NEW YORK STATE OF OPPORTUNITY.

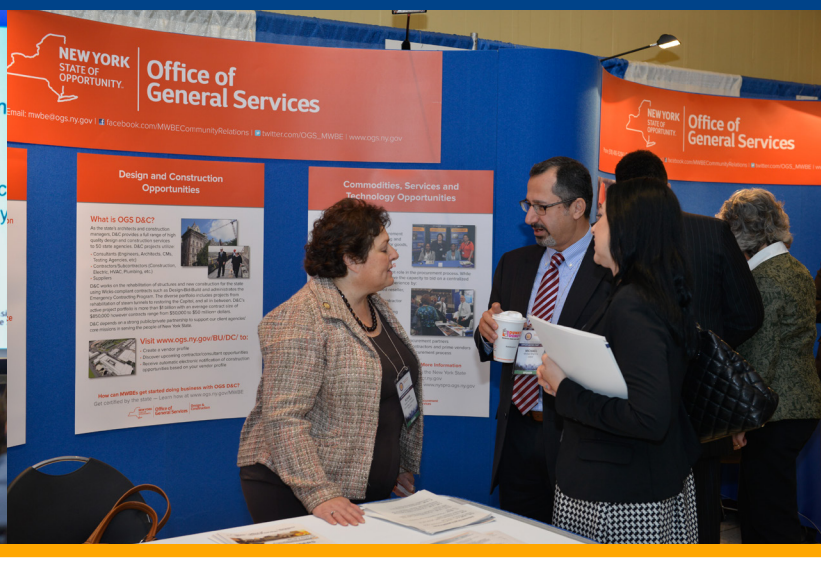
Office of General Services



Division of Service-Disabled Veterans' Business Development

Mid-Year Report | June 2016





Andrew M. Cuomo
Governor
State of New York

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Commissioner
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Background

The Division of Service-Disable Veterans' Business Development ("Division") was created within the Office of General Services ("OGS") in mid-2014 as a result of the Service-Disabled Veteran-Owned Business Act (the "Act"), set forth in Article 17-B of the Executive Law. The Act establishes a program (the "Program") to ensure that certified Service-Disabled Veteran-Owned Businesses ("SDVOBs") are afforded an opportunity for meaningful participation in the performance of State contracts and sets a statewide participation goal of 6% for SDVOBs in State contracts.

Under the regulations promulgated by OGS (the "Regulations"), set forth in 9 NYCRR Part 252, State agencies and authorities are required to prepare an annual plan specifying their goals for SDVOB participation and the practices, procedures, strategies or actions they will take to promote the use of SDVOBs in State contracting. The Division monitors the activities of the agencies and authorities, develops statewide annual reporting and, most importantly, assists SDVOBs in becoming certified and positioned to do business through State contracts.

For this year only a mid-year report is required by language added to the SDVOB statute in this year's Budget bill.

Certification Success

We are proud to say that the Division has implemented the fastest-growing program of its kind in the nation. From October 2014 through June 15, 2016, the Division received 299 applications for certification and certified 225 SDVOBs. There have been 41 applications denied due to not meeting the requirements for certification. The program is averaging over 112 certifications per year. By comparison, California averaged 74 certifications per year since 1989, and Illinois has averaged 12 certifications per year since 2010. On average, applications are either approved or denied within 39 working days, far surpassing the statutory deadline of 110 working days. SDVOBs were awarded over $23,000,000 in contracts and purchase orders during the inaugural year of the Program. As of March 31, 2016, 68 of the 205 certified SDVOBs (33%) were engaged in business activity with New York State.

Program Now Includes All Agencies

In December 2015, the Division announced the expansion of the program from the 10 pilot participants to all applicable agencies and authorities for the 2016-2017 fiscal year. The Division will continue to work with agencies and authorities to help them maximize their SDVOB spending and implement policies and procedures to meet their goals.

We are pleased to report that, while not statutorily or legally required to, the Port Authority of New York and New Jersey, the Office of the State Comptroller ("OSC"), and the Development Authority of the North Country have indicated they will voluntarily participate. The Division is also discussing voluntary participation in the Program with other State entities that are not required by law to participate.

SDVOB goal plans have been received and approved from 94 out of 97 agencies and authorities (97%). Each goal plan identifies the following for the agency or authority:

- Total Projected Non-Exempt and Non-Excluded Spend
- Total Projected SDVOB Spend
- Mission and Goals
- Scope of Operations
- Strategic Objectives
- Plans to Achieve Strategic Objectives
- Plans to Educate Personnel
- Projected Budget
- Projected SDVOB Use
- Methodology for Determining Exemptions and Exclusions
- Anticipated Challenges and Solutions

Increasing the Pool of Certified SDVOBs

Based on the annual plans and other comments received from State agencies and authorities, the Division has determined that increasing the pool of qualified SDVOBs is essential to meeting the Act's goal. To address this need, the Division continues to focus its efforts on outreach to veterans and veterans groups and the certification of additional SDVOBs.

An important part of our certification efforts are focused on regions with few applications. In mid- 2015 the Division identified the Southern Tier and North Country as underrepresented regions and targeted efforts to increase applications in those areas. As a result SDVOBs from the Southern Tier went from 1 to 11, a 1,000% increase and the North Country went from 3 to 8, a 167% increase. OGS will continue its efforts to increase the number of SDVOBs Statewide, with a special emphasis on areas of the State that are underrepresented in the Program.

Improving Agency Participation Rates

OGS successfully proposed legislation that went into effect in December 2015 that amended State Finance Law § 163(6) to include SDVOBs among the small businesses from which State agencies may purchase commodities and services in an amount not exceeding $200,000 without a formal competitive process. This expansion of discretionary spending authority to include SDVOBs will provide agencies with an additional method to meet their participation goals. At training events, such as the OGS Purchasing Forum held in May, the Division has been promoting the use of discretionary spending to increase the contracting opportunities for SDVOBs.

The Division, working with the New York State Office of Information Technology Services ("ITS") has nearly completed creation of a mobile-friendly searchable database of SDVOBs so that agency and authority personnel can easily identify opportunities to utilize SDVOBs. Currently, the list is available as a PDF of an Excel spreadsheet on the OGS website.

The Division has established an email notification system for agency and authority purchasing personnel. As new businesses become certified, the Division sends out an email with the updated list.

The Division's Executive Director and staff have met in person, by phone, and by email with most agencies and authorities to strongly encourage the use of SDVOBs, help them develop goal plans and establish the processes and procedures necessary for compliance.

The Division has presented classes and webinars to educate personnel within agencies and authorities on compliance and reporting measures, including presenting a class at the OGS Purchasing Forum to 178 attendees.

The Division has published guidelines and examples of best practices on the OGS website for agencies and authorities, which include:

- Identifying the expenditures that should be subject to agency's or authority's goal plan;
- Developing internal waiver procedures when prime contractors are unable to meet the contract goals;
- Creating manual internal reporting systems until such time as a reporting system integrated with SFS can be developed;
- Unbundling contracts to create opportunities for SDVOB set-aside contracts; and
- Using discretionary purchasing and set asides to increase the participation of SDVOBs in State contracts.

Success at OGS

To promote increased opportunities for SDVOBs and to lead by example, the Division worked with the OGS Design & Construction group to develop six set-aside contracts for various professional services. It is anticipated that the set-aside contracts will result in a combined annual expenditure of $1,000,000 and are an integral part of the OGS FY 16-17 SDVOB goal plan.

Next Steps

The Division will continue to monitor and report on the inclusion of SDVOBs in agency and authority premier construction projects including Empire Station, the Javits Center, and the State Fair.

The Division is working with OGS Procurement Services to include more opportunities for SDVOBs on centralized contracts. Based on the success of increased MWBE participation through the use of centralized contracts, the Division believes centralized contracts can also be used to increase SDVOB participation. The Division is focusing on certifying more qualified SDVOBs to participate as subcontractors and distributors and engaging in outreach to current or potential centralized contract holders to alert them to SDVOB opportunities.

The Division has been in discussion with OSC to utilize current functionalities of the Statewide Financial System ("SFS") to be able to identify SDVOB spending by all system users. The ability for the Division and agency partners to access spending information in SFS would increase the efficiency, timeliness and accuracy of required reporting.

Funds are being requested for the development of a comprehensive statewide reporting system tied in with SFS that will provide agencies and authorities with an automated way to designate SDVOB usage and report on SDVOB expenditures. The Division intends to utilize an SDVOB for the development of the system if possible.

The Division is working with OGS to redesign and enhance the Division's webpage located on the OGS website. The new website, along with the updated SDVOB database, will make it easier for SDVOBs to participate in the program, contract holders to identify potential SDVOB subcontractors, and State entities to increase use of SDVOBs, especially in set aside and discretionary purchasing.

Conclusion

Over the last two years, the Division has made significant steps in promoting the use of SDVOBs in State contracts. As of June 15, 2016, the Division has vetted and certified 225 SDVOBs. As the number of certified SDVOBs continues to grow, and as the breadth of the commodities and services they offer and their geographic distribution expands, the Division expects that more State agencies and authorities will be able to increase the use of SDVOBs. The Division will continue to increase the pool of qualified SDVOBs while engaging with State agencies and authorities to create policies and procedures that will allow them to meet their individual usage goals.

FY 2015-2016 Pilot Agency/Authority SDVOB Utilization Activity Summary

Agency/Authority	# of Awards	$ Value of Awards	Disbursements/ Utilization	Total Agency/Authority Non-Exempt and Non-Excluded Disbursements	SDVOB Utilization %
Department of Corrections and Community Supervision (DOCCS)	149	$1,556,127.81	$905,806.64	$6,801,114.10	13.32%
Dormitory Authority of the State of New York (DASNY)	21	$3,521,424.00	$184,176.50	$729,974,516.00	0.03%
Empire State Development (ESD)	0	$0.00	$0.00	$635,468,837.00	0.00%
Office of General Services (OGS)	133	$4,915,098.87	$340,098.87	$27,662,093.00	1.23%
Department of Health (DOH)	129	$45,565.69	$45,565.69	$9,838,795.00	0.46%
Information Technology Services (ITS)	0	$0.00	$0.00	$75,242,792.48	0.00%
Office of Mental Health (OMH)	5	$154,779.92	$154,779.92	$1,275,000.00	12.14%
New York Power Authority (NYPA)	1,155	$1,434,093.55	$1,066,730.03	$6,712,500.00	15.89%
New York State Thruway Authority (NYSTA)	14	$573,106.50	$14,422.50	$328,712.00	4.39%
Department of Transportation (DOT)	23	$5,317.10	$5,317.10	$34,610,374.72	0.02%
Totals	**1,629**	**$12,205,513.44**	**$2,716,897.25**		

Additional FY 2015-16 SDVOB Utilization Activity Reported by Non-Pilot Agencies/Authorities

Non-pilot agencies and authorities were not required to report Total Agency/Authority Non-Exempt and Non-Excluded Disbursements and SDVOB Utilization % for FY 2015/16. For FY 2016/17, all agencies and authorities will be required to report this data.

Agency/Authority	# of Awards	Awards	Disbursements/ Utilization
Central New York Regional Transportation Authority (CNYRTA)	3	$1,592.15	$1,779.85
City University of New York (CUNY)	17	$135,630.70	$135,630.70
Department of Environmental Conservation (DEC)	2	$64,307.00	$0.00
Department of Labor (DOL)	0	$0.00	$8,624.71
Department of Motor Vehicles (DMV)	1	$2,500.00	$2,500.00
Department of Taxation and Finance (TAX)	1	$49.59	$49.59
Environmental Facilities Corporation (EFC)	2	$20,693.05	$20,693.05
Hudson River Park Trust	1	$4,784.08	$4,784.08
Long Island Power Authority (LIPA)	2	$30,147.00	$30,147.00
Metropolitan Transportation Authority (MTA)	19	$5,274,548.25	$4,632,073.25
New York State Energy Research and Development Authority (NYSERDA)	3	$14,462.00	$0.00
New York State Homes and Community Renewal (NYSHCR)	2	$128,609.00	$128,609.00
New York State Insurance Fund (NYSIF)	6	$13,153.22	$13,153.22
Office of Parks, Recreation, & Historic Preservation (PARKS)	23	$216,863.32	$11,014.02
Office for People with Developmental Disabilities (OPWDD)	4	$20,168.00	$20,168.00
State University of New York (SUNY)	41	$5,559,528.93	$1,843,908.21
United Nations Development Corporation (UNDC)	1	$9,000.00	$0.00
Totals	**128**	**$11,496,036.29**	**$6,853,134.68**

Total Statewide SDVOB Activity

# of Awards	Awards	Disbursements/Utilization
1,757	**$23,701,549.73**	**$9,570,031.93**