



**Division of Equity, Diversity and Inclusion**  
**Minority Business Enterprise Compliance Office**

One Capitol Hill, Providence, R.I. 02908-5850  
(401) 574-8670 - [mbe.compliance@doa.ri.gov](mailto:mbe.compliance@doa.ri.gov) - RI Relay 711

## **Fiscal Year 2023 Minority Business Enterprise (MBE)/Women Business Enterprise (WBE) Overview**

### **Background**

The Division of Equity, Diversity and Inclusion (DEDI) at the RI Department of Administration supports a diverse, inclusive culture that values and reflects the changing demographics of Rhode Island by advancing equitable opportunities for all who work for or do business with the State of Rhode Island. As part of that mission, DEDI also oversees the Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) state program through the Minority Business Enterprise Compliance Office (MBECO). MBECO helps to facilitate participation of MBEs and WBEs in Rhode Island's business and economic development opportunities.

Specifically, MBECO provides services in certification, business assistance and advocacy. Certification is used specifically to enhance the ability to do business in public markets. MBECO works extensively with state and local agencies to help them fulfill their business purchasing goals and actively promotes the participation of certified businesses in public and private purchasing and contracting programs. To qualify as an MBE or WBE per R.I. General Law § 37-14.1-3, a firm must be a for-profit business, of which a minimum of 51% is owned by one or more social and economically disadvantage individuals. Limitations on an owner's personal net worth and the firm's gross receipts also apply. If part of a licensed industry, a firm must hold a valid business license. Additionally, a firm must be a small business<sup>1</sup> and have been in operation for at least 6 months.

Once a company is certified as an MBE or WBE, they are added to the MBE/WBE database located on DEDI's website. The placement on the searchable database allows purchasing agents and prime contractors the ability to find companies based on industry areas and company name for increased contractual opportunities for MBEs and WBEs in both the public and private sectors to meet diversity participation requirements and goals. DEDI will also certify any MBE currently certified 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's goals include increasing the number of MBE/WBE firms available for contract competition, providing opportunities for growth and development of MBE/WBE firms and encouraging increased participation in state procurements. Prior to FY 2024, the statewide goal for MBE and WBE participation in state contracts was a combined 10%. Effective for FY 2024, a recent amendment to R.I. General Law § 37-14.1-6 – proposed by Governor McKee and passed by the General Assembly – raised the bar for MBE/WBE procurement participation from the prior goal to a new goal of 15%, with a minimum of 7.5% awarded to MBEs and 7.5% to WBEs.

***The following report reflects the MBE/WBE participation rates for Fiscal Year 2023 under the prior year's 10% participation goal.***

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<sup>1</sup> As defined by the federal government, 13 CFR Part 121.



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## Methodology

In this report, the participation rate is calculated using contract dollars awarded to MBEs/WBEs and the projected total state contract value in FY 2023 with certain exceptions. The data includes Requests for Proposals (RFPs), Request for Qualifications (RFQs) and Master Price Agreements (MPAs). All prime contractor and subcontractor data included in this report is information that has been submitted to DEDI through the Division of Purchases’ MBE points system, MBE utilization forms, state buyers and/or other state agencies.

Not counted among the totals are:

- Contracts that are subject to the federal Disadvantaged Business Enterprise (DBE) program, facilitated and tracked through Rhode Island Department of Transportation. Certain 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 are not processed by the Division of Purchases

Finally, in an effort to improve data integrity and prepare for new tracking software that will be implemented in FY 2024, manual reporting processes are being reviewed and improved, resulting in a more comprehensive data set and additional data integrity checks. DEDI anticipates the new software to automate some of the manual processes currently in place, significantly improving and easing the process for reporting. Further information on this topic can be found in the “Insights & Upcoming Improvements” section.

## Progress Toward the 10% Statewide MBE/WBE Participation Goal

In Fiscal Year 2023, 123 unique MBEs/WBEs participated in the state procurements included in the final calculation. Out of the total contract value of almost \$358.4 million, an estimated \$43.9 million – or **12.3%** – were projected to go to MBEs and WBEs. Of the total 12.3%, the MBE category – which consists of minority male owned firms and minority female owned firms – made up about **7%** of the total. WBEs, or white female owned firms, made up the remaining **5.3%**. Combining the projected spend for *all* female owned firms – including white and minority owned – resulted in a **6.6%** allocation of the total projected contract value.

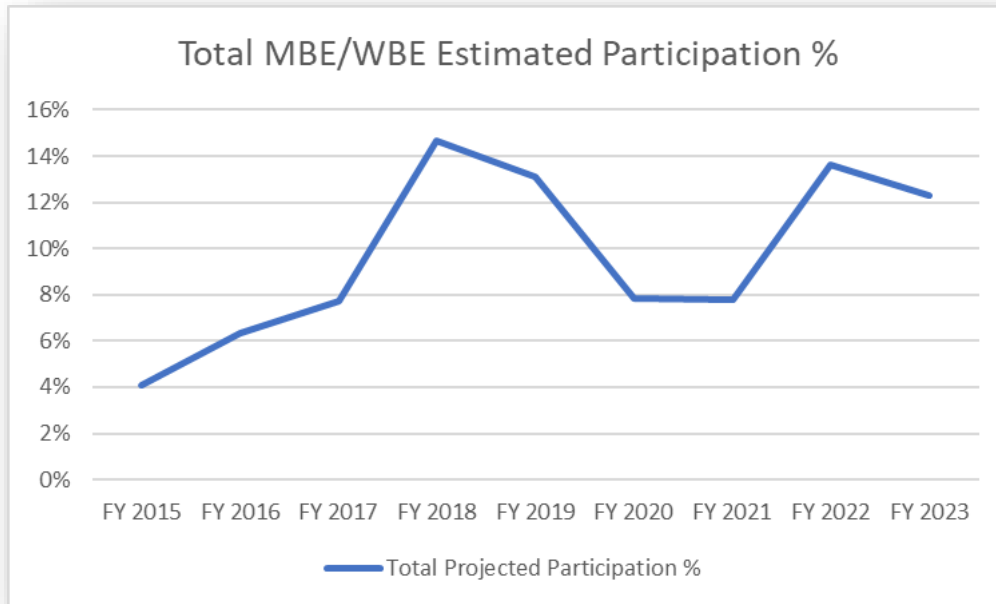
MBE/WBE Breakdown				
Asian Male Owned Firms	\$692,865	Totals	Total Contract Value	\$ 358,043,043
Black Male Owned Firms	\$7,448,937		Total MBE/WBE	\$ 43,902,507
Hispanic Male Owned Firms	\$3,175,952		Percent MBE/WBE	12.3%
Native American Male Owned Firms	\$23,295			
Portuguese Male Owned Firms	\$8,924,534			
Asian Female Owned Firms	\$1,840,178			
Black Female Owned Firms	\$1,753,000			
Hispanic Female Owned Firms	\$1,096,436			
Native American Female Owned Firms	\$-			
Portuguese Female Owned Firms	\$-			
White Women Owned Firms	\$18,947,310			
<b>Total</b>	<b>\$ 43,902,507</b>			



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To provide historical context, see the below line graph demonstrating progress toward the original 10% MBE/WBE goal using prior year projections.



Below is a breakout of MBE and WBE participation by procurement type. *Note: each contract may allocate dollars to one or multiple MBEs and/or WBEs.*

Procurement Type	Number of Contracts
Master Price Agreement (MPA)	216
Request for Proposals (RFP)	35
Request for Qualifications (RFQ)	26
<i>Data Not Immediately Available</i>	41
<b>Total</b>	318

## Insights & Upcoming Improvements

It's challenging to ascertain the driving factors behind the fluctuation of MBE/WBE participation over the course of time, as there are many variables. Economic conditions, availability of assistance and incentives, fiscal constraint in state budgets and changes to demographics are just some of the factors that can have an impact on these numbers. It's DEDI's responsibility to drill down on the data and focus on the areas over which the State has control, always with the goal of helping to develop effective policy and elevating MBE and WBE firms whenever possible. With an increased MBE/WBE goal of 15% overall for future reporting, DEDI continues to explore new and better ways to conduct outreach, education and improve business processes to better serve the needs of the MBE/WBE communities.

As mentioned above, DEDI plans to launch a cloud-based software to create a Compliance Management System that automates and modernizes the way MBE and WBE participation is captured. Currently, tracking MBE and WBE participation, both at the contractor and subcontractor level, is a complex, manual process; in



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particular, receiving accurate subcontractor data is challenging, as DEDI must rely on prime contractors to provide timely updates over the life of the contract.

The new system will allow DEDI to centralize and track compliance requirements across various programs and initiatives, ensuring a more transparent and accountable process. The new system will streamline MBE and WBE data tracking and integrate it with existing procurement technology, improving data integrity from the outset and allowing DEDI to focus on monitoring compliance with existing programmatic goals and requirements in a timely matter. The system is also expected to make the certification process easier and more accessible for MBE/WBE applicants and certified companies since they will be able to apply through a secure electronic portal and receive automated reminders when annual documents are due. The software is expected to launch before fiscal year 2025.

In addition to approving funding for the compliance software, the General Assembly approved Governor McKee's Fiscal Year 2024 budget request for a new full-time employee position within MBECO. The new position will help improve tracking and enforcement by monitoring contractor performance, ensuring compliance with state guidelines.

DEDI also regularly conducts in-person and online trainings in both English and Spanish and collaborates with partner entities to ensure communities are involved and aware of the benefits of becoming MBE/WBE certified. In February and May of 2023, DEDI collaborated with the Rhode Island State Council on the Arts to record a step-by-step guide to filling out MBE/WBE certification applications. The webinar was produced in English and Spanish.

There is much more work to do to continue leveling the playing field for MBEs and WBEs, and we are looking forward to working closely with the community to achieve these new goals.