



DEPARTMENT OF VETERANS AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR ACQUISITION AND MATERIEL MANAGEMENT
WASHINGTON DC 20420

IL 049-04-12
September 20, 2004

OFFICE OF ACQUISITION AND MATERIEL MANAGEMENT INFORMATION LETTER

TO: Under Secretaries for Health, Benefits, and Memorial Affairs; Assistant Secretary for Management; Chief Facilities Management Officer, Office of Facilities Management; Veterans Integrated Service Network Directors; Directors, VA Medical Center Activities, Domiciliaries, Outpatient Clinics, Medical and Regional Office Centers, and Regional Offices; Directors, Denver Distribution Center, Austin Automation Center, Records Management Center, VBA Benefits Delivery Centers, and VA Health Administration Center; and the Executive Director and Chief Operating Officer, VA National Acquisition Center

ATTN: Heads of the Contracting Activity and VA Contracting Officers

SUBJ: Expiration of Statutory Authority for the Price Evaluation Adjustment for Small Disadvantaged Businesses (SDB) (FAR 19.11) and the Very Small Business (VSB) Program (FAR 19.9) – Immediate Action Required

1. The Department has been advised by memorandum from the Small Business Administration (SBA), copy enclosed, of the expiration of statutory authority for the price evaluation adjustment for small disadvantaged businesses (SDB) (FAR 19.11) and the Very Small Business (VSB) Program (FAR 19.9). The authorities for these programs for Federal civilian agencies expired on June 5, 2004. Until Congress re-authorizes either or both of these provisions, contracting officers shall not apply a price evaluation adjustment to bids or offers received from SDBs or set-aside acquisitions for award to VSBs.

2. The Civilian Agency Acquisition Council (CAAC) intends to issue further guidance on these changes. However, agencies have been advised to implement these changes in advance of the CAAC guidance.

3. Action Required:

a. Effective immediately and until further notice, contracting officers shall not apply the SDB price evaluation adjustment to bids or offers received from SDBs. Contracting officers shall not include the clause at FAR 52.219-23, Notice of

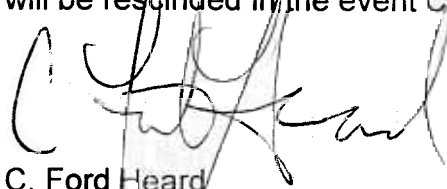
2.

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Price Evaluation Adjustment for Small Disadvantaged Business Concerns, in any solicitations issued after June 5, 2004. If there are currently any solicitations on the street that contain this clause, the solicitation shall be amended to remove this clause.

b. Effective immediately and until further notice, contracting officers shall not set aside acquisitions for award to VSBs under the VSB Program for any solicitations issued after June 5, 2004. If a solicitation was issued after June 5, 2004, as a VSB set-aside, it shall be amended to convert it to a standard small business set-aside. The clause at 52.219-5, Very Small Business Set-Aside, shall be deleted from any solicitation issued after June 5, 2004.

4. Please direct any questions regarding the above guidance to Don Kaliher, Acquisition Policy Division (049A5A), at (202) 273-8819 or Howard Swartzman, Acquisition Policy Division (049A5A), at (585) 393-7840. This Information Letter will be rescinded in the event Congress reauthorizes either or both programs.



C. Ford Heard
Director
Acquisition Resources Service

Enclosure

Distribution: RPC 7029




U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

JUL 30 2004

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR AGENCY SENIOR PROCUREMENT EXECUTIVES

From: Melanie Sabelhaus 
Deputy Administrator
U.S. Small Business Administration

Subject: Small Business Administration (SBA), Expiring Program Authority

The purpose of this Memorandum is to advise you of the expiration of the statutory authority for the Small Disadvantaged Business (SDB) prime contracting mechanisms for civilian agencies and the Very Small Business (VSB) Program.

Specifically, the SDB price evaluation adjustment, originally authorized under Public Law 103-355, Section 7102, (15 U.S.C. § 644 note), expired starting on June 5, 2004. That statutory provision, as implemented in the Federal Acquisition Regulation Subpart 19.11, authorized civilian agencies to apply the price evaluation adjustment to benefit certified SDBs at the prime contracting level. Until Congress reauthorizes this provision, it remains in effect only for the Department of Defense (DoD), National Aeronautics and Space Administration (NASA), and the Coast Guard, since their SDB procurement preference authority is not covered under this expired statutory provision. (Please note: The 5% governmentwide procurement contract goal established under Public Law 95-507 (15 U.S.C. §644(g)), for small business concerns owned and controlled by socially and economically disadvantaged individuals remains in effect for both defense and civilian agencies.)

In addition, the VSB Program, originally authorized under Section 304 of SBA's Reauthorization and Amendments Act of 1994, Public Law 103-403, expired beginning on June 5, 2004, for all Federal agencies. The VSB Program was created as a governmentwide pilot program to increase contracting opportunities for VSB concerns.

SBA is actively engaged in promoting Small Business and continues its efforts to encourage Congress to reauthorize the Program.