THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

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In reply refer to
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MEMORANDUM FOR DIRECTORS OF THE 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: Class Deviation - Suspension of the Price Evaluation Adjustment for Small Disadvantaged Businesses

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. The suspension is in effect for a one-year period 30 days after the date of this deviation and applies to all solicitations issued from March 10, 2007 to March 9, 2008.

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 or exceeded the five 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 2006, the determination was made that DoD exceeded the five 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.

My staff point of contact for this subject is Ms. Susan Pollack at (703) 697-8336 or susan.pollack@osd.mil.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy