



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE SUITE 1000
WASHINGTON, DC 20374-5065

IN REPLY REFER TO
ACQ 021
28 Jan 99

MEMORANDUM FOR DISTRIBUTION

Subj: SUSPENSION OF THE PRICE EVALUATION ADJUSTMENT FOR SMALL
DISADVANTAGED BUSINESSES (99-02)

Encl: (1) OUSD DP (DAR) memo of 25 Jan 99

1. By enclosure (1) the Director of Defense Procurement has suspended for DoD procurements the use of the price evaluation adjustment for small disadvantaged business (SDBs) as prescribed in the Federal Acquisition Regulation (FAR), subpart 19.11. This suspension is effective 30 days from the date of enclosure (1) and will be in effect for a one-year period.
2. Please ensure immediate dissemination to all appropriate personnel.

A handwritten signature in black ink, appearing to read "Michael F. Howard".

MICHAEL F. HOWARD
Director, Strategic Operations/
Community Management



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

January 25, 1999

ACQUISITION AND
TECHNOLOGY

In reply refer to
DAR Tracking Number: 99-00004

DP (DAR)

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND,
DEFENSE LOGISTICS AGENCY

SUBJECT: Suspension of the Price Evaluation Adjustment for Small
Disadvantaged Businesses

Effective 30 days after the date of this memorandum, all Department of Defense (DoD) contracting activities shall suspend the use of the price evaluation adjustment for small disadvantaged businesses (SDBs) in DoD procurements, as prescribed in the Federal Acquisition Regulation (FAR), Subpart 19.11.

Subsection 2323(e) of title 10, United States Code (USC), as amended by Section 801 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, prohibits DoD from exercising the authority for a price exceeding fair market cost if the Secretary determines at the beginning of the fiscal year that DoD achieved the 5 percent goal established by subsection 2323(a) in the most recent fiscal year for which data are available. The determination has been made that in fiscal year 1998 DoD exceeded the 5 percent goal established in 10 USC 2323(a) for contract awards to SDBs. Accordingly, use of the price evaluation adjustment prescribed in FAR 19.11 is suspended for DoD.

This suspension is in effect for a one-year period beginning 30 days after the date of this memorandum for new solicitations issued on or after that date.

Eleanor R. Spector
Director, Defense Procurement

cc: DSMC, Ft. Belvoir



Determination under subparagraph (e)(3)(B) of section 2323 of title 10, United States Code, Contract goal for small disadvantaged businesses and certain institutions of higher education

Subsection 2323(e) of title 10, United States Code, as amended by Section 801 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, prohibits the Department of Defense from exercising the authority under subparagraph 2323(e)(3)(A) to enter into a contract for a price exceeding fair market cost if the Secretary determines at the beginning of the fiscal year that the Department achieved the 5% goal established by subsection 2323(a) in the most recent fiscal year for which data are available. The authority and responsibility of the Secretary of Defense under subparagraph 2323(e)(3)(B) have been delegated to the Under Secretary of Defense for Acquisition and Technology. The Under Secretary of Defense for Acquisition and Technology assigned the duties required under subparagraph 2323(e)(3)(B) to the Director of Defense Procurement. Accordingly, as Director of Defense Procurement, I hereby determine that in fiscal year 1998 the Department of Defense exceeded the 5% goal established in 10 U.S.C. 2323(a) for contract awards to small disadvantaged businesses. Accordingly, use of the price evaluation adjustment prescribed in the Federal Acquisition Regulation subpart 19.11 is suspended for the Department of Defense. This suspension is in effect for a one-year period beginning 30 days after the date of this determination for new solicitations issued on or after that date.

Eleanor R. Spector

Eleanor R. Spector, Director, Defense Procurement

1/25/99

Date