Testimony Relating to Minority-Owned and Women-Owned Business Enterprises: HB5748
House Committee on Labor
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The Economic Progress Institute supports Representative Giraldo’s HB5748 which would increase the percentage of dollars reserved for minority-owned and women-owned businesses in state procurement and construction contracts.

We believe that increasing the percentage from 10% to 20% will be a valuable step in reducing historic and ongoing disparities in access to economic opportunity, but this step does not go far enough.

According to the United States Census, the Non-Hispanic/Latino White population in Rhode Island is just over 70% (https://www.census.gov/quickfacts/RI). This means that both the current and proposed target percentages are well below the state’s overall percentage of Black, Latino, and other minority populations. Indeed, even the increase from 10% to 20% would devote half to women-owned enterprises, meaning that if businesses owned by White women receive 10% of the dollars, only 10% of the procurement dollars would be certain to go to Black, Latino, and other minority business owners.

To obtain even the modest goal of 20%, the state must make deeper investments in expanding the pipeline of minority-owned businesses and providing them with the support to secure state contracts. This would require a greater investment than the $4 million dollars proposed in the FY2024 budget for the Minority Business Accelerator program.

We would also suggest that the members of the House Labor Committee consider improving enforcement of these provisions, ensuring that subcontracting is taken into account, and expanding data collection. In regard to the latter, understanding the engagement of Black business owners and other minority business owners should not be limited to a specific program. Rather, the Executive Office of Commerce and the Commerce Corporation should collect data and report regularly to the General Assembly and the public as to participation rates and dollars or credits awarded for the full range of state economic development programs.