

## 2.208 Small Business Subcontracting Plan

The purpose of this policy is to comply with [FAR 52.219-9](#) and [Public Law 95-507](#) concerning Small Business and Small Disadvantaged Business Utilization Programs.

### I. Definitions

- A. Commercial Plan** – Under [FAR 19.701](#), “Commercial Plan” means a subcontracting plan (including goals) that covers the offeror’s fiscal year, and 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. Small Business Concern** – A business that is independently owned and operated, is organized for profit, is not nationally dominant in its field of business, and meets the size standard eligibility set by the U.S. Small Business Administration (SBA). For additional information, see <https://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/what-are-small-business-size-standards>.
- C. Small Disadvantaged Business Concern** – A small business that is at least 51 percent owned by one or more socially and economically disadvantaged individual(s). A publicly owned business can be considered as long as 51 percent of its stocks are owned by one or more socially and economically disadvantaged individuals who manage the daily operation of the business. The business needs to be certified by the SBA. The total net worth of each socially and economically disadvantaged individual must also not exceed \$750,000 after taking into consideration the exclusions in [13 CFR 124.104 \(c\)\(2\)](#). The following groups qualify as socially disadvantaged:
1. Black Americans;
  2. Hispanic Americans;
  3. Asian Pacific Americans (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China (including Hong Kong), Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, or Nauru);
  4. Subcontinent Asian Americans (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal); and
  5. Native Americans (Alaska Natives, Native Hawaiians, or enrolled members of a Federally or State recognized Indian Tribe).

Being born in a country does not, by itself, suffice to make the birth country an individual's country of origin for purposes of being included within a designated group.

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. See [13 CFR 124.103\(b\)](#).

- D. Historically Underutilized Business Zones (HUBZone) Concern** – A small business that is located in a HUBZone with at least 35 percent of its employees also living in the HUBZone. See [13 CFR 126.200](#). To be considered as a business in a HUBZone, certification must be received from the SBA.
- E. Service-Disabled Veteran Owned Small Business Concern** – A small business that is at least 51 percent owned and operated by one or more service-disabled veterans. In the case of a publicly owned business, at least 51 percent of its stocks must be owned by one or more veterans who must also manage the daily operation of the business. If the veteran is permanently disabled, the spouse or permanent caregiver must manage the business operation. See [13 CFR 125.11 et al.](#)
- F. Veteran Owned Small Business Concern** – A small business that is at least 51 percent owned and operated by one or more veterans. In the case of a publicly owned business, at least 51 percent of its stocks must be owned by one or more veterans who also manage the daily operation of the business. See [38 CFR 74](#).
- G. Women Owned Small Business Concern** – A small business that is at least 51 percent owned and operated by one or more women. In the case of a publicly owned business, at least 51 percent of its stocks must be owned by one or more women who also manage the daily operation of the business. See [13 CFR 127](#).
- H. Subcontract** – Any agreement between the awardee of a prime contract and a subcontractor for goods or services procured for the performance of the prime contract. See [13 CFR 125.1](#).

## **II. When a Small Business Subcontracting Plan Is Required**

[Under FAR 52.219-9\(d\)\(9\)](#), a Small Business Subcontracting Plan is required when the award instrument is a federal contract exceeding \$700,000 (over \$1.5 million for construction of a public facility), or as amended.

The Small Business Subcontracting Plan requires grantees to utilize small businesses when awarding subcontracts under federal contracts. The SBA classifies small business concerns into the above referenced six (6) categories:

- A. Small Business Concern;**
- B. Small Disadvantaged Business Concern;**

- C. HUBZone Small Business Concern;
- D. Service-Disabled Veteran-Owned Small Business Concern;
- E. Veteran-Owned Small Business Concern; and
- F. Women-Owned Small Business Concern.

### **III. Submitting a Small Business Subcontracting Plan**

#### **A. Preparing and Filing the Plan**

1. The Principal Investigator (PI) is responsible for preparing the subcontracting plan, which shall be reviewed by the Fiscal Administrator (FA), and approved by the RCUH Director of Finance (for RCUH Direct Projects) or the Director of the UH Office of Research Services (ORS) (for UH Service-Ordered Projects). The FA is responsible for submitting the subcontracting plan to the federal agency responsible for the funding. The format for the Subcontracting Plan can be found on the following website: <http://www.onr.navy.mil/en/contracts-grants/small-business/subcontracting-plans.aspx>.
2. Once the plan has been submitted and approved by the Federal Contracting Officer, the PI is responsible for complying with the contents of the subcontracting plan.
3. For Direct Projects, a copy of the approved subcontracting plan should be kept in the RCUH Direct Project's procurement files. For UH Service-Ordered Projects, a copy of the approved subcontracting plan should be kept in the UH Project's procurement files, and a copy should also be provided to ORS.

#### **B. Executing the Plan/Vendor Selection**

1. To ensure compliance in selecting qualified small businesses, the PI should first check the [System for Award Management \(SAM\) website](#) to see if the vendor is listed as a certified small business. (Examples of local firms include DataHouse Consulting, and TOMCO Corp.)
2. If the business is not registered with the SBA, the PI should have the vendor fill out and submit the [Business Classification Certification Statement](#) before the FA issues the procurement document (i.e., purchase order or contract). This form will let the FA know if the vendor is considered a small business as defined on the second page of the form. The FA is responsible for the retention of the form.
3. To obtain a HUBZone (Historically Underutilized Business Zone) certification, go to <https://www.sba.gov/hubzone/>. Businesses with HUBZone certification receive preferences on federal contracts. (Note: A business that is located in an SBA designated HUBZone does not automatically receive HUBZone status. The business must be certified and recognized by the SBA.)

4. To obtain status as a Small Disadvantaged Business, the business must register for certification by the SBA at the following website:  
<https://www.sba.gov/contracting/government-contracting-programs/small-disadvantaged-businesses>.
5. Under [FAR 52.219-9\(d\)\(11\)\(iii\)](#), if a subcontract or purchase order is expected to exceed \$150,000 utilizing federal prime contract funds, the PI needs to make an effort to contract with a small business concern. To assist in recording his/her efforts in finding a small business vendor or subcontractor, the PI may use [Attachment 38 Subcontract/Purchase Order Expected to Exceed \\$150,000 Under a Federal Prime Contract Worksheet](#). This worksheet is used to record the information obtained by the PI in locating a small business concern. This worksheet should be provided to the FA for the procurement file.

### **C. Periodic Reporting**

1. The PI must prepare the Individual Subcontracting Report (ISR) which shall be reviewed by the FA, and approved by the RCUH Director of Finance (for RCUH Direct Projects) or the Director of the UH Office of Research Services (for UH Service-Ordered Projects). The FA shall submit the report to the appropriate federal agency in eSRS ([www.esrs.gov](http://www.esrs.gov)).
2. Reports for Department of Defense (DOD) contracts shall be submitted semi-annually for the six (6) month period ending March 31st and the twelve (12) month period ending September 30th.
3. Reports for prime contracts with civilian agencies, except for contracts covered by an approved Commercial Plan, shall be submitted annually for the twelve (12) month period ending September 30th.
4. The RCUH Project Administration Office will be responsible for filing the Summary Subcontracting Report (SSR) as required by the sponsoring federal agency, for Direct Projects. ORS will be responsible for filing the SSR as required by the sponsoring federal agency, for UH Service-Ordered Projects.

### **IV. Relevant Documents**

[Business Classification Certification Statement](#)

[Attachment 38 Subcontract/Purchase Order Expected to Exceed \\$150,000 Under a Federal Prime Contract Worksheet](#)

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