



SB 1126

An Act Concerning the State Set-Aside Program

Comments of Meg Yetishefsky
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Government Administration & Elections Committee
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Good afternoon Senator Slossberg, Representative Caruso, and members of the Government Administration & Elections Committee. I am Meg Yetishefsky, Director of the Office of Supplier Diversity at the Department of Administrative Services.

I am here today to testify in support of Senate Bill 1126, An Act Concerning the State Set-Aside Program. This bill represents the Governor's suggested improvements to the state's Set-Aside program, and we strongly believe that these changes will provide a more level playing field for the small and minority-owned companies here in Connecticut that wish to participate in state contracting opportunities.

The Set-Aside Program. Set-Aside is a program that is administered by DAS's Office of Supplier Diversity. The primary goal of this unit is to improve economic opportunities for Connecticut's small and minority-owned businesses, which include businesses owned by women, members of minority populations, and individuals with disabilities.

DAS supports Connecticut's small and minority-owned businesses in a variety of ways. We provide assistance to these businesses when they are interested in seeking state procurement opportunities; we actively recruit and certify these businesses to participate in the Set-Aside Program; and we advocate for these businesses within the state procurement process.

Once a business becomes certified under the Set-Aside Program, it is eligible to compete for state contracts that have been specifically "set aside" for these small and minority-owned businesses. All state agencies have a legislatively-established goal to set-aside at least 25% of their agency purchases for these certified businesses.

Senate Bill 1126 will strengthen and improve the state Set-Aside Program in a number of ways.

More Accurate Certifying Standards. First, the bill establishes a more accurate standard for assessing whether companies are truly "small businesses" for purposes of the Set-Aside Program. Currently, the statute considers any company that has gross revenues under \$10 million a year to be a "small business" eligible for the Set-Aside benefits. While this standard may be appropriate for some industries, it may not be for others. For example, a new car dealership or a construction company that earns \$9 million in gross revenues may indeed be a "small business" within those industries, while a dry cleaning business earning \$9 million annually would be considered very large by that industry's standards.

I understand that there are a number of other bills before the Committee today that suggest changing the definition of a "small business" - one proposes allowing companies that gross under \$15 million per year to participate in set-aside opportunities, and another moves that limit to \$18 million. We respectfully submit to the Committee that an industry-based standard is a more fair and accurate manner of determining which businesses should get set-aside benefits by virtue of their small size.

The Set-Aside program fails its mission to provide opportunities to small and minority-owned businesses if those companies have to compete against large businesses that - by virtue of the statutory language - are able to get certified under the program.

Better Monitoring & Enforcement of Set-Aside Awards. SB 1126 also strengthens the Set-Aside Program by including some monitoring and enforcement provisions. Specifically, it requires a state agency that awards a Set-Aside contract to get a written explanation from the contractor if the contractor subcontracts any part of its responsibilities to a non Set-Aside company.

The bill also requires an agency to notify and provide a hearing to a contractor suspected of Set-Aside program violations.

Another section of the bill establishes an enforcement provision to encourage agencies to meet their Set-Aside goals. Specifically, new language would require agencies that do not achieve at least fifty percent of their program goals by the end of the second reporting period to provide a written explanation to DAS and CHRO detailing how they will achieve their goals in the final reporting period.

These changes put some teeth in the Set-Aside program, and will enable us, as a state, to provide greater opportunities to our small and minority-owned companies, and to increase jobs in our small and minority-owned industries.

I thank the GAE Committee for raising this bill, and I'd be happy to answer any questions that you may have.