



2007 JUL -6 9:47 AM GSA Administrator

May 22, 2007

The Honorable John F. Kerry  
Chairman, Committee on  
Small Business and Entrepreneurship  
United States Senate  
Washington, DC 20510-6350

Dear Mr. Chairman:

This letter follows-up our interim response of March 5, 2007 to your letter of March 1, 2007, expressing your concern over subcontracting opportunities made available to small business in the initial phases of Gulf Coast reconstruction efforts.

Your letter requested that guidance reinforcing the importance of subcontracting plans come from a senior-level of my staff. I am pleased to inform you that the General Services Administration's (GSA's) Chief Acquisition Officer recently issued the two enclosed "Acquisition Alerts" to its entire acquisition workforce addressing this issue.

Additionally, GSA will seek the assistance of our Office of Inspector General when we conduct Procurement Management Reviews of our acquisition activities.

I trust you will find the guidance GSA has issued satisfactory. GSA shares your commitment to the small business community and believes that subcontracting on Government contracts is an extremely effective tool that we can use to support small business.

If you have any questions, please contact me. Staff inquiries may be directed to Mr. Kevin Messner, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Cordially,

A handwritten signature in black ink, appearing to read "Lurita Doan".

Lurita Doan  
Administrator

Enclosures

U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405-0002  
Telephone: (202) 501-0800  
Fax: (202) 219-1243  
[www.gsa.gov](http://www.gsa.gov)



GSA Office of the Chief Acquisition Officer

GSA Acquisition Alert 2007-02

**MAR 30 2007**

MEMORANDUM FOR GSA CONTRACTING OFFICERS

FROM: MOLLY WILKINSON   
CHIEF ACQUISITION OFFICER

SUBJECT: Subcontracting Plans

The General Services Administration (GSA) strongly supports small businesses. Small businesses are the engine of the American economy creating, millions of new jobs annually. Small businesses should have the maximum practicable opportunity to participate as either prime contractors or subcontractors for contracts awarded by GSA. The focus of this acquisition alert is the negotiation of subcontracting plans and the opportunity these plans provide small businesses.

Subcontracting on government contracts is one of the most effective tools that GSA can use to support small businesses. In acquisitions where it is unlikely that small businesses will serve as the prime contractor, GSA must enhance opportunities for small businesses through the negotiation of subcontracting plans. In those situations GSA's goal is to ensure subcontracting opportunities are provided for small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns

To ensure GSA's continued success in offering small businesses the maximum practicable opportunity to participate in the performance of GSA contracts, contracting officers are reminded of the vital importance of subcontracting plan requirements for solicitations and resultant contracts, as required by P.L. 95-507 and implemented in FAR Subpart 19.7. Under those procedures, for contracts of \$550,000 or more (\$1 million or more for contracts for construction) not awarded to a small business, FAR 52.219-9 requires that a contractor subcontracting plan be approved by the contracting officer and incorporated into the contract. Contracting officers are encouraged to review FAR 19.7 and the corresponding contract clauses periodically to ensure effective and efficient implementation of subcontracting plan requirements.

The contract file documentation should reflect all significant decisions affecting the acquisition, including any decisions impacting subcontracting plan requirements. If no subcontracting opportunities are determined to exist, document the file as described in FAR Subpart 19.705-2 and ensure that the determination is approved one level above the contracting officer. In addition, contracting officers have a responsibility to ensure that contractors properly report their subcontracting accomplishments and make good faith efforts to achieve their subcontract goals. GSAM Subpart 519.706 sets forth specific contract administration duties necessary to monitor contractor compliance with subcontracting plan reporting requirements.


Annual or special Procurement Management Reviews conducted by this office will include a review of compliance with subcontract plan requirements. These reviews will also include a review of FPDS-NG to ensure that contract actions have been entered and properly coded. The review will examine if the subcontracting plan representation within FPDS-NG is consistent with whether or not a subcontracting plan was required or included under the subject contract.

Questions concerning this Acquisition Alert should be directed to Ms. Rhonda Cundiff at (202) 501-0044.



**MAR 30 2007**

MEMORANDUM FOR GSA CONTRACTING OFFICERS

FROM: MOLLY WILKINSON   
CHIEF ACQUISITION OFFICER

SUBJECT: Subcontracting Plans Requirements  
During a Presidential Declared Major  
Disaster or Emergency (42 USC 5121)

Unusual and compelling circumstances create unique challenges in providing opportunities for small business. The Government Accountability Office (GAO) Report – GAO-07-205 entitled “Hurricane Katrina – Agency Contracting Data Should Be More Complete Regarding Subcontracting Opportunities for Small Business” dated March, 2007, identified situations where Hurricane Katrina relief support contracts eligible for the negotiation and incorporation of subcontracting plans did not include such plans. The GSA contracts identified by GAO as missing the subcontracting plans were awarded using other than full and open competition. Under unusual and compelling circumstances. However, there is no similar exception in the Small Business Act for the negotiation and inclusion of subcontracting plans in situations like Hurricane Katrina.

Contracting officers are reminded that P.L. 95-507, as implemented in FAR Subpart 19, requires solicitations and resultant contracts of \$550,000 or more (\$1 million or more for contracts for construction) not awarded to a small business, incorporate into the contract a contractor subcontracting plan be approved by the contracting officer. However, in cases of national emergencies where response time is critical, contracting officers should assess whether there are realistic subcontracting opportunities and the corresponding time needed to negotiate and award a subcontracting plan. Contracting Officers should discuss at a management level above them for appropriate action if they believe there is not adequate time to implement the subcontract requirement and meet the delivery requirements.

Contract file documentation should reflect all significant decisions affecting the acquisition, including any decisions impacting subcontracting plan requirements. If no subcontracting opportunities are determined to exist, document the file as described in FAR Subpart 19.705-2 and ensure that the determination is approved one level above the contracting officer.

Questions concerning this Acquisition Alert should be directed to Ms. Rhonda Cundiff at (202) 501-0044.