



Fiscal Year 2020 Annual Report

July 1, 2019 – June 30, 2020

Department of Administration
Division of Enterprise Operations
Wisconsin Supplier Diversity Program

February 2021

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Executive Summary

History of the Wisconsin Supplier Diversity Program. The Wisconsin Supplier Diversity Program was created in 1983 when the Legislature passed Wisconsin Act 390 that set a five percent participation goal for state agencies and University of Wisconsin campuses for purchases of goods and services with certified Minority-Owned Business Enterprises (MBEs). The Act also established a *permissive* five percent bid preference for certified MBE firms responding to bids for State contracts.

In 2010, the Legislature enacted Wisconsin Act 299 that provided a participation goal of a portion of State contracts for Service-Disabled Veteran-Owned Businesses (DVBs) certified by the State of Wisconsin. It also provided a *permissive* five percent bid preference to such firms. In 2014, the Legislature enacted an amendment under 2013 Wisconsin Act 192 to establish a one percent participation goal for DVBs.

Fiscal Year 2020 Highlights. Diverse suppliers accounted for \$137,333/384 of \$2,544,653,189 of State Agency and University of Wisconsin spending in the areas of procurement, state highways, facilities construction and architectural/engineering services during FY20. Diverse supplier purchases represented 5.40% of total spend. FY20 highlights included:

- State agencies spent \$87,514,919 with MBE/DVB businesses on general procurement in FY20, or 8.75% of spend totaling \$1,000,529,074.
- University of Wisconsin System campuses spent \$7,969,367 in the procurement of goods and services with certified MBE/DVB firms in FY20, or 1.26% of spend totaling \$631,621,325.
- The DOA Division of Facilities Development and Management (DFDM) spent \$366,957,975 on various state construction projects in FY20. MBEs accounted for \$23,354,807 of total expenditures and DVBs accounted for \$15,000 for a total of \$23,369,807 representing 6.37% of total spend.
- DFDM spent \$41,744,815 for architectural/engineering services in FY20. Certified MBE firms accounted for \$1,190,841 and DVBs accounted for \$0 for a total of \$1,190,841, or 2.85% of total spend.
- The Wisconsin Department of Transportation (DOT) State Highway Program expended \$17,288,447 with MBEs/DVBs, or 3.43% of the \$503,800,000 spent in FY20.

Statutory Authority

Annual Reporting Requirement. §16.75 (3m)(c) 4., Wis. Stats., requires the Department of Administration (DOA) to annually report enterprise-wide participation by MBEs and DVBs on State contracts to the Governor and Legislature for distribution to the appropriate legislative committees. Per §16.75 (3m)(c) 3., the report shall include the total amount paid to certified MBEs and DVBs, the percentage of total expenditures awarded to MBEs and DVBs, and the State's progress towards meeting its diverse spend goals outlined in §16.75 (3m)(b) 1 & 2.

Total expenditures reported in the Wisconsin Supplier Diversity Annual Report includes both Direct Diverse Spend and Indirect Diverse Spend with MBEs and DVBs. Direct Diverse Spend is also called 1st Tier Diverse Spend. 1st Tier Diverse Spend are amounts paid directly to MBEs and DVBs.

2nd Tier Diverse Spend is Diverse Spend paid indirectly to MBEs and DVBs. 2nd Tier Diverse Spend is paid directly to a nondiverse supplier or prime contractor who pays a portion of the award to an MBE or DVB subcontractor. Only the portion of spend the nondiverse supplier or prime contractor pays to MBEs or DVBs is considered to be 2nd Tier Diverse Spend, not the entire amount paid to the prime contractor. See Appendix 1 – 1st Tier and 2nd Tier MBE and DVB Diverse Spend.

State of Wisconsin Diverse Business Goals. §16.75 (3m)(b)1., Wis. Stats., provides that the department and any state agency making purchases “shall attempt to ensure that 5% of the total amount expended under this subchapter in each fiscal year is paid to minority businesses.” Minority-owned businesses are certified by DOA under §16.287, Wis. Stats.

§16.75 (3m)(b)2., Wis. Stats., provides that the department and any state agency making purchases “shall attempt to ensure that at least 1% of the total amount expended under this subchapter in each fiscal year is paid to disabled veteran owned businesses.” Disabled veteran-owned businesses are certified by DOA under §16.283, Wis. Stats.

The department monitors these goals and undertakes the certification process through the Wisconsin Supplier Diversity Program in the Division of Enterprise Operations.

Exceptions. The five percent expenditure goals apply to all State purchases with the exception of expenditures under the Department of Transportation (DOT) Federal Surface Transportation Assistance Act and Department of Natural Resources Environmental Protection Agency (EPA) funds. In addition, the Supplier Diversity Program offers certification for women-owned businesses; however, statutes do not provide a goal or price preference for women-owned businesses participating in state purchasing.

Business Bid Preference. Under §16.75 (3m)(b)3., Wis. Stats., agencies “may purchase materials, supplies, equipment and contractual services from any minority-owned business or disabled veteran-owned business, or a business that is both a minority-owned business and a disabled veteran-owned business, submitting a qualified, responsible, competitive bid that is no more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% higher than the most advantageous proposal.” The statute further provides that agencies “shall maximize the use of minority businesses or disabled veteran-owned businesses which are incorporated under Chap. 180 or which have their principal place of business in this state.” The *permissive* 5% low-bid preferences are applicable to all state purchases except printing and stationery.

Certification Program. The Department of Administration certifies minority-owned and disabled veteran-owned businesses through processes governed by §16.287 (2), Wis. Stats., and Administrative Code Chapters Adm 84 and Adm 82. An application is submitted by the business and a review is conducted by the Wisconsin Supplier Diversity Program to ensure compliance with state statutes and administrative code. In 2020, 628 firms were certified MBEs (including some domiciled outside of the State of Wisconsin) and 39 firms were certified DVBs.¹

In 2012, Executive Order #72 required the Department to waive certification application requirements from other state, federal or local agencies or private businesses if their certification procedures are “substantially equivalent” to those of the State of Wisconsin. To streamline certification and reduce duplication, DOA entered into a Memorandum of Understanding (MOU) with the Wisconsin Department of Transportation Office of Business Opportunity and Equity Compliance and other entities in the Unified Certification Program (UCP) in 2013. Through it, the Wisconsin Supplier Diversity Program grants certification to firms that meet State of Wisconsin certification eligibility requirements using their UCP certification.

¹ Department of Administration Certification website, December 2, 2020.

FY20 Results by Major Contracting Area

Four major areas of state purchasing account for the State’s supplier diverse spend goals. The areas, responsible agencies, and relevant statutes are:

- **General Procurement.** All agencies and University of Wisconsin System campuses, §16.75 (3m), Wis. Stats.
- **Engineering and Architectural Services.** DOA DFDM, §16.87 (2), Wis. Stats.
- **Building Construction Services.** DOA DFDM, §16.855 (10m), Wis. Stats.
- **State Highways Construction.** Wisconsin DOT, §84.075, Wis. Stats.

The following summarizes spend by major state contracting areas during FY20:

Program	Total Spend	Diverse Spend	%
General Purchasing (Agencies and UW)	\$1,632,150,399	\$95,484,286	5.85%
DOA DFDM Construction	\$366,957,975	\$23,369,807	6.37%
DOA DFDM Architecture/Engineering	\$41,744,815	\$1,190,841	2.85%
DOT State Highway Program	\$503,800,000	\$17,288,487	3.43%
Total	\$2,544,653,189	\$137,333,381	5.40%

General Procurement. State statutes and administrative code govern purchasing activities conducted by agencies and campuses. The DOA State Bureau of Procurement (SBOP) oversees administration of all state procurement and sets policies and procedures to carry out procurement activities. In general, state laws and policies require competitive bidding as the preferred procurement method of contracting. Contracts are awarded to the lowest responsible bidder.

MBEs and DVBs compete for state contracts on the same basis as all other vendors. However, state agencies may make awards to an MBE or DVB “submitting the lowest qualified responsible competitive bid when the bid is not more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% higher than the most advantageous proposal.”²

State agencies and campuses purchased general goods and services totaling \$1,632,150,399 in FY20. Of this amount, spend with diverse businesses totaled \$95,484,286 or 5.85% of all general purchases.³

Twenty-two agencies achieved or exceeded five percent general spending with certified diverse suppliers in FY20:

1.	Investment Board	32.30%
2.	Legislative Technology Services Bureau	32.28%
3.	Agriculture, Trade and Consumer Protection, Department of	26.99%
4.	Workforce Development, Department of	25.66%
5.	Insurance, Commissioner of	25.34%
6.	Financial Institutions, Department of	23.83%
7.	Supreme Court	21.93%

² §16.75(3m) (b) (3), Wis. Stats.

³ FY20 general purchasing figures include spend through the State’s purchasing card program.

8.	Children and Families, Department of	15.39%
9.	Transportation, Department of	13.18%
10.	Administration, Department of	12.02%
11.	Justice, Department of	11.23%
12.	Corrections, Department of	11.11%
13.	Elections Commission	11.09%
14.	Employee Trust Funds, Department of	10.99%
15.	Public Defender Board	10.45%
16.	Safety and Professional Services, Department of	10.14%
17.	Governor, Office of the	9.43%
18.	Aging and Long-Term Care, Board on	8.44%
19.	Higher Educational Aids Board	7.90%
20.	Public Instruction, Department of	7.26%
21.	Secretary of State	5.64%
22.	Military Affairs, Department of	5.48%

General procurement activity includes both direct purchases from MBEs/DVBs and second-tier MBE/DVB participation on contracts awarded to non-MBE vendors.

State Building Program: Construction Projects and Architectural/Engineering Service. DOA DFDM provides oversight of the State Building Program. Its services consist of new construction and building renovation for all agencies, including the University of Wisconsin System. In addition to construction-related services, it serves as staff to the State Building Commission. It is through these major activities that DFDM provides opportunities to minority and disabled veteran businesses to participate in state contracts for construction, engineering and architectural services.

DFDM has an integrated and proactive approach in its business practices to ensure there are many opportunities for diverse suppliers. DFDM may also award to an MBE/DVB submitting the lowest qualified bid on contracts when that qualified bid is not more than 5% higher than the apparent low bid, a statutory price preference.

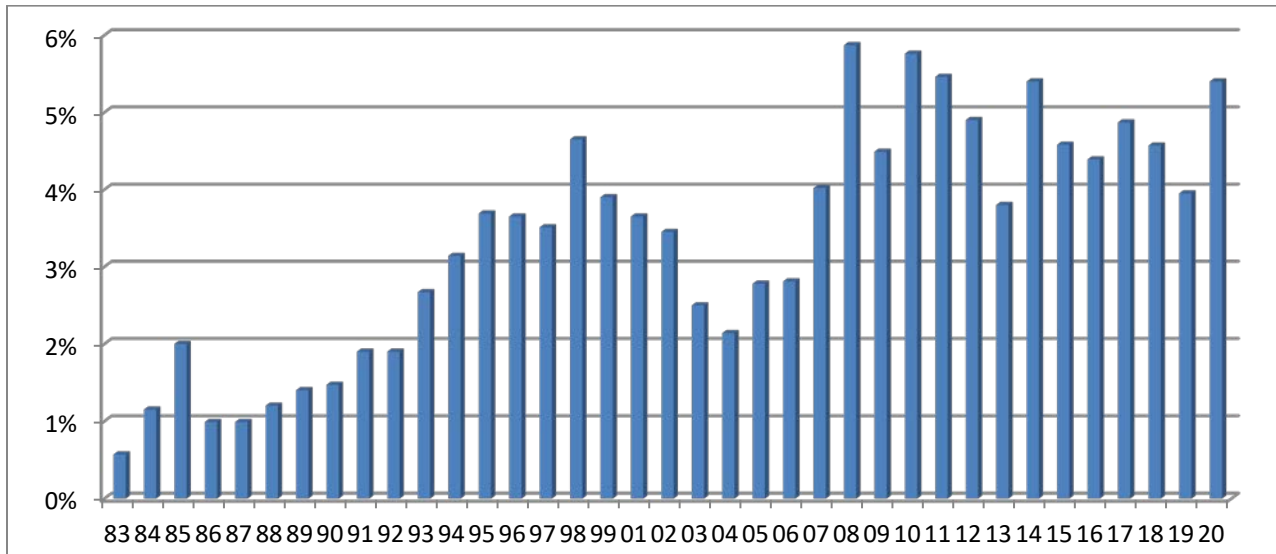
Sixteen (15 MBE, 1 DVB) firms were involved in construction projects undertaken by DFDM. FY20 construction expenditures totaled \$366,957,975 including MBE/DVB spend of \$23,369,807 for a participation rate of 6.37%.

Eight diverse firms (8 MBE, 0 DVB) provided consulting services to various architectural and engineering projects. Their participation was \$1,190,841, or 2.85%, of \$41,744,815 expended in FY20.

DOT Spend: State Trunk Highways, Roads and Bridge Building. Wisconsin DOT spent \$503,800,000 in FY20 on road and bridge building in the State Highway Construction Program. Diverse firm (mainly MBEs) participation totaled \$17,288,447 or 3.43% of FY20 spending.

Historical Trends

The following graph shows percentages of diverse spend from the inception of the State Diversity Program in 1983 to 2020. The figures are primarily dollars spent with MBEs; spend with DVBs commenced in 2010.



The following table provides the percentages of diverse spend in each major purchasing area over the last ten years.

Fiscal Year	General Procurement	Construction	Architecture Engineering	State Trunk Highway	Total
2011	3.99%	4.26%	15.96%	7.13%	5.15%
2012	3.06%	5.05%	10.90%	9.82%	4.90%
2013	3.20%	7.40%	16.40%	11.70%	3.60%
2014	4.30%	6.00%	7.60%	7.01%	5.40%
2015	4.16%	4.97%	4.61%	5.18%	4.58%
2016	4.60%	6.30%	5.65%	3.58%	4.39%
2017	5.55%	9.18%	6.90%	1.88%	4.87%
2018	4.10%	5.01%	5.03%	5.43%	4.57%
2019	4.60%	2.65%	3.42%	3.43%	3.95%
2020	5.85%	6.37%	2.85%	3.49%	5.40%

Other Statutory Diverse Spend

State of Wisconsin Investment Board. Statutes require the State of Wisconsin Investment Board (SWIB) to report on diverse spend relating to financial and investment analysis and for common stock and convertible bond brokerage commissions. In FY20, SWIB expended \$72,976, or 1.3%, of its discretionary commissions of \$5,528,542 with diverse brokerage firms.

DOA Capital Finance. DOA's Capital Finance Office supports the financing needs of the State's infrastructure through the sale of bonds and notes in the capital market. The State Building Commission sets a goal of ensuring that minority/disabled veteran-owned investment firms certified by the state underwrite 6% of the bonds. Diverse firms are encouraged to participate in the selling, advising and underwriting of State of Wisconsin bonds, notes, and other obligations in the capital market. In FY20, diverse firms underwrote 8.59% of Capital Finance's sales of DOA and Building Commission bonds and notes. Diverse underwriters' participation totaled \$176,923,545 of obligations totaling \$2,059,230,000. As of June 30, 2020, DOA had not certified any disabled veteran-owned investment firms. The Building Commission, through the Capital Finance Office, utilized one nationally recognized disabled veteran-owned firm in FY20.

Wisconsin Health and Educational Facilities Authority. The Wisconsin Health and Educational Facilities Authority (WHEFA) is an independent state authority that provides active capital financing assistance to Wisconsin's tax-exempt healthcare and higher educational industries. In FY20, WHEFA provided contracts totaling \$591, or 0.55%, of its discretionary purchases with certified diverse firms.

Wisconsin Housing and Economic Development Authority. The Wisconsin Housing and Economic Development Authority (WHEDA) is an independent state authority that works with lenders to provide low-cost financing for housing and small business development in Wisconsin. In FY20, WHEDA spent \$451,491 or 6.53%, of its total \$6,910,925 discretionary purchases with diverse firms. WHEDA's FY20 expenditures for bonded activity totaled \$2,660,573, of which 4.38% or \$116,583 was paid for services rendered by certified MBE firms.

FY20 State of Wisconsin Diverse Spend

Agency General Procurement	FY20 Total Spend	Total Diverse Spend	% Diverse Spend
Administration, Department of	\$99,775,630	\$11,988,260	12.02%
Aging and Long-Term Care, Board on	\$179,799	\$15,176	8.44%
Agriculture, Trade and Consumer Protection, Department of	\$7,155,300	\$1,931,043	26.99%
Child Abuse and Neglect Prevention Board	\$40,679	\$0	0.00%
Children and Families, Department of	\$40,219,882	\$6,191,686	15.39%
Circuit Courts	\$1,243	\$0	0.00%
Corrections, Department of	\$200,417,231	\$22,267,853	11.11%
Court of Appeals	\$48,527	\$6	0.01%
Educational Communications Board	\$3,674,320	\$2,098	0.06%
Elections Commission	\$1,550,115	\$171,948	11.09%
Employee Trust Funds, Department of	\$13,608,449	\$1,495,419	10.99%
Employment Relations Commission	\$131,951	\$4,788	3.63%
Ethics Commission	\$232,708	\$0	0.00%
Financial Institutions, Department of	\$3,175,077	\$756,716	23.83%
Governor, Office of the	\$168,498	\$15,892	9.43%
Health Services, Department of	\$294,695,580	\$13,987,311	4.75%
Higher Educational Aids Board	\$49,829	\$3,935	7.90%
Historical Society	\$2,003,280	\$92,969	4.64%
Insurance, Commissioner of	\$2,182,782	\$553,186	25.34%
Investment Board	\$2,450,889	\$791,720	32.30%
Judicial Commission	\$4,157	\$0	0.00%
Justice, Department of	\$19,860,374	\$2,230,793	11.23%
Kickapoo Reserve Management Board	\$141,809	\$814	0.57%
Labor and Industry Review Commission	\$21,985	\$0	0.00%
Legislative Technology Services Bureau	\$1,908,878	\$616,218	32.28%
Lieutenant Governor, Office of the	\$21,116	\$749	3.55%
Lower Wisconsin State Riverway Board	\$8,851	\$0	0.00%
Military Affairs, Department of	\$12,839,947	\$703,782	5.48%
Natural Resources, Department of	\$59,190,728	\$1,263,207	2.13%
People with Developmental Disabilities, Board for	\$302,977	\$2,384	0.79%
Public Defender Board	\$3,876,670	\$405,000	10.45%
Public Instruction, Department of	\$35,632,445	\$2,586,811	7.26%
Public Lands, Board of Commissioners of	\$174,229	\$3,521	2.02%
Public Service Commission	\$2,271,505	\$11,495	0.51%
Revenue, Department of	\$43,106,450	\$854,006	1.98%
Safety and Professional Services, Department of	\$6,354,790	\$644,239	10.14%
Secretary of State	\$11,292	\$636	5.64%
State Fair Park Board	\$9,886,757	\$99,047	1.00%
State Treasurer	\$1,501	\$0	0.00%
Supreme Court	\$11,891,433	\$2,608,312	21.93%
Tourism, Department of	\$7,138,324	\$36,564	0.51%
Transportation, Department of	\$67,266,868	\$8,867,183	13.18%
Veterans Affairs, Department of	\$23,562,772	\$532,055	2.26%
Wisconsin Technical College System Board	\$772,213	\$0	0.00%
Workforce Development, Department of	\$22,519,233	\$5,778,097	25.66%
State Agency Total	\$1,000,529,074	\$87,514,919	8.75%
UW System Total	\$631,621,325	\$7,969,367	1.26%
Total General Procurement	\$1,632,150,399	\$95,484,286	5.85%
DOA DFDM Construction	\$366,957,975	\$23,369,807	6.37%
DOA DFDM Architecture/Engineering	\$41,744,815	\$1,190,841	2.85%
DOT State Highway Program	\$503,800,000	\$17,288,447	3.43%
GRAND TOTAL	\$2,544,653,189	\$137,333,381	5.40%

Appendix 1 – 1st and 2nd Tier MBE and DVB Diverse Spend

Agency General Procurement	FY20 Total Spend	MBE 1st Tier	MBE 2nd Tier*	DVB 1st Tier	DVB 2nd Tier	Total Diverse Spend	% Diverse Spend
Administration, Department of	\$99,775,630	\$11,982,237		\$6,023		\$11,988,260	12.02%
<i>Aging and Long-Term Care, Board on</i>	\$179,799	\$11,380		\$3,796		\$15,176	8.44%
Agriculture, Trade and Consumer Protection, Department of	\$7,155,300	\$1,928,865		\$2,178		\$1,931,043	26.99%
<i>Child Abuse and Neglect Prevention Board</i>	\$40,679	\$0		\$0		\$0	0.00%
Children and Families, Department of	\$40,219,882	\$5,996,689	\$188,699	\$6,299		\$6,191,686	15.39%
<i>Circuit Courts</i>	\$1,243	\$0		\$0		\$0	0.00%
Corrections, Department of	\$200,417,231	\$21,569,737		\$698,116		\$22,267,853	11.11%
<i>Court of Appeals</i>	\$48,527	\$0		\$6		\$6	0.01%
Educational Communications Board	\$3,674,320	\$2,022		\$76		\$2,098	0.06%
<i>Elections Commission</i>	\$1,550,115	\$171,948		\$0		\$171,948	11.09%
Employee Trust Funds, Department of	\$13,608,449	\$1,495,419		\$0		\$1,495,419	10.99%
<i>Employment Relations Commission</i>	\$131,951	\$4,788		\$0		\$4,788	3.63%
Ethics Commission	\$232,708	\$0		\$0		\$0	0.00%
<i>Financial Institutions, Department of</i>	\$3,175,077	\$756,641		\$75		\$756,716	23.83%
Governor, Office of the	\$168,498	\$15,892		\$0		\$15,892	9.43%
<i>Health Services, Department of</i>	\$294,695,580	\$11,068,484	\$2,892,608	\$26,220		\$13,987,311	4.75%
Higher Educational Aids Board	\$49,829	\$3,935		\$0		\$3,935	7.90%
<i>Historical Society</i>	\$2,003,280	\$46,571		\$46,398		\$92,969	4.64%
Insurance, Commissioner of	\$2,182,782	\$553,186		\$0		\$553,186	25.34%
<i>Investment Board</i>	\$2,450,889	\$791,720		\$0		\$791,720	32.30%
Judicial Commission	\$4,157	\$0		\$0		\$0	0.00%
<i>Justice, Department of</i>	\$19,860,374	\$2,222,793		\$8,000		\$2,230,793	11.23%
Kickapoo Reserve Management Board	\$141,809	\$670		\$144		\$814	0.57%
<i>Labor and Industry Review Commission</i>	\$21,985	\$0		\$0		\$0	0.00%
Legislative Technology Services Bureau	\$1,908,878	\$616,218		\$0		\$616,218	32.28%
<i>Lieutenant Governor, Office of the</i>	\$21,116	\$749		\$0		\$749	3.55%
Lower Wisconsin State Riverway Board	\$8,851	\$0		\$0		\$0	0.00%
<i>Military Affairs, Department of</i>	\$12,839,947	\$242,340		\$461,443		\$703,782	5.48%
Natural Resources, Department of	\$59,190,728	\$1,230,886		\$32,321		\$1,263,207	2.13%
<i>People with Developmental Disabilities, Board for</i>	\$302,977	\$2,384		\$0		\$2,384	0.79%
Public Defender Board	\$3,876,670	\$404,993		\$7		\$405,000	10.45%
<i>Public Instruction, Department of</i>	\$35,632,445	\$2,582,287		\$4,523		\$2,586,811	7.26%
Public Lands, Board of Commissioners of	\$174,229	\$3,521		\$0		\$3,521	2.02%
<i>Public Service Commission</i>	\$2,271,505	\$11,495		\$0		\$11,495	0.51%
Revenue, Department of	\$43,106,450	\$737,418	\$113,552	\$3,036		\$854,006	1.98%
<i>Safety and Professional Services, Department of</i>	\$6,354,790	\$644,239		\$0		\$644,239	10.14%
Secretary of State	\$11,292	\$636		\$0		\$636	5.64%
<i>State Fair Park Board</i>	\$9,886,757	\$96,134		\$2,913		\$99,047	1.00%
State Treasurer	\$1,501	\$0		\$0		\$0	0.00%
<i>Supreme Court</i>	\$11,891,433	\$2,608,312		\$0		\$2,608,312	21.93%
Tourism, Department of	\$7,138,324	\$36,564		\$0		\$36,564	0.51%
<i>Transportation, Department of</i>	\$67,266,868	\$8,839,873		\$27,310		\$8,867,183	13.18%
Veterans Affairs, Department of	\$23,562,772	\$529,595		\$2,460		\$532,055	2.26%
<i>Wisconsin Technical College System Board</i>	\$772,213	\$0		\$0		\$0	0.00%
Workforce Development, Department of	\$22,519,233	\$5,777,481		\$616		\$5,778,097	25.66%
State Agency Total	\$1,000,529,074	\$82,988,103	\$3,194,858	\$1,331,958	\$0	\$87,514,919	8.75%
UW System Total	\$631,621,325	\$7,947,161		\$22,206		\$7,969,367	1.26%
Total General Procurement	\$1,632,150,399	\$90,935,264	\$3,194,858	\$1,354,164	\$0	\$95,484,286	5.85%
DOA DFDM Construction	\$366,957,975	\$18,930,607.00	\$4,424,200	\$0	\$15,000	\$23,369,807	6.37%
DOA DFDM Architecture/Engineering	\$41,744,815	\$933,479.00	\$257,362	\$0		\$1,190,841	2.85%
DOT State Highway Program	\$503,800,000	\$5,884,878.27	\$11,403,569	\$0		\$17,288,447	3.43%
GRAND TOTAL	\$2,544,653,189	\$116,684,229	\$19,279,989	\$1,354,164	\$15,000	\$137,333,381	
		4.59%	0.76%	0.05%	0.0006%	5.40%	
		MBE 1st Tier	MBE 2nd Tier*	DVB 1st Tier	DVB 2nd Tier	FY20 Diverse Spend	

Date: September 29, 2020

To: Joel Brennan, Secretary of Department of Administration

From: State of Wisconsin Investment Board

Re: **Brokerage Commissions Paid to Minority Owned Investment Firms**

Section 25.185, Stats. requires that the State of Wisconsin Investment Board (SWIB) attempt to ensure that 5 percent of the funds expended each fiscal year (FY) for financial and investment analysis and for common stock and convertible bond brokerage commissions are spent for services of minority financial advisers or minority investment firms. This statute also requires SWIB to report annually to the Department of Administration the total amount expended for these services.

In attempting to meet the 5 percent goal, SWIB must still meet its fiduciary responsibility, as set forth in Section 25.15(2), Stats., to manage the assets of each trust fund solely to fulfill the purpose of the trust at a reasonable cost and with care, skill, prudence and diligence. SWIB's trading staff must balance various trading objectives including trading with certain brokers that can provide the best execution of trades and provide value-added company and market research used in managing trust fund assets. While meeting its fiduciary duty and working to meet the 5 percent goal, SWIB used the following minority brokers for stock transactions in FY 2020 and paid the commissions noted:

Penserra Securities	\$ 66,574
CastleOak Securities, L.P.	5,543
Guzman & Company	859
Total	<u>\$ 72,976</u>

As shown below, of the total discretionary commissions paid, minority brokers received 1.3 percent:

Total Commissions	\$ 13,898,257
Less: Non-Discretionary Commissions	<u>(8,369,715)</u>
Total Discretionary Commissions	\$ 5,528,542
Percent Paid to Minority Firms	1.3%

Non-discretionary commissions include those that must be directed to a specific broker for specialized and specific trading services such as futures and options, international trades and program trades that are executed on electronic systems. Participating minority brokers typically do not have international trading desks to handle international transactions and instead direct international trading to partner firms abroad. As a result, the total commissions eligible for direction to minority brokers include only domestic security brokerage transactions. Non-discretionary commissions in FY 2020 included \$4,584,589 of international trading commissions. Commissions directed by SWIB's external managers to whom it grants discretionary investment authority are excluded completely from the calculations above.

In addition to trading commissions, SWIB also paid \$40,000 to Penserra Securities for internal asset transition analysis services and \$3,000 to Loop Capital Markets, LLC for research services in FY 2020.

Additionally, SWIB must report trading commissions paid to disabled veteran-owned financial advisers and investment firms that have a majority of their operations in Wisconsin. Section 25.185 (2)(b), Stats. states that the board shall attempt to ensure that at least 1 percent of the total funds expended for financial and investment analysis and for common stock and convertible bond brokerage commissions in each fiscal year is expended for the services of disabled veteran-owned financial advisers or disabled veteran-owned investment firms. The Wisconsin Department of Administration certifies Wisconsin disabled veteran-owned financial advisers and investment firms' eligibility per the requirements of Section 16.283, Stats. No such firms have been certified and no commissions were paid to Wisconsin disabled veteran-owned financial advisers or investment firms in FY 2020.

SWIB seeks to use only top performing brokers to meet its fiduciary obligation to obtain the best execution of its stock trades. To meet this objective, the performance of each broker, including minority and disabled veteran-owned firms, is continually evaluated. SWIB will continue to review the performance of its existing minority brokers and will make changes as needed to ensure best trade execution. Within these requirements, we have and will continue to make a reasonable and good faith effort to use minority firms.

cc: Wisconsin Supplier Diversity Program



STATE OF WISCONSIN DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary
Brian Pahnke, Administrator

November 20, 2020

State of Wisconsin Supplier Diversity Program
Department of Administration
101 East Wilson Street, 6th Floor
Madison, WI 53707

**Re: Fiscal Year 2019-20 Underwriting and Other Participation
Certified Minority-Owned and
Disabled Veteran-Owned Investment Firms**

To Whom It May Concern:

During the 2019-20 fiscal year, the Capital Finance Office assisted the State of Wisconsin Building Commission (**Building Commission**) in the contracting and issuance of \$1,436 billion of State of Wisconsin obligations. ***Certified minority-owned investment firms underwrote 9.72% of these State of Wisconsin bonds and notes, or approximately \$140 million.*** The obligations issued by the Building Commission in the 2019-20 fiscal year consisted of four competitive sales and three negotiated sales.

This report (i) summarizes participation of minority-owned firms in underwriting State of Wisconsin bond and notes, and (ii) describes on-going actions taken by the Capital Finance Office to encourage participation by certified minority-owned firms.

Participation of Minority-Owned Firms. There are three reporting requirements imposed by Wisconsin Statutes on the Building Commission regarding the participation of certified minority-owned investment firms in the underwriting of State of Wisconsin bond and note issues.

	<u>Amount</u>	<u>Percentage</u>
• Section 18.16 (Public Indebtedness)		
Total Obligations Issued	\$1,355,910,000	
Underwritten by Minority-Owned Firms	139,524,345	10.29%
• Section 18.64 (Revenue Obligations)		
Total Obligations Issued	80,000,000	
Underwritten by Minority-Owned Firms	0	0.00%
• Section 18.77 (Operating Notes)		
Total Obligations Issued	\$0	
Underwritten by Minority-Owned Firms	N/a	N/a
TOTALS		
Total Obligations Issued	\$1,435,910,000	
Underwritten by Minority-Owned Firms	139,524,345	9.72%

While there are no reporting requirements imposed by law on the Department of Administration regarding the participation of minority-owned firms, the following is a

summary of participation during the past fiscal year for an obligation issued through the Department of Administration.

DEPARTMENT OF ADMINISTRATION TOTALS

Total Obligations Issued	\$623,320,000	
Underwritten by Minority-Owned Firms	37,399,200	6.00%

The following is a summary that combines the participation of the Building Commission and the Department of Administration.

TOTALS

Total Obligations Issued	\$2,059,230,000	
Underwritten by Minority-Owned Firms	176,923,545	8.59%

In addition, during the 2019-20 fiscal year neither the Building Commission nor the Department of Administration paid any financial advisor fees to certified minority-owned financial advisors.

On-Going Actions to Encourage Participation of Minority-Owned Firms.

Negotiated Sales

In a negotiated sale, the State has direct control over the amount of participation by minority-owned firms. In addition, the Capital Finance Office is able to work with book-running managers to (i) encourage the involvement of certified minority-owned investment firms/underwriters, (ii) take into consideration orders placed by minority-owned underwriters, and (iii) use designation policies as a means of providing additional economic sharing of a transaction.

Competitive Sales

The State is not able to control the amount of participation by minority-owned firms in a competitive sale since the award is based solely on the lowest true interest cost rate to the State.

The State has taken certain actions to promote minority participation in the competitive sale process with the Capital Finance Office including direct statements in its bidding documents. The following items appear in the Official Notice of Sale.

- “Official Bid Form and Award. In the event two or more bids result in the same lowest true interest cost rate, the award will be made to the one with the largest aggregate participation by certified minority investment firms participationIn the event two of more those bids have an equal amount of aggregate participation by certified minority investment firms, the award will be made to the bid that includes the greatest aggregate number of certificated minority investment firms in its selling group....”

- “Minority Participation. It is the policy of the [Building] Commission to endeavor to ensure that at least 6% of the bonds are underwritten by minority investment firms certified by the State. The [Building] Commission urges prospective bidders to obtain from the Capital Finance Director a list of firms so certified and to include such firms as participants in the account formed to bid on the bonds and as members of any selling group formed for the account. The [Building] Commission further encourages certified minority investment firms to submit bids directly and to form accounts to bid on the bonds. Any firm that wishes to be certified by the State as a minority investment firm may contact the Wisconsin Department of Administration at 608.267.9550 or DOABDMBD@Wisconsin.gov.

Participation of Disabled Veteran-Owned Firms. As of June 30, 2020, the Department of Administration had not certified any disabled veteran-owned investment firms. The Building Commission, through the Capital Finance Office, did utilize one nationally recognized disabled veteran-owned firm on many transactions during the 2019-20 fiscal year.

Respectfully submitted,



David R. Erdman
Capital Finance Director

Attachment

MINORITY UNDERWRITER PARTICIPATION FOR 2019-20 FISCAL YEAR

State of Wisconsin Building Commission/Department of Administration; Prepared by DOA Capital Finance Office

ISSUE		PAR/ ORIGINAL ISSUE AMOUNT	BOOK MANAGER/ SYNDICATE LEADER	CERTIFIED MINORITY-OWNED UNDERWRITERS	INITIAL LIABILITY (UNDERWRITING)	
SECTION 18.16, STATS.						
G.O. Bonds of 2019, Series A	C	\$ 220,640,000	J.P. Morgan Securities LLC	Academy Securities, Inc.	\$441,280	
G.O. Bonds of 2019, Series B	C	\$ 264,975,000	J.P. Morgan Securities LLC	Academy Securities, Inc.	529,950	
G.O. Bonds of 2020, Series A	C	\$ 213,615,000	J.P. Morgan Securities LLC	Academy Securities, Inc.	491,315	
G.O. Bonds of 2019, Series 1 (Taxable)	N	\$ 329,665,000	Goldman Sachs & Co. LLC	Loop Capital Markets Academy Securities, Inc.	65,933,000 23,076,550	
G.O. Bonds of 2020, Series 1	N	\$ 108,665,000	Jefferies LLC	Ramirez & Co., Inc.	16,299,750	
G.O. Bonds of 2020, Series 2 (Taxable)	N	218,350,000	Jefferies LLC	Ramirez & Co., Inc.	32,752,500	
		<u>\$ 1,355,910,000</u>		Subtotal: Minority Owned:	<u>\$139,524,345</u>	10.29%
SECTION 18.77, STATS.						
		<u>\$ -</u>		Subtotal: Minority Owned:	<u>\$ -</u>	0.00%
SECTION 18.64, STATS.						
Environmental Improvement Fund Revenue Bonds, 2020 Series A (Green Bonds)	C	\$ 80,000,000	Barclays Capital Inc.	None		
		<u>\$ 80,000,000</u>		Subtotal: Minority Owned:	<u>\$ -</u>	0.00%
BUILDING COMMISSION TOTALS:		<u>\$ 1,435,910,000</u>			<u>\$ 139,524,345</u>	9.72%
DOA						
General Fund Annual Appropriation Refunding Bonds of 2020, Series A (Taxable)	N	623,320,000	Citigroup Global Markets	Cabrera Capital Markets	37,399,200	6.00%
		<u>\$ 623,320,000</u>			<u>\$ 37,399,200</u>	6.00%
TOTAL DOA AND BUILDING COMMISSION		<u>\$ 2,059,230,000</u>			<u>\$ 176,923,545</u>	8.59%

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Dennis P. Reilly
Executive Director

October 14, 2020

Tondra Davis, Director
Wisconsin Supplier Diversity Program
DOA, Division of Enterprise Operations
101 E. Wilson Street, 9th Floor
Madison, WI 53703
tondra.davis1@wisconsin.gov

Dear Tondra:

Subject to Chapter 231.27 Minority Financial Interests, I hereby submit the following report outlining the Wisconsin Health and Educational Facilities Authority (WHEFA or Authority) activity involving minority business firms for fiscal year 2020 (July 1, 2019 – June 30, 2020).

WHEFA, created by the Legislature in 1973 (Chapter 231, Wisconsin Statutes), provides active capital financing assistance to Wisconsin's non-profit institutions. WHEFA operates with a staff of four. No state or other public funds are used by the Authority. The Authority's small operating budget is financed completely from user fees of the private nonprofit borrowers that issue bonds through the Authority.

State of Wisconsin Certified Minority Businesses

WHEFA's fiscal year 2020 discretionary purchases totaled approximately \$107,000. The State of Wisconsin goal of 5% expended to minority businesses equates to \$5,350 of WHEFA's discretionary purchases for fiscal year 2020. The Authority expended \$590.98, or 0.55%, of its discretionary purchases with the minority business partners certified with the State of Wisconsin listed below:

Clear & Fresh Water, Inc.	\$445.52
One Accord, LLC	<u>145.46</u>
Total	\$590.98

During fiscal year 2021, the Authority will look to purchase office supplies from Chippewa Office Solutions, and James Imaging Solutions for future printer/copier needs, both firms are minority business partners certified with the State of Wisconsin.

Other Minority Businesses

During WHEFA's fiscal year 2020, the Authority expended \$4,591.63 with ImageMaster, LLC, a nationally recognized minority-owned firm for the printing of WHEFA's Annual Report.

Total Minority Businesses Use

The Authority expended **\$5,182.61** or **4.84%** of its discretionary purchases during fiscal year 2020 with certified minority business partners.

State of Wisconsin Certified Minority Businesses	\$ 590.98
Other Minority Businesses	<u>4,591.63</u>
Total	\$5,182.61



18000 W. Sarah Lane, Suite 300
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P: 262-792-0466 • F: 262-792-0649
info@whefa.com • www.whefa.com

Participation of Women

The Authority has a staff of four. Three members of the staff are women. The Authority also retains the law firm of Quarles & Brady LLP as its general counsel, the lead partner is also a woman.

Other

The Authority provides interested minority firms, including minority legal firms, minority investment firms and minority financial advisers with a list of pending and active financing projects so that they can solicit their services directly with the private nonprofit borrowers (all of the fees are paid by the nonprofit borrowing institutions, not by WHEFA).

WHEFA routinely reviews the State of Wisconsin Certified Minority Businesses on-line directory for other business opportunities.

As always, if you have any questions about this report, please feel free to call us at 262-792-0466.

Respectfully Submitted,



Tatiana Graver
Manager of Finance

TO: Joel Brennan, Secretary
Department of Administration

FROM: Joaquín Altoro, CEO/Executive Director

DATE: August 18, 2020

WHEDA FY 2019-2020 Report on Minority & Disabled Veteran Owned Businesses

Pursuant to Chapter 234.35(2) & 234.36(2), Wisconsin Statutes, the Authority is required to report annually to the Department of Administration (DOA) the total amount purchased from and contracted or subcontracted to minority and disabled veteran owned businesses, the total amount of bonds and notes issued by the Authority with the underwriting services of minority investment firms and the total amount of moneys expended by the Authority for the services of minority financial advisers during the preceding state fiscal year.

In total, for fiscal year 2020, the Authority made discretionary purchases of \$6,910,925. The Authority disbursed \$451,491 or 6.53% of its discretionary purchases with DOA certified minority and disabled veteran business partners. Total spending with certified and non-certified minority, disabled veteran, and women owned business partners was \$859,704 or 12.44% of total discretionary spending.

Minority Contracted Services

WHEDA's fiscal year 2020 discretionary purchases were \$6,910,925. The Authority expended \$451,003 or 6.53%, of its discretionary purchases, with the DOA certified minority business partners listed below:

Cabrera Capital	84,326
Loop Capital Markets	32,256
Radisson Hotel and Conference Center	765
Shi International Corp	323,653
Vanguard Computers, Inc	10,003
Total Minority Contracted Business	\$451,003

Disabled Veteran Contracted Services



WHEDA's fiscal year 2020 discretionary purchases were \$6,910,925. The Authority expended \$488 or 0.007%, of its discretionary purchases, with the DOA certified disabled veteran business partner listed below:

City Supply	<u>488</u>
Total Disabled Veteran Contracted Business	\$488

Bonded Activity

The Authority had expenditures for bonded activity totaling \$2,660,573. The Authority expended \$116,583 or 4.38% of its services with minority business partners.

Additional Spending

Women Owned Contracted Services

WHEDA's fiscal year 2020 discretionary purchases were \$6,910,925. The Authority expended \$201,078 or 2.91%, of its discretionary purchases, with the women owned business partners listed below:

Bass & Moglowsky, S.C.	68,426
Cotter Consulting	131,152
Kuh Quality Homes	<u>1,500</u>
Total Woman Owned Contracted Business	\$201,078

Other Contracted Spending

In addition to spending with certified minority and disabled veteran business partners on DOA's registry, the Authority tracks spending with minority, disabled veteran and women owned business partners not certified by DOA. This spending totaled \$207,135 or 2.99% of WHEDA's discretionary spending.

cc: Tondra Davis, Wisconsin Supplier Diversity Program