



DEPARTMENT OF ADMINISTRATIVE SERVICES



STATE OF CONNECTICUT

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House Bill 5792
**An Act Concerning the Set-Aside Program and the Percentage of Contracts Reserved
for Minority Business Enterprises**

Testimony of Commissioner Melody A. Currey

Government Administration and Elections Committee
February 25, 2015

As the agency responsible for administering the State's Set-Aside (or Supplier Diversity) Program, the Department of Administrative Services offers the following comments regarding House Bill 5792, An Act Concerning the Set-Aside Program and the Percentage of Contracts Reserved for Minority Business Enterprises.

The State's set-aside statute, C.G.S. §4a-60g, defines "small business enterprises" and "minority business enterprises" and directs agencies to set aside at least 25% of the total value of the contracts let by each agency for small business enterprises (SBEs) and to set aside at least 25% of those SBE contracts for minority business enterprises (MBEs).

A MBE, as defined by this statute, is defined as follows:

[A]ny small contractor (A) fifty-one per cent or more of the capital stock, if any, or assets of which are owned by a person or persons who (i) exercise operational authority over the daily affairs of the enterprise, (ii) have the power to direct the management and policies and receive the beneficial interest of the enterprise, (iii) possess managerial and technical competence and experience directly related to the principal business activities of the enterprise, and (iv) are members of a minority, as such term is defined in subsection (a) of section 32-9n, or are individuals with a disability, or (B) which is a nonprofit corporation in which fifty-one per cent or more of the persons who (i) exercise operational authority over the enterprise, (ii) possess managerial and technical competence and experience directly related to the principal business activities of the enterprise, (iii) have the power to direct the management and policies of the enterprise, and (iv) are members of a minority, as defined in this subsection, or are individuals with a disability.

C.G.S. § 32-9n (a) defines "minority" as:

1. Black Americans, including all persons having origins in any of the Black African racial groups not of Hispanic origin;
2. Hispanic Americans, including all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race;
3. all persons having origins in the Iberian Peninsula, including Portugal, regardless of race;
4. women;
5. Asian Pacific Americans and Pacific islanders; and
6. American Indians and persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

HB 5792 seeks to amend § 4a-60g to require that half of the contracts set aside for MBEs be reserved for MBEs "that are owned by members of a minority." It is not clear from this proposal how "members of a minority" would be defined.

The current set-aside statutes are based on a disparity study that is over 25 years old. DAS strongly believes that any attempt to change existing set-aside goals, to create new set-aside categories or to re-define the term "minority" must be supported with a disparity study. A new, up-to-date disparity study that identifies differences between the proportion of minority-owned business in Connecticut and the share of state contracting the businesses receive will provide data essential to the process of developing new, legally justifiable goals and definitions.

DAS thanks the Committee for this opportunity to submit testimony on this bill.