Senate Bill 605

Small Business for the Purpose of Public Works Certification Available January 1, 2019

Frequently Asked Questions for Customers

What is Senate Bill 605?

Senate Bill 605 is a bill that was signed by the Governor on October 11, 2017. It amended Government Code 14837 & 14838 that covers certification under the Small Business Procurement and Contract Act.

How does this bill impact the requirements for Small Business Certification?

This bill increases the Gross Annual Receipts (GARs) eligibility threshold for the existing Small Business Certification program to:

- **$15 million GARs cap for Small Business (SB) averaged over the previous 3 years**
- **$5 million GARs cap for Microbusiness (MB) averaged over the previous 3 years**

It creates a ***new Small Business for the Purpose of Public Works Certification (SB-PW) category*** with an eligibility threshold of:

- **$36 million GARs cap averaged over the previous 3 years**
- **Maximum employee count of 200 based on recent 4 quarters**

What is the definition of Public Works?

Senate Bill 605 defines Public Works per Public Contract Code § 1101 as "Public works contract," used in this part, means an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.

What does this mean for Small Businesses?

The bill will expand opportunities to participate in public works to firms that are considered relatively small in the public works arena, even though they are larger than the currently certified small businesses.

It will allow small businesses that are close to graduating from SB certification (growing over the $15 million GARs) to maintain a small business certification for the purpose of public works (SB-PW), if they elect to do so.

It will allow some Disabled Veteran Business Enterprises (DVBEs) who are not eligible for small business certification with the current thresholds, to become dually certified as a DVBE and SB-PW and participate as a small business for the purpose of public works.

What are the differences between the SB certification currently in place and the SB-PW certification?

This chart highlights the differences:

	SB	SB-PW
GARs cap (averaged over last 3 years)	$15,000,000	$36,000,000
Maximum employee count (based on recent 4 quarters)	100	200
Include GAR limit for manufacturers?	No	Yes
Does it have a Microbusiness (MB) designation?	Yes	No
Get SB credit for what type of contracts?	All state contracts*	Limited to public works – related state contracts/project**

*SB certification can be used and counted on all types of contracts including public works contracts and/or projects.

**SB-PW certification can only be counted toward SB participation on public works-related contracts/projects.

For additional information visit OSDS Small Business Eligibility Requirements: **www.dgs.ca.gov/pd/Programs/OSDS/SBEligibilityBenefits.aspx**

Do I have to register with the Department of Industrial Relations (DIR) to be eligible for the Public Works certification?

No. While registering with DIR is not a requirement for the SB-PW certification, awarding departments may require your firm to register with DIR as a contractor participating in public works contracts as a condition for bid. Awarding departments have the responsibility to ensure that all contractors, including small businesses, register with the DIR for qualifying public works projects. There is a $400 annual fee for DIR registration, which covers one fiscal year (July 1 – June 30), and must be renewed each year.

For more information about registering with DIR visit: **www.dir.ca.gov**

Is this certification only for Public Works contracts or projects?

Yes, certified firms under Senate Bill 605 can only be used for the purpose of public works contracts/projects.

How long is the certification period?

It is valid for up to 2 years. All certified businesses are subject to re-verification of status at any time.

Can I continue to use my SB certification for Public Works?

Absolutely! There is no change in the ability of small businesses currently certified to participate in any state contracts, including public works.

How long will it take to get certified?

In some cases, the application may be approved online automatically once submitted. Subsequent recertification applications may require a certification review. If the application goes into a "Waiting for Review" status requiring a review by one of our certification officers, it generally takes up to 30 days.

Where can I get more information?

For more information about the program in general and to learn more about the OSDS certificate program requirements visit: **www.dgs.ca.gov/pd/Programs/OSDS.aspx**

If you have any questions in regards to the FAQs, or the certification process, contact the office at **(916) 375-4940** or by email at **SBPublicWorks@dgs.ca.gov**.