

# FY 2016 Overview: Small Business

**A small business is defined as a for profit business (corporation, limited liability company or proprietorship) that falls under SBA's established size standards for manufacturing and non-manufacturing industries.**

According to the U.S. Small Business Administration (SBA), small businesses represent 99.7 percent of all employer firms. Since 1995, small businesses have generated 64 percent of new jobs, and paid 44 percent of the total United States private payroll. That substantial part of the economy stimulates and drives the rest of the U.S. economy by providing funds for employees to spend on necessities and other items they desire. <sup>A</sup>

While small businesses may not generate as much money as large corporations, they are a critical component of and major contributor to the strength of local economies. Small businesses present new employment opportunities and serve as the building blocks of the United States' largest corporations. Many small businesses also possess the ability to respond and adapt quickly to changing economic climates. This is due to the fact that small businesses are often very customer-oriented. Small businesses employ over 56 million people in the United States, and, according to the SBA, that is equal to 57 percent of the private sector employees in the nation. Small businesses create more new jobs than larger firms. The SBA reports that from 2005 to 2008, small businesses were responsible for creating 81.4 percent of the net new jobs in the U.S. Job growth is imperative for the continued growth of the U.S. economy, and small businesses meet those needs with new jobs being created all the time. <sup>B</sup>

**Small Business suppliers are in decline.** Over the past 10 years, there has been a decline of 12.26% in the total number of small business vendors to the Federal government. There are 15,178 less small business vendors today than there were in 2005. There are 36,198 less small business vendors today than in 2008. In FY14 there were 261,969 small business vendors listed in the SBA DSBS seeking contracts. Only 108,660 (41.4%) secured contracts in 2014. The decline in the percent of "Other than Small" vendors has been significantly less, 6.2%. NOAA awarded contracts to 3,650 individual small business firms in FY16 (Source: FPDS-NG).

Numbers of firms registered by sub-categories in SAM :

6,665	8(a) (SDB certified)
88,167	SDB (Self-certified)
5,190	HUBZone
36,472	VOSB
15,568	SDVOSB
38,105	WOSB
13,954	EDWOSB

Table 1 – Outlines the Number of Small Business Registered by category in SAM in FY 2014.



Figure 1 – Declining Trends in Small Business by Firm Size provided by SBA's Small Business Bulletin June, 2015

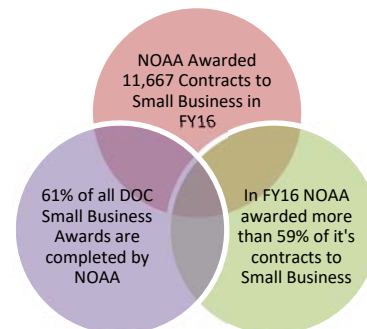


Figure 2 – NOAA's continues as a leader in government partnerships with Small Business

# FY16 Small Business Accomplishments

NOAA obligated approximately \$3.4B in FY16. Financial Assistance and transfers to other agencies accounted for approximately \$2.1B and the remaining \$1.3B was obligated by NOAA under contracts. NOAA goals are reviewed in two different methodologies; Achievement & Goaling. The Achievement methodology takes into consideration only what NOAA is in control of obligating, or NOAA's discretionary spend. The Goaling methodology takes into consideration all contracting dollars obligated by both NOAA and other agencies spending NOAA's money. Goaling includes approximately \$1.2B in transfers to other organizations in FY 16 that NOAA has no control over. According to FPDS approximately 3,088 actions were closeout actions. Subtracting these from the overall transaction list leaves NOAA at about 13,575 transactions for the year.

Under the achievement methodology NOAA met and significantly exceeded all of its small business and small business socioeconomic goals set by the Department of Commerce for the first time ever. NOAA obligated approximately \$743M out of \$1.3B to small businesses equating to a 59.8% overall small business goal achievement for the year, the highest it has been. NOAA met its HUBZone goal under this methodology for the first time ever as well.



Figure 3 – At-a-glance NOAA Small Business Initiatives in FY16

## FY16 Small Business Accomplishments:

NOAA obligated 59.8% overall spending to small business

NOAA exceeded goals in all socioeconomic programs.

NOAA's goal achievements were the highest they have ever been.

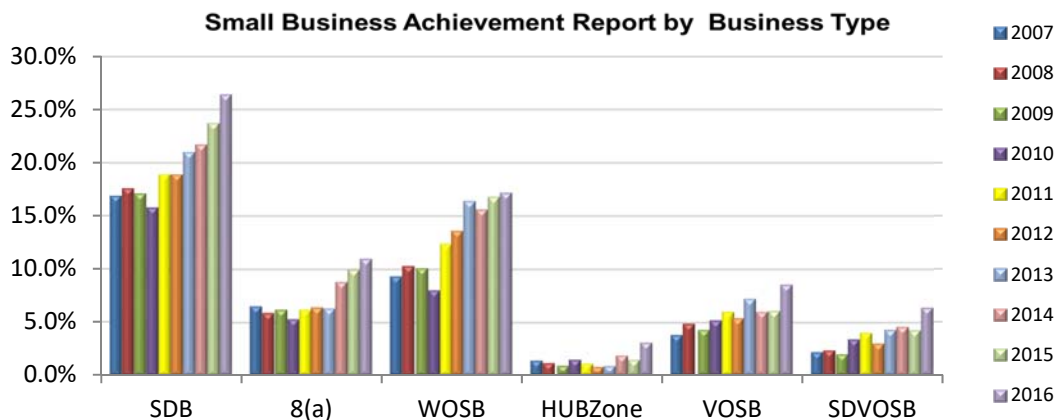


Figure 4 - Graph above shows gradual increasing trend in NOAA's Small Business performance using Achievement Method.

# FY16 Small Business Accomplishments

Socioeconomic Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Small Business</b>	47.2%	50.0%	48.7%	40.6%	45.6%	44.8%	47.8%	49.1%	53.4%	<b>59.8%</b>
<b>SDB</b>	16.9%	17.6%	17.1%	15.8%	18.9%	18.9%	21.0%	21.7%	23.7%	<b>26.4%</b>
<b>8(a)</b>	6.5%	5.9%	6.2%	5.3%	6.2%	6.4%	6.3%	8.8%	10.0%	<b>11.0%</b>
<b>WOSB</b>	9.3%	10.3%	10.1%	8.0%	12.4%	13.6%	16.4%	15.6%	16.8%	<b>17.2%</b>
<b>HUBZone</b>	1.4%	1.2%	0.9%	1.5%	1.1%	0.8%	0.9%	1.9%	1.5%	<b>3.1%</b>
<b>VOSB</b>	3.8%	4.9%	4.3%	5.2%	6.0%	5.4%	7.2%	6.0%	6.1%	<b>8.6%</b>
<b>SDVOSB</b>	2.2%	2.4%	2.0%	3.4%	4.0%	3.0%	4.3%	4.6%	4.3%	<b>6.4%</b>

Historically highest % of obligations on small business

Table 2 – Outlines the historic trends for NOAA Small Business in various sub-categories using the Achievement Methodology

Under the Goaling methodology NOAA met the SDB, VOSB & SDVOSB goals set by Commerce. NOAA then increased our spending in SB and HUBZone from FY15, but was still unable to reach all the goals unilaterally set by Commerce. Statutorily NOAA met all the goals except for the HUBZone goals under this methodology.

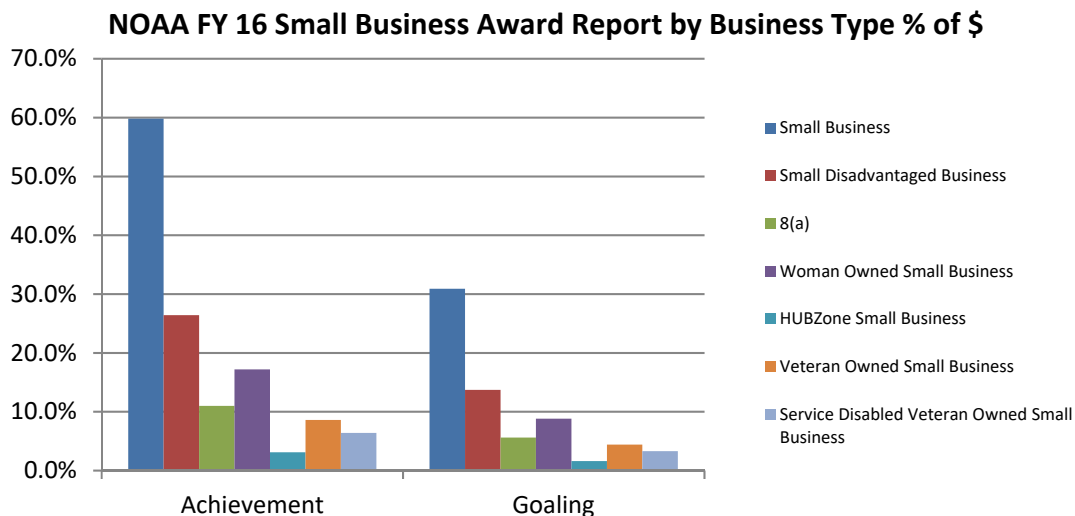


Figure 5 - Graph above shows significant increase of spending in a comparison of NOAA's Small Business Measurements using Achievement vs Goaling Methods.

Program	NOAA Achievement	NOAA Goaling	NOAA Goal	DOC Goal	Statutory Goal
<b>Small Business</b>	59.8%	30.9%	49%	40%	23%
<b>Small Disadvantaged Business</b>	26.4%	13.7%	12%	5%	5%
<b>8(a)</b>	11.0%	5.6%	6%	6%	-
<b>Woman Owned Small Business</b>	17.2%	8.8%	10%	5%	5%
<b>HUBZone Small Business</b>	3.1%	1.6%	3%	3%	3%
<b>Veteran Owned Small Business</b>	8.6%	4.4%	4%	4%	-
<b>Service Disabled Veteran Owned Small Business</b>	6.4%	3.3%	3%	3%	3%

Table 3 – Highlights in green show FY16 NOAA Small Business Accomplishments exceeds DOC established goals for NOAA and Statutory Goals in most sub-categories

# FY16 Small Business Accomplishments

SMALL BUSINESS TYPE	Add'l SB \$ Needed to Meet FY 16 Goal	
	Achievement	Goaling
Small Business	N/A	\$443,598,246
Small Disadvantaged Business	N/A	N/A
8(a)	N/A	\$9,624,800
Woman-Owned Small Business	N/A	\$28,295,499
HUBZone Small Business	N/A	\$34,207,912
Veteran-Owned Small Business	N/A	N/A
Service Disabled Veteran Owned	N/A	N/A

Table 4 – Identifies areas where NOAA did not meet Small Business Goals.

The 2010 decennial Census reduced the number of HUBZones across the United States which in turn reduced the total number of HUBZone firms by 37% in 2012.<sup>c</sup> The HUBZone population is the lowest of all the socioeconomic programs and is one of the hardest certifications to maintain due to the SBA regulations in which 35% of employees of a HUBZone firm must also live within a HUBZone.

## How NOAA's funds were obligated by the NOAA Acquisition and Grants Office (AGO) and Delegates

Division	Actions	Obligations	% of Actions	% of Obligations
SSAD	766	\$227,059,699	4.6%	18.3%
EAD	3949	\$538,549,018	23.7%	43.3%
WAD	5210	\$445,242,119	31.3%	35.8%
Field Delegate	3650	\$35,941,510	21.9%	2.9%
SSMD	3088	(\$4,378,651)	18.5%	-0.3%

Table 5 – Lists the volume of actions and obligated dollars by each servicing NOAA AGO acquisition division and NOAA delegates.

WAD led AGO in the small business set aside numbers for FY 16. They processed approximately 5,200 transactions worth over \$445M and were able to set aside over 63% for small businesses and meet all the socioeconomic category goals. The Field Delegates, EAD and WAD together processed approximately 12,800 transactions worth over \$1B and met or exceeded every small business goal NOAA has, including HUBZone.

Program	SSAD	EAD	WAD	Field Delegate	NOAA Goal
Small Business	63.3%	54.6%	63.2%	72.1%	49%
SDB	39.5%	23.9%	23.7%	20.4%	12%
8(a)	23.3%	8.9%	7.8%	7.0%	6%
WOSB	31.4%	18.7%	7.8%	16.8%	10%
HUBZone	0.7%	3.2%	4.2%	6.1%	3%
VOSB	14.5%	6.6%	7.9%	8.8%	4%
SDVOSB	12.7%	4.9%	5.0%	5.5%	3%

Table 6 – Lists Percentage of obligated dollars overall Small Business by AGO Division and NOAA Delegates

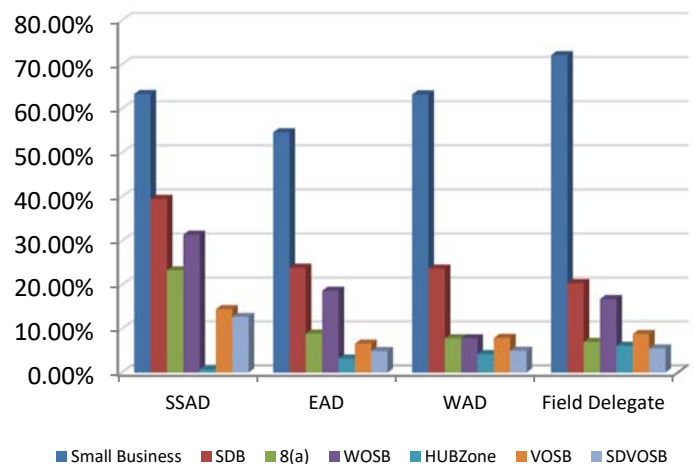


Figure 6 – Lists Percentage of obligated dollars overall Small Business by AGO Division and NOAA Delegates

## FY16 Success Stories

Each year the NOAA Small Business Office highlights the accomplishment of a small business contractor that has furthered NOAA's mission through collaboration and cooperation with us. This year the Small Business Office would like to recognize **Think Tank, Inc.**, a **Woman Owned Small Disadvantaged Business** vendor.

Think Tank is an ISO 9001:2008 certified, woman-owned small business, incorporated in 1992, and has been a trusted partner for the National Oceanic and Atmospheric Administration (NOAA) since 1998. As their name implies, they are a thought leader, providing NOAA with innovation and technical expertise that includes mission-critical project support services, including exceptional data management, cyber security, database administration, project management, web development, IT help desk support, financial management, scientific research, engineering, and software development. They are a NOAA Link Small Business Prime contractor, and support NESDIS, NMFS, NOS, NWS, and OMAO with mission-critical project support services.

***Think Tank President Harinder Bawa stated that, "It is an honor to serve NOAA and its mission of Science, Service and Stewardship. Our staff conscientiously serve NOAA's line and staff offices to promote resilient and healthy ecosystems, communities, and economies, enriching life for our citizens through science."***

The particular story, highlighted below, is in relation to work Think Tank has done with NOAA's Finance Office.

Think Tank's commitment to NOAA can be seen in everything they do. For example, on their NOAA Finance contract, they provide operations, maintenance and development for NOAA financial systems. Monthly and quarterly reporting was taking an excessive amount of time. Their developers determined that a code change within the NOAA system could significantly increase performance. Think Tank tested the solutions and verified they would resolve the issue. They provided the code change, which was incorporated in the reports and redelivered to NOAA. This change reduced the time it took to run the reports from eight hours to 25 minutes in the production environment. Overall, this enhancement saves NOAA staff a significant amount of time during the monthly reporting cycle.

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<sup>A</sup> Small Business Administration Office of Advocacy, **Frequently Asked Questions September 2012**, [https://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf), November 2015.

<sup>B</sup> Vicki Wright, Demand Media, **Business & Entrepreneurship**. "Reasons Why Small Businesses are Important". <http://yourbusiness.azcentral.com/reasons-small-businesses-important-1830.html>, November 2015.

<sup>C</sup> Federal Computer Week, "HUBZone contracting gets harder".