



# Josh Shapiro, Governor Fiscal Year 2022-23 Small Business Opportunities Program Annual Report

**PENNSYLVANIA DEPARTMENT OF GENERAL SERVICES**

**Reggie McNeil, Secretary**  
PA Department of General Services

**Kerry L. Kirkland, Deputy Secretary**  
Bureau of Diversity, Inclusion & Small Business Opportunities

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# Glossary



**BDISBO** Bureau of Diversity, Inclusion and Small Business Opportunities

**BOP** Bureau of Procurement

**CP** Capital Programs (*formerly* Public Works)

**DGS** Department of General Services

**DOBE** Disabled-Owned Business Enterprise

**FY** Fiscal Year

**HVAC** Heating, Ventilation & Air Conditioning

**IFB** Invitation for Bids

**ITQ** Invitation to Qualify

**JOC** Job Order Contracting

**LGBT** Lesbian, Gay, Bisexual or Transgender

**LGBTBE** LGBT Business Enterprise

**MBE** Minority Business Enterprise

**NGLCC** National LGBT Chamber of Commerce

**NMSDC** National Minority Supplier Development Council

**RFP** Request for Proposals

**RFQ** Request for Quotes

**SB** Small Business

**SBA** US Small Business Administration 8a Program

**SBPI** Small Business Procurement Initiative

**SBR** Small Business Reserve

**SDB** Small Diverse Business

**SDVBE** Service-Disabled Veteran Business Enterprise

**UCP** Unified Certification Program

**VBE** Veteran Business Enterprise

**VetCert** SBA Veteran Small Business Certification

**WBE** Woman Business Enterprise

**WBENC** Women's Business Enterprise National Council

## Message from Secretary Reggie McNeil



Greetings –

On behalf of DGS, it is my honor to present the 2022-23 Small Business Opportunities Program Annual Report prepared by BDISBO.

Securing state contracts has historically been a challenge for small businesses in Pennsylvania. Obstacles – including a lack of awareness and technical resources, among others – have made it difficult for small businesses to compete for contracts. I can confidently say that this is changing – and the following report reflects this.

This report highlights the spend data and program initiatives that are designed to open new doors of opportunities for Pennsylvania small businesses. DGS is pleased to report that for the first time in Pennsylvania’s history, the Commonwealth spent over \$1 billion dollars with small businesses (SBs) and small diverse businesses (SDBs) in a given fiscal year. SDBs received a record high \$678 million (or 12.2%) and SBs received \$447 million (or 8%) of Commonwealth spend for goods and services. Spending with ethnic minority-owned small businesses reached \$287.9 million an \$80 million increase over last fiscal year of \$207 million.

In addition to the spending, DGS has placed a greater emphasis on removing barriers to state contracting opportunities and so far, we have made great strides. We have reduced the time it takes to certify small businesses with DGS by 33%; implemented a prompt pay policy for non-construction prime contractors to pay all subcontractors faster; and in September 2023, Governor Shapiro signed an Executive Order that directs Commonwealth agencies to prioritize small businesses in their procurement process, promotes financing and capital access options, connects small businesses with services to strengthen their financial management, prioritizes inclusive procurement, and establishes the Pennsylvania Advisory Council for Inclusive Procurement, which will be chaired by Lieutenant Governor Austin Davis. I am honored to have the support of the Shapiro-Davis Administration in this effort, and the guidance of BDISBO.

It has been a busy year, and I can confidently affirm that DGS is moving at the speed of business to create a more fair and equitable landscape in the competition for state contracts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reggie McNeil', written over a light blue horizontal line.

Reggie McNeil, Secretary



## Message from Deputy Secretary Kerry L. Kirkland



BDISBO is pleased to present its 2022-23 Small Business Opportunities Program Annual Report. BDISBO's mission is to educate and advocate for small and small *diverse* businesses. Our primary mission is to successfully engage small, small *diverse*, and *veteran*-owned businesses in the Commonwealth's procurement process.

As an advocate for the small business community, BDISBO seeks to influence public policy, programs, and legislation that promotes and enhances small businesses. An important cornerstone of BDISBO's programs is a disparity study that undergirds the justification to implement various programmatic processes. In April, BDISBO began its second comprehensive disparity study and plans to receive recommendations from third-party experts before the end of next fiscal year.

In addition to the spend data and program initiatives detailed here, this annual report includes an Economic Impact Analysis. Last year, payments to small businesses generated nearly 10,000 jobs, and this year over 11,700 jobs, demonstrating the Commonwealth's significant economic impact in Pennsylvanian communities as a major purchaser of goods and services. Again, these contract payments had a tremendous economic impact at the federal, state, and local level. Last year, the total federal, state, and local taxes generated an estimated \$216 million, and this year's projection is \$220 million.

Diversity, inclusion, and small business opportunities in contracting is a top priority for the Shapiro-Davis Administration. This Administration is placing an emphasis on increasing our database of certified small businesses and building upon the success of the agency liaison program. Governor Shapiro kicked-off his first year by strongly engaging his cabinet members to place a concerted effort to increase direct spend with small businesses through use of the SBR program and issuing a new 10-day prompt payment condition for non-construction contracts that include small, small *diverse*, and *veteran*-owned business contract specific goals as of July 1, 2023.

I would like to thank the Shapiro-Davis Administration for their strong, unwavering support of Pennsylvania's small, small *diverse*, and *veteran* business communities, and the high value they place on strengthening BDISBO's programs, processes, and operations. I would also like to acknowledge every member of the BDISBO team for their passion, dedication, and commitment to expanding the winner's circle of opportunity for small businesses seeking to do business with the Commonwealth of Pennsylvania.

Respectfully,

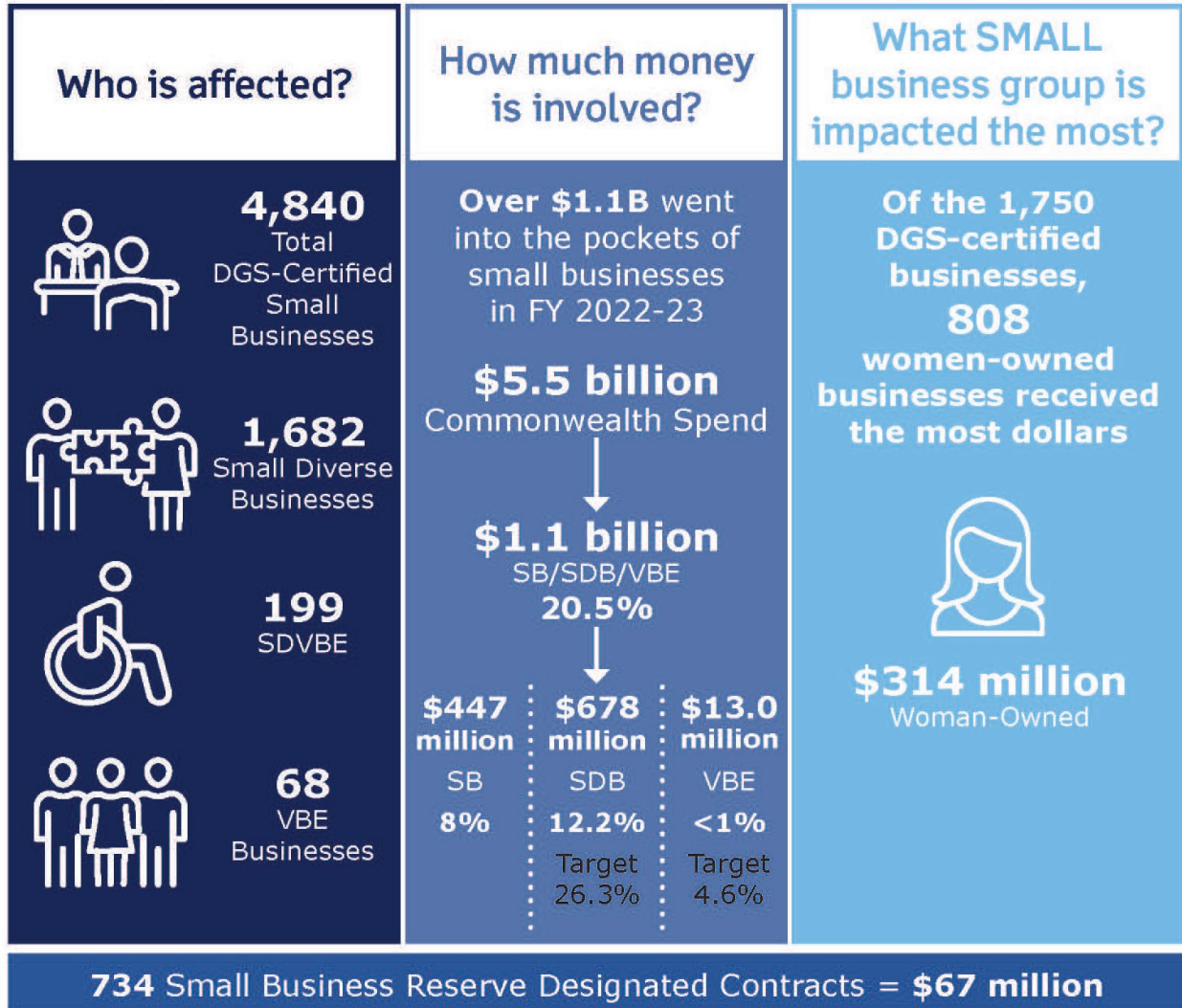
A handwritten signature in black ink that reads "Kerry L. Kirkland". The signature is written in a cursive, flowing style.

Kerry L. Kirkland, Deputy Secretary



# Commonwealth of Pennsylvania

## Small, Small Diverse and Veteran Business Program Results



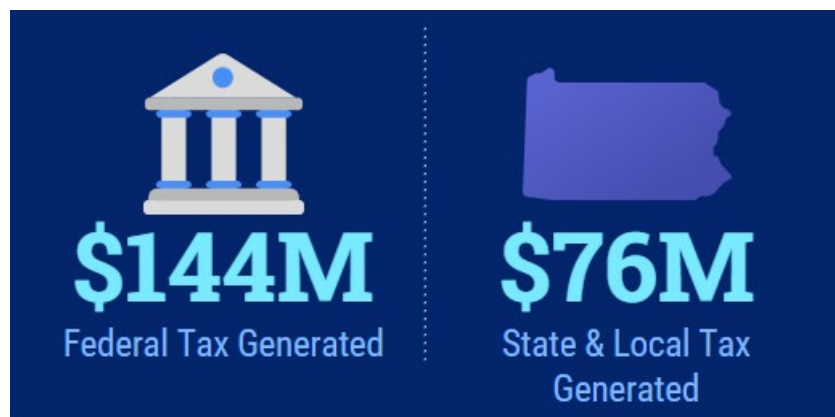
### What is the historical impact?

Over the years, BDISBO's efforts to engage small businesses in commonwealth procurements is on an upward trend for increasing the dollars going into the hands of small businesses.

	2016	2017	2018	2019	2020	2021	2022
<b>Total Spend</b>	<b>\$4.8B</b>	<b>\$4.7B</b>	<b>\$4.4B</b>	<b>\$3.7B</b>	<b>\$4.2B</b>	<b>\$4.9B</b>	<b>\$5.5B</b>
Overall SB, SDB & Vet	\$406M	\$537M	\$787M	\$661M	\$856M	\$955M	\$1.1B
% Overall SB, SDB & Vet	8.54%	11.32%	17.86%	17.90%	20.25%	19.29%	20.48%
SB	\$162M	\$207M	\$302M	\$293M	\$344M	\$393M	\$447M
% SB	3.41%	4.37%	6.86%	7.93%	8.13%	7.93%	8.05%
SDB	\$216M	\$310M	\$460M	\$355M	\$495M	\$543M	\$678M
% SDB	4.55%	6.54%	10.44%	9.63%	11.72%	10.97%	12.20%
VBE	\$28M	\$19M	\$24M	\$13M	\$17M	\$19M	\$13M
% VBE	0.58%	0.41%	0.56%	0.34%	0.40%	0.39%	0.23%

Source: FY 2022-23 BDISBO Annual Report

# Small Business Economic Impact Highlights<sup>1</sup>



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<sup>1</sup> Source: Department of Labor & Industry, Center for Workforce Information & Analysis, IMPLAN model

# Introduction

This report from the BDISBO provides the public and members of the Pennsylvania General Assembly with information about the participation of SBs, SDBs, and VBEs, including those owned by women, minorities, LGBT, disabled, service-disabled *veteran*, and *veteran*-owned business owners, in Commonwealth contracting opportunities during **FY 2022-23 (July 1, 2022 – June 30, 2023)** as required by Section 2107 of the Commonwealth Procurement Code, 62 Pa. C.S. §2107 and Section 9607 of the Military Affairs Code, 51 Pa. C.S. §9607.

## Who We Are

BDISBO is comprised of dedicated Commonwealth professionals who believe in the importance of our mission to create a fairer and more equitable landscape where both small, small *diverse*, and *veteran*-owned businesses can compete for state contracting opportunities. Whether it involves the areas of compliance, certification/verification, policy, legislation, technical assistance, or outreach and education, the BDISBO team stands ready to make small businesses' contracting experience with the Commonwealth a positive and productive one.



## Our Mission

BDISBO seeks to educate and advocate for small and small *diverse* businesses. As an advocate, BDISBO seeks to influence policy, programs, and legislation to meet the needs of the small business community. Our primary mission is to actively, equitably, and successfully engage both small and minority businesses in the Commonwealth's public procurement process as one of the ways to fuel the Commonwealth's economy.

## Our Vision

BDISBO facilitates an open, inclusive, and accessible business environment where small businesses can develop or expand their competency, capacity, and footprint in the Commonwealth marketplace.

## What We Do

BDISBO offers small businesses the opportunity to compete for Commonwealth contracting opportunities. BDISBO's duties and scope of services encompass the following areas of influence:

- **Policy** – Developing more efficient protocols and re-examining existing policies to ensure that they are conducive to the advancement of our bureau's mission, vision, and values.
- **Outreach** – Proactively engaging both *diverse* communities and business owners to educate them about the contracting opportunities that presently exist and those emerging within the Commonwealth.
- **Technical Assistance** – Providing direct guidance and employing a hands-on approach in the way that we assist our existing and prospective customers who are interested in doing business with the Commonwealth.



- **Agency Liaison Program** – Establishing and broadening the lines of communication between BDISBO and the state agencies under the Governor's jurisdiction to ensure that there is greater utilization of small and small *diverse* businesses relative to available Commonwealth contracting opportunities.
- **Certification Verification** – Ensuring that entities that wish to do business with the Commonwealth are eligible to participate in DGS's SBR program or its SDB or VBE programs. BDISBO facilitates the verification of certifications for participating businesses.
- **Goal Setting/Waivers** – New policies replaced the Commonwealth's scoring and minimum participation level methodology in 2020, which allocated 20% of the total evaluation points for commitments to utilize small and small *diverse* businesses. Now proposed commitment to goals are an issue of solicitation responsiveness.
- **Compliance** – One of BDISBO's most important functions is to monitor the actions of program participants to ensure that they are honoring their contractual commitments. Therefore, it is not lost upon the Bureau that any aspirational goals advanced by the Bureau cannot be realized without some semblance of oversight and accountability.
- **Stakeholder Engagement** – Success of any kind cannot be achieved in a vacuum. It is for this reason that we actively solicit the ideas and input of individuals, business owners, policymakers, and other interested parties to ensure that the Bureau's efforts and internal policies are collaboratively forged.
- **Disparity Study** – BDISBO is utilizing this seminal report as a foundation for driving our program and measuring the overall success of DGS's SBR, SDB, and VBE programs. You can view the 2018 Disparity Study at [www.dgs.pa.gov](http://www.dgs.pa.gov), Keyword: Disparity Study.

## What We Value



**Diversity and Inclusion** – In light of the findings highlighted in our October 2018 Statewide Disparity Study, we recognize now more than ever that there needs to be greater parity in the way that the Commonwealth engages and awards opportunities to small and small *diverse* businesses. Although BDISBO has always placed a very high premium on the principles of diversity and inclusion, the findings of the statewide disparity study serve to undergird our efforts to expand access to Commonwealth contracting opportunities for duly certified small and small *diverse* businesses.

**Customer Service** – In an effort to dispel the notion that doing business with the Commonwealth is both daunting and complex, BDISBO professionals make themselves readily available to answer agency/bureau-related questions and assist our customers with navigating throughout the state procurement/contracting process.

**Innovation & Efficiency** – In recognition of the fact that there is always room for improvement in every sphere of human endeavor, the BDISBO staff are constantly exploring ways to make the business owner's experience more meaningful and efficient. The Bureau also encourages and welcomes feedback from the public about ways we can make your interaction and experience with the Commonwealth a favorable one.

**Integrity** – Given that BDISBO's mission is predicated on the principles of fairness and equitable access to economic opportunities, the BDISBO staff takes great pride in applying these very same principles in the way that it administers Commonwealth-sanctioned duties. Therefore, BDISBO's customers -- whether small, large, startup, or experienced -- can be assured they are receiving a high standard of customer care and professional service.

**Stakeholders** – BDISBO values its stakeholders and recognizes their experience and influence are vital to BDISBO's mission, vision, and values. To this end, BDISBO takes an immense degree of pride in collaborating with its stakeholders in areas that include but are not limited to the development of public policy, the convening of business development forums, and community engagement.

## Section 1.0 Program Overview

### 1.1 Commonwealth SB Program Disparity Study

#### Background and Purpose of a Disparity Study

Disparity studies are used to determine whether there is evidence of discrimination in the market where the Commonwealth makes its procurements that would justify the use of race-based and/or gender-based remedies. Such evidence is necessary to satisfy requirements for affirmative action set by the 1989 U.S. Supreme Court's decision in the case of *City of Richmond v. J.A. Croson*. Upon delivery of the final disparity study report, DGS reviews the recommendations to determine what modifications, if any, are needed to the agency's SDB and VBE policies and programs.



#### Current Disparity Study

The Commonwealth of Pennsylvania's second comprehensive disparity study is currently underway and is scheduled to be released in the fall of 2024. The disparity study examines the extent to which SDBs and VBEs face discrimination in Commonwealth contracting. The study accomplishes this outcome through data analysis that measures participation levels of SDBs and VBEs in Commonwealth contracts over a five-year period, marketplace conditions, contracting policies, program measures, and legal compliance, thereby identifying disparities in the participation of SDBs and VBEs in Commonwealth contracting.

#### Implementation of 2018 Disparity Study Recommendations

In January 2019, after the release of the 2018 Disparity Study results, an internal steering committee comprised of DGS leadership guided the implementation of the disparity study recommendations. Steering committee members made up of executive-level individuals at DGS provided strategic vision and guidance and acted as the final decision-makers on key issues. DGS also established a project team led by a project manager consultant from an SDB firm and comprised of teams from the BOP, CP, and BDISBO. The project team was responsible for establishing the processes, forms, trainings, and any other items needed to successfully implement goal setting and other disparity study recommendations. The Office of Administration provided a business relationship manager who was responsible for managing the acquisition and implementation of new software to be used by BDISBO to support goal setting and ongoing contract compliance.

The project team also formed sub-committees to specifically focus on various issues critical to the adoption of program changes. Some areas included buy-in of the goal setting program, creating forms, modifying information technology to ensure a smooth transition to BDISBO's new IT software, policies and processes to document and memorialize



programmatic changes. Training to ensure awareness and understanding by other agency procurement offices, Commonwealth vendors, and SDB and VBE firms required creative delivery methods and presentations because BDISBO was limited to virtual communications.

An adoption sub-committee focused on organizational change management principles, which encompassed understanding the human and corporate processes of change. This approach was critical to follow as the sub-committee identified activities that would assist procurement staff and the vendor community to understand the nuances of the new goal setting processes.

The department's press secretary and a leader of DGS's business transformation department were added to assist in crafting and directing outreach and communications efforts.

Beginning in July 2019, the project entered the pilot phase, which acted as a testing ground for processes, forms, and policies developed in the first months of 2019. Lessons learned during this phase helped ensure that processes, forms, and internal staff were properly prepared for full implementation, smoothing the transition, and ensuring the vendor community was well served.

In March 2020, COVID-19 impacted this project just as it did with everything else around us. Although DGS transitioned to teleworking in a nearly seamless fashion, the implementation timeline needed to be extended because of the initial freeze on agency procurements. Additionally, staff involved in the project were sent into high gear managing procurements for items required for the Commonwealth's emergency response to the pandemic. After working through the initial push with COVID-related work, the steering committee determined they could safely set new implementation dates.

Official implementation of goal setting and a myriad of new processes went into effect for Capital Programs construction solicitations on June 15, 2020, and non-construction BOP procurements on August 17, 2020. BDISBO engaged in training hundreds of procurement staff and program managers via virtual sessions. BDISBO, along with procurement staff from various agencies across the Commonwealth, established over 1,400 SDB/VBE goals on projects with an estimated budget of over \$1.7B since 2020 implementation, which was nearly 40% of the Commonwealth's expenditures applicable to the small business programs.

### Reinvigoration of the SBR Program

In accordance with constitutional guidelines to increase spending opportunities with small businesses using race-neutral measures, the Commonwealth intentionally directed significant efforts to the re-invigoration of the SBR program. The SBR program enables businesses of similar sizes to compete among each other for specific state government contract opportunities as prime contractors. To facilitate achieving this, BDISBO worked one-on-one with agency liaisons and procurement leads to review upcoming solicitations, spending trends, and networking opportunities to engage the small business community.

### Full Implementation of the Goal Setting Policy

To implement the disparity study recommendations, a new goal setting policy was drafted and issued in June 2020 and later revised in April 2022. This new policy requires SDB participation goals to be individually tailored on a contract-by-

contract basis and based on the market and geographic availability of SDBs. Participation goals are set by the Commonwealth for all procurements – including low bid procurements – valued at \$250,000 or above for supplies and services and \$400,000 or above for construction and design professional services. By the end of August 2020, the newly revised and piloted goal setting policy replaced the scoring process used for SB/SDB participation. The SDB and VBE participation goals are separately stated in each solicitation. Bidders/offerors are required to meet those goals as part of their bid/proposal to do business with the Commonwealth or may seek a good faith effort waiver from those goals.

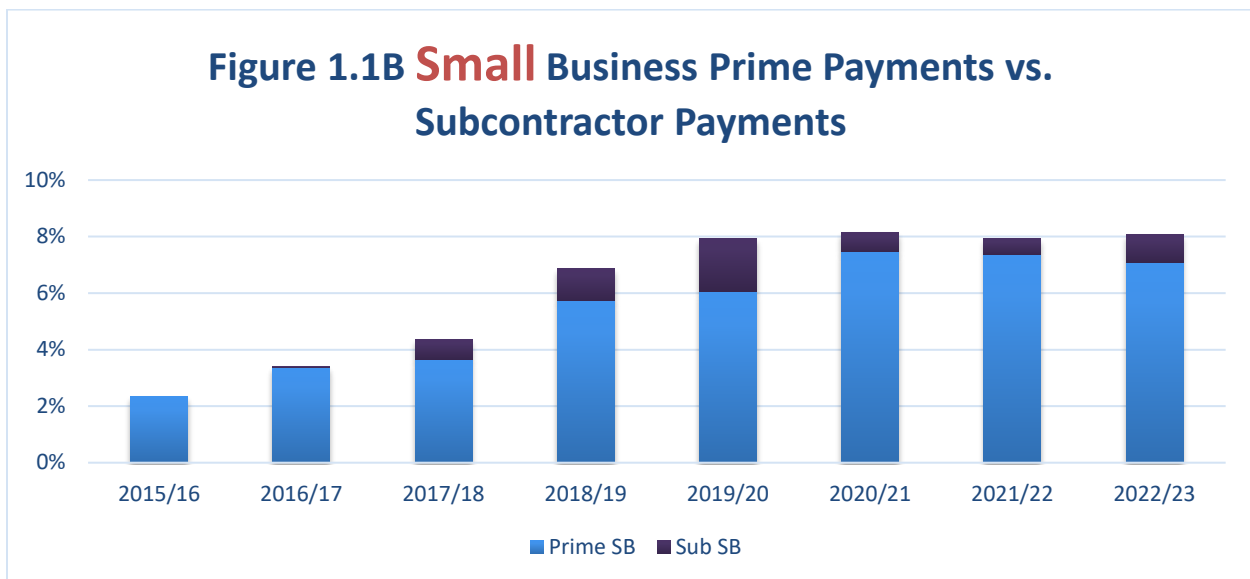
Progress toward overall aspirational targets continues as shown in the fiscal year summary of utilization [TABLE 1.1A](#).

**TABLE 1.1A FISCAL YEAR COMPARISON OF THREE SMALL BUSINESS PROGRAMS**

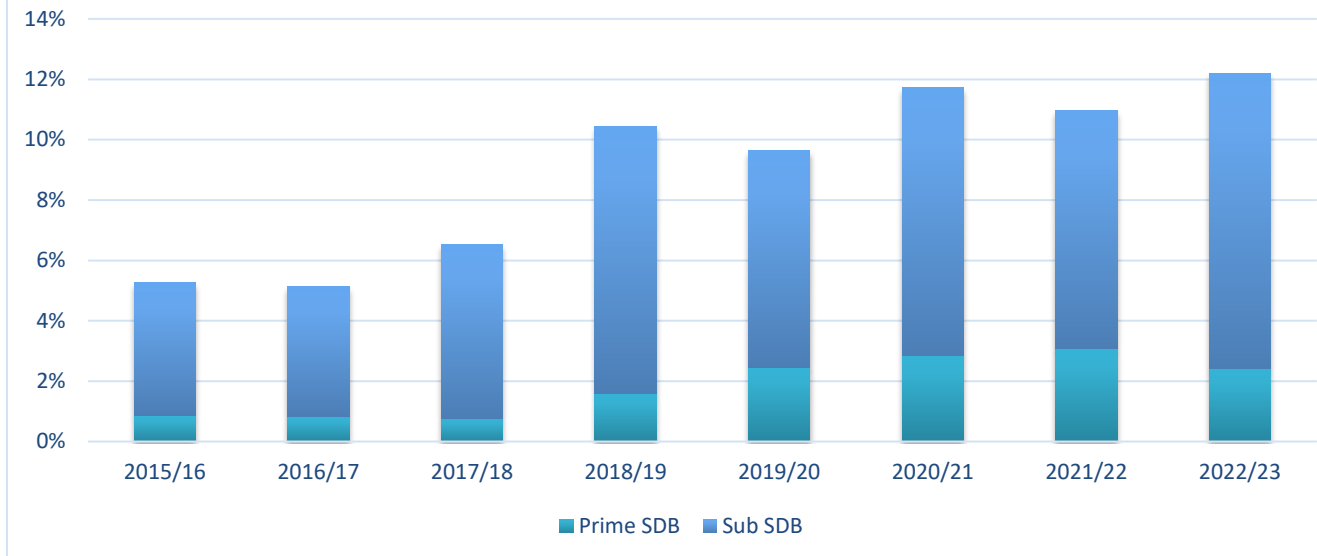
Contractor Type		FY 2021-22		FY 2022-23		Aspirational Target
		Spend %	Combined Spend %	Spend %	Combined Spend %	
Small Business*	Prime	7.38%	7.93%	7.10%	8.05%	N/A
	Sub	0.56%		0.96%		
Small Diverse Business	Prime	3.08%	10.97%	2.43%	12.20%	26.3%
	Sub	7.89%		9.79%		
Veteran-Owned Business	Prime	0.12%	0.39%	0.06%	0.23%	4.6%
	Sub	0.27%		0.18%		

*\*Does not include Small Diverse Business or Veteran-Owned Business*

One metric that assists in measuring the overall effects of our programs is to track the improvement of the dollar values of subcontract payment movements to the prime contractor payment category. This type of change over time may indicate the growth of capabilities of small businesses to move from the role of subcontractor to prime contractor, which is one of the goals of our socio-economic programs. Since 2015, SB prime payments have increased 262% as seen in [Figure 1.1B](#). Small *Diverse Business* prime payments have improved 241% and subcontracting payments, 169% as depicted in [Figure 1.1C](#), despite a slight dip in prime contract spend as illustrated in [Table 1.1.A](#).



**Figure 1.1C Small **Diverse** Prime Payments vs. Subcontractor Payments**



### Continuation of the Agency Liaison Program

The Agency Liaison Program addresses the need for greater coordination among all agencies to ensure an increase in small business opportunities in Commonwealth procurement contracts and in Pennsylvania’s larger economy. The Agency Liaison Program’s mission focuses on a coordinated agency collaborative and inclusion strategy to engage and increase utilization of small businesses. BDISBO works directly with each agency to consistently expand the lines of communication, provide quarterly trainings, hold customized agency dashboard meetings, share national updates, showcase next practices, and engage with agencies to execute new and innovative systematic changes.

Agency liaisons, appointed by each agency secretary, are responsible for the following:

- Integrating diversity and inclusion into an agency’s strategic plan for utilizing all small businesses.
- Targeting agency-level small business aspirational goals and implementing processes to achieve procurement objectives.
- Increasing the use of best value procurement methods that consider more than low bid pricing when awarding opportunities.
- Developing and executing an agency’s overall small business outreach plan.
- Reinvigorating the SBR program, which provides small business opportunities that satisfy our race-gender neutral measures designed to remedy discrimination in the marketplace.
- Understanding the *diverse* and *veteran* goal setting methodology and contract compliance monitoring objectives.
- Ensuring a customer-friendly agency contracting environment.
- Increasing competition by enlarging their industry specific vendor pools.
- Facilitating resolution of small business advocacy issues with immediate attention.



Since the inception of the program, BDISBO has worked alongside agencies to increase small business participation of SBs, SDBs and VBEs. As a result, the historical overall combined agencies' utilization in those categories has increased from 7.60% in 2015 to 20.48% in 2022. As you will find illustrated in Section 5.0, **FIGURE 5C SMALL, SMALL DIVERSE, AND VETERAN-OWNED BUSINESS PAYMENTS** later in this report, the procurement units reporting to their agency heads have been critical to BDISBO's success as the liaisons help shift organizational cultures, create visibility for BDISBO policies and procedures, and ultimately empower agencies to include small businesses and equity in Commonwealth spending activities.

Through quarterly meetings with the agency liaisons, BDISBO recognized a need for some agencies to hold monthly "pipeline" conversations with agency procurement chiefs to discuss the methods available to increase small business participation based on the agencies individual purchasing needs. Agency strategic plans were reviewed by BDISBO, and performance metrics were established to align agency activities with BDISBO goals.

During the first half of FY 2022-23, BDISBO shared information from the American Contract Compliance Association (ACCA) with agency liaisons and rolled out trainings to allow agency procurement teams to search for suppliers.

Partnerships with Commonwealth agencies are critical in advancing BDISBO's mission. For example, the Department of Transportation established the Pathways to PennDOT Conference to connect small businesses, minority-businesses, women-owned and disadvantaged business enterprises to leaders in the highway construction industry. BDISBO presented specifics regarding the DGS small business programs to internal purchasing, commodity, and procurement staff at regional trainings offered by PennDOT headquarters. This was an opportunity for buyers to ask questions about program nuances and how it affects their daily duties and responsibilities.

Recognizing this report is a transitional year between administrations, the latter half of FY 2022-23 focused on communicating with the Shapiro-Davis Administration on the Agency Liaison Program's functions and objectives. A strong emphasis was placed on data transparency and educating Cabinet secretaries on their role in supporting and adopting the policies and procedures related to all the small business programs. The Agency Liaison Program will continue to advance the Commonwealth's aspirational utilization targets for all small businesses and support the Shapiro Administration's goal to assist Pennsylvania's small business community.

## 1.2 SB Policy Overview

The statutory requirements associated with Commonwealth contracting and DGS's duties relative to assisting small and *diverse* businesses are found in the Commonwealth Procurement Code, 62 Pa.C.S. §§ 101 et seq., and for veterans and service-disabled veterans in the Military Affairs Code at 51 Pa.C.S. §§ 9601 et seq. In accordance with its statutory authority, DGS establishes policies and procedures that Commonwealth agencies under the Governor's jurisdiction are required to follow when awarding contracts.



BDISBO, with the assistance of statewide procurement staff, has implemented the recommendations made in the 2018 Disparity Study. The activities that DGS embarked upon over the past few years are crucial to the sustainability and constitutionality of these programs. [FIGURE 1.2A, ADMINISTRATION HIGHLIGHTS](#) shows the timeline, through June 30, 2023, of the milestones achieved by the Commonwealth’s small business programs.

**FIGURE 1.2A PROGRAM HIGHLIGHTS FOR THE LATTER HALF OF FY 2022-23**



## Section 2.0 SBs, SDBs and VBEs in Pennsylvania

### 2.1 Small Businesses

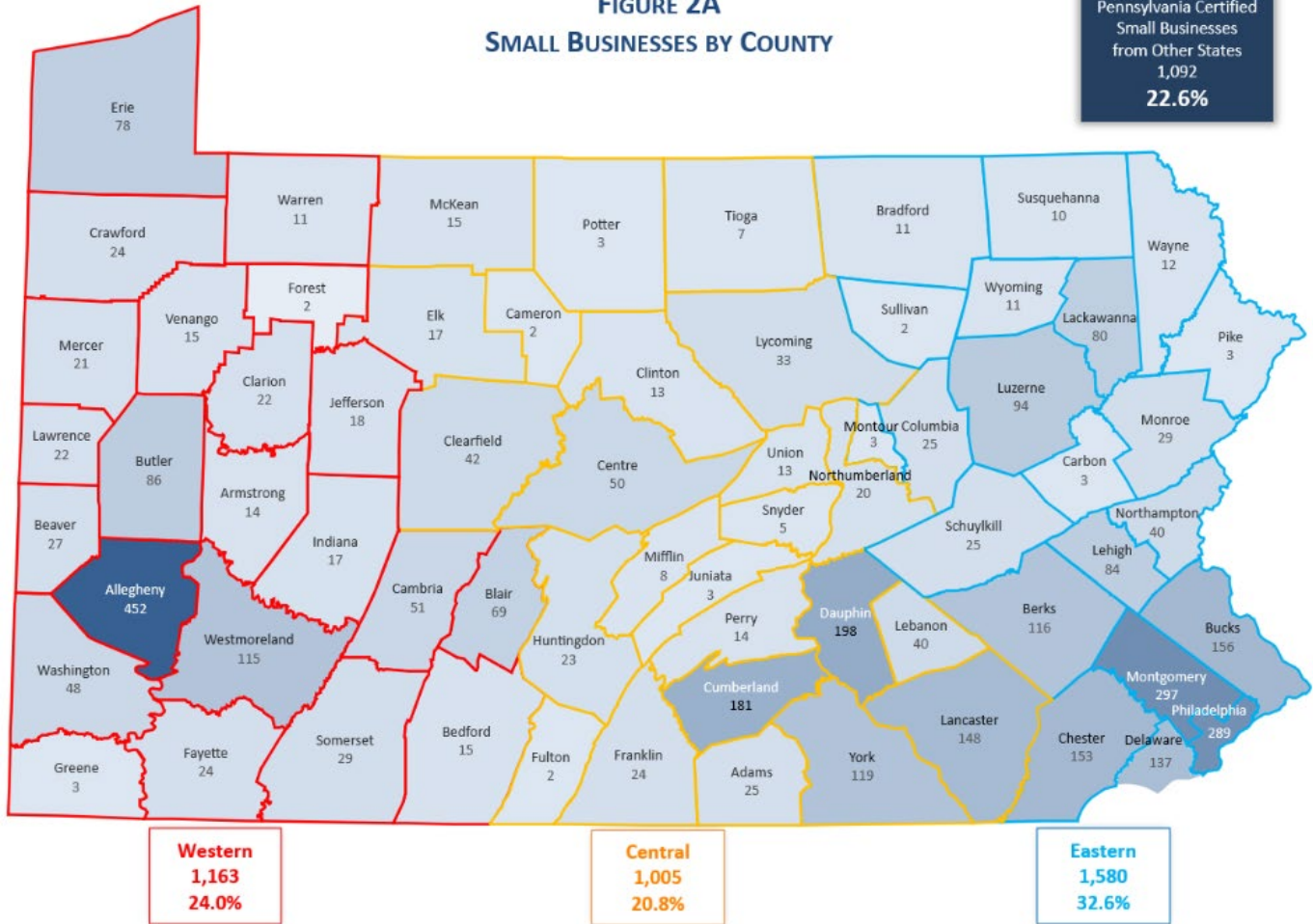
To be designated by the Commonwealth as a small business, vendors must self-certify their eligibility to participate in the small business contracting program every two years through an online application. Any business is eligible to apply that is independently owned, for-profit, not dominant in its field, has 100 or fewer full-time employees, and whose 3-year average gross revenues does not exceed \$38.5 million (\$47 million effective January 1, 2024).

During FY 2022-23, the number of self-certified SBs grew slightly from 4,733 to 4,840 (similar to our neighboring states, Maryland and New York), up 2.26% from the prior fiscal year and a continued turnaround from the downward trend following the aftermath of the COVID-19 pandemic. Although 77.4% of the self-certified SBs are located within the Commonwealth, self-certification is not restricted to businesses incorporated or residing in Pennsylvania. The distribution of businesses across these four regions remains stable since the last fiscal year as illustrated in [FIGURE 2A, SMALL BUSINESSES BY COUNTY](#).



**FIGURE 2A**  
**SMALL BUSINESSES BY COUNTY**

Pennsylvania Certified  
Small Businesses  
from Other States  
1,092  
**22.6%**



## 2.2 Small Diverse Businesses



In addition to self-certifying as a SB, eligible firms may seek verification as an SDB. To obtain a small *diverse* classification, a firm must maintain an active SB self-certification and submit proof of active certification as a woman-, LGBT-, disabled-, minority-, or service-disabled *veteran*-owned businesses from one of seven approved third-party entities. The third-party certification entities include UCP, NMSDC, WBENC, SBA 8(a), the NGLCC, Disability:IN, and the VetCert program. Prior to verifying an SB as *diverse* with the Commonwealth, BDISBO checks the third-party certifications to ensure their certificates are valid.

Service-disabled *veteran*-owned businesses and *veteran*-owned businesses that also certify through third parties approved for small *diverse* verification as woman, LGBT, minority, or disabled-owned businesses qualify for both the *veteran* business enterprise and small *diverse* business programs. This results

in some overlap of the numbers between the two programs. For this report, all SDVBs and VBs maintaining concurrent *diverse* verifications will be considered SDBs (*diverse*).



Because SB self-certification is a prerequisite for the SDB and VBE verification, SDB verifications rebounded alongside SB certifications during the fiscal year. The overall number of verified SDBs (which includes SDVBEs and SDB/VBEs) grew 2.4% to 1,682, reversing the prior fiscal year's slump. Refer to Section 5.2 for details on ethnic breakdown of dollars and achievement toward aspirational targets.

In May 2023, Governor Shapiro announced that BDISBO's certification unit reduced verification turn-around times from 15 days to 10 business days as a measure to place remove barriers for the small business community. By fall of 2023, BDISBO was averaging a 7-business day turnaround time for verifications.

## 2.3 Veteran Business Enterprises

To comply with the recommendations from the 2018 Disparity Study and ensure that the small *diverse* business program's goal setting aspects meets all legal requirements for a race- and gender-specific program, in FY 2019-20, the Commonwealth implemented the 2012 legislation that established a VBE program. Prior to the policy change in 2020, all *veteran*-owned businesses were incorrectly categorized as small diverse businesses under the constitutional 'strict scrutiny' rules as defined by the United States Supreme Court. BDISBO removed 'able-bodied' *veterans* -- in other words, those holding federal *veteran* certifications that are not 'service-disabled' -- from the small diverse business classification to afford them the greater opportunity to compete for a minimum of 3% of contract values on solicitations that also included small *diverse* business goals. This strategic move allows *veteran* businesses to compete among less than 300 businesses with *veteran* status versus competing against the 1,750 businesses with the *diverse* classification.



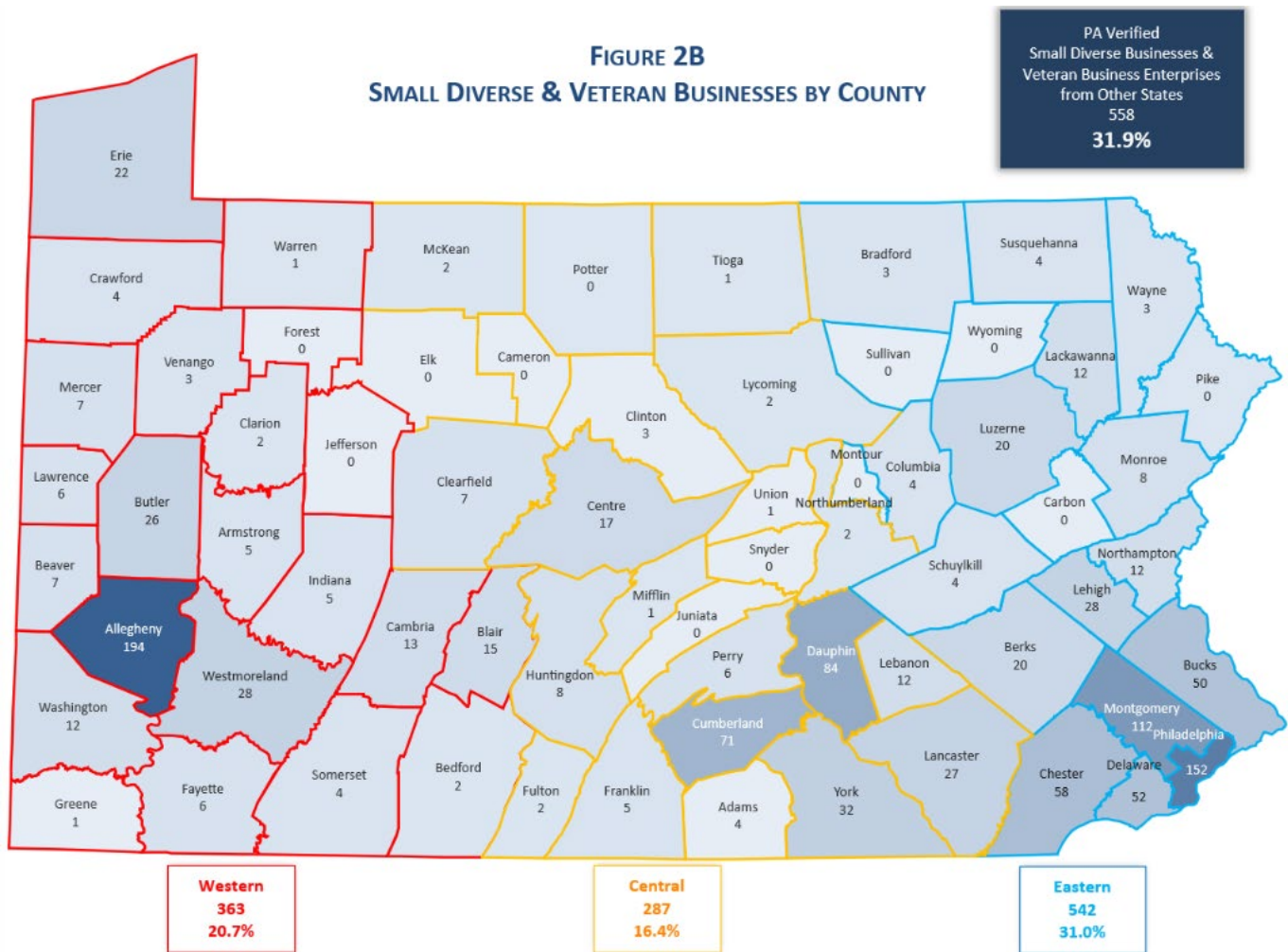
As indicated, SDVBEs are also eligible for the VBE program, but for reporting purposes are counted under the SDB classification. As with SDBs, VBEs must periodically self-certify their eligibility to participate in the SB contracting program and then submit additional proof of active certification as VBEs or SDVBEs through the VetCert program or Disability: IN. This fiscal year, BDISBO had 199 service-disabled *veteran* business enterprises that held dual SDB and VBE certification. One newcomer that took advantage of its dual certification status was Berry Solutions Group, which was proposed as a subcontractor on at least 8 different proposals.



Service-disabled *veteran*-owned business enterprise, 12 Bravo Construction and Consulting, is another recent success story as to the power of opportunities from obtaining, marketing, and using *veteran* business enterprise certification. Before July 2022, 12 Bravo operated as just a small business. In one year's time, they pursued and obtained DGS certification and have since been sought out by prime contractors or listed as a *veteran* business enterprise on twenty-three (23) construction solicitations. This is one example of how DGS certification can be an asset to any small business seeking to do work with the Commonwealth.

The total number of VBEs (not including SDVBEs and SDB/VBEs) experienced a 4.2% decline from 71 to 68 verified businesses. Of the VBEs, 22 (32%) were headquartered in **Western PA**; 18 (26%) in **Central PA**; and 19 (28%) in **Eastern PA**. The remaining 9 (13%) are based **Out-of-State**.

As shown in **FIGURE 2b, SDBs AND VBEs BY COUNTY**, the distribution of verified SDBs and VBEs throughout Pennsylvania is broad throughout the state. Of the SDBs alone, 341 (20%) were headquartered in **Western PA**; 269 (16%) in **Central PA**; and 523 (31%) in **Eastern PA**. The remaining 549 (33%) are headquartered **Out-of-State**.



As follows, [TABLE 2A](#) and [FIGURE 2C](#) summarize the number of businesses within the seven basic classification levels while [TABLE 2B](#) and [TABLE 2D \(SEE APPENDIX\)](#) provide detailed classification breakdowns, including regional and county data on SDBs and VBEs verified by DGS. These classifications are based on the third-party certifications held by the vendor.

**TABLE 2A VERIFIED SDBs & VBEs BY GENERAL CLASSIFICATION**

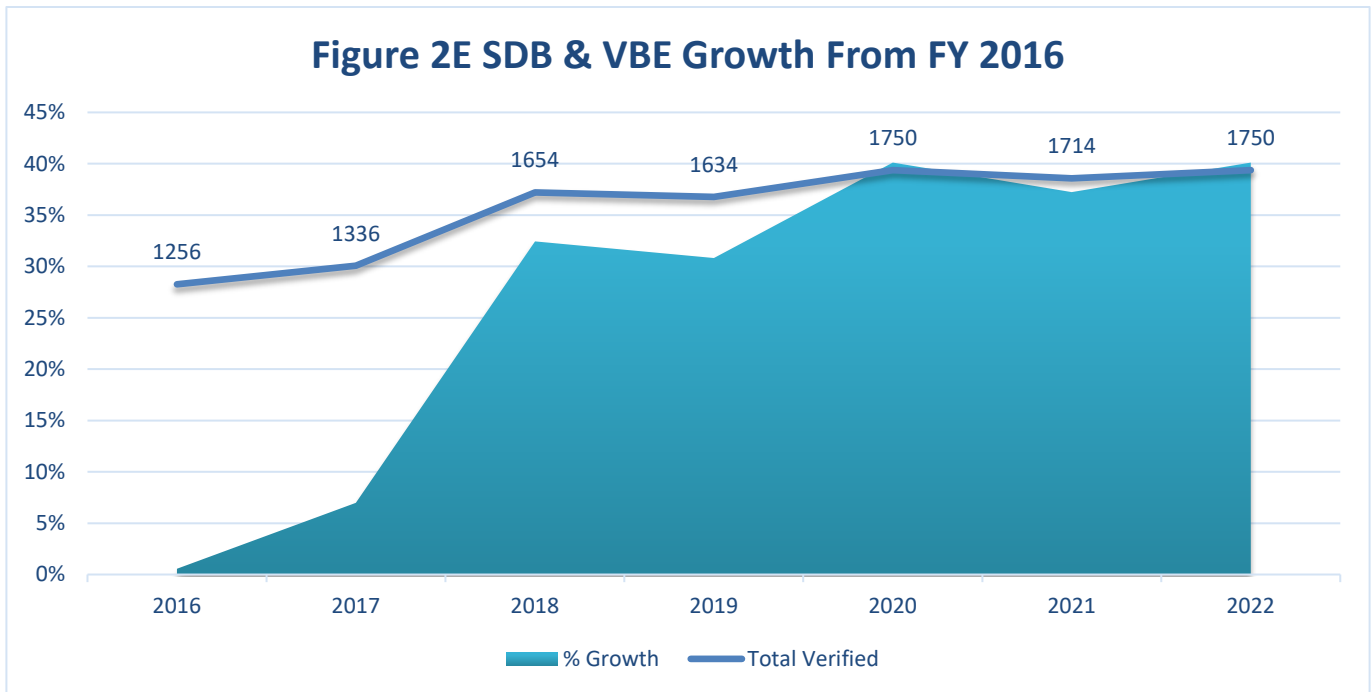
Classifications	#	%
Minority Business Enterprises (MBEs)	506	29%
Women Business Enterprises (WBEs)	808	46%
Minority Women Business Enterprises (MWBEs)	132	8%
LGBT Business Enterprises (LGBTBEs)	26	1%
Disability-Owned Business Enterprises (DOBEs)	11	1%
Service-Disabled Veteran Business Enterprises (SDVBEs)	199	11%
Veteran Business Enterprise (VBEs)	68	4%
Grand Total	1,750	100%

TABLE 2B SDB AND VBE VENDOR CLASSIFICATIONS

SDB Vendor Classification	Companies Verified	Percentage of Total DGS SDB/VBE Population
Minority Business Enterprise (M)	499	28.51%
Minority, LGBT Business Enterprise (MG)	1	0.06%
Minority, Service-Disabled Veteran Business Enterprise (MS)	12	0.69%
Minority, Veteran Business Enterprise (MV)	6	0.34%
Woman Business Enterprise (W)	798	45.60%
Woman, Disabled-Owned Business Enterprise (WD)	3	0.17%
Woman, LGBT Business Enterprise (WG)	5	0.29%
Woman, Service-Disabled Veteran Business Enterprise (WS)	4	0.23%
Woman, Veteran Business Enterprise (WV)	2	0.11%
Minority, Woman Business Enterprise (MW)	131	7.49%
Minority, Woman, Disabled-Owned Business Enterprise (MWD)	1	0.06%
Minority, Woman, Service-Disabled Veteran Business Enterprise (MWS)	1	0.06%
LGBT Business Enterprise (G)	24	1.37%
LGBT, Disabled-Owned Business Enterprise (GD)	2	0.11%
Disabled-Owned Business Enterprise (D)	11	0.63%
Service-Disabled Veteran Business Enterprise (S)	182	10.40%
Veteran Business Enterprise (V)	68	3.89%
<b>TOTAL</b>	<b>1,750</b>	<b>100%</b>

Note: Due to rounding of percentages, data may not add up to 100%. DGS has not listed SDB designations with no verified vendors.

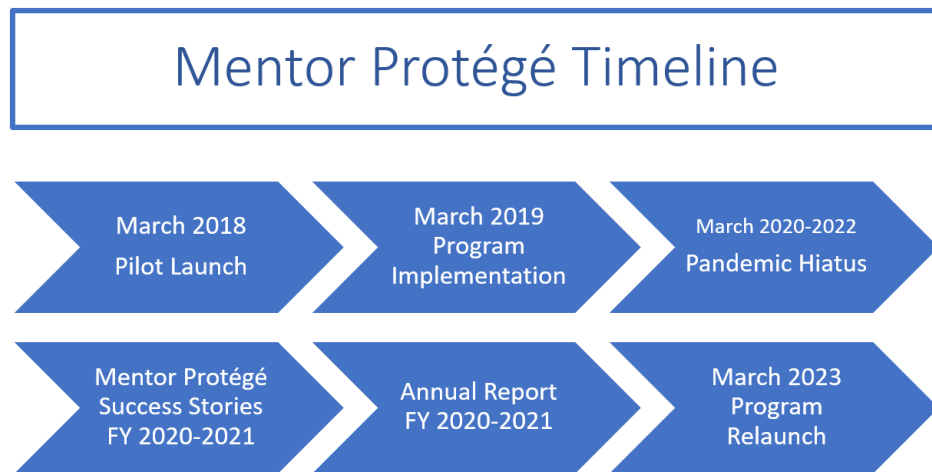
FIGURE 2E SDB & VBE GROWTH FROM FY 2015-16 illustrates the continued growth of the number of SDB and VBE businesses interested and registered in the DGS database and ready to do business with the Commonwealth since 2015.



## 2.4 Mentor Protégé Program

The Mentor Protégé program has been on hiatus due to the impact of the COVID-19 pandemic in 2020. During the interim period, BDISBO worked to keep our mentors and proteges informed of federal, state, and local programs providing direction, resources, and shared funding program information to assist small business in responding to the crisis. BDISBO coordinated educational webinars and shared valuable information to help our mentors and proteges access critical support programs geared to assisting them manage the “new normal” business landscape. Program participants continued to share best practices, re-assess goals to find new opportunities, and worked to preserve existing businesses while literally re-inventing workspaces and responding to the almost daily changes to business operations as our country rebounds from economic impacts caused by the pandemic.

Given the success of these relationships, BDISBO believes this low-tech, low-cost race-neutral measure is worthy of expansion in the future. **FIGURE 2.4** shows a brief recap of the Mentor Protégé Program historical timeline.



**FIGURE 2.4 MENTOR PROTÉGÉ PROGRAM HISTORICAL TIMELINE**

## Section 3.0 Distribution of SB Payments

### 3.1 Payments to SBs

Small business spend, which excludes *diverse* and *veteran* business payments, continues to trend upwards with the Commonwealth’s renewed focus on opportunities for all small businesses. During FY 2022-23, 1,073 self-certified SBs received a total of \$446,734,336 for supplies, services, and construction, up \$54 million over the last fiscal year. Since 2015, small businesses have seen growth in Commonwealth payments exceeding 300% and totaling over \$2.2 billion. Included in the \$446 million, 416 small businesses received \$11,833,815 in payments through Commonwealth PCARD purchases, a tightly controlled payment method typically used for small no-bid procurements, which do not exceed \$10,000.

**TABLE 3A (SEE APPENDIX) AND TABLE 3B** illustrate the distribution of small business payments by Commonwealth agencies. **TABLE 3A** data only includes \$446 million in payments to small businesses (not classified as *diverse* or *veteran* businesses). It is important to note that 88% of the payments were paid directly to small businesses as prime contractors. Excluded from the data are payments made to potentially eligible small businesses that are not registered within DGS’s certified/verified databases. As such, the data likely understates the overall level of participation by small businesses in Commonwealth contracting to some degree. BDISBO continues to collaborate with agencies to strategize how to get these small businesses certified.

**TABLE 3B PCARD PAYMENTS TO SBs INCLUDING SBs VERIFIED AS SDB AND VBE**

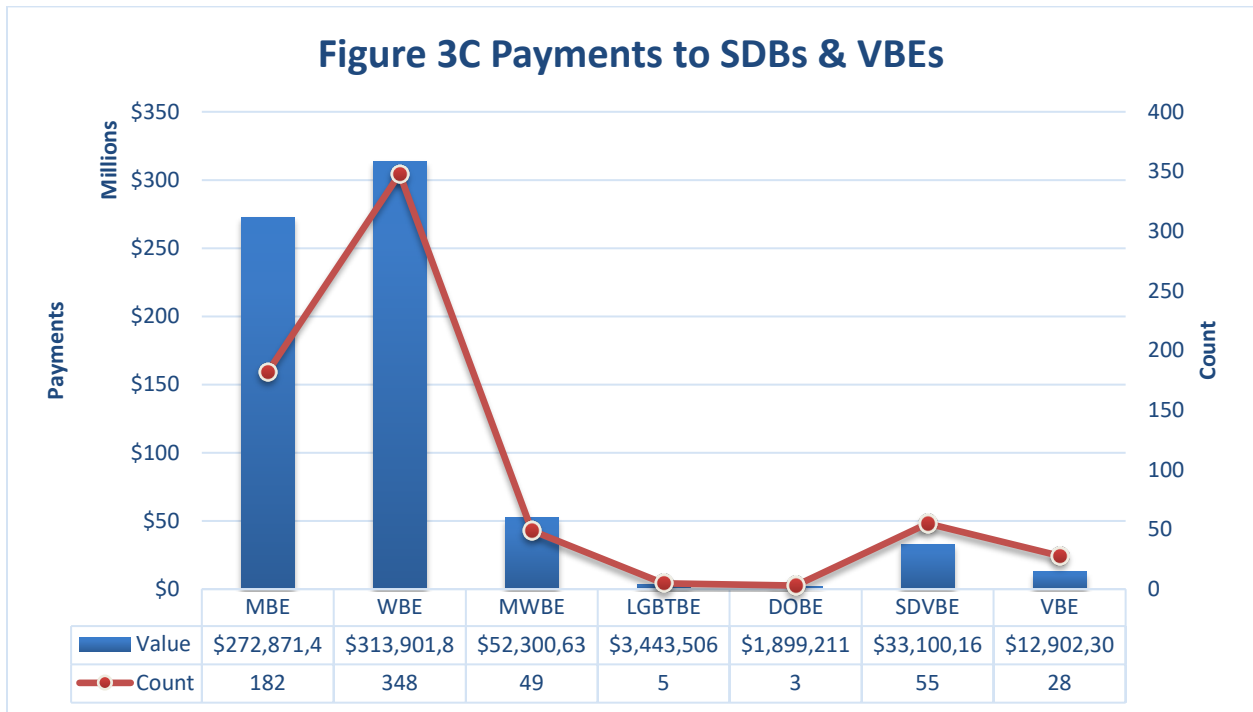
Agency	PCARD Spend	Agency	PCARD Spend
Aging	\$6,940	Insurance	\$538
Agriculture	\$313,824	Labor & Industry	\$310,130
Attorney General	\$23,035	Liquor Control Board	\$116,387
Banking & Securities	\$11,408	Military & Veterans Affairs	\$463,855
Civil Service Commission	\$4,025	Office of Administration	\$34,781
Community & Economic Development	\$1,266	PA Emergency Management Agency	\$55,902
Conservation & Natural Resources	\$1,754,478	PA Gaming Control Board	\$4,869
Corrections	\$1,303,297	PA Municipal Retirement Board	\$2,955
Education	\$10,180	PA Port Authorities	\$14
Environmental Protection	\$166,268	Patient Safety Authority	\$15,888
Ethics Commission	\$9,726	Public School Employees Retirement System	\$8,515
Fish & Boat Commission	\$129,440	Public Utility Commission	\$9,409
Game Commission	\$339,236	Revenue	\$19,502
General Services	\$768,253	State Department	\$71,259
Governor's Office	\$6,603	State Employees Retirement System	\$12,179
Health	\$26,417	State Police	\$32,153
Historical & Museum Commission	\$120,538	Transportation	\$6,075,755
Human Services	\$1,282,594		
<b>Total</b>			<b>\$13,511,619</b>

In **TABLE 3B**, four agencies (PennDOT, DCNR, DOC, and DHS) purchased over \$1 million in goods, services, or supplies, with small businesses throughout the Commonwealth. These four agencies have satellite offices that make purchases from local small businesses in a more efficient and streamlined manner by using the Small No-Bid Procurements purchased through PCARD. PennDOT is the largest user of this mechanism by making over \$6 million in purchases.

### 3.2 Payments to SDBs and VBEs

During FY 2022-23, 670 SDBs and VBEs together received total payments of \$690 million for supplies, services, and construction. SDBs rose from \$543 million to \$678 million while VBEs declined from \$19 million to \$12.9 million between last fiscal year and this year. The decline in VBE payments is likely related to the completion of multiple construction and professional service contracts during this fiscal year where VBEs were either a prime contractor or subcontractor. Since 2015, SDB and VBE businesses have seen a remarkable 181% growth in payments totaling over \$3.4 Billion.

**FIGURE 3C PAYMENTS TO SDBs & VBEs AND TABLE 3D PAYMENTS TO SDBs AND VBEs** illustrates the distribution of the combined \$690 Million in payments to each of the SDB and VBE classifications as **TABLE 3E (SEE APPENDIX)** does the same by Commonwealth agency. In line with industry best practices, the SDVBE classification is a subset of the SDB classification rather than the VBE classification. **TABLE 3F SUMMARY OF SB, SDB, AND VBE SPEND BY AGENCY (SEE APPENDIX)** summarizes the \$1.1 billion in payments to all classifications of small businesses by agency.



**TABLE 3D PAYMENTS TO SDBs AND VBEs**

Classification	Value	%	Count	%
Minority Business Enterprise	\$272,871,447	39.52%	182	27.16%
Woman Business Enterprise	\$313,901,883	45.47%	348	51.94%
Minority, Woman Business Enterprise	\$52,300,630	7.58%	49	7.31%
LGBT Business Enterprise	\$3,443,506	0.50%	5	0.75%
Disability-Owned Business Enterprise	\$1,899,211	0.28%	3	0.45%
Service-Disabled Veteran Business Enterprise	\$33,100,168	4.79%	55	8.21%
Veteran Business Enterprise	\$12,902,306	1.87%	28	4.18%
<b>Grand Total</b>	<b>\$690,419,151</b>	<b>100%</b>	<b>670</b>	<b>100%</b>

## Section 4.0 SBR Program

### 4.1 SBR Results

SBR procurements focus exclusively on creating prime contracting opportunities for all classifications of small businesses, which, by definition, includes SDBs and VBEs. The major intent of this program is for small businesses to gain critical capabilities and capacity to grow and ultimately take on larger scopes of work. Constitutionally, this is a race and gender-neutral measure the Commonwealth should invoke before resorting to any race-gender conscious measures. BDISBO will continue providing education to the ever-changing procurement professionals to remind them of the importance of reserved/designated contracts and how to indicate such contracts within our enterprise system for more accurate tracking and reporting.

**TABLE 4A SMALL BUSINESS RESERVE ACTIVITY BY AGENCY** summarizes the 734 set-aside contracts with a total value of \$67,209,766 awarded to 215 SBs through the FY 2022-23 SBR Program. This represents growth in all three metrics over the prior fiscal year with the number of SBRs increasing by 46%, the number of SBs awarded SBR contracts by 32%, and the value of SBRs by 61%. Agency participation remained stable at 26 agencies.

At least 173 contracts valued at \$12,103,196 and awarded to 64 SBs were the result of the ITQ program. ITQ establishes statewide contracts for selected services that can be utilized by state agencies to procure services more quickly. By qualifying for ITQ contracts, vendors receive specific Requests For Quotes (RFQ) or Requests For Proposals (RFP) as agencies utilize the contracts. This specific metric is a direct result of DGS's policy changes established in July 2020.

**TABLE 4A FY2022-2023 (JULY 1, 2022 – JUNE 30, 2023) SMALL BUSINESS RESERVE ACTIVITY BY AGENCY**

Agencies	FY 2021-22 SBR Activity			FY 2022-23 SBR Activity		
	SBs (Distinct)	POs (Distinct)	SBR \$	SBs (Distinct)	POs (Distinct)	SBR \$
Aging	1	1	\$14,239	2	2	\$5,794
Agriculture	2	3	\$109,523	1	1	\$300,000
Attorney General	1	1	\$55,000	1	2	\$100,500
Banking & Securities	1	1	\$27,600	0	0	\$0
Civil Service Commission	0	0	\$0	1	1	\$41,053
Community & Economic Development	1	1	\$25,000	1	1	\$767
Conservation & Natural Resources	27	46	\$6,631,091	23	38	\$1,590,175
Corrections	7	23	\$1,463,893	9	21	\$652,827
Drug and Alcohol Programs	2	2	\$2,005,566	0	0	\$0
Education	2	3	\$257,387	3	4	\$275,895
Environmental Hearing Board	0	0	\$0	3	5	\$59,959
Fish & Boat Commission	4	6	\$83,547	2	5	\$21,900
General Services	3	15	\$100,831	3	16	\$136,458
Governor's Office	1	1	\$14,239	0	0	\$0
Health	1	2	\$63,000	2	2	\$63,850
Historical & Museum Commission	4	4	\$30,099	8	12	\$144,802
Human Services	13	68	\$725,739	23	80	\$7,713,636
Insurance	6	12	\$758,618	4	8	\$187,159
Labor & Industry	10	10	\$3,407,824	47	89	\$25,257,792
Military & Veterans Affairs	22	65	\$694,588	30	72	\$895,308
Office of Administration	6	7	\$996,936	16	23	\$2,662,389
PA Emergency Management Agency	4	4	\$395,448	3	3	\$344,870
PA Gaming Control Board	1	1	\$402,163	2	4	\$439,835
Public Utility Commission	1	1	\$127,756	4	4	\$630,244
Revenue	2	4	\$471,910	2	3	\$31,503
State Department	5	7	\$210,697	3	3	\$5,643,971
State Employees Retirement System	0	0	\$0	1	1	\$21,710
State Police	21	36	\$3,164,180	29	65	\$2,093,680
Transportation	48	180	\$19,581,870	55	269	\$17,893,689
<b>Grand Total Participating Agencies</b>	<b>163</b>	<b>504</b>	<b>\$41,818,744</b>	<b>215</b>	<b>734</b>	<b>\$67,209,766</b>

## An Agency SBR Success Story



Post pandemic, the Bureau of Administrative Services (BAS) at the Department of Labor and Industry (L&I) took the initiative to clean windows to make office spaces brighter. L&I Procurement issued a designated SBR IFB to have the Labor and Industry building’s interior and exterior windows cleaned. Power Washing Pro, LLC was awarded a \$728,000 purchase order. Work began in August 2022 and was complete by November 2022. BAS and the contractor met regularly during the project to discuss work status and established a weekly milestone payment schedule. This project was a solid example of a designated/reserved small business solicitation. Invoices by the small business were submitted properly and paid in a timely manner.

## An Agency’s Aggressive Approach to Transform a contract into a SBR



L&I has been diligently seeking opportunities to increase their spend with small businesses using the SBR Program. This year, the agency made a huge impact by converting a long-standing \$71 million multi-award contract (Bureau of Disability Determination of Psychiatric and Psychological Case Review Services) into a designated SBR procurement. Every vendor on the current contract was a small business, and L&I set out to educate and request that every potential small business currently under this contract register as a DGS small business. In

the end all 17 businesses qualified as a small business and were eligible for award under the revamped contract vehicle. The largest award went to Dalton Glover Associates valued at \$23 million and during the fiscal year was paid over \$7 million dollars, boosting not only L&I’s annual SBR spend, but made a positive contribution to achieving the Commonwealth’s SBR goals.

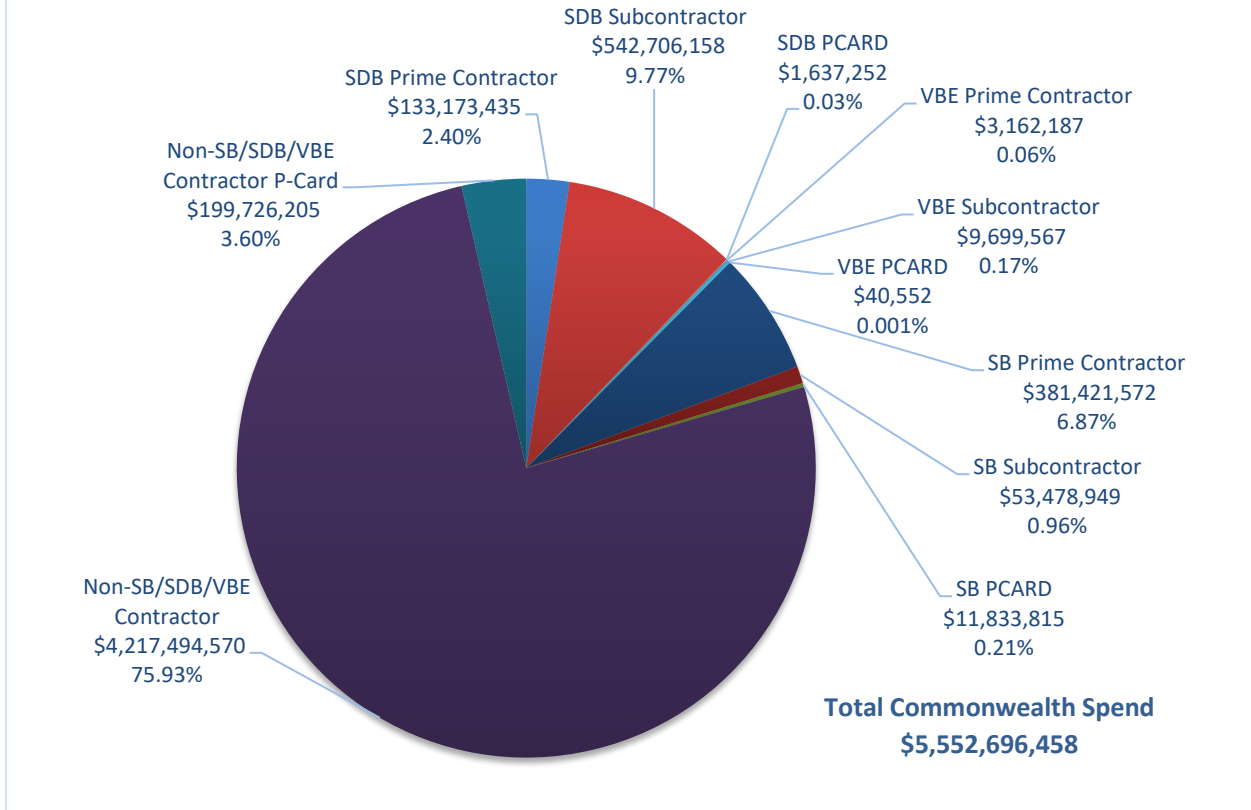
## Section 5.0 Analysis

### 5.1 Payments Analysis

During FY 2022-23, total Commonwealth expenditures for goods, services, and construction, adjusted for certain categories per industry best practices, were \$5,552,696,458 (FIGURE 5A). Registered SBs, SDBs, and VBEs received over \$1 billion cumulatively in a single fiscal year for the first time since focused tracking of payments toward these groups began. This is a testament to the Governor’s Administration’s enduring perseverance to fine-tune our three socio-economic programs, educate and train the purchasers, and encourage the small business community to renew their faith in the premise of these programs.

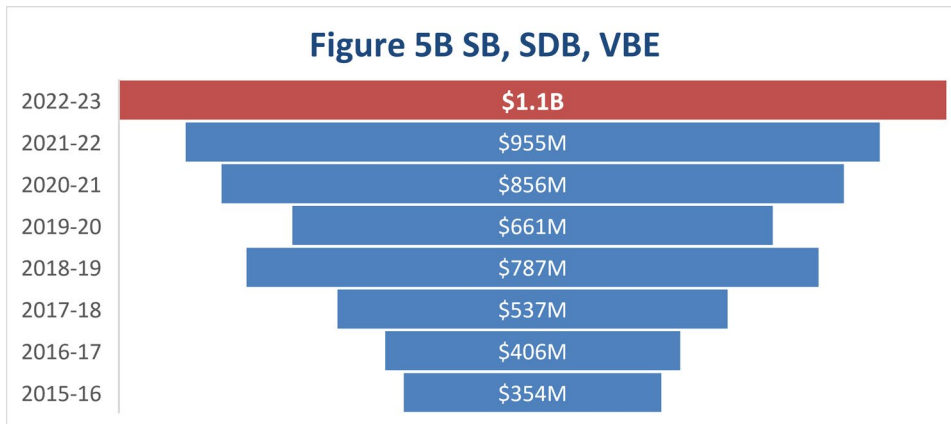


**Figure 5A FY 2022-23 Distribution of Total Commonwealth Spend**

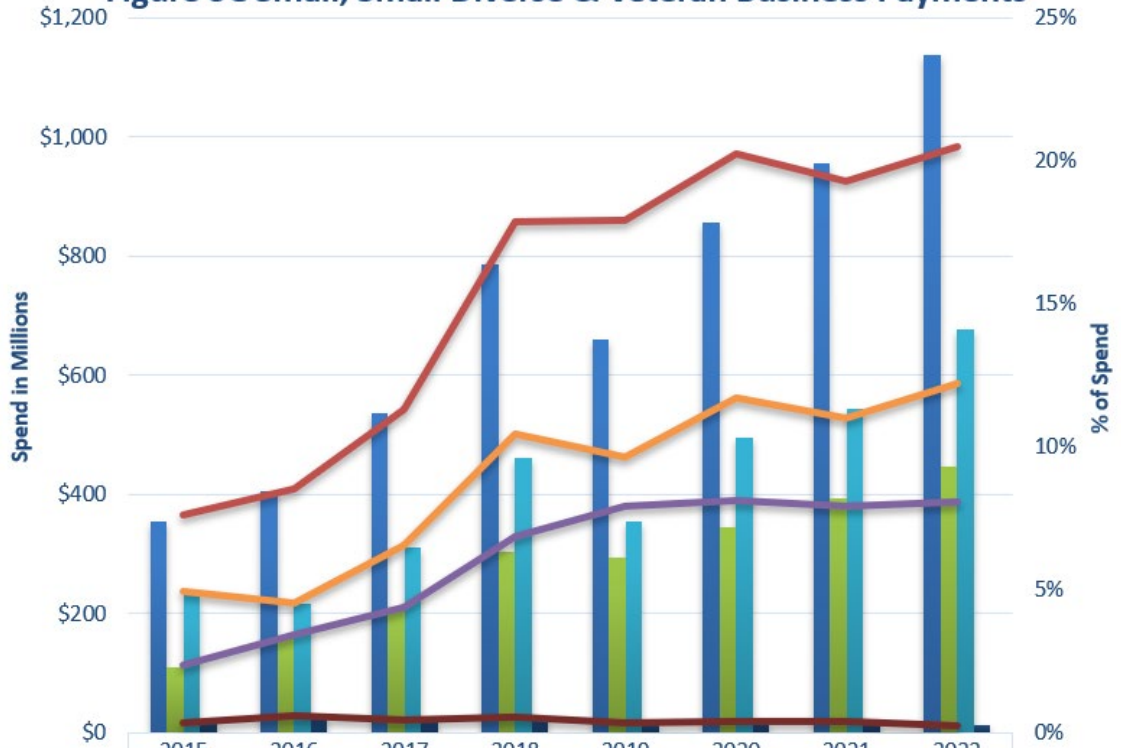


FIGURES 5B & 5C display the general trend of SB, SDB, and VBE utilization over the last several years. The continued upward trends and growth of the program components is a testimony and concrete evidence to the diligence of the stakeholders committed to the growth of the small business community. It's clear that strict application of the programs is necessary to remedy the discrimination described in the 2018 disparity study. This data shows that it is necessary for the government to guide the prime contracting community to engage all types of small businesses to foster competition and innovation. Without the government pushing for change and opening doors for small businesses, they will likely be ignored within the context of large majority prime contractors.

**Figure 5B SB, SDB, VBE**



**Figure 5C Small, Small Diverse & Veteran Business Payments**



	2015	2016	2017	2018	2019	2020	2021	2022
Overall SB, SDB & Vet	\$354M	\$406M	\$537M	\$787M	\$661M	\$856M	\$955M	\$1.137B
SB	\$109M	\$162M	\$207M	\$302M	\$293M	\$344M	\$392M	\$447M
SDB	\$230M	\$216M	\$310M	\$460M	\$355M	\$495M	\$543M	\$678M
VBE	\$16M	\$28M	\$19M	\$24M	\$13M	\$17M	\$19M	\$13M
% Overall SB, SDB & Vet	7.60%	8.54%	11.32%	17.86%	17.90%	20.25%	19.29%	20.48%
% SB	2.33%	3.41%	4.37%	6.86%	7.93%	8.13%	7.93%	8.05%
% SDB	4.93%	4.55%	6.54%	10.44%	9.63%	11.72%	10.97%	12.20%
% VBE	0.34%	0.58%	0.41%	0.56%	0.34%	0.40%	0.39%	0.23%

\*The Commonwealth began including PCARD funds beginning FY 2021/22.

## 5.2 Ethnicity & Program Breakout

**TABLES 5D AND 5E** report ethnic breakdown of payments to SDBs. The source for the ethnic breakdown is not based on third-party verification but is volunteered by the vendors when they register in BDISBO's PRISM portal. BDISBO has compared its progress by analyzing the availability of firms as reported by the 2018 Disparity Study to the current fiscal year. **TABLE 5E** demonstrates a continuing disparity within the SDB and VBE programs with utilization at 12.4% of the 30% availability projected during the last disparity study. The charts are not inclusive of utilization within the race and gender-neutral SB program.

**TABLE 5D ETHNIC BREAKDOWN OF PAYMENTS TO SDB AND VBES**

Ethnic Breakdown By SDB Classification and Other Programs	Recommended Aspirational Goal (Availability) <sup>1</sup>	FY 2022-23 Spend	FY 2022-23 Utilization <sup>2</sup>	% Difference between Aspirational Goal and Utilization <sup>3</sup>
Non-Hispanic white woman-owned (WBE)	10.6%	\$313,901,883	5.65%	-4.95%
Minority-owned (MBE & MWBE)				
Asian American-owned	4.9%	\$151,445,627	2.73%	-2.17%
Black American-owned	4.3%	\$107,213,773	1.93%	-2.37%
Hispanic American-owned	1.9%	\$28,970,073	0.52%	-1.38%
Native American-owned	0.4%	\$350,214	0.01%	-0.39%
Not disclosed		\$37,192,390	0.67%	0.67%
Veteran-owned (VBE & SDVBE) <sup>4</sup>	4.6%	\$46,002,474	0.83%	-3.77%
Disabled-owned (DOBE)	2.5%	\$1,899,211	0.03%	-2.47%
LGBT-owned (LGBTBE)	1.7%	\$3,443,506	0.06%	-1.64%
<b>TOTALS</b>	<b>30.90%</b>	<b>\$690,419,151</b>	<b>12.40%</b>	<b>-18.47%</b>
Total Commonwealth Operational Spend				\$5,552,696,458

Annual report data is by certification classification; ethnic reporting is voluntary via PRISM registration process.

**TABLE 5E FISCAL YEAR COMPARISON OF ETHNIC BREAKDOWN OF PAYMENTS TO SDB AND VBES**

Ethnic Breakdown By SDB Classification and Other Programs	FY 2021-22 Spend	FY 2021-22 Utilization	FY 2022-23 Spend	FY 2022-23 Utilization <sup>2</sup>
Non-Hispanic white woman-owned (WBE)	\$275,881,285	5.58%	\$313,901,883	5.65%
Minority-owned (MBE & MWBE)				
Asian American-owned	\$103,424,045	2.09%	\$151,445,627	2.73%
Black American-owned	\$87,202,063	1.76%	\$107,213,773	1.93%
Hispanic American-owned	\$16,546,600	0.33%	\$28,970,073	0.52%
Native American-owned	\$0	0.00%	\$350,214	0.01%
Not disclosed	\$33,705,235	0.68%	\$37,192,390	0.67%
Veteran-owned (VBE & SDVBE) <sup>4</sup>	\$45,886,561	0.93%	\$46,002,474	0.83%
Disabled-owned (DOBE)	\$647,613	0.01%	\$1,899,211	0.03%
LGBT-owned (LGBTBE)	\$316,134	0.01%	\$3,443,506	0.06%
<b>TOTALS</b>	<b>\$563,609,536</b>	<b>11.39%</b>	<b>\$690,419,151</b>	<b>12.40%</b>

Annual report data is by certification classification; ethnic reporting is voluntary via PRISM registration process.

<sup>1</sup> 2018 Disparity Study Figures: F2, F14, F15, F16

<sup>2</sup> FY Utilization is a calculation: FY Spend in Dollars/Total Spend

<sup>3</sup> Calculation: FY 2022-23 Utilization minus Disparity Study (Availability) Recommended Aspirational Goal/Target

<sup>4</sup>SDVBE is included with the SDB program throughout the remainder of the report

## Section 6.0 Economic Impact

Pennsylvania relies on data to allocate necessary resources. This data provides key analysis to businesses and entrepreneurs involved in day-to-day operations highlighting key efficiency and inefficiency needed to establish operational structures. Key data indicators provide vital information for emerging and startup businesses exploring potential markets and or services to provide. Businesses are highly integrated. Businesses rely on one another to manufacture and deliver products and services. The environment around businesses is forever changing. This economic impact report represents the program value of BDISBO working in conjunction with procurement agencies and the small, *diverse*, and *veteran* business communities at large.



Economic impacts of utilizing small businesses, small *diverse* businesses and *veteran* owned businesses creates a ripple effect within Pennsylvania's economy. Defining those ripple effects, BDISBO enlisted the assistance of a team from the Department of Labor & Industry's (L&I) Center for Workforce Information & Analysis who utilized the IMPLAN software to realize and characterize those industry effects:

**Direct Impact** - Jobs gained/immediate suppliers, the initial change to the economy who employ people to support their sales.

**Indirect Impact** - Jobs gained/supply chain effects stemming from purchases of local goods and services.

**Induced Impact** - Jobs gained/impact effects spending/purchases of local goods and services.

**Multiplier Effect** - The total number of jobs gained (direct, indirect, & included) from each direct job gained.

**Labor Income** - All forms of employment income, including employee compensation (wages, salaries, and benefits) and proprietor income.

**Value Added** - The equivalent to the industry's contribution to GDP.







This modeling uses an "Input-Output" economic model to estimate the number of times each dollar of "input" or direct spending cycles through the economy in terms of "indirect and induced output" or additional spending, personal income, and employment. There are several Input-Output models used by economists to estimate multiplier effects. The IMPLAN Input-Output model was utilized in developing estimates of spending, income, and employment impacts for this report. An Input-Output model uses a matrix representation of a nation's interconnected economy to calculate the effect of changes in spending by consumers, by an industry, or by others, on other industries and the entire state economy. This matrix representation

and the related Input-Output tables ultimately measure “multiplier effects” of an industry by tracing the effects of its inter-industry transactions – that is the number value of goods and services that are needed (inputs) to produce each dollar of output for the individual sector being studied. In essence, an Input-Output model is a table which shows who buys what from whom in the economy.

**FIGURES 6A AND 6B** reflect the volume and output of activity directly related to the Commonwealth’s purchase/payments of goods and services. Through a chain of activities, the Commonwealth’s \$1.1 billion investment in small, small *diverse*, and *veteran*-owned businesses generated \$2.1 billion dollars in total economic impact. (Industries include, but are not limited to, Agriculture, Construction, Manufacturing, Healthcare, and Education.)



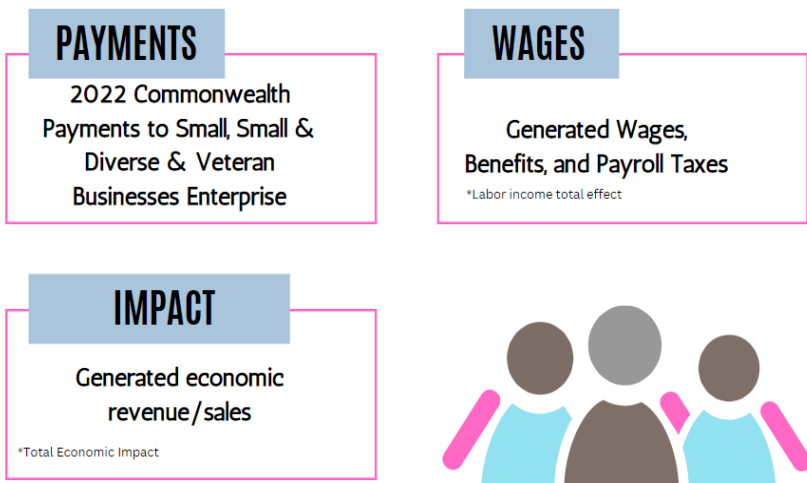
**FIGURE 6A FINANCIAL IMPACTS**

ECONOMIC IMPACT OF \$1.1 BILLION		Employment (jobs)	Labor Income	Value Added	Output
	Direct Effect	6,788	\$430M	\$651M	\$1.1B
	Indirect Effect	2,009	\$160M	\$265M	\$469M
	Induced Effect	2,914	\$189M	\$302M	\$513M
	Total Effect	11,711	\$780M	\$1.2B	\$2.1B

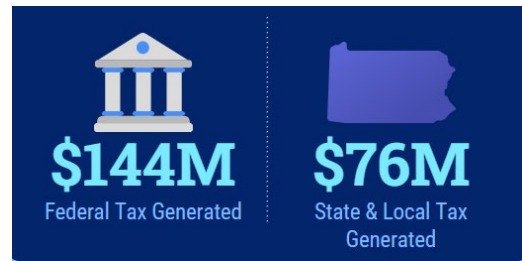
*Applied across all industries.*

The Commonwealth's commitment to supporting small businesses is vital to the overall growth of Pennsylvania. Dollars spent on construction projects and procurement of goods and services generate tax revenue for economic growth, offering opportunity for generational wealth, all the while supporting families of Pennsylvania. This critical support allows businesses to remain open and retain employees while driving business growth. As the state attempts to retain these talented homegrown small businesses, empowering them will be the key and the true test to sustainability.

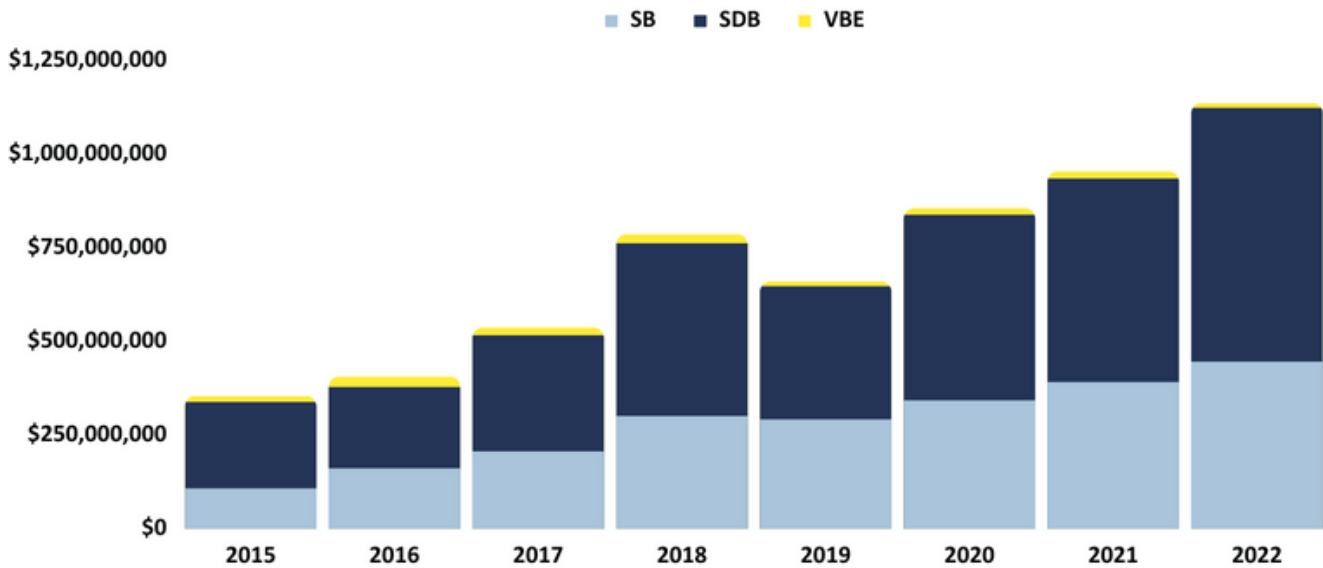
**FIGURE 6B TYPES OF IMPACTS**



In partnership with L&I, BDISBO assesses that the \$1.1 billion in direct and indirect payments to small businesses have translated to \$76 million in state and local taxes and \$144 million from small businesses in federal taxes last fiscal year alone. Proactive and intentional implementation on small businesses over the past seven years has grown substantially as the bar graphs illustrate in **FIGURE 6D**. The dedicated focus to growing small business participation is clearly demonstrated in the small and *diverse* categories.



**FIGURE 6D SMALL BUSINESS, SMALL DIVERSE BUSINESS & VETERAN BUSINESS ENTERPRISE HISTORICAL SPEND (2015 - 2022)**



\*Source: Department of Labor & Industry, Center for Workforce Information & Analysis, IMPLAN model

## Section 7.0 Bureau Highlights

### 7.1 Customer Service

For FY 2022-23, BDISBO staff fielded over 1,200 customer service inquiries. Issues handled related to PRISM registration (questions on the certification/verification processes), challenges or problems related to understanding solicitation requirements, and assisting prime contractors with finding specific resources within the Commonwealth system or through other third parties. BDISBO maintains a centralized phone line and email resource accounts, which provide businesses with the means to contact BDISBO directly so that they receive assistance promptly. The *Small Business Application Guide* and *Submitting Utilization Payments Instructions* were developed and are electronically available to PRISM users. These instruction guides have proven to be valuable tools in providing self-help direction to businesses so that they may navigate the PRISM portal and application and payment processes at their convenience.

## 7.2 Outreach



The BDISBO Outreach team has continued to fulfill its mission to support SB, SDB, and VBE firms. We strive to provide small business owners the knowledge and resources needed to navigate the Commonwealth's procurement process to help them make informed business decisions to help them grow. Our outreach staff helps vendors identify business opportunities, find supportive services, and assist small business owners in expanding access to resources. Throughout the fiscal year, BDISBO attended or hosted over 208 networking events, supplier forums, pre-bid or pre-proposal conferences, trainings, and workshops across the Commonwealth. BDISBO prides itself on sharing knowledge regarding policy, procurement, certification, and opportunities, not only

with the SB community, but with legislators, agency staff, prime contractors, key stakeholders, and the media. The most exciting undertaking in 2023 was to create, plan and execute a Small Business Empowerment Summit held in the fall of 2023 with the focus of bringing together key stakeholders and small business vendors to engage in panel discussions to address the needs of small business entrepreneurs in PA.



## 7.3 Goal Setting

In FY 2022-23, BDISBO assessed hundreds of solicitations for goal setting, and along with procurement staff from various agencies across the Commonwealth, has established over 576 SDB and VBE goals on projects, including 200 goals set for construction projects containing multiple Base Bids and disciplines. This is a 14% increase in goals set compared to the previous year and a 25% upsurge in goal setting requests. BDISBO's processing and turnaround time improved by 8.3% during the reporting period, averaging a 5 ½-day turnaround. BDISBO diligently aims to constantly improve and, at a minimum, maintain this level of efficiency.



BDISBO considers all evidence available to determine whether a goal is reasonable enough to be achieved. At times, BDISBO may use the two-step approach described below:

1. Calculate a goal using our predetermined methodology based on relative availability of SDBs to participate in the contracts that the Commonwealth intends to solicit.
2. Review and analyze any necessary adjustments to the calculated goal based on local market conditions or historical data relevant to narrowly tailored final recommended goals.

BDISBO follows federal Disadvantaged Business Enterprise guidance and best practices in consideration of making a "Step Two" adjustment when there is relevant and reliable data available. These factors may include:

- Prime contractor past commitments and actual achievements or other measures of demonstrated capacity;
- Statistical disparities in the ability of SDBs to get financing, bonding, and insurance requirements; and
- Data on workforce availability, self-performance, education and training, unions, apprenticeship programs; and
- Any other data/circumstances that would help to better measure the percentage of work that SDBs would be likely to obtain through an equitable process.

**FIGURE 7.3A THREE STEP GOAL SETTING EXAMPLE** illustrates our goal setting process on the “high-profile” multi-million construction project that involved a *2-step adjustment*. In addition to the calculation of goals for each discipline (i.e., trades) and the availability of SDBs in the relevant market area, the second step was used to examine evidence of historical similar projects to determine what adjustment could be made to the calculated goal that would be a more realistic achievement of the *narrowly tailored* recommended goal.

BDISBO implemented a *third* adjustment based on actual attainment of goals on two similar projects that were greater than 90% complete. BDISBO is proud to work with the client agency to ‘push the envelope’ given recent success by the market and increased recommended goals for all disciplines to give the small business community greater opportunities for participation. Again, BDISBO and the client agency examines market pressures, historical commitments/utilization, and attainment to date data to make educated decisions.

**FIGURE 7.3A THREE STEP GOAL SETTING EXAMPLE**

Discipline	Calculated Goal	Historical Project ABC		BDISBO Recommended		Project ABC SDB Actuals	Project XYZ SDB Actuals	Final BDISBO Recommended	
		SDB Commitments	VBE Commitments	SDB Goals 2-step market adjustment	VBE Goals 2-step market adjustment			SDB Goals 3-step market adjustment	VBE Goals 3-step market adjustment
.1 GC	9.20%	21.7%	0.0%	25%	5%	27.67%	50.68%	30%	5%
.2 HVAC	9.70%	12.3%	8.8%	13%	5%	25.62%	1.99%	20%	5%
.3 PLUMB	9.52%	3.5%	9.5%	10%	5%	9.82%	10.37%	10%	5%
.4 ELEC	11.15%	2.4%	2.0%	13%	5%	3.82%	12.24%	13%	5%

**Goal Setting Unit Highlights:**

- BDISBO assisted procurement professionals with 30 debrief sessions specifically surrounding SDB/VBE submittal packets for greater understanding of the nuances for prime contractors. *Debriefs are an excellent way for bidders to ask questions and understand the weaknesses in their submittal documents that led to non-responsive or denied waiver requests.*
- BDISBO offers and conducts pre-bid information sessions on nearly every solicitation with goals to enhance the quality of responsive submissions and to continue to educate both the prime and subcontractor communities on the nuances of submittal requirements. BDISBO continues to establish a 3% VBE goal on every solicitation that has an SDB goal as mandated by current statute language.
- BDISBO sent roughly 180 new contract awards with established goals to the Compliance Unit for monitoring proper SDB and VBE utilization for commercially useful functions.
- The goal setting unit participated in more than 200 virtual Procurement Review Group (PRG) meetings conducted from July 2022 through June 2023. The PRG consists of individuals from the issuing office, the issuing officer (IO), a project manager or subject matter expert (SME), BDISBO’s goal setting team, and general counsel from both agencies. The PRG meets to review historical data on similar work and any market pressures that could impact the goal and adjust the mathematically set goal if appropriate. The outcome of the mathematical calculation and the PRG meeting is a goal set on a specific solicitation. PRGs are also held after the bid closing to determine a bidder’s responsiveness.
- BDISBO continues to build upon the team’s strengths, sharing best and next practices and the sharing of information while improving our automated and standardized processes for better efficiency and incorporating Lean principles.



- BDISBO maintains and creates industry standards, policies, and legislation to ensure the integrity of our programs and to uphold constitutionality measures.
- BDISBO shares best “next” practices amongst fellow colleagues through the American Contract Compliance Association (ACCA), a preeminent national organization dedicated to ensuring equitable employment and contracting practices within the public and private sectors. ACCA provides training, standardization of practice, networking, civil rights actions, and contract compliance.



- Many of BDISBO staff are active members of the Diversity & Inclusion Professionals of Central PA (DIPCPA), a resource group that brings regional diversity professionals together to discuss the challenges and shared experiences of implementing diversity, equity, inclusion and belonging programs at organizations and institutions that impact Central Pennsylvania.
- BDISBO will work to keep abreast of transformation and embrace changes while making improvements along the way to remain an industry leader and to ensure sustainability of Pennsylvania’s socio-economic programs.
- BDISBO proactively seeks opportunities to understand diversity, equity, inclusion, and small business socio-economic industry practices and issues to better serve our constituents.

## 7.4 Compliance

Overall industry compliance objectives govern BDISBO’s practices and policies. The primary objective is to monitor and measure the performance of both the prime contractor and subcontractor. There are many tools and practices to successfully manage and track progress in terms of dollars and experiences offered to subcontractors. A main objective is to have consistent monitoring so that poor contractor performance can be addressed sooner rather than later so that non-compliance does not adversely affect the integrity and financial outcomes of our small business program.

### Results of Noncompliance

- If a determination is made, and the prime contractor refuses or fails to take corrective action, then sanctions or remedies may include, but are not limited to:
  - Withholding of payments;
  - Termination of the contract;
  - Revocation of the prime contractor’s SB, SDB, and/or VBE status;
  - Future SDB/VBE participation submittals may be deemed non-responsible; and/or
  - Actions under the Commonwealth’s Contractor Responsibility Program, up to and including suspension or debarment from future contracting opportunities with the Commonwealth.



## Section 8.0 Accomplishments

Since FY 2015-16, the Commonwealth’s small business programs have demonstrated significant economic growth. Over \$5.6 billion in direct payments are the sole result of BDISBO’s and the Commonwealth’s purchasing offices concerted efforts to provide fair and equitable opportunities to small businesses. Overall growth of 221% greatly exceeded the 19% in Commonwealth spend.

During FY 2022-23, the Commonwealth engaged in the following organizational programs and policy changes, all with the goal of increasing opportunities for all small businesses in Commonwealth contracting:

- Completed the third full year of implementing the new Goal Setting Policy, where goals were set on over 500 projects with an estimated value of \$650 million.
- The legislation BDISBO drafted and secured bipartisan co-sponsorship was recognized by Governor Wolf in a press conference with the DGS Secretary and Deputy Secretary Kirkland who provided testimony and answered questions at a public hearing held by the State Government Committee at the end of June 2022.
- BDISBO continued to collaborate and educate agency liaisons by requiring submissions of annual strategic plans at a detailed agency level, which helped lead to the overall success to reach the nearly \$1 Billion in spend with the small business community. BDISBO held critical dashboard meetings and bureau specific trainings to enhance the success of the programs.



## Section 9.0 Recommendations

BDISBO remains committed to working to meet the following recommendations:

### Engaging Key Stakeholders and Expanding Awareness of Capital Resources

- Continue to strongly advocate for a focus on the need for “hands-on” technical assistance to *diverse* businesses. Access to capital is critical to ensuring the success of businesses; therefore, BDISBO and the Shapiro Administration are exploring creative fundraising opportunities to provide technical assistance and access to capital initiatives by federal programs or private sector experts.
- Work to improve and expand the knowledge of public and private sector workforce development programs alongside the appropriate Commonwealth agencies.
- Measure success based on participating firms’ relative business growth and stability combined with state spending. The Commonwealth is currently measuring the success of its programs based upon the total dollar payments to SBs, SDBs, and VBEs and the total number of firms participating in the BDISBO program. However, the Commonwealth recognizes that another significant gauge of program success is the growth and stability of the businesses participating in the program, as the primary purpose of the program is to assist those businesses. The Commonwealth is seeking to understand how to measure business growth and stability resulting from the receipt of state funds, using this important measure to judge the BDISBO program’s effectiveness, and adjust its program based upon factors indicative of success.

- Lead with greater urgency to do more to advocate for the success of the BDISBO program throughout state and local governments and in the private sector by collaborating with key stakeholders, specifically PennDOT and its Disadvantaged Business Enterprise (Department of Transportation federally certified businesses) community, Chambers of Commerce, SBA, and the APEX offices across the state.
- Increase the virtual outreach mechanisms to assist unregistered small businesses and to reach those businesses that would qualify as SBs, SDBs, and VBEs but have not yet engaged with the DGS small business programs.
- Increase the number of businesses participating in the Veterans Program by engaging in a concerted effort with legislators, *veteran* associations, and stakeholders.

#### **Supporting and Monitoring Legislative and Legal Developments**

- Pursue legislation to codify BDISBO, update and modernize definitions, and provide flexibility for future changes to be implemented by DGS. This would allow the Commonwealth to align our programs and definitions to federal standards and minimize confusion.
- Continue to monitor court decisions that affect our small business programs and make immediate adjustments to minimize any negative impacts to our programs.

#### **Increasing Interagency Collaboration**

- Further increase collaboration efforts with agencies to continually promote greater SB, SDB, and VBE participation in federally funded expenditures.
- BDISBO plans to add additional resources and training during FY 2023-2024 to implement proactive, real-time contract compliance measures via the management tools and processes for over 1,000 active contracts with a special emphasis on prompt payment terms.

#### **Looking Ahead – Opening Up New Doors to New Opportunities for SBs and SDBs by Improving State Procurement Practices through Executive Order 2023-18**

- In September, Governor Shapiro signed [Executive Order 2023-18](#) to increase opportunities for small and small *diverse* businesses to compete for state contracts, make the Commonwealth procurement process more accessible, and take actionable steps to help small businesses and small *diverse* businesses grow, succeed, and create good-paying jobs.
- The Executive Order directs DGS to lead and coordinate efforts with agencies to increase their total operational spend and participation in the Commonwealth’s SBR program, foster more competitive procurement, and increase the amount of money that goes into the hands of small and small *diverse* businesses.
- As a result of the Executive Order, Secretary McNeil is updating the Commonwealth’s definition of a small business by raising the revenue limit from \$38.5 million to \$47 million, ensuring more small businesses can qualify.
- Established by the Executive Order, the Pennsylvania Advisory Council for Inclusive Procurement (PACIP) – chaired by Lieutenant Governor Davis – will also work to advise Commonwealth agencies on ways to make state contracting opportunities more inclusive. Secretary McNeil and Department of Transportation Secretary Mike Carroll will serve as co-vice *chairs*.

## Conclusion

BDISBO has made significant strides this fiscal year implementing cutting edge policies, streamlining processes, and forging partnerships with small businesses and stakeholder organizations across the Commonwealth. From the beginning, the Shapiro-Davis Administration has demonstrated its commitment to inclusive procurement practices with resources that has reinforced BDISBO's outreach to the small business community throughout the state, increasing personnel to address the small business community, and has forged a more cohesive collaboration with the agencies under the Governor's jurisdiction.



# Appendices

## Procurement Methods

### Methods of Contractor Selection and Award

The Procurement Code provides for a few primary methods of competitive procurement for supplies, services, and construction: low bid IFB and best value RFP or RFQ. The Procurement Code also provides for the selection of design professionals through a competitive procurement process.

**Invitation for Bids** – The IFB process is the most frequently used procurement method in the Commonwealth. This process, also known traditionally as sealed bidding, essentially awards contracts based on price alone. When the IFB method is used, a contract must be awarded to the responsive and responsible bidder with the lowest price.

**Request for Proposals** – The RFP is a “best value” process that is, most used for more complex non-commodity purchases. With an RFP, the Commonwealth evaluates competing offers based on several factors including suppliers’ proposed costs and technical approach and capabilities.

Contracts that result from either of these two methods may be structured in different ways depending upon the needs of the Commonwealth as follows:

- **Single-award contracts** are potential business to one qualified supplier exclusively.
- **Multiple-award contracts** are potential business to multiple qualified suppliers who then may be required to compete further for individual orders through a supplemental selection process. A common example of this approach is known as an ITQ followed by an RFQ.

**Selection of Design Professionals** – The Commonwealth procures design professional services through a competitive process which considers capability of required personnel to perform the design or construction services, geographic proximity to the project, the overall equitable distribution of contracts to design professionals, and any other relevant circumstances peculiar to the proposed project.

### Contracting Opportunities for SBs, SDBs, and VBEs

The potential for SB (through the SBR Program), SDB, and VBE participation in Commonwealth contracting opportunities has historically depended significantly on the procurement methods used. Employing a procurement method that allows for direct consideration of SB, SDB, or VBE participation dramatically increases the likelihood that such participation will occur. Common current uses of IFBs and RFPs within different expenditure categories are outlined below with an explanation of how each is related to SB, SDB, and VBE opportunities.

## **IFB for Supplies & Services**

Prior to the implementation of goal setting, in general, when the Commonwealth issued an IFB for the procurement of supplies or services, SB, SDB, and VBE participation were irrelevant to the award decision only price was considered. SBs, SDBs, and VBEs could compete in IFBs, but they received no formal preference and were required to submit the lowest price to win. In addition, SBs, SDBs, and VBE could and did participate as subcontractors in contracts awarded to other firms through IFBs.

After fully implementing the goal setting program for all IFBs, BDISBO and the issuing agency began setting contract-specific goals for any IFB valued at \$250,000 or above. As with all other types of procurements that include goal setting, bidders can agree to meet the goals in full or seek a good faith efforts waiver from those goals. This significant change ensures that SDBs and VBEs have additional opportunities for a significant number of procurements that historically offered no preference for SDB and VBE utilization.

## **Construction IFB**

Regarding IFBs for construction, contract awards are also based on price alone. Under the fully implemented goal setting program, BDISBO and Capital Programs set contract-specific goals for each of the four disciplines with cost estimates of \$400,000 or above. As with all other types of procurements that include goal setting, bidders can agree to meet the goals in full or seek a good faith effort waiver from those goals.

## **Non-Construction RFP**

The general RFP process continues to allow for direct consideration of SB, SDB, and VBE participation as a criterion for award. The goal setting program was fully implemented this fiscal year whereby BDISBO and the issuing agency set contract-specific goals for any RFP valued at \$250,000 or above. As with all other types of procurements that include goal setting, offerors can agree to meet the goals in full, or seek a good faith effort waiver from those goals.

## **JOC Construction**

JOC Program is used by agencies to complete small construction projects with a total value of \$10,000 to \$400,000. To facilitate the completion of these projects, DGS established four Prime Professional Construction Service contracts for the disciplines of General Construction, HVAC, Plumbing, and Electrical services in each of the three regions: Central, East, and West. Job orders are distributed to the prime contractors who are then expected to engage SB and SDB subcontractors for construction and professional design opportunities for agencies undertaking construction, renovation, and maintenance projects that fall within the established value parameters.

The JOC Program was the first to implement the new process of goal setting in its RFPs. These JOC RFPs also designated the Professional Design services as SBR. To ensure the small business community who provide supplies and services under the JOC Program were aware of the major changes affecting this contract, BDISBO along with Capital Programs continues to recruit and educate businesses on the new paperwork and processes. These interactive discussions continue to provide an opportunity to address the community's concerns, questions, and network.

## **ITQ**

ITQ is the name given to certain multiple-award contracts issued by the Commonwealth pursuant to Section 517 of the Procurement Code. Work required under an ITQ may be solicited by an IFB or RFQ issued to pre-qualified contractors.

The ITQ Process is a two-step process utilized by the Commonwealth to provide various types of services to Commonwealth agencies. The first step is a pre-qualification process to qualify suppliers for specific services described in the ITQ. To qualify for an ITQ contract, a supplier must meet the qualification requirements prescribed in each ITQ solicitation. This is done by submitting an electronic proposal via the PA Supplier Portal. Each submittal is evaluated, and if the proposal meets the minimum criteria, the supplier is qualified and placed on a "parent" contract along with

other qualified suppliers. The second step is an RFQ in which agencies with specific requirements request quotations from only qualified suppliers. A quotation may be a simple price, or it may include a technical proposal with pricing.

The ITQ process does not guarantee business to an individual supplier. Suppliers are encouraged to market their services to the agencies and to respond to as many RFQs as possible.

The Department has also recently implemented goal setting on RFQs valued at \$250,000 and above. The process mirrors the goal setting requirements for IFB and RFQ procurements set forth above.

### **SBR Processes**

In accordance with DGS policy and consistent with recent reinvigoration of the SBR program, Commonwealth agencies have continued to designate a certain number of solicitations as “SBR” opportunities. Competition for these contracts is formally restricted to self-certified SBs (which includes SDBs and VBEs). Larger firms cannot be awarded contracts for SBR-designated procurements. SBR procurements are a race-neutral measure that seeks to ensure the award of contracts to SBs who have been used infrequently. According to the data in Sections 3.1 and 4.1, more Commonwealth business is awarded to SBs each year through general procurement methods than through these set-asides. The Commonwealth continues exploring methods to improve the SBR process to be more effective throughout the various agencies. DGS continues to work with specific ITQ administrators to identify ITQ categories to designate as SBR ITQs.

## How to register as a DGS-certified SB and verified SDB or VBE

# SB, SDB, VBE Registration Process



### STEP 1: Register as a Vendor

- Go to the PA Supplier Portal at [www.pasupplierportal.state.pa.us](http://www.pasupplierportal.state.pa.us).
- Click on Supplier Registration and follow the instructions.

### STEP 2: SB Self-Certification & SDB/VBE Verification

- Federal tax returns for the three most recently filed tax years
- Go to <http://bdisbo.prisecompliance.com> > Self-Certify or Recertify as a Small, Diverse, and/or Veteran Business > Start Application
- Enter the applicant company's Tax ID and 6-digit Vendor ID/SAP # > Find Me
- Select the application type to apply as SB, SDB, or VBE. SB is required for all certification types.

SB self-certification is immediate. SDB and VBE verification takes approximately 10 business days upon receipt of all information necessary to complete an application review.



# Tables

## Section 2 Tables

**TABLE 2D VERIFIED SDBS & VBES BY REGION, COUNTY, AND CLASSIFICATION**

WESTERN PA	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Allegheny	39	101	22	4	2	18	8	194
	Armstrong	0	5	0	0	0	0	0	5
	Beaver	1	4	0	0	0	2	0	7
	Bedford	0	1	1	0	0	0	0	2
	Blair	0	10	0	0	0	2	3	15
	Butler	1	20	0	0	1	1	3	26
	Cambria	2	10	1	0	0	0	0	13
	Clarion	0	1	1	0	0	0	0	2
	Crawford	1	3	0	0	0	0	0	4
	Erie	3	13	0	1	0	4	1	22
	Fayette	1	4	0	0	0	0	1	6
	Forest	0	0	0	0	0	0	0	0
	Greene	0	0	0	0	0	1	0	1
	Indiana	0	3	1	0	0	1	0	5
	Jefferson	0	0	0	0	0	0	0	0
	Lawrence	0	2	0	0	0	1	3	6
	Mercer	0	5	0	0	0	2	0	7
	Somerset	0	4	0	0	0	0	0	4
	Venango	0	3	0	0	0	0	0	3
	Warren	0	1	0	0	0	0	0	1
	Washington	4	4	2	0	0	0	2	12
	Westmoreland	5	17	1	0	0	4	1	28
	TOTALS	57	211	29	5	3	36	22	363

CENTRAL PA	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Adams	0	2	1	0	0	1	0	4
	Cameron	0	0	0	0	0	0	0	0
	Centre	1	11	0	0	1	1	3	17
	Clearfield	1	2	1	0	0	1	2	7
	Clinton	0	0	0	0	0	3	0	3
	Cumberland	18	34	7	1	0	7	4	71
	Dauphin	35	33	3	2	1	7	3	84
	Elk	0	0	0	0	0	0	0	0
	Franklin	1	4	0	0	0	0	0	5
	Fulton	1	1	0	0	0	0	0	2
	Huntingdon	0	6	0	0	0	2	0	8
	Juniata	0	0	0	0	0	0	0	0
	Lancaster	5	12	2	0	0	5	3	27
	Lebanon	2	6	0	0	0	4	0	12
	Lycoming	1	0	0	0	0	1	0	2
	McKean	0	2	0	0	0	0	0	2
	Mifflin	0	1	0	0	0	0	0	1

	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Northumberland	1	1	0	0	0	0	0	2
	Perry	0	4	1	0	0	0	1	6
	Potter	0	0	0	0	0	0	0	0
	Snyder	0	0	0	0	0	0	0	0
	Tioga	0	0	0	0	0	1	0	1
	Union	0	0	0	0	0	0	1	1
	York	4	22	2	0	0	3	1	32
	TOTALS	70	141	17	3	2	36	18	287

	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
EASTERN PA	Berks	4	15	0	0	0	1	0	20
	Bradford	0	1	0	0	0	1	1	3
	Bucks	18	26	2	1	0	2	1	50
	Carbon	0	0	0	0	0	0	0	0
	Chester	13	30	4	0	0	7	4	58
	Columbia	1	3	0	0	0	0	0	4
	Delaware	13	28	5	0	0	5	1	52
	Lackawanna	3	6	0	1	0	1	1	12
	Lehigh	7	13	1	1	0	3	3	28
	Luzerne	2	11	0	0	0	4	3	20
	Monroe	1	2	1	0	0	4	0	8
	Montgomery	28	60	9	0	0	12	3	112
	Montour	0	0	0	0	0	0	0	0
	Northampton	2	6	0	1	0	2	1	12
	Philadelphia	67	56	14	8	1	6	0	152
	Pike	0	0	0	0	0	0	0	0
	Schuylkill	2	0	0	0	0	2	0	4
	Sullivan	0	0	0	0	0	0	0	0
	Susquehanna	0	3	0	0	0	0	1	4
	Wayne	0	1	0	0	0	2	0	3
Wyoming	0	0	0	0	0	0	0	0	
TOTALS	161	261	36	12	1	52	19	542	

OUT-OF-STATE	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	218	195	50	6	5	75	9	558

Section 3 Tables

TABLE 3A PAYMENTS TO SBs BY AGENCY

Agency	Contractor Type	SB	Agency Total	%
Aging	Prime	\$29,421	\$29,421	0.01%
	Sub	\$0		
Agriculture	Prime	\$1,508,752	\$1,656,521	0.37%
	Sub	\$147,769		
Attorney General	Prime	\$967,144	\$967,144	0.22%
	Sub	\$0		
Auditor General	Prime	\$49,672	\$49,672	0.01%
	Sub	\$0		
Banking & Securities	Prime	\$63,479	\$63,479	0.01%
	Sub	\$0		
Civil Service Commission	Prime	\$5,069	\$5,069	0.00%
	Sub	\$0		
Community & Economic Development	Prime	\$192,543	\$221,993	0.05%
	Sub	\$29,450		
Conservation & Natural Resources	Prime	\$52,606,522	\$53,106,037	11.89%
	Sub	\$499,515		
Corrections	Prime	\$29,192,372	\$37,037,422	8.29%
	Sub	\$7,845,050		
Drug and Alcohol Programs	Prime	\$554,975	\$554,975	0.12%
	Sub	\$0		
Education	Prime	\$7,209,360	\$7,867,484	1.76%
	Sub	\$658,124		
Environmental Hearing Board	Prime	\$2,270	\$2,270	0.00%
	Sub	\$0		
Environmental Protection	Prime	\$23,768,056	\$23,838,934	5.34%
	Sub	\$70,878		
Ethics Commission	Prime	\$2,469	\$2,469	0.00%
	Sub	\$0		
Fish & Boat Commission	Prime	\$616,067	\$616,067	0.14%
	Sub	\$0		
Game Commission	Prime	\$14,727,800	\$14,727,800	3.30%
	Sub	\$0		
General Services	Prime	\$96,159,999	\$117,594,630	26.32%
	Sub	\$21,434,631		
Health	Prime	\$24,198	\$24,198	0.01%
	Sub	\$0		
Historical & Museum Commission	Prime	\$3,625,960	\$3,631,936	0.81%
	Sub	\$5,976		
Human Services	Prime	\$1,345,008	\$1,345,008	0.30%
	Sub	\$0		
Insurance	Prime	\$12,024,322	\$19,795,203	4.43%
	Sub	\$7,770,881		

Labor & Industry	Prime	\$2,517,840	\$2,517,840	0.56%
	Sub	\$0		
Liquor Control Board	Prime	\$16,328,526	\$16,333,950	3.66%
	Sub	\$5,424		
Military & Veterans Affairs	Prime	\$104,992	\$104,992	0.02%
	Sub	\$0		
Milk Marketing Board	Prime	\$12,228,351	\$12,228,351	2.74%
	Sub	\$0		
Office of Administration	Prime	\$2,757,060	\$15,806,937	3.54%
	Sub	\$13,049,877		
PA Emergency Management Agency	Prime	\$0	\$24,574	0.01%
	Sub	\$24,574		
PA Game Control Board	Prime	\$0	\$79,739	0.02%
	Sub	\$79,739		
PA Infrastructure Investment	Prime	\$742,295	\$742,295	0.17%
	Sub	\$0		
PA Municipal Retirement Board	Prime	\$221,936	\$221,936	0.05%
	Sub	\$0		
PA Port Authorities	Prime	\$218,861	\$218,861	0.05%
	Sub	\$0		
Public School Employees Retirement System	Prime	\$14	\$14	0.00%
	Sub	\$0		
Public Utility Commission	Prime	\$254,417	\$254,417	0.06%
	Sub	\$0		
Revenue	Prime	\$299,596	\$618,001	0.14%
	Sub	\$318,405		
State Department	Prime	\$2,537,589	\$2,537,589	0.57%
	Sub	\$0		
State Employees Retirement System	Prime	\$140,160	\$179,557	0.04%
	Sub	\$39,397		
State Police	Prime	\$92,056	\$92,056	0.02%
	Sub	\$0		
State System of Higher Education	Prime	\$3,110,779	\$3,926,695	0.88%
	Sub	\$815,916		
Transportation	Prime	\$107,025,457	\$107,708,800	24.11%
	Sub	\$683,343		
Total	Prime		\$393,255,387	88.03%
	Sub		\$53,478,949	11.97%
	Total		\$446,734,336	100%

**TABLE 3E SDB AND VBE PRIME AND SUBCONTRACTING SPEND BY AGENCY**

Agency	Contractor	M	MW	W	G	D	S	V	Total
Aging	Prime	\$0	\$1,065,374	\$0	\$0	\$0	\$0	\$0	\$1,065,374
	Sub	\$105,226	\$4,313,153	\$0	\$0	\$0	\$0	\$0	\$4,418,379
Agriculture	Prime	\$0	\$859,256	\$1,410	\$0	\$0	\$0	\$0	\$860,666
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Attorney General	Prime	\$2,616	\$102,998	\$147,715	\$0	\$0	\$0	\$0	\$253,329
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auditor General	Prime	\$0	\$93,790	\$0	\$0	\$0	\$0	\$0	\$93,790
	Sub	\$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
Banking & Securities	Prime	\$0	\$2,378	\$0	\$0	\$0	\$0	\$0	\$2,378
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Civil Service Commission	Prime	\$0	\$31,543	\$0	\$0	\$0	\$57,038	\$0	\$88,581
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community & Economic Development	Prime	\$406,155	\$9,208,619	\$0	\$0	\$0	\$0	\$0	\$9,614,774
	Sub	\$0	\$1,188,488	\$0	\$0	\$0	\$0	\$0	\$1,188,488
Conservation & Natural Resources	Prime	\$213,675	\$4,837,326	\$191,399	\$0	\$0	\$14,029	\$0	\$5,256,429
	Sub	\$509,791	\$398,248	\$183,678	\$0	\$0	\$6,950	\$571,406	\$1,670,073
Corrections	Prime	\$81,935	\$2,215,779	\$19,817	\$0	\$0	\$102,010	\$308,258	\$2,727,799
	Sub	\$20,047,536	\$15,180,107	\$0	\$0	\$0	\$1,387,305	\$2,489,830	\$39,104,778
Drug and Alcohol Programs	Prime	\$0	\$2,003,580	\$0	\$30,470	\$0	\$0	\$0	\$2,034,050
	Sub	\$0	\$160,706	\$0	\$0	\$0	\$0	\$0	\$160,706
Education	Prime	\$65,980	\$384,416	\$0	\$0	\$0	\$0	\$0	\$450,396
	Sub	\$2,260,157	\$3,291,154	\$0	\$0	\$0	\$722,492	\$0	\$6,273,803
Environmental Protection	Prime	\$215,297	\$2,852,688	\$91,080	\$0	\$0	\$41,447	\$0	\$3,200,512
	Sub	\$123,877	\$57,715	\$0	\$0	\$0	\$0	\$0	\$181,592
Ethics Commission	Prime	\$0	\$7,257	\$0	\$0	\$0	\$0	\$0	\$7,257
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fish & Boat Commission	Prime	-\$21,000	\$245,649	\$114,125	\$0	\$0	\$7,455	\$0	\$346,229
	Sub	\$0	\$74,200	\$0	\$0	\$0	\$0	\$0	\$74,200
Game Commission	Prime	\$1,711	\$982,299	\$17,424	\$0	\$0	\$0	\$0	\$1,001,434
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Services	Prime	\$11,000,275	\$15,112,433	\$762,195	\$0	\$0	\$7,061,661	\$233,574	\$34,170,138
	Sub	\$49,498,736	\$92,039,386	\$10,097,097	\$894,206	\$329,336	\$14,752,037	\$4,600,081	\$172,210,879
Governor's Office	Prime	\$864	\$49,245	\$0	\$0	\$0	\$0	\$0	\$50,109
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Health	Prime	\$0	\$5,402,256	\$792	\$15,000	\$0	\$758,863	\$2,815	\$6,179,726
	Sub	\$0	\$478,828	\$287,606	\$61,100	\$0	\$99,680	\$0	\$927,214
Historical & Museum Commission	Prime	\$7,420	\$397,687	\$0	\$0	\$0	\$0	\$0	\$405,107
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Services	Prime	\$164,656	\$14,405,608	\$11,655	\$0	\$0	\$1,500,307	\$676,994	\$16,759,220
	Sub	\$48,574,842	\$68,357,263	\$20,950,021	\$1,838,170	\$1,557,699	\$3,013,710	\$1,752,027	\$146,043,732
Insurance	Prime	\$71,248	\$188,402	\$5,306	\$0	\$0	\$0	\$0	\$264,956
	Sub	\$2,884,984	\$787,167	\$452,872	\$604,560	\$0	\$20,987	\$8,140	\$4,758,710
Labor & Industry	Prime	\$697,069	\$3,164,342	\$25,253	\$0	\$0	\$0	\$0	\$3,886,664
	Sub	\$5,533,141	\$2,832,823	\$1,981,887	\$0	\$0	\$27,821	\$0	\$10,375,672
Liquor Control Board	Prime	\$0	\$16,195	\$0	\$0	\$0	\$0	\$0	\$16,195
	Sub	\$710,471	\$304,179	\$0	\$0	\$0	\$0	\$0	\$1,014,650
Military & Veterans Affairs	Prime	\$2,701,277	\$1,827,845	\$317,026	\$0	\$0	\$1,020,899	\$1,115,762	\$6,982,809
	Sub	\$15,929	\$60,975	\$171,821	\$0	\$0	\$0	\$0	\$248,725

<b>Office of Administration</b>	Prime	\$650,980	\$5,993,711	\$5,636	\$0	\$0	\$0	\$0	\$6,650,327
	Sub	\$81,749,842	\$27,939,807	\$11,593,175	\$0	\$0	\$1,248,792	\$244,543	\$122,776,159
<b>Office of Chief Counsel</b>	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$17,570	\$0	\$0	\$0	\$0	\$0	\$0	\$17,570
<b>Office of General Counsel</b>	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$213,974	\$1,590	\$0	\$0	\$0	\$0	\$0	\$215,564
<b>PA Emergency Management Agency</b>	Prime	\$245,364	\$704,607	\$0	\$0	\$0	\$0	\$0	\$949,971
	Sub	\$0	\$18,286	\$2,784	\$0	\$0	\$0	\$0	\$21,070
<b>PA Gaming Control Board</b>	Prime	\$9,249	\$74,605	\$0	\$0	\$0	\$0	\$0	\$83,854
	Sub	\$197,346	\$0	\$185,450	\$0	\$0	\$0	\$0	\$382,796
<b>PA Infrastructure Investment</b>	Prime	\$47,000	\$411,554	\$0	\$0	\$0	\$0	\$0	\$458,554
	Sub	\$0	\$31,682	\$0	\$0	\$0	\$9,292	\$0	\$40,974
<b>PA Municipal Retirement Board</b>	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$0	\$112,984	\$0	\$0	\$0	\$17,042	\$0	\$130,026
<b>PA Port Authorities</b>	Prime	\$0	\$14,000	\$0	\$0	\$0	\$0	\$0	\$14,000
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Patient Safety Authority</b>	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$59,870	\$59,870
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Public School Employees Retirement System</b>	Prime	\$0	\$13,127	\$0	\$0	\$0	\$0	\$0	\$13,127
	Sub	\$133,485	\$233,245	\$0	\$0	\$0	\$0	\$0	\$366,730
<b>Public Utility Commission</b>	Prime	\$0	\$242,957	\$50,800	\$0	\$0	\$0	\$483,771	\$777,528
	Sub	\$0	\$198,040	\$0	\$0	\$12,176	\$94,468	\$0	\$304,684
<b>Revenue</b>	Prime	\$93,525	\$979,089	\$894,936	\$0	\$0	\$0	\$0	\$1,967,550
	Sub	\$25,680,171	\$2,412,423	\$0	\$0	\$0	\$0	\$0	\$28,092,594
<b>State Department</b>	Prime	\$6,392,699	\$3,002,444	\$0	\$0	\$0	\$0	\$26,485	\$9,421,628
	Sub	\$0	\$578,100	\$0	\$0	\$0	\$234,040	\$0	\$812,140
<b>State Employees Retirement System</b>	Prime	\$286	\$1,175,987	\$0	\$0	\$0	\$0	\$0	\$1,176,273
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>State Police</b>	Prime	\$90,979	\$1,167,340	\$46,620	\$0	\$0	\$50,454	\$18,897	\$1,374,290
	Sub	\$400,266	\$0	\$0	\$0	\$0	\$0	\$0	\$400,266
<b>State System of Higher Education</b>	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$89,582	\$23,584	\$0	\$0	\$0	\$401,920	\$0	\$515,086
<b>Transportation</b>	Prime	\$8,860,375	\$10,049,612	\$34,391	\$0	\$0	\$127,841	\$276,313	\$19,348,532
	Sub	\$2,116,886	\$3,541,752	\$3,656,659	\$0	\$0	\$321,628	\$33,540	\$9,670,465
<b>TOTALS</b>	Prime	\$31,999,635	\$89,285,998	\$2,737,580	\$45,470	\$0	\$10,742,004	\$3,202,739	\$138,013,426
	Sub	\$240,871,812	\$224,615,885	\$49,563,050	\$3,398,036	\$1,899,211	\$22,358,164	\$9,699,567	\$552,405,725
	Total	\$272,871,447	\$313,901,883	\$52,300,630	\$3,443,506	\$1,899,211	\$33,100,168	\$12,902,306	\$690,419,151
	%	39.52%	45.47%	7.58%	0.50%	0.28%	4.79%	1.87%	100%

**TABLE 3F SUMMARY OF SB, SDB, AND VBE SPEND BY AGENCY**

<b>Agency</b>	<b>Payments</b>
Aging	\$5,513,174
Agriculture	\$2,517,187
Attorney General	\$1,220,473
Auditor General	\$151,462
Banking & Securities	\$65,857
Civil Service Commission	\$93,650
Community & Economic Development	\$11,025,255
Conservation & Natural Resources	\$60,032,539
Corrections	\$78,869,999
Drug and Alcohol Programs	\$2,749,731
Education	\$14,591,683
Environmental Hearing Board	\$2,270
Environmental Protection	\$27,221,038
Ethics Commission	\$9,726
Fish & Boat Commission	\$1,036,496
Game Commission	\$15,729,234
General Services	\$323,975,647
Governor's Office	\$74,307
Health	\$10,738,876
Historical & Museum Commission	\$1,750,115
Human Services	\$182,598,155
Insurance	\$7,541,506
Labor & Industry	\$30,596,286
Liquor Control Board	\$1,135,837
Military & Veterans Affairs	\$19,459,885
Office of Administration	\$145,233,423
Office of Chief Counsel	\$42,144
Office of General Counsel	\$295,303
PA Emergency Management Agency	\$1,713,336
PA Gaming Control Board	\$466,650
PA Infrastructure Investment	\$721,464
PA Municipal Retirement Board	\$348,887
PA Port Authorities	\$14,014
Patient Safety Authority	\$59,870
Public School Employees Retirement System	\$634,274
Public Utility Commission	\$1,700,213
Revenue	\$32,597,733
State Department	\$10,413,325
State Employees Retirement System	\$1,268,329
State Police	\$5,701,251
State System of Higher Education	\$515,086
Transportation	\$136,727,797
<b>Grand Total</b>	<b>\$1,137,153,487</b>