

## Senate Bill 831

### **An Act Eliminating the Municipal Exemption from the Contract Compliance Requirements in State Contracts.**

**Testimony of Commissioner Melody A. Currey**

**Planning and Development Committee**

**March 6, 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 **Senate Bill 813, An Act Eliminating the Municipal Exemption from the Contract Compliance Requirements in State Contracts.**

Under the current law, municipalities are exempt from the set-aside requirements that apply to state agencies and political subdivisions. SB 831 would eliminate this exemption and require all municipalities in the state to participate in the set-aside program. DAS is not taking a position on the proposed policy change; however presently the bill does not specify who will be responsible for establishing the set-aside goals for the municipalities. While DAS believes the intent of this proposal is laudable, DAS cautions that it does not have the resources to administer a set-aside program for municipalities.

Currently, the set-aside program applies to 82 state agencies (including colleges and universities) and 31 political subdivisions excluding municipalities. As the administrator of this program, DAS's supplier diversity unit analyzes the budgets of each participant, sets individualized set-aside goals for each participant, verifies that the vendors receiving the contracts are, in fact certified by the state as small or minority owned businesses, and offers training and assistance to the participants. (This work is in addition to auditing the records of companies that apply for small business or minority business enterprise certification and engaging in education and outreach in the business community.)

DAS is able to manage this workload effectively because all state agencies use the State's Accounting System, CoreCT. As a result, DAS has immediate access to the agencies' budgets and spends. In fact, through CoreCT, each time a state agency cuts a

purchase order, that information is automatically compared with the state's list of certified small business and minority business enterprise to determine if the contract can be counted toward the agency's set-aside goals.

It appears that SB 831 seeks to add all 169 municipalities to the state program, increasing the number of participating entities by 150%. The greater difficulty, however, is that none of the 169 municipalities are in the CoreCT system. Thus, every goal calculation would have to be done manually, hugely increasing the amount of time and resources required.

An added level of complexity is created by the fact that many municipalities have separate budget structures for their different boards and councils; for example, a town's board of education budget is often completely separate from its operating budget. These bills do not address how this factor should be considered in determining the set-aside goals and compliance.

Moreover, if the number of participating entities more than doubled, as proposed here, it is likely to prompt a similar increase in the number of vendors seeking certification, which in turn will increase the number of audits performed and disputes investigated by DAS. At a conservative estimate, if DAS became responsible for administering the set-aside program for municipalities, it would need at least five more full-time employees to handle the increased workload.

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