

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6529-02
Bill No.: HB 2272
Subject: Office of Administration; Business and Commerce
Type: Original
Date: April 14, 2014

Bill Summary: This proposal allows certain non-profits to be included as minority business enterprises and women's business enterprises for public contract bidding preferences.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$143,116)	(\$164,756)	(\$166,446)
Total Estimated Net Effect on General Revenue Fund	(\$143,116)	(\$164,756)	(\$166,446)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Office of Equal Opportunity (OEO)** assume due to the complexity of what would be required by this legislation, OEO would need additional staffing to determine if not-for-profits meet the requirements to become certified as a "minority business enterprise". The Attorney General's Office currently has roughly 2,000 not-for-profits in their database, and the Secretary of State's Office has 41,620 Missouri based nonprofit organizations currently registered in the state that are in good standing. Their records also indicate that there are 63,967 inactive non-profits in Missouri. It is unknown how many Missouri not-for-profit organizations would meet the requirements to apply for "minority business enterprise" certification under this proposed legislation. Based on information obtained from OA's Division of Purchasing, there are approximately 221 Missouri not-for-profit organizations that have an existing current contract(s) with the state.

In order to meet the requirement of this proposed legislation, it is assumed that OEO would need to hire a Minority/Women Certification Coordinator, a Minority/Women Compliance Officer/Planner II, and an Inspector.

Officials at the **Department of Agriculture**, the **Department of Conservation**, the **Department of Corrections**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Higher Education**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Public Safety's Capitol Police**, the **Department of Public Safety's Division of Fire Safety**, the **Department of Social Services**, the **Missouri Department of Transportation**, the **Missouri Gaming Commission**, the **Missouri Highway Patrol**, the **Missouri National Guard**, the **Missouri Veterans Commission**, the **Office of Prosecution Services**, the **Office of Administration's Division of Purchasing and Materials Management**, the **Office of the Secretary of State**, the **Office of the State Auditor**, the **Office of State Courts Administrator**, the **Office of State Treasurer**, the **Office of the State Public Defender** and the **State Emergency Management Agency** each assume there is no fiscal impact to their respective agencies from this proposal.

Officials at the **Department of Elementary and Secondary Education** defer to the Office of Administration for fiscal impact.

ASSUMPTION (continued)

Officials at the **Department of Revenue** assume any costs associated with this proposal could be absorbed with existing resources.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Cost - Office of Equal Opportunity</u>			
Personal Service	(\$87,430)	(\$105,965)	(\$107,025)
Fringe Benefits	(\$46,119)	(\$55,897)	(\$56,456)
Equipment and Expenses	(\$9,567)	(\$2,894)	(\$2,965)
<u>Total Cost - OEO</u>	<u>(\$143,116)</u>	<u>(\$164,756)</u>	<u>(\$166,446)</u>
FTE Change - OEO	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$143,116)</u>	<u>(\$164,756)</u>	<u>(\$166,446)</u>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that qualify for this program would be impacted.

FISCAL DESCRIPTION

This act allows certain non-profit organizations to be included as minority business enterprises (MBE) and women's business enterprises (WBE) for public contract bidding preferences.

The following organizations shall be considered an MBE:

- A 501(c)(3) not-for-profit organization based in Missouri that can show the following:
 - The organization's entire staff is comprised of at least twenty-five percent minorities or such staff is comprised of more than five percent greater than the average minority population of the geographic area that is served by the organization; and
 - The organization's staff that is classified as management or the twenty percent of the staff with the highest salaries is comprised of at least twenty percent minorities or such staff is comprised of a percentage that is greater than the average minority population of the geographic area that is served by the organization.

The following organizations shall be considered a WBE:

- A 501(c)(3) not-for-profit organization based in Missouri that can show the following:
 - The organization's entire staff is comprised of at least fifty-five percent women; and
 - The organization's staff that is classified as management or the twenty percent of the staff with the highest salaries is comprised of at least forty-five percent women.

MBE and WBE bidders shall not be awarded more than 5 points in the bidding process.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

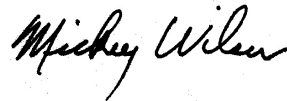
SOURCES OF INFORMATION

Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations

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SOURCES OF INFORMATION (continued)

Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Capitol Police
 Division of Fire Safety
Department of Revenue
Department of Social Services
Missouri Department of Transportation
Missouri Gaming Commission
Missouri Highway Patrol
Missouri National Guard
Missouri Veterans Commission
Office of Administration
 Division of Purchasing and Materials Management
 Office of Equal Opportunity
Office of Attorney General
Office of Prosecution Services
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
State Emergency Management Agency



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