



News Release

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SBA Proposes New Regulations to Strengthen the 8(a) Business Development Program for Small Businesses

WASHINGTON – The U.S. Small Business Administration today announced proposals aimed at strengthening opportunities for disadvantaged small businesses to benefit from its 8(a) Business Development program.

The proposed 8(a) regulation changes are the result of the first comprehensive review of the 8(a) program in a number of years and were published today in the *Federal Register*. The rules cover a variety of areas of the program, ranging from providing further clarification on determining economic disadvantage to requirements on Joint Ventures and the Mentor-Protégé program. The public comment period on the proposed changes is open for 60 days.

“The 8(a) program has a proven record as an effective program for helping disadvantaged small businesses gain access to training and contracting opportunities to help them grow, create jobs and ultimately succeed in the marketplace once they graduate from the program,” SBA Administrator Karen Mills said. “These proposed changes build on that foundation of success, and will strengthen the program and maximize its benefits for eligible small businesses.”

The 8(a) program is a nine-year business development program for small businesses that fit the SBA’s criteria of being socially and economically disadvantaged. The 8(a) program helps these firms develop their business and provides them with access to government contracting opportunities, allowing them to become solid competitors in the federal marketplace. It also provides specialized business training, counseling, marketing assistance and high-level executive development to its participants. In FY08, small businesses received \$16.1 billion in 8(a) contracts.

Some of the components of the 8(a) program that the proposed changes will affect include:

- Joint Ventures – qualifying that 8(a) firms are required to perform a significant portion of the work to ensure that these companies are able to build capacity;
- Economic Disadvantage – providing more clarification on economic disadvantage as it relates to total assets, gross income, retirement accounts and a spouse of an 8(a) company owner in determining the owner’s access to capital and credit;
- Mentor-Protégé Program – requiring that assistance provided through the Mentor-Protégé relationship is directly tied to the protégé firm’s business plan;
- Ownership and Control Requirements – providing flexibility in determining whether to admit to the 8(a) program companies owned by individuals with immediate family members who are owners of current and former 8(a) participants;

- Tribally-Owned Firms – seeking public comments on the best way to determine whether a tribe meets the criteria of being economically disadvantaged for the 8(a) program;
- Excessive Withdrawals – amending regulations on what is considered excessive as a basis for termination or early graduation from the 8(a) program; and
- Business Size for Primary Industry – requiring that a firm’s size status remain small for its primary industry code during its participation in the 8(a) program.

Small businesses may submit comments to this proposed rule on or before Dec. 28, 2009, to www.regulations.gov, where they will be posted or mailing them to 409 3rd St. SW, Mail Code: 6610, Washington, DC 20416 or via e-mail at: 8aBD2@sba.gov.

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