



Frequently Asked Questions about the Small Business Competitive Demonstration Program (CompDemo)

Q. What is the "Small Business Competitiveness Demonstration Program?"

A. The "Small Business Competitiveness Demonstration Program," also called the CompDemo Program, was established by Congress to determine whether small businesses and Emerging Small Businesses (ESB) could successfully compete for certain contracts on an unrestricted basis.

Q. What is the purpose of the CompDemo Program?

A. The CompDemo Program has three purposes, namely:

1. testing whether small businesses in certain designated industry groups (DIGs) can compete successfully with large businesses for Federal contracts on an unrestricted basis;
2. determine whether the expanded use of full and open competition would adversely affect small business participation in certain industry groups; and,
3. measure whether setting goals can expand Federal contracting opportunities for small businesses in targeted industry categories (TICs) where small businesses have historically been underrepresented.

Q. Does my agency participate in the CompDemo Program?

A. Yes, if you work for one of the following:

- Agriculture, Department of (USDA)
- Defense, Department of (DoD)
- Energy, Department of (DoE)
- Environmental Protection Agency (EPA)
- General Services Administration (GSA)
- Health and Human Services, Department of (HHS)
- Interior, Department of (Interior)
- National Aeronautics & Space Administration (NASA)
- Transportation, Department of (DOT)
- Veterans Affairs, Department of (VA)

Q. What are Designated Industry Groups (DIGs)?

- A. Designated Industry Groups (DIG) are the Federal Government procurement activities specified by Congress for inclusion in the CompDemo Program. There are six DIGs, namely:
1. Construction - North American Industry Classification System (NAICS) Subsectors 236, 237 (excluding dredging and Federal Procurement Data System services codes Y216 and Z216) and 238 (these three NAICS Subsectors were formerly SIC Major Groups 15, 16 and 17).
 2. Refuse Systems and Related Services - PSC S205 in NAICS Codes 562111, 562119 and 562219.
 3. Architectural and Engineering (A&E) Services (including surveying and mapping) - NAICS Codes 541310, 541330, 541360, and 541370 (formerly under SIC Codes 7389, 8711, 8712, and 8713).
 4. Non-Nuclear Ship Repair - PSC codes J998 (for East Coast) and J999 (for West Coast) in NAICS Code 336611 (including overhauls and conversions performed on nonnuclear propelled and nonpropelled, formerly under SIC code 3731)
 5. Exterminating and Pest Control Services, NAICS 561710
 6. Landscaping Services, NIACS 561730

Q. Do agencies' have to meet any goals?

- A. Each participating agency has a small business participation goal of 40 percent of the agency's total contract dollars awarded in each Designated Industry Group (DIG). In addition, each participating agency must make a good faith effort to assure that emerging small businesses receive not less than 15 percent of the agency's total contract dollars awarded for each of the four DIGs.

Q. What happens if an agency does not reach its goals?

- A. When an agency does not achieve its goal(s) in one or more DIGs, then it may be required to reinstitute small business set-asides in the DIG(s). If the agency fails to achieve 35 percent in a 6-digit NAICS code in a Construction DIG or in a Product and Services Code in the Architectural and Engineering Services DIG, then they must reinstate small business set asides for the NAICS code or PSC. Hence, if an agency's organizational unit fails to achieve its 35 percent goal in one of the NAICS or PSCs in those DIGs, the organizational unit must reinstitute set-asides -- even if the agency itself achieved its 40 percent goal. This rule does not apply to Refuse Systems and Related Services or to Non-nuclear ship repair. The reason is that those two DIGs are monitored by PSC codes. For more detail, read the U.S. Office of Management and Budget's Notice of final policy directive. It is on SBA's Web site at <http://www.sba.gov/size/CompDemo-lawsregs.html> (just copy and paste this address into your browser's address bar).

Q. What is an "Emerging Small Business" (ESB)?

A. An "Emerging Small Business" (ESB) is a business concern whose size is no greater than 50 percent of the SBA's small business size standard applicable to the procurement.

Q. Are there special requirements for ESBs?

A. Yes. The CompDemo Program establishes a 15 percent participation goal for Emerging Small Businesses (ESB) within each DIG. Under the DIGs, an agency must reserve all acquisitions for competition among ESBs, when the procurement is \$30,000 or less for Construction, Refuse, and Ship Repair; or, \$50,000 or less for A&E

Q. What are "Targeted Industry Categories" (TIC)?

A. Each agency, in consultation with the U.S. Small Business Administration, has designated 10 Targeted Industry Categories (TICs). It is unlikely they will be the same for all agencies. TICs enhance small business participation and expand small business participation through:

- continued use of set-aside procedures;
- increased management attention; and,
- specifically tailored acquisition procedures.

Under the statute, products or services selected as TICs are drawn from industry categories that:

- Are the recipients of substantial purchases by the Federal Government;
- Have less than 10 percent of such annual purchases made from small business concerns; and,
- Have significant amounts of small business productive capacity that have not been utilized by the Government.

Q. Besides their contracting responsibilities, do participating agencies have other requirements under the program?

A. Yes. Participating agencies must:

- conduct annual reviews based on its experience during the previous fiscal year (October 1 through September 30);
- reinstitute small business set asides for any DIG in which a 40 percent small business participation goal was not achieved; and,
- submit to the U.S. Small Business Administration by January 31 of each year, a report on its previous fiscal year results.

Q. Does the FAR cover the CompDemo Program?

A. Yes. See FAR 19.1001 through 19.1009.

Q. How much monitoring is involved with the program?

A. Within each DIG your agency must monitor certain subcategories, as follow:

1. Construction - Each 6-digit code NAICS industry code must be monitored:
 - Subsector 236 (Construction of Buildings) - six industries
 - Subsector 237 (Heavy and Civil Engineering Construction) - six industries
 - Subsector 238 (Specialty Trade Contractors) - 19 industries (as well as Building and Property Specialty Trade Services, included in NAICS 238990)

NOTE: For A&E Services, Refuse Systems, and Shipbuilding and Repair (below), Agencies monitor program activity by Product and Service Code (PSC), because the NAICS codes for these industries cover activities that are not part of the CompDemo Program.

2. A&E Services, including Mapping and Surveying Services - must be monitored as follows:
 - A&E Services - 23 PSCs
 - Mapping and Surveying - five PSCs
3. Refuse Systems and Related Services - must be monitored by PSC S205, Trash, Garbage Collection Services - including Portable Sanitation Services.
4. Shipbuilding and Ship Repair - Similar to Refuse Systems, Non-nuclear Ship Repair is monitored by PSC. There are two PSCs - J998 on the East Coast and J999 on the West Coast.

Q. Where can I find out more about the CompDemo Program?

A. Please read the U.S. Office of Management and Budget's Notice of final policy directive. It is on SBA's Web site at <http://www.sba.gov/size/CompDemo-lawsregs.html> (just copy/paste the address into your browser's address bar).

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