

**Acquisition Policy  
DOT DASH  
2011-05**

**Date:** January 21, 2011

**To:** Chief of the Contracting Office (COCO)  
Acquisition Personnel

**From:** Office of the Senior Procurement Executive

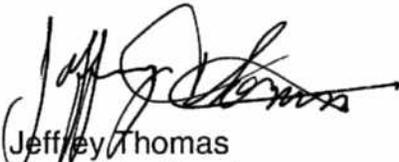
**Subject:** Federal Acquisition Circular 2005-47

**Summary:** Federal Acquisition Circular 2005-47, which makes changes to the Federal Acquisition Regulation (FAR), was published in the December 13, 2010, issue of the Federal Register. It concludes seven (7) separate rulemakings which are described in the attached summary sheet.

Unless otherwise specified, all FAR and other directive material contained in FAC 2005-47 is effective December 13, 2010 except Items II, HUBZone, and VI, Pass Through, which is effective January 12, 2011.

This DASH and its attachment will be available online at the following website:  
<http://www.dot.gov/ost/m60>, under Breaking News or Quick Picks, Policy DASHES.

Questions concerning this policy DASH should be directed to Lenita Ahmadi at (202) 366-4974 or [lenita.ahmadi@dot.gov](mailto:lenita.ahmadi@dot.gov).



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Attachment

## ATTACHMENT (1)

Federal Acquisition Regulation Circular (FAC) 2005-47 amends the Federal Acquisition Regulation (FAR) as specified below:

### List of Rules in FAC 2005-47

- I. Notification of Employee Rights Under the National Labor Relations Act (FAR Case 2010-006) (Interim)
- II. HUBZone Program Revisions (FAR Case 2006-005)
- III. Preventing Abuse of Interagency Contracts (FAR Case 2008-032) (Interim)
- IV. Small Disadvantaged Business Self Certification (FAR Case 2009-010) (Interim)
- V. Uniform Suspension and Debarment Requirement (FAR Case 2009-036) (Interim)
- VI. Limitation on Pass-Through Charges (FAR Case 2008-031)
- VII. Technical Amendments

SUPPLEMENTARY INFORMATION: Summaries for each FAR rule follow.

### **Item I—Notification of Employee Rights Under the National Labor Relations Act (FAR Case 2010-006) (Interim)**

This interim rule amends the Federal Acquisition Regulation (FAR) to implement Executive Order 13496, Notification of Employee Rights Under Federal Labor Laws, as implemented by the Department of Labor (DOL). The Executive Order requires contractors and subcontractors to post a notice that includes employee rights under the National Labor Relations Act 29, U.S.C. 151 et seq. This Act encourages collective bargaining, and protects the exercise by employees of their freedom to associate, to self organize and to designate representatives of their own choosing for the purpose of negotiating the terms and condition of their employment. This FAR interim rule establishes a new subpart 22.16, Notification of Employee Rights under the National Labor Relations Act. The rule also creates a new FAR clause 52.222-40, Notification of Employee Rights under National Labor Relations Act. In addition, this rule revises the FAR clauses at 52.212-5, Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items, and 52.244-6, Subcontracts for Commercial Items, to include the requirements of the new FAR clause 52.222-40. The required employee notice, "Notification of Employee Rights Under the National Labor Relations Act," may be obtained from the DoL; downloaded from a DoL Website; provided by the Federal contracting agency, if requested; or reproduced and used as exact duplicate copies of the DoL's official poster (see FAR 52.222-40(c). Contracting

officers shall insert the clause at FAR 52.222-40, Notification of Employee Rights under the National Labor Relations Act, in all solicitation and contracts, including acquisitions for commercial items and commercially available off-the-shelf items, except acquisitions-

- (1) Under the simplified acquisition threshold. For indefinite quantity contracts, include the clause only if the value of orders in any calendar year of the contract is expected to exceed the simplified acquisition threshold;
- (2) For work performed exclusively outside the United States; or
- (3) Covered (in their entirety) by an exemption granted by the Secretary.

A contracting agency may modify the clause at FAR 52.222-40, if necessary, to reflect an exemption granted by the Secretary of the Department of Labor (see 22.1603(b)).

### **Item II – HUBZone Program Revisions (FAR Case 2006-005)**

This FAR final rule implements the Small Business Administration (SBA) final rule published in the Federal Register at 69 FR 29411 on May 24, 2004, and an interim rule published in the Federal Register at 70 FR 51243 on August 30, 2005, amending its HUBZone regulations at 13 CFR part 126 to implement the Small Business Reauthorization Act of 2000, the Consolidated Appropriations Act of 2005, and other various policy changes. The FAR is amended to –

- (1) Require a HUBZone small business concern to be a HUBZone small business concern both at the time of its initial offer and at the time of contract award;
- (2) Require that HUBZone concerns provide to the contracting officer a copy of the notice required by 13 CFR 126.501 if material changes occur before award that could affect its HUBZone eligibility;
- (3) Allow waiver of the 50 percent requirement. In accordance with 13 CFR 126.700, for general construction or construction by special trade contractors, a HUBZone small business concern must spend at least 50 percent of the cost of contract performance incurred for personnel on its own employees or subcontract employees of other HUBZone small business concerns. This final rule amends FAR clause 52.219-3, Notice of Total HUBZone Set-Aside, and FAR clause 52.219-4, Notice of Price Evaluation Preference for HUBZone Small Business Concerns, to include an Alternate I, to be used to waive the 50 percent requirement only after determining that at least two HUBZone small business concerns cannot meet the requirement. However, the HUBZone small business prime contractor must still meet the performance of work requirements set forth in 13 CFR 125.6(c).

### **Item III – Preventing Abuse of Interagency Contracts (FAR Case 2008-032) (Interim)**

This interim rule implements section 865 of the Duncan Hunter National Defense Authorization Act (NDAA) for Fiscal Year 2009. FAR subpart 17.5 now addresses all interagency acquisitions, not just those made under the Economy Act authority. A new subsection 17.502-1 is added to require that all interagency acquisitions include a determination of best procurement approach. For an assisted acquisition between the

servicing agency and the requesting agency, this subsection now requires a written agreement that establishes the general terms and conditions governing the relationship between the parties. Subsection 17.502-2 contains business-case analysis requirements when an agency wishes to establish a contract that would be used by other agencies. There is a statutory exception included in subpart 17.5 for orders of \$500,000 or less issued against Federal Supply Schedules.

#### **Item IV – Small Disadvantaged Business Program Self-Certification of Subcontractors (FAR Case 2009-010) (Interim)**

This interim rule amends the FAR by allowing small disadvantaged business (SDBs) to self-represent their SDB status to prime contractors in good faith when seeking Federal subcontracting opportunities. This change implements revisions made by the Small Business Administration (SBA) to its SDB regulations. This case only addresses the subcontracting status portion of the SBA final rule for Small Disadvantaged Business certification. The Small Disadvantaged Business certification for prime contracts will be addressed in a future rule. This change removes a cost of compliance burden on SDB subcontractors seeking SBA certification.

#### **Item V – Uniform Suspension and Debarment Requirement (FAR Case 2009-036) (Interim)**

This interim rule amends the FAR at parts 9 and 52 to implement section 815 of the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84. The law requires that suspension and debarment requirements flow down to all subcontracts except contracts for the acquisition of commercially available off-the-shelf items, and in the case of contracts for the acquisition of commercially available off-the-shelf items, and in the case of contracts for the acquisition of commercial items, first-tier subcontracts only. This requirement will protect the Government against contracting with entities at any tier who are suspended, debarred or proposed for debarment. This rule does not have a significant impact on the Government, contractors or any automated systems.

#### **Item VI – Limitations on Pass-Through Charges (FAR Case 2008-031)**

This final rule adopts the interim rule published in the Federal Register at 74 FR 52853, October 14, 2009, as a final rule with minor changes. The interim rule amended the FAR to implement section 866 of the Duncan Hunter National Defense Authorization Act (NDAA) for Fiscal Year 2009 (Pub. L. 110-417) and section 852 of the John Warner NDAA for Fiscal Year 2007 (Pub. L. 109-364). This legislation required the Councils to amend the FAR to minimize excessive pass-through charges by contractors from subcontractors, or from tiers of subcontractors, that add no or negligible value and to ensure that neither a contractor nor a subcontractor receives indirect cost or profit/fee (i.e., pass-through charges) on work performed by a lower-tier subcontractor to which the higher-tier contractor or subcontractor adds no, or negligible, value.

To enable agencies to ensure that pass-through charges are not excessive, the interim rule included a solicitation provision and a contract clause requiring offerors and

contractors to identify the percentage of work that will be subcontracted, and when subcontract cost will exceed 70 percent of the total cost of work to be performed, to provide information on indirect costs and profit/fee and value added with regard to the subcontract work.

**Item VII – Technical Amendments**

Editorial changes are made at FAR 3.104-1, 5.601, 7.105, and 10.002.