



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Small Business Participation on Multiple-Award Contracts

REFERENCES: (a) Office of Management and Budget (OMB) Memorandum, "Increasing Small Business Participation on Multiple-Award Contracts," January 25, 2024
(b) OMB Memorandum M-22-03, "Advancing Equity in Federal Procurement," December 2, 2021

Small businesses play a vital role in the Defense Industrial Base (DIB) and are essential to driving our Nation's economy, advancing innovation, and strengthening our national defense. A major source of strength for our economy is its socio-economic diversity and participation by small businesses. Increasing participation of small businesses is a top priority for the Department. Equally important is increasing small business opportunities when developing multiple-award contract strategies.

The acquisition workforce can help the Department promote a diverse DIB by increasing small business participation on multiple-award contracts as stated in the Office of Management and Budget (OMB) Memorandum, "Increasing Small Business Participation on Multiple-Award Contracts," January 25, 2024. This memorandum reemphasizes actions to help strengthen small business participation on multiple-award contracts while the Small Business Administration and agency members of the Federal Acquisition Regulatory (FAR) Council develop regulatory amendments to address these actions:

1. Award of new multiple-award contracts

- a. Small business professionals and Small Business Administration Procurement Center Representatives are part of the acquisition teams and should be involved early in the acquisition planning process, to include the market research phase and the development of the acquisition strategy, for all multiple-award contracts. In accordance with FAR

19.506, acquisition teams should ensure that the rationale for multiple-award contracts that are not fully or partially set aside for small businesses, or where a reserve is not utilized, is documented in the acquisition plan or strategy and provided with the DD Form 2579, "Small Business Coordination Record" to the small business professionals, prior to approval of the acquisition plan.

- b. As part of acquisition strategy planning, acquisition teams should address the use of on-ramps for new long-term multiple-award contract (as defined by FAR 19.301-2(a)). The acquisition plan should include, as part of the narrative in the plan, the rationale for why on-ramps for small businesses are or are not to be utilized. Note: When on-ramps are utilized, off-ramps should not be utilized to remove a small business from multiple-award contracts because of a change to its size status, except where size status changes because of a merger or acquisition of the business.

2. Award of orders under new and existing agency and Government-wide multiple-award contracts

- a. Under multiple-award contracts, acquisition teams should consider setting aside orders over the micro-purchase threshold (MPT) for small business contract holders (to include specific small business socio-economic set asides as applicable) when the contracting officer determines there is a reasonable expectation of obtaining offers from two or more small business contract holders under the multiple-award contracts that are competitive in terms of market prices, quality, and delivery.
- b. If there are not at least two small business contract holders that are competitive for the requirement, the contracting officer is reminded to document the basis for not using an order set-aside via a DD Form 2579, "Small Business Coordination Record" in accordance with DFARS 219.201(c)(10)(B), agency procedures and the referenced OMB memorandum.
- c. Acquisition teams should maximize orders to small businesses under the simplified acquisition threshold to the maximum extent practicable.

3. Use of Best-in-Class (BIC) contracts

Acquisition professionals are reminded not to prioritize spending on BIC solutions at the expense of meeting socioeconomic small business goals in accordance with OMB Memorandum M-22-03, "Advancing Equity in Federal Procurement." Components should conduct thorough market research to ensure BIC awards are not at the expense of socioeconomic small business set-asides or goals. If a BIC vehicle does not allow for a small business set-aside, contracting officers should consider an open market small business set-aside.

It is imperative that acquisition teams, including small business program offices, collaborate on identifying challenges present in the federal procurement process. Therefore, it is highly recommended that DoD Components utilize the [Federal Supplier Base Dashboard](#), [Procurement Equity Tool](#), and the [Dynamic Small Business Search Tool](#) as additional resources to accomplish these recommended actions. This will aid in driving small business success in the defense industrial base by scaling small business participation on multiple-award contracts.

FAR Case 2023-011, Small Business Participation on Certain Multiple-Award Contracts was opened to update and clarify FAR direction pertaining to market research, acquisition planning, small business specialist coordination, and the use of set-asides in the placement of orders against certain multiple-award contracts. Case status can be monitored via the Defense Pricing and Contracting (DPC) [FAR Case Status, Open Case Report website](#).

Questions should be directed to the Office of Small Business Programs point of contact Dr. Jacqueline A. Charles, jacqueline.a.charles2.civ@mail.mil and to the DPC/Contract Policy point of contact Ms. Paula P. Smith, paula.p.smith.civ@mail.mil.

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