**Subcontracting Reform - Establishing Standards of Accountability and Professionalism**

**Solution**

As part of regulatory reform, the contracting officer shall be responsible for approving only those subcontracting plans that assign at least twenty percent of the gross contract value to small business subcontractors. After contract award, the contracting officer shall be responsible for assuring the compliance of the prime contractor with the subcontracting plan. If the prime contractor does not comply with the subcontracting plan, the contracting officer shall impose liquidated damages as provided by subcontracting regulations.

**Benefits**

* Establishes a minimum standard on subcontracting plans, which will assist the contracting officer in negotiating with large businesses.
* This proposed regulatory requirement builds on the requirements that are already in place in the subcontracting regulations.
* The successful implementation of this proposed regulatory requirement will provide consistency and focus the contracting officer’s attention on meeting the spirit and letter of the subcontracting regulations.
* Large businesses will comply when they know that the government is committed to meeting the spirit and letter of subcontracting regulations and will enforce them through penalties.

**Background and Discussion**

In order to provide for consistency in the enforcement of the federal government’s small business subcontracting program, contracting officers must comply with their assigned responsibilities according to regulatory requirements. It is clear that current regulations already make the contracting officer responsible for approving the small business subcontracting plans of large prime contractors. In current regulations, it is also stated that the contracting officer is required to assure that large business prime contractors comply with their government-approved subcontracting plans.

Unfortunately, at present and in the past twenty years, federal contracting officers have been inconsistent in managing subcontracting plan compliance over the entire contract life cycle. This is the case, even though current regulations provide contracting officers with a means to very effectively penalize those large business prime contractors that do not comply with their government-approved subcontracting plan. The regulations clearly state that the imposition of liquidated damages is a tool the contracting officer is to use to force large business prime contractors to comply with their government-approved subcontracting plan.

There is serious concern in the small business federal contracting community that SBA has failed to show consistent leadership in aggressively enforcing subcontracting regulation. Now, SBA is proposing new regulations that make the contracting officer responsible for additional review and oversight steps. Any additional oversight and review will have no effect on the compliance of large businesses with subcontracting regulations, if the SBA continues to sit on the sideline and refuses to take responsibility for enforcing regulations that have been on the books for over twenty years. The community sees nothing more than the same bureaucratic merry-go-round that has been reality for the last two decades.