



**National
Urban League**

To Be Equal #23

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New York City: A Big Opportunity to Fix a Big Problem

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“In Fiscal Year 2013, the City procured \$16.5 billion worth of goods and services and only \$439 million went to Minority and Women-owned business enterprises – a mere 2.7 percent. That’s simply unacceptable.” Michael Nitzky, director of communications for New York City Comptroller Scott Stringer

Most discussions of economic inequality focus on the need for more equity in employment and income. There is no doubt that expanding job opportunities and providing living wages for workers in communities of color are essential to closing the great divide between the vastly affluent and the rest of us. But even more troubling is the huge wealth gap, invariably linked to glaring disparities in homeownership and entrepreneurship that continue to break down along color and gender lines. The National Urban League’s 2014 State of Black America Equality Index™ found that Black households have just \$6 in wealth for every \$100 in wealth of white households – or a median wealth of \$6,314 vs. \$110,500. The Obama Administration, leaders across the nation and globe and a number of progressive mayors across the country – including New York City Mayor Bill de Blasio – have identified the need to close that gap. A key part of the solution is increasing the number and worth of government contracts available to minority and women-owned business enterprises (M/WBE). As Mayor de Blasio is learning, while not an easy task, he has a substantial opportunity to fix a big problem and put forth a scalable model for how New York City can and should engage with M/WBE.

Mayor de Blasio took office in January 2014 determined to “leave no New Yorker behind.” But a recent article by freelance journalist John Surico concludes that “the contracts between the city’s bureaucracy and its businesses do not reflect a commitment to diversity.” Surico adds, “For thousands of companies in New York City, obtaining a city contract is one of the most important financial benefits of civil government. Last year alone, roughly 40,500 transactions between the public and private sectors translated into this \$16.5 billion in revenue for vendors.” While M/WBE firms comprised 7 percent of New York City’s vendors and were awarded 23 percent of the City’s sub-and-prime contracts in 2013, they only received \$439 million, or 2.7 percent, of total contract dollars.

Despite the existence of the federal Minority Business Development Agency (MBDA) and dedicated minority business development offices in New York and most major cities, this disparity is echoed throughout the country. Reasons for this include cumbersome and complicated contracting rules and the often prohibitively high cost of navigating the procurement process. Unfortunately, too many minority and women-owned businesses also still find it difficult to secure critical bank loans. Everyone agrees that small and minority-owned businesses are essential to America's economic recovery, but not everyone has stepped up to give them the support they need to succeed.

That is why the National Urban League has made entrepreneurship support, tax credits and small business financing a key part of "Jobs Rebuild America," our \$100 million partnership across the public, private and nonprofit sectors to improve outcomes for job seekers, vulnerable youth and entrepreneurs in hard-pressed urban communities. We were also pleased that last year, the Congressional Black Caucus Foundation invested \$5 million in five Black-owned banks across the country both to support the dwindling number of Black banks and to strengthen the ability of these financial institutions to make loans to neighborhood businesses. We also applaud measures taken by the Obama Administration, including the current effort by the MBDA to bring more minority businesses into high growth industries such as green technology and clean energy.

Mayor de Blasio has pledged to increase New York City's usage of minority businesses from three percent to 10 percent. He shares our understanding of the importance of minority and women-owned businesses to revitalizing struggling urban communities, closing the wealth gap and improving the American economy. But none of us can do this alone and good intentions are not enough. Washington, local governments, big banks and major corporations across cities and the nation must do more to remove barriers and erect stronger incentives to unleash the entrepreneurial potential of minority and women-owned businesses.

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