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**Testimony of  
The Permanent Commission on the Status of Women  
Before the  
Government Administration and Elections Committee  
March 17, 2014**

**Re: S.B. 452, AA Implementing the Initial Findings of the Disparity Program Concerning the Minority Business Set-Aside Program**

Senators Musto and McLachlan, Representatives Jutila 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) regarding the above referenced bill.

Despite the fact that a disparity study has not been completed, S.B. 452 would implement the recommendations submitted by the Connecticut Academy of Science and Engineering (CASE) in its Phase 2 Report by: changing the Small Business Enterprise program to separate out Minority Business Enterprises (MBE) and Women's Business Enterprises (WBE); and adopting and redefining terminology to determine goals for reserving contracts for MBEs and WBEs, which would make several significant administrative changes to the program.

**Impact on CT Women:** When compared nationally, Connecticut ranks 30<sup>th</sup> in the growth of women-owned businesses.<sup>1</sup> Between 1997 and 2012, Connecticut increased 40% in the number of women-owned firms.<sup>2</sup> In 2011, Connecticut women-owned firms totaled 97,700, an increase of 4.5% from 2007, and generated \$15.4 billion in revenues.<sup>3</sup> Seventy-two percent ( 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.<sup>4</sup> For many women business owners, establishing and expanding one's clientele and doing business with the state are ways to grow a business and

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<sup>1</sup> The State of Women-Owned Business Report (March 2012). Retrieved from <<http://openforum.com/womenbusinessreport>>.

<sup>2</sup> Ibid.

<sup>3</sup> Hartford Business (2011), *Women-Owned Businesses Growing in Connecticut*. Retrieved from <http://www.hartfordbusiness.com/news17960.html>>..

<sup>4</sup> National Women's Business Council (2006), *Explaining State Level Differences in Women Owned Business Performance*. Retrieved from <<http://www.nwbc.gov/ResearchPublications/documents/StateWOBPerformance.pdf>>

develop long term stability. A strong State set-aside program with accurate data and appropriate supports will lift both WBEs and MBEs generate greater income for everyone.

Over the past few years, PCSW has participated in workgroups and discussions with the Department of Administrative Services, the Commission on Human Rights and Opportunities, the African-American Affairs Commission, the Asian-Pacific Affairs Commission, and the Latino and Puerto Rican Affairs Commission, and a regional minority supplier group to address issues to strengthen the State's Supplier Diversity Program. Since the last disparity study for the State was done almost 30 years ago, **we agreed that a study needed to be completed prior to making any changes in the existing set-aside goals.** A disparity study will provide the General Assembly and state agencies with information to make a decision based on the actual numbers of women and minority-owned businesses. We agree with many who say that the current set-aside numbers are outdated and most likely lacking legal credibility; however making changes without the necessary data may present the same or additional problems.

We understand that the proponents of this bill may be frustrated that the disparity study is taking longer than anticipated; we understand that they want to see change now; however making change without the facts could prove to be detrimental. Since there has been no analysis of the current status of WBEs and MBEs, **any** changes may prove to be detrimental to women-owned businesses. We urge the General Assembly to have an updated disparity study in place before making any changes to the existing program.

We offer our assistance in any efforts to address the concerns of women-owned businesses. We look forward to continuing to work with you on this issue. Thank you.