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ACQUISITION
TECHNOLOGY
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JAN 2 4 2005

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY (POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR, LOGISTICS POLICY AND ACQUISITION MANAGEMENT (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 continue to suspend the use of the price evaluation adjustment for small disadvantaged businesses (SDBs) in DoD procurement, 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 in 10 U.S.C. 2323(a) in the most recent fiscal year for which data are available. Based on the most recent data for Fiscal Year 2004, 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, 2005, to February 23, 2006.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

cc: DSMC