



**Testimony of Ying McGuire CEO and President
National Minority Supplier Development Council**

Before the Committee on House Financial Services Diversity and Inclusion
Subcommittee

“Building Opportunity: Addressing the Financial Barriers to Minority and
Women-Owned Businesses’ Involvement in Infrastructure Projects”

Thursday, February 3, 2022

Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and distinguished members of the Subcommittee on Diversity and Inclusion, thank you for the opportunity to testify today as we address the financial barriers to Minorities and Women-Owned Businesses Involvement in infrastructure projects.

My name is Ying McGuire, and I am the CEO and President of the National Minority Supplier Development Council (NMSDC). Our organization serves as a growth engine for minority owned businesses (MBEs) while enabling our corporate members to advance economic equity. NMSDC certified minority owned businesses have created over \$400 billion in economic output annually while generating \$48 billion in tax revenue, and 2.2 million jobs across the country.

Today's hearing comes as America is experiencing a widespread and long-overdue reckoning with systemic racial and gender injustices and inequalities.

Since taking office last year, the Biden-Harris Administration has made several essential commitments to minorities to decrease the racial wealth gap. These include requiring 15% of all federal contracts to go to small and disadvantaged businesses (SDBs) by 2025, releasing the Small Business Administration (SBA) disaggregated racial and ethnic data on small business contractors, and making improvements to the category management system. These efforts are welcomed, especially as we learn that the racial wealth gap continues to be a driver for change and a policy priority among business owners.¹

While there have been significant efforts made to address the racial wealth gap, more opportunities exist within contracting and procurement through the federal government. The bipartisan *Infrastructure Investment and Jobs Act (IIJA)* that was signed into law late last year serves as a catalyst to meet this moment. With the passage of the infrastructure bill, Congress and the Biden Administration pledged that minority-owned businesses would be prioritized for federal contracting opportunities and would not be left behind as infrastructure projects unfold across the country.

At a time when many minority small businesses find themselves in a long recovery period from the pandemic, it is absolutely critical that they are in the pipeline for procurement. Not only do federal contracts help businesses, but they also create jobs and contribute to the recovery and stability of communities.

¹ A 2021 [Reimagine Main Street Survey](#) Found that the racial wealth gap was a driver and policy prioritization among business owners.

In order to meet this moment, besides access to contracts, there are two other areas in which I believe this committee and the Administration can take action towards ensuring equitable recovery. One, continued emphasis and action towards ensuring minorities have access to important financial and increased capital to start and grow their businesses, and two, the creation of a Minority Business Enterprise (MBE) designation to equalize access to contract opportunities.²

As members of this committee are well aware, access to capital remains one of the most significant issues for minority business owners regardless of size. We saw the difficulty of many of our minority businesses during the early stages of the Paycheck Protection Program (PPP). Many did not have the ability, network, proper paperwork, technical assistance, or met the standard eligibility requirements to obtain assistance during dire times of the pandemic. SBA loans have been great instruments to assist small businesses with fiscal challenges during turbulent economic times. However, as a business owner, one never wants to take on more debt. A shift towards new Access to Capital models that do not add additional debt burden is needed in order for MBEs to be economic growth engines in underserved communities.

My recommendation for the creation of a federal designation for Minority Business Enterprises is based on evidence that while there are existing designations for small and disadvantaged businesses, it is NMSDC's experience that these historical designations have not addressed the wide institutional disparity of federal contracts awarded to MBEs. The need for a federal MBE designation is necessary more than ever to ensure an equalized economic recovery of MBEs in a post-pandemic economy.

Again, I commend the work of this subcommittee and am committed to working with you on these issues. Thank you, and I look forward to taking your questions.

² <https://archive.mbda.gov/news/news-and-announcements/2017/01/contracting-barriers-and-factors-affect>