# DoD SUBCONTRACTING PROGRAM

**The Basics of Subcontracting (Sept 2019)**

## Regulatory Requirements

<table>
<thead>
<tr>
<th>Authority</th>
<th>Regulations</th>
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<tbody>
<tr>
<td>- Section 8(d) Small Business Act – 15 USC 637(d)</td>
<td>- Specifies that small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance</td>
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<td>- Requires the agency to collect data on the extent to which the contractor meets the goals of the subcontracting plan</td>
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<tr>
<td>- Section 15(g) Small Business Act – 15 USC 644(g)</td>
<td>- Specifies government-wide goals for contracts and subcontracts awarded to small business concerns</td>
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<td>- 15 USC 637 Note</td>
<td>- Includes reporting on subcontracting</td>
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<tr>
<td>- FAR 19.7 / DFARS 219.7</td>
<td>- Subcontracting plan requirement</td>
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<tr>
<td>- DFARS 219.7 Class Deviations: 2018-00007, 12/13/2017 2018-00010, 1/9/2018</td>
<td>- Challenge any subcontracting plan that does not contain positive goals</td>
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<tr>
<td>- FAR 52.219-9, Small Business Subcontracting Plan, and Alternate III</td>
<td>- Upper-tier contractor flows down requirements for subcontracting plan</td>
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<tr>
<td>- FAR 52.219-8, Utilization of Small Business Concerns</td>
<td>- Prime contractors and subcontractors submit ISRs and/or SSRs independently in eSRS</td>
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<tr>
<td>- DFARS 252.219-7003, Small Business Subcontracting Plan</td>
<td>- Comply in good faith with subcontract plan requirements</td>
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<tr>
<td>- DFARS 252.219-7004, Small Business Subcontracting Plan (Test Program)</td>
<td>- Imposition of liquidated damages</td>
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## Subcontracting Requirements

### When?

- Contracts > Simplified Acquisition Threshold (SAT) ($150K) AND Subcontract opportunities exist

### Who?

- ALL business concerns (including small businesses)

### When not required?

- For personal services contracts
- For contracts / modifications performed entirely outside US & outlying areas

### Utilization of SBs 52.219-8

- Contracts > $700K ($1.5M construction) AND subcontract opportunities exist
- Modifications > $700K ($1.5M construction) with new work AND subcontract opportunities exist
- Multi-year contracts / contracts with options
  - Cumulative value of base contract and all options
  - SEPARATE goals for base and each option

### Subcontracting Plan 52.219-9

- ALL other than small business:
  - Large business
  - State & local government
  - Non-profit organizations
  - Public utilities
  - Educational Institutions
  - Foreign-owned firms
  - AbilityOne (unless identified as a small business)
  - Government entities (labs)

- From small businesses
- For personal services contracts
- For contracts / modifications performed entirely outside US & outlying areas
- 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
- If no subcontract opportunities, approval required level above CO
# The Basics of Subcontracting (Sept 2019)

## Types of Subcontracting Plans

<table>
<thead>
<tr>
<th>Individual</th>
<th>Master</th>
<th>Commercial</th>
<th>DoD Comprehensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 1 contract – 1 plan</td>
<td>ACO reviews, evaluates and approves</td>
<td>Preferred for contractors furnishing commercial items</td>
<td>• DoD Test Program for Negotiation of Comprehensive SB Subcontracting Plans</td>
</tr>
<tr>
<td>• Goals support planned subcontracting for 1 contract</td>
<td>Includes mandatory elements, excluding goal related elements</td>
<td>Applies to entire production of commercial items sold by either entire company or a portion thereof (Division, plant or product line)</td>
<td>• Similar to a commercial plan</td>
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<td>• Covers entire contract period (including options)</td>
<td>CO negotiates goals for each applicable contract under a master plan</td>
<td>Based on contractor’s FY Annual plan (applies to all Federal contracts in effect during that period)</td>
<td>• May be on a Plant, Division or Corporate basis</td>
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<td>• Contains mandatory elements</td>
<td>Effective for 3 years after approval of CO</td>
<td>Contains mandatory elements</td>
<td>• Annual plan (applies to DoD contracts in effect during period)</td>
</tr>
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<td>• CO negotiates goals and challenge any plan that does not contain positive goals</td>
<td>May be developed on a Plant / Division basis</td>
<td>Plan should identify the awarded contract subject to the plan (contract with latest completion date)</td>
<td>• <strong>ONLY</strong> DCMA is delegated authority to negotiate plan &amp; perform surveillance review functions (with input from MILDEPS / Defense Agencies)</td>
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## Reporting Requirements

| Individual Subcontracting Report (ISR) or SF 294 if applicable, (semiannually) | N/A | SSR (annually) | SSR (semiannually) |
| Summary Subcontracting Report (SSR) annually | | ISR not required | ISR not required |

**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 CO 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
## Categories Included in Subcontracting Plan Goals

<table>
<thead>
<tr>
<th>Category</th>
<th>Reference</th>
<th>Certification</th>
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</table>
| Small Business (SB)                                        | • FAR 2.101 - definition  
• DFARS 52.219-9 – 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  
• 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 (41 U.S.C. 8502-8504) | Self-certify    |
| Woman-owned Small Business (WOSB)                         | • FAR 2.101 - definition                                                 | Self-certify    |
| Historically Underutilized Business Zone (HUBZone)        | • FAR 2.101 - definition                                                 | SBA certified   |
| Veteran-Owned Small Business (VOSB)                       | • FAR 2.101 - definition                                                 | Self-certify    |
| Service-Disabled Veteran-Owned Small Business (SDVOSB)    | • FAR 2.101 - definition                                                 | Self-certify    |
| Small Disadvantaged Business (SDB)                        | • FAR 2.101 - definition  
• FAR 52.219-9 - 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  
• DFARS 252.219-7003 – 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 P.L 101-510 | Self-certify    |

## Subcontracting Resources

- DoD Subcontracting Plan Checklist and Preparing / Submission of Subcontracting Reports  
- Electronic Subcontracting Reporting System (eSRS)  
  [http://www.esrs.gov](http://www.esrs.gov)
- SBA Government Contracts Overview  
- SBA SubNet  
- DAU Community of Practice  
  [https://acc.dau.mil/smallbusiness](https://acc.dau.mil/smallbusiness)
- Procurement Technical Assistance Program (PTAP)  
- FEDBIZOPPS  
  [http://www.fbo.gov](http://www.fbo.gov)