Empowering New York's MWBEs

July 2015

Message from Comptroller Thomas P. DiNapoli

The Office of the State Comptroller (OSC) has a longstanding and continuing commitment to the participation of minority- and women-owned business enterprises (MWBEs) in the State's purchasing activities. I am proud to say that OSC exceeds State-mandated expectations and is considered a role model for agency MWBE programs.

As you know, MWBEs represent a growing and increasingly important sector of New York's business community. Although MWBE firms have historically been underrepresented as providers of goods and services in State procurements, the State has taken steps to adopt a more inclusive approach on its purchasing activities, enabling its citizens to reap the benefits of truly fair and open competition.

Through our purchasing practices, strategic investments in emerging fund managers, and our audit and outreach work with State agencies, we strive to create a level playing field for all prospective vendors and help New York State realize the full potential of its diverse business communities.

Message from Angela S. Dixon, Deputy Comptroller for Human Resources and Administration

OSC is committed to promoting equality of economic opportunity. We provide real opportunities for New York State-certified MWBEs to take part in State contracting and purchasing activities. Over the past five years, we have exceeded our planned MWBE participation goals by actively encouraging MWBE participation in all procurements.

Additionally, to help establish a level playing field for companies to compete for opportunities to do business with New York State, OSC annually publishes the *Directory of Frequently Purchased Commodities and Services by New York State Agencies.* This publication, which provides information and links for State agency contacts, guidelines for procurement and payment, and assistance for firms interested in learning how to do business with the State, has become a valuable resource for prospective vendors.

OSC will continue to implement programs that make State contracting more accessible through collaboration, education, empowerment and training. Promoting fair and open procurements that offer opportunities to all is a key objective.

We are pleased to offer this update of our program and encourage you to consider our office as you expand your business.

NYS Procurement Guidelines

New York State purchasing is based on the principle that competition among responsive and responsible bidders generally provides the best commodities and services at the best prices. The practice of competitive bidding not only assures reasonable prices, but also guards against favoritism, misuse of taxpayer funds and fraud.

Like all State agencies, OSC is required to place an advertisement in the *New York State Contract Reporter* (**www.nyscr.ny.gov**) to announce all expected contracts where the procurement exceeds $50,000, and to list the goods and services it intends to buy between $5,000 and $50,000 on a quarterly basis. These procurements for $50,000 or less are considered discretionary purchases. Discretionary purchases are not subject to the State's competitive bidding requirements. Certain other State agencies have higher discretionary thresholds.

Formal competition is required when a purchase exceeds the discretionary threshold. OSC has discretion on purchases below the threshold if the commodity, service or technology is not available through certain New York State centralized term contracts or from a New York State preferred source, and if the product or service is not subject to the State's competitive bid process. OSC has additional discretion when purchasing from MWBEs and small businesses. We are authorized to purchase commodities and services in an amount up to $200,000 from certified MWBEs or from businesses that meet New York State small businesses criteria, without formal competition. These businesses must be certified with the Empire State Development Corporation (**www.esd.ny.gov**).

New York State MWBE Program and Purchasing Practices

In 1988, New York State created the Division of Minority and Women's Business Development (DMWBD) as part of the Empire State Development Corporation to promote employment and business opportunities on State contracts for minorities and women. As a result, State agencies are charged with establishing business and contract goals for certified enterprises owned by minorities and women. MWBEs are defined as firms with at least 51 percent owned and controlled by minorities or women. Contract spending thresholds established goals for using New York-certified MWBEs as subcontractors or suppliers.

The DMWBD's key objectives are:

- To encourage and assist State agencies that are engaged in contracting activities to award a fair share of State contracts to MWBEs.
- To review applications by businesses seeking certification as MWBEs and to maintain a directory of certified MWBEs.
- To promote the business development of MWBEs through education and outreach to agencies and MWBEs.

OSC's MWBE Program

Overview of OSC

OSC is headed by the State Comptroller, who is directly elected by the people. OSC is responsible for: paying the State's bills and payrolls; verifying all financial transactions of the State; reviewing the financial and management practices of State agencies; supervising the fiscal affairs of local governments; investing State funds and issuing bonds and notes; and administering the retirement program for the State and most local government employees, among other duties.

The operations of OSC are organized into 11 divisions; its main office is located in Albany, and the agency also maintains a large office in New York City and smaller regional offices located across the State including, Binghamton, Buffalo, Glens Falls, Hauppauge, Newburgh, Rochester and Syracuse.

Procurement Strategy

Consistent with State law, OSC makes it a priority to encourage MWBE participation in purchasing activities as providers of commodities, services and technology.

OSC has worked hard throughout the years to create a workplace culture that values MWBE participation and has employed a multifaceted approach to increase this participation. The foundation of the program has historically been to use MWBEs for discretionary purchases of commodities. In recent years, that approach has been expanded to include

MWBE Spotlight

Purple Genie, Inc.

Founded in 2007, Purple Genie is a company that provides Information Technology (IT) support and custom solutions to meet the service needs of any company. Purple Genie specializes in managed IT services, cloud computing, virtualization, enterprise resource planning (ERP) and customer relationship management (CRM).

From Purple Genie Founder and CEO Elise Gordon:

The OSC team could not have been any more patient and supportive. Since the procurement was a sizable one, we had to ascertain financing in order to deliver on the terms of the purchase order. When I let this be known to OSC, they were very patient and allowed us to work through issues with the lender. Eventually, we secured the financing and fulfilled the order to everyone's satisfaction. Throughout the financing period, we had an open dialogue with OSC. The team totally understood and worked with us and supported us every step of the way. Who wouldn't want to do further business with such a wonderful team as the procurement team at OSC? Last year was our best year in our eight years in business. Our project with OSC definitely helped us surpass our goals for 2014.

larger procurements and contracts. In FY 2014-15, OSC built an MWBE subcontracting goal into every contract where MWBEs exist in the sector to provide the commodity, service or technology being purchased. This has significantly increased the number of contracts specifying MWBE participation.

OSC's Record MWBE Performance

OSC has a strong history of MWBE participation in our purchasing activities. In FY 2014-15, OSC's use of MWBEs in purchasing reached a record high of almost $3.5 million. MWBE participation represents an unprecedented 26 percent of the agency's total purchases of $13.3 million. These results exceeded OSC's approved goal of 23 percent and the State-mandated target of 20 percent for the fiscal year.

In FY 2014-15, OSC increased its expenditures on various existing consultant contracts. Most of these contractors had established MWBE goals in their contracts, but were able to significantly increase their subcontracting with MWBEs. These achievements were in areas where we previously had not been able to identify MWBEs with the capacity and capability to perform the contracted work. Additionally, during FY 2014-15, OSC identified available subcontractors, put into place ambitious subcontracting goals and achieved maximum participation. During FY 2014-15, OSC utilized 45 MWBE vendors on a consistent basis.

OSC has also expanded its MWBE strategy to include the 529 College Savings Program. This program is jointly administered by the State Comptroller and the New York State Higher Education Services Corporation. The plan is managed by Ascensus Broker Dealer Services, Inc., and investments are made by Vanguard and J.P. Morgan. OSC negotiated with the plan manager to put in place a 6 percent MWBE goal on the contract. MWBEs are being used for promotional services and printing. This strategy has yielded over $1 million per year of new and existing business opportunities for MWBEs, representing a tremendous opportunity in the professional service category. When we include the 529

MWBE Spotlight

529 College Savings Program

Ascensus is the largest independent retirement and college savings services provider in the United States, helping 6 million Americans save for the future. Ascensus specializes in record-keeping, administrative and program management services, supporting over 43,000 retirement plans and 3.3 million 529 college savings accounts. It also administers more than 1.5 million IRAs and health savings accounts. Ascensus, J.P. Morgan and Vanguard work together to invest the money people put into New York State's 529 College Savings program and work to promote the program. OSC has worked with these three companies to increase their use of MWBE subcontractors for promotion and advertising of the program.

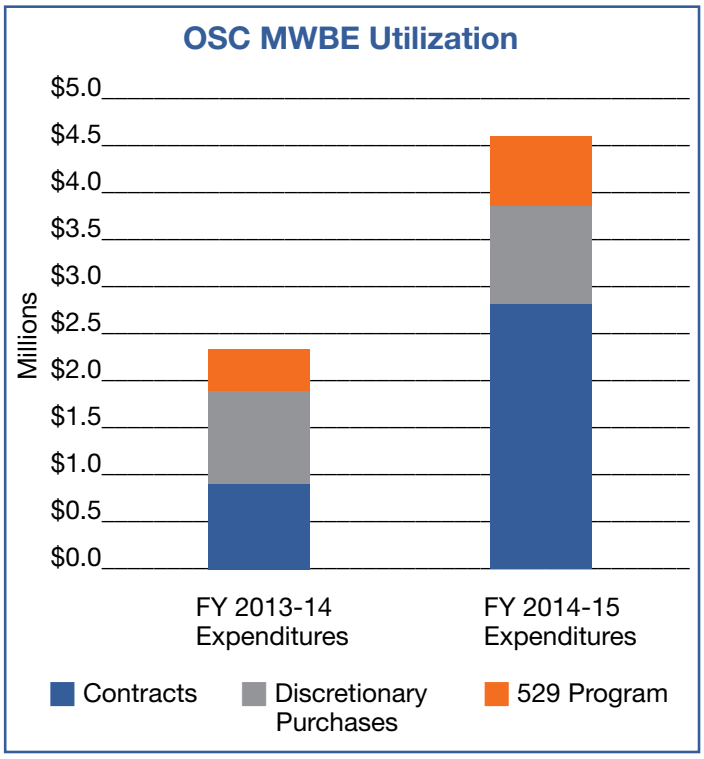
Statement from J.P. Morgan on the MWBE Program:

At J.P. Morgan, we are committed to educating families about the importance of saving and investing for college. Partnering with MWBE vendors has enabled us to create a relatable brand that speaks to our diverse audience and addresses their specific needs. We've been successful in finding MWBE vendors within the New York community who can provide the materials and equipment we need to ensure a quality product for our clients.

College Savings Program MWBE expenditures, OSC's MWBE participation for FY 2014-15 totals $4.6 million, increasing our participation percentage to 34 percent.

In FY 2013-14, OSC's MWBE participation level was $1.3 million out of a total $6.9 million in eligible purchases. With the inclusion of the 529 College Savings Program MWBE expenditures, we were able to increase our participation by $1 million, reflecting 33 percent participation.

The chart below shows how OSC has grown its MWBE purchases over the past year. Purchases on contracts showed the most significant jump, with participation in the 529 College Savings Program and discretionary purchase participation also increasing.



The table below shows how OSC's MWBE participation has progressed over the past five years. We have consistently outperformed our own established annual MWBE goal and the State's goal when MWBE expenditures from the 529 College Savings Program are included.

OSC MWBE Utilization
(percentage of total purchases minus exempt and excluded contracts and expenditures)

Fiscal Year	OSC's Goal	MWBE Participation w/o 529 College Savings Program	MWBE Participation w/ 529 College Savings Program
2010-11	20%	22%	22%
2011-12	20%	23%	23%
2012-13	21%	25%	25%
2013-14	22%	18%	33%*
2014-15	23%	26%	34%*

* Empire State Development Corporation was consulted and approved the inclusion of the 529 College Savings Program subcontracting expenditures in OSC's reported numbers. Because it is a revenue contract, the total contract value is not included in total purchases.

For FY 2015-16, we have established an MWBE participation goal in line with the State's participation goal of 30 percent. We look forward to identifying new opportunities for MWBEs and Service Disabled Veterans in a variety of sectors over the coming years.

MWBE Asset Management and Financial Institution Strategy

The New York State Minority and Women-Owned Business Enterprise Asset Management and Financial Institution Strategy (the Strategy) helps ensure that MWBEs in the financial arena have opportunities to do business with the Common Retirement Fund (the Fund). This promotes MWBEs, while enabling the State to benefit from previously underutilized investment talent.

Additionally, the Comptroller requires the Fund to track its record on contracting with MWBEs for investment-related services. These services include asset management, brokerage and other financial or related professional services such as accounting, valuation or legal services.

Other New York State fiduciary-controlled entities benefit from the Strategy as well, including the New York State Teachers' Retirement System (NYSTRS), the New York State Insurance Fund (NYSIF) and the New York State Deferred Compensation Plan (NYSDCP).

For more information, go to **www.osc.state.ny.us/pension/mwbe_report.pdf**.

Emerging Manager Program

An increasing number of MWBEs are well-qualified and eager to provide an array of financial services to fiduciary entities such as the Common Retirement Fund (CRF). We identify and educate such firms about the business opportunities available through the Fund, as well as our procurement process. Opening up competition to include these firms helps us select the most promising ideas to continue to grow the Fund's diversified portfolio for the benefit of some one million members and retirees of the New York State and Local Retirement System (NYSLRS).

Part of the $183.5 billion CRF, the Emerging Manager Program, managed by the State Comptroller, was established to:

- Invest in newer, smaller and diverse investment management firms;
- Access the next generation of talent in the investment field; and
- Provide opportunities for the CRF to invest with qualified MWBEs and firms substantially owned or operated by minorities and/or women.

The Office of the State Comptroller is working to increase awareness among MWBEs of opportunities to serve as consultants, vendors and asset managers for the State. Through networking, education and targeted research, we are helping set the standard for best practices to engage emerging managers and MWBEs. We believe expanding opportunity to include businesses that were once left out is beneficial to all New Yorkers.

Investment firms participating in the Emerging Manager Program managed $5.2 billion in assets for the CRF as of March 31, 2015. MWBE firms or firms substantially owned or operated by minorities or women managed almost $9.5 billion through both the Emerging Manager Program and direct allocations. In recent years, the Emerging Manager Program has:

- Created a $300 million real estate program targeting operators in the emerging manager private equity space. In April 2014, an additional $500 million was allocated to this program.

- Created a $250 million investment vehicle to find co-investment opportunities in the emerging manager private equity space.
- Created two private equity programs and committed $200 million to each program. In December 2014, an additional commitment of up to $300 million was allocated to one of these programs.
- Created a $200 million hedge fund program and created a $200 million seed accelerator program to foster smaller hedge funds.
- Maintained public equity programs with a combined market value of $2.6 billion.
- Created a $400 million small cap program, bringing total allocations to emerging manager public equity programs to approximately $3.0 billion.

Find more information at **www.osc.state.ny.us/pension/emerging**.

How to Do Business with OSC

OSC works with MWBEs in several ways:

- For discretionary purchases under $200,000 in a year;
- For competitive contract purchases over $50,000 in a year, either as a prime contractor or sub-contractor; and
- For purchases off centralized NYS contracts managed by the Office of General Services.

Major Areas of Procurement

OSC's major procurement areas include:

- Information technology contracts for hardware, software and supplies;
- Audit contracts and consulting services;
- Commodities for general office supplies and equipment;
- Printing;
- Banking and banking-related services; and
- Legal services.

The Comptroller's office also conducts and manages procurements and contracts for the New York State CRF, the New York Local Government Assistance Corporation, and acts as a host agency for several contracts that support the Statewide Financial System.

Identifying Procurement Opportunities

New York State Contract Reporter

www.nyscr.ny.gov

The *New York State Contract Reporter* lists hundreds of procurement opportunities to do business with OSC and other State agencies. Interested vendors are encouraged to visit the site often to see the types of procurement opportunities that are available.

OSC Procurement Website

www.osc.state.ny.us/procurement/index.htm

OSC advertises all its competitive procurements greater than $50,000 online. This site lists the details of what goods or services are being procured, as well as bidding information and details on restricted periods. For information regarding the requirements of competitive procurements for which proposals or bids are still being accepted, click on the Procurement Number. If a competitive procurement appears on this page, no award has been made or an award has been made but contract negotiations are ongoing. Check the site often to keep abreast of new procurements. These procurements are also advertised in the *New York State Contract Reporter*.

Open Book New York

www.openbooknewyork.com

Open Book New York provides a wide range of financial information related to New York State agencies, including information on contracts and payments. MWBEs interested in subcontracting can use the site to look up current prime contractors.

New York State Centralized Contracts

www.nyspro.ogs.ny.gov

OSC is required to use New York State Centralized Contracts for purchases if one is available for the product or service to be purchased. The Office of General Services advertises all of these bidding opportunities in the *New York State Contract Reporter*. Vendors may create an account on the *Contract Reporter* website to receive notifications about new procurement opportunities for centralized contracts.

MWBE Certification

www.esd.ny.gov/MWBE.html

To be part of OSC's MWBE program, a vendor must be a New York State-certified MWBE. Vendors who are not yet certified are still encouraged to bid on OSC contracts; however, they must become certified during the contract period. New York's certification program is administered by the Empire State Development Corporation's (ESDC's) Division of Minority and Women's Business Development (**www.esd.ny.gov/MWBE.html**). Vendors who already have New York-certified MWBE status should periodically review their business information in the State's MWBE Directory to ensure that all contact and product information is up-to-date. Prime contractors use the Directory to identify potential suppliers and subcontractors to fulfill MWBE utilization goals. To review business information in the State's MWBE Directory, visit **www.ny.newnycontracts.com/FrontEnd/VendorSearchPublic.asp?TN=ny&XID=4687**.

Outreach Efforts

Every year, OSC produces a *Directory of Frequently Purchased Commodities and Services by New York State Agencies*. The directory allows interested parties to examine State spending by tracking individual agency expenditures on general commodities, supplies, equipment, maintenance/repairs, general services and information technology. The directory is sent to all certified MWBEs in the ESDC database to help MWBEs better plan to market their services to New York State agencies. For a copy of the directory, visit **www.osc.state.ny.us/reports/fiscal/directorycommodities.pdf**.

MWBE Outreach Plan

OSC's current outreach plan includes attending and/or sponsoring the following events annually:

February
- OSC's Annual Emerging Managers Conference
- New York State Association of Black and Puerto Rican Legislative Conference

March
- Somos el Futuro Conference

April
- National Forum for Black Public Administrators (NFBPA) Conference

June
- New York and New Jersey Minority Supplier Development Council
- Asian Women in Business (AWIB) Conference
- U.S. Small Business Administration (SBA) 2014 Albany Match Maker Conference

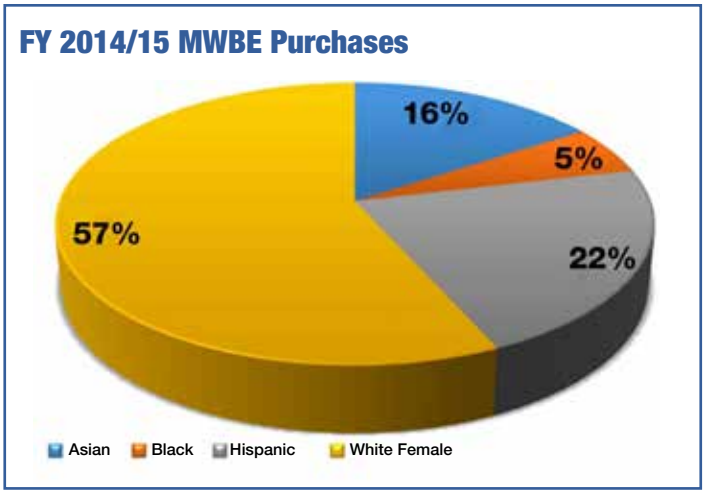
October
- New York State MWBE Forum

December
- LaGuardia Community MWBE Match Maker Conference

Looking Forward

Distribution of MWBEs

OSC has attained its strong performance by doing business with a variety of MWBEs. Currently, 57 percent of OSC's MWBE purchases are made from non-minority female-owned businesses. Minority-owned businesses account for 43 percent of purchases. Our future goal is to expand participation by all groups, which creates opportunities and increases MWBE growth.



Service-Disabled Veteran-Owned Businesses

Other areas of opportunity include developing relationships with certified Service-Disabled Veteran-Owned Businesses (SDVOBs). A new statewide certification program aims to increase their access to state contracting opportunities.

The Division of Service-Disabled Veterans' Business Development (DSDVBD) within the New York State Office of General Services is responsible for certifying eligible SDVOBs. The Division will promote SDVOB participation goals in State procurement activities.

OSC embraces the goals of the Act and will actively seek to procure goods and services through Service-Disabled Veteran-Owned Businesses.

For more information on the State's SDVOB program, visit **ogs.ny.gov/Core/SDVOBA.asp**.

Long-Term Benefits of Contracts

While discretionary purchases continue to be an important part of OSC's MWBE program, the benefits of these purchases are limited because they have only a short-term impact. Contracts, however, are more beneficial to the program in the long term. The financial benefits of a contract can be felt for the length of the contract, normally three to five years.

OSC looks at the availability and capability of certified MWBE vendors for every contract over $50,000 that has certified MWBE participation. Prospective vendors responding to any OSC Request for Proposals (RFPs) are required and must agree to make good faith efforts to utilize certified MWBEs as subcontractors and suppliers in accordance with Request for Proposal (RFP) subcontracting goals.

Resources

OSC MWBE Program

www.osc.state.ny.us/procurement/mwbe.htm

The OSC website has important resources and information to help MWBEs get started:

- *Directory of Frequently Purchased Commodities and Services*
- Open Book New York
- VendRep Resources for Vendors

OSC Procurement

www.osc.state.ny.us/procurement

View ongoing procurements including those issued on behalf of the New York State Common Retirement Fund.

The Emerging Manager Program

www.osc.state.ny.us/pension/emerging

This program provides MWBE opportunities in the investment sector. Information is provided on program eligibility, goals, accomplishments, partners, along with an overview of the Common Retirement Fund and an update from the conference held annually in February.

NYS OGS Procurement Resources

nyspro.ogs.ny.gov

The New York State Procurement website has information for businesses that are interested in working with the State. Topics include:

- Bidding 101
- Contract Bid Opening Results
- Doing Business with New York State
- Finding Bid Opportunities/Tentative Award Updates
- Obtaining a Vendor ID
- Guide to NYS Procurement Practices
- Discretionary Purchasing Guidelines

Empire State Development

esd.ny.gov/MWBE.html

The Empire State Development website includes information on certification, the New York State MWBE Directory, reports, agency utilization, bid and grant opportunities and several other resources.

New York State Contract System

www.ny.newnycontracts.com

This website is New York's gateway to attract and grow minority-owned and women-owned businesses.

Veteran and Disabled Services

ogs.ny.gov/Core/SDVOBA.asp

This website includes information on the Service-Disabled Veteran-Owned Business Act and how to become a certified New York State Service-Disabled Veteran-Owned Business.

New York State Contract Reporter

www.nyscr.ny.gov

This website has information on contracts to bid on, advertising opportunities, the New York State Business Registry and tips on doing business with New York State.

MWBE Contacts

Office of the State Comptroller

Division of Human Resources and Administration

Angela S. Dixon, Deputy Comptroller

Larry Appel, Assistant Comptroller

Bruce Girigorie, MWBE Specialist

518-474-7574

MWBE@osc.state.ny.us

Additional copies of this report may be obtained from:

The Office of the State Comptroller

Public Information Office

110 State Street

Albany, NY 12236

518-474-4015