



TACIR INSIGHT

TENNESSEE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

226 ANNE DALLAS DUDLEY BOULEVARD, SUITE 508, NASHVILLE, TENNESSEE 37243 • WWW.TN.GOV/TACIR

EXPANDING OPPORTUNITIES FOR STATE CONTRACTING THROUGH ENHANCED DATA COLLECTION AND REPORTING

Background

A 2009 study of disparities in state contracting for minority-owned and woman-owned businesses, found that Tennessee had “a strong basis in evidence to take proactive measures to prevent discrimination . . . against women and minority prime contractors and subcontractors.” For African American-owned businesses, the 2009 study found that disparities existed in state contracts in each of five business sectors—construction, architecture and engineering, professional services, other services, and goods and supplies. House Bill 1593 by Representative Miller in the 112th General Assembly directed the Commission to study whether disparities now exist in state contracting with African American-owned businesses and the effects that any such disparities might have, and to make recommendations for ways to address potential disparities.

Findings and Recommendations

State procurement spending with African American-owned businesses has increased overall since 2009, averaging 3.3% of all state spending over the five fiscal years ending in 2019-2020. However, without a new disparity study, it is not possible to determine conclusively whether disparities now exist in contracting with African American-owned businesses.

- The increase in spending with African American-owned businesses is not evenly distributed across all business sectors or across state agencies, with the majority of spending coming from just two agencies, the Department of Finance and Administration and TennCare.
- State agency aspirational spending goals for minority-owned businesses are often not being met.

The Governor’s Office of Diversity Business Enterprise should publish data on agency spending goals and achievements in its annual report and explore cost-effective enhancements to data collection.

- Such data has been available in previous years; renewed publication of the data would allow all stakeholders to better understand agency progress and where improvements could be made.
- Improved data collection would facilitate an updated disparity study should the state decide to pursue one in the future.

See TACIR’s full report at the following link for additional information: <https://www.tn.gov/tacir/tacir-publications/publications-by-date.html>.