

Kansas Small, Minority and Women-Owned Business Development ACT (HB 2450)

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Development, February 20, 2012*

The Urban League believes that this hearing on Kansas Small and Women-owned Business Development ACT first introduced by Senator Faust-Goudeau as (HB 2450) is a step in the right direction in bringing about equity and fairness in the access and full participation of minority and women owned businesses in federal, state and city contracts. Indeed, the equal sign that is the identifying symbol or logo of the Urban League stands for equal access and equality. This equal sign has identified the Urban League for 100 years – a sign that challenges all of us to be fair. HB 2450 both requires and challenge fairness.

All across America, there have been efforts taking place to ensure that opportunities, real opportunities exist for minority groups to participate in contracts paid for by the taxes of citizens of this country. Whether it is in Atlanta with the Metropolitan Atlanta Rapid Transit Authority (MARTA), Florida, Georgia or Tennessee there are strong efforts to ensure that minority groups are set-aside contracts to guarantee their participations. Since its inception in 1971, MARTA has developed a workforce that reflects its commitment to diversity. In 1999, women accounted for 32 percent of all promotions, a 28 percent increase since 1996. This reality of diversity has made MARTA one of the top employers in Atlanta and now one of the many transit authorities recognized for its pledge to diversity. "MARTA has demonstrated its commitment to utilizing the talents of dedicated, well-trained, professional employees without differentiation of race or gender. I am proud to recognize their outstanding efforts in making MARTA -- and the transit industry -- an avenue of personal and professional growth for deserving individuals," stated William W. Millar, president of APTA.

In Tampa, Florida they first passed the Women and Minority Business Enterprises ordinance in the 1980s, after a study found a pattern of (alleged) discriminatory hiring against women and minorities. Today Contractors hired by the city are required to have a certain percentage of women and minorities on staff if they employ more than 15 people and are seeking a contract of more than \$10,000. If the contract is worth more than \$50,000, the ordinance requires all businesses to comply, regardless of size.

"In the case of construction contracts, 10 percent of the employees or subcontractors on a project must be black, 9 percent must be Hispanic and 6 percent must be women. For professional services such as legal work, the numbers drop to 3 percent black, 7 percent Hispanic and 4 percent women." (Associated Press, 01-08-99)

The foregoing are a few examples of effort taking place in cities across the country to ensure inclusion and full participation of minority business owners in tax funded projects. However, the situation is not that simple. For example, in Nashville, TN some minority business owners urged the city in 1994 to conduct a \$600,000 disparity study to determine the nature and number of minority-owned business in Nashville. From that study, they hope policies and programs can be

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developed to encourage more government contracts to be awarded to minority-owned companies. In 1994, 0.37 percent of all Metro contracts were awarded to African-American-owned businesses, according to figures from the Minority Business Development Center.

A disparity study assesses the minority business population in a community and determines whether minority-owned businesses are underrepresented in local government contracting. It also determines whether the under representation is because of race or social disadvantages or as a result of government purchasing procedures.

The studies came into use after 1989, after a U.S. Supreme Court ruling in *City of Richmond v. J.A. Croson Co.* The court held that the city of Richmond, Va., failed to demonstrate "compelling government interest" for requiring construction contractors to subcontract at least 30 percent of the dollar amount of each contract to at least one minority business enterprise." [The Supreme Court believed the set-asides violate the Fourteenth Amendment].

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Again, the Urban League fully supports HB 2450 and regards it as a step in the right direction. We want to ensure that there is fairness across the board as it relates to full minority participation in federal, state and city contracts.