

Jeré Eaton
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PrintabiliTees, LLC is a certified MBE, WBE, DBE and SBE Company

March 21, 2012

JVD

Testimony at the ~~GA&E~~ Committee Hearing
Legislative Building
Hartford, CT

RE: Separation of MBE and WBE Goals, Funding of the Disparity Study and Municipality Exemptions

Good afternoon Chairpersons Morin and Slossberg,

My name is Jeré C. Eaton and I am the owner/president of PrintabiliTees, LLC which is a small business located in and certified by the State of Connecticut as a WBE, MBE and DBE.

Last year, I testified before you regarding the separation of the State's set-aside goals for MBEs and WBEs. The result of which was approval of funding for a disparity study to be completed this year. Unfortunately, the Governor's office decided to pull funding for the disparity study although one has not been completed in over 25 years and the reports provided by all state agencies reflect huge disparities.

September 2011, along with six other racially ethnic minority business owners I met with the Connecticut Department of Transportation to address the lack of spend with racially ethnic MBEs. While we all agreed that based on the Connecticut laws the DOT was in compliance, morally their purchasing and contracting practices are wrong. However, after three meetings with the leadership of the DOT between October and January the messaging from the DOT was that we needed to have the laws changed.

Source:

Connecticut Department of Transportation Small Enterprise Quarterly Reports

	<u>Q4 2010</u>	<u>Q4 2011</u>	<u>FY 2011</u>
Total Spend	\$ n/a	\$156,749,405	\$575,257,485
White Female	\$1,180,777	\$ 1,328,268	\$ 5,843,406
Hispanic Male	\$ 75,000	\$ 96,794	\$ 462,070
Hispanic Female	\$ 19,260	\$ 0	\$ 41,703
Black Male	\$ 4,692	\$ 204	\$ 12,408
Black Female	\$ 0	\$ 0	\$ 0
Native American Male	\$ 0	\$ 0	\$ 0
Native American Female	\$ 0	\$ 0	\$ 0

Unfortunately, without a change in the laws most state agencies will not do what is morally correct and economically best for the State. Therefore, I request that immediately the State separate the MBE and WBE and restore the funding of the disparity study. While my company is both WBE and MBE certified, I make this request due to the fact that many WBE companies are simply fronts for larger white male owned companies with gross sales over \$15 million that disqualifies them for SBE status. These very large and successful companies that benefited for the set-aside programs over the years tend to create front companies which are registered under the names of family members or friends to continue to receive State set-aside contracts preventing the success and often sustainability of smaller WBE and MBE companies. These front companies are easy to detect as they will only seek certification from DAS. They know other agencies such as the DOT DBE program, WBENC and other states would discover the false reporting resulting in national reporting of the fraud and disqualification in all set-aside programs.

Last month, I challenged the DAS certification of a front company owned by the daughter of a much larger white male owned company that has been in business for over 65 years in the same industry. While the family owned company and the daughter's company share space, employees, equipment, etc. the findings of DAS was that the front company is a certified WBE. The results were provided after my communication was simply forwarded to the front company and they simply replied that they were not a front.

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Only the State of Connecticut will certify a company as a WBE when another family member has a very profitable similar business in the same industry. This is due in part to the lack of resources and funding of DAS. The lack of a real investment in DAS has resulted in a high number front companies, poor oversight of certification and great abuse within the contracting practices of the State. While there are efforts being made to dissolve the few advances of Civil Rights and Affirmative Action within CHRO, the strategy should be to increase the funding for oversight and punishment of the prevalent fraud in State contracting. With huge disparities in purchasing and contracting within State agencies, now is not the time to remove the oversight capabilities of CHRO.

Currently, municipalities are exempt from the set-aside law under the "Municipal Exemption". Over the past 10 years the amount provided to municipalities was \$5.7 billion. While municipalities with large minority populations contract with racially ethnic owned companies, cities like Greenwich, Avon, Westport and Gullford, all predominantly non-minority municipalities tend to not even invite minority owned companies to bid on State funded projects.

I live in Stamford which is the wealthiest large city in the State. While the minority population is upwards of 35% there is not a set-aside program established. While I am registered on the portal for the City of Stamford, very few if any opportunities are presented to me on their site or via the DAS site which is used to post some of their bids opportunities. As a matter of fact, last year there were three bid notifications that were sent to me via the Stamford system and unfortunately they were for items that I do not provide.

States and cities that are successful and have respectable certifying programs provide the appropriate funding and oversight. The State of Connecticut does an extremely poor job at certification and provides little to no oversight to ensure the credibility of the certification process. To put it prospective on how poorly DAS is funded, DAS has three people to provide certification and oversight throughout the State while the City of New Haven has invested fully with 15 people. Until the State of Connecticut invests the appropriate resources and funds into the certification and oversight processes of DAS and CHRO there will always be huge disparities resulting in a growing wealth gap for women and minorities vs. white males.

Thanks for your time.

Regards,

Jeré C. Eaton
Owner/President

C: Gov. Dannel Malloy
Alvin Bingham – CT CHRO
Glenn Cassis – AAAC
Mui-Mui McCormick - APAC
Scott Esdalle – NAACP
Gary Holder-Winfield – CT Black and Puerto Rican Caucus
Ted Hsu - Horizon
Fred McKinney – GNEMSDC
Rufus Wells – Minority Construction Council
Oyanadel Werner – LPRAC
Teresa Younger - PCSW

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