

BROADCAST BULLETIN

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TO:
Procurement and Contracting Officers (PCO)
Purchasing Authority Contacts (PAC)
Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) Advocates

SUBJECT:
NEW Requirement to Expand the Pool of Small Businesses and Microbusinesses in State Contracts/Procurements

Purpose To announce new policy and procedure implementing Assembly Bill [1574](#) (Chapter 756, Statute of 2021) amendments to Government Code (GC) [§14838](#) requiring awarding departments to expand the pool of California certified small businesses (SBs) and microbusinesses (Micros) participating in state contracts and to remind awarding departments of existing GC [§14838](#) provisions that facilitate and encourage SBs and Micros participation in state contracting.

Policy Effective January 2022, each awarding department is required to make continuous efforts to expand the pool of California certified SB, Micros and Disabled Veteran Business Enterprise (DVBE) firms participating in state contracts by regularly seeking out and identifying certified firms that have not previously done business with, or that are not regularly used by the awarding department and other state agencies, and include those SBs, Micros and DVBEs when soliciting offers/ quotes/ bids.

This policy applies to all purchases of goods and services, including but not limited to non-IT goods, non-IT services, public works, IT goods, IT services, and telecommunications.

Background Under Executive Order [S-02-06](#), awarding departments should achieve an annual goal of 25% SB participation in state contracts. Military and Veterans Code [§999](#) requires all awarding departments to meet a 3% DVBE participation goal annually in state contracts. These participation goals can be met either by contracting directly with SBs or DVBEs, or by prime contractors subcontracting with SBs or DVBEs.

Assembly Bill [1574](#), passed in October 2021, amended GC [§14838](#) requiring awarding departments to expand the pool of SBs and Micros that are contacted to participate in contracting opportunities to increase participation. Since approximately 85% of DVBEs are dual certified as SBs or Micros, expanding the pool of DVBEs could also directly result in increasing SB and Micro participation.

Procedure/ Process Effective immediately, all awarding departments must implement internal procurement procedure that explains how to regularly search for, identify, contact, and include in solicitations certified firms that either have not previously done business with, or that are not regularly used by, the awarding department and other state agencies, and how to document these actions in the procurement/contract files.

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Supporting documentation may include: screenshots, copies of solicitations, official bidder list, emails and/or other correspondence.

Available Resources/Tools for Implementation:

1. To assist with implementation and meeting annual SB and DVBE participation goals, revisit existing applicable provisions in GC §[14838](#) to:
 - a. Establish participation goals to ensure the maximum amount of SBs participation is achieved, including Micros.
 - b. Provide for SB preference or non-small business preference (for bidders that acquire SB and Micro subcontractor participation in the award of contracts).
 - c. Give special consideration to SBs and Micros whenever feasible, by reducing the experience, reference requirements, and/or level of inventory usually required to facilitate the participation of SBs and DVBEs. Examples include accepting subcontracting experience and/or other state department references.
 - d. Give special assistance to SBs and Micros in the preparation and submission of the information requested in GC §[14310](#).
 - e. Whenever feasible, divide major projects into smaller projects to allow SBs or Micros to qualify to bid and be awarded, as authorized by Public Contract Code (PCC) §[10163](#) (e.g., electrical work separated from the rest of the public works project). This differs from splitting purchases to avoid competitive bidding limits or purchasing authority dollar thresholds.
2. When conducting an acquisition using the SB Option or DVBE Option Acquisition Methods:
 - a. Consider advertising the contracting opportunity in the California State Contracts Register (CSCR) to send automatic notifications to vendors including all SB/DVBE with UNSPSCs matching the ones in the advertised opportunity. Advertising less than 10 days is allowed for the SB/DVBE Option Acquisition Methods. Effective immediately, DGS exempts the SB/DVBE Option Acquisition Method advertised in CSCR from DGS fees. The exemption is included in the *2022-2023 DGS Price Book* available at [Price Book \(ca.gov\)](#).
 - b. Consider the use of best value award criteria to select a contractor. Best value can be determined using any one or all the criteria but not limited to the ones enumerated in [State Contracting Manual \(SCM\) Volume 2 Chapter 14, Section 1405.3](#) (examples include price, operation cost to the state, quality of product or service, reliability of delivery, financial stability, prior experience, or performance, etc.). Additional guidance in this section will be coming soon.
3. Once SBs or DVBEs are identified, use the Fair and Reasonable (F&R) Acquisition Method for transactions valued less than \$10,000.

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When using this method, it is required that the pricing be evaluated and determined F&R by following one of the techniques outlined in [SCM Volume 2 Chapter 15, Section 1510](#).

4. Verify if the SB/DVBE Off-Ramp Provision for mandatory Statewide Contracts can be utilized across the state and expand the use of the Off-Ramp to SBs, Micros and DVBEs that either have not previously done business with, or that are not regularly used, by the awarding department or other state agencies, as specified in this new policy. Ensure measures are in place to avoid, to the extent possible, soliciting the same SBs, Micros or DVBEs when using the Off-Ramp Provision. To determine whether a particular mandatory contract has a SB/DVBE Off-Ramp Provision, consult the User Instructions for that contract. [Find LPA Contracts \(ca.gov\)](#)
5. [Search for SBs/DVBEs](#) in the Find Certified Firms (SBs/DVBEs) Search in Cal eProcure using key words and UNSPSCs to identify SBs and DVBEs that qualify for available contracting opportunities. For assistance identifying SBs or DVBEs, email OSDSReports@dgs.ca.gov.
6. Use the FI\$Cal Data Validation Query (DVQ). This tool is available to awarding departments transacting in FI\$Cal and can assist in regular (monthly, quarterly, annually) monitoring of compliance with the new policy to expand the pool of SB and DVBE firms. For instructions, visit [Running and Using a Department's Data Validation Query Job Aid](#).
7. Access the FI\$Cal State Contract and Procurement Registration System (FI\$Cal SCPRS) to determine if certified firms have done business with the state. The SCPRS search is available at [New FI\\$Cal SCPRS Search](#).
8. Use the new [FI\\$Cal Purchase Order Payment History](#) search tool to determine if the certified firms have done business with the state either as prime contractors or subcontractors. This tool allows searches by bidder/supplier name or ID to retrieve a history of Purchase Orders and payments received from the state.
9. Use the new [California SB/DVBE Atlas Mapping Tool \(CalSAT\)](#) that overlay SB/DVBE Geographic Information System (GIS) locations and procurement information, such as state prime and subcontracting dollars, on a California map of disadvantaged communities. This mapping tool allows searches by SB/DVBE certification ID, as well as, by city or county to locate SBs/DVBEs in the area and determine if they were awarded any prime contracting or subcontracting dollars in any given fiscal year. The CalSAT tool and instructions are available at [SB DVBE Atlas Tool CalSAT](#).
10. Use the DGS [Certified SB/DVBE Spend Comparison Dashboard](#) that provides a list of all certified SBs/DVBEs used by awarding departments to make purchases. This dashboard allows searches of UNSPSC product description types, by department, or by supplier name and is available along with other statewide procurement dashboards at [Intake and Analysis Unit Dashboards \(ca.gov\)](#).

**Department of General Services
Procurement Division**

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11. Actively engage in focused outreach activities in addition to general outreach pursuant to GC §[7400](#) and §[7401](#), for the purposes of supporting diversity in the state’s contracting participation of underutilized businesses. For assistance, reach out to DGS’ new Statewide Supplier Diversity Program at SupplierDiversity@dgs.ca.gov.
12. Share solicitations with diverse business organizations i.e., ethnic chambers of commerce. For assistance, email BusinessOutreach@dgs.ca.gov. Search for SB/DVBEs in the Find Certified Firms (SB/DVBE) Search in Cal eProcure using key words and UNSPSCs to identify SBs and DVBEs that qualify for available contracting opportunities. For assistance identifying SBs or DVBEs, email OSDSReports@dgs.ca.gov.
13. Seek SB/DVBE advocate assistance to identify and include SBs and DVBEs in available contracting opportunities. For awarding departments that do not have an advocate, email advocate@dgs.ca.gov.
14. Refer small diverse or disabled veteran-owned businesses that are not certified to OSDS at OSDSHelp@dgs.ca.gov or provide certification information available at [Apply For or Re-apply as Small Business, Disabled Veteran Business Enterprise \(ca.gov\)](#).

The following State Contracting Manual (SCM) Volume 2 sections will be updated:

- Economic Programs, [Section 1200](#)
- Acquisition Method – Competitive, SB/DVBE Option, [Section 1405.3](#)
- Acquisition Method – Non-Competitive, Fair and Reasonable (F&R) Acquisition Method Purchases, [Section 1510](#)
- Acquisition Method – Leveraged Procurement Agreement (LPA) Basics, [Section 1602](#)

Questions:

For questions and information, contact OSDS at OSDSHelp@dgs.ca.gov