



U.S. Small Business  
Administration



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Administration

# Federal Contracting Certifications

**Tuesday, May 5<sup>th</sup>, 2020**

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**Minnesota District Office**

# U.S. Small Business Administration

A cabinet level agency of the Executive Branch

- Financial Assistance – Loan Programs
- Business Counseling and Training
- **Government Contracting**
- Disaster Assistance
- <http://www.sba.gov/> (national)
- <http://www.sba.gov/mn> (local)

# What We Will Be Talking About

[www.sba.gov](http://www.sba.gov)

- Federal Contracting Goals
- Small Business Policies
- Contracting Programs
  - 8(a) Business Development
  - HUBZone Program
  - Women Owned Small Business Program
  - Service Disabled Veteran Owned

# What We Will Be Talking About

[www.sba.gov](http://www.sba.gov)

## Acronyms and industry lingo?

8(a)

SDB

SDVOSB

WOSB

VOSB

EDWOSB

SAT

CFR

NAICS

# Federal Prime Contracting Small Business Goals

How do we reach these goals?

Small Business	23% (23.88%)
8(a)/Small Disadvantaged Business	5% (9.10%)
Woman Owned Small Business	5% (4.71%)
HUBZone Small Business	3% (1.65%)
Service Disabled Veteran Owned Small Business	3% (4.05%)

- Percentages taken from [2017 Procurement Scorecard](#)

# Federal Prime Contracting Small Business Goals

## How do we reach these goals?

Total Spend	\$442.6 B
Small Business	23% (\$105.7 B)
8(a)/Small Disadvantaged Business	5% (\$40.2 B)
Woman Owned Small Business	5% (\$20.8 B)
HUBZone Small Business	3% (\$7.3 B)
Service Disabled Veteran Owned Small Business	3% (\$17.9 B)

- Percentages taken from [2017 Procurement Scorecard](#)

# Contract Set-asides

This is how we reach these goals.

Government can set requirement aside:

- Small Business
- 8(a) Business Development Participants
- HUBZone Small Business Concerns
- Service Disabled Veteran Owned Small Business
  - VA can Set-aside for Veteran Owned
- Women Owned Small Business (WOSB) and Economically Disadvantaged Women Owned Small Business (EDWOSB)\*

Competition is limited to just the designated group.

# Subcontracting Requirements

## How do we reach these goals?

- A large business receiving a contract over \$700K (\$1.5M construction) must submit a subcontracting plan as part of the contract.
- Plans can be contract specific or commercial.
- Specific goals for all small business categories mirror the federal contracting goals.
- Contractors must designate a Small Business Liaison Officer (SBLO).

# Self-Certification, Certification and SAM

[www.sam.gov](http://www.sam.gov)

- All government contractors must register in the System for Award Management (SAM). Under Assertions/Reps and Certs, business enters NAICS Codes, revenue, and employees.
- SAM lists NAICS and states if business is small.
- Business also asserts if it is SDB, WOSB, VOSB, or SDVOSB – self certification.
- Businesses pursuing certification must be in SAM.
- Once Certified, SBA or VA will update SAM record to reflect certification status.

# Certification versus Self-Certification

[Certify.sba.gov](https://certify.sba.gov)

- Small Business: Self-Cert
- SDB Self-Cert
  - 8(a) Business Development **SBA-Cert**
- HUBZone **SBA-Cert**
- SDVOSB Self-Cert
  - Veterans Administration **VA-Cert**
- WOSB
  - Subcontracting and General Statistics Self-Cert
  - ED/WOSB Set-aside: Self-Cert with Documentation or Approved 3rd Party – **For now!**

# Small Business Size Standards

[www.sba.gov](http://www.sba.gov)

- Based on North American Industrial Classification System Codes –NAICs.
- Codes and corresponding size standards at [www.sba.gov/document/support--table-size-standards](http://www.sba.gov/document/support--table-size-standards)
  - Manufacturing and Wholesaling – One year average number of employees.
  - Service Industries – Five year average revenues.
- Self Certification – [www.sam.gov](http://www.sam.gov)
- Size Regulations are at [13 CFR 121](http://www.ecfr.gov/title13/chapterI/part121)

# Small Business Size Standards

[www.sba.gov](http://www.sba.gov)

NAICS Codes	NAICS Industry Description	Size Standards in millions of dollars	Size standards in number of employees
212221	Gold Ore Mining		1,500
236220	Commercial and Institutional Building Construction	\$36.5	
484110	General Freight Trucking, Local	\$27.5	
541213	Tax Preparation Services	\$20.5	
541320	Landscape Architectural Services	\$7.5	
541511	Custom Computer Programming Services	\$27.5	
221114	Solar Electric Power Generation		250

# Use of Size Standards

[www.sba.gov](http://www.sba.gov)

Used by SBA to determine eligibility for programs.

- Business must be small for NAICs code that best describes the business.

Used by Contracting Officer to limit competition to businesses that are small for the product/service being procured.

- CO selects NAICs code that best describes product/service being obtained.
- The contracting officer's choice of NAICs code can be appealed.

# Size Protests

[www.sba.gov](http://www.sba.gov)

- Small businesses self certify that they meet the applicable size standard.
- Competitors or the contracting officer may issue a size protest if they have reason to believe a business is other than small.
  - See affiliation rules at [13 CFR 121.103](#)
- Size protests can be filed on any set-aside.
- SBA Area Office of Government Contracting resolves protest.

# Status Protests

[www.sba.gov](http://www.sba.gov)

- Competitors or the contracting officer may issue a status protest if they have reason to believe business does not meet criteria for set aside category (i.e. WOSB, HUBZone, SDVOSB).
- SBA Office of Government Contracting in Washington DC is responsible for status protest.
  - Exception: VA is responsible for protests regarding Veteran verification on VA contracts.

# Limitations on Subcontracting for all Set-asides

See [13 CFR 125.6](#)

<p><b>Services</b> Cannot subcontract more than 50% of the cost of the contract to firms that are not similarly situated.</p>	<p><b>Supplies (other than from a non-manufacturer)</b> Cannot subcontract more than 50% of the cost of the contract to firms that are not similarly situated, excluding materials.</p>
<p><b>General Construction</b> Cannot subcontract more than 85% of the cost of the contract to firms that are not similarly situated, excluding materials</p>	<p><b>Special Trade Construction</b> Cannot subcontract more than 75% of the cost of the contract to firms that are not similarly situated, excluding materials</p>

# Federal Contracting Programs

[www.sba.gov](http://www.sba.gov)

- 8(a) Business Development Program
  - Small Disadvantaged Business
- HUBZone
- WOSB and EDWOSB
- SDVOSB and VOSB

Mentor Protégé Programs

# Common Elements

[www.sam.gov](http://www.sam.gov)

- 51% ownership and control
  - Hold position of president or CEO
  - Be highest paid compensated individual
  - Have the ability to hire and fire
  - Have the ability to commit firm to contracts
  - Have the ability to control budget and financial disbursements
- U.S. citizens
- Must be a [small business](#)
- Economic Disadvantage (**SDB, 8(a), and EDWOSB only**)
  - Net Worth - \$750,000 8(a) initial - \$250,000
  - Total Assets - \$6,000,000 - \$4,000,000
  - Personal Income \$350,000 - \$250,000

# Common Benefits

[www.sba.gov](http://www.sba.gov)

- Listed in the Dynamic Small Business Search
  - DSBS – [dsbs.sba.gov](http://dsbs.sba.gov)
- Eligible for set-aside contracts
- Potential for Sole source contracts
  - exception: 8(a)
- Subcontracting
- Mentor Protégé Program
  - 8(a)
  - All Small



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# 8(a) Business Development Program

Apply at [certify.sba.gov](https://certify.sba.gov)

## 8(a) BD Program

[www.sba.gov](http://www.sba.gov)

- Business development program for small business owned and controlled by socially and economically disadvantaged individuals.
- Businesses owned and controlled by certain American Indian Tribes, Alaskan Native Corporations, or Native Hawaiian Organizations are also eligible.
- Information at [13 CFR 124](#)

# Eligibility Criteria – Must Meet All Three

[www.sba.gov](http://www.sba.gov)

- 1) Social Disadvantage – individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identities as members of groups, without regard to individual qualities.
- 2) Economic Disadvantage – individuals whose ability to compete in the free enterprise systems has been impaired due to diminished capital and credit.
- 3) Potential for Success -- Two years in business

# Social Disadvantage

[www.sba.gov](http://www.sba.gov)

- Designated Groups – Presumed
  - Black American
  - Asian Pacific American
  - Hispanic American
  - Native American (as evidenced by tribal membership card)
  - Subcontinent Asian American
- Non-Designated Groups
  - Must provide evidence to establish social disadvantage
  - Standard of proof: Preponderance of evidence

# Economic Disadvantaged Eligibility Criteria

[www.sba.gov](http://www.sba.gov)

	<u>Application</u>	<u>Continuing</u>
Net Worth:	\$ 250,000	\$ 750,000
Total Assets:	\$4,000,000	\$ 6,000,000
Personal Income:	\$ 250,000	\$ 350,000

Note: SDB and EDWOSB similarity

# Benefits

[www.sba.gov](http://www.sba.gov)

- **Sole Source** Contracts:
  - Up to \$4 million for good and services.
  - Up to \$7 million for manufacturing.
- **Set-asides:** 8(a) contracts competed among 8(a) BD participants over the sole source thresholds.
- Purchase of excess government property.\*\*\*
- SBA provides assistance and training to firms in the program.
  - 7(j) Training - Currently provided by [Stover & Associates](#)

# 8(a) BD Program Summary

[www.sba.gov](http://www.sba.gov)

- 8(a) Participants remain in program for up to nine years.
- Each person can only participate once in their lifetime.
- Each business can only participate once.
- SBA works closely with participants.
- Ineligible businesses: brokers; debarred or suspended persons or concerns; and nonprofit organizations. Franchises may be allowed upon SBA review of franchise agreement.

# Apply at [certify.sba.gov](https://certify.sba.gov)

[www.sba.gov](https://www.sba.gov)

- Applications are made online to SBA Office of Certification and Eligibility in San Francisco.
  - Often times packages are found incomplete and returned.
  - Provide missing information/clarification and resubmit.
- Complete package is reviewed and sent to SBA HQ in Washington DC for final decision.
- If applicant is accepted, package is sent to the district office.
- Applicants that are declined will be notified of reason and can ask for reconsideration.
- Applicants that are declined must wait one year to reapply.



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# HUBZone Program

Application Checklist at [certify.sba.gov](https://certify.sba.gov)

# HUBZone Program

[www.sba.gov](http://www.sba.gov)

- Designed to increase investment and employment in distressed areas – Place based program.
- Three primary types of Historically Underutilized Business Zones or HUBZones:
  - Rural counties
  - Urban areas – Census tracts
  - Exterior boundaries of Federally recognized Indian Reservations.
- To find out if a location qualifies, follow link to the HUBZone Map:
  - [maps.certify.sba.gov](http://maps.certify.sba.gov)

# HUBZone Program Eligibility

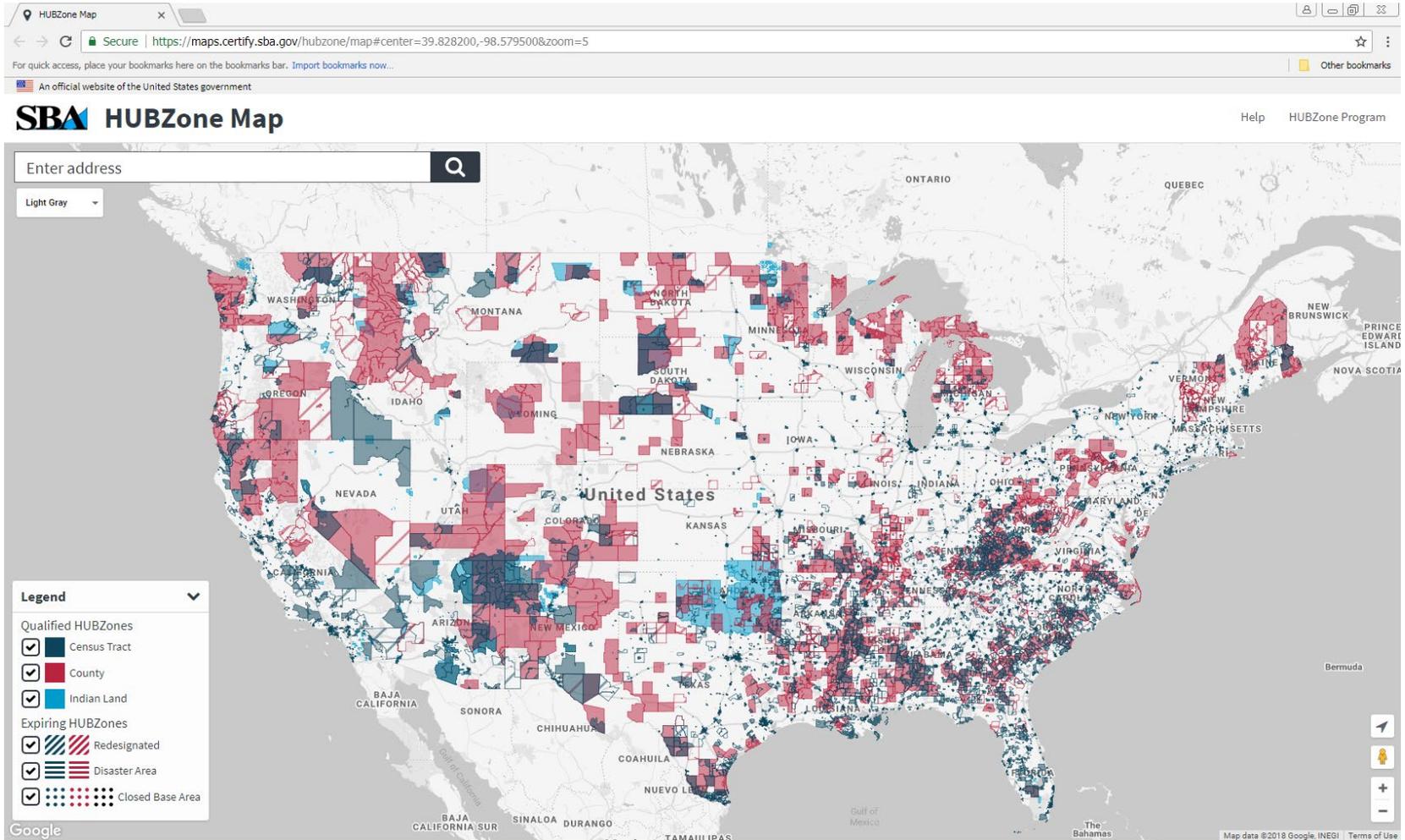
[www.sba.gov](http://www.sba.gov)

Must meet all four requirements:

- Principal Office must be in HUBZone (single location at which the greatest number of its employees perform most of their work )
- 35% of employees must reside in a HUBZone
- **Must be a small business by SBA standards**
- **Business must be 51% owned by U.S. Citizens** or a community development corporation, agricultural cooperative, Alaska Native Corporation, Native American tribe, or Native Hawaiian Organization.

# HUBZone Program

Eligible area can change with new census or unemployment data.

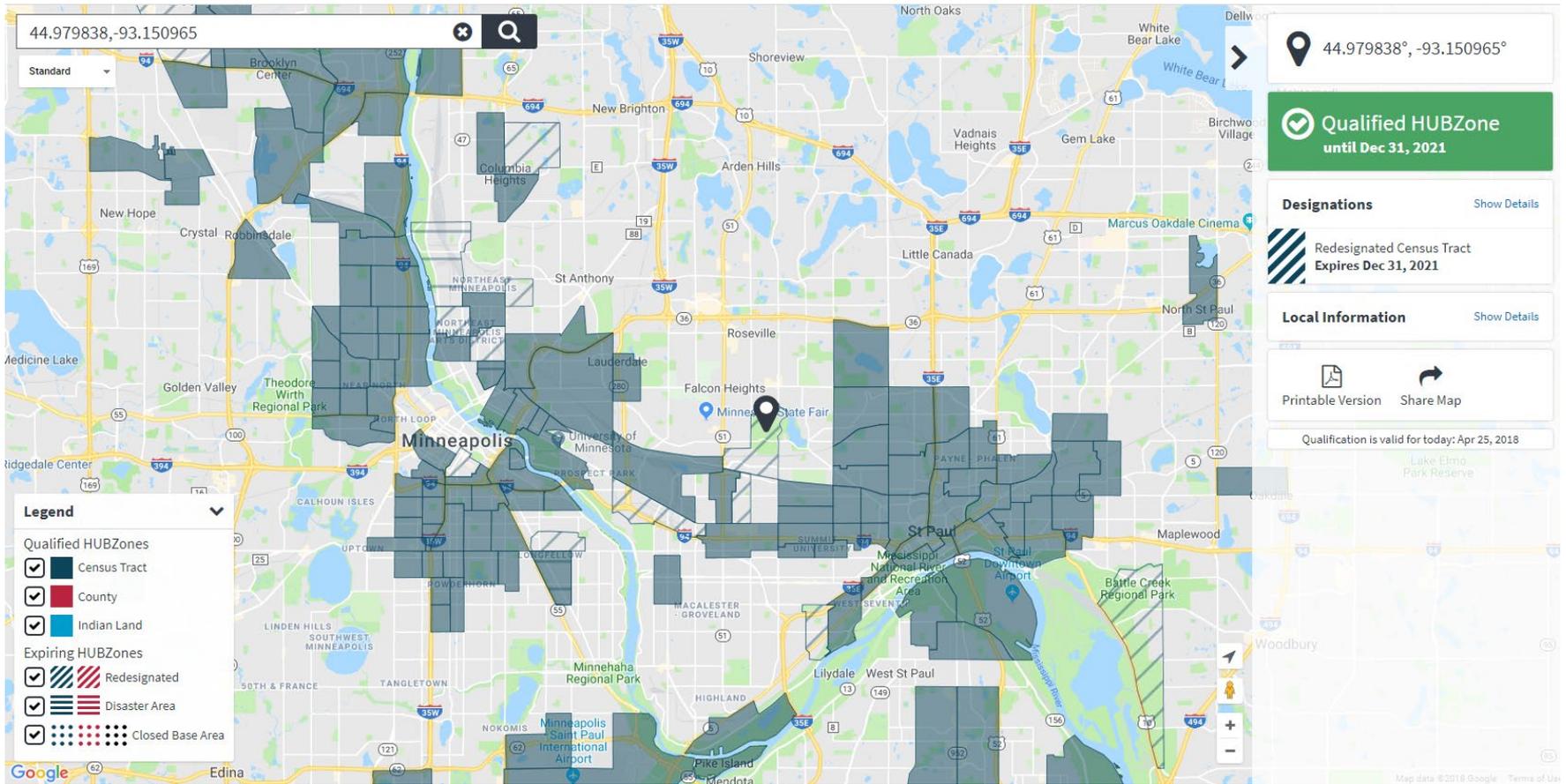


# HUBZone Program - Redesignated areas

Areas that no longer qualify are “grandfathered” for three years.

## SBA HUBZone Map

Help HUBZone Program

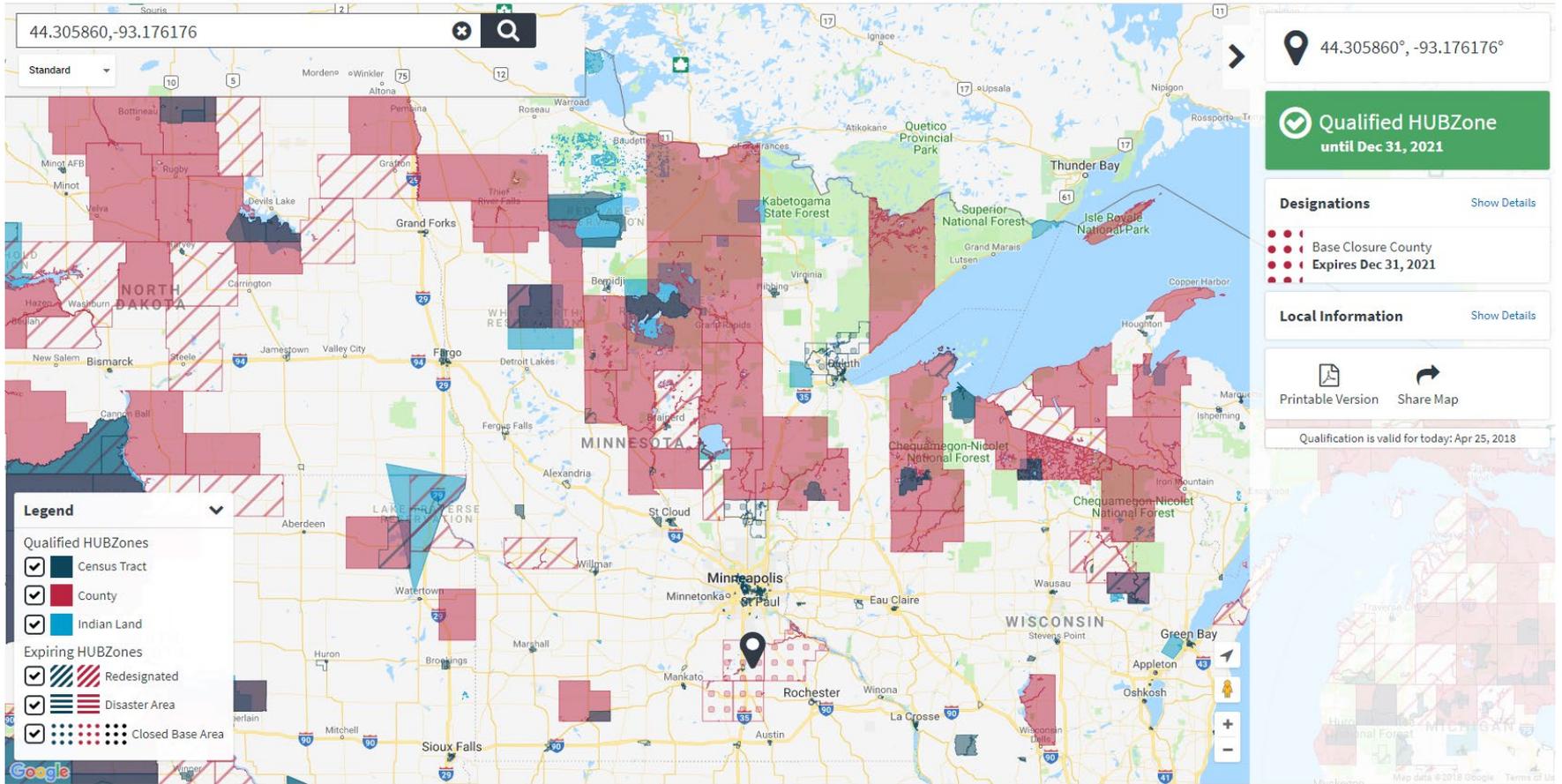


# HUBZone Program

## Qualified Base Closure Areas

SBA HUBZone Map

Help HUBZone Program



# Benefits

[www.sba.gov](http://www.sba.gov)

- **Set-asides** - Contracting Officer may limit competition on a contract to only HUBZone certified firms.
- **Sole Source** - Only one HUBZone SB available
  - HUBZone set-asides shall be considered before HUBZone sole-source awards or small business set-asides.
- **HUBZone Evaluation Preference** - Application of a 10% price evaluation preference applied in full and open competition (only applies to the large business, and not to small businesses).

# Expand and Stabilize HUBZone Footprint



**Stable Maps:** HUBZone maps are frozen through 2021 and will be updated every five years; plus three-year transition period for expiring of HUBZone Qualified Census Tracts and Qualified Non-metropolitan Counties



**Rural Areas:** New category added for Governor's Designated Areas—rural communities with unemployment of 120% the state/US average.



**Long-term Investment:** Small businesses that invest in HUBZones by purchasing a building or entering a long-term lease (of 10 years or more), may maintain HUBZone eligibility for a total of 10 years if the office location no longer qualifies as a HUBZone.

# Increase Program Utilization



**Residency requirement:** An employee who resided in a HUBZone for at least **six months** at the time of certification or recertification, and continues to reside in a HUBZone for at least six months after, may continue to be considered a HUBZone resident so long as employed by the firm, **even if he/she moves to a non-HUBZone area, or if the area of his/her residence loses HUBZone geographical eligibility.**



**Recertification:** Once certified, a firm would be eligible for all HUBZone contracts for which the concern qualifies as small, **for a period of one year** from the date of its initial certification or recertification, unless the concern acquires, is acquired by, or merges with another firm during that period. Full documentation reviews will be required every three years.



**Contract verification:** If a firm is certified **at the time of initial offer** it will be generally considered a HUBZone small business concern throughout the life of that contract and must **attempt to maintain 20%** employment of HUBZone residents.

# Application Checklist at [certify.sba.gov](https://certify.sba.gov)

[www.sba.gov](https://www.sba.gov)

Application information at: [www.sba.gov/hubzone](https://www.sba.gov/hubzone)

Applications are made on-line to SBA Office in Washington, DC  
Access SBA's General Login System (GLS)

Gather what you need (supporting documentation).

Complete and submit the online HUBZone application.

Notarized Signature must be submitted.

Submit requested supporting documentation when requested.

Process is transitioning to [certify.sba.gov](https://certify.sba.gov)



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# **WOMEN OWNED SMALL BUSINESS CONTRACTING PROGRAM**

**WOSB/EDWOSB**

**[certify.sba.gov](https://certify.sba.gov)**

# Woman Owned Small Business

[www.sba.gov](http://www.sba.gov)

- **WOSB may self certify in their status in SAM:**
  - To be counted towards an agency's prime contracting goals.
  - To be counted towards a prime contractor's subcontracting plan goals.
- **Additional steps required to be eligible for the WOSB-EDWOSB Set-aside Program.**

# Eligible NAICS Codes for Set-asides

[www.sba.gov](http://www.sba.gov)

Set-asides are only allowed under certain NAICS Codes identified in a disparity study by RAND Corporation.

**List updated and effective as of October 1, 2017!**

444 6-Digit NAICS Code Groups

**Two Categories of NAICS Codes**

364 WOSB (Substantially Underrepresented)

80 EDWOSB (Underrepresented)

<https://www.sba.gov/document/support--qualifying-naics-women-owned-small-business-federal-contracting-program>

# ED/WOSB Program Eligibility

[www.sba.gov](http://www.sba.gov)

Must meet all requirements:

- Must be a small business by SBA standards
- Business must be 51% owned and controlled by women who are U.S. Citizens.
- Economic Disadvantage (EDWOSB only)
  - Net Worth: \$ 750,000
  - Total Assets: \$ 6,000,000
  - Personal Income: \$ 350,000

# Benefits

[www.sba.gov](http://www.sba.gov)

- **Set-asides:** Depending on the NAICS code, the contracting officer may set-aside for eligible WOSBs or eligible Economically Disadvantaged WOSBs (EDWOSB).
- **Sole Source:** If the assigned NAICS code is eligible for WOSB/EDWOSB set-asides and market research shows only one WOSB/EDWOSB capable of performing the work, the contracting officer may award on a sole-source basis.
- Federal Prime Contractors have goals for WOSB.
  - Qualifying small business may self certify in SAM and in writing in response to a request from a prime contractor.
- Federal Contracting Officers also get credit towards their goal when awarding to WOSBs outside of the approved set-aside NAICS codes.
  - Qualifying small business may self-certify status in SAM to count towards goal.

# Certification

[www.sba.gov](http://www.sba.gov)

- SBA does not **currently** certify WOSB or EDWOSB (for set-asides).
  - Congress eliminated “self-certification” in the 2015 NDAA.
- Self-certification with supporting documentation transitioning to:
  - Full certification at [certify.sba.gov](http://certify.sba.gov) effective July 30, 2020\*
  - SAM self-certification to meet agency and prime goals is unaffected.
- Certifications from SBA approved third party certifier will still be an option.
  - [El Paso Hispanic Chamber of Commerce](#)
  - [National Women Business Owners Corporation](#)
  - [US Women’s Chamber of Commerce](#)
  - [Women’s Business Enterprise National Council \(WBENC\)](#) –They only certify WOSB.

**Full certification and instructions at [certify.sba.gov](http://certify.sba.gov) beginning Summer, 2020.\***



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# Service Disabled Veteran Owned Small Business

**SDVOSB**

Self-certify at [www.sam.gov](http://www.sam.gov)

Or get verified at [www.vetbiz.gov](http://www.vetbiz.gov)

# Eligibility

[www.sba.gov](http://www.sba.gov)

- **Small Business** must be **51% owned and controlled** by one or more Service Disabled Veteran(s).
- Qualifying small business may self certify in SAM, or in writing in response to a request from a prime contractor – except for contracts with VA.
- SDVOSB wanting a preference with the Veterans Administration under Public Law (P.L.) 109-461 (Vets First) must be verified by the VA's Center for Verification and Evaluation (CVE). [www.vetbiz.gov](http://www.vetbiz.gov)
- CVE verification recognized by State of Minnesota.

# Benefits

[www.sba.gov](http://www.sba.gov)

- **Set-aside:** Contracting Officer may limit competition on a contract to only SDVOSB firms.
- **Sole source:** SDVOSB set-asides shall be considered before SDVOSB sole-source awards or small business set-asides.
- VA must set everything aside for SDVOSB unless there are no SDVOSB that can perform the work.
  - Veterans Administration may set requirements aside for VOSB under Public Law (P.L.) 109-461 if no SDVOSB are available.
  - VOSB must be verified by the CVE.
- Federal Prime Contractors have goals for VOSB.
  - Qualifying small business may self certify in SAM and in writing in response to a request from a prime contractor.



# Mentor Protégé Program

8(a) and All Small

# Purpose

[www.sba.gov](http://www.sba.gov)

- The purpose of the Program is to encourage successful firms - to provide business development assistance to **8(a) Business Development Program Participants and All Small business concerns** as protégés to:
  1. Enhance protégé's capabilities,
  2. Assist protégés in meeting business plan goals, and
  3. Improve the protégé's ability to successfully compete for contracts
- *Mentors are particularly encouraged to provide assistance to protégés in performance of non-8(a) contracts, so that they may fully develop their competitive capabilities.*

## Types of Assistance – Both Programs

[www.sba.gov](http://www.sba.gov)

- Assistance provided under mentor-protégé agreements may include:
  1. Technical and/or management assistance;
  2. Financial assistance in the form of equity investments and/or loans,
  3. Subcontracts; and/or,
  4. Assistance in performing prime contracts through joint venture arrangements.

## How to Apply and Eligibility

[www.sba.gov](http://www.sba.gov)

- Application and eligibility information can be found at
  - [www.sba.gov](http://www.sba.gov)
  - [www.certify.sba.gov](http://www.certify.sba.gov)
- For explanations of the differences between the 8(a) and All Small programs, contact your local SBA Business Opportunity Specialist.

## What happens after a Mentor-Protégé Agreement is approved?

[www.sba.gov](http://www.sba.gov)

- If approved, SBA conducts annual reviews to determine the success of the mentor-protégé relationship.
- The protégé must annually certify to SBA whether there has been any change in the terms of the agreement.
- The mentor must annually certify to favorable financial health and good character.

# Selling to the Federal Government

[www.sam.gov](http://www.sam.gov)

- All government contractors must register in the System for Award Management (SAM).
- Identify your NAICS codes and size standards
- Must have a [login.gov](http://login.gov) account to access SAM.gov
- Create a User Account
  - Gather required information first!
  - From your user account select Register New Entity
  - Full user guide available at:  
[https://www.sam.gov/SAM/transcript/SAM\\_Non\\_Federal\\_User\\_Guide.pdf](https://www.sam.gov/SAM/transcript/SAM_Non_Federal_User_Guide.pdf)

Get FREE Help with this process!!

# Federal Contracting Assistance

[www.sba.gov](http://www.sba.gov)

- SBA - <https://www.sba.gov/federal-contracting>
  - <https://www.sba.gov/learning-center>
  - <https://www.sba.gov/local-assistance>
- Procurement Technical Assistance Center – PTAC
  - <https://www.aptac-us.org/>
  - <https://mn.gov/admin/business/vendor-info/ptac/>
- SCORE Mentor - <https://www.score.org/>
- Small Business Development Centers - <https://mn.gov/deed/business/help/sbdc/>

**Sign up for our newsletter!**

**[www.sba.gov/updates](http://www.sba.gov/updates)**

# What did I forget?

[www.sba.gov](http://www.sba.gov)

**Shaun McClary**

Business Opportunity Specialist

612-370-2320

[Shaun.mcclary@sba.gov](mailto:Shaun.mcclary@sba.gov)



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# How are we doing?

Please take a minute to let us know

[www.sba.gov/feedback](http://www.sba.gov/feedback)

