



December 15, 2022

CAAC Letter 2023-02

MEMORANDUM FOR CIVILIAN AGENCIES

FROM: JANET FRY
DEPUTY DIRECTOR
OFFICE OF GOVERNMENT-WIDE ACQUISITION POLICY

SUBJECT: CAAC Consultation to Issue a Class Deviation From the Federal Acquisition Regulation (FAR) Regarding the Threshold for Small Disadvantaged Business (SDB)

This CAAC Letter is being issued in my capacity as Acting Chair of the Civilian Agency Acquisition Council to serve as consultation in accordance with FAR 1.404, authorizing agencies to issue a class deviation to implement the threshold increase at 13 CFR 124.104(c)(2). This 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 net worth threshold of \$750,000 appears in the FAR within the definition of "*small disadvantaged business concern*" at:

- 2.101(b), *Definitions*;
- 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*.

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 124.104(c)(2).

Accordingly, agencies should issue deviations to use the following revised definition of “small disadvantaged business concern” in the provisions and clauses listed above:

*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);

Agencies are advised to review any relevant clauses in their FAR supplement and take any action that is appropriate.

The FAR Council opened FAR case 2023-004, *Small Disadvantaged Business Threshold*, to implement the increase in the SDB threshold. It is recommended that the deviation be made effective until the FAR is amended.

This CAAC letter constitutes consultation with the Chair of the CAAC required by FAR 1.404(a)(1).

Once processed, agencies are requested to share the deviation widely among their workforces to ensure full awareness of and compliance with the increase to the SDB threshold.

Agencies are reminded that FAR 1.404 requires agencies to furnish a copy of each approved class deviation to the FAR Secretariat, General Services Administration, by emailing the deviation to GSARegSec@gsa.gov. Please include whether or not the document can be posted on [acquisition.gov](https://www.acquisition.gov).

If you have any questions or require additional information about this Letter, please contact Carrie Moore at (571) 300-5917 or at carrie.moore@gsa.gov.