



Bureau of Diversity, Inclusion and Small Business Opportunities

**SMALL DIVERSE BUSINESS AND VETERAN SMALL BUSINESS
ANNUAL REPORT**

FISCAL YEAR 2017-2018



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Tom Wolf, Governor | Curt Topper, Secretary



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List of Abbreviations and Acronyms in Report



(BDISBO) Bureau of Diversity, Inclusion and Small Business Opportunities
(BV) Best Value
(DBE) Disadvantaged Business Enterprise
(DGS) Department of General Services
(DOBE or D) Disability-Owned Business Enterprise
(FY) Fiscal Year
(GESA) Guaranteed Energy Savings Act
(GFE) Good Faith Efforts
(IFB) Invitation for Bids
(ITQ) Invitation to Qualify

(JOC) Job Order Contracting
(LGBT) Lesbian, Gay, Bisexual or Transgender
(LGBTBE or G) LGBT Business Enterprise
(MBE or M) Minority Business Enterprise
(MPL) Minimum Participation Level
(MWBE or MW) Minority Women Business Enterprise
(NGLCC) National Gay & Lesbian Chamber of Commerce
(NMSDC) National Minority Supplier Development Council
(RFP) Request for Proposals
(RFQ) Request for Quotes

(SB) Small Business
(SBA) United States Small Business Administration 8(a) Program
(SDB) Small Diverse Business
(SDVE or S) Service Disabled Veteran Business Enterprise
(UCP) Unified Certification Program
(USBLN) US Business Leadership Network
(VBE or V) Veteran Business Enterprise
(VetBiz) Vets First Verification Program
(WBE or W) Woman Business Enterprise
(WBENC) Women's Business Enterprise National Council

Message from Secretary Curt Topper

“On behalf of Governor Tom Wolf, I am pleased to present the Department of General Services’ Annual Report on the Participation of Small and Small Diverse Businesses in State Contracting Opportunities for fiscal year 2017-18.”



On behalf of Governor Tom Wolf, I am pleased to present the Department of General Services’ (DGS) Annual Report on the Participation of Small Businesses and Small Diverse Businesses in State Contracting Opportunities for FY 2017-18.

During the last year, we have made significant progress in our effort to be more inclusive and to help small businesses overcome the disadvantages they face in competing for Commonwealth business. After years of decline and relative stagnation, we have finally created a new, more positive trend in participation levels. During fiscal year 2017-18, overall participation by small businesses and small diverse businesses in Commonwealth contracts grew by more than 32 percent compared to the prior year. Payments to small diverse businesses increased from \$244 million to \$330 million during the same period, which is a 35 percent increase.

Much work remains to be done, but these results are an encouraging sign. They reflect the extraordinary efforts of members of the Governor’s Advisory Council, Commonwealth agency leadership, liaisons, procurement staff, and the DGS Diversity, Inclusion and Small Business Opportunities team. Together, through an emphasis on inter-agency collaboration and best value contracting, we have successfully laid the groundwork for continued progress.

Our state government has begun to lead the effort to build a more inclusive economy

because it is essential to building a stronger economy for all Pennsylvanians. It is important work and I am proud to be a part of it.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curt Topper', written over a white background.

Curt Topper
Secretary of the Department of General Services



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Message from Secretary Leslie S. Richards



In 2016, the Pennsylvania Department of Transportation developed its 20/20 Strategic Direction Plan to guide the department as it prepares for the future while at the same time delivering the best possible services and facilities. Strategies of building and maintaining an innovative, smart and diverse organization are key, and at the same time, extending this to how PennDOT does business with a more diverse contracting community. We are focused on increasing diversity within our own team and on expanding opportunities to work with our team. This includes increased outreach to diverse audiences of various ages, reinforcing and enhancing business practices, and bringing our diverse business partners together in new ways. I'm very pleased with the progress we made this year. We continue to increase our outreach activities and develop and improve upon existing diversity programs.

One of the cornerstone programs at PennDOT is the Disadvantaged Business Enterprise (DBE) program. The DBE program is a federal program that removes barriers and levels the playing field in transportation contracting for socially and economically disadvantaged business owners. PennDOT proactively supports and develops DBE firms in an effort to open the contract landscape for them.

I am committed to continued progress on increasing female and minority representation within PennDOT and in our contracting

community and look forward to continued collaboration.

Sincerely,

A handwritten signature in black ink that reads "Leslie S. Richards". The signature is fluid and cursive.

Leslie S. Richards,
Secretary of Transportation



Introduction

This report provides the Pennsylvania public and members of the Pennsylvania General Assembly with information about the participation of small businesses (SB) and small diverse businesses (SDB), including those owned by minorities, women, veterans, service-disabled veterans, LGBT, and disabled business owners in Commonwealth contracting opportunities during Fiscal Year (FY) 2017-18, as required by Section 2107 of the Commonwealth Procurement Code, 62 Pa. C.S. §2701 and as required by the Military Affairs Code, 51 Pa.C.S. §9607. The report is divided into sections as follows:

Section One provides an overview of Commonwealth policy and procurement methods related to contracting opportunities for SBs and SDBs during FY 2017-18.

Section Two reports on the number of SBs and SDBs in the current DGS database. The database contains businesses that have self-certified with the Department as SBs, and SBs that have also been verified as SDBs. During FY 2017-18, certified minority-owned businesses, woman-owned businesses, veteran-owned businesses, service-disabled veteran-owned businesses, LGBT-owned businesses, and disabled-owned businesses, were recognized as SDBs. DGS uses this data to guide ongoing outreach efforts. The Department's goal is to identify and encourage as many SBs and SDBs as possible to register and to compete for Commonwealth business.

Section Three reports on the value of contract and subcontract payments made to SBs and SDBs during FY 2017-18. This data provides the key metrics that DGS uses to assess diversity and inclusion in Commonwealth contracting opportunities and expenditures for goods and services.

Section Four reports on the projected value of the Commonwealth contract and subcontract commitments that were made to SBs and SDBs during FY 2017-18. In previous years, DGS annual reports focused primarily on these commitment values. Although DGS has transitioned to the more empirically valid payments data as its primary metrics, DGS will continue to provide annual data on commitment values to allow for historical comparison.

Section Five presents a brief analysis of data trends and implications.

Section Six presents data from the PA Department of Transportation Federal Disadvantaged Business Enterprise (DBE) Program for Federal Fiscal Year 2017 running from October 2017 through September 2018.

Section Seven presents recent accomplishments and recommendations to improve the Diversity, Inclusion and Small Business Opportunities program, Commonwealth procurement policy, systems, data collection, and reporting in the future.



1.0 Procurement Policy Overview



The statutory requirements associated with Commonwealth contracting and DGS's duties relative to providing assistance to SBs and SDBs are found in the Commonwealth Procurement Code at 62 PA.C.S. § 101, and further for veterans and service-disabled veterans in the Military Affairs Code at 51 PA.C.S. §9604. In accordance with its statutory authority, DGS establishes policies and

procedures that Commonwealth agencies are required to follow when awarding contracts.

1.1 Methods of Contractor Selection and Award

The Procurement Code provides for two primary methods of competitive procurement for services, supplies, and construction: Invitations for Bids (IFB), and Requests for Proposals (RFP). The Procurement Code also provides for the selection of design professionals through a competitive procurement process.

Effective February 5, 2018, the Secretary of General Services directed the Bureau of Procurement to utilize the competitive sealed proposals (RFP/RFQ) process to conduct competitive procurements for new contracts for supplies and services over \$50,000 unless another procurement method is approved by the Chief Procurement Officer. The Secretary of General Services imposed the same requirements on all Agencies effective July 2, 2018.

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 commonly used for

more complex non-commodity purchases. With an RFP, the Commonwealth evaluates competing offers based on several factors including suppliers’ technical approach, proposed costs and capabilities, and commitments to SBs and SDBs.

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** award potential contracts to one qualified supplier exclusively.
- **Multiple-award contracts** award potential contracts 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 **Invitation to Qualify (ITQ)** followed by a **Request for Quote (RFQ)**.

Selection of Design Professional – The Commonwealth procures design professional services through a competitive process which considers commitments to SBs and SDBs, capability and 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 specifics to the proposed project.

1.2 Contracting Opportunities for Small Businesses (SB) and Small Diverse Businesses (SDB)

The potential for SB and SDB participation in Commonwealth contracting opportunities

depends significantly on the procurement methods used. Employing a procurement method that allows for direct consideration of SB or SDB 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 and SDB opportunities.

Supplies and Services IFB

In general, when the Commonwealth issues an IFB for the procurement of supplies or services, SB and SDB participation are irrelevant to the award decision; only price is considered. SBs and SDBs may compete in IFBs, but they receive no formal preference. They must compete as a prime contractor and submit the lowest price to win. SBs or SDBs may participate as subcontractors in contracts awarded to other firms through IFBs, but the Commonwealth has no current mechanism to reward or even track that participation. The Commonwealth continues to research methods to allow tracking of such participation.

Construction IFB

When the Commonwealth issues an IFB for construction, contract awards are still based on price alone. However, in order to be deemed responsive and responsible, construction contractors must meet certain requirements related to SDB participation. These requirements apply only to SDBs, not to SBs. The Department establishes a general Minimum Participation Level (MPL) for the



utilization of SDB subcontractors, manufacturers, and suppliers for each of the four disciplines: general construction, HVAC, plumbing, and electrical. During FY 2017-18, DGS maintained an MPL of 7.5%. Awarded prime contractors must choose either to “Opt-In” and meet the MPL or to make “Good Faith Efforts” (GFE) to include SDB participation. When the GFE option is chosen, contractors are subject to more stringent documentation requirements. Percentages are calculated based upon the dollar amounts credited toward the MPL. The amount of contract spend credited toward meeting the MPL depends upon the type of contract spend: 100% for a subcontractor or manufacturer, 60% for a stocking supplier and the commission fee up to 10% for a non-stocking supplier.

RFP

The general RFP process allows for direct consideration of SDB participation as a criterion for award. Small Diverse Business participation may account for as much as 20% of award decisions, with the remaining 80% dependent upon price and technical factors. During FY 2017-18, the Commonwealth

considered SB and SDB participation as part of the RFP process. DGS revised the Commonwealth’s RFP evaluation process at the end of FY 2015-16 to include both SB and SDB participation as criteria for award.

The Job Order Contracting (JOC) Program is used by agencies to complete small construction projects with a total value of \$10,000 to \$300,000. To facilitate the completion of these projects, DGS established four Prime Professional Construction Service contracts for the General Construction, HVAC, Plumbing, and Electrical Services disciplines in each of the Eastern, Central, and Western regions and Prime Professional Construction Service contracts for the General Construction discipline in the North-Eastern, North-Central, and North-Western regions. 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.

ITQ

Invitation to Qualify (ITQ) is the name given to certain multiple-award contracts issued by the Commonwealth pursuant to Section 517 of the Procurement Code. ITQ contracts may be solicited by an IFB or RFQ. Award of work to individual contractors is done on a best value basis, which may consist of elements in addition to cost.

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 scoring criteria, the supplier is qualified and placed on a statewide contract along with other qualified suppliers. The second step is an RFQ in which agencies with specific requirements request quotations from the 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.

Small Business Reserve IFB and ITQ processes

In accordance with DGS policy, some Commonwealth agencies designate a number of IFBs and ITQs as “Small Business Reserve” opportunities. For these contracts, competition is formally restricted only to self-certified SBs (including SDBs). Larger firms are not permitted to bid. Small Business Reserve IFBs treat all SBs similarly. They do not incorporate any preference for SDBs. Small Business Reserve IFBs and ITQs are an

effective way to ensure the award of contracts to SBs but have been used infrequently. According to the data, more Commonwealth business is awarded to SBs each year through general procurement methods than through these set-asides. The Commonwealth is continuing to explore methods to improve upon the Small Business Reserve process in order to be more effective throughout the various agencies.

Summary

The table below briefly summarizes the Commonwealth’s available procurement methods during FY 2017-18, and the degree to which they each included potential preferences for SB/SDB contracting.

FY 2017-18 SB PAYMENTS BY AGENCY

PROCUREMENT METHOD	SB PREFERENCE	SDB PREFERENCE
IFB	N/A	N/A
Construction IFB	N/A	MPLs required
RFP	20%	20%
ITQ RFQ/Expedited RFP	20%	20%
Small Business Reserve	Competition restricted to SBs	

2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

The DGS Bureau of Diversity, Inclusion and Small Business Opportunities (BDISBO) develops and oversees programs intended to promote participation by SBs and SDBs in Commonwealth contracting opportunities. The population of businesses served is broken down into two categories as follows:

2.1 Small Businesses – To be designated by the Commonwealth as an SB, vendors must self-certify their eligibility to participate in the small business contracting program every two years through an online application. Any independently-owned, for-profit small business that is not dominant in its field, has 100 or fewer full-time employees, and does not exceed maximum revenue requirements may certify itself with the Commonwealth through the DGS website.

Self-certification as an SB is also the first step in the process of becoming a verified SDB in Pennsylvania. As such, the two categories are not mutually exclusive. The SB totals reported below include SDBs as a subset.

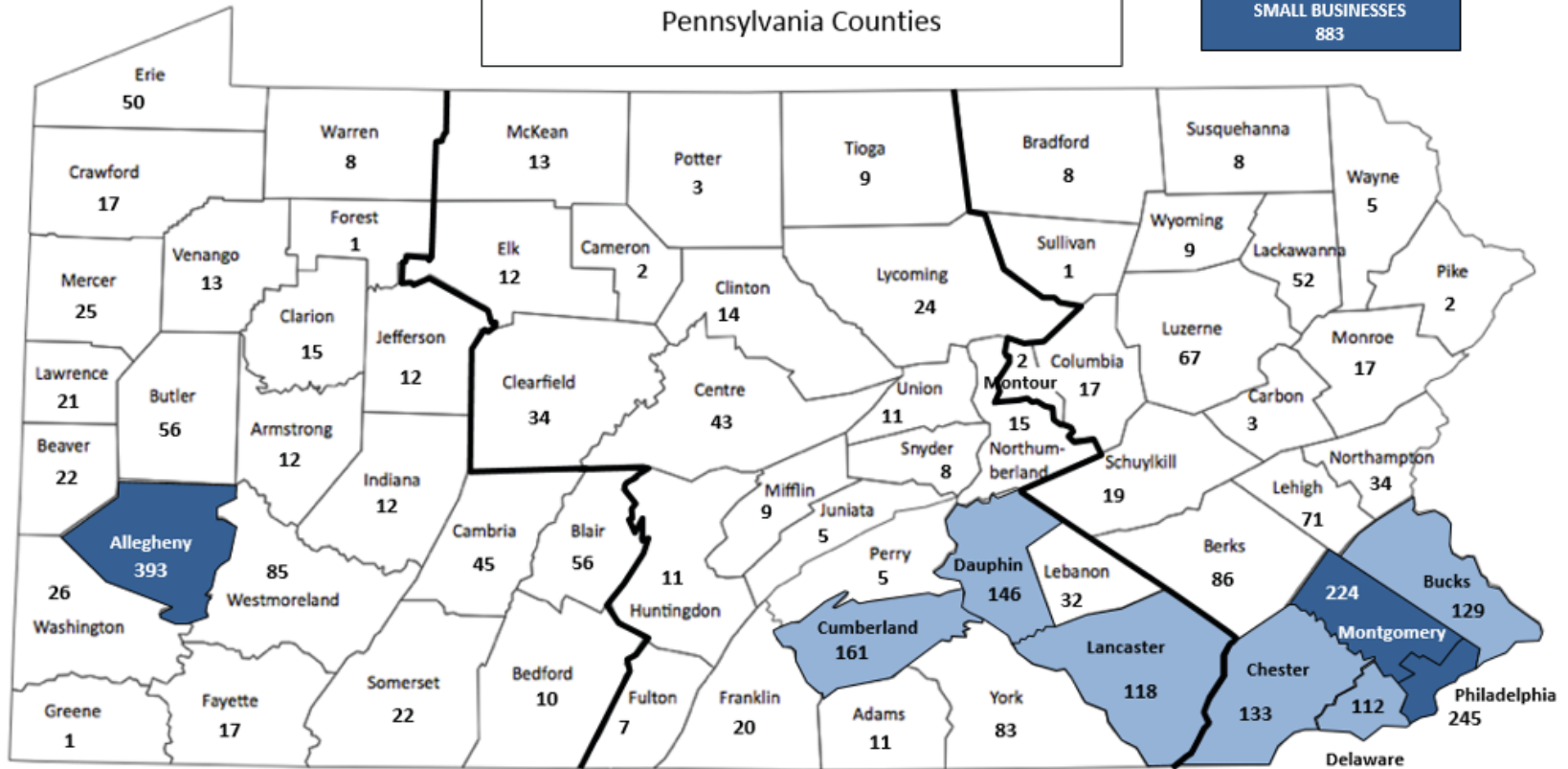
During FY 2017-18, 709 new SBs self-certified with the Commonwealth, bringing the total number of SBs to 3,842. Self-certified SBs in the database provide an array of goods and services, including but not limited to: staffing, software, information technology consulting, project management, construction services and supplies, legal services, and office supplies. Although the majority of

self-certified SBs are located within the Commonwealth, self-certification is not restricted to SBs or SDBs incorporated or residing in Pennsylvania. During the reporting period, 23% of SBs in the DGS database were headquartered out-of-state. The following map provides a breakdown of self-certified Pennsylvania SBs by county.



Small Businesses Pennsylvania Counties

OUT-OF-STATE
DGS VERIFIED
SMALL BUSINESSES
883

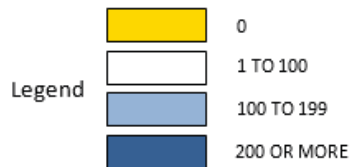


WESTERN REGION = 919 VENDORS

CENTRAL REGION = 796 VENDORS

EASTERN REGION = 1,244 VENDORS

DGS VERIFIED SMALL BUSINESSES



2.2 Small Diverse Businesses – In addition to self-certifying as an SB, eligible firms may also be designated as SDBs.

To be designated by the Commonwealth as SDBs, vendors must periodically self-certify their eligibility to participate in the small business contracting program through an online application. The vendor must then submit proof of an active certification as a minority-owned, women-owned, veteran-owned, service disabled veteran-owned, LGBT-owned, or disabled-owned business from one of seven approved third party entities: 1) The Unified Certification Program (UCP), 2) The National Minority Supplier Development Council (NMSDC), 3) The Women’s Business Enterprise National Council (WBENC), 4) The United States Small Business Administration (SBA) 8(A) Business Development Program, 5) The Vets First Verification Program (Vetbiz), 6) The National Gay & Lesbian Chamber of Commerce (NGLCC), or 7) The US Business Leadership Network (USBLN). Once BDISBO verifies the certification, the SDB receives a certificate.

During FY 2017-18, the total number of verified SDBs grew to 1,336, a 6.37% increase over the previous year.

Although the majority of verified SDBs are located within the Commonwealth,

participation is not restricted to businesses incorporated or residing in Pennsylvania.

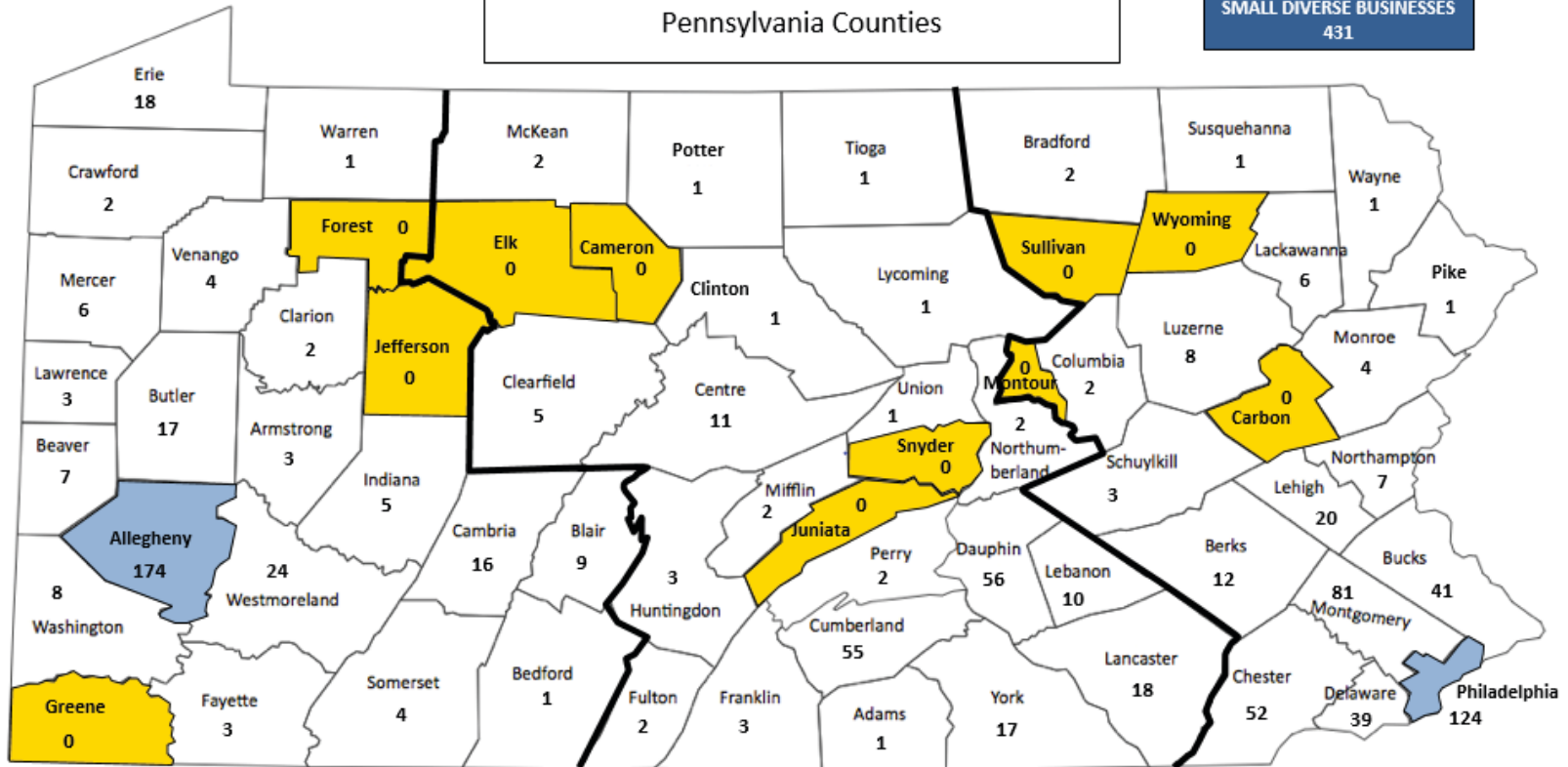
Approximately 32% of SDBs in the DGS database are headquartered out-of-state. The following map provides a breakdown of Pennsylvania SDBs by county.



Small Diverse Businesses

Pennsylvania Counties

OUT-OF-STATE
DGS VERIFIED
SMALL DIVERSE BUSINESSES
431

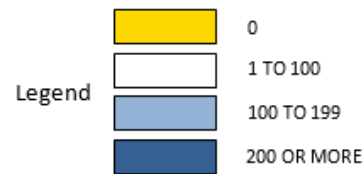


WESTERN REGION = 307 VENDORS

CENTRAL REGION = 194 VENDORS

EASTERN REGION = 404 VENDORS

DGS VERIFIED SMALL DIVERSE BUSINESSES



The charts below provide a further breakdown, including regional and county data on SDBs verified by DGS. Regionally, 307 or 22.98% of these SDBs were headquartered in **Western PA**; 194 or 14.52% in **Central PA**; and 404 or 30.24% in

Eastern PA. The remaining 431 or 32.26% are considered **“Out-of-State.”** Minority Business Enterprises (MBEs) represented 28.67%; Women Business Enterprises (WBEs) 51.20%; Minority Woman Business Enterprises (MWBEs) 7.41%; Veteran/Service

Disabled Veteran Business Enterprises (VBEs/SDVBEs) 11.60%; Disability-Owned Business Enterprises (DOBEs) 0.52%; and LGBT Business Enterprises (LGBTBEs) 1.00% of the total 1,336 SDB population.

TOTAL PA VERIFIED SDBs PER CLASSIFICATION	# of SDBs	% of SDB
Minority Business Enterprises (MBEs)	383	29%
Women Business Enterprises (WBEs)	684	51%
Minority Woman Business Enterprises (MWBEs)	99	7%
Veteran and Service Disabled Veteran Business Enterprises (VBEs/SDVBEs)	155	12%
Disability Owned Business Enterprises (DOBEs)	7	1%
LGBT Business Enterprises (LGBTBEs)	8	1%
Grand Total	1,336	100%

WESTERN PA REGION

COUNTY	MBE	WBE	MWBE	VBE SDVBE	DOBE	LGBTBE	TOTAL
Allegheny	40	103	15	13	2	1	174
Armstrong	0	3	0	0	0	0	3
Beaver	0	6	0	1	0	0	7
Bedford	0	0	0	1	0	0	1
Blair	0	6	0	3	0	0	9
Butler	0	15	0	2	0	0	17
Cambria	1	14	1	0	0	0	16
Clarion	0	1	1	0	0	0	2
Crawford	0	2	0	0	0	0	2
Erie	1	15	0	2	0	0	18
Fayette	0	3	0	0	0	0	3
Forest	0	0	0	0	0	0	0
Greene	0	0	0	0	0	0	0
Indiana	0	4	0	1	0	0	5
Jefferson	0	0	0	0	0	0	0
Lawrence	0	1	0	2	0	0	3
Mercer	0	4	0	2	0	0	6
Somerset	1	3	0	0	0	0	4
Venango	0	4	0	0	0	0	4
Warren	0	1	0	0	0	0	1
Washington	0	7	1	0	0	0	8
Westmoreland	5	15	2	2	0	0	24
TOTALS	48	207	20	29	2	1	307

CENTRAL PA REGION

COUNTY	MBE	WBE	MWBE	VBE SDVBE	DOBE	LGBTBE	TOTAL
Adams	0	0	0	1	0	0	1
Cameron	0	0	0	0	0	0	0
Centre	1	5	0	5	0	0	11
Clearfield	0	2	1	2	0	0	5
Clinton	0	0	0	1	0	0	1
Cumberland	14	26	8	7	0	0	55
Dauphin	16	24	4	11	0	1	56
Elk	0	0	0	0	0	0	0
Franklin	0	3	0	0	0	0	3
Fulton	0	2	0	0	0	0	2
Huntingdon	0	2	0	1	0	0	3
Juniata	0	0	0	0	0	0	0
Lancaster	4	10	2	2	0	0	18
Lebanon	2	5	0	3	0	0	10
Lycoming	1	0	0	0	0	0	1
McKean	0	2	0	0	0	0	2
Mifflin	0	1	0	1	0	0	2
Northumberland	1	1	0	0	0	0	2
Perry	0	1	0	1	0	0	2
Potter	0	1	0	0	0	0	1
Snyder	0	0	0	0	0	0	0
Tioga	0	1	0	0	0	0	1
Union	0	0	0	1	0	0	1
York	2	13	0	2	0	0	17
TOTALS	41	99	15	38	0	1	194

EASTERN PA REGION

COUNTY	MBE	WBE	MWBE	VBE SDVBE	DOBE	LGBTBE	TOTAL
Berks	1	8	0	3	0	0	12
Bradford	0	1	0	1	0	0	2
Bucks	10	26	1	3	1	0	41
Carbon	0	0	0	0	0	0	0
Chester	13	25	4	10	0	0	52
Columbia	1	1	0	0	0	0	2
Delaware	10	22	4	3	0	0	39
Lackawanna	1	4	1	0	0	0	6
Lehigh	3	12	0	5	0	0	20
Luzerne	1	4	0	3	0	0	8
Monroe	2	0	1	1	0	0	4
Montgomery	22	49	3	6	0	1	81
Montour	0	0	0	0	0	0	0
Northampton	4	3	0	0	0	0	7
Philadelphia	49	53	13	6	0	3	124
Pike	0	1	0	0	0	0	1
Schuylkill	2	0	0	1	0	0	3
Sullivan	0	0	0	0	0	0	0
Susquehanna	0	1	0	0	0	0	1
Wayne	0	1	0	0	0	0	1
Wyoming	0	0	0	0	0	0	0
TOTALS	119	211	27	42	1	4	404

OUT-OF-STATE

	MBE	WBE	MWBE	VBE SDVBE	DOBE	LGBTBE	TOTAL
TOTALS	175	167	37	46	4	2	431

3.0 Distribution of SB and SDB Payments for FY 2017-2018

3.1 Payments to Small Businesses

During FY 2017-18, 820 self-certified SBs received a total of \$207.2 Million in payments for goods, services, and construction, a 27.81% increase over the previous fiscal year despite the slight decrease in overall Commonwealth spending. SBs

received 83.93% of the payments directly as prime contractors. The chart below presents the distribution of SB payments by Commonwealth agency. SDBs are not included here but are covered in Section 3.2. DGS began tracking SB participation in Commonwealth subcontracts during the previous reporting period.

Payments made to SB prime contractors and subcontractors are included in the data. Excluded from the data are payments made to any uncertified SBs. As such, the data likely understates the overall level of SB participation in Commonwealth contracting to some degree.

FY 2017-18 SB PAYMENTS BY AGENCY

Agency	Contractor Type	SB
Aging	Prime Contractor	\$0
	Subcontractor	\$0
Agriculture	Prime Contractor	\$1,856,583
	Subcontractor	\$0
Attorney General	Prime Contractor	\$359,396
	Subcontractor	\$0
Auditor General	Prime Contractor	\$100,170
	Subcontractor	\$0
Banking & Securities	Prime Contractor	\$4,402
	Subcontractor	\$0
Civil Service Commission	Prime Contractor	\$0
	Subcontractor	\$0
Commission on Crime & Delinquency	Prime Contractor	\$0
	Subcontractor	\$10,978
Community & Economic Development	Prime Contractor	\$1,141,205
	Subcontractor	\$5,909
Conservation & Natural Resources	Prime Contractor	\$25,364,219
	Subcontractor	\$0
Corrections	Prime Contractor	\$7,221,716
	Subcontractor	\$14,549,869

Agency	Contractor Type	SB
Drug and Alcohol Programs	Prime Contractor	\$50,290
	Subcontractor	\$0
Education	Prime Contractor	\$1,255,518
	Subcontractor	\$0
Environmental Hearing Board	Prime Contractor	\$15,975
	Subcontractor	\$0
Environmental Protection	Prime Contractor	\$21,072,663
	Subcontractor	\$0
Ethics Commission	Prime Contractor	\$0
	Subcontractor	\$0
Executive Offices	Prime Contractor	\$3,051,321
	Subcontractor	\$0
Fish & Boat Commission	Prime Contractor	\$296,515
	Subcontractor	\$0
Game Commission	Prime Contractor	\$3,429,209
	Subcontractor	\$0
General Services	Prime Contractor	\$33,668,281
	Subcontractor	\$13,343,790
Governor's Office	Prime Contractor	\$240
	Subcontractor	\$0

Agency	Contractor Type	SB
Health	Prime Contractor	\$675,331
	Subcontractor	\$373,768
Historical & Museum Commission	Prime Contractor	\$1,461,674
	Subcontractor	\$0
Human Services	Prime Contractor	\$8,273,014
	Subcontractor	\$4,041,652
Insurance	Prime Contractor	\$430,733
	Subcontractor	\$0
Labor & Industry	Prime Contractor	\$5,511,338
	Subcontractor	\$251,425
Lieutenant Governor	Prime Contractor	\$0
	Subcontractor	\$0
Liquor Control Board	Prime Contractor	\$4,800
	Subcontractor	\$0
Military & Veterans Affairs	Prime Contractor	\$4,758,343
	Subcontractor	\$0
Milk Marketing Board	Prime Contractor	\$0
	Subcontractor	\$0
Office of Administration	Prime Contractor	\$0
	Subcontractor	\$630,384
Office of General Counsel	Prime Contractor	\$0
	Subcontractor	\$0
Office of the Budget	Prime Contractor	\$0
	Subcontractor	\$0
PA Emergency Management Agency	Prime Contractor	\$532,969
	Subcontractor	\$0
PA Gaming Control Board	Prime Contractor	\$29,051
	Subcontractor	\$0

Agency	Contractor Type	SB
PA Infrastructure Investment	Prime Contractor	\$19,800
	Subcontractor	\$0
PA Municipal Retirement Board	Prime Contractor	\$276,618
	Subcontractor	\$0
PA Port Authorities	Prime Contractor	\$64,026
	Subcontractor	\$0
Probation & Parole	Prime Contractor	\$224,994
	Subcontractor	\$0
Public School Employees Retirement System	Prime Contractor	\$776,588
	Subcontractor	\$41,632
Public Utility Commission	Prime Contractor	\$107,828
	Subcontractor	\$0
Revenue	Prime Contractor	\$655,112
	Subcontractor	\$37,397
State Department	Prime Contractor	\$53,246
	Subcontractor	\$0
State Employees Retirement System	Prime Contractor	\$74,478
	Subcontractor	\$0
State Police	Prime Contractor	\$5,933,222
	Subcontractor	\$0
State System of Higher Education	Prime Contractor	\$0
	Subcontractor	\$0
Transportation	Prime Contractor	\$45,134,044
	Subcontractor	\$14,259
TOTALS	Prime Contractor	\$173,884,912
	Subcontractor	\$33,301,063
	Grand Total	\$207,185,975

The following charts present the distribution of payments to SB non-construction and SB construction subcontractors by the counties in which they are headquartered. A total of \$22.5 Million was paid to 24 SB non-construction subcontractors and \$10.8 Million to 56 construction subcontractors.

FY 2017-18 DISTRIBUTION OF SB SUBCONTRACT PAYMENTS BY COUNTY - NON-CONSTRUCTION

COUNTY	Value	Percentage	Count	Percentage
Allegheny	\$189,732	0.84%	1	4.17%
Cumberland	\$78,378	0.35%	5	20.83%
Dauphin	\$70,322	0.31%	3	12.50%
Lebanon	\$6,993	0.03%	1	4.17%
Lehigh	\$144,367	0.64%	1	4.17%
Montgomery	\$256,263	1.14%	2	8.33%
Northampton	\$25,845	0.11%	1	4.17%
Philadelphia	\$35,861	0.16%	1	4.17%
Out-of-state	\$21,667,082	96.41%	9	37.50%
TOTAL	\$22,474,843	100%	24	100%

FY 2017-18 DISTRIBUTION OF SB SUBCONTRACT PAYMENTS BY COUNTY - CONSTRUCTION

COUNTY	Value	Percentage	Count	Percentage
Allegheny	\$5,500	0.05%	1	1.89%
Bedford	\$586,898	5.44%	3	5.66%
Berks	\$154,321	1.43%	4	7.14%
Butler	\$794,325	7.36%	1	1.89%
Cambria	\$1,422,001	13.18%	2	3.77%
Centre	\$6,748	0.06%	2	3.77%
Chester	\$266,290	2.47%	1	1.89%
Crawford	\$12,000	0.11%	1	1.89%
Cumberland	\$35,518	0.33%	2	3.57%
Dauphin	\$564,263	5.23%	4	7.55%
Delaware	\$315,070	2.92%	3	5.66%
Franklin	\$206,503	1.91%	2	3.77%
Jefferson	\$3,387	0.03%	2	3.77%
Lancaster	\$1,005,237	9.32%	2	3.77%
Lawrence	\$560,749	5.20%	1	1.89%
Lebanon	\$162,167	1.50%	1	1.89%

COUNTY	Value	Percentage	Count	Percentage
Luzerne	\$15,857	0.15%	2	3.77%
Lycoming	\$73,531	0.68%	2	3.77%
Mercer	\$15,393	0.14%	1	1.89%
Northampton	\$75,133	0.70%	1	1.89%
Philadelphia	\$43,000	0.40%	2	3.57%
Somerset	\$19,288	0.18%	1	1.89%
Susquehanna	\$356,886	3.31%	1	1.89%
Union	\$119,288	1.11%	1	1.89%
Washington	\$1,242,989	11.52%	1	1.89%
Westmoreland	\$15,300	0.14%	1	1.89%
York	\$748,879	6.94%	5	9.43%
Out-of-state	\$1,999,699	18.54%	6	11.32%
TOTAL	\$10,826,220	100%	56	100%

Note: Due to rounding of percentages, data may not add up to 100%. DGS has not listed counties where no SBs received payments.

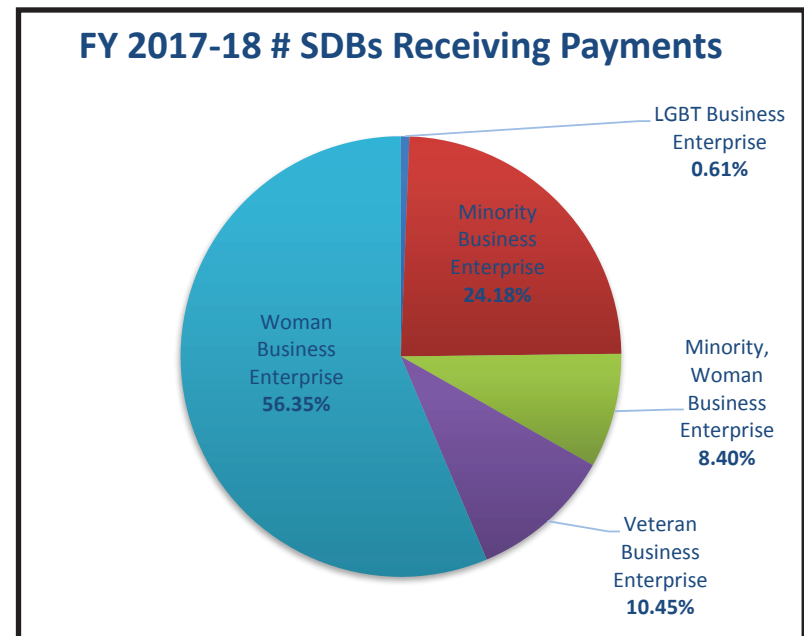
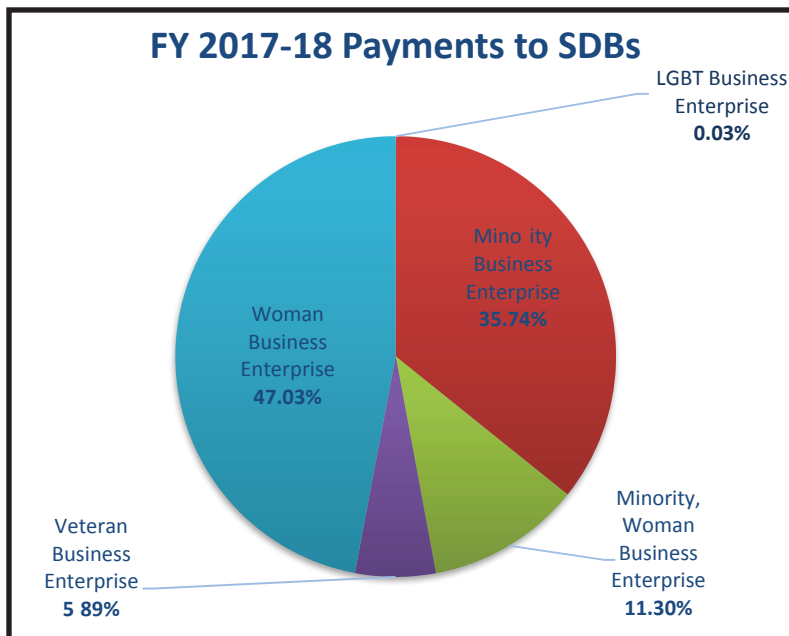
3.2 Payments to Small Diverse Businesses

During FY 2017-18, 488 SDBs received a total of \$329.5 Million in payments for goods, services, and construction. This represents an increase of 35% from the previous year. The chart below summarizes the distribution of all SDB payments by SDB classification:

FY 2017-18 PAYMENTS TO SDBs

SDB Classification	Value	Percentage	# of SDBs	Percentage
Minority Business Enterprise	\$117,766,502	35.74%	118	24.18%
Woman Business Enterprise	\$154,984,984	47.03%	275	56.35%
Minority, Woman Business Enterprise	\$37,245,356	11.30%	41	8.40%
Veteran Business Enterprise	\$19,424,253	5.89%	51	10.45%
LGBT Business Enterprise	\$105,929	0.03%	3	0.61%
TOTAL	\$329,527,024	100.00%	488	100.00%

Note: Due to rounding of percentages, data may not add up to 100%.



The next chart provides a more detailed breakdown of payments by contract type (i.e. Prime or Subcontract), Commonwealth agency, and SDB classification.

FY 2017-18 SDB PAYMENTS BY AGENCY

Agency	Contractor Type	MBE	WBE	MWBE	VBE/SDVBE	LGBT	Grand Total
Aging	Prime Contractor	\$0	\$487,338	\$0	\$0	\$0	\$487,338
	Subcontractor	\$190,582	\$3,713,452	\$0	\$0	\$0	\$3,904,034
Agriculture	Prime Contractor	\$0	\$171,180	\$0	\$0	\$15,840	\$187,020
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Attorney General	Prime Contractor	\$14,880	\$62,727	\$0	\$0	\$10,529	\$88,136
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Auditor General	Prime Contractor	\$0	\$44,126	\$0	\$0	\$0	\$44,126
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Banking & Securities	Prime Contractor	\$10,108	\$12,000	\$0	\$0	\$0	\$22,108
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Civil Service Commission	Prime Contractor	\$0	\$65,630	\$0	\$0	\$0	\$65,630
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Commission on Crime & Delinquency	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$112,960	\$318,108	\$4,567	\$0	\$0	\$435,635
Community & Economic Development	Prime Contractor	\$1,275,677	\$622,763	\$20,000	\$0	\$0	\$1,918,440
	Subcontractor	\$0	\$804,854	\$401	\$8,452	\$29,760	\$843,467
Conservation & Natural Resources	Prime Contractor	\$869,493	\$1,161,488	\$0	\$15,547	\$0	\$2,046,528
	Subcontractor	\$254,138	\$344,994	\$0	\$10,240	\$0	\$609,372
Corrections	Prime Contractor	\$7,428	\$1,410,009	\$12,089	\$107,939	\$0	\$1,537,465
	Subcontractor	\$4,962,756	\$7,624,340	\$59,461	\$7,311	\$0	\$12,653,868
Drug and Alcohol Programs	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Education	Prime Contractor	\$35,203	\$101,675	\$21,372	\$1,285,951	\$0	\$1,444,201
	Subcontractor	\$2,228,545	\$4,304,992	\$0	\$722,281	\$0	\$7,255,818
Environmental Hearing Board	Prime Contractor	\$1,518	\$27,804	\$0	\$0	\$0	\$29,322
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Protection	Prime Contractor	\$323,138	\$1,272,159	\$0	\$225,705	\$0	\$1,821,002
	Subcontractor	\$12,174	\$312,830	\$0	\$0	\$0	\$325,004
Ethics Commission	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0

Agency	Contractor Type	MBE	WBE	MWBE	VBE/SDVBE	LGBT	Grand Total
Executive Offices	Prime Contractor	\$772,437	\$4,164,047	\$396	\$1,937,496	\$0	\$6,874,376
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Fish & Boat Commission	Prime Contractor	\$0	\$55,246	\$0	\$0	\$0	\$55,246
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Game Commission	Prime Contractor	\$3,007	\$14,146	\$0	\$0	\$0	\$17,153
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
General Services	Prime Contractor	\$1,960,065	\$1,026,612	\$0	\$3,992,879	\$0	\$6,979,556
	Subcontractor	\$13,549,208	\$13,710,400	\$16,994,196	\$3,276,587	\$0	\$47,530,391
Governor's Office	Prime Contractor	\$1,470	\$0	\$0	\$114	\$0	\$1,584
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Health	Prime Contractor	\$9,325	\$292,747	\$14,951	\$0	\$0	\$317,023
	Subcontractor	\$1,409,298	\$605,782	\$0	\$0	\$49,800	\$2,064,880
Historical & Museum Commission	Prime Contractor	\$0	\$30,137	\$0	\$0	\$0	\$30,137
	Subcontractor	\$0	\$1,662	\$0	\$0	\$0	\$1,662
Human Services	Prime Contractor	\$3,830	\$834,268	\$537,950	\$2,764,099	\$0	\$4,140,147
	Subcontractor	\$29,920,109	\$45,783,238	\$8,097,480	\$2,415,230	\$0	\$86,216,057
Insurance	Prime Contractor	\$0	\$28,839	\$1,223	\$22,571	\$0	\$52,633
	Subcontractor	\$155,285	\$294,284	\$0	\$28,002	\$0	\$477,571
Labor & Industry	Prime Contractor	\$245,454	\$1,357,368	\$126,329	\$270,437	\$0	\$1,999,588
	Subcontractor	\$913,257	\$1,774,233	\$618,217	\$0	\$0	\$3,305,707
Lieutenant Governor	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Liquor Control Board	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$503,948	\$367,796	\$10,540	\$0	\$0	\$882,284
Military & Veterans Affairs	Prime Contractor	\$6,460	\$255,405	\$31,768	\$303,654	\$0	\$597,287
	Subcontractor	\$0	\$607,177	\$0	\$0	\$0	\$607,177
Milk Marketing Board	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Office of Administration	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$44,168,858	\$26,095,187	\$10,092,647	\$738,651	\$0	\$81,095,343
Office of General Counsel	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$299,112	\$286,305	\$6,050	\$0	\$0	\$591,467
Office of the Budget	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0

Agency	Contractor Type	MBE	WBE	MWBE	VBE/SDVBE	LGBT	Grand Total
	Subcontractor	\$79,228	\$225,335	\$21,660	\$0	\$0	\$326,223
PA Emergency Management Agency	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$24,375	\$0	\$0	\$24,375
PA Gaming Control Board	Prime Contractor	\$10,500	\$20,976	\$0	\$0	\$0	\$31,476
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
PA Infrastructure Investment	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$38,950	\$21,799	\$0	\$0	\$0	\$60,749
PA Municipal Retirement Board	Prime Contractor	\$14,061	\$0	\$0	\$0	\$0	\$14,061
	Subcontractor	\$0	\$16,909	\$0	\$0	\$0	\$16,909
PA Port Authorities	Prime Contractor	\$29,709	\$0	\$0	\$0	\$0	\$29,709
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Probation & Parole	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
Public School Employees Retirement System	Prime Contractor	\$118,807	\$3,912	\$0	\$0	\$0	\$122,719
	Subcontractor	\$140,951	\$3,026,274	\$0	\$0	\$0	\$3,167,225
Public Utility Commission	Prime Contractor	\$0	\$104,301	\$0	\$357,356	\$0	\$461,657
	Subcontractor	\$24,692	\$253,096	\$1,000	\$198,013	\$0	\$476,801
Revenue	Prime Contractor	\$0	\$464,856	\$0	\$0	\$0	\$464,856
	Subcontractor	\$10,794,431	\$374,976	\$150,075	\$0	\$0	\$11,319,482
State Department	Prime Contractor	\$960,283	\$6,581	\$0	\$4,180	\$0	\$971,044
	Subcontractor	\$6,262	\$9,492,589	\$83,172	\$0	\$0	\$9,582,023
State Employees Retirement System	Prime Contractor	\$227	\$56,026	\$0	\$0	\$0	\$56,253
	Subcontractor	\$0	\$104,715	\$0	\$0	\$0	\$104,715
State Police	Prime Contractor	\$857,631	\$365,012	\$0	\$6,213	\$0	\$1,228,856
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0
State System of Higher Education	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$28,000	\$18,313	\$0	\$0	\$0	\$46,313
Transportation	Prime Contractor	\$434,009	\$13,077,254	\$315,437	\$725,345	\$0	\$14,552,045
	Subcontractor	\$9,038	\$6,904,712	\$0	\$0	\$0	\$6,913,750
TOTALS	Prime Contractor	\$7,964,720	\$27,596,632	\$1,081,515	\$12,019,486	\$26,369	\$48,688,722
	Subcontractor	\$109,801,782	\$127,388,352	\$36,163,841	\$7,404,767	\$79,560	\$280,838,302
	Grand Total	\$117,766,502	\$154,984,984	\$37,245,356	\$19,424,253	\$105,929	\$329,527,024
	Percentage	35.74%	47.03%	11.30%	5.89%	0.03%	100.00%

As indicated in the table above, \$280.8 Million, or 85.22%, of the Commonwealth's SDB spend during FY 2017-18 was associated with subcontracts. The remaining 14.78%,

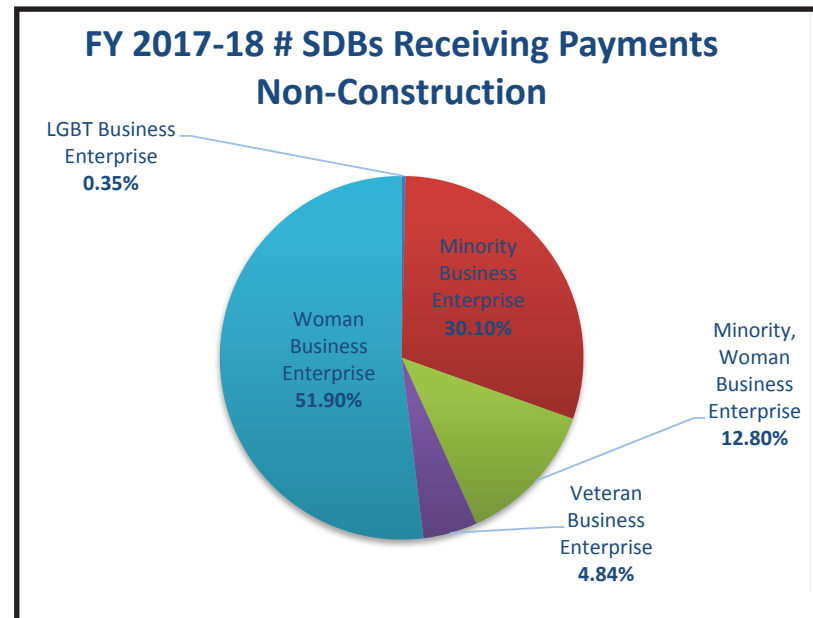
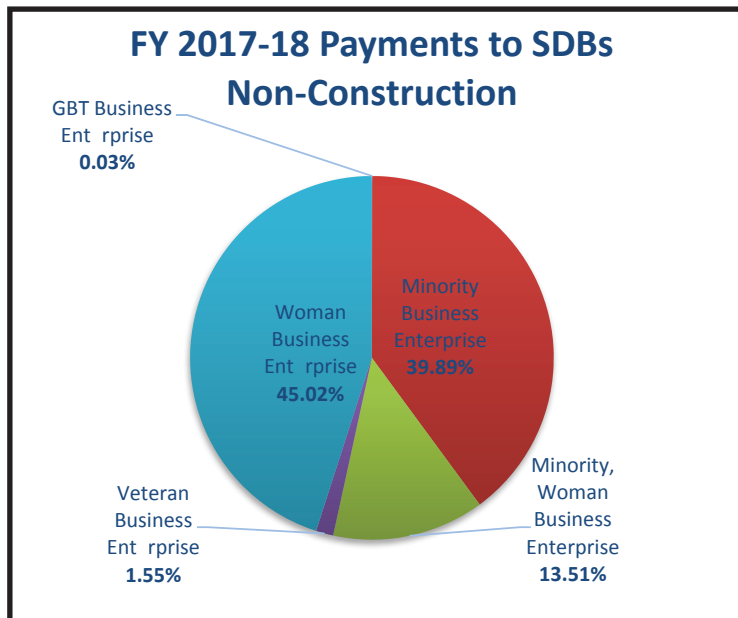
or 48.7 Million, was paid to SDBs as prime contractors. Since the Commonwealth employs different procurement methods for construction and for non-construction

related expenditures, the following charts present additional detailed data on SDB subcontract expenditures in these two categories.

**FY 2017-18 DISTRIBUTION OF SDB SUBCONTRACT PAYMENTS BY CLASSIFICATION
NON-CONSTRUCTION**

SDB Classification	Value	Percentage	# of SDBs	Percentage
Minority Business Enterprise	\$106,381,117	39.89%	87	30.10%
Woman Business Enterprise	\$120,071,802	45.02%	150	51.90%
Minority, Woman Business Enterprise	\$36,023,980	13.51%	37	12.80%
Veteran Business Enterprise	\$4,140,336	1.55%	14	4.84%
LGBT Business Enterprise	\$79,560	0.03%	1	0.35%
TOTAL	\$266,696,795	100%	289	100%

Note: Due to rounding of percentages, data may not add up to 100%.



FY 2017-18 DISTRIBUTION OF SDB SUBCONTRACT PAYMENTS BY COUNTY - NON-CONSTRUCTION

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Adams	\$0	0.00%	0	0.00%
Allegheny	\$16,341,093	6.13%	42	14.53%
Armstrong	\$70,784	0.03%	1	0.35%
Beaver	\$2,100	0.00%	1	0.35%
Bedford	\$0	0.00%	0	0.00%
Berks	\$339,097	0.13%	1	0.35%
Blair	\$112,347	0.04%	1	0.35%
Bradford	\$0	0.00%	0	0.00%
Bucks	\$11,388,046	4.27%	6	2.08%
Butler	\$564,014	0.21%	4	1.38%
Cambria	\$4,959,914	1.86%	4	1.38%
Cameron	\$0	0.00%	0	0.00%
Carbon	\$0	0.00%	0	0.00%
Centre	\$1,193	0.00%	1	0.35%
Chester	\$1,405,346	0.53%	5	1.73%
Clarion	\$0	0.00%	0	0.00%
Clearfield	\$0	0.00%	0	0.00%
Clinton	\$0	0.00%	0	0.00%
Columbia	\$0	0.00%	0	0.00%
Crawford	\$82,730	0.03%	1	0.35%
Cumberland	\$58,003,228	21.75%	33	11.42%
Dauphin	\$42,674,089	16.00%	28	9.69%
Delaware	\$1,242,201	0.47%	4	1.38%
Elk	\$0	0.00%	0	0.00%
Erie	\$950,700	0.36%	2	0.69%
Fayette	\$17,644	0.01%	1	0.35%
Forest	\$0	0.00%	0	0.00%
Franklin	\$0	0.00%	0	0.00%
Fulton	\$0	0.00%	0	0.00%
Greene	\$0	0.00%	0	0.00%
Huntingdon	\$0	0.00%	0	0.00%
Indiana	\$5,905	0.00%	1	0.35%
Jefferson	\$0	0.00%	0	0.00%
Juniata	\$0	0.00%	0	0.00%
Lackawanna	\$2,167,188	0.81%	3	1.04%

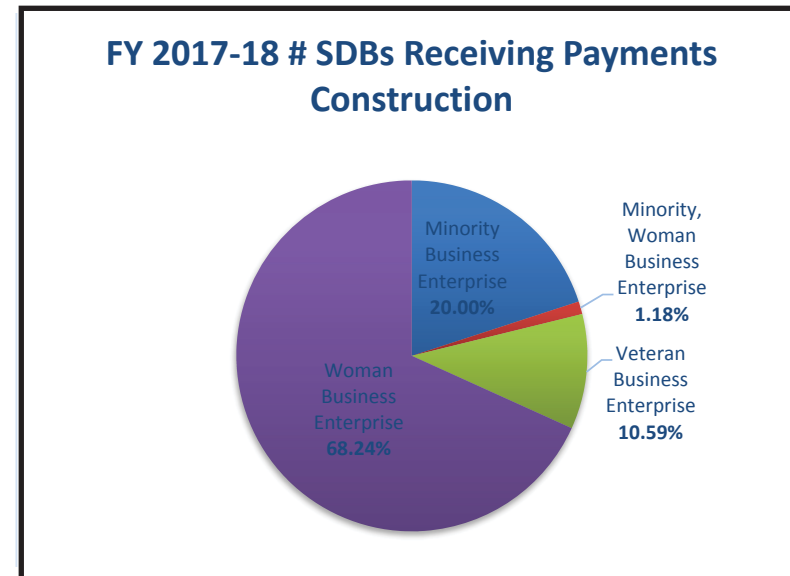
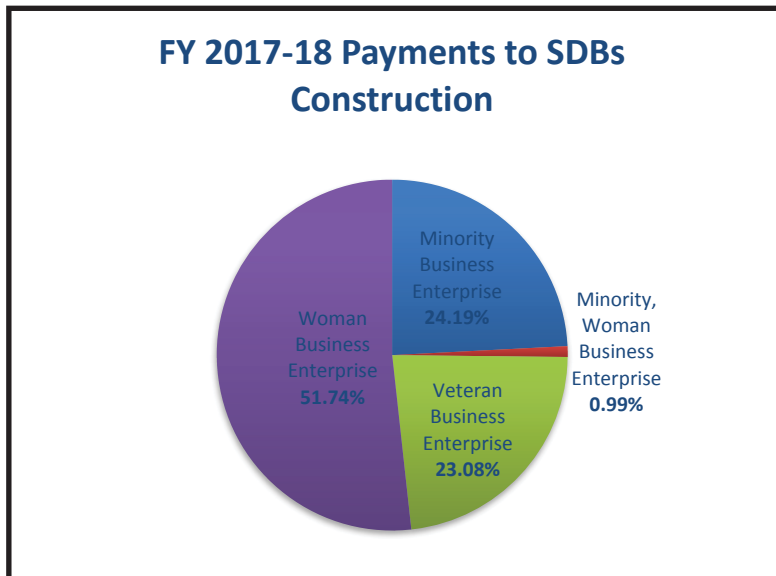
COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Lancaster	\$16,223,185	6.08%	8	2.77%
Lawrence	\$0	0.00%	0	0.00%
Lebanon	\$255,164	0.10%	2	0.69%
Lehigh	\$69,813	0.03%	1	0.35%
Luzerne	\$325,001	0.12%	2	0.69%
Lycoming	\$0	0.00%	0	0.00%
McKean	\$25,000	0.01%	1	0.35%
Mercer	\$0	0.00%	0	0.00%
Mifflin	\$0	0.00%	0	0.00%
Monroe	\$0	0.00%	0	0.00%
Montgomery	\$12,489,349	4.68%	10	3.46%
Montour	\$0	0.00%	0	0.00%
Northampton	\$0	0.00%	0	0.00%
Northumberland	\$0	0.00%	0	0.00%
Perry	\$885,012	0.33%	2	0.69%
Philadelphia	\$19,069,850	7.15%	31	10.73%
Pike	\$0	0.00%	0	0.00%
Potter	\$0	0.00%	0	0.00%
Schuylkill	\$0	0.00%	0	0.00%
Snyder	\$0	0.00%	0	0.00%
Somerset	\$0	0.00%	0	0.00%
Sullivan	\$0	0.00%	0	0.00%
Susquehanna	\$0	0.00%	0	0.00%
Tioga	\$0	0.00%	0	0.00%
Union	\$0	0.00%	0	0.00%
Venango	\$0	0.00%	0	0.00%
Warren	\$0	0.00%	0	0.00%
Washington	\$787,968	0.30%	2	0.69%
Wayne	\$0	0.00%	0	0.00%
Westmoreland	\$645,673	0.24%	2	0.69%
Wyoming	\$0	0.00%	0	0.00%
York	\$16,084	0.01%	3	1.04%
Out-of-state	\$75,577,077	28.34%	86	29.76%
TOTAL	\$266,696,795	100%	289	100%

Note: Due to rounding of percentages, data may not add up to 100%.

**FY 2017-18 DISTRIBUTION OF SDB SUBCONTRACT PAYMENTS BY CLASSIFICATION
CONSTRUCTION**

SDB Classification	Value	Percentage	# of SDBs	Percentage
Minority Business Enterprise	\$3,420,665	24.19%	17	20.00%
Woman Business Enterprise	\$7,316,550	51.74%	58	68.24%
Minority, Woman Business Enterprise	\$139,861	0.99%	1	1.18%
Veteran Business Enterprise	\$3,264,431	23.08%	9	10.59%
TOTAL	\$14,141,507	100%	85	100%

Note: Due to rounding of percentages, data may not add up to 100%.



FY 2017-18 DISTRIBUTION OF SDB SUBCONTRACT PAYMENTS BY COUNTY - CONSTRUCTION

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Adams	\$0	0.00%	0	0.00%
Allegheny	\$1,625,367	11.49%	18	21.18%
Armstrong	\$0	0.00%	0	0.00%
Beaver	\$0	0.00%	0	0.00%
Bedford	\$0	0.00%	0	0.00%
Berks	\$0	0.00%	0	0.00%
Blair	\$314,749	2.23%	2	2.35%
Bradford	\$0	0.00%	0	0.00%
Bucks	\$540,252	3.82%	5	5.88%
Butler	\$231,463	1.64%	4	4.71%
Cambria	\$6,175	0.04%	1	1.18%
Cameron	\$0	0.00%	0	0.00%
Carbon	\$0	0.00%	0	0.00%
Centre	\$298,051	2.11%	1	1.18%
Chester	\$110,473	0.78%	3	3.53%
Clarion	\$0	0.00%	0	0.00%
Clearfield	\$116,120	0.82%	2	2.35%
Clinton	\$0	0.00%	0	0.00%
Columbia	\$0	0.00%	0	0.00%
Crawford	\$0	0.00%	0	0.00%
Cumberland	\$180,767	1.28%	2	2.35%
Dauphin	\$2,108,640	14.91%	7	8.24%
Delaware	\$45,595	0.32%	3	3.53%
Elk	\$0	0.00%	0	0.00%
Erie	\$85,510	0.60%	2	2.35%
Fayette	\$0	0.00%	0	0.00%
Forest	\$0	0.00%	0	0.00%
Franklin	\$3,040	0.02%	1	1.18%
Fulton	\$365,384	2.58%	1	1.18%
Greene	\$0	0.00%	0	0.00%
Huntingdon	\$0	0.00%	0	0.00%
Indiana	\$0	0.00%	0	0.00%
Jefferson	\$0	0.00%	0	0.00%
Juniata	\$0	0.00%	0	0.00%
Lackawanna	\$10,000	0.07%	1	1.18%

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Lancaster	\$829,525	5.87%	3	3.53%
Lawrence	\$0	0.00%	0	0.00%
Lebanon	\$2,228	0.02%	2	2.35%
Lehigh	\$4,955	0.04%	1	1.18%
Luzerne	\$0	0.00%	0	0.00%
Lycoming	\$0	0.00%	0	0.00%
McKean	\$0	0.00%	0	0.00%
Mercer	\$0	0.00%	0	0.00%
Mifflin	\$0	0.00%	0	0.00%
Monroe	\$33,789	0.24%	1	1.18%
Montgomery	\$833,382	5.89%	5	5.88%
Montour	\$0	0.00%	0	0.00%
Northampton	\$0	0.00%	0	0.00%
Northumberland	\$0	0.00%	0	0.00%
Perry	\$0	0.00%	0	0.00%
Philadelphia	\$17,740	0.13%	3	3.53%
Pike	\$0	0.00%	0	0.00%
Potter	\$0	0.00%	0	0.00%
Schuylkill	\$0	0.00%	0	0.00%
Snyder	\$0	0.00%	0	0.00%
Somerset	\$0	0.00%	0	0.00%
Sullivan	\$0	0.00%	0	0.00%
Susquehanna	\$0	0.00%	0	0.00%
Tioga	\$0	0.00%	0	0.00%
Union	\$2,087,357	14.76%	1	1.18%
Venango	\$0	0.00%	1	1.18%
Warren	\$3,500	0.02%	1	1.18%
Washington	\$0	0.00%	0	0.00%
Wayne	\$0	0.00%	0	0.00%
Westmoreland	\$1,296,165	9.17%	2	2.35%
Wyoming	\$0	0.00%	0	0.00%
York	\$419,126	2.96%	4	4.71%
Out-of-state	\$2,572,154	18.19%	8	9.41%
TOTAL	\$14,141,507	100%	85	100%

Note: Due to rounding of percentages, data may not add up to 100%.

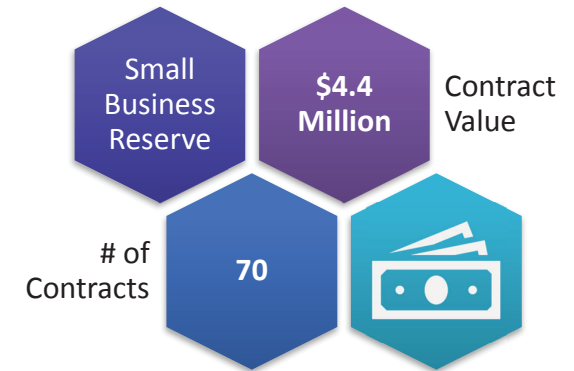
4.0 Contract Commitments to Small Businesses and Small Diverse Businesses during FY 2017-18

4.1 Commitments to Small Businesses

During FY 2017-18, the Commonwealth continued the policy initiative designed to promote the use of SBs in Commonwealth contracting. This program encourages Commonwealth agencies to create race and gender-neutral set-asides for small businesses known as the Small Business Reserve Program. These procurements focus exclusively on creating prime contracting opportunities for SBs (which by definition also includes SDBs). Seventy contracts with a total value of \$4.4 Million were the result of the Small Business Reserve Program. This represents a decrease of \$1.9 Million

over the previous year which is due to the streamlining of the Department of Corrections' food procurement services and food inventory management by using the best value method of procurement in FY 2017-18.

Small Business primes were awarded 31 non-construction and 16 construction contracts that were not part of the reserve program during FY 2017-18. Out of these, four (4) additional commitments were made to SBs as subcontractors. Another 22 contracts awarded to non-SB primes resulted in 68 commitments to SBs.



4.2 Commitments to Small Diverse Businesses

SUMMARY OF SB/SDB COMMITMENTS – FY 2017-18

EXPENDITURE CATEGORY	TOTAL PROJECTED VALUE	TOTAL SB/SDB COMMITMENT	%
Procurement Best Value (BV) RFP/RFQ	\$1,464,804,437	\$439,574,026	30.01%
Construction Best Value (BV) & Design RFP/JOC/GESA	\$177,106,289	\$105,873,134	59.78%
Construction Invitation for Bid (IFB) Low Bid	\$34,856,299	\$14,651,198	42.03%
GRAND TOTAL	\$1,676,767,025	\$560,098,358	33.40%

Note: Total Projected Value includes only contracts with SB/SDB commitments

During FY 2017-18, the Commonwealth awarded 188 contracts pursuant to non-construction RFPs/RFQs, up from 120 contracts awarded during the last fiscal year. These best value procurements, with a total projected value of \$1.46 Billion, resulted in

total subcontract commitments to SBs and SDBs of \$439.6 Million or 30% of the total projected value. This is nearly a seven-fold increase over the commitments made to SBs and SDBs in 2016-17. The spend resulting from these commitments should be reflected

beginning in the next fiscal year reporting period for 2018-19.

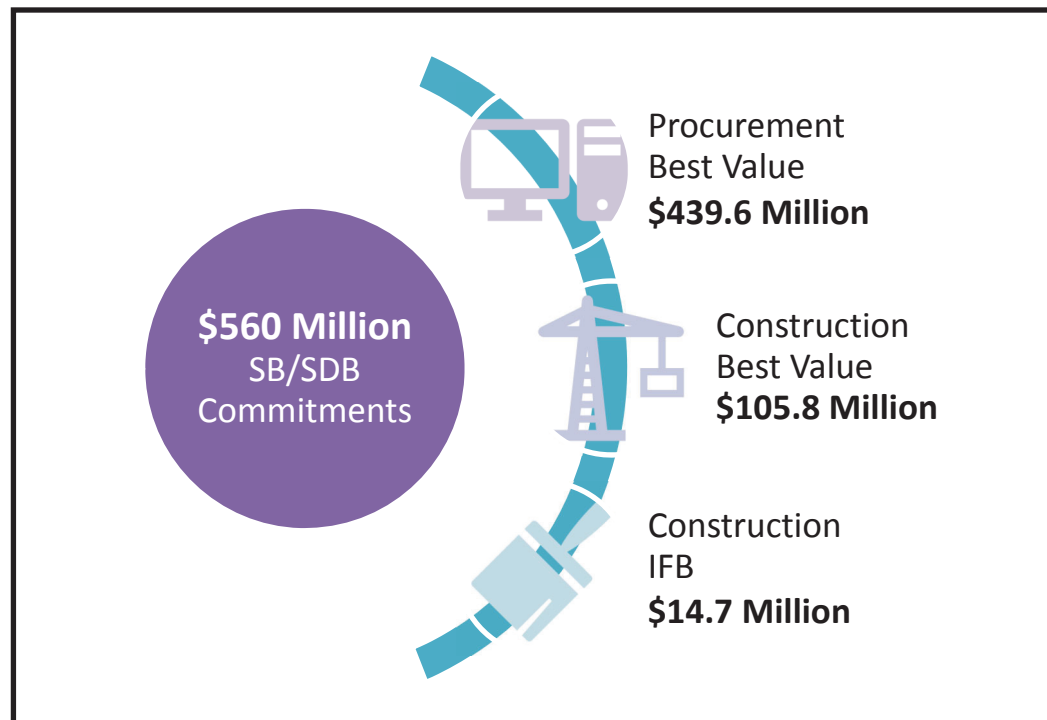
For DGS construction procurements with a value greater than \$50,000, the Department set an MPL of 7.5% for participation of SDBs as subcontractors, suppliers, and professional service providers. Prime contractors could opt-in to the MPL program at the time of each IFB, or they could choose a GFE-based alternative program established by DGS. Of nine (9) Construction RFPs that were awarded during FY 2017-18, three (3) were awarded for \$3.3 Million to SDB primes.

During FY 2017-18, 73 construction contracts were awarded using the IFB method. Twenty contractors, which is fewer than half of the

contractors awarded prime contracts, opted in to the MPL program by making firm commitments to subcontract at least 7.5% of the contract value with SDB firms. The majority chose the GFE alternative. Since the GFE approach does not result in specific commitments to SDBs at the time of award, GFE based contracts are not counted in the

SDB commitment data. Payments resulting from both GFE and MPL based contracts are captured in the payments data. The 20 MPL based construction contracts awarded in FY 2017-18 had a total projected value of \$34.9 Million, representing an SDB commitment of \$14.7 Million or 42% of the total projected value.

The Commonwealth began awarding construction contracts through the best value method beginning in FY 2016-17. In FY 2017-18, this resulted in 22 RFP and 18 design awards with a total projected value of \$177 Million and SB/SDB commitments of \$105.9 Million or 59.78% of the total projected value.



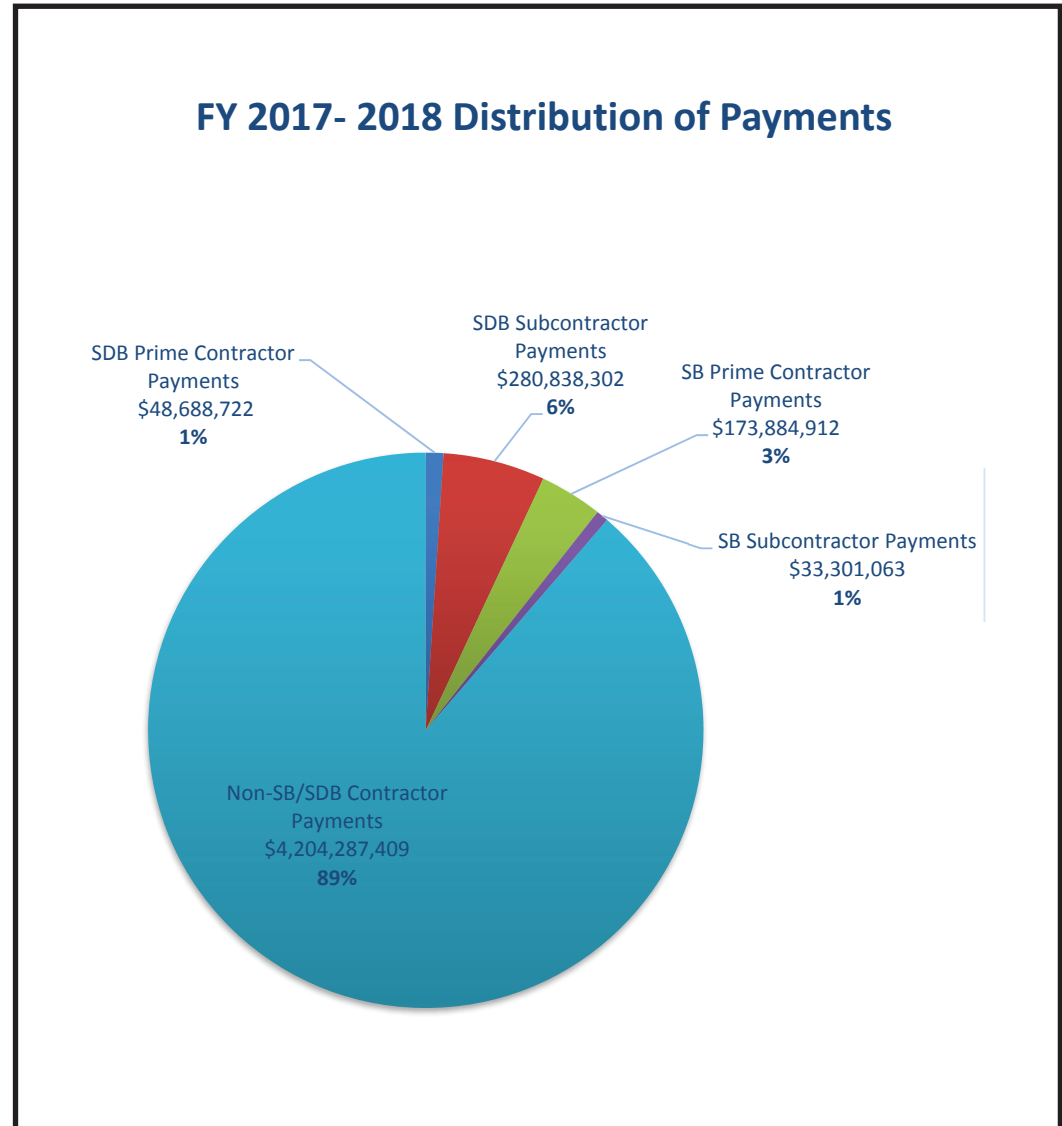
5.0 Analysis

5.1 Payments Analysis

During FY 2017-18, total Commonwealth expenditures for goods, services and construction totaled \$4.7 Billion, down slightly from FY 2016-17. Together, registered SBs and SDBs received almost \$537 Million or 11.32% of these dollars. In comparison, registered SBs and SDBs received in FY 2016-17 \$406 Million or 8.54% of total Commonwealth expenditures. This fiscal year's increase in SB/SDB payments represents a 32% increase from last fiscal year.

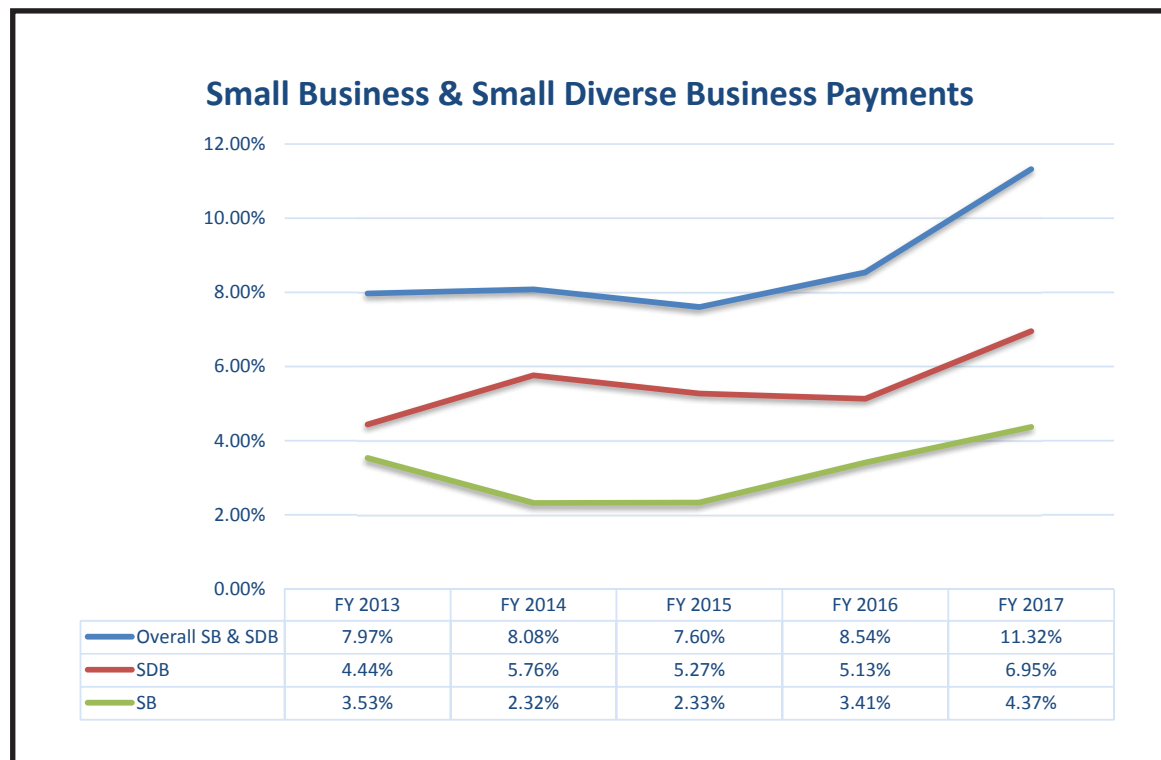
This data likely undercount both SB and SDB participation, at least to some degree. Even with the increase in the population of 3,842 self-certified SBs and 1,336 DGS-verified SDBs, the DGS database represents a small fraction of all eligible SBs and SDBs in Pennsylvania. It is very likely that some SBs and SDBs benefited from Commonwealth contracts during FY 2017-18 but went uncounted because they were not registered.

More significantly, the Commonwealth did not collect information on the majority of the subcontracting activity that occurred during the year. Since SB and SDB participation were not considered as part of the award process in the majority of procurements, the Commonwealth did not track participation levels in the majority of contracts. While DGS is evaluating options to improve systems for data collection and the Commonwealth's increasing utilization of best value methods represents a partial remedy, we believe the numbers above are most likely underestimated. Notwithstanding these data collection challenges, the Commonwealth continues to under-perform in comparison with neighboring states such as New York and Maryland, who both report SDB participation in excess of 20 percent and SDB expenditures well over \$1 Billion.



The chart below presents the trend in SB and SDB percentages over the last five years.

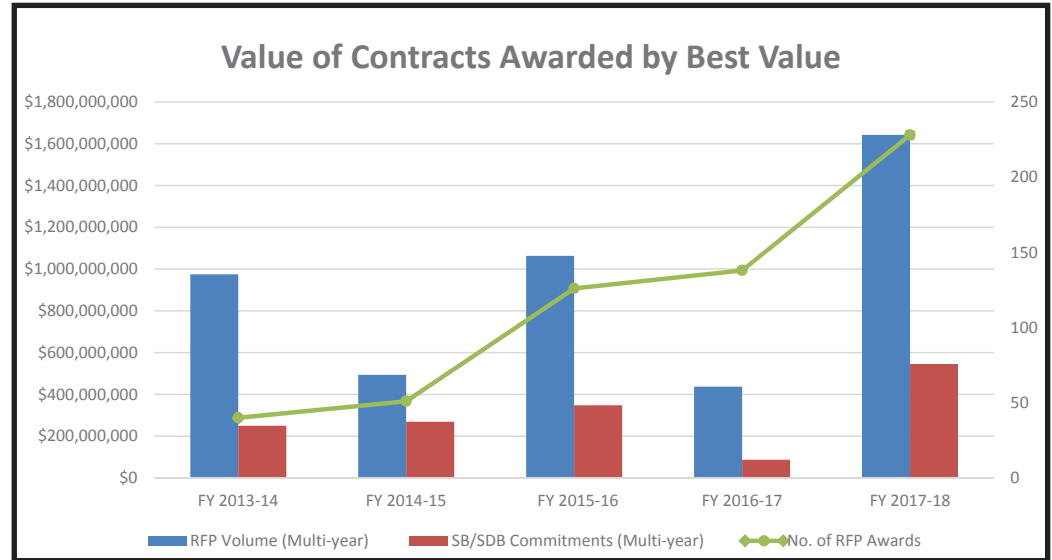
Overall, SB and SDB participation declined in Pennsylvania between 2013 and 2015. The spike seen in 2014 was due to a single, large construction project, SCI Phoenix. However, with the addition of data from the two most recent reporting periods, it appears that this trend has been interrupted. With the increase in utilization of RFPs in FY 2015-16 and FY 2016-17, we are now beginning to see a trend of increased spend among SBs and SDBs this fiscal year. The Commonwealth is now seeing the results of the progress made by providing more contracting opportunities for SBs and SDBs as a percentage of total Commonwealth expenditures, despite the decrease in overall spend by the Commonwealth.



5.2 Commitments Analysis

During the reporting period, DGS awarded 188 non-construction plus 22 construction agency RFPs/RFQs resulting in multi-year contracts and 18 design awards with a projected total value of \$1.6 Billion with total SB/SDB subcontractor commitments of \$545 Million or 33%. The current fiscal year's projected contract value and commitments increased by almost three to seven times, respectively, over their FY 2016-17 values of \$436 Million and \$87 Million.

Of all procurement methods currently in use by the Commonwealth, the RFP remains the most effective at achieving SDB participation. We continue to work with Commonwealth agencies to streamline and simplify the RFP process to encourage still more RFP use and ultimately increased SB and SDB participation. Agencies continued to increase their usage of the RFP method throughout FY 2017-18.



6.0 PA Department of Transportation Federal Disadvantaged Business Enterprise (DBE) Program for Federal Fiscal Year 2017

The Department of Transportation develops and implements the federal [Disadvantaged Business Enterprise \(DBE\) program](#). The DBE program is a legislatively mandated USDOT program that applies to Federal-aid highway dollars spent on federally-assisted contracts. PennDOT receives Federal-aid highway dollars in Pennsylvania. U.S. Congress established the DBE program in 1982 to ensure nondiscrimination in the award and administration of any DOT-assisted contracts, to help remove barriers to the participation of DBEs, and to assist the development of firms that can compete successfully in the transportation industry. The program was recently reauthorized through Moving Ahead for Progress in the 21st century (MAP-21) legislation.

A Disadvantaged Business Enterprise is a for-profit business, owned and controlled by socially or economically disadvantaged individuals with a personal net worth threshold of 1.32 million dollars. To become

a DBE, there is a stringent certification process based on 49 CFR, parts 26 and 23. PennDOT administers the DBE program and must meet the requirements set forth in the regulations. Per this regulation, PennDOT is a DBE certifying entity as a member of the Pennsylvania Unified Certification Program (PA UCP).

The essential elements of the PennDOT DBE program include an approved certification process and a methodology and implementation plan to remove contracting barriers for socially and economically disadvantaged businesses. PennDOT submits a triennial methodology plan that must include race and gender neutral and race and gender conscious measures to address discrimination in contracting. PennDOT's overall and project-by-project DBE construction goal for FY 2017 was 7.06%. This means that a percentage of a contract must meet, or exceed, an established goal of sub-contracting and paying DBE firms for

portions of the contract. PennDOT's Bureau of Equal Opportunity, in collaboration with all other PennDOT bureaus and Districts, ensures compliance with the federal requirements for the DBE program. The methodology and implementation plans are available at www.penndot.gov at the Equal Opportunity link. To support DBEs, Small Businesses and Diverse Businesses, PennDOT partners with Cheyney University to provide extensive supportive services in the form of training, outreach and technical assistance available at www.pennsylvaniadbe.com.

6.1 Prime Contract Awards

The data in the chart below, which has been provided by the PA Department of Transportation, Bureau of Equal Opportunity, is a summary of awards made to prime contractors in heavy highway construction during the 2017 Federal Fiscal Year, ending September 30, 2017, broken down by DBE and Non-DBE prime contractors.

SUMMARY OF PRIME
COMMITMENTS/AWARDS

Prime	Award Value	Count
DBE	\$7,502,599.00	18
Non-DBE	\$2,875,631,457.00	919
Total	\$2,890,636,655.00	937

6.2 Distribution of DBE Payments

The chart below is a summary of payments to DBE firms, including prime and subcontractor payments, with a breakdown by gender/race/ethnicity for the 2017 Federal Fiscal Year ending September 30, 2017. Out of

approximately \$2.8 Billion in Federal highway construction spend, \$217,097,289,382 or 7.51% was paid to DBE firms. This exceeded the 7.06% goal established for Federal Fiscal Year 2017.

DISTRIBUTION OF DBE SUBCONTRACT PAYMENTS

Gender	Race/Ethnicity	Value	% Value	Count	% Count
Male	African American	\$21,519,655	9.91%	127	5.90%
	Hispanic American	\$22,915,494	10.56%	128	5.95%
	Asian-Pacific American	\$3,695,266	1.70%	30	1.39%
	Subcontinent Asian Americans	\$5,190,823	2.39%	105	4.88%
	Native American	\$4,283,291	1.97%	9	0.42%
	Non-Minority	\$0	0.00%	1	0.05%
Male Total		\$57,604,529	26.53%	400	18.58%
Female	African American	\$1,640,998	0.76%	9	0.42%
	Hispanic American	\$0	0.00%	0	0.00%
	Asian-Pacific American	\$10,889,005	5.02%	38	1.76%
	Subcontinent Asian Americans	\$2,382,707	1.10%	13	0.60%
	Native American	\$3,049,875	1.40%	35	1.63%
	Non-Minority	\$141,530,268	65.19%	1,658	77.01%
Female Total		\$159,492,853	73.47%	1,753	81.42%
Grand Total		\$217,097,382	100.00%	2,153	100.00%

Source: PA Department of Transportation, Bureau of Equal Opportunity

7.0 Accomplishments

During FY 2017-18, the Commonwealth has also implemented the following organizational program and policy changes, all with the ultimate goal of increasing opportunities for SBs and SDBs in Commonwealth contracting:

- Participated in nearly 100 Outreach events throughout the Commonwealth, Preproposal Meetings, and Vendor Forums.
- Continued engagement for newly created Agency Small Business/Small Diverse Business Liaison Program for July 1, 2017, implementation.
- Engaged the first ever comprehensive Statewide Disparity Study which is expected to be completed by September 2018.
- Finalizing the Evaluation process to procure a comprehensive IT Solution to allow for robust tracking of SB and SDB spend by the Commonwealth.
- Included SB/SDB participation in its Construction Contracts, Professional Services Agreements, Guaranteed Energy Savings Agreements, and Real Estate Leases.
- Launched DGS Mentor-Protégé Pilot Program with four mentors and five protégés.
- Increased SB/SDB overall spend as prime and subcontractors by 32%.
- Included the Department of General Services' Diversity, Inclusion and Small Business Opportunity (DISBO) Program within PennDOT Procurements issued under Act 89.
- Pursued changes to the DISBO Statement of Policy to assist SBs and SDBs.
- Initiated New Procurement Policy Directive 2018-1 issued by DGS's Bureau of Procurement to allow for consideration of best value procurements and the inclusion of SBs and SDBs.
- Conducted a study to determine size standard recommendation for the SB and SDB requirements.



8.0 Future Improvements

The Commonwealth remains committed to working to meet the following recommendations:

- Promote greater SB and SDB participation in grants and other “non-procurement” expenditures – the Commonwealth continues to look for opportunities to encourage the utilization of SBs and SDBs in other expenditures of Commonwealth funds and is exploring the ability to consider SB and SDB utilization as part of certain grant awards and loans of Commonwealth funds. Access to capital is also critical to ensuring the success of SBs and SDBs. The Commonwealth is also exploring technical assistance and access to capital initiatives with private sector experts.
- 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 spend to SBs and SDBs and the total number of SBs and SDBs 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 as a result of the receipt of state contract awards.
- Lead with a greater sense of urgency and do more to advocate for the success of the BDISBO program throughout state and local government and in the private sector – in FY 2017-18, the Commonwealth established the Agency Liaison program, which tasked each agency to appoint an executive-level employee to serve as a liaison with BDISBO on matters involving SB and SDB utilization and opportunities. Liaisons are responsible for setting department goals, integrating those goals into department strategic plans, reporting performance, identifying contracts that can be awarded through the Small Business Reserve program, and identifying contracts that can be unbundled and competed through the Small Business Reserve program. The Commonwealth expects that the Agency Liaisons will be an integral part of implementing recommendations resulting from the Disparity Study report. In addition, the Commonwealth has conducted numerous outreach programs to assist SBs and SDBs, and to reach those businesses that would qualify as SBs and SDBs but have not yet been included within the BDISBO program.
- Remove the employee size standard from law and allow this standard to be controlled by the Department of General Services – currently the Pennsylvania Procurement Code sets the size standard for SBs and SDBs at 100 or fewer employees. The Commonwealth believes that this statutorily-set limit is stunting the growth of SBs and SDBs that still need the assistance of the BDISBO program in order to be successful. Therefore, DGS is working to advance legislation that would remove this statutory limit and allow the employee limit to instead be set by policy. Allowing more flexibility in the employee threshold allows DGS to carefully tailor the BDISBO program to ensure the program continues to help those SBs and SDBs that require assistance.
- Increase the dollar threshold to \$38.5 million dollars in gross annual revenues over the preceding three years – currently the gross annual revenue thresholds for SBs and SDBs are \$20 million, \$25 million for those businesses in the information technology sales or service business, and \$7 million for those businesses performing building design services. These thresholds have not been increased for nearly six years and have not kept pace with inflation or increasing business costs. DGS believes these thresholds should be increased to \$38.5 million so that the BDISBO program can assist additional businesses. This \$38.5 million revenue threshold mirrors the highest revenue threshold set by the United States Small Business Administration for those industries utilized by the Commonwealth.