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BILL ANALYSIS



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Senate Bill 751 (Substitute S-1)
Sponsor: Senator John Pappageorge
Committee: Senior Citizens and Veterans Affairs

Date Completed: 10-2-07

CONTENT

The bill would amend the Management and Budget Act to do both of the following:

- Increase the minimum goal of the Department of Management and Budget (DMB) for awarding a portion of total expenditures for certain purposes to qualified disabled veterans.**
- Exclude goods and services set aside for exclusive provision by sheltered workshops or work activity centers from the Act's requirement that the DMB use competitive solicitation for purchases.**

Goal for Disabled Veterans' Contracts

Under the Act, it is the goal of the DMB to award each year at least 3% of its total expenditures for construction, goods, and services to qualified disabled veterans. The DMB may count toward that goal the portion of all procurement contracts in which the business entity that received a procurement contract subcontracts with a qualified disabled veteran. Each year, the DMB must review the progress of all State agencies in meeting the goal, with input from statewide veterans service organizations and from the business community, including businesses owned by qualified disabled veterans, and make recommendations to the Senate and the House of Representatives regarding continuation, increases, or decreases in the percentage goal.

The bill would increase the minimum goal from 3% to 5% of total expenditures for construction, goods, and services.

Under the Act, "qualified disabled veteran" means a business entity that is 51% or more owned by one or more veterans with a service-connected disability. "Service-connected disability" means a disability incurred or aggravated in the line of duty in the active military, naval, or air service as described in Federal law (38 USC 101(16)).

"Veteran" currently is defined as a person who served in the active military, naval, or air service and who was discharged or released from his or her service under conditions other than dishonorable. Under the bill, "veteran" would mean a person who served in the Army, Air Force, Navy, Marine Corps, or Coast Guard and who was discharged or released from his or her service with an honorable or general discharge.

Sheltered Workshops/Work Activity Centers

The Act requires the DMB to use competitive solicitation for all purchases authorized under the Act except under certain circumstances. Under the bill, competitive solicitation would

not be required for procurement of goods or services that were set aside for the exclusive provision by sheltered workshops or work activity centers.

(As provided in the Act, the DMB must purchase goods and/or services manufactured or provided by sheltered workshops and work activity centers. The Act establishes within the DMB a committee on the purchase of goods and services from sheltered workshops and work activity centers. Among other responsibilities, the committee must aid in the identification of goods and services to be purchased by the DMB from sheltered workshops and work activity centers; establish eligibility criteria for participating sheltered workshops and work activity centers; establish and review fair market prices for goods and services purchased from sheltered workshops and work activity centers; and prepare an annual report regarding the purchase of goods and services from sheltered workshops and work activity centers.

The Act defines "sheltered workshop" as a charitable organization or institution conducted not for profit, but for the purpose of carrying out a recognized program of rehabilitation for handicapped workers, which provides those individuals with remunerative employment or other occupational rehabilitating activity of an educational or therapeutic nature.

"Work activities center" means a workshop, or a physically separated department of a workshop having an identifiable program and separate supervision and records, planned and designed exclusively to provide therapeutic activities for handicapped workers whose physical or mental impairment is so severe as to make their productive capacity inconsequential. Therapeutic activities include custodial activities, such as activities where the focus is on teaching the basic skills of living, and any purposeful activity so long as work or production is not the main purpose.)

MCL 18.1261

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

In FY 2005-06, of the 32 contracts put out for bids, 11 were bid on by qualified disabled veterans. Of the contracts awarded, one was awarded to a qualified disabled veteran, thereby meeting the current 3% goal. Based on FY 2005-06 data, the proposed change in statute would make it a goal that at least two contracts be awarded to qualified disabled veterans. The value of the one contract awarded in FY 2005-06 was \$192,000. There would be no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.