



Department of  
**General Services**



# Governor's Office of Diversity Business Enterprise

Fiscal Year 2015 - 2016

Tennessee Department of General Services | Annual Report | December 2016





December 22, 2016

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 \$466 million in diversity spend over the past year with business enterprises owned by minorities, women, service-disabled veterans, and small business enterprises. This represents an increase of 20.7% above the previous year's diversity spend. We continue to expand our commitment to maximize opportunities for these business enterprises.

This fiscal year, we assisted twenty-one (21) departments to successfully achieve their agency internal goal. This represents an increase of 25% over the previous fiscal year for the number of departments that achieved their agency internal goal.

Presented herein is the annual report on diversity spend.

Sincerely,

Michael F. Perry  
Chief Procurement Officer

Digitally signed by Michael F. Perry  
DN: cn=Michael F. Perry, o=Chief Procurement Officer, ou=State of TN -  
Department of General Services, email=mike.perry@tn.gov, c=US  
Date: 2016.12.21 08:13:27 -06'00'

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# 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

- o Is at least fifty-one percent (51%) owned and controlled by one (1) or more service-disabled veterans;
- o 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
- o 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 that performs a commercially useful function with residence in Tennessee that 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):**

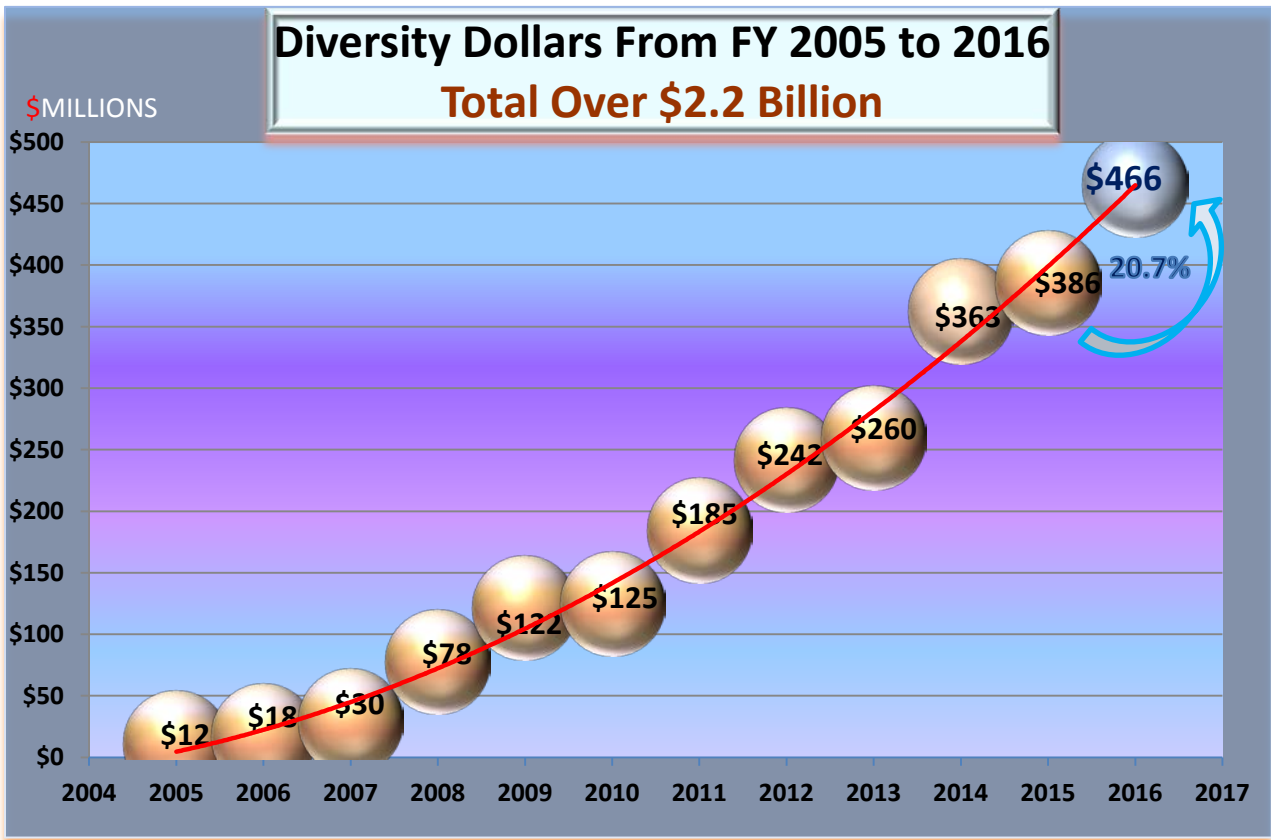
A continuing, independent, for profit business that performs a commercially useful function, and is at least fifty-one percent (51%) owned and controlled by one (1) or more women; or in the case of any publicly-owned business, at least fifty-one percent (51%) of the stock of which is owned and controlled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

# PROGRAM ACCOMPLISHMENTS

## Contracts and Payments

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 twelve years running, agencies have increased spend with diversity businesses. As illustrated in the chart below, purchases to certified diversity businesses for Fiscal Year (FY) 2016 increased to \$466,181,724, a 20.7% increase over the previous fiscal year.



Go-DBE is now able to report over \$2.2 billion in diversity contracts and payments to certified diversity businesses from FY 2005 through FY 2016.



To provide context, total spend for the state of Tennessee in FY 2016, as reported by Edison, was \$2,615,173,036 with all businesses regardless of diversity business certification. With the inclusion of UT and TBR, the overall spend is \$3,620,298,637. The \$466 million diversity dollars includes the state of Tennessee, University of Tennessee and Tennessee Board of Regents diversity spend. From the overall spend, \$288,093,827 diversity spend originated from state agencies, with the remaining \$178,087,898 in diversity spend originating from UT and TBR. Therefore, approximately 12.88% of state spend went toward certified diversity businesses.

## Contracts and Payments 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 \$466,181,724. Women owned businesses and small businesses were able to show considerable increases of \$15,608,934 (10.32%) and \$65,415,003, or (73.55%), respectively, from FY 2015.

Also identified for this fiscal year, are the subcategories of ethnicity. It should be noted that African American spend increased a very impressive \$10,170,441 or 13.2%, from \$76,884,625 in FY 2015 to \$87,055,066 in FY 2016.

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     | \$84,992,041.29         | \$588,630.62            | \$876,670.07        | \$597,724.15            | \$87,055,066.13         |
| Asian American       | \$10,355,678.03         | \$192,068.85            | \$0.00              | \$3,470.00              | \$10,551,216.88         |
| Hispanic American    | \$10,902,394.65         | \$15,469.47             | \$0.00              | \$0.00                  | \$10,917,864.12         |
| Native American      | \$37,852,426.23         | \$0.00                  | \$0.00              | \$0.00                  | \$37,852,426.23         |
| Non-Minority Female  | \$0.00                  | \$165,990,975.42        | \$0.00              | \$0.00                  | \$165,990,975.42        |
| Non-Minority Male    | \$0.00                  | \$0.00                  | \$62,170.70         | \$153,752,004.53        | \$153,814,175.23        |
| <b>Total</b>         | <b>\$144,102,540.20</b> | <b>\$166,787,144.36</b> | <b>\$938,840.77</b> | <b>\$154,353,198.68</b> | <b>\$466,181,724.01</b> |

## 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 that 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 is 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 |
|--------------|-------------------------|-------------------------|
| <b>MBE</b>   | 5,508                   | 2,724                   |
| <b>WBE</b>   | 29,445                  | 23,070                  |
| <b>SDVBE</b> | 370                     | 72                      |
| <b>SBE</b>   | 9,603                   | 6,314                   |

## 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 |
|--------------------------|-------------------------|-------------------------|------------------|
| <b>African American</b>  | 2,941                   | 1,285                   | 1,114            |
| <b>Asian American</b>    | 1,287                   | 592                     | 730              |
| <b>Hispanic American</b> | 472                     | 214                     | 213              |
| <b>Native American</b>   | 808                     | 633                     | 540              |

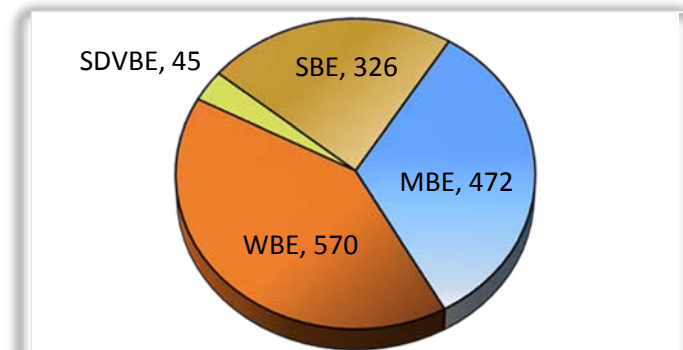
*\* Notes for both charts above: Bids Received and Number of Solicitations includes data from solicitations done in Edison, and reported by UT & TBR. Number of Awards includes purchase orders and contracts and represents the most accurate picture as it captures all awards regardless of whether or not the solicitation was done in Edison. This explains why the Number of Awards may appear 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 2016 saw a 7.05% increase in the number of certified businesses; FY 2015 ended with 1,320 certified businesses while FY 2016 ended with 1,413.

### Number of Certified Businesses As of End of FY 2016



Governor's Office of Diversity Business Enterprise does not limit its diversity participation to just Tennessee businesses, as there are thirty-six (36) states outside of Tennessee that are represented. Go-DBE has certified 315 businesses outside of Tennessee, 37 of which come from the state of 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 2016.



## 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 2016. The \$1 million plateau is a lofty goal each year for many agencies. In FY 2016, 23 agencies reached the \$1 million level, which is more than in any prior year. These 23 agencies represent 98.9% of diversity spend from all agencies; with total spend equaling \$461,201,282 for these 23 agencies.

The top three agencies, University of Tennessee, Transportation and Board of Regents did exceptionally well in utilizing diversity businesses in their procurement processes. It is worth noting that the Board of Regents had an incredible increase in diversity spend of 402.5% (\$12,842,200 to \$64,536,792) from the previous year.

| Agency                                    | Diversity Spend |
|---|-----------------|
| University of Tennessee                   | \$113,551,105   |
| Transportation                            | \$66,342,973    |
| Board of Regents                          | \$64,536,792    |
| Bureau of TennCare                        | \$55,921,597    |
| Finance & Administration                  | \$52,487,973    |
| General Services                          | \$29,612,729    |
| Correction                                | \$23,458,233    |
| Mental Health                             | \$10,436,532    |
| Intellectual & Developmental Disabilities | \$6,781,161     |
| Education                                 | \$6,057,939     |
| State Building Commission                 | \$5,237,148     |
| TRICOR                                    | \$4,389,173     |
| Health                                    | \$4,104,037     |
| Human Services                            | \$3,114,415     |
| Human Resources                           | \$2,989,610     |
| Tourist Development                       | \$2,692,554     |
| Children's Services                       | \$2,352,202     |
| Environment & Conservation                | \$2,246,444     |
| Higher Education                          | \$1,394,065     |
| Comptroller of the Treasury               | \$1,304,577     |
| Military                                  | \$1,109,556     |
| Labor & Workforce                         | \$1,080,467     |

## 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 communicate more concisely whether an agency met its 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 highlighted.

As illustrated in the chart, 23 out of 29 agencies met their goals established by Go-DBE during FY 2016. The 23 agencies mark a 35% increase from the number of agencies that met their goals in FY 2015. 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%               | 0.88%                  |
| Board of Regents                          | 26.00%               | 26.33%                 |
| Children's Services                       | 4.50%                | 9.55%                  |
| Commerce & Insurance                      | 3.50%                | 3.51%                  |
| Correction                                | 3.50%                | 13.51%                 |
| Intellectual & Developmental Disabilities | 25.00%               | 36.85%                 |
| Economic & Community Development          | 6.00%                | 6.04%                  |
| Education                                 | 3.00%                | 16.23%                 |
| Environment & Conservation                | 6.50%                | 6.62%                  |
| Finance & Administration                  | 3.50%                | 49.35%                 |
| Financial Institutions                    | 5.78%                | 30.47%                 |
| General Services                          | 17.50%               | 21.44%                 |
| Health                                    | 4.00%                | 6.77%                  |
| F&A (TennCare)                            | 23.00%               | 26.20%                 |
| Higher Education                          | 6.50%                | 56.72%                 |
| Human Resources                           | 12.50%               | 85.07%                 |
| Human Services                            | 5.41%                | 4.57%                  |
| Labor & Workforce                         | 6.50%                | 6.52%                  |
| Mental Health and Substance Abuse         | 13.50%               | 40.16%                 |
| Military                                  | 5.00%                | 6.68%                  |
| Revenue                                   | 10.25%               | 41.03%                 |
| Safety & Homeland Security                | 5.00%                | 1.73%                  |
| Tennessee Bureau of Investigation         | 12.33%               | 6.41%                  |
| Tennessee Department of Transportation    | 4.00%                | 6.52%                  |
| Tennessee Wildlife Resources Agency       | 6.50%                | 6.81%                  |
| TRICOR                                    | 12.50%               | 82.23%                 |
| Tourist Development                       | 17.50%               | 25.76%                 |
| University of Tennessee                   | 25.50%               | 14.94%                 |
| Veterans Services                         | 15.00%               | 0.97%                  |

\* 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 | <a href="mailto:Shelia.J.Simpson@tn.gov">Shelia.J.Simpson@tn.gov</a>   |
| Richard Van Norman | Diversity Business Liaison | 615-253-4654 | <a href="mailto:Richard.VanNorman@tn.gov">Richard.VanNorman@tn.gov</a> |
| Victoria Rajvongs  | Diversity Business Liaison | 615-532-9013 | <a href="mailto:Victoria.Rajvongs@tn.gov">Victoria.Rajvongs@tn.gov</a> |

## Agency Diversity Liaisons

| Department                                  | Name                 | Phone No.    | E-mail Address   |
|---|----------------------|--------------|--|
| Agriculture                                 | Larry Maxwell        | 615-837-5175 | <a href="mailto:Larry.Maxwell@tn.gov">Larry.Maxwell@tn.gov</a>               |
| Children's Services                         | Suzanne White        | 615-741-0581 | <a href="mailto:Suzanne.G.White@tn.gov">Suzanne.G.White@tn.gov</a>           |
| Commerce & Insurance                        | Lorrie Brouse        | 615-741-5131 | <a href="mailto:Lorrie.Brouse@tn.gov">Lorrie.Brouse@tn.gov</a>               |
| Comptroller of Treasury                     | Richard Wilson       | 615-401-7746 | <a href="mailto:Richard.Wilson@cot.tn.gov">Richard.Wilson@cot.tn.gov</a>     |
| Correction                                  | Wes Landers          | 615-253-8250 | <a href="mailto:Wes.Landers@tn.gov">Wes.Landers@tn.gov</a>                   |
| Economic & Community Development            | Sherri Mays          | 615-770-3837 | <a href="mailto:Sherri.Mays@tn.gov">Sherri.Mays@tn.gov</a>                   |
| Education                                   | Joanna E. Collins    | 615-770-3869 | <a href="mailto:Joanna.Collins@tn.gov">Joanna.Collins@tn.gov</a>             |
| Environment & Conservation                  | Milton J. Detillier  | 615-532-0334 | <a href="mailto:Milton.J.Detillier@tn.gov">Milton.J.Detillier@tn.gov</a>     |
| Finance and Administration                  | Sandi Hamilton       | 615-741-5200 | <a href="mailto:Sandi.Hamilton@tn.gov">Sandi.Hamilton@tn.gov</a>             |
| Financial Institutions                      | Christy Beadle Adams | 615-253-7794 | <a href="mailto:Christy.Beadle.Adams@tn.gov">Christy.Beadle.Adams@tn.gov</a> |
| General Services                            | Shelia Simpson       | 615-253-4634 | <a href="mailto:Shelia.J.Simpson@tn.gov">Shelia.J.Simpson@tn.gov</a>         |
| Health                                      | Brandon Silby        | 615-741-4733 | <a href="mailto:Brandon.C.Silby@tn.gov">Brandon.C.Silby@tn.gov</a>           |
| Health Care Finance and Administration      | Alma Chilton         | 615-507-6384 | <a href="mailto:Alma.Chilton@tn.gov">Alma.Chilton@tn.gov</a>                 |
| Higher Education                            | Brett Gipson         | 615-253-5335 | <a href="mailto:Brett.Gipson@tn.gov">Brett.Gipson@tn.gov</a>                 |
| Human Resources                             | Cindy Hobbs          | 615-741-6199 | <a href="mailto:Cindy.Hobbs@tn.gov">Cindy.Hobbs@tn.gov</a>                   |
| Human Services                              | Robin Dieterich      | 615-313-2270 | <a href="mailto:Robin.Dieterich@tn.gov">Robin.Dieterich@tn.gov</a>           |
| Intellectual and Developmental Disabilities | Benita Chapman       | 615-532-9940 | <a href="mailto:Benita.Chapman@tn.gov">Benita.Chapman@tn.gov</a>             |
| Labor and Workforce Development             | Julie Lee            | 615-532-1244 | <a href="mailto:Julie.Lee@tn.gov">Julie.Lee@tn.gov</a>                       |
| Mental Health                               | Cynthia Tyler        | 615-532-6586 | <a href="mailto:Cynthia.Tyler@tn.gov">Cynthia.Tyler@tn.gov</a>               |
| Military                                    | Sondra Howe          | 615-313-0858 | <a href="mailto:Sondra.Howe@tn.gov">Sondra.Howe@tn.gov</a>                   |
| Office of the Governor                      | Daphne Cooper        | 615-532-4582 | <a href="mailto:Daphne.Cooper@tn.gov">Daphne.Cooper@tn.gov</a>               |
| Revenue                                     | Amanda McGraw        | 615-253-8950 | <a href="mailto:Amanda.McGraw@tn.gov">Amanda.McGraw@tn.gov</a>               |
| Safety and Homeland Security                | Sandra Braver-Grove  | 615-251-6301 | <a href="mailto:Sandra.Braver-Grove@tn.gov">Sandra.Braver-Grove@tn.gov</a>   |
| Real Estate Asset Management (STREAM)       | Natalie Hansen       | 615-741-1579 | <a href="mailto:Natalie.Hansen@tn.gov">Natalie.Hansen@tn.gov</a>             |
| Tennessee Bureau of Investigation           | Russell Tipton       | 615-744-4134 | <a href="mailto:Russell.Tipton@tn.gov">Russell.Tipton@tn.gov</a>             |
| Tennessee Board of Regents                  | Amy Watts            | 615-365-1555 | <a href="mailto:Awatts@tbr.edu">Awatts@tbr.edu</a>                           |
| Tourist Development                         | John Carr            | 615-741-9023 | <a href="mailto:John.Carr@tn.gov">John.Carr@tn.gov</a>                       |
| Tennessee Wildlife Resource Agency          | Barry Sumners        | 615-781-6600 | <a href="mailto:Barry.Sumners@tn.gov">Barry.Sumners@tn.gov</a>               |
| Transportation                              | David Neese          | 615-741-0699 | <a href="mailto:David.Neese@tn.gov">David.Neese@tn.gov</a>                   |
| Treasury                                    | Dawn Rochelle        | 615-253-8770 | <a href="mailto:Dawn.Rochelle@tn.gov">Dawn.Rochelle@tn.gov</a>               |
| TRICOR                                      | James Bickmore       | 615-741-1806 | <a href="mailto:James.Bickmore@tn.gov">James.Bickmore@tn.gov</a>             |
| University of Tennessee                     | Blake Reagan         | 865-256-9170 | <a href="mailto:Breagan@tbr.edu">Breagan@tbr.edu</a>                         |
| Veterans Affairs                            | Christina Grill      | 615-532-7614 | <a href="mailto:Christina.Grill@tn.gov">Christina.Grill@tn.gov</a>           |

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