

Guidance for Developing Small Business Subcontracting Plans

If your Request for Proposal or other guidelines mention a small business plan, consult with your Contract & Grant Administrator for guidance right away. If the sponsor requires that a small business plan be developed, the Office of Research Administration will coordinate plan development with the Principal Investigator and the Office of Procurement and Contract Services.

What is a small business plan?

Some large federal contracts (not grants or cooperative agreements) require a small business subcontracting plan. We have also seen references to subcontracting plans in solicitations from the State of Mississippi. These plans are sometimes referred to as “MBE/WBE” requirements (meaning “minority owned business enterprise” and “women owned business enterprise”), but categories have expanded to now include these:

- small business
- veteran-owned small business
- service-disabled veteran-owned small business
- HUBZone small business
- small disadvantaged business
- women-owned small business

The U.S. government has specific target goals for spending in each of the small business categories, and contractors are required to include small businesses in the performance of the contract.

It is important to note that for purposes of the small business plan a subcontractor is usually a vendor or supplier (such as a travel agent, materials provider, consultant, etc.) and NOT a subcontractor as we define a subcontractor for sponsored projects.

Once the contract is awarded, USM will be expected to make a good faith effort to meet the subcontracting plan goals. Failure to do so may result in penalties, including reimbursement of all funding.

References:

Federal Acquisition Regulations

- Subpart 19.7 – The Small Business Subcontracting Program
- 52.219-8 Utilization of Small Business Concerns
- 52.219-9 Small Business Subcontracting Plan