

Small Business Definitions

1. Definitions in accordance with FAR -- Part 2 and 19.001.

Concern: 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.

Small Business – A concern including its affiliates, that is independently owned and operated, not dominant in the field of operations in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFT Part 121 (See 19.102).

Small Disadvantaged Business – Has received certification as a small disadvantaged business concern consistent with 13 CFR Part 124, subpart B. The net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth. It is listed, on the date of its representation, on the register of small disadvantaged business concerns maintained by the Small Business Administration. The firm must be at least 51 percent unconditionally owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly owned business, at least 51 percent of the voting stock is unconditionally owned by one or more socially and economically disadvantaged individuals; and whose management and daily business operations are controlled by one or more such individuals.

Socially and Economically Disadvantaged Individuals are: Black Americans, Hispanic Americans, Native Americans (American Indians, Eskimos, Aleuts, or Native Hawaiians), Asian Pacific Americans (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China (including Hong Kong), Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Marina Islands, Guam, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, or Nauru), Subcontinent Asian Americans (persons from origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal) and Other groups designated from time to time by SBA.

Economically Disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to the diminished capital and credit opportunities as compared to other in the same or similar line of business that are not socially disadvantaged.

Socially Disadvantaged Individuals are those who have been subjected to ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.

Women-Owned Small Business (FAR 19.001) – 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 whose management and daily business operations are controlled by one or more women. DoD does not consider women-owned businesses as disadvantaged.

The Department of Transportation, Department of Energy, US Agency for International Development and NASA are mandated by Congress, however, to include all women-owned businesses in their disadvantaged business goals.

Veteran-owned small business concern means a small business is a concern where not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and the management and daily business operations of which are controlled by one or more veterans.

Service-disabled veteran-owned small business is a concern where not less than 51 % of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 % of the stock of which is owned by one or more service-disabled veterans; and the management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

Historically Black Colleges and Universities and Minority Institutions (DFARS 252.219-7003)

HBCU's are accredited institutions of higher education established prior to 1964 with a principal mission of educating African Americans.

Minority Institutions were developed to identify institutions, in addition to HBCU, having significant minority enrollments. Designated minority groups include African Americans, Native Americans, Hispanic Americans, Asian Americans, and Pacific Islanders.

North American Industry Classification (NAICS) (FAR 19.102) - NAICS codes were developed for use in the classification of establishments by type of industry in which they

are engaged. product or service. Typically, if a commodity or end item is being purchased, the size standard is based on the number of employees in the firm. If a service or construction is being purchased, the size standard is based on the firm's average annual receipts for the preceding three fiscal years.

Information regarding NAICS can be found at
<http://www.census.gov/epcd/www/naics.html>

Other Socio-Economic Programs

Indian Incentive Program (FAR 26.101, 52.226-1)

The Indian Incentive Program provides an incentive to prime contractors that use Indian Organizations and Indian-owned Economic Enterprises as subcontractors. The program allows for an incentive payment equal to 5% of the amount paid to a subcontractor in performing the contract, if it is authorized by the contract.

HUBZone Empowerment (Public Law 104-135) – A historically underutilized business zone, which is in an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian Reservation. (Small Businesses must be certified by the Small Business Administration)