

MINORITY- AND WOMEN-OWNED BUSINESSES AT RISK: IMPACT OF COVID-19 ON NEW YORK CITY FIRMS

COVID-19 has disproportionately impacted minority and women owned businesses. In June 2020, the New York City Comptroller’s Office, in a survey of more than 500 City-certified M/WBEs, found that 85 percent of M/WBEs believed they could not survive for six more months. After one year into the pandemic the Comptroller’s Office conducted a follow up survey finding that although majority of M/WBEs have received federal funding, it is not enough to keep them open in the long run. Many M/WBEs had to furlough employees, had trouble paying rent, and faced challenges with reopening and recovery. More than half of M/WBE respondents have pivoted their businesses during COVID-19. In order to stay afloat throughout the pandemic, businesses focused on expanding services and products they provide, pivoting to online sales, and selling to new markets or audiences.

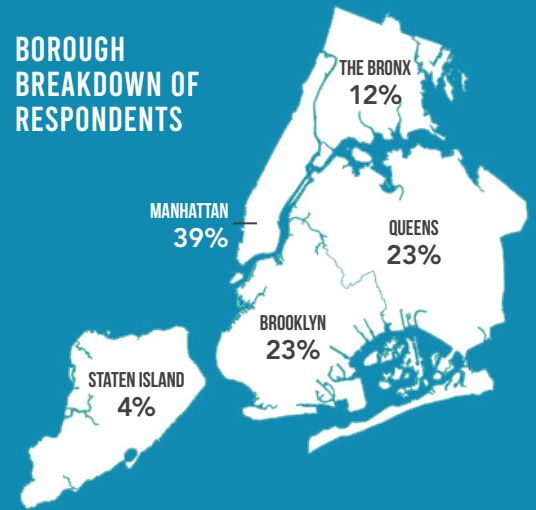
RECOMMENDATIONS

- 1 City and state programs should emulate Philadelphia’s COVID-19 Small Business Relief Fund by prioritizing allocation of federal resources to **M/WBEs, heavily impacted industries, and businesses that are located in low income and high poverty areas.**
- 2 The City and State should allocate federal stimulus funds to provide **relief to employees** of small businesses who were laid off during the pandemic.
- 3 The City and State should emulate CUNY’s Internship to Employment (I2E) program to create a **University to M/WBE Pipeline Program.** This program will bolster heavily impacted businesses while also providing employment to recent college graduates.

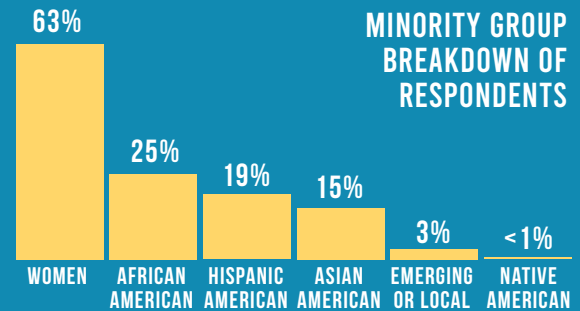
BUSINESS PROFILE OF M/WBE SURVEY RESPONDENTS

55% OF M/WBE RESPONDENTS have been in business for more than 10 years

BOROUGH BREAKDOWN OF RESPONDENTS



MINORITY GROUP BREAKDOWN OF RESPONDENTS



INDUSTRY BREAKDOWN OF RESPONDENTS

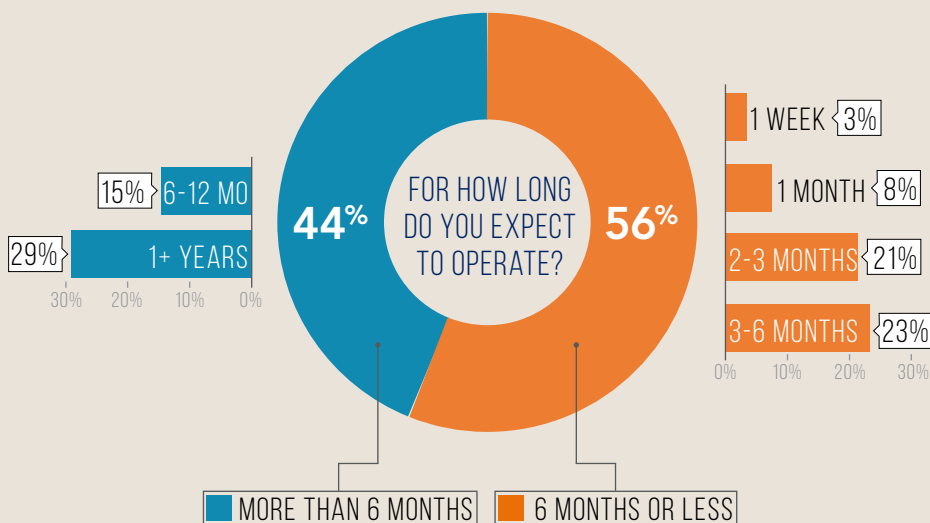


50% OF M/WBEs HAD TO LAY OFF OR FURLOUGH EMPLOYEES

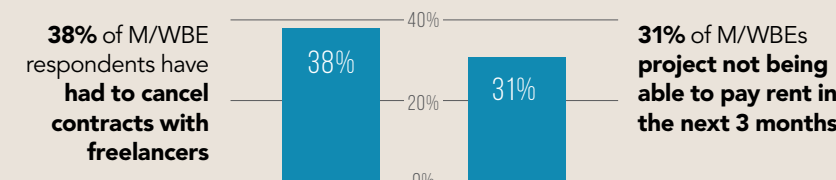


ARE CITY-CERTIFIED M/WBEs OPERATING AFTER PANDEMIC SHUTDOWNS?

OVERALL, YES – WITH CHALLENGES.



- 95% of M/WBE respondents are still operating, while 5% (23) of respondents stated they have ceased operations as a result of the pandemic. Of the M/WBEs still operating, 56% can expect to operate for another six months or less, compared to 2020's survey in which 85% of M/WBEs expected to survive for six months or less.

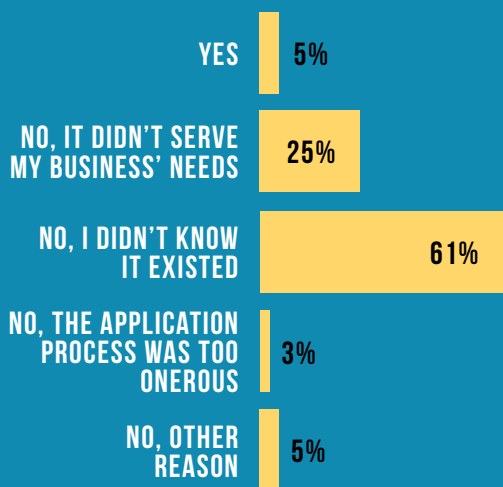


WERE CITY-CERTIFIED M/WBEs ABLE TO ACCESS CITY CONTRACTS DURING COVID-19?

RESULTS VARIED.

- 154 M/WBE respondents competed for City contracts during COVID-19. Of those that competed, just 53 M/WBEs (34%) received a contract.

DID M/WBEs UTILIZE THE NEW YORK STATE DEPARTMENT OF LABOR'S SHARED WORK PROGRAM TO COVER THE COSTS OF FURLOUGHING EMPLOYEES?



- The New York State Shared Work Program is a Department of Labor initiative.
- This program allows employees to work a reduced schedule and collect partial unemployment benefits.
- Instead of laying off trained, skilled, and productive employees, employers can keep them on staff for when there are business upticks.

For more information visit the Department of Labor's website: <https://dol.ny.gov/shared-work-program-0>



WHAT M/WBES WANT FROM THE CITY OF NEW YORK

Prioritize heavily impacted businesses and communities e.g. sole proprietors and restaurants

Open up the City and restart government projects

Provide financial relief from paying high rents

Help with accessing funding sources such as grants, loans, and loan forgiveness

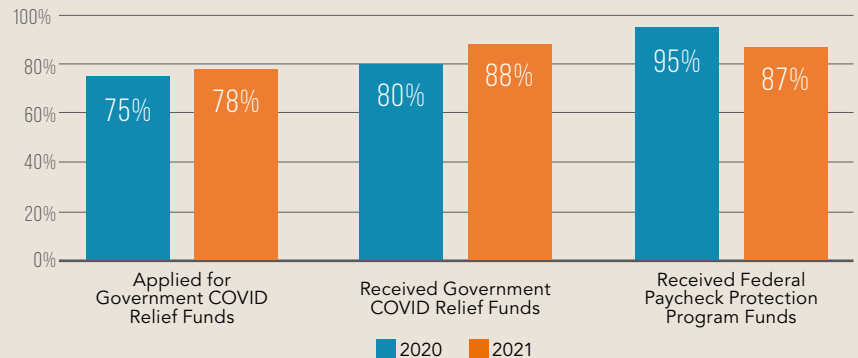
Address restrictive requirements and criteria on competitive contracts

A simplified procurement process with less bureaucracy, faster review and vendor selection, and on-time payments

Smaller contracts for smaller M/WBES

WERE CITY-CERTIFIED M/WBES ABLE TO ACCESS COVID-19-RELATED BUSINESS RELIEF FUNDING?

YES, MOSTLY FROM THE FEDERAL GOVERNMENT



- In 2021, M/WBES also reported receiving additional government funding:
 - » 53% of M/WBE respondents received Federal Economic Injury Disaster (EIDL) funds.
 - » Only 6 respondents reported receiving the NYS Forward Loan.
 - » Only 7 respondents reported receiving the NYC Business Continuity Loan.
 - » Only 8 respondents reported receiving the NYC Employee Retention Grant.

DID M/WBES RECEIVE FUNDING OUTSIDE OF GOVERNMENT RESOURCES?

- 20% (82) of M/WBE respondents applied for COVID-related funding outside government resources, and 26 M/WBES (32%) of those who applied received funding.
- Respondents reported receiving funding from: Facebook, the NAACP/Beygood Foundation, the Hispanic Federation, Pursuit, Asian American Business Development Center, Clover, LISC/Lowes, Union Street Settlement, Hennessy, Center for Asian American Media, One Hundred Black Men, the Doonie Fund, and DoorDash.

VACCINATING M/WBE EMPLOYEES

- 74% of M/WBES believe it is very important or extremely important to have all employees vaccinated against COVID-19.
- 65% of M/WBE respondents would consider providing employees with paid time off to get vaccinated.
- On average, M/WBES rated the City somewhat effective (3.1 out of 5 stars) in getting communities of color vaccinated.

