



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION AND
TECHNOLOGY

June 17, 1998

DP/CPA

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 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 March 1998, our awards under the following industries fell below the 40 percent (SIC Major Group 15) or 35 percent (SIC Code 1629) thresholds. Accordingly, pursuant to DFARS 219.1006(b) (21, 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,

Industry

Construction

Major Group 15
(SIC 1521, 1522,
1531, 1541, 1542)

Major Group 16 - SIC
Code 1629 only

Applicable to:

All Army and Navy Activities

All Navy Activities

You are reminded that by memorandum of September 30, 1991, small business set-asides were reinstated departmentwide for the designated industry group titled "Architectural and Engineering Services". This reinstatement remains in effect. 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.

A handwritten signature in dark ink, reading "Eleanor Spector". The signature is fluid and cursive, with the first name "Eleanor" and the last name "Spector" clearly distinguishable.

Eleanor R. Spector
Director, Defense Procurement

cc:

DIR, SADB
SAF/AQC
DEPDIR (ACQ), DLA
DIR DEFENSE AGENCIES
CDR IN CHIEF, SOCOM
DIR, DOD EDUCATION ACTIVITY
DIR, TRICARE MANAGEMENT ACTIVITY
PRESIDENT, USUHS
DIR, WHS