

NOAA Fiscal Year (FY) 2019 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 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 fewer small business vendors today than there were in 2010. A recent Bloomberg Government (2018) report found that the number of small businesses with Federal contracts was at a 10 year low, despite a steady rise in contract spending over the same period. The decline in the percent of "Other than Small" vendors has been significantly less, 6.2%. NOAA awarded contracts to 2,212 individual small business firms in FY18, a reduction of over 8.4% from FY 18 (Source: FPDS-NG).

8(a) (SDB certified)	5,044
SDB (Self-certified)	122,966
HUBZone	5,607
VOSB	44,817
SDVOSB	22,585
WOSB	62,982
EDWOSB	22,694

Table 1 – Outlines the number of Small Business registered by category in System for Award Management (SAM) on 10/22/2019.

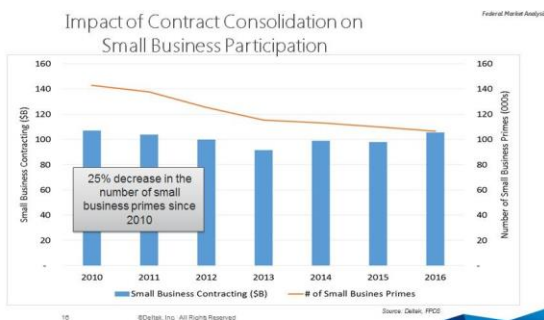


Figure 1 – Declining trends in Small Business by firm size provided by Deltek through the Federal News Radio, 10/16/2017

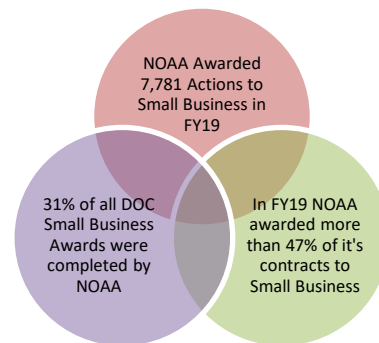


Figure 2 – NOAA's continued leadership in government partnerships with Small Business

Socioeconomic Category	Total firms
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FY19 Small Business Accomplishments

NOAA obligated approximately \$3.4B in FY19. Financial Assistance and transfers to other agencies accounted for approximately \$1.8B and the remaining \$1.6B 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 FY19, Goaling included approximately \$513M 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 975 actions were closeout actions. Removing these actions from the overall transaction list leaves NOAA at approximately 9,775 transactions for the year.

Under the NOAA only methodology NOAA met and exceeded the SDB, HUBZone, VOSB, and SDVOSB small business socioeconomic goals set by the Department of Commerce (hereafter, "the Department," "Commerce," or "DOC"). NOAA obligated approximately \$732M out of \$1.8B to small businesses equating to a 40.6% overall small business goal achievement for the year. Note that approximately \$0.3B 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 fourth year in a row.

The Achievement methodology revealed similar results to that of the NOAA-only methodology except we additionally met the WOSB goal. NOAA achieved an overall SB goal of 47.1% under this methodology, just short of 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 FY19

FY19 Small Business Accomplishments:

NOAA obligated 47.1% overall spending to Small Business

NOAA exceeded goals in all socioeconomic programs except the 8(a) program

NOAA's goal achievements were, on average, trending lower when compared with the goal attainment over the last 5 years

FY19 Small Business Accomplishments

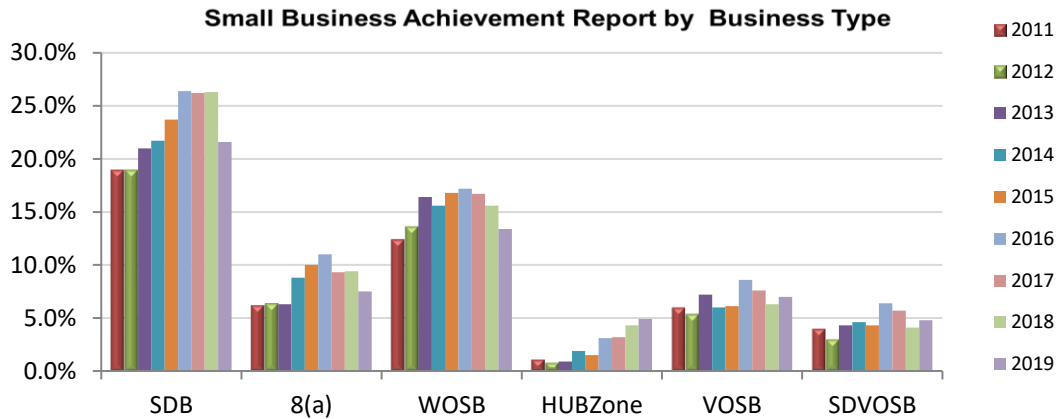


Figure 4 - Shows NOAA's small business socioeconomic performance using the Achievement method with stable to declining trends in all categories except HUBZone.

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

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, which is inclusive of NASA spend, NOAA met the SDB, VOSB, SDVOSB and for the first time ever the HUBZone goals set by Commerce. Statutorily NOAA met all the goals.

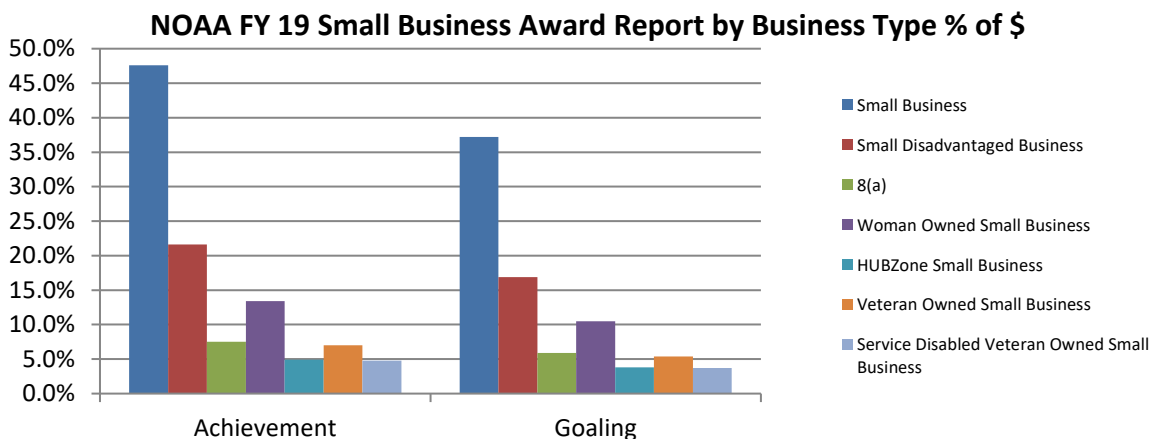


Figure 5 - Shows significant increase of spending in a comparison of NOAA's Small Business Measurements using Achievement vs Goaling methods.

FY19 Small Business Accomplishments

Program	NOAA-Only (Discretionary)	NOAA Achievement	NOAA Goaling	NOAA Goal	DOC Goal	Statutory Goal
Small Business	40.6%	47.1%	36.9%	49%	39%	23%
Small Disadvantaged Business	18.8%	21.3%	16.7%	14%	12%	5%
8(a)	6.6%	7.5%	5.8%	8%	8%	-
Woman Owned Small Business	11.3%	13.3%	10.4%	12%	10%	5%
HUBZone Small Business	4.3%	4.8%	3.8%	3%	3%	3%
Veteran Owned Small Business	6.1%	6.9%	5.4%	4%	4%	-
Service Disabled Veteran Owned Small Business	4.2%	4.7%	3.7%	3.5%	3%	3%

Table 3 – Green highlights show FY19 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	\$31,042,466	\$247,966,358
Small Disadvantaged Business	\$0	\$0
8(a)	\$8,619,609	\$44,035,755
Woman-Owned Small Business	\$0	\$32,577,427
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 FY19 for the third year in a row. They processed approximately 2,200 transactions worth over \$200M and were able to set aside over 76% of their dollars for small businesses and significantly exceeded most of the socioeconomic category goals. The Eastern Acquisition Division (EAD) and WAD together processed approximately 5,700 transactions worth over \$840M and met or exceeded almost every small business goal NOAA has.

Program	SSAD	EAD	SIAD	WAD	Field Delegate	NOAA Goal
Small Business	45.6%	51.4%	19.0%	76.4%	75.9%	49%
SDB	30.8%	22.4%	10.5%	24.1%	22.0%	14%
8(a)	17.9%	8.3%	1.0%	8.9%	3.6%	8%
WOSB	20.0%	15.9%	4.9%	9.3%	20.6%	12%
HUBZone	4.7%	4.2%	1.2%	14.4%	7.6%	3%
VOSB	13.6%	4.3%	2.5%	16.0%	10.1%	4%
SDVOSB	6.6%	3.4%	1.5%	14.0%	5.5%	3.5%

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

FY19 Small Business Accomplishments

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)," will be utilized to recognize small businesses within NOAA on an annual basis. The first annual award under this program went to two small businesses, **Data Power Design, Inc. (DPDI) & Associated Design Group, Inc. (ADG)**, both small businesses vendors. The award citations were as follows:

DPDI has a history of excelling in challenging encounters and is recognized by the National Weather Service (NWS) for its outstanding efforts in developing and implementing innovative solutions to address the NWS's shortage of lifting gases for numerous Upper Air Observing Systems. Upper Air Observing Systems are a critical part of the NWS operations and support NWS's mission to protect lives and property and enhance our economy. What was originally and reasonably expected by NWS, a feasibility assessment, was significantly exceeded when DPDI utilized its research to implement an approved design, which had to meet many complex regulatory requirements. Once DPDI's design was approved, it further exceeded NWS's expectations by successfully converting two sites from helium to hydrogen. Expectations were again exceeded when DPDI designed an approved hydrogen generator that will eventually allow the weather balloon launching sites to produce their own hydrogen gas. By partnering with DPDI, NWS will evolve from an installation completely reliant upon a depleting natural gas and gas supply from vendors, to a self-sufficient operation generating enough hydrogen gas to launch its weather balloons without the need to obtain gases from outside sources; furthering its ability to accurately forecast the weather and help NWS achieve its mission to protect life, property and enhance the economy. DPDI's successes in this effort exceeded all expectations and levels of service, primarily because no alternative solutions to NWS's helium usage had ever been identified to meet the lifting gas needs for twice daily weather balloon launches.

This award recognizes the Associated Design Group's efforts over the past five years in providing NOAA with professional architect and engineer design services. The professionalism, technical expertise, and spirit of partnership demonstrated in project after project has helped NOAA maintain a diverse and widespread portfolio of facilities which in turn supports NOAA's ability to meet mission requirements. ADG was tasked with providing a High Performance Computing and Communications (HPCC) program evaluation and engineering analysis of requirements, risks, costs and comparative recommendations with regard to alternate HPCC facility options. The intent was to develop a cost effective data center facility strategy for hosting NOAA's HPCC system for a five year period, government fiscal years (FY) 2017 to 2022. ADG was able to continue working on a design for a major renovation project at AOML in Miami, Florida during the recent government shutdown. Their willingness to keep going in a spirit of partnership helped minimize delay to this important special appropriation project. The professionalism, technical expertise, and spirit of partnership demonstrated by ADG in project after project has helped NOAA maintain a diverse and widespread portfolio of facilities which in turn supports NOAA's ability to meet mission requirements.

^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.