California Leads: Expanding Competition Through Smarter Contracting

Strategies from the Equity in Infrastructure Project

Partners *for* Public Good

October 30, 2026

The Playbook's race- and gender-neutral strategies were tried and tested in California

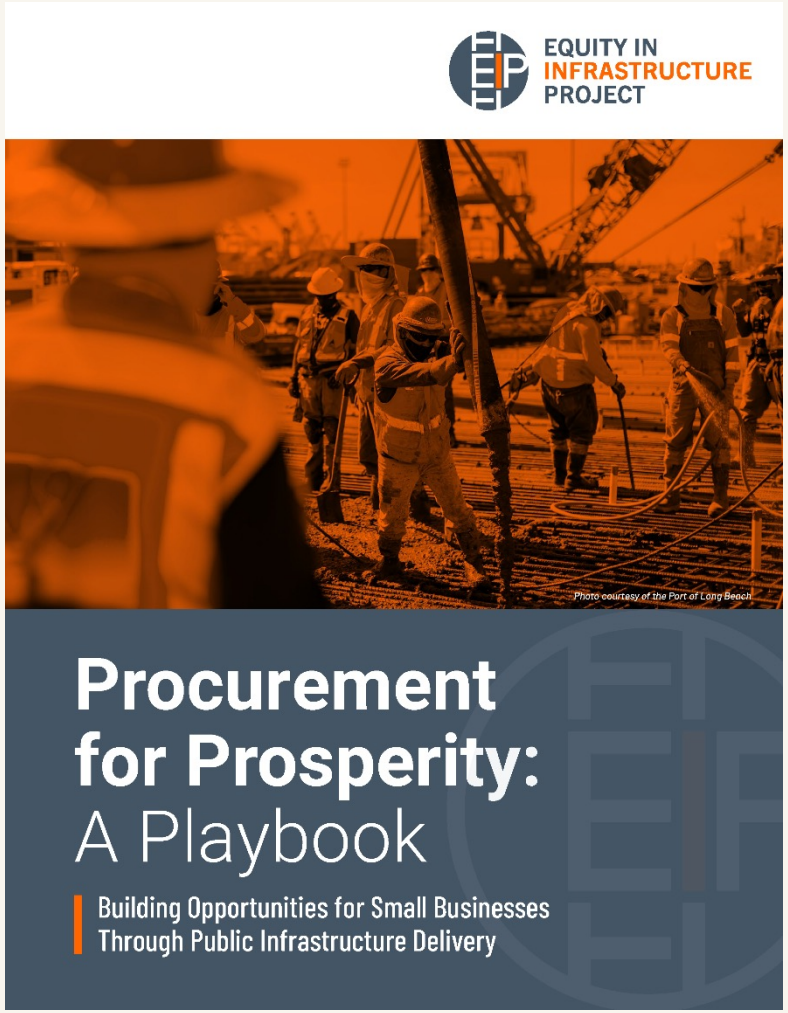
These include:

- Engaging in **outreach to all business types**
- Creating **sheltered markets** for small businesses
- Setting ambitious **small business participation goals**
- Making **inclusion an explicit criterion** in proposal evaluation
- Strengthening outreach, data collection, and small business programs through **legislative action** post Prop 209



Photo of Global Electric, a successful recipient of bonding technical assistance with LA Metro

The Equity in Infrastructure Project



The Equity in Infrastructure Project (EIP) exists to ***create more competition for public contracts*** *… by increasing the number, size and proportion of contracting opportunities* ***going to small businesses and first-time contractors***

100+

signatories to the EIP pledge

30

California-based public agencies in the transit, transportation, aviation, maritime, utility, and public works sectors

EIP's California Members



California Transit Association member

Other EIP member

17 Bay Area

11 Los Angeles

2 Sacramento

Dots show approximate headquarters; city clusters are spaced for legibility.

The Playbook features strategies for executives and practitioners



Expanding Access & Competition

1. SBE Certifications
2. Direct Outreach and Engagement



Procurement Process Improvements

1. Forecasting and Opportunity Pipelines
2. Evaluation of Responses
3. Prompt Payment to Primes and subcontractors



Capacity Building & Finance

1. Technical Assistance
2. Insurance and Bonding



Conditions for Success

1. Leadership commitments and champions
2. Building the team
3. Creating a culture of risk acceptance
4. Data and monitoring

The beginnings 1973- 1995

1973-75 The Small Business Procurement and Contract Act is enacted, and the **Office of Small Business Procurement and Contracts (SBO)** is created with primary responsibility to implement the 5% SB bid preference. **The California Office of Minority Business Enterprise (CAL-OMBE),** the first State Office founded by a U.S. Department of Commerce grant, became part of the state DGS.

1981-84 – The Office of Small and Minority Business (OSMB) is created through consolidation of SBO and CAL-OMBE. SB size standards are established.

1988-89 – The Minority and Women Business Enterprise (M/WBE) and **Disabled Veteran Business Enterprise (DVBE) Participation Programs** enacted, establishing 15% MBE, 5% WBE and 3% DVBE goals.

1992 – The M/WBE and DVBE participation requirements combined under the Public Contract Code law, agencies given discretion for including M/WBE and DVBE requirements in all contracts, recognizing formal certification of M/WBE by Caltrans and reciprocity agencies.

1994-95 – SB/DVBE Business Information System (BIZ) launched, receives 10,000 SB applications for certification, DVBE count reached 630, **WBE, DVBE goals exceeded**.

1994-95 – State Awards $2.86 billion, SB $431 million (15%)

1996 -2010 (post-Proposition 209)

1996 – Proposition 209, California Constitution, Article 1, Section 31 prohibits discrimination or preference in public contracting on the basis of race, sex, color, ethnicity, or national origin. .

1998 – California Minority and Women Business Enterprise Participation Program found unconstitutional by the Federal Ninth Circuit Court of Appeals because requirements violated U.S. Constitutional 14th Amendment (equal protection). OSMB renamed **Office of Small Business Certification and Resources (OSBCR),** California law on M/WBE participation found unconstitutional.

2001 – Senate Bill 1045 (Polanco) authorizes state agencies to engage in various general outreach programs and focused outreach activities to increase diversity in public contracting.

2006 – Executive Order S-02-06 directed all state agencies to achieve a minimum goal of 25% for small business participation in state procurements and contracts.

2009 – Economic impact of SB/DVBE Program shows $1 spent by the state with SB/DVBE generates $1.68 for the state and local community economy.

2009-10 – State awards $5.32 billion, SB $1.33 billion (25.1%), DVBE $196 million (3.7%)

2015- To date

2016 – Senate Bill 1442 (Liu) authorizes focused outreach activities in addition to general outreach for the purposes of increasing SB participation post Proposition 209.

2019-20 – State awards $11.99 billion, SB $2.8 billion (23.7%), DVBE $464 million (3.87%)

2021 - AB 1574 enacts the Leveraging State Procurement for an Inclusive Economic Recovery Act to expand and diversity SB pool of bidders.

2021 - AB 2019 (Petrie-Norris) codified the 25% SB participation goal for state procurement, voluntary data collections, requires the Economic Equity Plan for departments.

2023 – Supplier Diversity Program established, voluntary data collection begins.

2023 – New Statewide Advocacy Support Section, Compliance Unit, and SB/DVBE Training Unit created to support departments meet SB/DVBE goals and SB/DVBE navigating state procurement.

2024 – Economic Impact of SB/DVBE Program shows $1 spent by the state with SB/DVBE generates $1.98 in economic impact for the state and local community economy.

California’s Small Business Timeline

Source: