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Parent topic: Defense Federal Acquisition Regulation

Subpart 219.0 - Reserved

Subpart 219.2 - POLICIES

219.201 General policy.

(c) For the defense agencies, the director of the Office of Small Business Programs must be appointed by, be responsible to, and report directly to the director or deputy director of the defense agency.

(8) The responsibility for assigning small business technical advisors is delegated to the head of the contracting activity.

(10) Contracting activity small business specialists perform this function by—

(A) Reviewing and making recommendations for all acquisitions (including orders placed against Federal Supply Schedule contracts) over the micro-purchase threshold (see FAR 19.502-2(a)), except those under the simplified acquisition threshold that are totally set aside for small business concerns in accordance with FAR 19.502-2. Follow the procedures at PGI 219.201 (c)(10) regarding such reviews.

(B) Making the review before issuance of the solicitation or contract modification and documenting it on DD Form 2579, Small Business Coordination Record (see PGI 253.219-70 for instructions on completing the form); and

(C) Referring recommendations that have been rejected by the contracting officer to the Small Business Administration (SBA) procurement center representative. If an SBA procurement center representative is not assigned, see FAR 19.402(a).

(11) Also conduct annual reviews to assess—

(A) The extent of consolidation of contract requirements that has occurred (see FAR 7.107); and

(B) The impact of those consolidations on the availability of small business concerns to participate in procurements as both contractors and subcontractors.

(d) For information on the appointment and functions of small business specialists, see PGI 219.201 (d).

219.202 Specific policies.

219.202-1 Encouraging small business participation in acquisitions.

See PGI 205.207 (d) for information on how to advertise a small business event on the Government point of entry.

219.270 Religious-related services-inclusion of nonprofit organizations.

219.270-1 Definition.

As used in this section—

“Nonprofit organization” means any organization that is—

(1) Described in section 501(c) of the Internal Revenue Code of 1986; and

(2) Exempt from tax under section 501(a) of that Code.

219.270-2 Procedures.

(a) To comply with section 898 of the National Defense Authorization Act for Fiscal Year 2016 (Pub. L. 114-92), when acquiring religious-related services to be performed on a United States military installation—

(1) Do not preclude a nonprofit organization from competing, even when the acquisition is set aside for small businesses as identified in FAR 19.000(a)(3); and

(2) Do not use any of the sole source exceptions at FAR 6.302-5(b)(4) through (7) for such acquisitions.

(b) If the apparently successful offeror has not represented in its quotation or offer that it is one of the small business concerns identified in FAR 19.000(a)(3), the contracting officer shall verify that

the offeror is registered in the System for Award Management database as a nonprofit organization.

219.270-3 Solicitation provision.

Use the provision 252.219-7012 , Competition for Religious-Related Services, in solicitations, including solicitations using FAR part 12 procedures for the acquisition of commercial services, for the acquisition of religious-related services to be performed on United States military installations, when the acquisition is set aside for any of the small business concerns identified in FAR 19.000(a)(3).

Subpart 219.3 - DETERMINATION OF SMALL BUSINESS STATUS FOR

SMALL BUSINESS PROGRAMS

219.301 RESERVED

219.301-2 Rerepresentation by a contractor that represented itself as a small business concern.

Follow the procedures at PGI 204.606 (4)(vii) for reporting modifications for rerepresentation actions.

219.301-3 Rerepresentation by a contractor that represented itself as other than a small business concern.

Follow the procedures at PGI 204.606 (4)(vii) for reporting modifications for rerepresentation actions.

219.309 Solicitation provisions and contract clauses.

(1) Use the provision at 252.219-7000 , Advancing Small Business Growth, in solicitations, including solicitations using FAR part 12 procedures for acquisition of commercial products and commercial services, when the estimated annual value of the contract is expected to exceed—

(i) The small business size standard, if expressed in dollars, for the North American Industry Classification System (NAICS) code assigned by the contracting officer; or

(ii) $70 million, if the small business size standard is expressed as number of employees for the NAICS code assigned by the contracting officer.

Subpart 219.4 - COOPERATION WITH THE SMALL BUSINESS ADMINISTRATION

219.401 General.

(b) The contracting activity small business specialist is the primary activity focal point for interface with the SBA.

219.402 Small Business Administration procurement center representatives.

(c)(i) *Authority*. This section implements section 1811 of the National Defense Authorization Act for Fiscal Year 2017 (Pub. L. 114-328).

(ii) *Definition*. As used in this section—

“Humanitarian and civic assistance” means any of the following activities carried out in conjunction with authorized military operations in a foreign country:

(A) Medical, surgical, dental, and veterinary care provided in areas of a country that are rural or underserved by professionals in those fields, including education, training, and technical assistance related to the care provided.

(B) Construction of rudimentary surface transportation systems.

(C) Well drilling and construction of basic sanitation facilities.

(D) Rudimentary construction and repair of public facilities. (10 U.S.C. 401(e))

(iii) *Exclusions*. Unless the contracting activity requests a review, SBA procurement center representatives will not review acquisitions conducted by or for DoD if the acquisition is—

(A) For foreign military sales (see 225.7300);

(B) In support of humanitarian and civic assistance;

(C) In support of a contingency operation;

(D) Awarded pursuant to a Status of Forces Agreement or other agreement with the government of a foreign country in which U.S. Armed Forces are deployed; or

(E) Both awarded and performed outside the United States and its outlying areas.

Subpart 219.5 - SMALL BUSINESS TOTALSET-ASIDES, PARTIAL SET-ASIDES, AND RESERVES

219.502 RESERVED

219.502-1 Requirements for setting aside acquisitions.

Do not set aside acquisitions—

(1) For supplies that were developed and financed, in whole or in part, by Canadian sources under the U.S.-Canadian Defense Development Sharing Program; or

(2) Excluded from procurement center representative review (see 219.402 (c)(iii)).

219.502-2 Total Small business set-asides.

Unless the contracting officer determines that the criteria for set-aside cannot be met, set aside for small business concerns acquisitions for—

(1) Construction, including maintenance and repairs, under $3.5 million;

(2) Dredging under $2 million; and

(3) Architect-engineer services for military construction or family housing projects under $1 million (10 U.S.C. 2855).

219.502-8 Rejecting Small Business Administration recommendations.

(b) The designee shall be at a level no lower than chief of the contracting office.

Subpart 219.6 - CERTIFICATES OF COMPETENCY AND DETERMINATIONS OF RESPONSIBILITY

219.602 Procedures.

When making a nonresponsibility determination for a small business concern, follow the procedures at PGI 219.602 .

Subpart 219.7 - THE SMALL BUSINESS SUBCONTRACTING PROGRAM

219.702 RESERVED

219.702-70 Statutory requirements for the Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans.

(a) *Test Program*. In accordance with 15 U.S.C. 637 note, DoD has established a test program to determine whether comprehensive subcontracting plans on a corporate, division, or plant-wide basis will reduce administrative burdens while enhancing subcontracting opportunities for small and small disadvantaged business concerns.

This program is referred to as the Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans (Test Program).

(b) *Eligibility requirements.*To become and remain eligible to participate in the Test Program, a business concern is required to have furnished supplies or services (including construction) under at least three DoD contracts during the preceding fiscal year, having an aggregate value of at least $100 million.

(c) *Comprehensive subcontracting plans.*

(1) The Defense Contract Management Agency will designate the contracting officer who shall negotiate and approve comprehensive subcontracting plans with eligible participants on an annual basis.

(2) Test Program participants use their comprehensive subcontracting plans, in lieu of individual subcontracting plans, when performing any DoD contract or subcontract that requires a subcontracting plan.

(d) *Assessment.* The contracting officer designated to manage the comprehensive subcontracting plan shall conduct a compliance review during the fiscal year after the close of the fiscal year for which the plan is applicable. The contracting officer shall compare the approved percentage or dollar goals to the total, actual subcontracting dollars covered by the comprehensive subcontracting plan.

(1) If the contractor has failed to meet its approved subcontracting goal(s), the contracting officer shall give the contractor written notice specifying the failure, advising of the potential for assessment of liquidated damages, permitting the contractor to demonstrate what good faith efforts have been made, and providing a period of 15 working days (or longer period at the contracting officer’s discretion) within which to respond. The contracting officer may take the contractor’s failure to respond to the notice as an admission that no valid explanation exists.

(2) The contracting officer shall review all available information to determine whether the contractor has failed to make a good faith effort to comply with the plan.

(3) If, after consideration of all relevant information, the contracting officer determines that the contractor failed to make a good faith effort to comply with the comprehensive subcontracting plan, the contracting officer shall issue a final decision. The contracting officer’s final decision shall include the right of the contractor to appeal under the Disputes clause. The contracting officer shall distribute a copy of the final decision to all cognizant contracting officers for the contracts covered under the plan.

(e) *Liquidated damages.* The amount of liquidated damages shall be the amount of anticipated damages sustained by the Government, including but not limited to additional expenses of administration, reporting, and contract monitoring, and shall be identified in the comprehensive

subcontracting plan. Liquidated damages shall be in addition to any other remedies the Government may have.

(f) *Expiration date*. The Test Program expires on December 31, 2027.

219.703 Eligibility requirements for participating in the program.

(a) Qualified nonprofit agencies for the blind and other severely disabled, that have been approved by the Committee for Purchase from People Who Are Blind or Severely Disabled under 41 U.S.C. chapter 85, are eligible to participate in the program as a result of 10 U.S.C. 3903 and section 9077 of Public Law 102-396 and similar sections in subsequent Defense appropriations acts. Under this authority, subcontracts awarded to such entities may be counted toward the prime contractor's small business subcontracting goal.

(b) A contractor may also rely on the written representation as to status of—

(i) A historically black college or university or minority institution; or

(ii) A qualified nonprofit agency for the blind or other severely disabled approved by the Committee for Purchase from People Who Are Blind or Severely Disabled.

219.704 Subcontracting plan requirements.

(1) In those subcontracting plans which specifically identify small businesses, prime contractors shall notify the administrative contracting officer of any substitutions of firms that are not small business firms, for the small business firms specifically identified in the subcontracting plan. Notifications shall be in writing and shall occur within a reasonable period of time after award of the subcontract. Contractor-specified formats shall be acceptable.

(2) See 215.304 for evaluation of offers in acquisitions that require a subcontracting plan.

219.705 Responsibilities of the contracting officer under the subcontracting assistance program.

219.705-4 Reviewing the subcontracting plan.

(d)(i) Challenge any subcontracting plan that does not contain positive goals. A small disadvantaged business goal of less than five percent must be approved one level above the contracting officer.

(ii) The contracting officer may use the checklist at PGI 219.705-4 when reviewing subcontracting plans in accordance with FAR 19.705-4.

219.705-6 Postaward responsibilities of the contracting officer.

(f) See PGI 219.705-6 (f) for guidance on reviewing subcontracting reports.

219.706 Responsibilities of the cognizant administrative contracting officer.

(a)(i) The contract administration office also is responsible for reviewing, evaluating, and approving master subcontracting plans.

(ii) The small business specialist supports the administrative contracting officer in evaluating a contractor's performance and compliance with its subcontracting plan.

219.708 Contract clauses.

(b)(1)(A) Use the basic, alternate I, or alternate II clause at 252.219-7003 , Small Business Subcontracting Plan (DoD Contracts), in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, that contain the clause at FAR 52.219-9, Small Business Subcontracting Plan.

(*1*) Use the basic clause at 252.219-7003 , when using the basic, alternate I, or alternate II of FAR 52.219-9.

(*2*) Use the alternate I clause at 252.219-7003 , when using Alternate III of FAR 52.219-9.

(*3*) Use the alternate II clause at 252.219-7003 when using the Demonstration Project described at 226.72.

(B) In contracts with contractors that have comprehensive subcontracting plans approved under the Test Program described in 219.702-70 , including contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, use the clause at 252.219-7004 , Small Business Subcontracting Plan (Test Program), instead of the clauses at 252.219-7003 , Small Business Subcontracting Plan (DoD Contracts), FAR 52.219-9, Small Business Subcontracting Plan, and FAR 52.219-16, Liquidated Damages—Subcontracting Plan.

(2) In contracts with contractors that have comprehensive subcontracting plans approved under the Test Program described in 219.702-70 , do not use the clause at FAR 52.219-16, Liquidated Damages–Subcontracting Plan.

(c)(1) Do not use the clause at FAR 52.219-10, Incentive Subcontracting Program, in contracts with contractors that have comprehensive subcontracting plans approved under the Test Program described in 219.702-70.

Subpart 219.8 - CONTRACTING WITH THE SMALL BUSINESS ADMINISTRATION (THE 8(A) PROGRAM)

219.800 General.

(a) By Partnership Agreement (PA) between the Small Business Administration (SBA) and the Department of Defense (DoD), the SBA has delegated to the Under Secretary of Defense (Acquisition and Sustainment) its authority under paragraph 8(a)(1)(A) of the Small Business Act (15 U.S.C. 637(a)) to enter into 8(a) prime contracts, and its authority under 8(a)(1)(B) of the Small Business

Act to award the performance of those contracts to eligible 8(a) Program participants. However, the SBA remains the prime contractor on all 8(a) contracts, continues to determine eligibility of concerns for contract award, and retains appeal rights under FAR 19.810. The SBA delegates only the authority to sign contracts on its behalf. Consistent with the provisions of the PA, this authority is hereby redelegated to DoD contracting officers. A copy of the PA, which includes the PA's expiration date, is available at PGI 219.800 .

(b) Contracts awarded under the PA may be awarded directly to the 8(a) participant on either a sole source or competitive basis. An SBA signature on the contract is not required.

(c) Notwithstanding the PA, the contracting officer may elect to award a contract pursuant to the provisions of FAR Subpart 19.8.

219.803 Selecting acquisitions for the 8(a) Program.

When selecting acquisitions for the 8(a) Program, follow the procedures at PGI 219.803 .

219.804 Evaluation, offering, and acceptance.

When processing requirements under the PA, follow the procedures at PGI 219.804 .

219.804-1 Agency evaluation.

(f) The 8(a) firms should be offered the opportunity to give a technical presentation.

219.805 Competitive 8(a).

219.805-1 General.

(b)(2)(A) For acquisitions that exceed the competitive threshold, the SBA also may accept the requirement for a sole source 8(a) award on behalf of a small business concern owned by a Native Hawaiian Organization (Section 8020 of Pub. L. 109-148).

(B) "Native Hawaiian Organization," as used in this subsection and as defined by 15 U.S.C. 637(a)(15) and 13 CFR 124.3, means any community service organization serving Native Hawaiians in the State of Hawaii—

(1) That is a not-for-profit organization chartered by the State of Hawaii;

(2) That is controlled by Native Hawaiians; and

(3) Whose business activities will principally benefit such Native Hawaiians.

219.805-2 Procedures.

When processing requirements under the PA, follow the procedures at PGI 219.805-2 for requesting eligibility determinations.

219.806 Pricing the 8(a) contract.

For requirements processed under the PA cited in 219.800 —

(1) The contracting officer shall obtain certified cost or pricing data from the 8(a) contractor, if required by FAR subpart 15.4; and

(2) SBA concurrence in the negotiated price is not required. However, except for purchase orders not exceeding the simplified acquisition threshold, the contracting officer shall notify the SBA prior to withdrawing a requirement from the 8(a) Program due to failure to agree on price or other terms and conditions.

219.808 Contract negotiation.

219.808-1 Sole source.

For sole-source requirements processed under the PA, follow the procedures at PGI 219.808-1.

(a) In lieu of the threshold at FAR 19.808-1(a), the SBA may not accept for negotiation a DoD sole-source 8(a) contract exceeding $100 million unless DoD has completed a justification in accordance with FAR 6.303 and 206.303-1(b).

219.811 Preparing the contracts.

When preparing awards under the PA, follow the procedures at PGI 219.811 .

219.811-3 Contract clauses.

(1) Use the clause at 252.219-7009, Section 8(a) Direct Award, instead of the clauses at FAR 52.219-11, Special 8(a) Contract Conditions, FAR 52.219-12, Special 8(a) Subcontract Conditions, and FAR 52.219-17, Section 8(a) Award, in solicitations and contracts processed in accordance with the PA cited in 219.800.

(2) Use the clause at 252.219-7010, Notification of Competition Limited to Eligible 8(a) Participants—Partnership Agreement, in lieu of the clause at FAR 52.219-18, Notification of Competition Limited to Eligible 8(a) Participants, in competitive solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, when the acquisition is accomplished using the procedures of FAR 19.805 and processed in accordance with the PA cited in 219.800.

(3) Use the clause at 252.219-7011, Notification to Delay Performance, in solicitations and purchase orders issued under the PA cited in 219.800.

Subpart 219.10 - Reserved

Subpart 219.11 - Reserved

Subpart 219.12 - Reserved

Subpart 219.13 - HISTORICALLY UNDERUTILIZED BUSINESS ZONE (HUBZONE) PROGRAM

219.1307 Price evaluation preference for HUBZone small business concerns.

(a) Also, do not use the price evaluation preference in acquisitions that use tiered evaluation of offers, until a tier is reached that considers offers from other than small business concerns.

Subpart 219.70 - RESERVED

(October 01, 1998)

Subpart 219.71 - PILOT MENTOR-PROTEGE PROGRAM

219.7100 Scope.

This subpart implements the DoD Mentor-Protégé Program (referred to as the Program) authorized under 10 U.S.C. 4902. The purpose of the Program is to provide incentives for DoD contractors to assist protégé firms in enhancing their capabilities and to increase participation of such firms in Government and commercial contracts.

219.7101 Policy.

DoD policy and procedures for implementation of the Program are contained in appendix I, Policy and Procedures for the DoD Mentor-Protégé Program.

219.7102 General.

The Program includes—

(a) Mentor firms and protege firms that meet the criteria in I , section I-102;

(b) Mentor-protege agreements that establish a developmental assistance program for a protege firm;

(c) A preliminary assessment of the protégé firm's cybersecurity readiness. The DoD Office of Small Business Programs (OSBP), Office of the Under Secretary of Defense, Acquisition and Sustainment (OUSD(A&S)), provides this preliminary assessment, which is a benefit of program participation; and

(d) Incentives that DoD may provide to mentor firms, which include—

(1) Reimbursement for developmental assistance costs through—

(i) A separately priced contract line item on a DoD contract; or

(ii) A separate contract, upon written determination by the Director, (OSBP), of the cognizant military department or defense agency that unusual circumstances justify reimbursement using a separate contract; or

(2) Credit toward applicable subcontracting goals, established under a subcontracting plan negotiated under FAR subpart 19.7 or under the DoD Comprehensive Subcontracting Test Program, for developmental assistance costs that are not reimbursed.

219.7103 Procedures.

219.7103-1 General.

The procedures for application, acceptance, and participation in the Program are in appendix I, Policy and Procedures for the DoD Mentor-Protégé Program. The Mentor-Protégé Program Director, OSBP, OUSD(A&S), has the authority to approve contractors as mentor firms. The Director, OSBP, of each military department or defense agency has the authority to approve mentor-protégé agreements and forward approved mentor-protégé agreements to the contracting officer when funding is available.

219.7103-2 Contracting officer responsibilities.

Contracting officers shall—

(a) Negotiate an advance agreement on the treatment of developmental assistance costs for either credit or reimbursement if the mentor firm proposes such an agreement, or delegate authority to negotiate to the administrative contracting officer (see FAR 31.109).

(b) Modify (without consideration) applicable contract(s) to incorporate the clause at 252.232-7005 Reimbursement of Subcontractor Advance Payments—DoD Mentor-Protégé Program., Reimbursement of Subcontractor Advance Payments—DoD Mentor-Protégé Program, when a mentor firm provides advance payments to a protégé firm under the Program and the mentor firm requests reimbursement of advance payments.

(c) Modify (without consideration) applicable contract(s) to incorporate other than customary progress payments for protégé firms in accordance with FAR 32.504(c) if a mentor firm provides such payments to a protégé firm and the mentor firm requests reimbursement.

(d) Modify applicable contract(s) to establish a contract line item for reimbursement of developmental assistance costs if -

(1) A DoD program manager or the Director, OSBP, of the cognizant military department or defense agency has made funds available for that purpose; and

(2) The contractor has an approved mentor-protégé agreement.

(e) Negotiate and award a separate contract for reimbursement of developmental assistance costs only if -

(1) Funds are available for that purpose;

(2) The contractor has an approved mentor-protégé agreement; and

(3) The Director, OSBP, of the military department or defense agency has made a determination in accordance with 219.7102(d)(1)(ii).

(f) Not authorize reimbursement for costs of assistance furnished to a protégé firm in excess of $1 million in a fiscal year unless a written determination from the Director, OSBP, of the military department or defense agency is obtained.

(g) Advise contractors of reporting requirements in APPENDIX I - POLICY AND PROCEDURES FOR THE DOD PILOT MENTOR-PROTEGE PROGRAM .

(h) Provide a copy of the approved mentor-protégé agreement to the Defense Contract Management Agency (DCMA) small business professional responsible for conducting the annual performance review (see appendix I, section I-113).

219.7104 Developmental assistance costs eligible for reimbursement or credit.

(a) Developmental assistance provided under an approved mentor-protege agreement is distinct from, and must not duplicate, any effort that is the normal and expected product of the award and administration of the mentor firm’s subcontracts. The mentor firm must accumulate and charge costs associated with the latter in accordance with its approved accounting practices. Mentor firm costs that are eligible for reimbursement are set forth in APPENDIX I - POLICY AND PROCEDURES FOR THE DOD PILOT MENTOR-PROTEGE PROGRAM .

(b) Before incurring any costs under the Program, mentor firms must establish the accounting treatment of developmental assistance costs eligible for reimbursement or credit. For mentor-protégé agreements entered into prior to December 23, 2022, to be eligible for reimbursement under the Program, the mentor firm must incur the costs not later than September 30, 2026.

(c) If the mentor firm is suspended or debarred while performing under an approved mentor-protege agreement, the mentor firm may not be reimbursed or credited for developmental assistance costs incurred more than 30 days after the imposition of the suspension or debarment.

(d) For mentor-protégé agreements entered into prior to December 23, 2022, developmental assistance costs incurred by a mentor firm not later than September 30, 2026, that are eligible for crediting under the Program, may be credited toward subcontracting plan goals as set forth in appendix I. For mentor-protégé agreements entered into on or after December 23, 2022, developmental assistance costs that are eligible for crediting under the Program may be credited toward subcontracting plan goals as set forth in appendix I .

219.7105 Reporting.

Mentor and protege firms must report on the progress made under mentor-protege agreements as indicated in APPENDIX I - POLICY AND PROCEDURES FOR THE DOD PILOT MENTOR-PROTEGE PROGRAM , Section I-112.

219.7106 Performance reviews.

DCMA will conduct annual performance reviews of all mentor-protege agreements as indicated in APPENDIX I - POLICY AND PROCEDURES FOR THE DOD PILOT MENTOR-PROTEGE PROGRAM , Section I-113. The determinations made in these reviews should be a major factor in determinations of amounts of reimbursement, if any, that the mentor firm is eligible to receive in the remaining years of the Program participation term under the agreement.

Subpart 219.72 - (REMOVED)

(October 01, 1998)