



Anne Arundel County Public Schools
Minority and Small Business Enterprise Utilization
Report for Fiscal Year 2022

SUBMITTED BY:

Mark T. Bedell, Ed.D.
Superintendent of Schools

Matthew Stanski
Acting Chief Operating Officer
MBE Liaison

Melissa D. Comella
Acting Director of Financial Operations

Esther A. Leslie Avery
Financial Compliance Specialist



ANNE ARUNDEL
COUNTY PUBLIC SCHOOLS

1. Mission & Purpose Statement

The mission and purpose of the Minority Small Business Enterprise (MSBE) Office is to administer and conduct an MSBE program for the delivery of services and products. Anne Arundel County Public Schools (AACPS) is committed to increasing the participation of minority and small business enterprises in providing goods and services to the school district. The use of an MSBE program has an indirect impact on the educational outcomes of our students through improved economic conditions within the county. The success of the MSBE program supports a stronger community and better schools.

2. Executive Summary

Anne Arundel County Public Schools is pleased to present the MSBE Annual Report for Fiscal Year 2022.

The MSBE program's goals are to increase contract awards to minority and small businesses and to increase minority and small business participation in total expenditures.

- In Fiscal Year 2022, \$41,247,968 million – or 41.2% of State-funded capital projects – were awarded to Minority Business Enterprise (MBE) prime contractors and subcontractors.
- The Percentage of Total Construction and Maintenance Dollars Awarded to MBE primes and subcontractors decreased when compared to eleven (11) years ago. In Fiscal Year 2022, 35% of contract awards in this category were made to MBE prime contractors and subcontractors compared to 64% in Fiscal Year 2012. Even though there was a decrease, we have seen significant progress in the MBE program over the past 11 years regarding increases in participation and compliance.
- The Compliance Monitoring Program continues to show a high degree of contract compliance with MBE participation in construction and maintenance projects.

3. Program Goals

- Continue marketing the MSBE Office through active counseling, training, and advertising projects digitally, given that most state-wide events are still being conducted virtually at present.
- Continue to enhance contractor's abilities to comply with MBE requirements.
- Develop partnerships with various government agencies, local businesses, and community groups, in order to reduce barriers to minority and small business participation in procurement opportunities.

4. Updates to MBE Legislation/Requirements

The Minority Business Enterprise Procedures (“The Procedures”) for State Funded Public School Construction Projects was revised in July 2020. The MBE goal of 29% for state funded projects will remain in place for 2022. The Procedures had minimal change, most of which were non substantive edits and the incorporation of new language for liquidated damages. The Procedures now require every contract that includes MBE participation goals contain a liquidated damages provision if the prime contractor does not comply in good faith MBE participation commitments. The directive requires establishing the process for setting contract-by-contract sub-goals. The purpose of the Procedures is to fulfill the intent of the law and the guidelines issued by the Governor’s Office of Small, Minority & Women Business Affairs (GOSBA) to set appropriate goals for minority business enterprise in every contract that includes State funding through the Public School Construction Program (PSCP). These directives were already in practice at AACPS.

5. Analysis of Data and Contract Activity for Capital Projects

MBE Goal-Setting Process for Capital and Maintenance Projects

State regulations require Local Education Agencies (LEAs) to review and analyze the project or type of work and determine the potential for certified minority businesses to subcontract on projects. Individual project goals are established on a case-by-case basis based on historical participation and vendor availability factors.

Goals for capital and maintenance projects are based on at least three types of analyses:

- (1) A weighted average analysis is performed on data derived from the Maryland Department of Transportation (MDOT) directory and the Department of Labor, Licensing and Regulations (DLLR) comparing the number of MBEs certified in a particular construction division with the number of total contractors by county.
- (2) Historical data of MBE achievement on similar projects.
- (3) Recommendations from the Director of Facilities; Supervisor of Maintenance; Supervisor of Planning, Design, and Construction; Supervisor of Purchasing; Construction Managers; and Purchasing Buyers taking into account the economic conditions and other factors that may impact each of the analyses conducted in sections (1) and (2).

The data from the MDOT directory and DLLR are important to monitor since the information from many of these databases is fluid and can change daily. There are approximately 20 construction divisions used in these analyses.

State-Funded Projects

During Fiscal Year 2022, the Capital Project budget awarded three (3) major State-funded projects. The projects are listed in Table 1. The Procurement Review Committee established an MBE goal for each project using historical and available data to arrive at a practical and achievable goal. Data was ascertained from MDOT, DLLR, and previous projects. The following data represents the results of the awarded bids.

Table 1: State-Funded Major Capital Projects

Name of Project	MBE Goal %	Sub Contractor's Award %	MBE Prime Contractor Award %	Total Awarded %	Total MBE \$ Awarded
Meade Heights Elementary-Kindergarten Addition	29.00%	28.94%	0.0%	28.94%	\$ 1,194,000
West County Elementary School-New School	26.32%	27.06%	0.0%	27.06%	\$ 10,227,737
Old Mill Middle School-New School	25.29%	24.78%	13.53%	38.31%	\$ 23,991,119

In Fiscal Year 2022, AACPS awarded State-funded projects totaling \$100,128,047. Of the awarded State eligible projects, \$30,267,545 or 30.2% were awarded to MBE sub-contractors and \$10,980,423 or 10.9% were awarded to MBE prime contractors and a total of \$41,247,968 or 41.2% were awarded to minority businesses in contracting opportunities.

Capital Projects for Construction and Maintenance

Table 2 provides an overview of total dollars awarded in Fiscal Year 2021 and Fiscal Year 2022 and provides a breakdown of awards to subcontractors for capital and maintenance projects by MBE classification. The data shows a decrease in state and federal funding from Fiscal Year 2021 to Fiscal Year 2022. However, the reporting of the total value of awards for construction and maintenance contracts in Fiscal Year 2022 increased by 1.6%, even though there were fewer projects. We can hope that this reflects the economy returning to a new kind of normalcy.

Due to the requirement of awarding to the lowest responsible and responsive bidder, there is a tendency to see changes in the composition of awardees from year to year. This can be attributed to the many different variables present in the market for bidding capital and maintenance projects, such as the timing of the bids and the number of projects being offered. Historically, projects that are bid in the summer do not usually receive as many bidders, since many construction companies have already secured projects.

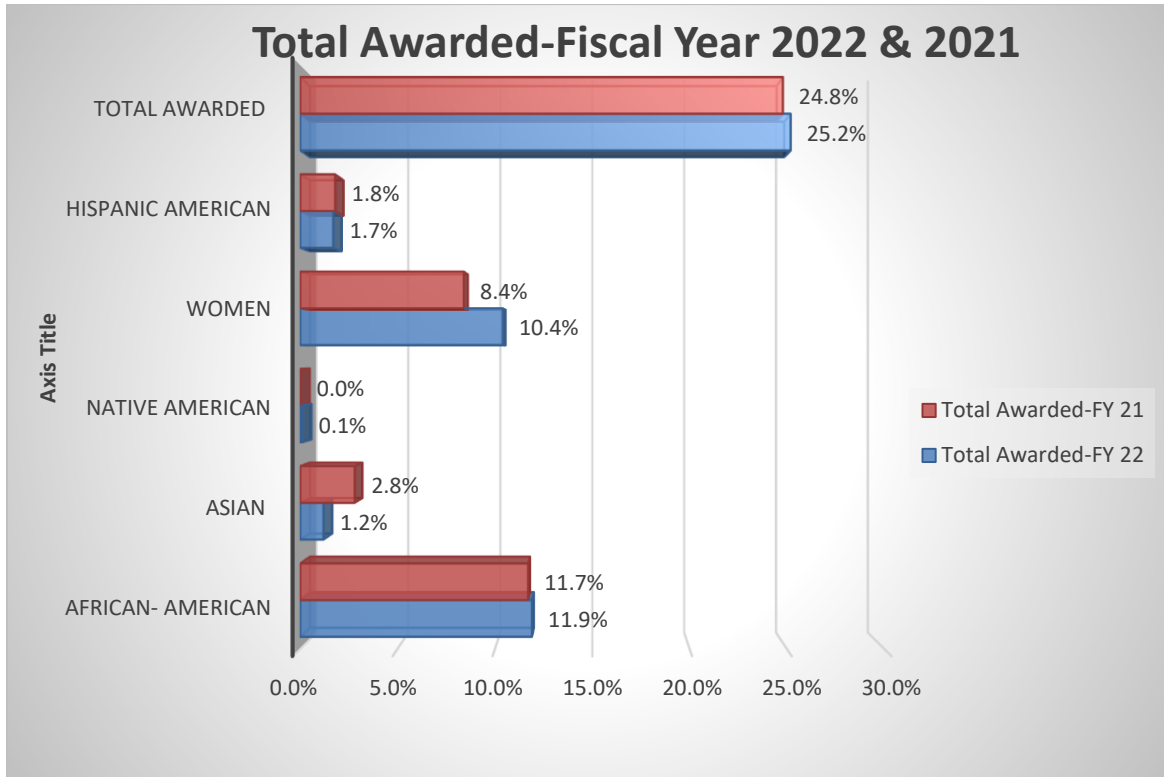
Table 2: Subcontractor Contract Awards by MSBE Classification for Construction and Maintenance Capital Projects-State & Local Funding

FY2022 MSBE Classification	Capital	% of Dollars Awarded	Maintenance	% of Dollars Awarded	Total	% of Total Dollars Awarded
African American	\$ 14,082,635	13.4%	\$ 2,451,839	7.4%	\$ 16,534,475	11.9%
Asian American	\$ 1,212,320	1.2%	\$ 407,562	1.2%	\$ 1,619,882	1.2%
Native American	\$ 86,555	0.1%	\$ 0	0.0%	\$ 86,555	0.1%
Women	\$ 13,748,701	13.1%	\$ 685,788	2.1%	\$ 14,434,489	10.4%
Hispanic American	\$ 1,853,938	1.8%	\$ 439,302	1.3%	\$ 2,293,239	1.7%
Disabled	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
Total MSBE Awarded	\$ 30,984,150	29.4%	\$ 3,984,491	11.9%	\$ 34,968,640	25.2%
Total Awarded	\$105,251,616		\$ 33,344,788		\$138,596,404	

FY2021 MSBE Classification	Capital	% of Dollars Awarded	Maintenance	% of Dollars Awarded	Total	% of Total Dollars Awarded
African American	\$ 36,009,773	11.8%	\$ 296,264	6.0%	\$ 36,306,037	11.7%
Asian American	\$ 8,696,325	2.9%	\$ 4,570	0.1%	\$ 8,700,895	2.8%
Native American	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
Women	\$ 25,753,592	8.5%	\$ 366,327	7.4%	\$ 26,119,920	8.4%
Hispanic American	\$ 5,505,449	1.8%	\$ 81,624	1.7%	\$ 5,587,073	1.8%
Disabled	\$ 17,490	0.0%	\$ 0	0.0%	\$ 0	0.0%
Total MSBE Awarded	\$ 75,982,629	25.0%	\$ 748,786	15.1%	\$ 76,731,415	24.8%
Total Awarded	\$ 304,480,585		\$ 4,945,604		\$309,426,189	

Graph 1 below shows the comparison of Fiscal Years 2022 and 2021 percentage of total dollars in Table 2 awarded by classifications. It should be noted that the largest percentage increase occurred in the Women category.

Graph 1: Percentage of Total Dollars Awarded by Classification



6. 11-Historical Year Trend

Trend data on the statistical changes that occurred over the past 11 years, regarding minority participation, was reviewed. Table 3 represents data comparing Fiscal Year 2012 with Fiscal Year 2022. The *Percentage of Total Construction and Maintenance Dollars Awarded* to MBE primes and subcontractors decreased when compared to eleven (11) years ago. Even though there was a decrease, we have seen significant progress in the MBE program over the past 11 years regarding increases in participation and compliance. Additionally, this can be attributed to many variables, including changes to the State MBE regulations, as well as communications and partnerships between the school district, prime contractors, subcontractors, and the impact of the COVID pandemic.

Table 3: 11-Historical Year Trend-State & Local Funds

Description	FY2012	FY2022
Total Dollars Awarded	\$ 47,256,488	\$ 138,596,404
Total MBE Prime Awarded	\$ 20,067,960	\$ 13,668,456
Total Dollars Awarded to MBE Subcontracts	\$ 10,268,749	\$ 34,968,640
MBE Prime and Subcontractor as a Percentage of Total Dollars Awarded	64.20%	35.1%
Total MBE Awarded	\$ 30,336,709	\$ 48,637,096

7. Architectural and Engineering Services

The MBE goal for architectural and engineering projects has historically been set at 15%. Even though these areas require specific specialties, there are sub-consulting opportunities within many of these projects. We continue to encourage minority consultants to submit proposals and assist in developing relationships with veteran architects and engineers who have experience in school projects. These relationships can produce opportunities for minority consultants.

Table 4 represents MBE achievements in architectural and engineering projects comparing Fiscal Year 2021 to Fiscal Year 2022.

Table 4: MBE Architects and Engineers Achievement

Description	FY2022 \$ Awarded	FY2022 % of Total	FY2021 \$ Awarded	FY2021 % of Total
MBE Architecture	\$ 1,496,650	19.6%	\$ 1,468,017	16.6%
MBE Engineers	\$ 296,830	8.5%	\$ 8,270	0.1%
Total MBE Architects and Engineers	\$ 1,793,480	16.1%	\$ 1,476,287	16.7%
Total Dollars Awarded to Architect and Engineer Consultants	\$ 11,115,268		\$ 8,860,919	

8. Summary of MSBE Operating Dollars Expended

The MSBE program seeks to provide opportunities for minority and small business enterprises to maximize participation fully and fairly in contracting within all sources of funding. The Board of Education of Anne Arundel County sets the MSBE goal at 15% for materials, supplies, equipment, and services.

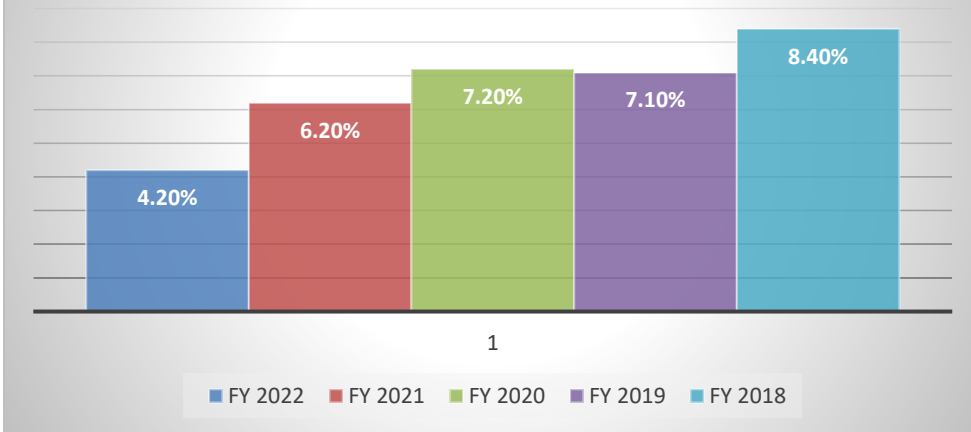
It should be recognized that there is significant spending in areas where MSBE competition is not readily available, including, but not limited to: textbooks, library books, utilities, water, sewage, landfill costs, and proprietary software. There are also other areas with larger numbers of MSBE firms, but due to our volume requirements and open competition, there is no guarantee of a contract award. Volume requirements could render a small business not competitive.

Table 5 represents Fiscal Years 2018 through 2022 expenditures with MSBE vendors. Operating dollar expenditures include, but are not limited to technology hardware, furniture, office supplies, training, and service contracts. The MSBE Office continues to work with the Purchasing Office and other departments within AACPS regarding MSBE initiatives to determine ways to maximize areas where there are potential opportunities for MBE participation.

Table 5: Operating MSBE Expenditures

Year	Total Expenditures	Operating MSBE Expenditures	MSBE Operating Expenditures as a % of Total Operating Expenditures
FY2022	\$338,350,856	\$14,332,653	4.2%
FY2021	\$263,021,404	\$16,344,666	6.2%
FY2020	\$330,085,801	\$23,904,216	7.2%
FY2019	\$379,954,943	\$27,038,886	7.1%
FY2018	\$296,832,719	\$24,902,646	8.4%

MSBE Operating Expenditures as a % of Total Operating Expenditures



9. Small Business Program

The Small Business Reserve Program, as defined by the Department of General Services, is a component of MSBE. For Fiscal Years 2021 and 2022, there were nineteen (19) small business owners who registered with AACPS and provided goods and/or services, of which nine (9) conducted business in Fiscal Year 2022. As Table 6 shows, there was an increase in total expenditures in Fiscal Year 2022 as compared with Fiscal Year 2021. This increase is mainly due to the increase of contracts with James Posey Associates, an engineering firm.

Table 6: Small Business Program Summary

Year	# of Registered Small Business Receiving Awards	Small Businesses Total Expenditures
FY2022	9	\$1,824,008
FY2021	10	\$837,650
FY2020	11	\$2,283,147

10. Compliance Monitoring Program

The Compliance Monitoring Program ensures that prime contractors and subcontractors are adhering to the State of Maryland’s MBE program requirements. The program includes reviewing financial transactions, conducting job site visits, document reviews, and interviewing primes and subcontractors to verify compliance with the MBE regulations. As a part of this review, any deviation from compliance standards is documented. If such deviations are not corrected, AACPS may sanction these contractors. The MSBE Administrative Procedures identify the sanctions that may be instituted in accordance with established Purchasing Policies and Regulations. Significant irregularities require further investigation and any suspected fraud is forwarded to GOSBA and MDOT for review.

The compliance process is conducted on all projects where an MBE goal was established. The projects listed on Table 7 below are all state-funded projects valued at \$1,000,000 and above:

Table 7: Compliance Monitoring

Description	Project Costs	Project Completion Date	MBE Goal	MBE Achieved in Contract
Jessup Elementary School - Replacement	\$ 37,946,783	12/01/2021	30.2%	28.6%
Hilltop Elementary School- Replacement	\$ 30,332,864	02/18/2022	29.0%	29.3%
Severna Park High School- Replacement	\$ 95,622,630	01/19/2022	25.1%	23.8%
Annapolis Middle School- HVAC & Window Replacement	\$ 20,601,824	12/17/2021	29.0%	29.4%
Chesapeake Middle School- Open Space Enclosure	\$ 7,673,169	07/08/2021	29.0%	34.0%
Linthicum Elementary- Kindergarten Addition	\$ 3,150,054	10/20/2021	29.0%	33.1%
Crofton Woods Elementary-Classroom Addition	\$ 3,183,921	06/29/2022	29.0%	35.5%

Most of the projects above completed the compliance process and successfully met and/or exceeded the initial MBE goal. Due to continuous monitoring, AACPS has seen more cooperation from the primes and subcontractors in meeting the established goals. In addition, monitoring assisted in capturing a true picture of MBE contract compliance including, but not limited to, timely payment to MBE subcontractors, contract amounts being fully realized, and open and continual communication between contractors, the MSBE Office, and project managers. Projects where the MBE contract was not fully realized required an explanation as to the variance.

The MSBE Office continues to require Release of Liens (Partial Release of Lien & Final Release of Lien) forms requiring MBE subcontractors to confirm payments received.

Table 8: State Funded Projects Payment Report

Year	Total \$ Paid - All Prime Contracts	Total \$ Paid - MBE Prime & MBE Subcontracts	% MBE Payments	MBE Prime Contracts \$ Paid	MBE Subcontracts \$ Paid
FY2022	\$81,055,036	\$30,626,126	37.38%	\$3,876,833	\$26,749,293
FY2021	\$57,397,195	\$25,715,992	44.80%	\$5,780,056	\$19,935,936

We continue to work with prime contractors around timely payments to MBE subcontractors. Many of the slow payments to MBE subcontractors are due to incomplete and inaccurate paperwork submitted by prime contractors and MBE subcontractors. Project managers and construction managers continue to work with both to address this issue. Timely payments are vital to the continued success of MBE contractors since many operate on very limited capital.

11. Outreach Activities

The MSBE Office staff continue to reach out to minority and small businesses either electronically or at pre-bids to encourage their participation in the bidding process and to work collaboratively with AACPS. The Office also encouraged MBEs to attend pre-bid meetings where we promoted the MBEs who participated. We also encouraged MBEs to meet with us to review our program and gain insights into participating in the bidding process.

12. Conclusion

The MSBE Office is committed to improving AACPS by increasing opportunities for minority businesses. We realize that Minority and Small Businesses play a vital role in getting our economy back from the challenges of the COVID pandemic. It is important that these businesses are afforded the opportunity to achieve and build capacity to be successful. The MSBE Office continues to collaborate with the Purchasing Office to implement strategies to encourage minority businesses to not only work on AACPS projects, but to also ensure that MBEs are successful in completing bids and winning projects.

The MSBE Office continues to encourage Prime Contractors to increase MBE participation through services where opportunities are available. In conclusion, the strategies and goals established by the MSBE Office allowed AACPS to provide additional opportunities to the MSBE community as exhibited through the award of 41.2% of contracts to minority businesses for State funded projects. The MSBE Office continues to work with the minority and small business community to encourage partnerships and relationships with businesses their size or larger. We believe these partnerships are key to securing project awards.

We will continue to work with our contractors to ensure they fully understand the changes in MBE laws and how to accurately complete the appropriate paperwork because of these changes. If you should have questions concerning this report, please contact the MSBE Office at 410-222-5130.