

reporting burden is estimated as follows: Respondents, 603,524; responses per respondent, 1; total annual responses, 603,524; preparation hours per response, .08333, and total response burden hours, 50,273. The collection is voluntary.

Copies of the Proposal

A copy of the Paperwork proposal is available from the Office of Federal Procurement Policy, Room 352, OEOB, Washington, DC 20503. Please cite the Small Business Competitiveness Demonstration Program in all correspondence.

Deidre A. Lee,

Administrator.

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy; Small Business Administration

Final Policy Directive, Small Business Competitiveness Demonstration Program

AGENCIES: Office of Federal Procurement Policy (OFPP), and Small Business Administration (SBA), OMB.

ACTION: Notice of final policy directive.

SUMMARY: The OFPP and SBA are issuing a final policy directive and implementation plan to implement the Small Business Competitiveness Demonstration Program established by the Small Business Competitiveness Demonstration Program Act of 1988 (Pub. L. 100-656), as amended, 15 U.S.C. 644 note. As a result of comments received following publication of an interim policy directive and implementation plan in the **Federal Register** on September 19, 1998 (63 FR 51981), we are revising the interim policy directive and implementation plan as indicated below. The changes to the implementation plan include:

1. We added a new subparagraph 7. in section III.A. to make clear that the very small business pilot program does not apply to any requirement that is subject to the Small Business Competitiveness Demonstration Program.

2. We revised section IIIC.1. to allow participating agencies to apply the 40 percent small business goal separately for east coast non-nuclear ship repair and west coast non-nuclear ship repair.

3. We revised section IVA.5. to clarify that SBA has the authority to request quarterly reports from the Federal

Procurement Data System (FPDS) to monitor agencies' progress towards meeting their annual goals.

4. We revised section V.A.1 to delete reference to the solicitation date, but retained the requirement for agencies to distinguish awards made under the Program from other contract awards.

EFFECTIVE DATE: October 1, 1999.

FOR FURTHER INFORMATION CONTACT: Linda G. Williams, Deputy Associate Administrator, (202) 395-3302.

SUPPLEMENTARY INFORMATION:

A. Background

Congress established the Small Business Competitiveness Demonstration Program in 1988 to test the effectiveness of eliminating small business set-asides in certain industries. (See Pub. L. 100-656, the Small Business Competitiveness Demonstration Program Act of 1988 ("Act"), as amended, at 15 U.S.C. 644 note.) The Program has two primary objectives: (1) to demonstrate whether or not small businesses in certain industry groups can compete successfully on an unrestricted basis for Federal contracts, and (2) to demonstrate whether or not targeted goaling and management techniques can expand Federal contract opportunities for small businesses in industry categories where such opportunities historically have been low despite adequate numbers of small business contractors in the economy. A separate program to expand small business participation in the dredging industry, to be overseen by the Department of the Army, was also included in the Act. As originally established, the Demonstration Program extended through December 31, 1992.

To implement the Program, Congress in section 715(a) of the Act, authorized the OFPP Administrator to issue a test plan pursuant to section 15 of the Office of Federal Procurement Policy Act (41 U.S.C. 413). In addition, in section 715(b), Congress directed the OFPP Administrator, in cooperation with the SBA Administrator, to issue a policy directive (binding on all participating agencies) to ensure consistent government-wide implementation of the Act in the Federal Acquisition Regulation (FAR).

After requesting public comment on an interim policy directive and test plan (53 FR 52889 (December 29, 1988)), OFPP implemented the Program by issuing a final policy directive and test plan dated August 31, 1989, 54 FR 37741 (September 12, 1989). In accordance with section 715(b) of the Act, the policy directive and test plan

were implemented in the FAR (48 CFR subpart 19.10).

In 1992, Congress in sections 201-203 of the Small Business Credit and Business Opportunity Enhancement Act of 1992 (Pub. L. 102-366; "1992 Act"), extended the Demonstration Program through September 30, 1996, and made amendments to the Program. To carry out these amendments, Congress in Section 202(i) of the 1992 Act directed the OFPP Administrator to issue conforming modifications to the test plan and policy directive. The conforming modifications were issued in an interim policy directive with request for comments (58 FR 19849, April 16, 1993), and were incorporated into the FAR (48 CFR subpart 19.10). In 1996, Congress extended the Demonstration Program for one year, through September 30, 1997. Public Law 104-208, Div. D, Title I, Sec. 108. In 1997, Congress also extended the aspect of the Program covering expansion of small business participation in the dredging industry. Public Law 105-18, Title II, Sec. 2002.

In December 1997, the Small Business Reauthorization Act of 1997 (Public Law 105-135) was enacted into law ("1997 Act"). Sections 401-405 of the 1997 Act made the Demonstration Program permanent, and made further amendments to the Program.

In order to respond to the comments that we received on the April 1993 interim policy directive and test plan, and to make conforming changes to reflect the amendments made by the 1997 Act, we issued a newly revised interim OFPP policy directive and implementation plan on September 29, 1998. In addition to making conforming revisions to reflect the amendments made by Congress in the 1997 Act, we made non-substantive revisions in various parts of the document, which are intended to improve its clarity. For ease of reading, we reissued the interim policy directive and implementation plan in its entirety for comment.

B. Public Comments

OFPP received seven letters in response to the request for comments on the September 29, 1998, interim policy directive and implementation plan. A summary of the main issues and concerns raised in the comments follows:

1. *Comment:* SBA should change the small business size standard for the construction industry to make appropriate adjustments for inflation.

Response: SBA is reviewing the size standards for construction and will make adjustments for inflation if deemed necessary. SBA will publish