

**SMALL BUSINESS FEDERAL**  
**EXECUTIVE AND CONGRESSIONAL**  
**GOALS**

# **DISCLAIMER**

**The information provided is for informational purposes only and may not apply to all circumstances.**

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# **PART 1: SMALL BUSINESS FEDERAL EXECUTIVE AND CONGRESSIONAL GOALS**

- Small Business Reauthorization Act of 1997 directed President to establish goal of not less than 23 percent of federal government's prime contracting dollars to be awarded to small businesses each fiscal year.

# Federal Contract Goals for Small Businesses

- Certain goals are set for specific small businesses:
  - 5% of all prime contracts is to be set-aside for **8(a)** small businesses.
  - 3% of all prime contracts is to be set-aside for **HUBZone** small businesses.
  - 3% of all prime contracts is to be set-aside for **Service-Disabled Veteran-Owned** (“SDVO”) small businesses.
  - Agencies have goal to award 5% of their acquisition dollars to **woman-owned** small businesses.

# SBA Scorecard

- In fiscal year 2006, U.S. Small Business Administration (“SBA”) began using a scorecard to help monitor agencies’ small business contracting efforts. In 2011, small businesses won \$91.5 billion in federal prime contracts. For small business, the goal achieved was 21.65% out of required 23%; for WOSB, 3.98% out of required 5%; for SDB, 7.67% with required 5%; for SDVO, 2.65% out of required 3%; for HubZone, 2.35% out of required 3%. Small businesses did not receive \$3.8 billion set aside for them.

# Acquisition Regulations

- **Federal Acquisition Regulation (FAR)**
  - Department of Defense (DFARS)
  - Department of the Army (AFARS)
  - U.S. Army Corps of Engineers (EFARS)
  - Department of the Air Force (AAFARS)
- **Department of the Interior (DIARS)**
  - National Park Service (NPS)
  - Bureau of Land Management (BLM)
  - Fish & Wildlife Services (FWS)
- **Etc.**

# Simplified Acquisition Procurement (SAP) vs. Commercial Acquisition

## Simplified Acquisition Procurement (SAP)

Under \$100,000

Supplies, Services, Construction procurement

Reserved for small business

## Commercial Acquisition

Up to \$6.5 Million

Supplies & services only

Can be formal or informal acquisition

# FedBizOpps – [www.fbo.gov](http://www.fbo.gov)

- FedBizOpps ([www.fbo.gov](http://www.fbo.gov)) is government's online listing and database of available procurement opportunities.

# Types of Notices in FedBizOpps – [www.fbo.gov](http://www.fbo.gov)

- **Pre-solicitation Notice** Advance Notice that a solicitation is forthcoming. This is posted 15 days prior to the solicitation being available. Used in formal acquisitions (RFP & IFB).
- **Solicitation** Changes to the Pre-solicitation notice or Solicitation (due date, specifications, etc.).
- **Combined Synopsis/Solicitation** Informal/formal solicitation used for commercial items/buys. Complete scope of work/specification provided in the announcement. Solicitation copy is provided. Evaluation - price alone and/or other factors. Response time: 10–30 days.
- **Sources Sought** Gathering information/Market Research. No solicitation available. Agency will make a determination on procurement based of information received (i.e., set aside for HUBZone, SDVOSB, 8(a), or full/open). Request information (statement of qualification) or list of questions. The response time is between 10 – 45 days.

# Types of Notices in FedBizOpps – [www.fbo.gov](http://www.fbo.gov)

- **Special Notice** Used for Information Purposes Only, Sources Sought, Notice of a sole source procurement, and Recovery Act procurement. Provide information of a vendor fair/industry day; upcoming specific event, pending new requirements/changes.
- **Award** Notice of award and information pertaining to the award above \$3.5 million (with exceptions at 5.303(a)). The award notice is only posted for formal solicitations. There is no requirement to post or notify firms/vendors of informal solicitation. All Recovery Act Funded projects will be posted for subcontracting opportunities.
- **Cancellation** Announcement/solicitation has been canceled.
- **Modification/ Amendment** Changes to the Pre-solicitation notice or Solicitation (due date, specifications, etc.).



# Main FBO Commercial Clauses & Provisions

- 52.212-1 -- Instructions to Offerors -- Commercial Items
- 52.212-2 -- Evaluation -- Commercial Items
- 52.212-3 -- Offeror Representations and Certifications --Commercial Items (Kept on File)
- 52.212-4 -- Contract Terms and Conditions -- Commercial Items
- 52.212-5 -- Contract Terms and Conditions Required to Implement Statutes or Executive Orders

# 52.212-1 -- Instructions to Offerors

- NAICS Code & Small Business Size Qualification
- Submission of Offers
- Period of acceptance of offers
- Product Samples (i.e., video/movie, design/artwork, etc.)
- Multiple offers (allowed - will be evaluated separately)
- Late Submission, modification, revisions/withdrawal of offers
  - *Late is Late* – Consider the contracting office physical location/time zone
  - Calendar days used in the bidding period
  - Acknowledge all amendments/revision of the solicitation
  - Electronic commerce may/may not be authorized

## **52.212-1 -- Instructions to Offerors (con't.)**

- Contract Awards
- Multiple Awards
- DUNS/CCR requirement
- Debriefing
  - Strengths/weakness of the proposal;
  - Understand the process;
  - Improve future proposal/acquisitions;
  - Ascertain if SBA followed the solicitation requirement/evaluation factors;
  - Determine if a protest is valid to pursue.

# 52.212-2 -- Evaluation

- Evaluation Factors Identified
- Relative Order of Importance of the Evaluation factors, such as in Descending Order of Importance:
- Technical Capability
- Price
- Experience (**What you did**)
- Past Performance (**How well you did**)
- Small Disadvantaged Business Participation

# Examples of Evaluation Criteria/Factors

- Low Price
- Other Factors Considered (Agency should identify these factors.)
- Delivery/Discounts
- ORCA – Online Representations & Certifications Application
- Technical – “Ability and understanding of requirements”
- Key Personnel – Project Managers, Safety Officer, QC

## **52-212-3 – Offeror Representation and Certifications**

- Required with quote/proposal
- Required to complete on-line registration
- On Line Representations and Certifications Application (ORCA)
- **<https://orca.bpn.gov/>**
- **<https://www.bpn.gov/ccr/default.aspx>**

## PART 2: ROLE OF THE SMALL BUSINESS ADMINISTRATION (“SBA”)

- U.S. Small Business Administration (“SBA”) created in 1953 is federal executive agency created to aid, counsel, assist and protect the interests of small business concerns.

# **SBA: Servicing Small Businesses**

- Help in developing and maintaining business plans.
- Financial counseling.
- Marketing and contract capture assistance.
- Improving management practices.
- Equity and debt financing – several loan programs.
- Obtaining surety bonds.



# **SBA: Servicing Small Businesses**

- Information on (i) sole source; (ii) limited competition; and (iii) subcontracting under prime federal contracts.
- Understanding SBA joint venture, teaming and mentor-protégé programs.
- Assistance in purchasing federal surplus property.

# SBA: Outreach and Marketing

- How Does SBA Provide Maximum Opportunities For Small Businesses?
  - Notifies qualified businesses of procurement opportunities;
  - Counsels such businesses on marketing and promotion strategies; and
  - Communicates with federal agencies on a regular basis in order to maximize their use of SBA small business programs.

# Small Business Programs Administered by SBA

- Formal Certifications

- 8(a) Businesses
- HUBZone Businesses

- Self-Certification in Central Contractor Registration (“CCR”)

- Service-Disabled Veteran-Owned Businesses (“SDVO” - Must have certification from Veterans Administration)
- Woman-Owned Small Businesses (“WOSB”) Program (with submittal of documentation to SBA)
- Veteran-Owned Small Businesses (“VOSB”)
- Small Disadvantaged Businesses (“SDB”)
- Small Businesses (“SB”)

# Small Business Programs Administered by SBA

- These programs are not mutually exclusive. You may qualify as an 8(a), HUBZone, SDVO and WOSB if you meet criteria. An 8(a) business is automatically a SDB.
- Each program will be discussed in this presentation in detail.

# Small Business Contract Benefits

- Sole Source Contracts (8(a), HUBZone & SDVO)
- Limited Competition Contracts (8(a), HUBZone, SDVO and Woman-Owned Small Businesses (“WOSB”) Program (Rule of Two))

# Small Business Contract Benefits

- Price Preferences (limited to HUBZone in full and open competition and for SDBs in contracting with certain non-civilian agencies)

# Small Business Contract Benefits

- Automatic reservation for small businesses of federal contracts ranging from \$3,000-\$150,000 under Simplified Acquisition Procedures **if Rule of Two can be met**. Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses (“SAP Priority”).

# Small Business Contract Benefits

- For acquisitions exceeding the simplified acquisition threshold (that is, contracts more than \$150,000), contracting officers must consider a set-aside or sole source award to a small business under the 8(a), HUBZone, or SDVOSB programs before proceeding with a small business set-aside.



# Small Business Contract Benefits

- Subcontracting Requirements for Large Businesses (apply to all categories of small businesses). List of prime contractors is online at SBA or agency sites.
- Full and Open Competition
  - All small businesses may bid on any contract under full and open competition requirements.

## **Federal Sole Source Contracts (8(a), HUBZone & SDVO)**

- These are contracts that are not put up for bid. They are awarded directly to an 8(a), HUBZone or SDVO eligible small business. Contract award required to be fair and reasonable price. The business may be nominated by SBA or agency seeking contract. Important to market your business for these contracts.

# Federal Sole Source Contracts (8(a), HUBZone & SDVO)

- **Sole source:** May be awarded if contracting officer determines that:
  - only one qualified small business is able to perform the contract,
  - two or more qualified small businesses are not likely to submit offers, and
  - the anticipated award price of the proposed contract, including options, will not exceed:
    - \$6.5 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or
    - \$4 million for a requirement within all other NAICS codes.
- Contract award can be made at fair and reasonable price.
- Businesses owned and controlled by an Indian Tribe or Alaska Native Corporation (“ANC”) are exempt from this limit.

# **Federal Sole Source Contracts** **(8(a), HUBZone & SDVO)**

- For 8(a) Program, contract to an Indian tribe or ANC does not have to be considered for limited competition first – it may be sole sourced.
- HUBZone and SDVO contracts **MUST** be considered for limited competition first, then sole source.

# Sole Source Federal Contracts Above \$4MM or \$6.5MM

Under 13 CFR 124.506(d), **sole source contract** may be awarded even if price of the proposed contract, including options, will exceed:

--- \$6.5 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or

--- \$4 million for a requirement within all other NAICS codes

if contracting officer determines that:

- only one qualified small business is able to perform the contract,
- two or more qualified small businesses are not likely to submit offers, and
- the anticipated contract award can be made at a fair price.

# Self-Marketing for Sole Source Federal Contracts

- An 8(a), HUBZone or SDVO business may locate a requirement and request that it be accepted by SBA as a small business contract and seek a sole source award.

## When Must a Contract Be Awarded on a Limited Competition Basis?

– Applies to 8(a), HUBZone, SDVO & Woman-Owned Small Businesses (“WOSB”) Program

- Reasonable expectation that at least two eligible businesses will submit offers at fair market price. This is known as “Rule of Two.”

# Limited Competition Basis –8(a)

- SBA may divide limited competition bidding between only (i) developmental stage 8(a)s; and (ii) development and transitional stage 8(a)s.



# **Full and Open Competition 10% Price Evaluation Preference for HUBZone Small Businesses Only**

- Full and open competitive contracts can be awarded with a price evaluation preference for HUBZone small businesses. Price must not be 10 percent higher than the offer of a non-small business.

# Price Evaluation Adjustment for Small Disadvantaged Businesses

- **FAR Sec. 19.1101 General.**
- A price evaluation adjustment for small disadvantaged business concerns shall be applied as determined by the Department of Commerce. Joint ventures may qualify.

# Price Evaluation Adjustment for Small Disadvantaged Businesses

- **FAR 19.1102 Applicability.**
- Applies to Department of Defense, National Aeronautics and Space Administration, and U.S. Coast Guard. Civilian agencies do not have the statutory authority for use of SDB price evaluation adjustments.

# Federal Contract Set-Asides for Small Businesses (“SAP”)

- As a part of government-wide efforts to develop small businesses, certain solicitations for federal contracts are set-aside exclusively for small businesses only (**>\$3,000 and <150,000**) using Simplified Acquisition Procedures (“SAP” - Rule of Two Applies). **Important to market your business** for these contracts.

# Federal Contract Set-Asides for Small Businesses (“SAP”)

- Simplified Acquisition Procedures set-aside contracts from \$3,000-\$150,000 available to all small businesses; however, Rule of Two applies and first priority is given to 8(a), HUBZone or SDVO businesses.

# Federal Subcontracting Program

- Congress enacted Public Law 95-507 in 1978 which requires all federal contractors, other than small businesses, receiving federal awards in excess of \$1.5 million for construction and \$.65 million (\$650,000) for all others to submit acceptable subcontracting plans prior to contract award, unless exempt.

# Federal Subcontracting Program

- Subcontracting plans must specify goals and demonstrate contractors' good faith efforts to subcontract to small, small disadvantaged, 8(a), veteran-owned, service-disabled veteran-owned, and woman-owned small businesses.

# Federal Subcontracting Program

- SBA's [SUB-Net](#) is a valuable resource for obtaining information on subcontracting opportunities. Solicitations or notices are posted by prime contractors, as well as other government, commercial and educational entities.



# Federal Subcontracting Program

- SBA and agencies have lists of prime contractors.
- Large federal contractors may be subject to liquidated damages for violation of requirement.
- Commercial Plan may be submitted when contract is for supplying commercial items.

# **Federal Contract Goals for Small Businesses**

- Reporting is required and may be done online (SF-294 Subcontracting Report for Individual Contract; SF -295 Summary Subcontract Report).

# **Full and Open Competition**

Small businesses may bid on any contract under full and open competition requirements.

# Does SBA Approve Subcontracts?

- Yes. SBA will not approve proposed subcontracting arrangement if:
  - Proposed subcontractor is suspended, debarred, or determined to be ineligible by any federal agency;
  - Proposed subcontractor would control performance of work;
  - Proposed subcontracting relationship not an arm's-length agreement; or
  - Proposed subcontracting arrangement is attempt to circumvent SBA's size regulations.

# Small Business Prime Contractor Performance Requirements

- 8(a), HUBZone, SDVO, WOSB and SB businesses must perform following under prime contract they are awarded:
- (1) For services (except construction), at least 50 percent of cost of contract incurred for personnel with its own employees.

- (2) For supplies or products (other than procurement from a non-manufacturer of such supplies or products), at least 50 percent of cost of manufacturing supplies or products (not including cost of materials).

- (3) For general construction, at least 15 percent of cost of contract with its own employees (not including cost of materials).

- (4) For construction by special trade contractors, at least 25 percent of cost of contract with its own employees (not including cost of materials).



# Businesses May Submit Unsolicited Proposals

- Businesses may submit unsolicited proposals if they think they have a service or product a federal agency would want.

# **Businesses May Request Agency Debriefing When Not Awarded Contract**

- Within 3 days after a contract award, all offerors are notified of the award. They may request a debriefing after award no later than 3 days after receiving the notice. Federal Acquisition Regulation (FAR) 15.5 .

# SBA Financial Assistance

- SBA provides a number of financial programs for small businesses, including loans and surety bond guarantees.

# SBA Special Purpose Loans

- Also, SBA offers various special purpose loans: to grow your business to meet demand internationally, to aid businesses that have been impacted by NAFTA, to assist in implementing employee ownership plans, and to help implement pollution control mechanisms.

# SBA Surety Bond Guarantee Program

- Surety bond is contract between surety company and contractor for benefit of third party – project owner. Surety company is similar to insurance company. If contractor unable to perform, surety assumes contractor's responsibilities and ensures project is completed.

# SBA Surety Bond Guarantee Program

- **Prior Approval Program**
- In this program, all bond guarantee applications are submitted to SBA for prior review and approval. SBA guarantees 90 percent of the losses incurred on 1) contracts up to \$100,000, and 2) on contracts awarded to the following types of businesses:
  - [Socially and economically disadvantaged small businesses](#)
  - [Historically Underutilized Business Zones \(HUBZone\) Program small businesses](#)
  - [8\(a\) Business Development Program small businesses](#)
  - [Veteran](#) or [Service-Disabled Veteran-Owned small businesses](#)
- SBA offers an 80% guarantee on bonds for all other individual contracts up to \$6.5 million in value or up to the \$10 million if a Federal Contracting Officer certifies that SBA's guarantee is necessary for the small business to obtain bonding.
- Covers:
  - Bid Bond
  - Payment Bond
  - Performance Bond
  - Ancillary Bond
- SBA guarantee reduces premium of bond.

# SBA Surety Bond Guarantee Program

- Bid Bond – guarantees bidder will enter contract and furnish Payment and Performance Bonds.
- Payment Bond - guarantees contractor will pay all persons who furnish labor, materials, equipment or supplies.

# SBA Surety Bond Guarantee Program

- Performance Bond - guarantees contractor will perform contract in accordance with terms, specifications and conditions.
- Ancillary Bond – bonds incidental and essential to performance of contract.



# SBA Surety Bond Guarantee Program

- Preferred Surety Bond Program: Selected sureties receive 70% guarantee and prior SBA approval not required.

# **PART 3: OVERVIEW OF THE SBA SECTION 8(a) BUSINESS DEVELOPMENT PROGRAM (“8(a) Program”)**

## **What Is Mission?**

Provides small businesses owned and controlled by socially and economically disadvantaged individuals (8(a) Program) opportunity to compete in American economy and access federal procurement market.

Authorized in 1978.

SBA promotes development over nine-year period. Facilitates award of sole source and limited competition contracts, and subcontracts. Provides specialized training; counseling; and high-level executive support. Special rules apply to Indian tribes, ANCs, Native Hawaiians and Community Development Corporations.

# SBA 8(a) Program

- An article in *Set-Aside Alert* of March 8, 2013, reports the number of firms participating in the Small Business Administration's 8(a) program has been steadily falling over the past six years – a decline that shows no signs of reversal, according to figures provided by the SBA to *Set-Aside Alert*. The SBA's Darryl Hairston, Associate Administrator for the 8(a) Business Development office said “[t]here are several factors to be considered in the rate of increase or decrease in the number of 8(a) Business Development program participants . . . over the past three years, there have been a significant number of firms that have completed their nine-year terms and have voluntarily withdrawn from program participation.” “While we continue to see strong interest in the 8(a) program . . . the number of applicants eligible for program participation has not kept pace with the number of program exits,” Hairston said. The SBA is currently engaging in “an aggressive outreach effort” to attract more applicants to the 8(a) program, Hairston added. Specialists familiar with the 8(a) program suggested several factors that may be contributing to the loss in participation, including changes in eligibility requirements, limited SBA support staff, less assistance, and the cost and time associated with therewith, according to the article.

# Under What Authority Does 8(a) Program Operate?

Small Business Act of 1953, as amended.

Regulatory authority - Title 13, Code of Federal Regulations (C.F.R.), Parts 105, 121 and 124.

Federal Acquisition Regulations (“FAR”), Part 19, Small Business Programs.

# **How Do I Apply to the 8(a) Program?**

Contact local SBA District Office.

# What Are Basic Requirements Business Must Meet for 8(a) Program?

- Be small business
- unconditionally owned and controlled
- by one or more socially and economically disadvantaged individuals who are
  - of good character and
  - citizens of United States, and
- which demonstrates potential for success.
- For Native-American tribal businesses, ability to sue and be sued required only as to SBA contract awarded.

# What Is SBA's Definition of a Small Business?

- Independently owned and operated;
- Not dominant in its field;
- Based on average number of employees for preceding 12-months or on sales volume averaged over three-year period.



## **How Does SBA Establish that 8(a) Applicant Is a Small Business?**

- Identifies 8(a) applicant's primary North American Industry Classification System (NAICS) code and applies size regulations.
- Examines 8(a) applicant's annual receipts or number of employees.

# Examples of SBA Size Standards

- Manufacturing: Maximum number of employees may range from 500 to 1500, depending on product manufactured.
- Wholesaling: Maximum number of employees may not exceed 100.
- Services: Annual receipts may not exceed \$7 – \$25 million, depending on service.

# Examples of SBA Size Standards

- Retailing: Annual receipts may not exceed \$7 - \$29 million, depending on product.
- General & Heavy Construction: General construction annual receipts may not exceed \$33.5 million on average.
- Special Trade Construction: Annual receipts may not exceed \$14 million.

# How Does SBA Define “Business Concern or Concern”?

- Business entity organized for profit.
- Place of business located in United States.
- Operates primarily within United States or makes significant contribution to U.S. economy through payment of taxes or use of American products, materials or labor.

# How Does SBA Define “Business Concern or Concern”?

- Varied legal form allowed, except joint venture can be no more than 49 percent foreign business.
- If substantial portion of assets and/or liabilities are same as predecessor entity, annual receipts and employees of predecessor will count in determining size.

# **How Does SBA Determine If 8(a) Applicant Satisfies Ownership Criteria?**

- At least 51% of business must be directly and unconditionally owned by one or more socially and economically disadvantaged individuals.

# How Does SBA Determine If 8(a) Applicant Satisfies Ownership Criteria?

- Direct ownership means that 8(a) applicant cannot be subsidiary of another business owned by disadvantaged individual.

# **Limited Ownership of 8(a) Businesses by Non-Disadvantaged Individuals and Organizations**

- Non-8(a) business may **not** have ownership of more than 10% interest of 8(a) business in developmental stage (years 1-4) or more than 20% interest of 8(a) business in transitional stage (years 5-9), in same or similar line of business; or
- Receive compensation which is deemed excessive by SBA.
- **However, Mentor may own equity interest of up to 40% in 8(a) Protégé.**



# Limited Ownership of 8(a) Businesses by Former 8(a) Businesses

- Former 8(a) business may not have ownership of more than 20% interest of 8(a) business in developmental stage (years 1-4) or ownership interest of more than 30% interest of 8(a) business in transitional stage (years 5-9), in same or similar line of business. Tribes and ANCs do not have this limitation.

# **Limited Ownership of 8(a)**

## **Businesses in Other Current 8(a)**

### **Businesses**

- 8(a) business and certified owners and immediate family members may not own more than 20% in any other current 8(a) business. Tribes and ANCs do not have this limitation.

# How Does SBA Determine Whether 8(a) Applicant Satisfies Control and Management Requirements?

- Control of day-to-day management and administration of business operations.
- Factors considered:
  - Management experience. Technical expertise. Full time devotion. Highest officer position. Participation by non-disadvantaged individuals. Exemption applicable to Tribes and ANCs.

# How Does SBA Define Socially Disadvantaged Individuals?

- Socially disadvantaged individuals - subjected to racial or ethnic prejudice or cultural bias beyond their control. Individuals who are members of following groups are presumed to be socially disadvantaged by SBA:

Black Americans;

Hispanic Americans;

# How Does SBA Define Socially Disadvantaged Individuals?

- Native Americans (American Indians, Eskimos, Aleuts, and Native Hawaiians);
- Asian Pacific Americans;
- Subcontinent Asian Americans; and
- Members of other groups designated by SBA.

## Can an Individual Who Is Not a Member of a Designated Group Claim Social Disadvantage?

- Yes. Must establish social disadvantage on standard of "preponderance of evidence" - existence or truth of fact(s) is more probable than not.

# How Does SBA Define Economically Disadvantaged Individuals?

- Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in free enterprise system impaired due to diminished credit and capital opportunities. ANCs are deemed to be economically disadvantaged.

# **How Does SBA Determine if an Individual Is Economically Disadvantaged?**

- Individual's net worth, after excluding equity in business and equity in his/her primary residence, must be less than \$250,000. SBA will also consider individual's average two-year income, fair market value of all assets, access to credit and capital, and financial condition of applicant's business in evaluating economic disadvantage.



# **How Does SBA Determine if an Individual Is Economically Disadvantaged?**

- Asset transfers within two years of application will be attributed to transferor, unless (A) transfer was at fair market value or (B) to an immediate family member for (i) support or (ii) recognition of special occasion.

# **How Does SBA Determine if 8(a) Applicant and Its Principals Are of Good Character?**

- Circumstances automatically resulting in lack of good character:
- Debarment and suspension from General Services Administration (“GSA”) bidding program – GSA provides acquisition services for federal government;
- Incarceration, parole, or probation;
- Unpaid federal financial obligations;
- False statements;
- Falsification of personal and business tax returns.

- Circumstances requiring a character analysis:
- Criminal convictions or guilty pleas;
- Failure to disclose criminal arrests or convictions on SBA Form 912;
- Civil judgments;
- Indictments;
- Investigations;
- Violations of SBA regulations.

# How Does SBA Determine if an 8(a) Applicant Satisfies Potential for Success?

- **Conducting business for two years.** May be waived.
- Financial Capacity. Sufficient access to capital and credit to maintain its business operations. Rule of thumb: 90 days of working capital.
- Managerial and technical expertise.
- Track record of past performance.
- Government needs what you have to sell.

# Limitations on 8(a) Eligibility

- Individual's eligibility may be used only once and to qualify only one business for 8(a) Program. Exemption for Indian Tribes and ANCs.
- Immediate family members living in one household can qualify only one business per household in same line of business.

**In Determining Whether Applicant Is Eligible for Participation in 8(a) Program, Does SBA Consider Changes to Business Status that Occur during Review Process?**

- Status determined, generally, date application submitted.

**In Determining Whether Business Is Eligible for Continued Participation in 8(a) Program, Does SBA Consider Financial Changes that Occur after 8(a) Business Admitted to Program?**

- Yes. Applicant net worth must be less than \$750,000.

# 8(a) Program Federal Contract Benefits

- Sole source;
- Limited competition (Rule of Two)  
[SBA may divide limited competition bidding between only (i) developmental stage 8(a)s; and (ii) developmental and transitional stage 8(a)s];



# 8(a) Program Federal Contract

## Benefits

- SAP Priority (Rule of Two applies);
- Subcontracting opportunities;
- Full and open competition; and
- If contract requirement accepted into 8(a) Program, it remains until released by SBA, which is unlikely to occur.

- **PART 4: PREPARING AND SUBMITTING 8(a) PROGRAM APPLICATION**
- **Who Is Responsible for Preparation of an 8(a) Application?**
  - Applicant. Electronic filing available. SBA Business Development Specialist (BDS) or Procurement Technical Assistance Center (“PTAC”) may help.

- **What Documentation Is Required to Establish Eligibility for 8(a) Program?**
- SBA Form 1010, “Application for 8(a) Business Development (BD) and Small Disadvantaged Business (SDB) Certification.”
- Businesses owned by **Indian Tribes, ANCs,** Native Hawaiian Organizations (NHOs) and Community Development Corporations (CDCs)  
- SBA Form 1010B.

# SBA Form 1010, “Application for 8(a) Program”

- SBA Form 413, "Personal Financial Statement" (in community property states, file one for you and your spouse).
- SBA Form 912, "Statement of Personal History."
- FD 258, “Fingerprint Card” (if ever arrested).

- SBA Form 4506, “Request for Copy of Transcript of Tax.”
- Business Organization Information.
- Federal Income Tax Returns:
  - Federal personal income tax returns for two preceding years.
  - Federal business tax returns for preceding three years.

- Business Financial Statements. Last three fiscal year-end balance sheets and income statements, interim financial statement including balance sheet and income statement with aging of accounts receivable and accounts payable.
- Federal contractors or grantees need Data Universal Numbering System (“DUNS”) number. Nine digit business identification number. [www.dnb.com/us](http://www.dnb.com/us) or call 1-866-705-5711.
- Need North American Industry Classification System code (“NAICS”). Visit NAICS website – [www.census.gov](http://www.census.gov) (NAICS link).
- Register with Central Contractor Registration (“CCR”) database. [www.ccr.gov](http://www.ccr.gov) or call 1-888-227-2423. Updating profile with SBA in CCR available option.

- **Additional Requirements.**
- Narrative describing history and description of business.
- Organization Chart.
- Resume for all individuals claiming disadvantaged status, each officer, each director, each key employee and each owner of more than 10 percent of stock of 8(a) applicant.

- Information from bank or financial institution to document any available line of credit or financing arrangements (long or short term) plus complete copies of any loan agreement(s), including any shareholder, officer or partner loans and/or inter-company loans.
- Copies of signature cards for all business bank accounts, or a letter from bank indicating who has signature authority and how many signatures are required to transact business as well as any limitations placed on account.



- Bonding information.
- Arrangements for Business Premises.
- Arrangements for Business Equipment.
- Management, Consulting or other Agreements.
- Schedule of Business Insurance.

- For construction firms, statement of single and aggregate bonding limit from firm's surety, if applicable.
- Copies of any licenses required to conduct business, including state and local business licenses and or special licenses, such as Contractor's, CPA, professional engineer, etc.
- Information regarding any affiliates to determine size, such as tax returns showing affiliate's receipts for past three fiscal years and/or numbers of employees.
- If 8(a) applicant owned by trust, must submit copy of trust agreement.

- Statement of economic disadvantage.
- Statement of social disadvantage.
- SBA Form 1623 (“Certification Regarding Debarment, Suspension, and/or Responsibility Matters”).
- If waiving 2-year operating business rule, copies of contracts or invoices demonstrating performance of work in industry for which 8(a) applicant seeks 8(a) certification.

# How Long Does SBA Have to Screen an 8(a) Application?

- 15 calendar days
- If application incomplete, SBA must send deficiency notice to 8(a) applicant. 8(a) applicant must respond within 15 calendar days of receipt. If no response, SBA must return entire application package. If 8(a) applicant responds to deficiency notice, SBA has 10 days to review response.
- 8(a) applicant can withdraw its application.

# **What Happens if SBA Accepts 8(a) Application for Processing?**

- 8(a) applicant is notified by first class mail, e-mail, or fax transmission. Once application accepted, 90-day processing clock begins to run.

- **What Are Requirements for 8(a) Business Plan Submission and Approval?**
  - 8(a) business must obtain SBA approval before eligible to receive 8(a) contracts. 8(a) business must provide its business plan as soon as possible after admission to 8(a). Modifications to its business plan due within 30 days after close of each program year.
- **What if an 8(a) Business Does Not Submit Its Business Plan on a Timely Basis?**
  - SBA may initiate termination proceedings.

- **What Information Must Business Plan Include?**
- Products currently being produced and services currently being performed as well as future plans to enter into new markets;
- Primary NAICS code and all related NAICS codes;
- Business targets and objectives;
- Analysis of market potential, competitive environment, and prospects for profitable operations;
- Analysis of strengths and weaknesses, with remedial action;
- Estimates of both 8(a) and non-8(a) contract awards that will be needed to meet its targets, objectives and goals; and
- Such other information as SBA may require.

## 8(a) Nine Year Term

- The term is divided into two stages:
- four-year developmental stage,
- five-year transitional stage (company expected to have more non-governmental contracts).



- **Does SBA Perform a Site Visit of an 8(a) Business?**
- Once per fiscal year.

- **Are 8(a) Businesses Reviewed by SBA Annually for Compliance with Eligibility Requirements?**
- Yes.

- **PART 5: RECONSIDERATION AND APPEAL OF SBA 8(a) ELIGIBILITY DECISIONS**

# What Is Reconsideration?

- Every 8(a) applicant denied admission to 8(a) Program has right to request that SBA reconsider decision. Written request for reconsideration must be submitted within 45 calendar days of receiving decline letter.

- **How Long Does SBA Have to Review a Request for Reconsideration?**

- 45 calendar days.

- **How Long Does 8(a) Applicant Have to Appeal Adverse Reconsideration Decision?**
  - If the AA/BD declines the application solely on issues not raised in the initial decline, the applicant can ask for reconsideration within 45 calendar days.

# **Is There Another Level of Appeal Outside of SBA?**

- Yes, to Office of Hearing and Appeals and beyond that to federal court under certain conditions.

- Can an 8(a) Applicant Who Has Been Denied Admission to 8(a) Program Resubmit Its Application?
  - Yes, but *declined applicant must wait at least 12 months from date of final agency decision before reapplying.*



# **PART 6: FEDERAL CONTRACT** **OPPORTUNITIES**

# Why Are Federal Contract Opportunities Important to Small Businesses?

- Federal contracts support business development and growth. No guarantee of contract awards. Federal government awards contracts of more than \$500 billion annually.

# What Types of Contracts Can Be Awarded to Small Businesses?

- Any type authorized in Federal Acquisition Regulations (“FAR”) Part 16 (*e.g.*, fixed price, cost- reimbursement, incentive, indefinite-delivery, time and materials, etc.).

# Fixed Price

- Price is fixed for goods and services. Contractor delivers or performs with maximum dollar limit for which government will pay.
- Contractor accepts risk of price fluctuations, etc.
- Fixed price with economic price adjustment may minimize risk.

# Cost-Reimbursement

- Contractor delivers “best effort” on specified service.
- Government reimburses contractor for all allowable costs, regardless of performance or delivery, up to specified level stated in contract.
- Government accepts risk of non-performance or non-delivery.

# Incentive

- Cost, performance and delivery incentives.
- Incentive fee contracts for delivering products or services on time, within cost estimates and with promised performance outcomes. Must be tied to demonstrated results, rather than only effort, in meeting or exceeding established goals.

# Indefinite Delivery (ID)

- **ID** provides for indefinite quantity of supplies or services during fixed period of time.
- Awards may also include option years.
- Government places delivery orders (for supplies) or task orders (for services) against basic contract for individual requirements.
- Used when government cannot predetermine precise quantities of supplies or services required during contract period.
- At times referred to as IDIQ (indefinite delivery, indefinite quantity).

# Time and Materials

- Contract providing for procurement of supplies or services on basis of:
  - a. direct labor hours at specified fixed hourly rates (which rates include direct and indirect labor, overhead and profit); and
  - b. material at cost.

Useful when full scope of project is unknown.



# Government Contracting Methods

- The primary contracting methods used by the federal government are:
  - Micro-purchases (<\$3,000);
  - Simplified Acquisition Procedures (>\$3,000 - <\$150,000);
  - Sealed Bidding;
  - Contract Negotiations; and,
  - Consolidated Purchasing.

# Micro-purchases (<\$3,000)

- Generally, government purchases of supplies under \$3,000. Do not require competitive bids or quotes and agencies can pay using Government Purchase Card or credit card. Services: \$2,500 or below; Construction: \$2,000 or below.

## Micro-purchases (<\$3,000)

- Micro-purchases are **NOT** reserved for small businesses, though they may be awarded to small businesses.

# Simplified Acquisition Procedures (>\$3,000 - <\$150,000)

- **Simplified Acquisition Procedures require all federal purchases above \$3,000, but under \$150,000, to be RESERVED FOR SMALL BUSINESSES.**

# Simplified Acquisition Procedures (>\$3,000 - <\$150,000)

- Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses.

# Simplified Acquisition Procedures (>\$3,000 - <\$150,000)

- Advertising all planned purchases over \$25,000 in Federal Business Opportunities (“FedBizOpps”) is still required. FedBizOpps is government’s online listing and database of available procurement opportunities.

# Simplified Acquisition Procedures – Publication Action

- **1. Over \$3,000 but under \$10,000:**  
Non-GSA Schedule items exceeding \$3,000 but less than \$10,000 require agency to solicit and evaluate three sources, but do not require publication.

# Simplified Acquisition Procedures – Publication Action

- **2. Over \$10,000 but under \$25,000:** In past for non-GSA Schedule items exceeding \$10,000 but less than \$25,000, agency was required to solicit and evaluate three sources and publish informally (agency's Bid Board). Not all agencies use Bid Board anymore. Parties rely more on the Internet today and search agency websites to find bid leads.



# Simplified Acquisition Procedures – Publication Action

- **3. Over \$25,000 but under \$100,000:** Non-GSA Schedule items exceeding \$25,000 but less than \$100,000 - agency required to solicit and evaluate three sources and publish in FedBizOpps.

# Sealed Bidding

- Sealed bidding is how government buys competitively when its requirements are very specific and value over \$150,000.
- Government-wide contract opportunities over \$25,000 are available daily for review at FedBizOpps.

# Invitation for Bid (IFB)

- When government is merely checking into possibility of acquiring product or service, it may issue an Invitation for Bid (IFB) if value is over \$150,000. Response to IFB by prospective contractor not considered an offer and does not form a binding contract.

# Request for Quotation (RFQ)

- When government is merely checking into possibility of acquiring product or service, it may issue a Request for Quotation (RFQ) if value is over \$150,000. Response to RFQ by prospective contractor not considered an offer and does not form a binding contract.

# Request for Proposal (“RFP”)

- More complicated process. When contract is for highly technical product or service and value over \$150,000, government may issue Request for Proposal (“RFP”).

# Request for Proposal (“RFP”)

- Proposals in response to RFP can be subject to negotiation after submittal.

# RFP-EZ – Experimental Project to Streamline RFP Process

- Small businesses need tools that make it easier to discover and compete for opportunities. On the other side, government contracting officers (who make purchasing decisions) need tools that streamline their work and ensure they can effectively weigh their options. The RFP-EZ system is a start at addressing both sides of the equation.
- RFP-EZ has the potential to save taxpayers substantial amounts of money, improve services by giving government greater access to better technology, and create more jobs by making government more accessible to small businesses.
- Over 200 businesses have signed up to use RFP-EZ.

# Consolidated Purchasing Programs

- Government can realize economies of scale by centralizing purchasing of certain types of products or services for consolidated purchasing.



# Consolidated Purchasing Programs

- GSA negotiates prices and terms with prospective vendors and enters into an agreement. Under agreement, participating government agencies can purchase products and services from schedule of prospective vendors, according to prices and terms already agreed to by vendors.

# Consolidated Purchasing Programs

- Most common multiple award schedules are GSA Schedules or Government Wide Acquisition Contracts, called G-WACs. Used by multiple agencies buying similar goods and services.

# **PART 7: CONTRACTS--** **CONSTRUCTION**

- **Are There any Special Procedures for Federal Construction Requirements?**

- To maximum extent practicable, small business construction requirements should be awarded to business within county or state where work is to be performed.

- **How Will SBA Accept a Requirement Where Federal Agency Nominates Specific Business?**

- If nominated business is eligible and match exists, SBA will accept requirement on behalf of business who is not required to have place of business within geographical boundary where work will be performed.

# **PART 8: JOINT VENTURES (8(a), HUBZone, SDVO, SDB OR WOSB/EDWOS); TEAMING - 8(a)**

- **What Is Joint Venture Agreement?**
  - For SBA purposes, a joint Venture Agreement (JVA) is agreement between eligible 8(a), HUBZone, SDVO, SDB or WOSB/EDWOS business and one or more other “**small**” businesses to establish new legal entity solely for performing **specific** small business contract. No more than 49% foreign ownership. For HUBZone businesses, joint venture must be with another HUBZone business.
- **When Are Joint Ventures Permitted?**
  - Joint Ventures (“JV”) are permitted only when:
  - 8(a), HUBZone, SDVO, SDB or WOSB/EDWOS business lacks capacity;
  - Arrangement is fair and equitable;
  - Substantial benefit to 8(a), HUBZone, SDVO, SDB, or WOSB/EDWOS business.

- **What Role Must 8(a), HUBZone, SDVO, SDB or WOSB/EDWOS Business Have in Joint Venture?**
  - Manage project and employee must serve as project manager.
  - 51% of net profits under federal contract must go to 8(a), HUBZone, SDVO, SDB or WOSB/EDWOS business.
  - Under 13 CFR 121.103(h), JV can only propose on a maximum of three contracts in a two-year period.

- **How Much of Work Must Joint Venture Perform?**
- **8(a), HUBZone, SDVO, SDB or WOSB/EDWOS Joint Venture must perform at least following percentages of work:**
  - Services (non-construction): 50% of cost of contract incurred for personnel with its own employees;
  - Supplies or products: 50% of cost of manufacturing supplies or products (not including cost of materials);
  - General construction: 15% of cost of contract with its own employees (not including cost of materials); and
  - Special trade construction: 25% of cost of contract with its own employees (not including cost of materials).



# 8(a) Mentor-Protégé Program

## Joint Venture

- Only an 8(a) business may enter into a JV with a large business under the SBA Mentor/Protégé Program. The JV must have a proposal ready to be submitted on a particular contract. The JV can only propose on a maximum of three contracts in a two-year period.

# Teaming

- **What Is a Teaming Arrangement?**
- For SBA purposes, a teaming arrangement is an arrangement in which a potential prime contractor agrees with one or more companies to have them act as its subcontractors under a specified federal government contract or acquisition program. See FAR 9.601 and 9.602, 48 CFR 9.601 and 9.602.
- Be careful to avoid creating a JV.

# **PART 9: 8(a) MENTOR/PROTÉGÉ**

## **PROGRAM**

- **What Is Purpose of 8(a) Mentor/Protégé Program?**
  - To enhance capabilities of permitted SBA small businesses. 13 CFR 124.520(c)(2)
- **What Forms of Assistance Can Mentors Provide to 8(a) Protégés?**
  - Technical and management assistance;
  - Financial assistance, including equity investments and/or loans up to 40% of firm's value;
  - Subcontracting support; and
  - Assistance in performing prime contracts through joint venture arrangements.
- **How Long Can 8(a) Mentor/Protégé Relationship Last?**
  - Relationship should last at least 1 year. Recertification required annually.

- **What Are Benefits of 8(a) Mentor/Protégé Relationship?**
  - The two businesses may joint venture as a small business for any government procurement, provided that 8(a) Protégé qualifies as small and program requirements are met.
- **Can Contract Be Awarded to Mentor and 8(a) Protégé Based Simply on Mentor/Protégé Agreement?**
  - No, they must have joint venture agreement.

# JV, Teaming and Mentor-Protégé Pro Forma Agreements

- JV, Teaming and Mentor-Protégé Pro Forma Agreements are available online at SBA's website. They must be tailored to suit your arrangement.

# **PART 10: OTHER SBA PROGRAMS**

- Other SBA programs follow many of the general requirements applicable to 8(a) companies. These have separate regulations and include:

# Other SBA Programs

- HUBZone Businesses (HUBZone)
- Service-Disabled Veteran-Owned Businesses (SDVO)
- Veteran-Owned Small Businesses (VOSB)
- Woman-Owned Small Businesses (WOSB) Program
- Small Disadvantaged Businesses (SDB)
- Small Businesses (SB)

# PART 11: HUBZone PROGRAM

- The Historically Underutilized Business Zone (“HUBZone”) Program authorized in 1997 stimulates economic development and creates jobs in urban and rural communities by providing federal contracting assistance to small businesses. It establishes preferences for award of federal contracts to small businesses located in historically underutilized business zones (high unemployment, low average income, Indian reservations).



# HUBZone Program

- To qualify for the program, a business must meet the following criteria:
- It must qualify as a small business under SBA requirements;
- Its principal office must be located in a HUBZone, which includes lands within the exterior boundaries of Indian reservations;
- It must be owned at least 51% by one or more U.S. citizens, Community Development Corporation, an agricultural cooperative or an Indian tribe; and
- At least 35% of its employees must reside in a HUBZone.

# HUBZone Program

- Existing businesses that choose to move to a HUBZone are eligible. Employees must live in a primary residence within the HUBZone for at least 180 days.
- SBA special mapping software available online to help determine if particular physical address is within HUBZone. URL:  
<https://eweb1.sba.gov/hubzone/internet/general/financial/out.cfm>.
- Electronic filing of application available.

# HUBZone Program

- Certified small businesses must re-certify every three years. There is no time limit to this Program.

# HUBZone Program

- SBA is responsible for:
- Determining whether or not individual businesses are qualified;
- Maintaining a list of qualified HUBZone small businesses for use by acquisition agencies in awarding contracts under Program; and
- Adjudicating eligibility protests and appeals.

# HUBZone Program

- **Federal Contract Benefits –**
- Limited competition (Rule of Two) - must be applied first before going to sole source option (13 CFR 126.609, 126.612);
- Sole source;
- Full and open competition with a 10% price preference;
- SAP Priority (Rule of Two applies);
- Subcontracting opportunities; and
- Full and open competition.

# HUBZone Program

- **Limited Competition:** Contracts can be set-aside for HUBZone competition when contracting officer has reasonable expectation that at least two qualified HUBZone small businesses will submit offers and that contract will be awarded at a fair market price (Rule of Two). Must be applied first before going to sole source option.

# HUBZone Program

- **Sole source:** HUBZone contracts can be awarded if contracting officer determines that:
    - only one qualified HUBZone business is able to perform the contract,
    - two or more qualified HUBZone businesses are not likely to submit offers, and
    - the anticipated award price of the proposed contract, including options, will not exceed:
      - \$6.5 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or
      - \$4 million for a requirement within all other NAICS codes.
- Contract award can be made at fair and reasonable price.

# HUBZone Program

- **Full and open** competitive contracts can be awarded with a price evaluation preference. The offer of the HUBZone small business must not be 10 percent higher than the offer of a non-small business.



# HUBZone Program

- **SAP Priority:** Automatic reservation for small businesses of federal contracts ranging from \$3,000-\$150,000 under Simplified Acquisition Procedures. Rule of Two applies. Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses.

# HUBZone Program

- **Subcontracting:** All subcontracting plans for large business federal contractors must include a HUBZone subcontracting goal.
- **Participating Federal Agencies**  
The program applies to all federal departments and agencies and the government-wide contracting goal is 3%.

## **PART 12: SERVICE-DISABLED VETERAN-OWNED**

### **SMALL BUSINESSES**

- **A service-disabled veteran-owned business (“SDVO”)** is defined as a “small” business that is 51% owned by one or more service-disabled veterans and managed by one or more service-disabled veterans (or spouse or permanent caregiver if necessary due to disability).

# How Do You Know if You Are a Service-Disabled Veteran?

- (a) You have a DD Form 214 which states you were medically discharged;
- (b) You have a letter of adjudication from the Veterans Administration, see [http://www.vba.va.gov/benefit\\_facts/index.htm](http://www.vba.va.gov/benefit_facts/index.htm).
- The Veterans Administration confirms service-related disability.
- There is no minimum disability rating requirement.

# Service-Disabled Veteran-Owned Small Businesses

- **Federal Contract Benefits –**
- Limited competition (Rule of Two) - must be applied first before going to sole source option (13 CFR 125.20(a));
- Sole source;
- SAP Priority (Rule of Two applies);
- Subcontracting opportunities; and
- Full and open competition.

# Service-Disabled Veteran-Owned Small Businesses

- **Limited Competition:** Contracts can be set-aside for SDVO competition when the contracting officer (1) has a reasonable expectation that at least two qualified SDVOs will submit offers and (2) that the contract will be awarded at a fair market price (Rule of Two). Must be applied first before going to sole source option.

# Service-Disabled Veteran-Owned Small Businesses

- **Sole source:** SDVO contracts can be awarded if the contracting officer determines that:
  - only one qualified SDVO is responsible to perform contract,
  - two or more qualified SDVOs are not likely to submit offers, and
  - the anticipated award price of proposed contract, including options, will not exceed:
    - \$6.5 million for a requirement within North American Industry Classification System (NAICS) code for manufacturing or
    - \$4 million for a requirement within all other NAICS codes.
  - SDVO is a responsible contractor able to perform contract.
  - Contract award can be made at fair and reasonable price.

# Service-Disabled Veteran-Owned Small Businesses

- **SAP Priority:** Automatic reservation for small businesses of federal contracts ranging from \$3,000-\$150,000 under Simplified Acquisition Procedures. Rule of Two applies. Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses.



# Service-Disabled Veteran-Owned Small Businesses

- **Subcontracting:** All subcontracting plans for large business federal contractors must include a SDVO subcontracting goal.
- **Participating Federal Agencies**  
The program applies to all federal departments and agencies and the government-wide contracting goal is 3%.

# PART 13: VETERAN-OWNED SMALL BUSINESSES

- A veteran-owned small business is a small business that is at least 51 percent owned by one or more veterans, or in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans. Management and daily business operations must be controlled by one or more veterans. If your business meets this definition then you may self-certify in CCR. Veterans' Administration has preferential program for purchases from SDVO and veteran-owned small businesses. Veterans' Administration has Veteran Federal Contractor Certification program (four stages) online for SDVO, veteran-owned and other small businesses.

## **PART 14: WOMAN-OWNED SMALL BUSINESSES (“WOSB”) PROGRAM**

- The WOSB Federal Contract Program will provide greater access to federal contracting opportunities for WOSBs and economically-disadvantaged women-owned small businesses (EDWOSBs). The Program allows contracting officers, for the first time, to set aside specific contracts for certified WOSBs and EDWOSBs and will help federal agencies achieve the existing statutory goal of five percent of federal contracting dollars being awarded to WOSBs.

# **Woman-Owned Small Businesses** **(“WOSB”) Program**

- **A woman-owned small business (“WOSB”) is defined as a “small” business that is owned and controlled 51 percent or more by a woman or women who are U.S. citizens.**

# Woman-Owned Small Businesses (“WOSB”) Program

- An Economically Disadvantaged WOSB (EDWOSB) must also meet these criteria:
- Personal net worth (assets minus liabilities) is less than \$750,000 excluding: ownership in business and primary personal residence; income reinvested or used to pay taxes of business; funds reinvested in IRA or other retirement account; transferred assets within two years if to or on behalf of immediate family member for select purposes.
- Adjusted gross income average over three years is \$350,000 or less excluding: income reinvested or used to pay taxes of business; fair market value of assets is \$6 million or less excluding: funds reinvested in IRA or other official retirement account.

# Woman-Owned Small Businesses (“WOSB”) Program

- **WOSB Program Third Party Certification – Updated**
- The SBA has approved four organizations to act as Third Party Certifiers under the WOSB Program. The four organizations and contact information are:
- [El Paso Hispanic Chamber of Commerce](#)
- [National Women Business Owners Corporation](#)
- [US Women’s Chamber of Commerce](#)
- [Women’s Business Enterprise National Council \(WBENC\)](#)
- Women Owned Small Businesses may elect to use the services of a Third Party Certifier to demonstrate eligibility for the program, or they may self-certify using the process outlined here on this website. SBA will only accept third party certification from these entities, and firms are still subject to the same eligibility requirements to participate in the program.
- Please note, at the request of WBENC, SBA has approved WBENC only for the certification of WOSBs and not for the certification of Economically Disadvantaged WOSBs.

# Woman-Owned Small Businesses (“WOSB”) Program

- The WOSB Program identifies eighty-three four-digit North American Industry Classification Systems (NAICS) codes where WOSBs are underrepresented or substantially underrepresented. **Contracting officers may set aside contracts in these industries if the contract can be awarded at a fair and reasonable price and the contracting officer has a reasonable expectation that two or more WOSBs or EDWOSBs will submit offers for the contract.**

# Woman-Owned Small Businesses (“WOSB”) Program

- **Federal Contract Benefits –**
- Limited competition (Rule of Two);
- SAP Priority (Rule of Two applies);
- Subcontracting opportunities; and
- Full and open competition.



# Woman-Owned Small Businesses (“WOSB”) Program

- **SAP Priority:** Automatic reservation for small businesses of federal contracts ranging from \$3,000-\$150,000 under Simplified Acquisition Procedures. Rule of Two applies. Under 13 CFR 126.607(b), first priority goes to 8(a), HUBZone or SDVO businesses BEFORE other small businesses.

# **PART 15: SMALL DISADVANTAGED BUSINESSES (“SDB”)**

- **Small disadvantaged business (“SDB”)** is defined as a “small” business with 51% majority owner that is U.S. citizen and socially and economically disadvantaged. No time in business requirement. Qualifying owner’s net worth is less than \$750,000. Self-certify in CCR. The only federal contract benefits for this category are price evaluation adjustments, evaluation factors, monetary subcontracting incentives or SDB set-asides, relating to DoD, NASA, Coast Guard.

# Small Disadvantaged Businesses (“SDB”)

- **FAR Sec. 19.1101 General.**
- A price evaluation adjustment for small disadvantaged business concerns shall be applied as determined by the Department of Commerce. Joint ventures may qualify.
- Majority of earnings must accrue to SDB.
- Status is good for three years.

# Small Disadvantaged Businesses (“SDB”)

- **FAR 19.1102 Applicability.**
- Applies to Department of Defense, National Aeronautics and Space Administration, and U.S. Coast Guard. Civilian agencies do not have the statutory authority for use of SDB price evaluation adjustment.

# **PART 16: SMALL BUSINESSES (“SB”)**

- **A small business (“SB”)** is defined as a “small” business as determined by SBA size requirements. Certification process is not required for SBs. Self-certify in CCR.

# **PART 17: U.S. DOT DBE PROGRAM**

- **U.S. Department of Transportation (“DOT”) Disadvantaged Business Enterprise (“DBE”) Program**
- **State and local governments set procurement goals for contracting with certified DBE prime contractors or subcontractors.**

# **PART 18: U.S. DoD INDIAN INCENTIVE PROGRAM**

- Department of Defense (DoD) Indian Incentive Program (IIP) motivates prime contractors to utilize Indian organizations and Indian-owned economic enterprises, by providing a 5% rebate to prime contractors on subcontracted work performed by an Indian organization or on subcontracted commercial products manufactured in whole or in part by an Indian organization.

# **PART 19: IS GOVERNMENT CONTRACTING FOR YOU?**

- Willing to do ongoing research to find procurement opportunities
- Willing to be a subcontractor to prime contractors?
- Able to financially execute?
- Prepared to learn and comply with rules?



# **PART 20: MARKETING IS KEY**

- Know and target your purchasing agency.
- Focus on your product and/or service.
- Use Office of Small Disadvantaged Business Utilization (“OSDBU”) agency sites.
- Be persistent, consistent and professional.

# PART 21: IMPORTANCE OF SBDC CLASSES

- Importance of Small Business Development Center (“SBDC”) classes cannot be overstated. As seen in government procurement, an understanding of business direction and planning is critical, as is understanding business financial reports (Balance Sheet, Income Statement, Cash Flow Analysis).

# Thank You For Coming!!

- Do you have any questions?
- Please fill out evaluation form.
- Please let us know what other subjects you are interested in.