



State of Connecticut
Latino and Puerto Rican
Affairs Commission

18-20 Trinity Street
Hartford, CT 06106
Tel. (860) 240-8330
Fax (860) 240-0315
E-Mail: lprac@cga.ct.gov
Web Site: www.cga.ct.gov/lprac

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Testimony of the Latino & Puerto Rican Affairs Commission

Before the Government Administration and Elections Committee (GAE)

March 7, 2011 ~ Room 2B of the Legislative Office Bldg., Hartford, CT

In Support of Bills No. 5974 “An Act Redefining Minority Enterprise” and H.B. No. 5877 “An Act Concerning the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Diversity Council.”

Good morning State Senator Slossberg, State Representative Morin and honorable members of the GAE Committee. My name Werner Oyanadel, Acting Executive Director of the State of Connecticut Latino and Puerto Rican Affairs Commission (LPRAC); I am here today to speak in support of Bills Number 5974 “An Act Redefining Minority Enterprise” and and H.B. No. 5877 “An Act Concerning the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Diversity Council.”

The Problems:

The way the set-aside program is designed state agencies can meet their “minority requirements” by sourcing with any of the eligible groups, and therefore can meet their requirements by sourcing with none or very little of any particular group. As a result, in FY 07/08 82 percent of contract dollars under the program went to women owned businesses and 15 percent of contract dollars went to racial/ethnic minority owned businesses.

- The goal of 6.25 percent was based on a disparity study conducted over 25 years ago and does not reflect current economic and business disparities.
- If racial/ethnic minority firms were to receive 3 percent of state contracts, it would amount to an estimated \$108 million per year instead of the \$4 million reported in FY 07/08. This \$100 million gap is contributing to lost opportunities for minority business development, minority community development and minority employment.

Proposed Solutions:

Connecticut At a Glance

Hispanic Population

424,000

Hispanics as Percent
of State Population

12%

Median Age of Hispanics

27

Median Income, Hispanics 16+

\$24,951

Poverty Rate,
Hispanics 17 and Younger

30%

Hispanics Without
Health Insurance

22%

Hispanic Homeownership

33%

Hispanics as Percent of
All K-12 Students

16%

Source: Pew Hispanic Center - 2008 Data

- Create an immediate and separate goal for racial/ethnic minority owned businesses as distinct from a goal for women owned businesses. LPRAC suggests that the goal for racial/ethnic contracts should be at least 5 percent of total state procurement.
- Conduct a new disparity study for the state to support the above mentioned goals in August of 2011 as suggested by State Representative Gary Holder-Winfield (D-94), Chairman of the Black and Puerto Rican Caucus.
- Allow the state to accept certification from the GNEMSDC¹ as proof of minority business status and eligibility to the state MBE program. For WBEs, allow the local WBENC office certify WBEs in the state, therefore bringing integrity to the program and saving the state money on the administration of the program and concentrating state efforts on compliance.
- There must be greater diversity among procurement professionals and senior management at state agencies and greater training of state procurement officers in areas of minority business utilization and information.
- Establishment of a Supplier Diversity Council comprised of the heads of State Agencies and External members from the MBE and WBE community that reports directly to the Governor's office.

Connecticut Business Demographics

There were 9,409 Latino-owned businesses in Connecticut in 2002 with 1.3 billion dollars in sales and receipts, which represented a 43% increase in Latino-owned firms and a 10% increase in sales

¹ GNECD – Greater New England Supplier Development Council



from 1997 to 2002. There were 1,281 Latino businesses in CT with 8,762 paid employees and an annual payroll of 224 million dollars before the beginning of the recession. The LPRAC is waiting for new information to be released shortly from the U.S. Census Bureau to analyze the impact of the recession on Latino business. However, the Latino purchasing power in Connecticut continues to increase. It was at 9 billion dollars in 2009, but is projected to increase by 2014.

Social Demographics

- 27.0% of Latinos are foreign-born.
- 32.5% of the Latino population is under 18 years of age.
- The median age for Latinos is 27.0, compared to 42.3 for whites and 31.5 for blacks.
- 77.3% of Latino Spanish-speakers 5 years and older speak English 'well or very well', and 22.7% speak English 'not well or not at all'.
- 82.1% of Latinos are U.S. citizens.
- 35.7% of Latino households are owner-occupied and 64.3% are renter-occupied.

LPRAC is a nonpartisan policy agency within the Legislative branch of government created in 1994 by an Act of the Connecticut Legislature. Under Public Act 09-07, the LPRAC consists of 21 appointed volunteers who are mandated to advise the General Assembly and the Governor on policies that foster progress in the Puerto Rican and Latino communities residing in Connecticut.