



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

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**MEMORANDUM**

**To:** Senator Bill Sample, Co-Chair  
Representative John Charles Edwards, Co-Chair  
Arkansas Legislative Council

**From:** Jane Benton, Director

**Date:** October 30, 2013

**Subject:** State Procurement Minority Report – Fiscal Year 2013

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The Office of State Procurement (OSP) works jointly with the Small and Minority Business Division (SMB) of the Arkansas Economic Development Commission to analyze the State's usage of minority businesses in contracting. Act 1222 of 2009, more commonly known as the Minority Business Economic Development Act (MBDA), clarified language in Ark. Code Ann. § 15-4-301 and developed new reporting criteria for State agencies, colleges and universities of their usage of minority businesses, which is reported through the Minority Business Advisory Council to the Governor.

Ark. Code Ann. § 1-2-503 and § 15-4-303(1) (A) define a minority as a lawful permanent resident of this state who is:

- (A) African American
- (B) Hispanic American
- (C) American Indian
- (D) Asian American
- (E) Pacific Islander American, or
- (F) Service Disabled Veteran

*Note: Arkansas's definition does not include gender; therefore, women-owned businesses are normally not reported.*

Pursuant to Ark. Code Ann. § 25-36-301, the report for FY13 provides information on contracts exceeding \$25,000 issued by the Office of State Procurement and awarded to minority-owned businesses. OSP awarded a total of 474 contracts during this time period totaling \$295,025,902.00, of which 16 were with minority businesses. The percentage of minority-owned businesses awarded contracts was 3.4% and comprised 0.4% of the total dollars contracted.

**Contracts awarded to minority businesses:**

Vendor Name	Minority Type	Agency	Amount
ABM Janitorial	African American	ABA	\$ 200,768.52
The Design Group	African American	Minority Health Comm	\$ 174,000.00
Quality Security Service	African American	Heritage	\$ 117,842.30
Best West Security	African American	School for the Deaf	\$ 113,442.00
21st Century Janitorial	African American	Military Dept	\$ 79,344.36

DRS Services	African American	School for the Deaf	\$ 78,936.00
Clean Team Janitorial	African American	ABA	\$ 77,047.92
Southern Maid Janitorial	African American	ABA	\$ 67,815.84
DRS Services	African American	EACC	\$ 63,367.50
Miller Lurand	African American	AETN	\$ 58,635.52
Jewel of a Lawn	African American	State Military	\$ 47,570.00
21st Century Janitorial	African American	Workforce Services	\$ 44,987.04
Southern Maid Janitorial	African American	Workforce Services	\$ 44,578.00
Quality Security Service	African American	DDSSA	\$ 41,728.32
Southern Maid Janitorial	African American	ADEM	\$ 33,449.48
DRS Services	African American	DFA-OCSE	<u>\$ 29,491.20</u>
<b>TOTAL</b>			<b>\$ 1,273,004.00</b>

Expenditures to Arkansas minority businesses are reported quarterly by each state agency, college and university to SMB. SMB is the agency responsible for collecting, tracking and reporting on the amount spent with minority businesses, in accordance with Act 1222 of 2009.

The Office of State Procurement processes solicitations greater than \$25,000 for state agencies. The issuance of the solicitation and subsequent award of the contract adhere to the laws and rules of the Arkansas Procurement Code. These awards are made to the responsive and responsible bidder who is determined to offer the lowest pricing. OSP also creates statewide contracts for all state agencies and other Arkansas governmental entities to use. When a contract of this type is created, the buyer estimates the total annual usage. In FY13, 39.5% of the contracts awarded by OSP were statewide contracts and therefore skew the data and percentages because they are estimates only.

Also during the reporting period were 179 contracts issued by OSP under the \$25,000 threshold, of which 22 were with minority businesses. (*Note: vendors with multiple orders were combined into one dollar amount for space*). In this category, the percentage of minority-owned businesses awarded contracts was 12.3% and comprised 4.3% of the total funding contracted for orders.

Vendor Name	Minority Type	Amount
Arkansas Times Limited Partnership	African American	\$ 1,265.00
Del Janitorial Inc	African American	\$ 2,580.00
The Design Group	African American	\$ 29,400.00
Discount Trophies of Arkansas Inc	African American	\$ 663.00
Goddess Products Inc	African American	\$ 5,470.00
Southern Maid Janitorial	African American	<u>\$ 16,388.00</u>
<b>TOTAL</b>		<b>\$ 55,766.00</b>

Agencies have increased opportunities to obtain pricing from minority businesses and select them for their expenditures for purchases under \$25,000. One of the primary issues facing agencies in achieving at least a 10% spend with minority businesses is locating them and developing a relationship to conduct business.

The Office of State Procurement works closely with the Small and Minority Business Division of AEDC to locate, educate, and train businesses to be successful in doing business with the State of Arkansas and we are seeing increased minority participation. The procurement threshold increases that took effect on August 16, 2013, will likewise give agencies more flexibility to locate and select a minority vendor.