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Executive Director

## THE COMMONWEALTH OF MASSACHUSETTS

Executive Office for Administration and Finance

### Supplier Diversity Office

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### *Memorandum*

**To:** Secretariat and Agency Supplier Diversity Officers, Chief Procurement Officers and Chief Financial Officers

**Cc:** Cabinet Secretaries, Agency Heads, Chiefs of Staff and General Counsels

**From:** Bill McAvoy, Executive Director, Supplier Diversity Office (SDO)

**Date:** November 27, 2024

**RE:** Veteran Business Goals for Commonwealth Procurements

The Supplier Diversity Office (SDO) hereby informs all Executive Agencies about participation goals for Veteran-owned (VBE) and Service-Disabled Veteran-owned (SDVOBE) businesses (jointly “Veteran Business(es)”) in procurements for commodities and services and design and construction projects. Please be aware that the following participation goals also apply to agencies that provide funding to municipalities for design and construction projects.<sup>1</sup>

**Construction and Design Services Procurements:** Effective January 1, 2025, the SDO is issuing a three percent (3%) Veteran Business goal for *all state and state-assisted design and construction projects costing more than \$150,000*.<sup>2</sup>

This means that Executive Agencies, including those providing funding to municipalities for design and construction, must include the three percent (3%) combined Veteran Business goal in their design and construction procurements and contract documents for such projects. This Veteran Business goal is a separate and an additional goal established by SDO and is not part of nor does it affect the existing Affirmative Marketing Program (AMP) for Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) participation in design and construction projects.<sup>3</sup>

The SDO issued guidelines for state-assisted construction and design projects conducted pursuant to the [Municipal Construction Affirmative Marketing Program](#) (MCAMP). This guidance document reflects this three percent (3%) Veteran Business goal and also references the goal-setting process for MBEs and WBEs.

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<sup>1</sup> Pursuant to MGL c. 7, s. 61(k), the Supplier Diversity Office (SDO) “shall, every 3 years and in consultation with the Department of Veterans’ Services, establish goals for the participation of Service-Disabled Veteran-owned businesses and Veteran-owned businesses in all areas of state procurement contracting, including contracts for public construction, design services and commodities and service.”

<sup>2</sup> This threshold level is subject to change.

<sup>3</sup> The Division of Capital Asset Management and Maintenance (DCAMM) is responsible for the management of the Affirmative Marketing Program (AMP) for MBE and WBE participation on DCAMM construction projects (MGL c. 7C, s. 6(h)) and the SDO oversees the Municipal Construction Affirmative Marketing Program (MCAMP) in state -assisted construction projects (MGL c. 7, s. 61(p)). Pursuant to MGL c. 7, s. 61(n) and MGL c. 7C s. 6(d), DCAMM’s Commissioner, in consultation with SDO’s Executive Director, through the Affirmative Marketing Program establish overall annual program goals applicable to the total dollar amount of contracts awarded to MBE and WBE firms on capital facility projects and state assisted building projects.

The SDO requests that all agencies review whether they provide funding to municipalities for any building (vertical) construction projects. If so, it is possible that these projects will also fall under MCAMP and should include applicable MBE, WBE, as well as the new Veteran Business goals. If your agency provides funding to any municipalities for construction projects, please inform Meghan Costa ([Meghan.Costa@mass.gov](mailto:Meghan.Costa@mass.gov)), the SDO's Construction Program Coordinator, to learn more and to provide details about these projects.

Like AMP and MCAMP, prime contractor veteran certification and subcontracting with veteran firms are the only business relationships that count towards the combined Veteran Business goal; ancillary relationships do not count.

All state agency AMP and state-assisted municipal MCAMP project goals progress, and the new combined Veteran Business goal, will be reported through the SDO's [Supplier Diversity Hub](#) system.<sup>4</sup>

The Division of Capital Asset Management and Maintenance (DCAMM) will incorporate the new combined Veteran Business goal in its updated model contract documents for use by state agencies that undertake building (vertical) construction projects.

**Regarding Commodities and Services Procurements:** The SDO has previously issued a three percent (3%) Veteran Business benchmark for commodities and services contracts and is ***not*** changing that benchmark or the benchmarks of any other certification categories associated with the Supplier Diversity Program (SDP) or the Small Business Purchasing Program (SBPP). This memorandum does not impact those programs.

For your reference, please see the chart below for all current goals and benchmarks for Fiscal Year 2024:

#### ***FY2024 Benchmarks/Goals***

<b>Business Type</b>	<b>FY2024 Goods and Services Benchmarks<sup>5</sup></b>	<b>FY2024 Construction and Design Project Goals<sup>6</sup></b>
Minority Business Enterprises (MBE)	8%	Project specific goals set with DCAMM (agencies) or SDO (municipal)
Women Business Enterprises (WBE)	14%	Project specific goals set with DCAMM (agencies) or SDO (municipal)*
Combined Veteran (VBE) and Service-Disabled Veteran-Owned Business Enterprises (SDVOBE)	3%	3%
Small Businesses Purchasing Program (SBPP) Small Businesses	3.3%	Not required but encouraged for construction
Combined Disability-Owned (DOBE) and Service-Disabled Veteran-Owned Business Enterprises (SDVOBE)	0.3%	Not required but encouraged for construction
Lesbian, Gay, Bisexual and Transgender-Owned Business Owned Enterprises (LGBTBE)	0.3%	Not required but encouraged for construction

<sup>4</sup> DCAMM issues its annual AMP Report of MBE and WBE participation on projects contracted for, and managed by, DCAMM, consistent with MGL c. 7C, s. 6 and has expanded that annual report to include workforce and Veteran Business participation. DCAMM also provides its report data directly to SDO.

<sup>5</sup> Goods and services benchmarks are multiplied times each agency's overall discretionary budget and are not required to be met on each individual agency purchase. The SBPP applies to procurements with an annual value of less than \$250,000 while the SDP applies to procurements with an annual value of greater than \$250,000.

<sup>6</sup> Construction goals apply to each individual construction project.

**\*Note: Public Building Design and Construction Procurements** - Affirmative Marketing Program MBE and WBE Business Participation goals for state agency projects and state-assisted municipal projects under MGL c. 7C, s. 6 can only be set on a project-by-project basis by the SDO or DCAMM in collaboration with the awarding authority. At least two weeks before design and construction procurement documents are finalized municipalities must contact SDO's Construction Program Coordinator and state agencies must contact DCAMM's Compliance Office to establish project specific MBE and WBE participation goals for the project procurement and contract documents.

It is the SDO's responsibility to ensure these contracts are equitable and fair to businesses that have been traditionally underserved. It is the responsibility of each agency to ensure that they achieve the applicable benchmarks or goals described above.

If you have any questions about this memorandum or any of SDO's programs, please contact the SDO at [webmaster.sdo@mass.gov](mailto:webmaster.sdo@mass.gov). Thank you.