



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

October 25, 2023

M-24-01

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Shalanda D. Young 

SUBJECT: Increasing the Share of Contract Dollars Awarded to Small Disadvantaged Businesses for Fiscal Year (FY) 2024 and in Subsequent FYs

Section 7(a) of Executive Order (E.O.) 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, directs the Government to expand the amount of procurement dollars awarded to small business concerns owned and controlled by socially and economically disadvantaged individuals (SDBs). In furtherance of that effort, the E.O. creates a Government-wide goal for Federal procurement dollars awarded to SDBs of 15 percent in Fiscal Year (FY) 2025. Section 7(a) of E.O. 14091 also directs the Office of Management and Budget (OMB) to establish a Government-wide SDB goal for FY 2024.

Use of the Federal Government's purchasing power to build wealth in underserved communities, consistent with applicable law, has been a centerpiece of the President's equity agenda and ties into the Administration's broader economic strategy to support small businesses and increase the resilience of the Nation's supply chains. In FY 2022, agencies made historic progress toward the President's vision. According to the Small Business Administration (SBA), agencies awarded a record \$69.9 billion to SDBs in FY 2022.¹ This spending is \$7.5 billion higher than in FY 2021, represents 11.4 percent of all contracting dollars, and exceeds the FY 22 interim goal of 11 percent established in OMB Memorandum M-22-03. In FY 2022, agencies also awarded record spending to programs designed to increase access to federal contracting for historically underrepresented groups -- namely, Historically Underutilized Business Zone (HUBZone) small businesses, service-disabled veteran-owned small businesses (SDVOSBs) and women-owned small businesses (WOSBs) -- and to small businesses overall.

For FY 2024, the interim goal for the share of contract spending with SDBs is 13 percent. Therefore, each of the Chief Financial Officers Act² agencies and SBA should negotiate SDB contracting goals that will allow the Federal Government to cumulatively award at least 13 percent of Federal contract spending to SDBs. Agencies and SBA will build upon last year's agency goals and consider their recent levels of SDB prime contracting to allocate the

¹ <https://www.sba.gov/agency-scorecards/scorecard.html?agency=GW&year=2022>.

² 31 U.S.C. § 901.

Government's increase to 13 percent among the various agencies. Beginning in FY 2025, these negotiations should allow the Federal Government to reach its goals by cumulatively awarding at least 15 percent of Federal contract spending to SDBs.

The 8(a) Business Development Program³ remains an important gateway for expanding access to the federal marketplace for businesses who have experienced past discrimination. Agencies should also continue to increase access to contracting opportunities for WOSBs, HUBZone small businesses, and SDVOSBs, as businesses participating in these programs have a high likelihood of also being SDBs. Agencies can take advantage of the [procurement equity tool](#), which shows businesses that participate in these programs and are already registered to contract with the Federal Government, including those that have never received a government contract.

OMB will continue to work with SBA, the Domestic Policy Council, the National Economic Council, the Gender Policy Council, and agencies to build the diversity and resilience of the Federal supplier base. Efforts will include: (i) increasing opportunities for small businesses on multiple award contracts, which are popular vehicles for significant buying activities, (ii) strengthening the quality, timeliness and access to procurement forecasts so small businesses can better prepare to compete for work, (iii) expanding access to Federal contracting through innovative acquisition practices that reduce transaction costs for small businesses, and (iv) improving practices for small business subcontracting, which is an important gateway into the Federal marketplace.

Questions regarding this management guidance may be sent to the following mailbox: MBX.OMB.OFPPv2@OMB.eop.gov.

³ <https://www.sba.gov/federal-contracting/contracting-assistance-programs/8a-business-development-program#id-program-overview>.