



pennsylvania
DEPARTMENT OF GENERAL SERVICES



Bureau of Minority and Women Business Opportunities

Annual Report

Fiscal Year 2009

Fiscal Year 2010

Tom Corbett, Governor

Sheri Phillips, Secretary

Message from Secretary Sheri Phillips

On behalf of Governor Tom Corbett, I am pleased to present the Annual Report for fiscal years 2009-2010 and 2010-2011 on the participation of minority- and women-owned businesses in contracting with the Commonwealth of Pennsylvania.

The Department of General Services, as the department responsible for the procurement of the state's goods and services, as well as for the administration of the state's public works construction projects, acknowledges the importance and is committed to providing opportunities for small disadvantaged businesses to work as prime contractors and subcontractors, suppliers and professional service providers.

Small businesses are one of the fastest growing segments of the economy, providing jobs and driving economic expansion in these fiscally challenging times. This is certainly evidenced in that at a time when state spending is down overall, the participation of these businesses in contracting opportunities has increased over reported commitments for calendar year 2009 in all but two categories of spending. This achievement is directly attributable to the efforts of agency personnel in working with the Department and our Bureau of Minority and Women Business Opportunities to ensure these businesses receive the assistance necessary to successfully navigate the process of doing business with the Commonwealth.

This report represents the beginning of some changes being developed and implemented by the Department. In accordance with the Commonwealth Procurement Code, this report presents data based on the Commonwealth's budgetary cycle, by fiscal year. In an effort to bridge the gap between last year's calendar year report and this year's fiscal year report, we have included information for two consecutive fiscal years. We are also excited about several initiatives aimed at increasing *prime* contracting opportunities for small and small disadvantaged businesses to be introduced over the next several months.

Governor Corbett and I, in partnership with the Executive Cabinet, will continue to work with small and disadvantaged businesses, their advocates, other stakeholders and the General Assembly to ensure continued progress toward not only identifying and removing barriers to business development and growth, but also in developing, implementing and fostering policies to provide greater sustainable economic opportunities in the future.

Sincerely,



Sheri Phillips
Secretary of the Department of General Services



Executive Overview

In 2004, under the issuance of Executive Order 2004-6 (as amended): *Minority and Women-Owned Business Opportunities*, the Department of General Services (DGS) was tasked with the responsibility to develop and implement policy initiatives to substantially increase contracting and subcontracting opportunities for minority and women-owned businesses and other disadvantaged businesses (DBs) in the Commonwealth's procurement of supplies, services and construction.

Since that time, the Department has made significant progress in:

- Providing knowledgeable staff in each contracting area to assist small disadvantaged businesses in doing business with the Commonwealth;
- Increasing publicity and issuing publications designed to assist small disadvantaged businesses in identifying potential contracting opportunities;
- Compiling, maintaining and making publicly accessible lists of state-certified small disadvantaged businesses seeking opportunities; and
- Developing training and outreach presentations to support small disadvantaged businesses seeking to do business with the Commonwealth.

The Bureau of Minority and Women Business Opportunities (BMWBO) serves as DGS' centralized organization to support and promote the use of minority-owned business enterprises (MBEs) and woman-owned business enterprises (WBEs) in state prime contracting and subcontracting opportunities.

BMWBO's responsibilities include:

- Certifying MBEs and WBEs on behalf of the Commonwealth;
- Evaluating offeror responsiveness as it relates to small disadvantaged business participation;
- Monitoring and verifying compliance with the Commonwealth's non-discrimination and contract compliance policies; and
- Educating small disadvantaged businesses in navigating the state procurement process.

This report details the participation of MBEs and WBEs in achieving contract commitments to work as prime contractors and subcontractors, suppliers and professional service providers. Overall MBE/WBE participation for fiscal year 2009 was just over 15%, representing nearly \$400 million. In fiscal year 2010, despite a 44% reduction in the total contract dollars available for opportunities, MBEs and WBEs achieved a commitment over 17%, representing more than \$260 million.

The following report is provided pursuant to Section 2107 of the Commonwealth Procurement Code, 62 Pa. C.S. § 2107. As previously mentioned, this Annual Report details contract commitments to small disadvantaged businesses for two fiscal years: fiscal year 2009-2010 and fiscal year 2010-2011.

For your convenience, this report can be viewed and downloaded in its entirety from the DGS website at www.dgs.state.pa.us.

Overall Accomplishments in Fiscal Years 2009-2010 and 2010-2011

Over the past two fiscal years, both DGS and BMWBO, in partnership with all state agencies, have taken steps to ensure continued progress in affording maximum opportunities to small disadvantaged businesses and in increasing access to information on those opportunities. Key accomplishments include:

- Convened both a Procurement Advisory Council and a Public Works Advisory Council with key stakeholders from the supplier community, including DBs, to discuss process improvement and recommendations for improved service.
- Achieved higher percentages of overall participation year-over-year in all categories of spending but two, and ended fiscal year 2010-2011 with the highest overall participation in three years.
- Participated in numerous Commonwealth and outside entity events to provide information on the Department and promote BMWBO's role within it.
- Worked with the Governor's Policy Office on the issuance of a Small Business Procurement Initiative Executive Order, which will allow small businesses the opportunity to compete for prime contracting opportunities.
- Continued to recognize veteran-owned businesses (VBEs) under the state's certification program and to include information on VBEs in the Department's online database.

The chart below provides summary information on contracts and contract commitments by category. These categories as well as information on opportunities afforded under the American Recovery and Reinvestment Act are further detailed in the sections which follow.

Category of Spending	Total Contract Awards	Total Commitments	% Committed to DBs	Total Contract Awards	Total Commitments	% Committed to DBs
PROCUREMENT						
Request for Proposals	\$2,074,451,174	\$230,677,760	11.12%	\$1,105,629,339	\$164,806,933	14.91%
IT-Invitation to Qualify	\$16,042,887	\$9,943,738	61.98%	\$15,741,292	\$6,428,233	40.84%
IT - Staff Augmentation	\$35,960,514	\$11,959,068	33.26%	\$24,538,109	\$10,601,101	43.20%
SUBTOTAL:	\$2,126,454,575	\$252,580,566	11.88%	\$1,145,908,740	\$181,836,267	15.87%
CONSTRUCTION						
DGS Request for Proposals	\$313,721,000	\$121,263,052	38.65%	\$124,628,082	\$44,324,443	35.57%
DGS Invitation for Bids	\$90,523,426	\$7,309,968	8.08%	\$110,438,633	\$14,053,595	12.73%
Agency Invitation for Bids	\$61,734,964	\$3,194,941	5.18%	\$24,975,251	\$1,813,570	7.26%
SUBTOTAL:	\$465,979,390	\$131,767,961	28.28%	\$260,041,966	\$60,191,608	23.15%
GUARANTEED ENERGY SAVINGS PROJECTS	\$46,936,710	\$13,956,356	29.73%	\$56,997,866	\$18,332,572	32.16%
REAL ESTATE LEASING	\$15,003,457	\$439,009	2.93%	\$22,563,172	\$434,161	1.92%
TOTAL:	\$2,654,374,132	\$398,743,892	15.02%	\$1,485,511,744	\$260,794,608	17.56%

Procurement of Goods and Services

Annually, the Commonwealth purchases over \$3 billion in goods and services. The purchase of these goods and services, as well as the Department's duties relative to providing assistance to small disadvantaged businesses, is guided by the Commonwealth Procurement Code at 62 Pa.C.S. §101. Over the past five years, DGS has seen significant participation by small disadvantaged businesses as subcontractors, suppliers and professional service providers. Typically, this participation results from Request for Proposal (RFP) solicitations, which contemplate factors other than price including the participation of small disadvantaged businesses, as part of the evaluation process.

Data presented below is done so by agency. In the event that DGS delegates the authority for the RFP process back to a requesting agency the Department, through BMWBO, continues to follow the procurement to ensure policies relative to the solicitation of small disadvantaged business are followed. Data presented under DGS below reflects procurements for the Department as well as procurements for statewide contracts available for multi-agency use.

PROCUREMENT REQUEST FOR PROPOSALS - FISCAL YEAR 2009-2010									
Agency	Number of RFP/RFQs Issued	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
Commission on Crime & Delinquency	2	2	\$1,570,357.20	\$0.00	0.00%	\$4,199.98	0.27%	\$60,899.67	3.88%
Community & Economic Development	5	5	\$11,164,476.78	\$95,776.82	0.86%	\$0.00	0.00%	\$9,824.89	0.09%
Conservation & Natural Resources	6	11	\$1,488,436.63	\$505,878.06	33.99%	\$0.00	0.00%	\$180,273.10	12.11%
Corrections	3	14	\$52,819,592.00	\$188,304.91	0.36%	\$97,637.92	0.18%	\$877,768.03	1.66%
Education	3	3	\$3,271,314.72	\$0.00	0.00%	\$168,417.00	5.15%	\$265,729.88	8.12%
Environmental Protection	2	6	\$16,350,000.00	\$805,540.00	4.93%	\$330,100.00	2.02%	\$1,902,010.00	11.63%
General Services	31	34	\$473,192,205.19	\$71,560,323.65	15.12%	\$10,707,204.95	2.26%	\$8,417,850.26	1.78%
Health	1	1	\$246,996.00	\$0.00	0.00%	\$0.00	0.00%	\$246,996.00	100.00%
Insurance	1	6	\$128,593,574.00	\$151,232.00	0.12%	\$572,510.00	0.45%	\$1,040,320.00	0.81%
Liquor Control Board	1	2	\$6,638,169.00	\$0.00	0.00%	\$0.00	0.00%	\$579,793.35	8.73%
Office of Administration	1	1	\$1,399,953.00	\$0.00	0.00%	\$0.00	0.00%	\$559,981.20	40.00%
Office of Attorney General	1	1	\$366,930.00	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Pennsylvania Municipal Retirement System	1	1	\$875,000.00	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
PENNVEST	1	1	\$2,526,075.00	\$0.00	0.00%	\$0.00	0.00%	\$291,937.50	11.56%
Public Utility Company	2	2	\$10,268,540.00	\$43,400.00	0.42%	\$0.00	0.00%	\$2,220,000.00	21.62%
Public Welfare	9	18	\$1,360,716,185.50	\$27,860,479.00	2.05%	\$26,440,442.38	1.94%	\$72,788,297.00	5.35%
State Department	1	1	\$409,600.00	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Transportation	9	9	\$2,553,769.16	\$29,497.82	1.16%	\$13,559.45	0.53%	\$1,661,575.30	65.06%
Total:	80	118	\$2,074,451,174.18	\$101,240,432.26	4.88%	\$38,334,071.68	1.85%	\$91,103,256.18	4.39%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:				\$230,677,760.12	11.12%				

PROCUREMENT REQUEST FOR PROPOSALS - FISCAL YEAR 2010-2011

Agency	Number of RFP/RFQs Issued	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
Commission on Crime & Delinquency	1	1	\$712,903.21	\$0.00	0.00%	\$0.00	0.00%	\$392,096.76	55.00%
Community & Economic Develop	4	4	\$4,008,635.10	\$2,425,392.00	60.50%	\$0.00	0.00%	\$223,955.10	5.59%
Conservation & Natural Resources	4	11	\$450,000.00	\$82,500.00	18.33%	\$0.00	0.00%	\$165,000.00	36.67%
Corrections	1	1	\$4,021,300.00	\$0.00	0.00%	\$0.00	0.00%	\$522,769.00	13.00%
Education	1	1	\$429,166.52	\$0.00	0.00%	\$44,933.73	0.00%	\$74,889.56	17.45%
Environmental Protection	4	5	\$2,515,000.00	\$213,750.00	8.50%	\$0.00	0.00%	\$502,000.00	19.96%
General Services	23	32	\$764,600,539.89	\$70,684,332.61	9.24%	\$8,546,631.07	1.12%	\$72,439,807.50	9.47%
Health	2	9	\$29,192,097.58	\$0.00	0.00%	\$45,820.00	0.16%	\$579,549.82	1.99%
Military and Veterans Affairs	2	3	\$398,782.22	\$0.00	0.00%	\$63,759.00	15.99%	\$7,198.85	1.81%
Office of Administration	2	2	\$686,120.00	\$0.00	0.00%	\$0.00	0.00%	\$32,755.50	4.77%
PEMA	1	1	\$1,980,392.40	\$0.00	0.00%	\$0.00	0.00%	\$418,852.98	21.15%
Pennsylvania Municipal Retirement System	2	2	\$608,200.00	\$0.00	0.00%	\$0.00	0.00%	\$47,493.00	7.81%
Public School Employees Retirement System	4	4	\$4,014,465.00	\$25,813.80	0.64%	\$0.00	0.00%	\$15,488.28	0.39%
Public Welfare	5	5	\$282,519,565.34	\$1,198,521.00	0.42%	\$0.00	0.00%	\$4,395,215.22	1.56%
State Department	3	3	\$5,326,107.00	\$604,620.00	11.35%	\$0.00	0.00%	\$1,016,529.87	19.09%
State Employees Retirement System	3	3	\$1,909,615.00	\$0.00	0.00%	\$37,257.87	1.95%	\$0.00	0.00%
Transportation	1	1	\$2,256,449.60	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Total:	63	88	\$1,105,629,338.86	\$75,234,929.41	6.80%	\$8,738,401.67	0.79%	\$80,833,601.44	7.31%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:				\$164,806,932.52	14.91%				

The Invitation for Bid (IFB) process is the most frequently used solicitation in the Commonwealth’s procurement of goods and services. This process, also known as the “low-bid” process, evaluates cost only in the determination of responsive bidders. Commitments to small disadvantaged businesses when this solicitation type is utilized are typically lower than those under the RFP process, but the Department continues to see some progress in achieving participation.

In addition, the Commonwealth occasionally issues solicitations that result in a no-cost or revenue generating contract, and which often include commitments to small disadvantaged businesses. During the fiscal years reported, the Commonwealth awarded five and ten no cost or revenue generating contracts, respectively. Of the five awarded in fiscal year 2009-2010, all had commitments to small disadvantaged businesses. Of the ten awarded in fiscal year 2010-2011, six had commitments to DBs, and two were awarded to certified DBs as prime contractors.

Information Technology Invitation to Qualify (IT-ITQ)

The Invitation to Qualify (ITQ) is a two-step process through which the Commonwealth prequalifies suppliers for specific services as prescribed by the requirements in the Invitation. When services are required, a Request for Quote may be issued to all prequalified vendors. The award of any resulting work is based on a best value process, where factors other than cost are considered. In the fiscal years reported, small disadvantaged businesses have had great success in achieving commitments from the ITQ process, specifically, for Information Technology services. BMWBO plays an active role in working with agencies utilizing the IT-ITQ for projects greater than \$250,000 to ensure DBs are solicited for opportunities to participate. Information relative to commitments made to MBEs and WBEs on these procurements is presented below.

IT - INVITATION TO QUALIFY (Request for Quotes >\$250,000) FISCAL YEAR 2009-2010									
Agency	Number of RFQs Issued	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
General Services	7	7	\$14,188,710.85	\$8,280,709.94	58.36%	\$0.00	0.00%	\$1,024,057.50	7.22%
Office of Administration	1	1	\$1,399,953.00	\$0.00	0.00%	\$0.00	0.00%	\$559,981.20	40.00%
Public Welfare	1	1	\$454,223.00	\$0.00	0.00%	\$78,989.38	17.39%	\$0.00	0.00%
Total:	9	9	\$16,042,886.85	\$8,280,709.94	51.62%	\$78,989.38	0.49%	\$1,584,038.70	9.87%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$9,943,738.02		61.98%		

IT - INVITATION TO QUALIFY (Request for Quotes >\$250,000) FISCAL YEAR 2010-2011									
Agency	Number of RFQs Issued	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
Education	1	1	\$429,166.52	\$0.00	0.00%	\$44,933.73	10.47%	\$74,889.56	0.00%
General Services	6	6	\$13,316,629.19	\$3,744,431.61	28.12%	\$0.00	0.00%	\$1,597,638.85	12.00%
Office of Administration	1	1	\$218,370.00	\$0.00	0.00%	\$0.00	0.00%	\$32,755.50	15.00%
Public Welfare	1	1	\$897,104.00	\$0.00	0.00%	\$0.00	0.00%	\$179,420.80	20.00%
State Department	2	2	\$880,022.00	\$604,620.00	68.71%	\$0.00	0.00%	\$149,543.29	16.99%
Total:	11	11	\$15,741,291.71	\$4,349,051.61	27.63%	\$44,933.73	0.29%	\$2,034,248.00	12.92%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$6,428,233.34		40.84%		

Enterprise IT Staff Augmentation Services

The Commonwealth's Enterprise IT Staff Augmentation Services (IT Staff Aug) contract was developed to provide talented 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 disadvantaged businesses. This contract has seen significant subcontracting participation by MBEs and WBEs over the past two fiscal years as evidenced below.

STAFF AUGMENTATION SERVICES - FISCAL YEAR 2009-2010								
Agency	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
General Services	309	\$35,960,513.95	\$7,262,098.91	20.19%	\$1,926,898.16	5.36%	\$2,770,070.47	7.70%
Total:	309	\$35,960,513.95	\$7,162,570.43	19.92%	\$1,985,024.34	5.52%	\$2,811,472.77	7.82%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$11,959,067.54		33.26%	

STAFF AUGMENTATION SERVICES - FISCAL YEAR 2010-2011								
Agency	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
General Services	286	\$24,538,109.36	\$6,047,418.66	24.65%	\$1,934,829.05	7.88%	\$2,618,853.61	10.67%
Total:	286	\$24,538,109.36	\$6,047,418.66	24.65%	\$1,934,829.05	7.88%	\$2,618,853.61	10.67%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$10,601,101.32		43.20%	

Commonwealth Construction

During any given fiscal year, the Department's Public Works deputation manages roughly \$1.5 billion in Commonwealth construction projects, which does not include any smaller construction projects delegated to and managed by the Department of Environmental Protection (DEP) and the Department of Conservation and Natural Resources (DCNR). As in the procurement of goods and services, Public Works utilizes both the RFP and IFB solicitation methods when securing construction contractors. Determination for the solicitation type to be utilized is typically legislatively mandated upon the release of funding for the project. Data below represents construction awarded by DGS, as well as DEP and DCNR for the reporting period.

CONSTRUCTION - FISCAL YEAR 2009-2010								
Agency	Number of Contracts Awarded	Total Construction Prime Contract Awards	MBE Commitments	MBE %	WBE Commitments	WBE %	Design-Build DB Commitments*	Design-Build DB%
General Services - Invitation for Bids	95	\$90,523,426	\$3,632,355	4.01%	\$3,677,613	4.06%	N/A	N/A
General Services - Request for Proposals	20	\$313,721,000	\$9,666,385	3.08%	\$8,328,805	2.65%	\$103,267,862	32.92%
DCNR - Invitation for Bids	57	\$19,590,688	\$247,533	1.26%	\$1,692,987	8.64%	N/A	N/A
DEP - Invitation for Bids	47	\$42,144,276	\$383,052	0.91%	\$871,369	2.07%	N/A	N/A
Total:	219	\$465,979,390	\$13,929,325	2.99%	\$14,570,774	3.13%	\$103,267,862	22.16%
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$131,767,960	28.28%		

CONSTRUCTION - FISCAL YEAR 2010-2011								
Agency	Number of Contracts Awarded	Total Construction Prime Contract Awards	MBE Commitments	MBE %	WBE Commitments	WBE %	Design-Build DB Commitments*	Design-Build DB%
General Services - Invitation for Bids	119	\$110,438,633	\$7,067,388	6.40%	\$6,986,207	6.33%	N/A	N/A
General Services - Request for Proposals	5	\$124,628,082	\$35,357,000	28.37%	\$8,967,443	7.20%	N/A	N/A
DCNR - Invitation for Bids	32	\$11,073,375	\$256,306	2.31%	\$746,340	6.74%	N/A	N/A
DEP - Invitation for Bids	39	\$13,901,876	\$336,937	2.42%	\$473,987	3.41%	N/A	N/A
Total:	195	\$260,041,966	\$43,017,631	16.54%	\$17,173,977	6.60%	N/A	N/A
TOTAL COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:					\$60,191,608	23.15%		

*Design-Build DB commitments are made as a percentage of the total value of the project. Because this is sometimes completed prior to final selection of the subcontractors and suppliers, these commitments cannot be designated as MBE or WBE.

Additional commitments have been made to DBs through the selection of architects and designers. This category of spending will be included and analyzed in next year's Annual Report.

Guaranteed Energy Savings Act (GESA) Projects

Since 2004, DGS has served as the centralized coordinator of the Commonwealth's GESA projects. GESA projects serve to prioritize and implement energy conservation measures in state-owned buildings and facilities. DGS has undertaken GESA projects in state hospitals, correctional institutions and in facilities located within the Capitol complex. Last year, DGS reported calendar year 2009 commitments to small disadvantaged businesses in excess of \$2 million on two GESA projects. Early in 2011, the management and administration of the GESA project management was transferred to the Public Works deputate. Accordingly, in subsequent reports, data relative to GESA projects will be reported as a category of Commonwealth Construction.

GUARANTEED ENERGY SAVINGS ACT CONTRACTS - FISCAL YEAR 2009-2010

Agency	Number of Contract Awards	Total GESA Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
Agriculture	1	\$4,012,810	\$0	0.00%	\$0	0.00%	\$1,226,181	30.56%
Public Welfare	6	\$42,923,900	\$3,710,530	8.64%	\$186,459	0.43%	\$8,833,186	20.58%
TOTALS:	7	\$46,936,710	\$3,710,530	7.91%	\$186,459	0.40%	\$10,059,367	21.43%

TOTAL COMMITMENTS TO SMALL DISADVANTAGED BUSINESSES:	\$13,956,356	29.73%
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GUARANTEED ENERGY SAVINGS ACT CONTRACTS - FISCAL YEAR 2010-2011

Agency	Number of Contract Awards	Total GESA Contract Awards	MBE Commitments	MBE %	MWBE Commitments	MWBE %	WBE Commitments	WBE %
Corrections	1	\$16,828,011	\$1,120,330	6.66%	\$0	0.00%	\$1,205,388	7.16%
General Services	2	\$15,345,612	\$2,599,386	16.94%	\$508,578	3.31%	\$1,394,968	9.09%
Public Welfare	3	\$24,824,243	\$9,734,804	39.21%	\$0	0.00%	\$1,769,118	7.13%
TOTALS:	6	\$56,997,866	\$13,454,520	23.61%	\$508,578	0.89%	\$4,369,474	7.67%

TOTAL COMMITMENTS TO SMALL DISADVANTAGED BUSINESSES:	\$18,332,572	32.16%
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Real Estate Leasing

Relatively new to this report is the inclusion of small disadvantaged business participation in the Commonwealth's real estate leases. Participation of small disadvantaged business is contemplated as part of the Solicitation for Proposal process. Potential lessors indicate in their proposals how they will utilize these businesses during the lease term. Real estate contracting opportunities for small disadvantaged businesses range from full-lease term contracts for custodial or telecommunications services to "once and done" subcontracts for build-outs or other tenant improvements. As the size and structure of government changes, leases may be renegotiated and/or cancelled before the end of their terms. Tracking utilization of MBEs and WBEs under these varied circumstances can be challenging. Accordingly, data collected and reported by BMWBO relative to participation in lease opportunities and for fiscal years 2009-2010 and 2010-2011 includes commitments made against the anticipated minimum contract values over the term of the lease.

REAL ESTATE - FISCAL YEAR 2009-2010				
Agency*	Anticipated Total Annual Cost	Anticipated Total Value over Lease Term	Percent of Lease Value Committed to M/MW/WBEs	Value of M/MW/WBE Participation over Lease Term
Corrections				
Montgomery	\$199,290	\$1,992,900	2.0%	\$39,858
Green	\$1,100,000	\$3,300,000	7.0%	\$231,000
Health				
Warren	\$59,850	\$598,500	7.5%	\$44,888
Labor & Industry				
Cambria	\$103,823	\$519,614	0.0%	\$0
Mercer	\$53,208	\$532,084	3.0%	\$15,963
Clearfield	\$37,810	\$378,099	0.0%	\$0
PA Emergency Management Agency				
Mifflin	\$33,750	\$101,250	0.0%	\$0
PA State Employees Retirement System				
Allegheny	\$47,947	\$239,734	5.0%	\$11,987
Lackawanna	\$46,576	\$232,880	15.0%	\$34,932
Probation and Parole				
Philadelphia	\$371,852	\$3,718,520	1.0%	\$37,185
Allegheny	\$106,082	\$106,082	2.0%	\$2,122
York	\$140,503	\$2,107,545	1.0%	\$21,075
Philadelphia	\$118,500	\$118,500	0.0%	\$0
Public Welfare				
Wyoming	\$105,775	\$1,057,749	0.0%	\$0
TOTALS:	\$2,524,966	\$15,003,457		\$439,009
COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:			\$439,009	2.93%

REAL ESTATE - FISCAL YEAR 2010-2011

Agency*	Anticipated Total Annual Cost	Anticipated Total Value over Lease Term	Percent of Lease Value Committed to M/MW/WBEs	Value of M/MW/WBE Participation over Lease Term
Labor & Industry				
Lehigh	\$161,108	\$1,611,083	10.0%	\$161,108
Erie	\$42,369	\$423,690	0.0%	\$0
Probation and Parole				
Venago	\$140,074	\$1,400,740	3.0%	\$42,022
Philadelphia	\$191,888	\$1,918,875	1.0%	\$19,189
Public Welfare				
Erie	\$59,875	\$598,752	5.0%	\$29,938
Revenue				
Erie	\$73,982	\$369,912	0.0%	\$0
State Police				
Forest	\$166,017	\$2,490,260	2.0%	\$49,805
Lebanon	\$328,136	\$3,281,355	3.0%	\$98,441
Crawford	\$224,390	\$3,365,850	1.0%	\$33,659
Perry	\$277,418	\$4,161,263	0.0%	\$0
Clearfield	\$196,083	\$2,941,392	0.0%	\$0
TOTALS:	\$1,861,340	\$22,563,172		\$434,161
COMMITMENTS TO SMALL AND DISADVANTAGED BUSINESSES:			\$434,161	1.92%

*Leases entered into by the Pennsylvania Liquor Control Board are not currently included in BMWBO's review.

The American Recovery and Reinvestment Act (ARRA)

In October 2009, Executive Order 2009-02, *Creating Opportunities for Small Disadvantaged Businesses in the Expenditure of Federal Stimulus Monies*, formalized and documented best practices to ensure fair and equitable opportunities for small disadvantaged businesses in participating in ARRA contracts. Under this Order, agencies were required to provide outreach to encourage and increase small disadvantaged business interest and participation. Through specific direction in ARRA grant agreements, the Commonwealth also required grantees to monitor, document and report participation in stimulus-funded opportunities.

Although not directly involved in the capture and review of small disadvantaged business participation information, BMWBO participated in a number of statewide education and outreach initiatives targeted to small disadvantaged businesses across the state, as well as several business-to-business matchmaking and networking sessions. The final report on DB participation in ARRA opportunities was presented to the Stimulus Oversight Commission by the Commonwealth's Deputy Accountability Officer on September 22, 2011. That report is presented below.

American Recovery and Reinvestment Act - Cumulative Participation (FINAL REPORT)								
Agency and Program	ARRA award amount	Contract Awards Associated with ARRA Programs ¹	MBE	WBE	M/WBE	DBE	Total MBE/WBE/DBE Contract Amount	Total as % of Contract Award
Environmental Protection								
Energy Efficient Appliance Rebate ²	\$ 11,944,000.00	\$ 510,000		\$ 510,000			\$ 510,000	100.0%
Leaking Underground Storage Tanks	\$ 6,163,000	\$ 6,164,996	\$ 8,000.00	\$ 542,183			\$ 550,183	8.9%
Water Quality Management Program	\$ 1,567,800	\$ 73,149		\$ 13,200			\$ 13,200	18.0%
Energy Efficiency & Conservation Block Grant	\$ 23,574,800	\$ 6,530,330	\$ 1,141,791	\$ 1,177,899	\$ 202,910		\$ 2,522,600	38.6%
State Energy program	\$ 99,684,000	\$ 9,256,487		\$ 535,651			\$ 535,651	5.8%
Executive Offices								
Broadband Mapping	\$ 7,356,301	\$ 1,547,700	\$ 120,500.00	\$ 250,493.77			\$ 370,994	24.0%
Broadband Technology Opportunity Program	\$ 28,784,014	\$ 33,236,351					\$ -	0.0%
Justice Assistance Grants	\$ 45,453,997	\$ 13,890,499	\$ 805,475	\$ 26,410			\$ 831,885	6.0%
Health								
Immunizations & Vaccines	\$ 1,803,140	\$ 1,550,000	\$ 11,754	\$ 33,433			\$ 45,187	2.9%
WIC - Technology grant	\$ 756,167	\$ 491,192	\$ 61,639	\$ 148,488			\$ 210,127	42.8%
Healthy Homes	\$ 875,000	\$ 164,380	\$ 7,500				\$ 7,500	4.6%
Labor & Industry								
Vocational Rehab Title I Basic Support	\$ 20,925,941	\$ 8,842,964	\$ 71,578	\$ 120,051	\$ 12,751		\$ 204,380	2.3%
Military & Veteran's Affairs								
Southeastern Veterans Center	\$ 26,791,224	\$ 32,742,000	\$ 2,334,191	\$ 2,223,960			\$ 4,558,151	13.9%

American Recovery and Reinvestment Act - Cumulative Participation (FINAL REPORT - continued)

Agency and Program	ARRA award amount	Contract Awards Associated with ARRA Programs ¹	MBE	WBE	M/WBE	DBE	Total MBE/WBE/DBE Contract Amount	Total as % of Contract Award
PENNVEST								
Clean Water Revolving Fund	\$ 176,912,530	\$ 268,811,600	\$ 1,016,045	\$ 9,910,411	\$ 55,000		\$ 10,981,456	4.1%
Drinking Water Revolving Fund	\$ 44,006,270	\$ 109,807,320	\$ 2,578,190	\$ 4,814,663	\$ 4,741,655		\$ 12,134,507	11.1%
Transportation								
Highway and Bridge Program	\$ 1,026,429,012	\$ 1,018,885,204	\$ 9,068,780	\$ 38,648,303	\$ 5,329,560	\$ 877,078	\$ 53,923,721	5.3%
Transit Capital Assistance (statewide)	\$ 346,414,606	\$ 346,414,606				\$ 24,973,352	\$ 24,973,352	7.2%
Community and Economic Development								
Community Services Block Grant	\$ 42,332,166							
Community Development Block Grant	\$ 12,434,921	\$ 17,203,796	\$ 226,444	\$ 33,303			\$ 259,747	1.5%
Weatherization	\$ 254,172,883	\$ 113,207,020	\$ 8,331,483	\$ 1,601,323	\$ 684,913	\$ 117,916	\$ 10,735,634	9.5%
Education								
Statewide Longitudinal Data Systems	\$ 14,284,020							
Title II - Education Technology	\$ 25,302,703	\$ 4,006,832	\$ 354,246	\$ 1,741,230	\$ 340,175		\$ 2,435,651	60.8%
Title I Grants	\$ 400,603,678							
TOTAL	\$ 2,618,572,173	\$ 1,993,336,426	\$ 26,137,615	\$ 62,331,000	\$ 11,366,964	\$ 25,968,346	\$ 125,803,924	6.3%
Education								
School District Contracts:								
Title I Grants		\$ 190,305,422	\$ 141,060	\$ 94,669		\$ 2,654,029	\$ 2,889,758	1.5%
State Fiscal Stabilization Fund		\$ 718,498,048	\$ 302,664	\$ 68,829.00		\$ 4,770,497	\$ 5,141,990	0.7%
Special Education (Districts)		\$ 575,923,389	\$ 15,209	\$ 99,313		\$ 2,117,160	\$ 2,231,682	0.4%
School Improvement Grants		\$ 2,483,864				\$ 63,525	\$ 63,525	2.6%
Title II - Education Technology		\$ 39,388,060		\$ 4,786,156.00		\$ 8,257	\$ 4,794,413	12.2%
Special Education (Preschool)		\$ 6,227,461		\$ 496		\$ 33,977	\$ 34,473	0.6%
School Lunch Equipment		\$ 2,747,766				\$ 148,654	\$ 148,654	5.4%
Education for Homeless		\$ 2,744,744				\$ 354,999	\$ 354,999	12.9%
Total for School District Contracts		\$ 1,538,318,754	\$ 458,933	\$ 5,049,463	\$ -	\$ 10,151,099	\$ 15,659,495	1.0%

¹Contracts associated with ARRA projects or awards may be significantly *less* than the award amount when the majority of the project is carried out by employees of the recipient organization rather than contractors. Likewise, contracts associated with ARRA projects may be significantly *more* than the award amount when significant matching or other funds are included in the project.

²Pass-through rebate amounts have been excluded from the contract value.

Certification of Small Disadvantaged Businesses

The pool of BMWBO-certified MBEs and WBEs continues to grow, as presented in the data below and evidenced by the 11.5 percent increase in the number of total certified MBEs and WBEs in fiscal year 2010-2011. One of the priorities for this fiscal year will be to reexamine the certification process to identify ways in which the process can be simplified, streamlined and completed electronically. Enhancements to the Commonwealth's online database of certified businesses are also planned.

Minority-, Woman- and Veteran-Owned Business Certifications						
	Fiscal Year 2009-2010			Fiscal Year 2010-2011		
	NEW	RECERTIFIED	TOTAL	NEW	RECERTIFIED	TOTAL
MBE	147	237	632	161	230	720
WBE	278	576	1464	243	591	1622
MWBE	87	87	294	71	101	348
VBE	19	5	19	21	2	33
		TOTAL:	2409		TOTAL:	2723

Supplier Diversity - Contract Compliance - Business Development

Managing the responsiveness of over five hundred bids annually is also an ongoing BMWBO responsibility. Bids are reviewed and proposals evaluated to ensure compliance with the solicitation requirements relative to each category of spending. Once awarded, BMWBO, in partnership with agency personnel, monitors the compliance of all contractors doing business with the Commonwealth with non-discrimination policies through the submission and review of the STD-21. The STD-21 collects information on the employment practices for all state contractors, their subcontractors and grantees pursuant to contract provisions. When necessary, BMWBO also researches and investigates allegations of non-compliance with disadvantaged business policies. Over the last two years, BMWBO conducted seventeen onsite visits to investigate non-compliance. In addition to visitations to non-compliant contractors, BMWBO also provided educational and training information across the state to DBs navigating the procurement process, as well as other government and non-government entities seeking to increase opportunities for DBs.

Recommendations

While DGS continues to see progress in the participation of disadvantaged businesses in contracting opportunities, we also recognize the need for continued improvement to our processes and procedures. Through cooperation with the Department's Bureau of Procurement, Bureau of Construction and Bureau of Engineering and Architecture, as well as coordination with prime contractors, disadvantaged business owners and other key stakeholders, DGS has compiled numerous recommendations to continue to advance the mission of BMWBO. Several of these recommendations are outlined below.

- Draft and issue policies to implement Governor Corbett's Executive Order 2011-9: Small Business Procurement Initiative.
- Reevaluate the existing MBE/WBE certification process; consider reducing application requirements and accepting certifications beyond Pennsylvania Unified Certification Program, the National Minority Supplier Development Council and the Women's Business Enterprise National Council and reinstate "graduation" provisions.
- Undertake significant improvements to the BMWBO website and BMWBO database of certified businesses.
- Create and/or partner to implement a meaningful training program to include soft skills (networking) and capacity building skills (estimating, Prevailing Wage/Davis Bacon payroll, and software).
- Draft and implement new performance measures that show both the success in administration of the program as well as the return on investment for the taxpayers and businesses served.
- Improve existing tools and/or develop new mechanisms to track and ensure timely and complete payments to subcontractors.
- Develop templates and procedures for the regular collection and verification of data in all categories of spending.

DGS looks forward to the opportunity to update readers with our progress on these important initiatives in next year's Annual Report, covering fiscal year 2011-2012.