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SB-247 State agency contracts: bid preference: equity metrics. (2025-2026)

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AMENDED IN SENATE APRIL 21, 2025

AMENDED IN SENATE MARCH 26, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 247

Introduced by Senator Smallwood-Cuevas

January 30, 2025

An act to add Article 1.7 (commencing with Section 10117) to Chapter 1 of Part 2 of Division 2 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 247, as amended, Smallwood-Cuevas. State agency contracts: bid preference: equity metrics.

Existing law establishes bid preferences and participation goals in public contracting for certain types of bidders. The Small Business Procurement and Contract Act establishes a minimum goal of 25% procurement participation for small businesses, including microbusinesses, in the provision of goods, information technology, and services to the state, and in the construction of state facilities. The Small Business Procurement and Contract Act requires that state agencies awarding contracts for goods, information technology, services, and construction give 5% bid preferences, as specified, to small business and microbusiness bidders. The California Disabled Veteran Business Enterprise Program requires state departments that award contracts to establish 3% participation goals for certain types of contracts for certified disabled veteran business enterprises, as defined.

This bill would require an awarding department, defined to include a state agency or department, to provide a bid preference of ~~10%~~ *a prescribed percentage, as specified*, in the award of contracts to contractors that set equity ~~metrics, as prescribed.~~ *metrics*. The bill would prohibit awarding a preference to a noncompliant bidder and would also prohibit the preference from being used to achieve any applicable minimum requirements. The bill would require the Department of General Services to adopt rules and regulations for the purpose of implementing these provisions.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the California Good Jobs Act.

~~SEC. 2. Article 1.7 (commencing with Section 10117) is added to Part 2 of Division 2 of the Public Contract Code, to read:~~

SEC. 2. *Article 1.7 (commencing with Section 10117) is added to Chapter 1 of Part 2 of Division 2 of the Public Contract Code, to read:*

Article 1.7. Equity Metrics in State Contracting

10117. As used in this article:

(a) "Awarding department" means any state agency, department, governmental entity, or other officer or entity empowered by law to enter into contracts on behalf of the state.

(b) "Contract" includes any ~~agreement or joint development agreement to provide labor, services, material, supplies, or equipment in the performance of a contract, franchise, concession, or lease granted, let, or awarded for and on behalf of the state~~ *contract for a project with aggregate construction costs in excess of thirty-five million dollars (\$35,000,000) using funds from the federal Infrastructure Investment and Jobs Act (Public Law 117-58), the Inflation Reduction Act of 2022 (Public Law 117-169), or the CHIPS and Science Act of 2022 (Public Law 117-167).*

(c) "Contractor" means any person or persons, firm, partnership, corporation, or combination thereof that submits a bid and enters into a contract with a representative of a state agency, department, governmental entity, or other officer empowered by law to enter into contracts on behalf of the State of California.

(d) *"Disadvantaged community" has the same meaning as described in subdivision (a) of Section 39711 of the Health and Safety Code.*

(e) *"Distressed area" has the same meaning as defined in subdivision (b) of Section 4532 of the Government Code.*

(f) *"Eligible person" means a person who resides in either a distressed area or a disadvantaged community.*

~~(d)~~

(g) ~~"Equity metrics" include, but is not limited to, having a required percentage of the workforce for the contract living in areas below the poverty line, in communities disproportionately affected by environmental pollution, or in regions with high unemployment and low income concentrations;~~ *means hiring a required percentage of eligible persons.*

10117.1. (a) Notwithstanding any other law, an awarding department shall provide for a bid preference in the award of contracts, in accordance with subdivision (b), to contractors that set equity metrics.

(b) *(1)* The bid preference shall operate as follows:

~~(1) In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, the preference to a contractor described in subdivision (a) shall be 10 percent of the lowest responsible bidder meeting specifications.~~

~~(2) In solicitations where an award is to be made to the highest scored bidder based on evaluation factors in addition to price, the preference to a contractor described in subdivision (a) shall be 10 percent of the highest responsible bidder's total score.~~

(A) A 1-percent preference for hiring eligible persons to perform 5 to 9 percent, inclusive, of the total contract labor hours.

(B) A 2-percent preference for hiring eligible persons to perform 10 to 19 percent, inclusive, of the total contract labor hours.

(C) A 3-percent preference for hiring eligible persons to perform 20 to 29 percent, inclusive, of the total contract labor hours.

(D) A 4-percent preference for hiring eligible persons to perform 30 to 39 percent, inclusive, of the total contract labor hours.

(E) A 5-percent preference for hiring eligible persons to perform 40 to 49 percent, inclusive, of the total contract labor hours.

(F) A 6-percent preference for hiring eligible persons to perform 50 to 59 percent, inclusive, of the total contract labor hours.

(G) A 7-percent preference for hiring eligible persons to perform 60 to 69 percent, inclusive, of the total contract labor hours.

(H) An 8-percent preference for hiring eligible persons to perform 70 to 79 percent, inclusive, of the total contract labor hours.

(I) A 9-percent preference for hiring eligible persons to perform 80 to 89 percent, inclusive, of the total contract labor hours.

(J) A 10-percent preference for hiring eligible persons to perform 90 percent of the total contract labor hours.

~~(3)~~

(2) The preferences contained in ~~paragraphs (1) and (2)~~ *paragraph (1)* shall not be awarded to a noncompliant bidder and shall not be used to achieve any applicable minimum requirements.

10117.2. (a) The Department of General Services shall adopt rules and regulations for the purpose of implementing this article.

(b) The rules and regulations adopted by the Department of General Services shall include enforcement methods to ensure compliance with agreed-upon equity metrics, including requiring contractors to track and report progress to the awarding department.