

# California Consolidated Annual Report

Fiscal Year 2023-24

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CALIFORNIA DEPARTMENT OF GENERAL SERVICES

YEARS

DGS

Office of Small Business  
and Disabled Veteran  
Business Enterprise Services

*Celebrating 50 years of commitment  
to help small, diverse, and disabled  
veteran businesses thrive!*



“Congratulations to the Department of General Services’ Office of Small Business and Disabled Veteran Business Enterprise Services on 50 years of service! Your work supporting California’s diverse small and disabled veteran-run businesses has helped our state to thrive. We all look forward to another 50 years of OSDS.”



– Governor Gavin Newsom

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## I: Executive Summary



THE STATE EXCEEDED ITS  
SMALL BUSINESS AND  
DISABLED VETERAN BUSINESS ENTERPRISE  
PARTICIPATION GOALS IN 2023-24,  
REACHING 26.58% AND 4.69%,  
RESPECTIVELY.

With this Statewide Consolidated Annual Report (CAR), the Department of General Services (DGS) is reporting the fiscal year 2023-24 contract dollars awarded by state departments toward the 25% Small Business (SB) including Microbusiness (Micro), and the 3% Disabled Veteran Business Enterprise (DVBE) participation goals in state

procurement and contracting. As required by Public Contract Code (PCC) Section 10111, state departments must annually report to DGS the total awarded state dollars and SB/DVBE participation for Information Technology (IT), non-IT goods and services, and construction procurement contracts.

The CAR comprises data from both mandatory and voluntary reporting departments. "Mandatory departments" are either granted purchasing authority by DGS or are under the California governor's authority and are required to report SB/DVBE participation each fiscal year. "Voluntary departments" include universities and other departments that are statutorily exempt from reporting but may elect to submit data. The 2023-24 CAR compiles the data for 150 mandatory departments and 31 voluntary departments.

**In 2023-24, the state's mandatory reporting departments—referred to as "the state" in this report—awarded a total of \$13.35 billion in contracts.** Voluntary departments reported an additional \$2.69 billion in awards, for a total of \$16.04 billion awarded in CAR reportable procurements statewide. This is lower than 2022-23 by 15.5%, a decrease that could be reasonably attributed to budgetary challenges for which the Department of Finance issued an expenditure reduction directive on December 12, 2023, via Budget Letter 23-27. The directive aimed to reduce nonessential expenses in the areas of service and goods contracts, office supplies, IT equipment, and other elements. Additionally, departments that have met with OSDS cited that in response to the directive, they postponed nonurgent special projects into future years. These measures may have contributed to a certain extent to a reduction in overall spending throughout the state, including spending with certified SBs and DVBEs. Despite these potential impacts and the direction to decrease overall spending, the state continued to exceed its goals of SB and DVBE participation.

**The state exceeded the SB and DVBE participation goals, reaching 26.58% and 4.69%, respectively.** Of the \$13.35 billion awarded, \$3.55 billion was awarded to SBs, resulting in the state exceeding its SB participation goal at 26.58%. The state met its SB participation goal for the sixth (nonconsecutive) time in the past 10 years. Over \$625.8 million went to DVBEs, which resulted in the state exceeding the DVBE participation goal at 4.69%. The state met its DVBE participation goal for the ninth time in the past 10 years.

Table 1 shows total mandatory (state) and voluntary departments' dollars awarded in millions and the SB/Micro and DVBE participation goals achieved.

**Table 1. SB/DVBE Award Dollars (in millions)\* and SB/DVBE Participation**

Departments	Total Contract Dollars	SB/Micro Dollars	SB/Micro Percent	DVBE Dollars	DVBE Percent
Mandatory (State)	\$13,348.9	\$3,548.6	26.58%	\$625.8	4.69%
Voluntary	\$2,694.9	\$339.5	12.60%	\$117.4	4.36%
<b>Total</b>	<b>\$16,043.8</b>	<b>\$3,888.1</b>	<b>24.23%</b>	<b>\$743.2</b>	<b>4.63%</b>

\* Rounding may cause the totals in this table to vary slightly from the actual totals.

Cumulatively, mandatory and voluntary departments awarded \$16.04 billion, with \$3.89 billion (or 24.23%) in SB participation and \$743.2 million (or 4.63%) in DVBE participation, broken down as follows:

- One-hundred fifty mandatory departments (state) awarded \$13.35 billion, with \$3.55 billion (or 26.58%) in SB participation and \$625.8 million (or 4.69%) in DVBE participation.
- Thirty-one voluntary departments awarded \$2.69 billion, with \$339.5 million (or 12.60%) in SB participation and \$117.4 million (or 4.36%) in DVBE participation.

For more detailed information about SB/DVBE participation in state contracting by mandatory and voluntary departments and by agencies, see [SB/DVBE Executive Summary: Participation in State Contracting](#).

**In 2023-24, the state awarded \$3.55 billion to SBs including Micros, and \$625.8 million to DVBEs, of which \$272.5 million went to SBs and \$308.9 thousand went to DVBEs through state emergency procurements.**

Although not to the same extent as during the previous three years, fiscal year 2023-24 was challenging due to declared emergencies that impacted California, including continuing work from the COVID-19 pandemic, wildfires, winter storms and a hurricane. The Early February 2024 Storms emergency proclamation issued by Governor Newsom on February 4, 2024, directed state agencies to enter into contracts for the procurement of materials, goods and services necessary to quickly assist with the response to and recovery from the impacts of the Early February 2024 Storms. Applicable provisions from the Government Code and Public Contract Code, including travel, advertising and competitive bidding requirements, were suspended to the extent necessary to address the effects of the storms.

As shown in Table 2, mandatory departments awarded emergency procurements totaling \$874.9 million, almost 6.55% of the total contracting dollars in 2023-24. Of the total emergency procurements, \$272.5 million (or 31.14%) were awarded to SBs, a slightly lower amount but a much higher proportion of awarded emergency dollars than the \$294 million (or 12.85%) in 2022-23. DVBEs were awarded \$308.9 thousand (or 0.04%) in emergency procurements, lower than the \$123 million (or 5.39%) in 2022-23.



**Table 2. Participation with and without Emergency Purchases (state dollars in millions)\***

State Awards	Total Contract Dollars	SB/Micro Dollars	SB/Micro Percent	DVBE Dollars	DVBE Percent
Total State Award	\$13,348.9	\$3,548.6	26.58%	\$625.8	4.69%
Without Emergencies	\$12,474	\$3,276.1	26.26%	\$754	5.01%
Emergencies Only	\$874.9	\$272.5	31.14%	\$0.3	0.04%

Source: 2023-24 CAR, CAR Data Validation Query and State Contract and Procurement Registration System departments

\* Rounding may cause totals in this table to vary slightly from the actual totals. The dollars shown in Table 2 are comprised of emergency contracts and procurements resulting from Mission Tasks or Statewide Incidents assigned by the California Governor's Office of Emergency Services, such as the 2024 Winter Storms and other natural disasters.

For more detailed information about emergency and non-emergency spending in state contracting, see: [Emergency and Non-Emergency Awards](#).

### A. Changes from last year's report

The most significant changes in 2023-24 when compared to the 2022-23 CAR include:

- **The state awarded \$13.35 billion**, a decrease of \$2.97 billion (or 18.2%) when compared to \$16.32 billion awarded in 2022-23. This decrease may be attributed to the General Fund dollars expenditure reduction directive issued on December 12, 2023, via Budget Letter 23-27.
- **SBs/Micros were awarded \$3.55 billion**, down from the prior year's \$4.15 billion by \$605 million (or 14.59%).
- **SBs without the Micro designation (non-Micro) received the larger share of the total SB/Micro dollars at \$1.96 billion (or 55.1%)**, down from the prior year's \$2.16 billion (or 9.26%). The average dollar amount per contract for SB non-Micros was \$56,200, while for Micros it was \$35,800.
- **Micros were awarded 44,517 contracts or subcontracts**, a higher number of contracts than awarded to SB non-Micros, which was 34,762.
- **DVBEs were awarded \$625.8 million**, down from the prior year's \$878 million by \$252.2 million (or 28.7%) in 20,071 contracts or subcontracts, averaging \$31,200/contract.
- **Emergency procurement awards totaled \$874.9 million**, a decrease of \$1.4 billion (or 61.63%) when compared to \$2.28 billion awarded in emergency procurements in 2022-23.
- **Emergency procurement dollars represented 6.55% in total awarded dollars for the year**, compared to 14% in 2022-23.
- **Emergency procurements' SB participation increased to 31.14% and DVBE**

**participation decreased to 0.04%**, when compared to last year's 12.85% in SB and 5.39% in DVBE participation.

- **Of the 150 mandatory departments, 66 (or 44%) met both the SB and the DVBE participation goals, 94 departments (or 62.67%) met the SB participation goal, and 85 departments (or 56.67%) met the DVBE participation goal.** When compared to 2022-23, there was a 15.79% increase from the 57 departments that met both participation goals. The number of departments that met the SB/Micro participation goal was the same for both years, while for the departments meeting the DVBE participation goals there was a 7.59% increase from 79 departments in 2022-23.
- **Of the 150 mandatory departments, 30 departments (or 20%) did not meet any of the goals, 49 departments (or 32.67%) did not meet the SB participation goal, and 58 departments (or 38.67%) did not meet the DVBE participation goal.** There was an overall decrease in all these categories from the previous year, with 6.25% decrease from 32 departments that did not meet both participation goals, 5.77% decrease in the number of departments that did not meet the SB participation goal, and a 10.77% decrease in the number of departments that did not meet the DVBE participation goal.
- **Voluntary department awards slightly increased by \$34 million (or 1.3%) in 2023-24**, from \$2.66 billion in 2022-23 to \$2.69 billion in 2023-24. SBs/Micros received \$339.5 million, \$24.5 million less in 2023-24 than the \$364 million received in 2022-23, and DVBEs received \$117.4 million, \$21.4 million more compared to \$96 million in 2022-23.
- **Overall, mandatory and voluntary departments awarded \$16.04 billion in contract dollars during 2023-24**, which was a decrease of \$2.94 billion, (or 15.5%), when compared to the total mandatory and voluntary department awards in 2022-23. Additionally, awards to SBs/Micros decreased by \$628.2 million (or 13.91%), and awards to DVBEs decreased by \$230.4 million (or 23.66%).

### Top Five Spend Departments Driving State Awards and SB/DVBE Participation

Table 3 lists the top five departments that cumulatively awarded \$7.71 billion, accounting for over half of the total \$13.35 billion in contract dollars awarded by the state. In comparison, this is \$1.29 billion less than last year, when the top five spending departments cumulatively awarded nearly \$9 billion of the total \$16.32 billion in contract dollars awarded.

Only one of the five departments achieved both participation goals for 2023-24. One department met their SB goal, and three departments met their DVBE participation goals.

**Table 3. Top Five Mandatory Department Dollars Awarded for Fiscal Year 2023-24**

Department	Contract Dollars	SB/Micro %	DVBE %
Transportation, Department of	\$2,535,575,500	35.50%	3.03%
Corrections and Rehabilitation, Department of	\$2,036,649,839	21.96%	6.38%
State Hospitals, Department of	\$1,265,780,585	19.26%	2.33%
Water Resources, Department of	\$1,045,246,721	11.90%	2.25%
Forestry and Fire Protection, Department of	\$827,971,414	16.69%	3.16%

For details on departments' challenges to achieving the participation goals, see [Section III: SB/Micro Participation](#).

For information on DGS' efforts to increase SB/DVBE participation on all state contracts including emergency contracts, as well as planned strategies to increase diversity and inclusion in state procurement, see Section II of this report, [What Does DGS Do to Help with SB/DVBE Participation?](#)

## B. Structure of This Report

This report is structured in 10 sections:

Section I – Executive Summary

Section II – What Does DGS Do to Help with SB/DVBE Participation?

Section III – SB Participation: The State Exceeded the SB Participation Goal

Section IV – DVBE Participation: The State Exceeded the DVBE Participation Goal

Section V – Consulting Services Contracting Activity (Form DGS PD 810C)

Section VI – Promoting State Contracting with SB/DVBE: the SB Option, the DVBE Option and the DVBE Incentive

Section VII – The Infrastructure Bond Acts of 2006 (I-Bond) and Infrastructure Investment and Jobs Act of 2023 (IIJA)

Section VIII – Ethnicity, Race, Gender, and Sexual Orientation (ERGSO)

Section IX – Glossary

Section X – Data Table Exhibits

- [About – How to use the Consolidated Annual Report Dashboard](#)



## II: What Does DGS Do to Help with SB/DVBE Participation?

DGS' Procurement Division (PD), the Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) and the Statewide Supplier Diversity Program (SSDP) continue to promote and diligently work to increase the state's pool of small, diverse and disabled veteran-owned certified suppliers (SBs/DVBEs) through business certification, education, outreach, advocacy efforts, strategic partnerships with the business community, and assistance to state departments in achieving their SB/DVBE participation goals. [Section D. Looking Ahead](#) details DGS' future planned efforts to increase diversity and inclusion in state procurement.

### A. Sustained efforts to Increase SB/DVBE Participation in Emergency Procurements

After launching the SB/DVBE Emergency Registry in late 2021, DGS continues to support the inclusion of SBs and DVBEs in emergency contracts. DGS promotes the registry to SBs and DVBEs throughout the state with educational outreach events, communications and social media engagement. DGS saw the number of SBs and DVBEs in the Emergency Registry increase to 931 and the number of state buyers to 343 at the end of 2023-24.

OSDS partnered with the newly established PD Office of Statewide Emergency Resource Support (SERS) to create a program to engage with the vendor community, including SBs and DVBEs. This program is called Vendor Engagement & Emergency Procurement Outreach (VEEPO), and staff actively participate in outreach events to educate about the critical role SBs/DVBEs can serve in the state's emergency response and recovery framework. Since July 2024, OSDS and VEEPO attended two events and co-presented at an event focused on emergency and disaster contracting opportunities with DGS partner Orange County Inland Empire Small Business Development Center Network and DRC Pacific, which holds the contracts for disaster response with FEMA, City of Temecula, County of Orange, and San Bernardino. SERS supports the operational needs of the California Governor's Office of Emergency Services (Cal OES) during governor-proclaimed states of emergency.

### B. Ongoing direct assistance to SBs/DVBEs seeking to do business with the state

In summary, DGS engaged in the following certification, outreach, training and procurement efforts during fiscal year 2023-24:

- **Increased the average gross annual receipts (GARs) for the SB, Micro and SB for the purpose of Public Works (SB-PW) certifications** after conducting an escalation analysis based on changes in the California Consumer Price Index (CCPI) per Government Code Section 14837.
- **Implemented a certification pilot program to address a months-long backlog of SB and DVBE applications pending review.** This program allowed for most applications that need manual review to be approved automatically, then manually reviewed at a later date. As a result, businesses became certified quicker and, in some cases, were enabled to access opportunities and participate on state contracts sooner.
- **Participated in 258 outreach events and held 523 one-on-one appointments with certified SBs/DVBEs and interested applicants.** Events were held in collaboration with 85 organizations to educate approximately 22,000 small, diverse and disabled veteran-owned

businesses about the state certification programs and procurement process. The number of one-on-one appointments is over twice the number of appointments held in the previous fiscal year.

- **Hosted 19 hands-on certification workshops** that aimed to educate businesses about the certification process and gave those attendees an opportunity to certify as either an SB, DVBE or SB-PW at the workshop.
- **Developed three new strategic partnerships** with the Asian Business Association of Orange County, National Association of Women Business Owners of California, and San Francisco African American Chamber of Commerce and continued to maintain the 29 existing strategic partnerships with diverse organizations that support and help DGS to fulfill the SB/DVBE program mission.
- **Added one new certification reciprocity partner**, the city of Fontana, which will accept the state's SB and DVBE certifications in their procurement. There are now 47 reciprocity partners in total.
- **Facilitated the DGS Small Business Advisory Council's quarterly meetings.** The Small Business Advisory Council assists DGS with the development of solutions to the state's procurement and contracting concerns.
- **Leveraged economic impact through collaboration with other state advisory councils and work groups**, including the California Department of Transportation (Caltrans) SB Council, California High Speed Rail Authority SB Council, California Department of Veterans Affairs DVBE Council, University of California Small and Diverse Advisory Business Council, Statewide Coalition on Diversity Initiatives, Health in all Policies Task Force, Entrepreneurship and Economic Mobility Task Force, and the Minority-Owned Small Business Task Force.
- **Established and hosted the inaugural Statewide Supplier Diversity Symposium.** DGS' Statewide Supplier Diversity Program, in collaboration with the California Statewide Coalition on Diversity Initiatives, hosted this annual event to enhance the economic impact of California's small and diverse businesses. The symposium broadened access to business resources and procurement opportunities through collaboration, and featured insights on contracting with state and federal governments, the utilities sector and insurance and health care industries.
- **Conducted an SB/DVBE Program Economic Impact Study and published [key findings](#).** This study aimed to determine why it is important for the state to make concerted efforts to contract with and meet the SB and DVBE participation goals in contracting and procurement activities. From this study, it was found that for every \$100 spent by the state there is a \$196 output into the state and local economy, and that 68% of every dollar spent with a small business stays in the state versus only 48% of every dollar spent with large non-certified businesses.
- **Increased awareness of the SB/DVBE programs and resources available to suppliers** using social media, webinars and participation in focused outreach. The OSDS LinkedIn page regularly promotes all outreach and SSDP efforts, directly connects with business communities, and disseminates contract opportunities. At the end of 2023-24, the platform had over 1,300 followers.

- **Conducted extensive training efforts and developed resources including:**
  - Ongoing SB/DVBE online training classes available at the [SB and DVBE Training](#) webpage. In 2023-24, 904 SBs/DVBEs registered for the following classes and over 500 were in attendance:
    - Solving the Marketing to the State Mystery Part 1
    - Solving the Marketing to the State Mystery Part 2
    - The ABC's of Environmentally Preferred Purchasing
    - Understanding State SB/DVBE Commercially Useful Function
  - The “[Contracting with California State Government](#)” workshop introducing certified small businesses to the basics of state contracting and how the state buys.
  - [Spanish translations of SB/DVBE certification and training resources](#) to provide access for a wider range of diverse California businesses.
  - Introduced the [InFocus Legislative Impacts Summary](#), a resource for businesses and state departments regarding implementation of Assembly Bill (AB) 2019 (Petrie-Norris, Ch. 730, Stats. 2022), AB 1574 (Committee on Jobs, Economic Development, and the Economy, Ch. 756, Stats. 2021) and AB 2974 (Committee on Jobs, Economic Development, and the Economy, Ch. 600, Stats. 2022) impacting SBs/DVBEs.
  - [Online Resources QR Code](#) Flyer, [Reciprocity Partner](#) Flyer and [Resources for State Contracting Success](#) Flyer.
- **Leveraged CalSAT (California SB/DVBE Atlas Tool), a visual interactive tool that overlays certified SBs' and DVBEs' Geographic Information System (GIS) locations and procurement information.** Over 25% of California communities are disadvantaged, and 26.11% of all certified SBs/DVBEs are in these disadvantaged communities. Of the 122 in-person outreach events conducted in 2023-24, 59 (or 48.36%) took place in disadvantaged communities. For more information visit [SB/DVBE Atlas Tool \(CalSAT\)](#).
- **Featured links to online directories of businesses certified** by state agencies with industrial classification codes on the DGS homepage in accordance with AB 258 (Reyes, Ch. 423, Stats. 2023).

### **C. Continuous support for state departments with SB/DVBE participation**

DGS engaged in the following efforts to support state departments with successfully meeting and exceeding their SB and DVBE participation goals during the 2023-24 fiscal year:

- **Continued providing tools and best practices** to support the inclusion of SBs/Micros and DVBEs in state procurement including emergency contracts, as well as assistance with identifying SB/DVBE subcontracting opportunities and guidance on implementing departmental SB/DVBE First Policies to streamline procurement processes for buyers.
- **Developed a certified vendor opportunity dashboard** that can be used to aid departments in locating and identifying potential certified SB/DVBE vendors based on UNSPSCs (United Nations Standard Products and Services Code), especially helpful for specialized work that historically has not been awarded to certified vendors.

- **Issued policy guidance on implementing** AB 2974 through [DGS Management Memo 24-02](#) – SUBJECT: Small Business Participation on contracts wholly or partly funded by the 2023 Federal Infrastructure Investment and Jobs Act (IIJA) informing state agencies about the new requirements of SB participation in IIJA-funded contracts beginning January 1, 2023.
- **Developed a State Procurement Supplier Diversity Dashboard of voluntary diversity data from state suppliers, including SBs and DVBEs**, to help develop new strategies to ensure California's supplier base is reflective of our diverse state. At the end of 2023-24, 11,500 businesses voluntarily provided their diversity information, of which nearly 7,000 were certified SBs/DVBEs.
- **Conducted trainings to aid state departments with reporting requirements**, including two DVBE Subcontracting Report and four Consolidated Annual Report training sessions, reaching a total of 470 attendees.
- **Held quarterly advocate meetings to aid state departments' advocates** by sharing SB/DVBE contracting best practices and serving as a training and informational forum for the advocates in attendance. DGS partnered with the California Department of Veterans Affairs (CalVet) to support state department advocates in their efforts to find additional opportunities for SB/DVBE businesses to become successful in state contracting.
- **Conducted a second AB 2019/1574 implementation survey** to collect information from state departments and agencies regarding their level of success in implementing policies stemming from AB 2019 and AB 1574. This survey was administered to 153 state departments/agencies and received 71 responses. Based on the survey responses, nearly half of the respondents did not attend any SB- or DVBE-related outreach events since July 2023, reasonably correlating with low SB and DVBE participation percentages. The survey also provided more insight on what type of assistance the departments were interested in receiving from OSDS to effectively implement AB 2019 and AB 1574.
- **Continued to utilize the four-tiered approach in the 2023-24 fiscal year to assist underperforming departments:**
  - Delivered executive-level letters to four departments and agencies that were missing both SB and DVBE participation goals by substantial margins or displayed patterns of missing goals.
  - Met with 22 departments that did not meet their 2022-23 SB and/or DVBE participation goals to gain a better understanding of procurement obstacles, as well as recommend potential solutions, best practices and resources to assist with goal attainment.
  - Sent two deficiency letters under the DGS Purchasing Authority to departments that did not meet their SB or DVBE participation goals and did not submit Improvement Plans as required by law.
  - Invited all mandatory and voluntary reporting departments that did not meet the SB and/or DVBE participation goals to the yearly SB/DVBE Contracting Best Practices webinar. The Best Practices webinar was attended by 122 agencies, boards, commissions and departments.

- **Assisted 22 underperforming departments** in identifying department-specific needs and barriers to meeting participation goals. The OSDS Advocacy Support Program continues to assess, recommend and enhance its strategies to address these needs and monitor the progress of departments' SB/DVBE participation.
- **Required and assisted departments that do not meet mandated minimum participation goals to complete Improvement Plans**, setting strategies to improve their performance and describing the challenges and barriers they face in meeting participation goals. Improvement plans are submitted via an online portal to streamline the process for departments and OSDS.

Table 4 provides a list of seven of the 22 departments OSDS assisted that showed the greatest level of improvement to their SB/Micro and/or DVBE participation in the 2023-24 fiscal year.

**Table 4. Departments with the Most Improved SB/DVBE Participation from 2022-23 to 2023-24**

Department	2022-23 SB/Micro	2022-23 DVBE	2023-24 SB/Micro	2023-24 DVBE
Human Resources, Dept. of	13.38%	1.54%	<b>29.50%</b>	<b>8.92%</b>
CA Public Utilities Commission	16.29%	<b>16.32%</b>	<b>29.73%</b>	<b>6.79%</b>
Tax and Fee Administration, Dept. of	18.19%	<b>8.09%</b>	21.66%	<b>9.78%</b>
CA Conservation Corps	23.28%	1.94%	<b>43.55%</b>	<b>3.12%</b>
State Coastal Conservancy	1.30%	0.58%	18.40%	1.81%
Consumer Affairs, Dept. of	5.34%	1.47%	<b>28.37%</b>	<b>5.17%</b>
Office of Emergency Services	15.40%	2.61%	20.25%	<b>4.23%</b>

*Percentages in bold, green color indicate the SB and/or DVBE participation goal was met.*

## D. Looking Ahead

DGS will continue with its SB/DVBE certification, education, outreach and advocacy efforts to expand the pool of SBs/DVBEs doing business with the state, and will increase diversity and inclusion in state procurement, including but not limited to the following:

- **Track outreach efforts from contact to contract to evaluate program effectiveness.** An outreach tracking tool is being implemented by OSDS to collect longitudinal metrics on certified businesses—from initial contact to outreach events attended, to SB/DVBE certification, bid submission, and contract award.
- **Conduct a Statewide Contracting and Procurement Disparity Study, a DGS strategic goal, by December 31, 2025**, as required by AB 2019. The study will analyze the contracting practices of the state of California and determine if all businesses—including minority-owned, woman-owned, small, and veteran-owned businesses—have equal access to state contracting opportunities, and will guide outreach strategies, program development, and improvements to contracting policies.
- **Expand support for emergency procurements.** Future OSDS collaborations with VEEPO include creating additional graphics and marketing materials, email campaigns to SBs/DVBEs on products and services needed for disasters, and enhancements to the



SB/DVBE Emergency Registry database to pinpoint much-needed VEEPO vendor categories.

- **Develop a SB/DVBE Certification Virtual Assistant** to aid in quickly responding to businesses with common questions during the certification process.
- **Identify remedial actions for departments that do not meet their participation goals.** Per AB 2019 requirements, DGS will track departments' performance to apply appropriate remedial actions including (but not limited to) removal of purchasing authority to departments that do not meet their SB or DVBE participation goals for three out of five fiscal years, starting with fiscal year 2022-23.
- **Launch the OSDS SB/DVBE cohort-based training, a DGS strategic goal.** The cohort will consist of eight training modules that intend to equip SBs/DVBEs with vital skills in procurement methods, bidding strategies, state resources and more, enabling them to gain a competitive edge to successfully bid and increase state contract readiness.

### III: SB/Micro Participation: The State Exceeded the SB Participation Goal

#### A. SB/Micro Department Participation Data

In 2023-24, the state awarded a total of \$13.35 billion, of which \$3.55 billion went to SBs/Micros, resulting in the state exceeding the 25% SB participation goal, reaching 26.58%.

Table 5 shows total awards and SB participation by mandatory and voluntary departments. In 2023-24, the total awarded state dollars by mandatory departments decreased by \$2.97 billion (or 15.47%) and the SB participation decreased in terms of total dollars by \$605 million (or 14.59%) when compared to 2022-23.

**Table 5. SB/Micro Contracts by Department Type (state dollars in millions)\***

Departments	Contract Dollars	SB/Micro Dollars	SB/Micro Percent	SB/Micro Contracts
Mandatory (state)	\$13,348.9	\$3,548.6	26.58%	79,279
Voluntary	\$2,694.9	\$339.5	12.88%	6,546
<b>Total</b>	<b>\$16,043.8</b>	<b>\$3,888.1</b>	<b>24.23%</b>	<b>85,825</b>

\* Rounding may cause the totals in this table to vary slightly from the actual totals.

Figure 1 below shows three-year total contract awards, SB participation and emergency dollars for mandatory departments. In 2023-24, the emergency dollars reached \$874.9 million, \$1.4 billion less than last year's \$2.28 billion. The dollar amount awarded to SBs/Micros fell slightly short of the three-year average of \$3.67 billion in 2023-24.

**Figure 1. Three-Year Emergency Dollars and SB/Micro Participation for Mandatory Departments in Total Awarded Dollars (in billions)**

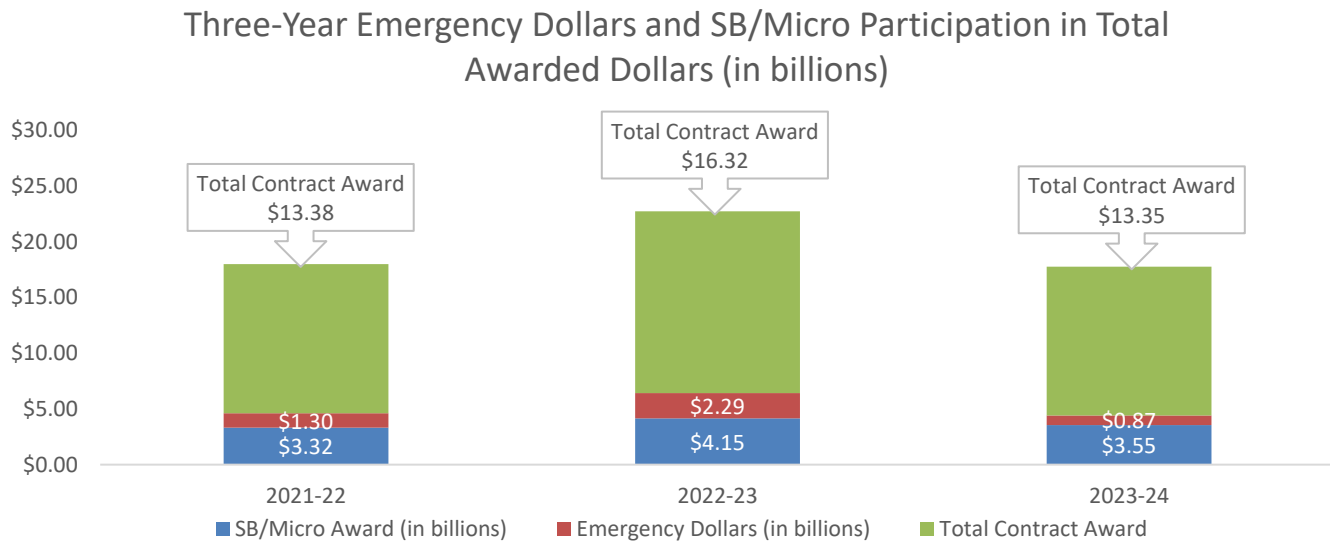


Table 6 below shows the top five departments by awarded state dollars, as reported. The state's five top-awarding departments cumulatively awarded \$7.71 billion (or 57.77%) of the total \$13.35 billion awarded by the state. One of the top five mandatory departments—Transportation (Caltrans)—met the SB/Micro participation goal, while the Departments of Corrections and Rehabilitation (CDCR), State Hospitals (DSH), Water Resources (DWR), and Forestry and Fire Protection (CAL FIRE) did not meet the goal.

**Table 6. 2023-24 SB/Micro Participation of Top Five Total Spending Mandatory Departments**

Department	Contract Dollars	SB/Micro Dollars	SB/Micro %
Transportation, Department of	\$2,535,575,500	\$900,041,398	<b>35.50%</b>
Corrections and Rehabilitation, Department of	\$2,036,649,839	\$447,327,241	21.96%
State Hospitals, Department of	\$1,265,780,585	\$243,795,857	19.26%
Water Resources, Department of	\$1,045,246,721	\$124,377,838	11.90%
Forestry and Fire Protection, Department of	\$827,971,414	\$138,211,929	16.69%
<b>Total</b>	<b>\$7,711,224,061</b>	<b>\$1,853,754,263</b>	

Percentages in bold, green color indicate that the SB participation goal was met or exceeded.

The COVID-19 pandemic's impact on state procurements decreased during 2023-24. Instead, specialized equipment, resources, skills, and knowledge for departments' unique programs and maintenance of those programs had a more significant impact on the types of procurements the state awarded during 2023-24 as described in the department's improvement plans, and highlighted below:

- CDCR – “Male Community Reentry Programs (MCRP) six contracts for \$352,137,514.12 ... These services have specialized requirements and the changes with AB 135 pose a significant challenge to find SBs/MBs to award these critical contracts to. These six contracts totaled \$352,137,514.12, which significantly impacts CDCR’s ability to meet SB/Micro/DVBE percentages; without it, CDCR’s SB/Micro participation rate would improve by 4.59%” – from CDCR’s 2023-24 Improvement Plan.
- DSH – “DSH has millions of dollars tied to contracts for Temporary/Relief Healthcare Staffing Services and pharmaceuticals. The department faces many challenges with recruitment in rural areas.” – from DSH’s 2023-24 Improvement Plan.
- DWR – “... DWR’s Division of Operations and Maintenance manages the State Water Project (SWP) facilities, which have equipment that is 50 years old and built specifically for the SWP. The Original Equipment Manufacturers (OEM) of a majority of the SWP equipment own the rights to the blueprints, design and information of the equipment ... Other than the OEM vendors who are required to work on the equipment, there are a limited number of firms that have the specialized engineering or scientific knowledge and skills (including certified vendors) that are located near our facilities or can travel throughout the state on an as-needed basis ...” – from DWR’s 2023-24 Improvement Plan.
- CAL FIRE – “The contracts with the highest numbers are not available as certified SB, Micro, or DVBE as they are companies for Aircraft Pilots and Mechanics, Exclusive Use Aircraft Services, Fireworks Disposal Service, and Fire Station Remodel.” – from CAL FIRE’s 2023-24 Improvement Plan.

## **B. SB/Micro Contracting Dollars by Contracting Activity**

Information on the distribution of total awards and SB/Micro dollars by contracting activity is instrumental in understanding where the state can focus its efforts to help meet the overall 25% SB participation goal.

Table 7 below lists dollars awarded in 2023-24 in total, and to SBs/Micros, by contracting activity, summarized as follows:

- Non-IT Services (non-Construction) accounted for the top dollars awarded with \$7.25 billion, 22.04% lower than the prior year’s \$9.3 billion, and reached 21.97% in SB participation.
- IT Goods & Services had the second-highest dollars awarded at \$2.66 billion, 1.48% lower than the prior year’s \$2.7 billion, and reached 28.96% in SB participation.
- Non-IT Goods followed with \$1.6 billion awarded, 20% lower than the prior year’s \$2 billion, and reached 33.07% in SB participation.
- Construction followed as the fourth highest with \$1.75 billion awarded, 20.45% lower than the prior year’s \$2.2 billion, and reached 36.31% in SB participation—the highest participation percentage of the contracting activities.
- Procurements paid with a state-issued CAL-Card (typically smaller dollar amount procurements available to be awarded directly to SBs/Micros) totaled \$76.8 million, of which \$17.3 million went to SBs—lower than in 2022-23, reaching 22.56% SB participation.

Compared to 2022-23, in 2023-24 the total SB/Micro awarded dollars decreased in all contracting activities except in IT Goods & Services where there was an increase by \$40.24 million (or 5.51%). SB/Micro dollars decreased the most in procurements paid with CAL-Card by \$10.87 million (or 38.56%), followed by Non-IT Services with a \$456.16 million decrease (or 22.25%). Non-IT Goods experienced a \$113.73 million (or 17.67%) decrease and Construction contracts experienced a \$63.55 million (or 9.08%) decrease in SB/Micro dollars.

**Table 7. Awards and SB Participation by Contracting Activity (dollars in millions)\***

Contracting Activity	Total Contract Dollars	Percent of Total Contract Dollars	SB/Micro Dollars	SB/Micro Percent
Services (Non-IT)	\$7,254.4	54.34%	\$1,718.3	21.97%
IT (Goods & Services)	\$2,662.4	19.95%	\$800.9	28.96%
Goods (Non-IT)	\$1,603	12.01%	\$568.9	33.07%
Construction	\$1,752.3	13.13%	\$763.9	36.31%
CAL-Card Data	\$76.8	0.58%	\$35.9	22.56%
<b>Total</b>	<b>\$13,348.9</b>	<b>100.00%</b>	<b>\$3,548.6</b>	<b>26.58%</b>

\* Rounding may cause the totals in this table to vary slightly from the actual totals.

### C. SB/Micro Firms by Certification Type, Industry and Number of Employees

At the end of 2023-24, the number of all certified SB firms was 18,090—a decrease of 97 firms (or 0.53%) from the previous year, when the number of certified SB firms was 18,187.

The SB certification is granted to businesses that meet several eligibility requirements, such as having gross annual receipts (GARs) of \$18 million or less over the last three tax years and an employee count of 100 or fewer. Micro is a designation granted automatically to certified SBs with GARs of \$6 million or less and an employee count of 25 or fewer. While not mandatory, certified SBs and Micros can choose to apply for the additional certification of SB-PW. To be eligible for the SB-PW certification a firm must meet other certification requirements, which include having an average of \$43 million or less in GARs over the last three tax years and an employee count of 200 or fewer. If firms graduate from the SB certification and their GARs exceed the \$18 million threshold, but their GARs are at or less than the \$43 million average, then they can apply for SB-PW certification to participate on public works contracts only. SB-PW is not considered (and cannot be credited toward) SB participation on non-public works contracts. SBs and Micros are not required to be certified as SB-PWs to compete for public works contracts.

Table 8 below provides a breakdown by certification type of all SBs and SB-PWs. SBs with the Micro designation are labeled as “SB (Micro),” and those without are labeled as “SB.”

**Table 8. SB Firms by Certification Type and Micro Designation**

Certification Type	Certified Firm Count	Percent of Total
SB	1,783	9.86%
SB (Micro)	10,892	60.21%
SB (Micro), SB-PW	2,952	16.32%

SB, SB-PW	404	2.23%
SB, DVBE	107	0.59%
SB (Micro), DVBE	1008	5.57%
SB (Micro), SB-PW, DVBE	291	1.61%
SB, SB-PW, DVBE	27	0.15%
SB-PW, DVBE	29	0.16%
SB-PW	597	3.30%
<b>Total</b>	<b>18,090</b>	<b>100.00%</b>

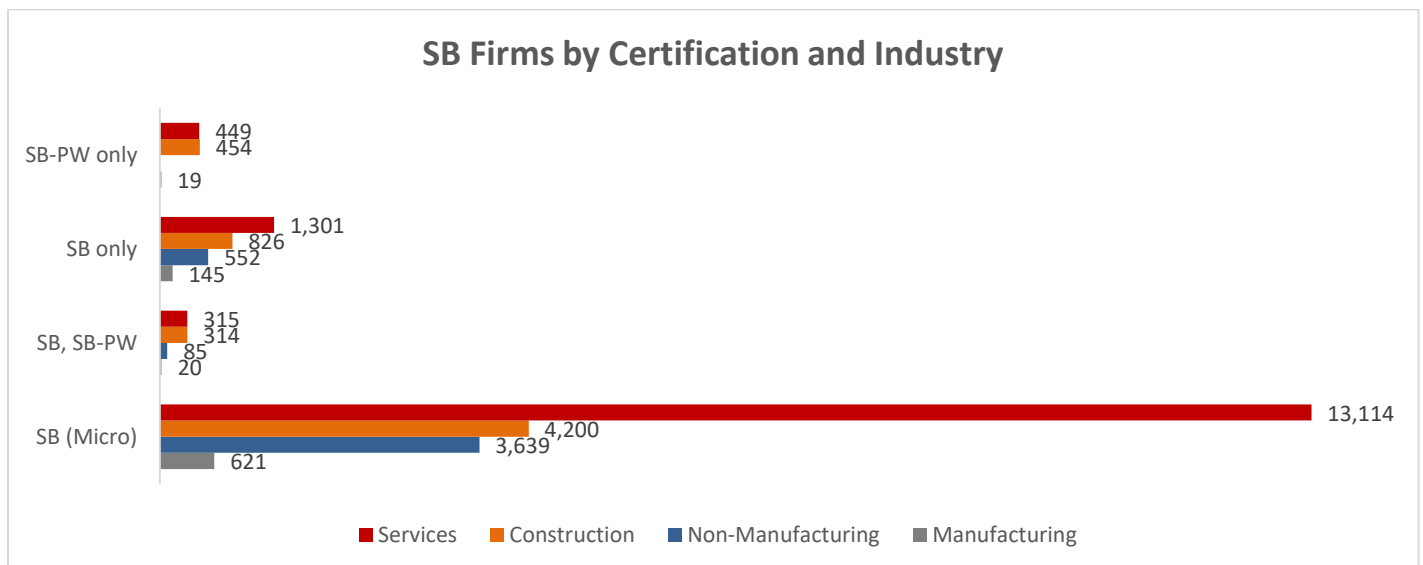
Source: FI\$Cal Master Query for June 2024

In 2023-24, the total number of SB (Micro) (including those with multiple certifications) was 15,143, representing 83.71% of all 18,090 SB firms. Of all the Micros, 10,892 (or 71.93%) had no other certifications, while 1,299 (or 8.58%) had the DVBE certification, and 3,243 (or 21.42%) also had the SB-PW certification.

The SB-PW certification reached 4,300 in 2023-24, up from 3,850 in 2022-23. Of these firms, 597 (or 13.88%) were exclusively SB-PWs, while 3,703 (or 86.12%) had multiple certifications. Additionally, 3,243 (or 75.42%) of SB-PWs also had the Micro designation.

Figure 2 below shows firms by certification and industry, as captured in DGS' SB/DVBE certification database.

**Figure 2. SB by Certification and Industry**



Source: FI\$Cal Master Query for June 2024

Services represent the most prevalent industry for most SB certifications, especially for the SB (Micro) with 13,114 firms, followed by SB only with 1,301. Construction and non-manufacturing are also significant for the Micro designation, with 4,200 and 3,639 firms, respectively, in the two industries. As is expected for vendors whose only certification is SB-PW, Construction is the most common industry type, with 454 SB-PW firms in this industry.





experienced a slight decline.

**Table 10. SB/Micro and SB-PW Firm Count Prime Contractors and Subcontractors**

Certification Type	2023-24 Prime	2023-24 Sub	2022-23 Prime	2022-23 Sub
SB Only	637	101	652	77
SB/Micro	2,604	345	2,887	224
SB-PW Only	89	21	78	9
SB-PW/Micro	368	1	374	34
<b>FI\$Cal Departments</b>	<b>3,698</b>	<b>468</b>	<b>3,991</b>	<b>344</b>

Source: 2023-24 CAR Data Validation Query

In addition, departments that do not transact in FI\$Cal (non-FI\$Cal) reported 2,449 contracts were awarded to SB prime contractors, and 399 subcontracts to SB subcontractors. Because these non-FI\$Cal departments submit their reports online and not via FI\$Cal, their reports may include SB duplicates (i.e., the same SB being awarded contracts by more than one department). As such, a total count of unique SBs doing business with the state in 2023-24 cannot be calculated.

With the passage of AB 1574, effective on January 1, 2022, departments are required to make continuous efforts to expand the pool of SBs and Microbusinesses that bid and participate in state contracts by regularly seeking out and identifying SBs, Micros and DVBEs that have not done business with the state regularly or at all and including them in solicitations, in addition to the existing SB/DVBE bidders and contractors.

For data tables, see [Exhibit A](#).

## IV: DVBE Participation: The State Exceeded the DVBE Participation Goal

### A. DVBE Participation Data

In 2023-24, the state awarded a total of \$13.35 billion, \$2.97 billion (or 15.47%) less than 2022-23, of which \$625.8 million went to DVBEs. This resulted in the state exceeding the 3% DVBE participation goal and reaching 4.69%. This is \$252.2 million (or 28.7%) less than what was awarded to DVBEs in 2022-23, and the participation is lower than the 5.38% participation from last fiscal year. The number of DVBE contracts awarded in 2023-24 was 20,071, which was 8,211 contracts fewer than in 2022-23.

Table 10 below shows the total awarded cumulatively by the mandatory and voluntary departments at \$16.04 billion, with 4.69% DVBE participation for mandatory and 4.36% for voluntary departments.

**Table 11. DVBE Contracts by Reporting Department Type (dollars in millions)\***

Departments	Total Contract Dollars	DVBE Dollars	DVBE %	DVBE Contracts
Mandatory (state)	\$13,348.9	\$625.8	4.69%	20,071
Voluntary	\$2,694.9	\$117.4	4.36%	767
<b>Total</b>	<b>\$16,043.8</b>	<b>\$743.2</b>	<b>4.63%</b>	<b>20,838</b>

\* Rounding may cause totals in this table to vary slightly from the actual totals.

As shown in Table 11 below, all top five departments (by state contract dollars) awarded \$7.71 billion in total representing 57.77% of the total awards, with three exceeding their DVBE goal.

**Table 12. 2023-24 DVBE Participation for Top Five Total Spending Mandatory Departments**

Department	Contract Dollars	DVBE Dollars	DVBE %
Transportation, Department of	\$2,535,575,500	\$76,938,781	<b>3.03%</b>
Corrections and Rehabilitation, Department of	\$2,036,649,839	\$130,017,735	<b>6.38%</b>
State Hospitals, Department of	\$1,265,780,585	\$29,455,952	2.33%
Water Resources, Department of	\$1,045,246,721	\$23,553,449	2.25%
Forestry and Fire Protection, Department of	\$827,971,414	\$26,158,386	<b>3.16%</b>
<b>Total</b>	<b>\$7,711,224,061</b>	<b>\$286,124,303</b>	

Percentages in bold, green color indicate that the DVBE participation goal was met or exceeded.

Similar to the SB/Micro participation goals, specialized equipment, resources, skills and knowledge for departments' unique programs and maintenance of those programs had a significant impact on departments achieving their DVBE participation goals in 2023-24. To read more about the specific challenges DSH and DWR faced, refer to what each department cited in their respective [2023-24 Improvement Plans](#).

## B. DVBE Contracting Dollars by Activity

Table 12 below lists the dollars awarded in 2023-24 to DVBEs by contracting activity, summarized as follows:

- Non-IT Services (non-Construction) accounted for the top dollars awarded at \$7.25 billion, 22.04% lower than the prior year's \$9 billion, and reached 1.39% in DVBE participation.
- IT Goods & Services had the second-highest dollars awarded at \$2.66 billion, 1.48% lower than the prior year's \$2.7 billion, and reached 7.70% in DVBE participation.
- Non-IT Goods contracts awarded \$1.6 billion, 20% lower than the prior year's \$2 billion, and reached 10.8% in DVBE participation.
- Construction awards decreased to \$1.75 billion, 20.45% lower than the prior year's \$2.2 billion and reached 8.04% in DVBE participation.
- Procurements paid with a CAL-Card totaled \$76.8 million, of which \$5.8 million went to DVBEs—significantly higher than in 2022-23—reaching 7.55% DVBE participation. These are typically smaller dollar amount procurements available to be awarded directly to DVBEs.

Compared to 2022-23, in 2023-24 DVBE dollars decreased in all contracting activities except in Construction contracts and the procurements paid with CAL-Card, with Non-IT Services experiencing the highest decrease by \$254.2 million (or 71.59%), followed by IT Goods & Services and Non-IT goods by \$23.41 million (or 11.92%) and \$2.3 million (or 1.11%) respectively. Construction contracts experienced a \$24.2 million (or 20.78%) increase in DVBE dollars while DVBE dollars paid with CAL-Card increased by around \$4 million (or

220.65%).

**Table 13. DVBE Contract Dollars from Mandatory Departments by Activity (dollars in millions)\***

Contracting Activity	Total Contract Dollars	Percent of Total Contract Dollars	DVBE Dollars	DVBE Goal Percent
Services (Non-IT)	\$7,254.4	54.34%	\$101	1.39%
IT (Goods & Services)	\$2,662.4	19.95%	\$205.1	<b>7.70%</b>
Goods (Non-IT)	\$1,603	12.01%	\$173.1	<b>10.80%</b>
Construction	\$1,725.3	13.13%	\$140.9	<b>8.04%</b>
CAL-Card Data	\$76.8	0.58%	\$5.8	<b>7.55%</b>
<b>Total</b>	<b>\$13,348.9</b>	<b>100.00%</b>	<b>\$625.8</b>	<b>4.69%</b>

Percentages in bold, green color indicate that the DVBE participation goal was met or exceeded.

\* Rounding may cause totals in this table to vary slightly from the actual totals.

### C. DVBE Firms by Certification Type, Industry and Number of Employees

At the end of the 2023-24 fiscal year, there were 1,774 certified DVBE firms (Table 13), 51 (or 2.79%) fewer than the 1,825 firms in the previous fiscal year. Of the firms with DVBE certifications, 312 (or 17.59%) were certified as DVBE-only, while 1,462 (or 82.41%) had multiple certifications. Additionally, 1,299 (or 73.22%) of the certified DVBEs also had the SB (Micro) designation.

**Table 14. DVBE Firms by Certification Type**

Certification Type	Firm Count	Percent of Total
DVBE only	312	17.59%
DVBE, SB	107	6.03%
DVBE, SB (Micro)	1,008	56.82%
DVBE, SB-PW	29	1.63%
DVBE, SB, SB-PW	27	1.52%
DVBE, SB (Micro), SB-PW	291	16.40%
<b>Total</b>	<b>1,774</b>	<b>100.00%</b>

Source: FI\$Cal Master Query for June 2024

Figure 4 below shows the DVBE firms by industry. The number of DVBEs is not equal to the total number of firms in each industry due to DVBEs being active in more than one industry.

### DVBE Firms by Certification and Industry

Certification	Services	Construction	Non-Manufacturing	Manufacturing
DVBE, SB-PW	28	15	10	0
DVBE only	277	90	75	8
DVBE, SB	86	48	44	4
DVBE, SB(Micro)	890	219	297	25
DVBE, SB, SB-PW	24	14	10	0

The Service industry category was the most common for DVBEs, with 1,305 firms (or 60.3%). Non-Manufacturer and Construction industry categories followed the Service industry with 436 firms (or 20.15%) and 386 firms (or 17.84%), respectively.

### Figure 5. DVBE Keyword Cloud Map



In the word cloud map, the keywords for the service industry categories most frequently used by DVBEs are identified. The size and scale of the word is determined by how often



the keyword is used in DVBE certification profiles. The primary service keyword for DVBEs is Management, Construction, Services, Water, Consulting, and Equipment.

## D. The Number of DVBEs Doing Business with the State

Table 15 shows the total number of unique DVBE by certification type, doing business as prime contractors or subcontractors with state departments that transact in FI\$Cal.

**Table 15. DVBE Firm Count as Prime Contractors and Subcontractors**

Certification Type	2023-24 Prime	2023-24 Sub	2022-23 Prime	2022-23 Sub
DVBE-SB	345	194	50	42
DVBE	24	26	37	35
<b>FI\$Cal Departments</b>	<b>369</b>	<b>220</b>	<b>87</b>	<b>77</b>

Source: 2022-23 and 2023-24 CAR Data Validation Query

In addition, departments that do not transact in FI\$Cal (non-FI\$Cal) reported 293 contracts awarded to DVBE prime contractors and 191 subcontracts to DVBE subcontractors. Because these non-FI\$Cal departments submit their reports online and not via FI\$Cal, their reports may include DVBE duplicates (i.e., the same DVBE being awarded contracts by more than one department). As such, a total count of unique DVBEs doing business with the mandatory departments in 2023-24 cannot be calculated.

With the approval and implementation of AB 1574, departments should make continuous efforts to expand the pool of SBs/DVBEs that bid and participate in state contracts by regularly seeking out and identifying SBs/DVBEs that have not done business with the state and including them in solicitations, in addition to the existing SB/DVBE bidders and contractors.

For data tables, see [Exhibit B](#).

## V: Consulting Services Contracting Activity

PCC Section 10111, subdivision (a) requires all consulting services contracts that are awarded, amended, or completed during a fiscal year to be reported. Consulting services contracts are services of an advisory nature, and the end product is the transmittal of information in either written or verbal form (Public Contract Code Section 10335.5). Table 14 below shows the reported consulting services activity for 2023-24 for mandatory reporting departments.

**Table 16. Consulting Services Contracts Reported in 2023-24 (dollars in millions)\***

Contract Status	Number of Contracts	Percent of Number of Contracts	Dollar Amount
Awarded	1,187	43.74%	\$1,232.6
Amended	451	16.62%	\$741.6

Completed <sup>1</sup>	1,076	39.65%	\$1,937.3
<b>Total</b>	<b>2,714</b>	<b>100.00%</b>	<b>\$3,911.5</b>

\*Rounding may cause totals in this table to vary slightly from the actual totals.

The changes in mandatory departments' 2023-24 consulting services contracting activities when compared to 2022-23 include:

- Departments awarded and amended a total of 1,638 consulting services contracts, up 141 from 2022-23. The awarded and amended contract dollars were at \$1.97 billion, lower than the prior year's \$2.9 billion, with the greatest decrease experienced by the Department of Health Care Services at \$924.8 million, 54.34% less than last year's \$1.7 billion.
- Departments completed 1,076 consulting services contracts this year with a value of \$1.9 billion, higher than the 943 completed contracts in 2022-23, with a value of \$1.2 billion.

Of all mandatory reporting departments, 34% did not report consulting services activities for 2023-24, less than in 2022-23 when 38% had no contracting activities to report.

For consulting services contract data table, see [Exhibit C](#).

## VI: Promoting State Contracting with SB/DVBE: the SB Option, the DVBE Option, and the DVBE Incentive

To further encourage the use of SBs/Micros and DVBEs for state contracts, departments may use the SB Option or the DVBE Option acquisition method. These methods are statutorily permitted by Government Code Sections 14838.5 and 14838.7, and, although encouraged, do not require advertisement nor do they adhere to the state's formal competitive bidding requirements. When using the SB Option and the DVBE Option acquisition methods, contracts may be awarded for goods, services, or IT goods and services valued from \$5,000.01 to \$249,999.99 or for public works contracts valued from \$5,000.01 to \$461,000 so long as price quotes are received from two or more certified SB or DVBE firms.

State law also requires awarding departments to apply a DVBE Incentive on all competitive procurements to give an advantage to DVBE firms, unless an exemption is approved by the highest-ranking procurement official or designee. For evaluation purposes only, the state shall apply an incentive to bids that commit to DVBE participation, as identified on the Bidder Declaration. The incentive amount for awards based on low price will vary in conjunction with the percentage of DVBE participation.

Table 15 below shows the reported usage of the SB Option, DVBE Option and the DVBE Incentive for 2023-24.

**Table 17. SB/DVBE Option and DVBE Incentive Contracts for Mandatory Departments**

Acquisition Method	Total Dollars (in millions)	Number of Contracts
SB Option	\$405.1	7,041
DVBE Option	\$58.9	1,498
DVBE Incentive	\$488.7	8,856

<sup>1</sup> Completed consulting services contracts may be awarded and/or amended in previous fiscal years.

Highlights of the SB/DVBE Option and the DVBE Incentive during 2023-24 include:

- Of the 150 mandatory reporting departments, 109 used the SB Option, and 66 used the DVBE Option. This was a small decrease from the 112 departments using the SB Option and 78 using the DVBE Option in 2022-23.
- SB Option dollars decreased slightly by about 0.77% to \$405.1 million in 7,041 contracts, compared with \$408.2 million in 8,737 contracts in 2022-23.
- DVBE Option dollars increased by \$58.9 million (or 18.19%) from \$49.8 million in 2022-23, despite the number of contracts reducing to 1,498 from 1,638.
- State awards with DVBE Incentive dollars and contracts decreased to \$488.7 million and 8,856 contracts for this fiscal year compared to \$586.07 million and 9,275 contracts, respectively, in 2022-23.

DGS will continue to promote the SB First Policy to state departments and strongly encourage the use of SB and DVBE Options whenever feasible. Additionally, although these acquisition methods do not require advertisement, advertising can still be done on Cal eProcure. DGS will waive the SB and DVBE Option advertisement cost for departments that advertise SB and DVBE Option contracts.

For SB and DVBE Option data, see [Exhibit D](#).

## **VII: The Infrastructure Bond Acts of 2006 and Infrastructure Investment and Jobs Act of 2023**

Government Code Section 14838.1 requires reporting of all contracting activity using funds from the Infrastructure Bond Acts of 2006 (I-Bond) and mandates a 25% SB participation in the construction of the state's infrastructure using this bond program. State departments report the usage of I-Bond funds for the following bond acts:

- The Highway Safety, Traffic Reduction, Air Quality, and Port Security Act
- The Housing and Emergency Shelter Trust Fund Act
- The Kindergarten-University Public Education Facilities Bond Act
- The Disaster Preparedness and Flood Prevention Bond Act
- The Safe Drinking Water, Water Quality and Supply, Flood Control and Coastal Protection Bond Act

The number of departments using I-Bond funding has decreased over the past several fiscal years. Fiscal year 2013-14 was the last time more than 10 departments used the I-Bond funds. In 2022-23 and 2023-24, no departments reported the use of I-Bond funds.

Effective January 1, 2023, AB 2974 amended Government Code Section 14838.1(e) to require a 25% SB participation goal in all infrastructure contracts exceeding \$500,000 funded fully or partially by the federal IIJA. State departments are required to report the

usage of IIJA funds for the following federal infrastructure acts:

- The Surface Transportation Reauthorization Act
- The Surface Transportation Investment Act
- The Drinking Water and Wastewater Infrastructure Act
- Broadband
- The Build America, Buy America Act

In 2023-24, two departments reported contracts that used IIJA funds totaling \$257,708: DGS and the Department of Technology. In the case of both departments, there was no SB participation reported in the IIJA-funded contracts, as all the reported contracts did not meet the \$500,000 threshold that requires the SB participation.

This data is captured in [Exhibit E](#).

## **VIII: Ethnicity, Race, Gender, and Sexual Orientation**

Public Contract Code Section 10111(f) requires the level of participation of business enterprises by race, ethnicity and gender of the owner to be reported, along with whether the business is LGBTQ-owned. Awarding departments are required to send a Voluntary Statistical Data Sheet (VSDS) to every business owner awarded a contract, and business owners may choose whether to provide this identifying information voluntarily. The Ethnicity, Race, Gender, and Sexual Orientation (ERGSO) report is an accumulation of the voluntary VSDS forms returned to and reported by state departments.

ERGSO data is captured for contracts tied to construction; purchases of materials, supplies, or equipment; and professional services. The same contract may be reported in more than one ERGSO classification. For example, a business owner may indicate more than one race and ethnic classification for a contract.

Departments continued to report that many VSDS forms are not returned by business owners, with only 35 (or 23.33%) of mandatory and 16 (or 51.61%) of voluntary departments having data to report in 2023-24.

To facilitate better reporting of this information, DGS is currently working on leveraging the voluntarily provided supplier diversity data collection process while continuing to preserve the confidentiality of information. By automatically capturing this data for ERGSO purposes, state suppliers would only need to voluntarily provide this information once, and the departments would not have to manually enter the information, resulting in a more efficient and robust statewide ERGSO process and a likely increase in data for future reporting.

Below are data highlights as voluntarily reported by the business community:

- The Ethnicity classification contains the following categories: Asian-Indian, Black, Hispanic, Native American, Pacific-Asian and Other.
  - Respondents identifying as Hispanic reported the largest contract dollars awarded overall at \$51.2 million, of which 86.8% was in Services.

- Respondents selecting the Native American and Pacific-Asian classifications followed with \$25.5 million and \$16.1 million, respectively, 90.56% of which was awarded in Services.
- The Race classification contains the following categories: American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, White and Other.
  - Respondents identifying as White reported receiving the top dollars overall at \$76.9 million, of which \$46.9 million or 61.02% was in Services.
  - Respondents selecting the Other race classification followed with \$27.5 million, of which \$27.2 million or 98.85% was in Services.
  - Respondents identifying as American Indian or Alaska Native had the third-greatest overall reported dollars at \$24.8 million, of which 99.63%, or \$24.7 million, was in Services.
  - Respondents identifying as Asian reported \$9.9 million, of which 67.2% was in Services.
  - Respondents identifying as Black or African American reported \$1 million, of which 75.34% was in Services.
- The Gender classification contains the following categories: Male, Female and Transgender.
  - Respondents identifying as Female reported receiving a total of \$69.3 million, with \$64 million or 92.43% in Services.
  - Respondents identifying as Male reported receiving \$61.9 million overall, with \$32.2 million or 51.98% in Services and \$26.9 million or 43.49% in Construction.
  - Respondents identifying as Transgender reported \$128,307 overall, over twice what was reported in 2022-23, entirely in the Services category.
- The Sexual Orientation classification contains the following categories: Lesbian, Gay and Bisexual.
  - Respondents identifying as Gay reported receiving the most overall dollars in this classification at \$1,033,255, entirely within the Services category.
  - Those identifying as Bisexual reported \$527,659, and those identifying as Lesbian reported receiving \$110,870.

Due to the complexity of defining and reporting race and ethnicity (as some business owners identify with more than one race or ethnicity), as well as gender and sexual orientation, and the fact that just over 28% of all reporting departments had data to report in 2023-24, this report is not representative of all the business owners contracting with the state; therefore, caution is strongly advised when analyzing, interpreting or using the data in the 2023-24 ERGSO report.

For ERGSO data, see [Exhibit F](#).



## IX: Glossary of Terms

### Definitions

Consulting services	Services of an advisory nature where the final product is a transmittal of information either written or verbal.
Mandatory reporting departments	Departments that were granted purchasing authority by DGS or are under the California governor's authority. These departments are required to report SB/Micro and DVBE participation for each fiscal year.
State	Refers to only mandatory reporting departments.
Voluntary reporting departments	Departments that are not under DGS' purchasing authority or are not under the California governor's authority. These departments are not required to report SB and DVBE participation but may elect to do so voluntarily.

### Acronyms

CalVet	California Department of Veterans Affairs
CAR	Consolidated Annual Report
DGS	California Department of General Services
DVBE	Disabled Veteran Business Enterprise
ERGSO	Ethnicity, Race, Gender, and Sexual Orientation
FI\$Cal	Financial Information System for California
I-Bond	Infrastructure Bond Acts of 2006
IIJA	Infrastructure Investments and Jobs Act of 2023
Micro	Microbusiness
OSDS	Office of Small Business and Disabled Veteran Business Enterprise Services
PCC	Public Contract Code
SARA	State Agency Recognition Awards
SB	Small Business
SB-PW	Small Business for the purpose of Public Works
SSDP	Statewide Supplier Diversity Program
VSDS	Voluntary Statistical Data Sheet

## **X: Exhibits**

- [About – How to use the Consolidated Annual Report Dashboard](#)
- [Exhibit: Executive Summary - SB/DVBE participation by Agency](#)
- [Exhibit: Executive Summary - Emergency and Non-Emergency Spend](#)
- [Exhibit A: Small Business \(SB\) Participation](#)
- [Exhibit B: Disabled Veteran Business Enterprise \(DVBE\) Participation](#)
- [Exhibit C: Consulting Services Contracting Activity](#)
- [Exhibit D: SB Option, DVBE Option and DVBE Incentive](#)
- [Exhibit E: I-Bond/IIJA](#)
- [Exhibit F: Ethnicity, Race, Gender, and Sexual Orientation Report \(ERGSO\)](#)