

U.S. Small Business Administration



Your Small Business Resource

Growing your Contracting Opportunities

Washington Metropolitan Area District Office

Federal Procurement

**U.S.
Government:
The World's
Largest
Customer**

**Federal
Contracts =
\$440 Billion +
per year
(2009)**



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Small Business Act, 1953

“It is the Declared Policy of the Congress ...to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government be placed with small business enterprises.”

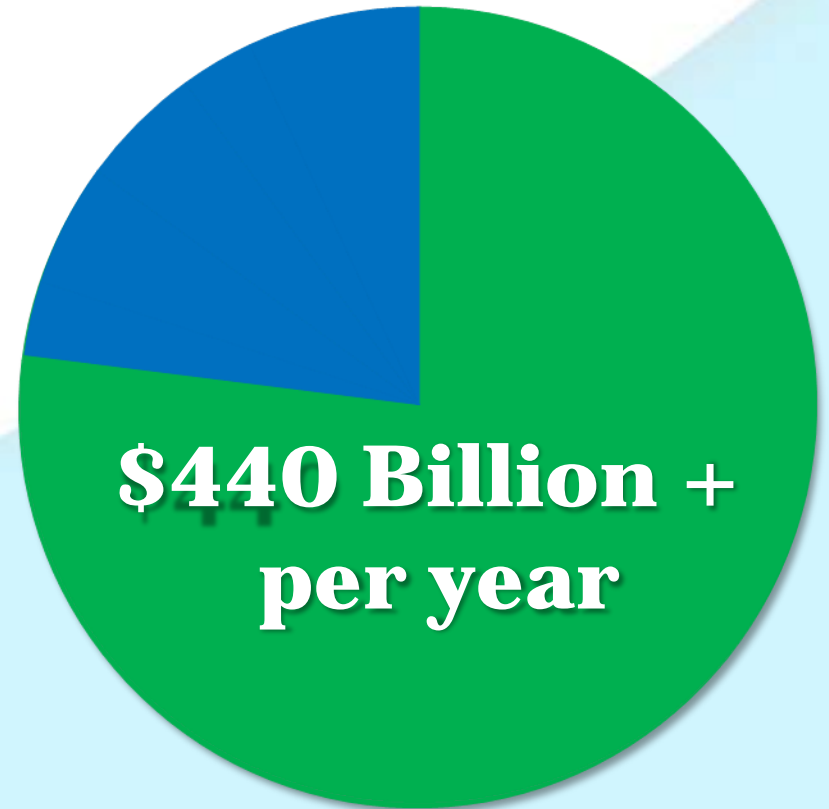


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Federal Procurement

PROCUREMENT TARGETS:

Small Businesses: 23%



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Federal Procurement

PROCUREMENT TARGETS:

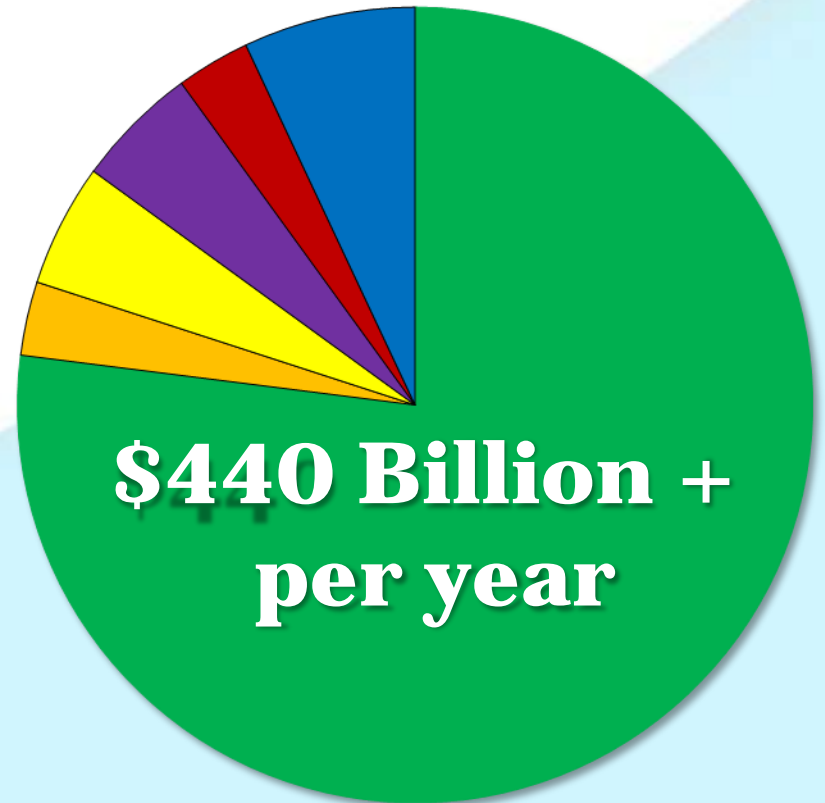
Small Businesses: 23%

Service-Disabled Vets: 3%

SDB: 5%

Women-owned: 5%

HUBZone: 3%



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What is a Small Business?

Defined by number of firm's employees

OR

Defined by firm's annual revenues

(Different for each industry,
organized by NAICs code)



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What part does the SBA play in procurement?

1. Keeping Score:

SBA negotiates annual procurement goals with each Federal agency

Ensures that the combined goals $\geq 23\%$

Reviews each agency's results

Issues annual **Small Business Procurement Scorecard** for entire Federal Government



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What part does the SBA play in procurement?

2. Counseling and Training:

Procurement training and matchmaking events throughout region.

Resource Partners help business owners find and bid on procurement opportunities.

Small Business Jobs Act of 2010:
Small Business Teaming Pilot Program



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What part does the SBA play in procurement?

3. Certification

SBA-Certified:

HUBZone Empowerment Contracting Program

8(a) Business Development Program

Self-Certified:

Small Disadvantaged Businesses

Service Disabled Veteran-Owned Businesses

Women-Owned Small Businesses



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Very Important:

SBA certification **only applies to Federal Agencies in the Executive Branch.**

State, County, and Municipal agencies as well as other branches of the U.S. Government may have their own certification programs.

Certification by one of these authorities does not automatically confer certification by any others.



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HUBZone Empowerment Contracting Program

**Designed to simulate economic
development and create jobs in urban
and rural communities.**

HUBZone = Historically Underutilized Business Zone



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HUBZone Empowerment Contracting Program

Provide federal contracting assistance for qualified small business concerns located in historically underutilized business zones to:

Increase employment opportunities

Stimulate capital investment in those areas

Empower communities through economic leveraging and the “multiplier effect”



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HUBZone Empowerment Contracting Program

HUBZone contracts are contracts awarded to a qualified HUBZone Small Business Contractor (SBC) through any of the following:

Sole source awards

Set-aside awards based on competition restricted to qualified firms

Awards to qualified HUBZone business through full and open competition after a price evaluation preference in favor of qualified HUBZone SBCs.



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HUBZone Requirements

Must be a SMALL business

Concern must be owned and controlled only by US citizens

Principal office of the concern must be located in a HUBZone; and

At least 35% of the concern's employees must reside in a HUBZone



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8(a) Business Development Program

Helps eligible small disadvantaged businesses grow and become sustainable.

Training in business management & marketing

Opportunities to team with other companies

Support when competing for Federal contracts



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8(a) Business Development Program

Program enrollment = 9 years

Program participation divided into 2 stages:

Year 1 – 4 Developmental

Year 5 - 9 Transitional

Must maintain eligibility throughout enrollment



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8(a) Eligibility

- ✓ United States citizen
- ✓ Socially & economically disadvantaged
- ✓ Own unconditionally at least 51% of concern
- ✓ Control & manage concern on full-time basis
- ✓ Good character - not debarred, suspended, parole or probation
- ✓ Registered in Central Contractor Registration (CCR) database
- ✓ Two (2) years business history in primary industry classification, as shown with tax returns (may sometimes be waived)
- ✓ Business must be small per SBA's size standards



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Who is Socially and Economically Disadvantaged?

Socially disadvantaged persons have been subjected to racial or ethnic prejudice or cultural bias because of their identities as members of groups.

People are **economically disadvantaged** if their ability to compete in the free enterprise system has been impaired due to diminished access to capital and credit.



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In the absence of evidence to the contrary, individuals are presumed to be socially disadvantaged if they are a U.S. Citizen and a member of one of these groups:

African American

Hispanic American (*includes individuals of Spanish & Portuguese descent*).

Asian Pacific American

Subcontinent Asian American

Native American



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Persons not members of designated groups may be eligible if they can demonstrate their disadvantage.

The disadvantage may stem from color, ethnic origin, gender, physical handicap, long term environmental isolation, or other similar causes.

The applicant must have personally suffered this disadvantage in the United States.

The disadvantage must be substantial & chronic.

The discrimination must have negatively impacted on business advancement.

The case must be established by preponderance of evidence



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Waiver of Two (2) Year Requirement:

The Business Owner(s) demonstrate:

1. Management experience
2. Technical expertise
3. Adequate capital
4. Successful performance
5. Ability to perform on timely basis



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8(a) Net worth criterion:

After excluding the individual's equity in the firm and equity in the primary residence, net worth may not exceed \$250,000.*

Net Worth

less equity in primary residence
less equity in business
equals adjusted net worth
(*which must not exceed \$250,000*)

**when married, separate statements from each spouse to show each individual's joint or community property shares and separate property.*



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Self-Certified Firms

Small Disadvantaged Businesses

Veteran-Owned Businesses

Women-Owned Businesses



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Small Disadvantaged Business (SDB) Program

Self-certifying program as of October 2008

Subcontracting opportunities

SDBs are eligible for special bidding benefits

Prime contractors get credit towards
small business goals



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SDB Eligibility Criteria

Similar to 8(a), except higher allowable Net Worth

After excluding the individual's equity in the firm and equity in the primary residence, net worth may not exceed \$750,000.*

Net Worth

less equity in primary residence
less equity in business
equals adjusted net worth
(*which must not exceed \$750,000*)

**when married, separate statements from each spouse to show each individual's joint or community property shares and separate property.*



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Women-Owned Small Business (WOSB) Program

**Final Rule Published October 2010
Program Start February 2011**

Firms self-certify as
**Women-Owned Small Businesses (WOSB), or
Economically-Disadvantaged Women-Owned
Small Businesses (EDWOSB)**

For 83 target industries where WOSBs are under-represented, contract officers may set-aside contracts for WOSBs or EDWOSBs only (under specific circumstances)



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For More Information:

Contact your
Washington Metropolitan Area District Office:

www.sba.gov/dc

or

202-272-0345



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