

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6529-03  
Bill No.: HCS for HB 2272  
Subject: Office of Administration; Business and Commerce  
Type: Original  
Date: April 23, 2014

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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**

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

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

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

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

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

☐ 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).

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

## 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" or "women's 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" or "women's 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.

Based on information obtained from the Secretary of State's office, there are approximately 389,422 active Missouri LLCs registered with their office. It is unknown how many of the LLCs are comprised solely of Missouri-based 501(c)(3) organizations. It is assumed that additional OEO staff would be required to determine if any LLCs would meet the requirements to become a certified 'minority business enterprise.'

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

**Oversight** assumes that in response to the previous version of this proposal, the OEO assumed they could handle the work of this proposal with three FTE. Oversight will show those three FTE in the fiscal note. Should the number of cases be such that the OEO need the additional FTE they can request the additional resources through the appropriation process.

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, the Department of Public Safety's Capitol Police, the Department of Public Safety's Division of Alcohol and Tobacco Control, the**

ASSUMPTION (continued)

**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.

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
<b>GENERAL REVENUE</b>			
<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
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$143,116)</u></b>	<b><u>(\$164,756)</u></b>	<b><u>(\$166,446)</u></b>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE

FISCAL IMPACT - Local Government

FY 2015  
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

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.

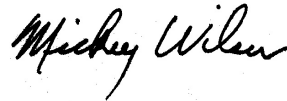
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## 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  
Department of Mental Health  
Department of Natural Resources  
Department of Public Safety  
    Capitol Police  
    Division of Fire Safety  
    Division of Alcohol and Tobacco Control  
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

SOURCES OF INFORMATION (continued)

Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer  
State Emergency Management Agency

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 23, 2014

Ross Strobe  
Assistant Director  
April 23, 2014