

Set-Aside Programs

Federal agencies are required by law to spend 23% of their purchases with small businesses. These set-asides break down like this:

- ◆ 3% or more for service-disabled veteran-owned businesses
- ◆ 5% or more for veteran-owned small businesses
- ◆ 5% or more for 8(a) small businesses
- ◆ 5% or more for HUBZone businesses
- ◆ 3% or more for women-owned businesses

The following describes how to be eligible for these set aside categories. Note that many states and local governments throughout use the federal designations for set asides, and others have their own certification programs.

Service Disabled Veteran-Owned Business (SDVOB)

An SDVOSB is a business in which not less than 51% is owned by one or more service-disabled veterans, or in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more service-disabled veterans; and the management and daily business operations of which are controlled by one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, a spouse or permanent caregiver of such veteran. To qualify, the vet-owned business must be officially verified by the VA as an SDVOB. Once an application is made, the VA will verify service in the military and level of disability, a process which can take about nine months. Verification automatically registers the business in the Vendor Information Pages (VIP) database, which is used by the VA to locate eligible contractors. To find out how obtain official verification, go to <http://www.vetbiz.gov>. Note that verification is only required to be eligible for the Veterans First program, which gives SDVOSBs first priority for contracts with the VA. Other federal procurement programs do not require verification.

Veteran-Owned Small Business (VOSB)

VOSB is a business in which not less than 51% is owned by one or more veterans, or in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more veterans; and the management and daily business operations of which are controlled by one or more veterans. To qualify, the vet-owned business must be officially verified by the Department of Veteran Affairs as a VOSB. Once an application is made, the VA will verify service in the military, a process which can take about nine months. Verification automatically registers the business in the Vendor Information Pages (VIP) database, which is used by the VA to locate eligible contractors. To find out how obtain official verification, go to <http://www.vetbiz.gov>. Note that verification is only required to be eligible for the Veterans First program, which gives VOSBs second priority for contracts with the VA. Other federal procurement programs do not require verification.

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8(a) Business Development Program

8(a) program assists socially and economically disadvantaged individuals develop and grow their small businesses. Businesses that usually have been in existence for at least two years may be eligible for the nine-year program that includes counseling and training, and potentially federal procurement opportunities. Certification is handled by the Small Business Administration. To see if you qualify for the 8(a) business development program, go to <http://www.sba.gov/8abd>.

HUBZone Program (Historically Underutilized Business Zone)

A HUBZone program stimulates economic development and creates jobs in urban and rural communities by providing federal contracting assistance to small businesses. These preferences are available to small firms that qualify because they are located in a HUBZone designated area and employ staff who live in such areas. Certification is handled by the Small Business Administration. To learn more about the program, go to <http://www.sba.gov/hubzone>.

Woman-Owned Small Business (WOSB)

A WOSB is one which is at least 51 percent owned and controlled by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women. The federal government has established a government wide goal for participation by small businesses owned and controlled by women at not less than 5 percent of the total value of all prime contract and subcontract awards for each fiscal year. If you are submitting a proposal for a federal contract, you can self-certify that yours is a woman-owned small business. For more information on SBA's programs and services for women entrepreneurs, go to <http://www.sba.gov/aboutsba/sbaprograms/onlinewbc>.

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