



Small Business Subcontracting Plan

A Quick-Start Guide





Small Business Subcontracting Plan—A Quick-Start Guide

Dear Colleagues:

Welcome to the Small Business Subcontracting Plan (SBSP) Quick-Start Guide! An SBSP is required for federal contract and subcontract awards that are equal to/or exceed \$750,000 over the course of the contract. The SBSP projects the percentage allocations of costs under an award to small businesses.

SBSPs allow U-M to submit compliance reports to the federal government on a semi-annual basis. It's extremely important that the goals listed in SBSPs are met by the end of the contract period. If these goals are not met, the sponsor may impose penalties. These penalties may include reimbursement of funds to the sponsor and negatively affect future funding proposals.

The principal investigator (PI) is responsible for ensuring that the percentage allocations outlined in an SBSP are met. This guide was developed to help PIs and research administrators (RAs) easily and quickly create and complete an SBSP.

If you any have questions about your SBSP, [please contact us](#). Thank you for supporting U-M's efforts to comply with federal reporting requirements by completing your SBSP.

—The SBSP Team

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SBSP requirements

- Per federal regulations, an SBSP is required for federal contracts and subcontracts that exceed \$750,000 over the course of the contract. Certain percentages of the direct cost expenditures must be spent with suppliers in small business categories. (View the [Federal Acquisition Regulation—Part 19 - Small Business Programs](#) and [Part 52 - Solicitation Provisions and Contract Clauses](#) for detailed information on SBSP requirements.)
- All purchases of goods and services must be made in accordance with [U-M's policy on procurement](#).
- If the contractor (U-M) fails to make good-faith efforts to comply with the subcontracting goals, the sponsor may impose penalties, including partial or total reimbursement of funds.
- Failure to meet the subcontracting goals may also negatively affect future funding prospects for other U-M applicants.



Departmental responsibilities—PIs and RAs

- Completion of the Self-Guided SBSP Template
- Submission of the completed SBSP using the SBSP Request Form
- Attach the SBSP in eResearch
- Monitor goal achievement
 - Timely submission of spend for award—all spend should be properly submitted in the appropriate financial system prior to governmental reporting periods.
 - Spend should be completed against the correct award and accounting.
 - P-Card activity is not included in governmental spend reporting and is not reflected in your goal achievements.
- Achievement of goals
 - If the goals are unmet, the sponsor may impose penalties. These penalties may include reimbursement of funds to the sponsor and negatively affect future funding proposals for the PI or other U-M applicants.
 - RAs and PIs are responsible for providing responses to any governmental concerns or issues that arise as part of the reporting process.



Goals

The federal sponsor awarding the contract requires that certain percentages of the direct costs be spent with suppliers in the small business categories listed below.

Note: The sponsor may stipulate different goals.

- Small Business Concerns (SBC)—23 percent
- Small Disadvantaged Business Concerns (SDB)—5 percent
- Woman-Owned Small Business Concerns (WOSB)—5 percent
- Historically Underutilized Business Zone Concerns (HUBZone)—3 percent
- Veteran-Owned Small Business concerns (VOSB)—3 percent
- Service-Disabled Veteran-Owned Small Business Concerns (SDVOSB)—3 percent
- Historically Black Colleges and Universities/Minority-Serving Institutions Concerns (HBCU-MI)—0 percent
- Other Than Small Business/Large Business Concerns (LBC)—77 percent



Preparing your SBSP





Prep work

To assist in preparing your SBSP, please have the following information available:

- Total contract amount
- Solicitation number and/or contract number
- Start and end date
- Estimated total costs from the final detailed budget for the following categories:
 - Total cost for materials and supplies
 - Total cost for equipment
 - Total cost for travel
 - Total cost for consultants
 - Total cost for subcontracts
 - Total cost for printing
 - Total cost for incentive payments

Note: Expenses for direct labor/salary, fringe benefits, tuition, or indirect costs such as general/administrative and facilities should not be included in your SBSP.



Department—SBSP request submission

- [Download the most up-to-date Self-Guided SBSP Template.](#)
- Complete the tab within the template labeled “Worksheet (Fill Out Here).”
 - Instructions are provided in the template.
 - Please ensure you have sufficient suppliers from each of the small business categories in order to reach your spend goals. The following resources can aid in finding potential suppliers:
 - i. [University-Wide Contract Supplier Search Tool](#)
 - ii. [Procurement Services M-Connect Supplier Diversity Search Tool](#)
 - iii. [Small Business Associate Search Tool](#)
- Save your Self-Guided SBSP Template with a new file name and submit it through the [SBSP Request Form](#).



Procurement Services—SBSP review

- Procurement Services will review your SBSP Template submission, mark the appropriate small business designation(s) for any potential suppliers, and assist you with your SBSP completion.
- You can expect a response within two business days.

Department—Sign and add the SBSP into eRPM

- After Procurement Services has completed the review of your Self-Guided SBSP Template submission, you (PI or RA) can sign the Signature Page and attach it to the proposal in eRPM.

Monitoring—Review spend

Once awarded, departments should monitor their SBSP spend regularly to review the progress of goal achievement and identify issues early.



Procurement Services responsibilities

- Review SBSP as well as provide feedback and assistance as needed.
- Report progress towards the goals outlined in the SBSP to the government every April and October via the Federal Electronic Subcontracting Reporting System (eSRS).
- Forward any questions to the PI and RA from the federal agency that inquire why a SBSP is not meeting its goals.
- Help the PI and RA identify suppliers to achieve SBSP goals. Procurement Services can assist departments in acquiring new contracts and using established contracts.

Reporting—Spend data sent to eSRS

Semi-annual spend reporting on small business as related to the award will be sent to the eSRS by Procurement Services on your behalf. Additional information and/or feedback may be required from the RA or PI based on the eSRS response.



Other resources

Federal Acquisition Regulation

- [Part 19—Small Business Programs](#)
- [Part 52—Solicitation Provisions and Contract Clauses](#)
- [Federal Acquisition Regulation](#)

Research and Sponsored Projects

- [Roles and responsibilities](#)
- [U-M Research and Sponsored Projects](#)

Procurement Services

- [Procurement Services](#)

Assistance in locating small businesses

- [U.S. Small Business Administration](#)

Contact

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