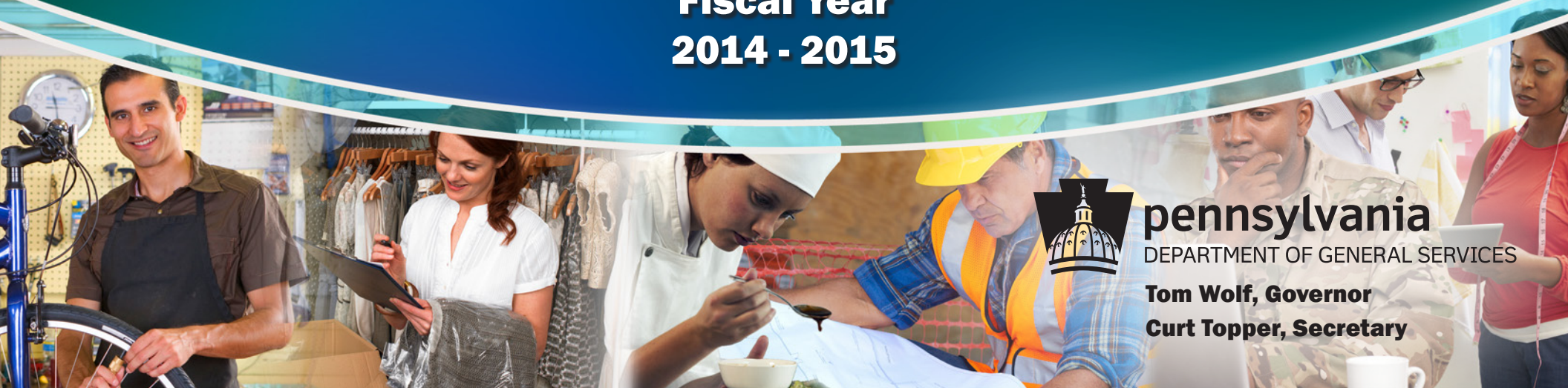




**Bureau of Diversity, Inclusion
and Small Business Opportunities**

Small Diverse Business & Veteran Small Business Annual Report

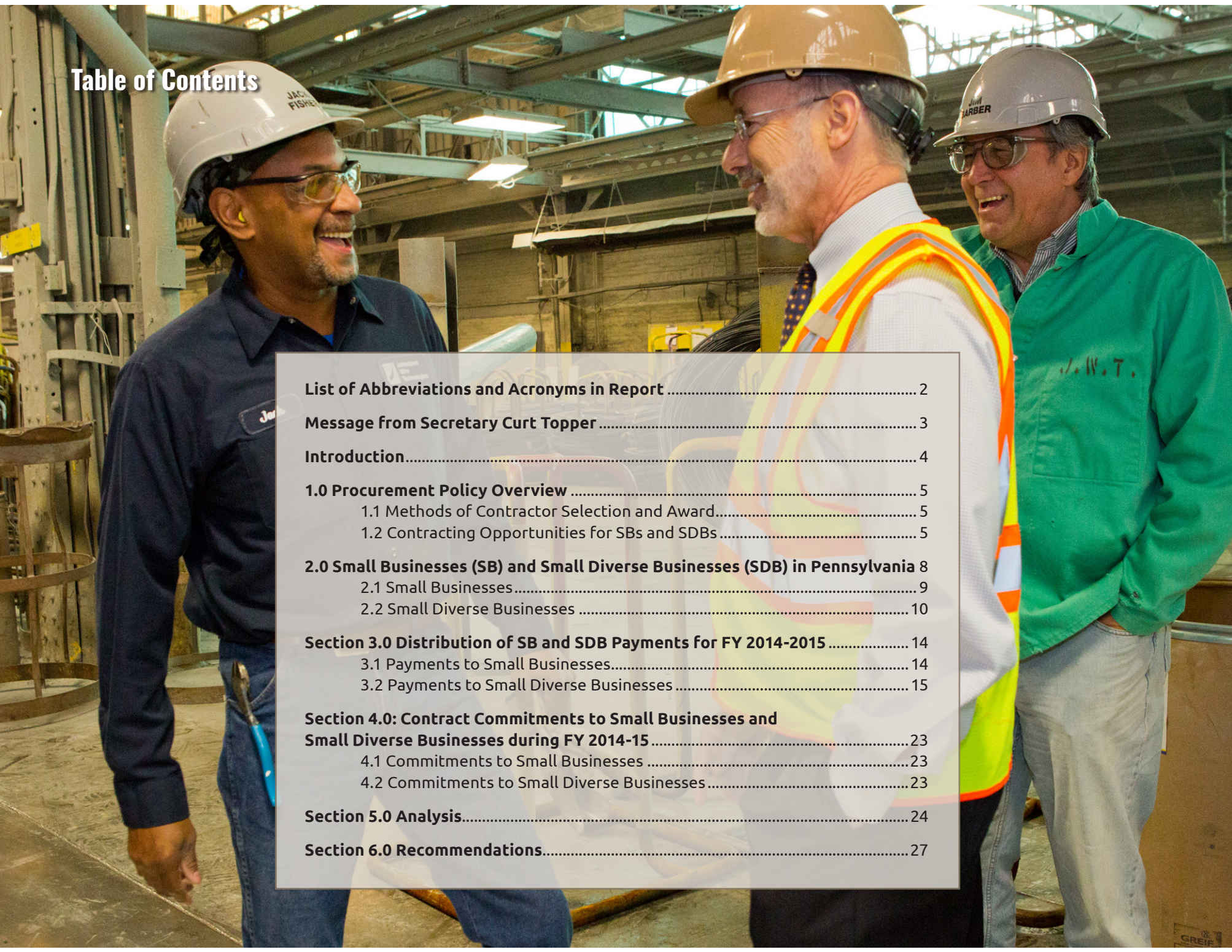
**Fiscal Year
2014 - 2015**



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Tom Wolf, Governor
Curt Topper, Secretary

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List of Abbreviations and Acronyms in Report



BDISBO Bureau of Diversity, Inclusion and Small Business Opportunities
DGS Department of General Services
FY Fiscal Year
GFE Good Faith Efforts
IFB Invitation-for-Bids
ITQ Invitation-to-Qualify
LGBT Lesbian Gay Bisexual and Transgender
MBE Minority Business Enterprises
MPL Minimum Participation Level

MSDV Minority Service Disabled Veteran
MVBE Minority Veteran Business Enterprises
MWBE Minority Women Business Enterprises
MWSD Minority Women Service Disabled Veteran
MWVE Minority Women Veteran Enterprises
NMSDC National Minority Supplier Development Council
RFP Request for Proposal
RFQ Request for Quote
SB Small Business

SDB Small Diverse Business
SDVE Service Disabled Veteran Business Enterprises
UCP Unified Certification Program
VBE Veteran Business Enterprises
WBE Woman Business Enterprises
WBENC Woman Business Enterprise National Council
WSDV Woman Service Disabled Veteran
WVBE Woman Veteran Business Enterprises
VetBiz Vets First Verification Program

Message from Secretary Curt Topper



On behalf of Governor Tom Wolf, I am pleased to present the Department of General Services' Annual Report on the Participation of Small and Small Diverse Businesses in State Contracting Opportunities for fiscal year 2014-15.

DGS has embraced its role in revitalizing Pennsylvania. Our agency is leading the effort to promote greater diversity and inclusion because we understand that how the Commonwealth does business is a reflection of our values and has an impact on our communities. We understand that we cannot build a stronger economy in Pennsylvania, without also building a more inclusive one.

This year's report represents a significant departure from past practice. In prior years, the report focused narrowly on just commitments made to SDBs through infrequently used procurement methods. Prior analyses neglected the majority of Commonwealth expenditures and failed to control for the influence of multi-year contracts. As a result, prior reports might have left readers with the impression that Commonwealth contracting was more diverse and inclusive than it really was.

With this year's report, DGS has followed a more comprehensive, transparent and empirically valid approach that we hope will become the standard for future reporting. Going forward, DGS intends to use actual payments, measured as a percentage of the Commonwealth's entire expenditures for goods and services, as our primary success metric. This metric appropriately broadens our focus and encourages us to pursue greater diversity and inclusion in expenditure categories that may have been overlooked historically. It also has the virtue of being standard, repeatable and less susceptible to manipulation.

Unfortunately, the data suggest that we have a lot of work to do. Between 2010 and 2014, the overall SB portion of Commonwealth payments fell from 9.34% to 8.08%. Sadly, during this same period, the SDB portion fell from 6.47% to just 5.76%.

My hope is that this report will prompt a healthy policy debate and will serve as a genuine call to action. Working with Governor Wolf's Advisory Council on Diversity, Inclusion and Small Business Opportunities, DGS has already begun to make policy and program changes intended to reverse the downward trend. We simply must do a better job of creating opportunities for small and small diverse businesses to participate in Commonwealth contracting and in the much larger Pennsylvania economy.

In the years ahead, I look forward to reporting on our progress annually and ultimately achieving the objectives outlined in Governor Wolf's Executive Order 2015-11.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curt Topper', with a large, stylized flourish extending from the end.

Curt Topper,
Secretary of the Department of General Services

Introduction

This report provides the Pennsylvania public and members of the Pennsylvania General Assembly with information about the participation of small and small diverse businesses, including those owned by veterans and service-disabled veterans, in Commonwealth contracting opportunities during Fiscal Year (FY) 2014-15, as required by Section 2107 of the Commonwealth Procurement Code, 62 Pa. C.S. §2701 and as required by the Military Affairs Code, 51 Pa. C.S. §9607. The report is divided into sections as follows:

Section One provides a brief overview of Commonwealth policy and procurement methods related to contracting opportunities for Small and Small Diverse Businesses during FY 2014-15.

Section Two reports on the numbers of small and small diverse businesses in the current DGS database. The database contains businesses that have self-certified with the Department as small businesses (SB), and small businesses that have also been verified as small diverse businesses (SDB). During FY2014-15, certified minority-owned businesses, woman-owned businesses, veteran-owned businesses and disabled veteran-owned businesses were recognized as SDBs. DGS uses these data to guide ongoing outreach efforts. The Department's goal is to identify and encourage as many SBs and SDBs as possible to register and to compete for Commonwealth business.

Section Three reports on the value of contract and subcontract payments made to SBs and SDBs during FY2014-15. These data provide the key metrics that DGS now uses to assess the amount of diversity and inclusion in Commonwealth contracting opportunities.

Section Four reports on the projected value of the Commonwealth contract and subcontract commitments that were made to SBs and SDBs during FY 2014-15. In previous years, DGS annual reports focused primarily on these commitment values. Although DGS has transitioned to the more empirically valid payments data as its primary metrics, the department will continue to provide annual data on commitment values to allow for historical comparison. Also, when annualized to control for the influence of varying contract lengths, the commitments data provide a leading indicator for payments to SBs and SDBs in subsequent years.

Section Five presents a brief analysis of data trends and implications.

Section Six presents the Department's annual recommendations to improve the Diversity, Inclusion and Small Business Opportunities program, Commonwealth procurement policy, systems, data collection and reporting in the future.



1.0 Procurement Policy Overview



The statutory requirements associated with Commonwealth contracting and the Department’s duties relative to providing assistance to SBs and SDBs are found in the Commonwealth Procurement Code at 62 Pa. C.S. § 101, and further for veterans and service-disabled veterans in the Military Affairs Code at 51, Pa. C.S. §9604. In accordance with its statutory authority, DGS establishes policies and procedures that Commonwealth agencies are required to follow when awarding contracts. During FY 2014-15, there were no significant procurement policy changes.

1.1 Methods of Contractor Selection and Award

The Procurement Code provides for two primary methods of competitive procurement for services, supplies, and construction: Invitations-for-Bid (IFB) and Requests for Proposals (RFP).

Invitations for Bid - The **IFB** process is the most frequently used procurement method in the Commonwealth. This process, also known traditionally as sealed bidding, essentially awards contracts based on price alone. When the method is used, a contract must be awarded to the responsive and responsible bidder lowest price.

Request for Proposal - The **RFP** is a “best value” process that is most commonly used for more complex non-commodity purchases. With an RFP, the Commonwealth evaluates competing offers based on several factors including suppliers’ proposed costs, technical approach and capabilities, and commitments to SDBs.

Contracts that result from either of these two methods may be structured in different ways depending upon the needs of the Commonwealth, as follows:

Single-award contracts award potential business to one qualified supplier exclusively.

Multiple-award contracts award potential business to multiple qualified suppliers, who then may be required to compete further for individual orders through a supplemental selection process. A common example of this approach is known as an **Invitation to Qualify (ITQ)** followed by a **Request for Quotation (RFQ)**.

1.2 Contracting Opportunities for SBs and SDBs

The potential for SB and SDB participation in Commonwealth contracting opportunities depends significantly on the procurement methods used. Employing a procurement method that allows for direct consideration of SB or SDB participation dramatically increases the likelihood that such participation will occur. Common current uses of IFBs and RFPs within different expenditure categories are outlined below with an explanation of how each is related to SB and SDB opportunities.

1.0 Procurement Policy Overview

IFB

In general, when an IFB is the procurement method used, SB and SDB participation are irrelevant to the award decision; only price is considered. SBs and SDBs may compete in IFBs, but they receive no formal preference. They must compete as a prime contractor and submit the lowest price to win. SBs or SDBs may participate as subcontractors in contracts awarded to other firms through IFBs, but the Commonwealth has no current mechanism to reward or even track that participation.

Construction IFB

When the Commonwealth issues an IFB for construction, contract awards are still based on price alone, but to be deemed responsive and responsible, construction contractors must meet certain requirements related to SDB participation. These requirements apply only to SDBs, not to SBs. The Department annually establishes a general minimum participation level (MPL) for the utilization of SDB subcontractors, manufacturers, and suppliers for each of the four disciplines: general construction, HVAC, plumbing, and electrical. During FY 2014-15 DGS maintained an MPL of 7.5%. Awarded prime contractors must choose either to “Opt-In” and meet the MPL or to make “Good Faith Efforts” (GFE) to include SDB participation. When the GFE option is chosen, contractors are subject to more stringent documentation requirements. Percentages are calculated on the dollar amounts credited toward the MPL. The amount credited for each of the categories yields a different percentage towards the MPL: 100% subcontractor or manufacturer, 60% stocking supplier and the commission fee up to 10% for non-stocking suppliers.

RFP

The general RFP process allows for direct consideration of SDB participation as a criterion for award. SDB participation may account for as much as 20 percent of award decisions, with the remaining 80 percent dependent upon price and technical factors. During FY 2014-15, the Commonwealth only considered SDB participation as part of the RFP process. There was no built in preference for SBs that were not also diverse. RFPs are the most reliable and effective procurement method for creating participation opportunities for SDBs.

ITQ

The Invitation to Qualify (ITQ) is the name given to certain multiple-award contracts issued by the Commonwealth pursuant to Section 517 of the Procurement Code. ITQ contracts may be solicited by an Invitation for Bids or a Request for Proposals. Award of work to individual contractors is done on a best value basis, which may consist of elements in addition to cost.

The ITQ Process is a two-step process utilized by the Commonwealth to provide various types of services to Commonwealth agencies. The first step is a pre-qualification process that is used to qualify suppliers for specific services described in the ITQ. To qualify for an ITQ contract, a supplier must meet the qualification requirements prescribed in each ITQ solicitation. This is done by submitting an electronic proposal via the PA Supplier Portal. Each submittal is evaluated, and if the proposal meets the minimum scoring criteria, the supplier is qualified and placed on a statewide contract along with other qualified suppliers. The second step is



1.0 Procurement Policy Overview

a Request for Quote (RFQ) in which agencies with specific requirements request quotations from the qualified suppliers. A quotation may be a simple price or it may include a technical proposal with pricing.

The ITQ process does not guarantee business to an individual supplier. Suppliers are encouraged to market their services to the agencies and to respond to as many RFQs as possible.



Small Business Reserve IFB and ITQ processes

In accordance with DGS policy, some Commonwealth agencies designate a small number of IFBs and ITQs as “Small Business Reserve” opportunities. For these contracts, competition is formally restricted only to self-certified SBs (including SDBs). Larger firms were not permitted to bid. Small Business Reserve IFBs treat all SBs similarly. They do not incorporate any preference for SDBs. Small Business Reserve IFBs are an effective way to ensure the award of contracts to SBs, but have been used infrequently. According to the data, more Commonwealth business is awarded to SBs each year through general procurement methods than through these set-asides.

Summary

The table below briefly summarizes the Commonwealth’s available procurement methods during FY 2014-15, and the degree to which they each included potential preferences for SB/SDB contracting.

PROCUREMENT METHOD	SB PREFERENCE	SDB PREFERENCE
IFB	None	None
Construction IFB	None	MPLs required
RFP	None	Up to 20%
ITQ	None	Up to 20%
Small Business Reserve	Competition restricted to SBs, including SDBs.	

2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

The DGS Bureau for Diversity, Inclusion and Small Business Opportunities develops and oversees programs intended to promote participation by small and small diverse businesses in Commonwealth contracting opportunities. The population of businesses served is broken down into primary categories as follows:

2.1 Small Businesses – To be designated by the Commonwealth as a SB, vendors must self-certify their eligibility to participate in the small business contracting program annually through an online application. Any independently-owned, for-profit small business (SB) that is not dominant in its field, has 100 or fewer full-time employees, and does not exceed maximum revenue requirements may certify itself with the Commonwealth through the DGS website.

Self-certification as a small business (SB) is also the first step in the process of becoming a verified small diverse business (SDB) in Pennsylvania. As such, the two categories are not mutually exclusive. The SB totals reported below include SDBs as a subset.

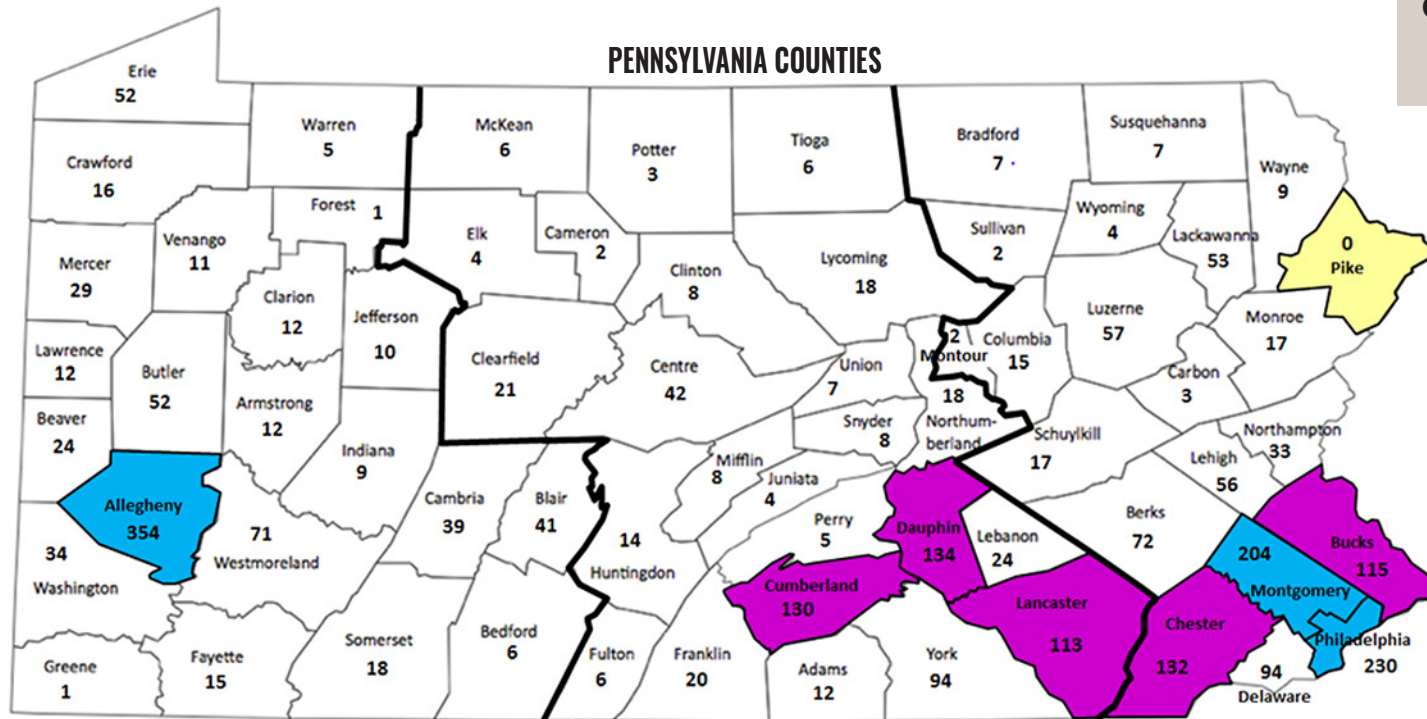
During FY 2014-15, 984 new small businesses self-certified with the Commonwealth, bringing the total number of small businesses to 3,366. Self-certified small businesses in the database provide an array of goods and services, such as staffing, software, information technology consulting, project management, construction services and supplies, legal services, office supplies and hazardous material abatement.

Although the majority of self-certified small businesses are located within the Commonwealth, self-certification is not restricted to small businesses or small diverse businesses incorporated or residing in Pennsylvania. Approximately 21 percent of small businesses in the DGS database are headquartered out-of-state. The following map provides a breakdown of self-certified Pennsylvania small businesses by county.



2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

2.1 Small Businesses



**OUT-OF-STATE
706**

WESTERN REGIONS = 824 VENDORS

CENTRAL REGIONS = 707 VENDORS

EASTERN REGIONS = 1,129 VENDORS

LEGEND

- NO SELF-CERTIFIED VENDORS
- 1 TO 99 SELF-CERTIFIED VENDORS
- 100 TO 199 SELF-CERTIFIED VENDORS
- 200 OR MORE SELF-CERTIFIED VENDORS

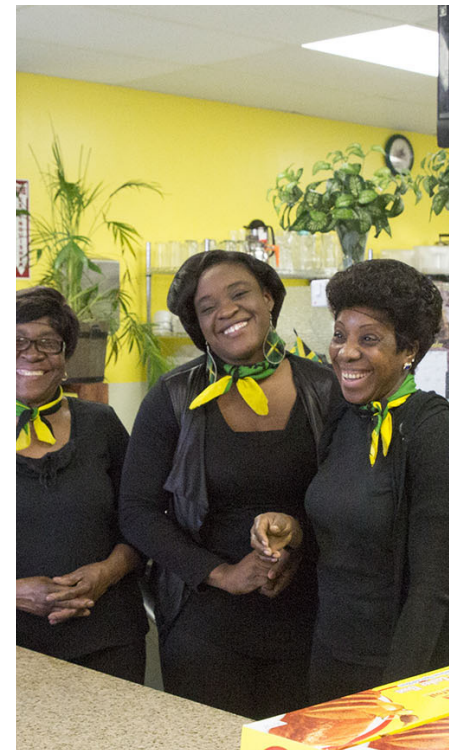
2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

2.2 Small Diverse Businesses – In addition to self-certifying as a small business, eligible firms may also be designated as Small Diverse Businesses (SDB).

To be designated by the Commonwealth as SDBs, vendors must self-certify their eligibility to participate in the small business contracting program annually through an online application. The vendor must then submit proof of active certification as a minority-owned, women-owned, or veteran owned business from one of five approved third party entities: The Unified Certification Program (UCP), The National Minority Supplier Development Council (NMSDC), The Women's Business Enterprise National Council (WBENC), The United States Small Business Administration (SBA) 8(A) Business Development Program, or The Vets First Verification Program (Vetbiz.gov). Once the Bureau of Diversity, Inclusion, and Small Business Opportunities verifies the certification, the SDB receives a certificate.

During FY 2014-15, 135 new SDBs were verified by the Commonwealth, bringing the total number of verified SDBs to 1,084, an increase of 14.23%.

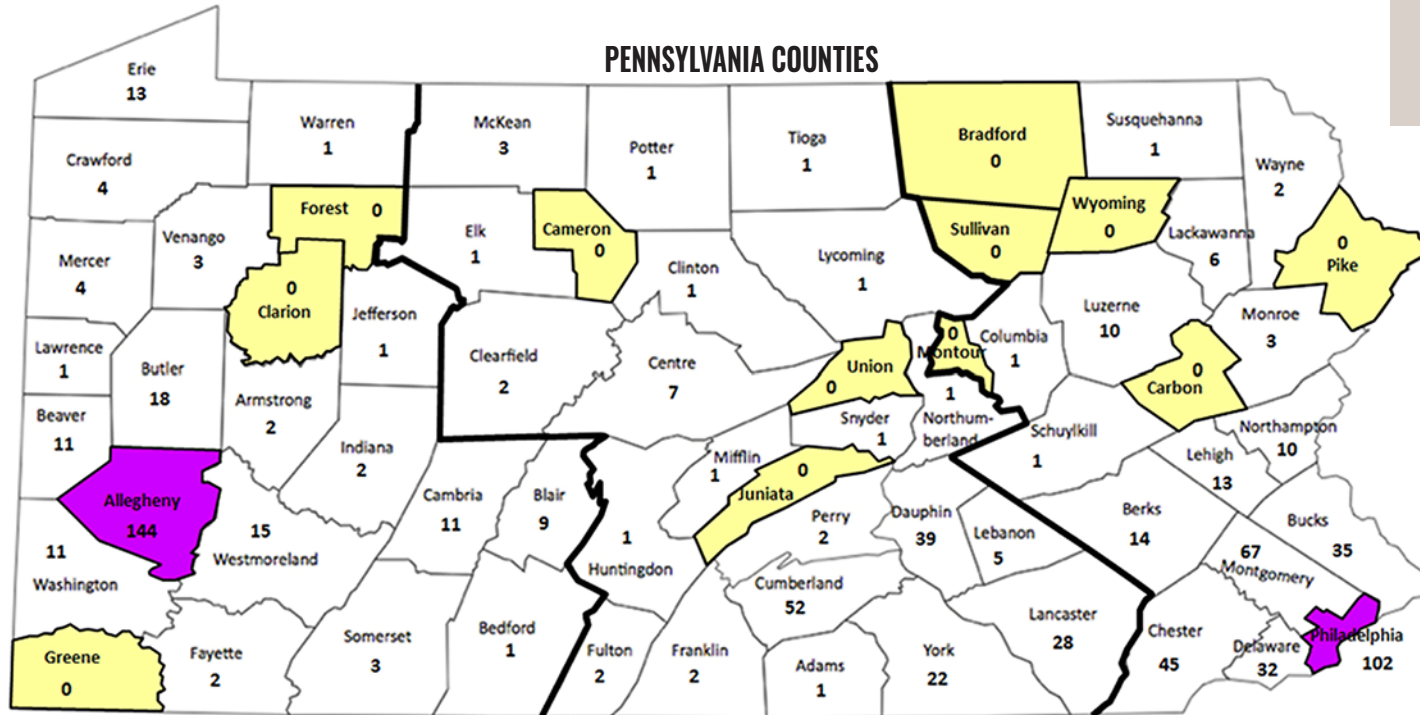
Although the majority of verified SDBs are located within the Commonwealth, participation is not restricted to businesses incorporated or residing in Pennsylvania. Approximately 29 percent of SDBs in the DGS database are headquartered out-of-state. The following map provides a breakdown of Pennsylvania SDBs by county.



2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

2.2 Small Diverse Businesses

**OUT-OF-STATE
DGS SDBs
VERIFIED IN
PA 312**



WESTERN REGIONS = 256 VENDORS

CENTRAL REGIONS = 174 VENDORS

EASTERN REGIONS = 342 VENDORS

LEGEND

- NO PA DGS VERIFIED VENDORS= 12 COUNTIES
- 1 TO 99 PA DGS VERIFIED VENDORS=53 COUNTIES
- 100 OR GREATOR PA DGS VERIFIED VENDORS = 2 COUNTIES

2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania

The charts below provide a further breakdown, including regional and county data on SDBs verified by DGS. Regionally, 256 or 23.62% of these SDBs were headquartered in Western PA; 174 or 16.05% in Central PA; and 342 or 31.55% in Eastern PA. The

remaining 312 or 28.78% are considered “Out-of-State”. MBEs represented 29.15%; WBEs 53.32%; MWBEs 7.10%; and VBEs/SDVEs 10.42% of the total 1,084 SDB population.

WESTERN PA REGION					
COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL
Allegheny	35	81	12	16	144
Armstrong	1	1	0	0	2
Beaver	1	9	0	1	11
Bedford	0	1	0	0	1
Blair	0	7	0	2	9
Butler	0	15	1	2	18
Cambria	1	10	0	0	11
Clarion	0	0	0	0	0
Crawford	0	4	0	0	4
Erie	1	11	0	1	13
Fayette	0	2	0	0	2
Forest	0	0	0	0	0
Greene	0	0	0	0	0
Indiana	1	1	0	0	2
Jefferson	0	1	0	0	1
Lawrence	0	0	0	1	1
Mercer	0	2	0	2	4
Somerset	0	3	0	0	3
Venango	0	3	0	0	3
Warren	0	1	0	0	1
Washington	2	9	0	0	11
Westmoreland	4	10	0	1	15
TOTALS	46	171	13	26	256

TOTAL PA VERIFIED SDBs PER CLASSIFICATION	# OF SDBs
Minority Business Enterprises (MBEs)	316
Women Business Enterprises (WBEs)	578
Minority Women Business Enterprises (MWBEs)	77
Veteran and Service Disabled Veteran Business Enterprises (VBEs/SDVEs)	113
GRAND TOTAL	1,084

CENTRAL PA REGION					
COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL
Adams	0	0	0	1	1
Cameron	0	0	0	0	0
Centre	1	3	0	3	7
Clearfield	0	1	1	0	2
Clinton	0	0	0	1	1
Cumberland	13	31	4	4	52
Dauphin	12	25	2	0	39
Elk	0	1	0	0	1
Franklin	0	2	0	0	2
Fulton	0	2	0	0	2
Huntingdon	0	1	0	0	1
Juniata	0	0	0	0	0
Lancaster	8	15	2	3	28
Lebanon	1	3	0	1	5
Lycoming	1	0	0	0	1
McKean	0	2	0	1	3
Mifflin	0	0	1	0	1
Northumberland	1	0	0	0	1
Perry	0	1	0	1	2
Potter	0	1	0	0	1
Snyder	0	0	0	1	1
Tioga	0	1	0	0	1
Union	0	0	0	0	0
York	1	14	2	5	22
TOTALS	38	103	12	21	174

EASTERN PA REGION					
COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL
Berks	1	11	1	1	14
Bradford	0	0	0	0	0
Bucks	8	23	1	3	35
Carbon	0	0	0	0	0
Chester	9	26	1	9	45
Columbia	1	0	0	0	1
Delaware	11	17	2	2	32
Lackawanna	1	3	1	1	6
Lehigh	2	11	0	0	13
Luzerne	1	3	0	6	10
Monroe	1	0	1	1	3
Montgomery	17	40	5	5	67
Montour	0	0	0	0	0
Northampton	1	6	1	2	10
Philadelphia	43	44	12	3	102
Pike	0	0	0	0	0
Schuylkill	1	0	0	0	1
Sullivan	0	0	0	0	0
Susquehanna	0	1	0	0	1
Wayne	0	1	0	1	2
Wyoming	0	0	0	0	0
TOTALS	97	186	25	34	342

OUT-OF-STATE - SDBs					
COUNTY	MBE	WBE	M/WBE	VBE SDVE	TOTAL
Out-of-State	135	118	27	32	312

2.0 Small Businesses (SB) and Small Diverse Businesses (SDB) in Pennsylvania



ALL SMALL DIVERSE BUSINESS CLASSIFICATION TYPES - FISCAL YEAR 2014-15		
SDB VENDOR CLASSIFICATION	COMPANIES VERIFIED	PERCENTAGE OF TOTAL POPULATION
Minority Business Enterprises (MBE)	316	29.15%
Minority Veteran Business Enterprises (MVBE)	3	0.28%
Minority Service Disabled Veteran (MSDV)	6	0.55%
Woman Business Enterprises (WBE)	578	53.32%
Woman Veteran Business Enterprises (WVBE)	0	0.00%
Woman Service Disabled Veteran (WSDV)	0	0.00%
Minority Women Business Enterprises (MWBE)	77	7.10%
Minority Women Veteran Enterprises (MWVE)	0	0.00%
Minority Women Service Disabled Veteran (MWSD)	0	0.00%
Veteran Business Enterprises (VBE)	38	3.51%
Service Disabled Veteran Business Enterprises (SDVE)	66	6.09%
TOTAL	1,084	100.00%

3.0 Distribution of SB and SDB Payments for FY 2014-2015

3.1 Payments to Small Businesses

During FY 2014-15, 554 self-certified, registered small businesses received a total of \$113,815,727 in payments for goods, services and construction.

The following chart presents the distribution of SB payments by Commonwealth Agency. SDBs are not included here but are covered in Section 3.2. Only payments made to SB prime contractors are included in the data. DGS did not track SB participation in Commonwealth subcontracts during the reporting period. Also excluded from the data are payments made to any SBs who did not self-certify or register in the DGS database. As such, the data likely understates the overall level of SB participation in Commonwealth contracting to some degree.



AGENCY	PAYMENTS
Agriculture	\$216,916
Attorney General	\$192,133
Auditor General	\$89,787
Banking & Securities	\$40,090
Civil Service Commission	\$3,141
Community & Economic Development	\$432,685
Conservation & Natural Resources	\$6,818,185
Corrections	\$9,431,913
Drug and Alcohol Programs	\$1,243
Education	\$158,025
Environmental Hearing Board	\$9,518
Environmental Protection	\$10,641,756
Executive Offices	\$1,582,504

AGENCY	PAYMENTS
Fish & Boat Commission	\$262,682
Game Commission	\$3,282,580
General Services	\$36,364,828
Health	\$178,656
Historical & Museum Commission	\$1,025,023
Human Services	\$10,500,112
Insurance	\$408,143.92
Labor & Industry	\$5,660,893
Military & Veterans Affairs	\$3,826,367
PA eHealth Partnership Authority	\$48,070
PA Emergency Management Agency	\$728,926
PA Gaming Control Board	\$15,083
PA Infrastructure Investment	\$110

AGENCY	PAYMENTS
PA Municipal Retirement Board	\$73
PA Port Authorities	\$11,500
PA School Employees' Retirement System	\$245,127
Patient Safety Authority	\$550
Probation & Parole	\$177,684
Public Utility Commission	\$98,497
Revenue	\$331,413
State Department	\$86,020
State Employees' Retirement System	\$4,634
State Police	\$3,433,160
Transportation	\$17,507,700
TOTAL	\$113,815,727

3.0 Distribution of SB and SDB Payments for FY 2014-2015

3.2 Payments to Small Diverse Businesses

During FY 2014-2015, 379 SDBs received a total of \$282,652,835 in payments for goods, services and construction. The chart to the right summarizes the distribution of all SDB payments by SDB classification:

This next chart (continued on the next two pages) provides a more detailed breakdown of payments by contract type (i.e. Prime or Subcontract), by Commonwealth agency, and by SDB classification.

SDB CLASSIFICATION	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Minority Business	\$87,101,236	31%	104	27%
Minority Service Disabled Veteran Business	\$18,739,910	7%	3	1%
Women Business	\$125,926,741	45%	208	55%
Minority/Women Business	\$40,940,991	14%	39	10%
Veteran Business	\$6,489,221	2%	10	3%
Service Disabled Veteran Business	\$3,454,736	1%	15	4%
TOTAL	\$282,652,835	100%	379	100%

AGENCY	CONTRACT TYPE	MBE	MSDV	WBE	MWBE	SDVE	VBE	TOTAL
Agriculture	Prime Contractor	\$0	\$0	\$17,868	\$0	\$0	\$0	\$17,868
	Subcontractor	\$44,895	\$0	\$0	\$0	\$0	\$0	\$44,895
Attorney General	Prime Contractor	\$0	\$0	\$75,458	\$0	\$0	\$0	\$75,458
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auditor General	Prime Contractor	\$24,590	\$0	\$37,912	\$0	\$0	\$0	\$62,502
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Banking & Securities	Prime Contractor	\$18,778	\$0	\$0	\$0	\$0	\$0	\$18,778
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Civil Service Commission	Prime Contractor	\$944	\$0	\$29,428	\$0	\$0	\$0	\$30,372
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community & Economic Development	Prime Contractor	\$497,861	\$0	\$186,982	\$0	\$0	\$0	\$684,843
	Subcontractor	\$0	\$0	\$177,970	\$0	\$0	\$0	\$177,970
Conservation & Natural Resources	Prime Contractor	\$1,375,203	\$0	\$136,737	\$16,860	\$806,482	\$24,046	\$2,359,329
	Subcontractor	\$13,493	\$0	\$140,454	\$0	\$50,000	\$0	\$203,947
Corrections	Prime Contractor	\$7,920	\$0	\$395,004	\$8,263	\$0	\$111,648	\$522,834
	Subcontractor	\$1,451,169	\$0	\$2,197,299	\$3,441,630	\$232,543	\$0	\$7,322,641
Education	Prime Contractor	\$2,800	\$0	\$172,974	\$0	\$0	\$404,871	\$580,644
	Subcontractor	\$810,355	\$0	\$137,374	\$0	\$0	\$0	\$947,730

3.0 Distribution of SB and SDB Payments for FY 2014-2015

AGENCY	CONTRACT TYPE	MBE	MSDV	WBE	MWBE	SDVE	VBE	TOTAL
Environmental Hearing Board	Prime Contractor	\$1,725	\$0	\$27,896	\$0	\$0	\$0	\$29,621
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Protection	Prime Contractor	\$1,580,462	\$0	\$292,897	\$0	\$0	\$0	\$1,873,359
	Subcontractor	\$252,336	\$0	\$138,090	\$0	\$0	\$0	\$390,426
Executive Offices	Prime Contractor	\$936,373	\$2,291,078	\$1,332,333	\$5,000	\$0	\$0	\$4,564,784
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fish & Boat Commission	Prime Contractor	\$0	\$0	\$178,853	\$0	\$0	\$0	\$178,853
	Subcontractor	\$20,150	\$0	\$122,317	\$0	\$0	\$0	\$142,468
Game Commission	Prime Contractor	\$104,113	\$0	\$338	\$0	\$275	\$0	\$104,726
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Services	Prime Contractor	\$3,268,633	\$0	\$1,555,816	\$225,629	\$1,980,637	\$190,200	\$7,220,915
	Subcontractor	\$17,585,681	\$15,112,549	\$23,839,055	\$8,514,834	\$114,319	\$0	\$65,166,438
Health	Prime Contractor	\$24,999	\$0	\$160,848	\$0	\$0	\$0	\$185,847
	Subcontractor	\$0	\$0	\$31,669	\$197,532	\$0	\$0	\$229,201
Historical & Museum Commission	Prime Contractor	\$0	\$0	\$9,523	\$0	\$16,190	\$0	\$25,713
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Services	Prime Contractor	\$61,289	\$0	\$921,393	\$268,955	\$68,566	\$841,538	\$2,161,741
	Subcontractor	\$14,546,988	\$0	\$15,623,891	\$22,395,783	\$0	\$0	\$52,566,662
Insurance	Prime Contractor	\$0	\$0	\$421,176	\$7,252	\$0	\$0	\$428,427
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Labor & Industry	Prime Contractor	\$210,036	\$0	\$3,330,852	\$9,492	\$0	\$12,935	\$3,563,316
	Subcontractor	\$935,332	\$0	\$4,152,810	\$398,857	\$0	\$0	\$5,486,999
Liquor Control Board	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$18,000	\$0	\$201,951	\$283,705	\$0	\$0	\$503,657

3.0 Distribution of SB and SDB Payments for FY 2014-2015

AGENCY	CONTRACT TYPE	MBE	MSDV	WBE	MWBE	SDVE	VBE	TOTAL
Military & Veterans Affairs	Prime Contractor	\$1,348	\$0	\$87,752	\$16,150	\$33,928	\$111,256	\$250,434
	Subcontractor	\$623,760	\$0	\$1,344,795	\$0	\$47,798	\$0	\$2,016,353
Milk Marketing Board	Prime Contractor	\$0	\$0	\$4,112	\$0	\$0	\$0	\$4,112
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office of Administration	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$25,699,603	\$563,924	\$47,192,680	\$4,422,740	\$0	\$4,646,691	\$82,525,638
PA Commission on Crime & Delinquency	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$0	\$0	\$119,949	\$0	\$0	\$0	\$119,949
PA eHealth Partnership Authority	Prime Contractor	\$0	\$0	\$257	\$0	\$0	\$0	\$257
	Subcontractor	\$1,608,160	\$0	\$0	\$0	\$0	\$0	\$1,608,160
PA Emergency Management Agency	Prime Contractor	\$1,666	\$0	\$29,464	\$0	\$0	\$0	\$31,130
	Subcontractor	\$3,283,336	\$0	\$2,920,652	\$0	\$0	\$0	\$6,203,988
PA Gaming Control Board	Prime Contractor	\$12,410	\$0	\$14,464	\$0	\$0	\$0	\$26,874
	Subcontractor	\$0	\$0	\$62,282	\$0	\$0	\$0	\$62,282
PA Infrastructure Investment	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$1,543	\$1,543
	Subcontractor	\$0	\$0	\$21,541	\$0	\$0	\$0	\$21,541
Probation & Parole	Prime Contractor	\$0	\$0	\$677	\$0	\$0	\$2,930	\$3,606
	Subcontractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public School Employees' Retirement System	Prime Contractor	\$108,632	\$0	\$6,102	\$0	\$0	\$0	\$114,734
	Subcontractor	\$571,886	\$0	\$0	\$0	\$0	\$0	\$571,886
Public Utility Commission	Prime Contractor	\$0	\$0	\$67,733	\$0	\$0	\$0	\$67,733
	Subcontractor	\$45,701	\$0	\$584,018	\$3,095	\$0	\$0	\$632,814
Revenue	Prime Contractor	\$3,078	\$0	\$301,484	\$0	\$0	\$0	\$304,562
	Subcontractor	\$581,982	\$0	\$1,614,519	\$0	\$0	\$0	\$2,196,501

3.0 Distribution of SB and SDB Payments for FY 2014-2015

AGENCY	CONTRACT TYPE	MBE	MSDV	WBE	MWBE	SDVE	VBE	TOTAL
State Department	Prime Contractor	\$1,782,865	\$772,359	\$8,080	\$0	\$0	\$0	\$2,563,305
	Subcontractor	\$31,620	\$0	\$135,755	\$0	\$0	\$0	\$167,375
State Employees' Retirement System	Prime Contractor	\$0	\$0	\$222,777	\$0	\$0	\$0	\$222,777
	Subcontractor	\$0	\$0	\$45,475	\$0	\$0	\$0	\$45,475
State Police	Prime Contractor	\$1,587,599	\$0	\$459,955	\$7,098	\$2,071	\$0	\$2,056,723
	Subcontractor	\$674,573	\$0	\$990,753	\$543	\$0	\$0	\$1,665,869
State System of Higher Education (SSHE)	Prime Contractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subcontractor	\$3,431,596	\$0	\$3,048,841	\$450,449	\$0	\$0	\$6,930,886
Transportation	Prime Contractor	\$3,217,096	\$0	\$6,078,728	\$257,432	\$101,926	\$141,565	\$9,796,746
	Subcontractor	\$40,200	\$0	\$4,516,730	\$9,693	\$0	\$0	\$4,566,624
TOTALS	Prime Contractor	\$14,830,420	\$3,063,437	\$16,565,633	\$822,131	\$3,010,075	\$1,842,531	\$40,134,464
	Subcontractor	\$72,270,816	\$15,676,472	\$109,360,871	\$40,118,860	\$444,660	\$4,646,691	\$242,518,371
	GRAND TOTAL	\$87,101,236	\$18,739,910	\$125,926,504	\$40,940,991	\$3,454,736	\$6,489,221	\$282,652,835

3.0 Distribution of SB and SDB Payments for FY 2014-2015

The vast majority of the Commonwealth's spending with SDBs during FY 2014-15 was associated with subcontracts. Just \$40 million, or 14% of the total dollars paid to SDBs were paid pursuant to a prime contract opportunity. Since the Commonwealth employs different procurement methods for construction and for non-construction related expenditures, the following charts present additional detailed data on SDB subcontract expenditures in these two categories:

FY 2014-2015 DISTRIBUTION OF SDB SUBCONTACT PAYMENTS BY CLASSIFICATION - NON-CONSTRUCTION

SDB CLASSIFICATION	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Minority Business	\$46,135,103	27.7%	66	35.5%
Minority Service Disabled Veteran Business	\$563,924	0.3%	2	1.1%
Women Business	\$76,672,568	46.0%	90	48.4%
Minority/Women Business	\$38,673,020	23.2%	27	14.5%
Veteran Business	\$4,646,691	2.8%	1	0.5%
Service Disabled Veteran Business	\$0	0.0%	0	0.0%
TOTAL	\$166,691,306	100%	186	100%

FY 2014-2015 DISTRIBUTION OF SDB SUBCONTACT PAYMENTS BY COUNTY - NON-CONSTRUCTION

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Adams	\$25,597	0.02%	1	0.54%
Allegheny	\$15,523,034	9.31%	29	15.59%
Armstrong	\$0	0.00%	0	0.00%
Beaver	\$0	0.00%	0	0.00%
Bedford	\$0	0.00%	0	0.00%
Berks	\$37,990	0.02%	1	0.54%
Blair	\$0	0.00%	0	0.00%
Bradford	\$0	0.00%	0	0.00%
Bucks	\$8,371,496	5.02%	5	2.69%
Butler	\$732,459	0.44%	2	1.07%
Cambria	\$1,537,982	0.92%	1	0.54%
Cameron	\$0	0.00%	0	0.00%
Carbon	\$0	0.00%	0	0.00%
Centre	\$0	0.00%	0	0.00%

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Chester	\$336,139	0.20%	4	2.15%
Clarion	\$0	0.00%	0	0.00%
Clearfield	\$0	0.00%	0	0.00%
Clinton	\$0	0.00%	0	0.00%
Columbia	\$3,318	0.00%	1	0.54%
Crawford	\$131,892	0.08%	1	0.54%
Cumberland	\$51,364,051	30.81%	25	13.44%
Dauphin	\$9,725,026	5.84%	13	6.99%
Delaware	\$380,513	0.23%	4	2.15%
Elk	\$0	0.00%	0	0.00%
Erie	\$29,307	0.02%	1	0.54%
Fayette	\$40,120	0.02%	1	0.54%
Forest	\$0	0.00%	0	0.00%
Franklin	\$0	0.00%	0	0.00%

3.0 Distribution of SB and SDB Payments for FY 2014-2015

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Fulton	\$0	0.00%	0	0.00%
Greene	\$0	0.00%	0	0.00%
Huntingdon	\$0	0.00%	0	0.00%
Indiana	\$0	0.00%	0	0.00%
Jefferson	\$0	0.00%	0	0.00%
Juniata	\$0	0.00%	0	0.00%
Lackawanna	\$45,640	0.03%	2	1.07%
Lancaster	\$1,907,295	1.14%	3	1.61%
Lawrence	\$0	0.00%	0	0.00%
Lebanon	\$0	0.00%	0	0.00%
Lehigh	\$131,018	0.08%	1	0.54%
Luzerne	\$77,164	0.05%	2	1.07%
Lycoming	\$744	0.00%	1	0.54%
McKean	\$0	0.00%	0	0.00%
Mercer	\$0	0.00%	0	0.00%
Mifflin	\$0	0.00%	0	0.00%
Monroe	\$0	0.00%	0	0.00%
Montgomery	\$4,433,384	2.66%	7	3.76%
Montour	\$0	0.00%	0	0.00%
Northampton	\$53,559	0.03%	2	1.07%
Northumberland	\$0	0.00%	0	0.00%

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Perry	\$380,908	0.23%	1	0.54%
Philadelphia	\$5,564,163	3.34%	18	9.68%
Pike	\$0	0.00%	0	0.00%
Potter	\$0	0.00%	0	0.00%
Schuylkill	\$0	0.00%	0	0.00%
Snyder	\$0	0.00%	0	0.00%
Somerset	\$121,983	0.07%	1	0.54%
Sullivan	\$0	0.00%	0	0.00%
Susquehanna	\$0	0.00%	0	0.00%
Tioga	\$0	0.00%	0	0.00%
Union	\$0	0.00%	0	0.00%
Venango	\$0	0.00%	0	0.00%
Warren	\$0	0.00%	0	0.00%
Washington	\$0	0.00%	0	0.00%
Wayne	\$0	0.00%	0	0.00%
Westmoreland	\$1,214,773	0.73%	4	2.15%
Wyoming	\$0	0.00%	0	0.00%
York	\$2,305	0.00%	1	0.54%
Out-of-State	\$64,519,445	38.71%	54	29.03%
TOTAL	\$166,691,306	100%	186	100%

3.0 Distribution of SB and SDB Payments for FY 2014-2015

FY 2014-2015 DISTRIBUTION OF SDB SUBCONTACT PAYMENTS BY CLASSIFICATION - CONSTRUCTION

SDB CLASSIFICATION	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Minority Business	\$26,135,713	34%	18	21%
Minority Service Disabled Veteran Business	\$15,112,549	2%	1	1%
Women Business	\$32,688,303	20%	53	62%
Minority/Women Business	\$1,445,840	43%	9	10%
Veteran Business	\$0.00	0%	0	0%
Service Disabled Veteran Business	\$444,660	1%	5	6%
TOTAL	\$75,827,065	100%	86	100%

FY 2014-2015 DISTRIBUTION OF SDB SUBCONTACT PAYMENTS BY COUNTY - CONSTRUCTION

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Adams	\$0	0.00%	0	0.00%
Allegheny	\$17,785,427	23.46%	22	25.29%
Armstrong	\$44,748	0.06%	2	2.30%
Beaver	\$0	0.00%	0	0.00%
Bedford	\$16,450	0.02%	1	1.15%
Berks	\$0	0.00%	0	0.00%
Blair	\$360,569	0.48%	2	2.30%
Bradford	\$0	0.00%	0	0.00%
Bucks	\$1,064,509	1.40%	3	3.45%
Butler	\$427,820	0.56%	4	4.60%
Cambria	\$23,500	0.03%	1	1.15%
Cameron	\$0	0.00%	0	0.00%

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Carbon	\$0	0.00%	0	0.00%
Centre	\$3,519,660	4.64%	3	3.45%
Chester	\$2,572,861	3.39%	4	4.60%
Clarion	\$0	0.00%	0	0.00%
Clearfield	\$0	0.00%	0	0.00%
Clinton	\$232,543	0.31%	1	1.15%
Columbia	\$0	0.00%	0	0.00%
Crawford	\$0	0.00%	0	0.00%
Cumberland	\$4,341,272	5.73%	2	2.30%
Dauphin	\$79,198	0.10%	4	4.60%
Delaware	\$155,096	0.20%	3	3.45%
Elk	\$0	0.00%	0	0.00%

3.0 Distribution of SB and SDB Payments for FY 2014-2015

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Erie	\$56,660	0.07%	2	2.30%
Fayette	\$0	0.00%	0	0.00%
Forest	\$0	0.00%	0	0.00%
Franklin	\$0	0.00%	0	0.00%
Fulton	\$201,293	0.27%	1	1.15%
Greene	\$0	0.00%	0	0.00%
Huntingdon	\$0	0.00%	0	0.00%
Indiana	\$0	0.00%	0	0.00%
Jefferson	\$0	0.00%	0	0.00%
Juniata	\$0	0.00%	0	0.00%
Lackawanna	\$0	0.00%	0	0.00%
Lancaster	\$4,549,918	6.00%	5	5.75%
Lawrence	\$0	0.00%	0	0.00%
Lebanon	\$8,720	0.01%	1	1.15%
Lehigh	\$0	0.00%	0	0.00%
Luzerne	\$29,804	0.04%	2	2.30%
Lycoming	\$0	0.00%	0	0.00%
McKean	\$0	0.00%	0	0.00%
Mercer	\$0	0.00%	0	0.00%
Mifflin	\$0	0.00%	0	0.00%
Monroe	\$12,063	0.02%	1	1.15%
Montgomery	\$13,675,580	18.04%	8	9.20%
Montour	\$0	0.00%	0	0.00%

COUNTY	VALUE	PERCENTAGE	COUNT	PERCENTAGE
Northampton	\$0	0.00%	0	0.00%
Northumberland	\$0	0.00%	0	0.00%
Perry	\$0	0.00%	0	0.00%
Philadelphia	\$7,515,384	9.91%	4	4.60%
Pike	\$0	0.00%	0	0.00%
Potter	\$0	0.00%	0	0.00%
Schuylkill	\$0	0.00%	0	0.00%
Snyder	\$0	0.00%	0	0.00%
Somerset	\$0	0.00%	0	0.00%
Sullivan	\$0	0.00%	0	0.00%
Susquehanna	\$0	0.00%	0	0.00%
Tioga	\$0	0.00%	0	0.00%
Union	\$0	0.00%	0	0.00%
Venango	\$0	0.00%	0	0.00%
Warren	\$0	0.00%	0	0.00%
Washington	\$24,320	0.03%	1	1.15%
Wayne	\$0	0.00%	0	0.00%
Westmoreland	\$2,978,940	3.93%	2	2.30%
Wyoming	\$0	0.00%	0	0.00%
York	\$515,933	0.68%	3	3.45%
Out-of-state SDBs	\$15,634,797	20.62%	4	5.75%
TOTAL	\$75,827,065	100.00%	86	100 %

4.0 Contract Commitments to Small Businesses and Small Diverse Businesses during FY 2014-15



4.1 Commitments to Small Businesses

During FY 2014-15, the Commonwealth had just one policy initiative designed to promote the use of SBs in Commonwealth contracting. That program encouraged Commonwealth agencies to create race and gender-neutral set-asides for small businesses known as the Small Business Procurement Initiative. These procurements focused exclusively on creating prime contracting opportunities for SBs. The Commonwealth did not formally promote or track subcontracting with SBs during FY2014-15, only SDBs.

During FY 2014-15, SBs were awarded 323 prime contracts as result of Small Business Reserves with an annualized total value of \$14,095,521, across construction and non-construction categories.

4.2 Commitments to Small Diverse Businesses

During FY2014-15, the Commonwealth awarded contracts pursuant to 51 non-construction RFPs with a total projected value of \$493,123,608. These best value procurements resulted in subcontract commitments to SDBs with a total projected value of \$268,711,333.

For DGS construction procurements with a value greater than \$50,000, the Department set a minimum participation level (MPL) of 7.5% for participation of SDBs as subcontractors, suppliers, and professional service providers. Prime contractors could opt-in to the MPL program at the time of each IFB, or they could choose a Good Faith Effort (GFE) based alternative program established by the department.

During FY 2014-15, 95 construction contracts were awarded using the IFB method. Fewer than half of the contractors awarded prime contracts opted in to the MPL program and made firm commitments to subcontract at least 7.5% of the contract value with SDB firms. The majority chose the GFE alternative. Since the GFE approach does not result in specific commitments to SDBs at the time of award, GFE based contracts are not counted in the SDB commitments data. Payments resulting from both GFE and MPL based contracts are however captured in the payments data.

The 38 MPL based construction contracts awarded in FY2014-15, had a total projected value of \$34,559,322, representing an SDB commitment of \$2,591,949. A summary of FY2014-15 SDB commitments is provided in the following chart:

SUMMARY OF SDB COMMITMENTS - FY 2014-15

CATEGORY	TOTAL PROJECTED VALUE	TOTAL SDB COMMITMENT	ANNUALIZED PROJECTED VALUE	ANNUALIZED SDB COMMITMENT
General RFPs	\$385,201,020	\$219,184,609	\$119,220,607	\$70,603,978
Information Technology Related RFPs	\$107,922,588	\$49,526,724	\$100,287,557	\$45,425,419
SUBTOTAL	\$493,123,608	\$268,711,333	\$219,508,164	\$116,029,397
Construction IFBs	\$34,559,322	\$2,591,949	\$30,160,390	\$2,262,029
GRAND TOTAL	\$527,682,930	\$271,303,282	\$249,668,554	\$118,291,426

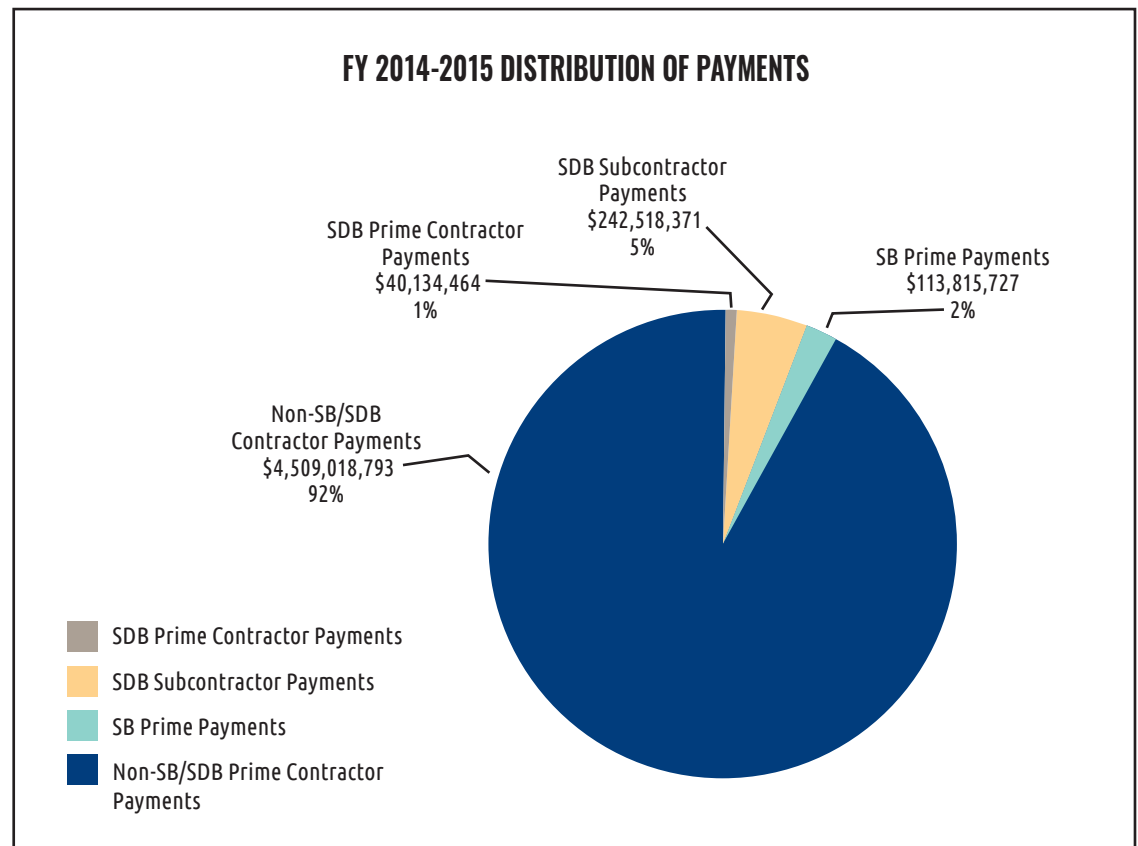
5.0 Analysis

5.1 Payments Analysis

During FY 2014-15, Total Commonwealth expenditures for goods, services and construction totaled \$4,905,487,355. Registered SBs and SDBs received just \$396,468,562, or 8 percent of these dollars.

These data likely undercount both SB and SDB participation, at least to some degree. With just 3,366 registered SBs and just 1,084 registered SDBs, the DGS database represents just a small fraction of all eligible SBs and SDBs in Pennsylvania. It is very likely that some number of SBs and SDBs benefitted from Commonwealth contracts during FY2014-15 but went uncounted because they were not registered.

Perhaps more significantly, the Commonwealth did not collect information on the vast majority of the subcontracting activity that occurred during the year. More than four out of every five Commonwealth contract dollars in FY2014-15 was spent on contracts awarded through the IFB procurement method, which includes no provision for considering or tracking SB/SDB subcontracting. So it is unclear by exactly how much, but there is reason to believe that actual participation rates for SBs and SDBs in Commonwealth contracts are greater than the present data suggests.



5.0 Analysis



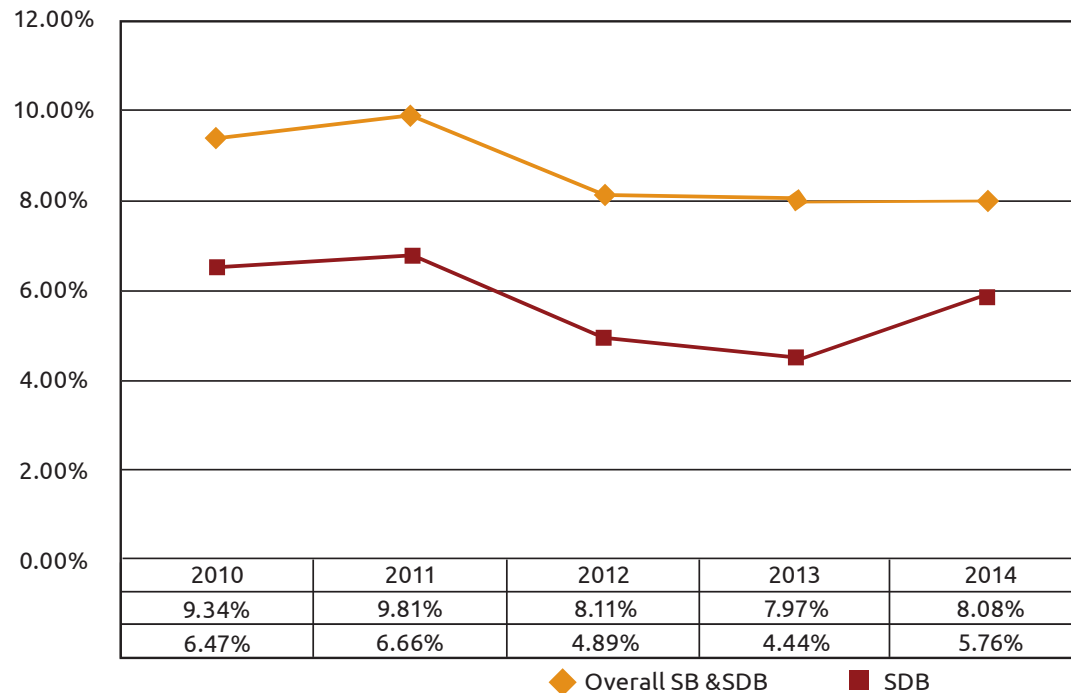
However, even with these data collection challenges, it is clear that the Commonwealth of Pennsylvania has been under-performing in comparison with neighboring states such as New York and Maryland, who both report SDB participation in excess of 20 percent and SDB expenditures well over \$1 billion.

The Commonwealth has achieved higher rates of SB and SDB participation in previous years. The chart below is based on the same methodology that produced the FY2014-15 data. It presents the percentage of Commonwealth payments for goods, services and construction that went to registered

SBs and SDBs for the preceding five years. Since 2011, the trend has been downward. An increase in SDB percentage occurred between 2013 and 2014, but it was mostly attributable to a single large construction project, the new Phoenix State Correctional Institution. As such, the uptick likely does not signal a trend reversal.

In light of this analysis, the Department is taking steps both to increase SB/SDB participation and also to improve tracking and reporting associated with subcontracting activity. Specific recommendations follow in Section 6.

SMALL AND SMALL DIVERSE BUSINESS PAYMENTS

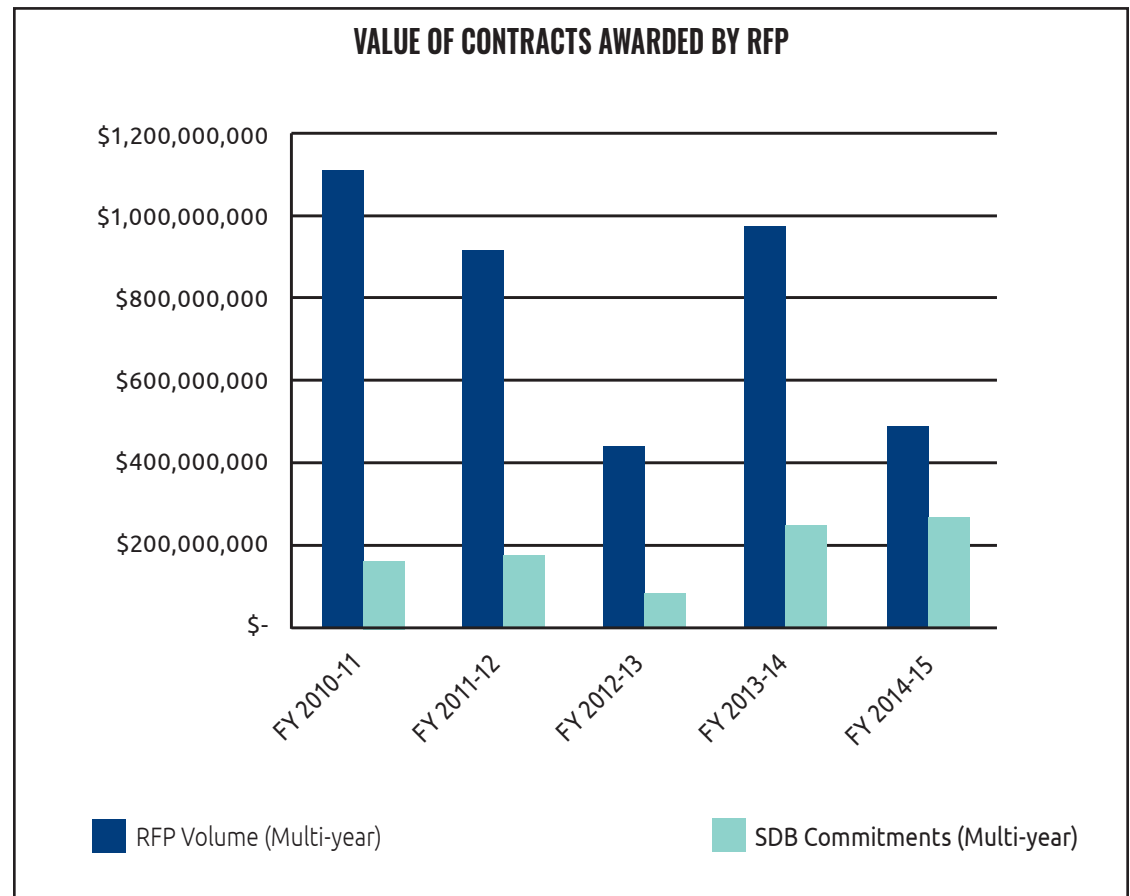


5.0 Analysis

5.2 Commitments Analysis

Analysis of commitments data from FY 2014-15 and prior years confirms that best value contracting methods are the most effective means available for achieving diversity and inclusion in Commonwealth contracting. The 51 RFPs that were scored by DGS during FY2014-15 resulted in multi-year contracts with a projected total value of \$493,123,608, and total SDB commitments of \$268,711,333. When the Commonwealth uses the RFP method and directly considers SDB participation as part of the award process, significant commitments to SDBs do reliably occur.

Unfortunately, usage of the RFP method by Commonwealth agencies declined over the last five years. At \$493 million, the aggregate value of RFPs in FY 2014-15 was less than half of what it was FY 2010-11. Fewer RFPs resulted in fewer SDB commitments and led ultimately to the trend in the payments data discussed in the previous section. Increasing the frequency of RFP usage is one key to reversing the trend in payments and improving diversity overall.



6.0 Recommendations

Since Governor Wolf signed Executive Order 2015-11, the Department has been working closely with the Governor's Advisory Council on Diversity, Inclusion and Small Business Opportunities to recommend policy and program changes necessary to promote greater diversity and inclusion in Commonwealth contracting and in the larger Pennsylvania economy.



Several of these recommendations are listed below:

- Clarify and improve procedures associated with SDB participation and proposal scoring in Commonwealth RFP processes. Current requirements are cumbersome and difficult, inhibiting participation from SDBs.
- Work with procurement professionals in DGS and across all Commonwealth agencies to increase the usage of RFPs and other best value contracting methods.
- Identify and collaborate with additional certification organizations for inclusion of Lesbian, Gay, Bisexual and Transgender (LGBT) and Disabled Business Owners as mandated by the Executive Order.
- Strengthen the enforcement of prime contractor commitments through new standard terms and conditions and new subcontract language.
- Implement new technology to streamline the reporting process for payments to SBs and SDBs.
- Collaborate with Department of Community and Economic Development, Department of Labor and Industry, Department of Transportation to develop targeted business assistance and professional development programs for SBs and SDBs.
- Continue to encourage and monitor participation of SDB in subcontracting opportunities available in Pennsylvania's unconventional natural gas extraction industry as prescribed under Act 13 "the Marcellus Shale Act" of 2012.
- Collaborate with the Department of Military and Veteran's Affairs to implement mandates prescribed under Act 185 in support of Veteran and Disabled Veteran-Owned Business interests.

DGS looks forward to updating the General Assembly with our progress on these important initiatives in next year's Annual Report for Fiscal Year 2015-16.