

b. In paragraph (1)(ii) by removing "SIC Major Group" and adding in its place "NAICS Industry Subsector".

## PART 219—SMALL BUSINESS PROGRAMS

### 219.201 [Amended]

3. Section 219.201 is amended in paragraph (f) in the first sentence by removing "Standard Industrial Classification Major Group" and adding in its place "North American Industry Classification System Industry Subsector".

4. Section 219.502-3 is revised to read as follows:

#### 219.502-3 Partial set-asides.

(c)(1) If the North American Industry Classification System Industry Subsector of the acquisition is one in which use of a price evaluation adjustment for small disadvantaged business concerns is currently authorized (*see* FAR 19.201(b)), apply the adjustment to the non-set-aside portion.

5. Section 219.1005 is amended by revising paragraph (b) to read as follows:

#### 219.1005 Applicability.

\* \* \* \* \*

(b) The targeted industry categories for DoD are:

North American Industry Classification System (NAICS) Description	NAICS Code
(1) Pharmaceutical Preparation Manufacturing .....	325412
(2) Ammunition (except Small Arms) Manufacturing .....	332993
(3) Other Ordnance and Accessories Manufacturing .....	332995
(4) Turbine and Turbine Generator Set Unit Manufacturing .....	333611
(5)(i) Aircraft Engine and Engine Parts Manufacturing .....	336412
(ii) Research and Development in the Physical, Engineering, and Life Sciences (Aircraft Engines and Engine Parts only) .....	54171
(6)(i) Guided Missile and Space Vehicle Manufacturing .....	336414
(ii) Research and Development in the Physical, Engineering, and Life Sciences (Guided Missiles and Space Vehicles only) .....	54171
(7)(i) Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing .....	336419
(ii) Research and Development in the Physical, Engineering, and Life Sciences (Guided Missile and Space Vehicle Parts and Auxiliary Equipment only) .....	54171
(8) Military Armored Vehicle, Tank and Tank Component Manufacturing .....	336992
(9) Search and Navigation System and Instrument Manufacturing .....	334511
(10)(i) Cellular and Other Wireless Telecommunications .....	513322
(ii) Satellite Telecommunications ..	51334
(iii) Other Telecommunications .....	51339

### 219.1203 [Amended]

6. Section 219.1203 is amended in the first sentence by removing "SIC Major Groups" and adding in its place "North American Industry Classification System Industry Subsectors".

## PART 236—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

### 236.602-1 [Amended]

7. Section 236.602-1 is amended as follows:

a. In paragraph (a)(i)(6)(A) introductory text in the last sentence by removing "Standard Industrial Classification Major Group" and adding in its place "North American Industry Classification System (NAICS) Industry Subsector"; and

b. In paragraph (a)(i)(6)(C) by removing "Standard Industrial Classification Major Group" and adding in its place "NAICS Industry Subsector", and by revising the second parenthetical to read "(see FAR 19.201(b))".

## Appendix I—Policy and Procedures for the DoD Pilot Mentor-Protege Program

### I-104 [Amended]

8. Section I-104 is amended in paragraph (a)(1)(ii) by removing "Standard Industrial Classification (SIC)" and adding in its place "North American Industry Classification System (NAICS)".

### I-106 [Amended]

9. Section I-106 is amended in paragraph (c)(2)(ii) by removing "SIC" and adding in its place "NAICS".

### I-107 [Amended]

10. Section I-107 is amended in paragraph (b)(2) by removing "SIC" both places it appears and adding in its place "NAICS".

[FR Doc. 00-20956 Filed 8-16-00; 8:45 am]

BILLING CODE 5000-04-M

## DEPARTMENT OF DEFENSE

### 48 CFR Part 219 and Appendix I to Chapter 2

[DFARS Case 99-D307]

## Defense Federal Acquisition Regulation Supplement; Mentor-Protege Program Improvements

AGENCY: Department of Defense (DoD).

ACTION: Final rule.

SUMMARY: The Director of Defense Procurement has adopted as final, with changes, an interim rule amending the

Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 811 of the National Defense Authorization Act for Fiscal Year 2000. Section 811 amends statutory provisions pertaining to the DoD Pilot Mentor-Protege Program.

EFFECTIVE DATE: August 17, 2000.

FOR FURTHER INFORMATION CONTACT: Ms. Susan L. Schneider, Defense Acquisition Regulations Council, OUSD (AT&L) DP (DAR), IMD 3D139, 3062 Defense Pentagon, Washington, DC 20301-3062. Telephone (703) 602-0326; telefax (703) 602-0350. Please cite DFARS Case 99-D307.

## SUPPLEMENTARY INFORMATION:

### A. Background

DoD published an interim rule at 65 FR 6554 on February 10, 2000. The rule amended policy on the Mentor-Protege Program in DFARS Subpart 219.71 and Appendix I to implement Section 811 of The National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65). This final rule contains additional clarifying amendments, to include clarification that progress reports required from protege firms may be submitted as part of the mentor firm's annual report.

Three sources submitted comments on the interim rule. DoD considered all comments in the development of the final rule.

This rule was not subject to Office of Management and Budget review under Executive Order 12866, dated September 30, 1993.

### B. Regulatory Flexibility Act

DoD certifies that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because the rule changes procedures for administering and monitoring the Mentor-Protege Program, but maintains the primary objective of providing incentives for major DoD contractors to assist small disadvantaged business concerns and qualified organizations employing the severely disabled in enhancing their capabilities to satisfy Government and commercial contract requirements.

### C. Paperwork Reduction Act

The Office of Management and Budget (OMB) has approved the information collection requirements contained in this rule, for use through July 31, 2003, under OMB Clearance Number 0704-0412.

**List of Subjects in 48 CFR Part 219**

Government procurement.

**Michele P. Peterson,***Executive Editor, Defense Acquisition Regulations Council.***Interim Rule Adopted as Final With Changes**

Accordingly, the interim rule amending 48 CFR Part 219 and Appendix I to Chapter 2, which was published at 65 FR 6554 on February 10, 2000, is adopted as a final rule with the following changes:

1. The authority citation for 48 CFR Part 219 and Appendix I to Subchapter I continues to read as follows:

**Authority:** 41 U.S.C. 421 and 38 CFR Chapter 1.

**PART 219—SMALL BUSINESS PROGRAMS**

2. Section 219.7103–2 is amended as follows:

a. In paragraph (e) introductory text by adding the word “only” before the word “if”;

b. By revising paragraph (f); and

c. In paragraph (h) by removing the word “Command” and adding in its place the word “Agency”. The revised text reads as follows:

**219.7103–2 Contracting officer responsibilities.**

\* \* \* \* \*

(f) Not authorize reimbursement for costs of assistance furnished to a protege firm in excess of \$1,000,000 in a fiscal year unless a written determination from the Director, SADB, OUSD (AT&L), is obtained.

\* \* \* \* \*

3. Section 219.7106 is revised to read as follows:

**219.7106 Performance reviews.**

The Defense Contract Management Agency will conduct annual performance reviews of all mentor-protege agreements as indicated in Appendix I, Section I–112. The determinations made in these reviews should be a major factor in determinations of amounts of reimbursement, if any, that the mentor firm is eligible to receive in the remaining years of the Program participation term under the agreement.

**Appendix I—Policy and Procedures for the DoD Pilot Mentor-Protege Program****I–100 [Amended]**

4. Section I–100 is amended in paragraph (c)(1) by removing the word “protege” and adding in its place the abbreviation “SDB”.

5. Section I–106 is amended as follows:

a. By removing paragraph (c)(4);

b. In paragraph (d) introductory text by revising the last sentence;

c. In paragraph (d)(1) by removing the semicolon and adding a period in its place; and

d. In paragraph (d)(2) by removing “;or” and adding a period in its place.

The revised text reads as follows:

**I–106 Approval process for companies to participate in the Program as mentor firms.**

\* \* \* \* \*

(d) \* \* \* The company must submit a justification and endorsement from the cognizant Director, SADB, when requesting any of the following unusual actions:

\* \* \* \* \*

6. Section I–107 is amended as follows:

a. By redesignating paragraphs (b)(4) through (b)(8) as paragraphs (b)(5) through (b)(9), respectively;

b. By adding a new paragraph (b)(4); and

c. By revising paragraph (c). The added and revised text reads as follows:

**I–107 Mentor-protege agreements.**

\* \* \* \* \*

(b) \* \* \*

(4) A statement from the protege firm indicating its commitment to comply with the requirements for reporting and for review of the agreement during the duration of the agreement and for 2 years thereafter;

\* \* \* \* \*

(c) Mentor firms must send a copy of any termination notices to the Director, SADB, OUSD (AT&L), the cognizant Director, SADB, and the Defense Contract Management Agency administrative contracting officer responsible for conducting the annual performance review, and, where funding is made available through a DoD program manager, must provide a copy to the program manager and to the contracting officer.

\* \* \* \* \*

7. Section I–111 is amended as follows:

a. By revising paragraph (b);

b. In paragraph (c)(1) by removing “Command (DCMC)” and adding in its place “Agency (DCMA)”;

c. In paragraph (c)(2) by removing “DCMC” and adding in its place “DCMA”, and by removing “program office” and adding in its place “program manager”. The revised text reads as follows:

**I–111 Reporting requirements.**

\* \* \* \* \*

(b) The mentor firm and the protege firm—

(1) Must provide data on the progress made by the protege firm in employment, revenues, and participation in DoD contracts during—

(i) Each fiscal year of the Program participation term; and

(ii) Each of the 2 fiscal years following the expiration of the Program participation term;

(2) Must provide the data by October 31st of each year to address the prior fiscal year; and

(3) During the Program participation term, may provide the data as part of the mentor report required by paragraph (a) of this section for the period ending September 30th.

\* \* \* \* \*

**I–112 [Amended]**

8. Section I–112 is amended as follows:

a. In the first sentence of the introductory text by removing the word “Command” and adding in its place the word “Agency”;

b. In paragraph (a) by adding the word “and” after the semicolon;

c. In paragraph (b) by removing “agreement; and” adding in its place “Program participation term.”; and

d. By removing paragraph (c).

[FR Doc. 00–20957 Filed 8–16–00; 8:45 am]

BILLING CODE 5000–04–M

**DEPARTMENT OF DEFENSE****48 CFR Parts 222 and 252****[DFARS Case 99–D308]****Defense Federal Acquisition Regulation Supplement; Construction and Service Contracts in Noncontiguous States****AGENCY:** Department of Defense (DoD).**ACTION:** Final rule.

**SUMMARY:** The Director of Defense Procurement has adopted as final, with changes, an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 8071 of the Fiscal Year 2000 Defense Appropriations Act. Section 8071 provides that DoD contracts for construction or services performed in a noncontiguous State, that has an unemployment rate in excess of the national average, must include a clause requiring the contractor to employ individuals who are residents of that State and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills.