



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

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MEMORANDUM

To: Senator Bill Sample, Co-Chair
Representative David L. Branscum, Co-Chair
Arkansas Legislative Council

From: Edward Armstrong, Director

Date: August 8, 2016

Subject: **State Procurement Semi-Annual Minority Report for the January – June 2016 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) defines 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.)

Pursuant to Ark. Code Ann. § 25-36-104, the report for the second six months of fiscal year 2016 provides information on contracts exceeding \$50,000 issued by the Office of State Procurement and awarded to minority-owned businesses. Two contracts awarded to minority businesses, of a total of 56 contracts, exceeded the \$50,000 threshold. Together they totaled \$27,057,072.00 and comprised 37.15% of the total dollars contracted.

Contracts awarded to minority businesses:

Vendor Name	Minority Type	Agency	Amount
Goddess Products Inc	African American	Statewide	\$ 17,250,000.00
Protech Solutions, Inc.	Asian American	DFA – Child Support	\$ 9,807,072.00
TOTAL			\$ 27,057,072.00

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 bid solicitations and subsequent award of contracts adhere to the laws and rules of the Arkansas Procurement Code. Contracts are awarded to the responsive and responsible bidder who is determined to offer the lowest price. OSP also creates statewide contracts for all Arkansas governmental entities to use. When a contract of this type is created, the OSP buyer *estimates* the total annual usage. During the second half of FY16, 17.86% 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 with the Small and Minority Business Division of AEDC to find, educate, and train businesses to be successful in doing business with the State. 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.