



SUBCONTRACTING PLAN

1. PURPOSE

The purpose of this document is to provide policy and guidance for promoting subcontracting opportunities and administering subcontracting plans for small business (SB), small disadvantaged business (SDB), women-owned small business (WOSB), historically underutilized business zone (HUBZone) business, veteran owned small business (VOSB), and service disabled veteran owned small business (SDVOSB) concerns within the SPAWAR claimancy.

2. POLICY

- a. The term “small business”, as used in this document, shall include small, small disadvantaged, historically underutilized business zone (HUBZone), women-owned small businesses (WOSB), veteran owned small businesses (VOSB) and service disabled veteran owned small business (SDVOSB) unless otherwise noted.
- b. SPAWAR policy is to provide maximum practicable opportunities in its acquisitions to small business concerns. Such concerns shall also have the maximum practicable opportunity to participate as subcontractors in the contracts awarded by SPAWAR.

3. RESPONSIBILITIES

- a. The prime contractor is responsible for submission of an acceptable subcontracting plan prior to award of the contract or modification unless the acquisition is exempt ([FAR 19.702\(b\)](#) concerning exempt conditions).
- b. The Contracting Officer shall ensure that the subcontracting plan is requested, evaluated and approved prior to award of contract, and that an acceptable plan is incorporated into and made a material part of the contract. ([FAR 19.705-5\(a\)\(5\)](#)).
- c. In determining the acceptability of a proposed subcontracting plan, the Contracting Officer/Contract Specialist should obtain advice and recommendations from the SPAWAR Office of Small Business Program (OSBP) and the Small Business Administration’s (SBA) Procurement Center Representative (PCR) ([FAR 19.705-4\(d\)\(7\)](#)).
- d. After a contract or modification containing a subcontracting plan is awarded, the Contracting Officer who approved the plan shall send a copy of the awarded document to the Area Director, Office of Government Contracting, in the SBA area office where the contract will be performed ([FAR 19.705-6\(a\)](#)).

4. DEFINITIONS

- a. A “Commercial plan” means a subcontracting plan (including goals) that covers the offeror’s fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).
- b. “Comprehensive plan”. Under P.L. 101-189 “Test Program for Negotiation of Comprehensive Small Business Plans”, DoD contracting activities specifically designated by the Department of Defense Small Business Programs Office negotiate and administer plant, division or company-wide subcontracting plans with selected firms. These plans contain the 11 elements of FAR clause 52.219-9, and pertain to the company’s overall subcontracting goals. It is not necessary to have an individual plan if a comprehensive plan has been approved. (DFARS 219.702) Further details concerning the test program can be seen at <http://www.acq.osd.mil/osbp/programs/csp/index.html>. .
- c. An “Individual contract plan” is a subcontracting plan that covers the entire contract period (including option periods), applies to the specific contract, and has goals based on the offeror’s planned subcontracting in support of the specific contract (indirect costs may be prorated if they are incurred for joint or common purposes).
- d. A “Master plan” contains all the elements of an individual plan except goals, and may be incorporated into an individual plan provided the master plan has been approved. The effective time for a Master Plan is three years after approval.

5. PROCEDURES

NOTE: In general, the procedures listed below concerning review and approval for subcontracting plans do not apply in the case of comprehensive subcontracting plans. Comprehensive plans are pre-approved, and require only that the Contracting Officer obtain a copy of the plan, confirm approval with the cognizant designated contracting activity, and incorporate the plan into the contract. The Contracting Officer should include the following statement in the solicitation: If the Offeror is a participant in the Department of Defense (DoD) Comprehensive Subcontracting Test Program specified in DFARS 219.7, the Offeror shall provide a copy of the approved comprehensive plan AND describe how small business participation on this contract will contribute to its overall comprehensive subcontract goals. The description shall provide the extent of small business participation for this procurement with percentage and dollar amounts for specific small business socio-economic categories. The OSBP will evaluate the submission to determine how it will contribute to the overall goals.

Subcontracting plans are not required (FAR 19.702(b)):

1. From small business concerns;
2. For personal services contracts;
3. For contracts or contract modifications that will be performed entirely outside of the United States and its outlying areas; or

4. For modifications to contracts within the general scope of the contract that do not contain the clause at 52.219-8, Utilization of Small Business Concerns (or equivalent prior clauses; e.g., contracts awarded before the enactment of Public Law 95-507).

a) Contracting Officer or Contract Specialist

- (1) Evaluate acquisition package to determine if the procurement requires a subcontracting plan. (FAR 19.705-2).
- (2) Review FAR 19.708, DFARS 219.708, and the SPAWAR clause book to ensure appropriate small business related provisions and clauses are included in solicitation.
- (3) When to obtain Subcontracting Plans. In accordance with FAR 19.705-2(d) the subcontracting plan may be obtained any time prior to award. In deciding whether to request submission from all offerors with the initial offer, from only those within the competitive range, or only from the apparent successful offeror, consideration must be given to the burden placed on offerors and contracting personnel.
- (4) The Contracting Officer/Contracts Specialist shall work with the SPAWAR OSBP to establish subcontracting goals for each of the following categories:

Small Business	To be determined on a case by case basis (Note 6)
Small Disadvantaged Business (Includes 8(a) awards)	5% (DFARS 219.705-4) (Note 1,2,5,6)
Woman Owned Small Business	5% (Note 1,5,6)
HubZone Small Business	3% (Note 1,5,6)
Service Disabled Veteran Owned Small Business	3% (Note 1,3,5,6)
Veteran Owned Small Business	To be determined on a case by case basis (Note 1,4,6)

Note 1: NMCARS 5219.704(a)(1) (DFARS 219.704) Each separate goal should be realistic, justifiable and positive (i.e. greater than zero.)

Note 2: DFARS 219.705-4(d) a minimum SDB goal of 5% shall be established. A lesser goal must be approved one level above the Contracting Officer. Goals for Small Disadvantaged Business concerns include 8(a).

Note 3: Public Law 106-50

Note 4: VOSB will have its own separate percentage goal FAR19.704(a)(1). The goal will be no less than the SDVOSB goal.

Note 5: Minimum DoD Small Business Program Goals

Note 6: Contractor proposed goals less than the solicitation goals need to be explained by the contractor within the subcontracting plan. If the justification is not included in the plan or provided, either the PCO or Specialist will request the supporting rationale from the contractor for not meeting the goal.

- (5) For the potential winning proposal(s) perform an independent analysis of the subcontracting plan as required by FAR 19.705 and DFARS 219.7, using the

Subcontracting Plan Review Checklist. If a plan has been requested with initial proposals, any item that is not reasonable shall be challenged, and results addressed in the prenegotiation business clearance. Individual goals shall be established for small business, SDB, WOSB, HUBZone small business, VOSB and SDVOSB. Document the proposed subcontracting plan elements using the Subcontracting Plan Review Checklist, which is then maintained in the contract file. Challenge any subcontracting plan that does not contain positive goals (i.e. greater than zero) DFARS 219.705-4(d). When evaluating proposed subcontracting plans, contracting officers should obtain advice and recommendations from the cognizant CAO, and shall do so for any subcontracting plan that does not contain positive goals. The CAO should be specifically requested to review the factors used by the prime contractor to develop the zero goal, the past performance of the offeror on similar requirements, and the current procedures used by the offeror to maximize opportunities for small business, VOSB, SDVOSB, HUBZone small business, SDB, and WOSB concerns to participate in its subcontracting program. The contracting officer shall consider the CAO's findings, including any recommendations, prior to approval of the subcontracting plan. The contract file shall be documented to reflect the review and the contracting officer's final decision relative to an acceptable goal. If the contracting officer determines that a subcontracting plan containing a zero goal is appropriate, the determination shall be approved at a level above the contracting officer and placed in the contract file NMCARS 5219.705-4(d) (DFARS 219.705-4). The Contracting Officer/Contract Specialist shall forward a signed copy of the subcontracting plan check list of the apparent successful offeror to the OSBP along with the subcontract plan that will be incorporated into the contract, solicitation Section L Small Business Subcontracting Goals and all applicable documentation required for review of the plan (sample in Toolbox below). The OSBP will review the subcontract plan and subcontracting plan check list, sign, then forward to the SBA PCR for review and signature. If the apparent successful offeror is under the Comprehensive Subcontracting test program, the OSBP will review and return the signed document to the Contracting Officer. The subcontract review check list or subcontract plan will NOT be forwarded to the SBA PCR.

- (6) If deficiencies are noted in the subcontracting plan, the Contracting Officer/Contract Specialist will either negotiate those elements of the plan with the offeror or request a revised plan. If revised, plan will then be returned to the OSBP for review and comments as outlined in the OSBP section below. Once OSBP comments are obtained, the Contract Specialist will forward the plan with all comments, etc. to the Contracting Officer.
- (7) SSC PAC Site Specific Procedures: If ACO comments were obtained; provide one courtesy informational copy when submitting the plan for SSC PAC OSBP review.

b) OSBP

- (1) OSBP shall review the subcontracting plan, and make comments concerning deficiencies, recommend changes, or recommend approval of the plan as submitted.
- (2) The OSBP will notify the SBA PCR of the opportunity to review the proposed contract (including the plan and supporting documentation)(FAR 19.705-5(a)(3)). In practice, the OSBP at each SPAWAR activity has developed a working relationship and understanding with their respective SBA PCR concerning what type contracts/subcontracting plans requires review. The OSBP will notify the SBA PCR of the opportunity to review the proposed contract (including the plan and supporting documentation). Sufficient time should be given to the SBA PCR to determine if the document will be reviewed but review shall not delay contract award.

The OSBP will return the subcontracting plan to the Contract Specialist as either acceptable or unacceptable. Evaluation for adjectival ratings will not affect acceptability or unacceptability of the subcontract plan.

c) Contracting Officer

- (1) The Contracting Officer will review and approve the subcontracting plan if the plan is found to be acceptable. If the plan is not acceptable, the plan will be returned to the Contract Specialist with recommendations. During the course of the contract's period of performance, the Contracting Officer is responsible for enforcing good faith compliance in accordance with FAR 19.705. In negotiated acquisitions, each solicitation of offers to perform a contract or contract modification that individually is expected to exceed the dollar thresholds established in FAR Part 19.702(a)(1) and that has subcontracting possibilities, shall require the apparently successful offeror to submit an acceptable subcontracting plan. If the apparently successful offeror fails to negotiate a subcontracting plan acceptable to the contracting officer within the time limit prescribed by the contracting officer, the offeror will be ineligible for award.
- (2) The Contracting Officer will ensure that an acceptable plan is incorporated into and made a material part of the contract (FAR 19.705-5(a)(5). A contract may have no more than one plan (FAR 19.705-2(e)).
- (3) The Contracting Officer will ensure that post-award distribution of the awarded contract or contract modification and approved subcontracting plan is made IAW FAR 19.705-6, Postaward Responsibilities of the Contracting Officer, and that proof of the distribution is retained in the contracting file.

6. Tool Box

- a) [Subcontracting Plan Review Checklist](#) - Provides a roadmap of how to assess the subcontracting plan and make recommendations to the Small Business Office

(Note the following six non-critical out of date parts in the linked DoD controlled checklist: 1) the phrase “(includes Historically Black Colleges and Universities and Minority Institutions)” on page 1 paragraph 1(c) is no longer applicable; 2) the dollar amount of **\$650,000** as depicted on page 1 paragraph 8 is now **\$700,000**; 3) the reference to “SF 294 and/or SF 295” on page 1 paragraph 9 has been replaced with the Individual Subcontracting Report (ISR) and the Summary Subcontract Report (SSR) respectively (filed electronically); 4) SADBU in the review area of page 1 is now OSBP; 5) the goal for HBCU/MI page 2 lines 1 and 6 is no longer applicable; and 6) the phrase “(includes HBCU/MI)” page 2 line 4 is no longer applicable)

(FYI - Subcontracting Plans for DARPA awarded BAAs, do not need to be reviewed by the SSC-SD OSBP. The review can be done solely by the cognizant DCMC. Once DCMC has completed their review, please provide one courtesy informational copy of the plan and evaluation to the OSBP.)

- b) [Small Business Subcontracting Section L and M Sample](#)