

WASHINGTON - The U.S. Small Business Administration today published a package of final rules that will revise regulations to strengthen its 8(a) Business Development program to better ensure that the benefits flow to the intended recipients and help prevent waste, fraud and abuse.

The rules were published today in The Federal Register and will become effective in 30 days on March 14, 2011.

The revisions are the first comprehensive overhaul of the 8(a) program in more than 10 years. The regulations incorporate technical changes and substantive changes that mirror existing or new legislation enacted since the last revision in June 1998.

"The 8(a) Business Development Program is an effective tool for providing small businesses with support to help them compete for and win federal government contracts, and in turn put them in the best possible position to drive economic growth and create jobs," SBA Administrator Karen Mills said. "Through public meetings held in cities throughout the country, SBA gained valuable input from members of the small business community on ways to strengthen the program to provide the best opportunities for eligible firms, while also stepping up efforts to combat waste, fraud and abuse."

The rules cover a variety of areas of the program, ranging from clarifications on determining economic disadvantage to requirements on Joint Ventures and the Mentor-Protégé program. Some of the components of the 8(a) program that the revised regulations will affect include:

- * Joint Ventures - requiring that the 8(a) firm must perform 40 percent of the work of each 8(a) joint venture contract that is awarded, including those awarded under a Mentor/Protégé agreement, to ensure that these companies are able to build capacity;
- * Economic Disadvantage - providing more clarification on factors that determine economic disadvantage as it relates to total assets, gross income, retirement accounts and a spouse of an 8(a) company owner when determining the owner's ability to access capital and credit; *
- Mentor-Protégé Program - adding consequences for a mentor who does not provide assistance to their protégé, ranging from stop-work orders to debarment *
- Ownership and Control Requirements - providing flexibility on whether to admit 8(a) program companies owned by individuals with immediate family members who are owners of current and former 8(a) participants; *
- Tribally-Owned Firms - requiring firms owned by tribes, Alaska Native Corporations, Native Hawaiian Organizations and Community Development Corporations to report benefits flowing back to their respective communities; *
- Excessive Withdrawals - amending regulations on what amount 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.

The SBA initially published the proposed rule on Oct. 28, 2009 and provided a 60-day comment period for the public to submit their comments. Many businesses requested more time, so the SBA extended the comment period an additional 30 days, allowing the public to submit their comments by Jan. 28, 2010. In addition to requesting written comments from the public, the SBA also embarked on a "Listening Tour" and hosted public meetings between December 2009 and January 2010 in 10 cities around the country: Albuquerque, N.M., Atlanta, Ga., Boston,

Mass., Chicago, Ill., Dallas, Texas, Los Angeles, Calif., Miami, Fla., New York, N.Y., Seattle, Wash. and Washington, D.C.

The SBA also conducted tribal consultations to gain further public input to the revisions in Albuquerque, Fairbanks and Anchorage, Alaska, and Seattle. In total, the SBA received more than 2,500 individual comments from the public.

The 8(a) program is a nine-year business development program for small businesses where the owner(s) fits the SBA's criteria of being socially and economically disadvantaged and the same owners control the firm. 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 FY09, small businesses received \$18.6 billion in 8(a) contract dollars.

For more information about the revised 8(a) regulations, a compliance guide, and the 8(a) program, visit <http://www.sba.gov/content/revised-8a-regulations> or e-mail questions to: 8aBD2@sba.gov.

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