



TOM WOLF, GOVERNOR

Fiscal Year 2019-2020 Annual Report

PENNSYLVANIA DEPARTMENT OF GENERAL SERVICES

Curt Topper, 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
CMS Commonwealth Media Services
DGS Department of General Services
DOBE Disabled-Owned Business Enterprise
FY Fiscal Year
GFE Good Faith Efforts
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
MM Medical Marijuana
MPL Minimum Participation Level

MWBE Minority Women Business Enterprise
NLGCC National LGBT Chamber of Commerce
NMSDC National Minority Supplier Development Council
PW Public Works
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
WBE Woman Business Enterprise
WBENC Women's Business Enterprise National Council

Message from Secretary Curt Topper

It is my honor to present, on behalf of Governor Tom Wolf, the Department of General Services' (DGS) Annual Report on the participation of Small Businesses and Small Diverse Businesses in state contracting opportunities for Fiscal Year (FY) 2019-20. In fiscal year 2019-20, we experienced our share of accomplishments and adversity.

First our accomplishments. We officially launched three new programs aimed at bolstering the opportunities for our small and small diverse businesses to excel in state contracting opportunities:

- Every competitive state procurement will now use goal setting small diverse business participation on each solicitation with the intent to achieve a 26.3% state contract spending with Small Diverse Businesses;
- The commonwealth has set a goal of 4.6% of its state contract spend to veteran-owned businesses through the new Veteran Business Enterprise program as recommended by the Commonwealth Disparity Study; and
- The administration tasked all state agencies under the Governor's jurisdiction to have at least 15% of their contract spending go to eligible, state-certified small businesses through the Small Business Reserve Program.



Then our adversity. In the last quarter of the fiscal year (March – June) Covid-19 emerged and we were forced to take significant measures in the fight against its spread which included the temporary closure of businesses throughout the commonwealth and a spending freeze on all state government spending. This led to a decrease in the commonwealth's total spend of 16% from \$4.4B last fiscal year to \$3.7B in 2019-2020.

Despite these challenging circumstances, the participation of small and small diverse businesses in state contracting remained steady at 18% of all commonwealth contract spend. We also have seen **prime** contracting opportunities for small and small diverse business increase from 8% to 9% over the year and an **86%** increase since 2015-2016!

According to the National Bureau of Economic Research, "The number of active business owners in the United States plummeted by 3.3 million or 22% over the crucial two-month period from February to April 2020." Among the hardest hit by the pandemic were minority owned businesses, which according to U.S. Chamber of Commerce research "66% of minority-owned businesses are concerned about permanently closing as a result of the pandemic." We understand the hardships many of our commonwealth businesses and thanks to the programs we implemented in 2019-2020, our commitment is stronger than ever, and I am confident that we will get back on course with our support of the small and small diverse business communities.

I encourage you to read this report and see the progress we have made. I would like to recognize the members of the Governor's Advisory Council on Diversity, Inclusion, and Small Business Opportunities, commonwealth agency leadership, liaisons, procurement staff, and the DGS Diversity Inclusion and Small Business Opportunities team for their extraordinary hard work. There is more hard work ahead of us in meeting the goals we have established in our disparity study, but we have proved that no matter how strong the storm is, our resolve and dedication are stronger.

Sincerely,

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

Curt Topper, Secretary
Pennsylvania Department of General Services



Message from Deputy Secretary Kerry L. Kirkland



Over the past year, amid the COVID-19 pandemic, the Bureau of Diversity, Inclusion and Small Business Opportunities (BDISBO), have remained steadfast in fulfilling our mission to expand opportunities for Small, Small Diverse and Veteran Owned Businesses. We maintained a steady level of spend to small and small diverse businesses totaling \$600 million or 18% of our annual procurement. Small Diverse Businesses were awarded 10% of all commonwealth contracts.

BDISBO embarked upon an aggressive plan to implement the Disparity Study recommendations by the end of the fiscal year. We implemented our state-of-the-art contract compliance management technology and the commonwealth's new goal setting program. Pennsylvania became the first state in the nation to manage contract compliance, goal setting and small diverse business certification operations through PRISM technology. Our team updated program policies to ensure that we adhered to constitutional standards. Furthermore, BDISBO in collaboration with our DGS Office of Chief Counsel, drafted historic legislation to codify our programs to ensure operational continuity.

In addition, BDISBO organized the state-wide COVID-19 Small and Small Diverse Business and Community Taskforce. The Taskforce developed an initiative that resulted in a minority owned business being awarded a contract to disinfect/sterilize the six million square feet of the state capital complex. This Taskforce project resulted in the creation of 54 jobs and supported 18 small businesses. Five of those small diverse businesses were subcontracted to perform the specialized sterilization work. The Philadelphia Enterprise Center and other Taskforce partners provided working capital, training, sterilization certifications and small business support. Pennsylvania is the only state in the nation to provide this layer of protection for state workers and citizens visiting the Capitol Complex during the pandemic.

Therefore, on behalf of BDISBO, I would like to thank Governor Tom Wolf, Secretary Curt Topper, the Governor's Advisory Council on Diversity, Inclusion and Small Business Opportunities, and SDB stakeholders for their support and commitment to our programs. Finally, I would also like to thank the incredible BDISBO staff for their unwavering support and ongoing efforts to increase contracting opportunities for Pennsylvania's small, small diverse, and veteran-owned businesses.

Sincerely,

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

Bureau of Diversity, Inclusion & Small Business Opportunities



Introduction

This report provides the Pennsylvania public and members of the Pennsylvania General Assembly with information about the participation of Small Businesses (SBs), Small Diverse Businesses (SDBs), and Veteran Business Enterprises (VBEs), including those owned by minority, woman, LGBT, disabled, service-disabled veteran, and veteran business owners, in commonwealth contracting opportunities during FY 2019-20 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. The report is divided into the following sections:



Section One has historically provided an overview of commonwealth policy and procurement methods related to contracting opportunities for SBs, SDBs, and VBEs during the fiscal year. Due to the extensive changes in policy and processes resulting from the 2018 Disparity Study Recommendations, details of the various procurement methods have moved to the Appendix. This section now examines the disparity study, its recommendations, and their subsequent implementation and impact; provides a general program overview; introduces proposed program legislation; and discusses continuing BDISBO outreach efforts to educate internal agency staff and the business community.

Section Two reports on the numbers of SBs, SDBs, and VBEs in the current DGS supplier database. The database lists businesses that have self-certified with the department as SBs and SBs that have also been verified as SDBs and VBEs. Beginning in early 2020, a result of Disparity Study Recommendations, the Department made terminology and eligibility changes such that certified minority-owned businesses; woman-owned businesses; Lesbian, Gay, Bi-Sexual, and Transgendered (LGBT)-owned businesses; and disabled-owned businesses were recognized as SDBs; and certified veteran-owned business were recognized as VBEs. Service-Disabled Veteran Business were recognized as both SDBs and VBEs. The Pennsylvania Department of General Services (DGS) uses the supplier database demographic data to guide ongoing outreach efforts. DGS's goal is to identify and encourage as many SBs, SDBs, and VBEs as possible to register and to compete for commonwealth business. This section also announces the transition from the DGS registration database formerly known as SBPI to the implementation of the new PRISM application.

Section Three reports on the value of contract and subcontract payments made to SBs, SDBs, and VBEs during FY 2019-20. 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 value of the commonwealth contract and subcontract commitments that were made to SBs, SDBs, and VBEs during FY 2019-20. 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 this fiscal year's accomplishments of the Diversity, Inclusion and Small Business Opportunities program, commonwealth procurement policy, systems, data collection, and reporting in the future.

Section Seven presents the bureau's recommendations for self-improvement in various aspects of the program, including future policy enhancements and innovative ways to increase small business participation.

Appendix of Tables contains tables which detail and support the data and trends referenced by the narrative sections of the annual report.

Section 1.0 Program Overview

1.1 Commonwealth Disparity Study

Implementation of the Disparity Study Recommendations

In his first year in office, Governor Tom Wolf signed Executive Order 2015-11 to get the commonwealth on a path of improvement in the quality and quantity of opportunities for SBs and SDBs to participate in state government contracting and the commonwealth's overall economy.

The Commonwealth of Pennsylvania's first-ever comprehensive disparity study, which was completed in 2018, examined the extent to which SDBs and VBEs face discrimination in commonwealth contracting. The disparity study examined 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. The disparity study report also contained recommendations to reduce the disparity in commonwealth contracting to SDB and VBE firms.

Following the conclusion of the Disparity Study, DGS began implementing some of the recommendations. These changes included improvements to the Small Business Reserve (SBR) program, expanding opportunities for VBEs, and implementing the new goal setting program to replace the scoring methodology that was in place at the time.

Implementation of a Goal Setting Program

An internal steering committee comprised of DGS leadership guided the implementation. Steering committee members made up of executive-level individuals, such as the secretary of the Department General Services, deputy secretaries, agency counsel, and bureau directors, 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 upper and middle management staff from the Bureau of Procurement (BOP), Public Works (PW), and the Bureau of Diversity, Inclusion and Small Business Opportunities (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 also 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, policy 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 since BDISBO was limited to virtual communications.

We would like to highlight the work performed by the Adoption sub-committee, which focused on activities guided by organizational change management principles. Understanding the human and corporate processes of change and moving to incorporate industry change management principles, the sub-committee looked to activities that would assist procurement staff and the vendor community to adopt the new goal setting program as their own. The department's press secretary and a member of the 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.

COVID-19 impacted this project just as it did with everything around us. Although DGS transitioned to teleworking, in a nearly seamless fashion with meetings and related project work continuing unabated, the implementation timeline needed to be extended as a result 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 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. Public Works selected June 15, 2020 as their date and BOP selected August 17, 2020 for implementation of goal setting for the remainder of the state’s procurement activities.

Through a collaboration of BDISBO, BOP, PW, and the legal staff, the last major project undertaking was training, much of it virtual, of internal procurement staff and the commonwealth’s vendor community. The training team planned to make use of the department’s Commonwealth Media Services to record the training, for use by internal procurement staff, to introduce new employees to the program or as a refresher course.

Reinvigoration of the Small Business Reserve Program

In accordance with constitutional guidelines to increase spending opportunities with small businesses, the commonwealth intentionally directed significant efforts to the re-invigoration of the SBR program. The SBR program enables businesses of similar sizes (usually less than 100 employees) and resources to compete among each other for specific state government contract opportunities as prime contractors. All commonwealth agencies under the governor’s jurisdiction are being directed to identify and target 15 % of their total agency spend for SBR procurements. To facilitate achieving this target, BDISBO worked one-on-one with agency liaisons and chief procurement officers to review upcoming solicitations, trends in spending and networking opportunities to engage the small business community on a higher level.

Creating a Formal Goal Setting Policy

Beginning in spring of 2020, goal setting replaced the scoring process used for SB/SDB participation on state best value procurements. To implement this change, a new goal setting policy requires that participation goals be individually tailored on a solicitation-by-solicitation basis based on the market and geographic availability of SDBs. Participation goals will be set for all procurements - including IFBs or low bid procurements – valued at \$250,000 or above for supplies and services and \$400,000 or above for construction. The SDB participation goals will be stated in the solicitation. Bidders or offerors will be required to meet those goals as part of their bid or proposal to do business with the commonwealth or may seek a good faith effort waiver from those goals to ensure that the initiative complies with constitutional requirements.

We are pleased that our programs are trending in the right direction to increase earnings for SBs and SDBs by engaging with the commonwealth as prime contractors, versus subcontractors as shown in [TABLE 1A](#).

TABLE 1A

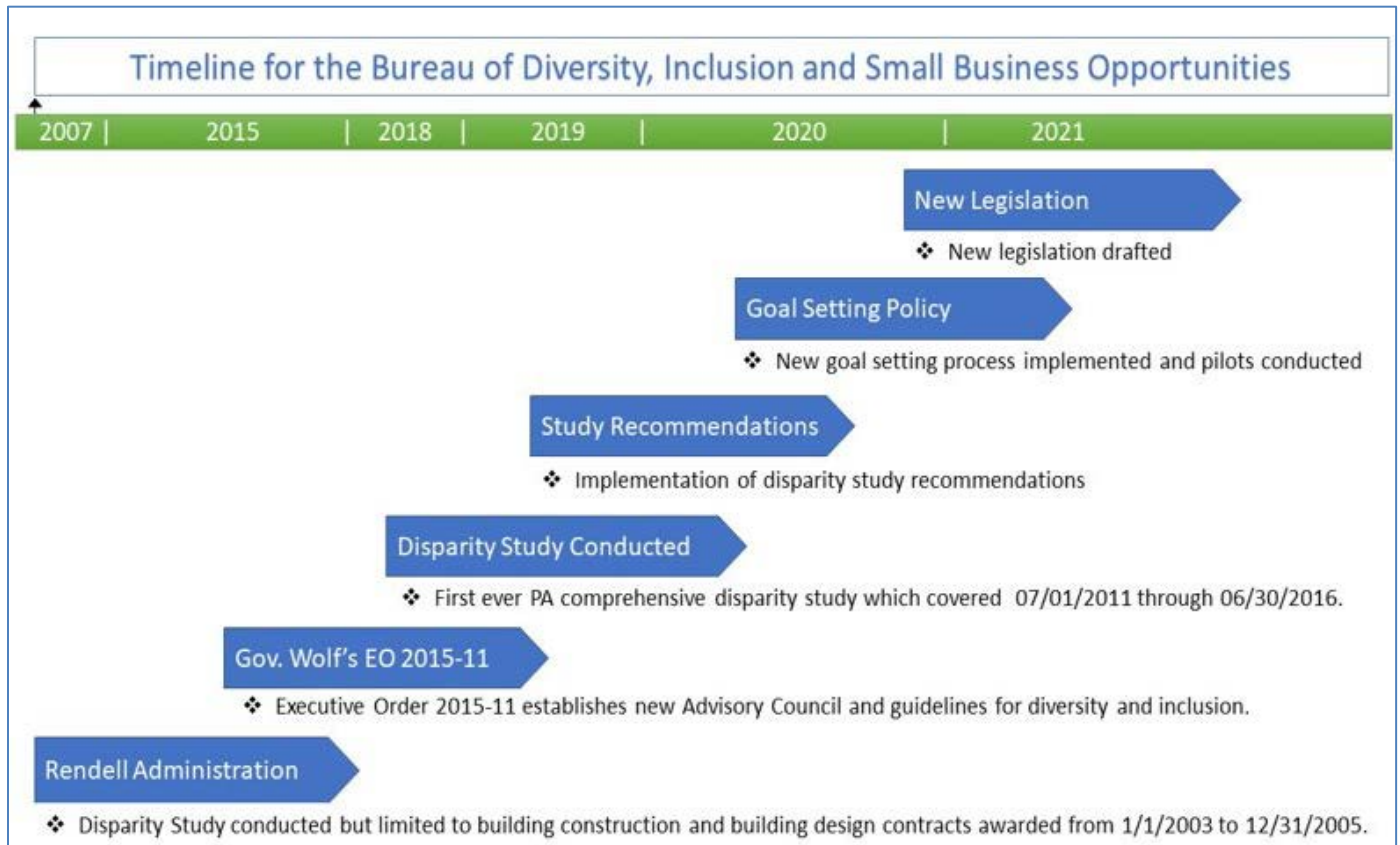
		FY 2018 -19		FY 2019-20		Aspirational Target
Small Business	Prime	5.72%	6.86%	6.07%	7.93%	Designate 15% Agency Spend
	Sub	1.13%		1.86%		
Small Diverse Business	Prime	1.59%	10.44%	2.46%	9.63%	26.3%
	Sub	8.85%		7.17%		
Veteran-Owned Business	Prime	0.25%	0.56%	0.21%	0.34%	4.6%
	Sub	0.31%		0.13%		

1.2 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, 62 Pa.C.S. §§ 101 et seq., and further 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 are required to follow when awarding contracts.

BDISBO has been working feverishly this fiscal year to implement most of the recommendations made in the 2018 Disparity Study. The activities that DGS embarked upon this year are crucial milestones in the trajectory of these programs. [FIGURE 1A, TIMELINE FOR THE BUREAU OF DIVERSITY, INCLUSION, AND SMALL BUSINESS OPPORTUNITIES](#) shows the historical timeline of the Commonwealth’s movement regarding the SB, SDB, and VBE programs.

FIGURE 1A TIMELINE FOR THE BUREAU OF DIVERSITY, INCLUSION AND SMALL BUSINESS OPPORTUNITIES



The following are highlights of BDISBO's activities which contains the recommendations from the 2018 Disparity Study:

- Re-invigorated the Small Business Reserve Program – See Section 1.1
- Revised policy, forms, and processes
- Implemented new comprehensive managerial software
- Conducted over 50 pilot procurements using the new goal setting processes
- Trained hundreds of procurement staff and businesses
- Phased in policy implementation during summer 2020
- Drafted proposed legislation, a program foundation which would accomplish the following:
- Disparity Study RFP is scheduled for preparation/approval process around December 2021

1.3 Proposed Legislation Executive Summary

In addition to the policy changes, BDISBO is seeking to introduce legislation to amend Title 62 (Procurement) and Title 51 (Military) of the Pennsylvania Consolidated Statutes. Details and the impact of this proposed legislation are as follows:

Changes to Title 62 (Procurement Code)

- This legislation would amend Chapter 21 of the Pennsylvania Procurement Code which currently contains a limited statutory framework for the current program administered by BDISBO. This legislation would divide Chapter 21 into two Subchapters. Subchapter A would include the provisions applying generally to the SDB programs administered by BDISBO and provisions that apply specifically to procurements of supplies and services. Subchapter B would be a new addition to Chapter 21 and would outline the program as it applies to procurement of Construction and Design

Professional Services. BDISBO is seeking this separation to ensure that aspects of the programs continue in the event of a legal challenge.

- Both Subchapters would change the terminology of the program from “Disadvantaged business” to a SDB to align with BDISBO’s current program. They also would remove the 100-employee limit from the definition of a SB and allow size and other eligibility requirements to be set by policy or regulation. These changes would allow BDISBO to set size and revenue limits on an industry-by-industry basis and in a manner that is more consistent with federal program eligibility requirements.
- Both Subchapters include language which would require that a Disparity Study be completed every five years to ensure that both programs meet constitutional requirements, and that aspirational targets for SDB participation be set based upon the results of the Disparity Study.
- Both Subchapters would require the setting of contract-specific goals and allow bidders or offerors to seek good faith effort waivers from those goals, which is required to meet constitutional requirements that a program be narrowly tailored.
- Subchapter A would contain a statutory framework for the Agency Liaison program, which will ensure agency participation and buy-in to the BDISBO-administered programs.

Changes to Title 51 (Military and Veterans Code)

- The legislation would amend Chapter 96 of the Pennsylvania Military and Veterans Code which currently contains a limited statutory framework for the current program administered by BDISBO as it applies to Veteran-Owned Small Businesses and Service-Disabled Veteran-Owned Small Businesses.
- Because programs giving preference to veterans are race- and gender-neutral, they are subject to the lowest standard of constitutional legal review. For that reason and because a veteran preference program is less likely to be successfully challenged from a constitutional perspective, this proposed legislation would not create separate Subchapters as it does for the Small Diverse Business Programs.
- This legislation would include a definition of “Veteran Business Enterprise (VBE)” for a Veteran-Owned Small Business and a Service-Disabled Veteran-Owned Small Business for ease of reference. Because the current statutory language sets the eligibility standards based upon the definition of Small business in Title 62, the changes involving size eligibility that are described, above would also apply to VBE.
- This legislation would allow for a Disparity Study be completed every five years and that an aspirational target for VBE participation could be set based upon the results of the Disparity Study. However, any aspirational target could not be less than the annual goal of 3% currently in statute. BDISBO envisions that an analysis on VBE could be folded into the Disparity study that would be conducted on the use of SDBs.
- This legislation would require the setting of contract-specific goals and allow bidders or offerors to seek good faith efforts waivers from those goals.

1.4 Outreach

BDISBO is actively engaged in educating internal agency staff and the business community. Throughout the fiscal year, BDISBO has attended or hosted nearly one hundred networking events, supplier forums, pre-bids, trainings, and workshops. 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 change made to our outreach program was to host educational networking events by industry. It was our intention to narrow the focus of networking by industry to further enhance opportunities for the business community to meet the buyers of their specific goods or services on a more personal level.

During the fiscal year, the BDISBO team covered the entire state supporting our SB community and its supporting associations and organizations. In the autumn of 2019, the BDISBO staff participated in the PA Procurement Expo sponsored by DGS in Harrisburg, the National Coming Out Day event sponsored by the Three Rivers Business Alliance in Pittsburgh, both the Lehigh Valley Meet the Buyers event and Women’s Business Enterprise Council East’s Industry Day in Bethlehem, and the Women’s Conference and Resource fair at Cheyney University near Philadelphia sponsored by MWDBE Governmental Committee.

Section 2.0 SBs, SDBs and VBEs in Pennsylvania

2.1 Small Businesses

To be designated by the commonwealth as an SB, vendors must self-certify their eligibility to participate in the SB contracting program every two years through an online application. Any independently owned, for-profit SB that is not dominant in its field, has 100 or fewer full-time employees, and whose 3-year aver gross revenues does not exceed \$38.5 million is able to 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 and VBE in Pennsylvania. As such, the three categories are not mutually exclusive. The SB totals reported include SDBs and VBEs as a subset.

During FY 2019-20, the number of self-certified SBs fell by 1.6%, from 4,947 to 4,866, compared to the prior fiscal year. This drop was a consequence of the transition from a one- to two-year certification period in July 2017 which resulted in no expirations over a span of 12 months beginning July 2018. Expirations resumed on July 31, 2019.

Self-certified SBs in the database provide an array of goods and services, such as staffing, software, information technology consulting, project management, construction services and supplies, legal services, and office supplies.

Illustrated in [FIGURE 2A, SMALL BUSINESSES BY COUNTY](#), the distribution of businesses across these four regions remain relatively unchanged from last fiscal year. Although most self-certified SBs are located within the commonwealth, self-certification is not restricted to businesses incorporated or residing in Pennsylvania.

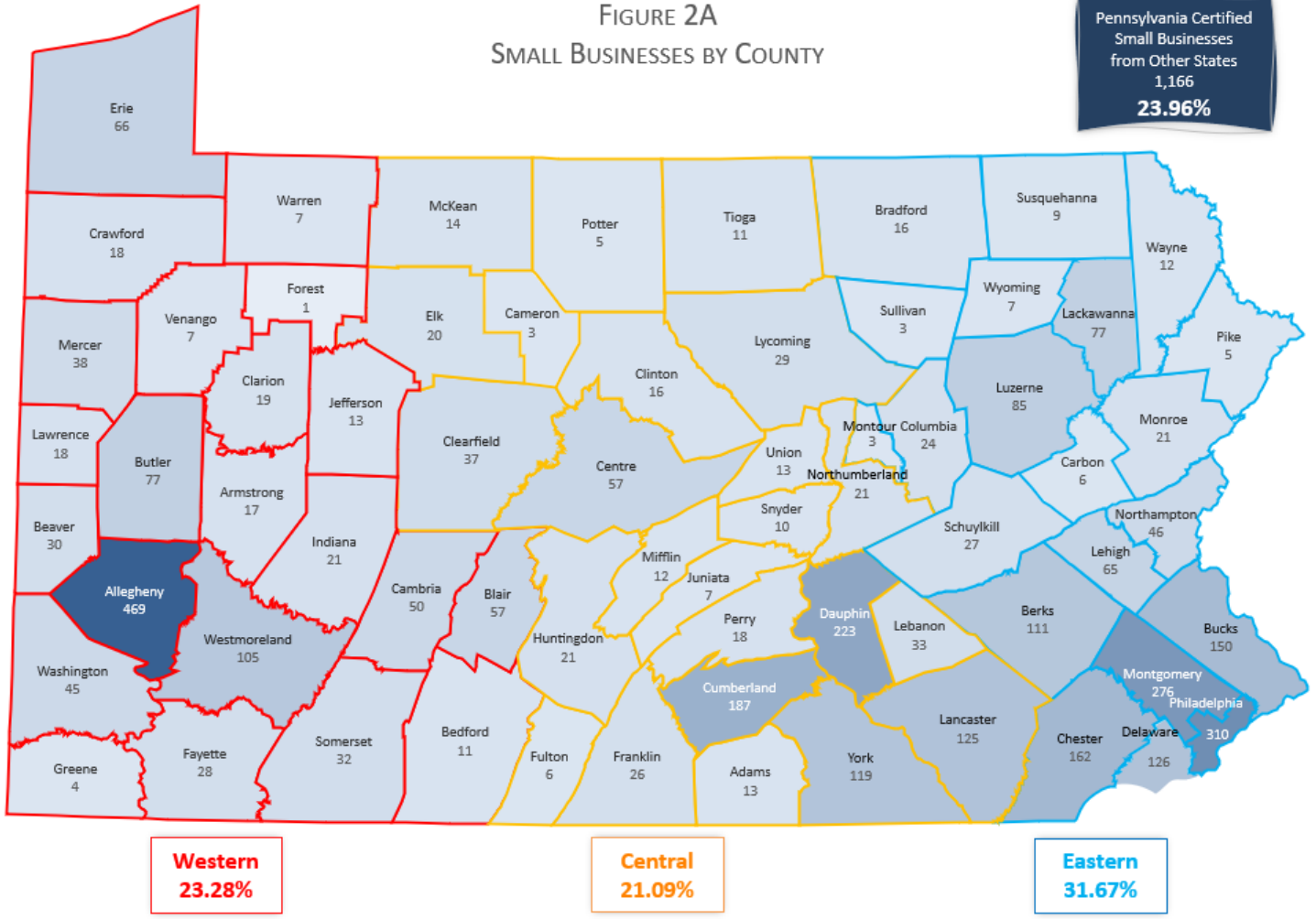


Management of the various types of small businesses that are part of our programs is a critical function. To improve our management and certification/ verification processes BDISBO shifted its SB database to a new, off-the-shelf software called PRISM Compliance Management in September 2019. PRISM is a cloud-based solution for the management of suppliers, contracts, payment, and labor compliance. It offers an array of managed services including diversity compliance monitoring, business outreach, and policy development. PRISM is the creation of Early Morning Software, a *small minority-owned business*, whose owners are long time experts in the socio-economic field. For the Commonwealth’s purposes, it has allowed BDISBO to simplify the SB application, extend the ability to guide applicants through the application process, and to integrate its compliance monitoring, goal setting,

and reporting functions into a more cohesive unit. One new feature of the PRISM software that is extremely beneficial to the small businesses is they now have the ability to indicate in which counties they choose to work. This feature also makes it easier for procurement staff/buyers to know which businesses stand ready, willing, and able to service the commonwealth in a specific region.

FIGURE 2A
SMALL BUSINESSES BY COUNTY

Pennsylvania Certified
 Small Businesses
 from Other States
 1,166
23.96%



2.2 Small Diverse Businesses and Veteran Business Enterprises



In addition to self-certifying as a SB, eligible firms may be designated as an SDB. To be recognized as such, vendors must maintain active SB self-certifications and submit proof of active certification as a minority, woman, LGBT, disabled, or service-disabled veteran-owned businesses from one of six approved third-party entities which BDISBO then verifies. The third parties are: The Unified Certification Program (UCP), The National Minority Supplier Development Council (NMSDC), The Women’s Business Enterprise National Council (WBENC), The United States Small Business Administration (SBA) 8(A) Business Development Program, The National LGBT Chamber of Commerce (NGLCC), Disability:IN, and the Vets First Verification Program.

In order to ensure that the SDB program meets all legal requirements for a race- and gender-specific program, the commonwealth removed VBE from the category of SDBs and created a new VBE program in FY 2019-20. As with SDBs, vendors must periodically self-certify their eligibility to participate in the SB contracting program and submit additional proof of active certification as VBEs or SDVBEs through The Vets First Verification Program or Disability:IN.

Service-disabled veteran-owned businesses and veteran-owned businesses that also certify through third parties approved for SDB verification as minority, woman, LGBT, or disabled-owned businesses qualify for both the VBE and SDB programs. Although the programs are considered separate, this results in some overlap of the numbers between the two. For this report, all SDVBs and VBEs with concurrent SDB verifications will be considered SDB.

Because SB self-certification is a requirement for SDB and VBE verification, the renewal of SB expirations in July 2019 following the shift to a two-year certification period affected both programs. The total number of verified SDBs, which includes SDVBs and SDB-verified VBEs, decreased 0.6% to 1,584 during FY 2019-20, while the total number of VBEs decreased 17% to 50.

As shown in [FIGURE 2B, SDBs AND VBEs BY COUNTY](#), is a graphical representation of the distribution of verified SDBs and VBEs throughout Pennsylvania. Of the VBEs (not represented on [FIGURE 2B](#)), 13 (26%) were headquartered in **Western PA**; 11 (22%) in **Central PA**; and 17 (34%) in **Eastern PA**. The remaining 9 (18%) are considered **Out-of-State**.



FIGURE 2B
SMALL DIVERSE & VETERAN BUSINESSES BY COUNTY

Pennsylvania Verified
Small Diverse Businesses
from Other States
538
33%

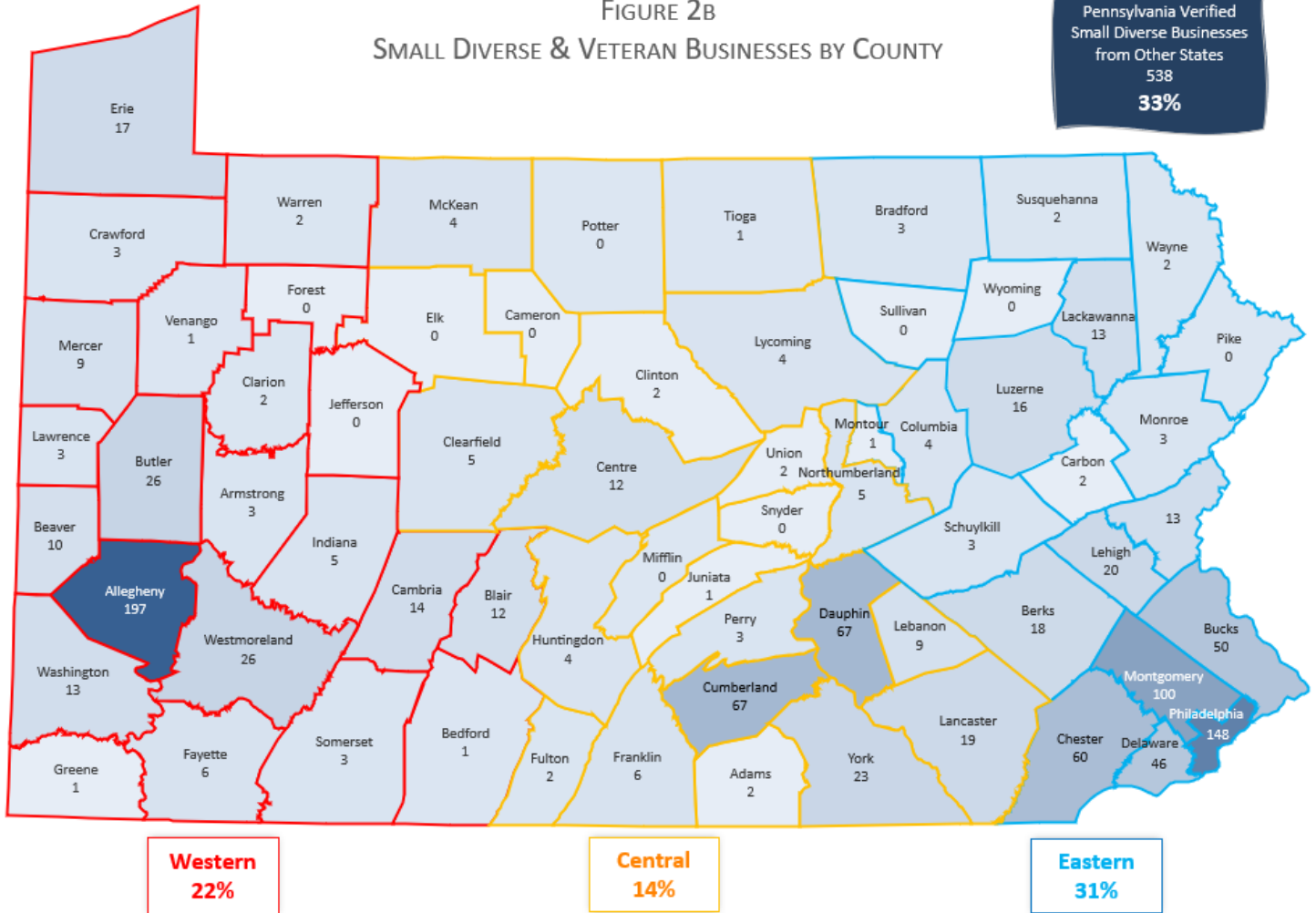


TABLE 2A, TABLE 2B, and (TABLE 2C, SEE APPENDIX) provide detailed breakdowns, including regional and county data on SDBs and VBEs verified by DGS.

TABLE 2A VERIFIED SDBS & VBEs BY GENERAL CLASSIFICATION

Classifications	# of SDBs	% of SDB
Minority Business Enterprises (MBEs)	478	29%
Women Business Enterprises (WBEs)	818	50%
Minority Women Business Enterprises (MWBEs)	126	8%
LGBT Business Enterprises (LGBTBEs)	22	1%
Disability-Owned Business Enterprises (DOBEs)	15	1%
Service-Disabled Veteran Business Enterprises (SDVBEs)	125	8%
Veteran Business Enterprise (VBEs)	50	3%
Grand Total	1,634	100%

TABLE 2b SDB AND VBE VENDOR CLASSIFICATIONS

SDB Vendor Classification	Companies Verified	Percentage of Total Population
Minority Business Enterprise (M)	471	28.82%
Minority, LGBT Business Enterprise (MG)	3	0.18%
Minority, Service-Disabled Veteran Business Enterprise (MS)	8	0.49%
Minority, Veteran Business Enterprise (MV)	7	0.43%
Woman Business Enterprise (W)	816	49.94%
Woman, Disabled-Owned Business Enterprise (WD)	2	0.12%
Woman, LGBT Business Enterprise (WG)	4	0.24%
Woman, Service-Disabled Veteran Business Enterprise (WS)	5	0.31%
Woman, Veteran Business Enterprise (WV)	2	0.12%
Minority, Woman Business Enterprise (MW)	125	7.65%
Minority, Woman, Disabled-Owned Business Enterprise (MWD)	1	0.06%
Minority, Woman, Service-Disabled Veteran Business Enterprise (MWS)	2	0.12%
Minority, Woman, Veteran Business Enterprise (MWV)	1	0.06%
LGBT Business Enterprise (G)	15	0.92%
LGBT, Disabled-Owned Business Enterprise (GD)	1	0.06%
Disabled-Owned Business Enterprise (D)	11	0.67%
Service-Disabled Veteran Business Enterprise (S)	110	6.73%
Veteran Business Enterprise (V)	50	3.06%
TOTAL	1,634	100%

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

2.3 Mentor Protégé Program

In late February of 2020, BDISBO opened the application period for the 2020 Mentor-Protégé Program for a planned April launch. Unfortunately, COVID-19 arrived in Mid-March, forcing the PA Emergency Declaration from Governor Wolf which closed commonwealth facilities and resulted in a work-from-home mandate for state employees. BDISBO was forced to halt the launch of the 2020 Mentor Protégé program. BDISBO worked to keep our mentors and proteges informed of federal, state, and local programs providing direction, resources, and funding to assist small business in responding to the crisis. BDISBO coordinated educational webinars and multiple communications sharing valuable information to help our mentors and proteges access critical support programs geared to helping them manage the “new normal” business landscape.



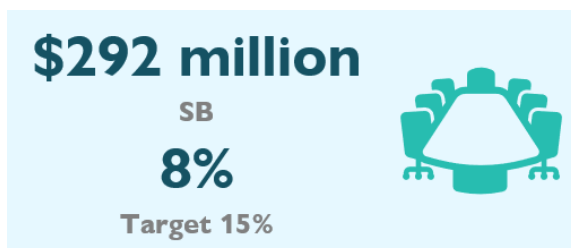
Many of our previous participants continued to work together to assist one another by sharing best practices and re-assessing goals to find new opportunities and preserve existing businesses while literally re-inventing workspaces and responding to the almost daily changes to business operations as our country rose to respond to the emergency.

Section 3.0 Distribution of SB, SDB & VBE Payments for FY 2019-20

3.1 Payments to Small Businesses

Fiscal Year 2019-20 has been a year unlike any other. A novel virus, SARS-CoV-2, more commonly known as COVID-19, began circulating throughout the commonwealth in early 2020. The commonwealth took measures to curb its spread, among them a lockdown began in mid-March which lasted for several months. Procurements, except for emergency procurements, were suspended until early May when construction resumed and restrictions in this area slowly eased. Additionally, the commonwealth adopted a three-phase red-yellow-green matrix to guide reopening. Pennsylvania did not progress fully to the green phase until July.

The repercussions of the three-and-half-month shutdown at the end of the fiscal year naturally touched those doing business with the commonwealth. Total spend by the commonwealth, applicable to this annual report, dropped 16% from \$4,405,260,673 in FY 2018-19 to \$3,689,203,668. Success was still achieved by combined SB/SDB/VBE spend of \$660.5M, represented 17.9% of the commonwealth's \$3.7B total spend, equal to last year's percentage level.



During FY 2019-20, 897 self-certified SBs received a total of \$292,667,768 in payments for goods, services, and construction. Although the dollar amount is down from the previous fiscal year's \$303,439,836 in SB payments, it represents an overall increase when measured against the commonwealth's total spend, growing from 6.34% to 7.93%.

TABLE 3A PAYMENTS TO SMALL BUSINESSES (SEE APPENDIX) illustrates the distribution of SB payments by commonwealth agencies. The Departments

of General Services, Transportation, Corrections, Conservation & Natural Resources, and Environmental Protection encompass 76% of all Small Business utilization within the commonwealth.

Small Diverse Businesses are not included here but are covered in Section 3.2. Payments made to SB prime contractors and subcontractors are included in the data. Excluded from the data are payments made to any eligible but uncertified SBs. As such, the data likely understates the overall level of participation by SBs in commonwealth contracting to some degree.

TABLES 3B – 3C (SEE APPENDIX) summarize the distribution of payments to SB non-construction and construction subcontractors by the counties in which they are headquartered. A total of \$53,960,722 was paid to 57 SB non-construction subcontractors and \$14,739,032 to 79 construction subcontractors. Payments made by purchasing card, Section 3.3, are not included here.

3.2 Payments to Small Diverse Businesses and Veteran Business Enterprises

During FY 2019-20, 462 SDBs and VBEs received total payments of \$367,846,621 for goods, services, and construction. In dollar-value, this represents a decrease of 24% from the previous year. However, when contrasted against total commonwealth spend, payments to SDBs and VBEs fell from 11% to 10%.



Distinguishing SDB from VBE payments, payments to SDBs fell from \$460,065,706 to \$355,176,871 (10.44% and 9.61% of total commonwealth payments), and VBEs, from \$24,495,273 to \$12,669,750 (0.56% and 0.34% of total commonwealth payments), between FY 2018-19 and FY 2019-20.



\$161 million
Minority-Owned

Although SDB and VBE prime contractors received \$98,614,032 (26.81%) of total dollars paid to SDBs and VBEs, up from 16.7% of total dollars paid in FY 2018-19, subcontracting payments continued to occupy most of the commonwealth’s SDB and VBE spending during FY 2019-20. Interestingly, the trend is reversed to payments to VBEs alone, with the greater portion, \$7,810,863 (2.12%), going toward prime contractors versus \$4,858,887 (1.32%) toward subcontractors.



\$184 million
Woman-Owned

The chart of **FIGURE 3A PAYMENTS TO SDBs & VBES** and **TABLE 3D (TABLE 3E, SEE APPENDIX)** summarize the distribution of all SDB and VBE payments by classification and commonwealth agency. Because the commonwealth employs different procurement methods for construction and for non-construction related expenditures, **(TABLES 3F – 3G, SEE APPENDIX)** provide additional detail on SDB and VBE subcontract expenditures in these two categories.

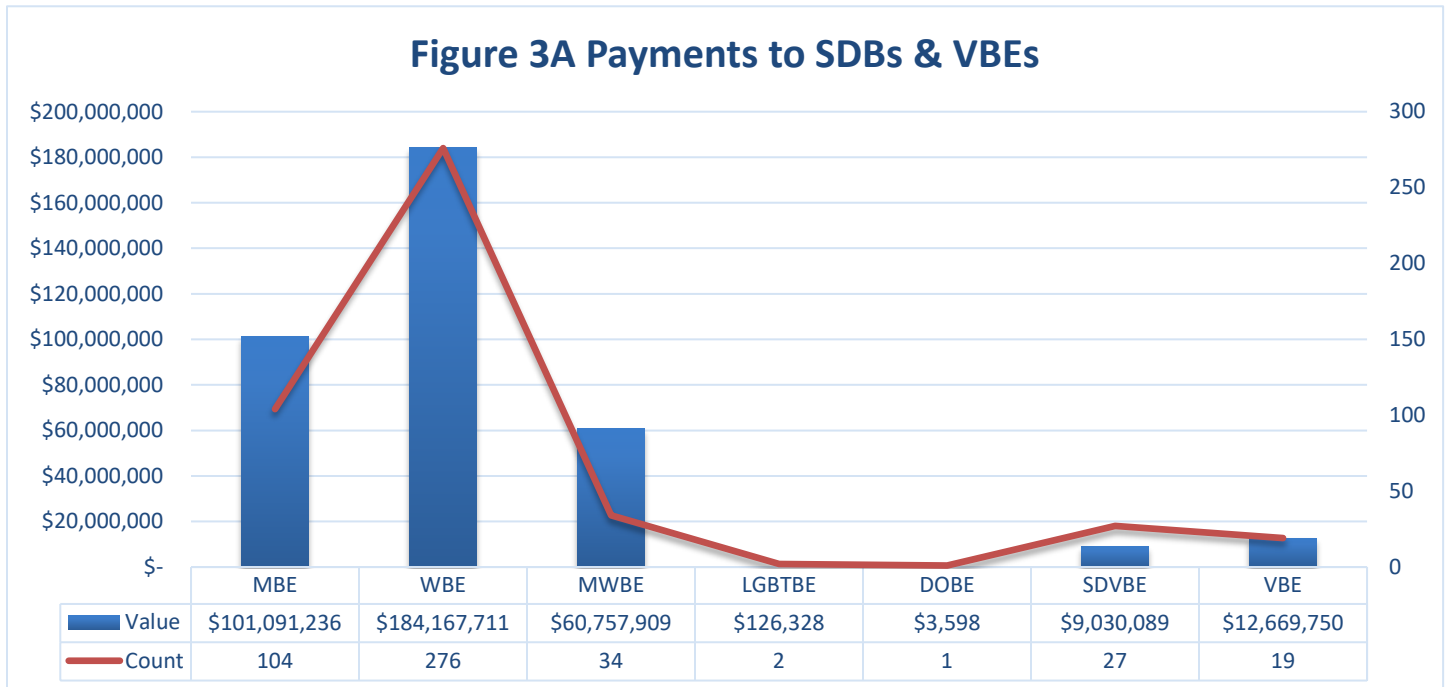
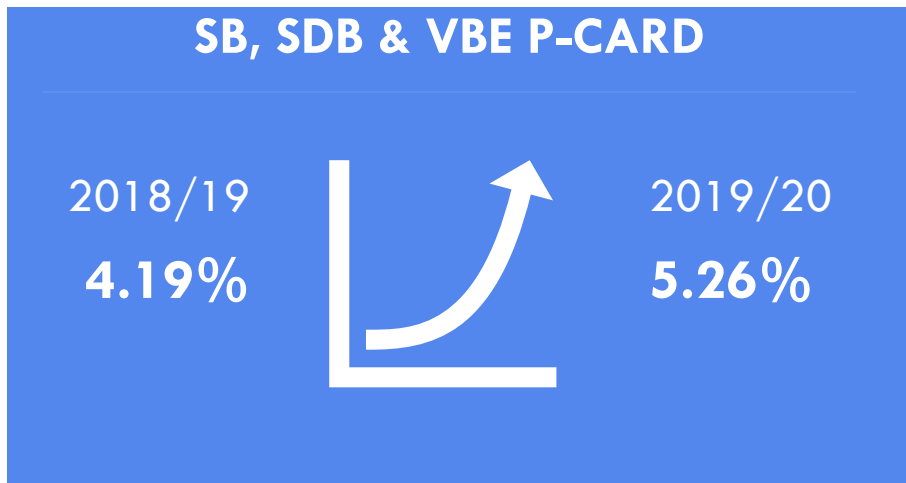


TABLE 3D PAYMENTS TO SDBs AND VBES

SDB Type	Value	%	Count	%
Minority Business Enterprise	\$101,091,236	27.48%	104	22.51%
Woman Business Enterprise	\$184,167,711	50.07%	276	59.74%
Minority, Woman Business Enterprise	\$60,757,909	16.52%	34	7.36%
Disabled-Owned Business Enterprise	\$3,598	0.00%	1	0.22%
LGBT Business Enterprise	\$126,328	0.03%	2	0.43%
Service-Disabled Veteran Business Enterprise	\$9,030,089	2.45%	27	5.84%
Veteran Business Enterprise	\$12,669,750	3.44%	19	4.11%
Grand Total	\$367,846,621	100.00%	462	100.00%

3.3 Purchasing Card Payments to Small, Small Diverse, and Veteran Businesses

The commonwealth began identifying and tracking SB and SDB purchases made through Purchasing Card (P-Card) transactions in FY 2018-19. The commonwealth's P-Card is comparable to a personal credit card in that the contractor receives payment directly from the card issuer rather than the commonwealth.



P-Card purchases are governed by the provisions of Manual 215.3c, the Procurement Handbook. Management Directive 310.23 and Commonwealth Purchasing Card Program establishes the policies, responsibilities, and procedures under which the program operates. In general, P-Cards are used on Small No-Bid Procurements which do not exceed \$10,000.

Total FY 2019-20 P-Card purchases were \$185,365,008. Of these, \$9,746,429 went toward 439 self-certified SBs, including those verified as SDB and VBE. Although overall P-Card purchases declined 3.9% compared to FY 2018-19, payments to SBs increased from 4.19% of total P-Card purchases to 5.26%.

TABLE 3H (SEE APPENDIX) summarizes P-Card payment distribution to SBs, including SBs verified as SDB and VBE, by commonwealth agency.

Section 4.0 Contract Commitments to Small Businesses and Small Diverse Businesses during FY 2019-20

4.1 Commitments to Small Businesses

During FY 2019-20, the commonwealth continued the policy initiative designed to promote the use of SBs in commonwealth contracting. The program encourages commonwealth agencies to create race and gender-neutral set-asides for SBs known as the Small Business Reserve (SBR) Program. These procurements focus exclusively on creating prime contracting opportunities for SBs, by definition, also includes SDBs and VBEs. Seventy-one set-aside procurements producing 73 contracts with a total value of \$4,873,748 were the result of the SBR Program. * This represents a 20% increase of \$814,114 over the previous year.

* One solicitation was an as-needed solicitation awarded to one SB. On such contracts, SBs are utilized as needed over the life of the contracts. Subsequently, the final contract values cannot be determined beforehand.

SBR Highlights FY 2019-20...

MILITARY & VETERANS AFFAIRS



1750%
GROWTH

TRANSPORTATION



1287%
GROWTH

CONSERVATION & NATURAL RESOURCES



31%
OF ALL SBR
AWARDS

Of note are PennDOT and the PA Department of Military and Veterans Affairs, both of which grew their SBR award values by 1750% and 1287%, respectively, over last fiscal year's numbers. SBR Procurements through the Department of Conservation and Natural Resources comprised 31% of all SBRs this year.

4.2 Commitments to Small Diverse Businesses

During FY 2019-20, the commonwealth awarded best value procurements with a total value of \$647,065,976. Of those, \$147,199,597 were awarded to SBs, SDB, or VBEs, making up 22.7% of total best value awards. The remainder resulted in total subcontracting commitments to SBs, SDBs, or VBEs of \$80,149,811 or 13.08% of the total award value. Together, the distribution of best value awards and subcontracting commitments to SBs, SDBs, or VBEs more than doubled over FY 2018-19's 14.18% of total awards. Spend resulting from these prime and subcontracting commitments should be reflected in the next fiscal year reporting period for 2019-20.

A segment of these best value procurements were construction contracts which the commonwealth began awarding through the best value method beginning in FY 2016-17. In FY 2018-19, this resulted in design construction awards with a total value of \$30,545,288, of which \$30,225,248 was awarded to SBs, SDBs, or VBEs. In 2019/20, total construction best value awards were \$34,183,248 with \$29,183,248 (85.37%) awarded directly to SBs, SDB, or VBEs.

For DGS construction, low bid procurements with a value greater than \$50,000, the Department set a Minimum Participation Level (MPL) of 7.5% for participation of SDBs as subs, 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 Good Faith Efforts (GFE)-based alternative program established by DGS.

During FY 2019-20, 97 construction contracts were awarded using the IFB method. Thirty-nine contractors opted in to the MPL program by making firm commitments to subcontract with SDB firms. The remaining chose the GFE alternative. Because 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, however, captured in the payments data.

The 39 MPL based construction contracts awarded in FY 2019-20 had a total value of \$61,203,776, representing SDB commitments of \$482,036 or 0.79% of the total value.

TABLE 4A shows the awards and subsequent commitments to SBs, SDBs, and VBEs for the fiscal year. **TABLE 4B (SEE APPENDIX)** further breaks out commitments made directly to SBs, SDB, and VBEs as awards to prime contractors versus subcontracting commitments.

TABLE 4A AWARDS & COMMITMENTS

CATEGORY	AWARDS	SB, SDB, VBE COMMITMENTS	% COMMITMENTS
Procurement Best Value (RFP/RFQ)	\$612,682,729	\$198,166,160	32.33%
Construction Design & Best Value (RFP/JOC/GESA)	\$34,183,248	\$29,183,248	85.37%
Construction IFB (Low Bid)	\$61,203,776	\$482,036	0.79%
GRAND TOTAL	\$708,269,752	\$227,831,444	32.17%



Section 5.0 Analysis

5.1 Nationwide Impact of COVID-19 for Small and Diverse Business



The financial and economic impact from COVID-19 will reverberate for several decades. “The number of active business owners in the United States plummeted by 3.3 million or 22% over the crucial two-month period from February to April 2020. The drop in business owners was the largest on record, and losses were felt across nearly all industries and even for incorporated businesses. African-American businesses were hit especially hard experiencing a 41% drop.”¹ People of color represent about 40% of the population, but only 20% of the nation’s 5.6 million business owners with employees.² What will emerge? The landscape has changed. New thought processes will be developed. How business is conducted will forever change. For many SBs and SDBs, navigating a changed landscape can and will prove to be a fatal task. There are few resources for SBs and even fewer for black/minority owned businesses. The financial disparity

gap has widened exponentially, creating lasting impediments for minority businesses. Historical discrimination coupled with the lack of adequate and readily available resources only further illustrates the problem.

The lack of resources was most notably evident during the initial disbursement of the Paycheck Protection Program (PPP). The Small Business Administration, through the CARES Act initially allocated 60 billion dollars in April 2020, intending to infuse the economy while providing funding to small businesses to remain open and retain their employees. Many businesses hoped that the PPP funding would allow for their business to remain afloat during the pandemic. Part of the PPP policy was drafted with the intention of providing quick capital/funds for small business owners. The PPP policy also outlined how financial institutions were to disburse funding to businesses. Provisions were also in place for financial institutions to favor their existing customer base. The initial funding was exhausted within hours.

The premise behind PPP was promising but for most African Americans/minorities the pursuit was daunting, or funding was non-existent. “Research has found that black small business owners were significantly more likely to be asked to provide more information about their personal financials—including personal financial statements and personal W-2 forms—when applying for small business loans than white small business owners even when controlling for credit score and business characteristics.”³ Many African Americans/minority business owners never had a viable opportunity nor an existing banking relationship to apply for the initial PPP funding. Aware of how unbalanced the initial disbursement funds were made available, SBA introduced another round of PPP funding specifically targeting African Americans/minorities. But was it too late? Color of Change and Main Street Alliance conducted a nationwide poll surveying 600 small business owners representing a range of demographics on the

¹ Robert W. Fairlie, “THE IMPACT OF COVID-19 ON SMALL BUSINESS OWNERS: EVIDENCE OF EARLY-STAGE LOSSES FROM THE APRIL 2020 CURRENT POPULATION SURVEY,” National Bureau of Economic Research, June 2020, https://www.nber.org/system/files/working_papers/w27309/w27309.pdf

² Sifan Liu and Joseph Parilla, “Businesses owned by women and minorities have grown. Will COVID-19 undo that?” Brookings Institution, April 14, 2020, <https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that/>

³ Sifan Liu and Joseph Parilla, “Businesses owned by women and minorities have grown. Will COVID-19 undo that?” Brookings Institution, April 14, 2020, <https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that/>

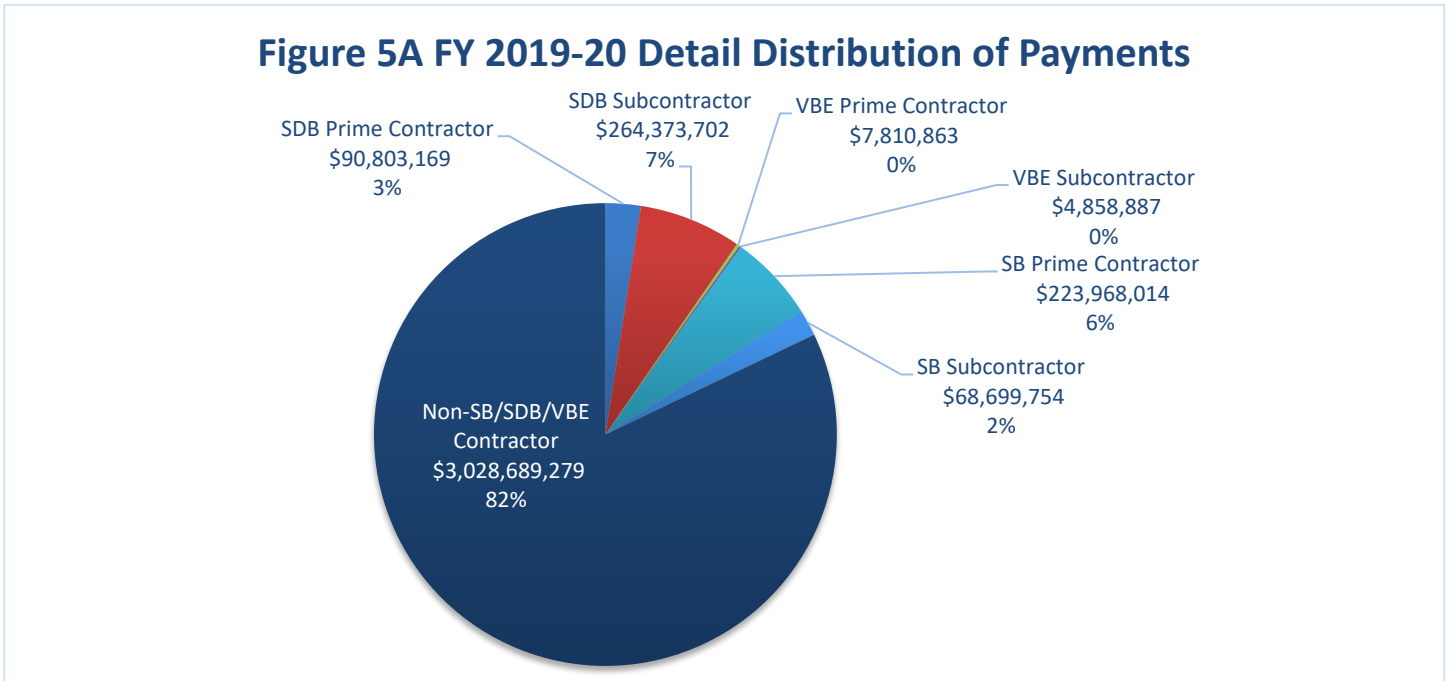


impact of COVID-19 and found that Black small businesses are on the brink of extinction, with 46% either already forced to close or planning to close within the next six months.⁴

Now, more than ever, we must embrace our differences and unique traits to fuel the economy. African Americans/minorities will be the catalyst for this resurgence, but only if allowed the opportunity, support, and resources to survive and prosper. There is value associated with investing in African American/minority owned businesses. As of 2019, they account for “employing nearly 8.7 million workers and annually generate more than \$1 trillion in economic output.”⁵

The Department of General Services is committed to implementing policies and programs that intend to improve the quality and quantity of opportunities for SBs, SDBs, and VBEs. We recognize there needs to be greater parity in the way that the commonwealth engages and awards opportunities to these business sectors. COVID-19 has posed a new threat of extinction for SBs, especially minority businesses.

5.2 Payments Analysis

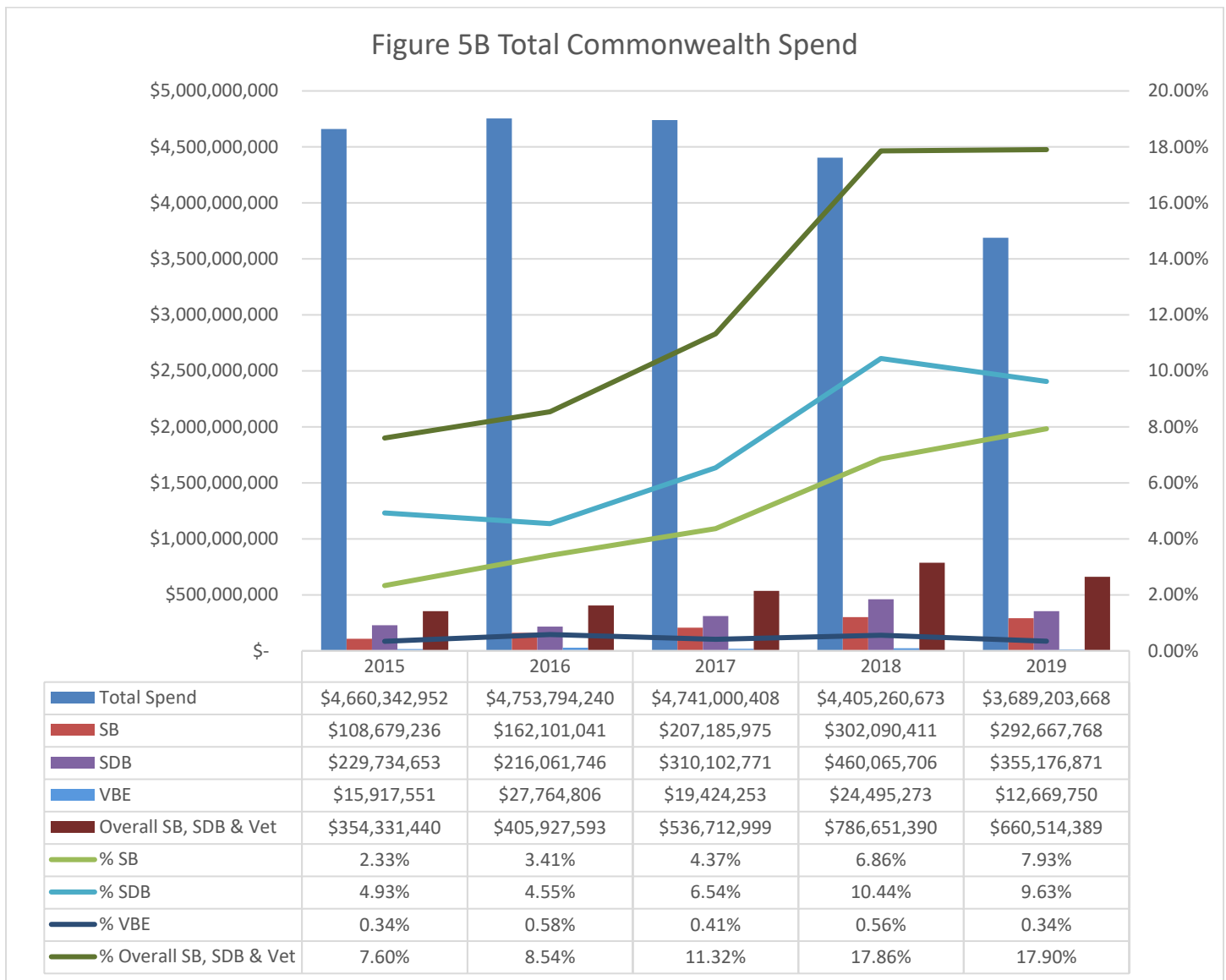


During FY 2019-20, total commonwealth expenditures for goods, services, and construction, adjusted for certain categories per industry best practices, were \$3,689,203,668 as demonstrated in **FIGURE 5A**, down \$716,057,005 from FY 2018-19. Together, registered SBs, SDBs, and VBEs received \$660,514,389, nearly 18% of these dollars. Although the commonwealth experienced a 16% decrease in expenditures due to the pandemic, the percentage of payments for our three socio-economic programs remained unchanged. This is a testament to the increased intentionality of the administration to polish the programs, educate and train the purchasers, and encourage the small business community to renew their faith in the premise of the programs.

⁴ Alesia Snell, Cate Gormley, and Emily Caramelli, “Small Business Owner Survey,” Lake Research Partners, September 2020, https://d3n8a8pro7vhmx.cloudfront.net/mainstreetalliance/pages/1045/attachments/original/1602791475/Report_FINAL_-_Main_Street_Alliance_Color_Of_Change_Poll_Data_10.14.20.pptx.pdf?1602791475

⁵ André Dua, Deepa Mahajan, Ingrid Millán, and Shelley Stewart, “COVID-19’s effect on minority-owned small businesses in the United States,” McKinsey & Company, accessed November 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states>

FIGURE 5B displays the trend of SB, SDB, and VBE percentages over the last five years. SB, SDB, and VBE payments have generally increased since 2015. Even this year, with the challenges incurred by COVID-19 and a significant reduction in commonwealth procurements for several months, the momentum was enough to carry the commonwealth through so that overall SB, SDB, and VBE participation remained steady. This was primarily due to the continued increase in SB participation which rose from 7% to 8%, offsetting slight declines in SDB and VBE participation. Keep in mind that the SB programs we implemented *do not* apply to the emergency spend of tens of millions of dollars related to the pandemic.

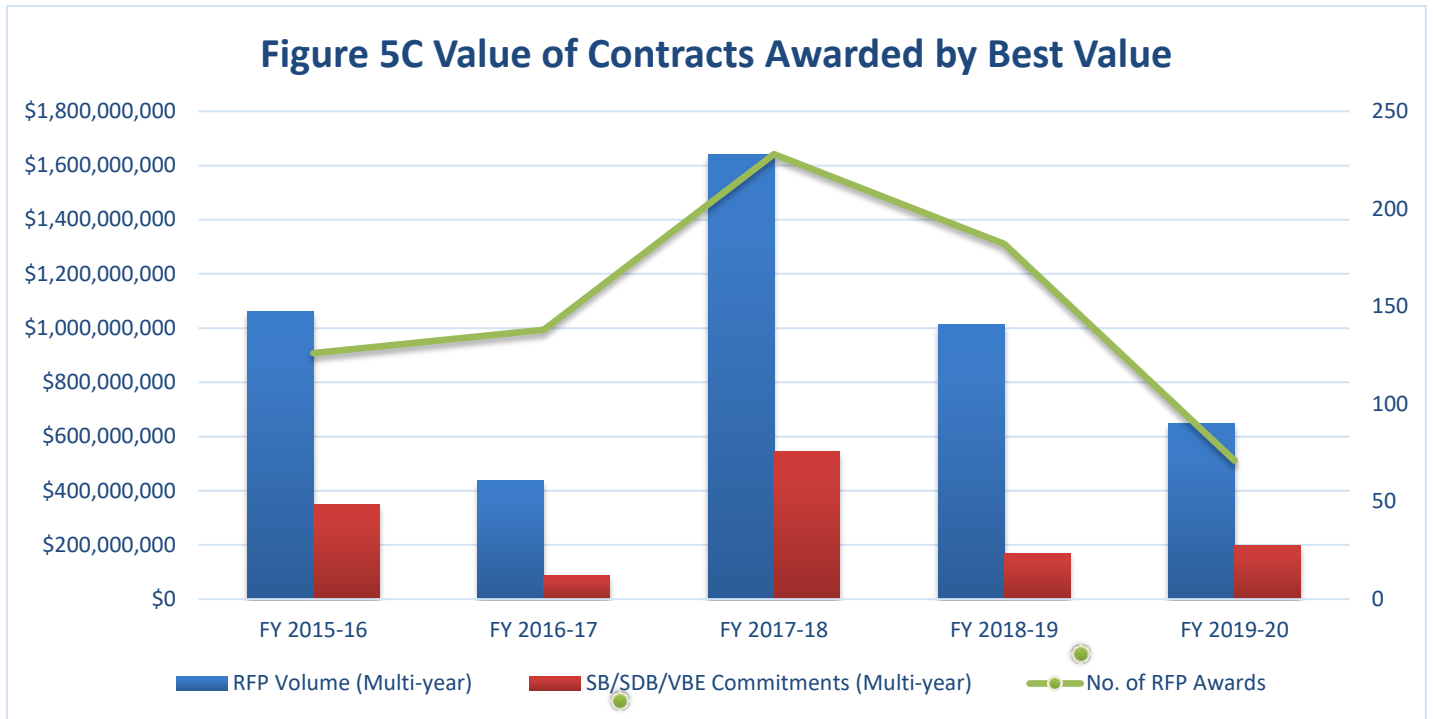


5.3 Commitments Analysis

Although the fiscal year’s contract award values, seen in **FIGURE 5C**, ebbed to \$708,269,752 from their 2018-19 level of \$1,097,697,174, likely due to the hurdles raised by the COVID-19 pandemic, commitments, including awards, to SBs, SDBs, and VBEs increased both in dollar volume, growing from \$173,556,209 to \$227,831,444, and percentage of total awards, growing from 16% to 32%.

The greatest improvement in SB, SDB, and VBE participation is seen in best value awards which grew from 17% of the award value in the previous fiscal year to 31% this year, returning to levels comparable to those witnessed in FY 2015-16 and FY 2017-18. Several larger contracts awarded during FY 2017-18 contributed to a spike in contract values. Two contracts for credit card services and communications and voice services alone totaled more than \$740 million, 45% of the total projected contract value for that year.

Of all procurement methods currently in use by the commonwealth for this fiscal year, the RFP remains the most effective at achieving SDB and VBE participation. We continue to work with commonwealth agencies to streamline and simplify the procurement processes to encourage continued use and ultimately increase SB, SDB, and VBE participation through the SBR program and goal setting activities.



Section 6.0 Accomplishments

During FY 2019-20, the commonwealth engaged in the following organizational program and policy changes, all with the goal of increasing opportunities for SBs and SDBs in commonwealth contracting:

- **On June 15, 2020 Governor Tom Wolf’s press release highlights some major efforts by BDISBO** <https://www.governor.pa.gov/newsroom/pennsylvania-launches-new-policies-to-increase-diversity-among-state-contractors/>
- **Despite the global pandemic’s effect on the last quarter of commonwealth spend, SB/SDB/VBE firms received \$660.5M in payments, which represented 18% of the commonwealth’s \$3.7B total applicable expenditures. The 18% participation rate was equal to last year’s percentage level. SDBs received \$355M or 10% of the commonwealth’s applicable expenditure, while last fiscal year SDBs received \$460M or 10% of the commonwealth total spend.**
- **BDISBO drafted and is pursuing legislative sponsorship** for changes to the Pennsylvania Procurement Code and Military and Veterans Code, which will provide a more robust statutory basis for its programs.
- **BDISBO celebrated the retirement of four highly esteemed staff members:** Ferzana Irani (20 years), Beth Nonemaker (22 years), Ronald Allen (43 years), and Vince Adigwu (22 years). Two of the retiree positions were replaced in the first quarter of FY 2020-21.
- **BDISBO continued to engage and train Agency SB/SDB Liaisons** by requiring submissions of annual strategic plans at a detailed agency level, which helped lead to the 20% increase in SBR program spend.
- **An engaged executive steering committee** 2018 Disparity Study recommendations to assist SBs, SDBs, and VBEs.



BDISBO STAFF

- **BDSIBO enhanced the VBE Program during the pilot phase of goal setting implementation** by actively promoting a minimum 3% VBE goal on all solicitations above the prescribed thresholds. These enhancements included revising registration details regarding the VBE Program and engaging in a concerted effort with legislators, Veterans associations and stakeholders to communicate the changes to the public.
- **BDISBO was the very first governmental agency in the country** to implement an all-in-one certification, goal setting, outreach, and compliance software application created by a minority-owned firm: PRiSM Compliance Management. As our program matures and grows, this application will streamline reporting capabilities and greatly improve program monitoring and compliance in the years to come.

COVID-19 Achievements

BDISBO created the COVID-19 Small & Small Diverse Business and Community Taskforce (S2DB&C Taskforce) to provide relief for rural and urban communities and small businesses during the COVID-19 crisis. Business and Civic leaders throughout the Commonwealth of Pennsylvania have come together to merge their expertise and capacity to assist the underrepresented citizens and businesses within the state.

- The taskforce utilizes its program to work diligently to ensure that small businesses can repurpose their capabilities and knowhow to support underrepresented members of our communities. Our focus is to administer a program with help from the federal and state government that oversees:



SECRETARY CURT TOPPER AND DEPUTY SECRETARY KERRY L. KIRKLAND

- **Contracts:** Construction of medical facilities, sanitization services, environmental testing, security, emergency supplies, food distribution, housing assistance and work training
- **Capital:** Deploy capital to small businesses by working with banks, community lending institutions, and the federal government.
- **Program Management:** Organize volunteers to remotely work with SBs and SDBs to develop a recovery plan, while shutdown is in place, in addition to providing contracting and capital management expertise to allow for firms to utilize their capital effectively to ensure the best use of federal and private funds.
- Through this initiative, the Taskforce deployed a state-of-the-art technology that can create mass quantities of cleaning and sterilization solutions to assist the commonwealth in providing a safe environment for employees and customers.
 - This program consists of testing heavily trafficked areas for biological contagions, then sterilizing the affected areas, and conducting a post application test. The goal will be to provide agencies with processes and procedures that can be used to ensure maximum efficacy of sterilization as employees begin returning to the workforce. The technology deployed at the Capitol Complex created 18 small business opportunities and 54 jobs!
 - To rapidly assist the SB community that could aid the commonwealth in the fight against COVID-19, BDISBO did email blasts, modified its webpage, and held virtual conferences to relay pertinent information to the business community such as:
 - **Understanding Emergency Procurements** - created customized information for the small business community. [www.dgs.pa.gov/Small%20Diverse%20Business%20Program/ Documents/Emergency%20Procurements.pdf](http://www.dgs.pa.gov/Small%20Diverse%20Business%20Program/Documents/Emergency%20Procurements.pdf)
 - **Commonwealth of Pennsylvania Critical Medical Supplies Procurement Portal** - Pennsylvania needs critical medical supplies. To fulfill this need, the Departments of Community and Economic Development, Health, General Services, and the Pennsylvania Emergency Management Agency have developed the Commonwealth of Pennsylvania Critical Medical Supplies Procurement Portal (the “Portal”) to source the most needed medical supplies. The Portal is for manufacturers, distributors, and other suppliers to inform us of supplies available for purchase and will allow us to more quickly and efficiently procure these supplies for hospitals and medical facilities across Pennsylvania.
 - **Pennsylvania Manufacturing Call to Action Portal** - The Pennsylvania Department of Community & Economic Development – in collaboration with its strategic partners – mobilized manufacturers that produce critical medical supplies and products in response to the COVID-19 pandemic. It allowed the commonwealth to:
 - Match manufacturers and distributors to fill specific supply chain needs to meet increasing demands for medical supplies and related products.
 - Assist manufacturers that have workforce needs or gaps and aid them in identifying skilled workers.
 - Identify manufacturers that can pivot or innovate to fulfill the demand for medical supplies and related products.
 - **Federal Sourcing FEMA** - Federal Emergency Management Agency USACE- United States Army Corps of Engineer Other Resources – DOD, PEMA
 - **Federal and State COVID-19 Stimulus Resources Economic Injury Disaster Loans (EIDL)** – Federally funded COVID-19 Working Capital Access (CWCA) - PA Industrial Development Authority (PIDA) funded Paycheck Protection Program – Federally funded via the SBA

Section 7.0 Recommendations

The commonwealth remains committed to working to meet the following self-imposed recommendations:

- Promote greater SB, SDB, and VBE 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. One such way may be to include SDB and VBE participation requirements for certain competitively awarded grants and loans if appropriate.”



- Investigate the opportunities to convert or establish ITQs solely for SBR Program.
- Provide “hands-on” technical assistance to SDBs. Access to capital is critical to ensuring the success of businesses; therefore, the commonwealth is also exploring funding to provide technical assistance and access to capital initiatives by private sector experts.
- Work to improve and expand public and private sector workforce development programs.
- 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, SDBs and VBEs and the total number 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 government and in the private sector by collaborating with key stakeholders.
- Increase the virtual outreach mechanisms to assist registered SBs and to reach those businesses that would qualify as SBs, SDBs, and VBEs but have not yet engaged with the BDISBO program.
- Remove the employee size standard from law, allowing this standard to be controlled by DGS. Currently, the Pennsylvania Procurement Code sets the size standard for small businesses at 100 or fewer employees. The commonwealth believes that this statutory-set limit is stunting the growth of SBs, SDBs, and VBEs that still need the assistance of the BDISBO program to be successful. DGS is working to forward 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, SDBs, and VBEs that require assistance.
- Increase the number of businesses participating in the Veterans Program by engaging in a concerted effort with legislators, Veterans associations and stakeholders.

Appendix of Procurement Methods

Methods of Contractor Selection and Award

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

Effective January 27, 2020, Curt Topper, Secretary of General Services, directed all agencies to utilize the competitive sealed proposals (RFP/RFQ) process to conduct competitive procurements for new contracts for supplies and services over \$250,000 unless another procurement method is approved by the chief procurement officer. This threshold, increased from \$50,000, aligned with the BDISBO's goal setting threshold of \$250,000 and over.

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' 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** award a potential business to one qualified supplier exclusively.
- **Multiple-award contracts** award a 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 Invitation to Qualify (ITQ) followed by a **Request for Quote (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 summer 2020, 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 must 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.

Beginning August 2020, the Department fully implemented the goal setting program for all IFBs. Under this new program, BDISBO and the Issuing Agency set 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



With regard to IFBs for construction, contract awards are based on price alone. Prior to implementation of goal setting, in order to be deemed responsive and responsible, construction contractors were required to meet certain requirements related to SDB participation, with SB firms receiving no preference. The department established a general Minimum Participation Level (MPL) for the utilization of SDB subcontractors, manufacturers, and suppliers for each of the four disciplines: general construction; Heating, Ventilation & Air Conditioning (HVAC); plumbing; and electrical. During FY 2019-20, DGS maintained an MPL of 8%. Awarded prime contractors had to choose either to “Opt-In” and meet the MPL or to make “Good Faith Efforts” (GFE) to include SDB and VBE participation. When the GFE option was chosen, contractors were subject to more stringent documentation

requirements. Percentages were calculated based upon the dollar amounts credited toward the MPL. The amount of contract-spend credited toward meeting the MPL depended upon the type of spend that included 100% for a subcontractor or manufacturer, 60% for a stocking supplier, and the commission fee up to 10% for a non-stocking supplier.

During FY 2019-20, of the 137 Public Works IFB projects, 28 primes (20%) chose the opt-in method to use SDBs. Therefore, 80% of the time vendors choose to use the good faith effort method.

Beginning in summer 2020, Public Works fully implemented the goal setting program for all its construction IFBs. Under this new program, BDISBO and Public Works 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 efforts waiver from those goals.

RFP

The general RFP process allows for direct consideration of SB, SDB, and VBE participation as a criterion for award. Historically, SB and SDB participation typically accounted for 20% of award decisions, with the remaining 80% dependent upon price and technical factors. During FY 2019-20, the commonwealth considered SB, SDB, and VBE participation as part of the RFP process. Beginning in late 2019 and continuing through FY 2019/20, more than 50 pilot solicitations were issued using the new goal setting policy as recommended by the 2018 Disparity Study. Effective August 2020, the Department fully implemented goal setting for all RFPs. Under this new program, 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 efforts waiver from those goals.

The Job Order Contracting (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 recently issued 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 Public Works traveled to

multiple regions of the commonwealth to recruit and educate businesses on the new paperwork and processes. These interactive discussions provided an opportunity to address the community's concerns, questions, and network.

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. Work required under an Invitation to Qualify 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 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.

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. **Small Business Reserve IFB and ITQ processes**

In accordance with DGS policy and consistent with the recent reinvigoration of the SBR program, commonwealth agencies have continued to designate certain number of solicitations as "SBR" opportunities. For these contracts, competition is formally restricted only to self-certified SBs (which includes SDBs and VBEs). Larger firms cannot be awarded contracts for procurements that have been designated as SBR. 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 is continuing to explore methods to improve upon the SBR process in order to be more effective throughout the various agencies. BDISBO worked with ITQ administrators to identify three (3) ITQ categories for SBR set-aside. They include the tree trimming & stump removal, moving and storage services, and catering services which went live in March of 2020.

Appendix of Tables

Section 2 Tables

TABLE 2c VERIFIED SDBs & VBES BY REGION, COUNTY, AND CLASSIFICATION

WESTERN PA	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Allegheny	43	111	16	4	5	13	5	197
	Armstrong	0	3	0	0	0	0	0	3
	Beaver	1	7	1	0	0	1	0	10
	Bedford	0	0	1	0	0	0	0	1
	Blair	0	8	0	0	0	3	1	12
	Butler	2	21	1	0	0	0	2	26
	Cambria	1	13	0	0	0	0	0	14
	Clarion	0	1	1	0	0	0	0	2
	Crawford	0	3	0	0	0	0	0	3
	Erie	1	14	0	0	0	2	0	17
	Fayette	1	4	0	0	0	1	0	6
	Forest	0	0	0	0	0	0	0	0
	Greene	0	1	0	0	0	0	0	1
	Indiana	1	3	0	0	0	1	0	5
	Jefferson	0	0	0	0	0	0	0	0
	Lawrence	0	1	0	0	0	0	2	3
	Mercer	2	6	0	0	0	0	1	9
	Somerset	0	2	1	0	0	0	0	3
	Venango	0	1	0	0	0	0	0	1
	Warren	0	2	0	0	0	0	0	2
	Washington	3	8	2	0	0	0	0	13
	Westmoreland	4	18	1	0	0	1	2	26
	TOTALS	59	227	24	4	5	22	13	354

CENTRAL PA	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Adams	0	1	0	0	0	0	1	2
	Cameron	0	0	0	0	0	0	0	0
	Centre	1	6	0	0	1	1	3	12
	Clearfield	0	3	1	0	0	0	1	5
	Clinton	0	0	0	0	0	2	0	2
	Cumberland	15	36	7	0	0	7	2	67
	Dauphin	24	29	5	3	1	5	0	67
	Elk	0	0	0	0	0	0	0	0
	Franklin	1	4	0	0	0	1	0	6
	Fulton	1	1	0	0	0	0	0	2
	Huntingdon	0	2	0	0	0	2	0	4
	Juniata	1	0	0	0	0	0	0	1
	Lancaster	7	9	1	0	0	1	1	19
	Lebanon	0	6	0	0	0	2	1	9
	Lycoming	1	2	0	0	1	0	0	4
	McKean	0	4	0	0	0	0	0	4
	Mifflin	0	0	0	0	0	0	0	0
	Northumberland	2	3	0	0	0	0	0	5

Perry	0	2	0	0	0	0	1	3
Potter	0	0	0	0	0	0	0	0
Snyder	0	0	0	0	0	0	0	0
Tioga	0	1	0	0	0	0	0	1
Union	0	1	0	0	0	0	1	2
York	2	19	0	0	0	2	0	23
TOTALS	55	129	14	3	3	23	11	238

EASTERN PA	COUNTY	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	Berks	4	9	1	0	0	3	1	18
	Bradford	0	1	1	0	0	0	1	3
	Bucks	14	29	2	0	1	3	1	50
	Carbon	0	1	1	0	0	0	0	2
	Chester	15	31	3	0	0	7	4	60
	Columbia	1	3	0	0	0	0	0	4
	Delaware	11	28	3	1	1	1	1	46
	Lackawanna	3	6	2	1	0	1	0	13
	Lehigh	5	11	0	0	0	3	1	20
	Luzerne	0	9	0	0	0	4	3	16
	Monroe	2	1	0	0	0	0	0	3
	Montgomery	30	56	6	0	1	5	2	100
	Montour	0	0	0	0	0	0	1	1
	Northampton	3	9	0	0	0	0	1	13
	Philadelphia	71	54	14	4	0	4	1	148
	Pike	0	0	0	0	0	0	0	0
	Schuylkill	1	0	1	0	0	1	0	3
	Sullivan	0	0	0	0	0	0	0	0
	Susquehanna	0	2	0	0	0	0	0	2
	Wayne	0	1	0	0	0	1	0	2
	Wyoming	0	0	0	0	0	0	0	0
	TOTALS	160	251	34	6	3	33	17	504

OUT-OF-STATE	MBE	WBE	MWBE	LGBTBE	DOBE	SDVBE	VBE	TOTAL
	204	211	54	9	4	47	9	538

Section 3 Tables

TABLE 3A PAYMENTS TO SBs BY AGENCY

Agency	Contractor Type	SB	Agency Total	%
Aging	Prime	\$588	\$588	0.00%
	Sub	\$0		
Agriculture	Prime	\$3,746,822	\$3,920,189	1.34%
	Sub	\$173,367		
Attorney General	Prime	\$328,892	\$328,892	0.11%
	Sub	\$0		
Auditor General	Prime	\$50,907	\$50,907	0.02%
	Sub	\$0		
Banking & Securities	Prime	\$33,961	\$33,961	0.01%
	Sub	\$0		
Civil Service Commission	Prime	\$0	\$0	0.00%
	Sub	\$0		
Commission on Crime & Delinquency	Prime	\$0	\$6,993	0.00%
	Sub	\$6,993		
Community & Economic Development	Prime	\$969,614	\$969,614	0.33%
	Sub	\$0		
Conservation & Natural Resources	Prime	\$22,509,128	\$22,509,128	7.69%
	Sub	\$0		
Corrections	Prime	\$10,507,013	\$41,437,551	14.16%
	Sub	\$30,930,538		
Drug and Alcohol Programs	Prime	\$732,388	\$732,388	0.25%
	Sub	\$0		
Education	Prime	\$3,497,504	\$3,658,849	1.25%
	Sub	\$161,345		
eHealth Partnership Authority	Prime	\$0	\$0	0.00%
	Sub	\$0		
Environmental Hearing Board	Prime	\$0	\$0	0.00%
	Sub	\$0		
Environmental Protection	Prime	\$20,630,697	\$20,630,697	7.05%
	Sub	\$0		
Ethics Commission	Prime	\$14,140	\$14,140	0.00%
	Sub	\$0		
Fish & Boat Commission	Prime	\$698,142	\$698,142	0.24%
	Sub	\$0		
Fish & Boat Commission with Game Commission	Prime	\$0	\$0	0.00%
	Sub	\$0		
Game Commission	Prime	\$4,339,698	\$4,339,698	1.48%
	Sub	\$0		
General Services	Prime	\$66,343,478	\$85,561,567	29.24%
	Sub	\$19,218,089		
Governor's Office	Prime	\$27,806	\$27,806	0.01%
	Sub	\$0		

Agency	Contractor Type	SB	Agency Total	%
Health	Prime	\$1,436,528	\$1,447,067	0.49%
	Sub	\$10,539		
Historical & Museum Commission	Prime	\$1,080,797	\$1,080,797	0.37%
	Sub	\$0		
Human Services	Prime	\$6,990,706	\$13,818,723	4.72%
	Sub	\$6,828,017		
Insurance	Prime	\$685,961	\$687,796	0.24%
	Sub	\$1,835		
Labor & Industry	Prime	\$4,750,827	\$6,504,645	2.22%
	Sub	\$1,753,818		
Lieutenant Governor	Prime	\$0	\$0	0.00%
	Sub	\$0		
Liquor Control Board	Prime	\$0	\$0	0.00%
	Sub	\$0		
Military & Veterans Affairs	Prime	\$8,076,102	\$8,076,102	2.76%
	Sub	\$0		
Milk Marketing Board	Prime	\$0	\$0	0.00%
	Sub	\$0		
Office of Administration	Prime	\$3,928,138	\$10,677,408	3.65%
	Sub	\$6,749,270		
Office of General Counsel	Prime	\$0	\$234,357	0.08%
	Sub	\$234,357		
Office of the Budget	Prime	\$0	\$0	0.00%
	Sub	\$0		
PA Emergency Management Agency	Prime	\$1,653,179	\$3,144,823	1.07%
	Sub	\$1,491,644		
PA Gaming Control Board	Prime	\$73,340	\$73,340	0.03%
	Sub	\$0		
PA Infrastructure Investment	Prime	\$12,350	\$12,350	0.00%
	Sub	\$0		
PA Municipal Retirement Board	Prime	\$190,824	\$456,665	0.16%
	Sub	\$265,841		
PA Port Authorities	Prime	\$30,750	\$30,750	0.01%
	Sub	\$0		
Patient Safety Authority	Prime	\$0	\$0	0.00%
	Sub	\$0		
Probation & Parole	Prime	\$0	\$0	0.00%
	Sub	\$0		
Public School Employees Retirement System	Prime	\$151,970	\$151,970	0.05%
	Sub	\$0		
Public Utility Commission	Prime	\$526,952	\$584,147	0.20%
	Sub	\$57,195		
Revenue	Prime	\$448,082	\$454,806	0.16%
	Sub	\$6,724		
State Department	Prime	\$1,760,481	\$1,859,019	0.64%

Agency	Contractor Type	SB	Agency Total	%
State Employees Retirement System	Sub	\$98,538	\$249,842	0.09%
	Prime	\$183,145		
State Police	Sub	\$66,697	\$6,525,833	2.23%
	Prime	\$6,525,833		
State System of Higher Education	Sub	\$0	\$0	0.00%
	Prime	\$0		
Transportation	Sub	\$0	\$51,676,218	17.66%
	Prime	\$51,031,271		
Total	Prime		\$223,968,014	77%
	Sub		\$68,699,754	23%
	Total		\$292,667,768	100%

TABLE 3B DISTRIBUTION OF SB SUBCONTRACT PAYMENTS BY COUNTY – NON-CONSTRUCTION

County	Value	%	Count	%
Adams	\$122,113	0.23%	1	1.75%
Allegheny	\$7,875,269	14.59%	3	5.26%
Cumberland	\$5,916,180	10.96%	4	7.02%
Dauphin	\$5,636,613	10.45%	4	7.02%
Fayette	\$11,867	0.02%	1	1.75%
Lehigh	\$20,000	0.04%	1	1.75%
Montgomery	\$1,961	0.00%	1	1.75%
Northampton	\$11,277	0.02%	1	1.75%
Philadelphia	\$6,003,090	11.12%	7	12.28%
York	\$5,743	0.01%	2	3.51%
Berks	\$22,540	0.04%	1	1.75%
Cambria	\$17,478	0.03%	1	1.75%
Chester	\$37,577	0.07%	1	1.75%
Crawford	\$81,479	0.15%	1	1.75%
Erie	\$9,986	0.02%	2	3.51%
Lebanon	\$6,993	0.01%	1	1.75%
Lycoming	\$146,845	0.27%	1	1.75%
Westmoreland	\$356,210	0.66%	1	1.75%
DELAWARE	\$3,839	0.01%	2	3.51%
Out-of-state	\$27,673,662	51.28%	21	36.84%
Grand Total	\$53,960,722	100.00%	57	100.00%

TABLE 3C DISTRIBUTION OF SB SUBCONTRACT PAYMENTS BY COUNTY – CONSTRUCTION

County	Value	Value %	Count	%
Allegheny	\$ 1,277,346	8.67%	11	14.10%
Beaver	\$ 407,395	2.76%	1	1.28%
Bedford	\$ 288,973	1.96%	3	3.85%
Berks	\$ 251,594	1.71%	2	2.56%
Blair	\$ 244,231	1.66%	5	6.41%
Bucks	\$ 669,413	4.54%	1	1.28%
Butler	\$ 42,702	0.29%	2	2.56%
Cambria	\$ 859,476	5.83%	2	2.56%
Chester	\$ 56,689	0.38%	2	2.56%
Clarion	\$ 373,199	2.53%	2	2.56%
Crawford	\$ 14,495	0.10%	1	1.28%
Cumberland	\$ 604,755	4.10%	5	6.41%
Dauphin	\$ 1,910,485	12.96%	2	2.56%
Delaware	\$ 37,908	0.26%	1	1.28%
Indiana	\$ 486,002	3.30%	1	1.28%
Jefferson	\$ 11,165	0.08%	1	1.28%
Lackawanna	\$ 319,388	2.17%	3	3.85%
Lancaster	\$ 37,256	0.25%	1	1.28%
Lawrence	\$ 177,994	1.21%	2	2.56%
Luzerne	\$ 182,257	1.24%	5	6.41%
Lycoming	\$ 1,016,438	6.90%	3	3.85%
Mercer	\$ 111,569	0.76%	1	1.28%
Mifflin	\$ 44,600	0.30%	1	1.28%
Montgomery	\$ 435,042	2.95%	3	3.85%
Northampton	\$ 373,338	2.53%	1	1.28%
Philadelphia	\$ 28,040	0.19%	2	2.56%
Somerset	\$ 1,232,121	8.36%	2	2.56%
Susquehanna	\$ 233,670	1.59%	1	1.28%
Venango	\$ 51,603	0.35%	1	1.28%
Westmoreland	\$ 95,114	0.65%	1	1.28%
Wyoming	\$ 143,621	0.97%	1	1.28%
York	\$ 237,767	1.61%	3	3.85%
Out-of-state	\$ 2,483,386	16.85%	6	7.69%
Grand Total	\$14,739,032	100.00%	78	100.00%

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

Agency	Contractor	M	W	MW	G	D	S	V	Total
Aging	Prime	\$0	\$155,447	\$0	\$0	\$0	\$0	\$0	\$155,447
	Sub	\$1,285,580	\$9,101,349	\$0	\$0	\$0	\$0	\$0	\$10,386,929
Agriculture	Prime	\$0	\$695,906	\$0	\$0	\$0	\$0	\$0	\$695,906
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Attorney General	Prime	\$0	\$74,980	\$0	\$0	\$0	\$0	\$0	\$74,980
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auditor General	Prime	\$0	\$4,405	\$0	\$0	\$0	\$0	\$0	\$4,405
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Banking & Securities	Prime	\$0	\$30,000	\$0	\$0	\$0	\$0	\$0	\$30,000
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Civil Service Commission	Prime	\$0	\$23,526	\$0	\$0	\$0	\$0	\$0	\$23,526
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commission on Crime & Delinquency	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$0	\$223,747	\$0	\$0	\$0	\$0	\$0	\$223,747
Community & Economic Development	Prime	\$2,039,322	\$7,124,092	\$0	\$0	\$0	\$0	\$0	\$9,163,414
	Sub	\$0	\$2,243,139	\$0	\$0	\$0	\$0	\$0	\$2,243,139
Conservation & Natural Resources	Prime	\$580,263	\$3,096,668	\$51,934	\$0	\$0	\$0	\$650,548	\$4,379,413
	Sub	\$24,017	\$1,632,076	\$0	\$0	\$0	\$14,670	\$483,273	\$2,154,036
Corrections	Prime	\$36,450	\$759,128	\$94,976	\$0	\$0	\$37,379	\$164,158	\$1,092,091
	Sub	\$10,147,352	\$7,970,365	\$22,172,028	\$0	\$0	\$0	\$2,008,300	\$42,298,045
Drug and Alcohol Programs	Prime	\$0	\$947,904	\$0	\$0	\$0	\$0	\$0	\$947,904
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Education	Prime	\$43,963	\$933,141	\$0	\$0	\$0	\$0	\$0	\$977,104
	Sub	\$2,644,303	\$2,649,981	\$0	\$0	\$0	\$733,993	\$0	\$6,028,277
Environmental Hearing Board	Prime	\$0	\$19,418	\$0	\$0	\$0	\$0	\$0	\$19,418
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Protection	Prime	\$166,874	\$3,017,276	\$21,792	\$0	\$0	\$0	\$162,661	\$3,368,603
	Sub	\$315,331	\$178,293	\$0	\$0	\$0	\$0	\$0	\$493,624
Ethics Commission	Prime	\$0	\$6,594	\$0	\$0	\$0	\$0	\$0	\$6,594
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fish & Boat Commission	Prime	\$0	\$154,592	\$0	\$0	\$0	\$0	\$0	\$154,592
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fish & Boat Commission with Game Commission	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$102,000	\$1,968,506	\$0	\$0	\$0	\$0	\$0	\$2,070,506
Game Commission	Prime	\$0	\$421,943	\$0	\$0	\$3,598	\$17,672	\$0	\$443,213
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Services	Prime	\$1,678,720	\$18,417,388	\$964,004	\$0	\$0	\$2,157,834	\$5,642,342	\$28,860,288
	Sub	\$5,066,713	\$20,394,713	\$10,775,309	\$0	\$0	\$708,954	\$39,913	\$36,985,602
Governor's Office	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$123,900	\$123,900
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Health	Prime	\$169,369	\$6,260,354	\$0	\$0	\$0	\$0	\$0	\$6,429,723
	Sub	\$0	\$118,207	\$0	\$0	\$0	\$0	\$0	\$118,207
Historical & Museum Commission	Prime	\$89,980	\$378,657	\$0	\$0	\$0	\$0	\$7,370	\$476,007
	Sub	\$0	\$115,949	\$0	\$0	\$0	\$0	\$0	\$115,949
Human Services	Prime	\$320,932	\$5,168,124	\$233,162	\$0	\$0	\$2,773,626	\$613,490	\$9,109,334
	Sub	\$25,166,371	\$37,767,733	\$7,098,750	\$126,328	\$0	\$2,061,026	\$2,092,152	\$74,312,360
Insurance	Prime	\$0	\$807,152	\$180	\$0	\$0	\$0	\$0	\$807,332
	Sub	\$122,092	\$320,310	\$0	\$0	\$0	\$0	\$0	\$442,402
Labor & Industry	Prime	\$469,464	\$1,989,688	\$398,274	\$0	\$0	\$43,455	\$12,000	\$2,912,881

Agency	Contractor	M	W	MW	G	D	S	V	Total
	Sub	\$2,197,948	\$4,958,945	\$2,008,558	\$0	\$0	\$0	\$0	\$9,165,451
Liquor Control Board	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$4,800	\$4,800
	Sub	\$448,344	\$176,129	\$0	\$0	\$0	\$0	\$0	\$624,473
Military & Veterans Affairs	Prime	\$3,964	\$1,371,638	\$0	\$0	\$0	\$335,967	\$0	\$1,711,569
	Sub	\$0	\$91,187	\$0	\$0	\$0	\$0	\$0	\$91,187
Office of Administration	Prime	\$681,160	\$5,338,939	\$0	\$0	\$0	\$0	\$0	\$6,020,099
	Sub	\$19,416,529	\$9,320,297	\$2,170,643	\$0	\$0	\$0	\$235,249	\$31,142,718
Office of General Counsel	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$294,699	\$181,305	\$0	\$0	\$0	\$0	\$0	\$476,004
Office of the Budget	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$0	\$0	\$13,725	\$0	\$0	\$0	\$0	\$13,725
PA Emergency Management Agency	Prime	\$75,390	\$648	\$0	\$0	\$0	\$0	\$0	\$76,038
	Sub	\$143,720	\$35,614	\$25,009	\$0	\$0	\$0	\$0	\$204,343
PA Gaming Control Board	Prime	\$0	\$15,864	\$0	\$0	\$0	\$0	\$0	\$15,864
	Sub	\$0	\$758,091	\$0	\$0	\$0	\$0	\$0	\$758,091
PA Infrastructure Investment	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$0	\$60,686	\$0	\$0	\$0	\$0	\$0	\$60,686
PA Municipal Retirement Board	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$0	\$144,200	\$0	\$0	\$0	\$0	\$0	\$144,200
PA Port Authorities	Prime	\$0	\$13,023	\$0	\$0	\$0	\$0	\$0	\$13,023
	Sub	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public School Employees Retirement System	Prime	\$50,135	\$22,556	\$0	\$0	\$0	\$0	\$0	\$72,691
	Sub	\$20,876	\$4,248,481	\$0	\$0	\$0	\$0	\$0	\$4,269,357
Public Utility Commission	Prime	\$0	\$140,170	\$0	\$0	\$0	\$0	\$344,486	\$484,656
	Sub	\$477,868	\$174,759	\$1,000	\$0	\$0	\$82,669	\$0	\$736,296
Revenue	Prime	\$0	\$721,018	\$398,030	\$0	\$0	\$0	\$0	\$1,119,048
	Sub	\$13,500,676	\$2,799,002	\$78,720	\$0	\$0	\$0	\$0	\$16,378,398
State Department	Prime	\$1,017,862	\$2,371,565	\$0	\$0	\$0	\$1,850	\$0	\$3,391,277
	Sub	\$2,476	\$300,355	\$55,331	\$0	\$0	\$0	\$0	\$358,162
State Employees Retirement System	Prime	\$37,879	\$712,539	\$3,375	\$0	\$0	\$0	\$0	\$753,793
	Sub	\$1,008,462	\$1,185,996	\$0	\$0	\$0	\$0	\$0	\$2,194,458
State Police	Prime	\$498,823	\$1,335,938	\$39,711	\$0	\$0	\$40,051	\$55,634	\$1,970,157
	Sub	\$245,306	\$1,397,752	\$0	\$0	\$0	\$0	\$0	\$1,643,058
State System of Higher Education	Prime	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub	\$27,000	\$0	\$62,962	\$0	\$0	\$0	\$0	\$89,962
Transportation	Prime	\$4,299,747	\$8,374,778	\$0	\$0	\$0	\$20,943	\$29,474	\$12,724,942
	Sub	\$6,173,276	\$2,745,485	\$14,090,436	\$0	\$0	\$0	\$0	\$23,009,197
Total	Prime	\$12,260,297	\$70,905,059	\$2,205,438	\$0	\$3,598	\$5,428,777	\$7,810,863	\$98,614,032
	Sub	\$88,830,939	\$113,262,652	\$58,552,471	\$126,328	\$0	\$3,601,312	\$4,858,887	\$269,232,589
	Total	\$101,091,236	\$60,757,909	\$184,167,711	\$60,757,909	\$3,598	\$9,030,089	\$12,669,750	\$367,846,621
	Percentage	22.51%	50.07%	16.52%	0.03%	0.00%	2.45%	3.44%	100%

TABLE 3F DISTRIBUTION OF SDB AND VBE SUBCONTRACT PAYMENTS BY CLASSIFICATION AND COUNTY – NON-CONSTRUCTION

SDB Classification	Value	%	Count	%
Minority Business Enterprise	\$86,688,528	35.33%	68	28.45%
Woman Business Enterprise	\$92,993,432	37.90%	129	53.97%
Minority, Woman Business Enterprise	\$58,262,377	23.74%	26	10.88%
LGBT Business Enterprise	\$126,328	0.05%	2	0.84%
Service-Disabled Veteran Business Enterprise	\$2,962,478	1.21%	9	3.77%
Veteran Business Enterprise	\$4,342,245	1.77%	5	2.09%
Grand Total	\$245,375,388	100.00%	239	100.00%

County	SDB Value		SDB Count		VBE Value		VBE Count		Total Value		Total Count	
	\$	%	#	%	\$	%	#	%	\$	%	#	%
Allegheny	\$18,994,661	7.74%	43	17.99%	\$0	0.00%	0	0.00%	\$18,994,661	7.74%	43	17.99%
Blair	\$217,432	0.09%	1	0.42%	\$0	0.00%	0	0.00%	\$217,432	0.09%	1	0.42%
Bucks	\$3,538,071	1.44%	4	1.67%	\$0	0.00%	0	0.00%	\$3,538,071	1.44%	4	1.67%
Butler	\$444,558	0.18%	3	1.26%	\$0	0.00%	0	0.00%	\$444,558	0.18%	3	1.26%
Cambria	\$1,656,880	0.68%	4	1.67%	\$0	0.00%	0	0.00%	\$1,656,880	0.68%	4	1.67%
Chester	\$4,899,939	2.00%	7	2.93%	\$2,092,152	0.85%	2	0.84%	\$6,992,091	2.85%	9	3.77%
Cumberland	\$39,731,014	16.19%	24	10.04%	\$0	0.00%	0	0.00%	\$39,731,014	16.19%	24	10.04%
Dauphin	\$32,937,562	13.42%	24	10.04%	\$0	0.00%	0	0.00%	\$32,937,562	13.42%	24	10.04%
Erie	\$1,636,410	0.67%	2	0.84%	\$0	0.00%	0	0.00%	\$1,636,410	0.67%	2	0.84%
Indiana	\$14,629	0.01%	1	0.42%	\$0	0.00%	0	0.00%	\$14,629	0.01%	1	0.42%
Lackawanna	\$159,658	0.07%	1	0.42%	\$0	0.00%	0	0.00%	\$159,658	0.07%	1	0.42%
Lancaster	\$17,441,040	7.11%	5	2.09%	\$0	0.00%	0	0.00%	\$17,441,040	7.11%	5	2.09%
Lebanon	\$217,751	0.09%	2	0.84%	\$0	0.00%	0	0.00%	\$217,751	0.09%	2	0.84%
Lehigh	\$42,667	0.02%	1	0.42%	\$0	0.00%	0	0.00%	\$42,667	0.02%	1	0.42%
Luzerne	\$14,670	0.01%	1	0.42%	\$0	0.00%	0	0.00%	\$14,670	0.01%	1	0.42%
Montgomery	\$16,336,475	6.66%	10	4.18%	\$0	0.00%	0	0.00%	\$16,336,475	6.66%	10	4.18%
Perry	\$110,321	0.04%	1	0.42%	\$2,008,300	0.82%	1	0.42%	\$2,118,621	0.86%	2	0.84%
Philadelphia	\$13,839,146	5.64%	26	10.88%	\$0	0.00%	0	0.00%	\$13,839,146	5.64%	26	10.88%
Washington	\$4,356	0.00%	1	0.42%	\$0	0.00%	0	0.00%	\$4,356	0.00%	1	0.42%
Westmoreland	\$805,337	0.33%	4	1.67%	\$0	0.00%	0	0.00%	\$805,337	0.33%	4	1.67%
York	\$112,691	0.05%	2	0.84%	\$0	0.00%	0	0.00%	\$112,691	0.05%	2	0.84%
Northampton	\$0	0.00%	0	0.00%	\$6,544	0.00%	1	0.42%	\$6,544	0.00%	1	0.42%
Out-of-state	\$84,790,831	34.56%	62	25.94%	\$235,249	0.10%	1	0.42%	\$85,026,080	34.65%	63	26.36%
Delaware	\$3,087,044	1.26%	5	2.09%	\$0	0.00%	0	0.00%	\$3,087,044	1.26%	5	2.09%
Grand Total	\$241,033,143	98.23%	234	97.91%	\$4,342,245	1.77%	5	2.09%	\$245,375,388	100.00%	239	100.00%

TABLE 3G FY 2018-19 DISTRIBUTION OF SDB AND VBE SUBCONTRACT PAYMENTS BY CLASSIFICATION AND COUNTY – CONSTRUCTION

SDB Classification	Value	%	Count	%
Minority Business Enterprise	\$2,142,411	8.98%	12	14.12%
Woman Business Enterprise	\$20,269,220	84.96%	61	71.76%
Minority, Woman Business Enterprise	\$290,094	1.22%	2	2.35%
Service-Disabled Veteran Business Enterprise	\$638,834	2.68%	8	9.41%
Veteran Business Enterprise	\$516,642	2.17%	3	3.53%
Grand Total	\$23,857,201	100.00%	85	100.00%

County	SDB Value		SDB Count		VBE Value		VBE Count		Total Value		Total Count	
	\$	%	#	%	\$	%	#	%	\$	%	#	%
Allegheny	\$5,866,540	24.59%	16	18.82%	\$0	0.00%	0	0.00%	\$5,866,540	24.59%	16	18.82%
Beaver	\$692	0.00%	1	1.18%	\$0	0.00%	0	0.00%	\$692	0.00%	1	1.18%
Blair	\$553,400	2.32%	3	3.53%	\$0	0.00%	0	0.00%	\$553,400	2.32%	3	3.53%
Bradford	\$138,440	0.58%	1	1.18%	\$0	0.00%	0	0.00%	\$138,440	0.58%	1	1.18%
Bucks	\$135,439	0.57%	1	1.18%	\$0	0.00%	0	0.00%	\$135,439	0.57%	1	1.18%
Butler	\$756,534	3.17%	4	4.71%	\$0	0.00%	0	0.00%	\$756,534	3.17%	4	4.71%
Cambria	\$5,745	0.02%	1	1.18%	\$0	0.00%	0	0.00%	\$5,745	0.02%	1	1.18%
Centre	\$3,646,000	15.28%	3	3.53%	\$0	0.00%	0	0.00%	\$3,646,000	15.28%	3	3.53%
Chester	\$212,098	0.89%	4	4.71%	\$0	0.00%	0	0.00%	\$212,098	0.89%	4	4.71%
Clearfield	\$1,781,484	7.47%	2	2.35%	\$0	0.00%	0	0.00%	\$1,781,484	7.47%	2	2.35%
Cumberland	\$1,082,983	4.54%	4	4.71%	\$0	0.00%	0	0.00%	\$1,082,983	4.54%	4	4.71%
Dauphin	\$589,624	2.47%	5	5.88%	\$0	0.00%	0	0.00%	\$589,624	2.47%	5	5.88%
Erie	\$46,391	0.19%	1	1.18%	\$0	0.00%	0	0.00%	\$46,391	0.19%	1	1.18%
Fayette	\$24,534	0.10%	1	1.18%	\$0	0.00%	0	0.00%	\$24,534	0.10%	1	1.18%
Fulton	\$978,862	4.10%	1	1.18%	\$0	0.00%	0	0.00%	\$978,862	4.10%	1	1.18%
Indiana	\$60,744	0.25%	1	1.18%	\$0	0.00%	0	0.00%	\$60,744	0.25%	1	1.18%
Lancaster	\$710,757	2.98%	1	1.18%	\$39,913	0.17%	2	2.35%	\$750,670	3.15%	3	3.53%
Luzerne	\$62,044	0.26%	2	2.35%	\$0	0.00%	0	0.00%	\$62,044	0.26%	2	2.35%
Mercer	\$81,591	0.34%	2	2.35%	\$0	0.00%	0	0.00%	\$81,591	0.34%	2	2.35%
Montgomery	\$269,412	1.13%	5	5.88%	\$0	0.00%	0	0.00%	\$269,412	1.13%	5	5.88%
Union	\$0	0.00%	0	0.00%	\$476,729	2.00%	1	1.18%	\$476,729	2.00%	1	1.18%
Venango	\$24,341	0.10%	1	1.18%	\$0	0.00%	0	0.00%	\$24,341	0.10%	1	1.18%
Westmoreland	\$3,666,932	15.37%	3	3.53%	\$0	0.00%	0	0.00%	\$3,666,932	15.37%	3	3.53%
York	\$698,035	2.93%	4	4.71%	\$0	0.00%	0	0.00%	\$698,035	2.93%	4	4.71%
Out-of-state	\$1,947,937	8.16%	15	17.65%	\$0	0.00%	0	0.00%	\$1,947,937	8.16%	15	17.65%
Grand Total	\$23,340,559	97.83%	82	96.47%	\$516,642	2.17%	3	3.53%	\$23,857,201	100.00%	85	100.00%

TABLE 3H P-CARD PAYMENTS TO SBs INCLUDING SBs VERIFIED AS SDB AND VBE

Agency	Payments	Agency	Payments
Aging	\$3,201	Insurance	\$2,075
Agriculture	\$216,590	Labor & Industry	\$741,671
Attorney General	\$76,505	Lieutenant Governor	\$682
Banking & Securities	\$10,120	Liquor Control Board	\$114,263
Civil Service Commission	\$2,929	Military & Veterans Affairs	\$685,680
Community & Economic Development	\$4,432	Milk Marketing Board	\$726
Conservation & Natural Resources	\$719,823	Office of Administration	\$80,648
Corrections	\$1,136,876	PA Emergency Management Agency	\$50,509
Education	\$190	PA Gaming Control Board	\$4,224
Environmental Protection	\$114,962	PA Municipal Retirement Board	\$155
Ethics Commission	\$3,732	Public School Employees Retirement System	\$24,985
Fish & Boat Commission	\$138,632	Public Utility Commission	\$5,514
Game Commission	\$261,049	Revenue	\$71,471

Agency	Payments	Agency	Payments
General Services	\$663,078	State Department	\$114,844
Health	\$46,401	State Employees Retirement System	\$2,112
Historical & Museum Commission	\$63,573	State Police	\$149,360
Human Services	\$1,532,981	Transportation	\$2,702,436
TOTAL			\$9,746,429

Section 4 Tables

TABLE 4B AWARDS & COMMITMENTS

CATEGORY	AWARDS	SB, SDB, VBE COMMITMENTS					
		PRIME	%	SUB	%	TOTAL	%
Procurement Best Value <i>RFP/RFQ</i>	612,882,729	\$118,016,350	19.26%	\$80,149,811	13.08%	\$198,166,160	32.33%
Construction Design & Best Value <i>RFP/JOC/GESA</i>	\$34,183,248	\$29,183,248	85.37%	\$0	0.00%	\$29,183,248	85.37%
Construction IFB <i>Low Bid</i>	\$61,203,776	\$0	0.00%	\$482,036	0.79%	\$482,036	0.79%
GRAND TOTAL	\$708,269,752	\$147,199,597	20.78%	\$80,631,847	11.38%	\$227,831,444	32.17%