252.270-7002 Pilot Program to Incentivize Contracting with Employee-Owned Businesses.

As prescribed in 270.105(c), use the following clause:

Pilot Program To Incentivize Contracting With Employee-Owned Businesses (Nov 2024)

(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, if any, the Contractor experienced in attracting and retaining a talented workforce in a competitive market due to the Contractor's corporate ownership structure.
- (3) Challenges, if any, 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, if any, 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)

Parent topic: 252.270 RESERVED