

FY 2017 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. ^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 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. ^B

Small Business suppliers are in decline. Since 2010 there has been a 25% decline in the total number of small business vendors to the Federal government. There are approximately 35,000 less small business vendors today than there were in 2010. 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 2,572 individual small business firms in FY17, a reduction of over 40% from FY 16 (Source: FPDS-NG).

Numbers of firms registered by sub-categories in SAM :

5,666	8(a) (SDB certified)
122,394	SDB (Self-certified)
4,922	HUBZone
47,619	VOSB
21,645	SDVOSB
61,706	WOSB
21,599	EDWOSB

Impact of Contract Consolidation on Small Business Participation

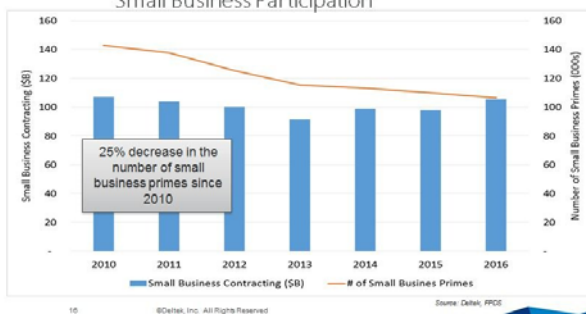


Figure 1 – Declining Trends in Small Business by Firm Size provided by Deltek through the Federal News Radio, 10/16/2017

Table 1 – Outlines the Number of Small Business Registered by category in SAM on 11/2/2017.

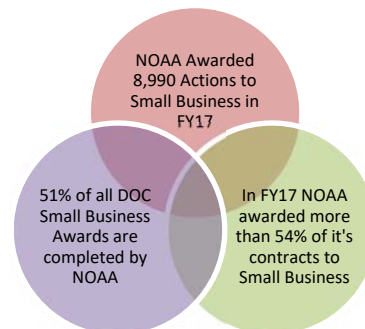


Figure 2 – NOAA's continues as a leader in government partnerships with Small Business

FY17 Small Business Accomplishments

NOAA obligated approximately \$2.3B in FY17. Financial Assistance and transfers to other agencies accounted for approximately \$1.0B and the remaining \$1.3B was obligated by NOAA 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 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's money, including NASA. For FY17; Goaling included approximately \$600M in transfers to NASA and another \$44M in transfers to other organizations in FY 17; all of which NOAA has no control over. According to FPDS approximately 2,084 actions were closeout actions. Subtracting these from the overall transaction list leaves NOAA at about 10,859 transactions for the year.

Under the NOAA only methodology NOAA met and significantly exceeded all but one of its small business and small business socioeconomic goals set by the Department of Commerce. The 8(a) goal was increased from 6% to 10% by DOC this year without input from NOAA, and NOAA was able to achieve 9.3%, the second highest of all the bureaus under DOC. NOAA obligated approximately \$689M out of \$1.2B to small businesses equating to a 54.9% overall small business goal achievement for the year. NOAA met its HUBZone goal under this methodology for the second year in a row.

The Achievement methodology portrayed similar results to that of the NOAA only methodology. NOAA's small business goal was increased from 49% to 54% by DOC without input by NOAA and under this methodology we did not meet the goal, but achieved 53.7%. The 8(a) goal was also not reached and was 9.1% under this methodology. All other goals were achieved.



FY17 Small Business Accomplishments:

NOAA obligated 54.9% overall spending to small business

NOAA exceeded goals in all socioeconomic programs except for 8(a).

NOAA's goal achievements were, on average, the second highest they have ever been.

Figure 3 – At-a-glance NOAA Small Business Initiatives in FY17

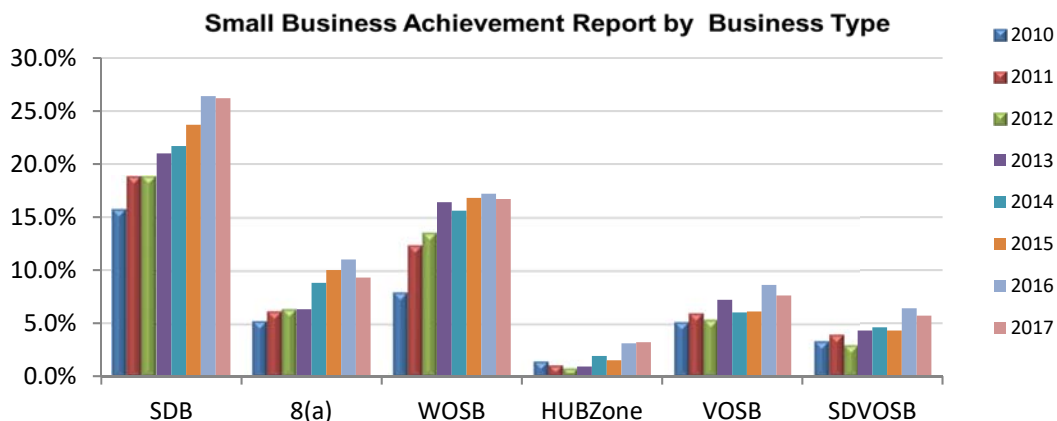


Figure 4 - Graph above shows gradual increasing trend in NOAA's Small Business performance using Achievement Method.

FY17 Small Business Accomplishments

Socioeconomic Program	2010	2011	2012	2013	2014	2015	2016	2017
Small Business	40.6%	45.6%	44.8%	47.8%	49.1%	53.4%	59.8%	53.7%
SDB	15.8%	18.9%	18.9%	21.0%	21.7%	23.7%	26.4%	25.7%
8(a)	5.3%	6.2%	6.4%	6.3%	8.8%	10.0%	11.0%	9.1%
WOSB	8.0%	12.4%	13.6%	16.4%	15.6%	16.8%	17.2%	16.4%
HUBZone	1.5%	1.1%	0.8%	0.9%	1.9%	1.5%	3.1%	3.2%
VOSB	5.2%	6.0%	5.4%	7.2%	6.0%	6.1%	8.6%	7.5%
SDVOSB	3.4%	4.0%	3.0%	4.3%	4.6%	4.3%	6.4%	5.6%

Historically second highest % of obligations to 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, WOSB, VOSB & SDVOSB goals set by Commerce. NOAA increased its spending in the HUBZone category from FY16, but was still unable to reach all the goals unilaterally set by Commerce. Statutorily NOAA met all the goals except for the HUBZone goal under this methodology.

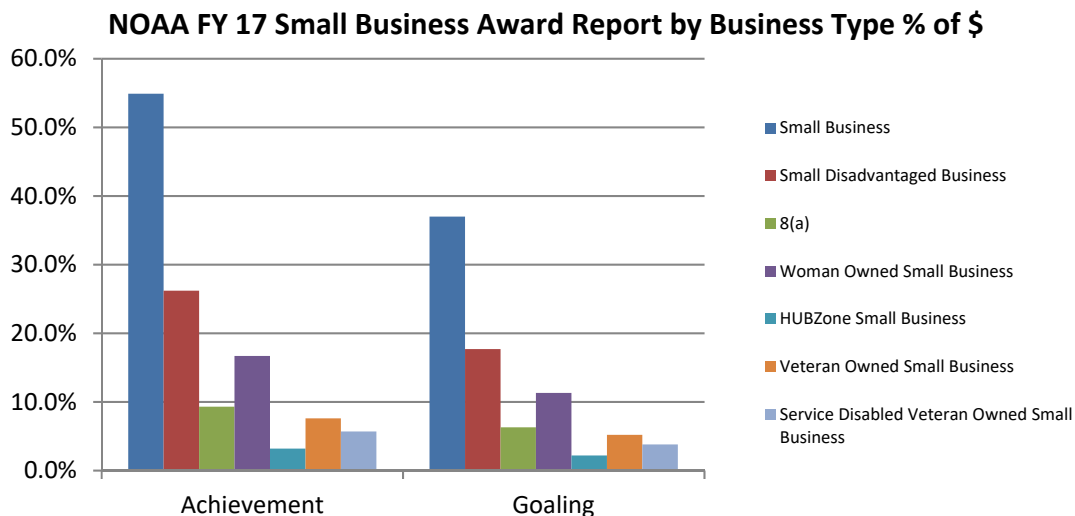


Figure 5 - Graph above shows significant increase of spending in a comparison of NOAA's Small Business Measurements using Achievement vs Goaling Methods.

Program	NOAA Only	NOAA Achievement	NOAA Goaling	NOAA Goal	DOC Goal	Statutory Goal
Small Business	54.9%	53.7%	37.0%	54%	40%	23%
Small Disadvantaged Business	26.2%	25.7%	17.7%	14%	14%	5%
8(a)	9.3%	9.1%	6.3%	10%	10%	-
Woman Owned Small Business	16.7%	16.4%	11.3%	10%	5%	5%
HUBZone Small Business	3.2%	3.2%	2.2%	3%	3%	3%
Veteran Owned Small Business	7.6%	7.5%	5.2%	4%	4%	-
Service Disabled Veteran Owned Small Business	5.7%	5.6%	3.8%	3%	3%	3%

Table 3 – Highlights in green show FY17 NOAA Small Business Accomplishments exceeds DOC established goals for NOAA and Statutory Goals in most sub-categories

FY17 Small Business Accomplishments

SMALL BUSINESS TYPE	Add'l SB \$ Needed to Meet FY 17 Goal	
	Achievement	Goaling
Small Business	\$13,107,382	\$321,477,520
Small Disadvantaged Business	N/A	N/A
8(a)	\$12,800,291	\$70,386,992
Woman-Owned Small Business	N/A	N/A
HUBZone Small Business	N/A	\$15,483,731
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.

Of particular note; NOAA lost approximately \$20M in 8(a) goaling credit this year due to recertification regulations on GSA orders. Once a vendor recertifies on a long term contract each subsequent order is affected by the recertification regardless of if the order was placed prior to recertification. If goaling credits were assigned like they are under definitive contracts, NOAA would have met all goals under the Achievement methodology.

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

Division	Actions	Obligations	% of Actions	% of Obligations
SSAD	833	\$264,870,611	6.46%	21.08%
EAD	3506	\$496,685,903	27.20%	39.52%
WAD	2909	\$171,305,659	22.56%	13.63%
SIAD	477	\$293,232,168	3.70%	23.33%
Field Delegate	3081	\$35,011,373	23.90%	2.79%
SSMD	2086	(\$4,382,103)	16.18%	-0.35%

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 17. They processed approximately 2,900 transactions worth over \$171M and were able to set aside over 78% of their dollars for small businesses and met all the socioeconomic category goals. The Field Delegates and WAD together processed approximately 6,000 transactions worth over \$200M and met or exceeded every small business goal NOAA has, including HUBZone.

Program	SSAD	EAD	SIAD	WAD	Field Delegate	NOAA Goal
Small Business	58.3%	55.9%	33.4%	78.1%	74.8%	54%
SDB	34.9%	26.3%	19.0%	25.0%	19.2%	14%
8(a)	15.9%	8.4%	1.9%	15.5%	5.2%	10%
WOSB	26.9%	20.1%	5.4%	10.1%	13.7%	10%
HUBZone	1.3%	3.4%	2.0%	7.4%	3.6%	3%
VOSB	14.3%	5.9%	2.7%	9.9%	10.7%	4%
SDVOSB	11.6%	4.1%	2.1%	7.4%	7.0%	3%

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

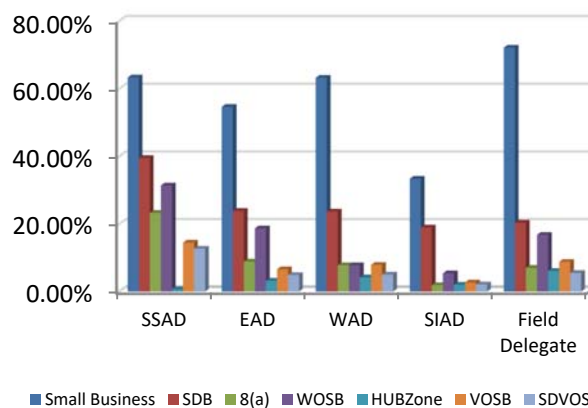


Figure 6 – Lists Percentage of obligated dollars overall Small Business by AGO Division and NOAA Delegates

FY17 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 **Integrated Systems Solutions (ISS)**, a **Service Disabled Veteran Owned Small Business** vendor.

ISS provides high-value professional services in program management, communications and outreach, IT Services, requirements management, systems engineering and technical services. Bringing a fresh approach to federal requirements, their highly experienced team is creating a collaborative evolution of new ideas and problem solving methodologies for meeting the most challenging world-wide mission requirements.

ISS President Tom Bucher stated that, "Serving NOAA has been the heart and soul of ISS since it was founded in 2008. In fact, the company was launched upon winning a NOAA NESDIS contract which it serves to this day. ISS has worked diligently to support the NOAA mission in its critical support to the nation. Since 2012, it has been the distinct pleasure of ISS to support the mission and staff of the National Ocean Service. For the last five years, ISS has tirelessly supported the dynamic needs of the NOS Headquarters office in a wide range of areas including: strategic planning, budget formulation, communications, environmental compliance and executive support. ISS staff excel in keeping NOS at the forefront of scientific understanding and operational excellence."

The particular story, highlighted below, is in relation to work ISS has done with NOAA's NOS Office:

NOS values nothing more than its commitment to a healthy, vibrant and productive ocean environment. For this reason, NOS places its strongest commitment in environmental compliance to ensure that its scientific activities, restoration and outreach activities preserve the ocean's invaluable natural resources. ISS is proud to support NOS' corporate environmental compliance activities, and in doing so, has brought more effective and efficient approaches across NOS in environmental compliance. While supporting NOS Headquarters-related environmental support functions, NOS was tasked to align its environmental compliance processes and reporting across the organization and clearly report this information to NOAA. With a wide range of environmental compliance approaches currently being used across NOS, its offices, vessels and field stations, this was a daunting task. ISS staff took up the challenge to create consistency and efficiency across the entire organization. Utilizing surveys and informational interviews, the ISS team analyzed the entire range of compliance demands and requirements, then worked with program offices across NOS to determine an approach that work for all groups. The ISS team then designed and authored a guide to achieve NOS' environmental compliance requirements and trained groups across the country, enabling them to each lead their teams in NOS compliance goals and requirements.

Through its dedication, diligence, creativity and collaboration, ISS has proven itself to be a true partner to

NOAA and NOS. Whether bringing new hearts and minds to the NOS mission through compelling media, leveraging partner resources to a greater impact, or implementing best operational practices, ISS stands ready to bring critical solutions to NOS' continued success.

^A Small Business Administration Office of Advocacy, **Frequently Asked Questions September 2012**, https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf, *November 2015*.

^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*.