

2018 UTILITY SUPPLIER DIVERSITY UPDATE

OPENING DOORS FOR ENTREPRENEURS OF COLOR

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INTRODUCTION

Supplier diversity helps direct corporate procurement to businesses owned by historically marginalized communities. This practice supports economic development and access to contracting opportunities for women, LGBT communities and communities of color. In 1988, then-Assemblymember Gwen Moore authored AB 3678, groundbreaking legislation declaring that, in order for California's competitive market economy to work as intended, minority-owned and women-owned businesses must have equal opportunity to participate. As directed by the bill, the California Public Utilities Commission issued General Order 156, which created a supplier diversity program at the California Public Utilities Commission that requires regulated utilities (such as energy and telecommunications companies) to engage in good faith efforts to contract with diverse businesses and report data on the diversity of their supply chain. The legislature subsequently expanded the supplier diversity program to include disabled veteran-owned businesses and LGBT-owned businesses.

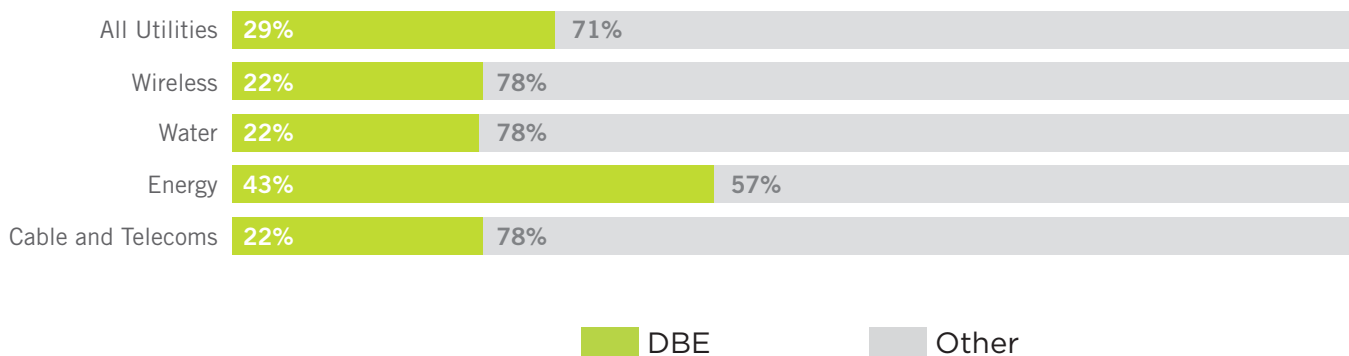
GO 156 requires that utilities submit supplier diversity reports annually. Using these reports, we analyzed the 2017 supplier diversity of 18 utilities across the telecommunications (cable and telephone), energy, water and wireless industries. Overall, the percentage of procurement from diverse businesses remained virtually unchanged from outcomes reported last year in our Supplier Diversity Report Card. But a few stand-out companies achieved relatively high spending with diverse businesses.

“The energy industry spent nearly twice the proportion of procurement dollars on DBEs than telecommunications, energy or wireless industries.”

DIVERSE BUSINESS ENTERPRISES (DBE)

Diverse Business Enterprises include companies of all categories outlined in GO 156, including minority-, women-, LGBT-, and disabled-veteran owned businesses. Combined, the utilities spent over \$31 billion on procurement contracts, with DBEs contracted or subcontracted for approximately 29 percent of those dollars, nearly \$10.5 billion. Together, the four companies reviewed in the energy industry spent nearly twice the proportion of procurement dollars on DBEs than telecommunications, energy or wireless industries.

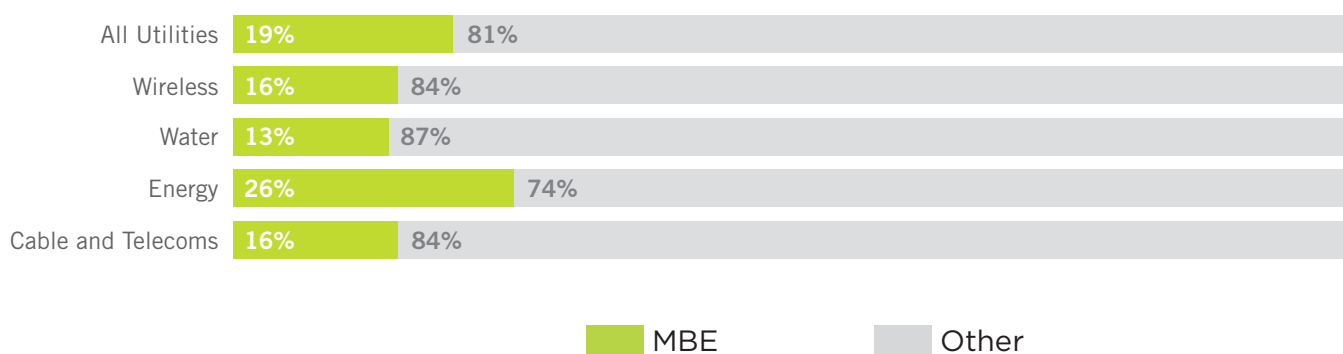
Spending with Diverse Business Enterprises, 2017



MINORITY BUSINESS ENTERPRISES (MBE)

The utilities spent about \$7 billion with Minority Business Enterprises, about 19 percent of procurement dollars. Again, the energy industry spent nearly twice the proportion of procurement dollars with MBEs as the other categories of regulated utilities. Despite this, Sprint (wireless) proved to be in first place with the highest proportion of MBE spending at 32 percent. Southern California Edison (energy) followed at 28 percent.

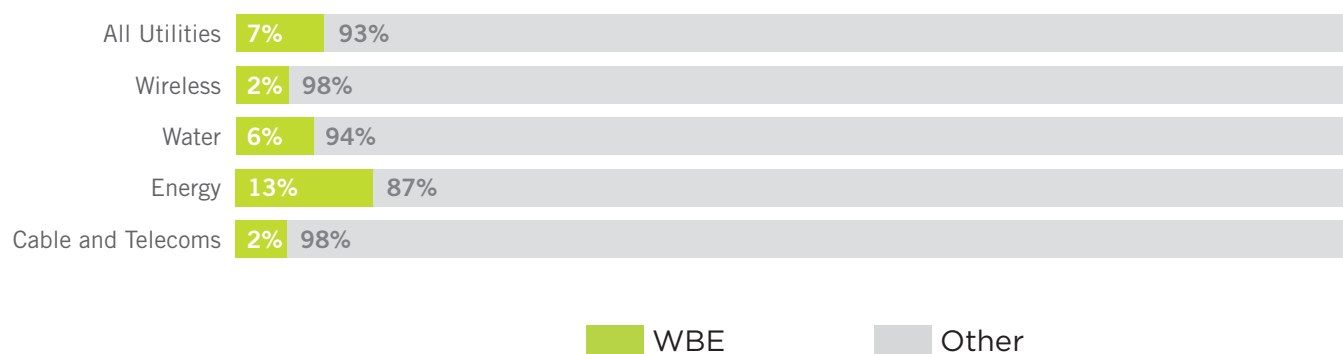
Spending with Minority Business Enterprises, 2017



WOMEN'S BUSINESS ENTERPRISES (WBE)

The utilities spent nearly \$2.5 billion with women-owned businesses, about seven percent of total procurement dollars. Unsurprisingly, the energy industry outperformed telecommunications, water and wireless with about twice the proportion of dollars spent with WBEs.

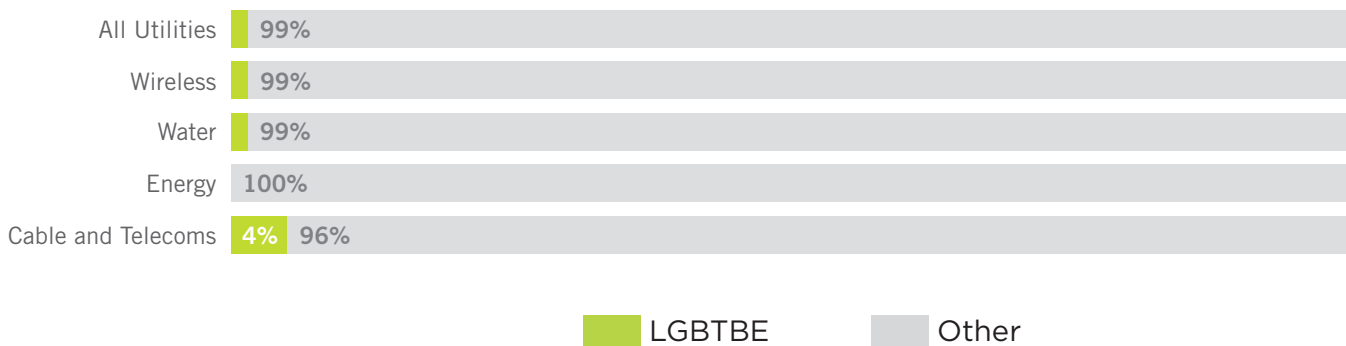
Spending with Women-Owned Business Enterprises, 2017



LGBT BUSINESS ENTERPRISES (LGBTBE)

The LGBTBE category was added by passage of AB 1678 in 2014. In 2017, utilities spent about \$541 million with LGBT business enterprises, accounting for only about one percent of total spending. Surprisingly, telecommunications firms spent about four times the proportion of procurement dollars with LGBTBEs as the energy, water and wireless industries. AT&T led its peers, spending six percent of procurement dollars with LGBTBEs. We expect the LGBTBE numbers to steadily improve as LGBT business owners increase their certifications and companies implement tracking of LGBTBEs.

Spending with LGBT Business Enterprises, 2017



WHAT IT ALL MEANS

While we applaud the outcomes of some industry supplier diversity results, opportunities for improvement remain. The energy sector continues to lead in spending with MBE and overall DBE suppliers. The telecommunications, water and wireless sectors should emulate their success. If each sector had supplier diversity spending proportional to the energy industry, this would have resulted in an additional \$2.38 billion investment in MBEs. If the utilities are serious about achieving robust supplier diversity outcomes, they must increase diversity among their executive leadership and workforce.

ABOUT THE GREENLINING INSTITUTE

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues, from the economy to environmental policy, civic engagement and many others, because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

ABOUT THE DIVERSITY AND INCLUSION TEAM

The Greenlining Institute's Diversity and Inclusion program leads the organization's workforce and supplier diversity advocacy through policy, coalition building, and research. It advances a concerted agenda across our core policy concentrations of Economic Equity, Environmental Equity, Bridges to Health, Energy, Telecommunications, Philanthropy, Insurance, and Technology.

AUTHOR BIOGRAPHIES

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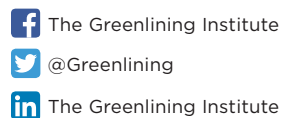
Joe is dedicated to advancing racial equity and social justice so that people of color have every opportunity to heal and thrive. As Greenlining's Diversity and Inclusion Manager, Joe advocates for racially equitable recruitment, contracting and retention of employees of color and minority-owned businesses. He approaches this work from an intersectional lens and always stays mindful of the compounded vulnerabilities of dis/ability, economic status, gender, immigration, and/or race. Joe brings more than 10 years of experience in education (both direct service and policy-driven) and workforce development serving transgender job-seekers. He studied Gender Studies at U.C. Davis. Joe's lifelong commitment to social justice is informed by his own experiences as an African American transgender man with a learning "disability," who navigated juvenile justice and foster-care systems in his youth.

Paul Goodman, Interim Telecommunications Director, The Greenlining Institute.

Paul Goodman's work is grounded in the belief that all telecommunications policy has racial equity impacts. He represents Greenlining at the California Public Utilities Commission and the Federal Communications Commission, advocating for underserved communities' access to affordable and reliable telephone, video, and Internet services. While at Greenlining, Paul has successfully opposed the highly anti-consumer proposed merger between AT&T and T-Mobile, fought to preserve critical consumer protections for telephone service, and helped shape the evolution of state and federal Universal Service Programs. Paul currently represents the Media Action Grassroots Network (MAG-Net) as a member of the Federal Communication Commission's Consumer Advisory Committee, ensuring that communities of color have a voice in proceedings before the Commission.

Paul received his Juris Doctor degree from John F. Kennedy University School of Law, and his Legum Magister degree in Intellectual Property from Santa Clara University School of Law. While at Santa Clara University, Paul worked as a Research Fellow at the Broadband Institute of California, working on issues including net neutrality, deceptive Internet service provider terms and conditions, and the regulation of broadcast television and radio. Paul's previous experience includes work on criminal defense and Constitutional law issues as a private attorney.

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