

A photograph of the United States Capitol building at night, illuminated with warm yellow lights. The building's iconic dome is the central focus, with its intricate architectural details clearly visible against the dark blue night sky. The building's facade is lit up, showing the columns and windows. The image is partially obscured by a large, diagonal blue graphic element that sweeps across the page from the top left towards the bottom right.

BENEFITS OF THE SMALL BUSINESS ADMINISTRATION'S 8(a) PROGRAM

A comprehensive look into the Small Business Administration's 8(a) Program from the perspective of the Government, Industry, and the Small Business Community



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What is the 8(a) Program?

Following decades of independent Federal programs designed for racial and ethnic minorities, Presidents Lyndon Johnson, and Richard Nixon laid the foundations for the present 8(a) Program. The Program's initiative sought to improve employment opportunities for various racial and ethnic groups and support their growth into the economic mainstream. In 1978, Congress amended the Small Business Act to give the SBA express statutory authority for its 8(a) Program.

Today, we know it as the Minority Small Business and Capital Ownership Development Program—commonly known as the “8(a) Program.” The 8(a) Program offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals.

The 8(a) Program is an essential instrument for helping socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society. The program helps thousands of aspiring entrepreneurs gain a foothold in government contracting. As a business development program, its overall goal is for 8(a) firms to graduate from the Program and continue to do well in a competitive business environment.

8(A) Program Eligibility

8(a) Program eligibility is limited to “small business[es] which are unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of and residing in the United States, and which demonstrates potential for success.

8(a) firms must be “at least 51% unconditionally and directly owned by one or more socially and economically disadvantaged individuals who are citizens of the United States.”

13 C.F.R. §124.101. The Office of Legal Counsel at the Department of Justice has opined that SBA regulations limiting eligibility for the 8(a) Program to citizens do not deprive resident aliens of due process in violation of the Fifth Amendment to the U.S. Constitution. See U.S. Department of Justice, Office of Legal Counsel, Constitutionality of 13 C.F.R. §124.103 Establishing Citizenship Requirement for Participation in 8(a) Program, 20 Op. O.L.C. 85 (1996).

13 C.F.R. §124.105 (defining unconditional ownership). See also 15 U.S.C. §637(a)(4)(A)(i)-(ii) (requiring at least 51% unconditional ownership).



Participant Benefits

The 8(a) Program was designed to help its small, disadvantaged business participants compete in the marketplace. As such, the Program provides specialized business training, counseling, technical assistance, marketing assistance, and high-level executive development through the SBA and its resource partners.

In FY2019, 8(a) firms were awarded \$30.4 billion in federal contracts, including \$8.6 billion in 8(a) set-aside awards and \$9.9 billion in 8(a) sole-source awards.

Perhaps the largest benefit to Program participants are federal contracting opportunities in the form of set-aside and sole-source awards. A set-aside award is a contract in which only certain contractors may compete, whereas a sole-source award is a contract awarded, or proposed for award, without competition. 8(a) Program Participants can receive sole-source contracts, up to a ceiling of \$4.5 million for goods and services and \$7.5 million for manufacturing.

Ultimately, the Program helps provide a level playing field for small businesses owned by socially and economically disadvantaged people or entities. These benefits help participants develop business capabilities so they can successfully compete in the market following their 9-year Program term.



Specialized Training

Business training, counseling, marketing assistance, and executive development.



Contracting Opportunities

Participants can receive sole-source contracts, up to a ceiling of \$4.5 million.



SBA Support

Dedicated SBA Business Opportunity Specialist to help navigate federal contracting.

Government Benefits

The 8(a) Program has benefits which permeate through all levels of Government. From policy makers, to Government Program Managers and Contracting Officials, the 8(a) Program provides distinct advantages for all involved.

Federal small business procurement goals are set by Congress, which state that the Federal government shall direct a percentage of spending dollars to small business. Agencies are effectively encouraged to subcontract through the 8(a) Program because the government-wide and agency-specific goals regarding the percentage of procurement dollars awarded to small disadvantaged businesses include 8(a) firms (the current governmentwide goal is 5% of all small business eligible federal contracts).

From FY2010 through FY2019, 8(a) firms were awarded, on average, approximately 5.42% of the total amount of federal contracts awarded.

For Federal Program Managers, and other requiring activities, the 8(a) Program allows for 8(a) contracting opportunities which cuts through Federal bureaucracy and can provide needed services with an accelerated timetable.



Small Business Goals

8(a) contracts help Federal Agencies meet their small business goals.



Acquisition Speed

8(a) Sole source contracts are usually approved in a matter of days, greatly accelerating the Federal Contracting process.



No Protests

8(a) contract awards cannot be protested, eliminating the risk of potential delays.

Industry Benefits

Small business ownership provides an opportunity for minorities, women, and immigrants to increase their income and independence and to move into the mainstream of the American economy.

Research shows the value of the 8(a) Program is positive, resulting in tremendous net new job creation, the establishment of net new Gross Domestic Product (GDP), net new labor income for United States employees, and indirect business taxes. 8(a) companies are Small

Businesses, which account for 47.5% of the private-sector workforce, are vital to local communities, and drives the economic engine of the Country.

The 8(a) Program also provides assistance for Small Businesses in demographic groups which face even greater barriers in obtaining access to capital and credit than other small business owners due to discrimination.

Since the inception of the 8(a), there have been over 1M contract actions worth over \$1B. While these figures represent a small percentage of total federal procurement awards and dollars, they still signal significant success in including targeted businesses in the federal market.

The SBA's FY2014 report indicated that 8(a) firms "contributed an estimated 158,018 jobs to the Nation's economy"



Increased Economic Growth

The net new GDP creation due to contracts awarded through the Program.



Job Creation

The 8(a) Program contributes to the creation of jobs by 8(a) firms.



Economic Mobility

Upward mobility into the American economic mainstream for disadvantaged persons.



About Cronos

Cronos Consulting Group is a leading professional services company, providing a broad range of services and solutions in strategy, consulting, technology, and operations. Combining unmatched experience and specialized skills across our service portfolio, Cronos specializes in the intersection of business and technology helping clients improve their performance and create sustainable value.

With the Cronos Small Business Administration (SBA) status as a Certified 8(a) Small Business, Government Agencies can contract with us directly using sole-source acquisition. The 8(a) Program allows participants to receive direct sole source contracts up to a ceiling of \$4 million for goods and services.

If you would like more information on contracting with Cronos Consulting Group, please contact us at:

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