

Subcontracting Plans

When is a subcontracting plan required?

Required for unrestricted solicitations where the contract value is >\$650K or >\$1.5M for construction.

Reference: FAR 19.702(a)

When is a subcontracting plan NOT required?

When:

1. The contract is <\$650K or \$1.5M for construction;
2. When the contract is a personal services contract;
3. For contracts performed outside of the U.S.; or
4. A determination has been made 1 level above the Contracting Officer that there are no subcontracting possibilities.

References: FAR 19.702(b) -> for #s 1, 2, and 3. FAR 19.705-2(c) for #4.

What should a subcontracting plan contain?

Subcontracting plans must contain the following 11 mandatory elements. Reference: 19.704.

1. Separate percentage goals for using small business (including ANCs and Indian tribes), veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes) and women-owned small business concerns as subcontractors;
2. A statement of the total dollars planned to be subcontracted and a statement of the total dollars planned to be subcontracted to small business (including ANCs and Indian tribes), veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes) and women-owned small business concerns;
3. A description of the principal types of supplies and services to be subcontracted and an identification of types planned for subcontracting to small business (including ANCs and Indian tribes), veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes), and women-owned small business concerns;
4. A description of the method used to develop the subcontracting goals;
5. A description of the method used to identify potential sources for solicitation purposes;
6. A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with small business (including ANCs and Indian tribes), veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes), and women-owned small business concerns;
7. The name of an individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual;

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8. A description of the efforts the offeror will make to ensure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts;

9. Assurances that the offeror will include the clause at [52.219-8](#), Utilization of Small Business Concerns (see [19.708\(a\)](#)), in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$650,000 (\$1.5 million for construction) to adopt a plan that complies with the requirements of the clause at [52.219-9](#), Small Business Subcontracting Plan (see [19.708\(b\)](#));

10. Assurances that the offeror will—

(i) Cooperate in any studies or surveys as may be required;

(ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;

(iii) Submit the Individual Subcontract Report (ISR), and the Summary Subcontract Report (SSR) using the Electronic Subcontracting Reporting System (eSRS) (<http://www.esrs.gov>), following the instructions in the eSRS;

(A) The ISR shall be submitted semi-annually during contract performance for the periods ending March 31 and September 30. A report is also required for each contract within 30 days of contract completion. Reports are due 30 days after the close of each reporting period, unless otherwise directed by the contracting officer. Reports are required when due, regardless of whether there has been any subcontracting activity since the inception of the contract or the previous reporting period.

(B) The SSR shall be submitted as follows: For DoD and NASA, the report shall be submitted semi-annually for the six months ending March 31 and the twelve months ending September 30. For civilian agencies, except NASA, it shall be submitted annually for the twelve-month period ending September 30. Reports are due 30 days after the close of each reporting period.

(iv) Ensure that its subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using the eSRS;

(v) Provide its prime contract number, its DUNS number, and the e-mail address of the offeror's official responsible for acknowledging receipt of or rejecting the ISRs to all first-tier subcontractors with subcontracting plans so they can enter this information into the eSRS when submitting their ISRs; and

(vi) Require that each subcontractor with a subcontracting plan provide the prime contract number, its own DUNS number, and the e-mail address of the subcontractor's official responsible for acknowledging receipt of or rejecting the ISRs, to its subcontractors with subcontracting plans.

11. A description of the types of records that will be maintained concerning procedures adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and to award subcontracts to them.

(b) Contractors may establish, on a plant or division-wide basis, a master plan (see [19.701](#)) that contains all the elements required by the clause at [52.219-9](#), Small Business Subcontracting Plan, except goals. Master plans shall be effective for a 3-year period after approval by the contracting officer; however, it is incumbent upon contractors to maintain and update master plans. Changes required to update master plans are not effective until approved by the contracting officer. A master plan, when incorporated in an individual plan, shall apply to that contract throughout the life of the contract.

(c) For multiyear contracts or contracts containing options, the cumulative value of the basic contract and all options is considered in determining whether a subcontracting plan is necessary (see [19.705-2\(a\)](#)). If a plan is necessary and the offeror is submitting an individual contract plan, the plan shall contain

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all the elements required by paragraph (a) of this section and shall contain separate statements and goals for the basic contract and for each option.

(d) A commercial plan (as defined in [19.701](#)) is the preferred type of subcontracting plan for contractors furnishing commercial items. Once a contractor's commercial plan has been approved, the Government shall not require another subcontracting plan from the same contractor while the plan remains in effect, as long as the product or service being provided by the contractor continues to meet the definition of a commercial item. The contractor shall—

(1) Submit the commercial plan to either the first contracting officer awarding a contract subject to the plan during the contractor's fiscal year, or, if the contractor has ongoing contracts with commercial plans, to the contracting officer responsible for the contract with the latest completion date. The contracting officer shall negotiate the commercial plan for the Government. The approved commercial plan shall remain in effect during the contractor's fiscal year for all Government contracts in effect during that period;

(2) Submit a new commercial plan, 30 working days before the end of the Contractor's fiscal year, to the contracting officer responsible for the uncompleted Government contract with the latest completion date. The contractor must provide to each contracting officer responsible for an ongoing contract subject to the plan, the identity of the contracting officer that will be negotiating the new plan;

(3) When the new commercial plan is approved, provide a copy of the approved plan to each contracting officer responsible for an ongoing contract that is subject to the plan; and

(4) Comply with the reporting requirements stated in paragraph (a)(10) of this section by submitting one SSR in eSRS, for all contracts covered by its commercial plan. This report will be acknowledged or rejected in eSRS by the contracting officer who approved the plan. The report shall be submitted within 30 days after the end of the Government's fiscal year.

Tips:

1. If the contract has options, the goals need to be expressed for each period of performance.
Reference: FAR 19.705-2(e)
2. If the vendor has a master subcontracting plan, they will submit their approved, signed master plan and a supplement that identifies their specific goals for the contract they are proposing on.
3. Both you and your Small Business Administration (SBA) Procurement Center Representative (PCR) should review the subcontracting plan and provide comments before the Contracting Officer approves it.
4. The contractor's should provide their Small Business Liaison Officer (SBLO) as the point of contact for the individual who administers their subcontracting program – not the project manager for the specific contract.

What kinds of subcontracting plans are acceptable?

There are 4 types of subcontracting plans:

1. Individual subcontracting plans. The contractor submits a plan with all 11 elements for a specific contract either with their proposal or prior to contract award.
2. Master subcontracting plans. The vendor submits a plan with all elements except for the goals. The plan can be approved by any contracting officer from any federal agency and is generally good for 3 years. Then, whenever a contractor proposes on a solicitation, they submit the approved, signed master plan along with a supplement that identifies their goals for that specific contract.

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3. Commercial subcontracting plans. Such a plan is company-wide or division-wide and relates to the company's production for both commercial and non-commercial products or services, rather than solely of the Government contract. It must be approved by the first Federal agency awarding the company a contract requiring a subcontracting plan during the fiscal year. Once approved, the plan remains in effect during the company's fiscal year and covers all of its commercial products or services. The plan includes ALL subcontracting that a contractor plans to do on ALL contracts, including commercial contracts outside of the government. The company is only required to submit one annual Summary Subcontract Report (SSR) in eSRS.
4. Comprehensive Plan. This is a DoD Test Program. It is limited to a few contractors and authorizes the negotiation, administration, and reporting of subcontracting plans on a plant, division, or company-wide basis for all defense contracts, rather than Individual Subcontracting Plans for every contract over \$650K or \$1.5M for construction. It waives the requirement for ISRs. The purpose of the test is to determine whether Comprehensive Subcontracting Plans will increase subcontracting opportunities for small businesses while reducing the administrative burden of subcontracting reporting. Reference: DFARS 219-702(1).
Source: Small Business Liaison Handbook

What clauses apply to the solicitation?

FAR 52.219-9, Subcontracting Plan;

FAR 52.219-8, Utilization of Small Business Concerns; (if SAT);

FAR 52.219-16, Liquidated Damages, Subcontracting Plan;

DFARS 252.219.7003, Small Business Subcontracting Plan,

52.219-10, Incentive Subcontracting Program; (can be used when a subcontracting plan is required and the Contracting Officer judges it necessary to increase subcontracting opportunities for small business, VOSB, SDVOSB, HUBZone SB and WOSB but cannot be used if the vendor is utilizing a Comprehensive Subcontracting Plan or when socio-economic achievement is included in the calculation of the award fee for a CPAF contract). Reference: DFARS 219.708(c)(1).

Tips:

1. Do not confuse a subcontracting plan with a Small Business (SB) Participation Proposal. If the solicitation is unrestricted and the basis for award is "best value, technical tradeoff," ALL offerors, including small businesses, must submit a SB Participation Proposal.
2. FAR 52.219-8, Utilization of Small Business Concerns, is included in ALL solicitations >SAT where there may be subcontracting opportunities, including Small Business Set Aside (SBSA) solicitations. Reference: FAR 19.708(a).
3. FAR 52.219-16, Liquidated Damages – Subcontracting Plan clause is used in ALL solicitations that include FAR 219-9, Small Business Subcontracting Plan.
4. A contractor who does not submit an acceptable subcontracting plan within the timeframe provided by the Contracting Officer for a contract requiring a subcontracting plan is ineligible for award. References: FAR 19-702(a)(1) and (2).
5. Large businesses can get subcontracting credit for assistance to their proteges under the mentor-protégé program. The mentor-protégé agreement must be approved by the Director, Small Business Programs or the cognizant DoD military department or defense agency before

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development assistance costs may be credited against subcontracting goals. Reference: FAR 19-702(d).