

DEPARTMENT OF DEFENSE**GENERAL SERVICES
ADMINISTRATION****NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION****48 CFR Chapter 1****Federal Acquisition Regulation; Small
Entity Compliance Guide**

AGENCIES: Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Small Entity Compliance Guide.

SUMMARY: This document is issued under the joint authority of the Secretary of Defense, the Administrator of General Services, and the Administrator for the National Aeronautics and Space Administration as the Federal Acquisition Regulatory Council. This *Small Entity Compliance Guide* has been prepared in accordance with Section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996 (Public Law 104-121). It consists of a summary of the rule appearing in Federal Acquisition Circular (FAC) 97-07 which amends the Federal

Acquisition Regulation (FAR). Further information regarding this rule may be obtained by referring to FAC 97-07 which precedes this notice. This document may be obtained from the Internet at <http://www.arnet.gov/far>.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat, (202) 501-4755.

**Reform of Affirmative Action in
Federal Procurement**

FAC 97-07/FAR Case 97-004B. This interim rule amends FAR Parts 1, 12, 14, 15, 19, 52, and 53 to establish two mechanisms to benefit small disadvantaged business concerns at the subcontract level. The first mechanism is a source selection evaluation factor or subfactor for planned SDB participation, primarily at the subcontract level, in the performance of a contract in the SIC Major Groups as determined by the Department of Commerce. This evaluation factor or subfactor will be used in competitive, negotiated acquisitions expected to exceed \$500,000 (\$1,000,000 for construction). This mechanism will not be applied to certain major categories of acquisition, including, for example, small business set-asides, 8(a) acquisitions, and acquisitions using the lowest price

technically acceptable source selection process.

The second mechanism provides for a monetary incentive for subcontracting with SDBs. Contracts resulting from solicitations in which SDB participation is evaluated may provide for a monetary payment to those prime contractors that meet specified targets for SDB participation as subcontractors in the SIC Major Groups as determined by the Department of Commerce.

These mechanisms conform to the Department of Justice proposal to reform affirmative action in Federal procurement and to regulations issued by the Small Business Administration regarding small disadvantaged business programs.

The interim rule also adds to the FAR a requirement to evaluate the past performance of offerors in complying with targets for SDB participation and subcontracting plan goals for SDBs whenever past performance is to be evaluated.

Dated: June 23, 1998

Edward C. Loeb,

Director,

Federal Acquisition Policy Division.

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