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Testimony before the General Administrative and Elections Committee

Monday, March 7th, 2011

11:00 AM in Room 2B of the LOB

Good morning/afternoon Senator Slossberg, Representative Morin and members of the Government Administration and Elections Committee. My name is Frank Sykes the Legislative Analyst of the African-American Affairs Commission (AAAC) a non-partisan state agency. This Commission is an advocate for the African-American community and accomplishes its mission primarily through research, policy analysis and advocacy. I am here today to speak in support of two bills: **House Bill (HB) 5974** – *An act redefining "minority business enterprise" AND* **House Bill (HB) 5877** – *An act concerning the set-aside program for minority business enterprises and establishing a supplier diversity council*

In reference to **(HB) 5974** there is concern within the African-American business community, the segment that receives state contracting, that African-American businesses, receive a smaller share of state contracting services than women owned businesses. While both classes are not always mutually exclusive, the issue is really about how certain non-minority businesses are able to secure set-aside contracting

opportunities, by masquerading or using minorities as cover to receive state set aside contracts. At this time the Commission has only anecdotal evidence to support this claim but has reason to be believe that fraudulent activity could be occurring, due to the way the program is structured. While the state set-aside program is intended to promote and foster the growth of minority owned businesses, meaning businesses owned by minorities in all the racial, ethnic and gender classifications the goal is obviously not to make one group have more access than another. Unfortunately this may actually be occurring under the current program. **(HB) 5974** – *An act redefining minority business enterprise seeks to avert this trend from happening by seeking to ensure that all classes under the state set aside program receive their equal share.*

This leads me into **(HB) 5877** – *An act concerning the set-aside program for minority business enterprises and establishing a supplier diversity council.* We thank Representative Gary Holder-Winfield for introducing this bill. The struggle to provide equal opportunity to minority contractors in state contracting has been with us for many years. There couldn't be a better time to address this issue considering the economic uncertainty many small businesses face today. There is enough evidence to suggest that small businesses are an engine for economic growth. These entities stimulate job growth and help build stronger vibrant communities. The most recent data we have available indicates that at some point prior to 2008 black owned firms represented 3.4 percent[1] of Connecticut businesses a very small part of the economy considering, African-Americans represent 10.4 percent of Connecticut's population.[2] The average unemployment rate in our state in 2010 was 9.2 percent, for African-Americans it was almost twice that at 17.2 percent.[3] There is consensus on both sides of the aisle that strengthening small business is an integral component in stimulating job growth and building stronger local economies. While the legislature has taken steps and implemented measures in addressing the problem of contracting nothing comprehensive has been implemented to examine the issue extensively. In the past, a

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[1] U.S. Census Bureau, *State and County Quick Facts, Black Owned Firms*
[2] U.S. Census Bureau, *Connecticut Population By Race and Ethnicity*
[3] Bureau of Labor Statistics, *Employment status of the civilian noninstitutional population by sex, race, Hispanic or Latino ethnicity, and detailed age, 2010 annual averages p — continued, http://www.bls.gov/lau/ptable14full2010.pdf*

number of studies have been conducted by the Commission on Human Rights and Opportunities (CHRO) attempting to determine whether disparities exist within the state contracting process. Unfortunately not all state agencies report making it difficult to arrive at any reliable conclusion. If this problem is to be resolved in due course, what is needed is a thorough examination and monitoring of the issue over a period of time. **(HB) 5877** seeks to accomplish this by addressing the concerns African-American owned businesses may have about state contracting opportunities. It looks at the problem on multiple levels hence it has our full support.

Thank you for the opportunity to testify.