To: Representative Russell Morin, Chair, GAE Committee
Senator Gayle Slossberg, Chair, GAE Committee
Representative Tony Hwang, Ranking Member, GAE Committee
Senator Michael McLachlan, Ranking Member, GAE Committee
& other distinguished members of the GAE Committee

From: Anne Noble, President and CEO, Connecticut Lottery Corporation (CLC)
860-240-2816, anne.noble@ctlottery.org

Re: Support for HB 5877: AAC the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Diversity Council

Date: March 7, 2011

Good afternoon Representative Morin, Senator Slossberg, Ranking Members Hwang and McLachlan, my name is Anne Noble and I am the President and CEO of the CT Lottery Corporation. The Connecticut Lottery Corporation is pleased to support HB5877: An Act Concerning the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Diversity Council.

Specifically, I want to speak in support of §3 of this bill which will require the state to conduct a new disparity study concerning the number of businesses owned by women and the number of businesses owned by minorities. As a quasi public agency with sales of close to one billion dollars, we are committed to supporting and leading efforts to improve the economic opportunities for small business. Small business is vital to our operations, and our small business partners are critical to the Lottery's success. In fact, the majority of our approximately 2700 retail partners are small businesses.

The State's Supplier Diversity program is set forth in CGS §4a-60g. This statute sets goals for state agencies, and requires that at least 25% of the state's business be transacted with small businesses, including those owned by minorities, women and the disabled.

We applaud the goals and the successes of the state's Supplier Diversity program, and the CT Lottery Corporation is proud of its commitment to working with minority businesses. We fully embrace and endorse the notion that diversity in contracting is important to bringing economic prosperity to all of Connecticut's communities. It is a matter of fundamental fairness.

The cornerstone of a sound Set Aside Program is a disparity study. However, it has been over twenty years since the state last conducted a disparity study, and as a result, the goals of the program may or may not be appropriately set for today's business environment. A new study will set a foundation for moving forward and is fundamental to establishing a fair and sound Set Aside Program.[1]

Government has an enhanced obligation to ensure that disenfranchised groups have equal opportunities. Connecticut has a long and rich history of being a leader on policies relating to civil rights and equality. This bill is one way to keep us there.

Thank you for your time and attention to this important issue and I would be happy to answer any questions you may have.

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[1] According to a 2006 U.S. Commission on Civil Rights and Justice Report, "most current disparity studies are not only outdated, but have common flaws. They fail to measure availability according to requirements to compare qualified, willing, and able businesses that perform similar services. They use simple counts of businesses without taking capacity into account. The researchers (1) use obsolete or incomplete data; (2) report results in ways that exaggerate disparities; (3) fail to test for nondiscriminatory explanations for the differences; (4) find purported discrimination without identifying instances of bias or general sources; (5) rely on anecdotal information that they have not collected scientifically or verified; (6) do not examine disparities by industry; and (7) neglect to identify which racial and ethnic groups suffer from the disparities."

The report goes on to make sixteen recommendations for states regarding disparity studies including:

- scrapping disparity studies that are over five years old,
- ensuring that the methodology of a new study apply current social science research standards, use detailed analysis and statistical evaluation, and
- identifying businesses appropriate for state contracting and their capacity.