



OPERATIONAL SERVICES DIVISION
SUPPLIER DIVERSITY OFFICE

SERVING PUBLIC BUYERS AND VENDORS OF THE COMMONWEALTH OF MASSACHUSETTS



Operational Services Division

Supplier Diversity Office

**Fiscal Year 2019 Report to the Legislature on the
Expansion of Opportunities for Individuals with
Disabilities in State Procurement and Contracting**



OPERATIONAL SERVICES DIVISION

Gary J. Lambert
Assistant Secretary for Operational Services

THE COMMONWEALTH OF MASSACHUSETTS
Executive Office for Administration and Finance
OPERATIONAL SERVICES DIVISION

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Charles D. Baker
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Karyn E. Polito
Lieutenant Governor

Michael J. Heffernan
Secretary

October 31, 2019

Michael D. Hurley, Senate Clerk
Office of the Clerk of the Senate
24 Beacon Street - Room 335
State House
Boston, MA 02133

Steven T. James, House Clerk
Office of the Clerk of the House
24 Beacon Street - Room 145
State House
Boston, MA 02133

Re: Annual Report of the Supplier Diversity Office to the Clerks of the Senate and House of Representatives pursuant to Section 4 of Chapter 219 of the Acts of 2016, An Act Relative to Job Creation and Workforce Development, and Section 88 of Chapter 154 of the Acts of 2018.

Dear Senate Clerk Hurley and House Clerk James:

The Supplier Diversity Office (SDO) of the Operational Services Division (OSD), in collaboration with the Massachusetts Office on Disability (MOD), is pleased to submit this Fiscal Year 2019 report of the SDO's efforts at expanding opportunities for individuals with disabilities in all areas of state procurement and contracting pursuant to Section 4 of Chapter 219 of the Acts of 2016 (the "Act") and Section 88 of Chapter 154 of the Acts of 2018.

As you may know, the Act requires the SDO to set goals every two years and report on those goals annually. This report, therefore, provides an update on the SDO's progress towards meeting the goals set in the FY2017 report and sets program goals for FY2020-21.

The SDO is proud to inform you that, subsequent to the end of the reporting period for this report, the Supplier Diversity Office was presented with the inaugural Supplier Diversity Partnership Award by Disability:IN on October 10, 2019.

If you have questions or need additional information, please feel free to contact me at William.McAvoy@state.ma.us or at (617) 720-3327.

Sincerely,

William M. McAvoy
Deputy Assistant Secretary

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Background

The Supplier Diversity Office (SDO), within the Operational Services Division (OSD), is created pursuant to M.G.L. c. 7, §58A. M.G.L. c. 7, §57 describes the “various public and private programs [that] have been initiated to assist minority, women, and veterans business enterprises, where applicable, to achieve economic viability, ...” Under this statute, the SDO is mandated to “promote and facilitate the fullest possible participation by all citizens in the affairs of the [C]ommonwealth.” Consistent with this statutory requirement, Governor Baker issued Executive Order 565 on November 3, 2015, authorizing the SDO to include all businesses majority-owned and controlled by individuals with disabilities, among other groups, within the Supplier Diversity Program (SDP).

Section 4 of Chapter 219 of the Acts of 2016 (the “Act”) (see Appendix 1) directed the SDO, in consultation with the Massachusetts Office on Disability (MOD), to provide opportunities for individuals with disabilities in all areas of state procurement and contracting. Removing barriers and lifting perceptions that restrict the Commonwealth’s ability to leverage the capacity of the disability community are shared goals of the Legislature and the Baker-Polito Administration. Unlike past and current supplier diversity programs, which are focused on the inclusion of **businesses** owned by diverse individuals, the Act also introduces the possibility of the SDO mandating that contractors and subcontractors now identify, recruit, and hire qualified **individuals** with disabilities.

The SDO and the MOD are committed to fulfilling the mandate of this Act to establish participation goals for state procurement and contracting that will strengthen the Commonwealth’s workforce and marketplace by ensuring meaningful inclusion of individuals with disabilities. As part of this commitment, in the FY2017 report, the SDO and MOD established the following five goals consistent with the intent of the Act:

- Goal #1: [Ensure all contractors are required to adhere to] Contract Anti-Discrimination Terms,
- Goal #2: Expand Inclusion of Disability-Owned Business Enterprises (DOBEs),
- Goal #3: Develop a Central Repository of Resources for Individuals with Disabilities,
- Goal #4: [Conduct a] Due Diligence Review of Current and Best Practices, and
- Goal #5: Establish Employment Percentage Goals in the SDO Individuals with Disabilities Pilot Program.¹

The intent of this report is to provide an update on the progress made in implementing these goals and set new goals for FY2020-21.

¹ The implementation of Goal #5 envisioned the creation of the SDO Individuals with Disabilities Pilot Program. Subsequent to the passage of the Act and the establishment of the goals, the Legislature passed Outside Section 88 (SDO Disability Pilot) of Chapter 154 of the Acts of 2018, the FY 2019 Budget (see Appendix 1), which added more details about the pilot program and established a new, expedited timeline for program delivery.

FY2019 Update on FY2017 Goals for Participation of Individuals with Disabilities in State Procurement and Contracting

The SDO, in consultation with MOD, is providing updates to the following goals which were identified in our FY 2017 report and which will expand the inclusion of and opportunities for individuals with disabilities in state procurement and contracting:

Goal #1: Contract Anti-Discrimination Terms

This goal required the SDO and MOD to perform a due diligence review of the standard terms included in the Commonwealth's contracts and to ensure that all contractors are aware of their responsibility for adhering to existing laws that prohibit discrimination against individuals with disabilities. This goal was completed in FY2018 and associated activities are reported in the [SDO FY2018 Report on Opportunities for Individuals with Disabilities in State Procurement](#).

Goal #2: Expand Inclusion of Disability-Owned Business Enterprises

Background: Signed in 2015, [Executive Order 565](#) expanded the SDP to include DOBEs, thus providing opportunities in the procurement process for businesses owned by individuals with disabilities. Activities planned for the realization of this goal aligned with the implementation of Executive Order 565 and included:

- Conducting outreach to disability-owned businesses to grow the number of certified DOBE and service-disabled veteran-owned business enterprises (SDVOBEs) participating in the SDO's programs.
- Allowing Commonwealth contractors to count spending with DOBEs, laying the groundwork for the establishment of a future DOBE benchmark.

FY2019 Progress Update: The SDO continued its partnership with Disability:IN and its Massachusetts chapter, Disability:IN Massachusetts, and pursued an opt-in campaign offering all businesses certified by Disability:IN to be recognized by the SDO and be included in its programs. Additional outreach was conducted through local chambers of commerce and during more than 30 outreach and networking events co-sponsored and attended by the SDO.

The overall number of certified DOBEs and SDVOBEs has increased by 28% and 21%, respectively, during the past two years. While the small fluctuations in FY2019 are largely due to temporary delays in certification renewals experienced by Disability:IN, slowing growth suggests the need for additional outreach and business engagement. We have had discussions with Disability:IN regarding program changes which will result in an increase in the number of certified businesses in the future.

Certification Type	FY2017	FY2018	FY2019
Disability-Owned Business Enterprise (DOBE)	36	47	46
Service-Disabled Veteran-Owned Business Enterprise (SDVOBE)	100	124	121

Following the policy change regarding the addition of DOBEs to the list of certification types eligible for inclusion in contractor SDP plans, FY2019 was the first year of DOBEs being available to statewide and departmental contractors as potential SDP partners. In partnership with the OSD's Training unit, the SDO developed a contractor training that also covers the inclusion of DOBEs and SDVOBEs in the SDP plans and practical information on creating successful business partnerships. Since the number of available DOBEs is small, and since most SDP partnerships are consistent ongoing business relationships, FY2019 did not result in a DOBE being reported as an SDP partner by a departmental or statewide contractor.

SDVOBEs continue to be used by statewide and departmental contractors. The total number of SDVOBEs reported by statewide and departmental contractors as SDP partners through the SDO's FY2018 Annual Report was 15, and while not all FY2019 SDP spending information is available as of the publication of this report, the total number of SDVOBE partners reported in FY2019 by statewide contractors alone is 19. The SDO plans to continue its efforts to engage DOBEs and SDVOBEs in its programs and will include these efforts in its goals for the upcoming two years.

Goal #3: Develop a Central Repository of Resources for Individuals with Disabilities

Background: Under the Act, the SDO must "provide assistance to the executive offices in determining opportunities for contracting with businesses that hire persons with disabilities." In FY2018, the SDO and MOD collaborated on compiling a list of executive branch employment services agencies that assist employers with hiring individuals with disabilities and serving as a host agency for the MOD's Mentoring Week.

FY2019 Progress Update: In FY2019, the SDO added a section on its website dedicated to disability rights resources. The information covered on this website includes disability employment rights, disability benefits, and information about MOD's Client Assistance Program. In addition, the SDO developed a solicitation to seek non-profit sector resources available for Commonwealth employers and individuals with disabilities for posting in FY2020. Using a public solicitation process to compile the repository of non-profit sector resources will ensure that the process is open and fair to all interested parties. In addition, the SDO will hire a resource in FY2020, who will focus on outreach to and solicitation and recruitment of additional resources for all diverse businesses.

Goal #4: Due Diligence Review of Current and Best Practices

Background: Under this goal, the Commonwealth envisioned conducting additional research and gathering feedback from businesses and community leaders by conducting employer surveys, holding and attending roundtable meetings, and collaborating with key stakeholders in the review and assessment of the information obtained. Since the Act's enactment, the SDO and MOD offices have worked together to reach out to our constituents; state agencies; federal agencies; and other stakeholder groups, including discussions with the Disability Employment Advocacy Group, which is an ad-hoc group of various disability organizations such as the Boston Center for Independent Living, Easter Seals, and Multi-Cultural Independent Living Center, as well as WORK Inc.; and other organizations. Significant time was devoted to studying survey data, materials, and resources produced by Cornell University and the federal government.

FY2019 Progress Update: In FY2019, the two offices continued to collaborate with the Massachusetts Commission for the Blind; the Disability Employment Advocacy Group; Disability:IN and its local affiliate, Disability:IN Massachusetts; and a wide range of other stakeholders. Our research continues to show that, to our knowledge, no state or municipality has established disability workforce participation goals for contractors and subcontractors. However, we continue to study current practices in other states, the federal government, and large and small businesses to better understand the opportunities for individuals with disabilities as employees, contractors, and subcontractors.

Goal #5: Establish Employment Percentage Goals

Background: The timeline and implementation of this goal was informed by the passage of Section 88 of the FY2019 Budget. Pursuant to Section 88, the OSD was required to “establish a pilot program with a utilization, contract-based goal of 7 per cent for the inclusion of qualified individuals with disabilities in any state contract for 3 services.” The goals of the pilot are to “promote the recruitment, hiring, promotion and retention of individuals with disabilities and assist state contractors in evaluating and measuring levels of success” in these activities.

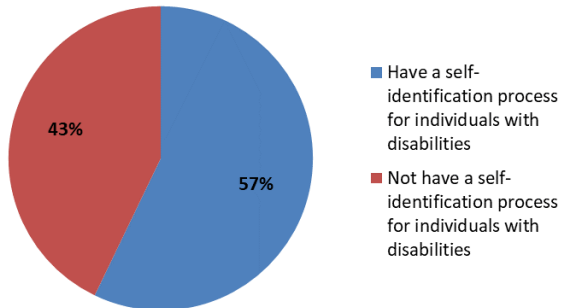
Over the course of FY2018, the SDO and MOD undertook a significant amount of preparatory work for the implementation of the Persons with Disabilities Pilot Program, including identifying two of the three target contracts for the pilot; developing program contract language and measurement methodologies; developing training and communication materials explaining the pilot to contractors; and conducting a Request for Information to solicit industry feedback on the draft contract language related to the pilot program.

FY2019 Progress Update: Over the course of FY2019, the SDO worked with the OSD Sourcing unit to incorporate the Persons with Disabilities Pilot Program terms into two statewide contracts. In addition, the Department of Developmental Services (DDS) and the Division of Capital Asset Management and Maintenance (DCAMM) included program terms into two of their departmental contracts. Two of these contracts were new and two incorporated program terms through contract renewal.

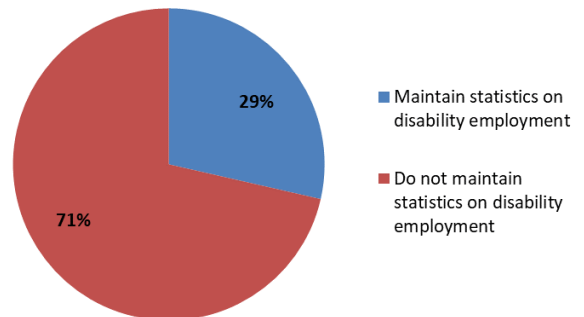
- The **Statewide Contract for Office Supplies, Recycled Paper and Envelopes** issued by the OSD. The new contract was executed with seven contractors employing a total of 69,000 employees. In addition to agreeing to the terms of the Persons with Disabilities Pilot Program, all contractors completed the Disability Employment Practices Form to establish a pilot baseline for the contract.

The charts below display the key program baseline findings for this contract. While three of the contractors have a voluntary and confidential self-identification process for individuals with disabilities, two currently maintain disability employment statistics and one is in the process of implementing a new human resources system to help measure disability employment. For the two contractors who were able to provide information on disability employment, disability employment rates ranged from zero for one contractor to less than 5% of the associates serving the Commonwealth of Massachusetts for the other contractor.

Percentage of Contractors that Have a Self-Identification Process for Individuals with Disabilities

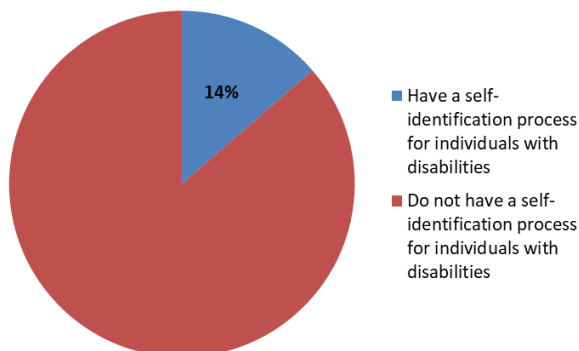


Percentage of Contractors Maintaining Statistics on Disability Employment

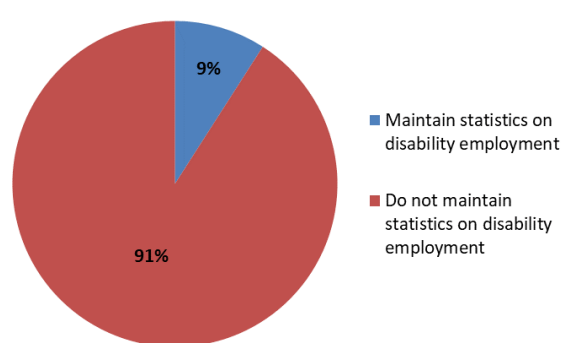


- The **Statewide Contract for Janitorial Services, Environmentally Preferable**, issued by the OSD. The Persons with Disabilities Pilot Program was incorporated into this contract through the contract renewal process. Under the contract, 22 contractors employing a total of 5,700 employees agreed to the terms of the pilot program. The baseline information for these contractors, shown in the charts below, indicate that few contractors on this contract currently provide their employees with disabilities an opportunity to self-identify. As a result, only two contractors were able to provide sufficient information to calculate the disability employment rate for their companies. Those rates stood at less than 1% for one contractor and 57% for the other (see Bullet 4 in this section for additional information on the latter).

Percentage of Contractors that Have a Self-Identification Process for Individuals with Disabilities



Percentage of Contractors Maintaining Statistics on Disability Employment



- The **Food and Dietary Services Contract** issued by the DDS. The new contract was executed with one contractor employing more than 247,000 employees nationwide, of which 7,000 are employed in Massachusetts. The contractor has a voluntary and confidential self-identification

process in place for employees with disabilities and reports that 1.7% of its employees nationwide have self-identified as having a disability. The employer also has stated that it has “partnerships with national organizations that are dedicated to disability employment, such as Best Buddies, InReach, Project Search as well various local and community entities,” and is “creating and launching content for internal use that provides tips and etiquette for engaging with people that may have a disability,” and other initiatives.

- The **Integrated Janitorial Services** for the Massachusetts Information Technology Center in Chelsea, MA, issued by the DCAMM. The contract renewal was executed with the single contractor, who also is an awarded contractor on the OSD’s Statewide Contract for Janitorial Services. The Massachusetts-based, medium-sized business is affiliated with a nonprofit agency providing training and supportive services to individuals with disabilities. Out of the 134 employees, the contractor reported 77 as having self-identified as individuals with disabilities, achieving 57% disability employment, which is well above program goal.

In summary, contractors participating in the SDO’s Persons with Disabilities Pilot Program range from large national and international companies to small local businesses. While individual responses to the program baseline questionnaire varied, one common thread connects all the pilot participants: not one bidder or contractor declined to participate or objected to the terms of the pilot program.

Another finding of the pilot’s baseline assessment is that ensuring that contractors have the capability to administer voluntary and confidential self-identification for employees with disabilities is the foundation for being able to measure the effectiveness of the Commonwealth’s efforts. The pilot baseline has helped identify which contractors need assistance with this aspect of the program.

Baseline data also have helped identify employers with more advanced diversity and inclusion initiatives which may serve as models and whose best practices could be replicated by others. These findings will be updated annually and will inform the SDO and MOD’s program strategy.

Setting Program Goals for FY2020-21

The implementation of the goals established in FY2017 has highlighted the following key needs that became the foundation of the goals for FY2020-21:

- The need to broaden the participation of disability owned (DOBE and SDVOBE) companies in state contracting. The OSD and MOD team envisions doing this through recruitment of new businesses for certification and by encouraging the participation of currently certified DOBEs and SDVOBEs in relevant Commonwealth bidding opportunities.
- The need to operationalize the Disabilities Pilot Program with broader participation of health and human services agencies and other stakeholders and more in-depth examination and adoption of best practices from the federal government and other organizations.
- The need to identify, develop, and deliver resources and tools related to disability employment to pilot participants, Commonwealth contractors in general, and to individuals with disabilities interested in being employed by Commonwealth contractors and agencies.

Based on the completion of two of the goals established in FY2017, the SDO and the MOD have established the following goals for FY2020-21:

- **Goal #1: Expand Inclusion of Disability-Owned Business Enterprises (DOBE) and Service-Disabled Veteran-Owned Business Enterprises (SDVOBE).** Activities undertaken pursuant to this goal will include, but may not be limited to, the following:
 - In partnership with Disability:IN Massachusetts, develop a public and private Disability Supplier Diversity Program, which will bring together key disability supplier diversity stakeholders to discuss and act on improving and leveraging best practices related to disability supplier diversity awareness, engagement, and certification efforts across the Commonwealth;
 - In partnership with Disability:IN, Disability:IN Massachusetts, the Veterans Business Outreach Center (VBOC), and other organizations, develop a recruitment strategy for Massachusetts-based disability-owned businesses;
 - Conduct an analysis of products and services available from currently certified DOBEs and SDVOBEs and provide guidance on establishing SDP partnerships with Commonwealth agencies and contractors; and
 - Develop a resource repository to help disability-owned and other diverse businesses market themselves, access capital, receive training, and other resources.
- **Goal #2: Transform and expand the SDO Individuals with Disabilities Pilot Program into an Ongoing Program.** Activities undertaken pursuant to this goal will include, but may not be limited to, the following:
 - Establish a broader coordination group of Commonwealth agencies to enhance information and resource sharing and expedite the transfer of best practices to contractors participating in the pilot.
 - Conduct a deeper examination of best practices implemented by the U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP), the Massachusetts Human Resources Division, and by employers who have utilized programs and services offered by the Massachusetts Rehabilitation Commission, the Massachusetts Commission for the Blind, and other agencies.
 - Build on the pilot baseline information collected from the contractors participating in the pilot and promote the adoption of best practices relevant for the specific contracts and contractors.
 - Based on the results of the pilot with currently enrolled contractors, analyze options for expanding the pilot to additional statewide and/or departmental contracts
- **Goal #3: Further Develop the Program Webpage with Resources and Tools for Employers and Individuals with Disabilities Seeking Employment.** The webpage will expand the range of resources previously compiled by the SDO and MOD. The selection of resources and tools for employers will be guided by opportunities identified through the Individuals with Disabilities Pilot Program baseline:
 - Providing employers guidance on organizing voluntary and confidential self-identification processes for employees with disabilities, and

- Identifying opportunities to pair employers with vocational rehabilitation programs and means of assisting them in finding qualified candidates.

Additionally, following the publication of the RFI for non-profit disability employment resources, the webpage also will include private resources related to:

- Workforce training programs for specific industries and/or employers,
- Career exploration, resume writing, and interview preparation services for potential employees,
- Job placement programs for individuals with disabilities, and
- Other services that may assist employers with hiring individuals with disabilities.

Conclusion

This report contains an update on the implementation of the five biennial goals on non-discrimination and inclusion of individuals with disabilities established in FY2017. Over the past two years, the SDO and MOD established a successful relationship that resulted in learning, program development, and collaboration with a wide range of individuals and organizations in the public, private, and non-profit sectors. Building on these accomplishments, we have set new, ambitious goals for increasing the participation of individuals with disabilities in Commonwealth contracting.

The U.S. Census Bureau's American Community Survey indicates that nearly two-thirds of all working age individuals with disabilities are not participating in the workforce.² In an economy characterized by low unemployment, fostering job opportunities for individuals with disabilities meets the needs of the employees, as well as helps sustain economic growth in the Commonwealth.

Our research shows that the Commonwealth continues to be the only state with a program aimed at setting an employment utilization goal for individuals with disabilities for entities that contract and sub-contract with the state. The Supplier Diversity Office looks forward to continuing to work with the Massachusetts Office on Disability and other interested parties in promoting inclusion and opportunity for individuals with disabilities and in helping create a workforce that reflects the diversity of the citizens of the Commonwealth. We welcome and will continue to seek input from stakeholders as we continue to implement this important program.

² According to the American Community Survey ("ACS"), an estimated 64% of working age persons with disabilities in Massachusetts were not working in 2014 either because they did not have a job even though they were actively looking and were available to start a job, or because they were not in the labor force. Source: [U.S. Census Bureau, Table R2303: Employment/Population Ratio For the Civilian Population 16 to 64 Years Old - United States – States; and Puerto Rico](http://factfinder.census.gov/bkmk/table/1.0/en/ACS/14_1YR/R2303.US01PRF), 2014 American Community Survey 1-year Estimates (http://factfinder.census.gov/bkmk/table/1.0/en/ACS/14_1YR/R2303.US01PRF).

Appendix 1: Enabling Legislation

Section 4 of Chapter 219 of the Acts of 2016³:

(s) The SDO shall, every 2 years and in consultation with the Massachusetts Office on Disability, establish goals for participation of individuals with disabilities in all areas of state procurement contracting. Participation goals may be met by contracting or subcontracting with businesses that hire, or identify and recruit with the intent to hire, qualified applicants with disabilities. SDO shall provide assistance to the executive offices in determining opportunities for contracting with businesses that hire persons with disabilities to meet the participation goal set forth in this paragraph, including contractors and subcontractors providing goods and services under multi-year contracts or grants funded by agencies within the executive offices.

SDO shall file an annual report with the clerks of the house of representatives and the senate on or before October 31 on the progress made toward meeting the participation goal set forth in this paragraph.

Subsequent to the passage of the Act, the Legislature passed the following Outside Section 88 (SDO Disability Pilot) of Chapter 154 of the Acts of 2018, the FY2019 Budget⁴:

Notwithstanding any general or special law to the contrary, the supplier diversity office, in consultation with the Massachusetts office on disability, shall establish a pilot program with a utilization, contract-based goal of 7 per cent for the inclusion of qualified individuals with disabilities in any state contract for 3 services to be specified by the supplier diversity office that may include, but shall not be limited to: (i) janitorial and custodial services; (ii) landscaping services; (iii) mail room services; (iv) food services; (v) fleet management; (vi) manufacturing; (vii) trash removal; (viii) document destruction; (ix) electronic scanning of documents; and (x) facilities management services which shall include, but not be limited to, HVAC services, painting, emergency repair services and snow removal. The pilot program shall promote the recruitment, hiring, promotion and retention of individuals with disabilities and assist state contractors in evaluating and measuring levels of success in the recruitment, hiring, promotion and retention of individuals with disabilities. The utilization goal shall not be used as a quota, limit or restriction on the employment of individuals with disabilities.

For the purposes of the pilot program: (i) contractors shall apply the utilization goal to the direct workforce needs of the awarded contract or to the entire workforce of the contractor if the contractor has 50 or fewer employees; and (ii) a qualified individual shall have the same meaning as set forth in 41 C.F.R. 60-741.2. The pilot program shall not apply to existing state contracts.

The pilot program shall be established not later than September 1, 2018. Not later than September 1, 2019, the supplier diversity office shall file an interim report on the progress of the pilot program. An additional final report shall be filed not later than 180 days after the completion of the pilot program. The reports shall be filed with the clerks of the senate and house, the chairs of the senate and house committees on ways and means, the chairs of the joint committee on state administration and regulatory oversight and the chairs of the joint committee on children, families and persons with disabilities.

³ Section 4 of Chapter 219 of the Acts of 2016 inserted subsection (s) into Section 61 of chapter 7 of the General Laws.

⁴ Chapter 154 of the Acts of 2018, An Act making appropriations for the Fiscal Year 2019.