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CONTACT: Jeffrey Young or Eric Lamoureux

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Small & Disabled Veteran Businesses Power California Economy

New study details billions of dollars of economic activity, and tens of thousands of new jobs, created by the state's contracting efforts

SACRAMENTO, Calif – A new study details the financial impact of the state's efforts to increase small and disabled veteran business enterprise participation in the state's goods and services purchasing. [The analysis of results from the 2006-07 fiscal year](#) shows how small and disabled veteran businesses enterprises produce about 50 percent more overall California economic impact for each dollar spent than large enterprises. The report also offers a picture of how much this activity increased overall business tax revenues across California's economy, and how it affected different sectors of the state's economy.

"The state's efforts to contract with smaller business created a powerful multiplier effect," said Jim Butler, that state's Chief Procurement Officer. "\$4.2 billion in new economic activity of all kinds was produced in California by the state spending around \$2.66 billion—and 25,617 jobs were created."

Other key findings of the study co-authored by Sanjay Varshney, Dean of the College of Business Administration at Sacramento State and Professor Dennis Tootelian, included:

- Estimated total business tax revenues due to the state's support of small and disabled veteran business enterprise activity was \$134 million. (Table 10)
- Housing, transportation, food and personal insurance and pensions were the parts of the economy where labor income had the most impact. (Table 9)
- Professional services, manufacturing, real estate and retailing were the industry sectors that received the biggest overall economic impacts. (Table 1)
- Total economic impact for each of California's 38 million residents was \$111; each household received a \$313 impact. (Table 8)
- Small businesses create an average of \$53 more in total economic impact than large businesses for every \$100 spent in state contracts. (Figure 12)
- Disabled veteran business enterprises produce an average of \$41 more in total economic impact than large businesses for every \$100 spent in state contracts. (Figure 12)

The study, commissioned by the Procurement Division of the Department of General Services, used comprehensive economic analysis to measure the job and economic impact of dollars spent with small and disabled veteran businesses. The results were presented in a range of best case, worst case, and average or expected results. The economists analyzed the effects on fifteen specific sectors of the California economy, developed metrics for small versus large enterprise economic impact, delved into where increased economic activity was greatest, and estimated how much business taxes were impacted by this overall activity.

In addition the study also included a survey of small and disabled veteran business owners and made recommendations on how the state's outreach, certification, and bidding systems could be more effective, including more education for smaller vendors and better advertising of bid opportunities.

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