



January 21, 2005

GSA Acquisition Letter V-05-02

MEMORANDUM FOR ALL GSA CONTRACTING ACTIVITIES

FROM: DAVID A. DRABKIN 
SENIOR PROCUREMENT EXECUTIVE

SUBJECT: Expiration of Price Evaluation Adjustment for Small
Disadvantaged Business (SDB) Concerns

1. Purpose. This Acquisition Letter informs you that the authority for the Price Evaluation Adjustment (PEA) for Small Disadvantaged Business (SDB) Concerns is no longer in effect for civilian agencies. It remains in effect for Department of Defense (DoD), National Aeronautics and Space Administration (NASA), and the Coast Guard.

2. Background. Public Law 103-355, Section 7102, (15 U.S.C. §644 note) authorized the small disadvantaged business price evaluation adjustment. Federal Acquisition Regulation (FAR) Subpart 19.11 authorized civilian agencies to apply the price evaluation adjustment in competitive acquisitions in the authorized North American Industry Classification System (NAICS) Industry Subsector to benefit certain certified SDBs at the prime contracting level. The Small Business Administration (SBA) has notified civilian agencies that this program has lapsed starting on December 9, 2004 and therefore, FAR Subpart 19.11 is no longer in effect. Contracting Officers who currently have open solicitations that contain this clause should immediately amend the solicitation to remove this clause from the solicitation. The SDB price evaluation adjustment for DoD, NASA, and the Coast Guard is governed by a separate statutory authority and is not affected by the recent lapse in authority for civilian agencies.

3. Effective Date. Date of this letter.

4. Termination Date. This Acquisition Letter will expire one year from issuance unless cancelled or extended.

5. Applicability. This Acquisition Letter applies to all GSA contracting activities and to all contracts GSA issues, including those used by other agencies. The PEA will apply when GSA makes purchases on behalf of DoD, NASA, and the Coast Guard.

6. Reference to regulations. FAR 52.219-23, FAR 19.11, and General Services Administration Acquisition Manual (GSAM) 519.11.

7. Instructions/procedures.

FAR 52.219-23 – Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns, FAR 19.11 – Price Evaluation Adjustment for Small Disadvantaged Business Concerns, and GSAM Subpart 519.11—Price Evaluation Adjustment for Small Disadvantaged Business Concerns and Appendix 519D—SDB Price Evaluation Adjustment Decision Charts are no longer in effect. The statutory government-wide goal for contracting with SDBs at not less than 5 percent remains in effect for both defense and civilian agencies.