



Department of
General Services



Governor's Office of Diversity Business Enterprise

Fiscal Year 2014 - 2015

Department of General Services | Annual Report | December 2015



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December 11, 2015

The Honorable Bill Haslam, Governor
and Members of the Tennessee General Assembly
First Floor, State Capitol
Nashville, TN 37243

Dear Governor Haslam and Members of the Tennessee General Assembly:

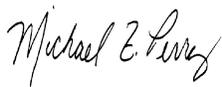
Tenn. Code Ann. §12-3-1101, *et seq.*, known as the "*Tennessee Minority-Owned, Woman-Owned and Small Business Procurement and Contracting Act*" requires the Chief Procurement Officer of the Department of General Services to report annually to the Governor and each member of the General Assembly concerning State agency purchases to minority-owned, woman-owned, service-disabled veteran-owned, and small business enterprises.

The Governor's Office of Diversity Business Enterprise is proud to report over \$1.8 billion in diversity spend over an eleven-year period with business enterprises owned by minorities, women, service-disabled veterans, and small business enterprises. We continue to expand our commitment to maximize opportunities for these business enterprises.

This past year's performance measurement goal was 3% over the previous year's spend total of \$362,935,339. The value of spend for fiscal year 2015 was \$386,254,079.25, which represents an increase of 6.43% above the previous year's diversity spend.

Presented herein is the annual report on diversity purchases for fiscal year 2015.

Sincerely,



Michael F. Perry
Chief Procurement Officer

Go-DBE SUMMARY

Creation of the Governor's Office of Diversity Business Enterprise

The Governor's Office of Diversity Business Enterprise (Go-DBE) was created by Executive Order Number 14, on December 8, 2003, in an effort to expand economic opportunities for small businesses and businesses owned by minorities and women.

The office is charged with coordinating and directing the Executive Branch's efforts to increase participation by small businesses and businesses owned by minorities, women, or service-disabled veterans in the state's procurement and contracting processes. With the assistance of a strong legislature, we have crafted one of the best programs in the nation for expanding opportunities to diversity business enterprises.

Mission Statement

To coordinate the state's efforts to facilitate greater participation by minority-owned, woman-owned, service-disabled veteran-owned, and small businesses in the state's procurement and contracting opportunities.

Vision

To be the best program in the nation for expanding meaningful economic opportunities to business enterprises owned by Tennessee small businesses including minority, women and service-disabled veteran-owned businesses.

Program Definitions

Go-DBE is charged with verifying and certifying diversity businesses using one of the following categories:

Minority Business Enterprise (MBE):

A continuing, independent, for profit business which performs a commercially useful function, and is at least fifty-one percent (51%) owned and controlled by one (1) or more minority individuals who are impeded from normal entry into the economic mainstream because of past practices of discrimination based on race or ethnic background. Recognized minority ethnicities include:

African American:

A person having origins in any of the Black racial groups of Africa.

Hispanic American:

A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race.

Native American:

A person having origins in any of the original peoples of North America.

Asian American:

A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

Service-Disabled Veteran Business Enterprise (SDVBE):

A continuing independent, for profit business located in the state of Tennessee that performs a commercially useful function, and

- Is at least fifty-one percent (51%) owned and controlled by one (1) or more service-disabled veterans;
- In the case of a business solely owned by (1) service-disabled veteran and such person's spouse, is at least fifty percent (50%) owned and controlled by the service-disabled veteran; or
- In the case of any publicly-owned business, at least fifty-one percent (51%) of the stock of which is owned and controlled by one (1) or more service-disabled veteran and whose management and daily business operations are under the control of one (1) or more service-disabled veteran.

Tennessee service-disabled veterans include any person who served honorably on active duty in the Armed Forces of the United States with at least a twenty percent (20%) disability that is service-connected, meaning that such disability was incurred or aggravated in the line of duty in the active military, naval or air service.

Small Business Enterprise (SBE):

A continuing, independent, for profit business which performs a commercially useful function with residence in Tennessee and has total gross receipts of no more than ten million dollars (\$10,000,000) averaged over a three-year period or employs not more than ninety-nine (99) employees on a full time basis.

Woman Business Enterprise (WBE):

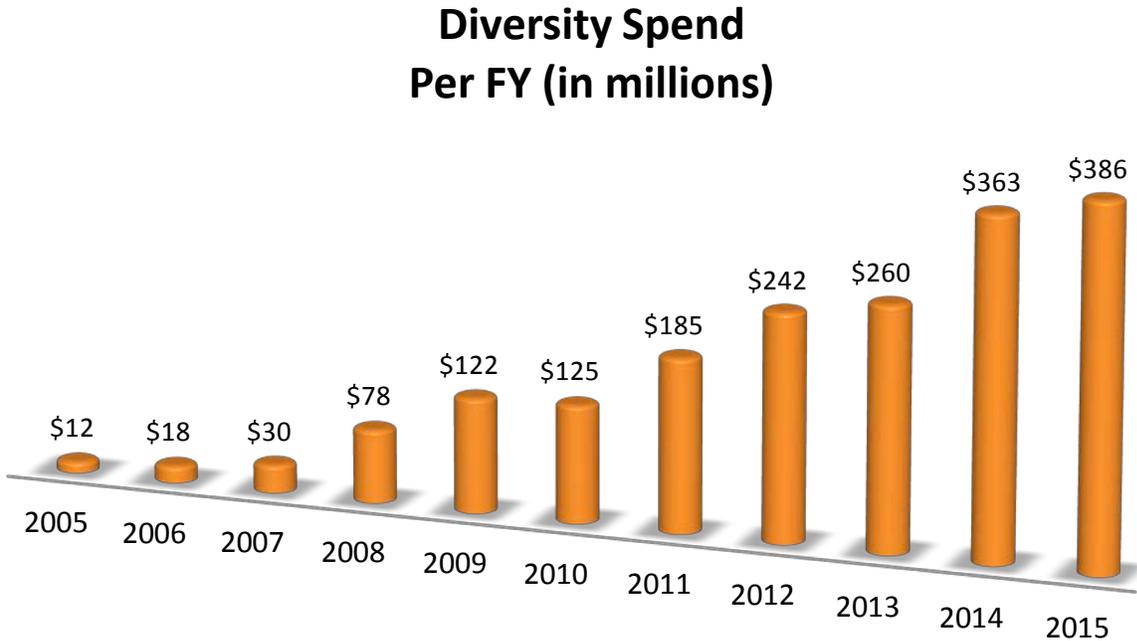
A continuing, independent, for profit business which performs a commercially useful function, and is at least fifty-one percent (51%) owned and controlled by one (1) or more women; or in the case of any publicly-owned business, at least fifty-one percent (51%) of the stock of which is owned and controlled by one (1) or more women and whose management and daily business operations are under the control of one (1) or more women.

PROGRAM ACCOMPLISHMENTS

Diversity Business Spend

The Governor’s Office of Diversity Business Enterprise (Go-DBE) is charged with the monitoring of purchases made to certified diversity businesses by state agencies and departments. Due to the nature of the procurement process, using awarded dollar amounts, as defined by the procurement office, can be misleading as awarded dollars are estimated amounts and are not guaranteed. Therefore, for the purposes of producing the most accurate report possible, all dollar values are based on actual spend to diversity businesses. In addition, the spend dollars throughout this report represent purchases from all state agencies, the University of Tennessee System (UT) and Tennessee Board of Regents (TBR). The UT and TBR data is reported to Go-DBE on a quarterly basis; state agency data is collected and reported by the state’s Enterprise Resource System (Edison). For conciseness, this report will use the term agencies to mean state departments, UT and TBR, unless otherwise noted.

For eleven years running, agencies have increased spend with diversity businesses. As illustrated in the chart below, purchases to certified diversity businesses for Fiscal Year (FY) 2015 increased to \$386,254,079.25, a 6.43% increase over the previous fiscal year.



Go-DBE is now able to report over \$1.8 billion in diversity spend to certified diversity businesses from FY 2005 through FY 2015.

To provide context, total spend for the state of Tennessee in FY 2015, as reported by Edison, was, \$2,599,309,684 with all businesses regardless of diversity business certification. The \$386 million above includes state, UT and TBR diversity spend. From the overall spend, \$299,896,555 diversity spend originated from state agencies with the remaining \$92,357,524 in diversity spend originating from UT and TBR. Therefore, approximately 12% of all state agency spend went toward certified diversity businesses.

Diversity Spend by Category and Ethnicity

The information below reflects the categories for minority-owned, woman-owned, service-disabled veteran-owned and small businesses with total dollar spend of \$386,254,079. Women owned businesses and small businesses were able to show considerable increases of 47.2% and 6.54%, respectively, from FY 2014.

Also identified for this fiscal year, are the subcategories of ethnicity. It should be noted that African American spend increased an amazing 34.6%, from \$57,119,970 in FY 2014 to \$76,884,625.

Please note that a business may meet multiple criteria, but the office can only certify a company for one category and subcategory. For example, if a minority service-disabled female owns a business, the owner technically qualified for three categories. The office works in conjunction with the owner to determine the most applicable and appropriate category.

Category & Ethnicity	MBE Spend	WBE Spend	SDVBE Spend	SBE Spend	Total
African American	\$74,231,356	\$2,653,269	-	-	\$76,884,625
Asian American	\$9,655,896	\$15,836	-	-	\$9,671,732
Hispanic American	\$10,068,071	-	-	-	\$10,068,071
Native American	\$52,143,660	\$1,083,556	\$9,038	-	\$53,236,254
Non-Minority Female	-	\$147,425,549	-	\$1,612,851	\$149,038,400
Non-Minority Male	-	-	\$29,652	\$87,325,345	\$87,354,997
Total	\$146,098,983	\$151,178,210	\$38,690	\$88,938,196	\$386,254,079

Diversity Solicitations and Responses

Go-DBE makes considerable efforts to ensure diversity businesses receive as many opportunities to participate in state procurement as possible. Every year, the office releases an upcoming procurements report which depicts likely procurement opportunities over the next year. Also, the office’s Diversity Business Liaisons engage all bidders at pre-response conferences handled by the Central Procurement Office. This is but just one method the office uses to proactively engage with the diversity business community. The office uses Edison to monitor and track the following diversity solicitation opportunities. The numbers below also include UT and TBR, which self-report their data; State agency data was collected from Edison. The number of solicitations represents the number of bid opportunities given to each category of diversity business. The number of bids received represents how many of those businesses provided a response in each category.

Category	Number of Solicitations	Number of Bids Received
MBE	1956	46
WBE	2078	123
SDVBE	131	38
SBE	2693	254

MBE Subcategories Solicitations and Responses

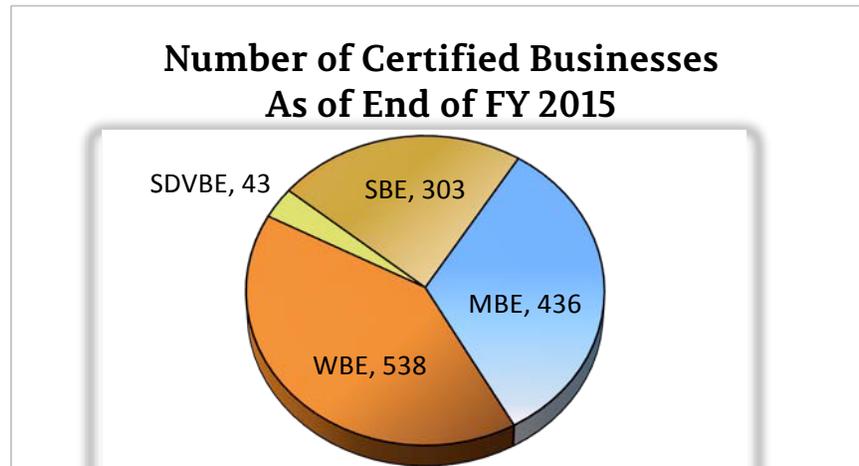
Further analysis was conducted using just the minority business category.

Category	Number of Solicitations	Number of Bids Received	Number of Awards
African American	1341	30	657
Asian American	264	7	207
Hispanic American	180	3	132
Native American	171	6	102

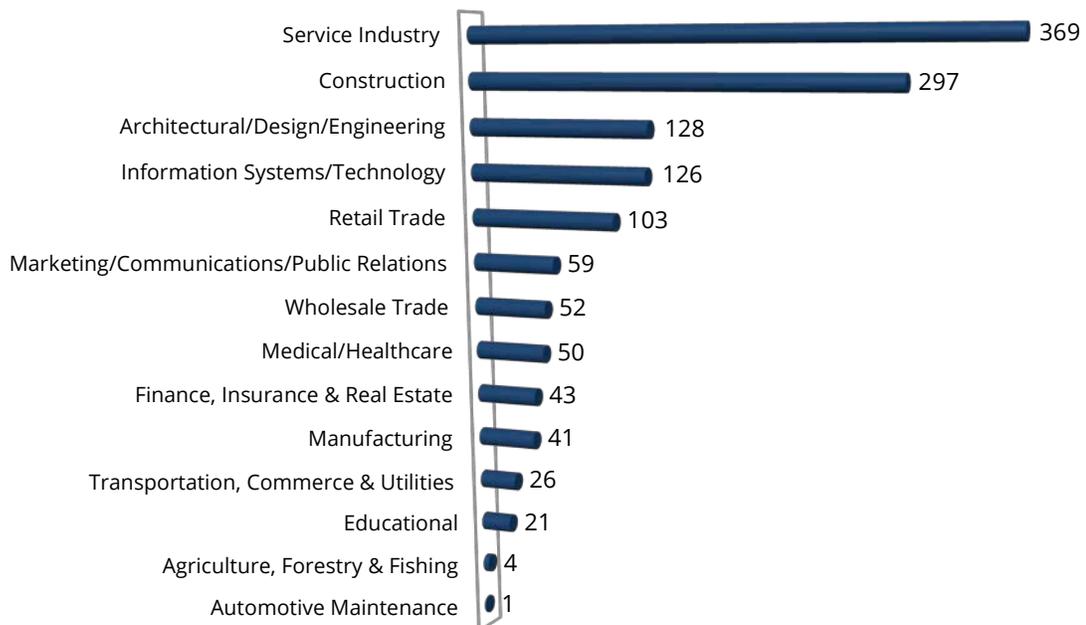
** Notes for both charts above: Bids Received and Number of Solicitations only includes data from solicitations done in Edison, or numbers as reported by UT & TBR. Number of Awards includes purchase orders and contracts and represents the most accurate picture as it captures all awards regardless of whether or not the solicitation was done in Edison. This explains why the Number of Awards is higher than the Number of Bids Received. Number of Awards is defined as any one-time purchase order or contract awarded to a certified diversity business; it does NOT count the thousands of purchase orders issued under an existing contract; it only counts new contracts or single purchase orders for non-contract items.*

Certification

The Governor's Office of Diversity Business Enterprise certifies diversity businesses as minority-owned, woman-owned, service-disabled veteran-owned or small business enterprises. The certification application is entirely an on-line application, where no documentation is required by mail. FY 2015 saw a 5.38% increase in the number of certified businesses; FY 2014 ended with 1,247 certified businesses while FY 2015 ended with 1,320.



Go-DBE does not limit their diversity participation to just Tennessee businesses. Go-DBE has certified 279 businesses outside of Tennessee; 37 of which come from Georgia. Go-DBE also strives to find diversity businesses across a wide range of industries in order to best meet the needs of agencies. The graph below depicts the number of certified diversity businesses by industry as of the end of FY 2015.



Top Agencies with Diversity Spend Greater than \$1 Million

The agencies noted in the chart below achieved spend over \$1 million with certified diversity business enterprises during FY 2015. The \$1 million plateau is a lofty goal each year for many agencies. In FY 2015, 20 agencies reached the \$1 million level, which is more than in any prior year. These 20 agencies represent 98.1% of diversity spend from all agencies; with total spend equaling \$378,779,211 for these 20 agencies.

The top three agencies, Transportation, University of Tennessee and Bureau of TennCare did exceptionally well in utilizing diversity businesses in their procurement processes. It is worth noting that the Bureau of TennCare had an incredible increase in diversity spend of 81.8% from the previous year.

Agency	Diversity Spend
Department of Transportation	\$81,158,898
University of Tennessee	\$79,515,324
Bureau of TennCare	\$76,023,480
General Services	\$31,237,480
State Building Commission	\$15,586,616
Health	\$13,578,402
Board of Regents	\$12,842,200
Finance & Administration	\$10,008,140
Mental Health	\$9,889,028
Corrections	\$9,092,491
Education	\$8,455,109
Human Services	\$7,449,196
Intellectual & Developmental Disabilities	\$7,202,326
Legislative	\$3,741,020
Revenue	\$3,473,796
Commissions	\$2,683,592
Tourist Development	\$2,518,538
Children's Services	\$2,001,570
Treasury	\$1,173,600
Safety	\$1,148,405

Agency and Departmental Goals

Efforts by agencies to achieve diversity in contracting are monitored by Go-DBE throughout the year. Go-DBE uses spend history from each agency to establish diversity spend goals for the following fiscal year.

Each agency is given a goal by category: MBE, WBE, SDVBE and SBE. However, the Diversity Spend Goal and Actual columns to the right represent the sum of these categories. The individual category goals and spend have been left out of the chart to more concisely communicate whether an agency met their overall goal. Please note that some agencies may have met a category goal, but were unable to meet their total agency goal. **Agencies that met their total goal are in bold.**

As illustrated in the chart, 17 out of 29 agencies met their goals established by Go-DBE during FY 2015. The 17 agencies mark a 54.55% increase from the number of agencies that met their goals in FY 2014. Those that did not meet their goals will be provided targeted assistance for the next FY. With dedicated diversity software, Go-DBE will be able to determine which agencies are falling short on a monthly basis.

Agency	Diversity Spend Goal	Diversity Spend Actual
Agriculture	16.17%	1.21%
Board of Regents	27.55%	7.83%
Children's Services	4.50%	5.84%
Commerce & Insurance	3.50%	2.71%
Corrections	3.50%	5.26%
Intellectual & Developmental Disabilities	16.50%	42.01%
Economic & Community Development	7.73%	13.23%
Education	3.00%	13.24%
Environment & Conservation	6.50%	3.47%
Finance & Administration	3.50%	8.78%
Financial Institutions	5.78%	0.19%
General Services & FRF	17.50%	25.67%
Facilities	17.50%	25.67%
Health	4.00%	23.21%
F&A (TennCare)	23.00%	49.22%
Higher Education	6.50%	45.43%
Human Resources	41.69%	11.28%
Human Services	5.41%	10.92%
Labor & Workforce	6.50%	9.37%
Mental Health	13.50%	43.85%
Military	5.00%	5.07%
Revenue	10.25%	86.35%
Safety	8.00%	4.66%
State Building Commission	17.50%	10.97%
Tennessee Bureau of Investigation	12.33%	6.12%
Transportation	4.00%	7.86%
Wildlife Resources Agency	14.50%	6.05%
Tourist Development	17.50%	19.80%
University of Tennessee	25.50%	8.79%
Veterans Affairs	15.00%	3.60%

* Percentages shown as % of total agency spend

CONTACT INFORMATION

Go-DBE and the Central Procurement Office are committed to increasing diversity spend and participation in the state's procurement process. In that effort, please find contact information for Go-DBE and Diversity Liaisons below if you have any questions regarding the program.

Go-DBE Contacts

Name	Title	Phone No.	E-mail Address
Shelia J. Simpson	Director	615-253-4634	Shelia.J.Simpson@tn.gov
Christopher Cooper	Diversity Business Liaison	615-253-2733	Christopher.Cooper@tn.gov
Jessica Starling	Diversity Business Liaison	615-532-0352	Jessica.Starling@tn.gov
Richard Van Norman	Diversity Business Liaison	615-253-4654	Richard.VanNorman@tn.gov

Agency Diversity Liaisons

Department	Name	Phone No.	E-mail Address
Agriculture	Lydia Sullivan	615-837-5315	Lydia.Sullivan@tn.gov
Children's Services	Rick Osgood	615-532-5558	Richard.Osgood@tn.gov
Commerce & Insurance	Bill Giannini	615-741-5131	Bill.Giannini@tn.gov
Comptroller of Treasury	Richard Wilson	615-401-7746	Richard.Wilson@cot.tn.gov
Corrections	Wes Landers	615-253-8250	Wes.Landers@tn.gov
Economic & Community Development	Sherri Mays	615-770-3837	Sherri.Mays@tn.gov
Education	Joanna E. Collins	615-770-3869	Joanna.Collins@tn.gov
Environment & Conservation	Ray Register	615-532-0216	Ray.T.Register@tn.gov
Finance and Administration	Sandi Hamilton	615-741-5200	Sandi.Hamilton@tn.gov
Financial Institutions	Michelle L. Berry	615-532-1013	Michelle.L.Berry@tn.gov
General Services	Shelia Simpson	615-253-4634	Shelia.J.Simpson@tn.gov
Health	Jerry Ivery	615-741-1614	Jerry.Ivery@tn.gov
Health Care Finance and Administration	Alma Chilton	615-507-6384	Alma.Chilton@tn.gov
Higher Education	Brett Gipson	615-253-5335	Brett.gipson@tn.gov
Human Resources	Cindy Hobbs	615-741-6199	Cindy.Hobbs@tn.gov
Human Services	Robin Dieterich	615-313-2270	Robin.Dieterich@tn.gov
Intellectual and Developmental Disabilities	Benita Chapman	615-532-9940	Benita.Chapman@tn.gov
Labor and Workforce Development	Ivan Greenfield	615-741-4346	Ivan.J.Greenfield@tn.gov
Military	Sondra Howe	615-313-0858	Sondra.Howe@tn.gov
Office of the Governor	Daphne Cooper	615-532-4582	Daphne.Cooper@tn.gov
Revenue	Amanda McGraw	615-253-8950	Amanda.CcGraw@tn.gov
Safety	Sonya Hadley	615-251-5166	Sonya.Hadley@tn.gov
Real Estate Asset Management (STREAM)	Jim Dixey	615-741-2017	Jim.Dixey@tn.gov
Tennessee Bureau of Investigation	Matt Ross	615-744-4075	Matt.Ross@tn.gov
Tennessee Board of Regents	Angela Gregory Flynn	615-366-4436	Angela.Flynn@tbr.edu
Tourist Development	John Carr	615-741-9023	John.Carr@tn.gov
Tennessee Wildlife Resource Agency	Barry Sumners	615-781-6600	Barry.Sumners@tn.gov
Transportation	Gary Bryant	615-741-0699	Gary.Bryant@tn.gov
Treasury	Dawn Rochelle	615-253-8770	Dawn.Rochelle@tn.gov
TRICOR	Bryant Brantley	615-253-4948	Bryant.Brantley@tn.gov
University of Tennessee	Blake Reagan	865-256-9170	Breagan@tbr.edu
Veterans Affairs	Tanzania Fuller	615-253-8972	Tanzania.R.Fuller@tn.gov

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Department of General Services,
Authorization No. 321198, December, 2015.