

# Small Business Certification Challenges in New England

Dead End or Strategic Opportunity?

The logo consists of the letters 'B', 'E', and 'A' in a bold, green, sans-serif font. The letter 'E' is stylized with a small blue triangle pointing to the right inside its central vertical bar.

New Hampshire

**PROCUREMENT TECHNICAL  
ASSISTANCE CENTER**

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# The Certifications

- ▶ Small Business
  - ▶ Always a self-certification based on NAICS codes/SBA Size Standards
- ▶ HUBZone
  - ▶ Always a required formal SBA certification
- ▶ Service-disabled Veteran-owned Small Business (SDVOSB)
  - ▶ Self-certification for most federal agencies and prime contractors
  - ▶ VA Verification required for VA\*, FAA & some primes may require
- ▶ Women-owned Small Business (WOSB)
  - ▶ Self-certification for most federal agencies and prime contractors
  - ▶ SBA Certification for set-aside contracts\*\*; some primes may require
- ▶ Small Disadvantaged Business (SDB)
  - ▶ Self-certification for most federal agencies and prime contractors
  - ▶ 8(a) program available to some by application to SBA

# HUBZone Certification

- ▶ HUBZone firms are currently highly valued, because goals are not being met.
- ▶ Program suffers from geographic variability causing instability
- ▶ HZ maps were frozen until 12/31/2021 – **this was just extended to 6/30/2023**
- ▶ New England states relatively poor in HZ firms – creates a challenge for set-asides (chicken v. egg – Rule of Two)

HUBZone Certified Firms 5/9/2021						
Connecticut	Massachusetts	Maine	New Hampshire	Rhode Island	Vermont	Total
30	51	42	33	12	27	195



# Service-Disabled Veteran-owned Small Business

- ▶ Well-established, robust verification program, required for VA & FAA
- ▶ Recognizes VOSB
- ▶ Set-asides very common (Veterans First)

## Service-Disabled Veteran-owned Small Business

	Connecticut	Massachusetts	Maine	New Hampshire	Rhode Island	Vermont	Total
Self-certified	116	251	63	106	42	26	604
VA verified SDVOSB	53	134	24	35	7	10	263
VA verified VOSB	32	65	7	20	9	0	133

# Women-owned Small Business

- ▶ Historically problematic and complex. Set-asides limited by NAICS code
- ▶ New, free SBA Certification came on line last fall; so far <2% participation
- ▶ Confusion about EDWOSB remains
- ▶ Certification **only** required for set-asides, another chicken/egg challenge because of low participation.

	Women-owned Small Business						
	Connecticut	Massachusetts	Maine	New Hampshire	Rhode Island	Vermont	Total
Self-certified	777	1408	234	337	196	190	3142
SBA Certified	8	35	6	9	7	4	69

# Small Disadvantaged Business

- Only 2% formally certified.
- Very large numbers self-certify. It is believed that **far less than half actually qualify** as both economically and socially disadvantaged as required.
- False self-certifications probably error, not usually intentional fraud
- 8(a) Business Development Program provides a certification, but is not open to all SDBs, and is time limited to 9 years.
- **SBA is proposing to increase the SDB goal from 5% to 15% by 2025.**

Small Disadvantaged Business							
	Connecticut	Massachusetts	Maine	New Hampshire	Rhode Island	Vermont	Total
Self-certified	1249	2330	449	502	350	244	5124
SBA 8(a) Certified	19	49	13	11	13	2	107



# Key Point Summary

- HUBZone is stabilized by extending the map freeze, but still suffers in our region from low participation.
- SDVOSB is a strong program and seems to be working fairly smoothly.
  - Verification is slated to move from VA to SBA in late 2022.
  - After a “grace period”, self certification will no longer be allowed for any SDVOSB set-asides.
- WOSB – the program continues to struggle with a clunky certification process and low participation; few set-asides
- SDB – the absence of a broadly-available certification program jeopardizes the goal of tripling the flow of contract awards to this category.
  - Anticipate challenges with this policy



# Thank you!

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