

# FAQ: What are the various types of set-asides?

Casual observers of the federal contracting process often refer to the term “8(a)” as shorthand for a variety of different set-aside categories. But in reality, the 8(a) designation really only comprises a subset of the types of historically disadvantaged firms that can benefit from set-asides.

The U.S. Small Business Administration defines, manages, and provides assistance related to various categories of historically disadvantaged firms eligible for set-asides. These include 8(a) Business Development Program participants, Small Disadvantaged Businesses, Service Disabled Veteran Owned Businesses, Woman-Owned Small Businesses, and participants in the HUBZone Program. Some of these designations expire after a certain number of years, while others have no expiration as long as the firm continues to meet the qualifications.

In some cases, the process for acceptance and certification within one of these categories, in order to be eligible for set-asides designated for that category, is extremely difficult – requiring significant paperwork, investigations, and audits before a designation is granted. The criteria for eligibility are also strict and complex, often taking into consideration not only the ethnicity or gender of its majority owner(s), but also the revenue of the firm and its owner(s), the personal background of its owners and/or senior officers. In other cases, the process is much simpler, and firms can “self-certify” through an online form – though they will still be subject to the potential for random audits down the road. In either case, take care to note that representations made to the government usually require formal certification, and penalties for dishonesty can be very high.

The SBA also administers set-aside programs for “small businesses” more generally, even if they are not owned or controlled by individuals who are part of a historically disadvantaged group.

The precise array of benefits available to a firm will depend on which designation(s) it receives. For instance, firms that are certified as being owned by an Alaska Native or other Native American tribe are entitled to additional presumptions and preferences in the procurement process to aid in obtaining status as “disadvantaged” and “small,” without necessarily having to demonstrate satisfaction of the same criteria that other firms have to satisfy.