

# *Fiscal Year 2017*

## *Small Business Procurement Scorecard*

### ***Grade Calculation Methodology***

#### ***May 2017***

*FY2017 federal prime contracting data retrieved from FPDS-NG on 02/20/2018 for the date range 10/01/2016 through 9/30/2017*  
*FY2017 federal subcontracting data retrieved from eSRS on 03/14/2018 for the date range 10/01/2016 through 09/30/2017*



# Executive Summary

In Section 868 of the National Defense Authorization Act (NDAA) of 2016 (P.L. 114-92), Congress directed SBA to change its scorecard methodology for FY 2017. Specifically, Congress directed that an agency's performance towards its prime contracting goals shall account for 50 percent of an agency's grade. Further, Congress directed that the remaining 50 percent should be weighted in a manner determined by the Administrator of the SBA to include subcontracting and the number of small business prime contractors in the five small business categories across a spectrum of North American Industry Classification System (NAICS) codes.

In addition, Section 1692 of the NDAA of 2013 (P.L. 112-239) amended Section 7104(b) of the Federal Acquisition Streamlining Act of 1994 (P.L. 103-355) to provide that the Small Business Procurement Advisory Council shall conduct reviews of each Office of Small and Disadvantaged Business Utilization (OSDBU) to determine the office's compliance with Section 15(k) of the Small Business Act (15 U.S.C. 644(k)).

After extensive consultation and assistance from the OSDBU community and obtaining Office of Federal Procurement Policy (OFPP) concurrence, SBA established a new weighting methodology starting with the FY 2017 Scorecard to measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, to examine the number of small business prime contractors, and to review the agencies' compliance with Section 15(k) requirements of the Small Business Act. For FY 2017 SBA developed a checklist with 18 requirements, with 15 U.S.C. 644(k)13 marked as optional.

Each agency's Scorecard grade consists of its achievements in these four areas, and each area is graded by the percentage shown below:

<b>Prime Contracting Achievement</b>	<b>50% of Scorecard Grade</b>
<b>Subcontracting Achievement</b>	<b>20% of Scorecard Grade</b>
<b>Comparison of the Number of Small Business Prime Contractors in each of the Five Small Business Categories in the Agency's Top 100 Small Business NAICS Codes Between FY 2016 and FY 2017</b>	<b>10% of Scorecard Grade</b>
<b>OSDBU Peer Review on Agency Compliance with Section 15(k) of the Small Business Act (18 requirements)</b>	<b>20% of Scorecard Grade</b>

## Executive Summary (continued)

The prime and subcontracting component goals include goals for small businesses, small businesses owned by women (WOSB), small disadvantaged businesses (SDB), service-disabled veteran-owned small businesses (SDVOSB), and small businesses located in Historically Underutilized Business Zones (HUBZones).

The NAICS comparison goal is the result of the number small business concerns, including the socio-economics small business concerns, awarded prime contracts in the current fiscal year compared to the prior fiscal year in the Agency's Top 100 Small Business NAICS Codes and scored based on the following scale:

- Increase in number of SB primes by 10% or more = 1.3
- Increase in number of SB primes by 5% or more but less than or equal to 10% = 1.2
- Increase in number of SB primes between 0% and less than 5% = 1.1
- No change in the number of SB primes (Change = 0%) 0% increase; 0% decrease (no change) = 1.0
- Decrease in number of SB primes by more than 0% but less than -5% = 0.9
- Decrease in number of SB primes by -5% or more but less than or equal to -10% = 0.8
- Decrease in number of SB primes by -10% or more = 0.7

The OSDBU peer review consists of scoring a written response from agencies using a detailed compliance checklist for 18 requirements in 15 U.S.C. 644(k) using the following scale for each question:

- Excellent = 1.0
- Above Average = 0.9
- Satisfactory = 0.8
- Below Average = 0.7
- Unsatisfactory = 0.6

## Executive Summary (continued)

In FY 2017, in accordance with federal law, SBA provided agencies double credit, for goaling purposes only, for prime contract awards in disaster areas that are awarded as a local area set aside and a small business or other socio-economic set aside when the vendor state is the same as the place of performance. 15 U.S.C. § 644(f).

Each federal agency has a different small business contracting goal, negotiated annually in consultation with SBA. SBA ensures that the sum total of all of the goals exceeds the 23 percent target established by law. Each agency's efforts in meeting its small business goals expands opportunities for small businesses to compete for and win federal contracts.

SBA is utilizing a letter grade based methodology that has six potential grades (A+, A, B, C, D, F). These grades provide additional distinction among different agencies' performance.

***The Scorecard format measures the total performance of an agency's achievements in a clear and consistent method***

# Agency Small Business Scorecard Grade Calculation Methodology

Achievement Category	Achievement Category Components	Component Weight	Weight of Category Achievement toward Overall Grade
<b>① Prime Contracting</b>	Small Business	60%	<b>50%</b>
	SDB	10%	
	WOSB	10%	
	SDVOSB	10%	
	HUBZone	10%	
<b>② Subcontracting</b>	Small Business	60%	<b>20%</b>
	SDB	10%	
	WOSB	10%	
	SDVOSB	10%	
	HUBZone	10%	

## Agency Small Business Scorecard Grade Calculation Methodology (cont.)

Achievement Category	Scoring		Weight of Category Achievement toward overall Grade
<b>Comparison of the Number of Small Business Prime Contractors in each of the Five Small Business Categories in the Agency's Top 100 Small Business NAICS Codes between FY 2016 and FY 2017</b>	Range	Score	<b>10%</b>
	Increase in number of SB primes by 10% or more	1.3	
	Increase in number of SB primes by 5% or more but less than or equal to 10%	1.2	
	Increase in number of SB primes between 0% and less than 5%	1.1	
	No change in the number of SB primes (Change = 0%, 0% increase, 0% decrease) ( <u>no change</u> )	1	
	Decrease in number of SB primes by more than 0% but less than -5%	0.9	
	Decrease in number of SB primes by -5% or more but less than or equal to -10%	0.8	
	Decrease of SB primes by -10% or more	0.7	

## Agency Small Business Scorecard Grade Calculation Methodology (cont.)

Achievement Category	Scoring	Weight of Category Achievement toward overall Grade
<p>The OSDBU peer review consists of scoring a written response from agencies to questions on the 18 requirements in 15 U.S.C. 644(k).</p>	Scoring for each of the 18 requirements:	<b>20%</b>
	Excellent = 1.0	
	Above Average = 0.9	
	Satisfactory = 0.8	
	Below Average = 0.7	
	Unsatisfactory = 0.6	
<b>Total</b>		<b>100%</b>

# Agency Achievement Example

Prime Contracting			Subcontracting		
Category	Goal (%)	Achievement (%)	Category	Goal (%)	Achievement (%)
Small Business	23	21	Small Business	35	33
SDB	5	10.5	SDB	5	8
WOSB	5	4	WOSB	5	10.1
SDVOSB	3	3.5	SDVOSB	3	2.5
HUBZone	3	1.5	HUBZone	3	1.5
SDB = Small Disadvantaged Business					
WOSB = Women Owned Small Business					
SDVOSB = Service Disabled Veteran Owned Small Business					
HUBZone = Small Business located in a Historically Underutilized Business Zone					



# Agency Achievement Example

## Number of Small Business Prime Contractors

Comparison of the Number of Small Business Prime Contractors in each of the Five Small Business Categories in the Agency's Top 100 Small Business NAICS Codes Between FY 2016 and FY 2017:

Category	Number of Primes – FY 16	Number of Primes – FY 17	% Change (+/-)
SB	1500	1450	-3.33%
SDB	675	700	3.70%
WOSB	550	550	0.00%
SDVOSB	400	390	-2.50%
HUBZone	175	170	-2.86%

- Increase in number of SB primes by 10% or more = 1.3
- Increase in number of SB primes by 5% or more but less than or equal to 10% = 1.2
- Increase in number of SB primes between 0% and less than 5% = 1.1
- No change in the number of SB primes (Change = 0%) 0% increase; 0% decrease (no change) = 1.0
- Decrease in number of SB primes by more than 0% but less than -5% = 0.9
- Decrease in number of SB primes by -5% or more but less than or equal to -10% = 0.8
- Decrease in number of SB primes by -10% or more = 0.7

## OSDBU Peer Review

The OSDBU peer review consists of scoring a written response from agencies to questions on the 18 requirements in 15 U.S.C 644(k).

To review the full text of 15 U.S.C. 644(k), please visit:

<http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title15-section644&num=0&edition=prelim>

# OSDBU Peer Review Form

## 15 U.S. Code § 644(k) FY 2017 Compliance Checklist

	Requirement Title:	Statutory Reference:	Did Agency Satisfy Requirement? <i>(Column responses auto-populate from completed compliance worksheet)</i>
0)	Office and Director Experience	15(k)	0.0
1)	Director Title	15(k)1	0.0
2)	Compensation and Seniority	15(k)2	0.0
3)	Reporting (Head of Agency or Deputy Head)	15(k)3	0.0
4)	Implementation and Execution of Business Development and Federal Contracting Responsibilities of the Small Business Act	15(k)4	0.0
5)	Identify and Address Bundling of Contracts	15(k)5	0.0
6)	Provide Assistance on Payments	15(k)6	0.0
7)	Supervisory Authority	15(k)7	0.0
8)	Assign Small Business Technical Advisors	15(k)8	0.0
9)	OSDBU Cooperation and Consultation	15(k)9	0.0
10)	Recommendations to Contracting Officers	15(k)10	0.0
11)	Activity Conversion	15(k)11	0.0
12)	Advise CAO and SPE	15(k)12	0.0
13)	SBC and Contracting Specialist Training	15(k)13	Optional (Not Mandatory) - 0.0
14)	Receive Unsolicited Proposals	15(k)14	0.0
15)	Exclusive Duties and Title	15(k)15	0.0
16)	Congressional Reporting	15(k)16	0.0
17)	Respond to Undue Restriction Notifications	15(k)17	0.0
18)	Purchase Card Summary Data Review	15(k)18	Not Scored in FY 2017
19)	Vendor Compliance Education and Training	15(k)19	Not Scored in FY 2017
20)	Subcontracting Plan Review	15(k)20	Not Scored in FY 2017
<b>TOTAL:</b>			+ 0.0

I, \_\_\_\_\_, as the \_\_\_\_\_ at \_\_\_\_\_ verify that this information is an accurate representation of my agency's compliance in FY 2017 with 15 U.S.C. § 644(k) and can, if requested, provide additional information to further corroborate responses.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Small Business Procurement Advisory Committee 15 U.S.C. § 644(k) Compliance Review

# Calculating Prime Contracting Score

①	Category Component Achievement		Goal		Achievement Score		Component Weight		Weighted Performance
Small Business	21.00%	/	23.00%	=	91.30%	X	60.0%	=	54.78%
SDB	10.50%	/	5.00%	=	200.00%*	X	10.0%	=	20.00%
WOSB	4.00%	/	5.00%	=	80.00%	X	10.0%	=	8.00%
SDVOSB	3.50%	/	3.00%	=	116.67%	X	10.0%	=	11.67%
HUBZone	1.50%	/	3.00%	=	50.00%	X	10.0%	=	5.00%
									99.45%
									<b>Prime Score</b>

\*achievement score capped at 200.00%

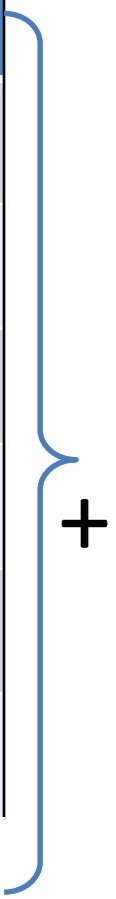
# Calculating Subcontracting Score

②	Category Component Achievement		Goal		Achievement Score		Component Weight		Weighted Performance
Small Business	33.00%	/	35.00%	=	94.29%	X	60.0%	=	56.57%
SDB	8.00%	/	5.00%	=	160.0%	X	10.0%	=	16.00%
WOSB	10.10%	/	5.0%	=	200.0%*	X	10.0%	=	20.00%
SDVOSB	2.50%	/	3.00%	=	83.33%	X	10.0%	=	8.33%
HUBZone	1.50%	/	3.00%	=	50.00%	X	10.0%	=	5.00%
									<b>105.90%</b>
									<b>Subcontracting Score</b>

\*achievement score capped at 200.00%

# Calculating Number of Small Business Prime Contractors

<b>③ Comparison of the Number of Small Business Prime Contractors in each of the Five Small Business Categories in the Agency's Top 100 Small Business NAICS Codes Between FY 2016 and FY 2017</b>	<b>Performance</b>
Percentage change in the number of SB prime contractors from FY 2016 to FY 2017 = -3.33%	0.9
Percentage change in the number of SDB prime contractors from FY 2016 to FY 2017 = +3.70%	1.1
Percentage change in the number of WOSB prime contractors from FY 2016 to FY 2017 = 0.00%	1.0
Percentage change in the number of SDVOSB prime contractors from FY 2016 to FY 2017 = -2.50%	0.9
Percentage change in the number of HUBZone SB prime contractors from FY 2016 to FY 2017 = -2.86%	0.9
Total Score for this Category →	4.8



**Total Score =**  
**5 Scores Combined ÷ 5 =**  
**4.8 ÷ 5 = 96%**

Grading Scale
→ Increase in number of SB primes by 10% or more = 1.3
→ Increase in number of SB primes by 5% or more but less than or equal to 10% = 1.2
→ Increase in number of SB primes between 0% and less than 5% = 1.1
→ No change in the number of SB primes (Change = 0%) 0% increase; 0% decrease (no change) = 1.0
→ Decrease in number of SB primes by more than 0% but less than -5% = 0.9
→ Decrease in number of SB primes by -5% or more but less than or equal to -10% = 0.8
→ Decrease in number of SB primes by -10% or more = 0.7

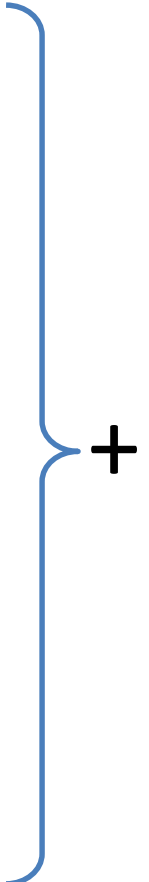
**Number of SB**  
**Prime Contractors**  
**Score**  
  
**96.00%**

# Calculating OSDBU Peer Review Score

④

The OSDBU peer review consists of scoring a written response from agencies to questions on the 18 requirements in 15 U.S.C. 644(k).

Req. #	Score	Req. #	Score	Req. #	Score
(k)/0	1	6	1	12	1
1	1	7	0.9	13	0.8
2	0.9	8	0.9	14	1
3	0.9	9	1	15	1
4	0.9	10	0.9	16	1
5	1	11	1	17	0.9
Total: 17.1					



**Total Score =**  
**18 Scores Combined ÷ 18 =**  
**17.1 ÷ 18 = 95.00%**

Grading Scale	Success Factor Overall Score X
	10%
Excellent	1.0
Above Average	0.9
Satisfactory	0.8
Below Average	0.7
Unsatisfactory	0.6

**OSDBU Peer  
 Review  
 Score**  
**95.00%**

*This factor performance is scored by a peer review panel of OSDBU/OSBP directors*

# Calculating Agency Overall Small Business Procurement Grade

Achievement Category	Category Score		Weight of Category toward Overall Grade		
① Prime Contracts	99.45%	X	50%	=	49.73%
② Subcontracting	105.90%	X	20%	=	21.18%
③ Comparison of the Number of SB Prime Contractors in each of the Five Small Business Categories in the Agency's Top 100 Small Business NAICS Codes Between FY 2016 and FY 2017	96.00%	X	10%	=	9.60%
④ OSDBU Peer Review on the 18 requirements in 15 U.S.C. 644(k)	95.00%	x	20%		19.00%
<b>Overall Small Business Performance Grade</b>					99.51% <b>B</b>



- A+ ≤ 150% but ≥ 120%
- A < 120% but ≥ 100%
- B < 100% but ≥ 90%
- C < 90% but ≥ 80%
- D < 80% but ≥ 70%
- F < 70%

# Questions

## **SBA.gov Small Business Procurement Scorecards**

*<https://www.sba.gov/content/small-business-procurement-scorecards-0>*

## **Small Business Industry Groups and Members of the Press**

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