

Small Disadvantaged Businesses and 8(a)

Presented by:
Dave Pease, Program Manager

with assistance from the NH PTAC team:
Jane Brezosky, Procurement Counselor
Danielle Bishop, Procurement Counselor
Amanda Duquette, Procurement Counselor
Deb Avery, Training Coordinator





Disclaimer

- ▶ Many of the government contracting topics that NH PTAC addresses occur within a legal and/or accounting framework.
- ▶ NH PTAC staff are highly trained in government contracting issues.
- ▶ However, we are not attorneys or accountants.
 - ▶ Our role is to educate and inform you on government contracting topics.
 - ▶ We cannot provide individual legal or accounting advice.
 - ▶ We cannot represent you in any government proceeding.
- ▶ For individual legal or accounting advice, you should retain the services of the appropriate professional.



Outline of Today's Webinar

- We will examine the Small Disadvantaged Business designation
- Context: Plans to increase the federal SDB contracting goal from 5% to 15% by 2025.
- We will cover eligibility, strategic teaming and certification(s).
- We'll introduce you to a powerful program for SDBs – the 8(a) Business Development Program.
- We will briefly discuss US DOT/State government programs that parallel SDB

Small Disadvantaged Business (SDB/8(a))

- ▶ Must be at least 51% unconditionally owned and controlled by U.S. citizens who are socially and economically disadvantaged per CFR 124.105
- ▶ SBA 8(a) certification for direct federal contracts; may be deemed certified for up to 3 years after 8(a) graduation
- ▶ OR self-certify in SAM
 - ▶ *CAUTION: Self-certification in SAM attests that you meet all SDB qualifications*



What is a Small Disadvantaged Business?

- It is a small business as determined by the Small Business Administration's current Small Business Size Standards
- The business is organized for profit
- It is at least 51% directly owned by an individual or individuals (U.S. citizens) who is/are socially disadvantaged
- The qualifying socially disadvantaged owners must **also** meet the criteria for economic disadvantage

Size Determination

- Dependent on NAICs codes
- Your primary code and the contract code both apply
- [Size standards \(sba.gov\)](http://sba.gov)
 - Calculation includes *all affiliates*; affiliation can be a complex topic.
 - May be based on Annual Receipts – average of 5 complete fiscal years
 - Use 52 x weekly average if you don't have 5 years
 - 3 year option no longer applies
 - Or may be based on number of employees – average over the latest 12 calendar months.
 - Part-timers count as full employees
 - Legislation may change this to a multi-year average
 - Use the Table of Size Standards or the Size Standards Tool

Who is Socially Disadvantaged?

Members of these groups are presumed to be socially disadvantaged:

- ▶ Black American
- ▶ Hispanic American
- ▶ Native American
 - ▶ includes American Indians, Eskimos, Aleuts & Native Hawaiians
- ▶ Subcontinent Asian (Asian-Indian) American
 - ▶ Includes India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal
- ▶ Other*
- ▶ Asian-Pacific American
 - ▶ Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, Republic of Palau, Republic of the Marshall Islands, Federated States of Micronesia, The Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu or Nauru


Who is Economically Disadvantaged?

- ▶ Owners must have **personal net worth less than \$750,000** (excluding home equity, retirement accounts and the business value)
- ▶ **\$350,000 or less each** in adjusted gross income (3 year average)
- ▶ **\$6,000,000 or less** in personal assets, excluding qualified retirement accounts
- ▶ Title 13, Part 127, Subpart B of Code of Federal Regulations



The 8(a) Business Development Program

- The SBA's 8(a) Business Development Program represents an extremely valuable opportunity for qualified SDB firms.
- Admission to this 9-year program is free, but requires an extensive application.
- In addition to qualifying as an SDB, applicant must show potential for government contracting. Business track record of at least 2 years is usually required.
- Benefits include contracting opportunities and free training

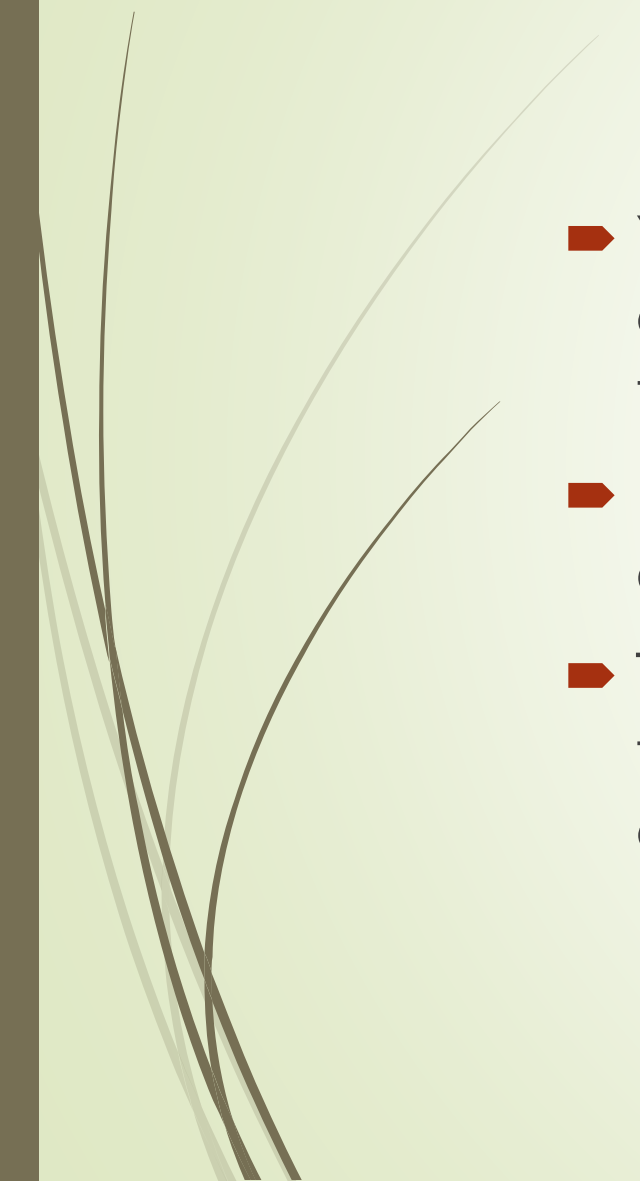


What Benefits to 8(a) Firms Receive?

- Sole Source Contracts
- Set-aside contracts – “Competitive 8(a)”
- Business Assistance & Monitoring through SBA
- 7(j) Business Training
- Mentor-Protégé eligibility – no longer exclusive
- All 8(a) firms are certified as SDBs. There is no other official federal recognition of SDBs.



What About SDBs that are not 8(a)?

- ▶ You can help federal agencies & large Prime contractors meet their subcontracting goals. This is not trivial.
 - ▶ BUT – no sole source or set-asides, much less attractive as a protégé, no training or support benefits from SBA.
 - ▶ This might change with the impending increase in the federal SDB goal, but does not appear to be contemplated at this time.
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Impending Federal Small Business Goal Changes:

- Small Business – 23% → 25%
- **Small Disadvantaged Business – 5% → 15%**
- Women-owned Small Business – 5% → 7%
- Service-disabled Veteran-owned Small Business – 3% → 4%
- HUBZone Business 3% → 4%



Takeaways for you:

- ▶ If you qualify, consider applying for 8(a) status. It can be enormously beneficial for the right firm, when properly exploited.
- ▶ Think about coming infrastructure spending as a big boost to total federal spending, and a great opportunity for 8(a) and maybe for SDBs.
- ▶ If you don't qualify, consider how you can partner with 8(a) and/or SDB companies.

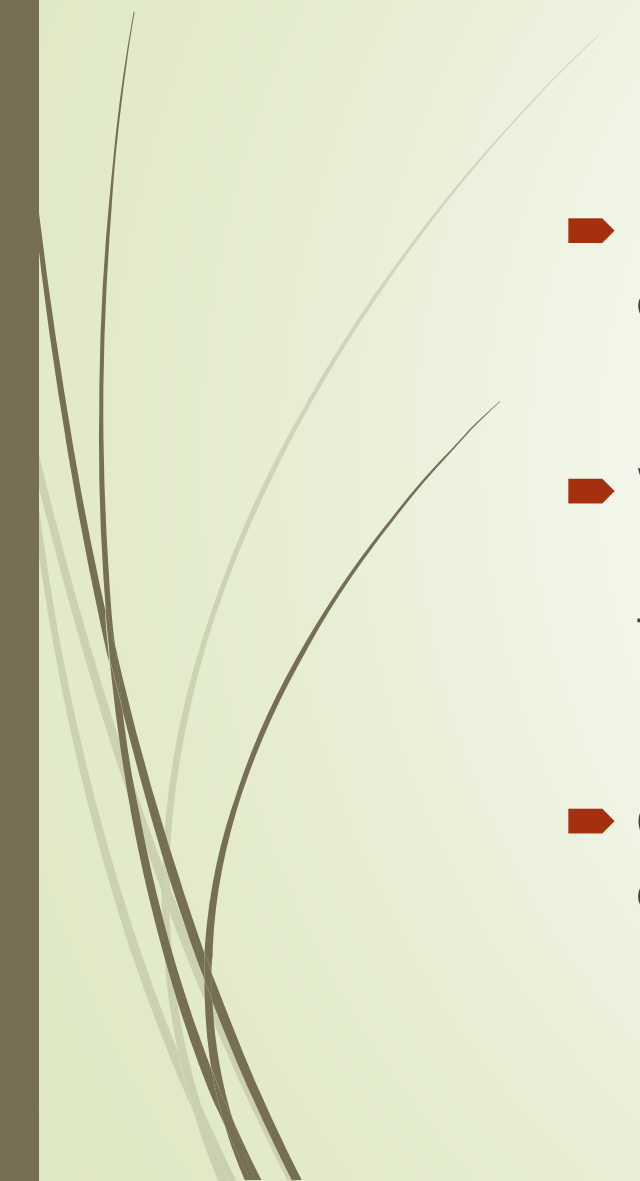


What About DBE and State MBE Programs?

- Rules are different and vary substantially from state to state (and even city)
- Opportunities are likely to increase with infrastructure spending
- In NH, administered by NH DOT.
- Form more information on the NH program:
[Disadvantaged Business Enterprise Program | Office of Federal Compliance | Administration | NH Department of Transportation](#)



What Now?

- ▶ If you think you may qualify, we urge you to contact us and schedule a 1-on-1 meeting with a PTAC counselor.
 - ▶ We can help you understand the application processes. If not done absolutely correctly, this can be very frustrating.
 - ▶ Once you have the status, we can help you market it effectively.
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SDB & 8(a) Stats 10/1/2019 - present

Place of Performance State	8(a) Firm Actions	% 8(a) Firm Actions	8(a) Firm Dollars	% 8(a) Firm Dollars	SDB Firm Actions	% SDB Firm Actions	SDB Firm Dollars	% SDB Firm Dollars
New Hampshire Vendor State	458	2.53%	\$95,673,626	2.08%	1713	9.45%	\$168,495,233	3.66%
New Hampshire	417	1.75%	\$84,228,357	1.65%	1643	6.91%	\$144,597,970	2.83%

NH PTAC is here to help!

- ▶ We offer FREE assistance with all of these registrations, certifications and more:
 - ▶ Strategy development and marketing techniques
 - ▶ Identifying bid opportunities and understanding bid requirements and how to respond
 - ▶ Learning/Knowing the competition
 - ▶ Federal Acquisition Regulations (FAR) – “the rules of the road.”
 - ▶ Payment processes

Some Other Sources of Help:

- ▶ **SBA NH District Office**
<https://www.sba.gov/offices/district/nh/concord>
- ▶ **Center for Women and Enterprise (CWE)**
<http://www.cweonline.org/Default.aspx>
- ▶ **Veterans Business Outreach Center (VBOC)**
www.cweonline.org/vboc
- ▶ **SBDC (Small Business Development Center)**
<https://www.nhsbdc.org/>
- ▶ **SCORE** www.score.org
- ▶ **Manufacturing Extension Partnership (MEP)**
www.nhmep.org

How do I get started with NH PTAC?

19

- Go to the website and answer our “Become a Client” questionnaire (www.nheconomy.com/ptac)
- Email us: govcontracting@livefree.nh.gov
- Meet with us in Concord (live or via Zoom)
- Request a site visit – we’ll come to you.
- Outside NH? Find your PTAC [here](#).

