



Mark R. Warner  
Governor

# COMMONWEALTH of VIRGINIA

Edward L. Hamm, Jr.  
Director

## Department Of Minority Business Enterprise

200-202 N. Ninth Street, 11<sup>th</sup> Floor

Richmond, Virginia 23219

Michael Schewel  
Secretary of Commerce and Trade

October 28, 2004

The Honorable Mark R. Warner  
Office of the Governor  
Commonwealth of Virginia  
State Capitol  
Richmond, Virginia 23219

**RE: Minority-Owned Business Participation in State Procurement**

Dear Governor Warner and Members of the General Assembly:

In accordance with the provisions of Section 2.2-1405 of the Code of Virginia, the Department of Minority Business Enterprise (DMBE) respectfully submits the attached report detailing its analysis of minority-owned business participation in the procurement of goods and services in the Commonwealth. A copy of this report has been forwarded to both the Clerks of the House of Delegates and Senate of Virginia.

The Department is pleased to announce that agencies and institutions of the Commonwealth have substantially met the reporting requirements established by Section 2.2-1405. Annual totals for each agency and institution are included in this report.

The reported overall dollar amount for the procurement of goods and services totaled \$3,560,598,406.20 for the 2004 Fiscal Year. Of this amount, \$83,866,020.03 or 2.36% was reported as expended with minority-owned firms. A verification of this data through the Commonwealth Accounting Reporting System (CARS) shows that of the nearly \$3.5 billion paid for state purchases, payments of only \$39,548,931.27 or 1.11% (just over one percent) were made to certified minority-owned businesses. DMBE's analysis is presented as follows:

Chart A reflects the reported levels of procurement expenditure by each Executive Branch Secretariat, Judicial Branch and Legislative Branch of government;

Chart B provides the breakdown of the levels of procurement expenditures in each Secretariat and by each agency within the Secretariat; and

Chart C reflects actual recorded payments (CARS, etc.) to certified minority firms, by product/service codes.

Should you have questions regarding the enclosed report or desire additional information, please contact me.

Sincerely,

Edward L. Hamm, Jr.  
Director

**CHART A**  
**Procurement Activity By Secretariats**  
**Fiscal Year 2004**

Secretariat	Total Expenditure	Reported Minority Expenditure	Percent	VDMBE Certified Minority Expenditure	Percent with VDMBE Certified
Administration	\$98,321,500.96	\$1,323,285.33	1.35%	\$1,055,811.71	1.07%
Commerce and Trade	\$44,516,671.85	\$1,691,619.39	3.80%	\$561,278.31	1.26%
Education	\$436,968,107.07	\$25,723,391.05	5.89%	\$4,033,774.41	0.92%
Finance	\$51,295,200.26	\$945,514.82	1.84%	\$289,366.34	0.56%
Health & Human Resources	\$412,513,764.36	\$6,267,073.48	1.52%	\$2,597,599.41	0.63%
Natural Resources	\$55,562,201.25	\$1,354,445.30	2.44%	\$533,491.12	0.96%
Public Safety	\$359,908,181.34	\$11,751,488.27	3.27%	\$2,537,982.61	0.71%
Technology	\$90,174,180.24	\$2,465,091.00	2.73%	\$2,483,639.93	2.75%
Transportation	\$1,829,179,376.82	\$32,344,111.39	1.77%	\$22,306,305.31	1.22%
Judicial/Executive/Legislative/Independent	\$182,159,406.20			\$3,149,682.12	1.73%
<b>Total</b>	<b>\$3,560,598,590.35</b>	<b>\$83,866,020.03</b>	<b>2.36%</b>	<b>\$39,548,931.27</b>	<b>1.11%</b>

**CHART B**  
**Total Reported Procurement Activity by Secretariat**  
**Fiscal Year 2004**

<b>Secretariat</b>	<b>Total Expenditure</b>	<b>Minority Expenditure</b>	<b>Percent</b>
Administration	\$63,450,445.57	\$1,323,285.33	2.09%
Commerce & Trade	\$50,423,934.13	\$1,691,619.39	3.35%
Education	\$1,057,094,236.35	\$25,723,391.05	2.43%
Finance	\$43,366,154.63	\$945,514.82	2.18%
Health & Human Resources	\$262,564,057.16	\$6,267,073.48	2.39%
Natural Resource	\$56,214,110.99	\$1,354,445.30	2.41%
Public Safety	\$266,915,064.18	\$11,751,488.27	4.40%
Technology	\$98,534,023.00	\$2,465,091.00	2.50%
Transportation	\$1,683,907,383.89	\$32,344,111.39	1.92%
<b>Total</b>	<b>\$3,582,469,409.90</b>	<b>\$83,866,020.03</b>	<b>2.34%</b>

**CHART C**  
**Certified Minority Expenditure by Object Codes**

<b>Object Codes</b>	<b>Description</b>	<b>Total Expenditure</b>	<b>Minority Expenditure</b>
2323	Construction - Highways	\$607,199,849.88	\$9,462,106.25
1255	Highway Repair and Maintenance Services	\$368,121,595.69	\$6,306,500.39
1272	Information Mgmt. Program Design & Development	\$86,232,957.24	\$4,754,236.19
1268	Skilled Services	\$101,352,293.92	\$3,116,085.46
1274	Computer Hardware Maintenance Services	\$19,418,695.88	\$2,188,993.38
2216	Network Components	\$4,936,173.86	\$2,021,165.15
2217	Other Computer Equipment	\$14,658,224.28	\$1,897,345.99
1373	Computer Operating Supplies	\$3,959,370.14	\$1,209,276.93
1251	Custodial Services	\$33,466,201.61	\$1,193,415.59
1261	Architectural and Engineering Services	\$222,616,499.22	\$918,018.71
2233	Voice and Data Transmission Equipment	\$5,470,335.42	\$648,902.44
1275	Computer Software Maintenance Services	\$33,455,352.50	\$593,999.52
2231	Electronic Equipment	\$13,604,972.48	\$558,265.23
2211	Desktop Client Computers (microcomputers)	\$21,686,640.77	\$364,584.08
2215	Network Services	\$9,594,721.37	\$355,780.25
1217	Telecommunications Services (Non-State)	\$79,029,365.85	\$336,967.86
1279	Computer Software Costs	\$17,479,775.25	\$284,933.17
1231	Clinic Services	\$10,628,545.72	\$276,632.04
2238	Electronic and Photographic Equipment Improvements	\$1,301,204.53	\$271,197.44
1277	Computer Operating Services (Non-State)	\$36,538,996.28	\$195,048.75
1351	Building Repair and Maintenance Materials	\$8,736,611.66	\$191,222.46
1534	Equipment Rentals	\$55,040,565.62	\$167,810.11
2218	Computer Software Purchases	\$10,079,856.58	\$157,543.31
1256	Mechanical Repair and Maintenance Services	\$13,860,759.90	\$134,952.77
2328	Construction - Building Improvements	\$70,754,531.29	\$132,288.66
1213	Messenger Services	\$1,627,741.57	\$120,841.51
2321	Construction - Bridges	\$216,653,488.75	\$104,467.64
1253	Equipment Repair and Maintenance Services	\$12,489,761.72	\$104,449.62
1257	Plant Repair and Maintenance Services	\$17,696,262.15	\$92,456.04
1323	Gasoline	\$6,395,574.07	\$87,178.05
1312	Office Supplies	\$15,036,173.30	\$85,750.09
1252	Electrical Repair and Maintenance Services	\$4,192,809.82	\$83,836.03
1543	Refuse Service Charges	\$6,428,800.42	\$76,924.77
2212	Mobile Client Computers (microcomputers)	\$4,653,493.57	\$72,714.71
2263	Office Incidentals	\$1,515,053.50	\$65,366.40

**CHART C**  
**Certified Minority Expenditure by Object Codes**

1244	Management Services	\$174,881,608.13	\$65,168.90
2271	Household Equipment	\$3,705,778.01	\$62,622.10
1266	Manual Labor Services	\$21,383,910.73	\$60,585.68
1352	Custodial Repair and Maintenance Materials	\$3,880,444.77	\$52,881.12
2222	Educational Equipment	\$7,395,367.28	\$52,486.06
2283	Mechanical Equipment	\$6,858,281.88	\$50,936.21
2214	Mainframe Computers and Components	\$2,910,119.49	\$50,051.14
1372	Architectural and Engineering Supplies	\$256,515.15	\$45,835.65
1354	Mechanical Repair and Maintenance Materials	\$14,877,699.96	\$39,513.14
2232	Photographic Equipment	\$3,590,189.04	\$37,722.14
2327	Construction - Bridges and Highways Improvements	\$3,646,657.18	\$36,000.00
2131	Site Improvements	\$22,206,921.62	\$35,303.50
2275	Recreational Equipment	\$731,128.55	\$33,478.12
2262	Office Furniture	\$5,428,542.25	\$32,239.99
2264	Office Machines	\$2,211,977.80	\$31,686.62
1211	Express Services	\$2,965,681.57	\$30,308.86
1334	Merchandise	\$54,415,228.08	\$22,911.96
1353	Electrical Repair and Maintenance Materials	\$4,926,025.06	\$20,584.63
1377	Photographic Supplies	\$3,079,112.68	\$19,887.94
1248	Media Services	\$10,881,446.10	\$14,630.00
1224	Employee Training Courses, Workshops, and Conferences	\$8,541,239.51	\$13,121.50
2132	Site Preparation	\$2,328,986.92	\$12,242.33
1374	Educational Supplies	\$5,506,292.03	\$11,659.46
1324	Oil	\$5,835,235.51	\$9,058.88
1335	Packaging and Shipping Supplies	\$1,400,075.45	\$8,247.92
2288	Stationary Equipment Improvements	\$1,599,577.00	\$7,456.51
2223	Exhibit Equipment	\$301,416.53	\$6,696.00
1236	X-ray and Laboratory Services	\$5,793,887.17	\$6,673.08
1226	Employee Training Consulting Services	\$2,978,485.45	\$6,245.00
1234	Medical Services	\$106,153,811.67	\$5,490.50
1363	Food Service Supplies	\$885,305.50	\$5,269.39
1215	Printing Services	\$16,079,979.64	\$4,285.16
1219	Inbound Freight Services	\$1,453,392.16	\$3,976.79
1341	Laboratory	\$7,478,027.95	\$3,398.22
1313	Stationery and Forms	\$5,468,401.78	\$2,718.05
2253	Construction Equipment	\$12,220,998.55	\$2,500.00
2243	Field Equipment	\$2,345,273.15	\$2,355.00

**CHART C**  
**Certified Minority Expenditure by Object Codes**

1246	Public Information and Public Relations Services	\$35,365,490.96	\$2,171.00
1228	Employee Information Technology Training Courses	\$1,034,685.94	\$2,000.00
1376	Law Enforcement Supplies	\$2,956,146.70	\$1,889.58
1342	Medical and Dental Supplies	\$12,215,380.76	\$1,676.92
1333	Manufacturing Supplies	\$24,175,488.23	\$1,385.13
2268	Office Equipment Improvements	\$169,722.60	\$833.61
1212	Outbound Freight Services	\$6,173,799.93	\$288.74
1371	Agricultural Supplies	\$2,776,763.71	\$271.50
2261	Office Appurtenances	\$2,122,121.57	\$265.31
1254	Extermination/Vector Control Services	\$788,671.97	\$200.00
1343	Field Supplies	\$642,489.80	\$187.21
1311	Apparel Supplies	\$4,336,010.75	\$163.80
2241	Laboratory Equipment	\$5,473,293.36	\$74.63
2221	College Library Books	\$5,473,240.22	\$39.30
1222	Publication Subscriptions	\$3,360,148.60	\$0.00
1232	Dental Services	\$887,890.66	\$0.00
1235	Nursing Home Services	\$4,567,376.87	\$0.00
1241	Auditing Services	\$5,684,832.14	\$0.00
1242	Fiscal Services	\$6,615,770.51	\$0.00
1243	Attorney Services	\$63,708,230.93	\$0.00
1245	Personnel Development Services	\$1,859,700.43	\$0.00
1247	Legal Services	\$6,578,544.90	\$0.00
1258	Reclamation Services	\$3,496,748.62	\$0.00
1259	Vehicle Repair and Maintenance Services	\$8,943,251.04	\$0.00
1262	Aviation Services	\$1,706,779.46	\$0.00
1263	Clerical Services	\$21,064,265.69	\$0.00
1264	Food and Dietary Services	\$30,666,288.09	\$0.00
1265	Laundry and Linen Services	\$1,363,100.46	\$0.00
1267	Production Services	\$3,820,461.02	\$0.00
1281	Moving and Relocation Services	\$527,381.47	\$0.00
1309	Charge Card Purchases of Supplies and Materials	\$63,486,262.50	\$0.00
1321	Coal	\$1,828,245.20	\$0.00
1322	Gas	\$16,154,155.13	\$0.00
1325	Steam	\$2,078,573.65	\$0.00
1326	Wood Fuels	\$316,463.91	\$0.00
1344	Pharmaceuticals	\$74,391,435.67	\$0.00
1355	Vehicle Repair and Maintenance Materials	\$10,912,078.91	\$0.00

**CHART C**  
**Certified Minority Expenditure by Object Codes**

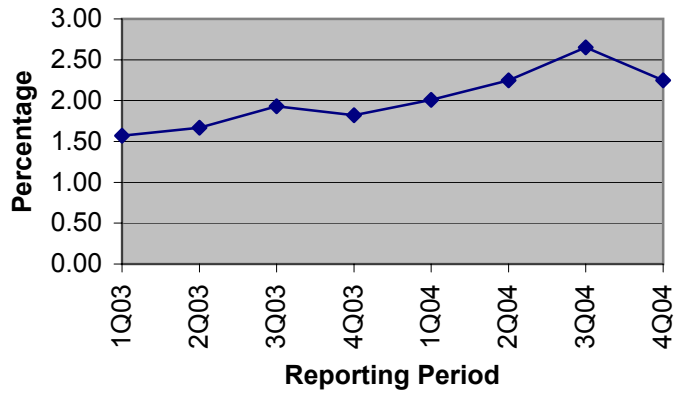
1361	Clothing Supplies	\$1,448,029.75	\$0.00
1362	Food and Dietary Supplies	\$9,273,860.61	\$0.00
1364	Laundry and Linen Supplies	\$516,781.22	\$0.00
1365	Personal Care Supplies	\$1,556,515.30	\$0.00
1375	Fish and Wildlife Supplies	\$1,556,933.38	\$0.00
1378	Recreational Supplies	\$753,395.12	\$0.00
1509	Charge Card Purchases of Continuous Charges	\$286,563.74	\$0.00
1521	Computer Peripheral Capital Leases	\$6,669,883.35	\$0.00
1522	Computer Central Processor Capital Leases	\$25,372.95	\$0.00
1523	Computer Software Capital Leases	\$1,133,529.96	\$0.00
1524	Equipment Capital Leases	\$1,051,040.36	\$0.00
1525	Building Capital Leases	\$7,424,384.97	\$0.00
1526	Land Capital Leases	\$4,443.32	\$0.00
1527	Land and Building Capital Leases	\$5,143,683.42	\$0.00
1531	Computer Peripheral Rentals	\$1,493,255.29	\$0.00
1532	Computer Processor Rentals	\$56,997.86	\$0.00
1533	Computer Software Rentals	\$6,925,696.12	\$0.00
1535	Building Rentals	\$68,255,299.84	\$0.00
1536	Land Rentals	\$702,102.49	\$0.00
1537	Land and Building Rentals	\$3,456,674.96	\$0.00
1561	Computer Purchases Peripheral Installment Purchases	\$3,970,089.29	\$0.00
1562	Computer Processor Installment Purchases	\$446,570.93	\$0.00
1563	Computer Software Installment Purchases	\$3,229,625.74	\$0.00
1564	Equipment Installment Purchases	\$7,288,984.13	\$0.00
1565	Building Installment Purchases	\$2,519.17	\$0.00
1566	Land Installment Purchases	\$218.88	\$0.00
1575	Consulting Costs	\$597,151.21	\$0.00
2111	Acquisition, Property	\$2,915,098.79	\$0.00
2112	Acquisition, Rights-of-Way	\$130,654,794.01	\$0.00
2113	Acquisition, Waterways and Improvements	\$142,162.85	\$0.00
2121	Animals	\$31,976.21	\$0.00
2122	Minerals	\$1,145.00	\$0.00
2123	Plants	\$302,229.82	\$0.00
2133	Utilities	\$4,476,684.44	\$0.00
2209	Charge Card Purchases of Equipment	\$3,221,869.51	\$0.00
2219	Development Tools Purchases	\$325,154.56	\$0.00
2224	Reference Equipment	\$3,751,653.62	\$0.00

**CHART C**  
**Certified Minority Expenditure by Object Codes**

2228	Educational and Cultural Equipment Improvements	\$68,160.30	\$0.00
2242	Medical and Dental Equipment	\$2,709,331.28	\$0.00
2248	Medical and Laboratory Equipment Improvements	\$86,737.08	\$0.00
2251	Agricultural Vehicular Equipment	\$2,206,453.67	\$0.00
2252	Aircraft Equipment	\$98,711.63	\$0.00
2254	Motor Vehicle Equipment	\$38,616,885.88	\$0.00
2255	Power Repair and Maintenance Equipment	\$1,721,821.11	\$0.00
2256	Watercraft Equipment	\$1,285,534.49	\$0.00
2258	Motorized Equipment Improvements	\$367,042.97	\$0.00
2272	Law Enforcement Equipment	\$3,829,646.13	\$0.00
2273	Manufacturing Equipment	\$2,090,734.59	\$0.00
2274	Non-Power Repair and Maintenance Equipment	\$1,089,179.00	\$0.00
2278	Specific Use Equipment Improvements	\$1,893,486.76	\$0.00
2281	Built-in Equipment	\$742,936.59	\$0.00
2282	Fixtures	\$2,718,130.76	\$0.00
2312	Acquisitions, Buildings	\$507,483.86	\$0.00
2313	Acquisitions, Highways	\$325,213.80	\$0.00
2314	Acquisition, Water ports	\$10.76	\$0.00
2322	Construction - Buildings	\$109,598,278.47	\$0.00
2324	Construction - Water Ports	\$1,312,869.61	\$0.00
<b>Totals</b>		<b>\$3,560,598,590.38</b>	<b>\$39,548,931.27</b>



### Percent of Total Expenditure with MBE Firms



<u>Reporting Period</u>	<u>MBE Percentage</u>
1Q03	1.57
2Q03	1.67
3Q03	1.93
4Q03	1.82
1Q04	2.01
2Q04	2.25
3Q04	2.65
4Q04	2.25