

Date of Hearing: May 9, 2011

ASSEMBLY COMMITTEE ON UTILITIES AND COMMERCE

Steven Bradford, Chair

AB 1386 (Bradford) – As Amended: March 31, 2011

SUBJECT: Women, minority, and disabled business enterprise development

SUMMARY: This bill encourages cable television corporations and direct broadcast satellite providers to voluntarily adopt a plan for increasing women, minority, and disabled veteran business enterprise procurement and to voluntarily report activity in this area to the Legislature on an annual basis.

EXISTING LAW

Requires investor owned utilities to annually report to the California Public Utilities Commission (PUC) on procurement activities with diverse businesses (ethnicity, gender and disabled veteran status) in all business categories, including, but not limited to, renewable energy, wireless telecommunications, broadband, smart grid, and rail projects.

Established voluntary procurement goals of 5 percent from woman owned, 15 percent from minority owned, and 1.5 percent for disabled veteran-owned business enterprises, equaling 21.5 percent of total procurement for public utilities.

Requires wireless telecommunications service providers with gross annual revenues of more than \$25,000,000 to meet procurement requirements for minority-, women-, and disabled veteran owned business enterprises and encourage these providers to voluntarily submit plans to the PUC.

FISCAL EFFECT: Unknown

COMMENTS:

According to the author, women and minority-owned business participation in the broadband industry will be critical to job recovery in California. Small businesses are critical sources of new employment.

In the most recent CPUC report to the legislature, utility spending on diverse procurement increased from \$3.47 billion in 2008 to \$4.27 billion in 2009, an increase of 23.05 percent. There was also an increase as a percentage of total utility procurement; amounts from diverse firms increased from 13.19 percent in 2008 to 16.72 percent in 2009. The same potential for reporting and achievement may exist with cable television corporations and direct broadcast satellite providers.

In California, women and minority-owned businesses represent the bulk of small businesses. Since diverse business owners are much more likely to hire diverse workers, the success of women and minority-owned businesses translates into jobs for women and minorities.

More than twenty years ago, the CPUC created Government Order 156 (GO156) to encourage a fair proportion of total utility contracts and subcontracts for products and services to be awarded to women, minority, and disabled veteran business enterprises. GO156 currently requires general reporting of diverse business procurement statistics in the utility and telecom sectors. This reporting has encouraged major companies to work with California's diverse business owners to achieve greater profits. As a result of this information, California's largest utility and telecommunications companies have increased their diverse procurement by more than 300% for women, minority and disabled veteran-owned businesses.

Cable television corporations and direct broadcast satellite providers are not under the jurisdiction of the CPUC and are not required to report on their procurement with diverse businesses.

The state, as well as the federal government, has placed priority on the expansion of broadband particularly in rural and underserved communities. The state and the federal government have made nearly a billion dollars available in grants and loans to help expand broadband service across the country. Cable companies have and continue to make significant infrastructure investments in this area. Direct broadcast satellite providers also support broadband applications and have begun to petition the government for the opportunity to compete for these public broadband funds.

Historically, minority and women-owned businesses have not been at the contracting table within emerging technology industries. Diversity in growing businesses is vital to California's success. In a majority-minority state, where women represent over 50% of California's population and people of color represent 60%, economic recovery cannot happen without diversity.

The extent to which women and minority-owned businesses are being included in certain emerging sectors is largely unknown. This bill will encourage cable television corporations and direct broadcast satellite providers to voluntarily adopt a plan for increasing women, minority, and disabled veteran business enterprise procurement and to voluntarily report activity in this area to the Legislature on an annual basis.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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