

## 19.704 Subcontracting plan requirements.

(a) Each subcontracting plan required under [19.301-2\(e\)](#) and [19.702\(a\)\(1\)\(i\)](#), (ii), and (iii) shall include-

(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*, as a percentage of total *subcontract* dollars. For *individual subcontracting plans* only, a *contracting officer* may require the goals referenced in paragraph (a)(1) of this section to be calculated as a percentage of *total contract dollars*, in addition to the goals established as a percentage of total *subcontract* dollars;

(3) A description of the principal types of *supplies* and services to be subcontracted and an identification of types of *supplies* or services 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 (for commercial plans, see paragraph (d) of this section), 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;

(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 \$750,000 (\$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) After November 30, 2017, include subcontracting data for each order when reporting subcontracting achievements for indefinite-delivery, indefinite-quantity contracts with *individual subcontracting plans* where the contract is intended for use by multiple agencies;

(iv) 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. When a *contracting officer* rejects an ISR, the contractor is required to submit a revised ISR within 30 days of receiving the notice of the ISR rejection.

(B) The SSR *shall* be submitted annually by October 30 for the twelve-month period ending September 30. When an SSR is rejected, the contractor is required to submit a revised SSR within 30 days of receiving the notice of SSR rejection;

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

(vi) Provide its prime contract number, its *unique entity identifier*, 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

(vii) Require that each subcontractor with a subcontracting plan provide the prime contract number, its own *unique entity identifier*, 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;

(12) Assurances that the *offeror* will make a good faith effort to acquire articles, equipment, *supplies*, services, or materials, or obtain the performance of *construction* work from the small business *concerns* that the *offeror* used in preparing the bid or proposal, in the same or greater scope, amount, and quality used in preparing and submitting the bid or proposal. Responding to a request for a quote does not constitute use in preparing a bid or proposal. An *offeror* used a small business *concern* in preparing the bid or proposal if-

(i) The *offeror* identifies the small business *concern* as a subcontractor in the bid or proposal or associated small business subcontracting plan, to furnish certain *supplies* or perform a portion of the contract; or

(ii) The *offeror* used the small business *concern's pricing* or cost information or technical expertise in preparing the bid or proposal, where there is written evidence of an intent or understanding that the small business *concern* will be awarded a *subcontract* for the related work if the *offeror* is awarded the contract;

(13) Assurances that the contractor will provide the *contracting officer* with a written explanation if the contractor fails to acquire articles, equipment, *supplies*, services or materials or obtain the performance of *construction* work as described in (a)(12) of this section. This written explanation will be submitted to the *contracting officer* within 30 days of contract completion;

(14) Assurances that the contractor will not prohibit a subcontractor from discussing with the *contracting officer* any material matter pertaining to payment to or utilization of a subcontractor; and

(15) Assurances that the *offeror* will pay its *small business subcontractors* on time and in accordance with the terms and conditions of the *subcontract*, and notify the *contracting officer* if the *offeror* pays a reduced or an *untimely payment* to a *small business subcontractor* (see 52.242-5).

(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. If a subcontracting plan is necessary and the *offeror* is submitting an *individual subcontracting plan*, the *individual subcontracting plan shall* contain all the elements required by paragraph (a) of this section and *shall* contain separate statements and goals based on total *subcontract* dollars 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 products* and *commercial services*. The subcontracting goals established for a commercial plan *shall* include all *indirect costs* with the exception of those such as the following: Employee salaries and benefits; payments for petty cash; *depreciation*; interest; income taxes; property taxes; lease payments; bank fees; fines, *claims*, and dues; original equipment manufacturer relationships during *warranty* periods (negotiated up front with the product); utilities and other services purchased from a municipality or an entity solely authorized by the municipality to provide those services in a particular geographical region; and philanthropic contributions. 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 product* or *commercial service*. 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 that includes all *indirect costs*, except as described in paragraph (d) of this section, 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.

**Parent topic:** [Subpart 19.7 - The Small Business Subcontracting Program](#)