



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Chief Financial Officer and**  
**Assistant Secretary for Administration**  
Washington, D.C. 20230

## **PROCUREMENT MEMORANDUM 2024-07**

### **ACTION**

**MEMORANDUM FOR:** Senior Bureau Procurement Officials

**FROM:** Olivia J. Bradley  
Senior Procurement Executive and  
Director for Acquisition Management

**SUBJECT:** Increasing Small Business Participation on Multiple-Award Contracts

### **Background**

The President's Management Agenda (PMA) calls on agencies to create a diverse and resilient federal marketplace. As part of these efforts, agencies are working to leverage the small business growth occurring in the nation's supply chains that support agency missions, reverse the significant decline of small business participation in the federal supplier base over the last decade, and increase contracting opportunities for small business concerns owned and controlled by socially and economically disadvantaged individuals (SDBs), as directed by Executive Order 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*. The Executive Order emphasizes equitable procurement practices and established a government-wide goal of awarding 15 percent of federal contract spending to SDBs in fiscal year (FY) 2025. Additionally, the Better Contracting Initiative (BCI) established by the Office of Management and Budget (OMB) calls on agencies to strengthen contract stewardship actions that help the Federal Government get better terms and prices by purchasing goods and services as an organized entity.

Consistent with the PMA and BCI, the Office of Federal Procurement Policy (OFPP), the Small Business Administration (SBA), and the Federal Acquisition Regulatory (FAR) Council have worked together to identify actions that can help agencies both promote a diverse federal supplier base and advance contract stewardship when using multiple-award contracts. These actions are outlined in the OMB's memorandum entitled *Increasing Small Business Participation on Multiple-Award Contracts*, dated January 25, 2024.

### **Purpose**

The purpose of this procurement memorandum is to provide guidance and procedures to promote small business participation on multiple-award contracts in advance of any regulatory amendments to the FAR identified in the OMB memorandum. Nothing in this guidance is expected to conflict with the FAR and if there is a discrepancy between this guidance and the FAR, the FAR will take precedence.

## **Actions**

### **1. Award of new multiple-award contracts**

- a. Contracting officers shall consider on-ramps when developing the acquisition strategy for new multiple-award contracts. Acquisition planning for new multiple-award contracts should address the use of on-ramps, which allow for vendors to be added during the performance period for long-term contracts, which under FAR 19.301-2(a) are those contracts that are more than five years in duration, including options. A written acquisition plan, when applicable, shall include as part of the narrative in the plan, an explanation if no on-ramps for small businesses are planned for any long-term, multiple-award contracts where (1) small businesses are expected to enter the market after the award of the contract, and (2) there is a sufficient volume of activity anticipated to provide meaningful opportunities for the added contract holders.
- b. The Small Business Administration's regulations at 13 C.F.R. § 121.404(g) recognize that an entity that outgrows its small business size status during the period of contract performance of a set-aside multiple-award contract should be allowed to remain on the contract as a small business until recertification. Accordingly, contracting officers are discouraged from using "off-ramps" to remove a business from a set-aside multiple-award contract because of a change to its size status, except where size status changes as a result of a merger or acquisition of the business.

### **2. Award of orders under new and existing agency and government-wide multiple-award contracts**

- a. Contracting officers should apply the rule of two to contract orders to the maximum extent practicable when permissible by a contract's ordering procedures. Except for orders citing an exception to competition (FAR 16.505(b)(2), exceptions to fair opportunity, or agency procedures that reflect an appropriate exception), contracting officers should consider setting aside orders over the micro-purchase threshold for small business or socioeconomic small business contract holders 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 contract that are competitive in terms of market prices, quality, and delivery and a set-aside is consistent with the ordering procedures of the contract. If not using an order set-aside, including on multiple-award contracts that have no or only one small business contract holder, the contracting officer should document the basis for the determination in the market research document including:
  - i) How both small-business market research (including research of small businesses not on the multiple-award contract under which the order would be placed) and mission considerations (e.g., desired terms and conditions, performance periods, past performance of potential sources) informed the contracting officer's basis for choosing the multiple-award contract to fulfill its needs and
  - ii) What market research was conducted within the past 18 months, which could include research that was conducted when establishing the multiple-award contract or deciding to use another agency's multiple-award contract on a repetitive basis.

- b. Contracting officers should maximize orders to small businesses under the simplified acquisition threshold (SAT) to the maximum extent practicable when permissible by a contract's ordering procedures. Contracting officers should work with their small business offices to identify and proactively shift the buying strategies for recompetes of orders under the SAT to ensure that small businesses are afforded exclusive set-aside opportunities for these orders where market research shows that small firms are capable and a set-aside is consistent with the ordering procedures of the contract. When awarding new contracts contracting officers shall consider ensuring that ordering procedures allow for set-asides under the SAT.

**Effective Date**

This procurement memorandum is effective immediately and remains in effect until rescinded.

**Questions**

Please direct any questions regarding this Procurement Memorandum to [OAM\\_Mailbox@doc.gov](mailto:OAM_Mailbox@doc.gov).