

## SUBCHAPTER D—SOCIOECONOMIC PROGRAMS

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AUTHORITY: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

SOURCE: 48 FR 42240, Sept. 19, 1983, unless otherwise noted.

#### 19.000 Scope of part.

(a) This part implements the acquisition-related sections of the Small Business Act (15 U.S.C. 631 *et seq.*), applicable sections of the Armed Services Procurement Act (10 U.S.C. 2302 *et seq.*), the Federal Property and Administrative Services Act (41 U.S.C. 252), and Executive Order 12138, May 18, 1979. It covers—

- (1) The determination that a concern is eligible for participation in the programs identified in this part;
- (2) The respective roles of executive agencies and the Small Business Administration (SBA) in implementing the programs;
- (3) Setting acquisitions aside for exclusive competitive participation by small business concerns;
- (4) The certificate of competency program;
- (5) The subcontracting assistance program;
- (6) The 8(a) program, under which agencies contract with the SBA for goods or services to be furnished under a subcontract by a small disadvantaged business concern; and
- (7) The use of women-owned small business concerns.

(b) This part, except for subpart 19.6, applies only inside the United States, its territories and possessions, Puerto Rico, the Trust Territory of the Pacific Islands, and the District of Columbia. Subpart 19.6 applies worldwide.

[48 FR 42240, Sept. 19, 1983, as amended at 59 FR 64785, Dec. 15, 1994; 59 FR 67036, Dec. 28, 1994]

#### 19.001 Definitions.

*Concern*, as used in this part, means any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with a place of business located in the United States and which makes a significant contribution to the U.S. economy through payment of taxes and/or use of American products, material and/or labor, etc. *Concern* includes but is not limited to an individual, partnership, corporation, joint venture, association, or cooperative. For the purpose of making affiliation findings (see 19.101) any business entity, whether organized for profit or not, and any foreign business entity; i.e., any entity located outside the United States, shall be included.

*Fair market price*, as used in this part, means a price based on reasonable costs under normal competitive conditions and not on lowest possible cost (see 19.202-6).

*Industry*, as used in this part, means all concerns primarily engaged in similar lines of activity, as listed and described in the Standard Industrial Classification (SIC) Manual.

*Labor surplus area* means a geographical area identified by the Department of Labor in accordance with 20 CFR Part 654, Subpart A, as an area of concentrated unemployment or underemployment or an area of labor surplus.

*Labor surplus area concern* means a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.

*Nonmanufacturer rule* means that a contractor under a small business set-

aside or 8(a) contract shall be a small business under the applicable size standard and shall provide either its own produce or that of another domestic small business manufacturing or processing concern (see 13 CFR 121.406).

*Small business concern* means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR part 121 (see 19.102). Such a concern is *not dominant in its field of operation* when it does not exercise a controlling or major influence on a national basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, number of employees, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreements, facilities, sales territory, and nature of business activity.

*Small disadvantaged business concern* means a small business concern that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business that has at least 51 percent of its stock unconditionally owned by one of these entities, that has its management and daily business controlled by members of an economically disadvantaged Indian tribe or Native Hawaiian Organization, and that meets the requirements of 13 CFR part 124.

(a) *Socially disadvantaged individuals* means individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity

as a member of a group without regard to their qualities as individuals.

(b) *Economically disadvantaged individuals* means socially disadvantaged individuals whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are not socially disadvantaged. Individuals who represent that they are members of named groups (Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent-Asian Americans) are to be considered socially and economically disadvantaged.

(1) *Subcontinent Asian Americans* means United States citizens whose origins are in India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal.

(2) *Asian Pacific Americans* means United States citizens whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands (Republic of Palau), the Northern Mariana Islands, Laos, Kampuchea (Cambodia), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, the Federated States of Micronesia, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru.

(3) *Native Americans* means American Indians, Eskimos, Aleuts, and native Hawaiians.

(c) *Native Hawaiian Organization* means any community service organization serving Native Hawaiians in, and chartered as a not-for-profit organization by, the State of Hawaii, which is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians.

(d) *Indian tribe* means any Indian tribe, band, nation, or other organized group of community of Indians, including any Alaska Native Corporation as defined in 13 CFR 124.100 which is recognized as eligible for the special programs and services provided by the U.S. to Indians because of their status as Indians, or which is recognized as such by the State in which such tribe, band, nation, group, or community resides.

*Women-owned small business concern* means a small business concern—

(a) Which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(b) Whose management and daily business operations are controlled by one or more women.

[51 FR 2650, Jan. 17, 1986, as amended at 52 FR 38189, Oct. 14, 1987; 54 FR 25062, June 12, 1989; 55 FR 3881, Feb. 5, 1990; 57 FR 60580, Dec. 21, 1992; 60 FR 48260, Sept. 18, 1995; 61 FR 67410, Dec. 20, 1996; 62 FR 236, Jan. 2, 1997; 62 FR 44820, 44822, Aug. 22, 1997]

EFFECTIVE DATE NOTE: At 62 FR 44822, Aug. 22, 1997, in section 19.001, in the definition *Small disadvantaged business concern*, paragraphs (b)(1) and (b)(2) were revised, effective Oct. 21, 1997. For the convenience of the user, the superseded text is set forth as follows:

**19.001 Definitions.**

\* \* \* \* \*

*Small disadvantaged business concern* \* \* \*

(b) \* \* \*

(1) *Subcontinent Asian Americans* means United States citizens whose origins are in India, Pakistan, Bangladesh, Sri Lanka, Bhutan, or Nepal.

(2) *Asian Pacific Americans* means United States citizens whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands (Republic of Palau), the Northern Mariana Islands, Laos, Kampuchea (Cambodia), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, or the Federated States of Micronesia.

\* \* \* \* \*

**Subpart 19.1—Size Standards**

**19.101 Explanation of terms.**

*Affiliates.* As used in this subpart, business concerns are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other, or another concern controls or has the power to control both. In determining whether affiliation exists, consideration is given to all appropriate factors including common ownership, common management, and contractual relationships; *provided*, that restraints imposed by a franchise agreement are not considered in deter-

mining whether the franchisor controls or has the power to control the franchisee, if the franchisee has the right to profit from its effort, commensurate with ownership, and bears the risk of loss or failure. Any business entity may be found to be an affiliate, whether or not it is organized for profit or located inside the United States.

(a) *Nature of control.* Every business concern is considered as having one or more parties who directly or indirectly control or have the power to control it. Control may be affirmative or negative and it is immaterial whether it is exercised so long as the power to control exists.

(b) *Meaning of party or parties.* The term *party* or *parties* includes, but is not limited to, two or more persons with an identity of interest such as members of the same family or persons with common investments in more than one concern. In determining who controls or has the power to control a concern, persons with an identity of interest may be treated as though they were one person.

(c) *Control through stock ownership.* (1) A party is considered to control or have the power to control a concern, if the party controls or has the power to control 50 percent or more of the concern's voting stock.

(2) A party is considered to control or have the power to control a concern, even though the party owns, controls, or has the power to control less than 50 percent of the concern's voting stock, if the block of stock the party owns, controls, or has the power to control is large, as compared with any other outstanding block of stock. If two or more parties each owns, controls, or has the power to control, less than 50 percent of the voting stock of a concern, and such minority block is equal or substantially equal in size, and large as compared with any other block outstanding, there is a presumption that each such party controls or has the power to control such concern; however, such presumption may be rebutted by a showing that such control or power to control, in fact, does not exist.

(3) If a concern's voting stock is distributed other than as described above, its management (officers and directors)

is deemed to be in control of such concern.

(d) *Stock options and convertible debentures.* Stock options and convertible debentures exercisable at the time or within a relatively short time after a size determination and agreements to merge in the future, are considered as having a present effect on the power to control the concern. Therefore, in making a size determination, such options, debentures, and agreements are treated as though the rights held thereunder had been exercised.

(e) *Voting trusts.* If the purpose of a voting trust, or similar agreement, is to separate voting power from beneficial ownership of voting stock for the purpose of shifting control of or the power to control a concern in order that such concern or another concern may qualify as a small business within the size regulations, such voting trust shall not be considered valid for this purpose regardless of whether it is or is not valid within the appropriate jurisdiction. However, if a voting trust is entered into for a legitimate purpose other than that described above, and it is valid within the appropriate jurisdiction, it may be considered valid for the purpose of a size determination, provided such consideration is determined to be in the best interest of the small business program.

(f) *Control through common management.* A concern may be found as controlling or having the power to control another concern when one or more of the following circumstances are found to exist, and it is reasonable to conclude that under the circumstances, such concern is directing or influencing, or has the power to direct or influence, the operation of such other concern.

(1) *Interlocking management.* Officers, directors, employees, or principal stockholders of one concern serve as a working majority of the board of directors or officers of another concern.

(2) *Common facilities.* One concern shares common office space and/or employees and/or other facilities with another concern, particularly where such concerns are in the same or related industry or field of operation, or where such concerns were formerly affiliated.

(3) *Newly organized concern.* Former officers, directors, principal stockholders, and/or key employees of one concern organize a new concern in the same or a related industry or field operation, and serve as its officers, directors, principal stockholders, and/or key employees, and one concern is furnishing or will furnish the other concern with subcontracts, financial or technical assistance, and/or facilities, whether for a fee or otherwise.

(g) *Control through contractual relationships—(1) Definition of a joint venture for size determination purposes.* A joint venture for size determination purposes is an association of persons and/or concerns with interests in any degree or proportion by way of contract, express or implied, consorting to engage in and carry out a single specific business venture for joint profit, for which purpose they combine their efforts, property, money, skill, or knowledge, but not on a continuing or permanent basis for conducting business generally. A joint venture is viewed as a business entity in determining power to control its management.

(2) *Joint venture—procurement and property sale assistance—* Concerns bidding on a particular procurement or property sale as joint venturers are considered as affiliated and controlling or having the power to control each other with regard to performance of the contract. Moreover, an ostensible subcontractor which is to perform primary or vital requirements of a contract may have a controlling role such to be considered a joint venturer affiliated on the contract with the prime contractor. A joint venture affiliation finding is limited to particular contracts unless the SBA size determination finds general affiliation between the parties.

(3) Where a concern is not considered as being an affiliate of a concern with which it is participating in a joint venture, it is necessary, nevertheless, in computing annual receipts, etc., for the purpose of applying size standards, to include such concern's share of the joint venture receipts (as distinguished from its share of the profits of such venture).

(4) *Franchise and license agreements.* If a concern operates or is to operate under a franchise (or a license) agreement, the following policy is applicable: In determining whether the franchisor controls or has the power to control and, therefore, is affiliated with the franchisee, the restraints imposed on a franchisee by its franchise agreement shall not be considered, provided that the franchisee has the right to profit from its effort and the risk of loss or failure, commensurate with ownership. Even though a franchisee may not be controlled by the franchisor by virtue of the contractual relationship between them, the franchisee may be controlled by the franchisor or others through common ownership or common management, in which case they would be considered as affiliated.

*Annual receipts.* (a) Annual receipts of a concern which has been in business for 3 or more complete fiscal years means the annual average gross revenue of the concern taken for the last 3 fiscal years. For the purpose of this definition, gross revenue of the concern includes revenues from sales of products and services, interest, rents, fees, commissions and/or whatever other sources derived, but less returns and allowances, sales of fixed assets, inter-affiliate transactions between a concern and its domestic and foreign affiliates, and taxes collected for remittance (and if due, remitted) to a third party. Such revenues shall be measured as entered on the regular books of account of the concern whether on a cash, accrual, or other basis of accounting acceptable to the U.S. Treasury Department for the purpose of supporting Federal income tax returns, except when a change in accounting method from cash to accrual or accrual to cash has taken place during such 3-year period, or when the completed contract method has been used.

(1) In any case of a change in accounting method from cash to accrual or accrual to cash, revenues for such 3-year period shall, prior to the calculation of the annual average, be restated to the accrual method. In any case, where the completed contract method has been used to account for revenues in such 3-year period, revenues must be

restated on an accrual basis using the percentage of completion method.

(2) In the case of a concern which does not keep regular books of accounts, but which is subject to U.S. Federal income taxation, *annual receipts* shall be measured as reported, or to be reported to the U.S. Treasury Department, Internal Revenue Service, for Federal income tax purposes, except that any return based on a change in accounting method or on the completed contract method of accounting must be restated as provided for in the preceding paragraphs.

(b) Annual receipts of a concern that has been in business for less than 3 complete fiscal years means its total receipts for the period it has been in business, divided by the number of weeks including fractions of a week that it has been in business, and multiplied by 52. In calculating total receipts, the definitions and adjustments related to a change of accounting method and the completed contract method of paragraph (a) above, are applicable.

*Number of employees* is a measure of the average employment of a business concern and means its average employment, including the employees of its domestic and foreign affiliates, based on the number of persons employed on a full-time, part-time, temporary, or other basis during each of the pay periods of the preceding 12 months. If a business has not been in existence for 12 months, *number of employees* means the average employment of such concern and its affiliates during the period that such concern has been in existence based on the number of persons employed during each of the pay periods of the period that such concern has been in business. If a business has acquired an affiliate during the applicable 12-month period, it is necessary, in computing the applicant's number of employees, to include the affiliate's number of employees during the entire period, rather than only its employees during the period in which it has been an affiliate. The employees of a former affiliate are not included, even if such concern had been an affiliate during a portion of the period.

[51 FR 2650, Jan. 17, 1986]

**19.102 Size standards.**

(a) The SBA establishes small business size standards on an industry-by-industry basis. (See 13 CFR part 121.)

(b) Small business size standards are applied by—

(1) Classifying the product or service being acquired in the industry whose definition, as found in the Standard Industrial Classification (SIC) Manual, best describes the principal nature of the product or service being acquired;

(2) Identifying the size standard SBA established for that industry; and

(3) Specifying the size standard in the solicitation, so that offerors can appropriately represent themselves as small or large.

(c) For size standard purposes, a product or service shall be classified in only one industry, whose definition best describes the principal nature of the product or service being acquired even though for other purposes it could be classified in more than one.

(d) When acquiring a product or service that could be classified in two or more industries with different size standards, contracting officers shall apply the size standard for the industry accounting for the greatest percentage of the contract price.

(e) If a solicitation calls for more than one item and allows offers to be submitted on any or all of the items, an offeror must meet the size standard for each item it offers to furnish. If a solicitation calling for more than one item requires offers on all or none of the items, an offeror may qualify as a small business by meeting the size standard for the item accounting for the greatest percentage of the total contract price.

(f) Any concern which submits a bid or offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is deemed to be a small business when it has no more than 500 employees, and—

(1) Except as provided in subparagraphs (f)(4) through (f)(7) of this section, in the case of Government acquisitions set aside for small businesses, such nonmanufacturer must furnish in the performance of the contract, the product of a small business manufacturer or producer, which end product

must be manufactured or produced in the United States. The term *nonmanufacturer* includes a concern which can manufacture or produce the product referred to in the specific acquisition but does not do so in connection with that acquisition. For size determination purposes there can be only one manufacturer of the end item being procured. The manufacturer of the end item being acquired is the concern which, with its own forces, transforms inorganic or organic substances including raw materials and/or miscellaneous parts or components into such end item. However, see the limitations on subcontracting at 52.219-14 which apply to any small business offeror other than a nonmanufacturer for purposes of set-asides and 8(a) awards.

(2) A concern which purchases items and packages them into a kit is considered to be a nonmanufacturer small business and can qualify as such for a given acquisition if it meets the size qualifications of a small nonmanufacturer for the acquisition, and if more than 50 percent of the total value of the kit and its contents is accounted for by items manufactured by small business.

(3) For the purpose of receiving a Certificate of Competency on an unrestricted acquisition, a small business nonmanufacturer may furnish any domestically produced or manufactured product.

(4) In the case of acquisitions set aside for small business or awarded under section 8(a) of the Small Business Act, when the acquisition is for a specific product (or a product in a class of products) for which the SBA has determined that there are no small business manufacturers or processors in the Federal market, then the SBA may grant a class waiver so that a nonmanufacturer does not have to furnish the product of a small business. For the most current listing of classes for which SBA has granted a waiver, contact an SBA Office of Government Contracting. A listing is also available in the SBA's Procurement Automated Source System (PASS) and on SBA's Internet Homepage at <http://www.sbaonline.sba.gov/GC/nonmanuf.html>. Contracting officers may request that the SBA waive the

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nonmanufacturer rule for a particular class of products.

(5) For a specific solicitation, a contracting officer may request a waiver of that part of the nonmanufacturer rule which requires that the actual manufacturer or processor be a small business concern if the contracting officer determines that no known domestic small business manufacturers or processors can reasonably be expected to offer a product meeting the requirements of the solicitation.

(6) Requests for waivers shall be sent to the Associate Administrator for Government Contracting, United States Small Business Administration, Mail Code 6250, 409 Third Street, SW., Washington, DC 20416.

(7) The SBA provides for an exception to the nonmanufacturer rule where the procurement of a manufactured item processed under the procedures set forth in part 13 is set aside for small

business and where the anticipated cost of the procurement will not exceed \$25,000. In those procurements, the offeror need not supply the end product of a small business concern as long as the product acquired is manufactured or produced in the United States.

(g) The industry size standards are set forth in the following table. The table column labeled *SIC* follows the standard industrial classification code as published by the Government in the Standard Industrial Classification Manual. The Manual is intended to cover the entire field of economic activities. It classifies and defines activities by industry categories and is the source used by SBA as a guide in defining industries for size standards. The number of employees or annual receipts indicates the maximum allowed for a concern, including its affiliates, to be considered small.

## SIZE STANDARDS BY SIC INDUSTRY 3/96

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
<b>See Footnotes on Menu Division A—Agriculture, Forestry and Fishing</b>		
<b>Major Group 01—Agricultural Production—Crops</b>		
0111	Wheat	\$0.5
0112	Rice	\$0.5
0115	Corn	\$0.5
0116	Soybeans	\$0.5
0119	Cash Grains, N.E.C.	\$0.5
0131	Cotton	\$0.5
0132	Tobacco	\$0.5
0133	Sugarcane and Sugar Beets	\$0.5
0134	Irish Potatoes	\$0.5
0139	Field Crops, Except Cash Grains, N.E.C.	\$0.5
0161	Vegetables and Melons	\$0.5
0171	Berry Crops	\$0.5
0172	Grapes	\$0.5
0173	Tree Nuts	\$0.5
0174	Citrus Fruits	\$0.5
0175	Deciduous Tree Fruits	\$0.5
0179	Fruits and Tree Nuts, N.E.C.	\$0.5
0181	Ornamental Floriculture Nursery Products	\$0.5
0182	Food Crops Grown Under Cover	\$0.5
0191	General Farms, Primarily Crop	\$0.5
<b>Major Group 02—Livestock and Animal Specialties</b>		
0211	Beef Cattle Feedlots (Custom)	\$1.5
0212	Beef Cattle, Except Feedlots	\$0.5
0213	Hogs	\$0.5
0214	Sheep and Goats	\$0.5
0219	General Livestock, Except Dairy and Poultry	\$0.5
0241	Dairy Farms	\$0.5
0251	Broiler, Fryer, and Roaster Chickens	\$0.5
0252	Chicken Eggs	\$9.0
0253	Turkeys and Turkey Eggs	\$0.5
0254	Poultry Hatcheries	\$0.5
0259	Poultry and Eggs, N.E.C.	\$0.5
0271	Fur-Bearing Animals and Rabbits	\$0.5
0272	Horses and Other Equines	\$0.5
0273	Animal Aquaculture	\$0.5
0279	Animal Specialties, N.E.C.	\$0.5
0291	General Farms, Primarily Livestock and	\$0.5
<b>Animal Specialties</b>		
<b>Major Group 07—Agricultural Services</b>		
0711	Soil Preparation Services	\$5.0
0721	Crop Planting, Cultivating, and Protecting	\$5.0
0722	Crop Harvesting, Primarily by Machine	\$5.0
0723	Crop Preparation Service for Market, Except Cotton Ginning	\$5.0
0724	Cotton Ginning	\$5.0
0741	Veterinary Services for Livestock	\$5.0
0742	Veterinary Services for Animal Specialties	\$5.0
0751	Livestock Services, Except Veterinary	\$5.0
0752	Animal Specialty Services, Except Veterinary	\$5.0
0761	Farm Labor Contractors and Crew Leaders	\$5.0
0762	Farm Management Services	\$5.0
0781	Landscape Counseling and Planning	\$5.0
0782	Lawn and Garden Services	\$5.0
0783	Ornamental Shrub and Tree Services	\$5.0
<b>Major Group 08—Forestry</b>		
0811	Timber Tracts	\$5.0

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
0831 .....	Forest Nurseries and Gathering of Forest Products .....	\$5.0
0851 .....	Forestry Services .....	\$5.0
<b>Major Group 09—Fishing, Hunting, and Trapping</b>		
0912 .....	Finfish .....	\$3.0
0913 .....	Shellfish .....	\$3.0
0919 .....	Miscellaneous Marine Products .....	\$3.0
0921 .....	Fish Hatcheries and Preserves .....	\$3.0
0971 .....	Hunting and Trapping, and Game Propagation .....	\$3.0
<b>Division B—Mining</b>		
<b>Major Group 10—Metal Mining</b>		
1011 .....	Iron Ores .....	500
1021 .....	Copper Ores .....	500
1031 .....	Lead and Zinc Ores .....	500
1041 .....	Gold Ores .....	500
1044 .....	Silver Ores .....	500
1061 .....	Ferroalloy Ores, Except Vanadium .....	500
1081 .....	Metal Mining Services .....	\$5.0
1094 .....	Uranium-Radium-Vanadium Ores .....	500
1099 .....	Miscellaneous Metal Ores, N.E.C. ....	500
<b>Major Group 12—Coal Mining</b>		
1221 .....	Bituminous Coal and Lignite Surface Mining .....	500
1222 .....	Bituminous Coal Underground Mining .....	500
1231 .....	Anthracite Mining .....	500
1241 .....	Coal Mining Services .....	\$5.0
<b>Major Group 13—Oil and Gas Extraction</b>		
1311 .....	Crude Petroleum and Natural Gas .....	500
1321 .....	Natural Gas Liquids .....	500
1381 .....	Drilling Oil and Gas Wells .....	500
1382 .....	Oil and Gas Field Exploration Services .....	\$5.0
1389 .....	Oil and Gas Field Services, N.E.C. ....	\$5.0
<b>Major Group 14—Mining and Quarrying of Nonmetallic Minerals, Except Fuels</b>		
1411 .....	Dimension Stone .....	500
1422 .....	Crushed and Broken Limestone .....	500
1423 .....	Crushed and Broken Granite .....	500
1429 .....	Crushed and Broken Stone, N.E.C. ....	500
1442 .....	Construction Sand and Gravel .....	500
1446 .....	Industrial Sand .....	500
1455 .....	Kaolin and Ball Clay .....	500
1459 .....	Clay, Ceramic, and Refractory Minerals, N.E.C. ....	500
1474 .....	Potash, Soda, and Borate Minerals .....	500
1475 .....	Phosphate Rock .....	500
1479 .....	Chemical and Fertilizer Mineral Mining, N.E.C. ....	500
1481 .....	Nonmetallic Minerals Services, Except Fuels .....	\$5.0
1499 .....	Miscellaneous Nonmetallic Minerals, Except Fuels .....	500
<b>Division C—Construction</b>		
<b>Major Group 15—Building Construction—General Contractors and Operative Builders</b>		
1521 .....	General Contractors—Single-Family Houses .....	\$17.0
1522 .....	General Contractors—Residential Buildings, Other Than Single-Family .....	\$17.0
1531 .....	Operative Builders .....	\$17.0
1541 .....	General Contractors—Industrial Buildings and Warehouses .....	\$17.0

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
1542	General Contractors—Nonresidential Buildings, Other Than Industrial Buildings and Warehouses.	\$17.0
<b>Major Group 16—Heavy Construction Other Than Building Construction—Contractors</b>		
1611	Highway and Street Construction, Except Elevated Highways	\$17.0
1622	Bridge, Tunnel, and Elevated Highway Construction.	\$17.0
1623	Water, Sewer, Pipeline, and Communications and Power Line Construction.	\$17.0
1629	Heavy Construction, N.E.C.	\$17.0
Except,	Dredging and Surface Cleanup Activities	\$13.5 <sup>1</sup>
<b>Major Group 17—Construction—Special Trade Contractors</b>		
1711	Plumbing, Heating, and Air-Conditioning	\$7.0
1721	Painting and Paper Hanging	\$7.0
1731	Electrical Work	\$7.0
1741	Masonry, Stone Setting, and Other Stone Work	\$7.0
1742	Plastering, Drywall, Acoustical and Insulation Work	\$7.0
1743	Terrazzo, Tile, Marble, and Mosaic Work	\$7.0
1751	Carpentry Work	\$7.0
1752	Floor Laying and Other Floor Work, N.E.C.	\$7.0
1761	Roofing, Siding, and Sheet Metal Work	\$7.0
1771	Concrete Work	\$7.0
1781	Water Well Drilling	\$7.0
1791	Structural Steel Erection	\$7.0
1793	Glass and Glazing Work	\$7.0
1794	Excavation Work	\$7.0
1795	Wrecking and Demolition Work	\$7.0
1796	Installation or Erection of Building Equipment, N.E.C.	\$7.0
1799	Special Trade Contractors, N.E.C.	\$7.0
Except,	Base Housing Maintenance	\$7.0 <sup>12</sup>
<b>Division D—Manufacturing<sup>2</sup></b>		
<b>Major Group 20—Food and Kindred Products</b>		
2011	Meat Packing Plants	500
2013	Sausages and Other Prepared Meat Products	500
2015	Poultry Slaughtering and Processing	500
2021	Creamery Butter	500
2022	Natural, Processed, and Imitation Cheese	500
2023	Dry, Condensed, and Evaporated Dairy Products	500
2024	Ice Cream and Frozen Desserts	500
2026	Fluid Milk	500
2032	Canned Specialties	1,000
2033	Canned Fruits, Vegetables, Preserves, Jams, and Jellies	500 <sup>3</sup>
2034	Dried and Dehydrated Fruits, Vegetables, and Soup Mixes	500
2035	Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings.	500
2037	Frozen Fruits, Fruit Juices, and Vegetables	500
2038	Frozen Specialties, N.E.C.	500
2041	Flour and Other Grain Mill Products	500
2043	Cereal Breakfast Foods	1,000
2044	Rice Milling	500
2045	Prepared Flour Mixes and Doughs	500
2046	Wet Corn Milling	750
2047	Dog and Cat Food	500
2048	Prepared Feeds and Feed Ingredients for Animals and Fowls, Except Dogs and Cats.	500
2051	Bread and Other Bakery Products, Except Cookies and Crackers	500
2052	Cookies and Crackers	750
2053	Frozen Bakery Products, Except Bread	500
2061	Cane Sugar, Except Refining	500
2062	Cane Sugar Refining	750
2063	Beet Sugar	750
2064	Candy and Other Confectionery Products	500
2066	Chocolate and Cocoa Products	500

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
2067	Chewing Gum	500
2068	Salted and Roasted Nuts and Seeds	500
2074	Cottonseed Oil Mills	500
2075	Soybean Oil Mills	500
2076	Vegetable Oil Mills, Except Corn, Cottonseed, and Soybean	1,000
2077	Animal and Marine Fats and Oils	500
2079	Shortening, Table Oils, Margarine, and Other Edible Fats and Oils, N.E.C.	750
2082	Malt Beverages	500
2083	Malt	500
2084	Wines, Brandy, and Brandy Spirits	500
2085	Distilled and Blended Liquors	750
2086	Bottled and Canned Soft Drinks and Carbonated Waters	500
2087	Flavoring Extracts and Flavoring Syrups, N.E.C.	500
2091	Canned and Cured Fish and Seafoods	500
2092	Prepared Fresh or Frozen Fish and Seafoods	500
2095	Roasted Coffee	500
2096	Potato Chips, Corn Chips, and Similar Snacks	500
2097	Manufactured Ice	500
2098	Macaroni, Spaghetti, Vermicelli, and Noodles	500
2099	Food Preparations, N.E.C.	500
<b>Major Group 21—Tobacco Products</b>		
2111	Cigarettes	1,000
2121	Cigars	500
2131	Chewing and Smoking Tobacco and Snuff	500
2141	Tobacco Stemming and Redrying	500
<b>Major Group 22—Textile Mill Products</b>		
2211	Broadwoven Fabric Mills, Cotton	1,000
2221	Broadwoven Fabric Mills, Manmade Fiber and Silk	500
2231	Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing)	500
2241	Narrow Fabric and Other Smallwares Mills: Cotton, Wool, Silk and Manmade Fiber.	500
2251	Women's Full-Length and Knee-Length Hosiery, Except Socks	500
2252	Hosiery, N.E.C.	500
2253	Knit Outerwear Mills	500
2254	Knit Underwear and Nightwear Mills	500
2257	Weft Knit Fabric Mills	500
2258	Lace and Warp Knit Fabric Mills	500
2259	Knitting Mills, N.E.C.	500
2261	Finishers of Broadwoven Fabrics of Cotton	1,000
2262	Finishers of Broadwoven Fabrics of Manmade Fiber and Silk	500
2269	Finishers of Textiles, N.E.C.	500
2273	Carpets and Rugs	500
2281	Yarn Spinning Mills	500
2282	Yarn Texturizing, Throwing, Twisting, and Winding Mills	500
2284	Thread Mills	500
2295	Coated Fabrics, Not Rubberized	1,000
2296	Tire Cord and Fabrics	1,000
2297	Nonwoven Fabrics	500
2298	Cordage and Twine	500
2299	Textile Goods, N.E.C.	500
<b>Major Group 23—Apparel and Other Finished Products Made From Fabrics and Similar Materials</b>		
2311	Men's and Boys' Suits, Coats and Overcoats	500
2321	Men's and Boys' Shirts, Except Work Shirts	500
2322	Men's and Boys' Underwear and Nightwear	500
2323	Men's and Boys' Neckwear	500
2325	Men's and Boys' Separate Trousers and Slacks	500
2326	Men's and Boys' Work Clothing	500
2329	Men's and Boys' Clothing, N.E.C.	500
2331	Women's, Misses', and Juniors' Blouses and Shirts	500
2335	Women's, Misses', and Juniors' Dresses	500
2337	Women's, Misses', and Juniors' Suits, Skirts, and Coats	500

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
2339	Women's, Misses', and Juniors' Outerwear, N.E.C.	500
2341	Women's, Misses', Children's, and Infants' Underwear and Nightwear	500
2342	Brassieres, Girdles, and Allied Garments	500
2353	Hats, Caps, and Millinery	500
2361	Girls', Children's, and Infants' Dresses, Blouses, and Shirts	500
2369	Girls', Children's, and Infants' Outerwear, N.E.C.	500
2371	Fur Goods	500
2381	Dress and Work Gloves, Except Knit and All-Leather	500
2384	Robes and Dressing Gowns	500
2385	Waterproof Outerwear	500
2386	Leather and Sheep-Lined Clothing	500
2387	Apparel Belts	500
2389	Apparel and Accessories, N.E.C.	500
2391	Curtains and Draperies	500
2392	Housefurnishings, Except Curtains and Draperies	500
2393	Textile Bags	500
2394	Canvas and Related Products	500
2395	Pleating, Decorative and Novelty Stitching, and Tucking for the Trade	500
2396	Automotive Trimmings, Apparel Findings, and Related Products	500
2397	Schiffli Machine Embroideries	500
2399	Fabricated Textile Products, N.E.C.	500
<b>Major Group 24—Lumber and Wood Products, Except Furniture</b>		
2411	Logging	500
2421	Sawmills and Planing Mills, General	500
2426	Hardwood Dimension and Flooring Mills	500
2429	Special Product Sawmills, N.E.C.	500
2431	Millwork	500
2434	Wood Kitchen Cabinets	500
2435	Hardwood Veneer and Plywood	500
2436	Softwood Veneer and Plywood	500
2439	Structural Wood Members, N.E.C.	500
2441	Nailed and Lock Corner Wood Boxes and Shook	500
2448	Wood Pallets and Skids	500
2449	Wood Containers, N.E.C.	500
2451	Mobile Homes	500
2452	Prefabricated Wood Buildings and Components	500
2491	Wood Preserving	500
2493	Reconstituted Wood Products	500
2499	Wood Products, N.E.C.	500
<b>Major Group 25—Furniture and Fixtures</b>		
2511	Wood Household Furniture, Except Upholstered	500
2512	Wood Household Furniture, Upholstered	500
2514	Metal Household Furniture	500
2515	Mattresses, Foundations, and Convertible Beds	500
2517	Wood Television, Radio, Phonograph, and Sewing Machine Cabinets	500
2519	Household Furniture, N.E.C.	500
2521	Wood Office Furniture	500
2522	Office Furniture, Except Wood	500
2531	Public Building and Related Furniture	500
2541	Wood Office and Store Fixtures, Partitions, Shelving, and Lockers	500
2542	Office and Store Fixtures, Partitions, Shelving, and Lockers, Except Wood	500
2591	Drapery Hardware and Window Blinds and Shades	500
2599	Furniture and Fixtures, N.E.C.	500
<b>Major Group 26—Paper and Allied Products</b>		
2611	Pulp Mills	750
2621	Paper Mills	750
2631	Paperboard Mills	750
2652	Setup Paperboard Boxes	500
2653	Corrugated and Solid Fiber Boxes	500
2655	Fiber Cans, Tubes, Drums, and Similar Products	500
2656	Sanitary Food Containers, Except Folding	750

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
2657	Folding Paperboard Boxes, Including Sanitary	750
2671	Packaging Paper and Plastics Film, Coated and Laminated	500
2672	Coated and Laminated Paper, N.E.C.	500
2673	Plastics, Foil, and Coated Paper Bags	500
2674	Uncoated Paper and Multiwall Bags	500
2675	Die-Cut Paper and Paperboard and Cardboard	500
2676	Sanitary Paper Products	500
2677	Envelopes	500
2678	Stationery, Tablets, and Related Products	500
2679	Converted Paper and Paperboard Products, N.E.C	500
<b>Major Group 27—Printing, Publishing, and Allied Industries</b>		
2711	Newspapers: Publishing, or Publishing and Printing	500
2721	Periodicals: Publishing, or Publishing and Printing	500
2731	Books: Publishing, or Publishing and Printing	500
2732	Book Printing	500
2741	Miscellaneous Publishing	500
2752	Commercial Printing, Lithographic	500
2754	Commercial Printing, Gravure	500
2759	Commercial Printing, N.E.C.	500
2761	Manifold Business Forms	500
2771	Greeting Cards	500
2782	Blankbooks, Looseleaf Binders and Devices	500
2789	Bookbinding and Related Work	500
2791	Typesetting	500
2796	Platemaking and Related Services	500
<b>Major Group 28—Chemicals and Allied Products</b>		
2812	Alkalies and Chlorine	1,000
2813	Industrial Gases	1,000
2816	Inorganic Pigments	1,000
2819	Industrial Inorganic Chemicals, N.E.C.	1,000
2821	Plastics Materials, Synthetic Resins, and Nonvulcanizable Elastomers	750
2822	Synthetic Rubber (Vulcanizable Elastomers)	1,000
2823	Cellulosic Manmade Fibers	1,000
2824	Manmade Organic Fibers, Except Cellulosic	1,000
2833	Medicinal Chemicals and Botanical Products	750
2834	Pharmaceutical Preparations	750
2835	In Vitro and In Vivo Diagnostic Substances	500
2836	Biological Products, Except Diagnostic Substances	500
2841	Soap and Other Detergents, Except Specialty Cleaners	750
2842	Specialty Cleaning, Polishing, and Sanitation Preparations	500
2843	Surface Active Agents, Finishing Agents, Sulfonated Oils, and Assistants.	500
2844	Perfumes, Cosmetics, and Other Toilet Preparations	500
2851	Paints, Varnishes, Lacquers, Enamels, and Allied Products	500
2861	Gum and Wood Chemicals	500
2865	Cyclic Organic Crudes and Intermediates, and Organic Dyes and Pigments.	750
2869	Industrial Organic Chemicals, N.E.C	1,000
2873	Nitrogenous Fertilizers	1,000
2874	Phosphatic Fertilizers	500
2875	Fertilizers, Mixing Only	500
2879	Pesticides and Agricultural Chemicals, N.E.C.	500
2891	Adhesives and Sealants	500
2892	Explosives	750
2893	Printing Ink	500
2895	Carbon Black	500
2899	Chemicals and Chemical Preparations, N.E.C.	500
<b>Major Group 29—Petroleum Refining and Related Industries</b>		
2911	Petroleum Refining	1,500 <sup>4</sup>
2951	Asphalt Paving Mixtures and Blocks	500
2952	Asphalt Felts and Coatings	750
2992	Lubricating Oils and Greases	500

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
2999 .....	Products of Petroleum and Coal, N.E.C. ....	500
<b>Major Group 30—Rubber and Miscellaneous Plastics Products</b>		
3011 .....	Tires and Inner Tubes .....	1,000 <sup>5</sup>
3021 .....	Rubber and Plastics Footwear .....	1,000
3052 .....	Rubber and Plastics Hose and Belting .....	500
3053 .....	Gaskets, Packing, and Sealing Devices .....	500
3061 .....	Molded, Extruded, and Lathe-Cut Mechanical Rubber Goods .....	500
3069 .....	Fabricated Rubber Products, N.E.C. ....	500
3081 .....	Unsupported Plastics Film and Sheet .....	500
3082 .....	Unsupported Plastics Profile Shapes .....	500
3083 .....	Laminated Plastics Plate, Sheet, and Profile Shapes .....	500
3084 .....	Plastics Pipe .....	500
3085 .....	Plastics Bottles .....	500
3086 .....	Plastics Foam Products .....	500
3087 .....	Custom Compounding of Purchased Plastics Resins .....	500
3088 .....	Plastics Plumbing Fixtures .....	500
3089 .....	Plastics Products, N.E.C. ....	500
<b>Major Group 31—Leather and Leather Products</b>		
3111 .....	Leather Tanning and Finishing .....	500
3131 .....	Boot and Shoe Cut Stock and Findings .....	500
3142 .....	House Slippers .....	500
3143 .....	Men's Footwear, Except Athletic .....	500
3144 .....	Women's Footwear, Except Athletic .....	500
3149 .....	Footwear, Except Rubber, N.E.C. ....	500
3151 .....	Leather Gloves and Mittens .....	500
3161 .....	Luggage .....	500
3171 .....	Women's Handbags and Purses .....	500
3172 .....	Personal Leather Goods, Except Women's Handbags and Purses .....	500
3199 .....	Leather Goods, N.E.C. ....	500
<b>Major Group 32—Stone, Clay, Glass, and Concrete Products</b>		
3211 .....	Flat Glass .....	1,000
3221 .....	Glass Containers .....	750
3229 .....	Pressed and Blown Glass and Glassware, N.E.C. ....	750
3231 .....	Glass Products, Made of Purchased Glass .....	500
3241 .....	Cement, Hydraulic .....	750
3251 .....	Brick and Structural Clay Tile .....	500
3253 .....	Ceramic Wall and Floor Tile .....	500
3255 .....	Clay Refractories .....	500
3259 .....	Structural Clay Products, N.E.C. ....	500
3261 .....	Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories.	750
3262 .....	Vitreous China Table and Kitchen Articles .....	500
3263 .....	Fine Earthenware (Whiteware) Table and Kitchen Articles .....	500
3264 .....	Porcelain Electrical Supplies .....	500
3269 .....	Pottery Products, N.E.C. ....	500
3271 .....	Concrete Block and Brick .....	500
3272 .....	Concrete Products, Except Block and Brick .....	500
3273 .....	Ready Mixed Concrete .....	500
3274 .....	Lime .....	500
3275 .....	Gypsum Products .....	1,000
3281 .....	Cut Stone and Stone Products .....	500
3291 .....	Abrasive Products .....	500
3292 .....	Asbestos Products .....	750
3295 .....	Minerals and Earths, Ground or Otherwise Treated .....	500
3296 .....	Mineral Wool .....	750
3297 .....	Nonclay Refractories .....	750
3299 .....	Nonmetallic Mineral Products, N.E.C. ....	500
<b>Major Group 32—Primary Metal Industries</b>		
3312 .....	Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills.	1,000

SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
3313	Electrometallurgical Products, Except Steel	750
3315	Steel Wiredrawing and Steel Nails and Spikes	1,000
3316	Cold-Rolled Steel Sheet, Strip, and Bars	1,000
3317	Steel Pipe and Tubes	1,000
3321	Gray and Ductile Iron Foundries	500
3322	Malleable Iron Foundries	500
3324	Steel Investment Foundries	500
3325	Steel Foundries, N.E.C.	500
3331	Primary Smelting and Refining of Copper	1,000
3334	Primary Production of Aluminum	1,000
3339	Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum.	750
3341	Secondary Smelting and Refining of Nonferrous Metals	500
3351	Rolling, Drawing, and Extruding of Copper	750
3353	Aluminum Sheet, Plate, and Foil	750
3354	Aluminum Extruded Products	750
3355	Aluminum Rolling and Drawing, N.E.C.	750
3356	Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum.	750
3357	Drawing and Insulating of Nonferrous Wire	1,000
3363	Aluminum Die-Castings	500
3364	Nonferrous Die-Castings, Except Aluminum	500
3365	Aluminum Foundries	500
3366	Copper Foundries	500
3369	Nonferrous Foundries, Except Aluminum and Copper	500
3398	Metal Heat Treating	750
3399	Primary Metal Products, N.E.C.	750

Major Group 34—Fabricated Metal Products, Except Machinery and Transportation Equipment

3411	Metal Cans	1,000
3412	Metal Shipping Barrels, Drums, Kegs, and Pails	500
3421	Cutlery	500
3423	Hand and Edge Tools, Except Machine Tools and Handsaws	500
3425	Saw Blades and Handsaws	500
3429	Hardware, N.E.C.	500
3431	Enameled Iron and Metal Sanitary Ware	750
3432	Plumbing Fixture Fittings and Trim	500
3433	Heating Equipment, Except Electric and Warm Air Furnaces	500
3441	Fabricated Structural Metal	500
3442	Metal Doors, Sash, Frames, Molding, and Trim	500
3443	Fabricated Plate Work (Boiler Shops)	500
3444	Sheet Metal Work	500
3446	Architectural and Ornamental Metal Work	500
3448	Prefabricated Metal Buildings and Components	500
3449	Miscellaneous Structural Metal Work	500
3451	Screw Machine Products	500
3452	Bolts, Nuts, Screws, Rivets, and Washers	500
3462	Iron and Steel Forgings	500
3463	Nonferrous Forgings	500
3465	Automotive Stampings	500
3466	Crowns and Closures	500
3469	Metal Stampings, N.E.C.	500
3471	Electroplating, Plating, Polishing, Anodizing, and Coloring	500
3479	Coating, Engraving, and Allied Services, N.E.C.	500
3482	Small Arms Ammunition	1,000
3483	Ammunition, Except for Small Arms	1,500
3484	Small Arms	1,000
3489	Ordnance and Accessories, N.E.C.	500
3491	Industrial Valves	500
3492	Fluid Power Valves and Hose Fittings	500
3493	Steel Springs, Except Wire	500
3494	Valves and Pipe Fittings, N.E.C.	500
3495	Wire Springs	500
3496	Miscellaneous Fabricated Wire Products	500
3497	Metal Foil and Leaf	500
3498	Fabricated Pipe and Pipe Fittings	500
3499	Fabricated Metal Products, N.E.C.	500

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
<b>Major Group 35—Industrial and Commercial Machinery and Computer Equipment</b>		
3511	Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units.	1,000
3519	Internal Combustion Engines, N.E.C.	1,000
3523	Farm Machinery and Equipment	500
3524	Lawn and Garden Tractors and Home Lawn and Garden Equipment ..	500
3531	Construction Machinery and Equipment	750
3532	Mining Machinery and Equipment, Except Oil and Gas Field Machinery and Equipment.	500
3533	Oil and Gas Field Machinery and Equipment	500
3534	Elevators and Moving Stairways	500
3535	Conveyors and Conveying Equipment	500
3536	Overhead Traveling Cranes, Hoists, and Monorail Systems	500
3537	Industrial Trucks, Tractors, Trailers, and Stackers	750
3541	Machine Tools, Metal Cutting Types	500
3542	Machine Tools, Metal Forming Types	500
3543	Industrial Patterns	500
3544	Special Dies and Tools, Die Sets, Jigs and Fixtures, and Industrial Molds.	500
3545	Cutting Tools, Machine Tool Accessories, and Machinists' Precision Measuring Devices.	500
3546	Power-Driven Handtools	500
3547	Rolling Mill Machinery and Equipment	500
3548	Electric and Gas Welding and Soldering Equipment	500
3549	Metalworking Machinery, N.E.C.	500
3552	Textile Machinery	500
3553	Woodworking Machinery	500
3554	Paper Industries Machinery	500
3555	Printing Trades Machinery and Equipment	500
3556	Food Products Machinery	500
3559	Special Industry Machinery, N.E.C.	500
3561	Pumps and Pumping Equipment	500
3562	Ball and Roller Bearings	750
3563	Air and Gas Compressors	500
3564	Industrial and Commercial Fans and Blowers and Air Purification Equipment.	500
3565	Packaging Machinery	500
3566	Speed Changers, Industrial High-Speed Drives, and Gears	500
3567	Industrial Process Furnaces and Ovens	500
3568	Mechanical Power Transmission Equipment, N.E.C.	500
3569	General Industrial Machinery and Equipment, N.E.C.	500
3571	Electronic Computers	1,000
3572	Computer Storage Devices	1,000
3575	Computer Terminals	1,000
3577	Computer Peripheral Equipment, N.E.C.	1,000
3578	Calculating and Accounting Machines, Except Electronic Computers ..	1,000
3579	Office Machines, N.E.C.	500
3581	Automatic Vending Machines .	500
3582	Commercial Laundry, Drycleaning, and Pressing Machines	500
3585	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment.	750
3586	Measuring and Dispensing Pumps	500
3589	Service Industry Machinery, N.E.C.	500
3592	Carburetors, Pistons, Piston Rings, and Valves	500
3593	Fluid Power Cylinders and Actuators	500
3594	Fluid Power Pumps and Motors	500
3596	Scales and Balances, Except Laboratory	500
3599	Industrial and Commercial Machinery and Equipment, N.E.C	500
<b>Major Group 36—Electronic and Other Electrical Equipment and Components, Except Computer Equipment</b>		
3612	Power, Distribution, and Specialty Transformers	750
3613	Switchgear and Switchboard Apparatus	750
3621	Motors and Generators	1,000
3624	Carbon and Graphite Products	750
3625	Relays and Industrial Controls	750
3629	Electrical Industrial Apparatus, N.E.C.	500
3631	Household Cooking Equipment	750

SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
3632	Household Refrigerators and Home and Farm Freezers	1,000
3633	Household Laundry Equipment	1,000
3634	Electric Housewares and Fans	750
3635	Household Vacuum Cleaners	750
3639	Household Appliances, N.E.C.	500
3641	Electric Lamp Bulbs and Tubes	1,000
3643	Current-Carrying Wiring Devices	500
3644	Noncurrent-Carrying Wiring Devices	500
3645	Residential Electric Lighting Fixtures	500
3646	Commercial, Industrial, and Institutional Electric Lighting Fixtures	500
3647	Vehicular Lighting Equipment	500
3648	Lighting Equipment, N.E.C.	500
3651	Household Audio and Video Equipment	750
3652	Phonograph Records and Prerecorded Audio Tapes and Disks	750
3661	Telephone and Telegraph Apparatus	1,000
3663	Radio and Television Broadcasting and Communications Equipment	750
3669	Communications Equipment, N.E.C.	750
3671	Electron Tubes	750
3672	Printed Circuit Boards	500
3674	Semiconductors and Related Devices	500
3675	Electronic Capacitors	500
3676	Electronic Resistors	500
3677	Electronic Coils, Transformers, and Other Inductors	500
3678	Electronic Connectors	500
3679	Electronic Components, N.E.C.	500
3691	Storage Batteries	500
3692	Primary Batteries, Dry and Wet	1,000
3694	Electrical Equipment for Internal Combustion Engines	750
3695	Magnetic and Optical Recording Media	1,000
3699	Electrical Machinery, Equipment, and Supplies, N.E.C.	750

**Major Group 37—Transportation Equipment**

3711	Motor Vehicles and Passenger Car Bodies	1,000
3713	Truck and Bus Bodies	500
3714	Motor Vehicle Parts and Accessories	750
3715	Truck Trailers	500
3716	Motor Homes	1,000
3721	Aircraft	1,500
3724	Aircraft Engines and Engine Parts	1,000
3728	Aircraft Parts and Auxiliary Equipment, N.E.C.	1,000 <sup>9</sup>
3731	Shipbuilding and Repair of Nuclear Propelled Ships	1,000
Except	Shipbuilding of Nonnuclear Propelled Ships and Nonpropelled Ships	1,000
	Ship Repair (Including Overhauls and Conversions) Performed on Nonnuclear Propelled and Nonpropelled Ships East of the 108 Meridian.	1,000
	Ship Repair (Including Overhauls and Conversions) Performed on Nonnuclear Propelled and Nonpropelled Ships West of the 108 Meridian.	1,000
3732	Boat Building and Repairing	500
3743	Railroad Equipment	1,000
3751	Motorcycles, Bicycles, and Parts	500
3761	Guided Missiles and Space Vehicles	1,000
3764	Guided Missile and Space Vehicle Propulsion Units and Propulsion Unit Parts.	1,000
3769	Guided Missile and Space Vehicle Parts and Auxiliary Equipment, N.E.C.	1,000
3792	Travel Trailers and Campers	500
3795	Tanks and Tank Components	1,000
3799	Transportation Equipment, N.E.C.	500

**Major Group 38—Measuring, Analyzing, and Controlling Instruments; Photographic, Medical, and Optical Goods; Watches and Clocks**

3812	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments.	750
3821	Laboratory Apparatus and Furniture	500
3822	Automatic Controls for Regulating Residential and Commercial Environments and Appliances.	500

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products.	500
3824	Totalizing Fluid Meters and Counting Devices	500
3825	Instruments for Measuring and Testing of Electricity and Electrical Signals.	500
3826	Laboratory Analytical Instruments	500
3827	Optical Instruments and Lenses	500
3829	Measuring and Controlling Devices, N.E.C.	500
3841	Surgical and Medical Instruments and Apparatus	500
3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	500
3843	Dental Equipment and Supplies	500
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	500
3845	Electromedical and Electrotherapeutic Apparatus	500
3851	Ophthalmic Goods	500
3861	Photographic Equipment and Supplies	500
3873	Watches, Clocks, Clockwork Operated Devices, and Parts	500
<b>Major Group 39—Miscellaneous Manufacturing Industries</b>		
3911	Jewelry, Precious Metal	500
3914	Silverware, Plated Ware, and Stainless Steel Ware	500
3915	Jewelers' Findings and Materials, and Lapidary Work	500
3931	Musical Instruments	500
3942	Dolls and Stuffed Toys	500
3944	Games, Toys, and Children's Vehicles, Except Dolls and Bicycles	500
3949	Sporting and Athletic Goods, N.E.C.	500
3951	Pens, Mechanical Pencils, and Parts	500
3952	Lead Pencils, Crayons, and Artists' Materials	500
3953	Marking Devices	500
3955	Carbon Paper and Inked Ribbons	500
3961	Costume Jewelry and Costume Novelties, Except Precious Metal	500
3965	Fasteners, Buttons, Needles, and Pins	500
3991	Brooms and Brushes	500
3993	Signs and Advertising Specialties	500
3995	Burial Caskets	500
3996	Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, N.E.C.	750
3999	Manufacturing Industries, N.E.C.	500
<b>Division E—Transportation, Communications Electric, Gas, and Sanitary Services</b>		
<b>Major Group 40—Railroad Transportation</b>		
4011	Railroads, Line-Haul Operating	1,500
4013	Railroad Switching and Terminal Establishments	500
<b>Major Group 41—Local and Suburban Transit and Interurban Highway Passenger Transportation</b>		
4111	Local and Suburban Transit	\$5.0
4119	Local Passenger Transportation, N.E.C.	\$5.0
4121	Taxicabs	\$5.0
4131	Intercity and Rural Bus Transportation	\$5.0
4141	Local Bus Charter Service	\$5.0
4142	Bus Charter Service, Except Local	\$5.0
4151	School Buses	\$5.0
4173	Terminal and Service Facilities for Motor Vehicle Passenger Transportation.	\$5.0
<b>Major Group 42—Motor Freight Transportation and Warehousing</b>		
4212	Local Trucking Without Storage	\$18.5
Except	Garbage and Refuse Collection, Without Disposal	\$6.0
4213	Trucking, Except Local	\$18.5
4214	Local Trucking With Storage	\$18.5
4215	Courier Services, Except by Air	\$18.5
4221	Farm Product Warehousing and Storage	\$18.5
4222	Refrigerated Warehousing and Storage	\$18.5

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
4225 .....	General Warehousing and Storage .....	\$18.5
4226 .....	Special Warehousing and Storage, N.E.C. ....	\$18.5
4231 .....	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation.	\$5.0
<b>Major Group 44—Water Transportation</b>		
4412 .....	Deep Sea Foreign Transportation of Freight .....	500
4424 .....	Deep Sea Domestic Transportation of Freight .....	500
4432 .....	Freight Transportation on the Great Lakes—St. Lawrence Seaway ....	500
4449 .....	Water Transportation of Freight, N.E.C. ....	500
4481 .....	Deep Sea Transportation of Passengers, Except by Ferry .....	500
4482 .....	Ferries .....	500
4489 .....	Water Transportation of Passengers, N.E.C. ....	500
4491 .....	Marine Cargo Handling .....	\$18.5
4492 .....	Towing and Tugboat Services .....	\$5.0
4493 .....	Marinas .....	\$5.0
4499 .....	Water Transportation Services, N.E.C. ....	\$5.0
Except .....	Offshore Marine Water Transportation Services .....	\$20.5
<b>Major Group 45—Transportation by Air</b>		
4512 .....	Air Transportation, Scheduled .....	1,500
4513 .....	Air Courier Services .....	1,500
4522 .....	Air Transportation, Nonscheduled, .....	1,500
Except .....	Offshore Marine Air Transportation Services .....	\$20.5
4581 .....	Airports, Flying Fields, and Airport Terminal Services .....	\$5.0
<b>Major Group 46—Pipelines, Except Natural Gas</b>		
4612 .....	Crude Petroleum Pipelines .....	1,500
4613 .....	Refined Petroleum Pipelines .....	1,500
4619 .....	Pipelines, N.E.C. ....	\$25.0
<b>Major Group 47—Transportation Services</b>		
4724 .....	Travel Agencies .....	\$1.0 <sup>6</sup>
4725 .....	Tour Operators .....	\$5.0
4729 .....	Arrangement of Passenger Transportation, N.E.C. ....	\$5.0
4731 .....	Arrangement of Transportation of Freight and Cargo .....	\$18.5
4741 .....	Rental of Railroad Cars .....	\$5.0
4783 .....	Packing and Crating .....	\$18.5
4785 .....	Fixed Facilities and Inspection and Weighing Services for Motor Vehi- cle Transportation.	\$5.0
4789 .....	Transportation Services, N.E.C. ....	\$5.0
<b>Major Group 48—Communications</b>		
4812 .....	Radiotelephone Communications .....	1,500
4813 .....	Telephone Communications, Except Radiotelephone .....	1,500
4822 .....	Telegraph and Other Message Communications .....	\$5.0
4832 .....	Radio Broadcasting Stations .....	\$5.0
4833 .....	Television Broadcasting Stations .....	\$10.5
4841 .....	Cable and Other Pay Television Services .....	\$11.0
4899 .....	Communications Services, N.E.C. ....	\$11.0
<b>Major Group 49—Electric, Gas, and Sanitary Services</b>		
4911 .....	Electric Services .....	4 million megawatt hrs.
4922 .....	Natural Gas Transmission .....	\$5.0
4923 .....	Gas Transmission and Distribution .....	\$5.0
4924 .....	Natural Gas Distribution .....	500
4925 .....	Mixed, Manufactured, or Liquefied Petroleum .....	\$5.0
.....	Gas Production and/or Distribution .....	\$5.0
4931 .....	Electric and Other Services Combined .....	\$5.0
4932 .....	Gas and Other Services Combined .....	\$5.0

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
4939	Combination Utilities, N.E.C.	\$5.0
4941	Water Supply	\$5.0
4952	Sewerage Systems	\$5.0
4953	Refuse Systems	\$6.0
4959	Sanitary Services, N.E.C.	\$5.0
4961	Steam and Air-Conditioning Supply	\$9.0
4971	Irrigation Systems	\$5.0

## Division F—Wholesale Trade

(Not Applicable to Government procurement of supplies. The nonmanufacturer size standard of 500 employees shall be used for purposes of Government procurement of supplies.)

## Major Group 50—Wholesale Trade—Durable Goods

5012	Automobiles and Other Motor Vehicles	100
5013	Motor Vehicle Supplies and New Parts	100
5014	Tires and Tubes	100
5015	Motor Vehicle Parts, Used	100
5021	Furniture	100
5023	Homefurnishings	100
5031	Lumber, Plywood, Millwork, and Wood Panels	100
5032	*Brick, Stone, and Related Construction Materials	100
5033	Roofing, Siding, and Insulation Materials	100
5039	Construction Materials, N.E.C.	100
5043	Photographic Equipment and Supplies	100
5044	Office Equipment	100
5045	Computers and Computer Peripheral Equipment and Software	100
5046	Commercial Equipment, N.E.C.	100
5047	Medical, Dental, and Hospital Equipment and Supplies	100
5048	Ophthalmic Goods	100
5049	Professional Equipment and Supplies, N.E.C.	100
5051	Metals Service Centers and Offices	100
5052	Coal and Other Minerals and Ores	100
5063	Electrical Apparatus and Equipment, Wiring Supplies, and Construction Materials.	100
5064	*Electrical Appliances, Television and Radio Sets	100
5065	Electronic Parts and Equipment, N.E.C.	100
5072	Hardware	100
5074	Plumbing and Heating Equipment and Supplies (Hydronics)	100
5075	Warm Air Heating and Air-Conditioning Equipment and Supplies	100
5078	Refrigeration Equipment and Supplies	100
5082	Construction and Mining (Except Petroleum) Machinery and Equipment.	100
5083	Farm and Garden Machinery and Equipment	100
5084	Industrial Machinery and Equipment	100
5085	Industrial Supplies	100
5087	Service Establishment Equipment and Supplies	100
5088	Transportation Equipment and Supplies, Except Motor Vehicles	100
5091	Sporting and Recreational Goods and Supplies	100
5092	Toys and Hobby Goods and Supplies	100
5093	Scrap and Waste Materials	100
5094	Jewelry, Watches, Precious Stones, and Precious Metals	100
5099	Durable Goods, N.E.C.	100

## Major Group 51—Wholesale Trade—Nondurable Goods

5111	Printing and Writing Paper	100
5112	Stationery and Office Supplies	100
5113	Industrial and Personal Service Paper	100
5122	Drugs, Drug Proprietaries, and Druggists' Sundries	100
5131	Piece Goods, Notions, and Other Dry Goods	100
5136	Men's and Boys' Clothing and Furnishings	100
5137	Women's, Children's, and Infants' Clothing and Accessories	100
5139	Footwear	100
5141	Groceries, General Line	100
5142	Packaged Frozen Foods	100
5143	Dairy Products, Except Dried or Canned	100

SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
5144	Poultry and Poultry Products	100
5145	Confectionery	100
5146	Fish and Seafood	100
5147	Meats and Meat Products	100
5148	Fresh Fruits and Vegetables	100
5149	Groceries and Related Products, N.E.C.	100
5153	Grain and Field Beans	100
5154	Livestock	100
5159	Farm-Product Raw Materials, N.E.C.	100
5162	Plastics Materials and Basic Forms and Shapes	100
5169	Chemical and Allied Products, N.E.C.	100
5171	Petroleum Bulk Stations and Terminals	100
5172	Petroleum and Petroleum Products Wholesalers, Except Bulk Stations and Terminals.	100
5181	Beer and Ale	100
5182	Wine and Distilled Alcoholic Beverages	100
5191	Farm Supplies	100
5192	Books, Periodicals, and Newspapers	100
5193	Flowers, Nursery Stock, and Florists' Supplies	100
5194	Tobacco and Tobacco Products	100
5198	Paints, Varnishes, and Supplies	100
5199	Nondurable Goods, N.E.C.	100

**Division G—Retail Trade**  
**(Not Applicable to Government procurement of supplies.**  
**The nonmanufacturer size standard of 500 employees shall be used for purposes of Government procurement of supplies.)**

**Major Group 52—Building Materials, Hardware, Garden Supply, and Mobile Home Dealers**

5211	Lumber and Other Building Materials Dealers	\$5.0
5231	Paint, Glass, and Wallpaper Stores	\$5.0
5251	Hardware Stores	\$5.0
5261	Retail Nurseries, Lawn and Garden Supply Stores	\$5.0
5271	Mobile Home Dealers	\$9.5

**Major Group 53—General Merchandise Stores**

5311	Department Stores	\$20.0
5331	Variety Stores	\$8.0
5399	Miscellaneous General Merchandise Stores	\$5.0

**Major Group 54—Food Stores**

5411	Grocery Stores	\$20.0
5421	Meat and Fish (Seafood) Markets, Including Freezer Provisioners	\$5.0
5431	Fruit and Vegetable Markets	\$5.0
5441	Candy, Nut, and Confectionery Stores	\$5.0
5451	Dairy Products Stores	\$5.0
5461	Retail Bakeries	\$5.0
5499	Miscellaneous Food Stores	\$5.0

**Major Group 55—Automotive Dealers and Gasoline Service Stations**

5511	Motor Vehicle Dealers (New and Used)	\$21.0
5521	Motor Vehicle Dealers (Used Only)	\$17.0
5531	Auto and Home Supply Stores	\$5.0
5541	Gasoline Service Stations	\$6.5
5551	Boat Dealers	\$5.0
5561	Recreational Vehicle Dealers	\$5.0
5571	Motorcycle Dealers	\$5.0
5599	Automotive Dealers, N.E.C.	\$5.0
Except	Aircraft Dealers, Retail	\$7.5

**Major Group 56—Apparel and Accessory Stores**

5611	Men's and Boys' Clothing and Accessory Stores	\$6.5
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## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
5621 .....	Women's Clothing Stores .....	\$6.5
5632 .....	Women's Accessory and Specialty Stores .....	\$5.0
5641 .....	Children's and Infants' Wear Stores .....	\$5.0
5651 .....	Family Clothing Stores .....	\$6.5
5661 .....	Shoe Stores .....	\$6.5
5699 .....	Miscellaneous Apparel and Accessory Stores .....	\$5.0
<b>Major Group 57—Home Furniture, Furnishings, and Equipment Stores</b>		
5712 .....	Furniture Stores .....	\$5.0
5713 .....	Floor Covering Stores .....	\$5.0
5714 .....	Drapery, Curtain, and Upholstery Stores .....	\$5.0
5719 .....	Miscellaneous Homefurnishings Stores .....	\$5.0
5722 .....	Household Appliance Stores .....	\$6.5
5731 .....	Radio, Television, and Consumer Electronics Stores .....	\$6.5
5734 .....	Computer and Computer Software Stores .....	\$6.5
5735 .....	Record and Prerecorded Tape Stores .....	\$5.0
5736 .....	Musical Instrument Stores .....	\$5.0
<b>Major Group 58—Eating and Drinking Places</b>		
5812 .....	Eating Places .....	\$5.0
Except .....	Food Service, Institutional .....	\$15.0
5813 .....	Drinking Places (Alcoholic Beverages) .....	\$5.0
<b>Major Group 59—Miscellaneous Retail</b>		
5812 .....	Drug Stores and Proprietary Stores .....	\$5.0
5821 .....	Liquor Stores .....	\$5.0
5832 .....	Used Merchandise Stores .....	\$5.0
5841 .....	Sporting Goods Stores and Bicycle Shops .....	\$5.0
5842 .....	Book Stores .....	\$5.0
5843 .....	Stationery Stores .....	\$5.0
5844 .....	Jewelry Stores .....	\$5.0
5845 .....	Hobby, Toy, and Game Shops .....	\$5.0
5846 .....	Camera and Photographic Supply Stores .....	\$5.0
5847 .....	Gift, Novelty, and Souvenir Shops .....	\$5.0
5848 .....	Luggage and Leather Goods Stores .....	\$5.0
5849 .....	Sewing, Needlework, and Piece Goods Stores .....	\$5.0
5861 .....	Catalog and Mail-Order Houses .....	\$18.5
5862 .....	Automatic Merchandising Machine Operators .....	\$5.0
5863 .....	Direct Selling Establishments .....	\$5.0
5883 .....	Fuel Oil Dealers .....	\$9.0
5884 .....	Liquefied Petroleum Gas (Bottled Gas) Dealers.. ..	\$5.0
5889 .....	Fuel Dealers, N.E.C. .....	\$5.0
5892 .....	Florists .....	\$5.0
5893 .....	Tobacco Stores and Stands .....	\$5.0
5894 .....	News Dealers and Newsstands .....	\$5.0
5895 .....	Optical Goods Stores .....	\$5.0
5899 .....	Miscellaneous Retail Stores, N.E.C. .....	\$5.0
<b>Division H—Finance, Insurance, and Real Estate</b>		
<b>Major Group 60—Depository Institutions</b>		
6021 .....	National Commercial Banks .....	\$100 Million in Assets <sup>7</sup>
6022 .....	State Commercial Banks .....	\$100 Million in Assets <sup>7</sup>
6029 .....	Commercial Banks, N.E.C. .....	\$100 Million in Assets <sup>7</sup>
6035 .....	Savings Institutions, Federally Chartered .....	\$100 Million in Assets <sup>7</sup>
6036 .....	Savings Institutions, Not Federally Chartered .....	\$100 Million in Assets <sup>7</sup>
6061 .....	Credit Unions, Federally Chartered .....	\$100 Million in Assets <sup>7</sup>
6062 .....	Credit Unions, Not Federally Chartered .....	\$100 Million in Assets <sup>7</sup>
6081 .....	Branches and Agencies of Foreign Banks .....	\$100 Million in Assets <sup>7</sup>
6082 .....	Foreign Trade and International Banks .....	\$100 Million in Assets <sup>7</sup>
6091 .....	Nondeposit Trust Facilities .....	\$5.0
6099 .....	Functions Related to Depositor Banking, N.E.C. .....	\$5.0

Federal Acquisition Regulation

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SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
<b>Major Group 61—Nondepository Institution</b>		
6141	Personal Credit Institutions	\$5.0
6153	Short-Term Business Credit Institutions, Except Agriculture	\$5.0 *
6158	Miscellaneous Business Credit Institutions	\$5.0
6162	Mortgage Bankers and Loan Correspondents	\$5.0
6163	Loan Brokers	\$5.0
<b>Major Group 62—Security and Commodity Brokers, Dealers, Exchanges and Services</b>		
6211	Security Brokers, Dealers and Flotation Companies	\$5.0
6221	Commodity Contracts Brokers and Dealers	\$5.0
6231	Security and Commodity Exchanges	\$5.0
6282	Investment Advice	\$5.0
6289	Services Allied With the Exchange of Securities or Commodities, N.E.C.	\$5.0
<b>Major Group 63—Insurance Carriers</b>		
6311	Life Insurance	\$5.0
6321	Accident and Health Insurance	\$5.0
6324	Hospital and Medical Service Plans	\$5.0
6331	Fire, Marine, and Casualty Insurance 1,500.	
6351	Surety Insurance	\$5.0
6361	Title Insurance	\$5.0
6371	Pension, Health and Welfare Funds	\$5.0
6399	Insurance Carriers, N.E.C.	\$5.0
<b>Major Group 64—Insurance Agents, Brokers, and Service</b>		
6411	Insurance Agents, Brokers, and Service	\$5.0
<b>Major Group 65—Real Estate</b>		
6512	Operators of Nonresidential Buildings	\$5.0
6513	Operators of Apartment Buildings	\$5.0
6514	Operators of Dwellings Other Than Apartment Buildings	\$5.0
6515	Operators of Residential Mobile Home Sites,	\$5.0
Except	Leasing of Building Space to Federal Government by Owners	\$15.0 <sup>8</sup>
6517	Lessors of Railroad Property	\$5.0
6519	Lessors of Real Property, N.E.C	\$5.0
6531	Real Estate Agents and Managers	\$1.5 <sup>6</sup>
6541	Title Abstract Offices	\$5.0
6552	Land Subdividers and Developers, Except Cemeteries	\$5.0
6553	Cemetery Subdividers and Developers	\$5.0
<b>Major Group 67—Holding and Other Investment Offices</b>		
6712	Offices of Bank Holding Companies	\$5.0
6719	Offices of Holding Companies, N.E.C.	\$5.0
6722	Management Investment Offices, Open-End	\$5.0
6726	Unit Investment Trusts, Face-Amount Certificate Offices, and Closed-End Management Investment Offices.	\$5.0
6732	Educational, Religious, and Charitable Trusts	\$5.0
6733	Trusts, Except Educational, Religious, and Charitable	\$5.0
6792	Oil Royalty Traders	\$5.0
6794	Patent Owners and Lessors	\$5.0
6798	Real Estate Investment Trusts	\$5.0
6799	Investors, N.E.C	\$5.0
<b>Division I—Services</b>		
<b>Major Group 70—Hotels, Rooming Houses, Camps, and Other Lodging Places</b>		
7011	Hotels and Motels	\$5.0

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
7021 .....	Rooming and Boarding Houses .....	\$5.0
7032 .....	Sporting and Recreational Camps .....	\$5.0
7033 .....	Recreational Vehicle Parks and Campsites .....	\$5.0
7041 .....	Organization Hotels and Lodging Houses, on Membership Basis .....	\$5.0
<b>Major Group 72—Personal Services</b>		
7211 .....	Power Laundries, Family and Commercial .....	\$10.5
7212 .....	Garment Pressing, and Agents for Laundries and Drycleaners .....	\$5.0
7213 .....	Linen Supply .....	\$10.5
7215 .....	Coin-Operated Laundries and Drycleaning .....	\$5.0
7216 .....	Drycleaning Plants, Except Rug Cleaning .....	\$3.5
7217 .....	Carpet and Upholstery Cleaning .....	\$3.5
7218 .....	Industrial Launderers .....	\$10.5
7219 .....	Laundry and Garment Services, N.E.C .....	\$5.0
7221 .....	Photographic Studios, Portrait .....	\$5.0
7231 .....	Beauty Shops .....	\$5.0
7241 .....	Barber Shops .....	\$5.0
7251 .....	Shoe Repair Shops and Shoeshine Parlors .....	\$5.0
7261 .....	Funeral Service and Crematories .....	\$5.0
7291 .....	Tax Return Preparation Services .....	\$5.0
7299 .....	Miscellaneous Personal Services, N.E.C .....	\$5.0
<b>Major Group 73—Business Services</b>		
7311 .....	Advertising Agencies .....	\$5.0 <sup>6</sup>
7312 .....	Outdoor Advertising Services .....	\$5.0 <sup>6</sup>
7313 .....	Radio, Television, and Publishers' Advertising Representatives .....	\$5.0 <sup>6</sup>
7319 .....	Advertising, N.E.C .....	\$5.0 <sup>6</sup>
7322 .....	Adjustment and Collection Services .....	\$5.0
7323 .....	Credit Reporting Services .....	\$5.0
7331 .....	Direct Mail Advertising Services .....	\$5.0
7334 .....	Photocopying and Duplicating Services .....	\$5.0
7335 .....	Commercial Photography .....	\$5.0
7336 .....	Commercial Art and Graphic Design .....	\$5.0
7338 .....	Secretarial and Court Reporting Services .....	\$5.0
7342 .....	Disinfecting and Pest Control Services .....	\$5.0
7349 .....	Building Cleaning and Maintenance Services, N.E.C .....	\$12.0
7352 .....	Medical Equipment Rental and Leasing .....	\$5.0
7353 .....	Heavy Construction Equipment Rental and Leasing .....	\$5.0
7359 .....	Equipment Rental and Leasing, N.E.C .....	\$5.0
7361 .....	Employment Agencies .....	\$5.0
7363 .....	Help Supply Services .....	\$5.0
7371 .....	Computer Programming Services .....	\$18.0
7372 .....	Prepackaged Software .....	\$18.0
7373 .....	Computer Integrated Systems Design .....	\$18.0
7374 .....	Computer Processing and Data Preparation and Processing Services .....	\$18.0
7375 .....	Information Retrieval Services .....	\$18.0
7376 .....	Computer Facilities Management Services .....	\$18.0
7377 .....	Computer Rental and Leasing .....	\$18.0
7378 .....	Computer Maintenance and Repair .....	\$18.0
7379 .....	Computer Related Services, N.E.C .....	\$18.0
7381 .....	Detective, Guard, and Armored Car Services .....	\$9.0
7382 .....	Security Systems Services .....	\$9.0
7383 .....	News Syndicates .....	\$5.0
7384 .....	Photofinishing Laboratories .....	\$5.0
7389 .....	Business Services, N.E.C .....	\$5.0
Except .....	Map Drafting Services, Mapmaking (Including Aerial) and Photo- grammetric Mapping Services.	\$3.5
<b>Major Group 75—Automotive Repair, Services, and Parking</b>		
7513 .....	Truck Rental and Leasing, Without Drivers .....	\$18.5
7514 .....	Passenger Car Rental .....	\$18.5
7515 .....	Passenger Car Leasing .....	\$18.5
7519 .....	Utility Trailer and Recreational Vehicle Rental .....	\$5.0
7521 .....	Automobile Parking .....	\$5.0
7532 .....	Top, Body, and Upholstery Repair Shops and Paint Shops .....	\$5.0

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SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
7533	Automotive Exhaust System Repair Shops	\$5.0
7534	Tire Retreading and Repair Shops	\$10.5
7536	Automotive Glass Replacement Shops	\$5.0
7537	Automotive Transmission Repair Shops	\$5.0
7538	General Automotive Repair Shops	\$5.0
7539	Automotive Repair Shops, N.E.C.	\$5.0
7542	Carwashes	\$5.0
7549	Automotive Services, Except Repair and Carwashes	\$5.0
<b>Major Group 76—Miscellaneous Repair Services</b>		
7622	Radio and Television Repair Shops	\$5.0
7623	Refrigeration and Air-Conditioning Service and Repair Shops	\$5.0
7629	Electrical and Electronic Repair Shops, N.E.C.	\$5.0
7631	Watch, Clock, and Jewelry Repair	\$5.0
7641	Reupholstery and Furniture Repair	\$5.0
7692	Welding Repair	\$5.0
7694	Armature Rewinding Shops	\$5.0
7699	Repair Shops and Related Services, N.E.C.	\$5.0 <sup>9</sup>
<b>Major Group 78—Motion Pictures</b>		
7812	Motion Picture and Video Tape Production	\$21.5
7819	Services Allied to Motion Picture Production	\$21.5
7822	Motion Picture and Video Tape Distribution	\$21.5
7829	Services Allied to Motion Picture Distribution	\$5.0
7832	Motion Picture Theaters, Except Drive-In	\$5.0
7833	Drive-In Motion Picture Theaters	\$5.0
7841	Video Tape Rental	\$5.0
<b>Major Group 79—Amusement and Recreation Services</b>		
7911	Dance Studios, Schools, and Halls	\$5.0
7922	Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services.	\$5.0
7929	Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups.	\$5.0
7933	Bowling Centers	\$5.0
7941	Professional Sports Clubs and Promoters	\$5.0
7991	Physical Fitness Facilities	\$5.0
7993	Coin-Operated Amusement Devices	\$5.0
7996	Amusement Parks	\$5.0
7997	Membership Sports and Recreation Clubs	\$5.0
7999	Amusement and Recreation Services, N.E.C.	\$5.0
<b>Major Group 80—Health Services</b>		
8011	Offices and Clinics of Doctors of Medicine	\$5.0
8021	Offices and Clinics of Dentists	\$5.0
8031	Offices and Clinics of Doctors of Osteopathy	\$5.0
8041	Offices and Clinics of Chiropractors	\$5.0
8042	Offices and Clinics of Optometrists	\$5.0
8043	Offices and Clinics of Podiatrists	\$5.0
8049	Offices and Clinics of Health Practitioners, N.E.C.	\$5.0
8051	Skilled Nursing Care Facilities	\$5.0
8052	Intermediate Care Facilities	\$5.0
8059	Nursing and Personal Care Facilities, N.E.C.	\$5.0
8062	General Medical and Surgical Hospitals	\$5.0
8063	Psychiatric Hospitals	\$5.0
8069	Specialty Hospitals, Except Psychiatric	\$5.0
8071	Medical Laboratories	\$5.0
8072	Dental Laboratories	\$5.0
8082	Home Health Care Services	\$5.0
8092	Kidney Dialysis Centers	\$5.0
8093	Specialty Outpatient Facilities, N.E.C.	\$5.0
8099	Health and Allied Services, N.E.C.	\$5.0

## SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dol- lars
<b>Major Group 81—Legal Services</b>		
8111 .....	Legal Services .....	\$5.0
<b>Major Group 82—Educational Services</b>		
8211 .....	Elementary and Secondary Schools .....	\$5.0
8221 .....	Colleges, Universities, and Professional Schools .....	\$5.0
8222 .....	Junior Colleges and Technical Institutes .....	\$5.0
8231 .....	Libraries .....	\$5.0
8243 .....	Data Processing Schools .....	\$5.0
8244 .....	Business and Secretarial Schools .....	\$5.0
8249 .....	Vocational Schools, N.E.C. ....	\$5.0
8299 .....	Schools and Educational Services, N.E.C. ....	\$5.0
8299 .....	Flight Training Services .....	\$18.5
<b>Major Group 83—Social Services</b>		
8322 .....	Individual and Family Social Services .....	\$5.0
8331 .....	Job Training and Vocational Rehabilitation Services .....	\$5.0
8351 .....	Child Day Care Services .....	\$5.0
8361 .....	Residential Care .....	\$5.0
8399 .....	Social Services, N.E.C. ....	\$5.0
<b>Major Group 84—Museums, Art Galleries, and Botanical and Zoological Gardens</b>		
8412 .....	Museums and Art Galleries .....	\$5.0
8422 .....	Arboreta and Botanical or Zoological Gardens .....	\$5.0
<b>Major Group 86—Membership Organizations</b>		
8611 .....	Business Associations .....	\$5.0
8621 .....	Professional Membership Organizations .....	\$5.0
8631 .....	Labor Unions and Similar Labor Organizations .....	\$5.0
8641 .....	Civic, Social, and Fraternal Associations .....	\$5.0
8651 .....	Political Organizations .....	\$5.0
8661 .....	Religious Organizations .....	\$5.0
8699 .....	Membership Organizations, N.E.C. ....	\$5.0
<b>Major Group 87—Engineering, Accounting, Research, and Related Services</b>		
8711 .....	Engineering Services .....	\$2.5
Except .....	Military and Aerospace Equipment and Military Weapons .....	\$20.0
Except .....	Contracts and Subcontracts for Engineering Services Awarded Under the National Energy Policy Act of 1992.	\$20.0
Except .....	Marine Engineering and Naval Architecture .....	\$13.5
8712 .....	Architectural Services .....	\$2.5
8713 .....	Surveying Services .....	\$2.5
8721 .....	Accounting, Auditing, and Bookkeeping Services .....	\$6.0
8731 .....	Commercial Physical and Biological Research .....	500 <sup>10</sup>
Except .....	Aircraft .....	1,500
Except .....	Aircraft Parts, and Auxiliary Equipment, and Aircraft Engines and En- gine Parts.	1,000
Except .....	Space Vehicles and Guided Missiles, their Propulsion Units, their Pro- pulsion Units Parts, and their Auxiliary Equipment and Parts.	1,000
8732 .....	Commercial Economic, Sociological, and Educational Research .....	\$5.0
8733 .....	Noncommercial Research Organizations .....	\$5.0
8734 .....	Testing Laboratories .....	\$5.0
8741 .....	Management Services .....	\$5.0
Except .....	Conference Management Services .....	\$5.06
8742 .....	Management Consulting Services .....	\$5.0
8743 .....	Public Relations Services .....	\$5.0
8744 .....	Facilities Support Management Services .....	\$5.0 <sup>11</sup>
Except .....	Base Maintenance .....	\$20.0 <sup>12</sup>
Except .....	Environmental Remediation Services .....	500 <sup>13</sup>

SIZE STANDARDS BY SIC INDUSTRY 3/96—Continued

SIC	Description (N.E.C. = Not elsewhere classified)	Size standards in number of employees or millions of dollars
8748 .....	Business Consulting Services, N.E.C. ....	\$5.0
<b>Major Group 89—Services, not Elsewhere Classified</b>		
8999 .....	Services, N.E.C. ....	\$5.0
<b>Division K—Nonclassifiable Establishments</b>		
9999 .....	Nonclassifiable Establishments..	\$5.0

<sup>1</sup> SIC code 1629—Dredging: To be considered small for purposes of Government procurement, a firm must perform at least 40 percent of the volume dredged with its own equipment or equipment owned by another small dredging concern.

<sup>2</sup> SIC Division D—Manufacturing: For rebuilding machinery or equipment on a factory basis, or equivalent, use the SIC code for a newly manufactured product. Concerns performing major rebuilding or overhaul activities do not necessarily have to meet the criteria for being a "manufacturer" although the activities may be classified under a manufacturing SIC code. Ordinary repair services or preservation are not considered rebuilding.

<sup>3</sup> SIC code 2033: For purposes of Government procurement for food canning and preserving, the standard of 500 employees excludes agricultural labor as defined in 3306(k) of the Internal Revenue Code, 26 U.S.C. 3306(k).

<sup>4</sup> SIC code 2911: For purposes of Government procurement, the firm may not have more than 1,500 employees nor more than 75,000 barrels per day capacity of petroleum-based inputs, including crude oil or bona fide feedstocks. Capacity includes owned or leased facilities as well as facilities under a processing agreement or an arrangement such as an exchange agreement or a throughput. The total product to be delivered under the contract must be at least 90 percent refined by the successful bidder from either crude oil or bona fide feedstocks.

<sup>5</sup> SIC code 3011: For purposes of Government procurement, a firm is small for bidding on a contract for pneumatic tires within Census Classification codes 30111 and 30112, provided that:

(1) The value of tires within Census Classification codes 30111 and 30112 which it manufactured in the United States during the previous calendar year is more than 50 percent of the value of its total worldwide manufacture,

(2) the value of pneumatic tires within Census Classification codes 30111 and 30112 comprising its total worldwide manufacture during the preceding calendar year was less than 5 percent of the value of all such tires manufactured in the United States during that period, and

(3) the value of the principal product which it manufactured or otherwise produced, or sold worldwide during the preceding calendar year is less than 10 percent of the total value of such products manufactured or otherwise produced or sold in the United States during that period.

<sup>6</sup> SIC codes 4724, 6531, 7311, 7312, 7313, 7319, and 8741 (part): As measured by total revenues, but excluding funds received in trust for an unaffiliated third party, such as bookings or sales subject to commissions. The commissions received are included as revenue.

<sup>7</sup> A financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.

Assets for the purposes of this size standard means the assets defined according to the Federal Financial Institutions Examination Council 034 call report form.

<sup>8</sup> SIC code 6515: Leasing of building space to the Federal Government by Owners: For Government procurement, a size standard of \$15.0 million in gross receipts applies to the owners of building space leased to the Federal Government. The standard does not apply to an agent.

<sup>9</sup> SIC codes 7699 and 3728: Contracts for the rebuilding or overhaul of aircraft ground support equipment on a contract basis are classified under SIC code 3728.

<sup>10</sup> SIC code 8731: For research and development contracts requiring the delivery of a manufactured product, the appropriate size standard is that of the manufacturing industry.

(1) Research and Development means laboratory or other physical research and development. It does not include economic, educational, engineering, operations, systems, or other nonphysical research; or computer programming, data processing, commercial and/or medical laboratory testing.

(2) For purposes of the Small Business Innovation Research (SBIR) program only, a different definition has been established by law. See 121.701 of these regulations.

(3) Research and development for guided missiles and space vehicles includes evaluations and simulation, and other services requiring thorough knowledge of complete missiles and spacecraft.

<sup>11</sup> Facilities Management, a component of SIC code 8744, includes establishments, not elsewhere classified, which provide overall management and the personnel to perform a variety of related support services in operating a complete facility in or around a specific building, or within another business or Government establishment. Facilities management means furnishing three or more personnel supply services which may include, but are not limited to, secretarial services, typists, telephone answering, reproduction or mimeograph service, mailing service, financial or business management, public relations, conference planning, travel arrangements, word processing, maintaining files and/or libraries, switchboard operation, writers, bookkeeping, minor office equipment maintenance and repair, or use of information systems (not programming).

<sup>12</sup> SIC code 8744: (1) If one of the activities of base maintenance, as defined below, can be identified with a separate industry and that activity (or industry) accounts for 50 percent or more of the value of an entire contract, then the proper size standard is that of the particular industry, and not the base maintenance size standard.

(2) "Base Maintenance" requires the performance of three or more separate activities in the areas of service or special trade construction industries. If services are performed, these activities must each be in a separate SIC code including, but not limited to, Janitorial and Custodial Service, Fire Prevention Service, Messenger Service, Commissary Service, Protective Guard Service, and Grounds Maintenance and Landscaping Service. If the contract requires the use of special trade contractors (plumbing, painting, plastering, carpentry, etc.), all such special trade construction activities are considered a single activity and classified as Base Housing Maintenance. Since Base Housing Maintenance is only one activity, two additional activities are required for a contract to be classified as "Base Maintenance."

<sup>13</sup> SIC code 8744: (1) For SBA assistance as a small business concern in the industry of Environmental Remediation Services, other than for Government procurement, a concern must be engaged primarily in furnishing a range of services for the remediation of a contaminated environment to an acceptable condition including, but not limited to, preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, containment, remedial action, removal of contaminated materials, storage of contaminated materials and security and site closures. If one of such activities accounts for 50 percent or more of a concern's total revenues, employees, or other related factors, the concern's primary industry is that of the particular industry and not the Environmental Remediation Services Industry.

(2) For purposes of classifying a Government procurement as Environmental Remediation Services, the general purpose of the procurement must be to restore a contaminated environment and also the procurement must be composed of activities in three or more separate industries with separate SIC codes or, in some instances (e.g., engineering), smaller sub-components of SIC codes with separate, distinct size standards. These activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Special Trade Construction; Engineering Services; Architectural Services; Management Services; Refuse Systems; Sanitary Services; Not Elsewhere Classified; Local Trucking Without Storage; Testing Laboratories; and Commercial, Physical and Biological Research. If any activity in the procurement can be identified with a separate SIC code, or component of a code with a separate distinct size standard, and that industry accounts for 50 percent or more of the value of the entire procurement, then the proper size standard is the one for that particular industry, and not the Environmental Remediation Service size standard.

[48 FR 42240, Sept. 19, 1983 as amended at 51 FR 2652, Jan. 17, 1986; 51 FR 27489, July 31, 1986; 51 FR 31426, Sept. 3, 1986; 52 FR 21887, June 9, 1987; 52 FR 30076, Aug. 12, 1987; 53 FR 661, Jan. 11, 1988; 53 FR 34227, Sept. 2, 1988; 53 FR 43390, Oct. 26, 1988; 54 FR 5055, Jan. 31, 1989; 54 FR 13023, Mar. 29, 1989; 54 FR 25062, June 12, 1989; 55 FR 3882, Feb. 5, 1990; 55 FR 25529, June 21, 1990; 57 FR 60580, 60610, Dec. 21, 1992; 59 FR 11376, 11387, Mar. 10, 1994; 59 FR 17723, Apr. 14, 1994; 60 FR 34756, July 3, 1995; 61 FR 31622, June 20, 1996; 61 FR 39208, July 26, 1996; 61 FR 67410, Dec. 20, 1996]

## Subpart 19.2—Policies

### 19.201 General policy.

(a) It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business concerns, small disadvantaged business concerns, and women-owned small business concerns. Such concerns shall also have the maximum practicable opportunity to participate as subcontractors in the contracts awarded by any executive agency, consistent with efficient contract performance. The Small Business Administration (SBA) counsels and assists small business concerns and assists contracting personnel to ensure that a fair proportion of contracts for supplies and services is placed with small business.

(b) Heads of contracting activities are responsible for effectively implementing the small business programs within their activities, including achieving program goals. They are to ensure that contracting and technical personnel maintain knowledge of small, small disadvantaged and women-owned small business program requirements and take all reasonable action to increase participation in their activities' contracting processes by these businesses.

(c) The Small Business Act requires each agency with contracting authority to establish an Office of Small and Disadvantaged Business Utilization (see section (k) of the Small Business Act). Management of the office shall be

the responsibility of an officer or employee of the agency who shall, in carrying out the purposes of the Act—

(1) Be known as the Director of Small and Disadvantaged Business Utilization;

(2) Be appointed by the agency head;

(3) Be responsible to and report directly to the agency head or the deputy to the agency head;

(4) Be responsible for the agency carrying out the functions and duties in sections 8 and 15 of the Small Business Act;

(5) Assist small business concerns in obtaining payments under their contracts, late payment, interest penalties, or information on contractual payment provisions;

(6) Have supervisory authority over agency personnel to the extent that their functions and duties relate to sections 8 and 15 of the Small Business Act;

(7) Assign a small business technical advisor to each contracting activity within the agency to which the SBA has assigned a representative (see 19.402)—

(i) Who shall be a full-time employee of the contracting activity, well qualified, technically trained, and familiar with the supplies or services contracted for by the activity; and

(ii) Whose principal duty is to assist the SBA's assigned representative in performing functions and duties relating to sections 8 and 15 of the Small Business Act.

(8) Cooperate and consult on a regular basis with the SBA in carrying out the agency's functions and duties in sections 8 and 15 of the Small Business Act.

(9) Make recommendations in accordance with agency regulations as to whether a particular acquisition should be awarded under Subpart 19.5 as a set-aside, or under Subpart 19.8 as a Section 8(a) award.

(d) Small Business Specialists shall be appointed and act in accordance with agency regulations.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 27562, July 3, 1985; 51 FR 27116, July 29, 1986; 54 FR 13333, Mar. 31, 1989; 54 FR 25062, June 12, 1989; 60 FR 48260, Sept. 18, 1995; 62 FR 44820, Aug. 22, 1997]

#### **19.202 Specific policies.**

In order to further the policy in 19.201(a), contracting officers shall comply with the specific policies listed in this section and shall consider recommendations of the agency Director of Small and Disadvantaged Business Utilization, or the Director's designee, as to whether a particular acquisition should be awarded under Subpart 19.5 or 19.8. The contracting officer shall document the contract file whenever the Director's recommendations are not accepted.

[54 FR 25062, June 12, 1989, as amended at 60 FR 48260, Sept. 18, 1995]

#### **19.202-1 Encouraging small business participation in acquisitions.**

Small business concerns shall be afforded an equitable opportunity to compete for all contracts that they can perform to the extent consistent with the Government's interest. When applicable, the contracting officer shall take the following actions:

(a) Divide proposed acquisitions of supplies and services (except construction) into reasonably small lots (not less than economic production runs) to permit offers on quantities less than the total requirement.

(b) Plan acquisitions such that, if practicable, more than one small business concern may perform the work, if the work exceeds the amount for which a surety may be guaranteed by SBA against loss under 15 U.S.C. 694b.

(c) Ensure that delivery schedules are established on a realistic basis that will encourage small business participation to the extent consistent with the actual requirements of the Government.

(d) Encourage prime contractors to subcontract with small business concerns (see subpart 19.7).

(e)(1) Provide a copy of the proposed acquisition package to the SBA procurement center representative at least 30 days prior to the issuance of the solicitation if—

(i) The proposed acquisition is for supplies or services currently being provided by a small business and the proposed acquisition is of a quantity or estimated dollar value, the magnitude of which makes it unlikely that small businesses can compete for the prime contract, or

(ii) The proposed acquisition is for construction and seeks to package or consolidate discrete construction projects and the magnitude of this consolidation makes it unlikely that small businesses can compete for the prime contract.

(2) The contracting officer shall also provide a statement explaining why the—

(i) Proposed acquisition cannot be divided into reasonably small lots (not less than economic production runs) to permit offers on quantities less than the total requirement;

(ii) Delivery schedules cannot be established on a realistic basis that will encourage small business participation to the extent consistent with the actual requirements of the Government;

(iii) Proposed acquisition cannot be structured so as to make it likely that small businesses can compete for the prime contract; or

(iv) Consolidated construction project cannot be acquired as separate discrete projects.

(3) The 30-day notification process shall occur concurrently with other processing steps required prior to the issuance of the solicitation.

(4) If the contracting officer rejects the SBA procurement center representative's recommendation, made in accordance with 19.402(c)(2), the contracting officer shall document the basis for

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the rejection and notify the SBA procurement center representative in accordance with 19.505.

[48 FR 42240, Sept. 19, 1983, as amended at 56 FR 67132, Dec. 27, 1991; 57 FR 60581, Dec. 21, 1992]

### **19.202-2 Locating small business sources.**

The contracting officer shall, to the extent practicable, encourage maximum participation by small business concerns, small disadvantaged business concerns, and women-owned small business concerns in acquisitions by taking the following actions:

(a) Include on mailing lists all established and potential small business sources, including those located in labor surplus areas, if the concerns have submitted acceptable applications or appear from other representations to be qualified small business concerns.

(b) Before issuing solicitations, make every reasonable effort to find additional small business concerns, unless lists are already excessively long and only some of the concerns on the list will be solicited. This effort should include contacting the agency SBA procurement center representative, or if there is none, the SBA.

(c) Publicize solicitations and contract awards in the "Commerce Business Daily" (see subparts 5.2 and 5.3).

### **19.202-3 Equal low bids.**

In the event of equal low bids (see 14.408-6), awards shall be made first to small business concerns which are also labor surplus area concerns, and second to small business concerns which are not also labor surplus area concerns.

[60 FR 48261, Sept. 18, 1995]

### **19.202-4 Solicitation.**

The contracting officer shall encourage maximum response to solicitations by small business, small disadvantaged business concerns, and women-owned small business concerns by taking the following actions:

(a) Allow the maximum amount of time practicable for the submission of offers.

(b) Furnish specifications, plans, and drawings with solicitations, or furnish

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information as to where they may be obtained or examined.

(c) Send solicitations to (1) all small business concerns on the solicitation mailing list, or (2) a pro rata number of small business concerns when less than a complete list is used.

(d) Provide to any small business concern, upon its request, a copy of bid sets and specifications with respect to any contract to be let, the name and telephone number of an agency contact to answer questions related to such prospective contract and adequate citations to each major Federal law or agency rule with which such business concern must comply in performing such contract other than laws or agency rules with which the small business must comply when doing business with other than the Government.

### **19.202-5 Data collection and reporting requirements.**

Agencies shall measure the extent of small business participation in their acquisition programs by taking the following actions:

(a) Require each prospective contractor to represent whether it is a small business, small disadvantaged business or women-owned small business (see the provision at 52.219-1, Small Business Program Representations).

(b) Accurately measure the extent of participation by small, small disadvantaged, and women-owned small businesses in Government acquisitions in terms of the total value of contracts placed during each fiscal year, and report data to the SBA at the end of each fiscal year (see Subpart 4.6).

[48 FR 42240, Sept. 19, 1983, as amended at 60 FR 48261, Sept. 18, 1995]

### **19.202-6 Determination of fair market price.**

Agencies shall determine the fair market price of small business set-aside and 8(a) contracts as follows:

(a) For total and partial small business set-aside contracts, the fair market price shall be the price achieved in accordance with the reasonable price guidelines in 15.405.

(b) For 8(a) contracts, both with respect to meeting the requirement at 19.806(b) and in order to accurately estimate the current fair market price,

contracting officers shall follow the procedures at 19.807.

[52 FR 38189, Oct. 14, 1987, as amended at 53 FR 43390, Oct. 26, 1988; 54 FR 46005, Oct. 31, 1989; 62 FR 51270, Sept. 30, 1997]

EFFECTIVE DATE NOTE: At 62 FR 51270, Sept. 30, 1997, in section 19.202-6, in paragraph (a), "15.805-2" was amended to read "15.405", effective Oct. 10, 1997.

### Subpart 19.3—Determination of Status as a Small Business Concern

#### 19.301 Representation by the offeror.

(a) To be eligible for award as a small business, an offeror must represent in good faith that it is a small business at the time of its written representation. An offeror may represent that it is a small business concern in connection with a specific solicitation if it meets the definition of a small business concern applicable to the solicitation and has not been determined by the Small Business Administration (SBA) to be other than a small business.

(b) The contracting officer shall accept an offeror's representation in a specific bid or proposal that it is a small business unless (1) another offeror or interested party challenges the concern's small business representation or (2) the contracting officer has a reason to question the representation. Challenges of and questions concerning a specific representation shall be referred to the SBA in accordance with 19.302.

(c) An offeror's representation that it is a small business is not binding on the SBA. If an offeror's small business status is challenged, the SBA will evaluate the status of the concern and make a determination, which will be binding on the contracting officer, as to whether the offeror is a small business. A concern cannot become eligible for a specific award by taking action to meet the definition of a small business concern after the SBA has determined that it is not a small business.

(d) If the SBA determines that the status of a concern as a "small business," a "small disadvantaged business," or a "women-owned small business" has been misrepresented in order to obtain a set-aside contract, an 8(a)

subcontract, a subcontract that is to be included as part or all of a goal contained in a subcontracting plan, or a prime or subcontract to be awarded as a result, or in furtherance of any other provision of Federal law that specifically references Section 8(d) of the Small Business Act for a definition of program eligibility, the SBA may take action as specified in Section 16(d) of the Act. If the SBA declines to take action, the agency may initiate the process. The SBA's regulations on penalties for misrepresentations and false statements are contained in 13 CFR 124.6.

[48 FR 42240, Sept. 19, 1983, as amended at 55 FR 3882, Feb. 5, 1990; 60 FR 48261, Sept. 18, 1995; 62 FR 236, Jan. 2, 1997]

#### 19.302 Protesting a small business representation.

(a) Any offeror or other interested party may protest the small business representation of an offeror in a specific offer.

(b) Any time after offers are opened, the contracting officer may question the small business representation of any offeror in a specific offer by filing a contracting officer's protest (see paragraph (c) below).

(c) (1) Any contracting officer who receives a protest, whether timely or not, or who, as the contracting officer, wishes to protest the small business representation of an offeror, shall promptly forward the protest to the SBA Area Office for the geographical area where the principal office of the concern in question is located.

(2) The protest, or confirmation if the protest was initiated orally, shall be in writing and shall contain the basis for the protest with specific, detailed evidence to support the allegation that the offeror is not small. The SBA will dismiss any protest that does not contain specific grounds for the protest.

(d) In order to affect a specific solicitation, a protest must be timely. SBA's regulations on timeliness are contained in 13 CFR 121.10.

(1) To be timely, a protest by any concern or other interested party must be received by the contracting officer (see (i) and (ii) of this section by the close of business of the 5th business

day after bid opening (in sealed bid acquisitions) or receipt of the special notification from the contracting officer that identifies the apparently successful offeror (in negotiated acquisitions) (see 15.503(a)(2)).

(i) A protest may be made orally if it is confirmed in writing either within the 5-day period or by letter post-marked no later than 1 day after the oral protest.

(ii) A protest may be made in writing if it is delivered to the contracting officer by hand, telegram, or letter within the 5-day period.

(2) A contracting officer's protest is always considered timely whether filed before or after award.

(3) A protest under a Multiple Award Schedule will be timely if received by SBA at any time prior to the expiration of the contract period, including renewals.

(e) Upon receipt of a protest from or forwarded by the Contracting Office, the SBA will—

(1) Notify the contracting officer and the protestant of the date it was received, and that the size of the concern being challenged is under consideration by the SBA; and

(2) Furnish to the concern whose representation is being protested a copy of the protest and a blank SBA Form 355, Application for Small Business Determination, by certified mail, return receipt requested.

(f) Within 3 business days after receiving a copy of the protest and the form, the challenged offeror must file with the SBA a completed SBA Form 355 and a statement answering the allegations in the protest, and furnish evidence to support its position. If the offeror does not submit the required material within the 3 business days or another period of time granted by the SBA, the SBA may assume that the disclosure would be contrary to the offeror's interests.

(g)(1) Within 10 business days after receiving a protest, the challenged offeror's response, and other pertinent information, the SBA will determine the size status of the challenged concern and notify the contracting officer, the protestant, and the challenged offeror of its decision by certified mail, return receipt requested.

(2) The SBA Area Director will determine the small business status of the questioned bidder or offeror and notify the contracting officer and the bidder or offeror of the determination. Award may be made on the basis of that determination. This determination is final unless it is appealed in accordance with paragraph (i) below, and the contracting officer is notified of the appeal before award. If an award was made before the time the contracting officer received notice of the appeal, the contract shall be presumed to be valid.

(h)(1) After receiving a protest involving an offeror being considered for award, the contracting officer shall not award the contract until (i) the SBA has made a size determination or (ii) 10 business days have expired since SBA's receipt of a protest, whichever occurs first; however, award shall not be withheld when the contracting officer determines in writing that an award must be made to protect the public interest.

(2) After the 10-day period has expired, the contracting officer may, when practical, continue to withhold award until the SBA's determination is received, unless further delay would be disadvantageous to the Government.

(3) Whenever an award is made before the receipt of SBA's size determination, the contracting officer shall notify SBA that the award has been made.

(4) If a protest is received that challenges the small business status of an offeror not being considered for award, the contracting officer is not required to suspend contracting action. The contracting officer shall forward the protest to the SBA (see 19.302(c)(1)) with a notation that the concern is not being considered for award, and shall notify the protestant of this action.

(i) An appeal from an SBA size determination may be filed by (1) any concern or other interested party whose protest of the small business representation of another concern has been denied by an SBA Area Director, (2) any concern or other interested party that has been adversely affected by an Area Director's decision, or (3) the SBA Associate Administrator for the SBA program involved. The appeal must be filed with the Office of Hearings and

Appeals, Small Business Administration, Washington, DC 20416, within the time limits and in strict accordance with the procedures contained in 13 CFR 121.1001. The SBA will inform the contracting officer of its ruling on the appeal. The SBA decision, if received before award, will apply to the pending acquisition. SBA rulings received after award shall not apply to that acquisition.

(j) A protest which is not timely, even though received before award, shall be forwarded to the Small Business Administration area office (see 19.302(c)(1) of this section), with a notation on it that the protest is not timely. The protestant shall be notified that the protest cannot be considered on the instant acquisition but has been referred to SBA for its consideration in any future actions. A protest received by a contracting officer after award of a contract shall be forwarded to the Small Business Administration area office with a notation that award has been made. The protestant shall be notified that the award has been made and that the protest has been forwarded to SBA for its consideration in future actions.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985; 51 FR 2664, Jan. 17, 1986; 60 FR 42656, Aug. 16, 1995; 61 FR 69289, Dec. 31, 1996; 62 FR 44820, Aug. 22, 1997; 62 FR 51270, Sept. 30, 1997]

EFFECTIVE DATE NOTE: At 62 FR 51270, Sept. 30, 1997, in section 19.302, in paragraph (d)(1), "15.1003(a)(2)" was amended to read "15.503(a)(2)", effective Oct. 10, 1997.

### **19.303 Determining product or service classifications.**

(a) The contracting officer shall determine the appropriate standard industrial classification code and related small business size standard and include them in solicitations above the micro-purchase threshold.

(b) If different products or services are required in the same solicitation, the solicitation shall identify the appropriate small business size standard for each product or service.

(c) The contracting officer's determination is final unless appealed as provided below.

(1) If the solicitation period is longer than 30 days, the appeal must be filed

not less than 10 business days before the bid opening or proposal submission date. If the solicitation period is 30 days or is shorter than 30 days, the appeal must be filed not less than 5 business days before the bid opening or proposal submission date.

(2) The appeal shall be in writing and shall be addressed to the Office of Hearings and Appeals, Small Business Administration, Washington, DC 20416. No particular form is prescribed for the appeal. However, time limits and procedures set forth in SBA's regulations at 13 CFR 121.11 are strictly enforced. The appellant shall submit an original and one legible copy of the appeal. In the case of telegraphic appeals, the telegraphic notice shall be confirmed by the next day mailing of a written appeal, in duplicate. By signing the submission, a party or its attorney attests that the statements and allegations in the submission are true to the best of its knowledge, and that the submission is not being filed for the purpose of delay or harassment. The appeal shall include—

(i) The substance and date of the determination being appealed;

(ii) The number and date of the solicitation, and the name, address, and telephone number of the contracting officer;

(iii) The reasons why the contracting officer's determination is alleged to be erroneous;

(iv) Documentary evidence to support the allegation;

(v) The name, address, and telephone number of the appellant; and

(vi) A statement acknowledging that copies of the appeal have been provided the contracting officer.

(3) The Office of Hearings and Appeals will notify the contracting officer of the date it received the appeal and the docket number assigned. The contracting officer's response, if any, to the appeal must include appropriate argument and evidence, and must be filed with the Office of Hearings and Appeals no later than 5 business days after receipt of the appeal. The Office of Hearings and Appeals, if possible, will inform the contracting officer of its ruling on the appeal before the end of the solicitation period. SBA rulings received after the due date shall not

apply to the pending acquisition, but shall apply to future acquisitions of the product or service.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 55 FR 38516, Sept. 18, 1990; 55 FR 52791, Dec. 21, 1990; 60 FR 34756, July 3, 1995; 61 FR 39198, July 26, 1996; 62 FR 236, Jan. 2, 1997]

**19.304 Solicitation provision and contract clause.**

(a) The contracting officer shall insert the provision at 52.219-1, Small Business Program Representations, in solicitations exceeding the micro-purchase threshold when the contract is to be performed inside the United States, its territories or possessions, Puerto Rico, the Trust Territory of the Pacific Islands, or the District of Columbia.

(b) When contracting by sealed bidding, the contracting officer shall insert the provision at 52.219-2, Equal Low Bids, in solicitations and contracts when the contract is to be performed inside the United States, its territories or possessions, Puerto Rico, the Trust Territory of the Pacific Islands, or the District of Columbia.

[60 FR 48261, Sept. 18, 1995]

**Subpart 19.4—Cooperation With the Small Business Administration**

**19.401 General.**

(a) The Small Business Act is the authority under which the Small Business Administration (SBA) and agencies consult and cooperate with each other in formulating policies to ensure that small business interests will be recognized and protected.

(b) The Director of Small and Disadvantaged Business Utilization serves as the agency focal point for interfacing with SBA.

[48 FR 42240, Sept. 19, 1983, as amended at 60 FR 48261, Sept. 18, 1995]

**19.402 Small Business Administration procurement center representatives.**

(a) The SBA may assign one or more procurement center representatives to any contracting activity or contract administration office to carry out SBA policies and programs. Assigned SBA procurement center representatives are

required to comply with the contracting agency's directives governing the conduct of contracting personnel and the release of contract information. The SBA must obtain for its procurement center representatives security clearances required by the contracting agency.

(b) Upon their request and subject to applicable acquisition and security regulations, contracting officers shall give SBA procurement center representatives access to all reasonably obtainable contract information that is directly pertinent to their official duties.

(c) The duties assigned by SBA to its procurement center representatives include the following:

(1) Reviewing proposed acquisitions to recommend (i) the setting aside of selected acquisitions not unilaterally set aside by the contracting officer, (ii) new qualified small, small disadvantaged and women-owned small business sources, and (iii) breakout of components for competitive acquisitions.

(2) Reviewing proposed acquisition packages provided in accordance with 19.202-1(e). If the SBA procurement center representative believes that the acquisition, as proposed, makes it unlikely that small businesses can compete for the prime contract, the representative shall recommend any alternate contracting method that the representative reasonably believes will increase small business prime contracting opportunities. The recommendation shall be made to the contracting officer within 15 days after receipt of the package.

(3) Recommending concerns for inclusion on solicitation mailing lists or on a list of concerns to be solicited in a specific acquisition.

(4) Appealing to the chief of the contracting office any contracting officer's determination not to solicit a concern recommended by the SBA for a particular acquisition, when not doing so results in no small business being solicited.

(5) Conducting periodic reviews of the contracting activity to which assigned to ascertain whether it is complying with the small business policies in this regulation.

(6) Sponsoring and participating in conferences and training designed to

increase small business participation in the contracting activities of the office.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 19715, May 30, 1986; 56 FR 67132, Dec. 27, 1991; 60 FR 48261, Sept. 18, 1995]

**19.403 Small Business Administration breakout procurement center representatives.**

(a) The SBA is required by section 403 of Pub. L. 98-577 to assign a breakout procurement center representative to each major procurement center. A major procurement center means a procurement center that, in the opinion of the administrator, purchases substantial dollar amounts of other than commercial items, and which has the potential to incur significant savings as a result of the placement of a breakout procurement representative. The SBA breakout procurement center representative is an advocate for (1) the appropriate use of full and open competition, and (2) the breakout of items, when appropriate and while maintaining the integrity of the system in which such items are used. The SBA breakout procurement center representative is in addition to the SBA procurement center representative (see 19.402). When an SBA breakout procurement center representative is assigned, the SBA is required to assign at least two collocated small business technical advisors. Assigned SBA breakout procurement center representatives and technical advisors are required to comply with the contracting agency's directives governing the conduct of contracting personnel and the release of contract information. The SBA must obtain for its breakout procurement center representatives and technical advisors security clearances required by the contracting agency.

(b) Contracting officers shall comply with 19.402(b) in their relationships with SBA breakout procurement center representatives and SBA small business technical advisors.

(c) The SBA breakout procurement center representative is authorized to—

(1) Attend any provisioning conference or similar evaluation session during which determinations are made as to whether requirements are to be acquired using other than full and open

competition and make recommendations with respect to such requirements to the members of such conference or session;

(2) Review, at any time, restrictions on competition previously imposed on items through acquisition method coding or similar procedures and recommend to personnel of the appropriate activity the prompt reevaluation of such limitations;

(3) Review restrictions on competition arising out of restrictions on the rights of the United States in technical data and, when appropriate, recommend that personnel of the appropriate activity initiate a review of the validity of such an asserted restriction;

(4) Obtain from any governmental source, and make available to personnel of the appropriate center, technical data necessary for the preparation of a competitive solicitation package for any item of supply or service previously acquired noncompetitively due to the unavailability of such technical data;

(5) Have access to procurement records and other data of the procurement center commensurate with the level of such representative's approved security clearance classification;

(6) Receive unsolicited engineering proposals and, when appropriate—

(i) Conduct a value analysis of such proposal to determine whether it, if adopted, will result in lower costs to the United States without substantially impeding legitimate acquisition objectives and forward to personnel of the appropriate center recommendations with respect to such proposal; or

(ii) Forward such proposals without analysis to personnel of the center responsible for reviewing them who shall furnish the breakout procurement center representative with information regarding the proposal's disposition;

(7) Review the systems that account for the acquisition and management of technical data within the procurement center to ensure that such systems provide the maximum availability and access to data needed for the preparation of offers to sell to the United States those supplies to which such data pertain which potential offerors are entitled to receive;

(8) Appeal the failure by the procurement center to act favorably on any recommendation made pursuant to subparagraphs (c) (1) through (7) of this section. Such appeal must be in writing and shall be filed and processed in accordance with the appeal procedures set out in 19.505;

(9) Conduct familiarization sessions for contracting officers and other appropriate personnel of the procurement center to which assigned. Such sessions shall acquaint the participants with the duties and objectives of the representative and shall instruct them in the methods designed to further the breakout of items for procurement through full and open competition; and

(10) Prepare and personally deliver an annual briefing and report to the head of the procurement center to which assigned. Such briefing and report shall detail the past and planned activities of the representative and shall contain recommendations for improvement in the operation of the center as may be appropriate. The head of such center shall personally receive the briefing and report and shall, within 60 calendar days after receipt, respond, in writing, to each recommendation made by the representative.

(d) The duties of the SBA small business technical advisors are to assist the SBA breakout procurement center representative in carrying out the activities described in (c) (1) through (7) of this section and to assist the SBA procurement center representatives (see FAR 19.402).

[51 FR 19715, May 30, 1986, as amended at 54 FR 25062, June 12, 1989]

## Subpart 19.5—Set-Asides for Small Business

### 19.501 General.

(a) The purpose of small business set-asides is to award certain acquisitions exclusively to small business concerns. A “set-aside for small business” is the reserving of an acquisition exclusively for participation by small business concerns. A set-aside may be open to all small businesses. A set-aside of a single acquisition or a class of acquisitions may be total or partial.

(b) The determination to make a set-aside may be unilateral or joint. A unilateral determination is one which is made by the contracting officer. A joint determination is one which is recommended by the Small Business Administration (SBA) procurement center representative and concurred in by the contracting officer.

(c) The contracting officer shall review acquisitions to determine if they can be set aside for small business, giving consideration to the recommendations of agency personnel having cognizance of the agency’s small and disadvantaged business utilization program and documenting why a set-aside is inappropriate when the acquisition is not set aside. If the acquisition is set aside based on this review, it is a unilateral set-aside by the contracting officer. Agencies may establish threshold levels for this review depending upon their needs.

(d) At the request of an SBA procurement center representative, the contracting officer shall make available for review at the contracting office (to the extent of the SBA representative’s security clearance) all proposed acquisitions in excess of the micro-purchase threshold that have not been unilaterally set aside for small business.

(e) To the extent practicable, unilateral determinations initiated by a contracting officer shall be used as the basis for small business set-asides rather than joint determinations by an SBA procurement center representative and a contracting officer.

(f) All solicitations involving set-asides must specify the applicable small business size standard and product classification (see 19.303).

(g) Except as authorized by law, a contract may not be awarded as a result of a set-aside if the cost to the awarding agency exceeds the fair market price.

[48 FR 42240, Sept. 19, 1983]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting section 19.501, see the List of CFR Sections Affected in the Finding Aids section of this volume.

**19.502 Setting aside acquisitions.****19.502-1 Requirements for setting aside acquisitions.**

The contracting officer shall set aside an individual acquisition or class of acquisitions when it is determined to be in the interest of

(a) Maintaining or mobilizing the Nation's full productive capacity,

(b) War or national defense programs, or

(c) Assuring that a fair proportion of Government contracts in each industry category is placed with small business concerns, and when the circumstances described in 19.502-2 or 19.502-3(a) exist.

This requirement does not apply to purchases of \$2,500 or less, or purchases from required sources of supply under Part 8 (e.g., Federal Prison Industries, Committee for Purchase From People Who are Blind or Severely Disabled, and Federal Supply Schedule contracts).

[48 FR 42240, Sept. 19, 1983, as amended at 52 FR 38189, Oct. 14, 1987; 60 FR 34757, July 3, 1995; 61 FR 41470, Aug. 8, 1996; 61 FR 67430, Dec. 20, 1996]

**19.502-2 Total set-asides.**

(a) Each acquisition of supplies or services that has an anticipated dollar value exceeding \$2,500, but not over \$100,000, is automatically reserved exclusively for small business concerns and shall be set aside unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery. If the contracting officer does not proceed with the small business set-aside and purchases on an unrestricted basis, the contracting officer shall include in the contract file the reason for this unrestricted purchase. If the contracting officer receives only one acceptable offer from a responsible small business concern in response to a set-aside, the contracting officer should make an award to that firm. If the contracting officer receives no acceptable offers from responsible small business concerns, the set-aside shall be withdrawn and the requirement, if still valid, shall be resolicited on an unrestricted basis. The small

business reservation does not preclude the award of a contract with a value not greater than \$100,000 under subpart 19.8, Contracting with the Small Business Administration, or under 19.1006(c), Emerging small business set-aside.

(b) The contracting officer shall set aside any acquisition over \$100,000 for small business participation when there is a reasonable expectation that (1) offers will be obtained from at least two responsible small business concerns offering the products of different small business concerns (but see paragraph (c) of this subsection); and (2) award will be made at fair market prices. Total small business set-asides shall not be made unless such a reasonable expectation exists (but see 19.502-3 as to partial set-asides). Although past acquisition history of an item or similar items is always important, it is not the only factor to be considered in determining whether a reasonable expectation exists. In making R&D small business set-asides, there must also be a reasonable expectation of obtaining from small businesses the best scientific and technological sources consistent with the demands of the proposed acquisition for the best mix of cost, performances, and schedules.

(c) For set-asides other than for construction or services, any concern proposing to furnish a product which it did not itself manufacture must furnish the product of a small business manufacturer unless the SBA has granted either a waiver or exception to the nonmanufacturer rule (see 19.102(f)). In industries where the SBA finds that there are no small business manufacturers, it may issue a waiver to the nonmanufacturer rule (see 19.102(f) (4) and (5)). In addition, SBA has excepted procurements processed under simplified acquisition procedures (see part 13), where the anticipated cost of the procurement will not exceed \$25,000, from the nonmanufacturer rule. Waivers permit small businesses to provide any firm's product. The exception permits small businesses to provide any domestic firm's product. In both of these cases, the contracting officer's determination in paragraph (b)(1) of this subsection or the decision not to set aside a procurement reserved for

small business under paragraph (a) of this subsection will be based on the expectation of receiving offers from at least two responsible small businesses, including nonmanufacturers, offering the products of different concerns.

(d) The requirements of this subsection do not apply to acquisitions over \$25,000 during the period when set-asides cannot be considered for the four designated industry groups (see 19.1006(b)).

[60 FR 34757, July 3, 1995, as amended at 61 FR 39209, July 26, 1996]

#### **19.502-3 Partial set-asides.**

(a) The contracting officer shall set aside a portion of an acquisition, except for construction, for exclusive small business participation when—

(1) A total set-aside is not appropriate (see 19.502-2);

(2) The requirement is severable into two or more economic production runs or reasonable lots;

(3) One or more small business concerns are expected to have the technical competence and productive capacity to satisfy the set-aside portion of the requirement at a fair market price;

(4) The acquisition is not subject to simplified acquisition procedures; and

(5) A partial set-aside shall not be made if there is a reasonable expectation that only two concerns (one large and one small) with capability will respond with offers unless authorized by the head of a contracting activity on a case-by-case basis. Similarly, a class of acquisitions, not including construction, may be partially set aside. Under certain specified conditions, partial set-asides may be used in conjunction with multiyear contracting procedures.

(b) When the contracting officer determines that a portion of an acquisition is to be set aside, the requirement shall be divided into a set-aside portion and a non-set-aside portion, each of which shall (1) be an economic production run or reasonable lot and (2) have terms and a delivery schedule comparable to the other. When practicable, the set-aside portion should make maximum use of small business capacity.

(c)(1) The contracting officer shall award the non-set-aside portion using normal contracting procedures.

(2)(i) After all awards have been made on the non-set-aside portion, the contracting officer shall negotiate with eligible concerns on the set-aside portion, as provided in the solicitation, and make award. Negotiations shall be conducted only with those offerors who have submitted responsive offers on the non-set-aside portion. Negotiations shall be conducted with small business concerns in the order of priority as indicated in the solicitation (but see (ii) below). The set-aside portion shall be awarded as provided in the solicitation. An offeror entitled to receive the award for quantities of an item under the non-set-aside portion and who accepts the award of additional quantities under the set-aside portion shall not be requested to accept a lower price because of the increased quantities of the award, nor shall negotiation be conducted with a view to obtaining such a lower price based solely upon receipt of award of both portions of the acquisition. This does not prevent acceptance by the contracting officer of voluntary reductions in the price from the low eligible offeror before award, acceptance of voluntary refunds, or the change of prices after award by negotiation of a contract modification.

(ii) If equal low offers are received on the non-set-aside portion from concerns eligible for the set-aside portion, the concern that is awarded the non-set-aside part of the acquisition shall have first priority with respect to negotiations for the set-aside.

[48 FR 42240, Sept. 19, 1989, as amended at 53 FR 43390, Oct. 26, 1988; 60 FR 34757, July 3, 1995]

#### **19.502-4 Methods of conducting set-asides.**

(a) Total set-asides may be conducted by using simplified acquisition procedures (see part 13), sealed bids (see part 14), or competitive proposals (see part 15). Partial small business set-asides may be conducted using sealed bids (see part 14), or competitive proposals (see part 15).

(b) Except for offers on the non-set-aside portion of partial set-asides, offers received from concerns that do not qualify as small business concerns shall be considered nonresponsive and

shall be rejected. However, before rejecting an offer otherwise eligible for award because of questions concerning the size representation, an SBA determination must be obtained (see subpart 19.3).

[50 FR 1743, Jan. 11, 1985, and 50 FR 52429, Dec. 23, 1985, as amended at 59 FR 67037, Dec. 28, 1994; 60 FR 34757, July 3, 1995]

**19.502-5 Insufficient causes for not setting aside an acquisition.**

None of the following is, in itself, sufficient cause for not setting aside an acquisition:

(a) A large percentage of previous contracts for the required item(s) has been placed with small business concerns.

(b) The item is on an established planning list under the Industrial Readiness Planning Program. However, a total set-aside shall not be made when the list contains a large business Planned Emergency Producer of the item(s) who has conveyed a desire to supply some or all of the required items.

(c) The item is on a Qualified Products List. However, a total set-aside shall not be made if the list contains the products of large business unless none of the large businesses desires to participate in the acquisition.

(d) A period of less than 30 days is available for receipt of offers.

(e) The contract is classified.

(f) Small business concerns are already receiving a fair proportion of the agency's contracts for supplies and services.

(g) A class set-aside of the item or service has been made by another contracting activity.

(h) A "brand name or equal" product description will be used in the solicitation.

**19.503 Setting aside a class of acquisitions.**

(a) A class of acquisitions of selected products or services, or a portion of the acquisitions, may be set aside for exclusive participation by small business concerns if individual acquisitions in the class will meet the criteria in 19.502-1, 19.502-2, or 19.502-3(a). The determination to make a class set-aside shall not depend on the existence of a

current acquisition if future acquisitions can be clearly foreseen.

(b) The determination to set aside a class of acquisitions may be either unilateral or joint.

(c) Each class set-aside determination shall be in writing and must—

(1) Specifically identify the product(s) and service(s) it covers;

(2) Provide that the set-aside does not apply to any acquisition automatically reserved for small business concerns under 19.502-2(a).

(3) Provide that the set-aside applies only to the (named) contracting office(s) making the determination; and

(4) Provide that the set-aside does not apply to any individual acquisition if the requirement is not severable into two or more economic production runs or reasonable lots, in the case of a partial class set-aside.

(d) The contracting officer shall review each individual acquisition arising under a class set-aside to identify any changes in the magnitude of requirements, specifications, delivery requirements, or competitive market conditions that have occurred since the initial approval of the class set-aside. If there are any changes of such a material nature as to result in probable payment of more than a fair market price by the Government or in a change in the capability of small business concerns to satisfy the requirements, the contracting officer may withdraw or modify (see 19.506(a)) the unilateral or joint set-aside by giving written notice to the SBA procurement center representative (if one is assigned), stating the reasons.

[48 FR 42240, Sept. 19, 1989, as amended at 53 FR 43390, Oct. 26, 1988; 60 FR 34757, July 3, 1995]

**19.504 [Reserved]**

**19.505 Rejecting Small Business Administration recommendations.**

(a) If the contracting officer rejects a recommendation of the SBA procurement center representative or breakout procurement center representative, written notice shall be furnished to the appropriate SBA center representative within 5 working days of the contracting officer's receipt of the recommendation.

(b) The SBA procurement center representative may appeal the contracting officer's rejection to the head of the contracting activity (or designee) within 2 working days after receiving the notice. The head of the contracting activity (or designee) shall render a decision in writing, and provide it to the SBA representative within 7 working days. Pending issuance of a decision to the SBA procurement center representative, the contracting officer shall suspend action on the acquisition.

(c) If the head of the contracting activity agrees that the contracting officer's rejection was appropriate, the SBA procurement center representative may—

(1) Within 1 working day, request the contracting officer to suspend action on the acquisition until the SBA Administrator appeals to the agency head (see paragraph (f) of this section); and

(2) The SBA shall be allowed 15 working days after making such a written request, within which the Administrator of SBA

(i) May appeal to the Secretary of the Department concerned, and

(ii) Shall notify the contracting officer whether the further appeal has, in fact, been taken.

If notification is not received by the contracting officer within the 15-day period, it shall be deemed that the SBA request to suspend contracting action has been withdrawn and that an appeal to the Secretary was not taken.

(d) When the contracting officer has been notified within the 15-day period that the SBA has appealed to the agency head, the head of the contracting activity (or designee) shall forward justification for its decision to the agency head. The contracting officer shall suspend contract action until notification is received that the SBA appeal has been settled.

(e) The agency head shall reply to the SBA within 30 working days after receiving the appeal. The decision of the agency head shall be final.

(f) A request to suspend action on an acquisition need not be honored if the contracting officer determines that proceeding to contract award and performance is in the public interest. The contracting officer shall include in the contract file a statement of the facts

justifying the determination, and shall promptly notify the SBA representative of the determination and provide a copy of the justification.

[60 FR 48261, Sept. 18, 1995]

#### **19.506 Withdrawing or modifying set-asides.**

(a) If, before award of a contract involving a set-aside, the contracting officer considers that award would be detrimental to the public interest, (e.g., payment of more than a fair market price), the contracting officer may withdraw the set-aside determination whether it was unilateral or joint. The contracting officer shall initiate a withdrawal of an individual set-aside by giving written notice to the agency small business specialist and the SBA procurement center representative, if one is assigned, stating the reasons. In a similar manner, the contracting officer may modify a unilateral or joint class set-aside to withdraw one or more individual acquisitions.

(b) If the agency small business specialist does not agree to a withdrawal or modification, the case shall be promptly referred to the SBA representative (if one is assigned) for review. If an SBA representative is not assigned, disagreements between the agency small business specialist and the contracting officer shall be resolved using agency procedures. However, the procedures are not applicable to automatic dissolutions of set-asides (see 19.507) or dissolution of set-asides under \$100,000.

(c) The contracting officer shall prepare a written statement supporting any withdrawal or modification of a set-aside and include it in the contract file.

[60 FR 48262, Sept. 18, 1995]

#### **19.507 Automatic dissolution of a set-aside.**

(a) If a set-aside acquisition or portion of an acquisition is not awarded, the unilateral or joint determination to set the acquisition aside is automatically dissolved for the unawarded portion of the set-aside. The required supplies and/or services for which no award was made may be acquired by

sealed bidding or negotiation, as appropriate.

(b) Before issuing a solicitation for the items called for in a small business set-aside that was dissolved, the contracting officer shall ensure that the delivery schedule is realistic in the light of all relevant factors, including the capabilities of small business concerns.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985]

**19.508 Solicitation provisions and contract clauses.**

(a)-(b) [Reserved]

(c) The contracting officer shall insert the clause at 52.219-6, Notice of Total Small Business Set-Aside, in solicitations and contracts involving total small business set-asides. The clause at 52.219-6 with its Alternate I will be used when the acquisition is for a product in a class for which the Small Business Administration has waived the nonmanufacturer rule (see 19.102(f) (4) and (5)).

(d) The contracting officer shall insert the clause at 52.219-7, Notice of Partial Small Business Set-Aside, in solicitations and contracts involving partial small business set-asides. The clause at 52.219-7 with its Alternate I will be used when the acquisition is for a product in a class for which the Small Business Administration has waived the nonmanufacturer rule (see 19.102(f) (4) and (5)).

(e) The contracting officer shall insert the clause at 52.219-14, Limitations on Subcontracting, in solicitations and contracts for supplies, services, and construction, if any portion of the requirement is to be set aside for small business and the contract amount is expected to exceed \$100,000.

[48 FR 42240, June 9, 1987, as amended at 52 FR 21902, June 9, 1987; 52 FR 38189, Oct. 14, 1987; 53 FR 27464, July 20, 1988; 53 FR 43390, Oct. 26, 1988; 54 FR 25063, June 12, 1989; 55 FR 25529, June 21, 1990; 55 FR 38516, Sept. 18, 1990; 60 FR 34757, July 3, 1995; 60 FR 48262, Sept. 18, 1995; 61 FR 39209, July 26, 1996; 61 FR 67430, Dec. 20, 1996; 62 FR 236, Jan. 2, 1997; 62 FR 44820, Aug. 22, 1997]

**Subpart 19.6—Certificates of Competency and Determinations of Responsibility**

**19.601 General.**

(a) A Certificate of Competency (COC) is the certificate issued by the Small Business Administration (SBA) stating that the holder is responsible (with respect to all elements of responsibility, including, but not limited to, capability, competency, capacity, credit, integrity, perseverance, tenacity, and limitations on subcontracting) for the purpose of receiving and performing a specific Government contract.

(b) The COC program empowers the Small Business Administration (SBA) to certify to Government contracting officers as to all elements of responsibility of any small business concern to receive and perform a specific Government contract. The COC program does not extend to questions concerning regulatory requirements imposed and enforced by other Federal agencies.

(c) The COC program is applicable to all Government acquisitions. A contracting officer shall, upon determining an apparent successful small business offeror to be nonresponsible, refer that small business to the SBA for a possible COC, even if the next acceptable offer is also from a small business.

(d) When a solicitation requires a small business to adhere to the limitations on subcontracting, a contracting officer's finding that a small business cannot comply with the limitation shall be treated as an element of responsibility and shall be subject to the COC process. When a solicitation requires a small business to adhere to the definition of a nonmanufacturer, a contracting officer's determination that the small business does not comply shall be processed in accordance with subpart 19.3.

(e) Contracting officers, including those located overseas, are required to comply with this subpart for U.S. small business concerns.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 54 FR 34754, Aug. 21, 1989; 59 FR 67036, Dec. 28, 1994; 61 FR 67410, Dec. 20, 1996; 62 FR 44820, Aug. 22, 1997]

**19.602 Procedures.****19.602-1 Referral.**

(a) Upon determining and documenting that an apparent successful small business offeror lacks certain elements of responsibility (including, but not limited to, capability, competency, capacity, credit, integrity, perseverance, tenacity, and limitations on subcontracting), the contracting officer shall—

(1) Withhold contract award (see 19.602-3); and

(2) Refer the matter to the cognizant SBA Government Contracting Area Office (Area Office) serving the area in which the headquarters of the offeror is located, in accordance with agency procedures, except that referral is not necessary if the small business concern—

(i) Is determined to be unqualified and ineligible because it does not meet the standard in 9.104-1(g); *provided*, that the determination is approved by the chief of the contracting office; or

(ii) Is suspended or debarred under Executive Order 11246 or subpart 9.4.

(b) If a partial set-aside is involved, the contracting officer shall refer to the SBA the entire quantity to which the concern may be entitled, if responsible.

(c) The referral shall include—

(1) A notice that a small business concern has been determined to be nonresponsible, specifying the elements of responsibility the contracting officer found lacking; and

(2) If applicable, a copy of the following:

(i) Solicitation.

(ii) Final offer submitted by the concern whose responsibility is at issue for the procurement.

(iii) Abstract of bids or the contracting officer's price negotiation memorandum.

(iv) Preaward survey.

(v) Technical data package (including drawings, specifications and statement of work).

(vi) Any other justification and documentation used to arrive at the nonresponsibility determination.

(d) For any single acquisition, the contracting officer shall make only one referral at a time regarding a determination of nonresponsibility.

(e) Contract award shall be withheld by the contracting officer for a period of 15 business days (or longer if agreed to by the SBA and the contracting officer) following receipt by the appropriate SBA Area Office of a referral that includes all required documentation.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 27489, July 31, 1986; 62 FR 44820, Aug. 22, 1997]

**19.602-2 Issuing or denying a Certificate of Competency (COC).**

Within 15 business days (or a longer period agreed to by the SBA and the contracting agency) after receiving a notice that a small business concern lacks certain elements of responsibility, the SBA Area Office will take the following actions:

(a) Inform the small business concern of the contracting officer's determination and offer it an opportunity to apply to the SBA for a COC. (A concern wishing to apply for a COC should notify the SBA Area Office serving the geographical area in which the headquarters of the offeror is located.)

(b) Upon timely receipt of a complete and acceptable application, elect to visit the applicant's facility to review its responsibility.

(1) The COC review process is not limited to the areas of nonresponsibility cited by the contracting officer.

(2) The SBA may, at its discretion, independently evaluate the COC applicant for all elements of responsibility, but may presume responsibility exists as to elements other than those cited as deficient.

(c) Consider denying a COC for reasons of nonresponsibility not originally cited by the contracting officer.

(d) When the Area Director determines that a COC is warranted (for contracts valued at \$25,000,000 or less), notify the contracting officer and provide the following options:

(1) Accept the Area Director's decision to issue a COC and award the contract to the concern. The COC issuance letter will then be sent, including as an attachment a detailed rationale for the decision; or

(2) Ask the Area Director to suspend the case for one or more of the following purposes:

(i) To permit the SBA to forward a detailed rationale for the decision to the contracting officer for review within a specified period of time.

(ii) To afford the contracting officer the opportunity to meet with the Area Office to review all documentation contained in the case file and to attempt to resolve any issues.

(iii) To submit any information to the SBA Area Office that the contracting officer believes the SBA did not consider (at which time the SBA Area Office will establish a new suspense date mutually agreeable to the contracting officer and the SBA).

(iv) To permit resolution of an appeal by the contracting agency to SBA Headquarters under 19.602-3. However, there is no contracting officer's appeal when the Area Office proposes to issue a COC valued at \$100,000 or less.

(e) At the completion of the process, notify the concern and the contracting officer that the COC is denied or is being issued.

(f) Refer recommendations for issuing a COC on contracts greater than \$25,000,000 to SBA Headquarters.

[62 FR 44820, Aug. 22, 1997]

**19.602-3 Resolving differences between the agency and the Small Business Administration.**

(a) *COCs valued between \$100,000 and \$25,000,000.* (1) When disagreements arise about a concern's ability to perform, the contracting officer and the SBA shall make every effort to reach a resolution before the SBA takes final action on a COC. This shall be done through the complete exchange of information and in accordance with agency procedures. If agreement cannot be reached between the contracting officer and the SBA Area Office, the contracting officer shall request that the Area Office suspend action and refer the matter to SBA Headquarters for review. The SBA Area Office shall honor the request for a review if the contracting officer agrees to withhold award until the review process is concluded. Without an agreement to withhold award, the SBA Area Office will issue the COC in accordance with applicable SBA regulations.

(2) SBA Headquarters will furnish written notice to the procuring agen-

cy's Director, Office of Small and Disadvantaged Business Utilization (OSDBU) or other designated official (with a copy to the contracting officer) that the case file has been received and that an appeal decision may be requested by an authorized official.

(3) If the contracting agency decides to file an appeal, it must notify SBA Headquarters through its procuring agency's Director, OSDBU, or other designated official, within 10 business days (or a time period agreed upon by both agencies) that it intends to appeal the issuance of the COC.

(4) The appeal and any supporting documentation shall be filed by the procuring agency's Director, OSDBU, or other designated official, within 10 business days (or a period agreed upon by both agencies) after SBA Headquarters receives the agency's notification in accordance with paragraph (a)(3) of this subsection.

(5) The SBA Associate Administrator for Government Contracting will make a final determination, in writing, to issue or to deny the COC.

(b) *SBA Headquarters' decisions on COCs valued over \$25,000,000.* (1) Prior to taking final action, SBA Headquarters will contact the contracting agency and offer it the following options:

(i) To request that the SBA suspend case processing to allow the agency to meet with SBA Headquarters personnel and review all documentation contained in the case file; or

(ii) To submit to SBA Headquarters for evaluation any information that the contracting agency believes has not been considered.

(2) After reviewing all available information, the SBA will make a final decision to either issue or deny the COC.

(c) *Reconsideration of a COC after issuance.* (1) The SBA reserves the right to reconsider its issuance of a COC, prior to contract award, if—

(i) The COC applicant submitted false information or omitted materially adverse information; or

(ii) The COC has been issued for more than 60 days (in which case the SBA may investigate the firm's current circumstances).

(2) When the SBA reconsiders and reaffirms the COC, the procedures in subsection 19.602-2 do not apply.

(3) Denial of a COC by the SBA does not preclude a contracting officer from awarding a contract to the referred concern, nor does it prevent the concern from making an offer on any other procurement.

[62 FR 44821, Aug. 22, 1997]

**19.602-4 Awarding the contract.**

(a) If new information causes the contracting officer to determine that the concern referred to the SBA is actually responsible to perform the contract, and award has not already been made under paragraph (c) below, the contracting officer shall reverse the determination of nonresponsibility, notify the SBA of this action, withdraw the referral, and proceed to award the contract.

(b) The contracting officer shall award the contract to the concern in question if the SBA issues a COC after receiving the referral. An SBA-certified concern shall not be required to meet any other requirements of responsibility. SBA COC's are conclusive with respect to all elements of responsibility of prospective small business contractors.

(c) The contracting officer shall proceed with the acquisition and award the contract to another appropriately selected and responsible offeror if the SBA has not issued a COC within 15 business days (or a longer period of time agreed to with the SBA) after receiving the referral.

**Subpart 19.7—Subcontracting With Small Business, Small Disadvantaged Business and Women-Owned Small Business Concerns**

**19.701 Definitions.**

*Failure to make a good faith effort to comply with the subcontracting plan*, as used in this subpart, means willful or intentional failure to perform in accordance with the requirements of the subcontracting plan, or willful or intentional action to frustrate the plan.

*Small business subcontractor* means any concern that—

(a) In connection with subcontracts of \$10,000 or less if, including its affiliates, its number of employees does not exceed 500 persons; and

(b) In connection with subcontracts exceeding \$10,000, if its number of employees or average annual receipts, including its affiliates, does not exceed the size standard under section 19.102 for the product or service it is providing on the subcontract.

*Subcontract*, as used in this subpart, means any agreement (other than one involving an employer-employee relationship) entered into by a Government prime contractor or subcontractor calling for supplies and/or services required for contract performance, contract modification, or subcontract.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 54 FR 30709, July 21, 1989]

**19.702 Statutory requirements.**

Any contractor receiving a contract for more than the simplified acquisition threshold shall agree in the contract that small business concerns, small disadvantaged business concerns and women-owned small business concerns shall have the maximum practicable opportunity to participate in contract performance consistent with its efficient performance. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns, small disadvantaged business concerns and women-owned small business concerns.

(a) Except as stated in paragraph (b) below, the Small Business Act imposes the following requirements regarding subcontracting with small businesses and small business subcontracting plans.

(1) In negotiated acquisitions, each solicitation of offers to perform a contract or contract modification, which individually is expected to exceed \$500,000 (\$1,000,000 for construction) and that has subcontracting possibilities shall require the apparently successful

offeror to submit an acceptable subcontracting plan. If the apparently successful offeror fails to negotiate a subcontracting plan acceptable to the contracting officer within the time limit prescribed by the contracting officer, the offeror will be ineligible for award.

(2) In sealed bid acquisitions, each invitation for bids to perform a contract or contract modification, which individually is expected to exceed \$500,000 (\$1,000,000 for construction) and that has subcontracting possibilities, shall require the bidder selected for award to submit a subcontracting plan. If the selected bidder fails to submit a plan within the time limit prescribed by the contracting officer, the bidder will be ineligible for award.

(b) Subcontracting plans (see subparagraphs (a)(1) and (2) above) are not required—

- (1) From small business concerns;
- (2) For personal services contracts;
- (3) For contracts or contract modifications that will be performed entirely outside of any State, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico; or
- (4) For modifications to contracts that do not contain the clause at 52.219-8, Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (or equivalent prior clauses).

(c) As stated in 15 U.S.C. 637(d)(8), any contractor or subcontractor failing to comply in good faith with the requirements of the subcontracting plan is in material breach of its contract. Further, 15 U.S.C. 637(d)(4)(F) directs that a contractor's failure to make a good faith effort to comply with the requirements of the subcontracting plan shall result in the imposition of liquidated damages.

(d) As authorized by 15 U.S.C. 637(d)(11), certain costs incurred by a mentor firm in providing developmental assistance to a Protégé firm under the Department of Defense Pilot Mentor-Protégé Program, may be credited as subcontract awards to a small disadvantaged business for the purpose of determining whether the mentor firm attains a small disadvantaged business goal under any subcontracting plan entered into with any executive agency.

However, the mentor-Protégé agreement must have been approved by the Office of Small and Disadvantaged Business Utilization, Office of the Deputy Under Secretary of Defense (International and Commercial Programs) DUSD(I&CP)SADBU, Room 2A338, 3061 Defense Pentagon, Washington, DC 20301-3061, (703) 695-1536, before developmental assistance costs may be credited against subcontract goals.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985; 50 FR 27562, July 3, 1985; 51 FR 27116, July 29, 1986; 54 FR 30709, July 21, 1989; 56 FR 41731, Aug. 22, 1991; 60 FR 48262, Sept. 18, 1995; 61 FR 2638, Jan. 26, 1996; 61 FR 39190, July 26, 1996; 61 FR 67420, Dec. 20, 1996; 62 FR 40236, July 25, 1997]

#### **19.703 Eligibility requirements for participating in the program.**

(a) To be eligible as a subcontractor under the program, a concern must represent itself as a small business concern, small disadvantaged business concern or a woman-owned small business concern.

(1) To represent itself as a small business concern or a women-owned small business concern, a concern must meet the appropriate definition in 19.001.

(2) To represent itself as a small disadvantaged business concern, a concern must meet the definition in 19.001. Individuals who represent that they are members of named groups (Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent-Asian Americans) may also represent themselves as socially and economically disadvantaged. Individuals who are not members of named groups may also represent themselves, and participate in the program, as socially and economically disadvantaged if they are qualified by the SBA under the procedures in 13 CFR 124.105(c)). Concerns that are tribally owned entities or Native Hawaiian Organizations may represent themselves as socially and economically disadvantaged if they qualify under the requirements of 13 CFR 124.112 or 13 CFR 124.113, respectively. The Office of Minority Small Business and Capital Ownership Development in the SBA has the final authority to determine

the eligibility of a concern to be designated as a small disadvantaged business concern, and will answer inquiries from contractors and others regarding eligibility. Formal protests of a subcontractor's eligibility as a small disadvantaged business may be initiated only by the contracting officer responsible for the prime contract or by the SBA. Such protests will be processed in accordance with 13 CFR 124.601–124.610. Other small business subcontractors and the prime contractor may submit information to the contracting officer in an effort to persuade the contracting officer to initiate a protest. Such protests, in order to be considered timely, must be received by the contracting officer prior to completion of performance by the intended subcontractor.

(b) A contractor acting in good faith may rely on the written representation of its subcontractor regarding the subcontractor's status. The contractor, the contracting officer, or any other interested party can challenge a subcontractor's size status representation by filing a protest, in accordance with 13 CFR 121.1601 through 121.1608. Protests challenging a subcontractor's disadvantaged status representation shall be filed in accordance with 13 CFR 124.601 through 124.610. Protests challenging a subcontractor's status as a women-owned small business concern shall be filed in accordance with Small Business Administration procedures.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 55 FR 3882, Feb. 5, 1990; 55 FR 52792, Dec. 21, 1990; 60 FR 48262, Sept. 18, 1995; 62 FR 236, Jan. 2, 1997]

**19.704 Subcontracting plan requirements.**

(a) Each subcontracting plan required under 19.702(a)(1) and (2) must include—

(1) Separate percentage goals for using small business concerns, small disadvantaged business concerns and women-owned small business concerns as subcontractors;

(2) The name of an individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual;

(3) A description of the efforts the offeror will make to ensure that small

business concerns, small disadvantaged business concerns and women-owned small business concerns will have an equitable opportunity to compete for subcontracts;

(4) Assurances that the offeror will include the clause at 52.219–8, Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns (see 19.708(b)), in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction) to adopt a plan similar to the plan required by the clause at 52.219–9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (see 19.708(c));

(5) Assurances that the offeror will (i) cooperate in any studies or surveys as may be required, (ii) submit periodic reports in order to allow the Government to determine the extent of compliance by the offeror with the subcontracting plan, and (iii) submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and SF 295, Summary Subcontract Report, in accordance with the instructions on the forms.

(6) A recitation of the types of records the offeror will maintain to demonstrate procedures adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small, small disadvantaged and women-owned small business concerns and to award subcontracts to them.

(b) Contractors may establish, on a plant or division-wide basis, a master subcontracting plan which contains all the elements required by the clause at 52.219–9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, except goals. Master plans shall be effective for a 3-year period after approval by the contracting officer; however, it is incumbent upon contractors to maintain and update master plans. Changes required to update master plans are not effective until approved by the contracting officer. A master plan, when incorporated in an individual plan, shall

apply to that contract throughout the life of the contract.

(c) For contracts containing options, the cumulative value of the basic contract and all options is considered in determining whether a subcontracting plan is necessary (see 19.705-2(a)). If a plan is necessary and the offeror is submitting an individual contract plan, the plan shall contain all the elements required by 19.704(a) and shall contain separate parts, one for the basic contract and one for each option.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 54 FR 29281, July 11, 1989; 60 FR 48262, Sept. 18, 1995; 61 FR 31643, June 20, 1996]

**19.705 Responsibilities of the contracting officer under the subcontracting assistance program.**

**19.705-1 General support of the program.**

The contracting officer may encourage the development of increased subcontracting opportunities in negotiated acquisition by providing monetary incentives such as payments based on actual subcontracting achievement or award fee contracting (see the clause at 52.219-10, Incentive Subcontracting Program, and 19.708(c)). When using any contractual incentive provision based upon rewarding the contractor monetarily for exceeding goals in the subcontracting plan, the contracting officer must ensure that (a) the goals are realistic and (b) any rewards for exceeding the goals are commensurate with the efforts the contractor would not have otherwise expended. Incentive provisions should normally be negotiated after reaching final agreement with the contractor on the subcontracting plan.

[48 FR 42240, Sept. 19, 1983, as amended at 60 FR 48262, Sept. 18, 1995]

**19.705-2 Determining the need for a subcontracting plan.**

The contracting officer shall take the following actions to determine whether a proposed contractual action requires a subcontracting plan:

(a) Determine whether the proposed contractual action will meet the dollar threshold in 19.702(a)(1) or (2). If the action includes options or similar provi-

sions, include their value in determining whether the threshold is met.

(b) Determine whether subcontracting possibilities exist by considering relevant factors such as—

(1) Whether firms engaged in the business of furnishing the types of items to be acquired customarily contract for performance of part of the work or maintain sufficient in-house capability to perform the work;

(2) Whether there are likely to be product prequalification requirements; and

(c) If it is determined that there are no subcontracting possibilities, the determination must be approved at a level above the contracting officer and placed in the contract file.

(d) In solicitations for negotiated acquisitions, the contracting officer may require the submission of subcontracting plans with initial offers, or at any other time prior to award. In determining when subcontracting plans should be required, as well as when and with whom plans should be negotiated, the contracting officer shall consider the integrity of the competitive process, the goal of affording maximum practicable opportunity for small, small disadvantaged and women-owned small business concerns to participate, and the burden placed on offerors.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986; 51 FR 19716, May 30, 1986; 60 FR 48262, Sept. 18, 1995; 61 FR 2638, Jan. 26, 1996]

**19.705-3 Preparing the solicitation.**

The contracting officer shall provide the Small Business Administration's (SBA's) resident procurement center representative, if any, a reasonable period of time to review any solicitation requiring submission of a subcontracting plan and to submit advisory findings before the solicitation is issued.

**19.705-4 Reviewing the subcontracting plan.**

The contracting officer shall review the subcontracting plan for adequacy, ensuring that the required information, goals, and assurances are included (see 19.704).

(a) No detailed standards apply to every subcontracting plan. Instead, the contracting officer must consider each

plan in terms of the circumstances of the particular acquisition, including—

(1) Previous involvement of small business concerns as prime contractors or subcontractors in similar acquisitions;

(2) Proven methods of involving small business concerns as subcontractors in similar acquisitions; and

(3) The relative success of methods the contractor intends to use to meet the goals and requirements of the plan, as evidenced by records maintained by contractors.

(b) If, under a sealed bid solicitation, a bidder submits a plan that does not cover each of the six required elements (see 19.704), the contracting officer shall advise the bidder of the deficiency and request submission of a revised plan by a specific date. If the bidder does not submit a plan which incorporates the six required elements within the time allotted, the bidder shall be ineligible for award. If the plan, although responsive, evidences the bidder's intention not to comply with its obligations under the clause at 52.219-8, Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns, the contracting officer may find the bidder nonresponsible.

(c) In negotiated acquisitions, the contracting officer shall determine whether the plan is acceptable based on the negotiation of each of the six elements of the plan (see 19.704). Subcontracting goals should be set at a level that the parties reasonably expect can result from the offeror expending good faith efforts to use small, small disadvantaged and women-owned small business subcontractors to the maximum practicable extent. Particular attention should be paid to the identification of steps that, if taken, would be considered a good faith effort. No goal should be negotiated upward if it is apparent that a higher goal will significantly increase the Government's cost or seriously impede the attainment of acquisition objectives. An incentive subcontracting clause (see 52.219-10, Incentive Subcontracting Program), may be used when additional and unique contract effort, such as providing technical assistance, could significantly increase subcontract awards

to small, small disadvantaged or women-owned small businesses.

(d) In determining the acceptability of a proposed subcontracting plan, the contracting officer should take the following actions:

(1) Evaluate the offeror's past performance in awarding subcontracts for the same or similar products or services to small, small disadvantaged and women-owned small business concerns. If information is not available on a specific type of product or service, evaluate the offeror's overall past performance.

(2) In accordance with 15 U.S.C. 637(d)(4)(F)(iii), ensure that the goals offered are attainable in relation to—

(i) The subcontracting opportunities available to the contractor, commensurate with the efficient and economical performance of the contract;

(ii) The pool of eligible subcontractors available to fulfill the subcontracting opportunities; and

(iii) The actual performance of such contractor in fulfilling the subcontracting goals specified in prior plans.

(3) Evaluate the offeror's make-or-buy policy or program to ensure that it does not conflict with the offeror's proposed subcontracting plan and is in the Government's interest. If the contract involves products or services that are particularly specialized or not generally available in the commercial market, consider the offeror's current capacity to perform the work and the possibility of reduced subcontracting opportunities.

(4) Evaluate subcontracting potential, considering the offeror's make-or-buy policies or programs, the nature of the products or services to be subcontracted, the known availability of small, small disadvantaged and women-owned small business concerns in the geographical area where the work will be performed, and the potential contractor's long-standing contractual relationship with its suppliers.

(5) Advise the offeror of available sources of information on potential small, small disadvantaged and women-owned small business subcontractors, as well as any specific concerns known to be potential subcontractors. If the offeror's proposed

goals are questionable, the contracting officer shall emphasize that the information should be used to develop realistic and acceptable goals.

(6) Obtain advice and recommendations from the SBA procurement center representative (if any) and the agency small business specialist.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985; 51 FR 19716, May 30, 1986; 54 FR 30709, July 21, 1989; 55 FR 52792, Dec. 21, 1990; 60 FR 48262, Sept. 18, 1995]

**19.705-5 Awards involving subcontracting plans.**

(a) In making an award that requires a subcontracting plan, the contracting officer shall be responsible for the following:

(1) Consider the contractor's compliance with the subcontracting plans submitted on previous contracts as a factor in determining contractor responsibility.

(2) Assure that a subcontracting plan was submitted when required.

(3) Notify the SBA resident procurement center representative of the opportunity to review the proposed contract (including the plan and supporting documentation). The notice shall be issued in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations to the contracting officer. Failure of the representative to respond in a reasonable period of time shall not delay contract award.

(4) Determine any fee that may be payable if an incentive is used in conjunction with the subcontracting plan.

(5) Ensure that an acceptable plan is incorporated into and made a material part of the contract.

(b) Letter contracts and similar undefinitized instruments, which would otherwise meet the requirements of 19.702(a)(1) and (2), shall contain at least a preliminary basic plan addressing the requirements of 19.704 and in such cases require the negotiation of the final plan within 90 days after award or before definitization, whichever occurs first.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985]

**19.705-6 Postaward responsibilities of the contracting officer.**

After a contract or contract modification containing a subcontracting plan is awarded, the contracting officer is responsible for the following:

(a) Notifying the SBA of the award by sending a copy of the award document to the Assistant Regional Administrator for Procurement Assistance in the SBA region where the contract will be performed.

(b) Forwarding a copy of each plan and any associated approvals to the Assistant Regional Administrator for Procurement Assistance in the SBA region where the contractor's headquarters is located, if any company-wide plans were received from offerors of commercial products.

(c) Giving to the assigned SBA resident procurement center representative (if any) a copy of—

(1) Any subcontracting plan submitted in response to a sealed bid solicitation; and

(2) The final negotiated subcontracting plan that was incorporated into a negotiated contract or contract modification.

(d) Notifying the SBA resident procurement center representative of the opportunity to review subcontracting plans in connection with contract modifications.

(e) Forwarding a copy of each plan, or a determination that there is no requirement for a subcontracting plan, to the cognizant contract administration office.

(f) Initiating action to assess liquidated damages in accordance with 19.705-7 upon a recommendation by the administrative contracting officer or receipt of other reliable evidence to indicate that such action is warranted.

(g) Taking action to enforce the terms of the contract upon receipt of a notice under 19.706(a)(6).

[48 FR 42240, Sept. 19, 1983, as amended at 52 FR 19803, May 27, 1987; 53 FR 27464, July 20, 1988; 53 FR 34228, Sept. 2, 1988; 54 FR 30709, July 21, 1989; 55 FR 52792, Dec. 21, 1990]

**19.705-7 Liquidated damages.**

(a) Maximum practicable utilization of small, small disadvantaged and women-owned small business concerns

as subcontractors in Government contracts is a matter of national interest with both social and economic benefits. When a contractor fails to make a good faith effort to comply with a subcontracting plan, these objectives are not achieved, and 15 U.S.C. 637(d)(4)(F) directs that liquidated damages shall be paid by the contractor.

(b) The amount of damages attributable to the contractor's failure to comply shall be an amount equal to the actual dollar amount by which the contractor failed to achieve each subcontract goal or, in the case of a commercial products plan, shall be that portion of the dollar amount allocable to Government contracts by which the contractor failed to achieve each subcontract goal.

(c) If, at contract completion, or in the case of a commercial products plan, at the close of the fiscal year for which the plan is applicable, a contractor has failed to meet its subcontracting goals and the contracting officer decides in accordance with paragraph (d) of this subsection that the contractor failed to make a good faith effort to comply with its subcontracting plan, the contracting officer shall give the contractor written notice specifying the failure, advising the contractor of the possibility that the contractor may have to pay to the Government liquidated damages, and providing a period of 10 days (or longer period as necessary) within which to respond. The notice shall give the contractor an opportunity to demonstrate what good faith efforts have been made before the contracting officer issues the final decision, and shall further state that failure of the contractor to respond may be taken as an admission that no valid explanation exists. When appropriate, the notice may invite the contractor to discuss the matter.

(d) In determining whether a contractor failed to make a good faith effort to comply with its subcontracting plan, a contracting officer must look to the totality of the contractor's actions, consistent with the information and assurances provided in its plan. The fact that the contractor failed to meet its subcontracting goals does not, in and of itself, constitute a failure to make a good faith effort. For example, not-

withstanding a contractor's diligent effort to identify and solicit offers from small, small disadvantaged and women-owned small business concerns, factors such as unavailability of anticipated sources or unreasonable prices may frustrate achievement of the contractor's goals. However, when considered in the context of the contractor's total effort in accordance with its plan, the following may be considered as indicia of a failure to make a good faith effort: a failure to attempt to identify, contact, solicit, or consider for contract award, small, small disadvantaged or women-owned small business concerns; a failure to designate a company official to administer the subcontracting program; a failure to maintain records or otherwise demonstrate procedures adopted to comply with the plan; and the adoption of company policies or procedures which have as their objectives the frustration of the objectives of the plan.

(e) If, after consideration of all the pertinent data, the contracting officer finds that the contractor failed to make a good faith effort to comply with its subcontracting plan, the contracting officer shall issue a final decision to the contractor to that effect and require the payment of liquidated damages in an amount stated. The contracting officer's final decision shall state that the contractor has the right to appeal under the clause in the contract entitled Disputes.

(f) With respect to commercial products plans, i.e., company-wide or division-wide subcontracting plans approved under paragraph (g) of the clause in the contract entitled Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, the contracting officer of the agency that originally approved the plan will exercise the functions of the contracting officer under this subsection on behalf of all agencies that awarded contracts covered by that commercial products plan.

(g) Liquidated damages shall be in addition to any other remedies that the Government may have.

[54 FR 30709, July 21, 1989, as amended at 60 FR 48263, Sept. 18, 1995]

**19.706 Responsibilities of the cognizant administrative contracting officer.**

(a) The administrative contracting officer is responsible for assisting in evaluating subcontracting plans, and for monitoring, evaluating, and documenting contractor performance under the clause prescribed in 19.708(b) and any subcontracting plan included in the contract. The contract administration office shall provide the necessary information and advice to support the contracting officer, as appropriate, by furnishing—

(1) Documentation on the contractor's performance and compliance with subcontracting plans under previous contracts;

(2) Information on the extent to which the contractor is meeting the plan's goals for subcontracting with eligible small, small disadvantaged and women-owned small business concerns;

(3) Information on whether the contractor's efforts to ensure the participation of small, small disadvantaged and women-owned small business concerns are in accordance with its subcontracting plan;

(4) Information on whether the contractor is requiring its subcontractors to adopt similar subcontracting plans;

(5) Immediate notice if, during performance, the contractor is failing to meet its commitments under the clause prescribed in 19.708(b) or the subcontracting plan; and

(6) Immediate notice and rationale if, during performance, the contractor is failing to comply in good faith with the subcontracting plan.

(b) If the contractor does not comply in good faith with the subcontracting plan, the administrative contracting officer shall, upon contract completion, make appropriate recommendations that contracting officers may use for future contracts.

[48 FR 42240, Sept. 19, 1983, as amended at 54 FR 30710, July 21, 1989; 60 FR 48263, Sept. 18, 1995]

**19.707 The Small Business Administration's role in carrying out the program.**

(a) Under the program, the SBA may—

(1) Assist both Government agencies and contractors in carrying out their responsibilities with regard to subcontracting plans;

(2) Review (within 5 working days) any solicitation that meets the dollar threshold in 19.702(a)(1) or (2) before the solicitation is issued;

(3) Review (within 5 working days) before execution any negotiated contractual document requiring a subcontracting plan, including the plan itself, and submit recommendations to the contracting officer, which shall be advisory in nature; and

(4) Evaluate compliance with subcontracting plans, either on a contract-by-contract basis, or, in the case of contractors having multiple contracts, on an aggregate basis.

(b) The SBA is not authorized to (1) prescribe the extent to which any contractor or subcontractor shall subcontract, (2) specify concerns to which subcontracts will be awarded, or (3) exercise any authority regarding the administration of individual prime contracts or subcontracts.

[48 FR 42240, Sept. 19, 1983, as amended at 51 FR 2664, Jan. 17, 1986]

**19.708 Solicitation provisions and contract clauses.**

(a) The contracting officer shall insert the clause at 52.219-8, Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns, in solicitations and contracts when the contract amount is expected to be over the simplified acquisition threshold unless—

(1) A personal services contract is contemplated (see 37.104); or

(2) The contract, together with all its subcontracts, is to be performed entirely outside of any State, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(b)(1) The contracting officer shall, when contracting by negotiation, insert the clause at 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, in solicitations and contracts that

(i) Offer subcontracting possibilities, (ii) Are expected to exceed \$500,000 (\$1,000,000 for construction of any public facility), and

(iii) Are required to include the clause at 52.219-8, Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns, unless the acquisition is set aside or is to be accomplished under the 8(a) program. When contracting by sealed bidding rather than by negotiation, the contracting officer shall use the clause with its Alternate I. When contracting by negotiation, and subcontracting plans are required with initial proposals as provided for in 19.705-2(d), the contracting officer shall use the clause with its Alternate II.

(2) The contracting officer shall insert the clause at 52.219-16, Liquidated Damages—Subcontracting Plan, in all solicitations and contracts containing the clause at 52.219-9, Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan, or its Alternate I.

(c)(1) The contracting officer may, when contracting by negotiation, insert in solicitations and contracts a clause substantially the same as the clause at 52.219-10, Incentive Subcontracting Program, when a subcontracting plan is required (see 19.702(a)(1)), and inclusion of a monetary incentive is, in the judgment of the contracting officer, necessary to increase subcontracting opportunities for small, small disadvantaged and women-owned small business concerns, and is commensurate with the efficient and economical performance of the contract; unless the conditions in paragraph (c)(3) of this section are applicable. The contracting officer may vary the terms of the clause as specified in paragraph (c)(2) of this section.

(2) Various approaches may be used in the development of small, small disadvantaged and women-owned small business concerns' subcontracting incentives. They can take many forms, from a fully quantified schedule of payments based on actual subcontract achievement to an award fee approach employing subjective evaluation criteria (see paragraph (c)(3) of this section). The incentive should not reward the contractor for results other than those that are attributable to the contractor's efforts under the incentive subcontracting program.

(3) As specified in paragraph (c)(2) of this section, the contracting officer may include small, small disadvantaged and women-owned small business subcontracting as one of the factors to be considered in determining the award fee in a cost-plus-award-fee contract; in such cases, however, the contracting officer shall not use the clause at 52.219-10, Incentive Subcontracting Program.

[48 FR 42240, Sept. 19, 1983, as amended at 50 FR 1743, Jan. 11, 1985; 50 FR 52429, Dec. 23, 1985; 51 FR 2664, Jan. 17, 1986; 54 FR 30710, July 21, 1989; 56 FR 41731, Aug. 22, 1991; 60 FR 48263, Sept. 18, 1995; 61 FR 2639, Jan. 26, 1996; 61 FR 39190, July 26, 1996]

### Subpart 19.8—Contracting With the Small Business Administration (the 8(a) Program)

SOURCE: 54 FR 46005, Oct. 31, 1989, unless otherwise noted.

#### 19.800 General.

(a) Section 8(a) of the Small Business Act (15 U.S.C. 637(a)) established a program that authorizes the Small Business Administration (SBA) to enter into all types of contracts with other agencies and let subcontracts for performing those contracts to firms eligible for program participation. The SBA's subcontractors are referred to as *8(a) contractors*.

(b) Contracts may be awarded to the SBA for performance by eligible 8(a) firms on either a sole source or competitive basis.

(c) When, acting under the authority of the program, the SBA certifies to an agency that the SBA is competent and responsible to perform a specific contract, the contracting officer is authorized, in the contracting officer's discretion, to award the contract to the SBA based upon mutually agreeable terms and conditions.

#### 19.801 [Reserved]

#### 19.802 Selecting concerns for the 8(a) Program.

Selecting concerns for the 8(a) Program is the responsibility of the SBA and is based on the criteria established in 13 CFR 124.101-113.

**19.803 Selecting acquisitions for the 8(a) Program.**

Through their cooperative efforts, the SBA and an agency match the agency's requirements with the capabilities of 8(a) concerns to establish a basis for the agency to contract with the SBA under the program. Selection is initiated in one of three ways—

(a) The SBA advises an agency contracting activity through a search letter of an 8(a) firm's capabilities and asks the agency to identify acquisitions to support the firm's business plans. In these instances, the SBA will provide at least the following information in order to enable the agency to match an acquisition to the firm's capabilities.

(1) Identification of the concern and its owners.

(2) Background information on the concern, including any and all information pertaining to the concern's technical ability and capacity to perform.

(3) The firm's present production capacity and related facilities.

(4) The extent to which contracting assistance is needed in the present and the future, described in terms that will enable the agency to relate the concern's plans to present and future agency requirements.

(5) If construction is involved, the request shall also include the following:

(i) The concern's capabilities in and qualifications for accomplishing various categories of maintenance, repair, alteration, and construction work in specific categories such as mechanical, electrical, heating and air conditioning, demolition, building, painting, paving, earth work, waterfront work, and general construction work.

(ii) The concern's capacity in each construction category in terms of estimated dollar value (e.g., electrical, up to \$100,000).

(b) The SBA identifies a specific requirement for a particular 8(a) firm or firms and asks the agency contracting activity to offer the acquisition to the 8(a) Program for the firm(s). In these instances, in addition to the information in paragraph (a) of this section, the SBA will provide—

(1) A clear identification of the acquisition sought; e.g., project name or number;

(2) A statement as to how any additional needed facilities will be provided in order to ensure that the firm will be fully capable of satisfying the agency's requirements;

(3) If construction, information as to the bonding capability of the firm(s); and

(4) Either—

(i) If sole source request—

(A) The reasons why the firm is considered suitable for this particular acquisition; e.g., previous contracts for the same or similar supply or service; and

(B) A statement that the firm is eligible in terms of SIC code, business support levels, and business activity targets; or,

(ii) If competitive, a statement that at least two 8(a) firms are considered capable of satisfying the agency's requirements and a statement that the firms are also eligible in terms of the SIC code, business support levels, and business activity targets. If requested by the contracting activity, SBA will identify at least two such firms and provide information concerning the firms' capabilities.

(c) Agencies may also review other proposed acquisitions for the purpose of identifying requirements which may be offered to the SBA. Where agencies independently, or through the self marketing efforts of an 8(a) firm, identify a requirement for the 8(a) Program, they may offer on behalf of a specific 8(a) firm, for the 8(a) Program in general, or for 8(a) competition.

[54 FR 46005, Oct. 31, 1989, as amended at 55 FR 3882, Feb. 5, 1990; 61 FR 67410, Dec. 20, 1996]

**19.804 Evaluation, offering, and acceptance.****19.804-1 Agency evaluation.**

In determining the extent to which a requirement should be offered in support of the 8(a) Program, the agency should evaluate—

(a) Its current and future plans to acquire the specific items or work that 8(a) contractors are seeking to provide, identified in terms of—

(1) Quantities required or the number of construction projects planned; and

(2) Performance or delivery requirements, including required monthly production rates, when applicable.

(b) Its current and future plans to acquire items or work similar in nature and complexity to that specified in the business plan;

(c) Problems encountered in previous acquisitions of the items or work from the 8(a) contractors and/or other contractors;

(d) The impact of any delay in delivery;

(e) Whether the items or work have previously been acquired using small business set-asides; and

(f) Any other pertinent information about known 8(a) contractors, the items, or the work. This includes any information concerning the firms' capabilities. When necessary, the contracting agency shall make an independent review of the factors in 19.803(a) and other aspects of the firms' capabilities which would ensure the satisfactory performance of the requirement being considered for commitment to the 8(a) Program.

**19.804-2 Agency offering.**

(a) After completing its evaluation, the agency shall notify the SBA of the extent of its plans to place 8(a) contracts with the SBA for specific quantities of items or work. The notification must identify the timeframes within which prime contract and sub-contract actions must be completed in order for the agency to meet its responsibilities. The notification must also contain the following information applicable to each prospective contract:

(1) A description of the work to be performed or items to be delivered, and a copy of the statement of work, if available.

(2) The estimated period of performance.

(3) The SIC code that applies to the principal nature of the acquisition.

(4) The anticipated dollar value of the requirement, including options, if any.

(5) Any special restrictions or geographical limitations on the requirement (for construction and services include the location of the work to be performed).

(6) Any special capabilities or disciplines needed for contract performance.

(7) The type of contract anticipated.

(8) The acquisition history, if any, of the requirement, including the names and addresses of any small business contractors which have performed this requirement during the previous 24 months.

(9) A statement that no solicitation for this specific acquisition has been issued as a small business set-aside or a small disadvantaged business set-aside, and that no other public communication (such as a notice in the Commerce Business Daily) has been made evidencing the contracting agency's clear intention to set aside the acquisition for small business or small disadvantaged business.

(10) Identification of any particular 8(a) concern designated for consideration, including a brief justification, such as—

(i) The 8(a) concern, through its own efforts, marketed the requirement and caused it to be reserved for the 8(a) Program; or

(ii) The acquisition is a follow-on or renewal contract and the nominated concern is the incumbent.

(11) Bonding requirements, if applicable.

(12) Identification of all known 8(a) concerns which have expressed an interest in this specific requirement as a result of self-marketing, response to sources sought, or publication of advanced acquisition requirements.

(13) Identification of all SBA district or regional offices which have asked for the acquisition for the 8(a) Program.

(14) A recommendation, if appropriate, as to whether the acquisition should be competitive or sole source; and

(15) Any other pertinent and reasonably available data.

(b)(1) An agency offering a construction requirement should submit it to the SBA District Office for the geographical area where the work is to be performed.

(2) Sole source requirements, other than construction, should be forwarded

directly to the district office that services the nominated firm. If the contracting officer is not nominating a specific firm, the offering letter should be forwarded to the district office servicing the geographical area in which the contracting office is located.

(c) All requirements for 8(a) competition, other than construction, should be forwarded to the district office servicing the geographical area in which the contracting office is located. All requirements for 8(a) construction competition should be forwarded to the district office servicing the geographical area in which all or the major portion of the construction is to be performed. All requirements, including construction, shall be synopsisized in the Commerce Business Daily. For construction, the synopsis shall include the geographical area of the competition set forth in the SBA's acceptance letter.

[54 FR 46005, Oct. 31, 1989, as amended at 61 FR 67421, Dec. 20, 1996; 62 FR 44823, Aug. 22, 1997]

EFFECTIVE DATE NOTE: At 62 FR 44823, Aug. 22, 1997, section 19.804-2 was amended by revising paragraphs (b)(2) and (c), effective Oct. 21, 1997. For the convenience of the user, the superseded text is set forth as follows:

**19.804-2 Agency offering.**

\* \* \* \* \*

(b) \* \* \*

(2) Sole source requirements, other than construction, should be forwarded directly to the district office that services the nominated firm. If the contracting officer is not nominating a specific firm, the offering letter should be sent to SBA Headquarters, Office of Minority and Capital Ownership Development, 409 3rd Street, SW, Washington, DC 20416.

(c) In order to ensure consistency and uniformity, all requirements for 8(a) competition shall be offered to and processed by the Division of Business Development, SBA Headquarters. All requirements, including construction, shall be synopsisized in the Commerce Business Daily by the cognizant procuring agency. For construction, the synopsis shall include the geographical area of the competition as determined by the Assistant Administrator, Division of Business Development, in consultation with the local SBA district office where the work is to be performed.

**19.804-3 SBA acceptance.**

(a) Upon receipt of the contracting agency's offer, the SBA will determine whether to accept the requirement for the 8(a) Program. The SBA's decision whether to accept the requirement will be transmitted to the contracting agency in writing within 15 working days of receipt of the offer, unless the SBA requests, and the contracting agency grants, an extension.

(b) If the acquisition is accepted as a sole source, the SBA will advise the contracting activity of the 8(a) firm selected for negotiation. Generally, the SBA will accept a contracting activity's recommended source.

[48 FR 42240, Sept. 19, 1983, as amended at 56 FR 55380, Oct. 25, 1991; 61 FR 67421, Dec. 20, 1996]

**19.804-4 Repetitive acquisitions.**

In order for repetitive acquisitions to be awarded through the 8(a) Program, there must be separate offers and acceptances. This allows the SBA to revalidate a firm's eligibility, to evaluate the suitability of each acquisition as a competitive 8(a), and to determine whether the requirement should continue under the 8(a) Program.

**19.805 Competitive 8(a).**

**19.805-1 General.**

(a) Except as provided in paragraph (b) of this subsection, an acquisition offered to the SBA under the 8(a) Program shall be awarded on the basis of competition limited to eligible 8(a) firms if—

(1) There is a reasonable expectation that at least two eligible and responsible 8(a) firms will submit offers and that award can be made at a fair market price; and

(2) The anticipated award price of the contract, including options, will exceed \$5,000,000 for acquisitions assigned manufacturing standard industrial classification (SIC) codes and \$3,000,000 for all other acquisitions.

(b) Where an acquisition exceeds the competitive threshold, the SBA may accept the requirement for a sole source 8(a) award if—

(1) There is not a reasonable expectation that at least two eligible and responsible 8(a) firms will submit offers at a fair market price; or

(2) The SBA determines that an 8(a) concern owned and controlled by an economically disadvantaged Indian tribe is eligible and responsible and needs the acquisition for its business development.

(c) A proposed 8(a) requirement with an estimated value exceeding the applicable competitive threshold amount shall not be divided into several requirements for lesser amounts in order to use 8(a) sole source procedures for award to a single firm.

(d) The SBA Association Administrator for Minority Small Business and Capital Ownership Development (AA/MSB&COD) may approve an agency recommendation for a competitive 8(a) award below the competitive thresholds. Such recommendations will be approved only on a limited basis and will be primarily granted where technical competitions are appropriate or where a large number of responsible 8(a) firms are available for competition. Agency recommendations for competition below the threshold may be included in the offering letter or may be submitted by separate correspondence to the SBA Headquarters.

[54 FR 46005, Oct. 31, 1989, as amended at 61 FR 67421, Dec. 20, 1996]

#### **19.805-2 Procedures.**

(a) Competitive 8(a) acquisitions shall be conducted by contracting agencies by using sealed bids (see part 14) or competitive proposals (see part 15).

(b) Offers shall be solicited from those sources identified in accordance with the SBA instructions provided under 19.804-3.

(c) The SBA will determine the eligibility of the firms for award of the contract. Eligibility will be determined by the SBA as of the time of submission of initial offers which include price. Eligibility is based on Section 8(a) Program criteria.

(1) In sealed bid acquisitions, upon receipt of offers, the contracting officer will provide the SBA a copy of the solicitation, the estimated fair market price, and a list of offerors ranked in

the order of their standing for award (i.e., first low, second low, etc.) with the total evaluated price for each offer, differentiating between basic requirements and any options. The SBA will consider the eligibility of the first low offeror. If the first low offeror is not determined to be eligible, the SBA will consider the eligibility of the next low offeror until an eligible offeror is identified. The SBA will determine the eligibility of the firms and advise the contracting officer within 5 working days after its receipt of the list of bidders. Once eligibility has been established by the SBA, the successful offeror will be determined by the contracting activity in accordance with normal contracting procedures.

(2) In negotiated acquisition, the SBA will determine eligibility when the successful offeror has been established by the agency and the contract transmitted for signature unless a referral has been made under 19.809, in which case the SBA will determine eligibility at that point.

(d) In any case in which a firm is determined to be ineligible, the SBA will notify the firm of that determination.

(e) The eligibility of an 8(a) firm for a competitive 8(a) award may not be challenged or protested by another 8(a) firm or any other party as part of a solicitation or proposed contract award. Any party with information concerning the eligibility of an 8(a) firm to continue participation in the 8(a) Program may submit such information to the SBA in accordance with 13 CFR 124.111(c).

[54 FR 46005, Oct. 31, 1989, as amended at 61 FR 67421, Dec. 20, 1996]

#### **19.806 Pricing the 8(a) contract.**

(a) The contracting officer shall price the 8(a) contract in accordance with subpart 15.4. If required by subpart 15.4, the SBA shall obtain certified cost or pricing data from the 8(a) contractor. If the SBA requests audit assistance to determine the reasonableness of the proposed price in a sole source acquisition, the contracting activity shall furnish it to the extent it is available.

(b) An 8(a) contract, sole source or competitive, may not be awarded if the price of the contract results in a cost

to the contracting agency which exceeds a fair market price.

(c) If requested by the SBA, the contracting officer shall make available the data used to estimate the fair market price.

(d) The negotiated contract price and the estimated fair market price are subject to the concurrence of the SBA. In the event of a disagreement between the contracting officer and the SBA, the SBA may appeal in accordance with 19.810.

[54 FR 46005, Oct. 31, 1989, as amended at 62 FR 51270, Sept. 30, 1997]

EFFECTIVE DATE NOTE: At 62 FR 51270, Sept. 30, 1997, in section 19.806, in paragraph (a), "15.8" was amended to read "15.4", effective Oct. 10, 1997.

#### **19.807 Estimating the fair market price.**

(a) The contracting officer shall estimate the fair market price of the work to be performed by the 8(a) contractor.

(b) In estimating the fair market price for an acquisition other than those covered in paragraph (c) of this section, the contracting officer shall use cost or price analysis and consider commercial prices for similar products and services, available in-house cost estimates, data (including cost or pricing data) submitted by the SBA or the 8(a) contractor, and data obtained from any other Government agency.

(c) In estimating a fair market price for a repeat purchase, the contracting officer shall consider recent award prices for the same items or work if there is comparability in quantities, conditions, terms, and performance times. The estimated price should be adjusted to reflect differences in specifications, plans, transportation costs, packaging and packing costs, and other circumstances. Price indices may be used as guides to determine the changes in labor and material costs. Comparison of commercial prices for similar items may also be used.

#### **19.808 Contract negotiation.**

##### **19.808-1 Sole source.**

(a) The SBA is responsible for initiating negotiations with the agency within the time established by the agency. If the SBA does not initiate negotia-

tions within the agreed time and the agency cannot allow additional time, the agency may, after notifying the SBA, proceed with the acquisition from other sources.

(b) The SBA should participate, whenever practicable, in negotiating the contracting terms. When mutually agreeable, the SBA may authorize the contracting activity to negotiate directly with the 8(a) contractor. Whether or not direct negotiations take place, the SBA is responsible for approving the resulting contract before award.

[54 FR 46005, Oct. 31, 1989, as amended at 55 FR 3883, Feb. 5, 1990; 56 FR 55378, Oct. 25, 1991; 61 FR 67421, Dec. 20, 1996]

##### **19.808-2 Competitive.**

In competitive 8(a) acquisitions subject to part 15, the contracting officer conducts negotiations directly with the competing 8(a) firms.

##### **19.809 Preaward considerations.**

The contracting officer should request a preaward survey of the 8(a) contractor whenever considered useful. If the results of the preaward survey or other information available to the contracting officer raise substantial doubt as to the firm's ability to perform, the contracting officer should refer the matter to the SBA for its consideration in deciding whether SBA should certify that it is competent and responsible to perform. This is not a referral for Certificate of Competency consideration under subpart 19.6. Within 15 working days of the receipt of the referral or a longer period agreed to by the SBA and the contracting activity, the SBA local district office that services the 8(a) firm will advise the contracting officer as to the SBA's willingness to certify its competency to perform the contract using the 8(a) concern in question as its subcontractor. The contracting officer shall proceed with the acquisition and award the contract to another appropriately selected 8(a) offeror if the SBA has not certified its competency within 15 working days (or a longer mutually agreeable period.)

[54 FR 46005, Oct. 31, 1989, as amended at 61 FR 67421, Dec. 20, 1996]

**19.810 SBA appeals.**

(a) The following matters may be submitted by the SBA Administrator for determination to the agency head if the SBA and the contracting officer fail to agree on them:

(1) The decision not to make a particular acquisition available for award under the 8(a) Program.

(2) The terms and conditions of a particular sole source acquisition to be awarded under the 8(a) Program.

(3) The estimated fair market price.

(b) Notification of a proposed referral to the agency head by the SBA must be received by the contracting officer within 5 working days after the SBA is formally notified of the contracting officer's decision. The SBA shall provide the agency Director for Small and Disadvantaged Business Utilization a copy of this notification. The SBA must provide the request for determination to the agency head within 20 working days of the SBA's receipt of the adverse decision. Pending issuance of a decision by the agency head, the contracting officer shall suspend action on the acquisition. Action on the acquisition need not be suspended if the contracting officer makes a written determination that urgent and compelling circumstances which significantly affect the interests of the United States will not permit waiting for a decision.

(c) If the SBA appeal is denied, the decision of the agency head shall specify the reasons for the denial, including the reasons why the selected firm was determined incapable of performance, if appropriate. The decision shall be made a part of the contract file.

**19.811 Preparing the contracts.****19.811-1 Sole source.**

(a) The contract to be awarded by the agency to the SBA shall be prepared in accordance with agency procedures and in the same detail as would be required in a contract with a business concern. The contracting officer shall use the Standard Form 26 as the award form, except for construction contracts, in which case the Standard Form 1442 shall be used as required in 36.701(b).

(b) The agency shall prepare the contract that the SBA will award to the 8(a) contractor in accordance with

agency procedures, as if the agency were awarding the contract directly to the 8(a) contractor, except for the following.

(1) The award form shall cite 41 U.S.C. 253(c)(5) or 10 U.S.C. 2304(c)(5) (as appropriate) as the authority for use of other than full and open competition.

(2) Appropriate clauses shall be included, as necessary, to reflect that the contract is between the SBA and the 8(a) contractor.

(3) The following items shall be inserted by the SBA—

(i) The SBA contract number.

(ii) The effective date.

(iii) The typed name of the SBA's contracting officer.

(iv) The signature of the SBA's contracting officer.

(v) The date signed.

(4) The SBA will obtain the signature of the 8(a) contractor prior to signing and returning the prime contract to the contracting officer for signature. The SBA will make every effort to obtain signatures and return the contract, and any subsequent bilateral modification, to the contracting officer within a maximum of 10 working days.

(c) Except in procurements where the SBA will make advance payments to its 8(a) contractor, the agency contracting officer may, as an alternative to the procedures in 19.811-1(a) and (b), use a single contract document for both the prime contract between the agency and the SBA and its 8(a) contractor. The single contract document shall contain the information in 19.811-1(b) (1), (2), (3), and (5). Appropriate blocks on the Standard Form (SF) 26 or 1442 will be asterisked and a continuation sheet appended which includes the following:

(1) Agency acquisition office, prime contract number, name of agency contracting officer and lines for signature, date signed, and effective date.

(2) The SBA office, the SBA contract number, name of the SBA contracting officer, and lines for signature and date signed.

(3) Name and lines for the 8(a) contractor's signature and date signed.

[54 FR 46005, Oct. 31, 1989, as amended at 55 FR 3883, Feb. 5, 1990; 61 FR 67421, Dec. 20, 1996; 62 FR 233, Jan. 2, 1997]

**19.811-2 Competitive.**

(a) The contract will be prepared in accordance with 14.408-1(d), except that appropriate blocks on the Standard Form 26 or 1442 will be asterisked and a continuation sheet appended which includes the following:

(1) The agency contracting activity, prime contract number, name of agency contracting officer, and lines for signature, date signed, and effective date.

(2) The SBA office, the SBA sub-contract number, name of the SBA contracting officer and lines for signature and date signed.

(b) The process for obtaining signatures shall be as specified in 19.811-1(b)(4).

[54 FR 46005, Oct. 31, 1989, as amended at 60 FR 34739, July 3, 1995; 62 FR 233, Jan. 2, 1997]

**19.811-3 Contract clauses.**

(a) The contracting officer shall insert the clause at 52.219-11, Special 8(a) Contract Conditions, in contracts between the SBA and the agency when the acquisition is accomplished using the procedures of 19.811-1(a) and (b).

(b) The contracting officer shall insert the clause at 52.219-12, Special 8(a) Subcontract Conditions, in contracts between the SBA and its 8(a) contractor when the acquisition is accomplished using the procedures of 19.811-1(a) and (b).

(c) The contracting officer shall insert the clause at 52.219-17, Section 8(a) Award, in competitive solicitations and contracts when the acquisition is accomplished using the procedures of 19.805 and in sole source awards which utilize the alternative procedure in 19.811-1(c).

(d) The contracting officer shall insert the clause at 52.219-18, Notification of Competition Limited to Eligible 8(a) Concerns, in competitive solicitations and contracts when the acquisition is accomplished using the procedures of 19.805.

(1) The clause at 52.219-18 with its Alternate I will be used when competition is to be limited to 8(a) concerns within one or more specific SBA districts pursuant to 19.804-2.

(2) The clause at 52.219-18 with its Alternate II will be used when the acquisition

is for a product in a class for which the Small Business Administration has waived the nonmanufacturer rule (see 19.102(f) (4) and (5)).

(e) The contracting officer shall insert the clause at 52.219-14, Limitations or Subcontracting, in any solicitation and contract resulting from this subpart.

[54 FR 46005, Oct. 31, 1989, as amended at 55 FR 3883, Feb. 5, 1990; 55 FR 25529, June 21, 1990; 60 FR 48263, Sept. 18, 1995; 61 FR 39209, July 26, 1996; 61 FR 67421, Dec. 20, 1996]

**19.812 Contract administration.**

(a) The contracting officer shall assign contract administration functions, as required, based on the location of the 8(a) contractor (see DoD Directory of Contract Administration Services Components (DoD 4105.59-H)).

(b) The agency shall distribute copies of the contract(s) in accordance with part 4. All contracts and modifications, if any, shall be distributed to both the SBA and the firm in accordance with the timeframes set forth in 4.201.

(c) To the extent consistent with the contracting activity's capability and resources, 8(a) contractors furnishing requirements shall be afforded production and technical assistance, including, when appropriate, identification of causes of deficiencies in their products and suggested corrective action to make such products acceptable.

(d) Section 407 of Pub. L. 100-656 requires that an 8(a) contract be terminated for convenience if the 8(a) concern to which it was awarded transfers ownership or control of the firm, unless the Administrator of the SBA, on a nondelegable basis, waives the requirement for contract termination. This Administrator may waive the termination requirement only if certain conditions exist. Moreover, a waiver of the statutory requirement for termination is permitted only if the 8(a) firm's request for waiver is made to the SBA prior to the actual relinquishment of ownership or control. The clauses in the contract entitled "Special 8(a) Contract Conditions" and "Special 8(a) Subcontract Conditions" require the SBA and the 8(a) subcontractor to notify the contracting officer when ownership of the firm is being transferred. When the contracting officer receives

information that an 8(a) contractor is planning to transfer ownership or control to another firm, action must be taken immediately to preserve the option of waiving the termination requirement. The contracting officer should determine the timing of the proposed transfer and its effect on contract performance and mission support. If the contracting officer determines that the SBA does not intend to waive the termination requirement, and termination of the contract would severely impair attainment of the agency's program objectives or mission, the contracting officer should immediately notify the SBA in writing that the agency is requesting a waiver. Within 15 business days thereafter, or such longer period as agreed to by the agency and the SBA, the agency head shall either confirm or withdraw the request for waiver. Unless a waiver is approved by the SBA, the contracting officer shall terminate the contract for convenience upon receipt of a written request by the SBA. This statutory requirement for a convenience termination does not affect the Government's right to terminate for default if the cause for termination of an 8(a) contract is other than the transfer of ownership or control.

[54 FR 46005, Oct. 31, 1989, as amended at 56 FR 15151, Apr. 15, 1991]

### Subpart 19.9 [Reserved]

### Subpart 19.10—Small Business Competitiveness Demonstration Program

SOURCE: 54 FR 5055, Jan. 31, 1989, unless otherwise noted.

#### 19.1001 General.

The Small Business Competitiveness Demonstration Program was established by Title VII of the "Business Opportunity Development Reform Act of 1988", Pub. L. 100-656, as amended by Title II of Pub. L. 102-366 and implemented by an OFPP Policy Directive and Test Plan, dated August 31, 1989, as amended on April 16, 1993. The program will be conducted over the period from January 1, 1989, through September 30, 1997. Pursuant to Section 713(a) of Pub.

L. 100-656, the requirements of the FAR that are inconsistent with the program procedures are waived. The program consists of two major components—

(a) A test of unrestricted competition in four designated industry groups; and

(b) A test of enhanced small business participation in 10 agency targeted industry categories.

[55 FR 52792, Dec. 21, 1990, as amended at 59 FR 11376, Mar. 10, 1994; 59 FR 67036, Dec. 28, 1994; 61 FR 67422, Dec. 20, 1996]

#### 19.1002 Definition.

*Emerging small business*, as used in this subpart, means a small business concern whose size is no greater than 50 percent of the numerical size standard applicable to the standard industrial classification code assigned to a contracting opportunity.

#### 19.1003 Purpose.

The purpose of the demonstration program is to—

(a) Test the ability of small businesses to compete successfully in certain industry categories without competition being restricted by the use of small business set-asides. This portion of the program is limited to the four designated industry groups listed in section 19.1005.

(b) Measure the extent to which awards are made to a new category of small businesses (ESB's), and to provide for certain acquisitions to be reserved for ESB participation only. This portion of the program is also limited to the four designated industry groups listed in section 19.1005.

(c) Expand small business participation in 10 targeted industry categories through continued use of set-aside procedures, increased management attention, and specifically tailored acquisition procedures, as implemented through agency procedures.

[54 FR 5055, Jan. 31, 1989, as amended at 55 FR 52792, Dec. 21, 1990]

#### 19.1004 Participating agencies.

The following agencies have been identified as participants in the demonstration program:

The Department of Agriculture.

The Department of Defense, except the Defense Mapping Agency.

## Federal Acquisition Regulation

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The Department of Energy.  
The Department of Health and Human Services.  
The Department of Interior.  
The Department of Transportation.  
The Department of Veterans Affairs.  
The Environmental Protection Agency.  
The General Services Administration.  
The National Aeronautics and Space Administration.

[54 FR 5055, Jan. 31, 1989, as amended at 54 FR 29281, July 11, 1989; 55 FR 38516, Sept. 18, 1990]

### 19.1005 Applicability.

(a) *Designated industry groups.* (1) Construction under standard industrial classification (SIC) codes that comprise Major Groups 15, 16, and 17 (excluding dredging—Federal Procurement Data System (FPDS) service codes Y216 and Z216).

(2) Refuse systems and related services including portable sanitation services, under SIC code 4212 or 4953, limited to FPDS service code S205.

(3) Architectural and engineering services (including surveying and mapping) under SIC codes 7389, 8711, 8712, or 8713, which are awarded under the qualification-based selection procedures required by 40 U.S.C. 541 *et seq.* (see subpart 36.6) (limited to FPDS service codes C111 through C216, C219, T002, T004, T008, T009, T014, and R404).

(4) Nonnuclear ship repair (including overhauls and conversions) performed on nonnuclear propelled and nonpropelled ships under SIC code 3731, limited to FPDS service codes J998 (repair performed east of the 108th meridian) and J999 (repair performed west of the 108th meridian).

(b) *Targeted industry categories.* Each participating agency, in consultation with the Small Business Administration, shall designate its own targeted industry categories for enhanced small business participation.

[55 FR 52792, Dec. 21, 1990, as amended at 59 FR 67036, Dec. 28, 1994]

### 19.1006 Procedures.

(a) *General.* (1) All solicitations shall include the applicable SIC code and size standards.

(2) The face of each award made pursuant to the program shall contain a statement that the award is being issued pursuant to the Small Business Competitiveness Demonstration Program.

(b) *Designated industry groups.* (1) Solicitations for acquisitions in any of the four designated industry groups issued from January 1, 1989, through September 30, 1997, that have an anticipated dollar value greater than \$25,000 shall not be considered for small business set-asides under subpart 19.5 (however, see subparagraphs (b)(2) and (c)(1) of this section). Acquisitions in the designated industry groups shall continue to be considered for placement under the 8(a) program (see subpart 19.8).

(2) Agencies may reinstate the use of small business set-asides as necessary to meet their assigned goals, but only within organizational unit(s) that failed to meet the small business participation goal.

(c) *Emerging small business set-aside.* (1) All acquisitions in the four designated industry groups with an estimated value equal to or less than the emerging small business reserve amount established by the Office of Federal Procurement Policy shall be set aside for ESB's; *provided* that the contracting officer determines that there is a reasonable expectation of obtaining offers from two or more responsible ESB's that will be competitive in terms of market price, quality, and delivery. If no such reasonable expectation exists, the contracting officer shall—

(i) For acquisitions \$25,000 or less, proceed in accordance with 13.105 or subpart 19.5; or

(ii) For acquisitions over \$25,000, proceed in accordance with paragraph (b) of this section.

(2) If the contracting officer proceeds with the ESB set-aside and receives a quotation from only one ESB at a reasonable price, the contracting officer shall make the award. If there is no quote from an ESB, or the quote is not at a reasonable price, then the contracting officer shall cancel the ESB set-aside and proceed in accordance with (c)(1) (i) or (ii) of this section.

(3) When using other than simplified acquisition procedures for ESB set-asides, the clause at 52.219-14, Limitations on subcontracting, shall be placed in all solicitations and resulting contracts.

(d) To expand small business participation in the targeted industry categories, each participating agency will develop and implement a time-phased strategy with incremental goals, including reporting on goal attainment. To the extent practicable, provisions that encourage and promote teaming and joint ventures shall be considered. These provisions should permit small business firms to effectively compete for contracts that individual small businesses would be ineligible to compete for because of lack of production capacity or capability.

[55 FR 52792, Dec. 21, 1990, as amended at 59 FR 11376, Mar. 10, 1994; 59 FR 67037, Dec. 28, 1994; 60 FR 34757, July 3, 1995; 61 FR 67422, Dec. 20, 1996]

#### **19.1007 Solicitation provisions.**

(a) The contracting officer shall insert in full text the provision at 52.219-19, Small Business Concern Representation for the Small Business Competitiveness Demonstration Program, in all solicitations in the four designated industry groups.

(b) The contracting officer shall insert in full text the provision at 52.219-20, Notice of Emerging Small Business Set-Aside, in all solicitations for emerging small businesses in accordance with 19.1006(c).

(c) The contracting officer shall insert in full text the provision at 52.219-21, Small Business Size Representation for Targeted Industry Categories under the Small Business Competitiveness Demonstration Program, in all solicitations issued in each of the targeted industry categories under the Small Business Competitiveness Demonstration Program that are expected to result in a contract award in excess of \$25,000.

[55 FR 52793, Dec. 21, 1990]

### **PARTS 20-21 [RESERVED]**

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