

# State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

		Number PRO-D-1
		Effective 12-16-10
Section GENERAL POLICIES	Agencies Affected ALL	Replaces 7-1-94
Title MINORITY BUSINESS ENTERPRISE POLICY		Page 1 of 4

AUTHORITY: [Wis. Stats.](#) 16.75(3m)  
560.036

SCOPE:

- to define minority business enterprise (MBE)
- to establish state policy with respect to procurement from minority business enterprises
- to establish policy for the application of qualified bids
- to define the state's minority business enterprise goal
- to establish reporting requirements for minority business enterprise activity

DEFINITIONS: I. For the purpose of this policy, the following terms are defined:

- A. "Minority business enterprise" is a business certified by the Department of Commerce under s. 560.036(2).
- B. "Minority group member" means any of the following: Black American, Hispanic American, American Indian, Eskimo, Aleut, native Hawaiian, American Asian-Indian, and an American of Asian-Pacific origin.
- C. "Qualified bid" is a bid or a proposal submitted by a minority business enterprise that is a responsible bid or proposal and that is no more than 5% higher than the apparent low bid or no more than 5% lower than the proposal with the apparent high point score. A qualified bid may not be considered on a procurement of printing or stationery.
- D. "Second tier provider" is a supplier that invoices the prime contractor for commodities and/or services provided under the prime contractor's state contract. A subcontractor is an example of a second tier provider.

CONTENT: I. Policy

The State of Wisconsin is committed to the involvement of minority business enterprises in the state's procurement program. Minority business enterprises will be encouraged to respond to the state's procurement needs. All efforts will be made to identify and eliminate any procedural or technical impediments to full participation of minority business enterprises in state procurement.

II. Goal

State agencies will attempt to ensure that 5% of the total amount expended in the state's purchasing program in each fiscal year is paid to minority business enterprises.

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### III. Verification of eligibility

- A. An award of a state contract based on a minority business enterprise qualified bid may only be made after the Department of Commerce certifies that the business meets the definition of a minority business enterprise in s. 560.036. The business must be certified at the time of the bid/proposal opening. The State Bureau of Procurement provides a [directory](#) of certified minority business enterprises.
- B. State agencies may refer applicants for certification as minority business enterprises to the Bureau of Minority Business Development, Department of Commerce.
- C. Minority business enterprises should be referred to the Bureau of Minority Business Development, Department of Commerce, as far in advance of a potential award as possible.

### IV. Application of qualified bids

State agencies may make awards to the certified minority business enterprise submitting the lowest qualified bid when that qualified bid is not more than 5% higher than the apparent low bid or the proposal is no more than 5% lower than the apparent high point score. Awards will be made to the certified minority business enterprise submitting the lowest qualified bid or highest point score proposal. The Department of Administration, Minority Business Enterprise Program, will review and approve in writing any decision not to award to the lowest qualified bid.

### V. Qualified bid formula

#### A. On competitive bids

1. To achieve consistency in evaluating an MBE qualified bid against an apparent low bid, the following formula will be used:

$$\begin{array}{rcl} (\text{Apparent low bid} \times 1.05) & = & \$ \underline{\hspace{2cm}} \\ \text{Minus (Lowest MBE qualified bid)} & = & \$ \underline{\hspace{2cm}} \\ (\text{Balance}) & = & \$ \underline{\hspace{2cm}} \end{array}$$

2. When the balance is a positive number, or 0, award may be made to the lowest MBE qualified bid. Award is made at the cost actually bid.

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## B. On bids for percentages off list price

1. To achieve consistency in evaluating bids for percentages off list price, the discounts will be converted to the amounts to be paid. For example, the following bids are received:

Apparent low bid = 40% discount off list price  
 Lowest MBE qualified bid = 38% discount off list price

Conversion to the amount to be paid:

Apparent low bid = 60% of list price  
 Lowest MBE qualified bid = 62% of list price

Application of MBE formula:

(Apparent low bid (60%) x 1.05)	= 63%
Minus (Lowest MBE qualified bid)	= 62%
(Balance)	= 1%

Result:

Since the balance is a positive number, award may be made to the lowest MBE qualified bid.

2. Therefore, the formula to be used when calculating preferences for bids for percentages off list price is:

(Apparent low bid % of list price x 1.05)	= ___%
Minus (Lowest MBE qualified bid % of list price)	= ___%
(Balance)	= ___%

When the balance is a positive number, or 0, award may be made to the lowest MBE qualified bid.

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C. On proposals (competitive negotiations)

1. To achieve consistency in evaluating a qualified response against an apparent high point score, the following formula will be used:

$$\begin{array}{rcl}
 \text{(Apparent high minority proposer} & & \\
 \text{point total x 1.05)} & & = \underline{\hspace{2cm}} \\
 \text{Minus (High response point total)} & & = \underline{\hspace{2cm}} \\
 \text{(Balance)} & & = \underline{\hspace{2cm}}
 \end{array}$$

2. When the balance is a positive number, or 0, award may be made to the minority proposer response.

VI. Reporting

Each central procuring office will record and report to the State Bureau of Procurement monthly using form [DOA-3005](#), Minority Business Enterprise Procurement Activity Report. See [PRO-G-2](#), Minority Business Enterprise Procurement Activity Reporting.

VII. Subcontractual reporting

On any procurement that involves a contractor (first tier provider) to the state employing subcontractors (second tier provider) as a result of the state contract, any amount of the contract that was subcontracted to a certified minority business enterprise will be reported by the prime contractor to the procuring office. This amount will be included in reports to the State Bureau of Procurement.

Authorized:



Helen McCain, Director  
State Bureau of Procurement