



## PROCUREMENT MEMORANDUM 2023-03

### ACTION

**MEMORANDUM FOR:** Senior Bureau Procurement Officials

**FROM:** Olivia J. Bradley  
Senior Procurement Executive and  
Director for Acquisition Management

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

### Background

The Small Business Administration (SBA) published an interim final rule in the Federal Register at 87 FR 69118, on November 17, 2022, effective December 19, 2022. The rule 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);
- 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).

### Purpose

This class deviation is issued in accordance with FAR 1.404 and pursuant to Civilian Agency Acquisition Council (CAAC) Letter 2023-02 to increase the thresholds in the FAR within the definitions of “small disadvantaged business concern” identified above.

### Required Actions

Contracting officers shall 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);

**Effective Date**

This deviation is effective December 19, 2022, and remains in effect until rescinded or incorporated into the FAR.

**Questions**

Please direct any questions regarding this Procurement Memorandum to  
OAM\_Mailbox@doc.gov.