



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 751 (Substitute S-2 as passed by the Senate)
Sponsor: Senator John Pappageorge
Committee: Senior Citizens and Veterans Affairs

(as enrolled)

Date Completed: 11-29-07

RATIONALE

Public Act 91 of 2005 amended the Management and Budget Act to make it a goal of the Department of Management and Budget (DMB) to award to qualified disabled veterans each year at least 3% of total expenditures for construction, goods, and services. This goal is consistent with a similar Federal program. The DMB, working with the Department of Labor and Economic Growth (DLEG), reportedly has been doing outreach work to engage disabled veterans who are business owners, and encouraging them to register as State vendors and bid on State contracts. In order to broaden these efforts and assist more disabled veterans, some people believe that the minimum percentage goal should be increased.

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)).

CONTENT

The bill would amend the Management and Budget Act to increase the minimum goal of the Department of Management and Budget for awarding a portion of total expenditures for certain purposes to qualified disabled veterans.

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

"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.

MCL 18.1261

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Due to advances in medical technology and rate in the current wars in Iraq and Afghanistan is lower than in previous U.S. military campaigns but soldiers are returning home with severe and disabling injuries at a higher rate. Newly discharged veterans, including returning National Guard members or reservists, who were disabled in the line of duty, deserve the State's assistance in meeting the challenges they face re-establishing themselves in civilian life. By awarding government contracts to businesses owned by disabled veterans, the State can help the veterans succeed financially and contribute to the economic welfare of their communities. Although matching a Federal program by awarding at least 3% of State contracts to qualified disabled veterans is laudable, the State could serve disabled veterans better by exceeding that goal.

According to testimony before the Senate Committee on Senior Citizens and Veterans Affairs by a DMB official, the State is reaching out to disabled veteran-owned businesses. She stated that there are 7,500 to 8,000 such businesses in Michigan, yet only about 1,000 have registered with the Federal program and only about 200 are registered as vendors with the State of Michigan. By increasing the statutory goal of awarding at least 3% of all State contracts to awarding at least 5%, the bill would provide an incentive for the DMB to recruit more service-disabled veterans to register as vendors and bid on contracts with the State. It also could entice more disabled veteran-owned businesses to pursue State contracts and encourage more disabled veterans to start their own businesses. That, in turn, would help disabled veterans to contribute to Michigan's economy and aid their own transition back to civilian life.

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

field response time, it is said that the death \$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.