

Collection Instrument

**Defense Federal Acquisition Regulation Supplement Part 270, Defense Contracting Programs—Pilot Program to Incentivize Contracting with Employee-Owned Businesses, and Related Clause
OMB Control Number 0750-0ZZZ**

PART 270—DEFENSE CONTRACTING PROGRAMS

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SUBPART 270.X—PILOT PROGRAM TO INCENTIVIZE CONTRACTING WITH EMPLOYEE-OWNED BUSINESSES

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270.X05 Solicitation provision and contract clause.

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(c) Use the clause at 252.270–70YY, Pilot Program to Incentivize Contracting with Employee-Owned Businesses, in solicitations and contracts, including solicitations and contracts using FAR part 12 procedures for the acquisition of commercial products and commercial services, for approved pilot program acquisitions.

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PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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SUBPART 252.2—TEXT OF PROVISIONS AND CLAUSES

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252.270-70YY Pilot Program to Incentivize Contracting with Employee-Owned Businesses.

As prescribed in 270.X05(b), use the following clause:

PILOT PROGRAM TO INCENTIVIZE CONTRACTING WITH EMPLOYEE-OWNED BUSINESSES (DATE)

(a) *Definition.* As used in this clause—

“Qualified business” means an S corporation as defined in 26 U.S.C. 1361(a)(1) for which 100 percent of the outstanding stock is held through an employee stock ownership plan as defined in 26 U.S.C. 4975(e)(7).

(b) *Limitations on subcontracting.* In performance of the contract, the Contractor shall not expend more than 50 percent of the amount paid under the contract on subcontracts, unless—

(1) The subcontract is awarded to a qualified business;

(2) The contract is for products and the subcontract is for materials not available from another qualified business; or

(3) A waiver is granted.

(c) *Reporting requirement.* Not later than 30 days after the end of the contract period of performance, the Contractor shall submit to the Contracting Officer the following information in writing:

(1) The number of years the Contractor has been wholly-owned by its employee stock ownership plan.

(2) Challenges the Contractor experienced in attracting and retaining a talented workforce in a competitive market.

(3) Challenges the Contractor experienced that hinder its ability to contract with DoD to scale its technologies and capabilities due to the Contractor's corporate ownership structure.

(4) Challenges the Contractor experienced due to its corporate ownership structure in obtaining capital necessary to bridge funding gaps, for example, between prototype demonstration and full-scale development.

(End of clause)