

Procurement & Property Division Policy Memorandum

Subject: Small Business Competitiveness Demonstration Program			Number: 19-04
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Background

This memorandum provides general guidelines to Headquarters personnel and Area offices in supporting the requirements of FAR 19.10, Small Business Competitiveness Demonstration Program. The Program involves Designated Industry Groups (DIG's), Targeted Industry Categories (TIC's), and Emerging Small Businesses (ESB's) which are required to be competed on an unrestricted or set-aside basis dependent upon (1) its classification, (2) status as an ESB reserve, (3) Procurement Preference Program goal, or (4) whether the Agency achieved its DIG's goal in the previous fiscal year as determined by the annual review conducted by the Department's Office of Small and Disadvantaged Business Utilization (OSDBU).

DIG's include the project classes of North American Industry Classification Systems (NAICS) Codes for construction (NAICS 233, 234, 235), refuse systems (NAICS 562), architect-engineering (NAICS 541), and nonnuclear ship repair. These requirements are procured on an unrestricted basis subject to the annual OSDBU review.

TIC's include 10 classes of commodities and services which the Department, in conjunction with the Small Business Administration (SBA), targeted for enhanced Small Business (SB) participation. A list of the relevant items is included in the enclosure. TIC's are procured on a restricted basis as a SB set-aside regardless of dollar amount.

ESB's are a class of SB's under the Competitiveness Demonstration Program who are entitled to a set-aside reserve for requirements which do not exceed \$50,000 (architect-engineering) or \$25,000 (all others).

Goals

The Small Business Competitiveness Demonstration Program requires a consistent effort to achieve a 40 percent SB participation goal and a good faith effort to assure that emerging SB's receive not less than 15 percent of the Agency's total contract dollars awarded for each of the four DIG's.

Annual Review

The Department's OSDBU undertakes a review of the data from the Federal Procurement Data System (FPDS) on an annual basis. In any NAICS code where the goals have not been met, OSDBU will re-impose set-asides for that specific NAICS Code for the fiscal year. OSDBU's determination will be sent to the Head of the Contracting Activity Designee and then disseminated to individual buying activities. The OSDBU's determination is required to be made within 30 days after the end of the fiscal year.

Policy Guidance

DIG's - The Agricultural Research Service is required to use unrestricted competition for all solicitations in the four DIG's unless --

The value of the anticipated award value is below the dollar threshold reserved for emerging SB's of \$50,000 (architect-engineering) or \$25,000 (all others);

The procurement is placed with an 8(a) concern;

The procurement is set-aside under the Historically Underutilized Business Zone (HUBZone) Act of 1997; or

The Department determines that set-asides will apply to specific DIG's for the current fiscal year.

TIC - FAR 19.1005 authorizes enhanced SB participation for TIC areas through set-aside procedures, increased management attention, and specifically tailored acquisition procedures. All acquisition of TIC items, regardless of dollar value, are required to be considered for set-aside for exclusive participation by SB concerns. 8(a) firms and HUBZone SB concerns shall also to be considered for TIC acquisitions.

ESB - Requirements under the reserve amount shall be set-aside for competition by emerging SB concerns. The ESB reserve amount shall be \$25,000 except in the case of Architect-Engineering services where the reserve amount is \$50,000.

**Relationships to Other
Small Business Programs**

The Very Small Business (VSB) Pilot Program does not apply to any requirement that is subject to the Small Business Competitiveness Demonstration Program. (Federal Register: June 2, 1999, (Volume 64, Number 105), pages 29693-29702). This program involves setting aside actions between \$2,500 and \$50,000 for VSB concerns. These actions will be performed within the geographical boundaries served by the SBA district offices located at Albuquerque, NM; Los Angeles, CA; Boston, MA; Louisville, KY; Columbus, OH; New Orleans, LA; Detroit, MI; Philadelphia, PA; El Paso, TX; and Santa Ana, CA.

Priority for 8(a) and HUBZone SB concerns. Both 8(a) and HUBZone firms shall have priority in the awarding of all contracts.

Reporting Requirements

The Director of OSDBU shall be notified when the requirement is not being reserved for SB concerns. The notice shall be provided to the Director of OSDBU prior to release of the solicitation and shall include the Contracting Officer's rationale for not reserving the requirement for SB concerns. A copy of the solicitation shall be sent along with the notification. A copy shall also be provided to the Research, Education, and Economics (REE) OSDBU Coordinator.

TARGETED INDUSTRY CATEGORIES

Potential Standard Industrial Classification Codes Associated with Federal
Procurement Data System Codes for Targeted Industry Categories

Here are the 10 Targeted Industry Categories (TIC's) that had been previously selected for enhanced small business participation under the Competitiveness Demonstration Program. The products and services selected were drawn from industry categories that:

- were the recipients of substantial purchases by the Federal Government;
- have less than 10 percent of such annual purchases made from small businesses, and;
- have significant amounts of small business productive capacity that has not been utilized by the Government.

<u>FPDS</u>	<u>DESCRIPTION</u>	<u>*SOME</u>	<u>AVAILABLE SIZE</u>
<u>PSC</u>		<u>POTENTIAL</u>	<u>STANDARD</u>
<u>CODES</u>		<u>NAICS</u>	
6810	Chemical Products	325131	1,000 Employees
		325188	1, 000 Employees
		325412	750 Employees
7021	ADP Central Processing Units - Digital	334111	1, 000 Employees
		443120	\$7.5 Million
8105	Bags and Sacks	313111	500 Employees
		313113	500 Employees
		314999	500 Employees
8405	Outerwear for Men	315211	500 Employees
		315221	500 Employees
		315228	500 Employees
5820	Radio TV Equipment Except Airborne	334220	750 Employees
		443112	\$7.5 Million
		443120	\$7.5 Million
J070	Maintenance & Repair, ADP Equipment	811212	\$21.0 Million
N070	Installation of ADP Equipment	541512	\$21.0 Million
		541519	\$21.0 Million

TO99	Other Photo/Mapping/Printing Services	511120	500 Employees
		511140	500 Employees
		511199	500 Employees
U006	Vocational/Technical Training	611513	\$6.0 Million
		611519	\$6.0 Million
		624310	\$6.0 Million
W036	Leasing Special Industry Machinery	532210	\$21.5 Million
		532310	\$6.0 Million
		532412	\$6.0 Million

*Lists of NAICS codes above may not be all inclusive.