

STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on General Government, Consumer and Small Business Protection

REVENUE: No revenue impact**FISCAL:** Fiscal statement issued**Action:** Do Pass and Be Referred to the Committee on Ways and Means**Vote:** 4 - 0 - 1**Yeas:** Bonamici, George, Monroe, Shields**Nays:** 0**Exc.:** Boquist**Prepared By:** Patrick Brennan, Administrator**Meeting Dates:** 3/21

WHAT THE MEASURE DOES: Requires the Department of Administrative Services to conduct a study to assess disparities between the availability of, and use of, disadvantaged, minority or women-owned business enterprises in public contracting, and to assess whether discrimination exists. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Opportunities for minority contractors
- Need to encourage emerging businesses
- Types of contracts that typically go to small contractors on large projects
- Potential fiscal impact of study

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In May 2005, the U.S. Ninth Circuit Court ruled that a state department of transportation may not have a race-conscious disadvantaged business program without both statistical and anecdotal evidence showing that inequity in contracting opportunities has occurred. In response to the decision, the Oregon Department of Transportation (ODOT) suspended its “hard goals” requiring contractors to hire disadvantaged businesses as subcontractors and replaced them with “aspirational targets,” effectively asking contractors to voluntarily abide by the goals.

The Department also commissioned a *Disadvantaged Business Enterprise Disparity Study* in January 2007, which analyzed the amount of business awarded to disadvantaged business enterprises and to determine whether “compelling evidence” existed to justify having the goals in contracts that require the use of such businesses. The study’s recommendations included: reinstatement of ODOT’s goals with regard to African American and Asian-owned construction firms; close monitoring of the use of disadvantaged business subcontractors; continued support for the Department’s emerging small business program; and creation of a mentor-protégé program to assist disadvantaged business subcontractors.

Senate Bill 768 directs the Department of Administrative Services to perform a comprehensive study to examine disparities between the availability of, and use of, minority and women-owned businesses in public contracting and to determine whether discrimination exists.

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This summary has not been adopted or officially endorsed by action of the committee.