

Murphy Administration Releases Statewide Disparity Study of Contracting Opportunities for Minority and Women-Owned Businesses (MWBE)

01/23/2024

Study Paves the Way for State Action to Create a More Equitable Business Environment in New Jersey

TRENTON – Governor Phil Murphy and Treasurer Elizabeth Maher Muoio today announced the release of a comprehensive [statewide disparity study](#)

([https://urldefense.com/v3/_https://t.e2ma.net/click/zw9ayk/nrddit/vhrjj7_!!J30X0ZrnC1oQtBA!!Gr4x6mgYrkvVJFNedaEpX2wp4BYz8iJ6lQw8DM67nVZZowyiQgH18Zzx_WdSgoi7VayWdI\\$](https://urldefense.com/v3/_https://t.e2ma.net/click/zw9ayk/nrddit/vhrjj7_!!J30X0ZrnC1oQtBA!!Gr4x6mgYrkvVJFNedaEpX2wp4BYz8iJ6lQw8DM67nVZZowyiQgH18Zzx_WdSgoi7VayWdI$)), examining public contracting opportunities for Minority and Women-Owned (MWBE) businesses. The study, conducted by Mason Tillman and Associates (MTA), reviewed statewide procurement data relating to goods and services, professional services, and construction over a five-year span and concluded that disparity in the awarding of public contracts exists across multiple minority-owned and women-owned business enterprises in those sectors.

Commissioned by the Murphy Administration in 2020, the purpose of the disparity study was to evaluate the participation of MWBEs in the State's multi-billion dollar contracting universe and determine if additional programs are warranted to create a more equitable business environment in New Jersey.

"In New Jersey, our diversity is our greatest strength, and it is imperative that our procurement processes reflect these values," **said Governor Murphy**. "The critical findings from this study will ensure the State is well equipped to address the inequities in public contracting opportunities faced by Women-owned, Minority-owned businesses, and service-disabled Veteran-owned businesses. I look forward to the work ahead as we identify responsive state action while launching initiatives to promote equitable contracting practices with the support of our lawmakers and the business community."

"The completion of this study marks a critical step in achieving the State's goal of identifying and addressing disparities in public contracting," **said Treasurer Muoio**. "I'd like to thank the Office of Diversity and Inclusion, led by Chief Diversity Officer Candice Alfonso, for their work in overseeing this study, and for their continued efforts to create greater equity in the State's procurement process. I'd also like to thank the countless staff, departments and agencies, schools, businesses, and chambers who provided data and input necessary for this comprehensive study."

"I'd like to thank my predecessor Hester Agudosi for laying the foundation for this important work, and I'm honored to have been able to bring the study to completion," **said Chief Diversity Officer Candice M. Alfonso**. "This years-long effort will have an outsized impact in affording equitable opportunities to diverse businesses. I look forward to working with the Legislature, Administration, and the business community in transforming this space."

In conducting the study, the State's first since 2005, MTA reviewed more than 1.2 million records and 240,000 contracts from over 60 contracting agencies, authorities, commissions, state colleges and universities. The contracts reviewed were awarded between July 1, 2015 and June 30, 2020 and included procurement of goods and services, professional services, and construction. Based on the data that MTA received, key findings from the study include:

Statistically significant disparities were found in contracting with Minority Business Enterprises – including specifically in contracting with businesses owned by Black Americans, Asian Americans, and Hispanic Americans – for formal prime contracts in construction, professional services, and goods and services and for informal prime contracts across all industries studied. For example, minority-owned businesses represented 27.97% of the available construction businesses but received only 3.69% of the dollars for prime construction contracts valued from \$65,000 to \$5,710,000. Likewise, minority-owned businesses represented 23.56% of the available goods and services businesses but received only 4.24% of the dollars on prime goods and services contracts valued from \$40,000 to \$360,000.

Statistically significant disparities were found in contracting with Woman Business Enterprises – including in contracting with businesses owned by Caucasian females – for formal prime contracts in construction, professional services, and goods and services and for informal prime contracts across all industries studied. For example, woman-owned businesses represented 37.75% of the available professional services businesses but received only 9.91% of the dollars on prime professional services contracts valued from \$40,000 to \$800,000.

In the award of State contracting agencies' subcontracts in the construction industry, the study found statistically significant disparities in subcontracts awarded to Minority Business Enterprises, including specifically businesses owned by Black Americans and Asian Americans.

In the award of State contracting agencies' subcontracts for professional services, the study found statistically significant disparities in subcontracts awarded to businesses owned by Black Americans and Hispanic Americans and to Woman Business Enterprises, including businesses owned by Caucasian females.

Conversely, the study found statistically significant overutilization of businesses owned by non-minority males across all areas studied.

The Office of Diversity and Inclusion within the Department of the Treasury oversaw the disparity study. The Office is headed by the Chief Diversity Officer, a position that was created by statute and tasked with the authority to monitor

State procurement practices in the awarding of contracts to minority-owned and women-owned businesses.

In conducting its review, MTA performed extensive community outreach, working with business organizations throughout the State, including the African American Chamber of Commerce, the Statewide Hispanic Chamber of Commerce, the New Jersey Diverse Business Council, the Alliance of Asian Architects, and the New Jersey Veterans Chamber of Commerce, to ensure consideration of views from minority-, woman-, and service-disabled veteran-owned businesses as well as small businesses from across New Jersey.

In September of 2021, over 500 businesses attended six virtual business community meetings held in all regions of the State.

In addition to its analysis of contracting disparities for minority- and woman-owned businesses, the report presents anecdotal analysis of obstacles faced by small business enterprises and serviced-disabled veteran-owned businesses seeking to contract with State contracting agencies. Last week, the Governor also signed legislation, S2249/A4211, that revises the number of disabled veterans' businesses required to designate a set-aside contract from three to two. The "Set-Aside Act for Disabled Veterans' Businesses" had established a goal for contracting agencies to set aside at least three percent of their contracts for disabled veterans' businesses, but the act required that at least three disabled veterans' businesses be reasonably likely to bid for a contract for the set-aside to apply to the contract. The legislation signed last week underscores Governor Murphy's commitment to increasing access to state contracting opportunities.

While the study was proceeding, Treasury has been undertaking a series of initiatives to promote equitable contracting practices. For example, after determining that the lack of a statewide, centralized repository with uniform data for collection and retrieval made it harder to analyze contractor diversity, in January 2023, Treasury launched a statewide web-based Supplier Diversity Management System (SDMS) to collect real-time vendor, contract, and diverse spending data. The SDMS will allow for real-time monitoring and analysis of statewide diverse spending data, so State agencies are better able to take action when necessary. In an effort to encourage certification of MWBEs, in 2021 Treasurer Elizabeth Maher Muoio announced the waiver of the \$100 fee required for all business certifications.

Now that it has been completed, the study will provide a foundation for additional initiatives to address disparities in state contracting. The Administration looks forward to working with lawmakers and the business community to identify responsive state action.

"This report documents an historical pattern of disparities in the awarding of public contracts that has long plagued the system," said **Senate President Nicholas Scutari**. "Businesses run by women, minorities, disabled veterans and others who have been denied equal treatment should have the opportunity to fully participate in the procurement process. Public entities have a responsibility to treat everyone with fairness."

"I commend the administration for completing an historic and exhaustive assessment of 60 state government entities' recent history of contracts," said **Assembly Speaker Craig J. Coughlin**. "It is clear that more needs to be done including notably greater public awareness of public procurement opportunities and increased registration of more Minority and Women-Owned businesses. I am pleased that the administration has already taken steps to collect future data to guide policy decisions and reduce barriers of entry. I look forward to working with my legislative colleagues and the administration to develop further legislative changes to further our common goal of providing procurement opportunities to all New Jersey businesses and ensure the public continues to receive the best goods and services at the best price."

"Senator Rice would have been proud today of the release of The New Jersey Study on Disparity in State Procurement. This study ultimately shines a light on how we can improve State procurement practices. This study is validation that we can and must do better," said **Assemblywoman Shavonda Sumter, Chair of the Legislative Black Caucus**. "We must support small businesses and it is essential that we support women and minority-owned small businesses throughout the state. It is time to do the work to ensure practices are equitable and offer fair opportunities and inclusivity for all businesses in state procurement opportunities."

"The report's findings about disparities for minority-, women- and disabled veteran-owned businesses competing for public contracts are disturbing yet not surprising," said **Senator Nellie Pou, Chair of the Legislative Latino Caucus**. "Such a comprehensive report has been a long time coming. I was a member of the committee that examined the issue with the late Sen. Ron Rice taking a leadership role. He was a vigilant public servant who saw these disparities firsthand and wanted to expose them more broadly through quantifiable data. I look forward to taking a more complete dive into the specifics, and to see where it takes us. These numbers give us a hard look at procurement disparities, and can provide a baseline to address these inequities and find remedies for a fairer process that will move New Jersey forward."

"This study sheds light on a disconcerting historical pattern in the way Minority and Women-Owned Businesses are impacted by the State's multi-billion dollar contracting system," said **Assemblyman Sterley Stanley, Chair of the Asian-American and Pacific Islander Legislative Caucus**. "The findings show unequal access to prime contracts in construction, professional services and goods and services for minority-owned businesses, emphasizing the urgent need for swift and effective measures to remedy these disparities and ensure a fair and equitable procurement marketplace for all."

"Since I came into the legislature I have been a strong advocate for expanding contracting opportunities to minority, women and disabled-veteran owned businesses," said **Senator Troy Singleton, Chair of the Senate Community and Urban Affairs Committee, and sponsor of legislation requiring a disparity study**. "Women and minority-owned businesses are integral to our state's economy, yet have not always had equal opportunity or access to contracts within state government. It is no secret that the contracts awarded do not represent the diverse landscape of our business community. Now that we have this data, I look forward to continuing to explore remedies to this issue so we can ensure all businesses across the state have equal opportunities to compete for these lucrative contracts."

"The disparity study recognizes the need for immediate action in order for there to be more equity in government contracting for Minority and Women-Owned (MWBE) businesses," said **Tom Bracken, President & CEO, New Jersey Chamber of Commerce**. "The imbalances outlined have long been articulated by those affected – and is the focus of one of the Chamber's economic priorities that calls for equal opportunities for MWBEs when it comes to securing not only public but also private sector contracts. Increasing supplier diversity spending with MWBEs has economic and social benefits for all by enhancing competition, encouraging innovation, increasing job creation and

supporting communities. Now it is time to move forward with constructive dialogues and collaborations between the Administration and our business community colleagues to develop solutions that remedy the inequities that exist.

“On behalf of the 1.2 million black residents and over 88,000 black owned businesses in the state of New Jersey, the announcement of the completion of the disparity study, is the news that we have been patiently awaiting and have prepared our hearts and minds to receive”, **said John E. Harmon, Sr., IOM., Founder, President & CEO, African American Chamber of Commerce of NJ (AACCNJ)**. “Acknowledgement is an essential step to establishing the proper pathway to a credible coexistence Today’s announcement serves as a confirmation of what we all knew, and we are eagerly looking forward to a focused strategic alignment with the Murphy Administration. As we move forward, we plan to work in partnership with the State to put forth best practices that will provide the constituency of the AACCNJ, and others, with consistent access to opportunities and resources that they can leverage to strengthen their enterprises and ideals while mitigating past underperformance. Our mutual goal henceforth is to have a more equitable participation in every area of the public sector wherein economic opportunities exist.”

“The findings of the state disparity study highlight a persistent issue – the inequitable distribution of state contracts,” **said Rajeev Krishna, President, Asian Indian Chamber of Commerce**. “With increased transparency and awareness of available state contracts, the Asian Indian Chamber of Commerce (AICC) can utilize targeted outreach programs to build awareness within its membership of these contracts. By collaborating with key stakeholders, the Chamber envisions a New Jersey where opportunities flourish for all communities. AICC has taken a proactive stance since 2022, in ensuring that its members have the proper Diverse and/or Woman Owned Business Certification to avail these business opportunities.”

"We extend our gratitude to Governor Murphy for demonstrating the courage to initiate a thorough Disparity Study. We anticipate that this will result in increased participation from bidders, fostering competition and ultimately leading to a cost savings to the state," **said Carlos Medina, President and CEO, Statewide Hispanic Chamber of Commerce of NJ**.

"The New Jersey Association of Women Business Owners has eagerly anticipated this report for quite a while. We are optimistic about establishing an equitable and collaborative path ahead," **said Bertha Robinson, The New Jersey Association of Women Business Owners (NJAWBO) President**.

"While the state disparity study's findings are deeply concerning, they serve as a stark reminder of a longstanding issue - the unfair and inefficient allocation of state contracts," **said Indy Samra, Co-Chair Punjabi Chamber of Commerce**. "This has been a major focus for the Punjabi Chamber of Commerce, who have actively advocated for change. The Chamber is committed to working with Governor Murphy and stakeholders to implement concrete solutions, such as improved data transparency and targeted outreach programs. We commend Governor Murphy's commitment to equity in contracting and urge him to prioritize swift and decisive action to address the identified disparities. Together, we can build a New Jersey where opportunity thrives for all communities."

Governor Phil Murphy

Statewide

Home (/governor/)	Key Initiatives	Social	NJ Home (//www.nj.gov)
Administration	Economy & Jobs (/governor/initiatives/#Economy)	Facebook (https://www.facebook.com/governorphilmurphy/)	Services A to Z (//www.nj.gov/njgov/alphaserv.html)
Governor Phil Murphy (/governor/admin/about)	Education (/governor/initiatives/#Education)	Twitter (https://twitter.com/GovMurphy)	Departments/Agencies (//www.nj.gov/nj/gov/deptserv/)
Lt. Governor Tahesha Way (/governor/admin/lt)	Environment (/governor/initiatives/#Environment)	Instagram (https://www.instagram.com/govmurphy/)	FAQs (//www.nj.gov/faqs/)
In memoriam of Lt. Governor Sheila Y. Oliver (/governor/admin/lt-sheila-y-oliver)	Health (/governor/initiatives/#Health)	Snapchat (https://www.snapchat.com/add/philmurphy)	Contact Us (//www.nj.gov/nj/feedback.html)
Senior Staff (/governor/admin/staff)	Law & Justice (/governor/initiatives/#Justice)	YouTube (https://www.youtube.com/njgovgovernorsoffice)	Privacy Notice (//www.nj.gov/nj/privacy.html)
Cabinet (/governor/admin/cabinet)	Transportation (/governor/initiatives/#Transportation)	Contact Us Scheduling Requests (/governor/contact/scheduling/)	Legal Statement & Disclaimers (//www.nj.gov/nj/legal.html)
Office of Climate Action and the Green Economy (/governor/climateaction/)	News & Events Press Releases (/governor/news/news/562024/governor-contact.html)	Contact Us (governor/contact.html)	Accessibility Statement (//www.nj.gov/nj/accessibility.html)
Office of Equity (/governor/admin/equity/)	Photos (https://www.flickr.com/photos/govmurphy)		
Office of Health Care Affordability and	Public Addresses (/governor/news/addresses) Executive Orders (/infobank/eo/056murphy/approved/eo_archive.html)		

Transparency Administrative Orders
(/governor/admin/affordablehousing/index.html) approved/ao_archive.shtml)

Boards, Commissions & Direct Appointments
Authorities (/governor/news/appointments)

(/governor/admin/bca) Advice and Consent

New Jersey Puerto Rico Appointments

Commission (/governor/news/acappointments)

(https://www.nj.gov/puertoricostatements/) Statements
(/governor/admin/internship.shtml) Internship Opportunities Legislation
(/governor/news/statements/approved/statements_archive.shtml)

Governor's Fellows Administration Reports
Program (/governor/news/adminreports/approved/archive.shtml)

(/governor/admin/fellows) Transition Reports

Governor's Residence - (/governor/news/reports/approved/reports_archive.shtml)

Drumthwacket Press Kits
(http://drumthwacket.org/) (/governor/news/press)

(/nj.gov/opra/)

Copyright © State of New Jersey, 1996-2024
Office of Governor PO Box 001
Trenton, NJ 08625
609-292-6000

(https://my.state.nj.us/openam/UI/Login)

(https://tech.nj.gov/)