



U.S. Small Business
Administration

Report to Congress
on
Small Business Subcontracting Plan Goals Status
Fiscal Year 2021

July 11, 2022

Contents

LIST OF TABLES	2
ACRONYMS	2
EXECUTIVE SUMMARY	3
REPORT REQUIREMENTS	3
REPORT FINDINGS	4
PERCENTAGE OF ENTITIES REQUIRED TO SUBMIT REPORTS PURSUANT TO SECTION 637(D)(6) OF THIS TITLE THAT FILED SUCH REPORTS AND THAT FAILED TO FILE SUCH REPORTS DURING THE PRIOR FISCAL YEAR 	4
PERCENTAGE OF ENTITIES FILING SUCH REPORTS THAT MET, EXCEEDED, OR FAILED TO MEET GOALS SET FORTH IN THEIR SUBCONTRACTING PLANS DURING THE PRIOR FISCAL YEAR	5
AGGREGATE VALUE BY WHICH SUCH ENTITIES EXCEEDED, OR FAILED TO MEET, THEIR SUBCONTRACTING GOALS DURING THE PRIOR FISCAL YEAR	6
CONCLUSION	6

List of Tables

Table 1 Final FY2021 ISRs	5
Table 2 Regular FY2021 ISRs	6
Table 3 Aggregate Dollar Value For Failure to Meet Goals.....	6

Acronyms

Electronic Subcontracting Reporting System (eSRS)
Department of Defense (DoD)
Fiscal Year (FY)
General Services Administration (GSA)
Historically Black Colleges and Universities/Minority Institutions (HBCU/MI)
Historically Underutilized Business Zone (HUBZone)
Individual Subcontracting Report (ISR)
Integrated Acquisition Environment (IAE)
Service-Disabled Veteran-Owned Small Business (SDVOSB)
Small Business (SB)
Small Business Administration (SBA)
Small Disadvantaged Business (SDB)
Summary Subcontracting Report (SSR)
Veteran-Owned Small Business (VOSB)
Woman-Owned Small Business (WOSB)

Executive Summary

A Federal contractor that is other-than-small that receives a contract or subcontract that exceeds \$750,000 (or \$1.5 million for construction) that has further subcontracting opportunities is required to submit a small business subcontracting plan that includes goals for subcontract awards to small business (SB), small disadvantaged business (SDB), women-owned small business (WOSB), Historically Black Colleges and Universities/Minority Institutions (HBCU/MI), HUBZone small business (HUBZone), veteran owned small business (VOSB), and service-disabled veteran owned small business (SDVOSB). There are three types of subcontracting plans: Individual Subcontracting Plans (contain small business goal specific to a contract), Commercial Subcontracting Plans (contain annual small business goals that apply to the entire company, division or product line), and Department of Defense (DOD) Comprehensive Subcontracting Plans (contain annual small business goals for all DOD contracts).

Contractors with subcontracting plans enter their subcontracting accomplishments in the electronic Subcontract Reporting Systems (eSRS) on a semi-annual or annual basis, depending on the type of subcontracting plan. This allows the Contracting Officer to compare a contractor's subcontracting plan goals to its subcontracting accomplishments. However, due to the eSRS' current limitation that only companies with individual plans input their subcontracting plan goals, this data can only be collected for companies with Individual Subcontracting Plans.

The FY 2021 data in eSRS indicates that 64% of the goals for small business on completed contracts were met or exceeded, but over half of the socioeconomic small business goals were not met. The aggregate dollars lost by all small business categories when contractors fail to achieve their goals is substantial. If contractors had met their subcontracting plan goals on completed contracts, small businesses would have received \$1,543,300,517 more in subcontracts, and SDBs would have received \$741,469,238 more, and HBCU/MIs would have received \$14,930,154 more.

Report Requirements

The Small Business Act (the Act) and 15 U.S.C 637d(2) requires the U.S. Small Business Administration (SBA) to annually submit a report to the Committee on Small Business of the United States House of Representatives and the Committee on Small Business and Entrepreneurship of the United States Senate, which identifies the entities that failed to submit Individual Subcontracting Report (ISR) and/or Summary Subcontracting Report (SSR) in the Electronic Subcontracting Reporting System (eSRS).

The following information is based on data available through existing systems, that sets forth, by agency (and to the extent practicable, by type of goal or plan):

- (1) the percentage of entities required to submit reports pursuant to section 637(d)(6) of this title that filed such reports and that failed to file such reports during the prior fiscal year;
- (2) the percentage of entities filing such reports that met, exceeded, or failed to meet goals set forth in their subcontracting plans during the prior fiscal year; and
- (3) the aggregate value by which such entities exceeded, or failed to meet, their subcontracting goals during the prior fiscal year.

Report Findings

Percentage of entities required to submit reports pursuant to section 637(d)(6) of this title that filed such reports and that failed to file such reports during the prior fiscal year

SBA is unable to provide information regarding the percentage of entities required to submit reports pursuant to section 637(d)(6) of this title (shown as (1) above) because the electronic Subcontract Reporting System (eSRS), which is the system contractors use to input their small

business subcontracting plan goal achievements, does not indicate which contractors received a contract award with a subcontracting plan but failed to file a report. This information would make a significant difference because it would allow agencies to readily identify which contractors are not reporting their subcontracting accomplishments. The eSRS is a part of the Integrated Acquisition Environment (IAE), whereby General Services Administration (GSA) manages this system. SBA is aware that the system is currently being redesigned.

Percentage of entities filing such reports that met, exceeded, or failed to meet goals set forth in their subcontracting plans during the prior fiscal year

SBA is able to provide partial information. SBA can only provide the percentage of entities that met/exceeded or failed to meet goals set forth in their subcontracting plans in FY2021 for companies that have Individual Subcontracting Plans. This is because eSRS does not contain subcontracting plan goals for contractors with Commercial Subcontracting Plans or Department of Defense (DoD) Comprehensive Subcontracting Plans. The system does not provide goals, which does not provide for comparison of their achievements. In addition, the information provided does not include data from the 3,590 pending, 505 rejected, and 103 revised FY2021 Individual Subcontracting Reports (ISR) in eSRS because the Contracting Officer did not take action to accept or reject the reports in the eSRS.

In order to provide complete information, modifications to eSRS would need to be made. These include subcontracting plan goals for Commercial Subcontracting Plans and DOD Comprehensive Subcontracting Plans; a listing of contracts that have active subcontracting plan, but no report was submitted in eSRS; and a single report that separates missed subcontracting goals, by executive Federal agency. These changes would allow SBA to accurately identify which contractors are not submitting reports in eSRS and which goals are not being met for all subcontracting plan types.

In Table 1, *Final FY2021 ISRs*, the data reflects the number of Individual Subcontracting Plans

that achieved/exceeded each subcontracting plan goal and those that failed to achieve each goal.

This is for completed contracts. SBA also notes that the statistics provided do not count goals as met when the contractor did not have a goal in a specific small business category.

Table 1 Final FY2021 ISRs

Category	Total # ISRs	No Goal	# Achieved/Exceeded goal	% Achieved/Exceeded	# Failed to meet goal	% Failed
SB	1313	87	785	64.0%	441	36.0%
SDB	1313	514	351	43.9%	448	56.1%
WOSB	1313	389	461	49.9%	463	50.1%
HBCU/MI	1313	1287	3	11.5%	23	88.5%
HUBZone	1313	667	219	33.9%	427	66.1%
VOSB	1313	502	369	45.5%	442	54.5%
SDVOSB	1313	720	207	34.9%	386	65.1%

In Table 2, *Regular FY2021 ISRs*, the data reflects the number of subcontracting plans that are achieving/exceeding each subcontracting plan goal and those that are failing to achieve each goal.

This is for ongoing contracts. SBA also notes that the statistics provided do not count goals as met when the contractor did not have a goal in a specific small business category.

Table 2 Regular FY2021 ISRs

Category	Total # ISRs	# Zero Goals	# Achieved/Exceeded goal	% Achieved/Exceeded	# Failed to meet goal	% Failed
SB	13895	700	7264	55.1%	5931	44.9%
SDB	13895	4061	3684	37.5%	6150	62.5%
WOSB	13895	3222	4632	43.4%	6041	56.6%
HBCU/MI	13895	13633	32	12.2%	230	87.8%
HUBZone	13895	5870	1934	24.1%	6091	75.9%
VOSB	13895	4397	3575	37.6%	5923	62.4%
SDVOSB	13895	6111	2094	26.9%	5690	73.1%

Aggregate value by which such entities exceeded, or failed to meet, their subcontracting goals during the prior fiscal year

In Table 3, *Aggregate Dollar Value for Failure to Meet Goals*, the data reflects the aggregate dollar value by which contractors failed to achieve their goals in each small business category, both for completed contracts and on-going contracts.

Table 3 Aggregate Dollar Value For Failure to Meet Goals

Category	Final ISRs	Regular ISRs
SB	\$1,543,300,517	\$17,139,400,995
SDB	\$741,469,238	\$8,321,345,709
WOSB	\$411,223,348	\$6,511,691,400
HBCU/MI	\$14,930,154	\$293,942,369
HUBZone	\$351,333,741	\$4,961,931,463
VOSB	\$306,897,516	\$5,043,462,437
SDVOSB	\$308,298,756	\$4,742,361,857

CONCLUSION

As shown in Tables 1 and 2, the percentage by which contractors failed to achieve their FY2021 regular and final ISR goals is higher than the percentage that achieved or exceeded their goals in all socioeconomic categories except the small business category. For small business subcontracting plans, the goal was achieved or exceeded 55% and 64% respectively. The aggregate dollars lost by all small business categories when contractors fail to achieve their goals is substantial. This is evidenced by the information in Table 3.

If contractors had met their small business subcontracting plan goals, more contracting dollars would be going to small businesses from Federal procurements.