

In Focus – Summary of Recent Legislation Impacting SB/DVBE and State Strategies

Assembly Bill (AB) 1574

Leveraging State Procurement for an Inclusive Economic Recovery: *Effective Date: January 1, 2022*

Small Business Legislation Requirements

Requires all state departments to make continuous efforts to expand the Small Business (SB)/Microbusiness (Micro)/ Disabled Veteran Business Enterprise (DVBE) pool of bidders and to regularly seek and include in their solicitations SB/Micro that have not been used either regularly by the department issuing the solicitation, or at all by the state.

Requires bidders to submit with their bids a certification signed under penalty of perjury, that each SB/DVBE subcontractor performs Commercially Useful Function (CUF).

Clarifies the roles of departments' SB Advocates and SB Liaisons, and coordination between the Governor's Office of Business and Economic Development (GoBiz), the Department of Veteran Affairs (CalVet) and the Department of General Services (DGS).

Departmental Strategies/Resources

Include in solicitations SB/DVBEs that are new to doing business with the state or the department.

Reduce solicitation requirements for SB/DVBE on experience, reference, level of inventory.

Advertise SB and DVBE Options in the California State Contracts Register (CSCR).

Use *best value* to select contractors on Leveraged Procurement Agreements and SB/DVBE Option.

Use the SB/DVBE Off-Ramp for mandatory Statewide Contracts.

Inform SB/DVBEs of the DGS SB/DVBE Procurement Training at dgs.ca.gov/PD-SB-DVBE-Training.

Identify SB/DVBE new to doing business with the state using the California SB/DVBE Atlas Mapping Tool ([CalSAT](#)) data on state dollars to SB/DVBE prime contractors and subcontractors.

Use [DGS State Procurement Dashboards](#) to identify new state contracting opportunities for SB/DVBE.

Assembly Bill (AB) 2019

State Contracts: Small Business Enterprises: *Effective Date: January 1, 2023*

Small Business Legislation Requirements

Requires all state departments to establish an overall minimum 25% SB participation goal in their annual state contracting spend.

Requires DGS Office of Small Business and DVBE Services (OSDS) to provide and display in Cal eProcure an option for SB/DVBE/ applicants to voluntarily self-identify as being at least 51% owned, managed, or controlled by individuals in specified women, minority, and LGBTQ categories.

Requires OSDS to recommend to the state simplifying contract specs and terms to increase participation of SB/Micro, DVBE, minority/ women/LGBTQ-owned firms.

Requires OSDS to market the state SB certification benefits to federally certified Disadvantaged Business Enterprises (DBE).

Requires OSDS to set remedial actions including removal of purchasing authority for departments failing to meet the SB goal in 3 of 5 years beginning in 2023.

Requires DGS to conduct a statewide procurement disparity study by January 1, 2025.

Requires all state departments SB Liaisons to adopt and submit to GoBiz Office of Small Business Advocate (OSBA) an Economic Equity First plan by January 2024.

Departmental Strategies/Resources

Engage in focused outreach to support diverse contracting participation of underutilized businesses.

Share solicitations with diverse business organizations i.e., ethnic chambers of commerce. For assistance, email BusinessOutreach@dgs.ca.gov.

Leverage [CalSAT](#) information on SB/DVBEs located in disadvantaged communities.

Use SB/DVBE diversity supplier information in Cal eProcure SB/DVBE Search results downloads.

Seek DGS SB/DVBE Advocacy Support one-on-one assistance to outreach to and identify SBs and DVBEs at advocate@dgs.ca.gov.

Refer small diverse businesses, including DBE, that are not DGS-certified as SB/DVBE to OSDS at Certification@dgs.ca.gov.

Reach out for consultation to DGS Statewide Supplier Diversity Program at SupplierDiversity@dgs.ca.gov.

May establish contract-specific SB requirements as allowed by California Code of Regulations section 1896.5.

Assembly Bill (AB) 2974

SB and Federal Infrastructure Investment and Jobs Act (IIJA): *Effective Date: January 1, 2023*

Small Business Legislation Requirements

Requires state departments to set a 25% SB participation goal on each fully/partially IIJA-funded contract over \$500,000, report this SB participation to DGS annually, and submit an action plan if 25% SB goal is not met. Allows for exemptions for specified reasons and requires exemptions be sent to DGS.

Requires SB advocates to provide SB with information on training and technical assistance available to assist with bidding.

Departmental Strategies/Resources

Report IIJA-funded SB participation through Financial Information System for California (FI\$Cal) or DGS PD Form 810A, on October 1 of each year.

Submit IIJA SB exemptions to DGS.

Contact DGS SB/DVBE Advocacy Support for assistance at advocate@dgs.ca.gov.

Key Policy Outputs

Assembly Bill
2019

Assembly Bill
1574

Assembly Bill
2974

Minimum 25% SB annual participation goal for overall spend by department



Contract-specific 25% SB participation goal



Voluntary SB/DVBE diversity information collection by DGS



"Economic Equity First" action plan by departments to promote Small Businesses, including women, minority, and LGBTQ owned businesses in their contracts



"Statewide Procurement and Contracting Disparity Study" by DGS



Expand and diversify the pool of SB and Micro businesses bidders



Outreach to small diverse businesses that have not previously contracted with the state, including federal certified DBEs



Remedial actions/Improvement plans for departments for not meeting the required SB participation



Frequently Asked Questions

Does the 25% SB participation goal in AB 2019 require state departments to set a 25% goal on every contract?

No, the SB participation 25% is an annual, overall goal to achieve throughout a department's total state procurement spend.

Can departments set contract-specific SB participation goals?

Yes, California Title 2, section 1896.5, allows state departments to set contract-specific goals based on specified factors.

Will the diversity information identified in AB 2019 be used to provide a bid preference to diverse groups in state contracting opportunities?

The California and US Constitution generally do not allow information about race, ethnicity, or gender to be used to grant a preference in state contracting programs.

How will the diversity information that I provided benefit my business?

This information will help departments identify industries and sectors that may need additional certification, outreach, and assistance efforts in navigating the state's contracting process. Some certification reciprocity partners such as University of California, may also use this information to aid in their procurement strategies.

What is the difference between a SB and a DBE?

In short, a SB is a state-certified business by DGS, their participation counts toward the state SB participation mandated in AB 2019, AB 1574 and AB 2974. A DBE is a federally-certified business and their participation counts toward various goals of federally assisted transportation contracts funded by the Federal Highway Administration, Federal Transit Administration and others. Check with each department for specific requirements for DBEs.

Are DBEs included in the 25% requirement?

No. DBEs are federally certified and not included in the SB participation requirement. DBEs who wish to participate in state contracting should seek state SB certification.

What happens if a state department doesn't meet the 25% annual SB requirement?

State departments that do not meet annual SB goals are required to submit to DGS Improvement Plans with detailed explanations and action items to meet the requirements in the following year. Departments may also receive visits from DGS to discuss next steps and are asked to attend training. Per AB 2019, a state department that does not meet the SB goal for 3 out of 5 years will be subject to remedial actions by DGS including, but not limited to, removing purchasing authority.

What are DGS's plans to support department SB advocates in their role assisting SBs?

Our DGS-OSDS new advocacy support section is planning on reaching out and connecting with each SB advocate to help with responsiveness to and assistance of SB/DVBE.

If departments are meeting their SB/DVBE goals and decide no further efforts are necessary, how can we hold departments accountable to continue to support the SB/DVBE community?

The SB and DVBE goals are minimums, not ceilings, and departments remain responsible for ensuring a diverse pool of SBs and DVBEs have access to state contracting opportunities in compliance with AB 1574.

How do I use these bills to help me sell to the state?

Update your certification profile with your voluntary supplier diversity information. Inform the state buyers that you can help them meet their departments' AB 2019 and AB 1574 goals either as a certified SB/DVBE, a diverse owned SB/DVBE, or, if applicable, as a SB/DVBE that has not done business regularly with the department or with the state in general.

What's the difference between the SB Advocate and SB Liaison and where can I find them?

See the next page for the difference between the two roles, and the SB Advocate and SB liaison directories.

THE GUIDE

DGS NEWSLETTER

Quick information and resources on how to do business with us as well as other featured news, opportunities, and highlights.



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State Department SB Advocate Responsibilities

SB Advocates are under the purview of the DGS/OSDS. State departments whose annual purchasing activities are \$100,000.00 or more shall designate a SB/DVBE advocate, responsible for the following:

Make information regarding pending solicitations available to, and consider offers from, California SB suppliers capable of meeting the state's business need, and who have registered with the state for this purpose.

Identify potential SB and/or DVBE prime contractors or subcontractors and potential contracting opportunities.

Ensure that payments due on a contract with a small business are made promptly.

When placing orders under the California Multiple Award Schedule (CMAS) program, ensure SB/DVBE CMAS suppliers are considered first whenever practical.

Provide bidders with simplified and streamlined tools and methods for efficiently responding to contract opportunities.

Identify and implement innovative acquisition processes and strategies for SB participation and share information about these processes with other state departments.

Meet with contract and procurement staff to disseminate information about SB and DVBEs.

Adhere to the department's internal SB/DVBE First policy (if applicable) to utilize SB and DVBE suppliers first prior to formal solicitations.

Assist contract officers in identifying SB/DVBEs to participate in department contracts and procurement opportunities by performing outreach efforts, and other feasible means.

Ensure that if the department does not meet the annual 25 percent SB goal, implement an improvement action plan to meet the goal.

Applicable Guidance for Advocates:

SB Advocates with certified Small Business defined in Government Code (GovCode) 14835.

[California Code, Government Code – GOV 14846](#)

Find a SB/DVBE
Advocate



State Department SB Liaison Responsibilities

SB Liaisons are under the purview of the GoBiz/OSBA. State departments/agencies that significantly regulate or impact small businesses shall designate at least one person to serve as a Small Business liaison, responsible for the following:

Respond to complaints received by the agency from small businesses.

Provide technical advice and assist small businesses in resolving problems and questions regarding compliance with the agency's regulations and relevant statutes.

Report small business concerns and, if appropriate, make recommendations to the agency secretary or to the department head.

Review and update, on a semiannual basis, content on the agency website that is accessible through the small business link provided on the State of California Internet portal.

Assist the agency secretary, department director, or executive officer, as applicable, in ensuring that the procurement and contracting processes of the applicable entity are administered to meet or exceed the 25 percent small business participation goal; develop and share innovative procurement and contracting practices from the public and private sectors to increase opportunities for small businesses.

Develop and submit to GoBiz/OSBA an "economic equity first" action plan and policy for the agency to provide direction, recommendations, and strategies on how best ensure that small businesses, including women-owned, minority-owned, and LGBTQ-owned businesses, are effectively involved in, and benefiting from, the procurement process of the agency.

Applicable Guidance for Liaisons:

SB Liaisons work with Small Business defined in Government Code (GovCode) 11342.610.

[California Code, Government Code – GOV 11148.5](#)

[California Code, Government Code – GOV 11342.610](#)

Contact Us
California Office of the
Small Business Advocate
(CalOSBA)





Online Resources



Get registered, get certified,
and sell your products and
services to the state of California!



Resources

Find resources to support your
pursuit of contract opportunities
with the state of California.



Schedule a Consultation

- » Introduction to state contracting
- » Cal eProcure registration and certification
- » Update Cal eProcure profiles
- » Find contract opportunities



STATE CONTRACTING
and PROCUREMENT
TRAINING SERIES
For Small Businesses and DVBEs

Comprehensive virtual training
that equips certified businesses
to successfully navigate the
state procurement process.

