What is the 8(a) Business Development Program?
8(a)BD Program Objectives
(Sec. 204 of Public Law 100-656)

◆ “to promote the business development of small business concerns owned and controlled by socially and economically disadvantaged individuals…”

◆ “to promote the competitive viability of such concerns…”

◆ “to clarify and expand the program for procurement by the United States…”
Term of Participation
START = date of approval

Year 1
2
3
4

developmental stage

Year 5
6
7
8
9

transitional stage

Continuation in the program is dependent on the firm’s continuing eligibility as a socially and economically disadvantaged owned/operated firm and continued compliance with the 8(a)BD participation agreement.

www.sba.gov
Eligibility Criteria
1. Social Disadvantage
13 CFR 124.103
Presumption on the following groups

- African American
- Asian Pacific American
- Hispanic American (includes individuals of Spanish and Portuguese Descent)
- Native American
- Subcontinent Asian American
Proof of disadvantaged status for non-designated groups

Objective Features

- Color
- Ethnic Origin
- Gender
- Physical Handicap
- Geographical Environment

*Personal Experiences only in America*
2. Economic Disadvantage
Net worth criterion:
After excluding the individual’s equity in the firm, primary residence, and unaccessible IRA, net worth may not exceed $250,000.00

NET WORTH
less → equity in primary residence
less → equity in business
equals = adjusted net worth

(must not exceed $250,000)
Ownership
• At least 51% unconditional ownership by the disadvantaged person(s).

• Partnerships: Agreements must reflect unconditional ownership.

• Limited Liability Company: Disadvantaged individuals must own at least 51% of each class of member interest.
3. Size Determination
Firms must be small based on their primary NAICS Code, including affiliates.

Size is determined either by:

- average 3 years revenues
- # of employees (manufacturers, dealers, wholesalers)

See 13 CFR 121 Size Regulations or visit our website: www.sba.gov.

How SBA determines affiliation has changed. For specific questions regarding affiliation, contact your local SBA Government Contracting Size Specialist.
SIZE STANDARDS
www.sba.gov/size/

North American Industry Classification System (NAICS)

(GENERAL EXAMPLES – MUST BE LOWER THAN)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employees/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>500 employees</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>100 employees</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$750,000</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>$7 million</td>
</tr>
<tr>
<td>Construction</td>
<td>$33.5 million</td>
</tr>
<tr>
<td>Dredging</td>
<td>$20 million</td>
</tr>
<tr>
<td>Special Trade</td>
<td>$14 million</td>
</tr>
<tr>
<td>Business/Personal Services</td>
<td>$7 million</td>
</tr>
<tr>
<td>A&amp;E</td>
<td>$7 million</td>
</tr>
</tbody>
</table>

*Based on average over previous 12 months (Employees)
**Based on average over previous 3 years (Revenue)
Potential for Success
Factors considered:

• Proof of two years operation in the firm’s primary industry as verified by revenues reported in business tax returns.

• Financial capability: sufficient capitalization, financial performance, bonding capacity, manageable debts.

• Managerial and Technical capability: performance on previous contracts, firm has the necessary personnel, licenses, certifications, facilities, prior experience.
• Management capability: Education, experience and training of CEO and other managers, magnitude and complexity of past/current jobs, management systems.

• Qualifications for ability to perform on Federal contracts: relevant contracting experience, ability to meet Federal procurement policies.
Good Character
What shows lack of good character?

- Adverse information regarding possible criminal conduct by the applicant or its principals.
- Violations of any SBA regulations.
- Debarred or suspended individuals or firms.
- Applicant firms and principals that lack business integrity as shown by an indictment, guilty plea or civil judgment.
- Any principal who is incarcerated or on parole or probation.
- Evidence that the firm knowingly submitted false information during the application process.
- Any firm or any of its principals that fail to pay financial obligations to the Federal Government.
Online Application Processing
Place of Filing
San Francisco DPCE
Region 5
455 Market Street, 6th Floor
San Francisco, CA  94105
8(a)BD Contracting
• **Competitive threshold**: When the estimated value (including options) exceeds $4.0 million for services and construction and $6.5 million for manufacturing, requirement will be competed among 8(a)BD firms.

• **Federal Acquisition Regulations (FAR)**: Apply to and govern 8(a)BD contracts.
Sole Source

A requirement is offered to the 8(a)BD program by federal procuring agencies as a result of aggressive self marketing on the part of the 8(a)BD firm.

Very few open requirements are offered to the 8(a)BD program.
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