

Interim Reciprocal Implementation Procedures

The November 23, 1999 Memorandum of Understanding (MOU) between the U.S. Small Business Administration (SBA) and the U.S. Department of Transportation (DOT) created a reciprocal certification process for SBA's 8(a) Business Development (8(a) BD) and Small Disadvantaged Business (SDB) programs, and DOT's Disadvantaged Business Enterprise (DBE) program. The intent of the MOU is to streamline and expedite the certification process of each respective program consistent with governing statutory and regulatory requirements.

The SBA and DOT have established interim reciprocal certification procedures for the SBA and DOT's recipients to follow until a standard uniform application form and a certification process are in place. This MOU is not binding on DOT recipients until the DBE regulations (49 C.F.R. Part 26) are amended pursuant to the Administrative Procedure Act. Therefore, DOT recipients are not required to follow these procedures until a final rule is issued; however, they may do so voluntarily. The interim procedures apply only to currently certified 8(a) BD, SDB, or DBE firms seeking participation in either the SBA or DOT programs for which they are not currently certified. Attached is a summary of the specific procedures and eligibility requirements necessary to qualify for reciprocal consideration under this interim process.

Consistent with the provisions of the MOU, the interim procedures do not preclude SBA or DOT from denying 8(a) BD, SDB or DBE certification to a firm that has been certified under one or more of the programs, but does not meet the requirements of the program for which it seeks reciprocal certification. The burden of proof for reciprocal certification is on the applicant. SBA, DOT, and DOT recipients also have the right to request additional information for certification purposes, and to use the information obtained to re-examine a firm's 8(a) BD, SDB, or DBE status.

This interim guidance and any subsequent guidance regarding the implementation of this MOU is available [here](#). If you have any questions or require additional information, please contact Bernetta L. Collins, FHWA, Office of Civil Rights at (720) 963-3243; Valerie Dorsett, FAA, Office of Civil Rights at (202) 267-3259; Gloria Dixon, FTA, Office of Civil Rights at (816) 329-3920; Laura Aguilar, DOT, Office of General Counsel at (202) 366-0365 or Mario Treviño, SBA, Office of SDB Certification and Eligibility at (202) 619-1631. **SUMMARY OF THE DOT/SBA INTERIM RECIPROCAL CERTIFICATION PROCEDURES**

If your business is currently certified in either the 8(a) BD, SDB, or DBE programs, it may be eligible for reciprocal consideration for the other program(s) if it satisfies the following additional requirements for that specific program.

- a. **If a currently certified 8(a) BD or SDB firm is seeking DBE certification, it must satisfy the following additional requirements:**
 - a. The firm must meet the DOT statutory gross receipts cap (i.e., the firm must not have annual gross receipts, averaged over 3 years, greater than \$16.6 million, as may be adjusted by the Secretary of Transportation from time to time for inflation).
 - b. All firms, including those owned by Alaskan Native Corporations, Indian Tribes, and Native Hawaiian Organizations, must meet the SBA small business size requirements and must be controlled by socially and economically disadvantaged individuals.
 - c. Firms and owners must meet DOT control requirements concerning licenses and credentials.
 - d. Firms must undergo an on-site review.
 - e. DOT recipients may deny DBE certification if the SBA certified firm does not provide products or services that the DOT procures or requires.
 - f. With respect to airport concessionaires, firms must meet the appropriate size standard in 49 C.F.R. Part 23, Subpart F.
- b. **If a currently certified DBE firm is seeking SDB certification, it must satisfy the following additional requirements:**
 - c. Disadvantaged owners must be U.S. Citizens.
 - d. Disadvantaged owners must have a personal net worth less than \$750,000.

- e. Owners of firms who are women and are not members of one of the designated groups presumed to be socially disadvantaged must provide personal statements relating to their individual social disadvantaged status.
- f. With respect to DBE airport concessionaires, firms must meet the SBA small business size standard corresponding to their primary SIC code.
- g. Disadvantaged owners must be U.S. Citizens.
- h. Owners of firms who are women and are not members of one of the designated groups presumed to be socially disadvantaged must provide personal statements relating to their individual social disadvantaged status.
- i. Disadvantaged owners of firms must have a net worth of less than \$250,000, lack adequate access to credit and capital, and must not have made any asset transfers within the past two years contrary to the regulatory requirements.
- j. Firms must have been in business in their primary industry classification for at least two full years or satisfy the requirements for a waiver.
- k. Firms and their principals must demonstrate good character.
- l. Firms, their disadvantaged owners, or a disadvantaged owner's family members must not own more than 20 percent equity ownership interest in another 8(a) BD firm. Firms with non-disadvantaged owners must not own more than 10 percent of another 8(a) BD participant in the developmental stage (1-4 years) of program participation or 20 percent of another 8(a) BD participant in the transitional stage of program participation.
- m. With respect to DBE airport concessionaires, firms must meet the SBA small business size standard corresponding to their primary SIC code.
- n. **If a currently certified DBE firm wants 8(a) BD certification, it must satisfy the following additional requirements:**

Submittal Procedures:

- 1. Forward a complete copy (with all applicable attachments) of your current 8(a) BD, SDB, or DBE certification application package to the SBA or to the relevant DOT recipient. Please clarify that you are requesting reciprocal certification consideration.
- 2. Include a copy of your certification letter indicating program eligibility.
- 3. Forward your reciprocal package to either:

*U.S. Small Business Administration
Office of Small Disadvantaged Business Certification & Eligibility
409 Third Street, SW, MC 8800, SDB, 8th Floor
Washington, DC 20416*

Or, your state's DBE certification officer. Check [here](#) for the full listing and to find your state's representative.

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