

Delaware Office of Minority and Women Business Enterprise

Minority and Women Business Spend Analysis

Fiscal Year 2011 Quarter 1 & Quarter 2

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3/3/2011

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Executive Summary

The below report is a semiannual report on the certified minority and women business enterprise spend (MWBE). This report includes the Department of Transportation's federally mandated Disadvantaged Business Enterprise subcontracting spend for federally assisted highway projects and voluntarily subcontracting information from central contracting. The purpose of this report is to: identify agency certified minority and women business enterprise spend; analyze the population of certified minority and women business enterprises; identify successes and opportunities for growth. It should be noted that the goal of the report is not diagnose the entire state supplier diversity process as reflected in the agency supplier diversity plans as well as the Supplier Diversity Council report, but rather provide a spend analysis report on the first half of fiscal year 2011. Highlights from the first half of fiscal year 2011 are as follows:

- An approximate increase of 25% of the number of minority and women businesses that have received monies from the State from FY11Q1 to FY11Q2;
- An approximate increase of 5% of minority and women business direct spend, which is defined as direct monies paid to a MWBE excluding subcontracting monies, from FY11 Q1-Q2 for a total of \$20,538,271.31;
- The Executive Agency with the highest number of direct spend of certified minority and women business enterprises was Department of Health and Social Services, with 38 MWBEs;
- The Executive Agency with the highest direct spend for certified minority and women business enterprises was Department of Corrections, with \$3,115,057.35;
- The industry with the highest amount of direct minority and women business enterprise spend is construction with approximately \$7.4 million, which is approximately 36% of total MWBE spend. This industry also represents an unrealized 2nd tier spend category that is not currently considered in this analysis;
- Ten certified minority and women business account for approximately 56% of the total of direct certified minority and women business enterprises. This demonstrates the importance of including M/WBEs in under threshold opportunities and removing barriers for larger advertised contracts.

If you have any question regarding the report or need additional details, please contact L. Jay Burks (302)857-4554 or Ljay.burks@state.de.us. Additional data from FY06-FY10 is posted on the Office of Minority and Women Business Enterprise web site at <http://gss.omb.delaware.gov/omwbe>

Minority and Women Business Enterprise Spending Snapshot

The below table presents the adjusted** minority and women business enterprise spend.

Minority and Women Business Enterprise Spending Snapshot

MWBE Spend Q1Q2F11		Percent of MWBE	Percent of Total Adjusted Spend
Direct Certified MWBE Spend*	\$20,536,707.97	82.78%	3.01%
DelDOT DBE Subcontracting	\$3,674,833.36	14.81%	0.54%
MWBE Subcontracting	\$62,627.20	0.25%	0.01%
Self Registered W-9^	\$1,961,379.49	7.91%	0.29%
Total	\$24,808,130.50	100.00%	3.63%
Total FY11Q1 & Q2 Adjusted Spend	\$683,036,965.08		

* Monies paid to a OMWBE certified MWBE excluding subcontracting monies

^ Data extracted from the online W-9 database where business can select minority or women owned business without providing documentation from OMWBE or any other certifying organization. This data does not represent M/WBE spend but is displayed to communicate the importance of OMWBE certification.

**Adjusted spend is defined by extracting United Nations Services Products Specification Codes (UNSPSC) codes that are not applicable to OMWBE spend. For example – Medicaid and Medicare, university and colleges, lotteries services, cancer or leukemia prevention, credit card service providers, infant or child daycare service, electric utilities, financial assistance, administrative fees or tax collections, lease and rental of property, sale of property and building, delivered meals services, foster home care services, tuition reimbursement programs, educational incentives, adult education, vehicle rental, taxes other than income tax.

Direct certified minority and women business enterprise spend for FY11Q1-Q2 including P card purchases excluding subcontracting

Table highlights

It should be noted that the data below is comparison from the previous quarter and should not be used as a baseline for measuring success or sustainability, but as an observation of identifying the dollar amount for certified M/WBEs an agency utilized in the respective quarter. For previous year data, please visit the OMWBE web site.

- DHSS increased spend from Q1-Q2 approximately 90%.
- DelDOT increased spend Q1-Q2 approximately 60% not including DBE subcontracting data.
- DSHS significant increase of over 1000%.

	FY11Q1 MWBE	FY11Q2 MWBE	FY11Q1&2	% Increase/ Decrease MWBE
Legislative	\$0.00	\$2,000.00	\$2,000.00	2000.00%
Judiciary	\$138,599.33	\$78,762.97	\$217,362.30	-43.17%
Executive	\$423,677.57	\$579,208.81	\$1,002,886.38	36.71%
Technology	\$13,282.61	\$14,474.52	\$27,757.13	8.97%
Other Elective	\$36,397.59	\$30,752.87	\$67,150.46	-15.51%
Legal	\$30,220.33	\$19,597.88	\$49,818.21	-35.15%
State	\$152,899.40	\$44,968.00	\$197,867.40	-70.59%
Finance	\$627,933.95	\$351,531.35	\$979,465.30	-44.02%
DHSS	\$389,161.37	\$739,354.30	\$1,128,515.67	89.99%
DSCYF	\$227,630.69	\$190,817.18	\$418,447.87	-16.17%
Correction	\$2,176,622.69	\$938,434.66	\$3,115,057.35	-56.89%
DNREC	\$305,198.89	\$345,652.69	\$650,851.58	13.25%
DSHS	\$48,486.16	\$844,419.69	\$892,905.85	1641.57%
DeIDOT	\$1,117,088.98	\$1,801,287.04	\$2,918,376.02	61.25%
Labor	\$154,474.04	\$155,971.00	\$310,445.04	0.97%
Agriculture	\$57,194.62	\$225.00	\$57,419.62	-99.61%
Elections	\$35,276.00	\$55,647.00	\$90,923.00	57.75%
Fire	\$1,641.40	\$956.00	\$2,597.40	-41.76%
Natl Guard	\$136,399.80	\$99,378.92	\$235,778.72	-27.14%
Exc. Citizens	\$0.00	\$0.00	\$0.00	0.00%
Higher Ed	\$224,148.23	\$199,359.30	\$423,507.53	-11.06%
Education	\$3,704,758.64	\$4,044,379.84	\$7,749,138.48	9.17%
Total	\$10,001,092.29	\$10,537,179.02	\$20,538,271.31	5.36%

Department percent of total direct Minority and Women Business Enterprise Spend

Table highlights

- DelDOT and Corrections account for 14% and 15% respectively of total direct minority and women business enterprise spend.
- The Department of education inclusive of the school districts accounts for approximately 38% of the direct certified minority and women business enterprise spend.

Department	MWBE FY11Q1&Q2	Percent of MWBE %
Legislative	\$2,000.00	0.01%
Judiciary	\$217,362.30	1.06%
Executive	\$1,002,886.38	4.88%
Technology	\$27,757.13	0.14%
Other Elective	\$67,150.46	0.33%
Legal	\$49,818.21	0.24%
State	\$197,867.40	0.96%
Finance	\$979,465.30	4.77%
DHSS	\$1,128,515.67	5.49%
DSCYF	\$418,447.87	2.04%
Correction	\$3,115,057.35	15.17%
DNREC	\$650,851.58	3.17%
DSHS	\$892,905.85	4.35%
DelDOT	\$2,918,376.02	14.21%
Labor	\$310,445.04	1.51%
Agriculture	\$57,419.62	0.28%
Elections	\$90,923.00	0.44%
Fire	\$2,597.40	0.01%
Natl Guard	\$235,778.72	1.15%
Exc. Citizens	\$0.00	0.00%
Higher Ed	\$423,507.53	2.06%
Education	\$7,749,138.48	37.73%
	\$20,538,271.31	

Quantity of Contracted Minority and Women Business Enterprises

The below table identifies the number of direct contracted certified minority and women business enterprises. It should be noted that the data below is comparison from the previous quarter and should not be used as a baseline for measuring success but as an observation of identifying the number of diverse M/WBE an agency utilized in the respective quarter.

Table highlights

- Executive agency (OMB) increased the number of direct contracted minority and women business enterprises by approximately 63%.
- Department of Technology and Information and Department of Agriculture experienced no increase and decrease respectively.

Name	FY11Q1 MWBE	FY11Q1 & Q2 M/WBE	% Increase/Decrease M/WBE
Legislative	0	1	100.00%
Judiciary	11	12	9.09%
Executive	19	31	63.16%
Technology	3	3	0.00%
Other Elective	2	4	100.00%
Legal	7	7	0.00%
State	15	18	20.00%
Finance	5	6	20.00%
DHSS	25	38	52.00%
DSCYF	16	21	31.25%
Correction	9	11	22.22%
DNREC	17	23	35.29%
DSHS	4	10	150.00%
DelDOT	19	23	21.05%
Labor	16	23	43.75%
Agriculture	7	2	-71.43%
Elections	6	6	0.00%
Fire	1	2	100.00%
Natl Guard	8	8	0.00%
Exc. Citizens	0	0	0.00%
Higher Ed	16	19	18.75%
Education	73	84	15.07%
# Single transaction M/WBE	144	179	24.31%

Certified Minority and Women Business Enterprise Ethnic Extraction

The below table reflects the distribution of direct contracting spend for certified minority and women business among ethnic classifications.

Table highlights

- Certified White American women account for approximately 77% of all direct contracted certified minority and women business enterprise spend.
- Certified Hispanic American males accounted for approximately 54% of all male minority spend.

Only Certified Minority Male Owned Businesses				
MBE	FY11 Q1&Q2 M/WBE Dollar	% FY11 Q1&Q2 M/WBE Dollar	Number of Contracted M/WBEs	# Percent of total
African American	\$921,199.81	4.49%	21	11.73%
Subcontinent Asian	\$530,844.88	2.58%	4	2.23%
Hispanic American	\$1,916,648.34	9.33%	11	6.15%
Native American	\$47,066.34	0.23%	1	0.56%
Asian American	\$164,239.76	0.80%	6	3.35%
Total MBE	\$3,579,999.13	17.43%	43	24.02%

Only Certified Women Owned Businesses				
WBE	FY11 Q1&Q2 M/WBE Dollar	FY11 Q1&Q2 M/WBE Dollar	Number of Contracte d M/WBE	# Percent of total
African American	\$204,932.65	1.00%	6	3.35%
Subcontinent Asian	\$241,628.15	1.18%	2	1.12%
Hispanic American	\$446,730.10	2.18%	8	4.47%
Native American	\$0.00	0.00%	0	0.00%
Asian American	\$220,038.97	1.07%	5	2.79%
White American	\$15,844,942.31	77.15%	115	64.25%
Total	\$16,958,272.18	82.57%	136	75.98%
Total M/WBE Direct	\$20,538,271.31		179	

U.S. Census Bureau, 2007 Survey of Business Owners, Preliminary Estimates of Business Ownership by Gender, Ethnicity, Race, and Veteran Status - Released July 13, 2010

Delaware Businesses	2007	Percent of Total DE Businesses	Percent of Direct Contracted Spend for M/WBES*	Percent of Number of Contracted M/WBES*
Male-owned	39,093	56.16%		
Woman-owned	19,431	27.91%	77.15%	64.25%
African American-owned	6,507	9.35%	5.48%	15.08%
Asian-owned	3,007	4.32%	1.87%	6.15%
Hispanic-owned	1,538	2.21%	11.51%	10.61%
Native American/Alaskan-owned	0	0.00%	0.23%	0.55%
Hawaiian and Pacific Islander-owned	36	0.05%	3.76%	3.35%
Total	69,612		\$20.53 mil	179

* Date includes businesses not located in Delaware

The below table reflects the number of certified minority and women business enterprises

Table highlights

- 800 Delaware certified minority and women business enterprises.
- 1,100 Non Delaware certified firms.

Male Minority Owned Business	Total Certified	Percent of certified MBEs	Certified Delaware Firms	Percent of certified MBEs
African American	443	25%	208	27%
Subcontinent Asian	103	6%	30	4%
Hispanic American	102	6%	45	6%
Native American	14	1%	3	0%
Asian American	75	4%	19	2%
Total MBE	737	41%	305	39%

Women Owned Business	Total Certified	Percent of certified WBEs	Certified Delaware Firms	Percent of certified WBEs
African American	180	10%	94	12%
Subcontinent Asian	34	2%	15	2%
Hispanic American	35	2%	15	2%
Native American	4	0%	0	0%
Asian American	34	2%	10	1%
White American	776	43%	340	44%
Total Women Owned	1063	59%	474	61%
Total M/WBE	1800		779	

Top Two Digit North American Industry Classification System (NAICS) codes

The below table includes direct certified minority and women business enterprise spend inclusive of P-card purchases. The table also displays the number of certified businesses within the two digit prefix for NAICS codes.

Table highlights

- The construction NAICS coded minority and women businesses are approximately \$7.4 million of M/WBE spend, which is 36% of total minority and women business enterprise spend.
- The wholesale trade NAICS coded minority and women businesses are approximately \$5.6 million of M/WBE spend, which is 27% of total minority and women business enterprise spend.
- The professional, scientific, and technical Services NAICS coded minority and women businesses are approximately \$4.4 million of M/WBE spend, which is 21% of total minority and women business enterprise spend.
- The highest concentration of certified minority and women business is in Professional, Scientific, and Technical Services sector.

NAICS Description	Total Certified MWBEs	FY11Q1&Q2 MWBE Direct Spend
Agriculture, Forestry, Fishing and Hunting	6	\$0.00
Mining, Quarrying, and Oil and Gas Extraction	3	\$0.00
Utilities	16	\$13,992.50
Construction	454	\$7,357,911.53
Manufacturing	209	\$700,064.30
Wholesale Trade	215	\$5,624,930.67
Retail trade	53	\$427,994.60
Transportation and Warehousing	83	\$176,413.86
Information	51	\$197,776.58
Finance and Insurance	45	\$0.00
Real Estate and Rental and Leasing	36	\$17,992.04
Professional, Scientific, and Technical Services	864	\$4,415,599.36
Management of Companies and Enterprises	1	\$20,011.38
Administrative and Support and Waste Management and Remediation Services	373	\$745,798.15
Educational Services	108	\$603,331.71
Health Care and Social Assistance	79	\$97,076.93
Arts, Entertainment, and Recreation	10	\$0.00
Accommodation and Food Services	9	\$139,091.15
Other Services (except Public Administration)	110	\$286.55
Public Administration	30	\$0.00
Total		\$20,538,271.31

Top Minority and Women Business Enterprise Direct Spend for two digit prefix United Nation Services and Products Specification Code (UNSPSC)

Two Digit UNSPSC Prefix	MWBE Direct Contract Amount	Percent of Total MWBE Spend
Building and Facility Construction and Maintenance Services	\$4,589,522.95	23.03%
Healthcare Services	\$2,884,314.27	14.47%
Information Technology Broadcasting and Telecommunications	\$1,127,194.25	5.66%
Domestic Appliances and Supplies and Consumer Electronic Products	\$1,101,369.67	5.53%

Minority and Women Business Subcontracting Report

Government Support Services has received subcontracting information on two central contracts. It should be noted that this is a new request in the reporting process and we anticipate as new contracts are awarded vendors will be more responsive to reporting MWBE subcontracting spend.

- Office Depot and Fastenal for a total of \$62,627.20.

The Delaware Department of Transportation is currently the only agency with a robust subcontracting recording and verification and this presents an opportunity to implement similar system statewide

The below table reflects the DBE subcontracting payments for FY11 Q1&Q2

Table Highlights

- DeIDOT DBE subcontracting payments totaled \$3,674,833.36.
- 23 different DBEs subcontracted with DeIDOT.
- 90% of the DeIDOT DBE payments went to White American women owned businesses.

	Number of DBEs	Percent of DBE	DeIDOT DBE Subcontracting	
Male Minority Business				
African American	5	21.74%	\$221,671.57	6.03%
Subcontinent Asian	1	4.35%	\$63,724.90	1.73%
Hispanic American	2	8.70%	\$113,954.73	3.10%
Native American	0	0.00%	\$0.00	0.00%
Asian American	0	0.00%	\$0.00	0.00%
Total MBE	0	0.00%	\$0.00	0.00%
Total Minority Owned DBE	8	34.78%	\$399,351.20	10.87%

	Number of DBEs	Percent of DBEs	DeIDOT DBE Subcontracting	
Women Business				
African American	0	0.00%	\$0.00	0.00%
Subcontinent Asian	0	0.00%	\$0.00	0.00%
Hispanic American	1	4.35%	\$3,660.80	0.10%
Native American	0	0.00%	\$0.00	0.00%
Asian American	0	0.00%	\$0.00	0.00%
White American	14	60.87%	3,271,821.36	89.03%

Statewide Recommendations for Supplier Diversity Improvements

- a) Encourage applicable businesses to complete OMWBE certification. Each agency MWBE liaison has a listing of contracted self-registered W-9 minority and women contracted vendors. This will result in an increase of certified MWBE spend for Delaware.
- b) Encourage use of labeled M/WBEs on the Government Support Services central contracting web site if contract is multi awarded (i.e. staffing, furniture, towing services, packaged software & Microsoft Select Software). This will increase the MWBE spend for M/WBEs that have already been awarded contracts.
- c) Encourage and educate non-profits to use minority and women businesses for services on central contract (for example office furniture or business cards). As a result, this will assist in strengthening the awarded M/WBEs capacity and leveraging the central negotiated contract.
- d) Request construction contractors and all other vendor(s) to report minority and women business enterprise subcontracting spend to the Office of Minority and Women Business Enterprise utilizing the subcontracting form posted on the OMWBE web site.
- e) Forward awarded contractors information and prebid attendee information to central contracting to post bids.delaware.gov to increase transparency.
- f) Utilize OMWBE database for smaller purchases not on contract and report to OMWBE using the under threshold solicitation form and provide Cabinet level support for reporting.
- g) Report success, challenges and opportunities to the Office of Minority and Women Business Enterprise and provide Cabinet level support for reporting.
- h) Continue to identify barriers for MWBEs to participate in state purchasing process such as bonding and contract verbiage that does not allow subcontracting and continue to communicate internal barrier to Senior Leadership Team.

Agency Specific Recommendations

Executive (OMB)

- Facilities Management – Must forward and/or communicate prebid attendee list information to central contracting to post on bids.delaware.gov and communicate the subcontracting reporting to OMWBE.

- Explore increasing transparency and reporting requirement of bond bill allocations on behalf of State to identify M/WBE subcontracting.
- OMB – Must continue to ensure accurate coding of expenditures. Miscellaneous UNSPSC labeling is a barrier to providing accurate spend analysis.
 - Access to the entire W-9 file can will increase the accuracy of the spend data analysis.

Delaware Economic Development Office (DEDO)

- Request MWBE subcontracting report for financially assisted companies with economic development funding for example Johnson Controls and former Valero plant.

Delaware State Housing Authority (DSHA)

- Increase transparency for agency pass thru funding by reporting HUD information to the Office of Minority and Women Business Enterprise on a quarterly basis and validating the accuracy of how the funding is reported in the State financial system.

Department of Technology & Information (DTI)

- Review State’s technology purchases and assist in instructing the agencies on opportunities to increase supplier diversity.
- Co-sponsor an information session for IT staffing contract.

Department of State (DOS)

- The Division of Professional regulation has been identified as a excellent entry point to recruit applicable business and encourage certification.
 - It is recommended that DOS include a link to the OMWBE web site or identify an effective method to promote awareness and recruit potential minority and women businesses seeking licensing.

Finance

- As a condition or addendum of the casino licensing agreements, explore the feasibility of working with the Delaware Casinos to report supplier diversity efforts to OMWBE.
- Some providers of lottery gaming services have supplier diversity programs such as International Gaming Technology.
 - Request 2nd tier/subcontracting M/WBE information from gaming vendors.

Department Health Social Services (DHSS)

- Identify and certify recipients of the approximate \$25 million line item for Daycare reimbursements whereby increasing the accuracy of the State’s MWBE spend by increasing transparency of pass thru funding.

- Encourage applicable medical practitioners to certify with the Office of Minority and Women Business Enterprise.
- Remove self-certifying tracking form from proposals submissions because it causes confusion in the minority and women business enterprise community.

Division of Services for Children Youth and Families (DSCYF)

- Encourage applicable medical practitioners to certify with the Office of Minority and Women Business Enterprise.
- Identify and certify applicable daycare vendors via the purchase of care data file.

Department of Corrections (DOC)

- Encourage applicable medical practitioners to certify with the Office of Minority and Women Business Enterprise.
- Foreword potentially applicable medical practitioners' information to the Office of Minority and Women Business Enterprise.
 - Medical services – Dr. Jane Doe - \$80,000 Dentist services

Department Natural Resources and Environmental Control (DNREC)

- Increase transparency for agency pass thru funding.
 - Environmental Protection Agency (EPA) funding to counties – Encourage the prime contractors and respective counties to report this information to the agency or the Office of Minority and Women Business Enterprise.
 - Energy Office – Weatherization reporting and Energy Efficiency and Conservation Block Grant Program.

Department Safety Homeland Security (DSHS)

- Ensure accurate coding of expenditures. For example a construction company, labeled a \$24,900 as a miscellaneous UNSPSC.

Delaware Department of Transportation (DOT)

- Work with the Delaware Transit Corporation to report Federal Disadvantaged Business Enterprise subcontracting spending.
- Expand subcontracting reporting to state projects.

Department of Labor (DOL)

- Encourage applicable medical practitioners to certify with the Office of Minority and Women Business Enterprise.

- Foreword potentially applicable medical practitioners' information to the Office of Minority and Women Business Enterprise.
 - Medical Services – Jane Doe \$45,000 Healthcare Services

Agriculture

- Encourage applicable businesses to complete OMWBE certification.
 - For example a vendor from line item spend analysis was labeled as Jane Doe with an expenditure of \$46,527.57 for risk management consultation.

National Guard

- A substantial amount of funding was spent on audit services, staffing services and minor facilities projects where there are applicable minority and women businesses that can perform the services. The analysis indicated the facilities projects fell below the under threshold amount and staffing services were utilized from a central contract where at least one vendor was a certified M/WBE.

Department of Education (DOE)

- Assist OMWBE in facilitating meetings and communicating awareness of supplier diversity initiatives within school districts.
- Attempt to identify contracting successes for certified minority and women business specifically for the Race to the Top grant.