



**Department of General Services
Procurement Division**

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**TO: Purchasing Authority Contacts (PACs)
Procurement and Contracting Officers (PCOs)
Small Business (SB) and Disabled Veteran Business Enterprise (DVBE)
Advocates**

RE: Remedial Action for Failing to Meet SB/DVBE Participation Goals

Purpose	This Broadcast Bulletin announces new remedial action policy for failure to meet the SB and/or DVBE participation goals.
Policy	All state entities identified in Government Code 14835 – 14837, must make ongoing efforts to meet the statewide SB/DVBE participation goals. Beginning Fiscal Year 2022–23, state entities failing to meet the SB and/or DVBE participation goals in three out of five fiscal years are subject to progressive remedial actions established by the Department of General Services (DGS) through the Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS). These remedial actions increase through four levels and may include additional reporting, outreach requirements, executive level engagement, and purchasing authority limitations.
Background	On September 29, 2022, AB 2019 (Petrie Norris, Ch. 730, Stats. 2022) was signed into law, strengthening the Small Business Procurement and Contract Act by codifying the 25% SB participation goal, requiring DGS to identify and publish remedial actions for state entities that do not meet SB/DVBE goals in three out of five years. In response, DGS has updated State Contracting Manual (SCM) Vol. 2, Section 1200.2 describing the four levels of remedial actions.
Procedure/Process	State entities assigned remedial actions are responsible for establishing internal processes to ensure full implementation, monitoring, and reporting of required actions, not limited to:

1. Create and use internal procedures that explain how your state entity will develop, carry out, and track its remedial action plans.
 2. Prepare an action plan that clearly explains how each required remedial action will be completed, who will be responsible, the required timelines, and what documentation is needed. Carry out all assigned remedial actions in accordance with the approved action plan.
 3. Monitor progress and keep records that show progress on each remedial action throughout the year.
 4. Maintain regular communication with OSDS, attend meetings, respond to follow-up questions, and address any implementation concerns identified by OSDS.
 5. Assign a designated contact to oversee remedial action activities, coordinate responsibilities within your state entity, and serve as the primary point of contact with OSDS.
 6. Submit all required materials by established deadlines, including outreach communications, proof of advertising, policy updates, and other documentation required to demonstrate completion of assigned remedial actions.
 7. Correct identified issues promptly. This may include completing missed actions, updating internal processes or providing additional documentation requested by OSDS.
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Questions

Please contact the DGS OSDS at advocacy@dgs.ca.gov.