Reset Form

ACQ WE GET IT	# Acquisition Management System Change Request Form
Change Request Number: (To be completed by secretariat)	25-53
Title:	T3.6.1 Small Business Program - Executive Order Implementation
Select the type of Change Request: *Policy changes require FAE endorsement.	Guidance
Impacted AMS Category. Choose from drop down selections. If additional categories or sections are impacted, submit a separate CR form for each.	Category: Guidance
Section(s) impacted by CR:	Procurement Guidance T3.6.1 Small Business Program

PART 1: ENDORSEMENTS

Manager, Acquisition Policy Branch Endorsement: AAP-110, Procurement Policy Branch	(x) Approved ( ) Disapproved	Electronic Signature/Date: STEPHEN BRENDAN MANGAN Digitally signed by STEPHEN BRENDAN MANGAN Date: 2025.03.26 09:45:26 -05'00'
Acquisition System Advisory Group (ASAG) Chairperson Endorsement:	(x) Approved ( ) Disapproved	Electronic Signature/Date: STEPHEN BRENDAN MANGAN Digitally signed by STEPHEN BRENDAN MANGAN Date: 2025.03.26 09:45:44 -05'00'
Acquisition Policy and Oversight (AAP) Director Endorsement:	(x) Approved ( ) Disapproved	Electronic Signature/Date: JAKE LENO LEWIS Digitally signed by JAKE LENO LEWIS Date: 2025.03.28 15:44:25 -04'00'
FAA Acquisition Executive (FAE) Endorsement: *Only required for Policy Changes	( ) Approved ( ) Disapproved	Electronic Signature/Date:

PART 2: GENERAL INFORMATION

Change Request (CR) Number: 25-53	Date Received: (To be completed by secretariat) 3/28/25

Summary and Reason for Change:

Revisions throughout in compliance with EOs 14148 and 14151.
EO 14148 of Jan. 20, 2025 (Initial Rescissions of Harmful Executive Orders and Actions) revoked EOs 13985 and 14091. EO 13985 of Jan. 20, 2021 (Advancing Racial Equity and Support for Underserved Communities Through the Federal Government) and subsequent White House Fact Sheets called for a 50% Small Disadvantaged Business (SDB) goal. EO 14091 of February 16, 2023 (Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government) required the Government-Wide SDB Goal be 15% by FY 2025. The FAA took actions to implement these EOs.
EO 14148 requires all agencies to review all actions taken under revoked orders and to "take necessary steps to rescind, replace, or amend such actions as appropriate."
EO 14151 of Jan 20, 2025 (Ending Radical and Wasteful Government DEI Programs and Preferencing) called for the termination of any programs resulting from revoked EO 13985 and the termination of any "'diversity, equity, inclusion, and accessibility' (DEIA) mandates, policies, programs, preferences, and activities in the Federal Government, under whatever name they appear."
In compliance with the policies expressed in EO 14151 and revocations of prior EOs under EO 14148:
• The procurement authority for Small Disadvantaged Business (SDB) set-aside is removed from AMS. All references to SDB set-aside are deleted in T3.6.1B2 and B6. Other discrete SDB references are removed in T3.6.1 (A1, B6, C3); references to SEDB "8(a) certified" businesses remain. This aligns with corresponding edits in AMS clause 3.6.1-16, Policy, Templates, and Checklists.
• Removed the procurement authority at T3.6.1B.2(e) for noncompetitive awards to SDB and SEDB 8(a) certified vendors for the construction of new or replacement Air Traffic Control Towers. This will align with corresponding revisions in Policy 3.6.
• Removed the reference to Historically Black Colleges and Universities and Minority Educational Institutions in T3.6.1B5. Corresponding deletions in AMS clauses 3.6.1-4 and 3.6.1-11.
Administrative edit in T3.6.1B5 to remove "described in Section 1.12," unrelated to EOs. This is an unnecessary cross-reference to a non-AMS document.

Initiator Contact Information:	Name: Stephen Mangan	Phone: 404-954-4137
	Organization Name: Procurement Policy Branch	Routing Code: AAP-110
ASAG Member Contact Information	Name: Stephen Mangan	Phone: 404-954-4137

Development, Review, and Concurrence: AAP-110, AAP-020, AGC	Target Audience: Contracting Workforce
ASAG Briefing: ○ YES ● NO (To be completed by secretariat) Date:	ASAG Responsibilities: 03/28/25 Sent to ASAG Members for Awareness.
AEB Briefing: ○ YES ● NO (To be completed by secretariat) Date:	AEB Responsibilities: 03/28/25 Sent to AEB Members for Awareness.

PART 3: FAST PUBLICATION INFORMATION		
☑ **Validation of other impacted FAST locations:** I confirm I have validated all other portions of the website and will submit additional CR's for any other impacted sections as necessary.		
Section/Text Location: Procurement Guidance T3.6.1	**Links:** https://fast.faa.gov/docs/procurementGuidance/guidanceT3.6.1.pdf	
Redline Validation: NOTE: The redline version must be a comparison with the current published FAST version.	◉ I confirm I used the latest published version to create this change/redline. OR	○ This is new content.
Attachments: GuidanceT3.6.1 redline GuidanceT3.6.1 final	**Other Files:** N/A.	

T3.6.1 - Small Business Program **Revised 1/2024**

A. Small Business Program **Revised 1/2024**

1. Procurement Team Responsibilities in Support of the Small Business Program **Revised ~~9/2024~~4/2025**

a. Procurement teams are responsible for the implementation of the FAA's small business programs in their contracting actions, including achieving program goals, for contracts within the United States and its outlying areas. These responsibilities are listed in b. through g. of this subsection. Contracting Officers (COs) have the discretion to apply this Guidance section, T3.6.1, and the responsibilities listed below, to procurements outside of the United States and its outlying areas;

b. Develop small businesses by taking all reasonable action to increase small business participation in the FAA's procurements (including subcontracts);

c. Consider the feasibility of breaking out requirements to increase opportunities for small businesses to successfully compete for prime contracts;

d. Consider the extent of small business participation in contract performance during procurement planning;

e. Obtain guidance from the FAA Small Business Office (AAP-20) liaison as it relates to small business issues. The service teams must coordinate with representatives of the cognizant local AAP-20 once requirements estimated to exceed the AMS risk threshold are defined to receive assistance in identifying opportunities for small businesses. This includes requirements for calls/orders under Basic Ordering Agreements or Blanket Purchase Agreements unless a documented agreement is established with AAP-20.

f. *Coordination*.

(i) Coordination with AAP-20 does not apply to contract modifications or requirements having an anticipated dollar value exceeding the micro-purchase threshold but not exceeding the AMS risk threshold that are set-aside for Socially and Economically Disadvantaged Business (SEDB) 8(a) Certified, Service-Disabled Veteran-Owned Small Business (SDVOSB), Historically Underutilized Business Zone (HUBZone) small businesses, ~~Small Disadvantaged Businesses (SDB),~~ Women-Owned Small Business (WOSB), and/or Economically Disadvantaged Women-Owned Small Business (EDWOSB) vendors (collectively referenced as small business socioeconomic categories) or a small business if no small business socioeconomic categories that are competitive in terms of market prices, quality, and delivery can be identified; and

(ii) Procurement Teams must coordinate with AAP-20 using the Small Business Set-Aside Determination and Coordination Form located on the FAST webpage under Procurement Templates and attach the applicable documents to include but not limited to, the statement of work, a signed and approved copy of the single source justification, a signed rational basis documentation, market research and market analysis to the form. For use of the form, refer to the Small Business Set-Aside Determination and Coordination Process Flowchart located on the FAST webpage under Procurement Resources and Flowcharts. In addition, any requirements that had previously been procured under the SEDB 8(a) Program, but not currently proposed for reprocurement under the SEDB 8(a) Program must be approved by the cognizant local AAP-20 staff. If agreement cannot be reached, the FAA Acquisition Executive's approval is required prior to any public notice or solicitation of the requirement; and

g. Participate and assist in the development of small business conferences and outreach efforts sponsored by AAP-20.

2. The FAA Small Business Office (AAP-20) and Liaison Representative Involvement Revised 4/2024

The FAA Small Business Office (AAP-20) maintains a direct working relationship with the procurement teams. When appropriate, AAP-20 interacts with all procurement teams in the following areas to provide support and ensure effective and consistent program implementation:

a. Participates in procurement workshops to increase access to and award of FAA contracts by small businesses;

b. Participates in acquisition and procurement planning meetings and other scheduled meetings with the procurement team as advisors;

c. Identifies potential small businesses that qualify for a particular procurement;

d. Ensures that the source selection criteria used to select firms for award is fair, consistent and does not limit opportunities for small businesses;

e. Provides advertising recommendations to the integrated products teams to ensure all requirements are being advertised in media accessible to small businesses;

f. Responds to written and telephone inquiries from small businesses and small businesses owned and controlled by a socially and economically disadvantaged individuals regarding procurement opportunities with FAA;

g. Reviews final source lists to ensure an adequate representation of small businesses;

h. Reviews questions presented at conferences, preparing answers to questions submitted by small businesses, interacting with the integrated product teams for distribution of responses to all potential contractors;

i. Reviews annual representations and certifications and accompanying documentation using official records found on registries including the System for Award Management (SAM) and the Small Business Administration's Veteran Small Business Certification (VetCert) program;

j. Utilizes the Small Business Administration's Small Business websites to support market Research;

k. Reviews subcontracting plans and AMS Small Business Subcontracting Plan Checklists submitted by COs to ensure subcontracting plans are compliant with the requirements of AMS clause 3.6.1-4 Small Business Subcontracting Plan;

l. Assists in the proposal evaluation process as a non-voting member of the evaluation team;

m. Participates in debriefings of unsuccessful small businesses to ensure fair and equitable treatment to all firms; and

n. Participates in ~~postaward~~post award meetings with successful offerors to ensure a clear understanding of small business program guidelines and engagement of small businesses as subcontractors.

B. Contracting with Small Businesses Revised 1/2024

1. Subcontracting Considerations Revised 4/2024

For procurements that include subcontracting provisions and/or clauses, procurement teams should consider the following:

a. Establishing goals to ensure that they are realistic and motivate the contractor. Percentage goals that are unrealistically low will only create a false sense of success and should be avoided. Likewise, goals that are too high can be counterproductive.

b. Subcontracting requirements should be a subject for review and discussion at ~~postaward~~post award conferences. It is important to monitor contractor performance in meeting goals. This is particularly important early in the life of the contract when the majority of subcontracts will be awarded. Prompt corrective action should be taken if it appears that a contractor will not meet its goal (For additional guidance see AMS Guidance T3.6.1B.3.c.(2)(C) *Compliance with the Subcontracting Plan*).

c. The procurement team should notify the FAA Small Business Office (AAP-20) or Small Business Liaison Representative of the opportunity to review the subcontracting proposal in sufficient time to provide the representative a reasonable time to review the material and submit advisory recommendations prior to award. The CO is responsible for ensuring that the contractor attains all subcontracting goals. Subcontracting data (accomplishments) must be timely reported in the Electronic Subcontracting Reporting System (eSRS).

d. The CO should provide a listing of potential small business subcontractors for information purposes. The FAA should not make any warranty as to their capabilities or abilities to perform any portion of the contract. The listing may be obtained from the AAP-20 Small Business Liaison Representative.

e. Evaluate the percentage and dollar volume of planned subcontracting and total dollar volume of expected awards to small business subcontractors (including small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs).

f. There should be separate subcontracting goals for small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs expressed as a percentage of total planned subcontracting dollars.

g. Identify principal supplies and service areas to be subcontracted and identify those areas where it is planned to use small businesses, SDVOSBs, HUBZone small businesses SDBs, and WOSBs.

h. Review via SAM representations and certifications of principal proposed small business and small disadvantaged business subcontractors, including the type of supplies or service and the dollar value to be awarded to each principal subcontractor. This information is to be used to assist the CO in making a determination as to the acceptability of the proposed subcontracting goals. The contractor is not contractually bound to make awards to the designated subcontractors nor is the FAA approving the subcontracts.

i. Evaluate the extent of complexity and variety of work to be performed by small businesses with greater weight on businesses performing substantive or high technology components or services. In this way, FAA can ensure that small businesses will receive technologically challenging or a meaningful portion of the overall contract.

j. Include monetary incentives for subcontracting such as including an award fee provision to provide incentives for providing meaningful, technically substantive subcontracting work to small businesses. Under this approach subcontracting proposals that provide appropriate percentage commitments would be accepted, but an award fee contract line item would be incorporated as part of the contract. Receipt of the award fee would be after either preliminary design review, critical design review, or other appropriate milestones. The percentage amount of the award fee pool would be based on the extent the contractor has provided meaningful, technically substantive work to eligible small businesses within the previously accepted percentage goals.

k. Evaluate past performance related to the offeror's compliance with prior subcontracting proposals and subcontracting plans, with greater weight on subcontracting proposals received from offerors that have successfully attained or exceeded subcontracting goals in the past.

l. Evaluate level of participation of small businesses evaluated based on the percentage of the total contract value (if appropriate). This is particularly recommended for requirements traditionally performed by small businesses that may be displaced due to the bundling of smaller set-aside requirements into one larger contract.

m. Contractors should be required to flow down similar subcontracting requirements under the prime contract to all subcontractors (except small businesses).

n. If an offeror submits an offer that does not address each of the subcontracting provisions and/or clauses, the CO should advise the offeror of the deficiency and request submission of a revised offer by a specific date.

o. If the offeror does not submit an offer incorporating the subcontracting requirements within the time allotted, the offeror should be ineligible for award.

2. Prime Contracting with Small Business Revised ~~9/2024~~4/2025

a. While the use of small business set-asides as a method of procurement is not mandatory, small businesses must be afforded reasonable opportunities to compete for all procurements. All procurements must first be considered for set-aside before procuring the supplies or service on an unrestricted basis pursuant to AMS Policy 3.6.1.3.4. Thus, procurement teams should take the following actions when appropriate:

(1) Set-aside procurements for competition in accordance with the policies and guidance contained in Acquisition Management System (AMS) Policy Section 3.2.2 and Guidance T3.2.2 Source Selection;

(2) Consider the capabilities of small businesses and small businesses owned and controlled by socially and economically disadvantaged individuals during the screening phase of each procurement;

(3) Breakout large requirements (if severable) into smaller sized requirements to provide for greater small business participation;

(4) Plan procurements of supplies and services so that more than one small business firm may perform the work (if the work exceeds the amount that which a single small business can handle);

(5) Ensure that delivery schedules are realistic to encourage small business participation to the extent consistent with actual requirements of FAA;

(6) Encourage teaming relationships among small and large businesses to enhance competition; and

(7) Utilize small businesses on qualified vendor lists on a rotational basis to increase opportunities to the greatest number of small businesses.

b. The process of conducting set-asides with small businesses or small business socioeconomic categories (Refer to AMS Policy 3.6.1.3 and AMS Policy 3.6.1.3.4 for the principles of the small business program and set-asides to small business socioeconomic categories) is subject to the following criteria:

(1) All set-asides are to be conducted directly with small businesses independent of the Small Business Administration (SBA);

(2) Procurements may be set-aside exclusively for small businesses;

(3) Procurements may be set-aside exclusively for competitive award among SEDB 8(a) Certified firms that are expressly certified by the Small Business Administration (SBA) for participation in the SBA's 8(a) program. Each firm claiming 8(a) status is required to provide a copy of its SBA 8(a) certification letter to the Contracting Officer (CO) as evidence of eligibility. A firm's 8(a) certification may also be verified on the firm's Dynamic Small Business Search (DSBS) profile at https://dsbs.sba.gov/search/dsp_dsbs.cfm. There is no requirement for SBA's approval to make award to the SEDB 8(a) Certified firm;

(4) Procurements may be set-aside exclusively for competitive award among SDVOSBs as defined by 38 U.S.C. 101. Each firm claiming SDVOSB status must be certified under the SBA's Veteran Small Business Certification (VetCert) program database at https://veterans.certify.sba.gov at the time of offer. There is no requirement for SBA's approval to make an award to the selected SDVOSB;

(5) Procurements may be set-aside exclusively for competitive award among HUBZone small businesses that are expressly certified by the SBA for participation in the HUBZone program. Each firm claiming HUBZone status is required to complete the electronic annual representations and certifications via SAM at https://www.sam.gov to self-certify its eligibility. Certification can also be verified at https://dsbs.sba.gov/search/dsp_dsbs.cfm. There is no requirement for SBA's approval to make award to the selected HUBZone small business;

(6) Procurements may be set-aside exclusively for competitive award among WOSB that are either certified by the SBA or by a third-party certifier approved by the SBA and are eligible under the WOSB Program. Program participants' WOSB certification must be on the firm's DSBS profile at https://dsbs.sba.gov/search/dsp_dsbs.cfm. WOSB concerns are eligible under the WOSB Program when the acquisition is assigned a North American Industry Classification System (NAICS) code in which SBA has determined that WOSB concerns are underrepresented or substantially underrepresented in Federal procurement. These NAICS are listed by the SBA on its website (see https://www.sba.gov/document/support-eligible-naics-women-owned-small-business-federal-contracting-program). There is no requirement for SBA's approval to make award to the selected WOSB;

(7) Procurements may be set-aside exclusively for competitive award among EDWOSB that are either certified by the SBA or by a third-party certifier approved by the SBA and are eligible under the WOSB Program. Program participants' EDWOSB certification must be on the firm's DSBS profile at https://dsbs.sba.gov/search/dsp_dsbs.cfm. EDWOSB concerns are eligible under the WOSB Program when the acquisition is assigned a NAICS code in which SBA has determined that EDWOSB or WOSB concerns are underrepresented or substantially underrepresented in Federal procurement. These NAICS are listed by the SBA on its website (see https://www.sba.gov/document/support-eligible-naics-women-owned-small-business-federal-contracting-program). There is no requirement for SBA's approval to make award to the selected EDWOSB;

~~(8) Procurements may also be set-aside exclusively for competitive award among SDB. Each firm claiming SDB status is required to complete the electronic annual representations and certifications via SAM at https://www.sam.gov to self-certify its eligibility; and~~

~~(9~~(8) There is no order of precedence for set-asides among the small business socioeconomic categories. Results of market research and progress in the achievement of the agency's socioeconomic goals should be considered when determining which set-aside to utilize. ~~However, when contemplating a SDB set-aside, a SEDB 8(a) Certified small business set-aside must first be considered. Also, any~~Any requirements that had previously been procured through SEDB 8(a) Certified small business (competitive set-aside or noncompetitive) but not currently proposed for reprocurement through SEDB 8(a) Certified small business must be approved by the cognizant local AAP-20 staff~~.~~;

(~~10~~9) *Combined Set-Asides*. Procurements may also be set-aside for competitive award among offerors that qualify as both SEDB 8(a) Certified and SDVOSB. The requirements of section b are applicable to such combined set-asides~~.~~; and

(~~11~~10) A procurement may not be set-aside amongst socioeconomic categories if:

(a) there is no reasonable expectation of obtaining offers from two or more responsible small businesses or small businesses with the socioeconomic categories that are competitive in terms of market prices, quality and delivery; or

(b) it is in the best interest of the FAA to contract with a single source or noncompetitively award and the rational basis is documented; or

(c) extension of the current services.

c. *Noncompetitive Awards to SEDB 8(a) Certified, SDVOSB, HUBZone small business, WOSB, and EDWOSB.* Refer to AMS Policy 3.6.1.3 Principles for the Small Business Program for applicable thresholds. In addition to meeting eligibility requirements described above in T3.6.1.B.2.b, a rational basis for the decision to award a noncompetitive SEDB 8(a) Certified, SDVOSB, HUBZone small business, WOSB, or EDWOSB procurement must be documented. Procurement decision makers should consider potential SEDB 8(a) Certified, SDVOSB, HUBZone small business, WOSB, or EDWOSB sources of supply contained in the DSBS or System for Award Management (SAM). The public announcement requirements of AMS Policy 3.2.1.3.11 are not applicable to noncompetitive awards to SEDB 8(a) Certified, SDVOSB, HUBZone small business, WOSB, or EDWOSB firms if the supply being procured is not available from Federal Prison Industries.

d. *Noncompetitive Awards above $25 million to SEDB 8(a) Certified Vendors.* For noncompetitive awards with a total estimated potential value (TEPV) above $25 million pursuant to AMS Policy 3.6.1.3.5, these additional documentation requirements apply:

(1) At a minimum, the program official must prepare a written justification documenting the rational basis for the award as follows:

(a) Description of the requirement being purchased;

(b) Determination that a noncompetitive contract is in the best interest of the FAA;

(c) Determination that the anticipated cost of the contract will be fair and reasonable; and

(d) Applicable AMS references.

(2) The CO and program official must approve the written justification, with signed concurrence by legal counsel. The written justification must also be concurred by AAP-

20 via the Small Business Set-Aside Determination and Coordination Form. COs must complete all documentation and obtain all approvals/concurrences before commencing negotiations.

~~e. *Noncompetitive Awards for New or Replacement Air Traffic Control Towers to SEDB 8(a) Certified Vendors and Small Disadvantaged Businesses.* For noncompetitive awards for new or replacement air traffic control towers to an SEDB 8(a) Certified Vendor or a Small Disadvantaged Businesses (SDB) a rational basis determination is required.~~

3. Subcontracting with Small Business Revised 4/2024

a. *Applicability*. This subsection applies to procurements estimated to exceed $750,000 ($1,500,000 for construction), except when:

(1) The procurement is for a commercial item(s);

(2) There are no subcontracting possibilities;

(3) When the contract will be performed entirely outside of the United States and its outlying areas; or

(4) When the prime contractor is itself a small business.

b. *Definitions.* As used in this subsection —

(1) "Commercial plan" means a subcontracting plan (including goals) that covers the offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (e.g., division, plant, or product line).

(2) "Electronic Subcontracting Reporting System (eSRS)" means the Governmentwide, electronic, web-based system for small business subcontracting program reporting. The eSRS is located at: http://www.esrs.gov/.

(3) "Master subcontracting plan" or simply “subcontracting plan” means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master subcontracting plan has been approved.

(4) "Subcontract" means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies and/or services required for performance of the contract or subcontract.

c. *General*.

(1) When the CO has determined that this subsection is applicable per paragraph a. *Applicability* above, small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals must be provided reasonable opportunities to participate in performing contracts and the CO must include

AMS clause 3.6.1.-3 Utilization of Small, Small Disadvantaged, Women-Owned, Service-Disabled Veteran Owned, and HUBZone Small Business Concerns, in the SIR and resultant contract.

(2) *Subcontracting Plans*.

(A) *Incorporation of Subcontracting Plans*.

(i) Contracting Officers (COs) must incorporate subcontracting provisions and/or clauses which include attainable and reasonable subcontracting goals for the participation of small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs in all applicable procurements.

(ii) The Contractor must submit subcontracting plans that satisfy the requirements of AMS clause 3.6.1-4 Small Business Subcontracting Plan.

(iii) *Data Reporting*. The contract should include requirements for contractors to periodically report data on subcontracting accomplishments using eSRS in sufficient detail to determine the extent of the contractor's attainment of subcontracting goals.

(B) *Roles and Responsibilities*.

(i) *CO Review of Subcontracting Plans*. Prior to contract award or modification and upon collecting a required subcontracting plan, COs must:

(a) Review the subcontracting plan and assess its viability using the AMS Small Business Subcontracting Plan Checklist located in FAST under Procurement Checklists.

(b) Send the subcontracting plan and completed Subcontracting Plan Checklist, to the FAA Small Business Office (AAP-20).

(ii) *AAP-20 Review of Subcontracting Plan*. AAP-20 will review the documents received pursuant to (A)(ii) above and return them to the CO with an indication of concurrence or non-concurrence.

(a) *Concurrence*. If AAP-20 expresses concurrence, upon receiving a written statement of the concurrence the CO may proceed in processing the contract award or modification.

(b) *Nonconcurrence*. If AAP-20 expresses nonconcurrence, AAP-20 will provide the CO comments stating the deficiencies in the subcontracting plan and recommend corrective action. If final agreement between the CO and AAP-20 cannot be reached, only with approval from the Chief of the Contracting Office (COCO) may the award of a contract or modification proceed.

(C) *Compliance with the Subcontracting Plan*.

(i) Maximum practicable utilization of small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs as subcontractors in Federal Government contracts is a matter of national interest with both social and economic benefits. When a contractor fails to make a good faith effort to comply with a subcontracting plan, these objectives are not achieved, and liquidated damages may be assessed.

(ii) In determining whether a contractor failed to make a good faith effort to comply with its subcontracting plan, a CO must look to the totality of the contractor's actions, consistent with the information and assurances provided in its plan. The fact that the contractor failed to meet its subcontracting goals does not, in and of itself, constitute a failure to make a good faith effort.

For example, notwithstanding a contractor's diligent effort to identify and solicit offers from any of the small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs, factors such as unavailability of anticipated sources or unreasonable prices may frustrate achievement of the contractor's subcontracting goals. The CO may consider any of the following, though not all inclusive, to be indicators of a good faith effort:

(a) Breaking out work to be subcontracted into economically feasible units, as appropriate, to facilitate small business participation.

(b) Conducting market research to identify potential small business subcontractors through all reasonable means, such as searching SAM, posting notices or solicitations on SBA's SUBNet, participating in business matchmaking events, and attending preproposal conferences.

(c) Soliciting small business concerns as early in the acquisition process as practicable to allow them sufficient time to submit a timely offer for the subcontract.

(d) Providing interested small businesses with adequate and timely information about plans, specifications, and requirements for performance of the prime contract to assist them in submitting a timely offer for the subcontract.

(e) Negotiating in good faith with interested small businesses.

(f) Directing small businesses that need additional assistance to SBA.

(g) Assisting interested small businesses in obtaining bonding, lines of credit, required insurance, necessary equipment, supplies, materials, or services.

(h) Utilizing the available services of small business associations; local, state, and Federal small business assistance offices; and other organizations.

(i) Participating in a formal mentor-protégé program with one or more small business protégés that results in developmental assistance to the protégés.

(j) Although failing to meet the subcontracting goal in one socioeconomic category, exceeding the goal by an equal or greater amount in one or more of the other categories.

(k) Fulfilling all requirements of the subcontracting plan.

(iii) When considered in the context of the contractor's total effort in accordance with its plan, the CO may consider any of the following, though not all inclusive, to be indicators of a failure to make a good faith effort:

(a) Failure to attempt through market research to identify, contact, solicit, or consider for contract award small businesses, SDVOSBs, HUBZone small businesses, SDBs, and WOSBs, through all reasonable means including outreach, industry days, or the use of Federal systems such as SBA's Dynamic Small Business Search or SUBNet systems.

(b) Failure to designate and maintain a company official to administer the subcontracting program and monitor and enforce compliance with the plan.

(c) Failure to submit an acceptable ISR, or the SSR, using the eSRS, or as provided in agency regulations, by the report due dates specified in AMS clause 3.6.1-4 Small Business Subcontracting Plan.

(d) Failure to maintain records or otherwise demonstrate procedures adopted to comply with the plan including subcontracting flowdown requirements.

(e) Adoption of company policies or documented procedures that have as their objectives the frustration of the objectives of the plan.

(f) Failure to pay small business subcontractors in accordance with the terms of the contract with the prime contractor (see AMS clause 3.6.1-4 Small Business Subcontracting Plan and AMS clause 3.6.1-5 Payments to Small Business Subcontractors).

(g) Failure to correct substantiated findings from Federal subcontracting compliance reviews or participate in subcontracting plan management training offered by the Federal Government.

(h) Failure to provide the CO with a written explanation if the contractor fails to acquire articles, equipment, supplies, services, or materials or obtain the performance of construction work as described in AMS clause 3.6.1-4 Small Business Subcontracting Plan.

(i) Falsifying records of subcontract awards to small business concerns.

(iv) *Documentation of good faith effort*. If, at completion of the basic contract or any option, or in the case of a commercial plan, at the close of the fiscal year for which the plan is applicable, a contractor has failed to comply with the requirements of its subcontracting plan, which includes meeting its subcontracting goals, the CO must review all available information for an indication that the contractor has not made a good faith effort to comply with the plan. If no such indication is found, the CO must document the file accordingly.

(v) *Notice of failure to make a good faith effort*. If the CO determines that the contractor failed to make a good faith effort to comply with its subcontracting plan, the CO must give the contractor written notice in accordance with AMS clause 3.6.1-6 Liquidated Damages - Subcontracting Plan, specifying the material breach, which may be included in the contractor's past performance information, advising the contractor of the possibility that the contractor may have to pay to the FAA liquidated damages, and providing a period of 15 business days (or longer period as necessary) within which to respond. The notice must give the contractor an opportunity to demonstrate what good faith efforts have been made before the CO issues the final decision and must further state that failure of the contractor to respond may be taken as an admission that no valid explanation exists.

(vi) *Payment of liquidated damages*. If, after consideration of all the pertinent data, the CO finds that the contractor failed to make a good faith effort to comply with its subcontracting plan, the CO must issue a final decision to the contractor to that effect and require the payment of liquidated damages in an amount stated. The CO's final decision must state that the contractor has the right to appeal.

The amount of damages attributable to the contractor's failure to comply must be in accordance with AMS clause 3.6.1-6 Liquidated Damages - Subcontracting Plan. Liquidated damages must be in addition to any other remedies that the FAA may have.

4. Size Standards Verification **Revised 4/2024**

a. To preserve the integrity and foster the objectives of the small business program, the FAA takes appropriate measures to ensure that the ownership, control, and day-to-day management requirements of the program are fulfilled. Each business claiming eligibility as a small business or within a socioeconomic category is required to provide evidence of eligibility prior to award. Prospective contractors must complete annual electronic representations and certifications as directed in AMS Guidance T3.6.1B.2.b. The FAA reserves the right to review and verify each firm's program eligibility using SAM and VetCert (as required). The contracting officer will reference the date of verification in the contract file. If the firm is not a small business as defined by the NAICS code size standards, it will not qualify as a small business.

A concern that represents itself status as a small business or small business within a socioeconomic category and qualifies as such at the time it submits its initial offer (or other formal response to a solicitation) that includes price, retains eligible status as follows:

For agreements (e.g. Basic Ordering Agreements, Memorandum of Agreements, etc.), the contractor retains eligible status on the subject agreement for the term of the agreement. The contractor must recertify its small business status prior to any extensions of the agreement including exercising an option period. The contractor must recertify its business status by validating or updating the representations and certifications submitted to the System for Award Management (SAM) as necessary. Prior to extending the agreement, the contracting officer must verify that the contractor has recertified recently (in the contracting officer's discretion).

For contracts, the contractor retains eligible small business status for the duration of the period of performance including options, except as noted under AMS clause 3.6.1-15 Post-Award Small Business Program Re-representation. For contracts that are extended beyond their period of performance (including options) under single source procedures, the awarding Contracting Officer of that extension modification must ensure the contractor re-certifies and the Federal Procurement Data System (FPDS) record for that modification reflects the contractor's current business size prior to award modification. Note, extensions for up to six months under AMS clause 3.2.4-34 Option to Extend Services, do not require contractor recertification.

b. For unrestricted procurements, the successful offeror must complete electronic annual representations and certifications at SAM.

c. When subcontracting goals are established for small businesses or small businesses within the socioeconomic categories, the prime contractor must verify a completed profile via SAM for such small businesses counted toward the successful offeror's subcontracting goals.

d. A successful small business program rests with FAA's ability to limit participation to bona fide small businesses or small businesses within the socioeconomic categories, for they are the intended recipients of the agency's procurement dollars earmarked for small business set-asides.

e. For the owner of the firm to be found to have controlling interest in the company, the following must exist:

(1) The eligible owner holds the position of chairperson of the board, president or chief executive officer;

(2) The eligible owner has the right to vote his or her shares or other equity interest to elect the majority of voting members of the board of directors or other governing body;

(3) The eligible owner holds at least 51% unconditionally ownership and control of the operation; or

(4) The eligible owner has direct full-time responsibility for the day-to-day management of the business, as evidenced by all of the following:

(a) Directly related managerial or technical experience and competency;

(b) Establishment of company policies;

(c) Determination and selection of business opportunities;

(d) Supervision and coordination of projects

(e) Control of major expenditures;

(f) Hiring and dismissing key personnel;

(g) Marketing and sales decisions; and

(h) Signature on major business documents.

5. Mentor-Protégé ~~Added 1/2024~~Revised4/2025

a. *Purpose.* The FAA Mentor-Protégé Program is designed to motivate and encourage firms to assist small businesses and educational institutions including, Small Disadvantaged Businesses (SDBs), Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), ~~Historically Black Colleges and Universities (HBCUs), Minority Educational Institutions,~~ Economically Disadvantaged Women-Owned Small Businesses (EDWOSBs) and Women-Owned Small Businesses (WOSBs), enhance their capabilities to perform FAA prime contracts and subcontracts, foster long-term business relationships between these entities and Mentor Firms, and increase the overall number of these entities that receive FAA prime contract and subcontract awards. The "Mentor-Protégé Program Guide" may be obtained from the FAA Small Business Office (AAP-20).

b. Incentives for Mentor Participation.

(1) Mentors may receive additional evaluation points (for Mentor-Protégé Program participation) toward the award of contracts during the evaluation of competitive offers.

(2) Mentors may receive credit toward attaining subcontracting goals contained in their FAA subcontracting plan(s) for Mentor-Protégé participation.

(3) Costs incurred by a mentor to provide developmental assistance (i.e., technical or managerial) ~~described in Section 1.12~~ are allowable as indirect costs (appropriate documentation must be provided) unless the contract contains a line item specifically for the Mentor-Protégé Program. A ceiling on allowable developmental costs must be established at time of contract award.

(4) Procurements may be set-aside exclusively for competition among firms that are

participants in the FAA Mentor-Protégé Program.

c. *Review and Approval on Mentor-Protégé Application and Agreement*.

(1) The Mentor-Protégé application and agreement is reviewed by AAP-20. The review should be completed no later than 30 days after receipt. AAP-20 should provide a copy of the submitted information to the cognizant FAA service team and Contracting Officer for a parallel review and concurrence.

(2) Upon approval of the agreement, the mentor may implement the developmental assistance program.

(3) An approved agreement must be incorporated into the mentor or protégé firm's award (for example: a contract, blanket purchase agreement, purchase order, memorandum of agreement, memorandum of understanding, etc.). It should be added to the subcontracting plan in contracts which contain such a plan.

(4) If the application is disapproved, then the mentor may provide additional information for reconsideration. The review of any supplemental material should be completed within 30 days after receipt by AAP-20. Upon finding deficiencies that FAA considers correctable, AAP-20 should notify the mentor and request information to be provided within 30 days that may correct the deficiencies.

d. Additional Mentor-Protégé Program guidance is located on the AAP-20 website.

6. Joint Ventures Revised ~~9/2024~~4/2025

a. *General*.

(1) A joint venture of two or more business concerns may submit an offer as a small business for an FAA procurement, subcontract or sale provided each concern is:

(2) Qualified as small pursuant to the size standard corresponding to the North American Industry Classification System (NAICS) code assigned to the contract; or

(3) Qualify as small pursuant to one of the exceptions to affiliation listed at 13 CFR 121.103.

b. *Contents of Joint Venture Agreement.*

(1) To qualify as a small business, a joint venture agreement between two or more entities that individually qualify as small is not required to be in any specific format or contain any specific conditions.

(2) Every joint venture agreement to perform a contract set-aside or reserved for small business between a protégé small business and its FAA mentor must contain provisions which:

(A) Set forth the purpose of the joint venture;

(B) Designate a small business as the managing venturer of the joint venture and designate a named employee of the small business managing venturer as the manager with ultimate responsibility for performance of the contract (the "Responsible Manager").

(i) The managing venturer is responsible for controlling the day-to-day management and administration of the contractual performance of the joint venture, but other partners to the joint venture may participate in all corporate governance activities and decisions of the joint venture as is commercially customary.

(ii) The individual identified as the Responsible Manager of the joint venture need not be an employee of the small business at the time the joint venture submits an offer, but, if he or she is not, there must be a signed letter of intent that the individual commits to be employed by the small business if the joint venture is the successful offeror. The individual identified as the Responsible Manager cannot be employed by the mentor and become an employee of the small business for purposes of performance under the joint venture.

(iii) Although the joint venture managers responsible for orders issued under an IDIQ contract need not be employees of the protégé, those managers must report to and be supervised by the joint venture's Responsible Manager;

(C) State that with respect to a separate legal entity joint venture, the small business must own at least 51% of the joint venture entity;

(D) State that the small business participant(s) must receive profits from the joint venture commensurate with the work performed by them, or a percentage agreed to by the parties to the joint venture whereby the small business participant(s) receive profits from the joint venture that exceed the percentage commensurate with the work performed by them, and that at the conclusion of the joint venture contract(s) and/or the termination of a joint venture, any funds remaining in the joint venture bank account must distributed at the discretion of the joint venture members according to percentage of ownership;

(E) Provide for the establishment and administration of a special bank account in the name of the joint venture. This account must require the signature or consent of all parties to the joint venture for any payments made by the joint venture to its members for services performed. All payments due the joint venture for performance on a contract set-aside or reserved for small business will be deposited in the special account; all expenses incurred under the contract will be paid from the account as well;

(F) Itemize all major equipment, facilities, and other resources to be furnished by each party to the joint venture, with a detailed schedule of cost or value of each, where practical. If a contract is indefinite in nature, such as an indefinite quantity contract or a multiple award contract where the level of effort or scope of work is not known, the joint venture must provide a general description of the anticipated major equipment, facilities, and other resources to be furnished by each party to the joint venture, without a detailed schedule of cost or value of each, or in the alternative, specify how the parties to the joint venture will furnish such resources to the joint venture once a definite scope of work is made publicly available;

(G) Specify the responsibilities of the parties with regard to negotiation of the contract, source of labor, and contract performance, including ways that the parties to the joint venture will ensure that the joint venture and the small business partner(s) to the joint venture will meet the performance of work requirements set forth in paragraph (d) of this section, where practical. If a contract is indefinite in nature, such as an indefinite quantity contract or a multiple award contract where the level of effort or scope of work is not known, the joint venture must provide a general description of the anticipated responsibilities of the parties with regard to negotiation of the contract, source of labor, and contract performance, not including the ways that the parties to the joint venture will ensure that the joint venture and the small business partner(s) to the joint venture will meet the performance of work requirements set forth in item (D) of this subparagraph, or in the alternative, specify how the parties to the joint venture will define such responsibilities once a definite scope of work is made publicly available;

(H) Obligate all parties to the joint venture to ensure performance of a contract set-aside or reserved for small business and to complete performance despite the withdrawal of any member;

(I) Designate that accounting and other administrative records relating to the joint venture be kept in the office of the small business managing venturer, unless approval to keep them elsewhere is granted by the District Director or his/her designee upon written request; and

(J) Require that the final original records be retained by the small business managing venturer upon completion of any contract set-aside or reserved for small business that was performed by the joint venture.

c. *Capabilities, past performance and experience*. When evaluating the capabilities, past performance, experience, business systems and certifications of an entity submitting an offer for a contract set-aside or reserved for small business as a joint venture established pursuant to this subsection, the FAA must consider work done and qualifications held individually by each partner to the joint venture as well as any work done by the joint venture itself previously. The FAA may not require the protégé firm to individually meet the same evaluation or responsibility criteria as that required of other offerors generally. The partners to the joint venture in the aggregate must demonstrate the past performance, experience, business systems and certifications necessary to perform the contract.

d. *Affiliation based on joint ventures*. A joint venture is an association of individuals and/or concerns with interests in any degree or proportion intending to engage in and carry out business ventures for joint profit over a two-year period, for which purpose they combine their efforts, property, money, skill, or knowledge, but not on a continuing or permanent basis for conducting business generally. This means that a specific joint venture generally may not be awarded contracts beyond a two-year period, starting from the date of the award of the first contract, without the partners to the joint venture being deemed affiliated for the joint venture. However, a joint venture may be issued an order under a previously awarded contract beyond the two-year period. Once a joint venture receives a contract, it may submit additional offers for a period of two years from the date of that first award. An individual joint venture may be awarded one or more contracts after that two-year period as long as it submitted an offer prior to the end of that two-year period.

e. *Contract execution*.

(1) The FAA will execute a contract set-aside or reserved for small business in the name of the joint venture entity or a small business partner to the joint venture, but in either case will identify the award as one to a small business joint venture or a small business mentor-protégé joint venture, as appropriate.

(2) The joint venture must be separately identified with its own name and have both a Unique Entity Identifier (UEI) and a Commercial and Government Entity (CAGE) code in the System for Award Management (SAM). The Joint Venture will designate the entity type as a joint venture, with individual partners listed as the immediate owners.

f. *Joint Venture Partners*

(1) *Small Business Joint* Ventures. A small business may enter a joint venture agreement with one or more small business concerns, or with an approved mentor for the purpose of submitting an offer for a small business competitive procurement.

(i) A joint venture of two or more business concerns may submit an offer as a small business without regard to affiliation provided that each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.

(ii) A small business cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for small businesses.

~~(2) *Small Disadvantaged Businesses (SDB) Joint Ventures*. A small disadvantaged business may enter a joint venture agreement with one or more other small business concerns, or with an approved mentor for the purpose of submitting an offer for a SDB~~

~~competitive procurement. A SDB joint venture partner must be the managing venturer of the joint venture.~~

~~(i) A joint venture of at least one SDB and one or more other business concerns may submit an offer as a small business for a SDB procurement so long as each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.~~

~~(ii) A SDB cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for SDBs.~~

~~(3)~~(2) *Socially and Economically Disadvantaged Businesses (SEDB) 8(a) Certified Joint Ventures.* A certified SEDB 8(a) may enter into joint venture agreement with one or more small business concerns or with an approved mentor, for the purpose of submitting an offer for a competitive SEDB 8(a) procurement or be awarded a noncompetitive SEDB 8(a) contract. The joint venture itself need not be a certified SEDB 8(a). A SEDB 8(a) joint venture partner must be the managing venturer of the joint venture.

(i) A joint venture of at least one SEDB 8(a) and one or more other business concerns may submit an offer as a small business for a SEDB 8(a) procurement so long as each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.

(ii) An SEDB 8(a) cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for SEDB 8(a)s.

~~(4)~~(3) *Service-Disabled Veteran-Owned Small Business (SDVOSB) Joint Ventures*. A certified SDVOSB may enter into a joint venture agreement with one or more other small business concerns, or with an approved mentor for the purpose of submitting an offer for a competitive SDVOSB procurement or be awarded a noncompetitive SDVOSB contract. The joint venture itself need not be a certified SDVOSB. A SDVOSB joint venture partner must be the managing venturer of the joint venture.

(i) A joint venture of at least one SDVOSB and one or more other business concerns may submit an offer as a small business for a SDVOSB procurement so long as each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.

(ii) A SDVOSB cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for SDVOSBs.

~~(5)~~(4) *Women-Owned Small Business (WOSB) and Economically Disadvantaged Women-Owned Small Business (EDWOSB) Joint Ventures*. A certified WOSB or EDWOSB may enter into a joint venture agreement with one or more other small business concerns, or with an approved mentor for the purpose of submitting an offer for a competitive WOSB or EDWOSB procurement or be awarded a noncompetitive WOSB or EDWOSB contract. The joint venture itself need not be a certified WOSB or EDWOSB. A WOSB or EDWOSB joint venture partner must be the managing venturer of the joint venture.

(i) A joint venture of at least one WOSB or EDWOSB and one or more other business concerns may submit an offer as a small business for a WOSB or EDWOSB procurement so long as each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.

(ii) A WOSB or EDWOSB cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for WOSBs or EDWOSBs.

~~(6)~~(5) *Historically Underutilized Business Zone (HUBZone) Small Business Joint Ventures*. A certified HUBZone small business may enter into a joint venture agreement with one or more other small business concerns, or with an approved mentor for the purpose of submitting an offer for a competitive HUBZone procurement or be awarded a noncompetitive HUBZone small business contract. The joint venture itself need not be a certified HUBZone small business. A HUBZone small business joint venture partner must be the managing venturer of the joint venture.

(i) A joint venture of at least one HUBZone small business and one or more other business concerns may submit an offer as a small business for a HUBZone small business procurement so long as each concern is small under the size standard corresponding to the NAICS code assigned to the procurement.

(ii) A HUBZone small business cannot be a joint venture partner on more than one joint venture that submits an offer for a specific contract or order set-aside for HUBZone small businesses.

~~(7)~~(6) *Mentor-Protégé Joint Ventures.* A joint venture between a protégé firm and its approved mentor will be deemed small provided the protégé qualifies as small for the size standard corresponding to the NAICS code assigned to the procurement. Such a joint venture may seek any type of small business contract (i.e., small business set-aside, 8(a), ~~SDB,~~ HUBZone, SDVOSB, WOSB, or EDWOSB) for which the protégé firm qualifies (e.g., a protégé firm that qualifies as a WOSB could seek a WOSB set-aside as a joint venture with its approved mentor), if the joint venture meets the requirements of the particular program as to contents of the joint venture agreement, performance of work, and documentation submission. FAA approved Mentor-Protégé Program joint ventures are acceptable and/or Small Business Administration approved Mentor-Protégé Program joint ventures are acceptable.

g. *Mentor Protégé Joint Venture Performance of work and Limitations on Subcontracting*. For any contract set-aside or reserved for small business that is to be performed by a joint venture between a small business protégé and its approved mentor, the joint venture must perform the applicable percentage of work required by the subcontracting limitations specified in AMS clause 3.6.1-7, and the small business partner to the joint venture must perform at least 40% of the work performed by the joint venture.

(1) The work performed by the small business partner to a joint venture must be more than administrative or ministerial functions so that it gains substantive experience.

(2) The amount of work done by the partners will be aggregated and the work done by the small business protégé partner must be at least 40% of the total done by the partners. In determining the amount of work done by a mentor participating in a joint venture with a small business protégé, all work done by the mentor and any of its affiliates at any subcontracting tier will be counted.

(3) Work performed by a similarly situated entity will not count toward the requirement that a protégé must perform at least 40% of the work performed by a joint venture. The 40% calculation for protégé workshare follows the same rules as those set forth in AMS clause 3.6.1-7 Limitations on Subcontracting concerning supplies, construction, and mixed contracts, including the exclusion of the same costs from the limitation on subcontracting calculation (e.g., cost of materials excluded from the calculation in construction contracts).

7. Tiered Evaluations Revised 1/2024

Refer to AMS guidance on tiered evaluations at T3.2.2.3B.7 for more information.

C. Contract Consolidation and Bundling Revised 1/2024

1. General Added 1/2024

a. The procurement team must coordinate the acquisition plan or strategy with the cognizant FAA Small Business Office representative from AAP-20 when the strategy involves bundled or consolidated requirements (See T3.6.1C.2 for Consolidation and T3.6.1C.3 for Bundling).

b. Requirements are not considered consolidated or bundled if one of the following applies:

(1) If a cost comparison analysis will be performed in accordance with OMB Circular A-76 (See AMS Guidance T3.2.1.3 Implementing OMB Circular A-76 for additional information);

(2) To orders placed under single-agency task-order contracts or delivery-order contracts, when the requirement was considered in determining that the consolidation or bundling of the underlying contract was necessary and justified; or

(3) To requirements for which there is a mandatory source, including supplies and services that are on the Procurement List maintained by AbilityOne or the Schedule of Products issued by Federal Prison Industries, Inc. also referred to as UNICOR.

c. To aid in the determination of whether a requirement is consolidated or bundled, see the Decision Flowchart – Contract Consolidation and Bundling located in Procurement Tools and Resources.

2. Consolidation Added 1/2024

a. *Applicability*. This guidance applies to the consolidation of requirements.

b. *Definitions*. As used in this subsection –

(1) "Consolidation" or "consolidated requirement" means a Screening Information Request (SIR) for a single contract, a multiple-award contract, a task order, or a delivery order to satisfy:

(A) Two or more requirements of the FAA for supplies or services that have been provided to or performed for the FAA under two or more separate contracts, each of which was lower in cost than the total cost of the contract for which offers are solicited; or

(B) Requirements of the FAA for construction projects to be performed at two or more discrete sites.

(2) "Separate contract" means a contract that has been performed by any business, including small and other than small business.

c. *General*.

(1) Consolidation may provide substantial benefits to the FAA. With potential impacts on small business participation, the service organization, in collaboration with the Contracting Officer (CO), must prepare a written determination that a consolidation of requirements is necessary and justified before conducting an acquisition with an estimated total dollar value exceeding $10 million (including options).

(2) Prior to preparing the written determination, the CO must ensure that:

(A) Market research has been conducted;

(B) Any alternative contracting approaches that would involve a lesser degree of consolidation have been identified;

(C) Any negative impact by the acquisition strategy on contracting with small business concerns has been identified; and

(D) Steps are taken to include small business concerns in the acquisition strategy.

(3) The service organization in collaboration with the CO must make a written determination that consolidation is necessary and justified. The applicable supervisory CO may determine that consolidation is necessary and justified if the benefits of the

acquisition would substantially exceed the benefits that would be derived from alternative contracting approaches identified in T3.6.1C.2.c.(2)(B) of this section, including benefits that are quantifiable in dollars as well as any other specifically identified benefits. The procurement team may quantify the specific benefits of consolidation through the use of market research and other techniques.

(4) *Benefits*. Benefits supporting consolidation may include cost savings or price reduction regardless of whether such benefits are quantifiable in dollar amount. In assessing whether cost savings and/or price reduction would be achieved through consolidation, the procurement team should compare the price that has been charged by small businesses for the work that they have performed; or where previous prices are not available, compare the price, based on market research that could have been or could be charged by small businesses for the work previously performed by other than a small business. (Note: Reduction of administrative or personnel costs alone is not sufficient justification for consolidation unless the cost savings are expected to be at least ten percent of the estimated contract or order value (including options) of the consolidated requirements).

(A) *Unquantifiable Benefits*. Benefits that are not quantifiable in dollar amounts must be specifically identified and otherwise quantified to the extent feasible. Examples of unquantifiable benefits include:

(i) Quality improvements that will save time or improve or enhance performance or efficiency;

(ii) Reduction in acquisition cycle times;

(iii) Better terms and conditions; or

(iv) Any other benefit.

(B) *Quantifiable Benefits*. Benefits that are quantifiable in dollar amounts are substantial if individually, in combination, or in the aggregate the anticipated financial benefits are equivalent to ten percent of the estimated contract or order value (including options) if the value is $94 million or less; or five percent of the estimated contract or order value (including options) or $9.4 million, whichever is greater, if the value exceeds $94 million.

(5) *FAA Acquisition Executive Determination that Consolidation is necessary and justified*. Notwithstanding T3.6.1C.2.c.(3)-(4), the FAE may determine that consolidation is necessary and justified when:

(A) The expected benefits do not meet the thresholds for a substantial benefit but are critical to the agency's mission success; and

(B) The acquisition strategy provides for maximum practicable participation by small business concerns.

d. *Roles and Responsibilities*.

(1) *Service Organization.* The service organization is responsible for collaborating with the CO on the written determination that the consolidation of requirements is necessary and justified.

(2) Contracting Officer (CO). The CO is responsible for collaborating with the service organization on the written determination that the consolidation of requirements is necessary and justified. The CO must include a written determination signed by the CO and supervisory CO in the acquisition strategy documentation and coordinate it with the FAA Small Business Office (AAP-20). The CO must include the written determination in the contract file.

(3) *FAA Small Business Office (AAP-20)*. AAP-20 is responsible for reviewing the written determination as part of the Small Business Coordination Form review to validate that the consolidation is necessary and justified.

e. *Reporting*. The CO must report consolidated contracts that exceed $2 million dollars (including options) in FPDS-NG.

3. Bundling ~~Added 1/2024~~Revised 4/2025

a. *Applicability*. This guidance applies when bundling is contemplated for contracts with an estimated total dollar value exceeding $10 million (including options), or task/delivery orders, or orders under agreements exceeding the AMS risk threshold.

b. *Definitions*. As used in this Subsection –

(1) “Bundling” means a subset of consolidation. Bundling combines two or more requirements for supplies or services, previously provided or performed under separate smaller contracts into a single contract, a multiple-award contract, or for a task/delivery order when a requirement previously provided or performed by a small business is proposed to be moved to a new or existing contract that is likely to be unsuitable for award to a small business concern (including socially and economically disadvantaged (8(a)), ~~small disadvantaged,~~ service-disabled veteran owned, HUBZone, economically disadvantaged women-owned and women-owned small businesses) due to:

(A) The diversity, size, or specialized nature of the elements of the performance specified;

(B) The requirement(s) previously provided or performed under separate smaller contracts are being moved to a new or existing Large Business contract;

(C) The aggregate dollar value of the anticipated award;

(D) The geographical dispersion of the contract performance sites; or

(E) Any combination of the factors described in (A) and (B) above.

(2) "Separate smaller contract" means a contract that has been performed by one or more small business concerns or that was suitable for award to one or more small business concerns.

c. *General*.

(1) Bundling may provide substantial benefits to the FAA. With potential impacts on small business participation, the service organization, in collaboration with the Contracting Officer (CO) and the supervisory CO, must prepare a written determination that the bundling of requirements is necessary and justified. A bundled requirement is considered necessary and justified if the FAA would obtain measurably substantial benefits as compared to meeting FAA requirements through separate smaller contracts or orders.

(2) *Benefits*. The procurement team may quantify the specific benefits of bundling through the use of market research and other techniques to explain how the FAA would obtain measurable benefits from bundling. Benefits supporting bundling may include cost savings or price reduction. In assessing whether cost savings and/or price reduction would be achieved through bundling, the procurement team should compare the price that has been charged by small businesses for the work that they have performed; or where previous prices are not available, compare the price, based on market research that could have been or could be charged by small businesses for the work previously performed by other than a small business. (Note: Reduction of administrative or personnel costs alone is not sufficient justification for bundling unless the cost savings are expected to be at least ten percent of the estimated contract or order value (including options) of the bundled requirements). Other benefits may include, but are not limited to:

(A) Quality improvements that will save time or improve or enhance performance or efficiency;

(B) Reduction in acquisition cycle times; or

(C) Better terms and conditions.

(3) *Measurable Benefits*. Benefits that are measurably substantial if individually, in combination, or in the aggregate the anticipated financial benefits are equivalent to, ten percent of the estimated contract or order value (including options) if the value is $94 million or less; or five percent of the estimated contract or order value (including options) or $9.4 million, whichever is greater, if the value exceeds $94 million.

(4) In addition to addressing the measurable substantial benefits required above, the procurement team must also document the following:

(a) The specific benefits anticipated to be derived from bundling.

(b) An assessment of the specific impediments to participation by small business concerns as contractors that result from bundling.

(c) Actions designed to maximize small business participation as contractors, including provisions that encourage small business teaming.

(d) Actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract, or order that may be awarded to meet the requirements.

(e) The determination that the anticipated benefits of the proposed bundled contract or order justify its use; and

(f) Alternative strategies that would reduce or minimize the scope of the bundling, and the rationale for not choosing those alternatives.

(5) *FAA Acquisition Executive (FAE) Bundling Determination*.

(A) *FAE Determination that Bundling is Necessary and Justified.* Notwithstanding T3.6.1C.3.c.(2)-(4), the FAE may determine that bundling is necessary and justified when:

(i) The expected benefits do not meet the thresholds for a substantial benefit but are critical to the agency's mission success; and

(ii) The acquisition strategy provides for maximum practicable participation by small business concerns.

(B) *FAE Approval of Bundling Determinations.* All determinations that bundling is necessary and justified, with the exception of T3.6.1C.3.c.(5)(A), requires the final approval of the FAE. The CO must submit the written determination to the FAE for approval. The FAE shall approve the bundling only if the FAE makes the independent determination that the bundling satisfies the requirements of this subsection.

(6) *Coordination with Administrator*. Upon FAE approval, the service organization must inform the Administrator of the contract bundling and provide to the Administrator the approved written determination.

d. *Roles and Responsibilities*.

(1) *Service Organization*. The service organization is responsible for collaborating with the CO on the written determination that the bundling of requirements is necessary and justified.

(2) *Contracting Officer (CO).* The CO is responsible for collaborating with the service organization on the written determination that the bundling of requirements is necessary and justified. The CO must include a written determination in the acquisition strategy documentation and coordinate it with the FAA Small Business Office (AAP-20). Once coordinated with AAP-20, the CO must coordinate with the FAE for approval as reflected in T3.6.1C.3.c.(5)(B). The CO must include the written determination in the contract file.

(3) *FAA Small Business Office (AAP-20).* AAP-20 is responsible for reviewing the written

determination as part of the Small Business Coordination Form review to validate that the bundling is necessary and justified.

(4) *FAA Acquisition Executive (FAE).* The FAE is responsible for approving that bundling is necessary and justified.

e. *Reporting.* The CO must report bundled contracts that exceed $2 million dollars (including options) in FPDS-NG.

D. Clauses Revised 1/2024

view contract clauses

E. Procurement Forms Revised 1/2024

Document Name

F. Procurement Samples Revised 1/2024

Document Name

G. Procurement Templates Revised 1/2024

Document Name
Small Business Set-Aside Determination and Coordination

H. Procurement Tools and Resources Revised 4/2024

Document Name
Small Business Set-Aside Determination and Coordination Process Flowchart
Contract Consolidation and Bundling Decision Flowchart