

# Federal Government Contracting

- **U.S. Government:** Single largest purchaser of goods and services in world
- > \$500 billion in contracts awarded each year
- **Statutory goal:** 23% of prime contracting dollars to small businesses
- **SBA:** Promotes small business access to federal procurement opportunities

# Three Questions to Ask Yourself

- **Are you a small business?**
  - Visit <http://www.sba.gov/content/am-i-small-business-concern>
- **What is the size standard for your business?**
  - Visit [www.sba.gov/size](http://www.sba.gov/size)
- **Do you fall under a specific certification?**
  - Formal Government Certifications
  - Self-Certifications

# Formal Government Certifications

- 8(a) Business Development Program
  - Counseling and set-aside contracting opportunities for nine (9) years
  - [www.sba.gov/8abd](http://www.sba.gov/8abd)
- HUBZone Program
  - For businesses located in communities marked by relatively high unemployment, high poverty, and/or low income
  - [www.sba.gov/hubzone](http://www.sba.gov/hubzone)

# 8(a) Business Development Program

The purpose of the 8(a) Business Development Program is to assist eligible small disadvantaged business concerns compete in the American economy through business development.

# 8(a) Business Development Program

- Must be a small business by SBA size standards as relates to the primary business activity of the firm.
- Must be owned at least 51% by U.S. citizens.
- Must be controlled/managed on a full-time basis by individuals who must meet the SBA requirement for disadvantage, by proving both social disadvantage and economic disadvantage.
- The business must demonstrate potential for success.
- The principals must show good character.
- The personal net worth of eligible individual(s) must not exceed \$250,000 (excluding equity in personal residence and equity in business).

# Social Disadvantage Criteria

- Socially disadvantaged individuals are those who have been subject to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. The social disadvantaged must stem from circumstances beyond their control.

# Social Disadvantage Criteria (continued)

- The following individuals are socially disadvantaged:
- **Black Americans; Hispanic Americans; Native Americans** (American Indians, Eskimos, Aleuts, or Native Hawaiians); **Asian Pacific Americans** (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China (including Hong Kong), Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Guam, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, or Nauru); **Subcontinent Asian Americans** (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal).

# Social Disadvantage Criteria (continued)

- Individuals not members of designated groups:
- An individual who is not a member of one of the groups presumed to be socially disadvantaged must establish individual social disadvantage by a preponderance of evidence. (at least one objective distinguishing feature that has contributed to social disadvantage, such as race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from the mainstream of American society, or other similar causes not common to individuals who are not socially disadvantaged). SBA will consider education, employment, and business history, where applicable, to see if the totality of circumstances shows disadvantage in entering into or advancing in the business world.

# Economic Disadvantage Criteria

- Economically disadvantaged individuals are socially disadvantaged individuals whose ability to complete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged.

***Economically disadvantaged*** individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit.

Individuals who are economically disadvantaged must have:

- A personal net worth of less than \$250,000;
- Total assets that do not exceed \$4MM; and
- An average three year AGI that does not exceed \$250,000.

## Net worth criterion:

After excluding the individual's legitimate retirement account(s), equity in the firm, and equity in the primary residence, net worth may not exceed:

**\$250,000.00 for 8(a) eligibility\*.**

**NET WORTH** (*assets less liabilities*)

less legitimate IRA/retirement account value(s)

less equity (*value - mtg. bal.*) in primary residence

less equity in business

equals ***adjusted net worth***



\* 13 CFR § 124.104(b)(2)(i)- Contingent liabilities do not reduce the net worth.

# HUBZone Program

The purpose of the HUBZone Program is to provide federal contracting assistance for qualified small business concerns located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in such areas.

# HUBZone Program

- Must be small business by SBA size standards
- Must be controlled and owned at least 51% by U.S. citizens.
- Its principal office must be located within a HUBZone.
- At least 35% of its employees must reside in a HUBZone.

Note: HUBZone is a qualified census tract.

# Self Certifications

- Small Business: [www.sba.gov/size](http://www.sba.gov/size)
- Service-Disabled Veteran-Owned Small Businesses: [www.sba.gov/sdvosb](http://www.sba.gov/sdvosb)
- Women-Owned Small Businesses: [www.sba.gov/wosb](http://www.sba.gov/wosb)
- Economically Disadvantaged Women-Owned Small Businesses: [www.sba.gov/wosb](http://www.sba.gov/wosb)
- Small Disadvantaged Businesses: [www.sba.gov/sdb](http://www.sba.gov/sdb)

# Small Business

The Small Business Administration's size standards define whether a business entity is small and, thus, eligible for Government programs and preferences reserved for "small business" concerns. Size standards have been established for types of economic activity, or industry, generally under the North American Industry Classification System (NAICS).

# Small Business

- To be a small business, you must adhere to industry [size standards](#) established by the U.S. Small Business Administration (SBA). The SBA defines a "small business" either in terms of the **average number of employees** over the past 12 months, or **average annual receipts** over the past three years. In addition, SBA defines a U.S. small business as a concern that:
  - Is organized for profit
  - Has a place of business in the US
  - Operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor
  - Is independently owned and operated
  - Is not dominant in its field on a national basis

# Service-Disabled Veteran-Owned Small Business

- The Service Disabled Veteran (SDV) must have a service-connected disability that has been determined by the Department of Veterans Affairs or Department of Defense.
- The Service Disabled Veteran Owned Small Business (SDVOSB) must be small under the North American Industry Classification System (NAICS) code assigned to the procurement.
- Must be unconditionally and directly owned at least 51% by one or more service-disabled veterans.
- The SDV must hold the highest officer position of the SDVOSB.
- The management and daily business operations must be controlled by one or more service-disabled veterans, or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

# Women-Owned Small Business

Section 8(m) of the Small Business Act authorizes certain procurement mechanisms to ensure that Women-Owned Small Businesses (WOSBs) have an equal opportunity to participate in Federal contracting.

# Women-Owned Small Business

- Must be at least 51% directly owned and controlled by one or more women.
- Must be primarily managed by one or more women.
- The women must be U.S. citizens.
- Must be small in accordance with SBA's size standards as relates to the primary business activity for the firm.

# Economically Disadvantaged Women-Owned Small Business

- In addition to the requirements of the WOSB, the women must be economically disadvantaged.
- A woman is presumed economically disadvantaged if she has a personal net worth of less than \$750,000, her adjusted gross yearly income averaged over the three years preceding the certification does not exceed \$350,000 and the fair market value of all her assets (including her primary residence and the value of the business concern) does not exceed \$6 million.

# Small Disadvantaged Business

- Must be a small business by SBA size standards.
- Must be owned at least 51% by one or more socially and economically disadvantaged individuals who are U.S. citizens.
- Must be controlled/managed on a full-time basis by individual(s) who must meet the SBA requirement for disadvantage, by proving both social disadvantage and economic disadvantage.
- The business must demonstrate potential for success.
- The personal net worth of eligible individual(s) must not exceed \$750,000 (excluding equity in personal residence and equity in business).

# Identifying Contracting Opportunities

- Visit [www.sam.gov](http://www.sam.gov) and get registered in the federal database
- Obtain your NAICS codes that categorize your business at [www.census.gov/eos/www/naics/index.html](http://www.census.gov/eos/www/naics/index.html)
- For current contracting opportunities, visit [www.fbo.gov](http://www.fbo.gov)
- To learn about defense contracting opportunities, visit, <http://www.acq.osd.mil/osbp/sb/dod.shtml>

# Additional Available Resources

- GC Classroom—free online training courses  
<http://www.sba.gov/tools/sba-learning-center/search/training/government-contracting>
- SBA's Procurement Center Representatives
- SBA's Commercial Marketing Representatives
- Counseling Services
- SBA District Offices

# Additional Available Resources

- Small Business Development Centers (SBDCs)  
[www.sba.gov/sbdc](http://www.sba.gov/sbdc)
- SCORE-For the Life of Your Business  
[www.sba.gov/score](http://www.sba.gov/score)
- Procurement Technical Assistance Center  
[www.uta.edu/crosstimbers](http://www.uta.edu/crosstimbers)
- Veterans Business Outreach Centers (VBOCs)  
[www.sba.gov/vets](http://www.sba.gov/vets)

# Special Initiatives

- Emerging Leaders Program
  - Have annual revenues of at least \$400,000.
  - Have been in business for at least 3 years.
  - At least one employee other than the owner.
  - Are located in the underserved communities.
- SBA Small Business Awards
  - Deadline: December 20<sup>th</sup>

# Questions



# Point of Contact

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