



Anne Arundel County Public Schools
Minority and Small Business Enterprise Utilization
Report for Fiscal Year 2023

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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 a 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 2023.

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 2023, \$18,261,300 million – or 31.5% 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 2023, 30% of contract awards in this category were made to MBE prime contractors and subcontractors compared to 36% in Fiscal Year 2013. However, we continue to have MBE participation growth within the projects being awarded.
- 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, outreach events, and advertising projects.
- Continue to enhance contractor's abilities to comply with MBE requirements.
- Develop partnerships with various government agencies, local businesses, and community groups, 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 2023. 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 considering 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 2023, the Capital Project budget awarded eight (8) 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 %	Subcontractor Award %	MBE Prime Contractor Award %	Total Awarded %	Total MBE \$ Awarded
Four Seasons Elementary School – Roof Replacement	25.00%	25.10%	0.0%	25.10%	\$ 685,950
Jacobsville Elementary School – Roof Replacement	25.00%	25.08%	0.0%	25.08%	\$ 674,040
North Glen Elementary School – Roof Replacement	25.00%	25.00%	0.0%	25.00%	\$ 213,120
Annapolis Middle School – Roof Replacement	25.00%	25.00%	0.0%	25.00%	\$ 859,884
Arundel Middle School – Ceiling and Lighting Replacement	29.00%	29.50%	14.50%	29.50%	\$ 549,423

Bates Middle School – HVAC System Replacement	29.00%	29.00%	0.0%	29.00%	\$ 7,704,430
Crofton Middle School - Classroom Addition	29.00%	29.11%	0.0%	29.11%	\$ 1,706,453
Glen Burnie High School – Boiler Replacement	29.00%	30.00%	0.0%	30.00%	\$ 1,424,889

In Fiscal Year 2023, AACPS awarded State-funded projects totaling \$57,911,264. Of the awarded State eligible projects, \$15,554,848 or 26.9% were awarded to MBE sub-contractors and \$2,706,452 or 4.67% were awarded to MBE prime contractors and a total of \$18,261,300 or 31.5% 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 2022 and Fiscal Year 2023 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 2022 to Fiscal Year 2023. However, the reporting of the total value of awards for construction and maintenance contracts in Fiscal Year 2023 increased by 1.2%, even though the overall cost of projects was less than Fiscal Year 2022.

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 on in the summer do not usually receive as many bidders, since many construction companies have already secured projects.

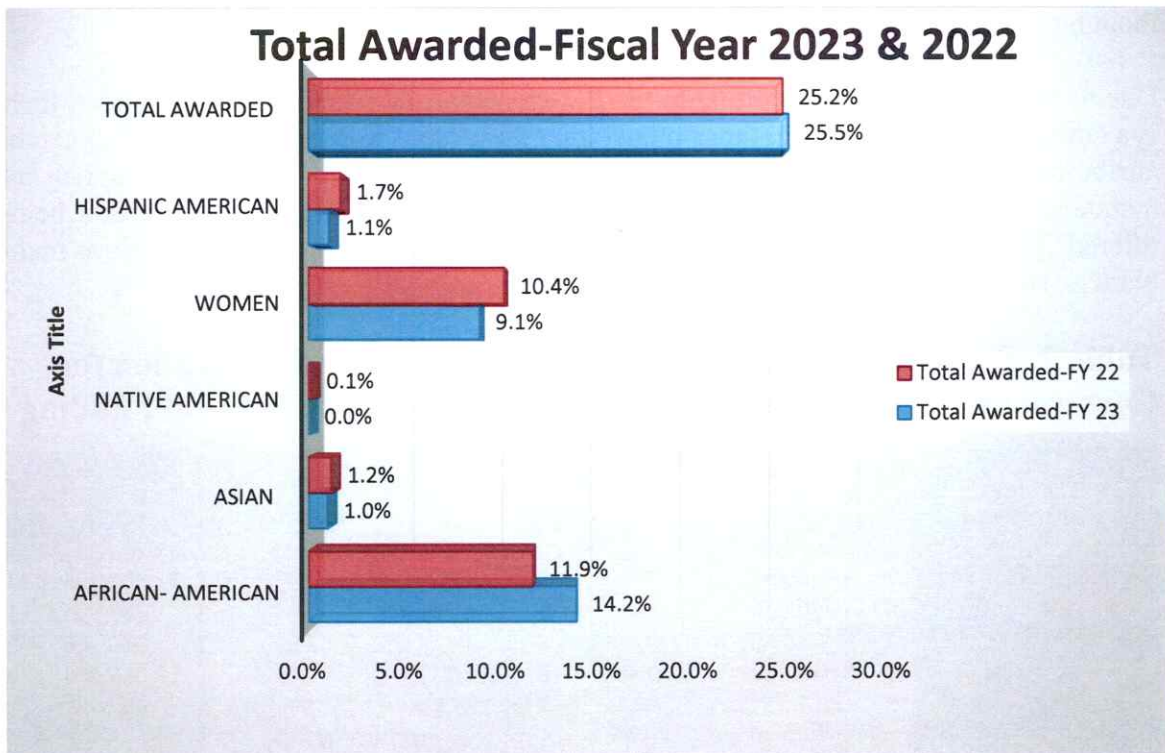
Table 2: Subcontractor Contract Awards by MSBE Classification for Construction and Maintenance Capital Projects-State & Local Funding

FY2023 MSBE Classification	Capital	% of Dollars Awarded	Maintenance	% of Dollars Awarded	Total	% of Total Dollars Awarded
African American	\$ 9,478,853	15%	\$ 1,542,281	10.9%	\$ 11,021,134	14.2%
Asian American	\$ 270,055	.4%	\$ 487,940	3.4%	\$ 757,995	1.0%
Native American	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
Women	\$ 6,046,437	9.6%	\$ 1,040,127	7.3%	\$ 7,086,564	9.1%
Hispanic American	\$ 614,853	1%	\$ 275,834	1.9%	\$ 890,687	1.1%
Disabled	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
Total MSBE Awarded	\$ 16,410,198	26%	\$ 3,346,182	23.5%	\$ 19,756,380	25.5%
Total Awarded	\$63,252,404		\$ 14,212,294		\$ 77,464,698	

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	

Graph 1 below shows the comparison of Fiscal Years 2023 and 2022 percentage of total dollars in Table 2 awarded by classifications. It should be noted that the largest percentage increase occurred in the African American category.

Graph 1: Percentage of Total Dollars Awarded by Classification



6. 11-Year Historical 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 2013 with Fiscal Year 2023. The *Percentage of Total Construction and Maintenance Dollars Awarded* to MBE primes and subcontractors decreased when compared to eleven (11) years ago. 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 and subcontractors, labor shortages, supply chain issues, and MBE owned companies shutdown due to the current state of the economy. However, we continue to have MBE participation growth within the projects being awarded.

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

Description	FY2013	FY2023
Total Dollars Awarded	\$ 106,553,418	\$ 75,766,540
Total MBE Prime Awarded	\$ 13,311,222	\$ 2,857,842
Total Dollars Awarded to MBE Subcontracts	\$ 25,268,626	\$ 20,177,892
MBE Prime and Subcontractor as a Percentage of Total Dollars Awarded	36.21%	30.4%
Total MBE Awarded	\$ 38,579,848	\$ 23,035,734

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 2022 to Fiscal Year 2023.

Table 4: MBE Architects and Engineers Achievement

Description	FY2023 \$ Awarded	FY2023 % of Total	FY2022 \$ Awarded	FY2022 % of Total
MBE Architecture	\$ 319,122	7%	\$ 1,496,650	* 13.5%
MBE Engineers	\$ 334,767	7.4%	\$ 296,830	* 2.7%
Total MBE Architects and Engineers	\$ 653,889	14.4%	\$ 1,793,480	16.1%
Total Dollars Awarded to Architect and Engineer Consultants	\$ 4,529,624		\$ 11,115,268	

*Corrected calculation from previous report

8. Summary of MSBE Operating Dollars Expended

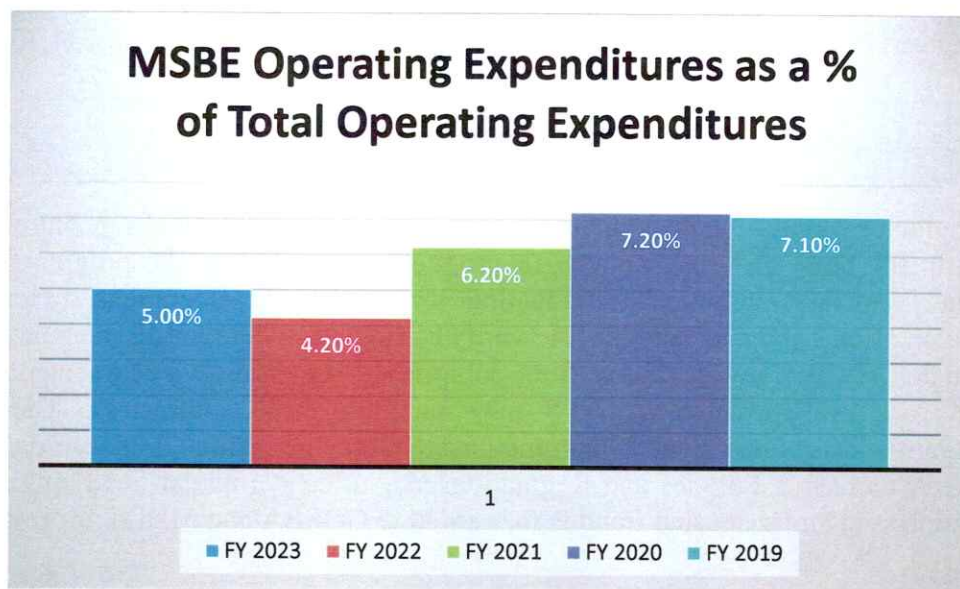
The MSBE program seeks to provide opportunities for minority and small business enterprises to maximize participation fully and fairly in contracting within all sources of funding. The Board of Education of Anne Arundel County sets the MSBE goal at 15% for materials, supplies, equipment, and services.

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 uncompetitive.

Table 5 represents Fiscal Years 2019 through 2023 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
FY2023	\$336,126,511	\$15,874,048	5%
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%



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 2022 and 2023, there were nineteen (19) small business owners who are registered with AACPS and provided goods and/or services, of which eight (8) conducted business in Fiscal Year 2023. As Table 6 shows, there was an increase in total expenditures in Fiscal Year 2023 as compared with Fiscal Year 2022.

Table 6: Small Business Program Summary

Year	# of Registered Small Business Receiving Awards	Small Businesses Total Expenditures
FY2023	8	\$3,056,562
FY2022	9	\$1,824,008
FY2021	10	\$837,650

Additional opportunities for the utilization of small businesses and MBE participation were found in the areas of transportation, technology, office supplies, janitorial services, consulting services, and fencing. The total expenditure for FY 2023 was \$2,734,353.36.

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
Tyler Heights Elementary School - Revitalization Project (Roofing)	\$ 2,540,331	8/15/2022	30%	30.17%
Tyler Heights Elementary School - Revitalization Project (General Trades)	\$ 1,904,000	8/15/2022	35%	32.48%
Crofton High School – Electrical and Technical Wiring	\$ 16,022,000	11/16/2022	35%	36.9%
Edgewater Elementary School – Mechanical/Plumbing	\$ 6,418,800	12/27/2022	35%	35.75%
Crofton High School – Mechanical, Plumbing, and Fire Protection	\$ 15,557,000	10/3/2022	35%	36.06%
Wagh Chapel Elementary- Roof Replacement	\$ 1,288,873	11/15/2022	25%	23.82%
Crofton High School – Sitework	\$ 16,434,298	2/27/2023	35%	35.95%
Edgewater Elementary School – Sitework	\$ 3,896,471	9/23/2022	30%	25.67%
Richard Henry Lee Elementary School – Revitalization Project (Sitework)	\$ 2,490,773	11/1/2022	35%	25.92%
North County High School – Renovation	\$ 1,615,000	12/27/2022	10%	6.27%
George Cromwell Elementary School – Revitalization Project (Mechanical/Plumbing)	\$ 5,561,000	6/13/2022	35%	34.54%
Manor View Elementary School – Revitalization Project (Sitework)	\$ 3,533,136	10/20/2022	35%	31.79%

Many 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 require an explanation as to the variance. Labor shortages, supply chain delays, and scope of work-related change orders are a few examples of variance causes.

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
FY2023	\$133,039,335	\$46,307,937	34.8%	\$8,027,942	\$38,279,995
FY2022	\$81,055,036	\$30,626,126	* 37.78%	\$3,876,833	\$26,749,293

*Corrected calculation from previous report

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. Staff also attend MBE outreach events hosted by neighboring school districts and other minority organizations, as well as host an annual MSBE networking event with Prince Georges County Public Schools and Montgomery County Public Schools.

12. Conclusion

The MSBE Office is committed to improving AACPS by increasing opportunities for small and minority-owned businesses. With the many challenges of our nation's current economy, 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 encourages Prime Contractors to increase MBE participation through services where opportunities are available. The strategies and goals established allow AACPS to provide additional opportunities to the MSBE community as exhibited through the award of 31.5% of contracts to minority businesses for State funded projects. Our office also works with the minority and small business community to encourage partnerships and relationships with businesses their size or larger. We believe these affiliations are key to securing project awards.

In conclusion, the MSBE Office will continue to work with our prime and subcontractors, to ensure they fully understand the MBE program.

If you should have questions concerning this report, please contact the MSBE Office at 410-222-5130.