

Small Business Program Policy

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Small Business Program Policy

1. Purpose

This policy establishes the framework for promoting and ensuring the maximum practicable participation of small businesses in federal contracting and subcontracting opportunities, in accordance with the Federal Acquisition Regulation (FAR). The Institute is committed to supporting small business concerns, including those of socially and economically disadvantaged businesses, in its purchasing programs. As a recipient of federal funding, Caltech maintains a Small Business Program that is designed to provide qualified suppliers a fair and equal opportunity to compete for Institute business.

Federal law and FAR regulations mandate that prime contractors and subcontractors provide small businesses with meaningful opportunities to participate in federal contracts. Subcontracting plans are required to be submitted to the awarding agency for contracts in the amount of \$750,000 or greater (or \$900,000 effective October 1, 2025). The plan must include allocation of expenditures towards small businesses and other small business concerns.

Caltech is required to submit semi-annual and annual reports to various federal agencies. All subcontracting activities under federal contracts awarded to Caltech must be included, even when a subcontracting plan is in place. Failure to comply with subcontracting requirements may result in liquidated damages, negative performance evaluations, or loss of future contracting opportunities.

2. Definitions

A. Small Business (SB)

A small business is defined in the U.S. Small Business Administration (SBA) regulations as:

- Independently owned and operated.
- Not dominant in the field of operations in which it is bidding for Government Contracts.
- Meeting detailed industry size standards (these standards are primarily based on the number of employees or annual sales receipts).

Definitions are relative to the products and services being purchased. Business [size standards](#) are determined by the SBA using [NAICS Codes](#).

B. HUBZone Small Business (HUBZone SB)

A HUBZone small business is a qualified small business located in a historically underutilized business zone, which needs assistance in obtaining employment opportunities, investment, and economic development.

A HUBZone status must be officially certified by the Small Business Administration (SBA).

C. Small Disadvantaged Business (SDB)

A small, disadvantaged business is defined as a small business concern which is at least 51% owned by one or more socially and economically disadvantaged individuals (or if a publicly owned business, at least 51% of the stock is owned by one or more socially and economically disadvantaged individuals) and whose management and daily business operations are controlled by one or more such individuals.

- Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group, without regard to their individual qualities.
- Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities, as compared to others in the same business area who are not socially disadvantaged.

D. Veteran Owned Small Business (VOSB)

A veteran owned small business is defined as a small business that is not less than 51% of which is owned by one or more veterans (or, in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more veterans) and the daily business operations of which are controlled by one or more veterans.

E. Service-disabled Veteran Owned Small Business (SDVOSB)

A service disabled veteran is a veteran with a disability that is service connected. A SDVOSB is defined as a small business not less than 51% of which is owned by one or more service disabled veterans (or, in the case of any publicly owned business, not less than 51% of the stock which is owned by one or more service disabled veterans) and the management and daily business operations of which are controlled by one or more service disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

A SDVOSB status must be officially certified by the Small Business Administration (SBA).

F. Women Owned Small Business (WOSB)

A women-owned small business is defined as a business that is at least 51% owned by a woman, or women, who also control and operate it and do not exceed the size standards established by 13 CFR 121. "Control," means exercising the power to make policy decisions; "operate," means being actively involved in the day-to-day management; "woman" means all women business owners.

3. Subcontracting Plan Requirements

Caltech utilizes a Master Subcontracting Plan that has been approved by the Office of Naval Research on behalf of the federal government in accordance with Public Law 95-507. Procurement Services administers the Plan which is renewed every 3 years.

Individual Subcontracting Goals

Individual subcontracting goals will be established for each federal contract requiring the submission of a Small Business Subcontracting Plan. Public Law 95-507 requires federal contracts of \$750,000 or greater to have a subcontracting plan to establish goals for purchases from small businesses. Effective October 1, 2025, the subcontracting plan requirement threshold is \$900,000.

The subcontracting plan is submitted with a Federal Request for Proposals (RFP) or in response to a request from the funding agency. While Caltech has an approved Master Subcontracting Plan, each PI must work with the Small Business Office to develop specific spending goals for each category of small business for that proposal. The Division will provide a copy of the proposal, project budget, and list of suppliers solicited or selected for the project. These documents are necessary to prepare a subcontracting plan.

It is the intent of the Small Business Program to give small business concerns a fair and equitable opportunity to compete for business, consistent with the efficient performance of Caltech's contractual obligations. Caltech will make a concerted effort to locate such business concerns to ensure equitable opportunity in competing for subcontracting requirements.

Below Threshold

If the federal contract is below \$750,000, a subcontracting plan is not required. Regardless of contract size, FAR 52.219-8 (Utilization of Small Business Concerns) may still be included in the contract. This ensures compliance with providing maximum practicable opportunity for small businesses to participate in the contract's performance.

Simplified Acquisition Threshold (SAT)

Contracts above the SAT (currently \$250,000) but below \$750,000 still fall under the policy of promoting small business participation, even if a formal plan is not required. Campus purchasers are encouraged to utilize small businesses whenever possible.

4. Responsibilities

A. Principal Investigator

The Principal Investigator (PI) has primary responsibility for the fiscal management of a contract. The PI can designate individual(s) to administer the subcontracting under the research project in accordance with all applicable Institute financial and procurement policies.

The PI must work with the Small Business Liaison Officer (SBLO) to develop specific spending goals for each category of small business for that proposal. Additionally, the PI is responsible for ensuring that subcontracting goals are met by giving a maximum practical opportunity to small businesses to participate in Caltech's procurement system.

B. Campus Purchaser/SOS Buyer

Purchasers should spend Institute funds prudently. Personnel that incur costs on behalf of Caltech are responsible for being aware of regulations that apply to the source of funds. The Purchaser is responsible for the preparation of the appropriate Procurement Services forms that apply to the purchase.

C. Authorized Approver

The Approver is the individual responsible for division/department expenditures who may authorize others to purchase on behalf of the division/department or project.

An Approver reviews and approves Purchase Requisitions, Payment Requests, and P-Card charges:

- Expenditure supports division/department or project activity.
- Expenditure meets applicable sponsor guidelines.
- Expenditure is charged to the proper PTA(s) and E-Types.

By approving the Purchase Requisition, Payment Request, and P-Card transactions, the Approver is indicating that he/she has read Caltech's Procurement Services' Policy and Procedures and is familiar with its requirements.

D. Purchasing Services

Contracting Officers and Purchasing Agents are responsible for providing consideration to potential small business suppliers and assist campus users with procurement procedures in a manner that supports small business participation in all procurements. These steps include:

- Assure that small business concerns are solicited whenever they are potential sources.
- Use online supplier query tools and Oracle supplier database to assist campus users with finding qualified small businesses.
- Provide guidance on required documentation when reviewing and approving requisitions and contracts.

E. Small Business Office

The Small Business Liaison Officer (SBLO) is responsible for ensuring compliance with this policy:

- Identify small business suppliers that meet the requirements of the project.
- Review supplier portal registrations and update the supplier database accordingly for campus queries.
- Provide tools on how to search for small business suppliers within internal systems and [Dynamic Small Business Search](#) (DSBS).
- Ensure that the Small Business Program policy is publicized through the Procurement Services' website and outreach.
- Prepare and submit Subcontracting Plans for specific government contracts that exceed \$750,000 requiring a plan (\$900,000 effective 10/1/2025).
- Encourage campus purchasers to consider small business suppliers when making source selections.
- Retain records of solicitations and awards made to small business suppliers.
- Submit ISR and SSR filing by required due dates.

5. Reporting

Caltech will submit the Individual Subcontracting Report (ISR) twice a year, in accordance with the instructions on the report as referenced in Public Law 95-507, Section 211. Reports will be submitted through eSRS (Electronic Subcontracting Reporting System) to the awarding agency or sponsor.

Caltech will submit the Summary Subcontracting Report (SSR) once a year, in accordance with the instructions on the report as referenced in Public Law 95-507, Section 211. Reports will be submitted through eSRS (Electronic Subcontracting Reporting System) to the awarding agency or sponsor.

Transactions will be monitored to evaluate compliance with subcontracting plans. Caltech's SBLO will review and analyze all expenditures and prepare reports for each contract. The SBLO will provide periodic reports to principal investigators if they are meeting their subcontracting goals.

6. Contacts

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7. Resources

[Caltech Small Business Program](#)

[Caltech Supplier Search](#) through Caltech Access

[Federal Acquisition Regulation](#)

Related Small Business Clauses

- **FAR 52.219-8** – *Utilization of Small Business Concerns*
- **FAR 52.219-9** – *Small Business Subcontracting Plan*
- **FAR 19.705-7** – *Compliance with the Subcontracting Plan*

[North American Industry Classification System \(NAICS\)](#)

[SBA Dynamic Small Business Search](#)

[Small Business Administration \(SBA\)](#)

[SBA Size Standards](#)

[System for Award Management](#) (SAM.gov)