

Procurement Preferences for Small Business Concerns Owned and Controlled by Service-Disabled Veterans

“SERVING THOSE WHO SERVED”

VETERANS BUSINESS SUCCESS



SBA U.S. Small Business Administration; 1-800-U ASK SBA; Email: answerdesk@sba.gov
Office of Veterans Business Development; Phone: 202-205-6773; www.sba.gov/VETS

On December 16, 2003, the **Veterans Benefits Act of 2003** (Public Law 108-183) was enacted amending the Small Business Act (15 U.S.C. 631 et seq.) to establish a procurement program for Small Business Concerns owned and controlled by service-disabled veterans.

Section 308 of that law provides that contracting officers may award a sole source or set-aside contract to Service-Disabled Veteran Owned Small Business Concerns (SDVOSBCs), if certain conditions are met. Specifically, a contracting officer may award a sole source contract to any small business concern owned and controlled by service-disabled veterans if –

- such concern is determined to be a responsible contractor with respect to performance of such contract opportunity and the contracting officer does not have a reasonable expectation that 2 or more small business concerns owned and controlled by service-disabled veterans will submit offers for the contracting opportunity;
- the anticipated award price of the contract (including options) will not exceed –
 - \$5.0M in the case of a contract opportunity assigned a North American Industry Classification System code for manufacturing; or
 - \$3.0M in the case of any other contract opportunity;
- in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price.

Additionally, a contracting officer may award contracts on the basis of competition restricted to small business concerns owned and controlled by service-disabled veterans if the contracting officer has a reasonable expectation that not less than 2 small business concerns owned and controlled by service-disabled veterans will submit offers and that the award can be made at a fair market price.

Frequently Asked Questions

Q. Is a formal certification required from the SBA, or any other federal agency, to participate in the SDVOSBC procurement program?

No. A SDVOSBC will be able to “self-represent” its status as a SDVOSBC to the contracting activity as part of its offer. However, for sole source procurements, the SBA or the contracting officer may protest the proposed awardee’s service-disabled veteran status, and for competitive set-asides, any interested party may protest the apparent successful offeror’s SDVOSBC status.

Q. What are the basic requirements for business concerns to participate in the SDVOSBC procurement program?

- The SDVOSBC must be a small business;
- 51 percent of the SDVOSBC must be unconditionally and directly owned by one or more service-disabled veterans; and
- The management and daily business operations of the SDVOSBC must be controlled by one or more service-disabled veterans (or in the case of a veteran with permanent and severe disability, the spouse or a permanent caregiver of such veteran).

Q. What is SBA's definition of a small business concern?

A small business is a concern that is organized for profit, with a place of business in the United States, and which operates primarily within the United States or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor. Further, the concern cannot be dominant in its primary field, on a national basis. Finally, the business concern's size can not exceed the size standard established for its industry in the North American Industrial Classification System (NAICS) code. The most common size standards are as follows:

- **Construction** – General building and heavy construction contractors have a size standard of \$28.5 million in average annual receipts. Special trade construction contractors have a size standard of \$12 million.
- **Manufacturing** – For approximately 75 percent of the manufacturing industries, the size standard is 500 employees. A small number have a 1,500 employee size standard and the balance have a size standard of either 750 or 1,000 employees.
- **Mining** – All mining industries, except mining services, have a size standard of 500 employees.
- **Retail Trade** – Most retail trade industries have a size standard of \$6 million in average annual receipts. A few, such as grocery stores, department stores, motor vehicle dealers and electrical appliance dealers, have higher size standards. None are above \$24.5 million.
- **Services** – For the service industries, the most common size standard is \$6 million in average annual receipts. Computer programming, data processing and systems design have a size standard of \$21 million. Engineering and architectural services have different size standards, as do a few other service industries. The highest annual receipts size standard in any service industry is \$30 million. Research and development and environmental remediation services are the only service industries with size standards stated in number of employees.

- **Wholesale Trade** – When acting as a dealer on Federal contracts the small business size standard is 500 employees. In addition, on procurement set-aside for small business over \$25,000, the firm must deliver the product of a small domestic manufacturer, as set forth in SBA’s non-manufacturer rule, unless waived by the SBA for a particular class of product. However, for those procurements made under the Simplified Acquisition Procedures of the FAR and where the purchase does not exceed \$25,000, the non-manufacturer may deliver the goods of any domestic manufacturer.
- **Other Industries** – Other industry divisions include: Agriculture; transportation, communications, electric, gas, and sanitary services; and finance, insurance and real estate. Because of wide variation in the structure of the industries in these divisions, there is no common pattern of size standards. For specific size standards refer to the size regulations in 13 CFR § 121.201 or the table of small business size standards.

Q. Who is a service-disabled veteran?

A service-disabled veteran is a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable, and whose disability was incurred or aggravated in line of duty in the active military, naval, or air service.

The definitions of the terms “veteran” and “service-disabled veteran” are derived from Title 38 U.S.C. § 101.

Q. What percentage of a concern must be owned by a service-disabled veteran for it to be qualified as a SDVOSBC?

At least 51 percent of the small business concern must be directly and unconditionally owned by service-disabled veteran(s).

In the case of a small business concern which is a partnership, at least 51 percent of every class of partnership interest must be unconditionally owned by one or more service-disabled veterans. The ownership must be reflected in the small business concern's partnership agreement.

In the case of a small business concern which is a limited liability company, at least 51 percent of each class of member interest must be unconditionally owned by one or more service-disabled veterans.

In the case of a small business concern which is a corporation, at least 51 percent of each class of voting stock outstanding and 51 percent of the aggregate of all stock outstanding must be unconditionally owned by one or more service-disabled veterans.

Stock options, held by non service-disabled veterans, are given present effect. Any unexercised stock options or similar agreements held by service-disabled veterans will be disregarded. However, any unexercised stock options or similar agreements (including rights to convert non-voting stock or debentures into voting stock) held by non-service-disabled veterans will be treated as exercised.

Q. Who does SBA considered to control a SDVOSBC?

Control is not the same as ownership, although both may reside in the same person. Control is regarded as including both the strategic policy setting exercised by boards of directors and the day-to-day management and administration of business operations. A SDVOSBC's management and daily business operations must be conducted by one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran.

Service-disabled veterans managing the service-disabled veteran owned small business concern must have managerial experience of the extent and complexity needed to run the service-disabled veteran owned small business. However, a service-disabled veteran individual need not have the technical expertise or possess a required license to control a service-disabled veteran owned small business concern if he or she has ultimate managerial and supervisory control over those who possess the required licenses or technical expertise.

Finally, a service-disabled veteran, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must hold the highest officer position in the concern.

- Control over a partnership – in the case of a partnership, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must serve as general partners with control over all partnership decisions.
- Control over a limited liability company – in the case of a limited liability company, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must serve as managing members with control over all decisions of the limited liability company.
- Control over a corporation – in the case of a corporation, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must control the Board of Directors.

Q. How does SBA view the management and daily business operations of a SDVOSBC controlled by the spouse or permanent caregiver of a veteran with permanent and severe disability?

The management and daily business operations of an SDVOSBC may be controlled by a spouse or permanent caregiver (the spouse, or an individual, 18 years of age or older, who is legally designated, in writing, to undertake responsibility for managing the well-being of the service-disabled veteran) of a service-disabled veteran with a permanent and severe disability (a veteran with a service-connected disability that has been determined by the U.S. Department of Veterans Affairs to have a permanent and total disability for purposes of receiving disability compensation or a disability pension).

Q. What documentation should I have to confirm my status as a service-disabled veteran?

Contact the National Archives and Records Administration at <http://www.archives.gov> to request certified copies of your Department of Defense discharge papers that demonstrates a service-incurred disability. Additionally, if you have been adjudicated by the Department of Veterans Affairs as having a service-connected disability, contact your local VA regional office for appropriate documentation.

Available Procurement Assistance for SDVOSBC

- Register your SDVOSBC in the **Central Contractor Registration** data base at <http://www.ccr.gov>
 - **Procurement Technical Assistance Program (PTAP)**, administered by the Defense Logistics Agency, on behalf of the Secretary of Defense, provide assistance to business firms in marketing products and services to the Federal, state and local governments. Web Site: <http://www.dla.mil/db/procurem.html>
 - SBA's **Procurement Center Representatives**, located in area offices, review and evaluate the small business programs of federal agencies and assist small businesses in obtaining federal contracts and subcontracts. Web Site: <http://www.sba.gov/GC/pcr.html>
 - **SBA's Commercial Market Representatives (CMR's)**, located in area offices, conduct compliance reviews of prime contractors, counsel small businesses on how to obtain subcontracts, conduct matchmaking activities to facilitate subcontracting to small business, and provide orientation and training on the Subcontracting Assistance Program for both large and small businesses. Web Site: <http://www.sba.gov/GC/indexcontacts-cmrs.html>
 - **Offices of Small & Disadvantaged Business Utilization (OSDBU)** OSDBU's were established under the authority of Public Law 95-507. They are responsible for promoting the use of small, small disadvantaged, (8a), HUBZone, veteran-owned, service disabled veteran-owned small firms, and women-owned small businesses in compliance with federal laws, regulations, and policies. They also assist such firms in obtaining contracts and subcontracts with federal agencies and their prime contractors. Web Site: <http://www.osdbu.gov/Listofmembers.html>
-
-

Points of Contact for Assistance and Guidance:

SBA's Office of Veterans Business Development – 202-205-6773

Web Site -- <http://www.sba.gov/VETS/>

SBA's Veterans Business Outreach Centers:

- The Research Foundation of the State University of New York

Mike Ross
41 State Street
Albany, NY 12246
Phone: 518-443-5398 ext. 163
Fax: 518-443-5275
Email: Rossdm@nyssbdc.org
Webpage: www.nyssbdc.org/vboc

- The University of West Florida in Pensacola

Douglas Davis
GCCC/SBDC/VBOC
2500 Minnesota Avenue
Lynn Haven, FL 32444
Phone: 1-800-542-7232 or 850-271-1108
Fax: 850-271-1109
Email: vboc@knology.net
Webpage: <http://www.vboc.org>

- The University of Texas - Pan American

Jessica Lopez
1201 West University Drive
Edinburg, TX 78539-2999
Phone: 956-292-7535
Fax: 956-316-2612
Email: vboc@panam.edu
Webpage: <http://www.coserve.org/vboc>

Vietnam Veterans of California – VBOC

Indria Gillespie
7270 E. Southgate Drive
Sacramento, California 95823
Phone: 916-393-8387
Fax: 916-393-8389
Email: igillespie@vboc-ca.org
Webpage: <http://www.vboc-ca.org>

SBA's District Office Veterans Business Development Officers:

<u>VBDO</u>	<u>CITY, STATE, ZIP</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
VACANT	Boston, MA 02222-1093	10 Causeway Street, Room 265	(617) 565-5567
John C. Gardner	Augusta, ME 04330	68 Sewall Street, Room 512	(207) 622-8555
Karlene Normandin	Concord, NH 03301	143 North Main Street, Suite 202	(603) 225-1400 ext. 121
Harvey Morrison	Hartford, CT 06106-1800	330 Main Street, 2nd Floor	(860) 240-4700 ext. 232
Thomas Schroeder	Montpelier, VT 05601-0605	P.O. Box 605	(802) 828-4422 ext. 204
Norm Deragon	Providence, RI 02903	380 Westminster Street, Room 511	(401) 528-4576
Richard Keffer	Buffalo, NY 14202	111 West Huron Street, Room 1311	(716) 551-5664
Frank Dito	New York, NY 10278	26 Federal Plaza, Room 3100	(212) 264-2846
Martin F. McHenry	Newark, NJ 07102	Two Gateway Center, 15th Floor	(973) 645-2427
David Brinck	Syracuse, NY 13202-2413	401 South Salina St, 5th Floor	(315) 471-9393 ext. 230
Ana Maria Vera	San Juan, PR 00918-2038	CitibankTower252 Ponce De Leon Ave Ste.200	(787) 766-5422
Howard Garrity	Elmira, NY 14901	333 East Water Street, 4th floor	(607) 734-8130 ext. 30
Carl Christensen	C'sted St. Croix, VI 00820	Sunny Isle Professional Bldg, Suites 5 & 6	(340) 778-5380
Dan O'Connell	Albany, NY 12205	Chamber of Commerce 1 Computer Dr. So.	(518) 446-1118 ext. 231
Joe McDevitt	Philadelphia, PA 19107	900 Market Street, 5th Floor	(215) 580-2706
Stanley Karwacki	Baltimore, MD 21201-2525	10 South Howard Street, Suite 6220	(410) 962-6195 ext. 340
Donald Nemchick	Pittsburgh, PA 15212	700 River Avenue, Suite 510	(412) 322-6441
Leroy Harris	Richmond, VA 23240-0126	400 North 8th Street, Suite 1150	(804) 771-2400 ext. 132
Seth Jones	Washington, DC 20005	1110 Vermont Avenue, 9th Floor	(202) 606-4000 ext. 269
Joe McDevitt	McDevitt covers Wilkes-barre, PA	use Philadelphia, PA address tel. and fax no.	(215) 580-2706
William Durham	Charleston, WV 25301	405 Capital Street, Suite 412	(304) 347-5220
Robert Williamson	Wilmington, DE 19801-3011	824 North Market Street, Suite 610	(302) 573-6315
Jorge Valentin Stone	Atlanta, GA 30303	Harris Tower, 233 Peachtree NE, St. Ste.1900	(404) 331-0100 ext. 609
Raymond Hembree	Birmingham, AL 35211	801 Tom Martin Drive , Suite 201	(205) 290-7340 ext. 226
Elliott Cooper	Columbia, SC 29201	1835 Assembly Street, Room 358	(803) 765-5339
VACANT	Jackson, MS 39201	210 East Capitol Street, Suite 900	(601) 965-4378 ext. 241
Charles Atwood	Jacksonville, FL 32256-7504	7825 Baymeadows Way, Suite 100B	(904) 443-1951
Tommie Causey	Louisville, KY 40202	2900 West Broadway, Suite 3	(502) 574-1143
Frank Velasco	Miami, FI 33131	100 South Biscayne Boulevard, 7th floor	(305) 536-5521 ext. 122
Don Winters	Nashville, TN 37228	50 Vantage Way, Suite 201	(615) 736-5881 ext. 248
Gary Reed	Gulfport, MS 39501-1949	2909 13th Street, Suite 203	(228) 863-4449 ext.14
Mitch De Mallie	Charlotte, NC 28210-2227	6302 Fairview Road, Suite 300	(704) 344-6590 ext. 1116
Steve Konkle	Chicago, IL 60661	500 W. Madison Street, Room 1250	(312) 886-4208
John Renner	Cleveland, OH 44114-2507	1111 Superior Avenue Street, Room 630	(216) 522-4180 ext. 211
Douglas Sweazy	Columbus, OH 43215-2542	2 Nationwide Plaza, Suite 1400	(614) 469-6860 ext. 276
Charles (Ted) Davis	Detroit, MI 48226	477 Michigan Avenue, Room 515	(313) 226-6075 ext 245

<u>VBDO</u>	<u>CITY, STATE, ZIP</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
Darrell Mowery	Indianapolis, IN 46204-1873	429 N. Pennsylvania Street, Suite 100	(317) 226-7272 ext. 214
George Saumweber	Minneapolis, MN 55403	100 N. 6th Street, Suite 210-C	(612) 370-2322
Ronald Carlson	Cincinnati, OH 45202	550 Main Street, Room 2-522	(513) 684-2814 ext. 205
John Lonsdale	Milwaukee, WI 53203	310 W. Wisconsin Avenue, Suite 400	(414) 297-1231
Jim Ryan	Springfield, IL 62704	511 W. Capitol Avenue, Suite 302	(217) 492-4416 ext. 109
Billy Medina	Ft. Worth, TX 76155	4300 Amon Carter Blvd, Suite 114	(817) 684-5517 ext. 5517
John Tillotson	Albuquerque, NM 87102	625 Silver Avenue SW, Suite 320	(505) 346-6736
Frederico Manzanares	Harlingen, TX 78550-6855	222 E. Van Buren, Suite 500	(956) 427-8533 ext. 226
Stephen Curry	Houston, TX 77074	8701 South Gessner Drive, Suite 1200	(713) 773-6500 ext. 242
Andy LaMonica	Little Rock, AR 72202	2120 River Front Drive, Suite 250	(501) 324-5871 ext. 239
Armando Garcia	Lubbock, TX 79401-2693	1205 Texas Avenue, Room 408	(806) 472-7462 ext. 244
Willie Williams	New Orleans, LA 70130	365 Canal Street, Suite 2820	(504) 589-2706
Sandra Ransome	Oklahoma City, OK 73102	301 N.W. 6 Street, Suite 116	(405) 609-8019
Fernando J. Guerra	San Antonio, TX 78232	17319 San Pedro Building 2, Suite 200	(210) 403-5925
Daniel Chacon	El Paso, TX 79935	10737 Gateway West, Suite 320	(915) 633-7031 ext. 231
F. Steven Parker	Kansas City, MO 64105	323 W. 8th Street, Suite 501	(816) 374-6701 ext. 226
Dennis Larkin	Omaha, NE 68154-3949	11145 Mill Valley Road	(402) 221-7208 ext. 252
Patrick Carney	Wichita, KS 67202-1212	271 West 3rd North, Suite 2500	(316) 269-6273 ext. 225
Gary Ayers	St. Louis, MO 63102	200 North Broadway, Suite 1500	(314) 539-6600 ext. 245
Tom Harbison	Des Moines, IA 50309-2186	210 Walnut Street, Room 749	(515) 284-4653
VACANT	Cedar Rapids, IA 52401-1806	215 4th Avenue SE, Suite 200	(319) 362-6405 ext. 218
M. Brent Jones	Springfield, MO 65807-5254	830 E. Primrose Street, Suite 101	(417) 890-8501 ext. 209
Jeanette Deherrera	Denver, CO 80202	721 19th Street, Suite 426	(303) 844-2607 ext. 226
Dave Denke	Casper, WY 82602	100 East B Street, Suite 4001	(307) 261-6523
Eric Giltner	Grand Forks, ND 58201	1501 28th Avenue South	(701) 746-5160
Robert Much	Helena, MT 59626	10 West 15th Street, Suite 1100	(406) 441-1081 ext. 130
Jon Uebelhack	Salt Lake City, UT 84138	125 South State Street, Room 2231	(801) 524-3224
Debra Anderson	Sioux Falls, SD 57104-6727	110 South Phillips Avenue, Suite 200	(605) 330-4243 ext. 16
Chuck Stewart	San Francisco, CA 94105	455 Market Street, 6th Floor	(415) 744-6791
James Pipper	Phoenix, AZ 85004-1093	2828 N. Central Avenue, Suite 800	(602) 745-7230
Barbara Madel	Glendale, CA 91203-2304	330 North Brand Blvd., Suite 1200	(818) 552-3314
Maria Hughes	San Diego, CA 92101-3500	550 West C Street Suite 550	(619) 557-7250 ext. 1139
Pete Peterson	Las Vegas, NV 89101	400 South Fourth Street, Suite 250	(702) 388-6800
Kimberly Hite	Honolulu, HI 96850-4981	300 Ala Moana Boulevard, Room 2-235	(808) 541-3024
Reynold Johnson	Fresno, CA 93727-1547	2719 North Air Fresno Drive, Suite 200	(559) 487-5785 ext. 114
James A. Bryant	Sacramento, CA 95814	650 Capitol Mall, Suite 7-500	(916) 930-3721
Sami Morcos	Santa Ana, CA 92701	200 W. Santa Ana Blvd., Suite 700	(714) 550-7420 ext. 3802
Kenneth Lujan	Hagatna, GU 96919-2003	400 Route 8, Suite 302	(671) 472-7277
Tom Ewbank	Seattle, WA 98101-1128	1200 6th Ave, Suite 1700	(206) 553-2746
Richard Blum	Spokane, WA 99201	801 West Riverside Avenue, Suite 200	(509) 353-2807
Terrence Moore	Anchorage, AK 99501	510 "L" Street, Suite 310	(907) 271-4854
James Steiner	Portland, OR 97201-5494	1515 SW Fifth Avenue, Suite 1050	(503) 326-2586
Rod Grzadzieleski	Boise, ID 83702-5745	1020 Main Street, Suite 290	(208) 334-1696 ext. 233