

# The Four Main Federal Government Contracting Certification Programs

## See if One Is Right for You

There are several government programs available to help your business win government contracts. In this tool, you'll explore the following four main programs and several others, including:

1. 8(a) Business Development Program
2. HUBZone
3. Women-Owned Small Business (WOSB) and Economically Disadvantaged Women-Owned Small Business (EDWOSB)
4. Service-Disabled Veteran-Owned Small Business (SDVOSB)
5. Other programs
  - a. SBA Mentor-Protégé Program

Information regarding each program is organized within WHAT, WHY and HOW sections.

- **WHAT** is the program about?
- **WHY** is the program beneficial to my small business?
- **HOW** do I begin the certification process?

## 8(a) Business Development Program

### WHAT?

The 8(a) Business Development Program is a Federal program designed to help socially and economically disadvantaged small business owners. What exactly does socially and economically disadvantaged mean? The Federal government regulates the criteria for determining who is socially disadvantaged. You can review the complete criteria in the Code of Federal Regulations (CFR) Title 13: Part 124—8(a) Business Development/Small Disadvantaged Business Status Determinations.<sup>1</sup>

Generally, members of socially disadvantaged groups are:<sup>2</sup>

- Black American
- Asian Pacific American
  - Individuals with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia, Vietnam, Korea, The Philippines, U.S. Trust Terr. of the Pacific Islands, Rep. of the Marshall Islands, Fed. States of Micronesia, Comm. of the Northern Mariana Islands, Guam, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu or Nauru
- Hispanic American
- Native American
  - Alaska Natives, Native Hawaiians or enrolled members of a Federally or state-recognized Indian tribe. If not an enrolled member of a Federally or state-recognized Indian tribe, an individual must meet the preponderance of the evidence standard.
- Subcontinent Asian American
  - Individuals with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal.

Generally, members of economically disadvantaged groups meet the following criteria:<sup>3</sup>

- Your personal net worth is \$750,000 or less.
- Your average adjusted gross income for three years is \$350,000 or less.
- Your total assets are \$6,000,000 or less.
- Funds invested in an Individual Retirement Account (IRA) or other official retirement account will not be considered in determining an individual's net worth. In order to properly assess whether funds invested in a retirement account may be excluded from an individual's net worth, the individual must provide information about the terms and restrictions of the account to SBA and certify that the retirement account is legitimate.

The general requirements for certification are:<sup>4</sup>

- You are considered a small business as defined by **SBA size standards**.
- You haven't been involved in the 8(a) Business Development program in the past.
- Your business is owned and controlled by a socially and economically disadvantaged person. This only applies to majority owners, in other words, owning 51 percent or greater.
- You perform the daily business operations and make long-term decisions.
- You and other stakeholders can prove good character and are citizens residing in the United States.
- You can demonstrate the "potential for success and perform successfully on contracts."

## WHY?

The Federal government has a requirement to allocate 5 percent of all contract dollars to Small Disadvantaged Businesses (SDBs) which includes 8(a) small business awards. Your business will have the opportunity to receive sole source contracts, which means there's no competition, for up to \$4 million for goods and services and \$7 million for manufacturing contracts. The program runs for a total of nine years in two phases.

## HOW?

If you're interested in this program, use the checklist below to help you gather the necessary documents to begin the certification process.

### *8(a) Preparation Checklist*

#### **General Required Documents**

**Note:** Be prepared to upload documents when applying in Certify

- Stock, purchase, or sales agreements and evidence of compliance with terms and conditions (if the applicant firm's ownership, legal structure, or name changed in the last two years)
- Signed representative information form (if the applicant is hiring an outside consultant to assist)
- Acquisition documents (if the assets of a previously certified 8(a) program participant constitute 50% or more of the current applicant firm's assets)
- Signed corresponding **SBA Forms 1010** (AIT, ANC, CDC, NHO)
- Previous **size determination** or redetermination letters issued by the SBA
- Documentation showing how the applicant firm meets the potential for success requirement

- Federal business tax returns filed in the last three years, including all schedules and attachments
- Interim or year-end balance sheet and profit and loss statement. Check out **Journey 6: Your Business Financial Strategy for more information on financial statements.**
- Loan documents (documentation for any loan or lines of credit your business may have)
- All business bank account signature cards
- Obligations including delinquent tax returns and delinquent SBA loans
- Business and Special License(s) required in the firm's industry
- List of current and past Federal and non-Federal awarded contracts within the last 12 months (award date, agency/customer, NAICS code, description, value)
- Document describing firm's interest in any pending lawsuit, the claims, the current status, and a copy of the complaint, answer, and/or counterclaim filed in the suit
- Details and a copy of the bankruptcy court's final order or discharge (if applicable)
- Details regarding any debarment or suspension, including documentation showing the debarment has been lifted
- Statement of bonding ability

#### **For Corporations**

- Articles of incorporation
- Copies of stock certificates (both front and back)
- Stock ledger, corporation bylaws
- Certificate of Good Standing (This shows that your business has met all legal requirements and complied with regulations in the business' state of formation. Certificates of good standing can be obtained from your state's business filing agency. May be called Certificate of Existence or Certificate of Status.)
- Transmutation agreements (if applicable)
- Voting agreements

#### **For Limited Liability Corporations (LLC)**

- Articles of organization (original and most recent)

#### **For Partnerships**

- Partnership agreement (most recent)
- Operating Agreement (latest)
- Resolutions, or other documentation designating officers, directors, member representatives, management committee members, and general managers (if not in operating agreement)
- Membership certificates (front and back) and ledgers (only required if the LLC has issued membership shares)
- Current Certificate of Good Standing (may be called Certificate of Existence or Certificate of Status)

#### **For Sole Proprietor**

- Doing Business As (DBA) Name Certificate or Fictitious Business Name Filing
- Joint venture, Mentor Protégé, indemnity, consulting, teaming and shared services agreements, or distributorship agreements

### **RESOURCE: 8(A) BUSINESS DEVELOPMENT PROGRAM**

During the two phases, you will gain a wide range of business development assistance, including financial, technical and managerial support. You'll have support as well in getting subcontracts and prime contracts. It's important to note that 8(a) participants do not automatically receive Federal contracts. You must come to the program prepared, capable and with the capacity to meet contract obligations.

To find local assistance and get started, you can use SBA's [local assistance search tool](#).

For more information on 8(a) contracting opportunities, visit the SBA's site [here](#) and scroll down for contact info.

## HUBZone

### WHAT?

The "HUB" in HUBZone is an acronym for "historically underutilized business." These "zones" can be located in both rural and metropolitan areas. To find out if your firm is located in a designated HUBZone, use the [HUBZone map](#).

To qualify, 35 percent of your employees must live in a HUBZone and the principal office must be located in a HUBZone. Also, your business needs to be **small** and at least 51 percent owned and operated by one of the following:<sup>5</sup>

- U.S. citizens
- a Community Development Corporation
- a small agricultural cooperative organized or incorporated in the United States
- a Native Hawaiian organization
- an ANC or at least 51 percent owned by an ANC
- an Indian Tribal Government or a corporation that is wholly owned by one or more Indian Tribal Governments

### WHY?

- If you are certified, your business may be eligible to compete for competitive and sole source contracts available only to HUBZone certified small businesses.
- There is a Federal goal to have 3 percent of total Federal contract dollars allocated to HUBZone certified businesses.
- You may be eligible for 10 percent price evaluation preference under full and open competition.

## HOW?

If you're interested in this program, use the checklist found on [SBA.gov/HUBZone](https://www.sba.gov/HUBZone) to help you gather the necessary documents to begin the application process.

Generally, you will need the following documents for all businesses.

### *HUBZone Preparation Checklist*

#### **For Principal Office Determination**

- Deed, lease/rental agreement
- Utility bills
- Firm location list

#### **For 35% Residency Determination**

- Official payroll
- Employee list and HUBZone maps of employees' home addresses
- Valid driver's license or other valid forms of ID for each employee living in a HUBZone

For Ownership and Control you will need to prove ownership and provide documents related to your specific business structure such as Articles of Incorporation and Stock ledgers and certificates for a Corporation, Operating Agreements for LLCs, and Partnership agreements for Partnerships. The complete checklists can be found [here](#) under the section for Initial Application General Questions.

For more information on HubZone contracting opportunities, visit the SBA's site [here](#) and scroll down for contact info.

## SDVOSB Program

### WHAT?

The Service-Disabled Veteran-Owned Small Business program (SDVOSB) is for service-disabled veterans of the armed forces who were “discharged or released under any conditions other than dishonorable” and have a disability rating letter from Veteran Affairs (VA) that includes a zero to 100 percent service-related disability or to whom the Department of Defense (DoD) has issued disability status. Reservists and National Guard members who were “called to Federal active duty or disabled from a disease or injury incurred or aggravated in the line of duty or while in training status also qualify as Veterans.”<sup>6</sup>

You can review the complete criteria in the Code of Federal Regulations (CFR) Title 38, Part 74—Veterans Small Business Regulations.

To qualify for the SDVOSB program, your business must:<sup>7</sup>

- be a small business
- be at least 51 percent owned and controlled by one or more service-disabled veterans
- have one or more service-disabled veterans managing day-to-day operations and making long-term decisions

Eligible veterans must have a service-connected disability.

### WHY?

Your small business will be able to apply for solicitations specifically set aside for this business group. The Department of Veterans Affairs awarded \$5.1 billion in Federal prime contracts to veteran-owned businesses in 2017.<sup>8</sup> If you're interested in conducting business with the VA, you must have its Center for Verification and Evaluation (CVE) designation. For SDVOSB set-aside contracts with other Federal agencies, a CVE is not required. You can learn more by visiting the [Vets First Verification Program's](#) site.

### HOW?

If you're interested in this program, use the checklist below to help you gather the necessary documents to begin the certification process.

#### SDVOSB Preparation Checklist<sup>9</sup>

- Business licenses, permits or accreditations
- Resume(s) of owner(s)
- Three years' business tax forms/returns
- 1040 Form from the IRS with all attachments and schedules with K-1

**For Limited Liability Corporation (LLC)**

- 1065 Form from the IRS with all attachments and schedules
- 1120 Form from the IRS
- Payroll
- Signature cards
- Contracts
- Lease, management and service agreements
- Operating agreement
- Voting
- Shareholder agreement
- Certificate of formation
- Minutes from your most current stockholder and board of directors meetings
- Articles of organization
- Stock
- Franchise agreement (if applicable)
- Joint venture agreement (if applicable)
- Mentor-Protégé Agreement (if applicable)

**For Sole Proprietorship**

- Payroll distribution ledger
- Signature cards
- Contracts
- Lease, management and service agreements
- Franchise agreements (if applicable)
- Joint venture agreement (if applicable)
- Mentor-Protégé Agreement (if applicable)

**For Partnerships (General and Limited Liability)**

- 1065 Form from the IRS with all attachments and schedules
- Payroll

- Signature cards
- Contracts
- Lease, management and service agreements
- Voting agreements or documents
- Partnership agreement
- Official certificate of formation
- Minutes
- Stock
- Franchise agreement (if applicable)
- Joint venture agreement** (if applicable)
- Mentor-Protégé Agreement (if applicable)

**For Corporations**

- 1120 Form from the IRS with all attachments and schedules
- Payroll
- Signature cards
- Contracts
- Lease, management and service agreements
- Voting
- Shareholder agreement
- Official certificate of formation
- Minutes
- Bylaws
- Articles/certificate of incorporation
- Stock
- Franchise agreement (if applicable)
- Joint venture agreement (if applicable)
- Mentor-Protégé Agreement (if applicable)

For more information on SDVOSB contracting opportunities, visit the SBA's site [here](#).

## WOSB and EDWOSB Programs

### WHAT?

The Women-Owned Small Business (WOSB) Federal Contracting Program is designed to provide a level playing field for women business owners to win Federal contracts.

Some contracts are restricted further to Economically Disadvantaged Women-Owned Small Businesses (EDWOSBs). The SBA maintains a list of those eligible industries and their NAICS codes.

### WHY?

WOSB set-aside contracts are for industries where Women-Owned Small Businesses are underrepresented (WOSBs) or substantially underrepresented (EDWOSBs). It also helps Federal government agencies meet their 5 percent contracting goal set-aside for WOSBs.

### HOW?

Becoming certified and joining the WOSB Federal Contracting Program makes a business eligible to compete for Federal contracts set aside for the WOSB Program. Qualified firms can still compete for contract awards under other socio-economic programs. To learn more about getting certified as a WOSB or EDWOSB, please [click here](#).

You can also learn more about Federal contracting through SBA's co-sponsorship with American Express and Women Impacting Public Policy, ChallengeHER. ChallengeHER is a national initiative to boost government contracting opportunities for women-owned small businesses with a special focus on the Women-Owned Small Business (WOSB) Federal Contracting program.<sup>10</sup>

ChallengeHER offers free events and resources to help women with topics such as:

- Successfully Navigating Federal Contracting: Getting Started the Right Way!
- The Importance of Sources Sought to Your Marketing Plan
- Funding Your Contract (panel)
- Subcontracting to Prime Vendors (panel)
- Techniques for Writing Winning Proposals
- Teaming/Joint Ventures and the SBA All-Small Mentor-Protégé Program
- Women Owned Small Business: Leveraging Certifications
- DCAA Overview and Resources Available to You
- Understanding Federal Buyers (panel)

You can check out the upcoming events on their site: <https://challengeher.us/events/>.

## **WOSB and EDWOSB**

### **To qualify as a Woman-Owned Small Business:**

- Your small business must be at least 51 percent owned and controlled by women who are U.S. citizens.
- The business should have women manage day-to-day operations and make long-term decisions.

## **EDWOSB**

### **To qualify as an Economically Disadvantaged Woman-Owned Small Business:**

- Meet all the requirements of the WOSB Federal Contracting Program.
- You and/or your women partner(s) have a personal net worth less than \$750,000.
- You and/or your women partner(s) have \$350,000 or less in adjusted gross income averaged over the previous three years.
- You and/or your women partner(s) each have \$6 million or less in personal assets.
- Funds invested in an Individual Retirement Account (IRA) or other official retirement account will not be considered in determining an individual's net worth. In order to properly assess whether funds invested in a retirement account may be excluded from an individual's net worth, the individual must provide information about the terms and restrictions of the account to SBA and certify that the retirement account is legitimate.

If you're interested in this program, use the checklist below to help you gather the necessary documents to begin the certification process.

### **WOSB Preparation Checklist<sup>11</sup>**

- Active registration in the [System for Award Management](#) (SAM)
- Proof of citizenship
- Resume (optional)
- [Joint venture agreements](#) (if applicable)

### **For Corporations**

- Articles of incorporation
- Copies of stock certificates (both front and back)
- Stock ledger
- Corporation bylaws

### **For Limited Liability Corporations (LLC)**

- Operating agreements and addendums
- Articles of organization and amendments (if applicable)

### **For Partnerships**

- Agreements and addendums (if applicable)

### **For Sole Proprietor**

- Doing Business As (DBA) or trade name certificate

### **EDWOSB Preparation Checklist**

In addition to providing the documents you would for WOSB, each woman applying for **economically disadvantaged** status will also need to provide her and her spouse's financial records and the value of all their assets and any liabilities.

- IRS Form 4506-T**
- Your three most recent tax returns
- Your three most recent W-2s
- Salary
- Income (investment income, real estate income and any other income)
- Cash on hand and in banks
- Accounts and notes receivable
- Retirement accounts
- Stocks
- Bonds
- Real estate
- Personal property
- Life insurance and any other assets
- Liabilities (such as loans, mortgages, tax debts and any other liabilities)

For more information on contracting opportunities for women, visit these SBA sites:

- [Women-Owned Small Business Federal Contracting Program](#)
- [Frequently Asked Questions about WOSB or EDWOSB](#)
- [The Office of Women's Business Ownership](#)

Special note for WOSBs:

- WOSBs can also become certified through SBA-approved third-party certifiers, which currently includes the El Paso Hispanic Chamber of Commerce, National Women's Business Owners Corporation, U.S. Women's Chamber of Commerce and Women's Business Enterprise National Council.

## Other Programs: SBA Mentor-Protégé Program

### WHAT & WHY?

This program seeks to develop strong protégé firms through mentor-provided business development assistance and to help them successfully compete for government contracts.

### HOW?

Are you a for-profit small business or agricultural cooperative that has identified a business you want to partner with as a mentor? If so, the following checklist can help you gather the necessary documents and begin the application process.

#### ASMPP Preparation Checklist

- Active SAM registration
- Certificate that you completed the All Small Mentor-Protégé Program (ASMPP) training
- Completed business plan
- SBA [size redetermination](#) form (if necessary)
- Any active Mentor-Protégé Agreements (MPAs) you have with the SBA or other Federal agencies. This should reflect the MPA to accompany the application plus any additional MPAs with SBA or other agencies.
- Documentation demonstrating performance in secondary [NAICS](#) (if applicable)

## JV with the SBA MPP

### WHAT?

Joint ventures in the SBA MPP are collaborations between the protégé and the mentor to form a separate entity to pursue Federal contracts, for which purpose they combine their efforts, property, money, skill or knowledge, but not on a continuing or permanent basis for conducting business.

Protégés are eligible to form joint ventures (JVs) with their SBA-approved Mentor-Protégé Agreement (MPA) and compete for federal government contracts reserved for small business, to include small business designations held by the protégé. If the protégé holds an 8(a) certification, the JV is eligible to compete for 8(a) contracts. If the protégé holds a HUBZone certification, the JV is eligible to compete for HUBZone contracts. Whatever certifications the protégé has transfer to the JV. If the protégé has socio-economic categories (8(a), WOSB/EDWOSB, HUBZone, SDVOSB), the JV is eligible to seek those set-asides. If the protégé does not have any certifications, they are eligible for small business set-asides only.

### HOW?

If you're interested in forming a joint venture with your mentor, use the checklist below to help you structure your joint venture agreement.

#### JV Preparation Guide<sup>12</sup>

**Tip:** JVs are legally binding documents and can be extremely complicated. For this reason, you may want to consult with an attorney.

- Include the purpose of the joint venture.
- State that you understand that the protégé is the managing venture.
- An employee from your business (protégé) will be the project manager on the contract.
- Make sure that your small business owns 51 percent of the joint venture.
- Ensure that your business (protégé) earns profits from the joint venture that are competitively priced for the work that is done.
- Establish a bank account in the name of the joint venture.
- Make an itemized list to include all equipment and what it will be used for and who it belongs to. Itemize all major equipment, facilities and resources furnished by each party.
- Include which business will be responsible for negotiations, hiring and monitoring performance.

- ❑ Include a provision that even if one business leaves the joint venture, the contract will still need to be completed. Obligate all parties to finish the contract even if one party withdraws from the agreement.
- ❑ Include that the protégé business will maintain accounting and administrative records during and after performance.
- ❑ Affirm that quarterly financial statements show cumulative contract receipts. Expenditures will be submitted to the SBA within 45 days of the close of the operating quarter. Project end profit and loss statement and final profit distribution will be submitted to the SBA within 90 days after contract completion.

For more on the Mentor-Protégé Program, visit the SBA's site [here](#). Click [here](#) for more information on joint ventures.

## Conclusion:

Now that you've reviewed the four major government contracting programs and several others available for small businesses, along with their benefits and criteria for qualification, you're better positioned to evaluate if there are programs that suit your business needs. Be sure to look into [Procurement Technical Assistance Centers \(PTACs\)](#) to get assistance with how to get started with free resources and additional information.

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<sup>1</sup> 13 C.F.R. § 124.103

<sup>2</sup> Ibid.

<sup>3</sup> 13 C.F.R. § 124.104

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> 13 C.F.R. § 125

<sup>8</sup> U.S. Department of Veterans Affairs, *FY 2017 Small Business Procurement Scorecard (Data for Prime Contracting as of Feb. 20, 2018)*, <https://www.va.gov/osdbu/docs/FY17-VA-SB-Procurement-Scorecard-Final.pdf> (accessed June 18, 2019).

<sup>9</sup> U.S. Department of Veterans Affairs, *Required Documents for VIP Application*, <https://www.va.gov/OSDBU/docs/Required-Documents-for-VIP-Application-4Dec2018.pdf> (accessed June 18, 2019).

<sup>10</sup> *Opportunities for Women in Federal Contracting*, ChallengeHER, <https://challengeher.us/> (accessed Aug. 13, 2019).

<sup>11</sup> *Women-Owned Small Business (WOSB) Preparation Checklist*, U.S. Small Business Administration, <https://certify.sba.gov/prepare#wosb-anc>, (accessed Aug. 21, 2020).

<sup>12</sup> Ibid.