

SELECTED AREAS OF COST

Chapter 47 – Mentor-Protégé Program Costs

Authoritative Sources

[DFARS 219.71](#) Pilot Mentor-Protégé Program

[DFARS Appendix I](#) – Policy and Procedures for the DOD Pilot Mentor Program

The Mentor-Protégé Program is a socioeconomic program to aid small, disadvantaged businesses. It teams a well-established DoD contractor with one of its small, disadvantaged subcontractors to provide the small business with training and guidance in the art of running a successful business. DoD contractors may submit proposals for Mentor-

Protégé agreements through September 30, 2010. The DFARS coverage is in Subpart 219.71 and Appendix I. Mentor-Protégé Program costs are generally costs for developmental assistance that are in excess of the costs the prime contractor would normally incur in the administration of its subcontracts with small businesses. The costs can be internal costs of the mentor firm incurred to provide assistance using its own personnel or costs paid to third-party assistance providers that qualify under DFARS Appendix I-106(d).

This chapter addresses the following topics:

47-1 Reimbursement of Credit of Development Assistance Costs

47-2 Allowability of Costs

47-3 Impact on Subcontract Awards

47-4 Credits Against Small, Disadvantaged Business Subcontracting Goals

47-1 Reimbursement of Credit of Development Assistance Costs

The Mentor-Protégé Program provides two types of incentives for DoD contractors to assist protégé firms in enhancing their capabilities. They are:

(1) Reimbursement for developmental assistance costs through

(a) a separately priced contract line item on a DoD contract; or

(b) a separate contract, upon written determination by the cognizant component Director, Small and Disadvantaged Business Utilization (SADBU), that unusual circumstances justify reimbursement using a separate contract; and,

(2) Credit toward applicable subcontracting goals, established under a subcontracting plan negotiated under FAR Subpart 19.7 or under the DoD

Comprehensive Subcontracting Test Program (see DFARS 219.702), for developmental assistance costs that are not reimbursed.

Mentor-Protégé Program costs will be classified as direct contract costs when the mentor-protégé effort is included as a separately priced line item of a contract or when DoD has awarded a separate contract solely for the mentor-protégé effort.

Mentor-Protégé Program costs incurred under agreements entered into prior to December 15, 2004 may be classified as indirect costs if there is no specific contractual requirement provided. Such costs should be allocated using the method normally used by the contractor to allocate indirect subcontract administration expenses.

47-2 Allowability of Costs

Normal subcontract administration costs are allowable in accordance with the prime contractor's disclosed or established practices; they are not considered developmental assistance costs eligible for either credit or reimbursement under the Mentor-Protégé Program.

Costs incurred in excess of normal subcontract administration costs, for the purposes set forth in DFARS Subpart 219.71, are allowable if the costs are:

- (1) incurred in accordance with an approved mentor-protégé agreement;
- (2) incurred prior to October 1, 2013;
- (3) incurred by using mentor firm personnel to provide direct assistance to the protégé firm or by the mentor firm paying an approved outside provider of assistance; and
- (4) otherwise reasonable, allocable, and allowable.

Mentor firms are urged to reach advance agreements with ACOs on the allowability of costs under an approved Mentor-Protégé Program agreement.

47-3 Impact on Subcontract Awards

The mentor firm may award subcontracts noncompetitively to the protégé firm as part of an approved agreement. The Director, SADBU of the cognizant military department or defense agency is responsible for approving mentor-protégé agreements. Also, special advance payment and progress payment methods are available to pay the protégé subcontractor.

47-4 Credits Against Small, Disadvantaged Business Subcontracting Goals

The Mentor-Protégé Program provides for credits toward subcontracting goals for those mentor firms electing to enter into a credit mentor-protégé agreement. The cost of any developmental assistance incurred pursuant to an approved credit mentor-protégé agreement is not reimbursed to the mentor firm as a direct or indirect contract cost, but is administratively applied toward the attainment of the mentor firm's Small and Disadvantaged Business Subcontracting Goals at the following multiples of the costs incurred (see DFARS Appendix I-110.1(d)):

(1) Four times the total amount of developmental assistance costs attributable to assistance provided by small business development centers, historically Black colleges and universities, minority institutions, and procurement technical assistance centers;

(2) Three times the total amount of developmental assistance costs attributable to assistance furnished by the mentor's employees; and

(3) Two times the total amount of other developmental assistance costs incurred in carrying out the developmental assistance program.

When requested by the contracting officer, the auditor should verify that amounts claimed as subcontracting plan credits represent eligible costs and are properly classified for purposes of the credit calculations.