



Statewide Consolidated Annual Report

Fiscal Year 2018-19

Prepared By:
Office of Small Business and DVBE Services (OSDS)
Department of General Services
707 Third Street
West Sacramento, California 95605

Table of Contents

I: Executive Summary	3
II. What Does DGS Do to Help with SB/DVBE Participation?	5
III: SB/MB Participation	7
A: SB/MB Department Participation Data	7
B: SB/MB Contracting Dollars by Activity	7
C: SB/MB Firms by Types	8
IV: DVBE Participation	9
A: DVBE Department Participation Data	10
B: DVBE Contracting Dollars by Activity	10
C: DVBE Firms by Types	11
V: Consulting Services Contracting Activity	12
VI: Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) Options and the DVBE Incentive	13
VII: SB and DVBE Infrastructure Bond Acts of 2006 (I-Bond)	14
VIII: Ethnicity, Race, Gender and Sexual Orientation (ERGSO)	15
IX: Glossary of Terms	16
A: Definitions	16
B: Acronyms	16
X: Appendices	17

I: Executive Summary

The Statewide Consolidated Annual Report (CAR) provides information on the contract dollars awarded by state departments toward the 25 percent Small Business/Micro Business (SB/MB) goal and 3 percent Disabled Veterans' Business Enterprise (DVBE) goal in state procurement and contracting. As required by Public Contract Code 10111, state departments must annually report to the Department of General Services (DGS) the total awarded state dollars on Information Technology (IT) and non-IT goods and services, construction, and Cal-Card transactions.

For fiscal year (FY) 2018-19, DGS received 165 reports from state agencies and departments. That included 138 mandatory departments, and 27 voluntary departments. In 2018-2019, OSDS completed its 3-year development of the Fi\$Cal accounting system to accommodate department reporting of their procurement data. The purpose of this development was to place all departments under the same reporting rules, reduce the likelihood of data entry error and enable the self-correcting mechanism within Fi\$Cal itself to identify data entry errors as they occurred rather than finding them at the end of the fiscal year.

But this development also meant a transition year for the departments to move from paper reporting to digital entry into the online accounting system. OSDS conducted extensive trainings that were well attended, but development issues at the end of the fiscal year still created problems for the departments to report accurate data. As such, many requested and received permission for one final paper report to ensure they received all the credits they felt they deserved.

As such, of the 140 mandatory departments, 104 leaped into the future and reported directly to Fi\$Cal while 71 chose to report on paper. Of those 71, 35 (or 50%) corrected what they saw as incorrectly reported in Fi\$Cal. The remaining chose to report solely on paper regardless of what was entered into Fi\$Cal.¹ Based on the data provided by mandatory reporting departments, the departments that reported on paper showed that they met both SB/MB and DVBE participation goals reporting 27.2% and 4.1%, respectively. This represents a 0.5% increase by mandatory departments from the previous fiscal year's reported participation of 26.6% SB/MB participation, and no increase from the previous fiscal year's reported 4.1 percent DVBE participation. This is the fifth year in a row that the state has met the SB/MB participation goal,

¹ *Mandatory departments are under DGS' delegated authority and are required to report SB and DVBE participation each fiscal year. Voluntary departments are statutorily exempt from reporting this data, but may choose to do so.*

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

DGS' OSDS Branch has worked diligently to increase the state's pool of qualified SB and DVBE certified suppliers through customer outreach efforts to assist departments in achieving their contract participation goals.

In summary, OSDS Outreach Section made the following outreach efforts last year:

- Established and maintained strategic partnerships with 35 diverse organizations that support and help DGS to fulfill the SB/DVBE program mission.
- Implemented a strategic partners survey to evaluate outreach efforts in fulfilling the SB/DVBE program's mission in providing education, training and advocacy on the state's procurement process for the SB and DVBE communities.
- Supported three major design-build projects to reach an SB participation goal of 25 percent and a DVBE goal of 3 percent. OSDS worked with the selected design-build primes to increase SB/DVBE awareness and participation on each project and assisted primes in finding certified subcontractors.
- Increased awareness of DGS' SB/DVBE programs and resources available to suppliers through the use of radio interviews, print advertisement, hosted four webinars, and participated in focused outreach. Additionally, Outreach developed a DGS article that was promoted by 11 strategic partners in their newsletters and broadcasted to their respective SB/DVBE supplier networks.
- Hosted the annual Winter Business Showcase to identify prospective SB/DVBE bidders to contact when using the SB/DVBE Option or SB/DVBE First Policy. The showcase included one-on-one business matchmaking sessions, opportunities for businesses to meet primes and visit state agencies at exhibit tables.
- Facilitated four quarterly workshops to share SB/DVBE contracting best practices and serve as a training and informational forum for advocates.
- Held the 19th annual State Agency Recognition Awards (SARA). Every January, SARA honors state departments and employees for their best practices, innovation, and outstanding achievements to advance California's SB and DVBE programs.
- Developed the SB and DVBE First Policy flyer in conjunction with the DGS Small Business Advisory Council to promote the adoption of this policy to California state departments and agencies that do not have a policy in place. Departments and agencies are encouraged to implement a first policy by using the SB/DVBE Option purchasing method whenever possible. SB/DVBE Option total awards increased from last fiscal year (FY) by \$96 million (22.3 percent), reaching \$527 million for 2017-18.

Total contract dollars overall were down 32% compared to FY 17-18. Goods had the lionshare of the activity in FY 17-18 with 56.3 percent but it dropped 44% this year while Services took home the award for FY 18-19 with 44.82 percent. Construction also dropped 11 percent from last year while IT remained almost exactly the same. Service contracts beat last year by 3 percent and Cal Card activity was up 10.5 percent while all other categories were down.

Table 2: SB/MB Contracts from Mandatory Depts., by Activity (Dollars in millions)

Contracting Activity	Total Contract Dollars	Percent of Total	SB/MB Dollars	SB/MB Percent
Goods (Non-IT)	\$866	15.26%	\$204	23.56%
Services (Non-IT)	\$3.142	55.37%	\$726	23.11%
Construction	\$699	12.32%	\$287	41.06%
IT (Goods & Services)	\$1,157	20.39%	\$338	29.21%
Cal Card Data	\$90	1.59%	\$18	20.00%
Totals	\$5.954	100.0%	\$1.573	26.42%

** Rounding from the original data may cause some numbers to appear incorrect in this table.*

C: SB/MB Firms by Types

At the end of 2017-18, there were 18,366 certified SB firms in the certification database (Table 3). In 2018-19, the number of certified SB firms declined by 1,534 (8.35 percent) from 2017-18. This decline continues to be primarily attributed to the end of extensions OSDS granted during the Financial Information System for California (FI\$Cal) pre- and post-implementation activities, such that firms whose certification had been extended since 2014 had their certifications expire or failed to recertify. Firms with fewer than 25 employees make up the majority of SBs certified, accounting for 87.13 percent of all certified SB firms in 2018-19.

Table 3: SB/MB Firm Count By Number Of Employees.³

Number of Employees	Number of Firms 2018-19	Number of Firms 2017-18	Change from 2017-18
0-25	14,666	16,191	(1,525)
26-50	1,604	1,607	(3)
51-75	408	429	(21)
76-100	154	139	(-15)

³ Data provided on employee count is continuously changing as firms are certified each day and some certifications expire. Employee count represents a point-in-time estimate and therefore is subject to change at any time.

Totals	16,832	18,366	(1,534)
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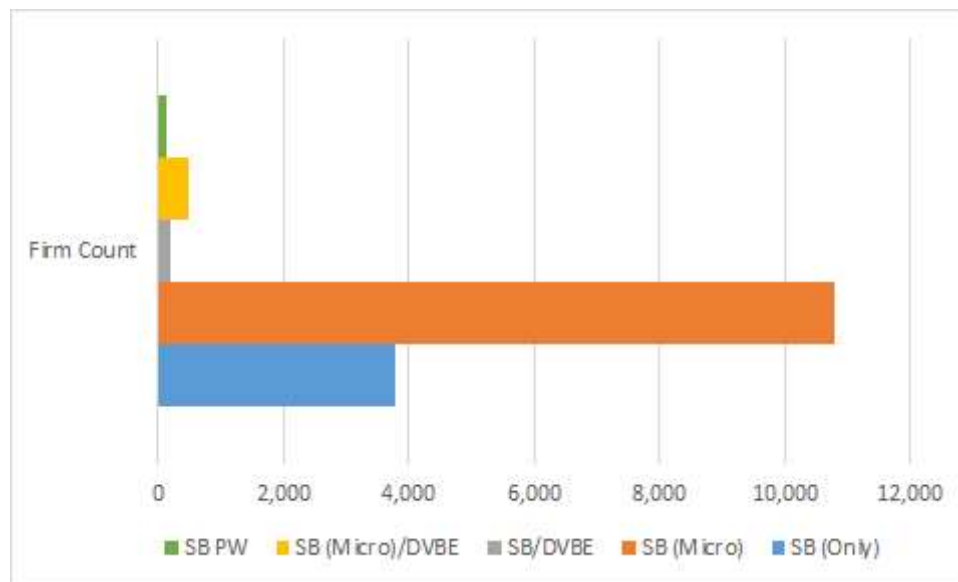
At the end of the 2018-19 fiscal year, there were 15,378 certified SB/MB firms (Table 4). SB (Micro) firms make up the bulk of these certifications, with 10,798 firms (70 percent).

Table 4: SB/MB Firms by Certification Type

Certification Type	Firm Count	Percent of Total
SB (Only)	3,782	24.59%
SB (Micro)	10,798	70.22%
SB/DVBE	181	1.18%
SB (Micro)/DVBE	478	3.11%
SB PW	139	0.90%
Total	15,378	100.00%

Figure 1 below shows SB/MB firms by industry type. Some of the certified SB/MBs are active in more than one industry, so the firm count by business industry is not equal to the total number of firms in each industry.

Figure 1: SB Firms by Industry Type



Service proved to be the most prevalent industry type for SB, with 11,595 firms (55.09 percent). Since firms may certify under more than one industry, many of the firms certified as service are likely also certified as non-manufacturing or construction.