

Dear _____:

Section 11-35-5240 of the Consolidated Procurement Code requires that each agency director to develop a Minority Business Enterprise (MBE) Utilization Plan. Such plans must include a goal for spending with MBEs, certified by the Office of Small and Minority Business Certification and Contracting (OSMBCC) that is at least ten percent (10%) of each governmental body's total dollar amount of funds expended.

Under a 2006 amendment to the Consolidated Procurement Code, Section 11-35-5240(3) provides that the Executive Director of the Budget and Control Board shall establish a definition for the phrase "total dollar amount of funds expended", which will define the funds that at least ten percent (10%) will be applied against in developing each agency's goal for spending with minority vendors.

The General Assembly expresses the following intent regarding minority vendors (11-35-5210):

The South Carolina General Assembly declares that business firms owned and operated by minority persons have been historically restricted from full participation in our free enterprise system to a degree disproportionate to other businesses. The General Assembly believes that it is in the state's best interest to assist minority-owned businesses to develop fully as a part of the state's policies and programs which are designed to promote balanced economic and community growth throughout the State. The General Assembly, therefore, wishes to ensure that those businesses owned and operated by minorities are afforded the opportunity to fully participate in the overall procurement process of the State. The General Assembly, therefore, takes this leadership role in setting procedures that will result in awarding contracts and subcontracts to minority business firms to enhance minority capital ownership, overall state economic development and reduce dependency on the part of minorities.

From discussion with the various participating entities, a useful definition of the term "total dollar amount of funds expended" needs to be general in nature but specific in intent, to allow each entity to evaluate its' unique purchasing opportunities. Based on this conclusion, for purposes of Section 11-35-5240(3), the definition is:

The total dollar amount estimated to be expended by an agency or entity during each fiscal year where the agency or entity has discretion in the selection of the private vendor. The total dollar amount which the Agency determines it has discretion or influence in the selection of the private vendor is based on prior year expenditures in general ledger accounts identified in Attachment A, less disbursements in these general ledger accounts resulting from:

- I. Payments to public entities,
- II. Payments to vendors on Statewide and Agency contracts,
- III. Purchasing card payments to vendors on Statewide or Agency contracts,
- IV. Payments to vendors based on a Sole Source justification,
- V. Payments to vendors based on an Emergency justification,
- VI. Payments to vendors exceeding \$10,000 that have been competitively solicited or quotes were solicited.

Agencies using SCEIS may run the following BEX reports for information/reporting:

- I. Controllable Dollars Calculations Report (ZFI_ZFIAPO04_Q001
- II. FI Minority Vendor Payments (ZFI_ZFIAPO03_Q001) for now. New report is being written to display all Small or Minority Expenditures as well as Small or Minority Expenditures based on the same criteria as the calculation of controllable dollars.

The preceding determinations regarding the calculation of the total controllable expenditures provides a framework to provide small and minority vendors with opportunities to do business with the State. The determinations also fulfill the guidelines of the Consolidated Procurement Code and, specifically, the intent of Section 11-35-5240.

Sincerely,

Marcia Adams
Executive Director
South Carolina Department of Administration

cc: R. Rochester
Attachments: Controllable General Ledger Accounts

