

PUBLIC OVERSIGHT HEARING ON

**CONTRACTING AND PROCUREMENT IN THE
DISTRICT OF COLUMBIA: THE UTILIZATION OF
LOCAL, SMALL, AND DISADVANTAGED BUSINESS
ENTERPRISES**

**Before the
Committee on Government Operations
Council of the District of Columbia**

The Honorable Vincent B. Orange, Sr., Chairman

**February 3, 2005, 10:00 a.m.
Council Chamber**



**Testimony of
Jeffrey Young
Chief Operating Officer
D.C. Lottery and Charitable Games Control Board**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Orange and members of the Committee on Government Operations. I am Jeffrey Young, chief operating officer for the D.C. Lottery and Charitable Games Control Board (D.C. Lottery). I am pleased to appear before you on behalf of Jeanette Michael, executive director of the D.C. Lottery, to present testimony on the agency's utilization of Local, Small, and Disadvantaged Business Enterprises (LSDBEs).

Historically, the D.C. Lottery has been in compliance with the Equal Opportunity for Local, Small, and Disadvantaged Business Enterprise Act (the Act), D.C. Code Section 2-217.01. The D.C. Lottery has filed its quarterly reports and spent more than 50 percent of its discretionary operating expenses with LSDBEs. In addition to compliance, the D.C. Lottery has a history of supporting the participation of LSDBEs in its procurement and contracting. In FY 2002, the agency pioneered its LSDBE Vendor Fair. Since then, to ensure that we continue to support the growth and success of local, small, and disadvantaged businesses, the D.C. Lottery has continued to sustain its outreach to established and potential LSDBE vendors. The outreach efforts include:

- Updating the Lottery's prospective vendor list application form, which includes the 20 work categories currently used by the D.C. Lottery;
- Providing correspondence that contains critical contracting and contact information to the Office of Local Business Development, and
- Forwarding LSDBE certification application and instruction documents to prospective vendors.

As a result, the D.C. Lottery's outreach efforts to LSDBE vendors continues to be successful. In fiscal year 2004, the D.C. Lottery had an appropriated budget of \$242,754,700. The operating expenses were \$231,381,922, which left an expendable budget of \$11,372,778. Of this amount, the D.C. Lottery spent \$6,843,630.68 on LSDBE-provided goods and services. We reserved a total of \$5,686,389 as our annual set-aside target to be utilized for LSDBE sources, and we exceeded our expenditure goal. As the Lottery's chief operating officer, I ensure compliance with the requirements of the LSDBE Act, and the Lottery's budget director identifies the expenditure target and prepares the LSDBE reports.

The D.C. Lottery's fiscal year 2004 LSDBE procurements included printing, moving, office supplies, IT services (hardware and software), and the online gaming system and services. Certified LSDBE vendors handle a significant amount of the agency's advertising and promotional campaigns. The LSDBEs contracted for these jobs have demonstrated exceptional creativity and produced high quality materials.

And, pursuant to the LSDBE Act, in fiscal year 2004, the D.C. Lottery awarded contracts to LSDBEs in the following amounts:

- ❑ Small Businesses – 100 percent
- ❑ Local Businesses – 100 percent
- ❑ Disadvantaged Businesses – 67 percent

The D.C. Lottery expects to meet the goals of the LSDBE Act in FY 2005.

The D.C. Lottery values the support of the LSDBE program and its impact on the community. The LSDBE program offers small firms the opportunity to build capacity, establish credit, and increase employment in the community.

Thank you, Mr. Chairman and other members of the committee, for this opportunity to testify on an important policy issue in the District of Columbia. We are prepared to respond to any questions that you may have.

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