



Testimony
Betsy Gara, Executive Director
Connecticut Council of Small Towns
Before the GAE Committee
March 17, 2014

The Connecticut Council of Small Towns (COST) *opposes* the provisions in SB-451 - AN ACT CONCERNING GOVERNMENT ADMINISTRATION, STATE CONTRACTING, REGIONAL SCHOOL BOARDS AND THE STATE ELECTIONS ENFORCEMENT COMMISSION, which require that certain municipalities establish set aside programs for minority and women-owned enterprises.

Although we support efforts to support minority and women-owned enterprises, the bill opens the door for more mandated reporting requirements on towns and cities. As drafted, the bill exempts municipalities with populations of less than 70,000. However, it creates a difficult and burdensome precedent, which we oppose as a matter of policy.

Under current law, municipalities may, by ordinance, set aside municipal contracts or portions of municipal contracts for award to small and/or minority contractors, on the basis of a competitive bidding procedure. This provides towns with the flexibility to craft a policy that supports small and minority contractors without imposing burdensome reporting requirements or higher costs on small rural and suburban towns that have little in the way of administrative support staff.

As drafted, SB-451 would impose another layer of regulatory oversight onto municipal projects valued at \$10,000 or more and impose additional reporting requirements on municipalities. For example, municipalities would have to notify DAS regarding the contracts set aside at the time the bid documents are available and enforce compliance with the requirements. The legislation would also require municipalities to accept letters of credit from small and minority contractors rather than performance bonds, which could create concerns.

According to a report by the state Department of Administrative Services that referenced the state Set-Aside program, prices paid for certain commodities and services may be higher under the program because Set-Aside program contractors are not competing against larger companies, who have the purchasing power to negotiate lower prices.

COST is therefore concerned that the bill will add to the overall cost of projects in addition to imposing administrative burdens on towns.