



## Agenda Item 4f

September 16, 2014

**ITEM NAME:** Annual Small Business and Disabled Veterans Business Enterprise Contract Participation

**PROGRAM:** Operations Support Services Division

**ITEM TYPE:** Information Consent

### **EXECUTIVE SUMMARY**

The purpose of this agenda item is to present the annual Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) participation for Fiscal Year (FY) 2013-14. CalPERS exceeded its DVBE participation goal for the third time in 10 years with 5.79 percent participation and a SB participation goal of 13.51 percent. Further, CalPERS achieved a combined SB/DVBE participation level of 19.03 percent in FY 2013-14. This was a tremendous achievement for CalPERS and could not have been accomplished without the support of all CalPERS staff.

### **STRATEGIC PLAN**

This item is not a specific part of the Strategic Plan, but is part of the regular and ongoing workload of the Operations Support Services Division.

### **BACKGROUND**

CalPERS adopted the provisions of Public Contract Code §10115 et seq. in 1990 and accordingly established an overall SB contract participation level of twenty-five (25) percent and an overall DVBE contract participation level of three (3) percent. Information is submitted to the Department of General Services (DGS) by August 1<sup>st</sup> of each year, summarizing all DVBE and SB participation totals. If a participation goal is not achieved, an improvement plan must also be submitted. DGS combines the statistical information for all state agencies and prepares the Consolidated Annual Report for the Legislature and the Governor's Office.

### **ANALYSIS**

#### Disabled Veteran Business Enterprise Participation

During FY 2013-14, CalPERS achieved a 5.79 percent DVBE participation level. The DVBE participation number has decreased slightly by 0.6 percent from FY 2012-13, largely as the result of the award of the new Health Maintenance Organizations (HMO) and Preferred Provider Organizations (PPO) contracts during FY 13-14. If the unique health benefit and investment contracts were excluded from the report, CalPERS would have far exceeded its DVBE participation goal with 11.49 percent.

Highlights for FY 2013-14 DVBE participation include:

- 19.44 percent for the procurement of IT goods and services
- 13.81 percent for the procurement of non-IT goods

#### Small Business and Micro Business (MB) Participation

During FY 2013-14, CalPERS achieved a 13.51 percent SB/MB participation level. The SB participation level has also decreased by 2.15 percent from last fiscal year's SB/MB participation level of 15.66 percent. The decrease in SB participation can also be attributed to the recent award of the HMO and PPO contracts. If the health and investment contracts were excluded from the reporting requirements, CalPERS would have surpassed the SB/MB participation goal with 36.90 percent.

Highlights for FY 2013-14 SB/MB participation include:

- 44.26 percent for the procurement of IT goods and services
- 17.87 percent for the procurement of non-IT goods

#### **Accomplishments for FY 2013-14:**

- The Operation Support Services Division created a Contract Manager Training Module that is available through the GoLearn system. The module provides instructions to Contract Managers of their responsibilities for managing contracts and obligations to SB/DVBE participation requirements.
- CalPERS successfully purchased 95 percent of all office supplies from certified SB/DVBE vendors in FY 2013-14.
- Participated in over 30 outreach events and shared CalPERS message of supplier diversity with business representatives attending the events, including the CalPERS Investment Emerging and Diverse Manager Forum.
- Provided internal education to purchasing coordinators, contract managers, and all managers and supervisors at CalPERS; enhancing awareness and understanding of the SB/DVBE program.
- Provided assistance to uncertified businesses by encouraging and assisting them in getting certified through the Department of General Services State Small Business and Disabled Veteran Business Enterprise Certification program.
- Participated in contract and procurement fairs, workshops, panel discussions, and networking opportunities with SB/DVBE vendors.
- Created notification process to inform prime contractor and subcontractor of DVBE commitments for contracts awarded.

**Future Plans for FY 2014-15:**

- Enhance PeopleSoft Contract Module to better track SB, MB, and DVBE subcontracting commitments.
- Provide education to Contract Managers in the program areas on DGS new reporting requirement “Prime Contractor’s DVBE Subcontracting Report. As of July 1, 2014 prime contractors will have to certify that each DVBE subcontractor received payment upon completion of a contract.
- Continue our initiative to purchase all office supplies from certified SB and DVBE vendors.
- Further participation in DGS State Department Advocate Meetings by addressing the need for more certified SB/DVBE vendors providing investment and legal services.
- Attend bidder’s conferences to provide networking opportunities.
- Enhance the SB/DVBE webpage for both internal and external customers.
- Encourage eligible SB/DVBE vendors to become certified.
- Work with the program areas to identify SB/DVBE contract participation opportunities by providing internal education and serving as a resource to various CalPERS programs.
- Participate in business tradeshows, conventions and events to promote CalPERS contracting opportunities (often partnering with the Department of Veteran’s Affairs and/or the Department of General Services).
- Continue notifying vendors when their certification has expired and encouraging them to recertify.

**BUDGET AND FISCAL IMPACTS**

This item does not have any specific budget or fiscal impact, but is part of the regular and ongoing workload of the Operations Support Services Division.

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