

DEPARTMENT OF DEFENSE**Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans**

AGENCY: Department of Defense (DoD).

ACTION: Notice of test program.

SUMMARY: The Department of Defense is proposing to amend the Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans.

DATES: Comments on the test plan should be submitted in writing at the address shown below on or before September 8, 1995 to be considered in finalization of the program.

ADDRESSES: Interested parties should submit written comments to: Office of Small and Disadvantaged Business Utilization, ATTN: Ms. Susan Haley, USD (A&T) SADB, 3000 Defense Pentagon, Washington, DC 20301-3000. Telefax number (703) 693-7014.

FOR FURTHER INFORMATION CONTACT: Ms. Susan Haley, (703) 697-9383.

SUPPLEMENTARY INFORMATION:**A. Background**

Under Section 834 of Pub. L. 101-189, as amended, the Department of Defense (DoD) established a test program to determine whether the use of comprehensive small business subcontracting plans would result in increased opportunities for small firms performing under Defense contracts. The initial test program covered a four-year period, beginning October 1, 1990.

The period of the test program has been extended through September 30, 1998, to implement Section 7103 of the Federal Acquisition Streamlining Act of 1994 (Pub. L. 103-355).

With regard to eligibility criteria, the revised plan clarifies that the requirement for business concerns to annually receive \$25 million or more under DoD contracts applies at the corporate level. Eligibility criteria are further revised to require firms to have achieved a small disadvantaged business (SDB) subcontracting performance rate of 5 percent or more in order to participate, or to submit a special request for participation which would include a plan to achieve the 5 percent participation rate. All participants will be required to accept a 5 percent or higher SDB goal and must agree to comply with the provisions of Section 215.605 of the Defense Federal Acquisition Regulation Supplement regarding evaluation of small business (SB)/SDB participation in source selections.

The revised plan reduces from quarterly to annually the requirement

for the contracting officer (CO) to review the progress of participating contractors toward achievement of the SB, SDB and women-owned small business goals as agreed upon in the comprehensive subcontracting plan. Submission of subcontracting reports (Standard Form (SF) 295) remains unchanged.

The test plan is also amended to recognize revisions related to women-owned small business.

The contracting activities under the military departments designated to participate remain unchanged. Defense agencies may nominate to the Director, Office of Small and Disadvantaged Business Utilization, Office of the Under Secretary of Defense (Acquisition and Technology) a contracting activity to participate in this program.

Susan Haley,

Office of Small and Disadvantaged Business Utilization.

The revised test plan is as follows:

Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans**I. Purpose**

This document implements section 834 of Public Law 101-189, the National Defense Authorization Act for Fiscal Years 1990 and 1991, as amended. The primary purpose of the Test Program (the Program) is to determine whether the negotiation and administration of comprehensive small business subcontracting plans will result in increased opportunities for small business concerns performing under Department of Defense (DoD) contracts.

II. Authority

The Program is established pursuant to section 834 of the National Defense Authorization Act for Fiscal Years 1990 and 1991, as amended.

III. Program Requirements

A. The Program shall be conducted from October 1, 1990, through September 30, 1998.

B. The selection of contractors for participation in the Program shall be in accordance with section 834(b)(3). Large business concerns at the major (total) corporate level that, during the preceding fiscal year:

1. Pursuant to at least five Department of Defense (DoD) contracts, furnished supplies or services (including professional services) to the DoD, engaged in research and development for the Department, or performed construction for the Department; and were paid \$25,000,000 or more for such contract activities.

2. (a) Achieved a small disadvantaged business (SDB) subcontracting

participation rate of five percent or more during the preceding fiscal year 1994; or

(b) Firms with an SDB subcontracting participation rate of less than five percent during the preceding fiscal year 1994 may request through the designated contracting activity to participate under the Comprehensive Subcontracting Test Program. Requesting firms shall submit a detailed plan with milestones leading to attainment of at least five percent SDB subcontracting participation rate by fiscal year 1998. The provisions of paragraph B(2) do not apply to the eight original contractors accepted into the program.

3. Shall accept a SDB goal for each fiscal year of not less than five percent, or a SDB goal that is in accordance with the milestone established in paragraph B(2)(b) above.

4. Shall comply with the requirements of the Defense Federal Acquisition Regulation Supplement Subpart 215.605 for source selection purposes.

C. For the purposes of the Program, to the extent practicable, contractors selected to participate shall establish their comprehensive subcontracting plans on the same corporate, division or plant-wide basis under which they submitted the Standard Form (SF) 295 during the preceding fiscal year except that in the case of a division or plant that historically reported through a higher level division, but would meet the criteria under B(2) above, shall be permitted to participate in the program if the division, plant or profit center can demonstrate a five percent or greater subcontract performance level with SDB concerns.

D. Contractors selected for participation shall:

1. Be eligible in accordance with III (B) and (C),

2. Have reported to the DoD on the SF 295 for the last fiscal year, except as applicable under III(C) above,

3. Offer a broad range of subcontracting opportunities,

4. Voluntarily agree to participate, and

5. Have at least one active contract that requires a subcontracting plan at the designated DoD buying activity responsible for negotiating the Comprehensive Subcontracting Plan.

IV. Elements of the Comprehensive Small Business Subcontracting Plan

A. The comprehensive small business subcontracting plan shall address each of the eleven elements set forth in paragraph (d) of the clause at FAR 52.219-9, "Small Business and Small Disadvantaged Business Subcontracting Plan."