

NOAA Fiscal Year (FY) 2020 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 United States U.S. Small Business Administration (SBA), small businesses represent 99.9% of all employer firms, 97.5% of exporting firms, 33.3% of known export value and 40.7% of the private-sector payroll. There are 30.7 million small businesses in the US, compared to only 19,699 large businesses. From 2000 to 2018, small businesses created 9.6 million net new jobs, while large businesses created 5.2 million. During this period, small businesses accounted for 64.9% of net new job creation. 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. ^A

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 U.S.'s 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 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. ^B

Small Business suppliers have been in decline for years but is there light at the end of the tunnel? There were nearly 11,000 fewer small business government contractors in FY 19 than in FY 18. This is thought to be due in part to the recent trend of having fewer, consolidated, larger procurements instead of purchasing in a more piecemeal fashion. ^C However, the total number of active contractors registered in the System for Award Management (SAM) system has increased in FY 20 for the first time in many years. In fact NOAA awarded contracts to 2,726 individual small business firms in FY20, an increase of over 18% from FY 19 and the first increase NOAA has had since FY 2015 when this statistic was first reviewed (Source: FPDS-NG).

Socioeconomic Category	Total firms
8(a)	5,035
SDB (Self-certified)	151,213
HUBZone	6,189
VOSB	50,291
SDVOSB	26,207
WOSB	78,857
EDWOSB	31,212

Table 1 – Outlines the number of Small Business registered by category in the SAM database on 10/19/2020.

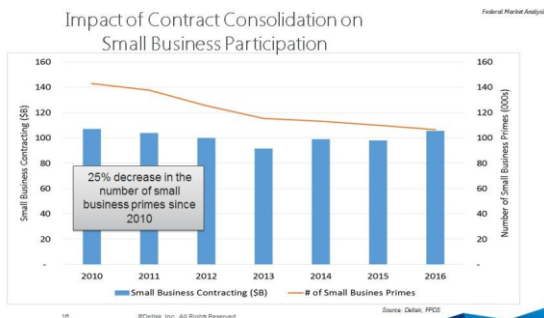


Figure 1 – Declining trends in Small Business by firm size provided by Deltek through the Federal News Radio, 10/16/2017

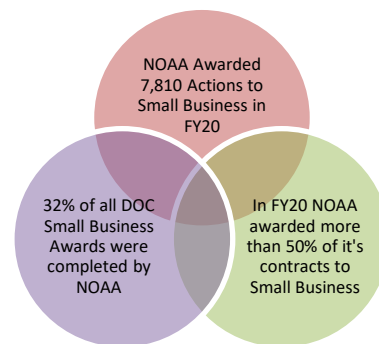


Figure 2 – NOAA's continued leadership in government partnerships with Small Business

FY20 Small Business Accomplishments

NOAA obligated approximately \$3.35B in FY20. Financial Assistance and transfers to other agencies accounted for approximately \$1.85B and the remaining \$1.5B was obligated under contracts. NOAA goals are reviewed in three different methodologies: Achievement, Goaling & NOAA-only. The Achievement methodology takes into consideration what NOAA is in control of obligating as well as all other agency obligations of NOAA funds, except for the National Aeronautics Space Administration (NASA). The NOAA only methodology is simply NOAA's discretionary spend. The Goaling methodology takes into consideration all contracting dollars obligated by both NOAA and all other agencies spending NOAA funds, including NASA. For FY20, Goaling included approximately \$261M in transfers to NASA and other organizations; all of which NOAA has no control over. According to Federal Procurement Data System – Next Generation (FPDS-NG) approximately 282 actions were closeout actions. Removing these actions from the overall transaction list leaves NOAA at approximately 10,983 transactions for the year.

Under the NOAA only methodology NOAA met and exceeded the SDB, HUBZone, VOSB, 8(a), WOSB and SDVOSB small business socioeconomic goals set by the Department of Commerce (hereafter, “the Department,” “Commerce,” or “DOC”). NOAA obligated approximately \$772M out of \$1.6B to small businesses equating to a 48.6% overall small business goal achievement for the year. Note that approximately \$82M was obligated by NOAA that is attributed to NASA but is included in this calculation. NOAA met its HUBZone goal under this methodology for the fifth year in a row.

The Achievement methodology revealed similar results to that of the NOAA-only methodology except we additionally met the general SB goal. NOAA achieved an overall SB goal of 50.6% under this methodology, just over the 49% goal provided to NOAA by Commerce. The Achievement methodology goal attained is higher than the NOAA-only methodology due to two (2) NASA contract awards now being administered by NOAA. The Office of Small & Disadvantaged Business Utilization (OSDBU) agreed that the money NOAA obligates to these contracts should continue to be excluded under this methodology until NOAA awards new contracts.



Figure 3 – NOAA Small Business Initiatives in FY20

FY20 Small Business Accomplishments:

NOAA obligated 50.6% overall spending to Small Business

NOAA exceeded goals in all socioeconomic programs.

NOAA's goal achievements were, on average, on par to slightly higher when compared with the goal attainment over the last 5 years

FY20 Small Business Accomplishments

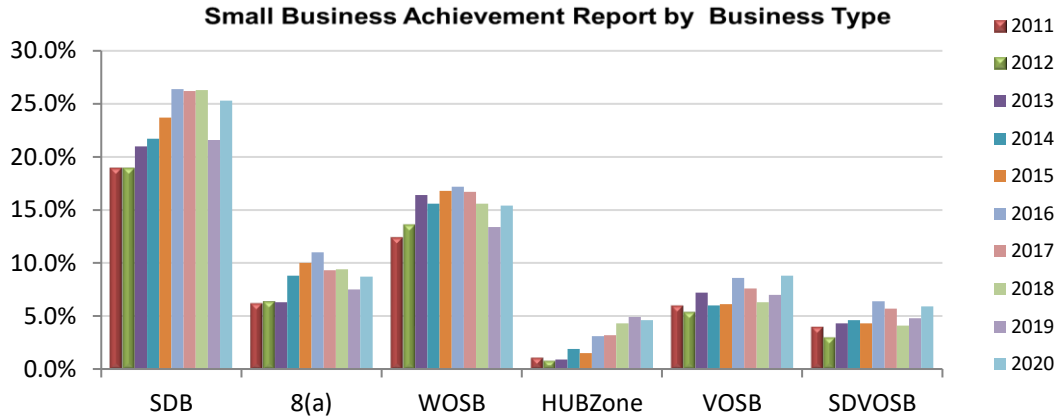


Figure 4 - Shows NOAA's small business socioeconomic performance using the Achievement method with stable to increasing trends in all categories.

Socioeconomic Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Small Business	40.6%	45.6%	44.8%	47.8%	49.1%	53.4%	59.8%	53.7%	52.1%	47.1%	50.6%
SDB	15.8%	18.9%	18.9%	21.0%	21.7%	23.7%	26.4%	26.2%	26.0%	21.3%	25.3%
8(a)	5.3%	6.2%	6.4%	6.3%	8.8%	10.0%	11.0%	9.3%	9.2%	7.5%	8.7%
WOSB	8.0%	12.4%	13.6%	16.4%	15.6%	16.8%	17.2%	16.7%	15.4%	13.3%	15.4%
HUBZone	1.5%	1.1%	0.8%	0.9%	1.9%	1.5%	3.1%	3.2%	4.2%	4.8%	4.6%
VOSB	5.2%	6.0%	5.4%	7.2%	6.0%	6.1%	8.6%	7.6%	7.1%	6.9%	8.8%
SDVOSB	3.4%	4.0%	3.0%	4.3%	4.6%	4.3%	6.4%	5.7%	4.8%	4.7%	5.9%

Historically highest % of obligations to VOSB ever

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

Under the Goaling methodology, which is inclusive of NASA spend, NOAA met the SDB, WOSB, VOSB, SDVOSB and HUBZone goals set by Commerce. Statutorily NOAA met all the goals.

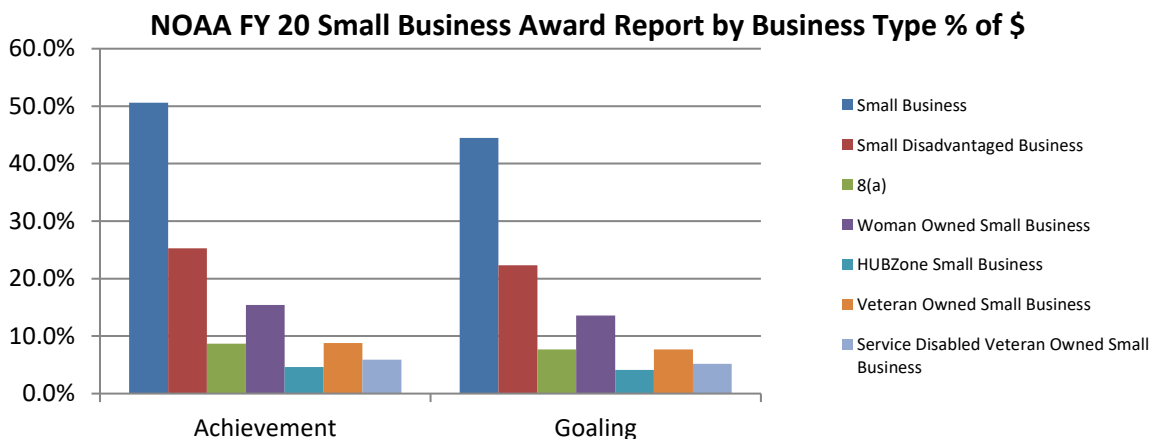


Figure 5 - Shows significant increase of spending in a comparison of NOAA's Small Business Measurements using Achievement vs Goaling methods.

FY20 Small Business Accomplishments

Program	NOAA-Only (Discretionary)	NOAA Achievement	NOAA Goaling	NOAA Goal	DOC Goal	Statutory Goal
Small Business	48.6%	50.6%	44.5%	49%	39%	23%
Small Disadvantaged Business	25.3%	25.3%	22.3%	14%	5%	5%
8(a)	8.9%	8.7%	7.7%	8%	-	-
Woman Owned Small Business	14.6%	15.4%	13.6%	12%	5%	5%
HUBZone Small Business	4.7%	4.6%	4.1%	3%	3%	3%
Veteran Owned Small Business	7.9%	8.8%	7.7%	4%	-	-
Service Disabled Veteran Owned Small Business	5.0%	5.9%	5.2%	3.5%	3%	3%

Table 3 – Green highlights show FY20 SB accomplishments exceed NOAA's DOC goals and statutory goals

SMALL BUSINESS TYPE	Add'l SB \$ Needed to Meet FY 19 Goal	
	Achievement	Goaling
Small Business	\$0	\$83,333,118
Small Disadvantaged Business	\$0	\$0
8(a)	\$0	\$6,307,959
Woman-Owned Small Business	\$0	\$0
HUBZone Small Business	\$0	\$0
Veteran-Owned Small Business	\$0	\$0
Service Disabled Veteran Owned	\$0	\$0

Table 4 – Identifies areas where NOAA did not meet Small Business goals and how much more \$ would need to be obligated in order to meet those goals

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

The Western Acquisition Division (WAD) led AGO in the small business set aside numbers for FY20 for the fourth year in a row. They processed approximately 2,200 transactions worth over \$200M and were able to set aside over 79% of their dollars for small businesses and significantly exceeded all of the socioeconomic category goals. The Eastern Acquisition Division (EAD) and WAD together processed over 5,900 transactions worth over \$887M and nearly met or exceeded almost every small business goal NOAA has.

Program	SSAD	EAD	SIAD	WAD	Field Delegate	NOAA Goal
Small Business	40.6%	46.0%	41.0%	78.6%	79.2%	49%
SDB	30.3%	22.6%	22.7%	32.2%	19.3%	14%
8(a)	17.9%	5.8%	3.9%	15.5%	0.8%	8%
WOSB	18.5%	15.2%	8.1%	17.3%	19.1%	12%
HUBZone	4.3%	4.8%	1.6%	11.1%	2.4%	3%
VOSB	12.9%	4.0%	5.2%	16.4%	18.4%	4%
SDVOSB	4.4%	3.7%	2.0%	14.5%	12.1%	3.5%

Table 5 – Lists Percentage of overall small business obligated dollars by AGO Division and NOAA Delegates

In FY 19 the NOAA Small Business Office implemented a program to recognize small businesses that demonstrate outstanding performance and accomplishments in support of NOAA's mission through an official awards program. This program, named the "Small Business Program Awards (SBPA)," is utilized to recognize small businesses within NOAA on an annual basis. The FY20 award was the second annual award under this program and went to a small business named PotomacWave Consulting. The award citation was as follows:

PotomacWave takes great pride in understanding where errors occur in the contract entry process and prides themselves in helping NOAA staff to understand why an error is an error, a task that is not always that easy for a contracting officer to accept. Anytime there is a concern raised by a staff member about a specific error message, even though 1-on-1 support is not required under the contract, PotomacWave immediately takes it upon themselves to reach out directly to the staff member and explain how to make corrections to their data in order to make it acceptable. PotomacWave also takes it a step further and helps NOAA staff understand why the error is an error. This is an initiative that they take upon themselves, they are never asked to do so. They understand that NOAA wants its data to be in compliance and appreciate the responses they get from us. They are fully engaged with assisting our staff to make the data integrity top notch compared to that across the rest of the Federal Government.

In Fiscal Year 2019 PotomacWave implemented an automated means by which to generate a contractor responsibility assessment. In short, NOAA can now identify vendors with debarment, tax delinquency, and other related issues via a simple email to vendorreport@feddatacheck.net. This saves contracting staff time and results in a more thorough responsibility assessment. Staff are normally required to review multiple databases in order to render a responsibility assessment of an apparent awardee of a contract and this process allows them to do it with one step and in a very short amount of time.

PotomacWave has exceeded all expectations under its contract so far and is always implementing new and exciting capabilities that help NOAA meet its data integrity requirements. PotomacWave is continually engaged with NOAA staff and seeks to ensure that we are receiving the results desired under this contract. PotomacWave has been a true industry partner to NOAA!

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^A Small Business Administration Office of Advocacy, **Frequently Asked Questions September 2019**, <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/09/24153946/Frequently-Asked-Questions-Small-Business-2019-1.pdf>, September 2019.

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

^C Emily Theriault and David Gallacher, SheppardMullin, **Government Contracts and Investigations Blog**. "Government Small Business Contracting Continues to Increase: Creating Opportunities and Potential Pitfalls". <https://www.governmentcontractslawblog.com/2020/08/articles/sba/government-sba-contracting-hubzone/>, August 2020.