

March 19, 2025

The Honorable Arthur Corvese
Chair, House Labor Committee
RI State House
Providence, RI 02903



Subject: House Bill 5683

Dear Chairman Corvese and Honorable Members of the House Labor Committee:

On behalf of the member companies of The Rhode Island Chapter of Associated General Contractors (RIAGC), I write regarding House Bill 5683.

The proposal seeks to increase the minimum requirement of the value awarded to MBE/WBEs in state construction projects from 15% to 20%, and allocate 10% to each. While RIAGC supports the goal of this proposal, we have reported previously that it continues to be a challenge for companies to meet the new state requirement of 15% because of the limited pool of certified businesses and their respective capabilities to work on multiple projects at one time.

To achieve the legislation's goal, the state might consider a combination of policy changes implemented in other states. Some of these might include:

- Revise the definitions of a small business to increase the upper business size limit for MBE and WBE firms and revise the calculation of personal net worth limits. Chicago and Maryland have aggressively implemented these changes over the past several years to reflect changing economic dynamics. Maryland adjusts its Personal Net Worth cap each year based on the CPI. Chicago excluded illiquid assets such as retirement savings and real estate to address the financial challenges that business owners face. RIAGC members actively recruit MBE/WBEs for bid opportunities on public work, hosting forums, and calling and emailing firms directly. They report that many times, for large construction projection projects, MBE/WBE firms decide not to bid because they are working at capacity on other projects, and taking on additional work would put their company at risk of not performing.
- Other states have embarked on efforts that include annual data reporting and analysis to consistently assess the status and effectiveness of state procurement requirements as they relate to MBE/WBEs. Enforcing the current requirements and making this information readily available for accountability and benchmarking is essential. Rather than an increase in the requirement that may not be attainable, efforts to strengthen the capacity of current MBE/WBEs should be explored. Indeed, SCORE Rhode Island, the SBA's small business partner, is nationally recognized in this regard and could be tapped for an innovative collaboration with the state to assist MBE/WBEs.

As always, RIAGC welcomes the opportunity to collaborate with the state and discuss additional efforts that will realize the goals of this legislation.

Thank you in advance for your consideration.

Sincerely,

Kerrie Bennett
Executive Director