



## Division of Minority and Women Business Development

### **New Small, Women and Minority Rules and Regulations**

#### How They Impact Your Business

September 24 2008:

Lead Agency: DMWBD responsible for the promulgation and implementation of the rules that govern the development of SMWEBE's including the registration of SBE's and certification of MWBE's goods and services and state construction contracts.

- Review committee Partners:
  - Division of Minority and Women Business Development (DMWBD)
  - Division of Property Management and Construction (DPMC)
  - Division of Purchase and Property (DPP)
  - NJ Commerce and Tourism Commission
  - NJ Economic Development Authority (EDA)
  - NJ Schools Development Authority (SDA)
  - Office of Supplier Diversity (OSD)
  - Public Comments submit through forums conducted in last quarter of '07

March 3 2009: New Rules and Regulations become effective

April 20 2009: New Rules and Regulations are entered into the public registry

Time Extension:

- SBE approved registration is now valid for 3 years instead of only 1 year.

Fee Reduction:

- SBE registration fee is now \$100 for three years rather than \$100 per year.

Electronic Notification:

- Vendors certified after March 3<sup>rd</sup> 2009 will be sent an automatic reminder to recertify 20 days prior expiration.

Even Handed Competition:

- A revised list of small business categories have been designed to reflect vendors with similar resources.

**Key Amendments to SBE Registration Application**

Time Extension:

- M/WBE approved certification is now valid for 3 years instead of only 1 year.

Fee Reduction:

- M/WBE registration fee is now \$100 for three years rather than \$75 for the first year, \$75 for the second year and \$0 for years 3-5.

Simple Applications:

- Once certified, M/WBE vendors will only need to submit M/WBE annual verification applications to remain in compliance.

Electronic Notification:

- Vendors certified after March 3<sup>rd</sup> 2009 will be sent an automatic to recertify 20 days prior to expiration.

**Revised/ New Categories in Small Business Set Aside for Goods and Services and Construction Contracts**

Goods and Services:

- Revised Category 3: \$12 million OR the applicable federal revenue standards at 13 CFR 121.201, **WHICHEVER IS HIGHER. Depending on the code this category can reach \$33.5M.**

Construction:

- New/Revised Category 5: Small businesses with gross revenues that do not exceed 50 percent of the applicable annual revenue standards set forth in federal regulation at 13 CFR 121.201 and as maybe adjusted periodically. Depending on the code this category can reach \$16.75M.
- New Category 6: Small business with gross revenues that do not exceed the applicable annual revenue standards set forth in federal regulation at 13 CFR 121.201, as may be adjusted periodically. Depending on the code this category can reach \$33.5M.

## The Construction Formula

Approval of a company under a construction category is based on:

- The maximum allowed by the applicable code.
- If average income for the past three years is higher than that allowed by code, the company does not qualify for a construction category.

Example:

- NIACS Code #541330 (Engineering Services) is allowed a maximum of \$4.5M per year.
- However, the firm's three-year average annual income is \$6M
- The firm would NOT qualify for a construction category.
- This firm would qualify for goods and services category.

### Distribution Percentages

<u>Goods and Services:</u>	Category 1 (under 500K)	10%
	Categories 2 and 3 (5M and 33M)	15%
<u>Construction:</u>	Category 4	5% minimum
	Category 5	5% minimum
	Category 6	5% minimum
	Any of the Above	10%

### Renewals and/or Re-certifications

No longer applicable

Replaced by Annual Verifications

SBE Registration:

- Registration is valid for 3 years
- Must submit annual verification at the end of years 1 and 2. May be asked for tax returns

M/WBE Certification:

- If you are at end of year 1 of original 5 year certification, you will need to submit a new 3-year application.
- If you are at end of years 2-4 of original 5-year certification, you will need to submit annual verification (new form) and may be asked for tax returns.

## Alternative Certifications

### Currently accepting alternative certifications:

- New York and New Jersey Minority Supplier Diversity Council Inc.
- The Minority Supplier Diversity Council of PA-NJ –DE
- Women Presidents' Education Organization (WPEO)
- Port Authority of New York and New Jersey (for MBE)

### To apply for NJ MWBE Certification using other statewide and natural entity certification. Requires:

- Copy of their certification approval letter and/or certificate for consideration to satisfy
- requirements of certification under NJ Statue 12 A:17:46. In of full application packet.
- You must still complete the NJ MBWE Application page 1-3
- Non-refundable check or money order in the amount of \$100.00
- May be asked for additional supporting documentation and subject to inquiries with originating certification agency.

## Challenges

Division given authority to initiate action and/ or proceed on challenges regarding registration/certifications eligibility brought by vendors against another vendor.

Will be asked for proof.

### Successes:

#### **First Annual Sate Procurement Report, Fiscal Year 2008. Highlights:**

- MWBE's combined received 8.5% (\$259M) of all payments on prime contracts.
- Seven of the Top Ten Spending Agencies were also among the top ten MWBE spending agencies. This is significant because the Top Ten Paying Agencies accounted for \$2B or 65.8% of all payments made during this reporting period.
- Top Ten Commodity Codes accounted for 84.3% or \$259M of payments made to MWBE vendors.
- Top Ten Statewide MWBE Paying Agencies accounted for \$218.9M or 84.5% of the \$259M paid to MWBE vendors during the 2008 Fiscal Year Statewide.
- Diversity Registry database has grown to 4500 vendors.
- The number of SMWBE's registered with the State's registration and certification program increased by 1200.

- Reduced the burden and cost on MWBEs of applying for multiple certifications, by developing memorandums of understanding with NJ chapters of MSDC and Women's Business Enterprise Council, and accepting request to fast-track and recognize certifications from other national and statewide certifying entities.
- The transfer of small business registration and minority and women certification (SMWBE)
- Functions into Division has concentrated the State's SMWBE contracting functions-data
- Analysis, policy recommendation, outreach, registration/certification- into one department for a "one-stop shop".
- Tailored outreach and training to non-traditional groups in collaboration with other key entities such as Office of Supplier Diversity (OSD), NJ Interagency Coordinating Council, NJ Transit etc.
- Working with other state procurement units to identify potential opportunities for SMWBEs, i.e. CAI –Staff Augmentation Contract.