

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: December 16, 2008

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **MINORITY AND SMALL BUSINESS ENTERPRISES – 2008 ANNUAL REPORT**

ORIGINATOR: J. Robert Haines, Deputy Superintendent

RESOURCE PERSON(S): Barbara Burnopp, Chief Financial Officer

INFORMATION

The Board of Education and the State of Maryland have policies and regulations related to MBE/SBE participation on contracts. For the past three years, the Board has been provided this data for previous years. Board Policy 3200 requires the superintendent to report on the participation of minority and small business enterprise annually.

Attachment I – Minority and Small Business Enterprises – 2008 Annual Report

Minority and Small Business Enterprises

**2008
Annual Report**



Definitions

- Minority Business Enterprise (MBE)
 - Defined by the State Finance Procurement Article 14-301 for State Construction, any legal entity that is:
 - at least 51% owned and controlled by one or more minority individuals or;
 - a non-profit entity organized to promote interests of the physically or mentally disabled.
 - State-funded contracts – must be certified by the Maryland Department of Transportation (MDOT)
 - County-funded contracts – must be certified by the MDOT or other recognized municipalities or minority associations.

Definitions (continued)

- Minority Groups
 - African Americans
 - Asian Americans
 - Hispanic Americans
 - Native Americans
 - Women
 - Persons with disabilities

Definitions (continued)

- Small Business Enterprise (SBE) as defined by State Finance Procurement Article 14-201
 - A business with 1-100 employees, depending on classification
 - Generates an annual revenue of less than \$7 million (for construction), and \$2 million for other business classifications

Board Policies and Superintendent's Rule

- Board Policy and Superintendent's Rule 3200 – Purchasing from Minority and Small Business Enterprises
- Board Policy 7460 – Construction – Purchases from Minority Businesses
- Sets goals for MBE/SBE involvement
- Specific goals for all contracts
 - 14% total value of contracts from both MBEs and SBEs
- Sets compliance with state contract goals

State Regulations (14-302)

- Goal for State-funded Public School Construction Contracts
 - 25% total value of contracts from MBE
 - 7% minimum classified as African American
 - 10% minimum classified as Woman-owned
 - Specifically looks at sub-contractors in addition to prime contractor

Board Goals of Surrounding LEAs

- Anne Arundel County Public Schools
 - 15% total value of board (county) funded contracts, follow state goals for all construction
- Baltimore City Schools
 - 27% MBE and 10% WBE total value of board (city) funded contracts
- Carroll County Public Schools
 - No MBE goal for board (county) funded contracts other than the state goals for capital construction projects
- Harford County Public Schools
 - No MBE goal for non-construction contracts, follow state goals for all construction projects
- Howard County Public Schools
 - No MBE goal for board (county) funded contracts other than the state goals for capital construction projects
- Montgomery County Public Schools
 - No MBE goal for board (county) funded contracts other than the state goals for capital construction projects
- Prince Georges County Public Schools
 - 30% for all construction, 20% for IT contracts, 15% for all other board (county) funded contracts

Contracting Process

- The need for a solicitation is identified by either a faculty or staff member.
- The Office of Purchasing meets with the user to identify the specifications of the solicitation.
- The solicitation is then developed and advertised by the Office of Purchasing on their web page.
- Beginning in 2008, all state bids are advertised on eMaryland Marketplace and on their online system.

Contracting Process (Continued)

- According to the Education Article of the Annotated Code of Maryland §5-112, once solicitations are received from prospective vendors, the Office of Purchasing, along with the user, evaluate the offers and award to the lowest responsive bidder who conforms to the specifications with consideration given to:

Contracting Process (Continued)

- The quantities involved
- The time required for delivery
- The purpose for which required
- The competency and responsibility of the bidder
- The ability of the bidder to perform satisfactory service
- The plan for utilization of minority contractors

Contracting Process (Continued)

- After an award vendor is determined, the award of contract is submitted to the Board of Education for approval.
- After Board approval, a contract is finalized and is executed.

Contracting Process (Continued)

- State-funded Construction Contracts
 - All invitations for bids outline MBE participation goals.
 - Office of Purchasing notifies the Maryland/Washington Minority Contractors Association and Governor's Office of Minority Affairs of all available bids.
 - Office of Purchasing directly notifies all pre-qualified contractors of available bids through on-line plan room.

Contracting Process (Continued)

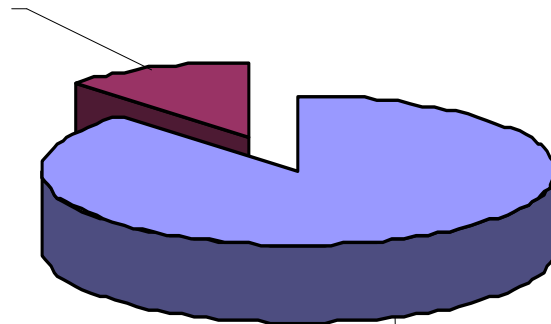
- State-funded Construction Contracts (continued)
 - A *Utilization Affidavit*, a *Schedule for Participation* and an *Outreach Efforts Compliance Statement* must be included at the time of bid submission.
 - As necessary, a request for a waiver must be submitted if the state goals cannot be met, and an *Unavailability Certificate for Minority Subcontractors* must be submitted.

Contracting Process (Continued)

- County-funded Contracts
 - Invitation for bids contain county MBE/SBE goals for participation.
 - A *Utilization Affidavit* and a *Statement of Intent* must be completed at the time of bid submission by all vendors.
 - If the county goals cannot be met, a request for a waiver and *Unavailability Certificate for MBE/SBE Subcontractors* must be submitted.

FY2008 Operating, Grants, Capital, and Food Services Expenditures

Items Subject to
Competitive Procurement
Process
19%
\$274 million

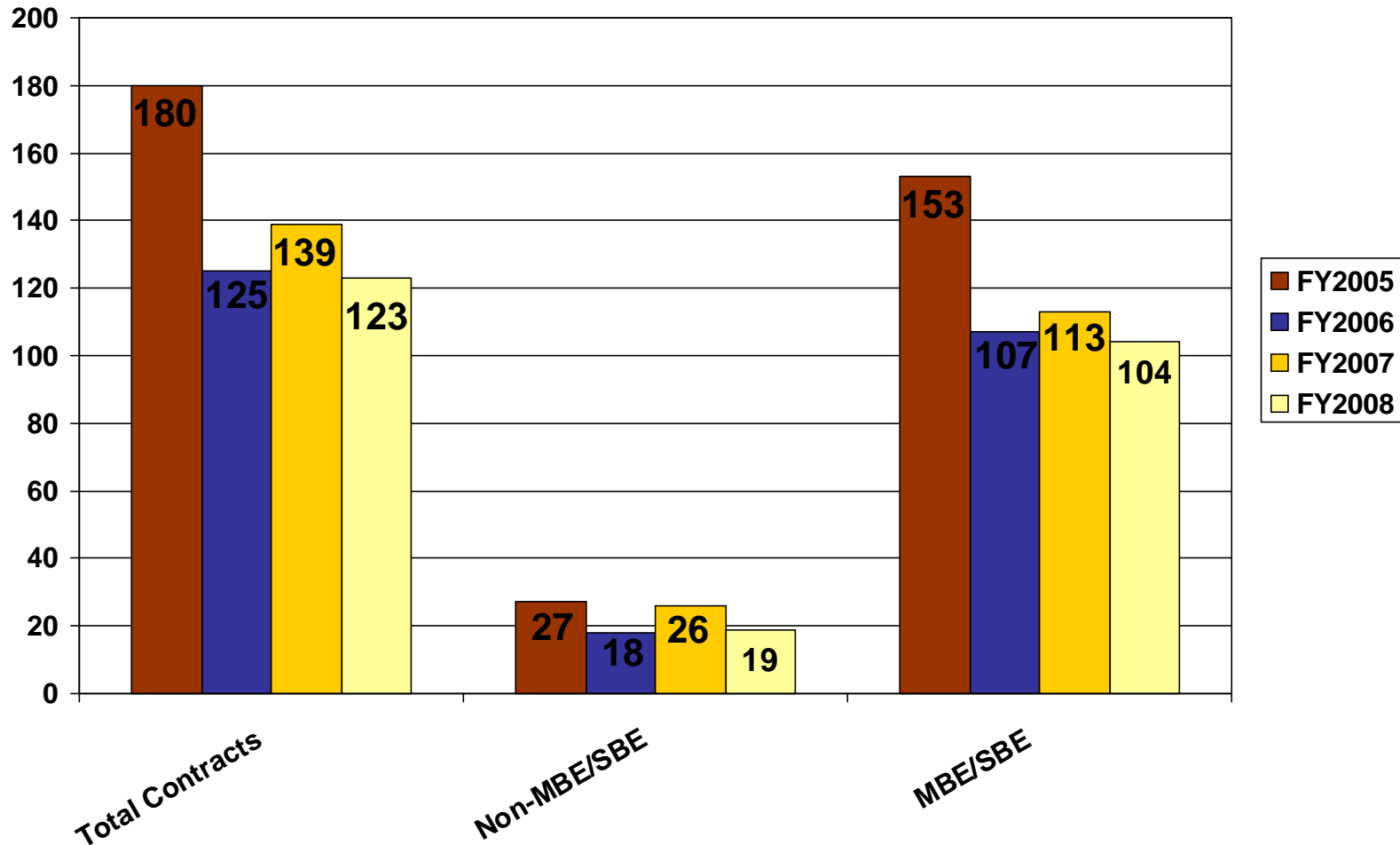


Items not Subject to Bid
(Ex: utilities, salaries, benefits,
copyrighted materials [texts], insurance,
rent, maintenance fees)
81%
\$1.13 billion

Annual Reporting Results FY2005 - FY2008

Contract Awards That Include MBE/SBE Participation

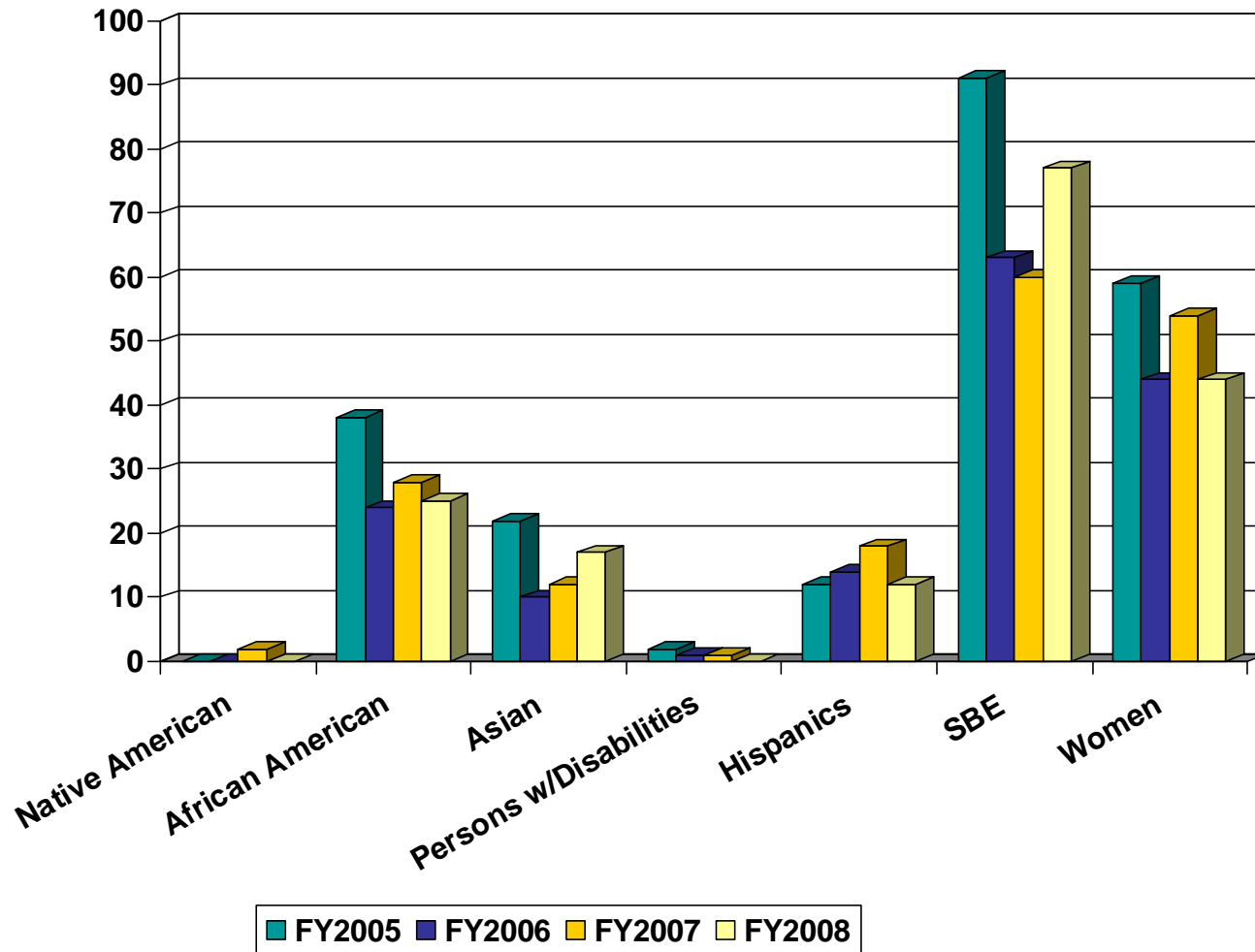
July 1, 2004, through June 30, 2008



Annual Reporting Results FY2005 - FY2008

Contract Awards That Include MBE/SBE Participation

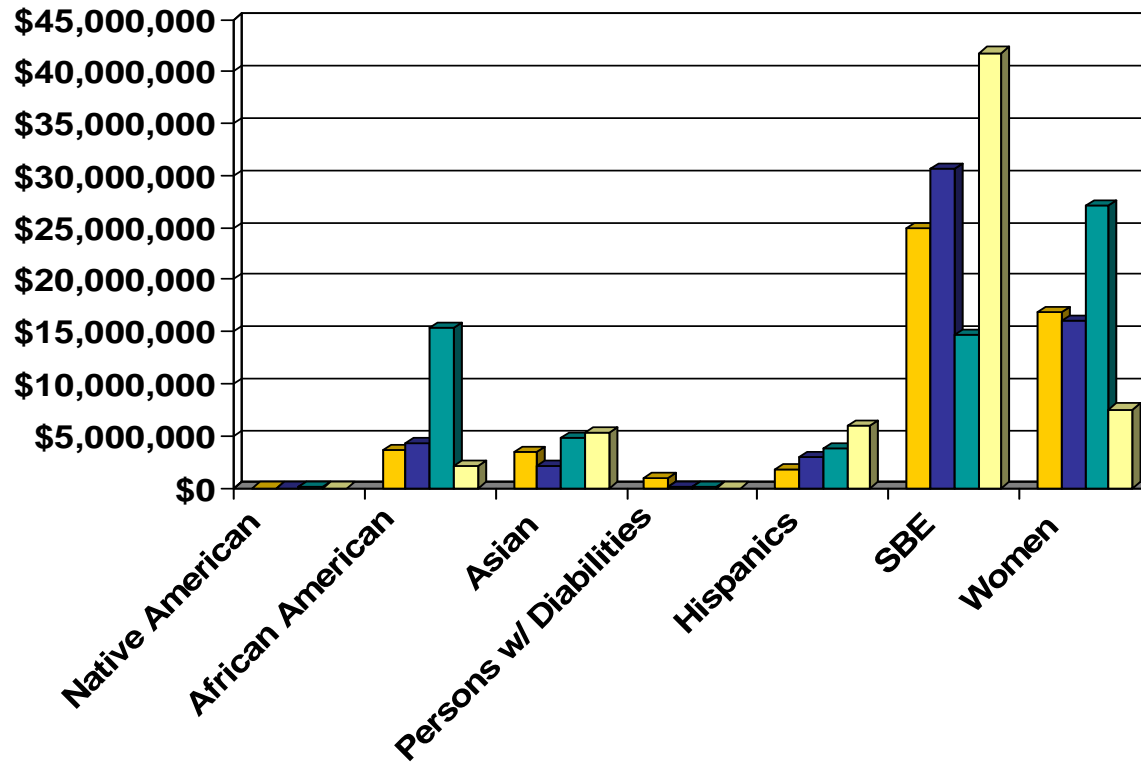
July 1, 2004, through June 30, 2008



Annual Reporting Results FY2005 - FY2008

Dollar Value of Participation That Includes MBE/SBE

July 1, 2004, through June 30, 2008



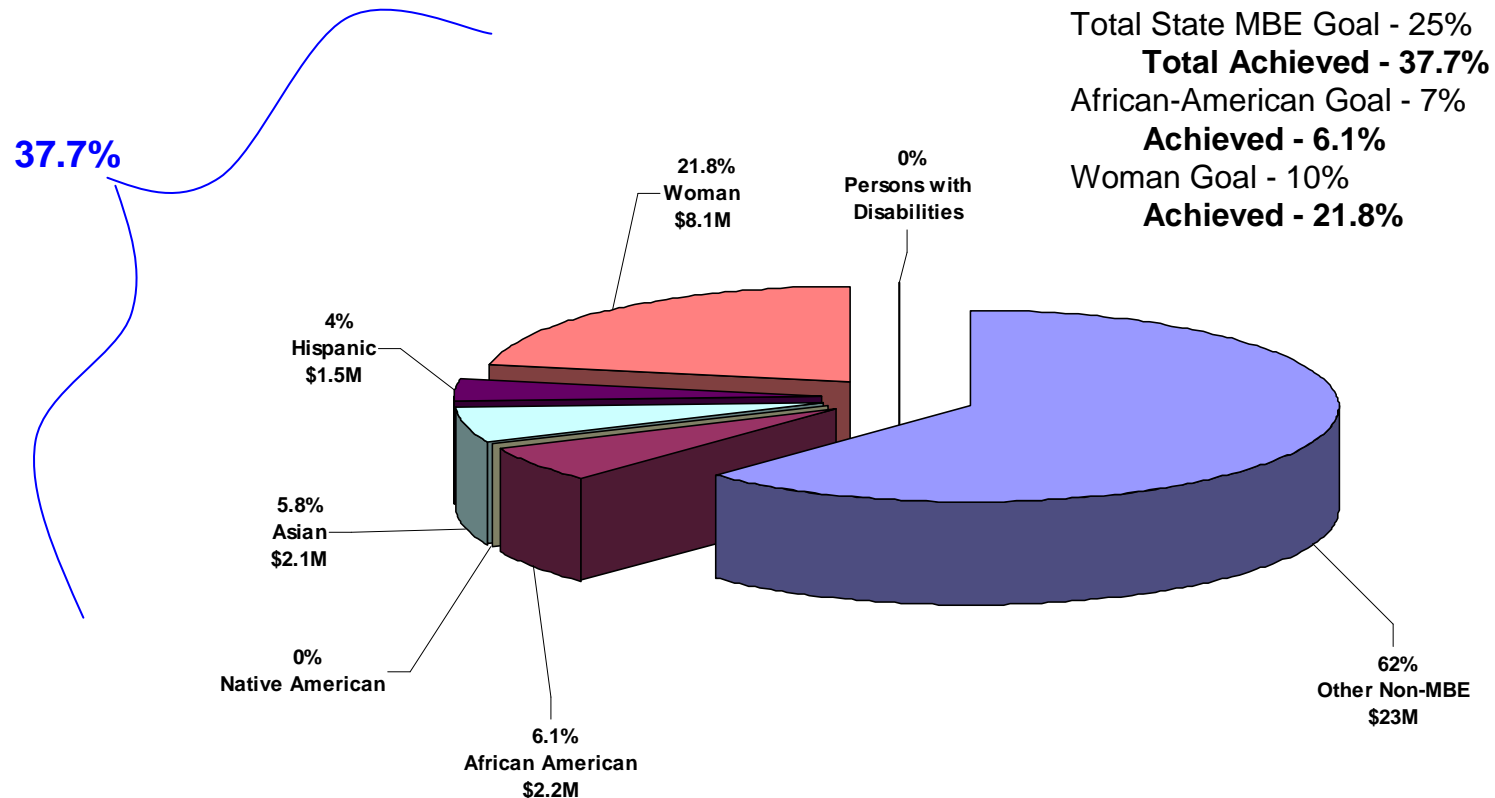
FY2005 **FY2006** **FY2007** **FY2008**

Annual Reporting Results FY2005

State-funded Contracts – Total \$36.9 million

MBE Participation for State-funded Construction Projects by Category

July 1, 2004, through June 30, 2005



Annual Reporting Results FY2006

State-funded Contracts – Total \$98.7 million

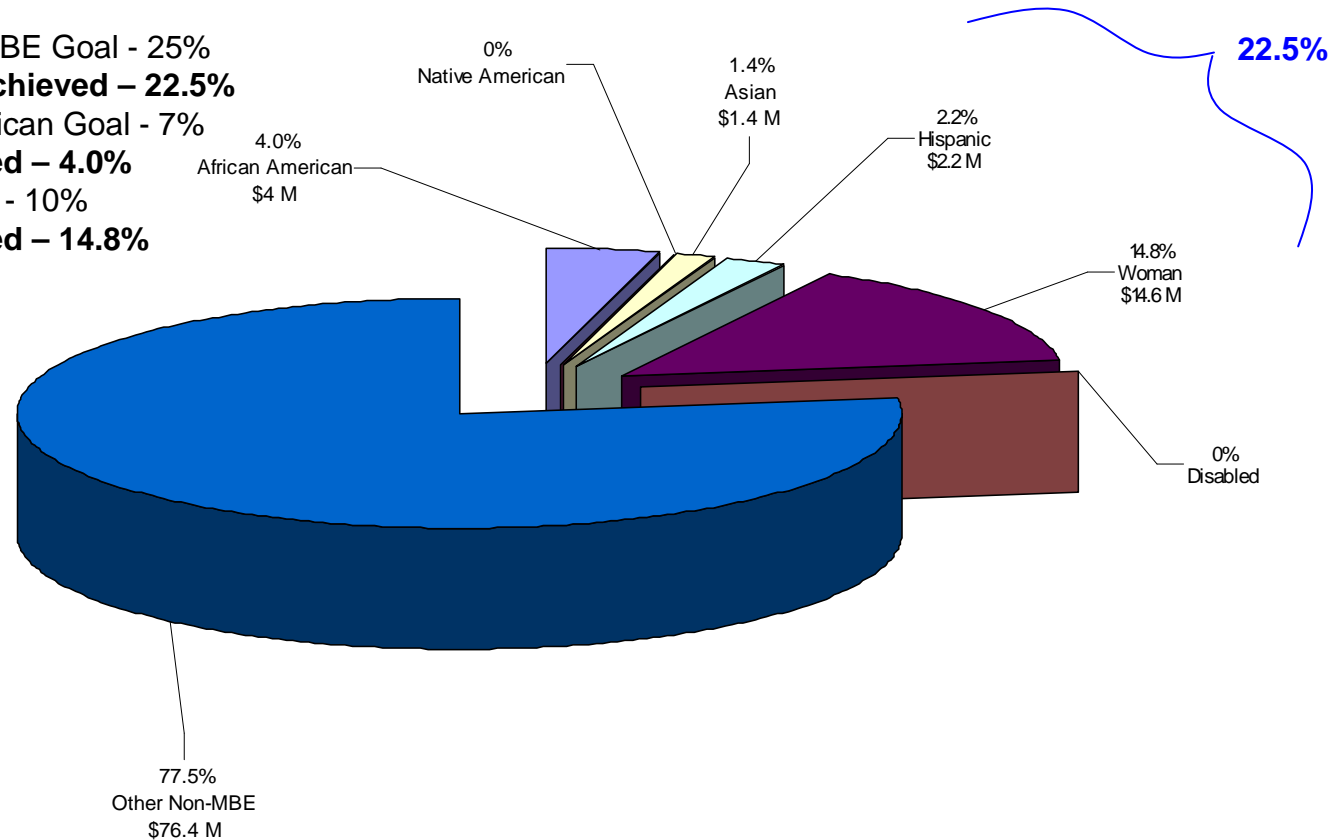
MBE Participation for State-funded Construction Projects by Category

July 1, 2005, through June 30, 2006

Total State MBE Goal - 25%
Total Achieved – 22.5%

African-American Goal - 7%
Achieved – 4.0%

Woman Goal - 10%
Achieved – 14.8%



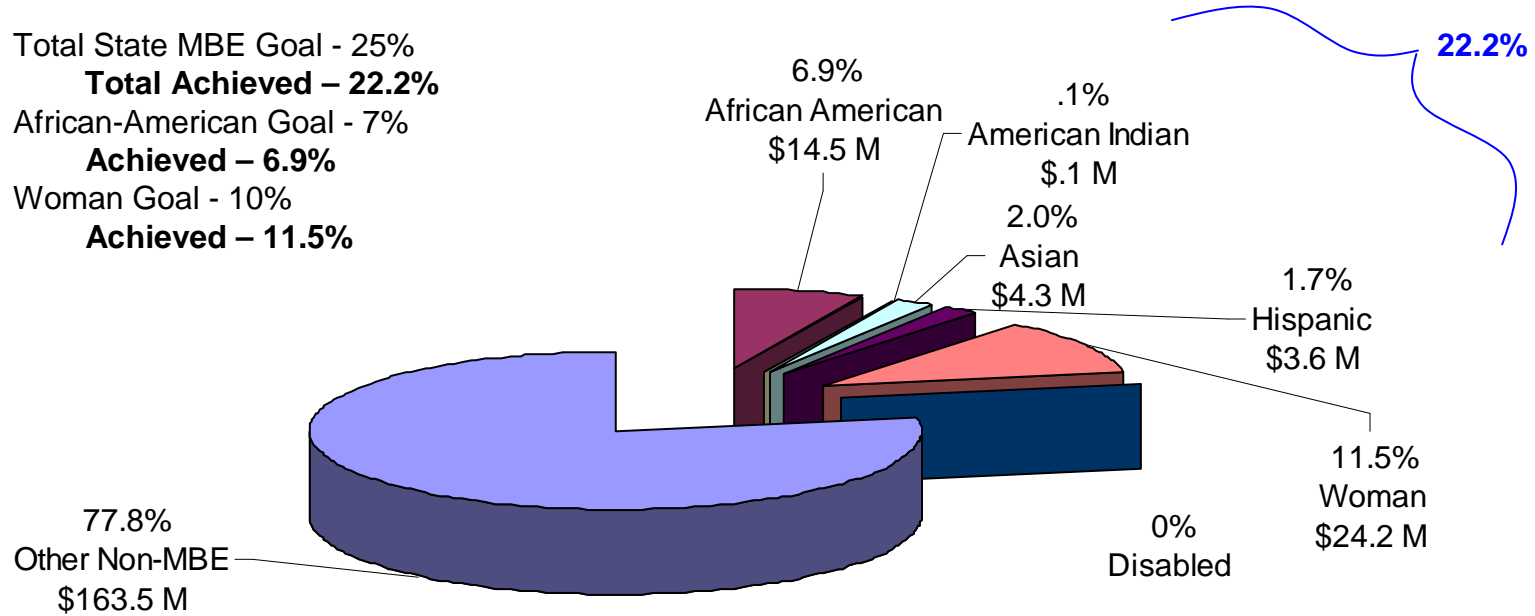
Annual Reporting Results FY2007

State-funded Contracts – Total \$210.2 million

MBE Participation for State-funded Construction Projects by Category

July 1, 2006, through June 30, 2007

Total State MBE Goal - 25%
Total Achieved – 22.2%
African-American Goal - 7%
Achieved – 6.9%
Woman Goal - 10%
Achieved – 11.5%

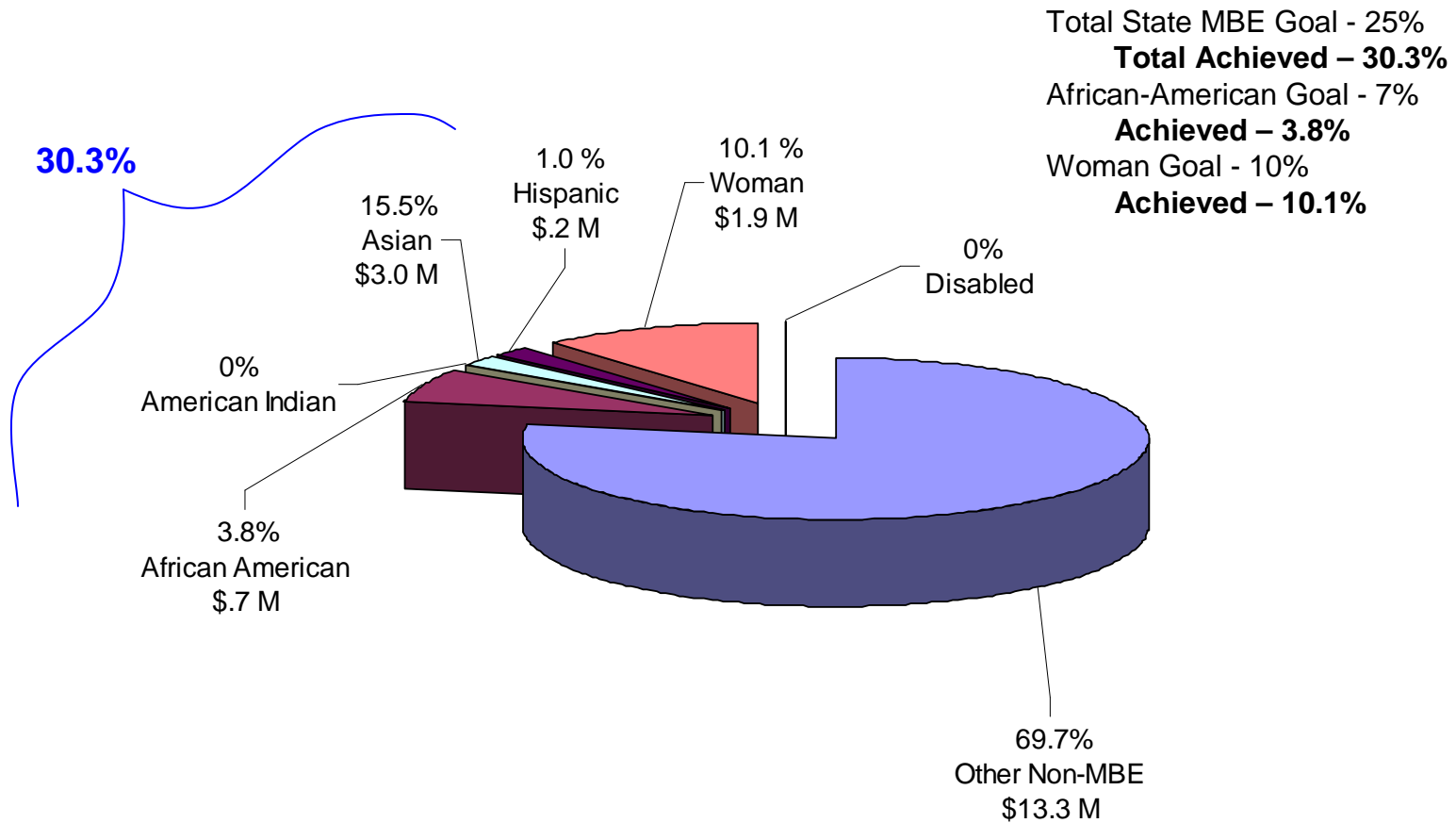


Annual Reporting Results FY2008

State-funded Contracts – Total \$19.1 million

MBE Participation for State-funded Construction Projects by Category

July 1, 2007 through June 30, 2008

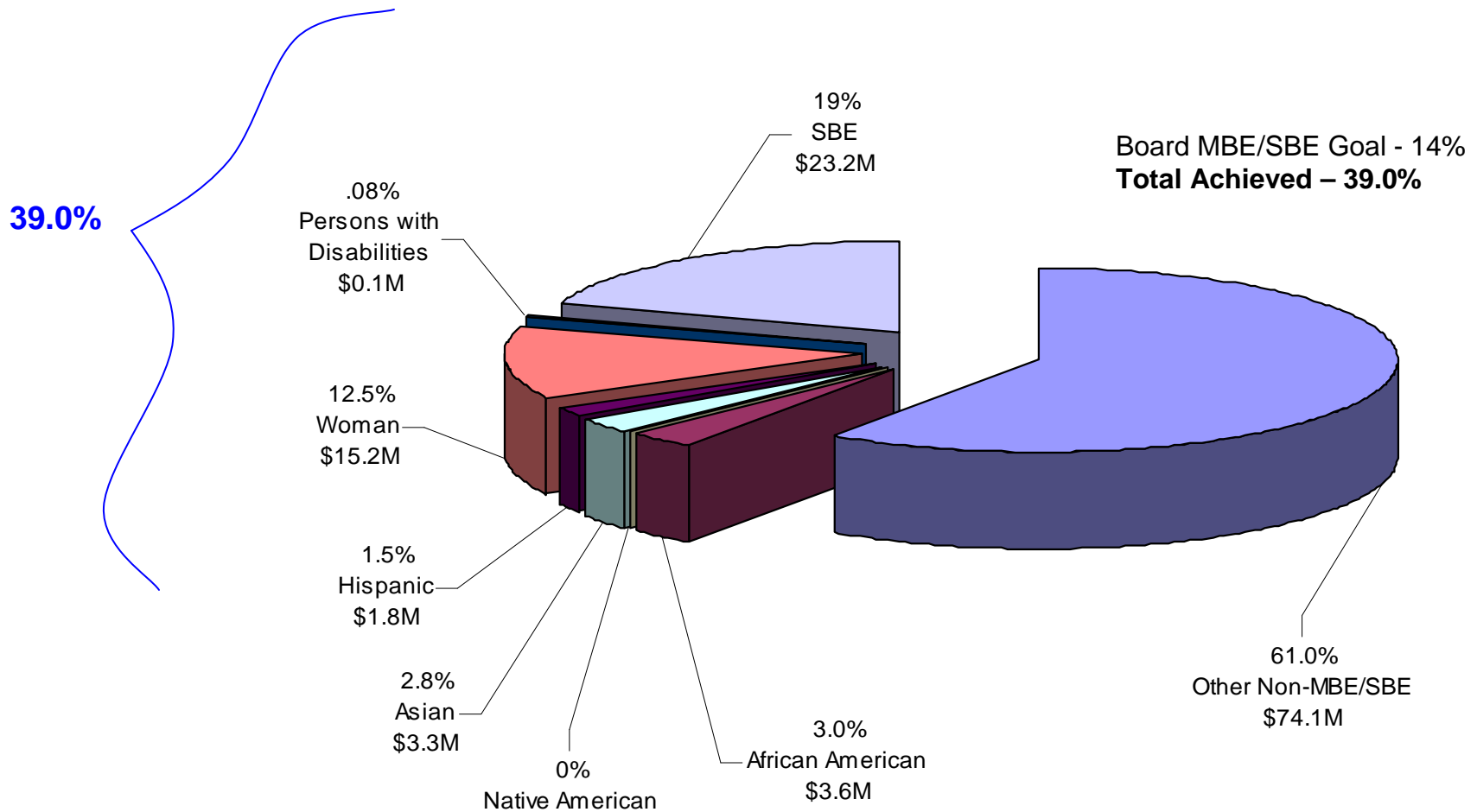


Annual Reporting Results FY2005

MBE and SBE Participation for all Contracts by Category

Total Contracts - \$121.3 million

July 1, 2004, through June 30, 2005



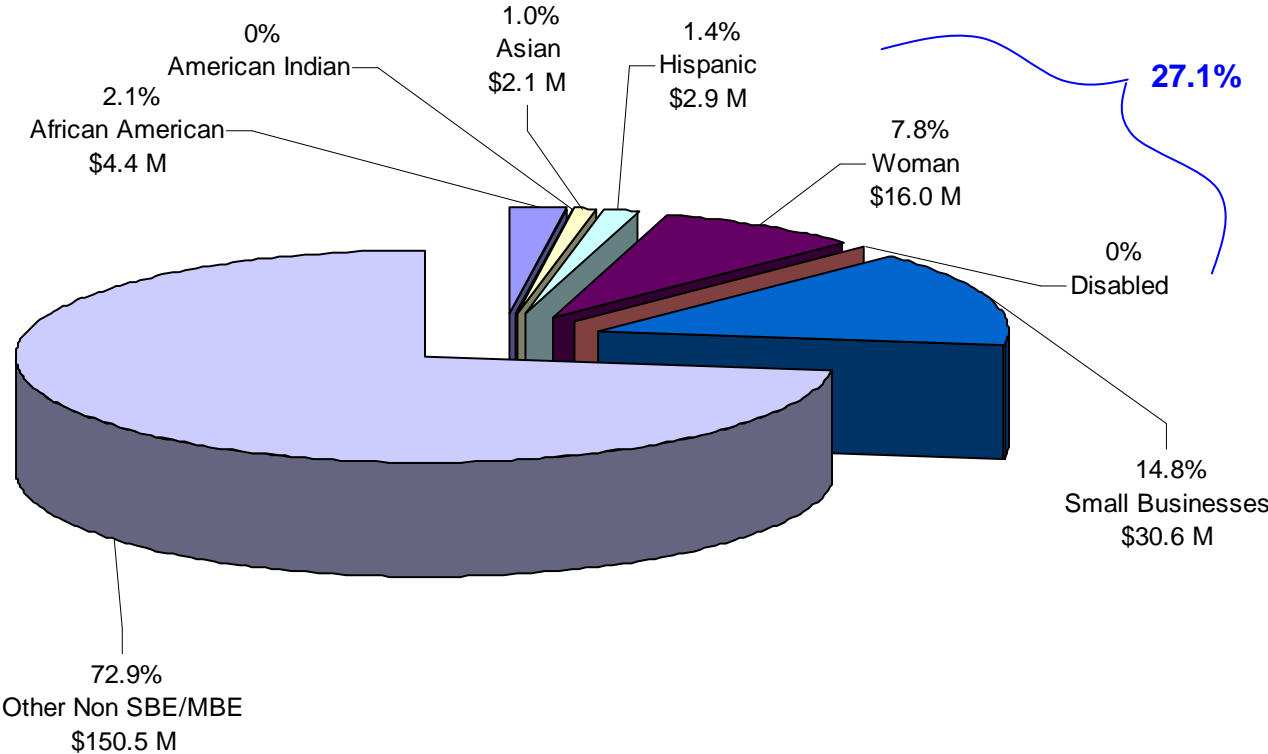
Annual Reporting Results FY2006

MBE and SBE Participation for all Contracts by Category

Total Contracts - \$206.4 million

July 1, 2005, through June 30, 2006

Board MBE/SBE Goal - 14%
Total Achieved - 27.1%

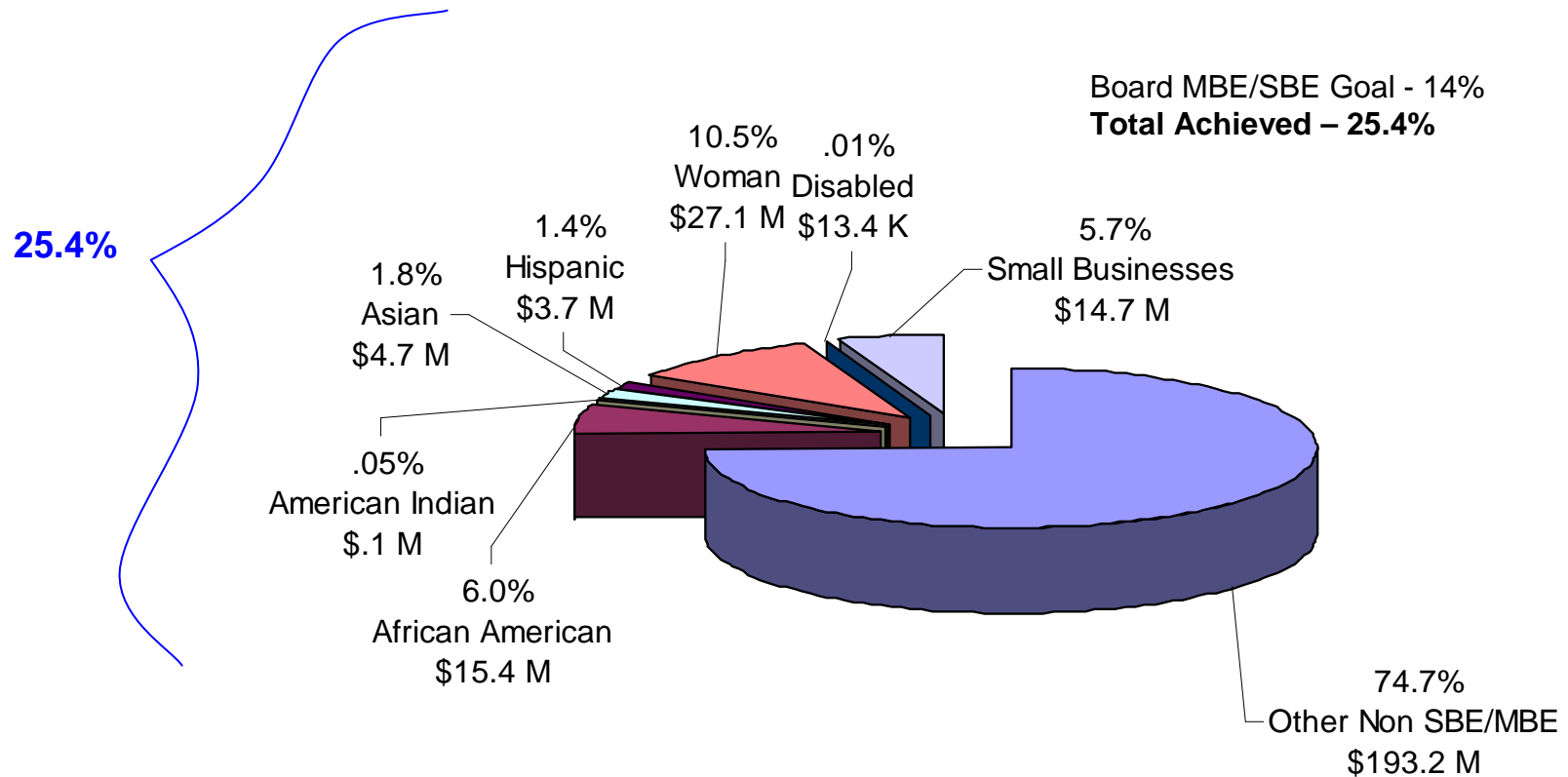


Annual Reporting Results FY2007

MBE and SBE Participation for all Contracts by Category

Total Contracts - \$258.9 million

July 1, 2006, through June 30, 2007



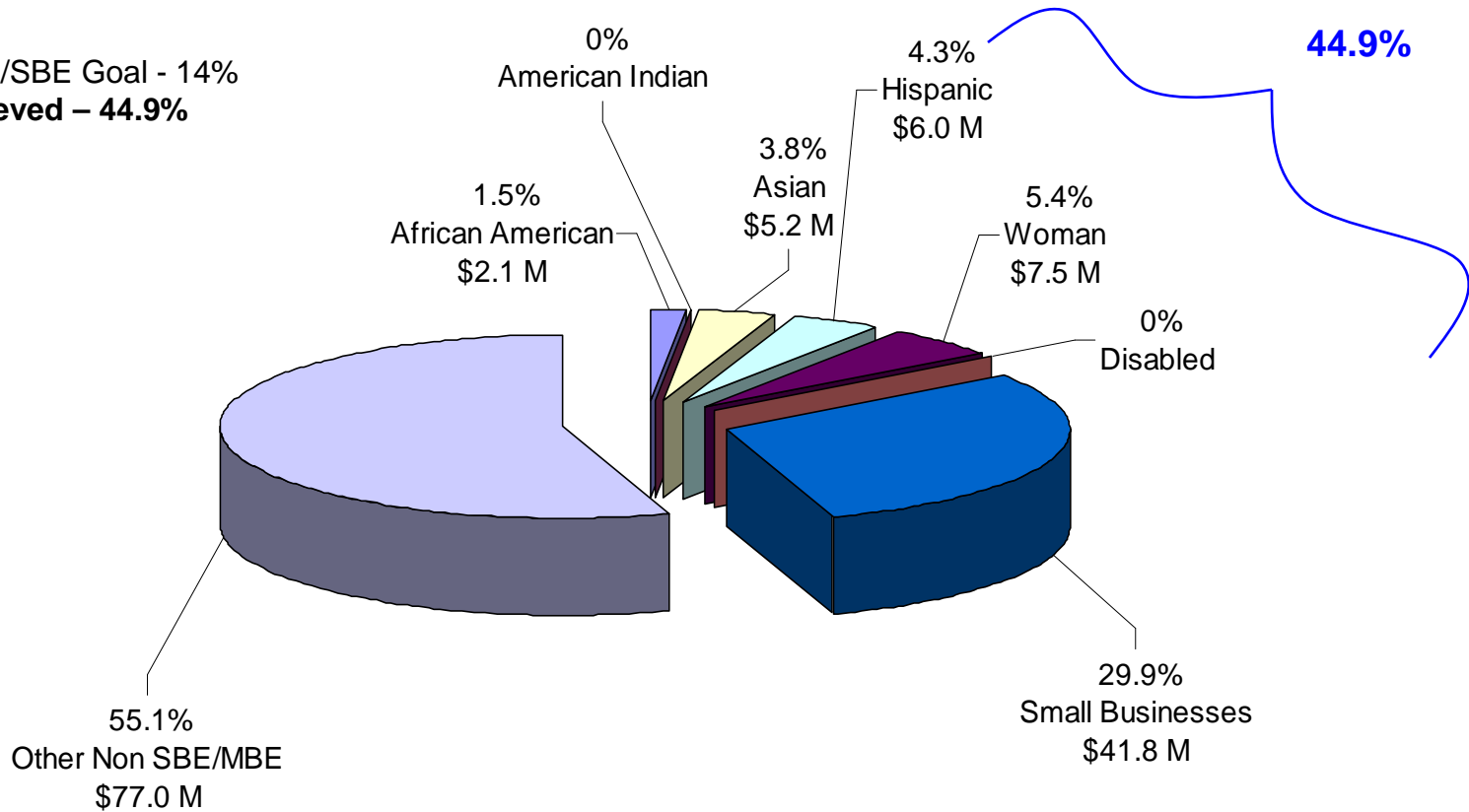
Annual Reporting Results FY2008

MBE and SBE Participation for all Contracts by Category

Total Contracts - \$139.8 million

July 1, 2007, through June 30, 2008

Board MBE/SBE Goal - 14%
Total Achieved - 44.9%



Reporting

- Annual Report – MBE/SBE
- Monthly Friday Letter – Minority and Small Business Enterprises Report – New Contracts

MBE Outreach Efforts

The MBE Officer for BCPS has:

- Participated in the Maryland Public Purchasing Association Reverse Trade Show.
- Participated in the Southern Maryland Regional and Small Business Procurement Expo.
- Participated in the MSDE Workgroup to revise the Minority Business Procedures for State-funded Public School Construction Projects.
- Participated in Alliance Express Baltimore, a trade show for small and minority businesses.
- Participated in Baltimore County MBE/WBE Procurement Fair.
- Continued the use of Gardens Reprographics automatic bidder notification for construction projects.

Comparison of Old and New Procedures for State-funded Contracts

Old Procedures from June 1, 2005

- Old procedures set goals for all of BCPS with each project having the same minority MBE goals without regard for type of work.
- No review of the project goals was necessary as each project was the same.
- The recommended participation goals for the system were included in each advertisement as well as bid documents.
- If a waiver for any portion of the goal was requested, the contractor was required to submit documentation of their effort to meet the goal.
- The MBE liaison reviewed this documentation to confirm the effort. If the effort put forth by the contractor did not meet established criteria, the contractor was asked to provide additional documentation.

New Procedures Effective October 1, 2008

- New procedures require BCPS to set overall and minority specific MBE goals for each project.
- A Procurement Review Group will review and analyze each project and the potential for certified MBE contractors to participate.
- The recommended participation goals for the individual project will be included in each advertisement as well as bid documents.
- If a waiver for any portion of the goal is requested, the contractor is required to submit expanded documentation of their good-faith effort to meet the goal.
- The purchasing agent will review this documentation to confirm the good-faith effort. If the effort put forth by the contractor does not meet established criteria, the bid must be found non-responsive.