



JAN 31 2012

MEMORANDUM FOR ALL GSA CONTRACTING ACTIVITIES

FROM: JOSEPH A. NEURAUTER
DIRECTOR, OFFICE OF ACQUISITION POLICY &
SENIOR PROCUREMENT EXECUTIVE (MV)

SUBJECT: Subcontracting Plans for AbilityOne and UNICOR Contracts

1. **Purpose.** The purpose of this Acquisition Letter is to inform GSA contracting activities that the subcontracting exemptions listed in GSAM 519.702, *Statutory Requirements* are incorrect.
2. **Background.** FAR 19.702(b) lists exemptions from the requirement for submission of subcontracting plans. Based upon an expectation that the Office of Federal Procurement Policy (OFPP) would issue guidance exempting UNICOR and AbilityOne from the subcontracting plan requirement, GSAM 519.702 listed UNICOR and AbilityOne as two additional exemptions to the requirement for subcontracting plans. However, OFPP never issued those exemptions. Therefore, the GSAM needs to be amended to remove these exemptions. Further, according to the Small Business Administration, UNICOR and AbilityOne want to receive appropriate credit for their small business subcontracting.
3. **Instruction.** For any solicitation of offers in negotiated acquisitions, or sealed bidding to perform a contract or a contract modification that meets the thresholds established in FAR 19.702(a), and has subcontracting possibilities, an acceptable subcontracting plan is required unless expressly not required by FAR 19.702(b). The requirement for subcontracting plans applies when awarding contracts to Federal Prison Industries, also referred to as UNICOR, and to the national non-profit associations representing those who are blind or severely disabled, as implemented by the AbilityOne Program under the Javits-Wagner-O'Day Act.

For existing solicitations where the requirement is expected to be filled by UNICOR or AbilityOne, and the estimated total value meets the thresholds established in FAR 19.702(a), an amendment should be issued requiring a subcontracting plan.

For existing multiple year contracts established with UNICOR or AbilityOne prior to the date of this Letter, it is recommended that Contracting Officers request an acceptable subcontracting plan for the remaining years of the contract. If acceptable

to both parties, a bilateral modification shall be executed. If not acceptable to both parties, the Contracting Officer should consider the course of action that is in the best interest of the Government.

4. **Effective Date.** Immediately.
5. **Termination Date.** This Acquisition Letter will remain effective until GSAM 519.702 is revoked.
6. **Point Of Contact.** If you have any questions, you may contact either Janice Keys of the Office of Small Business Utilization at (202) 501-0838, or Kathy Rifkin of the Office of Governmentwide Policy at (816) 823-2170 or via email at Kathy.rifkin@gsa.gov.