

# DoD SUBCONTRACTING PROGRAM

*The Basics of Subcontracting (July 2024)*

## Regulatory Requirements

<b>Authority:</b>	<ul style="list-style-type: none"> <li>Section 8(d) Small Business Act – <a href="#">15 USC 637(d)</a></li> </ul>	<ul style="list-style-type: none"> <li>Specifies that small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance (§ 637(d)(1))</li> <li>Requires the agency to collect data on the extent to which the contractor meets the goals of the subcontracting plan</li> </ul>
	<ul style="list-style-type: none"> <li>Section 15(g) Small Business Act – <a href="#">15 USC 644(g)</a></li> <li><a href="#">15 USC 637</a> Note</li> </ul>	<ul style="list-style-type: none"> <li>Specifies government-wide goals for contracts and subcontracts awarded to small business concerns (§ 644(g))</li> <li>Includes reporting on subcontracting (644(h))</li> <li>DoD Test Program for Comprehensive Subcontracting Plan (“Modifications of Test Plan ...”, (§ 637(g) Note))</li> </ul>
<b>Regulations:</b>	<ul style="list-style-type: none"> <li><a href="#">FAR 19.7 / DFARS 219.7</a></li> <li>FAR 52.219-9, Small Business Subcontracting Plan, and Alternate III</li> <li>FAR 52.219-8, Utilization of Small Business Concerns</li> <li>DFARS 252.219-7003, Small Business Subcontracting Plan</li> <li>DFARS 252.219-7004, Small Business Subcontracting Plan (Test Program)</li> </ul>	<ul style="list-style-type: none"> <li>Subcontracting plan requirement</li> <li>Challenge any subcontracting plan that does not contain positive goals</li> <li>Upper-tier contractor flows down requirements for subcontracting plan</li> <li>Prime contractors and subcontractors submit ISRs and/or SSRs independently in eSRS</li> <li>Comply in good faith with subcontract plan requirements</li> <li>Imposition of liquidated damages</li> </ul>

## Subcontracting Requirements

	<b>Utilization of SBs 52.219-8</b>	<b>Subcontracting Plan 52.219-9</b>
<b>When?</b>	<ul style="list-style-type: none"> <li>Contracts &gt; Simplified Acquisition Threshold (SAT) (\$250K) AND</li> <li>Subcontract opportunities exist</li> </ul>	<ul style="list-style-type: none"> <li>Contracts &gt; \$750K (\$1.5M construction) AND subcontract opportunities exist</li> <li>Modifications &gt; \$750K (\$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 and all options</li> <li>SEPARATE goals for base and each option</li> </ul> </li> </ul>
<b>Who?</b>	<ul style="list-style-type: none"> <li>ALL business concerns <b>(including small businesses)</b></li> </ul>	<p><b>ALL</b> other than small business:</p> <ul style="list-style-type: none"> <li>Large business</li> <li>State &amp; local government</li> <li>Non-profit organizations</li> <li>Public utilities</li> <li>Educational Institutions</li> <li>Foreign-owned firms</li> <li>AbilityOne (unless identified as a small business)</li> <li>Government entities (labs)</li> </ul>
<b>When not required?</b>	<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 that are within the scope of the contract and the contract does not contain the clause at 52.219-8, Utilization of Small Business concerns</li> <li>If no subcontract opportunities, approval required level above contracting officer (KO)</li> </ul>

## The Basics of Subcontracting (July 2024)

### Types of Subcontracting Plans

Individual	Master	Commercial	DoD 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>• KO negotiates goals and challenge any plan that does not contain positive goals</li> </ul>	<ul style="list-style-type: none"> <li>• ACO reviews, evaluates and approves</li> <li>• Includes mandatory elements, excluding goal related elements</li> <li>• KO negotiates goals for each applicable contract under a master plan</li> <li>• Effective for 3 years after approval of KO</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>• Plan should identify the awarded contract subject to the plan (contract with latest completion date)</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> </ul>

### Reporting Requirements

<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>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• SSR (annually)</li> <li>• ISR not required</li> </ul>	<ul style="list-style-type: none"> <li>• SSR (semiannually)</li> <li>• ISR not required</li> </ul>
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**Note: Plan must be approved *PRIOR* to contract award**

### Summary of the 15 Mandatory Elements to be Included in Subcontracting Plans

- Separate goals for each SB category, expressed in terms of dollars to be subcontracted
  - For Individual Subcontracting Plans KO may request additional goals to be expressed in terms of total contract dollars
- Description of principle types of supplies/services to be subcontracted (total & by category)
- Description of method used to develop subcontracting goals
- Description of method used to identify potential SB sources
- Statement of indirect costs (included/not included) and methodology used to determine proportionate share of indirect costs for each category
- Name of individual who will administer the subcontracting program and description of duties they will perform
- Description of efforts to ensure SB has an equitable opportunity to compete for subcontracts
- Description of record-keeping procedures / process
- Assurances that the offeror / contractor will perform specific actions identified in the subcontracting plan
- Flow down clauses and requirements for utilization of small businesses, subcontracting plans and related reports in all subcontracts
  - [52.219-8](#), Utilization of Small Business Concerns; [52.219-9](#), Small Business Subcontracting Plan

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### Categories Included in Subcontracting Plan Goals

Category	Reference	Certification
<b>Small Business (SB)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> <li>• FARS 52.219-9(d)(i) – also includes subcontracts awarded to an Alaska Native Corporation (ANC) or Indian tribe, regardless of size or SBA certification status of ANC or Indian tribe</li> <li>• <a href="#">DFARS 252.219-7003</a> – 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 (41 U.S.C. 8502-8504)</li> </ul>	<b>Self-certify</b>
<b>Woman-owned Small Business (WOSB)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> </ul>	<b>Self-certify</b>
<b>Historically Underutilized Business Zone (HUBZone)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> </ul>	<b>SBA certified</b>
<b>Veteran-Owned Small Business (VOSB)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> </ul>	<b>Self-certify</b>
<b>Service-Disabled Veteran-Owned Small Business (SDVOSB)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> </ul>	<b>Self-certify</b>
<b>Small Disadvantaged Business (SDB)</b>	<ul style="list-style-type: none"> <li>• <a href="#">FAR 2.101</a> - definition</li> <li>• FARS 52.219-9(d)(i) - also includes subcontracts awarded to an Alaska Native Corporation (ANC) or Indian tribe regardless of size or SBA certification status of ANC or Indian tribe</li> <li>• <a href="#">DFARS 252.219-7003</a> – also includes subcontracts awarded by a mentor firm under the DoD Pilot Mentor-Protégé Program, to (1) protégé firms which are qualified organizations employing severely disabled and (2) former protégé firms that meet the criteria in Section 831(g)(4) of <a href="#">P.L 101-510</a></li> </ul>	<b>Self-certify</b>

### Subcontracting Resources

- DoD Subcontracting Plan Checklist and Preparing / Submission of Subcontracting Reports  
<http://business.defense.gov/Acquisition/Subcontracting>
- Electronic Subcontracting Reporting System (eSRS)  
<http://www.esrs.gov>
- SBA Government Contracts Overview  
<https://www.sba.gov/contracting/finding-government-customers/subcontracting>
- SBA SubNet  
[https://subnet.sba.gov/client/dsp\\_Landing.cfm](https://subnet.sba.gov/client/dsp_Landing.cfm)
- DAU Community of Practice  
<https://www.dau.edu/cop/sb>
- APEX Accelerators (for procurement assistance)  
<https://www.apexaccelerators.us/#/>
- System for Award Management  
<http://www.sam.gov>