

# Department of General Services Procurement Division

State Advocate and JEDE Committee  
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# State Contracting and Entrepreneurship

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# State Contracting and Entrepreneurship

- **Background on JEDE Committee**
- **Income Inequality in California**
- **How Entrepreneurship Supports Wealth Creation in Underserved Populations**
- **Why Advocates are Important**

# Assembly Jobs Committee

- The JEDE Committee is one of 31 standing committees of the Assembly.
- Committee jurisdiction includes issues related to small business development, international trade, infrastructure, and targeted procurement programs.
- The 9 committee members represent many different areas of California, including: the Inland Empire, Imperial Valley, Central Coast, Bay Area, Los Angeles, and Orange County.

# 2015-2016 Legislation

- **This session, JEDE has heard 52 bills addressing 6 core economic development issues including:**
  - **Infrastructure and Business Strategies (9 bills)**
  - **International Trade and Investment (10 bills)**
  - **Small Business Financial and Technical Assistance (7 bills)**
  - **Small Business and \*DVBE Procurement Participation (10 bills)**
  - **Regulatory Reform (7 bills)**
  - **Workforce Development (9 bills)**

# California - 6<sup>th</sup> Largest Economy

- \$2.4 trillion economy in 2015

Comparison of 2015 GDPs			
Country	GDP	Country	GDP
1 - United States	\$17.94 trillion	9 - Italy	\$1.81 trillion
2 - China	\$10.98 trillion	10 - Brazil	\$1.77 trillion
3 - Japan	\$4.12 trillion	11 - Canada	\$1.55 trillion
4 - Germany	\$3.35 trillion	12 - Korea	\$1.37 trillion
5 - United Kingdom	\$2.84 trillion	13 - Russia	\$1.32 trillion
6 - California*	\$2.45 trillion	14 - Australia	\$1.22 trillion
7 - France	\$2.42 trillion	15 - Spain	\$1.20 trillion
8 - India	\$2.09 trillion		

Source: Department of Finance

# Profile

- 39 million people
- Approximately 19 million people in workforce
- Nine to 12 separate, yet interconnected, economic regions
- Consistently one of the strongest U.S. economies
- 5.5% unemployment in August

# Uneven Recovery – June 2016

**Chart 3 – California Unemployment June 2016** *(not seasonally adjusted)*

<b>Employment Category</b>	<b>Unemployment Rate</b>	<b>Employment Category</b>	<b>Unemployment Rate</b>
<i>California</i>	<i>5.7%</i>	<i>California</i>	<i>5.7%</i>
Colusa County	13.7%	Blacks	9.8%
Imperial County	23.7%	Hispanics	7.0%
Los Angeles County	5.2%	Whites	5.5%
Orange County	4.4%	16 to 19 years olds	18.8%
Riverside County	6.7%	20 to 24 years olds	9.6%
San Bernardino County	6.4%	Blacks 20 to 24 years old	14.9%
San Mateo County	3.3%	Hispanics 20 to 24 years olds	9.8%
Tulare County	10.8%	Source: California Employment Development Department	
Ventura County	5.4%		

# August 2016 Unemployment

State Unemployment Rate of 5.5%

- **Race/Ethnicity Variations** - 9.3% unemployment among African Americans and 6.7% unemployment among Hispanics
- **Age Variations** - 18.9% among 16 to 19 year olds
- **Geographic Variations** - Bay Area having an increasingly tight employment market of just above 3%, and the inland areas experiencing unemployment as high as 10% and 23%.

# Impact on Economy

- Based on the traditional federal poverty definition, 15.3% of Californians live in poverty, more than 20% of children live in poverty.
- 20.6% for the more comprehensive poverty measurement as compared to 15.1% nationally. We are one of only 13 states with rates above the national average.
- Studies by the World Bank show that the depth and length of economic growth is actually correlated to ratios of income disparity.

# Small Business Profile

- Nonemployer firms represent the vast majority of businesses in California.
- Nearly 90% of all businesses with employees have less than 20 employees.
- Net new job growth is strongest among businesses with under 20 employees.
- 36% of all workers are employed at a business with less than 100 employees.

# Entrepreneurship and Income Inequality

- Entrepreneurship provides great opportunity to create wealth – including communities of color:
  - Business ownership among women was up 13.7%. [2002 to 2012]
  - Business ownership among black women was up 67.5%. [2002 to 2012]
  - Business ownership among Latino women was up 87%. [2002 to 2012]

# State Contracting Represents Real Economic Opportunity

Small Business and Microbusiness Contracting Activity – Mandated Reporters				
Fiscal year	Total Contract Dollars	Total Small Business and Microbusiness Contract Dollars	Total Percent	Total Number of Contracts
2013-14	\$7,101,433,433	\$2,013,377,792	28.35%	90,784
2012-13	\$7,616,142,071	\$1,801,695,547	23.66%	105,617
2011-12	\$7,399,022,425	\$1,796,451,722	24.28%	165,523
<b>Average</b>	<b>\$7,372,199,310</b>	<b>\$1,870,508,354</b>	<b>25.43%</b>	<b>120,641</b>

2013-14 DGS Statewide Consolidated Annual Report

\*Nonemployer firms represent 2.9 million of an estimated 3.8 million firms, with the largest number (over 500,000) being in the professional, scientific, and technical services industry sector.

Public contracting represents a key stepping stone for scaling business growth, especially for those firms owned by groups of individuals who have historically been underrepresented.

