

Massachusetts 425 CMR §2.00 – SDO Certification Guide

Purpose

Under 425 CMR §2.00, the Massachusetts Supplier Diversity Office (SDO) certifies diverse and small businesses to better enable them to compete for public contracting opportunities within the Commonwealth. Although SDO certification does not guarantee a contract award, it may position underserved businesses to be more competitive in the state procurement process.

Who Can Be Certified?

To qualify, a for-profit or non-profit business must be at least **51% owned and controlled** by eligible individuals from the **same certification category**, such as:

- Minority Portuguese¹
- Woman LGBTQ+
- Veteran Person with a Disability

Additional requirements for non-profits

- Must be IRS 501(c)(3) or 501(c)(4)
 - At least 51% of the board must qualify under the same **certification category**
 - Must demonstrate independence and ongoing mission-related activities
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Key Certification Requirements

1. Ownership

- Eligible principals must own at least **51%** of the firm.
- Owners must take financial risks and receive profits that match their percentage of the business, going beyond just having their name on paper.
- Any capital contribution must be real, consistent, and ongoing.
- For corporations, members in the same certification category must own at least 51% of every class of issued stock, including both (voting and non-voting) shares.

2. Control

- Eligible owners must:
 - Hold the highest position and exercise control of the firm's governing body
 - Make key business decisions and demonstrate industry experience
 - Actively manage daily and long-term operations

¹ PBE certification is separate from MBE certification and applies only to state transportation bond contracts or similar statutory authority.

- Exercise ultimate authority over key activities such as hiring/ firing, field operations, estimates and bids, equipment purchases, contracts, sales, and marketing strategy

Absentee ownership or limited involvement is not allowed

3. Independence

- The firm must operate independently of any ineligible business or person.
- The firm cannot overly rely on others for key items like staff, equipment, funding, or contracts.

4. Ongoing Operations

- Businesses must be currently operating and ready to provide their products or services to the public.
 - Businesses must show:
 - Active marketing efforts
 - Required business licenses/permits
 - Leased or owned business space/equipment
 - They have no government debarments for contracts
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Certification Process

- To start the certification process, take the certification self-assessment at this link: <https://www.diversitycertification.mass.gov/SelfAssessment/InitiateSelfAssessment.aspx>
 - Intake Applications are reviewed as soon as is administratively possible.
 - Out-of-state businesses must be certified in their home state.
 - The SDO may accept certifications from approved third-party certifiers.
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Recertification & Compliance

- Certification must be **renewed every three years or recertified** as required.
 - Entities must:
 - Cooperate with monitoring or investigations
 - Submit truthful and timely information
 - Violations can result in **decertification** and debarment for up to five years.
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Appeals

- Denied applicants may appeal within **10 business days**.
 - Hearings are held before the **Division of Administrative Law Appeals**.
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Need More Info?

Visit: <https://www.mass.gov/certification-program-for-sdo>

Full Regulation: <https://www.mass.gov/doc/certification-regulations/download>