



DEPARTMENT OF ADMINISTRATIVE SERVICES



STATE OF CONNECTICUT

165 Capitol Avenue  
Hartford, CT 06106-1658

**Senate Bill 51**

**An Act Creating a Set-Aside Program for Disabled Veteran Contractors**

**House Bill 5954**

**An Act Establishing a Set-Aside Program for Disabled Veteran Contractors**

**House Bill 5952**

**An Act Establishing a Preference in the Award of State Contracts for Veteran-Owned Businesses**

**Testimony of Commissioner Melody A. Currey**

**Veterans Affairs Committee**

**February 17, 2015**

The Department of Administrative Services ("DAS") offers the following comments on three related bills:

- **Senate Bill 51, An Act Creating a Set-Aside Program for Disabled Veteran Contractors**
- **House Bill 5954, An Act Establishing a Set-Aside Program for Disabled Veteran Contractors**
- **House Bill 5952, An Act Establishing a Preference in the Award of State Contracts for Veteran-Owned Businesses**

SB 51 and HB 5954 would require DAS to coordinate and implement new set-aside goals for state and quasi-public agencies that spend in excess of \$10,000 on contracts and require that 3% of such contracts be set aside for "qualified disabled veteran contractors.

The DAS Supplier Diversity Unit is responsible for the certification of Small Business Enterprises ("SBEs") and Minority Business Enterprises ("MBEs") for possible set-aside opportunities on contracts let by executive branch agencies. C.G.S. § 4a-60g (7) already contains a set-aside component for companies owned by individuals with disabilities, as that term is defined in law:

(7) "Individual with a disability" means an individual (A) having a physical or mental impairment that substantially limits one or more of the major life activities of the individual, which mental impairment may include, but is not limited to, having one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders" or (B) having a record of such an impairment.

While DAS supports the goal of assisting veterans with disabilities to compete for state contracts, we caution that establishing a separate "set-aside" goal for veterans may not achieve the benefits intended by proponents. In order for a set-aside goal to be effective, there must be a large pool of businesses owned by veterans with disabilities that would create competition within the newly created set-aside group. If that group does not exist, then the state has created a well-intentioned but flawed provision that will not help the intended businesses receive more contracts.

Furthermore, DAS respectfully submits that any new set-aside requirement must be supported by an updated disparity study that establishes data demonstrating that qualified veteran-owned businesses are available to provide the goods and services purchased by state agencies but are nonetheless being underutilized on state contracts. Without such a study, a set-aside requirement is likely to be challenged on constitutional grounds.

HB 5952 would require DAS to establish a preference for any Connecticut business owned by a veteran, as defined in C.G.S. § 27-103. From both a constitutional and administrative perspective, this mechanism is a more effective way to achieve the goals of these proposals. In essence, agencies make a policy decision to potentially pay more for a percentage of goods and services that come from veteran-owned companies. Numerous states have such policies and those policies appear to be constitutional.

We thank the Committee for permitting DAS to comment on these bills.