



News Release

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Contact: Tiffani Clements (202) 401-0035
Internet Address: <http://www.sba.gov/news>

New SBA Recertification Regulations to Help Small Businesses Obtain Government Contracts

Large Corporations to be Eliminated from Database Within One Year

WASHINGTON – On June 30, new U.S. Small Business Administration regulations took effect that require companies with federal contracts to recertify their size status as “small businesses.” These actions will increase opportunities for more small businesses to receive contracts from the federal government.

“SBA is making tremendous progress improving federal contracting opportunities for small businesses,” agency Administrator Steven Preston said. “As part of those reforms, we are now implementing the recertification rule – announced last November – to ensure federal rules properly classify small business contracts.”

Recertification is necessary because federal agencies have been able to count all contracts originally awarded to small businesses as small business contracts for up to 20 years, even if those companies were acquired by large corporations.

Starting June 30, any small business that merges or is acquired must immediately “recertify” its size. If the company is no longer small, the contract continues, but the federal government can no longer count it as a “small” contract. Federal agencies will also immediately modify all existing long-term (over five years) contracts to require small businesses to recertify their size status for acquisitions, mergers and novation requests and to recertify their size status prior to an option being exercised. All existing contracts of less than five years will recertify when their first option is exercised. The vast majority of these contracts have one-year options.

Under these rules, most large businesses credited with small contracts will no longer be counted as small, effective June 30. Nearly all the remaining large businesses will be scrubbed from the database within a year. As a result, federal agencies will need to increase efforts to identify and contract with new small businesses to meet their small business contracting goals – 23 percent as directed by Congress.

Because more than five million actions are recorded in the federal government’s contracting database each year, as a practical measure contracting officers are being allowed to review short-term contracts as they are renewed annually.

OTHER STEPS

Also this summer, SBA will launch its Quick Market Search tool, an enhancement to the Dynamic Small Business Search database, part of the Central Contractor Registration database which is a component of the government-wide Integrated Acquisition Environment. The Quick Market Search tool will allow contracting officers to identify vendor pools under each of the socio-economic preference programs, including women-owned small business, 8(a), small disadvantaged business, HUBZone (historically underutilized businesses), and service-disabled veteran-owned small business.

SBA will also transfer responsibility for front-line small business procurement counseling and training from procurement center representatives (PCRs) to its district offices and resource partners, significantly expanding national coverage.

In addition, this summer SBA will work on agreements across the federal agencies to have them provide increased contracting opportunities under the socioeconomic procurement preference programs in which they have not met their contracting goals.

These steps will allow agency PCRs to focus on helping agencies provide genuine opportunities for more small firms to enter and develop in the federal marketplace, and in meeting contracting goals. SBA will train its field staff in these new responsibilities over three weeks in August.

The recertification regulation is available at The Federal Register's Web site at: <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/E6-19253.pdf>. For additional information on the new upgrades to the DSBS database, visit the SBA's Web site at www.sba.gov/size , and click on "What's New?"

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