

ASSEMBLY BILL 915 (CHIU)

ECONOMIC EQUITY IN STATE CONTRACTING AND PROCUREMENT

SUMMARY

This bill will establish a clear and consistent accountability process to ensure all State agencies, departments, boards, and commissions meet their 25 percent goal for minority, small business, and disabled veterans business participation in state procurements and contracts. This bill will also establish a definition of "Disadvantaged Business Enterprises" (DBEs) for state contracting purposes.

BACKGROUND

In California, small businesses account for 3.9 million, or 99.8% of all California businesses. Of these small businesses, 1.6 million are minority-owned. Small businesses not only contribute significantly to the economy but also account for 7 million employees across the state.

In 2006, Governor Schwarzenegger signed EO S-02-06, which generally directed *all* state agencies, departments, boards, and commissions to achieve a minimum goal of 25% for small business participation in state procurements and contracts.

While this EO remains on the books, the enforcement of this EO has been lax. Of the 231 state agencies, departments, and commissions, only 12 have adopted a small business/disabled veterans business enterprise policy.

In 2017, Governor Brown signed AB 657 (Cunningham). This bill, among other things, initiated steps to establish a "small business liaison/advocate" for each agency that regularly interacts with small businesses. The primary responsibility of that position is to increase opportunities for small businesses and ensuring California meets its 25 percent goal. The bill also established a more formal line of communication between the Department of General Services (DGS) and the Office of the Small Business Advocate in GO-Biz.

Ostensibly, DGS serves as the first point-of-contact for all small businesses looking to do business with the State. Yet currently "minority-owned" (as well as "women-owned" and "LGBT-owned") certification is only available through the CA Public Utilities Commission (CPUC), whereas small Business (SB) and Disabled Veteran Business Enterprise (DVBE) certification are available through DGS. All these certifications are highly advantageous for business owners seeking to do business with the State of California, but having no central point of contact is confusing and potentially disenfranchising for a minority, LGBT, and/or women-owned business.

THE SOLUTION

AB 915 codifies the 25 percent executive order into law as a formal "Economic Equity First" policy, incorporating the language of DGS' SB/DVBE First Policy with an inclusion of DBEs as a part of the 25 percent procurement goal for all state agencies, departments, boards, and commissions. This bill also requires each agency, department, board, and commission to adopt the "Economic Equity First" or commensurate policy.

This bill will also, consistent with federal procurement policy, define "Disadvantaged Business Enterprises (DBEs)" to include federally recognized minority groups.

Lastly, AB 915 will direct the Office of the Small Business Advocate to:

- Maintain a list of liaisons/advocates;
- Ensure the list is accessible from the GO-Biz homepage; and
- Report annually to the Legislature a collective summary report, consisting of a written summary from each small business advocate.

SUPPORT

California Asian Pacific Chamber of Commerce (Co-Sponsor)

California African American Chamber of Commerce
(Co-Sponsor)

California Hispanic Chambers of Commerce (Co-
Sponsor)

FOR MORE INFORMATION

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