

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. 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 rules appearing in

Federal Acquisition Circular (FAC) 97-09 which amend the FAR. The rules marked with an asterisk (*) are those for which a regulatory flexibility analysis has been prepared in accordance with 5 U.S.C. 604. Further information regarding these rules may be obtained by referring to FAC 97-10 which precedes this document. This document may be obtained from the Internet at <http://www.arnet.gov/far>.

FOR FURTHER INFORMATION CONTACT:
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SUPPLEMENTARY INFORMATION:**LIST OF RULES IN FAC 97-10**

Item	Subject	FAR case	Analyst
I	Historically Underutilized Business Zone (HUBZone) Empowerment Contracting Program (Interim).	97-307	Moss
II	Limits for Indefinite-Quantity Contracts	98-016	DeStefano
III	Office of Federal Contract Compliance Programs National Pre-Award Registry	98-607	O'Neill
IV	Limitation on Allowability of Compensation for Certain Contractor Personnel	97-303	Nelson
V	Contractor Purchasing System Review Exclusions	97-016	Klein
VI	Contract Quality Requirements	96-009	Klein
VII	Mandatory Government Source Inspection *	97-027	Klein
VIII	No-Cost Value Engineering Change Proposals *	96-011	Klein
IX	Evidence of Shipment in Electronic Data Interchange Transactions	97-011	Nelson

Summaries for each FAR rule follow. For the actual revisions and/or amendments to these FAR cases, refer to the specific item number and subject set forth in the documents following these item summaries.

Federal Acquisition Circular 97-10 amends the Federal Acquisition Regulation (FAR) as specified below:

**Item I—Historically Underutilized
Business Zone (HUBZone)
Empowerment Contracting Program**

[FAR Case 97-307]

This interim rule amends FAR Parts 5, 6, 7, 8, 12, 13, 14, 15, 19, 26, 52, and 53 to implement the Small Business Administration Historically Underutilized Business Zone (HUBZone) Empowerment Contracting Program. The purpose of the program is to provide Federal contracting assistance for qualified small business concerns located in historically underutilized business zones in an effort to increase employment opportunities, investment, and economic development in these areas. The program provides for set-asides, sole source awards, and price evaluation preferences for HUBZone small business concerns and establishes goals for awards to such concerns.

**Item II—Limits for Indefinite-Quantity
Contracts**

[FAR Case 98-016]

This final rule amends FAR 16.504(a) to clarify that maximum and minimum limits for indefinite-quantity contracts may be expressed as a number of units or dollar value.

**Item III—Office of Federal Contract
Compliance Programs National Pre-
Award Registry**

[FAR Case 98-607]

This final rule amends FAR part 22 and related clauses to (1) inform the procurement community of the availability of the Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) National Pre-Award Registry (Registry), accessible through the Internet, that contains contractor establishments who have received a preaward clearance within the preceding 24 months, and the option to use the information in the Registry in lieu of submitting a written request for a preaward clearance; and (2) implement revised Department of Labor (DoL) regulations pertaining to equal employment opportunity and affirmative action requirements for Federal contractors and subcontractors.

**Item IV—Limitation on Allowability of
Compensation for Certain Contractor
Personnel**

[FAR Case 97-303]

The interim rule published as Item XIII of FAC 97-04 is converted to a final rule with minor clarifying amendments at FAR 31.205-6(p)(2). The rule implements Section 808 of the National Defense Authorization Act for Fiscal Year 1998 (Pub. L. 105-85). Section 808 limits allowable compensation costs for senior executives of contractors to the benchmark year by the Administrator, Office of Federal Procurement Policy (OFPP). The benchmark compensation amount is \$340,650 for contractor fiscal year 1998, and subsequent contractor fiscal years, unless and until revised by OFPP.

**Item V—Contractor Purchasing System
Review Exclusions**

[FAR Case 97-016]

This final rule amends FAR 44.302 and 44.303 to exclude competitively awarded firm-fixed-price and competitively awarded fixed-price contracts with economic price adjustment, and sales of commercial items pursuant to FAR part 12, from the dollar amount used to determine if a contractor's level of sales to the Government warrants the conduct of a CPSR; and to exclude subcontracts awarded by a contractor exclusively in

support of Government contracts that are competitively awarded firm-fixed-price, competitively awarded fixed-price with economic price adjustment, or awarded for commercial items pursuant to FAR part 12, from evaluation during a CPSR.

Item VI—Contract Quality Requirements

[FAR Case 96-009]

This final rule amends FAR 46.202-4, 46.311, and 52.246-11 to replace references to Government specifications with references to commercial quality standards as examples of higher-level contract quality requirements; to require the contracting officer to indicate in the solicitation which higher-level quality standards will satisfy the Government's requirement; and, if more than one standard is listed in the solicitation, to require the offeror to indicate its selection by checking a block.

Item VII—Mandatory Government Source Inspection

[FAR Case 97-027]

This final rule amends FAR 46.402 to facilitate the elimination of unnecessary requirements for Government contract quality assurance at source. This rule deletes the mandatory requirements for Government contract quality assurance at source on all contracts that include a higher-level contract quality requirement, and for supplies requiring inspection that are destined for overseas shipment.

Item VIII—No-Cost Value Engineering Change Proposals

[FAR Case 96-011]

The interim rule published as Item X of FAC 97-05 is converted to a final rule without change. The rule revises FAR 48.104-3 to clarify that no-cost value engineering change proposals (VECPs) may be used when, in the contracting

officer's judgment, reliance on other VECP approaches likely would not be more cost-effective, and the no-cost settlement would provide adequate consideration to the Government.

Item IX—Evidence of Shipment in Electronic Data Interchange (EDI) Transactions

[FAR Case 97-011]

This final rule revises the clause at FAR 52.247-48 to facilitate the use of electronic data interchange (EDI) transactions and to streamline the payment process when supplies are purchased on a free on board (f.o.b.) destination basis with inspection and acceptance at origin.

Dated: December 14, 1998.

Ralph DeStefano,

Acting Director, Federal Acquisition Policy Division.

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