

Commonwealth of Massachusetts
Operational Services Division

Supplier Diversity Office

Fiscal Year 2013

Comprehensive Annual Report



OPERATIONAL SERVICES DIVISION
THE SUPPLIER DIVERSITY OFFICE



OPERATIONAL SERVICES DIVISION

SUPPLIER DIVERSITY OFFICE

Reginald Nunnally
Executive Director

THE COMMONWEALTH OF MASSACHUSETTS
Executive Office for Administration and Finance
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Gary J. Lambert
Assistant Secretary for
Operational Services

August 5, 2014

Dear Members of the General Court, Cabinet Secretaries, Agency Heads, Secretariat and Agency Supplier Diversity Program Officers:

It is with great pleasure that I present to you the Operational Services Division's (OSD), Supplier Diversity Office (SDO) FY2013 Annual Report. This is the second successive year that we combine our reporting for the Supplier Diversity Office and all of its programs including: the Supplier Diversity Program (SDP), and the Small Business Purchasing Program (SBPP) into one report. This is a comprehensive Annual Report for all programs under the Supplier Diversity Office for FY2013.

There are approximately 2,700 certified firms, with a gross revenue of \$13.3 billion, that hire over 60,000 employees. Minority and Women owned firms are a major contributor to the Massachusetts economy. We are proud that SDO continues on a positive trend and acknowledge that more needs to be done.

Access and opportunity in state procurement is one of the prime objectives of the Patrick Administration that is changing how government does business with Minority, Women, and Disadvantaged Business owned firms, as well as Massachusetts Small Businesses. This report highlights the offices' accomplishments in promoting the advancement of Minority and Women Business Enterprises (M/WBE's) for profit and not-for-profit enterprises in our program, as well as Small Businesses in public contracting. This report also includes our Performance Management efforts over the past fiscal year and demonstrates how SDO continues to build upon the objective of informing the businesses we serve of the opportunities within the Commonwealth for Minority, Women, and Disadvantaged owned firms, and Small Businesses.

The Supplier Diversity Office is pleased to announce that \$905,088,110 in total combined Commonwealth spending was accomplished through the Supplier Diversity Office in FY2013, with MBEs, WBEs, SBPP participants, through the Goods and Services and Construction Reform programs. This includes \$229,169,152 with Minority Business Enterprise (MBE), \$554,177,590 with Women Business Enterprise (WBE), and \$121,741,368 with Small Business Purchasing Program (SBPP) participants

It is good business to diversify who the Commonwealth does business with and it is important that as many businesses as possible in Massachusetts have an equal opportunity to contract with state government. This is the new Massachusetts, moving in a direction of inclusion and transparency as we continue into the new millennium. Congratulations to the Supplier Diversity Office staff on a job well done and Congratulations to all of the SDO Certified firms and businesses on their success in contracting with the Commonwealth.

Sincerely,

Reginald A. Nunnally
Executive Director
Supplier Diversity Office

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EXECUTIVE SUMMARY

In FY2013, the Operational Services Division's (OSD) Supplier Diversity Office (SDO) had a remarkable year. We started the year as the proud recipient of the "Pinnacle Award for Excellence" presented by the New England Area Conference of the NAACP at its One Hundred Year Dinner Award Celebration.

Certified Minority, Women owned, and registered Small Businesses received \$905,088,110 in business with the Commonwealth: \$229,169,152 with Minority Business Enterprises (MBE), \$554,177,590 with Women Business Enterprises (WBE), \$121,741,368 with Small Business Purchasing Program (SBPP) participants, and \$104,711,538 in Construction Reform. There were 542 new applications for certification filed. The office processed 581 requests for certification actions and 2,103 renewal applications. Although the core mission of OSD's Supplier Diversity Office is the certification of Minority and Women owned businesses, we recognize that there is a need to provide technical assistance to businesses in support of their efforts to secure contracts through the Commonwealth's various bidding processes.

The technical assistance opportunities were developed through a variety of programs that have either expanded or were newly created through our Supplier Diversity Program (SDP), Construction Reform Program, and our Disadvantaged Business Enterprise Supportive Services Program (DBE-SS). In FY2013, OSD and SDO provided technical assistance to numerous businesses. These services included pre-certification workshops; recruitment of certified firms into construction technical assistance programs offered by two construction primes; and through the Disadvantaged Business Enterprise Supportive Services (DBE SS) Program: a mini-MBA classroom curriculum, various knowledge seminars at Get Connected events, and Meet & Greet events to network and forge new business relationships between primes and sub-contractor entities.

The Supplier Diversity Program is directly involved in the monitoring of Statewide Contracts for Minority and Women participation in providing goods and services to the Commonwealth. Executive Branch spending with certified entities and small business participating entities, occurs through three different types of procurements statewide, large procurements (over \$150,000.01), small procurements (between \$5,000.01 and \$150,000.00), and incidental procurements (typically one -time procurements under \$5,000.00).

In June of 2010, Governor Patrick issued Executive Order No. 523¹ to establish the Small Business Purchasing Program (SBPP) for the Commonwealth in recognition of the importance of Massachusetts small businesses. The mission of the SBPP is to direct Executive Department spending for non-construction goods and services to program-eligible small businesses. Departments took steps to direct notification and award non-construction procurements valued Fulfilling the Promise of Access and Opportunity within the Operational Services Division's Supplier Diversity Office. For further information you can review the Supplier Diversity Office FY2012 Comprehensive Annual Report².

The Commonwealth's Construction Reform Law, Chapter 193 of the Acts of 2004³, establishes that state Municipalities must incorporate MBE and WBE goals into both the design and construction phases of any vertical construction project where state funds are used if that phase exceeds \$100,000.

This applies to the construction, reconstruction, alteration, remodeling, repair or demolition of any vertical public building by any city or town.

In FY2013, over \$104,711,538 in design and construction is attributed to Minority and Women owned design and construction firms.

The SDO enjoys a positive relationship with the Massachusetts School Building Authority (MSBA), which conducts the majority of large budget vertical construction projects in the Commonwealth over which the SDO has oversight. SDO also recognizes the technical assistance provided through our partners: The Turner School of Construction Management and Gilbane School of Construction.

¹ <http://www.mass.gov/governor/legislationexecorder/executiveorder/executive-order-no-523.html>

² <http://www.mass.gov/anf/docs/osd/sdo/forms/fy2012sdo-annual-report.pdf>

³ <https://malegislature.gov/Laws/SessionLaws/Acts/2004/Chapter193>

The Disadvantaged Business Enterprise Supportive Services (DBE-SS) Program is an initiative funded through the U.S. Department of Transportation Federal Highway Administration and administered through the Massachusetts Department of Transportation (MassDOT). The program aims to increase the participation of certified DBE's that have the resources, finances, management, and technical skills necessary to compete successfully for transportation/highway related contracts and subcontracts. To reach these goals, MassDOT has enlisted the OSD's Supplier Diversity Office to create and implement the multi-phase instructional and goal driven module that is the DBE-SS Program.

SDO expanded the Disadvantaged Business Enterprise Supportive Services Program to include a classroom based, 14 session professional certificate program through Marketing Edge Consulting Group and Boston University. Participating firms received procurement training and business development services with classroom technical assistance culminating with a three (3) year business Growth Action Plan tailored to their particular business.

We have accomplished a great deal in FY2013, but there is more that needs to be done. We look forward to the challenges of monitoring of and compliance with Executive Orders 523⁴ and 524, building capacity of certified Minority and Women owned firms as well as Small Businesses.

⁴ <http://www.mass.gov/governor/legislationexecorder/executiveorder/executive-order-no-524.html>

OPERATIONAL SERVICES DIVISION

SUPPLIER DIVERSITY OFFICE

In January of 2010, Governor Patrick executed An Act Reorganizing Certain Agencies of the Executive Department (Article 87) specifically combining the State Office of Minority and Women Business Assistance (SOMWBA) and the Affirmative Market Program (AMP) within the Operational Services Division (OSD) to create a single door through which Minority and Women-owned businesses can seek certification, technical assistance and capacity-building services. The newly created department within OSD was named the Supplier Diversity Office.⁵

OSD administers the procurement process for the Commonwealth by establishing Statewide Contracts for goods and services that ensure best value, provide customer satisfaction, and support the socioeconomic and environmental goals of the Commonwealth and by providing specific operational services. OSD provides unified support to the Commonwealth and external customers and is leading through a team approach under the direction of Gary Lambert, the Assistant Secretary for Operational Services.

The Supplier Diversity Office is fully integrated into OSD. Throughout FY2013 SDO has actively participated in all aspects of the procurement and contracting of goods and services on Statewide Contracts, the performance management efforts within OSD, and SDO and its Supplier Diversity Program are involved in the strategic planning and reviewing of Statewide Contracts that come up for initial bid, renewal, or re-bid.

The Commonwealth of Massachusetts spends approximately \$4 Billion each year on goods and services. Approximately \$1Billion of this amount is targeted to Operational Services Division Supplier Diversity Office certified Minority and Women-owned business enterprises as well as Small Business Purchasing Program participants. The SDO is responsible for reviewing applications for certification from businesses that meet certain state and federal criteria. The SDO has a long tradition of service to Minority and Women-owned businesses in the Commonwealth of Massachusetts. Today the SDO continues to expand outreach to even more business communities.

The SDO is comprised of the following programs:

- Certification
 - State Certification Program
 - Unified Certification Program
- Supplier Diversity Program
- Small Business Purchasing Program
- Construction Reform Program
- Disadvantaged Business Enterprise Supportive Services Program

Certification Program: State / UCP Program

One of our primary services at the state level is to certify Minority (MBE), Women (WBE), and at the federal level through the Unified Certification Program (UCP), the Disadvantaged (DBE) business enterprises that meet certain state and/or federal criteria. SDO certification is a marketing tool used to enhance a firm's ability to do business in public markets. Although certification does not guarantee that a business will be successful every time it bids, it may add a competitive edge to firms seeking contracts with the government.

Supplier Diversity Program (SDP)

The Supplier Diversity Program was established in September, 2010 via Executive Order No. 524 to promote equality in state contracting by ensuring full participation of Minority and Women-owned business enterprises in all areas of state contracting including goods and services. The SDP provides opportunities in state contracting for minority and women owned business enterprises to partner with prime vendors in completing their SDP Plan contracting obligations.

⁵ The “as filed” legislation can be reviewed at: <http://www.mass.gov/governor/docs/legislation/2010article87.pdf>.

Small Business Purchasing Program (SBPP)

Governor Deval Patrick recognizes the importance of Massachusetts small businesses and the impact and challenges the latest recession has placed on them. Governor Patrick signed Executive Order 523, on June 29, 2010, establishing a new Massachusetts Small Business Purchasing Program (SBPP) to direct state spending for non-construction goods and services to participating Massachusetts small businesses.

Construction Reform Program

The Construction Reform Law, Chapter 193 of the Acts of 2004 was signed into law on July 19, 2004 and requires that municipalities incorporate MBE and WBE goals into both the design and construction phase of vertical municipal construction projects utilizing state funds if that phase exceeds \$100,000.

Disadvantaged Business Enterprise Supportive Services (DBE SS) Program

DBE SS is a multi-phase instructional and goal driven program that aims to increase the participation of certified DBEs that have the resources, finances, management, and technical skills necessary to compete successfully for transportation/ highway related contracts and sub-contracts.

PERFORMANCE MANAGEMENT

Governor Patrick signed Executive Order No. 540 (EO540)⁶ in FY2012, which set out the policy framework for instituting performance management across state government. Under the Executive Office for Administration and Finance, OSD and SDO participated throughout FY2013 in various Performance Management activities including the Mass Results Initiative launched by the Patrick Administration to build a results orientated government. SDO is included within OSD's 2013 -2015 Strategic Plan⁷ which was developed as part of the first milestone of EO540. Further, SDO members participated in Performance Management Executive Training sessions, attended the second annual Conference on Performance Management in State Government, and continue to seek opportunities to drive efficiencies in our work. In FY2013, OSD's Leadership Team selected a business tool to lead the entire organization to achieve one singularly important goal.

THE WILDLY IMPORTANT GOAL

4 Disciplines of Execution (4DX) is that business tool. The instructive book was written by Sean Covey, Chris McChesney, and Jim Huling. 4DX is a simple, repeatable, and proven formula for executing on your most important strategic priorities in the midst of the Whirlwind (urgent activity required to keep things running day-to-day). By following the 4 Disciplines leaders can produce breakthrough results.⁸

Discipline 1: focusing on the wildly important,

Discipline 2: acting on lead measures,

Discipline 3: keeping a compelling scoreboard, and

Discipline 4: creating a cadence of accountability.

In working with 4DX, an organization creates one Wildly Important Goal (WIG) and all departments within the organization then create their own goals that relate to and support the single most important goal of the organization. The formula for a WIG is to make a change is: from X to Y by a specific date. OSD's WIG was a fiscal year long one and SDO participated with a team WIGs is support of the overall goal.

⁶ <http://www.mass.gov/governor/legislationexecorder/executiveorder/executive-order-no-540.html>

⁷ <http://www.mass.gov/anf/docs/osd/osd-2013-2015-strategic-plan.pdf>

⁸ <http://www.4dxbook.com/blog/category/the-4dx-book/>

Operational Services Division FY2013 WIG

Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B by June 30, 2013.

The Supplier Diversity Office's FY2012 Team WIG

Increase the Pool of Potential Certified Vendors Available for Statewide Contracts from 159 to 300 by March 31, 2013.
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To achieve the Team goal, the SDO team reached out to every prime vendor of the Statewide Contracts for goods and services to determine if they may be potentially qualified for SDO Certification. Once a vendor self-identified that they may be potentially qualified for certification, they were provided with a fast track application and instructions to apply for SDO Certification. Additionally, an evaluation was performed to find the average profile of SDO Certified vendors on Statewide Contracts and a review was then performed within the SDO Certified population to identify those business entities that meet that profile. Every member of the SDO team participated in some aspect of this WIG. Performance towards the goal was tracked, measured, and immediately visually available to the team at all times through the use of a WIG scoreboard.

Ultimately 322 SDO Certified or potential certified companies were identified as available for Statewide Contracts, thereby reaching a 50.6% increase in the potential pool of vendors available for Statewide Contracts. SDO exceeded the WIG by 7.11%.

PROGRAMS AND RESULTS

CERTIFICATION UNIT

The Supplier Diversity Office (SDO), continues its rich and long tradition of service to Minority and Women-owned businesses in the Commonwealth of Massachusetts. One of our primary services to Minority and Women Business Enterprises is to certify businesses that meet certain criteria. SDO certification is a marketing tool used to enhance a firm's ability to do business in public markets. Although certification does not guarantee that a business will be successful every time it bids, it may add a competitive edge to a bid.

The SDO Certification Unit publishes a directory of certified Minority and Women Business Enterprises and certified Minority and Women-controlled, non-profit organizations. The directory is searchable online, and may also be downloaded.⁹

STATE CERTIFICATION PROGRAM

The SDO reviews and investigates applicants who seek to participate in affirmative business opportunities to determine that they meet the requirements of state statutes and regulations. SDO reviews applications for certification as: Minority Business Enterprises (MBE), Women Business Enterprises (WBE), Minority Women Business Enterprises (M/WBE), and Minority or Women or Minority Women Non Profit Organizations (M/NPO, W/NPO, or M/W/NPO).

At the end of FY2013 there were a total of 2,747 certified businesses at the state level. Each week some new businesses are certified, some are decertified, and some withdraw their applications, therefore the total number of certified businesses within the Commonwealth is an ever fluctuating number.

In FY2013 there were 1,781 Women-owned certified businesses at the state level.

	WBE	M/WBE	Total
Women-owned certified businesses	1,498	283	1,781

In FY2013 there were 1,249 Minority-owned certified businesses at the state level.

The breakdown of certified businesses, by ethnicity/minority, is as follows:

Ethnicity/Minority	WBE	M/WBE	MBE	Total
African American, Black		108	303	411
Asian American (Pacific)		54	121	175
Asian American (Subcontinent)		30	91	121
Cape Verdean		2	39	41
Caucasian	1,498			1,498
Hispanic		64	157	221
Native American		7	9	16
Person with a Disability		0	0	0
Portuguese		18	74	92
Eskimo/Aleut		0	0	0
Total	1498	283	794	2747

⁹ The directory is available on the SDO Website at www.mass.gov/sdo

Pre-Certification Workshops Offered by SDO and OSD

Throughout the year the SDO, in conjunction with the Training, Outreach, and Marketing unit of OSD, offer Pre-Certification Workshops. These workshops introduce the topic of SDO Certification as Minority (MBE) or Women (WBE) Business Enterprises, both for profit and not for profit, as well as Disadvantaged Business Enterprises (DBE). The workshops provide companies and entrepreneurs with information and awareness about opportunities to do work with the government and how SDO Certification may help them market their company.

In FY2013 there were fourteen Pre-Certification Workshops held throughout the Commonwealth. On average each workshop offered a capacity of 64 seats, with an average of 62 individuals registering and an average of 52 individuals attending. This means that the Pre Certification Workshops had a show rate of 84%.

Date	City	Capacity	Registered	Attended	% attended	Any extraordinary activity
July 31, 2012	Boston	40	40	27	68%	
August 14, 2012	Fall River	30	29	21	72%	
August 31, 2012	Boston	50	66	63	95%	
September 12, 2012	Springfield	40	36	28	78%	
September 27, 2012	Boston	75	65	66	102%	
October 25, 2012	Cambridge	35	35	22	63%	
November 8, 2012	Worcester	100	82	54	66%	A snow storm occurred and Worcester Public Schools closed.
December 12, 2012	Lawrence	75	74	70	95%	
January 11, 2013	Boston	50	51	58	114%	
February 6, 2013	Dorchester	40	38	32	84%	
March 7, 2013	Barnstable	60	55	41	75%	A snow storm was forecast and the location was changed.
April 17, 2013	Worcester	100	100	111	111%	
May 15, 2013	Springfield	45	49	35	71%	
June 11, 2013	Boston	150	140	110	79%	
	Webinar			373	100%	New in FY2013

During FY2013 a webinar was created in an effort to make attending a Pre-Certification Workshop easier for the community. During FY2013, the webinar received 373 views. 250 fewer individuals attended the in person Pre-Certification workshops in FY2013 than FY2012. With the webinar attendance, the overall outreach for Pre-Certification for FY2013 reached 1,111 individuals and exceeded that of FY2012 by 123. In light of the webinar, we held 9 fewer Pre-Certification Workshops in FY2013 than were offered in FY2012.

UNIFIED CERTIFICATION PROGRAM

Disadvantaged Business Enterprises

The public agencies and authorities of the Commonwealth of Massachusetts, as direct recipients of US DOT funding or as managers of federally funded projects, have established Disadvantaged Business Enterprise (DBE) programs in accordance with federal regulations, 49 CFR Part 26¹⁰.

It is the goal of these public entities, through the Massachusetts Unified Certification Program (MassUCP) and its other DBE program components to ensure that DBE firms have an equal opportunity to receive and participate in DOT assisted contracts.

¹⁰ <http://www.gpo.gov/fdsys/pkg/CFR-2010-title49-vol1/pdf/CFR-2010-title49-vol1-part26.pdf>

At the end of FY2013 there were a total of 995 certified businesses at the federal level as DBEs. Each week some new businesses are certified, some are decertified, and some withdraw their applications, thus the total number of certified DBE businesses within the Commonwealth is a fluctuating number.

DBE firms	Total
DBE/M	371
DBE/W	518
DBE/M/W	106
Total	995

The breakdown of those businesses, by ethnicity, is as follows:

DBE firms by Ethnicity	Total
African American, Black	200
Hispanic	87
Asian American (Pacific)	79
Asian American (Subcontinent)	40
Cape Verdean	21
Caucasian (includes women)	515
Native American	8
Person with a Disability	2
Portuguese	43
Eskimo/Aleut	0
Total	995

Unified Certification Program (UCP)

The MassUCP reviews and investigates applications by entities seeking certification as a Disadvantage Business Enterprise (DBE) with the U.S. government. DBE certification is a federal designation used in conjunction with US Department of Transportation (US DOT) funded projects and contracts.

DISADVANTAGED BUSINESS ENTERPRISE (DBE)

By definition a DBE is for-profit small business concern, at least 51% owned by one or more individuals who are socially and economically disadvantaged, or, in the case of a corporation, at least 51 % of the stock of which is owned by one or more such individuals; and the management and daily business operations of such business are controlled by one or more of the socially and economically disadvantaged individuals who own it.

INTERSTATE AGREEMENT WITH THE NEW ENGLAND STATES

New England Summit

In FY2013 the Massachusetts Supplier Diversity Office worked with its neighboring states in a continuation of the New England Summit format which commenced in FY2012 to collaborate and build relationships between and among the states. A significant outcome of this effort was that all New England States worked together to create, negotiate, and ultimately sign on to the New England Interstate Certification Program (NEICP) Memorandum of Agreement (MOA), wherein: This MOA sets forth the process for the Parties for all DBE Interstate Certification Requests from all UCPs. The Parties encourage all UCPs to join this MOA and sign onto the agreement.

COMBINED FEDERAL AND STATE RESULTS

The Commonwealth of Massachusetts spends approximately \$4 Billion each year doing business with firms. Becoming SDO certified can help firms seeking contracts with the government.

In FY2013 the State Certification unit (MBE, M/NPO, W/NPO, WBE, M/WBE) and the Unified Certification Program (DBE) processed new applications and conducted Annual Updates and Biennial Renewals, including conducting Administrative and Recertification reviews.

New Applications

The SDO saw a total of 376 state and 168 federal new applications arrive for review in FY2013; this is an increase as compared with the 362 state and decrease with 180 federal applications received in FY2012.

Of the 376 new state level applications, twelve applications were received from Non Profit Organizations which resulted in the following: six were certified, none were denied, six withdrew, and none was inactivated after thirty days with no response.

Annual Updates and Biennial Renewals

SDO sends out reminder letters to companies whose time for renewal is approaching. These letters detail the documentation the company is required to submit in order to retain their certified status. Certifications come up for renewal according to the following schedule:

- State(MBE/WBE and Non-profit) Every two years (Biennial Renewal)
- Federal(DBE) Every year (Annual Update)

Review of certified entities for annual updates and biennial renewals result in the following possible actions: continued certification, decertification, withdrawal of a certification by the business entity, or for DBE certified entities it could mean a graduation from the program if the three-year average revenues exceed the disadvantaged size cap or if the Personal Net Worth of the eligible owner exceeds the size cap of \$1.32M.

FY2013 saw a significant increase in the need for investigative staff to administratively review potential annual updates and a decrease for biennial renewal files. Administrative reviews occur due to substantive changes that occurred within the business entities during FY2013, as compared with FY2012.

The SDO saw a decrease in state administrative reviews in FY2013 over FY2012 and an increase in administrative reviews for the federal program in FY2013 over FY2012.

Appeals

Applicants who receive letters of denial, or decertification, have the opportunity to appeal the Certification Committee decisions. Fiscal year 2013 saw 21 new applications denied; 16 were state and five were federal.

Report of Certification Denial Decisions for FY2013

	Tentative Initial Denial ¹¹	Waiting for ID letter write-up/Pending ¹²	No Appeal/Inactive	Re-Open	Requested Hearing
State	16	5	3	1	7
Federal	5	2	1	0	2
Total	21	7	4	1	9

¹¹ Initial Denial - 5 cases (3 State, 2 Federal) were carried over from FY2012

¹² State - 4 Cases need ID letter write-up

	To be scheduled Hearing	Withdrew Hearing	Hearing Held	Reversed-Certified	Upheld-Denial	SAB-Remand	SAB/UCP pending
State	3	1	3	2	0	0	1
Federal	0	0	2	0	1	1	0
Total	3	1	5	2	1	1	1

SUPPLIER DIVERSITY PROGRAM (SDP)

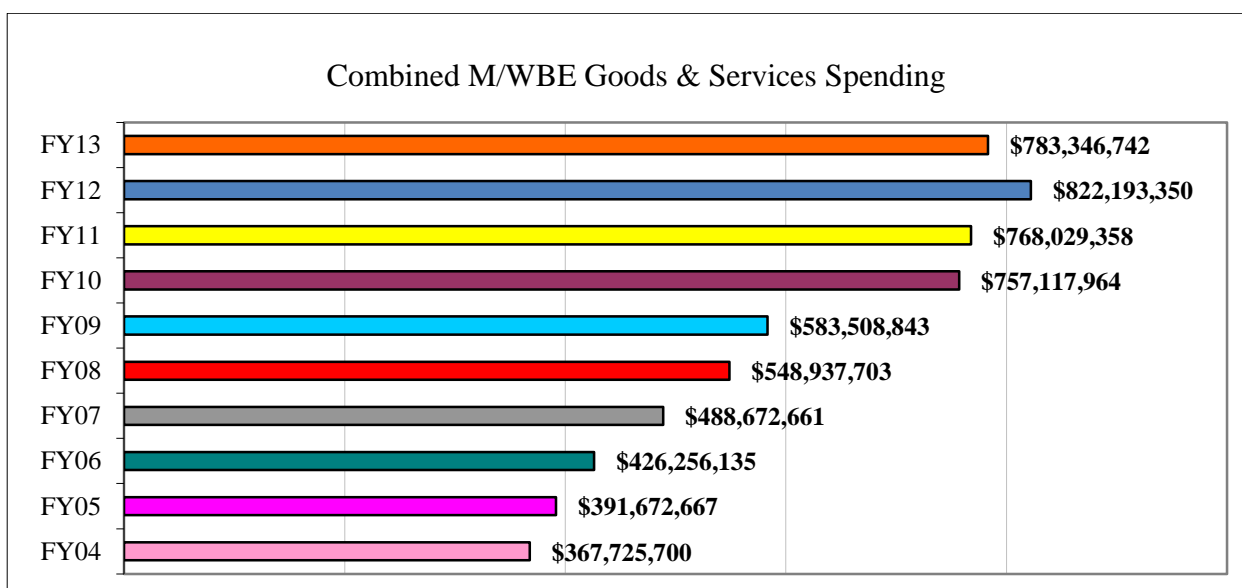
The Supplier Diversity Program (SDP) was established through Executive Order No. 524 ¹³(EO524) to promote supplier diversity in public contracting for Goods and Services. The SDP is housed within the Massachusetts Supplier Diversity Office (SDO) within the Operational Services Division (OSD). The program institutes policies to encourage the award of state contracts in a manner that develops and strengthens certified Minority and Women Business Enterprises (M/WBEs). Our mission is to increase access to business opportunities for M/WBEs.

Combined M/WBE Goods & Services Spending

In FY2013, state expenditures in goods and services totaled \$783,346,742; this represents an overall annual decrease of \$38,846,608 or 5% from FY2012.

	FY2012	FY2013	FY2013 \$ decrease from FY2012
SMBE	\$243,338,712	\$229,169,152	\$14,169,560
WBE	\$578,854,638	\$554,177,590	\$24,677,048

The program's total spending, along with spending in the Small Business Purchasing Program (SBPP), was tracked and reported on a quarterly basis as illustrated in the graph below. More detail about the SBPP participants can be found in the next section of this Annual Report.



All contractors interested in doing business with the Commonwealth of Massachusetts are strongly encouraged to develop creative initiatives to help foster business relationships with certified MBEs and WBEs in the public marketplace as well as to bid as a prime vendor on Statewide and department contracts. A vendor's certification status

serves as a marketing tool and is valuable in the contracting process for all. The SDP provides ongoing training and marketing opportunities for certified Minority and Women-Owned Enterprises.

Vendors who wish to bid as a prime vendor on a Statewide or departmental contract should keep their business best informed about current and upcoming opportunities by creating or updating their free account on COMMBUYS, the Commonwealth's current e-procurement system. All vendors may do so at: <http://www.COMMBUYS.com>. If you desire assistance with your COMMBUYS account please contact the COMMBUYS Helpdesk at 1-888-MA-STATE (1-888-627-8283).

Three Year Trend of Spending at the Secretariat level

As illustrated in the table below, the three year trend in spending at the Secretariat level shows an overall decrease with MBE and WBE firms during FY2013 from FY2012.

MINORITY BUSINESS ENTERPRISES (MBE) STATEWIDE EXPENDITURES			
	FY2011	FY2012	FY2013
Office of the Governor	\$14,330	\$26,866	\$25,493
Executive Office for Administration and Finance	\$3,392,882	\$5,420,386	\$5,809,200
Comptroller of the Commonwealth	\$49,634	\$21,541	\$18,383
Commission Against Discrimination	\$30,820	\$46,146	\$45,693
Disabled Persons Protection Commission		\$29,650	\$25,705
Executive Office of Energy and Environmental Affairs	\$3,374,897	\$3,152,002	\$2,524,210
Executive Office of Health and Human Services	\$147,611,636	\$150,713,999	\$144,895,767
Executive Office of Public Safety and Security	\$3,686,132	\$2,437,108	\$4,202,416
MassDOT	\$32,561,023	\$30,615,833	\$29,582,566
Department of Labor and Workforce Development	\$1,282,045	\$1,133,580	\$1,365,705
Executive Office of Housing and Economic Development	\$18,925,342	\$13,161,194	\$12,419,752
Executive Office of Education	\$27,520,877	\$35,912,018	\$27,388,512
MassHousing	\$1,009,831	\$668,389	\$641,682
Center for Health Information and Analysis			\$22,408
STATEWIDE TOTAL	\$239,459,450	\$243,338,712	\$229,169,152

WOMEN BUSINESS ENTERPRISES (WBE) STATEWIDE EXPENDITURES			
	FY2011	FY2012	FY2013
Office of the Governor	\$15,917	\$15,917	\$13,018
Executive Office for Administration and Finance	\$10,274,565	\$8,559,535	\$13,635,504
Comptroller of the Commonwealth	\$385,565	\$94,587	\$385,042
Commission Against Discrimination	\$28,266	\$41,791	\$63,777
Disabled Persons Protection Commission		\$29,846	\$23,407
Executive Office of Energy and Environmental Affairs	\$7,726,760	\$6,671,910	\$6,553,444
Executive Office of Health and Human Services	\$344,970,024	\$337,629,282	\$363,784,053
Executive Office of Public Safety and Security	\$7,295,847	\$6,514,495	\$5,732,856
MassDOT	\$73,124,641	\$69,626,484	\$51,849,772
Department of Labor and Workforce Development	\$2,766,189	\$3,357,298	\$1,585,167
Executive Office of Housing and Economic Development	\$48,817,214	\$60,990,233	\$63,388,731
Executive Office of Education	\$32,768,378	\$44,868,497	\$46,414,391
MassHousing	\$396,396	\$392,750	\$150,664
Center for Health Information and Analysis			\$234,764
STATEWIDE TOTAL	\$528,569,763	\$578,854,638	\$554,177,590

Executive Branch Spending in FY2013 for Benchmark Attainment by Secretariat:

The SDP Program tracks spending by each of the 72 agencies and departments within the Executive Branch and of participating agencies outside of the Executive Branch, and MassHousing Authority. The SDP program provides a quarterly and an annual report to all participants showing their spending and tracking that spending against their benchmarks.

FY2013 Goods and Services Spending with MBE and WBE firms ¹⁴	\$ 783,346,742
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Benchmarks for spending with MBE and WBE firms are measured against the discretionary budgets of each agency or department. At the beginning of FY2013, the overall discretionary budget was \$4.084 Billion. Some participating agencies' Supplier Diversity Officer and/or the Chief Procurement Officers reviewed their discretionary budgets to consider modifying them to reflect true limits; by the fourth quarter the overall discretionary budget was adjusted to \$4.071 Billion. The FY2013 benchmarks were 6% for MBE and 12% for WBE.

The FY2013 overall spending for MBE fell short of meeting the 6% benchmark by .39% for a total of 5.61%; however, WBE spending exceeded the 12% benchmarks established by the program by 1.57% for a total of 13.57%.

	FY2013 Discretionary Budget	MBE Benchmark 6%	MBE Actual Spend for FY2013	MBE actual %	WBE Benchmark 12%	WBE Actual Spend for FY2013	WBE Actual %
TOTAL Executive Branch	\$4,070,991,705	\$244,259,502	\$228,527,470	93.56%	\$488,519,005	\$553,666,926	113%
TOTAL MassHousing ¹⁵	\$12,594,331	\$755,660	\$641,682	84.92%	\$1,511,320	\$510,664	33.79%
COMBINED TOTALS	\$4,083,586,036	\$245,015,162	\$229,169,152	93.53%	\$490,030,324	\$554,177,590	113.09%

FY2013 spending was tracked for each agency or department and tallied by secretariat. For an overall view of benchmark attainment, we looked at benchmark achievement and historical spending at the secretariat level below:

¹⁴ Prior to and during FY2013, the Commonwealth's Massachusetts Management Accounting and Reporting System (MMARS) captured data for business entities that are Minority Women owned business entities (MWBE) and attributes 100% of those expenditures in the MBE and the WBE reports.

¹⁵ MassHousing is not a department within the Executive Branch. MassHousing has volunteered to participate in the SDP program and provides the SDO with their spend report on an Annual basis for inclusion in Annual Reporting. For that reason, this table reports totals separately for the Executive Branch and MassHousing and then provides a combined total.

Secretariat	FY2013 Discretion Budget	MBE Benchmark 6% of Discretionary Budget	MBE FY2013 Expenditure	MBE FY2013 Variance from 6% Benchmark as a Percentage	WBE FY2013 Benchmark 12% of Discretionary Budget	WBE FY2013 Expenditure	WBE FY2013 Variance from 12% Benchmark as a Percentage
Administration and Finance	\$156,476,282	\$9,388,577	\$5,809,200	61.88%	\$18,777,154	\$13,635,504	72.62%
Commission Against Discrimination	\$299,127	\$17,948	\$45,693	254.59%	\$35,895	\$63,777	177.68%
Center for Health Information and Analysis	\$7,638,502	\$458,310	\$224,068	48.89%	\$916,620	\$234,764	25.61%
Disabled Persons Protection Commission	\$92,344	\$5,541	\$25,705	463.94%	\$11,081	\$26,407	238.30%
Massachusetts Dept. of Transportation	\$141,246,803	\$8,474,808	\$29,582,566	349.06%	\$16,949,616	\$51,849,772	305.91%
Office of Education	\$486,081,165	\$29,164,870	\$27,388,512	93.91%	\$58,329,740	\$46,414,391	79.57%
Office of Housing and Economic Development	\$181,031,586	\$10,861,895	\$12,419,752	114.34%	\$21,723,790	\$63,388,731	291.79%
Office of Health and Human Services	\$2,888,510,85 2	\$173,310,651	\$144,895,767	83.60%	\$346,621,302	\$363,784,05 3	104.95%
Office of Energy and Environmental Affairs	\$74,268,564	\$4,456,114	\$2,524,210	56.65%	\$8,912,228	\$6,553,444	73.53%
Department of Labor and Workforce Development	\$29,780,158	\$1,786,809	\$1,365,705	76.43%	\$3,573,619	\$1,585,167	44.36%
Office of Public Safety & Security	\$105,072,608	\$6,304,356	\$4,202,416	66.66%	\$12,608,713	\$5,732,856	45.47%
Office of the Governor	\$140,091	\$8,405	\$25,493	303.29%	\$16,811	\$13,018	77.44%
Office of the State Comptroller	\$353,624	\$21,217	\$18,383	86.64%	\$42,435	\$385,042	907.37%

SMALL BUSINESS PURCHASING PROGRAM (SBPP)

On June 29, 2010 Governor Patrick issued Executive Order 523 to establish the Small Business Purchasing Program (SBPP) for the Commonwealth in recognition of the importance of Massachusetts small businesses and the impact and challenges the latest recession had placed on them. The mission of the SBPP is to direct Executive Department spending for non-construction goods and services to program-eligible small businesses. The Supplier Diversity Office, as part of the Operational Services Division the Commonwealth's central procurement and contracting office, is responsible for SBPP development and implementation, including policies, training, capacity-building, and annual benchmarks.

Definition of a Small Business¹⁶

Any entity, including all of its affiliates combined, is eligible to participate in the Small Business Purchasing Program if that entity, exclusively through COMMBUYS, accepts the participation agreement and attests to meeting all program criteria below, as applicable:

- has its principal place of business in Massachusetts;
- has been in business for at least one year;
- currently employs a combined total of 50 or fewer full-time equivalents in all locations;
- has gross revenues as reported on the appropriate IRS tax form of \$15 million or less, based on a 3-year average; and,

EITHER

- for any entity attesting to Business Type "For-Profit":
 - is organized under the laws of the Commonwealth or is properly registered to do business in the Commonwealth; and
 - is independently owned and operated.

OR

- for any entity attesting to Business Type "Non-Profit" (i.e. 501(c)):
 - is registered as a nonprofit or charitable organization with and up to date on its filings with the Massachusetts Attorney General's Office; and
 - is tax-exempt under Section 501(c) of the Internal Revenue Code, i.e. organized and operated exclusively for exempt purposes set forth in section 501(c) and none of its earnings may inure to any private shareholder or individual.

SBPP Policy

In an effort to increase contract opportunities for SBPP participants, OSD issued a new policy in FY2011¹⁷, requiring Executive Departments to target the notification of "Small Procurements" (valued between \$10,000 and \$150,000) to SBPP participants on COMMBUYS. The SBPP participant(s) who submitted the "best value" response would be awarded a contract.

Consistent with the new procurement thresholds, Executive Departments must award contracts for Small Procurements (now set at \$10,000 - \$150,000) to SBPP-participating small business bidders (1) if a response is received from an eligible small business and (2) if their response meets the Department's specifications/requirements. While all businesses interested in bidding on these Small Procurements may do so, it is the intention of the SBPP to only evaluate bids received from and to award a contract to an SBPP-participating bidder that meets the Department's specifications/requirements. An award may only be made to a non-SBPP eligible bidder if there are no responses

¹⁶As available on the OSD Website: <http://www.mass.gov/anf/budget-taxes-and-procurement/procurement-info-and-res/sell-to-the-state/sbpp/welcome-to-the-small-business-purchasing-program.html>

¹⁷The policy was updated on September 15, 2013 and this section denotes the updated procurement thresholds and latest OSD Policy Guidance (FY2014) please refer to PG14-01 <http://www.mass.gov/anf/budget-taxes-and-procurement/procurement-info-and-res/conduct-a-procurement/osd-policies-regs/osd-policy.html> and the OSD Procurement Overview located in the Procurement Information Center at: <http://www.mass.gov/anf/budget-taxes-and-procurement/oversight-agencies/osd/procurement-information-center.html>

received from a registered eligible small business or if responses received from a registered eligible small business do not meet the requirements of the Small Procurement.

FY2013 State Expenditures with SBPP Participants

In FY2013, Executive Branch agencies expenditures with SBPP participants totaled \$121,741,368 showing a slight decrease of .04% from FY2012.

	FY2012	FY2013	FY2013 Decrease from FY2012
SBPP	\$121,790,070	\$121,741,368	\$(48,701.57)

This program requires that departments and agencies direct notification and award of all non-construction procurements that are Small Procurements, which are presently valued between \$10,000 and \$150,000, to businesses identified in COMMBUYS as Small Business Purchasing Program participants, assuming sufficient capacity in COMMBUYS. The SBPP will not include procurements for vertical or horizontal construction since both are covered under statutes outside OSD's authority, MGL c. 149 §44A-H¹⁸, and MGL c. 30 §39M¹⁹ respectively.

New SBPP Required Notification Language for Quotes in FY2013

Small Business Purchasing Program (SBPP) required notification language: Executive Departments must include the following language in the Request for Response (RFR) for goods and services valued between \$10,000 and \$150,000:

This is a small procurement targeted to small businesses participating in the Commonwealth's Small Business Purchasing Program (SBPP). The Department intends to evaluate bid responses from and to award a contract to a SBPP-participating business(es) who submit a bid that meets or exceeds the solicitation criteria only. Subcontracting in these types of procurements is limited to no more than 20% of the value of the contract, unless it is with another SBPP registered participant. If determined that there is inadequate SBPP capacity, or no SBPP-participating vendors provide a responsive bid, the Department will evaluate and award bid responses received from non-SBPP businesses.

FY2013 Total State Expenditures with SBPP Participants

For the first time in FY2013, a benchmark was set for the Executive Branch departments and agencies with respect to spending with Small Business Purchasing Program participants. The FY2013 benchmark was 2.5% of discretionary budget. In FY2013 overall spending exceeded the benchmark.

SBPP FY2013 Total Program Discretionary Budget	SBPP FY2013 Overall Expenditure	SBPP Spending as a % of Discretionary Budget
\$4,072,869,113	\$121,741,368	119.62%

FY2013 SBPP Population Increase

In FY2013, the population of the SBPP grew to 2,906 participating small businesses, which represents an increase of 306 new participants, or 11.7% over FY2012, where the population was 2,600 participants. Of the program participants at the end of FY2013, 590 or 20 % are also Supplier Diversity Office (SDO) certified Minority Business Enterprises (MBE) and/or Women Business Enterprises (WBE).

SBPP Registration

Businesses interested in participating in the SBPP are required to register as an SBPP participant at www.COMMBUYS.com.

¹⁸ <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleXXI/Chapter149/Section44a>

¹⁹ <http://www.malegislature.gov/Laws/GeneralLaws/PartI/TitleIII/Chapter30/Section39m>

DISADVANTAGED BUSINESS ENTERPRISES SUPPORTIVE SERVICES (DBE SS)

The Disadvantage Business Enterprise Supportive Services (DBE SS) Program is an initiative funded through the U.S. Department of Transportation Federal Highway Administration and administered through the Massachusetts Department of Transportation (MassDOT). The program aims to increase the participation of certified DBE's that have the resources, finances, management, and technical skills necessary to compete successfully for transportation/highway related contracts and subcontracts. To reach these goals, MassDOT has enlisted the services of the Supplier Diversity Office to create and implement the multi-phase instructional and goal driven module that is the DBE SS Program.

Program Year

The DBE SS program does not follow the typical fiscal year. This 2012 DBE SS program year reaches into the first and second quarters of FY2013; the ISA covered the period: November 23, 2011 to December 8, 2012. Program highlights are included in this Annual Report.

DOT and SDO Interdepartmental Service Agreement

The DBE SS program is documented and funded pursuant to an Interdepartmental Service Agreement (ISA). There are seven (7) major objectives of the DBE SS Program which are outlined in the ISA: DBE SS Advisory Board, Business Recruitment, Needs Assessment, Classroom Curriculum and supplemental materials, Get Connected, Meet and Greet, and Business Brochure. The DBE SS program achieved and exceeded the seven objectives and deliverables, concluding the program in December of 2012.

Program Regulations

The Disadvantage Business Enterprise Supportive Services (DBE SS) Program is authorized under the Nondiscrimination statute of Title 23 United States Code (U.S.C.), §140 (c), which authorizes the U.S. Secretary of Transportation, in cooperation with any other department or agency of the Government, State agency, authority, association, institution, and Indian Tribal government to develop, conduct, and administer training and assistance programs in order that disadvantaged businesses may achieve proficiency to compete, on an equal basis, for contracts and subcontracts.²⁰

FY2013 DBE SS Program Class

A large component of the DBE SS Program is the classroom curriculum where DBEs learn how to work on their business not just in their business. SDO received funding for and recruited 15 business owners certified as DBEs to attend these classes and earn a mini-MBA type curriculum certificate. The Classroom curriculum was delivered by Marketing Edge Consulting Group. The business curriculum was presented in classroom sessions that included:

- Goal Setting Stages of Business Growth;
- Financials;
- Marketing;
- Human Resources;
- Accessing Financing;
- Doing Business with Government and
- Aspects of construction management.

²⁰ See 49 CFR Part 26t: <http://www.fhwa.dot.gov/HEP/49cfr26.HTM> and 23 CFR Part 230 Subpart B: http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title23/23cfr230_main_02.tpl

These sessions culminate with the development of a three year Growth Action Plan and a Financial Plan for each DBE. Below is a summary of the class schedule that took place during FY2013:

Date	Section	Topic
July 9, 2012	Finance	Seminar Eight: The Basics – Cash Flow, Balance Sheets & Financial Analysis
July 23, 2012	Finance	Seminar Nine: Driving Profit – Key Performance Metrics, Indicators & Ratios to Manage Your Business
August 6, 2012	Finance	Seminar Ten: Financial Presentations – Growing Your Business & Managing the Bidding Process
August 20, 2012	Human Resources	Seminar Eleven: Legal Issues and Considerations in Hiring and Firing
September 7, 2012	Private & Public Resources	Seminar Twelve & Thirteen: Public and Private Resources Panel
October 13, 2012	QuickBooks	Addition: Interactive QuickBooks session
October 3, 2012	Growth Plan Presentations and Graduation	Presentation 3-Year Business Growth Plans to Panel of Experts Graduation Celebration and Presentation of Certificates

FY2013 Success Points in the DBE SS Program

- 2012 Classroom Curriculum
 - 140 hour commitment for all participants
 - 40 in-classroom instructor lead hours
 - 14 guest subject matter experts
 - 3 year individualized growth plans created
- Brochure for “Doing Business with MassDOT” created and delivered
- Final Report for 2012 DBE SS Program delivered (221 [pages](#))
 - Increased classroom enrollments: 120%
 - Increased DBE participation: 471%
 - Increased Prime Contractor Meet & Greet participation: 267%
 - Increased Get Connected participation: 1004%

The 2012 DBE SS Class was the first to be awarded a certificate from the Boston University Institute for Technology, Entrepreneurship, and Commercialization as well as a certificate of completion from the Massachusetts Office of Access and Opportunity.

Get Connected Events in FY2013

- Access to Bonding - July 31, 2012. Access to Bonding has been a hot topic for some time in the construction industry. With the recent recession and lack of available credit and capital, the ability to get bonded has become a more prevalent obstacle to disadvantaged business enterprises. In response to that challenge, the DBE SS Program put together an Access to Bonding event for presentation to the DBE and prime contracting communities during a “lunch and learn” format. The program sponsor, the Massachusetts Minority Contractors Association, added their membership to the DBESS and stakeholder attendance group. The room was filled to capacity as attendees learned from subject matter expert Sam Carradine of The Surety and Fidelity Association of America’s (SFAA) U.S. Department of Transportation Bonding Education Program.
- Access to Credit and Capital - September 12, 2012. In partnership with the U-Mass Boston campus staff and Chancellor’s office, the DBE SS team set about planning, inviting and holding “Get Connected: Access to Credit and Capital” in the Ryan Lounge at U-Mass Boston. Using Treasurer Steven Grossman’s list of Small Business Banking Partnership²¹ banks along with banks that have relationship with SDO, the DBE SS Program had 19

²¹ This program is Treasurer Grossman’s initiative that invests state reserve funds into Massachusetts community banks with the understanding that the financial institutions will use the deposits to make new loans to small credit-worthy businesses. More information can be found at: <http://www.mass.gov/treasury/finance-investments/small-business-banking-partnership-home/>

banks and 38 representatives in attendance to meet with the 99 registered DBE, MBE, WBE, and SBPP businesses in a speed dating type format. The team established lending categories and pre-matched attendees with lenders based on those categories. Attendees traveled from all over the Commonwealth to participate in this event. Name badges were made in advance and color coded so attendees and lenders could easily find each other. The color coding system and “speed dating” format worked so well that only six business owners needed follow up help and a pre-made follow-up survey allowed for quick connection to appropriate lending institutions for those 6 businesses.

Meet and Greet Events in FY2013

- Human Resources - September 21, 2012. This joint Meet and Greet event with the Western Massachusetts Development Collaborative was held at the Western New England University campus in Springfield, MA. At the joint event, the DBE SS Team held, “Get Connected: Access to Human Resources”. Attendees learned from subject matter expert Maite Parsi, Labor Counsel with the City of Springfield, MA, and former Massachusetts Assistant Attorney General. Her legal experience includes labor and employment, construction contracts, and personal injury. She has tried cases before juries in State and Federal courts, and appeared before the Supreme Judicial Court. She presented practical tips on how to handle human resources issues that arise in the workplace. 11 primes and approximately 40 DBEs attended this event.
- KINKISHARYO International, LLC. – July 23, 2013. This event focused on finding partners and subcontractors to meet goals on a contract to develop and manufacture light rail vehicles for Caltrans. The SDO Webmaster blasted KINKISHARYO’s invitation to the entire portfolio of clients. An informal event was held at the Hilton Boston in Dedham, MA with 18 potential partners attending and at least two business relationships resulting.
- American Express - August 2, 2012. This “OPEN – Victory in Procurement” event featured SDO Executive Director Reggie Nunnally on back-to-back panel discussions on the topic “Leveraging Certifications for a Competitive Edge”.
- Shawmut Design and Construction Subcontractor Open House - August 7, 2012. This event focused on opportunities available on the Dudley Municipal Center project(s) and other potential opportunities with this prime contractor. After presentations on the projects the floor was opened up as a Meet and Greet event format.

CONSTRUCTION REFORM LAW PROGRAM

In its inception in 2004 the goal of the SDO Construction Reform Law Program was to monitor MBE and WBE participation for the design and construction phases of municipal projects. It was also to educate the 351 municipalities throughout the Commonwealth regarding Construction Reform Law, Chapter 193 of the Acts of 2004. Since then to better accomplish this mission the program has evolved by adding partnerships, new programs and services which have made the SDO Construction Reform Law Program a more multi-dimensional program then before.

Municipality Monitoring

The Construction Reform Law Program monitors MBE and WBE goals for all public vertical construction projects in both the design and construction phases throughout the 351 municipalities throughout the Commonwealth. Projects affected have to exceed \$100,000 in either the design or construction phases and are those funded by the Commonwealth, in whole or in part, with the following types of funding:

- Massachusetts School Building Authority (MSBA),
- Any legislative appropriations,
- Grant awards,
- Reimbursements,

- Municipal commitments to use state funds and the like.²²

Construction Reform Law, Chapter 193 of the Acts of 2004, establishes that state Municipalities must incorporate MBE and WBE goals into both the design and construction procurement for any municipal contracts for the construction, reconstruction, alteration, remodeling, repair or demolition of any vertical public building project by any city or town. Each municipality must enforce the current MBE and WBE goals.

The design and construction contract awards granted post January 2012, fall under a newly established combined goal of:

Combined MBE & WBE	
Design	17.9%
Construction	10.4%

The new combined goals are based on the DCAMM/ Mass Housing Disparity Study. The complete breakdown of each goal can be viewed in the chart below.

	Black	Hispanic	Asian	Native American	MBE	WBE	Combined
Design	1.04	1.29	2.20	0.10	4.63	13.23	17.86
Construction	0.86	1.59	0.75	0.23	3.43	6.95	10.39

The new combined goals allow designers and contractors flexibility in meeting the MBE/WBE goals. However the combined goals still require a reasonable representation of both MBE and WBE firm participation on a project.²³

Massachusetts School Building Authority (MSBA) / SDO Partnership

The Massachusetts School Building Authority (MSBA) and SDO working in partnership accomplished a major goal this past year. By increasing the number of SDO certified M/WBE businesses participating in the design and project management of Massachusetts School Building Authority (MSBA) projects. To accomplish this, the Massachusetts School Building Authority (MSBA) and SDO gathered a pool of talented M/WBE designers and projects managers to bid on a number of MSBA Accelerated Repair Program projects. These projects focus on school windows, roofs and boiler repairs exclusively. We projected that there would be two additional SDO certified firms that would be added to the Owners Project Management Team. The results exceeded our expectations.

Design selection:	Project Management selection
38 – Total Applicants	21 – Total Applicants
18 – Pre-qualified for project	12 - Pre-qualified for project
7 – SDO (38%) selected for project	3 - SDO (25%) selected for project

Schools of Construction

The most innovative of all the new SDO Construction Reform Law Program initiatives is the partnership with the 3 private sector construction company's schools of construction, Gilbane, Suffolk, and Turner. The 3 schools are

²³ Construction Reform Law - <http://www.malegislature.gov/Laws/SessionLaws/Acts/2004/Chapter193>
DCAMM/Mass Housing Disparity Study - <http://www.mass.gov/anf/docs/dcam/dcam-disparity-study-executive-summary-8-11.pdf>

the established Turner School of Construction Management which has been in existence for almost 40 years. The Gilbane M/WBE Contractor Training Program which is a mentor protégé program and the newly created Suffolk Subcontractor Development Series which is in only its second year.

Gilbane M/WBE Contractor Training Program

The classes are instructed by seasoned and experienced Gilbane executives who are matched with participants as part of a mentoring program. The program helps develop ongoing relationships in which the mentor and protégé tackle development issues, concerns, and questions that impact the business of the protégé. A class usually consists of 9 companies who will attend 14-sessions spanning seven months. Class topics include accounting, cost estimating, marketing, safety, procurement, technology, project management, insurance, purchasing, scheduling, business development, risk analysis, and financial management.

Milestones:

- 25 SDO certified companies have graduated from the first 4 classes
- Gilbane Construction has awarded \$4,800,000 in contracts to class participants

Suffolk Construction Subcontractor Development Series

The SDO & Suffolk worked in partnership to develop the Suffolk Technical Assistance program. What makes this program unique is the curriculum is geared specifically to teach firms how to work for Suffolk. Each course is taught by Suffolk personnel and local industry experts. The seven-session program spread over 7 weeks with one 2 hour class per week focus on providing an overview of Suffolk's construction management procedures and processes. All certified MBE/WBEs attending the program are required to complete all classes without any absences. If one unexcused absence occurs a firm will be asked to leave. Once a certified firm has graduated it is assigned a Suffolk mentor.

Milestones:

- 39 SDO certified companies have graduated from the first 2 classes
- Suffolk Construction has awarded \$9,335,500 in contracts to class participants

Turner School of Construction Management

This groundbreaking program has been around since 1969 nationally. Each eight-week course consists of 2 classes which are 2 hours in length. Each class is taught by Turner staff and includes such topics as risk management, construction estimating, safety and effective marketing. The program has helped attendees build networks, establish fruitful joint ventures win contracts with Turner and other industry leaders and form long-term business relationships. The partnership between the Supplier Diversity Office (SDO) and Turner Construction in Boston began in 2007.

Milestones:

- 101 SDO certified companies have graduated from the first six classes
- Turner Construction has awarded \$7,900,000 in contracts to class participants

APPENDICES

APPENDIX A - Memorandum of Agreement - New England Interstate Certification Program

MEMORANDUM OF AGREEMENT

New England Interstate Certification Program (NE ICP)

This MEMORANDUM OF AGREEMENT (“MOA”) is hereby entered into by: Connecticut Department of Transportation; Maine Department of Transportation; Massachusetts Supplier Diversity Office; Massachusetts Port Authority; New Hampshire Department of Transportation; Rhode Island Minority Business Enterprise Compliance Office; Vermont Agency of Transportation, hereinafter referred to as “the Parties” of this agreement.

This MOA sets forth the process for the Parties for all DBE Interstate Certification Requests from all UCPs. The Parties encourage all UCPs to join this MOA and sign onto this Agreement.

RECITALS

WHEREAS, 49 C.F.R. Part 26 requires all recipients of federal transportation assistance within each state to create a Unified Certification Program (“UCP”) to make all Disadvantaged Business Enterprise (“DBE”) certification decisions on behalf of all United States Department of Transportation recipients in the state; and

WHEREAS, each UCP is required to follow the certification standards and procedures under 49 C.F.R. Parts 23 and 26 when determining whether to certify Airport Concessionaire DBEs (“ACDBEs”) or DBEs; and

WHEREAS, the certification process is administered under separate, albeit similar, UCPs; and

WHEREAS, the Connecticut Department of Transportation is the certifying agency responsible for the certification of DBEs under the UCP for the State of Connecticut; the Maine Department of Transportation is the certifying agency responsible for the certification of DBEs under the UCP for the State of Maine; the Massachusetts Supplier Diversity Office is the certifying agency responsible for the certification of DBEs under the UCP for the State of Massachusetts; the Massachusetts Port Authority is the certifying agency responsible for the certification ACDBEs under the UCP for the State of Massachusetts; the New Hampshire Department of Transportation is the certifying agency responsible for the certification of DBEs under the UCP for the State of New Hampshire; the Rhode Island Minority Business Enterprise Compliance Office is the certifying agency responsible for the certification of DBEs under the UCP for the State of Rhode Island; the Vermont Agency of Transportation is the certifying agency responsible for the certification of DBEs under the UCP for the State of Vermont.

WHEREAS, pursuant to 49 C.F.R. § 26.81(e) and (f), UCPs may accept the certification of any other UCP, or enter into written agreements with other UCPs, or otherwise grant to another jurisdiction’s certification decisions through the provisions of 49 C.F.R. § 26.85; and

WHEREAS, the Parties desire to establish the New England Interstate Program (“NE ICP”) defined herein, in order to facilitate the efficient transfer of information among the Parties, and

eliminate redundancy and administrative burden for applicants seeking DBE or ACDBE Certification.

NOW, THEREFORE, the Parties hereby enter into this MOA under the following terms and conditions:

I. DEFINED TERMS

ACDBE means a firm that has been certified as an Airport Concession Disadvantaged Business Enterprise or ACDBE pursuant to 49 C.F.R. Parts 23 and 26.

DBE means a firm that has been certified as a Disadvantaged Business Enterprise or DBE pursuant to 49 C.F.R. Part 26.

DBE/ACDBE Certification means a determination that a firm is a DBE as defined at 49 C.F.R. § 26.5 or an ACDBE as defined at 49 C.F.R. § 23.3.

Home State Certification means DBE/ACDBE Certification by the UCP in the state jurisdiction (i.e., Connecticut; Maine; Massachusetts; New Hampshire; Rhode Island; Vermont) in which a firm maintains its principal place of business, as defined at 49 C.F.R. § 26.5.

New England Interstate Program (NE ICP) means the program set forth herein for DBEs/ACDBEs that have Home State Certification. For purposes of this agreement, the UCP granting Home State Certification is a Party to this MOA.

Certification Agency means the UCP, or any certifying agency thereof, processing a request for DBE/ACDBE Interstate Certification under the NE ICP. For purposes of this agreement, the Certification Agency is a Party to this MOA.

II. SCOPE

This MOA applies to applications for DBE/ACDBE Interstate Certification processed under 49 C.F.R. § 26.85 by the Parties where the applicant DBE/ACDBE is currently certified in its Home State and seeks Interstate Certification from a Certification Agency. This agreement shall not limit the Parties from working collaboratively with other states to adopt the requirements herein.

III. COMPLIANCE WITH APPLICABLE LAW

This MOA is subject to all existing and subsequently enacted laws, regulations and rules governing the Parties or a Party. The Parties agree to comply with the certification requirements and procedures set forth for ACDBE and DBE Certifications in 49 C.F.R. Parts 23 and 26, respectively, and understand that each Party will also comply with all applicable federal and local laws, rules, and regulations governing the DBE/ACDBE Programs and UCPs in their respective jurisdictions.

IV. INTERSTATE CERTIFICATION STANDARDS/PROCEDURES

A. If a DBE/ACDBE has received Home State Certification and seeks DBE/ACDBE Certification from another Agency, the Parties will adhere to the requirements and procedures set forth below.

(1) The Certification Agency will require all DBEs/ACDBEs applying for Interstate Certification to submit an Interstate Certification Request Form, using the attached. The Parties shall make

the Interstate Certification Request Form and an Interstate Affidavit of Disclosure available in the same manner as its Uniform DBE Certification Application and other pertinent forms. The Parties may require, up to and including, each DBE/ACDBE submitting an Interstate Certification Request Form to include the following documentation. However, each state must consistently apply their interstate certification process and the final list of the documents necessary in that state shall be posted on their website. This initial documentation shall not preclude any Party from requesting, thereafter, additional documentation or signed affirmations necessary to make its certification decision:

- A current Personal Net Worth statement (if more than 90 days old)
- Individual federal tax returns for last 2 tax years;
- Firm's federal tax returns for the last 3 tax years;
- Balance Sheet and/or Income Statement for the last tax year;
- A copy of the latest letter of certification from its Home State
- By-Laws or Operating Agreements
- Interstate Affidavit of Disclosure (including the affirmations in the attached)

(2) When the Certification Agency requests copies of the most recent onsite review and investigation report from the Party granting Home State Certification, they will do so within 7 days of receiving a complete Interstate Certification Request. The Party granting Home State Certification agrees to respond to all such requests within 7 days or will notify the Certification Agency, in writing, of the reasons for any delay in responding. The Certification Agency will notify the requesting DBE/ACDBE of the reason(s) for any delay(s) within 30 days of receiving the complete Interstate Certification Request.

(3) The Certification Agency will make any further inquiries and requests on which it deems necessary to base its decision. The Parties shall respond to such requests promptly in accordance with 49 C.F.R. § 26.83 (d) and 26.85 (d)(1);

a) Any request for an updated On-site Review to a Home State Party shall be made only where the information in the existing report is found to be inconsistent with the Interstate Certification Request and the absence of such information would result in a determination of *good cause* to believe the Home State's Certification was erroneous or should not apply in the Certification Agency's State. The Parties shall make every effort to fulfill such requests promptly, as determined by the circumstances and availability of resources.

(4) The Certification Agency shall make its certification decision within 60 days of receiving the complete Interstate Certification Request based on the documentation provided by the DBE/ACDBE and the Home State, including any additional information obtained.

(5) If the Certification Agency makes a determination of good cause to deny Interstate Certification, it shall carry out the requirements of 49 C.F.R. § 26.85 (d)(4) and notify the Home State Party and all parties to this Agreement within 30 days, in writing, along with a copy of the denial letter sent to the DBE/ACDBE; copies of any subsequent decisions from USDOT shall also be shared within 30 days by the Certification Agency to the Home State Party and all parties to this Agreement.

V. MUTUAL NOTICE OF DECERTIFICATION

If any Party removes the certification of a DBE/ACDBE, it shall send a copy of the decertification decision made under 49 C.F.R. § 26.87 to the Parties, of which the decertified firm holds certification. This notice shall be sent within 30 days of the Notice of Decision provided to the decertified firm.

VI. DURATION AND MODIFICATION

This MOA is effective on the earliest date of signature by two parties and continues as long as any two parties remain signatories. This agreement may be revised by the US DOT, and, unless otherwise terminated, it will remain in effect unless otherwise terminated. Any party may opt out at any time by notifying the other parties in writing; see section VII below. At that time, this agreement may be renewed by the Parties. This agreement also may be amended in writing, as conditions warrant, by mutual agreement of the Parties. Such amendments shall be submitted to the US DOT for approval.

VII. TERMINATION

Any Party may terminate its participation in this agreement by providing written notice to the Parties. All DBEs/ACDBEs certified pursuant to this agreement and under the provisions of 49 C.F.R. § 26.85 will remain certified, unless removed through an ineligibility proceeding under 49 C.F.R. § 26.87. This agreement does not alter, amend, or otherwise modify the power of any Party to remove the certification of a DBE/ACDBE in accordance with the grounds and procedures set forth in 49 C.F.R. § 26.87.

VIII. PROPONENT

The custodian of this agreement, including the forms referenced under Section IV, shall be the Massachusetts Supplier Diversity Office, or, in the future, any Party to this agreement unanimously appointed by the Parties and mutually agreed upon by the Party accepting such responsibility.

APPENDIX B - Partners

The work of the Supplier Diversity Office could not be effective without partnerships with our community. SDO acknowledges the following partners for their participation and support with the various projects and programs of the Supplier Diversity Office during FY2013.

American Institute of Architects
Boston Society of Architects
Brockton 21st Century Corporation, John Lloyd
Consigli Construction, David Cullinane
Executive Office for Administration and Finance
Executive Office of Housing and Economic, Michael Hunter
Gilbane Construction, Johnathan DePina
Gilbane M/WBE Contractor Training Program FY13, Kahlil Olmstead
Greater New England Minority Supplier Development Council, Dr. Fred McKinney
Hispanic-American Chamber of Commerce of Greater Boston, Nadar Acevedo
Marketing Edge Consulting Group
Mass Community Development Corporation
Mass Minority Contractors Association - Jesse Jeter
Massachusetts Department of Transportation including:
 Aeronautics Division, Steve Rawding
 Mass Highway, Miguel Fernandes
 Mass Port, Donald Mayes
 MBTA, Kenrick Clifton
 Regional Transit Authorities, Jeanette Orsino
Massachusetts Division of Capital Asset Management and Maintenance - Carol Cornelison
Massachusetts Gaming Commission, Steve Crosby
Massachusetts Growth Capital Corporation, Charles Grigsby
Massachusetts Innovation Office, Tony Parham
Massachusetts Office of Access & Opportunity, Ron Marlow
Massachusetts Office of the Inspector General,
Massachusetts School Building Authority, Jim McCarty
Massachusetts State Auditor Suzanne Bump
Massachusetts State Treasurer Steven Grossman
MassHousing - Bernard Brown
Merrimack Valley Federal Credit Union
Metro South Chamber of Commerce Chris Cooney
NAACP – Boston – Michael Curry, President
NEAC-NAACP – Regional, Juan Cofield, President
Nation of Islam - Minister Don Mohamed
Neighborhood Development Corporation of Grove Hall - Virginia Morrison
Next Street Financial LLC – Ron Walker
Office of Small Business and Entrepreneurship , Andre Porter
Office of the Attorney General of Massachusetts, Bid Protest Unit, Deborah Anderson
P. Gioioso & Sons, Inc.
Suffolk Construction Subcontractor Development Series-Brian McPhearson
Turner School of Construction Management, Elizabeth Stanton
U.S. Small Business Administration-Robert Nelson
Urban League Eastern Massachusetts - Darnell Williams

APPENDIX C - The Disadvantaged Business Enterprise -Supportive Services Program Advisory Board

The DBE SS program concluded during the first two quarters of FY2013. For FY2013 the Disadvantaged Business Enterprise Supportive Services Program Advisory Board consisted of:

Reggie Nunnally,	Chairman, Executive Director, Supplier Diversity Office, representing the MA Supplier Diversity Office's clients as well as the DBE SS Program;
Vincent Bertrand,	Business Banking Officer, Citibank, representing the banking / small business lending community;
Bernard Brown,	Compliance and Diversity Manager, MassHousing representing loans and support for low and middle-income residents in Massachusetts;
Gregory Janey,	Owner, Janey Construction Management/Consulting, representing DBEs who have completed the program;
Ginger McCourt,	Vice President, Human Resources, McCourt Construction Company, representing the prime contracting community;
Elizabeth Meers,	Assistant Controller, P. Gioioso & Sons, Inc., representing prime contractors;
Donald Mitchell,	Executive Director, Western Mass Development Collaborative, a private, non-profit development corporation providing business development assistance to small business in the trades industry in western Massachusetts;
Michael Peltier,	Manager, M.S. Peltier Insurance Services, LLC, representing DBEs who have completed the program;
Dawn Podielsky,	Principal, American Electrical Inc., representing DBEs who have completed the program; and
Linda J. Sivieri,	EEO Compliance Officer, J.F. White Contracting Co., representing prime contractors.

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