



Testimony in Support of H-5683 and H-5684, concerning Minority-Owned Business Enterprises and Women-Owned Business Enterprises

House Committee on Labor

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Alan Krinsky, Director of Research & Fiscal Policy

The Economic Progress Institute supports Representative Giraldo's H-5683, which would increase the percentage of dollars reserved for minority-owned and women-owned businesses in state procurement and construction contracts, as well as **Representative Giraldo's H-5684**, which would require the Department of Administration to provide lists of such businesses to contractors.

Current law requires that 15% of the dollar value of state procurement and construction contracts be awarded to minority-owned business enterprises (MBEs) and women-owned business enterprises (WBEs). We believe that increasing the percentage from 15% 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 69.2% (<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, which is just over 30%.** Indeed, even the increase from 15% 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 an even greater investment than the \$500,000 in General Revenue funds allocated in the FY2025 budget and the \$6.0 million in ARPA funds for the Minority Business Accelerator program in the FY2023 through FY2024 budgets. We note that the proposed FY2026 budget includes *no additional funds* for this effort.

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.

We also support **H-5684**, which would advance the goal of expanding the impact of MBEs and WBEs by requiring the active sharing of information with contractors seeking to do business with the state.