

U.S. SMALL BUSINESS ADMINISTRATION
Office of Minority Enterprise Development
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Washington, DC 20416

A Report To The U.S. Congress
On
Minority Small Business and Capital Ownership Development
For Fiscal Year 1999

As Required By
The Business Opportunity Development Reform Act of 1988

Submitted By
The Administrator
U.S. Small Business Administration

TABLE OF CONTENTS

Executive Summary.....	5
Program Initiatives.....	7
Program Accomplishments.....	9
Net Worth of Newly Certified Program Participants.....	11
Benefits and Costs of the 8(a) Program to the Economy	15
Evaluation of Firms that Exited the 8(a) Program	19
Compilation of Fiscal Year 1999 Program Participants	21
Total Value of Contracts and Options Awarded During Fiscal Year 1999.....	27
Changes in Program Authorities	29
Value of Contracts and Modifications by Standard Industrial Classification (SIC) Code	31

APPENDICES

- A. Total Dollar Value of 8 (a) Contract Awards and Modifications
by Standard Industrial Classification (SIC) Code.
All SIC Codes Except Manufacturing
- B. Total Dollar Value of 8(a) Contract Awards and Modifications
by Standard Industrial Classification (SIC) Code.
Manufacturing, SIC Codes 2011 to 3999
- C. A Compilation of Certified 8(a) Program Participants

EXECUTIVE SUMMARY

This is the report on the Minority Enterprise Development Program as required by the Business Opportunity Development Reform Act of 1988, [15 U.S.C. 636(j) 16(A) & (B)]. The purpose of this review is to determine and quantify the extent to which the 8(a) program has assisted in the development of firms owned and controlled by socially and economically disadvantaged individuals. The act requires the Small Business Administration (SBA) to analyze the accomplishments of businesses certified to participate in the 8(a) program during Fiscal Year 1999 and the status of the 1354 business concerns that completed their 8(a) program term during fiscal years 1997, 1998 and 1999. Those findings are summarized in this report.

Fiscal year 1999 marked the 31st year of the SBA's 8(a) Minority Enterprise Development program. During Fiscal Year 1999, a total of 5,969 businesses participated in the 8(a) Program. These firms contributed an estimated 176,642 jobs to the nation's growing economy and billions of dollars of federal and state revenues. Between October 1, 1998, and September 30, 1999, a total of 1036 new firms were certified to participate in the program.

During Fiscal Year 1999, \$6.0 billion of contract actions and modifications to existing contracts were awarded under the 8(a) program, of which, \$4.3 billion of new contracts and modifications were awarded to active 8(a) firms. Total 8(a) awards do not include Department of Energy awards made under the Management and Operations (M&O) Pilot Program or contract actions under \$25,000. There were 35,459 contract actions averaging \$169,872 per contract action. The five largest areas of contracting activity were Computer Related Services (NEC) (SIC Code 7379), General Contractors (SIC code 1542), Environmental Remediation Services (SIC code 8744), Engineering Services (SIC Code 8711), Commercial Physical and Biological Research (SIC code 8731).

Year-end financial statements submitted by the firms participating in the 8(a) program during fiscal year 1999 reported total revenues exceeding \$14.5 billion. Total 8(a) revenue was \$4.59 billion or 31.65 percent of firms' total revenue.

In order to assess the current business status of firms that graduated from the 8(a) program in the past three years, the SBA surveyed 1,354 firms who completed their 8 (a) program term between October 1, 1996, and September 30, 1999. Of the 1,354 firms surveyed: 709 or 52 percent were independently operational, 20 or 1 percent had substantially curtailed operations, 15 or 1 percent had been acquired by other firms owned and controlled by non-disadvantaged individuals, 71 or 5.0 percent had ceased business operations, and 539 or 40 percent failed to respond to SBA's survey.

The total annual revenue of graduated firms with reported earnings was more than \$6.8 billion. The average revenue for these firms was approximately \$9.5 million and they provided employment for approximately 74,792 persons.

PROGRAM INITIATIVES

MINORITY ENTERPRISE DEVELOPMENT PROGRAM

Mission: The mission of SBA's Minority Enterprise Development (MED) program is to assist in the business development and economic stability of small businesses owned and controlled by socially and economically disadvantaged individuals, economically disadvantaged Indian tribes (including Alaska Native Corporations), economically disadvantaged Native Hawaiian Organizations and Community Development Corporations. It is essential to the viability of the national economy that SBA provides these concerns proficient and expansive business development resources and contracting opportunities. MED fulfills this mission by providing a menu of business development resources such as marketing, managerial, technical, financial and procurement assistance. This assistance is provided through two principal MED programs: (a) Business Development, and (b) Management and Technical Assistance.

Business Development: Through award of sole-source and limited-competition contracts, pursuant to Section 8(a) of the Small Business Act, MED provides a logical, systematic approach to market access and enterprise growth to small businesses owned and controlled by socially and economically disadvantaged individuals. The program design promotes competitive development over a 9-year period. Each participant's progress is monitored and measured, and its developmental needs are identified through annual reviews of business plans.

Management and Technical Assistance: Under Section 7(j) of the Small Business Act, MED provides the following services to eligible firms: specialized training, professional consultant assistance, and high-level executive development. Assistance is provided to 8(a) program participants, as well as to other small disadvantaged businesses, low-income entrepreneurs, and small businesses in labor-surplus areas or areas with a high proportion of low-income individuals.

MAJOR AREAS OF REFORM

Our main challenge continues to be the re-design of the 8(a) Business Development program in providing 21st century business development resources and service. To this end, we are reevaluating the prime and subcontract oversight programs to mitigate the effects recent changes in procurement regulations and procedures have had on small business. We are developing and testing a menu of new program services and will soon apply new strategies to assist minorities, women, and physically challenged individuals with Federal contracting opportunities.

PROGRAM ACCOMPLISHMENTS

During FY 1999, MED continued to reengineer the 8(a) Business Development program. In order to provide proficient and modern business development resources for program participants, MED continued to improve its current objectives and initiated several new processes that will provide beneficial opportunities for 8(a) program participants.

The following accomplishments were achieved in FY 1999:

1. **8(a) Application Processing Time** : Improvements on current objectives include maximizing the efficiency and average processing time for 8(a) applications. In FY 1999, 2,534, 8(a) applications were received, an increase of 40 percent over the previous fiscal year. In FY 1999, the average application processing time was 51 days. For the same period, the average processing time of requests for reconsideration was 39 days. It is anticipated that a new 8(a) easy application, currently in development, will assist specific applicants with the burdens of 8(a) documentation requirements and reduce the processing time to 30 days or less. A joint effort is being made with the Department of Transportation to implement a reciprocity agreement that will simplify and streamline the certification process for 8(a) participants, small disadvantaged businesses and disadvantaged business enterprises seeking Federal contracting opportunities.
2. **Business Assessment Tool (BAT) Program**: The Business Assessment Tool is targeted to meet the needs of 8(a) firms in both the developmental and transitional stages of program participation. The objective of this program is to identify specific critical needs of 8(a) participants and develop individual assistance plans that will facilitate resources for these needs. The business assessment tool developed in FY 1998 was operational as a pilot program in 14 district offices in FY1999. The results of the pilot program are now being evaluated.
3. **The 7(j)-Business Development Assistance Program**: In FY 1999 the 7(j)-business development assistance program was refocused to expand the level of service over and beyond the contracting and technical assistance being provided. The 7(j)-business development assistance program is merging the resources and talents of national business organizations, national business schools and Historic Black Colleges and Universities to provide direct help to a greater number of 8(a) program participants and firms located in low and moderate income areas. The Washington Area 8(a) Academy, a partnership between the Howard University School of Business and the SBA Washington District Office, was piloted as a new executive training program. A total of 133 firm executives are targeted for training at the 8(a) Academy.

4. **Executive Education Program:** The Executive Education Program (EEP) provides high-level executive development to firms participating in the 8(a) program. The EEP is just one of the resources available for the firms as their businesses transform from sheltered competition to full unrestricted competition in Federal and commercial markets. In FY 1999 7(j) Management and Technical Assistance program funds were provided for 446 CEOs of 8(a) firms to participate in SBA-sponsored executive training programs. This total includes those CEOs trained at the Washington Area 8(a) Academy. Additionally 7(j) funds were provided for the Minority Business Executive Programs and the Advanced Minority Business Executive Programs to train 125 executives at the Clark Atlanta University, 103 executives at the Amos Tuck School at Dartmouth and 85 executives at the University of Texas at El Paso.

5. **Mentor/Protégé and Business LINC Programs:** These new programs are designed to encourage large or small businesses (Mentors) to provide assistance to eligible 8(a) participants (Protégés). The type of assistance provided includes financing, equity investment, contracting, advice, networking and education. This assistance will enhance the ability of 8(a) participants to compete on Federal procurements. SBA is currently conducting a nationwide outreach program to educate potential Mentors and Protégés about the program and to coordinate business relationships. There were 24 Mentor-Protégé Agreements approved in FY 1999. The BusinessLINC (Learning, Investment, Networking and Collaboration) Program a joint project with the Treasury Department, was launched in FY 1999. BusinessLINC was designed to build relationships between large business mentors and qualified small business protégés, especially those located in low and moderate income areas. In FY 1999, the BusinessLINC website had 41 mentors, 8250 protégés and 32 intermediaries participating.

I. NET WORTH OF NEWLY CERTIFIED PROGRAM PARTICIPANTS

15 U.S.C. 636(j)(16)(B)(i)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The average personal net worth of individuals who own and control concerns that were initially certified for participation in the Program during the immediately preceding fiscal year. The Administrator shall also indicate the dollar distribution of net worth, at \$50,000 increments, of all such individuals found to be socially and economically disadvantaged....

Total Personal Net Worth: The personal net worth is the net value of the assets of an individual remaining after total liabilities are deducted. During Fiscal Year 1999, 1036 firms were initially certified to participate in the 8(a) program. Table I presents data on the personal net worth of the 1153 individuals who used their eligibility to qualify these 1036 firms (more than one individual may use status to qualify a single firm). In determining total personal net worth, equity in the individual's primary residence and business are included. The average personal net worth of these individuals was \$175,951.

Individuals with a personal net worth ranging from less than zero dollars to \$50,000 constituted 23.8 percent of owners controlling firms that were certified; individuals with a personal net worth of \$50,001 to \$100,000 constituted 20.7 percent; and individuals with a personal net worth of \$100,001 to \$150,000 constituted 16.3 percent. Sixty percent of the individuals owning and controlling firms that were certified had a personal net worth ranging from less than zero dollars to \$150,000. (See Table I)

Adjusted Personal Net Worth: The adjusted personal net worth is defined as total personal net worth less the individual's equity in his or her primary residence and the individual's ownership interest in the applicant concern. The average adjusted personal net worth of the individuals owning and controlling the firms initially certified during Fiscal Year 1999 was \$67,087.

Individuals with an adjusted personal net worth ranging from less than zero dollars to \$50,000 constituted 49.6 percent of owners controlling firms that were certified; individuals with an adjusted personal net worth of \$50,001 to \$100,000 constituted 23 percent; and individuals with an adjusted personal net worth of \$100,001 to \$150,000 constituted 13 percent. Eighty-five percent of the individuals owning and controlling firms that were certified had an adjusted personal net worth ranging from less than zero dollars to \$150,000. (See Table II)

TABLE I

Total Personal Net Worth of Individuals Owning and Controlling Firms Initially Certified for 8(a) Program Participation in Fiscal Year 1999

(October 1, 1998 through September 30, 1999)

Individual Net Worth (unadjusted) expressed in \$50,000 increments.

Dollar Range	Number in Range	Cumulative Total	Cumulative Percentage
(\$150,000) - (\$100,001)	1	1	0.09
(\$100,000) - (\$50,001)	3	4	0.35
(\$50,000) - (\$1)	15	19	1.65
\$0 - \$0	10	29	2.52
\$1 - \$50,000	245	274	23.76
\$50,001 - \$100,000	239	513	44.49
\$100,001 - \$150,000	188	701	60.80
\$150,001 - \$200,000	147	848	73.55
\$200,001 - \$250,000	102	950	82.39
\$250,001 - \$300,000	50	1000	86.73
\$300,001 - \$350,000	29	1029	89.25
\$350,001 - \$400,000	19	1048	90.89
\$400,001 - \$450,000	17	1065	92.37
\$450,001 - \$500,000	18	1083	93.93
\$500,001 - \$550,000	16	1099	95.32
\$550,001 - \$600,000	9	1108	96.10
\$600,001 - \$650,000	1	1109	96.18
\$650,001 - \$700,000	8	1117	96.88
\$700,001 - \$750,000	6	1123	97.40
\$750,001 - \$800,000	2	1125	97.57
\$800,001 - \$850,000	2	1127	97.75
\$850,001 - \$900,000	3	1130	98.01
\$900,001 - \$950,000	6	1136	98.53
\$950,001 - \$1,000,000	3	1139	98.79
\$1,000,001 - \$1,050,000	3	1142	99.05
\$1,100,001 - \$1,150,000	1	1143	99.13
\$1,150,001 - \$1,200,000	1	1144	99.22
\$1,250,001 - \$1,300,000	2	1146	99.39
\$1,300,001 - \$1,350,000	1	1147	99.48
\$1,600,001 - \$1,650,000	1	1148	99.57
\$2,000,001 - \$2,050,000	2	1150	99.74
\$2,050,001 - \$2,100,000	2	1152	99.91
\$3,950,001 - \$4,000,000	1	1153	100.00

Range of Personal Net Worth.....(\$104,859) - \$3,969,753

Median Personal Net worth.....\$113,659

Average Personal Net Worth.....\$175,951

TABLE II

Total Adjusted Personal Net Worth of Individuals Owning and Controlling Firms Initially Certified for 8(a) Program Participation in Fiscal Year 1999

(October 1, 1998 through September 30, 1999)

Individual Net Worth (adjusted) expressed in \$50,000 increments.

Dollar Range	Number in Range	Cumulative Total	Cumulative Percentage
(\$400,000) - (\$350,001)	1	1	0.09%
(\$150,000) - (\$100,001)	3	4	0.35%
(\$100,000) - (\$50,001)	8	12	1.04%
(\$50,000) - \$0	68	80	6.94%
\$1 - \$50,000	492	572	49.61%
\$50,001 - \$100,000	265	837	72.59%
\$100,001 - \$150,000	150	987	85.60%
\$150,001 - \$200,000	109	1096	95.06%
\$200,001 - \$250,000	57	1153	100.00%

Range of Personal Net Worth.....(\$385,415) - \$249,348

Median Personal Net worth.....\$49,726

Average Personal Net Worth.....\$67,087

II. BENEFITS AND COSTS OF THE 8(a) PROGRAM TO THE ECONOMY

15 U.S.C. 636(j)(16)(B)(ii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A description and estimate of the benefits and costs that have accrued to the economy and the Government in the immediately preceding fiscal year due to the operations of those business concerns that were performing contracts awarded pursuant to section 637(a) of this title.

During Fiscal Year 1999, a total of 5,969 concerns participated in the 8(a) program. This figure includes all firms that entered and exited the program throughout the year. Field offices reported that these firms provided employment for more than 176,642 persons.

According to year-end financial statements submitted by participants in the program during the fiscal year ending September 30, 1999, total revenue (for firms reporting revenue) exceeded \$14.5 billion. Total 8(a) revenue was approximately \$4.59 billion, or 31.65 percent, of firms' total revenue. The balance of revenue for program participants, almost 68 percent, was earned from non-8(a) sources. This is consistent with Congressional intent to have participants rely on non-program sources of revenue in order to enhance post program survivability.

A. Benefits to the Economy and the Government

The most direct measure of benefits to the economy and to the Federal Government is through the market value of goods and services produced and the number and quality of jobs provided.

The following are areas in which 8(a) certified businesses are contributing to the gross domestic product, the Nation's tax base, employment, and the individual wealth and well-being of all Americans.

- (i) **Long-term Business Development Efforts:** Since the inception of the 8(a) program (1968), approximately 511,275, 8(a) contract actions worth approximately \$82.8 billion were made. While these figures represent a very small percentage of total Federal procurement actions and dollars, they still signal significant success in including targeted businesses in the Federal market. This success has consequently enhanced participants' success in the commercial market.

- (ii) **Contracts and Services Performed:** During Fiscal Year 1999, new contract actions and modifications to existing contracts, with an estimated total value of \$6.0 billion respectively, were awarded under the 8(a) program to both firms participating in the 8(a) program during Fiscal Year 1999 and firms that had exited the 8(a) program prior to FY 1999. Total 8(a) awards do not include Department of Energy awards made under the M&O Pilot Program or contract actions under \$25,000. Of the \$6.0 billion total, contracts and modifications with an estimated value of \$4.3 billion were made to current program participants. Contracts awarded to firms while they were active program participants may be modified subsequent to program exit. In FY 1998, the figure for new awards and modifications was \$6.4 billion.
- (iii) **Employment:** 8(a) firms provided employment for an estimated 176,642 persons during Fiscal Year 1999. The program is a source of employment in all states, Guam, Puerto Rico and the Virgin Islands.
- (iv) **Economic Status of Firm Owners:** Program participants are involved in all areas of community development and volunteer work. They contribute time and resources to improve their schools and neighborhoods, and provide jobs and educational opportunities for minority and disadvantaged youth. In the selection of program participants for annual national awards, much emphasis is placed on community involvement.
- (v) **Income Taxes Paid by Firms, Owners, and Employees:** Program participants contribute to the economy by paying city, state and Federal taxes. The employees of these firms also contribute to the tax base necessary to develop strong neighborhoods and communities.
- (vi) **The Economic Multiplier of Federal Contract Dollars:** The economic multiplier effect of companies performing Federal contracts provides a stimulus for community-based employment and business development.
- (vii) **Diversity and Ethnicity of Individuals Helped:** America is a Nation composed of ethnically diverse individuals. Historically, many disadvantaged businesses are owned by ethnically diverse individuals who have not had access to mainstream business development opportunities. The 8(a) program provides certified firms with opportunities to improve their ability to successfully compete in the Nation's marketplace.
- (viii) **Convenience of 8(a) Contracts to the Government:** The government benefits from the convenience of contracting with a qualified cadre of small businesses that can provide a wide variety of superior goods and services.

B. Costs to the Government

The SBA's Office of Minority Enterprise Development has the primary responsibility within the Federal Government for the administration of the 8(a) program. The following is a summary of the administrative, financial assistance, and management and technical assistance costs of the 8(a) program during 1999:

(i) Program Administrative Costs **\$4,529,000**

Program administrative costs consist of personnel, travel, supplies, training and similar expenses.

Headquarters: The SBA's Congressional budget submission, "SBA Budget Estimate Fiscal Year 1999," requested \$4,608,000 for the administration of the 8(a) program; \$4,077,000 were allotted, and \$4,529,000 were expended. The FY 1999 Congressional budget submission requested 63 full-time equivalents (FTE's); 59 FTE's were allotted; and 47 FTE's were used for Headquarters' operations.

Field Operations: It should be noted that in FY 1997, Agency field office program budgets were contained in the budget line item for "Field Operations." Of Field Operations' FY 1999 costs, \$17,321,229 were associated with MED operations, and 252 FTE's were held by MED staff. Accordingly, total resources aggregated \$21,841,229, and 299 FTE's.

(ii) Management and Technical Assistance **\$2,600,000**

Section 7(j) mandates that the SBA obtain and maintain a qualified cadre of individuals and organizations to provide assistance to socially and economically disadvantaged individuals. Please note that in FY 1997, 7(j) assistance was limited only to 8(a) program participants.

The Congressional budget submission requested \$9,500,000; \$2,600,000 was appropriated. Actual FY 1999 obligations aggregated to \$2,600,000.

(iii) Advance Payments

\$0

Advance payments are non-interest bearing loans made by the SBA to an 8(a) program participant in connection with the performance of a specific 8(a) contract to assist the firm in meeting the financial requirements of performing the contract. Since the Federal Credit Reform Act of 1990 (effective October 1, 1992), no advance payments have been processed or made by the SBA on 8(a) contracts.

III. EVALUATION OF FIRMS THAT EXITED THE 8(a) PROGRAM FISCAL YEARS 1996, 1997 AND 1998

DURING

15 U.S.C. 636(j)(16)(B)(iii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A compilation and evaluation of those business concerns that have exited the Program during the immediately preceding three fiscal years. Such compilation and evaluation shall detail the number of concerns actively engaged in business operations, those that have ceased or substantially curtailed such operations, including the reasons for such actions, and those concerns that have been acquired by other firms or organizations owned and controlled by other than socially and economically disadvantaged individuals. For those businesses that have continued operations after they exited from the Program, the Administrator shall also separately detail the benefits and costs that have accrued to the economy during the immediately preceding fiscal year due to the operations of such concern.

The U.S. Small Business Administration conducted a survey of the 1,354 firms that completed their 8(a) program term between October 1, 1996, and September 30, 1999. Of the 1,354 total, 709 were independently operational, 20 had substantially curtailed operations, 15 had been acquired by other firms owned and controlled by non-disadvantaged individuals, 71 had ceased business operations, and 539 did not respond to this survey. (See Table III)

The total annual revenue of all exited firms reporting was more than \$6.85 billion. The average revenue per reporting firm was approximately \$9.5 million. Firms exiting over the immediately preceding 3 fiscal years provided employment for approximately 74,792 persons.

During FY 1999, 85 firms were terminated from participation in the 8(a) program. Most were terminated due to their failure to comply with basic program reporting requirements. These actions ensured that only firms eligible for the program received program benefits. Companies are terminated from the 8(a) program for various reasons, including failure to comply with program requirements. In addition, according to program regulations, companies that cease operations and fail to withdraw voluntarily are terminated. Additionally 74 firms elected to withdraw voluntarily from 8(a) program participation.

The reasons that caused former 8(a) businesses to cease operations, like the reasons that cause any category of business to cease operations, are numerous and may include reduced Federal contracting opportunities; economic conditions; retirement, illness or death of the owner; a decision to sell the business or start a new business venture; or the pursuit of other professional interests.

When considering the number of former 8(a) companies that have ceased business operations, it should be noted that SBA publication “The State of Small Business” indicates that 79 percent of new businesses fail within 10 years. The former 8(a) participants evaluated below have been in business for more than 11 years prior to completing their program term.

TABLE III

Status of 8(a) Participants That Completed Their Program Term

(October 1, 1996 through September 30, 1999)

Status of Exited Participants	FY1997	FY1998	FY1999	Totals
Terminated From Program	324	237	85	646
Voluntarily Withdrew From Program	125	119	74	318
Graduated (Participated Less Than 9 Years)	0	1	1	2
Totals	449	357	160	966

Status of Participants Completing Term	FY1997	FY1998	FY1999	Totals	Percent
Completed 9 Year Program Term	223	792	339	1354	
Independently Operational	113	382	214	709	52.0%
Substantially Curtailed Operations	2	15	3	20	1.0%
Ceased Business Operations	16	44	11	71	5.0%
Acquired by Other Firm	2	9	4	15	1.0%
Non-Responsive to Survey	90	342	107	539	40.0%
Totals	223	792	339	1354	100.0%

IV. COMPILATION OF PROGRAM PARTICIPANTS DURING FISCAL YEAR 1998

15 U.S.C. 636(j) (16) (B) (iv)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

A listing of all participants in the Program during the preceding fiscal year identifying, by State and by Region, for each firm: the name of the concern, the race or ethnicity, and gender of the disadvantaged owners, the dollar value of all contracts received in the preceding year, the dollar amount of advance payments received by each concern pursuant to contracts awarded under section 637(a) of this title, and a description including (if appropriate) an estimate of the dollar value of all benefits received pursuant to paragraphs (13) and (14) and section 7(a) (20) during such year.

The ethnic heritage of the owners of the 5,969 firms participating in the 8(a) program during Fiscal Year 1999 is as follows: Black American - 2,441 (40.9 percent); Hispanic American - 1,489 (24.9 percent); Asian Pacific American - 782 (13.1 percent); Subcontinent Asian American - 618 (10.3 percent); Native American - 494 (8.3 percent); Native Hawaiian American - 39 (0.06 percent); Caucasian American - 67 (1.1 percent) and Other American - 39 (0.06 percent). Men own 77.8 percent of the firms and 22.2 percent are owned by women. (See Tables IV, V, VI, and VII, and Appendix C.)

Table VII provides ethnic totals of firms participating in the 8(a) program by state and region during fiscal year 1998. States with the largest number of 8(a) certified firms are California (663), Maryland (630), Virginia (630), Texas (444), and Florida (277).

Active 8(a) program participants were awarded 8(a) contracts and modifications with a total estimated value of \$4.3 billion, and received approximately \$44.0 million in 7(a) loans in Fiscal Year 1999. Advance payments have not been authorized since October 1, 1992. No advance payments were made in Fiscal Year 1999.

TABLE IV

Ethnic Heritage of 8(a) Participants

(October 1, 1998 through September 30, 1999)

Ethnicity	Gender	Number of Participants	Percent of Total
Asian Pacific Americans	Female	184	3.08%
	Male	598	10.02%
Total		782	13.10%
Black Americans	Female	561	9.40%
	Male	1880	31.50%
Total		2441	40.90%
Caucasian Americans	Female	50	0.84%
	Male	17	0.28%
Total		67	1.12%
Hispanic Americans	Female	301	5.04%
	Male	1188	19.90%
Total		1489	24.94%
Native Americans	Female	94	1.57%
	Male	400	6.70%
Total		494	8.27%
Native Hawaiian Americans	Female	16	0.27%
	Male	23	0.39%
Total		39	.066%
Other Americans	Female	26	0.44%
	Male	13	0.22%
Total		39	.066%
Subcontinent Asian Americans	Female	94	1.57%
	Male	524	8.78%
Total		618	10.35%
Total All Participants		5969	100%

TABLE V

Gender of 8(a) Participants

(October 1, 1998 through September 30, 1999)

Businesses Owned by Females	1326	22.21%
Businesses Owned by Males	4643	77.79%
Total Businesses	5969	100.0%

TABLE VI**Contract Activity for Fiscal Year 1999 by Ethnicity and Gender**

(October 1, 1998 through September 30, 1999)

Ethnicity	Gender	Total # of Participants	Total # of Contract Actions	Total \$ Value of Contract Actions
Asian Pacific American	Female	184	935	\$166,351,000.00
Asian Pacific American	Male	598	4096	\$604,449,000.00
Black American	Female	561	1630	\$241,210,000.00
Black American	Male	1880	6601	\$1,002,795,000.00
Caucasian American	Female	50	49	\$7,870,000.00
Caucasian American	Male	17	11	\$2,177,000.00
Hispanic American	Female	301	1380	\$216,048,000.00
Hispanic American	Male	1188	5920	\$881,699,000.00
Native American	Female	94	563	\$70,308,000.00
Native American	Male	400	2327	\$541,381,000.00
Native Hawaiian	Female	16	26	\$1,591,000.00
Native Hawaiian	Male	23	57	\$8,254,000.00
Other Americans	Female	26	5	\$114,384,000.00
Other Americans	Male	13	47	\$7,258,000.00
Subcontinent Asian American	Female	94	244	\$41,287,000.00
Subcontinent Asian American	Male	524	1859	\$384,813,000.00
National Totals		5,969	25,750	\$4,291,785,000.00

TABLE VII
Ethnicity and Gender of Participants by Region and State
 (October 1, 1998 through September 30, 1999)

Region / State	Asian Pacific Americans		Black Americans		Caucasian Americans		Hispanic Americans		Native Americans		Native Hawaiian Americans		Other Americans		Subcontinent Asian Americans		Grand Totals
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
	Region I																
Connecticut	0	0	12	4	0	0	7	0	0	0	0	0	0	0	4	0	27
Maine	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	3
Massachusetts	7	5	11	4	1	3	7	1	2	0	0	0	0	2	19	62	
New Hampshire	1	1	0	0	0	0	2	2	1	0	0	0	0	0	0	7	
Rhode Island	1	0	2	1	0	0	3	0	1	0	0	0	0	0	0	8	
Vermont	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	2	
Region I Totals	9	6	25	9	1	3	19	3	8	1	0	0	0	0	6	19	109
Region II																	
New Jersey	20	8	44	11	2	2	34	11	2	0	0	0	0	42	5	181	
New York	17	7	57	23	0	6	28	5	4	0	0	1	1	25	2	178	
Puerto Rico	0	0	0	0	0	0	63	7	0	0	0	0	0	0	0	70	
Virgin Islands	0	0	4	3	0	0	1	0	0	0	0	0	0	0	0	8	
Region II Totals	37	15	105	37	2	8	126	23	6	0	0	1	1	2	67	7	437
Region III																	
Delaware	0	0	7	1	0	0	0	0	0	0	0	0	0	3	0	11	
District of Columbia	4	3	75	37	1	0	12	11	1	0	0	0	1	7	1	153	
Maryland	94	14	248	91	1	1	63	16	8	4	2	1	1	69	16	630	
Pennsylvania	12	3	50	14	1	0	13	5	0	2	0	0	1	27	3	131	
Virginia	92	31	185	56	0	1	86	33	19	10	2	2	2	90	18	630	
West Virginia	1	1	8	0	0	0	4	0	1	0	0	0	1	4	1	21	
Region III Totals	203	52	573	199	3	2	178	65	29	#	4	3	3	7	200	39	1576
Region IV																	
Alabama	5	4	32	12	0	3	11	2	13	8	0	0	0	7	4	101	
Florida	16	4	86	18	2	4	96	22	13	1	0	0	1	10	2	277	
Georgia	10	5	134	51	0	1	10	6	5	0	0	0	0	15	0	237	
Kentucky	3	1	13	1	0	0	3	1	0	0	0	0	0	1	1	24	
Mississippi	0	0	35	5	0	0	1	3	0	0	0	0	0	1	0	45	
North Carolina	0	1	37	12	0	1	5	0	7	0	0	0	0	10	0	73	
South Carolina	0	0	24	8	0	0	4	1	0	0	0	0	0	0	0	37	
Tennessee	3	0	42	7	0	0	4	3	3	1	0	0	0	2	0	65	
Region IV Totals	37	15	403	114	2	9	134	38	41	#	0	0	1	2	46	7	859

TABLE VII**Ethnicity and Gender of Participants by Region and State
(October 1, 1998 through September 30, 1999)**

Region / State	Asian Pacific Americans		Black Americans		Caucasian Americans		Hispanic Americans		Native Americans		Native Hawaiian Americans		Other Americans		Subcontinent Asian Americans		Grand Totals
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
	Region V																
Illinois	16	5	58	32	0	1	20	19	1	0	0	0	0	0	17	4	173
Indiana	4	1	30	5	0	0	4	1	1	1	0	0	0	0	2	1	50
Michigan	4	0	38	10	1	0	10	3	4	0	0	0	0	0	8	0	78
Minnesota	7	1	7	1	0	1	0	1	7	1	0	0	0	0	8	3	37
Ohio	8	3	103	19	0	0	11	2	6	1	0	0	1	0	28	6	188
Wisconsin	3	2	14	4	0	0	5	3	4	3	0	0	0	0	6	0	44
Region V Totals	42	12	250	71	1	2	50	29	23	6	0	0	1	0	69	14	570
Region VI																	
Arkansas	0	1	30	4	0	0	2	0	7	2	0	0	1	1	0	0	48
Louisiana	3	0	58	17	1	0	9	1	3	2	0	0	0	0	3	2	99
New Mexico	4	4	2	0	0	0	88	16	16	2	0	0	0	0	2	0	134
Oklahoma	3	0	14	2	0	0	3	1	41	17	0	0	0	0	1	0	82
Texas	14	5	98	22	1	6	188	43	21	6	0	0	1	2	29	8	444
Region VI Totals	24	10	202	45	2	6	290	61	88	29	0	0	2	3	35	10	807
Region VII																	
Iowa	0	0	5	2	0	0	0	0	2	0	0	0	0	0	1	0	10
Kansas	1	3	23	3	1	1	8	2	7	0	0	1	0	0	5	1	56
Missouri	5	1	51	27	0	1	9	1	7	1	0	1	0	0	8	1	113
Nebraska	1	0	7	1	0	0	0	0	3	1	0	0	0	0	1	0	14
Region VII Totals	7	4	86	33	1	2	17	3	19	2	0	2	0	0	15	2	193
Region VIII																	
Colorado	11	6	34	13	0	3	85	16	16	2	1	2	0	3	6	2	200
Montana	0	0	0	0	0	0	2	0	15	4	0	0	2	0	0	0	23
North Dakota	0	0	0	0	0	0	0	0	16	0	0	0	0	0	0	0	16
South Dakota	1	0	1	0	1	0	4	1	10	0	0	0	0	0	0	0	18
Utah	10	2	5	1	0	1	12	5	1	3	1	0	0	1	2	1	45
Wyoming	0	0	0	0	0	1	4	0	3	2	1	0	0	0	0	0	11
Region VIII Totals	22	8	40	14	1	5	107	22	61	11	3	2	2	4	8	3	313

TABLE VII

Ethnicity and Gender of Participants by Region and State
(October 1, 1998 through September 30, 1999)

Region / State	Asian Pacific Americans		Black Americans		Caucasian Americans		Hispanic Americans		Native Americans		Native Hawaiian Americans		Other Americans		Subcontinent Asian Americans		Grand Totals
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
	Region IX																
Arizona	1	0	8	1	0	1	22	7	7	3	1	0	0	0	2	2	55
California	125	48	144	30	3	6	174	39	22	5	2	1	2	6	50	6	663
Guam	3	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	5
Hawaii	52	7	1	0	0	0	7	0	0	0	14	5	0	0	1	1	88
Nevada	2	0	7	2	0	3	10	1	3	1	0	1	0	0	2	0	32
Region IX Totals	183	55	160	33	3	10	213	47	32	9	17	7	2	6	57	9	843
Region X																	
Alaska	9	1	7	2	1	1	6	2	66	6	0	0	0	2	1	0	104
Idaho	3	1	2	0	0	1	9	1	4	1	0	0	0	0	0	0	22
Oregon	7	3	6	1	0	1	23	5	6	3	0	0	0	0	1	1	57
Washington	15	2	21	3	0	0	16	2	17	0	0	0	1	0	2	0	79
Region X Totals	34	7	36	6	1	3	54	10	93	10	0	0	1	2	4	1	262
National Totals	598	184	188	56	17	50	118	301	400	94	24	15	13	26	507	111	5969

**V. TOTAL VALUE OF CONTRACTS AND OPTIONS AWARDED
FISCAL YEAR 1999**

DURING

15 U.S.C. 636(j)(16)(B)(v)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The total dollar value of contracts and options awarded during the preceding fiscal year pursuant to section 637(a) of this title and such amount expressed as a percentage of total sales of (I) all firms participating in the Program during such year, and (II) of firms in each of the nine years of program participation.

In FY 1999, firms reported total revenue of \$14.5 billion. The total estimated value of contracts and modifications awarded to active firms in Fiscal Year 1999 was \$4.3 billion. Active participants derived 31.7 percent of their total revenue from 8(a) contracts. It should be noted that the full contract or modification estimated award amounts might not be received during the fiscal year in which they are awarded. Also, the total estimated amount might not be achieved at all. Therefore, the firms' revenue figures may not reflect the total contract and modification award amounts. (See Table VIII for contract and modification dollars expressed as a percentage of firms' total revenue in each of the nine years of program participation.)

Table VIII

**Contract and Modification Dollars Expressed as a Percentage of Firms' Total Revenue
In Each of the Nine Years of Program Participation**

Program Year	Number of Firms	Number of Employees	Revenue Non-8(a)	Revenue 8(a)	8(a) as Percent of Total Revenue
1	1036	15,265	\$ 1,118,757,035.69	\$ 23,703,161.08	2.07%
2	564	16,123	\$ 717,873,689.56	\$ 115,321,832.59	13.84%
3	526	8,957	\$ 543,751,996.37	\$ 255,282,288.31	31.95%
4	539	12,046	\$ 917,779,529.61	\$ 363,433,301.55	28.37%
5	793	18,024	\$ 1,178,149,386.49	\$ 555,073,251.96	32.03%
6	897	27,704	\$ 1,669,806,413.03	\$ 814,920,290.28	32.80%
7	451	18,164	\$ 912,764,726.88	\$ 488,259,149.49	34.85%
8	443	20,222	\$ 1,178,252,333.55	\$ 774,917,667.74	39.67%
9	720	40,137	\$	\$ 1,206,264,978.30	41.63%

1,690,983,230.74

Totals	5969	176,642	\$ 9,928,118,341.92	\$ 4,597,175,921.30	31.65%
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VI. REQUIRED RESOURCES AND PROGRAM AUTHORITIES

15 U.S.C. 636(j)(16)(B)(vi)4

The Administrator shall submit a report to the Congress on the Program that shall include the following:

A description of such additional resources or program authorities as may be required to provide the types of services needed over the next two-year period to service the expected portfolio of firms certified pursuant to section 637(a) of this title.

At this time, no additional resources or program authorities are being requested.

**VII. VALUE OF CONTRACTS AND MODIFICATIONS
BY SIC CODE**

15 U.S.C. 636(j)(16)(B)(vii)

... The Administrator shall submit a report to the Congress on the Program that shall include the following:

The total dollar value of contracts and options awarded pursuant to section 637 (a) of this title, at such dollar increments as the Administrator deems appropriate, for each four digit standard industrial classification code under which such contracts and options were classified.

The total dollar value of contracts and modifications awarded under the 8(a) Program during Fiscal Year 1999 was approximately \$6.0 billion. Total 8(a) awards do not include Department of Energy awards made under M&O Pilot Program or contract actions under \$25,000. There were 35,459 total contract and modification actions for an average of \$169,871 per action. The United States Government contracted with 8(a) firms for goods and services in 315 different four-digit Standard Industrial Classification (SIC) Codes. Major areas of contract activity by contract and modification dollars were Computer Related Services (NEC) (SIC Code 7379), General Contractors (SIC code 1542), Environmental Remediation Services (SIC code 8744), Engineering Services (SIC Code 8711), Commercial Physical and Biological Research (SIC code 8731). (See Table IX)

TABLE IX
Industries Receiving Largest Dollar Amounts of 8(a) Contract Support
(October 1, 1998 through September 30, 1999)

SIC Code	SIC Code Description	Number of Actions	\$ Value of Actions
7379	Computer Related Services, Not Elsewhere Classified (NEC)	2712	\$ 675,948,000.00
1542	General Contractors Non-Residential Buildings	4674	\$ 644,711,000.00
8744	Environmental Remediation Services	1773	\$ 556,531,000.00
8711	Engineering Services	3327	\$ 551,922,000.00
8731	Commercial Physical and Biological Research	1176	\$ 295,757,000.00
7373	Computer Integrated Systems Design	1217	\$ 234,929,000.00
1629	Heavy Construction (NEC)	965	\$ 234,791,000.00
7349	Building Cleaning & Maintenance Services (NEC)	758	\$ 144,038,000.00
7371	Computer Programming Services (NEC)	613	\$ 138,327,000.00
5045	Computers and Computer Peripheral Equipment & Software	1203	\$ 131,016,000.00

