



Office of General Services



Division of Service-Disabled Veterans' Business Development Annual Report | December 31, 2016



Andrew M. Cuomo
Governor
State of New York

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Background

In May 2014 Governor Andrew M. Cuomo signed the Service-Disabled Veteran-Owned Business Act (the “Act”) into law, which, in addition to other measures of support, establishes a six percent participation goal for service-disabled veteran-owned companies on State contracts, the highest in the nation. As a result, Governor Cuomo created the Division of Service-Disabled Veterans’ Business Development (the “Division”) within the Office of General Services (“OGS”).

The Division monitors the activities of agencies and authorities, develops statewide annual reporting, and, most importantly, assists Service-Disabled Veteran-Owned Businesses (“SDVOBs”) in becoming certified and positioned to do business through State contracts. Under the regulations established by OGS, 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.

Continued Certification Success

The number of State-certified SDVOBs continues to grow due to the focused efforts of staff who conduct in-depth due diligence to make sure that all businesses certified are legitimately controlled by qualifying service-disabled veterans and are capable of performing on State contracts. From the inception of the program, the Division has received 361 applications resulting in 290 certifications of SDVOBs. New York is leading the nation with its pace in certifying business.

Of the 284 currently certified SDVOBs, 35 percent are in the construction industry, 12 percent produce or sell commodities, 5 percent provide financial services, and the remaining 48 percent provide specialized services ranging from business consulting to drone education.

The Division places a high priority on an efficient, thorough, and timely certification process. In 2016, 112 SDVOBs were certified in an average time of 39 working days with 88 percent receiving a face-to-face visit by the Division’s Executive Director prior to certification. The Division conducts a thorough review of each certification application and continually updates and maintains the list of SDVOBs.¹

¹ To date, 50 applications (14 percent) have been denied or withdrawn for various reasons, six SDVOBs have had their certification revoked due to buy-outs, incorporation or business dissolution, and four SDVOBs are currently listed as inactive because they are temporarily unable to accept work.

Increasing the Pool of Available SDVOBs

The Division is continually taking steps to increase the pool of State-certified SDVOBs to meet the statewide, six percent goal. The Division is taking a two-pronged approach to increase certification. First, by focusing efforts on identifying and certifying existing SDVOBs, and second, by working with strategic partners to help service-disabled veterans start new businesses.

Statewide outreach is key to increasing the pool of certified SDVOBs. During 2016, the Division has spoken at and participated in over 60 events. Working with the Regional Economic Development Councils, the ESD Entrepreneurial Assistance Program, and other regional entities, the Division has reached a broad geographic audience to increase awareness of the SDVOB Program and identify businesses that may qualify for certification.

Statewide Program Rollout

During its first fiscal year (“FY”) 2015-2016, the Division began its work with a pilot group of the following six agencies and four authorities:

Agencies

- Office of General Services (OGS)
- Department of Transportation (DOT)
- Department of Health (DOH)
- Office of Information Technology Services (ITS)
- Office of Mental Health (OMH)
- Department of Corrections and Community Supervision (DOCCS)

Authorities

- Dormitory Authority of the State of New York (DASNY)
- Thruway Authority (NYSTA)
- Empire State Development (ESD)
- New York Power Authority (NYPA)

The pilot was a success. In the initial 18 months of the Program, the Division implemented the fastest-growing program of its kind in the nation. The initial implementation of the Program produced several notable highlights, including:

- A total of 228 applications submitted;
- 178 SDVOBs certified with an average certification time of 39 business days through the end of the audit period (12/31/15);
- Statewide contract awards totaling approximately \$10,800,000 for FY 2015-2016; and
- Statewide spending totaling approximately \$6,500,000 for FY 2015-2016

As a result of these achievements, the expansion of the program Statewide was announced in December 2015 for FY 2016-2017.

The first step in the statewide implementation was to receive goal plans from all participating agencies and authorities detailing their action plan to work toward the six percent utilization goal. Through the end of the second quarter of FY 2016-2017, 49 out of the 97 agencies and authorities executed more than \$9.3 million in contracts with State-certified SDVOBs, including more than \$6.6 million in disbursements. As a result, by September 30, 2016, 94 SDVOBs, more than 33 percent of all State-certified firms, had been awarded a State contract.

Helping Agencies Reach Their Goals

The Division is actively engaged in educating agency and authority staff. Through classes, webinars, and matchmaking events, the Division is providing agency and authority staff with the tools and resources necessary to meet their goals. Classes were conducted as part of the OGS Purchasing Forum & Trade Show in May 2016 and through events at CUNY campuses, SUNY campuses, community colleges, and other locations throughout the State. In addition, the Division delivered presentations in-person or via webinar to the Office of Persons with Developmental Disabilities, the Office of Children and Family Services, the Office of Information Technology, the Division of Military and Naval Affairs, and the Division of Criminal Justice Services.



The Division also participated in facilitating VETCON, which was a two-day veteran-only event presented in October by the Tully Rinckey Foundation that brought together over 100 SDVOBs and more than 130 agency and authority personnel in a matchmaking format with classes for both groups. Classes included: How to do Business with NYS, Understanding Buyers and Systems, SDVOB Success Stories, and other related topics. The event sparked a significant increase in

program awareness that will yield positive results in utilization for the third and fourth quarters of FY 2016-2017.

Based on a review of the second quarter results for FY 2016-2017, the Division will continue to work directly with all State agencies and authorities with a particular focus on each entity's goal setting and utilization strategies. Goal plans for FY 2017-2018 are due to the Division on January 15, 2017 and will include the following:

- 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

Improvements to Assist Agencies in Compliance Reporting

The Statewide Financial System (SFS) has been updated to include NYS certified SDVOB status as part of the vendor file, and a new prompt has been added to all document-listing reports in AnalyzeNY Financials, which allows users to filter data based on NYS certified SDVOB status. These updates will allow reports to be generated within AnalyzeNY Financials to assist agencies in completing their quarterly SDVOB Activity Reports.

OSC Audit of Program Implementation

OSC performed an audit of the implementation of the Program for the period from June 2014 through December 2015 and issued its report in September 2016. The headline for the NEWS from the Office of the New York State Comptroller dated September 7, 2016 was “**OGS Veteran-Owned Business Program Off to Good Start.**” The OSC audit report states that “the Division has made substantial progress carrying out its responsibilities to implement the program during the 18 months since the Act was created.” During the course of the audit, OSC recognized the Division’s nation-leading certification growth rate and stated in the report that “the Division instituted a targeted marketing strategy to attract SDVOB applications, and coordinated with various State agencies and authorities to help them understand the Program and to encourage the use of certified SDVOBs.”

Business and Organization Outreach and Development

The Division has established a diverse and extensive outreach effort to SDVOB owners to increase awareness of and promote confidence in the Program by (i) meeting with SDVOBs and by working with federal, State, regional, and local organizations and governments² and

² In April 2016, Nassau County passed a law creating a SDVOB program that mirrors the New York State program, setting a six percent participation goal for SDVOBs in Nassau County’s eligible contracts and requiring that only businesses certified by

individuals to identify and communicate with SDVOBs that are certified through the U.S. Department of Veterans Affairs Center for Veterans Enterprise and doing business in New York State; (ii) meeting with key centers of influence across the State and country to enlist their assistance in communicating with SDVOBs and referring them to the Program; (iii) attending events for veterans, MWBEs, entrepreneurs, and industry and trade associations and attending other targeted events to communicate the advantages of the Program for service-disabled veterans; and (iv) communicating with and visiting veteran and entrepreneurial organizations to promote the Program.

The Division has facilitated the development of new SDVOBs by engaging individuals, businesses, and organizations to identify veterans with service-connected disabilities and working with them in starting a business, by identifying public and private organizations engaged in entrepreneurial business development, identifying military bases and the most appropriate way to disseminate information to active duty personnel, and meeting with colleges, entrepreneur assistance programs, small business development centers, chambers of commerce, and similar organizations to promote opportunities for SDVOBs

Next Steps

The Division will continue to take steps to increase the pool of certified SDVOBs, educate the SDVOBs on the best ways to secure contracts, and assist agencies and authorities in identifying and contracting with SDVOBs. Some of the specific steps that the Division will take are:

- Installing a new database – A robust searchable public database for SDVOBs will replace the current spreadsheet and will allow agency and authority personnel to efficiently search for SDVOBs that meet their specific needs.
- Building reporting systems – The Division will strive to improve agency compliance reporting to make the process of reporting SDVOB activity more accurate and efficient. Next steps include developing a process within AnalyzeNY Financials for generating reports of procurement card purchases with SDVOB vendors, an application that will allow for online reporting by contractors of payments to SDVOB subcontractors and suppliers, and an application that will allow agencies and authorities that do not use SFS and Analyze NY Financials to generate reports within their own respective systems to help with their SDVOB compliance reporting.
- Creating additional matching opportunities – The Division will continue to expand opportunities to connect specific categories of SDVOBs with the appropriate agency and authority purchasers.

the Division can be used to meet the goal. The Division consulted with personnel at the Nassau County Comptroller's Office tasked with developing the County's SDVOB program and will continue to support their efforts on behalf of disabled-veteran entrepreneurs.

- Providing continuing education for both SDVOBs and agency and authority personnel – The Division will increase the number of classes, webinars, and one-on-one counseling meetings to heighten the visibility of the Program.
- Reducing individual agency and authority contracting barriers for SDVOBs – The Division will evaluate individual agency and authority performance to identify barriers for SDVOBs (e.g., bonding requirements) and to find solutions to those barriers.
- Identifying additional resources for SDVOBs – The Division will seek out third-party resources to promote SDVOB utilization and assistance.
- Promoting contract segmenting and set-asides – Using some of the successes at OGS as examples, the Division will work with agencies and authorities to tailor opportunities to available categories of SDVOBs.
- Increasing national SDVOB inclusion – The Division will promote the NYS Program to national SDVOB groups to encourage them to develop the sufficient NYS presence required for certification.

Conclusion

OGS is proud to report on the tremendous success that the Division has achieved in the two and a half years since the passage of the Act. The Division’s veteran staff has:

- Developed and implemented an SDVOB certification system that is thorough, efficient, and timely;
- Employed a dynamic marketing strategy that has engaged national, State, and local organizations in the identification, education, and development of service-disabled veterans and SDVOBs;
- Expanded the initial pilot program to full statewide implementation of all agencies and authorities;
- Worked with agencies and authorities to identify and follow through on opportunities to utilize SDVOBs; and
- Undergone an OSC audit that recognized the Division’s substantial progress in implementing the Program.

The following “Agency and Authority Report Summary” shows only the first two quarters of reporting since statewide implementation began.

Quarter 1 & 2 Agency and Authority Report Summary

Agency/Authority	# of Awards	\$ Value of Awards	Disbursements / Utilization	SDVOB Utilization percent
Albany County Airport Authority (ACAA)	3	\$ 4,774	\$ 4,774	0.06%
Battery Park City Authority (BPCA)	2	3,907	3,907	1.20%
Board of Elections (ELECTIONS)	1	3,804	6,324	100.00%
Central New York Regional Transportation Authority (CNYRTA)	1	114	114	0.01%
City University of New York (CUNY)	14	467,645	331,748	1.42%
Department of Agriculture & Markets (AG&MKTS)	0	0	90,400	6.82%
Department of Civil Service (CS)	9	7,336	6,754	1.50%
Department of Corrections & Community Supervision (DOCCS)	13	557,341	740,565	3.49%
Department of Environmental Conservation (DEC)	2	95,657	71,245	0.12%
Department of Health (DOH)	51	23,037	23,037	0.01%
Department of Motor Vehicles (DMV)	1	469	469	0.03%
Department of Taxation & Finance (TAX)	1	3,014	5,463	0.17%
Department of Transportation (DOT)	117	676,867	121,479	0.84%
Development Authority of the North Country (DANC)	1	1,554	1,554	0.08%
Division of Human Rights (DHR)	0	0	1,790	1.72%
Division of Military & Naval Affairs (DMNA)	4	26,227	6,347	0.28%
Division of State Police (TROOPERS)	29	34,193	34,193	1.99%
Division of Veterans Affairs (DVA)	2	4,400	4,400	16.05%
Dormitory Authority of the State of New York (DASNY)	28	1,098,688	481,858	0.21%
Empire State Development (ESD)	1	1,450	0	0.00%
Environmental Facilities Corporation (EFC)	3	11,450	11,450	0.43%
Hudson River-Black River Regulating District (HRBRRD)	1	3,186	3,186	2.24%
Jacob Javits Convention Center (JAVITS)	27	68,022	68,022	0.60%
Livingston County Water & Sewer Authority (LCWSA)	2	36,300	24,450	7.30%
Metropolitan Transportation Authority (MTA)	11	732,170	763,033	0.20%
New York Power Authority (NYPA)	10	486,603	326,900	2.30%
New York State Bridge Authority (NYSBA)	1	30,000	4,318	0.25%
New York State Energy Research & Development Authority (NYSERDA)	5	16,026	17,156	5.80%
New York State Homes & Community Renewal - HFA, AHC, SONYMA, MBBA, TSFC (HFA)	3	284,011	284,011	9.90%
New York State Insurance Fund (NYSIF)	1	39,300	6,394	0.84%

Agency/Authority	# of Awards	\$ Value of Awards	Disbursements / Utilization	SDVOB Utilization percent
New York State Thruway Authority (NYSTA)	9	590,398	11,192	1.16%
Office for People with Developmental Disabilities (OPWDD)	1	79,863	114,618	0.75%
Office of Children & Family Services (OCFS)	1	2,200	0	0.00%
Office of General Services (OGS)	69	1,236,178	1,201,670	9.88%
Office of Mental Health (OMH)	1	103,715	359,579	9.59%
Office of Parks, Recreation, & Historic Preservation (PARKS)	10	148,087	398,005	0.53%
Public Employment Relations Board (PERB)	1	865	865	7.67%
Schenectady Metroplex Development Authority (SMDA)	2	73,875	36,875	3.28%
State University of New York (SUNY)	70	2,290,232	1,049,223	0.36%
State University Construction Fund (SUCF)	2	77,480	0	0.00%
United Nations Development Corporation (UNDC)	5	36,534	44,642	10.18%
Westchester County Health Care Corporation (WMC)	3	32,048	10,432	0.68%
Totals	520	\$ 9,391,784	\$ 6,675,291	
Average \$ Amount of Award		\$18,061		

A review of national and state programs across the country provides some context to assist in recognizing the State's accomplishments in development of the program.

Entity	Goal/Year	Available Status/Year
U.S. Government	3%, FY 2003	1.01%, FY 2007
Illinois	3%, FY 2010	7 awards valued @ \$1,449,669, 2016
Massachusetts	3%, 2013	1.52%*, FY 2016
California	3%, 1989	2,110 certified 4.68%, FY 2015-2016 25% of agencies did not meet their 3% percent goal, FY 15-16

The Division is certifying SDVOBs at a nation-leading rate and usage is trending faster than similar programs during their initial years. Although the Program is still in its infancy, the Division has made significant strides toward helping agencies achieve Program requirements. The Division will continue to work toward increasing the number of State-certified SDVOBs for agencies and authorities to contract with as they make progress toward achieving the six

percent utilization goal and will continue to aggressively seek solutions to impediments that make utilizing SDVOBs difficult including:

- Identifying and certifying SDVOBs that can provide products where significant agency dollars are spent (e.g., office supplies);
- Working to increase the number of State-certified SDVOBs participating on OGS centralized contracts;
- Educating agencies and prime contractors to recognize that subcontracting percentages can be applied and met based on utilizing SDVOBs for specialized services and not just for construction;
- Getting agencies and authorities to rework some of their internal minimum qualifications that disqualify SDVOBs due to things such as required number of years in business and insurance and bonding requirements.