

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program



I. History:

In January 1993, the Charlotte-Mecklenburg Board of Education adopted a policy in accordance with North Carolina General Statute 143-128 to provide minorities and women equal opportunity for participating in school construction, contracting and procurement programs. At that time, the minimum voluntary goals¹ for participation by minority- and women-owned firms were 10 percent for minority business enterprises (MBEs) and two percent for women business enterprises (WBEs). In 1996, the Charlotte-Mecklenburg Board of Education amended the policy to increase the minimum voluntary goal for women business enterprises to five percent. Procedures for monitoring compliance with federal, state and local government guidelines and specific goals and objectives were also established.

On Feb. 22, 2005, the Board of Education amended the policy based on the findings of the disparity study conducted by MGT of America. The new policy stated that minority-owned, women-owned and small business enterprises (collectively M/W/SBE) as well as other responsible vendors shall have a fair and reasonable opportunity to participate in Charlotte-Mecklenburg Schools (CMS) business opportunities. Elements of the new M/W/SBE Program include:

- Creation of a small business enterprise program (SBE) that promotes M/WBE utilization
- M/W/SBE prime contractor and subcontracting goals specific to the disparity identified
- Utilization of M/W/SBE firms in formal and informal contracts for construction and non-construction related opportunities
- Documentation of good faith efforts by submitting departments for non-construction related purchases
- Use of procurement cards for quick payments
- Implementation of a fully functional vendor management system
- The inclusion of at least one M/W/SBE in all bid solicitations (when available)
- Focused outreach efforts towards M/W/SBE firms
- Enhanced marketing tools
- Analysis of M/W/SBE utilization by department and school location
- Quarterly and annual reporting of M/W/SBE utilization in comparison to the aspirational goals to the superintendent and Board of Education
- Annual review of the program

¹ A “goal” is “the state of affairs that a plan is intended to achieve...” (Word Net 1.7 Vocabularies).

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program

II. Governance:

Through fairness, integrity and strict adherence to the law, maximizing M/W/SBE utilization is the goal of Charlotte-Mecklenburg Schools M/W/SBE Office. The program's success is ultimately measured using the following program objectives:

- Outreach
- Certification
- Utilization
- Monitoring and reporting
- Training and technical assistance

In implementing programs and services around these five program objectives, the M/W/SBE Office develops and administers M/W/SBE rules and statutes to ensure full and equal access to system-wide procurement opportunities in accordance with the following Board of Education Policy and North Carolina General Statutes:

CMS Policy DJA

Minority-owned, women-owned, and small business enterprises (collectively M/W/SBE) as well as other responsible vendors shall have a fair and reasonable opportunity to participate in CMS business opportunities

General Statutes 143-48

Purchase and Contract: cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors, and women contractors

General Statutes 143-48.4

Statewide uniform certification of historically underutilized businesses (HUBs)

General Statutes 143-128.2

Minority Business Participation Goals (defines good faith efforts and the full scope of the law)

General Statutes 143-128.3

Administration (Public Entity Responsibilities)

General Statutes 143-128.4

Historically Underutilized Business (2007 Amendment Definition)

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program

General Statutes 143-131

Informal Bidding: scope of applicable law for construction projects less than \$500,000 (increased from \$300,000 in 2007 legislation)

Senate Bill 914, Session Law 2001-496 December, 2001

To enhance and improve good faith efforts to recruit and select minority businesses for participation in public construction contracts

NC Administrative Code – 301 Minority Business Participation Goals

Rules governing minority participation goals and responsibilities of owners, HUB office, designers, contractors, HUB contractors, and state construction office

III. Budget:

	Actual 2009-2010 Expenditures	Actual 2008-2009 Expenditures
Expenditures		
Salaries	\$ 150,363	\$ 193,169
Benefits	\$ 33,994	\$ 43,748
Purchased Services	\$ 8,632	\$ 6,711
	\$ 192,989	\$ 243,628

IV. Challenges

A proactive approach provides M/W/SBEs equal opportunity to participate in all aspects of Charlotte-Mecklenburg Schools contracting and purchasing activities, including, but not limited to participation in procurement contracts for equipment, leases, professional and other services contracts, and construction. The M/W/SBE Office works closely with design managers to identify packages or areas of opportunity that will enhance utilization in construction-related projects, routinely consults with Purchasing and others regarding use of the M/W/SBE vendor sourcing system, participates in proposal evaluations, and reviews all bids/requisitions above \$5,000 through the Lawson financial management system. While these measures have been effective, the following challenges have been identified by the M/W/SBE Office:

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program

- Full integration into strategic sourcing process
- Notification system of expiration dates for existing contracts
- Perceived preferred bidders list
- Reduction in bond-funded construction projects
- Reduction in force

V. 2009 – 2010 Goals:

CMS has implemented an M/W/SBE program that includes annual aspirational goals for utilization in proportion to the availability of vendors in particular areas of procurement. The aspirational goals are based on an analysis of factors such as size and scope of the contract and the availability of M/W/SBEs to perform various elements of the contract. CMS accepts M/W/SBE certification and classification from a variety of entities. Only those firms certified by bona fide certifying agencies, including the city of Charlotte, the North Carolina Historically Underutilized Business Office, Carolinas Minority Supplier Development Council, National Minority Supplier Development Council and the Women Business Enterprise Network Council, will be credited toward M/W/SBE utilization. Additionally, CMS may classify businesses that are not certified by the above entities if a business demonstrates that it meets the certifying entities definition of an M/W/SBE.

Category	MBE Goal	WBE Goal	SBE Goal	M/W/SBE Goal
Construction	10%	6%	5%	21%
Architecture, Engineering, & Surveying	4%	7%	5%	16%
Contracted Services (other than construction)	5%	4%	5%	14%
Goods	3%	3%	5%	11%

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program

VI. Major Initiatives:

In an ongoing effort to provide the contracting community with the necessary technical skills, the M/W/SBE Office routinely partners with other entities to offer a variety of topics targeted to increase the capacity of minority, women and small business owners. A series of interactive workshops, taught by experienced professionals, allow participants to obtain real-life, hands-on experience in the areas of bidding, estimating, procurement, marketing/presentation skills development, understanding bid/contract documents, contract negotiation/dispute resolution, and “how to do business” new vendor orientation sessions. For 2010-2011, the M/W/SBE Office has planned the following major initiatives:

- Expand partnership with NC Institute of Minority Economic Development
- Establish advisory council/committee composed of key business units
- Expand debriefing process for unsuccessful suppliers/contractors to improve competitiveness
- Conduct annual lessons learned reviews with other entities and share information regarding diverse supplier utilization
- Create a district-wide Environmentally Sustainable Purchasing Program

VII. Performance Results:

In spite of the identified challenges and changing economic conditions, Charlotte-Mecklenburg Schools achieved its target of spending 26 percent of eligible expenditures with M/W/SBE firms. The school district maintained the level of spend and utilization of MWSBE utilization as follows:

- Exceeded the overall aspirational goals in three of the four categories ranging from three to 20 percent
- Exceeded the MBE goal in architecture and engineering by one percent and contracted services by 1.4 percent, and increased goods by almost 1.6 percent over fiscal year 2008-2009
- Exceeded WBE goals in construction by 35 percent, contracted services by seven percent, and achieved the goods goal of three percent
- Exceeded SBE goals in contracted services by 1.4 percent, goods by 2.6 percent and increased construction and architecture and engineering by one percent over fiscal year 2008-2009
- Exceeded target of 65 percent of schools and 52 percent of departments purchasing goods and/or services from M/W/SBE vendors three out of four quarters
- Exceeded target of strengthening communication regarding upcoming procurement opportunities by 10 percent; more than 17,706 notifications sent

Board of Education Executive Summary

Minority, Women, and Small Business Enterprise Program

- Participated in 20 conferences, workshops, seminars, training sessions and presentations promoting the M/W/SBE program and How-To-Do Business with Charlotte-Mecklenburg Schools
- Supplier diversity efforts recognized by the Charlotte Business Journal at its annual Women in Business Achievement Awards luncheon

What has contributed to our success? Senior-level commitment and leadership, expanded outreach efforts and capacity-building through a proactive approach to influence the ability of a firm to respond to bid notifications through education of the various tools available in the community. The M/W/SBE program is deemed successful if the school district: 1) Consistently achieves/exceeds the MBE, WBE, and SBE goal in each category, 2) Local contracting communities are kept fully aware of all opportunities in a timely fashion and 3) M/W/SBE firms are able to build capacity and graduate to prime contractors.

VIII. Next Steps:

To further expand utilization for minority, women and small business enterprises, the M/W/SBE Office will:

- Conduct analysis of the relative availability of M/W/SBE firms
- Continue to expand the Second Tier Sourcing Program
- Track M/W/SBE cost-savings/cost-reduction contribution
- Support technical assistance training at regional levels