



Maryland Department of Transportation
Office of Minority Business Enterprise



**Issues Involving the Certification of MBE/DBE
Firms and Trends in the MBE/DBE Program**

National Fraud Awareness Conference
July 27, 2010

Beverley K. Swaim-Staley, Secretary
Harold M. Bartlett, Deputy Secretary
Karen Gooden Williams, Assistant Secretary

Zenita Wickham Hurley, Director
Cheryl Brown-Whitfield, Asst. Atty. General



Maryland's MBE Program

- Oldest Minority Business Enterprise (MBE) Program in the country.
 - Established in 1978





Maryland's DBE Program

- Applies to three Modes:
 - Maryland Transit Administration
 - State Highway Administration
 - Maryland Aviation Administration
- Multi-jurisdictional certifications facilitated by Modified Reciprocity Certification Program



American Recovery & Reinvestment Act (ARRA)

- Maryland received nearly \$70M in ARRA funds
- Increase in outreach to contractor community
- Maryland was home to the first shovel-ready project on the ground in the nation



2009 Certification Trends

- 742 firms certified in 2009
 - *6.5% increase*
- 130 days (average) from investigation to certification in 2009
 - *14.5% decrease*
- 4,719 firms listed in MDOT's MBE/DBE online directory (on 12/31/2009)
 - *10.4% increase*





2009 Certification Trends

- 88% increase in the number of firms requesting an expansion of services from 109 in 2008 to 206 in 2009.
- 226 Maryland firms participated in the Modified Certification Reciprocity Program by requesting certification in Virginia and/or the District of Columbia.
- Nearly 60 firms from these neighboring jurisdictions have sought certification in Maryland.
- Office of MBE staff processed 11,420 telephone inquiries in 2009, a 3.76% increase from the previous year.

2009

Maryland Legislative Actions

- Addressing fraud complaints:
 - The 2009 Maryland General Assembly created an MBE Fraud Hotline
 - Penalties for several common abuses against certified MBEs were also expressly stated in law
 - Five years in prison
 - \$20,000 fine





2009

Maryland Legislative Actions

- Reevaluating PNW caps:
 - Dollar amount of the cap is adjusted annually for inflation as indicated by the Consumer Price Index
 - The first \$500,000 of qualified retirement savings is excluded from the calculation

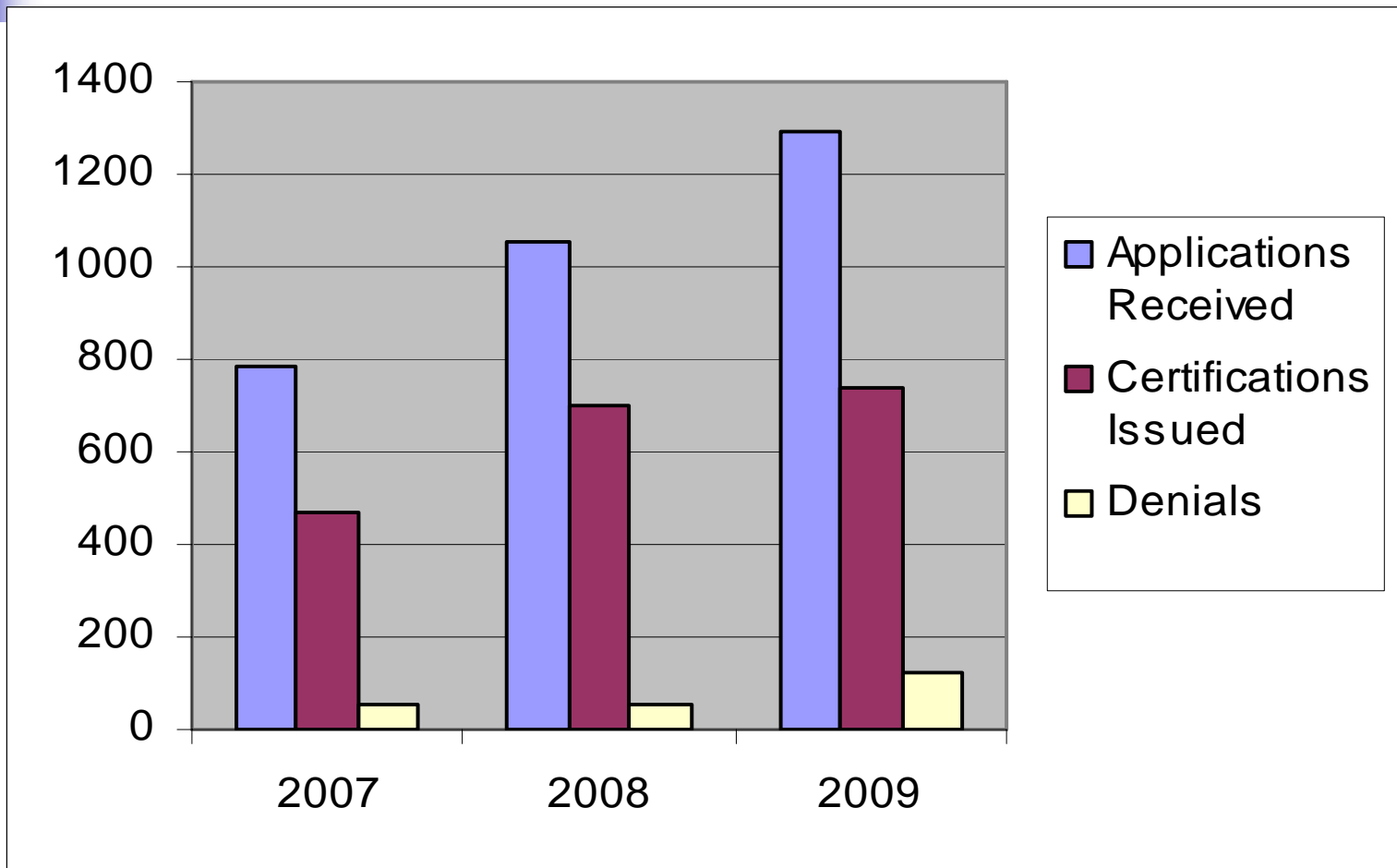


2010

Maryland Legislative Actions

- Equity Investment
 - Established a Task Force to research and make recommendations on ways to increase the flow of equity investment dollars into MBEs
- Reciprocity
 - Create procedures to streamline the MBE certification process for firms that are already certified by a race-conscious affirmative action contracting program run by the SBA or Maryland county governments

Trends





Trends

■ Applications

- Increase is most attributable to the economy and ARRA
- Nearly 50% increase in the number of out-of-state applicants over two years

■ Denials

- 120 denials issued in 2009
- 53 issued in 2008
- 126% increase





Trends

- In 2010, we remain on track to repeat last year's increased in:
 - Applications Received
 - Certifications Issued
 - Denials
- We also remain on pace to show continued decrease in the number of days from investigation to certification.





Case Study

Establishing Ownership by Disadvantaged Individual





Case Study

Independence Issues





Case Study

Group Membership v. Individual Determinations of Disadvantage





Case Study

False Statements in the Application & False Documentation

