
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair

2021 - 2022 Regular Session

AB 2019 (Petrie-Norris) - Small and disadvantaged business enterprises

Version: May 2, 2022

Policy Vote: G.O. 12 - 0, B., P. & E.D. 11
- 0

Urgency: No

Mandate: Yes

Hearing Date: August 11, 2022

Consultant: Janelle Miyashiro

Bill Summary: AB 2019 codifies an executive order directing state agencies to achieve a minimum 25% small business goal for state procurement and proposes a number of actions to enhance the ability and commitment of state agencies to include small businesses (SBs), disadvantaged business enterprises (DBEs) and disabled veteran business enterprises (DVBEs) in state contracting, as specified.

***** **ANALYSIS ADDENDUM – SUSPENSE FILE** *****

**The following information is revised to reflect amendments
adopted by the committee on August 11, 2022**

Fiscal Impact: Unknown fiscal impact, ranging in the hundreds of thousands of dollars (General Fund), to the Department of General Services (DGS), which would include:

- One-time time cost to develop the proscribed policies and to contract for the disparity study and develop any subsequent implementation actions.
- Ongoing costs to address workload associated with the expanded responsibilities of the Office of SB and DVBE Services, such as marketing the benefits and availability of state SB certification and making available the option for an application to make a voluntary identification, as specified.

The Office of the Small Business Advocate under the Governor’s Office of Business and Economic Development estimates total ongoing costs of \$500,000 to research, coordinate, and compile data with external agencies.

Unknown, potentially significant costs across all impacted state agencies to develop and implement their economic equity first action plans and policies as proscribed. Actual costs will vary and depend on, among other things, the extent that an agency might already be doing this work. For example, the California Department of Insurance estimates costs of \$155,000 in Fiscal Year (FY) 2022-23, \$291,000 in FY 2023-24, and \$264,000 in FY 2024-25 and ongoing to revise its policies and procedures (Insurance Fund). If all state agencies that fall under the provisions of this bill experience similar costs, the total fiscal impact to these state agencies will likely range in the hundreds of thousands of dollars, ongoing.

Author Amendments:

- Modify requirements around the creation of the “economic equity first” action plan. Specifically, require the plan to be adopted by January 1, 2024 and include education and stakeholder engagement with representative business organizations

owned by women, minorities, and members of the LGBTQ community as part of each state agency's small business liaison's general outreach effort to SBs.

- Remove references to DBEs.
- Strike provisions related to changing the process for soliciting public works contracts.
- Expand the responsibilities of the Office of SB and DVBE Services to include:
 - Marketing the benefits and availability of state SB certification to businesses that currently hold a federal certification as a DBE.
 - Authorize an applicant or certified firm to voluntarily identify that the business is at least 51 percent owned by and whose daily operations are controlled by, one or more individuals who identify as black, a woman, or LGBTQ, as specified.
- In determining DVBE or SB certification eligibility, require the DGS to allow an applicant or certified firm to voluntarily identify that the business is at least 51 percent owned by and whose daily operations are controlled by, one or more individuals who identify as black, a woman, or LGBTQ, as specified.
- Require the DGS to contract for a statewide procurement and contracting disparity study and, before January 1, 2025, post the report on its internet website along with the results of the study and implementation actions taken in response to it.
- Revise legislative findings and declarations.
- Make technical and conforming changes.

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