




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: May 5, 2014

Subject: **State Procurement Semi-Annual Minority Report for the July – December 2013
Time Period**

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 expenditures with minority businesses. 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. § 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

(Arkansas's definition does not include gender; therefore, women-owned businesses are not reported.)

You should note that the State's thresholds for reporting minority participation in contracting increased on August 16, 2013, from \$25,000 to \$50,000 per Act 1189 of 2013. Because this report covers calendar periods that overlap the effective date of the threshold increase, contracts greater than \$25,000, which was the threshold in effect as of July 1, 2013, are reflected in this report.

Pursuant to Ark. Code Ann. § 25-36-301, the report for the first six months of FY14 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 218 contracts during this time period totaling \$208,659,317, of which 5 were with minority businesses. The percentage of minority-owned businesses awarded contracts was 2.3% and comprised 5.6% of the total dollars contracted.

Contracts awarded to minority businesses:

| Vendor Name | Minority Type | Agency | Amount |
|---------------------------|----------------------|---------------------|---------------------|
| Protech Solutions | Asian American | DFA-Child Support | \$10,660,440 |
| MTC of Southwest Arkansas | American Indian | Parks & Tourism | \$ 55,000 |
| Quality Security Service | African American | DDSSA | \$ 41,728 |
| Best West Security | African American | School for the Deaf | \$ 113,442 |
| Quality Security Services | African American | Heritage | \$ 117,842 |
| TOTAL | | | \$10,998,453 |

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 by state agencies, in accordance with Act 1222 of 2009.

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 OSP 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*.

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