

2. 2 Small Business Preferences

Lesson Goals

- To introduce students to Small Business preferences they may be eligible for.

Start Video



- Please watch the video now – Lesson 2.2 Small Business Preferences
- Use the following pages to take notes.

Small Business Preferences

- Veteran Owned
- Service Disabled Veteran Owned
- Woman Owned
- Minority Owned
 - Asian American
 - Asian- Pacific American
 - Black American
 - Hispanic American
 - Native American

Native American

- Alaskan Native Corporation
- American Indian
- Indian Tribe
- Native Hawaiian
- Tribal Government
- Tribally Owned

SBA Certified

- SBA Certified
 - Small Disadvantaged Business
 - 8a Program Participant
 - Hub Zone Business
- DoT Certified
 - Disadvantaged Business Enterprise

Other Socio-Economic

- Community Developed Corporation
- Labor Surplus Area

Small Disadvantaged Businesses (SDB)

- Presumed to be socially and economically disadvantaged
 - Black Americans, Hispanic Americans, Native Americans, Subcontinent Asian Americans & Asian Pacific Americans are presumed to qualify

SDB Eligibility

- Must be a _____
- Must be unconditionally owned and controlled (at least 51%) by one or more socially disadvantaged individuals

SDB Program Benefits

- Price evaluation adjustment
 - up to _____% on procurements where mandated by regulation.

<http://www.arnet.gov/References/sdbadjustments.htm>

- shows industries where 10% adjustments are allowed.

- Evaluation factor

- Qualified prime contractors can receive a credit when using SDBs as subcontractors. Incentive applies only to competitive negotiated acquisitions over \$_____ or \$1,000,000 for construction.

SDB Certification

- To apply

- Fill out application and send to:
Office of Small Disadvantaged
Business Certification and
Eligibility
409 Third Street, SW 8th Floor
Washington DC 20416
- Different applications for various business legal structures.
- Check your status by sending email to SDB@sba.gov

8(a) Program

- Information obtained from <http://www.sba.gov/8abd>
- Business development program to help small disadvantaged businesses compete and access the federal procurement market.

- Eligibility

- Must be a small business

- Must be unconditionally owned and controlled (at least____%) by one or more socially **and** economically disadvantaged individuals who are of good character and U.S. citizens, and

- Must demonstrate potential for success (2 year rule)

- No one can guarantee than an 8(a) program participation will be approved.

- Socially _____ individuals
(expanded)

- Those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group. Social disadvantage must stem from circumstances beyond their control.

- Individuals who are not a member of a designated group can claim social disadvantage however, it is based on “preponderance of evidence.”

- Evidence to show social disadvantage
 - At least one objective that has contributed to social disadvantage

- 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.

- _____ year requirement
 - Firm must be operational for at least two full years as evidenced by business income tax returns for each of the two previous tax years.

- Division of Program Certification has _____ days to review the application for completeness.

- If complete, final decision regarding 8(a) BD Program eligibility will be made within 90 days.

- If application is declined, you may request SBA to reconsider application in writing within _____ days after receiving notice.

- Program participation is divided into two stages: the developmental stage and the transitional stage. The developmental stage is four years and the transitional stage is five years. The developmental stage is designed to help 8(a) certified firms overcome their economic disadvantage by providing business development assistance. The transitional stage is designed to help participants overcome the remaining elements of economic disadvantage and to prepare participants for leaving the 8(a) program.

- The term _____ is used to refer to a Participant's exit from the 8(a) BD Program at the expiration of the Participant's term.

Difference Between 8(a) and SDB

- The 8(a) program is a business development program that offers a broad scope of assistance to socially and economically disadvantaged firms. SDB certification strictly pertains to benefits in Federal procurement. 8(a) firms automatically qualify for SDB certification.

Women-Owned Small Businesses

- Definition: Small business concern which is at least _____% owned by one or more women; or, in the case of any publicly owned business, at least 51% of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

- Federal – _____ Certifying

- State of Florida (WMBE) Certification

<http://osd.dms.state.fl.us/>

Veteran-Owned Small Businesses

- Veterans Entrepreneurship and Small Business Development Act of 1999 (VESBDA)

- Purpose: to expand existing programs and establish new assistance programs for vets, especially those with service-related disabilities.

- 51% ownership and control by SDV or Veteran

- Self-certifying

- Aims of VESBDA

- Expand the eligibility for certain small business assistance programs to include veterans,
- Direct certain federal agencies to take actions that enhance small business assistance to veterans,
- Establish new institutions to provide small business assistance to veterans or support the institutions that provide such assistance.
- Act amends Small Business Act goal of 3% of the total value of prime contract and subcontract awards for each fiscal year.

Subcontracting

- Another method for furthering the Government's preference for small businesses in procurements
- All contracts exceeding the simplified acquisition threshold must include a clause requiring the contractor to award subcontracts to small business concerns and SDBs, women- and veteran-owned, and HUBZone small businesses "to the fullest extent consistent with efficient contract performance."

HUBZone Small Businesses

•HUBZone Small Businesses (Historically Underutilized Business Zones)

•<https://eweb1.sba.gov/hubzone/internet/>

•Eligibility

•Must be _____% owned and controlled by US citizens

•Principal place of business located in a HUBZone

•_____% of employees residing within the HUBZone.



Mini-Lab

•See if your business is in a HUBZone.

•Go to:

<http://map.sba.gov/hubzone/hzqry.asp?CNTY=12009>

•Put in 620 E. University Blvd. Melbourne, FL 32901

•Put in your address

•Put in other addresses of interest

End of Lesson 2.2
Small Business Preferences

References

- FAR
- DFARS
- USC Code
- CFR
- *Government Contract Guidebook*, Donald P. Arnavas, Thompson-West, 2001.