

DoD SUBCONTRACTING PROGRAM
The Basics of Subcontracting (Sept 2019)

Regulatory Requirements

Authority:	<ul style="list-style-type: none"> Section 8(d) Small Business Act – 15 USC 637(d) 	<ul style="list-style-type: none"> Specifies that small businesses will have maximum practicable opportunity to participate in contract performance consistent with efficient performance Requires the agency to collect data on the extent to which the contractor meets the goals of the subcontracting plan
	<ul style="list-style-type: none"> Section 15(g) Small Business Act – 15 USC 644(g) 15 USC 637 Note 	<ul style="list-style-type: none"> Specifies government-wide goals for contracts and subcontracts awarded to small business concerns Includes reporting on subcontracting DoD Test Program for Comprehensive Subcontracting Plan
Regulations:	<ul style="list-style-type: none"> FAR 19.7 / DFARS 219.7 DFARS 219.7 Class Deviations: 2018-O0007, 12/13/2017 2018-O0010, 1/9/2018 FAR 52.219-9, Small Business Subcontracting Plan, and Alternate III FAR 52.219-8, Utilization of Small Business Concerns DFARS 252.219-7003, Small Business Subcontracting Plan DFARS 252.219-7004, Small Business Subcontracting Plan (Test Program) 	<ul style="list-style-type: none"> Subcontracting plan requirement Challenge any subcontracting plan that does not contain positive goals Upper-tier contractor flows down requirements for subcontracting plan Prime contractors and subcontractors submit ISRs and/or SSRs independently in eSRS Comply in good faith with subcontract plan requirements Imposition of liquidated damages

Subcontracting Requirements

	Utilization of SBs 52.219-8	Subcontracting Plan 52.219-9
When?	<ul style="list-style-type: none"> Contracts > Simplified Acquisition Threshold (SAT) (\$150K) AND Subcontract opportunities exist 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Cumulative value of base contract and all options SEPARATE goals for base and each option
Who?	<ul style="list-style-type: none"> ALL business concerns (including small businesses) 	<p>ALL other than small business:</p> <ul style="list-style-type: none"> 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)
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 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

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Types of Subcontracting Plans

Individual	Master	Commercial	DoD 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 • CO negotiates goals and challenge any plan that does not contain positive goals 	<ul style="list-style-type: none"> • ACO reviews, evaluates and approves • Includes mandatory elements, excluding goal related elements • CO negotiates goals for each applicable contract under a master plan • Effective for 3 years after approval of CO • May be developed on a Plant / Division basis 	<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 Federal contracts in effect during that period) • Contains mandatory elements • Plan should identify the awarded contract subject to the plan (contract with latest completion date) 	<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 or 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)

Reporting Requirements

<ul style="list-style-type: none"> • Individual Subcontracting Report (ISR) or SF 294 if applicable, (semiannually) • Summary Subcontracting Report (SSR) annually 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • SSR (annually) • ISR not required 	<ul style="list-style-type: none"> • SSR (semiannually) • ISR not required
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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 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

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Categories Included in Subcontracting Plan Goals

Category	Reference	Certification
Small Business (SB)	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • FAR 2.101 - definition 	Self-certify
Historically Underutilized Business Zone (HUBZone)	<ul style="list-style-type: none"> • FAR 2.101 - definition 	SBA certified
Veteran-Owned Small Business (VOSB)	<ul style="list-style-type: none"> • FAR 2.101 - definition 	Self-certify
Service-Disabled Veteran-Owned Small Business (SDVOSB)	<ul style="list-style-type: none"> • FAR 2.101 - definition 	Self-certify
Small Disadvantaged Business (SDB)	<ul style="list-style-type: none"> • 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
<http://business.defense.gov/Acquisition/Subcontracting/Small-Business-Professionals-Government-and-Industry/>
- Electronic Subcontracting Reporting System (eSRS)
<http://www.esrs.gov>
- SBA Government Contracts Overview
<https://www.sba.gov/contracting/finding-government-customers/subcontracting>
- SBA SubNet
<http://web.sba.gov/subnet/search/index.cfm>
- DAU Community of Practice
<https://acc.dau.mil/smallbusiness>
- Procurement Technical Assistance Program (PTAP)
<http://www.dla.mil/HQ/SmallBusiness/PTAP.aspx>
- FEDBIZOPPS
<http://www.fbo.gov>