



# ***NEWS RELEASE***

## **PRESS OFFICE**

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## **SBA Implements New Policy to More Accurately Report on Small Business Federal Contracting**

**WASHINGTON** – The U.S. Small Business Administration today implemented a new policy that enables the federal government to more accurately monitor contract awards when a small business is purchased or merged with a large business through the process of novation.

The new policy requires a business to recertify itself as small for federal contracts transferred to it from another business if the contract is to continue being counted as a small business contract. It will also assist small businesses in obtaining contracts as federal agencies seek out new small businesses for contracting opportunities.

The new policy, effective today, was introduced in a final rule that amended the SBA's size regulations and appeal procedures for size determinations as a result of comments and recommendations. The policy recognizes that a business can be legitimately small when it is awarded the contract, but become a large business by merging or being acquired by another company. Until recently, that company did not need to recertify if it transferred the contract to the acquiring business.

"This new policy will improve upon the accuracy of the federal government's reporting of small business achievements by requiring small businesses to reaffirm their small business status to contracting officers once it has been acquired by another business," said SBA Administrator Hector V. Barreto.

In the novation process, once a small business has been acquired by means of a purchase or merger, the contract is rewritten to reflect the transfer of ownership and the small business owner must reaffirm its small business status by submitting a written self-certification statement to the contracting officer of the procuring agency. Once the small business status has been established by the new owner, the contracting officer can count the contract toward the agency's small business contracting goals.

When a small business becomes part of a large business through purchase or merger, federal contracts that are transferred to a large acquiring business needs to be properly counted as contracts now held by large businesses. Now that federal contracts may last as long as 20 years under multiple award contracts such as the General Services Administration Schedules, policies on small business reporting must take into account potential changes in business ownership and control that may occur over time.

For additional information on the new policy, visit the SBA's Office of Size Standards Webpage at [www.sba.gov/size](http://www.sba.gov/size), and click on "What's New?"

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