



NEWS RELEASE

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California's Contracting with Small Business and Disabled Vets Exceeds State Goals

SACRAMENTO, Calif — California state agencies in two of the last three years exceeded goals for contracting with small businesses and set a record for contracts with firms owned by disabled veterans, the Department of General Services announced today, releasing [reports for the 2007/08 and 2008/09 fiscal years](#).

"Given current economic conditions, it is encouraging that state departments are still seeking out and doing business with our small- and disabled veteran-owned firms," said Acting DGS Director Ron Diedrich. "These firms are the engine that will drive our economy back to recovery. It makes sense for state government to continue to use a portion of its spending power to help spur their growth."

Each fiscal year DGS prepares the Consolidated Annual Report (CAR), as required by statute. The Report consists of the Disabled Veteran Business Enterprise (DVBE), Small Business (SB)/Micro-businesses (MB), consulting services, and the Ethnicity, Race and Gender (ERG) contract activity reports from nearly 200 state departments. [Governor Schwarzenegger's Executive Order S-02-06](#) and state law set goals that at least 25 percent of all contracts are awarded to certified small businesses and three percent to DVBE firms. The CAR measures the actual percentage of some \$9 billion in total annual contracting that state entities award to its small business and DVBE firms.

For fiscal years 2006/07 through 2008/09, the state directed 26.34 percent of all its spending toward small business and 2.72 percent to disabled veteran business. During this three-year timeframe, a total of nearly \$8 billion in contracts were awarded to small businesses and almost \$600 million to Disabled Veteran Business Enterprise (DVBE) firms. A breakdown by year shows the following:

- Fiscal Year 2006/07 data, compiled prior to the state and nation's economic downturn, showed the state spent 28.31 percent with small business and 2.8 percent with DVBEs. This represented an improvement of 9 percent and .75 percent respectively from the previous year's small business and DVBE numbers.
- In Fiscal Year 2007/08, state entities reported 23.84 percent of purchasing with small business and 2.39 percent with disabled veteran businesses. This marked a fall-off from the previous year, with declines coming primarily in construction and information technology contracting.
- For Fiscal Year 2008/09, state departments rebounded and spent 26.88 percent with small business and 2.96 percent with DVBEs. This represents the highest DVBE participation level ever achieved. Diedrich noted that over the past three years, the Governor has actively championed initiatives that promote small businesses, including:
- Issued [Governor's Executive Order S-02-06](#) reaffirming the state's small business goals and expanding department

outreach efforts to link more of these firms with state contract opportunities.

- [Signed AB 31 \(Price\) in 2009](#), expanding the allowable dollar thresholds under which departments can use the Small Business/DVBE Option, to contract directly with qualifying firms from \$100,000 to \$250,000. The bill was co-sponsored by the Governor's Office and DGS.