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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 12
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 12's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Hoagland

Local Impact Statement Procedure Required: No

Shannon Pleiman, Senior Budget Analyst

Highlights

- The bill will have an uncertain impact on state procurement costs. The bill increases the value of set-aside state purchasing contracts from 15% to 20% of the estimated total value of purchases per fiscal year. Of the 20% amount, the bill reserves 5% for state purchasing contracts with certified veteran-owned business enterprises and continues the 15% of state purchasing contracts reserved for certified minority business enterprises as required under current law.
- The Department of Development's Minority Business Development Division may incur costs, including hiring an additional employee, to establish a veteran-owned business enterprise certification program. Expenses for the Division are paid from GRF ALI 195405, Minority Business Development.

Detailed Analysis

State procurement costs

The bill expands the eligibility criteria for set-aside state contracts currently available to certified minority business enterprises to include certified veteran-owned business enterprises. Under current law, the Department of Administrative Services (DAS) and various other state agencies are required to set aside approximately 15% of the estimated total value of purchases per fiscal year for competition only by minority business enterprises. The bill increases the value of these set-aside state purchasing contracts from 15% to 20%. The additional 5% is reserved for competition only by veteran-owned business enterprises; the remaining 15% of the total value of state purchasing contracts continues to be reserved for competition only by minority business enterprises. Ultimately, the fiscal impact of this change on overall state procurement costs is uncertain, but it may change the mix of vendors awarded contracts. In FY 2022, the state spent

approximately \$286.2 million with certified minority business enterprises, representing 19.2% of eligible state expenditures.

Department of Development

The bill requires the Department of Development (DEV) to establish a veteran-owned business enterprise certification program. The program would be overseen by DEV's Minority Business Development Division. According to DEV, it may need to hire one additional staff member to certify businesses under the bill's requirements. It is unclear the type of position DEV may need to hire, however, the Division is currently comprised of seven Equal Employment Opportunity (EEO) contract/program officers, four EEO/program specialist, and one EEO contract/program manager. Based on the state's employee classification plan, if one EEO contract/program officer is hired at the starting annual salary of over \$49,000, it will bring the Department's potential payroll costs to between approximately \$64,000 and \$77,000. This includes \$6,860 (14.0% of annual salary) to cover the employer's share of retirement and the employer's share of health insurance (\$7,870 for single coverage or \$21,601 for family coverage under the state's traditional health plan). The Division is supported by GRF ALI 195405, Minority Business Development.

Currently, businesses that are at least 51% owned by veterans or persons on active service can currently be certified under the state's Veteran-Friendly Business Enterprise Procurement Program (VBE) under DEV. To date, there are 296 businesses certified as VBEs.