

**New York State
Empire State Development Corporation**

**DIVISION OF MINORITY AND
WOMEN'S BUSINESS
DEVELOPMENT**

**ANNUAL REPORT
2007**

TABLE OF CONTENTS

Executive Summary	1
Background	3
The Division of Minority and Women’s Business Development	3
Agency Services.....	3
Certification	3
Outreach and Business Development	3
Minority- and Women-Owned Business Enterprises in New York State.....	4
I. Agency Utilization.....	6
II. Certification.....	8
III. Special Initiatives, Education, and Outreach	10
Agency Services.....	10
Implementation of Executive Order # 8.....	10
Training Agency Personnel.....	10
Reform of State Procurement Practices	10
Field Visits	11
Disparity Study	11
Certification	12
State Directory / Database Verification Process	12
Fast Track Agreements	12
Universal Certification Application.....	12
Certification Training Manual	13
Anti-Fraud Efforts.....	13
DMWBD Technology Upgrades	13
Statewide Network of Technical Assistance Providers	13
Business Development Initiatives.....	13
Bonding Pilot Program	13
Capital Access Pilot Program	14
Capital Access Forum.....	14
Resource Referral Network of Technical Assistance Providers	14
Special Industry Sector Initiatives	14
Construction Industry Roundtable	15
Finance Industry Initiative	15
Technology Industry Initiative.....	15
“Green Building” Initiative.....	15
MWBE Advisors.....	15
Coordination With ESDC Resources.....	16
Appendix A -- Certified MWBEs by County	17
Appendix B -- Summary Statistics for Certified MWBEs.....	23
Appendix C -- Agency Utilization Data	25
Appendix D -- Executive Order No. 8.....	30
Appendix E -- Executive Leadership Council Report	33
Appendix F -- Governor’s Corporate Roundtable Report	47
Appendix G -- Technical Assistance Providers By Region.....	61

EXECUTIVE SUMMARY

The goals of the Division of Minority and Women's Business Development are to promote equality of economic opportunities for minority and women-owned business enterprises (MWBEs) and to eliminate barriers to their participation in state contracts. Under the leadership of Governor Eliot Spitzer and Lieutenant Governor David Paterson, New York State has made significant progress toward meeting these objectives:

Major Accomplishments

- Increased the percentage of discretionary spending allocated to MWBEs by contracting agencies from 3.85% in Fiscal Year (FY) 2005-2006 to 9.41% in the Second Quarter of FY 2007-2008.
- Increased by 25% the number of MWBE firms applying for certification in the first half of FY 2007-2008 compared to the first half of FY 2006-2007.
- Increased by 30% the number of applications reviewed in the first half of FY 2007-2008 compared to the first half of FY 2006-2007.
- Signed certification "fast track" agreements with the Women Presidents' Educational Organization, New York and New Jersey Minority Supplier Development Council, and the Upstate New York Regional Minority Purchasing Council to increase the number of qualified MWBEs in the New York State MWBE directory.
- Trained over 200 individuals from small business technical assistance providers (e.g. Entrepreneurial Assistance Program centers, NYS Small Business Development Centers, etc.) and over 2,500 MWBEs directly on the advantages of and process for obtaining state certification and doing business with the State.
- Convened on a quarterly basis the Executive Leadership Council and the Governor's Corporate Roundtable, which were created by executive order in 2007, and developed concrete strategies for continuing to remove barriers to MWBE participation in state contracts.
- Hosted or co-sponsored over 50 conferences, workshops, training sessions and expositions targeted at increasing MWBE participation in state contracting.
- Issued Request for Proposals (RFP) to conduct New York State Disparity Study and selected National Economic Research Associates, Inc., as the winning bidder. The purpose of the study is to determine whether there is a disparity between the number of qualified MWBEs ready, willing, and able to perform state contracts and the number of MWBEs that actually receive state contracts.
- Created pilot programs to increase access to capital and bonding for MWBEs.
- Conducted a comprehensive update of the certification database that improves the ability of contracting agencies and private contractors to locate qualified MWBEs.

The Division also continues to work on a number of initiatives designed to promote opportunities for MWBEs in the years to come:

Major Initiatives

- ◇ Collaborate with all contracting agencies in New York State to implement the recommendations of the Executive Leadership Council and Governor’s Corporate Roundtable to improve agency utilization of MWBEs. This is an ongoing effort that has already begun with some of the largest contracting agencies and will continue in the upcoming year.
- ◇ Streamline the process for obtaining MWBE certification. This initiative has already led to the “fast track” agreements described above, along with the renewal of “fast track” certification with New York City. The Division is currently working toward reaching similar agreements with the New York State Department of Transportation, the MTA, Niagara Frontier, and the Port Authority of New York and New Jersey. Ultimately, the goal is to develop a single, universal application for MWBE certification in New York State.
- ◇ Expand the capital access and bonding pilot programs and improve MWBEs’ access to technical assistance through collaborations with public and private entities such as the Entrepreneurial Assistance Program, the Jamaica Business Resource Center, the Surety and Fidelity Association of America, and the New York Business Development Corporation.
- ◇ Oversee the completion of the New York State Disparity Study (see above).
- ◇ Overhaul MWBD website and database to further improve the ability of agencies and private companies to locate qualified MWBEs.

In sum, substantial progress has been made over the past year toward achieving the goals of providing equal opportunities for minority and women owned businesses in New York State. And through Governor Spitzer’s and Lieutenant Governor Paterson’s continued commitment, the Division’s ongoing initiatives, and the efforts of the Legislature, MWBEs, corporate executives from majority-owned firms, and MWBE advocates, we expect that the opportunities for MWBEs will continue to increase, thereby creating jobs, generating tax revenues, and contributing to the economic revitalization of the New York State economy.

BACKGROUND

The Division of Minority and Women's Business Development

In July 1988, Article 15-A of the Executive Law (Executive Law §§ 310-317) created what is now the Division of Minority and Women's Business Development ("DMWBD"). The goal of Article 15-A was to promote equality of economic opportunities for minority and/or women owned business enterprises ("MWBEs") and to eliminate barriers to their participation in state contracts.¹

The DMWBD performs three major functions: First, to encourage and assist state agencies that are engaged in contracting activities ("Contracting Agencies") to award a fair share of state contracts to MWBEs; second, to review applications by businesses seeking certification as an MWBE and to maintain a directory of certified MWBEs; and third, to promote the business development of MWBEs through education and outreach to agencies and MWBEs.

Agency Services

The Agency Services / Compliance Unit of the DMWBD monitors the utilization of MWBEs by contracting agencies. The Agency Services Unit reviews annual MWBE goal plans and quarterly reports on actual MWBE utilization submitted by each contracting agency. The Agency Services Unit also reviews periodically the practices and procedures of each state agency with respect to their compliance with the provisions of the Executive Law and provides assistance in the areas of goal setting, contract monitoring, quarterly reporting, and outreach.

Pursuant to Executive Order # 8, which created the Governor's Corporate Roundtable and the Executive Leadership Council in February 2007, the Agency Services Unit has also begun partnering with state agencies and authorities to develop a clearinghouse of information on best practices for improving utilization of MWBEs and on programs and services provided by entities that may assist these businesses.

Certification

The Certification Unit reviews applications by businesses seeking certification as a MWBE and determines whether applicants meet the qualifications established by New York State law. The Certification Unit also maintains a certification database that contains information about every MWBE, including its standard industry classification. This database is used by the Certification Unit for ongoing analysis, and is available to state agencies, private sector contractors and the general public in order to facilitate utilization of MWBEs.

Outreach and Business Development

The DMWBD also engages in significant outreach and business development activities that include, among other things, (a) education sessions for Contracting Agencies on strategies for eliminating barriers to MWBE participation in state contracts, (b) education sessions for MWBEs on how to obtain certification and state contracts, (c) projects to enhance existing

¹ This report is delivered pursuant to Executive Law § 311(e), which requires the Director of the DMWBD (the "Director") to report annually on the level of MWBEs participating in each agency's contracts for goods and services and on efforts to promote and increase participation by certified businesses with respect to state contracts and subcontracts.

programs and services for MWBEs and (d) initiatives to develop new programs and services that promote business development opportunities for MWBEs.

The Division also facilitates capacity building through partnerships with organizations and programs that offer in-depth technical assistance in the areas of management and operational systems, finance and accounting systems, business plan development, profit and loss analysis, loan packaging, and bonding packaging.

Minority- and Women-Owned Business Enterprises in New York State

According to the most recently released Census data, MWBEs made up 56% of New York State's 1.7 million firms in 2002,² and generated \$122 billion in receipts.³

Minority-owned business enterprises (MBEs) represented 26.4% of total businesses and generated \$51.2 billion in revenue. There were 129,324 or 7.6% Black-owned firms, 163,639 or 9.6% Hispanic-owned firms, 145,519 or 8.5% Asian-owned firms, and 11,158 or 0.7% Native American-owned firms.⁴

Women-owned business enterprises (WBEs) represented 29.6% of total businesses and generated \$70.8 billion in revenues.⁵ The number of WBEs has been steadily increasing over the last decade from 394,014 in 1997 to 505,134 in 2002, an increase of 51%.

New York State currently has one of the largest databases of certified firms in the nation. As of December 2007, there were 6,899 certifications of New York State Minority and Women-owned Businesses, including 2,578 MBEs, 3,627 WBEs, and 694 businesses that have dual certification. (See Appendix A for a listing of MWBEs by County).

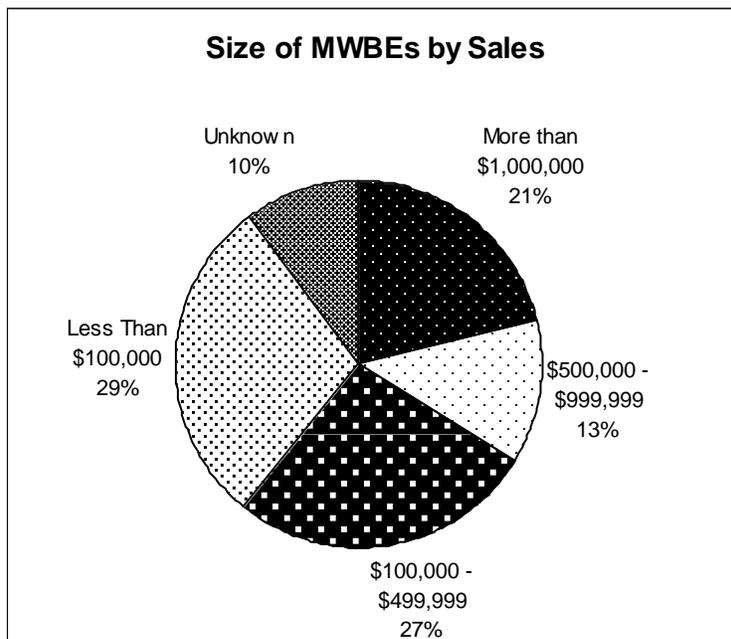


Figure 1

² Source data: U.S. Census Bureau, State and County Quick Facts (2006). Available at <<<http://quickfacts.census.gov/qfd/states/36000.html>>> (visited on February 25, 2008).

³ United States Small Business Administration, Office of Advocacy, *Small Business Profile* (2006).

⁴ Id.

⁵ Id.

More than 20% of MWBEs have annual sales of more than \$1 million, while 56% have less than \$500,000 in sales. (See Figure 1). Half of MWBEs certified by New York State are services companies such as accounting and legal firms, 24% are commodities companies such as office products firms, and 25% are involved in either construction or construction consulting services, such as architecture or structural engineering. (See Figure 2 & Appendix B).

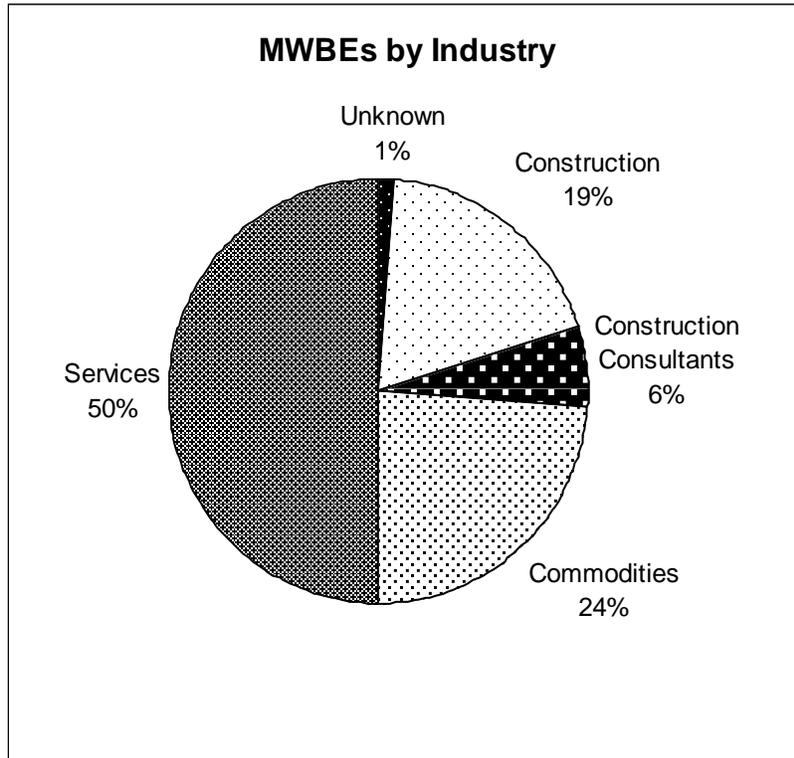


Figure 2

I. AGENCY UTILIZATION

Utilization of MWBEs by state agencies has increased significantly in the last 2½ years, from 3.85% of total discretionary spending in Fiscal Year 2005-2006 to 9.4% in the second quarter of Fiscal Year 2007-2008 (see Figure 3).

Figure 3

	FY 2005-06	FY 2006-07	Q1 of FY 2007-08	Q2 of FY 2007-08
Total discretionary spending by Contracting Agencies	\$11.5 billion	\$7.34 billion	\$1.4 billion	1.3 billion
Total contract awards to MBEs	\$232 million (2%)	\$239 million (3.3%)	\$51 million (3.7%)	\$68 million (5.2%)
Total contract awards to WBEs	\$212 million (1.85%)	\$247 million (3.4%)	\$44 million (3.2%)	\$57 million (4.3%)
Total MWBE contract awards⁶	\$445 million (3.85%)	\$486 million (6.7%)	\$95 million (6.9%)	\$125 million (9.4%)

Of the state contracts awarded to MWBEs in FY 2006-2007, 11% were awarded to non-minority women owned firms, 17% to Asian owned firms, 10% to African-American owned firms, 16% to Hispanic owned firms, 3% to Native-American owned firms and 43% Unspecified. (see Figure 4).

Approximately 51% of state contracts awarded to MWBEs in FY 2006-2007 were prime contracts, 48% were the result of subcontracting. Forty-eight percent of state contract awards were for construction, 17% were for services, 16% were for commodities, and 19% were for construction consulting (see Figure 5).

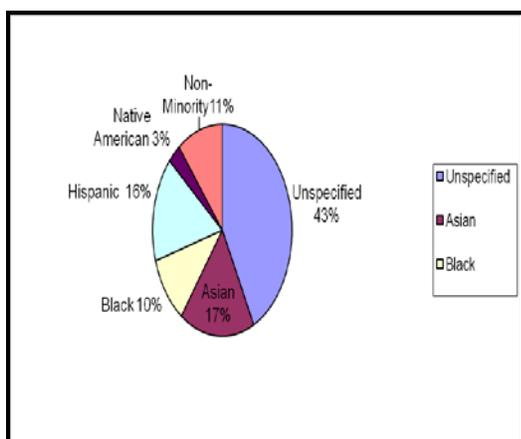


Figure 4

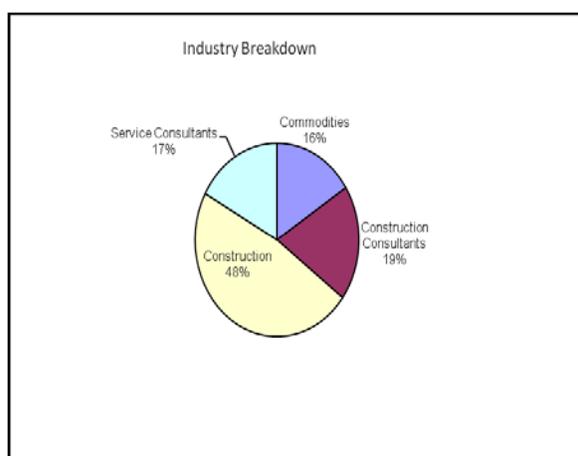


Figure 5

⁶ Agencies that contract with businesses that are dual-certified as a MBE and WBE elect whether to report the contract as an MBE or WBE.

In FY 2006-2007, the contracting agency with the most MWBE contract awards in total dollars was the Dormitory Authority, which awarded \$78.7 million or 11.33% of contracts to MBEs and \$71 million, or 10.22% of contracts to WBEs. Several other agencies also made significant contract awards to MWBEs in FY 2006-2007. The New York Power Authority awarded \$10.9 million, or 5.23% of contracts to MBEs and \$8.8 million, or 4.23% to WBEs and the SUNY Construction Fund awarded \$13.5 million or 5.8% to MBEs and \$14.5 million or 6.2% to WBEs.

The Dormitory Authority, along with the Banking Department, the Battery Park City Authority, the Division of Human Rights, and the Office of the State Comptroller also made significant contributions to MWBEs in percentage terms, with more than 15% of agency expenditures going to MWBEs in FY 2006-2007. A complete listing of the total discretionary expenditures, MBE utilization, and WBE utilization for all Contracting Agencies for Fiscal Year 2006-2007 is contained in Appendix C.

II. CERTIFICATION

The Certification Unit reviews applications by businesses seeking certification as a MWBE and determines whether applicants meet the requirements for MWBE certification under New York State law, which include:

1. The business enterprise is at least 51 percent owned and operated by one or more minority or woman applicant.
2. The minority or woman ownership is real, substantial and continuing.
3. The minority or woman applicant has and exercises the authority to control and operate, independently, the day to day business decisions of the enterprise.
4. The enterprise is authorized to do business in the State of New York and is independently owned and operated (not a subsidiary company or publicly traded corporation).
5. The business enterprise has been in business for at least one year.

The procedure for analyzing whether a business meets the qualifications for certification includes: (i) a review of the application itself and mandatory supporting documentation, (ii) a telephone interview with the applicant, and (iii) a site visit to the business. In addition, the certification process can be complicated or delayed if an application is submitted without mandatory supporting documentation or if the Division requires additional documentation to make a final determination whether the business qualifies for certification under New York State law. Once a certification analyst begins to review a file, it takes on average eight to ten weeks before a final determination can be made whether to certify the business.

If a business is certified, notification is sent to the applicant and the MWBE is listed in the online Directory of Certified Minority- and Women-Owned Business Enterprises.

If an applicant is denied certification, she has the right to appeal and be heard in front of an independent Administrative Law Judge (ALJ). The ALJ will issue an opinion on whether to uphold the DMWBD's determination or reverse it. The Director of DMWBD makes the final determination to uphold or reverse.

Certification is valid for three years, after which time a business must apply for re-certification.⁷ Certified businesses will be verified prior to the expiration of the three year certification time period.

The Division revokes the certification of a MWBE if, during the certification period, it is demonstrated that a minority or woman owner no longer owns and controls the business. A review of a MWBE's minority or woman owned status may be triggered by a third-party challenge or as part of the DMWBD verification program. Firms whose certification has been revoked may not apply for re-certification for a period of three years. DMWBD's revocation determination is appealable to an Administrative Law Judge.

Figure 6 illustrates the number of applications for certification that were received and reviewed in Fiscal Year 2006-2007, compared with FY 2005-2006:

⁷ The statute was amended in 2006 to extend the length of certification from two years to three years. See Executive Law §314(4).

Figure 6

	FY 2005-2006	FY 2006-2007
Number of applications received for certification	620	675
Number of MWBEs certified	326	476
Number of applications rejected, returned, or withdrawn	184	295
Number of applications denied	12	15
Total number of new applications processed	522	786

III. SPECIAL INITIATIVES, EDUCATION, AND OUTREACH

Agency Services

Implementation of Executive Order # 8

On February 18, 2007, Governor Spitzer signed Executive Order # 8 (see Appendix D) to promote opportunities for MWBEs in New York State. The Executive Order created an Executive Leadership Council and a Governor's Corporate Roundtable, both of which are chaired by Lieutenant Governor David Paterson. The membership of the Executive Leadership Council includes executives from some of the state agencies with the largest discretionary budgets. The purpose of the Executive Leadership Council is to provide a forum for inter-agency collaboration, an exchange of best practices for MWBE program implementation, and a means to encourage accountability.

The membership of the Governor's Corporate Roundtable consists of executives from major corporations that have distinguished themselves in the area of corporate supplier diversity. The purpose of the Governor's Corporate Roundtable is to create a forum where New York can learn best-practices for supplier diversity from experts in the private sector. Several of the members, such as IBM and Turner Construction, spend over \$1 billion annually with minority and women owned firms. The Corporate Roundtable is also a forum to encourage other corporations to improve their supplier diversity programs voluntarily in ways that will increase overall contract opportunities in New York.

Both the Executive Leadership Council and the Governor's Corporate Roundtable met quarterly in 2007 and worked with the Agency Services Unit to issue reports that made recommendations for New York State's MWBE program. See Appendix E and Appendix F for a copy of the Executive Leadership Council and Governor's Corporate Roundtable reports as well as a list of the members of both groups.

Training Agency Personnel

The DMWBD has initiated a major effort to rebuild the state's MWBE program by training personnel within state agencies on the fundamentals of MWBE program implementation. The Division trained over 300 staff members from various agencies and authorities on the basics of MWBE program guidelines, contract language, enforcement, and outreach.

The Agency Services Unit has also begun to create an "MWBE Program Toolkit" based on the recommendations of the Governor's Corporate Roundtable and the Executive Leadership Council. This toolkit will provide personnel within state agencies with ideas for improving their MWBE programs such as sample contract language that can be used to encourage MWBE utilization, examples of model master agency goal plans, criteria for defining "good faith efforts," and strategies for effective MWBE recruitment.

Reform of State Procurement Practices

In order to begin to realize agency-wide improvements in MWBE utilization, the Agency Services Unit initiated an effort with the Office of General Services (OGS) to examine procurement practices that are counterproductive to creating opportunities for MWBEs. Because OGS is the state's central procurement agency, the goal of the partnership with OGS is to realize

positive changes that will impact all agencies that purchase through OGS contracts. Three challenges were identified and remedial actions are being taken in each area.

The first challenge relates to the use of waivers. Agencies have the ability to waive a prime contractor's obligation to fulfill MWBE contract goals if the prime contractor has shown a "good faith effort" to solicit MWBEs to meet the goals but are unable to do so. In the past, however, waivers have been issued without sufficient justification. As a result, contracts have been awarded without MWBE goals even when qualified MWBEs were available. OGS has changed its policy and now waivers will be used as a last resort.

The second challenge relates to the state's procurement practices on "preferred source" and "backdrop" contracts. A significant number of contracts are let through these methods and in the past there has been no effort to seek MWBE participation on these contracts. In each case, however, we are now working with OGS to increase the use of goals when applicable on these contracts.

The third challenge relates to the actual contract language used in state contracts. The Division is working with OGS and other agencies to amend state contracts to include language that will more effectively encourage the use of MWBEs.

In 2008, the DMWBD will continue its efforts to train agency personnel. We anticipate agency-wide improvements in MWBE utilization as we implement the recommendations of the Executive Leadership Council and the Governor's Corporate Roundtable and implement these changes to procurement practices relating to the reduction of waivers, the inclusion of MWBE contract language, and goals on all state contracts.

Field Visits

During the first half of 2007, the Division conducted field visits to more than a dozen Contracting Agencies, supplemented by one-on-one meetings with agency Commissioners and senior management from the Contracting Agencies with the largest discretionary budgets, including DASNY, SUNY Central, OGS, SUNY Construction Fund, and the Thruway Authority.

Disparity Study

Executive Law § 312-a, which was passed in 2006, directs the DMWBD to commission an independent entity to conduct a statewide disparity study. The purpose of the study is "to determine whether there is a disparity between the number of qualified minority and women-owned businesses ready, willing and able to perform state contracts for commodities, services and construction, and the number of such contractors actually engaged to perform such contracts."⁸ The findings of the study will enable the state to implement a more robust, goals-based program that comports with the constitutional guarantee of equal protection and aims to increase opportunities for MWBEs in proportion to the availability of qualified firms.

The Division, in conjunction with the Empire State Development Corporation, issued a Request for Proposals in July 2007 and received bids from eight of the leading econometric firms in the country. A three-person review committee scored each proposal, conducted interviews of the five finalists, and recorded a final score for each bidder. Based on this review, National Economic Research Associates, Inc. (NERA) was selected in November 2007 to perform the disparity study.

⁸ Executive Law § 312-a.

Certification

State Directory / Database Verification Process

The Division undertook a major effort to verify the continued eligibility of New York State's certified MWBEs, and to ascertain that their listings in the New York State Directory of Certified Minority and Women-owned Business Enterprises are correct. One goal of this effort is to purge the directory of MWBEs that no longer qualify for certification in accordance with the state's mandate or to remove those firms which the Division was unable to contact despite due diligence to do so. Another, more important goal is to ensure that the MWBE directory is up-to-date, and therefore useful to state agencies, private purchasing agents and prime contractors attempting to locate ready, willing, and able MWBEs.

Fast Track Agreements

Within New York State there are a number of major certification programs whose criteria is similar but not identical to New York's MWBE program. For example, the City of New York has a MWBE certification program, and the New York State Department of Transportation, the Metropolitan Transit Authority State of New York, the Niagara Frontier Transportation Authority, and the Port Authority of New York and New Jersey all have certification programs that are based on the Federal Disadvantaged Business Enterprise (DBE) program. In addition, several private organizations, such as the Women President's Educational Organization (WPEO), the New York & New Jersey Minority Supplier Development Council (MSDC) and the Upstate New York Regional Minority Purchasing Council (RMPC), also maintain MWBE databases. These organizations specialize in accessing corporate contract opportunities for minority and women owned businesses and have hundreds of members that are currently providing quality goods and services to corporate customers.

In 2007, the Division renewed its existing fast track agreement with the New York City MWBE program and has drafted an MOU that will allow us to fast track applications from New York State minority and women owned firms that are already certified as DBEs. The fast track process allows MWBEs to become certified by New York State through a streamlined process that is faster and requires less paperwork than the normal certification process.

In addition, the Division entered new fast track agreements with WPEO, MSDC, and RMPC that is aimed at adding over 500 new, highly qualified MWBEs to the state directory. In addition to streamlining the certification process for a new pool of MWBEs, the fast track agreements with these private organizations will improve the overall quality of MWBEs in the NYS Directory because the firms certified by these private organizations tend to be among the more experienced and capable MWBEs.

Universal Certification Application

Ultimately, the Division's goal is to translate its fast track agreements into a universal application for certification in New York State. This will dramatically simplify the certification process by creating one application that will be accepted by all certifying entities, public and private, in New York State, eliminating the need for MWBEs to fill out multiple applications with a myriad of certifying entities.

Certification Training Manual

A certification training manual is being created that outlines all the tools needed to guide a certification analyst on how to perform her duties. The information is being compiled from existing documents, policies and procedures, and relevant narratives about the laws, rules and regulations pertaining to certification. The goal of this initiative is to improve the Division's efficiency in certifying MWBEs by reducing the staff time required to train new certification analysts.

Anti-Fraud Efforts

DMWBD met with the New York State Inspector General to discuss ways to discourage fraudulent applications. The Inspector General agreed to investigate potential fraudulent applications and in 2008 will assist the DMWBD in amending its application to include language that discourages fraud.

DMWBD Technology Upgrades

The Division is working with the New York State Office for Technology (OFT) to upgrade and integrate the Division's certification and agency utilization databases. One major goal of the upgrade is to improve state agencies' and public consumers' ability to locate and utilize qualified MWBEs by automating the process for verifying business information, improving the accuracy of business coding, and making the MWBD website more user-friendly. In addition, the technology upgrade will improve the Division's efficiency in processing applications for certification through an on-line certification application, an automated system for tracking individual applications, and links to data maintained by OGS and Office of the State Comptroller (OSC).

Statewide Network of Technical Assistance Providers

In order to better reach the MWBE community and to make the certification process more accessible, the Division has begun to partner with several organizations to help with MWBE certification, including the NYS Small Business Development Centers (statewide), the Business Outreach Centers (all locations in the NYC region – see list below), the Entrepreneurial Assistance Program (EAP) centers (statewide) the ESD Regional Offices, the Women's Business Enterprise Centers, the Minority Business Enterprise Centers, the National Association of Minority Contractors, the NYS Hispanic Chamber of Commerce and the NYS Women's Chamber of Commerce (Appendix G lists organizations we are partnering with for technical assistance and shows the geographic regions covered). Throughout 2007, DMWBD staff trained over 200 outreach staff and administrators within these organizations to assist MWBEs with the certification process. The Division also trained directly more than 2,500 MWBEs on the certification process by participating as guest speakers and co-sponsors in various outreach events throughout the state.

Business Development Initiatives

Bonding Pilot Program

The DMWBD has collaborated with executives from the Surety and Fidelity Association of America, the New York State Department of Insurance and the Jamaica Business Resource Center to establish a pilot bonding program for certified MWBEs throughout the state. In

addition to the firms that will receive special technical assistance through the pilot program, the DMWBD will actively recruit firms to access bonding assistance through the SBA Bond Guarantee program.

MWBE firms will receive training from industry executives along with in-depth technical assistance in the areas of management and operational systems, finance and accounting systems, business plan development, profit and loss analysis, loan packaging, and packaging of bonding applications. Pilot firms will also be referred to a group of attorneys and CPA firms to address legal and accounting technical issues.

The surety industry executives will recommend appropriate bonding levels and work with surety companies to identify the most appropriate fit for the placement of each pilot participant. The SBA Bond Guarantee program will be used for all bonds up to \$2 million. The State of New York will work with the Surety & Fidelity Association of America member companies and the National Association of Surety Bond Producers on the issuance of all bonds over \$2 million.

Capital Access Pilot Program

The DMWBD has developed a capital access pilot program in collaboration with the New York Business Development Corporation. This program provides capital to companies in connection with a specific contract award or project that the company is working on. Connecting a loan with a revenue stream associated with a specific project enables companies to obtain loans for which they would not qualify under traditional lending criteria alone. Participants in the program also have access to technical assistance providers, where appropriate, to ensure the applicants are fully prepared to fulfill their debt obligations.

Capital Access Forum

On June 12, 2007, the Division co-sponsored a capital access forum along with the Council for Urban Professionals which brought together 60 New York MWBE firms and 14 of the nation's largest private equity and venture capital firms with an interest in urban, minority and women owned companies. The 14 firms control a combined \$50 billion worth of investment capital. The forum provided MWBEs with an opportunity to meet potential investors.

Resource Referral Network of Technical Assistance Providers

The DMWBD has developed an extensive statewide network of business resource referrals to facilitate capacity building through its referrals to programs and consultants that offer in-depth technical assistance in the areas of management and operational systems, finance and accounting systems, business plan development, profit and loss analysis, loan packaging, and packaging of bonding applications. Referrals are made to business consultants and programs in organizations including: New York State Department of Economic Development Regional offices, EAP Centers, Jamaica Business Resource Center, Small Business Development Centers, Business Outreach Centers, the Rochester Minority Business Development Center, Hispanic Chamber of Commerce, NYS Women Business Chambers and others across the state.

Special Industry Sector Initiatives

The DMWBD has committed to increasing opportunities for MWBEs in all industries. As a priority the DMWBD will explore ways to expand opportunities in a select number of high growth / high wage sectors. During 2007, the DMWBD started to develop initiatives within the construction, finance, and technology sectors. In 2008, the DMWBD will work with the

members of the Governor's Corporate Roundtable and use the strategies developed for the industry sector initiatives described below to increase MWBE contract opportunities for commodities and services in all industries.

Construction Industry Roundtable

On May 9, 2007, the DMWBD convened a construction industry roundtable comprised of some of New York's most dominant construction industry firms and trade associations. The roundtable includes members such as the Building Trade Employers' Association, the General Contractors' Association, Turner, Perini, Bovis Lend Lease, Tishman, Skanska, and Gilbane. The DMWBD will partner with these major construction industry organizations and other stakeholders to create a mentorship program that will increase MWBE capacity and opportunities.

Finance Industry Initiative

The Division hosted a conference in December 2007, that focused on opportunities for MWBEs in the finance sector. Eighty entrepreneurs representing various areas of the finance sector such as bond underwriting, bond council, investment bankers, asset management, CPA services, and insurance were provided an opportunity to hear presentations from and meet the President of the Battery Park City Authority, along with Chief Financial Officers and senior level managers from the New York State Comptroller's Office, the Empire State Development Corporation, and the Metropolitan Transportation Authority.

Technology Industry Initiative

The Executive Director of the DMWBD and the New York State Chief Information Officer met with corporate executives from 40 of the top vendors in the technology sector to explain Governor Spitzer and Lieutenant Governor Paterson's new MWBE initiative, Executive Order # 8, and state laws relating to MWBE utilization. In addition, the group discussed strategies to increase utilization of qualified MWBEs through sub-contracts, reseller and distributor agreements, and mentorship programs. In 2008 the Division will partner with these major corporations to grow MWBE capacity within the technology sector and increase opportunities for MWBE firms doing business with New York State.

"Green Building" Initiative

In an effort to capitalize on the explosive growth within the building industry using "green" technology (resource efficient building design and materials), DMWBD began collaborating with the New York State Dormitory Authority to work on developing a "green building" initiative that will create jobs and contract opportunities for women and minorities.

MWBE Advisors

The DMWBD hosted a series of meetings throughout 2007 with business owners to solicit input for the New York State MWBE initiative. Meetings were held with Women, African-American, Latino, and Asian business owners. The new state MWBE program was discussed and business owners provided their feedback and opinions on priority needs from an entrepreneur's perspective.

Coordination With ESDC Resources

On July 3, 2007, Governor Spitzer signed into law a bill that allows New York to become the first state in the nation to create a state-level Community Development Financial Institutions (CDFI) program. This program will promote economic development strategies targeting individuals, small-businesses, and low-income communities across the state. Appropriations have yet to be determined. ESDC staff will work with an advisory board to develop project descriptions, tasks and timelines and a tentative budget that can be used in an RFP. The goal is to ensure that standards created are well-defined and will allow ESDC to be a conduit which will solicit viable candidates to administer this program on behalf of the State of New York. DMWBD is consulting with executives from ESDC to explore ways to use this program to help MWBEs.

APPENDIX A
CERTIFIED MWBES BY COUNTY

COUNTY	Total MWBEs	MBE	WBE	Dual
ALAMEDA	3	2	1	
ALBANY	204	49	133	21
ALEXANDRIA (CITY)	1			1
ALLEGANY	7		7	
ALLEGHENY	18	9	7	2
ANDERSON	1		1	
ANNE ARUNDEL	1		1	
ARAPAHOE	2	1	1	
ARMSTRONG	2		2	
ATLANTIC	1	1		
BALTIMORE	3	1	2	
BALTIMORE (CITY)	2	2		
BARNSTABLE	1		1	
BERGEN	82	35	34	12
BERKS	2	1	1	
BERKSHIRE	1		1	
BERNALILLO	1	1		
BEXAR	1	1		
BLAIR	1		1	
BOULDER	3		2	1
BRISTOL	3		3	
BRONX	206	150	25	30
BROOME	65	15	49	1
BROWARD	2	2		
BUCKS	7	3	3	1
BURLINGTON	16	5	10	1
BUTLER	1		1	
CAMDEN	13	5	5	3
CAPE MAY	1		1	
CARSON CITY	1		1	
CATAWBA	1	1		
CATTARAUGUS	15	1	12	2
CAYUGA	25	3	20	2
CHARLES CITY	1		1	
CHAUTAUQUA	23	4	19	
CHEMUNG	24	3	19	2
CHENANGO	20	2	16	2
CHESAPEAKE (CITY)	1	1		
CHESHIRE	1		1	
CHESTER	2	2		
CLARK	1		1	
CLINTON	23	6	16	1
COBB	3	1	2	
COLUMBIA	16	1	15	
CONTRA COSTA	1	1		
COOK	8	3	5	

COUNTY	Total MWBEs	MBE	WBE	Dual
CORTLAND	7		7	
CUYAHOGA	2	1		1
DADE	2	2		
DAKOTA	1		1	
DALLAS	1	1		
DAUPHIN	1		1	
DE KALB	3	2	1	
DELAWARE	17	1	14	2
DENVER	3	1	2	
DISTRICT OF COLUMBIA	18	11	3	3
DU PAGE	1	1		
DUTCHESS	78	28	45	5
DUVAL	2	1	1	
EATON	1	1		
ECTOR	1			1
ELK	1		1	
ERIE	340	74	219	45
ESSEX	65	32	25	8
FAIRFAX	10	8		2
FAIRFAX (CITY)	3	3		
FAIRFIELD	30	9	21	
FAUQUIER	1		1	
FAYETTE	1		1	
FORSYTH	1		1	
FRANKLIN	12	5	5	2
FULTON	14	6	7	1
GENESEE	11	5	6	
GLOUCESTER	5	1	4	
GREENE	14	4	10	
HAMILTON	2	2		
HAMPDEN	3	1	2	
HAMPSHIRE	1		1	
HANCOCK	1		1	
HARRIS	4	2		2
HARTFORD	16	11	5	
HENNEPIN	2	1	1	
HERKIMER	10		10	
HILLSBOROUGH	2		2	
HONOLULU	1	1		
HOWARD	1		1	
HUDSON	30	17	10	3
HUNTERDON	7	5	1	1
INDIANA	1		1	
JEFFERSON	20		20	
JOHNSON	1		1	
KENT	2	1	1	
KERN	1	1		

COUNTY	Total MWBEs	MBE	WBE	Dual
KINGS	464	280	111	68
KNOX	1		1	
LACKAWANNA	1		1	
LEE	1	1		
LEHIGH	1		1	
LEWIS	1		1	
LITCHFIELD	1		1	
LIVINGSTON	14	2	11	1
LOS ANGELES	6	1	5	
LUZERNE	2	1	1	
MADISON	21	2	19	
MAHONING	1		1	
MARION	1	1		
MERCER	20	13	3	4
MIDDLESEX	75	47	18	10
MONMOUTH	36	14	17	5
MONROE	427	140	256	29
MONTGOMERY	28	11	13	4
MORRIS	31	13	11	7
NASSAU	534	199	279	55
NEW CASTLE	3	2	1	
NEW HAVEN	12	5	7	
NEW LONDON	2		2	
NEW YORK	974	384	455	129
NIAG	1	1		
NIAGARA	43	8	30	4
NORFOLK	3		3	
NORFOLK (CITY)	2	1	1	
NORTHAMPTON	1		1	
OAKLAND	1	1		
OCEAN	7	1	6	
OKLAHOMA	1			1
ONEIDA	56	3	51	2
ONONDAGA	189	47	131	11
ONTARIO	46	2	44	
OOST	21	13	7	1
ORANGE	92	30	57	5
ORLEANS	6	1	5	
OSWEGO	20	2	18	
OTSEGO	17	2	13	2
PALM BEACH	1		1	
PASSAIC	16	5	9	2
PENOBSCOT	1		1	
PHILADELPHIA	15	7	4	4
PIMA	1		1	
PLACER	1	1		
PLYMOUTH	4		3	1

COUNTY	Total MWBEs	MBE	WBE	Dual
PRINCE GEORGE'S	4	2		2
PROVIDENCE	2	2		
PULASKI	1			1
PUTNAM	31	6	22	3
QUEENS	442	268	112	55
RICE	1		1	
RICHMOND	79	24	50	5
RICHMOND (CITY)	1	1		
RIVERSIDE	1		1	
ROCKINGHAM	1		1	
ROCKLAND	84	34	44	6
SACRAMENTO	2		1	1
SAINT JOHNS	1			1
SAN DIEGO	2		1	
SAN FRANCISCO	4	3	1	
SANTA CLARA	1	1		
SARASOTA	1		1	
SARATOGA	92	6	80	6
SCHENECTADY	61	13	44	4
SCHOHARIE	7		7	
SCHUYLER	6		6	
SENECA	2		2	
SHAWNEE	1		1	
SHEBOYGAN	1		1	
SOMERSET	17	10	4	3
ST LOUIS	1	1		
ST LOUIS (CITY)	1		1	
ST. LAWRENCE	24	3	21	
STEUBEN	17	2	15	
STRAFFORD	1		1	
SUFFOLK	473	120	321	29
SULLIVAN	13	3	8	2
SUSQUEHANNA	2	1	1	
SUSSEX	8	4	2	2
TARRANT	4		3	1
TIOGA	7	2	4	1
TOLLAND	3		3	
TOMPKINS	16	1	13	2
TULSA	1		1	
ULSTER	45	12	32	1
UNION	29	12	14	3
UNKNOWN	138	72	52	14
WARREN	16	7	8	1
WASATCH	1		1	
WASHINGTON	9	2	6	
WASHTENAW	1		1	
WAUKESHA	1	1		

COUNTY	Total MWBEs	MBE	WBE	Dual
WAYNE	28	4	23	1
WESTCHESTER	378	153	180	44
WESTMORELAND	2		2	
WILLIAMSON	1	1		
WORCESTER	1		1	
WYOMING	12		12	
YATES	6	1	5	
YORK	3	1	2	
ALL COUNTIES	6899	2578	3627	694

APPENDIX B
SUMMARY STATISTICS FOR CERTIFIED MWBEs

Number of MWBEs by Certification Type and Size

SALES	Total COUNT	MBE	WBE	M&WBE
\$1,000,000 and Over	1464	538	809	117
\$500,000 - \$999,999	867	302	497	68
\$100,000 - \$499,999	1857	684	987	186
Less Than \$100,000	1999	727	1004	268
UNKNOWN	712	327	330	55
Sum	6899	2578	3627	694

Number of MWBEs by Certification Type and Industry

INDUSTRY	Total COUNT	MBE	WBE	M&WBE
Construction	1341	397	825	119
Construction Consultants	430	260	128	42
Commodities	1652	884	668	100
Services	3392	1008	1958	426
Unknown	84	29	48	7
Sum	6899	2578	3627	694

APPENDIX C
AGENCY UTILIZATION DATA

FY 06-07 Individual Agency Goals, Utilization and Expenditure Summary

<i>Agency Name:</i>	<i>Agency Expenditure</i>	<i>MBE Utilization</i>	<i>MBE Goal</i>	<i>MBE %</i>	<i>WBE Utilization</i>	<i>WBE Goal</i>	<i>WBE %</i>	<i>Qrts</i>
ADIRONDACK PARK AGENCY	334,054.94	0.00	2.00 %	0.00%	3,740.86	4.00 %	1.12%	4
AGING, OFFICE FOR THE	293,249.97	0.00	1.00 %	0.00%	81,761.08	11.00 %	27.88%	4
AGRICULTURE & MARKETS STATE FAIR	811,524.86	0.00	1.00 %	0.00%	2,717.38	1.00 %	0.33%	2
AGRICULTURE & MARKETS, DEPARTMENT OF	0.00	0.00	1.00 %	0.00%	0.00	1.00 %	0.00%	0
ALBANY COUNTY AIRPORT AUTHORITY	2,766,773.66	52,169.39	10.00 %	1.89%	93,486.90	4.00 %	3.38%	4
ALBANY PORT DISTRICT COMMISSION	1,095,224.84	3,363.97	1.00 %	0.31%	17,196.25	1.00 %	1.57%	4
ALCOHOLIC BEVERAGE CONTROL (LIQUOR AUTH)	928,248.18	0.00	4.00 %	0.00%	7,330.00	3.00 %	0.79%	3
ALCOHOLISM & SUBSTANCE ABUSE	1,245,542.32	33,597.63	1.00 %	2.70%	17,538.65	2.00 %	1.41%	4
ARTS, NYS COUNCIL ON THE	56,730.69	144.75	2.00 %	0.26%	5,524.53	2.00 %	9.74%	4
BANKING DEPARTMENT	78,212.87	18,061.50	20.00 %	23.09%	51,386.83	35.00 %	65.70%	4
BATTERY PARK CITY AUTHORITY	5,088,230.42	361,684.88	3.00 %	7.11%	715,441.12	7.00 %	14.06%	4
BRIDGE AUTHORITY	12,277,150.76	341,857.92	1.50 %	2.78%	15,521.17	1.50 %	0.13%	4
BUDGET, DIV OF THE	13,931,834.74	36,535.61	2.00 %	0.26%	321,998.76	15.00 %	2.31%	4
CAPITAL DISTRICT TRANS. AUTH.	25,996,608.12	20,608.07	2.00 %	0.08%	157,269.03	3.00 %	0.60%	4
CHILDREN & FAMILY SERVICES, OFFICE OF	2,527,476.48	282,158.28	0.00 %	11.16%	16,198.10	0.00 %	0.64%	3
CIVIL SERVICE, DEPT. OF	5,448,474.99	481,130.00	7.00 %	8.83%	499,120.36	8.00 %	9.16%	4
COMPTROLLER, OFFICE OF THE STATE	6,238,166.50	626,799.40	8.00 %	10.05%	455,052.58	8.00 %	7.29%	4
CONSUMER PROTECTION BOARD	347,526.34	0.00	4.00 %	0.00%	6,659.67	3.00 %	1.92%	3
CORRECTION, STATE COMMISSION (done by CJS)	31,112.00	0.00	8.00 %	0.00%	0.00	5.00 %	0.00%	4
CORRECTIONAL SERVICES, NYS DEPARTMENT OF	183,191,210.22	284,441.96	7.00 %	0.16%	14,642,649.14	7.00 %	7.99%	4
CRIME VICTIMS COMP BOARD	59,906.07	2,313.52	5.00 %	3.86%	3,412.50	5.00 %	5.70%	4
CRIMINAL JUSTICE SERVICES, DIVISION OF	1,235,408.29	1,348.98	7.00 %	0.11%	80,491.99	4.00 %	6.52%	4
CUNY	15,641,033.00	647,044.47	7.25 %	4.14%	254,374.28	4.75 %	1.63%	4
DORMITORY AUTHORITY	694,413,176.86	78,659,957.42	13.00 %	11.33%	70,961,717.13	7.00 %	10.22%	4

FY 06-07 Individual Agency Goals, Utilization and Expenditure Summary

<i>Agency Name:</i>	<i>Agency Expenditure</i>	<i>MBE Utilization</i>	<i>MBE Goal</i>	<i>MBE %</i>	<i>WBE Utilization</i>	<i>WBE Goal</i>	<i>WBE %</i>	<i>Qrts</i>
ECONOMIC DEVELOPMENT, DEPARTMENT OF	19,750,107.92	25,855.00	3.00 %	0.13%	366,215.82	6.00 %	1.85%	4
EDUCATION, DEPT. OF	5,970,256.18	5,739.70	3.00 %	0.10%	29,765.64	5.00 %	0.50%	4
ELECTIONS, STATE BOARD OF	6,880,717.49	547.92	4.00 %	0.01%	21,188.29	3.00 %	0.31%	3
EMPIRE CENTER AT THE EGG	775,728.91	0.00	4.45 %	0.00%	0.00	8.08 %	0.00%	4
EMPIRE STATE DEVELOPMENT CORP.	52,905,257.57	2,011,840.34	2.50 %	3.80%	2,316,848.12	2.50 %	4.38%	4
EMPLOYEE RELATIONS, GOVERNORS OFFICE OF	0.00	0.00	1.50 %	0.00%	0.00	1.50 %	0.00%	0
ENERGY RESEARCH & DEVELOPMENT AUTHORITY	11,952,003.93	0.00	2.00 %	0.00%	111.80	1.00 %	0.00%	4
EXECUTIVE CHAMBER	1,793,438.56	23,271.33	8.00 %	1.30%	57,335.85	5.00 %	3.20%	4
GENERAL SERVICES, OFFICE OF	336,806,261.84	12,991,757.62	4.00 %	3.86%	14,222,080.92	3.00 %	4.22%	4
HEALTH & HOSPITAL CORP., NYC	762,131,750.00	27,431,276.87	6.00 %	3.60%	15,239,598.96	4.00 %	2.00%	4
HEALTH, DEPT. OF	285,139,304.20	1,917,696.40	5.00 %	0.67%	20,736,959.83	5.00 %	7.27%	4
HIGHER EDUCATION SERVICES CORP.	0.00	0.00	0.00 %	0.00%	0.00	0.00 %	0.00%	0
HOUSING & COMMUNITY RENEWAL	130,553,426.00	3,971,925.00	10.00 %	3.04%	9,919,402.00	5.00 %	7.60%	4
HOUSING FINANCE AGENCY	14,753,429.52	34,184.00	10.00 %	0.23%	14,311.04	5.00 %	0.10%	4
HUDSON RIVER TRUST FUND	55,194,210.11	4,365,212.30	12.00 %	7.91%	2,706,243.78	5.00 %	4.90%	4
HUMAN RIGHTS, DIV OF	369,359.35	61,556.23	6.00 %	16.67%	162,773.29	6.00 %	44.07%	4
INSPECTOR GENERAL, OFFICE OF THE STATE	796,403.52	66,514.78	0.00 %	8.35%	17,012.56	0.00 %	2.14%	4
INSURANCE DEPARTMENT	2,868,992.34	84,315.66	2.00 %	2.94%	126,639.19	5.00 %	4.41%	3
INSURANCE FUND	14,866,841.60	524,361.10	10.00 %	3.53%	878,635.99	7.00 %	5.91%	4
JACOB JAVITS CONVENTION CENTER	185,326,576.00	181,502.97	4.00 %	0.10%	123,293.00	4.00 %	0.07%	4
LABOR, DEPT. OF	24,067,525.00	688,554.53	4.00 %	2.86%	407,221.55	2.50 %	1.69%	4
LONG ISLAND POWER AUTHORITY	205,423,447.00	24,000,056.81	1.00 %	11.68%	232,590.22	1.00 %	0.11%	4
LOTTERY, DIV. OF THE	96,792,040.47	142,172.68	1.00 %	0.15%	663,472.39	1.00 %	0.69%	4
MENTAL HEALTH, OFFICE OF	18,842,590.28	113,680.38	5.00 %	0.60%	547,828.85	6.00 %	2.91%	4

FY 06-07 Individual Agency Goals, Utilization and Expenditure Summary

<i>Agency Name:</i>	<i>Agency Expenditure</i>	<i>MBE Utilization</i>	<i>MBE Goal</i>	<i>MBE %</i>	<i>WBE Utilization</i>	<i>WBE Goal</i>	<i>WBE %</i>	<i>Qrts</i>
MENTAL RETARDATION & DEV. DISABILITIES	256,678,158.00	1,035,840.66	3.00 %	0.40%	3,208,826.88	2.00 %	1.25%	4
METROPOLITAN TRANSPORTATION AUTHORITY	1,749,239,859.00	20,435,828.00	10.00 %	1.17%	23,949,527.00	5.00 %	1.37%	4
MILITARY & NAVAL AFFAIRS, DIV. OF	5,032,853.53	3,112.52	4.00 %	0.06%	60,124.84	4.00 %	1.19%	4
MORTGAGE AGENCY (SONYMA)	4,143,623.55	0.00	5.00 %	0.00%	2,100.00	5.00 %	0.05%	4
MOTOR VEHICLES, DEPT OF	1,560,114.00	180,629.62	9.60 %	11.58%	12,402.98	7.50 %	0.80%	2
NATURAL HERITAGE TRUST	5,587,415.02	76.01	5.00 %	0.00%	34,899.82	5.00 %	0.62%	4
OFFICE FOR TECHNOLOGY & TELECOMMUNICATIONS	4,070,062.43	0.00	4.00 %	0.00%	116.64	3.00 %	0.00%	1
OLYMPIC REGIONAL DEVELOPMENT AUTHORITY	1,755,091.71	0.00	0.50 %	0.00%	1,291,438.72	0.50 %	73.58%	4
PARKS, REC. & HISTORIC PRESERVATION	0.00	0.00	0.00 %	0.00%	0.00	0.00 %	0.00%	0
PAROLE, DIVISION OF	39,776,016.94	94,359.25	7.00 %	0.24%	899,109.95	5.00 %	2.26%	4
POWER AUTHORITY, NEW YORK	208,163,695.00	10,897,245.00	3.00 %	5.23%	8,798,376.00	3.00 %	4.23%	4
PROBATION & CORRECTIONAL ALT. (Done by CJS)	23,433.54	0.00	7.00 %	0.00%	0.00	4.00 %	0.00%	4
PUBLIC EMPLOYMENT RELATIONS BOARD	2,943.03	320.14	6.00 %	10.88%	0.00	5.00 %	0.00%	2
PUBLIC SERVICE, DEPARTMENT OF	2,415,358.00	65,222.00	2.00 %	2.70%	64,630.00	8.00 %	2.68%	4
QUALITY OF CARE FOR THE MENTALLY DISAB.	374,068.92	4,725.00	0.00 %	1.26%	2,248.50	0.00 %	0.60%	4
RACING & WAGERING BOARD, NYS	0.00	0.00	0.00 %	0.00%	0.00	0.00 %	0.00%	0
REAL PROPERTY SERVICES	1,782,669.69	1,427.88	0.00 %	0.08%	36,322.67	0.00 %	2.04%	2
REGULATORY REFORM	607,233.38	583.52	8.00 %	0.10%	0.00	8.00 %	0.00%	3
ROOSEVELT ISLAND OPERATING CORP.	9,375,961.00	0.00	12.00 %	0.00%	0.00	9.00 %	0.00%	4
STATE POLICE, DIV. OF	91,051,034.85	74,931.03	2.15 %	0.08%	239,546.08	6.83 %	0.26%	4
STATE UNIVERSITY CONSTRUCTION FUND	235,191,158.41	13,537,064.17	8.00 %	5.76%	14,470,191.39	2.00 %	6.15%	4
STATE, DEPT. OF	16,476,394.85	220,922.76	1.00 %	1.34%	194,257.37	4.00 %	1.18%	4
SUNY CENTRAL	492,205,740.89	1,924,600.27	3.00 %	0.39%	11,123,602.99	3.00 %	2.26%	4
TAXATION & FINANCE, DEPARTMENT OF	78,940,906.32	1,360.00	1.00 %	0.00%	424,916.04	1.00 %	0.54%	4

FY 06-07 Individual Agency Goals, Utilization and Expenditure Summary

<i>Agency Name:</i>	<i>Agency Expenditure</i>	<i>MBE Utilization</i>	<i>MBE Goal</i>	<i>MBE %</i>	<i>WBE Utilization</i>	<i>WBE Goal</i>	<i>WBE %</i>	<i>Qrts</i>
TEMPORARY AND DISABILITY ASSISTANCE, OFFICE OF	204,892,921.22	391,338.85	4.00 %	0.19%	1,839,175.63	4.00 %	0.90%	4
THRUWAY AUTHORITY	250,636,868.88	8,676,911.59	8.00 %	3.46%	5,466,165.84	6.00 %	2.18%	4
TRANSPORTATION, DEPT OF	473,088,032.75	20,368,107.80	8.00 %	4.31%	17,555,700.00	6.00 %	3.71%	4
VETERAN'S AFFAIRS	4,273.35	2,760.97	1.00 %	64.61%	0.00	1.00 %	0.00%	3
WORKERS COMPENSATION BOARD	860,427.00	0.00	4.50 %	0.00%	314,772.04	4.50 %	36.58%	3
<i>Grand Total</i>	<i>\$7,341,932,860.17</i>	<i>\$238,412,606.41</i>	<i>3.25%</i>	<i>\$247,188,568.78</i>	<i>3.37%</i>			

*Environmental Conservation not included in this report.

APPENDIX D
EXECUTIVE ORDER No. 8

EXECUTIVE ORDER

**No 8: ESTABLISHING THE MWBE EXECUTIVE LEADERSHIP COUNCIL
AND THE MWBE CORPORATE ROUNDTABLE**

WHEREAS, in 1988 New York State enacted a law establishing a comprehensive, statewide Minority and Women-Owned Business Enterprise ("MWBE") program; and

WHEREAS, as of February 2007, the MWBE program certified 6,975 minority and women-owned businesses, and New York State awarded approximately \$445 million in contracts to some of these businesses in the 2005-2006 fiscal year; and

WHEREAS, approximately 23% of New York's small businesses are owned by minorities and 26% of New York's small businesses are owned by women, but only 3% of the state's contracts were awarded to minority and women-owned businesses in the 2005-2006 fiscal year; and

WHEREAS, New York's economy must be open for all to participate; and

WHEREAS, it is appropriate to take steps to ensure that state agencies and public authorities increase participation of qualified MWBE businesses in all state contracts;

NOW, THEREFORE, I, Eliot Spitzer, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and the laws of the State of New York, do hereby order as follows:

A. The MWBE Executive Leadership Council

1. There is hereby created an MWBE Executive Leadership Council ("Council") that shall seek to improve the participation of MWBE businesses in the state's procurement process through recommendations made by executives in state agencies and public authorities that award contracts to the private sector.
2. The Council shall consist of at least sixteen members appointed by the Governor, including the Lieutenant Governor, who shall chair the Council, the Commissioner of the Department of Economic Development, the Director of the Division of MWBE Development, the State Comptroller, the Director of the Budget, the New York State Chief Information Officer, the Commissioner of the Office of General Services, the Chancellor of the State University of New York, the Commissioner of Education, the Commissioner of Transportation, the Commissioner of Correctional Services, the President of the Battery Park City Authority, the Executive Director of the Development Authority of the North Country, the Executive Director of the Dormitory Authority, the Executive Director of the Metropolitan Transportation Authority, and the Executive Director of the Thruway Authority.
3. The Council shall meet at least quarterly and make recommendations to increase MWBE participation in state contracting, including, but not limited to: (a) identifying best practices for state agencies to promote MWBE business participation; (b) identifying laws, rules, regulations and practices of state agencies which are counter-productive or inimical to MWBE businesses in state contracting; (c) recommending ways to improve inter-governmental cooperation among state agencies and public authorities to improve the goals of the MWBE program; and (d) evaluating the practices of public authorities in promoting the participation of certified MWBE businesses, including but not limited to underwriters, legal counsel, financial services firms and consultants, to meet the objectives of State Finance Law § 136-b.
4. The Council shall annually prepare a written report of its findings on the first of November which shall be posted on the internet page for the Division of MWBE Development.

5. All agencies and public authorities shall cooperate and provide assistance as may be requested by the Council. The State Procurement Council, created pursuant to State Finance Law § 161, the Council of Contracting Agencies, created pursuant to Executive Order No. 125, issued on May 22, 1989, the MWBE statewide advocate, established pursuant to Executive Law § 311-a, and the MWBE Advisory Board, created pursuant to Economic Development Law § 120, shall work with the Council to increase participation by certified MWBE businesses in state contracting.

B. The MWBE Corporate Roundtable

1. There is hereby created an MWBE Corporate Roundtable ("Roundtable") that shall seek to improve the participation of MWBE businesses in the state's procurement process through recommendations made by corporate executives in the private sector.

2. The Roundtable shall consist of at least sixteen members appointed by the Governor, including the Lieutenant Governor, who shall chair the Roundtable, the Commissioner of the Department of Economic Development, the Director of the Division of the MWBE Development, and thirteen business executives representing corporations that have distinguished themselves by purchasing a significant percentage of goods and services from a diverse supplier base. The corporate representation of the members shall reflect the diversity of contracting engaged in by the state.

3. The Roundtable shall meet at least quarterly and, based upon the success of the private sector's supplier diversity programs, make recommendations to increase MWBE participation in state contracting, including but not limited to: (a) technology to facilitate and track MWBE contracting; (b) goal setting for MWBE utilization; (c) benchmarking for accurate recording of MWBE utilization; and (d) appropriate training of state procurement officers to ensure full understanding of the MWBE program.

4. The Roundtable shall annually prepare a written report of its findings on the first of November which shall be posted on the internet page of the Division of MWBE Development.

G I V E N under my hand and the Privy Seal of the State in the City of Albany this eighteenth day of February in the year two thousand seven.

Eliot Spitzer, Governor

Richard Baum, Secretary to the Governor

APPENDIX E
EXECUTIVE LEADERSHIP COUNCIL REPORT

**Minority and Women Owned Business
Enterprise
Executive Leadership Council
Report
December 18, 2007**

Prepared by:

Michael Jones-Bey, Executive Director
Division of Minority and Women Owned Business Development
Empire State Development Corporation

Presented to:

Eliot Spitzer, Governor
David Paterson, Lieutenant Governor, Chair
Minority and Women Owned Business Enterprise Executive Leadership
Council

Minority and Women Owned Business Enterprise
Executive Leadership Council
Members

Mr. David Brown, Executive Director
Dormitory Authority of the State of New York

Mr. James Cavanaugh, President and CEO
The Hugh L Carey Battery Park City Authority

Mr. John Clark, Interim Chancellor
State University of New York

Hon. Thomas DiNapoli
New York State Comptroller

Mr. John Egan , Commissioner
New York State Office of General Services

Mr. Brian Fisher ,Commissioner
New York State Department of Correctional Services

Mr. Michael Fleisher, Executive Director
New York State Thruway Authority and Canal Corporation

Mr. Paul Francis, Director
New York State Operations

Mr. Daniel Gunderson, Commissioner
Department of Economic Development
Upstate Chair, Empire State Development Corporation

Ms. Astrid Glynn, Commissioner
New York State Department of Transportation

Mr. Michael Jones-Bey, Director
Division of M/WBE

Empire State Development Corporation

Mr. Robert Juravich, Executive Director
Development Authority of the North Country

Mr. Roger B. Kelley, President and CEO
New York Power Authority

Mr. Richard Mills, Commissioner
State Education Department

Dr. Melodie Mayberry-Stewart
New York State Chief Information Officer

Mr. Elliot Sander, Executive Director and Chief Executive Officer
Metropolitan Transportation Authority

Executive Leadership Council Introduction

The Spitzer Paterson Administration took office this year on a platform of accessible government and opportunity. The purpose of the Executive Leadership Council (ELC), impaneled by Governor Eliot Spitzer's Executive Order # 8, is to make recommendations to apply these important principles to the thousands of small businesses across the state that are owned by minority and women entrepreneurs, ("M/WBEs"). We are honored that Governor Eliot Spitzer has charged this panel with that task and that Lieutenant Governor David A. Paterson has led this panel as its Chairman.

The following is our report to Governor Eliot Spitzer and Lieutenant Governor David A. Paterson.

As more people from diverse backgrounds create businesses and contribute to our economy, more M/WBEs should be doing business with the state. However, the data this Council has found tells a different story. For example, although women-owned firms represented almost 30% of businesses in New York in 2004, such enterprises received only 2% of state contracts. In 2003, despite entrepreneurship driven by women and minority populations, only 0.66% of state contracts went to African-American owned firms, 0.74% went to Hispanic-owned firms, and 1% went to Asian-owned firms.

Members of the ELC have met quarterly since Executive Order # 8 was signed in February to take the first step towards addressing New York's failure over the past decade to adequately contract with M/WBEs. This report provides a set of recommendations for agencies to be able to address that failure and to more effectively procure with M/WBE firms. We begin to rectify the problem of the last decade by offering top line suggestions for policy makers, and improvements to Article 15A which is New York's law to promote M/WBE procurement.

Some recommendations are common sense notions that have simply not been executed for years, while other suggestions derive from years of experience of the members of this Council and from various interviews that have been conducted with agency executives and staff.

It is worth noting that one reason we find ourselves in this situation of poor M/WBE procurement is because M/WBE procurement has been de-prioritized for years. For example, 75% of staff in the various agencies that were dedicated to M/WBE procurement were reduced or eliminated from 1995 to 2006. Some M/WBE offices were reduced to a single person while others were eliminated. The Empire State Development Corporation charged with supporting and managing the agencies' M/WBE programs, saw its M/WBE staff cut from about thirty five to nine. The Council seeks to reprioritize M/WBE procurement and is pleased to see new hires in the agency's M/WBE programs.

We look forward to continuing our work as a forum to share best practices, to review agency performance, and to focus agency executives on compliance with Article 15A of the New York State Executive Law, a measure passed in 1988 to ensure that M/WBEs receive their fair share of business opportunities. We also look forward to the results of the recently announced Disparity Study which will provide the critical data we need to truly understand the difference between M/WBE participation in the economy and in procurement with the State. With the recommendations of this Council, the conclusions of the Disparity Study, and the recommendations of the Corporate Roundtable (also created by Executive Order #8), matched by the commitment of Governor Spitzer and Lieutenant Governor Paterson, New York will reverse course and do business with a broad set of M/WBEs that reflect the diversity of the many communities around our state.

The four tasks that shape our work as set forth in Executive Order # 8 are as follows:

- (1) Identifying best practices for state agencies to promote M/WBE business participation;
- (2) Identifying laws, rules, regulations and practices of state agencies which are counter-productive or inimical to M/WBE businesses in state contracting;
- (3) Recommending ways to improve inter-governmental cooperation among state agencies and public authorities to improve the goals of the MWBE program; and
- (4) Evaluating the practices of public authorities in promoting the participation of certified M/WBE businesses, including but not limited to underwriters, legal counsel, financial service firms and consultants, to meet the objectives of State Finance Law § 136-b.

I. Best Practices To Promote M/WBE Participation

The following section is a synthesis of the best practices we have developed based on meetings with agency executives and personnel, a review of agency procedures and processes, and the broad experience of members of this Council. Agency executives should implement the following:

A. The most essential factor in an M/WBE program's success is strong leadership exemplified through a clearly communicated commitment from each agency head.

- Organize internal M/WBE management teams that meet regularly to discuss how the agency will meet its M/WBE goals and to oversee and support the agency's M/WBE program. This team should include the agency head or deputy, M/WBE Liaison, procurement director, programs managers, department heads, and legal counsel.
- Require that the senior M/WBE manager sign off before the agency finalizes any contracts with successful bidders, so that the M/WBE office

becomes more of an integral part of the contract approval process in an agency.

- Link attainment of M/WBE procurement goals to the performance evaluation of the agency's senior management.
- Promote the heads of each agency's M/WBE program to senior management.
- Make M/WBE contracting part of the agency's overall strategic plan for promoting diversity.
- Develop specific annual goals for M/WBE utilization in contracts.
- Provide acclaim for successful M/WBE programs both within the agency and to the public.

B. Incorporate consideration of M/WBEs in all contracting decisions and project consideration.

- Develop programs to assist M/WBEs in accessing necessary capital, bonding, and technical assistance, so they are eligible to bid on contracts and perform.
- Encourage prime contractors to joint-venture with M/WBEs, rather than merely subcontracting to M/WBEs.
- Assist eligible businesses that are currently contracting with the state agencies to become certified as M/WBEs by informing them of their eligibility and helping them complete state certification. As certified entities, those businesses will then qualify for registries of vendors that prime contractors and purchasing officials may reach out to in the future to partner or subcontract with in order to satisfy their contractual obligation to do business with M/WBEs.
- Maintain a comprehensive M/WBE bidders list within the Division of Minority and Women Business Development, which is regularly updated and available to all agencies. Thus, M/WBEs can be informed of future contract availability and agencies have a source for outreach.
- Develop an electronic "Bidder Notification System" to alert M/WBEs of upcoming solicitations and RFPs in order to quickly alert M/WBEs of opportunities well in advance of deadlines.
- Break down large contracts into smaller pieces where economically feasible in order to accommodate the capacity of smaller M/WBEs.

C. Develop a database system that tracks M/WBE utilization by each agency. The system must have the following technological capacity:

- Target specific contracts with M/WBEs for additional outreach, focus and guidance.
- Allow agencies to monitor program compliance, such as prompt payment to M/WBEs.
- Capture accurate spending totals and payments to M/WBEs.
- Assist with the process of certifying M/WBEs and notifying them of contract opportunities.

D. Facilitate outreach and education between agencies and M/WBEs.

- Conduct regular outreach efforts with M/WBEs to inform them of upcoming opportunities to do business with the state including prompt notification of bidding opportunities and meetings with the agency's procurement officer either in a formal setting, at vendor trade shows or conferences, or other local activities.
- Partner with M/WBE organizations, business chambers, local government entities, and media outlets, to assist the agency in conducting outreach, technical assistance, and financial assistance (such as loans, bonds, insurance).
- Disseminate information about procurement opportunities via email to organizations in order to facilitate speed and ease.
- Provide regular training sessions for agency personnel on best practices for M/WBE utilization. Build upon the three trainings that Division of Minority and Women Development at ESDC has hosted this year that has assisted over 300 agency personnel.
- Develop and conduct regular workshops/ seminars to help M/WBEs learn how to do business with the agency.
- Place key information of the M/WBE program on each agency's website. Information should include program details, relevant contact information, list of typical goods and services purchased, schedule of upcoming opportunities and events, and a web based forum for questions and answers.

- Build upon “Mentor-Protégé Programs” that currently exist in some agencies in which more established M/WBEs help smaller ones by sharing resources and providing technical assistance.
- Provide a platform for M/WBEs to economically support each other by contracting for each others goods and services.

II. Barriers to M/WBE Utilization

The Executive Leadership Council has identified the following rules, regulations and practices used by many state agencies and authorities that impede M/WBE participation in state contracts. To each problem cited, the Council has provided a recommended solution.

A. Problem: Unjustified use of “waivers” by state agencies.

Agencies have the ability to waive the contractual requirement of prime contractors to fulfill M/WBE contract goals if the prime contractor has shown a “good faith effort” to solicit M/WBEs to meet the goals but are unable to do so. However, past practices indicate that many agencies issued these waivers without sufficient justification. As a result, contracts were awarded without meeting M/WBE goals even when qualified M/WBEs were available.

Solution: Waivers are to be used as a last resort and only after a careful and thorough evaluation of representations made by a contractor that every effort has been undertaken to secure M/WBE participation.

B. Problem: Criteria for demonstrating “good faith effort” is not clearly defined in the contractual language.

Many agencies do not clearly define in contract language the requisite criteria that must be met in order to demonstrate a “good faith effort.” Thus, many agencies allow “good faith” to be defined too liberally and M/WBE firms are overlooked, resulting in less rigorous recruitment of M/WBEs by prime contractors.

Solution: “Good faith efforts” must be proven through the submission of written documented evidence. The criteria for defining a “good faith effort” should include the following:

- A completed, acceptable utilization plan submitted in accordance with applicable requirements to meet goals established in the contract.

- Providing to M/WBEs relevant plans, specifications or terms and conditions of the contract, necessary to prepare an informed response by an M/WBE to a contractor's solicitation.
- Advertisements for solicitations should be placed in appropriate general circulation, trade and minority and women oriented publications at least 20 days before bids are due.
- Written solicitations made to certified M/WBEs listed in the directory.
- Documented evidence that the contractor has contacted all M/WBEs who have expressed interest in the specific contract.
- As per Article 15A of The New York State Executive Law and 5 New York Codified Rules and Regulations(5NYCRR) Part 143, create new internal rules thru the Division of Minority and Women Business Development at the Empire State Development Corporation that require all agencies to follow 5NYCRR part143 (enabling legislation of 15a) in order to establish uniform standards for the definition of good efforts.

C. Problem: M/WBE certification process is cumbersome.

The M/WBE certification process in NYS is cumbersome and inefficient. There is no uniform certification application process used by state agencies, authorities and local municipalities.

Solution: Create a uniform application process that is accepted by all state agencies and authorities and local municipalities. The Division for Minority and Women Business Development has drafted several Memoranda of Understandings (MOU) to simplify the certification process by creating a new fast track certification process with local governments and multiple certifying bodies including the Metropolitan Transit Authority (“MTA”), Niagara Frontier, Department of Transportation, and the Port Authority of New York and New Jersey.

D. Problem: Bonding requirements are difficult for M/WBEs to meet.

Section 135 and 137 of the State Finance Law govern the requirements to post a security bond in order to qualify for certain public improvement contracts. The bonds are a type of insurance agreement which guarantees with some exceptions, the reimbursement for claims that occur during the completion of the public work.

The requirement that contractors obtain such bonds prior to being awarded contracts, and the difficulty of obtaining bond approval from surety insurance companies impede the growth and development of M/WBEs.

Solution: Legislation to allow M/WBEs to receive limited waivers from bonding requirements for agency construction projects. Also, provide programs where M/WBEs receive in-depth technical assistance in the areas of management and operational systems, finance and accounting systems, business plan development, profit and loss analysis, loan packaging, and packaging of bonding applications. Two examples of such programs are:

- **Capital Access Program:** Encourages lending institutions to provide loans to M/WBE that typically do not qualify under conventional lending policies. The Division of Minority and Women's Business Development has created a capital access program that provides assistance M/WBEs, to qualify for bonding.
- **Bonding Assistance Program:** Works with the surety insurance companies to increase bond access for M/WBEs. A pilot program recently created by the Division of Minority and Women's Business Development in association with the sureties industry and the Jamaica Business Resource Center will help to provide a template for such an undertaking.

E. Problem: New York State procurement policies reduce contract opportunities for M/WBEs.

Many goods and services are purchased through "preferred source contracts," and "backdrop" contracts, which are procurement policies that reduces contract opportunities available to M/WBEs

Solution: Amend Article 15A to require M/WBE goals when applicable on state "preferred source" and "back drop" contracts.

F. Problem: New York State does not consistently solicit and report the utilization of Minority and Women Developers on private projects involving publicly developed land.

Solution: Include language to promote MWBE contracting in land lease agreements between public entities and developers, just as the Battery Park City Authority does now. Require agencies to solicit and report the utilization of Minority and Women developers on private projects that develop public land.

G. Problem: Technological deficiency in tracking M/WBE utilization.

The existing agency reporting system does not accurately capture M/WBE utilization.

Solution: Create a new Financial Management System (FMS) in partnership with the New York State Office for Technology that will serve as a central database for M/WBE utilization.

H. Problem: Lack of personnel to implement M/WBE programs.

Solution: Amend Article 15A to require that all agencies have adequate staff designated to promote, monitor and insure M/WBE program implementation.

I. Problem: Too many exemptions from M/WBE participation are permissible under Article 15A.

Solution: Legislation to reduce the number of exempt categories under Article 15A.

III. Intergovernmental Cooperation

An important problem that the Council recognizes is that each agency has operated on its own in the procurement of contracts with M/WBEs. The Council strongly believes increased collaboration between agencies would allow them to share best practices, share resources, and reach out to M/WBEs in a coordinated way. The following are recommendations to improve inter-governmental cooperation:

- Agencies with established and efficient M/WBE programs should share their expertise with other agencies that are struggling with their programs utilizing the Peer-to-Peer mentoring model.
- A successful Peer-to-Peer affinity-based mentoring relationship is the assistance provided by the Dormitory Authority of the State of New York (DASNY) to the Department of Transportation (DOT). Other examples include assistance given by the New York Power Authority to the Long Island Power Authority. Such assistance has included guidance on M/WBE outreach, drafting appropriate contract language with M/WBEs, and advice on contract enforcement.
- Co-sponsorship of events, conferences, workshops.
- Send joint recommendations to the Legislature for the update, repeal, or promulgation of laws to facilitate M/WBE contracting.

- Coordinate the work of the various working groups, advisory councils, and committees currently supporting M/WBEs around the State, rather than allowing each to continue operating independently without complementing one another.
- Link governmental agency websites that pertain to M/WBE issues.
- Organize, administer and oversee an awards program to recognize the agencies that are doing besting their M/WBE endeavors.

IV. The Practices of Public Authorities In Promoting M/WBEs in the Finance Sector

The principals reflected in the following recommendations will increase M/WBE participation in the finance sector for underwriters, legal counsel, consultants, general banking, brokers, audit services, forensic accounting services, financial advisor services, other legal services, insurance and printing. Over the past 12 years, more of these New York-based M/WBEs have left the public finance sector than have entered. An increase of qualified New York-based minority and women owned firms in the finance sector will promote increased competition for underwriting businesses and greater diversification and expansion of the New York financial community. The increased competition for underwriting business should result in a lower cost of financing for New York State issuers.

- Each agency/pension fund should set goals for assets negotiated, brokered and/or managed by M/WBEs with a primary focus on New York based firms.
- Set M/WBE goals for every category of New York State supported debt deals including but not limited to senior manager, co-manager & selling group according to availability and experience of M/WBE firms within each sector. Similarly, aggregate goals should be set for private financing programs.
- Establish a clear commitment to increase opportunities for locally headquartered municipal finance investment banks to formulate underwriting pools for facilitating the growth of local M/WBE firms headquartered in New York, as well as for those firms that maintain an office and professional staff in New York State.
- When economically feasible, the Division of the Budget shall encourage smaller New York State debt issuance transactions, which can be underwritten by local emerging M/WBE firms in conjunction with larger

issuances. This will enable them to gain critical experience that can be leveraged for future business in New York and in other parts of the country.

- Establish underwriter selection cycles of no more than three years, with flexibility to add and advance members of various groups, to identify and provide opportunities for new and growing firms and to recognize changes within firms and in the industry overall. For a newly started firm, being prohibited from doing business with its local issuer community for up to five years is disproportionately harmful. New firms should be identified and incubated with local opportunities that will allow them to grow. Underwriter selection cycles should occur at least every 36 months. The desired flexibility can be attained by making it clear during the procurement that: 1.) additional selling group members can be added at anytime during the cycle 2.) firms can be promoted to co-manager or senior manager based on unique proposals during the cycle.

Conclusion

Increasing the participation of M/WBEs in New York State requires a substantial change to the internal structure of state agencies and authorities both in methodology and practice. The basic principals of leadership, accountability, goal setting, technology improvement, training and education will lay the foundation of an effective administration and execution of the mandates set forth by Article 15A and corresponding recommendations set forth in this document.

Each industry presents different challenges to the actualization of these procedures and requires a specific approach for M/WBE development. In response to these industry differences the Division of Minority and Women Business Development is committed to working with the Executive Leadership Council (ELC) to create a series of subcommittees to provide ongoing support and evaluation of various business sectors. These subcommittees will meet on a regular basis and report to the ELC their recommendations to address barriers that affect the utilization of M/WBEs within these business sectors.

This report constitutes a first step towards a more comprehensive understanding of the challenges and opportunities facing the State as we move towards a robust M/WBE program that will make New York a leader in promoting a fair, effective and economically sound allocation of state resources.

APPENDIX F
GOVERNOR'S CORPORATE ROUNDTABLE REPORT

**Minority and Women Owned Business
Enterprise
Corporate Roundtable
Report
December 18, 2007**

Prepared by:

Michael Jones-Bey, Executive Director
Division of Minority and Women Owned Business Development
Empire State Development Corporation

Presented to:

Eliot Spitzer, Governor
David Paterson, Lieutenant Governor
Chair,
Minority and Women Owned Business Enterprise Corporate Roundtable

Minority and Women Owned Business Enterprise
Corporate Roundtable
Members

Mr. Daniel Gunderson, Commissioner
Department of Economic Development
Upstate Chair, Empire State Development Corporation

Mr. Michael Jones-Bey, Executive Director
Division of MWBE
Empire State Development Corporation

Executives from:

National Minority Supplier Development Council Inc.

Minority Supplier Diversity Council of New York and New Jersey

Upstate New York Regional Minority Purchasing Council

Women Presidents' Educational Organization

IBM

Xerox

Seimans

JP Morgan Chase

Citigroup

PepsiCo

Consolidated Edison Co.

Colgate-Palmolive Company

Pfizer, Inc.

New York Life Insurance Company

Interpublic Group, Xerox Corporation

Turner Construction Corp.

American Express Company

The Business Council of New York State, Inc.

Building Trades Employers' Association

Avis Budget Group, Inc.

Forest City Ratner Companies

Bank of America

Corporate Council Roundtable Introduction

Over the past several decades, some of the best programs for providing opportunities to minority and women-owned businesses (M/WBEs) have emerged from the corporate sector. Given the explosive growth of the minority population and the increasing purchasing power of minorities and women, many top corporations have realized a profit motive in supplier diversity programs that contract with M/WBEs.

Corporations know that minorities and women constitute a growing sector of their consumer base. Quality goods and services delivered by M/WBEs generates good will. There is a “value proposition” inherent in such relationships, which leads to brand loyalty and increased profitability for corporations. As a result, many corporations have applied considerable resources to developing supplier diversity programs.

When Eliot Spitzer signed Executive Order # 8 to promote the development of minority and women owned businesses he created a Governor’s Corporate Roundtable charged with making recommendations to “improve the participation of M/WBEs in the state procurement program.” To that end, Section I of this report recommends best practices based on years of experience in developing supplier diversity programs.

The Executive Order charged us to “meet at least quarterly and, based upon the success of the private sector’s supplier diversity programs, make recommendations to increase M/WBE participation in state contracting, including but not limited to: (a) technology to facilitate and track M/WBE contracting; (b) goal setting for M/WBE utilization; (c) benchmarking for accurate recording of M/WBE utilization; and (d) appropriate training of state procurement officers to ensure full understanding of the M/WBE program.” Section II of this report addresses these four areas.

The members of the Governor’s Corporate Roundtable met quarterly as required by Executive Order # 8. The following is our report to Governor Eliot Spitzer and our chair, Lieutenant Governor David A. Paterson.

Section 1. Best Practices:

Listed below are five categories of best practices recommendations for agencies.

I. Clearly state the agency’s M/WBE policy, championed by the agency head

- Develop and document a clearly stated M/WBE policy outlining the purpose, goals, and benefits of the M/WBE program.
- Create an M/WBE program that reflects M/WBE policy and serves as a guide to achieve M/WBE objectives.

- Incorporate M/WBE policy into the agency's strategic and business planning.
- Communicate M/WBE policy and its intent throughout the agency and externally.
- Solicit commitments from prime contractors to fully support the agency's policy and program. Engage them in maximizing M/WBE participation on all available contracting opportunities.
- Make all levels of agency management accountable for M/WBE development. Utilize performance metrics and tracking systems at each level, and include consideration of M/WBE program goals in individual performance evaluations.
- Establish an M/WBE committee appointed by the agency head to monitor progress and address challenges.

II. Create a comprehensive M/WBE development plan integrating all agency departments and processes

- Establish M/WBE goals with each agency department across all functions and contracting areas. Set guidelines for achieving these established M/WBE goals.
- Report regularly on accomplishments to management and procurement staff to evaluate plan progress and identify areas for change, improvement or to highlight success. M/WBE key metrics are to be reviewed regularly by senior management team, agency head, chief financial officer, etc.
- Set up an accountability process for management and all departments in relation to their commitment and utilization of M/WBEs in all aspects of agency procurement
- Participate in benchmarking with other agencies to identify best practices for improved performance.
- Identify and allocate necessary resources and personnel needed to achieve program success.
- Develop methodology in the plan to identify and foster M/WBEs.
- Establish steps to encourage M/WBE participation in areas where there is no M/WBE involvement in agency contracts.

- Include language in contracts with prime contractors and first tier suppliers that promote M/WBE awards. Monitor contracts to ensure contract compliance. Require as a minimum, a demonstrated “Good Faith Effort” to engage M/WBEs and include applicable penalties where appropriate.
- Establish procedures for M/WBEs to learn about existing and upcoming contract opportunities.
- Place the M/WBE function in the agency procurement or finance department in order to reinforce the business case for M/WBE participation. Finance and procurement departments should have an M/WBE liaison and every contract should be forwarded to the M/WBE liaison for goal consideration.

III. Communicate the agency’s M/WBE Policy through effective information dissemination and training within the agency and externally

- Promote agency wide awareness by using tools of the agency – newsletters, internal memos, program leaflets, training manuals, sponsorships, the webpage, annual reports, links to other agencies’ webpage, etc.
- Invite M/WBE firms personally to attend pre-bid meetings. Coordinate with M/WBE agency procurement officials to speak at pre-bid meetings.
- Host agency-wide “Upcoming Projects” Conferences.
- Reach out by phone, mail, email, and fax to M/WBEs to ask them to bid on projects. Utilize M/WBE databases to identify available M/WBEs.
- Post opportunities in ethnic newspapers and targeted media.
- Conduct regular training for procurement officials on M/WBE utilization.
- Meet with prime contractors on each contract to discuss M/WBE participation.
- Establish standard contract and negotiating language to be included in all contracting documents pertaining to M/WBEs.
- Participate in trade shows, conferences, workshops, and seminars to disseminate agency M/WBE programs and opportunities.

IV. Identify and foster opportunities for M/WBEs

- Review all agency contract opportunities to identify opportunities for M/WBEs participation, even in non-traditional areas.
- Analyze total spending (by business unit/department) to determine opportunities for M/WBEs.
- Set goals for MWBE participation in all contracts, “Good faith” effort needs to be delineated and documented if this exemption to M/WBE contracting is utilized
- Foster new M/WBE relationships in underutilized procurement areas.
- Provide debriefing to non-winning M/WBEs after contractor selection.
- Encourage and facilitate joint ventures, among M/WBEs or between prime and subcontractors.
- Receive feedback from M/WBEs on what can be done to improve M/WBE utilization at the agency.

Section 2: Critical Issues and Recommendations:

I. Technology to facilitate & track M/WBE utilization

Reviewing the state’s current technology systems reveals that the State has not kept pace with reporting, compliance monitoring, and record keeping for meeting statutory and regulatory requirements. Corporate entities have found solutions to the technology problems facing them when facilitating and tracking their M/WBE programs. These solutions in the technology field applied by corporations can lend themselves to solutions for New York State’s M/WBE program.

A. Problems with the overall technological system:

The problems associated with the state’s system impede on the ability of agencies to submit their utilization reports and to monitor their compliance with M/WBE utilization.

- Agency systems are not integrated with the Office of General Services nor the Office of the State Comptroller, which are the two central agencies that collect data related to prime contract and expenditure data

- With agencies self reporting, there is no validation of their data with actual purchasing systems
- Agency data is not linked to the M/WBE certification database for verification of utilized minority and women vendors
- No system is in place to verify reported utilization with vendors listed in agency utilization reports
- Inability to create and view reports by agencies and to oversee agency management
- There is no established tracking system to ensure agency compliance
- Agencies are unable to view their reports online
- Obsolete technology requires frequent programmer intervention
- All comparisons of data are done manually
- Heavy reliance on paper, emails and multiple spreadsheets to track compliance
- Extensive manual processes leave staff with the inability to manage workload and perform necessary work functions
- The system does not have the ability to accommodate comments or notes

B. Problems with the directory of certified M/WBEs:

The directory of certified M/WBEs is cumbersome and challenging for purchasing agents and prime contractors to use.

- Obsolete technology is being used that requires frequent intervention.
- Reporting is severely limited and can only be done by IT staff.
- Codes used to categorize business services are antiquated and inaccurate.
- The system does not have the ability to store and retrieve scanned and electronic documents.

- The system should have its own workflow engine so management can review application status while in process.
- The system is unable to automatically notify managers of time sensitive deliverables or due dates.
- The system does not have the ability to generate form letters and mailing labels.
- The system does not have the ability to generate reports showing which staff is processing an application and in what step of the process it is in.
- The system is cumbersome to search and prone to erroneous search results.
- There is a heavy reliance on paper, emails and multiple databases to produce reports.
- Extensive manual processes leave staff with the inability to manage workload and perform necessary work functions.

Best practices in the corporate world show that having the right technology allows them to monitor their M/WBE programs easily and quickly react to problems. With a commitment from management, corporations have been able to develop model diversity programs to meet and/or exceed their diversity goals. With the use of technology, they have been able to validate and verify their track records.

As Xerox states “If you can’t measure, it has no value”. The ability to capture data and report on it is essential to the quality of any program. Xerox uses internal technology to track measurable statistics such as: payments, ethnicity, gender, geographic areas, commodity, quality, cost and delivery and return on investment. They also utilize external technology such as the Central Contractor Registration (CCR); Diversity Information Resources (DIR); and Supplier Diversity Councils databases to ensure they are including as many certified vendors in their programs as they can.

Some state agencies and authorities are moving towards upgrading their systems to be in compliance with statutory and regulatory requirements. One such authority is the Metropolitan Transportation Authority (MTA). MTA is replacing their antiquated Contract Compliance System (CCR) and anticipate awarding a contract for the project of building a new system this year. The new system will realize the following: the ability to track requisition and contract award information; online payment verification capabilities; the ability to run payment history on each contract; the ability to produce quarterly D/MWBE progress reports; real-time contract performance metrics; produce labels and create form letters; scanning capabilities; robust reporting environment including statistical and graphical data; the ability to track vendors based on North

American Industrial Classification Codes (NAIC) and Standard Industrial Codes (SIC), and maintain a history of D/MWBE certification information.

The State needs to revamp the entire M/WBE program with the inclusion of state-of-the-art technology. An integrated information management system needs to be built which would allow for an immediate response for M/WBE utilization reports, M/WBE statistics, M/WBE vendors, and real time answers.

Technology improvements would not only allow better tracking and reporting but would also increase staff productivity by allowing staff to spend less time manually manipulating data. Technology improvements would also allow staff to effectively manage their workload and track performance on an ongoing basis.

II. Goal setting for M/WBE utilization

Supplier diversity programs in the corporate sector use a systematic approach for goal setting that considers the availability of qualified minority and women owned firms for contract opportunities. Once the M/WBE goals are set for available contract opportunities, they are reviewed periodically to ensure they are accurate. The importance of achieving set goals is clearly communicated by senior management. The following section provides recommendations for goal setting in ways that comply with New York State law.

In accordance with Article 15-A of the New York State Executive Law and regulations adopted pursuant thereto, agencies have established separate goals for participation of New York State certified M/WBEs for state contracts. Agencies are required to implement the provisions of Article 15-A and 5 NYCRR Part 143 for all state contracts (1) in excess of \$25,000 for labor, services, equipment, materials, or any combination of the forgoing and (2) in excess of \$100,000 for real property renovations and construction.

M/WBE goals should be expressed in two ways: a) Agency overall goals, defined in the Agency Goal Plan, and b) Individual M/WBE goals defined on contracts. Both goals should be set by the agency taking into account available budget and discretionary spending amounts.

Agencies should develop their own process for arriving at appropriate M/WBE goals. Not every contract will have M/WBE participation. The scarcity of M/WBEs in a region, single source contracts, and the ability of M/WBEs to perform the scope of the work are all significant factors that impact goal setting. Also, a contractor's obligation to meeting the goals is based on a "good faith effort" as defined by Article 15-A and 5 NYCRR Part 143.

However, the following guidelines serve as a baseline on setting M/WBE goals.

The following set of criteria may be used by state agencies when setting goals for commodities, service and construction contracts:

- The region where goods or services are provided
- Number/percentage of certified M/WBEs able to provide the required goods, services or construction
- Scope of goods/services provided or construction work performed
- Contract history/prior MWBE goal set for such contract
- Contract award amount in which the total dollar value of the State contract is measured in relation to the dollar value of the contract scope of work

Using the above as a guide, the M/WBE specialist can on a case by case basis set goals on a contract. Higher contract award amounts and large concentrations of M/WBEs in the region where the scope of work is to be performed may create more opportunities for M/WBE participation.

III. Benchmarking for accurate research of MWBE utilization

In increasing the utilization of M/WBEs in state contracts, agencies can look to corporations that actively support supplier diversity initiatives for guidelines and examples on how to improve their own internal operations.

Benchmarking is a standard measurement tool used in a service or industry for comparison to other organizations in order to gain perspective on organizational performance. For corporations, benchmarking is an important tool to help them identify best practices.

State agencies should participate in benchmarking with similar agencies to identify best practices for improved performance. For example we recommend that agencies in construction be benchmarked against agencies of similar size and scope, and those agencies that mainly do procurement be benchmarked with similar agencies.

The larger agencies will be able to identify successful strategies and help the smaller agencies avoid pitfalls in their programs. They can provide technical assistance and troubleshoot for less experienced agencies. The smaller agencies can then adopt a system-wide approach to build on an effective model that has yielded results.

Once the benchmark is established, an M/WBE development plan acts as a means of ensuring that there is agency-wide commitment.

The hallmark of any successful supplier diversity program is the development and inclusion of qualified M/WBEs into all agency's functions in which suppliers are selected and procurement commitments are made. This allows M/WBEs to become an integral part of their supplier base. Agencies must identify areas where there is little or no minority or women-owned business participation within their current supply base and encourage bidding in these areas.

IV. Training of state procurement officers

Training is an essential component to the success of an M/WBE program. Key personnel must receive training on accountability and implementation of M/WBE regulations and guidelines. The best corporate supplier diversity programs employ continuous training and New York State agencies must do the same.

The following is a list of components that should be included in training programs aimed at agency personnel:

- Overview of Article 15-A and related state statutes
- Suggested contract language that can be used to encourage M/WBE utilization
- Enforcement techniques
- M/WBE goal setting
- Contract monitoring
- How to use the state M/WBE vendor registry
- M/WBE outreach strategies, including how to use NYS Contract Reporter

In addition to training agency personnel, New York State should provide training to M/WBEs directly through consultants and/or not for profit service providers. Training for M/WBEs should include the following:

- How to get state certified as a Minority and Women Owned Business
- How to access New York State contract opportunities
- How to prepare bid estimates
- Business management
- Business plan development

Conclusion

The members of the Corporate Roundtable have established successful supplier diversity programs within the private sector that have proven to be economically beneficial. New York State can benefit as well from usage of a diverse supplier base when contracting for services or commodities.

For New York State to have a successful economic development program it must aggressively promote the increase of M/WBE access to the State procurement process. The recommendations set forth by this report are procedures and guidelines that will allow state agencies and authorities to create an effective Minority and Women Owned Business procurement program.

Members of the Corporate Roundtable will continue to meet to provide recommendations to improve New York States procurement practices.

APPENDIX G
TECHNICAL ASSISTANCE PROVIDERS BY REGION

The DMWBD is developing an extensive statewide network of technical assistance providers to increase our ability to serve the needs of our state's MWBEs. The following section provides a list of the partnerships the DMWBD has developed strategic relationships with to help with MWBE certifications throughout the state. In 2008 the Division will further leverage these relationships by training these organizations to assist MWBEs in learning how to access procurement opportunities. This appendix lists the organizations we are partnering with for technical assistance and shows the geographic regions covered.

Entrepreneurial Assistance Program Centers (EAP)

Counties Serviced:

Suffolk	Nassau	Kings	Newburgh
New York	Bronx	Queens	Orange
Albany	Town of Colonie	Chenango	Tioga
Saratoga	Fulton	Herkimer	Madison
Oneida	Chemung	Schuyler	Steuben
Yates	Allegany	Cattaraugus	Erie
Monroe	Ontario	Wayne	Oswego
Seneca	Jefferson	Lewis	Saint
Lawrence			
Clinton	Essex	Franklin	Hamilton
Warren	Washington		

NYS Small Business Development Centers (SBDC)

Counties Serviced:

Broome	Chenango	Otsego	Chautauqua
Niagara	Orleans	Livingston	Erie
Genesee	Wyoming	Ontario	Essex
Franklin	Hamilton	Warren	Jefferson
Lewis	Saint Lawrence	Clinton	Lewis
Oneida	Chemung	Schuyler	Monroe
Wayne	Cayuga	Oswego	Montgomery
Fulton	Herkimer	New York	Bronx
Putnam	Rockland	Rensselaer	Saratoga
Schenectady	Schoharie	Seneca	Cortland
Madison	Onondaga	Steuben	Yates
Allegany	Cattaraugus	Suffolk	Nassau
Richmond	Kings	Tioga	Tompkins
Albany	Columbia	Ulster	Greene
Delaware	Sullivan	Hamilton	Washington
Westchester	Dutchess	Orange	

Business Outreach Centers (BOC)

Counties Serviced:

Bronx	Kings	New York	Richmond
Queens	Newark, NJ		

Empire State Development Corporation Regional Offices

Regions Serviced:

Office Location:

Capital	Troy, NY
Central New York	Syracuse, NY
Finger Lakes	Rochester, NY
Long Island	Hauppauge, NY
Mid-Hudson	New Windsor, NY
Mohawk Valley	Utica, NY
North Country	Plattsburgh, NY
North Country	Watertown, NY
Southern Tier	Binghamton, NY
Southern Tier	Elmira, NY
Western New York	Buffalo, NY

Additional Entities

Women’s Business Enterprise Centers (WBEC)
Minority Business Enterprise Centers (MBEC)
National Association of Minority Contractors (NAMC)
NYS Hispanic Chamber of Commerce (HCC)
NYS Women’s Chamber of Commerce (WCC)

Regions Serviced

Westchester County
Manhattan / Bronx
Albany
New York City
New York City