OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JANUARY 31, 2002

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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 LOGISTICS POLICY AND ACQUISITION MANAGEMENT (DLA)

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

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.

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, 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 2001, 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 is suspended for DoD.

This suspension applies to all solicitations issued during the period from February 24, 2002, to February 23, 2003.

for Col Lyndi Balven
Deidre A. Lee
Director, Defense Procurement

cc: DSMC, Ft. Belvoir