



October 24, 2023

Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Dear Councilmembers:

I am writing on behalf of the Montgomery County Black Collective, its partners, and the minority businesses with which we work to provide coaching, technical assistance, and navigation of business resources. We offer this letter in support of Bill 37-23 (Minority Owned Businesses) and ask that you extend the sunset date to December 31, 2024.

The Montgomery County Black Collective is a network of organizations, faith leaders, nonprofits and corporations that represent the Black community. Our primary audience is Black business owners, many of whom are small, women, disabled or veteran owned. We actively engage Black and other minority business owners in our program design, and they benefit from community engagement forums, focus groups and culturally sensitive coaching. In our programs, we reach out to and include all minority/female/disabled/veteran and other socially disadvantaged small businesses.

We support the extension of the sunset date for the minority owned business purchasing program and the study to make relevant amendments regarding procurement that will benefit more socially disadvantaged businesses. While this Bill provides for the extension of the sunset date until December 2023 to allow for the completion of the contracted Disparity Study, we encourage the permanent adoption of this law. In its original intent the program was designed to protect the interest of a segment of the public that has had historic discrimination and is frequently underserved in the engagement of procurement and other business opportunities. Minority, Female and Disabled-owned (MFD) businesses that are certified benefit by gaining access to prime contractor and subcontractor opportunities with County government agencies. Similar to State of Maryland MBE efforts to ensure minority participation in procurement, the MFD program has served as a remedy to the effects of discrimination.

It is commonly recognized that more data is needed and encourage the Council to request the rapid submission of the disparity study that will assess the impact of the purchasing program. There is substantial direct anecdotal evidence of challenges in participating in the program, but the community needs the actual empirical evidence. More importantly, the Council and county agencies require this information to adequately determine contracting policies that directly impact the MFD businesses.

The path to and through entrepreneurship is one avenue on the road to economic mobility and independence. Businesses we work with frequently lack the social capital and family financial support that often boosts a business and even allows it to fail and restart. Our clients are small, minority companies registered in Montgomery County. More than 90% of the businesses we serve are Black-owned. Most lack the knowledge to navigate the myriad resources that exist or have been referred to one resource after another. More than a third of the businesses in our programs are owned by individuals still working a full-time job. Building a more informed and resilient business ecosystem is essential to economic security.

It is essential that we work to build the overall business and economic system in Montgomery County. Strengthening the supports that allow minority and women-owned, as well as disabled small businesses to become more financially sustainable and resilient will only occur by continuing to eliminate structural barriers to growth, improve access to information, foster collaboration, and encourage innovation within the system. All businesses need access to capital, technical assistance, entrepreneurial education, and mentoring. The most relevant of these is access to capital, which is demonstrated through access to contract and sub-contract opportunities.

By increasing equity and inclusion in public practices and policies we can make a significant impact on small and minority businesses. By collaborating with prime contractors, small minority firms are allowed to further develop new products and services, technologies and explore innovations in their capabilities. The natural mentoring and modeling that exists in these relationships helps to build the capabilities of minority businesses, but it also allows the prime contractor to benefit from increased research and development of their own, by subcontracting time and effort to another entity. This is a win/win for all. Many additional examples exist of the benefits of protecting and expanding opportunities for minority business. By spurring the expected outcomes of the MFD program, we increase the tax base, increase hiring, create more economic mobility and less dependence on social programs.

Further actions we encourage that align with State goals include:

- Encouragement and expectation of a percentage of minority participation in procurements
- Submission of monthly or quarterly reports on activities and outcomes
- Executive oversight of the program by an ombudsman or scorecard for accountability
- Continued efforts to expand the overall business support system
- Publicly message about local companies in the community, including MFD enterprises
- Build opportunities to spotlight minority businesses open to collaboration and partnership
- Reward and raise the visibility of companies that mentor, partner, and subcontract with minority ventures

We applaud the foresight of Councilmembers Jawando and Sayles as Lead Sponsors. But it is equally critical that we recognize the commitment and support of the co-sponsors, which includes all County Council members. Thank you for your ongoing dedication to ensuring Montgomery County is a model for other communities and demonstrating the continuing solutions to creating a more equitable business procurement environment.

In light of the challenges to minority business and court rulings impacting minority business development, we urge you to extend the sunset of this program, obtain and learn from the disparity report, and work with stakeholders to ensure ongoing access to procurement opportunities for minority-owned businesses, facilitating wealth generation and business expansion.

Sincerely,



Kim Jones
Executive Director