

# Make Minority Contracting Reforms Now



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The COVID-19 pandemic has had a devastating impact on the small business community. With businesses struggling, government contracts are even more important to many small businesses, including minority owned businesses with limited cash reserves and access to capital. The failure of governmental entities at all levels to ensure that minority businesses receive a fair share of government contracts has resulted in minority owned businesses being less capitalized. This has put them at higher risk of failure during these unprecedented times.

## THE CURRENT SITUATION

The purpose of minority contracting programs such as the Business Enterprise Program (BEP) and Disadvantage Business Enterprise Program (DBE) is to help minority contractors obtain government contracts. The BEP program focuses on minority and women owned businesses participating in the State's procurement process as both prime and subcontractors. The stated goal of the BEP is to award 11% of contracting opportunities to minorities. The central aim of the DBE program is to increase minority participation on federally funded contracts awarded to minority-owned and disadvantaged businesses.

Illinois has failed Black and Brown businesses through its implementation of the BEP and DBE programs. Indeed, the government has badly missed its BEP goals. With respect to the DBE, the 2018 US Department of Transportation DBE report finds Illinois ranking 47th among all states and the District of Columbia in terms of meeting minority contracting goals.

The BEP and DBE programs are riddled with loopholes and non-compulsory targets. Minority contracting goals are waived if an agency or contractor makes a "good faith effort" at finding a qualified minority owned business. Reforms must be made to this good faith waiver. The certification process is complicated and confusing, especially for business owners without the resources to wade through complex legislation and confusing requirements. There is lack of transparency and inadequate oversight. Goals are not met and as a result, Black and Brown businesses are not being awarded their fair share of government contracts.

## RECOMMENDATIONS

- Ensuring that minority contracting goals be supplemented with a requirement that an appropriate percentage of government contracts be awarded to companies from socially and economically disadvantaged communities with a priority on communities of color.
- Streamlining the minority contracting application and making the process easier to navigate.
- Reforming the "good faith effort" waiver.
- Increasing transparency as it pertains to minority contracting in Illinois by requiring transparent annual public reports on the successes and failures of the program.
- Facilitating collaboration and cooperation between the government, contractors, and subcontractors to ensure that minority contractors can compete for and obtain government contracts.