

# NOAA Fiscal Year (FY) 2018 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.** 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 Dynamic Small Business Search (DSBS) database 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 2,417 individual small business firms in FY18, a reduction of over 6% from FY 17 (Source: FPDS-NG).

Socioeconomic Category	Total firms
8(a) (SDB certified)	5,372
SDB (Self-certified)	122,070
HUBZone	5,231
VOSB	45,898
SDVOSB	21,937
WOSB	62,710
EDWOSB	22,246

Table 1 – Outlines the number of Small Business registered by category in System for Award Management (SAM) on 10/11/2018.

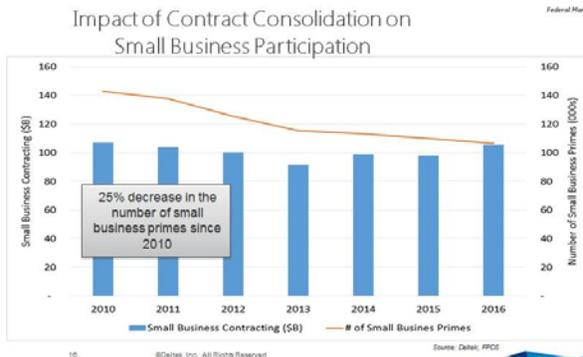


Figure 1 – Declining trends in Small Business by firm size provided by Deltek through the Federal News Radio, 10/16/2017

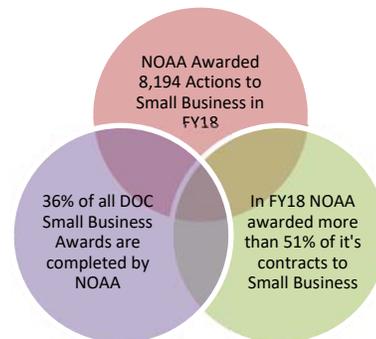


Figure 2 – NOAA's continued leadership in government partnerships with Small Business

# FY18 Small Business Accomplishments

NOAA obligated approximately \$3.2B in FY18. Financial Assistance and transfers to other agencies accounted for approximately \$1.8B and the remaining \$1.4B 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 FY18, Goaling included approximately \$737M 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 1,219 actions were closeout actions. Removing these actions from the overall transaction list leaves NOAA at about 10,723 transactions for the year.

Under the NOAA only methodology NOAA met and exceeded all of its small business and small business socioeconomic goals set by the Department of Commerce (hereafter, "the Department," "Commerce," or "DOC"). NOAA obligated approximately \$718M out of \$1.4B to small businesses equating to a 50.2% overall small business goal achievement for the year. NOAA met its HUBZone goal under this methodology for the third year in a row.

The Achievement methodology revealed similar results to that of the NOAA-only methodology. NOAA achieved an overall SB goal of 52.1% under this methodology. All other goals were also achieved. 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 FY18

## FY18 Small Business Accomplishments:

NOAA obligated 52.1% overall spending to Small Business

NOAA exceeded goals in all socioeconomic programs

NOAA's goal achievements were, on average, consistent with the goal attainment over the last 4 years

# FY18 Small Business Accomplishments

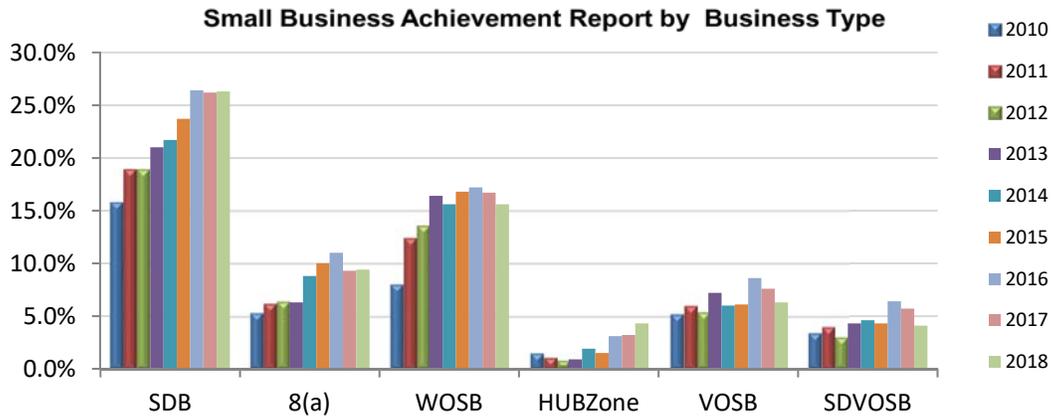


Figure 4 - Shows NOAA's small business socioeconomic performance using the Achievement method with stable to declining trends in all categories except HUBZone.

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

Historically highest % of obligations to HUBZone ever

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, 8(a) & VOSB goals set by Commerce. NOAA increased its spending in the HUBZone category from FY17, but was still unable to reach all the goals set by the Department. Statutorily NOAA met all the goals except for the HUBZone & SDVOSB categories under this methodology.

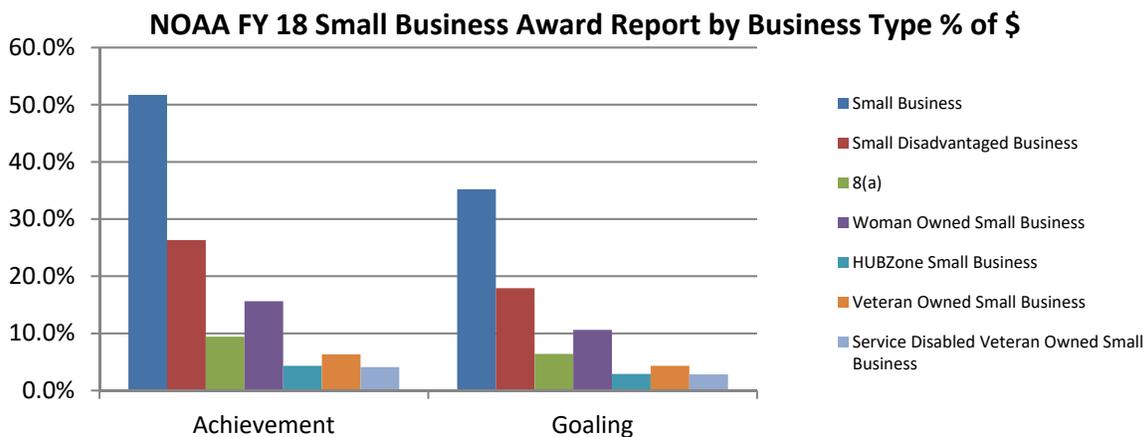


Figure 5 - Shows significant increase of spending in a comparison of NOAA's Small Business Measurements using Achievement vs Goaling methods.

# FY18 Small Business Accomplishments

Program	NOAA-Only	NOAA Achievement	NOAA Goaling	NOAA Goal	DOC Goal	Statutory Goal
Small Business	50.2%	52.1%	35.6%	49%	37.2%	23%
Small Disadvantaged Business	25.9%	26.0%	17.8%	14%	12%	5%
8(a)	9.2%	9.2%	6.3%	6%	8%	-
Woman Owned Small Business	15.0%	15.4%	10.5%	12%	10%	5%
HUBZone Small Business	4.2%	4.2%	2.9%	3%	3%	3%
Veteran Owned Small Business	5.9%	7.1%	4.8%	4%	4%	-
Service Disabled Veteran Owned Small Business	4.0%	4.8%	3.3%	3.5%	3%	3%

Table 3 – Green highlights show FY18 SB accomplishments exceed NOAA's DOC goals and statutory goals

SMALL BUSINESS TYPE	Add'l SB \$ Needed to Meet FY 18 Goal	
	Achievement	Goaling
Small Business	N/A	\$287,563,313
Small Disadvantaged Business	N/A	N/A
8(a)	N/A	N/A
Woman-Owned Small Business	N/A	\$29,123,519
HUBZone Small Business	N/A	\$1,839,189
Veteran-Owned Small Business	N/A	N/A
Service Disabled Veteran Owned	N/A	\$15,441,234

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

WAD led AGO in the small business set aside numbers for FY18 for the second year in a row. They processed approximately 2,400 transactions worth over \$167M and were able to set aside over 82% of their dollars for small businesses and significantly exceeded all the socioeconomic category goals. EAD and WAD together processed approximately 6,200 transactions worth over \$445M and met or exceeded every small business goal NOAA has, including HUBZone.

Program	SSAD	EAD	SIAD	WAD	Field Delegate	NOAA Goal
Small Business	43.2%	53.8%	44.9%	82.6%	72.4%	49%
SDB	30.3%	25.6%	29.8%	25.4%	19.2%	14%
8(a)	16.0%	8.8%	3.2%	18.6%	3.5%	6%
WOSB	22.4%	27.8%	9.9%	12.3%	17.6%	12%
HUBZone	4.3%	3.4%	3.2%	11.2%	5.4%	3%
VOSB	8.8%	5.3%	2.6%	12.4%	11.8%	4%
SDVOSB	3.6%	3.9%	2.6%	10.5%	6.4%	3.5%

Table 5 – Lists the percentage of obligated dollars for Small Business by AGO Division and NOAA Field Delegates

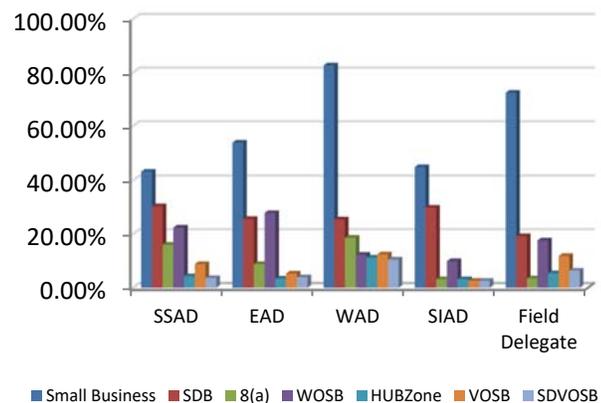


Figure 6 – Lists Percentage of obligated dollars overall Small Business by AGO Division and NOAA Delegates

# FY18 Small Business Accomplishments

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 **INNOVIM, LLC, a Woman Owned Small Business** vendor.

Founded in 2003, INNOVIM is a NOAA-focused, woman-owned business and Weather Ready Nation Ambassador with an emphasis on innovative uses and integration of science, technology, software, systems and data engineering, as well as program, portfolio and risk management. INNOVIM's Mission Statement, "*Forging knowledge advancement through science, technology and innovation*" and Vision, "*Empowered people enabling smart decisions through global understanding*," align directly with NOAA's Science, Service, and Stewardship mission and vision.

**INNOVIM President and COO Cindi Brown stated that,** "*Working closely with NOAA, our performance expertise spans strategy, formulation, and development through maintenance, operations, and sustainment—including observations, data management, dissemination, analysis, forecast applications, and societal benefit. A NOAA partner for over 12 years, INNOVIM supports NWS, OAR, and NESDIS through multiple prime and subcontracts, including ProTech and OPSTECH and JPSS. In doing so, INNOVIM provides space and Earth scientific analysis, technology maturation, strategic planning, mission operations, program management office, cybersecurity, configuration management, and facility engineering support services for a wide variety of observing systems.*"

The particular story highlighted below is in relation to work INNOVIM has done with NOAA's NWS Office:

NOAA's "*Vision and Strategy: Supporting NOAA's Mission with Social Science*," recognizes that we must "*Integrate Social, Behavioral, and Economic science end-to-end in NOAA's mission and priorities*." INNOVIM has been supporting the NWS Hazard Simplification Project since 2015. This project applies social and behavioral sciences to better understand user hazard messaging needs, simplifying weather communications, and testing prototypes as candidates to replace the Watch, Warning, and Advisory (WWA) system. INNOVIM has been directly supporting the National Weather Service with consolidation and reformatting of WWA products based on multiple public surveys and testing of candidate approaches. This work is highly collaborative encompassing a broad spectrum of stakeholders.

As risk communication specialists, INNOVIM understands user needs and can integrate feedback effectively into NOAA policy development and decisions. In 2017, INNOVIM assisted the Hazard Simplification team in gathering and incorporating survey data which led to a successful implementation of the Winter WWA consolidation and reformatting. Most recently, INNOVIM is providing direct social science support to NOAA through the development, facilitation, and analysis of focus groups with key stakeholders to socialize and refine an alternative

prototype to WWA. These changes have a direct impact on informing and educating the public—providing the accessible information they need to help them understand their risks and potential impacts, get out of harm's way, and save lives.

<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.