



## Weekly Report for September 7, 2018

### **SMALL BUSINESS ADMINISTRATION**

#### **Boosting small business demands big ideas**

According to an article in [dcma.mil](http://dcma.mil), there are 28 million small businesses in America, and Defense Contract Management Agency's small business team wants as many of them as possible to join the defense industrial base. "Our mission is to provide small business support to our defense and government customers by ensuring subcontracting compliance and optimizing subcontracting opportunities," said Tatia Evelyn-Bellamy, the director of DCMA's Small Business Office and Small Business Compliance Center. "Our strategy is to actively assist customers in developing aggressive but reasonable subcontracting plans for their contractors and review contractor subcontracting program compliance." In line with the agency's over-arching mission of warfighter support, Evelyn-Bellamy explained her team's effort "in assisting military partners with pre-award and post-award subcontract management, and working with prime contractors to achieve subcontract success" helps foster business innovation and new technology, supports the warfighter, strengthens and sustains the military and economic industrial base, and promotes private enterprise.

### **DEFENSE DEPARTMENT**

#### **In Pursuit of Innovative Technologies, Department of Defense Creates Another Pathway Around Traditional Acquisition Rules**

Amid the hype over its growing use of Other Transaction Agreements (OTAs), the Defense Department is taking yet another step into unorthodox contracting methods as it pursues more participation from non-traditional vendors. As part of a four-year pilot program, the Pentagon issued new rules that will let its contracting officers move through streamlined acquisition processes when they're buying "innovative" commercial goods and services. Much like the department's burgeoning use of OTAs, they will allow the Department of Defense (DoD) to make purchases without issuing traditional requests for proposal and conducting formal competitions. But unlike OTAs, those purchases won't be restricted mainly to prototypes. And the term "innovative" is fairly broad, under the June 26 guidance DoD published, known as a class deviation. It sweeps up any commercial "technology, process, or method, including research and development, that is new as of the date of submission of a proposal, or any application that is new as of the date of submission of a proposal of a technology, process, or method." For more information, please visit [here](#).

#### **The Defense Department Federal Acquisition Regulation Supplement made the following changes:**

**DFARS Case 2018-D042:** Repeal of DFARS Clause, Removal of Contractor's Employees. (August 24, 2018) [83 Fed. Reg 165, 42788](#)

**DFARS Case 2017-D041:** Repeal of Independent Research and Development Technical Interchange. (August 24, 2018) Proposed. [83 Fed. Reg 165, 42787](#)

**DFARS Case 2017-D034:** Antiterrorism Training Requirements for Contractors. (August 24, 2018) [83 Fed. Reg 165, 42820](#)

**DFARS Case 2018-D011:** Exemption from Design-Build Selection Procedures. (August 24, 2018) [83 Fed. Reg 165, 42850](#)

**DFARS Case 2018-D028:** Modification of DFARS Clause, Transportation of Supplies by Sea. (August 24, 2018) [83 Fed. Reg 165, 42826](#)

**DFARS Case 2017-D011:** Restrictions on Acquisitions from Foreign Sources. (August 24, 2018) [83 Fed. Reg 165, 42828](#)

**DFARS Case 2018-D007:** Sunset of Provision Relating to the Procurement of Certain Goods. (August 24, 2018) [83 Fed. Reg 165, 42822](#)

**DFARS Case 2017-D019:** Performance-Based Payments and Progress Payments. (August 24, 2018) [83 Fed. Reg 165, 42831](#)

**Early Engagement Opportunity:** Implementation of National Defense Authorization Act for Fiscal Year 2019. (August 24, 2018) [83 Fed. Reg 165, 42883](#)

## **GOVERNMENT CONTRACTING**

### **Class Deviation-Micro-Purchase Threshold, Simplified Acquisition Threshold, and Special Emergency Procurement Authority**

According to a memorandum on [acq.osd.mil](#), this class deviation rescinds and supersedes Class Deviation 2018-00013, dated April 13, 2018. This class deviation increases the micro-purchase threshold for DOD in Class Deviation 2018-00013, from \$5,000 to \$10,000. Please note, this class deviation does not change the micro-purchase threshold exceptions of \$2,000 for acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction); and \$2,500 for acquisitions of services subject to 41 U.S.C. chapter 67, Service Contract Labor Standards, provided in the FAR 2.101 definition of "micro-purchase threshold."

## **LABOR AND EMPLOYMENT**

### **Establishing a Minimum Wage for Contractors, Notice of Rate Change in Effect as of January 1, 2019**

The Wage and Hour Division of the U.S. Department of Labor is issuing this notice to announce the applicable minimum wage rate for workers performing work on or in connection with federal contracts covered by Executive Order 13658, beginning January 1, 2019. Executive Order 13658, Establishing a Minimum Wage for Contractors (the Executive Order or the Order), was signed on February 12, 2014, and raised the hourly minimum wage for workers performing work on or in connection with covered federal contracts to \$10.10 per hour, beginning January 1, 2015, with annual adjustments thereafter as determined by the Secretary of Labor (the Secretary) in accordance with the methodology set forth in the Order. The Secretary's determination of the Executive Order minimum wage rate also affects the minimum hourly cash wage for tipped employees performing work on or in connection with covered contracts. The Secretary is required to provide notice to the public of the new minimum wage rate at least 90 days before the rate takes effect. The applicable minimum wage under the Executive Order is currently \$10.35 per hour, in effect since January 1, 2018.

Pursuant to the Executive Order and its implementing regulations in the Code of Federal Regulations, notice is hereby given that beginning January 1, 2019, the Executive Order minimum wage rate that generally must be paid to workers performing work on or in connection with covered contracts will increase to \$10.60 per hour. Notice is also hereby given that, beginning January 1, 2019, the required minimum cash wage that generally must be paid to tipped employees performing work on or in connection with covered contracts will increase to \$7.40 per hour. [83 Fed. Reg. 171, 44906](#)

## **CAPITOL HILL**

### **Surveying Storms: A Deeper Dive into SBA's Disaster Response**

On September 5, 2018, the House Small Business Committee held a hearing to examine the U.S. Small Business Administrations' disaster response. Members of the Committee heard directly from James Rivera, Associate Administrator of the Office of Disaster Assistance at SBA, about the agency's actions during the 2017 storm season and SBA's disaster response moving forward. You can find more information [here](#).

## **NDAAs PILIEROMAZZA BLOGS:**

### **The 2019 NDAA Streamlines, Reorganizes, and Redefines By Timothy F. Valley**

Title VIII—Acquisition Policy, Acquisition Management, and Related Matters of the National Defense Authorization Act for Fiscal Year 2019 ("2019 NDAA") includes a number of changes to the Department of Defense ("DoD") acquisition statutes and the definition of commercial items. These changes appear to be in direct response to the recommendations from the Section 809 Panel (the "Panel") reports from January and June of 2018. In its reports, the Panel noted the sometimes cumbersome and unnecessary complexity of the DoD acquisition system and the confusion surrounding the definition of commercial items. [\[Read more\]](#)

### **The 2019 NDAA's Impact on Small Business Procurement By Samuel S. Finnerty**

On August 13, 2018, the John S. McCain National Defense Authorization Act ("NDAA") for Fiscal Year 2019 was signed into law by President Trump. As with prior NDAA's, the 2019 NDAA includes a number of provisions that affect procurement policy, management, and related matters. Below, we summarize some of the more notable provisions that will impact small business procurement. [\[Read more\]](#)

### **2019 NDAA Raises Micro-purchase Threshold for DoD By Kathryn V. Flood**

The 2019 NDAA brought a welcome surprise for many defense contractors—the DoD plans to increase its micro-purchase threshold from \$5,000 to \$10,000, which matches the increase given to civilian agencies in last year's NDAA. For the full blog, visit [\[Read more\]](#)