

Guidance for Self-Certified Service-Disabled Veteran-Owned Small Businesses Concerning Transfer of Verification Function to Small Business Administration

1. Action Needed.

Generally, small businesses currently self-certified in SAM as SDVOSBs should not seek verification with VA prior to the transfer of the verification function, in order to take advantage of grace period provisions under the transfer law. An exception applies if such a firm intends to compete for an SDVOSB set-aside or sole source contract at VA. Firms that intend to compete for a VA contract must submit their application to VA before October 24, 2022.

2. Background.

By law, VA's current responsibility to verify SDVOSBs (as well as Veteran-Owned Small Businesses) will transfer to SBA effective January 1, 2023. This date is referred to in the law as the "transfer date." In addition, to compete for contracts as SDVOSBs in Federal agencies other than VA, SDVOSBs will need to apply for and obtain certification from SBA.

3. Grace Period for Self-Certified SDVOSBs. Because of the large number of self-certified SDVOSBs and the need to ensure an orderly transition to the new certification program, the law provides a grace period to permit self-certified SDVOSBs to continue to compete for Federal contracts. Self-certified SDVOSBs may continue to rely on their self-certified status for 1 year after the transfer date.

4. Effect of Application to SBA.

If a self-certified SDVOSB applies to SBA for certification during the 1-year grace period, the SDVOSB may continue to apply its self-certified status until SBA has acted upon the certification application. Otherwise, the firm's status as a self-certified SDVOSB terminates on the 1-year anniversary of the transfer date, or **January 1, 2024**.

5. Effect of Application to VA.

To qualify for the grace period, a self-certified SDVOSB must make application to SBA. An application to VA does not qualify for the grace period. In addition, a self-certified SDVOSB must make application after January 1, 2023, and before January 1, 2024. A self-certified SDVOSB that applies to VA for verification prior to the transfer date will not meet these criteria. If VA is unable to process the application before the transfer date, that applicant will need to submit a second application to SBA to qualify for the grace period.

6. Recommendation.

Unless the exception described in paragraph 7 applies, self-certified SDVOSBs should take no action on their application until after the January 1, 2023, transfer date, and then submit an application to SBA prior to January 1, 2024. Self-certified SDVOSBs that do so may continue to compete for Federal contracts until SBA has acted on that application.

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7. Exception.

Nothing in the transfer law altered the requirement for certification to compete for SDVOSB set-aside or sole source contracts at VA. To qualify for such opportunities prior to the transfer date, self-certified SDVOSBs must seek and obtain verification from VA. On or after January 1, 2023, self-certified SDVOSBs must seek and obtain certification from SBA. Because the grace period is an extension of the time a firm may rely on its self-certification, it does not establish eligibility for VA contracts. The grace period provides eligibility for contracting opportunities at Federal agencies other than VA.

8. Deadline.

As part of the transfer process, VA's Center for Verification and Evaluation (CVE) will cease accepting new applications for verification at 5:00 p.m., Eastern Daylight Time, on October 24, 2022. A firm must submit its completed application package prior to that deadline. As part of the application process, CVE may request additional or supplemental information or documentation, which an applicant should submit promptly.

9. Special Guidance for New Entrants.

Small business start-ups and new entrants beginning to compete for Federal contracts should consider how this guidance applies according to their business plans. If these firms are planning to do business as SDVOSBs with VA, they must seek verification as described in the Exception, above. They must submit their applications prior to the October 24, 2022, deadline. SDVOSBs seeking to compete only for contracts at other agencies should consider attaining only a self-certified status prior to the transfer date, so they may compete under the grace period provided by the law.

If you have questions, please call the VA Office of Small and Disadvantaged Business Utilization at 866-584-2344. As always, thank you for your service to our nation.

