

Labor and Public Employees Committee

JOINT FAVORABLE REPORT

Bill No.: HB-6476

Title: AN ACT CONCERNING A DISPARITY STUDY.

Vote Date: 3/18/2021

Vote Action: Joint Favorable

PH Date: 3/4/2021

File No.:

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SPONSORS OF BILL:

Labor and Public Employees Committee

REASONS FOR BILL:

There has not been a disparity study since 1992 and the data is outdated.

RESPONSE FROM ADMINISTRATION/AGENCY:

CT DEPARTMENT OF ADMINISTRATIVE SERVICES

This data will provide essential information in the process of developing new, legally justifiable goals and definitions. This study must identify the number of Minority Business Enterprises and non-MBEs who are ready, willing and able to perform work with the State of CT, identify the number of vendors in each category and analyze the results to determine if there is a disparity between the availability and utilization of these companies. They ask that any legislation requiring a disparity study that advances out of committee have DAS designated as the lead agency administering the request for proposal and disparity study in consultation with OPM and CHRO.

KONSTANTINOS DIAMANTIS, DEPUTY SECRETARY, OFFICE OF POLICY AND MANAGEMENT

The bill will have a fiscal impact that the General Assembly will have to prioritize in its budget deliberations. They support conducting this study in phases and recommend the following order of priority: Phase I. Vertical and horizontal construction contracts.

Phase 2. State agency goods/services contracts, including IT service and facilities-related services.

Phase 3. State agency health and human services contracts, including Personal Service Agreements.

Phase 4. Quasi-public agency contracts.

The precise amount of funding that will be allocated for the study will be determined in final budget deliberations. The number of phases that can be completed in one year will be determined by RFP results. They believe the study should be led by the Department of Administrative Services because it has statewide implications and implicates the Supplier Diversity Program at DAS. Also, OPM and CHRO should be included. They also ask for JFS language that specifies that DAS, in consultation with OPM and CHRO, develop an issue with RFP for the disparity study.

TANYA HUGHES, EXECUTIVE DIRECTOR, CHRO
CHERYL SHARP, DEPUTY DIRECTOR, CHRO

The set-aside program guarantees that comprehensive bidding and other contracting processes will give qualified but underutilized small businesses, and 25% of those small business for enterprises owned by women, ethnic minorities and individuals with disabilities, greater inclusion of historically disadvantaged persons in state funded public works contracts. It assures dollars will be turned over within the state and keep state dollars in local small businesses. The last disparity study was done in 1992 and diversity and economy has changed substantially in this time.

DAVID LEHMAN, COMMISSIONER, DEPT. OF ECONOMIC AND COMMUNITY DEVELOPMENT

A disparity study will help us better understand the utilization and availability of state contracts to minority, women, veteran, and disabled-owned enterprises. This is necessary to update existing set-aside statutes and other efforts for state contracting reforms. It should be noted that disparity studies are a national best practice standard and are conducted by state, regional and local governments across the United States.

NATURE AND SOURCES OF SUPPORT:

DON SHUBERT, CT CONSTRUCTION INDUSTRIES ASSOCIATION

For the sake of resurrecting the crucial and necessary process of rooting CT's set-aside program on solid legal footing, they support this bill. The current minority business enterprise program is not designed as a narrowly-tailored program and does not meet the strict scrutiny standard for justifying a race-based program. It would provide an analysis of existing statistical data concerning the state's set-aside program to determine whether its current form achieves the goal of facilitating the participation in state contracts of small contractors and minority business enterprises. The purpose of a minority business enterprise program should be to eliminate the discrimination in state contracting. The program now in place intends to achieve this objective, but the state must first show in a disparity study that discrimination exists in state contracting to justify the program. The success of CT's MBE/WBE program will depend greatly on the effectiveness of the disparity study.

CARL CHISEM, PRESIDENT, MUNICIPAL EMPLOYEES UNION INDEPENDENT, SEIU LOCAL 506, CT EMPLOYEES UNION INDEPENDENT, SEIU LOCAL 511

CT is one of the richest states in the nation, but it is also the #1 segregated state both racially and economically. As a result, huge inequities leave many to deal with education gaps, health disparities, unattainable home ownership and other hardships. The Pandemic has only exacerbated these inequities exposing economic challenges that were never imagined. It is time to face these problems and prioritize what really matters and address the unfairness that exists in our state. We must bridge the racial and economic gaps so that all can enjoy the

basic qualities of life, earning a living wage, having affordable healthcare, accessing high-quality education and even being able to save for a rainy day. The pandemic has only exacerbated these inequities.

LETICIA CONLIN De MAJIAS, INTERIM CHAIR, LATINO AND PUERTO RICAN AFFAIRS ADVISORY BOARD, CGA COMMISSION ON WOMEN, CHILDREN, SENIORS, EQUITY AND OPPORTUNITY (CWCSEO)

It is not a secret that disparities exist in our state. These long-standing social and economic disparities have been barriers to the health and wealth of our minority communities for far too long. They assert that lack of access to disaggregated data regarding these disparities has stood in the way of equitable policy making, planning and budgeting. Our communities seek equal support and equal opportunities to create new paths to stable social and economic improvement. Disparity studies have become a legally necessary step in the development of programs and policies that attempt to level the playing field for black and brown residents and businesses. These are not enough to create effective intervention, but they will identify opportunities for development and open doors. It is unfortunate that these studies must be done to justify programs to support communities of color. They offer these friendly amendments: Ensure the study is properly funded, ensure it accurately collects/reflects disaggregated data, oversight is completed by an inclusive and diverse committee, define appropriate scope and final deadline and make effective and efficient use of time and resources.

COLIN DAWKINS, MCM ACOUSTICS, INC

He has been in the construction industry since 1993, as an apprentice in the Carpenters Union and worked up to journeyman to become the best in what he does. As a black man in the union, work was not available as much as it was before. At the time, only 3 towns out of 169 asked for black and brown workers. This limited him in caring for his family. There is discrimination in policies and laws when employing black and brown workers while using CT tax dollars. Minority does not capture the essence of the struggle a black or brown person endures, especially in the construction industry. He suggests putting the city of Hartford set-aside program on all state projects, schools, colleges and all quasi-state agencies. The threshold for micro businesses is \$3 million now but should go up to \$6 million again. There should be separate black and brown contracts. A round table meeting should be held with the unions about PLA jobs when working with black and brown workers and stop putting money in roadblocks. "The state has been putting their knees in the backs of black and brown contractors' necks for years. We can't breathe."

JENNIFER LITTLE-GREER, EXECUTIVE DIRECTOR MINORITY CONSTRUCTION COUNCIL

The last time a Disparity Study was completed was in 1992. In 2013, an incomplete study was started, but never completed so the data was useless and no changes were made to identify the true percentages that should have been allotted to ethnic, Minority/Women/Disabled Business Enterprises. The State Budget and Finance Committee met and reported the State would be allocating over \$637million in 2021 in grants on 15 projects. With so may projects scheduled, this study is needed. This will ensure qualified, underutilized minority and disabled contractors can participate.

SAL LUCIANO, PRESIDENT, CONNECTICUT AFL-CIO

Inequities are deep-rooted in CT. Long standing social and economic disparity have been built into state and budgets, policies and procedures for generations. The COVID-19 pandemic exposed and deepened these inequities, especially in areas of public pre K-12 and higher education, healthcare access, mental health access, housing, and workforce development. Disparity studies can identify obstacles and opportunities and are an essential step in prioritizing policy changes that can provide greater equality.

STAN J. McCAWLEY, PRESIDENT, GREATER HARTFORD AFRICAN AMERICAN ALLIANCE

Extreme disparities exist between white and black contractors in CT spanning many decades and many ethnic minority contractors have lost their businesses waiting for their fair share of CT's construction work. When cranes go up and development begins, ethnic minority contractors are not seen working at urban job sites. They are not seen on highway projects that proliferate around urban centers and we don't see major construction projects or school building projects supporting black and Latinx contractors/laborers. Those who choose the construction industry are often kept out of good paying union jobs and are not able to obtain bonding or business loans so they can bid competitively on larger jobs. Racism, exclusion, mass incarceration and so may other 'isms' are prevalent throughout the banks, insurance companies and unions that have been major points of exclusion. Many ethnic minority contractors have been locked out of business loans and are unable to obtain the bonds necessary to secure some of the larger construction projects. Addressing these issues through the funding of a statewide disparity study will go a long way towards leveling the playing field.

BERNARD THOMAS, PRESIDENT

Greatly simplified, a disparity study evaluates the past contracting practices of local government that proposes to implement an MBE/WBE program within the market area from which the contractors doing business with the unit are drawn, and the availability of qualified MBE/WBE contractors within that market area in the trades used by the unit. The study analyzes whether there is a significant statistical disparity between the firms available and those used by the local government, attempting to control race-neutral factors such as firm size and experience. Such disparity is evidence of discrimination.

MAGALI VERDUGO, OWNER/PRESIDENT, AMERICAN BUILDING WRECKERS **CHARLES LaCONCHE, LABOR RELATIONS SPECIALIST**

His firm works primarily in the abatement and demolition industries. American Building Wreckers has had the good fortune of needed resources to sustain their business model through the good and bad times. Unfortunately, most MBEs & WBEs do not have this luxury. In order to level the playing field with more established firms, it is important to determine the percentage of construction work both in the public and private sectors performed by minority and women owned businesses. Many large cities have passed regulations to ensure that set-aside programs are available to the above-mentioned groups. These set-aside programs have not always guaranteed success to the companies they are aimed to help. A compilation of the amount of work MBEs & WBEs acquire is the necessary first step in order to determine the eventual success of any minority or women owned businesses. Employment and opportunity would be greatly enhanced by this study.

NATURE AND SOURCES OF OPPOSITION:

None submitted.

Reported by: Marie Knudsen, Assistant Clerk

Date: March 20, 2021