

SBA 8(A) BUSINESS DEVELOPMENT PROGRAM FAQs—EXTERNAL (INTERESTED AND CURRENT 8(A)-CERTIFIED BUSINESSES)

PROGRAM OVERVIEW, BENEFITS, AND ELIGIBILITY

1. What is the 8(a) Business Development (BD) Program?

The Small Business Administration's (SBA) 8(a) BD Program is a nine-year program created to assist firms owned and controlled by socially and economically disadvantaged individuals. The purpose of the 8(a) BD Program is to help eligible small disadvantaged businesses compete in the American economy through business development. Businesses that participate in the 8(a) BD Program receive training and technical assistance designed to strengthen their ability to compete effectively in the American economy. The federal government's goal is to award at least 5 percent of all federal contracting dollars to small disadvantaged businesses each year. Contracts awarded through the 8(a) BD Program count toward satisfying this 5 percent goal.

2. Who runs the 8(a) BD Program?

The SBA implements and administers the 8(a) BD Program. SBA regulations provide the framework, with SBA procedures incorporated into Pat 124 of Title 13 of the Code of Federal Regulations and the Federal Acquisition Regulation (FAR) (Title 48 of the Code of Federal Regulations).

3. What is the goal of the 8(a) BD Program?

The 8(a) BD Program helps socially and economically disadvantaged entrepreneurs gain access to—and succeed in—the federal marketplace by providing access to technical assistance and focused business development.

4. What are some of the benefits of 8(a) certification for participating businesses?

8(a) certification is a path to new business growth. The 8(a) BD Program diversifies small businesses' revenue streams with federal contracting dollars. Once certified, 8(a) participants have access to new business paths to create jobs through increased revenues from government contracting.

Through the 8(a) BD Program, the SBA provides certified 8(a) firms with exclusive access to reserved federal contracts and a unique opportunity for direct awards.

Federal contracting officers see 8(a) certification as a valuable asset for meeting the government's needs quickly and efficiently. In fact, contracting officers are authorized and encouraged to award contracts through the 8(a) BD Program on a sole source basis (i.e., noncompetitively) where the anticipated value does not exceed \$4.5 million (or \$7.5 million

for manufacturing contracts). Contracting officers understand that the 8(a) BD Program provides them the opportunity to set aside contracts exclusively for eligible firms who are ready to do business with the federal government.

The SBA also provides qualified 8(a) firms exclusive access to resources, including:

- Support from dedicated Business Opportunity Specialists who counsel firms on business development, needs, and objectives;
- Specialized technical assistance and training dedicated to helping small businesses navigate government contracting;
- Mentorship from experienced and technically capable firms that have already graduated from the 8(a) BD Program through the SBA Mentor-Protégé Program; and
- Procurement and compliance experts who understand regulations in the context of business growth, finance, and government contracting.

5. What changes have been made to the 8(a) BD Program?

The SBA has made it easier for qualified small businesses to participate in the 8(a) BD Program. In November 2020, the SBA implemented comprehensive changes to the program. The details of the ruling can be found in the [Federal Register](#). Some of these changes are also highlighted below.

6. What are the eligibility requirements for a business to participate in the 8(a) BD Program?

To qualify for the 8(a) BD Program, businesses must meet the following eligibility criteria:

- Be a [small business](#).
- Not have previously participated in the 8(a) BD Program.
- Be at least 51 percent owned and controlled by U.S. citizens who are socially and economically disadvantaged.
- Have a personal net worth of less than \$750K, adjusted gross income of \$350K or less, and assets totaling \$6 million or less.
- Demonstrate good character.
- Demonstrate the potential for success such as having been in business for two years.

The federal government defines who qualifies for the 8(a) BD Program—including what counts as being socially and economically disadvantaged—in [Title 13 Part 124 of the CFR](#).

Some firms may be eligible for the 8(a) BD Program, but they are not ready financially and do not have the technical capacity to contract with the federal government. Businesses interested in applying for 8(a) certification can get a preliminary assessment of whether the 8(a) BD Program is right for them by using the “Am I Eligible?” tool on the [SBA’s Certify website](#).

7. Once I receive my 8(a) certification, how long does the program last?

Participation in the 8(a) BD Program is for a maximum of nine years from date of your program certification. The first four years are considered a development stage and the last five years are considered a transitional stage.

Continuation in the program is dependent on participating firms being in compliance with program requirements.

8. How can I apply to become 8(a)-certified?

- Identify your primary [NAICS code\(s\)](#).
- Register your business in the [System for Award Management](#) (SAM) and the [Dynamic Small Business Search](#) (DSBS).
- Make sure to apply for 8(a) certification at certify.sba.gov. Before you start, make sure you visit the Knowledge Base on the Certify website where you can find helpful resources including the application guide to assist with gathering necessary documentation, then completing and submitting your application.
- [Get local assistance](#) and find out if you are ready to apply by meeting with an SBA Business Opportunity Specialist in the District Office or Procurement Technical Assistance Center counselor.

9. How can I learn more about the 8(a) BD Program?

- Visit our [website](#) or email us at 8aquestions@sba.gov for general information about the program.
- Contact your [local SBA office](#) for help applying to the 8(a) BD Program.
- Visit the [Certify Help Desk](#) for assistance with any technical issues with your application.
- Visit the [Knowledge Base](#).
- Call us with program eligibility questions at:
 - Eastern Processing Office: 610-382-3062
 - Western Processing Office: 415-744-0328

PROGRAM IMPROVEMENTS (EFFECTIVE NOVEMBER 16, 2020)

1. Can I apply if I have an immediate family member who is another current or former 8(a) BD Program participant?

An applicant with an immediate family member who is another current or former 8(a) participant would be eligible for the program, unless:

- The businesses are connected by any common ownership or management, regardless of amount or position;

- The businesses have a contractual relationship that was not conducted at arm's length;
- The applicant shares facilities with the current or former participant; or
- The businesses operate in the same primary NAICS code and the applicant does not have management or technical experience in that primary NAICS code.

2. Can I apply if I have management or technical experience in the same primary NAICS code as an immediate family member's current or former 8(a)-certified firm?

Individuals applying in the same primary NAICS code as an immediate family member must have management or technical experience in that primary NAICS code—which could include experience working for an immediate family member's current or former firm.

Example:

- X Business seeks to apply to the 8(a) BD Program with a primary NAICS code in plumbing. X Business is 100 percent owned by A.
- Z Business—a former 8(a) participant with a primary NAICS code in general construction—is 100 percent owned by B (A's brother).
- For general construction jobs, Z Business has subcontracted plumbing work to X Business in the past at normal commercial rates. Subcontracting work at normal commercial rates would not prevent X Business from being admitted to the 8(a) BD Program. Therefore, X Business would be eligible to apply for the program.

3. Can an entity-owned business make an excessive withdrawal in the form of a pro rata distribution?

8(a) participants are prohibited from making withdrawals above the “excessive withdrawal amount” (as defined in the [Federal Register](#)). Exceptions to this rule include withdrawals from participants owned by tribes, Alaskan Native Corporations (ANCs), Native Hawaiian Organizations (NHOs), or Community Development Corporations (CDCs)—provided that the withdrawal is made for the benefit of the relevant entity or community, as opposed to exclusively benefitting a non-disadvantaged manager or owner. In other words, an individual can receive an amount that exceeds the excessive withdrawal limitation only where it is part of a pro rata distribution that is primarily intended to benefit the relevant native or disadvantaged community.

Under this exception, entity-owned firms can make excessive withdrawals in the form of pro rata distributions paid to all shareholders—provided that the withdrawal does not adversely affect business development of the participant. This exception would still apply even if a non-disadvantaged minority owner received a payout that exceeded the excessive withdrawal amount.

Example:

ANC-owned Participant Y seeks to distribute \$550,000 to the ANC and \$450,000 to non-disadvantaged individual A based on their 55 percent/45 percent ownership interests. Because the distribution is based on the pro rata share of ownership, this would not be considered an excessive withdrawal unless the SBA determined that Participant Y would be adversely affected.

4. If I become 8(a)-certified, when will I have to submit my business plan to the SBA?

Once certified, participants have 60 days to submit their business plan to the SBA. The provision that a participant cannot receive any 8(a) benefits until the SBA has approved its business plan has been eliminated.

5. How will the SBA determine my disadvantaged status?

Each individual claiming disadvantaged status must submit information and supporting documentation when applying for admission to the 8(a) BD Program.

Please visit the Certify Knowledge Base for the [8\(a\) Initial Application Document Checklist](#).

6. Once admitted to the 8(a) BD Program, do I have to request SBA approval of a change of ownership?

Generally, yes—a participant must generally receive SBA approval for a change of ownership to ensure that one or more disadvantaged individuals continue to own and control the participant after the change.

However, in a change of ownership request where an ANC/tribe merely reorganizes its ownership of a participant in the 8(a) BD Program by inserting or removing a wholly owned business entity between the ANC/tribe/CDC and the participant, the participant does not need to request a change of ownership from the SBA. Participants must notify the SBA of the change within 30 days of the transfer.

The November 2020 ruling also eliminated the requirement for prior SBA approval of the following changes of ownership that are unlikely to impact the disadvantaged individual's or

entity's continued compliance with the majority ownership requirements of the program. Per the ruling:

- Prior SBA approval is not needed where all non-disadvantaged individual (or entity) owners involved in the change of ownership own no more than 20 percent interest in the concern both before and after the transaction; and
- Prior SBA approval is not needed where the disadvantaged individual (or entity) in control of the participant will increase the percentage of its ownership interest.

7. If an entity already owns one 8(a)-certified firm, can the entity apply to have another firm participate in the program?

Yes, a qualifying entity may own more than one 8(a) participant. However, an entity may not own more than one 8(a) firm operating in the same six-digit NAICS code and corresponding size standard, provided that the two firms have different primary NAICS codes. If an entity-owned participant changes its primary NAICS code, the entity can submit an application and qualify another firm owned by the entity for participation in the 8(a) BD Program under the NAICS code that was the previous primary NAICS code of the participant whose primary NAICS code was changed.

8. How can I demonstrate my potential for success as a tribally-owned applicant?

Entity-owned applicants may, among other ways, demonstrate their potential for success through a firm written commitment from the entity to support the operations of the applicant concern along with a showing that the entity has the financial ability to do so. Specifically in the context of a tribally-owned concern, SBA recognizes that in some circumstances it may be adequate to accept a letter of support from the tribally-owned economic development company rather than the tribal leadership. As such, SBA will allow a tribally owned economic development corporation—or other relevant tribally owned holding company vested with the authority to oversee tribal economic development or business ventures—to provide a written commitment to support the operations of the applicant in order to establish the applicant's potential for success.

SBA MENTOR-PROTÉGÉ PROGRAM (MPP)

1. What is the SBA Mentor-Protégé Program (SBA MPP)?

The SBA MPP helps eligible small businesses (protégés) gain capacity and win government contracts through partnerships with more experienced companies that are willing to fill the mentor role.

2. How can I learn more about the program?

- Visit our website: <https://www.sba.gov/mpp>

8(a) Business Development Program: FAQs

(updated 1/4/21)

- Email for general MPP questions: sbampp@sba.gov
- Email for annual evaluation reporting: mppevaluations@sba.gov
- Email for joint venture certificates of completion and financial information: mppjvreporting@sba.gov
- Email for when the application is in the screening process: mppscreening@sba.gov