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Module 8: Subcontracting & Small Business Participation

In this module, you will learn how to oversee the DoD Mentor-Protégé Program in ways that strengthen small business participation and ensure compliance. You will explore the two incentive paths available to Mentors—**reimbursement and subcontracting credit**—and understand how multipliers can significantly increase the value of approved developmental assistance. You will confirm eligibility requirements for both Mentors and Protégés, ensure agreements include all required elements, and safeguard against coercive practices. You will also learn how to integrate partners such as HBCUs, MSIs, APEX Accelerators, SBDCs, WBCs, and MIIs into agreements, while keeping reporting accurate and clearly separated between developmental assistance credit and actual subcontract awards. By the end, you will be equipped to manage agreements that deliver measurable Protégé growth, contribute to subcontracting goals, and align with DoD small business priorities.

Lesson 1: Program Incentives and Credit Framework

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CONTINUE

Welcome to Lesson 1: Types of Authorized Developmental Assistance

Program Incentives and Credit Framework

Learning Objectives

By the end of this lesson, you will be able to:

- Explain the two incentive paths available to Mentors: reimbursement and subcontracting credit
- Apply the correct multiplier to different types of approved developmental assistance
- Describe DCMA's role in reviewing and approving standalone credit agreements

CONTINUE

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Guiding Incentive Strategies as a Program Manager

As a Program Manager, you may oversee multiple Mentor-Protégé agreements that use different incentive strategies. One Mentor may request direct reimbursement in a contract line item, while another may seek credit toward subcontracting goals. Your role is to help stakeholders understand implications, ensure agreement language complies with DFARS Appendix I, and align each path to measurable performance objectives.

Program Purpose & Framework

The DoD Mentor-Protégé Program is a permanent authority that incentivizes Mentors to provide structured assistance to eligible small business Protégés. Under DFARS Appendix I, companies may participate through two mechanisms:

1. **Reimbursement** of allowable costs via contract action, and/or
2. **Credit** toward applicable subcontracting goals for approved, unreimbursed developmental assistance.

Program Manager Tip: Ensure the selected incentive path is clearly identified in the agreement package and that supporting documentation matches the chosen path.

CONTINUE

Comprehensive Incentive Structure

A Mentor may participate through reimbursement, credit, or a combination of both, as long as each element is included in an approved Mentor-Protégé agreement and claimed according to DFARS Appendix I. The “graduation” of a Protégé is an important milestone, but incentives are based on approved costs and credit rules—not on graduation alone.

Program Manager Tip: Confirm the agreement states intended outcomes, measures of success, and whether the Mentor will seek reimbursement, credit, or both.

Understanding Credit Multipliers

Before applying multipliers, confirm the assistance type and delivery source are captured in the approved agreement. Only unreimbursed, approved developmental assistance may be claimed for credit, and it must be categorized correctly during reporting.

- **Four-times credit (4×):** Assistance provided by Small Business Development Centers (SBDCs), Historically Black Colleges and Universities (HBCUs), Minority-Serving Institutions (MSIs), and APEX Accelerators (formerly PTACs).
- **Three-times credit (3×):** Direct assistance furnished by the Mentor's employees, such as structured training and hands-on technical support.
- **Two-times credit (2×):** All other qualifying, unreimbursed assistance included in the approved agreement.

Program Manager Tip: During proposal review, confirm the cost ledger and narrative clearly map each activity to the correct multiplier category.

CONTINUE

Credit Agreement Pathways

Standalone credit agreements (not tied to a specific DoD program contract) follow a defined approval path.

Click each tab to learn more.

DCMA'S ROLE	WHAT QUALIFIES FOR CREDIT	EXAMPLE CALCULATION

DCMA reviews and approves standalone credit agreements consistent with DFARS Appendix I and agency procedures. For agreements not associated with a specific Service or Defense Agency program, Mentors coordinate with the DCMA Office of Small Business Programs. As a Program Manager, ensure the package identifies the correct approving authority and includes points of contact, scope, costs, and reporting commitments.

DCMA'S ROLE	WHAT QUALIFIES FOR CREDIT	EXAMPLE CALCULATION

Unreimbursed, reasonable, and properly supported developmental assistance identified in the approved agreement may be credited toward subcontracting goals. Certain indirect costs may qualify if they are included in the approved plan and meet allowability and allocability standards. Exclude unallowable costs and ensure all claimed activities are traceable to time records, invoices, or deliverables.

DCMA'S ROLE	WHAT QUALIFIES FOR CREDIT	EXAMPLE CALCULATION

Suppose a Mentor invests $10,000 with an HBCU (4×), $30,000 of employee time (3×), and $20,000 in other qualifying assistance (2×). The credit totals $40,000 + $90,000 + $40,000 = $170,000 toward subcontracting goals. As a Program Manager, check that categories, documentation, and math align before the Mentor claims credit in reporting systems.

CONTINUE

Credit Adjustments & Rescission

Protect the integrity of credit—your controls matter.

DoD may adjust or rescind credit if a Mentor's subcontracting performance declines without justifiable cause, or when action is warranted to prevent abuse. Program Managers should maintain proactive controls to ensure claims are accurate, well-documented, and defensible.

Select each (+) to learn more

Performance Decline — What to Watch

Compare year-over-year subcontracting performance. If actual subcontract awards decrease without a justifiable cause, allowable credit may be reduced. Document market shifts or portfolio changes that explain dips.

Reporting Accuracy — How to Verify

Review semiannual submissions for math accuracy, proper multiplier use, and supporting documentation (timesheets, invoices, SOW-linked deliverables). Require corrections immediately when inconsistencies appear.

Integrity Safeguards — Controls to Apply

Maintain an auditable trail separating development-credit claims from actual subcontract awards. Require sign-offs by finance and compliance, establish a pre-submission checklist, and retain working papers for audits and surveillance reviews.

CONTINUE

Knowledge Check

Choose the option that best fits each question.

A Mentor provides $100,000 in unreimbursed assistance this year: $20,000 via an SBDC, $50,000 in Mentor employee time, and $30,000 in other qualifying assistance. What is the correct developmental assistance credit (excluding any actual subcontracts)?

- $230,000
- $250,000
- $290,000
- $310,000

SUBMIT

Program Manager Tip: This mirrors the tabbed examples and reinforces correct category mapping before submission.

CONTINUE

Incentive Strategy Guidance

Choosing reimbursement can be advantageous when cash flow is a constraint or when the sponsor has budgeted funds for direct support; it also tightens cost controls because allowability and documentation must meet contracting standards. Choosing credit is useful when a Mentor faces ambitious subcontracting goals and wants approved developmental assistance to count toward those goals; the key is precise categorization and clean support. A combination can balance financial realities with compliance targets. As a Program Manager, evaluate sponsor funding, Mentor goal history, prior reporting accuracy, and the agreement's development objectives before recommending the path.

Best Practices for Maximizing Credit Value

Before costs are incurred, align planned activities to the correct multiplier category and confirm the partner type (e.g., HBCU, MSI, SBDC, APEX Accelerator). Require contemporaneous records—timesheets, invoices, and deliverables—so claims are easily traceable during reporting and oversight.

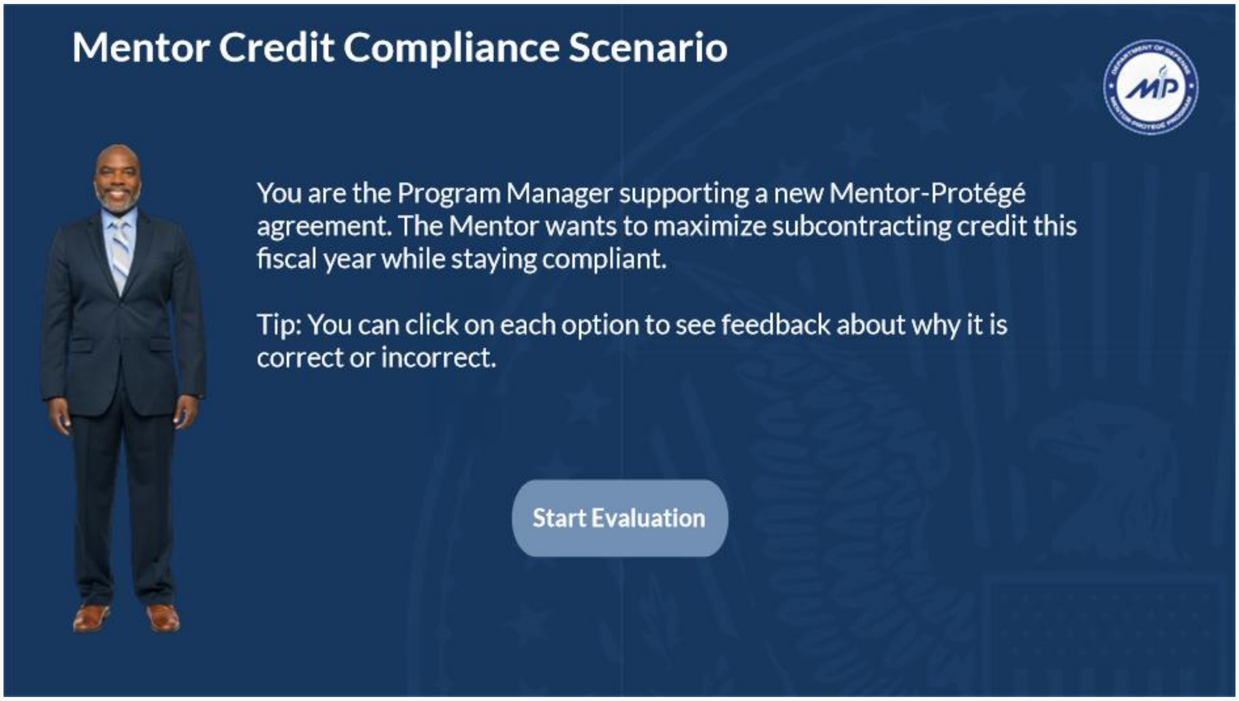
- [ ] Encourage partnerships with institutions eligible for four-times credit; confirm the scope matches development goals
- [ ] Require detailed cost tracking and clear narratives tying activities to outcomes and multipliers
- [ ] Validate performance against the agreement's success measures and insist on timely, accurate reporting

CONTINUE

Summary

In this lesson, you explored the two incentive paths available to Mentors: reimbursement and subcontracting credit. You learned how credit multipliers can significantly increase the value of approved developmental assistance and how DCMA reviews and approves standalone credit agreements. You also saw how Program Managers play a critical role in verifying reporting accuracy, preventing credit adjustments or rescissions, and guiding Mentors toward compliant strategies. By applying these practices, you can help Mentors maximize benefits while protecting program integrity. With this foundation in incentives and credit, you are ready to move on to Lesson 2, where you will examine Mentor and Protégé eligibility and learn how to structure compliant agreements.

CONTINUE


Mentor Credit Compliance Scenario
You are the Program Manager supporting a new Mentor-Protégé agreement. The Mentor wants to maximize subcontracting credit this fiscal year while staying compliant.
Tip: You can click on each option to see feedback about why it is correct or incorrect.
Start Evaluation

CONTINUE

Lesson 2 of 3

Lesson 2: Eligibility and Agreement Development

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CONTINUE

Welcome to Lesson 2: Eligibility and Agreement Development

Learning Objectives

By the end of this lesson, you will be able to:

- Verify Mentor and Protégé eligibility using DFARS criteria
- Ensure agreements include all required elements and meet compliance standards
- Oversee subcontracting opportunity planning within program parameters

CONTINUE

Why Eligibility Matters

Eligibility requirements are not just checkboxes—they ensure that Mentors are qualified to provide meaningful assistance and that Protégés represent small business categories prioritized by DoD. These rules act as strategic filters to strengthen the industrial base. As a Program Manager, you are responsible for validating eligibility early in the process and preventing misalignment that could invalidate an agreement.

CONTINUE

Mentor Eligibility

To qualify as a Mentor under DFARS Appendix I, a firm must:

- Be eligible to receive federal contracts.
- Demonstrate financial soundness, good character, and the capability to develop Protégés.
- Not appear on debarred or suspended contractor lists.
- Be an other-than-small business, unless approved as an exception by the Director, OSBP, OUSD(A&S) under SBA affiliation rules.
- Provide evidence of at least one qualifying condition:
  - DoD contracts or subcontracts totaling $25 million or more in the previous fiscal year,
  - An active DoD subcontracting plan,

- Graduation from the 8(a) Business Development Program with mentoring capability, or
- An alternative justification approved by the Director, OSBP, OUSD(A&S).

Program Manager Tip: During proposal review, confirm documentation such as contract awards, subcontracting plans, or SBA graduation letters is attached to validate Mentor status.

CONTINUE

Mentor Qualification Pathways

Mentors may qualify through different pathways. As a Program Manager, you should understand each and verify documentation.

Step 1

Standard Pathway

A large business with $25M+ in DoD contracts and an active subcontracting plan (most common).

Step 2

Graduate Pathway

A former 8(a) program participant with demonstrated mentoring ability, approved by the Director OSBP.

Step 3

Alternative Pathway

A company otherwise capable of assisting Protégés, approved by the Director OSBP on a case-by-case basis.

Step 4

Small Business Mentor (rare)

In exceptional circumstances, a small business may be approved if it demonstrates unique value to Protégés and receives Director OSBP approval.

CONTINUE

Protégé Categories

Who Qualifies as a Protégé

Protégés must be small businesses that meet SBA size standards, are eligible for federal contracts, and cannot be owned or managed by individuals/entities that hold stock options or convertible securities in the Mentor firm. They must also fit into at least one of nine categories defined in DFARS Appendix I.

Nine Protégé Categories Explained

Select each (+) to learn more

HUBZone small business

Located in historically underutilized business zones and certified by SBA.

Women-owned small business (WOSB/EDWOSB)

Owned and managed by eligible veterans with service-connected disabilities.

Service-disabled veteran-owned small business (SDVOSB)

A service-disabled veteran-owned small business concern.

Tribal-owned entity

Business owned and controlled by a federally recognized Indian Tribe.

Native Hawaiian organization-owned entity —

Business owned and controlled by a Native Hawaiian organization.

Socially and economically disadvantaged business —

Small business owned by individuals meeting SBA criteria for disadvantage.

Qualified organization employing severely disabled individuals —

At least 75% of employees are severely disabled.

Nontraditional defense contractor —

Firm without recent significant DoD contracts, broadening access to innovation.

Critical supplier to DoD —

A business that provides goods or services essential to the defense industrial base.

Program Manager Note: The last two categories (nontraditional defense contractors and critical suppliers) give DoD flexibility to onboard firms that enhance innovation and resilience.

CONTINUE

Core Agreement Elements

Every Mentor-Protégé agreement must include specific information. As a Program Manager, you should verify each element during proposal review.

Click each tab to learn more.

BASIC INFORMATION	DEVELOPMENTAL GOALS	SUBCONTRACTING PROJECTIONS

Include names and contact details for both firms, applicable NAICS codes, confirmation that the Protégé meets size standards, and eligibility statements for both Mentor and Protégé citing DFARS Appendix I criteria.

BASIC INFORMATION | DEVELOPMENTAL GOALS | SUBCONTRACTING PROJECTIONS

Identify the types of assistance the Mentor will provide and explain how they will expand the Protégé's ability to compete for DoD, federal, and commercial opportunities. Goals must also show how they will increase small business subcontracting in underrepresented categories.

BASIC INFORMATION | DEVELOPMENTAL GOALS | SUBCONTRACTING PROJECTIONS

Provide an estimate of the dollar value, type, and expected timing of subcontracts to be awarded to the Protégé. These projections should be realistic, measurable, and aligned with program participation timelines.

CONTINUE

Critical Protections

Mentors may not require a Protégé to enter into a Mentor-Protégé agreement as a condition for receiving a contract or subcontract. This safeguard protects Protégés from coercion and ensures agreements are entered into voluntarily.

Program Manager Enforcement Duty: Watch for red flags such as Protégés reporting pressure or agreements tied directly to subcontract awards.

CONTINUE

Knowledge Check

A women-owned small business in cybersecurity has $5 million in annual revenue, strong commercial performance, and no prior DoD contracts. Is it eligible to participate as a Protégé?

- No, because it lacks DoD experience.
- No, because it must first complete the 8(a) program.
- Yes, as a women-owned small business and potentially as a critical supplier.
- Yes, but only if paired with a HUBZone certification.

SUBMIT

CONTINUE

Proposal Requirements

Step One (White Paper): At this stage, the Mentor submits a high-level concept paper identifying the Mentor, the Protégé, eligibility, and a description of the developmental assistance to be provided.

Step Two (Proposal): At this stage, the Mentor must include a rough order of magnitude (ROM) cost estimate, the proposed period of performance, and subcontracting projections.

Program Manager Oversight Reminder: Ensure the proposed subcontracting balance builds Protégé capability without creating overdependence.

CONTINUE

Best Practices: Agreement Development Excellence

Strong agreements depend on consistent practices that go beyond meeting minimum requirements. As a Program Manager, you can apply the following best practices to ensure every Mentor-Protégé agreement is both compliant and effective.

- [ ] **Eligibility Verification:** Validate certifications, SBA size status, and confirm neither firm appears on debarment lists.
- [ ] **Agreement Drafting:** Use standard templates, include all DFARS-required elements, and ensure developmental goals are specific and measurable.
- [ ] **Subcontracting Strategy:** Encourage Mentors to start with smaller awards and scale up, allowing Protégés to build past performance gradually.

CONTINUE

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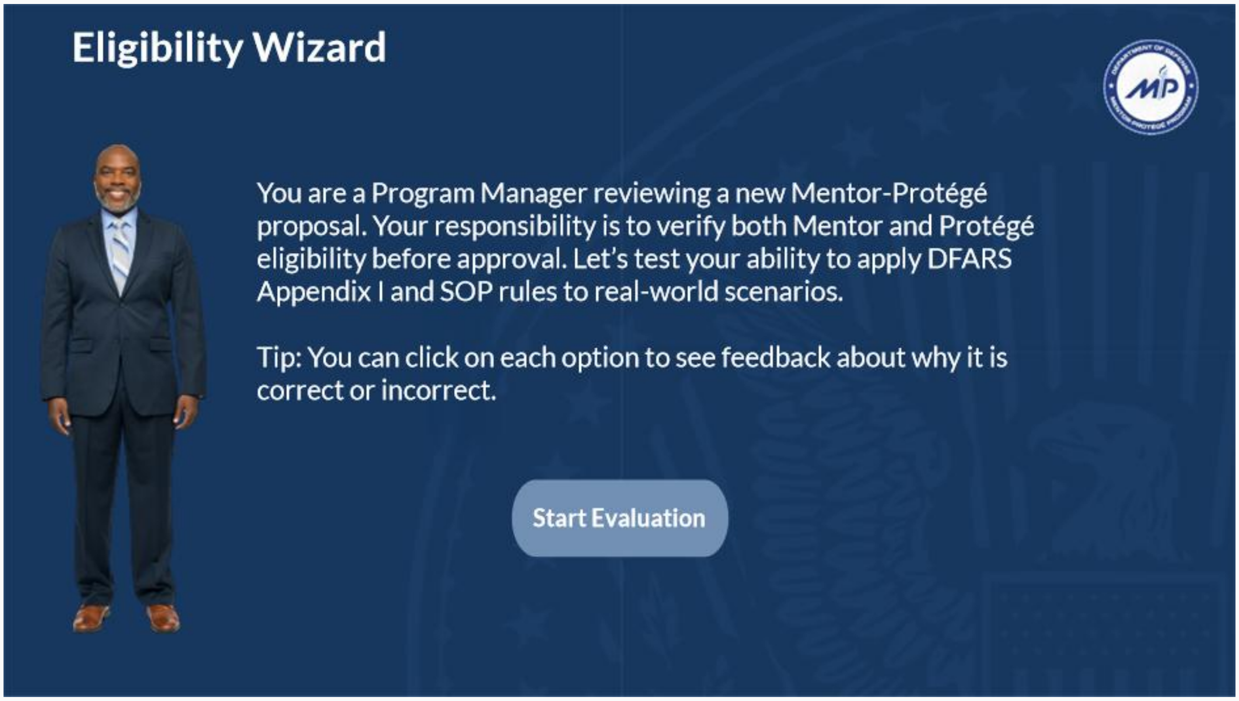

Closing Message

Well done. You identified the Mentor's correct pathway, applied the right Protégé categories, flagged an affiliation risk, and confirmed SBA size compliance. As a Program Manager, your careful eligibility review ensures only qualified and compliant partnerships move forward in the Mentor-Protégé Program.

Summary

In this lesson, you examined the eligibility requirements for Mentors and Protégés, explored the nine Protégé categories, and reviewed the required elements of a Mentor-Protégé agreement. You also learned about critical protections against coercion, the time limits for participation, and proposal requirements under the SOP. By validating eligibility, structuring agreements correctly, and overseeing subcontracting opportunities, you ensure that partnerships are both compliant and strategically valuable. With this foundation, you are ready to move to Lesson 3, where you will see how third-party institutions and accurate reporting practices amplify program impact.

CONTINUE

Lesson 3: Third-Party Integration and Reporting Excellence

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CONTINUE

Welcome to Lesson 3: Third-Party Integration and Reporting Excellence

Learning Objectives

By the end of this lesson, you will be able to:

- Integrate HBCUs, MSIs, APEX Accelerators (formerly PTACs), and SBDCs to support approved development plans.
- Oversee accurate reporting of subcontracting achievements using the correct forms and methods.
- Enforce the separation of developmental assistance credit from actual subcontract awards in reporting.

Third-party partners can multiply the impact of a Mentor's approved developmental assistance. As a Program Manager, your role is to confirm that activities with these partners align with the approved agreement, that costs are properly categorized for potential credit, and that documentation is collected for semiannual and annual reporting.

CONTINUE

Institutional Partner Categories

The SOP emphasizes leveraging institutional networks to build Protégé capacity. These partners provide training, technical

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CONTINUE

Institutional Partner Categories

The SOP emphasizes leveraging institutional networks to build Protégé capacity. These partners provide training, technical expertise, and business development support. Some categories also qualify for higher multipliers under DFARS Appendix I.

Select each (+) to learn more

HBCUs and MSIs

Provide technical training, research, and specialized support. Assistance from these partners qualifies for 4× credit.

APEX Accelerators (formerly PTACs)

Support procurement readiness, registration, and government contracting navigation. Eligible for 4× credit.

SBDCs

Deliver business planning, financial management, and growth strategy support. Eligible for 4× credit.

WBCs and MIIs

Valuable partners for Protégé capacity-building, but their assistance is not eligible for 4× multipliers under DFARS Appendix I

Program Manager Focus: During proposal review and execution, verify that engagements with these partners directly support developmental objectives and that all services are documented through invoices or statements of work.

CONTINUE

Building Institutional Partnerships

To ensure successful collaboration, Program Managers should follow a structured process:

Select the arrows to learn more.

Step 1

Phase 1: Identification

Map resources against Protégé needs, confirm partner fit, and capture points of contact.

Step 2

Phase 2: Engagement

Facilitate Mentor-Protégé-partner alignment meetings, ensuring roles, deliverables, and costs are documented in the agreement or modification.

Step 3

Phase 3: Implementation

Monitor milestones, validate documentation such as invoices or timesheets, and categorize activities under the correct multiplier (2×, 3×, or 4×).

Step 4

Phase 4: Optimization

Conduct periodic reviews, expand successful engagements, and develop sustainment plans for after the agreement term.

CONTINUE

Reporting Requirements and Methods

Reporting under the Mentor-Protégé Program follows strict rules to protect accuracy and compliance. As a Program Manager, you should understand the reporting schedule, what information must be included, and how to separate developmental assistance credit from actual subcontract awards.

Click each tab to learn more.

REPORTING TIMELINE	CREDIT REPORTING REQUIREMENTS	ACTUAL SUBCONTRACT CREDIT

Mentors must submit semiannual reports for periods ending March 31 and September 30, due within 30 days. The September 30 report covers the full fiscal year. Protégés must submit annual data by October 31 during the agreement term and for two fiscal years after completion.

REPORTING TIMELINE | CREDIT REPORTING REQUIREMENTS | ACTUAL SUBCONTRACT CREDIT

Semiannual Mentor reports must include developmental assistance credit claimed toward subcontracting goals, supported by ISR, SSR, or SF 294 attachments, and must list any new subcontracts awarded to the Protégé with value and basis.

REPORTING TIMELINE | CREDIT REPORTING REQUIREMENTS | ACTUAL SUBCONTRACT CREDIT

Mentors may also receive credit for actual subcontracts awarded to qualifying Protégés. These amounts are reported separately from developmental assistance credit.

CONTINUE

Critical Distinction

Protecting Reporting Integrity

DFARS requires that developmental assistance credit and actual subcontract awards be reported separately. The two are combined only at the end to reflect the Mentor's overall subcontracting performance.

Program Manager Control: Require separate tracking lines, ensure supporting documentation is attached, and review all submissions for accuracy before acceptance.

CONTINUE

Knowledge Check

Choose the option that best fits each question.

A Mentor incurs $50,000 in employee mentoring (3×), $5,000 in SBDC training (4×), and awards $200,000 in subcontracts to the Protégé. How should this be reported?

- $220,000 total subcontracting credit.
- $200,000 in subcontract awards and $170,000 in developmental assistance credit.
- $370,000 in subcontract awards only.
- $170,000 total developmental credit.

SUBMIT

CONTINUE

Implementation Strategy

As a Program Manager, you should ensure that third-party activities directly support approved development objectives. Validate invoices and time records, tie each activity to the correct multiplier, and maintain a repository of ISR/SSR/SF 294 extracts. Require midterm and final reviews that separate subcontract awards from developmental assistance credit.

Documentation Excellence

Strong documentation practices protect program integrity. For credit claims, require invoices, deliverable descriptions, timesheets, and outcome metrics. For reporting, maintain separate ledgers, reconciliations, and audit trails tied to ISR/SSR/SF 294 submissions. For reviews, gather case studies, metrics, and ROI narratives to demonstrate Protégé progress.

CONTINUE

Reporting Pitfalls

Common Watchouts for Program Managers

- Combining developmental assistance credit with actual subcontract awards.
- Submitting reports without ISR/SSR attachments or supporting documentation.
- Using incorrect multipliers or calculation errors.
- Failing to submit semiannual or annual reports on time.

CONTINUE

Summary

In this module, you learned how the DoD Mentor-Protégé Program uses incentives to drive small business development, how to verify eligibility and structure compliant agreements, and how to integrate third-party partners while keeping reporting accurate and defensible. Lesson 1 showed you the two incentive paths—reimbursement and subcontracting credit—and how multipliers increase the value of developmental assistance. Lesson 2 guided you through Mentor and Protégé eligibility, the nine Protégé categories, and the essential elements every agreement must include. Lesson 3 demonstrated how to leverage institutional partners, apply credit multipliers correctly, and enforce the separation of developmental assistance credit from actual subcontract awards. Together, these lessons give you the tools to ensure compliance, protect program integrity, and maximize the impact of every Mentor-Protégé agreement you oversee as a Program Manager.