



Proponent Testimony for Senate Bill 105
Senate Small Business and Economic Opportunity Committee
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Chair Rulli, Vice Chair Lang, Ranking Member Sykes, and members of the Senate Small Business and Economic Opportunity Committee, thank you for the opportunity to lend our support to Senate Bill 105 which would require political subdivisions to recognize state certifications of minority business enterprises.

I would like to thank Senators Vernon Sykes and Kirk Schuring for their leadership on this important legislation and Secretary of State Frank LaRose for being a longtime advocate of increasing the visibility, use and reciprocity of state-issued MBE certifications. We have genuinely appreciated their collaboration on this issue and look forward to continuing our collective dialogue on how we can further support minority, women, and veteran-owned businesses.

As a regional economic development and business support organization with over 1,600 members—from solopreneurs to our region’s largest companies—we recognize the importance of diversity, equity, and inclusion to the broader economic vitality of Greater Akron and the state of Ohio. As part of a strategic economic development collaboration with more than twenty ecosystem partners, including the County of Summit and the City of Akron, called *Elevate Greater Akron*, we have developed a strong and intentional focus on economic inclusion. Our goal is to start and grow more minority owned businesses, increase their revenue and reach, and create more resulting economic opportunity for our residents and our neighborhoods. Our general support for Senate Bill 105 is detailed in testimony provided on behalf of the broader Ohio Metro Chambers Coalition. The purpose of this separate written testimony is to bring your attention to what we see as additional opportunity for this bill related to business certification. Additional areas of opportunity include:

An opportunity to expand the reach of this bill to enact similar top-down reciprocity for state-issued WBE and VBE certifications in political subdivisions across Ohio. For all of the reasons that reciprocity make sense for MBE’s, we believe that it also makes sense for WBEs and VBEs. With all three certifications being administered by the Equal Opportunity Division, we are confident that the effort and due diligence invested to certify applicants across all three programs can be broadly relied upon and would help the state to make an even more significant impact by including similar reciprocity for those certifications within this legislation. There is already certification reciprocity for WBEs across state lines in some cases, so we feel it makes sense to enact similar reciprocity in political subdivisions within Ohio.

An opportunity to initiate a deeper dive on the state’s MBE certification processes to increase visibility and access to certification. According to a [2017 Ohio Small Business Profile](#) published by the United States Small Business Administration’s Office of Advocacy, there are over 122,500 minority-owned businesses in Ohio. According to the Ohio [Department of Administrative Services MBE search portal](#), there are only 1,171 state-certified MBEs. With

penetration of certification at less than 1%, we have large opportunities to expand certification as a building block to drive more awareness, visibility and growth to the state's disadvantaged businesses.

While the primary use of certification is viewed as for access to state "set-aside" contracts, we have begun to see certification as a relevant factor in other programs, benefits and related opportunities. For example, support programs such as the Ohio Minority Micro-Enterprise Grant Program and the JobsOhio Inclusion Grant Program consider (to varying degrees) state certification as part of their funding decisions. Further, we are seeing private companies (often larger ones) now considering whether a business has an MBE certification as part of their own decision-making process to drive inclusion for procurement and partnership opportunities. Because certification is beginning to be used as a touchstone for access and support, we would recommend that we take the steps to better understand the low penetration rate for MBE certification.

An opportunity to clarify the statutory intent of certification as a validation of status and not a credential for quality or capability. When looking at the certification application process for MBEs and talking with minority entrepreneurs in our region, we believe there are ways to improve the existing process to increase the penetration and reach of certification. The program's stated purpose (born from statute) is simply to ascertain facts about an applying business which generally include (i) the corporate and ownership structure, (ii) the identity and disadvantaged status of the principals, and (iii) that the business is in operation. Based on conversations we have held with small business owners, the reality is that the level of detail and documentation required as part of the MBE certification application is burdensome to the point that it's viewed by many to be a barrier to getting certified and realizing the related benefits. A quick look at the nature and depth of documentation for businesses can be found in [*'Section D' of the MBE Certification Required Documentation Checklist*](#).

At a time when these certifications are becoming more relevant and applicable to programs and benefits beyond state "set-aside" contracts, we should be finding ways to streamline the certification process. We believe this can be done while still ensuring that we guard against fraud by firms that would attempt to leverage certification inappropriately. Increasing access to certification, streamlining the requirements and expanding partnerships with MBACs, economic development organizations and other MBE support ecosystem partners will help MBEs to access the opportunity of certification and realize the benefits of various programs designed to increase minority participation, representation and/or inclusion. To not do so would be counterproductive to the motivations related to growth and opportunity behind creating the MBE program in the first place.

Senators, we appreciate your leadership on Senate Bill 105 and for your consideration of additional opportunities to do more for our state's minority, woman and veteran owned businesses. We look forward to helping in any way that we can to continue the conversation about accelerating the growth and success of Ohio's small businesses and supporting the ability of these economically disadvantaged firms to increase their growth, investment and employment in Ohio.