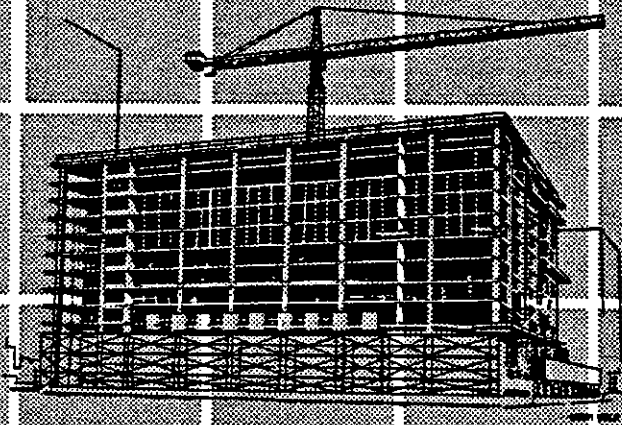


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**DEVELOPMENT OF A DATABASE OF MBE/DBE FIRMS
AND DECISION MODELS TO DETERMINE THEIR CAPACITY
FOR THE FLORIDA CONSTRUCTION INDUSTRY**

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The Building Construction Industry Advisory Committee under a grant from the
State of Florida Department of Education*



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Florida International University
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Miami, Florida
1994

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Grant 92-15

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The decisions on inclusion or exclusion of data, the conclusions, results, and the recommendations are the results of the authors' studies and for which they accept full responsibility.

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EXECUTIVE SUMMARY

The Florida Legislature has established a minority and disadvantaged business enterprise assistance program that includes provisions for the award of contracts, set asides, and other programs for minority contractors. Eligibility for inclusion in these statewide programs depends upon initial certification and annual re-certification by the Department of Management Services (DMS) of the State of Florida that the applicants meet specified definitions of ethnicity and gender and the criteria for minority ownership and control of the firm. The legislature also provided that certification as a minority firm by DMS would suffice as certification for all state agencies and local governments with similar minority business assistance programs.

The research reported herein was done under the auspices of the Building Construction Industry Advisory Committee (BCIAC) and the State of Florida Department of Education because of the reluctance of local jurisdictions to accept the DMS certification. Instead most jurisdictions maintain their own set of rules for eligibility, their own application and review process, and individual requirements for documentation. The situation is analogous to that for the licensing for contractors which existed prior to the establishment of the Construction Industry Licensing Board in 1968. Before that time there was no state licensing program and each county, city, and separate jurisdiction established their own requirements and regulations for the licensing of contractors.

A review of existing state and local legislation was conducted. Although this study primarily addresses certification requirements the authors developed a check list that included many related items that could be reviewed at the same time. This related material is included for completeness. The certification rules were analyzed to determine if there were fundamental differences that would preclude the acceptance of DMS certification and a centralized data bank.

The researchers have also included material showing that neither the State of Florida nor the local jurisdictions can act in a vacuum when establishing minority business assistance programs. Both the state and local programs must consider the rationale for the programs and the effect of federal legislation and court decisions. In particular, the U. S. Supreme Court decision, *Richmond v Croson*, makes it clear that establishment of minority assistance programs based upon ethnicity or gender alone is not acceptable. Jurisdictions establishing minority assistance programs must prove that past discrimination affecting specific minorities existed within relatively narrow geographic bounds. However this and other federal requirements do not impinge upon the ability of the state to establish a centralized data base that could be accessed by other governmental agencies.

The state and local ordinances and administrative regulations that were reviewed converge on four essential items in the determination of eligibility for certification as a minority contracting firm:

- a definition of what constitutes a minority
- the criteria to establish minority ownership
- the criteria to establish minority control of the firm's operations
- the criteria to establish the minority control of the firm's finances

While there was a lack of a precise fit, the review of laws and regulations established that there were not significant differences in definitions between the state and local agencies. Rigorous statewide definitions and criteria could be acceptable in all jurisdictions while abiding by the proscription of *Richmond v Croson* on generalized programs. Local jurisdictions without documentation of discrimination affecting certain minorities in their area would simply excise the affected firms from consideration for local projects.

Two of the local agencies reviewed have required that the construction industry license holder (qualifier) for a minority contracting applicant also be a bona fide minority. A similar recommendation is included in a report of the legislature's Committee on Intergovernmental Affairs which studied many of the same issues covered in this

report. However, the authors did not find sufficient justification for this further restriction on the entrepreneurial activities of minority contractors.

As a consequence of their review of differences between the state and local ordinances or regulations, the authors have developed a set of consistent definitions and criteria that can be used in the formation of a centralized and comprehensive data base for minority firms. Implementation of this program statewide, with the data maintained by DMS, will free local and state resources for other programs. In order to alleviate the burden placed on DMS the authors propose to shift the burden of proof, completeness, and accuracy to the applicants.

Finally, the authors have developed and included a relatively simple analytical model which will aid contractors or others that are comparing the business capacity of various firms. The model was developed to assist contractors or government agencies in selecting suitable contractors for a particular project from a pool of those certified by DMS. In the event that the number of firms being compared is small the calculations can be done manually without much difficulty. When ranking a large number of firms, the work is no more difficult but may become time consuming. Consequently a computer assisted program was developed and is included. It is envisioned that the data required to use the analytical model would be routinely submitted with a request for certification or recertification by a minority firm and maintained by DMS. In turn, DMS could make it available to contractors or subcontractors seeking bids from viable minority firms for projects.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FINDINGS

1. The research determined that the requirement in law that DMS certification of minority business firms be accepted by local jurisdictions is generally ignored.

- *The law has no enforcement provisions.*
- *Interviews with local agencies show that they do not consider that the DMS certification review is sufficiently rigorous.*

2. The research determined that there are not significant differences between the state and local definitions of minorities and their criteria for ownership, control of operations, or control of finances.

- *The differences that exist are primarily due to a lack of local jurisdictions covering the complete range of minorities and criteria that are included in the states' regulations.*

- *Most local jurisdictions do not require that firms included in their assistance programs be domiciled in Florida, a criterion that is included in the state regulations.*

3. The research determined that there is a growing sentiment in both the state and local agencies administering the minority business programs to require

that the individual construction license holder (qualifier) for certified minority construction firms to be a minority.

- *The legislature's Committee on Intragovernmental Relations has recommended the item to the legislature.*

- *Two of the agencies with minority business certification programs that were reviewed by the authors require this as a part of their certification process.*

- *Interviews with individuals in other local governments indicate that, while not yet required, it is considered during their review of documentation for certification.*

4. The researchers found that the lack of a uniform criteria and statewide certification for minority business firms creates duplicative and unjustifiable work for contractors.

- *The lack of consistent definitions and reciprocity between the state and local jurisdictions requires minority firms to request certification and provide duplicate documentation to multiple governmental agencies.*

- *General contractors and owners seeking to employ minority firms are faced with the problem that firms certified by the state and certain jurisdictions are not acceptable to others.*

5. While it was not a matter of intended study, the researchers found a lack of uniformity and consistency in defining the goals and objectives of a minority business assistance program.

- Most local programs provide no training or assistance for the minority firms.

- The programs do not usually assist in the distribution of monies to other than the owners of firms, thus lack economic empowerment to the minority population as a whole.

- The programs generally do not provide for a point in time or volume of sales after which minority firms should be expected to compete in a free market place.

6. Contractors and owners seeking to employ minority firms can utilize financial, personnel, and business data normally provided for in the certification and re-certification process to determine the relative capacity of individual firms to meet the requirement of a particular project.

- Local jurisdictions can use the data as an aid in the selection of minority firms for specific projects.

- The selection should be based on the capacity and capability of the firm.

CONCLUSIONS

1. The researchers concluded that there were no compelling reasons for separate state and local certification procedures.

- The state and local governments should cooperate in developing consistent and uniform definitions and criteria that would be

universally acceptable.

- *The state and local jurisdictions would still be bound by the dictates of the U. S. Supreme court in Richmond v Croson and certain certified minority might not be eligible for inclusion in the minority business assistance programs in all jurisdictions within the state.*

2. It is the opinion of the researchers that there is insufficient evidence on record to justify requirement that the qualifier for a minority construction firm also to be a minority.

- *It appears to be undue restriction on owners and entrepreneurs.*

- *Similar constraints are not found in the certification procedures for minority businesses that act as suppliers and materialmen.*

3. The researchers concluded that the lack of a centralized certification process and data bank is a highly inefficient and requires an unnecessary expenditure of both public and private funds.

- *Minority firms seeking certification and inclusion in assistance programs must apply to a multitude of agencies.*

- *Investigation and certification of the same firm by multiple public agencies is not justifiable.*

4. Tabulated financial, personnel, and other business

data typically submitted with requests for minority certification and re-certification can be utilized by owners and contractors in their evaluation of the capacity of minority firms.

RECOMMENDATIONS

1. The researchers recommend that definitions and criteria applying to minority business programs be standardized throughout the state.

- *The definitions and criteria currently utilized by DMS, as amended and presented the appendices of this report, should be adopted statewide for certification of minority business entities.*

2. The researchers recommend that the DMS certification of minority business firms be recognized as sufficient for all state and local agencies.

- *DMS should be assigned the responsibility to maintain a statewide data base for minority firms.*

- *Local exclusions to comply with Richmond v Croson should be maintained.*

- *Appropriate legislation should be considered to mandate implementation of the program.*

3. The researchers recommend that the cost of authenticating the documentation required for certification as a minority firm be shifted from the public agencies to

the applicants.

- *State and local resources currently devoted to this task could be assigned to training and assistance for minority firms.*

- *Firms would be required to provide sworn statements from accountants and attorneys attesting to the validity and accuracy of the application.*

4. The researchers recommend that the State and local minority assistance programs reviewed to ensure that they meet the criteria set forth in Chapter 2 of this report with respect to technical assistance, financial assistance, and a defined ending or graduation point.

5. The researchers recommend that an analytical model, such as that presented in Chapter 5, be used for the purpose of evaluating the capabilities of minority contractors.

- *Data submitted in the certification and re-certification process should be made available for this purpose.*

- *The use of the model will provide dependable and consistent ranking of firms.*

Chapter 1 INTRODUCTION

1.1 Problem Statement

Federal, state, and local laws and regulations have been promulgated which require the participation of minority and disadvantaged business enterprises on projects funded with public funds. Unfortunately there is a lack of consistency between the jurisdictions, both in definition and in application. These inconsistencies translate into problems for qualified minority firms. They must apply to, and be approved by, a multitude of separate jurisdictions before they can participate in minority business programs for more than one governmental agency. The lack of an accepted statewide data base also creates problems for contractors in Florida as they assemble bid packages for public works. The situation is analogous to contractor licensing prior to the establishment of the Construction Industry Licensing Board.

The first problem encountered is one of definition. Excepting the federally funded projects, not all Florida agencies or separate jurisdictions define minority and disadvantaged business entities in the same terms. Firms that are acceptable to one agency may not be acceptable to another. This is due to a lack of agreement on the required ethnicity of the owners of the minority or disadvantaged

firm, their gender, residence, or the size of the enterprise.

A second problem arises due to locally derived regulations for certification of those firms to be considered as minorities or otherwise disadvantaged. Some jurisdictions within the state require extensive documentation from applicants; others have none. Reciprocity of certification between jurisdictions is uncommon.

A third problem arises when a contractor seeks out minority or disadvantaged firms through the certifying agencies. This office generally has no idea of the actual capacity or competence of the firms that they consider to be eligible for minority or disadvantaged status. Consequently they provide only a listing of those that have completed certain paper work rather than a useable criteria for the selection of qualified subcontractors, vendors, or suppliers.

1.2 Objectives

The research reported on in this publication was undertaken for the Building Construction Industry Advisory Committee (BCIAC) to provide insight in four areas:

- a single set of criteria and definitions for minority and disadvantaged business enterprises that could be applied throughout the state;
- a reasonable single point certification and

certification maintenance procedure including development and maintenance of a statewide database that could be applicable throughout the state;

- the consistency of state and local minority business assistance programs;

- an analytical model that could be applied by either the certifying agencies or a using contractor that would consistently rank minority and disadvantaged firms as to their capacity when compared with similar firms.

1.3 Scope of the Project

The initial work consisted of a literature survey for pertinent articles on minority and disadvantaged business enterprise programs. At the same time a review was made of the applicable federal and state law and regulations which provide the framework for the execution of public policy in this area.

Subsequently the state and selected local agencies responsible for implementation of the minority and disadvantaged business programs were contacted. The authors asked for and received applicable statutes, regulations, and office guide lines under which the state and local governments operate. Local statutes and regulations were compared with each other and the state guidelines to determine consistency, or lack thereof. After receiving and reviewing the documentation contact was made with selected agencies across the state for clarification and to gain an insight as to the way that the law and rules were actually

administered.

Simultaneously a computer assisted model was developed that would allow a person to rank, in a rationale and consistent manner, competing construction firms with respect to their capacity to do work. The model does not provide a guarantee that the top ranking firm will be suitable, just that it ranks above the others.

1.4 Organization of the Report

The report is divided into seven major parts as outlined below:

SUMMARY AND CONCLUSIONS. The report begins with an executive summary of the project and its outcome. The results of the study are outlined in detail in the section "Findings, Conclusions, and Recommendations." The major findings, conclusions, and recommendations are briefly discussed and rationale is provided for the recommendations of the authors.

INTRODUCTION (CHAPTER 1). The introduction contains a concise statement of the problem that was studied, objectives of the work, the scope of the work that was undertaken to meet these objectives, and a synopsis of the organization of the report.

PURPOSE OF MINORITY AND DISADVANTAGED BUSINESS PROGRAMS (CHAPTER 2). This section of the report discusses the rationale for providing minority and disadvantaged programs. It sets forth a criteria against which the authors could

objectively examine the state and local programs. It also contains the definitions used throughout the report.

A REVIEW OF PERTINENT LAWS, REGULATIONS, AND GUIDELINES (CHAPTER 3). The authors reviewed and compared the laws and regulations of the state and representative local jurisdictions which have established programs for minority and disadvantaged business firms. Tables and appendices are included that present the results of this study and provide a statement as to how well the individual programs meet the objectives stated in Chapter 2.

CRITERIA FOR A STATEWIDE DATA BASE (CHAPTER 4). Based upon the work described in the previous chapters, the authors present a criteria for a statewide data base of acceptable minority and disadvantaged construction related firms. Recommendations and justifications are included regarding the establishment of such a system.

AN ANALYTICAL MODEL TO RANK CAPABILITIES (CHAPTER 5). In this section of the report the authors present a simple model that will aid contractors and agencies in ranking the capability of construction related firms to perform work in their field. Data are provided that will allow users to compute rankings manually or with computer assistance.

Chapter 2
CRITERIA AND DEFINITIONS

2.1 Definition of Purpose

Before one can objectively examine the various state and local regulations affecting minority and disadvantaged business programs it is necessary to determine the objective of such programs. Without an agreed upon yardstick it is impossible to determine if the established programs are properly constituted. The study group felt that a lack of understanding and agreement on this single point would necessarily preclude the definition of a model system or development of criteria for evaluating minority business firms.

It is not sufficient to state that certain ethnic, gender, or social groups deserve special consideration and to institute programs to provide that consideration. It is of equal or greater importance to define what we want the programs to accomplish. This allows for objective assessment of the programs as to whether or not they are structured to accomplish the goals. It also establishes a set of expected results and allows an objective measurement as to whether or not those goals are being accomplished.

The preambles to the legislation and statutes, both at the state and local levels, which set up the minority and disadvantaged business programs in Florida are litanies of reasons that these programs are required. With the

exception of those that insert numerical percentages for participation, they generally fail to include a means to measure success.

The results of a study published by the American Society of Civil Engineers provided a succinct answer to the researchers' questions and a guide for evaluation of existing legislation and regulations in Florida.¹ While the study concentrated on highway construction the statements of problems and desired end results are applicable for all fields of construction. These writers stated that the goal of a minority or disadvantaged business incentive program should be to "aid inexperienced minority contractors with their development into qualified, independent" contractors. Following this hypothesis a criterion for success would no longer be how well an agency meets its goals as measured by the dollar value of contracts or the number of contractors participating, but how well minority or otherwise disadvantaged contractors developed and outgrew the need for assistance. The emphasis would be to get the minority and disadvantaged firms into the normal construction contracting system, help them to become successful, and "graduate them into the real contracting world, where they can compete and succeed or fail with everyone else."

A second point that must be examined is whether or not the economic benefit from minority and disadvantage business programs should accrue primarily to the entrepreneurs, to

¹ Beliveau, Y.J., Snyder, D.A., and Vorster, M.C., "DBE Programs - A new Model," Journal of Construction Engineering and Management, Vol 117, No. 1, March 1991.

the actual workers, or some combination thereof. If the goal is economic empowerment of an ethnic or gender group then a standard of measurement for statutes and rules must include a statement as to how well these programs facilitate the transfer of monies into as many hands as possible.

2.2 Criteria for Evaluating Programs

The researchers adopted the following check list as an aid in evaluating minority and disadvantaged business programs currently in place in Florida:

- Does the program provide for certification?
- Does the program provide for an evaluation of the firm's technical competence?
- Does the program provide for assistance in gaining technical competence if this is required?
- Does the program provide for an evaluation of the firm's business acumen?
- Does the program provide for assistance in starting or maintaining a viable business entity?
- Does the program provide for assistance in gaining the financial backing required for a construction business?
- Does the program provide for evaluation of progress towards independence from the need for special

consideration?

- Does the program provide for termination of special consideration (graduation)?
- Does the program provide for the distribution of monies to minorities other than the entrepreneurs.

In establishing these criteria it is not the researcher's intent to comment on the validity of the underlying correctness or need for the programs. Such is not only beyond the scope of this work but is also considered to be non-productive. The policies have been provided for through the legislative process and the proper forum for review is through the same legislative process or the courts.

2.3 Definitions for Minority and Disadvantaged Business Programs

In order to achieve consistency in the remainder of the report the researchers have accepted the following definitions and will use these throughout the text. It should be noted that not all of the statutes or administrative directives reviewed are in agreement with these definitions.

1. Bid Preference Program. A program whereby a predetermined percentage amount or points are applied to a bid to adjust the bid of a selected vendor to allow that vendor to achieve a preferred standing in the evaluation of bids received.

2. Certified. Official recognition by an governmental agency or jurisdiction of the status of an individual or firm as a Minority Business Enterprise/ Disadvantaged Business Enterprise/Women Business Enterprise.

3. Disadvantaged Business Enterprise (DBE). A business entity which has been certified as disadvantaged enterprise in accordance with pertinent rules and regulations.

4. Goal. A percentage of participation in the dollar value of a contract by business entities that have been certified as a minority, woman owned, or disadvantaged business enterprise.

5. Good Faith Effort. Contractors bidding on a project will be excused from meeting the minority business participation goals if they have done all of the following:

- a. attended the pre-bid conference(s);
- b. provided written notice to a reasonable number of minority firms, by certified mail or hand delivery, advising of the specific work that can be subcontracted, of the fact that their interest in subcontract is being solicited, and how to obtain information for the review and inspection of plans and specifications;
- c. place advertisements in local newspapers for two separate periods, at least two weeks and at least one week in advance of the advertised bid date;
- d. whether or not the contractor selected parts of the work for minority subcontracting that were representative of the type and amount of work that minority

subcontractors were capable of performing;

e. whether or not the contractor can document that the quotations received from minority businesses were considered fairly and, if not accepted, were not accepted for valid reasons.

f. whether or not the contractor provided assistance to interested minority firms in plan review and obtaining required bonding, lines of credit, and insurance.

5. Minority. Any of the following racial, ethnic, gender, or physically disabled groups:

a. African Americans, defined as a person having origins in any of the black racial groups of Africa.

b. Hispanic Americans, defined as a person of Spanish or Portuguese culture with origins in North, South, or Central America of the Caribbean Islands, regardless of race.

c. Asian Americans, defined as a person having origins in any of the original people of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands (less Hawaii).

d. Native Americans (American Indians, Eskimos, Aleuts, or Native Hawaiians.)

e. An American Woman

f. A physically disabled person, defined as a person who has a physical impairment, defect, ailment, or disability of a permanent nature which in any way limits the type of employment or business enterprise for which the person would otherwise be qualified.

6. Minority Owned Business Enterprise (MBE). A certified business wherein at least a majority of the

ownership resides with one or more minority groups and in which the management of daily operations is controlled by one or more minority groups.

7. Small Business Enterprise (SBE). A business entity defined by the Small Business Administration of the United States Government as a small business.

8. Small Disadvantaged Business Enterprise (SDBE). A business enterprise meeting both of the definitions.

9. Woman-Owned Business Enterprise (WBE). A certified business in which at least 51% of the ownership resides with one or more women and whose management and daily business operations are controlled by one or more women.

10. Set-Aside. An arrangement in which a particular contract or the procurement of a particular class of goods and/or services is reserved for competition solely among certified small and/or disadvantaged businesses.

11. Targeted Market Contract. Contracts designated for competition limited to small businesses inclusive of certified MBEs and/or WBEs on either a competitive or negotiated basis.

Throughout the remainder of the report the authors will use the term **MBE/DBE** as an inclusive abbreviation standing for minority, women, and other disadvantaged business enterprises.

Chapter 3
REVIEW OF EXISTING PROGRAMS

3.1 Federal Legislation

The United States Congress has mandated equal employment opportunity by creating numerous laws which address the employment of minorities. Several of them are applicable to the construction industry and the treatment of MBE/DBE firms. The "Equal Employment Opportunity Act" of 1972 makes discrimination based on a person's race, color, religion, sex, or national origin unlawful.² Legislation that governs the construction of higher education facilities for which federal funds are provided requires the "utilization" of minority business persons, including construction contractors, to the "maximum extent feasible."³ The Public Works Employment Act of 1977 places limits on the use of grants for public works projects.⁴ It states that no grant shall be made unless at least 10% of the amount of each grant is expended for minority business enterprises. Legislation governing banks and banking directs the establishment of "minority outreach programs" to ensure equal opportunity in the solicitation of contracts.⁵ These laws are only four examples of many which illustrate the intent of the federal government to encourage and

² 42 U. S. Code Section 2000-e to 2000-e-17.

³ 20 U. S. Code Sec. 1132c-7.

⁴ 42 U. S. Code Section 6701, 6705, (f) (B) (2).

⁵ 12 U. S. Code Section 4520.

require the use of minority business enterprises.

3.2 Richmond v. Croson

The Fourteenth Amendment to the United States Constitution makes discrimination by state or local governments unlawful and prohibits them from denying any person within their legislative jurisdictions equal protection of the laws.

In a landmark decision directly related to the construction industry, Richmond v Croson, the United States Supreme Court outlined what state and local governments may do to remedy past discrimination.⁶ When a local government attempts to eliminate discriminatory practices, the remedies are lawful **only** if they are specifically enacted to rectify the effects of past discrimination in that particular locality.

When enacting a MBE/DBE program the City of Richmond had relied on the Supreme Court's decision in another case.⁷ At issue in this previous case was the constitutionality of the "Minority Business Enterprise" provision of the Public Works Employment Act of 1977. As previously mentioned, the act requires that, absent a justifiable administrative waiver, at least 10% of federal funds granted for local public works projects must be used by the state or local grantee to procure services or supplies from minority owned businesses.

⁶ Richmond v. Croson, 488 U. S. 469, 1989.

⁷ Fullilove v. Klutznick, 448 U. S. 448, 1980.

The Supreme Court upheld that MBE provision and acknowledged Congress' duty to enforce by appropriate legislation the equal protection clause of the Fourteenth Amendment. The Court was satisfied that Congress had explored other remedies but had determined that only a set-aside would be effective. The Court was also satisfied with the waiver provision of the minority set-aside in that Congress explicitly recognized that the scope of the problem would vary from area to area. In any event, Congress was acting pursuant to its unique enforcement powers under Section 5 of the Fourteenth Amendment.

The city council of Richmond, Virginia, had instituted a minority set-aside program which required that 30% of sub-contracting on city projects be set aside for Minority Business Enterprises. The plan defined an MBE as "a business at least fifty-one percent of which is owned and controlled ... by minority group members". The plan provided for a waiver of the 30% set-aside requirement only when minority business enterprises were either unavailable or unwilling to participate in the project.

In determining the constitutionality of this minority set-aside program, the Supreme Court applied the legal doctrine of "Strict Scrutiny." This is the most stringent standard of review. "Strict Scrutiny" requires that government have a compelling reason for enacting a preferential treatment program. While remedying past racial discrimination is generally considered a compelling reason, evidence of general societal discrimination alone is not sufficient reason for establishing such a program. There must be substantial evidence of past discrimination within

the specific locale.

The doctrine of "Strict Scrutiny" also requires that there be no less intrusive way in which to meet the specific goal of rectifying the effects of past discrimination. Examples of less intrusive remedies are simplifying bidding procedures, lowering bond requirements or offering low interest loans to small businesses. Applying this standard of review, the Court found the minority set-aside program enacted by the Richmond city council to be unconstitutional.

In reaching this conclusion, the Court implicitly outlined the requirements for a constitutionally valid minority assistance program. Unlike Fullilove, where it was sufficient for Congress to show a general history of discrimination, the Court in Croson found that it must be shown by substantial evidence, such as significant statistical disparity, that the minority to benefit from such a program has in fact been discriminated against in the past and that the discrimination occurred in that particular locale or geographic area. The local government should also be able to show that race neutral remedies such as those previously mentioned were considered. The plan must be specific as to the geographic areas from which MBE/DBEs will be chosen and the amount of the set-aside must bear a relationship to the percentage of qualified MBE/DBEs in the area.

3.3 State Legislation

The basis for the State of Florida MBE/DBE program is spread throughout the Florida statutes and generally pre-

dates the Richmond v Croson decision. The definition of minorities is found in one place, the establishment of the Minority Business Enterprise Assistance Office in another, the authority for set aside contracts in yet another. In addition, the state has established the Department of Management Services (DMS), replacing the former Department of General Services, and not all pertinent legislation has yet caught up with the changes. Consequently it should not be surprising that there is some lack of cohesion and uniformity within the program as it relates to state agencies and even less when it is filtered down to the local level.

Certification and re-certification of minority construction firms by the DMS is done within the Bureau of Minority Business Enterprise and is covered by administrative regulation.⁸ The definition of minority groups is essentially that adopted by the authors for this report with the exception that the regulations require that individuals and/or firms have to be lawful, permanent residents of Florida to be eligible for certification. A summary of the other criteria for eligibility is:

- majority minority ownership;
- income from the business commensurate with the percentage of ownership;
- risk assumed by the minority owners commensurate with their ownership;
- minority owners possess the authority and responsibility for day to day operations of the firm.

⁸ Florida Administrative Regulations Vol. 14, pg 720-823, revision of 11/92, Chapter 60A-2, Minority Business Enterprise.

The regulations deal with all three forms of business enterprises; corporations, partnerships, and sole-proprietors. In order to establish the fact that the firm is actually owned by minorities, shareholders of a corporation must own at least 51% of the outstanding stock. In the event that there is more than one class of stock, then the regulations establish guidelines to ensure that the intent of the regulation is met. If the entity applying for certification is a partnership, the minorities must own at least 51% of the firm. In any other case, the minorities must own at least 51% of the business interest of the organization.

The income test for certification includes sharing all of the income of the firm commensurate with the share of ownership. This regulation applies to salaries, commissions, bonuses, insurance coverage, proceeds from investments, profit sharing, and any other items that could be considered as providing an economic benefit.

The requirement to share the entrepreneurial risk is two fold. First, that the minority share in the decision making and negotiating powers of the firm be commensurate with the ownership percentage that is claimed. Secondly, that the cash or in kind contributions of the minority leading to the claimed share of ownership be real and commensurate with the share of ownership. Promises of future contributions and performance are specifically excepted from consideration. Similarly, notes payable to the business or non-minority individuals are not considered to be real and substantive contributions.

The requirement that the minority individuals possess the authority to control and actually do control the management and daily business operations of the firm is spelled out in some detail. The decision making authority of the minority cannot be proscribed in any manner which would vary from that usual in the industry. If a corporation and if the affairs are managed by a board of directors, then a majority of the board must be minority members. Minority owners must establish that they control the purchases of goods, equipment, and services that are used in the daily operations of the firm; that they control the hiring, firing, supervision, and personnel policies for all employees; that they have knowledge of and control the financial affairs of the firm; that they have the managerial and technical capability to make decisions regarding the work of the firm; and that they have independence in negotiating contracts as well as accepting, or rejecting bids.

Florida law requires local governments to accept certification and re-certification of minority business enterprises made by the Florida DMS "when such minority business enterprises fall within one of the racial or gender classifications established by the respective local government unit."⁹ Local acceptance of this requirement is minimal at best.¹⁰ The predominant rationale for non-compliance with the statute given by various county agencies and school districts were:

⁹ Subsection 12 of Section 287.0943, FS

¹⁰ Florida Advisory Council on Intergovernmental Relations (ACIR) memorandum of October 4, 1993, with enclosures.

- DMS Criteria too broad.
- No reciprocity.
- No local residency requirement.
- Previous local rejection of MBE status (for a particular firm).

Based upon interviews with local jurisdictions having MBE/DBE programs the authors consider it is also safe to conclude that contributing factors to non-compliance are the lack of enforcement provisions in the Florida Statutes and local "turf" protection. Jurisdictions that do not accept state certification are not penalized. In a report of testimony before the ACIR from an official responsible for direction of the minority business efforts of a county the ACIR staff gave emphasis to his remarks that: "the State must respect the right of local elected officials to customize their local W/MBE program to the desires of their constituents within the bounds of federal law."

The state law and administrative procedures clearly are not structured to assist the growth of minority firms into free market competition other than through preferential treatment. There is no attempt made to judge the technical and managerial competency of the firms and no training programs for increased managerial or technical capabilities are mandated. While these may be available through other agencies, such as the Small Business Development Centers in the state university system, there is no rule or regulation that requires minority firms to seek such assistance. Additionally, there are no provisions that require the DMS to assist the MBE/DBE firms in obtaining the requisite financial backing for a construction business. The only

"graduation" provisions are associated with the net worth of the firm if it is to qualify as a small business. Consequently a minority firm can continue to participate in an assistance program without ever evolving into a competitive entity.

3.4 Local Jurisdictions

The study group reviewed the MBE/DBE programs of representative counties, cities, and other jurisdictions throughout the state.¹¹ A request for copies of ordinances and procedures for local programs was sent to a total of 39 jurisdictions however only 14 replies were received and certain of these had no minority assistance program as such. The following discussion is limited and provided to show the differences that exist within the state.

3.4.1 Broward County

The researchers reviewed the Broward County Ordinance, enacted July 13, 1993, as one of the more recent ordinances written specifically to comply with the requirements of the Supreme Court's decision on Richmond v Croson. The list of definitions used in the statute is more exhaustive but is generally consistent with those given in Chapter 2. Certification of MBE/DBEs is controlled by the county through the office of the Director of the Office of Equal Opportunity. The ordinance requires that the office

¹¹ Broward County, Broward County School Board, Brevard County, Charlotte County, City of Fort Lauderdale, City of Jacksonville, Collier County, Escambia County, Martin County, Palm Beach County, Port Everglades Authority, Hillsborough County, Martin County, Orange County.

establish uniform procedures for certification and re-certification.¹²

The ordinance defines a MBE/DBEs as business entities where at least 51% of the ownership rests with the minority or woman owner and whose management and daily business operations are controlled by minorities or women. Interviews conducted with members of the department indicated a large degree of subjectivity in the application of the law in individual cases. While the minority or woman owned business enterprise definitions do not leave much room for interpretation with respect to race and/or gender, the requirement for control of the daily business functions by a minorities or women is sufficiently non-specific to allow the reviewer to approve or deny certification based upon opinions developed during the review process. Consequently the reviewers could decide that the requirements are not met for a construction contracting firm if the minority/woman applicant was not also the qualifying license holder (certified or registered contractor) for the firm. This despite incontrovertible proof of ownership and financial control.

The ordinance specifically allows participation by the County in reciprocal certification agreements with federal, state, and local jurisdictions provided that the County standards for certification are maintained. The County has entered into an agreement with 4 other jurisdictions (Port Everglades Authority, the North Broward Hospital District, The School Board of Broward County, and the City of Fort

¹². Broward County Florida Ordinance No. 93-17, enacted July 13, 1993, effective July 23, 1993.

Lauderdale) where reciprocity in certification is exchanged. However there is no agreement with any other jurisdictions so that the scope of the effort is limited within the county boundaries. If one considers that there are at least 32 separate governing bodies in Broward County in addition to federal, state, water management districts, and other governmental agencies, each with the prerogative of establishing their own minority certification programs, then the County effort towards reciprocity is minimal. In addition, the reciprocity is non-binding and the County is therefore able to maintain its objective and subjective criteria despite any other agreements. The office does not accept State certification despite the requirement in law that it do so.

The ordinance does not prescribe the level of participation of MBE/DBEs for construction contracting but states that the Board of County Commissioners (BOCC) will establish the goals annually. There is no provision for contractors that make good faith efforts to meet the goals but do not do so. Additionally, there are no provisions in the ordinance that deal with the actual employment of minorities. As it is structured, it would be conceivable to meet or exceed the goals for MBE/WBE/SBE participation without providing gainful employment for a single minority individual other than the owners of the participating business enterprises.

The ordinance also requires that the Department maintain a directory of certified MBEs and WBEs. This listing is inclusive, not only for construction related activities but also for vendors of materials, goods, and

services. The most recent edition reviewed by the researchers (revised as of 03/30/93) is organized with two sections, one an alphabetical listing of types of business or services provided, the other an alphabetical listing of all certified individuals or firms. No data are included in the listing to allow those attempting to employ minority firms to determine the experience level, suitability, or financial capability of any of the certified firms. During an interview with County personnel it was opined that such data would not be easily obtainable since individuals and firms would resist providing the data for a public data bank.

The Broward County Office of Small/Minority Business Affairs makes no attempt to determine the technical or managerial competence of the individuals or firms applying for certification. Similarly, the Broward ordinance does not establish any method for training minority firms in either technical or business competence. While some other regulations and ordinances that were reviewed required that contractors provide assistance to otherwise qualified minority subcontractors in obtaining lines of credit, insurance, and bonding, this is not a requirement in the Broward program.

There is no point in time where a firm certified as an MBE/DBE under the Broward program "graduates". Consequently firms that are successful and which could rationally be expected to compete in the open market are eligible for the assistance program based solely upon the fact that they are owned by minorities.

3.4.2 Hillsborough County

Hillsborough County approached the problem with a Resolution that outlined policy.¹³ Implementation of the policy has been provided for in an administrative order.¹⁴ The definitions that are used in both are similar to and consistent with those that are established in this report. Certification of MBE/DBE firms is established by the Resolution. However, unlike the Broward ordinance, the Resolution specifically establishes that firms certified by the state (DMS) are acceptable in the program and allows the County Administrator to designate other jurisdictions granted reciprocal certification.

The administrative order provides that minority firms must be certified prior to the time that bids are submitted if they are to be considered as meeting the requirements for minority participation. A listing of minority business organizations that have been certified is maintained by the county but there are no indicators of the technical or business competence of the firms.

Yet another difference between the Broward and Hillsborough County approaches is that the Hillsborough resolution establishes specific participation goals for the administration to enforce. In the enforcement, however, general contractors are allowed to participate in the

¹³ Hillsborough County Board of County Commissioners Resolution 92-0190, adopted August 6, 1992.

¹⁴ Hillsborough County Administrative Order 92-4, "Procedures for the Hillsborough County Affirmative Action Program for Disadvantaged Minority/Disadvantaged Women Business Enterprise Program, etc." dated October 1, 1992.

process without reaching these goals with their subcontracts provided they can prove a good faith effort in obtaining the desired MBE/DBE involvement in a particular project. Additionally, the Hillsborough program attempts to provide for payments directly to individual minority individuals by establishing employment goals as well as business entity goals.

Under the Hillsborough administrative order it is stated that program participation is intended to assist the minority firms to overcome their economic disadvantage by providing assistance in two stages: a developmental stage, and a transitional stage. At the end of the program the firm would be prepared to compete in a small business arena with set asides and goals based only on the size of the business, not minority ownership. During the developmental stage the firms are eligible to receive:

- training to acquaint them with contracting opportunities with the county;
- aid in identifying sources of financial assistance;
- bonding exemptions as allowed by state law;
- management skills training through cost free public programs or cost-subsidized training programs;
- business activity targeting assistance.

During the transitional phase of the program the assistance is continued if required. There is no definition

or regulation which spells out when a firm completes any part of the program. Consequently a minority firm could continue receiving preferential treatment based solely on its minority status.

3.4.3 Orange County

The researchers specifically looked for an example of MBE/DBE regulations written prior to the Richmond v Croson decision to determine if the recent laws were substantively different. The Orange County ordinance regulating minority business goals was adopted in October of 1984 as a revision to the county's purchasing laws.¹⁵ It establishes separate goals for the award of construction contracts to MBE firms (18%) and WBE firms (6%). Identical percentage goals are also established for employment of individuals. The ordinance also states that bids may be rejected as non-responsive if the contractor's employment record and MBE/DBE firm participation do not reflect these goals unless good faith effort can be documented and proven.

The Orange County administrative regulations which outline the procedures that a contractor must follow to demonstrate good faith effort specifically state that adherence to the procedures set forth will not ensure that the bid is considered responsive.¹⁶ It provides that a review of the effort will be made and the totality of the

¹⁵ Orange County, FL ordinance 84-19, adopted October 15, 1984, effective October 26, 1984

¹⁶ Orange County Administrative Regulations No. 9.01.07 dated April 4, 1989, "Administrative regulations Regarding good Faith Effort.

record will be examined.

The researchers also reviewed an undated document provided by the Orange County Minority/Women Business Enterprises Department which set forth the administrative procedures for certification of MBE/DBE firms. There are no provisions for reciprocal certification with the state DMS or any other agencies. Telephone interviews with members of the Orange County MBE/DBE departmental staff indicated that the policy was not to routinely accept certification by other organizations. Those firms certified elsewhere would have to submit the same completed application as those not otherwise certified.

The Department also provided a listing of the MBE/DBE firms that are currently certified for work under the Orange County ordinance. It was similar to the others reviewed, includes both suppliers and service providers, but without any detail other than the classification of minority.

The Orange County law and regulations do not attempt to assess the technical or managerial competency of the minority firms. No responsibility is assigned to the firm for preparing itself for entry into competitive markets. There is no point in time specified, either in terms of competency or experience, at which firms are no longer eligible to participate in the assistance programs.

3.4.4 City of Jacksonville

The City of Jacksonville adopted amendments to its municipal code affecting MBE/DBE assistance programs on the

22nd of June 1993.¹⁷ The intent of the revisions were to bring the ordinance in line with the requirements of the Supreme Court decision in the case of the Richmond v Croson. The definitions that are included in ordinance are similar to those given in Chapter two of this report.

The ordinance provides for specific goals for the dollar value of MBE/DBE firm participation with respect to the award of contracts, both in the short term (93-94) and for a longer span of 10 fiscal years. The short term goals are not identical with the longer range program but no justification for the difference is provided.

The ordinance provides for certification as an MBE/DBE firm by the City but does not provide for reciprocity with the State or other jurisdictions. As of the 18th of August the City had entered into agreements with the Jacksonville Electric Authority, the Port Authority, and the Transportation Authority to provide a Unified Certification Application Process (UCAP). Applicants for MBE/DBE status may contact any one of the four participating bodies and be provided with a standard set of instructions. The application will be screened by staff of all four agencies. If accepted the firm then may contract as an MBE/WBE with any of the four. Reciprocity with state certified MBE/WBE firms is not automatic.

There are provisions in the ordinance for good faith efforts of contractors who attempt to meet the participation

¹⁷ City of Jacksonville Ordinance 93-722-342, "An Ordinance Concerning the Equal Opportunity Program, etc.", enacted June 22, 1993.

goals but fail to do so. Interestingly enough, the ordinance contains a statement that the fact that a bidder has the capability of performing the contract with its own work force is not sufficient reason to be excused from MBE/DBE participation goals. This is holds even if the contractor's work force is composed entirely of minorities.

Provision is made in the law for technical assistance to certified MBE/DBE firms to be coordinated through an Equal Business Opportunity Office. The type of assistance to be rendered is not explicitly set forth, but rather that the office may utilize or otherwise make available to certified firms services of other agencies, such as the University of North Florida or the Minority Business Development Center.

The "graduation" point is specified in dollar volume of business averaged over the previous 3 years. In general construction, the threshold is \$3 million, while in specialty construction the limit is \$1 million. While these amounts are low for a successful firm, it is possible for certain construction firms to hover under the limits forever, thus being assured of preferred status regardless of the need for such.

3.5 Auditor General's Review

In 1993 the Florida Legislature directed that the State Auditor General conduct a review of the minority business assistance program conducted within the Purchasing Division of the DMS (Department of Management Services).¹⁸ The

¹⁸ Chapter 93-290, Laws of Florida.

report was issued at the end of October of 1993 and included the outcome of a review of the minority certification procedures and regulations of 16 jurisdictions, including three of the four listed above.¹⁹ The data were tabulated as a comparison of certification criteria used by DMS. This tabulation, augmented and modified with data obtained by the study group, is included as Appendix A.

The Auditor General's conclusions with respect to state and local MBE/DBE certification procedures are consistent with those of this project. Over half of the local agencies that they contacted do not accept the MBE/DBE certification of DMS without additional work on behalf of the firms, such as re-applying or the conduct of an on-site review by the local agency.

The Auditor General established that the criteria for certification used by the state and local jurisdictions are similar but not exact duplications. The regulations and law establishing minority ownership and control are well correlated. However few of the local jurisdictions that were examined required that the firms be locally domiciled or currently be engaged in business before applying for certification. And only one of the 15 local jurisdictions investigated used exactly the same definitions for minority ethnicity as the DMS. The results of their investigation in this particular area are provided in Table 1.

¹⁹ "A Review of the Minority Business Assistance Program Administered By the Department of Management Services," Report No. 12181, Office of the Auditor General of the State of Florida, October 29, 1993.

TABLE 1²⁰

COMPARISON OF MBE CERTIFICATION CRITERIA

DMS Certification Criteria	Local Programs That		
	Use Same	Use Other	Do Not
51 % Minority Ownership	15	0	0
Minority Control	15	0	0
Small Business	1	5	9
Domicile Requirement	2	2	11
Current Business Entity	4	4	7
Minority Ethnicity or Status	1	14	0

²⁰ Data taken from Report No. 12181, State of Florida Office of the Auditor General. Covers the Dade County School Board, the South Florida Water Management District, the cities of Miami, Orlando, St. Petersburg, Tallahassee, Tampa, West Palm Beach, and the counties of Alachua, Broward, Hillsborough, Leon, Manatee, Orange, and Palm Beach.

Chapter 4

A STATEWIDE DATABASE

4.1 General

The hallmarks of the criteria for inclusion of firms in an inclusive, comprehensive statewide data base should be their objectivity, fairness, completeness, and whether or not they completely define the intended population. It should be possible to delineate the required elements of eligibility so that individuals or firms satisfying these elements or qualifications are acceptable to all jurisdictions within the state. If not, then it should follow that the qualifications are not stated correctly and that they should be amended so that they are acceptable to all jurisdictions.

The review of the regulations and laws affecting MBE/DBE preferential treatment programs as well as personal and telephone interviews conducted with staff members of various governmental agencies charged with oversight and implementation of the programs indicated commonality in the essential criteria:

- bona fide minority or minorities;
- documented proof of ownership;
- documented control of operations;
- documented control of finances.

The following sections of the report will examine each of these areas and suggest both definitions and typical documentation that should be available from firms seeking MBE/DBE status.

4.2 Minority Status

The question of ethnicity and minority status would seem the least controversial and easiest to codify. The laws and regulations reviewed spell out, sometimes exhaustively, the definition of the minority groups. A statewide criteria needs to include all groups that may have been affected by past discrimination anywhere in the state even though a particular subset may not be considered eligible for MBE/DBE status in some localities. Depending upon the results of local studies, certain classes of minorities defined by the state may not have standing in all jurisdictions. Consequently a statewide data system may be broader than that currently used by certain agencies.

4.2.1 Domicile

A reasonable argument can be made that inclusion of certain ethnic groups based solely on their geographic origins really has little or no merit. This is particularly true of recent immigrants or residents of other states who could not possibly have suffered from past discrimination in Florida. Similarly, there are jurisdictions within the state where the traditional minority groups actually constitute a majority of the population. A simplistic ethnic and gender approach may have to be modified to meet these problems so that the programs actually encourage and protect the groups they are intended to protect and encourage, i.e., individuals that have actually been the victims of discrimination in a given locality.

One method of accomplishing this is to insert a requirement that the firm or individuals must be domiciled or be doing business within the State of Florida for a specified period of time prior to certification. If the

requirement for domicile is met, it tends to ensure that the presumption of discrimination is met. A secondary benefit is that the positive effects of the preferential treatment will most likely be retained within the state.

There also may be business entities that have been doing business within the state but are actually headquartered elsewhere. These may have suffered from past discrimination and cannot be excluded from the programs. Specifying that the firm had to have been in business for a period of time prior to applying for MBE/DBE status assures that firms or individuals applying for the programs have a history of operations during which there may have been discriminatory practices.

4.2.2 Definition

The researchers consider that the definitions of minorities established in Chapter 288, Section 703, Florida Statutes (amended and re-stated in Appendix B of this report), should be the sole criteria used throughout the state. These are the definitions used in Chapter 2 of this report in an abbreviated form. Although only one of the local jurisdictions that was reviewed by the authors and the Auditor General used these definitions, none had any group that was not covered. Adoption of these as criteria would remove one obstacle to acceptance of a state wide program.

4.2.3 Documentation

Proof of domicile or Florida based operations can be established through certified personnel records, Florida quarterly unemployment reports, payroll ledgers, articles of incorporation, certified business agreements, and recorded documents. In the case of individuals, voter registration,

drivers license, or a declaration of Florida residency are common forms that are required for homestead exemption and which could be used to establish residency. This list is not intended to be inclusive but suggestive of those items that should be examined.

Documentation to prove that an applicant or group of applicants actually belongs to one of the minority groups is rarely mentioned in the legislation and regulations concerning certification. Gender is normally self evident and documentation could consist of a birth certificate or drivers license. Ethnicity is somewhat more difficult to document. Immigration documents, passports, and naturalization or resident alien documents will be available for some sub-set of the targeted population. Tribal membership in a Native American tribe recognized by the federal government can be proven and a certificate stating this can be obtained. One source that was reviewed allowed the domicile and proven ethnicity of one grandparent to suffice. In establishing a centralized data base care must be taken to ensure that reasonable but relatively incontrovertible documentation is reasonably available and required.

4.3 Ownership, Operations, and Finances

Proof of ownership of a business applying for preferential treatment under a minority business program must be undebatable. Applicants range from sole proprietors through corporations, with probably every conceivable variation in between. The problem lies in the fact that even the simplest form of ownership can actually be a front for others trying to take unfair advantage of a preferential treatment program. It is for that reason that ownership, operations, and finances are inextricably intertwined.

4.3.1 Ownership

Documented proof of ownership is more open to possible fraud than ethnic origin or gender. It is not possible for personnel reviewing applications for inclusion in MBE/WBE programs to know of sub rosa meetings and agreements which would affect the validity of statements of ownership. Ownership in the case of a sole proprietor should be relatively straightforward except that the individual may be backed by others who would not qualify. The true owners of corporations and partnerships may be difficult to discern. Consequently laws and rules that define ownership tend to get very specific as to the indicators of ownership.

Without exception, the laws, rules, and regulations reviewed provided that minority ownership of a corporate intuited equated to the ownership of 51% of the stock. Realizing that even this might be open to confusion, some regulations went further, requiring 51% ownership of all classes of stock, voting and non-voting, preferred and common.

The researchers were not able to establish particular merit in setting given percentage. In one particular instance reviewed minority status was denied in part because the minority applicants had slightly less than 51% of the outstanding stock (50.3%). The denial came despite incontrovertible evidence of control of the daily and financial affairs of the firm. Consequently a statement that a majority of the stock of a corporation, and the voting rights to these, are held by minorities should suffice to ensure a reasonable standard is met.

Partnerships without adequate documentation tend to be

harder to evaluate. A reasonable requirement would be that the partnership arrangement be specifically set forth in appropriate documents and that the minority member(s) of the partnership must control at least a majority of the business entity.

To provide consistency, any other form of business organization could be covered with a statement that the minority owners must control at least a majority of the business interest, including but not limited to, the ownership of tangible and intangible assets.

4.3.1.1 Definition of Ownership

The state administrative regulations (Chapter 60-A2) definition of ownership is reasonable, well laid out, leaves little room for maneuvering, and provides a consistent basis for evaluation. With the exception of stating a numerical percentage they are consistent with the criteria stated in the paragraphs above and used throughout the rest of this report. An amended copy of these is included as Appendix C and the researchers recommend that this be adopted as a definition of ownership for minority firms.

4.3.1.2 Documentation

Documentation that is required to establish the ownership as defined above should include the following as a minimum:

- financial statements for the firm for the previous three years;
- tax returns for the firm for the previous 3 years;
- payroll data for the individuals that are requesting minority certification covering the last three years;

- income tax returns for the individuals that are requesting minority certification covering the last three years;
- records of stock ownership and stock transfers for the last three years;
- records showing the minority applicants' contributions, in cash or in kind, to the start up of the firm valued at a fair market value.

Any dilution of the minority applicants ownership by devices such as promissory notes to non-minority individuals or firms, other than lending institutions, may be grounds for non-certification.

4.3.2 Operations & Finances

The researchers found substantial differences between jurisdictions in the laws, regulations, and application of the criteria for control of operations. The intent is that the minority owners not only be bona fide minorities that own the firm but that they actually operate or control the operations of the firm. In the words of the state administrative regulations previously cited, the "control exercised shall be real, substantial, and continuing." The minority owners need to control the purchases, the personnel decisions, and have sufficient technical competence, education, and training to run the business.

4.3.2.1 Construction Industry License Holders

Although current state regulations do not require it, two of the local jurisdictions reviewed stipulate that the qualifier for a construction firm must be a minority for the firm to be considered as an MBE/DBE. Additionally, interviews conducted with agency personnel in other

jurisdictions and with members of the construction industry indicated that they were inclined towards such a requirement. Although it is not included as a check-off item in all agencies it is considered relevant when evaluating the firms for inclusion in the MBE/DBE programs.

The researchers do not consider adopting this as a statewide requirement has sufficient merit for it to be included as a mandatory item in a certification process. The rationale behind the establishment of the minority programs is to assist minorities and minority firms. An ownership or control requirement for technical expertise in the construction field in excess of that required in other fields does not appear to be justified. There is no consideration that the entrepreneur that establishes a clothing store be a tailor; that one starting an auto repair firm be a mechanic; nor that the individual or firm that enters the communications arena be a licensed electrician or electrical engineer. Raising the entry level requirement only for construction related firms effectively blocks out a group of minorities that might very well be better at establishing and maintaining a construction firm through business acumen than a licensed contractor with considerable building experience but with little managerial skills.

4.3.2.2 Definition of Control of Operations

To claim control over the business affairs of a firm the minority applicants must have exclusive and unfettered authority to control the daily operations and management of the business entity. The management actions taken by these individuals in operating the firm cannot be subject to restrictions that would not normally be found in customary business practice.

Current Florida Administrative Regulations include a provision that a majority of the Board of Directors of a corporation must be minorities if the firm is to have MBE/DBE status. This holds even if the Board is elected independently by the minority stockholders and even if all other vestiges of ownership and control by minority stockholders is met. Undoubtedly the intent of the regulation is to ensure that the firm claiming minority status is actually controlled by those minorities. However regulations of this type impinge upon the owner's rights without actually providing any benefit to the state or other agencies in determining the status of the firm.

4.3.3 Finances

Control of the financial affairs of a firm is more than merely being one of those (or even the only one) that can sign cheques. A real owner is one that shares not only in the rewards of business but also in the risks. Therefore it is not sufficient that minorities applying for MBE/DBE status demonstrate that they have access to checking accounts but rather that they have the primary role in decisions regarding all financial transactions. This includes the control of investments and capital expenditures and loans, whether revolving lines of credit or long term liabilities.

4.3.3.1 Requirements for Operational and Financial Control

The DMS administrative regulations contain requirements to ensure that the applicants for certification as MBE/DBE firms are, in fact, controlled by minorities. Appendix D restates these in light of the discussion provided above. The authors recommend that this Appendix be adopted as the statement of requirements to prove operational and financial

control.

4.4 Agency Responsibility

Florida law places the responsibility for certification of minority business enterprises within the DMS and the researchers found no reason that it should be shifted elsewhere.²¹ The statutes provide that the Department will do initial certification and conduct annual recertification. The law does not currently require that the Department conduct initial onsite review of all applicants and most of the local jurisdictions have cited this as a primary reason for not allowing reciprocity of certification.

The law does requires that the Department conduct random onsite reviews of initial applicants and applicants for recertification to determine if the applicants are meeting all certification requirements. Due to a paucity of personnel this is not being done.

4.4.1 Review Costs

The economic burden placed upon all governmental agencies, both state and local, that conduct initial and recertification reviews of MBE/DBE firms is considerable. Interviews with one agency that does these reviews indicated that a minimum of 16 non-supervisory personnel hours would be consumed by an office review of routine, non-questionable applications. Onsite reviews could be expected to add an additional 16 personnel hours, including travel time. If a factor of 1.5 is used to account for administrative and supervisory support, then a routine review and onsite inspection would consume 48 personnel hours.

²¹ Chapter 287 FS Section 0943.

The times noted above are solely for the review process and do not include any hours required for the additional work of cataloguing the applicants by trade, for maintaining lists, providing information through printed publications, etc. They are just for examining the applicants documentation. They also do not include the time that it takes for the firms to submit the documentation. One firm interviewed in the Orlando area was certified by 5 separate local jurisdictions and was considering the benefits of adding the DMS certification. Undoubtedly a significant portion of the data required for each separate application is identical. Still the necessity of replicating the documentation for no other reason than the inability of governmental agencies to agree on simple terminology is not easily justified.

The lack of reciprocity and acceptance of state certified MBE/DBE firms by local jurisdictions makes it impossible to accurately estimate the affect of centralizing the process. Most MBE/DBE firms interviews were not certified by DMS primarily because the certification provided no significant opportunities for them. The firms are locally oriented and the primary source of MBE/DBE programs for them were local jurisdictions that do not accept the DMS certification.

4.4.2 Single Agency Responsibility

If the provisions of the state law that required all state and local agencies to accept the DMS certification were enforced, certainly the number of firms applying for state certification would increase while local applications would decrease. One of the end results would be a decrease in the required expenditure of local funds with an increase requirement for personnel and funds by the DMS. The second

would be uniformity in definition. Certainly a third would be the lessening of work by bona fide MBE/DBE firms in preparing the applications. The benefit to local and statewide contractors seeking out MBE/DBE firms is obvious as they would have a single source that could provide them with data on certified minority firms that could work in any applicable jurisdiction.

It is possible to keep an increase in state expenditures at a minimum while at the same time satisfying the objections of local jurisdictions to the lack of onsite inspections by the state by shifting the burden of compiling and reviewing the necessary documentation to the applicants. Using definitions and documentation requirements set forth in this report and current regulations, DMS could required that applicants provide sworn statements from accountants and attorneys attesting to the veracity of the statements of ethnicity, ownership, and control of the operations and finances of the firms.

Current legislation and regulations generally provide that falsification of documentation for applicants of MBE/DBE status results in loss of certification or recertification and the firm may not contract for goods or services for a specified amount of time. These should be amended to include criminal charges for the individuals providing false information and making those that review the documentation liable in the event that they did not follow acceptable accounting procedures or legal practice. This would encourage honesty and compliance while relieving the DMS of the major part of the ordeal of sifting through applications looking for flaws. A small but vigorous onsite inspection team would complete the review process.

Chapter 5

ANALYTICAL MODEL TO DETERMINE THE CAPACITY OF MBE/DBE FIRMS

5.1 General

Public agencies need to select general and/or specialty contractors from a list of approved or qualified minority contractors. General contractors may also need to select specialty subcontractors to comply with the minority set-aside programs mandated by the federal and the local governments.

In the previous section we have presented a set of criteria for use by the public agencies. This set of criteria will be useful to the agencies for developing a list of eligible minority contractors to select from. The selection should, however, depend on the specific requirements of the project and the capability of the company to meet those requirements. In this chapter an analytical model is presented for use by the public agencies as well as by the general contractors required to comply with the mandated MBE/DBE programs. This model will be helpful to rank selected contractors according to their qualifications and the specific job requirements.

5.2 Underlying Concept

The model is based on multiple criteria decision making (MCDM) approach. The complexity of a multiple criteria decision making problem can be attacked by taking advantage of the inherent structure of the problem itself. By arranging the relevant elements of the problem in a hierarchy, it may often be possible to decompose the problem into a number of sub-problems. These sub-problems can be solved independently and then coordinated in such a way as to provide the solution to the overall problem. Arranging

all the elements of the problem into a hierarchy is an approach for evaluating complex alternatives.

The approach is described in the following step-by-step procedure:

1. A list must be compiled of those *factors* in the problem that are important. The list should be restricted to the performance objectives of the highest importance, and it should be exhaustive in order to include all relevant objectives. The objectives should be mutually exclusive. The objectives should also be worth-independent in the sense that the decision maker is willing to trade partial satisfaction of one objective for reduced satisfaction of another objective without regard to the level of satisfaction attained by other objectives.
2. Once the overall performance objectives have been established, the decision maker must define what those high-level objectives mean. Each objective is *subdivided* into its lower-level constitutive criteria. This dividing process will result in a tree-type hierarchy that depicts the decision-maker's worth structure.
3. The lowest-level criteria or attributes are then *combined* in some fashion to define the overall performance objectives. Some physical characteristic must be assigned to each lowest-level criterion to measure the degree of criterion satisfaction. Selecting the physical performance measure establishes the connection between the physical measure and the worth indicated by that measure. The connection with this measure and the worth is established by the scoring function. The scoring function is a rule that assigns a worth score to all possible values of a given performance measure.

4. In the next step, the *weighing* function is defined to indicate the perceived relative importance of satisfying one criterion with respect to satisfying others. Weights are assigned to each set of sub-criteria such that the sum of the weights is unity. The first criterion in the sub-criteria set is assigned a temporary value of 1.0. Then the decision maker is asked, "How much less (or more) important is the second criterion than the first?" If the answer is, "Half as important," the criterion is assigned a temporary value of 0.5. If it is, "Twice as important," the temporary value would be 2. Next the second and third criteria are compared to obtain a relative weight of the third in comparison with the second. The first and the third can be compared via the criterion weight of the second. This process of pairwise comparison continues until all sub-criteria have been assigned temporary weights. Then these temporary weights are normalized so that their sum is unity. It is important to note that the relative importance of any two sub-criteria is reflected in the ratio of their assigned weights.

5. The last step of the worth-assessment technique is to add weighted worth of each criterion to obtain the overall worth of the option. The additivity is implied by the assumption that the elements of the sub-criteria set are independent.

5.3 Ranking of the Qualified MBE/DBE Firms: Application of the Evaluation Model

An evaluation model has been developed by the authors of this report for selecting qualified MBE/DBE firms. The model is based on the multiple criteria decision making concepts outlined in the previous section. It provides rankings of the minority contractors being considered for a particular project. The ranking is based on the relative

overall scores obtained by the firms under consideration. Performance criteria or objectives are grouped under three major categories. These are: (1) Personnel, (2) Business experience, and (3) Financial. Under each of these major categories a number of items (sub-criteria) are considered as described below:

PERSONNEL

Number of full-time employees - An indicator of the degree of control over the work force. Firms without sufficient full-time employees may be jobbers (middleman) with very little control over subcontractors, scheduling, and quality of work.

Average length of time employees have worked with the firm - A high turnover rate among employees may be an indicator of low job satisfaction leading to quality control problems.

Ratio of field supervisors to workers - Firms without adequate field supervision cannot ensure timely performance and quality of work.

Level of training and experience of supervisory personnel.

FUTA (Federal Unemployment Tax Act rate) - An indicator of the stability of the work force.

Workers' compensation experience factor - An indicator of accidents and injuries and efficacy of the firm's safety program.

Established full-time office - An indicator of the strength and stability of the firm.

BUSINESS EXPERIENCE

Number of years in business - Longevity is an indicator of reliability, capability and efficiency earned through experience.

Number of contracts completed, last three years - An

indicator of the organizational capability of the firm as well as the ability to administer contracts.

Dollar value of completed contracts, last three years - An indicator of past success of the firm.

Largest contract completed, last three years - An indicator of the firm's business capacity.

Reference - An indicator of reliability and client satisfaction.

Type of license (certified, registered, etc.) - Certification by the state may be preferred as it indicates a lack of geographic restrictions.

FINANCIAL

Amount of liquid quick assets - Liquid quick assets generally include, cash on hand/banks and receivables less than 60 days old. An indicator of the short-term financial capacity of the firm.

Amount of net worth - An indicator of the financial size, stability and overall capacity of the firm.

Dollar value of lines of credit - An indicator of the past financial performance, credit worthiness, and capability to resolve short-term cash flow problems.

Dun and Bradstreet rating - Dun and Bradstreet is a private company that provides data on the financial status of business entities. The Dun and Bradstreet rating is a measure of the past financial performance.

Amount of receivables 60 days old - An indicator of poor business practices. Excessive aging of receivables is a sign of deteriorating financial position.

5.3.1 Weights

As explained earlier, weights are derived from assigned pairwise comparison values on the basis of relative importance of one criterion over another. This process of obtaining weights is carried out first among the three major

performance criteria and then among the sub-criteria under each criteria. As for an example, if a particular user of the system feels that PERSONNEL FACTORS should be 1.5 times as important as the BUSINESS EXPERIENCE FACTORS then the temporary weights assigned would be 1.0 for BUSINESS EXPERIENCE and 1.5 for PERSONNEL. In the next step a relative weight for the FINANCIAL FACTORS would be necessary. This would be obtained in comparison with the PERSONNEL FACTORS considering the weight of the PERSONNEL to be 1.0. If, for example, the relative weight obtained as a result of this pairwise comparison is 2.0. Then the relative weights for all three criteria will be 1.0, 1.5 and 3.0 respectively, as explained below:

BUSINESS EXPERIENCE:		1.0
PERSONNEL:		1.5
PERSONNEL:	(1.0)	1.5
FINANCIAL:	(2.0)	3.0

The next step is to normalize the pairwise comparison values to obtain relative weights. The sum of the relative weights will be 1.0. The normalized weights for the three criteria considered in the above example are obtained as follows:

BUSINESS EXPERIENCE:	$1.0 / (1.0 + 1.5 + 3.0) = 0.182$
PERSONNEL:	$1.5 / (1.0 + 1.5 + 3.0) = 0.273$
FINANCIAL:	$3.0 / (1.0 + 1.5 + 3.0) = 0.545$

This process can be continued to obtain the relative weights of all the sub-criteria under each criteria. By multiplying the relative weights of the sub-criteria with the relative weights of the corresponding criterion, to

which they belong, overall normalized weights are obtained. The sum of the overall normalized weights of all the sub-criteria, thus obtained, should yield a value of 1.0.

5.3.1.1. Standard Weights

As one can see, weights are subjectively assigned. We, however, feel that in many cases experienced users would assign similar importance to the attributes under consideration. For this reason we have developed a survey and distributed it to about thirty knowledgeable and experienced persons involved in the construction industry. These thirty responses were then normalized to obtain the overall weights. The average weights, of 29 responses obtained by the investigators, that can be used by the users of the suggested model are given below.

Main weights

	Pairwise Comparison Value	Relative Weight	Normalized Weight
Personnel	1	1	0.35
Business Experience	0.946	0.946	0.33
Financial	0.959	0.907	0.32

PERSONNEL	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
No. of full-time employees	1	1	0.021	0.0074
Average length of time employees have worked	2.09	2.09	0.041	0.0144

Training of supervisors	1.58	3.3	0.067	0.0235
Supervisor to worker ratio	1.95	6.44	0.129	0.0452
FUTA rate	0.95	6.12	0.122	0.0427
Workmen' comp experience factor	1.8	11.01	0.220	0.0770
Full-time office	1.83	20.15	0.400	0.1400

<i>BUSINESS</i>	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
No. of years in business	1	1	0.0715	0.0236
No. of contracts completed last 3 yrs.	1.4	1.4	0.1000	0.0330
Value of contracts completed last 3 yrs.	1.4	1.96	0.1401	0.0462
Largest contract completed last 3 yrs.	1.04	2.04	0.1458	0.0481
References from previous clients	1.92	3.91	0.2795	0.0922
Type of license (certified/registered)	0.94	3.68	0.2630	0.0868

<i>FINANCIAL</i>	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
Liquid quick assets	1	1	0.1373	0.0439
Net worth	1.4	1.4	0.1923	0.0615
Value of lines of credit	1.1	1.54	0.2115	0.0677
Dan & Bradstreet rating	1	1.54	0.2115	0.0677
Receivables older than 60 days	1.17	1.8	0.2473	0.0791

5.3.2. Scores

After the weights are determined, the next step is to assign scores to each of the lower-level attribute. Scores should reflect the level of performance attained by an attribute under the given situation. For example, let us consider the attribute, "Number of full-time employees." To assign a score on this attribute a scale must be developed. We suggest that a scale containing four possible scores be used for all the attributes. The suggested scores are 1, 2, 3, and 4 corresponding to EXCELLENT, VERY GOOD, GOOD, and FAIR. Thus, for the attribute under consideration for a given project requirements 50 full-time employees of a DBE/MBE firm may be considered as excellent and will be assigned a score of 4.0 (excellent). For another firm, being considered for the same project with 30 full-time employees can be assigned a score of 3.0 (very good). It is clear that the process of assigning scores is a subjective

procedure, however, in this procedure several important things are taken into consideration such as the decision maker's value judgment, the firm's resources and capability, and the requirements of the project. The user or the decision maker should have sufficient experience and a good understanding of the project requirements in order for this subjective procedure to work effectively.

5.3.3. Overall Scores

Overall scores are obtained by multiplying the scores assigned according to the procedure outlined above with the corresponding overall normalized weights for each attribute. An overall score for each firm under consideration is then obtained by adding the weighted scores. The overall scores can then be used to make the selection.

5.3.4. Ranking

To assist the selection process, ranking of the firms under consideration is provided by the model. This ranking is based on the overall scores obtained by the firms. Selections can easily be made based on the rankings. The computer program developed by the investigators provides a report listing the firms in descending order of their ranks.

5.4. A Numerical Example

To illustrate the procedure a complete numerical example have been worked out and is presented below. First, the weights of the major objectives need to be determined.

Main weights

	Pairwise Comparison Value	Relative Weight	Normalized Weight
Personnel	1	1	0.14
Business Experience	2	2	0.29
Financial	2	4	0.57

Second, the weights of the sub-criteria under each major objective will be determined as follows.

<i>PERSONNEL</i>	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
No. of full-time employees	1	1	0.04	0.0056
Average length of time employees have worked	3	3	0.11	0.0154
Training of supervisors	1	3	0.11	0.0154
Supervisor to worker ratio	1	3	0.11	0.0154
FUTA rate	1.5	4.5	0.16	0.0224
Workmen' comp experience factor	1	4.5	0.16	0.0224
Full-time office	2	9	0.32	0.0448

<i>BUSINESS</i>	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
No. of years in business	1	1	0.09	0.0261
No. of contracts completed last 3 yrs.	2	2	0.17	0.0493
Value of contracts completed last 3 yrs.	0.5	1	0.09	0.0261
Largest contract completed last 3 yrs.	1.5	1.5	0.13	0.0377
References from previous clients	2	3	0.26	0.0754
Type of license (certified/registered)	1	3	0.26	0.0754
<i>FINANCIAL</i>	Pairwise Comparison Value	Relative Weight	Normalized Weight	Overall Normalized Weight
Liquid quick assets	1	1	0.09	0.0513
Net worth	2	2	0.18	0.1026
Value of lines of credit	1	2	0.18	0.1026
Dan & Bradstreet rating	1.5	3	0.27	0.1539
Receivables older than 60 days	1	3	0.27	0.1539

The next step in the procedure is to assign scores to each firm under consideration for each of the sub-criteria listed above. A score reflects the degree of achievement on a scale of 1 to 4. The scale is continuous meaning that any value, including fractions, is allowed. 4 for excellent, 3 for very good, 2 for good and 1 for poor. The two extreme scores, excellent and poor should represent the best (or maximum) and the worst (or minimum) respectively.

In our example, suppose the scores have been assigned as follows.

<i>PERSONNEL</i>	Data	Score	Overall weight	Weighted score
	No. of full-time employees	2.5	0.0056	0.0140
	Average length of time employees have worked	3.0	0.0154	0.0462
	Training of supervisors	2.0	0.0154	0.0308
	Supervisor to worker ratio	2.5	0.0154	0.0385
	FUTA rate	3.5	0.0224	0.0784
	Workmen' comp experience factor	1.5	0.0224	0.0336
	Full-time office	4.0	0.0448	0.1792

<i>BUSINESS</i>	Data	Score	Overall weight	Weighted score
	No. of years in business	3.0	0.0261	0.0783
	No. of contracts completed last 3 yrs.	3.5	0.0493	0.1726
	Value of contracts completed last 3 yrs.	2.0	0.0261	0.0522
	Largest contract completed last 3 yrs.	2.5	0.0377	0.0943
	References from previous clients	2.0	0.0754	0.1508
	Type of license (certified/registered)	3.0	0.0754	0.2262

<i>FINANCIAL</i>	Data	Score	Overall weight	Weighted score
	Liquid quick assets	3.0	0.0513	0.1539
	Net worth	2.5	0.1026	0.2565
	Value of lines of credit	4.0	0.1026	0.4104
	Dan & Bradstreet rating	3.0	0.1539	0.4617
	Receivables older than 60 days	2.0	0.1539	0.3078

After adding up all the overall scores a total overall score of 2.375 is obtained. The firms under consideration can be rank ordered with overall scores of all the firms

determined according to the above procedure. It should be noted that the total overall score can have minimum value of 1.0 and a maximum value of 4.0.

5.5. Description of the Computerized Analytical Model

The analytical model described above has been implemented in Paradox[™], a database management software, commercially available from Borland, Inc. The computer program enables a user to store and maintain a list of MBE/DBE contractors along with their particulars such as, specialty, address, and phone number. At any point in time the user can extract a list of contractors based on selected specialty, and/or any other attribute. The user can also add, edit or update any data during the session.

The user is required to input pairwise comparison values. The program is equipped with "help" files, created to assist the user. Help files explain how should the input values be selected. Once the pairwise comparison values are entered the program computes the relative weights and the normalized weights.

The user is also required to enter the scores for each of the sub-criteria. Again, help files can be accessed by the user for explanation and instruction. The program then multiplies the scores with corresponding relative weights. Total score is obtained by adding up all the sub-criteria scores thus obtained.

The program can be instructed to prepare a report listing all the firms under consideration in descending order of the overall scores obtained. It also generates

detailed report containing company information.

To use the program developed by the investigators, a version of the Paradoxtm (v. 4.0 or 4.5) database management software (that can run on IBMtm or compatible computers) is required. Instructions to run the program are included in Appendix F.

APPENDIX A

COMPARISON OF CURRENT MBE CERTIFICATION CRITERIA

COMPARISON OF CURRENT MBE CERTIFICATION CRITERIA

DEPARTMENT OF MANAGEMENT SERVICES	(1) 51% Minority Ownership: Must be real, substantial, ongoing; beyond mere pro forms ownership. Rule 60A-2.005 (2), F.A.C. (Documented through Articles of Incorporation, stock, tax reports, partner agreement)	(2) Minority Control: Authority to control management and daily operations. Rule 60A-2.005(3), F.A.C. (Documented through resumes, bank signature cards, bylaws, duties)	(3) Small Business Concern: Independent, less than \$1 million net worth, 50 or less FTEs. Rule 60A-2.005(4), F.A.C. (Documented through financial statements, payroll ledgers, wage reports)	(4) Florida Domicile: Applicant must be domiciled in Florida. Rule 60A-2.005(5), F.A.C. (Documented through Articles of Incorporation, partnership agreement, business license)	(5) Minority/Resident Status: Permanent Black, Hispanic, Asian, Native Amer., Amer. women. Rule 60A-2.005(6), F.A.C. (Documented through birth certificate, passport, FL driver's license, homestead exemption)	(6) Useful Business Function: Acting as a regular dealer; customers other than governmental entities. Rule 60A-2.005(7), F.A.C. (Documented through contracts, purchase orders, invoices)	(7) NOT APPLICABLE
ALACHUA COUNTY							
Broward County School Board	(1) 51% Minority Ownership (No documentation required)	(2) Minority Control: Management and daily operations. (No documentation required)	(3) Small Business: Employs 25 or fewer full-time, permanent employees. (No documentation required)	(4) Florida Residency: Lawful, permanent resident of Florida. (No documentation required)	(5) Minority Status: Amer. Indian, Amer. Women, Asian Amer., Hispanic Amer., Black Amer., Native Hawaiian, physically-disabled. (No documentation required)	(6) NOT APPLICABLE	(7) Alachua County does not have an independent certification program. Alachua County accepts DMS certification.
Broward County School Board	(1) 51% Minority Ownership: Beneficially owned by minorities. (Documented through Articles of Incorporation, bylaws, stock certificate/ledgers)	(2) Minority Control: Routinely managed by minorities. (Documented through resumes, bank signature cards)	(3) Small Business: Enterprise: 500 employ. or less, annual receipts of \$3 million subs, \$12 million for general contracting (Documented through financial statement, wage reports)	(4) NOT APPLICABLE	(5) Minority Status: Black Amer., Hispanic Amer., Native Amer., any group designated by SBA, and Women. (Documented through birth certificate, FL driver's license, passport)	(6) Useful Business Function (Documented through executed contracts, invoices, inventory)	(7) Does not accept DMS certification.
BROWARD COUNTY							
Broward County School Board	(1) 51% Minority Ownership: Beneficially owned by minorities. (Documented through Articles of Incorporation, bylaws, stock certificate/ledgers)	(2) Minority Control: Routinely managed by minorities. (Documented through resumes, bank signature cards)	(3) Small Business: Enterprise: 500 employ. or less, annual receipts of \$3 million subs, \$12 million for general contracting (Documented through financial statement, wage reports)	(4) NOT APPLICABLE	(5) Minority Status: Black Amer., Hispanic Amer., Native Amer., any group designated by SBA, and Women. (Documented through birth certificate, FL driver's license, passport)	(6) Useful Business Function (Documented through executed contracts, invoices, inventory)	(7) Does not accept DMS certification.

CITY OF FORT LAUDERDALE

(The City of Fort Lauderdale has adopted a self-registration MBE program. The City does not have certification criteria.)

CITY OF JACKSONVILLE	<p>(1) 51% Minority ownership: beyond more proforma ownership. Shares in sinks and profits; legal power to direct management and policy.</p>	<p>(2) Minority control of management. Qualifier for construction firm must be a minority.</p>	<p>(3) Size Standards: General Construction and \$3 million in upon receipts averaged over 3 years. Specialty construction \$1 million in receipts averaged over 3 years.</p>	<p>(4) Must have done business in Jacksonville</p>	<p>(5) Minority Status: African-American, Asian-American, Hispanic-American, Native-American, Woman.</p>	<p>(6) Active Business in the City of Jacksonville</p> <p>(7) Does Not accept DMS registration</p>
CITY OF ORLANDO	<p>(1) 51% Minority Ownership: At least 51% owned by minority/women group members. (Documented through Articles of Incorporation, stock, partnership agreement)</p>	<p>(2) Minority Control: Independent Control; responsibility for day-to-day operations (Documented through resumes, licenses, registration, third party agreements)</p>	<p>(3) NOT APPLICABLE</p>	<p>(4) NOT APPLICABLE</p>	<p>(5) Minority Status: U.S. citizen or authorized alien; Black, Hispanic, Native American, Asian, Pacific Islanders, and women. (Documented through birth certificates, court drivers license, court records)</p>	<p>(6) Commercially Useful Function: Provision of goods and services to customers other than governmental entities. (Documented through certification, licenses, list of employees)</p> <p>(7) Legally Organized: Hold all required state/local license. (Documented through partnership agreement, Fictitious Name Registration)</p> <p>Does not accept DMS certification.</p>
CITY OF MIAMI	<p>(1) 51% Minority Ownership: Must be actually and legally owned. (Documented through Articles of Incorporation, bylaws, stock certificate)</p>	<p>(2) Minority Control: Active management, daily control of the firm. (Documented through bank signature cards, resumes, lease agreements)</p>	<p>(3) Size Standards: Employ a maximum of 25, net worth not in excess of \$2 million. (Documented through financial statements, recent balance sheet)</p>	<p>(4) NOT APPLICABLE</p>	<p>(5) Minority Status: Black, Hispanic, or Women. (Documentation not identified)</p>	<p>(6) Ongoing Concern: Providing the product/service identified for certification. (Documented through completed contracts, licenses, lease agreements)</p> <p>(7) Possession of Trade License: MBE owners of construction firms must themselves hold trade license or certificate of competency. (Documented through licenses, certification)</p> <p>Accepts DMS certification.</p>
CITY OF ST. PETERSBURG	<p>(1) 51% Minority Ownership (Documented through Articles of Incorporation, stock, bylaws)</p>	<p>(2) Minority Control: Control and operate the business. (Documented through resumes, bank signature cards, payroll records)</p>	<p>(3) NOT APPLICABLE</p>	<p>(4) NOT APPLICABLE</p>	<p>(5) Minority Status: U.S. citizen; Black, Hispanics, and Women. (Documented through driver's license, birth certificate)</p>	<p>(6) NOT APPLICABLE</p> <p>(7) Accepts DMS certification</p>

CITY OF TALLAHASSEE

(1) 51% Minority Ownership: Minorities or women must own at least 51%. (Documented through Articles of Incorp., bylaws)

(2) Minority Control: Real, substantial, and ongoing, beyond the pro forma ownership. (Documented through business licenses, financial statement, written agreements)

(3) NOT APPLICABLE

(4) NOT APPLICABLE

(5) Minority Status: U.S. citizen; Black, Hispanic, Asian Amer., Amer. Indian, Female (DBE). (Documented through birth certificate, driver's license)

(6) Commercially Useful Function: Customers other than governmental entities. (Documented through business licenses, tax returns)

(7) Accepts DMS certification, subject to independent review.

CITY OF TAMPA

(1) 51% Minority Ownership: Documented through Articles of Incorp., stock, partnership agreement)

(2) Minority Control: Control and operate the business. (Documented through resumes, business licenses, third party agreements)

(3) NOT APPLICABLE

(4) NOT APPLICABLE

(5) Minority Status: Black, Hispanic, and Women-owned business enterprises. (Documented through a birth certificate)

(6) NOT APPLICABLE Accepts DMS certification.

(7) Accepts DMS certification.

CITY OF WEST PALM BEACH

(1) 51% Minority Ownership: At least 51% owned by minority persons. (Documented through Articles of Incorp., stock, bylaws)

(2) Minority Control: Management and daily operations are controlled by minorities. (Documented through resumes, bank signature cards, third party agreements)

(3) Small Business Enterprise: Construction \$3 million in gross sales; other: \$500,000 in gross sales. (Documented through financial state., list of employees)

(4) Domicile of Applicant: Must be domiciled in Florida. (Documented through business registration in Florida)

(5) Minority Status: Lawful permanent resident of Florida; Black Amer., Hispanic Amer., Asian Amer., Native Amer. Indian, Native Hawaiian, Amer. Women, or physically-disabled. (Documented through birth certificate, passport, FL driver's license)

(6) Useful Business Function: Applicant must document customers other than the City of West Palm Beach. (Documented through contracts, business agreements)

(7) Accepts DMS certification, subject to independent review.

DADE COUNTY SCHOOL BOARD

(1) 51% Minority Ownership: Act unilaterally without the mutual assistance of non-minority owners' interest. (Documented through Articles of Incorp., stock, bylaws)

(2) Minority Control: Ability to make independent and unilateral business decisions. (Documented through resumes, bank signature cards, third party agreements)

(3) NOT APPLICABLE

(4) Florida Domicile: Permanent resident and citizenship of Florida. (Documented through licenses, proof of residency)

(5) Minority Person: U.S. citizen or lawful permanent resident; African Amer., Hispanic, Woman. (Documented through birth certificate, proof of permanent residency)

(6) NOT APPLICABLE

(7) Does not accept DMS certification.

HILLSBOROUGH COUNTY

(1) 51% Minority Ownership: Minority owners must share in profits and risks. (Documented through Articles of Incorp., stock, tax reports, partner agreement)

(2) Minority Control: Demonstrate the ability to make unilateral and independent business decisions. (Documented through resumes, lease agreements, bylaws)

(3) Net Worth: Employs 50 or fewer permanent FTEs, net worth of not more than \$1,000,000. (Documented through financial statements, tax returns, income statement)

(4) Florida Domicile: The DM\DWBE shall be domiciled in Florida. (Documented through Articles of Incorp., partnership agreements)

(5) Minority Resident Status: Lawful permanent resident of Florida; Black Amer., Hispanic Amer., Asian Amer., Native Amer., a woman. (Required documentation not identified)

(6) Useful Business Function: Provision of materials, supplies equipment, services to customers other than governmental entities. (Documented through contracts and invoices)

(7) Accepts DMS certification.

LEON COUNTY

(1) 51% Minority Ownership (No documentation required)

(2) Minority Control: Management and daily operations are controlled by MBE/WBE. (No documentation required)

(3) NOT APPLICABLE

(4) NOT APPLICABLE

(5) Minority Status: Citizen of the U.S. or lawful permanent resident; Black Amer., Hispanic Amer., Asian Amer., Native Amer., women. (No documentation required)

(6) NOT APPLICABLE

(7) Leon Co. does not have an independent certification program. Leon Co. accepts DMS certification.

MANATEE COUNTY

(1) 51% Minority Ownership (Documented through Articles of Incorporation, stock, bylaws)

(2) Minority Control (Documented through resumes, licenses, third party agreements)

(3) NOT APPLICABLE

(4) NOT APPLICABLE

(5) Minority Status: If other than Female or Black, proof of minority status required.

(6) NOT APPLICABLE

(7) Accepts DMS certification.

ORANGE COUNTY

(1) 51% Minority Ownership: Not restricted in any manner. (Documented through Articles of Incorporation, stock certificate, financial statement)

(2) Minority Control: Independent power to direct the policies of the firm. (Documented through resumes, occupational license, lease agreements)

(3) NOT APPLICABLE

(4) NOT APPLICABLE

(5) Minority Status: Citizen or legal alien authorized to work; Black Amer., Hispanic Amer., Native Amer., Asian-Pacific Amer., Asian-Indian Amer., female (WBE). (Documented through driver's license, birth certificate)

(6) NOT APPLICABLE

(7) Legally Organized: Minority owner(s) required to hold all state/local license. Accepts DMS certification, subject to independent review.

PALM BEACH COUNTY

(1) 51% Minority Ownership: Real and substantial ownership. (Documented through Articles of Incorporation, bylaws, stock certificates)

(2) Minority Control: Operational and managerial control. (Documented through resumes, purchase/lease agreement)

(3) Size Requirements (Graduation): Gross sales in commodities/services of \$1 million, gross sales in construction of over \$5 million. (Documented through financial statements, income tax reports)

(4) NOT APPLICABLE

(5) Minority Status: U.S. citizen or lawful permanent resident; Black Amer., Hispanic Amer., Asian Amer., Native Amer., physically-disabled, woman (WBE). (Documented through birth certificate, photo I.D.)

(6) NOT APPLICABLE

(7) Accepts DMS certification, subject to independent review.

PORT EVERGLADES AUTHORITY

reciprocal agreements with Broward County- no longer has separate program.

SOUTH FLORIDA
WATER
MANAGEMENT
DISTRICT

(1) 51% Minority Ownership: Ownership interests of at least 51%. (Documented through Articles of Incorp., bylaws, stock ledgers)	(2) Minority Control: Operational and managerial control. (Documented through resumes, payroll documents, purchase/lease agreements)	(3) NOT APPLICABLE	(4) NOT APPLICABLE	(5) Minority Status: U.S. citizenship or permanent resident alien; Black Amer., Hispanic Amer., Asian Amer., Native Amer., a woman, physically- disabled. (Documented through birth certificate photo I.D.)	(6) NOT APPLICABLE	(7) Accepts DMS certification, subject to independent review.
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APPENDIX B

DEFINITION OF MINORITIES

Appendix B
DEFINITION OF MINORITIES²²

"Minority person" means a lawful, permanent resident of Florida who is:

(a) A black American, a person having origins in any of the black racial groups of Africa.

(b) A Hispanic American, a person of Spanish or Portuguese culture with origins in Mexico, South America, Central America, or the Caribbean, regardless of race.

(c) An Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands.

(d) A native American, a person who is a member of, or is eligible to be a member of, a federally recognized Indian tribe. A "federally recognized Indian tribe" means an Indian tribe, band, nation, rancheria, pueblo, colony, or other organized group or community, including any Alaska native village, which is recognized by the Secretary of the Interior on October 1, 1985, as having special rights and is recognized as eligible for the services provided by the United States to Indians because of their status as Indians, and any tribe that has a pending application for federal recognition on October 1, 1985.

(e) A native Hawaiian, a person any of whose ancestors were native of the area which consist of the Hawaiian Island prior to 1778.

(f) An American woman.

(g) A physically disabled person, a person who has a

²² Chapter 288, section 703,FS.

physical impairment, defect, disease, ailment, or disability of a permanent nature which in any way limits the type of employment for which the person would otherwise be qualified.

APPENDIX C

OWNERSHIP

Appendix C
OWNERSHIP²³

An applicant business must satisfy paragraphs (a), (b), (c), and (d) below in order to be considered owned by minority persons. The ownership exercised by minority persons shall be real, substantial, and continuing, and shall go beyond mere pro forma ownership of the firm as reflected in its ownership documents. In its analysis, the Office may also consider the transferral of ownership percentages with no exchange of capital at fair market value.

(a) The applicant business must satisfy either subparagraphs 1., 2., or 3. below:

1. In a corporate form of organization, the minority shareholders of the corporation must own a majority of all issued stock. Minority shareholders who own a majority of each and every class of stock will be presumed to have met this section of the rule. Where the minority shareholders do not own a majority of each class of stock, the applicant shall establish that the aggregate of all stock owned by minority shareholders is equal to a majority of all issued shares. The applicant may establish that the aggregate of all stock owned by minority shareholders is equal to a majority of all issued shares by:

a. Using the par value of the stock, but only where each class of stock has a par value;

b. Using the fair market value of each class of stock;

c. Showing the numerical ratio of stock ownership where all shares, regardless of class, have the same par value or fair market value; or

²³ Taken from Florida Administrative Code Chapter 60A, para 2.005., as amended by the authors of this report.

d. Employing any other method which can be used to determine the ratio of ownership of all classes of stock and which is approved by the Office, or

2. In a partnership form of organization the minority partners must own a majority of the partnership, or

3. In any other form of organization the minority owners must own a majority of the business interest of the organization, including, but not limited to, a majority of the ownership of assets, dividends, and intangible assets such as copyrights and patents.

(b) The minority owners must demonstrate that they share income, earnings and other benefits for the business concern which are accorded to any other owner. The minority owners' share of income, earnings and benefits shall be commensurate with the percentage of their ownership in the business concern, including, but not limited to, salaries, draws, bonuses, commissions, insurance coverage, proceeds from business investments and properties, and profit-sharing, and other benefits.

(c) The minority owners must demonstrate that they share in all the risks assumed by the business firm. Such sharing of business risks shall be demonstrated through the minority owners' primary role in decision-making, and negotiation and execution of related transaction documents either as individuals or as officers of the business. The minority owners' sharing in business risks shall be commensurate with their percentage of ownership, including but not limited to, start-up and contributions, acquisition of additional ownership interests, third-party agreements, bonding applications and other liabilities. Start-up contributions may be space, cash, equipment, real estate, inventory or services estimated at fair market value. All contributions of capital by the minority owners must be real and substantial. The following are presumed not to be real and substantial

capital contributions:

1. promises to contribute capital;
2. notes payable to the applicant business;
3. notes payable to the non-minority owners or to the non-minority family members of any owner; and
4. past services rendered by the minority person as an employee, rather than as a decision-maker.

(d) The business firm cannot at any time enter into any agreement, option, scheme, or create any rights of conversion, which, when exercised, would result in less than a majority minority ownership or in the loss of the minority owners' control of the business firm.

APPENDIX D
OPERATIONAL AND FINANCIAL CONTROL

Appendix D
Operational and Financial Control²⁴

An applicant must establish that the minority owners possess the authority to control and exercise dominant control over the management of the finances and the daily operations of the business.

1. The discretion of the minority owners shall not be subject to any formal or informal restrictions (including, but not limited to, by-law provisions, purchase agreements, employment agreements, partnership agreements, trust agreements, or voting rights, whether cumulative or otherwise) which would vary or usurp managerial discretion customary in the industry.

2. The minority owners must exercise sufficient management responsibilities and capabilities to maintain control of the business. If the owners of the business who are not minority persons are disproportionately responsible for the operations of the business, then the business is not controlled by minority owners.

3. The control exercised by the minority owners shall be real, substantial and continuing, and shall go beyond mere pro forma control. In instances where the applicant business is found to be a family-operated business, with duties, responsibilities and decision-making occurring either jointly

²⁴ Taken from Florida Administrative Code, Chapter 60A paragraph 2.005, as amended by the authors of this report.

and mutually among owners and principals, or severally along managerial and operational lines between minority owners and non-minority owners or principals, the minority owners shall be required to demonstrate control of the business. Where the minority owners substantiate that the assumption of duties is not based on their lack of knowledge or capability to independently make decisions regarding the business' management and day-to-day operations, the minority owners' control may not be affected. The minority owners shall establish that they have dominant responsibility for the management and daily operations of the business as follows:

a. The minority owners shall control the purchase of goods, equipment, business inventory and services needed in the day-to-day operation of the business.

b. The minority owners shall control the hiring, firing and supervision of all employees, and the setting of employment policies, wages, benefits and other employment conditions. In instances where minority owners have delegated the hiring and firing of employees, the minority owners shall demonstrate that their knowledge and capability is sufficient to evaluate the employees' performance in the given industry.

c. The minority owners shall have knowledge and control of all financial affairs of the business. The ability of any nonminority owners or employee to sign checks and enter into financial transactions on behalf of the business shall be considered in determining financial control. The minority owners shall expressly control the investments, loans to/from stockholders, bonding, payment of general business loans, payroll, and establishment of lines of credit.

d. The minority owners shall have managerial and

technical capability, knowledge, training, education and experience required to make managerial decisions regarding the primary work of the firm. In determining the applicant business' eligibility, the Department will review the prior employment and educational backgrounds of the minority owners, the professional skills, training and/or licenses required for the given industry, the previous and existing managerial relationship between and among all owners, especially those who are familially related, and the timing and purpose of management changes.

4. The minority owners shall display independence and initiative in seeking and negotiating contracts, accepting and rejecting bids and in conducting all major aspects of the business in regard to any and all bidding and contracting. In instances where the minority owners do not directly seek or negotiate contracts, prepare estimates, or coordinate with contracting officials, but claim to approve or reject bids and contractual agreements, the minority owners shall demonstrate that they have the knowledge and expertise to independently make contractual decisions.

5. The minority owner shall substantiate personal direction and actual involvement with all major aspects of the applicant business. The major aspects shall be defined as those tasks essential to accomplish all objectives and operations related to those services or commodities for which the applicant business requests certification.

APPENDIX E
INSTRUCTIONS TO RUN THE COMPUTER PROGRAM
AND SAMPLE REPORTS

APPENDIX E

SYSTEM REQUIREMENTS:

To use this software you need;

Hardware

- A 100% IBM-compatible, protected mode capable 80286, 80386, or 80486 personal computer with a hard disk and a floppy drive.
- 2 MB extended memory (RAM).
- DOS 3.0 or higher or OS/2 2.0. (Operating Systems)
- Compatible MDA, MCGA, EGA, VGA monitor with adapter.

Software

- Paradox 4.0 or 4.5 database management software available from Borland, Inc.

GETTING STARTED:

You have three choices to run this software;

1. Insert the floppy disk provided in the A drive. Start Paradox 4.0 or 4.5, choose the following options in sequence from the menu Tools, More, Directory, then type A:\ MBE. A message will appear at the bottom of the screen, "Working directory is now A:\MBE\"
2. Create a directory named MBE in the hard drive (usually c:) and copy the entire floppy disk provided to this directory. Start Paradox, choose Tools, More, Directory, then type C:\MBE. A message will appear at the bottom of the screen, "Working directory is now C:\MBE\"
3. Create a sub-directory inside Paradox named MBE, and copy the entire floppy disk provided into this directory. Start Paradox, choose Tools, More, Directory, then type MBE. A message will appear at the bottom of the screen, "Working directory is now C:\pdox40\MBE\"

The second and the third choices will run the software faster than the first choice.

From the main menu of Paradox choose the following options in sequence: Scripts, Play, and then either type MAIN or click once on the green area and then twice on MAIN using the mouse.

Now you have entered the "Minority Business Enterprises" software.

When you start MBE you would see

The main menu in the menu bar containing Company, Weights, Personnel, Business, Financial, Calculate, Reports, and Quit at the top of the screen.

You can use either the mouse or the appropriate keys (either highlighted letters or arrow keys) to switch among the different options provided through the menu bar.

Data Input

COMPANY:

- In this selection you can Add and/or Edit company names and particulars by choosing from the main menu bar Company.
- In case you need instructions on how to enter data press <F1>.
- Choose Add/Edit. The first time you use the program you will see a blank table with two columns.
- Press <Enter> to move to the Main Form, now you can enter the required data for the company you want to evaluate (name, address, city,.....).
- Press <F7> to Save your work and return to main menu, or <Esc> to Cancel and return to main menu.
- If you have saved your previous data follow the above steps for editing. When you would reach the Table you would find the names of the companies you have just entered.
- To make any changes select the name then press <Enter>.
- After making the necessary changes press <F7> to save the work and return to main menu.
- If you want to add a new company at this point to the existing list, press <F4> to move to the Main Form from the Table.
- Press <F7> to save the work and return to main menu, or <Esc> to Cancel and return to main menu.

WEIGHTS:

- Choose the option Weights from the main menu, another menu will appear (Main, Personnel, Business Experience, and Financial Background). Choose the one for which you want to enter the pairwise comparison values.

- In case you need help press <F1> after highlighting your option with the arrow keys. Otherwise, Press <Enter> to move to the Pairwise Form.
- After entering the weights, press <F7> to save the work and return to main menu, or press <Esc> to cancel and return to main menu.
- For a fresh analysis you must enter pairwise comparison values for all the options.

PERSONNEL:

- Choose Personnel form the main menu bar.
- Press <F1> for Help if necessary.
- Otherwise choose Add/Edit.
- Choose the name of the company you want to edit the personnel data and the scores, then press <Enter>.
- At the Main Entry Form you can edit the data and the scores.
- Press <F7> to save the work and return to main menu, or press <Esc> to cancel and return to main menu.

BUSINESS:

- Follow the same steps as Personnel.

FINANCIAL:

- Follow the same steps as Personnel.

Processing

CALCULATE:

- After entering all the weights and the scores, Choose Calculate from the main menu then Overall Weights to calculate the overall scores of each company.

Output

REPORTS:

- To view/print the Overall score for each company, choose Report, Master, Screen/Print.
- To view/print the overall scores and the data for each company, Choose Report, Detailed, Screen/Print. (Example printouts of these reports are shown at the end of this Appendix.)

QUIT:

- To Exit the MBE program, choose Quit from the main menu to return to Paradox from which you can exit to DOS.

MINORITY BUSINESS ENTERPRISES

MASTER REPORT

1/04/94

Page 1

D#	Names	Specialty	Overall Score
4	MAYMOUN CONSTRUCTION	CONCRETE PAVING	4.00
3	REFAATICO		3.04
1	USA		2.70
2	HESHAM CO.		2.20
5	HGJYG		.06
6	MONA		0.00

MINORITY BUSINESS ENTERPRISES

1/04/94

Detailed Report

Page 1

ID#: 4

Name:	MAYMOUN CONSTRUCTION	Overall Score: (4.00)
Speciality:	CONCRETE PAVING	
Address:	90 SW ST	
City:	BOCA	State/Zip: FL/34333
Phone:	(456) 632-4565	Fax: (544) 356-7888

Personnel Data:

	Data	Score
Number of full time employees	112	4
Average time of employment	12	4
Ratio of supervisors to workers	1	4
Level of training of supervisors	4	4
FUTA rate	1	4
Workers comp experience factor	1	4
Established full time office	15	4

Business Experience Data:

Number of years in business	3	4
Number of contracts comp last 3 years	10	4
Value of contracts comp last 3 years	500,000.00	4
Largest contract comp last 3 years	70,000.00	4
References	8	4
Type of license	1	4

Financial Background Data:

Liquid Quick	1,000,000.00	4
Net Worth	2,000,000.00	4
Dollar Value of Credit Lines	500,000.00	4
Dun & Bradstreet Rating	2	4
Receivables over 60 days	100,000	4

MINORITY BUSINESS ENTERPRISES

1/04/94

Detailed Report

Page 2

ID#: 3

Name: REFAATICO
 Speciality: COMPUTER CONSULTANSY
 Address: 23 109 AV
 City: MIAMI
 Phone: (574)747-3890

Overall Score: (3.04)

State/Zip: FL/33210
 Fax: (866)544-2546

Personnel Data:

	Data	Score
Number of full time employees	20	4
Average time of employment	3	4
Ratio of supervisors to workers	1	3
Level of training of supervisors	3	3
FUTA rate	0	2
Workers comp experience factor	1	3
Established full time office	5	4

Business Experience Data:

Number of years in business	3
Number of contracts comp last 3 years	3
Value of contracts comp last 3 years	3
Largest contract comp last 3 years	3
References	3
Type of license	3

Financial Background Data:

Liquid Quick	3
Net Worth	3
Dollar Value of Credit Lines	3
Dun & Bradstreet Rating	3
Receivables over 60 days	3

MINORITY BUSINESS ENTERPRISES

1/04/94

Detailed Report

Page 3

ID#: 1

Name: USA
 Speciality: ROOFERS GF
 Address: 234 NE 34 AV
 City: MIAMI
 Phone: (765) 655-6555

Overall Score: (2.70)

State/Zip: FL/33290
 Fax: (565) 768-8322

Personnel Data:

	Data	Score
Number of full time employees	10	2
Average time of employment	2	3
Ratio of supervisors to workers	1	4
Level of training of supervisors	4	4
FUTA rate	2	3
Workers comp experience factor	1	2
Established full time office	3	3

Business Experience Data:

Number of years in business		3
Number of contracts comp last 3 years		2
Value of contracts comp last 3 years		4
Largest contract comp last 3 years		3
References		2
Type of license		3

Financial Background Data:

Liquid Quick	200,000.00	4
Net Worth	2,000,000.00	4
Dollar Value of Credit Lines	1,000.00	1
Dun & Bradstreet Rating	1	4
Receivables over 60 days	1,100	1