

Subject: RE: Small business contracting requirements

Lloyd,

The statute remains the same for government-wide—23 % of “of the total value of all prime contract awards for each fiscal year.” [See 15 USC 644\(g\) attached](#). I am also attaching an SBA document that does have some particular exclusions for DoD from the DoD goal, mostly for overseas military contracts. Take a look at Appendix C in [the SBA Goaling Guidelines document](#) which lists the exclusions. What is odd is that in 2018, the SBA reported \$120.8 billion in prime contract awards to small business as representing 25.05 percent of all prime contract awards which means total prime contract awards was about \$480 billion in 2018. When I first started doing government contract lobbying in 1986, we used the figure of about \$500 billion in total contract awards. Something is wrong that the total contract awards has not increased in over 30 years. I am having Stacy Doran, my assistant do a bit more research.

With regard to the second issue, I think you are referring to required small business subcontracting plans by large business concerns. For those plans, the goals are in fact, based only on subcontracted dollars. In other words, if a \$10 million prime contract is awarded and the prime contractor will perform 90 % of it or \$9 million, \$1 million is subcontracted and the goals for small businesses are based on that \$1 million. See FAR 52.219-9(d) below. If you are looking for something else, let me know.

(d) The Offeror’s subcontracting plan shall include the following:

(1) Separate goals, expressed in terms of total dollars subcontracted, and as a percentage of **total planned subcontracting dollars**, for the use of small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. For individual subcontracting plans, and if required by the Contracting Officer, goals shall also be expressed in terms of percentage of total contract dollars, in addition to the goals expressed as a percentage of total subcontract dollars. The Offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs. In accordance with 43 U.S.C. 1626:

Bill Shook