



## SBA proposes subtraction rule to contracting goals

Agencies must subtract contract awards from small-business award totals if, even after the award, SBA concludes the firm isn't considered small

- By [Matthew Weigelt](#)
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Small Business Administration officials today proposed a rule that would force agencies to delete certain small-business contract awards from their annual totals.

If an agency awards a contract to a small business, it can take credit for making the award and add it to the agency's overall small-business contracting goals, which agencies submit to SBA annually. But according to [SBA's new proposal](#), the agency must subtract the contract from its small-business contract totals if, even after the award, SBA concludes the firm isn't eligible to be considered small in the government's eyes.

"SBA believes that an appellate decision should always apply for goaling purposes," SBA officials wrote in their notice in today's Federal Register.

An initial determination by SBA about a company's size can be appealed, and then officials have to reconsider the decision.

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If a contracting officer receives the appellate decision after award, the officer may take some action, such as terminating the contract or not exercising options but won't be required to do so, according to SBA's notice.

On the other hand, if SBA issues an initial decision that a company is ineligible for a small-business contract, the contracting officer cannot select that firm. If the award has been made, the officer must take some action if the initial decision is not overturned on appeal, such as terminating the award or not exercising the next option, the notice states.

Furthermore, the contracting officer must apply the final agency decision to the procurement in question for its contracting goals.

The government has a goal of awarding 23 percent of its contracting dollars to small companies. Each agency has its individual goals, broken down even to different types of small business, such as those owned by veterans and women.

Separately, SBA proposed a rule that requires agencies to assign a North American Industry Classification System (NAICS) code for each specific product or service they plan to purchase in a multiple-award procurement.

NAICS is the government's standard that agencies use to catalog businesses in various industries.

Agencies frequently buy diverse goods and services from multiple vendors under contracts awarded in a single contract. SBA's regulations require the contracting officer to assign the single NAICS code to the procurement that best describes its principal purpose.

However, some larger multiple-award procurements are divided up into specific products or services. If only companies selling those specific items will compete for orders, then each singled-out item should be assigned a single NAICS code.

"This will ensure that firms that are actually small for the actual work receive the award and ensure that procuring agencies only receive credit towards their goals for awards to firms that are small for the work to be performed," SBA wrote in its notice.

In addition, SBA today proposed several other changes to the government's procurement processes to clarify rules to purchasing agencies and contractors, such as increasing the time that SBA has to make formal size determinations and to file appeals to NAICS code decisions.

SBA is accepting comments on its proposals until March 31.

#### **About the Author**

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