



8a Program

The SBA's 8(a) Program, named for a section of the Small Business Act, is a business development program created to help small disadvantaged businesses compete in the American economy and access the federal procurement market.

The individual's net worth, after excluding the individual's equity in the firm and the equity in the primary residence, may not exceed \$250,000. SBA will also consider the individual's average two-year income, fair market value of all assets, access to credit and capital, and the financial condition of the applicant firm in evaluating economic disadvantage. Also the SBA requires that at least 51% of the applicant firm be directly and unconditionally owned by **socially and economically disadvantaged individuals**.

The applicant firm

- must be a small business,
- must be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States, and
- must demonstrate potential for success.

Size Standards for a small business

- Manufacturing: Maximum number of employees may range from 500 to 1500, depending on the type of product manufactured;
- Wholesaling: Maximum number of employees may range from 100 to 500 depending on the particular product being provided;
- Services: Annual receipts may not exceed \$2.5 to \$21.5 million, depending on the particular service being provided;
- Retailing: Annual receipts may not exceed \$5.0 to \$21.0 million, depending on the particular product being provided;
- General and Heavy Construction: General construction annual receipts may not exceed \$13.5 to \$17 million, depending on the type of construction;
- Special Trade Construction: Annual receipts may not exceed \$7 million; and
- Agriculture: Annual receipts may not exceed \$0.5 to \$9.0 million, depending on the agricultural product

Socially Disadvantaged:

1. Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group. Social disadvantage must stem from circumstances beyond their control. In the absence of evidence to the contrary, individuals who are members of the following designated groups are presumed to be socially disadvantaged:

- Black Americans
- Hispanic Americans
- Native Americans (American Indians, Eskimos, Aleuts, and Native Hawaiians)

- Asian Pacific Americans (persons with origins from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, U.S. Trust Territory of the Pacific Islands [Republic of Palau], Commonwealth of the Northern Mariana Islands, Laos, Cambodia [Kampuchea], Taiwan; Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, Federated States of Micronesia, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru; Subcontinent Asian Americans (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal), and
- Members of other groups designated by the SBA.

2. At least one objective distinguishing feature that has contributed to social disadvantage, such as race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from the mainstream of American society, or other similar causes not common to individuals who are not socially disadvantaged:

- The SBA will consider any relevant evidence in assessing this element. In every case, however, SBA considers education, employment and business history, where applicable, to see if the totality of circumstances shows disadvantage in entering or advancing in the business world.
- **The Evidence:** Court or administrative findings of discrimination. Statements made under oath to an investigator or in a court or administrative proceeding. Affidavits or statements sworn under oath by an individual owner which have specific recurrent incidents of discrimination or a pattern of discrimination over a significant period of time. **Applicant statements alone, without supporting or corroborating evidence will be given less weight than if corroborated.** Sworn affidavits or statements from independent third parties, who do not have an interest in or close relationship to the owner, corroborating or supporting assertions made by the owner. Statements by relatives or friends of the owner will have less weight than statements by independent third parties. Documentary evidence which corroborates or supports assertions made by an owner regarding specific incidents or a pattern of discrimination. Such documentation includes these items:
 - Personnel records
 - Payroll records
 - Rejection letters on job applications
 - Denials of credit application
 - Documents relating to rejected contract offers, i.e., bid abstracts, solicitations, etc.
 - Contemporaneous records memorializing meetings, conversations, negotiations, telephone calls, etc.
 - Documents setting forth company policy(ies) which are alleged to be discriminatory.
 - Evidence which tends to show generalized patterns of discrimination against a non-designated group or statistical data showing that businesses owned by a specific non-designated group are disproportionately underrepresented in a particular industry may be used to augment an individual's case. Statistics and generalized patterns are not sufficient by themselves to establish a case of individual social disadvantage. However, an individual's statement of personal experiences in combination with the generalized evidence may be sufficient to demonstrate social disadvantage.

Economically Disadvantaged:

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities.

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