

for Construction Programs. After we receive the SF 424 and SF 424D, the Regional Director will obligate funds to you based on the approved Project Worksheets. You will then approve subgrants based on the Project Worksheets approved for each applicant.

5. Revise § 206.228(a)(2)(i) to read as follows:

§ 206.228 Allowable costs.

* * * * *

(a) * * *

(1) * * *

(2) *Statutory Administrative Costs—(i) Grantee.* Under section 406(f)(2) of the Stafford Act, we will pay you, the State, an allowance to cover the extraordinary costs that you incur to develop and validate Project Worksheets, to prepare final inspection reports, project applications, final audits, and to make related field inspections by State employees. Eligible costs include overtime pay and per diem and travel expenses, but do not include regular time for your State employees. The allowance to you will be based on the following percentages of the total amount of Federal assistance that we provide for all subgrantees in the State under sections 403, 406, 407, 502, and 503 of the Act:

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Dated: November 13, 1998.

James L. Witt,

Director.

[FR Doc. 98-31044 Filed 11-19-98; 8:45 am]

BILLING CODE 6718-02-P

DEPARTMENT OF DEFENSE

48 CFR Parts 209, 213, 219, 225, 231, 235, 236, 252, and 253

Defense Federal Acquisition Regulation Supplement; Adoption of Interim Rules as Final Rules Without Change

AGENCY: Department of Defense (DoD).

ACTION: Final rules.

SUMMARY: The Director of Defense Procurement is adopting as final, without change, eight interim rules that amended the Defense Federal Acquisition Regulation Supplement (DFARS). The rules pertain to contractor responsibility, awards to small disadvantaged business concerns, small business subcontracting plans, domestic source restrictions, restructuring costs, research and development contracting, and construction in foreign countries.

EFFECTIVE DATE: November 20, 1998.

FOR FURTHER INFORMATION CONTACT:

Ms. Michelle Peterson, (703) 602-0131.

SUPPLEMENTARY INFORMATION:

A. Background

The following is a summary of the eight interim rules that are adopted as final without change. DoD published the interim rules in the **Federal Register** for public comment and considered all comments received.

List of Firms Not Eligible for Defense Contracts (DFARS Case 97-D325) (63 FR 14836, March 27, 1998)

This rule amends DFARS Parts 209 and 252 to implement Section 843 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). Section 843 requires that the Secretary of Defense maintain a list of all firms that the Secretary has identified as being subject to a prohibition on contract award due to ownership or control of the firm by the government of a terrorist country; and that DoD contractors be prohibited from entering into subcontracts with firms on the list unless there is a compelling reason to do so.

Direct Award of 8(a) Contracts (DFARS Case 98-D011) (63 FR 33586, June 19, 1998)

This rule amends DFARS Parts 213, 219, 252, and 253 to implement a Memorandum of Understanding (MOU) dated May 6, 1998, between the Small Business Administration (SBA) and DoD. The MOU streamlines the processing procedures for contract awards under SBA's 8(a) Program by authorizing DoD to award contracts directly to 8(a) concerns.

Comprehensive Subcontracting Plans (DFARS Case 97-D323) (63 FR 14640, March 26, 1998)

This rule amends DFARS 219.702 to reflect revisions made to the DoD Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans, as required by Section 822 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). Section 822 extends, from September 30, 1998, to September 30, 2000, the expiration date for the test program; and provides for use of comprehensive subcontracting plans by participating contractors that are performing as subcontractors under DoD contracts.

Waiver of 10 U.S.C. 2534—United Kingdom (DFARS Case 98-D016) (63 FR 43887, August 17, 1998)

This rule amends DFARS Subpart 225.70 and the clauses at DFARS 252.225-7016 and 252.225-7029 to implement a waiver of the domestic source restrictions of 10 U.S.C. 2534(a)

for certain items manufactured in the United Kingdom. The waiver was signed by the Under Secretary of Defense (Acquisition and Technology) on June 19, 1998, and became effective on August 4, 1998.

Allowability of Costs for Restructuring Bonuses (DFARS Case 97-D312) (62 FR 63035, November 26, 1997)

This rule amends DFARS 231.205-6 to implement Section 8083 of the National Defense Appropriations Act for Fiscal Year 1998 (Public Law 105-56). Section 8083 prohibits the use of fiscal year 1998 funds to reimburse a contractor for costs paid by the contractor to an employee for a bonus or other payment in excess of the normal salary paid by the contractor to the employee, when such payment is part of restructuring costs associated with a business combination.

Restructuring Costs (DFARS Case 97-D313) (63 FR 7308, February 13, 1998)

This rule amends DFARS 231.205-70 to implement Section 8092 of the National Defense Appropriations Act for Fiscal Year 1998 (Public Law 105-56) and Section 804 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85). Sections 8092 and 804 restrict the reimbursement of restructuring costs associated with a business combination undertaken by a defense contractor unless certain conditions are met.

Streamlined Research and Development Contracting (DFARS Case 97-D002) (63 FR 34605, June 25, 1998)

This rule revises DFARS Subpart 235.70 to implement streamlined solicitation and contracting procedures for research and development acquisitions. The procedures use a standard solicitation and contract format, and use the World Wide Web to disseminate the standard format and publish the resulting solicitations.

Construction in Foreign Countries (DFARS Case 97-D307) (63 FR 11522, March 9, 1998)

This rule amends DFARS Part 236 and adds a new provision at 252.236-7012 to implement Section 112 of the Military Construction Appropriations Act for Fiscal Year 1998 (Public Law 105-45). Section 112 provides that no military construction appropriations may be used to award, to a foreign contractor, any contract estimated to exceed \$1,000,000 for military construction in the United States territories and possessions in the Pacific

and on Kwajalein Atoll, or in countries bordering the Arabian Gulf, except for: (1) Contract awards for which the lowest responsive and responsible bid of a United States firm exceeds the lowest responsive and responsible bid of a foreign firm by more than 20 percent, and (2) contract awards for military construction on Kwajalein Atoll for which the lowest responsive and responsible bid is submitted by a Marshallese firm.

B. Regulatory Flexibility Act

DoD certifies that these final rules will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., because:

List of Firms Not Eligible for Defense Contracts (DFARS Case 97-D325)—Few small entities are believed to subcontract with firms that are owned or controlled by the government of a terrorist country.

Direct Award of 8(a) Contracts (DFARS Case 98-D011)—The rule only affects the administrative procedures used to award 8(a) contracts.

Comprehensive Subcontracting Plans (DFARS Case 97-D323)—Small businesses are exempt from subcontracting plan requirements, and the rule does not change the obligation of large business concerns to maximize subcontracting opportunities for small business concerns.

Waiver of 10 U.S.C. 2534—United Kingdom (DFARS Case 98-D016)—There are no known small business manufacturers of the restricted air circuit breakers; defense appropriations acts presently impose domestic source restrictions on the acquisition of totally enclosed lifeboats and noncommercial ball and roller bearings; and the restrictions of 10 U.S.C. 2534(a) do not apply to acquisitions of commercial items incorporating ball or roller bearings.

Restructuring Costs (DFARS Case 97-D313) and Allowability of Costs for Restructuring Bonuses (DFARS Case 97-D312)—Most contracts awarded to small entities use simplified acquisition procedures or are awarded on a competitive fixed-priced basis, and do not require application of the cost principles contained in these rules.

Streamlined Research and Development Contracting (DFARS Case 97-D002)—The rule merely provides an implementation of electronic contracting procedures already authorized by the FAR.

Construction in Foreign Countries (DFARS Case 97-D307)—The DFARS changes contained in this rule apply

only to contracts for military construction on Kwajalein Atoll that are estimated to exceed \$1,000,000; DoD awards approximately two such contracts annually.

C. Paperwork Reduction Act

The Office of Management and Budget (OMB) approved the information collection requirements associated with DFARS Case 97-D307, Construction in Foreign Countries, for use through August 31, 2001, under OMB Control Number 0704-0255. The other rules do not contain any information collection requirements that require the approval of OMB under 44 U.S.C. 3501, et seq.

List of Subjects in 48 CFR Parts 209, 213, 219, 225, 231, 235, 236, 252, and 253

Government procurement.

Michele P. Peterson,
Executive Editor, Defense Acquisition Regulations Council.

Interim Rules Adopted as Final Without Change

PART 209—CONTRACTOR QUALIFICATIONS, AND PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Accordingly, the interim rule amending 48 CFR parts 209 and 252, which was published at 63 FR 14836 on March 27, 1998, is adopted as a final rule without change.

PART 213—SIMPLIFIED ACQUISITION PROCEDURES, PART 219—SMALL BUSINESS PROGRAMS, PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES, AND PART 253—FORMS

Accordingly, the interim rule amending 48 CFR parts 213, 219, 252, and 253, which was published at 63 FR 33586 on June 19, 1998, is adopted as a final rule without change.

PART 219—SMALL BUSINESS PROGRAMS

Accordingly, the interim rule amending 48 CFR part 219, which was published at 63 FR 14640 on March 26, 1998, is adopted as a final rule without change.

PART 225—FOREIGN ACQUISITION, AND PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Accordingly, the interim rule amending 48 CFR parts 225 and 252, which was published at 63 FR 43887 on August 17, 1998, is adopted as a final rule without change.

PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

Accordingly, the interim rule amending 48 CFR part 231, which was published at 62 FR 63035 on November 26, 1997, is adopted as a final rule without change.

PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

Accordingly, the interim rule amending 48 CFR part 231, which was published at 63 FR 7308 on February 13, 1998, is adopted as a final rule without change.

PART 235—RESEARCH AND DEVELOPMENT CONTRACTING

Accordingly, the interim rule amending 48 CFR part 235, which was published at 63 FR 34605 on June 25, 1998, is adopted as a final rule without change.

PART 236—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS, AND PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Accordingly, the interim rule amending 48 CFR parts 236 and 252 at sections 236.102, 236.274, 236.570, 252.236-7010, and 252.236-7012, which was published at 63 FR 11522 on March 9, 1998, is adopted as a final rule without change.

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DEPARTMENT OF DEFENSE

48 CFR Parts 215, 217, 219, 226, 236, 252, and Appendix I to Chapter 2

[DFARS Case 98-D021]

Defense Federal Acquisition Regulation Supplement; Reform of Affirmative Action in Federal Procurement, Part II

AGENCY: Department of Defense (DoD).
ACTION: Interim rule with request for comments.

SUMMARY: The Director of Defense Procurement has issued an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) guidance concerning programs for small disadvantaged business (SDB) concerns. These amendments conform to a Department of Justice (DoJ) proposal to reform affirmative action in Federal procurement, and are consistent with the changes made to the Federal Acquisition Regulation (FAR) in Federal