

Best Practices in Local Public MWBE and SBE Programs

Webinar

May 29, 2014

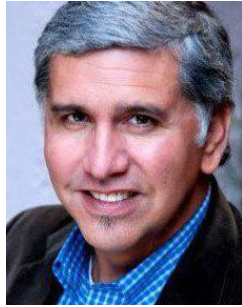


INSIGHT

CENTER FOR COMMUNITY
ECONOMIC DEVELOPMENT

WELCOME





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King County



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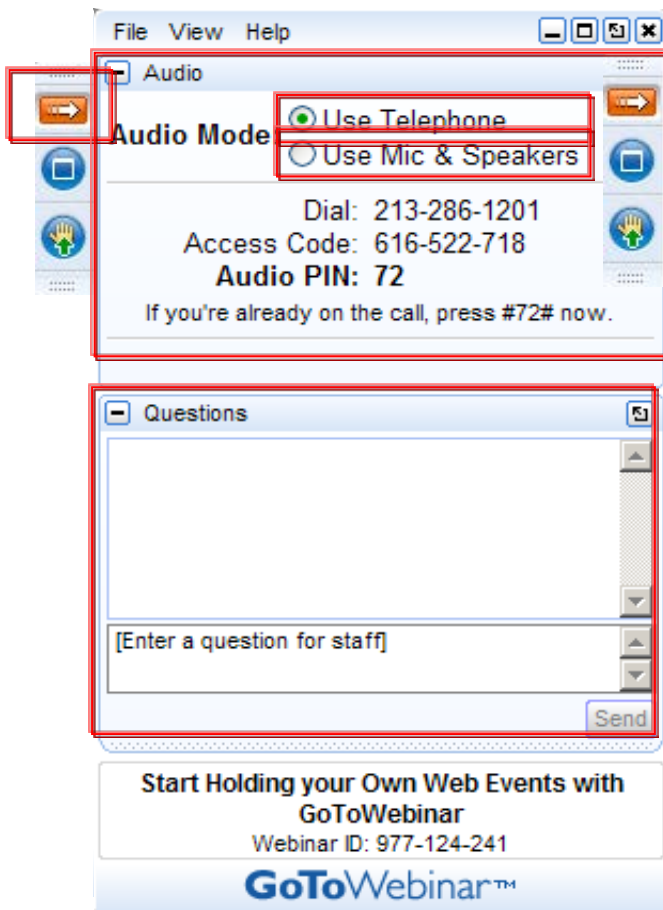
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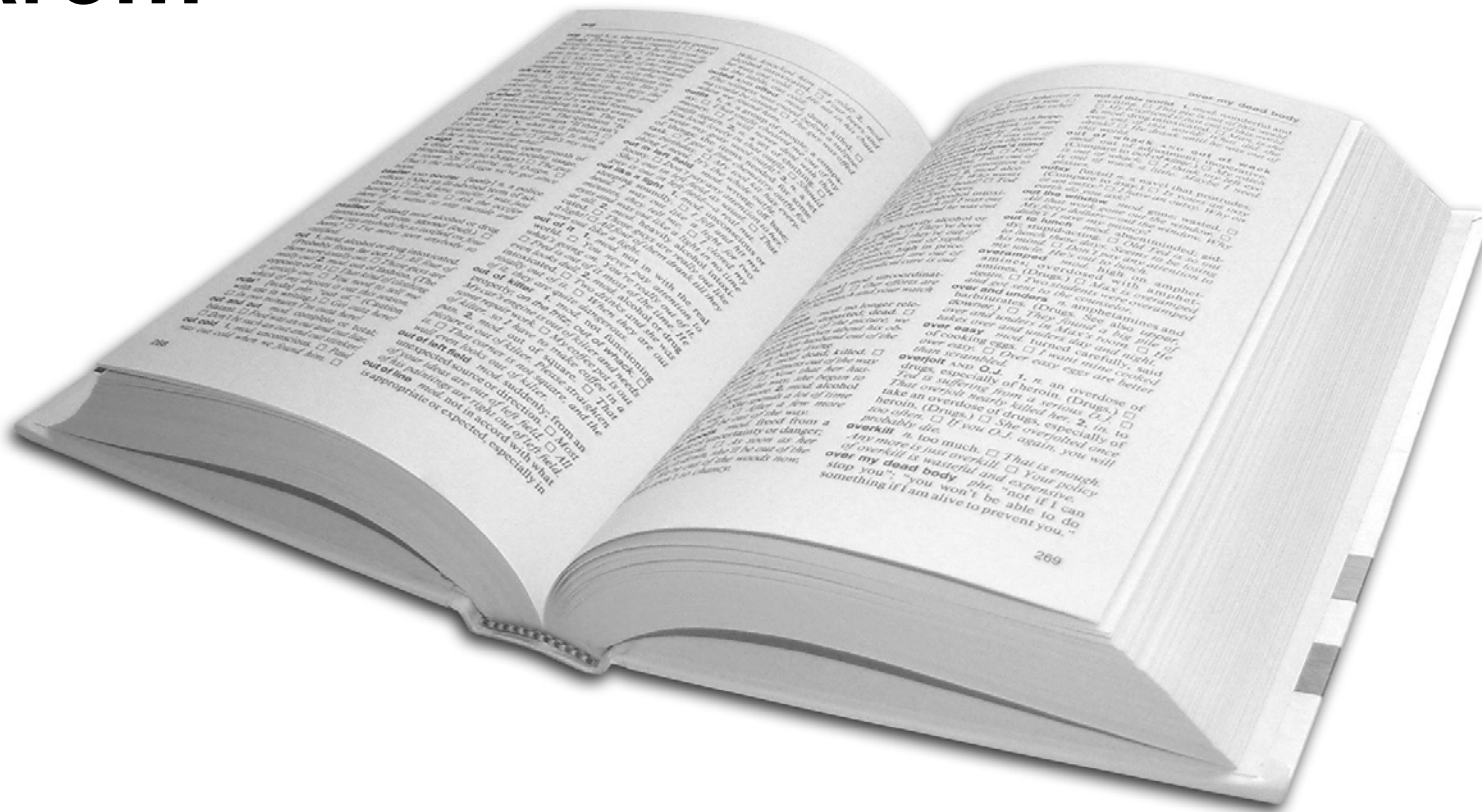
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- Open and close your Panel
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- Submit text questions

Public MWBE and SBE programs are...



Government procurement policies and practices that encourage and even require contracting with minority and women-owned business enterprises (MWBEs) or small-business enterprises (SBEs) when they are under-represented in contracting awards.

Why MWBE and SBE programs?



Agenda

I. Introduction

II. Study Findings

III. Panel on Best Practices

- a. Race-Conscious MWBE Program (Houston, TX)
- b. Race-Neutral MWBE Program (King County, WA)
- c. SBE Program (Hennepin County, MN)

IV. Economic Impact Reports (State of Maryland)



MWBE Programs

Race-Conscious

- Race and gender are used as preferences

Race-Neutral

- Race and gender are not used as preferences, whether they choose not to or are prohibited from doing so
- May still be tracking and supporting race and gender participation

**Economic Development in
Diverse Communities**
Inclusive Procurement by
Cities and Counties

Report Findings

Study Participants: Cities

Atlanta, Georgia

Austin, Texas

Baltimore, Maryland

Boston, Massachusetts

Charlotte, North Carolina

Chicago, Illinois

Dallas, Texas

Detroit, Michigan

Houston, Texas

Indianapolis, Indiana

Jacksonville, Florida

Los Angeles, California

New York, New York

Philadelphia, Pennsylvania

Phoenix, Arizona

San Antonio, Texas

San Diego, California

San Francisco, California (also a
county)

San Jose, California

Washington, DC

Study Participants: Counties

Broward County, Florida

Clark County, Nevada

Cook County, Illinois

Cuyahoga County, Ohio

Dallas County, Texas

Fulton County, Georgia

Harris County, Texas

Hennepin County, Minnesota

King County, Washington

Los Angeles County, California

Maricopa County, Arizona

Miami/Dade County, Florida

Nassau County, New York

Orange County, California

Riverside, California

San Bernardino, California

San Diego County, California

Santa Clara, California

Tarrant County, Texas

Wayne County, Michigan

Study Participants: Five-Year Trends

MWBE

- 60% have MWBE programs (74% of cities)
- Number of programs about the same
- 15% added significant components

SBE

- 55% have SBE programs
- 18% added new programs
- 13% added significant components

Questions





Race-Conscious MWBE Programs



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City of Houston MWSBE Program Overview

- ✓ **Established 30 years ago to stimulate the growth of local MBEs and WBEs through meaningful participation in all phases of city contracting**
- ✓ **Subcontracting goals on construction (>\$1M), professional services (no threshold) and purchasing (>\$100K)**
- ✓ **Court challenge to WBE goals on construction contracts**
- ✓ **Current Goals**
 - Citywide Aspirational Goals: Construction (34% MWSBE*); Professional Services (24% MWBE); Purchasing (11% MWBE)
 - Contract Specific - includes categorical goals



MWSBE Program Administration

✓ **One City Department –the Office of Business Opportunity**

- MBE, WBE, SBE, PDDBE, DBE, and ACDBE certifications
- Contract compliance functions: MWSBE goals and labor standards compliance & mediation services
- Business development and technical assistance for all small businesses

✓ **Oversight function**

- All City Departments are charged, by local rules and regulations, with supporting the Program through unbundling contracts, forecasting procurement opportunities, and outreach
- OBO facilitates Procurement Training Institute classes for City Department procurement personnel to address common issues that affect Program compliance

✓ **Local Preference Program – all eligible businesses**

- Hire Houston First implemented in 2011 to promote economic opportunity for local businesses and local job creation



Educate. Connect. Grow.

Business Assistance - Capacity Building

- Provide business development, networking activities, and facilitate access to contracting opportunities
- Collaborate with partners such as financing institutions, educational institutions, local chambers, government agencies, and trade organizations
- Capacity Building Bond Readiness Program
- Interagency Mentor-Protégé Program
- Provide one-on-one business assessment and coaching services
- Routinely notify businesses of upcoming contracting opportunities
- Sponsor Lift Off Houston - annual business plan competition



Reporting and Engagement

- ✓ **Quarterly scorecard of City Departments' progress towards achieving MWSBE goals**

- ✓ **Contract Monitoring System**
 - Supports MWSBE and Hire Houston First Programs
 - Public Contract Search feature to monitor goal achievement (stakeholder request)

- ✓ **Continuous engagement with City Council and stakeholders**
 - Periodic meetings to discuss the progress of the MWSBE Program
 - Council District workshops to encourage certification and use of OBO services
 - Focus groups created for proposed significant program changes
 - Program updates - special presentations to local chambers and trade organizations
 - Executive level meetings with businesses to discuss business development and concerns

Program Improvement Strategies

✓ **Small Business Target Market Method**

- Create a program with a \$500,000 cap to encourage prime-level participation by SBEs. Legislative support is needed.

✓ **Written Policies and Procedures:**

- Update current ones to reflect the evolution of the Program and current marketplace needs

✓ **Increase MWSBE Participation**

- Conduct aggressive outreach to WBEs to ensure their full re-integration into construction services contracts to meet citywide goals
- Gap analysis - address underrepresentation of certified firms in certain types of contracts
- Implement a construction focused capacity building development program

✓ **Review Program Periodically**

- Commission a new disparity study that covers professional services, purchasing and construction services – ideally every 5 years.



Contracts Awarded to Certified Firms

Contract Type	Goal	Fiscal Year 2011			Fiscal Year 2012			Fiscal Year 2013		
		Total	SMWDBE	%	Total	SMWDBE	%	Total	SMWDBE	%
Construction	22%	\$ 398,087,809	\$ 136,912,351	34.4%	\$ 706,557,805	\$ 229,219,133	32.4%	\$ 482,177,952	\$ 135,917,424	28.2%
Professional Services	24%	\$ 212,730,094	\$ 50,948,231	23.9%	\$ 253,374,215	\$ 85,653,706	33.8%	\$ 134,172,308	\$ 53,569,984	39.9%
Purchasing	11%	\$ 455,272,622	\$ 49,712,425	10.9%	\$ 252,450,191	\$ 24,778,550	9.8%	\$ 294,664,910	\$ 44,297,252	15.0%
Subtotal		\$1,066,090,525	\$ 237,573,006	22.3%	\$1,212,382,210	\$ 339,651,389	28.0%	\$ 911,015,170	\$ 233,784,660	25.7%
Exempt/Waiver Contracts	n/a	\$ 190,199,299	\$ 6,069,325	3.2%	\$ 108,800,299	\$ 474,211	0.4%	\$ 120,860,778	\$ 5,198,900	4.3%
Non-Goal Oriented Contracts	n/a							\$ 29,411,677	\$ 7,668,632	26.1%
Total		\$1,256,289,824	\$ 243,642,331	19.4%	\$1,321,182,509	\$ 340,125,600	25.7%	\$1,061,287,625	\$ 246,652,191	23.2%

Questions



Race-Neutral MWBE Programs



www.OUC.com
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King County

King County Procurement Reform

- Began as a 2 year-intensive effort, with top-down support provided by an Executive Order.
- The Executive Order set forth specific objectives and included a committee structure for involving all County agencies in reform actions.

Key Goals

- Integrate equity and social justice into the daily delivery of County procurement services.
- Make it easier for small businesses, including minority and women-owned businesses, to do business with the County, creating more jobs in the private sector and strengthening local communities.

Reform Accomplishments

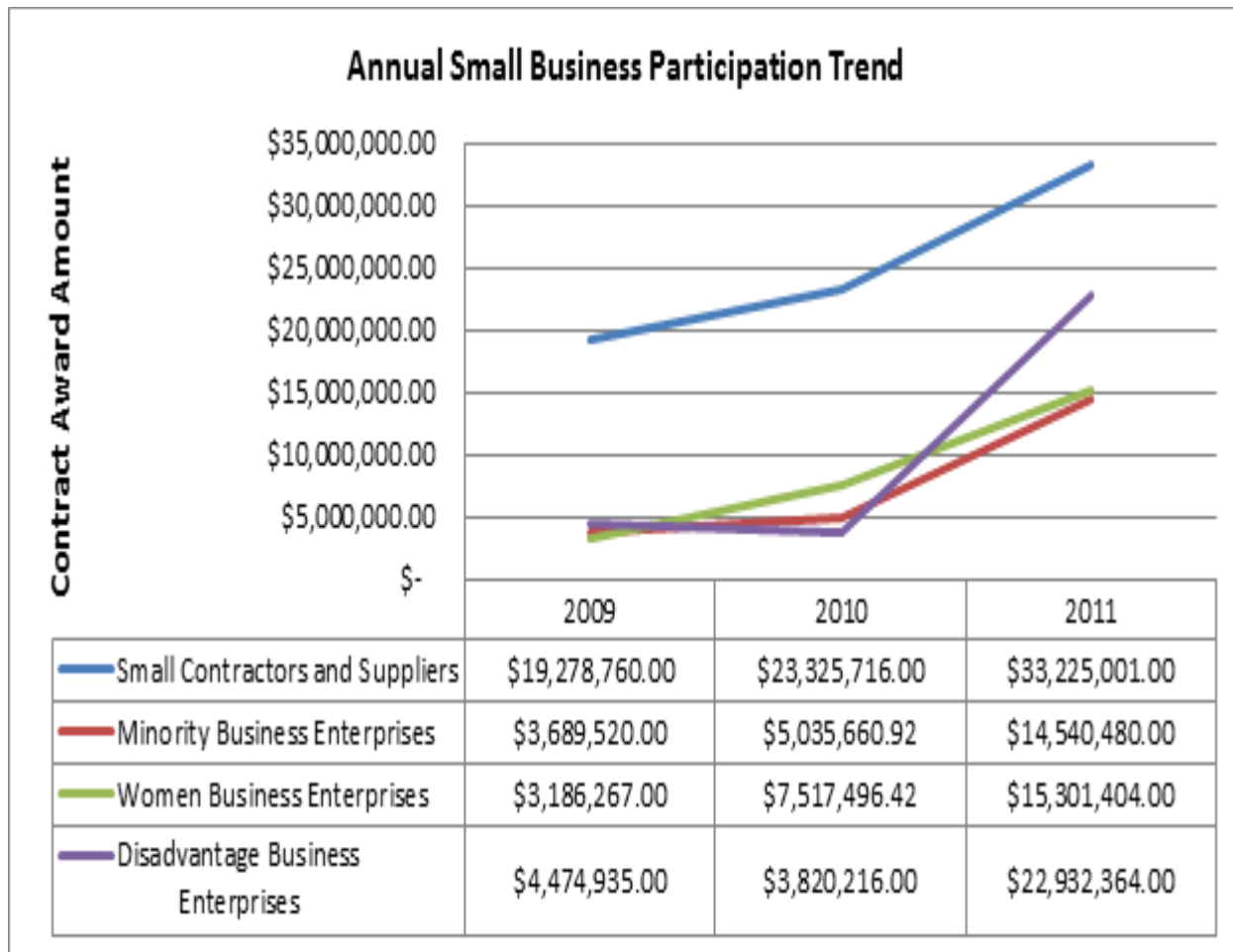
- Regional Small Business Certification
- Small Business Accelerator
- Use of existing and new contracting methods
- Restructure Bid Opportunities

Small Business Accelerator

- A small business set-aside program for certain goods and services contracts.
- Permits certified small businesses to compete among themselves for designated contracts.
- Introduced through new legislation to the County Council assisted by the King County Civil Rights Commission.



RESULTS



Questions



SBE Programs





Cynthia Weyrens

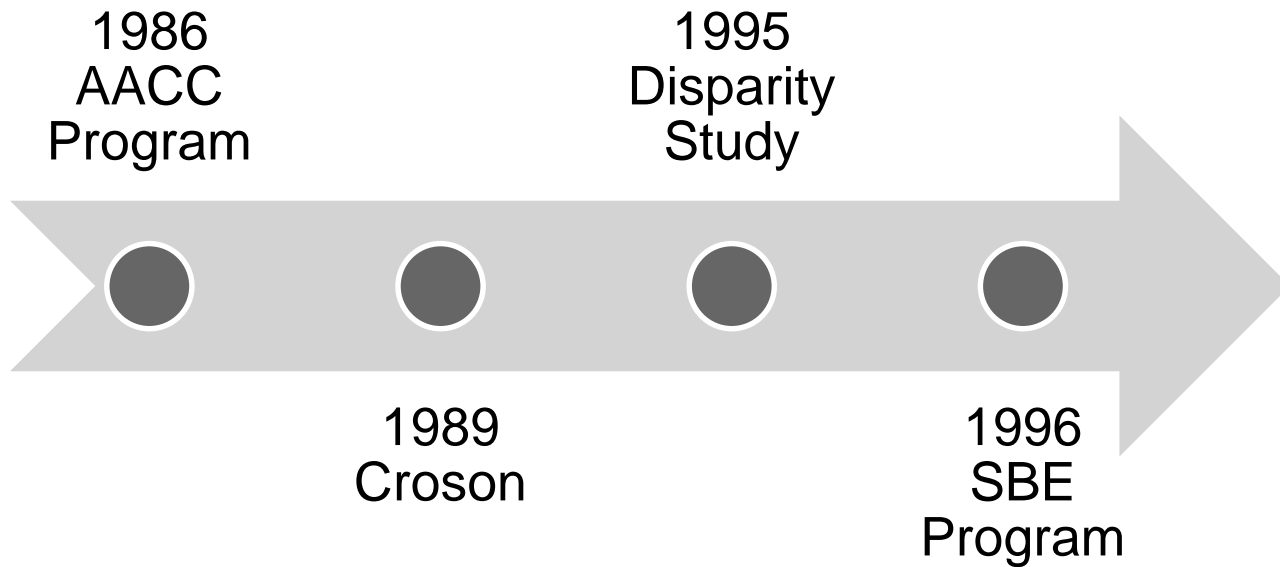
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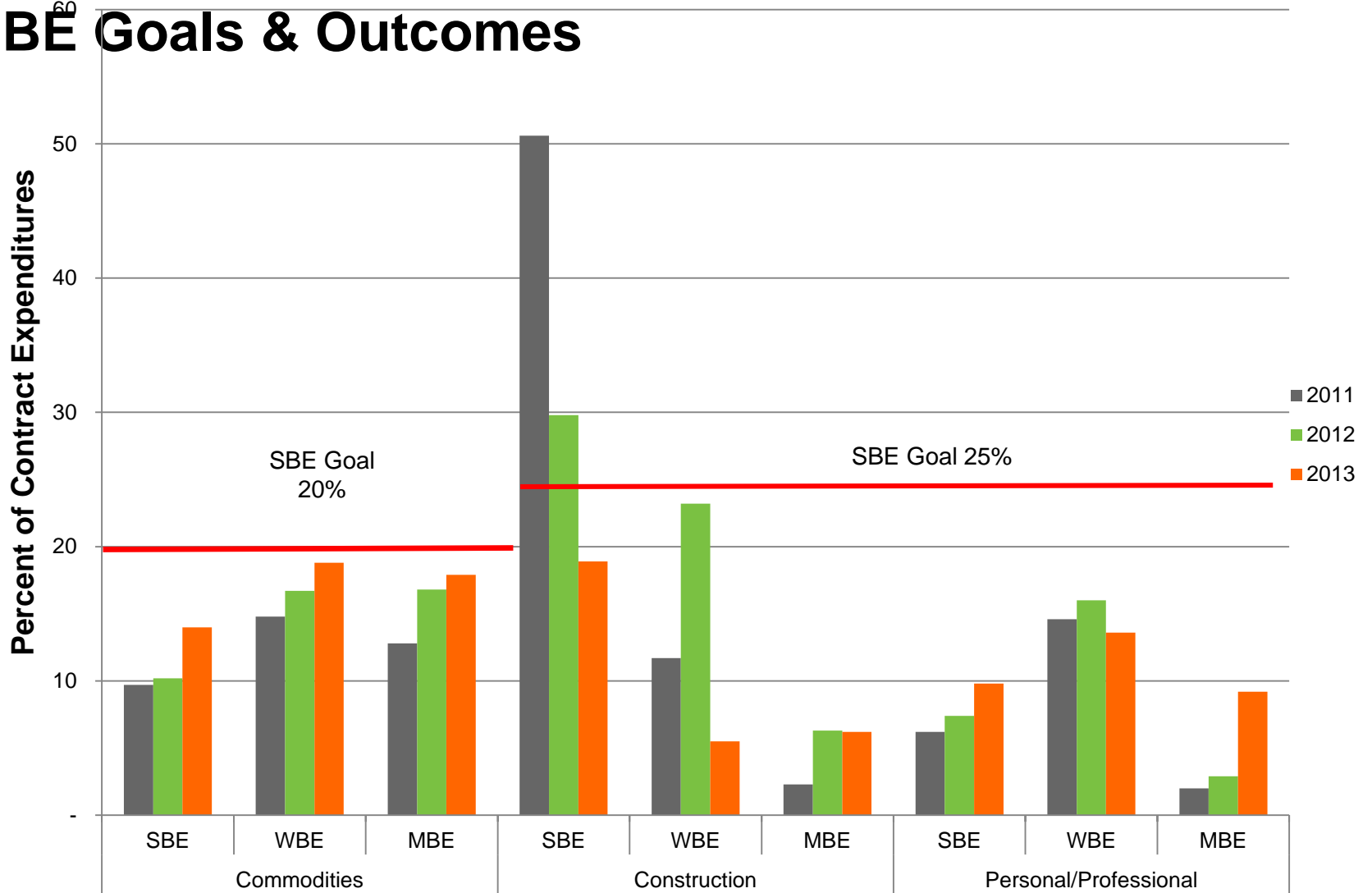
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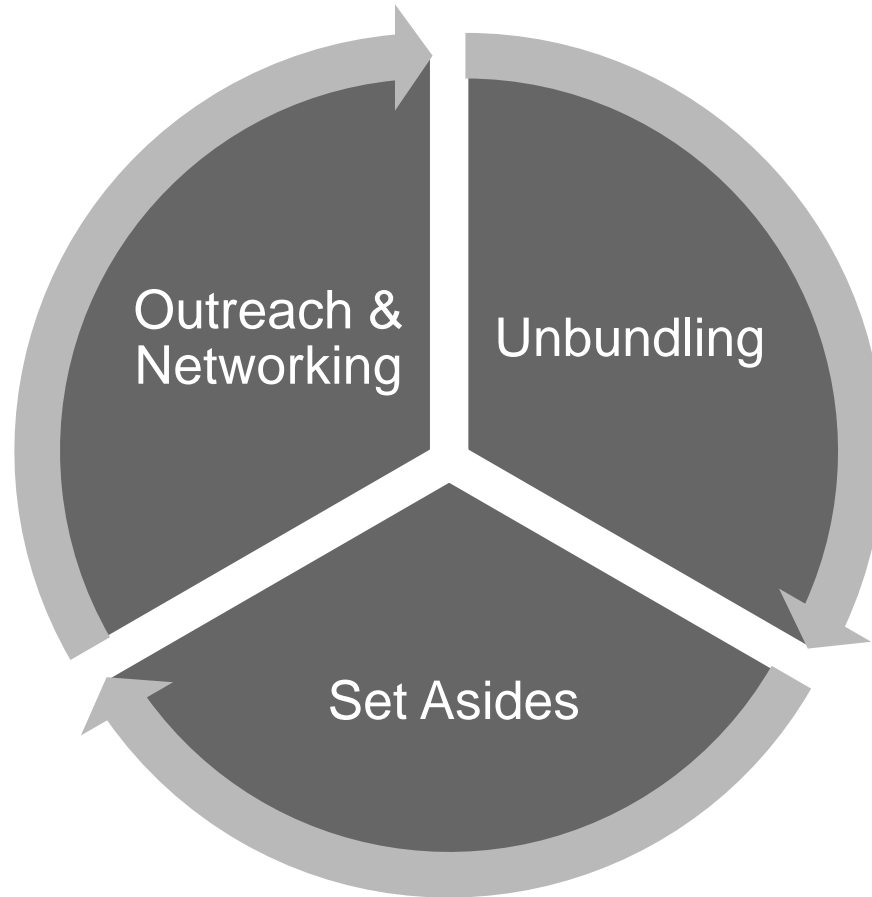
Hennepin County SBE Program Overview



Hennepin County SBE Goals & Outcomes



Hennepin County Strategies to Increase Participation



Hennepin County Business Participation Tracking



- **Business Structure**

- **Business Size/CERT Status**

- **Gender of Majority Owner**

- **Race/Ethnicity of Majority Owner**



Hennepin County Business Development Services

Capacity Building

Economic Gardening Partnership

- Technical Assistance
- CEO Round Tables & Forums
- Research Teams w/ Strategy Focus
- Referral Networks

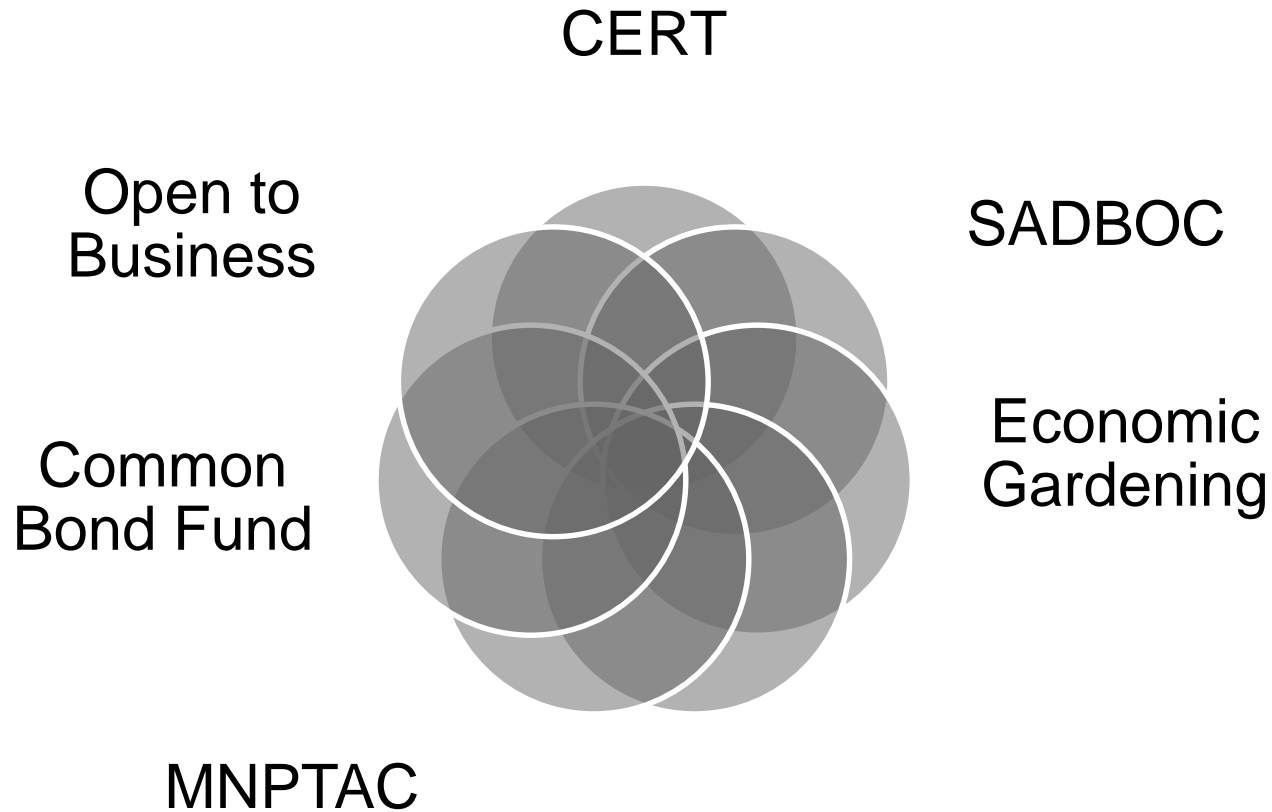
Assistance

Open to Business

- Business Plan Development
- Feasibility Studies
- Cash Flow & Financing Projections
- Marketing
- Preparing Loan Requests
- Advocacy w/ Lenders



Hennepin County Collaboration with Other Agencies



Hennepin County

Challenges



Strengths



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Questions



Discussion





Economic Impact Reports

Impacts of MWBE and SBE programs

Good governance: increases transparency in the procurement process

Political: increases the buy-in of small businesses in the governmental process

Social: can foster social cohesion and decrease marginalization of people and business sectors

Economic:

↑ contract dollars to small and diverse businesses

↑ jobs created and sustained

↑ tax base

Indirect impact on neighborhoods





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Value of Economic Impact Data

- Provides an additional measure beyond remediating discrimination
- Validates the program's impact on the statewide economy
 - Reaches beyond minority and women constituents
 - Validation for those who are not recipients

Data Source

- Agency payment data
- IMPLAN System (facilitated by sister agency)



Maryland Governor's Office of Minority Affairs

Exhibit 4: FY2013 Economic Impact of MBE Payments in Maryland


	Direct	Secondary	Total
Expenditures (\$millions)	\$1,600.6	\$1,264.9	\$2,865.5
Per \$1 of MBE Procurements	\$0.89	\$0.71	\$1.60
Employee Wages & Salaries (\$millions)	\$714.8	\$395.6	\$1,110.4
Employment (FTEs)	18,104	8,692	26,796
Per \$1 million of MBE Procurements	10.1	4.8	14.9
State Tax Receipts (\$millions)	\$43.0	\$23.7	\$66.7
Sales and Use Tax	\$19.6	\$10.6	\$30.2
Personal Income Tax	\$23.4	\$13.1	\$36.5
Local Income Surtax (\$millions)	\$14.0	\$8.2	\$22.3
State and Local Tax Receipts (\$millions)	\$57.0	\$31.9	\$88.9

Data Utilization

- Economic Impact Report
- Annual Report
- News release
- Media inquiries
- Talking points for Governor, Lt. Governor, and Cabinet Secretaries

View Maryland's Economic Impact Reports online at

www.goma.Maryland.gov



Minority Business Enterprise (MBE) Program
Participation Highlights

Maryland's MBE Program is one of the oldest and most progressive in the nation. The FY2013 the overall MBE goal was 25%. Effective FY2014, the overall goal increases to 29%.

FISCAL YEAR 2013

MBE Program

- \$1.8 billion in payments to MBE firms
- Created and/or retained 26,796 jobs
- Stimulated \$2.9 billion in economic activity
- \$1.7 billion awarded to certified MBEs
- Achieved 24.4% overall MBE participation statewide

HISTORICAL PERFORMANCE *

MBE Program FY2007 – FY2013

- 44% increase in the creation and retention of jobs
 - From 18,639 in FY2008 to 26,796 in FY2013
- 61% increase in statewide economic activity
 - From \$1.8 billion in FY2008 to \$2.9 billion in FY2013
- 138% increase in overall payments to certified MBE firms
 - From \$751.8 million in FY2007 to \$1.8 billion in FY2013
 - 185% increase to African American firms
 - 138% increase to Asian American firms
 - 191% increase to Hispanic American firms
 - 125% increase to Women-owned firms
- 54% increase in awards to certified MBE firms
 - From \$1.1 billion in FY2007 to \$1.7 billion in FY2013
 - 47% increase to African Americans
 - 9.3% increase to Asian Americans
 - 133% increase to Hispanic Americans
 - 11% increase to Women-owned firms

* Economic Impact data is not available prior to FY2008.

In order to participate in the State's Minority Business Enterprise Program, minority and women-owned businesses must be certified through the Maryland Department of Transportation. Currently, there are more than 5,700 certified minority business enterprises. Over 540 are Hispanic American-owned businesses.

Martin O'Malley, Governor Anthony G. Brown, Lt. Governor Zenita Wickham Hurley, Special Secretary

Maryland Governor's Office of Minority Affairs

Conducting an Impact Study

Explore governance, political, and social impacts

Economic impacts:

- Most reports show the just total dollar value of contracts
- Stronger to show economic impacts such as jobs
- Stronger if it can have a geographic focus, like zip code

How to get it done:

- Internal study (like Maryland)
- If internal capacity is not there, consider the Insight Center:
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Questions



After the webinar....

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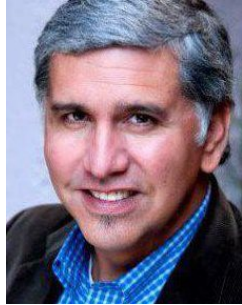
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Webinar Survey

1. What are the top priorities to move the field forward?
Please select UP TO 3 AREAS.
 - National and regional conferences, as well as webinars, for MWBE and SBE program practitioners
 - University-affiliated training program for practitioners, perhaps with credentials
 - Identification of national champions, such as the Nat. League of Cities & Nat. Assoc. of Counties
 - Published score card on the presence and effectiveness of programs by jurisdiction
 - National study on the economic impact of MWBE programs
 - Creation of new state associations for local practitioners, similar to the North Carolina MWBE Coordinators' Network
 - Creation of a national network of local government MWBE and SBE directors and practitioners
 - Technical assistance to set up new programs and enhance existing ones
2. Are there any other strategies you would recommend to move the field forward?

Thank you!



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Thank you!



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Materials

The recording of this webinar may be viewed at

http://youtu.be/c6VWg_Qths4

You may download a copy of the presentation [here](#).