



**House Bill 5246**  
**An Act Redefining "Small Contractor" For Purposes of the Set-Aside Program for Small Contractors**

**Testimony of Commissioner Melody A. Currey**  
**Department of Administrative Services**

**Government Administration & Elections Committee**  
**February 22, 2016**

The Department of Administrative Services ("DAS") is responsible for the administration of most executive branch contracts as well as the Office of Supplier Diversity which manages the state's set-aside program. As such, DAS would like to offer the following comments for the Committee to consider in reviewing HB 5246, An Act Redefining "Small Contractor" for the Purposes of the Set-Aside Program for Small Contractors.

Section 1 of the bill proposes to eliminate in the current definition of "small contractor" contained in C.G.S. § 4a-60g and replace it with the U.S. Small Business Administration ("SBA") classifications. These classifications consider which industry, as defined by the North American Industry Classification System ("NAICS"), the contractor belongs to, as well as number of individuals employed by the contractor, when determining their thresholds.

Instead of having one standard criteria against which all contractors seeking certification as a Small Business Enterprise are assessed, DAS will be required to adopt potentially hundreds of different standards. DAS's initial review of the NAICS reveals its broad scope:

Agriculture, Forestry, Fishing and Hunting - approx. 65 categories  
Mining, Quarrying and Oil and Gas Extraction - approx. 29 categories  
Utilities - approx. 14 categories  
Construction - approx. 40 categories  
Manufacturing - approx. 600 categories  
Wholesale Trade - approx. 75 categories  
Retail Trade- approx. 40 categories  
Transportation and Warehousing - approx. 120 categories  
Finance and Insurance - approx. 50 categories  
Real Estate and Rental and Leasing - approx. 30 categories



Professional, Scientific and Technical Services – approx. 60 categories  
Management of Companies and Enterprise – approx. 2 categories  
Administrative and Support Services – approx. 50 categories  
Educational Services – approx. 20 categories  
Health Care and Social Assistance – approx. 40 categories  
Arts, Entertainment and Recreation – approx. 30 categories  
Accommodation and Food Services – approx. 20 categories  
Other Services – approx. 40 categories

While DAS does not offer a position on the merits of this proposal, we want to clearly express that redefining the “small contractor” criteria to the federal SBA standards is a significant task that cannot be performed within existing staff and resources.

In order to implement this change in definition, the following programmatic changes and data conversions would be necessary:

- Supplier Diversity staff will need to document the referenced NAICS standards as dictated by the federal code;
- DAS will have to implement a new online application to reflect those standards to determine which standard is applicable to each business to ensure fair and accurate evaluation and certification decisions; and
- Supplier Diversity staff will also have to increase marketing efforts to educate the Connecticut business community about the new standards.

DAS would be happy to discuss this matter further with any interested parties, however, in this current budgetary climate, DAS simply cannot take on any new initiatives without the commitment of additional staffing to support those efforts.