



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

THE DIRECTOR

October 4, 2022

M-23-01

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Shalanda D. Young
Director

A handwritten signature in blue ink that reads "Shalanda D. Young".

SUBJECT: Increasing the Share of Contract Dollars Awarded to Small Disadvantaged
Businesses

Last year, the President made a commitment to increase the share of contract dollars awarded to small disadvantaged businesses (SDBs) to 15 percent by 2025. This memorandum provides guidance to agencies on steps they are expected to take in Fiscal Year (FY) 2023.

Increasing the share of contract dollars awarded to SDBs is designed to support a more dynamic and resilient supplier base and create opportunities for entities owned by underrepresented individuals. Office of Management and Budget (OMB) Memorandum M-22-03, *Advancing Equity in Federal Procurement*, directed agencies and the Small Business Administration (SBA) to negotiate interim SDB contracting goals for FY 2022 that demonstrated improvement at each agency and, taken together across the Government, resulted in the award of 11 percent of total eligible contract spending to SDBs. Agencies already have made important progress towards the President's vision. According to SBA, agencies awarded a record \$62.4 billion to SDBs in FY 2021, totaling 11.01 percent of all contracting dollars and meeting the 11 percent aspirational goal a year early. Agencies also awarded record spending to service-disabled veteran owned small businesses (SDVOSBs), certified Historically Underutilized Business Zone (HUBZone) small businesses, and small businesses overall.

For FY 2023, each of the Chief Financial Officers Act¹ agencies and SBA must negotiate SDB contracting goals that will allow the Federal Government to cumulatively award at least 12 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 Government's increase to 12 percent among the various agencies.

¹ 31 U.S.C. § 901.

In addition, OMB will continue to work with SBA, the Domestic Policy Council, the National Economic Council, the Gender Policy Council, and agencies to implement the procurement equity initiatives outlined in Memorandum M-22-03 and take additional steps for building the diversity and resilience of the Federal supplier base. Efforts will focus on lowering barriers to entry and creating opportunities for all socioeconomic small businesses, including SDBs, women-owned small businesses (WOSBs), SDVOSBs, and HUBZone small businesses, so that these entities may compete effectively for Federal contracts.

Questions regarding this management guidance may be sent to the following mailbox:
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