



LATINO
COMMUNITY
FOUNDATION



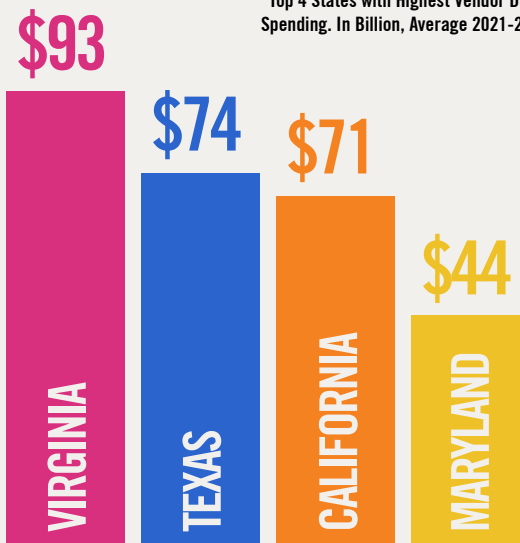
DREXEL UNIVERSITY
Nowak Metro Finance Lab
Lindy Institute for Urban Innovation

THE CALIFORNIA PROCUREMENT ECONOMY

The Latino Community Foundation, in partnership with the Nowak Metro Finance Lab at Drexel University, studied California's public procurement economy and identified key characteristics and guiding principles to unlock its full potential.

California is a major recipient of federal dollars, receiving \$71 billion annually in direct federal spending—equivalent to 1.8% of its GDP.

Top 4 States with Highest Vendor Direct Spending. In Billion, Average 2021-2023.



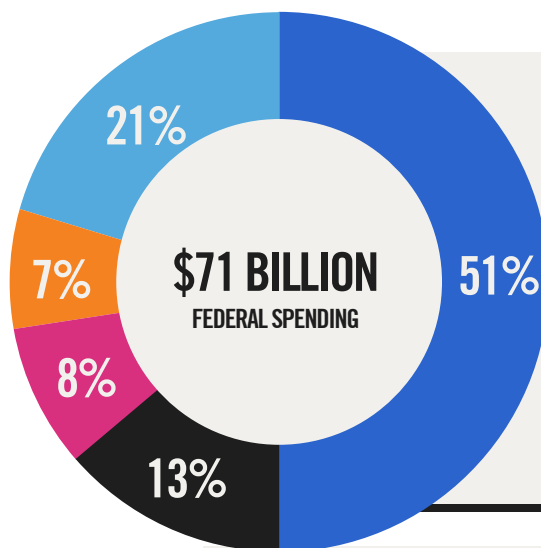
Almost half of federal spending in California is directed toward Defense Manufacturing and R&D

\$19B

Research & Development Spending

\$21B

Research & Development Spending



The top federal agencies funding contracts and grants in California demonstrate a strategic focus on:

- Department of Defense
- Department of Health & Human Resources
- Department of Energy
- NASA
- Other

Top 5 Agencies based on Federal Direct Spending in California. Average 2021-2023.

Latino-owned businesses capture only ~2% of federal contracts in California, even though Latinos make up 40% of the population and 11.4% of employer firms.



40.4%

POPULATION



11.4%

EMPLOYER
FIRMS



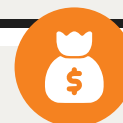
8.4%

REGISTERED
FEDERAL VENDORS



2.0%

FEDERAL PRIME
SPENDING



1.4%

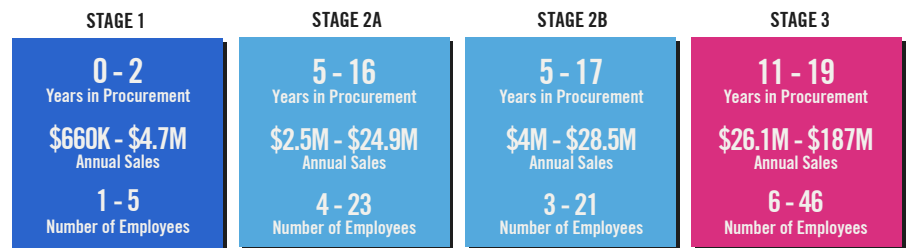
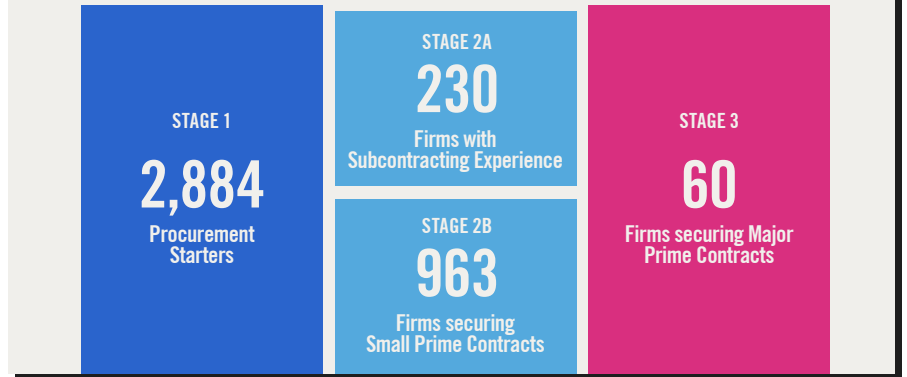
FEDERAL SUBCONTRACTING
SPENDING

THE CALIFORNIA PROCUREMENT ECONOMY

We created a database with more than 4,100 Latino firms in California that are part of the procurement journey and have different capabilities and needs.

Priority Growth and Emerging Opportunities Sectors offer the best procurement opportunities for Latino firms. These are sectors where there is already a base of Latino firms trying to tap into procurement, and the market size of federal spending is significant.

CALIFORNIA'S LATINO FIRMS ARE ALREADY IN THE PROCUREMENT JOURNEY



The path forward needs to consider these principles in developing and implementing strategies to strengthen Latino firms:

CONCLUSION

The roadmap for Latino business growth includes strengthening Latino participation in high-value sectors, reducing ecosystem fragmentation, accelerating accessible business-scaling resources across business stages, and adapting to evolving federal procurement dynamics. By implementing these guiding principles, California can harness its federal procurement economy as a powerful tool for Latino supplier development and wealth creation, ensuring that Latino entrepreneurs have the resources, networks, and capital needed to thrive in the evolving marketplace.

- 1 REDUCE FRAGMENTATION
- 2 ADAPT TO THE SHIFTING FEDERAL LANDSCAPE
- 3 FOCUS ON PROCUREMENT STARTERS & READY-TO-SCALE FIRMS
- 4 FOCUS ON BIG-MONEY & FUTURE-ORIENTED SECTORS

About Latino Community Foundation: The Latino Community Foundation (LCF) is on a mission to unleash the civic and economic power of Latinos. LCF has the largest network of Latino philanthropists in the country and has raised \$100 million to build Latino civic and political power. It is the largest Latino-serving foundation in the nation. In 2023, LCF named former U.S. Housing and Urban Development Secretary Julián Castro as its CEO.

About the Nowak Lab: The Nowak Metro Finance Lab was founded in 2018 to help cities identify and implement innovative strategies to leverage public assets and fund public infrastructure for public benefit, with a focus on supporting inclusive and equitable growth. The Lab honors the legacy of Jeremy Nowak, the widely respected urban thought leader and practitioner. The Lab's founding director is Bruce Katz, who co-authored The New Localism: How Cities Can Thrive in the Age of Populism with Jeremy Nowak.

For more information, please visit latinocf.org

To learn more, please visit drexel.edu/nowak-lab