



DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF CONNECTICUT

165 Capitol Avenue
Hartford, CT 06106-1658

Proposed Bill 185
**An Act Establishing a Preference In The Award of State Contracts For Veteran-
Owned Businesses**

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Proposed Bill 384
An Act Creating a Set-Aside Program For Disabled Veteran Contractors

Veteran Affairs Committee
February 19, 2013

The Department of Administrative Services ("DAS") thanks the Committee for the opportunity to submit comments on these two concepts.

Proposed Bill 185 would require DAS to establish a preference for any Connecticut business owned by a veteran, as defined in C.G.S. 27-103. Proposed Bill 384 would require (DAS) Supplier Diversity to coordinate and implement new set-aside goals for executive branch agencies that spend in excess of \$10,000 on contracts, and require 3% of such contracts be set aside for "qualified disabled veteran contractors."

DAS would like to offer the following information for the Committee's consideration:

DAS Supplier Diversity is responsible for certification of MBE/SBE companies for possible set-aside opportunities on contracts let by executive branch agencies. C.G.S. § 4a-60g(7) already contains a set-aside component for disabled-owned companies, as that term is defined in law:

(7) "Individual with a disability" means an individual (A) having a physical or mental impairment that substantially limits one or more of the major life activities of the individual, which mental impairment may include, but is not limited to, having one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or (B) having a record of such an impairment.

Proposed Bill 384 would require a 3% set-aside for veteran-owned businesses. DAS cautions that establishing a separate "set-aside" goal for veterans may not achieve the benefits intended by the proponents. This concept assumes that there is a large pool of

businesses to create competition within the newly created set-aside group, then the state has created a well intentioned, but flawed set-aside provision that will not help the intended businesses receive more state contracts. Furthermore, DAS respectfully offers that, without an updated disparity study that establishes data demonstrating that qualified veteran-owned businesses are available to provide the goods and services purchased by state agencies but are nonetheless being underutilized on state contracts, a new set-aside requirement for such businesses is likely to be challenged on constitutional grounds.

Proposed Bill 185 would establish a "price preference" in the award of state contracts for any Connecticut veteran-owned business. From both a constitutional and administrative perspective, this mechanism is a more effective way to achieve the goals of these proposals. In essence, agencies make a policy decision to potentially "pay more" for a percentage of goods and services that come from veteran-owned companies. Numerous states have such policies and those policies appear to be constitutional.

Thank you for the opportunity to submit testimony. Please contact DAS's legislative liaison, Terrence Tulloch-Reid (860) 713-5085, if you have any questions or require further information.