

Small Business Subcontracting Plan Guidelines

This document provides guidance and procedures for the administration of Small Business Subcontracting Plans issued under sponsored awards made to Purdue University. These guidelines seek to:

- Promote stewardship of funds identified as Small Business Subcontracting Plan
- Clarify appropriate roles and responsibilities for the Subcontracting Plan process
- Ensure compliance with federal requirements related to Subcontracting Plans

NOTE: Review FAR Part 19 parts 19.702, particularly (a) 3 and 19.705-2, particularly part (f), for instances where contract modifications cause Purdue to exceed the threshold and 52.219-8 is included. If required by [Federal] Contracting Officer a subcontracting plan for the “new” portion may be required.

Reason for the Guidelines

A Subcontracting Plan is required when a federal agency anticipates awarding a contract that is expected to exceed \$750,000 over the life of a project. The subcontracting plan establishes an estimated amount of goods and services to be purchased for a project from small, small disadvantaged and women-owned vendors.

- Small Business Enterprise (SBE or SB)
- Veteran-Owned Small Business (VOSB or VBE)
- Service-Disabled Veteran-Owned Small Business (SDVOSB or SDVBE)
- Historically Underutilized Business Zone Small Business (HUBZone)
- Small Disadvantaged Business (SDB or WBE)
- Woman-Owned Small Business (WOSB or WBE)

Some agencies require reporting on a project by project basis, these guidelines should also address these situations as well. For example:

- All U. S. Environmental Protection Agency (EPA) **grants and cooperative agreements do not require a subcontracting plan** be submitted with the proposal.
 - Minority Business Enterprise (MBE) Concerns and Woman Business Enterprise (WBE) Concerns reporting of actual expenditures on an individual project basis is required annually where there are funds budgeted for procuring construction, equipment, services and supplies, including funds budgeted for direct procurement by the recipient or procurement under subawards or loans in the “Other” budget category, that exceed the threshold amount of \$150,000, including amendments and/or modifications.
 - The EPA award document under Administrative Conditions, 2. Utilization of Small, Minority and Women’s Business Enterprises, Reporting Provision will disclose if the award budget has meet the conditions for required reporting.
 - If during the performance of the award the total funds expended exceeds the \$150,000 threshold amount even though the awarded budget amount was less, annual reports will be required and we are required to notify the EPA grant specialist for additional instructions. We are also required to request prior approval from EPA for procurements that may activate MBE/WBE reporting requirements.

Roles and Responsibilities

Pre-Award

Identify if a subcontracting plan is required

1. Proposal budget over \$750,000 and being submitted to a Federal Agency other than the National Science Foundation (NSF)
2. Proposal budget over \$750,000 being submitted to an Industrial Company that is submitting their proposal to a Federal Agency

If the proposal budget meets the criteria listed above, review the Request for Proposal (RFP), Solicitation, Broad Agency Announcement (BAA), or other sponsor proposal guidelines to see if a subcontracting plan is required.

Note: The subcontracting plan will only be required if the award mechanism is to be a contract or subcontract. This is not required for financial assistance awards funded as a grant or cooperative agreement.

- Immediately notify PI/Co-PIs a subcontracting plan is a requirement of the proposal submission. Inform them of time needed for subcontracting plan preparation. Provide a time line for completion.
- Work closely with the PI to develop a budget with sufficient detail identifying the types of S&E items that will be purchased (e.g., chemicals, gases, lab supplies, etc.). Budget may needed to be final earlier than indicated via Deadline Policy.
- Subcontracting plan requirement will flow down to any subawards meeting the \$750K level. Notify PI and any subawards of the requirement and timeline. Submit detailed list of Supplies and Services (S&E, travel, other direct costs) items to be purchased, along with the subcontracting plan percentage requirements (e.g., Small Disadvantaged Business Concerns must be 2%) if applicable, to Pshelpdesk@purdue.edu , copying Supplierdiversity@purdue.edu, walke444@purdue.edu, cmspring@purdue.edu.
- Ensure that Procurement is aware of the hard deadlines that must be met.
- Changes to Other Direct Costs (salary changes allowable) should not be made after subcontracting plan completion.
- Include language (to be provided) in budget justification regarding subcontracting plan.
- Indicate subcontracting plan required in the PERA PROPOSAL NOTES (add comment activity) and include in the email requesting proposal review.
- Include subcontracting plan submitted to sponsor in the Add Attachment activity along with all other required attachments in PERA Add Attachments. File name should be "Misc Subcontracting Plan".

*Purdue has its own form/documentation for the plan. We formally submit Purdue's form and if the sponsor insists after submission that it be on their own form, we send their form to the above email addresses.

Faculty

- Proposal Deadline will be revised to allow time for subcontracting plan preparation
- Focus on final budget to include detailed breakdown of all non-salary direct costs. Budget cannot be changed after subcontracting plan completion
- Complete breakdown of direct costs
- Respond to questions from contracting or procurement offices for any additional details to complete subcontracting plan

Supplier Diversity Development

- Review information provided by Pre-Award including the RFP and BAA requirements.
- Do an initial assessment and work with Procurement to determine if the targets established in the RFP, BAA or other are obtainable based on the budget and procurement needs of the proposed project

Procurement

- Work with Supplier Diversity Development to identify possible vendors based on the detailed proposal budget information provided by Contracting
- Be mindful of deadlines required by the sponsor
- Determine if the subcontracting plan goals are achievable based on the known commodity list and vendors available/known.
- Provide Pre-Award a listing of vendor name, type of small business, items to be purchased and dollar amount related to item and/or assurance that the known targets are achievable.
- Develop and maintain Guidance of Special Handling of Purchases Requiring Compliance with Federal/Sponsor Requirements (See Appendix B)

Post Award

- Identify the type of subcontracting plan required and enter the information in GMGRANT Additional Reference in SAP when account is established.
- Enter subcontracting plan report due dates in GMGRANT Reporting Requirements in SAP
- Notify the PI, Business Office, Operations Manager, Supplier Diversity Development, and Procurement of the award and award requirements and meet to discuss the requirements for compliance with the subcontracting

plan and to provide tools needed to meet the goals identified.

- The RA Specialist will run the expense report in Cognos to confirm which posted expenses have been flagged as applicable.
- Submit subcontracting plan reports to the sponsor (excluding EPA) in accordance with the schedule provided in the award using the **Electronic Subcontracting Reporting System (eSRS)** website
- When applicable submit EPA subcontracting plans reports in accordance with the schedule provided in the award using the EPA Form 5700-52A

Support Services

- Maintain a standard Cognos expense report to be used by Post Award as needed.

Business Office

- Be aware of the subcontracting plan and contractual requirements
- Work with the Principal Investigator and the other faculty to ensure they understand requirements of the plan and contractual requirements
- Follow the guidance for Special Handling of Purchases Requiring Compliance with Federal/Sponsor Requirements (Appendix B)
- Make every effort to work with Procurement and Supplier Diversity Development to achieve the subcontracting plan requirements using the pre-identified vendor list as a guide.
- Ensure back-up documentation of efforts taken to achieve the subcontracting plan goals are retained and stored with the sponsored program file.

Appendix A

Supporting Documentation Guidance

Supplier Diversity Development / Procurement

The following is a description of the types of records that will be maintained concerning procedures that have been 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 award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

- (i) Source lists (e.g., SAM), guides, and other data that identify small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.
- (ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.
- (iii) Records on each subcontract solicitation resulting in an award of more than \$150,000, indicating—
 - (A) Whether small business concerns were solicited and, if not, why not;
 - (B) Whether veteran-owned small business concerns were solicited and, if not, why not;
 - (C) Whether service-disabled veteran-owned small business concerns were solicited and, if not, why not;
 - (D) Whether HUBZone small business concerns were solicited and, if not, why not;
 - (E) Whether small disadvantaged business concerns were solicited and, if not, why not;
 - (F) Whether women-owned small business concerns were solicited and, if not, why not; and
 - (G) If applicable, the reason award was not made to a small business concern.

- (iv) Records of any outreach efforts to contact—
 - (A) Trade associations;
 - (B) Business development organizations;
 - (C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, service-disabled veteran-owned, and women-owned small business sources; and
 - (D) Veterans service organizations.
- (v) Records of internal guidance and encouragement provided to buyers through—
 - (A) Workshops, seminars, training, etc.; and
 - (B) Monitoring performance to evaluate compliance with the program’s requirements.
- (vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.

Business Office

- Maintain supporting documentation in accordance with the University record retention guidelines for transactions including Principal Investigator approval to purchase and vendor receipts.

Sponsored Programs Services Post Award

- Upload into Perceptive Content of the SAP grant:
- MBE/WBE expense reports run by the RA Specialist in Cognos used to complete the sponsor subcontracting plan reports
- Subcontracting Plan Reports or MBE/WBE Reports submitted to sponsor
- Follow-up with the business offices to ensure document retention is followed.

Appendix B

Guidance of Special Handling of Purchases Requiring Compliance with Federal/Sponsor Requirements:

Pre-Award

- 1) Sponsored Program Services (SPS) receives a proposal.
- 2) SPS will assess the subcontracting/diverse spend reporting requirements
 - a) If it is assessed that there are no subcontracting/diverse spend reporting requirements this process ends here.
- 3) SPS will send notice of all Subcontracting/Diverse Spend Reporting requirements to the following:
 - a) **Procurement Services,**
 - i) Pshelpdesk@purdue.edu
 - b) **Office of Supplier Diversity Development,**
 - i) Supplierdiversity@purdue.edu
 - c) **Procurement Personnel**
 - i) babcocm@purdue.edu and cmspring@purdue.edu.
- 4) The Strategic Sourcing Manager will assign a Procurement associate to the grant proposal.
- 5) The Supplier Diversity Specialist and the Procurement associate will work together to:
 - a) Determine if the subcontracting plan goals are achievable based on the known commodity list and vendors available/known.
 - b) Provide SPS contracting a listing of vendor names, type of small business, items to be purchased and dollar amount related to item and/or assurance that the known targets are obtainable.
- 6) Upon completion the Procurement associate will turn in their findings to the Strategic Sourcing Manager.
- 7) The Strategic Sourcing Manager will then submit the subcontracting plan to SPS for approval.

Post Award

- 1) Using the approved Subcontracting Plan as a guide procurement will make every effort to meet the goals therein.

Sample:
Procurement/Supplier Diversity Analysis of Grant Proposal Subcontracting Plan

Procurement Analysis for [Insert Proposal #]

- Small Business (SB)
- Small Disadvantaged (SDB) including Alaska Native Corporations and Indian Tribes, Women owned and Economically Disadvantaged Women-Owned (WOSB)
- Historically Underutilized Business Zone (HUBZone)
- Veteran Owned Small Business (VOSB)
- Service-Disabled Veteran-Owned (SDVOSB)
- Small Businesses and "Other than Small Business" (Other) as subcontractors.

Item	Projected Amount	Supplier(s) & **Special Circumstances**	Classified MBE/WBE/SBA
EXAMPLE: Data system to acquire measurements from 52 high-frequency sensors. PI received a quote for \$100,000.	\$100,000	EXAMPLE: Sunshine Turbines (ST Inc.) specializes in the engineering, development, and testing of gas turbines, propulsion components, turbo-pumps, and systems for military and commercial aircraft, space propulsion, and industrial applications including clean power generation and oil and gas. www.sunshineturbines.com	EXAMPLE: WBE
EXAMPLE: Wind-Tunnel Model or Models. The PI obtained a quote for \$64,000 from Model Maker. This model is a scale model aircraft used to test wind resistance.	\$64,000	Model Maker is <100 employees with revenue of +\$20M. Per Federal guidelines Model Maker is not a qualified SBA because their revenue exceed the high end limit of 19.5M. Due to high specificity of this requirement a diverse vendor may not be available.	EXAMPLE: No Diverse Vendor Identified
ITEM 3			
ITEM 4			
ETC AS NEEDED			

List of supplies and materials needed during BAA

[Complete list of equipment and helpful information to assist Procurement to be provided by SPS Contracting with request.]

EXAMPLE:

1. Data system to acquire measurements from 52 high-frequency sensors. PI received a quote from ABC, Inc. for \$100,000. The data system would be similar to the one purchased by Dr. Sam Malone and used by him when he visits Purdue to make measurements in our tunnel. It is a critical improvement to the present alternate, the use of 13-14 4-channel digital oscilloscopes, which leads to a time-consuming and inefficient manual process in which errors can occur all too easily.
2. Wind-Tunnel Model or Models. The PI obtained a quote for \$64,000 from Model Maker. It is of course impossible to know what these wind-tunnel model or models might cost, as the geometries and conditions and critical issues for the proposed tests have yet to be defined. However, this cost is representative of what might be expected.
3. Item 3
4. Item 4
5. Etc.