

SUPPORTING STATEMENT  
U.S. Small Business Administration  
HUBZone Data Update Form

**B. Collections of Information Employing Statistical Methods**

How will the Agency conduct the collection?

The entire HUBZone portfolio (currently numbering over 13,000 small business concerns) is directed to respond to this request for updated information. Electronic mail is the primary means of contact; however, the agency also uses facsimile or hard copy communication where email contact fails. This information is collected the electronic HUBZone database system, which means that virtually all respondents can enter the requested data into a pre-cast, online form.

Over the past two years, the actual number of respondent as been in about the 24 – 26 percent of the total portfolio range or approximately 3,500 responses. This response rate is well within the generally accepted range for meaningful response rates.

Approaches for calculating the effects of the HUBZone program on local economy:

SBA expects the HUBZone program to have at least two different effects over time, as the program's impact shifts from firm level to economy-wide. Procurement contracts won by HUBZone firms will affect their own levels of success on the firms, and the effects of the contracting activities will also be felt in the communities in which these firms operate. In order to capture these effects, three complementary approaches for assessing impact of the HUBZone program will be used.

- HUBZone firm-based analysis: This approach (method) is composed of an evaluation of HUBZone firms and of the program's effects on participating firms' income and revenue flow, employment and expansion activity. This calls for program-based analysis, emphasizing the characteristics of the HUBZone contracting. The evaluation process includes some statistical analysis of firms' participating in the HUBZone program, patterns of contract awards, and growth of the HUBZones overtime.
- HUBZone program's short-term and medium-term community economic effects: This constitutes an evaluation of the HUBZone program's immediate effect on the level of activity in local HUBZone economies. The focus shifts from participating firms to the communities in which they are located. The data on procurements under HUBZone becomes an input into quantitative models or market processes in these rural and urban areas.
- HUBZone program's long-term effects on firms and communities: This approach entails an assessment of the HUBZone programs' longer-term social and economic effects on firma and communities. These effects may involve changes in public services, private

sector investment and construction, and in the quantity and quality of local housing and retail establishments.

What methods will be used to separate out effects of the HUBZone program from other effects, such as local economic conditions or wage inflation on job creation?

To mitigate the effects of other local economic influences that might also impact job creation in these HUBZone distressed communities, the SBA plans to continue studying and comparing the cumulative findings from this data collection. The SBA will submit the findings resulting from this data collection to two groups for analysis. One group will be the SBA's District Directors, who also will be asked to meet with local economic development officials. The discussions will focus on the degree to which HUBZone designation may have had an impact on local employment and which local factors have influenced economic growth in their districts.

Another group that will be asked to conduct a similar review will be the economists within the SBA's Office of Advocacy (Advocacy). This office has considerable experience in calculating the effects of government activities on a given area or sector of the economy. Advocacy will use this data in a report to Congress that is due in May of 2008.

Given that some of the data to be provided could be used to disqualify a company from the program, how will accurate results be ensured?

In the event that data is supplied to the U.S. Small Business Administration that could disqualify a certified HUBZone small business concern, that company will be apprised of the potential disqualification through a formal "Proposed Notice of De-certification." The company will be given an opportunity to correct any misinformation or explain the circumstance before SBA takes any final action.