MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM

SUBJECT: Reinstatement of Small Business Set-asides Under the Small Business Competitiveness Demonstration Program

The Office of Federal Procurement Policy (OFPP) implemented the Small Business Competitiveness Demonstration Program by issuance of a test plan on August 31, 1989, and an amended test plan on April 16, 1993. The program was further implemented in FAR subpart 19.10 and DFARS subpart 219.10.

Under the program, small business set-asides were initially suspended for certain designated industry groups. Agencies are required by paragraphs III.D.2.a. and IV.A.4. of the OFPP test plan to reinstate the use of small business set-asides whenever the small business awards under any designated industry group fall below 40 percent or whenever small business awards under an individual Standard Industrial Classification (SIC) Code or Service Code within the designated industry group fall below 35 percent. Reinstatement is to be limited to the organizational elements (in the case of DoD, the individual Military Departments or other Components) that failed to meet the small business participation goals.

The DoD procurement data system indicates that for the 12 months ending June 1998, our awards under the following industries fell below the 40 percent (SIC Code 3731. Service Codes J998 and J999) or 35 percent (SIC Codes 1629 and 1791) thresholds. Accordingly, pursuant to DFARS 219.1006(b) (2), I direct the reinstatement of small business set-aside procedures pursuant to subpart 19.5 of the FAR for all solicitations issued on or after the date of this letter, or as soon thereafter as practicable, as follows:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Applicable to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Nuclear Ship Repair</td>
<td>All Navy Activities</td>
</tr>
<tr>
<td>SIC Code 3731, Service</td>
<td></td>
</tr>
<tr>
<td>Codes J998 and J999</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Major Group 17 -</td>
<td></td>
</tr>
<tr>
<td>SIC Code 1791 only</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All Navy Activities</td>
</tr>
</tbody>
</table>
Industry
Construction
Major Group 16 -
SIC Code 1629 only

Applicable to:
All Army Activities

The reinstatement of small business set-aside procedures for Construction Major Group 15 for all Army and Navy contracting activities and SIC Code 1629 for all Navy contracting activities remains in effect (memorandum dated June 17, 1998). Also, the departmentwide reinstatement of small business set-aside procedures for the designated industry group titled "Architectural and Engineering Services" remains in effect (memorandum dated September 30, 1991). Also, OFPP raised the emerging small business reserve amount for Architectural and Engineering Services from $25,000 to $50,000 on September 13, 1991; this increase remains in effect.

Please ensure that all appropriate contracting personnel are notified of the changes to the Small Business Competitiveness Demonstration Program, and that timely implementation is effected.

Eleanor R. Spector
Director, Defense Procurement

cc:
DIR, SADBU
SAF/AQC
DEPDIR (ACQ), DLA
DIR DEFENSE AGENCIES
CDR IN CHIEF, SOCOM
DIR, DOD EDUCATION ACTIVITY
DIR, TRICARE MANAGEMENT ACTIVITY
PRESIDENT, USUHS
DIRECTOR, WHS
DEPARTMENT OF DEFENSE

Reinstatement of Small Business Set-asides for Certain Acquisitions Under the Small Business Competitiveness Demonstration Program

AGENCY: Department of Defense (DoD).

ACTION: Notice of reinstatement of small business set-asides under the Small Business Competitiveness Demonstration Program.

SUMMARY: The Director of Defense Procurement has reinstated the use of small business set-aside procedures for certain non-nuclear ship repair and construction acquisitions conducted by the Departments of the Navy and Army. Included in the reinstatement are solicitations issued under Standard Industrial Classification (SIC) Code 3731 (Service Codes J998 and J999) (Navy only), SIC Code 1791 (Army only), and SIC Code 1629 (Army only; note: that use of small business set-asides in this SIC Code was previously reinstated for the Navy and that reinstatement remains in effect).


FOR FURTHER INFORMATION CONTACT: Mr. Michael Sipple, OUSD (A&T), Director of Defense Procurement, Contract Policy and Administration, Room 3C38, 3060 Defense Pentagon, Washington, DC 20301-3060, telephone (703) 695-8567.


Under the program, small business set-asides were initially suspended for certain designated industry groups.

Agencies are required by paragraphs ULD.2.a and IV.A.4. of the OFPP test plan to reinstate the use of small business set-asides whenever the small business awards under any designated industry group falls below 40 percent or whenever small business awards under an individual SIC Code or Service Code within the designated industry group falls below 35 percent. Reinstatement is to be limited to the organizational elements (in the case of DoD, the individual military departments or other components) that failed to meet the small business participation goals.

For the 12 months ending June 1998, DoD awards in the industries shown below fell below the 40 percent (SIC Code 3731 (Service Codes J998 and J999)) or 35 percent (SIC Codes 1629 and 1791) thresholds. Accordingly, pursuant to DFARS 219.1006(b)(2), the Director of Defense Procurement has directed reinstatement of small business set-aside procedures for solicitations that involve the industry categories shown below. The reinstatement applies to solicitations issued by the applicable buying activities on or after September 2, 1998, or as soon thereafter as practicable:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Applicable to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Nuclear Ship Repair, SIC</td>
<td>All Navy</td>
</tr>
<tr>
<td>Code 3731 (Service Codes J998 and J999).</td>
<td>Activities.</td>
</tr>
<tr>
<td>Construction, Major Group 17-</td>
<td>All Navy</td>
</tr>
<tr>
<td>SIC Code 1791 only.</td>
<td>Activities.</td>
</tr>
<tr>
<td>Construction Major Group 16-</td>
<td>All Army</td>
</tr>
<tr>
<td>SIC Code 1629 only.</td>
<td>Activities.</td>
</tr>
</tbody>
</table>


Michele P. Peterson, Executive Editor, Defense Acquisition Regulations Council [FR Doc. 98-24507 Filed 9-11-98; 8:45 am]