

U.S. SMALL BUSINESS ADMINISTRATION
Office of Government Contracting Area V
4300 Amen Carter Boulevard, Suite 116
Fort Worth, TX 76155

October 29, 1998

Ms. Bobbi Norton
Manager of Supplies
University of New Mexico
Purchasing Dept.
Onate Hall-Rm. 116, Campus Blvd & Girard
Albuquerque, NM 87131-3056

Dear Ms. Norton:

The purpose of this letter is to bring some important regulatory changes to your attention. These changes were published in the Federal Register on June 30 and July 1, 1998. They include revisions to both the Federal Acquisition Regulation (FAR) and the regulations of the U.S. Small Business Administration (SBA). The changes are designed to ensure compliance with the constitutional standards established by the U.S. Supreme Court in *Adarand v. Peña* (1995).

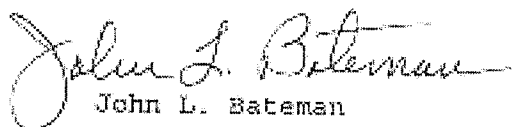
The regulations expected to have the greatest impact on prime contractors will take effect on January 1, 1999. They include the requirement that all subcontractors and suppliers claiming disadvantaged status be certified by SBA. All companies in SBA's 8(a) Business Development Program and certain graduates of the program will automatically qualify for SDB status. Other small businesses will have to submit an application to SBA to obtain their SDB certification. After January 1, 1999, prime contractors will not be permitted to take credit for subcontract awards to SDB's unless the firms have been certified by SBA.

The new regulations also require all prime contractors to submit a breakout of subcontract awards to SDB's by Standard Industrial Classification (SIC) Major Group (two-digit SIC code) at the end of each fiscal year. The first SF-295 requiring this breakout will be due on October 30, 1999, for the fiscal year ended September 30, 1999. Accordingly, it is most important that you enhance your accounting system now, if necessary, to comply with this requirement.

We have already provided an easy way for you to identify certified SDB's on the Internet. By accessing PRO-Net (<http://pro-net.sba.gov>), you can search for SDB's certified by SBA. PRO-Net contains over 177,000 firms and also provides a hot-link to a database of SIC codes. It is available to you free of charge.

We recognize that these changes will require you to make some adjustments, and we are anxious to help you. For questions about SDB certification, you may call SBA's Office of Small Disadvantaged Business Certification and Eligibility at (202) 619-1950 (Washington, D.C.) or (800) 558-0884. If you have other questions, please call Mr. Larry Lytle of my staff at (817) 334-5906.

Sincerely,


John L. Bateman
Area Director

For Government Contracting