



DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF CONNECTICUT

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Senate Bill 948
AN ACT INCREASING OPPORTUNITIES FOR SMALL CONTRACTORS AND
MINORITY BUSINESS ENTERPRISES UNDER THE SET-ASIDE PROGRAM

House Bill 6906
AN ACT RAISING THE THRESHOLD FOR STATE CONSTRUCTION
CONTRACTS REQUIRING THE APPROVAL OF THE DEPARTMENT OF
ADMINISTRATIVE SERVICES AND COMPETITIVE BIDDING

Testimony of Commissioner Melody A. Currey

Government Administration and Elections Committee
Monday, March 2, 2015

Good afternoon Senator Cassano, Representative Jutila, Senator McLachlan, Representative Smith and distinguished members of the Government Administration & Elections Committee. For the record, my name is Melody Currey and I am the Commissioner of the Department of Administrative Services.

I am here today to testify in support of the Governor's proposal, **Senate Bill 948, An Act Increasing Opportunities for Small Contractors and Minority Business Enterprises Under the Set-Aside Program**. DAS applauds the Governor's continued leadership in providing opportunities for Connecticut's small and minority-owned enterprises (S/MBEs) to participate in state contracts.

Like the Governor, DAS is committed to this goal. During the past few years, DAS has taken a number of administrative steps to assist Small and Minority Business Enterprises (S/MBE) involved in the design professions and construction trades. Through community outreach, it has increased significantly the number of S/MBE's on the state labor contracts. State agencies and municipalities can use firms on a particular contract for trade work having a value up to one hundred thousand dollars. No formal bonding is required by statute or administratively.

Last session, the General Assembly, in response to a proposal submitted by DAS, enacted Public Act 14-188, which authorized DAS to develop an expedited bid process for minor capital projects (projects with a construction value of less than one million

five hundred thousand dollars), and within this process, set aside construction contracts having a value of more than one hundred thousand dollars, but less than five hundred thousand dollars, for S/MBEs. S/MBE firms are requested to submit qualifications and will be selected by DAS on the basis of past performance and experience with comparable work in the cost range of one hundred thousand dollars and five hundred thousand dollars. The companies will not be required to hold a DAS Prequalification Certificate nor demonstrate a bonding capacity in order to be pre-selected, and thus, have the opportunity to bid on state projects.

In order to be awarded a contract under current law, however, the S/MBE is still required to provide a bond to the awarding authority. DAS frequently hears from S/MBEs that they continue to experience great difficulty in obtaining bonding. DAS thanks Governor Malloy for submitting Senate Bill 948, which gives DAS the discretion to waive any bond requirements for public works projects under \$500,000 on the basis of satisfactory evidence of a S/MBE demonstrating successful completion of at least three projects of comparable scope and cost.

DAS thinks that this is a "win-win" situation for the State of Connecticut: the State will be able to get projects into construction more expeditiously with qualified S/MBE contractors, and the contractors will have the opportunity to develop and grow their businesses to a point where they can qualify for bonding and thus bid competitively on larger and larger projects. This will increase competition for the work, resulting in the best prices for the State and the development of the next generation of contractors. A strong construction industry, moreover, is vital to the overall financial well-being of the state. DAS whole-heartedly supports Senate Bill 948, and asks that the legislature continue its strong efforts in support of S/MBE contractors, by following the passage of P.A. 14-188 with the approval of Senate Bill 948.

I would also like to express my support for House Bill 6906, **An Act Raising the Threshold for State Construction Contracts Requiring the Approval of the Department of Administrative Services and Competitive Bidding**. Under current law, most state agencies are permitted to contract for and manage their own construction projects as long as the cost of the project is less than \$500,000. (Certain specifically identified agencies have authority to administer larger projects.) This \$500,000 threshold for agency-administered projects has been in effect for over 20 years. House Bill 6906 raises that threshold to one million dollars.

DAS agrees that it is appropriate for the threshold for agency-administered projects to be raised to one million dollars; this simply adjusts the threshold to account for inflation and allows DAS to focus its limited resources on the state's large construction projects.

Thank you for you for the opportunity to speak with you today about these two important bills.