



# ***INTRODUCTION TO THE SBA 8(A) PROGRAM SESSION 2***

## ***HOW THE 8(a) PROGRAM WORKS***

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## 8(a) PROGRAM BASICS

- 1 Purpose
- 2. Benefits
- 3. Eligibility
- 4. Program Term
- 5. Application
- 6. Native 8(a) Program

8(a) refers to Section 8(a) of the Small Business Administration Act.

## PURPOSE

The 8(a) Program is a business development program—its Purpose is to assist eligible disadvantaged small businesses compete in the American economy through business development.



Available to small businesses owned by socially and economically disadvantaged individuals as well as Tribes, Alaska Native Corporations (ANCs) and Native Hawaiian Organizations (NHOs)

# BENEFITS

Federal acquisition (purchasing) policies encourage federal agencies to award a certain percentage of their contracts to small business including 8(a) firms



## What are the Goals?

### 23% of Prime Contracts to Small Business



**5% to Women  
Owned Small  
Business**



**5% to Small  
Disadvantaged  
Business**



**3% to  
HubZone**



**3% to Service  
Disabled Veteran  
Business**

**Update:** December 2021, President Biden asked agencies to increase their goals so that governmentwide spending results in **11 percent** of contracting dollars being awarded to small disadvantaged businesses, up from the current statutory goal of 5 percent

Federal Government's goal is to award at least 5% of Prime Contracts to small disadvantaged business which include 8(a) program participants.

The government issues billions of dollars of awards annually to 8(a) participants through sole-source awards and set asides

# ELIGIBILITY

In general, a business must be small under its primary NAICS code, and be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character.

There are separate requirements for businesses owned by Indian Tribes, Alaska Native Corporations (ANCs), Native Hawaiian Organizations (NHOs), and Community Development Corporations (CDCs)

8(a) Program participation is a one-time program. If your business has previously participated in the 8(a) Program, or if you're a disadvantaged individual that has already participated, the SBA will not allow you to participate again—although Tribes, ANCs, NHOs and CDCs have some different rules.





# PROGRAM TERM

A business concern may participate in the SBA 8(a) Program for no more than 9 years. But this term can be shortened by the participant or the SBA—if, for example, the concern is successful enough to graduate from the Program (sized out) or fails to maintain its eligibility. SBA can initiate this or the concern can (a strategic consideration). The term cannot be lengthened.

# APPLICATION

Applications must be submitted electronically to the SBA at [certify.sba.gov](https://certify.sba.gov) and must include any supporting information requested by the SBA (like corporate organization documents and personal and business tax returns).



# NATIVE 8(A) PROGRAM (ENTITY-OWNED)

The Native 8(a) contracting program in the Small Business Administration, permits enterprises owned by Federal Recognized Tribes, Alaska Native Corporation, and Native Hawaiian Organizations and certified under Section 8(a) of the SB Act to participate in the SBA 8(a) Business Development Program as a path toward economic success and self sufficiency.

There are a few important areas where the SBA Rules for Tribes, ANCs and NHOs differ.

ANCs can own more than one subsidiary at a time in the 8(a) program (subject to limitations)

ANCs can receive sole source contracts of any value however contracts over \$22M require additional J&A under FAR Part 6

ANCs can have “common management” of their 8(a) subsidiaries

ANCs can engage in shared services arrangements (subject to limitations) to support their 8(a) and small businesses





# HOW THE 8(A) PROGRAM WORKS

Introduction to SBA 8(a) Business  
Development Program



# HOW THE 8(A) PROGRAM WORKS

- 1 Focus and Objectives
- 2. Regulations
- 3. Benefits & Term
- 4. Role of the SBA
- 5. Role of 8(a) Participant



# HOW DOES THE 8(a) PROGRAM WORK?

- Designed to assist small disadvantaged businesses compete in the marketplace.
- Designed to assist such companies in gaining access to federal and private procurement markets.



# Primary Focus of 8(a) Program

To provide **Business Development** support to qualified firms:

- mentoring
- procurement assistance
- business counseling
- training
- financial assistance
- surety bonding
- and other management and technical assistance

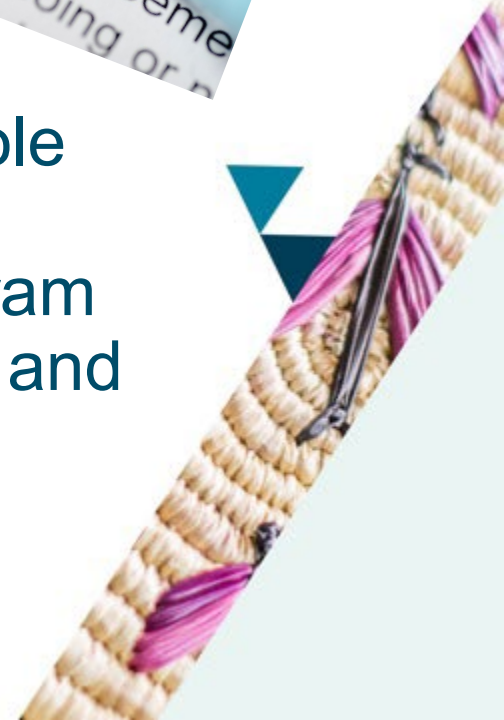


# ULTIMATE OBJECTIVE

Prepare small disadvantaged firms for procurement and other business opportunities.



Through the award of sole source and set-aside contracts, the 8(a) program provides market access and growth for qualified businesses.





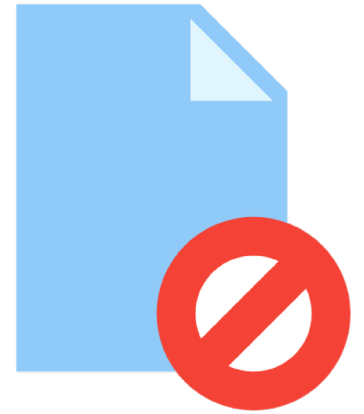
# SMALL BUSINESS REGULATIONS & 8(a) BD PROGRAM REGULATIONS

- The 8(a) program was established by Section 8(a) of the Small Business Act of 1953, as amended by Section 204 of Public Law 100-656.
- **8(a) BD Program** primarily governed by 13 CFR 124 Subpart A and FAR Parts 19.8 – 19.812. Basic term in 8(a) Program is 9 years.
- **Small Business Program** is primarily governed by 13 CFR 121 and FAR Subpart 19.12.



# WHAT THE 8(A) PROGRAM IS NOT

- Not a contracting program
- 8(a) program participants are not in any way guaranteed or entitled to receive federal contracts
- Program does support small disadvantaged firms with management and technical assistance to help them compete for contracts and other business opportunities



# SBA 8(a) BD PROGRAM BENEFITS

- Business development assistance
- Certified firms can potentially receive sole-source contracts—up to \$4 million for goods and services – up to \$7 million for manufacturing
- Tribal and ANC 8(a) firms (Entity-Owned) are eligible to receive sole source 8(a) contracts regardless of dollar size, with no upper limit. DoD contracts above \$100M are subject to a Justification and Approval (J&A) process. \$25M all others agencies
- Joint ventures and teaming
- Mentor-Protégé Program



# TERM OF PARTICIPATION

Maximum 9 year participation in the program, beginning from the date of SBA approval

First 4 years are considered the developmental stage

Last 5 years are considered the transitional stage

Continuation in the program is dependent on:

- Remaining eligible as a socially and economically disadvantaged firm
- Staying in compliance with the 8(a) BD participation agreement





# REQUIREMENTS AND GOALS

Overall goal for 8(a) firms is to graduate from the program and thrive in a competitive business environment

## Requirements:

- Maintain a balance between commercial and government business
- Total dollar value of sole-source contracts an 8(a) firm can receive while in the program is limited
- SBA district offices monitor and measure the progress of participating firms
  - Annual review
  - Business planning
  - Systematic evaluations



# WHEN DOES THE PROGRAM END?

- Expiration of the 9-year program term - Graduation from the program
- Early Graduation *Voluntary withdrawal or voluntary early graduation*
- Termination



# SBA'S SUPPORT AND PARTICIPANT'S ROLE

## SBA

- Business development assistance
- Business development support
- Contract opportunities

## 8(a) program participant

- Capitalize on available business development assistance and support
- Learn about government buying needs
- Market to the government
- Submit information annually to the SBA to prove eligibility



## 8(A) PARTICIPANT

- 8(a) client firms must be competitive and market themselves competitively
- Successful 8(a) firms capitalize on available business development resources, educate themselves on government buying needs, and market themselves based on skills and ability to meet such needs
- Utilize their training, technical assistance, and contracting opportunities in the form of set-aside and sole-source awards.





# SBA SUPPORT:

- Program policy guidance
- Certify eligible clients
- Assign SBA *Business Opportunity Specialists*, to 8(a) participating firms
- Provide business development assistance
- Help identify contract opportunities for 8(a) participating firms
- Business counseling and mentoring
- Online and traditional training
- Surety bond guarantees
- Contract marketing guidance
- Work with agencies and prime contractors to direct contracts to small firms



*QUESTIONS?*

*THANK YOU*

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