



DoD Subcontracting Program: THE BASICS

July 2011

Regulatory Requirements

Authority:	◆ Section 8(d) Small Business Act – 15 USC 637(d)	Specifies that small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance
	◆ Section 15(g) Small Business Act – 15 USC 644(g)	Specifies government-wide goals for contracts and subcontracts awarded to small business concerns
Regulations:	<ul style="list-style-type: none"> ◆ FAR 19.7 / DFARS 219.7, Small Business Subcontracting Program ◆ FAR 52.219-8, Utilization of Small Business Concerns ◆ FAR 52.219-9 / DFARS 52.219-7003 SB Subcontracting Plan (DEVIATION) ◆ FAR 52.219-16, Liquidated Damages ◆ DFARS 252.219-7004, SB Subcontracting Plan (Test) (DEVIATION) 	<ul style="list-style-type: none"> ◆ Small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance ◆ Subcontracting Plan requirement ◆ Comply in good faith with subcontract plan requirements ◆ Imposition of liquidated damages

	Utilization of SBs (FAR 19.7 / 52.219-8)	Subcontracting Plan (FAR 19.7 / 52.219-9)	
When?	<ul style="list-style-type: none"> ◆ Contracts > Simplified Acquisition Threshold (SAT) (\$100K) <li style="text-align: center;">AND ◆ Subcontract opportunities exist 	<ul style="list-style-type: none"> ◆ Contracts > \$650K (\$1.5M construction) AND subcontract opportunities exist ◆ Modifications > \$650K (\$1.5M construction) with new work AND subcontract opportunities exist ◆ Multi-year contracts / contracts with options <ul style="list-style-type: none"> ◇ Cumulative value of base contract & all options ◇ SEPARATE goals for base & each option 	
Who?	<ul style="list-style-type: none"> ◆ ALL business concerns (including small businesses) 	ALL other than small business: <ul style="list-style-type: none"> ◆ Large business ◆ State & local government ◆ Non-profit organizations 	May also include: <ul style="list-style-type: none"> ◆ Public utilities ◆ Educational institutions ◆ Foreign-owned firms
When not required?	<ul style="list-style-type: none"> ◆ For personal services contracts ◆ For contracts / modifications performed entirely outside US & outlying areas 	<ul style="list-style-type: none"> ◆ From small businesses ◆ For personal services contracts ◆ For contracts / modifications performed entirely outside US & outlying areas ◆ For modifications to contracts within general scope of the contract that do not contain FAR 52.219-8 (or equivalent prior clauses, e.g., contracts awarded before enactment of PL 95-507) ◆ If no subcontract opportunities, approval required level above CO & placed in contract 	

Types of Subcontracting Plans (FAR 19.7 / 52.219-9)

Individual	Master	Commercial	Comprehensive
<ul style="list-style-type: none"> ◆ 1 contract – 1 plan ◆ Goals support planned subcontracting for 1 contract ◆ Covers entire contract period (including options) ◆ Contains mandatory elements ◆ Submit Subcontracting Reports <ul style="list-style-type: none"> ◆ ISR* (semiannually) ◆ SSR** (semiannually for DoD) <p>*Individual Subcontracting Report (electronic version) ** Summary Subcontracting Report</p>	<ul style="list-style-type: none"> ◆ Boilerplate info – contains same elements as individual plan minus goals ◆ Goals negotiated for each applicable contract ◆ Effective for 3 years after approval of Contracting Officer ◆ May be developed on a Plant / Division basis ◆ Subcontracting Reports required when goals negotiated for each applicable contract (same as for Individual plan) (same as for Individual plan) 	<ul style="list-style-type: none"> ◆ Preferred for contractors furnishing commercial items ◆ Applies to entire production of commercial items sold by either entire company or a portion thereof (Division, plant or product line) ◆ Based on contractor's FY ◆ Annual plan (applies to all government contracts in effect during that period) ◆ Contains mandatory elements ◆ Submit Subcontracting Reports ◆ SSR (Annually) 	<ul style="list-style-type: none"> ◆ DoD Test Program for Negotiation of Comprehensive SB Subcontracting Plans ◆ Similar to a commercial plan <ul style="list-style-type: none"> ◆ May be on a Plant / Division / Corporate basis ◆ Annual plan (applies to DoD contracts in effect during period) ◆ ONLY DCMA is delegated authority to negotiate plan & perform surveillance review functions (with input from MILDEPS / Defense Agencies) ◆ Submit Subcontracting Reports <ul style="list-style-type: none"> ◆ SSR (semiannually)

Note: Plan and Goals must be approved PRIOR to contract award

Mandatory Elements Included in Subcontracting Plan (FAR 19.7/52.219 9)

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| <ul style="list-style-type: none"> ◆ Goals (% based on total planned subcontracting \$ for each SB category) ◆ Total \$ to be subcontracted (overall & by category) ◆ Description of principal types of supplies/services to be subcontracted (total & by category) ◆ Description of method used to develop subcontract goals ◆ Description of method used to identify potential SB sources ◆ Indirect Costs (included/not included) & methodology used to determine proportionate share of indirect costs for each category ◆ Name of individual administering subcontracting program & description of duties.
(Where are they located organizationally?) | <ul style="list-style-type: none"> ◆ Description of efforts to ensure SB has an equitable opportunity to compete for subcontracts ◆ Assurances <ul style="list-style-type: none"> ◇ Cooperate in studies / surveys ◇ Submit reports, as required ◇ Submit ISR / SSR as required ◆ Record-keeping: description / procedures / process <ul style="list-style-type: none"> ◇ "Flow down" clauses & reporting requirements ◇ 52.219-8 (Utilization of SB Concerns) ◇ 52.219-9 (Subcontracting Plan) ◇ ISR / SSR |
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Categories Included in Goals of a Subcontracting Plan

(as defined in FAR 19/26 and DFARS 252.219 7003)

Small business (SB) – located in U.S., organized for profit, including affiliates is independently owned & operated, not dominant in field of operations in which it is bidding on Government contracts, AND meets Small Business Administration (SBA) size standards included in solicitation. The size standard is based upon the North American Industrial Classification System (NAICS) assigned to the specific procurement dependent upon product/service purchased. **Self-certify** FAR 52.219-9 also includes subcontracts awarded to Alaska Native Corporation (ANC) or Indian tribe, regardless of size or SBA certification status of ANC or Indian tribe. DFARS 252.219-7003 also includes subcontracts awarded to qualified non-profit agencies approved by Committee for Purchase from People Who Are Blind or Severely Disabled, the independent federal agency that administers AbilityOne Program, formerly JWOD (Javits-Wagner-O'Day Act) (41 USC 46-48(c)).

Woman-owned Small Business (WOSB) – Small Business, at least 51% owned by ≥ 1 women, AND management & daily business operations controlled by ≥ 1 women. **Self-certify**

Historically Underutilized Business Zone (HUBZone) – Small Business, owned & controlled 51% or more by ≥ 1 U.S. citizens, **AND SBA-certified** as a HUBZone concern (principal office located in a designated HUBZone AND ≥ 35% of employees live in a HUBZone).

Veteran-Owned Small Business (VOSB) – Small Business, veteran-owned as defined in 38 USC 101(2), ≥ 51% owned by ≥ 1 veterans, AND management & daily business operations controlled by ≥ 1 veterans. **Self-certify**

Service-Disabled Veteran-Owned Small Business (SD-VOSB) – Small Business, veteran-owned, ≥ 51% owned by ≥ 1 service-disabled veterans, AND management & daily business operations controlled by ≥ 1 service-disabled veterans OR in the case of veteran with permanent & severe disability, the spouse or permanent caregiver of such veteran, AND with 0% - 100% service-connected disability as defined in 38 USC 101(16) & documented on DD 214 or equivalent. **Self-certify**

Small Disadvantaged Business (SDB) – Small Business unconditionally owned & controlled by ≥ 1 socially & economically disadvantaged individuals who are in good character & citizens of the U.S. **Self-certify**

FAR 52.219-9, SDB also includes: subcontracts awarded to Alaska Native Corporation (ANC) or Indian tribe regardless of size or SBA certification status of ANC or Indian tribe

DFARS 252.219-7003, SDB also includes:

- ◆ Work performed on Indian lands or joint venture with Indian tribe / tribally-owned corporation & meets requirements of 10 USC 2323a.
- ◆ Subcontracts awarded by a mentor firm, under the DoD Pilot Mentor-Protégé Program, to (1) protégé firms which are qualified organizations employing severely handicapped and (2) former protégé firms that meet the criteria in Section 831(g)(4) of P.L. 101-510 (not more than 2 times SBA-specified maximum size & previous mentor-protégé agreement was not terminated for cause).

Subcontracting Resources

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| <ul style="list-style-type: none"> ◆ Procurement Technical Assistance Centers (PTAC) http://www.dla.mil/HQ/SmallBusiness/PTAP.aspx ◆ DefenseLink ≥ \$5M award notices https://www.defense.gov/News/Contracts/ ◆ Electronic Subcontracting Reporting System (eSRS) http://www.esrs.gov ◆ SBA Subnet http://web.sba.gov/subnet | <ul style="list-style-type: none"> ◆ Subcontracting Opportunities with DoD Major Prime Contractors http://www.acq.osd.mil/osbp/sb/dod.shtml ◆ Companies Participating in DoD Subcontracting Program Report http://www.acq.osd.mil/osbp/docs/primes2010.csv ◆ DAU Small Business Community of Practice (SB COP) https://www.dau.mil/cop/sb/Pages/Default.aspx ◆ FEDBIZOPPS https://www.fbo.gov/ ◆ SBA Subcontracting Opportunities Directory https://www.sba.gov/contracting/finding-government-customers/subcontracting/small-business-resources/subcontracting-opportunities |
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