated earnings increases that are more than one percent of income; five reservations are above five percent; and two are above 10 percent.

Employment Impacts. Employment impacts are estimated in both the form of new (annual) job creation and in the form of changes in the unemployment rate. Again the reservations have some of the largest impacts of any HUBZone class.

- Ten reservations had over 25 jobs created.
- Seven reservations had estimated decreases in the unemployment rate of at least one percentage point.

[85] These issues are discussed in Appendix D.

Table 7.i IMPACTS IN TERMS OF PER CAPITA INCOME						
County	State	Population	Contract Revenues	Revenue per Capita		Span of Years
				Total	Average	
Klamath Reservation	Oregon	2	$69,070	$34,535	$8,634	2004-2007
Wyandotte Tribe of Oklahoma OTSA	Oklahoma	1,868	$15,600,670	$8,352	$1,392	2000-2005
Laguna Pueblo	New Mexico	3,814	$13,114,157	$3,438	$491	2001-2007
Burns Paiute Reservation	Oregon	153	$461,480	$3,016	$1,508	2006-2007
Cedar City Reservation (Paiute)	Utah	261	$620,473	$2,377	$2,377	2006
Fort Belknap Trust Land	Montana	2,956	$6,331,843	$2,142	$428	2002-2006
Houlton Band of Maliseet	Maine	184	$350,475	$1,905	$1,905	2005
Spirit Lake Sioux Reservation	North Dakota	4,428	$8,143,525	$1,839	$263	2001-2007
Leech Lake Reservation	Minnesota	10,059	$11,243,033	$1,118	$186	2002-2007
Fort Berthold Reservation	North Dakota	5,874	$3,545,537	$604	$121	2003-2007
Fort Hall Reservation	Idaho	5,759	$3,443,072	$598	$199	2001-2003
Pechanga Reservation	California	528	$284,818	$539	$135	2003-2006
Ute Mountain Reservation	Colorado	1,712	$856,166	$500	$167	2002-2004
Mille Lacs Reservation	Minnesota	4,678	$2,289,573	$489	$98	2001-2005
San Manual Reservation	California	80	$35,353	$442	$442	2007
Colville Reservation	Washington	7,598	$3,190,658	$420	$52	2000-2007
Petersburg	Alaska	3,224	$1,292,401	$401	$134	2005-2007
Choctaw Reservation	Mississippi	5,309	$2,108,638	$397	$199	2006-2007
Ketchikan	Alaska	7,922	$3,034,588	$383	$128	2005-2007
Bethel	Alaska	5,471	$1,631,221	$298	$50	2001-2006
Turtle Mountain Public Domain Tracts	North Dakota	8,244	$2,262,477	$274	$55	2002-2006
Oneida Nation	New York	36	$9,222	$256	$256	2006
Manokotak	Alaska	402	$101,970	$254	$127	2004-2005
Kenaitze	Alaska	29,289	$7,268,977	$248	$62	2004-2007
Nez Perce Reservation	Idaho	17,969	$3,987,684	$222	$44	2003-2007
Craig	Alaska	1,725	$379,519	$220	$110	2005-2006
Pine Ridge Trust Land	South Dakota	15,542	$3,398,276	$219	$36	2002-2007
Kotzebue	Alaska	3,082	$609,958	$198	$66	2004-2006
Omaha Reservation	Nebraska	5,196	$1,009,073	$194	$49	2003-2006
Lummi Reservation	Washington	4,193	$606,132	$145	$145	2006
Flathead Reservation	Montana	26,203	$2,359,485	$90	$30	2005-2007
Oneida Reservation (WI)	Wisconsin	21,306	$1,711,634	$80	$80	2007
Yakima Reservation	Yakima	31,731	$2,173,086	$68	$10	2001-2007
Southern Ute Reservation	Colordo	11,159	$655,764	$59	$20	2005-2007
Lake Traverse (Sisseton) Reservation	South Dakota	10,386	$585,000	$56	$56	2003
Peoria OTSA	Oklahoma	4,690	$249,648	$53	$27	2004-2005

7.D. Impacts on Selected Reservations

High-Impact Reservations. There are four reservations with income increases of at least 6 percent and with reductions in the unemployment rate of at least 4 percentage points.[86] These cases merit some further exploration.

Cedar City Reservation is extremely small.[87] A single HUBZone business (also 8(a) and SDB certified) providing custom computer programming services won a single contract in

[86] Cedar City Reservation, Wyandotte Tribe OTSA, Laguna Pueblo, and Fort Belknap Trust Land.

[87] Census 2000 data show a population of 261, a labor force of 79, and unemployment of 10.

FY2006, with Shaw AFB in South Carolina for $620,473. This is a classic example of a rather small level of funding to a very small HUBZone in a single year making impact numbers jump. It does not represent sustained success of the program. In fact, the business is not on the Cedar City Reservation at all. Researching the address with the SBA mapping facility showed that it is several miles away on the Indian Peaks Reservation, which is so small that the Census does not even collect data on it.

Table 7.j
INCOME AND EMPLOYMENT IMPACTS ON INDIAN RESERVATIONS

Reservation	State	Income Impacts			Labor Force	Employment Impacts			
		Direct Output (1,000s)	Total Output (1,000s)	Earnings[b]		New Jobs	Unemployment Rate (Percent)		
							Baseline	With Impact	Impact
Wyandotte Tribe OTSA	OK	$2,600	$5,926	19.13%	876	143.0	2.74	[d]	[d]
Laguna Pueblo[a]	NM	$1,930	$3,334	6.51%	1,288	69	16.07	10.70	5.37
Leech Lake Reservation[a]	MN	$1,874	$3,617	1.98%	4,341	69	10.67	9.07	1.59
Kenaitze	AK	$1,817	$3,398	0.33%	13,656	54.7	10.70	10.30	0.40
Oneida Reservation[b]	WI	$1,712	$1,824	0.13%	11,833	19.5	2.80	2.63	0.17
Fort Belknap Trust Land[a]	MT	$1,266	$2,249	6.29%	1,086	51	23.02	18.32	4.70
Spirit Lake Sioux Reservation[a]	ND	$1,163	$1,993	3.16%	1,642	38	17.54	15.24	2.30
Fort Hall Reservation[a]	ID	$1,148	$2,068	2.17%	2,363	47	16.08	14.09	1.99
Choctaw Reservation[b]	MS	$1,054	$1,268	1.21%	2,000	15.9	12.15	11.35	0.80
Ketchikan	AK	$1,012	$1,892	0.78%	4,320	30.4	8.01	7.30	0.70
Nez Perce Reservation[a]	ID	$798	$1,437	0.37%	7,737	33	9.18	8.76	0.42
Flathead Reservation[a]	MT	$786	$1,397	0.25%	11,878	32	7.85	7.59	0.27
Fort Berthold Reservation[a]	ND	$709	$1,215	1.18%	2,301	23	11.08	10.08	1.00
Cedar City Reservation[b]	UT	$620	$627	16.44%	79	7.3	12.66	3.43	9.22
Lummi Reservation[b]	WA	$606	$626	0.32%	1,844	6.0	11.93	11.60	0.33
Lake Traverse Reservation[a]	SD	$585	$1,005	0.48%	4,593	21	7.32	6.85	0.46
Pine Ridge Trust Land[a]	SD	$566	$973	0.64%	4,741	21	33.03	32.60	0.44
Mille Lacs Reservation[c]	MN	$458	$884	0.16%	11,272	16.9	5.37	5.22	0.15
Turtle Mountain Tracts[c]	ND	$452	$775	0.30%	4,319	14.7	5.60	5.26	0.34
Petersburg	AK	$431	$806	0.59%	1,703	13.0	10.28	9.52	0.76
Colville Reservation[a]	WA	$399	$782	0.62%	3,253	15	21.00	20.55	0.45
Houlton Band of Maliseet[c]	ME	$350	$623	0.04%	34,867	13.9	6.47	6.43	0.04
Yakama Reservation[a]	WA	$310	$609	0.13%	12,332	11	18.12	18.03	0.09
Ute Mountain Reservation[c]	CO	$285	$579	0.11%	11,434	11.3	6.90	6.80	0.10
Bethel	AK	$272	$508	0.28%	2,699	8.2	8.89	8.59	0.30
Omaha Reservation[a]	NE	$256	$458	0.34%	2,906	9	17.07	16.66	0.41
Burns Paiute Reservation[c]	OR	$231	$438	0.24%	3,765	8.4	9.38	9.15	0.22
Southern Ute Reservation[c]	CO	$219	$443	0.04%	24,390	8.6	5.72	5.69	0.04
Kotzebue	AK	$203	$380	0.41%	1,391	6.1	9.78	9.34	0.44
Craig	AK	$190	$355	0.58%	952	5.7	10.50	9.90	0.60
Peoria OTSA	OK	$125	$285	0.22%	2,334	6.9	3.13	2.83	0.29
Pechanga Reservation[b]	CA	$71	$71	0.40%	150	0.7	7.33	6.88	0.46
Manokotak	AK	$51	$95	1.56%	104	1.5	13.46	11.99	1.47
San Manual Reservation[b]	CA	$35	$35	1.98%	20	0.3	0.00	[d]	[d]
Klamath Reservation[c]	OR	$17	$33	0.00%	29,324	0.6	9.96	9.96	0.00
Oneida Reservation[b]	NY	$9	$9	0.53%	12	0.1	0.00	[d]	[d]

[a] Reservation treated as a county for impact estimation.

[b] Reservation treated as a Qualified Census Tract for impact estimation.

[c] Reservation treated as vendors in a qualified county for impact estimation. Impacts are county-wide.

[d] Several OTSAs listed such low unemployment that the estimated job creation drove the unemployment rate negative. Presumably there are institutional reasons for this phenomenon.

Wyandotte Tribe of Oklahoma OTSA is an area around Wyandotte, OK in east-central Ottawa County. The SBA mapping system puts the addresses of the vendors in the Wyandotte Tribe OTSA; MapQuest describes the area as the "Peoria Indian Reservation [sic]." Two firms close to each other[88] have won 15 contracts totaling $15.6 million. Most of these[89] have been "8(a) with HUBZone preference; not available for competition." Just over half of this funding was in a single contract in FY2005, and all of the other contracts are FY2003 or earlier. Neither firm is listed in either the HUBZone application data or the CCR.

Laguna Pueblo is the only one of over a dozen pueblos that occupy western New Mexico that has HUBZone vendors. Three vendors have brought in over $13 million in HUBZone contracts. The largest firm (HUBZone certified in 1999 and also 8(a) and SDB certified) accounts for over 90 percent of the dollars. Almost 90 percent of the dollars came in FY2003 and FY2005, and only about $500,000 (under 4 percent of the total) in the last two years.

Fort Belknap Trust Land statistics reflect the work of one HUBZone vendor, a refrigeration equipment wholesaler. Virtually all of the firm's HUBZone contracts have been with one contracting office of the Department of Agriculture in Washington, DC. The firm was first HUBZone certified in 2001, has been 8(a) certified (exited in June 2007), is SDB certified, and has a GSA Schedule contract.

The firm was classified (in this study) as being on Fort Belknap Trust Land, because the HUBZone application data state (as a reason for certification) that it is on an Indian reservation, list a county in which the Trust Land lies, and give a ZIP code just outside the Trust Land (a plausible mailing address). The CCR, however, lists an address (in a QCT) in downtown Great Falls, MT, three counties removed from the Fort Belknap Trust Land. A still-extant Pro-Net page gives the same telephone number as the CCR listing (but no physical address).

To Sum Up. Of these four cases, only two (Wyandotte OTSA and Laguna Pueblo) appear to be reasonably successful, and a third (Cedar City Reservation) may be, but one contract does not mean a successful program. The data also suggest a degree of success in half a dozen other reservations.[90]

High-Revenue Reservations. Table 7.k shows the outcomes for the 10 Indian lands that received at least $5 million[91] in HUBZone contracts. The list includes five OTSAs and three of the four reservations reviewed above. The outcomes are mixed:

- Four OTSAs[92] have such large populations that the HUBZone revenues have virtually no impact.
- The lone ANVSA, which is very large for an ANVSA, has very small impacts.

[88] Curiously, one's address is 305 South Main in Wyandotte; the other's is 305 North Main in Wyandotte

[89] Twelve contracts totaling $15,374,720 have this designation. Other contracts use a HUBZone set-aside and a combined HUBZone/SDB preference (10 percent).

[90] Spirit Lake Sioux Reservation, Fort Hall Reservation, Leech Lake Reservation, Manokotak ANVSA, and perhaps Fort Berthold Reservation and Choctaw Reservation.

[91] The next highest total HUBZone contract revenue for a reservation is about $2.5 million below Fort Belknap.

[92] Creek OTSA, Cherokee OTSA, Chickasaw OTSA, and Kiowa Commanche Apache Fort Sill Apache OTSA.

- Three reservations[93] appear to be doing reasonably well—one of them very well—in the HUBZone program. These reservations are middle sized among Indian lands but quite small compared with successful HUBZones in other classes.
- Two reservations[94]—with the smallest populations and among the highest impacts—have impacts that are quite questionable.

For perspective, it is notable that (except for the Creek OTSA) the entire HUBZone revenues of any reservation over the life of the program are no more than half of what a single heavy construction firm could earn in one year without going over SBA's size standard.

Table 7.k
OUTCOMES SUMMARY FOR RESERVATIONS WITH FUNDING OVER $5 MILLION

Reservation	HUBZone Revenues		HUBZone Population	Years	Percent Earnings Increase	Unemployment Rate Decrease (Percent)
	Total ($1,000s)	Annual ($1,000s)				
Creek OTSA, OK	$37,045	$5,292	704,703	7	0.04	0.07
Wyandotte Tribe OTSA, OK	$15,601	$2,600	1,868	6	19.13	[a]
Cherokee OTSA, OK	$13,668	$2,734	462,236	5	0.04	0.06
Laguna Pueblo, NM	$13,114	$1,930	3,814	7	6.51	5.37
Leech Lake Reservation, MN	$11,243	$1,874	10,059	6	1.98	1.59
Chickasaw OTSA, OK	$10,795	$1,542	277,442	7	0.03	0.06
Spirit Lake Sioux Res., ND	$8,144	$1,163	4,428	7	3.16	2.30
Kenaitze ANVSA, AK	$7,269	$1,817	29,289	4	0.33	0.40
Fort Sill Apache OTSA, OK	$7,191	$2,397	193,275	3	0.08	0.12
Fort Belknap Trust Land, MT	$6,332	$1,266	2,956	5	6.29	4.70

[a] Estimated decrease would drive the unemployment rate below zero.

7.E. Summary

The data indicate that only a handful of reservations have benefited significantly from the HUBZone program and that the program has failed to reach large parts of Indian Country:

- Out of 1,040 HUBZone businesses in Indian Country, only 148 (14 percent) have won HUBZone contracts.
- Out of 547 Indian reservations, ANVSAs, and OTSAs, only 155 reservations (28 percent) have HUBZone businesses, and only 62 (12 percent) have HUBZone vendors.
- Of the 62 reservations with vendors, 26 (42 percent) did not pass a screening test for minimal impacts; 17 (27 percent) had earnings increases greater than 0.5 percent of income, and 12 (19 percent) had increases greater than 1 percent. Fifteen (24 percent) had decreases in the unemployment rate greater than 0.5 percentage point, and 11 (18 percent) had decreases greater than 1 percentage point.

[93] Laguna Pueblo, NM; Spirit Lake Sioux Reservation, ND; and Leech Lake Reservation, MN.

[94] Fort Belknap Trust Land, MT and Wyandotte Tribe OTSA.

7.F. Concentration of Contracts Among Contracting Offices

In many instances, one vendor is carrying a whole reservation. That raises the question of whether one contracting office is carrying the vendor. Diversity of clients should also help smooth out fluctuations in HUBZone contract revenues for any individual reservation.

A total of 47 reservations had multiple HUBZone contracts. Table 7.l shows the diversity of sources for these contracts. The results indicate a considerable degree of concentration:

Among the less diversified reservations:

- Sixteen reservations, including eight of nine in Alaska, have received all of their contracts from a single agency,
- Six reservations with more than five contracts[95] have received a majority of contracts from one contracting office and no more than one contract from any other office,
- Seven other reservations with more than five contracts[96] have received a majority of contracts from one contracting office, and
- Two reservations with three or four contracts[97] received all but one contract from one contracting office.

Among the more diversified reservations:

- Five reservations, including three OTSAs,[98] have contracts with at least five contracting offices, none of which awarded a majority for the reservation's contracts,
- Six reservations[99] have contracts with three or four contracting offices, none of which awarded a majority of the reservation's contracts, and
- Four reservations[100] have contracts with two contracting offices, with contracts split evenly (or 3/2) between the contracting offices.

[95] Leech Lake Reservation, Mille Lacs Reservation, Flathead Reservation, Choctaw OTSA, Navajo Reservation, and Southern Ute Reservation.

[96] Spirit Lake Sioux Reservation, Osage Reservation, Peoria OTSA, Wyandotte Tribe OTSA, Bethel ANVSA, Colville Reservation, and Puyallup Reservation.

[97] Omaha Reservatin and Ute Mountain Reservation.

[98] Cherokee OTSA, Creek OTSA, Fort Sill Apache OTSA, Laguna Pueblo, Nez Perce Reservation.

[99] Choctaw Reservation, Fort Belknap Trust Land, Fort Peck Reservation, Turtle Mountain Tracts, Pine Ridge Trust Land.

[100] Cheyenne River Reservation, Coeur D'Alene Reservation, Klamath Reservation, and the Samish Tribe.

Table 7.l CLIENTS OF RESERVATIONS WITH MULTIPLE CONTRACTS						
Federal Region	**State**	**Reservation**	**Vendors**	**Total Contracts**	**Total Contracting Offices**	**Most Contracts from a Single Office**
Southeast	Mississippi	Choctaw Reservation	2	6	3	2
Great Lakes	Minnesota	Leech Lake Reservation	2	18	5	14
		Mille Lacs Reservation	1	15	3	13
		White Earth Reservation	1	4	1	4
Great Plains	Montana	Blackfeet Trust Land	1	2	1	2
		Flathead Reservation	3	8	3	6
		Fort Belknap Trust Land	1	53	4	25
		Fort Peck Reservation	1	12	4	5
	Nebraska	Omaha Reservation	2	3	2	2
	North Dakota	Ft. Berthold Reservation	2	9	6	2
		Spirit Lake Sioux Res.	2	30	5	16
		Turtle Mountain Tracts	4	9	4	4
	Oklahoma	Osage Reservation	1	8	2	5
		Cherokee OTSA	7	25	11	5
		Chickasaw OTSA	1	7	4	3
		Choctaw OTSA	3	8	5	4
		Creek OTSA	21	126	36	13
		Fort Sill Apache OTSA	4	5	5	1
		Peoria OTSA	1	6	2	4
		Wyandotte Tribe OTSA	2	9	2	6
	South Dakota	Cheyenne River Res.	2	2	2	1
		Pine Ridge Trust Land	4	10	4	4
Southwest	Arizona	Navajo Reservation	6	20	2	19
	California	Pechanga Reservation	1	8	1	8
	Colorado	Southern Ute Res.	2	8	3	6
		Ute Mountain Res.	2	3	2	2
	New Mexico	Laguna Pueblo	3	10	6	4
	Utah	Uinta/Ouray Trust Land	3	4	1	4
Northwest	Alaska	Annette Island Reserve	1	2	1	2
		Bethel	3	26	5	18
		Craig	1	4	1	4
		Kenaitze	3	3	1	5
		Ketchikan	1	16	1	16
		Kotzebue	1	3	1	3
		Manokotak	1	2	1	2
		Nome	1	2	1	2
		Petersburg	3	13	1	13
	Idaho	Coeur D'Aline Res.	1	4	2	2
		Fort Hall Reservation	2	2	1	2
		Nez Perce Reservation	7	36	5	15
	Oregon	Burns Paiute Reservation	2	9	1	9
		Klamath Reservation	1	5	2	3
		Warm Springs Res.	1	4	1	4
	Washington	Colville Reservation	6	19	5	10
		Puyallup Reservation	3	7	3	5
		Samish Tribe	2	5	2	3
		Yakima Reservation	2	6	1	6

Another way of looking at diversification is to see how many different vendors an individual contracting office deals with. Table 7.m shows data for the 26 contracting offices that contract with Indian vendors on more than one reservation. Results include the following:

- Awarding contracts to vendors on multiple reservations is relatively common:
- Sixteen contracting offices award contracts to vendors on two reservations,
- Eight contracting offices award contracts to vendors on three reservations,
- One contracting office awards contracts to vendors on four reservations, and
- One contracting office (in Alaska) awards contracts to vendors on four reservations.

In most cases, the contracting office is making awards within its state or region:

- Eleven contracting offices made awards only to reservations in the same state; in the majority of cases the office was in that state, and in the others it was in an adjacent state.
- Six contracting offices made awards only to two or three abutting states; in the majority of cases the office was in one of those states; and in the others it was in the same region.
- One contracting office made awards to reservations in two states that were in the same region, but not abutting, and the office was in one of those states.
- Five contracting offices made awards to reservations in adjacent states, but in a different part of the country than the contracting office.
- Three contracting offices made awards to reservations in states that were distant both to each other and to the contracting office.

In the one instance where two contracting offices were in the same location and different parts of the same agency, vendors on two reservations got contracts with both offices.

A close look at the data reveals that Indian HUBZone contracting is less diversified than is initially apparent. The majority of reservations rely heavily or exclusively on one contracting office, and markets are local more often than not. A substantial number of contracting offices make up much of the market for multiple reservations.

The situation is especially pronounced in Alaska, where five contracting offices provide all of the contracts to 21 of 27 vendors and 8 of 13 reservations and ANVSAs. A dearth of contracting offices may be one reason why 90 percent of ANVSAs have no HUBZone vendors.

Table 7.m
CONTRACTING OFFICES WORKING WITH MULTIPLE RESERVATIONS

Region	Location of Reservations	Agency	Location of Contracting Office		Reservations	Contracts
			City	State		
Great Lakes	Minnesota	VAMC	Minneapolis	MN	2	7
		USArmy	NA	NA	2	6
Great Plains	North Dakota	PHS	Aberdeen	SD	2	5
	Oklahoma	USArmy	Tulsa	OK	2	18
		USArmy	NA	NA	3	10
		USAF	Altus AFB	OK	3	6
		ARS	East College Station	TX	2	10
		ARS	Stuttgart	AR	2	4
	NE and OK	HIS	Oklahoma City	OK	3	4
	ND and OK	USArmy	Warren	MI	3	13
		USArmy	Adelphi	MD	2	3
	MT and OK	DLA (400)	Richmond	VA	2	7
		DLA (412)	Richmond	VA	3	12
	ND and SD	CDC	Atlanta	GA	2	2
Great Plains & Great Lakes	MN and ND	NPS	Omaha	NE	2	3
Great Plains & Southwest	CO and OK	USArmy	Oklahoma City	OK	2	13
	ND, SD and CO	FHA	Lakewood	CO	3	4
	ND, SD and UT	F&WS	Denver	CO	4	14
	NM and OK	BoR	Boulder City	NV	2	4
Northwest	Alaska	F&WS	Anchorage	AK	3	12
		USCG	Juneau	AK	2	3
		USFS	Ketchikan	AK	7	42
Northwest & Great Plains	ID, MT and WA	BoR	Yakima	WA	3	8
Scattered; No Region	AK and ND	AMS	Washington	DC	2	28
	MS and MT	USArmy	Rock Island	IL	2	9
	MN and NM	NCA	Quantico	VA	2	7

Key to Agencies
AMS = Department of Agriculture, Agricultural Marketing Service
ARS = Department of Agriculture, Agricultural Research Service
BoR = Department of the Interior, Bureau of Reclamation
CDC = Department of Health and Human Services, Center for Disease Control
DLA = Department of Defense, Defense Logistics Agency (note that two offices are involved)
F&WS = Department of the Interior, Fish and Wildlife Service
FHA = Department of Transportation, Federal Highway Administration
IHS = Department of Health and Human Services, Indian Health Service
NCA = Department of Veterans Affairs, National Cemetary Administration
NPS = Department of the Interior, National Park Service
PHS = Department of Health and Human Services, Public Health Service
USAF = Department of Defense, Department of the Air Force
USArmy = Department of Defense, Department of the Army
USCG = Department of Homeland Security, United States Coast Guard
VAMC = Department of Veterans Affairs Medical Center

Chapter 8. Difficult Development Areas

8.A. HUBZone Businesses and Vendors in DDAs

8.A.1. Difficult Development Areas

The difficult development area (DDA) provision applies to Alaska, Hawaii, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. DDAs are defined in terms of a county or—depending where one is—a *municipio* or an individual island. In practice, all of these states and territories became HUBZones, except for one Alaska county, ten Puerto Rico *municipios*, and one Northern Mariana island.

A complication arises in impact analysis. Pre-existing QCTs, qualified counties and ANVSAs are part of the baseline. Any HUBZone activity within prior HUBZones cannot be attributed to the DDA provision. DDA provision impacts are limited to parts of the DDAs where the DDA provision created new HUBZones.

Conceptually, identifying new DDA HUBZones is straightforward. The HUBZone applications data, however, was frequently missing census tract data for the businesses. The HUBZone mapping system had been very crudely updated to accommodate DDAs in a manner that substantially removed underlying qualified census tracts and QCTs.[101] Thus classifying HUBZone businesses and vendors by class of HUBZone—new DDA or previously existing—became a major challenge.[102]

8.A.2. HUBZone Businesses and Vendors

Geography. Difficult development areas that became HUBZones under DDA provision had previously fallen into one of three categories with respect to HUBZones:

- The entire county had been a qualified county;[103]
- The county was not previously qualified, and it contained no QCTs;[104] or
- The county was not previously qualified, but it contained QCTs or Indian lands.[105]

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[101] QCTs, qualified counties, and DDAs are all coded in the same shade of green, and the mapping system does not show boundaries of a HUBZone of one class (a QCT) that is inside another class of HUBZone. Since Indian Country is coded orange, ANVSAs were not affected, nor were BRAC bases (coded white).

[102] The methods used to meet this challenge are discussed further in Appendix D.

[103] This was the case with:

- All Alaska counties except Anchorage, Fairbanks-North Star, Juneau, Matanuska-Sustina, and Sitka;
- Kalawao, Kauai, and Hawaii in Hawaii; and
- Adjuntas Municipio, Arroyo Municipio, Ciales Municipio, Coamo Municipio, Culebra Municipio, Guánica Municipio, Guayama Municipio, Isabela Municipio, Jayuya Municipio, Orocovis Municipio, Patillas Municipio, Quebradillas Municipio, Salinas Municipio, San Sebastián Municipio, Santa Isabel Municipio, Utuado Municipio, and Vieques Municipio in Puerto Rico.

[104] This was the case with:

- Juneau, Alaska;
- Rota in the Northern Marianas; and
- St. John and St. Thomas, Virgin Islands

[105] This was the case with:

If the entire DDA had been a qualified county, none of the HUBZone activity in it was a DDA provision impact, and the analysis was over. If none of the DDA had previously been a HUBZone, all of the HUBZone activity in it was a DDA provision impact, and the analysis was straightforward. If the county had not been a qualified county but contained QCTs or ANVSAs, every HUBZone business had to be plotted to determine whether it was in a new DDA HUBZone or not.

Table 8.a shows the results of this effort. For each DDA, it provides:

- The number of small HUBZones—QCTs and ANVSAs—in the DDA, if any, and
- Two counts of HUBZone businesses, including:
  - All HUBZone businesses in each DDA, and
  - HUBZone businesses in new DDA HUBZones.

Sufficient information was not available to classify—within the scope of this study—all HUBZone businesses in Guam or Puerto Rico.

- In Alaska, two whole counties and parts of two others became new DDA HUBZones. The number of HUBZone businesses increased by 34 (11.6 percent for the state).
- In Hawaii, large parts of two counties became new DDA HUBZones. The number of HUBZone businesses increased by 124 (110.7 percent for the state).
- In American Samoa, 14 census tracts became new DDA HUBZones, but there were no HUBZone businesses either before or after the change.
- In Guam, 39 census tracts became new DDA HUBZones, bringing the total to 56. The increase in HUBZone businesses could not be accurately estimated.
- In the Northern Mariana Islands 10 census tracts (all but one on Saipan) became new DDA HUBZones. One HUBZone business was certified, where there had been none.

- Fairbanks-North Star, Matanuska-Sustina, and Sitka, Alaska;
- Honolulu and Maui in Hawaii;
- Guam;
- Eastern District, Manu'a District, Swains Island, and Western District in American Samoa;
- Northern Islands, Saipan, and Tinian in the Northern Marianas;
- Aguada Municipio, Aguadilla Municipio, Aguas Buenas Municipio, Aibonito Municipio, Añasco Municipio, Barceloneta Municipio, Barranquitas Municipio, Bayamón Municipio, Cabo Rojo Municipio, Caguas Municipio, Canóvanas Municipio, Carolina Municipio, Cataño Municipio, Cayey Municipio, Ceiba Municipio, Cidra Municipio, Comerío Municipio, Corozal Municipio, Dorado Municipio, Fajardo Municipio, Florida Municipio, Guaynabo Municipio, Gurabo Municipio, Hormigueros Municipio, Humacao Municipio, Juncos Municipio, Las Piedras Municipio, Loíza Municipio, Luquillo Municipio, Manatí Municipio, Mayagüez Municipio, Moca Municipio, Morovis Municipio, Naguabo Municipio, Naranjito Municipio, Rincón Municipio, Río Grande Municipio, Sabana Grande Municipio, San Germán Municipio, San Juan Municipio, San Lorenzo Municipio, Toa Alta Municipio, Toa Baja Municipio, Trujillo Alto Municipio, Vega Alta Municipio, Vega Baja Municipio, and Yabucoa Municipio in Puerto Rico; and
- St. Croix, Virgin Islands.

Table 8.a
EFFECTS OF THE DDA PROVISION ON HUBZONE BUSINESSES

State or Territory	DDA County	Previously Qualified HUBZone Areas		HUBZone Businesses	
		QCT	ANVSA	Total County	DDA Areas[a]
Alaska[b]	Fairbanks North Star Borough	1	-	24	17
	Juneau City and Borough	-	-	3	3
	Matanuska-Susitna Borough	-	4[c]	37	12
	Sitka City and Borough	-	2[c]	8	2
Hawaii[d]	Honolulu County	34	-	185	122
	Maui County	4	-	4	2
American Samoa[e]	Eastern District	3	-	0	0
	Manu'a District	2	-	0	0
	Swains Island	1	-	0	0
	Western District	3	-	0	0
Guam	Guam	17	-	118	52 (43)[g]
Northern Mariana Islands	Northern Islands	1	-	0	0
	Rota	-	-	0	0
	Saipan	9	-	1	1
	Tinian	1	-	0	0
Virgin Islands	St. Croix	7	-	7	3
	St. John	-	-	0	0
	St. Thomas	-	-	2	2
Puerto Rico[f]	Continued on Following Page				

a HUBZone businesses that are in areas that did not qualify as HUBZones prior to the DDA provision, and which were certified after June of 2005. Data on active HUBZone businesses from the CCR (downloaded on 11/23/2007) were checked for certification date, and the addresses were checked with SBA's online HUBZone map.

b Anchorage Municipality is not a DDA. Aleutians East Borough, Aleutians West Census Area, Bethel Census Area, Bristol Bay Borough, Denali Borough, Dillingham Census Area, Haines Borough, Kenai Peninsula Borough, Ketchikan Gateway Borough, Kodiak Island Borough, Lake and Peninsula Borough, Nome Census Area, North Slope Borough, Northwest Arctic Borough, Prince of Wales-Outer Ketchikan Census Area, Skagway-Hoonah-Angoon Census Area, Southeast Fairbanks Census Area, Valdez-Cordova Census Area, Wade Hampton Census Area, Wrangell-Petersburg Census Area, Yakutat City and Borough, and Yukon-Koyukuk Census Area are DDAs, but they were previously qualified counties. Thus the DDA provisions did not expand HUBZones in these counties.

c Includes Indian reservations.

d Hawaii County, Kalawao County, and Kauai County are DDAs, but they were previously qualified counties. Thus the DDA provisions did not expand HUBZones in these counties.

e Rose Island is not a DDA.

f Arecibo Municipio, Camuy Municipio, Guánica Municipio, Guayanilla Municipio, Hatillo Municipio, Juana Díaz Municipio, Peñuelas Municipio, Ponce Municipio, Villalba Municipio, and Yauco Municipio are not DDAs. Adjuntas Municipio, Arroyo Municipio, Ciales Municipio, Coamo Municipio, Culebra Municipio, Guánica Municipio, Guayama Municipio, Isabela Municipio, Jayuya Municipio, Orocovis Municipio, Patillas Municipio, Quebradillas Municipio, Salinas Municipio, San Sebastián Municipio, Santa Isabel Municipio, Utuado Municipio, and Vieques Municipio are DDAs, but they were previously qualified counties. Thus the DDA provisions did not expand HUBZones in these counties.

g In Guam and Puerto Rico, the number of businesses without census tract numbers is shown in parentheses.

State or Territory	DDA County	Previously Qualified HUBZone Areas		HUBZone Businesses	
				Total County	DDA Areas[a]
		QCT	ANVSA		
Puerto Rico	Aguada Municipio	2	-	1	0
	Aguadilla Municipio	6	-	4	2 (1)[g]
	Aguas Buenas Municipio	3	-	0	0
	Aibonito Municipio	-	-	0	0
	Añasco Municipio	1	-	2	0 (2)[g]
	Barceloneta Municipio	2	-	2	0
	Barranquitas Municipio	2	-	0	0
	Bayamón Municipio	4	-	17	4 (13)[g]
	Cabo Rojo Municipio	1	-	0	0
	Caguas Municipio	8	-	14	8 (6)[g]
	Canóvanas Municipio	4	-	1	0 (1)[g]
	Carolina Municipio	2	-	6	6
	Cataño Municipio	4	-	6	1 (4)[g]
	Cayey Municipio	4	-	0	0
	Ceiba Municipio	-	-	2	2
	Cidra Municipio	2	-	1	0 (1)[g]
	Comerío Municipio	5	-	0	0
	Corozal Municipio	5	-	0	0
	Dorado Municipio	-	-	2	2
	Fajardo Municipio	1	-	1	0 (1)[g]
	Florida Municipio	2	-	0	0
	Guaynabo Municipio	3	-	15	10 (5)[g]
	Gurabo Municipio	1	-	2	2
	Hormigueros Municipio	-	-	1	1
	Humacao Municipio	1	-	1	0 (1)[g]
	Juncos Municipio	2	-	2	1 (1)[g]
	Las Piedras Municipio	1	-	1	1
	Loíza Municipio	7	-	0	0
	Luquillo Municipio	2	-	2	0
	Manatí Municipio	5	-	1	1
	Mayagüez Municipio	11	-	6	3 (2)[g]
	Moca Municipio	1	-	0	0
	Morovis Municipio	3	-	1	1
	Naguabo Municipio	2	-	0	0
	Naranjito Municipio	3	-	3	0 (2)[g]
	Rincón Municipio	-	-	0	0
	Río Grande Municipio	-	-	3	0 (3)[g]
	Sabana Grande Municipio	2	-	2	2
	San Germán Municipio	1	-	1	0 (1)[g]
	San Juan Municipio	28	-	56	42 (8)[g]
	San Lorenzo Municipio	5	-	1	0 (1)[g]
	Toa Alta Municipio	-	-	1	1
	Toa Baja Municipio	5	-	8	1
	Trujillo Alto Municipio	-	-	4	3 (1)[g]
	Vega Alta Municipio	2	-	3	3
	Vega Baja Municipio	2	-	1	1
	Yabucoa Municipio	4	-	2	0

- In Puerto Rico, 8 entire *municipios* and large parts of 39 others became new DDA HUBZones. The number of new HUBZone businesses could only roughly be estimated,[106] but that estimate is an increase of 218 percent for Puerto Rico as a whole.
- A majority (53.2 percent) of the affected *municipios* did not have documented new HUBZone businesses after the DDA provision went into effect. Of these:
  - Twelve (25.5 percent) have no HUBZone businesses at all,
  - Four (8.5 Percent) had HUBZone businesses before the provision went into effect, but had none certified subsequently.
- In the Virgin Islands, the two smaller islands in their entirety and about half the census tracts on the largest island became new DDA HUBZones. It is estimated that there was an increase of 5 HUBZone businesses (125 percent for the territory).

On a county-by-county basis, the number of HUBZone businesses at least doubled, and in many places increased a great deal more.

8.A.3. HUBZone Contracts and Revenues

Identification. To classify HUBZone vendors, we utilized addresses from the FPDS data and additional Census Bureau resources. We also added an alternative test: To be considered part of DDA impacts, a vendor had to have been certified after the DDA provision went into effect. To identify which contracts could be considered impacts of the DDA provision, we examined the location, certification, and HUBZone contract history of every HUBZone vendor in the states and territories affected by the DDA provision.

Results. The outcome of this research proved more complex than expected. As is shown in Table 8.b, several categories of HUBZone business in the FPDS files did not fit the expected pattern or presented other data issues.

[106] Percentage estimates were based on the assumption that the same percentages of classified and unclassifiable HUBZone businesses were in QCTs. The expansion of HUBZone businesses varied greatly among the Municipios:

- A majority (53.2 percent) of the affected Municipios did not have documented new HUBZone businesses after the DDA provision went into effect. Of these:
  - Twelve (25.5 percent) have no HUBZone businesses at all,
  - Four (8.5 Percent) had HUBZone businesses before the provision went into effect, but had none certified subsequently, and
  - Nine (19.1 percent) had HUBZone businesses before the provision went into effect, and have no identifiable HUBZone businesses in the new HUBZone area, but have one to three HUBZone businesses without census tract data.
- Sixteen (34.0 percent) of the affected Municipios had small increases in HUBZone businesses—one to three documented, but no more than five in any case.
- Five (10.6 percent) of the affected Municipios gained six to 15 HUBZone businesses.
- San Juan Municipio is in a class by itself with 42 to 50 new HUBZone businesses resulting from the DDA provision—with 31 of them in a single census tract.

- **Early Certification.** A number of HUBZone vendors were found in DDAs (not previously HUBZones) but had HUBZone certification dates in mid 2004 or earlier. These vendors fell into two groups.
  - Some DUNS numbers in Hawaii and Puerto Rico had multiple addresses in the FPDS data. Earlier contracts were at an address in a QCT, but later addresses (for contracts in FY2005 or later) were only in a DDA. These were considered to be pre-existing HUBZone businesses and not DDA impacts.
  - Some DUNS numbers in Fairbanks, Alaska;[107] Juneau, Alaska; and San Juan, Puerto Rico had contracts going back to FY2003 or earlier at the same DDA (but not otherwise HUBZone) address. These were classified separately in Table 8.b.
- **Not Listed.** Two DUNS numbers in Guam and several in Alaska could not be found in either the CCR or the applications data.[108]
  - The Guam vendors were put in a separate class, although the pattern of contracts suggests that they were, in fact, DDA impacts.
  - Three vendors in Juneau (two with contracts only in 2000) were classified as early certification, under the assumption that an early certification had lapsed.
  - The other Alaska vendors fell into another class, which is discussed below.
- **Missing Census Tract Data.** The HUBZone application data are missing census tract data for Guam. The HUBZone mapping system will identify an individual QCT but will not plot an address on Guam. The Census Bureau look-up feature does not cover Guam. Some vendors could be classified based on certification dates or (using Census maps) on location in smaller towns that were entirely within one census tract, and an arduous manual search procedure provided by the Census Bureau was largely successful. Two Guam vendors did not have sufficient information to be classified.
- **Not HUBZone.** The HUBZone map explicitly identified the addresses and census tracts of nine vendors in Anchorage as being not in a HUBZone. Five of these were in a single census tract. None had a contract history indicating earlier location in a HUBZone.[109] Of these DUNS numbers:
  - Four were not listed in either the CCR or the HUBZone application data,
  - Two were not listed in the CCR and had 2001 certification dates in the application data,
  - One was listed as not HUBZone certified in the CCR and was not listed in the application data,
  - One was listed in the CCR as certified several months before the DDA provision became effective, and was not listed in the application data, and
  - One was not listed in the CCR but was listed in the application data with a 2006 certification date.

[107] This DUNS number had HUBZone contracts in FY2003 and FY2004 but a HUBZone certification date of 2/28/2007.

[108] Several DUNS numbers were listed in one source but not the other. In these cases, one source was considered sufficient.

[109] The only change of address found was from the same address as one of the other eight vendors.

Table 8.b
SUMMARY OF DIRECT IMPACTS OF DDA PROVISIONS

State or Territory	Location of Vendor[a]	Total Vendors[b]	Total Contracts	Value of Contracts ($1,000s)				
				FY 2000–2002	FY 2003–2004	FY 2005	FY 2006	FY 2007
Alaska	QCT/QC	45	119	$4,490	$4,683	$692	$33,479	$1,825
	ANVSA[c]	22	104	$1,353	$1,715	$6,316	$10,096	$3,827
	DDA[d]	3	12	-	$15	$353	$1,305	$574
	Early Cert	4	61	$25	$810	$262	$219	$79
	Not HUBZ	9	121	$53,479	$21,930	$39,975	$13,403	-$45
	Total	83	417	$59,347	$29,153	$47,599	$58,502	$6,260
American Samoa	Total	0	0	-	-	-	-	-
Guam	QCT	4	93	-	-	$5,293	$6,032	$30,616
	DDA	3	26	-	-	-	$1,474	$2,097
	TBD	5	84	-	-	-	$5,344	$18,032
	Not Listed	2	3	-	-	$4	$12	$6
	Total	14	206			$5,297	$12,862	$50,751
Hawaii	QCT/QC	23	108	$1,061	$1,293	$5,916	$14,217	$20,858
	DDA[e]	8	11	-	-	-	$1,483	$3,207
	Total	31	119	$1,061	$1,293	$5,916	$15,700	$24,064
Northern Marianas	Total	0	0	-	-	-	-	-
Puerto Rico	QCT/QC	11	56	-	$1,816	$2,231	$2,186	$30,595
	DDA[f]	4	8	-	-	-	$911	$113
	Early Cert	1	6	$274	$217	$882	-	$33
	Total	17	70	$274	$2,033	$3,113	$3,097	$30,741
Virgin Islands	Total	0	0	-	-	-	-	-

[a] Key to Locations: QCT = Qualified Census Tract; ; QC = Qualified County; ANVSA = Alaska Native Village Statistical Area; DDA = Difficult development area that was not previously a QCT, QC, or ANVSA.; Early Cert = Certified before the DDA provision became effective, but not in a QCT, QC, or ANVSA.; Not HUBZ = Location specifically identified by the HUBZone mapping system as Not in a HUBZone.; TBD = Census tract data are not (yet) available to determine if this is in a QCT or not.; Not Listed = Classified as HUBZone business by FPDS but not found in the CCR or application data.

[b] In this context, "Vendor" means a designated HUBZone business that has received a contract through a HUBZone mechanism.

[c] Includes one Indian reservation vendor with one HUBZone contract.

[d] Includes one vendor in Fairbanks with six contracts totaling $1,780,067 and two vendors in Sitka with six contracts totaling $467,251.

[e] Includes seven vendors on Honolulu with ten contracts totaling $4,689,794 and one vendor on Maui with one contract that has no reported funding.

[f] Includes three vendors in San Juan with five contracts totaling $525,100 and one vendor in Guayanabo with three contracts totaling $499,031.

The Anchorage Nine. These nine vendors in Anchorage were a dominant factor in Alaska HUBZone contracting. They accounted for over 75 percent of all HUBZone dollars through FY2005 and over 20 percent in FY2006. In fact, one of these vendors accounted for the vast majority of the contract values.[110] Eliminating this one vendor would greatly change the Alaska HUBZone awards.[111] Yet all nine vendors reflect discrepancies between the FPDS data and the application data and CCR data.

8.B. Impacts

8.B.1. Income and Employment Impacts

Overview. To assess impacts of the DDA provision, specific local counties with DDA-induced HUBZone businesses were identified. There were not many of them:

- In Alaska, DDA impacts occurred in:
  - Fairbanks North Star Borough and
  - Sitka City and Borough.[112]
- Guam, where DDA impacts occurred, is a single county equivalent.
- In Hawaii, DDA impacts occurred in:
  - Honolulu County and
  - Maui County.
- In Puerto Rico, DDA impacts occurred in three municipos in the San Juan-Caguas-Guaynabo Metropolitan Area,[113] which was treated as a single municipal area.

[110] This one vendor received 101 contracts totaling $124,979,869 from two contracting offices. Of these contracts:
- Two ($53,420,000 and $11,882,453) were 8(a) with HUBZone preference and full and open competition,
- Seventy-six were 8(a) with HUBZone preference that were not available for competition, and
- Twenty-three were HUBZone Sole Source and Not Available for Competition.

The other eight vendors received 21 contracts totaling $3,761,976 from 11 different contracting offices. Of these contracts:
- Seven were 8(a) with HUBZone preference with full or limited competition,
- Ten were HUBZone set-aside with full and open competition,
- Three (all to the same vendor) were HUBZone price evaluation, and
- One was HUBZone sole source.

[111] Without this vendor, the Alaska portion of Table 8.b would be:

State	Location of Vendor	Total Vendors	Total Contracts	Value of Contracts ($1,000s)				
				FY 2000 - 2002	FY 2003 & 2004	FY 2005	FY 2006	FY 2007
Alaska	QCT/QC	45	119	$4,490	$4,683	$692	$33,479	$1,825
	ANVSA	22	104	$1,353	$1,715	$6,316	$10,096	$3,827
	DDA	3	12	-	$15	$353	$1,305	$574
	Early Cert	4	61	$25	$810	$262	$219	$79
	Not HUBZ	8	21	$59	$908	$1,376	$1,178	$241
	TOTAL	82	317	$5,927	$8,131	$9,000	$46,277	$6,546

[112] The timing pattern of contracts of three vendors in Juneau City and Borough was so inconsistent that DDA impacts—if any—could not be analyzed.

[113] Guaynabo Municipio, San Juan Municipio, and Vega Alta Municipio.

Direct Income Impacts. HUBZone revenues are adjusted for different sizes of metropolitan areas by computing HUBZone revenue per capita. The total population of the DDA county—or, in the San Juan-Caguas-Guaynabo Metropolitan Area, the *municipios* with DDA vendors—is used. Table 8.c shows per capita impacts using both total and annualized HUBZone revenues.

The impacts, shown in Table 8.c, are very small. Only Sitka, AK would pass the $50 per capita screen used for analysis of other HUBZones. In Hawaii and Puerto Rico, where populations are larger, the impacts are negligible. As expected, none of the impacts occurs before FY2005.[114]

Indirect and Total Income Impacts. Total income impacts are presented in three ways in Table 8.d: Total annualized direct impacts, total final demand (output) impacts; and earnings impacts as a percent of income.

Table 8.c
TOTAL AND PER CAPITA HUBZONE REVENUES OF DDA AREAS

State	DDA	Total DDA Population	Total DDA Revenue	Per Capita Revenue		Span of Years
				Total	Average	
Alaska	Fairbanks	82,840	$1,764,987	$21.31	$10.65	2005-2007
	Sitka	8,835	$467,251	$52.89	$26.44	2006-2007
Hawaii	Honolulu	876,156	$1,085,382	$1.24	$0.62	2005-2007
	Maui	128,094	$313,600	$2.45	-	2006
Guam	Guam	154,805	$6,780,249[b]	$43.80	$14.60	2005-2007
Puerto Rico	San Juan MSA[a]	572,337	$1,018,113	$2.22	$1.11	2006-2007

[a] Guaynabo Municipio, San Juan Municipio, and Vega Alta Municipio.

[b] Includes two vendors listed in FPDS data but not found in HUBZone applications data or the CCR.

Table 8.d includes all HUBZone vendors to show cumulative effects. This format also allows comparison of the DDA impacts with impacts of previous HUBZone vendors:

- DDA impacts have been larger than baseline impacts only in Fairbanks, AK.
- DDA impacts have been smaller than baseline impacts in Honolulu, HI and the San Juan MSA, PR, and much smaller than baseline impacts in Guam.
- There are no baseline impacts in Sitka, AK and Maui, HI, so that the DDA provision is a clear improvement here.

Total income impacts, of which DDA impacts are only a part, are minimal in most cases. Cumulative earnings have increased by less than 0.15 percent due to both phases of the

[114] None of the four vendors labeled "Early" in Table 8.b is included here. In the Alaska cases, the majority of HUBZone contract revenues appeared before FY 2005; in the Puerto Rico case almost all occurred before FY2006. In Fairbanks, AK and San Juan, PR, it was assumed that this was a pre-DDA vendor and that a move or data error was responsible for putting the vendor into a DDA-only HUBZone. The three vendors in Juneau, AK won very small contracts very early in the program. There have been no HUBZone contracts after FY2004, and Juneau City and Borough was not a qualified county and contained no QCTs.

HUBZone program in DDAs in Alaska, Hawaii, and Puerto Rico. Only in Guam have earnings increased by over 1 percent, but 90 percent of this was baseline impacts.

Table 8.d
INCOME AND EMPLOYMENT IMPACTS ON METROPOLITAN AREAS

DDA	Vendor Status	Income Impacts			Labor Force	Employment Impacts			
		Direct Output (1,000s)	Total[a] Output (1,000s)	Earnings[b]		New Jobs[c]	Unemployment Rate (percent)		
							Baseline	With Impact	Impact
Fairbanks, AK	Non-DDA	$745	$1,155	0.04%	45,008	18.6	7.85	7.81	0.04
	DDA	$882	$1,368	0.05%	45,008	22.0	7.85	7.81	0.05
	All	$1,627	$2,523	0.09%	45,008	40.6	7.85	7.76	0.09
Sitka, AK	DDA	$234	$437	0.13%	4,934	7.0	7.44	7.30	0.14
Honolulu, HI	Non-DDA	$1,705	$3,394	0.01%	447,320	60.1	5.70	5.68	0.01
	DDA	$543	$1,081	0.00%	447,320	19.1	5.70	5.69	0.00
	All	$2,248	$4,475	0.02%	447,320	79.3	5.70	5.68	0.02
Maui, HI	DDA	$314	$624	0.01%	66,307	11.1	4.95	4.94	0.02
Guam	Non-DDA	$20,669	$41,156	1.41%	68,894	729.0	10.74	9.68	1.06
	DDA	$2,260	$4,500	0.15%	68,894	79.7	10.74	10.62	0.12
	All	$22,929	$45,656	1.56%	68,894	808.7	10.74	9.57	1.17
San Juan, MSA, PR	Non-DDA	$849	$1,622	0.01%	197,740	28.7	13.10	13.09	0.01
	DDA	$636	$1,216	0.01%	197,740	21.5	13.10	13.09	0.01
	All	$1,486	$2,839	0.03%	197,740	50.3	13.10	13.08	0.03

[a] Direct Output = Spending = HUBZone Contract Revenues
Total Output = (Direct Output) x (Output Multiplier) in Sitka, AK, Hawaii, and Guam
Total Output = [(Direct Output) x [1 + (Output Multiplier - 1) x (QCT Population)/(MSA Population)] in Fairbanks, AK and San Juan PR.
[b] Earnings = (Total Output) x [(0.5) x (Final Demand Earnings Multiplier) / (DDA Income)
[c] New Jobs = (Total Output) x [(0.5) x (Final Demand Job Multiplier)

Employment Impacts. Employment impacts are estimated in both the form of new (annual) job creation and in the form of changes in the unemployment rate.

- In Guam, the total HUBZone program has resulted in an estimated 800 jobs. In no other DDA have more than 80 jobs been created, nor have more than 80 jobs been created in Guam under the DDA provision.
- Guam, with a decrease of slightly more than 1 percentage point in the unemployment rate, is the only DDA where the HUBZone program has decreased the unemployment rate by more than an estimated 0.15 percentage points.

8.B.2. Summary

American Samoa, the Northern Mariana Islands, and the Virgin Islands. In all 11 DDAs of American Samoa,[115] the Northern Mariana Islands,[116] and the Virgin Islands,[117] the impacts of the DDA provision have been nil.[118]

[115] Eastern District, Manua District, Swains Island, and Western District.

[116] Northern Islands, Rota, Saipan, Tinian.

[117] St. Croix, St. John, St. Thomas.

Hawaii. The DDA provision has led to HUBZone vendors in both DDA counties,[119] and the numbers of HUBZone vendors and dollars have increased significantly, but the impact of the HUBZone program in Hawaii remains minimal, at best.

Guam. Estimated earnings have increased by over 1.0 percent of income and the unemployment rate has decreased by over 1.0 percentage point—but not due to DDA.

Puerto Rico. The DDA provision led to vendors in three DDA municipos—Guaynabo, San Juan, and Vega Alta—but none in other DDAs that were not qualified counties.[120] Most of the DDA impacts were from two vendors, who won substantial contracts in early FY2006,[121] but then DDA impacts fell off sharply and have not recovered. HUBZone program impacts in Puerto Rico remain minimal, at best.

Alaska. Alaska got off to the fastest start of any DDA state. Even with data editing, DDA vendors jumped the gun a bit with FY2004 contracts. Then the bottom fell out of the entire HUBZone contracting business in FY2007. With the possible exception of a few small ANVSAs, the impact of the HUBZone program in Alaska remains minimal, at best.

The DDA provision affected two states, five territories, and scores of counties, *municipios,* and islands. Guam is the success for the entire HUBZone program in these areas.

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[118] These 11 DDAs have only 10 HUBZone businesses; they have only three contracting offices, none of which has used a HUBZone mechanism; and none has a HUBZone vendor. The Virgin Islands have nine HUBZone businesses and two contracting offices; the Northern Marianas have one HUBZone business and one contracting office.

[119] Kalawao, Kauai, and Hawaii were already qualified counties.

[120] Aguada Municipio, Aguadilla Municipio, Aguas Buenas Municipio, Aibonito Municipio, Añasco Municipio, Barceloneta Municipio, Barranquitas Municipio, Bayamón Municipio, Cabo Rojo Municipio, Caguas Municipio, Canóvanas Municipio, Carolina Municipio, Cataño Municipio, Cayey Municipio, Ceiba Municipio, Cidra Municipio, Comerío Municipio, Corozal Municipio, Dorado Municipio, Fajardo Municipio, Florida Municipio, Gurabo Municipio, Hormigueros Municipio, Humacao Municipio, Juncos Municipio, Las Piedras Municipio, Loíza Municipio, Luquillo Municipio, Manatí Municipio, Mayagüez Municipio, Moca Municipio, Morovis Municipio, Naguabo Municipio, Naranjito Municipio, Rincón Municipio, Río Grande Municipio, Sabana Grande Municipio, San Germán Municipio, San Lorenzo Municipio, Toa Alta Municipio, Toa Baja Municipio, Trujillo Alto Municipio, Vega Alta Municipio, Vega Baja Municipio, and Yabucoa Municipio.

[121] The HUBZone application and contracting processes appeared to be linked. In both cases the certification date was actually after the signature date on the first contract action, although the HUBZone status may be pending.

Chapter 9. Base Realignment and Closure (BRAC) Bases

9.A. HUBZone Businesses and Vendors on BRAC Bases

9.A.1. BRAC Bases

The five BRAC rounds involve 117 major base closings in 100 counties of 34 states and one territory.[122] Counties are the key unit for analysis of impacts. Table 9.a shows the location of the BRAC bases by federal region, state and county, as well as the year(s) of closure of bases in each county.

The *impact* of the BRAC provision on HUBZone businesses is the number of HUBZone businesses that would not have been certified in the base case—without the BRAC provision. As with DDAs, this involved determining whether businesses would have been HUBZone certified without the BRAC provision. We used two tests:

- A HUBZone business is not part of the impacts of the BRAC provision if the BRAC base (or the portion of it the HUBZone business was located on) was in a qualified county or QCT.
- A HUBZone business certified before the BRAC provision went into effect is not part of the impacts of the BRAC provision.

Thus determining whether HUBZone businesses were in new BRAC HUBZones was the first step of the impact analysis.

9.A.2. Identification of BRAC-Related HUBZone Businesses

Data and Analytical Approach. Unfortunately, the data on HUBZone businesses do a poor job of identifying HUBZone businesses that are on a BRAC base. The application data lack any indicator that a business was certified because it is on a BRAC base. The online geo-coded data do identify addresses on BRAC bases, but a substantial minority of BRAC bases is omitted in this geo-coded system.[123] The HUBZone data were so flawed that we based the analysis on CCR data on HUBZone businesses. Three factors influenced this decision:

- The CCR data include substantially more HUBZone businesses than do the applications data, and the larger (presumably more complete) list is far less likely to omit relatively new HUBZone businesses that actually are on BRAC bases.
- The CCR data include street addresses, which are necessary for precise locations.
- The CCR data distinguish between active HUBZone businesses and previous HUBZone businesses, whereas the application data do not.

[122] Some counties contain multiple BRAC bases. In particular:

- Two bases were closed in Los Angeles County, CA; Orange County, CA: San Diego County, CA; Santa Clara County, CA; Fulton County, GA; Cook County, IL; Charleston County, SC; Travis County, TX; and Guam.
- Three bases were closed in Sacramento County, CA; San Benito County, CA; and San Francisco County, CA.
- Four bases were closed in Alameda County, CA and Philadelphia County, PA.

Several bases straddled county lines, including three bases located in two counties and one base in three counties.

[123] A more thorough discussion of the deficiencies of the BRAC data is found in Appendix B.

Table 9.a
COUNTIES CONTAINING BRAC BASES

Federal Region	State or Territory	BRAC Base County	Type of HUBZone Qualification in County[a]	Bases Closed	BRAC Round(s)	HUBZone Businesses in County[b]
Region I	Maine	Aroostook	Qualified County	1	1991	52
		Cumberland	QCTs in County	1	2005	2
	Massachusets	Middlesex	QCTs in County	1	1988	26
		Norfolk	QCTs in County	1	1995	4
		Worcester	QCTs in County	1	1991	9
	New Hampshire	Rockingham	QCTs in County	1	1988	1
Region II	New Jersey	Hudson	QCTs in County	1	1995	7
		Monmouth	QCTs in County	1	2005	17
	New York	Clinton	QCTs in County	1	1993	1
		Kings	QCTs in County	1	1988	40
		Nassau	QCTs in County	1	1995	10
		Richmond	QCTs in County	1	1993	0
		Seneca	QCTs in County	1	1995	0
Region III	Maryland	Anne Arundel	QCTs in County	1	1995	12
		Montgomery	QCTs in County	1	1995	102
		St. Mary's	QCTs in County	1	1993	3
		Washington	QCTs in County	1	1993	2
	Pennsylvania	Bucks	QCTs in County	1	1995	3
		Lebanon	QCTs in County	1	1995	1
		Philadelphia	QCTs in County	4	1988, 1991 (2), 1993	118
	Virginia	Fauquier	-	1	1993	3
		Nottoway	-	1	1995	1
		Alexandria City	-	1	1988	4
		Hampton City	QCTs in County	1	2005	12
		Norfolk City	QCTs in County	1	1993	799
Region IV	Alabama	Calhoun	QCTs in County	1	1993	15
		Mobile	QCTs in County	1	1995	36
	Florida	Duval	QCTs in County	1	1993	56
		Escambia	QCTs in County	1	1993	44
		Miami-Dade	QCTs in County	1	1993	80
		Orange	QCTs in County	1	1993	34
	Georgia	Cobb	QCTs in County	1	2005	17
		Fulton	QCTs in County	2	2005 (2)	125
	Kentucky	Fayette	QCTs in County	1	1988	16
		Jefferson	QCTs in County	1	1995	35
	Mississippi	Hancock	QCTs in County	1	2005	8
		Jackson	QCTs in County	1	2005	23
	South Carolina	Charleston	QCTs in County	2	1993 (2)	45
		Horry	QCTs in County	1	1991	6
	Tennessee	Shelby	QCTs in County	1	1995	43

[a] Indian reservations are not included, because military bases and Indian reservations are mutually exclusive. Four counties (Cass County, MO; Fauquier County, VA; Nottoway County, VA; and Alexandria City, VA) are not qualified counties or DDAs and contain no QCTs, according to the HUBZone mapping system.

[b] Data are from Central Contractor registration files. Data show active and previously active HUBZone businesses.

Federal Region	State or Territory	BRAC Base County	Type of HUBZone Qualification in County[a]	Bases Closed	BRAC Round(s)	HUBZone Businesses in County[b]
Region V	Illinois	Carroll	Qualified County	[c]	1995	5
		Champaign	QCTs in County	1	1988	4
		Cook	QCTs in County	2	1993 (2)	159
		Jo-Davies	QCTs in County	[c]	1995	0
		Lake	QCTs in County	1	1988	8
	Indiana	Jefferson IN	QCTs in County	[d]	1988	0
		Jennings	QCTs in County	[d]	1988	0
		Marion	QCTs in County	2	1991, 1995	34
		Miami	Qualified County	1	1991	4
		Ripley	QCTs in County	[d]	1988	0
		Vermillion	QCTs in County	1	2005	0
	Michigan	Iosco	Qualified County	1	1991	14
		Macomb	QCTs in County	1	2005	10
		Marquette	Qualified County	1	1993	7
	Ohio	Franklin	QCTs in County	1	1991	35
		Licking	QCTs in County	1	1993	3
		Montgomery	QCTs in County	1	1993	50
	Wisconsin	Milwaukee	QCTs in County	1	2005	54
Region VI	Arkansas	Mississippi	Qualified County	1	1991	7
		Sebastian	QCTs in County	1	1995	1
	Louisiana	Calcasieu	QCTs in County	1	1988	10
		Rapides	QCTs in County	1	1991	10
	Texas	Bee	QCTs in County	1	1991	0
		Bexar	QCTs in County	1	2005	159
		Bowie	QCTs in County	1	2005	1
		Dallas	QCTs in County	1	1993	118
		Galveston	QCTs in County	1	1988	15
		Lubbock	QCTs in County	1	1995	6
		Nueces	QCTs in County	1	2005	37
		Tarrant	QCTs in County	1	1991	64
		Travis	QCTs in County	2	1991, 1995	27
Region VII	Kansas	Labette	Qualified County	1	2005	1
	Missouri	Cass	-	[e]	1991	1
		Jackson	QCTs in County	[e]	1991	51
Region VIII	Colorado	Adams	QCTs in County	1	1995	3
		Denver	QCTs in County	1	1991	87
	Utah	Salt Lake	QCTs in County	1	1988	43
		Tooele	Qualified County	1	2005	16
		Weber	QCTs in County	1	1995	10

[c] One BRAC base lies in both Carroll County and Jo-Davies County.

[d] One BRAC base lies in Jefferson County, Jennings County, and Ripley County.

[e] One BRAC base lies in both Cass County and Jackson County.

Federal Region	State or Territory	BRAC Base County	Type of HUBZone Qualification in County[a]	Bases Closed	BRAC Round(s)	HUBZone Businesses in County[b]
Region IX	Arizona	Maricopa	QCTs in County	1	1991	101
	California	Alameda	QCTs in County	4	1993 (3), 1995	93
		Contra Costa	QCTs in County	1	1995	20
		Los Angeles	QCTs in County	2	1991, 1995	235
		Merced	QCTs in County	1	1991	2
		Monterey	QCTs in County	1	1991	4
		Orange	QCTs in County	2	1991, 1993	96
		Sacramento	QCTs in County	3	1988, 1991, 1995	33
		San Bernadino	QCTs in County	3	1988 (2), 1995	37
		San Diego	QCTs in County	2	1991,1993	190
		San Francisco	QCTs in County	3	1988, 1991, 1993	46
		Santa Clara	QCTs in County	2	1991, 2005	29
		Solano	QCTs in County	1	1993	9
		Stanislaus	QCTs in County	1	2005	4
	Hawaii	Honolulu	QCTs in County / DDA	1	1993	220
	Guam	Guam GU	QCTs in County / DDA	2	1993, 1995	128
Region X	Alaska	Aleutians West	Qualified County / DDA	1	1995	2
		Anchorage	QCTs in County	1	2005	56
	Oregon	Morrow	Qualified County	[f]	2005	5
		Umatilla	Qualified County	[f]	2005	11
	Washington	King	QCTs in County	1	1991	48

[f] One BRAC base lies in both Morrow County and Umatilla County.

Because of the data limitations, HUBZone businesses on BRAC bases were identified through a process of elimination designed to minimize the number of HUBZone businesses that had to be searched individually. We sought to eliminate counties and/or groups of HUBZone businesses based on some characteristic. This approach was particularly useful for areas where the BRAC base was not identified properly in HUBZone data.

Qualified Counties. HUBZone businesses on BRAC bases cannot be considered to result from the BRAC provision if the BRAC base is in a qualified county. In absence of the BRAC provision, the entire county would have qualified as a HUBZone, and the current HUBZone businesses on the base would have been certified. A total of 11 counties[124] with BRAC bases fall in this category. Table 9.b omits qualified counties with BRAC bases.

Counties without HUBZone Businesses. Some counties with BRAC bases have no HUBZone businesses. In these cases, it is fair to say that the BRAC base provision has had no impact. A total of eight additional counties[125] with BRAC bases fall into this category. These counties also have been omitted from Table 9.b.

[124] These counties are: Aleutians West, AK; Mississippi County, AR; Carroll County, IL; Miami County, IN; Labette County, NE; Aroostook County, ME; Iosco County, MI; Marquette County, MI; Morrow County, OR; Umatilla County, OR; and Tooele County, UT.

[125] These additional counties are: Jo-Davies County, IL; Jefferson County, IN; Jennings County, IN; Ripley County, IN; Vermillion County, IN; Richmond County, NY; Seneca County, NY; and Bee County, TX.

The 2005 Round. Bases in the 2005 BRAC round have not yet closed. Thus there have yet to be any impacts. A total of eight additional counties[126] with BRAC bases fall into this category. These counties are also omitted from Table 9.b.

Previously Certified HUBZone Businesses. Some HUBZone businesses are no longer in the program. Their certifications have lapsed. Table 9.b shows the total number of HUBZone businesses ever in the remaining counties with BRAC bases, and Table 9.b also disaggregates these totals into numbers of active HUBZone businesses and numbers of HUBZone businesses with lapsed certifications. The attrition rate in the counties with BRAC bases from the first four rounds has averaged about 25 percent. In two counties[127] all of the former HUBZone businesses have left the program, so that there are none left.

Table 9.b
COUNTIES CONTAINING BRAC BASES WITH
ACTIVE HUBZONE BUSINESSES CERTIFIED AFTER 2004

Federal Region	State or Territory	BRAC Base County	All HUBZone Businessess			Active HUBZone Business Date of Certification	
			Total	Certification			
				Lapsed	Active	Thru 2004	2005-2007
Region I	Massachusetts	Middlesex	26	9	17	13	3
		Norfolk	4	1	3	2	1
		Worcester	9	4	5	2	2
	New Hampshire	Rockingham	1	1	0	0	0
Region II	New Jersey	Hudson	7	1	6	1	5
	New York	Clinton	1	1	0	0	0
		Kings	40	12	28	13	15
		Nassau	10	3	7	4	3
Region III	Maryland	Anne Arundel	12	5	7	7	0
		Montgomery	102	30	72	39	33
		St. Mary's	3	0	3	2	1
		Washington	2	0	2	1	1
	Pennsylvania	Bucks	3	2	1	1	0
		Lebanon	1	0	1	1	0
		Philadelphia	118	39	79	46	33
	Virginia	Fauquier	3	0	3	1	2
		Nottoway	1	0	1	0	1
		Alexandria City	4	2	2	1	1
		Norfolk City	88	42	46	33	13
Region IV	Alabama	Calhoun	15	3	12	9	3
		Mobile	36	7	29	20	9
	Florida	Duval	56	11	45	25	20
		Escambia	44	10	34	20	14
		Miami-Dade	80	26	54	35	19
		Orange	34	11	23	16	7

[126] These additional counties are: Anchorage, AK; Stanislaus County, CA; Cobb County, GA; Fulton County, GA; Cumberland County, ME; Macomb County, MI; Hancock County, MS; Jackson County, MS; Monmouth County, NJ; Bexar County, TX; Bowie County, TX; Nueces County, TX; Hampton City, VA; and Milwaukee County, WI.

[127] These additional counties are Rockingham County, NH and Clinton County, NY.

Federal Region	State or Territory	BRAC Base County	All HUBZone Businessess			Active HUBZone Business Date of Certification	
			Total	Certification			
				Lapsed	Active	Thru 2004	2005-2007
Region VI (continued)	Kentucky	Fayette	16	2	14	7	7
		Jefferson	35	11	24	14	10
	Tennessee	Shelby	43	13	30	20	10
	South Carolina	Charleston	45	13	32	16	16
		Horry	6	4	2	1	1
Region V	Illinois	Champaign	4	0	4	4	0
		Cook	159	46	113	67	46
		Lake	8	3	5	3	2
	Indiana	Marion	34	7	27	18	9
	Ohio	Franklin	35	8	27	16	11
		Licking	3	1	2	2	0
		Montgomery	50	7	43	30	13
Region VI	Arkansas	Sebastian	1	0	1	0	1
	Louisiana	Calcasieu	10	0	10	3	7
		Rapides	10	1	9	5	4
	Texas	Dallas	118	30	88	45	43
		Galveston	15	1	14	7	7
		Lubbock	6	2	4	2	2
		Tarrant	64	16	48	27	21
		Travis	27	12	15	7	8
Region VII	Missouri	Cass	1	0	1	1	0
		Jackson	51	14	37	23	14
	Colorado	Adams	3	1	2	1	1
		Denver	87	27	60	29	31
Region VIII	Utah	Salt Lake	43	10	33	23	10
		Weber	10	5	5	4	1
Region IX	Arizona	Maricopa	101	32	69	37	32
	California	Alameda	93	32	61	35	26
		Contra Costa	20	9	11	7	4
		Los Angeles	235	74	161	102	59
		Merced	2	0	2	1	1
		Monterey	4	1	3	3	0
		Orange	96	23	73	36	37
		Sacramento	33	12	21	11	10
		San Bernadino	37	8	29	16	13
		San Diego	190	35	155	88	67
		San Francisco	46	10	36	20	16
		Santa Clara	29	7	22	9	13
		Solano	9	2	7	5	2
	Guam	Guam	128	1	127	6	121
	Hawaii	Honolulu	220	15	205	25	180
Region X	Washington	King	48	10	38	22	16

Table 9.c
COUNTIES CONTAINING BRAC BASES CERTIFIED IN OR AFTER 2005

Federal Region	Stateor Territory	BRAC Base County	HUBZone Businesses Certified 2005-2007		Maps Used in Analysis[a]	HUBZones Abutting Base[b]	
			Active	On Base		Number of QCTs	Percent of Base Land Boundary
Region I	Massachusetts	Middlesex	3	0	SBA	0	0
		Norfolk	1	0	SBA	0	0
		Worcester	2	0	SBA	1	10
Region II	New Jersey	Hudson	5	0	SBA	1	25
	New York	Kings	15	0	SBA	2	50
		Nassau	3	0	MQ	0	0
Region III	Maryland	Montgomery	33	0	SBA	0	0
		St. Mary's	1	0	MQ	[g]	[g]
		Washington	1	0	SBA	0	0
	Pennsylvania	Philadelphia	33	0	SBA	0	0
	Virginia	Fauquier	2	0	SBA	0	0
		Nottoway	1	0	SBA	0	0
		Alexandria City	1	0	SBA	0	0
		Norfolk City	13	0	MQ	0	0
Region IV	Alabama	Calhoun	3	0	SBA	1	30
		Mobile	9	0	MQ	1	100
	Florida	Duval	20	0	SBA	0	0
		Escambia	14	0	SBA	0	0
		Miami-Dade	19	0	SBA	0	0
		Orange	7	0	SBA	0	0
	Kentucky	Fayette	7	0	SBA	0	0
		Jefferson	10	0	SBA	1	30
	South Carolina	Charleston	16	0	SBA	5	100
		Horry	1	0	SBA	0	0
	Tennessee	Shelby	10	0	SBA	4	100
Region V	Illinois	Cook	46	0	SBA/MQ	0	0
		Lake	2	0	SBA	0	0
	Indiana	Marion	9	0	SBA	0	0
	Ohio	Franklin	11	0	SBA	0	0
		Montgomery	13	0	MQ	0	0
Region VI	Arkansas	Sebastian	1	0	SBA	0	0
	Louisiana	Calcasieu	7	0	MQ	[c]	[c]
		Rapides	4	0	SBA	1	70
	Texas	Dallas	43	0	SBA	1	100
		Galveston	7	0	MQ	[c]	[c]
		Lubbock	2	0	SBA	1	15
		Tarrant	21	0	SBA	0	0
		Travis	8	0	MQ	1	20
Region VII	Missouri	Jackson	14	0	SBA	1	40
Region VIII	Colorado	Adams	1	0	SBA	3	50
		Denver	31	0	SBA	2	50
	Utah	Salt Lake	10	0	MQ	1	100
		Weber	1	0	SBA	0	0

Region	State	BRAC Base County	HUBZone Businesses Certified 2005-2007		Maps Used in Analysis[a]	HUBZones Abutting Base[b]	
			Active	On Base		Number of QCTs	Percent of Base Land Boundary
Region IX	**Arizona**	Maricopa	32	0	SBA	0	0
	California	Alameda	26	1	SBA	5	90
		Contra Costa	4	0	SBA	0	0
		Los Angeles	59	0	SBA/MQ	2	80
		Merced	1	0	SBA	0	0
		Orange	37	0	SBA/MQ	[d]	[d]
		Sacramento	10	0	SBA	[e]	[e]
		San Bernadino	13	0	SBA/MQ	[f]	[f]
		San Diego	67	0	MQ	1	100
		San Francisco	16	0	MQ	[g]	[g]
		Santa Clara	13	0	SBA/MQ	1	25
		Solano	2	0	SBA	1	100
	Guam	Guam	121	[h]	CB	[i]	[i]
	Hawaii	Honolulu	180	0	CB	0	0
Region X	**Washington**	King	16	0	SBA	0	0

[a] KEY: SBA: Online HUBZone mapping system
MQ: MapQuest (www.mapquest.com)
CB: Census Bureau's online Census Tract Outline Maps (http://ftp2.census.gov/plmap/pl_trt/)

[b] Where two or more BRAC bases abut, they are described as a single base. Otherwise, see specific notes.

[c] Location of base could not be precisely identified.

[d] One BRAC base has no abutting QCTs. A second base is located entirely within a single QCT.

[e] One BRAC base has one abutting QCT on about 10 percent of its land boundary. A second base has three abutting QCTs on about 50 percent of its land boundary. A third base has one abutting QCT on about 75 percent of its land boundary

[f] Two BRAC bases are each located entirely within a single QCT. A third base has three abutting QCTs on about 50 percent of its land boundary.

[g] Two BRAC bases have no abutting QCTs. A third base is located entirely within a single QCT.

[h] One HUBZone business was in the same census tract as a BRAC base. It is doubtful that the business was on the base, since the town was on the coast and the base was at the other end of the census tract (both horizontally and vertically). This HUBZone business could not be attributed to the BRAC provision, however, since the census tract is a QCT.

[i] One BRAC base probably has no abutting QCTs, since it is a ship yard and the nearest QCT is well back from the harbor. A second base is located entirely within a single QCT.

Date of Certification. HUBZone businesses that were certified before the BRAC base provision was enacted cannot have resulted from a BRAC base becoming a HUBZone. Only HUBZone businesses that were first certified in 2005 or later can be considered to be impacts of the BRAC provision. Marginally over 50 percent of the HUBZone businesses were certified before that date. The proportion, however, varies greatly among the counties. Table 9.b disaggregates active HUBZone businesses into those certified before the BRAC provision became effective and those certified after the effective date. Seven additional counties[128] have no HUBZone businesses that were certified after the BRAC provision became effective. Table 9.c includes only counties with active HUBZone businesses first certified in 2005 or later.

[128] These additional counties are Monterey County, CA; Champaign County, IL; Anne Arundel County, MD; Cass County, MO; Licking County, OH; Bucks County, PA; and Lebanon County, PA.

Location of HUBZone Businesses in the Remaining Counties. Once as many counties with BRAC bases and HUBZone businesses within those counties as possible had been eliminated, the final step was to plot each HUBZone business to determine whether it was on a BRAC base or not. The simplest procedure—used wherever possible—was to enter the business address into the HUBZone mapping system. Where this was not feasible, one or more of the following alternatives were used:

- BRAC bases that were omitted from the HUBZone mapping system were often identified on MapQuest. This was particularly true of air fields, but other kinds of facilities were also color-coded and named. MapQuest was then used to plot the addresses.
- In some counties (e.g., Los Angeles), MapQuest was used to identify cities and ZIP codes that were nowhere near the BRAC base. This approach was particularly efficient when the bases were on one edge of the county (e.g., on the coast) and the county was large and urbanized, with many distinct place names.
- In a number of instances, written information on a base was researched to find an alternate name, a partial street address, a geographic feature, or other data that could give an approximate location of a base.
- Where the location of a base could not be precisely identified, MapQuest's detail was relied on to determine whether the layout of the neighborhood might previously have been a military base.[129]
- In Guam and parts of Hawaii, the HUBZone mapping system broke down, because of the complicating factor of DDA status. Moreover, MapQuest does not cover Guam. Under these circumstances, the Census Bureau's online Census Tract Outline Maps were used in a multi-step procedure. First the city name was taken from the CCR data. Then the census tract(s) associated with the place name were determined from the Census Tract Outline Maps. Whether this census tract was a QCT was then determined. Finally, the Census Tract Outline Map was used to determine whether the HUBZone business was in the same census tract as the BRAC base.

Table 9.c shows the results of this exercise. There is only one confirmed case—and one possible but low-probability case—of a HUBZone business certified after the BRAC provision went into effect and located on a BRAC base that is not in a qualified county.

Qualified Census Tracts. The analytical strategy ruled out qualified counties at the outset. The same issues apply to QCTs; since the QCT would be a HUBZone even in the absence of the BRAC provision, no HUBZone business in a QCT can be considered an impact of the BRAC provision, even if it is on the BRAC base. BRAC bases located entirely in a QCT are indicated in Table 9.c as having one abutting QCT but having a QCT abutting 100 percent of the land boundary. About a dozen such bases were identified, but in some cases there is question as to whether they are *entirely* in a QCT. Because of this degree of uncertainty, BRAC bases in a

[129] In such cases, it was usually quite clear that the HUBZone business was located in an area that had long since been laid out in a conventional street pattern. In one instance, for example, a HUBZone business was located in a QCT that was almost entirely filled by a BRAC base, but the map clearly showed a rail line on the edge of the base, and the HUBZone business was just on the opposite side of this rail line.

QCT were not dropped from further analysis, as qualified counties were. The analysis, however, showed that most of them were not on a BRAC base.

The status of two HUBZone businesses—one clearly on a BRAC base, the other possibly on one—hinges on the issue of whether land in a BRAC base is a QCT.

- Guam has one HUBZone business that might possibly be on a BRAC base. The business and the base are both in the same census tract, and that tract completely surrounds the base. The census tract is a QCT. Thus this HUBZone business clearly is *not* there as a result of the BRAC provision.
- Alameda County has a HUBZone business that is clearly on a BRAC base. Indeed, it is located on a road in that base that is the boundary between two census tracts, both of which are listed as QCTs on the mapping system. One can reasonably conclude that this business would have located there and been certified as HUBZone without the BRAC provision. [130] That HUBZone business is not listed in the FPDS data, however, and so it is not a vendor.

Qualified Counties. Although—or (perhaps) because—HUBZone businesses on BRAC bases in qualified counties cannot be attributed to the BRAC provision, they may shed some light on the impacts of the BRAC provision elsewhere. Table 9.d shows HUBZone businesses in these eleven counties.

Table 9.d
BRAC BASES IN QUALIFIED COUNTIES

Federal Region	State	BRAC Base County	Active HUBZone Businesses in the County				
			Total	Certification Before 2005		Certification 2005-2007	
				On Base	Off Base	On Base	Off Base
Region I	Maine	Aroostook	32	1	14[a]	-	17[a]
Region V	Illinois	Carroll	5	-	2	-	3
	Indiana	Miami	3	-	1	-	2
	Michigan	Iosco	11	2	1	5	3
		Marquette	5	1	2	-	2
Region VI	Arkansas	Mississippi	1	-	-	-	1
Region VII	Kansas	Labette	1	-	1	-	-
Region VIII	Utah	Tooele	12	-	6	-	6
Region X	Alaska	Aleutians West	2	-	-	1	1[b]
	Oregon	Morrow	5	-	2	-	3
		Umatilla	11	-	2[c]	-	9[c]

[a] Six of these HUBZone businesses are located on Indian reservations.

[b] This HUBZone business is located in an Alaska Native Village Statistical Area.

[a] Three of these HUBZone businesses are located on Indian reservations.

[130] The only question about this conclusion is that the HUBZone mapping system is not consistent with other data sources. MapQuest shows the address several blocks away on the other side of the street. The Census Tract Outline Map does not number the census tract across the street from this business. Still, it seems highly likely that, with the BRAC base closed, the address would be in a QCT.

CCR data show 88 HUBZone businesses in these counties. Ten[131] of these businesses are located on four BRAC bases. The totals might be higher, but four of these 11 BRAC bases are in the 2005 round and have a great deal of environmental contamination. A majority of these businesses are on one BRAC base, Wurtsmith Air Base in Iosco County, MI, which was in the 1991 BRAC round.

Wurtsmith was the subject of a case study and site visit. The base is administered by two distinct but coordinated redevelopment authorities.[132] Both have industrial parks. As a legacy of the air field, a number of the businesses have experience contracting with the Federal government. The most striking fact in this whole case study is that the local redevelopment authorities have barely heard of the HUBZone program, did not know that a BRAC base was a HUBZone, and have made no organized attempt to utilize it as part of their redevelopment strategy.

9.A.3. Summary

The BRAC provision may have led to one additional HUBZone business, but that business is not a HUBZone vendor.[133]

9.B. Impacts

The HUBZone impacts of the BRAC provision are nil.

[131] CCR data actually show 11 HUBZone businesses on BRAC bases, but a site visit indicated that one of these has closed.

[132] One of these was set up specifically to operate the airport and to deal with the FAA. The other is a more conventional redevelopment authority.

[133] Further discussion of factors leading to this result is found in Appendix H.

Chapter 10. Industry and Size Distribution of HUBZone Businesses

10.A. Industry

Table 10.a shows industry distributions of HUBZone procurement (contracts and dollars) and HUBZone businesses (establishments and employment), with Census data[134] (establishments[135] and employment) as a basis for comparison. Data are shown at the 2-digit NAICS code level. In general, HUBZone procurement is concentrated in the same industries that HUBZone businesses are, but the relationships differ.

Construction. The major industry in HUBZone procurement is construction (NAICS 23), which accounts for nearly half of HUBZone contracts and nearly two-thirds of HUBZone contract revenues. Construction's share of HUBZone businesses is about three times the industry share for the economy as a whole. The construction share of procurement is roughly twice as large as the share of HUBZone businesses.

Manufacturing. Manufacturing (NAICS 31-33) has the second largest share of HUBZone businesses and has the second (or third, depending on the measure) largest share of HUBZone procurement. The manufacturing share of HUBZone businesses is about three times that of the economy as a whole. The procurement share of manufacturing (about one eighth) is substantially smaller than the HUBZone business share.

Professional, Scientific, and Technical Services. This industry (NAICS 54) has the third largest share of HUBZone businesses—a share somewhat greater than the industry share of the economy as a whole. This is not as important an industry in HUBZone procurement, where its share is about half as large as it is for HUBZone businesses.

Administrative and Support Services. This industry (NAICS 561) is the second or third most important industry in HUBZone procurement. The share is in the same neighborhood as that of HUBZone businesses and somewhat above that of the economy as a whole.

Wholesale Trade. The share of wholesale trade (NAICS 42) among HUBZone businesses is similar to that of the economy as a whole. The share of HUBZone procurement, however, is less than half as large.

Other Industries. All other industries together account for 16.5 percent of HUBZone businesses and 11.8 percent of HUBZone employment. They account for an even smaller share (8.6 percent) of HUBZone funding.

[134] Census Bureau, 2002 Survey of Businesses.

[135] The "principal office" rules governing HUBZone businesses tend to make establishments the appropriate basis for comparison. In a number of cases where more than one office of the same business has been recognized in the HUBZone data, the offices are treated like different businesses—and in a few cases are registered under different DUNS numbers.

Table 10.a INDUSTRY DISTRIBUTIONS OF HUBZONE PROCUREMENT, HUBZONE BUSINESSES, AND CENSUS DATA (Percent)							
NAICS Code		HUBZone Procurement		HUBZone Businesses		Census Data	
		Contracts	Revenues	Establish-ments	Employees	Establish-ments	Employees
11	Agriculture, Forestry, Fishing and Hunting	2.65	0.50	2.5	2.0	-	-
21	Mining, Quarrying, & Oil and Gas Extraction	0.38	0.84	0.7	0.6	0.4	0.4
22	Utilities	0.27	0.23	0.4	0.3	0.3	0.6
23	Construction	46.40	64.01	28.5	23.8	10.3	6.6
31-33	Manufacturing	12.88	13.03	21.0	39.9	5.1	13.5
42	Wholesale Trade	2.27	0.68	6.3	3.5	6.3	5.4
44-45	Retail Trade	1.02	0.13	3.4	1.9	16.2	13.4
48-49	Transportation and Warehousing	1.12	0.63	2.6	2.2	2.9	3.3
51	Information	0.95	0.73	1.7	0.9	2.0	3.4
52	Finance and Insurance	0.03	0.00	0.2	0.1	6.4	6.0
53	Real Estate and Rental and Leasing	0.70	0.25	1.1	0.4	4.7	1.8
54	Professional, Scientific, and Technical Services	7.08	3.94	18.9	7.4	11.2	6.7
561	Administrative and Support Services	15.92	9.71	8.8	13.9	5.1	8.0
562	Waste Management & Remediation Services	3.24	0.90	1.9	1.9		
61	Educational Services	0.26	0.21	0.8	0.1	0.7	0.4
62	Health Care and Social Assistance	0.42	0.21	0.8	0.5	10.2	13.8
71	Arts, Entertainment, and Recreation	0.07	0.09	0.2	0.0	1.6	1.7
72	Accommodation and Food Services	1.11	0.86	0.6	1.4	8.2	9.3
81	Other Services (except Public Administration)	1.14	0.53	2.0	1.3	7.8	3.2
92	Public Administration	0.22	0.41	0.0	0.0	-	-
	Missing	1.88	2.10	0.1	0.1	-	-

HUBZone businesses are greatly under-represented in health care and social assistance; retail trade; arts, entertainment, and recreation; finance and insurance; accommodation and food services; and other services (except public administration). This industry distribution seems plausible for businesses that contract with the government.

10.B. Size

HUBZone businesses are required to meet the definition of "small" based on SBA standards. Most of them are far smaller than the SBA standard. The overall size distribution (in terms of employment) is similar to the lower tail of the size distribution of all businesses with employees in the economy as a whole. Yet, as is shown in Table 10.b, the first quartile size is two employees, the median is five, and the threshold of 20 employees is not reached until the 81st percentile. The question is how well are small businesses positioned to take advantage of government contracting opportunities? A related question is whether they appear adequately qualified from the perspective of contracting officers.

The small size of HUBZone businesses becomes more apparent when one looks at individual industries (Table 10.c). In professional, scientific, and technical services—an industry that accounts for nearly one-fifth of HUBZone businesses—over 75 percent have no more than five employees. In a majority of the industries—at the 2-digit NAICS level—there are no more than a dozen HUBZone businesses with more than 50 employees. Of the 19 industries shown in Table 10.c, only seven have more than a dozen HUBZone businesses with more than 50 employees.

Table 10.b
DISTRIBUTION OF HUBZONE BUSINESS SIZE BY EMPLOYMENT (FTEs) AND REVENUES

Basis for Distribution		Employment	Revenue
By Quartiles	First Quartile	2	$38,000
	Median	5	$300,000
	Third Quartile	14	$1.5 million
By Deciles	First Decile	1	$0
	Second Decile	2	$15,000
	Third Decile	2	$67,462
	Fourth Decile	3	$150,000
	Median	5	$300,000
	Sixth Decile	7	$575,500
	Seventh Decile	10	$1 million
	Eighth Decile	18	$2 million
	Ninth Decile	38	$4,664,325
	99th Percentile	176	$22,141,660

SOURCE: HUBZone applications data.

Table 10.c
HUBZONE BUSINESSES
BY NAICS INDUSTRY AND EMPLOYMENT (FTE) SIZE

NAICS Industry		HUBZone Businesses by Employment Size Range								Total
		1-5	6-10	11-20	21-50	51-100	101-250	250-500	Over 500	
11	Agriculture, Forestry, Fishing and Hunting	240	39	32	28	5	4	1	1	350
21	Mining, Quarrying, & Oil and Gas Extraction	39	25	17	14	2	1	-	-	98
22	Utilities	29	8	11	6	2	-	-	-	56
23	Construction	1,888	690	572	486	155	43	-	-	3,834
31-33	Manufacturing	1,026	409	449	493	236	185	31	2	2,831
42	Wholesale Trade	556	116	73	74	20	1	1	-	841
44-45	Retail Trade	280	76	45	42	6	3	-	-	452
48-49	Transportation and Warehousing	201	48	47	42	13	4	1	-	356
51	Information	157	25	19	14	8	1	-	-	224
52	Finance and Insurance	24	3	2	2	-	-	-	-	31
53	Real Estate and Rental and Leasing	112	18	12	5	3	-	-	-	150
54	Professional, Scientific, and Technical Services	1,923	303	178	105	29	8	2	-	2,548
561	Administrative and Support Services	655	139	118	138	68	49	14	5	1,186
562	Waste Management & Remediation Services	120	45	39	31	14	4	1	-	254
61	Educational Services	102	4	2	1	-	-	-	-	109
62	Health Care and Social Assistance	76	12	9	7	2	2	-	-	108
71	Arts, Entertainment, and Recreation	30	2	1	-	-	-	-	-	33
72	Accommodation and Food Services	33	10	9	12	5	3	-	3	75
81	Other Services (except Public Administration)	169	54	23	11	7	5	-	-	269
All	Actual	7,660	2,026	1,658	1,511	575	313	51	11	13,805[a]
	Percentage	56.9	15.1	12.3	11.2	4.3	2.3	0.4	0.1	

[a] Twenty-eight records were excluded because they are in NAICS industries 55 (management of companies & enterprises) or 92 (public administration), which have five or fewer HUBZone businesses, or because they lacked NAICS codes and/or employment data.

The revenue distribution shows more variation—too much, in fact. HUBZone businesses are showing revenues of $19,000 per employee at the first quartile; $60,000 per employee at the median, and $107,143 per employee at the third quartile. There do not appear to be enough new businesses at the time of certification to account for 13 percent that report no revenues. At the other end of the spectrum, over 1,000 of the businesses report over $6 million in revenue.[136] The size distribution of HUBZone businesses raises questions about the perceived—and possibly actual—availability of HUBZone businesses able to perform even moderate-sized contracts. The size distribution suggests that most HUBZone business contracts would be relatively small.

[136] At the upper extreme, ten HUBZone businesses report revenues between $100 million and $500 million, and one reports revenues of $2 billion.

Chapter 11. New Certifications of HUBZone Businesses

11.A. Buildup of HUBZone Businesses

The previous analysis has not considered when HUBZone businesses became certified. This set of businesses accumulated over a period of about eight years. The pattern of certification of HUBZone businesses over time is an important part of the process of implementing the program.[137]

In looking at the buildup of HUBZone businesses over time, it is important to define the starting point. In a broad sense, this was when the program became effective, in 1999. Many specific HUBZone areas, however, were not qualified until a number of years later. The following exhibits show the time profiles for different types of HUBZones.

- Table 11.a covers qualified counties. Since counties are qualified annually, some counties were newly qualified every year, beginning in 1997. Thus a new stream of certifications starts every year. The grandfathering of counties that ceased to qualify greatly simplifies the picture of qualified counties.
- Table 11.b covers qualified census tracts. While some minor adjustments were made in other years, only some years are significant:
  - In 1998, QCTs were initially defined,
  - In 2001, some changes were made,
  - In 2003, wholesale changes were made, as census tracts were redefined, and
  - In some other years very minor technical changes were made, which had virtually no effect of HUBZone businesses.

Thus there are three significant streams of certifications.

- Table 11.c covers Indian reservations and other Indian lands. Since these have been HUBZones since the initiation of the program, there is only one stream of certifications.
- Table 11.d covers difficult development areas. Effectively, these became HUBZones in 2005. Since there are some differences among jurisdictions (and for convenience) the two states and two major territories[138] are presented separately.

[137] The retention or dropping out of HUBZone businesses, when it comes to renew certification three years later, is also significant, but it is not as central to expectations about the speed with which a program will get up and running. Moreover, the applications database provided did not include information on recertification.

[138] Territories that were omitted are American Samoa (no HUBZone businesses), the Northern Mariana Islands (one DDA HUBZone business), and the Virgin Islands (7 HUBZone businesses, probably four in DDAs). Certifications for Guam and Puerto Rico represent only HUBZone businesses that were positively identified as being in a DDA.

Table 11.a
TIME PROFILE OF QUALIFICATION OF COUNTIES AND CERTIFICATION OF HUBZONE BUSINESSES IN QUALIFIED COUNTIES

Year County Qualified[a]	Certifications	Calendar Year of HUBZone Business Certification									Total
		1999	2000	2001	2002	2003	2004	2005	2006	2007[b]	
1997	Total	30	178	414	473	326	626	822	1013	583	4,465
	Per County	0.03	0.20	0.47	0.54	0.37	0.72	0.94	1.16	0.67	5.11
(874)	New Business	0	12	40	57	51	92	99	102	59	512
1998	Total		28	64	59	40	65	178	172	112	718
	Per County		0.23	0.53	0.49	0.33	0.54	1.48	1.43	0.93	5.98
(120)	New Business		2	6	7	7	9	11	21	15	78
1999	Total			4	43	38	57	68	89	49	348
	Per County			0.04	0.41	0.36	0.54	0.65	0.85	0.47	3.31
(105)	New Business			0	3	7	13	10	12	5	50
2000	Total				24	18	40	50	44	26	202
	Per County				0.48	0.36	0.80	1.00	0.88	0.52	4.04
(50)	New Business				1	2	4	6	3	0	16
2001	Total				2	31	29	46	41	27	176
	Per County				0.04	0.67	0.63	1.00	0.89	0.59	3.83
(46)	New Business				0	3	4	3	2	2	14
2002	Total					4	20	25	31	12	92
	Per County					0.08	0.39	0.49	0.61	0.24	1.80
(51)	New Business					0	3	3	5	1	12
2003	Total						3	12	6	4	25
	Per County						0.20	0.80	0.40	0.27	1.67
(15)	New Business						0	1	2	0	3
2004	Total							13	26	15	54
	Per County							1.18	2.36	1.36	4.91
(11)	New Business							1	3	1	5
2005	Total							4	7	53	64
	Per County							0.14	0.24	1.83	2.21
(29)	New Business							0	2	3	5
All Years	Total	30	206	482	601	457	840	1218	1429	881	6,144
	Per County	0.03	0.21	0.44	0.52	0.38	0.67	0.97	1.12	0.68	
	New Business	0	14	46	68	70	125	134	152	86	695

[a] Number of counties qualified as HUBZones in each year is given in parentheses.

[b] 2007 data are for eight months only.

Table 11.b
TIME PROFILE OF QUALIFIED CENSUS TRACTS AND CERTIFICATION OF HUBZONE BUSINESSES IN METROPOLITAN QCTs

Year QCT Qualified[a]	Certifications	Calendar Year of HUBZone Business Certification									Total
		1999	2000	2001	2002	2003	2004	2005	2006	2007[b]	
1998	Total	30	130	364	434	339	546	625	780	440	3,688
	Per County	0.01	0.02	0.06	0.07	0.06	0.09	0.11	0.13	0.08	0.63
(5,818)	New Business	1	9	38	59	43	74	100	91	60	475
2001	Total				31	64	135	119	145	90	584
	Per County				0.03	0.07	0.14	0.12	0.15	0.09	0.61
(965)	New Business				9	8	27	12	28	14	98
2003	Total					100	243	285	264	156	1,048
	Per County					0.04	0.09	0.11	0.10	0.06	0.39
(2,682)	New Business					14	33	49	29	21	146
All Years	Total	30	130	364	465	503	924	1029	1189	686	5,320
	Per County	0.01	0.02	0.06	0.07	0.05	0.10	0.11	0.13	0.07	0.56
	New Business	1	9	38	68	65	134	161	148	95	719

[a] Number of QCTs qualified as HUBZones in each year is given in parentheses.

[b] 2007 data are for eight months only.

No exhibit is presented for BRAC bases, as there are very few HUBZone businesses on these bases, and virtually none of them are there because of the BRAC provision. Lessons about timing, however, apply particularly to BRAC bases.

The certification streams in different years for qualified counties and QCTs are of very different sizes. This results from the fact that very different numbers of counties and census tracts became qualified in each year. To normalize the results, the raw numbers of HUBZone businesses certified have been divided by the numbers of counties or census tracts qualified in the corresponding year.

One matter of interest is the number of HUBZone businesses that were started in order to take advantage of the HUBZone program.[139] The applications data include specific dates of certification and founding of the business.[140] HUBZone businesses certified within six months

[139] A related question is how much the HUBZone program contributed to the growth of small businesses within HUBZones. Addressing that issue, however, would require developing baseline data on small businesses in HUBZones. This could be done using CCR data, but the CCR data lack census tract information and would have to be matched with HUBZones using ZIP codes. Such an effort is well beyond the scope of this study, but the question may be of interest for future research.

[140] Another interesting question is the relationship between length of time in the program and success in winning HUBZone contracts. Unfortunately, the discrepancies between vendors (reported in FPDS data) and HUBZone businesses (reported in other data) are large enough to make any such analysis problematic. Moreover, there are no data on the date that businesses dropped out of the HUBZone program, which is an important facet of the issue.

of the start-up date were assumed to have been founded in order to take advantage of the HUBZone program.[141] The results are shown in all four exhibits.

Table 11.c
TIME PROFILE OF CERTIFICATION OF HUBZONE BUSINESSES ON INDIAN RESERVATIONS AND OTHER INDIAN LANDS

Certifications	Calendar Year of HUBZone Business Certification								Total
	2000	2001	2002	2003	2004	2005	2006	2007[a]	
Total	8	65	58	130	190	206	190	112	959
New Business	1	8	3	23	38	44	12	11	140

[a] 2007 data are for eight months only.

Table 11.d
TIME PROFILE OF CERTIFICATION OF DDA HUBZONE BUSINESSES

Territory	Certifications	2005	2006	2007[a]	Total
Alaska	Total	0	14	19	33
	New Business	0	2	5	7
Hawaii	Total	1	63	50	114
	New Business	1	2	8	11
Guam	Total	18	21	13	52
	New Business	0	0	1	1
Puerto Rico	Total	4	60	39	103
	New Business	0	0	3	3
All DDA	Total	23	158	121	302
	New Business	1	4	17	22

[a] 2007 data are for eight months only.

11.B. Initial Time Lag

Dates that areas became HUBZones can be identified precisely in terms of a publication date. In practice, however, this may have little meaning. People in the new HUBZone need to learn about the program, understand it, and make decisions. The data suggest that there are virtually no certifications the year a HUBZone area is qualified, few (if any) the following year, and not a significant number until two or three years later.

Perhaps the most precise data come from the DDAs. This was probably the best anticipated and understood new HUBZone, because it resulted from a political process and broadly affected relatively small, insular communities. The first full year brought 23 HUBZone business certifications. Over 75 percent of these were in only one territory, and only four were certified within the first eight months after the program became effective.

[141] An argument could probably be made for any period of time of up to a year or so. The shortest elapsed time between founding and certification was a little over a month. The general shape of the stream of new businesses, however, is probably not affected by the exact number chosen.

There are a few anomalies in the form of HUBZone businesses that were certified before the areas in which they are located became qualified.[142] Case studies indicate that some HUBZone businesses move to another HUBZone for a variety of reasons. In QCTs, some of these instances may be artifacts of the redefinition of census tracts. The numbers are small enough that these appear to be plausible explanations.

The number of HUBZone businesses that appear to have been started to take advantage of the HUBZone status is significant. These businesses account for

- 11.3 percent of HUBZone businesses in qualified counties;
- 13.5 percent of HUBZone businesses in QCTs;
- 14.6 percent of HUBZone businesses in Indian Country; and
- 7.3 percent of HUBZone businesses in DDAs.

The data show that certification of new businesses gets off to a substantially slower start than overall HUBZone business certifications. It takes about four years for the proportion of new businesses to reach its overall average. This shows up most strongly in the DDA, where more than three times as many new businesses were certified in the eight months of 2007 than in the previous two years combined.

11.C. Continuation

Most of the longer individual streams of certifications continue to increase for four years or more. Some (e.g., Indian Country) appear to plateau,[143] while others (e.g., the original qualified counties and QCTs) continue to grow. The streams that began most recently (DDAs and 2005 qualified counties) are still enjoying rapid growth.

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[142] Among qualified counties, this includes:

- Three 1999 certifications and one 2000 certification in counties that were qualified in 2001,
- One 2001 certification in a county that was qualified in 2002,
- One 2001 certification and three 2002 certifications in counties that were qualified in 2003,
- One 2002 certification in a county that was qualified in 2004, and
- One 2000 certification, one 2002 certification, and four 2004 in counties that were qualified in 2005.
- Among QCTs, these include two 1999 certifications, two 2000 certifications, 11 2001 certifications, and eight 2002 certifications in QCTs that were qualified in 2003.

[143] The 2007 numbers are hard to read, as there seems to be a surge in certifications at the very end of the data series. There may be some implicit seasonality to the numbers. Alternatively, the change in data contractors that occurred in early 2007 may have affected (likely depressed) the numbers in the early part of the year.

The supply of HUBZone businesses has built up over a period of years, as new certifications in older HUBZones have increased and some new HUBZone areas have been added. On the supply side, the program seems to have gotten up to speed much more slowly than was probably expected. Although net growth of active HUBZone businesses may be greatly affected by non-re-certifications, there appears to be great potential for more expansion.

Chapter 12. Conclusions

12.A. Economic Impacts

12.A.1. Overall Impacts

Economic impacts of the HUBZone program have been scattered and only occasionally substantial. Although there is an apples-and-oranges issue in aggregating all classes of HUBZones, the results are generally consistent:

- About two-thirds of HUBZone areas have HUBZone businesses;
- Just under one-third have HUBZone vendors that have won HUBZone contracts; and
- About 4 percent of HUBZone areas have received annual-equivalent HUBZone contract revenues greater than $100 per capita, based on the HUBZone population.

More specifically:

- Of all clusters of QCTs in MSAs and non-metropolitan counties:
  - Just over 40 percent have HUBZone vendors, and
  - About 6 percent receive HUBZone revenues of over $100 per capita per year.
- Of all qualified counties:
  - Just over one-third have HUBZone vendors, and
  - About 3 percent generate HUBZone revenues of over $100 per capita per year.
- Of all Indian reservations, ANVSAs, and OTSAs:
  - Just over 10 percent have HUBZone vendors, and
  - About 4 percent generate HUBZone revenues of over $100 per capita per year.
- Of all DDA counties and county equivalents:
  - Just over 12 percent have HUBZone vendors, and
  - None has HUBZone revenues greater than $26.50 per capita per year.
- Of all BRAC bases not already in qualified counties, none has any HUBZone vendors.

Findings are summarized by class of HUBZone in Table 12.a.

The program has not generated enough HUBZone contract dollars to have an impact on a nation-wide scale. When spread over 2,450 metropolitan areas and counties with QCTs, qualified counties, and Indian reservations—over a period of eight years—$6 billion is a modest amount of money. The largest total value of HUBZone contracts received by any metropolitan area) would not—if awarded equally to two heavy construction firms, spread evenly over a period of five years—push either firm over the SBA standard for small businesses.

Table 12.a
SUMMARY OF HUBZONE IMPACT STATUS, BY CLASS OF HUBZONE

Impact Variable	Qualified Census Tracts		Qualified Counties		Indian Country	DDAs[b]	BRAC Basesc
	Metro Areas	Non-Metro Areas	Non-Metro	Metro			
HUBZone Area	**Metro Area**	**County**	**County**	**County**	**Reservation**	**County**	**Base**
Total HUBZone Areas	365	235[a]	1,169	132	549	65	117
with HUBZone Businesses	342	110[a]	946	106	155	44	1[d]
with HUBZone Vendors	235	22[a]	400	45	65	8[e]	0
with > $50 Per Capita Annually	44	17[a]	70	9	29	0	0
with > $100 Per Capita Annually	22	13[a]	36	4	21	0	0
Percent with Vendors	64.4	9.4	34.2	34.1	11.8	12.3	0.0
Percent > $100 Per Capita Per Year	6.0	5.5	3.1	3.0	3.8	0.0	0.0

[a] Guam is included in the counts of both QCTs in non-metropolitan areas and of DDAs. The non-DDA vendors have HUBZone contract revenues that exceed $100 per capita per year, but vendors in new DDA HUBZones generate about one tenth as much HUBZone revenue.

[b] Counts reflect impacts of vendors in new DDA HUBZones; pre-existing HUBZone businesses are excluded.

[c] Counts exclude HUBZone businesses on BRAC bases that are within a qualified county or a QCT, as these businesses would have qualified without the DDA provision.

[d] HUBZone business is located on a base that is bordered, but not surrounded, by QCTs. HUBZone status of the census tract that the business is on cannot be determined on the HUBZone mapbecause of the BRAC base overlay. Because all of the adjoining census tracts are QCTs, it appears probable that this one is as well.

[e] Includes three *municipios* in the San Juan-Caguas-Guaynabo Metropolitan Area, PR.

NOTE: Findings on HUBZone areas, HUBZone businesses, and HUBZone vendors are presented in far greater detail in Section A and findings on HUBZone impacts are presented in far greater detail in Section B of Chapter 3 (metropolitan QCTs), Chapter 4 (non-metropolitan qualified counties), Chapter 5 (metropolitan qualified counties), Chapter 6 (non-metropolitan QCTs), Chapter 7 (Indian Country), Chapter 8 (DDAs), and Chapter 9 (BRAC bases).

12.A.2. Trend

Except for a dip in FY2004, the program has grown steadily in terms of total contract dollars. HUBZone contract dollars in FY2007 were 2.75 times the FY2003 level. Growth from FY2006 to FY2007 was 26 percent.[144] The number of new HUBZone businesses is also growing. After an area becomes a HUBZone, it takes a year or two for significant numbers of businesses to become certified, but then the number expands for at least several years.[145]

12.A.3. Impacts and HUBZone Size

The numbers of HUBZone businesses and HUBZone vendors increase with population size and area of a HUBZone. HUBZone contract revenues generally follow suit. The relationship is not linear.[146]

[144] Findings are presented in more detail in Section 2.B.

[145] Findings are presented in greater detail in Chapter 9.

[146] These relationships are discussed in greatest detail in Section 3.A.

- For very small HUBZones—particularly metropolitan areas with very few QCTs and small Indian reservations—there appears to be something like a threshold or critical minimum size for HUBZone businesses, although a bit less so for HUBZone vendors.
- For large HUBZone areas—MSAs, virtually by definition—the rate of growth of HUBZone businesses and HUBZone vendors falls off in proportion to population. Thus HUBZone revenues per capita decline as population becomes larger.

12.A.4. Impacts and Vendors

Other things being equal, HUBZone contract revenues increase with the number of HUBZone vendors in a HUBZone area. This appears to be related to both size and number of HUBZone contracts. Many HUBZones with high impacts, however, seem to be carried largely by one vendor. Analysis of high-impact HUBZones found a substantial proportion in which one vendor accounted for over 90 percent of HUBZone contract revenues.[147]

If a qualified county, smaller metropolitan area, or Indian reservation could get two or three vendors that were quite successful, impacts of the program would start to become fairly significant.

Numbers are not the only aspect of vendors that matters. The most successful HUBZone vendors appear to be experienced, well-connected government contractors. One sign of this is the ability to get repeat business from contracting offices. Moreover, many of these vendors do not rely on local markets. Another sign is that a number of them are qualified under several programs—8(a) and SDB being the most common companions to HUBZone status.[148]

12.B. HUBZone Procurement

12.B.1. Participation of Contracting Offices

A common complaint among HUBZone program staff and advocates is that contracting officers are not using the program. The data bear this out. Of the contracting offices listed in the FPDS, only one in eight (13 percent) has used a HUBZone setaside, sole source, or price preference in awarding a contract.

Some agencies do better than others. Almost every case we looked into has a common feature: The Department of Defense accounts for a preponderance of HUBZone contract activity.

[147] Some of these vendors were successful enough that they have exceeded the threshold for remaining small.

[148] For a more detailed discussion of individual high-impact HUBZones, see Section 3.B, Chapter 4 (non-metropolitan qualified counties), and Chapter 5 (metropolitan qualified counties).

The program needs to develop some strategy for "Making it easy for the customer" (i.e., the contracting officer) and/or find specific situations to target and develop strategies to take advantage of them.[149]

12.B.2. Use of HUBZone Mechanisms

The patterns of use of the three statutory HUBZone mechanisms differ considerably.[150]

- HUBZone set-asides[151] are by far the most widely used mechanism, accounting for 85.9 percent of HUBZone contracts, and 69.8 percent of HUBZone contract dollars.
- HUBZone sole source is the least used mechanism (in terms of dollars), accounting for 8.1 percent of HUBZone contracts, and 4.5 percent of HUBZone contract dollars.
- HUBZone price preferences[152] are the least frequently used mechanism, accounting for 6.0 percent of HUBZone contracts, and 25.8 percent of HUBZone contract dollars.

Although the mechanism is not used often, contracts under the price preference mechanism have substantially the highest average value—5.3 times the average size of HUBZone set-aside contracts. The disparity between HUBZone set-asides and price preferences is intriguing. Of the two, price preferences are the more automatic and mandatory, and they require far less effort on the part of a contracting officer.

One would expect price preference to be a natural entry point into the HUBZone system. Yet the small number and large size of the contracts indicate that it is not. Moreover, the price preference mechanism came into significant use much later than set-asides. Over 100 HUBZone set-aside contracts were awarded in FY2000, while price preference awards did not reach the 100-contract level until FY2004.

[149] One possibility is to target areas after a natural disaster. By recruiting HUBZone businesses and helping them identify contracting opportunites related to disaster relief, and by "educating" the relevant contracting officers, it should be possible not just to expand the HUBZone program but also to keep funding of relief efforts from going directly to firms out of the area.

[150] See Section 2.B for greater detail.

[151] This includes a relatively minor FPDS category of 8(a) set-aside with HUBZone preference, with the award to a HUBZone firm.

[152] This includes a relatively minor FPDS category of combined SDB/HUB preference, with the award to a HUBZone firm.

12.B.3. Industry Mix of HUBZone Contracts

Five two-digit NAICS industries account for over 80 percent of HUBZone vendor capacity (establishments and employment) and over 90 percent of HUBZone contract funding. The relationships among industry shares of HUBZone procurement, HUBZone capacity, and the economy as a whole differ considerably.[153]

- In the three most important HUBZone industries, the industry share of HUBZone vendors is much larger than the industry share of the economy.
  - In construction (NAICS 23), the share of HUBZone procurement—nearly half of HUBZone contracts and nearly two-thirds of HUBZone contract revenues—is roughly twice the size of the industry share of HUBZone capacity.
  - In manufacturing (NAICS 31-33), the share of HUBZone procurement is substantially smaller than the industry share of HUBZone capacity.
  - In professional, scientific, and technical services (NAICS 54) the share of HUBZone procurement is roughly half the industry share of HUBZone capacity.
- In the other two important HUBZone industries, the industry share of HUBZone vendors is similar to or slightly larger than the industry share of the economy.
  - In administrative and support services (NAICS 561), the share of HUBZone procurement is similar to the industry share of HUBZone capacity.
  - In wholesale trade (NAICS 42), the share of HUBZone procurement is roughly half the industry share of HUBZone capacity.

There is a clear bias of HUBZone procurement toward industries requiring relatively low skills—construction and support services—and away from industries requiring higher skills—professional, scientific, & technical services and manufacturing. These differences presumably have something to do with the capabilities of HUBZone businesses, but whether there is a real difference in capability[154] or just a stereotypical perception on the part of contracting officers (as some District Office Liaison staff suggested) is not at all clear.

12.C. Process Issues

12.C.1. Expectations

The program was designed to piggyback on other programs; below are some general observations:

- The program depends on other agencies for definitions and data about HUBZones.[155]

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[153] See Section 2.B for greater detail.

[154.] One district liaison officer pointed out that the residency requirement restricts access into the program for highly desirable firms (e.g., high tech firms), because highly educated or skilled employees do not want to live or work in economically disadvantaged neighborhoods.

[155] See Appendix B for more detail and Appendix G for a discussion of some consequences.

- Except for a web site—key features of which are distinctly user-unfriendly[156]—the program lacks promotional or informational materials for outreach.
- Data on the program—which are kept either in an inaccessible geo-coded format or in a database that is filled with errors, omissions, and formatting inconsistencies—cannot be used to support analysis for planning or management of the program.[157]
- There does not appear to be any sort of strategic planning to make the program grow.
- Program staff and advocates appear visibly frustrated about contracting officers' unwillingness to obey the law,[158] but little is being done about the situation.
- When problems arise, there do not seem to be resources to deal with them.

These limitations can all be remedied, but making the program effective will require resources, planning on how best to use them, and an understanding that a legal mandate is not sufficient.

12.C.2. Outreach

There appears to be a lack of outreach strategies or initiatives. Anything that does happen is done largely at the initiative of individual District Office Liaison staff—and they have very limited resources to work with. Presentations are made, both at events run by other programs and independently (often at the invitation of local individuals or organizations), but follow-up appears largely left to the initiative of the potential HUBZone business. There are ample opportunities for targeted initiatives.

There should be a systematic effort to seek out, work with, and make allies of local development or business organizations. Doing so is absolutely essential for BRAC bases. It is also a potentially fruitful way to develop flanking maneuvers to get contracting officers' attention. Expanding efforts in this direction is probably the best way to make the program more effective. The program's principal tool is responding to inquiries. By all accounts, program staff at all levels are quite responsive and helpful. This is a good foundation to build on.

12.C.3. Contracting Officers

Unwillingness on the part of contracting officers is a major problem for utilization of the HUBZone program. Clearly, the mandatory nature of the program is not sufficient in and of itself. Yet there does not appear to be much else. Contracting officers face neither carrots nor sticks. A business mantra is "make it easy for the customer," but we have detected no strategic efforts to do this.[159] Nor do there appear to be resources available to implement such a strategy.

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[156] See Appendix B for more detail.

[157] See Appendix B for more detail.

[159] Unfortunate counter-examples exist. The search facility for HUBZone businesses that is on the HUBZone web site, for example, is so badly designed that no contracting officer would willingly use it to do due diligence searches. This has been remedied by creation of the CCR, but the unworkable search system is still being updated.

12.D. Realizing Program Potential

The HUBZone program has achieved substantial success in only a few places. It is growing, however, and the concept seems sound. We believe that it would be considerably more successful if it included pro-active outreach and outreach tools; creative strategies to deal with specific circumstances (e.g., BRAC bases), leverage other resources, and take advantage of targets of opportunity; and a serious commitment of sufficient resources to implement these approaches.

12.E. BRAC Bases and DDAs

12.E.1. Impacts

The BRAC provision has added no new HUBZone vendors who have won contracts. The DDA provision has added only 20 vendors in five counties and one MSA. Taking all of the DDAs with vendors together, total annualized HUBZone revenues are $2.50 per capita, per year. Thus the impacts of these provisions are, respectively, nil and minimal. In the DDAs, there may have been some seeds of future impacts or indirect effects.

- On Guam, the whole HUBZone program came to life in FY 2005. The most successful vendors were in QCTs, and DDA vendors accounted for only about 10 percent of the impacts. It is possible that the new provisions had some announcement effect that contributed to the HUBZone program in QCTs as well as away from them.
- In several areas the DDA provision led to large (percentage) increases in HUBZone businesses. Most of these, however, have yet to win any HUBZone contracts.

12.E.2. Issues

Outreach. Except for a few places (e.g., Honolulu), the DDAs are relatively isolated. The need for pro-active outreach is probably greater here than elsewhere. Yet the remoteness is a factor.

When a BRAC base closes, a local authority is set up to plan redevelopment. These organizations need to be informed about the HUBZone program, and program staff need to coordinate with them, beginning well before the base actually closes. As it is, the local development authorities in two counties with older BRAC bases that we visited were not even aware that the bases were HUBZones. BRAC bases are unique among HUBZones. Making effective use of the HUBZone program requires a unique outreach strategy.

Timing. There is a major mismatch between the eligibility of BRAC bases for HUBZone status and the time when it would be useful. The planning process is long, and the relationship between the closure of a base and initial occupancy by civilian uses is problematic. For much or all of the first five years after the flag comes down, HUBZone status is likely to be

useless. A base that we looked at closed in 1997, got its first tenant with two years of HUBZone eligibility left, and will not have new facilities ready until only one year of eligibility is left.[160]

Contracting Opportunities. There is a dearth of contracting opportunities in the territories, with the exception of Guam. Many of the smaller HUBZone vendors in Alaska are carried by a very small group of contracting offices. Mainland contracting offices are probably much less likely to seek "offshore" contractors than contractors in the "lower 48." Thus the existing difficulties with contracting offices are exacerbated. Some specific strategy for getting contracts is probably wanted.

Summary. The general limitations in implementing the HUBZone program, which are common to all HUBZones, are more serious in the DDAs and fatal on BRAC bases. Timing of BRAC eligibility needs to be rethought.[161]

[160] See Appendix H.d for a further discussion of these issues.

[161] One possibility worth considering for 2005 BRAC bases is to start the five years when occupancy by potential HUBZone businesses begins, rather than when the base closes.

Appendix A. Designation and Characterization of HUBZones

The HUBZone program is designed to assist economically depressed areas, and the criteria that define HUBZones reflect this goal. For some classes of HUBZones, the criteria are explicitly defined in terms of high unemployment and/or low income. For other classes these circumstances are implicitly presumed to prevail. The original statute[162] defined three classes of HUBZones; now there are five:

- A qualified census tract;
- A qualified non-metropolitan county;
- A qualified Indian reservation or other "Indian Country";
- A difficult development area; and
- A military base closed under the Base Realignment and Closure Act (BRAC).

For the most part, SBA is not responsible for delineating HUBZones.[163] By statute, the criteria for most classifications are set by parameters of other programs of other federal agencies. SBA, in effect, takes other agencies' definitions of a HUBZone.[164]

A.a. Qualified Census Tracts

A.a.1. Designation of Qualified Census Tracts

The definition of a qualified census tract is derived from the low income housing tax credit program[165] of the U.S. Department of Housing and Urban Development (HUD). HUD designates qualified census tracts (QCTs) using criteria defined in the Internal Revenue Service Code. The current criteria for a QCT are:

- At least 50 percent of households with income below 60 percent of the median gross income of the metropolitan statistical area (in metropolitan census tracts) or the median gross income for all non-metropolitan areas of the state (in non-metropolitan census tracts); or
- A poverty rate of at least 25 percent.

[162] The HUBZone Act of 1997, Title VI of Public Law 105-135, Section 602(a)(1).

[163] Qualified non-metropolitan counties are the exception.

[164] The agencies involved include the following:

- The Bureau of the Census, which defines census tracts and Alaska Native Village Statistical areas and provides data delineating census tracts, ANVSAs, and counties.
- The Bureau of Indian Affairs, which defines Indian reservations and provides data delineating them.
- The Bureau of Labor Statistics, which provides the data for designating qualified counties under the unemployment test.
- The Department of Defense, which sets the boundaries of military bases, but does not readily provide data delineating them.
- The Department of Housing and Urban Development, which sponsors the low income tax credit programs, for which qualified census tracts, qualified counties (by the income criterion), and difficult development areas are determined.
- The Internal Revenue Service, which publishes definitions of qualified census tracts and qualified counties and defines and provides data delineating Oklahoma Tribal Statistical Areas.

[165] The term "qualified census tract" has the meaning given in section 42(d)(5)(C)(ii)(I) of the Internal Revenue Code of 1986 [P.L. 105-135, Title VI, Section 602(a)(4)(A)].

The original design of the program was to designate QCTs only in metropolitan statistical areas (MSAs), and QCTs are the only HUBZones designated by statute in MSAs. The statute, however, does not limit QCTs to metropolitan areas. Thus non-metropolitan QCTs are included as well.

The actual delineation of QCT HUBZones has changed in several respects over time, as a result of changes in the criteria that define a QCT, changes in data on income and population, revision in the delineation of census tracts; and changes in the definition of MSA.

Criteria. When the HUBZone program began, QCTs were defined only in terms of median gross income. The poverty level criterion was added, effective as of the 2002 QCT designations. The effect on the HUBZone program was straightforward. The number of QCTs increased by about 50 percent from 2001 to 2002.

Data. Adequate data for qualifying a HUBZone at the census-tract level effectively are available only from the decennial census. Full data from the 2000 Census were used for the first time in the designation of QCTs for 2003.[166] New data resulted in a different set of census tracts being designated as QCTs.

For QCTs that retained their qualification, this posed no problem. Similarly census tracts that gained QCT status could simply be added to the list of HUBZones. The issue that new data raised was that some previous QCTs lost that status. This problem was addressed through the mechanism of Redesignated Areas (discussed further below).

Delineation. For Census 2000 the Census Bureau developed a new delineation of census tracts. Several possibilities ensued:

- A census tract could remain unchanged, in which case it generally kept its 1990 tract number (although a new number was a possibility).
- A census tract could be cleanly split into two or more census tracts, in which case the new census tracts generally retained the first four digits of the 1990 tract number but added (or changed) the digits to the right of the decimal point.[167]
- A census tract could be enlarged by having another census tract merged into it or by addition of part of a 1990 census tract, in which case the 1990 tract number of the principal census tract was generally kept (although a new number was a possibility).
- A census tract could shrink, as some of its area was transferred to another census tract, but keep its 1990 tract number.
- A census tract could be merged into another census tract (or split among several census tracts), in which case its 1990 tract number was retired.

The renumbering of census tracts was extensive. Although the total number of QCTs in 2002 and 2003 was almost exactly the same, the turnover was about one-third of all tract

[166] HUD had previously computed a figure of 120 percent of MGI for other purposes, based on 1990 Census data, and it was simpler to multiply this statistic by 0.5 than to multiply the MGI itself by 0.6.

[167] Census tract numbers have six digits in the form xxxx.xx. Typically they start out with zeros to the right of the decimal point—effectively a four-digit number.

numbers. The impact on the delineation of HUBZones depended on the QCT status of the 1990 and 2000 census tracts.

- If all of the area involved was a HUBZone under both Census 1990 and Census 2000 definitions,[168] the HUBZone status of the 1990 census tract would be retained in the 2000 census tracts by using the new census tract numbers.[169]
- If a Census 2000 QCT gained some area that had not previously been a HUBZone, that additional area simply acquired QCT status and the HUBZone expanded.
- If a Census 1990 QCT was merged into a Census 2000 census tract (or lost land to a Census 2000 census tract) that was not a QCT according to Census 2000 data, then part of the former HUBZone lost HUBZone status.

Unlike a whole census tract that lost QCT status under the 2000 data, this last possibility cannot be efficiently managed with the mechanism of Redesignated Areas. The dilemma is that:

- If just QCTs under 2000 data are considered HUBZones, then part of the previous HUBZones are lost track of, even if the 1990 census tract would continue to qualify on its own; but
- If the non-qualifying census tract into which erstwhile HUBZone areas were transferred is redesignated as a HUBZone, most of the tract will be improperly designated as a HUBZone.

In fact, the HUBZone program has dealt with this problem by geo-coding the data. If the geo-coding is maintained, then all of the erstwhile HUBZone will continue to be identifiable as such. Data based on census tracts, however, will not be entirely accurate.

Designation of MSA. Metropolitan statistical areas (MSAs) are determined by the Office of Management and Budget (OMB).[170] When the 2000 census data became available, the designations changed. The changes reflect more than population growth; OMB revised its criteria and definitions. As part of these changes, OMB:

- Broke up massive central MSAs into more meaningful constituent parts;
- Reclassified non-metropolitan counties[171] (usually on the fringes of metropolitan areas) as metropolitan;
- Reclassified metropolitan counties as non-metropolitan; and
- Created an entire new category of micropolitan areas, which accounted for virtually all of the counties that were no longer classified as metropolitan.[172]

[168] An example would be a 1990 QCT was split in two, or its area was transferred to two or more 2000 census tracts—and all of the 2000 census tracts involved were QCTs under 2000 definitions and data.

[169] For completeness (although this possibility is not of interest), if none of the area involved in a change in census tract definition was a QCT under either 1990 or 2000 definitions and data, the change in delineation of the census tracts was properly ignored.

[170] MSAs are determined by the Office of Management and Budget (OMB). MSAs are generally defined in terms of one or more counties. The principal exception has been the New England States, where towns are the basic elements of MSAs. In states where cities are the equivalent of counties, rather than *in* counties (e.g., Virginia), MSAs are made up of blocks of cities and counties. In Alaska and U.S. territories, there are county substitutes, including municipalities in Puerto Rico and individual islands in many other territories.

[171] As part of this change, OMB expanded all New England MSAs to include only whole counties.

[172] OMB Bulletin No. 03-04, "Revised Definitions of Metropolitan Statistical Areas, New Definitions of Micropolitan Statistical Areas and Combined Statistical Areas, and Guidance on Uses of the Statistical Definitions of These Areas," June 6, 2003.

The principal effect of these changes was to change the base on which median gross income was computed. MSAs were more tightly defined, and non-metropolitan areas in states generally declined in size. With the resulting change in the base, the MGI of any given census tract might rise above—or fall below—60 percent of the base MGI. As a result of these changes, there was turnover of a few hundred QCTs.

The new MSA definitions were available in 2003. HUD, however, did not begin using them until the designation of QCTs for 2007.

Had the HUBZone program explicitly designated only QCTs in MSAs, the impact on HUBZone definitions would have been far more volatile. Individual census tracts would have gained or lost HUBZone status simply because their counties changed metropolitan status.

A.a.2. Characteristics of Qualified Census Tracts

Identification of QCTs. Since qualified census tracts (QCTs) are based on census data, they should (in principle) change only once a decade, since the data are collected every 10 years. The practice is considerably more complex—in part because census tracts may qualify either on the basis of median income or the unemployment rate, and in part because census data are not all released at the same time.

Table A.a shows the data used in each year, and Table A.b shows the numbers of census tracts added and dropped each year, beginning in 2001. Over this period, the set of QCTs changed from year to year for several specific reasons. In 1991, the definition was changed to add the income criterion, which resulted in a large increase in the number of qualified census tracts in 2002. In addition, computations for the 2002 QCTs used 2000 census data for unemployment computations, but 1990 census data for income computations, and metropolitan area definitions prior to 1999.

The 2003 QCTs reflected several changes. Data from the 2000 census were used in the income computations; the definitions of census tracts developed for the 2000 census were used for the first time, and computations were based on the 1999 metropolitan area definitions, which had gone into effect in 2000. The result was a turnover in census tract numbers of about one-third, although the net change in the number of qualified census tracts was negligible.

In 2004 there were some very minor changes (possibly corrections). In 2005 and 2006 there were no changes. In computations for the 2007 QCTs, the new metropolitan area definitions, which took effect in 2003, were used for the first time.

Table A.a DATA USED FOR ANNUAL QCT DESIGNATIONS			
Year of QCT Designation	**Year of Census Income Data**	**Year of Census Population Data**	**Year of MSA Definitions**
2001	1990	1990	1999
2002	1990	2000	1999
2003	2000	2000	2000
2004	2000	2000	2000
2005	2000	2000	2000
2006	2000	2000	2000
2007	2000	2000	2005

Table A.b YEAR-TO-YEAR CHANGES IN NUMBER OF QCTs				
Change	**Initial Number**	**Gain**	**Loss**	**Net Gain**
2001–2002	7686	Not Available	Not Available	2278
2002–2003	9964	3313	3364	-51
2003–2006	9913	18	11	7
2006–2007	9920	477	228	249

Identifying QCTs for HUBZone purposes is further complicated by the fact that QCTs are grandfathered when they lose their qualifications. To deal with the grandfathering, we started with the 2007 list of QCTs, added the ones that had been dropped in each previous year (back to 2001). Two subsets were culled from this total list:

- QCTs that did not match the 2007 list of all census tracts,[173] and
- QCTs that could not be matched with 2000 census data.[174]

Geographic Characteristics. Table A.c shows the distribution of the 11,743 QCTs by state.[175] Since HUBZone program QCTs are found in both metropolitan and non-metropolitan areas, the QCTs are broken out by metropolitan status[176] and by type of county in which non-metropolitan QCTs are located.[177] There are three types of QCTs:

- Metropolitan QCTs (82.8 percent of QCTs) are HUBZones in their own right.
- QCTs in non-qualified, non-metropolitan counties (4.8 percent) similarly are HUBZones in their own right.
- QCTs in qualified, non-metropolitan counties (12.4 percent) would be HUBZones, but they are part of larger county HUBZones. Thus their own qualified status is redundant and superfluous, and it is ignored in the analysis.

[173] Presumably these census tract numbers were no longer in use. A total of 13,965 qualified census tracts survived this culling.

[174] Spot inspection suggested that most of the census tracts culled here had been supplanted by other census tract numbers.

[175] As census tracts are designed to be roughly similar in population, census tracts serve as a proxy for population.

[176] OMB definitions of metropolitan areas for 2003 are used.

[177] Not all states have all types of counties. In particular, American Samoa, Guam, the Northern Mariana Islands and the Virgin Islands have no metropolitan counties; the District of Columbia and New Jersey have no non-metropolitan counties; Delaware, Connecticut, Massachusetts, and Rhode Island have no qualifying non-metropolitan counties; and Puerto Rico has no non-qualifying non-metropolitan counties.

Table A.c
NUMBER OF QCTs, BY STATE AND TYPE OF COUNTY

State or Territory	QCTs in Type of County						Total QCTs in State	
	QCTs in Metropolitan Counties		QCTs in Non-Metropolitan Counties					
			Non-Qualifying		Qualifying			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Alabama	185	25.1	12	10.7	86	37.1	283	26.2
Alaska	8	9.2	0	0.0	10	15.9	18	11.4
Arizona	181	18.5	4	13.3	28	28.9	213	19.2
Arkansas	74	21.5	12	9.4	53	34.6	139	22.3
California	1,273	18.5	9	9.9	7	8.0	1,289	18.3
Colorado	122	13.8	1	1.5	21	19.3	144	13.6
Connecticut	131	17.7	4	5.3	-	-	135	16.6
Delaware	18	11.2	0	0.0	-	-	18	9.1
District of Columbia	103	54.8	-	-	-	-	103	54.8
Florida	404	13.7	12	10.7	30	36.1	446	14.1
Georgia	257	21.2	19	14.5	99	36.1	375	23.2
Hawaii	4	14.3	38	15.5	2	15.4	44	15.4
Idaho	17	10.4	6	9.8	4	7.1	27	9.6
Illinois	614	24.7	13	5.6	36	14.8	663	22.4
Indiana	191	17.9	10	4.7	2	1.6	203	14.4
Iowa	48	12.2	1	0.4	4	2.5	53	6.7
Kansas	59	13.8	14	6.3	5	6.6	78	10.7
Kentucky	97	18.2	20	13.3	131	42.0	248	24.9
Louisiana	248	29.5	20	33.9	54	26.3	322	29.1
Maine	16	8.6	1	1.3	1	1.2	18	5.2
Maryland	174	15.1	0	0.0	2	7.4	176	14.5
Massachusetts	239	17.6	0	0.0	-	-	239	17.5
Michigan	21	16.7	1	3.0	0	0.0	22	11.0
Minnesota	119	13.0	6	3.5	14	6.4	139	10.7
Mississippi	69	26.7	7	9.3	89	32.7	165	27.3
Missouri	207	22.2	28	13.3	52	29.2	287	21.7
Montana	11	14.9	16	13.6	19	24.4	46	17.0
Nebraska	41	15.4	3	1.7	7	10.9	51	10.1
Nevada	39	9.2	3	8.1	1	3.8	43	8.8
New Hampshire	12	7.5	1	1.0	0	0.0	13	4.8
New Jersey	315	16.2	-	-	-	-	315	16.2
New Mexico	53	18.3	10	19.6	40	34.8	103	22.6
New York	999	22.3	30	11.2	8	5.6	1,037	21.2
North Carolina	168	15.7	19	11.1	80	25.4	267	17.2
North Dakota	8	12.3	5	5.6	16	22.2	29	12.8
Ohio	549	22.6	9	3.0	59	28.0	617	21.0
Oklahoma	138	21.1	33	19.6	46	27.5	217	21.9
Oregon	54	9.7	3	9.4	9	5.3	66	8.7
Pennsylvania	485	18.2	14	6.8	14	5.3	513	16.4
Rhode Island	42	20.3	0	0.0	-	-	42	18.0
South Carolina	128	19.8	3	8.8	56	30.1	187	21.6
South Dakota	3	4.5	5	6.8	37	38.5	45	19.1
Tennessee	191	21.3	11	13.3	60	21.4	262	20.8
Texas	815	22.5	82	16.8	111	39.8	1,008	23.0
Utah	48	11.3	0	0.0	8	15.7	56	11.3
Vermont	6	14.0	1	1.0	0	0.0	7	3.9
Virginia	167	12.9	3	4.4	32	19.2	202	13.2
Washington	108	9.7	3	11.1	29	16.8	140	10.6
West Virginia	59	23.8	19	16.7	45	43.3	123	26.4
Wisconsin	169	18.1	7	3.0	6	4.0	182	13.8
Wyoming	2	5.7	0	0.0	6	17.6	8	6.3
American Samoa	-	-	9	42.9	-	-	9	42.9
Guam	-	-	17	30.4	-	-	17	30.4
Northern Marianas	-	-	11	52.4	-	-	11	52.4
Puerto Rico	240	31.0	-	-	33	68.8	273	33.2
Virgin Islands	-	-	7	21.9	-	-	7	21.9
Total	9,729	18.9	562	9.4	1,452	22.9	11,743	18.4

Overall, nearly one-fifth (18.4 percent) of census tracts are QCTs. This proportion is almost identical in metropolitan and non-metropolitan areas. Not surprisingly, the percentage of census tracts that are QCTs in qualifying non-metropolitan counties is much higher than (about 250 percent of) the percentage in better off non-qualifying counties. There is also a strong relationship—much stronger than simple addition would account for—between low state-wide percentages of QCTs and low percentages of QCTs in non-qualifying non-metropolitan counties.

Concentration. Table A.d shows the distribution of QCTs within counties. Fewer than one-third (31.4 percent) of all counties have any QCTs. Of those that do, half have four or fewer QCTs.[178] Only about 2 percent of counties with QCTs have over 80 QCTs, but those have more than 30 percent of all QCTs.

Table A.e shows the distribution of QCTs within the 358 metropolitan statistical areas, by numbers of QCTs. Table A.f shows the concentrations of QCTs in terms of percentages of census tracts in a metropolitan area that are QCTs. Again, there is a high level of concentration. About one metropolitan area in ten (10.9 percent) has over 50 QCTs, and a slightly smaller number (8.4 percent) has a concentration of over 30 percent of census tracts that are QCTs.

Table A.g lists metropolitan areas with at least 100 QCTs, and Table A.h lists smaller metropolitan areas with at least 30 percent of census tracts that are QCTs. There are some interesting differences in the two groups.

The large metropolitan areas (with the notable exception of San Juan, Puerto Rico) generally

- Contain very few, if any, qualified counties;
- Have a majority of QCTs in one or a very few central contiguous blocks, although two-thirds of the areas have at least one-quarter of QCTs that are isolated or (at best) in clusters of less than half a dozen; and
- Have relatively few qualified counties on their boundaries. One-third have no abutting qualified counties, and for the rest, an average of 28.9 percent abutting counties are qualified counties.

The small metropolitan areas with high concentrations of QCTs generally:

- Include significant numbers of qualified counties (almost half include qualified counties, and an average of 59.9 percent of these counties are qualified).
- Have highly contiguous HUBZones (almost one-third have most of their QCTs in qualified counties, and for the rest of the metropolitan areas, an average of 76.2 percent of QCTs are in one central contiguous block).
- Are surrounded by qualified counties, with an average of 68.4 percent of abutting counties being qualified counties.

The overall picture is that metropolitan areas that have many QCTs because of their sheer size have large HUBZone cores but peripheral areas that are well off enough that numerous

[178] Non-metropolitan counties, which are much smaller in terms of census tracts, have far fewer census tracts each. Census tracts are substantially more concentrated in qualified non-metropolitan counties than in non-qualified non-metropolitan counties.

QCTs are small, isolated HUBZones. Counties with high proportional concentrations of QCTs tend to be part of larger regions that generally meet HUBZone criteria.

Table A.d
COUNTY CONCENTRATIONS OF QUALIFIED CENSUS TRACTS

Number of QCTs in a County	Numbers and Percentages of Counties with that Number of QCTs							
	Metropolitan Area		Non-Metropolitan Non-Qualifying Counties		Non-Metropolitan Qualifying Counties		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	144	19.7	27	32.1	30	18.0	201	19.8
2	102	13.9	20	17.1	21	12.6	143	14.1
3	54	7.4	11	9.4	16	9.6	81	8.0
4	62	8.5	13	11.1	9	5.4	84	8.3
5	50	6.8	12	10.3	11	6.6	73	7.2
6	38	5.2	7	6.0	4	2.4	49	4.8
7	27	3.7	8	6.8	6	3.6	41	4.0
8	34	4.6	3	2.6	2	1.2	39	3.8
9	22	3.0	2	1.7	3	1.8	27	2.7
10	13	1.8	2	1.7	8	4.8	23	2.3
11	20	2.7	4	3.4	3	1.8	27	2.7
12	13	1.8	1	0.9	4	2.4	18	1.8
13	10	1.4	0	0.0	5	3.0	15	1.5
14	4	0.5	1	0.9	4	2.4	9	0.9
15	6	0.8	1	0.9	5	3.0	12	1.2
16	10	1.4	0	0.0	4	2.4	14	1.4
17	5	0.7	0	0.0	5	3.0	10	1.0
18	3	0.4	2	1.7	5	3.0	10	1.0
19	5	0.7	0	0.0	3	1.8	8	0.8
20	5	0.7	0	0.0	2	1.2	7	0.7
20–25	19	2.6	1	0.9	11	6.6	31	3.1
26–30	16	2.2	1	0.9	2	1.2	19	1.9
31–35	14	1.9	1	0.9	2	1.2	17	1.7
36–40	11	1.5	0	0.0	1	0.6	12	1.2
41–45	6	0.8	0	0.0	1	0.6	7	0.7
36–50	1	0.1	0	0.0	0	0.0	1	0.1
51–60	8	1.1	0	0.0	0	0.0	8	0.8
61–70	6	0.8	0	0.0	0	0.0	6	0.6
71–80	1	0.5	0	0.0	0	0.0	1	0.4
81–90	6	0.8	0	0.0	0	0.0	6	0.6
91–100	3	0.4	0	0.0	0	0.0	3	0.3
101–150	7	1.0	0	0.0	0	0.0	4	0.7
151–200	4	0.5	0	0.0	0	0.0	4	0.4
201–300	0	0.0	0	0.0	0	0.0	0	0.0
301–400	1	0.1	0	0.0	0	0.0	1	0.1
401–500	2	0.3	0	0.0	0	0.0	2	0.2
Total	732	100.0	117	100.0	167	100.0	1,016	100.0

Table A.e
METROPOLITAN AREA CONCENTRATIONS OF QUALIFIED CENSUS TRACTS / NUMBERS OF QUALIFIED CENSUS TRACTS

Number of QCTs	Number of Counties in Metropolitan Area												TOTAL
	1	2	3	4	5	6	7	8-10	11-15	16-20	21-30	Over 30	
0	6	1	1										8
1	13	6		1									20
2	13	3	1	1									18
3	5	5	2	1									13
4	10	4	3	1									18
5	14	9	4	1									28
6	12	6	2	2	1								23
7	10	3	6	1	3								23
8	14	2	2	1									19
9	6	3	3	1		1							14
10	8	7	3	2		1							21
11	4	3	4		1								12
12	2	4	3	1									10
13	1	2	1	2									6
14		1	1	1									3
15	2		1	1	2	1							7
16	4	2	1	1			1						9
17	1	2		1	1								5
18	1		1										2
19			1										1
20	1		2	2	1	2							8
21	1				1								2
22		1	1										2
23	2		2			1							5
24	1												1
25			1	1	1								3
26	1			1			1	1					3
27						1							1
28			1		1								2
29	1	1	1	1		1							5
30					1								1
31–35	2		2		2			1	1				8
36–40	4	1	1	2			2						10
41–50	1		1	1		1	1	1	1	1			8
51–60			1	2	2			1					6
61–70				1	1			2		1			5
71–80		1					1						2
81–90		1					1						2
91–100	1								1	1			3
101–150		2		1			3						6
150–200			1		2		1		2				6
201–250									1	1	2		4
251–500								1				1	2
501–750		1							1				2
751–1,000											1		1
TOTAL	141	71	54	31	20	9	10	7	7	4	3	1	358

Table A.f
METROPOLITAN AREA CONCENTRATIONS OF QUALIFIED CENSUS TRACTS / NUMBERS OF CENSUS TRACTS THAT ARE QUALIFIED CENSUS TRACTS

Percent of Census Tracts Qualified	Number of Counties in Metropolitan Area							TOTAL
	1	2 – 3	4 – 5	6–10	11-20	21-30	Over 30	
0–5.0	17	8	2	0	0	0	0	27
5.1–10.0	24	18	6	1	0	0	0	49
10.1–15.0	23	14	8	3	2	1	0	51
15.1–20.0	26	36	13	11	6	1	0	93
20.1–25.0	28	27	9	7	2	1	0	74
25.1–30.0	12	13	5	2	1	0	1	34
30.1–35.0	5	6	4	2	0	0	0	17
35.1–40.0	5	1	3	1	0	0	0	10
40.1–55.0	1	1	1	0	0	0	0	3
TOTAL	141	124	51	27	11	3	1	358

Table A.g
METROPOLITAN AREAS WITH OVER 100 QUALIFIED CENSUS TRACTS

Metropolitan Area	Number of Counties		Number of Census Tracts		Largest Blocks of QCTs	Qualified Counties Abutting
	Total	Qual.	Total	QCT		
New York-Newark-Edison, NY-NJ-PA	23		4,505	969	262, 171, 116, 87 [a]	2 of 12
Los Angeles-Long Beach-Santa Ana, CA	2		2,631	565	258, 30, 23, 12, 9	0
Chicago-Naperville-Joliet, IL-IN-WI	14		2,052	544	416, 38, 18, 12	5 of 17
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	11		1,472	287	175, 20, 15, 10	0
Dallas-Fort Worth-Arlington, TX	12		1,046	208	99, 49	1 of 17
Cleveland-Elyria-Mentor, OH	5		693	193	164	2 of 8
Houston-Baytown-Sugar Land, TX	10		895	186	109, 11	1 of 12
Miami-Fort Lauderdale-Miami Beach, FL	3		891	169	52, 25	2 of 6
San Juan-Caguas-Guaynabo, PR	41	37	536	157	County	9 of 11
Boston-Cambridge-Quincy, MA-NH	7		923	155	61, 14	0
San Francisco-Oakland-Fremont, CA	5		871	151	70, 22, 11, 10, 9	0
Washington-Arlington-Alexandria, DC-VA-MD-WV	22		1,016	146	85	3 of 17
Baltimore-Towson, MD	7		625	132	104	0
Phoenix-Mesa-Scottsdale, AZ	2		696	127	88	3 of 7
Pittsburgh, PA	7	1	721	126	39, 13	4 for 15
New Orleans-Metairie-Kenner, LA	7		388	123	80, 10	4 of 8
Milwaukee-Waukesha-West Allis, WI	4		416	117	105	0
Kansas City, MO-KS	14	2	510	117	80 & 27	5 of 18
Atlanta-Sandy Springs-Marietta, GA	28	5	690	115	87	6 of 22
Riverside-San Bernardino-Ontario, CA	2		587	114	28, 9, 8	2 of 8
St. Louis, MO-IL	17		555	114	83	7 of 16

[a] Smaller blocs include clusters of 12, 16, 15, 13, 12, and five additional clusters have six to eight contiguous census tracts.

Table A.h
SMALLER METROPOLITAN AREAS WITH HIGH CONCENTRATIONS OF QUALIFIED CENSUS TRACTS

Metropolitan Area	Number of Counties		Number of Census Tracts		Largest Block of QCTs	Qualified Counties Abutting
	Total	Qualified	Total	QCT		
El Centro, CA	1	1	29	15	County[a]	1 of 4
Guayama, PR	3	3[b]	15	7	County/DDA[a]	5 of 5
Yauco, PR	4	1	29	12	County[a]	4 of 5
Macon, GA	5	0	53	21	20	10 of 12
Ithaca, NY	1	0	23	9	9	0
Laredo, TX	1	1	32	12	8	6 of 6
Aguadilla-Isabela-San Sebastián, PR	8	8[b]	64	24	County/DDA[a]	8 of 9
Valdosta, GA	4	4	35	13	County[a]	6 of 10
Albany, GA	5	3	46	17	County[a]	11 of 13
Mobile, AL	1	0	114	42	35	3 of 5
Mayagüez, PR	2	2[b]	30	11	County[a]	5 of 5
Sumter, SC	1	0	22	8	7	0
Gadsden, AL	1	0	28	10	8	3 of 6
Odessa, TX	1	0	29	10	8	3 of 4
Auburn-Opelika, AL	1	0	21	7	7	2 of 6
Ponce, PR	3	0	60	20	10	6 of 7
Huntington-Ashland, WV-KY-OH	5	0	75	25	13 & 4	11 of 19
Savannah, GA	3	0	77	25	25	4 of 6
Muncie, IN	1	0	31	10	10	4 of 6
Montgomery, AL	4	1	82	26	19	9 of 10
Pueblo, CO	1	0	51	16	16	4 of 7
Columbia, MO	2	0	32	10	7	2 of 8
Pascagoula, MS	2	1	32	10	10	1 of 5
Columbus, GA-AL	4	2	64	20	20	5 of 9
Shreveport-Bossier City, LA	3	1	90	28	25	9 of 12
Lawton, OK	1	0	29	9	OTSA[a]	6 of 6
Memphis, TN-MS-AR	8	2	285	87	62 & 8	13 of 14
Jackson, MS	5	2	115	35	26	8 of 14
Pine Bluff, AR	3	0	33	10	8	5 of 9
Rome, GA	1	0	20	6	6	2 of 6

[a] Individual census tracts could not be identified within this county (these counties).
[b] Includes DDAs

Initial Qualification. Table A.i shows the distribution of ages of QCTs, i.e., the year that census tracts first became QCTs. A majority (52.5 percent) of the QCTs have been in the HUBZone program since its inception. The expansion of the criteria in 1991 added about one in six (16.6 percent) of the census tracts.

Table A.i YEAR OF FIRST QUALIFICATION FOR QUALIFIED CENSUS TRACTS			
Year	Number of Metropolitan Qualified Census Tracts	Number of Non-Metropolitan Qualified Census Tracts	Total Qualified Census Tracts
Original	5,638	526	6,164
1999	0	0	0
2000	0	0	0
2001	997	949	1,946
2002	0	0	0
2003	2,737	514	3,251
2004	0	0	0
2005	0	0	0
2006	0	18	18
2007	357	7	464
Total	9,729	2,014	11,743

The redefinition of census tracts in 2003 added over one-quarter (27.7 percent) of census tracts, although it is probable that most of the area represented portions of old census tracts that were already qualified. The most recent change—moving to 2003 metropolitan areas—produced a very small addition (4.9), as one would expect from a modification that did no more than adjust the base relative to which qualifying income and unemployment levels are computed.

Economic Characteristics. Table A.j shows economic indicators for QCTs, by state. Data for the non-QCTs and for the state as a whole presented for comparison. Not surprisingly, the QCTs generally exhibit the worst economic performance. Mean income for non-QCTs is consistently higher than state mean income. The unemployment rate and the poverty rate for non-QCTs is consistently lower than state unemployment and poverty rates. For QCTs, it is a different story. Relative to states, mean income for QCTs is:

- Lower by 10.1 percent to 20.0 percent in 3 states,
- Lower by 20.1 percent to 30.0 percent in 6 states,
- Lower by 30.1 percent to 40.0 percent in 27 states,
- Lower by 40.1 percent to 50.0 percent in 16 states, and
- Lower by 50.1 percent to 55.0 percent in 4 states.

Relative to states, the unemployment rate for QCTs is:

- Higher by 10.1 percent to 50.0 percent in 7 states,
- Higher by 50.1 percent to 75.0 percent in 3 states,
- Higher by 75.1 percent to 100.0 percent in 14 states,
- Higher by 100.1 percent to 125.0 percent in 15 states,
- Higher by 125.1 percent to 150.0 percent in 9 states,
- Higher by 150.1 percent to 200.0 percent in 7 states, and
- Higher by 200.1 percent to 250.0 percent in 1 state.

Table A.j
INCOME, UNEMPLOYMENT & POVERTY FOR METROPOLITAN CENSUS TRACTS, BY STATE

State or Territory	Per Capita Income			Unemployment Rate			Poverty Rate		
	State	Non-QCTs	QCTs	State	Non-QCTs	QCTs	State	Non-QCTs	QCTs
Alabama	$18,189	$19,661	$12,159	6.16	4.93	12.36	16.1	11.9	33.8
Alaska	$22,660	$23,742	$12,472	8.56	8.07	14.24	9.4	8.3	20.5
Arizona	$20,275	$22,467	$10,064	5.59	4.59	11.45	13.9	9.8	33.7
Arkansas	$16,904	$17,938	$12,098	6.06	4.78	12.91	15.8	12.9	30.3
California	$22,711	$25,225	$10,979	6.95	5.89	13.28	14.2	10.4	32.2
Colorado	$24,049	$25,405	$14,574	4.26	3.68	8.83	9.3	7.2	24.4
Connecticut	$28,766	$31,049	$14,216	5.25	4.18	13.30	7.9	5.1	26.3
Delaware	$23,305	$24,021	$12,522	5.12	4.38	18.24	9.2	7.9	34.3
District of Columbia	$28,659	$43,844	$15,661	10.68	6.47	15.77	20.2	10.3	28.9
Florida	$21,557	$22,898	$11,913	5.52	4.74	12.08	12.5	9.9	31.9
Georgia	$21,154	$22,681	$12,782	5.40	4.30	12.75	13.0	9.8	30.8
Hawaii	$21,525	$22,474	$14,143	5.86	5.37	10.12	10.7	9.3	22.4
Idaho	$17,841	$18,242	$12,514	5.74	5.34	11.07	11.8	10.7	27.8
Illinois	$23,104	$25,007	$12,793	6.03	4.73	14.78	10.7	7.1	30.7
Indiana	$20,397	$21,235	$12,761	4.89	4.21	12.27	9.5	7.5	28.7
Iowa	$19,675	$20,074	$12,982	4.17	3.88	9.10	9.1	8.0	29.4
Kansas	$20,506	$21,217	$12,604	4.20	3.74	9.84	9.9	8.3	28.2
Kentucky	$18,093	$19,626	$11,870	5.68	4.67	10.87	15.8	12.0	31.6
Louisiana	$16,912	$18,696	$10,969	7.25	5.68	13.72	19.6	14.4	37.8
Maine	$19,533	$19,757	$14,338	4.73	4.51	9.88	10.9	10.2	28.3
Maryland	$25,614	$27,056	$13,575	4.65	3.83	13.21	8.5	6.3	27.4
Massachusetts	$25,952	$27,820	$14,275	4.55	3.87	9.67	9.3	6.5	27.6
Michigan	$19,360	$20,019	$12,485	5.64	5.20	11.00	10.1	8.4	28.3
Minnesota	$23,198	$24,024	$13,974	4.05	3.61	9.40	7.9	6.4	26.5
Mississippi	$15,853	$17,158	$11,171	7.31	6.07	12.73	19.9	15.7	35.6
Missouri	$19,936	$21,144	$13,107	5.27	4.35	11.38	11.7	9.0	27.7
Montana	$17,151	$17,902	$11,727	6.26	5.20	14.56	14.6	12.2	32.6
Nebraska	$19,613	$20,253	$12,239	3.52	3.12	8.58	9.7	8.3	27.8
Nevada	$21,989	$23,092	$12,464	6.17	5.63	11.87	10.5	8.6	27.2
New Hampshire	$23,844	$24,174	$15,192	3.77	3.56	9.50	6.5	6.0	23.9
New Jersey	$27,006	$29,153	$13,364	5.78	4.81	13.77	8.5	5.8	25.8
New Mexico	$17,261	$18,983	$10,620	7.23	5.98	13.09	18.4	14.5	33.7
New York	$23,389	$26,277	$11,726	7.08	5.56	15.22	14.6	9.5	35.5
North Carolina	$20,307	$21,310	$12,937	5.20	4.44	11.81	12.3	10.2	28.1
North Dakota	$17,769	$18,421	$12,414	4.50	3.89	9.94	11.9	10.2	26.2
Ohio	$21,003	$22,409	$12,709	4.96	4.01	11.75	10.6	7.4	30.4
Oklahoma	$17,646	$18,894	$12,077	5.24	4.46	9.25	14.7	11.8	28.3
Oregon	$20,940	$21,399	$14,521	6.46	6.07	12.01	11.6	10.4	29.1
Pennsylvania	$20,880	$22,249	$12,087	5.66	4.59	14.18	11.0	7.8	32.1
Rhode Island	$21,688	$23,503	$12,352	5.59	4.89	10.20	11.9	7.9	33.4
South Carolina	$18,795	$19,925	$12,714	5.75	4.84	11.55	14.1	11.4	29.2
South Dakota	$17,562	$18,447	$10,198	4.36	3.41	14.48	13.2	10.2	38.4
Tennessee	$19,393	$20,604	$12,277	5.44	4.66	11.16	13.5	10.7	30.6
Texas	$19,617	$21,773	$10,889	6.00	4.92	11.40	15.4	11.4	31.8
Utah	$18,185	$18,796	$12,026	4.94	4.47	9.45	9.4	7.3	31.6
Vermont	$20,625	$20,829	$15,659	4.22	4.16	5.66	9.4	8.7	26.6
Virginia	$23,975	$25,089	$12,861	4.09	3.52	11.18	9.6	7.7	29.9
Washington	$22,973	$23,841	$14,548	6.15	5.53	12.54	10.6	8.9	28.4
West Virginia	$16,477	$17,442	$12,968	7.32	6.51	10.79	17.9	14.9	29.0
Wisconsin	$21,271	$22,232	$12,347	4.68	3.96	12.45	8.7	6.4	31.5
Wyoming	$19,134	$19,495	$11,943	5.22	5.02	9.24	11.4	10.7	27.1
American Samoa	$4,357	$4,649	$3,773	5.15	4.85	5.79	28.7	26.1	34.0
Guam	$12,721	$13,172	$10,786	10.74	10.04	13.89	12.9	12.0	17.1
Northern Marianas	$9,151	$9,814	$7,979	3.85	3.37	4.76	18.6	18.5	18.8
Puerto Rico	$8,185	$9,304	$5,592	19.11	16.57	26.29	48.2	42.2	62.2
Virgin Islands	$13,139	$14,825	$7,872	8.56	6.79	15.94	20.2	15.7	34.2
All States	**$21,360**	**$23,038**	**$11,914**	**5.84**	**4.85**	**12.73**	**12.9**	**9.6**	**32.1**

Relative to states, the poverty rate for QCTs is:

- Higher by 0.1 percent to 50.0 percent in 5 states,
- Higher by 50.1 percent to 100.0 percent in 8 states,
- Higher by 100.1 percent to 150.0 percent in 16 states,
- Higher by 150.1 percent to 200.0 percent in 16 states,
- Higher by 200.1 percent to 250.0 percent in 8 states, and
- Higher by 250.1 percent to 300.0 percent in 3 states.

A.b. Qualified Counties

A.b.1. Designation of Qualified Counties

Qualified non-metropolitan counties are a second category of HUBZone that was intended to be a non-metropolitan counterpart of QCT HUBZones. The two-pronged qualification involves both relatively low income and relatively high unemployment. To qualify as a HUBZone, the original statute required a non-metropolitan county to have:

- A median household income less than 80 percent of the median household income in all the non-metropolitan counties in the state, collectively; or
- An unemployment rate at least 40 percent higher than the state unemployment rate.[179]

In 2005 the unemployment criterion was broadened to at least 40 percent higher than the state or national unemployment rate.[180]

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[179] The term "qualified nonmetropolitan county" means any county—

(i) that, based on the most recent data available from the Bureau of the Census of the Department of Commerce—

(I) is not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

(II) in which the median household income is less than 80 percent of the nonmetropolitan State median household income; or

(ii) that, based on the most recent data available from the Secretary of Labor, has an unemployment rate that is not less than 140 percent of the statewide average unemployment rate for the State in which the county is located. [P.L. 105-135, Title VI, Section 602(a)(4)(B)]

This statutory language is not entirely precise, as it does not actually state that a county that meets the unemployment test has to be outside an MSA to qualify. This language was corrected in the Small Business Reauthorization Act of 2000 with a new Section 602(a)(4)(B):

The term "qualified nonmetropolitan county" means any county—

(i) that was not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986) at the time of the most recent census taken for purposes of selecting qualified census tracts under section 42(d)(5)(C)(ii) of the Internal Revenue Code of 1986; and

(ii) in which—

(I) the median household income is less than 80 percent of the nonmetropolitan State median household income, based on the most recent data available from the Bureau of the Census of the Department of Commerce; or

(II) the unemployment rate is not less than 140 percent of the Statewide average unemployment rate for the State in which the county is located, based on the most recent data available from the Secretary of Labor.

[180] Qualified Nonmetropolitan County—Section 3(p)(4)(B)(ii)(II) of the Small Business Act (15 U.S.C. 632(p)(4)(B)(ii)(II)) is amended to read as follows:…

(II) the 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 located, whichever is less, based on the most recent data available from the Secretary of Labor. [Section 152(b) of the Consolidated Appropriations Act, 2005]

The income prong of this test is applied using decennial Census data. If a county qualifies on this basis, its HUBZone status is secure until publication of the data from the following census. The test was first applied using Census 1990 data. In 2003, when the Census 2000 data became available, counties were re-evaluated and re-qualified.

The unemployment rate prong of this test is based on data from an annual survey by the Bureau of Labor Statistics (BLS). These data are published annually.[181] The unemployment qualification of all non-metropolitan counties is then re-evaluated, and counties are re-qualified, effective as of the data publication date.

Under either text, a qualified county non-metropolitan county may lose its qualification, or a non-qualified county may become qualified as a HUBZone. This situation is similar to that for QCTs, but (with respect to unemployment) it arises more frequently. There also is the ironic possibility that a really successful HUBZone business may disqualify itself by lowering the unemployment rate in its HUBZone. As with QCTs, this problem was addressed through the mechanism of Redesignated Areas.

The qualified non-metropolitan county class of HUBZones is unique in one respect. It is the only class in which the qualification is determined by SBA. The formula is statutory, and the data are from another agency (BLS), but the HUBZone program is not handed a list of qualified counties.

The criteria for a qualified non-metropolitan county and a QCT are not consistent. This is illustrated by the westernmost two counties in Maryland—Garrett County and Allegheny County. Garrett County is a qualified county, with a median household income of just under 75 percent of the state median. Allegheny County has a median household income that is 5 percent lower than Garrett County's, but it is not a qualified county. The reason is that the principal city in Allegheny County—Cumberland, which is economically distressed by any measure—is large enough to make Allegheny County (and adjacent Mineral County, West Virginia as well) a Metropolitan Statistical Area. Four census tracts have median household incomes less than 60 percent of the median of this two-county MSA, and only those four census tracts qualify as HUBZones.

A.b.2. Characteristics of Qualified Counties

Geographic Characteristics. The numbers of qualified counties are shown in Table A.k, by state and metropolitan status. State concentrations of qualified counties are shown—in absolute and percentage terms—in Table A.l, by metropolitan status. Overall, 40.3 percent of the total of 3,232 counties[182] in the states and covered territories qualify for HUBZone status.[183]

[181] BLS data are traditionally published in May, but this schedule has slipped in some years.

[182] The count of counties is slightly tenuous. Since the 2000 census, Colorado has added one county (Broomfield), and Virginia has lost a county-equivalent City (Clifton Forge). Since both are/were metropolitan and non-qualifying, this does not affect the totals. Data used in the study include Clifton Forge and exclude Broomfield County.

[183] Qualified counties were, in the first instance, identified—and a list was compiled—from the HUBZone web site.

Table A.k
QUALIFIED COUNTIES, BY STATE AND METROPOLITAN STATUS

State or Territory	Number of Counties				
	Metropolitan Counties		Non-Metropolitan Counties		State Total
	Non-Qualified	Qualified Before 2003	Non-Qualified	Qualified	
Alabama	21	6	9	31	67
Alaska	3	0	2	22	27
Arizona	6	0	1	8	15
Arkansas	18	2	23	32	75
California	34	3	7	14	58
Colorado	16	0	16	31	63
Connecticut	6	0	2	0	8
Delaware	2	0	1	0	3
District of Columbia	1	0	0	0	1
Florida	37	1	13	16	67
Georgia	52	18	25	64	159
Hawaii	0	1	2	2	5
Idaho	7	5	16	16	44
Illinois	33	3	33	33	102
Indiana	42	4	28	18	92
Iowa	20	0	48	31	99
Kansas	13	4	73	15	105
Kentucky	30	5	23	62	120
Louisiana	25	4	5	30	64
Maine	5	0	5	6	16
Maryland	16	1	4	3	24
Massachusetts	12	0	2	0	14
Michigan	25	1	11	46	83
Minnesota	20	1	25	41	87
Mississippi	12	5	12	53	82
Missouri	31	4	39	41	115
Montana	4	0	30	22	56
Nebraska	9	0	55	29	93
Nevada	4	0	6	7	17
New Hampshire	3	0	6	1	10
New Jersey	21	0	0	0	21
New Mexico	6	1	10	16	33
New York	36	0	17	9	62
North Carolina	33	7	21	39	100
North Dakota	4	0	26	23	53
Ohio	39	1	26	22	88
Oklahoma	14	5	31	27	77
Oregon	11	0	5	20	36
Pennsylvania	31	1	13	22	67
Rhode Island	4	0	1	0	5
South Carolina	17	4	2	23	46
South Dakota	7	0	29	30	66
Tennessee	31	7	9	48	95
Texas	73	3	100	78	254
Utah	8	2	6	13	29
Vermont	3	0	7	4	14
Virginia	70	10	16	39	135
Washington	12	5	3	19	39
West Virginia	15	5	13	22	55
Wisconsin	24	1	23	24	72
Wyoming	2	0	14	7	23
American Samoa	0	0	5	0	5
Guam	0	0	1	0	1
Northern Marianas	0	0	4	0	4
Puerto Rico	56	12	0	10	78
Virgin Islands	0	0	3	0	3
TOTAL	**1,024**	**132**	**907**	**1,169**	**3,232**

SOURCE: Qualified counties were identified and manually listed from the HUBZone web site, as a hard-copy list or electronic file was not provided. Metropolitan status was determined using "Metropolitan Statistical Areas and Components, 2003, With Codes," compiled and posted on line by the U.S. Census Bureau, last updated July 10, 2003.

Table A.l (part 1) STATE CONCENTRATIONS OF QUALIFIED COUNTIES			
Number of Qualified Counties in a State	**Number of States with that Number of Qualified Counties**		
	Total State-Wide	**Non-Metropolitan Counties**	**Metropolitan Counties**
0	**10** CT, DE, DC, MA, NJ, RI, AS, GU, MP, VI	**10** CT, DE, DC, MA, NJ, RI, AS, GU, MP, VI	**24** AK, AZ, CT, DE, DC, IA, ME, MA, MT, NE, NV, NH, NJ, NY, ND, OR, RI, SD, VT, WY, AS, GU, MP, VI
1–5	**4** NH, HI, MD, VT	**6** NH, HI, MD, VT	**26** AR, CA, CO, FL, HI, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MO, NM, OH, OK, PA, SC, TX, UT, WA, WV, WI
6–10	**5** AZ, ME, NY, NV, WY	**6** AZ, ME, NV, NY, WY, PR	**4** AL, NC, TN, VA
11–15	1 UT	**3** CA, KS, UT	**1** PR
16–20	**6** CA, FL, KS, NM, OR, WA	**6** FL, ID, IN, NM, OR, WA	**1** GA
21–25	**10** AK, ID, IN, MT, ND, OH, PA, WA, WI, PR	**8** AK, MT, ND, OH, PA, SC, WV, WI	**0**
26–30	**4** NE, SC, SD, WV	**4** LA, NE, OK, SD	**0**
31–35	**5** AR, CO, IA, LA, OK	**5** AL, AR, CO, IL, IA	**0**
36–40	**2** AL, IL	**2** NC, VA	**0**
41–45	**2** MO, MN	**2** MN, MO	**0**
46–50	**3** MI, NC, VA	**2** MI, TN	**0**
51–60	**2** MS, TN	**1** MS	**0**
61–70	**1** KY	**2** GA, KY	**0**
71–80	**0**	**1** TX	**0**
81–90	**2** GA, TX	**0**	**0**

Table A.l (part 2) STATE CONCENTRATIONS OF QUALIFIED COUNTIES			
Percent of Qualified Counties in a State	**Number of Counties with that Percentage of QCTs**		
	Total State-Wide	**Non-Metropolitan Counties**	**Metropolitan Counties**
0.0	**10** CT, DE, DC, MA, NJ, RI, AS, GU, MP, VI	**10** CT, DC, DE, MA, NJ, RI, AS, GU, MP, VI	**24** AK, AZ, CT, DE, DC, IA, ME, MA, MT, NE, NV, NH, NJ, NY, ND, OR, RI, SD, VT, WY, AS, GU, MP, VI
0.1–5.0	**0**	**1** MD	**12** AR, FL, IN, KS, MI, MN, MO, NM, OH, PA, TX, WI
5.1–10.0	**1** NH	**1** NH	**10** AL, CA, LA, NC, OK, SC, TN, UT, VA, PR
10.1–20.0	**3** KS, MD, NY	**4** IN, KS, NY, PR	**12** CO, GA, HI, ID, IL, KY, MD, MS, VA, WA, WV, PR
20.1–30.0	**6** CA, FL, IN, OH, VT, PR	**6** CA, FL, IL, OH, VT, VA	**0**
30.1–40.0	**11** IA, IL, ME, MO, MT, NE, PA, TX, VA, WI, WY	**15** HI, ID, IA, KY, ME, MO, MT, NE, NC, OK, PA, TX, WI, WV, WY	**0**
40.1–50.0	**10** AR, CO, ID, MN, NV, NC, ND, OK, SD, WV	**13** AL, AR, CO, GA, LA, MN, NV, NM, ND, SC, SD, UT, WA	**0**
50.1–60.0	**12** AL, AZ, GA, HI, KY, LA, MI, NM, OR, SC, TN, UT	**5** AZ, MI, MS, OR, TN	**0**
60.1–70.0	**1** WA	**0**	**0**
70.1–80.0	**1** MS	**0**	**0**
80.1–90.0	**1** AK	**1** AK	**0**
90.1–100.0	**0**	**0**	**0**

Nearly two-thirds (64.2 percent) of the counties were non-metropolitan, according to the latest definitions of metropolitan areas.[184] Of these, a distinct majority (56.3 percent) are qualified counties. While the actual qualifying status is reassessed annually, counties that once qualified, but no longer qualify, have been grandfathered into the program until the results of the 2010 census are published.[185]

[184] Office of Management and Budget, "Revised Definitions of Metropolitan Statistical Areas, New Definitions of Micropolitan Statistical Areas and Combined Statistical Areas, and Guidance on Uses of the Statistical Definitions of These Areas," OMB Bulletin N0. 03-04, June 6, 2003.

[185] A few counties lost qualification before the grandfathering went into effect and thus had a gap in HUBZone status, but this discontinuity is ignored in this report.

Just over one in eight (12.9 percent) of metropolitan counties is also a qualified HUBZone county. These account for just over one in ten (10.1 percent) of all qualified counties. The statute does not directly provide for qualified metropolitan counties. The 2003 revisions of metropolitan areas, however, greatly expanded the number of counties classified as metropolitan. These qualified counties were among the rural counties reclassified as metropolitan, and they have been grandfathered into the program, pending the results of the 2010 census.

The distribution of qualified counties among states is highly skewed, both for non-metropolitan and all qualified counties.

- Three states have over 60 total and non-metropolitan qualified counties.[186]
- Seven other states have over 40 total qualified counties, and most of these have over 40 non-metropolitan qualified counties.[187]

Thus ten states account for close to half of all qualified counties (44.1 percent) and non-metropolitan (43.7 percent) qualified counties.

The distribution among the states of qualified metropolitan counties is also quite skewed:

- Two states have over 10 metropolitan qualified counties.[188]
- Four other states have over five metropolitan qualified counties.[189]

Thus six states account for close to half (45.5 percent) of metropolitan qualified counties. At the other end of the spectrum are ten states that have no qualifying counties.[190]

Concentrations. Since a state may have many qualified counties simply because it has a large number of counties, it is also useful to look at the concentration of qualified counties in terms of the percentage of a state's counties that are qualified HUBZone counties.

- In three states, over 60 percent of the counties qualify as HUBZones.[191]
- In 12 other states, over half of the counties qualify as HUBZones.[192]
- Ten other states have a higher percent of counties that qualify as HUBZones than the national average.[193]

[186] These include Georgia, Kentucky, and Texas.

[187] These include Michigan, Minnesota, Mississippi, Missouri, North Carolina, Tennessee, and Virginia. North Carolina and Virginia have 39 qualifying non-metropolitan counties each.

[188] These are Georgia and Puerto Rico.

[189] These are Alabama, North Carolina, Tennessee, and Virginia.

[190] These are Connecticut, Delaware, the District of Columbia, Massachusetts, New Jersey, Rhode Island, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands. Of this group, two have no non-metropolitan counties (the District of Columbia, and New Jersey), and four have no metropolitan counties (American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands).

[191] These are Alaska, Mississippi, and Washington.

[192] These are Alabama, Arizona, Georgia, Hawaii, Kentucky, Louisiana, Michigan, New Mexico, Oregon, South Carolina, Tennessee, and Utah.

[193] These are Arkansas, Colorado, Idaho, Minnesota, Nevada, North Carolina, North Dakota, Oklahoma, South Dakota, and West Virginia.

A number of these states have high concentrations of qualified counties in part because they have small numbers of counties—Arizona and Hawaii being examples. Some states have large numbers of qualified counties and high percentages of counties that are qualified.[194]

High concentrations of qualified counties play a significant role in the overall impacts of the HUBZone program. An isolated county is a relatively open economy. Direct impacts of procurement will accrue to the HUBZone. Indirect effects, however, will leak out of the county to other counties. The larger the contiguous block of counties consisting of HUBZones is, the larger the proportion of indirect impacts on HUBZones as a group will be.

In general, one would expect the total impacts of HUBZone expenditures to be captured more effectively by larger blocks of contiguous qualifying counties than by isolated qualifying counties.

The largest compact contiguous blocks of qualifying counties include:[195]

- A block of over 50 counties centered on the four corners area (Arizona, New Mexico, Colorado, and Utah) that has a large concentration of Indian reservations,
- A block of over 70 counties, comprising most of eastern Oregon, eastern Washington, and northern Idaho, and extending into California and Montana,
- A block of about 40 border counties along the Rio Grande, primarily in Texas,
- A block of over 30 counties in northern Wisconsin and Michigan's Upper Peninsula,
- A block of about 25 counties in northern Minnesota and North Dakota, and
- A block of about 25 counties in the north of Michigan's Lower Peninsula.

Larger, more sprawling, contiguous regional networks[196] of qualifying counties include:

- About 70 counties in southern Georgia,
- Over 100 counties in the deep South and Mississippi Delta (Alabama, Mississippi, Louisiana, and Arkansas),
- Over 100 counties centered on the confluence of the Mississippi and Ohio Rivers, in Arkansas, Missouri, Illinois, Indiana, and Kentucky,
- Most of the Appalachian backbone, principally in eastern Kentucky, eastern Tennessee, and West Virginia.

The blocks of Appalachian qualifying counties illustrate the issue that size alone does not dictate the openness of the local economy. Typography matters too. The larger metropolitan areas and business centers tend to lie outside of these mountainous areas. If the surrounding areas are themselves distressed—as much of the upper Ohio River valley and its tributaries are—the indirect impacts will still fall in HUBZone areas. Otherwise—as is the case with many major cities in the South and Southwest—indirect impacts will tend to be lost.

[194] States that have more than 40 qualified HUBZone counties and more than half of their counties qualified as HUBZone counties include Georgia, Kentucky, Michigan, Mississippi, and Tennessee.

[195] These blocks are generally several counties across and generally have infills of no more than single non-qualifying counties.

[196] These networks of counties tend to have "corridors" one qualified county wide, to have infills of multiple non-qualified counties, and to partly (or completely) surround larger metropolitan areas (e.g., Montgomery, Alabama and Jackson, Mississippi). These networks are also interconnected, so that it is somewhat arbitrary where one stops and another begins.

Population. Table A.m shows the populations of each state with qualified counties, by metropolitan status and type of county. Overall, 11.2 percent of the population lives in qualifying counties.

- In six states, less than 5 percent of the population lives in qualifying counties.[197]
- In 12 states, between 20 and 25 percent of the population lives in qualifying counties.[198]
- In five states, between 25 and 30 percent of the population lives in qualifying counties.[199]
- In two states, over 30 percent of the population lives in qualifying counties.[200]

Initial Qualification. Table A.n shows the distribution of dates that counties came into the program. Most of them were first qualified as HUBZone counties early on:

- Two-thirds of qualified HUBZone counties (67.2 percent) were qualified at the beginning of the program (1997).
- One-sixth of qualified counties (17.3 percent) were added in the next two years.
- Only a handful of qualified counties (4.2 percent) were added in 2003–2005.

Table A.n clearly shows the effect of the change in metropolitan area definitions in 2003. All of the grandfathered metropolitan HUBZone counties were qualified before 2003. There have been no new metropolitan HUBZone counties since.

Economic Characteristics. Table A.o shows economic indicators for qualified non-metropolitan counties, by state. Data for the state as a whole (including metropolitan areas) and for non-metropolitan, non-qualifying counties are presented for comparison.[201] The non-metropolitan qualified counties generally exhibit the worst economic performance.

[197] These are California (2.1 percent), Maryland (2.5 percent), New Hampshire (2.7 percent), New York (2.8 percent), Florida (3.3 percent), and Nevada (4.5 percent)

[198] These are Oregon, Maine, North Dakota, Louisiana, Oklahoma, Tennessee, North Carolina, Alabama, Arkansas, Wyoming, South Dakota, and Montana.

[199] These are South Carolina (26.5 percent), West Virginia (26.3 percent), Idaho (27.3 percent), Kentucky (29.2 percent), and Alaska (29.5 percent).

[200] These are New Mexico (30.9 percent) and Mississippi (47.7 percent).

[201] Data in Table A.o are taken from Census 2000. Metropolitan qualifying counties were excluded because they are expected to perform significantly differently from non-metropolitan qualifying counties.

Table A.m
POPULATION OF QUALIFYING COUNTIES, BY STATE & METROPOLITAN STATUS

State	Population of Counties					
	Metropolitan Counties		Non-Metropolitan Counties		Statewide	
	Non-Qualifying	Qualifying Before 2003	Non-Qualifying	Qualifying	Qualifying Counties	All Counties
Alabama	2,925,562	157,935	499,544	864,059	1,021,994	4,447,100
Alaska	402,445	-	39,546	184,941	184,941	626,932
Arizona	4,539,485	-	155,032	436,115	436,115	5,130,632
Arkansas	1,480,628	35,823	569,172	587,777	623,600	2,673,400
California	32,750,394	325,056	425,215	370,983	696,039	33,871,648
Colorado	3,676,685		276,753	347,823	347,823	4,301,261
Florida	14,860,126	112,947	591,255	418,050	530,997	15,982,378
Georgia	6,132,949	393,506	615,871	1,044,127	1,437,633	8,186,453
Hawaii	-	-	1,004,250	58,610	207,287	1,211,537
Idaho	658,326	148,677	281,834	205,075	353,793	1,293,953
Illinois	10,606,198	148,718	856,312	849,575	956,783	12,419,293
Indiana	4,571,741	107,208	911,318	482,795	597,426	6,080,485
Iowa	1,563,592	114,631	833,721	529,011	529,011	2,926,324
Kansas	1,583,815	60,477	779,734	264,392	324,869	2,688,418
Kentucky	2,220,275	52,219	640,904	1,128,371	1,180,590	4,041,769
Louisiana	3,240,392	100,275	280,681	847,628	947,903	4,468,976
Maine	736,280	-	278,419	260,224	260,224	1,274,923
Maryland	4,995,684	24,747	168,992	107,063	131,810	5,296,486
Michigan	8,051,414	47,874	649,088	1,190,068	1,237,942	9,938,444
Minnesota	3,502,701	31,671	659,648	725,459	757,130	4,919,479
Mississippi	1,074,792	119,760	411,751	1,238,355	1,358,115	2,844,658
Missouri	4,003,586	70,778	810,690	710,157	780,935	5,595,211
Montana	315,063	-	362,187	224,945	224,945	902,195
Nebraska	942,503	-	582,838	185,922	185,922	1,711,263
Nevada	1,771,107	-	136,560	90,590	90,590	1,998,257
New Hampshire	770,433	-	432,242	33,111	33,111	1,235,786
New Mexico	1,033,623	113,801	222,568	449,054	562,855	1,819,046
New York	17,415,517	-	1,022,886	538,054	538,054	18,976,457
North Carolina	5,184,863	300,561	1,024,677	1,539,212	1,839,773	8,049,313
North Dakota	283,966	-	223,048	135,186	135,186	642,200
Ohio	9,099,821	40,985	1,308,511	903,823	944,808	11,353,140
Oklahoma	2,052,624	139,992	634,688	623,350	763,342	3,450,654
Oregon	2,617,733	-	105,346	698,320	698,320	3,421,399
Pennsylvania	10,247,355	72,392	857,338	1,103,969	1,176,361	12,281,054
South Carolina	2,826,253	175,600	157,045	853,114	1,028,714	4,012,012
South Dakota	312,495	-	255,120	187,229	187,229	754,844
Tennessee	4,010,443	111,845	409,119	1,157,876	1,269,721	5,689,283
Texas	17,805,755	50,216	1,929,448	1,066,401	1,116,617	20,851,820
Utah	1,899,562	70,471	79,038	184,098	254,569	2,233,169
Vermont	198,889	-	324,267	85,671	85,671	608,827
Virginia	5,806,257	200,806	320,211	751,241	952,047	7,078,515
Washington	4,848,147	305,018	88,032	652,924	957,942	5,894,121
West Virginia	884,836	71,360	448,310	403,838	475,198	1,808,344
Wisconsin	3,833,039	35,634	1,023,691	471,311	506,945	5,363,675
Wyoming	148,140	-	224,759	120,883	120,883	493,782
Puerto Rico	3,281,326	336,628	-	190,656	527,284	3,808,610
TOTAL	211,166,820	4,077,611	23,911,659	25,501,436	29,579,047	264,657,526

Source: Census 2000.

Table A.n YEAR OF FIRST QUALIFICATION FOR QUALIFIED COUNTIES			
Year	**Number of Metropolitan Qualified Counties**	**Number of Non-Metropolitan Qualified Counties**	**Total Qualified Counties**
1997	77	797	874
1998	15	105	120
1999	18	87	105
2000	8	42	50
2001	8	38	46
2002	6	45	51
2003	0	15	15
2004	0	11	11
2005	0	29	29
Total	132	1,169	1,301

In general, mean income is lower in non-metropolitan non-qualifying counties than for the state as a whole.[202] Relative to non-metropolitan non-qualifying counties, mean income for non-metropolitan qualifying counties was:

- Higher in 2 states,
- Lower by up to 10.0 percent in 17 states,
- Lower by 10.1 percent to 20.0 percent in 20 states,
- Lower by 20.1 percent to 30.0 percent in 5 states, and
- Lower by 30.1 percent to 35.0 percent in 1 state.

Relative to the state as a whole, mean income for non-metropolitan qualifying counties was:

- Lower by up to 10.0 percent in 1 state,
- Lower by 10.1 percent to 20.0 percent in 19 states,
- Lower by 20.1 percent to 30.0 percent in 21 states, and
- Lower by 30.1 percent to 35.0 percent in 5 states.

[202] Exceptions include Alaska, Hawaii, Montana, South Carolina, and Wyoming.

Table A.o INCOME, UNEMPLOYMENT AND POVERTY FOR NON-METROPOLITAN COUNTIES, BY STATE

State or Territory	Per Capita Income			Range of Median Incomes			Unemployment Rate (Percent)			Poverty Rate (Percent)		
	State	Non-Qualified Counties	Qualified Counties[a]	State	Non-Qualified Counties	Qualified Counties[a]	State	Non-Qualified Counties	Qualified Counties[a]	State	Non-Qualified Counties	Qualified Counties[a]
Alabama	$18,189	$17,363	$14,866	$41,657	$34,004–$47,028	$22,200–$38,788	6.16	5.04	7.63	16.1	14.0	21.0
Alaska	$22,660	$26,027	$19,237	$59,036	$62,361–$70,284	$29,867–$72,500	8.56	5.77	12.74	9.4	6.4	13.1
Arizona	$20,275	$16,788	$13,347	$46,723	$36,311–$36,311	$26,315–$43,523	5.59	6.96	10.47	13.9	13.9	24.5
Arkansas	$16,904	$15,579	$14,547	$38,663	$30,311–$39,055	$25,846–$38,179	6.06	6.25	7.44	15.8	15.6	20.6
California	$22,711	$20,339	$16,866	$53,025	$39,370–$52,697	$34,343–$50,250	6.95	6.82	10.10	14.2	13.9	16.6
Colorado	$24,049	$23,543	$17,575	$55,883	$39,102–$75,048	$25,509–$60,417	4.26	3.34	5.54	9.3	9.3	14.7
Florida	$21,557	$18,083	$14,558	$45,625	$30,899–$50,734	$30,677–$36,404	5.52	5.18	5.93	12.5	14.1	19.1
Georgia	$21,154	$16,844	$14,965	$49,280	$31,820–$46,368	$27,232–$43,184	5.40	5.51	6.28	13.0	15.4	20.3
Hawaii	$21,525	$22,002	$20,285	$56,961	$55,277–$60,118	$26,250–$51,378	5.86	5.60	5.28	10.7	10.0	10.6
Idaho	$17,841	$16,409	$15,413	$43,490	$31,534–$60,037	$32,335–$42,283	5.74	5.78	7.88	11.8	14.4	14.5
Illinois	$23,104	$18,119	$17,245	$55,545	$37,057–$53,028	$31,625–$50,429	6.03	5.20	6.52	10.7	9.8	13.0
Indiana	$20,397	$18,150	$17,730	$50,261	$39,475–$52,342	$37,869–$50,567	4.89	4.48	5.14	9.5	8.6	9.5
Iowa	$19,674	$18,206	$17,325	$48,005	$37,288–$50,071	$34,472–$46,985	4.17	3.51	4.80	9.1	8.3	10.5
Kansas	$20,506	$17,178	$16,008	$49,624	$34,816–$50,549	$31,369–$44,912	4.20	4.20	5.23	9.9	11.8	13.0
Kentucky	$18,093	$16,624	$13,786	$40,939	$31,318–$51,052	$18,034–$44,037	5.68	5.60	7.98	15.8	16.3	24.0
Louisiana	$16,912	$13,286	$13,512	$39,774	$28,908–$38,972	$23,589–$41,751	7.25	9.25	8.54	19.6	24.9	24.0
Maine	$19,533	$19,097	$15,445	$45,179	$40,402–$45,427	$31,657–$39,794	4.73	4.68	6.61	10.9	11.1	14.6
Maryland	$25,614	$22,690	$19,728	$61,876	$44,825–$61,397	$37,811–$47,293	4.65	4.21	6.19	8.5	8.9	11.8
Michigan	$22,168	$19,848	$17,385	$53,457	$40,465–$55,483	$32,086–$49,329	5.78	5.41	7.28	10.5	9.4	11.1
Minnesota	$23,198	$19,121	$17,450	$56,874	$40,133–$56,407	$35,500–$49,811	4.05	4.15	5.67	7.9	8.7	10.7
Mississippi	$15,853	$15,759	$13,831	$37,406	$31,264–$43,149	$21,757–$41,706	7.31	6.48	8.80	19.9	18.6	24.6
Missouri	$19,936	$16,176	$14,844	$46,044	$30,534–$45,717	$25,379–$39,176	5.27	4.87	6.44	11.7	13.9	17.2
Montana	$17,151	$17,322	$15,208	$40,487	$32,399–$48,912	$27,833–$41,631	6.26	5.66	8.81	14.6	13.6	18.7
Nebraska	$19,613	$17,026	$16,341	$48,032	$31,406–$47,776	$27,788–$46,670	3.52	3.09	4.63	9.7	10.1	13.3
Nevada	$21,989	$20,916	$18,672	$50,849	$41,642–$57,092	$39,477–$52,156	6.17	6.22	7.03	10.5	9.1	10.5
New Hampshire	$23,844	$22,227	$17,218	$57,575	$46,922–$56,842	$40,654–$40,654	3.77	4.62	5.35	6.5	7.2	10.0
New Mexico	$17,261	$16,610	$13,516	$39,425	$30,362–$90,032	$24,252–$36,789	7.23	6.12	10.26	18.4	18.2	24.4
New York	$23,389	$17,654	$16,517	$51,691	$39,318–$49,357	$38,472–$45,088	7.08	6.70	7.87	14.6	12.9	13.8
North Carolina	$20,307	$18,775	$16,204	$46,335	$35,212–$49,078	$30,186–$49,302	5.20	5.26	6.55	12.3	12.1	16.7
North Dakota	$17,769	$16,764	$15,273	$43,654	$31,771–$45,852	$24,000–$51,983	4.50	4.23	6.67	11.9	11.5	16.4
Ohio	$21,003	$18,162	$16,231	$50,037	$40,230–$52,859	$33,071–$50,157	4.96	4.06	6.67	10.6	8.7	14.4
Oklahoma	$17,646	$15,955	$14,766	$40,709	$30,702–$43,514	$27,808–$39,916	5.24	5.25	6.60	14.7	16.4	18.1
Oregon	$20,940	$18,074	$16,982	$48,680	$39,151–$44,575	$34,048–$44,188	6.46	6.69	8.48	11.6	13.1	13.9
Pennsylvania	$20,880	$17,276	$16,766	$49,184	$36,822–$48,810	$34,257–$51,995	5.66	5.29	6.13	11.0	10.7	11.8
South Carolina	$18,795	$23,231	$15,516	$44,227	$40,580–$52,704	$27,348–$43,047	5.75	4.56	7.11	14.1	12.2	18.6
South Dakota	$17,562	$17,239	$13,822	$43,237	$33,537–$51,235	$14,167–$43,628	4.36	3.62	7.85	13.2	12.3	22.2
Tennessee	$19,393	$17,868	$15,441	$43,517	$31,234–$48,010	$25,372–$45,731	5.44	5.52	6.07	13.5	13.7	16.2
Texas	$19,617	$16,211	$13,702	$45,861	$29,839–$53,004	$17,556–$53,750	6.00	6.01	8.32	15.4	16.1	23.2
Utah	$18,185	$14,006	$14,503	$51,022	$37,171–$44,783	$31,673–$52,102	4.94	5.34	7.23	9.4	14.3	13.2
Vermont	$20,625	$20,450	$17,724	$48,625	$44,742–$51,075	$34,984–$44,620	4.22	4.00	5.88	9.4	9.1	12.2
Virginia	$23,975	$19,364	$16,220	$54,169	$37,530–$58,529	$27,328–$49,047	4.09	3.60	6.23	9.6	9.7	15.8
Washington	$22,973	$22,810	$16,947	$53,760	$41,645–$51,835	$35,012–$47,604	6.15	4.45	9.26	10.6	7.6	16.1
West Virginia	$16,477	$15,761	$13,955	$36,484	$30,502–$37,866	$20,496–$38,021	7.32	7.63	9.88	17.9	17.9	22.8
Wisconsin	$21,271	$19,155	$17,670	$52,911	$40,666–$55,310	$28,385–$48,460	4.68	4.50	6.05	8.7	8.1	9.6
Wyoming	$19,134	$20,364	$16,631	$45,685	$40,297–$63,916	$33,714–$49,520	5.22	4.91	6.28	11.4	10.0	15.4
Puerto Rico	$8,185	[b]	$5,657	$16,543	[b]	$10,603–$22,600	19.11	[b]	28.03	48.2	[b]	60.7

[a] Connecticut, Delaware, the District of Columbia, Massachusetts, New Jersey, Rhode Island, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands have no qualified counties.
[b] Puerto Rico has no non-metropolitan non-qualified counties.

Median household incomes, which are used to qualify HUBZone counties, are complex to define. Thus ranges of county medians, as well as the state median, are compared. In comparing median income of non-metropolitan non-qualifying counties with the state median income, the lowest county median income is generally below the state median income,[203] and the highest county median income is most often above the state median income.[204]

In comparing median income of non-metropolitan qualifying counties with the median income of non-metropolitan non-qualifying counties, the lowest median income of qualified counties is consistently below the lowest median income of non-qualified counties, and the highest median income of qualified counties is most often below the highest median income of non-qualified counties income.[205] In comparing median income of non-metropolitan qualifying counties with the state median income, the lowest county median income is consistently below the state median income, and the highest county median income is most often below the state median income.[206] Most often, the unemployment rate is lower in non-metropolitan non-qualifying counties than for the state as a whole.[207]

Relative to non-metropolitan non-qualifying counties, the unemployment rate for non-metropolitan qualifying counties was:

- Lower in 2 states,
- Higher by 10.1 percent to 20.0 percent in 9 states,
- Higher by 20.1 percent to 30.0 percent in 7 states,
- Higher by 30.1 percent to 40.0 percent in 9 states,
- Higher by 40.1 percent to 50.0 percent in 6 states,
- Higher by 50.1 percent to 60.0 percent in 5 states,
- Higher by 60.1 percent to 80.0 percent in 4 states, and
- Higher by 100.1 percent to 125.0 percent in 3 states.

Relative to the state as a whole, the unemployment rate for non-metropolitan qualifying counties was:

- Lower in 1 state,
- Higher by up to 10.0 percent in 4 states,
- Higher by 10.1 percent to 20.0 percent in 6 states,
- Higher by 20.1 percent to 30.0 percent in 12 states,
- Higher by 30.1 percent to 40.0 percent in 10 states,
- Higher by 40.1 percent to 50.0 percent in 9 states,
- Higher by 50.1 percent to 60.0 percent in 2 states, and
- Higher by 70.1 percent to 90.0 percent in 4 states.

[203] Alaska is the exception.

[204] The reverse is true in Arizona, California, Georgia, Illinois, Louisiana, Maryland, Missouri, Nebraska, New Hampshire, New York, Oregon, Pennsylvania, Utah, and Washington.

[205] The reverse is true in Alaska, Arizona, Louisiana, North Carolina, North Dakota, Pennsylvania, Texas, Utah, and West Virginia.

[206] The reverse is true in Alaska, Colorado, Indiana, Kentucky, Mississippi, Montana, Nevada, North Carolina, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Utah, West Virginia, Wyoming, and Puerto Rico.

[207] Exceptions include Arizona, Arkansas, Georgia, Louisiana, Nevada, New Hampshire, North Carolina, Oregon, Tennessee, Utah, and West Virginia.

Overall, the poverty rate is about the same in non-metropolitan non-qualifying counties as in the states as a whole.[208] Relative to non-metropolitan non-qualifying counties, the poverty rate for non-metropolitan qualifying counties was:

- Lower in 2 states,
- Higher by up to 10.0 percent in 4 states,
- Higher by 10.1 percent to 20.0 percent in 9 states,
- Higher by 20.1 percent to 30.0 percent in 4 states,
- Higher by 30.1 percent to 40.0 percent in 13 states,
- Higher by 40.1 percent to 50.0 percent in 4 states,
- Higher by 50.1 percent to 60.0 percent in 3 states,
- Higher by 60.1 percent to 70.0 percent in 2 states,
- Higher by 70.1 percent to 90.0 percent in 2 states, and
- Higher by 100.1 percent to 115.0 percent in 2 states.

Relative to the state as a whole, the poverty rate for non-metropolitan qualifying counties was:

- Lower in 2 states,
- Equal in 2 states,
- Higher by up to 10.0 percent in 2 states,
- Higher by 10.1 percent to 20.0 percent in 5 states,
- Higher by 20.1 percent to 30.0 percent in 9 states,
- Higher by 30.1 percent to 40.0 percent in 14 states,
- Higher by 40.1 percent to 50.0 percent in 2 states,
- Higher by 50.1 percent to 60.0 percent in 7 states,
- Higher by 60.1 percent to 70.0 percent in 2 states, and
- Higher by 70.1 percent to 80.0 percent in 1 states.

On the basis of income, unemployment, and poverty, the qualified non-metropolitan counties are substantially disadvantaged compared with other non-metropolitan counties and with the states as a whole.

The criteria for QCTs are effectively more restrictive than the criteria for qualified counties. As noted above, 132 metropolitan counties had been qualified as HUBZones prior to 2003 and were retained as such when those counties were reclassified as metropolitan in 2003. A parallel question is how many metropolitan counties would have qualified as HUBZones to begin with, had they not been constrained by their metropolitan status.

Table A.p shows the number of counties, by state, that have unemployment rates more than 140 percent of the state average and/or median incomes less than 80 percent of the state median.[209] Another 48 counties would qualify as HUBZones if they had to meet both criteria,

[208] An (unweighted) average of the state differences equals 0.036 percentage points.

[209] Neither of these criteria is quite correct, but they are used for simplicity.

- The unemployment test should use the national rate as an alternative, so that this measure understates the chances of a county being qualified.
- The median income test should use the median household income of non-metropolitan counties in a state, but this number is not readily available. This measure overstates the chances of a county being qualified.

and 117 more would qualify if they had to meet either criterion. About 20 percent of metropolitan counties could qualify on their own as HUBZones if they were not in metropolitan areas.

Table A.p
METROPOLITAN COUNTIES
THAT MIGHT QUALIFY AS COUNTIES

State or Territory	Unemployment Criterion	Income Criterion	Both Criteria	Total
Arizona	1	-	1	2
California	3	2	6	11
Colorado	-	1	1	2
Florida	2	-	-	2
Georgia	2	2	5	9
Illinois	-	2	-	2
Indiana	4	-	-	4
Kansas	1	-	-	1
Kentucky	1	-	-	1
Louisiana	1	1	-	2
Massachusetts	-	1	1	2
Maryland	-	2	2	4
Michigan	1	-	-	1
Minnesota	1	-	1	2
Missouri	-	3	1	4
Mississippi	1	-	-	1
North Carolina	-	1	1	2
New Jersey	1	2	2	5
New York	-	1	2	3
Ohio	1	-	3	4
Pennsylvania	-	-	3	3
Tennessee	-	2	-	2
Texas	2	4	4	10
Virginia	4	8	11	23
Washington	-	1	2	3
Wisconsin	2	-	-	2
Puerto Rico	2	6	2[a]	10
TOTAL	30	39	48	117

[a] One of these counties is a DDA.

An anecdotal illustration of the discrepancy between criteria and its practical impacts is provided by Allegheny County, Maryland—which is economically distressed by any measure. Cumberland, the principal city, is large enough to make Allegheny County a metropolitan statistical area. Only three (out of 23) census tracts in the county qualify as QCTs. Yet the county's median income is less than 60 percent of the state median. To add further irony, *all* of adjacent Garrett County (which lacks a significant urban cluster) is a HUBZone—because it is a qualified non-metropolitan county—although the median income of Garrett County is 5 percent higher than that of Allegheny County.

A.c. Redesignated Areas

As noted above, both QCTs and non-metropolitan counties could lose their qualification as HUBZones when new data are published. To gain benefits from a HUBZone, however, a business needs to have the HUBZone preferences over a period of years. Similarly, lasting economic development impacts require years to accrue.

Congress initially addressed this issue by giving HUBZones an automatic three-year extension after such time as they lost their qualification.[210] Subsequently (effective July 9, 2006) Congress essentially extended the lifetime of a redesignated area until publication of data from the 2010 Census,[211] which will occur in about 2013.

A.d. Indian Country

A.d.1. Designation of Indian Country

The original HUBZone statute designated as a HUBZone "lands within the external boundaries of an Indian reservation." The term "Indian reservation" was subsequently clarified[212] and somewhat expanded. The working definition of Indian Country now includes:

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[210] Section 602(a)(4)(D), as amended] Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—
(1) in paragraph (1)—
(A) in subparagraph (B), by striking "or" at the end;
(B) in subparagraph (C), by striking the period at the end and inserting "; or"; and
(C) by adding at the end the following:
"(D) redesignated areas."; and
(2) in paragraph (4), by adding at the end the following:
"(C) REDESIGNATED AREA.—The term 'redesignated area' means any census tract that ceases to be qualified under subparagraph (A) and any nonmetropolitan county that ceases to be qualified under subparagraph (B), except that a census tract or a nonmetropolitan county may be a 'redesignated area' only for the 3-year period following the date on which the census tract or nonmetropolitan county ceased to be so qualified."

[211] "REDESIGNATED AREA—Section 3(p)(4)(C) of the Small Business Act (15 U.S.C. 632(p)(4)(C)) is amended by striking 'only for the 3-year period following' and inserting the following:
'only until the later of—
'(i) the date on which the Census Bureau publicly releases the first results from the 2010 decennial census; or
'(ii) 3 years after'." [Consolidated Appropriations Act of 2005, Section 152(c)(1)]

[212] "(C) INDIAN RESERVATION—The term 'Indian reservation'—
"(i) has the same meaning as the term 'Indian country' in section 1151 of title 18, United States Code, except that such term does not include—
"(I) any lands that are located within a State in which a tribe did not exercise governmental jurisdiction on the date of enactment of this paragraph, unless that tribe is recognized after that date of enactment by either an Act of Congress or pursuant to regulations of the Secretary of the Interior for the administrative recognition that an Indian group exists as an Indian tribe (part 83 of title 25, Code of Federal Regulations); and
"(II) lands taken into trust or acquired by an Indian tribe after the date of enactment of this paragraph if such lands are not located within the external boundaries of an Indian reservation or former reservation or are not contiguous to the lands held in trust or restricted status on that date of enactment; and
"(ii) in the State of Oklahoma, means lands that—
"(I) are within the jurisdiction areas of an Oklahoma Indian tribe (as determined by the Secretary of the Interior); and
"(II) are recognized by the Secretary of the Interior as eligible for trust land status under part 151 of title 25, Code of Federal Regulations (as in effect on the date of enactment of this paragraph)."
[Section 604 of the HUBZones in Native America Act of 2000]

- Indian trust lands and other lands covered by the phrase "Indian Country," as used by the Bureau of Indian Affairs;
- Portions of the state of Oklahoma designated as former Indian reservations by the Internal Revenue Service (Oklahoma tribal statistical areas, or OTSAs); and
- Alaska Native villages (Alaska Native village statistical areas, or ANVSAs).

Congress also explicitly recognized the more collective form of organization that often prevailed on these lands. The definition of a HUBZone small business concern was expanded to include ownership by Alaska Native corporations and tribal governments.[213]

A.d.2. Characterization of Indian Country

Geographic Characteristics and Population. Table A.q summarizes the number and population size of Indian Country HUBZones,[214] which are grouped by region of the country.[215] Most of these areas are Indian reservations,[216] with (or without) off-reservation trust lands. The two other categories are Alaska Native villages (ANVSAs) and Oklahoma tribal statistical areas (OTSAs).[217] Table A.r includes 315 reservations, 29 OTSAs, and 205 ANVSAs.

[213] "HUBZONE SMALL BUSINESS CONCERN—The term 'HUBZone small business concern' means—

(A) a small business concern that is owned and controlled by one or more persons, each of whom is a United States citizen;

(B) a small business concern that is—

'(i) an Alaska Native Corporation owned and controlled by Natives (as determined pursuant to section 29(e)(1) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(1))); or

'(ii) a direct or indirect subsidiary corporation, joint venture, or partnership of an Alaska Native Corporation qualifying pursuant to section 29(e)(1) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(1)), if that subsidiary, joint venture, or partnership is owned and controlled by Natives (as determined pursuant to section 29(e)(2)) of the Alaska Native Claims Settlement Act (43 U.S.C. 1626(e)(2))); or

(C) a small business concern—

'(i) that is wholly owned by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments; or

'(ii) that is owned in part by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, if all other owners are either United States citizens or small business concerns.' " [Section 604 of the HUBZones in Native America Act of 2000']

[214] Data are from the 2000 census classification American Indian Areas/Alaska Native Areas/Hawaiian Home Lands. Hawaiian Home Lands are not HUBZones, nor are state-recognized reservations and tribal areas, both of which are deleted from the data used here. The census areas correspond to the BIA list of reservations, but the correspondence is not precise, particularly for smaller outlying off-reservation trust lands.

[215] Most of the regional groupings are intuitive. Montana, Wyoming, Colorado, and New Mexico were classified according to which slope of the Rocky Mountains the bulk of the reservations were on. Bi-state reservations involving Nevada and both Idaho and Oregon were put in the Southwest because of the generally arid nature of southern Idaho and southeastern Oregon.

[216] Other names for "reservation" include band, colony, community, pueblo, ranch, rancheria, tract, town, tribe, trust land, village, or simply tribe.

[217] Each of these types is found in only one state, although Alaska and Oklahoma also each have one regular Indian reservation.

Table A.q
INDIAN COUNTRY AND ALASKA NATIVE VILLAGES, BY STATE

Region	State(s)	Reservations	Total Population	
			State	Reservations
Northeast	Connecticut	1	3,405,565	280
	Maine	5[a]	1,274,923	2,075
	Massachusetts	1	6,349,097	95
	New York	8	18,976,457	14,807
	Rhode Island	1	1,048,319	56
Southeast	Florida	9[b]	15,982,378	2,929
	Louisiana	3	4,468,976	521
	Mississippi	1	2,844,658	5,309
	North Carolina	1	8,049,313	7,538
	South Carolina	1	4,012,012	520
	Alabama–Florida	1		207
Great Lakes	Michigan	11[c]	9,938,444	33,371
	Minnesota	12	4,919,479	31,326
	Wisconsin	11	5,363,675	35,970
	Minnesota–Wisconsin	2		4,643
Great Plains	Iowa	1	2,926,324	805
	Kansas	3[a]	4,041,769	5,528
	Montana	6	902,195	59,094
	Nebraska	1	1,711,263	906
	North Dakota	2	642,200	10,302
	Oklahoma reservations	1	3,450,654	44,437
	Oklahoma OTSA	29		2,345,577
	South Dakota	6	754,844	29,284
	Texas	3	20,851,820	1,288
	Wyoming	1	493,782	23,237
	Nebraska–Iowa	2		7,797
	Nebraska–Kansas	2		392
	South Dakota–Nebraska	1		15,542
	South Dakota–North Dakota	2		18,627
	South Dakota–North Dakota–Montana	1		8,244
	South Dakota–Montana	1		4,471
Southwest	Arizona	16	5,130,632	66,119
	California	99[d]	33,871,648	47,534
	Colorado	1	4,301,261	11,159
	Nevada	22	1,998,257	7,563
	New Mexico	22[e]	1,819,046	61,490
	Utah	4[a]	2,233,169	19,465
	Nevada–Oregon	1		321
	Nevada–Idaho	1		1,268
	Nevada–Utah	1		94
	Nevada–Arizona–California	1		1,010
	Arizona–California	2		11,590
	Arizona–New Mexico	1		7,749
	Utah–Arizona–New Mexico	1		181,269
	Utah–New Mexico–Colorado	1		1,712
Northwest	Alaska reservations	1	626,932	1,447
	Alaska ANVSAs	205[e]		172,499
	Idaho	4	1,293,953	30,346
	Oregon	10[f]	3,421,399	6,923
	Washington	26	5,894,121	116,861
TOTAL		549	182,998,565	3,461,597

[a] Includes one reservation for which census data show no population.
[b] Includes five reservations for which census data show no population.
[c] Includes three reservations for which census data show no population.
[d] Includes 26 reservations for which census data show no population.
[e] Includes 13 ANVSAs for which census data show no population.
[e] Includes two reservations for which census data show no population.

Table A.r
SIZE DISTRIBUTIONS OF RESERVATIONS ANVSAs AND OTSAs

Population Range	Reservations and ANVSAs	OTSAs	All Lands	
			Number	Percent of Total
0–100	148	0	148	27.0
101–200	75	1	76	13.8
201–300	47	1	48	8.7
301–400	34	0	34	6.2
401–500	24	0	24	4.4
501–750	49	2	51	9.3
751–1,000	24	0	24	4.4
1,001–2,000	28	1	29	5.3
2,001–5,000	39	7	46	8.4
5,001–10,000	26	4	30	5.3
10,001–20,000	15[a]	3	18	3.5
20,001–100,000	10[b]	3	13	2.4
100,001–200,000	1[c]	3	4	0.7
200,001–500,000	0	3	3	0.5
500,001–750,000	0	1	1	0.2
TOTAL	520	29	549	100.0

[a] Includes:

- Leech Lake reservation and off-reservation trust land, MN, population 10,059
- Blackfeet reservation and off-reservation trust land, MT, population 10,115
- Fort Peck reservation and off-reservation trust land, MT, population 10,320
- Rosebud reservation and off-reservation trust land, SD, population 10,369
- Lake Traverse reservation, SD-ND, population 10,386
- Santa Clara Pueblo, NM, population 10,665
- Tohono O'odham reservation and off-reservation trust land, AZ, population 10,734
- Southern Ute reservation, CO, population 11,159
- Gila River reservation, AZ, population 11,287
- Fort Apache reservation, AZ, population 12,383
- Ninilchik ANVSA, AK, population 13,264
- Pine Ridge reservation and off-reservation trust land, SD-NE, populstion 15,542
- Chickaloon ANVSA, AK, population 16,818
- Nez Perce reservation, ID, population 17,969
- Uintah and Ouray reservation and off-reservation trust land, UT, population 19,181

[b] Includes:

- Oneida (WI) reservation and off-reservation trust land, population 21,306
- Agua Caliente reservation, CA, population 21,357
- Wind River reservation and off-reservation trust land, population 23,237
- Isabella reservation and off-reservation trust land, MI population 25,861
- Flathead reservation, MT population 26,203
- Kenaitze ANVSA, AK, population 29,289
- Yakama reservation and off-reservation trust land, population 31,731
- Knik ANVSA, AK, population 32,076
- Puyallup reservation and off-reservation trust land, population 41,402
- Osage reservation, OK, population 44,437

[c] Navajo Nation reservation and off-reservation trust land, UT-AZ-NM, population 181,269

For the most part, reservations do not make up a significant portion of the population. Excluding Alaska and Oklahoma, reservations account for less than 1 percent of the population in 21 or 22 states and for more than 1 percent in 9 or 10 states. In none of these states do

reservations make up more than about 7.5 percent of the population.[218] In Alaska, Alaska Natives make up more than a quarter (27.5 percent) of the population. This is the only state in which the native population represents a minority of this magnitude. In Oklahoma, OTSAs contribute two-thirds (68.0 percent) of the state's population. These areas are HUBZones. Because they are former tribal areas and not actual reservations, however, the great majority of these numbers are not Native Americans in the sense of residents of reservations.

Table A.r summarizes the size distribution of Indian County areas. Reservations and ANVSAs are grouped together, and (because of differences in size and composition) OTSAs are broken out separately. Reservations are generally quite small. In summary:

- The census reports no population on 37 reservations and 13 ANVSAs (9.6 percent).
- The median reservation population is 305.
- Only 26 reservations/ANVSAs (5.0 percent) have populations of over 10,000.
- Only one reservation—the Navajo Nation reservation in Arizona, New Mexico, and Utah—has a large enough population to meet the minimum size requirement of a metropolitan area.

A considerable majority of reservations are probably just too small—and many are too isolated—to take advantage of HUBZone status.

Economic Characteristics. Table A.s summarizes economic conditions on reservations, in terms of mean income, unemployment rates and poverty rates, which are compared with state rates. For the most part—and particularly in states where reservations are numerous and extensive—mean income of reservations is far below state levels, and unemployment rates and poverty rates are far above state levels. There are some interesting exceptions, however, where reservations are basically on a par with the states they are in. Examples include the Osage reservation in Oklahoma and reservations in Connecticut, Rhode Island, and Michigan. The factors at work here may be casinos and oil.

Overlap with Other Classes of HUBZone. It is difficult to compare reservations with other geographic entities, such as counties and census tracts. Reservations may cross county lines and even state lines. Census tracts—including Indian census tracts—never cross these lines, but the Indian census tracts used to report reservation data differ slightly from the census tracts used to report county and state data. One would have to go down to the census block level to get one set of geographic entities that could be combined into both Indian census tracts and county census tracts.

[218] A degree of uncertainty is introduced by multi-state reservations, whose populations cannot be precisely allocated without census tract data. States with more than 1 percent of the population on reservations include the following:

- Reservations contribute between 1 percent and 2 percent of the population in Arizona (in which another percentage point may be added by multi-state reservations), North Dakota, Oregon, Washington, and possibly Utah.
- Reservations contribute between 2 percent and 3 percent of the population in Idaho.
- Reservations contribute between 3 percent and 4 percent of the population in New Mexico and South Dakota, to both of which another percentage point or two may be added by multi-state reservations.
- Reservations contribute between 4 percent and 5 percent of the population in Wyoming.
- Reservations contribute between 6.5 percent and about 7.5 percent of the population, depending on the allocation of multi-state reservations, in Montana.

Table A.s
INCOME, UNEMPLOYMENT AND POVERTY FOR INDIAN RESERVATIONS AND NAVSAs, BY STATE

Region	State(s)	Mean Income		Unemployment Rate (percent)		Poverty Rate (percent)	
		State	Indian	State	Indian	State	Indian
Northwest	CT	$28,766	$27,261	5.25	4.11	7.90	2.1
	ME	$19,533	$11,126	4.73	4.65	10.90	0.0
	MA	$25,952	$10,831	4.55	18.07	9.30	15.0
	NY	$23,389	$12,929	7.08	9.37	14.60	8.8
	RI	$21,688	$26,457	5.59	5.56	11.90	16.1
Southeast	FL	$21,557	$15,675	5.52	8.98	12.50	8.0
	LA	$16,912	$18,210	7.25	5.84	19.60	8.2
	MS	$15,853	$7,530	7.31	12.15	19.90	14.8
	NC	$20,307	$12,581	5.20	8.46	12.30	7.1
	SC	$18,795	$16,295	5.75	6.13	14.10	7.1
	AL-FL		$6,729		26.58		16.9
Great Lakes	MI	$19,360	$17,540	5.64	6.85	10.10	5.9
	MN	$23,198	$13,638	4.05	11.39	7.90	10.5
	WI	$21,271	$20,081	4.68	6.43	8.70	5.5
	MN-WI		$14,711		9.37		4.4
Great Plains	IA	$19,675	$9,079	4.17	14.80	9.10	14.5
	KS	$20,506	$13,677	4.20	5.65	9.90	5.7
	MT	$17,151	$11,798	6.26	14.37	14.60	11.2
	NE	$19,613	$9,532	3.52	7.56	9.70	13.3
	ND	$17,769	$9,475	4.50	13.77	11.90	13.7
	OK–Reservations	$17,646	$17,014	5.24	5.60	14.70	5.2
	OK–OTSA		$16,967		5.44		5.9
	SD	$17,562	$8,232	4.36	17.06	13.20	24.1
	TX	$19,617	$8,037	6.00	20.38	15.40	21.1
	WY	$19,134	$14,661	5.22	11.47	11.40	10.1
	NE-IA		$11,169		11.45		9.3
	NE-KS		$11,228		2.97		5.9
	SD-NE		$6,143		33.03		28.5
	SD--ND		$10,730		11.62		14.7
	SD-ND-MT		$9,017		19.54		19.4
	SD-MT		$7,736		19.53		18.2
Southwest	AZ	$20,275	$7,159	5.59	21.85	13.90	25.4
	CA	$22,711	$20,598	6.95	11.14	14.20	10.0
	CO	$24,049	$18,552	4.26	5.04	9.30	3.4
	NV	$21,989	$11,381	6.17	12.35	10.50	12.2
	NM	$17,261	$12,023	7.23	10.13	18.40	10.9
	UT	$18,185	$11,514	4.94	9.19	9.40	8.4
	NV-OR		$6,322		46.81		4.0
	NV-ID		$9,810		21.63		17.1
	NV-UT		$7,887		36.11		12.9
	NV-AZ-CA		$12,776		7.16		11.9
	AZ-CA		$11,750		11.24		10.8
	AZ-NM		$6,976		18.57		21.0
	UT-AZ-NM		$7,269		25.05		20.3
	UT-NM-CO		$8,159		17.29		17.5
Northwest	AK–Reservations	$22,660	$16,176	8.56	20.18	9.40	3.6
	AK–ANVSAs		$18,746		13.25		5.8
	ID	$17,841	$14,472	5.74	11.20	11.80	6.8
	OR	$20,940	$11,821	6.46	14.02	11.60	11.6
	WA	$22,973	$17,014	6.15	10.91	10.60	8.3

Because of these difficulties, we have created a picture of the overlap among qualified counties, QCTs and Indian reservations by identifying counties that lie entirely within a single Indian reservation. In such cases, the county data are unambiguously Indian data as well. Table A.t summarizes the population of 11 counties in five states, which are part of seven Indian reservations. These counties contain a total of 65 census tracts. The results suggest a high degree of redundancy in HUBZone classifications. In addition to being reservation HUBZones:

- Ten of the 11 counties are qualified counties; and
- A majority (57.0 percent) of the census tracts are QCTs.

This sample of counties provides illustrations of the differences between Indian census tract numbering and county census tract numbering. Reservations often have more census tracts than counties. In these cases, the set of census tract numbers in a reservation generally corresponds to the Indian census tract numbers. Different counties, however, often reuse the same sequence of numbers. Thus, in a multi-county reservation, two or more counties may use a census tract number that is found among the Indian census tract numbers for that reservation.

Table A.t
COUNTIES THAT LIE ENTIRELY WITHIN AN INDIAN RESERVATION

State	County	Reservation	County Qualified	Number of Census Tracts		
				Regular		Indian
				Total	Qualified	Total[a]
Arizona	Navajo	Navajo	Yes	23	10	40[b]
Minnesota	Mahnomen	White Earth	Yes	2	1	5[c]
Montana	Big Horn	Crow	Yes	6	3	7[c]
Montana	Roosevelt	Fort Peck Trust Land	Yes	5	3	7[c]
North Dakota	Sioux	Standing Rock	Yes	4	3	9[d]
South Dakota	Corson	Standing Rock	Yes	6	5	
South Dakota	Bennett	Pine Ridge Trust Land	Yes	8	4	11[e]
South Dakota	Shannon	Pine Ridge Trust Land	Yes	6	5	
South Dakota	Todd	Pine Ridge Trust Land	Yes	2	2	
South Dakota	Mellette	Rosebud	Yes	1	1	8[c]
South Dakota	Tripp	Rosebud	No	2	0	

[a] Total of Indian census tracts is for the reservation and may include tracts in other counties.
[b] Seven county census tract numbers match Indian census tract numbers.
[c] All county census tracts match an Indian census tract numbers.
[d] Indian census tract numbers fall into a range 9401-9409. County census tract numbers lie within this range, and all Indian census tract numbers match a county census tract number, but both counties have a tract 9407.
[e] Indian census tract numbers fall into a range 9401-9411. County census tract numbers lie within this range, and all Indian census tract numbers match a county census tract number, but four county numbers have duplicates.

A.e. Difficult Development Areas

A.e.1. Designation of Difficult Development Areas

In 2005 Congress added an entirely new class of HUBZone—as part of the long-range transportation bill (SAFETEA).[219] Difficult development areas (DDAs) are defined in a manner generically similar to qualified census tracts. The DDA is based on an Internal Revenue Service provision for HUD's low income housing tax credit program. The parameters are somewhat different. The two most important differences are that:

- The units designated by DDAs are counties or county equivalents; and
- All the comparisons are with national data, not state data (which makes it is possible for all of the counties in a state to be DDAs).

The most recent notice designating DDAs was published in the *Federal Register* on August 22, 2005—less than two weeks after the legislation making DDAs HUBZones was signed. Under this designation, all of Hawaii and Alaska, most of Puerto Rico, and all of other U.S. territories and possessions qualify as HUBZones.

A.e.2. Characteristics of Difficult Development Areas

Geographic Characteristics. The DDA HUBZone classification is limited in scope, and it excludes the "continental" 48 states (and the District of Columbia). Where the classification applies, however, it has generally made the whole state or territory into a HUBZone. The DDA classification, by state/territory, applies to:

- Alaska where 26 of 27 counties are DDAs;
- Hawaii, where all five counties are DDAs;[220]
- American Samoa, where four of five counties are DDAs;[221]
- Guam, where the entire territory is a DDA;
- Northern Mariana Islands, where all four counties are DDAs;
- Puerto Rico, where 69 of 78 counties are DDAs; [222] and
- The Virgin Islands, where all three counties are DDAs;

Collectively, 108 of 119 counties (or 91 percent) in these areas are now HUBZones.

Table A.u summarizes the impact of the DDA classification on HUBZone status for counties and census tracts in the affected states and territories. It shows:

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[219] Section 3(p)(4)(B)(ii) of the Small Business Act (15 U.S.C. 632(p)(4)(B)(ii)) is amended—
(3) by adding after subclause (II) the following:
(III) there is located a difficult development area, as designated by the Secretary of Housing and Urban Development in accordance with section 42(d)(5)(C)(iii) of the Internal Revenue Code of 1986, within Alaska, Hawaii, or any territory or possession of the United States outside the 48 contiguous States. [Section 10203 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act of 2005]

[220] In Hawaii, American Samoa, Guam, the Northern Marianas, and the Virgin Islands, each major island counts as a county.

[221] The fifth "county," Rose Island, is a very small islet with no population, so that effectively all of American Samoa is a DDA.

[222] The exceptions are found in two clusters toward the western end of the island: Arecibo, Camuy, and Hatillo on the north coast and Guayanilla, Juana Diaz, Penuelas, Ponce, Villalba, and Yauco on the south coast.

- The numbers of counties that are and are not DDAs, together with the qualified county status of the DDAs;[223]
- The numbers of DDAs that are in metropolitan areas; and
- The prior HUBZone (QCT) status of census tracts in counties that became HUBZones under the DDA classification.

Table A.u
DIFFICULT DEVELOPMENT AREAS, BY STATE OR TERRITORY

State/Territory	Counties				Metro DDAs	Census Tracts in New DDA HUBZones		
	DDAs	DDA and Qualified	DDA, Not Qualified	Not DDA		Total	QCTs	New DDA HUBZone
Alaska	26	22	4[a]	1[b]	2	40	1	39
Hawaii	5	3	2[c]	-	1	245	38	207
American Samoa	4	-	4[d]	1[e]	-	20	9	11
Guam	1	-	1[f]	-	-	56	17	39
Northern Mariana Islands	4	-	4[g]	-	-	21	11	10
Puerto Rico	69	22[j]	47[h]	9[i]	59[j]	588	255	333
Virgin Islands	3	-	3[k]	-	-	32	7	25

[a] Counties made HUBZones by the DDA designation are: Fairbanks North Star, Juneau, Matanuska-Susitna, and Sitka.
[b] Anchorage, which is a metropolitan county
[c] Counties made HUBZones by the DDA designation are: Honolulu and Maui.
[d] Counties made HUBZones by the DDA designation are: Eastern, Manu'a, Swain's Island, and Western.
[e] Rose Island, which has a single census tract.
[f] All of Guam was made a HUBZone by the DDA designation.
[g] Counties made HUBZones by the DDA designation are: Northern Islands, Rota, Saipan, and Tinian.
[h] Counties made HUBZones by the DDA designation are: Adjuntas, Aguada, Aguadilla, Aguas Buenas, Aibonito, Anasco, Barceloneta, Barranquitas, Bayamon, Cabo Rojo, Caguas, Canovanas, Carolina, Catano, Cayey, Ceiba, Cidra, Comerio, Corozal, Dorado, Fajardo, Florida, Guaynabo, Gurabo, Hormigueros, Humacao, Juncos, Las Piedras, Loiza, Luquillo, Manati, Mayaguez, Moca, Morovis, Naguabo, Naranjito, Rincon, Rio Grande, Sabana Grande, San Juan, San Lorenzo, Toa Alta, Toa Baja, Trujillo Alto, Vega Alta, Vega Baja, and Yabucoa.
[i] Counties that are not DDAs are Arecibo, Camuy, Guayanilla, Hatillo, Juana Diaz, Penuelas, Ponce, Villalba, and Yauco. All are metropolitan.
[j] Includes 12 counties that were qualified when non-metropolitan, were reclassified as metropolitan in 2003, and remained HUBZones as redesignated areas.
[k] Counties made HUBZones by the DDA designation are: St. Croix, St. John, and St. Thomas.

Population. Table A.v shows the populations of the DDA states, broken down by the DDA status of the areas in which they live. Of the total population in the DDA states, Alaska accounts for 10.4 percent, Hawaii accounts for 20.1 percent; Puerto Rico accounts for 63.1 percent, and the four territories account for 6.5 percent.

Overall, 89.9 percent of the population of the population of these states lives in a HUBZone: 63.2 percent of Alaska's poluation resides in a HUBZone, as does 90 percent of Puerto Rico's population, and 100 percent of Hawaii's and the five smaller territories' populaces.

Net Additions to HUBZones. In every state and territory, at least 80 percent of the counties that did not already qualify as HUBZones became HUBZones under the DDA classification.

[223] All counties that were already qualified counties also have DDA status.

- In Alaska and Hawaii, six of seven non-qualifying counties (87 percent) became HUBZones.
- In Puerto Rico 47 of 56 non-qualifying counties (84 percent) became HUBZones.
- In the smaller territories, 11 of 12 of the island counties (92 percent) became HUBZones, where none had previously qualified.

Table A.v
POPULATIONS IN STATES WITH DDA QUALIFICATION

State	Areas Qualified as a HUBZone					Areas Not Qualified as a HUBZone	State Total
	Difficult Development Areas			Not DDA, Qualified as a QCT	All Qualified		
	Formerly Qualified	Newly Qualified	All DDAs				
Alaska	216,389	150,260	366,649	29,682	246,071	230,601	626,932
Hawaii	323,638	887,899	1,211,537	0	323,638	0	1,211,537
American Samoa	19,093	38,198	57,291	0	19,093	0	57,291
Guam	29,213	125,592	154,805	0	29,213	0	154,805
Northern Mariana Islands	25,019	44,202	69,221	0	25,019	0	69,221
Puerto Rico	1,386,377	1,886,839	3,273,216	153,536	1,539,913	381,858	3,808,610
Virgin Islands	26,337	82,275	108,612	0	26,337	0	108,612
TOTAL	2,026,066	3,215,265	5,241,331	183,218	2,209,284	612,459	6,037,008

Some areas within these new HUBZone counties were already HUBZones by virtue of being QCTs. The extent varied a good deal:

- In the territories, about 40 percent of census tracts in these counties were QCTs, so that the majority of census tracts became new HUBZones.
- In the states, very few census tracts were QCTs, so that almost all of the census tracts in these DDAs were new to the HUBZone status.

The population data also reflect the increase in HUBZone area as a result of the DDA criterion.

- Prior to the DDA provision, 36.6 percent of the overall population lived in a HUBZone.
  - Alaska accounted for 39.3 percent,
  - Hawaii accounted for 26.7 percent;
  - Puerto Rico accounted for 40.4 percent, and
  - The five territories accounted for 26.6 percent.
- Overall, the DDA provision added 53.3 percent of the population to HUBZones.
  - Alaska accounted for 24.0 percent,

- Hawaii accounted for 73.3 percent;
- Puerto Rico accounted for 49.6 percent, and
- The five territories accounted for 74.4 percent.

The DDA classification had a major impact on the HUBZone eligibility of metropolitan areas. In the two states, three of the six counties that became HUBZones are metropolitan counties. In Puerto Rico, all of the counties that became HUBZones are metropolitan counties, due to the fact that all non-metropolitan municipios were already qualifying counties.[224] The DDA classification allowed entire metropolitan areas to become HUBZones—a unique feature of the program.

Inclusion of DDAs in these states and territories has another distinct effect that is different from the rest of the HUBZone program. Overall, the HUBZone program is designed to target federal contracts to economically distressed areas. The DDA designation, however, serves more specifically to preserve federal contracting business that originates in the states and territories[225] for local suppliers.

In a sense, the DDA criterion—in its limited application—tends to marginalize the HUBZone program, rather than strengthen it. The requirements that a HUBZone business be located in a HUBZone, and that a substantial share of its employees live in a HUBZone, are the features of the program that distinguish it from small business set-asides. Documenting compliance with these requirements is the principal burden of becoming a HUBZone business. Yet (except for one county in Alaska and nine in Puerto Rico), entire states are HUBZones. Any small business in that state qualifies as a HUBZone business. The distinctive benefits and costs of the program melt away—as does the purpose of the program. As W. S. Gilbert put it, "When everybody is somebody, then no one's anybody."[226]

Economic Characteristics. Table A.w summarizes economic data for the DDA states. Some sharp distinctions appear:

- Large income differences exist at the state level:
  - Alaska and Hawaii have the highest income levels,
  - The Virgin Islands and Guam are next, by a large margin,
  - The Northern Mariana Islands and Puerto Rico, lag farther behind, and
  - American Samoa has the lowest income by a wide margin.
- DDAs perform roughly the same as the state as a whole.[227]
  - In Alaska, mean income is slightly lower, and the unemployment rate and poverty rate are slightly higher, in the DDAs than the state as a whole.
  - In Puerto Rico the reverse is true.
- Qualifying counties (where they exist) perform consistently worse than DDAs (lower mean income, higher unemployment rates, and higher poverty rates).

[224] Moreover, 12 of the 22 Puerto Rican qualifying counties had subsequently been reclassified as metropolitan, and they continued to hold HUBZone status as redesignated areas.

[225] Apologies for this designation are proffered to Alaska, which nevertheless is insular with respect to this characteristic.

[226] *Gondoliers*, Act II.

[227] In Hawaii, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands, they are identical.

- Qualified census tracts perform consistently worse than both qualifying counties and DDAs.

In terms of the goal of targeting low-income and high-unemployment areas, the DDA provision has diluted the focus of the HUBZone program within each state. On an interstate basis, however, the expansion of HUBZones in the territories has enhanced the targeting.

Table A.w
ECONOMIC CHARACTERISTICS OF DDA STATES

State	Area	Mean Income	Unemployment Rate (percent)	Poverty Rate (percent)
Alaska	State	$22,660	8.56	9.4
	DDAs	$20,795	10.28	10.9
	Non-DDA/Non-QCT	$26,635	5.96	6.5
	QCTs	$12,472	14.24	20.5
	Qualified Counties	$19,237	12.74	13.1
	Metropolitan Areas	$23,902	7.16	8.0
Hawaii	State	$21,525	5.86	10.7
	DDAs	$21,525	5.86	10.7
	QCTs	$14,143	10.12	22.4
	Qualified Counties	$19,213	7.17	14.2
	Metropolitan Areas	$18,791	7.93	15.7
American Samoa	Territory	$4,357	5.15	28.7
	DDAs	$4,357	5.15	28.7
	QCTs	$3,773	5.79	34.0
Guam	Territory	$12,721	10.74	12.9
	DDAs	$12,721	10.74	12.9
	QCTs	$10,786	13.89	17.1
Northern Mariana Islands	Territory	$9,151	3.85	18.6
	DDAs	$9,151	3.85	18.6
	QCTs	$7,979	4.76	18.8
Puerto Rico	Territory	$8,185	19.11	48.2
	DDAs	$8,431	18.31	47.3
	QCTs	$5,592	26.29	62.2
	Qualified Counties	$5,902	26.79	59.3
	Non-DDA/Non-QCT	$7,329	22.12	49.5
	Metropolitan Areas	$8,318	18.70	47.6
Virgin Islands	Territory	$13,139	8.56	20.2
	DDAs	$13,139	8.56	20.2
	QCTs	$7,872	15.94	34.2

A.f. Base Realignment and Closure Act (BRAC)

A.f.1. Designation of BRAC Bases

Congress has appointed a commission to make recommendations on military base closures. The ground rules allow only an up-or-down vote on the entire set of recommendations. BRAC rounds have occurred in 1988, 1991, 1993, 1995, and 2005.

Closure of a military base generally has a serious economic impact on the surrounding community, resulting in economically depressed conditions. Yet the base itself represents a substantial asset for economic development. The actual reuse of the land depends both on its attributes and on local planning. Industrial or commercial development, however, is certainly among the possibilities.

Congress sought to assist the redevelopment of communities around former military bases by adding BRAC bases as another class of HUBZones.[228] A BRAC base qualifies as a HUBZone for five years, beginning:

- On the effective date of the law, if the base was already closed at that time, or
- On the date of formal closure, if it was operating at that time.

This legislation was signed on December 8, 2004. This type of HUBZone is likely to be most useful for bases closed under the 2005 BRAC round, since the HUBZone status can be factored into the planning for the facility's use. The most common projected date for closure of bases under the 2005 BRAC round is 2011.

A.f.2. Characterization of BRAC Bases

Disposal of BRAC Base Property. Closure of a military base makes the land eligible to be a HUBZone, but that does not mean that the land will effectively be a HUBZone. There are many potential uses that are incompatible with private enterprise, and most of them take

[228] (a) Treatment of Certain Areas as HUBZones-
(1) BASE CLOSURE AREAS- Section 3(p)(1) of the Small Business Act (15 U.S.C. 632(p)(1)) is amended—
(A) in subparagraph (C), by striking 'or' at the end;
(B) in subparagraph (D), by striking the period at the end and inserting '; or'; and
(C) by adding at the end the following: '(E) base closure areas.'.
(2) HUBZONE STATUS TIME LINE AND COMMENCEMENT- A base closure area that has undergone final closure shall be treated as a HUBZone for purposes of the Small Business Act for a period of 5 years.
(3) DEFINITION- Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4)) is amended by adding at the end the following:
" '(D) BASE CLOSURE AREA- The term 'base closure area' means lands within the external boundaries of a military installation that were closed through a privatization process under the authority of—
'(i) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of division B of Public Law 101-510; 10 U.S.C. 2687 note);
'(ii) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526; 10 U.S.C. 2687 note);
'(iii) section 2687 of title 10, United States Code; or
'(iv) any other provision of law authorizing or directing the Secretary of Defense or the Secretary of a military department to dispose of real property at the military installation for purposes relating to base closures of redevelopment, while retaining the authority to enter into a leaseback of all or a portion of the property for military use.' "[Section 152(a) of the Consolidated Appropriations Act, 2005]

precedence over business development. The process is governed by a number of statutes,[229] and it involves several distinct stages.

A BRAC recommendation constitutes a determination that a base is no longer required by the branch of service (Department of the Army, Department of the Navy, or Department of the Air Force) to carry out its specific mission. The base is thus "excess" property. Excess property is first offered to other parts of the Department of Defense, including:

- Other elements of the military department whose base it was, including active service units performing other missions, reserve units of that branch of service, and National Guard units under that branch of service;
- Other branches of service; and
- Other elements of the Department of Defense, such as the Defense Finance and Accounting Service, and Defense Logistics Agency.

Property that is not claimed by other parts of the Department of Defense is then offered to other federal agencies to satisfy their requirements.[230] Property that no federal agency requires is then declared "surplus" property and is subject to conveyance for other uses.

Conveyance of surplus federal property in general is handled by the sponsoring agency (in this case, the military department that operated the base).[231] In the case of BRAC lands, a local redevelopment agency (LRA) may also be involved. LRAs are generally composed of members from impacted communities. They are generally set up by state or local governments, to which the relationship may vary among LRAs. Where they exist, LRAs typically take the lead in planning for future reuse of BRAC property.

After BRAC land has been declared surplus, state and local governments, as well as non-profit agencies, submit applications for land under public benefit conveyances (PBCs). The LRA determines how much of the BRAC land is to be conveyed under PBCs, and approves

[229] These include the following:
Defense Authorization Amedments and Base Closure and Realignment Act of 1988;
Defense Base Closure and Realignment Act of 1990;
Title XXIX, NationalDefense Authorization Act for Fiscal Year 1994;
Federal Property and Administrative Services Act of 1949;
National Environmental Policy Act of 1969;
Comprehensive Environmental Response, Compensation, and Liability Act of 1980;
Stewart B. McKinney Homeless Assistance Act of 1987; and
Base Closure Community Redevelopment and Homeless Assistance Act of 1994.

[230] Agencies that took 1993 BRAC Base lands for their own use include the following:
Department of Agriculture;
Department of Commerce (National Weather Service and National Oceanic and Atmospheric Administration);
Department of the Interior (Fish and Wildlife Service and National Park Service);
Department of Justice (Bureau of Prisons and Border Patrol);
Department of Labor (Employment and Training Administration);
Department of State;
Department of Transportation (Federal Aviation Administration and Coast Guard);
Department of the Treasury (Customs Bureau);
Department of Veterans Affairs; and
General Services Administration.

[231] Conveyance authority resides with the General Services Administration, which (for the BRAC process) has designated it to DOD, which has subsequently designated it to the Departments of the Army, Navy, and Air Force.

applications and integrates them into the redevelopment plan, which is reviewed by the military department. BRAC lands are conveyed under two mechanisms:

- Public benefit conveyances are used (under various statutes) when the land will be used by the state, local, or non-profit agency for education, public health, parks and recreation, historic monuments, wildlife conservation, public airports, correctional facilities, homeless facilities and programs,[232] port facilities, self-help housing, law enforcement, and emergency management response.
- Economic development conveyances are used to convey land to local redevelopment authorities (in some cases the same LRA that produced the redevelopment plan) for purposes of economic development and job creation. This mechanism requires a showing that these purposes cannot be accomplished under land sales or PBCs.

Once public benefit and economic development conveyances have been determined, the remaining surplus land is sold in one of two processes:

- Sale to state or local governments at negotiated prices; and then
- Public sale at competitive prices.

Disposition of excess base property is not a quick process. Moreover, there are factors that delay the normal planning and disposition process. The GAO cites three factors in particular:

- **Disagreements over Reuse Plans.** These disagreements can occur at several levels, including: disputes among local jurisdictions over which should have reuse authority; the general scope of development (e.g., how large should an airport be), and competing claimants for land use (e.g., homeless providers and Indians).
- **Changing Laws and Regulations.** Legislation passed in 1993 (with implementing regulations finalized in 1995) changed the procedures, so that some communities stopped until the new rules became effective.
- **Environmental Cleanup.** Closed bases are often extensively contaminated by toxic substances or unexploded ordnance. Cleanup generally must be completed before the property can be transferred.[233] To give a sense of the extent of the problem, the GAO found (in 1995) that 29 percent of the land of bases in the 1988 and 1991 BRAC Rounds "is contaminated with unexploded ordnance and will be retained by the federal government because the cost of cleanup and environmental damage that would be caused by cleanup are excessive."[234]

In a number of instances, lands have been put into (or kept in) productive use by interim leases, pending the ultimate disposition of the land. Nevertheless, the implication of the long delays in making land available for development is that the statutory time-frame of five years (from actual closure) is significantly more restrictive than it may seem to be. Where they do exist, interim leases do not appear to be a very effective way of creating HUBZone businesses prior to final disposition of the land.

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[232] Under the McKinney Act, services to the homeless take precedence over all other public benefit uses.

[233] U.S. General Accounting Office, *Military Bases: Reuse Plans for Selected Based Closed in 1998 and 1991*, GAO/NSIAD Report 95-3, November, 1994, pp. 14-18.

[234] U.S. General Accounting Office, *Military Bases:Case Studies on Selected Bases Closed in 1988 and 1991*, GAO/NSIAD Report 95-139, August 1995, p. 6.

Geographic and Temporal Characteristics of BRAC Closures. Table A.x summarizes the base closures by round and state. Nearly 120 bases have been slated for closure.[235]

Table A.x
BRAC BASE CLOSURES, BY BRAC ROUND AND STATE

State or Territory	Base Realignment and Closure Round					TOTAL
	1988	1991	1993	1995	2005	
Alabama			1	1		2
Alaska				1	1	2
Arizona		1				1
Arkansas		1		1		2
California	4	8	7	5	2	26
Colorado		1		1		2
Florida			4			4
Georgia					3	3
Hawaii			1			1
Illinois	2		2	1		5
Indiana	1	2		1	1	5
Kansas					1	1
Kentucky	1			1		2
Louisiana	1	1				2
Maine		1			1	2
Maryland			1	3		4
Massachusetts	1	1		1		3
Michigan		1	1		1	3
Mississippi					2	2
Missouri		1				1
New Hampshire	1					1
New Jersey				1	1	2
New York	1		2	2		5
Ohio		1	2			3
Oregon					1	1
Pennsylvania	1	2	1	2		6
South Carolina		1	2			3
Tennessee				1		1
Texas	1	3	1	2	3	10
Utah	1			1	1	3
Virginia	1		2	1	1	5
Washington		1				1
Wisconsin					1	1
Guam			1	1		2
TOTAL	16	26	28	27	20	117

In general, the most numerous base closings have occurred in states with very large economies. The largest number occurred in California (26) and Texas (10). They are followed by Pennsylvania (6); Illinois, Indiana, New York, and Virginia (5 each); Florida and Maryland (4

[235] There is a bit of ambiguity about the exact number. Among the factors that contribute to this are base closings that appear to be reported twice because a different branch of service shut down its operations at the same facility, and a case or two of a base receiving a conditional reprieve, which may (or may not) turn out to be realized.

each); and Georgia, Massachusetts, Michigan, Ohio, South Carolina, and Utah (3 each). The largest impacts in one round occurred in California (8, 7, 5, and 4 closures), Florida (4 closures), Texas (3 closures—twice), and Maryland (3 closures).

Characteristics of BRAC Bases. Table A.y summarizes the types of bases that were closed, as well as the branch of service.

Table A.y
PREVIOUS PRINCIPAL FUNCTIONS OF BRAC BASES

Functional Characteristics	Army	Air Force	Navy	D.L.A.	Total
Administration/Housing	8		2		10
Air Force Base		26			26
Air Station		7	16		23
Ammunition Plant	4				4
Hospital	1		3		4
Munitions/Chemical Depot	5			1	6
Port Facility	2		5		7
Shipyard			6		6
Supply/Maintenance Depot	2		4	2	8
Technology/Engineering	4		6		10
Testing/Disposal	3				3
Training Center	6		4		10
TOTAL	35	33	46	3	117

The type of use, or some other characteristic, often has major implications for the type of re-use that is likely to occur.

- **Air Fields.** These bases provide a great deal of land for general use, but also infrastructure with an obvious use. They generally fall into two categories:
  - **Air Force Bases,** which are designed for large aircraft (typically Strategic Air Command bombers) and are sometimes located in remote areas, because they were closer to strategic Cold-War targets.
  - **Air Stations,** which were more general-purpose air fields, often located near metropolitan areas.
- **Maritime Facilities.** These bases, which include port facilities and shipyards, have highly specialized infrastructure and location on deep water. The majority of these are Navy homeports.
- **Technology/Engineering Facilities.** These bases include research facilities, labs, and intelligence facilities. Some are being privatized—i.e., their original functions are still being carried out by private contractors.
- **Superfund Sites.** Many bases pose major environmental clean-up problems. Such sites may be semi-permanently abandoned—or (more formally) converted to such uses as wildlife sanctuaries. Most of these bases date from World War II or the early Cold War, when neither EPA nor OSHA had been conceived of and the understanding of the hazards of the materials was remarkably unsophisticated. Although environmental problems exist on many bases, three categories are almost certain to pose major re-use difficulties:
  - **Amunition Plants,** where hazardous materials were used to produce ordnance,

- **Munitions/Chemical Depots,** were hazardous and toxic materials were stored—and often spilled, and
- **Testing/Disposal Facilities,** where weapons and hazardous/toxic materials were tested and disposed of, and where unexploded ordnance often remains.

- **Supply/Maintenance Depots.** These bases (assuming a lack of contamination) tend to have extensive storage and distribution facilities.
- **Medical Facilities.** These bases also have specialized infrastructure, although some of it is far from state-of-the-art.
- **Administration and Housing.** The military is a huge bureaucracy with a large labor force that lives on base. Many bases offer housing and office/light industry facilities. This is something of a "miscellaneous" category for Army forts and Naval stations.

Economic Characteristics. It is almost meaningless to try to characterize the economy of an active military base. Indeed, one of the paradoxes of the BRAC HUBZones is that the HUBZone is the base, but the relevant economic characteristics are those of the community that surrounds the base—but is not on it. Table A.z summarizes the metropolitan and HUBZone qualification of the counties in which the BRAC bases are located. Table A.aa provides economic indicators for these counties in each state, with state data as a comparison.

Table A.z
METROPOLITAN AND HUBZONE CHARACTERISTICS OF COUNTIES WITH BRAC CLOSURES

Number of Bases Closed in a County	Number of Counties With the Number of Closed Bases				
	Metropolitan Counties		Non-Metropolitan Counties		Total Counties
	Non-Qualifying	Qualifying Before 2003	Non-Qualifying	Qualifying	
1	62	1	6	8	77
2	10		1		11
3	3				3
4	1				1
5	1				1
TOTAL	77	1	7	8	93

The 117 BRAC base closings occurred (or will occur) in 93 counties. In most (82.8 percent) of these counties, there is only one base closure. There are more than two closures in only 5 counties (5.4 percent).[236] Most (85.5 percent) of the BRAC closures are occurring in metropolitan non-qualifying counties. Only 7.7 percent of the BRAC closures are in qualifying counties[237] (and only one of these is metropolitan).

The averages of counties in which BRAC closings occur compare fairly well with the states' averages:

- Mean income is higher than the state average for metropolitan counties in 80.0 percent of the states and for non-metropolitan counties in 75.0 percent of the states.

[236] These are Alameda County, CA (5), Philadelphia County, PA (4), Sacramento County, CA (3), San Bernadino County, CA (3), and San Francisco County, CA (3).

[237] These are Aleutians West Census Area, AK; Mississippi County, AR; Carroll County, IL; Miami County, IN; Labette County, KS; Iosco County, MI; Marquette County MI; Umatilla County, OR; and Tooele County, UT

- The unemployment rate is lower than the state average for metropolitan counties in 53.3 percent of the states and for non-metropolitan counties in 41.7 percent of the states.
- The poverty rate is lower than the state average for metropolitan counties in 50.0 percent of the states and for non-metropolitan counties in 41.7 percent of the states.

For all BRAC rounds except 2005, these data reflect the economic conditions in the BRAC counties after the bases closed.

Table A.aa
INCOME, UNEMPLOYMENT & POVERTY FOR COUNTIES WITH BRAC CLOSINGS

State or Territory	Per Capita Income			Unemployment Rate (percent)			Poverty Rate (percent)		
	State	Metro	Non-Metro	State	Metro	Non-Metro	State	Metro	Non-Metro
Alabama	$18,189	$17,219	N.A.	6.16	7.33	N.A.	16.1	18.0	N.A.
Alaska	$22,660	$25,287	$24,037	8.56	6.36	12.49	9.4	7.3	11.9
Arizona	$20,275	$22,251	N.A.	5.59	4.72	N.A.	13.9	11.7	N.A.
Arkansas	$16,904	$18,424	$13,978	6.06	4.68	8.76	15.8	13.6	23.0
California	$22,711	$23,252	N.A.	6.95	6.61	N.A.	14.2	14.1	N.A.
Colorado	$24,049	$24,101	N.A.	4.26	5.67	N.A.	9.3	14.3	N.A.
Florida	$21,557	$19,437	N.A.	5.52	6.90	N.A.	12.5	15.4	N.A.
Georgia	$21,154	$29,422	N.A.	5.40	7.43	N.A.	13.0	13.2	N.A.
Hawaii	$21,525	N.A.	$21,998	5.86	N.A.	5.70	10.7	N.A.	9.9
Illinois	$23,104	$23,666	$18,688	6.03	7.30	6.86	10.7	13.1	9.6
Indiana	$20,397	$21,758	$17,579	4.89	5.37	4.61	9.5	11.4	8.7
Kansas	$20,506	N.A.	$15,525	4.20	N.A.	3.56	9.9	N.A.	12.7
Kentucky	$18,093	$22,559	N.A.	5.68	5.13	N.A.	15.8	12.5	N.A.
Louisiana	$16,912	$17,049	N.A.	7.25	6.97	N.A.	19.6	17.5	N.A.
Maine	$19,533	$22,484	$22,662	4.73	4.02	4.29	10.9	8.8	7.2
Maryland	$25,614	$31,650	N.A.	4.65	3.11	N.A.	8.5	5.7	N.A.
Massachusetts	$25,952	$29,338	$17,786	4.55	3.58	6.87	9.3	6.8	11.4
Michigan	$19,360	$24,446	N.A.	5.64	4.14	N.A.	10.1	5.6	N.A.
Mississippi	$15,853	$17,763	N.A.	7.31	6.53	N.A.	19.9	13.2	N.A.
Missouri	$19,936	$20,788	N.A.	5.27	5.65	N.A.	11.7	11.9	N.A.
New Hampshire	$23,844	$26,656	N.A.	3.77	2.69	N.A.	6.5	4.5	N.A.
New Jersey	$27,006	$26,177	N.A.	5.78	6.56	N.A.	8.5	10.9	N.A.
New York	$23,389	$22,356	$17,853	7.08	7.77	6.17	14.6	17.3	13.2
Ohio	$21,003	$22,441	N.A.	4.96	4.49	N.A.	10.6	11.2	N.A.
Oregon	$20,940	N.A.	$16,410	6.46	N.A.	7.53	11.6	N.A.	12.7
Pennsylvania	$20,880	$17,528	N.A.	5.66	9.96	N.A.	11.0	21.0	N.A.
South Carolina	$18,795	$21,045	N.A.	5.75	5.50	N.A.	14.1	15.4	N.A.
Tennessee	$19,393	$20,856	N.A.	5.44	6.80	N.A.	13.5	16.0	N.A.
Texas	$19,617	$22,021	$10,625	6.00	5.15	7.95	15.4	13.5	24.0
Utah	$18,185	$19,715	N.A.	4.94	4.82	N.A.	9.4	8.2	N.A.
Virginia	$23,975	$23,680	N.A.	4.09	5.28	N.A.	9.6	13.3	N.A.
Washington	$22,973	$29,521	N.A.	6.15	4.47	N.A.	10.6	8.4	N.A.
Wisconsin	$21,271	$19,939	N.A.	4.68	6.89	N.A.	8.7	15.3	N.A.
Guam	$12,721	N.A.	$12,722	10.74	N.A.	10.74	12.9	N.A.	12.9

Appendix B. Data Sources

The study used a number of sources of data on HUBZones, HUBZone businesses, and HUBZone vendors, including the following:

- HUBZone application data were the primary source for HUBZone businesses.
- Central Contractor Registration (CCR) data were a secondary source for HUBZone businesses.
- Federal Procurement Data System Next Generation (FPDS-NG) data were the primary source for HUBZone vendors and HUBZone contracts.[238]
- On-Line HUBZone business data were available through the HUBZone web site, but were not in usable form.
- HUBZone Mapping System Data contained—in geo-coded form—information on HUBZones and a search capability to locate addresses.
- Census 2000 data were the source for demographic and socioeconomic data.

One of the principal purposes of this appendix is to assess issues with the HUBZone data.

B.a. Overview of Data Sources

B.a.1. HUBZone Application Data

Creation of the Data. In the process of applying for HUBZone certification, businesses fill out a form that includes information about the business and its location. The HUBZone program staff make a determination about eligibility based on the location (in a HUBZone), size (small), and other required characteristics. When this determination is made, information about the certification is added, and the application becomes a record in a database of HUBZone businesses. These data are also the basis for the listings of HUBZone Certification in the Central Contractor Registration (CCR). The database of certified HUBZone businesses is managed for the HUBZone program by a contractor. As a practical matter, HUBZone staff do not have direct access to the data.

Obtaining the Data. This step was the most challenging part of the project. In the ninth month of the study, we received a sample dump of data records. These data records lacked DUNS numbers, although DUNS numbers were part of the application data. This variable (or an equivalent) was needed to link HUBZone business data with HUBZone procurement data. It appeared that confidentiality was the issue, although the DUNS number is readily accessible on every record in the CCR.[239]

Early in the twelfth month of this one-year study, we received data on HUBZone businesses. The HUBZone application data received from SBA consist of 13,833 records. Variables provided include:

- DUNS numbers;
- Business location (state, county, census tract, and ZIP code);

[238] FPDS-NG (FPDS, thereafter) data for contract actions in FY 2008 were not used.

[239] We could easily have obtained the DUNS number from the CCR if we had had a variable to link the application records with the CCR records. The DUNS number would have served this purpose quite effectively.

- Basis for certification (qualified county, qualified census tract, or reservation);
- Type of business organization and non-profit status;
- Ownership certifications (ANC, CDC, Indian, joint venture);
- Measures of size (FTE employment and sales);
- Dates the business was started and was first certified as a HUBZone business; and
- Industry (NAICS codes and a verbal description of the business).

B.a.2. Central Contractor Registration Data

CCR data are the principal resource for contracting officers to identify small businesses and businesses covered by specific programs, such as the HUBZone program. SBA's former data system on small businesses, PRO Net, was initially a voluntary system that small businesses could register on and list their capabilities but had evolved into a more comprehensive listing. PRO Net was merged into the CCR over a period of about two years (2004-2005), as part of an effort to make the information that was available to contracting officers more accessible, complete, and reliable. Among other adaptations, HUBZone and 8(a) status—both of which are SBA-certified, not self-certified—were added to the CCR during this process. SBA also developed a dynamic small business search tool to facilitate searches.

CCR data include extensive information about small businesses.[240] They are lacking several important variables found in the applications data. These include census tract numbers,

[240] These are grouped as:

- Identification Data, including:
  - Name and Trade Name of Firm (individually or as one field)
  - Address and City, State, ZIP
  - County Code
  - Metro Statistical Area
  - Phone Number
  - E-mail Address
  - Contact
  - Main/Branch
  - CAGE Code
  - DUNS Number
  - Year Established
- Organization/Ownership/Certification Data, including:
  - 8(a) Case Number, Entrance Date and/or Exit Date
  - HUBZone Certification Date and/or Exit Date
  - Legal Structure
  - Minority
  - SDB Entrance Date and/or Exit Date
  - Veteran
  - Service Disabled Veteran
  - Women-Owned Business (WOB)
- Products & Services Data, including:
  - Bonding Levels
  - Capabilities Narrative
  - Keywords
  - Special Equipment/Materials
- "One-to-Many" Data, including:
  - Business Type
  - DBE States
  - Export Business Activities
  - NAICS, including All (for which firm is small); Buy Green and Small; and Primary and Small

basis for certification as a HUBZone business, and indicators of size (employment and sales). Many of the records do not have a primary NAICS code—one of the application's data variables.

The data can be searched by most of the variables in the database. The HUBZone Certification status contains information lacking in the applications data. The user can specify:

- Active certifications only;
- Active certifications and previously certified; or
- Previously certified only.

CCR data can be accessed through the SBA Dynamic Small Business Search feature of the CCR web site or through the Contracting Officer's HUBZone Gateway in the HUBZone web site. This latter route conveniently reduces the HUBZone Certification options to "REQUIRED" but gives no information on whether the resulting search includes Previously Certified or not.

The CCR database is designed for identifying businesses with certain combinations of characteristics. It is quite cumbersome to download as a database, since the search is limited to 1,500 (or, for some variables, 1,000) records (which, in practice, means a much smaller number, as there is no way of knowing how many records a given search will produce, and thus whether it will run).

B.a.3. Federal Procurement Data System Data

Federal Procurement Data System records include nearly 150 variables about all aspects of a procurement.[241] Three of these variables are directly related to the HUBZone program.

- A socioeconomic variable: "Vendor is a HUBZone Business," coded "Yes" or "No;"
- A "Set-aside" variable, which may be coded "HUBZone set-aside" (for limited competition), "8(a) set-aside with HUBZone preference;" or "HUBZone sole source."
- A preferential pricing variable, which may be coded "HUBZone price evaluation," or "Combined HUB/SDB Preference."

[241] The data are grouped by topic:

- Dollar values of award (3 variables);
- Contract actions in a record (1 variable);
- Department and Agency information (7 variables);
- Contract identification (8 variables);
- Contract dates (5 variables);
- Funding source (4 variables);
- Contract marketing data (9 variables);
- Contract information (19 variables);
- Legislative mandates (6 variables);
- Product/Service information (12 variables);
- Principal place of performance (6 variables);
- Product origin (2 variables);
- Competition information (15 variables);
- Transaction information (6 variables);
- Vendor information (12 variables);
- Vendor socioeconomic data (24 variables); and
- Business size selection (3 variables).

We used the first of these variables to identify HUBZone businesses and all three to define a HUBZone contract.[242]

The FPDS data can be searched by almost every variable. Downloading is tedious. Each record concerns only a contract action (of which there may be many in one procurement), and each pass at the data is limited to 5,000 records. Some months (particularly recent Septembers) required as many as four or five passes at the data.

B.a.4. On-Line HUBZone Business Data

The HUBZone web site has its own search capability, entitled Certified HUBZone Concerns. This eventually produces business profiles that are quite similar to the CCR profiles. The search process, however, is set up in a way that reduces its usefulness;

- Clicking on Certified HUBZone Concerns produces a page which gives the following choices:
  - Select a state or multiple (up to five) states,
  - Select Advanced Search, which adds the following options: SBA customer ID, HUBZone application number, and firm name contains or sounds like:
- Selecting a state brings up a page with a hyper-link for each letter of the alphabet (and occasionally a number) that starts the name of a HUBZone business in that state and the instruction:
  - "Click alphabetical hyperlink to view HUBZone Certified Concerns with that alphabet."
- Selecting a letter brings up a list of HUBZone concerns whose name starts with that letter, and provides the following information:
  - Concern name,
  - Address,
  - Contact,
  - Phone, and
  - Effective certification date.
- The user is invited to "Click [on the concern name] to View Profile"
- The profile provides a great deal of information—on one HUBZone business. By scrolling down about three screens one can get to the "Products and Services" section. This is the first information the searcher encounters on what the firm actually does.

This process could easily frustrate potential HUBZone contractors. The search tool is not user-friendly.

B.a.5. HUBZone Mapping System Data

The HUBZone program has geo-coded data on HUBZones and has put them into a mapping system. Each class of HUBZone is color coded—although qualified counties, qualified census tracts, and DDAs are all in the same shade of green. The system has lists of qualified counties and census tracts that include hyperlinks to locate the HUBZone. The user may also

[242] See Appendix D for further discussion of the definitions.

search for a specific county (which brings up a map of the general area) or a specific address (which pinpoints the location—unless it cannot find it at all).

The system is very effective in answering the question "Are you in a HUBZone?" (which is the caption on the link to the system). For QCTs whose identity and boundaries changed in 2003, geo-coding seems to be the only practical way to store and make available the old boundaries. The mapping system appears to be the *only* way that the HUBZone program stores any information on any HUBZone, however, and it does not provide access to the data themselves. We had to use non-SBA sources to identify HUBZones—or else copy the lists of hyperlinks off of the web pages.

B.a.6. Census 2000 Data

These data are wonderfully detailed. The data are disaggregated to (and beyond) the census tract level, and data are available for all but the smallest Indian reservations and Alaska Native Village Statistical Areas as well. This source provided data on populations, labor force, unemployment, and income (in several measures).

The data have the disadvantage of being old, although this is less of a problem given the grandfathering of HUBZones. This is the only source of census tract data, which are necessary for analysis of QCTs. Having a common date also makes the data and results comparable.

Census data are easily accessible on line or on a CD. Their massive volume, however, makes accessing census tract data tedious. Census Bureau staff provided additional direct assistance on understanding the structure of census tracts, census tract changes and initial qualification dates for HUBZones.

B.b. Issues with Specific Hubzone Applications Data Variables

B.b.1. DUNS Number

A DUNS number is required as part of the HUBZone business application. A total of 13,073 records (94.5 percent) have a unique DUNS number. The other records had anomalies:

- A total of 670 records shared DUNS numbers with other records:
  - 306 DUNS numbers are found on 2 records.
  - 15 DUNS numbers are found on 3 records,
  - 2 DUNS numbers are found on 4 records, and
  - 1 DUNS number is found on 5 records.
- A total of 96 records (0.7 percent) have no DUNS number.

To try to understand the duplicate DUNS numbers the 18 DUNS numbers that appeared three or more times—representing 58 records— were examined as follows:

- The name and address was obtained from the CCR by matching DUNS numbers.
- The businesses web site was checked (three had one) or a Google search was conducted to identify potential branches.

- Addresses were checked against the HUBZone map[243] and the CCR listing to determine whether they were in a HUBZone.
- All records for each DUNS number were extracted and examined.

The first business (found through its web site) was remarkable. It has a head office and 19 branch offices. Of these, the head office[244] and six branches are in a HUBZone. One of the branch offices (which is not in a HUBZone), rather than the head office, is listed on the CCR when the DUNS number is input. As it happens, the CCR does not list this business as a HUBZone business. Comparing the three records from the application data, which have the DUNS number, shows that none of the three ZIP codes matches any of the 20 ZIP codes of the head office and its branches.

For the group as a whole, the following was found:

- Most, but not all of the businesses were HUBZone businesses. In particular:
  - All of the businesses with triplicated DUNS numbers—except the one described above—are listed as HUBZone businesses in the CCR, and all of the offices identified are located in a HUBZone.
  - Both businesses whose DUNS numbers appeared four times were listed as a HUBZone businesses in the CCR, but their offices are not in HUBZones according to the SBA HUBZone map.
  - The business whose DUNS number appeared five times is not in a HUBZone, according the SBA HUBZone map, nor is it listed as such in the CCR.
- In matching ZIP codes from the CCR and the application data, two results occurred:
  - For 11 of the 15 businesses with triplicated DUNS numbers, one of the three application ZIP codes matched the CCR ZIP code, and the other two were not even in the same state.
  - For the other seven DUNS numbers, none of the application ZIP codes matched the CCR ZIP code.
  - Of the 47 records with ZIP codes that did not match a CCR record, 43 had a certification date of September 5, 2007. Of the 11 records that did have matching ZIP codes, none had that certification date, although nine were earlier in 2007.

B.b.2. State Identifiers

The application database that we received used postal codes for the states. The rest of the data use FIPS codes, so that these had to be added for further analysis.[245] No state codes were missing, but it became clear that some state codes were simply wrong. ZIP codes were checked, but the final test was to use the DUNS number to look up the business address in the CCR. A few records had a ZIP code that fit the state, but neither the state code nor the ZIP code matched the census tract or the CCR address.

[243] One business could not be checked because a post office box was listed in the CCR as its "Physical Location."

[244] The SBA map could not locate the address and provided a ZIP code map. The street was found through MapQuest.

[245] Among other minor inconveniences, state FIPS codes are assigned so that the order is consistent with alphabetical order of the state names, while postal codes alphabetize in a somewhat different order.

B.b.3. County Codes

The most striking feature of the county codes was that they were missing for 10,318 records (74.6 percent). Missing values were filled in from the census tract number where possible, by taking the county code of other businesses in the same ZIP code, or by looking up the address in the CCR and plotting it on MapQuest.

Missing county FIPS codes in the applications database do not appear to be related in any systematic way to the type of HUBZone. Of the 3,515 records with county codes, 1,796 (51.1 percent) are in qualified counties, and 1,719 (48.9 percent) are not—and are thus presumably in QCTs (or possibly DDAs or Indian reservations).

After county codes had been added from census tract data, 43 records had incorrect county codes—codes that do not exist for the state. This number is biased downward, since the most obvious incorrect codes had been removed through previous editing.[246]

B.b.4. Census Tract Codes

Census tract codes are critical for determination of whether a business is in a metropolitan HUBZone. The full census tract number has 11 digits that include the state FIPS code (2 digits), the county FIPS code (3 digits), and a 6-digit tract code. In the HUBZone application data:

- 1,030 records (7.45 percent) have no census tract number (0 or blank);[247]
- 14 records (0.10 percent) have a four- or five-digit number;[248]
- 2,463 records (17.8 percent) have 9-digit codes;[249] and
- 10,326 records (74.6 percent) have 11-digit codes.

This use of two incompatible formats for the same variable posed some difficulties.

Census tract numbers are not needed when a business is in a qualified county, DDA, or Indian reservation. This is a possible explanation for the missing census tract codes. A majority (57.9 percent) of the records with both missing census tract codes and any designation of the

[246] These errors took two forms:

- Some county codes had values higher than all county codes for that state, and
- Some county codes were even numbers, whereas most county codes are odd numbered, so as to leave room for the occasional additional county without disrupting the alphabetical order of the codes.

Some errors are easier to spot than others. Examples of the easy ones include:

- The District of Columbia is its own county, so that any code greater than 001 is incorrect.
- Codes greater than 500 are incorrect, except for three Texas counties and cities in a handful of states.

[247] Only one HUBZone business in the Virgin Islands has a census tract code, and that code is for a census tract in Puerto Rico.

[248] Eight of these have a 4-digit number that appears to be the shortened 4-digit version of the tract code. Six have a 5-digit number that appears intended to be the combined state and county FIPS codes—except that the county code or both state and county codes are wrong in four of the six cases.

[249] Census tract codes used to have four digits, and many of the current six-digit codes have two zeros at the end. These codes are sometimes written in an alternate form, with four digits to the left of a decimal point and two digits to the right of the decimal point. Presumably these 9-digit records were this decimal version with zero values to the right of the decimal point dropped off because they were zeros. There appear to have been some cases, however, in which the first two digits (the state FIPS code) were dropped.

basis for qualification as a HUBZone business (see below), however, were also coded as being in a QCT. Thus the missing census tract codes are largely unrelated to the basis for qualification as a HUBZone business.

There were significant numbers of discrepancies between the census tract codes and the other FIPS codes:

- In 139 records the state portion of the census tract code did not match the state FIPS code for that record.[250]
- In 159 records the county portion of the census tract code did not match the county FIPS code for that record.[251]
- In 45 records (for which a county code was not originally supplied) the county portion of the census tract code was an incorrect value in the sense that there was no county code of that number in that state.
- In 76 records, the census tract portion of the census tract code was an incorrect value in the sense that there was no census tract code of that number in that state and county. Census tract numbers for an additional 29 records were deleted in the data cleaning process prior to this test, because of miscellaneous errors (such as having four or five digits).

These latter two counts do not include county or census tract codes that are erroneous in the sense that the county or tract number is valid but the business is not located in that county or tract. It is not practical within the scope of this study to check the accuracy (in this sense) of the county FIPS codes or census tract numbers for each individual record. Corrections (or deletions) were made only where some more general test indicated a data problem.

B.b.5. Basis for HUBZone Certification

Certifying a HUBZone business requires a determination that the business is located in a HUBZone—a qualified county, qualified census tract, Indian reservation, difficult development area, of closed BRAC base. Since these areas often overlap, it is possible for a business to qualify on multiple criteria. The data indicate that:

- A total of 2,757 businesses (19.9 percent) are in a qualified county (but not a QCT or Indian reservation);[252]
- A total of 6,392 businesses (42.2 percent) are in a QCT (but not an Indian reservation);[253]
- A total of 1,085 businesses (7.84 percent) are on an Indian reservation;[254] and

[250] The pattern was not random: 40 Idaho businesses, 9 Hawaii businesses, and 4 Iowa businesses were misclassified as being in Florida, and 6 Guam businesses were mistakenly listed as being in Oregon.

[251] Given the large number of missing county codes, this represented an error rate of 4.4 percent.

[252] This includes 2,234 businesses (16.1 percent) in counties that qualified on the basis of the employment criterion only; 176 businesses (1.27 percent) in counties that qualified on the basis of the income criterion only, and 327 businesses (2.51 percent) in counties that qualified on the basis of both the employment and income criteria.

[253] Of these, 5,342 businesses (38.6 percent) are in a QCT only, and 1,050 businesses (7.59 percent) are in a QCT that is located in a qualified county.

[254] Of these, 500 businesses (3.61 percent) are in an Indian reservation, but not a qualified county or QCT; 220 businesses (1.59 percent) are in an Indian reservation and a qualified county, but not a QCT; 135 businesses (0.98 percent) are in an Indian

- A total of 3,599 records (26.0 percent) have no designation at all.[255]

The fraction of records with no designation has been substantially higher for certification in the last four years than earlier, and it generally is increasing.[256] Miscoding, by class of HUBZone, included the following:

- **Qualified Counties.** A comparison of these codes with data for qualified counties provided by the Census Bureau indicates that:
  - 212 records coded as qualifying because the business is in a qualified county are not in a qualified county; and
  - 2,676 records that are in qualified counties are not coded as qualifying because of this location.
- **Qualified Census Tracts.** A comparison of these codes with data on qualified census tracts indicates that:
  - 948 records coded as qualifying because the business is in a qualified census tract are not in a QCT; and
  - 345 records that are in qualified census tracts are not coded as qualifying because of this location.
- **Indian Country.** A total of 1,085 records are coded as qualifying for HUBZone status because they are in Indian Country. Of these records, however, 126 (11.7 percent) are located in areas that have no Indian reservations or other Indian Country lands. Details are shown in Table B.a. These jurisdictions include:
  - Sixty-nine counties that have no Indian Country lands;
  - Fifteen ZIP codes in 11 counties that have no Indian Country lands, although there are Indian reservations elsewhere in these counties; and
  - Ten states that have no Indian Country lands.
- **DDAs and BRAC.** Although the data file was produced over two years after the statutory effective date of the DDA and BRAC criteria for a HUBZone, the application database (like the application form currently on the HUBZone web site) contains no variables (or check boxes) for DDA and BRAC bases for certification.

B.b.6. Organization and Ownership of HUBZone Businesses

Business Organization. The variable identifying business organization is coded as:

1—Sole proprietorship (2,480 records);
2—Partnership (350 records);
3—Corporation (8,488 records); or
4—LLC (2,307)

There is also an anomalous code of 10, which is found on 208 records.

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reservation and a QCT, but not a qualified county; and 230 businesses (1.66 percent) are in an Indian reservation a qualified county, and a QCT.

[255] Because of the TRUE/FALSE format of the variable, the data are not missing values in the conventional sense, but all of the variables for these records are FALSE.

[256] Year-by-year percentages are:

1999	2000	2001	2002	2003	2004	2005	2006	2007
1.25%	4.70%	1.88%	2.18%	11.2%	29.7%	30.0%	37.8%	41.2%

Table B.a
STATES, COUNTIES, AND ZIP CODES WITHOUT INDIAN COUNTRY LANDS, WHICH CONTAIN HUBZONE BUSINESSES THAT WERE CERTIFIED ON THE BASIS OF BEING LOCATED IN INDIAN COUNTRY

State	HUBZone Businesse Listed	Counties by Number of HUBZone Businesses Listed									Total Counties
		One		Two		Three		Four (All)	Five (All)	Six (All)	
		All	ZIP	All	ZIP	All	ZIP				
Alabama	10	1	-	3	-	1	-	-	-	-	5[d]
Alaska	1	1	-	-	-	-	-	-	-	-	1[e]
Arizona	6	-	1[c]	1	-	-	1	-	-	-	3[f]
Arkansas[a]	1[b]	1	-	-	-	-	-	-	-	-	1[g]
California	8	2	2[c]	1	1[c]	-	-	-	-	-	6[h]
Colorado	2	2	-	-	-	-	-	-	-	-	2[i]
Connecticut	2	-	-	1	-	-	-	-	-	-	1[j]
Florida	7	2	1[c]	1	1	-	-	-	-	-	5[k]
Georgia[a]	2[b]	2	-	-	-	-	-	-	-	-	2[l]
Hawaii[a]	2[b]	2	-	-	-	-	-	-	-	-	2[m]
Idaho	4	1	-	-	-	1	-	-	-	-	2[n]
Illinois[a]	1[b]	1	-	-	-	-	-	-	-	-	1[o]
Kansas	2[b]	2	-	-	-	-	-	-	-	-	2[p]
Kentucky[a]	1[b]	1	-	-	-	-	-	-	-	-	1[q]
Louisiana	11	4	1[c]	1	-	-	-	1	-	-	7[r]
Maryland[a]	3[b]	3	-	-	-	-	-	-	-	-	3[s]
Michigan	1	1	-	-	-	-	-	-	-	-	1[t]

[a] According to the HUBZone geo-coded data, there are no Indian reservations in this state.

[b] These are the only HUBZone businesses in this state that the applications data report are certified because they are on Indian reservations.

[c] Although there are Indian reservations elsewhere in these counties, no other reservation-based HUBZone businesses are reported in these counties.

[d] These counties are Coffee County, Etowah County, Houston County, Jefferson County, and Madison County.

[e] This county is Anchorage.

[f] These counties and ZIP codes are Cochise County, 85040 in Maricopa County, and 85719 in Pima County.

[g] This county is Calhoun County.

h These counties and ZIP codes are Alameda County, Los Angeles County, Orange County, 95251 in Calaveras County, 93436 in Mono County, and 92025 & 92105 in San Diego County.

[i] These counties are El Paso County and Jefferson County.

[j] This county is Fairfield County.

[k] These counties and ZIP codes are Duval County, Leon County, Okeechobee County, 33304 & 33311 in Broward County, and 33133 in Miami-Dade County.

[l] These counties are Appling County and Laurens County.

[m] These counties are Honolulu County and Kauai County.

[n] These counties are Lemhi County and Lincoln County.

[o] This county is Cook County.

[p] These counties are Cowley County and Montgomery County

[q] This county is McCracken County

[r] These counties and ZIP codes are Assumption Parish, Concordia Parish, Iberia Parish, Jefferson Parish, Orleans Parish, Terrebonne Parish, and 71333 in Avoyelles Parish.

[s] These counties are Anne Arundel County, Dorchester County, and Baltimore City.

[t] This county is Wexford County.

State	HUBZone Businesse Listed	Counties by Number of HUBZone Businesses Listed									Total Counties
		One		Two		Three		Four	Five	Six	
		All	ZIP	All	ZIP	All	ZIP	(All)	(All)	(All)	
Mississippi	1	1	-	-	-	-	-	-	-	-	1[u]
Missouri[a]	2[b]	2	-	-	-	-	-	-	-	-	2[v]
Montana	1	1	-	-	-	-	-	-	-	-	1[w]
New Mexico	5	-	1	-	-	-	1[c]	-	-	-	2[x]
New York	5	4	1[c]	-	-	-	-	-	-	-	5[y]
North Carolina	13	3	-	-	-	-	-	-	2	-	5[z]
Ohio[a]	2[b]	2	-	-	-	-	-	-	-	-	2[aa]
Oklahoma	1	-	1	-	-	-	-	-	-	-	1[bb]
Oregon	6	3	-	-	-	1	-	-	-	-	4[cc]
Pennsylvania[a]	5[b]	1	-	-	-	-	-	1	-	-	2[dd]
South Carolina[a]	1[b]	1	-	-	-	-	-	-	-	-	1[ee]
Tennessee[a]	1[b]	1	-	-	-	-	-	-	-	-	1[ff]
Texas	11	5	-	-	-	-	-	-	-	1	6[gg]
Utah	2	1	1[c]	-	-	-	-	-	-	-	2[hh]
Virginia[a]	3[b]	3	-	-	-	-	-	-	-	-	3[ii]
Washington	3	2	1[c]	-	-	-	-	-	-	-	3[jj]
TOTAL	126	56	10	8	2	3	2	2	2	1	86

[u] This county is Clay County.

[v] These counties are Benton County and Grundy County.

[w] This county is Meagher County.

[x] These ZIP codes are 87015, 87107, and 87109 in Bernalillo County and 87007 in Cibola County.

[y] These counties and ZIP codes are Bronx County, Jefferson Count, Monroe County, Nassau County, and 14202 in Erie County.

[z] These counties are Cumberland County, Durham County, Robeson County, Sampson County, and Wayne County.

[aa] These counties are Cuyahoga County and Pike County.

[bb] This ZIP code is 73003 in Oklahoma County.

[cc] These counties are Crook County, Josephine County, Linn County, and Wallowa County.

[dd] These counties are Lehigh County and Monroe County.

[ee] This county is Georgetown County.

[ff] This county is Campbell County.

[gg] These counties are Bexar County, Dallas County, Edwards County, El Paso County, Harris County, and Jefferson County.

[hh] These counties and ZIP codes are Wayne County and 84307 in Box Elder County.

[ii] These counties are Northampton County, Patrick County, and Tazewell County.

[jj] These counties and ZIP codes are Chelan County, Skamania County and 99181 in Stevens County.

Alaska Native Corporations. ANCs are one type of corporation explicitly provided for under the HUBZone program.[257] This ANC variable identifies HUBZone businesses that fit this classification. The reporting is reasonably complete (only six records have missing values). The data indicate, however, that only 37 (39.4 percent) of the 94 ANCs are located in Alaska. The

[257] The term "HUBZone small business concern" means— …

(B) a small business concern that is—

(i) an Alaska Native Corporation owned and controlled by Natives (as determined pursuant to section 1626 (e)(1) of title 43); or

(ii) a direct or indirect subsidiary corporation, joint venture, or partnership of an Alaska Native Corporation qualifying pursuant to section 1626 (e)(1) of title 43, if that subsidiary, joint venture, or partnership is owned and controlled by Natives (as determined pursuant to section 1626 (e)(2) of title 43).

other 57 are scattered among 28 states.[258] It is not clear why a majority of Alaska Native corporations are in the "lower 48."

Community Development Corporations. CDCs are another type of corporation explicitly provided for under the HUBZone program.[259] Eight records are identified as being in this class. Over a third (36.6 percent) of the records have missing values.

Indian. Wholly Indian-owned businesses qualify as HUBZone businesses.[260] The data show 66 such businesses. Of the other 13,767 records, 8,708 have a value of zero (not wholly Indian-owned) and 5,059 records have an anomalous value of 3, which should be zero.

Joint Venture. A business that is partly Indian-owned qualifies as a HUBZone business, so long as the other owners meet the citizenship or size requirement for a HUBZone business owner.[261] The data identify 75 such businesses. Of the other 13,758 records, 4,975 indicate no joint venture, 5,090 records have missing values, 3,687 have an anomalous value of 2, and six have an anomalous value of 3. Presumably these last three categories all should be interpreted as indicating no joint venture.

Non-Profit Organizations. The data identify two non-profit organizations as HUBZone businesses. The TRUE/FALSE format of the variable records all missing values as FALSE (i.e., not non-profit).

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[258] The distribution is as follows:

- Oklahoma has seven ANCs;
- Washington has six ANCs;
- New Mexico has five ANCs;
- Montana, Utah, and Virginia each has three ANCs;
- Georgia, Hawaii, Michigan, Mississippi, Nebraska, North Carolina, North Dakota, and Texas each has two ANCs; and
- Alabama, Arizona, California, Colorado, the District of Columbia, Idaho, Kentucky, Maine, Maryland, Minnesota, New York, and Oregon each has one.

[259] The term "HUBZone small business concern" means— …

(D) a small business concern that is— …

(ii) owned in part by one or more community development corporations, if all other owners are either United States citizens or small business concerns.

[260] The term "HUBZone small business concern" means— …

(C) a small business concern —

(i) that is wholly owned by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments

[261] The term "HUBZone small business concern" means— …

(C) a small business concern — …

(ii) that is owned in part by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, if all other owners are either United States citizens or small business concerns.

B.b.7. Measures of Business Size

Size of the businesses is measured by both employment and average revenue.[262]

- Employment is:
  - Zero in four records and
  - One in 2,355 records263 (17.0 percent).
- Revenue is:
  - $0 for 1,629 records (11.8 percent)—and negative for three records,
  - Less than $1,000 in 665 additional records (4.81 percent), and
  - Less than $10,000 in additional records (3.59 percent)
- Revenue per employee is:
  - $0.00 for 1,625 records (11.7 percent)[264]
  - Less than $10,000 for an additional 1,345 records (9.72 percent),
  - Less than $25,000 for an additional 1,272 records (9.20 percent), and
  - $100,000 or more for 4,796 records (34.7 percent)

That many businesses have very few employees is unexceptional for small businesses. The revenue data are of more concern. Even for very small businesses, when 20 percent of the businesses have under $10,000 in revenue, 30 percent earn less than $25,000 per employee, and over one-tenth of the businesses report zero revenue.

One possible explanation is that there are a lot of start-up businesses in the HUBZone program. The data indicate that 2,396 (17.3 percent) of the concerns had been in business less than a year when certified as HUBZone businesses. Very new businesses tend to have few employees and little revenue—possibly none. Table B.b breaks down the above figures for different ages of HUBZone applicants in the database. There is, in fact, a clear pattern of growth in employment and revenue as the applicant businesses become older.

While there is a general pattern, it reflects *relative* employment and revenue. It is the absolute levels, however, that are of most concern. It is plausible that a new business may receive no revenue in its first few months of operation. Yet for one out of eight businesses in the second and third year of operation to have never received revenue is distinctly implausible. Nor is it plausible for a substantial minority of businesses to keep operating when their revenue works out to sub-poverty-levels per employee. There is also a small but nagging proportion (7.27 percent overall) of businesses reporting no income that also report having more than five employees—distinctly above the median employment size of four.

[262] Employment is in full-time equivalents at the time of application. Revenue is an average of the most recent three years at the time of application.

[263] If there is only one employee, that employee must live in a HUBZone in order to meet the 35 percent residency requirement. Since this is FTEs, many of these businesses (i.e., those with more than one part-time employee) may qualify with some non-HUBZone-resident employees. Nevertheless, the number of businesses all of whose employees must live in a HUBZone is substantial.

[264] It is mathematically undefined for the three records reporting zero employees.

Table B.b
EMPLOYMENT AND REVENUE BY AGE OF HUBZONE APPLICANTS

Measure	Age of Business at Certification					All Records
	Under 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Over 3 Years	
Number of Records	725	733	938	2,019	9,418	13,833
Percent with One Employee	38.4%	31.2%	31.0%	24.6%	11.3%	17.0%
Average Employment	2.59	3.77	4.31	6.51	20.9	15.8
Percent with Revenue of $0	65.7%	53.4%	32.8%	12.6%	2.16%	11.8%
Percent with Revenue of $1–$1,000	10.1%	8.46%	7.46%	4.85%	1.37%	4.81%
Percent with Rev/Emp of $0	65.7%[a]	31.2%[b]	32.7%[c]	12.6%	2.13%	11.7%
Percent with Revenue of $1–$10,000	18.5%	28.7%	23.4%	20.0%	5.89%	9.72%
Percent with Revenue of $1,001–$25,000	4.28%	7.91%	11.6%	17.0%	8.39%	9.20%
Percent with Rev/Emp of $100,000 or More	4.26%	5.73%	10.2%	18.4%	45.2%	34.7%

[a] Of these 476 records, 23 (4.83 percent) report more than five employees, and of these 4 report 11 to 40 employees, and one reports 100.

[b] Of these 391 records, 21 (4.37 percent) report more than five employees, and of these 6 report 11 to 30 employees.

[c] Of these 307 records, 24 (7.82 percent) report more than five employees, and of these 9 report 11 to 25 employees, and one reports 224.

[d] Of these 454 records, 19 (4.19 percent) report more than five employees, and of these 8 report 11 to 40 employees, and one reports 60.

[e] Of these 477 records, 66 (13.8 percent) report more than five employees, and of these 21 report 11 to 20 employees, 22 report 21 to 80 employees, and four report over 100 employees.

Conversely, it is not clear how one-third of all businesses, and nearly half of all established businesses, earn revenues of over $100,000 *per employee*—particularly when one-third of the work force comes from distressed areas with low income and/or poor employment prospects. Indeed, 520 records (3.76 percent) report revenues per employee of $500,000 or more. Of these, 172 records report revenue per employee of $1 million or more, 14 records report revenue per employee of $5 million or more, and seven records report revenue per employee of over $10 million.

B.b.8. Dates of Business Creation and Certification

The data for both the business creation date and the HUBZone certification date are complete. The data are consistent in the sense that the certification date is always later than the business creation date. The lag is as little as one day and is three months or less for 626 records.

B.b.9. NAICS Code

The records contain six-digit primary NAICS codes for HUBZone businesses. Of these records:

- 3,053 records (22.1 percent) have 1997 NAICS codes; and
- 10,732 records (77.6 percent) have 2002 NAICS codes.[265]

NAICS codes are the same in both years for most industries, and they are the same at the two-digit level for all industries, but there are substantial differences at the three-digit level for a few industries.[266]

[265] A total of 19 records have no NAICS code, and two others have a NAICS code but no identified date.

[266] At the three-digit NAICS code level:

- Building, developing, and general contracting (1997 NAICS code 233) has been reorganized, generally as construction of buildings (2002 NAICS code 236);

Table B.c NAICS CODE YEAR, BY YEAR OF CERTIFICATION (Number of HUBZone Businesses)		
Year of Certification	**1997 NAICS Codes**	**2002 NAICS Codes**
1999	75	4
2000	366	7
2001	1,065	0
2002	1,326	3
2003	114	1,070
2004	68	2,014
2005	49	2,550
2006	13	3,156
2007	5	1,933

As Table B.c indicates, the choice of the NAICS code year was determined principally by the date that a business was certified as a HUBZone business. The 1997 NAICS codes were mostly used in 2002 or earlier, while the 2002 NAICS codes were generally used beginning in 2003. Nevertheless, 8.08 percent of the 1997 NAICS codes were assigned after 2002, and the 14 2002 NAICS codes that were used before their publication clearly represent some sort of data error. In addition, the fact that 1997 NAICS codes remain in the data five years after their general use ceased is a clear indication that the data were not updated when HUBZone businesses were recertified—which must occur every three years.

B.b.10. Observations

- There were many internal inconsistencies of the data and numerous missing values in variables needed for certification.
- The use of different formats within the same variable and between similar variables, as well as the large number of missing values makes planning and oversight of compilation of the data difficult.
- The lack of classification variables for BRACs and DDAs, as well as the growing proportion of records with no basis for classification causes further concerns about the usefulness of the data.
- Sub-state level analysis would be difficult, if not impossible, given the general condition of the data.

- Heavy construction (1997 NAICS code 234) has been reorganized, generally as heavy and civil engineering construction (2002 NAICS code 237);
- Special trade contractors (1997 NAICS code 235) has been reorganized, generally as specialty trade contractors (2002 NAICS code 238);
- Wholesale trade, durable goods (1997 NAICS code 421) has been reorganized as merchant wholesalers, durable goods (2002 NAICS code 423) and part of wholesale electronic markets and agents and brokers (2002 NAICS code 425);
- Wholesale trade, nondurable goods (1997 NAICS code 422) has been reorganized as merchant wholesalers, nondurable goods (2002 NAICS code 424) and part of wholesale electronic markets and agents and brokers (2002 NAICS code 425);
- Relevant parts of broadcasting and telecommunications (1997 NAICS code 513) have been reorganized as parts of telecommunications (2002 NAICS code 517); and
- Relevant parts of information services and data processing services (1997 NAICS code 514) have been reorganized as parts of internet service providers, web search portals, and data processing services (2002 NAICS code 518).

B.c. HUBZone Business Discrepancies Among Data Sets

DUNS numbers are unique to every business. Thus they are the most convenient way to match records on the same firm from different databases. With the applications data, however, matching proved to be a problem.

B.c.1. Applications Data and CCR Data

Designation of businesses as HUBZone businesses in the CCR is based on the applications, which are reported in the applications data. When the two data sets were matched by DUNS number, however, the following results occurred:

- Of the records in the application data had 12,920 records (93.4 percent) matched a CCR record, and the remaining 915 application records do not match a CCR record.
- The CCR database of HUBZone businesses had 5,493 CCR records whose DUNS numbers had no match in the application database. Of these records:
  - 1,615 businesses are listed in the CCR as active HUBZone businesses, and
  - 3,878 businesses are listed in the CCR as previous HUBZone businesses.

The application database does not distinguish between active and previous HUBZone businesses. Even allowing for the unlikely possibility that "previous" HUBZone businesses had been dropped from the applications data, there are still over 900 mismatches running in one direction and over 1,600 mismatches running in the other direction.

Moreover, how the CCR data, which are presumably based on the applications data, end up with *at least* 700 more active HUBZone businesses is a mystery. Because of the direction of this net discrepancy, we used CCR data in analysis of DDAs and BRAC bases, where it was critical not to leave any HUBZone businesses out.

B.c.2. Applications Data and FPDS Data

FPDS data provide a list of HUBZone businesses that have won federal contracts. The FPDS data contained 3,176 HUBZone vendors from the beginning of the program through FY2007. Of these vendors:

- 2,038 (64.2 percent) had DUNS numbers that matched applications data records; and
- 1,138 (35.8 percent) had DUNS numbers that did not match applications data records.

The source of this discrepancy is unclear. Rather than risk omitting legitimate HUBZone businesses, we used the FPDS designation of HUBZone vendors.

Strictly speaking, the counts of HUBZone businesses and of HUBZone vendors are not at all comparable. The number of vendors has been overstated by half, or (alternatively) the number of HUBZone businesses has been understated by one-third. Either way, the proportion of HUBZone businesses that succeed in winning contracts has been overstated. This is less of an issue than it might seem for the analysis conducted in this study[267] for two reasons:

[267] For some issues, this does limit the types of analysis that might be carried out. This is especially true of topics such as the relationship between longevity in the program and success in winning contracts, which involve direct comparisons between HUBZone vendors and non-vendor HUBZone businesses.

- There are fewer than half a dozen HUBZones where the number of HUBZone vendors was larger than the number of HUBZone businesses. Thus very few adjustments were needed. In these cases the number of HUBZone businesses had to be increased by only one to equal the number of HUBZone vendors.[268]
- This is a situation where Harberger's second law applies.[269]

B.d. The HUBZone Mapping System

B.d.1. Overview

HUBZone areas are identified in a geographic information system (GIS) map, which is found on the SBA/HUBZone web site by clicking on "Are you in a HUBZone?" Data on HUBZones are kept and accessed in this geo-coded form.

Access to the Mapped Data. From the national map, maps of broad geographic areas that may or may not include or be HUBZones, as well as narrower geographic areas that are HUBZones, can be brought up for display in a number of different ways.

- From the opening national map, one can get a more detailed map by:
  - Clicking on a state (or use a menu), which produces a state map;
  - Type in a county and state, which produces a map that includes that county; or
  - Type in an address.[270]
- From the state map, one can get more detailed information by:
  - Using a hyper link to locate a particular HUBZone,[271]
  - Placing the cursor on the map and click on a HUBZone Status bar to bring up information on the HUBZone type at that location, or zooming in.

Hyperlinks. The hyperlinks to individual HUBZones are grouped by class of HUBZone. All of the Indian reservations are together in their own group, as are the DDAs and BRAC bases.

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[268] Most of these were cases where there were no reported HUBZone businesses and one reported HUBZone vendor. The number of HUBZones in which equal numbers of HUBZone businesses and HUBZone vendors were reported was also extremely small.

[269] If the direction of a bias is known, and it is contrary to the general findings, then the bias makes the findings more robust, rather than weaker. Here, the impacts of the HUBZone program are small, so that a known upward bias strengthens the findings. This practical principle of dealing with messy data was enunciated by Professor Arnold C. Harberger of the University of Chicago.

[270] The detail of the resulting map depends on the completeness of the input.

- If all of street address, city, state, and ZIP code are all given, the system produces a local map with the address marked by a star.
- If the street address is omitted, the system produces a map that includes the city.
- If the street address and ZIP code are omitted, the system produces a map that includes the city.
- If the street address and city name are omitted, the system produces a map that includes the ZIP code.

[271] There are hyperlinks for each class of HUBZone on the map that will produce more detailed maps that include:

- Each qualified county within the state,
- Each qualified census tract within the state,
- Each 1990 census tract that was qualified, but whose tract number is no longer in use,
- Each Indian reservation within the state,
- Each DDA within the state (in states and territories where DDAs are HUBZones), and
- Each BRAC base within the state.

Qualified counties and QCTs (which are listed under counties), however, are broken into several lists, depending on their grandfathering and the timing of changes of HUBZone status.[272] This feature loads too much information in one place. It makes it difficult to get basic information because one has to check all of the lists to determine whether a particular county or census tract is qualified.

Text Identification of HUBZone Types. When a specific location is identified, the system provides a further text description of the surrounding HUBZone (if any). This description includes whether the location is in a HUBZone, what class of HUBZone it is, name or census tract number, and term of eligibility.[273]

B.d.2. Data and Their Sources

Identification of HUBZones. The HUBZone program was designed to use data from secondary sources:

- Qualified census tracts and DDAs are based on criteria for low/moderate income housing tax credits. HUD produces a list of census tracts and counties each year, and the HUBZone program simply takes these lists.

[272] Groupings include the following:

- HUBZones that have always been HUBZones are listed under a notation that: "These non-metropolitan Counties in [State] are qualified as HUBZones" or "These Census Tracts in [State] are qualified as HUBZones."
- Initially qualified counties that have lost their HUBZone qualifications at some point in time but are now grandfathered are listed under a notation that: "The following counties, as of [Date], are HUBZone qualified at least until the results of the 2010 decennial census have been analyzed and made public."
- These tables show income and unemployment data for the year before the date in the notation—the year that the HUBZone status changed—and they have "NO" under both the headings: "HUBZone County based on Income" and "HUBZone County based on Unemployment."
- Initially qualified census tracts that lost their HUBZone qualifications in the 2000 Census and are now grandfathered are listed under the notation: "These HUBZone tracts in [State], as of December 2002, are HUBZone qualified at least until the results of the 2010 decennial census have been analyzed and made public."

[273] The text depends on the class of HUBZone:

- If the HUBZone is a Qualified County, the text states: "[Address] is located in [County name, State Name], which IS HUBZone qualified."
- If the HUBZone is a qualified census tract, the text states: "[Address] is located in Census Tract "[eleven-digit census tract number]" which IS HUBZone qualified.
- If the HUBZone was a qualified census tract before 2003, but the redefinition has left the address outside of a current QCT, the text states: "[Address] is located in part of an older census tract, "[eleven-digit census tract number]," which IS HUBZone qualified. This census tract, although fragmented, will remain eligible for HUBZone participation at least until the results of the 2010 decennial census have been analyzed and made public."
- If the HUBZone is a BRAC Base, the text states: "[Address] is located in the former military facility, "[Facility Name]," which IS HUBZone qualified. Military bases closed under BRAC recommendation have a five-year period of HUBZone eligibility, starting upon their official closure date. For those bases closed prior to the establishing legislation, the start date for eligibility is the date the legislation was signed into law, December 8, 2004."
- If the HUBZone is an Indian reservation, the text states: "[Address] is located in [Name] reservation which IS HUBZone qualified."
- If the HUBZone is a Difficult Development Area, the text states: "[Address] is located in the Difficult Development Area, "[County name, State Name]," which IS HUBZone qualified. This Difficult Development Area will remain eligible for HUBZone participation at least until the results of the 2010 decennial census have been analyzed and made public."
- If the address is not in a HUBZone, the text states: "[Address] is located in Census Tract "[eleven-digit census tract number]" which IS NOT HUBZone qualified."

- Qualified counties are based on BLS data, which are run through a prescribed formula. The HUBZone program obtains the BLS employment and income data each year and performs the calculations to determine the list of qualifying counties.
- Indian reservations are defined (recognized) by the Bureau of Indian Affairs (BIA), except in Oklahoma, where certain former reservation lands are designated by the IRS. The HUBZone program simply takes these designations.
- A list of BRAC closures is published by DOD. The HUBZone program uses this list.

Geo-coding Data. Establishing the boundaries of each type of HUBZone in a manner that can be used with other geo-coded information—particularly streets and addresses—is essential for the GIS system. The HUBZone program depends on other agencies for the necessary data.

Census tracts and counties are (among other things) Census geographical units. The Census Bureau maintains detailed data defining these areas, which Census provides to the HUBZone program. These data cover qualified census tracts, qualified counties, DDAs, and the IRS-designated lands in Oklahoma that are whole counties.

Indian reservations and off-reservation trust lands are designated, recorded, and (in some senses) administered by the Bureau of Indian Affairs. BIA has detailed geo-coded information, which the Agency provides to the HUBZone program. IRS-designated lands in Oklahoma include 11 partial counties. For the portions of the borders of these "partial counties" that are not county lines, IRS has what amounts to a metes-and-bounds survey, which is relatively simple to geo-code.

BRAC bases are a major problem. There is no single general source of geo-coded data. Data on individual bases exist within DOD, but fragmentation of the BRAC process—among the services, the BRAC rounds, and the organizations responsible for individual bases—turn data collection into a major research project. The HUBZone program does not make provision for such data collection. Several sources suggested that the simplest way to collect these data would be to go to county deed records and get the survey descriptions of the properties.

Data Storage and Retention. Once the data on HUBZones are geo-coded, the HUBZone program—or, more precisely, the data contractor—keeps the data in that form. When we sought lists of counties, census tracts, Indian reservations, and BRAC bases, program staff referred us to the agencies that had originally provided the data. The alternative was to extract data from the GIS system, which would be a relatively costly operation.

Although the GIS format has some substantial advantages,[274] keeping data *only* in geo-coded form essentially limits the usefulness of the data for purposes of management and analysis.

[274] Examples include the following:

- When census tracts were redefined for the 2000 Census, many of the 1990 qualified census tracts were broken up, added to, or subtracted from. This left little slivers of HUBZone in census tracts that were no longer QCTs. The GIS records HUBZones as a set of street addresses within a defined boundary. With this format, it was possible to keep track of the fragments and the addresses within them, although they no longer corresponded to any currently defined area. Keeping track is essential for grandfathering, of course, and it is difficult to imagine any other

B.d.3. Online Presentation of HUBZone Data

With some exceptions, the mapping system does quite a good job of answering the question of whether a particular address is in a HUBZone and where it is in that HUBZone. For many other questions that might be asked of the data, however, the mapping system has numerous drawbacks. Compared to similar maps of other Agencies or commercial maps such as MapQuest, the HUBZone system would benefit from updating and upgrading.

Size. The actual map makes use of only about one-eighth of the screen area (38 percent of the width and 33 percent of the height). The rest of the screen is taken up by a substantial frame and a lot of white space. That fact alone makes the map hard to read.

Color. The map is color coded, but the choices are difficult to discern. The use of the same shade of green for qualified census tracts, qualified counties, and DDAs obliterates smaller HUBZones that are overlaid. The key does not even bother to distinguish between qualified counties and qualified census tracts. DDAs have a colored border. Only sometimes is it possible to distinguish a qualified census tract within a qualified county—usually by clicking on the hyperlink for that census tract. It is generally not possible to identify census tracts within DDAs, which was a major problem in this study.

Other issues arise when different selected colors are not differentiated enough to make the map visually clear.

- Non-qualified areas are rendered in a very light pink. County names and borders, both of which are white, show up very poorly against this background, although they are clear against the green background.
- DDA boundaries are yellow. Major arterial roads are yellow with red shoulders. The fact that arterial roads show up much better than DDA boundaries can be very confusing.
- Minor arterial roads are gray. This color is also used in some places for census tract boundaries at some scales. Ordinary roads are black, which is the same color used for census tract boundaries at other scales. Color of boundaries is one of several reasons that it is difficult to identify qualified census tracts.

Labeling and Boundaries. Labeling exists under some circumstances but not in others. The same is true of boundaries.

- When a state is selected, neither state boundaries nor state names appear on the initial map that the system produces. Zooming out (but not in) produces state names. Zooming in either direction produces state boundaries.
- Counties are labeled only at the center. Consequently, when one is on a county line with any degree of detail, it is not possible to determine what the counties are.

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manageable system for doing so.

- BRAC base boundaries will not change. In many instances they are quite complex. Geo-coding is an efficient form of maintaining the definitions of BRAC bases. Ironically, the value of doing so is reflected in the difficulty of obtaining geo-coded information in the first place.

- Census tracts are not labeled by number at any scale. At low detail, census tracts within a contiguous block are not distinguished. At high detail, the boundaries (if they exist) are obscured by streets. The only scale—an intermediate one—at which census tracts are clearly delineated has almost no other geographic information for orientation.

Indian Country presents a variety of challenges:

- County lines and certain other features (e.g., rivers and lakes) are not shown within Indian Country.
- Boundaries between reservations are unreliable.
- In some instances, there are no boundaries between two distinct reservations.
- In other instances, an area is pock-marked with insets, some of which are not (according to the HUBZone status search) distinct reservations.
- Only relatively isolated reservations—and in areas with intermixed Indian lands, only the largest—are named. Names are hard to read because they are just a slightly darker orange than the reservations themselves. These names also behave like Cheshire Cats as one zooms in and out.
- Boundaries of reservations are hard to read because they are a darker shade of much the same orange color as the reservations themselves. They are particularly hard to find when overlaid by a grid of streets.

BRAC bases are not labeled at any scale. Their white color does distinguish them, but individual bases can be identified only by using the hyperlink—and that does not work if there is more than one BRAC base on the screen.

Borders are not consistent. In some locations, census tract borders are red; in others (at the same scale) they are black. One qualified census tract in Hawaii has the yellow border of a DDA.

The best way to locate an individual census tract, Indian reservation, or BRAC base is to go to the state page and click on the appropriate hyperlink. This is only effective if the resulting map contains only one census tract, reservation, or BRAC base; if there are multiples, one cannot tell which is which. Moreover, if there is only one, the map is likely to be highly detailed, showing the HUBZone, its boundary, and little other information that can be used for orientation. One has to zoom out repeatedly to find out where one is.

Zooming. The map contains two buttons—Zoom In and Zoom Out. The map contains no scale that one can use to pre-select the degree of detail or determine the scale at which one currently is. Other confusing things also occur.

The changes of scale do not appear to be consistent, so that it is very difficult to keep track of scale. It is fairly common for several clicks to result in apparently small changes of scale and then for the next click to result in a much larger change. This is especially likely when one has used the hyperlink to a small feature (a QCT or BRAC base) and then is zooming out to find where in the larger picture that feature is.

Geographic detail changes completely with the zooming, so that it can be impossible to stay oriented.

- At the county level, only the largest cities are indicated.
- As one zooms in, most town names become visible, but there are no roads or other features.
- At the level where streets appear, place names and delineation of census tracts disappear.
- When one enters a town and ZIP code and then zooms in, the streets may appear (and the town names disappear) on the first, second, or third zoom in. There is no consistency.

Zooming causes migration, and the movement is not even consistent. It is quite possible to zoom out two or three times, zoom back in the same number of times, and end up in another state.

Recentering. Clicking on the Recenter bar, produces a clear instruction in the header, which states: "Now click on a location to recenter the map." This does not work. The correct procedure was there all along in much less conspicuous type: "User can also define display area by employing the dragging function of the mouse/cursor. Dragging can be used to recenter the map."

Centering of the maps is erratic, and the center migrates when one zooms in or out. It is fairly commonplace to enter a town name and ZIP code into the system, to have the town displayed well off the center of the map, and to have it disappear completely off the edge of the map after zooming in twice—sometimes once.

The recentering function is balky and imprecise. It sometimes does not work, and when it does it is difficult to control. This is particularly frustrating because one has to zoom in so far to get any recognizable detail—and the map tends to migrate away from the target while zooming.

B.d.4. Issues Peculiar to the Territories

Puerto Rico. The same tools for looking up HUBZones—the address search and the HUBZone Status bar—are ostensibly available in Puerto Rico, but they do not work the same—or with as much precision. Some difficulties are simply due to differences in Puerto Rico that have not been adjusted for:

- Puerto Rico is divided into jurisdictions with the title Municipio. Formally, these are county equivalents. As the cognate implies, they can also be thought of as cities or municipal areas. In some cases, the address has a town name in addition to the Municipio.
- In most cases, CCR addresses use the name of the Municipio as the city name.
- Puerto Rico addresses do not have the same structure as most U.S. street addresses. Distinctive forms include:
  - Distances on roads rather than street numbers,
  - Town names on the same line as the street, and
  - Spanish terms that software may not interpret.

- The system does not appear to be able to recognize an address as valid if it lacks the Municipio name or has a city name more specific than the Municipio, i.e., "Urb" or "Barrio."

Some difficulties are normal problems of the mapping system:

- Qualified counties and some QCTs simply disappear within a DDA.
- The HUBZone Status bar works, in the sense that it identifies a QCT if the cursor is placed in one. Since census tract boundaries are not shown on the map, however, landing in a QCT is mostly a matter of chance. Moreover, when it is not possible to plot an address, this feature is essentially useless.

Other problems suggest that little effort was put into updating the system when DDAs became HUBZones. The use of the star that marks the map location of an address is generally not used with precision. For many addresses in QCTs, the actual address is plotted. For addresses in most (if not all) DDAs and some QCTs that are in DDAs, however, the address is not plotted on the map. Instead, the marking star appears in the center of the name of the Municipio. It is not clear that the system is actually programmed to plot a specific DDA address—although it recognizes when no street address is given.

The conventions for identifying and providing text information on QCTs and DDAs are observed in most cases. For some individual HUBZone businesses in some Municipios—and for all HUBZone businesses in some other Municipios—however, the system cannot find anything when given a complete address. In these cases, the system returns the following text message:

> "[Address] can not be located. The map below used the ZIP code [number], which surrounds this location, to establish the basis for mapping evaluation. Use the zoom tool to find the address and determine if it is in a HUBZone area based on color presentation. Use your finding to document your disagreement in the HUBZone Electronic form for Application, Examination, or Recertification."

In these cases, however, the zoom tool is useless in finding the address, because the street is not on the map. The searcher must know the neighborhood well enough to establish that the address is in a HUBZone from neighboring streets that are. No other information is provided.

In Puerto Rico it is not possible, with any confidence, to determine from the mapping system whether a given HUBZone business is located just in the DDA or also in a QCT.

Guam. Since Guam is a single island that is a single county equivalent, the mapping system is even more stripped down. If one types in an address on Guam, for example, the system returns the following text message:

> "Guam is a US territory/possession that is wholly qualified as a HUBZone. Using the map and the information below you can find information as to how it is qualified."

The map in question is a map of the whole island, and it has no useful information on it. The only other "information below" is the list of qualified census tracts and the hyperlinks for the territory and these census tracts.

The QCT hyperlinks, the hyperlink to one BRAC base,[275] and the Zoom In do provide a greater level of detail. In Guam, a few of the QCTs actually have census tract numbers, but where (and if) there are boundaries, they are indistinguishable from roads. Most of the minor streets are not named. Thus the detail is not helpful. The HUBZone Status bar works, but (as in Puerto Rico) it is largely useless because being in a QCT is entirely random.

The Guam map has a unique anomaly. The yellow border used for a DDA in the mapping system often wanders inland from the coastline, although usually not by very much distance. Most of the coastal area outside the boundary line is green. These stretches are not only identified as aHUBZone, but they are all in a QCT.[276]

Along other stretches of coast, the land outside the yellow boundary is colored pink. Here the HUBZone Status bar returns the message, "Guam, GU is not HUBZone qualified." Since the entire island is a DDA, this feature of the map is simply wrong.

Other Territories. The system presents the other territories (American Samoa, the Northern Mariana Islands, and the Virgin Islands) in the same manner. These other territories each have three to five islands that are considered county equivalents. For these territories one starts out with a map of the territory, which is utterly useless in the cases of American Samoa and the Northern Mariana Islands because the islands are so small and the chain is so spread out. From this starting point:

- Using the hyperlink for one of the islands brings up the same map of all of the islands.
- Entering an address into the search procedure brings up the same map of all of the islands, and provides no indication on where the address is.

Only by using the hyperlink for one of the QCTs (or by zooming) can one get more detail, but this is not very useful, since the census tract boundaries are not distinct. In American Samoa and the Northern Marianas, some islands have yellow DDA boundaries cutting across the island. (This is misleading since these entire island are DDAs). These may, in fact, be census tract boundaries, but one cannot tell.

In the territories other than Puerto Rico, it is generally not possible to determine from the mapping system the location of a HUBZone business any more precisely than identifying the island it is on. The only exceptions are on St. Croix and St. Thomas (VI), where addresses include a city name.

[275] Guam, in fact, has two BRAC bases, but only one of them is mapped.

[276] At least five of Guam's 17 QCTs lie on the coast.

Appendix C. Metropolitan Statistical Areas

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Abilene	TX	3	160,245	29,300	Vendors
Aguadilla-Isabela-San Sebastián[a]	PR	8	312,602	102,547	Businesses Only
Akron	OH	2	694,960	113,108	Vendors
Albany[b]	GA	5	157,833	47,095	Businesses Only
Albany-Schenectady-Troy	NY	5	825,875	103,626	Vendors
Albuquerque	NM	4	729,649	132,454	Vendors
Alexandria[b]	LA	2	145,035	28,931	Vendors
Allentown-Bethlehem-Easton	PA-NJ	4	740,395	62,510	Vendors
Altoona	PA	1	129,144	20,788	Vendors
Amarillo	TX	4	226,522	34,386	Vendors
Ames	IA	1	79,981	19,435	No Activity
Anchorage	AK	2	319,605	29,682	Vendors
Anderson	IN	1	133,358	22,169	Vendors
Anderson	SC	1	165,740	14,220	No Activity
Ann Arbor	MI	1	322,895	65,951	Vendors
Anniston-Oxford	AL	1	112,249	21,590	Vendors
Appleton	WI	2	201,602	3,267	No Activity
Asheville[b]	NC	4	369,171	19,034	Vendors
Athens-Clarke County	GA	4	166,079	36,059	Vendors
Atlanta-Sandy Springs-Marietta[b]	GA	28	4,247,981	428,531	Vendors
Atlantic City	NJ	1	252,552	22,161	Vendors
Auburn-Opelika	AL	1	115,092	26,777	No Activity
Augusta-Richmond County[b]	GA-SC	6	499,684	73,765	Vendors
Austin-Round Rock	TX	5	1,249,763	245,738	Vendors
Bakersfield	CA	1	661,645	149,508	Vendors
Baltimore-Towson	MD	7	2,552,994	394,577	Vendors
Bangor	ME	1	144,919	19,532	Vendors
Barnstable Town	MA	1	222,230	3,452	No Activity
Baton Rouge[b]	LA	9	705,973	156,905	Vendors
Battle Creek	MI	1	137,985	23,144	Businesses Only
Bay City	MI	1	110,157	10,504	No Activity
Beaumont-Port Arthur	TX	3	385,090	87,235	Vendors
Bellingham	WA	1	166,814	24,052	Businesses Only
Bend	OR	1	115,367	-	No QCTs
Billings	MT	2	138,904	7,216	Vendors
Binghamton	NY	2	252,320	33,586	Businesses Only
Birmingham-Hoover[b]	AL	7	1,052,238	170,125	Vendors
Bismarck	ND	2	94,719	3,579	Vendors
Blacksburg-Christiansburg-Radford[b]	VA	4	151,272	48,458	Vendors
Bloomington[b]	IN	3	175,506	35,103	Vendors
Bloomington-Normal	IL	1	150,433	30,950	Businesses Only
Boise City-Nampa[b]	ID	5	464,840	20,100	Vendors
Boston-Cambridge-Quincy	MA-NH	7	4,391,344	584,294	Vendors
Boulder	CO	1	291,288	40,498	Vendors
Bowling Green	KY	2	104,166	16,601	Vendors
Bremerton-Silverdale	WA	1	231,969	10,148	Vendors

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Bridgeport-Stamford-Norwalk	CT	1	882,567	152,998	Vendors
Bristol	VA	2	68,470	14,654	Vendors
Brownsville-Harlingen	TX	1	335,227	78,475	Businesses Only
Brunswick[b]	GA	3	93,044	19,395	Businesses Only
Buffalo-Cheektowaga-Tonawanda	NY	2	1,170,111	205,554	Vendors
Burlington	NC	1	130,800	4,366	Vendors
Burlington-South Burlington	VT	3	198,889	20,458	Vendors
Canton-Massillon	OH	2	406,934	36,843	Vendors
Cape Coral-Fort Myers	FL	1	440,888	33,596	Businesses Only
Carson City	NV	1	52,457	-	No QCTs
Casper	WY	1	66,533	3,692	No Activity
Cedar Rapids	IA	3	237,230	7,935	Businesses Only
Champaign-Urbana	IL	3	210,275	40,416	Businesses Only
Charleston[b]	WV	5	309,635	62,149	Businesses Only
Charleston-North Charleston	SC	3	549,033	90,949	Vendors
Charlotte-Gastonia-Concord[b]	NC-SC	6	1,330,448	113,466	Vendors
Charlottesville	VA	5	174,021	15,523	Vendors
Chattanooga	TN-GA	6	476,531	52,490	Vendors
Cheyenne	WY	1	81,607	3,810	Vendors
Chicago-Naperville-Joliet	IL-IN-WI	14	9,098,316	1,598,299	Vendors
Chico	CA	1	203,171	44,532	Vendors
Cincinnati-Middletown	OH-KY-IN	15	2,009,632	241,244	Vendors
Clarksville[b]	TN-KY	4	232,000	27,172	Vendors
Cleveland[b]	TN	2	104,015	14,125	Businesses Only
Cleveland-Elyria-Mentor	OH	5	2,148,143	388,162	Vendors
Coeur d'Alene[c]	ID	1	108,685	4,710	Vendors
College Station-Bryan	TX	3	184,885	51,262	Businesses Only
Colorado Springs	CO	2	537,484	40,582	Vendors
Columbia	MO	2	145,666	27,972	Vendors
Columbia[b]	SC	6	647,158	75,364	Vendors
Columbus[b]	GA-AL	4	232,012	41,722	Vendors
Columbus	IN	1	71,435	4,792	No Activity
Columbus	OH	8	1,612,694	199,531	Vendors
Corpus Christi[b]	TX	3	403,280	93,771	Vendors
Corvallis	OR	1	78,153	12,770	Vendors
Cumberland	MD-WV	2	102,008	16,015	Vendors
Dallas-Fort Worth-Arlington	TX	12	5,161,544	856,629	Vendors
Dalton	GA	2	120,031	-	No QCTs
Danville[c]	IL	1	83,919	10,599	Vendors
Danville	VA	2	110,156	19,589	Businesses Only
Davenport-Moline-Rock Island[b]	IA-IL	4	376,019	40,148	Vendors
Dayton	OH	4	848,153	130,950	Vendors
Decatur	AL	2	145,867	21,875	Vendors
Decatur	IL	1	114,706	18,489	No Activity
Deltona-Daytona Beach-Ormond Beach	FL	1	443,343	38,765	Vendors
Denver-Aurora	CO	9	2,157,756	274,101	Vendors
Des Moines	IA	5	481,394	36,912	Vendors
Detroit-Warren-Livonia	MI	6	4,452,557	866,095	Vendors
Dothan[b]	AL	3	130,861	14,262	Vendors
Dover	DE	1	126,697	4,445	Businesses Only
Dubuque	IA	1	89,143	2,848	Vendors

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Duluth[b]	MN-WI	3	275,486	27,794	Vendors
Durham[b]	NC	4	426,493	85,412	Vendors
Eau Claire	WI	2	148,337	23,171	No Activity
El Centro[c]	CA	1	142,361	80,876	Vendors
Elizabethtown	KY	2	107,547	1,521	Vendors
Elkhart-Goshen	IN	1	182,791	9,234	No Activity
Elmira	NY	1	91,070	15,979	Businesses Only
El Paso	TX	1	679,622	163,036	Vendors
Erie	PA	1	280,843	47,591	Vendors
Eugene-Springfield	OR	1	322,959	27,895	Vendors
Evansville[b]	IN-KY	6	342,815	32,971	Vendors
Fairbanks[a]	AK	1	82,840	1,766	Vendor
Fajardo[a]	PR	3	78,533	14,382	Business Only
Fargo	ND-MN	2	174,367	25,347	No Activity
Farmington[c]	NM	1	113,801	26,665	Vendors
Fayetteville[b]	NC	2	336,609	31,571	Vendors
Fayetteville-Springdale-Rogers	AR-MO	4	347,045	28,390	No Activity
Flagstaff	AZ	1	116,320	31,390	No Activity
Flint	MI	1	436,141	83,875	Businesses Only
Florence	AL	2	142,950	12,279	Businesses Only
Florence[b]	SC	2	193,155	40,336	Vendors
Fond du Lac	WI	1	97,296	3,843	No Activity
Fort Collins-Loveland	CO	1	251,494	33,793	Businesses Only
Fort Smith[b]	AR-OK	5	273,170	64,263	Vendors
Fort Walton Beach-Crestview-Destin	FL	1	170,498	2,874	Vendors
Fort Wayne	IN	3	390,156	42,292	Businesses Only
Fresno	CA	1	799,407	193,835	Vendors
Gadsden	AL	1	103,459	20,681	Vendors
Gainesville	FL	2	232,392	59,071	Vendors
Gainesville	GA	1	139,277	12,750	Vendors
Glens Falls	NY	2	124,345	2,385	No Activity
Goldsboro	NC	1	113,329	17,291	Vendors
Grand Forks	ND-MN	2	97,478	13,381	Vendors
Grand Junction	CO	1	116,255	15,301	Vendors
Grand Rapids-Wyoming[b]	MI	4	740,482	61,389	Vendors
Great Falls	MT	1	80,357	9,253	Vendors
Greeley	CO	1	180,936	28,591	Vendors
Green Bay[b]	WI	3	282,599	15,449	Businesses Only
Greensboro-High Point[b]	NC	3	643,430	61,414	Vendors
Greenville[b]	NC	2	152,772	32,001	Vendors
Greenville[b]	SC	3	559,940	59,462	Vendors
Guayama[c]	PR	3	83,570	32,985	No Activity
Gulfport-Biloxi	MS	3	246,190	39,992	Vendors
Hagerstown-Martinsburg	MD-WV	3	222,771	36,661	Vendors
Hanford-Corcoran[c]	CA	1	129,461	49,895	Vendors
Harrisburg-Carlisle	PA	3	509,074	42,409	Vendors
Harrisonburg	VA	2	108,193	13,258	Businesses Only
Hartford-West Hartford-East Hartford	CT	3	1,148,618	157,636	Vendors
Hattiesburg	MS	3	123,812	24,283	Businesses Only
Hickory-Morganton-Lenoir	NC	4	341,851	6,355	Vendors
Hinesville-Fort Stewart[b]	GA	2	71,914	1,894	Vendors

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Holland-Grand Haven	MI	1	238,314	5,517	Vendors
Honolulu[a]	HI	1	148,677	21,392	Vendor
Hot Springs	AR	1	88,068	11,932	No Activity
Houma-Bayou Cane-Thibodaux	LA	2	194,477	42,592	Vendors
Houston-Baytown-Sugar Land	TX	10	4,715,407	861,705	Vendors
Huntington-Ashland	WV-KY-OH	5	288,649	64,824	Vendors
Huntsville	AL	2	342,376	38,950	Vendors
Idaho Falls	ID	2	101,677	11,106	Vendors
Indianapolis	IN	10	1,525,104	150,049	Vendors
Iowa City	IA	2	131,676	23,024	No Activity
Ithaca	NY	1	96,501	26,613	Vendors
Jackson	MI	1	158,422	19,686	Vendors
Jackson[b]	MS	5	497,197	115,515	Vendors
Jackson	TN	2	107,377	16,687	Vendors
Jacksonville	FL	5	1,122,750	93,306	Vendors
Jacksonville	NC	1	150,355	4,413	Vendors
Janesville	WI	1	152,307	15,995	Vendors
Jefferson City	MO	4	140,052	12,272	Businesses Only
Johnson City	TN	3	181,607	33,921	Businesses Only
Johnstown	PA	1	152,598	13,138	Vendors
Jonesboro[b]	AR	2	107,762	21,358	Businesses Only
Joplin	MO	2	157,322	12,118	Businesses Only
Kalamazoo-Portage	MI	2	314,866	53,826	Vendors
Kankakee-Bradley	IL	1	103,833	14,954	Businesses Only
Kansas City[b]	MO-KS	15	1,836,038	223,405	Vendors
Kennewick-Richland-Pasco	WA	2	191,822	32,150	Vendors
Killeen-Temple-Fort Hood	TX	3	330,714	36,279	Vendors
Kingsport-Bristol	TN-VA	3	230,014	18,166	Businesses Only
Kingston	NY	1	177,749	6,762	No Activity
Knoxville	TN	5	616,079	80,405	Vendors
Kokomo	IN	2	101,541	16,922	No Activity
La Crosse	WI-MN	2	126,838	21,482	Vendors
Lafayette	IN	3	178,541	32,472	No Activity
Lafayette	LA	2	239,086	45,261	Vendors
Lake Charles	LA	2	193,568	36,894	Businesses Only
Lakeland-Winter Haven	FL	1	483,924	54,202	No Activity
Lancaster	PA	1	470,658	33,095	Vendors
Lansing-East Lansing	MI	3	447,728	68,621	Businesses Only
Laredo	TX	1	193,117	67,896	No Activity
Las Cruces	NM	1	174,682	37,421	Vendors
Las Vegas-Paradise	NV	1	1,375,765	166,587	Vendors
Lawrence	KS	1	99,962	18,254	Businesses Only
Lawton[d]	OK	1	114,996	16,791	Businesses Only
Lebanon	PA	1	120,327	4,166	Vendors
Lewiston	ID-WA	2	57,961	10,273	Businesses Only
Lewiston-Auburn	ME	1	103,793	13,334	No Activity
Lexington-Fayette	KY	6	408,326	62,025	Vendors
Lima	OH	1	108,473	14,870	Businesses Only
Lincoln	NE	2	266,787	34,644	Vendors
Little Rock-North Little Rock[b]	AR	6	610,518	73,092	Businesses Only
Logan	UT-ID	2	102,720	16,372	Businesses Only

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Longview	TX	3	194,042	27,794	No Activity
Longview-Kelso[c]	WA	1	92,948	16,444	Vendors
Los Angeles-Long Beach-Santa Ana	CA	2	12,365,627	2,615,947	Vendors
Louisville[b]	KY-IN	13	1,161,975	138,454	Vendors
Lubbock	TX	2	249,700	57,896	Businesses Only
Lynchburg[b]	VA	6	228,616	23,397	Businesses Only
Macon[b]	GA	5	222,368	49,902	Vendors
Madera	CA	1	123,109	26,923	No Activity
Madison	WI	3	501,774	52,075	Vendors
Manchester-Nashua	NH	1	380,841	29,390	Businesses Only
Mansfield	OH	1	128,852	16,139	No Activity
Mayagüez[a]	PR	2	115,048	30,996	Businesses Only
McAllen-Edinburg-Pharr	TX	1	569,463	156,012	Businesses Only
Medford	OR	1	181,269	14,996	Vendors
Memphis[b]	TN-MS-AR	8	1,205,204	264,292	Vendors
Merced	CA	1	210,554	40,903	Businesses Only
Miami-Fort Lauderdale-Miami Beach	FL	3	5,007,564	868,838	Vendors
Michigan City-La Porte	IN	1	110,106	5,820	No Activity
Midland	TX	1	116,009	13,730	Businesses Only
Milwaukee-Waukesha-West Allis	WI	4	1,500,741	269,653	Vendors
Minneapolis-St. Paul-Bloomington	MN-WI	13	2,968,806	274,114	Vendors
Missoula	MT	1	95,802	17,821	Vendors
Mobile	AL	1	399,843	106,142	Vendors
Modesto	CA	1	446,997	89,418	Businesses Only
Monroe	LA	2	170,053	33,264	Businesses Only
Monroe	MI	1	145,945	4,743	No Activity
Montgomery[b]	AL	4	346,528	83,256	Vendors
Morgantown	WV	2	111,200	25,665	Vendors
Morristown	TN	3	123,081	6,539	Vendors
Mount Vernon-Anacortes[c]	WA	1	102,979	-	Vendors
Muncie	IN	1	118,769	25,454	Vendors
Muskegon-Norton Shores	MI	1	170,200	30,887	Vendors
Myrtle Beach-Conway-North Myrtle Beach	SC	1	196,629	28,216	Vendors
Napa	CA	1	124,279	1,102	No Activity
Naples-Marco Island	FL	1	251,377	23,314	Vendors
Nashville-Davidson-Murfreesboro[b]	TN	13	1,311,789	107,696	Vendors
New Haven-Milford	CT	1	824,008	122,378	Vendors
New Orleans-Metairie-Kenner	LA	7	1,316,510	304,128	Vendors
New York-Newark-Edison	NY-NJ-PA	23	18,323,002	3,844,192	Vendors
Niles-Benton Harbor	MI	1	162,453	22,924	Businesses Only
Norwich-New London	CT	1	259,088	15,442	Vendors
Ocala	FL	1	258,916	21,322	No Activity
Ocean City	NJ	1	102,326	5,994	Vendors
Odessa	TX	1	121,123	34,697	Businesses Only
Ogden-Clearfield	UT	3	442,656	28,787	Vendors
Oklahoma City	OK	7	1,095,421	188,415	Vendors
Olympia	WA	1	207,355	2,993	Vendors
Omaha-Council Bluffs	NE-IA	8	767,041	82,240	Vendors
Orlando	FL	4	1,644,561	95,713	Vendors
Oshkosh-Neenah	WI	1	156,763	11,439	Vendors
Owensboro[b]	KY	3	109,875	13,890	Businesses Only

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Oxnard-Thousand Oaks-Ventura	CA	1	753,197	91,498	Vendors
Palm Bay-Melbourne-Titusville	FL	1	476,230	19,868	Vendors
Panama City-Lynn Haven	FL	1	148,217	17,023	Vendors
Parkersburg-Marietta	WV-OH	4	164,624	11,032	Vendors
Pascagoula[b]	MS	2	150,564	29,894	Vendors
Pensacola-Ferry Pass-Brent	FL	2	412,153	55,122	Vendors
Peoria[b]	IL	5	366,899	36,113	Businesses Only
Philadelphia-Camden-Wilmington	PA-NJ-DE-MD	11	5,687,147	1,024,881	Vendors
Phoenix-Mesa-Scottsdale	AZ	2	3,251,876	536,080	Vendors
Pine Bluff	AR	3	107,341	29,809	Businesses Only
Pittsburgh[b]	PA	7	2,431,087	302,559	Vendors
Pittsfield	MA	1	134,953	9,465	No Activity
Pocatello[b]	ID	2	83,103	12,654	Businesses Only
Ponce[b]	PR	3	264,919	83,424	Vendors
Portland-South Portland,	ME	3	487,568	12,422	Vendors
Portland-Vancouver-Beaverton[b]	OR-WA	7	1,927,881	105,238	Vendors
Port St. Lucie-Fort Pierce	FL	2	319,426	49,102	Vendors
Poughkeepsie-Newburgh-Middletown	NY	2	621,517	61,756	Vendors
Prescott	AZ	1	167,517	-	No QCTs
Providence-New Bedford-Fall River	RI-MA	6	1,582,997	255,158	Vendors
Provo-Orem	UT	2	376,774	55,738	Vendors
Pueblo	CO	1	141,472	36,200	Vendors
Punta Gorda	FL	1	141,627	-	No QCTs
Racine	WI	1	188,831	24,263	Businesses Only
Raleigh-Cary	NC	3	797,071	81,500	Vendors
Rapid City	SD	2	112,818	8,518	Vendors
Reading	PA	1	373,638	50,714	Vendors
Redding	CA	1	163,256	25,753	Vendors
Reno-Sparks	NV	2	342,885	31,737	Vendors
Richmond[b]	VA	20	1,096,957	123,540	Vendors
Riverside-San Bernardino-Ontario	CA	2	3,254,821	566,291	Vendors
Roanoke[b]	VA	6	288,309	27,107	Vendors
Rochester	MN	3	163,618	9,860	No Activity
Rochester	NY	5	1,037,831	143,094	Vendors
Rockford	IL	2	320,204	37,885	Vendors
Rocky Mount	NC	2	143,026	28,440	Businesses Only
Rome	GA	1	90,565	20,274	Businesses Only
Sacramento--Arden-Arcade--Roseville	CA	4	1,796,857	297,702	Vendors
Saginaw-Saginaw Township North	MI	1	210,039	44,867	No Activity
St. Cloud	MN	2	167,392	10,743	Vendors
St. George	UT	1	90,354	3,895	Vendors
St. Joseph,	MO-KS	4	122,336	13,618	Vendors
St. Louis[b]	MO-IL	17	2,721,491	349,186	Vendors
Salem	OR	2	347,214	48,948	Vendors
Salinas	CA	1	401,762	69,829	Businesses Only
Salisbury[b]	MD	2	109,391	15,741	Businesses Only
Salt Lake City[b]	UT	3	968,858	75,029	Vendors
San Angelo	TX	2	105,781	16,570	No Activity
San Antonio	TX	8	1,711,703	391,607	Vendors
San Diego-Carlsbad-San Marcos	CA	1	2,813,833	413,029	Vendors
Sandusky	OH	1	79,551	8,173	No Activity

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
San Francisco-Oakland-Fremont	CA	5	4,123,740	622,428	Vendors
San Germán-Cabo Rojo[a]	PR	4	136,212	32,894	Businesses Only
San Jose-Sunnyvale-Santa Clara[b]	CA	2	1,735,819	131,947	Vendors
San Juan-Caguas-Guaynabo[a]	PR	41	2,509,007	682,143	Vendors
San Luis Obispo-Paso Robles	CA	1	246,681	20,569	Vendors
Santa Barbara-Santa Maria-Goleta	CA	1	399,347	73,807	Vendors
Santa Cruz-Watsonville	CA	1	255,602	35,184	Vendors
Santa Fe	NM	1	129,292	9,255	Vendors
Santa Rosa-Petaluma	CA	1	458,614	5,659	Vendors
Sarasota-Bradenton-Venice	FL	2	589,959	38,521	Businesses Only
Savannah	GA	3	293,000	52,433	Vendors
Scranton--Wilkes-Barre	PA	3	560,625	37,766	Vendors
Seattle-Tacoma-Bellevue	WA	4	3,043,878	203,155	Vendors
Sheboygan	WI	1	112,646	4,908	No Activity
Sherman-Denison	TX	1	110,595	11,311	No Activity
Shreveport-Bossier City[b]	LA	3	375,965	81,327	Vendors
Sioux City	IA-NE-SD	4	143,053	10,921	Businesses Only
Sioux Falls	SD	4	187,093	4,874	Businesses Only
South Bend-Mishawaka	IN-MI	2	316,663	27,027	Vendors
Spartanburg	SC	1	253,791	17,534	Businesses Only
Spokane	WA	1	417,939	66,763	Vendors
Springfield	IL	2	201,437	19,915	Vendors
Springfield	MA	3	680,014	123,739	Vendors
Springfield[b]	MO	5	368,374	59,430	Vendors
Springfield	OH	1	144,742	25,223	Vendors
State College	PA	1	135,758	28,966	Vendors
Stockton	CA	1	563,598	121,971	Businesses Only
Sumter	SC	1	104,646	26,796	Vendors
Syracuse	NY	3	650,154	99,315	Vendors
Tallahassee	FL	4	320,304	65,138	Vendors
Tampa-St. Petersburg-Clearwater	FL	4	2,395,997	195,732	Vendors
Terre Haute[b]	IN	4	170,943	18,454	Vendors
Texarkana, TX-Texarkana	AR	2	129,749	22,882	Vendors
Toledo[b]	OH	4	659,188	125,917	Vendors
Topeka[b]	KS	5	224,551	24,508	Vendors
Trenton-Ewing	NJ	1	350,761	54,928	Vendors
Tucson	AZ	1	843,746	170,566	Vendors
Tulsa[d]	OK	7	859,532	116,303	Vendors
Tuscaloosa[b]	AL	3	192,034	55,461	Vendors
Tyler	TX	1	174,706	27,501	Vendors
Utica-Rome	NY	2	299,896	47,938	Vendors
Valdosta[b]	GA	4	119,560	41,485	Vendors
Vallejo-Fairfield	CA	1	394,542	24,420	Vendors
Vero Beach[c]	FL	1	112,947	7,639	Businesses Only
Victoria[b]	TX	3	111,663	12,668	Vendors
Vineland-Millville-Bridgeton	NJ	1	146,438	21,173	No Activity
Virginia Beach-Norfolk-Newport News[b]	VA-NC	16	1,576,370	171,694	Vendors
Visalia-Porterville	CA	1	368,021	79,272	Vendors
Waco	TX	1	213,517	41,100	Vendors
Warner Robins	GA	1	110,765	12,819	Vendors
Washington-Arlington-Alexandria	DC-VA-MD-WV	22	4,796,183	482,854	Vendors

Metropolitan Statistical Area	State(s)	Counties	Population		HUBZone Status[e]
			MSA	QCTs	
Waterloo-Cedar Falls	IA	3	163,706	29,976	Businesses Only
Wausau	WI	1	125,834	3,480	No Activity
Weirton-Steubenville	WV-OH	3	132,008	16,321	Vendors
Wenatchee[c]	WA	2	99,219	6,632	Vendors
Wheeling	WV-OH	3	153,172	16,750	Vendors
Wichita[b]	KS	4	571,166	49,065	Vendors
Wichita Falls	TX	3	151,524	27,970	Vendors
Williamsport	PA	1	120,044	7,359	Vendors
Wilmington[b]	NC	3	274,532	22,839	Vendors
Winchester	VA-WV	3	102,997	-	No QCTs
Winston-Salem	NC	4	421,961	40,024	Businesses Only
Worcester	MA	1	750,963	80,359	Businesses Only
Yakima	WA	1	222,581	47,133	Vendors
Yauco[b]	PR	4	118,063	43,608	Businesses Only
York-Hanover	PA	1	381,751	25,130	Businesses Only
Youngstown-Warren-Boardman	OH-PA	3	602,964	88,914	Vendors
Yuba City-Marysville	CA	2	139,149	39,412	Businesses Only
Yuma	AZ	1	160,026	33,365	Vendors

[a] At least part of the MSA is a DDA. The only exception is in Puerto Rico, where much of San Juan-Caguas-Guaynabo is not DDA.

[b] At least one county in the MSA is a qualified county.

[c] All counties in the MSA are qualified counties.

[d] All (Lawton and Tulsa) or part (Fort Smith) of the MSA is an OTSA or reservation.

[c] Key For HUBZone Status:

No QCTs: The MSA has no qualified census tracts and thus no HUBZone businesses.
No Activity: There are (and have been) no HUBZone businesses in the MSA.
Businesses Only: There is at least one HUBZone business in the MSA, but there are no HUBZone vendors.
Vendors: There is at least one HUBZone vendor in the MSA.

Appendix D. Definitions, Assumptions, and Analytical Procedures

D.a. Working Definitions

D.a.1. FPDS-Related Definitions

Data. Federal Procurement Data System records include nearly 150 variables about all aspects of a procurement.[277] Three of these variables are HUBZone-program-specific. They identify a HUBZone business and the use of a HUBZone contracting mechanism.

Each record in the database describes a contract action or set of contract actions related to one procurement. An individual action may or may not involve obligating (or, occasionally, de-obligating) funds. Each procurement has an ID number, but the number is unique only with respect to a contracting office and a fiscal year. Some procurement ID numbers are sufficiently generic that they are used by different contracting offices or in different fiscal years. A procurement involves at least one contract action. The data do not have a unique variable that defines a contract.

Contract. We define a "contract" as a group of records that have the same procurement ID, contracting office ID, DUNS number of the vendor, and fiscal year.[278]

HUBZone Contract. We view the distinguishing characteristics of a HUBZone contract as being a contractor that is a certified HUBZone business and use of a HUBZone mechanism. We define a "HUBZone contract" as a contract whose FPDS records include a "yes" value in the field "vendor is a HUBZone gusiness" and an indicator of use of a HUBZone mechanism.[279] These mechanisms include:

- Three types of set-aside:
  - A HUBZone set-aside (for limited competition),
  - An 8(a) set-aside with HUBZone preference; or
  - A HUBZone sole source
- Two types of preferential pricing:
  - A HUBZone price evaluation, or
  - A combined HUB/SDB preference.

The FPDS, however, uses another, far broader concept of a HUBZone procurement. The Certified HUBZone small business actions/certified hubzone small business dollars are counted as an aggregation of "number of actions"/"action obligation" values in the contract when the "contracting officer's selection of business size" value in the contract is equal to "small business" *and* the vendor's business type (vendor's socioeconomic data) is HUBZone certified.

[277] See Appendix B for a list.

[278] This procedure produced 20,836 contracts from 30,982 records. If the DUNS number is omitted, the number of contracts falls to 19,035—presumably reflecting multi-vendor awards. If the fiscal year is dropped out, the number of contracts is 17,727—presumably reflecting contracts with actions in more than one fiscal year.

[279] The HUBZone Act prescribes three ways of structuring a HUBZone contract: a HUBZone set-aside, a sole source procurement, and preferential pricing. The set-aside and preferential-pricing variables reflect these mechanisms, although the FPDS classification system adds two variants.

The HUBZone information *is not* retrieved from the "type of set aside" and "evaluated preference" fields.[280]

Table D.a summarizes HUBZone procurements using both definitions. The results based on only the HUBZone status of the vendor exceed the results based on the HUBZone status of the procurement by:

- A factor of greater than 5 for dollars obligated;
- A factor of greater than 10 for contracts; and
- A factor of greater than 20 for contract actions.

A definition that does not require explicit use of a HUBZone mechanism, however, is not appropriate for a study of program impacts.

Table D.a
COMPARISON OF DEFINITIONS OF HUBZONE CONTRACT

Measure	FPDS Definition	Definition Requiring HUBZone Mechanism
Actions	776,333	32,889
Contracts	285,795	20,836
Obligations	$36,075,870,899	$6,305,505,934

D.a.2. Impacts

Program Impacts. Impacts are defined as a change from a baseline that results from the program or cause being examined—in this case the expenditure of funds through HUBZone contracts, which becomes revenue to the contractor. The effects of interest are changes in income and the unemployment rate, since this is how the areas qualified as HUBZones in the first place.

For the most part, the concept is straightforward: Impacts are revenues from a HUBZone contract that (presumably) would not have gone to the HUBZone in the absence of the program. There are two cases, however, where care is required in defining the baseline:

- For impacts of the DDA provision, the baseline includes any HUBZone contracts with vendors who are located in a QCT or qualified county, because these would have been HUBZone contracts in the absence of the DDA provision.
- Similarly for the BRAC provision, the baseline includes any HUBZone contracts with vendors on a BRAC base that is located in a qualified county, because the BRAC base would have been in a HUBZone in the absence of the BRAC provision.

An alternative defining criterion for DDA and BRAC provision impacts is that HUBZone activity is not an impact of the DDA provision or the BRAC provision if the firm was certified as a HUBZone business before the provision went into effect. Such contracting activity is an impact of the program as a whole, but it does not depend on these specific provisions.

[280] Email from FPDS-NG Support, January 14, 2008.

There are some more subtle aspects of the baseline that are noted but not included in the estimates of impacts. A number of HUBZone vendors appear to be sufficiently experienced at federal contracting that they could win some of the "HUBZone" contracts even without the HUBZone program. Not enough is known about any specific case, however, to make any adjustment.

HUBZone Area. In discussing impacts, it is necessary to define the area that is impacted. The HUBZone program targets particular areas and only impacts on the targeted areas are of interest. For counties (including DDAs), Indian reservations, and isolated non-metropolitan QCTs, the county or sub-county unit is obvious. For metropolitan areas and some other cases, more thought is needed:

- An entire metropolitan area is much too large. An aggregation of the QCTs is a reasonable approximation.
- For certain purposes (especially indirect impacts), it is appropriate to consider a whole state a quasi-HUBZone. This occurs with states that are almost entirely DDA and in Oklahoma, which is mostly OTSA.

D.b. Data Adjustments

D.b.1. Issues and Adjustments

Size Differences. The same HUBZone dollars do not have the same impact on HUBZones of vastly differing sizes. HUBZone contract dollars must be normalized so that areas of different size can be compared. This is typically done by using a measure of dollars per capita. In this instance that adjustment is particularly useful since both income and employment rates are implicitly per capita measures.

Annualization of Values. Similarly, the same HUBZone dollars do not have the same impact on a HUBZone when they are spent all at once and when they are spread out over a period of years. Thus, dollars are annualized for comparability. The number of years that the dollars are divided by is the number of years an MSA received HUBZone contracts—the last year that HUBZone contracts were received (often 2007) minus the first year. This method was used irrespective of whether there were no contract dollars in some intervening year. This approach, in effect, discounts the benefits of a revenue stream that fluctuates enough to have zero (or negligible) dollars in some years.

Other Issues of Timing. Although it may not be reflected in dollars, the timing of HUBZone contract revenues has important implications for the quality of the impacts. There are several issues:

- The name "*historically* underutilized business zone" indicates that the problems being addressed are longstanding ones and imply that long-term impacts are wanted. A large one-time injection does not have a long-term impact; $8 million spent in one year is not the same as $1 million spent in each of eight consecutive years.
- Similarly, widely fluctuating income streams that include large revenues every two or three years with little or nothing in between are not as beneficial as steady revenue streams.

- Relatively large contracts several years ago, which have dwindled to little or nothing in the last two or three years, are not a reliable basis for measuring current impacts—much less projecting future ones.
- Conversely, a HUBZone contract revenue stream that started in FY2005 or FY2006 and has increased sharply since is not a good predictor of future impacts.

We have adjusted for these considerations in several ways:
- We dropped one-year revenue streams that occurred prior to FY2006.
- We included intermediate years with no revenue in the annualization computations, which lowered the annualized value of the revenue stream.
- We noted instances where large HUBZone contract revenue in one year appeared to distort impacts upward.

Missing Census Tract Numbers. Geographic precision in the analysis is compromised by the fact that census tract numbers are not available for 46 percent of the vendors in core metropolitan areas. This is due principally to the fact that 36 percent of all HUBZone vendors found in FPDS data were not included in the applications database, which is the only source of census tract information. Additional records in the database had missing or unusable census tract codes.

We obtained county information on these vendors and used county detail where appropriate. For certain classes of HUBZones—particularly DDA and BRAC—we plotted many individual addresses.

Indirect Effects. HUBZone contract revenues are subject to a number of effects that both augment and diminish the values as they generate the impacts.
- A portion of the contract revenues will generate local income that results in further expenditure and demand that will generate more output and local income. These indirect effects are captured in multipliers, which may differ by region and sector.
- Not all of funds spent in performance of a HUBZone contract are for labor. Expenditure on purchased inputs does not directly generate income for the work force (although it may do so to some extent as part of the indirect impacts). Earnings impacts are smaller than output impacts.
- The HUBZone program requires that at least 35 percent of the labor force must live in a HUBZone. Thus up to 65 percent may not be part of the targeted population, and it is not correct to treat non-HUBZone residents' income as program benefits.

Changes in final demand (including indirect effects), earnings, and employment are estimated using input/output multipliers.

D.b.2. Use of Multipliers and Related Assumptions

Selection of Multipliers. Input/Output multipliers are available from the BEA in (very extensive) industry and regional detail. Since the HUBZone program involves literally hundreds of such "regions," as well as a wide range of industries, it is not practicable to capture this detail. Nor, in light of the magnitude of some of the other issues, would the precision be of much use.

To obtain at least a degree of consistency, we used state input/output multipliers[281] developed by the BEA for the construction industry.[282] State multipliers tend to understate the leakages for sub-state areas. We made some adjustments but tried not to over-correct on the principle that it is preferable to know the direction of biases that run contrary to conclusions than not to know anything about the bias.

The sets of BEA multipliers include three distinct types of multipliers:

- Total demand (output) multipliers, which relate total (direct and indirect) expenditures to direct expenditures;
- Earnings multipliers, which relate the effect on labor earnings to direct expenditures; and
- Employment multipliers, which relate job creation to direct expenditures.

We used all three types of multipliers in estimating HUBZone impacts.

Adjustments and Assumptions. We made adjusting assumptions both with respect to indirect impacts and with respect to employment. Where these assumptions differed for different classes of HUBZones, they generally divided into metropolitan QCT assumptions and qualified county assumptions. There were, however, a number of variants.

- **Total Demand.** A large portion of the indirect effects can be expected to leak out of HUBZones. For metropolitan QCTs, this leakage would be far greater than the multiplier estimates even if metropolitan area multipliers were used. State multipliers magnify the distortion somewhat.
  - For metropolitan QCTs, we multiplied the indirect (but not direct) impacts by the ratio of total QCT population in the metropolitan area to total metropolitan area population.
  - For qualified counties, we multiplied the indirect impacts by 0.75.
  - For non-metropolitan QCTs, we multiplied indirect impacts by the ratio of total QCT population to total county population.
  - Treatment of Indian reservations depended on the size of the reservation; we treated small Indian reservations as non-metropolitan QCTs, and we treated large Indian reservations as qualified counties.
  - For DDAs and Indian lands in Alaska and Oklahoma, leakage was not a concern because almost the entire state is one large HUBZone. Accordingly, we made no adjustment.
- **Employment.** For employment-related impacts (both earnings and jobs) an adjustment was necessary to allow for leakage of benefits to non-HUBZone residents.
  - For QCTs and small Indian reservations, we assumed that 50 percent of employment benefits would be lost to non-HUBZone residents.

[281] In the case of a multi-state metropolitan area, the multipliers for the state of the lead city are used (except for Washington, DC-VA-MD-WV, for which Virginia's multiplier is used because the DC multiplier does not cover the whole metropolitan area. Use of state multipliers is likely somewhat to overstate impacts, although the state and metropolitan area multipliers generally do not differ greatly.

[282] Almost two-thirds of HUBZone contracting activity, by dollar value, is in the construction industry.

- For qualified counties, large Indian reservations, and DDAs, we assumed that all new employees would live in the HUBZone, and no adjustment was made.

D.c. Impact Measurements

The initial step of computing total HUBZone contract revenues on a per capita basis was an initial screening: Impacts less than $50 per capita were considered *de minimus* and these HUBZones were dropped from further analysis. All other impacts were estimated on an annualized basis. The full set of impacts estimated included:

- Direct impacts;
- Total impacts;
- Increases in earnings as a percentage of income;
- Jobs created; and
- Reductions in the unemployment rate.

Increases in earnings and reductions in the unemployment rate were assessed as overall measures of HUBZone impacts.

Appendix E. Techniques Used in Analysis of Indian Reservations

E.a. Application Data

Data and Tools. It is extremely difficult to identify which HUBZone businesses are in Indian Country using conventional geographic data. In principle, a series of census tract numbers was to be used for Indian reservations and other Indian lands. Census Bureau sources reported that this was not carried out consistently enough to be reliable. There are really only two types of data available:

- The application database includes a code for a HUBZone business that qualified because it is on an Indian reservation.
- The HUBZone mapping system includes geo-coded data that identify Indian reservations and other Indian (and ANVSA) lands.

The HUBZone mapping system has numerous deficiencies[283] that make it difficult to identify specific entities in Indian Country and virtually impossible to match most ZIP codes with a single reservation without resorting to such additional resources as the USPS web site and MapQuest.[284]

Application Data Miscoding. The application data code 1,085 HUBZone businesses as being on an Indian reservation, although they give no indication as to which one. In the process of identifying the Indian reservations involved, we discovered that 126 (11.7 percent) of these records are located in ZIP codes where there is no Indian reservation or other Indian land (Table E.a). These ZIP codes are located in 86 counties (72 of which have no Indian lands anywhere in the county) in 33 states (12 of which have no Indian lands anywhere in the state). These states account for 11 of the 13 states listed in the data with fewer than four on-reservation HUBZone businesses. Table E.a summarizes these states and counties with listed on-reservation HUBZone businesses but without reservations. These 126 records were dropped from the analysis.

Application Data Omissions. The FPDS data contain many HUBZone vendors that are not in the HUBZone applications data. At least 81 of them are on Indian reservations.[285]

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[283] See Appendix B for a further discussion.

[284] MapQuest is a much more precise mapping system than the HUBZone maps, and it is a great deal easier to read. Virtually all "reservations" and "Pueblos" are shown. Some Indian lands with other names (e.g., trust lands) are colored in, and some of these are named (although MapQuest tends to use the term "reservation" generically). MapQuest is weakest where lands are mixed; in Oklahoma it was useful only to assist with orientation on the HUBZone maps—and for that it was often necessary.

[285] Of these, 37 were not found in the applications data at all, 31 were found but were not listed as reservations, and two were listed under a state without reservations that differed from the state address in the FPDS files. Identification of these vendors began in the analysis of DDAs, during which the address of every vendor was plotted, and ten (not listed as such in the application data) were found to be located in ANVSAs. Oklahoma was another obvious candidate, and plotting of the town in the FPDS address identified 19 more Indian vendors not identified as such in the applications data. Thereafter, all states containing Indian lands were searched in one of two ways:

- For most of these states, the vendors were sorted by town, and each town was plotted on the on-line HUBZone maps, resulting in one of three outcomes:
  - If the plot fell in a reservation, all vendors in that town were considered reservation vendors.
  - If no reservation lands (orange) showed on the screen, that town was considered non-reservation.
  - If part of the screen was orange, street addresses were plotted to locate the vendor in or out of a reservation.
- In states with no more than three small reservations (e.g., Texas), the reservation was located on MapQuest, and the vendor list was screened for all adjacent towns.

Table E.a
STATES AND COUNTIES WITH NO INDIAN COUNTRY BUT WITH LISTED INDIAN COUNTRY HUBZONE BUSINESSES

State	Whole Counties With No Reservations	Counties With ZIP Codes With No Reservations	Total Counties	Listed HUBZone Businesses
Alabama	5	-	5	10
Alaska	1	-	1	1
Arizona	1	2	3	6
Arkansas[a]	1	-	1	1[b]
California	3	3	6	8
Colorado	2	-	2	2
Connecticut	1	-	1	2
Florida	3	2	5	7
Georgia[a]	2	-	2	2[b]
Hawaii[a]	2	-	2	2[b]
Idaho	2	-	2	4
Illinois[a]	1	-	1	1[b]
Kansas	2	-	2	2[b]
Kentucky[a]	1	-	1	1[b]
Louisiana	6	1	7	11
Maryland[a]	3	-	3	3[b]
Michigan	1	-	1	1
Mississippi	1	-	1	1
Missouri[a]	2	-	2	2[b]
Montana	1	-	1	1
New Mexico	-	2	2	5
New York	4	1	5	5
North Carolina	5	-	5	13
Ohio[a]	2	-	2	2[b]
Oklahoma	-	1	1	1
Oregon	4	-	4	6
Pennsylvania[a]	2	-	2	5[b]
South Carolina	1	-	1	1[b]
Tennessee[a]	1	-	1	1[b]
Texas	6	-	6	11
Utah	1	1	2	2
Virginia[a]	3	-	3	3[b]
Washington	2	1	3	3
TOTAL	72	14	86	126

[a] According to the HUBZone geo-coded data, there are no Indian reservations in this state.

[b] These are the only HUBZone businesses in this state reported in the applications data to be certified because they are on an Indian reservation.

E.b. Matching HUBZone Businesses With Reservations

In order to identify the Indian reservation for each of the 1,040 Indian HUBZone businesses coded as being in Indian Country, we developed a search procedure that supplements the HUBZone mapping system with MapQuest and USPS ZIP code data. This procedure, which was designed to minimize detailed search, entailed the following steps:

1) Search for each county on the HUBZone mapping system.

Decision Rule: i) If no Indian lands were reported, list this as a defective address and drop from further study.
ii) If one reservation was reported, accept this as the location of the HUBZone business.
iii) If multiple Indian lands were reported, list these for further analysis.
NOTE: The map displayed more area than the one county, so this often occurred.

2) Search for each ZIP code on the HUBZone mapping system.

Decision Rule: i) If no Indian lands were reported, hold this record for further analysis.
ii) If one reservation was reported, accept this as the location of the HUBZone business.
iii) If multiple Indian lands were reported, list these for further analysis.

3) Search each ZIP code on the USPS system to identify the Principal Town associated with it.

Decision Rule: i) If the town matches the reservation name exactly (which occurred only in Alaska ANVSAs and New Mexico Pueblos) accept this as the location of the HUBZone business.
ii) Otherwise, proceed to the next step.

4) Search MapQuest, using the town name, ZIP code and state.

Decision Rule: i) If the location plotted by MapQuest is on a reservation, accept this as the location of the HUBZone business.
ii) If the location is not on a reservation, proceed to the next step.

5) Zoom out and examine the surrounding geography and density of development.

Decision Rule: i) If a single reservation is near enough to the plotted location to be covered by that ZIP code, accept it as the location of the HUBZone business.
ii) If no reservation is close enough to plausibly be in that ZIP code, and the HUBZone map found none in that ZIP code, list this as a defective address and drop from further study.
iii) If relevant Indian lands are not listed on MapQuest, or if there are multiple possible Indian lands (usually true in Oklahoma), proceed to the next step.

6) Search the HUBZone mapping system using the town name and ZIP code to obtain a more precise plot.

Decision Rule: i) If the town is unambiguously close to—or in—a single reservation, accept it as the location of the HUBZone business.
ii) If there are multiple proximate Indian lands, proceed to the next step.

7) Identify all proximate Indian lands using the HUBZone Status feature of the HUBZone mapping system.

Decision Rule: Use judgment to determine which reservation is most probably in the ZIP code, and accept that one as the location of the HUBZone business.

Appendix F. Techniques Used in Analysis of Difficult Development Areas

F.a. Data Issues

For DDAs, it was necessary to determine whether a HUBZone business was in a QCT or qualified county. The QCTs presented problems in some territories.

Alaska, Hawaii, and the Northern Marianas. In these states and territory, the application data included complete census tracts.

Guam. For Guam, the application data included no census tract numbers, and the mapping system failed. The mapping system did not visually show census tracts, which were overlaid in solid green, representing the DDA. Clicking on the HUBZone status button does identify the census tract in a message if the cursor happens to be in a QCT at the time. The normal process of entering an address to determine whether it was in a HUBZone produces only the response that the entire island is a HUBZone. It was also difficult to get the map to display detail finer than the whole island.

Puerto Rico. In Puerto Rico, census tract numbers were missing for about one-third of the records in the application database. The mapping system failed here as well. Searching for an address results in being placed somewhere in the center of a Municipio. The Municipios were also too large to use the Census Bureau outline maps.

Virgin Islands. As in Guam, the application data contained no census tract numbers. The mapping system did not show individual census tracts or locate specific addresses, and the size of the cities was too large to make the Census Bureau outline maps effective.

F.b. General Approach

To identify which contracts could be considered impacts of the DDA provision, we examined the location, certification, and HUBZone contract history of every HUBZone vendor in the states and territories affected by the DDA provision. The process involved the following steps:

- The HUBZone map search was used to identify business addresses (taken from FPDS data) that are in a QCT, qualified county, or ANVSA. QCTs were explicitly identified by number, but qualified counties and ANVSAs often had to be determined from the map plot.
- The remaining businesses were checked using the census tract number contained in the application database or (where that was lacking) a Census Bureau look-up feature—which did not cover Guam.
- For presumptively DDA businesses and those not yet classified, DUNS numbers were used to check the HUBZone certification date in both the CCR and the HUBZone application data.
- For any DUNS number with unresolved issues, the history of HUBZone contracts was reviewed to identify HUBZone contracts prior to the effective date of the DDA provision (prior to FY2005). This search, however did not systematically identify

DUNS numbers with contract action signatures prior to the certification date, if all were in 2005 or later.

F.c. Individual States

F.c.1. Alaska

Alaska records in the applications data have census tract numbers. For HUBZone businesses it was straightforward to compare county FIPS codes and census tract numbers from the data with the lists of qualified counties and qualified census tracts to determine whether each HUBZone business was in a HUBZone that predated the DDA provision.

Vendors not found in the applications data were somewhat more difficult, because FPDS data do not include county or census tract. Nevertheless, it was straightforward to plot the street addresses. The problems included:

- Nine vendors that were not in a HUBZone, which were dropped from the analysis, and
- Four vendors located in DDAs (without QCTs) that had certification dates and contracts prior to the effective date of the DDA provision, which also were dropped from the analysis.

F.c.2. Hawaii

Hawaii was generally similar to Alaska. Vendors that were not in the applications data were fairly difficult because the HUBZone map did not visually identify QCTs, and there are a lot of them quite tightly packed in Honolulu.

F.c.3. Northern Mariana Islands

This was the easiest of all, because there is only one HUBZone business. It has complete data and is not a vendor.

F.c.4. Guam

The HUBZone program resources were not helpful on Guam.[286] Fortunately the Census Bureau's on-line detailed boundary maps of census tracts also shows Census-recognized communities. Most of these are small, consisting of only one or two census tracts. Using DUNS numbers, almost all of the application data businesses were matched with records in the CCR data to obtain street addresses.[287] FPDS data also provided street addresses for vendors. Comparing the towns in the CCR/FPDS addresses with Census communities on the maps enabled us to link business addresses to census tracts. With one exception, all of the census tracts in each town were either qualified or not qualified, so that we could determine whether each business was in a QCT. The exception was Tamuning, the largest town on Guam. A few additional HUBZone businesses were classified on the basis of having been certified before the

[286] MapQuest also fails to provide reasonable coverage of Guam.

[287] The few application data records that could not be matched were assigned towns on the basis of ZIP codes, after an understanding of the relationships between towns and census tracts had been developed.

DDA provisions went into effect, but the classification of HUBZone businesses was left incomplete.

After the regular search process was completed, five vendors remained, including two that were in neither the CCR nor the HUBZone applications data. Contract dating was not helpful, because almost all of the contracts on Guam post-dated the DDA provision. Ultimately, the Census Bureau provided a difficult algorithm for plotting street addresses, which located them. The two unlisted vendors were quite small and were considered to be DDA businesses.

F.c.5. Puerto Rico

We identified a few HUBZone businesses as being in QCTs because they were certified before the DDA provision. Map plotting did not work. Most of the vendors were classified at least partly on the basis of contract dates and/or certification dates. Eventually we found a Census Bureau look-up facility that covered Puerto Rico (although none of the other territories).

Puerto Rico also presented a HUBZone business in DDAs that was certified and won contracts before the DDA provision went into effect. This firm had more than one address in the FPDS data. Eventually, we worked out from the contract dates and addresses that this business had been certified while in a QCT and then had moved into a new DDA HUBZone.

F.c.6. Virgin Islands

The Virgin Islands were another place where the mapping system failed to provide information about the status of census tracts. About half of the HUBZone businesses had been certified prior to the DDA provision, however, and we used that number as an approximation.

HUBZone vendors did not present problems, because the Virgin Islands do not have any.

Appendix G. BRAC List Discrepancies

Identifying the major base closings under the five BRAC rounds is not a particularly easy task. Several factors complicate the process:

- Many sources do not split out major base closings; they either:
  - List major closings and major realignments together, or
  - Fail to differentiate between major and other.
- Names of bases are not always consistent across lists.
- BRAC recommendations deal with both military units and bases. This can lead to confusion where a unit is disbanded and a base is closed. Similarly, in one case the same base is listed as a closure under two branches of service.
- The BRACs did not always follow the recommendations of the services.

G.a. Erroneous Inclusions

The discrepancies between the BRAC bases included on the HUBZone map and any other list are considerable. Eighteen bases are mapped that are not distinct major base closings (Table G.a), and three bases are identified by the official base name (Table G.b). In several instances, the same base name is used two or three times.

Incorrect Classification. The considerable majority of these cases had—somewhere along the information chain—been misclassified as major closings.

- In ten cases, the action was a realignment, not a closing.
- In five cases, the closing was classified as minor, not major.
- In three cases (all Puget Sound), there was neither a closing nor a realignment.

Duplication and Misidentification. In three cases, essentially the same closing appears to have been described in different ways, leading to the suggestion that there were multiple closings.

- The Point Molate Fuel Depot appears to have been the Fleet Industrial Supply Center, Oakland. Its bayside map location is consistent with its branch of service (Navy) and the function (Fleet Supply). This identification is somewhat problematic, however, since the base name says Oakland, and the base located on the map is in Contra Costa County.
- In two cases, closings were listed for both a military unit and a base. These were:
  - The Bayonne Military Ocean Terminal and the 1301st Major Port Command, and
  - The Oakland Army Base and the 596th Transportation Terminal Group.

Contiguous Bases. In several places where multiple base closings have occurred, the HUBZone map just lumps them together under one name. Examples include:

- "Alameda Naval Complex" in California;
- "Charleston Naval Complex" in South Carolina; and
- "Philadelphia Naval Base" in Pennsylvania.[288]

[288] The Charleston and Philadelphia cases involve both a naval station and a naval shipyard.

Table G.a
MAPPED BASES THAT WERE NOT MAJOR BRAC CLOSURES

Base	State	County	BRAC Round	Outcome
Fort Greeley	AK	Kodiak Island	1995	Realignment
Sierra Army Depot	CA	Lassen	1995	Realignment
March AFB	CA	Riverside	1993	Realignment
Naval Construction Battalion Center, Port Hueneme	CA	Ventura	1993	Minor Closing
Pueblo Army Depot	CO	Pueblo	1988	Realignment
Key West Naval Air Station[a]	FL	Monroe	1995	Realignment
Fort Polk	LA	Vernon	1991	Realignment
Annapolis Naval Station	MD	Anne Arundel	1993	Minor Closing
Detroit Arsenal and Tank Plant	MI	Macomb	1995	Realignment
Griffiss AFB	NY	Oneida	1993	Realignment
Fort Totten	NY	Queens	1995	Minor Closing
Naval Construction Battalion Center, Davisville[b]	RI	Washington	1991	Minor Closing
Naval Air Station Memphis	TN	Shelby	1993	Realignment
Kelly AFB[b]	TX	Bexar	1995	Realignment
Camp Bonneville	WA	Clark	1995	Minor Closing
Puget Sound Naval Complex, Everett	WA	Snohomish	N.A.	Open
Puget Sound Naval Complex[a] – Naval Base Kitsap	WA	Kitsap	N.A.	Open
Puget Sound Naval Complex[a] – Puget Sound Naval Shipyard	WA	Kitsap	N.A.	Open

[a] Listed 3 times on the HUBZone maps.

Table G.b
MAJOR BRAC CLOSURES THAT ARE MISIDENTIFIED[a]

Name in Mapping System	State	County	Actual Name
596th Transportation Terminal Group	CA	Alameda	Oakland Army Base
Point Molate Fuel Depot	CA	Contra Costa	Fleet Industrial Supply Center, Oakland
1301st Major Port Command[b]	NJ	Hudson	Bayonne Military Ocean Terminal

[a] All are from the 1995 BRAC round.
[b] Listed 2 times on the HUBZone maps.

Puget Sound. The situation in Puget Sound is especially difficult to figure out. There was one major base closing. The 1991 BRAC closed Naval Station Puget Sound, Sand Point. This base was on the northeast side of Seattle in King County, on Lake Washington—not Puget Sound. Several factors obscure this base's identity:

- Until a decade or two before closing, it was the Naval Air Station Puget Sound, Sand Point.
- On many lists, "Sand Point" is omitted from the name.
- Puget Sound has a number of naval stations, including Puget Sound Naval Shipyard, Naval Station Bremerton, and Naval Station Everett—all of which *are* on Puget Sound. A "Naval Supply Center, Puget Sound" is also referenced.

- BRAC reports and related materials often do not contain much information for locating or identifying the base under discussion.

It takes a bit of background research to identify this base.

That "Complex" approach to listing multiple bases is used here as well, although the bases are not contiguous. "Puget Sound Naval Complex" is used three times, as well as "Puget Sound NC Everett." Only one base closed, however, and the result of this approach is to map three bases that were never seriously considered for closure by BRAC.

G.b. Omissions

The HUBZone map also omits many BRAC bases. Table G.c lists the 42 BRAC bases that are not mapped. Eighteen of these are 2005 BRAC closures, which is understandable, since these bases are not yet closed.[289] That still leaves 22 major base closures from earlier BRAC rounds[290] that are not found in the HUBZone mapping.

Some of these have a fairly clear apparent explanation, although they represent at least inconsistencies in mapping.

- Some of the unmapped BRAC bases lie entirely within a single qualified census tract.[291] In one sense, the failure to map these facilities makes no difference. Like BRAC bases in qualified counties, these bases do not enlarge HUBZone areas. Yet all the BRAC bases in qualified counties and some that are within QCTs are mapped. Thus the omission represents a methodological inconsistency.
- Two unmapped BRAC bases[292] are in DDAs. These also do not represent additional HUBZone area, but they are inconsistent—especially since a third DDA BRAC base is mapped.
- Some of the unmapped BRAC bases lie entirely within an active airport,[293] whose operations predated the base closure. These probably do not represent viable HUBZone locations.

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[289] Of the two 2005 BRAC closures that *are* mapped, one was probably mapped in error, as it was realigned in an earlier round, and the other at least came into consideration in earlier BRAC rounds.

[290] Five of these bases are from the 1988 BRAC round; four from 1991; seven from 1993, and eight from 1995.

[291] Examples include:
- MCAS El Toro, Orange County, CA;
- Naval Training Center, San Diego, San Diego County, CA;
- Hunters Point Annex, Naval Station Treasure Island, San Francisco County, CA;
- Naval Air Station, Moffett Field, Santa Clara County, CA; and
- Fort Douglas, Salt Lake County, UT.

[292] These are:
- Kulis Air Guard Station, Anchorage, AK; and
- Ship Repair Facility, GU.

[293] These include:
- Ontario International Airport Air Guard Station, San Bernadino County, CA;
- O'Hare IAP ARS, Cook County, IL; and
- General Mitchell International Airport ARS, Milwaukee County, WI.

- In a few cases, a "closed" BRAC base is on the grounds of an active base,[294] where the land is difficult to identify, or is on land restricted to military use.[295]
- In some cases, the acreage appears to be so small that it is difficult to locate and plot.[296]

Yet many of the closed facilities—particularly air stations that are now airports—are hard to miss and can readily be located on MapQuest.com.

G.c. Comment

Mapping of HUBZones requires significant amounts of data, both to identify and to delineate the HUBZones. For counties and census tracts, HUD and BLS provided the data for identification, and the Bureau of the Census provided the data for delineation. For Indian reservations, BLS provided the necessary data.

Such convenient data sources were not available for BRAC bases. Considerable effort is required to obtain and check the essential information. To whom this task falls is not clear.

[294] A clear example is Naval Aviation Depot Norfolk, Norfolk, VA. Another possible example is Fort Indiantown Gap, Lebanon County, PA.

[295] The Ship Repair Facility, GU appears to be an example of this, and some counties in California and Utah have so many active facilities that this appears likely.

[296] Possible examples include:
- NAV ElecSysEngrCtr, San Diego, CA;
- Naval Air Warfare Center, Aircraft Division, Indianapolis, Marion County, IN; and
- NSWC, Dahlgren Division Detachment, White Oak, MD.

Table G.c
MAJOR BRAC CLOSURES THAT WERE NOT MAPPED

Base	State	County	BRAC Round
Naval Station Mobile	AL	Mobile	1993
Kulis Air Guard Station	AK	Anchorage	2005
MCAS El Toro	CA	Orange	1993
Ontario IAP Air Guard Station	CA	San Bernadino	1995
NAV ElecSysEngrCtr, San Diego	CA	San Diego	1991
Naval Training Center San Diego	CA	San Diego	1993
Presidio of San Francisco	CA	San Francisco	1988
Hunters Point Annex	CA	San Francisco	1991
Moffett NAS	CA	Santa Clara	1991
Onizuka Air Force Station	CA	Santa Clara	2005
Riverbank Army Ammunition Plant	CA	Stanislaus	2005
Naval Aviation Depot Pensacola	FL	Excambia	1993
Naval Air Station Atlanta	GA	Cobb	2005
Fort Gillem	GA	Fulton	2005
Fort McPherson	GA	Fulton	2005
Ship Repair Facility	GU	Guam	1995
O'Hare IAP ARS	IL	Cook	1993
Savanna Army Depot Activity	IL	Jo-Carroll	1995
Naval Air Warfare Center, Aircraft Division, Indianapolis	IN	Marion	1995
Newport Chemical Depot	IN	Vermillion	2005
Kansas Army Ammunition Plant	KS	Labette	2005
Naval Station Lake Charles	LA	Calcasieu	1988
Naval Air Station Brunswick	ME	Cumberland	2005
NESEC, St. Inigoes	MD	St. Mary's	1993
Fort Holabird	MD	Anne Arundel	1995
NSWC, Dahlgren Division Detachment, White Oak	MD	Montgomery	1995
Selfridge Army Activity	MI	Macomb	2005
Mississippi Army Ammunition Plant	MS	Hancock	2005
Naval Station Pascagoula	MS	Jackson	2005
Pease AFB	NH	Rockingham	1988
Fort Monmouth	NJ	Monmouth	2005
Fort Indiantown Gap	PA	Lebanon	1995
Naval Station, Galveston	TX	Galveston	1988
Bergstrom AFB	TX	Travis	1991
Bergstrom Air Reserve Base	TX	Travis	1995
Brooks City Base	TX	Bexar	2005
Naval Station Ingleside	TX	Nueces	2005
Fort Douglas	UT	Salt Lake	1988
Deseret Chemical Depot	UT	Tooele	2005
Naval Aviation Depot Norfolk	VA	Norfolk	1993
Fort Monroe	VA	Hampton	2005
General Mitchell International Airport ARS	WI	Milwaukee	2005

Appendix H. Notes, Observations, and Comments

During the course of the study we supplemented data with a variety of direct observations about the program. These included:

- Extended interviews with a number of SBA District Office HUBZone Liaison Officers and advocates for the program;
- Site visits to several counties;[297]
- Discussions with local officials; and
- Extensive experience working with HUBZone resources, (e.g., the website and data).

These observations were quite consistent among the individuals contacted and with the data results, to which they added qualitative detail. This chapter is intended to draw on those observations to enhance understanding of the HUBZone program impacts.

H.a. Program Design

H.a.1. The Concept

The basic concept of the HUBZone program is to benefit economically depressed areas by steering existing federal contracts to them, so that the beneficial impacts of those contract expenditures will provide a stimulus where it is most needed. This is a simple, elegant concept, whose minimalism is one of its attractions. This sense of minimalism pervades many aspects of the program. Two examples:

- The statute used the mandate "shall" and left it at that.
- HUBZones are defined entirely in terms of units, data, and formulas that some other agency[298] designed for its own purposes. SBA makes calculations in only one instance.

H.a.2. Two Trade-offs

As the two examples below illustrate, some of the issues are inherent. These are design issues only in the sense that they were not really addressed.

Size of Target Area. There is a trade-off between effective targeting and effective implementation of a program. Most HUBZones are quite small because they are targeted on the most seriously depressed areas. Making a target area too large would dissipated program impacts and benefits. Yet making it too small creates operational difficulties.

The difficulty of locating a business in—or finding employees in—a HUBZone was repeatedly noted in areas with just a handful of QCTs. Some QCTs are almost entirely residential—particularly if they include a public housing complex—and may offer no place for a business. One District Liaison reported the frustration of a business owner who was on the

[297] By coincidence, these included:

- A metropolitan area with the most numerous small businesses—but no HUBZone businesses—that we found, and
- The qualified county with the only BRAC base that had multiple HUBZone businesses, including vendors.

[298] These agencies include the Census Bureau, the Bureau of Indian Affairs, the Department of Defense, the Department of Housing and Urban Development, and the Internal Revenue Service.

wrong side of the street that divided census tracts. Having, or finding, employees that live in HUBZones is a problem as well.

Contractor Experience. A well-connected, experienced, and informed federal contractor will tend readily to learn about the HUBZone program, understand its benefits, and be able to take advantage of it (ideally to the community's benefit as well as his own).[299] The question with such contractors is how much of a difference the program really makes.

H.a.3. Specific Design Issues

Discrepant Unemployment and Income Standards. The use of one set of income and unemployment criteria (applied to census tracts) in metropolitan areas and another set of income and unemployment criteria (applied to counties) in non-metropolitan areas results in discrepancies in eligibility between poor metropolitan counties and adjacent non-metropolitan counties. It is possible for an entire (non-metropolitan) county to have HUBZone status while an adjacent (metropolitan) county in greater economic distress has only limited eligibility. Table H.a illustrates this with Maryland's westernmost two counties. Allegheny County would qualify as a HUBZone on the basis of both unemployment and income, but it happens to be metropolitan. Thus only four census tracts qualify. Garrett County is a qualified county, although it has a substantially lower unemployment rate. Such a situation could be avoided by allowing metropolitan counties like Allegheny the option of qualifying as counties.

Other disparities also come into the system (although they would be much more difficult to design out). As Table H.a shows, Mineral County is comparable to Garrett County. It is located just across the Potomac River from both of the Maryland counties and is part of the same local economy. West Virginia is a far poorer state, however, and relative to its income and unemployment, Mineral County would not qualify as a HUBZone.

Another quirk in the system is college towns. With their well educated populations, they should have fairly high incomes. Students (living off campus), however, pull the statistics down, and many college towns and neighborhoods are QCTs.[300]

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[299] Our review of the most successful jurisdictions repeatedly turned up HUBZone vendors who won dozens of federal contracts, were also 8(a) and/or SDB certified (or occasionally Indian owned, service-disabled veteran, or woman owned), and even had GSA Schedule contracts. District Laision Officers painted a composite picture of firms that benefit from the HUBZone programs that included the following characteristics.

- Aggressive/proactive:
  - Following up on marketing leads
  - Marketing directly to major companies so their basic info is on file,
  - Watching FedBizOpps on-line,
  - Looking out for sources sought/market surveys and responding to these.
- Good at administration:
  - Getting certified and recertifying when necessary,
  - Respond to demands if picked for audit,
  - Update contact information as necessary.
- Doing/wanting to do business with government,
- Having knowledge of contracting itself.

[300] Examples include Frostburg, MD (one of Allegheny County's QCTs), State College, PA (which ranks 26th among metropolitan areas in earnings impact), and the Georgetown neighborhood of DC.

Table H.a UNEMPLOYMENT AND INCOME IN POTOMAC HEADWATER COUNTIES				
	Unemployment Rate		Median Income	
County	Actual	Percent of State	Actual	Percent of State
Allegheny County, Maryland	8.88%	190.9%	$39,886	75.4%
Garrett County, Maryland	5.61%	120.5%	$37,811	71.5%
Mineral County, West Virginia	5.83%	79.6%	$37,866	127.5%
SOURCE: Census 2000				

The Residency Requirement. It seems clear that 35 percent was intended to be a number larger than one-third. Employees come in whole units, however, and very small businesses are required to have proportionately more employees who live in HUBZones than larger businesses.[301] This is likely to be doubly hard for very small businesses, since they are less able to specialize jobs. Even comparing 35 percent to one-third, a very small business has to have one more HUBZone resident for every employment size that is a multiple of three.

This is exactly the sort of situation for which some type of micro-business flexibility alternative could be appropriate. Some District Liaison Officers suggested a lower percentage for very small businesses. One creative possibility would be to give double or triple weight to the owner-manager of a firm if he or she lived in a HUBZone.[302]

Changing Qualifications. Improving economic conditions in a HUBZone poses a dilemma. Keeping HUBZone status indefinitely could dilute the impacts of the program and even lead to abuse. Yet the threat of immediate loss of status if conditions improve would be unfair to businesses that have invested to qualify and would be a powerful disincentive to businesses considering applying. The problem was made far more complex by the wholesale redefinition of census tracts in 2003.

The Redesignated Area seems to be a reasonable practical compromise on the issue of loss of HUBZone status, although it was reached in a muddle-through manner. The five-year limit on BRAC bases is unworkable (for a variety of reasons discussed below).

The "Shall" Clause. HUBZone program advocates and SBA personnel at all levels, who view the HUBZone option as an absolute mandate, get very frustrated with contracting officers. Yet the statutory language is not quite that monolithic in its requirement, nor does it have quite the practical implications that HUBZone staff attribute to it.

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Micro Business	Total Employees	1	2	3	4	5	6	7	8	9	10
	HUBZone Residents	1	1	2	2	2	3	3	3	4	4
Larger Business	Total Employees	10	20	30	40	50	60	70	80	90	100
	HUBZone Residents	4	7	11	14	18	21	24	28	32	35

302 This would be in keeping with the programs goals, since the owner would probably receive a great deal more income than the average employee. It could also serve as a powerful incentive for the program.

There are three different HUBZone mechanisms, and the force of the requirements differs somewhat. The set-aside is the clearest mandate, but it is equivocal.[303] A HUBZone sole source is entirely at the option of a contracting officer and is hemmed in with qualifications.[304] The price evaluation preference is mandatory, but it is also after the fact of the solicitation.[305]

In discussion of the HUBZone program, its advocates have tended to slide past the fact that a due-diligence search has to come up with two qualified HUBZone businesses—not one—for a HUBZone set-aside to be mandatory. In discussions about recruitment of HUBZone businesses to the program, the disincentive of having to have another qualified HUBZone business to force a set-aside for a contract is often met with the rejoinder, "but they can always get it sole-sourced." This is really not true, since a sole source is at the discretion of the contracting officer.

Perhaps most curious is the belief that contracting officers must do something in advance of the contract. Price preferences are a distant third in discussions. Yet this is the simplest mandate of all. The way the statute reads, a HUBZone offeror should be able to force the issue by including in the cost proposal a statement that the firm is a HUBZone business and a citation to Sec. 31(b)(3). The contracting officer is then legally bound to give the price preference. Yet this option is rarely discussed, and prior to FY2004 less than an average of 15 contracts a year used this mechanism.

Branch Offices. The design of the HUBZone program did not fully address the possibility of multiple branches of a HUBZone business. There appears to have been a strong, if largely implicit, presumption that actual performance of a HUBZone contract would take place at a business location in a HUBZone. There may also have been an implicit presumption that most HUBZone businesses have only one substantial location. Most staff and advocates of the program that we interviewed spoke only in these terms, and the language in the regulation suggests such presumptions.

The statute merely made "the principal office [must be] located in a HUBZone" one of the defining characteristics of a HUBZone business.[306] The definition of "principal office" was left up to the implementing regulations. SBA proposed the definiton:

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[303] "A contract opportunity *shall* be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price [emphasis added]."

[304] "A contracting officer *may* award sole source contracts… to any qualified HUBZone small business concern, if—
(i) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity, and the contracting officer does not have a reasonable expectation that 2 or more qualified HUBZone small business concerns will submit offers for the contracting opportunity;
(ii) the anticipated award price of the contract (including options) will not exceed [specified limits]; and
(iii) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price [emphasis added]."

[305] In *any case* in which a contract is to be awarded on the basis of full and open competition, the price offered by a qualified HUBZone small business concern *shall* be deemed as being lower than the price offered by another offeror (other than another small business concern), if the price offered by the qualified HUBZone small business concern is not more than 10 percent higher than the price offered by the otherwise lowest, responsive, and responsible offeror [emphasis added].

[306] Sec. 601(a)(3)(B).

> "Principal office means the location where the greatest number of the concern's employees at any one location perform their work."

Comments on the proposed rule pointed out that

- The "principal office" may change contract-by-contract for certain types of businesses with on-site contract performance and that
- The term "principal office" is generally understood to mean the central headquarters or center of operations of the business.

SBA nevertheless retained the proposed definition, explaining that:

> "SBA crafted the definition to fulfill the statutory purpose of hiring residents in HUBZones by encouraging businesses to move to or expand their business operations in a HUBZone (as opposed to just their headquarters, which may be where only a few employees work)."

In response to a direct question, however, SBA stated

> "A qualified HUBZone SBC may have offices or facilities in another HUBZone or *even* outside a HUBZone and still be a qualified HUBZone SBC. However, in order to qualify, the concern's principal office must be located in a HUBZone." [emphasis added][307]

SBA also decided (apparently in response to comments on the proposed definition) to give an exemption to construction and service industries, "based on their occasional need to assign employees at the contract location."

What appears to have happened is that— as a side-effect of attempts to clarify a vague statutory definition—the definition of HUBZone business has evolved to include branches that are not in a HUBZone and contracts performed by employees who are not generally HUBZone residents.

The exemption is also of considerable importance, because a majority of HUBZone contracts are in construction. A construction business that consistently wins out-of-state contracts pushes the boundaries of "occasional need." It is doubtful that a contractor would use crews from his principal location to perform work in another part of the country.

Data on multi-branch HUBZone businesses are not really available except on an anecdotal basis. The CCR does indicate branch status, but does not give the whole picture of any one business. One key question is whether branches are located in HUBZones and could qualify on their own.[308] For such branches to qualify would seem both legitimate and desirable. For a branch far from any HUBZone to win a contract, by contrast, would have no benefits.

[307] 63 FR 112, pp. 31896-31916.

[308] We encountered one business that had three branches in two counties—all in HUBZones. This business had gotten each branch certified under a different DUNS number, but they all shared the same mailing address.

FPDS data do give a place of performance for each contract. These data might be used to assess where work such as construction was being performed. They would not, however, shed any light on the residency of employees of the HUBZone vendor.

H.b. Implementation Issues

It is difficult to discern where design issues leave off and implementation issues begin.

H.b.1. Outreach Activities

Proactive Outreach. Proactive outreach about the HUBZone program is quite limited. Specific activities cited by District Office Liaison staff include:

- Coordinating with other programs, such as Procurement Technical Assistance Centers, the Disadvantaged Business Enterprise program, Small Business Development Centers, and local departments of transportation;
- Attending trade shows and presentations of other programs;
- Making presentations to local business organizations or groups, when invited; and
- Matchmaking events with contracting officers.

Outreach does not extend to local development officials or others who might help spread the word about the program and recruit HUBZone businesses.

District HUBZone Liaison staff report requirements such as two to four presentations to local businesses a year. Office-specific goals of "number of businesses to reach out to" and a government contracting business development scorecard were also mentioned. Similar activities reportedly are encouraged. Overall, the goals that are given are few, the targets quite soft, and incentives or consequences do not particularly exist. Liaison staff tended to doubt that more extensive goals would be helpful. The point, however, is that there is not much overall strategic structure to outreach efforts. District Liaison staff we spoke with reported being left pretty much on their own, except for monthly conference calls with the headquarters staff.

District Offices, and often individual Liaison Officers, are responsible for all of SBA's procurement programs. Some District Liaison Officers see this as an opportunity to present a menu of procurement programs in an efficient way. The multiple responsibilities, however, also tend to dilute the priority that District Liaison staff can give to the HUBZone program.

Responses. Responding to inquiries appears to be the principal mode of outreach at all levels of the program. At the District Office level, Liaison staff spend much of their time answering telephone calls and emails from businesses interested in applying to the program or already in the program. Firms call to clarify their understanding of the program, to check on their eligibility to apply to or recertify for the program, to resolve problems with the electronic application, or for advice for marketing themselves/having a better chance of winning contracts.

If the District staff cannot answer a question from their own experience, they contact HUBZone staff at the SBA Headquarters by email or telephone on individual questions. There are also monthly conference calls for more general discussions. District HUBZone Liaison Officers that were interviewed consistently reported that the Headquarters staff are very

motivated and very responsive to all requests made of them. They feel they have very good relationships with the people at Headquarters.

The other principal mode of response is to refer inquiries to the HUBZone web site. This provides virtually all the information that is available about the HUBZone program. While valuable, the web site has numerous drawbacks.[309]

Responsiveness is clearly a strength of the HUBZone program. For response to be the principal outreach tool, however, is a critical issue. The HUBZone program does less outreach than other programs. In the 8(a) program, for example, District Officers are required to have direct ongoing relationships with 8(a) firms allocated to them. District HUBZone Liaison staff tend not to initiate communication with HUBZone firms; they just react to firms that call them.

Outreach Resources. Other than the HUBZone web site, District HUBZone Liaison Officers report an almost total lack of resources to work with:

- There is no folder or flier on the HUBZone program—no paper to leave behind.
- There is no CD-Rom for the HUBZone program, in contrast to the "Navagating the Maze" CD Rom for the 8(a) program.
- No statistics on the program are routinely provided for Liaison staff to use to encourage and advise potential HUBZone businesses.
- The HUBZone application is not available to Liaison Officers in hard copy, nor can they access applications on line, which makes it difficult to assist an applicant.
- The web site is confusing and inconsistent.

District Liaison Officers are left to make up their own resources. One creates hard-copy information on the program by printing off sections of the web site. Another utilizes Procurement Technical Assistance Center materials, which mentions HUBZone program details.

Some of these resource limitations reflect much more basic issues and underlying resource limitations. Two merit special notice:

- **The Mapping System.** The mapping system was designed to answer the question: Is a particular street address in a HUBZone? It does this quite well. For any other use, one encounters numerous problems:[310]
  - Lists of qualified counties and QCTs are broken up by an "as of" date, which makes the lists very hard to scan without providing useful information.[311]
  - Formatting and detail of information about the type of HUBZone varies with location and with the overlapping of HUBZone types,
  - Zooming is slow, does not stay centered, and has no indicator of scale,
  - Information needed for orientation[312] appears and disappears as one zooms,
  - Jurisdictional boundaries are not consistently indicated,

[309] For instance,the HUBZone National Office Organization Chart, which lists four vacancies among 12 positions, has not been updated since January 2006.

[310] The issues are discussed in greater detail in Appendix B.

[311] It is not clear whether the date is the first time a county became a HUBZone or a date when it ceased to be a HUBZone on its own and was grandfathered or (in the case of a QCT) whether the number was new in 2003 or not.

[312] This includes both features such as road systems and rivers and names of Indian reservations and counties.

- Scrolling is erratic and very slow, and both incorrect and correct instructions are given.

- **HUBZone Data.** There are numerous issues with HUBZone data. To list some:[313]
  - The HUBZone program has used a contractor to manage its data,[314] which keeps HUBZone staff from having direct access to them.
  - A decision was made not to keep any data about HUBZones except in geo-coded format for the mapping system. This is not an easy format from which to retrieve data, nor is it one with which the HUBZone staff are familiar.
  - The HUBZone application data are often incomplete (both in terms of missing values for individual variables and in terms of missing records[315]), have inconsistent formatting in the same field, contain obvious errors in hundreds of records, and have not been updated.
  - The HUBZone program does not maintain its own data on HUBZone contracts.

The condition of the data is so poor and fragmented that it is not possible to produce any reports for outreach or management purposes without a massive effort.

Training. District Liaison Officers who have been involved with HUBZone from its inception had attended conferences in the first three years of the program (2000, 2001, and 2002). There has been no such training for Liaison staff who started since 2003 or training on the new elements of the program (DDA and BRAC) when they became effective. The monthly conference calls are reportedly useful, but they are relatively piecemeal.

Unmet Needs and Opportunities. Selling to the federal government needs to be proactive, and the SBA spends considerable resources teaching small businesses how to do it. The mandatory nature of the HUBZone program does not alter this fact, however much its advocates may complain about contracting officers' failure to perform due diligence searches for HUBZone businesses. According to the District Liaison staff we interviewed and to the data,[316] successful HUBZone vendors tend to have been experienced federal contractors.

Everything that is said about benefits of small businesses—such as job creation—is doubly true for HUBZone businesses, because the program puts jobs where they are needed. Yet there is no systematic attempt to organize at the local level or follow up on recruitment and technical assistance efforts. There is little to no promotion of the program at the local level.

[313] The issues are discussed in greater detail in Appendix B.

[314] In 2007 the contract was awarded to a new contractor. The problems with the data and the mapping system are long-standing, and comments should not be interpreted as reflecting on the new contractor, who has been helpful.

[315] One of the data problems is how there are 40 percent more CCR records on HUBZone businesses than applications data records, when the CCR data are derived from the applications, and when self-certification is not an option for HUBZone businesses.

[316] See the discussions of Impacts on Selected Areas in Chapter 3, Chapter 4, and Chapter 5.

H.b.2. Recruitment of HUBZone Businesses

Aside from the general lack of outreach, there are other specific barriers to getting more businesses to apply for HUBZone status. Some are more susceptible to solution than others.

Low Probability of Getting Contracts. A major—and valid—complaint is that it is hardly worth the effort to become a HUBZone business because so few of them get contracts. On the one hand, HUBZone staff do general advocacy to contracting officers; on the other hand, they do general promotion of the program to small businesses. This does not seem to have been very effective in getting a believing contracting officer and an educated business together on the same contracting opportunity. A more proactive brokering approach could be more successful.

The Quorum of Two. A single HUBZone business cannot force a HUBZone set-aside or sole source. It takes two—an oligopoly—going after the same contract. Two responsive, reasonably competitive HUBZone businesses presented to a contracting officer is an offer that is hard to refuse.

It takes a particular strategic insight to recognize that identifying a couple of competitors for limited competition is a benefit, not a threat, although some have it.[317] The corollary is that HUBZone businesses should be recruited in pairs in the same industry. This point should be more broadly disseminated.

Qualification. If a business is small, location and residency of employees are the only real barriers. There are issues, but none of them is monolithic.

One District Liaison Officer pointed out that HUBZones can be unattractive places. People with skills needed for businesses involving technology may not want to work—much less live—in a neighborhood they consider dangerous or otherwise undesirable. This may be a factor in the dearth of high-tech HUBZone businesses. It is probably true of QCTs in the center of large cities, but is much less a factor in qualified counties and small metropolitan areas.

Determining whether 35 percent of the labor force lives in a HUBZone seems widely to be considered a major paperwork burden of application. One savvy Procurement Technical Assistance Center official, however, pointed out that it is really quite easy. All you have to do is sit down with payroll information and enter addresses into the HUBZone mapping system. This point should be more broadly disseminated.

Recruiting new staff who live in a HUBZone can be difficult, and screening may be awkward. Yet in one city that we visited, the state employment office was supplying businesses with candidates who met the criteria for an incentive program to hire low income individuals. The same service could easily supply HUBZone-resident job candidates. That, however, is the sort of local coordination that is needed in the HUBZone program.

[317] This insight came from Garrett County, MD, which ranks 28th among all qualified counties in annual output per capita generated and 48th in percent earnings increase.

A local development official in a three-QCT metropolitan area opined that the residency requirement made the HUBZone program infeasible in that locality. That is the sort of perception that the program can ill afford. Ironically, this was the same city that the previously mentioned state employment office was in.

Application. The application process is done completely on line. This cuts down on administrative costs, but taking human beings out of the process creates other problems.

- Some problems are computer related:
  - About two years ago, the system abruptly required a customer number and password.[318] This is a barrier to applicants, as the instructions are not clear and numbers and passwords get lost.
  - Applications time out rather quickly.
  - Applicants sometimes lose an application because they do not save it properly.
  - The system reportedly does not always recognize NAICS codes.
- District Office staff report that they have difficulty giving assistance because they:
  - Do not have access to the e-file that contains the application so that they can look at it, and
  - Do not have a hard copy of the application form to use for reference in talking the applicant through.

H.c. Contracts and Contracting Officers

H.c.1. The Problem

On the whole, contracting officers are simply not using the HUBZone program. This is a universal complaint among staff and advocates for the program. FPDS data bear this complaint out: Only 13 percent of contracting offices on the FPDS list have awarded a contract using a HUBZone set-aside, sole source, or price preference.

Not only is this the proximate cause of the program's low impacts, there are indirect effects as well. The failure of most HUBZone businesses to get contracts is a major disincentive for applying for certification or re-certification.

If there is a silver lining, it too is not perfect.

- Some agencies—notably in the Department of Defense—appear to be doing quite well and account for a large proportion of HUBZone contracts.
- Successful HUBZone vendors are winning dozens—even hundreds—of HUBZone contracts each. For a given number of HUBZone contracts, however, that means that a yet higher proportion of all HUBZone businesses are winning nothing.

[318] District Liaison Officials report that they were not forewarned of this and thus were caught by surprise.

H.c.2. Issues

Incentives. District Office staff complained that there are no incentives for contracting officers to perform well in awarding HUBZone contracts. It is difficult to get people to do something without any incentive. Telling them that they have to is not itself an effective incentive. The word "shall," by itself is not very effective.

There is also virtually nothing in the way of consequences for failing to meet HUBZone goals. For contracts of $500,000 or more contracting officers are required to file Form 2579 with an explanation of why a HUBZone businesses was not selected. It typically suffices to cite price-performance trade-offs or state that the HUBZone businesses lack technical expertise compared to non-HUBZone businesses available. For contracts between $100,000 and $499,999, there is even less screening of contract awards, and for contracts below $100,000 there is very little screening. Thus it reportedly is easy for contracting officers to award contracts to non-HUBZone businesses without any repercussions.

To put it in economic terms, the effort of doing due diligence to find HUBZone businesses less the (zero) rewards of doing so is greater than the effort of filing a Form 2579 plus the (zero) consequences of not attempting a HUBZone award.

This balance of incentives does not apply to the price evaluation preference mechanism. There is no advance effort required of the contracting notice (although a boilerplate paragraph noting the applicability of the mechanism would be appropriate), and there are potentially very real consequences of ignoring an offer that claims this preference. This could be a fruitful place for the HUBZone program and its businesses to focus their compliance efforts.

The Web Site. The HUBZone web site contains a hyperlink to the SBA's Dynamic Small Business Search of the CCR data. This version has the HUBZone Certification option conveniently locked on "required." This hyperlink is an innovation less than two years old.

The old search facility, which is still extant on the web site,[319] is so user-unfriendly that it seems almost like a satirical parody of a search facility. One starts with the state as the only basic option.[320] That selection produces a set of alphabetical hyperlinks that allow the search to continue only by alphabetical order of the firm's name. That selection leads to a set of short business listings that somewhat resembles the CCR initial listing, except that it contains no information about what the firm does. A hyperlink on the firm's name finally produces a profile page like the Profile that one finds in the SBA's Dynamic Small Business Search of the CCR.

If, for the first half dozen years of the program, contracting officers had access only to a search facility that produced no information on the industry or activities of HUBZone businesses until after the fourth hyperlink—and then only on one firm—it is no wonder that contracting officers avoided doing due diligence.

[319] As it contains certification dates in at least late 2007, this search facility is still being updated. Whether this is using current resources or was set up to run automatically some time ago is unclear.

[320] The new advanced search capability adds the options: "SBA Customer ID," "HUBZone App No," and "Firm Name Contains or Sounds like."

That's the Way We've Always Done It. District Liaison staff were inclined to see the failure of contracting officers to meet HUBZone goals as part of a larger pattern. While contracting officers meet the big goal—small businesses, overall—the District staff interviewed felt that contracting officers generally do not always meet the more specific goals—minority-owned, woman-owned, veteran-owned, etc. It was widely believed that contracting officers are resistant to specific set-asides and are not embracing the HUBZone program.

Contracting officers now are facing more pressure from other programs (without a corresponding push for HUBZones). The President issued an executive order to award more contracts to service-disabled veteran-owned businesses, for example, and the Women's National Chamber of Commerce has successfully sued about insufficient contracts to women-owned businesses.

Most District Office staff noted that contracting officers *are* likely to give preference to businesses that qualify in more than one category. Such awards count toward multiple goals. Some suggested that some combinations, such as woman-owned and 8(a), siphoned contracts away from mere HUBZone businesses. Others saw multiple classifications as a good way to re-enforce a HUBZone certification. The high proportion of HUBZone-8(a)-SDB firms found among successful HUBZone vendors corroborates this latter view; the former scenario could not be tested.

Established Relationships. For many reasons, a contracting officer is more comfortable making an award to a contractor with whom he is familiar. As a PTAC respondent put it, it is extremely difficult to displace a satisfactory incumbent. This person noted that many businesses in that depressed area could do the job but lacked the latest technology to make a good impression. Establishing credibility and breaking into a market can be difficult.

Once established, good relationships can be made to work to the HUBZone program's advantage. In effect, the HUBZone Act tells a contracting officer: Find a HUBZone contractor whose work you like, and you can give no-hassle sole-source contracts until the cows come home. Indeed, some successful vendors are in just that sort of a relationship with a single contracting office. Perhaps that is the hook to use with contracting officers.

H.d. The BRAC Provision

With at most a single HUBZone business—and no vendors—clearly to its credit, the BRAC provision is a perfect storm of things that are not working in the program. It offers a lot of lessons to be learned.

H.d.1. Design Issues

The concept behind the BRAC provision is clear and logically sound: Closing bases costs jobs and income. HUBZones provide jobs and income. Therefore, establish HUBZones where bases have closed to make up for lost jobs and income.

There are many ways that the BRAC provision fails to reach its potential.

Scope of the HUBZones. Many BRAC bases are wholly or in large part unsuitable for a HUBZone, for one (or more) reasons:

- Air stations (as distinct from Air Force bases) tend to be coveted as new airports and not to have much land for other types of development.
- Ship yards and naval bases (as well as some others) have very specialized infrastructure that may not lend itself to small businesses.
- Superfund sites (which all or most of some BRAC bases are) make poor HUBZones.
- Other competing uses (e.g., education) may have priority over the industrial use areas necessary for a HUBZone business.

The residential requirement poses something of a paradox:

- In a non-qualified county (unless there are adjacent QCTs), it is virtually impossible for a business on a base that has no housing to qualify as a HUBZone business, because it cannot meet the 35 percent residency requirement.
- In a qualified county, the residency requirement is not a problem, but here the BRAC HUBZone designation is redundant.

Timing. The time when the area around a closing base needs help the most is immediately after activity on the base, and the income that it generates, cease. The timing of redevelopment is complex and depends on many factors. The BRAC provision gives five years from enactment for pre-2005 BRAC rounds and five years from base closure to the 2005 round. This is a misfit in many cases.

- **Lack of Need.** By late 2004, bases closed in the early BRAC rounds may have been redeveloped to the point that they would no longer qualify as HUBZones. BRAC bases are unlike other HUBZones in that they are not historically underutilized; the areas have suffered a nasty one-time economic shock.

- **Planning and Land Disposition Process.** Conversely, the process of planning the use of the closed BRAC Base can take so long that the five-year HUBZone status may elapse. The chronology of Fort Ritchie (BRAC, 1995) illustrates the issue:
  - The Fort Ritchie Development Corporation was organized by Maryland in 1997.
  - Fort Ritchie was formally closed in 1998.
  - The Army formally turned Fort Ritchie over to the FRDC in June 2006.
  - FRDC sold the property to the Corporate Office Properties Trust (COPT) in May 2007.
  - In September of 2007, COPT signed a lease with its first tenant (existing building) and broke ground on its first new construction (to be completed in a year).

The HUBZone program is not, and will not be able to be, part of the process.

- **Announcement Lag.** Most of the data indicate that there is generally a lag of a couple of years after an area becomes a HUBZone until HUBZone businesses start winning contracts. Now, well into the fourth year of eligibility for the first four BRAC rounds, it is really too late to attract new HUBZone businesses to the BRAC bases, since they would have only two proposal seasons of eligibility.

H.d.2. Implementation Issues

Outreach. There has been no discernable outreach about the BRAC provision of the HUBZone program. No SBA official interviewed has had any contact with anyone associated with redevelopment of a BRAC base. The state of knowledge about the BRAC provision is inconsequential, as is illustrated by the following:

- The heads of economic development agencies in the counties with BRAC bases that we visited were only vaguely aware of the HUBZone program and had no idea that the county's BRAC base was a HUBZone, even though one of them directly oversaw the industrial park on the base.
- The District Office HUBZone Liaison Officers contacted could not fully explain the HUBZone eligibility of businesses on a BRAC base.
- Of all the businesses in all of the industrial parks on BRAC bases, only ten (all on BRAC bases in qualified counties) have become certified businesses. Five of them are known to be experienced federal contractors.

Mapping. BRAC bases were the greatest source of inaccuracies on the HUBZone Maps.[321] Many major closures were omitted, bases that were not major or even closed were included, and base boundaries were highly questionable. This turns out to have been a by-product of the on-the-cheap strategy of borrowing some other agency's resources.

Counties and census tracts are defined by the Census Bureau, which does its own detailed mapping. The Census Bureau has supplied GIS coordinates for three of the HUBZone types (QCTs, qualified counties and DDAs). BIA has supplied similar information for Indian reservations. Military bases are different. The information is generally kept at the branch-of-service level. We did identify one person at DoD who had compiled the data, but he refused to release it. The HUBZone mapping contractor reported the same experience. It turned out that the only sure way to get precise boundary data is to go to county deed records and tax maps. As the mapping contractor noted, they didn't have the resources for that kind of research.[322]

Local Coordination. It may be possible to salvage some BRAC potential from businesses that are already operating on BRAC bases from the first four rounds. In order to do so, HUBZone program staff would need to embark on an effort unlike anything the program has done before, and for which resources may not be available. Such an effort would entail:

- Identifying and contacting the developer or development authority at each base and establishing a working relationship;
- Triaging the bases for the presence of any potential HUBZone businesses;
- Triaging the businesses on each base for immediate interest and capability;
- Training someone on the development authority staff as a HUBZone Liaison;
- Supplying necessary technical assistance for application and marketing; and

[321] See Appendix G for more detail.

[322] For our study, we eventually plotted every HUBZone business in each county with a closed BRAC base, using the HUBZone mapping system and resorting to MapQuest where real precision about areas surrounding a base was needed. We also reported our findings about bases that were incorrectly included or omitted to the HUBZone mapping contractor so that he could make those corrections.

- Being prepared to intervene with specific contracting officers on behalf of HUBZone businesses.

BRAC bases in the 2005 round generally have not yet closed, but the planning process is well under way. The HUBZone program needs to become a part of this process as soon as possible. Passively waiting for inquiries from businesses on base will be too late. Appropriate activities would include:

- Prioritizing bases according to the prominence of planned industrial parks or other facilities suitable for HUBZone businesses;
- Determining that there are residential areas on base or in nearby HUBZones that will allow firms to qualify as HUBZone businesses;
- Supplying information and working with the development authority to make HUBZone status a lure to attract businesses to the facility; and
- Providing other support, as described above.

It would also be helpful if Congress would modify the eligibility period to start when commercial/industrial activity began, rather than when the base closed.[323]

[323] In some cases, parts of a base may be turned over to some other military use (e.g., a reserve or National Guard unit) so that formal closing occurs rather quickly. Also, environmental assessment and mitigation is necessary before reuse, but whether it occurs before a formal closing or drags out afterward, and how much of the base is involved, are factors that can vary a great deal and are hard to predict. What *is* known is that the 20 bases in the 2005 round include four ammunition plants and three chemical depots—the types of bases that present by far the most complex environmental mitigation issues. Such environmental issues reduce the likelihood of having businesses open within five years of the base closure.