

Diverse Spend Reporting

The State of Minnesota is committed to diversity and inclusion in public procurement. If the total value of your Contract may exceed \$500,000, including all extension options, you must track and report, on a quarterly basis, the amount paid to diverse businesses both: 1) directly to subcontractors performing under the Contract, and 2) indirectly to diverse businesses that provide supplies/services to your company (in proportion to the revenue from this Contract compared to your company's overall revenue). If you comply with the above State requirements, you will be set up in a free portal to help report the said above spend and the requirement will continue as long as the contract is in effect.

This contract has been identified as a contract with reporting requirements. Please send the following information to support@starssmp.com within two business days they will send by email, a link to the portal, log-in information, portal guidance manual and information on accessing the training video.

Legal Company Name:

Doing Business AS- Name (if different than legal name):

Federal Tax ID:

Corporate Address:

Corporate City:

Corporate State:

Corporate Zip:

Company Email:

Primary Contact Name:

Primary Contact- Email:

Once you are a registered user, please set up this contract in the portal. You will be able to access State of MN approved/certified suppliers from within the tool to add them as your subcontractors for a contract. If you have a supplier that is not available from the existing list, please follow the process for setting up each diverse subcontractor and supplier associated with this contract. This includes direct spend with diverse subcontractors, and also includes "indirect spend," which is the proportion of spend your company pays to diverse suppliers for items like office supplies, utilities, materials, cleaning services, and so on, that can be related back to your contract with the state.

Please contact the Department of Administration (at the email above) if you have questions about using the portal, how subcontractors and suppliers are designated as diverse small businesses, and how quarterly reporting is used and monitored.

Diverse Spend Reporting - FAQ

What is Diverse Spend Reporting?

The State of Minnesota is committed to diversity and inclusion in public procurement. To better understand the impact of state contracting decisions on diverse businesses, the state is asking its Contract Vendors to track and report when they engage with those businesses.

What contracts are affected?

The requirement for tracking and reporting applies when the total value of the Contract may exceed \$500,000, including all extension options. If it is a one-time purchase, that is easy to determine. For any contract with purchases that accumulate over time, such as a term contract or master contract, we use historical data to determine whether the threshold will be met; if so, reporting starts right away. If the likelihood of meeting the threshold is not high, we use a look back period of 12 months from each purchase to determine if the threshold has been met in that period. Once a contract has been triggered for reporting, reporting continues through the end of the contract.

How can I tell if my contract has this requirement?

Starting 7/1/2019, most solicitations for contracts that could meet the threshold have included the term in the Special Terms and Conditions. Starting around that time, if contracts were done without a solicitation, the term would have been added to the draft contract terms.

What is being tracked?

Contract Vendors will track Tier 2 Direct and Indirect spend. Tier 2 Direct means money paid directly to subcontractors performing under the Contract. For example, a Prime Contractor for a construction project uses a diverse Subcontractor for painting worth \$1,000 for that project; the state

Tier 2 Indirect means money paid to diverse businesses that provide supplies/services to the Contract Vendor itself (in proportion to the revenue Contract Vendor receives from this Contract compared to its overall revenue). For example, assume a Contract Vendor receives \$600,000 for its work under this contract, and that equals 2% of the Contract Vendor's overall revenue for the period. If that Contract Vendor spent \$10,000 with a diverse business to clean its offices for that period, then the Tier 2 Indirect amount is \$200. The state would count that \$200 towards its diverse spend goals.

How is tracking and reporting done?

When Diverse Spend Reporting applies, you will be provided access to a free portal for this purpose, and the requirement will continue as long as the contract is in effect. When it is time to be set up in the portal, you will be asked to provide information about your company, at which point you will be issued a login and password. Once you are logged in, you will identify your Tier 2 diverse businesses and begin providing your spend information for each. We will pull reports on a quarterly basis, so it is important to have your spend information up to date at least quarterly.

What about multiple-award master contracts?

When multiple vendors are available under the same master contract program, that increases the chance that an individual vendor will not receive enough business to exceed the \$500,000 threshold during the life of its contract. In that case, the vendor will not be asked to track and report diverse spend right away. We will use a

running total of that company's business from that contract to determine when the tracking and reporting requirements have been triggered. The threshold is triggered for a Contract Vendor as soon as it receives a purchase order or work order that pushes its sales above the threshold, at which point tracking and reporting requirements start immediately for that company and remain in effect until the Contract Vendor's master contract expires.

What about a master contract that might not reach the threshold?

When a master contract is with a single Contract Vendor, in most cases there is no guarantee that business under the contract will exceed the \$500,000 threshold during the life of its contract. In that case, the Contract Vendor will not be asked to track and report diverse spend right away. We will use a running total of that company's business from that contract to determine when the tracking and reporting requirements have been triggered. The threshold is triggered as soon as the Contract Vendor receives a purchase order or work order that pushes its sales above the threshold, at which point tracking and reporting requirements start immediately and remain in effect until the Contract Vendor's master contract expires.

How does this affect one-time purchases?

For one-time purchases or contracts valued over \$500,000, tracking and reporting diverse spend should begin as soon as a purchase order or work order is received by the vendor, and the reporting obligations continue until final performance has been completed. In many cases this will occur within a single fiscal quarter. However, if performance spans multiple fiscal quarters, so does the tracking and reporting requirement. For example, if the purchase order is issued in Q1 and the product is delivered in Q2, tracking and reporting should be done for Q1 and for Q2. To calculate Tier 2 Indirect spend percentage, which compares your revenue from the state in proportion to your company's overall revenue, the revenue from the state should be distributed across the quarters during which performance is in process, and should be compared to the company's overall revenue for those respective quarters. The Viva STARS portal is designed to perform those calculations for you.

What are the state's fiscal quarters?

The state's fiscal quarters are: Q1: July 1 – September 30; Q2: October 1 – December 31; Q3: January 1 – March 31; and Q4: April 1 – June 30.

How does a Contract Vendor get set up in the portal?

Once a contract has been identified, the state agency or the local unit of government that uses a state contract ("CPV member") will send the Contract Vendor a Welcome Letter that contains instructions for getting set up in the Viva STARS portal. The first step is for the Contract Vendor to provide this basic company information to Viva so a login and temporary password can be set up:

Legal Company Name:

Doing Business AS- Name (if different than legal name):

Federal Tax ID:

Corporate Address:

Corporate City:

Corporate State:

Corporate Zip:

Company Email:

Primary Contact - Email (this is for initial setup and can be changed later):

Before executing the contract, the state agency or CPV member will confirm that the Contract Vendor has been set up in the Viva STARS portal. To check, they should contact Aaron Anderson (the Office of Equity in Procurement), aaron.anderson@state.mn.us, 651-201-2401.

How does a Tier 2 vendor get set up in the portal?

When a Contract Vendor is entering its contract information into the portal, it should also set up each of its Tier 2 vendors. In many cases the Tier 2 vendor will already have a profile in the Viva STARS portal. If so, the Contract Vendor can select that Tier 2 vendor and associate it with the Contract Vendor's contract. If the Tier 2 vendor is not already set up, the Contract Vendor will need to collect the Tier 2 vendor's company information, including its diversity category and relevant certification. The portal guides the Contract Vendor through the process, and there is a Help link for instructions.

How often do Contract Vendors need to report?

The state will pull its own reports from the Viva STARS portal on a quarterly basis. So, it is important to keep your spend information up to date. We expect spend for each quarter to be entered no more than 30 days after the end of that quarter.

What about contracts with local units of government (CPVs)?

A local unit of government that uses a state contract is referred to as a Cooperative Purchasing Venture member. Tracking and reporting of diverse spend applies to those contracts, too. The Diverse Spend Reporting clause is in the state's master contract, so it applies even when the CPV member is using the master contract. This helps the state determine the overall impact of its master contract programs on diverse spending.

Does a Tier 2 vendor need to be certified by Minnesota's Office of Equity in Procurement?

No. Diverse spend reporting covers a broader range of diverse businesses than the OEP certification program. The portal has been designed to accept any certification from a recognized certifying body. Many such programs are already set up in the portal. For example, a Tier 2 vendor who is certified by the Massachusetts Supplier Diversity Office can be counted as diverse spend for the purposes of this requirement. To be reported as diverse, a Tier 2 vendor simply provides an indication of their category of diversity, and uploads a document that establishes their status in a recognized program.