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Few city contracts going to minorities

First annual report finds city dollars going to minority firms is less than 1%

Trea Lavery
Bay State Banner

Of more than \$664 million that the city of Boston spent on procurement contracts in fiscal year 2018, including construction, services and products, less than 1 percent went to minority- and women-owned business enterprises (MBEs and WBEs), according to data released last week by the city's Office of Economic Development.

At a city council hearing last Thursday, councilors expressed alarm at these numbers, saying that MBEs and WBEs deserve a larger share of the city's contracts.

"This is something that is entirely within the city's control," said Councilor Michelle Wu at the hearing. "Being able to direct where our taxpayer dollars are going, and then being able to squeeze every bit of value out of those tax dollars and aligning them with our larger public policy goals of trying to create, generate and grow wealth right in our communities, particularly for businesses owned by people of color, women and local Boston residents."

Wu was a co-sponsor of an ordinance passed in 2017 that requires the city to release quarterly reports on city contracts, the most recent of which, released on Thursday, provided the data discussed in the hearing.

So far in fiscal year 2019, the city has spent \$149 million on contracts, and while the percentage of this money given to MBEs and WBEs, as well as small, locally-owned businesses, is still below 1 percent, it has gone up slightly since last year.

"Given the city's incredible spending power of close to a billion dollars, it is imperative that we have municipal policies promoting and engaging with women-owned and minority-owned businesses, particularly for our own contracts," said John Barros, chief of economic development for the city. "This effort, however, is not without its challenges."

Barros explained that Boston had previously had a program requiring the city to give 15 percent of contracts to MBEs and 5 percent to WBEs, but the program was eliminated in the early 2000s, when it was struck down in court. In addition, the city has a regulation that requires it to accept the lowest bid for all contracts over \$10,000, making it more difficult to take diversity into account when choosing contractors.

He also noted that the data does not include subcontractors that may be MBEs or WBEs, and that the city is looking for ways to better include subcontractor data in reports.

Celina Barrios-Millner, director of equity and inclusion at the Office of Economic Development, explained that part of the reason the city has difficulty meeting its diversity goals is that it is difficult for potential contractors to be certified as MBEs. Boston recently introduced its “Pathways to City Contracting” lecture series which is aimed at encouraging minorities to vie for government contracts and coach them through the process, and also signed an agreement with the state in December that will allow businesses certified as minority-owned through the state to fast-track their certification in the city, and vice versa.

“There is room to grow,” Barrios-Millner said. “The certification is not the end — the contract is the end.”

Segun Idowu, executive director of the Black Economic Council of Massachusetts, said that members of the organization had expressed frustration at both the certification process and the contract procurement process itself, calling it “cumbersome, expensive and geared toward large companies.”

He also noted that in many cases, contractors waited upwards of 90 days to be paid for their work.

Joseph Feaster, a lawyer who has worked on programs to help minority businesses procure government contracts in the past, said that in order to make the numbers go up, the government needs to actively ensure that MBEs and WBEs are included.

“If government doesn’t put certain requirements in place, it’s just not going to happen for minority, women and small businesses,” Feaster said.