



ACQUISITION AND  
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON

WASHINGTON, DC 20301-3000

January 25, 2000

In reply refer to  
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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)  
EXECUTIVE DIRECTOR FOR PROCUREMENT MANAGEMENT (DLSC/DLA)

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 1999 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 applies to all solicitations issued during the  
period from February 24, 2000, to February 23, 2001.

R.D. Kerrins, Jr.  
Colonel, USA  
Acting Director, Defense Procurement

cc: DSMC, Ft. Belvoir

