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PCSW

Permanent Commission on the Status of Women

The State's leading force for women's equality

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**Testimony of
The Permanent Commission on the Status of Women
Before the
Government Administration and Elections Committee
March 21, 2012**

RE: Proposed Substitute Language for SB 429, AAC the Set-Aside Program and the Percentage of Contracts Reserved for Minority Business Enterprises

Senators Slossberg and McLachlan, Representatives Morin and Hwang, and members of the committee, thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women (PCSW) regarding the above referenced bill.

PCSW is concerned about the proposed substitute language for SB429 which amends sections (a) and (b) of section 4a-60g to remove women from the definition of "minority" and to require that 50% of the contracts set-aside for minority business enterprises be reserved to businesses that are owned by ethnic minorities as opposed to women-owned businesses.

PCSW has a long history of supporting women and minority businesses enterprises (WBE and MBE) and has worked to remove barriers to growth. Last year we hosted a discussion with the Department of Administrative Services, Commission on Human Rights and Opportunities and a regional minority supplier group to address issues with the State's Supplier Diversity Program and steps to be taken to strengthen the program. It was agreed upon that any steps to change existing set-aside goals or to revise the definition of "minority" should *only* be done after a new state disparity study was completed.

The last disparity study for the State of Connecticut was done over 26 years ago. A new disparity study is targeted to be completed, with recommendations and findings, by January 2013. The new study will provide the General Assembly and state agencies an informed grounding by which to make their decisions. We agree with many who say that the current set-aside numbers are outdated and most likely lacking legal credibility according to a recent decision. The proposed language change is SB 429 may on some level hold the same problems. For the past two decades, majority women-owned firms have continued to grow at around two times the rate of all firms (42% vs. 24%).¹ An updated disparity study could determine that a greater percentage of state business should be set aside for women and minority owned businesses.

¹ The Center for Women's Business Research

For many women being a business owner is a means to economic security. Establishing and expanding one's clientele and doing business with the state are ways to grow a business and develop long term stability. We know a strong state set-aside program with accurate data and appropriate supports will lift both WBEs and MBEs and generate greater outcomes for everyone.

CT Specific Data

- In 2004 women-owned firms totaled 118,583 and generated \$12.3 billion in revenues. Women represented 30.5 percent of the self-employed persons in the state.²
- 72.2% of women owned business in Connecticut have less than \$500,000 in receipts and 27.7% have less than \$100,000 in receipts.³

Small businesses are the engine of growth for our economy. Research by the Office of Advocacy shows that small businesses create most of the nation's net new jobs, and they bring dynamic ideas, innovative services, and new products to the marketplace. They account for almost all of the nation's employer firms and generate half of non-farm private output. New business creation is key to a state's ability to increase its gross state product, state personal income, and total state employment.⁴

It is premature to move this proposed language forward at this time. An updated disparity study should be in place before these decisions are made and WBEs are cut out of the program. We offer our assistance in any efforts to address the concerns of small businesses. We look forward to continuing to work with you on this issue. Thank you.

² U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau

³ National Women's Business Council: Explaining State Level Differences in Women Owned Business Performance, 2006
<<http://www.nwbc.gov/ResearchPublications/documents/StateWOBPerformance.pdf>>

⁴ <http://www.sba.gov/advo/research/profiles/07ct.pdf>