

# **Socially and Economically Restricted Business Program (SERB)**

The purpose of the SERB Program is to promote the use of small and emerging businesses by giving them opportunities to participate in state contracting.

Many of the companies that qualify for SERB are too small to bid as prime contractors on most state contracts, however those contracts may provide subcontracting and joint venture opportunities that would be within the capacity of a small business. The SERB Program encourages prime contractors to consider SERB businesses when seeking supplies and services outside of their own companies.

In the RFP process, contracts are awarded according to a point system. Each proposal is evaluated, and points are assigned for the technical aspect of the proposal, cost, SERB participation, and other possible factors. The total of these points determines which bidder will win the contract.

## **How does a business qualify as a SERB?**

A business can qualify as a SERB in three ways:

- by being certified by the Department of General Services as a Minority Business Enterprise (MBE) or Woman's Business Enterprise (WBE)

**OR**

- by being located in a Designated Enterprise Zone

**OR**

- by being certified by the U.S. Small Business Administration as a Small Disadvantaged Business (SDB) and/or in the 8(a) Business Development Program

**In addition: to qualify as a SERB, a company must be an established, for-profit business; it must gross less than \$8 million per year and have 50 or fewer employees; and the primary owner must be a U.S. citizen.**

**Note:** Businesses in Information Technology qualify for SERB status if they have less than \$18 million in gross annual revenues.

## **How do I find qualified SERB businesses?**

The Bureau of Contract Administration and Business Development (BCABD) can assist any company or organization seeking MBEs or WBEs with which to do business. All DGS-certified companies are listed on the Internet at [www.dgs.state.pa.us/cabd.htm](http://www.dgs.state.pa.us/cabd.htm). If the Internet is not available, contact BCABD at 717-787-6708 or by e-mail at [gs-cabdinternet@state.pa.us](mailto:gs-cabdinternet@state.pa.us), listing the goods or services your company needs to fulfill the contract. BCABD will provide a list of all DGS-certified businesses that provide the goods and services you seek.

For more information on Designated Enterprise Zones, contact the PA Department of Community and Economic Development at 717-720-7342 (phone), 717-787-4088 (fax), or [dced@state.pa.us](mailto:dced@state.pa.us) (e-mail).

For more information on the SDB certification and/or 8(a) program, contact the U.S. Small Business Administration at 1-800-U-ASK-SBA (phone), 202-205-7064 (fax), or visit their website at [www.sba.gov/gcmed](http://www.sba.gov/gcmed).

**Note:** A business can be certified as an MBE/WBE, SDB/8(a), or be located in an enterprise zone and earn over \$8 million in gross annual revenues. **Do not assume a business automatically qualifies as SERB because it appears on a Referral Report or provides proof of certification; you must verify its gross annual revenues.**

## Priority Rankings for SERB points

Of the maximum number of points available for SERB, a prime bidder can earn:

- Up to 100% if the prime bidder qualifies as a SERB.
- Up to 90% if the prime bidder enters into a joint venture agreement with a SERB.
- Up to 50% if subcontracting to a SERB (includes purchase agreements.)

### **The prime contractor is responsible for verifying SERB status with each contract:**

If a business claims SERB status because it is DGS-certified, provide the certification number or a copy of the certificate. If these are not available, call 717-787-6708 for verification. Attach this information to the SERB portion of the proposal.

**OR**

If a business claims SERB status because its headquarters is located in a Pennsylvania Designated Enterprise Zone, obtain proof of the company's headquarters address (such as a lease or deed) and a statement from the local Enterprise Zone office confirming that the address is in a zone. Attach this information to the SERB portion of the proposal.

**OR**

If a business claims SERB status because it is a SDB-certified and/or 8(a) business, provide a copy of their registration in PRO-Net (pro-net.sba.gov) as proof. Attach this information to the SERB portion of the proposal.

**IN ALL CASES**, you must also provide proof that the company claiming SERB status does less than \$8 million in gross annual revenue (\$18 million for Information Technology companies). Proof can include a recent tax or audited financial statement. If the company has subsidiaries or is the subsidiary of another company, the total revenue of the company and its subsidiaries must be under \$8 million.

**Read the RFP and follow it carefully!** Important information to note:

- You must specify the SERB business(es) to which you are making commitments. Include the company name, address, and telephone number of the prime contact person for each specific SERB business included in the proposal. You will not receive credit by stating you will find a SERB after the contract is awarded or by listing several companies and stating you will select one later.
- The SERB company(ies) must be named in the SERB portion of your proposal.
- Specify the type of goods or services the SERB business(es) will provide. Specify the timeframe for the SERB(s) to provide the goods or services and the location where the SERB(s) will perform these services.
- Specify the estimated dollar value of the contract to each SERB. If subcontracting, a signed subcontract or letter of intent must be included in the SERB portion of the proposal. Also include the percent of the total value of services or products purchased/subcontracted under the proposal that will be provided by the SERB(s).

Bind the SERB portion separately from the rest of the proposal. (Most RFPs ask that the SERB section be sealed in an envelope). **Only one copy is needed.** Identify your company on the envelope. A copy of the SERB SECTION (without dollar amounts) should be included in the technical portion of the proposal for use by the issuing agency.

## **Joint Ventures**

A Joint Venture is an association of two or more companies to carry out a project for profit. A Joint Venture generally requires a shared interest in the performance of a common purpose. After the project is completed, the Joint Venture terminates.

The Joint Venture relationship is created by a contract between two or more companies. Each invests its money, labor or skills in the venture. The profits are divided between them.

The terms of the contract must be agreed on by all parties before a Joint Venture relationship exists.

Co-ownership of the project is one indication of a true Joint Venture, which occurs when two or more companies pool their resources in a common enterprise comprised of equal obligations and benefits. If the contract indicates that one company is merely employed to provide certain goods or perform certain services and has no financial interest in the enterprise other than compensation, there is no Joint Venture. When a company has invested nothing in or contributed nothing to the project, there is no Joint Venture.

Generally, shared interest in the profits and losses resulting from a project is indicative of a Joint Venture. The participation in profits is an indispensable requisite of a Joint Venture relationship. The absence of participation in profits is conclusive that it is not a Joint Venture.

The burden of proving a Joint Venture is on the party who asserts it.

Examples of evidence indicating a Joint Venture relationship include: 1) showing a checking account with the Joint Venture name, 2) providing a copy of the contract establishing the Joint Venture, 3) providing an individual income tax return showing Joint Venture income, 4) documenting a pooling of assets into a common enterprise with a division of profits, 5) providing evidence of a parity in direction and management, and 6) showing proof of the securing of insurance in the name of the Joint Venture.

If asserting a joint venture with a SERB, the Joint Venture Agreement must be included in the SERB portion of the proposal.

For more information on Joint Ventures, contact BCABD's Evaluations Unit at 717-787-7629.

For more information on the SERB Program contact:

**Bureau of Contract Administration and Business Development (BCABD)**  
613 North Office Building, Harrisburg, PA 17125  
717-787-6708 • FAX: 717-772-0021 • E-mail: [gs-cabdinternet@state.pa.us](mailto:gs-cabdinternet@state.pa.us)