



U.S. Small Business
Administration



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SBA's Small Business Learning Series

Small Businesses Subcontracting Plans versus Small Business Commitment or Participation Plans

Not intended for public distribution

Hosts

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Welcome to “SBA Virtual Learning 2024”

1. Questions answered during the final 10 minutes.
2. Technical problems: Contact your IT admin who manages Teams settings for your organization.
3. Captioning available for this presentation.
4. We cover the “**SBA Quick Reference**” as time allows.
5. For more SBA training visit the SBA Learning Center website <https://www.sba.gov/tools/sba-learning-center/search/training>

Important Announcements

July 3, 2024, First Wednesday

- The July 3 session of First Wednesday is moved to Thursday, July 11, 2024
- This is due to First Wednesday proximity to July 4, 2024 (The Fourth of July Holiday)

The APEX Accelerator Program

The APEX Accelerators are a vital resource partner.

- The APEX Accelerators posts past “First Wednesday” programming at this link:
<http://www.aptac-us.org/for-contracting-officers-sba-webinar-library/>
- Contracting Officer Resources: “How APEX Accelerators partner with federal agencies”: <http://www.aptac-us.org/federal-partners/>
- Find your nearest APEX Accelerators/Procurement Technical Assistance Center at <http://www.aptac-us.org>
- APEX Accelerator Information at <https://www.apexaccelerators.us/#/>

Small Business Administration YouTube Page

SBA YouTube page posts past “First Wednesday” programming at links below.

FY2023

- October 5, 2022 – 8(a) Business Development Program Updates: <https://youtu.be/Yl5Sp0dP1aE>
- November 2, 2022 – Surety Bond Guarantee Program: <https://youtu.be/QlZJiMLcc5o>
- December 7, 2022 – Subcontracting Program: <https://youtu.be/gMaaeGl8CBs>
- January 4, 2023 – Surveillance Review Program: <https://youtu.be/euUX4Jv6kRI>
- February 1, 2023 – HUBZone Program: <https://youtu.be/YGnS8e6idCc>
- March 1, 2023 – The Mentor Protégé Program: <https://youtu.be/A9KbCm4FP1c>
- April 5, 2023 – Non-Manufacture Rule (NMR): <https://youtu.be/AqwYMWoe9f0>
- May 3, 2023 – Size Program: https://youtu.be/45WZ_oPb1GY
- Jun 7, 2023 – Legislature and Regulatory Updates: <https://youtu.be/ljx9IajQJNY>
- July 5, 2023 – Market Research: [SBA First Wednesday Market Research - July 13, 2023](#)
- August 2, 2023 – Service-Disabled Veteran Owned Program (SDVOSB): <https://youtu.be/QxcxJISRhnw>

FY2024

- October 4, 2023 - Certificate Of Competency: <https://youtu.be/VDZ-uuCLlWw>
- November 1, 2023 - 8(a) Program Updates: <https://youtu.be/6fN3dK0EShs>
- December 6, 2023: <https://youtu.be/sa29iONBtfk>
- January 3, 2024 - Compliance Reviews: https://youtu.be/WmZn_oa13-o
- February 7, 2024 – Limitations on Subcontracting: <https://youtu.be/fYtGi6zhjXM>
- March 6, 2024 – Mentor Protégé Program: <https://youtu.be/ULmCzTe4c04>
- April 3, 2024 – Women-Owned Small Business Program: <https://youtu.be/E-R17-5lBn4>

FIRST WEDNESDAY VIRTUAL LEARNING SERIES FY 2024 SCHEDULE

1:00 to 2:00 PM Central Time

FY 2024	Date	Topic
1	October 4, 2023	COC
2	November 1, 2023	8(a) Program Updates
3	December 6, 2023	The Timber Program and SBA POCs
4	January 3, 2024	Compliance Reviews
5	February 7, 2024	Limitations on Subcontracting
6	March 6, 2024	SBA Mentor Protégé Program and Joint Ventures
7	April 3, 2024	Women Owned Small Business (WOSB)
 8	*May 9, 2024	Subcontracting Plans versus Participation Plans
9	June 5, 2024	Legislative Updates
10	*July 11, 2024	HUBZone
11	August 7, 2024	Market Research

*** Schedule Revision Due to Holiday or Programming Conflict**

The program schedule is for information only and is subject to change.

One Continuous Learning Point

- Self-service process for one CLP of credit: Many of you want to receive credit for today's training. You will be glad to know that today's training is worth one CLP. The slide presentation will include the training certificate on Slide 10. Fill, download the training certificate, copy and submit it through regular channels.
- If you listen in groups and you want all attendees to be included on the future mailing list, send email addresses of participants in an excel document to sbalearning@sba.gov.

“SBA 1st Wednesday Virtual Learning 2024”

This Certificate is awarded to

Insert Your Name Here

For completion of

Small Businesses Subcontracting Plans versus Small Business Commitment or Participation Plans

This training seminar may be credited towards “Continuous Learning Points” as described in OFPP Policy Letter 05-01. Recommendation of One CLP.



Pamela J. Beavers

Director, Area IV
SBA Office of Government Contracting

05/09/2024

DATE

Today's Speaker

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Small Businesses Subcontracting Plans vs. Small Business Commitment/Participation Plans

Small Business Subcontracting Inclusion

- Subcontracting is the primary gateway into the federal marketplace
- Helps small businesses become acclimated to federal missions and buying practices
- Helps agencies to become familiar with the talents of small businesses who may wish to compete for future prime contracts
- Agencies must work with their prime contractors to promote meaningful opportunities for small business subcontracting

SB Commitment/Performance Plan Regulations

For solicitations that are not set aside for small business concerns, involving consolidation or bundling, that offer a significant opportunity for subcontracting, the contracting officer shall:

- Include a factor to evaluate past performance indicating the extent to which the offeror attained applicable goals for small business participation under contracts that required subcontracting plans (FAR 15.304(c)(3)(ii))
- Include proposed small business subcontracting participation in the subcontracting plan as an evaluation factor (FAR 15.304(c)(4))

Solicitations must be structured to give offers from SBs the highest rating for the evaluation factor (FAR 15.305(a)(5))

FAR 15.305(a)(2)(v):

The past performance evaluation should specifically consider contractor's achievement of subcontracting plan goals for small disadvantaged business (SDB) concerns

DoD Small Business Participation Plan

Regulations

DFARS 215.304(c)(i)(B) requires that proposals addressing the extent of small business performance shall be separate from subcontracting plans submitted pursuant to the clause at FAR 52.219-9 and shall be structured to allow for consideration of offers from small businesses.

DFARS 215.304(c) requires evaluation of small business participation in other than LPTA source selections whenever a subcontracting plan is required.

- Though not required for LPTA source selections, can still be used (see Source Selection Procedures, Appendix C.4)

Participation Plan: Prepare Solicitation for Success

Solicitation thoroughly:

- Differentiates the terminology of Subcontracting Plan and Participation Plan
- States the Participation Plan's applicability to large and small offerors
 - and that small businesses would count their own participation
- States its applicability to contractors with all subcontracting plan types (individual, commercial, comprehensive)
- States that SB Participation is based upon Total Contract Value (TCV) - define TCV
- Determines evaluation criteria
- Explains how Participation Plan will be evaluated
 - Separate Factor, Subfactor under technical, Within a technical subfactor
 - Higher ratings may be assigned for exceeding goals/targets
 - Include Subcontracting Past Performance as it relates to SB utilization on previous contracts
 - Reserve the right to use additional information from eSRS, CPARS, and DCMA/SBA subcontracting plan audits that were not submitted with the proposal

Prepare Solicitation for Success

Solicitation thoroughly:

- Explains ratings
 - Separate Factor – Acceptable/Unacceptable or Ratings (DOD Source Selection Procedures, Table 6)
 - Subfactor under technical - Acceptable/Unacceptable or Ratings (DOD Source Selection Procedures, Table 6)
 - Within a technical subfactor – No separate rating but considered as a component of the subfactor’s rating
- Establishes Reporting Requirements
 - No regulatory requirement for reporting
 - RECOMMEND adding reporting requirement –
 - Enhances enforcement
 - Ability to obtain information not in the small business subcontracting plan
 - Aids in determination of Good Faith Effort
 - Aids in enforcement of notification to Contracting Officer when subcontractor is not used in the same scope, amount and quality used in preparing and submitting the proposal

Placement of the SB Evaluation Factor is Important

Importance can be maximized if small business subcontracting utilization is at the factor level, rather than as a subfactor to Technical, or within a subfactor.

Section M – Evaluation Factors

Factor 1 Technical

(a) Management Approach

(i) Small Business Participation

(b) Small Business Participation

Beneath a Subfactor

SubFactor (no separate/distinct rating)

Factor 2 Past Performance

Factor 3 Small Business Participation

Factor 4 Cost

Factor (rate “Acceptable/Unacceptable” or the ratings in Source Selection Procedures/Table 6)

Examples of Evaluation Factors/Subfactors

DFARS PGI 215.30(c)(i)(A)

- (1) The extent to which such firms are specifically identified in proposals (by name and size status);
- (2) The extent of commitment to use such firms (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones);
- (3) The complexity and variety of the work small firms are to perform;
- (4) The realism of the proposal;
- (5) Past performance of the offerors in complying with requirements of the clauses at FAR 52.219-8, *Utilization of Small Business Concerns*, and 52.219-9, *Small Business Subcontracting Plan* (added emphasis for achievement of SDB goals); and
- (6) The extent of participation of SB firms in terms of the TCV. Extent to which small business firms are specifically identified in proposals

Other criteria may be used, as appropriate

Value of Participation Plans

Answers “How much of the TOTAL contract will small businesses perform?”

When Small Business Participation Plans are used, contractors have to spend time identifying subcontractors and evaluating their size status at the time of proposal

- Creates forethought and commitment about subcontractors and complexity of what is being subcontracted

Allows for meaningful comparison and discrimination between and among competing proposals IAW FAR 15.304(b)(2)

Also, consider incorporating the participation plan into the contract.

- Provides contracting officers with increased leverage to hold the prime contractor to its commitment to award subcontracts to small businesses
- This step is in addition to reflecting achievements in the contractor performance evaluation through CPARS, in accordance with FAR Table 42-2.

AFARS Sample Business Participation Proposal

Small Business Participation Proposal | Acquisition.GOV

Propose the level of participation of small businesses (as a small business prime, joint venture, teaming arrangement, and/or small business subcontractors) in the performance of the acquisition relative to the objectives/goals set forth in the evaluation of this area.

- (a) Indicate size status of offeror (LB or SB/SDB/WOSB/HUBZone/VOSB/SDVOSB)
- (b) Submit the total combined dollar value and percentage of work to be performed by both LB and SB (include the percentage of work to be performed both by Prime, joint venture, teaming arrangement, and subcontractors)

Example: If the Prime proposes a price of \$1,000,000 (including all options), and small business(es) will provide \$250,000 in services/supplies as a prime, joint venture, teaming arrangement, or subcontractor, the % planned for small businesses is 25%; and 75% for large business, equaling 100%.

Total Percentage planned for Large Business(es) 75 % = \$ 750,000

Total Percentage planned for Small Business(es) 25 % = \$ 250,000

100% = \$1,000,000

AFARS Sample Business Participation Proposal

[Small Business Participation Proposal | Acquisition.GOV](#)

(c) Indicate the total percentage and dollar value of participation to be performed by each type of subcategory small business. The percentage of work performed by SBs that qualify in multiple small business categories may be counted in each category:

Small Disadvantaged Business	_____ %	\$ _____
HUBZone Small Business	_____ %	\$ _____
Woman Owned Small Business	_____ %	\$ _____
Service-Disabled Veteran Owned SB	_____ %	\$ _____
Veteran Owned Small Business	_____ %	\$ _____

Example: Victory Prop Mgt (WOSB and SDVOSB) performing 2%; and Williams Group (SDB, HubZ and WOSB) performing 3%. Results equate to: SB 5%; SDB 3%; HUBZone 3%; WOSB 5%; SDVOSB 2%; VOSB 2%;). SDVOSBs are also VOSBs automatically; however, VOSBs are not automatically SDVOSBs

AFARS Sample Business Participation Proposal

Small Business Participation Proposal | Acquisition.GOV

(d) Identify the prime offeror (and CAGE/UEI) and type of service/supply that the prime offeror will provide.

List each of the intended subcontractor (and CAGE/UEI) and principal supplies/services to be provided by that subcontractor.

Provide the anticipated NAICS codes(s) that the prime offeror believes best describes the product or services being acquired by its subcontracts with each intended subcontractor. Small business primes and small business subcontractors that qualify multiple socioeconomic categories should be listed in SB and each category.

Example: If a Small Business qualifies as a WOSB and a SDVOSB, you can add them to each category below in which they qualify.

	Name of Company (CAGE/UEI)	Anticipated NAICS for Subcontract	Type of Service/Supply
Prime Offeror			
LB			
SB			
SDB			
WOSB			
HUBZone			
VOSB			
SDVOSB			

AFARS Sample Business Participation Proposal

[Small Business Participation Proposal | Acquisition.GOV](#)

(e) Describe the extent of commitment to use small businesses (e.g., what types of commitments, if any, are in place for this specific acquisition either – small business prime, written contract, verbal, enforceable, non-enforceable, joint venturing, mentor-protégé, etc.)

Provide documentation regarding commitments to small business for this effort. Copies of such agreements should be provided as part of your small business participation plan and will not count against the page limitation for this volume.

Participation Plans Evaluation

EXAMPLE: Government's SB Participation Goal is 40% (Mandatory)

Large Business Proposal - 60% self-perform, **40% subcontract to SBs**

Small Business Proposal - 40% self-performance, 40% subcontract to SBs, and 20% subcontract to LB = **80% to SB**

The small business will receive a HIGHER rating on this one evaluation factor because they get to add in the percentage work they will perform themselves

Rating Scale with 40% goal:

EXCELLENT **GOOD** **ACCEPTABLE** **Unacceptable**

Subcontracting Plan vs. Participation Plan

Subcontracting Plan (Assessment based)	Participation Plan (Evaluation based)
FAR 19.7 and FAR 52.219-9	FAR 15.304 (also for DOD: DFARS 215.304)
Based on total planned subcontracting (can <u>also</u> be on TCV)	Based on TCV
15 required elements	Solicitation establishes requirements and evaluation criteria
Assessed and determined acceptable by the Contracting Officer	Evaluation conducted IAW solicitation' evaluation criteria
Applies only to "other than small" businesses	Applies to all size offerors ("other than small" and small)
Must have 15 elements defined in FAR 52.219-9	Evaluation conducted IAW solicitation's evaluation criteria
Required for all Federal Contracts to "Other than Small Businesses" over threshold (sealed bid and negotiated) with further subcontracting	Required for bundled contracts (or certain DOD negotiated acquisitions)
Rarely names subcontractors	Often name subcontractors, size, and complexity of product/service providing
Contractually binding	Contractually binding

Subcontracting Plans & Participation Plans Must Go Hand-in-Hand

- While separate, the Participation Plan and the Subcontracting Plan should compliment one another and cannot conflict with one another
 - Amount anticipated to be subcontracted
 - Types of products/services being subcontracted
 - Size/Socioeconomic status of subcontractors

Differences in SB Calculation

Award - \$1 million

20% Subcontracting Plan Goal = 20% of the **Total Dollars Available and Planned to Subcontract**

- If the LB prime contractor decides to subcontract \$100,000, a small business will get 20% of the \$100,000.

SBs get 20% of subcontracted dollars = **\$20,000**

20% SB Participation Goal = 20% of **Total Contract Value**

SBs get 20% of total contract value = **\$200,000**

Require Additional Reporting Requirements

Subcontracting Plans – eSRS (ISR/SSRs)

Participation Plans - No regulatory reporting requirement

Why Require Reporting for Participation Plans?

- Enhances enforceability of the SB Participation Plan (in other words, hold ALL offerors accountable for what they said they planned to do in their proposal)
- Provides clarity to when written notification of non-use is required
 - When not used in the same scope, amount, and quality used in preparing and submitting the bid or proposal. FAR 19.704(a)(12) and (13) and FAR 52.219-9(d)(13).
- Holds contractors to their stated commitments to small businesses, rather than the goals.
- Obtain information not required by eSRS reporting
 - May aid in determining compliance with Limitation on Subcontracting
- Aids in determination of good faith effort

Include the reporting requirement in the solicitation

Make contractual (i.e. submission of a CDRL)

eSRS Reporting & CPARS

Ensure contracting officers are confirming that subcontracting reports are submitted by the contractors in a timely manner.

FAR 19.704(a)(10) requires the contractor to submit periodic compliance reports and submit Individual Subcontract Report (ISR) and the Summary Subcontract Report (SSR) through the Electronic Subcontracting Reporting System (eSRS) semi-annually and annually, respectively.

Contracting officers should be comparing the subcontracting goals in the contractor report submissions to goals in the approved subcontracting plan and address any discrepancies.

The achievement of these goals should be consistently evaluated and performance documented in CPARS following the evaluation ratings in FAR Table 42-2.

Compare the reports to the commitments to small businesses

- Use of the commitment documents may make the oversight of the plans more manageable because contracting officers can leverage the prime contractor to their commitments in the contract.

Questions?

**Thank you for
participating in this
training!**

