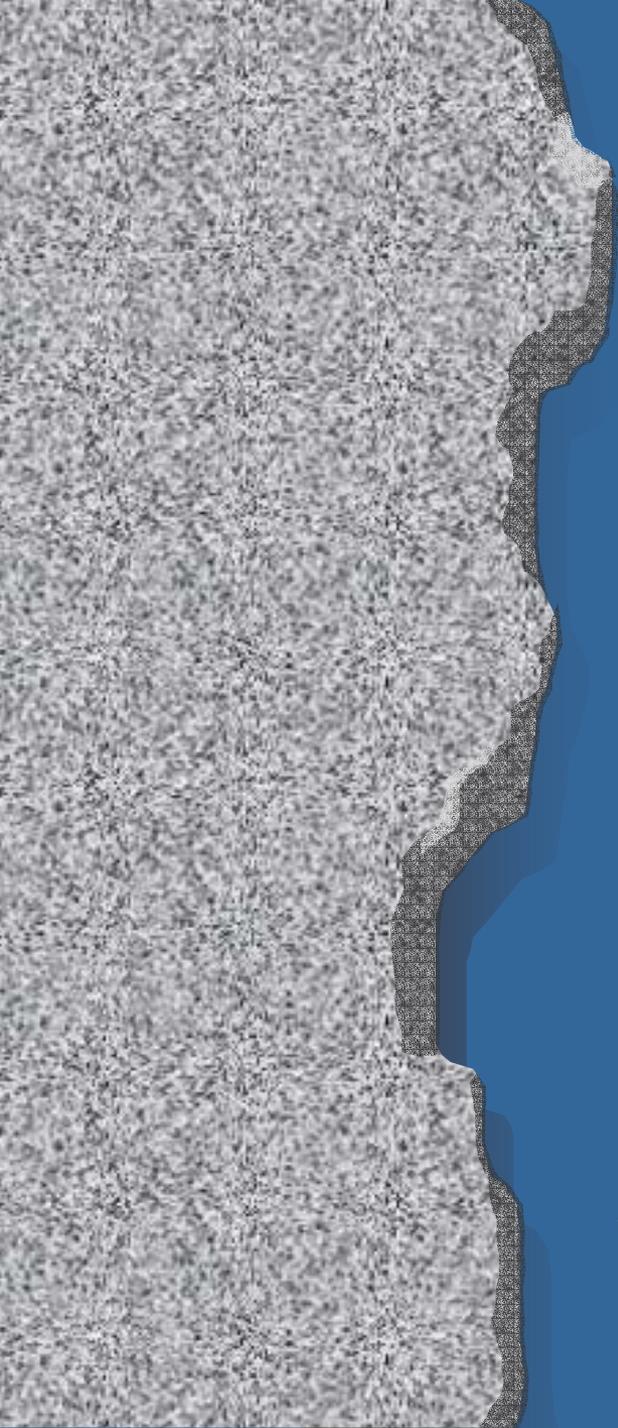


U.S. SMALL BUSINESS ADMINISTRATION



PORTLAND DISTRICT OFFICE



The
8(a) BD

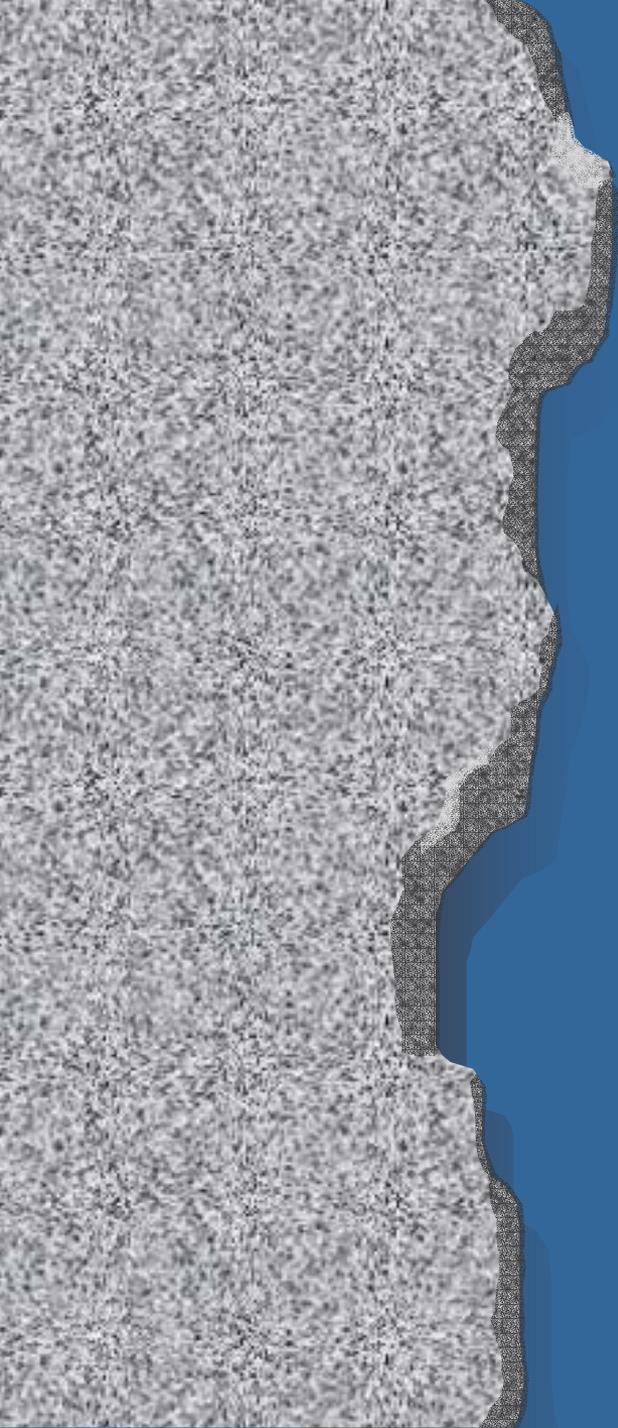
Business Development Program

Portland District Office

U.S. Small Business Administration

8(a) Mission

**To promote and assist socially
and economically
disadvantaged individuals in
gaining access to the resources
necessary to develop their
businesses and thereby their
ability to compete on an equal
basis**



8(a) Program

Benefits

Access to the Multi-Billion Dollar Federal Marketplace

- Federal spending in Oregon during FY 2001 was roughly \$880 million up from \$660 million in FY 2000.
- In 2001, the Portland District Office of the SBA awarded 223 8(a) contracts for \$51.7 million in total contract activity, up from 191 8(a) contracts in 2000 for \$29.4 million in total contracting activity.

Sole-Source Contracts

The Federal government buys most small business products or services through the competitive bid process.

With the 8(a) Program, most contracts are not competed and the price is negotiated.

8(a) Competitive Projects

- For contracts valued at over \$5 Million for manufacturing and \$3 Million for all other contracts, competition among 8(a) Program-approved firms is required.
- Although competition is required, the only firms considered are 8(a) Program-approved firms.

Executive Development Training

- SBA provides executive development training to 8(a) firm owners at several major universities. The only cost incurred by the 8(a) firm owner is for transportation.
- Participating universities have included: Clark University in Atlanta, Dartmouth, and the University of Texas at El Paso

9-Year Program Term

- **Firms are approved into the 8(a) Program for 9 years.**
- **Developmental Stage**
 - **A period of four years where the 8(a) firm obtains additional knowledge of the government procurement process, hones marketing and negotiating skills, and may obtain sole source contracts.**

9-Year Program Term

→ Transitional Stage

- A period of five years where the 8(a) firm must meet progressively higher level of non 8(a) set-aside contract revenue to ensure that undue reliance on the program does not result in lack of viability of the firm upon completion of the program.

SDB Certification Program

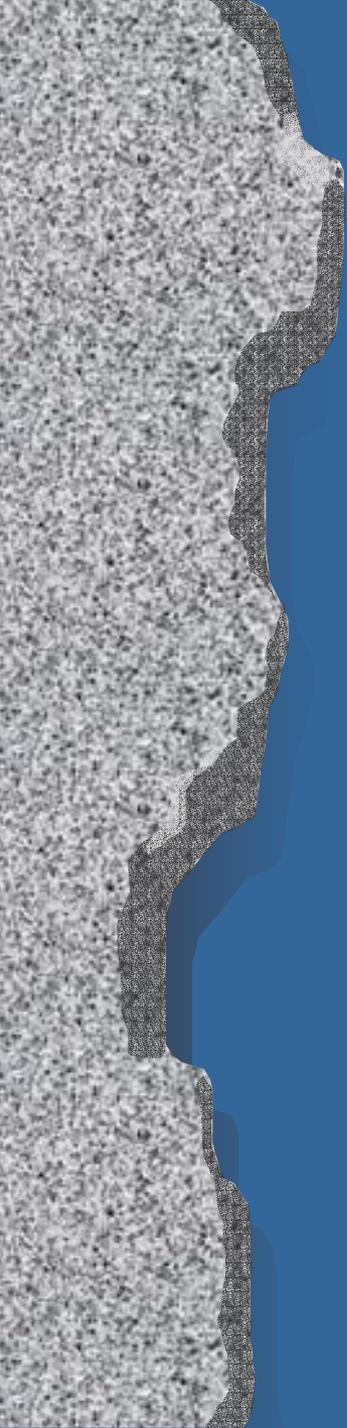
Approved 8(a) firms are certified as SDB's during their program term and for three years after their last annual review.

8(a) Program Eligibility

- **51% owned by socially and economically disadvantaged citizens of the U.S., Indian Tribes or ANC's.**
- Socially and economically disadvantaged individuals control daily operations.
- Potential for success.
- Concern must be a “small business” as defined by “size standards”.

SOCIAL DISADVANTAGE

Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group without regard to **individual qualities.**



SOCIAL DISADVANTAGE

MEMBERS OF DESIGNATED GROUPS

- **African Americans**
- **Hispanic Americans**
- **Native Americans**
- **Asian-Pacific Americans**
- **Sub-Continent Asian Americans**

SOCIAL DISADVANTAGE

INDIVIDUAL NOT A MEMBER OF DESIGNATED GROUPS

- **Must establish social disadvantage based on a preponderance of evidence**
- **Must stem from cause *not* common to Small Business persons not socially disadvantaged.**
- **Personally suffered Social Disadvantage**
- **Experience in American society, *not* in other countries**

SOCIAL DISADVANTAGE

INDIVIDUAL NOT A MEMBER OF DESIGNATED GROUPS (Continued)

- **Social disadvantage must be chronic and substantial**
- **Social disadvantage must have negatively impacted entry/advancement in business world**
 - **Education**
 - **Employment**
 - **Business History**

EVIDENCE USEFUL TO ESTABLISH SOCIAL DISADVANTAGE

- **SBA considers all relevant evidence**
- **Makes determination based upon totality of individual's circumstances**
 - **Court or Administrative findings**
 - **Statements made under oath**
 - **Affidavits or statements from independent third parties**
 - **Documentary evidence**

ECONOMIC DISADVANTAGE

Socially disadvantaged individuals whose ability to compete in the **FREE ENTERPRISE SYSTEM** has been impaired due to diminished capital and credit

ECONOMIC DISADVANTAGE (Continued)

- **Personal financial condition of applicant
(not including spouse)**
 - **Personal Net Income over the last two
years**
 - **Total Value of ALL Assets**
 - **Personal Net Worth - NOT TO
EXCEED \$250,000.00 ...less**
 - **Personal Residential Equity**
 - **Personal Equity in 8(a) Applicant Firm**

ECONOMIC DISADVANTAGE (Continued)

- **Business financial condition as compared to other concerns in the same or similar line of business not owned by socially and economically disadvantaged individuals.**
- **Access to credit and capital to operate a competitive business enterprise.**

8(a) Program **Eligibility**

- 51% owned by socially and economically disadvantaged citizens of the U.S., Indian Tribes or ANC's.
- **Socially and economically disadvantaged individuals control daily operations.**
- Potential for success.
- Concern must be a “small business” as defined by “size standards”.

NON-DISADVANTAGED PARTICIPATION IN 8(a) FIRMS

- May be stockholders, partners, officers directors but may not :
 - Exercise actual control
 - Receive higher compensation than disadvantaged individual
 - Be former employer of disadvantaged individual
 - Own more than 10 - 20% in another 8(a) concern if owning $\geq 10\%$ of current 8(a) firm

8(a) Program **Eligibility**

- 51% owned by socially and economically disadvantaged citizens of the U.S., Indian Tribes or ANC's.
- Socially and economically disadvantaged individuals control daily operations.
- **Potential for success.**
- Concern must be a “small business” as defined by “size standards”.

POTENTIAL FOR SUCCESS

- In business **TWO FULL** years, unless waived by SBA
 - Two-year rule can be waived if disadvantaged individual has substantial business experience
- Performance on Government and/or Private Sector Contracts

POTENTIAL FOR SUCCESS

(Continued)

- **Technical and Managerial Experience and Competency of disadvantaged individual**
- **Financial capacity of the firm**
- **Provide product or service the government is likely to buy**

8(a) Program **Eligibility**

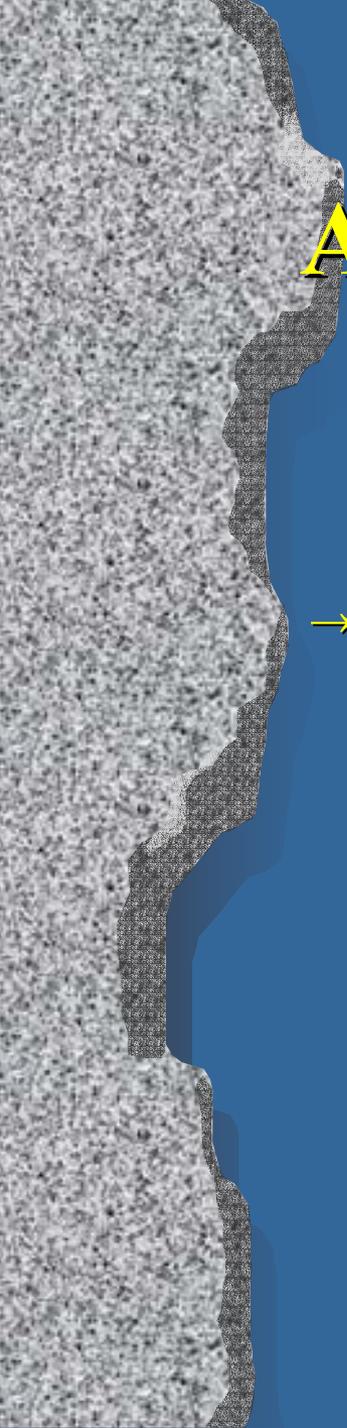
- 51% owned by socially and economically disadvantaged citizens of the U.S., Indian Tribes or ANC's.
- Socially and economically disadvantaged individuals control daily operations.
- Potential for success.
- **Concern must be a “small business” as defined by “size standards”.**

INELIGIBLE BUSINESSES

- **Brokers**
- **Debarred or Suspended
Persons or Concerns**
- **Non-Profit Organizations**
- **Subsidiaries**

8(a) PROGRAM ELIGIBILITY ADDITIONAL REQUIREMENTS

- **Individual character review**
 - Ineligible if incarcerated, on parole or probation, or convicted of a crime involving business integrity
- **One time eligibility**
- **Immediate family members may not own more than 20% of another 8(a) firm**



8(a) PROGRAM ELIGIBILITY ADDITIONAL REQUIREMENTS

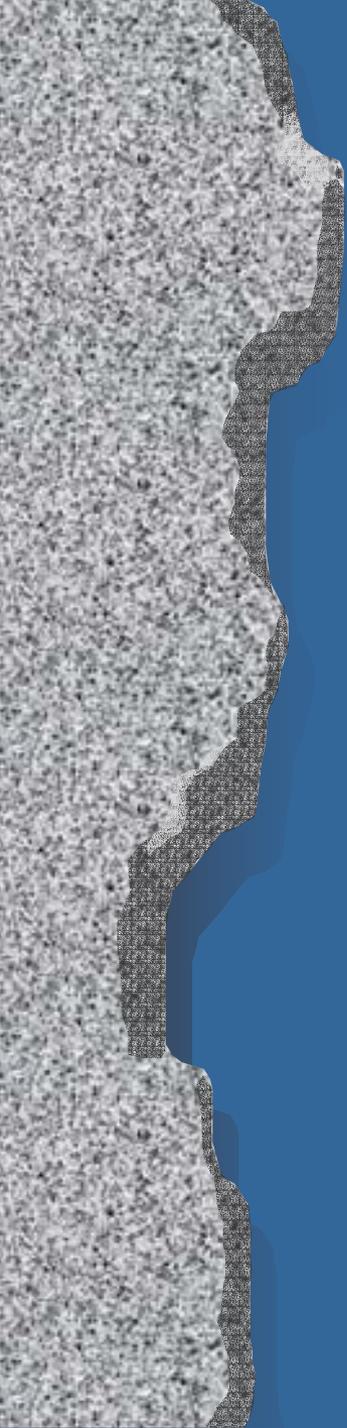
(Continued)

- **Suppliers must meet criteria of Non-Manufacturer Rule to receive 8(a) contracts**
 - **500 or fewer employees**
 - **Supply product of small manufacturer**
 - **Add value**

8(a) PROGRAM ELIGIBILITY ADDITIONAL REQUIREMENTS

(Continued)

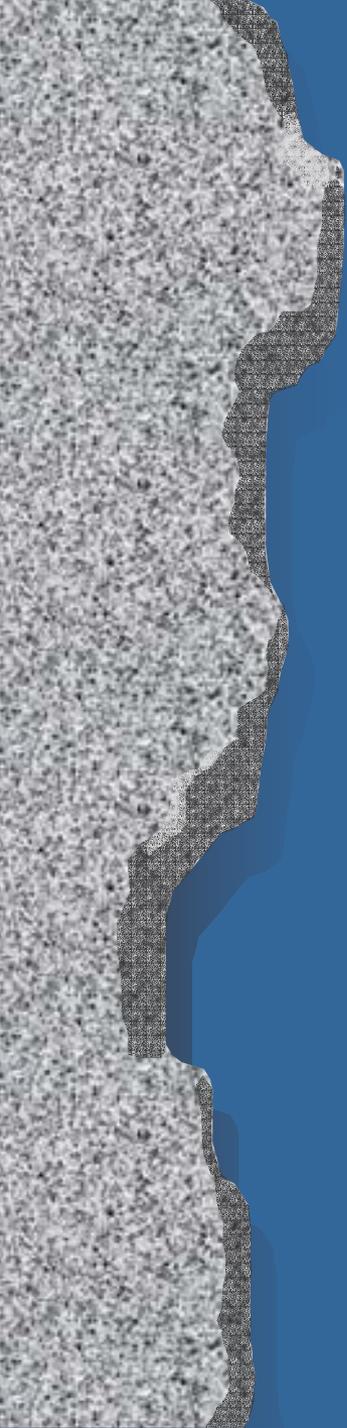
- **Non-8(a) concern, in same or similar line of business, prohibited from owning more than 10-20% of current 8(a) concern**
- **Former 8(a) participants may own up to 20-30%.**



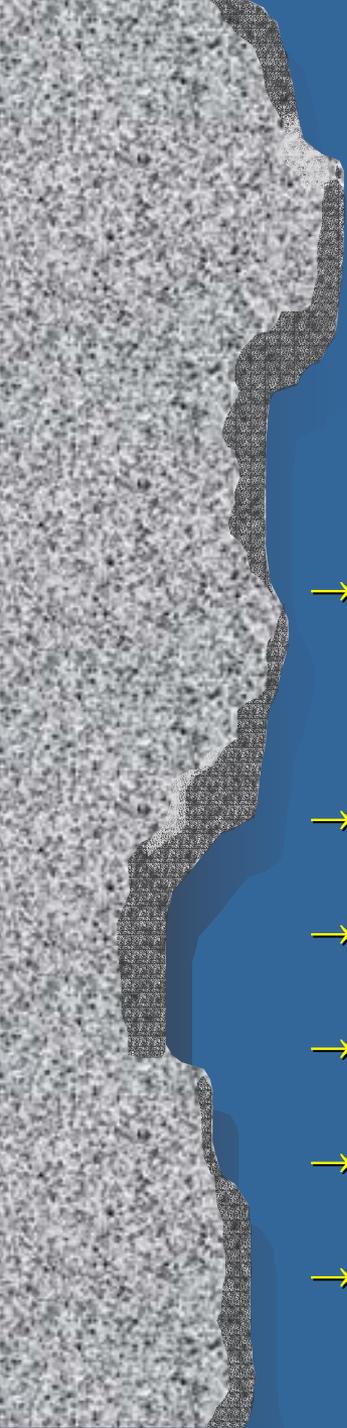
8(a) PROGRAM
SUBMIT APPLICATIONS TO:

→ **Mail original and one copy to the following address:**

**Ms. Teresa Tyhurst
U.S. Small Business Administration
Region IX
Division of Program Certification &
Eligibility
455 Market Street, 6th Floor
San Francisco CA 94105**



**Federal Small
Disadvantaged
Business (SDB)
Certification Program**



Small Disadvantaged Business (SDB) Certification Program - an Overview

- **What the program is & why it exists**
- **Who is eligible**
- **Benefits**
- **Effective dates**
- **Who to contact**
- **How to apply**

SDB - What it is and Why it exists

- It is a contractor certification program. SBA will certify all approved applicants as small and disadvantaged. This program replaces the self certification process.
- The program is a procurement tool for the Federal government to find firms capable of providing goods and services. It addresses the traditional exclusion of minority owned firms from contracting opportunities which have resulted in identifiable disparities.

SDB - What it is and Why it exists (continued)

- **The SDB program is an affirmative action program, limited in scope and narrowly tailored to remedy discrimination as a result of the Supreme Courts *Adarand* decision.**
- **The benefits of the program are generally limited to firms in industries which have been designated as underrepresented by minority small businesses. The determination is made by the department of Commerce and is subject to change annually.**

Eligibility: a Small Disadvantaged Business is one that is

- At least 51% unconditionally owned and controlled by a U.S. Citizen who is socially & economically disadvantaged utilizing the same criteria as the 8(a) program. Presumed for the following groups:
 - African Americans
 - Hispanic Americans
 - Native Americans
 - Asian/Pacific Island Americans
 - Subcontinent Asian American

Eligibility: a Small Disadvantaged Business is one that

- **Qualifies as a small business under federal size standards (approximately 95% of all businesses)**
- **Individuals not in the groups above must establish individual social disadvantage utilizing the same criteria as the 8(a) program.**

Benefits of SDB Certification

(continued)

(benchmarked SIC groups only)

- **Contractor selection evaluation factors include technical capability and price (for competitive, negotiated acquisitions). Technical capability may incorporate SDB participation, primarily in subcontracting, for contracts in excess of \$500,000 (\$1MM construction).**
- **Firms are not recognized as an SDB without certification by SBA.**
- **Firms must be recertified every three years.**

Who to Contact - How to Apply

→ Applications are processed by SBA headquarters in Washington DC

→ For applications or questions contact:

Small Business Administration

Small Disadvantaged Business

Certification & Eligibility

409 3rd Street SW

Washington DC 20416

→ Toll Free Number to SBA's SDB Program

1-800-558-0884

or

Who to Contact - How to Apply (continued)

Internet addresses:

<http://www.sba.gov>

or

<http://www2.sba.gov/sdb/forms.html>

Who to Contact -

How to Apply (continued)

Complete the application yourself

or

A list of approved Certifiers is available at

<http://www.sba.gov/sdb/certifiers>

Fees and Services vary widely.

There are no private Certifiers currently available in Oregon or Washington, however, you may use a Certifier not located in the area.

Who to Contact - How to Apply (continued)

**U.S. Small Business Administration
Portland District Office
1515 SW 5th Avenue, Suite 1050
Portland, OR 97201-5494**

Bob Jensen @ (503) 326 5102

robert.jensen@sba.gov

or

Sam Goldstein @ (503) 326 5101

samuel.goldstein@sba.gov

Small Disadvantaged Business (SDB) Certification Program

(Continued)

- **8(a) approved firms are certified and added to list automatically**
- **8(a) graduates remain eligible for 3 years**
- **SBA list maintained on ProNet accessed through SBA's Home Page**