

Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW  
Susan Talamantes Eggman, Chair  
AB 961 (Quirk-Silva) – As Amended April 18, 2017

**SUBJECT:** Disabled Veteran Business Enterprise Program

**SUMMARY:** Makes various changes to the monitoring and promotional requirements of the statewide disabled veteran business enterprises (DVBE) targeted contracting program. Specifically, **this bill:**

- 1) Directs the California Department of Veteran Affairs (CalVet), with regard to its existing responsibilities to monitor and promote the DVBE program, to maintain complete records of its promotional efforts, including a list that identifies the name, location, number, and type of business, by size and industry sector, attending or participating in a promotional effort.
- 2) Requires the existing system that CalVet has established to track the effectiveness of its promotional efforts to include an annual comparison of the list of businesses participating in promotional efforts during the current and preceding two years with a list of those businesses that become newly certified DVBEs, and those that become a prime or subcontractor with the state.
- 3) Specifies that the annual comparison list required above must be one performance measure of the success of the promotional efforts.
- 4) Requires awarding departments to maintain DVBE payment records for at least three years and establish appropriate review procedures for those records to ensure accuracy and completeness.

**EXISTING LAW:**

- 1) Establishes the DVBE program for the purposes of addressing the special needs of disabled veterans seeking rehabilitation and training through entrepreneurship, and recognizing the sacrifices California's disabled veterans made during their military service.
- 2) Requires state departments to implement a goal of awarding at least 3% of their annual contract dollars to DVBEs. The goal applies to the overall dollar amount expended each year by the awarding department.
- 3) Requires the Department of General Services to collect information from awarding departments on the level of DVBE participation in state contracting.

**FISCAL EFFECT:** Unknown

**COMMENTS:** According to the author, "this bill implements changes to the DVBE program in response to the 2014 California State Auditor (CSA) report which found, among other things, that current tracking and reporting of promotional activities were insufficient and that departments failed to maintain appropriate record keeping protocols on contracts involving DVBEs."

The CSA report found that departments were using the less accurate measure of the contract amount awarded to a DVBE, rather than actual amount paid, as a measure of performance toward the required 3% goal. Additionally, the report noted that only 30 DVBE firms received 83% of the total spent on DVBE contracts in fiscal year 2012-13, meaning that only a relatively small subset of DVBE firms enjoyed the major part of the state's business.

This bill aims to address the deficiencies identified in the CSA report by attempting to increase the overall number of different DVBEs that participate in state contracting; requiring more consistent reporting and documentation; and, increasing accountability for CalVet in its role promoting the DVBE program. These changes are intended to ensure better record keeping and outcome monitoring of promotional activities for the program.

**PRIOR LEGISLATION:** AB 1218 (Weber) of 2015 would have made various changes to the contracting performance goals and reporting requirements associated with the DVBE program. This measure was held on the Senate Appropriations Committee Suspense File.

**DOUBLE REFERRAL:** This measure was previously heard in the Assembly Jobs, Economic Development and the Economy Committee on March 28, 2017, with a vote of 7-0.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

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