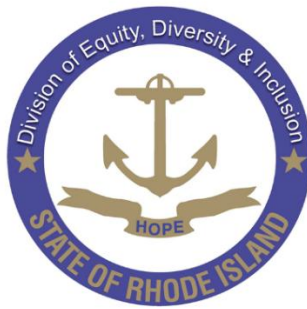




Fiscal Year 2026 Minority Business Enterprise Compliance Office Overview

BACKGROUND

The [Division of Equity, Diversity, and Inclusion \(DEDI\)](#) at the Rhode Island Department of Administration is dedicated to fostering a diverse and inclusive culture that reflects Rhode Island's changing demographics. Its mission is to advance equitable opportunities for everyone who works with or does business with the State.

In 1986, the Rhode Island General Assembly enacted [Title 37, Chapter 14.1](#), known as the Minority Business Enterprise Statute. This legislation formally established the state's policy to maximize opportunities for disadvantaged and underserved businesses to participate in state-funded construction programs, various projects, and state procurement activities.

As part of its mission, DEDI oversees the Minority Business Enterprise Compliance Office (MBECO). This office provides certification and compliance services, business assistance, and advocacy for protected classes of business enterprises by state statute, including Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), Veteran Business Enterprises (VBEs), Disadvantaged Business Enterprises (DBEs), as well as the Airport Concession Disadvantaged Business Enterprise (ACDBE) Program.

MBECO seeks to eliminate barriers to participation in state procurement and provide a level playing field for all Rhode Island businesses through its partnership with the Rhode Island Division of Purchases. MBECO also works extensively with state agencies to help them fulfill their business purchasing goals and actively promotes the participation of the State's certified businesses in public purchasing programs. Certification is used specifically to enhance the ability of underrepresented firms to do business in public markets.

To qualify for certification as a certified firm under R.I. General Laws [§ 37-14.1-3](#), a firm must be a for-profit business at least 51% owned by one or more socially and economically disadvantaged individuals. The presumption of disadvantage is outlined in [49 CFR 26.67\(a\)\(2\)\(i\)](#), which establishes a Personal Net Worth (PNW) limit of \$1.32 million for firm owners, and the firm cannot exceed an Average Gross Income (AGI) of \$350,000 over a three-year period. In addition, a firm must hold a valid business license if part of a licensed industry. A firm must also be a small business.¹ and have operated for at least six months.



Once a firm is certified, it is added to the [MBECO directory](#) on DEDI's website. Placement in the searchable database allows purchasing agents and prime contractors to find companies by industry sector and company name. The goal of this publicly accessible list is to increase awareness of, and contractual opportunities with, state-certified firms among public- and private-sector entities. DEDI will also certify any small business currently certified and accredited by the U.S. Small Business Administration as an 8(a) firm (governed by [13 C.F.R. part 124](#)) as long as the firm provides evidence of federal certification of good standing.

DEDI is dedicated to enhancing the economic viability of certified firms in the state, especially those that represent underserved populations and communities in Rhode Island. DEDI's goals include continuing to increase the number of state-certified firms available for contract competition, providing opportunities for the growth and

development of these firms, and encouraging them to increase their participation in state procurements.

STRIVING FOR SUCCESS: EXCEEDING THE 15% STATEWIDE PARTICIPATION GOAL

Fiscal Year 2026 marks the third year of the newly established 15% certified firm statutory participation goal requirement as per [R.I. Gen. Laws § 37-14.1-6](#). This requirement includes a minimum allocation goal of 7.5% for MBE participation and 7.5% for WBE participation. According to data compiled from the Division of Purchases FY 2025, total contract value statewide (with certain exceptions – see “Methodology” section below) was approximately \$627 million, with an estimated \$84 million, or 13.4%, awarded to all state-certified firms in FY 25.

During FY 2026, 205 unique state-certified firms participated in state procurements processed by the Division of Purchases. To provide some economic performance context for the figures, out of the total eligible state contract value of approximately \$688 million,

¹ As defined by the federal government, [13 CFR Part 121](#).

around \$124 million, equivalent to 18.1%, was allocated to state-certified firms. Minority Business Enterprises (MBEs) achieved a participation rate of 8.44%, while Women Business Enterprises (WBEs) reached a rate of 9.65%. The total annual participation rate for Fiscal Year 2026, at 18.1%, is the highest in the program's 40-year history. This notable increase underscores both the program's effectiveness and the growing engagement of participants.

The state is observing notably positive trends in this area, reflecting substantial advancements and growth. For instance, total spending on contracts with state-certified firms rose significantly from \$84 million in fiscal year 2025 to \$124 million in fiscal year 2026. This contract amount marks a historic milestone, achieving the highest total value ever earned by certified businesses in the program's 40-year history. This also marks a 48% increase in contracts awarded to certified businesses over the previous year. The chart below provides a more detailed breakdown of state-certified participation for fiscal year 2026.

MBE/WBE Breakdown FY 26					
Asian Male Owned Firms	\$3,147,173.00	0.46%			
Black Male Owned Firms	\$9,866,748.61	1.44%			
Hispanic Male Owned Firms	\$17,339,145.42	2.52%			
Native American Male Owned Firms	\$513,841.77	0.07%			
Portuguese Male Owned Firms	\$27,165,542.18	3.95%			
Asian Female Owned Firms	\$265,500.00	0.04%			
Black Female Owned Firms	\$1,205,250.00	0.18%			
Hispanic Female Owned Firms	\$211,313.93	0.03%			
Native American Female Owned Firms	\$0.00	0.00%			
Portuguese Female Owned Firms	\$1,903,108.51	0.28%			
White Women Owned Firms	\$62,793,061.10	9.13%			
Total	\$124,410,684.52	18.1%			

Totals	Total Contract Value	\$687,563,457.54
	Total MBE/WBE	\$124,410,684.52
	Percent MBE/WBE	18.1%
	MBE	8.44%
	WBE	9.65%

To better understand the participation of state-certified firms in state procurement, MBECO also analyzes participation rates across various procurement types. [Ocean State Procures \(OSP\)](#) is the State of Rhode Island's official eProcurement platform for vendor registration, solicitations, and contract awards. In the State of Rhode Island, bidding opportunities are categorized into three types: Master Price Agreements (MPA), Requests for Proposals (RFP), and Requests for Qualifications (RFQ). The chart below illustrates the participation of certified firms in FY26 by procurement type. Each contract may allocate funds to one or more firms.

Procurement Type	Number of Contracts
Master Price Agreement (MPA)	767
Request For Proposals (RFP)	96
Request For Qualifications (RFQ)	68
Emergency	9

Qualified List of Vendors (QLV)	5
Qualification-Based Selection (QBS)	1
Grant	5
Single Source	2
TOTAL	953

Eighty (80) percent of state-certified firms' state procurement activities are within MPAs, which are purchasing mechanisms for smaller procurements of a broad category of goods and services for a specified contract period. State agencies order goods and services from relevant MPAs as their needs arise.

MPAs are an excellent starting point for smaller businesses, especially those certified by the State, that are looking to grow. These MPA solicitations allow small businesses to enter public procurement and business opportunities at their own pace as they continue to develop. DEDI has identified this as a crucial area for empowering small businesses and has collaborated with [Rhode Island Commerce](#) to enhance outreach on subject MPAs, as a viable method for small businesses interested in contracting with the State. DEDI believes there is significant potential for the state's participation rate to increase through improved education and outreach, particularly regarding the advantages of MPAs.

WHY CONTRACT COMPLIANCE MATTERS

According to Rhode Island general law, specifically [R.I. Gen. Laws § 37-14.1](#), at least 15% of the total dollar value of any State-funded project must be awarded to a certified firm. This requirement includes a minimum allocation goal of 7.5% for MBE participation and 7.5% for WBE participation. This requirement also applies to in-state purchases of goods and services as well as grants. MBECO oversees contract compliance with State procurement requirements related to certified firms and enforces compliance through monitoring and enforcement activities.

Prime vendors are required to demonstrate a genuine commitment to engaging with certified firms in all state-funded project opportunities. Prime vendors need to maintain thorough documentation of all Good Faith Efforts (GFEs) conducted, including a comprehensive log of bids and solicitations. This complete package of documentation is submitted to MBECO for review. Detailed guidelines regarding GFEs are outlined in [220-RIGL-80-10-2 § 2.8\(G\)\(4\)](#).

The Rhode Island State Archives and Public Records Administration requires all state agencies, including DOA and MBECO, to retain records in accordance with approved retention schedules. This includes certification files and compliance documentation, which must be retained for up to five (5) years.

Contract compliance matters because it is a binding contractual duty, a policy commitment, and a risk control measure. Achieving and exceeding the statutorily mandated 15% participation goal is largely measured by MBECO's dedicated contract compliance efforts, working in partnership with the Division of Purchases, state agencies, and prime vendors. This work collectively enhances state procurement efficiency and boosts small business participation and economic success.

METHODOLOGY

This report calculates the participation rate based on the total dollar amount of contracts awarded to state-certified businesses, with certain exceptions. The data includes Requests for Proposals (RFPs), Requests for Qualifications (RFQs), and Master Price Agreements (MPAs) received from the Division of Purchases. For participation and reporting purposes, only state-certified firms are included in the participation counts. This report is based on the best available data compiled from the State's Division of Purchases.

Not counted among the totals are:

- Contracts subject to the federal Disadvantaged Business Enterprise (DBE) program, which are facilitated, tracked, and reported separately through the Rhode Island Department of Transportation. Specifically, eligible federally funded projects (including roads, bridges, rail stations, bike paths, and ferry service) fall under a separate Federal Highway Administration (FHWA)-approved DBE goal-setting methodology.
- Change order or contract amendment data.
- Certain provider payments and other payments that the Division of Purchases does not process.

DEDI is consistently improving its certification and reporting processes to enhance customer service and ensure data integrity. Later in the current fiscal year (FY 2027), DEDI will issue a Request for Proposal (RFP) to select a vendor that will design and operate a cloud-based certification and compliance tracking system. This new system will simplify the application process and improve accessibility for those seeking certification. Additionally, it will feature an integrated MBE Directory and compliance-tracking system to support certified firms' participation in future contracts.

RECOGNIZING MARKET VARIABLES TO ACHIEVE AND MAINTAIN PARTICIPATION GOAL

Barriers to small businesses are obstacles—financial, capital, regulatory, operational, or competitive—that hinder state-certified or other small firms from entering or competing in a market.

It is the State’s expectation that the many variables in the market – including, but not limited to, certified business capacity, labor shortages or increases, and strategic programs focused on access and opportunity for underrepresented businesses – will lead to fluctuations in the participation goal over time. The State has limited abilities to manage these fluctuations.

However, the DEDI team strongly believes that data-driven decision-making and a focus on analytics can identify and address barriers to success for all certified firms, enabling DEDI to consistently meet the statutory 15% goal through incremental progress.

The State and its partners must continue to focus on actionable items within their control and work as a whole-of-government team to improve access and opportunity in the state procurement landscape.

ADDRESSING BARRIERS TO PARTICIPATION BY ENHANCING ACCESS AND CREATING OPPORTUNITIES

Current state programs, including the Network Matching Grant program and Goldman Sachs 10,000 Small Businesses program, have significantly improved economic opportunities for state-certified and underrepresented small businesses in Rhode Island. While equality ensures that all businesses receive the same services, equity acknowledges that not all small businesses begin from the same competitive position. It is crucial to identify and rectify any unfair advantages or disadvantages within the State’s control to ensure that all state-certified firms have an equal opportunity to succeed.

To promote equity and efficiency in procurement, it is essential to recognize that the 15% participation goal serves as a single measure of the business success of state-certified firms. However, this annual performance metric does not account for the fact that many certified business entities do not participate equally or effectively in state procurement. Some state-certified firms encounter barriers that others do not. Providing increased hands-on support and training for all certified firms, particularly those that have consistently exhibited lower procurement rates from the state, can effectively address these disparities.

INSIGHTS

Numerous factors can affect small businesses, making it difficult to identify the key reasons for fluctuations in state-certified business participation over time. Some of these factors include economic and market conditions, industry capacity, the availability of assistance and incentives, budgetary constraints in state finances, and demographic changes.

Government contracting and procurement processes can be overwhelming for small businesses that have limited resources and capacity to engage in these activities. The lack of experience in bidding for contracts can make it difficult for small firms to compete with more established companies, creating barriers to participation. These challenges are particularly noticeable among state-certified businesses, many of which are micro-businesses.

According to the Economic Progress Institute's 2024 report, "[State of Small and Micro-Businesses in RI](#)," approximately 105,000 businesses were registered in Rhode Island. 98% of these employ fewer than 100 people, or 51.2% of the state's workforce, and 93.9% of Rhode Island businesses are micro-businesses (nine or fewer employees).²

According to the United States Small Business Administration's Office of Advocacy, in 2018, self-employed Rhode Islanders with their own incorporated businesses had a median income of \$53,794. The median income for those self-employed at their unincorporated businesses was \$32,639. For a four-person family in 2018, this income amounted to 214% of the Federal Poverty Level (FPL) for self-employed individuals with incorporated businesses and 130% of the FPL for those with unincorporated businesses.³

The data shows that Rhode Island has a significant number of small businesses, particularly micro-businesses. Many of these businesses, which are operated by individuals with low- to moderate-income who face socio-economic challenges. However, with ongoing efforts to increase their involvement in Rhode Island's economy, these micro-businesses can make substantial progress, helping to lift families out of poverty and contribute to a vibrant business environment.

Rhode Island's micro-businesses are an essential part of the state's economy. They employ a substantial share of the workforce and play a crucial role in job creation within our state. However, micro-businesses also face considerable structural disadvantages. They often lack reliable access to capital and technical support, making them more vulnerable to economic downturns. Their unique challenges are usually compounded by their limited resources and small size.

² The State of Small and Micro Enterprise Businesses in Rhode Island, Economic Progress Institute, May 2024

³ Ibid

For Rhode Island to realize its full economic potential, every small business needs to thrive. Business and demographic trends indicate that micro-businesses represent a significant portion of small businesses in the state. Together, they form the backbone of a prosperous state economy. The DEDI team has engaged a wide range of community stakeholders to identify where certified businesses are facing challenges and where they are succeeding.

By examining local market trends and gathering stakeholder feedback, DEDI is adopting a multifaceted approach to ensure access and opportunities for all small businesses in Rhode Island. The findings and best practices from the division's upcoming [Disparity Study](#) will promote future growth in the number of businesses certified by the program and improve the participation rates of those already certified.

DEDI is committed to implementing essential fairness and systemic transformations to foster a thriving, equitable environment for all businesses in Rhode Island. This strategic approach focuses on boosting income growth potential while encouraging effective procurement practices, benefiting the state's economy and supporting the growth of local small enterprises.

NEXT STEPS

Achieving big goals requires bold solutions. DEDI remains committed to reducing barriers and expanding access to contracting opportunities for state-certified businesses. Over the next fiscal year, DEDI will build on recent initiatives and continue to develop new programs and partnerships to ensure measurable success:

1. **State Disparity Study:** R.I. Gen. Laws § 37-14.1-6 mandates that the state of Rhode Island conduct a disparity study to evaluate the need for programs aimed at increasing the participation of women- and minority-owned business enterprises in state contracts. This study is to be repeated every five years. The budget for fiscal year 2026 has allocated funds to update the 2021 Disparity Study, which is expected to produce a final report during the first quarter of calendar year 2027. Disparity studies offer numerous benefits, particularly regarding government contracting and procurement practices, including:
 - Assisting government organizations in employing measurable contracting strategies that comply with constitutional standards, protecting them from potential legal challenges.
 - Identifying disparities in contract participation to help organizations make informed decisions that enhance the economic impact of their procurement practices.
 - Providing essential data for developing and evaluating new contracting policies and programs that strive to eliminate barriers for all small businesses,

particularly those consistently underrepresented in state procurement.

- Improving community engagement and understanding of marketplace conditions affecting small businesses that can lead to more effective strategies for promoting economic participation.

In September 2025, DEDI selected a national firm after a competitive procurement process to perform the state disparity study. The updated [Rhode Island Disparity Study's](#) goals include:

- Reviewing all state statutes, policies, and procedures to ensure that small businesses have equal and equitable access to a wide range of state business development services, regardless of location or industry, and the communities in which they operate.
- Illuminating the current state of procurement and contracting data to assess the prevalence of disparities.
- Identifying barriers to utilizing small business enterprises and developing strategies to increase participation in state and private market procurement.
- Reviewing and improving existing contracting practices and business assistance programs.
- Evaluating potential changes to the current certification and compliance programs.
- Analyzing the local marketplace to understand its impact on the start-up and sustainability of small businesses and micro-enterprises.
- Assessing the effects of federal policy and program changes on local small businesses' access to capital, technical assistance, and training services.

The study aims to determine whether all Rhode Island small businesses operate on a level playing field and to identify any disparities or barriers that hinder their ability to compete fairly. The study will also include a utilization scan to gather relevant data sources and an availability analysis to assess the availability and capacity of ready, willing, and able disadvantaged business enterprises within the Rhode Island market. The results of the study will help guide existing and new initiatives that create opportunities for underserved small businesses in Rhode Island.

- 2. Technical Assistance:** Tailored technical services are required to help certified firms navigate the state procurement process and gain more access to and opportunities in the public and private sectors. DEDI and Rhode Island Commerce have partnered on an innovative program, launched in Fall 2026, to provide stronger

support for, and enhance the capacity and scalability of, small businesses owned by underserved individuals, particularly those certified in the state.

DEDI is working closely with Rhode Island Commerce to continue to review best practices in this space, taking lessons learned and applying them to new programming that will help move the needle for Rhode Island's small businesses.

3. **Expand Capital Connections:** Support implementation of a stronger referral network of certified businesses to the Rhode Island network of capital options, including the Rhode Island Commerce Small Business Loan Fund program and State Small Business Credit Initiative capital program.
4. **MBECO Policy Manual:** DEDI published an MBECO Policy and Procedures Manual in June 2026 to ensure that certified businesses, state procurement agencies, and vendors receive standardized and consistent information on state certification and compliance policies and practices. We will continue to share this manual with partners agencies, prime vendors and certified businesses to help demystify the certification and contracting processes.
5. **State Agency and Prime Vendor Training:** In March 2026, MBECO launched an interagency and prime vendor contract training program to standardize contract knowledge and compliance across agencies. This program aligns with the MBECO Policy and Procedures Manual and ensures adherence to contract compliance based on the 15% M/WBE goal. Additionally, it focuses on the timely processing and approval of contracts. The training includes a newly created MBE Utilization Plan form, MBE Utilization Plan Checklist, and Frequently Asked Questions, all available on the [DEDI website](#). We plan to continue to offer trainings on a regular basis to ensure contract compliance from our partner agencies and prime vendors.
6. **New Online Certification and Contract Compliance System:** DEDI will issue a Request for Proposal (RFP) to select a vendor to design and operate a cloud-based Certification and Contract Compliance System. The integrated system will streamline the certification application and review process, strengthen contract compliance and participation tracking, and improve accessibility and data integrity.

The new system will also centralize the MBE Certified Directory, and, where technically feasible, integrate it directly with DEDI's public website. This will establish a more reliable source of certification status and allow status changes to be reflected more efficiently across certification, contract compliance, and the public-facing directory. The system will also strengthen MBECO's ability to identify when changes in certification status may affect participation credit for active State-funded projects.

By connecting certification, contract compliance, and the MBE Certified Directory within a single system, DEDI will be better positioned to ensure that certified firms are identified and considered for state procurement opportunities, monitor whether approved participation is being achieved, and ensure that firms receiving participation credit maintain the certification status required under the program.

- 7. Community Engagement and Education:** DEDI is collaborating with business and community organizations across Rhode Island and developing strategic relationships with existing small businesses in underrepresented sectors to engage with and communicate state certification programs and services effectively. Engagements will concentrate on the certification application platform and underscore the opportunities presented by State Master Price Agreements (MPAs) as a significant foundation for state procurement efforts.