

**MEMORANDUM**

TO: State Agency Directors  
State Agency Chief Financial Officers  
State Agency Procurement Officers  
State Agency Chief Information Officers

FROM: Robert Blair, Director 

DATE: February 4, 2014

RE: **Practicing MBE Set-aside procurements when “Enterprise Contracts” for the same goods and/or services are already in place**

In recent years, DAS has entered into a series of procurement contracts aimed at taking advantage of the collective purchasing power of the State as a total enterprise. The premise is that aggregating the needs of multiple agencies for the same or similar products and services commands lower prices in the marketplace. Additionally, having only one such contract to secure and manage for any single area of purchase minimizes the Department’s administrative costs that must be passed along to client agencies.

These types of procurements are commonly referred to as “enterprise contracts” or “mandatory general distribution contracts,” and State agencies have been expected to make full use of these contracts when they are available to address agency needs. However, some enterprise contracts have produced unanticipated challenges relative to the State’s overall economic interests. As a result of our ongoing progress meetings with Cabinet agencies, DAS recognizes that the practice of aggregating many supplier relationships into one contract with one supplier or a limited number of suppliers may have eroded the number and types of State procurement opportunities for Ohio’s small and Minority Business Enterprise (MBE) companies.

In recognition of the importance of the State’s MBE set-aside program and to open more purchasing opportunities for minority business owners, DAS is providing agencies with guidance on an additional procurement option. If an agency wishes to create an MBE set-aside opportunity for the purchase of goods or services that is estimated to cost less than \$50,000, but the good or service is currently part of a mandatory enterprise contract, the agency may exercise its direct purchasing authority for such purchase if it takes the following steps:

1. Send a request to DAS identifying the nature of the planned purchase (for IT-related purchases, see below);
2. Identify the mandatory enterprise contract which the agency believes would apply;
3. Provide a general description of the goods or services to be purchased, including an estimated cost for the purchase; and
4. Provide a time frame and explanation of the method to be used in executing the purchase as an MBE set-aside opportunity.

Additionally, for such purchases planned above the \$50,000 amount, DAS will collaborate with the agency through “release and permit,” “waiver” or another delivery method to facilitate that agency’s MBE set-aside contracting strategy and action.

For IT-related purchases, the method by which they will be practiced is currently in transition and will include substantial initiatives to support sheltered market procurements from MBE vendors and suppliers. Note also that this consideration does not waive or negate governance limitations as to what specific hardware or software may be acquired. Additional details shall be made available within the next 60 days.

As soon as possible, agencies should incorporate these considerations into their annual strategic plans for accomplishing their MBE set-aside goals. The above information on the proposed purchase, as well as the associated plan amendments, should be e-mailed directly to DAS Assistant Director, Randall Howard, at [Randall.Howard@das.ohio.gov](mailto:Randall.Howard@das.ohio.gov). DAS will acknowledge agency requests in this regard, and review them to ensure each purchase’s viability as an MBE set-side procurement.