

Subpart 519.5 - Set-asides for Small Business

Parent topic: [Part 519 - Small Business Programs](#)

519.502 Setting aside acquisitions.

519.502-1 Requirements for setting aside acquisitions.

(a) The contracting officer may make awards under the 8(a) Business Development Program (see FAR 19.8), or set aside for the Historically Underutilized Business Zone (HUB-Zone) Program (see FAR 19.13, Women-Owned Small Business (WOSB) Program (see FAR 19.15), or Service-Disabled Veteran-Owned Small Business (SDVOSB) Procurement Program (see FAR 19.14).

(b) Once a contracting activity acquires a product or service successfully on the basis of a set-aside, the activity must acquire all future requirements for that product or service using set-aside procedures. If the contracting officer determines that he or she no longer can reasonably expect to receive offers from at least two responsible small business concerns and make awards at fair market prices, use the procedures in FAR 19.506 to withdraw or modify a set-aside. When market research reveals that any supplies or services from mandatory sources, such as Federal Prison Industries, Inc. and AbilityOne, that were not available at the time of the original requirement have become available, a contracting officer may discontinue setting aside a continuing requirement (see FAR 8.002 and 8.003). The contracting officer shall document the determination to discontinue setting aside a continuing requirement (see [519.502-70](#)).

519.502-70 Review of non-set-aside determinations.

(a) *General.* GSA Form 2689, Small Business Analysis Record.

(1) The GSA Form 2689 is used to-

(i) Record evidence that consideration has been given to small business, service-disabled veteran-owned small business, HUB-Zone small business, small disadvantaged business, women-owned small business, or 8(a) Business Development Program participants; and

(ii) Document that small businesses received maximum practicable opportunity to participate in a proposed acquisition.

(2) The GSA Form 2689 may be used in place of a "Memo to File" when documenting the requirement for market research and as a tool to assure maximum practicable small business opportunity.

(3) The contracting officer shall include all pertinent documents with the GSA Form 2689 to support the proposed acquisition strategy (*i.e.*, Dynamic Small Business Search results, responses to System for Award Management Contract Opportunities sources sought notice, performance work statement, statement of work, sole source justification, consolidation or bundling determination, business case, etc.).

(4) The contracting officer shall record the justification and rationale for the determined acquisition strategy on the GSA Form 2689.

(b) *Consolidated or Bundled Acquisitions.* The GSA Form 2689 is required for acquisitions when consolidation, bundling or substantial bundling (FAR 2.101 and 7.107-4) is contemplated regardless of estimated total contract value.

(c) *Orders.*

(1) The GSA Form 2689 is required for orders and Blanket Purchase Agreements (BPAs), including BPA orders, against Multiple-award Contracts (see FAR 2.101) and expected to equal or exceed \$6 million (see FAR 7.104(d)), unless the contract, order or BPA is set aside for one of the small business programs specified in FAR 19.203 (e.g. 8(a), HUB-Zone, WOSB, or SDVOSB).

(2) Orders or BPAs against Multiple-award Contracts (see FAR 2.101) that are less than \$6 million do not require a GSA Form 2689, unless the acquisition is consolidation, bundling or substantial bundling.

(d) *Acquisitions at or below the Simplified Acquisition Threshold (SAT).*

(1) The GSA Form 2689 is not required for acquisitions at or below the SAT, unless the acquisition is consolidation, bundling or substantial bundling. However, it may be used to document market research. Contracting officers are encouraged to use the GSA Form 2689 to document any determination to not use small business under the SAT in accordance with FAR 19.502-2(a).

(2) The GSA Form 2689 does not require SBTA or SBA PCR review or signature when documenting market research.

(e) *Acquisitions expected to exceed the Simplified Acquisition Threshold (SAT).* The GSA Form 2689 is required for acquisitions expected to exceed the SAT when—

(1) A determination is made to set aside for small business but not one of the small business programs specified in FAR 19.203 (8(a), HUB-Zone, WOSB, or SDVOSB); or

(2) A determination is made to utilize full and open competition.

(f) *Exceptions.* The GSA Form 2689 is not required for—

(1) Acquisitions with mandatory sources (see FAR 8.002 and 8.003);

(2) Acquisitions, including contracts, orders, and BPAs, that have been set aside for a small business program specified in FAR 19.203 (e.g. 8(a), HUB-Zone, WOSB, or SDVOSB) unless consolidated, bundled or substantially bundled; or

(3) Orders or BPAs under \$6 million, unless consolidated, bundled or substantially bundled (see paragraphs (b) and (c) of this subsection).

(g) *GSA Form 2689 Requirement Conditions.*

(1) *General.* The following table is a reference to determine when the GSA Form 2689 is required for completion and submission.

(2) *Instructions.* The table has an order of precedence.

- (i) Review the “Contract Vehicle Conditions” column in numerical order.
- (ii) Once a condition applies to the acquisition, the applicability of the form will be identified in the “GSA Form 2689 Required?” column.
- (iii) Once a condition applies to the acquisition, further conditions down the table do not apply.

Contract Vehicle Conditions	GSA Form 2689 Required?	Rationale
(A) Any acquisition from mandatory sources	Not Required	GSAM 519.502-70(f)(1) Mandatory Sources FAR 8.002(a)(1)(iv) (Supplies) FAR 8.002(a)(2)(i) (Services) FAR 8.003
(B) Acquisitions, including contracts or orders that meet the definition of consolidation, bundling or substantial bundling (FAR 2.101 and 7.107-4).	Required at any estimated total contract value	GSAM 519.502-70(b)
(C) Acquisitions, including contracts, orders and BPAs, that have been set aside for a small business program as specified in FAR 19.203 (e.g. 8(a), HUB-Zone, WOSB, or SDVOSB)	Not Required	GSAM 519.502-70(f)(2)
(D) Orders and BPAs, including BPA call orders, against Multiple-Award contracts (see FAR 2.101)	Required if valued at \$6M or more, unless set-aside for small business programs as specified in FAR 19.203 (e.g. 8(a), HUB-Zone, WOSB, or SDVOSB) Not Required if under \$6M	GSAM 519.502-70(c) Set-aside is discretionary FAR 8.405-5(a) FAR 16.505(b)(2)(i)(F)
(E) Contracts under the SAT	Not Required but encouraged to use the form as a market research tool	GSAM 519.502-70(d)
(F) Contracts over the SAT and set-aside for 8(a), HUB-Zone, WOSB, or SDVOSB	Not Required	GSAM 519.502-70(f)(2) FAR 19.203(a)

Contract Vehicle Conditions	GSA Form 2689 Required?	Rationale
(G) Contracts over the SAT and set aside for small business, but NOT set-aside for 8(a), HUB-Zone, WOSB, or SDVOSB	Required	GSAM <u>519.502-70(e)(1)</u> FAR 19.203(c)
(H) Contracts over the SAT and not set-aside (<i>i.e.</i> full and open competition)	Required	GSAM <u>519.502-70(e)(2)</u>

(h) *GSA Form 2689 Concurrence and Time-frames.*

(1) Use the guidance in paragraphs (c) through (g) to determine if a GSA Form 2689 is required. If a GSA Form 2689 is required, then follow the dollar value thresholds in the table below to determine the level of concurrence for the form.

Thresholds	SBTA Concurrence	SBA PCR Concurrence	AA OSDBU Concurrence	Review Time-frame
Less than SAT	Not Required, unless an exception in <u>519.502-70(h)(2)</u> applies	Not Required, unless an exception in <u>519.502-70(h)(2)</u> applies	Not Required, unless an exception in <u>519.502-70(h)(2)</u> applies	Not Applicable
Equal to or greater than SAT and less than \$50M	Required	Required	Not Required, unless an exception in <u>519.502-70(h)(2)</u> applies	Within 5 business days following the day of receipt
Equal to or greater than \$50M	Required	Required	Required	Within 10 business days following the day of receipt (<i>i.e.</i> 5 business days total for the SBTA and SBA PCR and 5 business days for AA OSDBU)

- (2) If the acquisition meets one of the following criteria, the contracting officer must obtain all concurrences of the GSA Form 2689 regardless of the concurrence threshold:
- (i) Complex, critical to agency strategic objectives and mission, highly visible or politically sensitive.
 - (ii) Acquisitions that will be performed in more than one region.
- (3) The SBTA is responsible to follow-up with the SBA PCR and inform the contracting officer.
- (4) The SBTA must request from the contracting officer an extension if concurrence will not be met by the established time-frame as defined above in the table.
- (5) If a response is not received from the SBA PCR, the SBTA must elevate within OSDDBU for resolution at osdbu_review_concurrence@gsa.gov.
- (6) If the contracting officer does not receive a response from the SBTA within the established time-frames and the SBTA has been unresponsive to the contracting officer's inquiries, the contracting officer should elevate within OSDDBU for resolution at osdbu_review_concurrence@gsa.gov.
- (7) If a "Non-Concur" is received on the GSA Form 2689, the contracting officer is required to re-submit for concurrence. The time-frame for review is reset when the form is re-submitted.
- (i) Disagreements. If a reviewing official disagrees with the contracting officer's decision not to set aside an acquisition, the SBTA must provide the contracting officer the rationale for the disagreement or provide the contracting officer with additional small business sources that are interested in and capable of fulfilling the requirement. Review and consider any information provided by the SBTA before making a decision.
 - (j) Resolving disagreements. The HCA (see GSAM [502.101](#)), as delegated, in the applicable Central Office and/or Regional Service resolves disagreements between the contracting officer and the SBTA. To resolve disagreements with the SBA PCR, see FAR 19.505.

519.503 Setting aside a class of acquisitions for small business.

(a) *Definition.* A class set-aside is an item (or service), a group of related items under a Federal Supply Class (FSC), or a whole FSC set aside for exclusive small business participation on more than a one-time basis. If the item or group of items constitute only a small portion of an FSC, this definition still applies.

(b) *Determinations.* If the contracting officer has procurement responsibility for the class of items or services involved, prepare the determination required by FAR 19.503. The determination can apply to either a total or partial set-aside.

519.506 Withdrawing or modifying small business set-asides.

If the contracting officer and the SBTA disagree over the withdrawal or modification of a set-aside,

the SBTA must notify the AA OSDBU at the same time the matter is referred to the SBA PCR.

519.507 Contract clause.

Insert the clause at [552.219-70](#), Allocation of Orders—Partially Set-Aside Items, in solicitations and contracts when a requirements contract for supplies is contemplated that will involve partially setting aside orders for small business.