

TESTIMONY

BY

DEPUTY COMMISSIONER

DYNISHAL GROSS

NEW YORK CITY

DEPARTMENT OF SMALL BUSINESS SERVICES

BEFORE

THE COMMITTEES ON SMALL BUSINESS,

CONTRACTS AND THE SUBCOMMITTEE ON COVID

RECOVERY AND RESILIENCY OF THE

NEW YORK CITY COUNCIL

MONDAY, APRIL 4, 2022

Good morning, Chairs Menin, Won, Moya and members of the Committees on Small Business, Contracts, and COVID Recovery and Resiliency. My name is Dynishal Gross, and I am the Deputy Commissioner for the Division of Economic & Financial Opportunity (“DEFO”) at the Department of Small Business Services (“SBS”). I am joined by Johnny Celestin and Jee Kwon from the Mayor's Office of Minority and Women-owned Business Enterprises (“OM/WBE”) and Kim Yu, Chief of Staff at the Mayor’s Office of Contract Services (“MOCS”). I am pleased to testify today about the performance of the City’s minority and women-owned business enterprise (“M/WBE”) program, particularly during the COVID-19 pandemic.

SBS aims to unlock economic potential and create economic security for all New Yorkers by connecting them to good jobs, creating stronger businesses, and building vibrant neighborhoods across the five boroughs. In pursuing this mission, DEFO is focused on ensuring the meaningful participation of businesses owned by individuals from groups that have been demonstrated to have been underutilized in the government procurement process. MOCS, OM/WBE, and a host of City agencies and non-mayoral entities are our close partners in this important work.

SBS works to attract firms to the M/WBE program, to assess their eligibility for certification, and to support their success in government procurement through business education, technical assistance, and other capacity building initiatives. Through these interventions, we increase their participation in public sector contracting, and help these businesses survive and grow. In 2021, 70% of the certified M/WBEs that won a contract with the City had used an SBS service beforehand.

In addition, we help to ensure City buyers can connect with certified firms and have the training and guidance to meet their M/WBE program obligations. I invite you to visit the recently updated Online Directory of Certified Firms at nyc.gov/buycertified to learn about the excellent firms that participate in the program.

There are currently more than 10,700 M/WBEs certified by New York City, a number that has doubled since 2018. 56% of those firms are woman-owned, with the remaining 44% majority-owned by men. 31% of firms are Black-owned, 21% are Asian-owned, 17% are Hispanic-owned, less than 1% are Native American-owned and 30% are owned by non-minority women.

The COVID-19 pandemic created new challenges for government, for the private sector, especially small businesses, and for neighborhoods and individuals. The M/WBE program proved to be an important and flexible tool, contributing to the City's response and supporting the survival of M/WBE firms.

SBS transitioned to an online M/WBE application system pre-pandemic, in December 2018. This change has been critical to the program's growth and it allowed the work of certification to continue uninterrupted after SBS' office closed in March 2020. We also transitioned quickly to virtual delivery of business education, capacity building and technical assistance services, meeting our M/WBE clients wherever they were with the supports they required. This included continuing intensive programs like the Bond Readiness cohort, which helps businesses qualify for or increase their bonding to support performance on larger construction contracts. We expanded the content of our Selling to Government business education portfolio to include the full contracting process, from bidding to negotiations and through performance, closeout

and subsequent audits. We also launched an M/WBE peer mentoring program, giving newer M/WBEs access to expertise developed by predecessors who have experienced success in the program. Nearly 800 M/WBEs attended M/WBE Mentor sessions in FY21.

Self-identified M/WBEs and those in our certified pool were included in all of the work SBS did to help small businesses survive the financial impacts caused by public health related closures, restrictions, and supply chain interruptions. For example, two industry partnerships led by SBS, the NYC Manufacturing and Industrial Innovation Council (MaiiC) and the Tech Talent Pipeline, partnered to rapidly create the MaiiC Reopening Supplies Marketplace, an online listing developed to help local businesses find personal protective equipment. 33% of suppliers listed in the marketplace were M/WBEs. We were also able to revise the terms for the Contract Financing and Loan Fund for M/WBEs, reducing the interest rate from three percent to zero percent for emergency contract performance. Since the inception of the program in 2017 through the second quarter of FY22, 147 contract financing loans have been awarded, with a total value of \$35,906,437. 34 of those, valued at 8,404,908.82, were 0% loans awarded during the pandemic.

Executive Order 59, issued on July 28, 2020, encouraged all City agencies to procure goods, services, and construction from M/WBEs for amounts up to \$500,000. It also provided for City agencies to set M/WBE participation goals for contracts relating to COVID-19 response and required agencies to consider at least one quote from an M/WBE before awarding a contract related to the COVID-19 response. Finally, it required the appointment of a Chief Diversity Officer in all City agencies.

Executive Order 59 is one example of the kind of innovation that has characterized the City's pursuit of increased equity through the M/WBE program. Other innovations have included seeking and winning the authority to increase the threshold for discretionary contracting from \$20,000 dollars to \$500,000, and creating the One NYC program, with added M/WBE spending goals for non-mayoral agencies. The impact of these changes can be measured in dollars and cents. The City has awarded over \$21.4 billion, or 86% of the total 10-year \$25 billion target, to M/WBEs under the OneNYC program since the start of FY15 through FY21.

Without a doubt, there is more work to be done. The Mayor shares this belief and has laid out a bold recovery plan with a focus on equity and inclusivity to provide opportunity to every New Yorker. "Rebuild, Renew, Reinvent: A Blueprint for New York City's Economic Recovery" lays out five pillars, with more than 70 concrete initiatives, to create opportunities, connect more M/WBEs to city contracts, and help speed the recovery.

Some key M/WBE items from the plan include:

- Upgrading M/WBE oversight, data collection, and compliance to improve outcomes, including improvements to data systems at the Mayor's Office of Contracting Services and new **dashboards** for contracting agencies.
- Calling on the State Legislature to raise the **discretionary threshold for the M/WBE Noncompetitive Small Purchase method to \$1.5 million.**
- **Building out the M/WBE Program at the New York City Housing Authority (NYCHA).** NYCHA's \$2 billion procurement budget presents a major opportunity for M/WBEs. The Mayor's Office of M/WBEs will work closely with NYCHA to

implement M/WBE Prequalified Lists (PQLs), launch a comprehensive vendor mentorship and apprenticeship program, and improve NYCHA's vendor outreach and communications.

- **Expanding use of M/WBE-only PQLs.** PQLs offer an excellent opportunity to direct City spending strategically and exclusively to M/WBEs. The Mayor's Office of M/WBEs will partner with City agencies to strategically identify contracting areas that have a high number of proven M/WBE firms, build out and maintain a list of prequalified firms, and get contracts in the pipeline that use these PQLs.
- Working to amend M/WBE program rules to **recognize the M/WBE status of firms certified as M/WBEs by other governmental entities.** We will also work with our State, MTA, and Port Authority partners to help them respond in kind, expediting certification for any firm that is already certified by the City of New York.

Now for a moment, I would like to turn to the proposed bill, Intro 14. Data that reveals the existence of disparity between the presence of willing and capable firms in the City's geographic market and the actual participation of those firms in City procurement is the foundation of our M/WBE program. Transparency in sharing data on those disparities and in our efforts to close them are pillars of the City's M/WBE program philosophy. So, we certainly share Council's belief that the data we rely on and share should be as current as possible. At the same time, we understand the complexity of performing and delivering a robust and reliable disparity study. For these reasons, we support the spirit of the proposal and hope to work with you over the course of the legislative process to craft a bill that addresses these concerns in a practicable manner.

The City is committed to making New York a more equitable and inclusive place for M/WBEs to operate. We know that working closely with the Council is critical to achieving this shared goal. Together, we can seize on the immense opportunities from the City's annual contracting and provide more opportunity to M/WBEs. I look forward to our continued partnership and thank you for your time today. We welcome any questions you may have.



**Written Testimony of LISC NYC
New York City Council
Committee on Small Business; Committee on Contracts;
Subcommittee on COVID Recovery and Resiliency**

Monday, April 4, 2022

My name is Valerie White; I'm the executive director of LISC NYC, a community development non-profit committed to closing the racial wealth gap and creating a more equitable, inclusive, and sustainable New York City through direct investment in affordable housing, minority-owned businesses, and community-based partners. Our organization is the flagship New York City office of the national Local Initiatives Support Corporation (LISC).

Minority- and women-owned enterprises have long faced a chasm of opportunity across all sectors of the economy. Whether it be minority- and women-owned development firms unable to access a steady pipeline of public contracts or minority- and women-owned small businesses without the resources or networks that their counterparts in business depend upon to be successful, these M/WBEs have never *not* faced an uphill battle. The pandemic has taken that inequity to a new level.

It's why LISC NYC developed programs for minority- and women-owned enterprises throughout the pandemic to ensure that these businesses not only survive the economic devastation of the past two years, but that they also have the resources they need to turn the corner on the COVID-19 pandemic and become real competitors in the city's hypercompetitive class of businesses. We developed a Small Business Relief and Recovery Grant that provided millions of dollars in financial relief for more than a hundred M/WBEs, and we also worked with the grant recipients to ensure they have the technical assistance and training needed to sustain their operations into the long-term – including guidance related to business sustainability, advice on compliance with new regulations, and information about how to access legal assistance, financial resources, and training and mentorship opportunities. We initiated a Developers of Color Training Program to help minority development firms become more competitive in New York City's real estate industry, connecting them with the networks that would help them win more public construction and development contracts. And, we also forged a public-private partnership with the Dormitory Authority of the State of New York to help M/WBEs access the lines of credit and financing needed to bid on public contracts in the first place.

There's been important efforts over the past few years to ensure that M/WBEs are prioritized in the city's economic development plans, but it's critical that more continues to be done to close the gaps in opportunity that have for too long left many Black-, brown-, and woman-owned businesses to be forgotten. It's clear that the Adams administration is on the right track.

We support all tenets outlined in Mayor Adams' Blueprint for New York City's Economic Recovery related to expanding the participation of M/WBEs on public contracts. From upgrading M/WBE oversight, data collection, and compliance to improve outcomes to raising the discretionary threshold for the M/WBE Noncompetitive Small Purchase method to \$1.5 million to building out the M/WBE Program at the New York City Housing Authority, among other tenets central to the administration's M/WBE empowerment policies, these are all important steps to a more equitable future in our five boroughs.

Likewise, LISC NYC strongly supports the local law being discussed by the Committee on Small Business, Committee on Contracts and the Subcommittee on COVID Recovery and Resiliency that requires the Division of Economic and Financial Opportunity within the Department of Small Business Services and the Mayor's Office of Contract Services to use the most recent data available when considering revisions to citywide M/WBE participation goals.

It's critical that we base our policy decisions on accurate data that most fully represents the status of the city's M/WBE community. We look forward to continuing to work with the City Council to build on the promising efforts initiated over the past few years.

The prosperity of M/WBEs must remain central to New York City's recovery and its future. We appreciate your attention and dedication to helping to make sure that's the case.



April 4, 2022

**Testimony of Meredith Phillips Almeida
Director, NYC Small Business Resource Network**

**Before the New York City Council Committee on Contracts Jointly with the Committee on
Small Business and the Subcommittee on COVID Recovery and Resiliency
Regarding The Impact of COVID-19 on M/WBEs**

Thank you, Chairs and committee members, for the opportunity to submit testimony today. My name is Meredith Phillips Almeida and I serve as the Director of the NYC Small Business Resource Network.

Launched in October 2020, the NYC Small Business Resource Network (SBRN) is a comprehensive approach to strengthening New York City's economy and accelerating the recovery of small businesses impacted by COVID-19. Our approach to business assistance incorporates consistent field outreach across all five boroughs, personalized support tailored to specific small business challenges, and connections to curated resources from both the public and private sectors. Our public-private partnership includes service delivery by the five borough Chambers of Commerce with support from the Partnership for NYC and NYC Economic Development Corporation, and is funded by the Peter G. Peterson Foundation with additional support from the NYC Council discretionary funding.

Our team of Business Recovery Specialists - now almost 40 strong - deploys daily to communities across all five boroughs, reaching many businesses and business owners who are often disconnected from information about programs and services available to them, or who have difficulty carving out time from their schedules to navigate the complicated landscape of business support services on their own. The SBRN has touched almost 28,000 businesses over the past 18 months, providing in-depth guidance and support to over 8,800 businesses, **with MWBEs making up 77% of these full program participants**. Access to financing, marketing assistance, pro-bono legal advice, general business coaching – all some of the most common requests surfaced during our encounters with small business owners.

Over this past year and a half, Recovery Specialists spent a significant amount of time helping businesses navigate the ever-changing landscape of COVID regulations and guidelines acting upon small businesses. **But we also uncovered a pressing need for support in creating and implementing digital tools to keep businesses competitive in an evolving marketplace.** Recall how quickly shut-downs happened in the spring of 2020, how small businesses got incredibly creative in finding ways to offer food, drink and products, and how New Yorkers tried our best to support our favorite local shops and eateries during this time. Often, the only way to do that was to find that shop somewhere online - on social media, a website, or a delivery platform. That support was a bridge over some of the most difficult months for small businesses, and if you did not have a digital presence, you completely missed out on that bridge.

SBRN quickly responded by creating our *Open + Online* program to create websites and e-commerce sites, provide SEO consultations, and develop branding toolkits for use in digital space for small businesses, with over \$800K raised by the Partnership Fund for NYC to support this effort. To date, we've completed about 400 projects (about 90% are for MWBEs), with a target of 800 total projects by the end of June. This kind of support in entering digital space remains crucial for MWBEs, mom and pop shops, and legacy businesses who lack modern operations, if we want them to survive and thrive in an increasingly competitive digital economy.

Our *Open + Online* program revealed significant demand for digital tools, but it also surfaced an emerging need for ongoing support and technical assistance so that businesses can realize the full potential of those tools. Digital space is crowded, and it is becoming increasingly difficult (and expensive) to compete in this space for customers, especially for those without training and experience.

Even without the complications of a pandemic, all of us who do this work know that many of our City's small businesses often operate at the edge of failure, and remain disconnected from crucial information and support services. Among our interactions with small businesses, we've seen an increase in the number of requests for legal assistance related to leases, ongoing requests for tax and accounting help, and assistance unraveling the complexities of HR compliance, which is particularly challenging for the smaller "mom and pop" shops. The SBRN will press forward with our outreach efforts to support recovery, growth and resiliency for small businesses, and we look forward to a continued partnership with NYC Council and City agencies to strengthen this work.