



U.S. Small Business Administration

SBA
**Federal Government
Contracting Certification**

Robert Chavarria
Senior Area Manager
South Florida District

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Helping you start, grow and succeed.
South Florida District





SBA Programs And Services

- **Information to Start and Run your Business**
- **Financial Assistance**
- **Federal government Contracting Assistance**
- **Business Training and Counseling**
- **Disaster Assistance**



Federal Government Procurement

- **Do you have a product or service that federal agencies need to buy, i.e. contract support?**
- **Each year the U.S. Government spends billions of dollars purchasing goods and services from private sector firms.**
- **The Small Business Act authorizes Federal agencies to conduct procurements that are exclusively reserved for small businesses.**



Certification Considerations

- **Consider where your business is in its growth:**
 - **Is your business just starting?**
 - **Are you ready to expand?**
 - **Do you deal in sophisticated business deal making or complex contractual arrangements?**
 - **Do you have good credit?**
 - **Do you have bonding capability?**
 - **Do you seek large business or federal government as a target market?**



Why Get Certified?

Certification programs can help

- market eligible small business to both large business and government procurements.**
- Bring more revenue to those eligible companies**
- Target competition to specific industries where there are disparities**
- Increase economic activity to distressed communities**



SBA Certification Programs

- **Formal SBA Certification Programs**
 - 8(a) Business Development
 - HUBZone Empowerment Contracting
 - Woman-owned Small Business (WOSB)
- **Self-Certifications**
 - Small Business – NAICS Codes
 - Veteran-owned Small Business (VOSB)
 - Service Disabled Veteran-owned Small Business (SDVOSB)
 - Veterans Administration Verification –
<http://www.vetbiz.gov>



What is the
8(a) Certification Program



The 8(a) Certification Program

- **8 (a) BD Program began as a public law and was named after Section 8(a) of the Small Business Act 1953 (Section 204 of Public Law 100-656).**
- **The 8(a) BD Program is governed by 13 CFR §124.100.**
- **The 8(a) BD Program was incorporated in Part 19, Small Business Programs of the Federal Acquisition Regulations (FAR) in 1984.**



8(a) Program Objectives

- ◆ *To promote business development among small business concerns owned and controlled by socially and economically disadvantaged individuals*
- ◆ *Contracts may be awarded without competition (sole source)*
- ◆ *Competitive threshold: When the estimated value (including options) exceeds \$4 million for services and construction and \$6.5 million for manufacturing, requirement will be competed among 8(a) firms*





Term of Participation

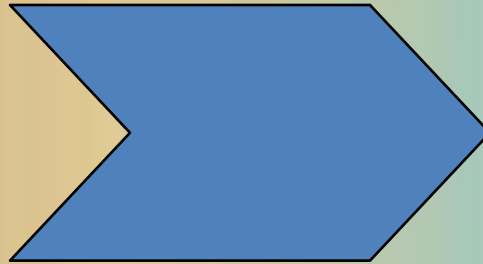
START = date of approval

Year 1

2

3

4



**Developmental
Stage**

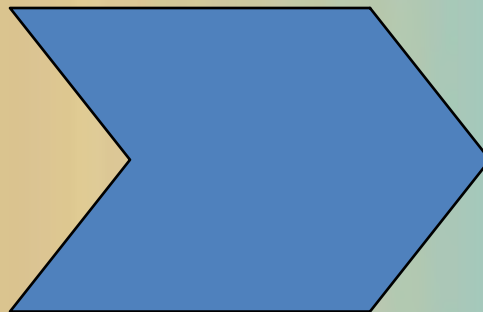
Year 5

6

7

8

9



**Transitional
Stage**



8(a) Program Eligibility

Individuals Upon Whom Eligibility is Based:

- *U.S. Citizens*
- *Applicant must own at least 51% of the business*
- *Owner must conduct 100% of the business operations*
- *Determined by SBA Socially & Economically disadvantaged criteria*
- *Firm established for two years with Tax Returns and Revenues based on Primary NAICS Code*
- *Two (2)-Year Waiver Eligibility*

Five conditions must be met per 13 CFR 124.107 (b) (1)



Socially Disadvantaged

U.S. Citizens who have been subjected to prejudicial practices because of their identity as members of designated groups as:

- *Black American*
- *Asian American/Pacific Islander*
- *Hispanic American – (includes Spanish & Portuguese descent)*
- *Native American*
- *Subcontinent Asian American*
- *Gender*



Economically Disadvantaged

Those individuals socially disadvantaged and whose prejudicial experiences have resulted in impairment of access to capital, credit and markets.



Members of Non-Designated Groups

Must establish social disadvantage on the basis of the “preponderance of the evidence” such as:

- *Rejection letters of Job applications*
- *Denials of credit applications*
- *Rejection of contract offers, i.e. Bids Abstracts or Solicitations*
- *Personnel Records*
- *Payroll Records*



Net worth criteria:

After excluding the individual's equity in the firm and equity in the primary residence, net worth may not exceed \$250,000.00

NET WORTH

less
less
equals

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





Eligibility Criteria

Ownership

- **At least 51% unconditional ownership** by the disadvantaged person(s).
- **Partnerships:** Agreements must reflect unconditional ownership.
- **Limited Liability Company:** Disadvantaged individuals must own **at least 51% of each class of member interest.**



Control of Operations

Do You Control Your Operations?

Tests:

- **Does a disadvantaged individual or individuals devote full-time to the business?**
- **Do you have sufficient managerial experience to run the concern?**
- **Do you have ultimate managerial control over individuals with technical expertise and/or critical licenses?**



Control of Firm – Cont'd

*Do Non-disadvantaged Individuals Have The Ability
To Control Your Firm?*

TESTS:

- **Do contractual arrangements exist that allow a non-disadvantaged individual to control the firm?**
- **Is the non-disadvantaged individual a previous employer or supervisor?**
- **Does a non-disadvantaged individual:**
 - **hold the critical license and have an equity interest in the applicant concern?**
 - **provide the necessary licenses or bonding?**
 - **have unlimited access to the business bank accounts?**
 - **provide critical financing?**
 - **control through business loan arrangements?**
 - **receive excessive compensation?**



Two (2)-Year Waiver Eligibility

Two (2)-Year Waiver Eligibility

Five conditions must be met per 13 CFR 124.107

(b) (1)

- **Potential for success – in primary industry code**
- **Capital and Credit – Access to financing**
- **Management – Record of management positions and in similar industry**
- **Technical experience – in the industry**
- **Contract performance – contract performance in federal or private sector**



Application Process

For manual applications, contact your local SBA Office where to obtain a paper application. The South Florida District telephone number is (305) 536-5521

If you want to apply using the electronic system, send an e-mail to BDMIS@sba.gov for further guidance and assistance.



Application

- *For Each Firm:
SBA 1010 - “Eligibility”*
- *For each person claiming disadvantage and each officer, director, shareholder with more than 10% holding, proprietor, partner and each person claiming disadvantage:
SBA 413 - Personal Financial Statement
SBA 912 - Personal History*
- *Additional required documentation is listed on the
SBA Form 1010*



Where To File

*Applications for the 8(a) program are filed with the
SBA Division of Program Certification & Eligibility
(DPCE)*

*U. S. Small Business Administration (SBA)
Philadelphia Division of Program Certification and
Eligibility (DPCE)
Parkview Towers
1150 1st Avenue
10th Floor, Suite 1001
King of Prussia, PA 19406
(610) 382-3196*



Application Review Process

- *DPCE reviews application for completeness within 15 days.*
- *If incomplete, corrections submitted within 15 days and DPCE makes determination within 10 days*
- *Applicant advised of outcome within 120 days from the date application was accepted.*
- *If declined, applicant can ask reconsideration within 45 days of date of decline.*
- *Reapplication: Mandatory 12 month wait from final decision date.*



8(a) Contract Process

- **Nature of contracts:** *Contracts are awarded by procuring agencies to SBA as the prime contractor. SBA subcontracts to the named 8(a) firm. Special contract clauses delegate administration responsibility to the procuring agency.*
- **Competitive threshold:** *When the estimated value (including options) exceeds \$4 million for services and construction and \$6.5 million for manufacturing, requirement will be competed among 8(a) firms.*



8(a) Contract Process

- *SBA plays a role at the beginning of contract process by verifying/approving the requirement/contract for the 8(a) firm. The verification is provided to the federal agency with an acceptance letter.*
- *Upon acceptance from SBA, the federal agency will issue the 8(a) firm a Request for Proposal (RFP) at which time the firm begins the preparation of its technical and cost proposal needs to be discussed with the contracting officer.*
- *Actual administration of the contract is delegated to the procuring agency.*



Federal Government Contract Process

- *A requirement is offered to the 8(a) program by federal procuring agencies as a result of aggressive self-marketing on the part of the 8(a) firms.*



Marketing in the 8(a) Program

- A. *Identify who buys your Products or Services... (www.fpdc.gov)*
- B. *Past Purchases.... www.ffata.org*
- C. *Agency Forecasts ... www.acquisition.gov*
- B. *Know your NAICS Codes
(<http://www.census.gov/eos/www/naics/>)*
- C. *Register in Government Procurement*
 - 1. *www.fedbizopps.gov or fbo.gov*
 - 2. *www.fedbid.com*
 - 3. *web.sba.gov/subnet*
 - 4. *www.ccr.gov*

(a pre-requisite for certification)



Conditions to Leave the 8(a) Program

- **Voluntary Early Graduation**
 - Refers to a participant's decision to withdraw from the 8(a) BD Program prior to its program term date due to meeting or exceeding its business targets, goals and objectives. This is initiated by the Participant.
- **Early Graduation**
 - Refers to the participant has successful completed the 8(a) BD Program by substantially achieving the business targets, objectives, and goals as established in its business plan prior to expiration of its program term date, and has demonstrated the ability to compete in the market place without the assistance of the 8(a) BD Program. This is initiated by SBA.
- **Termination**
 - Refers to a participant's exit from the 8(a) Business Development Program for good cause before expiration of the 9-year program term.



HUBZone Program

- *HUBZone Certification Program*

Small businesses located in areas identified as historically underutilized business zones, and with 35% of employees located in a HUBZone, are eligible to receive competitive and 'sole source' awards.



HUBZone *(Historically Under-utilized Business Zone)* **Certification Program**

- **Certification based on business location -
Develops historically underutilized urban and
rural areas**
- **Stimulates Economic Development**
- **Create Jobs**
- **Establishes federal award preferences for small
businesses**
- **Contracts may be awarded sole source or
competed**



HUBZone Facts

- *Implemented to stimulate employment opportunities, capital investment and economic development in distressed urban and rural communities by providing Federal contracting opportunities to qualified HUBZone small business concerns*
- *Only applicable to Federal and not State and Local Governments*
- *Statute requires Federal agencies award 3% of their prime contracts to HUBZone concerns*



HUBZone Program

- *Certify eligible firms as qualified HUBZone small business concerns*
- *Publish listing of HUBZone certified firms for use by acquisition agencies and interested parties*
- *Conduct program examinations*
- *Provide ruling on eligibility status protests and appeals*
- *Decertify firms no longer meeting HUBZone eligibility requirements*
- *Conduct marketing and outreach efforts*
- *Report program activity and goal achievements*



HUBZone Eligibility Requirements

- *Size:*
 - *Small, by meeting the size standard corresponding to its primary industry classification*
- *Ownership and Control:*
 - *At least 51% unconditionally owned and directly controlled only by:*
 - *U.S. citizen(s);*
 - *Community Development Corporation(s);*
 - *Agriculture Cooperative(s);*
 - *Alaska Native Corporation(s); or*
 - *Indian tribe (Note: A Federally recognized Native American Reservation automatically qualifies)*



HUBZone Eligibility Requirements, cont'd.

Employee Definition (Pre May 3, 2010)

- *A person (or persons) employed by a HUBZone Small Business Concern (SBC) on a full-time permanent basis. Full-time equivalent includes employees who work 30 hours per week or more. Full-time equivalent also includes the aggregate of employees who work less than 30 hours a week, where the work hours of such employees add up to at least a 40 hour work week.*
- *The totality of the circumstances, including factors relevant for tax purposes, will determine whether persons are employees of a concern. Temporary employees, independent contractors or leased employees are not employees for these purposes.*



HUBZone Eligibility Requirements, cont'd.

Employee Definition (beginning May 3, 2010):

- *All individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month.*
- *Includes employees obtained from a temporary employee agency, leasing concern, or through a union agreement or co-employed pursuant to a professional employer organization agreement.*
- *An individual who has an ownership interest in and works for the HUBZone concern a minimum of 40 hours per month is considered an employee, regardless of whether or not the individual receives compensation.*



Employee Definition (beginning May 3, 2010), cont'd:

- *SBA will consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes and those set forth in SBA's Size Policy Statement No. 1, in determining whether individuals are employees of a concern.*
- *Volunteers (i.e., individuals who receive deferred compensation or no compensation, including no in-kind compensation, for work performed) are not considered employees.*



HUBZone Eligibility Requirements, cont'd.

- ***Location:***
 - *“Principal Office” must be located in a HUBZone*
- ***Employment:***
 - *At least 35% of the firm’s total employees must reside in a HUBZone*
- ***Other Stipulations:***
 - *Firm must “attempt to maintain” applicable percentage of 35% of total employees residing in a HUBZone while holding any HUBZone contract*



Certification Requirements

- *A firm must submit an application to the SBA (supporting documents to include: By-laws, minutes, articles of incorporation, tax returns (for the owner of the company and the company as a whole), lease for principal office, payroll, etc.*
- *SBA will make its determination within 180 days, when practicable*
- *SBA can request additional information at any time in order to process and approve an application*



Application for HUBZone Status

For Electronic application, go to the following link and follow the instructions

<http://www.sba.gov/content/applying-hubzone-program>



Women Owned Small Business Federal Contract Certification Program

- **Provides Equal Access to Federal Contracting Opportunities**
- **Women Owned Small Businesses (WOSB) to compete for contracts**
- **For Economically Disadvantaged Women Owned Small Businesses (EDWOSB)**
- **Allows Contracting Officers to set aside specific contracts for WOSB's and EDWOSB's in over 300 NAICS industry codes**
- **Effective February 4, 2011**



Women Owned Small Business Federal Contract Certification Program

WOSB

- Firm must be 51% Owned, controlled and managed by one or more Women
- Women must be U.S. citizens
- Woman must manage day to day operations
- Make long term decisions
- Work full time at the business
- Hold the highest officer position
- Firm must be a small business by SBA size standards



Women Owned Small Business Federal Contract Certification Program

EDWOSB

- **Firm must be 51% Owned by one or more Women who are “economically disadvantaged”**
- **Controlled and managed by one or more Women**
- **Women must be U.S. citizens**
- **Woman must manage day to day operations**
- **Make long term decisions**
- **Work full time at the business**
- **Hold the highest officer position**
- **Firm must be a small business by SBA size standards**



Women Owned Small Business Federal Contract Certification Program

EDWOSB - continued

- **A Woman is presumed to be “economically disadvantaged” if she has a personal net worth of less than \$750,000 (with some exclusions)**
- **Adjusted gross yearly income over three years prior to certification of less than \$350,000**
- **Fair market value of all her assets is less than \$6 million**



WOSB Certification

– List of NAICS Codes Eligible for WOSB Certification

http://www.sba.gov/sites/default/files/Size_Standards_Table.pdf

List of Certification Organizations

1. *[U.S. Womens' Chamber of Commerce](http://www.uswcc.org/certification.aspx)*

<http://www.uswcc.org/certification.aspx>

2. *[National Women Business Owners Corporation -](http://www.nwboc.org/)*

<http://www.nwboc.org/>

3. *[Women's Business Enterprise National Council -](http://www.wbenc.org/)*

<http://www.wbenc.org/>

4. *[El Paso Hispanic Chamber of Commerce -](http://www.ephcc.org/)*

<http://www.ephcc.org/>



CCR – Central Contracting Registry

- **Features online information database of small businesses for contracting officers**
- **Markets small businesses to potential customers**
- **Provides links to federal agencies and procurement opportunities**
- **More information is available at:**
<http://sba.gov>
- **Register at www.ccr.gov**



Seek Additional Assistance

- **Procurement Technical Assistance Center (PTACs)** www.dla.mil/db/procurem.htm
- **Small Business Specialists**
www.acq.osd.mil/sadbu/doing_business/index.htm
- **Procurement Center Representatives (PCRs)**
www.sba.gov/gc/contacts.html
- **Commercial Marketing Representatives (CMRs)** www.sba.gov/gc/contacts.html



On-Line Information Services

- **SBA Resource Guides**

www.smallbusiness3.com

- **SBA's website:**

www.sba.gov and SBA.gov/vets

- **Service Disabled Veteran Business Assistance**

<http://www.sba.gov/content/service-disabled-veteran-owned-small-business-concerns-sdvosbc>

- **SBA South Florida District Office**

www.sba.gov/fl/south

- **Procurement Technical Assistance Center**

<http://www.aptac-us.org/new/>

- **Veterans Affairs Verification Program**

<http://www.vetbiz.gov/>



SBA – For Your Small Business

Robert Chavarria Senior Area Manager

U.S. Small Business Administration
South Florida District Office

(813) 228-2100 ext. 24

Robert.chavarria@sba.gov

www.sba.gov/fl/south

www.sba.gov

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