



U. S. Small Business Administration (SBA)

Certification Programs

&

Contracting Opportunities



8(a) Program Objectives

- ◆ *To promote business development among small business concerns owned and controlled by socially and economically disadvantaged individuals*





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**



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**



Economically Disadvantaged

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



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*)





Term of Participation

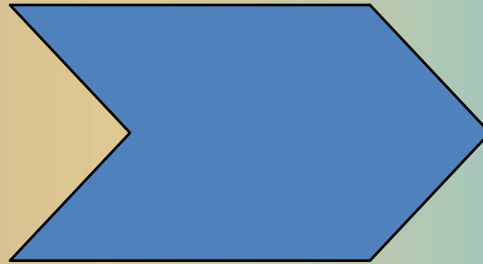
START = date of approval

Year 1

2

3

4



**Developmental
Stage**

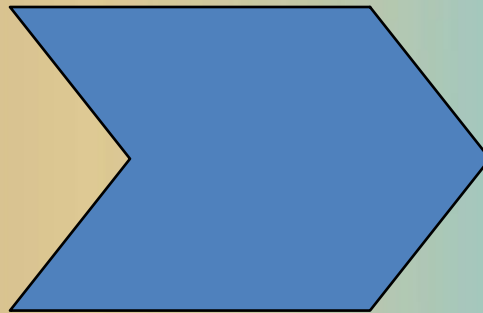
Year 5

6

7

8

9



**Transitional
Stage**



Obtain a DUNS Number

- *Obtain a Data Universal Number System (DUNS) Number*



Call D&B at 1-866-705-5711 to obtain a free DUNS number for federal CCR registration. The process takes about 10 minutes. Or, you can register online at:

<https://eupdate.dnb.com/requestoptions/government/ccrreg/>



Get Registered in CCR

- Central Contractor Registration (CCR)

www.ccr.gov

A CCR registration worksheet is available at:

[http://www.dlis.dla.mil/ccr/PDFs/central contr reg form.pdf](http://www.dlis.dla.mil/ccr/PDFs/central_contr_reg_form.pdf)

- Dynamic Small Business Search Registration
When successfully registered in CCR, you're given the option to create a profile in SBA's small business database.



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**



What Is CCR?

- **Central Contractor Registration is the primary registrant database for the US Federal government.**
- **CCR collects, validates, stores and disseminates data in support of Federal Agency acquisition missions and allows for fast electronic payment of your invoices.**
- **Website: www.ccr.gov**
- **CCR Assistance: 1-888-227-2423**

Note: Registration does not guarantee business with the Federal Government



Who is required to register in CCR?

Since October 1, 2003 it is federally mandated that any organization wishing to do business with the Federal Government must be registered. You must be registered and have a current CCR profile to be awarded a government contract.

Exceptions:

- Purchases that use a Government wide commercial purchase-card as both the purchasing and payment mechanism, as opposed to using the purchase-card only as a payment.
- Classified Contracts - Contracts that could compromise the safeguarding of classified information or national security.



The CCR Registration Process

- To register you will need a DUNS Number.
- New registration usually takes up to 72 hours.
- Updates/Renewals take at least 24 hours.
- To update your profile in CCR you will need your ID & Password.
- Currently your user ID & Password will replace your TPIN # as the method of logging into CCR.

TPIN- Trading Partner Identification Number -Confidential number assigned to you. Serves as your password to access your CCR Registration



The Benefits of CCR Registration

- **The ability to bid on Federal Government contracts.**
- **A central storage location for the registrant to supply it's information.**
- **Paperless payments through electronic funds transfer (EFT).**



Dynamic Small Business Search (DSBS)

- **Entering your small business profile data into CCR allows you to populate the SBA's supplemental pages known as DSBS- Dynamic Small Business Search.**
- **This is where your Business capabilities statements can be viewed by **Contracting Officers, Large Prime Contractors** and the General Public.**

Website: <http://dsbs.sba.gov>



Online Representations & Certifications Application (ORCA)

- **Online** Representations and Certifications Application
- **Mandatory** on or after January 2005
- **Required for all** active CCR Registrants

Website: <http://www.bpn.gov>



ORCA Registration

- **Active CCR Profile**
- **MPIN number**
- **Update at least once a year**

MPIN-Marketing Partner Identification Number-A password created by you in CCR. Allows you to access other government systems such as PPIRS, etc.



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 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.**



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.*



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.*



Marketing the 8(a) Program

- A. Identify who buys your Products or Services... (www.fpdc.gov)

- B. Know your NAICS Codes
(<http://www.census.gov/eos/www/naics/>)

- C. Register in Government Procurement
 1. www.fedbizopps.gov
 2. www.fedbid.com
 3. web.sba.gov/subnet
 4. www.ccr.gov
(a pre-requisite for certification)



Mentor-Protégé Program

The purpose of the Mentor/Protégé program is to enhance the capabilities of 8(a) participants and to improve their ability to successfully compete for federal government contracts.

Forms of assistance Mentors may provide to Protégés

- 1. Technical and management assistance;
- 2. Financial assistance, including equity investments and/or loans;
- 3. Subcontracting support; and
- 4. Assistance in performing prime contracts through joint venture arrangements

A Mentor could be;

Any business concern that demonstrates a commitment and the ability to assist in developing an 8(a) Participant may act as a mentor. This includes **8(a) graduate firms, firms in the transitional stage** of program participation, **other small businesses**, and **large businesses**.





Mentor-Protégé Program (Continued)

To qualify as a mentor, a concern must demonstrate that it:

- Possesses favorable financial health, including profitability for at least the last two years.
- Possesses good character;
- Does not appear on the federal list of debarred or suspended contractors;
- Can impart value to a protégé firm;





Mentor-Protégé Program (Continued)

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Mentor-Protégé Program

To qualify as a Protégé, a Participant must:

- Be in the developmental stage of program participation; or
- Have never received an 8(a) contract; or
- Have a size that is less than half of the size standard corresponding to its primary NAICS code.
- Only firms that are in good standing in the 8(a) Business Development Program and are up to date with all reporting requirements may qualify as a protégé.





Mentor Protégé Program



- **Written agreement:** Mentor and protégé must enter a written agreement setting forth an assessment of the protégé's needs and describing the assistance the mentor commits to provide to address those needs. Such assistance will be provided to the protégé for at least one year.



Mentor-Protégé Program

SBA will not approve a Mentor/Protégé Agreement when;

- The developmental gains are not tied to the firm's approved business development plan
- The assistance proposed by the Mentor is not sufficient to promote any significant developmental gains to the protégé;
- The agreement is just a mechanism to enable a non-8(a) participant to receive 8(a) contracts; or
- The Agreement poses issues of negative control





Joint Venture Agreements

- If approved by SBA, a Participant may enter into a Joint Venture Agreement (JV) with one or more other small business concerns, whether or not 8(a) participants, for the purpose of performing one or more specific 8(a) contracts.
- JV is permissible only where an 8(a) concern lacks the necessary capacity to perform the contract on its own, and the agreement is fair and equitable and will be of substantial benefit to the 8(a) concern.



Contents of JV Agreement:

- Purpose of JV
- 8(a) participant is designated as managing venturer of the joint venture, and an employee of the managing venturer as the project manager responsible for performance of the 8(a) contract.
- Not less than 51% of the net profits earned by the joint venture will be distributed to the 8(a) participant.





Joint Venture Agreements

- Establishment and administration of a special bank account in the name of the joint venture.
- Specify responsibilities of each party with regard to contract performance, source of labor, and negotiation of 8(a) contract.
- Accounting and other administrative records relating to the JV must be kept in the office of the managing venturer.





Joint Venture Agreements

- SBA MUST approve a JV Agreement PRIOR to award of an 8(a) contract on behalf of the Joint Venture.
- Where SBA has approved a JV, the procuring activity will execute an 8(a) contract in the name of the joint venture.
- SBA may inspect the records of the JV without notice at any time deemed necessary.





Size Standards Regarding Joint Ventures/Mentor Protégés

- Consider firms to be affiliated if they are seeking SBA financial assistance for use in connection with a joint venture.
- Considered small if the 8(a) firm size is below NAICS code size of the procurement opportunity.





HUBZone Program

- *HUBZone 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 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.*



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.*



HUBZone Eligibility Requirements, cont'd.

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*



Today's Presenter

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