



Weekly Report for July 15, 2016

GOVERNMENT CONTRACTS

Small Business Subcontracting Improvements

DOD, GSA, and NASA issued a final rule amending the FAR to implement the following regulatory changes made by the Small Business Administration, which provide for a governmentwide policy on small business subcontracting:

- (1) Requiring prime contractors to make good faith efforts to utilize their proposed small business subcontractors during performance of a contract to the same degree the prime contractor relied on the small business in preparing and submitting its bid or proposal. To the extent a prime contractor is unable to make a good faith effort to utilize its small business subcontractors as described above, the prime contractor is required to explain, in writing, within 30 days of contract completion, to the contracting officer the reasons why it is unable to do so;
- (2) Authorizing contracting officers to calculate subcontracting goals in terms of total contract dollars in addition to the required goals in terms of total subcontracted dollars;
- (3) Providing contracting officers with the discretion to require a subcontracting plan in instances where a small business rerepresents its size as an other than small business;
- (4) Requiring subcontracting plans even for modifications under the subcontracting plan threshold if said modifications would cause the contract to exceed the plan threshold;
- (5) Requiring prime contractors to assign North American Industry Classification System (NAICS) codes to subcontracts;
- (6) Restricting prime contractors from prohibiting a subcontractor from discussing payment or utilization matters with the contracting officer;
- (7) Requiring prime contractors to resubmit a corrected subcontracting report within 30 days of receiving the contracting officer's notice of report rejection;
- (8) Requiring prime contractors to provide the socioeconomic status of the subcontractor in the notification to unsuccessful offerors for subcontracts;

(9) Requiring prime contracts with subcontracting plans on task and delivery order contracts to report order level subcontracting information after November 2017;

(10) Funding agencies receiving small business subcontracting credit; and

(11) On indefinite-delivery, indefinite-quantity contracts, the contracting officer may establish subcontracting goals at the order level (but not a new subcontracting plan), [81 Fed. Reg. 45833](#). This final rule is effective November 1, 2016.

FPI Blanket Waiver Threshold

DOD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation (FAR) to increase the blanket waiver threshold for small dollar-value purchases from Federal Prison Industries (FPI) by Federal agencies from \$3,000 to \$3,500, [81 Fed. Reg. 45854](#). This final rule is effective August 15, 2016.