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Written Testimony-Senate Committee on Small Business and Entrepreneurship  
Gary Moore

Good morning Senator Cardin, Senator Van Hollen, and Representative Ivey; thank you for inviting me to testify today.

My name is Gary Moore; I am the Senior Business Development Specialist for the Maryland Minority Business Development Agency (MBDA) under the U.S. Department of Commerce. I have been with the Maryland MBDA Business Center for over seven (7) years. My primary responsibility is to keep in alignment with MBDA's mission which is to foster growth and global competitiveness of Minority Business Enterprises (MBE's).

In my role I work with government agencies, institutions and privately held corporations on behalf of Center clients; advocating for access to capital, procurement opportunities and providing them with overall strategic business consulting. Our Center has directly serviced over one thousand (1,000) minority businesses where I have heard countless stories of disparities in minority participation in private, state and local procurement opportunities. Not long ago, a major east coast company's project manager, who was Caucasian, told me a story of why they have not used any MBE's. This privately held company had a need for subcontractors for a particular project and invited several Caucasian companies and one (1) MBE to bid on their project. The MBE was unable to make the initial scheduled pre-bid site-visit. The project manager told the MBE that he would meet him on site on the day of the MBE's choosing. The MBE met the project manager on a Friday and was told the bid was due on the following Monday. The MBE was unable to turn in his bid within the short window of time. The project manager told me that they "just don't have any *luck* with MBE's", as if this was something he did not experience with Caucasian owned companies. I would like you to know, as a former successful contractor for over fourteen (14) years, Caucasian contractors miss site visits and deadlines for bids very often. The impact of the MBE not attending the pre-bid site visit is the prime company may not offer an MBE an opportunity again; and will continue to only use Caucasian companies for their projects. After looking at the Board of Directors and their leadership online, I found that they were all Caucasian males and one Caucasian female. The conclusion is their leadership, like many companies, lacks the importance of diversity and inclusion.

There are several multi-billion-dollar companies that have indicated they don't have a need to use MBE's as they are simply "*given*" awards by the federal government before projects go out to bid. For example: I work with many minority-owned businesses who are highly capable and experienced in their trade, as MBDA has parameters set as to whom can become a client of the Business

Centers. One of the Center's minority-owned companies had difficulty procuring work; we became aware that he did not have any certifications, which had not limited him from performing and being awarded contracts in the past as his work spoke for itself. The Maryland MBDA Business Center assisted him with becoming certified on all levels; federal, state, and local. Once certified, his company's revenue of \$300,000 - \$400,000 per year grew to over \$6 million annually. As he told me, "Those certifications allowed me to grow. Without them I would have been stuck at my prior revenue levels." After assisting with obtaining his certifications the Center directed him to various projects that we believed would give him an opportunity for growth. His business grew as he began winning contracts for projects that required MBE utilization and he is currently working on all levels; federal, state and private projects that have specific goals to meet MBE utilization. As a Senior Business Development Specialist with the Maryland MBDA Business Center, I help clients gain access to networks, information, and resources – including programs like the SBA's 8(a) Business Development program. Certifications are essential to our clients as our client indicated that before becoming certified, relying solely on capacity and experience, "no prime would give him the time of day!" Suppliers would not sell to him, as the specifications on projects were proprietary, allowing only the larger primes and Caucasian subcontractors to bid on projects. Without an MBE goal, our client would not even be able to request a price from the supplier, and most often, would be given a higher price than his Caucasian counterparts.

Another MBE client bid on a non-MBE project as the lowest bidder. On any large project (this project was for over \$3,000,000) you must present your qualifications, financials for bonding, references and your capacity to do the work before the bid so that all that is left to do while conducting a low bid meeting is verification of each line item. When the client arrived at the meeting he knew the minute he walked in, by the prime's startled looks and subsequent questions, they were not expecting a person of color. Instead of conducting a normal low bid meeting, the questions shifted from the bid requirements to him as an individual. Statements were made such as **"you're very articulate,"** and questions were asked such as **"how did you grow to have a company in double-digit millions of revenues?"** These are not statements and questions posed to Caucasian business owners I speak with. Though my client was highly qualified to perform the work, had full bonding capacity (\$3MM) and was the lowest bidder, it was given to someone else who was of Caucasian decent. Focusing on our client as an individual, and not the company's success and ability to perform the work is blatant discrimination. If an MBE is the most capable, and is the lowest bidder, the MBE is in a good position to win the award when MBE participation is required. This is not the case when MBE goals are not present, or when primes are not held accountable to the goals. Before becoming certified, our client had difficulty getting work with prime contractors; becoming certified has helped open doors for him in cases where MBE utilization requirements are in place.

Access to capital is also very difficult for minority businesses and affects their ability to participate in commercial and public contracting opportunities. For example: a Center client was unable to obtain a line of credit increase from a bank that holds the mortgage on his business property, which they appraised, and has worked with for many years. He has only used 50% of his line of credit and is looking to increase it as he has a very large backlog of over \$12M. This means he has \$12M dollars in signed contracts for the year. He spoke to two of his Caucasian counterparts who work with the same bank and was told by them that the bank increased both of their lines of credit. The minority customer requesting the increase was in better position as his Caucasian counterparts as their backlog was of much less value, they had more debt, and companies had less revenues than

our client. Our client has never missed a payment on any loans or mortgage and has excellent credit.

Our clients believe that the impact of the Nuziard v. MBDA ruling will hurt the same programs that have helped their businesses grow, despite the ongoing discrimination faced in obtaining capital and procurement opportunities. Our clients have expressed they “don’t need to have more of an opportunity than anyone else, just the ability to compete on a level playing field.” Specific clients believe the court ruling is not in the “spirit of America,” nor in the spirit of the MBE programs created to advocate for equality. "Why must we perform above and beyond anyone else, before they will even look at us?"

These stories reflect the wider discrimination and barriers that minority business owners face daily as it relates to denying MBEs access to capital, procurement opportunities, networks and resources, as well as adverse treatment by Caucasian prime contractors both in private and public sectors. I would like to reiterate our client’s sentiments that this is not in the “spirit of America,” where if you work hard and are in compliance within the law you can accomplish anything you want and succeed. To not hold others accountable to that dream will lead to the inability to leave a legacy of wealth to their children and erase all the work we have done, in service, to advocate on behalf of minority businesses in alignment with MBDA’s mission of prosperity and growth for all.

Thank you,

*Gary Moore*

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***U.S. Department of Commerce of Commerce, Minority Business Development Agency***

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