



March 23, 2021

Chairman Rulli, Vice Chairman Lang, and members of the Senate Small Business and Economic Development Committee, thank you for the opportunity to submit testimony on Senate Bill 105.

The Department of Administrative Services (DAS) and the Ohio Development Services Agency (Development) work together to support the minority business community across Ohio. A key component of the partnership is the certification of minority-owned businesses through the state of Ohio's Minority Business Enterprise (MBE) program.

The program is designed to assist minority businesses in obtaining state government contracts for goods and services. Managed by DAS, it establishes a 15 percent set-aside procurement requirement for state agencies, boards, and commissions in awarding contracts to certified MBE businesses. The state of Ohio developed the program because it recognized the need to encourage, nurture, and support the growth of minority businesses and increase the number of qualified competitors in the marketplace.

Certification also qualifies businesses for access to capital through the Ohio Minority Business Direct Loan Program and the Ohio Minority Business Bonding Program at Development. The Minority Business Direct Loan provides fixed, low-interest rate loans for acquisition of land and buildings, for new construction, and for the purchase of machinery and equipment. The Minority Business Bonding Program provides bid, performance, and payment surety bonds to businesses that are unable to obtain bonding through standard surety companies.

Currently, political subdivisions are not obligated to recognize state-issued MBE certificates. Senate Bill 105 would allow a business with a state-issued MBE certification to participate in programs through political subdivisions with the goal of increasing minority presence in the local business community.

Currently, 10 Ohio entities hold reciprocal certification recognition agreements with the State of Ohio Equal Opportunity Division. Those entities include the cities of Canton, Cincinnati, Cleveland, Columbus, Dayton, Springfield, and Toledo. In addition, reciprocity agreements also exist with the Cuyahoga County Small Business Enterprise, the Ohio Turnpike Authority, and the Ohio Minority Supplier Development Council.

A key provision of Senate Bill 105 requires political subdivisions to defer to DAS' Equal Opportunity Division to validate the MBE certification. This provision will maintain the integrity and structure of MBE certifications and ensure companies are minority-controlled and not "pass-through" companies.

In addition to the certification process and procurement services, the Minority Business Development Division also administers the Ohio Capital Access Program and the Collateral Enhancement Program and works with a network of Minority Business Assistance Centers to support and grow minority businesses in Ohio.

In calendar year 2020, the centers held 8,600 counseling hours and helped nearly 2,000 new clients. More than 90 businesses received MBE certification and more than 60 received Encouraging Diversity Growth and Equity (EDGE) certification. Our partnership is making a difference in our minority business community.

DAS and Development appreciate the time and effort Senators Sykes and Schuring have put into this legislation. Senate Bill 105 is a crucial step to increasing minority business participation in local government procurement and Ohio's economy.

Thank you for your time.

A handwritten signature in blue ink that reads "Matt Whatley". The signature is fluid and cursive, with the first name being more prominent.

Matt Whatley, Interim Director
Department of Administrative Services

A handwritten signature in blue ink that reads "Lydia L. Mihalik". The signature is elegant and cursive, with the first name being the most prominent part.

Lydia L. Mihalik, Director
Ohio Development Services Agency