



**HEADQUARTERS  
POLICY FLASH**

**POLICY FLASH 2005-16**

**DATE:** January 28, 2005  
**TO:** Procurement Directors  
**FROM:** Office of Procurement and Assistance Policy, ME-61  
Office of Procurement and Assistance Management

**SUBJECT:** **Changes in Small Business Contracting Policy**

**SUMMARY:** This Policy Flash forwards changes to the Small Disadvantaged Business (SDB) price evaluation adjustment, new guidance from the U.S. Small Business Administration (SBA) on improving subcontracting opportunities with small businesses, and the requirement for recertification of small business status.

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1. The statute for the SDB price evaluation adjustment implemented in FAR Subpart 19.11 is no longer in effect for civilian agencies, except the National Aeronautics and Space Administration and Coast Guard. See the attached Civilian Agency Acquisition Council Letter, dated December 27, 2004:

CAAC Letter  
2004-04, Expiration c

Note: the Government-wide goal of at least 5 percent remains in effect.

2. On January 10, 2005, the SBA corrected a final rule that appeared in the Federal Register of December 20, 2004 (69 FR 75820), changing the effective date from December 20, 2004 to February 18, 2005. The links to those two (2) documents follow:

<http://frwebgate2.access.gpo.gov/cgi-bin/waisgate.cgi?WA!SdocID=766829202711+1+I+0&WA!Saction=retrieve>

<http://frwebgate6.access.gpo.gov/cgi-bin/waisgate.cgi?WA!SdocID=765742234285+13+1+0&WA!Saction=retrieve>

Among other things, the final rule provides a list of factors to consider in evaluating a prime contractor's performance and good-faith efforts to achieve the requirements in its subcontracting plan, authorizes the use of goals in subcontracting plans, and/or past performance in meeting such goals as a factor in source selection when placing orders against Federal Supply Schedules, Government-wide acquisition contracts, and multi-agency contracts and implements statutory provisions and other administrative procedures relating to subcontracting goals and assistance. In particular, the final rule lists various categories of small businesses that must be afforded maximum practicable subcontracting opportunities, clarifies the responsibilities of prime contractors and SBA's Commercial Market Representatives (CMRs) under the subcontracting assistance program, and supplies guidance on Subcontracting Orientation and Assistance Reviews (SOARs), performed by CMRs to assist prime contractors in their efforts to understand and comply with the requirements governing the small business subcontracting assistance program.

3. Effective December 21, 2004, the SBA implemented a new policy requiring a small business that merges or is acquired to recertify itself as small on all current contracts. The recertification does not affect the status of the contract, but allows the agency to determine whether the contract should still be counted toward small business goals. See the following web site: <http://www.sbaonline.sba.gov/news/04-87.pdf>.

Acquisition Letter 2004-03, Small Business Programs is being updated to incorporate this new guidance, among other changes in the small business area. Any questions concerning this Policy Flash, or small business policy in general, may be directed to Mr. Stephen Zvolensky at (202) 287-1307.

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