



Testimony
Betsy Gara, Executive Director
Connecticut Council of Small Towns
Before the Planning & Development Committee
March 6, 2015

The Connecticut Council of Small Towns (COST) *opposes* the provisions in **SB-831, AN ACT ELIMINATING THE MUNICIPAL EXEMPTION FROM THE CONTRACT COMPLIANCE REQUIREMENTS IN STATE CONTRACTS.**

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.

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 proposed, SB-831 would impose another layer of regulatory oversight onto municipal projects and impose additional reporting requirements on municipalities. Although the language of the bill is not fully drafted, previous iterations of this bill would have required municipalities to notify the state Department of Administrative Services (DAS) regarding the contracts set aside at the time the bid documents are available and enforce compliance with the requirements. The legislation would have also required municipalities to accept letters of credit from small and minority contractors rather than performance bonds, which could create concerns.

According to a report by DAS 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.

Moreover, DAS has stated in its testimony that it does not have the staff or resources to administer this program. Unfortunately, when a state agency does not have sufficient staff or resources to administer a program, enforcement is generally shifted to the municipality.

Municipalities do not have the staff or resources to take on the additional burdens associated with this bill. Given that state aid to municipalities has been flat funded for several years while the cost of providing education and other services has increased significantly, every new mandate enacted this year will take money right out of the pockets of our taxpayers. COST urges lawmakers to reject this bill.