



New York City Comptroller  
Scott M. Stringer

NEWS

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## **COMPTROLLER STRINGER RELEASES “MAKING THE GRADE: NEW YORK CITY AGENCY REPORT CARD ON MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES”**

*Women- and Minority-Owned Firms continue to be Largely Shut out of New York’s \$13.8 Billion Annual Procurement Budget*

*Comptroller Praises City’s awarding of \$1.6 billion in M/WBE contracts in FY 2015*

(NEW YORK, NY) – New York City Comptroller Scott M. Stringer today released the second annual “[Making the Grade](#): New York City Agency Report Card on Minority/Women Owned Business Enterprises,” which grades 32 City agencies – and the City overall – on progress in spending with minority and women-owned businesses (M/WBEs). The 2015 report found that women and minorities continue to be largely shut out of New York’s \$13.8 billion annual procurement budget, earning the City an overall grade of D+.

“New York City has certified more than 4,100 vendors as official ‘Minority and Women-Owned Business Enterprises’ – but we’ve left 80% of them in the lurch when it comes to actually giving out contracts,” Comptroller Stringer said. “We owe our City’s richly diverse business community more than just lip service – we need to deliver real spending to these very real businesses, and give them the support they need to succeed, create jobs, and help our City’s economy grow.”

For an embeddable two-minute video on M/WBEs, click [here](#).

**Highlights in the 2015 “Making the Grade” report include:**

### ***Overall City Grade:***

- The Fiscal Year 2015 city-wide grade was a **D+**.
- For 2015 the City's grade rose slightly from last year's "D," reflecting the fact that the M/WBE share of the City's total procurement rose from 3.9% in 2014 to 5.3% in 2015, and that eight agencies received higher grades this year, while only four agencies received lower grades.
- However, as noted in the report, this means that just \$725 million of the City's \$13.8 billion procurement pool is going to women and minority owned businesses--an unacceptably low number by any standard.

### ***Problem Areas:***

- The Department of Probation went from a "C" in 2014 to a "D."
- Department of Cultural Affairs went from a "B" to a "C."
- Small Business Services went from a "D" to an "F."
- Overall, spending remained in the "F" range with Black American and Women-Owned Firms.
- Less than 2% of the 46,000 vendors doing business with New York are minority or women owned.
- While the City has certified more than 4,100 vendors as official MWBEs, only 20% of these firms are currently doing business with the City.

### ***Improvements:***

- Housing Preservation and Development went from the "D" it earned in last year's report, to an "A."
- The Landmarks Preservation Commission earned a "B" for the second year in a row.
- Based on our analysis, the City improved spending with Asian-owned firms from a "D" to a "C," and with Hispanic-owned businesses from an "F" to a "D."

### ***Missing Subcontractor Data:***

The report also found that nearly two-thirds of the agencies examined failed to comply with City regulations requiring them to collect data about subcontracting from the firms they work with. This data is critically important because subcontracting offers M/WBEs and other small firms a way into the system – and can be the best chance to compete for city contracts.

“When agencies fail to collect data on subcontracting they hinder the City's ability to track spending, and we miss out on a critically important opportunity to measure our progress with minority- and women-owned businesses,” the Comptroller said. “That's

why the very first recommendation in the 2015 report is for the City to increase transparency for procurement overall, with a particular focus on subcontracting.”

### ***Recommendations:***

The Comptroller’s “Making the Grade” report made a series of recommendations, including:

- Increasing transparency in the City’s contracting process, particularly in reference to subcontractors.
- Ensuring that the City’s next disparity study—which shows whether M/WBE firms are getting their fair share of City business – is conducted in accordance with best practices, and adheres to the highest possible standards.
- Asking every agency to redouble their efforts, and bring their grades up before next year’s “Making the Grade” report.

### **Methodology**

In assigning letter grades to City agencies, the report used a formula that measured how agencies spent their contract dollars with Asian, Black, Hispanic and Women-owned firms. For example, if an agency spends 80% of its budget on construction, the report based 80% of its grade on that activity. After weighting, scores were assigned a value and converted into a letter grade. Data for this report comes from the City’s centralized Financial Management System.

### **Additional Progress**

The Comptroller also praised several recent announcements by the de Blasio administration that impact the City’s procurement process, including:

- The Administration’s commitment of \$1.6 billion in M/WBE contracts in FY 2015.
- The City’s decision to launch a new mentorship program for M/WBEs in the field of Professional Services, which include law, accounting and engineering firms. The move was in keeping with a recommendation the Comptroller made in 2013, based on studies showing that the City’s byzantine rules for securing contracts represent a significant hurdle for many M/WBEs, even after they have been certified.
- The Administration’s decision to follow one of the recommendations in last year’s report by asking additional agencies to report on M/WBE spending, including the Department of Education and NYCHA, among others.

“The Administration’s \$1.6 billion M/WBE commitment represents a serious step forward for minority and women-owned businesses,” **Comptroller Stringer** said. “I’m hopeful that these new contracts will generate positive economic activity in every borough, and that the City’s overall grades will rise once the \$1.6 billion is actually spent, and in the pockets of M/WBE companies and their employees. But at the same time, we have much, much more to do if we are to truly level the playing field, and give minority and women owned businesses a chance to win their fair share of City business.”

“The Comptroller is trailblazing with this measurement tool — it is a clear that it has opened many doors for immigrant business owners – making them feel that they are part of the fabric of New York City,” said **Neeta Basin, President of ASB Communications**.

"As Chairperson of the Subcommittee on Oversight of Minority and Women Owned Enterprises (MWBE's), I truly appreciate the Comptroller's commitment to transparency and accountability, which helps ensure that the city's MWBE goals are met," said **Assemblymember Bichotte**. "The "Making the Grade" report is a useful tool in our arsenal to let us know where things are going well and where improvements need to be made. I am equally committed to working with all stakeholders and doing what I can to improve overall efforts in this area."

"Chinatown welcomes any opportunity that can advance our community's economic opportunities. We can use all the assistance we can get given the post-garment industry; post 9/11 uncertain world with 7-year of the greatest recession since the 1930s. We look forward to seeing this year's update report from the Comptroller," said **Wellington Chen, Executive Director of the Chinatown Partnership**.

“There is a Confucius saying — when goals cannot be reached.... don’t adjust the goals... adjust the action steps,” said **Louis Colletti, President of Building Trades Employers’ Association**.

“The Caribbean American Chamber of Commerce and Industry applauds the Comptroller for continuing his commitment to expanding opportunities to MWBE contractors. When MWBE'S are provided equity in receiving contracting dollars, communities of all stripes, across the city benefit. The Chamber looks forward to working with the Comptroller to ensure MWBE'S are given their fair share of contracting dollars,” said **Dr. Roy Hastick, CEO of CACCI**.

“I fully support the Comptroller’s letter grading system — it is a way to increase supplier diversity initiatives. I strongly encourage other major Cities around our nation to replicate the Comptroller’s vision,” said **Joset Wright Lacy, President of the National Minority Supplier Development Council**.

“The Comptrollers’ Agency Grades allows us to track on the progress the city is making with MWBE’s – it’s important that we do not compare the grades from agency to agency but that we focus on the growth within individual agencies,” said **Hong Shing Lee, Executive Director of the Chinatown Manpower Project.**

“I commended the Comptroller’s efforts to hold New York City accountable to doing more business with MWBE’s – this report is a step toward increasing transparency and meeting the City’s Local Law 1 goals,” said **Annie Minguez, Director of Community Relations for Good Shepard Services.**

“The Hispanic Chamber of Commerce of Queens endeavors to create opportunities for Hispanic-owned and operated businesses to thrive in New York City. We thank the Comptroller’s Office for acknowledging the importance of a diverse workforce and for supporting efforts that help MWBEs to start up and grow. A report such as this sheds light on how much more work needs to be done,” said **Alfonso Quiroz, President of the Hispanic Chamber of Commerce of Queens.**

“As a member of the Economic Development, Job Creation, Commerce and Industry Committee in the State Assembly, the prosperity of women and minority-owned small businesses resonates deeply with me. Though we still have not nearly come far enough, I am heartened to see that the city is improving in its efforts to ensure a fair process that allows all entrepreneurs access to City contracts. As the largest entity for local contractors attempting to establish themselves as economic engines driving whole communities, the City Government needs to do more to ensure that our residents are represented equally in allocation of contracts, and that the process is fair and transparent. I commend Comptroller Stringer for his exhaustive work in preparing this report, and look forward to using this as an opportunity for a comprehensive discussion on how we can improve,” said **Assemblymember Diana C. Richardson.**

“It’s important to continue to grade agencies on an annual basis because it keeps agency heads on their toes with MWBE procurement,” said **Bonnie Wong, President of Asian Women in Business.**

“It is a great system to hold City agencies accountable and encourage them to meet their goals of increasing diversity throughout New York City,” said **Charles Yoon, Member of Council of Korean Americans.**

To read the full report, click [here](#).

To watch the video, click [here](#).