**Subcontracting Reform – Compliance with complete public disclosure**

As part of the National Federal Contractors Association (NaFCA) and Set-Aside Alert Solutions Summit on Subcontracting Reform, focus working groups were formed. They are made up of small businesses that do business with the federal government and developed the following solution:

**Solution**

The Federal Acquisition Regulations (FAR) provide for public expenditures information to be available to the public, which includes the name of the company that has been awarded a contract and a description of the work to be performed, the value and the time frame of the expected contract performance. The law requires for large businesses on contracts over $500,000 for services and products ($1,000,000 for construction) to have a subcontracting plan for small and disadvantaged businesses. The contract information on the subcontracting activity on the contract that has been awarded should be made public as it is now required for public information to be available on other information on the contract. It is proposed that the government make available the list of subcontractors, the value of the subcontracting activity, the type of work performed and the time frame of the contract.

**Benefits**

* Increased commitment to achieve subcontracting goals
* Small businesses gain a better ability to develop marketing strategies for their products.
* Public nature of subcontracting goal performance creates incentive for large prime contractors to meet their goals
* Agency contracting officers have easier access to historical subcontracting data.

**Background and Discussion**

Small Business Subcontracting Plans are agreements reached between large business prime contractors and Federal contracting officers. These agreements may establish goals and programs at a corporate level or they may be focused on one specific contract. Either way, they represent commitments by executives of large businesses that they will work diligently to include small businesses of all types as suppliers and subcontractors for products and services used in the performance of government contracts.

Unfortunately, once these agreements are signed, they disappear into the file. No provision has been made for public transparency of the large business’ goals or anticipated methods for achieving the goals, nor for measurement of progress against those goals. By providing public disclosure of the goals and progress, there would be more of a commitment to achieve the goals. Furthermore, small businesses would be able to determine their best strategies for marketing their capabilities and focusing on those primes who need subs with their skill sets. This would save time and effort for both the large and small businesses, as small businesses would avoid wasting their time and the large business SBLO’s time if the prime is already meeting its goals.

Another positive impact of transparency would come from contracting officers being able to see the provisions of plans for other contracts and the prime’s progress in meeting its stated goals. This information also then becomes available for evaluating past performance.

With the current administration’s focus on transparency, applying that tenet to subcontracting plans is a natural. At the time an award is posted to FPDC, the contracting office should also post the prime’s SB goals for the contract. (If the plan establishes corporate wide goals, a different approach would need to be developed.) The goals data could then be extracted from the FPDC submission into a Subcontracting Plans website for public access. As subcontract award data is submitted to eSRS, this action information would be posted into the Subcontracting Plans website to document progress against the agreed-upon goals.

The exposure to public opinion and response is a powerful incentivizing tool. Companies that work to achieve their goals will be recognized for their accomplishments while those that put only lip service into their efforts will be recognized and admonished for their lack of accomplishment. At present, no one knows whether a prime is actually doing anything to achieve its goals, or whether it has agreed to goals that meet the intent of the regulations. Some very large companies have very small goals. Yet no one knows who those companies are or what they are doing to improve their performances.