



**pennsylvania**  
DEPARTMENT OF GENERAL SERVICES

Tom Corbett, Governor  
Sheri Phillips, Secretary



B U R E A U O F

# SMALL BUSINESS OPPORTUNITIES

ANNUAL REPORT | FISCAL YEAR 2013 - 2014

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## List of Abbreviations and Acronyms in Report

- (BSBO)** Bureau of Small Business Opportunities
- (CRP)** Contractor Responsibility Program
- (DCNR)** Department of Conservation and Natural Resources
- (DEP)** Department of Environmental Protection
- (DGS)** Department of General Services
- (FY)** Fiscal Year
- (GFE)** Good Faith Efforts
- (IFB)** Invitation-for-Bids
- (IT-ITQ)** Information Technology/Invitation-to-Qualify
- (MBE)** Minority Business Enterprises
- (MPL)** Minimum Participation Level
- (MSDV)** Minority Service Disabled Veteran
- (MVBE)** Minority Veteran Business Enterprises
- (MWBE)** Minority Women Business Enterprises
- (MWSD)** Minority Women Service Disabled Veteran
- (MWVE)** Minority Women Veteran Enterprises
- (QUR)** Quarterly Utilization Report
- (RFP)** Request for Proposal
- (RFQ)** Request for Quote
- (SBPI)** Small Business Procurement Initiative
- (SDB)** Small Diverse Business
- (SDBUR)** Small Diverse Business Utilization Report
- (SDVE)** Service Disabled Veteran Business Enterprises
- (SLA)** Service Level Agreement
- (VBE)** Veteran Business Enterprises
- (WBE)** Woman Business Enterprises
- (WBENC)** Women's Business Enterprise National Council
- (WSDV)** Woman Service Disabled Veteran
- (WVBE)** Woman Veteran Business Enterprises

## Message from Secretary Sheri Phillips



On behalf of Governor Tom Corbett, it is my pleasure to present the Fiscal Year 2013-14 Bureau of Small Business Opportunities Annual Report on the participation of small diverse businesses in state contracting opportunities. The Department of General Services, or DGS, as the agency responsible for the purchase of the Commonwealth's goods and services and the administration of state-funded public works construction projects, is committed to ensuring small diverse businesses are afforded opportunities to do business with the state as prime contractors, subcontractors, suppliers and professional service providers.

Under Governor Corbett's direction, DGS has taken steps to create policies and programs to help businesses grow and be successful, as well as create opportunities through state government contracting to help boost our economy. Since the 2012 expansion of the former Disadvantaged Business Program into what is now known as the Small Diverse Business Program, Veteran and Service Disabled Veteran-Owned small businesses are now afforded the same opportunities available to Minority and Women Owned businesses.

Through our efforts, the amount of contract dollars committed to small diverse businesses, or SDBs, in FY 2013-2014 has more than doubled from last fiscal year, while the percentage of contract dollars going to SDBs has also increased during the same time period.

We know that our work is not done. Moving forward, our focus will be on expanding our random compliance audits to make certain the commitments made by prime contractors to small and small diverse businesses are met and to ensure that small and small diverse businesses are given fair and equal opportunity in commonwealth contracting.

We appreciate the support the General Assembly has provided to this program in the past year, and we look forward to that continued support in the future. The Corbett Administration is dedicated to the revitalization of our economy, and it starts with the support and advancement of programs that promote the growth and sustainability of businesses.

Sincerely,

A handwritten signature in blue ink that reads "Sheri Phillips". The signature is fluid and cursive.

Sheri Phillips

## Executive Overview

The Department of General Services (DGS), Bureau of Small Business Opportunities (BSBO) is responsible to assist and educate small and small diverse businesses on how to do business with state government agencies.

In Fiscal Year 2013-14, BSBO continued to develop its two programs implemented in Fiscal Year 2012-13: the Small Business Procurement Initiative (SBPI) and the Small Diverse Business (SDB) Program. These two programs are continuing to provide opportunities for small and small diverse businesses to be both prime contractors and subcontractors on Commonwealth contracts. This was a transitional year for the SDB program, requiring all SDBs to provide proof of third party certification from one of the DGS-approved certifying entities. To ensure a successful transition, the BSBO Certification Unit established additional outreach procedures to educate and assist over 200 SDB businesses to assure their involvement in the SDB program.

The SDB Program continues to ensure open and equitable contracting practices with small diverse businesses: Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs) Veteran Business Enterprises (VBEs) and Service-Disabled Veteran Business Enterprises (SDVEs), collectively hereafter, Small Diverse Businesses or SDBs. As of June 30, 2013, 949 businesses were verified as small diverse businesses, almost one-third of the total number of small businesses self-certified in SBPI. SDBs had a participation rate of 11.07%, and received commitments totaling \$285 million, 25.99% of the contract values awarded which are applicable to the SDB program.

BSBO's Compliance Program is responsible to ensure contractual commitments are realized, and allegations of abuse, false certification or discriminatory practices are investigated. Its focus involves proactively monitoring the utilization of SDBs performing as subcontractors on all active or open contracts. This fiscal year, the program monitored nearly 300 contracts.

Our focus in the next fiscal year is to expand our random compliance audits conducted by the Certification Unit to ensure small and small diverse businesses meet all requirements for self-certification. The pages to follow within this report elaborate on Overall Accomplishments, Procurement, Construction, Compliance, SDB Participation, and Recommendations.

For your convenience, this report can be viewed and downloaded in its entirety from the DGS website at [Bureau of Small Business Opportunities](#).

<sup>1</sup> This report is provided pursuant to Section 2107 of the Commonwealth Procurement Code, 62 Pa. C.S. §2701.

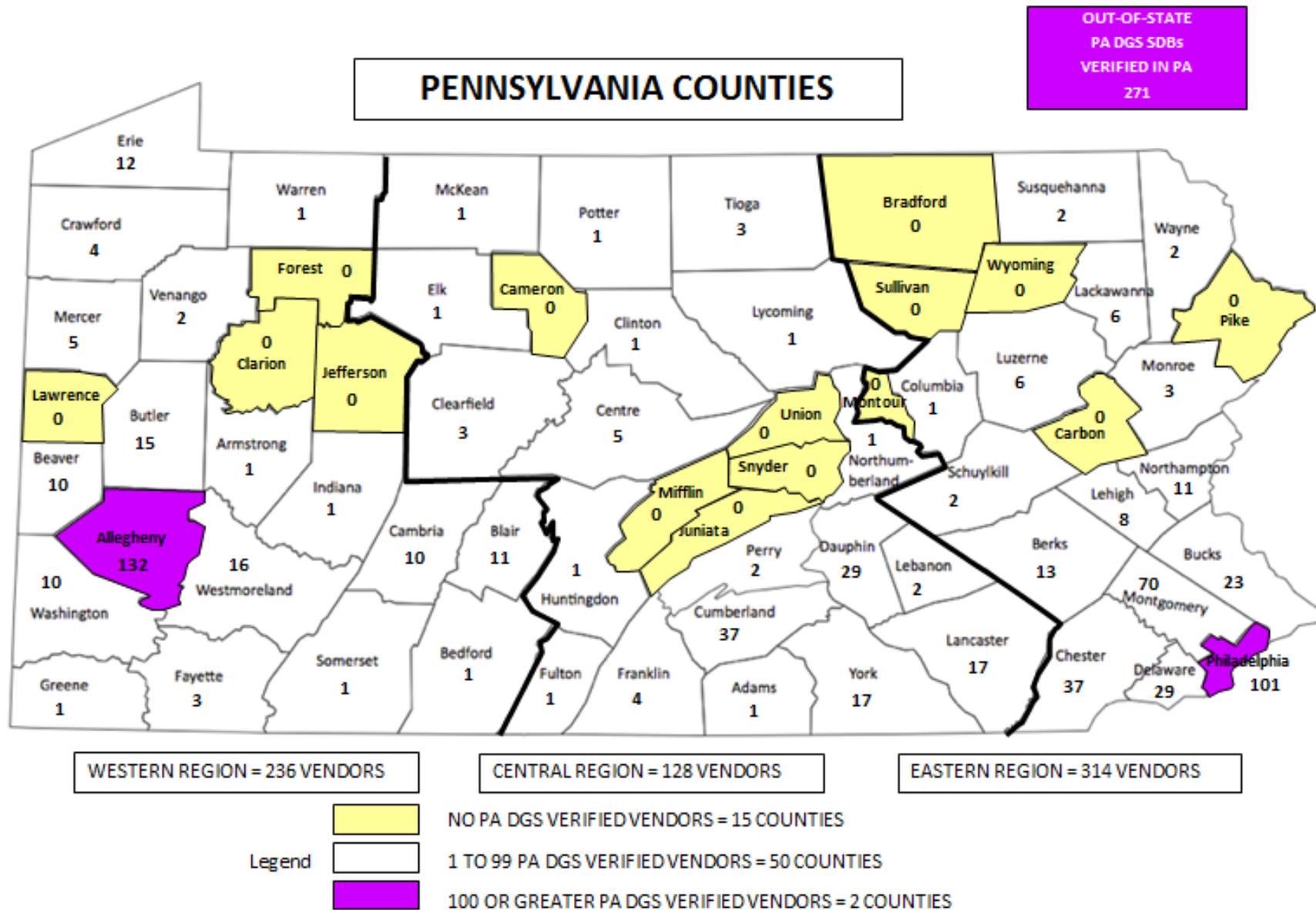
## Overall Accomplishments in Fiscal Year 2013-14

During the 2013-14 Fiscal Year, DGS through the BSBO, in partnership with all state agencies, have taken steps to ensure continued progress in affording maximum opportunities to small, and small diverse businesses, as well as access to information on those opportunities. Key accomplishments include:

- Implemented improvements to the small business self-certification application to enhance reporting functionality.
- Developed a certification assessment tool to standardize the information collected and analyzed during audits of small and small diverse businesses.
- Modified the small business certificate to reflect the status of those companies also verified as SDBs and their SDB designations.
- Continued improvements made to the department's website to streamline access to information referencing the small business self-certification application process and the SDB verification program.
- Established an online application process for the verification of SDBs which eliminated a cumbersome, time consuming paper process, and reduced the time to secure SDB verification with the Commonwealth.
- Strengthened the enforcement of prime contractor commitments through compliance reviews, investigations, and prompt action in instances of false representation or abuse of the program guidelines.
- Enhanced the Construction Application to capture and calculate the percentages credited toward the Minimum Participation Levels (MPLs).
- Developed an electronic Small Diverse Business Utilization Report (SDBUR) for construction contractors and SDBs to submit SDB utilization and payment information.
- Provided SDB Construction Contract Compliance training to Commonwealth agencies.
- Developed a comprehensive SDB Construction & Professional Design workshop in collaboration with DGS, Public Works and delivered over 20 training sessions and workshops to assist SDB subcontractors, vendors, construction, and small design consultants with program guidelines and procurement protocols.
- Provided over 20 additional training sessions and workshops on the Small and SDB Program for Procurement.
- Attended the 2013-14 Marcellus Shale Conference for networking, education, and outreach purposes.
- Was awarded the Women's Business Enterprise National Council (WBENC) the Shining Star Award, which acknowledges woman business owners, individuals, companies, or government entities that have been instrumental in the successful development of the WBENC PA/DE/NJ, and whose voluntary support of and commitment to supplier development initiatives have enhanced business opportunities for certified Women Business Enterprises (WBEs).

# Map of Small Diverse Businesses

During the 2013-14 Fiscal Year there were 949 DGS verified SDBs. There are 678 located throughout many of Pennsylvania's 67 counties with an additional 271 located Out-of-State.



Additional details regarding each SDB's verification classification are provided on the following two pages.

## Small Diverse Businesses by Region, County, and Classification Types

The chart provides regional and county data on the number of SDBs verified by DGS. Regionally, 236 or 24.87% of these SDBs were headquartered in **Western PA**; 128 or 13.49% in **Central PA**; and 314 or 33.09% in **Eastern PA**. The remaining 271 or 28.56% are located **Out-of-State**. MBEs represented **27.92%**; WBEs **51.95%**; MWBEs **10.33%**; and VBEs/SDVEs **9.80%** of the total **949** SDB population.

WESTERN PA REGION - 236 SDBs						CENTRAL PA REGION - 128 SDBs						EASTERN PA REGION - 314 SDBs					
COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL	COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL	COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL
Allegheny	31	78	11	12	132	Adams	0	1	0	0	1	Berks	2	9	2	0	13
Armstrong	0	1	0	0	1	Cameron	0	0	0	0	0	Bradford	0	0	0	0	0
Beaver	0	9	0	1	10	Centre	0	2	0	3	5	Bucks	5	13	2	3	23
Bedford	0	1	0	0	1	Clearfield	0	2	1	0	3	Carbon	0	0	0	0	0
Blair	0	7	0	4	11	Clinton	0	0	0	1	1	Chester	6	24	2	5	37
Butler	0	13	1	1	15	Cumberland	7	22	5	3	37	Columbia	1	0	0	0	1
Cambria	2	8	0	0	10	Dauphin	10	16	3	0	29	Delaware	7	14	5	3	29
Clarion	0	0	0	0	0	Elk	0	1	0	0	1	Lackawanna	1	3	0	2	6
Crawford	0	4	0	0	4	Franklin	1	2	0	1	4	Lehigh	1	6	0	1	8
Erie	1	10	1	0	12	Fulton	0	1	0	0	1	Luzerne	1	2	0	3	6
Fayette	1	2	0	0	3	Huntingdon	0	1	0	0	1	Monroe	1	0	1	1	3
Forest	0	0	0	0	0	Juniata	0	0	0	0	0	Montgomery	22	35	8	5	70
Greene	0	1	0	0	1	Lancaster	4	9	2	2	17	Montour	0	0	0	0	0
Indiana	0	1	0	0	1	Lebanon	0	2	0	0	2	Northampton	1	4	4	2	11
Jefferson	0	0	0	0	0	Lycoming	1	0	0	0	1	Philadelphia	45	38	15	3	101
Lawrence	0	0	0	0	0	McKean	0	1	0	0	1	Pike	0	0	0	0	0
Mercer	1	2	0	2	5	Mifflin	0	0	0	0	0	Schuylkill	1	0	0	1	2
Somerset	0	1	0	0	1	Northumberland	1	0	0	0	1	Sullivan	0	0	0	0	0
Venango	0	2	0	0	2	Perry	0	1	0	1	2	Susquehanna	0	2	0	0	2
Warren	0	1	0	0	1	Potter	0	1	0	0	1	Wayne	0	1	0	1	2
Washington	1	9	0	0	10	Snyder	0	0	0	0	0	Wyoming	0	0	0	0	0
Westmoreland	4	10	1	1	16	Tioga	0	2	0	1	3						
						Union	0	0	0	0	0						
						York	0	10	2	5	17						
<b>TOTALS</b>	<b>41</b>	<b>160</b>	<b>14</b>	<b>21</b>	<b>236</b>	<b>TOTALS</b>	<b>24</b>	<b>74</b>	<b>13</b>	<b>17</b>	<b>128</b>	<b>TOTALS</b>	<b>94</b>	<b>151</b>	<b>39</b>	<b>30</b>	<b>314</b>

TOTAL PA VERIFIED SDBs PER CLASSIFICATION	# OF SDBs
Minority Business Enterprises (MBEs)	265
Women Business Enterprises (WBEs)	493
Minority Women Business Enterprises (MWBEs)	98
Veteran and Service Disabled Veteran Business Enterprises (VBEs/SDVEs)	93
<b>Grand Total</b>	<b>949</b>

OUT-OF-STATE - 271 SDBs					
COUNTY	MBE	WBE	M/WBE	VBE/SDVE	TOTAL
Out-of-State	106	108	32	25	271

## Small Diverse Businesses by Classification Types

The charts below provide details of companies verified and percentages of small diverse businesses by each SDB classification type.

### ALL SMALL DIVERSE BUSINESS CLASSIFICATION TYPES - FISCAL YEAR 2013-14

SDB Vendor Classification	Companies Verified	Percentage of Total Population
Minority Business Enterprises (MBE)	265	27.92%
Minority Veteran Business Enterprises (MVBE)	3	0.32%
Minority Service Disabled Veteran (MSDV)	10	1.05%
Woman Business Enterprises (WBE)	493	51.95%
Woman Veteran Business Enterprises (WVBE)	1	0.11%
Woman Service Disabled Veteran (WSDV)	1	0.11%
Minority Women Business Enterprises (MWBE)	98	10.33%
Minority Women Veteran Enterprises (MWVE)	0	0.00%
Minority Women Service Disabled Veteran (MWSD)	0	0.00%
Veteran Business Enterprises (VBE)	23	2.42%
Service Disabled Veteran Business Enterprises (SDVE)	55	5.80%
<b>TOTAL</b>	<b>949</b>	<b>100%</b>

### ALL SMALL DIVERSE VETERANS - FISCAL YEAR 2013-14

SDB Vendor Classification	Companies Verified	Percentage of Total Population
Minority Veteran Business Enterprises (MVBE)	3	3.23%
Minority Service Disabled Veteran (MSDV)	10	10.75%
Woman Veteran Business Enterprises (WVBE)	1	1.08%
Woman Service Disabled Veteran (WSDV)	1	1.08%
Minority Women Veteran Enterprises (MWVE)	0	0.00%
Minority Women Service Disabled (MWSD)	0	0.00%
Veteran Business Enterprises (VBE)	23	24.73%
Service Disabled Veteran Business Enterprises (SDVE)	55	59.14%
<b>TOTAL</b>	<b>93</b>	<b>100%</b>

## Commonwealth Procurement Overview

The statutory requirements for procurement, as well as the Department's duties relative to providing assistance to SDBs, are established by the Commonwealth Procurement Code at 62 Pa. C.S. § 101. The Procurement Code provides for three methods to procure services, supplies, and construction, including Invitation-for-Bids (IFB), and Request for Proposals (RFP).

The **IFB** process is the most frequently used solicitation in the Commonwealth. This process, also known as "**low bid**," awards the contract to the lowest responsible bidder.

The **RFP** process, which requires special justification in accordance with the Procurement Code, may only be utilized if there is a defined need. Under the RFP method, the Commonwealth considers factors such as the proposers' level of technical proficiency, pricing, and commitments to SDBs.

A third method is through a **Request for Quote (RFQ)** process in which quotations are solicited to vendors on a multiple award contract. Work is awarded on a best value basis, which may consider elements such as SDB commitment, in addition to cost and technical merit.

DGS is responsible for the policies and procedures relative to administration of procurement by Commonwealth agencies. In its sole discretion, DGS may delegate authority for certain procurements directly to the issuing agency. In those cases, however, BSBO continues to monitor the procurement to ensure policies relative to the SDB Program are followed, when applicable.

The next several pages of this report provide information on contract awards for Commonwealth-purchased services, supplies, and construction, as well as information on contract compliance. Additionally, they provide the related commitments to SDBs. This information is presented by procurement category both in summary and detail formats.

## Summary of Commonwealth Contract Awards, Commitments and Payments

A summation of Commonwealth contract awards and commitments to small diverse businesses are provided within the following chart. This information is broken down by procurement method (**IFB, RFP, RFQ, Other**).

Featured on subsequent pages are further details relating to the procurement of goods and services, construction, and professional design spending categories.

### SUMMARY OF CONTRACT AWARDS, SDB COMMITMENTS AND PAYMENTS – FISCAL YEAR 2013-14

CATEGORY OF SPENDING	TOTAL CONTRACT AWARD \$ VALUE	TOTAL SDB COMMITMENT \$ VALUE		TOTAL % COMMITMENT TO SDBs
<b>PROCUREMENT GOODS &amp; SERVICES</b>				
*Request For Proposals/Quotes (RFPs/RFQs)	\$974,692,825	\$249,511,960		25.60%
Information Technology Request for Quotes (RFQs)	\$4,024,100	\$2,346,835		58.32%
IT - Staff Augmentation	\$84,512,847	\$31,814,925		37.64%
<b>TOTAL</b>	<b>\$1,063,229,772</b>	<b>\$283,673,720</b>		<b>26.68%</b>
CATEGORY OF SPENDING	TOTAL CONTRACTS CLOSED \$ VALUE	TOTAL SDB PAYMENTS \$ VALUE	TOTAL SDB % CREDITED TO MPL	TOTAL SDB % CREDITED TO MPL
<b>CONSTRUCTION</b>				
DGS Invitation For Bids (IFBs)	\$26,568,377	\$1,159,586	\$955,016	3.59%
DCNR Agency-delegated (IFBs)	\$2,192,303	\$261,061	\$190,128	8.67%
<b>TOTAL</b>	<b>\$28,760,680</b>	<b>\$1,420,647</b>	<b>\$1,145,144</b>	<b>3.98%</b>
PROFESSIONAL DESIGN	\$ VALUE OF FINALIZED NEGOTIATED FEES FOR APPOINTMENTS	\$ VALUE SDB FINALIZED NEGOTIATED FEES FOR APPOINTMENTS		TOTAL SDB % NEGOTIATED APPOINTMENTS
Professional Design Appointments	\$6,406,398	\$709,137		11.07%
<b>TOTAL</b>	<b>\$6,406,398</b>	<b>\$709,137</b>		<b>11.07%</b>
<b>GRAND TOTALS</b>	<b>\$1,098,396,850</b>	<b>\$285,528,001</b>		<b>25.99%</b>

\*Request For Proposal/Quotes RFPs/RFQs represents Non-Information Technology RFQs

## Procurement of Goods and Services

The data below represents procurement contract awards and associated SDB commitments detailed by purchasing agency for Fiscal Year 2013-14. In addition, the Commonwealth awarded two no-cost contracts. Of the two awarded, both contained commitments to SDBs representative of a percentage of each respective contract.

### PROCUREMENT REQUEST FOR PROPOSALS/QUOTES - FISCAL YEAR 2013-14

Agency	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %	VBE SDVE Commitments	VBE SDVE %
Community & Economic Development	\$221,800	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Dept. of Environmental Protection	\$7,000,000	\$447,500	6.39%	\$1,121,750	16.03%	\$209,500	2.99%	\$8,750	0.13%
Game Commission	\$360,165	\$0.00	0.00%	\$84,999	23.60%	\$0.00	0.00%	\$0.00	0.00%
General Services	\$122,147,367	\$195,247	0.16%	\$2,335,998	1.91%	\$13,880,135	11.36%	\$0.00	0.00%
Health	\$27,220,331	\$0.00	0.00%	\$18,605	0.07%	\$93,023	0.34%	\$0.00	0.00%
Historical & Museum Commission	\$1,519,500	\$82,053	5.40%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Liquor Control Board	\$29,916,745	\$0.00	0.00%	\$728,409	2.43%	\$0.00	0.00%	\$0.00	0.00%
Office of Administration	\$739,877,612	\$27,866,959	3.77%	\$166,191,456	22.46%	\$2,597,787	0.35%	\$22,609,498	3.06%
Penn Vest	\$3,351,245	\$0.00	0.00%	\$201,074	6.00%	\$0.00	0.00%	\$0.00	0.00%
Public School Employees Retirement System	\$3,867,049	\$80,602	2.08%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Public Welfare	\$13,172,830	\$182,500	1.39%	\$1,981,077	15.04%	\$0.00	0.00%	\$0.00	0.00%
Transportation	\$26,038,181	\$0.00	0.00%	\$8,595,038	33.01%	\$0.00	0.00%	\$0.00	0.00%
<b>Grand Totals:</b>	\$974,692,825	\$28,854,861	2.96%	\$181,258,406	18.60%	\$16,780,445	1.72%	22,618,248	2.32%
<b>Total Commitments to Small Diverse Businesses:</b>				<b>\$249,511,960</b>				<b>25.60%</b>	

## Information Technology / Invitation-to-Qualify (IT-ITQ)

The Office of Administration (OA) was delegated full authority over the procurement of Information Technology (IT) supplies and services. OA's Office for Information Technology (OA-OIT) formulates policy with regard to the identification and description of computer, electronic, telecommunications, and radio hardware, software, and services to be procured by executive agencies and independent agencies for which DGS acts as the purchasing agency. The Commonwealth issued four RFQs resulting in four awarded purchase orders. The data below represents total RFQ awards and the resulting SDB commitments.

### IT-INVITATION TO QUALIFY (Request for Quotes>\$250,000) FISCAL YEAR 2013-14

Agency	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %	VBE SDVE Commitments	VBE SDVBE %
Office of Administration	\$3,610,882	\$2,308,624	63.94%	\$17,550	0.49%	\$0.00	0.00%	\$0.00	0.00%
Pennsylvania Emergency Management Agency	\$413,218	\$0.00	0.00%	\$20,661	5.00%	\$0.00	0.00%	\$0.00	0.00%
<b>Grand Totals:</b>	<b>\$4,024,100</b>	<b>\$2,308,624</b>	<b>57.37%</b>	<b>\$38,211</b>	<b>0.95%</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>\$0.00</b>	<b>0.00%</b>
<b>Total Commitments to Small Diverse Businesses:</b>				<b>\$2,346,835</b>			<b>58.32%</b>		

## Enterprise IT Staff Augmentation Services

OA's Enterprise IT Staff Augmentation Services contract was developed to provide specialized, temporary IT resources to assist on short-term information technology projects. This contract serves as an enterprise solution and supports the state's strategic initiatives aimed at reducing costs, improving productivity and processes, increasing competition for IT services suppliers, and expanding opportunities for Small Diverse Businesses. For Fiscal Year 2013-14, the staff augmentation contract data is presented in two charts. The first chart represents a summary of all contract spend including new spending, existing engagements, renewals/extensions, etc. The second chart shows the totals for only new engagements created under the contract during this timeframe.

### STAFF AUGMENTATION SERVICES-FISCAL YEAR 2013-14 (TOTAL CONTRACT SPEND)

Agency	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %	VBE SDVE Commitments	VBE SDVE %
Office of Administration	\$84,512,847	\$17,934,215	21.22%	\$9,449,108	11.18%	\$4,158,790	4.92%	\$272,811	0.32%
<b>Total Commitments to Small Diverse Businesses:</b>						<b>\$31,814,925</b>		<b>37.65%</b>	

### STAFF AUGMENTATION SERVICES-FISCAL YEAR 2013-14 (NEW CONTRACT SPEND)

Agency	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %	VBE SDVE Commitments	VBE SDVE %
Office of Administration	\$17,957,467	\$6,994,919	38.95%	\$1,100,483	6.13%	\$2,197,959	12.24%	\$95,192	0.53%
<b>Total Commitments to Small Diverse Businesses:</b>						<b>\$10,388,553</b>		<b>57.85%</b>	

## Procurement Compliance and SDB Subcontractor Payments

The Procurement Compliance Unit (Unit) monitors active or open contracts to ensure fairness and compliance in the SDB Program. The Unit is responsible for monitoring, reviewing, and tracking payments on contracts to ensure the financial commitments to SDBs are met throughout the life of the contract. BSBO continues to strengthen the enforcement of prime contractor commitments through compliance investigations, and by taking action in instances of false representation or abuse of the program guidelines. The Unit monitors compliance through audits and post audits of Quarterly Utilization Reports (QURs) submitted by prime contractors. There were 145 contracts proactively monitored during Fiscal Year 2013-14.

Post audits were required on 26% of the contracts monitored for discrepancies between the prime contractor and SDB utilization information. Post audits confirmed the commitment progress and payments were made to the SDBs. However, one prime contractor was found to be non-compliant and sanctions were recommended. When a prime contractor is found to be non-compliant, the Department may utilize sanctions including: Non-compliance warnings, recommendation for Contractor Responsibility Program (CRP), suspension or debarment, and in some instances forwarded to the Inspector General for further investigation. In this instance, the contractor was recommended for CRP.

The following charts represent our progress in ensuring payments reported by prime contractors and listed by SDB designation for the last three fiscal years. The chart further defines payments made to SDBs for contracts monitored and randomly audited by the Procurement Compliance Unit.

### PAYMENTS - FISCAL YEAR 2013-14

Fiscal Year 2013	Amount Paid to MBE	Amount Paid to WBE	Amount Paid to MWBE	Amount Paid to VBE/SDVE	Total
Monitored	\$30,604,796	\$36,581,426	\$17,093,022	\$0.00	\$84,279,244
Random Audit	\$8,565,954	\$14,846,775	\$8,111,520	\$0.00	\$31,524,249
<b>Total</b>	<b>\$39,170,750</b>	<b>\$51,428,201</b>	<b>\$25,204,542</b>	<b>\$0.00</b>	<b>\$115,803,493</b>

### PAYMENTS - FISCAL YEAR 2012-2013

Fiscal Year 2012	Amount Paid to MBE	Amount Paid to WBE	Amount Paid to MWBE	Amount Paid to VBE/SDVE	Total
Monitored	\$6,795,540	\$10,044,602	\$5,439,749	\$0.00	\$22,279,891
Other	\$3,857,601	\$6,200,362	\$4,374,752	\$0.00	\$14,432,715
<b>Total</b>	<b>\$10,653,141</b>	<b>\$16,244,964</b>	<b>\$9,814,501</b>	<b>\$0.00</b>	<b>\$36,712,606</b>

### PAYMENTS - FISCAL YEAR 2011-2012

Fiscal Year 2011	Amount Paid to MBE	Amount Paid to WBE	Amount Paid to MWBE	Amount Paid to VBE/SDVE	Total
Monitored	\$517,927	\$892,641	\$1,671,863	\$0.00	\$3,082,431
Other	\$0.00	\$0.00	\$979,455	\$0.00	\$979,455
<b>Total</b>	<b>\$517,927</b>	<b>\$892,641</b>	<b>\$2,651,318</b>	<b>\$0.00</b>	<b>\$4,061,886</b>

## Construction Overview

During any given Fiscal Year, the DGS Public Works Deputate manages roughly \$1.5 billion in Commonwealth design, pre-construction, construction, and close out processes, excluding a number of projects delegated to and managed by the Department of Conservation and Natural Resources (DCNR) for facilities and improvement projects in State Parks and State Forests as well as Department of Environmental Protection (DEP) improvement projects primarily involving mine reclamation, oil and gas well plugging, waste site remediation, flood control, and stream rehabilitation.

DGS, Public Works and the above referenced agencies may utilize both the IFB and RFP solicitation methods when awarding these construction contracts. Determination for the solicitation type is typically legislatively mandated upon the appropriation of funding for the project.

This Fiscal Year represents the first full year in which contracts were awarded under the new SDB program. The SDB program for construction is different from procurement contracts in that annually DGS establishes a Minimum Participation Level (MPL). The MPL applies to the utilization of SDB subcontractors, manufacturers, and suppliers and is included in each of the four disciplines: general construction, HVAC, plumbing, and electrical. For Fiscal Year 2013-14 DGS maintained the MPL of 7.5% established in the previous fiscal year. Prime contractors must elect to “Opt-In”, agreeing to meet the established MPL or to stringent documentation efforts required under a “Good Faith Effort” (GFE), to include SDBs as subcontractors, suppliers, and/or professional service providers for every subcontract or purchase order greater than \$10,000.

The chart below reports on closed contracts by payment values and percentages credited to SDBs by SDB classification type. Closed contracts include final inspection and final payments made to SDB subcontractors during FY 2013-14. The percentages are calculated on the dollar amounts credited toward the MPL.

### CONSTRUCTION –FISCAL YEAR 2013-14

Agency	Number of Closed Contracts	Total \$ Value of Closed Construction Contracts	\$ Value of MBE Payments	MBE % Credited Toward MPL	\$ Value of WBE Payments	WBE % Credited Toward MPL	\$ Value of VBE/SDVE Payments	VBE/SDVE % Credited Toward MPL	Total SDB \$ Value Credited Toward MPL	Total SDB % Credited Toward MPL
DGS - IFB	37	\$26,568,377	\$350,115	0.82%	\$806,312	2.76%	\$3,158	0.01%	\$955,016	3.59%
DGS - RFP	0	\$0.00	\$0.00	0.00%	\$0	0.00%	\$0	0.00%	\$0.00	0.00%
DEP - IFB	0	\$0.00	\$0.00	0.00%	\$0	0.00%	\$0	0.00%	\$0.00	0.00%
DCNR - IFB	9	\$2,192,303	\$142,627	4.71%	\$118,434	3.95%	\$0.00	0.00%	\$190,128	8.67%
<b>TOTAL</b>	<b>46</b>	<b>\$28,760,680</b>	<b>\$492,742</b>	<b>1.11%</b>	<b>\$924,746</b>	<b>2.86%</b>	<b>\$3,158</b>	<b>0.01%</b>	<b>\$1,145,144</b>	<b>3.98%</b>

## Summary of Commonwealth Construction

The chart below summarizes the previous chart identifying reported closed contracts by the “Opt-In” and “GFE” option and represents payments for SDB participation and the percentages credited to MPLs. There were 21 prime contractors that selected to Opt-In; of those 18 met or exceeded the 7.5% MPL. Three did not meet the 7.5% MPL and were issued warning letters as reflected in the compliance section of this report.

There were 25 prime contractors that selected GFE. Of those, two exceeded the 7.5% MPL, six had minimal SDB participation and 17 had 0% commitments to SDBs. All 17 met the GFE program requirements. GFE documentation revealed that SDBs were solicited; however, due to pricing, non-submission of bids, and or availability, SDB participation was 0%.

No closed projects were reported for DEP.

CONSTRUCTION			TOTAL CONTRACTS CLOSED \$ VALUE	TOTAL SDB PAYMENTS \$ VALUE	TOTAL SDB % CREDITED TO MPL
<b>DGS Invitation For Bids (IFBs)</b>			\$26,568,377	\$1,159,586	3.59%
	<b>OPT- IN</b>	<b>GFE</b>			
Total Number of DGS Contracts	17	20			
Total \$ Value of Awards	\$8,326,515	\$18,241,862			
Total SDB Payments \$ Value	\$884,899	\$274,687			
Total SDB Credit Towards MPL \$ Value	\$700,971	\$254,045			
Total SDB % Credited to MPL	2.64%	0.96%			
Total SDB % Per OPT-IN and GFE	8.42%	1.39%			
<b>DCNR Agency-Delegated (IFBs)</b>			\$2,192,303	\$261,061	8.67%
	<b>OPT-IN</b>	<b>GFE</b>			
Total Number of DCNR Contracts	4	5			
Total \$ Value of Awards	\$1,621,249	\$571,054			
Total SDB Payments \$ Value	\$261,061	\$3,547			
Total SDB Credit Towards MPL \$ Value	\$186,581	\$3,547			
Total SDB % Credited to MPL	8.51%	0.16%			
Total SDB % Per OPT-IN and GFE	11.51%	0.62%			
<b>GRAND TOTALS:</b>			<b>\$28,760,680</b>	<b>\$1,420,647</b>	<b>3.98%</b>

## Construction Compliance and SDB Subcontractor Payments

The Construction Compliance Unit monitors active or open contracts to ensure fairness and compliance in the SDB program for Construction. The unit is responsible for monitoring, reviewing, and tracking payments to ensure compliance on construction contracts with a value greater than \$50,000. The Unit continues to strengthen the enforcement of prime contractor commitments through compliance investigations and action in instances of false representation or abuse of the program guidelines.

The charts below provide a breakdown of compliance and payments to SDB subcontractors on open and closed DGS contracts within FY 2013-14.

CONSTRUCTION CONTRACTOR COMPLIANCE	
Total Number Contracts	141
Total Number Opt-In Monitored	74
Total Number Good Faith Effort Monitored	62
Total Number Not Applicable (Contracts Under \$50,000)	5
Total Number SDBUR Reviewed	226
Total Number Good Faith Effort Reviewed	113
Number Non-Compliance Warnings	3
Number Entered in CRP	1
Number Recommended for Debarment	0
Number Forwarded to Inspector General	0

SDB SUBCONTRACTOR PAYMENTS	
Total \$ Amount Paid to SDBs	\$2,461,265
Total Number Payments	119
Total Number of SDBs Paid	59
Number MBE Payments	20
\$ Amount Paid to MBEs	\$726,292
Number WBE Payments	38
\$ Amount Paid to WBEs	\$1,731,815
\$ Amount Paid to VBEs	\$3,158

## Professional Design Overview

DGS Public Works also procures professional design services (architectural and engineering) for many of its advertised Capital and agency-funded projects. The procurement of these services is achieved through the advertisement of professional design service opportunities. Interested parties are required to complete and submit a professional design application for appointment consideration. SDB participation is encouraged and incorporated into the professional design services procurement process as is done within the area of construction.

The data below represents Commonwealth executed professional design appointments, and SDB prime contracting participation details for Fiscal Year 2013-14, inclusive of appointments to DGS-verified SDBs. Commitments to these SDBs are reflective of instances where the Commonwealth actually appointed SDB professional design firms as lead designers.

### PROFESSIONAL DESIGN - FISCAL YEAR – 2013-14

Total Number of Executed Appointments	\$ Value of Construction Agreements	\$ Value of Finalized Negotiated Fees For Appointments	Number of SDB Negotiated Fees For Appointments	\$ Value of SDB Finalized Negotiated Fees For Appointments	% Value of SDB Negotiated Appointments
27	\$81,203,000	\$6,406,398	11	\$709,137	11.07%
<b>Total Small Diverse Business Appointments</b>			<b>11</b>	<b>\$709,137</b>	<b>11.07%</b>

### TOTAL SMALL DIVERSE BUSINESS APPOINTMENTS – BY CLASSIFICATION

SDB Vendor Classification	SDB Appointments	SDB Total \$ Value	% Value of SDB
Minority Business Enterprise (MBE)	3	\$106,870	1.67%
Woman Business Enterprise (WBE)	10	\$602,267	9.40%
Veteran and Service Disabled Veteran Business Enterprise (VBE & SDVE)	0	\$0.00	0.00%
<b>Total Small Diverse Business Appointments</b>	<b>13*</b>	<b>\$709,137</b>	<b>11.07%</b>

SDB professional design spending is captured after negotiated fees for such services are finalized between Appointed Professional Design Firms and the Commonwealth. There were a total of 27 professional design appointments executed during the Fiscal Year 2013-14, of those appointments, 11 went to SDBs.

Accordingly, SDB professional design participation is computed by dividing the dollar value of SDB finalized negotiated fees for appointments by the dollar value of SDB finalized negotiated fees for appointments, inclusive of those related to majority-owned professional design firms.

\*Note: There were 11 SDB appointments; 2 had multiple appointments.

## Recommendations

During the past year, DGS has continued to enhance processes associated with program changes and made considerable progress in its efforts to increase opportunities for small and small diverse business owners. The SBPI program continues to enable businesses to compete with other small businesses for prime contracting opportunities. The SDB program increases opportunities for VBEs and SDVEs to participate in sub-contracting opportunities together with MBEs and WBEs.

In the upcoming year, BSBO will focus on implementing new procedures to ensure the success of these new initiatives and to improve program effectiveness. Several of these recommendations are highlighted below.

- Continue to improve the process for eligible small businesses to become verified online as a SDB.
- Continue to identify and collaborate with additional SDB certification organizations.
- Strengthen the web presence of BSBO by providing timely and useful client information.
- Continue to develop outreach efforts to small and small diverse businesses targeting those 15 counties where no SDBs are represented.
- Continue to coordinate with Public Works and the Bureau of Procurement to provide training opportunities for using agencies as well as small businesses and SDBs.
- Continue to strengthen the enforcement of prime contractor commitments through compliance auditing, investigations, and prompt action in instances of false representation or abuse of program guidelines.
- Propose procurement RFP language to provide for Service Level Agreement (SLA) provisions to withhold payment from prime contractors under appropriate circumstances for SDB non-compliance.
- Implement new technology to accommodate a more streamlined reporting process.
- Continue to encourage and monitor participation of SDBs in subcontracting opportunities available in Pennsylvania's unconventional natural gas extraction industry as prescribed under Act 13 "the Marcellus Shale Act" of 2012.
- Collaborate with the Department of Military and Veteran's Affairs to implement mandates prescribed under Act 185 in support of Veteran and Disabled Veteran-Owned Business interests.

DGS looks forward to updating the General Assembly with our progress on these important initiatives in next year's Annual Report for Fiscal Year 2014-15.