



Public Advocate for the City of New York

More Hassle Than It's Worth: Problems with the City's M/WBE Program

**A REPORT BY PUBLIC ADVOCATE BETSY GOTBAUM
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EXECUTIVE SUMMARY

To encourage minority- and women-owned business enterprises' (M/WBEs) participation in city procurement, the Department of Small Business Services (SBS) administers a M/WBE program. A successful M/WBE program should not only benefit individual businesses by helping them meaningfully participate in the city procurement process but also increase the number of competitors for city contracts, which is in the best interest of the city.

For a business to certify as a M/WBE, the following criteria must be met: a business must be at least 51 percent independently owned, operated, and controlled by a U.S. citizen(s) or permanent resident alien(s) who is a member of a minority group or a woman. In addition, the business must have been in operation for at least one year before applying for M/WBE certification and have a substantial business presence in the geographic market of New York City.

In the early 1990s, Mayor Dinkins and the City Council established a M/WBE program, but Mayor Giuliani promptly dismantled the program in 1994. In response to a 2005 study which revealed significant disparities in the number of city contracts awarded to M/WBEs, the City Council passed Local Law 129 (LL 129). This law codified a citywide M/WBE program and created a policy that would ensure fair and full participation for M/WBEs in the city's procurement process.

The current M/WBE program is less than two years old, but initial results have not been impressive. In Fiscal Year 2006, city agencies procured \$11.2 billion in goods and services; however, according to SBS, only \$55 million went to certified M/WBEs. In addition, while there were more than 600,000 M/WBEs in New York City in 2002 according to the latest available census estimates, as of April 2007, there were only 1,114 M/WBEs certified by SBS—only 0.19 percent of all the M/WBEs in the city. Furthermore, other city M/WBE programs nationwide have re-certification rates for firms with expiring certification of 75 to 80 percent. New York City's M/WBE program has a re-certification rate of only slightly more than 50 percent.

LL 129 established M/WBE participation goals for all contracts valued less than \$1 million and for construction and professional service subcontracts valued less than \$1 million, but the M/WBE utilization rates for the first half of Fiscal Year 2007 were nowhere close to these goals. For example, LL 129 mandates a goal of 17.87 percent for Caucasian women in the goods industry, but the current utilization rate for this category was only 1.01 percent.

The Office of the Public Advocate initiated an investigation to: 1) assess how effective the SBS M/WBE program has been, 2) evaluate SBS's M/WBE application and re-certification application process, and 3) assess the quality of information and outreach efforts by SBS about the M/WBE program. The Office of the Public Advocate found that the SBS M/WBE program is not effective in certifying M/WBEs or helping them gain more opportunities to compete for city contracts.

METHODOLOGY

Multiple requests were made by constituents to the Office of the Public Advocate to examine problems with the SBS M/WBE program. Following a roundtable discussion with several minority and women business leaders, an online survey was created to collect input about the M/WBE program from a larger sample of owners. Forty-four business groups located in New York City agreed to assist the office by distributing the survey via e-mail to their members. One hundred and twenty-one M/WBEs completed the survey.

Additional research included evaluation of city-run seminars and the M/WBE website, as well as a comparison of the SBS M/WBE certification and re-certification applications to 14 M/WBE applications and re-certification applications from nine cities (Atlanta, Baltimore, Boston, Chicago, Dallas, Detroit, Houston, Los Angeles, and San Francisco) and five regional certification agencies (Port Authority of New York and New Jersey, New York City School Construction Authority, New York State, New York and New Jersey Minority Supplier Development Council, Inc., and the Women's Business Enterprise National Council).

FINDINGS

Concerns with the SBS M/WBE Program

The SBS M/WBE program is generally perceived as ineffective for M/WBEs, and firms are more likely to certify with other M/WBE certification programs, such as New York State's M/WBE program.

A high percentage of survey respondents indicated that the SBS M/WBE program was ineffective. As of April 2007, SBS had certified 1,114 M/WBEs. In contrast, as of January 2006, there were 6,802 state-certified M/WBEs in New York State, more than 3,000 of which were located in New York City.

SBS does not inform M/WBEs that provide goods that procurement opportunities are limited by requirements contracts.

Although a large number of vendors registered with the city are providers of goods, SBS does not inform these M/WBEs about the city's long-standing requirements contracts, which could negatively affect M/WBEs' opportunities to win contracts.

SBS fails to fully provide advertised benefits, such as meaningful assistance locating procurement opportunities and regular networking events with city agencies.

With only four procurement counselors to provide assistance to 1,114 certified M/WBEs, SBS cannot provide the attention certified M/WBEs need to identify procurement opportunities and successfully bid on city contracts. In addition, SBS fails to organize regular networking events with city agencies.

Concerns with the SBS M/WBE Initial and Re-certification Applications

The M/WBE initial and re-certification applications are difficult and time-consuming.

The SBS M/WBE initial and re-certification applications require more documents than most of the 14 M/WBE applications from other cities and agencies examined by the Office of the Public Advocate, making them unnecessarily difficult and time-consuming to complete. In addition, the

application calls for many pieces of information and documentation, such as personal tax returns (in addition to business tax returns) and the depreciated value of a company's operating equipment, that are either duplicative or not relevant to a determination of whether or not a business is a M/WBE.

Concerns with Outreach to M/WBEs about the Program and Access to Information

SBS is not effectively reaching out to M/WBEs about the M/WBE program.

Despite efforts by SBS to reach out to M/WBEs, many survey respondents were not aware of the program's existence.

The SBS M/WBE website does not provide detailed information on the program to help firms determine if M/WBE certification would be beneficial to their business.

The information provided about the M/WBE program is limited to eligibility requirements, the application, and a brief general description of benefits.

RECOMMENDATIONS TO SBS

Recommendations for the M/WBE Program

Create a pre-screening website to advise firms considering M/WBE certification on whether or not certification would be beneficial to them.

M/WBEs that do not provide a good or service that the city is likely to procure should be advised via a pre-screening website of the possible lack of procurement opportunities, especially regarding goods covered by requirements contracts, before they begin the certification process.

Focus resources on registering more M/WBEs in particular racial/sex categories and industries in which certified M/WBE numbers are low.

According to the 2002 U.S. Census, there are over 120,000 Hispanic-owned firms in the city, but only 202 of these firms are certified with SBS. SBS should focus its resources on registering more Hispanic-owned firms, as well as other M/WBEs in particular racial/sex categories and industries where certified M/WBE enrollment is low.

Increase the number of procurement counselors to meaningfully assist certified M/WBEs.

SBS must employ more procurement counselors so that certified M/WBEs receive the attention and assistance they need to locate, bid for, and win contracts with the city. Procurement counselors should also receive training to ensure that they provide meaningful assistance.

Recommendations for the Initial and Re-certification M/WBE Applications

Streamline the initial and re-certification M/WBE applications.

The initial and re-certification M/WBE applications should request only information that is necessary to prove that a business is truly owned and operated by a minority and/or woman. Additional information or documentation should only be required for a re-certification application if the business indicates that its information has changed.

Recommendations for Outreach to Firms and for the SBS M/WBE Website

Ensure that outreach to M/WBEs focuses on providing evidence of the value and benefits associated with the program.

Outreach efforts should focus on encouraging M/WBEs to certify by providing evidence of the value and benefits of the M/WBE program. More evidence needs to be presented to prove that the program can effectively provide M/WBEs with greater opportunities to win city contracts.

Work with city agencies that issue licenses and permits to businesses to help conduct outreach about the M/WBE program.

SBS should partner with city agencies such as the Department of Consumer Affairs, Department of Buildings, and the Department of Transportation to help advertise the M/WBE program to businesses applying for or renewing licenses and permits.

Improve the SBS M/WBE website so that it provides detailed information about the program, allowing firms to determine if M/WBE certification is appropriate for them.

The M/WBE website must provide more information about the program so that firms can determine whether or not M/WBE certification is appropriate for their business.

INTRODUCTION

In Fiscal Year 2006, New York City procured \$11.2 billion dollars in goods and services, an amount larger than many countries' Gross Domestic Product (GDP).¹ A healthy level of competition for city contracts helps ensure responsible city procurement. As more firms compete for goods and service contracts, their participation in the procurement process helps to reduce concerns about favoritism and ensures that the city receives the best possible prices. While competition for city contracts may exist, numerous studies nationwide have shown that minority- and/or women-owned business enterprises (M/WBEs) are often under-represented in the city procurement process.

To encourage M/WBEs' participation in city procurement, the Department of Small Business Services (SBS) administers a M/WBE program. Businesses interested in becoming a certified M/WBE participate in a review process that evaluates whether the business is owned, controlled, and operated by a minority and/or woman. Once a firm is certified to be a M/WBE, the firm is eligible for specific benefits, such as greater procurement opportunities with the city, free advertising in the NYC Online Directory of Certified Companies, free one-on-one bidding assistance, and networking opportunities with city agencies' buyers.² By enhancing the ability of M/WBEs to meaningfully participate in the city procurement process, the number of competitors for city contracts increases, which is in the best interest of the city.

While M/WBE owners and leaders state that the current city administration is more receptive to the needs of M/WBEs than the previous administration, there are still several aspects of the M/WBE program in need of improvement. Problems with the M/WBE application and re-certification process, lack of evidence that M/WBE certification helps generate procurement opportunities, and inadequate effort by SBS to inform businesses about the program are just some of the concerns that have been raised.

Pursuant to the New York City Charter, the Public Advocate is authorized to review and investigate the programs, operations, and activities of city agencies.³ In accordance with this responsibility, the Office of the Public Advocate initiated an investigation to: 1) assess how effective the SBS M/WBE program has been for M/WBEs, 2) evaluate SBS's M/WBE application and re-certification application process, and 3) assess the quality of information and outreach efforts related to the M/WBE program by SBS.

¹ GDP is the most commonly used indicator of national income. It measures the sum of incomes received by manufacturing, agriculture, and service industries.

² Department of Small Business Services (SBS), NYC Business Solutions: Certification and Access, *Minority- and Women-owned Business Enterprise Program*, NYC Business Solutions: *Are you a minority or woman business owner?* brochure, and SBS M/WBE Program, http://nyc.gov/html/sbs/nycbiz/html/selling_to_government/wbe.shtml.

³ NYC Charter Section 24.

BACKGROUND

History of M/WBE Program in New York City

Until recently, New York City had the unfortunate distinction of being one of the largest cities in the United States that did not have a M/WBE procurement program requiring that a certain percentage of city contracts be awarded to M/WBEs. In 1989, voters approved a program that would provide assistance to M/WBEs, and in 1992, Mayor David N. Dinkins and the City Council established a M/WBE program,⁴ but Mayor Rudolph Giuliani promptly dismantled the program in 1994.

In 2003, Mason Tillman Associates, Ltd. (MTAL) was contracted by the City Council to conduct a disparity study. The “City of New York Disparity Study,” released in 2005, revealed that there were large disparities between the number of M/WBEs capable of completing city contracts in all the categories studied (construction, architecture, and engineering; professional and standard services; and goods) and the number awarded to them by the city.

In response to the results of the 2005 MTAL study, the City Council passed Local Law 129 (LL 129), codifying a citywide M/WBE program and creating a policy that would ensure fair and full participation for M/WBEs in the city’s procurement process. The law mandated an expansion in efforts to certify M/WBEs and mandated that city agencies establish citywide goals for increasing minority procurement opportunities for contracts valued less than \$1 million. In addition, prime contractors would be asked to meet subcontracting goals⁵ for subcontracts valued less than \$1 million. LL 129 also required that each city agency that annually procures \$5 million or more develop a M/WBE utilization plan that will meet citywide participation goals.⁶

Characteristics of M/WBEs in New York City

According to the latest available census data, in 2002, there were 789,313 firms in New York City with a total of 3,272,820 employees and a total business revenue of \$947.3 billion.⁷ In New York City, the number of M/WBEs, their employees, and annual business revenues are as follows:

⁴ A disparity study, conducted in 1992, found that M/WBEs received a disproportionately smaller share of city contracts than non-M/WBEs. A disparity study is required to establish a factual predicate for any legislation to address disparities in public contracting. *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

⁵ For construction or professional service contracts that include subcontracts up to \$1 million, city agencies are required to establish a “target subcontracting percentage” and set M/WBE subcontracting goals. Prime contractors must submit a plan detailing the scope of the subcontract(s) and the methods they will use to achieve the target M/WBE subcontracting goals.

⁶ Twenty-two city agencies submitted utilization plans for FY 2007. The Office of the Public Advocate did not submit a plan because the office procures less than \$5 million per fiscal year.

⁷ U.S. Census Bureau, *2002 Economic Census*, released January 1, 2002.

Characteristics of M/WBEs in New York City Based on 2002 Census Data⁸

Race and/or Gender of Owners of M/WBEs	Number of Firms ⁹	Number of Employees	Total Business Revenue
African American	98,080	30,054	\$5,070,401
American Indian/Alaska Native	7,134	2,337	\$273,600
Asian/Pacific Islander American ¹⁰	114,782	117,338	\$22,073,320
Hispanic	129,412	46,969	\$8,631,955
Women	251,021	216,341	\$34,429,305
TOTAL:	600,429¹¹	413,039	\$70,478,581

The 2002 census data also revealed that three counties of New York City (New York, Kings, and Queens) were among the top 12 counties in the United States with the largest number of women-owned firms.¹² Nationally, women business owners were predominately Caucasian (86 percent), with smaller numbers of African American (8.4 percent), Hispanic (8.3 percent), and Asian American (5.4 percent) business owners.¹³

At the end of Fiscal Year 2006, there were 46,405 vendors registered with the city's Vendor Enrollment Center.¹⁴ As of April 2007, there were 1,114 M/WBEs¹⁵ certified by SBS, 2.4 percent of all vendors registered with the city and only 0.19 percent of all M/WBEs in the city (600,429).

SBS-Certified M/WBEs by Race/Ethnicity/Sex¹⁶

M/WBEs Owned by	Number of M/WBEs
African American	293 (of which 7 are also women)
Asian	240 (of which 10 are also women)
Hispanic	202 (of which 11 are also women)
Native American/Alaskan Native	0
Women (Caucasian)	379
TOTAL M/WBEs	1,114*

* Of 1,114 registered M/WBEs, 28 are both minority- and women-owned firms.¹⁷

⁸ U.S. Census Bureau, *2002 Economic Census: Survey of Business Owners*, released August 29, 2006.

⁹ These numbers include both firms with paid employees and firms without paid employees but exclude farms and firms that are publicly held, foreign-owned, and non-profit organizations.

¹⁰ The U.S. Census collects separate data for Native Hawaiian/Other Pacific Islander and for Asians. For the purpose of this report, the data was combined to obtain the data for Asian/Pacific Islander American.

¹¹ Total number of M/WBEs in New York City is higher than the actual number of M/WBEs in New York City since each owner had the option of selecting more than one race and was included in each racial category selected.

¹² U.S. Small Business Administration (SBA), Office of Advocacy, *Women in Business: A Demographic Review of Women's Business Ownership*, August 2006.

¹³ *Ibid.* Percentages were rounded to the nearest tenth of a percent.

¹⁴ The Vendor Enrollment Center is a database that places vendors on city agencies' mailing lists so they will be notified of upcoming contracts. Agencies use this database to solicit vendors for small purchases. To obtain a vendor number, a business must complete a one-page application. Mayor's Office of Contract Services (MOCS), *Agency Procurement Indicators Fiscal 2006*.

¹⁵ SBS, Response to a data request by the Office of the Public Advocate, April 24, 2007.

¹⁶ *Ibid.*

¹⁷ Total number of woman- and minority-owned certified firms was calculated using the NYC Online Directory of Certified Businesses, a list of businesses certified by the city as either a M/WBE and/or a LBE (Locally Based Enterprise) as of April 25, 2007.

M/WBE Certification Requirements

Before applying for M/WBE certification, a business must register with the city. For a business to certify as a M/WBE, the following criteria must be met:¹⁸ a business must be at least 51 percent independently owned, operated, and controlled by a U.S. citizen(s) or permanent resident alien(s) who is a member of a minority group¹⁹ or a woman. In addition, the business must have been in operation for at least one year before applying for M/WBE certification and have a substantial business presence in the geographic market of New York City.²⁰

Overview of the City Procurement Process

LL 129 establishes M/WBE participation goals for all contracts valued less than \$1 million and for construction and professional services subcontracts valued less than \$1 million, regardless of the procurement method. (See table below).

Citywide Goals for Contracts and Subcontracts in Amounts Less Than \$1 Million²¹

	Prime Contracts				Subcontracts	
	Professional Services ²²	Standard Services ²³	Goods	Construction Services ²⁴	Professional Services	Construction
African American	9.00%	9.23%	7.47%	12.63%	9.00%	9.00%
Asian American	No goal	No goal	5.29%	No goal	No goal	9.47%
Hispanic American	5.00%	5.14%	4.99%	9.06%	5.00%	9.06%
Caucasian Female	16.50%	10.45%	17.87%	No goal	16.50%	No goal

¹⁸ Not-for-profit entities are exempt from the M/WBE program.

¹⁹ Per the SBS M/WBE Certification Application, a minority is a person who identifies him/herself as Black, Hispanic (Mexican, Puerto Rican, Dominican, Cuban, Central, or South American), Asian-Pacific (origins in the Far East, Southeast Asia, or Pacific Islands), Asian-Indian (origins from the Indian subcontinent), Native American, or Alaskan Native.

²⁰ Per the SBS M/WBE Certification Application, a business meets the geographic requirement if the business is located within the five boroughs of New York City or in one of the eight surrounding counties (in New York: Nassau, Putnam, Rockland, Suffolk, or Westchester, or in New Jersey: Bergen, Hudson, or Passaic). If the firm is located outside of New York City, it must have a significant tie to the city’s business community (e.g., have conducted business in the city, have derived 25 percent or more of gross receipts from business conducted in the city, possess a license issued by the city, etc.).

²¹ The citywide goals were based on the MTAL Disparity Study of 2005. Goals were set for minority groups and women only when the study identified a statistically significant disparity in a specific industry. The study is to be updated periodically, and the citywide M/WBE goals will be adjusted based on new findings. In August 2006, a request for proposals (RFP) was issued by SBS for a disparity study that would update the 2005 disparity study. In October 2006, Miller3 Consulting, Inc., a firm based in Atlanta, Georgia, was awarded the RFP.

²² Professional services include: services that typically require the provider to have experience in a specialized field or have an advanced degree and exercise judgment, such as accounting, auditing, law, management consulting, information technology, actuarial, advertising, health services, pure construction management, architectural services, environmental analysis, engineering, and traffic studies.

²³ Standard services include services that do not require the provider to have an advanced degree or experience in a specialized field, such as security, janitorial services, secretarial services, transportation, collection, food-related services, and plumbing, electrical, and HVAC services related to ongoing maintenance/repair.

²⁴ Construction services include: services for construction, rehabilitation, and/or renovation of physical structure, asbestos and lead abatement, painting services, carpentry services, carpet installation/removal, demolition services, and other construction-related services.

Procurement procedures²⁵ are classified by the dollar value of the contract. **Microurchases**, which are valued up to \$5,000, do not require the use of competitive procedures. Vendors can market directly to city agencies, and no formal advertising for the contract need be performed by the agencies.

Small purchases are contracts valued between \$5,000 and \$100,000. Advertising for these contracts is not required. For small purchases, each city agency contacts vendors directly by using a combination of the following two methods:

- 1) Use of Random Lists (5+5 vendor selection)—Agency buyers solicit 10 randomly selected vendors generated by a computer from the vendor source list.²⁶ Of these 10 randomly selected vendors, five must be certified M/WBEs.
- 2) Use of a Buyer's List—Because agency buyers may be uncertain about the quality and responsiveness of vendors randomly selected by computer, buyers can also solicit vendors on the agency's buyer's list, which consists of vendors that have been responsive or have won contracts from the agency in the past .

Formal contracts are contracts valued more than \$100,000 and formally advertised online and in the *City Record*.²⁷ There are 10 types of formal contracts, but vendors generally only use two: Competitive Sealed Bidding (CSB) and Competitive Sealed Proposal (CSP), also known as Request for Proposal (RFP). CSBs require all vendors to quote a price on a specific item or service. The contract is awarded to the responsible bidder with the lowest price. When a CSP/RFP is used, ideas on how a project might be accomplished are proposed and evaluated by a committee that selects the vendor to receive the contract.

There are three categories of contracts: goods, services, and construction. Goods, such as parts, equipment, and supplies, are generally procured by the Department of Citywide Administrative Services through **requirements contracts**. These contracts allow the city to buy exclusively from a vendor when there is a known need for items, at a previously agreed upon price, but delivery and quantity aspects are not known.²⁸ If a particular good is not included in a requirements contract, agencies may procure the good on their own. Services include both professional and standard services,²⁹ and each agency generally procures its own services. Construction services, such as building, repair, and maintenance, are generally procured by a select group of agencies (e.g., Department of Design and Construction, Department of Sanitation, and Department of Parks and Recreation).

²⁵ The Procurement Policy Board (PPB) Rules govern the procurement of goods, services, and construction by the city under Chapter 13 of the New York City Charter.

²⁶ See 14.

²⁷ The *City Record* is the official paper of the city and is the official publication of procurement (solicitations and awards) notices.

²⁸ There can be multiple requirements contracts with several vendors for a specific good. If the good is included in a requirements contract, agencies must purchase the good from any one of the vendors that have a requirements contract for that particular good.

²⁹ See 22 and 23.

New York City Procurement

New York City government is the largest contractor in the City of New York. In Fiscal Year 2006, city agencies completed 46,047 procurements, worth \$11.2 billion.³⁰ Human services³¹ dominated city procurement with \$3.8 billion (34.3 percent), followed by \$2.1 billion (19.1 percent) in standard services, \$1.6 billion (14.2 percent) in construction services, \$1.5 billion (13.6 percent) in professional services, and \$1.1 billion (9.9 percent) in goods. In Fiscal Year 2006, only 0.5 percent, or \$55 million, of all city procurement went to certified M/WBEs.³²

In Fiscal Year 2006, small purchase contracts (those under \$100,000) represented 3 percent of the total dollar value of all contracts but represented 93 percent of the total number of procurements processed.³³ The total value of all small purchase contracts was more than \$117 million, and the total value of micropurchase contracts (under \$5,000) was more than \$59 million.³⁴

M/WBE utilization rates for micropurchases in the first two quarters of Fiscal Year 2007 were very low.³⁵ There were 18,775 micropurchase contracts awarded with a total value of \$33.3 million. M/WBEs obtained 1,539 micropurchases, with a total value of approximately \$2.5 million, or only 7.5 percent of all micropurchases. Caucasian women received the highest number and dollar value of micropurchase contracts (493 and \$842,620, respectively), while African Americans received the lowest number and dollar value of micropurchase contracts (256 and \$467,341, respectively). (See Appendix A).

In addition, for the first half of Fiscal Year 2007, M/WBE utilization rates were extremely low for contracts valued more than \$5,000.³⁶ The percentages of the total number of contracts valued at or more than \$5,000 awarded to M/WBEs in construction, goods, professional services, and standard services were only between 6.29 and 7.88 percent. In addition, the percentages of the total number of contracts awarded to M/WBE in all the categories with citywide goals were well below the goals set in LL 129.³⁷ For example, LL 129 mandates a goal of 17.87 percent for Caucasian women in the goods industry, but the utilization rate for this category was only 1.01 percent. (See Appendix B).

³⁰ MOCS, *Agency Procurement Indicators Fiscal 2006*.

³¹ Human services encompass services provided to the public to help meet basic human needs, including day care, foster care, rehabilitation, and other social services. Vendors in this category are predominately non-profit organizations, which do not count towards M/WBE participation goals because there are no owners in a non-profit.

³² Statement by Walter Maxwell, Associate Director of External Affairs at SBS, at M/WBE Certification Prep seminar on December 21, 2006.

³³ MOCS, *Agency Procurement Indicators Fiscal 2006*.

³⁴ *Ibid.*

³⁵ SBS and MOCS, Preliminary Report—FY 2007 Compliance Information, presented to City Council on April 2, 2007.

³⁶ *Ibid.*

³⁷ See page 9 for the citywide M/WBE goals as set forth by LL 129.

METHODOLOGY

Multiple requests were made by constituents to the Office of the Public Advocate to examine problems with the SBS M/WBE program. A roundtable discussion with several minority and women business leaders was convened by the Office of the Public Advocate in September 2006 to discuss M/WBEs' experience with the SBS M/WBE program. Following the roundtable discussion and telephone interviews with additional minority and women business owners, a survey³⁸ was created to collect input about the M/WBE program from a larger sample of owners.³⁹ Forty-four chambers of commerce, economic development corporations, and business/professional organizations located in New York City agreed to assist the office by distributing the survey via e-mail to their members. (For a list of organizations that assisted with the distribution of the survey, see Appendix C.) The survey was available online from January 4 to February 11, 2007.

To ensure that the survey respondents would be M/WBEs as SBS defines the term, the first four questions of the online survey screened the potential respondents.⁴⁰ Respondents were not required to answer all the questions in order to continue with the survey and could discontinue at any time. All responses were anonymous unless the respondent chose to provide his or her contact information.

Although a respondent may not have completed the entire survey, his or her responses to the questions he or she did complete were recorded. For example, while 121 respondents completed question number 5, the number of respondents who completed question number 10 was only 118. All percentages were based on the number of respondents who answered the question. In addition, for questions that required specific knowledge or experience, respondents were screened to ensure that they were qualified to answer.

In addition to the survey, other methods of investigation and research were used. A researcher attended various city-run seminars on the SBS M/WBE application process and on city procurement to obtain information about the M/WBE program and procurement policies.⁴¹ Research also included evaluation of the M/WBE website for comprehensiveness of content and a comparison of the SBS M/WBE certification and re-certification applications to 14 M/WBE applications and re-certification applications from nine cities and five regional certification agencies.⁴² (See Appendix D and E).

³⁸ See www.pubadvocate.nyc.gov for the survey.

³⁹ The survey was reviewed by the attendees from the roundtable discussion and revised prior to implementation.

⁴⁰ The pre-screen questions asked whether the respondent/owner was a member of a minority group and/or a woman, whether the principal office of the business was located in New York City, whether the business had been in operation for one year or more, and whether the respondent was a U.S. citizen or permanent resident alien. If a respondent provided a "no" response to any of these questions, his or her participation in the survey was terminated and he or she was thanked for assisting with the survey.

⁴¹ A researcher attended a SBS M/WBE Certification Prep seminar on December 21, 2006 and a SBS Selling to Government seminar on August 1, 2006. The following courses, held by the Procurement Technical Institute at the Department of Citywide Administrative Services city-wide training center, were attended by a researcher: City-Specific Contracting (October 24, 2006), M/WBE Program (November 14, 2006), and M/WBE Outreach and Capacity Building (December 18, 2006). Instructors for these courses were from SBS and MOCS.

⁴² The M/WBE applications for Atlanta, Baltimore, Boston, Chicago, Dallas, Detroit, Houston, Los Angeles, and San Francisco were examined. These cities were chosen on the basis of the 2006 SBA report, *Women in Business: A*

CHARACTERISTICS OF RESPONDENTS TO THE SURVEY

One hundred twenty-one respondents were M/WBEs according to the SBS definition. Most respondents were female, followed by African American, Hispanic, Asian-Pacific, Asian-Indian, and Native American/Alaskan Native.⁴³ In terms of industry, most respondents were in professional services (44 percent) followed by construction services (19 percent), other services⁴⁴ (17 percent), goods (11 percent), and standard services (9 percent). Almost all of the M/WBE respondents (115 of 119) were small businesses.⁴⁵ Most of the respondents had 1 to 10 employees (73 percent, or 87 of 119). Only 5 percent of respondents (6 of 119) had more than 100 employees.

While 86 percent of M/WBE respondents (95 of 111) were “very much interested” in obtaining contracts with the city, only 36 percent of respondents (40 of 111) were listed in the New York City Online Directory of Certified Businesses.⁴⁶ When asked whether or not the respondent had ever applied to SBS’s M/WBE program, 46 percent (51 of 111) of respondents had applied and 54 percent (60 of 111) had never applied. Obstacles preventing respondents from applying for M/WBE certification are discussed below.

FINDINGS

Concerns with the SBS M/WBE Program

The SBS M/WBE program is generally perceived as ineffective for M/WBEs and firms are more likely to certify with other M/WBE certification programs, such as New York State’s M/WBE program.

As mentioned above, of \$11.2 billion in city procurement, only \$55 million went to certified M/WBEs in Fiscal Year 2006.⁴⁷ Although the program is in its infancy, the results have not encouraged many M/WBEs to seek SBS M/WBE certification. Sixty of 86 respondents (70 percent) indicated that the SBS M/WBE program has not been effective, and 21 of 60 respondents (35 percent) stated that they did not apply for SBS M/WBE certification because they did not believe that certification would lead to city contracts. Respondents stated that they

Demographic Review of Women’s Business Ownership, which listed the top 10 cities with the largest number of women-owned firms. The M/WBE applications for Port Authority of New York and New Jersey, New York City School Construction Authority, New York State, New York and New Jersey Minority Supplier Development Council, Inc., and the Women’s Business Enterprise National Council were also examined. These agencies were chosen because SBS will permit businesses that have already certified with these agencies to submit a SBS “fast track” M/WBE application.

⁴³ Respondents could check multiple sex/ethnicity categories. Sixty-six percent were women, 43 percent African Americans, 17 percent Hispanic, 6 percent Asian-Pacific, 5 percent Asian-Indian, and 3 percent Native American or Alaskan Native.

⁴⁴ Other services listed were education services, media production, and image consulting.

⁴⁵ Depending on the industry, a business is classified as a small business if it meets a size standard based on the number of employees or average annual receipts in millions of dollars. Generally, a business is a small business if the (non-agricultural) business employs 500 employees or fewer (100 employees or fewer for wholesalers of goods) or has annual receipts that are less than \$4.5 million dollars. Small Business Size Regulations are contained in Title 13, Part 121: Small Business Size Regulations of the Code of Federal Regulations.

⁴⁶ See 17.

⁴⁷ See 32.

“never had a reason to believe that the [SBS] M/WBE program would be beneficial to my business” and that “there is no meaningful program in the city of New York.”

M/WBEs are more likely to certify with New York State than with SBS because certification with these agencies may be more effective for their firms. Currently, SBS has certified only 1,114 M/WBEs of the more than 600,000 M/WBEs⁴⁸ in New York City. As of January 2006, there were 6,802 state-certified M/WBEs in New York State; more than 3,000 of these firms were located in New York City.⁴⁹ As one business leader⁵⁰ indicated, the low number of M/WBEs registered with SBS suggests that minority and women business owners believe that certification with SBS is not worthwhile and would rather certify with New York State.

Information about the procurement opportunities available to M/WBEs is not consistent with the actual procurement opportunities available.

Although SBS materials⁵¹ advertising the M/WBE program state that certified vendors have more opportunities to bid on city contracts, information about the actual procurement opportunities are not readily available. For example, only by attending a SBS seminar on “Selling to Government” would an M/WBE owner hear Gordon Richards, the Director of the Procurement Technical Assistance Center at SBS, state that city procurement would most likely be a disappointing experience for most M/WBEs because it is highly unusual for the city to award large contracts to small businesses.⁵² Mr. Richards stated that M/WBEs should concentrate on “Plan B” (micropurchases and small contracts, i.e., all contracts valued less than \$100,000) in order to obtain business with the city.⁵³ Although micropurchases and small contracts are valuable sources of revenue for M/WBEs, owners may be disappointed to learn that M/WBEs are not very likely to win formal contracts, information that contradicts what M/WBEs are led to believe about procurement opportunities by M/WBE program materials.

In addition, SBS does not counsel vendors on whether or not the city would actually procure their goods or services. One respondent stated that “SBS does not appear to know the needs of other city [agencies]. SBS offered [the] standard response of contacting the Agency Chief Contracting Officers (ACCOs)⁵⁴ at those agencies.” For example, one respondent owned a personal style consulting business and expressed an interest in obtaining city contracts. It is unlikely that SBS would provide him or her with information concerning the city’s image and style needs prior to the business becoming certified as a M/WBE. In other words, SBS may be geared less toward guiding M/WBEs to appropriate and available business opportunities than toward increasing the number of certifications.

⁴⁸ See 8 and 11.

⁴⁹ Letter to Charles Gargano, Chairman/CEO of Empire State Development Corporation, from Steven E. Sossei, Audit Director at the New York State Office of the State Comptroller, dated June 6, 2006.

⁵⁰ This respondent works with M/WBEs and helps them obtain various local/regional M/WBE certifications.

⁵¹ See 2.

⁵² Opening remarks at the SBS “Selling to Government” seminar, August 1, 2006.

⁵³ *Ibid.*

⁵⁴ Each agency has an Agency Chief Contracting Officer (ACCO) who oversees an agency’s buyers and procurement activities.

SBS does not inform M/WBEs that provide goods that procurement opportunities are limited by the city's use of requirements contracts.

Although a large number of vendors registered with the city are providers of goods, SBS does not inform M/WBEs about the city's long-standing requirements contracts, which could negatively affect M/WBEs' opportunities to win contracts. Many vendors have registered with the city to be providers of paper, office supplies, or furniture goods; however, these products are generally covered by citywide requirements contracts.⁵⁵ For example, 3,648 registered firms⁵⁶ procure office machines/supplies and paper/printing/publications/stationery, but in 2006, the city awarded a requirements contract to Staples, a large office supply corporation, for 9 years with a 3 year option to renew.⁵⁷ It is highly unlikely that city agencies will need to purchase office supplies not available through the Staples requirements contract, or other office supply requirements contracts, effectively closing future city business with firms that provide office supplies for nine, possibly 12, years.

Although SBS is aware of these large requirements contracts, it does not explain them to M/WBEs. For example, certification analysts at M/WBE application seminars never explained the city's use of requirements contracts. Individuals who attended the Public Advocate's roundtable discussion, as well as some survey respondents, stated that SBS did not inform them about requirements contracts and did not explain how these contracts could affect a firm's business with the city.

SBS fails to fully provide advertised benefits, such as meaningful assistance locating procurement opportunities and regular networking events with city agencies' buyers.

Although SBS states that the agency trains certified M/WBEs to grow and compete through seminars on how to sell to government and proposal writing, as well as personal assistance from a procurement counselor,⁵⁸ 77 percent (30 of 39) of survey respondents whose businesses are currently certified said that SBS did not help their business grow or compete for city contracts. With only four procurement counselors⁵⁹ to provide assistance to the 1,114 certified M/WBEs, SBS cannot provide the attention and service certified M/WBEs need. One respondent stated that after receiving a notice from SBS that he would be assigned a procurement counselor, he was never contacted. Even after contacting the SBS M/WBE division himself, he still did not receive a call from a procurement counselor.

Although SBS advertises networking events with city agencies' buyers as a benefit of M/WBE certification, SBS does not hold many networking events. The most recent major networking events with city agencies were a citywide procurement fair in June 2007 and an event with the Department of Homeless Services in November 2006.

⁵⁵ MOCS, *Agency Procurement Indicators Fiscal 2006*.

⁵⁶ *Ibid.*

⁵⁷ Statement by Aysun Cokyüksel, Director of Policy and Planning at SBS, at M/WBE Subcontracting Program Administration Training seminar, November 14, 2006.

⁵⁸ *See 2.*

⁵⁹ SBS Division of Economic and Financial Opportunity Organization Chart, as of March 13, 2007.

Concerns with the SBS M/WBE Application

The M/WBE application is unnecessarily difficult and time-consuming.

Twenty-three percent (14 of 60) of respondents who did not apply for M/WBE certification stated that the M/WBE application seemed too time-consuming and burdensome to complete. Of those respondents who had completed the M/WBE application, 52 percent (26 of 50) stated that the application was difficult to complete and 70 percent (35 of 50) described the application as time-consuming to complete.

SBS's M/WBE application requires many more documents than most of the 14 other M/WBE applications examined by the Office of the Public Advocate. For example, SBS requires that applicants submit state and city business tax returns for the last three years and copies of at least two completed contracts/invoices. Obtaining copies of these documents can be time-consuming and may be an unnecessary component of the application. Like many other cities' applications, SBS's M/WBE application requires federal tax returns and detailed information regarding a business' prior contracts, such as client's contact information, date of the work, description of the project, total dollar value of the project, and dollar value of the M/WBE's portion of the job. These documentation and information requests render state and city tax returns and contract/invoices redundant.

SBS's M/WBE application also requests answers to questions such as whether a business has a line of credit or insurance; whether it is currently involved in a bidding process; and if it is a corporation, how much was paid per share; and information such as the date of an owner's capital contribution⁶⁰ and the depreciated value of the company's operating equipment. In addition, the SBS M/WBE application is one of the few that requests two years of personal tax returns with W-2s. These questions and documentation requirements are not relevant to a determination of whether or not a business is a M/WBE and are generally not a part of other cities' and agencies' applications. (For the results of the comparison of applications, see Appendix E.)

Concerns with the SBS M/WBE Re-certification Application

The M/WBE re-certification application is difficult and time-consuming.

Respondents stated that the M/WBE re-certification application was difficult and time-consuming and one respondent stated that he would not re-certify because he "would not want to have to resubmit all the documents [required]." In addition, of the firms currently certified, 43 percent (12 of 28) stated that they would not re-certify with SBS because their business had not obtained any significant business from the city. Phyllis Atwater, Director of Certification at SBS, stated that in the six months prior to October 2006, only 25 to 40 percent of previously certified M/WBEs had taken steps to re-certify, and that the SBS re-certification rate was poor compared to other cities with M/WBE programs, whose re-certification rates were between 75 and 80 percent.⁶¹ As of April 2007, slightly more than 50 percent of expiring firms re-certified.⁶²

⁶⁰ Capital contribution is cash or property acquired by a corporation from a shareholder without the receipt of additional stock.

⁶¹ Statement made at a M/WBE presentation at a City-Specific Contracting seminar on October 24, 2006.

⁶² SBS and MOCS, *Preliminary Report*, April 2, 2007.

SBS's M/WBE re-certification application is essentially the same as the initial M/WBE application but with fewer documentation requirements (assuming the firm's legal/corporate structure has not changed). Compared to the other 14 M/WBE re-certification applications from other cities or agencies, the SBS re-certification application is extremely lengthy. (See Appendix F for a comparison with other re-certification applications.) SBS's re-certification application and documentation requirements are extensive, even if there is no change in the ownership, control, or legal structure of the business. While M/WBE re-certification applications from other cities and agencies may ask a business to provide no more than three documents, the SBS application requires 12 items, including resumes, bank signature card, lease and rental agreements, and previous contracts/invoices—all already provided as part of the initial M/WBE application. Other cities and agencies' M/WBE re-certification applications only require such documentation if a change in the status of the business has occurred.

Concerns with Outreach to M/WBEs about the Program and Access to Information

SBS is not effectively reaching out to M/WBEs about the M/WBE program.

Despite efforts by SBS to reach out to M/WBEs, many respondents were not aware of the program's existence. Numerous respondents stated that they "never heard of the M/WBE program" or that they "don't know anything about it." Most respondents believed that SBS was making no effort or only a moderate effort to reach out to businesses about the M/WBE program (76 percent, or 73 of 96). In addition, 42 percent (25 of 60) of respondents stated they did not apply for M/WBE certification because they never knew about the program.

M/WBEs are not informed about the role of the M/WBE Advisory Board.

Created in 2004, the M/WBE Advisory Board is made up of 25 business owners and leaders and provides SBS with guidance and insight to help shape policy to empower M/WBEs. Understanding the role of the Advisory Board, attending meetings, and communicating with board members can give M/WBEs a voice and allow them to contribute to policies that affect the M/WBE program; however, only 13 percent (12 of 96) of respondents knew about the existence of the M/WBE Advisory Board. A respondent who identified him/herself as a member of the Advisory Board stated that as a member of the board, ". . . I know it exists. Most M/WBEs do not even know it exists."

The SBS M/WBE website does not provide detailed information on the program to help firms determine if M/WBE certification would be beneficial to their business.

The information provided about the M/WBE program is limited to eligibility requirements, the application, and a brief general description of benefits. There is no information to help vendors decide if M/WBE certification would be beneficial to their business. For example, no information is available about how the M/WBE program works as part of city procurement policy (such as an explanation of citywide M/WBE utilization goals and subcontracting goals) or any detailed information on the benefits and assistance available to vendors.

RECOMMENDATIONS

The following recommendations to SBS will help to improve the M/WBE program so that it is a more effective tool for reducing disparities in city procurement.

Recommendations for the M/WBE Program

Create a pre-screening website to advise firms considering M/WBE certification on whether or not certification would be beneficial to them.

Many M/WBEs do not provide a good or service that the city is likely to procure and should be advised of the possible lack of procurement opportunities before they begin the certification process. A pre-screening website would ask the applicant to complete a simple questionnaire and then determine whether or not the firm might benefit from M/WBE certification. Responses to questions regarding the goods or services the applicant provides would allow SBS to advise the applicant on whether or not the city procures these items, and ultimately, determine if certification is appropriate.

In addition, the pre-screening website should provide information regarding the city's use of requirements contracts and how these contracts may negatively affect a firm's ability to obtain business with the city. The website should also list the goods procured via requirements contracts. By informing M/WBEs in industries not frequently used by the city of what their actual procurement opportunities may be, SBS and M/WBEs can avoid the waste of time and resources associated with certifying a M/WBE that is not a good fit for the program.

Focus resources on registering more M/WBEs in particular racial/sex categories and industries in which certified M/WBE numbers are low.

While the 2002 U.S. Census indicated that Hispanics own more businesses in New York City than any other minority group (129,412), there are currently only 202 Hispanic-owned certified M/WBEs.⁶³ Similarly, while there are 114,782 Asian American-owned firms in New York City, there are only 240 Asian American certified M/WBEs.⁶⁴ SBS should focus its resources on registering more M/WBEs in these and other racial/sex categories in which certified M/WBE enrollment is low. Certification enrollment should also be increased for industries in which certified M/WBE enrollment is low.

Increase the number of procurement counselors to meaningfully assist certified M/WBEs.

Although a stated benefit of the program is free one-on-one bidding assistance, with only four procurement counselors to assist 1,114 certified M/WBEs, meaningful assistance is not available. SBS must employ more procurement counselors so that certified M/WBEs receive the attention and assistance they need to locate, bid for, and win contracts with the city. Procurement counselors should also receive training to ensure that they provide meaningful assistance to certified M/WBEs. Training should include a clear understanding of what goods and services

⁶³ See 8 and 15. The 2002 U.S. Census numbers include all firms regardless of size or type of good/service provided. Sorting the totals to determine the number of firms that would be likely to do business with the city and be potential M/WBE-certified candidates was not possible.

⁶⁴ *Ibid.*

agencies generally procure and assistance in building solid relationships with ACCOs and buyers at agencies.

Increase the number of networking events with city agencies so that M/WBEs can learn about procurement opportunities.

Face-to-face interaction with buyers is a valuable resource for M/WBEs, especially those that are newly certified and not experienced with the city procurement process. Networking events link M/WBEs directly with potential procurement opportunities and information about what goods and services the agencies generally procure.

Recommendations for the Initial SBS M/WBE Application

Reduce documentation requirements and streamline the initial M/WBE application.

The M/WBE application should only request information that is necessary to prove that a business is truly owned and operated by a minority and/or woman. Questions such as whether a business has a line of credit or insurance and requests for information such as the depreciated value of the company's operating equipment are burdensome and irrelevant.

In addition, unlike most of the M/WBE applications from other states and agencies reviewed by the Office of the Public Advocate, the SBS M/WBE application required documentation such as copies of the last three years of state and city tax returns, personal tax returns with W-2s, and copies of at least two completed contracts/invoices even though copies of federal tax returns and detailed information on previous contracts is already provided. Requesting such unnecessary documentation can discourage businesses from seeking certification.

Allow firms to complete the M/WBE application via a downloadable document so that the application is easier to complete.

An application that could be downloaded and directly typed on would make it easier for a firm to complete the application. Applicants would type in responses and save the document onto their own computer to complete at their convenience. Once the application is complete, the form could be printed and mailed to SBS.

Post the M/WBE "Fast Track" application online.

Firms that are currently M/WBE-certified by the New York City School Construction Authority, The Port Authority of New York and New Jersey, Women's President's Educational Organization, New York and New Jersey Minority Supplier Development Council Inc., or the New York State M/WBE program can submit a two-page "Fast Track" M/WBE application. This application should be available online so that firms can easily access, download, and complete the document.

Recommendations for the SBS Re-certification Application

Streamline the M/WBE re-certification application to require additional documentation only if a firm's information has changed.

M/WBEs whose certification is about to expire may be more likely to re-certify if the application is shortened and streamlined. Currently, SBS's M/WBE re-certification application is essentially the initial M/WBE application with fewer documentation requirements. Unlike most M/WBE re-certification applications, the SBS re-certification application requires firms to prove they are M/WBEs all over again. The SBS re-certification application should be streamlined so that additional information/documentation is only required if the business indicates that its information has changed. SBS should create a space for each question on the re-certification application allowing businesses to indicate if no change has occurred.

Allow firms to complete and submit the M/WBE re-certification application via a downloadable document so that the application is easier to complete.

Allowing firms to complete and submit the re-certification application via a downloadable document would encourage more M/WBEs to re-certify because the form would be easier to complete.

Recommendations for Outreach to Firms Regarding the M/WBE Program

Ensure that outreach to M/WBEs focuses on providing evidence of the value and benefits associated with the program.

Outreach efforts should focus on encouraging M/WBEs to certify by providing evidence of the value and benefits of the M/WBE program. More evidence needs to be presented to prove that the program can effectively provide M/WBEs with greater opportunities to win city contracts. SBS needs to demonstrate that certified M/WBEs have won contracts with the city and that these awards were not simply a one-time occurrence. For example, a quarterly newsletter or webpage that spotlights recent M/WBEs that have won contracts would provide evidence that city agencies and certified M/WBEs are working together to make the program effective. In addition, monthly networking events with city agencies should be opened to non-certified M/WBEs and community partner organizations⁶⁵ that assist M/WBEs with certification so that non-certified M/WBEs and these organizations have the opportunity to learn first-hand about the benefits of certification. By communicating more clearly the value and benefits of certification, SBS will encourage more M/WBEs to pursue certification.

Make public the activities of the M/WBE Advisory Board and provide e-mail contacts for members of the board so that M/WBEs can stay informed and offer suggestions and comments about the M/WBE program.

Part of the mission of the M/WBE Advisory Board is to serve as an advocacy group for M/WBEs and to advise SBS on policies and programs that affect the M/WBE community.⁶⁶ Although the M/WBE Advisory Board helps shape M/WBE policy, M/WBEs know little about

⁶⁵ Through the M/WBE Leadership Association Program, community partner organizations receive funding from the City Council to assist SBS in helping eligible companies obtain certification and understand the city's procurement process.

⁶⁶ By-laws of the NYC Department of Small Business Services M/WBE Advisory Board.

the board. There is no information on the M/WBE Advisory Board website about the board's activities. Providing this information on the website would allow M/WBEs to stay informed about the issues and policies affecting them. In addition, e-mail contact information for board members should be made available on its website, so that M/WBEs can convey their suggestions to SBS.

Work with city agencies that issue licenses and permits to businesses to help conduct outreach about the M/WBE program.

SBS should partner with city agencies to help reach out to businesses applying for or renewing licenses and permits. Agencies such as the Department of Consumer Affairs (permits for retail and common business activities), the Department of Buildings (licenses for construction-related services), and the Department of Transportation (permits for street and sidewalk services) could help advertise the M/WBE program on their website and application forms.

Recommendation to Increase City Agencies' Use of M/WBEs

Ensure that M/WBE training of city agencies' ACCOs and their buyers emphasizes the importance of using M/WBEs.

Training of city agencies' ACCOs and their buyers currently includes information about the M/WBE program and how to meet the requirements of LL 129 but should be expanded to emphasize the importance of using M/WBEs. Training should include information on how M/WBE participation in the procurement process benefits the city. Because the use of incumbent vendors is more convenient for ACCOs and buyers, ACCOs and buyers must be encouraged to develop outreach events that target M/WBEs..

Recommendation for the SBS M/WBE Program Website

Improve the SBS M/WBE website so that it provides detailed information about the program, allowing firms to determine if M/WBE certification is appropriate for them.

The M/WBE website must provide more information about the program so that firms can determine whether or not M/WBE certification is appropriate for their business. Although the basic requirements for M/WBE certification and a link to the application are available, there should be clear website links for more detailed information about the benefits of M/WBE certification. Users should be able to read about the program and determine whether or not certification is appropriate for their business. The website should also provide specific examples of available benefits and examples of contracts recently awarded to M/WBEs. In addition, information about how the M/WBE program works as part of city procurement policy (such as an explanation of citywide M/WBE utilization goals and subcontracting goals) should be included.

APPENDIX A

**Number and Dollar Value (\$) of Micropurchases (<\$5,000) Awarded to M/WBEs
in the First Two Quarters of Fiscal Year 2007 by Race/Sex and Industry**

	Asian Americans		African Americans		Hispanic Americans		Caucasian Women		Total value for all M/WBEs	Total # for all M/WBEs
	#	Value (\$)	#	Value (\$)	#	Value (\$)	#	Value (\$)		
Micro purchases	432	\$595,990	256	\$467,341	358	\$584,934	493	\$842,620	\$2,490,885	1,539

Total value of all micropurchases: \$33,329,679

Total number of all micropurchases: 18,755

% of total value of micropurchases awarded to M/WBEs: 7.47%

% of total number of micropurchases awarded to M/WBEs: 8.21%

APPENDIX B

**Number and Dollar Value (\$) of Contracts ≥\$5,000 Awarded to M/WBEs
in the First Two Quarters of Fiscal Year 2007 by Race/Sex and Industry**

Industry	Asian Americans		African Americans		Hispanic Americans		Caucasian Women		Total value for all M/WBEs	Total # for all M/WBEs
	#	Value (\$)	#	Value (\$)	#	Value (\$)	#	Value (\$)		
Construction	11	\$6,249,650	1	\$189,550	4	\$250,518	0	\$0	\$6,689,718	16
Goods	33	\$766,133	31	\$774,370	37	\$1,539,401	51	\$1,096,291	\$4,176,195	152
Professional Services	8	\$465,728	4	\$976,542	2	\$315,534	5	\$649,120	\$2,406,924	19
Standard Services	15	\$1,847,068	15	\$420,693	10	\$322,929	17	\$550,679	\$3,141,369	57

Industry	Total value of all contracts	Total # of all contracts	% of total value of contracts awarded to M/WBEs	% of total # of contracts awarded to M/WBEs
Construction	\$41,381,810	203	16.17	7.88
Goods	\$108,874,329	1,857	3.84	8.19
Professional Services	\$27,917,353	302	8.62	6.29
Standard Services	\$55,919,627	832	5.62	6.85

Industry	% of contracts awarded to Asian Americans	% of contracts awarded to African Americans	% of contracts awarded to Hispanic Americans	% of contracts awarded to Caucasian Women
Construction	(N/A)* 5.10	(12.63)* 0.46	(9.06)* 0.61	(N/A)* 0.00
Goods	(5.29)* 0.70	(7.47)* 0.71	(4.99)* 1.41	(17.87)* 1.01
Professional Services	(N/A)* 1.67	(9.00)* 3.50	(5.00)* 1.13	(16.50)* 2.33
Standard Services	(N/A)* 3.30	(9.23)* 0.75	(5.14)* 0.58	(10.45)* 0.98

*Numbers in parentheses are the citywide goals set in LL 129. N/A indicates that no goal was set.

APPENDIX C

Organizations* that Distributed the M/WBE Survey to Their Members

Association of Minority Enterprises of New York
Asian American Business Development Center
Asian Women in Business
Bronx Chamber of Commerce
Brooklyn Economic Development Corporation
Brooklyn (Kings County) Hispanic Chamber of Commerce
Caribbean American Chamber of Commerce and Industry
Chamber of Commerce of the Rockaways
City Island Chamber of Commerce
East Harlem Chamber of Commerce
Greater New York Chamber of Commerce
Greenwich Village-Chelsea Chamber of Commerce
Hunts Point Chamber of Industry and Commerce
Jamaica Chamber of Commerce
Korean American Small Business Service Center of New York
Local Initiatives Support Corporation
Lower Manhattan Development Corporation
National Minority Business Council, Inc.
National Association of Women Business Owners-NYC
New York City Economic Development Corporation
New York Women's Chamber of Commerce
Queens Chamber of Commerce
Queens Economic Development Corporation
Queens Hispanic Chamber of Commerce
Regional Alliance for Small Contractors
Rockaway Development and Revitalization Corporation
Sophisticated Women With A Purpose
South Bronx Overall Economic Development Corporation
Staten Island Chamber of Commerce
Staten Island Economic Development Corporation
Sunnyside Chamber of Commerce
The Bronx Overall Economic Development Corporation
The Greater Harlem Chamber of Commerce
The Harlem Business Alliance, Inc.
The Workshop in Business Opportunities
West Side Chamber of Commerce

* Eight organizations did not wish to be acknowledged.

APPENDIX D

Questions from SBS's M/WBE Application that do not appear on almost all of the other 14 M/WBE applications examined:
19: Are you currently involved in the bidding process or other contract/purchase order negotiations with any governmental agency, department, or authority?
22: If a corporation, provide the unit share price paid by shareholders when they purchased shares.
24: Provide the position effective date of the current officers or board of directors.
25: Provide the date of contribution of all capital contributions to the company for each person.
26: If the company is owned in whole or in part by another company, provide the date ownership was established by the other company.
30: Does the company have a line of credit and if yes, provide the bank name, dollar limit and name of source/guarantor if different from the bank.
32: Provide the type of account and account number of the company banking accounts.
37: Provide insurance information (name of carrier and dollar amount of liability insurance).
38: If the company has operating equipment, provide the depreciated dollar value of the equipment.
Documents requested by SBS's M/WBE Application that generally are not requested by most of the other 14 M/WBE applications examined:
Prior 3 years of city tax returns for the firm.
Prior 3 years of state tax returns for the firm.
Prior 2 years of personal tax returns and all W-2 forms for all owners of the firm.
Vehicle registration for any vehicle used for business purposes.
Proof of bonding capacity (if applicable).

APPENDIX E

Questions from SBS's M/WBE Re-certification Application that do not appear on almost all of the other 14 M/WBE re-certification applications examined:
7: Are you currently involved in the bidding process or other contract/purchase order negotiations with any governmental agency, department, or authority?
8b: Did the business exist under a different type of ownership prior to the current type of ownership?
8c: Has the business's certificate of incorporation or business certificate been amended?
8d: What were the method and date of acquisition of the business?
8e: Provide the name and position of all person(s) with ownership interest, including their position, racial/ethnic/sex, percentage owned and whether the person is a U.S. citizen or permanent resident alien.
9: Provide the name, amount/value, type and date of any cash/capital contributions to the firm.
10a: If the firm is a partnership, provide the name, total amount/value of contributions and date of ownership for all partners.
10b: If the firm is a corporation, provide the name, number of common or preferred shares owned, amount paid when shares were purchased, and the date of ownership.
10c: If the firm is a corporation, provide the number of shares that are common or preferred.

11: Provide the gross receipts (sales) of the firm for the last 3 years.
13: If the firm requires a license or permit, provide the type of license or permit, name of issuing agency, issued date, expiration date, and name on the license or permit.
15a: Provide the names, titles, sex, racial/ethnic category and ownership status for all individuals responsible for managerial operations.
15b: If office, field, or supervisory staff, estimator, controller or consultants for the firm work for another business, provide the person's name, position at the other business, and contact information.
15c: If the firm shares office or yard space or equipment with another firm, provide the other firm's name, and contact information.
16a: If any warehouse, plant or office facilities are rented, leased or owned, provide the facility type, name of the lesser and/or rental agent, and amount of yearly rent paid for the facility.
16b: List the type, depreciated dollar value, acquisition date, and payment terms of major equipment or machinery.
17: If any principals, officers, or owners of the firm have an affiliation with another firm, provide the name, contact information, nature of the affiliation, and type of business of the other firm.
18: Provide the contact information for the firm's attorney.
19: Provide the contact information for the firm's accountant.
21: Provide the name, contact information, contract dollar amount, location of the transaction, and duration of the work for the firm's three largest accounts.
22: Provide the contact information, type of account and account number for all bank accounts.
23: If the firm has a line of credit, provide the source, limit, and name of the guarantor(s).
24: Provide the name, type of investment credit/loan, and dollar value of investment/terms/credit/loan.
25: If the firm is owned in full or in part by another firm, provide the name, contact information, and percentage of ownership of the other firm.
26: If the firm is bonded, provide the contact information of the bonding company and the type and amount of the bond.
Documents requested by SBS's M/WBE Re-certification Application that generally are not requested by most of the other 14 M/WBE re-certification applications examined:
Resumes of all principals, partners, officers, and key employees of the firm.*
Bank signature card, bank resolution, or letter from the bank identifying persons authorized to conduct transactions.*
Current financial statement of the firm.*
Prior 3 years of city tax returns for the firm.*
Prior 3 years of state tax returns for the firm.*
Prior 3 years of federal tax returns for the firm.**
Prior 2 years of personal tax returns and all W-2 forms for all owners of the firm.*
Any permits or licenses granted by government agencies.*
Lease agreements or deed for the location from where the firm operates/stores equipment.*
Any third party agreements, including equipment rental, utility bills for three months, etc.*
Two completed contracts within the last two years within New York City.*
Vehicle registration for any vehicle used for business purposes.*

* M/WBEs must provide these documents as part of the initial application.

** When a federal tax return was requested, only the return for the prior year was needed.