



Consent

Agenda Item 4g

October 20, 2015

ITEM NAME: Annual Small Business and Disabled Veteran Business Enterprise Contract Participation Report

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) 2014-15. CalPERS spent a total of \$503 million during FY 14-15 for all reportable contracts and procurements. CalPERS exceeded its DVBE participation goal for the fourth time with an astonishing 9.69% participation and a SB participation goal of 11.75%. Further, CalPERS achieved a combined SB/DVBE participation level of 21.44% in FY 2014-15. This was a tremendous achievement for CalPERS and could not have been accomplished without the support of the Board of Administration and 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 25% and an overall DVBE contract participation level of 3%. Information is submitted to the Department of General Services (DGS) by August 1st 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 2014-15, CalPERS achieved a 9.69% DVBE participation level. Our DVBE participation is over three times the required participation for the State. CalPERS DVBE participation number increased by 3.9% since FY 13/14. This is a direct result of the Board of Administration adoption of the provision to require all contracts over \$50,000 to include a mandatory 3% DVBE participation unless exempt. Our

successes this year can be attributed to our SB/DVBE Advocate's participation in bidder conferences, partnerships with the DVBE Alliance, internal department training, and DVBE compliance monitoring. Although, we did extremely well this fiscal year, if health and investment contracts were excluded from the reporting requirements, CalPERS would have surpassed the DVBE participation goal with 31.37%.

Highlights for FY 2014-15 DVBE participation include:

- 42.46% for the procurement of IT goods and services
- 7.40% for the procurement of non-IT goods

Small Business and Micro Business (MB) Participation

During FY 2014-15, CalPERS achieved an 11.75% SB/MB participation level. In comparison to last fiscal year, the SB/MB participation level was 13.51%. The decrease in SB/MB participation can be attributed to our HMO and PPO contracts, legal, and investment contracts which often do not lend themselves to SB/MB subcontract participation due to HIPAA and proprietary clauses. If the health, legal, and investment contracts were excluded from the reporting requirements, CalPERS would have surpassed the SB/MB participation goal with 35.27%.

Highlights for FY 2014-15 SB/MB participation include:

- 45.01% for the procurement of IT goods and services

CalPERS health contracts accounted for almost \$260 million. Together, health and investment contracts accounted for more than 75% of our fiscal year spending (\$374 million). Legal contracts are statutorily exempted from DVBE participation requirements and accounted for approximately \$6.3 million of our total spend.

Accomplishments for FY 2014-15:

- CalPERS changed its invoice approval process, in order to ensure prime contractors submit DVBE expenditures with each invoice.
- The Operations Support Services Division updated the Contract Manager Training Module to include DVBE requirements.
- CalPERS continued to purchase 95% of all office supplies from certified SB/DVBE vendors.
- CalPERS SB/DVBE Advocate was awarded the Advocate of the Year Gold Award and the Small Business Advocate Innovation Program award by DGS for our commitment to small businesses and DVBEs.
- Participated in outreach events and shared CalPERS message of supplier diversity with business representatives attending the events, including the CalPERS Investment Emerging and Diverse Manager Forum and the DVBE Alliance Keeping the Promise event.
- Provided internal education and training to purchasing coordinators, contract managers, and CalPERS staff; 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.
- Enhanced PeopleSoft Contracts Module to better track SB, MB, and DVBE subcontracting commitments.

Future Plans for FY 2015-16:

- Create a process for notifying SB/DVBE subcontractors when listed on an awarded 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.
- 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, bidder's conferences, conventions, and events to promote CalPERS contracting opportunities (often partnering with the Department of Veteran's Affairs and/or the Department of General Services) and events specific to the investment and legal fields.
- 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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