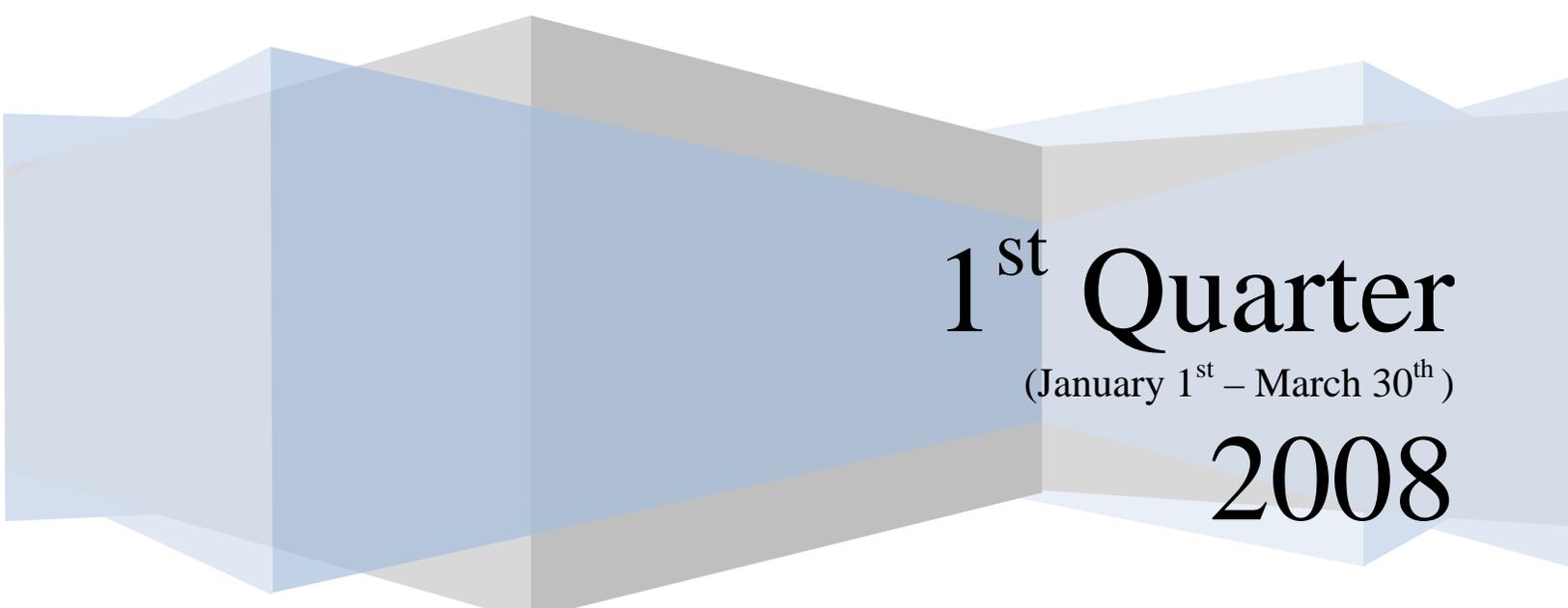


Department of the Treasury

**Division of Minority and
Women Business
Development**

Quarterly Report



1st Quarter
(January 1st – March 30th)
2008



MWBD QUARTERLY REPORT

9/26/2008

I. EXECUTIVE SUMMARY

Addressing the disparities that minority and women-owned business enterprises (MWBEs) face in competing for State contracts is a priority of the Corzine Administration and the New Jersey Department of Treasury. On September 15, 2006, Governor Corzine signed Executive Order #34, which created the Division of Minority and Women Business Development (the Division) to track and monitor State spending with MWBEs across 109 State agencies, authorities, departments, commissions, colleges and universities¹.

EO 34 directs the Division to obtain quarterly reports from all reporting agencies and to provide an annual report to the Governor, Legislature, and the public.

There are two components that comprise the State's spending with MWBEs: (1) spending with prime vendors; (2) spending with subcontractors. The findings in this quarterly report focus only on the State's spending with prime vendors during the first quarter of calendar year 2008 since systematic reporting on subcontracting spending is not yet in place. Section IV of the report does, however, provide a sampling of subcontractor information as an indication of how this data may ultimately add to the State's MWBE reporting.

MWBE Results Based on Payment Data

Minorities and women combined received 10.8% of all payments on prime contracts in this quarter.

- Minority vendors (both male and female) received payments of \$27.0M or 3.6% of the total \$757.3M in payments.
- Non-minority women vendors received \$54.9M or 7.3% of payments.
- The remaining 89.2. % was recorded by vendors not classified as minority or women-owned.

Spending Highly Concentrated

Procurement spending tends to be concentrated in a small number of commodity codes.

- The top ten commodity codes (out of 356 active codes) represent 57% (\$437.2M) of the total statewide spend.
- MWBE vendors account for \$61.7 million or 14.1% of payments in the top ten commodity codes.

¹ The network of 109 State agencies is further defined as 95 required reporting agencies, authorities, departments, colleges and universities and 14 multi-state voluntary reporting agencies submitting data to the Division.



MWBD QUARTERLY REPORT

9/26/2008

Importance of Subcontracting in State Procurement

As noted above, the findings in this report do not include subcontractor spending. As a result, the findings in this report represent a limited overview of the State's MWBE spending.

- Subcontractors, especially in the construction and construction-related procurement categories, receive a significant portion of State contracts.
- There are greater contracting opportunities for small, minority, and women-owned businesses in the subcontracting arena.
- The Division expects that the inclusion of subcontractors will result in a higher percentage of MWBE receipt of the State contracting spend. See "Overview of Data Collection" section below for a more detailed discussion of the potential impact of collecting and analyzing this data in the future.

Growth in MWBE Contracting

Monitoring of the state's procurement activity confirms a steady increase in the rate of MWBE contracting (compared to the 2004 disparity study) since the implementation of the EO 34 initiative. Last quarter, (October-December 2007) MWBEs received 8% of total payments. In the current quarter, (January-March 2008) MWBEs received 10.8% of total payments. This report also identifies areas where the State can continue to improve its spending with MWBEs.

Payment vs. Award Activity

Payment activity on contracts is the focus of this report. Payments represent the amount of money that has been paid in the quarter to businesses on State contracts. These payments are made to businesses as they conduct work on the contracts.

However, in its mission to leverage the State's procurement process to support the growth of MWBEs, the Division understands the need to analyze awards activity. In this quarter, MWBEs received 7.38% of all of the awards that were active this quarter. For more details, see Section VI of report: "Statewide Awards: A Long-Term Look at MWBE Contracting."

Recommendations:

Based on the findings above, the Division of Minority and Women Business Development is assessing ways in which the State can improve the percentage of MWBEs that successfully compete for State contracts. The following recommendations are currently under consideration:

- The Division and the Office of Supplier Diversity (OSD) will identify mid and large size MWBE vendors who will be able to compete for larger contracts in the top ten agencies. The higher share of MWBE participation in this quarter was a result of African Americans and Women achieving more success in gaining a larger share of the top ten agency dollars.



THE STATE OF NEW JERSEY

Department of Treasury

Division Of Minority and Woman Business Development

MWBD QUARTERLY REPORT

9/26/2008

- The Division will further explore utilizing the wealth of resources offered by the Minority Advisory Council. The skill sets the Council brings to the MWBE community allows it to act as a valuable “in house” consultant able to pinpoint and address the common issues critical to growing successful MWBE businesses.
- The Division will encourage MWBE vendors to register with a new centralized, financial resource, Premier Services. The convenient availability of access to financial and legal records by a vendor and his/her key staff will allow the vendor to focus efforts on non administrative projects.

MWBD QUARTERLY REPORT

9/26/2008

II. Background on the Division of Minority and Women Business Development and Executive Order 34

Disparity Study

In 1993, Governor James Florio issued Executive Order 84 (1993), which established a set-aside program that mandated that minority and women-owned firms be awarded specific percentages on public contracts. 10 years later, this set-aside program was permanently enjoined by a Consent decree entered by the federal district court in the matter of GEOD vs. State of New Jersey. As a result, then Governor James McGreevey issued Executive Order 71 (2003), which eliminated set-aside goals for minority and women-owned businesses and replaced these goals with a small business set-aside program that is both race- and gender-neutral.²

In 2004, the State conducted a disparity study. This study was designed to determine if there were historical and current disparities between firms “ready, willing and able to do business with the State”³ and those firms actually awarded contracts. Proof of such disparities could potentially be used in the future to re-implement minority and women set-aside programs.

The study, which was completed in 2004 and which evaluated two major areas of state procurement activity, found that less than 2% of state procurement business in the two areas studied was being awarded to MWBEs. This compared very unfavorably to the fact that 48% of all small businesses in New Jersey in 2004 were MWBEs.

Additionally, the Disparity Study compiled utilization rates that showed that a small percentage of all the MWBEs who had registered with the state through self-reporting actually received awards and payments from the state.

Executive Order #34 – The Governor’s Response to the Disparity Study

Executive Order #34 (EO 34) was issued by Governor Corzine in September 2006 in response to the Disparity Study. EO 34 addressed these issues by directing the state to work towards the following objectives:

- Develop MWBE utilization improvement goals
- Track and monitor procurement activity for all agencies and organizations (presently 109) under Executive Order #34⁴
- Establish standards and procedures to better enable agencies and organizations to meet their improvement goals

² See Executive Order 34 (2006) for a discussion of the history of the New Jersey set-aside programs.

³ Ibid.

⁴ The network of 109 State agencies is further defined as 95 required reporting agencies, authorities, departments, colleges and universities and 14 multi-state voluntary reporting agencies submitting data to the Division.



THE STATE OF NEW JERSEY
Department of Treasury

Division Of Minority and Woman Business Development

MWBD QUARTERLY REPORT

9/26/2008

- Obtain quarterly reports from each State department, agency, authority, college, and university relating to their purchasing and procurement activities
- Create and maintain an electronic MWBE supplier database
- Provide an annual report to the Governor

All of these objectives would be initiated within the framework of the ethnic groupings defined in the Disparity Study. These groupings were (1) African Americans, (2) Asian Americans, (3) Hispanic Americans, (4) Native Americans and (5) Women (non-Minority).



MWBD QUARTERLY REPORT

9/26/2008

III. Key Terms

The following are key terms used throughout this report:

Statewide Procurement: Activity conducted by all four types of state agencies: Executive Branch, Colleges & Universities, Authorities (& Corporations), and Commissions. Inclusive of the New Jersey-based activities of multi-state agencies.

Reporting Quarter: Three-month period that runs parallel with the calendar year.

Procurement Categories: Each type of procurement activity is classified as pertaining to one of the following six categories: Construction, Construction Related, Professional Services, Goods & Commodities, Other services, and Miscellaneous. See Glossary in appendix for a more detailed description of these categories.

Commodity Codes: These consist of expense account codes that provide information and/or descriptions of the nature of the purchases made by state agencies. Constitutes a system of identifying a commodity by an assigned number. All reporting is based on NIGP coding system. Agencies may submit quarterly reports using NIGP, NAICS, or Object coding systems. The codes are then cross-walked to the NIGP Code structure to ensure uniformity in reporting.

Minority Business Enterprise (MBE): Business ownership is classified as pertaining to one of the following ethnic minority groups: African American (A.A.), Asian American (As.A.), Hispanic American (H.A.), and Native American (N.A.), Multiple Ethnicities.

Women Business Enterprise (WBE): Business ownership is classified as pertaining to women-owned businesses that are *not* identified as minorities. Minority women are included in their respective minority category.

Minority and Women Business Enterprise (MWBE): Total of minority- and women-owned business enterprises.



MWBD QUARTERLY REPORT

9/26/2008

IV. Overview of Data Collection in Report

The Division's data collection efforts are entirely dependent on the data that the 95 required reporting agencies and organizations and 14 voluntary reporting, multi-state agencies provide on a quarterly basis. The Division of Minority and Women Business Development has worked diligently to identify a senior staff member within each agency to serve as the agency's spokesperson on policy and strategic planning related to the implementation of Executive Order 34. This effort has ensured the development of a network of 109⁵ MWBE Liaisons (DMWBD network) that create the framework necessary to accurately track and report on dollars spent across the administration.

The Division continually works very closely with the Office of Information Technology (OIT), Treasury's Division of Purchase and Property (DPP), as well as other State agencies to improve and refine its data collection, and there is still room for significant enhancements.

Looking Forward: Enhancing Data Through Including Subcontracting Activity and Capturing MWBE Activity

As mentioned above, current reporting only covers procurement activity (awards and payments) related to prime contractors, although EO 34 anticipated inclusion of subcontractor data as well. The Division is currently exploring how to measure sub-contractor activity in the future. The Division anticipates that the findings in this report will increase once subcontractor activity is included.

The Division has worked with the Division of Purchase and Property to analyze a sample of available subcontracting data to determine the impact of including this data on future reporting results. While it is not possible to make scientific conclusions based on the scarce data available, the brief analysis that DPP and the Division conducted does provide some evidence that including subcontractor data will have a meaningful impact on the reported share of contracting dollars paid to MWBEs. The analysis found millions of dollars that are paid to MWBEs as subcontractors that are not currently reflected in this report.

The Division is working with several top tier spending agencies to measure subcontractor activity. The potential opportunities are matched by equally potential challenges in creating standardized systems across all agencies and establishing links with Prime contractors to access their subcontractor databases.

⁵ The network of 109 State agencies is further defined as 95 required reporting agencies, authorities, departments, colleges and universities and 14 multi-state voluntary reporting agencies submitting data to the Division.



MWBD QUARTERLY REPORT

9/26/2008

Data Collection Process

There are a number of steps that the Division follows to collect the information necessary to complete this quarterly report. Each agency first reports its procurement activity on a template developed by the Division in collaboration with OIT. This template captures basic information highlighted in the Diversity Study such as ethnic groupings and adds more criteria such as commodity codes.

DPP reports procurement activity from 36 State departments, agencies, and commissions, and has worked closely with the Division to tailor their reporting format and template to ensure that DPP's reports are comprehensive and consistent with the Division's reporting systems.

Before it is sent to the Division, the Commissioner of each agency signs off on the data, indicating that he/she has reviewed the information. When the data reaches the Division, it goes through a minimum of two filters to assure the highest level of accuracy. The first is a check for basic errors and inconsistencies that, if necessary, result in the vendor information being sent back to the originating agencies for resolution.

Having successfully passed through this first filter, the data is then processed through a master statewide tracking file developed by the Division in partnership with OIT. This file contains registration/certification and financial information for all state vendors. It is used to verify information. For example, Agency X has identified a vendor as a small business but not as a minority owned business because the vendor had not provided the information to Agency X . When this small business vendor's information is compared to the Master file, it turns out that this same vendor is also a minority-owned business. This vendor had also done business with another agency that had required ethnic data. That missing piece is added to the final profile of the business.

Progress towards a More Accurate and Detailed Data Set

To date the Division has collected data for four quarters: April-June '07, July-September '07, October-December '07 and January-March '08. The quality of the data collection varied significantly from the first "startup" quarter to the more reliable fourth quarter. The data from the second quarter of calendar year 2007 was collected through manual Excel process and only 75% of the 109 reporting agencies responded. For the fourth quarter of 2007, 100% of the 95 required reporting agencies and seven (out of 14) voluntary reporting multi-state agencies responded. The first Quarter of 2008 also recorded 100% compliance from the 95 required reporting agencies and 9 voluntary reporting multi-state agencies The Division continues to fine tune the efficient, automated system it has developed. Raw data processing time has been reduced from 30 days to 2 weeks.



MWBD QUARTERLY REPORT

9/26/2008

The following charts provide snapshots of our progress throughout the four reporting periods and highlight areas of greatest significance and/or challenge. As demonstrated below, report compliance (the percentage of agencies that provide data to the Division for each quarter) has improved substantially over the past 4 quarters.

<u>2007 Quarterly</u>	<u>Jan. – March</u> <u>2008</u>	<u>Oct. – Dec.</u> <u>2007</u>	<u>July - Sept.</u> <u>2007</u>	<u>April – June</u> <u>2007</u>
Report Compliance	100%	100%	92%	75%
MBE's				
Payments	3.56%	2.99%	2.38%	1.6%
Awards	4.93%	3.26%	3.10%	N/A ⁶
WBE's				
Payments	7.25%	4.97%	2.33%	2.3%
Awards	2.45%	4.82%	1.34%	N/A ⁷

Another major goal of the Division has been to ensure high levels of reliability and the comprehensiveness of the data itself. In preparation for the quarter reports and to address the identified data reliability improvement needs, the Division utilized a broad array of options:

1. Conducted debriefing sessions with agency top management staff (fiscal officers and purchasing agents, IT personnel, EEO officers, etc), in addition to MWBE liaisons. The primary goal of these sessions was to provide MWBE liaisons with additional resources and support that would facilitate the process of change within their agencies. Agency staff received instruction and clarity on EO 34 objectives, expected deliverables, as well as uniformity guidelines for the capturing of data.
2. Customized trainings by segment/agency types (for example, colleges and universities) to address the challenges particular to each of the reporting groups.
3. Undertook a case management approach (e.g. providing individual hands-on technical assistance to MWBE Liaisons and/or other staff within each agency such as IT personnel responsible for systems set up) to correct reporting errors

⁶ N/A: Award data was not available for this quarter.

⁷ N/A; Award data was not available for this quarter.



MWBD QUARTERLY REPORT

9/26/2008

The following chart reflects the progress made in ensuring high levels of data reliability and the progress made in ensuring high levels of data reliability. The Division has substantially reduced the percentage of contracts that are identified as “unspecified,” those businesses that are classified as minorities but provide no information clarifying that assertion, and “multiple ethnicities,” businesses which have indicated that more than one ethnicity is present but have provided no indication of who has operating control.

<u>2007 Quarterly</u>	<u>Jan – March</u> <u>2008</u>	<u>Oct – Dec</u> <u>2007</u>	<u>July – Sept</u> <u>2007</u>	<u>April – June</u> <u>2007</u>
Unspecified Minority⁸				
Payments	0.54%	0.26%	1.24%	63%
Awards	0.33%	0.10%	1.33%	N/A
Multiple Ethnicities				
Payments	0.00%	0.01%	0.01%	0.01%
Awards	0.00%	0.00%	0.00%	0.00%

⁸ Unspecified Minorities are MBE vendors whose ethnicity is minority but otherwise not specified.



MWBD QUARTERLY REPORT

9/26/2008

V. FINDINGS OF REPORT - STATEWIDE PAYMENTS

This chapter of the report analyzes the composition of the payments on prime contracts made by the aggregate of the agencies that comprise the DMWBD reporting network. Payments represent the amount of money that has been paid in the fourth quarter to businesses. These payments are made to businesses as they conduct work on State contracts, so that one contract awarded may result in multiple payments to a vendor.

Section I, “Statewide – Top 10 Paying Agencies”, provides a brief overview of the concentration of payment activity within the State’s 109 agencies and organizations. Section II, “Total Statewide Payments by Ethnicity and Gender,” provides an analysis of all statewide payments made by ethnicity and gender. Finally, Section III, “Total Statewide Payments by Procurement Categories and Commodity Codes,” outlines the concentration of payments made to minorities and women by procurement categories and in the top ten commodity codes.

I. Statewide - Top 10 Agencies

Ten agencies accounted for \$503.2M or 66.5% of all payments made during this reporting period. This represents an increase versus the top ten agency share (64.72% or \$550.7M) of total payments in the previous quarter (October-December, 2007).

Top 10 Statewide Paying Agencies		
Agency Name	Payment Amt (mil)	Percentage
NJ School Development Authority	\$ 96.8	12.78 %
University of Medicine & Dentistry	\$ 79.7	10.52 %
NJ Turnpike Authority	\$ 78.3	10.34 %
NJ Transit Authority	\$ 59.9	7.91 %
Dept of Corrections	\$ 44.4	5.87 %
Sub-total of Top 5 Agencies	\$ 359.1	47.42 %
NJ Sport & Exposition Authority	\$ 37.9	5.00 %
Stockton College	\$ 37.2	4.92 %
Dept of Human Services	\$ 30.0	3.97 %
NJ Racing Commission (Law & Public Safety)	\$ 22.6	2.98 %
Montclair State University	\$ 16.4	2.16 %
Sub-total of Second Top 5 Agencies	\$ 144.1	19.03%
Grand Total of Top 10 Agencies	\$ 503.2	66.45%
Remaining Agencies	\$ 254.1	33.55 %
Grand Total	\$ 757.3	100 %
Previous Quarter Top Ten Share	\$ 550.7	64.72%



MWBD QUARTERLY REPORT

9/26/2008

II. Total Statewide Payments by Ethnicity and Gender:

Overall, minority vendors (male and female combined) received \$27.0M or 3.6% of the \$757.3M in state payments made in this quarter. Within the minority designation, African Americans received the highest payments, \$12.2M. This amount is almost double the amount African Americans received, (\$7.1M) in the last quarter. While Native Americans recorded increases, both Hispanic Americans and Asian Americans received a smaller share of payments this quarter.

Statewide Payments by Ethnicity (Millions)

<u>Ethnicity</u>	<u>Current Quarter</u>	<u>Previous Quarter</u>	<u>% of Total (Current)</u>	<u>% of Total (Previous)</u>
Asian American	\$ 7.9	\$ 11.4	1.04 %	1.34%
African American	\$ 12.2	\$ 7.1	1.61 %	0.84%
Hispanic American	\$ 2.5	\$ 4.1	0.33 %	0.48%
Unspecified Minority ⁹	\$ 4.1	\$ 2.6	0.54 %	0.31%
Native American	\$ 0.3	\$ 0.1	0.04 %	0.01%
Multiple Ethnicities	\$ 0.0	\$ 0.1	0.00 %	0.01%
Total MBE Groups:	\$ 27.0	\$ 25.4	3.56 %	2.99%

Payments to women (non-Minority) were \$54.9M, 7.3% of the statewide total. Combined payments to minority and women-owned businesses were \$81.9M, 10.8% of the total payments issued statewide.

Statewide Payments by MWBE Ownership

<u>MWBE Ownership</u>	<u>Current Quarter</u>	<u>Previous Quarter</u>	<u>% of Total (Current)</u>	<u>% of Total (Previous)</u>
Women Business Owners:	\$ 54.9	\$ 42.3	7.25%	4.97%
Minority Business Owners	\$ 27.0	\$ 25.4	3.56%	2.99%
MWBE Total:	\$ 81.9	\$ 67.7	10.81%	7.96%
Non- MWBE Businesses:	\$ 675.4	\$ 783.1	89.19%	92.04%
Grand Total:	\$ 757.3	\$ 850.8	100.00%	100.00%

⁹ Unspecified Minorities are MBE vendors whose ethnicity is minority but otherwise not specified.



MWBD QUARTERLY REPORT

9/26/2008

III. Total Statewide Payments by Procurement Categories and Commodity Codes

The State made \$757.3M in payments during the 1st Quarter of 2008. Construction Related spending ranked first, providing \$231.3M or 31% of the total. Other Services spending ranked second, providing \$178.5 or 24% of the total. Together these two categories accounted for \$409M or 54% of total payments. The other three procurement categories (Goods and Commodities, Professional Services and Construction) recorded varying spending, ranging between 19-.45%. Please refer to the chart below for details.

Statewide Payments by Procurement Categories		
Procurement Categories	Payments (Millions)	% of Total Payments
Construction – Related	\$ 231.3	30.55 %
Other Services	\$ 178.5	23.57 %
Subtotal:	\$ 409.8	54.12 %
Goods & Commodities	\$ 145.2	19.17 %
Professional Services	\$ 115.3	15.22 %
Miscellaneous	\$ 83.6	11.04 %
Construction	\$ 3.4	0.45 %
Subtotal:	\$ 347.5	45.88 %
Grand Total:	\$ 757.3	100 %

There were **356** unique commodity codes that the State actively used to describe the types of purchases and awards made during Q1 2008. Of these **356** codes, ten commodity codes (less than 3% of the total) accounted for \$437.2M or 57.7% of all payment activity ¹⁰.

Analyzing ethnic commodity code payments, on a percentage basis, of the top ten codes:

- MWBE vendors account for \$61.7 million or 14.1. % of payments in the top ten commodity codes
- African Americans received 78 % of their business from the top ten codes
- Hispanic Americans received 60% of their business from the top ten codes
- Asian Americans received 37 % of their business from the top ten codes
- Native American received 45% of their business from the top ten codes
- Multiple Ethnicities received 7 % of their business from the top ten codes
- Unspecified Minorities received 66 % of their business from the top ten codes
- Women-owned (non-Minority) firms received 81% of their business from the top ten codes.

Overall, the increased business that African Americans and Women received in the top ten resulted in a significant higher share of M/WBE payments during the 1st Quarter of 2008.



THE STATE OF NEW JERSEY
Department of Treasury

Division Of Minority and Woman Business Development

MWBD QUARTERLY REPORT
9/26/2008



MWBD QUARTERLY REPORT

9/26/2008

VI. STATEWIDE AWARDS – A LONG-TERM LOOK AT MWBE CONTRACTING

The comprehensive scope of the disparity study report, as well as in-depth discussions with business community stakeholders, have affirmed the importance of looking at contracts awarded to MWBEs as a means to ensure a complete assessment and understanding of the State’s overall procurement process and its impact on the stability and growth of our business sector.

These awards represent all of the awards that were active in this quarter. It is not unusual for an award to span long periods of time. To capture the effect of this multi year contract, the following figures represent awards that may have been granted in the past but are only coming to be recorded in this quarter.

This chapter of the report analyzes the composition of prime contracts awarded by the aggregate of the 100+ agencies that comprise the DMWBD reporting network.¹¹

Section I, “Statewide – Top 10 Awarding Agencies”, provides a brief overview of the concentration of procurement activity within the State’s agencies and organizations. Section II, “Total Statewide Awards by Ethnicity and Gender,” provides an analysis of all statewide active awards by ethnicity and gender. Finally, Section III, “Total Statewide Awards by Procurement Categories and Commodity Codes,” outlines the concentration of contracts awarded to minorities and women by procurement categories and in the top ten commodity codes.

I. Statewide - Top 10 Awarding Agencies

Ten agencies accounted for \$4.5B or 81% of the total \$5.6B reported in active awards. This represents an decrease versus the top ten agency share (\$6.0B or 86%) of total active awards in the previous quarter (October – December, 2007).

Top 10 Statewide Awarding Agencies		
Agency Name	Payment Amt (mil)	Percentage
NJ School Development Authority	\$ 1,801.4	32.15%
NJ Turnpike Authority	\$ 943.9	16.85%
University of Medicine & Dentistry	\$ 418.7	7.47%
Port Authority of NY & NJ	\$ 405.9	7.24%
NJ Transit Authority	\$ 316.1	5.64%
__Sub-Total of Top Five Agencies	\$ 3,886.0	69.35%
Continued on Next Page		

¹¹ While most agencies measure the amounts of contracts awarded, there are 36 State agencies that utilize the State’s centralized procurement process that measure Purchase Order spend instead. That data set is included in this section.



THE STATE OF NEW JERSEY
Department of Treasury

Division Of Minority and Woman Business Development

MWBD QUARTERLY REPORT

9/26/2008

NJ Economic Development Authority	\$ 192.4	3.43%
NJ Sport & Exposition Authority	\$ 187.7	3.35%
Kean University	\$ 122.2	2.18%
William Paterson University	\$ 83.1	1.48%
Montclair State University	\$ 71.9	1.29%
Sub- Total of Second Top 5 Agencies	\$ 657.3	11.73%
Grand Total of Top 10 Agencies	\$ 4,543.3	81.08%
Remaining Agencies	\$ 1,060.1	18.92%
Grand Total	\$ 5,603.4	100%
Previous Quarter Top Ten Share	\$ 6,011.4	86.39%

II. Total Statewide Active Awards by Ethnicity and Gender¹²:

Overall, minority vendors (male and female combined) received \$276.2M or 4.93% of the \$5.6B in active awards. Within the minority group designations, Asian Americans received the largest amount, \$119M or 2.13% of all active awards. All minority groups recorded increases versus their share of total awards in the previous quarter, with African Americans recording the greatest increase, 1.42% from .46%,

Statewide Active Awards by Ethnicity (Millions)

<u>Ethnicity</u>	<u>Current Quarter</u>	<u>Previous Quarter</u>	<u>% of Total (Current)</u>	<u>% of Total (Previous)</u>
Asian American	\$ 119.3	\$113.0	2.13%	1.62%
African American	\$ 79.7	\$ 31.1	1.42%	0.46%
Hispanic American	\$ 57.6	\$ 75.2	1.03%	1.08%
Unspecified Minority ¹³	\$ 18.5	\$ 7.1	0.33%	0.10%
Native American	\$ 1.1	\$ 0.3	0.02%	0.00%
Multiple Ethnicities	\$ 0.0	\$ 0.1	0.00%	0.00%
Total MBE Groups:	\$ 276.2	\$226.8	4.93%	3.26%

¹² Two ethnic categories not in the Disparity Study, multiple and unspecified minorities, were added to this report in order to reflect as complete a picture as possible of the state's procurement environment. These segments represent businesses that are owned by more than one ethnic group and/or businesses that are reported as minority owned but their ethnicity has not been specified. Women Business Enterprises are defined as women who are not classified as minorities, exclusively.

¹³ Unspecified Minorities are MBE vendors whose ethnicity is minority but otherwise not specified.



MWBD QUARTERLY REPORT

9/26/2008

Awards to women were \$137.3M, 2.45% of the total 5.6B active awards this quarter. This represents a share decline versus October-December 2007 but another quarter, at least, is needed before determining a trend. Combined awards to minority and women-owned businesses were \$413M, 7.38%% of the total active awards statewide.

Statewide Active Awards by MWBE Ownership

<u>MWBE Ownership</u>	<u>Current Quarter</u>	<u>Previous Quarter</u>	<u>% of Total (Current)</u>	<u>% of Total (Previous)</u>
Women Business Owners:	\$ 137.3	\$ 335.1	2.45%	4.82%
Minority Business Owners	\$ 276.2	\$ 226.8	4.93%	3.26%
MWBE Total:	\$ 413.5	\$ 561.9	7.38%	8.08%
Non- MWBE Businesses:	\$ 5,189.9	\$ 6,396.5	92.62%	91.92%
Grand Total:	\$ 5,603.4	\$ 6,958.4	100.00%	100.00%

III. Total Statewide Active Awards by Procurement Categories and Commodity Codes

Of the total \$5.6B in statewide active awards this quarter, most trace primarily to Construction-Related (\$2.9B) and Professional Services (\$949M) categories¹⁴. As the chart below shows, together, these two categories accounted for \$3.8B or 69% of awards on a statewide basis.

Statewide Active Awards by Procurement Categories

<u>Procurement Categories</u>	<u>Awards (Billions)</u>	<u>% of Total Awards</u>
Construction- Related	\$ 2,890.9	51.59 %
Professional Services	\$ 949.3	16.94 %
Subtotal:	\$ 3,840.2	68.53 %
Other Services	\$ 521.8	9.31 %
Goods & Commodities	\$ 451.1	8.06 %
Miscellaneous	\$ 400.7	7.15 %
Construction	\$ 389.6	6.95 %
Subtotal:	\$ 1,763.2	31.47 %
Grand Total:	\$ 5,603.4	100 %

There are a total of 359 commodity codes that the State actively used to identify the types of awards that are active this quarter. The chart below demonstrates that of these 359 codes, ten commodity codes accounted for \$4.2B or 74.6% of all contracts awarded during the 1st quarter of 2008¹⁵.

¹⁴ See Glossary for detailed definition of categories.

¹⁵ A detailed chart is available as appendix 1b.



MWBD QUARTERLY REPORT

9/26/2008

Analyzing ethnic commodity awards statewide, on a percentage basis, of the top ten commodity codes:

- MWBE vendors account for \$276M or 6.6% of the \$4.2B awarded in the top ten commodity codes.
- African Americans received 95% of their business from the top 10 commodity codes.
- Asian Americans received 78% of their business from the top 10 commodity codes.
- Hispanic Americans received 40% of their business from the top 10 commodity codes.
- Native Americans received 22% of their business from the top 10 commodity codes.
- Multiple Ethnicities received 14% of their business from the top 10 commodity codes.
- Unspecified received 68% of their business from the top 10 commodity codes.
- Women-owned (non-minority) received 51% of their business from the top 10 commodity codes.

African Americans recorded the highest increase in their percentage basis of the top ten commodity codes versus the previous quarter, 95% from 10%. Native Americans and Asian Americans also recorded increases of 22% from 9% and 78% from 73% respectively. All other minorities and women groups recorded decreases.



MWBD QUARTERLY REPORT

9/26/2008

VII. Glossary

Statewide Procurement: Activity conducted by all four types of state agencies: Executive Branch, Colleges & Universities, Authorities (& Corporations), Commissions. Inclusive of bi-state agencies, (NJ based activities only).

Treasury Based Procurement: Procurement activity conducted through the States' centralized purchasing unit, known as Division of Purchase and Property (DPP). Inclusive of activities conducted by DPP on behalf of the executive branch (i.e. departments) and other agencies.

Non-Treasury Based Procurement: Procurement activity conducted directly by the individual State agencies.

Reporting Quarter: Three-month period that runs parallel with the calendar year.

Procurement Categories: Highest level grouping of account codes providing descriptions of purchases made by state agencies. The categories represent a summary of all of the segments into which the commodity codes fall. Each type of procurement activity is classified as pertaining to one of the following six categories:

Construction: New construction and renovations. Does not include routine building maintenance. All residential and non-residential building constructions; heavy constructions, such as streets, roads, and bridges; and special trade construction, such as fencing, HVAC, paving, and electrical are included.

Construction Related: Design services, such as architectural, engineering, and construction management services that are performed as part of a construction project.

Professional Services (excluding construction related architectural and engineering services): Services provided by a person or firm that are of a professional nature and requiring special licensing, education degrees, and/or unusually highly specialized expertise, including:

- Accounting and financial services
- Advertising services
- Laboratory testing services
- Legal services
- Management consulting services
- Professional and technical services
- Technical services
- Training



MWBD QUARTERLY REPORT

9/26/2008

Goods & Commodities: Equipment and consumable items purchased in bulk or a deliverable product including:

- Automobiles and equipment
- Chemicals and laboratory supplies
- Construction materials and supplies
- Equipment parts and supplies
- Fuels and lubricants
- Janitorial and cleaning supplies
- Office equipment
- Office supplies
- Radio equipment
- Special department supplies
- Technical supplies
- Tires and tubes
- Traffic signals
- Uniforms

Other Services: Services that are labor intensive but not considered professional or construction related, including:

- Equipment rental
- Janitorial and maintenance services
- Landfill services
- Laundry and dry cleaning
- Maintenance and repairs
- Printing
- Real property
- Security services
- Special department supplies
- Subsidy, care and support
- Technical services
- Telecommunications
- Temporary Help

Miscellaneous: Services with object codes (colleges & universities) that as of yet have not received formal approval for crosswalk to the centralized coding system - NIGP.

NOTE: Purchases classified as administrative (utility payments, insurance or banking transactions, etc.) or fringe benefits (reimbursement for food, parking, or conference fees) were excluded from this reporting system.



MWBD QUARTERLY REPORT

9/26/2008

Commodity Codes: These consist of expense account codes that provide information and/or descriptions of the nature of the purchases made by state agencies. Constitutes a system of identifying a commodity by an assigned number.

All reporting is based on NIGP coding system. Agencies may submit quarterly reports using NIGP, NAICS, or Object coding systems. The codes are then cross-walked to the NIGP Code structure to ensure uniformity in reporting.

Ethnic Groups:

African American: All persons having origins in any of the black racial groups of Africa.

Asian American: All persons having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, Vietnam, and the Pacific Islands

Hispanic American: All persons of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish cultures or origin regardless of race.

Native American: All persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.

Multiple Ethnicities: All persons having origins in more than one of the four primary ethnic categories (AA, As. A., HA, NA) or when ownership of at least 51 percent is by one or more minorities.

Unspecified: Ethnicity is minority, but was otherwise not specified.

Minority Business Enterprise (MBE): Business ownership is classified as pertaining to one of the following ethnic minority groups: African American (A.A.), Asian American (As.A.), Hispanic American (H.A.), and Native American (N.A.), Multiple Ethnicities.

Women Business Enterprise (WBE): Business ownership is classified as pertaining to a women who are not classified as minorities. Minority women were included in their respective minority category.

Minority and Women Business Enterprise (MWBE): Total of minority- and women-owned business enterprises.



MWBD QUARTERLY REPORT

9/26/2008

Disadvantaged Business Enterprise (DBE) Designation:

The DBE designation is similar to the Division's MWBE designation. DBE Eligibility Criteria:

- firm must be a small, for profit business;
- firm must be at least 51% owned and controlled by socially and economically disadvantaged individual(s);
- the same socially and economically disadvantaged individual(s) must control the management and operations of the firm on a day-to-day basis; and
- the socially and economically disadvantaged owner(s) must be citizens of the US (or lawfully admitted permanent residents).

The following groups are presumed to be socially and economically disadvantaged by the federal government:

- Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and any additional groups whose members are designated as economically and socially disadvantaged by the SBA, AND Women, regardless of race.