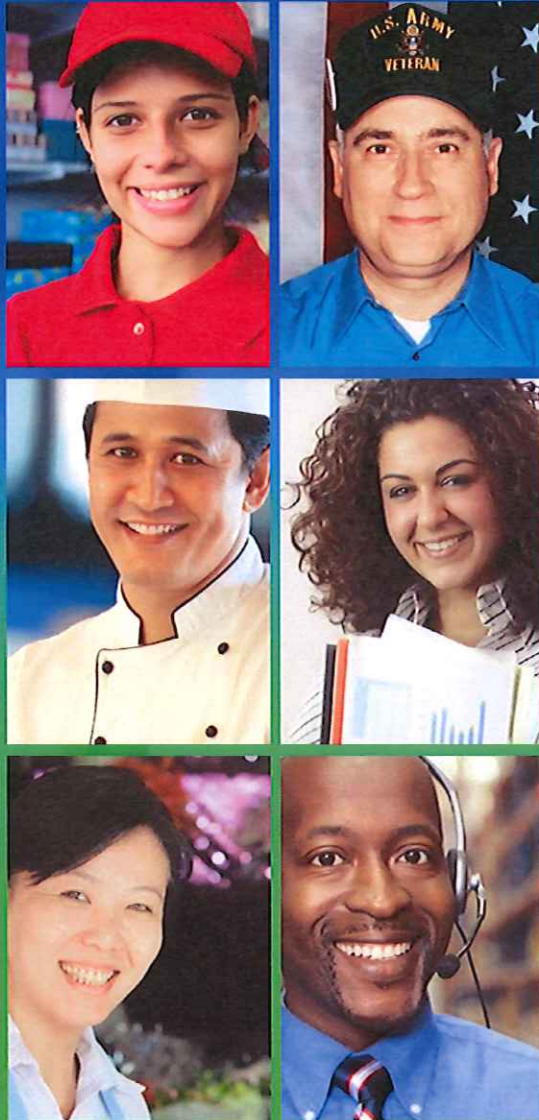


BUREAU OF SMALL BUSINESS OPPORTUNITIES ANNUAL REPORT | FISCAL YEAR 2012-2013



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Tom Corbett
Governor

Sheri Phillips
Secretary of General Services

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Message from Secretary Sheri Phillips



On behalf of Governor Tom Corbett, it is my pleasure to present the Fiscal Year 2012-2013 Bureau of Small Business Opportunities Annual Report on the participation of small diverse businesses in state contracting opportunities. The Department of General Services, or DGS – as the agency responsible for the purchase of the Commonwealth's goods and services and the administration of state-funded public works construction projects – is committed to ensuring small diverse businesses are afforded opportunities to do business with the state as prime contractors, subcontractors, suppliers and professional service providers.

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

As we move forward, we will enhance our outreach efforts to improve small diverse business participation through streamlined registration, easier navigation of the state contracting process and training to make their experience with the Commonwealth a successful one.

We are definitely off to a good start, but we are aware of the hard work ahead of us. We also understand that it will take a concerted effort among the Corbett Administration, small and small diverse businesses, their advocates, other stakeholders and the General Assembly to ensure success. We all have a role to play in the revitalization of our economy and it starts by supporting and advancing programs that promote the growth and sustainability of all businesses.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sheri Phillips', written in a cursive style.

Sheri Phillips
Secretary of the Department of General Services

Executive Overview¹

In Fiscal Year 2012-13, the Bureau of Small Business Opportunities (BSBO) created and began the transition toward implementing two new programs that will increase opportunities for small and small diverse businesses to become prime contractors and subcontractors on Commonwealth contracts. In addition, the BSBO has the responsibility to assist and train small and small diverse businesses in doing business with state government agencies.

One of the two new programs is the Small Business Procurement Initiative (SBPI), which is race and gender neutral and primarily intended to provide prime contracting opportunities for Commonwealth self-certified small businesses. The other new program is the Small Diverse Business (SDB) program, which will assist Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs), and has been expanded to include Veteran Business Enterprises (VBEs), and Service-Disabled Veteran Business Enterprises (SDVBEs) under Act No. 185 of 2012. Moving forward, Veteran and Service-Disabled Veteran-Owned small businesses will benefit from the same opportunities available to Minority and Women-Owned businesses (collectively hereafter, Small Diverse Businesses or SDBs).

This report details the Bureau's achievements during the Fiscal Year 2012-13. Some of this year's significant milestones include:

- The total number of small businesses self-certified in SBPI was 3,630.
- Almost 58% (2,093) of small businesses were also verified as small diverse businesses.
- SDBs include 524 MBEs (25% of total Small Diverse); 1,228 WBEs (59% of total Small Diverse); 251 MWBEs (12% of total Small Diverse); and 90 VBEs and SDVBEs (4% of total Small Diverse).
- SDBs realized in excess of \$121 million in commitments or 21.99% of the contract amounts available.
- A new on-line self-certification process was implemented for small businesses, as well as an on-line verification process for SDBs.
- New compliance business processes for BSBO's Procurement, Construction and Verification Units have been implemented.
- Moving forward, BSBO will take steps to ensure the continued success and development of these new programs by:
 - Improving the participation of small and small diverse businesses.
 - Enhancing the online application process for small diverse business verification with streamlined functionality.
 - Increasing compliance efforts to enforce commitments and prevent fraud.

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

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

Overall Accomplishments in Fiscal Year 2012-2013

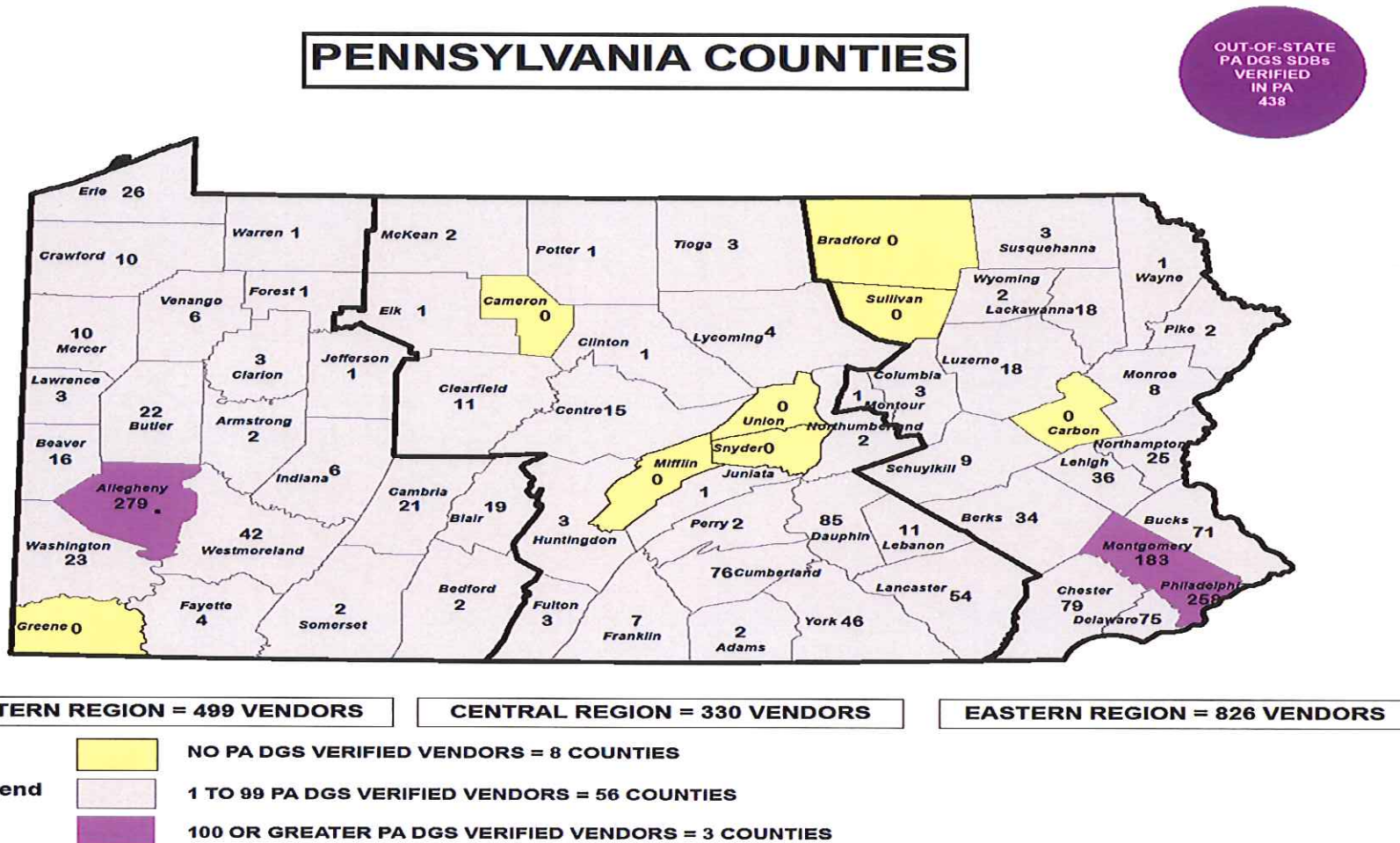
During the 2012-2013 Fiscal Year, the Department of General Services (DGS) through BSBO in partnership with all state agencies, has taken steps to ensure continued progress in affording maximum opportunities to small and small diverse businesses as well as increasing access to information on those opportunities. Key accomplishments include:

- Published the new Statement of Policy for the SBPI self-certification and SDB program verification procedures.
- Developed an electronic process for the self-certification of small businesses and interim verification process of SDBs resulting in a significant reduction in the amount of time necessary for clients to secure SBPI certification and/or SDB verification with the Commonwealth of Pennsylvania.
- Continued improvements made to the department's websites. The websites provide user-friendly access to information regarding the Small Business self-certification application process and the SDB verification program.
- Restructured the SDB programs for both procurement of goods and services and construction projects.
- Strengthened the enforcement of prime contractor commitments to SDBs through compliance auditing and investigations, and taking prompt action in instances of false representation or abuse of program guidelines.
- Provided SDB program construction contract compliance training to independent agencies not under the Governor's jurisdiction.
- Developed a comprehensive SDB Construction & Professional Design workshop. This training program is designed to assist SDB subcontractors, suppliers, and construction and design consultants with program guidelines and procurement protocols.
- Collaborated on training efforts with associations and organizations that represent the SDB community.

Map of Small Diverse Businesses

During the 2012-2013 Fiscal Year, there were a total of 2,093 DGS verified SDBs located throughout many of Pennsylvania's 67 counties and an additional 438 which are verified, but considered "Out-of-State" businesses.

There were a total of eight (8) counties which contained no SDBs, fifty-six (56) counties containing 1 to 99, and three (3) counties containing 100 or greater as reflected below.



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

Small Diverse Businesses by Region, County, and Classification Types

The chart provides regional and county data on the number of SDBs verified by DGS. Regionally, 499 or 23.84% of these SDBs were headquartered in **Western PA**; 330 or 15.77% in **Central PA**; and 826 or 39.46% in **Eastern PA**. The remaining 438 or 20.93% are considered **“Out-of-State”** SDBs.

MBEs represented **25.04%**; WBEs **58.67%**; MWBEs **11.99%**; and VBEs/SDVBEs **4.30%** of the total **2,093** SDB population.

WESTERN PA REGION - 499 SDBs						CENTRAL PA REGION - 330 SDBs						EASTERN PA REGION - 826 SDBs					
COUNTY	MBE	WBE	M/WBE	VBE SDVBE	TOTAL	COUNTY	MBE	WBE	M/WBE	VBE SDVBE	TOTAL	COUNTY	MBE	WBE	M/WBE	VBE SDVBE	TOTAL
Allegheny	60	180	29	10	279	Adams	0	2	0	0	2	Berks	7	25	2	0	34
Armstrong	0	2	0	0	2	Cameron	0	0	0	0	0	Bradford	0	0	0	0	0
Beaver	1	14	1	0	16	Centre	2	9	1	3	15	Bucks	14	51	6	0	71
Bedford	0	2	0	0	2	Clearfield	0	10	1	0	11	Carbon	0	0	0	0	0
Blair	1	17	0	1	19	Clinton	0	1	0	0	1	Chester	18	50	6	5	79
Butler	0	21	1	0	22	Cumberland	15	48	8	5	76	Columbia	0	3	0	0	3
Cambria	2	18	1	0	21	Dauphin	27	46	10	2	85	Delaware	13	38	17	7	75
Clarion	0	2	1	0	3	Elk	0	1	0	0	1	Lackawanna	1	16	0	1	18
Crawford	0	10	0	0	10	Franklin	0	6	0	1	7	Lehigh	7	25	4	0	36
Erie	3	21	1	1	26	Fulton	0	3	0	0	3	Luzerne	1	15	0	2	18
Fayette	1	3	0	0	4	Huntingdon	0	3	0	0	3	Monroe	1	2	4	1	8
Forest	0	1	0	0	1	Juniata	0	0	1	0	1	Montgomery	45	116	19	3	183
Greene	0	0	0	0	0	Lancaster	15	32	3	4	54	Montour	0	1	0	0	1
Indiana	2	4	0	0	6	Lebanon	2	8	0	1	11	Northampton	3	16	5	1	25
Jefferson	0	1	0	0	1	Lycoming	1	3	0	0	4	Philadelphia	100	96	58	4	258
Lawrence	0	2	0	1	3	McKean	0	2	0	0	2	Pike	0	2	0	0	2
Mercer	2	6	0	2	10	Mifflin	0	0	0	0	0	Schuylkill	3	3	0	3	9
Somerset	0	2	0	0	2	Northumberland	1	0	1	0	2	Sullivan	0	0	0	0	0
Venango	0	6	0	0	6	Perry	0	2	0	0	2	Susquehanna	0	3	0	0	3
Warren	0	1	0	0	1	Potter	0	1	0	0	1	Wayne	0	0	0	1	1
Washington	5	17	1	0	23	Snyder	0	0	0	0	0	Wyoming	0	2	0	0	2
Westmoreland	6	30	3	3	42	Tioga	0	2	0	1	3						
						Union	0	0	0	0	0						
						York	7	33	4	2	46						
TOTALS	83	360	38	18	499	TOTALS	70	212	29	19	330	TOTALS	213	464	121	28	826

TOTAL PA VERIFIED SDBs PER CLASSIFICATION	# OF SDBs
Minority Business Enterprises (MBEs)	524
Women Business Enterprises (WBEs)	1,228
Minority Women Business Enterprises (MWBEs)	251
Veteran and Service Disabled Veteran Business Enterprises (VBEs/SDVBEs)	90
Grand Total	2,093

OUT-OF-STATE - 438 SDBs					
COUNTY	MBE	WBE	M/WBE	VBE/ SDVBE	TOTAL
Out-of-State	158	192	63	25	438

Small Diverse Businesses by SDB Classification Types

These charts provide details regarding the number and percentage of small diverse business by each SDB classification type.

ALL SMALL DIVERSE BUSINESS CLASSIFICATION TYPES - FISCAL YEAR 2012-2013		
SDB Vendor Classification	Companies Verified	Percentage of Total Population
Minority Business Enterprises (MBE)	524	25.04%
Minority Veteran Business Enterprises (MVBE)	20	0.96%
Minority Service Disabled Veteran (MSDV)	4	0.19%
Woman Business Enterprises (WBE)	1,228	58.67%
Woman Veteran Business Enterprises (WVBE)	1	0.05%
Woman Service Disabled Veteran (WSDV)	3	0.14%
Minority Women Business Enterprises (MWBE)	251	11.99%
Minority Women Veteran Enterprises (MWVE)	1	0.05%
Minority Women Service Disabled Veteran (MWSD)	0	0.00%
Veteran Business Enterprises (VBE)	23	1.10%
Service Disabled Veteran Business Enterprises (SDVBE)	38	1.82%
TOTAL	2,093	100%

VETERANS - FISCAL YEAR 2012-2013		
SDB Vendor Classification	Companies Verified	Percentage of Total Population
Minority Veteran Business Enterprises (MVBE)	20	22.22%
Minority Service Disabled Veteran (MSDV)	4	4.44%
Woman Veteran Business Enterprises (WVBE)	1	1.11%
Woman Service Disabled Veteran (WSDV)	3	3.33%
Minority Women Veteran Enterprises (MWVE)	1	1.11%
Minority Women Service Disabled (MWSD)	0	0.00%
Veteran Business Enterprises (VBE)	23	25.56%
Service Disabled Veteran Business Enterprises (SDVBE)	38	42.22%
TOTAL	90	100%

Commonwealth Procurement Overview

The statutory requirements for procurement, as well as the Department's duties relative to providing assistance to SDBs, are established by the Commonwealth Procurement Code at 62 Pa. C.S. § 101. There are a multitude of different methods utilized in procuring a significant amount of these services, supplies, and construction, including Invitation-For-Bids (IFB), Request-For-Proposals (RFP) and Invitation-To-Qualify (ITQ).

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

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

The **ITQ** contracting method is a two-step process utilized for the procurement of select goods and services. This method uses a prequalification process that qualifies suppliers for specific services described in the ITQ. Agencies then fulfill their purchases as needed by soliciting Request-For-Quotes (RFQs) limited to the prequalified vendors on the ITQ contract. Work is awarded to individual contractors on a best value basis, which may consider elements such as SDB commitment, in addition to cost and technical merit.

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

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

Summary of Fiscal Year 2012-2013 Commonwealth Contract Awards and Commitments

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

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

SUMMARY OF CONTRACT AWARDS & SDB COMMITMENTS - FISCAL YEAR 2012-2013

CATEGORY OF SPENDING	TOTAL CONTRACT AWARD \$ VALUE	TOTAL SDB COMMITMENT \$ VALUE	TOTAL % COMMITMENT TO SDBs
PROCUREMENT GOODS & SERVICES			
Request For Proposals (RFPs)	\$440,535,920	\$85,271,690	19.36%
Invitation to Qualify (RFQs)	\$11,243,978	\$6,607,896	58.77%
IT - Staff Augmentation (ITQ)	\$64,042,488	\$25,826,559	40.33%
TOTAL	\$515,822,386	\$117,706,145	22.82%
CONSTRUCTION			
DGS Request For Proposals (RFPs)	\$0	\$0	0.00%
DGS Invitation For Bids (IFBs)	\$12,542,174	\$1,356,293	10.81%
Agency-delegated IFBs (DEP & DCNR)	\$16,642,707	\$1,252,519	7.53%
TOTAL	\$29,184,881	\$2,608,812	8.94%
PROFESSIONAL DESIGN			
Form 150 - Application For Specific Project	\$5,699,468	\$787,281	13.81%
GRAND TOTAL	\$550,706,735	\$121,102,238	21.99%

Procurement of Goods and Services

The data below represents procurement contract awards and associated SDB commitments detailed by purchasing agency for Fiscal Year 2012-2013. In addition, the Commonwealth awarded seven (7) no cost contracts. Of the seven awarded, five contained commitments to SDBs representative of a percentage of each respective contract and two represented a dollar commitment.

PROCUREMENT REQUEST FOR PROPOSALS/QUOTES - FISCAL YEAR 2012-2013

Agency	Number of RFP/RFQ's Issued	Number of Contracts Awarded	Total Procurement Prime Contract Awards	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %
Community & Economic Development	5	5	\$2,770,716	\$0	0.00%	\$302,770	10.93%	\$0	0.00%
Commission on Crime Delinquency	1	3	\$4,025,398	\$0	0.00%	\$298,762	7.42%	\$0	0.00%
Conservation & Natural Resources	1	2	\$50,000	\$25,000	50.00%	\$25,000	50.00%	\$0	0.00%
Corrections	1	1	\$1,983,000	\$0	0.00%	\$341,076	17.20%	\$0	0.00%
Education	2	2	\$11,818,564	\$1,306,800	11.06%	\$155,328	1.31%	\$0	0.00%
General Services	7	8	\$319,775,046	\$15,928,475	4.98%	\$56,828,939	17.77%	\$140,000	0.04%
Health	2	2	\$6,649,343	\$530,998	7.99%	\$0	0.00%	\$20,996	0.32%
Labor & Industry	3	7	\$24,850,000	\$806,050	3.24%	\$0	0.00%	\$0	0.00%
Office of Administration	5	7	\$24,170,500	\$4,014,800	16.61%	\$1,021,514	4.23%	\$0	0.00%
Office of Budget	1	4	\$333,833	\$24,483	7.33%	\$94,360	28.27%	\$0	0.00%
Penn Vest	1	1	\$181,800	\$0	0.00%	\$9,090	5.00%	\$00	0.00%
Public School Employees Retirement System	6	6	\$8,666,068	\$662,344	7.64%	\$10,998	0.13%	\$0	0.00%
Public Utility Commission	2	2	\$743,600	\$249,920	33.61%	\$0	0.00%	\$19,747	2.66%
Public Welfare	6	6	\$23,791,612	\$0	0.00%	\$674,699	2.84%	\$203,585	0.86%
State Department	3	3	\$3,568,870	\$6,742	0.19%	\$718,012	20.12%	\$0.	0.00%
Transportation	4	4	\$7,157,569	\$0	0.00%	\$625,416	8.74%	\$225,784.	3.15%
Grand Totals:	50	63	\$440,535,919	\$23,555,612	5.35%	\$61,105,964	13.87%	\$610,112	0.14%
Total Commitments to Small Diverse Businesses:						\$85,271,688		19.36%	

Note: For Fiscal Year 2012-2013 there were no prime or subcontract commitments awarded to Veteran- or Service- Disabled Veteran-Owned Businesses.

Information Technology / Invitation-To-Qualify (IT-ITQ)

The Office of Administration (OA) was delegated full authority over the procurement of Information Technology (IT) supplies and services. OA's Office for Information Technology (OA-OIT) formulates policy with regard to the identification and description of computer, electronic, telecommunications, and radio hardware, software and services to be procured by executive agencies and independent agencies for which DGS acts as the purchasing agency. The data below represents IT-ITQ contract awards and small diverse business commitments participation detail for the Fiscal Year 2012-2013.

IT-INVITATION-TO-QUALIFY (Request for Quotes>\$250,000) FISCAL YEAR 2012-2013

Agency	RFQ's Issued	# of Contracts Awarded	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %
Education	1	1	\$236,040	\$0	0.00%	\$47,208	20.00%	\$0.00	0.00%
Dept. of Environmental Protection	1	1	\$1,579,256	\$1,294,990	82.00%	\$284,266	18.00%	\$0.00	0.00%
Liquor Control Board	2	2	\$3,526,126	\$0	0.00%	\$3,526,126	100.00%	\$0.00	0.00%
Office of Administration	4	4	\$3,584,496	\$780,413	21.77%	\$192,706	5.38%	\$0.00	0.00%
Public Welfare	2	2	\$2,318,060	\$0	0.00%	\$482,185	20.80%	\$0.00	0.00%
Grand Totals:	10	10	\$11,243,978	\$2,075,403	18.46%	\$4,532,492	40.31%	\$0.00	0.00%
Total Commitments to Small Diverse Businesses:				\$6,607,894			58.77%		

Note: For Fiscal Year 2012-2013 there were no prime or subcontract commitments awarded to Veteran- or Service Disabled Veteran-Owned Businesses.

Enterprise IT Staff Augmentation Services

OA's Enterprise IT Staff Augmentation Services contract was developed to provide specialized, temporary IT resources to assist on short-term information technology projects. This contract serves as an enterprise solution and supports the state's strategic initiatives aimed at reducing costs, improving productivity and processes, increasing competition for IT services suppliers and expanding opportunities for SDBs. For Fiscal Year 2012-2013, the staff augmentation contract data is presented in two charts. The first represents a summary of all contract spend which includes existing engagements, contract renewals/extensions, etc. The second chart shows the amount of new engagements created under the contract.

STAFF AUGMENTATION SERVICES-FISCAL YEAR 2012-2013 (TOTAL CONTRACT SPEND) *

Agency	# of Engagements	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %
Office of Administration	475	\$64,042,488	\$12,978,445	20.27%	\$7,564,887	11.81%	\$5,283,228	8.25%
Total:	475	\$64,042,488	\$12,978,445	20.27%	\$7,564,887	11.81%	\$5,283,228	8.25%
Total Commitments to Small Diverse Businesses:					\$25,826,560		40.33%	

STAFF AUGMENTATION SERVICES-FISCAL YEAR 2012-2013 (NEW CONTRACT SPEND) *

Agency	# of Engagements	Total Value of Agency Contracts Prime Contracts	MBE Commitments	MBE %	WBE Commitments	WBE %	MWBE Commitments	MWBE %
Office of Administration	125	\$8,218,016	\$3,060,404	37.24%	\$358,818	4.37%	\$1,625,600	19.78%
Total:	125	\$8,218,016	\$3,060,404	37.24%	\$358,818	4.37%	\$1,625,600	19.78%
Total Commitments to Small Diverse Businesses:					\$5,044,822		61.39%	

Construction Overview

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

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

The Department implemented changes to the SDB program for construction during Fiscal Year 2012-2013. Among the changes were the inclusion of VBEs and SDVBEs in the program. The methodology for the former Disadvantaged Business Program was applied to construction contracts awarded from July through September 2012. However, the new SDB program was in effect for those contracts awarded from October 2012 through June 2013. Presented on the following page are details on contract awards under both the old and new programs followed by the total of both programs for the Fiscal Year 2012-2013.

It bears noting that the total dollar amounts of contracts awarded under the "Construction – New Program" are significantly lower (along with a coinciding drop in the total dollars committed to SDB's) in comparison to the prior year's report. This is due, in part, to a change in reporting method. Going forward under the new program, DGS will only report on projects where the final payments have been made during the fiscal year reporting period. Conversely, in the past, projects awarded but not completed during the fiscal year reporting period *were* included. This change has been implemented to provide more accuracy in reporting dollar amounts.

Another significant change in the reporting of the value of SDB participation is crediting SDBs utilized as suppliers of materials and equipment at a lesser percentage than those SDBs providing actual labor and/or construction skills. SDBs used on a project that supply equipment and materials through a physical warehousing and distribution process (Stocking Suppliers) are credited at 60% of the value of materials or equipment provided, while Small Diverse Businesses that are handling the administrative-only aspects of the supply of the equipment and materials are credited at the amount of their actual fees or commissions earned (not to exceed 10%) on the sale of the equipment and materials from 3rd party suppliers. The net effect of this change is to promote growth among Small Diverse Business construction companies while lowering the overall dollar amount credited towards the Small Diverse Business program.

Construction Overview (Cont'd)

CONSTRUCTION (Prior Program) - FISCAL YEAR 2012-2013 (July 2012 to Sept. 2012)

Agency	Number of Contracts Awarded	Total \$ Value Construction Prime Contract Awards	\$ Value MBE Commitments	% Value MBE Commitments	\$ Value WBE Commitments	% Value WBE Commitments	\$ Value VBE Commitments	% Value VBE Commitments
DGS - IFB	31	\$12,107,553	\$657,826	5.43%	\$695,812	5.75%	\$0	0.00%
DGS - RFP	0	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%
DEP - IFB	19	\$10,814,082	\$217,801	2.01%	\$456,217	4.22%	\$0	0.00%
DCNR - IFB	7	\$5,719,542	\$289,035	5.05%	\$289,466	5.06%	\$0	0.00%
ALL	57	\$28,641,177	\$1,164,662	4.07%	\$1,441,495	5.03%	\$0	0.00%
Total Commitments To Small Disadvantaged Businesses					\$2,606,157		9.10%	

CONSTRUCTION – (New Program) FISCAL YEAR 2012-2013 (Oct. 2012 to June 2013)

Agency	Number of Contracts Awarded	Total \$ Value Construction Prime Contract Awards	\$ Value MBE Commitments	% Value MBE Commitments	\$ Value WBE Commitments	% Value WBE Commitments	\$ Value VBE Commitments	% Value VBE Commitments
DGS - IFB	4	\$434,621	\$200	0.04%	\$2,455	0.56%	\$0	0.00%
DGS - RFP	0	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%
DEP - IFB	0	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%
DCNR - IFB	1	\$109,083	\$0	0.00%	\$0	0.00%	\$0	0.00%
ALL	5	\$543,704	\$200	0.04%	\$2,455	0.45%	\$0	0.00%
Total Commitments To Small Diverse Businesses					\$2,655		0.49%	

CONSTRUCTION - FISCAL YEAR 2012-2013

Agency	Number of Contracts Awarded	Total \$ Value Construction Prime Contract Awards	\$ Value MBE Commitments	% Value MBE Commitments	\$ Value WBE Commitments	% Value WBE Commitments	\$ Value VBE Commitments	% Value VBE Commitments
ALL	62	\$29,184,881	\$1,164,862	3.99%	\$1,443,950	4.95%	\$0	0.00%
Total Commitments To Small Diverse Businesses					\$2,608,812		8.94%	

Professional Design

DGS Public Works also procures professional design services (architectural and engineering) for many of its advertised Capital and agency-funded projects. The procurement of these services is achieved through the advertisement of professional design service opportunities. Interested parties are required to complete and submit a professional design application (Form 150-Application for Specific Project) for appointment consideration. SDB participation is encouraged and incorporated into the professional design services procurement process as is done within the area of construction.

The data below represents Commonwealth professional design appointments and SDB prime contracting participation details for Fiscal Year 2012-2013, inclusive of appointments to DGS-verified SDBs. Commitments to these SDBs are reflective of instances where the Commonwealth actually appointed SDB professional design firms as lead designers.

PROFESSIONAL DESIGN - FISCAL YEAR - 2012-2013

Agency	Number of Appointments	Total Number of Finalized Negotiated Fees For Appointments	Difference Number of [Appointments] vs. [Negotiated Fees]	Total \$ Value of Finalized Negotiated Fees For Appointments	Number of SDB Finalized Negotiated Fees For Appointments	\$ Value of SDB Finalized Negotiated Fees For Appointments	% Value of SDB Finalized Negotiated Fees For Appointments
DGS - 150-ASP	33	27	6	\$5,699,468	6	\$787,281	13.81%
Total Small Diverse Business Appointments (Commitments)					6	\$787,281	13.81%

TOTAL SMALL DIVERSE BUSINESS APPOINTMENTS – BY CLASSIFICATION

SDB Vendor Classification	SDB Commitment
MBE 2 Appointments	\$158,280
WBE 1 Appointment	\$52,800
SDVBE 2 Appointments	\$273,801
MWBE 1 Appointment	\$302,400
Total Appointments (Commitments) To Small Diverse Businesses	\$787,281

SDB professional design spending is captured after negotiated fees for such services are finalized between Appointed Professional Design Firms and the Commonwealth. As noted above, although there were a total of 33 professional design appointments during the Fiscal Year 2012-2013, negotiated fees were finalized for 27 of those appointments.

Accordingly, SDB professional design participation is computed by multiplying the total dollar value of SDB professional design negotiated fees by the total population of finalized negotiated fees, inclusive of those related to majority-owned professional design firms. Furthermore, it should be noted that of the six professional design appointments for which negotiated fees were not established during the Fiscal Year 2012-2013, there are two representing appointments to SDBs for presentation in future reports.

Recommendations

During the past year, DGS has implemented significant program changes and made considerable progress in its efforts to offer increased opportunities to small and SDB owners. The implementation of the SBPI program enables businesses to compete with other small businesses for prime contracting opportunities. The SDB program increases opportunities for VBEs and SDVBEs to participate in sub-contracting opportunities together with MBEs and WBEs.

The reorganization of the new BSBO aligns staff to implement new business processes in accordance with BSBO's mission to support small and small diverse businesses, enforce compliance and provide outreach and training.

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

- Continue to improve the process for eligible small businesses to become verified online as a SDB.
- Continue to identify and collaborate with additional SDB certification organizations.
- Strengthen the web presence of BSBO by providing timely and useful client information.
- Continue to coordinate with Public Works and the Bureau of Procurement to provide training opportunities for using agencies as well as small businesses and SDBs.
- Continue to strengthen the enforcement of prime contractor commitments through compliance auditing, investigations and prompt action in instances of false representation or abuse of program guidelines.
- Implement new technology to accommodate a more streamlined reporting process.
- Continue to develop outreach methods to the small business and SDB community with an ultimate goal of increased participation in the Commonwealth's programs.
- Continue to encourage and monitor participation of SDB in subcontracting opportunities available in Pennsylvania's unconventional natural gas extraction industry as prescribed under Act 13 "The Marcellus Shale Act" of 2012.
- Collaborate with the Department of Military and Veteran's Affairs to implement mandates prescribed under Act 185 in support of VBEs and SDVBEs.

DGS looks forward to updating the General Assembly with our progress on these important initiatives in next year's Annual Report for Fiscal Year 2013-14.