



Small Business Subcontracting Plan FAQ

1. The Office of Sponsored Programs has informed me that I need to work with Procurement to develop a Small Business Subcontracting Plan. What is a Small Business Subcontracting Plan?

A Small Business Subcontracting Plan is part of the federal Small Business Subcontracting Program. The program is based on Public Law 95-507, which was passed in 1978 to ensure that prime contractors further the goals of increasing participation of small businesses in federal procurement. This law requires the implementation of a subcontracting plan with established goals for expenditures to small and small-disadvantaged businesses for all federally sponsored Contracts in excess of \$750,000 (\$1.5 million for construction). See Federal Acquisition Regulation (FAR) Subpart 19.7 for complete program requirements: <https://www.acquisition.gov/far/subpart-19.7>

2. How do I prepare the Small Business Subcontracting Plan?

Procurement Services will work with you and write the Plan. Follow the instructions in this FAQ and contact us. If your awarding agency requires the Plan be submitted on a special template, please let us know as soon as possible. *Tip: This Plan is not a traditional 'subcontract'. You may find it easier to think of this Plan as a 'Small Business Spending Plan'.*

3. What are Small Business Subcontracting Plan goals?

In general, formal goals are put in place to ensure small businesses get their fair share of work with the federal government. Each federal agency sets an annual goal for participation in its contracts by various small business categories.

For example, here is a sampling of the statutory goals established by federal executive agencies:

- 23 percent of prime contracts for Small Businesses;
- 5 percent of prime and subcontracts for Woman-Owned Small Businesses;
- 5 percent of prime contracts and subcontracts for Small Disadvantaged Businesses;
- 3 percent of prime contracts and subcontracts for HUBZone small businesses;
- 3 percent of prime and subcontracts for Veteran-Owned Small Businesses;
- 3 percent of prime and subcontracts for Service-Disabled Veteran-Owned Small Businesses

NOTE: Your Plan's subcontracting potential and goals will be determined after reviewing your final budget.

4. I am not a prime contract holder with the federal agency. Why am I required to have a Small Business Subcontracting Plan?

In accordance with Federal Acquisition Rules (FAR), a subcontract in excess of \$750,000 from another institution or company which has been awarded a Federal prime contract has the same requirement for a Small Business Subcontracting Plan. This situation is commonly referred to as the 'flow-down' provision.

5. I have performed work under a contract for quite some time and have never had a Small Business Subcontracting Plan. Why am I now required to have a Small Business Subcontracting Plan?

If your project has not previously exceeded the threshold, you may not have needed a Plan. Crossing the threshold triggers the federal requirement for a Small Business Subcontracting Plan. Currently, the threshold is \$750,000 (\$1.5 million for construction).

6. What are my next steps?

Send your **final KR budget/excel sheet** and the Small Business Plan Outline to smallbusiness@colostate.edu as soon as possible, but at least 10 days prior to your deadline date. This inbox is monitored by multiple Procurement staff and utilizing it will ensure the quickest turn-around time for the preparation of your Small Business Subcontracting Plan.

Tip: View the Small Business Subcontracting Plan Process At-a-Glance flowchart for an overview of Plan development.

7. Do I need to follow a specific timeline when submitting my final budget and Small Business Subcontracting Checklist to the Procurement?

Yes. We will need at least 10 business days to properly review your final budget and to ensure the development of the most competitive plan. A well-developed plan will give you better opportunity to receive the award and will ensure compliance after the project is awarded.

8. What does procurement need in addition to the final budget?

We use the budget to identify the amount of ‘spend’ (Direct Costs) you will have that is external to the University. We also need to know the types of supplies needed and need you to help us identify which vendors you intend to utilize.

Tip: Your Plan can be prepared faster if this information is submitted at the beginning of Plan development. The more detail you provide on the “Small Business Plan Outline,” the better.

Once we know the types of goods/services you will purchase and the sources of supply, we classify the suppliers by size (Large Business or Small Business) and by any sub-classification which may apply (ex: Woman Owned Small Business).

We need to review all direct costs such as materials & supplies, equipment, travel (**and we ask that you please break out the airfare portion of the travel budget separately**), salaries & benefits and tuition/fees (if any); however, salaries and benefits are excluded from Plan goals per 13CFR125.3(a)(1)(iii). Please also identify indirect costs.

9. Some of the project’s Direct Costs are attributed to internal sources. Do I have to identify those?

Yes, all Direct Costs should be identified as to the source of supply. We will not base Plan goals on any internal spending per 13CFR125.3(a)(1)(iii), but they should be identified.

10. If equipment is listed in my plan (e.g. computers, spectrometer, laser system), how much detail do I need to provide?

Using computers as the example, you would (at minimum) list the following details in your final budget:

- hardware to be purchased
- software to be purchased
- maintenance or other related purchases

Apply this level of detail to any equipment purchase shown in your plan.

Tip: Include as much detail as possible to ensure development of the most competitive plan. A well-developed plan will give you the best possible opportunity to receive the award.

11. I don't know which suppliers I will buy from. What do I do?

Procurement will work with you to determine the best way to construct the Plan in this situation. We can also help you find possible sources of supply that are Small Business Concerns.

Note: Depending on the dollar amount spent with a vendor, University Procurement Rules may require competition.

12. How do I know if my supply source is a Small Business?

Business size standards are defined by the Small Business Administration (SBA). Generally, the vendor can tell you their status. The university follows the federal guidelines and allows most vendors to 'self-certify' their business size and classification. Vendor's classifications are listed in their vendor profile in Quali and they will be verified by the Assistant Supplier Diversity Program Manager in SAM.gov in the process of developing your Plan.

13. How do I find a Small Business?

Procurement will help identify vendors. You can also refer to the [SBA's Dynamic Small Business Search Database](#) or request access to Supplier.Io from procurement.

14. Who should be the Plan's 'Department Administrator'?

The Plan requires that someone be listed as Department Administrator. That person should be knowledgeable about the budget and the day-to-day operations of the project. The Department Administrator will be the department's primary point of contact for Procurement staff and will be required to review and sign the Small Business Subcontracting Plan.

15. What are my responsibilities after I have a Small Business Subcontracting Plan in place?

Developing your Plan is only the beginning. Once your contract has been awarded, you are responsible for managing subcontracting spend according to your Plan to meet the Plan's goals. You must also keep Procurement informed of any changes, modifications, or extensions.

16. What are Procurement's responsibilities after a Small Business Subcontracting Plan is in place?

Procurement is responsible for tracking project expenditures and filing bi-annual reports with the federal government. These reports reflect your performance in meeting the Plan goals. During the required post-award reporting periods, the Department Administrator will be electronically copied on all filings. We will be in periodic contact with the Department Administrator regarding Plan performance, but we are always available to talk with you about any questions or concerns you may have about your Plan.

Tip: Plan reporting is based on your project's account number(s). Be sure to advise us of any changes to your project's account number(s).

17. Who is responsible for notifying Procurement Services when a contract has been awarded and is subject to the Small Business Subcontracting Program?

Sponsored Programs is responsible for notifying Procurement Services when your contract has been awarded, extended, or otherwise modified and is subject to the Small Business Subcontracting Plan.

18. What are the required reporting periods for Small Business Subcontracting Plans? Who does the reporting?

Reports are due April 30 and October 30. These reports show the most recent Small Business Subcontracting Plan goals and dollar amounts that have been spent. Required reports are Individual Subcontract Reports (ISR) for each contract/Plan and Summary Subcontract Reports (SSR) for each federal agency to show all contract spending under current contracts with that agency.

Procurement is responsible for filing required reporting. We will gather raw data about your spend from a variety of sources, including Quali, Procurement Card queries, and Travel Card queries. We will translate the data into the proper form and submit the reports.

19. Who will see Small Business Subcontracting Plan reporting? Who can I talk with if I have questions about reporting?

Reports are sent to the awarding agency's Contracting Officer (CO), the awarding agency, and the Small Business Administration (SBA). Procurement will schedule periodic meetings to review current reporting and your performance. We are always available to talk with you if you have questions or concerns!

20. What will happen if I do not meet the goals detailed in my Small Business Subcontracting Plan?

It is important to formulate a realistic Small Business Subcontracting Plan and execute its budgeted details. Upon award, the Plan becomes a part of your project's contractual obligations. It is considered a 'deliverable' under the terms of the contract. Every reasonable effort must be made in good faith to perform according to the contracted Plan. The University could suffer potential monetary penalties for not meeting Plan goals. Moreover, non-compliance issues, such as not meeting goals set in the Plan, are documented by federal agencies, and could affect the University's competitive position for future awards.

The fact that goods and services from a small business vendor may cost more is not considered by the government to be an acceptable excuse for not using them, unless the cost is prohibitive.

Tip: We must provide an explanation of non-performance as part of the reporting requirement. If you are not meeting your Plan goals or are falling short, let Procurement know what has affected your ability to follow the Plan. We will work with you to determine the best course of action for the situation.

21. Whom should I contact if I have other questions regarding my Small Business Subcontracting Plan?

Send all Small Business Subcontracting Plan inquiries to smallbusiness@colostate.edu.