



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

State Leaders Call for Increased Access to Capital and Opportunity for Minority and Women Owned Businesses (MWBE)

RUTH HASSELL-THOMPSON March 4, 2010

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Public hearing aimed at strengthening MWBE program

(Albany, NY) Opportunities for New York's minority and women-owned businesses to secure their fair share of state contracts was the subject of a hearing today by the New York State Senate Majority MWBE Task Force, The New York State Black, Puerto Rican, Hispanic and Asian Legislative Caucus and the Assembly Sub-Committee on Oversight of MWBE.

Representatives from state agencies as well as the private sector addressed measures to increase MWBE participation in state contracting. New York State currently falls behind eight other states in spending with MWBEs despite being one of the most ethnically diverse, with the second highest number of women-owned business enterprises (WBEs) and third highest number of minority-owned business enterprises (MBEs) in the nation.

New York State enacted the Minority and Women Business Enterprise (MWBE) program in 1988 by Executive Order under Article 15-A of the Executive Law to increase participation in state contracts by minority and women-owned business enterprises.

"We must strengthen Article 15-A so that it is an effective law providing clear administrative and enforcement measures for the accountability called for in providing equal opportunities for minority and women owned businesses in New York State," said Senator Ruth Hassell-Thompson (D-Bronx-Mt. Vernon), Chairwoman, Black, Puerto Rican, Hispanic, Asian Legislative Caucus. "By expanding the legislation to include all areas of state procurement and contracting, including professional and financial services, this reform will go a long way towards providing true equal opportunity for MWBEs in this, the most diverse state in the country."

"New York State with its incredibly diverse population is poised to be one of the strongest and most progressive states for Minority and Women owned businesses. I remain committed to promoting greater economic opportunities for businesses owned and operated by women and minorities," said Senate President Pro Tempore Malcolm A. Smith.

MWBEs are essential to creating jobs. Between September 2008 and September 2009, New York State lost 236,000 jobs, a disproportionate percentage of which hit women and ethnic minority groups. Studies consistently show that MBEs are more likely than nonminority-owned businesses to locate in minority communities and employ minority workers. One result of increasing access to capital and opportunity for

MWBEs, therefore, is stimulus for job creation across the state. Small businesses are responsible for a major share of job creation in New York.

“The only way this community will achieve its goals and create new economic opportunities for minority and women owned businesses is by uniting forces. Small Businesses and MWBEs will provide the backbone and foundation required to lift our economy out of this recession. Today’s hearing is an important part of empowering minority businesses to participate in the legislative process and help shape their own future,” said Senator Antoine Thompson (D-Parts of Erie & Niagara Counties).

Advocates at today’s hearing stressed the need to strengthen Article 15-A of the State’s Executive Law, which determines how state agencies award contracts, business, and employment opportunities to minority- and women-owned businesses. Measures would include: enlarging the number of state agencies covered; including the use of MWBEs in financial and professional services in state contracts; specifying the diversity practices used to judge vendors; clarifying state agency reporting requirements; and establishing a “public authorities procurement council” composed of senior leaders from state agencies and representatives of the private sector.

Other recommendations discussed at today’s hearing included:

- Provide more funding to the Division of MWBE services to enable stronger compliance, monitoring and technical assistance.
- Economic Development Grant to develop MWBE capacity in partnership with NYS Fortune 500 corporations.
- Establish consequences for state contractors in non compliance.
- Legislation to expand the coverage of MWBEs to financial and professional services.

Proposed legislation would require state pension plans to make a good faith effort to use Emerging Investment Managers and other MWBE financial institutions.

Assemblywoman Crystal Peoples-Stokes, Chair of the Assembly Sub-Committee on Oversight of MWBE said, “This hearing provided legislators and stakeholders an opportunity to come together and explore ways to expand the participation of MWBE access across the state. The reform of article 15-A, and the passage and implementation of the emerging manager legislation will only increase access to resources and opportunities. Now is the time to move forward and level the playing field while this window of opportunity exists to succeed.”

MWBEs must often expand in order to take advantage of state contracting opportunities. However, MWBEs have historically had difficulty obtaining access to capital essential for expanding. This problem has become especially critical now in midst of a global credit crisis. Capital is beginning to tighten and businesses are finding it tougher to finance their growth.

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