



Department of Health Care Services  
ADMINISTRATION DIVISION  
MEMORANDUM

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**NUMBER:** DHCS 17-01  
(Supersedes DHCS 07-50-AP)

**DATE:** June 9, 2017

**TO:** DHCS Employees

**FROM:** Program Support Branch (PSB) – Contracts and Purchasing Section (CPS)

**SUBJECT:** Use of Certified Small Business (SB) and Disabled Veteran Business Enterprise (DVBE)

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**Purpose:** Communicate the requirements for prioritizing the use of Certified SB/DVBE vendors.

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**Effective date:** Immediately

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**Policy:** Procurements for all goods and services must be awarded to a SB/DVBE vendor whenever possible.

Procurements valued under \$5,000 must be procured by obtaining quotes from two SBs or DVBEs, or procured by obtaining one SB or DVBE quote and providing Fair and Reasonable Justification (see DHCS 2435). Note: Fair and Reasonable Justification shall only be used when two SB or DVBE quotes cannot be obtained.

Procurements valued from \$5,000 to \$249,999.99 must use the SB/DVBE Option. Procurements valued over \$250,000 shall require a minimum of 3 percent DVBE participation or 25 percent SB participation.

Bid Models, located on the Contract Management Unit's [intranet page](#), outline procedures for procuring services through the SB/DVBE option. The DHCS Purchasing Procedures Manual, located on the Purchasing Services Unit's [intranet page](#), outlines procedures for procuring goods through the SB/DVBE option.

Programs are responsible for planning their procurements and contract awards to ensure that they achieve participation goals by the end of each fiscal year.

Note: Any reference to certified SB includes certified microbusiness (MB).

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**Exemptions and Waivers:**

If the program believes that SB/DVBE opportunities are not available for contracting or subcontracting, a justification and waiver request must be approved by the SB/DVBE advocate prior to awarding the contract. Refer to the [SB/DVBE Program intranet page](#) for procedures.

The following agreement types are exempt from SB/DVBE requirements:

- Interagency
- Federal government
- Local government
- Joint power authorities
- Prison Industry Authority
- California State University
- Regents of the University of California
- Concessions
- Noncompetitive bids
- Incoming funds
- Public transit
- Community-based rehabilitation
- Emergency
- Grants
- Local assistance/subvention
- Proprietary
- Statutorily/policy exempt agreements

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**Regulations:**

- Military and Veterans Code [999.1](#)
- Executive Orders [D-43-01](#), [S-02-06](#)
- Government Code [14838.5](#) (a) and (b)

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**Additional Information:**

Only Department of General Services' (DGS) certified SB and DVBE suppliers can be awarded a contract using the SB/DVBE option. DGS' [Cal eProcure](#) website contains a searchable list of all certified SB/DVBE vendors and suppliers.

For purposes of this policy, "procurement" means any purchase or contract regardless of the acquisition method, payment method, or contract document used.

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**Questions:**

Direct questions regarding this memorandum to CPS at [DHCS\\_CPS@dhcs.ca.gov](mailto:DHCS_CPS@dhcs.ca.gov) or the PSB mainline at (916) 650-0150.

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