



Policy Committee

November 9, 2020
11:30 am
Special Working Group Meeting
WMBE Policy Discussion

1. Call Meeting to Order
2. Guest Presentation
 - a. Felicia Beard - Senior Director of Racial Equity Initiatives
Community Foundation of Greater Buffalo
3. Review and Discussion of Policy Framework Document
4. Next Meeting/Adjournment

Potential ECIDA MWBE Policy Framework

Problem Statement:

Structural racism continues to have a strong hold in the United States. Glaring disparities in income and wealth, criminal justice, education and employment, health and wellness, and more exist all over the United States. While these disparities are rooted in the United States' dark history of slavery, they are also rooted in a far more recent history, including but not limited to discrimination in Federal housing policy, child welfare, policing, financing, and more.

Unfortunately, WNY is no different. A report issued by the Greater Buffalo Racial Equity Roundtable in November 2016 found major disparities in the region in four key areas: income and wealth, neighborhoods and quality of life, education and job readiness, and criminal justice. The report, entitled the Racial Equity Dividend: Buffalo's Great Opportunity, finds that the median family income for white families in the region is \$71,622, whereas the median income for African American households in the region is just \$33,061. Rates of homeownership, which is a traditional path to building wealth in the United States, show similarly disturbing disparities in WNY. For example, the rate of owner occupied housing units among whites is 73% in WNY but only 35% among African Americans. [Note: the full report can be found here: <https://racialequitybuffalo.org/files/documents/report/theequitydividendfinaljune2018.pdf>]

Regrettably, economic disparities among minority populations have only been exacerbated by the COVID-19 pandemic. For example, Accountable US Action recently conducted a study on the distribution of funds from the Paycheck Protection Program (PPP) in the Buffalo metro area and found that minority owned businesses received dramatically less support from the PPP. The following information from the study was noted in the Buffalo News on September 7, 2020:

- The study found that the ZIP code with the largest Black population in Buffalo, on the city's East Side, received the smallest number of loans. Meanwhile, the most loans locally went to the 14221 ZIP code, which includes Williamsville and parts of Amherst and Clarence.
- The study compared the number of PPP loans to the population of each of the ZIP codes in the Buffalo area, and found that the neighborhood with the smallest number of loans compared to the population was ZIP code 14208, which straddles Jefferson Avenue on Buffalo's East Side. In that ZIP code, where the population is 85% Black, only 43 businesses got PPP loans.
- Other ZIP codes that received comparatively few PPP loans include those straddling Genesee Street (14211), one that runs along Broadway (14212) and one that straddles the Kensington Expressway west of Harlem Road (14215). Those happen to be the four Buffalo ZIP codes with the highest Black population, the study noted. Those four ZIP codes received 497 PPP loans.
- Meanwhile the four ZIP codes with the highest white population received 1,231 loans. Those ZIP codes cover West Seneca (14224), Blasdell and Hamburg (14219), Kenmore (14217) and Cheektowaga (14227). The Williamsville ZIP code – 14221 – received a fifth of the region's PPP loans, the study said.

Objective:

The ECIDA endeavors to enact policies, procedures, and partnerships that directly combat structural racism and the economic disparities experienced by minority and women owned businesses.

- The agency can do this by ensuring that minority and women owned businesses have an enhanced opportunity to contract or subcontract with any company receiving tax benefits from the agency, as well as with the agency itself.
- The objective may also be achieved by providing direct or indirect business assistance, mentorship, and or capital to minority and women owned business enterprises to grow the pool of MWBEs in our community.

Policy Discussion Questions:

- **Scope**

1. Should a policy establish a goal for the use of MWBEs in the construction phase of the project?
2. Should a policy establish a goal for the use of MWBEs in the procurement of supplies and equipment?
3. Should a policy establish a goal for the use of MWBEs in the procurement of professional services?
4. Any combination or all of the above?

- **Usage Goal**

1. What usage goal for MBWE utilization should ECIDA consider?
2. Should the usage rate be specifically broken out for MBEs and WBEs or simply one large umbrella goal?
3. Should ECIDA consider an escalating usage goal over time?

- **Workforce**

1. Should the agency consider a workforce incentive?
2. What models exist that the agency might consider? (See Onondaga County)

- **Enforcement/Incentives**

1. What documents will ECIDA require to monitor any given company's efforts to meet the MWBE utilization goals established by the policy?
2. How frequently will the ECIDA require submission of the documents?
3. What process or procedure might the agency enact/employ for failure of any given company to meet the goal?

3.4. What process and procedure might the agency enact/employ to further incentivize the company's efforts to meet the goal?

- **Partnership Collaboration**

1. Role ECIDA should play in helping MWBE enterprises?
2. Business formation, technical assistance, and mentoring?
3. Capital and financing needs?
4. ~~Ceterification~~Certification, licensing, bonding, and insurance costs?

- ***ECIDA Staffing, Purchasing, and Professional Services?***

1. What procedures are already in place?
2. The Governance Committee of the ECIDA can undertake a review of existing procedures and guidelines and can make recommendations for modifications before the ECIDA 2021 Annual Meeting.

Relationship of Policy to the Objective:

By enacting a policy that links tax inducements to a goal of MWBE utilization, the agency is ensuring that there is increased opportunity among minority and women owned businesses to benefit in the projects supported by the agency. Over time, such increased opportunity generates greater income and wealth among minority and women owned businesses, thereby helping to close the long lasting racial disparities that continue to plague our community.