

**2009**  
**Annual Report**

Bureau of Minority and Women  
Business Opportunities

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# The Road Traveled

Edward G. Rendell, Governor  
Elizabeth O'Reilly, Acting Secretary  
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**pennsylvania**  
DEPARTMENT OF GENERAL SERVICES

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# **I. Overview/Background**

## **Historical Background and Authority of Operation**

On April 15, 2004, Governor Edward G. Rendell issued Executive Order 2004-6 designating the Department of General Services (“DGS”) as the agency to implement initiatives to substantially increase contracting and subcontracting opportunities for minority and women-owned businesses and other disadvantaged businesses in the Commonwealth’s procurement of supplies, services and construction. DGS’ Bureau of Minority and Women Business Opportunities (BMWBO) was assigned the responsibility to implement these initiatives and to ensure that small, minority, women and disadvantaged businesses have equal opportunity to fairly and successfully compete for state contracting and subcontracting opportunities.

## **Functions of BMWBO**

### **Certification**

BMWBO certifies minority and women-owned businesses on behalf of the Commonwealth of Pennsylvania. The Certification Division reviews approximately 115 applications a month for certification and re-certification and currently averages a 42-day review time. The number of DGS certified minority business enterprises (“MBES”)/and women business enterprises (“WBEs”) has increased from 1,246 in 2003 to over 2,500 through 2009.

### **Supplier Diversity**

This Division determines bidder responsiveness on over 510 bids annually by evaluating the MBE/WBE solicitations for various Commonwealth contracts and scores the disadvantaged business submissions for some Commonwealth proposals. This Division also ensures that bidders comply with the Commonwealth's anti-discrimination requirements as they relate to building construction and service purchase contracts.

### **Contract Compliance**

This Division interacts with 37 Commonwealth agencies to verify, monitor and enforce work force diversity, hiring practices, and to ensure the incorporation of the template sexual harassment policy into Commonwealth contracts. The division also provides full document reviews and onsite audits, reviews quarterly reports from Commonwealth agencies, provides training, and offers recommendations to agencies through the contract Compliance Dispute Resolution Committee.

### **Business Development**

This Division assists certified and non-certified businesses or organizations interested in learning how to increase opportunities and to successfully compete or navigate through the Commonwealth contracting process. This division conducts and participates in over 120 workshops and exhibits each year throughout the Commonwealth.

## **II. Executive Summary**

From the very beginning, Governor Rendell made increasing state contracting opportunities for MBEs and WBEs a priority. Prior to the Rendell administration, MBE/WBEs participated in less than 2% of state contracts in terms of total dollars. Through the efforts of all state agencies, led by the Department of General Services, the overall participation percentage of MBE/WBEs increased in calendar year 2009 to 13.80%, with a total dollar commitment of \$236,206,179.27. The increase in the higher MBE/WBE commitments since 2003 can be attributed to several factors.

First, analysis of the 2009 data on MBE/WBE commitments reveals a proportionately higher percentage of MBE/WBE commitments when utilizing the competitive sealed proposals (RFP) method rather than the competitive sealed bidding (low bid) method. With the low bid method, price is generally the only factor in determining the successful bidder. In the RFP process, however, price, technical qualifications and commitments to use Disadvantaged Businesses are factored together to determine the successful offeror. This increased percentage from utilizing the RFP method must continue to be balanced against the statutory limitations on the use of the RFP method established in the Commonwealth Procurement Code (62 Pa. C.S. §512 and 513), which establish the low bid method as the standard procurement process.

Another critical element contributing to the higher MBE/WBE commitments stems from expanding the scope of MBE/WBE involvement into additional contracting areas. Disadvantaged Business utilization is now a factor in the selection of energy-savings companies in the Commonwealth's Guaranteed Energy Savings program and in the selection of landlords who provide leased space to the Commonwealth. DGS also continues to include MBE/WBE commitments as an element in selecting professional design and construction administration services.

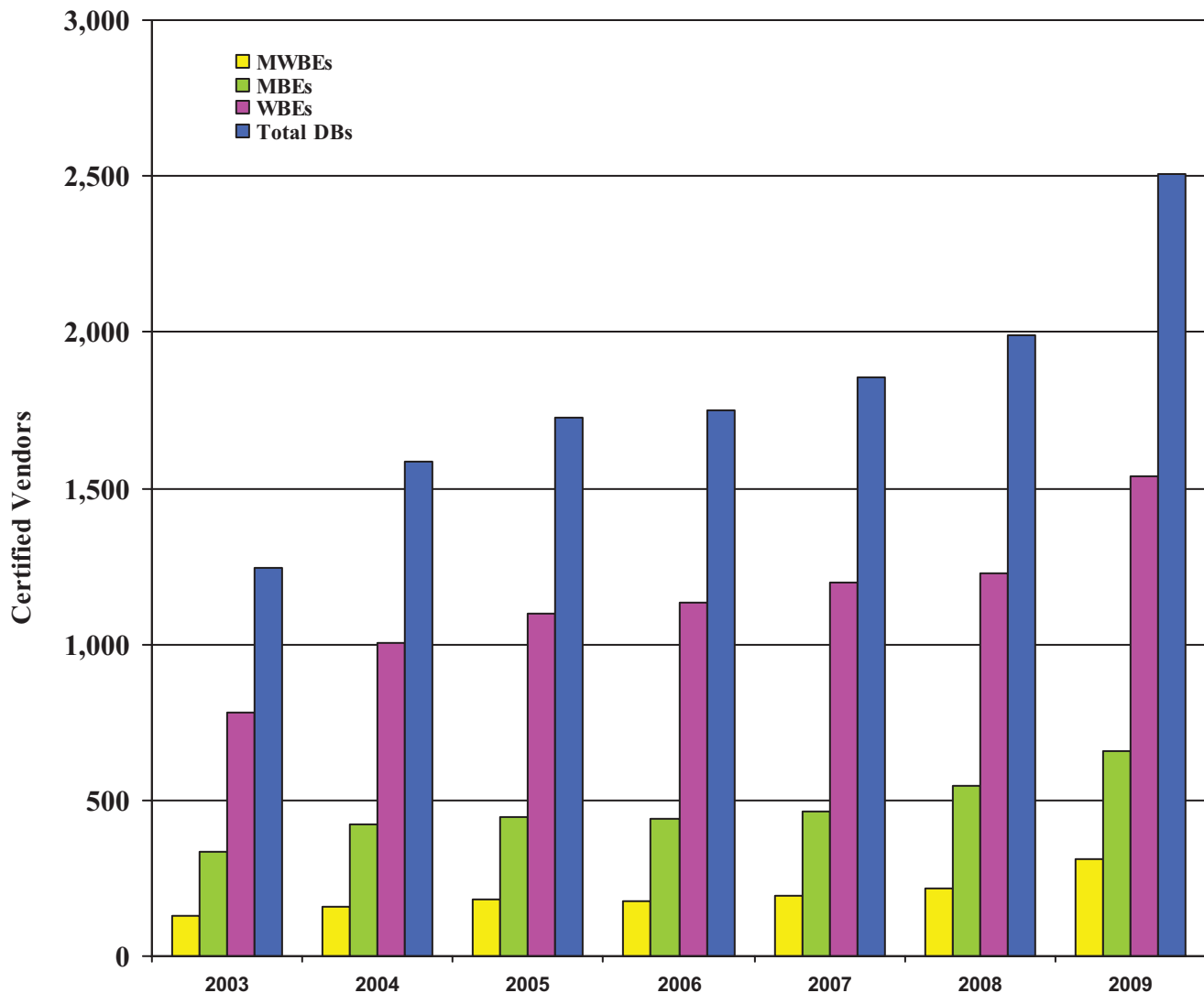
Data analysis conducted for this year's report also revealed several areas with room for improvement. Although there are currently 610 construction-related certified MBE and WBE firms, data indicates that, on DGS construction projects, MBE/WBE commitments were made to only 88 different certified firms, meaning only 14.43% of the construction firms received a commitment. While increases in the number of certified firms are important as well as increases in the total percentage of commitments to MBEs and WBEs, the Commonwealth needs to find ways to expand participation to a broader spectrum of certified firms.

The information and data provided in this 2009 Annual Report reflects the Commonwealth's ongoing commitment to enhance contracting opportunities for MBE/WBEs through best practices and innovative policies. The Commonwealth looks forward to building on the past successes and lessons learned over the past eight years to create even more robust contracting opportunities in the future.

### III. Increased Certifications

In June 2003, there were 1,247 certified MBEs and WBEs, but by the end of December 2009 there were 2,509 certified MBEs and WBEs, representing a 101.2% increase in certifications from 2003 to 2009.

|           | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  |
|-----------|-------|-------|-------|-------|-------|-------|-------|
| MWBEs     | 131   | 159   | 180   | 174   | 196   | 216   | 312   |
| MBEs      | 335   | 423   | 448   | 441   | 461   | 546   | 660   |
| WBEs      | 781   | 1,004 | 1,098 | 1,132 | 1,198 | 1,226 | 1,537 |
| Total DBs | 1,247 | 1,586 | 1,726 | 1,747 | 1,855 | 1,988 | 2,509 |

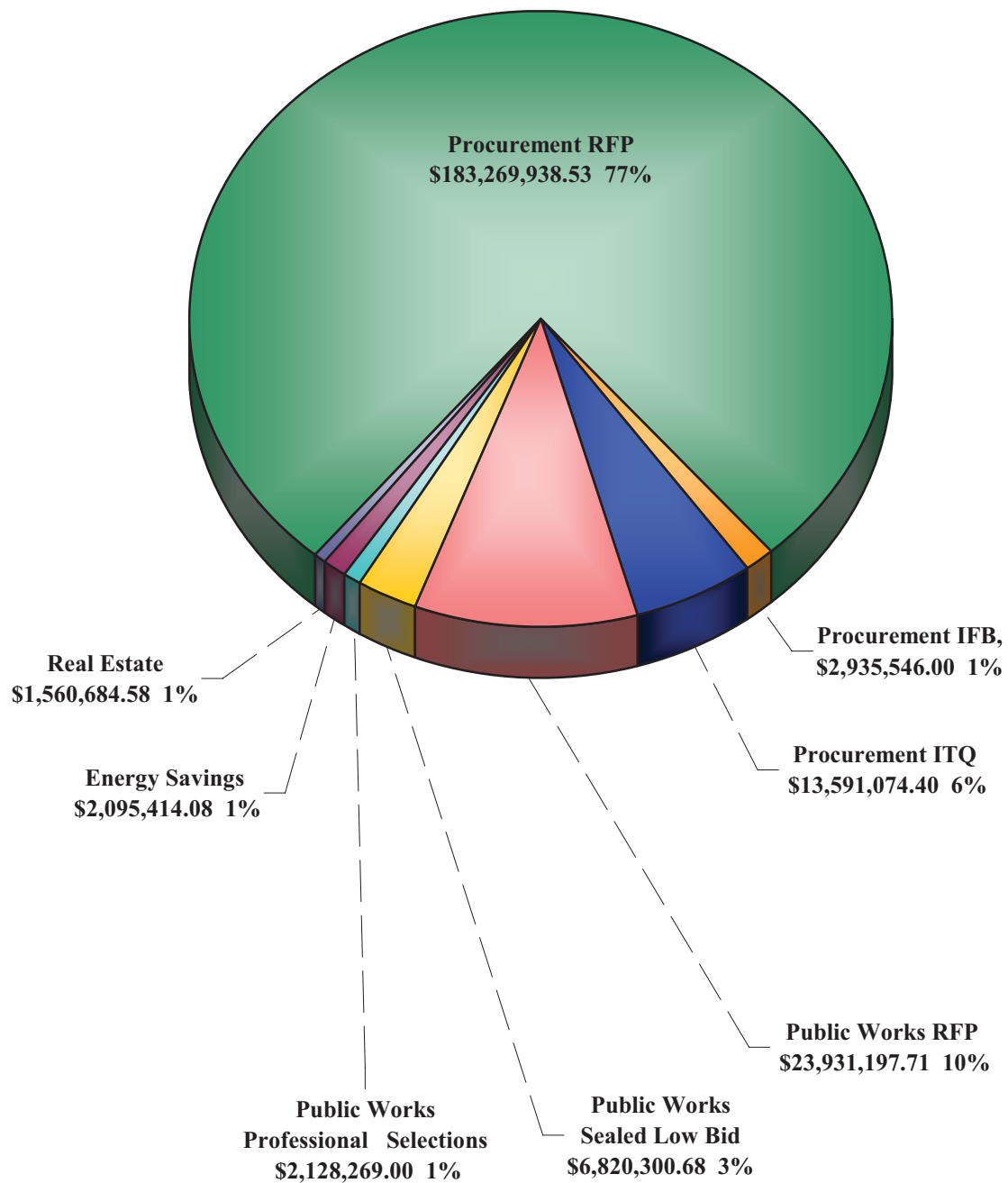


## IV. CY 2009 DGS Contract Awards & Commitments

|                              | Total Contract Awards |                  | Total Commitments | % committed to<br>MBEs/WBEs |
|------------------------------|-----------------------|------------------|-------------------|-----------------------------|
| Procurement                  |                       |                  |                   |                             |
| Request for Proposals (RFPs) | \$                    | 1,356,303,639.45 | \$ 183,269,938.53 | 13.51%                      |
| Invitations For Bid (IFBs)   | \$                    | 74,900,996.31    | \$ 2,935,546.00   | 3.92%                       |
| IT/ITQ RFQ Procurement       | \$                    | 34,135,373.58    | \$ 13,591,074.40  | 39.82%                      |
| Subtotal:                    | \$                    | 1,465,340,009.34 | \$ 199,796,558.93 | 13.63%                      |
| Public Works                 |                       |                  |                   |                             |
| *Request for Proposals:      | \$                    | 91,614,329.00    | \$ 23,931,197.71  | 26.12%                      |
| *Sealed Low Bids             | \$                    | 119,059,699.79   | \$ 6,820,300.68   | 5.73%                       |
| *Professional Selections     | \$                    | 11,767,044.00    | \$ 2,128,269.00   | 18.09%                      |
| Subtotal:                    | \$                    | 222,441,072.79   | \$ 32,879,767.39  | 14.78%                      |
| Energy Savings               |                       |                  |                   |                             |
|                              | \$                    | 6,663,163.00     | \$ 2,095,414.08   | 31.45%                      |
| Real Estate                  |                       |                  |                   |                             |
|                              | \$                    | 17,097,689.69    | \$ 1,560,684.58   | 9.13%                       |
| Totals:                      |                       |                  |                   |                             |
|                              | \$                    | 1,711,541,934.82 | \$ 236,332,424.98 | 13.81%                      |

\* Does not include delegated projects or non-DGS agency contracts.

**Percentage of MBE/WBE Commitments  
by DGS Area for Contracts Awarded  
January 1 through December 31, 2009**



## **V. 2009 Program Activities**

### **a. Procurement**

During 2009, BMWBO tracked DB commitments on procurement contracts (administered by both DGS and other agencies) totaling **\$1,465,340,009.34** in awards. On these DGS and other agency awards, commitments to MBE/WBEs totaled **\$199,796,558.93** which representing **13.63%** of the total procurement contract spend. Analysis performed in preparing this report revealed that DGS utilized the RFP method to select the contractor for goods and services in 5.9 % (185 of 3,141) of the total number of contracts awarded and for 95.6% of the total procurement of goods and services spend. With the recent cases coming out of the Commonwealth Court interpreting the statutory conditions for use of the RFP method, it is expected that the Commonwealth's use of the RFP method, in lieu of the low bid method, will be reduced.

#### **i. Request for Proposals (RFPs)**

A total of **\$1,356,303,639.45** of the total (DGS and other agency) procurement award was procured through the RFP method. Of this contract award amount, a total of **\$183,269,938.53** or the equivalent of **13.51%** was committed to MBE/WBEs. This **13.51%** commitment percentage is much higher than the **3.92%** realized when procuring services through the low bid method. In analyzing the results on DGS only contract awards, the data confirms a much higher commitment when utilizing the RFP process (**15.86%** compared to **1.17%** on IFBs.) The determination of the successful offeror in the RFP method includes consideration of commitments made to Disadvantaged Businesses, resulting in these higher percentages. Additional factors impacting on the attainment of significant MBE/WBE participation in the RFP procurement method are as follows:

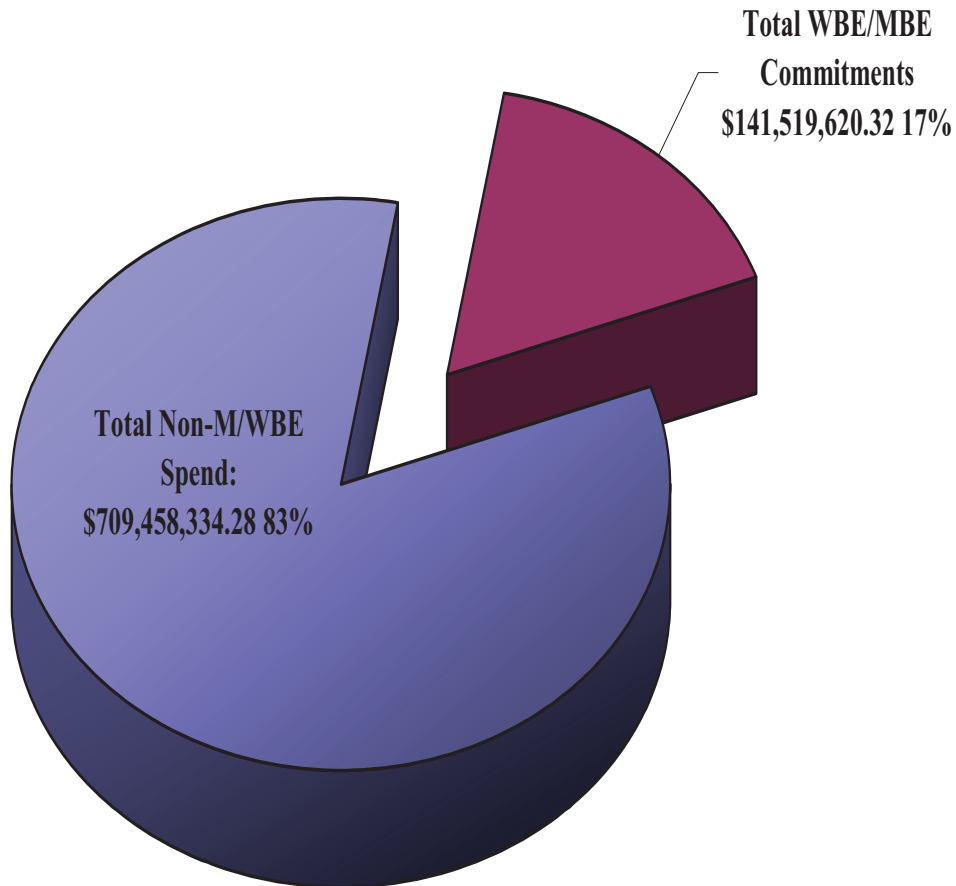
- Education and outreach events informing and instructing MBE/WBEs about the RFP solicitation/award process at numerous workshops;
- BMWBO's issuance of invitations to MBEs/WBEs to attend all RFP Pre-Proposal Conferences, coupled with BMWBO's attendance and participation at Pre-Proposal Conferences and presentation of the Disadvantaged Business Program.
- Language in the Procurement Handbook requiring Commonwealth purchasing agencies to provide BMWBO the opportunity to participate and provide input throughout all procurement processes, including reviewing IFBs, RFPs, ITQs and RFQs; responding to questions concerning MBE/WBE utilization; evaluating and scoring disadvantaged business participation submissions and negotiating contracts. .

#### **ii. Invitation For Bids (IFBs)**

A total of **\$74,900,996.31** was procured through the IFB solicitation method, with **\$2,935,546.00** or **3.92%** committed to MBE/WBEs, which is much less than the commitments achieved when procuring through the RFP process. DGS should focus on identifying the reasons for this inconsistent outcome. Once reasons and/or causes can be consistently identified, alternatives should be considered, discussed, developed, implemented and monitored to determine if they impact the percentage commitment in the IFB context.

| Procurement (DGS Only) | DGS Contract Awards | Total \$ of M/WBE commitments | % of category M/WBE commitments |
|------------------------|---------------------|-------------------------------|---------------------------------|
| RFP Contracts          | \$ 814,355,575.66   | \$ 129,177,315.12             | 15.86%                          |
| IFB Contracts          | \$ 4,629,746.36     | \$ 54,000.00                  | 1.17%                           |
| IT/ITQ RFQ Contracts   | \$ 31,992,632.58    | \$ 12,288,305.20              | 38.41%                          |
| Totals:                | \$ 850,977,954.60   | \$ 141,519,620.32             | 16.63%                          |

## 2009 DGS Procurement Breakdown



## **b. Public Works**

During 2009, DGS-administered design and construction contract awards totaled **\$222,441,072.79**.<sup>1</sup> On these DGS awards, commitments to MBE/WBEs totaled **\$32,879,767.39**, which represents **14.78%** of the total contract spend. Analysis performed in preparing this report revealed that DGS utilized the RFP process to procure construction contracts for 43.40% of the total construction awards. This percentage reflects that DGS utilized the legislatively mandated RFP process to award \$38,102,000 in prison expansion contracts. DGS' discretionary use of the RFP process, however, resulted in the award of \$53,512,329 in non-prison contracts, which represents only 25.40% of the total construction awards.

### **i. Requests for Proposals (RFPs)**

A total amount of **\$91,614,329** in construction contracts were procured through the RFP process. Of this spend, a total of **\$23,931,197.71** or the equivalent of **26.12%** was committed to MBE/WBEs. Data presents an indisputable fact that the commitment percentage is 4.5 times higher when using the RFP process (25.98%) than the commitment percentage achieved when procuring construction contracts through the sealed low bid process (5.73%). As previously discussed, the higher percentage can be attributed in part to the award of the contract including evaluation of factors beyond cost. Additional factors impacting on the attainment of significant MBE/WBE participation via the RFP procurement method are as follows:

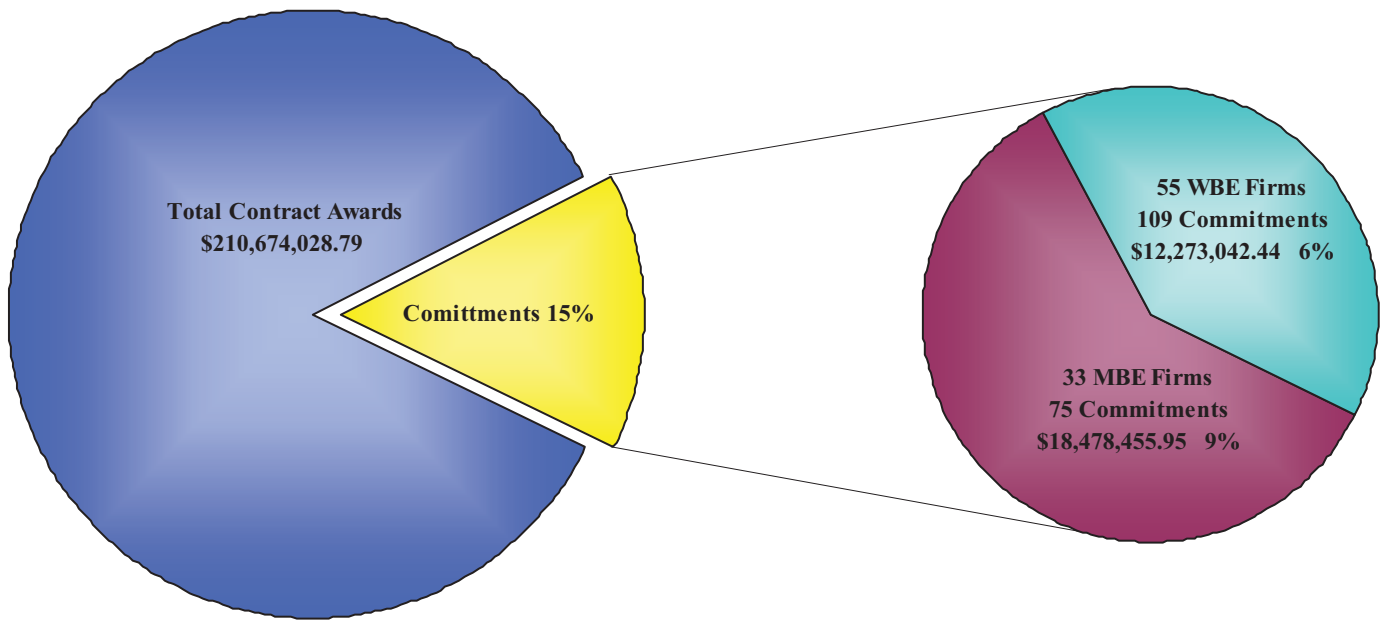
- Education of MBE/WBE community on RFP solicitation/award process at numerous workshops;
- Outreach Events (Prison Expansion Projects) specifically geared to address increasing the inclusion and participation of MBEs/WBEs;
- BMWBO's issuance of invitations to MBEs/WBEs to attend all RFP Pre-Proposal Conferences; and
- BMWBO's attendance and participation at every 2009 Pre-Proposal Conferences.

DGS has not considered achieving higher DB commitments as an element in any written determination to use the RFP process. DGS will continue to focus, on a project-by-project basis, upon the justification for determining and approving the use of the RFP process for construction contracts. With the recent cases coming out of the Commonwealth Court interpreting the statutory conditions for use of the RFP method, it is expected that the Commonwealth's use of the RFP method, in lieu of the low bid, method, will continue to be the exception to the rule of using the low bid method.

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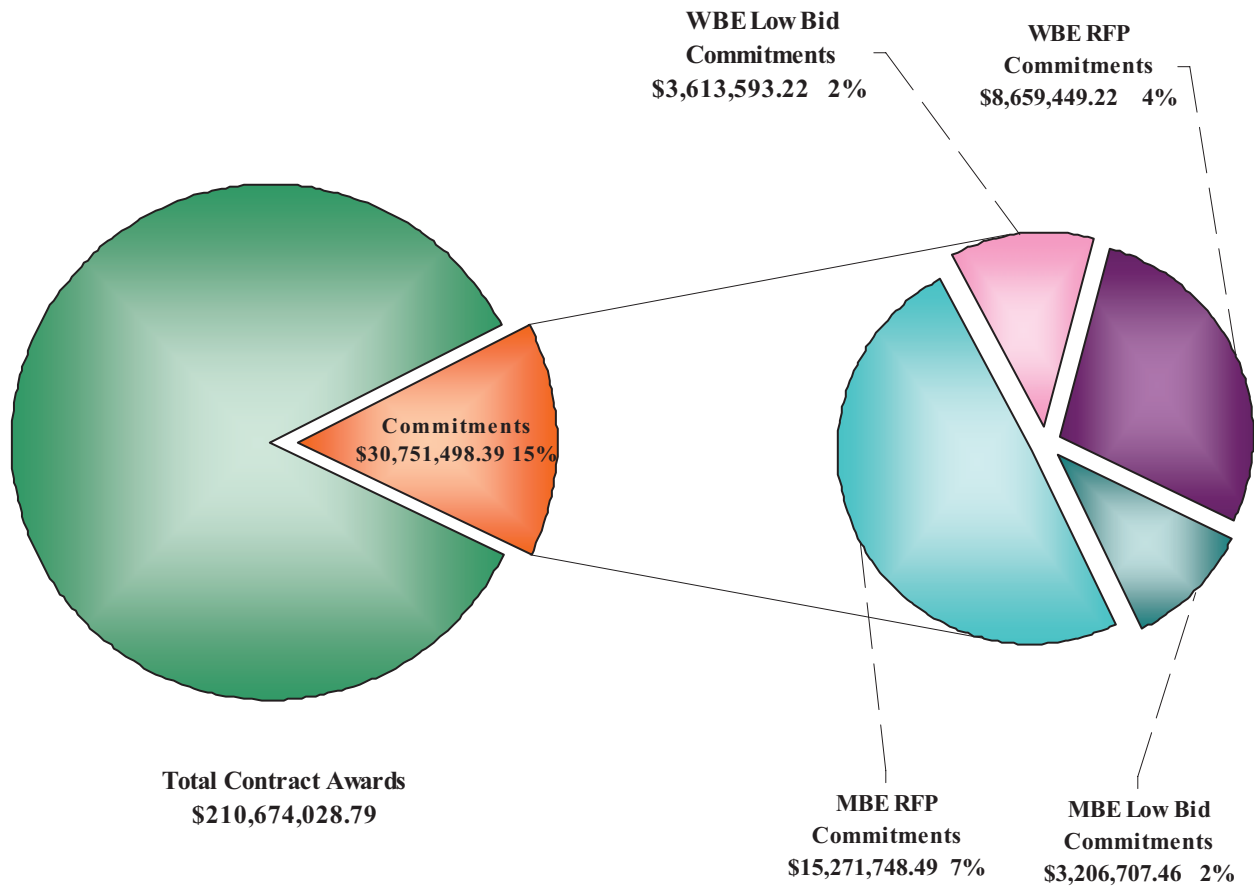
<sup>1</sup> During 2009, BMWBO monitored construction contracts delegated to non-DGS agencies, but data on delegated projects is not included in this report. DGS recently incorporated new language into delegation agreements so data on projects delegated to other agencies is inconsistent during the transition stage. Future reports will include reliable and substantiated data and analysis on non-DGS projects.

**MBE/WBE Commitments  
for DGS Public Works Construction Contracts Awarded  
January 1 through December 31, 2009**



*Of the 610 construction-related firms, 88 (or 14.43% of certified firms) received commitments on DGS Public Works projects.*

**MBE/WBE Commitments  
by Procurement Process for  
DGS Public Works Construction Contracts Awarded  
January 1 through December 31, 2009**



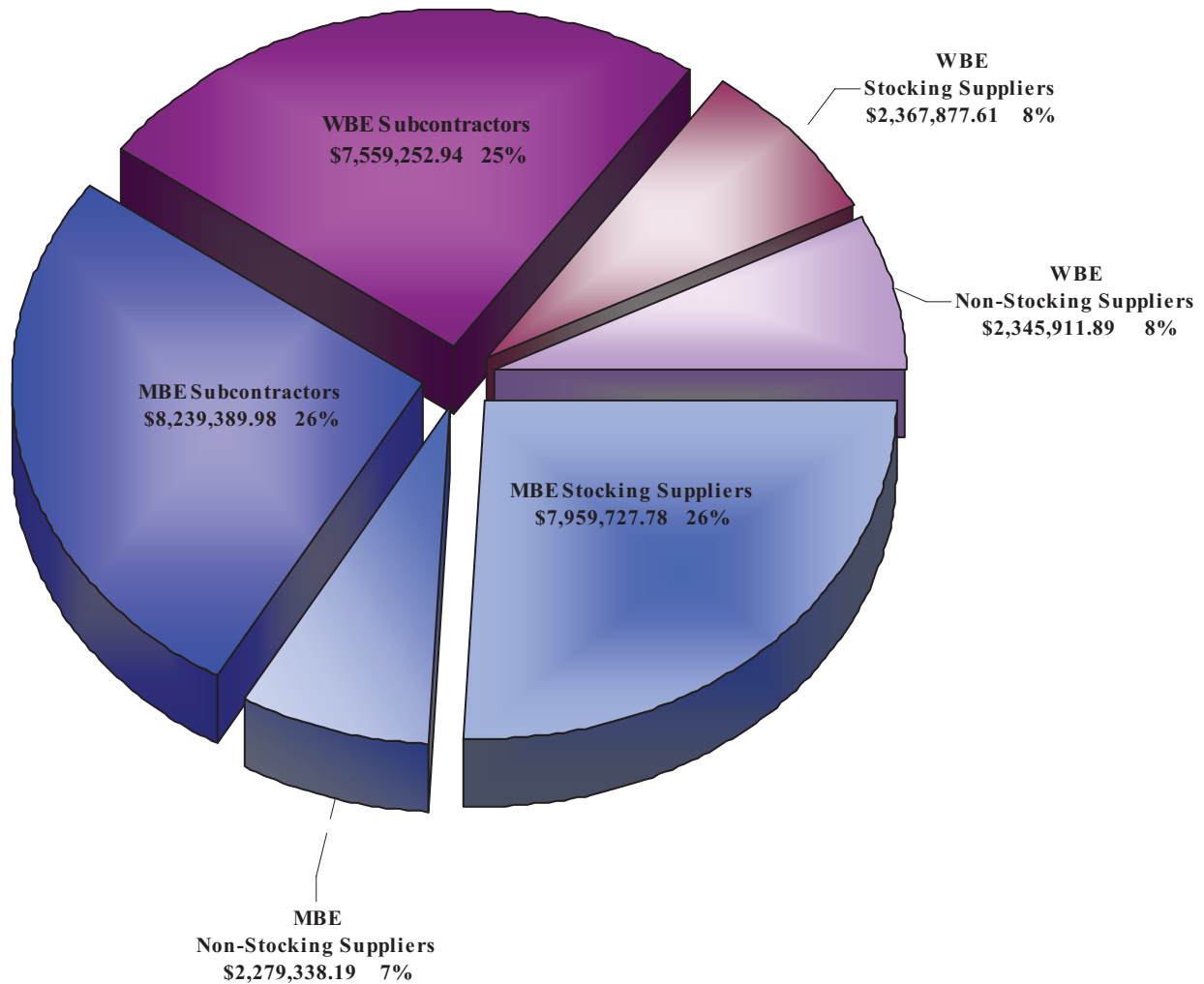
## **ii. Sealed Low Bids**

DGS used the sealed low bid process to award construction contracts totaling **\$119,059,699.79**. Of this spend, **\$6,820,300.68** or the equivalent of **5.73%** was committed to MBE/WBEs. This commitment percentage is significantly less than that realized when procuring construction contracts through the RFP process. The anti-discrimination program, implemented in accordance with the Governor's Executive Order 2004-6, has served as the principal mechanism to increase sealed low bid participation. Bidders in a low bid scenario, however, can be deemed responsive and responsible if they can document "good faith efforts" through minimum solicitation requirements. It is possible for bidders to submit bids that do not reflect commitments to MBE/WBEs at levels equal to or greater than DGS' established project Minimum Participation Levels (MPLs) which generally vary from 10% to 20+%. With this said, it should be noted that the lack of "anti-discrimination program" would likely result in even lower commitments to MBE/WBEs.

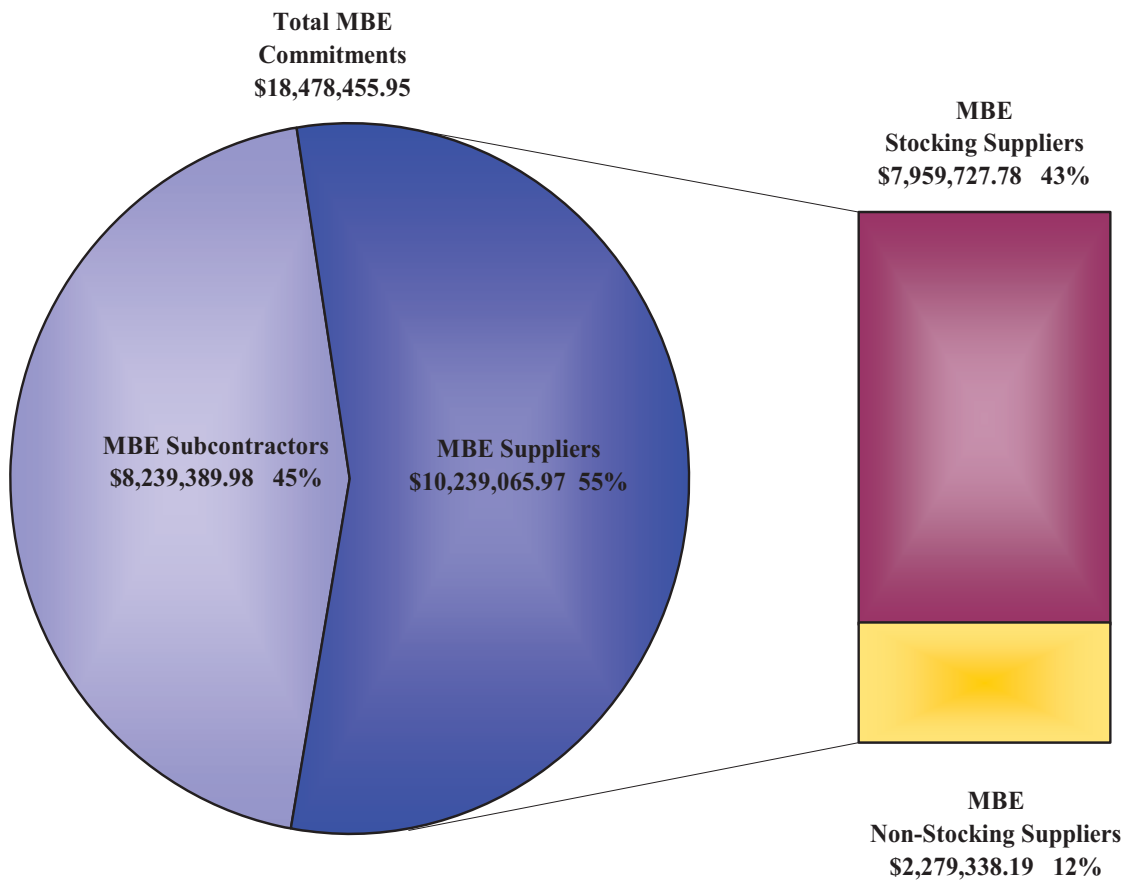
## **iii. Disproportionate Amount of Commitments to Suppliers not Subcontractors**

Although the efforts of DGS and other agencies have increased overall MBE/WBE commitments, the actual number of MBE/WBEs "bricks and sticks" subcontractors that actually perform on DGS Public Works contracts was still much smaller than the commitments made to suppliers. Prime contractors have historically made more commitments to MBE/WBE suppliers as opposed to subcontractors. As a result, BMWBO is in the process of developing language to reduce the percentage of credit provided to primes for such supplier commitments in order to encourage more commitments to MBE/WBE subcontractors to promote "boots on the ground" or "bricks & sticks" project participation. This language is in draft form. DGS also needs to review and analyze options to identify opportunities to work with contractors to increase the "bricks and sticks" subcontracting commitments.

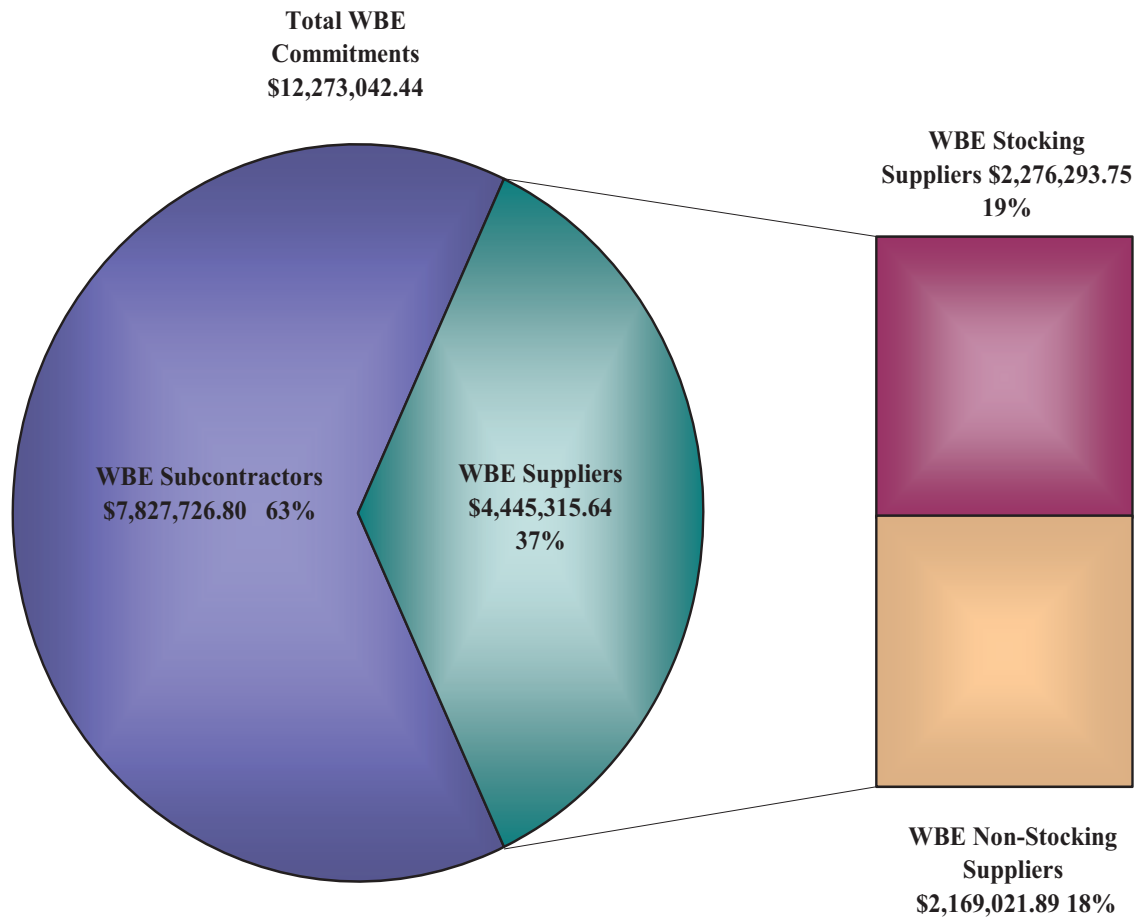
**MBE/WBE Commitments by Classification  
for DGS Public Works Construction Contracts Awarded  
January 1 through December 31, 2009**



**Classification of MBE Commitments for DGS Public Works Construction Contracts Awarded  
January 1 through December 31, 2009**



**Classification of WBE Commitments  
for DGS Public Works Construction Contracts Awarded  
January 1 through December 31, 2009**



#### **iv. Job Order Contracting Participation Challenges**

Public Works awarded approximately **\$8,300,000** in Job Order Contracts (JOC) with 0% MBE/WBE participation. Prior to the implementation of JOC, BMWBO and a JOC consultant conducted numerous outreach events intended to increase and support the participation of MBEs/WBEs on JOC work consistent with the Commonwealth's established MBE/WBE minimum participation levels. Shortly following initial JOC awards, the lack of MBE/WBE participation on these projects was identified by BMWBO and remedies were presented to Public Works.

The overall low participation may reflect the fact that most JOC projects are single prime, simple renovation projects worth less than \$300,000. This is the type of work that contractors typically self-perform, so the opportunity to subcontract work or supplies to MBE/WBEs may be limited, but MBE/WBE participation remains a contractual provision and will continue to be discussed by Public Works with the Job Order Contractors. The JOC program is undergoing continuous evaluation and change due to budget cuts directly impacting personnel available to administer JOC projects. All JOC contractors are working on improving MBE/WBE participation in JOC projects.

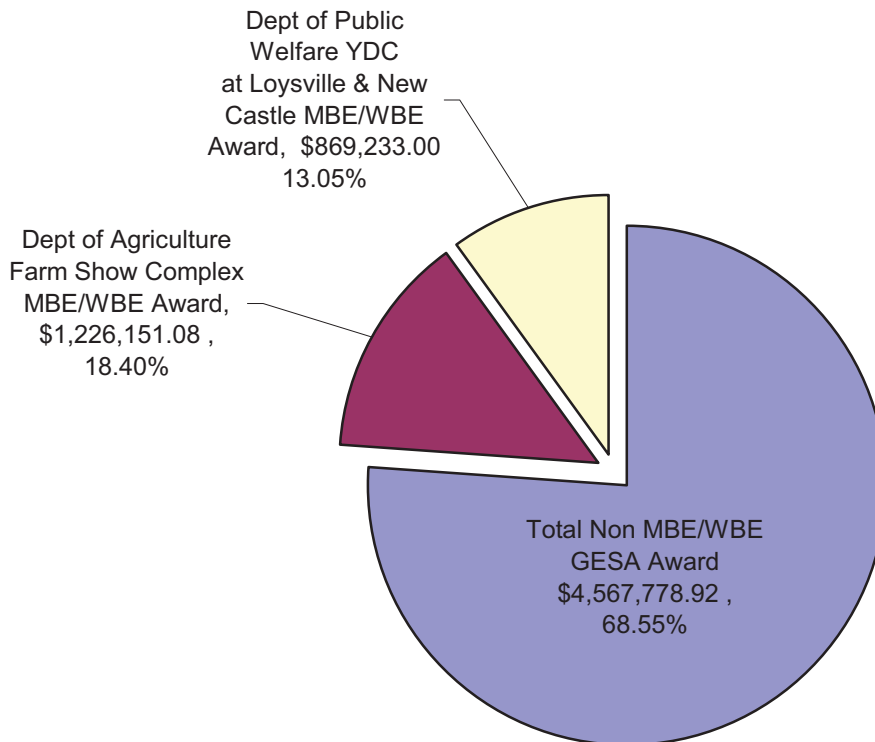
#### **v. Professional Design Services (Selections Committee)**

DGS negotiated \$11,767,044 in Professional Design Services contracts. Of this spend, **\$2,128,269** or the equivalent of **18.09%** was committed to MBE/WBEs. These contracts are either negotiated with design firms or construction management firms. The design contracts are based upon an approved template and the firms are selected in accordance with the mandated statutory process set forth in Section 905 of the Commonwealth Procurement Code. An independent committee reviews professional firms' statements of interest and recommends three professional design applicants for project appointment by the Secretary of the Department of General Services. BMWBO's efforts to increase commitments by design firms include educating the MBE/WBE community on professional design applications and the DGS selection process via outreach events and workshops and meetings with Majority-Owned design firms to reiterate and emphasize applicable Commonwealth guidelines and expectations regarding diversity. Since the composition of the Selections Committee is set by statute, changes to the make-up of the Committee would require an amendment to the Commonwealth Procurement Code. The quicker and easier solution to alerting the Committee to focus upon commitments during the short listing process would be to revise the documentation submitted to the Committee to draw attention to both the importance of commitments and each firm's actual commitments.

### c. Energy Savings

In December 2004, Governor Rendell issued Executive Order 2004-12 directing the Department of General Services to act as centralized coordinator of the Commonwealth's energy management and conservation measures in Commonwealth facilities. The Energy Management Office is responsible for the management of the Guaranteed Energy Savings Act (GESA) performance contracting program. Through an application and qualification process, the Department has pre-qualifies Energy Service Companies (ESCOs) to perform GESA projects. The awarded ESCO subcontracts energy conservation measures (ECMs) determined through an investment grade audit and Commonwealth priorities. Commitments made to Disadvantaged Businesses for subcontracting and supply contracts are a factor in the selection of an ESCO for a particular project. In 2009, two GESA contracts were awarded at a total value of \$6,663,163.00 resulted in an MBE/WBE participation of 31.45%.

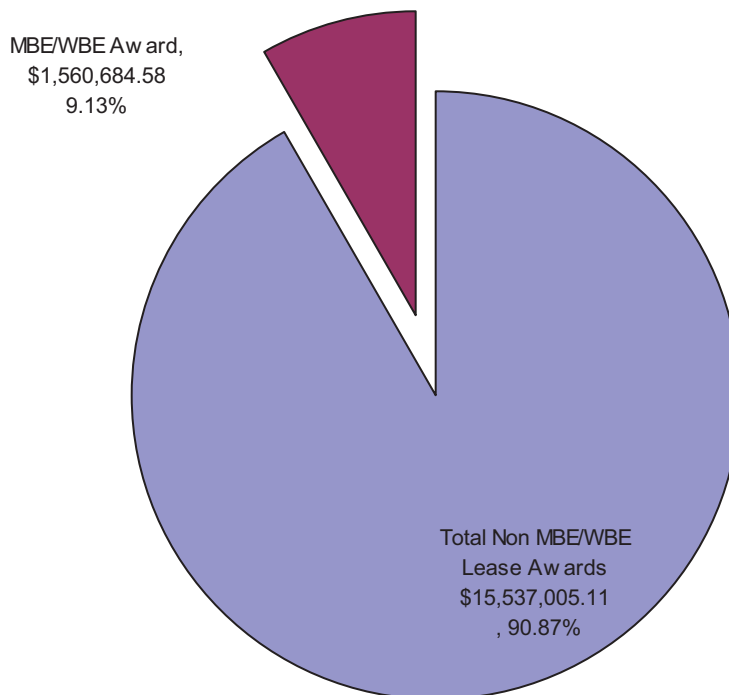
#### **Guaranteed Energy Savings Act (GESA) Projects**



#### d. Real Estate

The Bureau of Real Estate (BRE) oversees the leasing of real estate to meet Commonwealth agency needs for space that cannot be provided in Commonwealth-owned buildings. Agencies under the Governor's jurisdiction requiring lease space submit a request to BRE which then advertises the need using the Solicitation for Proposal (SFP) process. Final selection must be approved by the Board of Commissioners of Public Grounds and Buildings which consists of representatives of the Governor and the State Treasurer. The SFP explains that consideration is given to the percentage commitment based on the amount of rent the proposer commits to pay to Small Disadvantaged Businesses including MBE/WBEs. The amount is stated as a specific percentage of the total rent to be paid over the term of the lease. This percentage, however, can be achieved the first year if the utilization is in the form of getting the site ready for the Commonwealth agency tenant. The challenges in achieving increased participation remain not only in the selection process but the required approvals. A real estate request may extend over a long period only to be cancelled by the requesting agency. The complexity of the real estate transaction creates challenges in achieving DB participation as well as tracking utilization. Based on the data obtained for the calendar year 2009, the board approved 21 leases awarded at a total value of **\$17,097,689.69**, resulting in an MBE/WBE participation of **9.1%**.

##### Real Estate Awards



## **e. Contract Compliance**

By Executive Order 2006-02, and Management Directive 215.16, BMWBO assumed responsibility for the Contract Compliance anti-discrimination program. BMWBO has effectively revitalized the Commonwealth's Contract Compliance Program by implementing consistent and uniform procedures in all agencies/departments under this program and by ensuring non-discrimination by vendors/contractors in the award of contracts and grants in the following three ways:

- Ensuring that the awarded contractor or grantee has a diverse workforce and non discriminatory hiring practices in place and that there is a viable written and enforced sexual harassment program at the workplace;
- That there is no discrimination against members of the workforce while the work scope of a Commonwealth contract is being performed for its duration;
- If subcontractors are being used in the performance of a Commonwealth contract there is an assurance that any subcontractor being supervised by the contract holder is not practicing discrimination against its own or other workers.

The Contract Compliance staff is also responsible for conducting onsite and document review audits when there appears to be questions about a firm's compliance. The number of awards monitored has substantially increased over the past four years, as shown by the accompanying chart. If compliance issues are raised by the initial analysis, a full document (desk) or an onsite Contract Compliance Audit may be conducted if the issues cannot be resolved by phone and email. The number of Contract Compliance Audits reported has substantially increased over the past four years as shown on the accompanying chart.

State agencies create an annual Contract Compliance Plan and submit quarterly progress reports to enable DGS to monitor the agencies' contract compliance programs. This information is used by BMWBO to assist agencies using Strategic Planning Sessions to overcome challenges to produce the most effective and efficient Contract Compliance Program possible. Encouraging all state agencies to be active ensures the broadest coordination of nondiscrimination in Commonwealth awards. The number of participating agencies has increased substantially.

Notable enhancements made in 2009 include the following:

- 1) Annual program of hands-on training for the benefit of contract compliance (CC) officers and initiators covering a wide array "how to" topics and procedures;
- 2) Migration of reporting forms used from manual to automated, online programs and placing all forms on the DGS website for fast downloading;
- 3) Regular CC officer meetings for all agencies/departments to share problems, provide solutions, and discuss "best practices" for making the program stronger and more intentional;
- 4) Updated the CC Officer's Compliance handbook to reflect changes/procedures;

- 5) Formation of a “Dispute or Problem Resolution Committee” assembled from the ranks of enterprise-wide CC officers to offer problem-solving to individual officers who face issues which might require multiple-solutions or creative problem solving; and
- 6) Worked directly with OA-MIS section to develop software tracking used on an enterprise-wide basis and accessible to all CC Officers.

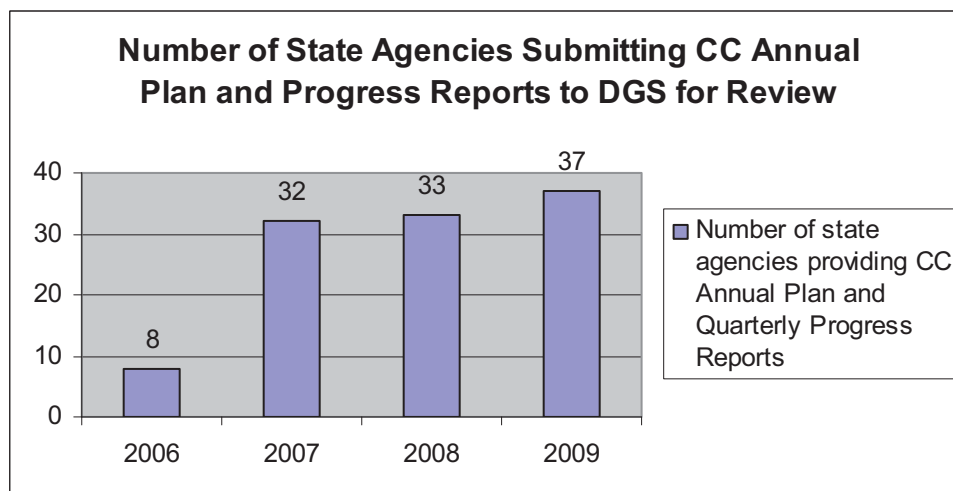
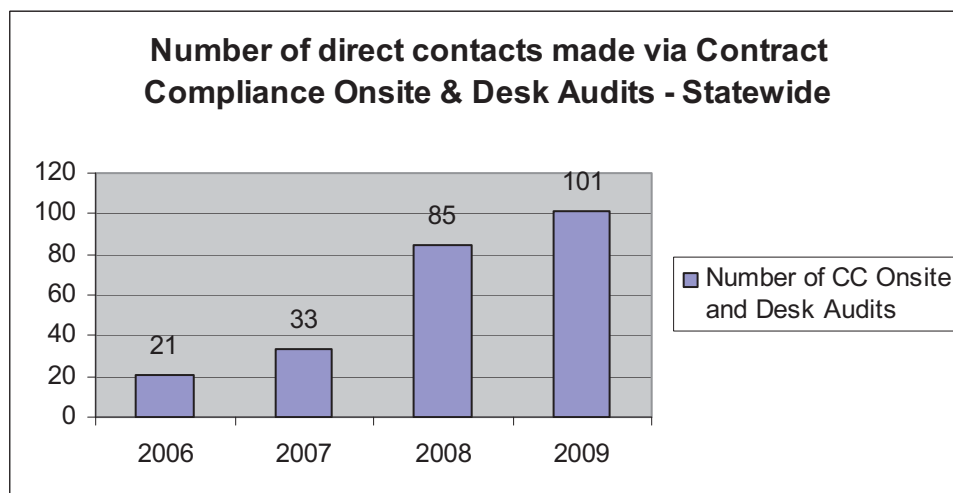
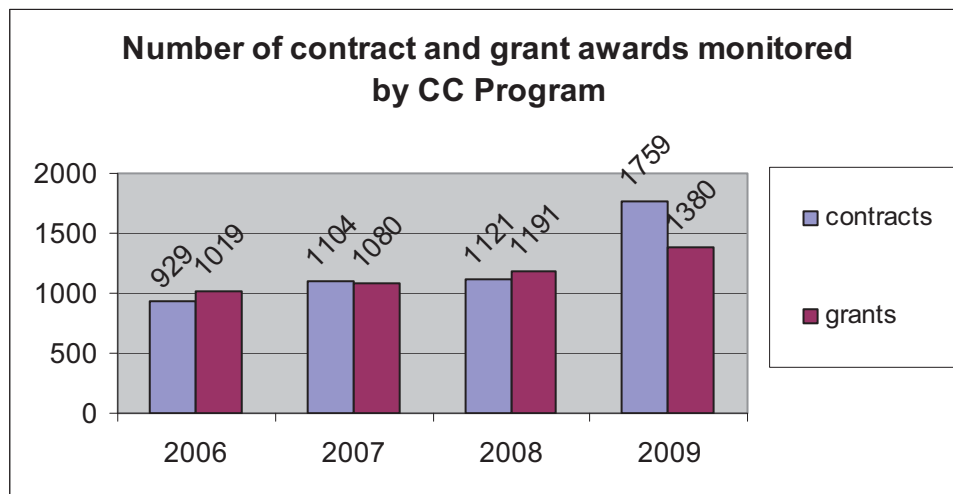
While the enterprise-wide Contract Compliance program still faces issues such as getting agencies to report consistent grant-award spend/use and getting full cooperation by agency procurement staff to supply needed data, these issues are being addressed by staff on an on-going basis.

### **Chart Data Analysis**

The series of bar charts that follow this narrative all point toward a consistent and improved Contract Compliance Program throughout the enterprise over the past four years. For example:

- The number of agencies reporting and following an active Contract Compliance program at their agency has increased dramatically in terms of the number of contracts/grants being entered into the automated tracking system. In 2006, the year DGS acquired responsibility for the program, there was a low of 1,959 awards which were processed, analyzed and tracked. By 2009, this figure jumped to a total of 3,139 across the enterprise.
- In 2006, most agencies were not writing or following an Annual Contract Compliance Plan even though this was a requirement. The data showed that only 8 Annual Plans were submitted to DGS in 2006. By 2009, 37 Annual Plans were submitted to DGS for review and analysis by agencies both under and outside the Governor’s jurisdiction. This is clear evidence that agencies are taking this program more seriously due to BMWBO’s guidance, tracking, oversight and new tools provided to do a more effective job under this program.
- The Contract Compliance monitoring program across the enterprise has increased the number of onsite or desk audits from 21 audits in 2006 to a current directly tracked number of 101 audits which are conducted to avoid discrimination by awarded vendors/grantees holding active Commonwealth awards. This is further tracked by BMWBO Contract Compliance staff by requiring all reporting agencies to submit online-generated quarterly reports.

## Contract Compliance (CC) Program



## **f. The American Recovery and Reinvestment Act of 2009**

On October 28, 2009, Governor Rendell signed Executive Order 2009-02, *Creating Opportunities for Small and Disadvantaged Businesses in the Expenditure of Federal Stimulus Monies*. This document outlined the commonwealth's policy to insure maximum practicable opportunities were made available for small and disadvantaged businesses to compete for contracts and grants, and to participate as contractors, professional service providers, subcontractors and suppliers. In addition, it established an overall aspirational goal that ten percent of American Recovery and Reinvestment Act (ARRA) funds should go to small and disadvantaged businesses.

Through execution of the Executive Order, the commonwealth formalized and documented best practices already in place to ensure fair and equitable opportunities for small and disadvantaged businesses. In continuing this commitment to ensure economic inclusion, agencies were required to provide outreach to encourage and increase small and disadvantaged business interest and participation. Through specific direction in ARRA grant agreements, the commonwealth required grantees to monitor, document and report participation in stimulus-funded opportunities.

The first quarterly report of the results of these efforts, which covered the period between February 16, 2009 and December 31, 2009, was published by the Stimulus Management Committee on March 11, 2010. This report identified a total first quarter affectable spend (the ARRA programs dollars through which opportunities for small and disadvantaged business existed) of \$1.455 billion. It also reported a total participation level of \$72.5 million, or 4.98 percent of the total affectable spend. The breakdown between MBEs and WBEs is reflected in the chart below.

Cumulative Reported results for Q1 for all Affectable Spend Programs:

| <b>Total Contract \$</b> | <b>Total MBE \$</b> | <b>MBE %</b> | <b>Total WBE \$</b> | <b>WBE %</b> | <b>TOTAL \$</b> | <b>TOTAL %</b> |
|--------------------------|---------------------|--------------|---------------------|--------------|-----------------|----------------|
| \$1,455,500,862          | \$25,034,679        | 1.72%        | \$47,506,440        | 3.26%        | \$72,541,119    | 4.98%          |

In addition to the commitments shown above, agencies were also directed to capture the actual payments made to MBE and WBE subgrantees or subcontractors. First quarter payments made against commitments are reflected in the chart below.

Payments made to MBE/WBE firms for Q1 (all programs outlined above):

| <b>Total MBE/WBE Award \$</b> | <b>MBE/WBE Payments</b> | <b>Payment %</b> |
|-------------------------------|-------------------------|------------------|
| \$72,541,119.40               | \$33,695,270.00         | 46.45%           |

Although not directly involved in the capture and review of small and disadvantaged business participation information, BMWBO took part in a number of statewide education and outreach initiatives targeted to small and disadvantaged businesses across the state, as well as several business-to-business matchmaking and networking sessions. BMWBO contact information and resources were also implemented into the state's recovery website, [www.recovery.pa.gov](http://www.recovery.pa.gov).

## **VI. Summary of Activity 2003 – 2009**

It is BMWBO's mission to create a more level playing field for minority and women-owned businesses by providing the necessary information, education, aggressive outreach as well as innovative strategies and policies to accomplish this goal. Pennsylvania was recognized in 2008 as having one of the top three MBE/WBE programs in the country. Some of the initiatives undertaken by BMWBO to significantly increase opportunities for MBE/WBEs are as follows:

- ◆ Convened the first Statewide Governor's Advisory Council on MBE/WBE Development.
- ◆ Since 2003, the number of certified small disadvantaged businesses more than doubled from 1,200 to over 2,500 in 2009.
- ◆ The number of workshops and outreach events increased substantially while the Department also greatly enhanced its investigation and enforcement unit to ensure accountability and contract compliance.
- ◆ Initiated commitment language in non-traditional contract award areas such energy savings contracts and real estate transactions;

### **Acknowledgement of MBE/WBE**

The success of the Commonwealth's MBE/WBE program could not have been possible without the many dedicated minority and women business owners. These individuals have often labored long and hard to just have the opportunity to compete for state contracts. Small businesses are the backbone and engines that drive the economy, create jobs, expand the tax base and create opportunities for others. In short, these businesses improve the quality of life for others in many different ways. In addition, small business owners are the leaders, believers, mentors and anchors in our communities. As such, their light and opportunity must never be allowed to fade or grow dim but only become brighter and stronger through greater opportunities and partnerships in the government marketplace.

### **The Road Traveled**

The road traveled since 2003 has undoubtedly been long and winding and certainly not without its challenges at every turn. Over the past 8 years, the Department's MBE/WBE Program has come a long way in creating real economic opportunities for MBE/WBEs in state contracting. This is due in no small part to the hard work, and dedication of the entire BMWBO team, the Office of Chief Counsel and all DGS deputes and Bureau Directors. We believe now, as we did at the beginning of this journey, that the Department's MBE/WBE Program represents a model program for other states.

## VII. What MBEs & WBEs Have To Say...

“The Bureau showed an enthusiasm and professionalism with regard to their objectives which included but were not limited to expanding the resource pool for qualified Minority and Women Owned firms on current and future projects“

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BMWBO personnel “have been professional, resourceful and extremely helpful to our ability to conduct business with Commonwealth entities. On several occasions various staff members have taken the time and either completed research or clarified a process which has been beneficial to our firm and saved us considerable resources.”

\*\*\*\*\*

“The relocation of the office space has brought about a mini stimulus to the small borough of Laureldale as well as enhancement to the main street beautification. The personnel at Bureau of Minority & Women Business Opportunities, Department of General Services Bureau of Real Estate, and Department of Labor and Industry were very helpful and instrumental in the success of the project. [We] look forward to building on this successful project with the Commonwealth and encourage all Minority and Women Owned businesses to participate in the opportunities provided by the Commonwealth of PA.”

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“This increased communication and cooperation between the commonwealth and the minority and women business community is gratifying.”

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“Working with BMWBO has made navigating through the State a lot easier. Their staff is knowledgeable as well as responsible.”

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The Bureau of Minority and Women Business Opportunities has changed the way Pennsylvania does business with MWBE companies in a time frame that is truly amazing when one considers how slowly such change would normally occur.”

## **VIII. Recommendations for the Future**

### **Procurement**

- Consider projects or contracts where the Small Business Reserve (SBR) may be used to permit small businesses, minority and women owned business enterprises additional opportunities to compete for procurements with similar sized businesses. The SBR program helps to level the playing field for small, minority and women business enterprises and promotes economic development.

### **Construction**

- The DB information provided to the Professional Services Selection Committee should be edited to provide a clearer indication to the Committee of commitments by the design firms to MBEs and WBEs during the design phase of the project.

### **Real Estate**

- When possible, invite BMWBO into the discussions with the prospective landlords during the negotiation phase to assist in locating appropriate disadvantage businesses to fulfill their stated DB commitment. This would be beneficial to all parties involved even though the major components of a lease are location and price and landlords are not identified until the solicitation is closed.
- With regard to land purchases and sales, BMWBO should continue to work with the Bureau of Real Estate to educate brokerages, closing companies, or other companies that prepare the property for sale regarding potential MBE/WBE involvement.

### **Energy Savings**

- Explore opportunities for MBE/WBEs to participate in the procurement process for these specialized contracts, possibly assisting these firms in becoming qualified as a Small Energy Service Company (SESCO).