



COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT

Office of Research Administration

SMALL BUSINESS SUBCONTRACTING PLAN GUIDANCE

Office of Research Administration (ORA)

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Small Business Act

Congress created the Small Business Act (SBA) in 1952 to protect the interests of small businesses. SBA is designed to “preserve free competitive enterprise” with the goal to ensure a fair portion of purchases & contracts for property and services are placed with small businesses, thus promoting economic development and growth.

What is a Small Business?

A small business is an independently owned and operated for-profit entity. Small business size is defined by North American Industry Classification System (NAICS) codes, either in terms of the average number of employees over the past 12 months or average annual receipts over the past three years.

A small business may identify with any of the following socio-economic categories: Veteran-owned, service-disabled veteran-owned, HUBZone, small disadvantaged, women-owned, Alaska Native Corporation, or Indian tribe. These businesses should follow the guidelines outlined by the Small Business Administration for certification. A business can be classified as having more than one small business type; for instance, it could be registered as both a veteran owned & women owned business and thus would be counted in both categories.

Governing Regulations

Federal Acquisition Regulation (FAR) Part 19, implements SBA on federal purchases and in conjunction with 2 CFR 200 Subpart D, 200.321 requires institutes utilize small businesses when possible. FAR Part 19 requires a Small Business Subcontracting Plan for contracts greater than \$750,000 in value. The Small Business Subcontracting Plan can be required at either proposal stage or during award negotiation.

Small Business Subcontracting Plans

FAR Part 19 requires a small business subcontracting plan be submitted with a proposal or during award negotiation. The plan assesses all project costs and determines the percentage of funds to be spent via small businesses. This plan is incorporated into the final award agreement and becomes a legally binding document. In submitting this document, Mines certifies it will proactively meet the identified goals of working with small businesses.

When is a Small Business Subcontracting Plan Needed?

A Small Business Subcontracting Plan is needed when some or all of the following criteria are met:

- ☐ Required when the sponsor will provide Mines a Contract (not a Grant or Cooperative Agreement) AND
- ☐ Mines budget is greater than \$750k AND/OR
- ☐ Subrecipient budget is greater than \$750k

Where is the Requirement Outlined?

The solicitation will outline the need for a small business subcontracting plan and may specify the inclusion of a specific template at proposal submission.

In addition, a Small Business Subcontracting Plan may be needed on a research project that is incrementally funded and surpasses \$750k in funding. In this case, the sponsor will request a plan and may share a template.

If a template is not provided, ORA has a standard template that can be used.

Who in ORA helps?

The requirement of a Small Business Subcontracting Plan is a joint effort between everyone in ORA. The Proposal Analyst and the PI work together to identify total budget costs purchased through a small business. The Contracts Administrator provides the required language for the plan and collects all required signatures. The Research Accountants notify Procurement of the required Small Business Subcontracting Plan on the award and the Research Accountant Analyst monitors and reports on the plan.

What Resources are Available?

ORA has created a comprehensive workbook to help with the creation of the required plan. The workbook uses the internal budget as a resource to identify small business costs; the Proposal Analyst will work with the PI on completing the workbook.

A business can be classified as having more than one small business type; for instance, it could be registered as both a veteran owned & women owned business and thus would be counted in both categories. PIs may need to contact businesses to identify if they are registered as a small business.

What Are/Are Not Small Business Costs?

Many costs may or may not be purchased from a small business. However, for a company to qualify as a small business they must self-register with the federal government to receive the qualification.

Potential Small or Large Business Costs:

- | | |
|--|---|
| <input type="checkbox"/> Supplies | <input type="checkbox"/> Equipment |
| <input type="checkbox"/> Gases | <input type="checkbox"/> Travel – lodging, car rental & airfare |
| <input type="checkbox"/> Consultant/Subrecipient | are <u>large business costs</u> |

Not Categorized as Small Business Costs:

- | | |
|---|--|
| <input type="checkbox"/> Mines salaries | <input type="checkbox"/> Travel – per diem |
| <input type="checkbox"/> Mines fringe & tuition | <input type="checkbox"/> Overhead |
| <input type="checkbox"/> User Fees | |



What do Subrecipients Provide?

The Proposal Analyst coordinates with qualifying subrecipients (requesting or receiving \$750k or over) the needed documents for their small business subcontracting plan. The subrecipient is required to identify their costs that will support small businesses and report them to Mines. Mines' final plan will include data from Mines and qualifying subrecipients.

What is Sent to the Sponsor?

Once small business costs are outlined the amount and percent of funding going to the small business is recorded on the template and reported to the sponsor. This includes both Mines and any qualifying subrecipients' costs. The Contract Analyst will ensure the reporting requirements are loaded into CRS.

What do I mark in CRS?

In CRS, answer Yes to 'Is a Small Business Subcontractor Plan Required?' on the Proposal tab. This carries through to the project at award. The Contract Analyst will ensure that the Small Business Subcontract Plan is loaded in CRS.

Mines' Small Business Program

Mines added information to our W-9 form to allow businesses to self-report if they are registered as a small business, thus allowing Mines to more easily identify small businesses. The Procurement Office utilizes this information in ensuring purchases are fair and equitable towards small businesses. ORA's Research Accountant Analyst verifies the use of small businesses during the life of the award and monitors the submitted plan.

How do I know if a Small Business qualifies?

Mines' Procurement Office can provide our list of self-identified small businesses. In addition, a review of the business in SAM.gov and their NAICS code will verify if they qualify as small businesses.

Small Business Subcontracting Plan Reports

Reporting on the small business subcontracting plan occurs semi-annually with a final report due at project end. The report includes names of small businesses identified during the vourcing process by Procurement and a review of the business in SAM.gov to ensure they still qualify.

Closeout of Award

The Research Accountant and Research Accountant Analyst work together at award closeout to ensure reporting requirements are met. In addition, the PI reports on whether the small business plan goals were met and provides any needed explanation.



Common Scenarios

1. The sponsor requested a small business subcontracting plan but our budget is for \$500,000 and they want to know why a plan wasn't submitted. Is a plan needed?
A plan is only required if the incremental funds received to date are more than \$750,000. If a contract is to be received and the budget is \$500,000 then a small business subcontracting plan is not necessary.
2. There are 3 subrecipients on the budget, but only 1 qualifies for a small business subcontracting plan, do all subs have to submit a small business subcontracting plan?
No. Only the qualifying subrecipients with budgets over \$750,000 are required to submit a small business subcontracting plan. In this scenario, Mines would submit a plan that includes data provided by 1 subrecipient.
3. How frequently are the Small Business Reports due and where do I submit the report?
Small Business Reports are submitted online via the Research Accountant Analyst and are due semi-annually along with a final report due at project closeout.
4. How do I verify that a business is a small business?
Small businesses can be verified through the Procurement Office, using CUs Small Business Database, performing a review of the business in SAM.gov, and/or looking up the business using their NAICS code.
5. Are subcontractors required to submit small business reports and to whom?
Small Business Reports are required by anyone who submitted a Small Business Plan – meaning anyone who received \$750,000 or more in funding to date. All reports should be submitted to the Research Accountant Analyst.