

October 31, 2017

The Honorable C. Anthony Muse  
Senate Chairman, Joint Committee on Fair Practices and State Personnel Oversight  
420 Miller Senate Office Building  
11 Bladen St.  
Annapolis, MD 21401

The Honorable Adrienne A. Jones  
House Chairman, Joint Committee on Fair Practices and State Personnel Oversight  
312 House Office Building  
6 Bladen St.  
Annapolis, MD 21401

**RE: 2014-2017 Annual Report – Minority Business Enterprise Participation – MSAR #8558 & #9410**

Dear Chairman Muse and Madam Chair Jones:

The Department of Human Services (DHS) is required to issue an annual report on the Department's Minority Business Enterprise Participation to the Governor's Office of Small, Minority & Women Business Affairs, the certification agency, the Department of Transportation, and the Joint Committee on Fair Practices and State Personnel Oversight. This requirement is stated in COMAR 21.11.03.17 A and State Finance & Procurement Article § 14-305 (a).

As always, if there are any questions regarding this report, or if additional information is needed, please contact me at 410-767-2578.

Sincerely,



Lourdes R. Padilla  
Secretary



**2014-2017 ANNUAL REPORT - MINORITY BUSINESS ENTERPRISE PARTICIPATION**

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MARYLAND DEPARTMENT OF HUMAN SERVICES

*Completed pursuant to:*

*(1) MSAR #8558 - COMAR 21.11.03.17 A; and*

*(2) MSAR #9410 - State Finance & Procurement Article § 14-305 (a)*

October 1, 2017

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## REPORT REQUIREMENTS

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This report is hereby submitted in response to the following two (2) reporting requirements:

COMAR/Regulatory Reporting Requirement

A. Each procurement agency [Department of Human Services] shall make a report annually within 90 days following the close of the fiscal year to the Office of Minority Affairs, the Department of Transportation, and, subject to State Government Article, 2-1246, Annotated Code of Maryland, to the Joint Committee on Fair Practices that includes:

- (1) The total number and value of its procurements from State-certified MBEs as prime contractors, and separately as subcontractors, by specific MBE classification;
- (2) The percentages, by specific classification of minority business enterprise, that purchases under A(1) and (2) of this regulation represent of the total number and value of its procurements for the fiscal year just ended;
- (3) The number of waivers granted pursuant to Regulation .11 of this chapter; and
- (4) An evaluation by the procurement agency of the success of its MBE program.

*Source: COMAR 21.11.03.17 A*

MD ANNOTATED CODE/Statutory Reporting Requirement

(a) (1) Within 90 days after the end of the fiscal year, each unit [Department of Human Services] shall report to the Governor's Office of Small, Minority, and Women Business Affairs, the certification agency, and, subject to § 2-1246 of the State Government Article, the Joint Committee on Fair Practices and Personnel Oversight.

- (2) A report under this subsection shall for the preceding fiscal year:
  - (i) state the total number and value of procurement contracts between the unit and certified minority business enterprises, by specific category of minority business enterprise;
  - (ii) indicate the percentage that those procurement contracts represent, by specific category of minority business enterprise, of the total number and value of procurement contracts;
  - (iii) state the total number and the names of certified minority business enterprises that participated as prime contractors or as subcontractors on procurement contracts awarded by a unit;
  - (iv) for each minority business included in the report under item (iii) of this paragraph, list all procurement contracts awarded by a unit to the minority business enterprise, including a description of the contract; and
  - (v) contain other such information as required by the Governor's Office of Minority Affairs and the certification agency and approved by the Board.

(3) A report under this subsection shall be in a form prescribed by the Governor's Office of Minority Affairs and the certification agency and approved by the Board.

(4) A report under this subsection shall be in a form prescribed by the Governor's Office of Minority Affairs and the certification agency and approved by the Board.

*Source: State Finance & Procurement Article § 14-305 (a)*

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### **FY 2014 MBE PRIME & SUBCONTRACTORS**

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In Fiscal Year 2014, there were 1,060 prime contracts in the amount of \$42,049,258 awarded to state-certified Minority Business Enterprises (MBE) and 153 subcontracts in the amount of \$21,983,825 were awarded to state-certified MBEs as subcontractors. This accounts for a total of 1,213 MBE contracts awarded in the amount of \$64,033,083. Out of all DHS procurement contracts, 17.86% were MBE participants. The prime and subcontracting MBE procurements were categorized into specific classifications with Maintenance accounting for the most contracts awarded at 46.79% in the amount of \$70,895. Please see attached charts for full breakdown of MBE classifications, percentages, and contract descriptions). No waivers were granted during fiscal year 2014.

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### **FY 2015 MBE PRIME & SUBCONTRACTORS**

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In Fiscal Year 2015, there were 987 prime contracts in the amount of \$11,740,125 awarded to state-certified Minority Business Enterprises (MBE) and 52 subcontracts in the amount of \$58,352,421 were awarded to state-certified MBEs as subcontractors. This accounts for a total of 1,039 MBE contracts awarded in the amount of \$70,092,546. Out of all DHS procurement contracts, 9.96% were MBE participants.

During the 2013 session of the Maryland General Assembly, the legislature passed Senate Bill 1066 (Chapter 343, Acts of 2013), a bill that excludes not-for-profits that promote the interests of physically or mentally disabled individuals from the definition of a certified MBE. Due to the expiration of an exemption that applied to contracts entered into on or before July 1, 2015, the enactment of this legislation resulted in a significant reduction in the Department's MBE participation rate beginning in fiscal year 2015.

The prime and subcontracting MBE procurements were categorized into specific classifications with Supplies and Equipment accounting for the most contracts awarded at 25.43% in the amount of \$366,593. Please see attached charts for full breakdown of MBE classifications, percentages, and contract descriptions). No waivers were granted during fiscal year 2015.

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### **FY 2016 MBE PRIME & SUBCONTRACTORS**

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In Fiscal Year 2016, there were 585 prime contracts in the amount of \$10,647,387 awarded to state-certified Minority Business Enterprises (MBE) and 392 subcontracts in the amount of \$6,290,203 were awarded to state-certified MBEs as subcontractors. This accounts for a total of 977 MBE contracts awarded in the amount of \$16,937,590. Out of all DHS procurement contracts, 9.88% were MBE participants. The prime and subcontracting MBE procurements were categorized into specific classifications with Human, Cultural, Social & Educational Services accounting for the most contracts awarded at 62% in the amount of \$13,895,304. Please see attached charts for full breakdown of MBE classifications, percentages, and contract descriptions). No waivers were granted during fiscal year 2016. Prime contracts valued at more than \$15,000 were awarded from a competitive solicitation that was publicly advertised.

Please see attached charts for a complete list of each minority business including procurement contracts awarded by a unit with a description of the contract.

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### **FY 2017 MBE PRIME & SUBCONTRACTORS**

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In Fiscal Year 2017, there were 1,564 prime contracts in the amount of \$16,458,937 awarded to state-certified MBEs and 144 subcontracts in the amount of \$8,613,678 were awarded to state-certified MBEs as subcontractors. This accounts for a total of 1,708 MBE contracts awarded in the amount of \$25,072,616. Out of all DHS procurement contracts, 8.26% were MBE participants. The prime and subcontracting MBE procurements were categorized into specific classifications with Maintenance accounting for the most contracts awarded at 55.35% in the amount of \$18,000 (See attached charts for full breakdown of MBE classifications, percentages, and contract descriptions). No waivers were granted during fiscal year 2017.

Please see attached charts for a complete list of each minority business including procurement contracts awarded by a unit with a description of the contract.

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### **MINORITY BUSINESS ENTERPRISE GOAL SETTING**

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To ensure all purchasing decision makers include MBE businesses in their outreach, purchasing and contracting activity, DHS instructs all buyers and card holders to use other mechanisms other than the Procurement Review Group (PRG) process. The Small Business Reserve (SBR), the Veterans Online Business Registry (VetBiz), and the Maryland Department of Transportation (MDOT) directories are checked prior to making a purchase. Buyers are encouraged to purchase from MBEs if the purchase does not need to be made under state contract. DHS has historically used secondary services to target subcontracting and bolster MBE participation.

Please see the attached charts for a complete breakdown of the total number and the names of certified minority business enterprises that participated as prime contractors or as subcontractors awarded by a unit. The attached charts will also reflect a description of the contract.

The PRG process, the scope of work, budget, and other relevant data are some of the methods used to establish subcontracting opportunities. This review process is necessary in order to prescribe a fair and reasonable subcontracting goal for that project.

The MBE liaison has a key role in the PRG process and is a signatory on the PRG. Ordinarily, the procurement officer or project manager sends the scope of work and budget to the liaison along with the justification for the proposed MBE goal for review. Once the liaison has reviewed, approved or made recommendations to these forms they are sent on to the Procurement Director for further review.

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### **OUTREACH/COLLABORATION FUNCTION**

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DHS procurement participates in Governor's Office of Small, Minority, and Women Business Affairs (GOSBA) sponsored workshops and coordinates with GOSBA to educate vendors about

the advantages of MBE certification and how to respond to a bid. In addition, this facilitates connections with new vendors who provide services that DHS regularly procures.

Minority Business Enterprise Annual Procurement Report  
 Reporting Department/Agency  
 Fiscal Year 2014 Reporting Period

Department of Human Services

Total Contract Awards by Procurement Categories

Procurement Category	Total # All Prime Contracts (Including MBE)	Total All Prime Contracts Dollar Value Awarded (Including MBE)	Total # of Prime Contract Waivers	Total Dollar Value of Prime Contract Waivers	Total # MBE Prime Contracts Awarded	Total MBE Prime Contract Dollar Value Awarded	Total # MBE Subcontracts Awarded	Total MBE Subcontract Dollar Value Awarded	Total # of MBE Contracts Awarded-Prime & Sub	Total \$ of MBE Contracts Awarded-Prime Sub
Architectural					0	\$0	0	\$0	0	\$
Engineering					0	\$0	0	\$0	0	\$
Construction	1	\$7,450			0	\$0	0	\$0	0	\$
Construction Related Services					0	\$0	0	\$0	0	\$
Maintenance	48	\$151,527			8	\$70,895	0	\$0	8	\$70,89
Services	745	\$64,121,159			64	\$3,650,752	21	\$10,032,636	85	\$13,683,38
Supplies & Equipment	737	\$1,975,490			255	\$428,283	0	\$0	255	\$428,28
IT Services	8	\$74,967,631			4	\$1,310,143	7	\$6,738,209	11	\$8,048,35
IT Supplies and Equipment	82	\$2,036,235			40	\$634,629	0	\$0	40	\$634,62
Human, Cultural, Social & Educational Services	72	\$209,532,538			25	\$35,480,016	125	\$5,212,980	150	\$40,692,99
Corporate Credit Card	7,272	\$1,881,927			257	\$82,754			257	\$82,75
Direct Voucher	8,104	\$3,928,777			407	\$391,786			407	\$391,78
<b>Totals</b>	<b>17,069</b>	<b>\$358,602,734</b>	<b>0</b>	<b>\$0</b>	<b>1,060</b>	<b>\$42,049,258</b>	<b>153</b>	<b>\$21,983,825</b>	<b>1,213</b>	<b>\$64,033,08</b>

Note(s)

Total Contract Awards by Procurement Categories

Procurement Category	Total # All Prime Contracts (Including MBE)	Total All Prime Contracts Dollar Value Awarded (Including MBE)	Total # of Prime Contract Waivers	Total Dollar Value of Prime Contract Waivers	Total # MBE Prime Contracts Awarded	Total MBE Prime Contract Dollar Value Awarded	Total # MBE Subcontracts Awarded	Total MBE Subcontract Dollar Value Awarded	Total # of MBE Contracts Awarded-Prime & Sub	Total \$ of MBE Contracts Awarded-Prime Sub
Architectural					0	\$0	0	\$0	0	\$
Engineering					0	\$0	0	\$0	0	\$
Construction					0	\$0	0	\$0	0	\$
Construction Related Services					0	\$0	0	\$0	0	\$
Maintenance	6	\$66,519			1	\$1,137	0	\$0	1	\$1,13
Services	681	\$201,107,541			54	\$5,543,517	26	\$35,745,794	80	\$41,289,31
Supplies & Equipment	553	\$1,441,547			237	\$366,953	0	\$0	237	\$366,59
IT Services	10	\$208,585,363			0	\$0	22	\$19,802,831	22	\$19,802,83
IT Supplies and Equipment	70	\$190,786,788			11	\$771,355	1	\$0	12	\$771,35
Human, Cultural, Social & Educational Services	65	\$97,088,795			4	\$4,643,584	3	\$2,803,796	7	\$7,447,38
Corporate Credit Card	1,437	\$1,153,749			49	\$86,914			49	\$86,91
Direct Voucher	8,536	\$3,747,604			631	\$327,024			631	\$327,02
<b>Totals</b>	<b>11,358</b>	<b>\$703,977,906</b>	<b>0</b>	<b>\$0</b>	<b>987</b>	<b>\$11,740,125</b>	<b>52</b>	<b>\$58,352,421</b>	<b>1,039</b>	<b>\$70,092,54</b>

Note(s)

Minority Business Enterprise Annual Procurement Report  
 Reporting Department/Agency  
 Fiscal Year 2016

Department of Human Services

Total Contract Awards by procurement Categories

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Architectural					0	\$0	0	\$0	0	
Engineering					0	\$0	0	\$0	0	
Construction					0	\$0	0	\$0	0	
Construction Related Services					0	\$0	0	\$0	0	
Maintenance	4	\$41,483			1	\$23,920	0	\$0	1	
Services	562	\$49,354,229			63	\$356,526	95	\$764,273	158	\$1,320,800
Supplies & Equipment	570	\$2,276,230			176	\$495,020	0	\$0	176	\$1,781,210
IT Services	3	\$199,052			0	\$0	0	\$0	0	
IT Supplies and Equipment	45	\$2,494,321			20	\$644,103	0	\$0	20	\$1,850,218
Human, Cultural, Social & Educational Services	24	\$22,412,165			3	\$8,369,374	297	\$5,525,930	300	\$13,895,304
Corporate Credit Card	2,391	\$2,520,952			86	\$597,495			86	\$597,495
Direct Voucher	9,975	\$92,176,218			236	\$160,949			236	\$160,949
<b>Totals</b>	<b>13,574</b>	<b>\$171,474,650</b>	<b>0</b>	<b>\$0</b>	<b>585</b>	<b>\$10,647,387</b>	<b>392</b>	<b>\$6,290,203</b>	<b>977</b>	<b>\$16,805,553</b>

Total Contract Awards by Procurement Categories

Procurement Category	Total # All Prime Contracts (Including MBE)	Total All Prime Contracts Dollar Value Awarded (Including MBE)	Total # of Prime Contract Waivers	Total Dollar Value of Prime Contract Waivers	Total # MBE Prime Contracts Awarded	Total MBE Prime Contract Dollar Value Awarded	Total # MBE Subcontracts Awarded	Total MBE Subcontract Dollar Value Awarded	Total # of MBE Contracts Awarded-Prime & Sub	Total \$ of MBE Contracts Awarded-Prime & Sub
Architectural					0	\$0	0	\$0	0	\$0
Engineering					0	\$0	0	\$0	0	\$0
Construction					0	\$0	0	\$0	0	\$0
Construction Related Services					0	\$0	0	\$0	0	\$0
Maintenance	5	\$32,519			1	\$18,000	0	\$0	1	\$18,000
Services	567	\$32,848,479			58	\$371,044	28	\$4,330,103	86	\$4,701,144
Supplies & Equipment	552	\$1,513,861			172	\$349,457	2	\$201,634	174	\$551,097
IT Services	1	\$5,371			0	\$0	0	\$0	0	\$0
IT Supplies and Equipment	74	\$4,658,122			36	\$1,403,479	0	\$0	36	\$1,403,479
Human, Cultural, Social & Educational Services	92	\$158,108,864			2	\$3,400,658	114	\$4,081,941	116	\$7,482,599
Corporate Credit Card	2,010	\$1,902,074			53	\$221,224			53	\$221,224
Direct Voucher	8,307	\$104,543,632			1,242	\$10,695,075			1,242	\$10,695,075
<b>Totals</b>	<b>11,608</b>	<b>\$303,612,923</b>	<b>0</b>	<b>\$0</b>	<b>1,564</b>	<b>\$16,458,937</b>	<b>144</b>	<b>\$8,613,678</b>	<b>1,708</b>	<b>\$25,072,616</b>

Total Contract Payments

Total \$ Paid - All Prime Contracts	Total \$ Paid - MBE Prime & MBE Subcontracts	% MBE Payments	MBE Prime Contracts \$ Paid	MBE Subcontracts \$ Paid
\$114,072,855	\$14,730,867	12.91%	\$10,903,127	\$3,827,740