



# DOD SUBCONTRACTING PROGRAM FACT SHEET

## *The Basics of Subcontracting Plans, June 2016*

### Regulatory Requirements

Authority:	<ul style="list-style-type: none"> <li>Section 8(d) Small Business Act – 15 USC 637(d)</li> </ul>	Specifies that small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance	
	<ul style="list-style-type: none"> <li>Section 15(g) Small Business Act – 15 USC 644(g)</li> </ul>	Specifies government-wide goals for contracts and subcontracts awarded to small business concerns	
Regulations:	<ul style="list-style-type: none"> <li>FAR 19.7 / DFARS 219.7, Small Business Subcontracting Program and agency specific regulations</li> <li>FAR 52.219-8, Utilization of Small Business Concerns</li> <li>FAR 52.219-9, Small Business Subcontracting Plan</li> <li>FAR 52.219-16, Liquidated Damages</li> <li>DFARS 252.219-7004, Small Business Subcontracting Plan (Test Program)</li> </ul>	<ul style="list-style-type: none"> <li>Small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance</li> <li>Subcontracting Plan requirement</li> <li>Comply in good faith with subcontract plan requirements</li> <li>Imposition of liquidated damages</li> </ul>	
	Utilization of SBs FAR 19.702 and 19.708(a) / 52.219-8	Subcontracting Plan FAR 19.702(a)(1) and 19.708(b)(1) / 52.219-9	
When?	<ul style="list-style-type: none"> <li>Contracts &gt; Simplified Acquisition Threshold (SAT) (\$150K) AND</li> <li>Subcontract opportunities exist</li> </ul>	<ul style="list-style-type: none"> <li>Contracts &gt; \$700K (\$1.5M construction) AND subcontract opportunities exist</li> <li>Modifications &gt; \$700K (\$1.5M construction) with new work AND subcontract opportunities exist</li> <li>Multi-year contracts / contracts with options                             <ul style="list-style-type: none"> <li>Cumulative value of base contract &amp; all options</li> <li>SEPARATE goals for base &amp; each option</li> </ul> </li> </ul>	
Who?	<ul style="list-style-type: none"> <li>ALL business concerns <b>(including small businesses)</b></li> </ul>	<b>ALL</b> other than small business: <ul style="list-style-type: none"> <li>Large business</li> <li>State &amp; local government</li> <li>Non-profit organizations</li> </ul>	<b>.... Including:</b> <ul style="list-style-type: none"> <li>Public utilities</li> <li>Educational Institutions</li> <li>Foreign-owned firms</li> </ul>
When not required?	<ul style="list-style-type: none"> <li>For personal services contracts</li> <li>For contracts / modifications performed <b>entirely</b> outside US &amp; outlying areas</li> </ul>	<ul style="list-style-type: none"> <li>From small businesses</li> <li>For personal services contracts</li> <li>For contracts / modifications performed <b>entirely</b> outside US &amp; outlying areas</li> <li>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)</li> <li>If no subcontract opportunities, approval required level above CO &amp; placed in contract file</li> </ul>	

### Types of Subcontracting Plans (FAR 19.7 / 52.219-9 and related DFARS)

Individual	Master	Commercial	Comprehensive
<ul style="list-style-type: none"> <li>1 contract – 1 plan</li> <li>Goals support planned subcontracting for 1 contract</li> <li>Covers entire contract period (including options)</li> <li>Contains mandatory elements</li> <li>Submit Subcontracting Reports                             <ul style="list-style-type: none"> <li>Individual Subcontracting Report (ISR) or SF 294 if applicable, (semiannually)</li> <li>Summary Subcontracting Report (SSR) annually</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>ACO reviews, evaluates and approves</li> <li>Includes mandatory elements, excluding goals</li> <li>CO negotiates goals for each applicable contract</li> <li>Effective for 3 years after approval of Contracting Officer</li> <li>May be developed on a Plant / Division basis</li> </ul>	<ul style="list-style-type: none"> <li>Preferred for contractors furnishing commercial items</li> <li>Applies to entire production of commercial items sold by either entire company or a portion thereof (Division, plant or product line)</li> <li>Based on contractor's FY</li> <li>Annual plan (applies to <b>all</b> Federal contracts in effect during that period)</li> <li>Contains mandatory elements</li> <li>Submit Subcontracting Reports                             <ul style="list-style-type: none"> <li>SSR (annually)</li> <li>No ISR required</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DoD Test Program for Negotiation of Comprehensive SB Subcontracting Plans</li> <li>Similar to a commercial plan                             <ul style="list-style-type: none"> <li>May be on a Plant, Division or Corporate basis</li> <li>Annual plan (applies to DoD contracts in effect during period)</li> </ul> </li> <li><b>ONLY</b> DCMA is delegated authority to negotiate plan &amp; perform surveillance review functions (with input from MILDEPS / Defense Agencies)</li> <li>Submit Subcontracting Reports                             <ul style="list-style-type: none"> <li>SSR (semiannually)</li> <li>No ISR required</li> </ul> </li> </ul>

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

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

- Goals (% based on total planned subcontracting \$ for each SB category)
- Total \$ to be subcontracted (overall & by category)
- Description of principle 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?*)
- Description of efforts to ensure SB has an equitable opportunity to compete for subcontracts
- Assurances
  - Cooperate in studies / surveys
  - Submit reports, as required
  - Submit ISR (or SF 294) / SSR as required
- Record-keeping: description / procedures / process
- “Flow down” clauses & requirements for subcontract plans and related reports
  - 52.219-8 (Utilization of SB Concerns)
  - 52.219-9 (Subcontracting Plan)
    - ISR / SSR

## 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

- Procurement Technical Assistance Centers (PTAC) <http://www.dla.mil/HQ/SmallBusiness/PTAP.aspx>
- DefenseLink ≥ \$5M award notices <http://www.defenselink.mil/contracts>
- Electronic Subcontracting Reporting System (eSRS) <http://www.esrs.gov>
- “Tips for DoD contractors Submitting Reports” <http://www.acq.osd.mil/osbp/sbs/esrs.shtml>
- Subcontracting Opportunities with DoD Major Prime Contractors <http://www.acq.osd.mil/osbp/sb/dod.shtml>
- DAU Small Business Community of Practice (SB COP) <https://acc.dau.mil/smallbusiness>
- FEDBIZOPPS <http://www.fbo.gov>
- SBA Subcontracting Opportunities Directory <https://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities/sub-contracting>