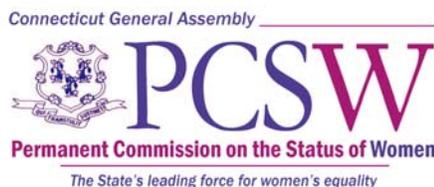


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**Testimony of
The Permanent Commission on the Status of Women
Before the
Government Administration and Elections Committee
March 7, 2011**

**RE: H.B. 5475, AAC State Contracting with Businesses Owned by Minorities and Persons with Disabilities
H.B. 5877, AAC the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Minority Council
H.B. 5974, AA Redefining “Minority Business Enterprises”**

Senators Slossberg and McLachlan, Representatives Morin and Hwang, and members of the committee, thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women (PCSW) in response to the introduction of **H.B. 5475, AAC State Contracting with Businesses Owned by Minorities and Persons with Disabilities, H.B. 5877, AAC the Set-Aside Program for Minority Business Enterprises and Establishing a Supplier Minority Council and H.B. 5974, AA Redefining “Minority Business Enterprises.”**

The three minority business bills introduced today are related. H.B. 5475 would require a study be done to determine whether there is disparity in state contracts, while H.B. 5974 would redefine minority business enterprise for the state-set aside program. H.B. 5877 would create separate set-aside programs for women and racial/ethnic minority businesses, would require 5% of all state contracts to be awarded to businesses owned by women or minorities, would require the state to conduct a disparity study and would establish a Supplier Diversity Council among other things.

PCSW has a long history of supporting women and minority businesses enterprises (WBE and MBE) and have worked to remove barriers to growth. For many women being a business owner is a means to economic security. Establishing and expanding one's clientele and doing business with the state are ways to grow a business and develop long term stability. We know a strong state set-aside program with accurate data and appropriate supports will lift both WBEs and MBEs and generate greater outcomes for everyone.

CT Specific Data

- In 2004 women-owned firms totaled 118,583 and generated \$12.3 billion in revenues. Women represented 30.5 percent of the self-employed persons in the state.¹
- 72.2% of women owned business in Connecticut have less than \$500,000 in receipts and 27.7% have less than \$100,000 in receipts.²
- From January 1, 2008 to November 10, 2008, 127 contracts were awarded to Minority Business Entities by state agencies that use the CORE-CT system; the state's integrated financial, human resources, and payroll system.³

Connecticut's Supplier Diversity Program, requires state agencies to set aside at least 25% of the total value of the contracts they let for construction, goods, and services each year for bidding exclusively by state-certified small businesses.⁴ A small business is any company doing business and having its headquarters in Connecticut for at least a year, with gross revenues of less than \$10,000,000 in the last fiscal year, with 51% ownership held by person(s) who exercises the operational authority over the daily affairs of the business and has the power to direct the policies and management and receives the beneficial interests of the business.⁵ Under the Supplier Diversity Program women are included in the definition of minority businesses. WBE are part of the 6.25% goal for state contracts to be awarded to minority OR women owned enterprises.

The foundation of H.B. 5475 and H.B. 5877 is a new disparity study. The last disparity study for the State of Connecticut was done over 25 years ago. To provide accurate information to the Supplier Diversity Program a new disparity study needs to be done. The targeted set-aside numbers currently being used are outdated and most likely lacking legal credibility according to a recent decision. For the past two decades, majority women-owned firms have continued to grow at around two times the rate of all firms (42% vs. 24%).⁶ An updated disparity study could determine that a greater percentage of state business should be set aside for women and minority owned businesses. The study will give the General Assembly and state agencies an informed grounding by which to make their decisions.

Other components of H.B. 5877 including separating out the set-aside programs for women and racial/ethnic minorities and changing the requirement of state contracts to 5% for minority businesses are noble charges but should coincide with the outcomes of a new disparity study. We would agree that greater training of state procurement officers and certification standards that protect the people from fraudulent practices are needed immediately. These activities should not be privatized but rather remain a part of DAS with appropriate supports. Finally, the concept of a Supplier Diversity Council composed of state agencies and representatives from the women and minority businesses has great promise.

Small businesses are the engine of growth for our economy. Research by the Office of Advocacy shows that small businesses create most of the nation's net new jobs, and they bring dynamic ideas, innovative services, and new products to the marketplace. They account for almost all of the nation's employer firms and generate half of non-farm private output. New business creation is key to a state's ability to increase its gross state product, state personal income, and total state employment.⁷

¹ U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau

² National Women's Business Council: Explaining State Level Differences in Women Owned Business Performance, 2006
<<http://www.nwbc.gov/ResearchPublications/documents/StateWOBPerformance.pdf>>

³ OLR Research Report, State Contracts Awarded to Minority Contractors, November 2008

⁴ OLR, Microbusiness Set-Aside Programs, October 2008

⁵ DAS State Set Aside Program, July 2008

⁶ The Center for Women's Business Research

⁷ <http://www.sba.gov/advo/research/profiles/07ct.pdf>

The State of Connecticut can not wait any longer to invest in the WBEs and MBEs in the state. We offer our assistance in any efforts to address the concerns of small businesses. We look forward to continuing to work with you on this issue. Thank you.