



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

January 23, 2004

In reply refer to

DAR Tracking Number: 2004-00001

DPAP(DAR)

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES

DEPUTY FOR ACQUISITION MANAGEMENT, ASN(RDA)

DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE

(CONTRACTING), SAF/AQC

ACTING DEPUTY ASSISTANT SECRETARY OF THE ARMY

(POLICY AND PROCUREMENT), ASA(ALT)

DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY

DIRECTOR, ADMINISTRATION AND MANAGEMENT

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 continue to 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 and Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 219.11.

Subsection 2323(e) of title 10, United States Code (U.S.C.), as amended by section 801 of the *Strom Thurmond National Defense Authorization Act for Fiscal Year 1999* and section 816 of the *Bob Stump National Defense Authorization Act for Fiscal Year 2003*, requires DoD to suspend the regulation implementing the authority to enter into a contract 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. Based on the most recent data for Fiscal Year 2003, the determination was made that DoD exceeded the 5 percent goal established in 10 U.S.C. 2323(a) for contract awards to SDBs. Accordingly, use of the price evaluation adjustment prescribed in FAR 19.11 and DFARS 219.11 is suspended for DoD.

This suspension applies to all solicitations issued from February 24, 2004, to February 23, 2005.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

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 and section 816 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003, requires the Department of Defense to suspend regulations implementing 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 percent 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) were delegated to the Under Secretary of Defense for Acquisition, Technology, and Logistics. The Under Secretary of Defense for Acquisition, Technology, and Logistics assigned the duties required under subparagraph 2323(e)(3)(B) to the Director of Defense Procurement and Acquisition Policy. Accordingly, as Director of Defense Procurement and Acquisition Policy, I hereby determine that in fiscal year 2003, the Department of Defense exceeded the 5 percent 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 and Defense Federal Acquisition Regulation Subpart 219.11 is suspended for the Department of Defense. This suspension is in effect for a 1-year period beginning 30 days after the date of this determination for new solicitations issued on or after that date.



Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

1/25/04
Date