

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

COVID-19 has exacerbated persistent and deep inequalities impacting women and people of color. In fact, a recent national analysis of minority- and women-owned businesses estimated that between February and April 2020, 41 percent of Black-owned businesses, 32 percent of Latino-owned businesses, and 26 percent of Asian American-owned businesses closed either temporarily or permanently, while 17 percent of white-owned businesses closed.ⁱ

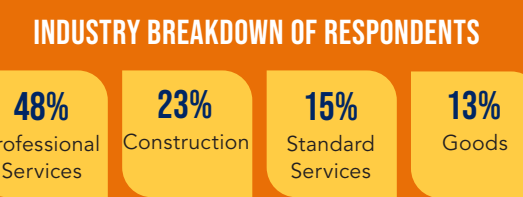
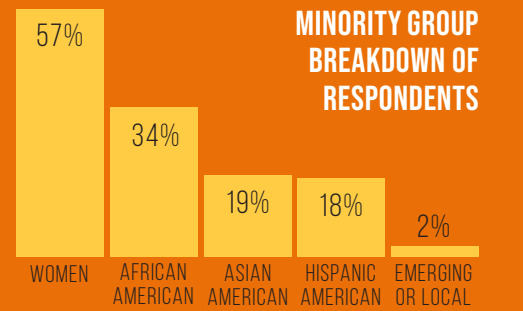
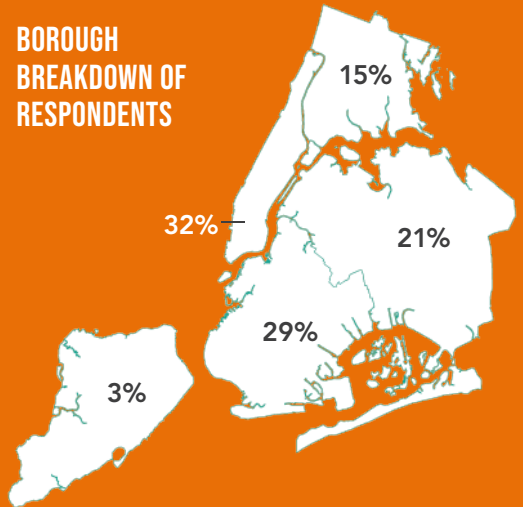
In New York City, the numbers are even more discouraging. According to a survey of more than 500 City-certified M/WBEs conducted by the New York City Comptroller’s Office in June 2020, 85 percent of M/WBEs believe they cannot survive for six more months. The results below highlight structural inequities and the need for urgent action.

M/WBEs WERE NOT ABLE TO ACCESS COVID-RELATED CONTRACTS WITH THE CITY

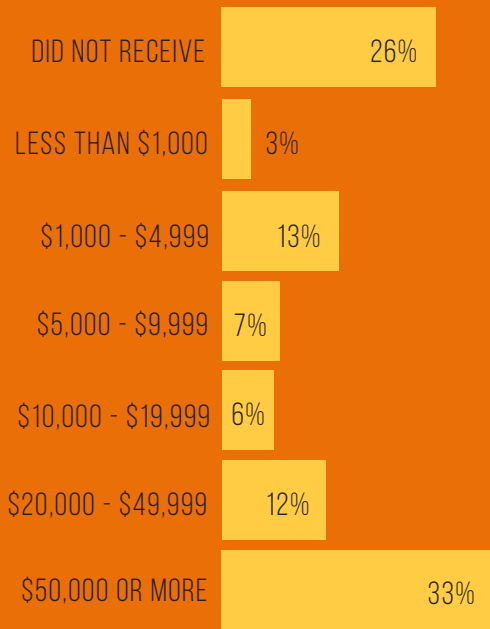
- 65% of M/WBEs that shared information about their services said they were ready and able to contract with the City on COVID-19 response efforts.
- However, out of 500 M/WBEs surveyed, only 62 competed for a City contract during COVID-19 due to onerous restrictions and non-responsiveness from the City.
- Out of those 62, only 10 received COVID-related contracts.

BUSINESS PROFILE OF THE M/WBE SURVEY RESPONDENTS

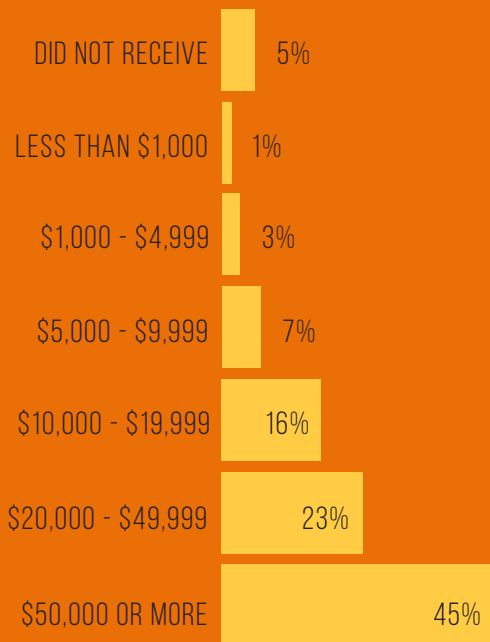
50% OF M/WBE respondents have been in business for more than 10 years



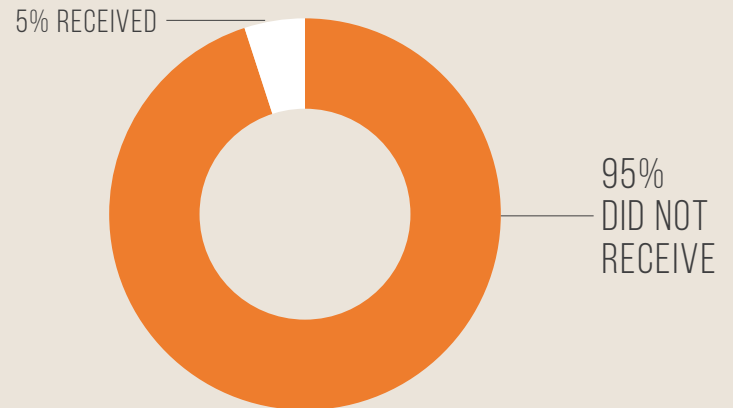
DID CITY-CERTIFIED M/WBEs GET RELIEF FROM THE FEDERAL ECONOMIC INJURY DISASTER LOAN?



DID CITY-CERTIFIED M/WBEs GET RELIEF FROM THE FEDERAL PAYCHECK PROTECTION PROGRAM?



THE OVERWHELMING MAJORITY OF M/WBEs DID NOT RECEIVE PRIVATE SECTOR RELIEF



M/WBEs FACE BARRIERS TO FEDERAL, CITY, AND PRIVATE SECTOR RELIEF

- 25% of M/WBEs did not apply for federal or City funding for the following reasons:
 - » Restrictive application criteria or use of funds
 - » M/WBEs did not want to be subject to debt or high interest rates
 - » Lack of outreach and awareness
 - » Funds were exhausted before they applied
- 20% of M/WBEs applied for federal or City funding but were not approved for the following reasons:
 - » Low credit score
 - » They did not meet application criteria
 - » They were still waiting approval
 - » They were rejected and were not told why they were ineligible
 - » Funds were exhausted before their application was processed
- Did M/WBEs get relief from the City of New York?
 - » Only 40 M/WBEs applied for the New York City Business Continuity Loan. Of the 40, only six were approved.
 - » Only 48 M/WBEs applied for the New York City Employee Retention Grant. Of the 48, only 15 were approved.



WHAT M/WBEs WANT FROM THE CITY OF NEW YORK

Increased access to prime and subcontracting opportunities by placing goals on every City contract.

Flexible grants and loans for reopening expenses, such as cleaning supplies, PPE, and testing assistance.

Marketing and promotion assistance for reopening.

One-on-one support to help navigate grants, loans, and contracts.

Resume City-funded construction projects.

LONG TERM VIABILITY OF M/WBEs IN QUESTION

30%

of M/WBEs reported that they will only be able to operate for one month or less

85%

of M/WBEs reported that they will not be able to operate for more than six months

80%

of M/WBEs that shared revenue information lost a median of \$38,000 between the months of March and May 2020

50%

of M/WBEs ranked payroll and 40% ranked rent as the most challenging expenses to pay for during COVID-19

35%

of M/WBEs have not been able to operate during COVID-19

¹National Bureau of Economic Research, <https://www.nber.org/papers/w27309.pdf>.

