



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

## Majority Boosts Minority and Women-Owned Businesses

RUTH HASSELL-THOMPSON July 13, 2010

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*Majority Passes the 2010 Business Diversification Act; the New York State MWBE Asset Management and Financial Institution Strategy Act and Secures Budget Reform to Ensure MWBEs Get Fair Access to Capital for Expansion*

(Albany, NY) The Senate Democratic Majority, promoting new opportunities for the business growth and expansion of minority and women-owned business enterprises (MWBE), has passed a legislative package (S8314, S8313, S8312) which will:

- Ensure fairness in the contract awarding process for minority-owned and women-owned businesses.
- Require more stringent reporting requirements for agencies and prime contractors.
- Enact clear and targeted regulatory changes to reflect best business practices in the state's procurement process.

The Senate has also passed an asset management strategy bill (S6888C) which will encourage and increase the participation of minority and women-owned financial firms with respect to the investment of assets that are held by state fiduciary-controlled entities.

These measures have also passed the Assembly.

Additionally, the Senate guaranteed a major victory for MWBEs in this year's budget by passing language which makes loans from the \$25 million Small Business Revolving Loan Fund targeted to MWBEs and other small businesses that have had difficulty accessing traditional credit markets.

Senator Ruth Hassell-Thompson (D-Mt. Vernon) said, "For far too long, New York State has lagged behind with respect to its contract expenditures with Minority and Women's Business Enterprises (MWBEs). New York has many professional firms that are owned by talented individuals of diverse backgrounds and it is incumbent upon the State's fiduciary-controlled entities, public authorities and agencies to develop and codify a strategy aimed at inclusion and meaningful participation by MWBEs across New York State. These bills ensure that best-practices are institutionalized, with respect to contracting opportunities for MWBEs."

Senator Antoine M. Thompson (D-parts of Erie and Niagara Counties) said, "What these pieces of legislation will do is level the playing field for Minority and Women Business Enterprises in the state of New York. This is one of the strongest legislation packages that will help MWBEs create jobs and build community wealth."

Majority Conference Leader John L. Sampson said, "Our legislation benefits all New Yorkers by promoting inclusion in the state procurement process and expanding access to credit for those business owners who have had trouble accessing traditional capital markets. If we are going to remedy discrimination in state contracting programs, it is necessary to implement procurement procedures in a manner that will ensure the utilization of MWBEs as well as asset managers."

This landmark legislation resulted largely from the publication of the 2006 disparity study, commissioned by the Empire State Development Corporation, which evaluated whether

minority and women-owned businesses had full and fair opportunity to participate in state contracting. According to the findings of the study, overall MWBE availability for state procurements is roughly 29 percent, while the actual utilization is only 5 percent, a disparity of over 17 percent.

The Majority Conference's commitment to MWBEs will help to fix that problem with increased access to capital and a more robust MWBE statewide program. Besides the Small Business Revolving Loan Fund, the Majority's legislative package establishes beneficial avenues for MWBEs seeking to do business with the state.

Championed by Senator Ruth Hassell-Thompson, these bills:

- Enact the 2010 Business Diversification Act, which is a comprehensive remedy to the disparity between the number of MWBEs ready, willing and able to qualify for procurement contracts, versus the number actually awarded.
- Enact the New York State MWBE Asset Management and Financial Institution Strategy.
- Set statewide goals for contracting with certified MWBEs.
- Establish measures and procedures to ensure maximum feasible participation by MWBEs in state contracting.
- Require agencies to engage in good faith efforts to meet the goals they have adopted.
- Establish the "Chief Diversity Office" with the Executive branch tasked with ensuring goals are met and revised as needed.
- Raise the ceiling under which purchases could be made without competitive bid from MWBEs and small businesses from \$100,000 to \$200,000.

- Require that each state public authority establish goals for contracting with certified MWBEs in accordance with the 2010 Disparity Study, designate senior staff to oversee the authority's MWBE program, and provide notice of procurement opportunities to MWBEs.
- Impose a personal net worth cap on the ownership of certified MWBEs and require that such certification be limited to small businesses.