

**Department of General Services
Procurement Division**

707 Third Street, Second Floor, West Sacramento, CA 95605
(916) 375-4400 (800) 559-5529

NUMBER:	P-12-22
DATE ISSUED:	11/16/2022
EFFECTIVE:	1/1/2023

BROADCAST BULLETIN

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

SUBJECT:
Economic Equity for Small Business (SB) and Disabled Veteran Business
Enterprise (DVBE) Firms and Diversity Among State Contractors

Purpose	To announce new requirements as a result of Assembly Bill (AB) 2019 (Statutes of 2022, Chapter 730), signed on September 29, 2022, which amended sections: 14836 , 14838 , 14838.2 , 14839 , 14840 , 14843 and added section 14844 to the Government Code.
Policy	<p>The following changes are effective January 1, 2023, and applicable 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:</p> <ol style="list-style-type: none"> 1. Awarding departments shall establish a minimum annual goal of 25% procurement participation for small businesses (SB) and microbusinesses (Micro). 2. The Department of General Services (DGS), including through the Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS), shall do the following: <ol style="list-style-type: none"> a. Make recommendations to the department and other state agencies for the simplification of specifications and terms in order to increase the opportunities for SB, Micro, minority-owned business, women-owned business, LGBTQ-owned business, and disabled veteran business enterprise participation. b. Market the benefits and availability of state small business certification to businesses that currently hold a federal certification as a disadvantaged business enterprise. c. Make available the option for applicants or certified firms to voluntarily identify that the business is at least 51% owned by, and whose management and daily operations are controlled by, one or more individuals who identify as any of the following: Black, Hispanic, Native American, Pacific-Asian, Asian-Indian, a woman, or LGBTQ, and may publicly display the information within the certification profile of the firm using the state's certification system. d. Consider appropriate remedial actions to be taken in regard to mandatory reporting agencies that failed in three out of five

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years to meet their small business or disabled veteran business enterprise goals, including, but not limited to, the removal of the department’s delegated contract authority or the placement of additional restrictions on contracting activity. The department shall set forth its actions related to this subdivision within the department’s consolidated annual report.

- e. On or before January 1, 2025, conduct a statewide procurement and contracting disparity study, in order to guide outreach strategies, state government program development, and improvements to contracting policies; post a report to the internet website setting forth the results of the study and implementation actions taken in response to it.

Background

The Small Business Procurement and Contract Act (Gov. Code, §§ [14835-14847](#)) establishes the authority and provides direction for the SB and DVBE program. Executive Order [S-02-06](#) requires awarding departments to achieve an annual goal of 25% SB participation in state contracts whereas [AB 2019](#) codifies the 25% SB and Micro participation goal.

Procedure/ Process

The State Contracting Manual (SCM) will be updated, and another broadcast bulletin will be issued to notify procurement professionals when the content has been published.

Questions:

For questions regarding the SB participation and the SB/DVBE program, contact OSDSHelp@dgs.ca.gov.