

2021-2022

**SUPPLIER
DIVERSITY
ECONOMIC
IMPACT
REPORT**

STATE
COMPENSATION
INSURANCE
FUND

®

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VP Message

As State Fund's Vice President of Enterprise Procurement, one of my responsibilities is to improve the quality of products and services within the organization, while reducing overall risks and costs. Our Supplier Diversity Program is key to achieving these goals.

The Supplier Diversity Program is based on the principles of fair and equitable business practices and social responsibility to the community we serve. We promote opportunities to form mutually profitable relationships with diverse suppliers through teamwork and commitment which has made our program a success.

Through this Economic Impact Report, we demonstrate that our diverse suppliers have a tangible impact to the community around us. We know when we contract with a diverse supplier, we are helping to create new jobs and increase the spending within our communities.

We look to our diverse suppliers to bring innovative solutions and provide us with a strategic advantage. They contribute to our resilient supply chain, allowing us to be flexible and able to pivot to support State Fund's important work on behalf of California's employers and workers.

Amanda Wang
Vice President, Enterprise Procurement



About State Compensation Insurance Fund

The State Compensation Insurance Fund was created as a quasi-state agency in the early twentieth century, during a time of great unrest in the labor movement, following a series of workplace accidents and lack of worker protections. To address these issues, the California Legislature passed the Boynton Act in 1913. The act covered three main areas: compulsory compensation of injured workers, safety for workers, and provisions for a state insurance fund.

On January 1, the State Compensation Insurance Fund opened its doors in San Francisco, CA. We were created to ensure California's injured workers get the treatment they need and that employers are protected from costly medical bills when an incident occurs.

Because State Fund is not for profit and funded solely by premiums and investment income, we are able to focus on what's really important – keeping workers safe and employers in business.

From the beaches of San Diego to the Redwoods of Eureka, our offices are strategically placed all over the state to ensure they are within reach of policyholders and injured workers.





VISION

To become California's workers' compensation carrier of choice.

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PURPOSE

We proudly serve California's diverse businesses and workers by helping ensure our workers' compensation system works today and in the future.

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State Fund Board of Directors

The Board of Directors is an 11-member body, with 9 members appointed by the Governor and one each from the Senate President Pro Tempore and the Speaker of the Assembly. The Board makes sensitive decisions involving investments, marketplace competition, company solvency, fraud investigations, and other issues. Quarterly meetings are subject to the California Bagley-Keene Open Meeting Act to provide greater accountability and transparency.

In 1945, the California Legislature created a board of directors to guide the work of State Compensation Insurance Fund.

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CORE VALUES

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RESPECT EVERYONE

Create an environment where all people and perspectives are valued and teams work together to serve the diverse needs of California businesses.



BE INNO VATIVE

Seek out solutions and consider new approaches to serve our customers and help improve California's workers' compensation system.



DO WHAT'S RIGHT

Approach every situation with a passion to help, a desire to learn and a commitment to integrity - because doing the right thing isn't always simple, easy or clear.



SHOW WE CARE

Listen to understand and invest the time and resources needed to help California employers and injured Workers.



Our Supplier Diversity Program

State Fund's Supplier Diversity Program, a unit within the Enterprise Procurement Department, is a proactive practice to ensure opportunity in the competitive bidding process through inclusion of certified diverse owned businesses. Current categories include minority, women, LGBTQ+, Veteran, and service-disabled Veteran owners (DVBE).

We increased outreach to these diverse groups with the passage of Assembly Bill 53 in 2012. The legislation requires insurance businesses to report on their procurement efforts with minority suppliers to the California insurance commissioner. This legislation has had a positive impact on supplier diversity in California. Since administering the first California Diversity Survey in 2013, the California Department of Insurance (CDI) has reported an 83% (\$779 million) increase in spending with diverse suppliers.

State Fund's policy encourages and affords opportunities to diverse suppliers, while ensuring the highest quality products and services for customers and employees. Our senior leaders, middle management, and internal business partners believe in the importance of diverse suppliers in its supply chain and encourage diverse owned businesses to contract their products and services with us.

Supplier Diversity Highlights

Our procurement process includes sending out requests for quotes and proposals to obtain the best values for goods and services, and involves the robust inclusion of diverse suppliers.

The Supplier Diversity Manager tracks all progress of including certified diverse suppliers from end to end. Recruiting qualified certified diverse suppliers begins with inviting at least two organizations to participate in its competitive bidding/sourcing procedures. To ensure inclusion, our procurement process requires leadership to confirm that we have sought out certified diverse suppliers and included them into competitive bids when found.

As an organization, we host an annual Supplier Diversity Summit. This event is part of our strategy to ensure equal opportunities for minorities, women, LGBTQ+, Veterans, and DVBE and encourages them to do business with us.

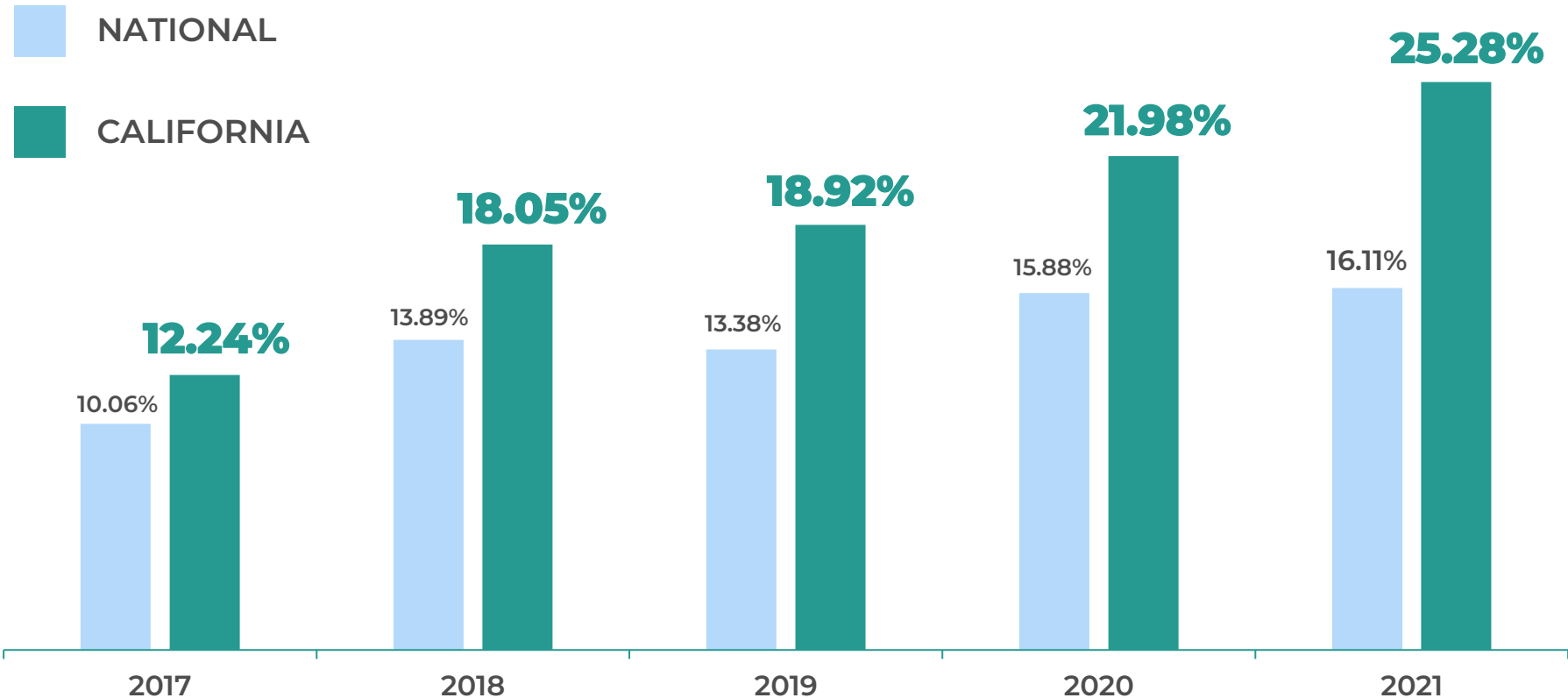
The annual event focuses on educating classified diverse and certified suppliers to the benefits of certification in one of the four nationally recognized supplier diversity organizations. We provide customized workshops to help diverse suppliers prepare for sourcing events and know how to display their business capabilities.

The Supplier Diversity Program staff take an active role with our partnered councils' business 1:1 matchmaking, mentorship programs, and MBE certification committees.

State Fund's Chief Information Officer (CIO), Marjorie Hutchings, has been an active Executive Advisory Committee member of the Western Regional Minority Council since 2018. Our CIO has personally engaged with the council and MBEs in various activities throughout the year.



Diverse Spend



State Fund's California and National diverse spend percentages have been steadily increasing over the last five years.



Supplier Diversity Team



Amanda Wang
Vice President



Stephanie Berger
*Corporate Procurement
Manager*



Edna Zapata-Fuller
Supplier Diversity Manager



Awards & Recognitions



November 2022
President's Award by
National Veteran Business
Development Council
(NVBDC)

October 2021
Advocate of the Year
nomination by National
Veteran Business
Development Council
(NVBDC)

**San Francisco
BUSINESS TIMES**

November 2022
Top Bay Area Companies
for Supply Chain Inclusion
& Equity Supplier Diversity
*San Francisco
Business Times*

November 2021
Top Bay Area Companies
for Supply Chain Inclusion
& Equity Supplier Diversity
*San Francisco
Business Times*

November 2020
Top Bay Area with
Supplier Diversity
Program, Supplier Diversity
*San Francisco
Business Times*

July 2019
Top Bay Area Companies
with Supplier Diversity,
*San Francisco
Business Times*



May 2021
Unsung Hero Awardee by
Western Regional Minority
Diversity Council
(WRMSDC)

May 2017
Supplier Diversity Leader
of the Year Nomination by
Western Regional Minority
Diversity Council
(WRMSDC)



May 2021
People's Choice Awardee
by the Minority Business
Enterprise Input
Committee (MBEIC)



December 2018
Top 10 for Championing
LGBTQ+ Business Enterprise
- Golden Gate Business
Association
(World's first LGBTQ+
Chamber of Commerce)



December 2016
Supplier Diversity Champion
of the Year by California
Department of Insurance



Supplier Diversity Partnerships



Supplier Spotlight

Central Printing Group – Foster City, CA

As a small business, we are always on the lookout for business opportunities. It can take months to years to develop a new relationship so any assistance in reducing the timeline from prospect to customer is always a goal. Several years back, Edna Zapata-Fuller, Supplier Diversity Manager, contacted us to participate in an RFP for State Compensation Insurance Fund after she found our DBE certified company in the Women's Business Enterprise National Council (WBENC) directory. Through some luck and determination, we eventually won the RFP and have been working with State Fund ever since.

Our WBENC certification definitely opened doors for us at State Fund, but our performance over the years and our solid partnership allowed State Fund to take the leap of faith and begin working with us in various capacities outside of the original RFP. As our relationship evolved, we continued to find different avenues where we could provide value within the State Fund organization. After several years as a single commodity vendor, we were able to go on and win additional RFP's in different commodity classes and, to this day, continue to provide value and service to the organization.

State Fund has been an irreplaceable partner throughout our tenure as a vendor. The business we do with them has, no doubt, impacted our bottom line. Our relationship has also been instrumental in cementing our credibility with other clients. Being seen as a reliable vendor for an organization like State Fund has helped our company win new clients and new business over the years.

During the pandemic, as a B2B-focused organization, we saw revenues drop 50% overnight as people flocked from offices to homes. It was during this time that our partnership with State Fund proved to be invaluable. Still needing to provide services for their customers and provide a corporate culture lifeline to their employees, State Fund continued to rely on CPG to provide our normal services, fill in any gaps and partner with them on new projects. These additional projects helped to keep us at full employment during unprecedented circumstances. The trust of and partnership with the entire State Fund organization allowed us to emerge stronger and, in a position, to build on the new business environment.



We appreciate the continued support of the entire State Fund family, and we sincerely thank you for caring about our business and other small businesses that you work with. We look forward to many years of a productive and successful partnership.

Jeanine Morgan
President and CEO



A man with a beard, wearing a blue t-shirt and a black cap, is smiling as he plants a small sapling in a field. He is leaning over the plant, and his hands are visible as he works. The background is a blurred field with many other saplings planted in rows.

State Fund in Our Communities

We encourage employees to have a positive impact in our communities. Participating in activities that promote positive social and environmental change in the communities where we do business is a vital investment in our employees and the future of California.

Committed to volunteerism, giving, and sustainability, our Corporate Social Responsibility (CSR) team sponsors socially conscious initiatives in an effort to improve our world.

This is done through volunteer efforts, donations of time, money, good will, and by promoting societal and environmental well-being. We are aware of the impact we can have on communities and we acknowledge our responsibility to help make them a better place to live and work.

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Strategic Alliances

State Fund has established strategic alliances giving us the opportunity to deepen our relationship with organizations who share our commitment to make a difference for Californians.



American Cancer Society



Recognizing that many of our employees have been touched by cancer, they chose this preeminent organization as one path to focus our efforts. Since 2017, we have contributed \$558,110 to ACS, mostly from the active participation of employees in sponsored walks and fundraisers such as the Fit2Be Cancer Free CEO/Employee Step Challenge and Strides for Breast Cancer.

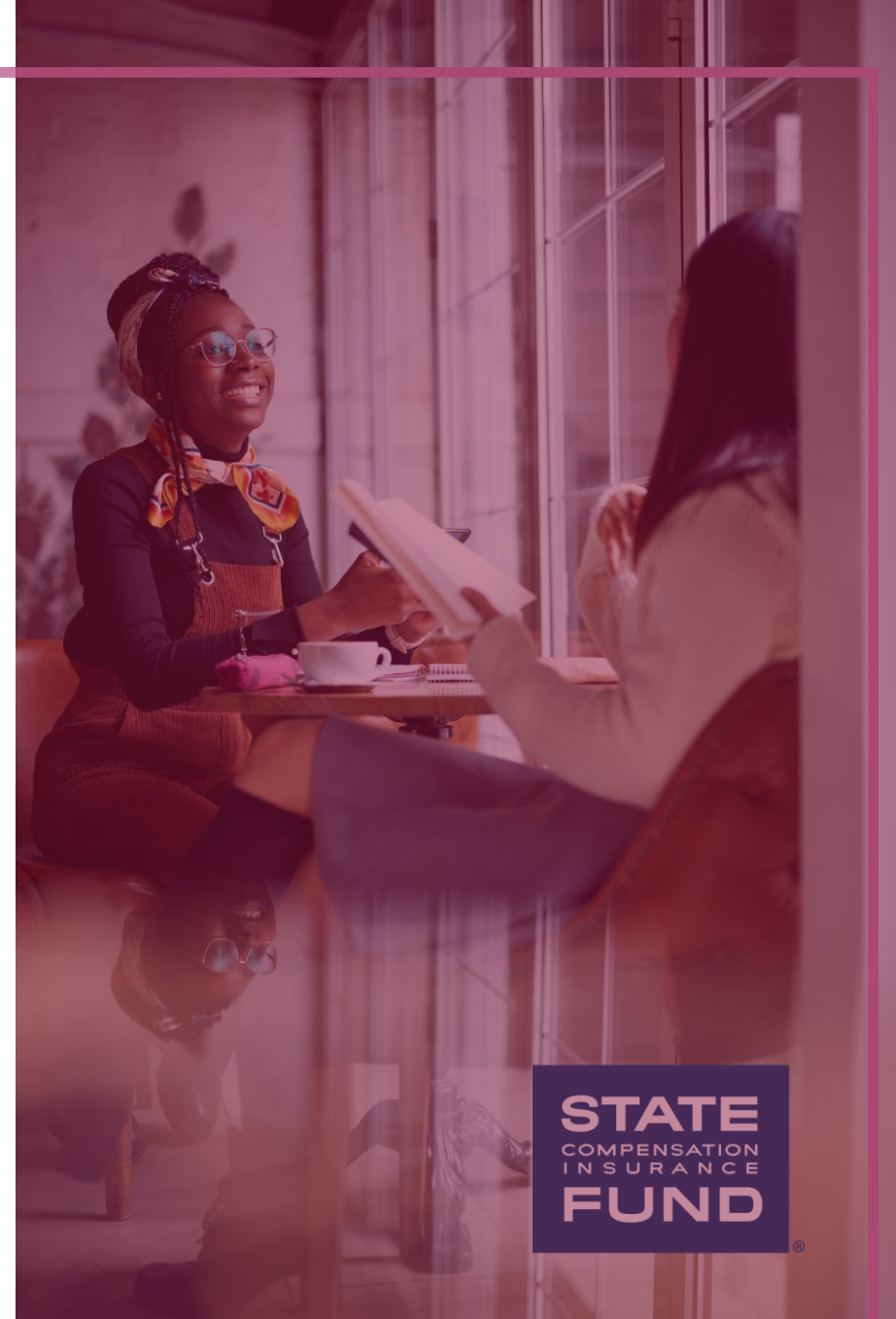
For the last three years in a row, we finished in the top 10 of the Employee Step Challenge nationwide!



Kids' Chance of California

Kids' Chance is a non-profit organization providing scholarships to children of workers seriously or fatally injured on the job. Their mission to serve injured workers closely mirrors the purpose of State Fund.

To date, we have contributed \$323,776, and scholarships have been awarded to 29 children of catastrophically injured workers that we have served.



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Other Charitable Activities

- National Volunteer Week
- Operation Clean – Donating Unused Travel Toiletries to Homeless Veterans
- On-site Blood Drives
- Giving Tuesday
- Our Promise – State of California Paycheck Giving Campaign



State Fund Enterprise Demographics

As of June 30, 2023

3,913

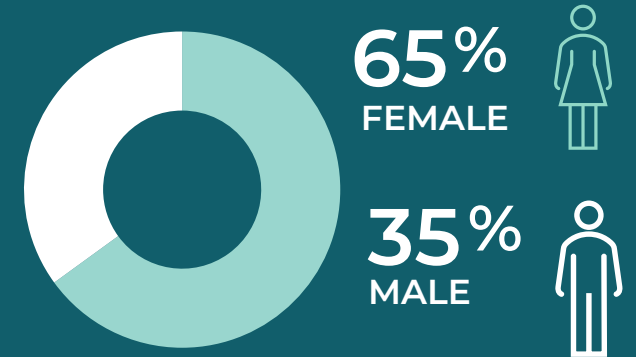
Total Enterprise Head Count



Front Line Employees



Supervisory Employees



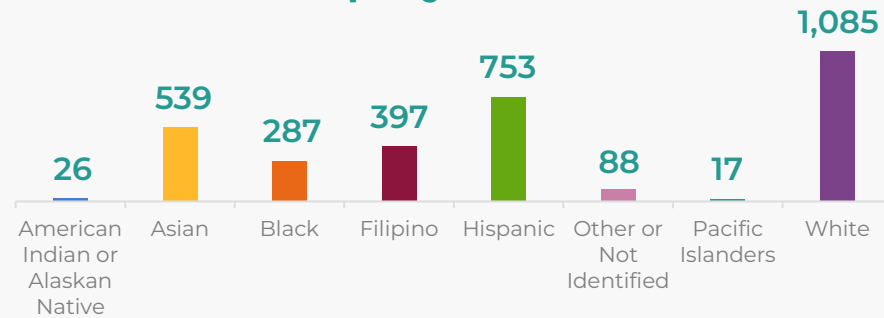
State Fund



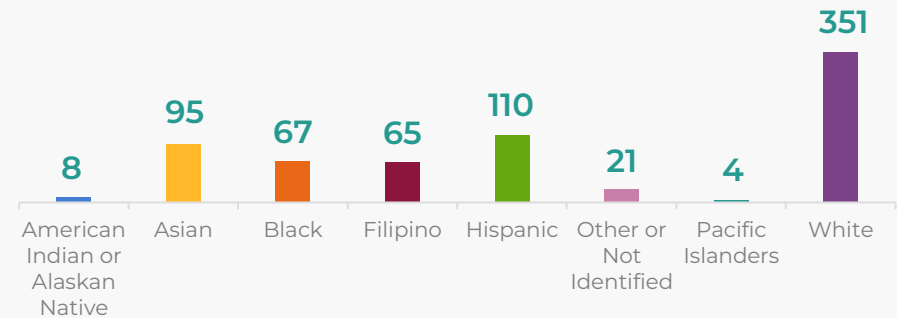
State Fund Employees

As of June 30, 2023

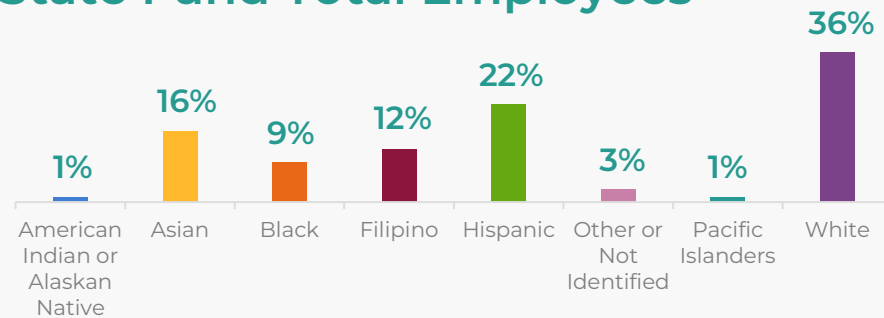
Front Line Employees



Supervisory Employees



State Fund Total Employees





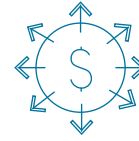
ECONOMIC IMPACT

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How We Measure Economic Impact

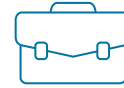
Economic Impact Metrics

Economic impact reports communicate the impact on the economy using these standard measures: Output, Incomes, Jobs, and Tax Revenues.



OUTPUT

Measures the cumulative revenues of all businesses impacted through the program: **Direct, Indirect, and Induced.**



JOBS

Created within State Fund's supply chain and in the supplier's communities.



INCOMES

Measures the cumulative earnings of the employees in the jobs supported through supplier diversity purchases.



TAXES

Measures the federal, state, and local tax revenues that are generated through economic activity.



State Compensation Insurance Fund's 2021-2022 Total Economic Impact



TOTAL DIVERSE SPEND
\$133.5M



TOTAL OUTPUT
\$250.2M



TOTAL JOBS SUPPORTED
1,308



TOTAL INCOMES SUPPORTED
\$117.2M



TOTAL TAXES GENERATED
\$34.9M

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Economic Impact Channels

State Compensation Insurance Fund's spending with its diverse and small suppliers generates economic activity in its supply chain and their communities. These impacts can be categorized into three types. First, the direct impacts are the jobs and payroll directly supported at the State Compensation Insurance Fund's diverse suppliers. Next, there are additional spin-off impacts. Indirect impacts occur in the lower tier suppliers and induced impacts occur at the local businesses that supply products to the employees and their families in the jobs supported in the supply chain.

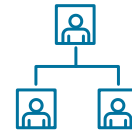
Economic Impact Channels

State Compensation Insurance Fund's purchases have a ripple effect on the supply chain. The total economic impact is comprised of three components: Direct, Indirect, and Induced.



DIRECT

This is impact at State Fund's immediate small and diverse suppliers.



INDIRECT

State Fund's small and diverse suppliers purchase goods and services from other suppliers, which creates a ripple effect through the economy.



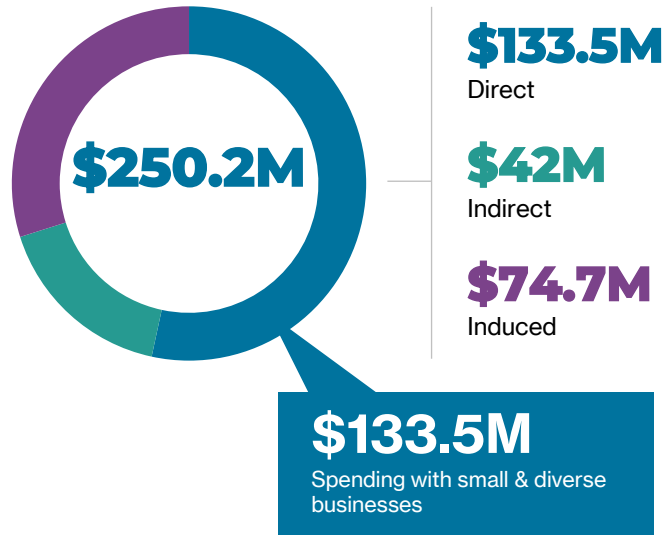
INDUCED

Employees in the jobs created in the supply chain to satisfy State Fund's purchases support additional jobs in their communities.

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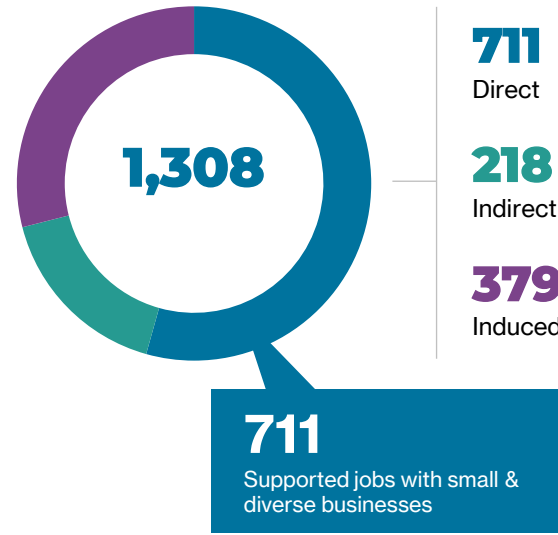
Economic Impact Channels

Total Output



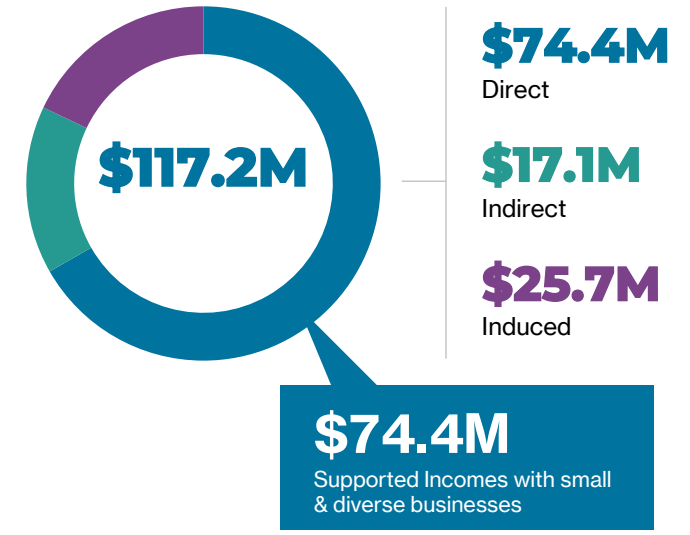
State Fund purchased \$133.5M from small and diverse businesses. This spending resulted in the total impact of \$250.2M, which is broken down into \$133.5M Direct impact, \$42M Indirect impact, and \$74.7M Induced impact.

Total Jobs Supported



State Fund's Supplier Diversity spending with small and diverse suppliers supported an estimated 1,308 jobs. 711 of these were supported in the Direct channel, 218 jobs in the Indirect channel, and 379 jobs from the Induced channel.

Total Incomes Supported








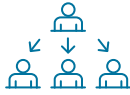


State Fund's purchases from small and diverse suppliers supported jobs throughout the supply chain that paid employees a total of \$74.4M in Incomes. Incomes earned in the Direct, Indirect, and Induced channels are estimated at \$74.4M, \$17.1M and \$25.7M respectively.

Note: Direct, Indirect, and Induced numbers may not add up to the total due to rounding.



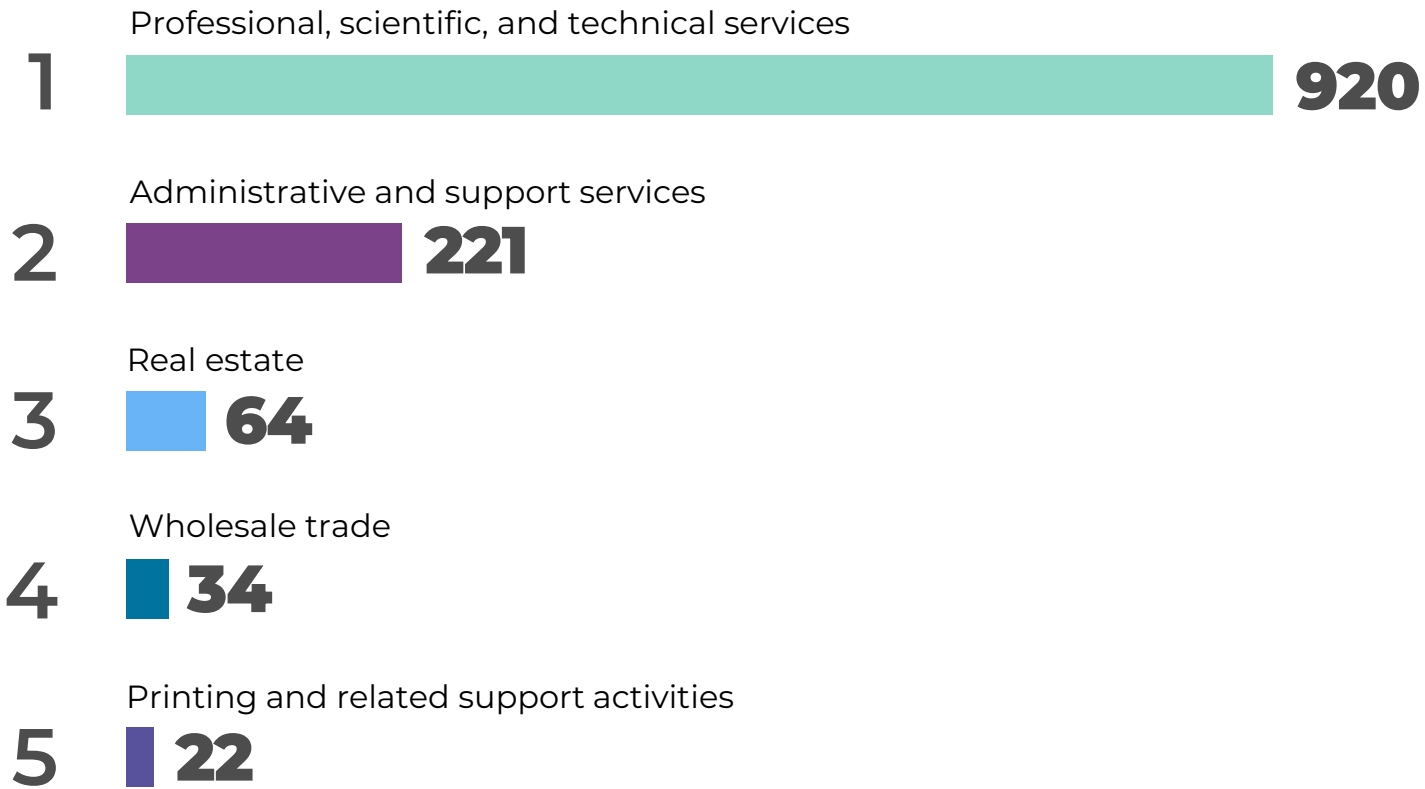
Impact of Direct Spend with Diverse Suppliers

Minority-owned businesses	Women-owned businesses	Veteran-owned businesses	LGBTQ+-owned businesses	Small businesses	Service disabled veteran-owned businesses	Disabled-owned businesses	DBE-owned businesses
							
\$100.7M Diverse spend	\$71.8M Diverse spend	\$323.7K Diverse spend	\$35.5K Diverse spend	\$40.3M Diverse spend	\$218K Diverse spend	\$218K Diverse spend	\$252.5K Diverse spend
608 Jobs	370 Jobs	2 Jobs	0 Job	188 Jobs	2 Jobs	2 Jobs	2 Jobs
\$67.1M Incomes	\$34.9M Incomes	\$116.7K Incomes	\$8.9K Incomes	\$24.3M Incomes	\$95.5K Incomes	\$95.5K Incomes	\$88.4K Incomes

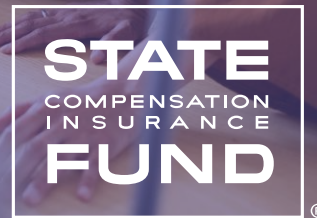
Note: Supplier spend is included in every category for which the supplier qualifies. Therefore, spend dollars by category will add up to greater than the total spend.



Top 5 Industries with Supported Jobs



Note: Jobs are assigned to industries included in the North American Industry Classification System (NAICS) that was developed by the federal government.

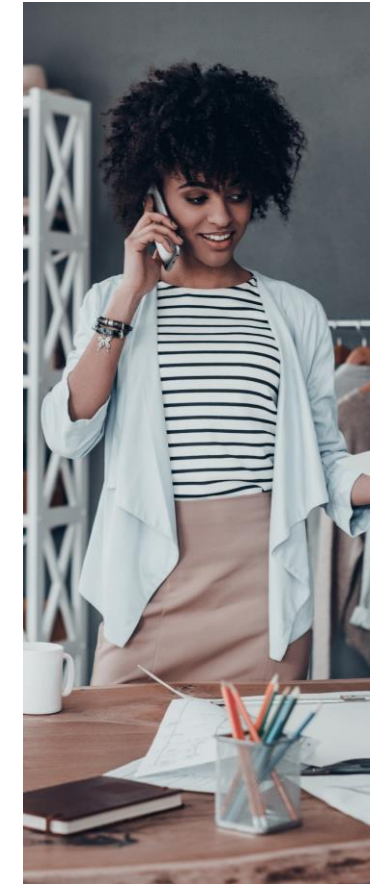


Our Impact By State

IMPACT FROM Direct, Indirect, And Induced

State	Diverse & Small Business Spend	Total Output	Total Jobs	Total Incomes
CA	\$88.6M	\$166.6M	761	\$77.6M
KS	\$16.3M	\$28.9M	208	\$16M
NJ	\$12.3M	\$20.8M	109	\$7.9M
GA	\$6.2M	\$13.4M	103	\$5.1M
FL	\$3.2M	\$6.4M	39	\$2.9M
IL	\$2.4M	\$5M	30	\$3M
TX	\$2.1M	\$4.3M	28	\$2.4M
VA	\$646.8K	\$1.2M	8	\$504.2K
OR	\$631.2K	\$1.2M	8	\$683.6K
PA	\$326.3K	\$661K	4	\$340.8K
IN	\$149.3K	\$291.6K	3	\$123.1K
OH	\$131K	\$263.5K	2	\$99K

Note: State output, jobs, and incomes may not add up to the total due to rounding.

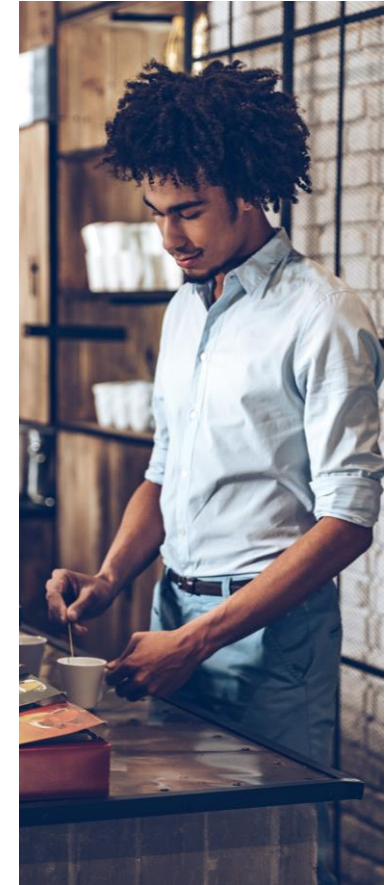


Our Impact By State

IMPACT FROM Direct, Indirect, And Induced

State	Diverse & Small Business Spend	Total Output	Total Jobs	Total Incomes
CT	\$126K	\$247K	1	\$140.9K
WA	\$109.1K	\$206K	1	\$87.4K
NV	\$105.6K	\$193.3K	1	\$109.3K
MA	\$85.8K	\$173.1K	1	\$67.4K
MO	\$82.6K	\$159.2K	1	\$65.2K
MD	\$26.4K	\$47.3K	0	\$28.6K
MN	\$15.3K	\$37.2K	0	\$17.4K
NH	\$11.8K	\$21.8K	0	\$13.7K
WI	\$6K	\$10K	0	\$2.4K
DC	\$5K	\$7.4K	0	\$5.2K
MI	\$1.5K	\$2.9K	0	\$940
AZ	\$408	\$770	0	\$244

Note: State output, jobs, and incomes may not add up to the total due to rounding.



APPENDIX: ECONOMIC IMPACT MODELING

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. Supplier.io employed the IMPLAN input-output model in developing estimates of spend, income, and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The Input-Output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some incomes, and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

Analysis performed by supplier

Assumptions

This analysis relies on the following assumptions:

For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.

For suppliers that provide services in multiple NAICS code, unless otherwise indicated, all impact is calculated using the supplier's primary NAICS code.

A supplier impact is assumed to be localized within a state.

The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

References

This report is based on an analysis of data provided by the customer and information from the following sources:

[US Government Revenues](#)

[Office and Administrative Support Occupations: Occupational Outlook Handbook: U.S. Bureau of Labor Statistics](#)

[United States GDP](#)

[Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers](#)

[What is NAICS](#)

[IMPLAN](#)

[Multipliers Changing Over Time – IMPLAN - Support](#)

[Generation and Interpretation of IMPLAN's Tax Impact Report](#)

[Taxes: How the Pandemic Ruined My Tax Results – IMPLAN - Support](#)

[Pandemic: Analyzing the Economic Impacts of the Coronavirus – IMPLAN - Support](#)

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