

Small Business Administration

Subcontract Training

April 22, 2009



Introduction

- The Office of Government Contracting assists small businesses in obtaining a fair share of Government procurements through a variety of programs and services. The office works with Federal acquisition agencies to ensure that they establish and achieve individual annual goals under the 23 percent goal for small business.



Office of Government Contracting (cont'd)

The Office of Government contracting has the following program areas under its umbrella. They are:

Office of Contract Assistance

Office of Policy, Planning and Liaison

Office of Size Standards



Office of Contract Assistance (OCA)

The Office of Contract Assistance was created to assist small businesses with obtaining access to Federal procurements. There are two major program areas within OCA. They are:

- Prime Contracts
- Subcontracts



Policy on Small Business

- FAR 19.201 (a)...It is the policy of the Government to provide maximum opportunities in its acquisitions to:
 - Small Businesses
 - Small Disadvantaged Businesses
 - Women Owned Small Businesses
 - Veteran and Service Disabled Small Businesses
 - HUBZone Small Businesses



Statutory Subcontracting Goals

Small Business Act: Section 15(g)

- Small Business (SB) - negotiable
- Small Disadvantaged Business (SDB) - 5%
- Women-Owned Small Business (WOSB) - 5%
- HUBZone Small Business -3%
- Veteran-Owned Small Business – 5%
- Service-Disabled Veteran-Owned SB - 3%

Subcontracting Program

What's Fairly New?

New Regulations Effective Sept. 17, 2007

- Alaska Native Corporations and Indian Tribes



What Else is Fairly New?

(No Immediate Impact on Subcontracting)

- A recertification rule intended to close some of the loopholes in small business size determination was published in 2007.
- These changes will not change any of the current rules and procedures in the subcontracting program, at least not in the short term.
- Quick Market Search tool – enhancement to the Dynamic Small Business Search database.



E-SRS

- Electronic Subcontract Reporting System (eSRS) Implementation in FAR (Federal Acquisition Regulation)



The Gist of It All

- Maximum Practicable Opportunity for Small Business Participation in Federal Procurements
- Dollar Threshold for Subcontracting Plans = \$550,000 or \$1 million for construction
- Subcontracting Plans – Goals
- Subcontracting Plans are required for Other-Than-Small Business Subcontractors
- Subcontracting Program Compliance



Determining the Need for a Subcontracting Plan

- Dollar Threshold:
 - contract or contract mod is expected to exceed \$550,000 (\$1,000,000 for construction)
- Subcontracting possibilities:
 - contract appears to offer subcontracting possibilities



Determining the Need for a Plan (continued)

- Subcontracting plans are not required:
 - From small business concerns
 - For personal services contracts
 - For contracts or mods that will be performed entirely outside of the U.S.
 - For contracts that do not contain 52.219-8 (e.g., contracts awarded prior to PL 95-507)



Elements of a Subcontracting Plan

- A subcontracting plan must contain goals expressed in both dollars and percentages.
- Other required elements are set forth in the FAR at subpart 19.704 and in the clause at 52.219-9.
- SBA provides a Fact Sheet on Subcontracting that explains goals, flow-down, and reporting requirements.

What Are the Types of Subcontracting Plans?

- There are three types of Subcontracting Plans:
- Individual Plan
- Master Plan
- Commercial Plan



Individual Plan

- Establishes separate goals for a specific Government Contract, by dollar amount and percentage, for small business categories.
- Separate goals are identified for each option year of the contract.
- Plan is approved by the Contracting Officer responsible for the contract. Effective throughout the life of the contract.

Master Plan

- Contains all elements required by the FAR 52.219-9 and Subpart 19.704(b) except for goals and other related items.
- Master plans are effective for a three-year period.



Commercial Plans

- A Commercial Plan is suited for large procurement contractors that produce a commercial product and have both commercial and Government customers.
- A Commercial Plan covers the Contractor's fiscal year.
- A new plan is negotiated 30 days prior to the expiration of the current plan.
- It applies to the entire production of commercial items sold by the company or a division of the company.
- Must Include Indirect Costs

Commercial Plans Con't

- The FAR allows a Commercial Plan to be for the entire company or a portion thereof (e.g., division, plant, or product line).
- One Summary Subcontract Report is required at the end of the reporting period (Government's fiscal year) per Commercial Plan.
 - The FAR case on the eSRS addressed concerns of SSR reporting and determined it to be at the end of the Government's fiscal year.



Subcontracting Flow-Down

- A subcontracting plan must include a statement that the prime contractor will require all subcontractors (except small businesses) that receive subcontracts in excess of \$550,000 (\$1 million in construction) to adopt a subcontracting plan that complies with the requirements of FAR clause 52.219-9.
 - Note: You may be exempt from this requirement if your contract contains one of the following FAR clauses: 52.212-5 or 52.244-6



Liquidated Damages

- When a contractor fails to make a good-faith effort to comply with a subcontracting plan, Federal law mandates that liquidated damages be paid to the Government.
- The amount of damages shall be equal to the actual dollar amount by which the contractor failed to achieve each goal.



SBA's Regulations on Subcontracting 13 CFR 125.3

- Clarifies the role of the CMR.
- Introduces the concept of SOAR reviews.
- Code of Federal Regulations, Title 13 (13 CFR), Part 125, subpart 125.3
 - This regulation may be downloaded from SBA's web site at http://www.sba.gov/tools/resource_library/laws_and_regulations/index.html
- Provides specific examples of what the Government means by "good-faith efforts."



SBA's Resources to Help Small Businesses Obtain Subcontracts




- Commercial Market Representatives (CMRs).
- Subcontracting Opportunities Directory
- SUB-Net -- Electronic Bulletin Board for Subcontracting Opportunities
- Quick Market Search

SUB-Net

- Prime contractors use *SUB-Net* to post subcontracting opportunities. The most recent update to *SUB-Net* is the link to the American Recovery and Reinvestment Act Subcontracting Solicitations (ARRA Subcontracting). This link provides small businesses access to solicitations that have been funded with stimulus money under the ARRA.



United States Small Business Administration



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SUB - Net



U.S. Small Business Administration Subcontracting Network

[Hurricane Katrina Subcontracting Solicitations](#)

[Hurricane Subcontracting Information](#)

[Iraq Reconstruction RFP's](#)

The use of SUB-Net fulfills the function set forth in [Federal Acquisition Regulation \(FAR\) 5.206](#), Notice of Subcontracting Opportunities, for contractors and subcontractors to post notices and thereby increase competition for subcontracts.

Also see SBA's [Subcontracting Opportunities Directory](#)
[CCR - Central Contractor Registration](#)

[DISCLAIMER](#)

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