

Resource Guide:

SBA Socio-Economic Programs



INTRODUCTION:

If you're reading this article then chances are good that you're not a cog in the large GovCon machine, or included in [Top 100 Vendors list on FPDS](#) [yet!]. You're probably a small business and a breath of fresh air to the GovCon ecosystem looking for guidance on how to correctly obtain the appropriate socio-economic status for your new[ish] GovCon venture, and it's likely you already have one in mind.

Like us, when you started researching the correct steps, you probably found that instructions are at most times incomplete, dated, or scattered across various federal and industry sites and reference materials.

We want to help.

When we set out to aggregate and verify this information, we thought it would be easy...a simple exercise in pulling information into one place to bring efficiency to our readers. ***Boy were we wrong...***

Instead, it was like falling down one long [not really exciting] rabbit hole filled with potentially inaccurate information, cumbersome PDFs, and lawsuits.

After weeks of scouring, vetting, and verifying - The Pulse has pulled together a one-stop reference guide for what it takes to get your socio-economic certification. Each certification has its own enumerated steps and any other necessary, supplemental information. *****Note: we are not trying to reinvent the wheel, so we have pulled content (more or less verbatim) from various sources and cited/linked to their originators.*****

Women-Owned Small Business (WOSB) Certification

Source: [*The SBA's Women-Owned Small Business Federal Contracting program site.*](#)

Eligibility

To be eligible for the federal women's contracting program, your business must:

- Be a [small business](#)
- Be at least 51% owned and controlled by women who are U.S. citizens
- Have a women manage day-to-day operations and also make long-term decisions

To qualify as an *economically-disadvantaged, women-owned small business (EDWOSB)* within the federal women's contracting program, your business must:

- Meet all the requirements of the women's contracting program (see above)
- Be owned and controlled by one or more women, each with a personal net worth less than \$750,000
- Be owned and controlled by one or more women, each with \$350,000 or less in adjusted gross income averaged over the previous three years
- Be owned and controlled by one or more women, each \$6 million or less in personal assets

How to Apply

Create and establish a [SAM.gov](#) profile and then pick you own adventure - either self-certify or obtain a third-party certification.

Self Certify. Self-certification for the WOSB Federal Contract Program means the WOSB and/or EDWOSB firm has not used a Third Party Certifier, but has completed all requirements required by Small Business Administration (SBA) at

certify.SBA.gov and uploaded all the required documents for the WOSB program for their business type.

First the firm must be registered in SAM.gov and adequately respond to the appropriate SAM questions found in the Representations and Certifications section, [FAR 52.212-3](#), and Small Business Program Representations section, [FAR 52.219-1](#).

[Certify SBA questions almost directly mirror the two FAR clauses cited above as well as a few extra business forms](#). Required forms include new online versions of the [SBA Form 2413 \(for WOSBs\) or the SBA Forms 2414 and 413 \(for EDWOSBs\)](#).

When all of these conditions have been met, then the WOSB/EDWOSB can affirm to the Contracting Officer they are self-certified for the respective socio-economic category in which they are competing.

OR

Third-Party Certification. There are [four organizations approved by the SBA](#) to provide third-party certification. Contact them to find out about their certification process. They are:

- [El Paso Hispanic Chamber of Commerce](#)
- [National Women Business Owners Corporation](#)
- [US Women's Chamber of Commerce](#)
- [Women's Business Enterprise National Council](#)

You'll need to provide proof of your third-party certification through certify.SBA.gov. Read the instructions carefully to make sure you provide all the necessary information.

Noteworthy from [Women Impacting Public Policy \(WIPP\)](#): "Senate Committee on Small Business and Entrepreneurship to make necessary changes to programs benefiting entrepreneurs through the U.S. Small Business Administration (SBA). The Committee was scheduled to vote on a bill (Chairman's draft) combining many

important changes on July 24. Unfortunately, the Committee postponed action after failing to agree on proposed regulatory changes contained in the draft legislation. Now, Congress is in recess from August 5 to September 6. The Chairman's draft contains 15 changes that, if passed, will be game-changers for women business owners."

Service-Disabled, Veteran-Owned Small Business (SDVOSB) Certification

Source: [*SBA Service-Disabled Veteran-Owned Small Businesses program*](#)

Eligibility

To qualify for the disabled veterans' business program, your business must:

- Be a [small business](#)
- Be at least 51% owned and controlled by one or more service-disabled veterans
- Have one or more service-disabled veterans manage day-to-day operations and also make long-term decisions
- Eligible veterans must have a service-connected disability

You can view the full eligibility requirements in [Title 13 Part 125 Subpart B of the Code of Federal Regulations \(CFR\)](#).

How to Apply

Two agencies are responsible for managing procurements on SDVOSB set-aside contracts: the **Department of Veterans Affairs (VA)** and the **Small Business Administration (SBA)**. [The VA regulates its own procurements, while the SBA regulates the procurement of all other agencies. Under VA regulations, a business may only compete for SDVOSB set-aside contracts if it has registered with the VA's Center for Verification and Evaluation. If the Center determines that a business qualifies as an SDVOSB, it adds that business to a centralized database called VetBiz.](#)

SBA Route

Source: [GSA for Service-Disabled Veteran-Owned Small Businesses](#)

1. Self-certify your eligibility as an SDVOSB and register on [SAM.gov](#)
2. **Certify Your Military Service:** To be considered a veteran you must have your [DD Form 214](#) (Certificate of Release or Discharge from Active Duty) in order to prove your service in the armed forces. [Go to the National Archives site to request your service record.](#)
3. **Validate Your Service-Connected Disability:** To be considered a Service Disabled Veteran you must have a letter from the Department of Veterans Affairs (VA), or your discharge paper from the branch of service you were in, stating that you have a service-connected disability rating ranging from 0% to 100% disability.



Through [VA](#) (CVE)

Source: [APTAC](#)

"To qualify for the Veterans First Contracting Program, businesses must be found eligible through the VA's Verification process, which is administered by the VA's Center for Verification and Evaluation (CVE). The eligibility requirements outline above apply to both veteran-owned and service-disabled veteran-owned, and the verification process and requirements overall are outlined in [38 CFR part 74](#)."

Required documents can be found here

<https://www.va.gov/OSDBU/docs/Required-Documents-for-VIP-Application-4Dec2018.pdf>

Veteran Owned Small Business (VOSB)

Source: [USFCR](#)

VOSB is actually NOT a set-aside classification, but it is a certification. To qualify, your business must:

- Be considered a small business under SBA standards.
- 51% of your business must be controlled by a veteran .
- A vetera must be involved in managing day-to-day operations and making long-term decisions.

If your business fits this criteria, then you can move onto the technical requirements:

- Registration in the System for Award Management (SAM)
- Certification through the U.S. Department of Veteran's Affairs (VA)
- DD Form 214 – Certificate of Release or Discharge from Active Duty

Although not a set-aside, the veteran-owned small business (VOSB) certification has its own array of benefits. This includes access to resources offered by the Office of Veterans Business Development (OVBD). This includes exclusive funding opportunities and entrepreneurship training programs.

A small business that is at least 51% owned by veterans. The management and daily operations of the must be controlled by one or more veterans and the business must qualify as "small" for federal business size standard purposes.

HUBZone Certification

Eligibility

Source: [SBA HUBZone program](#)

To qualify for the HUBZone program, your business must:

- Be a [small business](#)
- Be at least 51 percent owned and controlled by U.S. citizens, a Community Development Corporation, an agricultural cooperative, a Native Hawaiian organization, or an Indian tribe
- Have its principal office [located in a HUBZone](#)
- Have at least 35 percent of its employees [live in a HUBZone](#)

You can find the full qualification criteria in [Title 13 Part 126 Subpart B of the Code of Federal Regulations \(CFR\)](#).

How to Apply

Source: Thomas Publishing Company

Companies wishing to become HUBZone certified must complete an online application on the SBA's site. If the application is complete and accepted, additional supporting documentation will be requested.

NOTE: Companies must undergo recertification every three years. Unless it is determined that an organization no longer meets all of the HUBZone program requirements, certification will continue as long as all eligibility requirements continue to be met.

The following is from APTAC:

- Determine if your business is “small” by SBA standards:
- Determine if your business is located in a HUBZone: .
- Each headquarters and branch office must be registered so that it has its own Data Universal Numbering System (DUNS) number.
- Your company must be registered in SAM, and the principal office address that is applying for HUBZone certification must be entered in the SAM profile associated with DUNS appropriate for its specific physical location.
- Dynamic Small Business Search (DSBS) profile: Make sure that you have completed SBA’s Supplemental page for the DSBS system, which reflects your firm’s certification status. It is recommended to keep your profiles (SAM and DSBS page) up to date through the SAM website.
- General Login System (GLS):you must complete registration in this system for each individual that can update information to your business. Once you have registered, then you must add your DUNS and EIN number(s) and obtain access to the HUBZone application module.

[The following is from the SBA's HUBZone program webpage:](#)

1. Make sure you have a [SAM.gov](#) account.
2. Make sure you have a [General Login System](#) account.
3. Apply for HUBZone certification using the [General Login System](#). Log in, select "Access" and then "HUBZone" before completing the prompts.
4. Check your email for time-sensitive instructions to electronically verify your application within 10 business days.
5. Submit any requested supporting documentation within 10 business days.
6. Update your [SAM.gov](#) profile to indicate you are a HUBZone business after you get an email confirmation from the SBA.

8(a) Certification

Eligibility

[Source: 8\(a\) Business Development program](#)

- Be a [small business](#)
- Not already have participated in the 8(a) program
- Be at least 51 percent owned and controlled by U.S. citizens who are economically and socially disadvantaged
- Be owned by someone whose personal net worth is \$250,000 or less
- Be owned by someone whose average adjusted gross income for three years is \$250,000 or less
- Be owned by someone with \$4 million or less in assets
- Have the owner manage day-to-day operations and also make long-term decisions
- Have all its principals demonstrate good character
- Show potential for success and be able to perform successfully on contracts

The federal government fully defines who qualifies for the 8(a) program – including what counts as being economically and socially disadvantaged – in [Title 13 Part 124 of the Code of Federal Regulations \(CFR\)](#).

Source: Thomas Publishing Company

This certification is intended for organizations that are owned and controlled at least 51% by socially and economically disadvantaged individuals. SBA considers African-Americans, Hispanic Americans, Asian Pacific American, Native Americans and Subcontinent Asian Americans to be socially and economically disadvantaged. An individual who does not belong to any of the aforementioned groups can otherwise be admitted to the program if able to show they are disadvantaged due to race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from the mainstream of American society; or other similar causes.

How to Apply

Source: [SBA's 8\(a\) Business Development program](#)

1. To get certified as an 8(a) business, simply use the [certify.SBA.gov](https://certify.sba.gov) website. You'll need to have a profile at [SAM.gov](https://sam.gov) before you can use the certification website. The information you'll need to provide will vary based on your business structure and whether you're already participating in other SBA programs.
2. After you successfully complete your certification process through [certify.SBA.gov](https://certify.sba.gov), you should update your business profile at [SAM.gov](https://sam.gov) to show contracting officers that your business is in the 8(a) program.
3. You'll receive a letter in the mail informing you if your application was approved or not. If you're accepted into the program, your profile in the [Dynamic Small Business Search](#) will show your approval date and exit date for the program.
4. Your certification will last for a maximum of nine years. You'll need to complete annual reviews to maintain your good standing in the program.

Native "Entity-Owned" 8(a) Classifications (Non-Profit)

Within the 8(a) program there are a few “entity owned” classifications. These include Native Hawaiian Owned (NHOs), Alaskan Native Companies (ANC), and Tribally Owned Business. [Profits generated from a Native-owned 8\(a\) participant go back to their Native communities rather than individual business owners.](#)

For SBA purposes, one does not exist without the other (i.e., the NHO and the for-profit) – so for example, in order for an organization to be considered an NHO for purposes of SBA programs (and federal contracting generally), the NHO must have a company in the 8(a) program.

Native Hawaiian Owned (NHO)

Source: [Holomua Consulting in Hawaii](#)

The requirements for an NHO-owned firm are largely the same as an individual-owned firm applying for the 8(a) program with some exceptions, some of which will be noted below.

- To qualify for the 8(a) program, the NHO must own a minimum of 51% of the for-profit entity and must control the applicant firm.
- In addition, a majority of the NHO’s Directors must be Native Hawaiian.
- The NHO must primarily serve Native Hawaiians.
- There is an additional basis for the waiver from the two-year in business requirement, which is if the NHO has made a firm written commitment to support the applicant firm.
- An NHO-owned firm applying for the 8(a) program cannot have the same primary NAICS code as a sister company in the 8(a) program or within 2 years of the date of the application.
- The NHO Directors must have management experience.
- Generally speaking, an NHO and its companies will not be found to be affiliated with each other for size purposes.

The SBA does have an NHO Business Guide, which can be found here:

<https://www.sba.gov/sites/default/files/2018-02/NHO%20workbook%20P.pdf>*

****Although it is a little outdated, the information is still accurate with one exception, which is on page 31 of the Guide.*** The prior requirement was that the NHO Directors had to be economically disadvantaged (i.e., personal net worth under \$250k for initial eligibility and \$750k for continuing eligibility). In 2016, SBA changed this to align with the way Tribes establish economic disadvantage, which is based on the people/Tribe. Therefore, in order to establish that an NHO is economically disadvantaged, it must demonstrate that it will principally benefit economically disadvantaged Native Hawaiians. To do this, the NHO must provide data on the Native Hawaiian community it intends to serve, including:

- The number of Native Hawaiians in the community that the NHO intends to serve;
- The present Native Hawaiian unemployment rate of those individuals;
- The per capita income of those Native Hawaiians, excluding judgment awards;
- The percentage of those Native Hawaiians below the poverty level; and
- The access to capital of those Native Hawaiians.

The steps to certification for an NHO-owned firm are largely the same as an individual-owned 8(a) firm with the following exceptions: (1) that personal information must be provided by the Directors of the NHO in addition to the Manager of the applicant firm; and (2) information pertaining to the NHO must be provided – i.e., establishing that the NHO is giving back to the Native Hawaiian community.

Alaskan Native Companies (ANC)/ Tribally Owned

Source: [SBA file "Alaska Native Corporations \(ANC\) Frequently Asked Questions"](#)

[13 CFR 124.109](#) outlines the initial eligibility requirements for ANCs and Tribes. An Indian tribe means any Indian tribe, band, nation, or other organized group or community of Indians, including any ANC, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or is recognized as such by the State in which the tribe,

band, nation, group, or community resides. ANC-owned concerns are subject to the same conditions that apply to tribally-owned concerns, unless specified

Copies of the Articles of Incorporation and Bylaws, along with all amendments are required. By statute, ANCs are deemed to be economically disadvantaged under [43 U.S.C. 1626\(e\)](#). The [Alaska Native Claims Settlement Act](#) provides that a concern which is majority owned by an ANC shall be deemed to be both owned and controlled by Alaska Natives and economically disadvantaged business. Alaska Natives and descendants of Natives must own a majority of both the total equity of the ANC and the total voting powers to elect directors of the ANC through their holdings of settlement common stock.

The Alaska Native Claims Settlement Act provides that a concern which is majority owned by an ANC shall be deemed to be both owned and controlled by Alaska Natives and economically disadvantaged business. Therefore, an individual responsible for control and management of an ANC owned applicant or Participant need not establish personal social and economic disadvantage. The concern will be deemed owned and controlled by the ANC where both the majority of stock or other ownership interest and total voting power are held by the ANC and holders of its settlement common stock. For corporate entities, an ANC must unconditionally own at least 51 percent of the voting stock and at least 51 percent of the aggregate of all classes of stock. For non-corporate entities, an ANC must unconditionally own at least a 51 percent interest.

Source: ["Tribal Enterprise Business Guide: 8\(a\) Business Development Program This guide is designed to inform, educate and engage qualified tribal businesses in the 8\(a\) Business Development Program 2013"](#)

Regarding economic disadvantage, 8(a) program eligibility requirements require that the tribal applicant's tribe, demonstrate to the SBA that it is economically disadvantaged. To do this, SBA will consider a number of factors, including:

- number of tribal members;
- present tribal unemployment rate;

- per capita income of tribal members, excluding judgment awards;
- percentage of the local Indian population below the poverty level;
- tribe's access to capital;
- tribal assets as disclosed in a current tribal financial statement; and
- the aggregate of wholly or partially owned tribal enterprises or affiliates.

Importantly, once an Indian tribe establishes that it is economically disadvantaged in connection with the application for one tribally-owned firm, it does not have to reestablish such status in order to have other businesses that it owns, certified for 8(a) program participation, unless specifically requested to do so by the SBA.

A tribal applicant is required to submit all of the same documents generally required by all other 8(a) applicants. However, a tribally owned business is also required to submit additional tribal specific documentation, including:

- a copy of the tribal governing documents
- evidence of tribal recognition for special U.S. programs and services
- copies of the articles of incorporation and bylaws as filed with the organizing or chartering authority, or similar documents needed to establish and govern a non-corporate legal entity
- documents to demonstrate the tribe's economically disadvantaged status.

Besides tribal eligibility requirements, there are business eligibility requirements for the 8(a) program that must be complied with as well. These requirements focus on the legal structure of the tribal business, the size of the concern, ownership rights, control and management of the enterprise, individual eligibility limitation and the potential for success of the tribal enterprise.

The tribal 8(a) applicant must be a separate and distinct legal entity organized or chartered by the tribe, federal or state authorities. The tribal firm's articles of incorporation, partnership agreement or limited liability company articles of organization must contain sovereign immunity waiver language, or a "sue and be sued" clause which designates U.S. federal courts to be among the courts of competent jurisdiction for all matters relating to SBA's programs. Importantly, the

waiver of sovereign immunity language may require special board or tribal government approval, depending on the tribal firm's structure. If the waiver language, however is not included in the documentation, the firm will be denied admission into the 8(a) program. Also, the tribal enterprise must be organized for profit, and the tribe must possess economic development powers in the tribe's governing documents.

Business size matters. A tribally owned applicant must qualify as a small business concern as defined for purposes in [13 CFR 121](#). The particular size standard to be applied is based on the primary industry classification or NAICS code of the applicant concern. Also, in determining the size of a small business owned by an Indian tribe, or a wholly owned business entity of the tribe, the firm's size shall be determined independently without regard to its affiliation with the tribe, any entity of the tribal government, or any other business enterprise owned by the tribe, unless the SBA Administrator determines that one or more such tribally-owned businesses have obtained, or are likely to obtain, a substantial unfair competitive advantage within an industry category

With regards to ownership, a tribe must unconditionally own at least 51 percent of the ownership or stock of the business concern. A tribe may not own 51 percent or more of another firm which, either at the time of application or within the previous two years, has been operating in the 8(a) program under the same primary NAICS code as the applicant. However, a tribe may own a participant or other applicant that conducts or will conduct secondary business in the 8(a) program under the NAICS code which is the primary NAICS code of the applicant business. In addition, once an applicant is admitted to the 8(a) program, it may not receive an 8(a) sole source contract that is a follow-on contract to an 8(a) contract that was performed immediately previously by another participant owned by the same tribe.

The management and daily business operations of a tribally owned business must be controlled by the tribe. However, such control may be exercised through one or more individuals who possess sufficient management experience to run the business. That is, management may be provided by non-tribal members if SBA

determines that such management is required to assist the firm's development. In such cases, the tribe must retain control of all management decisions common to boards of directors, including strategic planning, budget approval, and the employment and compensation of business officers. In addition, a plan must be in place to demonstrate how tribal members can grow in managerial skills. This is an important element in the eligibility and application process.

A Tribally-owned concern may establish potential for success by demonstrating one of the following:

- it has been in business for at least two years, as evidenced by income tax returns for each of the two previous tax years showing operating revenues in the primary industry in which the applicant is seeking 8(a) certification
- the individual or individuals who will manage and control the daily business operations of the firm have substantial technical and management experience, the applicant has a record of successful performance on contracts from governmental or nongovernmental sources in its primary industry category, and the applicant has adequate capital to sustain its operations and carry out its business plan as a participant
- the tribe has made a firm written commitment to support the operations of the applicant concern and it has the financial ability to do so.

As with other 8(a) applicants, a tribally owned applicant may not be denied admission into the program due solely to a determination that specific contract opportunities are unavailable to assist the development of the applicant firm, unless: the government has not previously procured and is unlikely to procure the types of products or services offered by the business; or the purchase of such products or services by the government will not be in quantities sufficient to support the developmental needs of the applicant and other program participants providing the same or similar items or services.

CONCLUSION

As you can see, federal socio-economic programs support all types of business owners, and there are a lot of resources out there on how to obtain them. We hope that by pulling some of these sources together, you are able to get a better understanding of the eligibility and application requirements.