

Appendix A. Programs for Small Businesses

Table A-1. An Overview of the Requirements and Components of the Various Set-Aside Programs

| | General Requirements | Set-Asides | Sole-Source Awards | Price Eval. Adjustment |
|--|---|---|---|------------------------|
| Small businesses generally (15 U.S.C. § 644; 48 C.F.R. §§ 19.502-2 & 19.502-3) | Independently owned and operated Not dominant in its field of operations Meets size standards | \$3,000-\$100,000 : exclusively reserved for small businesses ≥ \$100,000 : set-asides for small businesses where rule of two met | Only one responsible source and no other supplies or services will satisfy agency requirements | n/a |
| HUBZone small businesses (15 U.S.C. § 657a; 48 C.F.R. § 19.1305) | 51% unconditionally and directly owned and controlled by US citizens Principal office in HUBZone At least 35% of employees reside in HUBZone | ≥ \$100,000 Rule of two satisfied | Business responsible and two or more HUBZones not reasonably expected to submit offers ≤ \$3.5 million (non-manufacturing contracts) or ≤ \$ 5.5 million (manufacturing contracts) Award can be made at fair and reasonable price | Up to 10% |
| Service-disabled veteran owned small businesses (15 U.S.C. § 657f; 48 C.F.R. § 19.1405) | 51% unconditionally and directly owned and controlled by service-disabled veteran | ≥ \$100,000 Rule of two satisfied | Two or more SDVOSBs not reasonably expected to submit offers ≤ \$3 million (non-manufacturing contracts) or ≤ \$ 5.5 million (manufacturing contracts) Award can be made at a fair and reasonable price | n/a |
| 8(a) small businesses (15 U.S.C. §637(a); 48 C.F.R. §§ 19.800-19.812) | Unconditionally owned and controlled by one or more socially and economically disadvantaged individuals of good character and US citizens Demonstrated potential for success → generally in operation for at least two years prior to applying to 8(a) program Accepted into 8(a) program; time limits on 8(a) participation (9 yrs.) | Rule of two satisfied Competition required when contract ≥ \$ 3.5 million (non-manufacturing contracts), or ≥ \$ 5.5 million (manufacturing contracts); may be used with contracts at lower prices | Business a responsible contractor with respect to the performance of the contract opportunity Award of the contract consistent with the business's business plan Award would not result in the business exceeding limits on firm value No other supplies or services will satisfy agency requirements Contract ≤ \$3 million (non-manufacturing) | n/a |

| General Requirements | Set-Asides | Sole-Source Awards | Price Eval. Adjustment |
|--|---|---|------------------------|
| Women-owned small businesses (15 U.S.C. § 637(m)) | 51% owned by women, with management and daily operations also controlled by women ≥ \$100,000 Rule of two satisfied Eligible business at least 51% owned by one or more women who are economically disadvantaged ≤ \$3 million (non-manufacturing contracts), or ≤ \$5 million (manufacturing contracts) Proposed contract for an industry where SBA has determined that women are substantially underrepresented | contracts), or ≤ \$5 million (manufacturing contract), unless an Alaska Native Corporation is involved Only one responsible source and no other supplies or services will satisfy agency requirements | n/a |

Source: Congressional Research Service

Table A-2. The Statutory and Regulatory Language Authorizing the Various Set-Aside Programs

| Type of Business & Statutory Authority | Statutory or Regulatory Language |
|--|---|
| Small Businesses Generally (15 U.S.C. § 644; 48 C.F.R. §§ 19.502-2 & 19.502-3) | <p>Acquisitions whose anticipated value is between \$3,000 and \$100,000</p> <hr/> <p>Each acquisition of supplies or services that has an anticipated dollar value exceeding \$3,000 (\$15,000 for acquisitions as described in 13.201(g)(1)), but not over \$100,000 (\$250,000 for acquisitions described in paragraph (1) of the Simplified Acquisition Threshold definition at 2.101), is automatically reserved exclusively for small business concerns and shall be set aside for small business unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery.</p> |
| | <p>Acquisitions whose anticipated value exceeds \$100,000</p> <hr/> <p>The contracting officer shall set aside any acquisition over \$100,000 for small business participation when there is a reasonable expectation that (1) offers will be obtained from at least two responsible small business concerns offering the products of different small business concerns (but see paragraph (c) of this subsection); and (2) award will be made at fair market prices.</p> |
| HUBZone Small Businesses (15 U.S.C. § 657a; 48 C.F.R. § 19.1305) | <p>A contract opportunity shall be awarded pursuant to this section on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price.</p> |
| Service-Disabled Veteran-Owned Small Businesses (15 U.S.C. § 657f; 48 C.F.R. § 19.1405) | <p>In accordance with this section, a contracting officer may award contracts on the basis of competition restricted to small business concerns owned and controlled by service-disabled veterans if the contracting officer has a reasonable expectation that not less than 2 small business concerns owned and controlled by service-disabled veterans will submit offers and that the award can be made at a fair market price.</p> |
| 8(a) Small Businesses (15 U.S.C. §637(a); 48 C.F.R. §§ 19.800-19.812) | <p>It shall be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary or appropriate to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, services, or materials to the Government or to perform construction work for the Government. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent and responsible to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.... A contract opportunity offered for award pursuant to this subsection shall be awarded on the basis of competition restricted to eligible Program Participants if (1) there is a reasonable expectation that at least two eligible Program Participants will submit offers and that award can be made at a fair market price, and the anticipated award price of the contract (including options) will exceed \$5,000,000 in the case of a contract opportunity assigned a standard industrial classification code for manufacturing and \$3,000,000 (including options) in the case of all other contract opportunities.</p> |
| Women-Owned Small Businesses | <p>In accordance with this subsection, a contracting officer may restrict competition for any contract for the procurement of goods or services by the Federal Government to small business concerns owned and controlled</p> |

| Type of Business & Statutory Authority | Statutory or Regulatory Language |
|--|--|
| (15 U.S.C. § 637(m)) | <p>by women, if—(A) each of the concerns is not less than 51 percent owned by one or more women who are economically disadvantaged (and such ownership is determined without regard to any community property law); (B) the contracting officer has a reasonable expectation that two or more small business concerns owned and controlled by women will submit offers for the contract; (C) the contract is for the procurement of goods or services with respect to an industry identified by the Administrator pursuant to paragraph (3); (D) the anticipated award price of the contract (including options) does not exceed—(i) \$5,000,000, in the case of a contract assigned an industrial classification code for manufacturing; or (ii) \$3,000,000, in the case of all other contracts; (E) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price; and (F) each of the concerns—(i) is certified by a Federal agency, a State government, or a national certifying entity approved by the Administrator, as a small business concern owned and controlled by women; or (ii) certifies to the contracting officer that it is a small business concern owned and controlled by women and provides adequate documentation, in accordance with standards established by the Administration, to support such certification.</p> |

Source: Congressional Research Service

Notes: Text bolded for emphasis