

Date: December 16, 2022

From: Executive Director, Office of Acquisition and Logistics (003A), and Senior Procurement Executive

Subj: Class Deviation from the Federal Acquisition Regulation (FAR) Regarding the Threshold for Small Disadvantaged Business (SDB)

To: Heads of the Contracting Activities

1. Purpose. To issue a class deviation, in accordance with FAR 1.404 and as authorized by the Civilian Agency Acquisition Council letter [2023-02](#), dated December 15, 2022, to implement the threshold increase at 13 CFR 124.104(c)(2). The increase was implemented in the Small Business Administration's (SBA) interim final rule published in the Federal Register at [87 FR 69118](#), on November 17, 2022, effective December 19, 2022. The SBA increased the net worth threshold for an individual to be eligible as an economically disadvantaged small business concern from \$750,000 to \$850,000. The FAR Council has opened FAR case 2023-004, *Small Disadvantaged Business Threshold*, to implement the increase in the SDB threshold. This deviation is issued in advance of a FAR final rule as authorized in the referenced CAAC letter.

2. Effective Date. December 19, 2022.

3. Expiration Date. This deviation expires when incorporated into the FAR or is otherwise rescinded.

4. Applicability. This class deviation applies to all VA contracting activities.

5. Current FAR Policy. Currently, the net worth threshold of \$750,000 appears in the FAR within the definition of "*small disadvantaged business concern*," at:

- 2.101(b);
- 52.212-3 (a), *Offeror Representations and Certifications – Commercial Products and Commercial Services*;
- 52.219-1(a), *Small Business Program Representations*; and
- 52.219-8(a), *Utilization of Small Business Concerns*.

6. Need for Deviation. Beginning December 19, 2022, the definition of "*small disadvantaged business concern*" needs to be amended to remove any conflict with the SBA increase to the net worth threshold at 13 CFR 124.105(c)(2).

7. Required Action. Contracting officers shall use the following revised definition of "small disadvantaged business concern" in the text, provisions, and clauses listed above:

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*Small disadvantaged business concern, * * **

(1) * * *

(ii) Each individual claiming economic disadvantage has a net worth not exceeding ~~\$750,000~~ **[the threshold at 13 CFR 124.104(c)(2)]** after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2).

8. Additional information. Send questions to va.procurement.policy@va.gov.

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