

1. How can firms maintain the 35% HUBZone residency requirement if some employees are college students whose residence hall has closed?

SBA recognizes that some HUBZone employees are students who have been called home to locations no longer in a HUBZone, even though they continue to work remotely, impacting firms' ability to maintain the 35% HUBZone residency requirement. SBA will determine affected firms' compliance with the 35% HUBZone residency requirement by reviewing documentation showing where the impacted employee lived prior to the COVID-19 response measures being put in place. Accordingly, a firm that has a HUBZone employee that was required to move from student housing to a non-HUBZone location AND continues to work for the HUBZone firm, the firm may continue to count that employee as a HUBZone resident by providing documentation showing: 1) the university/college closed the student's residence and 2) the employee has been maintained on the payroll. This applies only to students who, at the time of the firm's application for certification or recertification, were already on payroll and had residency established prior to the university closing student housing.

2. How can firms maintain compliance with the Principal Office requirement if their employees are required to telework?

SBA recognizes that if all of a firm's employees are required to **telework** in response to the COVID-19 pandemic, this might impact a firm's ability to comply with the HUBZone program's principal office requirement. In response to this concern, SBA will determine affected firms' compliance with the principal office requirement by reviewing the firm's compliance prior to the telework measures being put in place. Accordingly, at the time of application for certification or recertification, a firm that has placed its employees on mandatory telework will have to provide documentation showing where its employees performed their work prior to requiring telework. Such an applicant will also be required to provide a signed statement that: the firm put all their employees on telework associated with social distancing in response to the COVID-19 pandemic; the teleworking measure is temporary in nature; and the employees will return to their normal work location once the teleworking measures have been lifted.

3. How can firms maintain compliance with the requirement for uninterrupted and continued employment for "Legacy HUBZone employees," as outlined in the HUBZone regulations at 13 C.F.R. 126.200(d)(ii)(3), if employees are laid off or on extended sick leave?

The revised HUBZone regulations, which became effective December 26, 2019, allow firms to count "Legacy" HUBZone resident employees as permanent HUBZone resident employees if they are able to demonstrate that the employee was a HUBZone resident for 180 days prior to and for 180 days following the firm's HUBZone certification or recertification. In addition, the requirement states, "The certified HUBZone small business concern must maintain records of the employee's original HUBZone address, as well as records of the individual's **continued and uninterrupted employment** by the HUBZone small business concern, for the duration of the concern's participation in the HUBZone program." SBA recognizes that many firms have placed employees on extended (unpaid) sick leave status or are contemplating layoffs. SBA will allow HUBZone companies to place an employee in a **temporary** non-paid status such as FMLA to care for themselves or a sick family member during COVID-19 if the firm attests to their intent to put such individuals back on payroll after the period of extended sick leave. However, there is no such exception for employees that have been laid-off. If a firm lays off an individual, that

individual cannot be counted as a “legacy HUBZone employee” for any future HUBZone certification or recertification.

4. Can the HUBZone Program expedite my application for certification?

SBA may expedite the application of any firm that submits a **complete** package for certification and indicates that they intend to respond to a specified solicitation that relates to COVID-19.

5. Can the HUBZone Program waive or reduce the 35% residency requirement?

This statutory requirement would necessitate Congressional action to change.