
Commission Meeting

of

Disparity in State Procurement Study Commission

LOCATION: Committee Room 10
State House Annex
Trenton, New Jersey

DATE: June 25, 2019
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Hester Agudosi, Esq., Chair
Senator Ronald L. Rice, Vice Chair
Senator Nellie Pou
Assemblywoman Nancy J. Pinkin
Assemblywoman Nancy F. Muñoz
Maurice Griffin, Esq.
Rebecca Panitch
(for Senator Chris A. Brown)
Erin Rice
(for Senator Richard J. Codey)
Melanie Walter, Esq.



Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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HESTER AGUDOSI (Chair): Good morning.

UNIDENTIFIED MEMBERS OF COMMISSION: Good morning.

MS. AGUDOSI: I'm going to call to order the meeting of the Disparity in State Procurement Study Commission.

My name is Hester Agudosi; I am the Chair of the Commission.

And we are expecting some legislators and members of the Commission to join us.

But in the interim, we're going to do a roll call.

Vice Chair, Senator Ronald Rice.

SENATOR RONALD L. RICE (Vice Chair): Here.

MS. AGUDOSI: Honorable Chris A. Brown, Senator.

MS. PANITCH: Rebecca Panitch, here for him.

MS. AGUDOSI: Honorable Assemblywoman Annette Chaparro. (no response)

Honorable Senator Sandra Cunningham. (no response)

She confirmed earlier; I spoke to her this morning. Unfortunately, she will not be able to attend. She has a matter that took place at her home that she has to attend to.

Honorable Senator Richard Codey.

MS. RICE: Hi, I'm Erin Rice, his Chief of Staff, here on behalf of Senator Codey.

MS. AGUDOSI: Maurice Griffin.

MR. GRIFFIN: Present.

MS. AGUDOSI: Acting Director of the Division of Purchase and Property.

Honorable Assemblyman Jamel C. Holley. (no response)

He confirmed his attendance, so we expect that he may join us shortly.

Honorable Assemblywoman Nancy Muñoz.

ASSEMBLYWOMAN MUÑOZ: Here.

MS. AGUDOSI: Honorable Declan J. O'Scanlon, Senator. (no response)

We received word that he may not be able to attend.

Honorable Assemblywoman Nancy Pinkin has confirmed, and we expect that she may be joining us shortly.

Honorable Senator Nellie Pou confirmed; we expect that she may be joining us shortly.

Honorable Britnee Timberlake advised that she will not be able to attend.

And Melanie Walter, Director of Local Government Services.

MS. WALTER: Here.

MS. AGUDOSI: Okay, thank you.

So now that we've done the call to order, as it relates to housekeeping matters, at the last Commission meeting we heard from Rafael Mata from the Schools Development Authority. And the Schools Development Authority reached out to my office to supplement the information that was provided to the Commission, in light of some of the questions that were raised and some of the information that was presented from Rafael Mata.

So I have here (indicates) all these documents that I have not had an opportunity to review at this point. I think for the sake of paper we

won't make additional copies; but we'll probably have them scanned and I'll make them available to all the Commission members.

So that is the information that I wanted to provide as to housekeeping matters.

Welcome; we have an addition.

Can you just state your name for the roll call?

ASSEMBLYWOMAN PINKIN: Assemblywoman Nancy Pinkin.

MS. AGUDOSI: Thank you, Assemblywoman.

We just finished the roll call, and I was just mentioning that the SDA has supplemented the information that they provided to the Commission. This volume of documents I will have scanned and e-mailed to the Commission members separately.

And there's also a transcript from our last Commission meeting. I'm going to ask if this could just be passed down to the Assemblywoman.

Okay, we're now going to proceed to new business.

And at this portion, we're going to continue to take in testimony to provide the Commission with marketplace conditions for minority-, and women-owned, and veteran-owned businesses.

So at this time, I'm going to ask if the representatives from the Hispanic Chamber of Commerce -- if they could please come forward and state their name for the record?

CARLOS A. MEDINA, Esq.: My name is Carlos Medina; I'm President and CEO of the Statewide Hispanic Chamber of Commerce of New Jersey.

MS. AGUDOSI: Good morning, Mr. Medina.

MR. MEDINA: Good morning, everyone.

MS. AGUDOSI: Thank you so much for joining us.

As you know, the Commission is seeking to obtain information regarding any perceived disparities, challenges, hurdles that minority- and women-owned businesses may encounter in their contracting with State government, as well as with our local governments.

And as a representative of one of the largest diverse Chambers in the state, I ask if you could just share your insights based upon the information that you've received from your membership, as well as your own personal experiences.

MR. MEDINA: Sure.

I'll mention the Statewide Hispanic Chamber of Commerce -- we represent the 120,000 Hispanic-owned businesses that call New Jersey home. We guesstimate they contribute \$20 billion dollars to the New Jersey economy.

By membership, we're the largest Chamber of any type in the state, at 3,700 members.

I have some bulleted points that I'll speak about.

One of the hurdles that both myself, as a small business owner that does work with the State, and our members have is, currently, the payment terms can be very onerous. There are payments that are owed from, for example, DOT to myself and to members that exceed one year. Therefore, our line of credit has to be quite large. My company -- which is a 30-person company -- has a line of credit of \$750,000. And there have been times that I've had to dip into my personal credit card account, which has been maxed, because I have over \$1 million dollars owed to me from

various State agencies for-- The way I track it in my books is over 90 days, but many are one year in time frame.

Some of that is because it's directly with prime contracts; but also, if I'm working for an engineer, that's further confused, because they might not submit my invoice in a timely manner. So they might hold it for a couple months, they submit to the State, the State takes a certain amount of time. They receive payment, and then it takes time for myself.

Another issue we have is the certification process is often a barrier; whether it be the forms are burdensome, or they're really built for large companies. An example is DPMC has certain ratings; and if you're an engineer or a professional, they'll look at your rating at your company. But if you start a new firm, they may not take your personal-- If you worked on a bridge project of \$1 million at XYZ engineering firm, when you start your own firm they are reluctant to count that project as something that your firm has done, even though you're a solo practitioner or you're the engineer in charge.

A real struggle for me, personally, and for our members is the whole overhead rating system. So I tell-- I bid on a job; an example would be \$100,000 for design of a bridge. I'm then giving the State what my overhead rate is; and I complete that job, and I am then audited multiple times. I do a self-audit, which could cost me as much as \$5,000. Then the auditor audits my auditor, which I think is very confusing. And if there's an efficiency -- I did the job leaner; I did it efficiently -- I then owe the State money. So they encourage inefficiency, which is, to me, ridiculous.

The easiest ways to do it is like private industry -- lump sum. You know the bridge; you have an engineer who works for the State. He

should know that a bridge takes \$100,000 to design; and then you pay me on a percent complete -- 10 percent of the job, \$10,000; etc., etc. If I'm efficient, I'm rewarded. Currently, they want inefficiency; because the higher the overhead rate, the higher I'm able to bill; which doesn't make sense to me. So that's one issue.

And it's also a whole auditing department within these agencies that I think could be immediately eliminated if you went to lump sum. Because they're very aggressive, onerous people who just kind of make my life difficult.

I recently had an argument -- which, in the big picture of overhead ratings, may be a hundredth of a percent -- over the type of vehicle that I leased, which is a \$500-a-month lease. He said I had a *luxury vehicle*. So the time I spent-- At the end I said, "Just hit me with whatever penalty, and lower my overhead," because I don't have time to go back-and-forth over what the regulations-- Which are vague on the subject; they just say you're allowed to have a vehicle for a job. There's no guidance; I even offered to help write guidance. So small contractors cannot go through this.

I'm an attorney; I'm pretty savvy, and I struggle. I can't imagine our members being able to go through this process of auditing.

Another issue is DOT recently bundled contracts for surveying, environmental services, and aerial mapping. Those were currently being held by women-owned businesses, an Indian firm, two Hispanic firms. They went into larger engineering contracts. So now I would have to work no longer as a prime, but as a subconsultant. The reason given was DOT didn't have the staff to handle that as a project manager. So, in essence, you're giving it to a Baker AECOM to handle, which is going to cost you

more money, because they're just going to pass on that administrative cost of running my contract.

So now you took out a little competition in the marketplace, you're going to pay more, and you've bundled-- Which is kind of contrary to what folks are doing in the Federal government. They're trying to *unbundle* to give small business opportunity; get more pricing -- which is Businesses 101. If I get 50 bids, the prices are going to naturally drop, not-- You take 50 bids and go to 3 bids; now prices are going to go up.

One way to, perhaps, help some of these folks get in the system would be to use diverse Chambers to help in the certification process. There are people who do take advantage of some minority or disadvantaged business programs in the tri-state area. But I think Chambers know who the real players are; they know who the real owner of the business is. So I think you could lean on them to offer some sort of a quasi-certification. Or bring it to your legal staff, at some point, saying, "We vetted them; we feel they're 90 percent to go." You could, kind of, finish the process, which would save you resources. And again, our communities kind of know who the legitimate players are, because there are people out there who are not legitimate.

A program that I've tried to pitch to School Construction is a mentor protégé program. So I brought in AECOM for two separate meetings; the individuals who we met with are no longer there. But the idea was if there's a \$100 million high school project, a firm like AECOM would take that contract; they would be at risk to build a school. However, they would commit to using small and diverse vendors to complete the contract. So if there was a gym floor, a kitchen, windows -- a variety of

projects that could be segregated into \$1 million, \$2 million, \$5 million projects -- they would be able to bond, they would be able to take the risk, and they would also have an education program. So they would be building small, diverse businesses that are homegrown, Jersey grown, and mentoring them. And there would be no risk to the State of New Jersey because, if something went wrong, AECOM would come in and either terminate that vendor and do the work themselves, or find a replacement at no additional cost. It's very successful in New York; and it would just require an RFP process where you could hire firms, such as AECOM, to do that larger engineering for them. You could have two, three, four of them on staff to do that.

That's pretty much all I have. I know I'm time limited (laughter), so I don't want to take any more time.

MS. AGUDOSI: Well, thank you for that.

I'm going to open the floor for questions. I'm going to defer, because I know I ask a lot of questions.

And I'm going to also just ask the Commission members to be mindful that we have a 10:45 call in to Michael Garner from the MTA.

Yes, Maurice.

MR. GRIFFIN: The Senator.

SENATOR RICE: Okay; good morning.

MR. MEDINA: Good morning, Senator.

SENATOR RICE: How are you doing?

All right, let's go back to history, because we have a real serious job to do in a very short time frame.

We've done disparity studies before, under Secretary Regena Thomas. It showed that there was clearly discrimination in the State of New Jersey. And I think you've been around-- You said you were an attorney.

MR. MEDINA: Yes.

SENATOR RICE: And so you understand the history in New Jersey. You understand that, in the past, we had women and minority set-aside programs that worked very well for us because we competed; we knew at the end of the day that blacks, Latinos, women, and others would get some jobs.

The GEOD Corporation came; that was really never harmed by affirmative action. We really should have gone to court and challenged them on standing, but we didn't. We did a consent decree. As a result of that, the consent decree said we will no longer do minority and women set-asides, which many of us in the Legislature -- particularly the Legislative Black Caucus and the Latino Caucus -- felt that we should put it back.

The law requires we do a disparity study. In order to make it effective, we have to have real information on whether or not we're getting work; and then the problems around not getting work -- some of the problems you alluded to.

We also know that the law said that we would no longer have women and minority business set-asides; we would have small business set-asides. The complaints that the Legislative Black Caucus has been getting -- and I would suggest probably the Latino Caucus too -- is the small business set-asides do not work for us because "the majority of whites" are still competing, and we're still locked out of the box.

Can you give us your opinion on that, or your experience with that, as it relates to small business set-asides, versus women and minority set-asides, so we can enhance it? Because we have to show at the end of the day that either we're being denied opportunities, or we're not. We know that some women and minorities get some business, so we can talk about the fact they don't get paid on time and the things that impact them.

MR. MEDINA: Yes.

SENATOR RICE: But we're talking about the number of participation.

MR. MEDINA: Sure.

Well, ironically, GEOD Corporation is a competitor of mine; so that 25 percent was a huge windfall for them. Because if I'm competing-- Well, reverse in time to when there was a minority program. Let's say it was 10 percent; I think it was in that neighborhood. I would have engineering firms call me, "Carlos, we have an aerial job; we have some surveying. Can you help us? Give us a budget." And then if it hit that 10 percent-- And sometimes it exceeded; that's the goal, that it could be even larger than that.

We go into the race-neutral set-aside program. Now that firm is winning a lot more work than it used to win; and they're getting 25 percent of the projects, and I'm getting zero percent of that same project because there is not a need to use me. And bottom line, with these large engineering firms -- they don't want to give away anything they don't have to give away.

So whether I have a niche that they might need -- aerial mapping, which they don't do -- they're very reluctant to take away whatever their profit margin is.

So yes-- And also the way that sometimes a disparity study looks at contracting, they cut off a ceiling; like contracts up to \$1 million. I think that's inherently unfair. There are large Hispanic and African American firms -- like Northeast Construction is a very large contractor. I don't know that the dollars are being looked at; they're only looking at a certain level. I want to look at the whole window, the billion dollars, and what's going to diverse firms; not, is it \$1 million in professional services. Because that's going to render a much smaller sample.

But the marketplace, right now, is one that -- because it's race-neutral, many folks in my Chamber are not getting certified. They ask me, "What's the advantage?" I continuously tell them that there's a little smaller workload; get the certification, because when there is a new program in place, you'll already have it. And private corporations are stepping in, and they're asking, "Do you have a certification?" So they could take that New Jersey certification that says they are a Minority Business Enterprise, and go to Exelon or PSE&G and get work, as more and more of those corporations are leaning on the Chambers that are here today to diversify their spend.

SENATOR RICE: So a follow-up.

The members of -- that you are aware of at the Chamber of Commerce, because all Latinos are not members of the Chamber of Commerce.

MR. MEDINA: Correct.

SENATOR RICE: I deal with a lot of them and other ethnic groups. But are the majority of your members -- who are doing contracting work, professional services work -- are they getting work, if they applied to government at any level in the State of New Jersey, in State government? Because it's important that we know that; because at the end of the day if, in fact, people are receiving work, then we don't need to be doing much, except for addressing how they get paid and stuff like that.

MR. MEDINA: Understood.

SENATOR RICE: The hue and cry that we get -- and I suspect -- and I'm glad to see the Chair of the Latino Legislative Caucus here -- what our members have been getting is that we're not getting work. We apply, we bid, we're not getting work. I need to know, for the record, your experience there; and I also need you to, maybe, go back and talk to your members and have them, maybe, write or document for us their experiences of not getting work when they apply, over and over again, and where they're applying to -- State government, local government, authorities, etc., Port Authority -- and get that back to the Chair.

Can you do that for us?

MR. MEDINA: I can do that.

And I think it's an accurate statement that, yes, our members are trying to work for the State of New Jersey, for agencies, for municipalities; and their success rate is very dismal. So they're not getting the work; and then they're turning to private industry, or they're dropping and not pursuing their entrepreneurial dreams. Many of them are deciding this isn't for them, because they can't work in New Jersey. And at least they can't have New Jersey, and its various agencies, as a client. It's just too

difficult -- that when they do apply, and they go through the onerous task of getting their various certifications, they're just not getting a hit rate that they feel is commensurate with what they're doing in other arenas, such as the private sector.

SENATOR RICE: And a final question. Would you say, for the record, that minority and women set-asides need to be put back in place, as it relates to the opportunities of a greater chance of equitable opportunity?

MR. MEDINA: Yes, they're very good at getting your foot in the door.

I worked at a very successful minority business, my brother's firm. I have a successful minority business. And a certain amount of billing is based on that. But you have to prove yourself; you have to exceed your peers, because you have a perception that you're somehow inferior because you are a minority firm. So that's always a marketing quandary. Often I'll go to somebody and not talk to them that I'm -- not even mention the fact that I'm a certified minority firm, because you're looked upon a little differently.

But the opportunity -- when you mandate that some percentage go to diverse firms, you're now creating a relationship with a prime. He's learning, or she's learning about your business. And if you do a good job, you're going to get work again. But if you don't have that first entry, that first door opened up, nobody else is opening it up for us.

MS. AGUDOSI: Any other questions from Commission members?

Yes.

MS. WALTER: Good morning.

MR. MEDINA: Good morning.

MS. WALTER: I have two questions, just to follow up on what you've indicated about the bundling of contracts.

Are you seeing anything with regard to, specifically, job order or RFP contracting standards that are creating barriers to entry?

MR. MEDINA: This particular situation was more an RFP that went on the street every three years; and then it just got bundled. So it no longer-- The only time these are still directly solicited for the services is when there are Federal dollars. Which then, if you're a Disadvantaged Business Enterprise, a DBE -- which my firm is, and many of my members are -- then there's some opportunity to get between 6 and 8 percent of the job, depending on what the regulation is.

So when a DOT or a Transit project has Federal dollars, it changes the game a little bit in the sense that there is some set-aside. But DB is much more onerous to apply for than the MBE. It's a lot of hoops. And as I said, I'm an attorney, and I was denied several times. It's a lot of -- you have to dig up checks from 15, 20 years ago, if you invested in a company, or when you started your firm. So it's a real difficult process to get those certifications.

MS. AGUDOSI: Any other questions?

I see we have Senator Pou, who just joined us.

SENATOR POU: Thank you very much, Madam Chair.

First of all, let me just apologize for my lateness. I did come in in the middle of some of the testimony. I didn't want to interrupt and say I was here.

But certainly, thank you very much for recognizing that.

So forgive me if I ask a question that may have already been covered at the beginning of your testimony.

In light of some of the information that I was able to capture, what would be some of your -- what are some of the recommendations? What should we, as Commissioners, and this particular Commission, be looking into that will help to address some of the concerns that we've shared? Also address, perhaps, changing some of the guidelines, some of the procedures, some of the regulations. Do we need any particular special type of legislation?

I know these are loaded, multiple questions. But really, I'm just trying to get an understanding of, from your experience, what are some of the best practices that you see in other areas that are not being covered?

MR. MEDINA: Sure.

Well, as I mentioned, some sort of a set-aside would be the foot in the door for many small, diverse companies. In particular, our members would have the opportunity to get -- even if it's a small contract, to get it under their belt and form relationships with the State and with large organizations that are doing work with the State.

Other than that, I would say, with a real broad stroke, making Jersey -- making contracting with New Jersey a little more business-friendly. It seems like it's just an onerous process, and it's almost an attitude. I don't know how to explain it. I use the idea all over the country -- like the Jersey diners. You get the attitude from the waitresses, and it's kind of endearing and fun -- that they give you a hard time at a diner. (laughter) But it shouldn't be that way to do business. I feel like there's just always some

sort of an attitude. That they are not there to help you; they're not there to help you succeed. It's just they're creating hurdles for you. You know, some of those hurdles are the way they contract. Just mimic more private industry. I do much better with private industry than the State, and that's actually-- My business model the last three years was give up doing work with the State, and do more work with Exelon and energy companies that wire me a check in 30 days. The State of New Jersey -- one of the comments I made earlier, Senator, was I have bills that are -- invoices that are due over a year. That's hard for me to do work, pay my employees, pay my rent, pay my insurance, pay all my bills, and not be paid for a year.

And then they're also locking in my profits. Sometimes the State of New Jersey says, "You're 8 percent profit," when they come in and do all these crazy audits. But if I'm more profitable, they want money back because my overhead changed. So they're actually saying, "Don't become more efficient, don't buy the cheaper car, don't come up with processes that save money. Because if you do, in the life of your contract, you had the ceiling of an overhead, you owe us money."

When I took over the company eight years ago, we had a project with New Jersey Transit. They came in and they tried to get, at first, \$100,000. I was able to negotiate, but I paid about a \$50,000 overhead penalty because they said the work I did-- It's a crazy scenario. I had a lot of direct labor -- and not to get too technical -- direct labor, indirect labor, and that relationship drives overhead. So all the work they gave me made me more efficient, and my costs went down; and then they came and penalized me for that. So it's like, what should I have done? Spend more money on bonuses and other things like that? I'm just trying

to run my business; I'm not trying to constantly calculate what am I doing wrong on this three-year contract to not exceed this artificial ceiling that they've established.

So just make it a little easier to do work; and mimic private industry. There are already examples out there. Pay us timely, like private industry does; wire it into our account, if there are ways to set that up. And create less of that audit trail. I think you could eliminate a lot of staff, a lot of auditors, who I'm not sure they're really needed to audit and ask for money back. Or when you go over, they don't give you money. It's a complicated process.

SENATOR POU: Madam Chair, I just wonder if perhaps maybe we might have some feedback from our professionals who are here, who can help to respond; to see whether or not some of the information that our speaker, Mr. Medina, is referring to can indeed help to clarify and provide us with some kind of information as to whether or not some of what his examples are, in fact-- Not doubting that they are occurring; the real question is, why are they occurring? Why do we have this onerous procedure in place?

So I'll stop there; but, you know, I'd be interested in seeing-- We ought to be looking at what's our current practice, how are we running our business, how are we running government, right? And then determine as to what is the better way of doing things. If it's clear that we are just-- You know, of course we want to make sure that we're protecting -- that we're doing all of the appropriate things; but at the same time, we should not be creating obstacles in an area and the one business that can help to a) reduce its cost, because if, just based on the comments alone, that certainly

is the number one issue that I just heard; and secondly, we can become much more efficient. And if there's a way of doing that, then we ought to be adopting that.

So I'm hopeful that this Commission will help to get to that point.

So I don't know who I should be directing the question to, but I would love to get some kind of understanding and feedback. I'm actually looking at our Procurement Director (laughter); I don't know if that's the appropriate place to start, Madam Chairwoman. So I'd like to see where we go from here.

MS. AGUDOSI: So based upon the composition of the Commission, if our Acting Director of DPP can respond to some of the challenges, then I would ask him to do so.

If not, in the interim, now that we have received this information, I would be happy to identify the appropriate agency or entity representative to address some of those concerns.

But I will just say this before I defer to Mr. Griffin.

One of the things that you raised, which is significant, is not being paid timely. And that comes as a surprise to me because I know that New Jersey passed legislation, which is the Prompt Payment Act. So that is the law in this state -- to pay promptly. And to the extent that you're telling me that you have not received payments well into a year-- To piggyback on what Senator Pou said, my question would be, armed with that knowledge, who have you been interfacing with, on the State side, with respect to the lack of prompt payment?

MR. MEDINA: It's complicated, because you still have a relationship with a client. So you try not to be too much of a thorn in their side. And then it's further compounded if it's a prime; I'm a subconsultant to a prime. So if I'm dealing with XYZ engineering firm, I'm just asking them-- And my call is constantly, "Have you gotten paid yet?" Because the contract probably says when he gets paid, I'll get paid in 30 days. So they're, like, "Carlos, sorry; I haven't gotten paid yet from the county, the State, the DOT, New Jersey Transit, Turnpike."

I've seen -- and it might have even been in a prime relationship -- I saw a check once come in from DOT, and I think what they do is they add a really crazy nominal amount of interest, if they're beyond the prompt payment; which drives my accounting staff crazy. So if they owe me \$50,000, I might get \$50,000 and 7 cents, or \$50,010. And there must be some automatic mechanism that kicks in.

I just want to get paid promptly, but it's hard. I try not to be the squeaky wheel, because those are the folks also giving me the work. So it's a tricky-- There's no intermediary. At New Jersey Transit, there was a woman, Jan Walden; and before her there was a gentleman who was very aggressive. And those guys were the best, because they called you, "Carlos, have you gotten paid? It's 31 days." "No," and they were bulldogs, and then I got paid. That was a good scenario. And I forget the gentleman who preceded Jan, but that was one of the best scenarios. Because when those people were there, they were real watchdogs. If you did not get paid, they were calling you.

It's hard for a small minority- or women-owned contractor to have that confidence to start being the thorn in the side of an agency that's

giving you work. It's a hard-- You're putting that person in a pickle. The scenario of Transit, when they had-- It was Lou Rosser (phonetic spelling); Lou Rosser-- I mean, he'd call here, "Carlos, did you get paid?" "No, I haven't gotten paid." And then that provided a little buffer. I didn't have to call. And if I did call, I'd call Lou. But now, to call the Project Manager, who's an engineer, who doesn't know numbers, doesn't want to know numbers-- The State has put not necessarily the right person; there's not an accountant I could call. I have to call the engineer and say, "Engineer, I delivered your work. You know, when are you going to pay me?" It's just -- it's an awkward scenario, unfortunately.

MS. AGUDOSI: So basically, what you're describing is -- as when you are a sub, you have to ask the prime; but the prime is the person who basically has brought you on.

MR. MEDINA: Yes.

MS. AGUDOSI: So to the extent that you make a big deal, then that puts you in the position that the next time the prime--

MR. MEDINA: He'll go to another small contractor; yes.

MS. AGUDOSI: --won't bring you on.

MR. MEDINA: Yes.

MS. AGUDOSI: And so one of the things that I would say, Senator Pou, is that we're in process now of trying to procure a diversity supplier dashboard, which will allow us to be able to capture the spend. And it requires the contractor, the primes, to sign off, because we will be able to determine the date when the check comes in; the prime has to sign off on the fact that they received that payment, and they made a payment to the sub. And then the sub, then, has to certify that they received the

payment. That's something that New York state has utilized and it has helped them in increasing their spend, because there's that real-time mechanism, like you said. It's not relying on an individual; that process is now captured through this dashboard.

But I'm going to let Maurice respond, because we have about four minutes, and then we are going to have to switch over to Mr. Garner.

And if there are additional questions, would you have the ability to stay a little bit later?

MR. MEDINA: Sure.

MS. AGUDOSI: Thank you.

MR. GRIFFIN: So I'm going to address-- Before I address what you asked, I'll address the Prompt Payment Act.

So the Prompt Payment Act -- despite what it's called; a bit of a misnomer -- doesn't require the State to pay by a certain date. It is that a vendor can't charge the State interest prior to 60 days. After 60 days, a vendor can begin to charge the State interest; but the Prompt Payment Act doesn't say the State has to pay at a certain point in time.

Back to your question, Senator. It is that -- I think most of the issues that you were alluding to are more DOT or DPMC; in other words, construction. So in those instances, those would be the two entities that probably would have a better handle on the forms that are required, how you get certified, what a vendor would need to do to be onboarded as either a prime or a sub, and why they decided to bundle.

As far as DPP, it's only goods and services. Not a lot of your testimony was on goods and services. But I will say that, in the DPP world, there are statutes that require DPP to consolidate contracts whenever

possible. I would imagine it is the same in construction. So part of the problem is that, statutorily, we are required to look at contracts and consolidate them. So if you consolidate them that means, more often than not, you are limiting the contracts to larger firms.

So part of-- It's, again, part of this whole thing about the need for legislative reform in procurement. We can only do so much when the law requires us to do the exact opposite.

ASSEMBLYWOMAN PINKIN: Can I just ask a question?

MS. AGUDOSI: Yes.

ASSEMBLYWOMAN PINKIN: Has that been -- how long has that been a policy for, do you know?

MR. GRIFFIN: You mean statutorily?

ASSEMBLYWOMAN PINKIN: Combining the contracts.

MR. GRIFFIN: Well, I've been at DPP since 2014; so prior to that. And my educated guess would be at least 10 to 15 years.

SENATOR RICE: Excuse me, Madam Chair.

Which we tried to change, which we need to change.

Also, just for the record, Jan Walden is still around. And I believe she's doing consulting work in this area. But we're going to try to get her here, because she can tell us what the issues were in the past. They have not changed, by the way; the issues of the past have not changed, and they may help give us direction.

Because when we talk about this disparity piece, we have to be very mindful, as a Commission, that we talk about both sides of the equation. We're talking about the construction trades, which the Christie Administration took away some of the things that we put in place, led by

the Black and Latino Caucuses, to make sure we get a little bit more mindful of things like that.

He also gutted the overseers, if you will, who went to job sites and things that (indiscernible). And they wanted to do self-assessments.

But then there is the other side of it. Because you're going to find that the majority of the women and minorities are locked into the service side of accounting, and attorneys' work, and all those other kinds of things. And we know that there is clearly-- I mean, Stevie Wonder knows that we're discriminating.

So this record has to document that part of it that is across the board; not just what's happening when people do get work. Because we can talk about people getting work, and that may be 1 percent of the minority population; and we're fixing problems for the 1 percent. But we need to establish a record to show that the majority, or a substantial number of women and minorities who apply for contractual work and opportunities in government and authorities that we have control over, etc. -- on the procurement side, on the service side, as well as the construction side -- are not getting it.

We also know that at some point in time, once we get the clear record, we're going to have to sit down and have a real serious conversation with organized labor. And for Democrats -- sometimes you all find that difficult; I don't. And we need to have that conversation at some point in time, particularly the Black and Latino Caucuses. And hopefully my colleagues and I will have that discussion at another time.

MS. AGUDOSI: So thank you, Mr. Medina.

I'm going to ask you if you-- I know I do have some additional questions to ask you, but we're going to break now so that we can dial in Mr. Garner from the MTA.

MR. MEDINA: Thank you.

MS. AGUDOSI: Thank you.

(Commission dials in Mr. Garner from the MTA)

Good morning, Michael.

MICHAEL J. GARNER: Good morning.

MS. AGUDOSI: Good morning.

Assembled today is the Disparity and Procurement Study Commission.

We have a -- we are now at the point where we are looking at best practices. We wanted just to accommodate you, and I thank you so much for making yourself available.

We just received testimony from a representative from the Hispanic Chamber of Commerce, and he talked about some of the challenges that members in his Chamber experience in trying to do business with the State of New Jersey.

I had the opportunity of serving on a panel with you, where you shared what you've done there, in New York state -- and specifically in the MTA -- to increase your participation of minority- and women-owned businesses.

And so I would just ask if you could, as you did previously, share with the Commission members. Because we're here to not only understand what the challenges are, but to come up with strategies and

ways in which New Jersey can increase and enable it to have a more robust supplier diversity effort here.

So if you could share that information, we would appreciate it. There may be Commission members who might have questions, and I ask if you would extend the courtesy to entertain them as well.

MR. GARNER: Okay, great, great.

So good morning; and sorry I couldn't be there in person. I have a conflict this morning.

But I wanted to circle back around to you to talk about some of the things that we have done here at the MTA.

And as you know, the MTA is the largest state authority in the region. We employ about 75,000 people, and we service 5,000 square miles. And our annual operating budget is \$15 billion; but we spend about \$6 billion a year buying everything from architect and engineering services, to IT services, to construction, etc., etc.

And so we basically had to re-engineer how we do things in order for our efforts to be more inclusive. So for example, we have all of the major international companies doing business for us because we focus on civil construction. And so we have multi-billion dollar projects, and the average MWBE firm cannot obtain the surety bonding in order to work on these mega projects if the projects -- if the subcontracts are not broken down to a smaller level.

And so what we did, basically, was we drafted a bill; and our bill was passed allowing us to create the MTA's Small Business Mentoring Program. Now, we've allocated \$500 million into that program for smaller certified MWBE contractors to work for us as prime contractors. In that

program we've actually awarded about \$400 million thus far, and there's currently about 225 companies that are doing business in our Small Business Mentoring Program.

And so, for example, for every project that we have, we establish a bid list of eight contractors. So you have small contractors bidding against each other, and not out in the open market. And so the metrics are about 85 percent of those contracts are awarded to New York state-certified MWBE firms. And so also in that program we waived surety bonding, because it's a hardship for smaller firms to obtain bonding. And so we've created our own internal bond program. So if you're not bonded, you can still bid to us; and then we will wrap you up with our bond.

We also pay contractors in 10 days. So, essentially, once their work has been approved, our policy dictates that that contractor, doing work in this program, must be paid in 10 days.

Also, we've hired one of the nation's largest black-managed banks -- Carver Federal Savings Bank, that is based in Harlem -- to issue loans to these contractors who, like, have a contract in hand. And so, essentially, a contractor who has won a contract has the ability to apply for a loan up to \$900,000 for their project. So that's one of the things that we did.

Also, on the discretionary process that we have, we can now go out to two or three certified minority-owned businesses, get prices, and then make them -- and make the award to that firm without going out for more broader bidding. And our threshold was just approved yesterday at our Board meeting -- that that was increased from \$400,000 per contract to now \$1 million. So that gives us, now, the ability to go out and get prices

from certified minority-owned businesses, and then make the award on the spot.

And so, basically, when we first started this journey -- I was hired, like, nine years ago -- we were averaging a total of \$114 million to minority- and women-owned firms, which was 6 percent in MWBE inclusion. Now we are up to \$790 million and at about 27, 28 percent. And the governor's goal is 30 percent, so we are extremely optimistic that we are going to reach that goal.

And in addition, in two years we anticipate that \$1 billion will be paid to New York state-certified minority- and women-owned firms, in one year, from the MTA. Because we not only track goals on contracts, but we track payments.

So that's where we are right now.

MS. AGUDOSI: Michael, can you give a little more detail about your program, the mentor protégé program, in terms of how long someone goes through the program, what that process is, as it relates to their experience in the program? And I know you touched upon, but I'd ask you to go into a little more detail of how contracts may be unbundled and designed, whereby these businesses serve as primes as opposed to subcontractors.

Can you give a little more -- share a little more information on the programming?

MR. GARNER: Yes. So we've structured this program -- that any firm that is admitted into the program, they are a prime contractor, and not a subcontractor. So there we will award a prime contract to these firms.

Let me say that prior to any firm getting into the program, they must fill out a pre-qualification application. And what that does is, any firm that has a long history of marginal or unsatisfactory work, or any tax liens or judgments, they will not be admitted to the program. And so the contractors that are in the program -- they are clean. They don't have tax liens or judgments, and they don't have a long history of doing unsatisfactory or marginal work. And so that gives us the ability now to have confidence to issue them our bond, and have confidence that they will finish our project safely, timely, and on budget.

And so these are the kind of contractors that banks and surety companies love because they're clean and they can grow. And so we are giving them the opportunity to bid to the largest transportation network in North America; that's us, the MTA. And so they are, in fact, prime contractors.

So once again, they must go through a pre-qualification process and application. And once they are pre-qualified, they now have the opportunity to bid in the Tier 1 section of our program. And Tier 1 is a four-year experience bidding on contracts up to \$1 million and having their bonding waived.

The Tier 2 program-- And once these companies graduate out of the Tier 1 program, they will graduate into the Tier 2 program; and that's for four years as well. The only difference between the two programs is that, in Tier 2, the contract awards are from \$1 million to \$3 million, and they must have their surety bonding in place. So to have a certified minority-owned contractor, who has a history of only doing subcontract work, now having the ability to do prime contract work from \$1 million to

\$3 million, is a game changer. Because now they are in control of their own destiny. And if you're ever going to grow emerging minority-owned firms, you will do it at the prime level, and not at the subcontract level.

MS. AGUDOSI: Thank you for that, Michael.

One of the things we just received testimony about was the challenges that small businesses face in receiving those payments. And I noted that you said that you track payments there. Can you give us some insight on how you do that, and how you have found that to be effective?

MR. GARNER: Yes; so most agencies -- they track the success of their MWBE program by the amount of awards that firms get. So for example, if you are establishing goals on a contract, and the prime contractor must, in fact, achieve the goal, that prime contractor may not satisfy the goal requirement. And so at the time of contract award, you may say that 30 percent of this contract is going to be awarded to minority- and women-owned firms. I mean, it is no guarantee.

So we track payments. So, on a monthly basis, we have a software system called B2G, which requires the prime contractor to enter their payments into their MWB subcontractors. The MWB subcontractors have the same ability to go into the same portal and verify the payment. And so we are monitoring payments on contracts on a monthly basis. And it is in the contract requirements that the prime contractor is required, once a month, to go in and to report their payments to New York state-certified minority- and women-owned firms.

So I have a staff of about 40 people -- not, you know, all in the same area -- but my MWDB (indiscernible) compliance managers have had

the responsibility of not only assigning the goals, but they monitor, track, and enforce the goals as well.

MS. AGUDOSI: Thank you, Michael.

Do you run into any situations between the relationships between the primes and the subs as it relates to reporting payments that may be somewhat challenging? And I say this by way of example: What was brought out now is that it's sometimes difficult for the subs to report that the primes have not paid them because they don't want to jeopardize the relationship. So I understand that you have this requirement, and you require the prime to report the information in the system. But do you find that that dispels and eliminates that challenge between the prime and the sub? To the extent that the prime is not paying the sub timely, does the sub still have the ability to note that in that system? Or do they have to just go along to get along? If you understand my question.

MR. GARNER: Okay, if I'm understanding the question correctly -- yes, the prime contractor has the ability, or is mandated to report their payments. And the subcontractor can also go into the system and verify the payment. And we track the goals and the payments, once again, on a monthly basis. So if the project is 75 percent complete, and there is a 30 percent goal on that contract, but only 7, or 8, or 9 percent has been paid to that certified minority- or woman-owned contractor, then that's a red flag. And so my staff -- they will bring in the project manager of that project -- the prime contractor -- and the subcontractor to resolve the issue; and to have the prime contractor give us an action plan as to how they're going to get back on track, and how they're going to achieve the goals on that contract.

Now, if in fact the prime contractor does not satisfy their goals, we have the ability to issue a *marginal* or *unsatisfactory* evaluation in that area on their contract. And the contractor is evaluated in five areas. If they fail two of those areas, they can be banned from doing business at the MTA.

MS. AGUDOSI: Is that language contractual that you're referring to -- the evaluations?

MR. GARNER: Okay, I can barely hear you.

MS. AGUDOSI: I was asking if that language is contractual -- what you just referenced, in terms of the evaluations that you do, and banning or having the ability to potentially ban the company from doing business. Is that language written into the contract that's awarded to the prime?

MR. GARNER: That's in the contract. So for example, once the contract is awarded, the MW -- and in our case, the DBE -- goal becomes part of the terms and conditions of the contract. And so our project manager has the responsibility of enforcing the contract's terms and conditions. And so if a contractor -- a prime contractor is not achieving their MWBE goals, it is a violation of the contract's terms and conditions.

So yes, it is written in the contract.

MS. AGUDOSI: Thank you.

Any questions from any of the members of the Commission?

Senator.

SENATOR RICE: Yes, Michael, thank you for taking the time to be with us.

I'm Senator Ronald L. Rice, and we work with your Legislative Black Caucus in New York, and your Latino Caucus.

When you mentioned the software system you have in place, has it been proven to be very effective, or do you have problems with the software itself?

MR. GARNER: Okay, I didn't hear the last part of your question. The software system, yes?

SENATOR RICE: Yes, the software system -- has it proven to be effective for your use; or are there problems with the system itself?

MR. GARNER: Well, the software system has been proven to be effective.

What happened was that out of the 96 state agencies and authorities, the governor mandated that we all have the same platform. And so the state went out and secured a software system called B2G. Now all 96 agencies and state authorities use the same software system; and it's transparent. So you can go in and look at any project, and look at the goal attainment, and the amount of dollars that have been paid to New York state-certified MWBE contractors. So yes, it is effective.

SENATOR RICE: And you mentioned that the language, that Hester asked you about, is contractual language, as it relates to payments and things of that magnitude.

Did the legislature ever try to legislate that language to make certain that when the government changes that it has to be a part of the contracts?

MR. GARNER: Yes; so it's-- I mean, that's our policy -- that the language, or the MWBE goals, are part of the terms and conditions of

the contract. And so, once again, if a prime contractor is not satisfying the terms and conditions of the contract, they can be defaulted and banned from bidding.

So it's more our policy than it is anything that went through the state senate or the state assembly.

SENATOR RICE: Okay; thank you very much. I really appreciate you.

MR. GARNER: Okay.

MS. AGUDOSI: Yes, Assemblywoman.

ASSEMBLYWOMAN PINKIN: On the computer program, are the vendors -- they have to purchase some type of equipment to use that, or purchase software? How does that work?

MR. GARNER: Okay, I can barely hear you.

But I think you asked a question about the software system; and the software system is purchased by all of the agencies, yes.

ASSEMBLYWOMAN PINKIN: But do the contractors have to pay for it, though, also?

MR. GARNER: No, no.

ASSEMBLYWOMAN PINKIN: So they can just access through a portal?

MR. GARNER: Yes. So basically, it is our system; and essentially, in the contract terms and conditions, the prime contractors are, in fact, required to enter their payments into this portal. And so, no, there's no cost to the contractor.

MS. AGUDOSI: Any other questions from Commission members? (no response)

Michael, thank you very much. I appreciate the time that you shared with us, and the information.

My last question would be, if you can just give us a sense -- since the starting of your program, do you keep the data as it relates to the number of businesses that have gone through, the increase in the capacity of those businesses, and the contracts that have been awarded? Is there a way that we might be able to obtain that specific type of information from you?

MR. GARNER: Yes; so if you send me an e-mail, I will ensure that -- I will forward it over to you before the day is out. And this will give you a sense of the success stories and the type of projects that these firms have worked on for us.

MS. AGUDOSI: Wonderful.

And lastly, in terms of actual financial investments that the MTA had to make in order to start up this program and to keep it ongoing, can you give us an idea of what those dollar amounts could be?

MR. GARNER: Yes. So as I talk to various groups across the country, I can tell them that I can ask three questions and determine if your MWBE program is effective.

The first question I would ask-- The person running the program, are they reporting to the top? Are they reporting to the Chairman or the CEO? Second, what is your budget? Third, what is your staff? Because if those three areas are not satisfied, your program is not going to be effective -- if you don't have the staff, if you don't have the resources and budget, and if you are not reporting directly to the top.

And so our Small Business Mentoring Program -- it cost us, in total, about \$70 million over four years. Now, you may look at that number and say, "\$70 million?" But our capital budget is \$33 billion. So \$70 million out of \$33 billion is only a drop in the bucket.

And the program is successful because, under ordinary circumstances, these small minority- and women-owned firms would not see the light of day at the MTA based upon our size and based upon the size of the contracts that we award. Sometimes we award \$2 billion, and \$3 billion, and \$4 billion projects. And so now this program allows us to not only spend taxpayers' monies in a cost-effective manner, but in an inclusive manner. Because now we are including these historical certified minority firms that have historically been shut out. So now we're taking taxpayer's monies and we're giving them the opportunity to grow and to develop. So now they're buying homes, they have better educational opportunities for their family, and better health care options.

So we like to say that it is part of the American dream -- that taxpayers' monies are benefiting all, and not just the top, large, non-minority firms on the top.

MS. AGUDOSI: Michael, I know I said that was the last question, but I have another question; I'm sorry.

The issue of *debundling* came up.

MR. MEDINA: Yes.

MS. AGUDOSI: And we know that for MTA, as you said, you're one of the-- Not *one of*; you're *the* largest transit system in the Northeast. So can you give us a sense of what is the impact for your agency when you have to take a large contract and debundle it? Because there's

this tension between efficiency-- So *efficiency* means that we want to consolidate and have large contracts. But to your point, if you want to make it more inclusive, then you have to debundle the contract.

So can you give us a sense of how the MTA addressed that issue in debundling contracts for your program?

MR. GARNER: Yes; so basically we both debundle and we design smaller packages to go out and to actively recruit minority- and women-owned firms to bid on those projects as prime contractors. Because, in most cases, the engineering departments are saying that, "It's more costly for us to manage three to four different projects than it is to manage one large project," you know? And my historical response has been, "Yes, that's true; but when you have one large contract, that's excluding a whole segment of our market." And it's excluding the minority- and women-owned firms because they don't have the ability, the capital, or the surety bonding to compete as a prime contractor on a larger project.

So now we're saying, basically, when we debundle, we are growing and we are developing a larger pool of diverse contractors who, one day, have the ability now to bid on those larger projects because of our guidance, and support, and programming. And so the more contractors you have bidding on your projects, there's a downward spiral on pricing. So the same way that we are investing in infrastructure, we are now investing in these smaller minority- and women-owned contractors who, once again, in the future -- two, three, four, five years down the road -- they will have the resources, the capital, the surety bonding, the expertise to now bid on larger contracts.

So it is an investment. The same thing holds true, as I said before, investing in infrastructure; we're also investing in the smaller minority- and women-owned businesses.

MS. AGUDOSI: Thank you.

SENATOR RICE: Mike, before you leave.

You're not talking just solely MTA construction, and rail contracts, and buses, and all that. You are talking about professional services as well, right? -- the attorneys, the CPAs, the public relations people?

MR. GARNER: Yes, we are.

Yes, architect and engineering, IT services; yes.

SENATOR RICE: Okay.

MR. GARNER: And when we talk about inclusion at the MTA, we are talking about construction, architect, engineering, IT services, legal services, investment banking services, asset fund managers; so straight across the board. Because sometimes we only focus on construction. But no, I mean, you must focus straight across the spectrum.

So I can tell you that the MTA is one of the largest issuers of debt in order to finance our capital programs. And so, as of March 31, 42 percent of our fees that went to investment bankers -- they were paid to certified minority-owned investment banking firms, like a Loop Capital in Chicago, Ramire; Bill Thompson, the former City Comptroller -- he's at Siebert Brandford Shank (*sic*). So we look at the whole entire spectrum.

MS. AGUDOSI: So just to piggyback on that -- for the professional services and things that are other than construction, are they

also incorporated into your mentor protégé program; or is that just a different goal that you target as it relates to professional services?

MR. GARNER: It's both. I mean, we target it; and we're using the discretionary program that we have in order to give assignments to minority- and women-owned firms. So for example, in our legal services now, we have a pool of about 35 minority- and women-owned law firms that we now give assignments to. And so now we have the ability to give them assignments up to \$1 million per case. And so we're growing that area also, as well; because unfortunately, in the greatest city in the world, New York City, there's not one major black law firm here in the city. You know, you have to go to Chicago, you have to go to D.C., and places that the former mayors in those cities -- like Harold Washington, and Maynard Jackson in Atlanta, and Coleman Young in Detroit -- they made sure that law firms got their fair share of work, and those law firms grew. Unfortunately, that was not the focus here in this city. So I can tell you that there is not one large, major black firm in the City of New York as we currently speak right now.

So we basically met with all of the ethnic minority and bar associations, you know? And I told them, point blank, I said, "Listen, why has it taken us to organize you, when you are in the Fortune 500 capital of the world where there are other state agencies -- including the Port Authority, and DASNY, and others -- that are spending millions of dollars in legal fees, and you're not getting your fair share? And almost to the point where all of your black lawyers, who could have formed larger law firms -- they are now working for major white law firms, and are still having a hard time becoming partner."

And so we told them, "Listen, you have to organize yourselves, and go and demand your fair share of fees." So we took that effort of basically making sure that our certified law firms now have the opportunity in getting assignments.

MS. AGUDOSI: Thank you for that, Michael.

Senator Pou, did you--

SENATOR POU: Thank you; thank you, Madam Chairwoman.

I just wanted to follow up on something you just said.

I actually had a different question, but your last statement just kind of threw-- I'm interested in finding out, based on your comment that--

MR. GARNER: If you could move closer to the--

SENATOR POU: Sure, to the mike?

MR. GARNER: --device.

SENATOR POU: Okay; very well.

So is there a large Latino law firm in New York state that you currently consider as part of your program? I know you indicated that there are no large African-American -- black law firms. But what about the Latino law firms?

MR. GARNER: Yes. So, that's the same thing. I mean, there are really no major Hispanic law firms, or black law firms, or Asian law firms past a certain level.

SENATOR POU: Okay, so you were referring to minorities in general.

MR. GARNER: Yes.

SENATOR POU: Okay.

MR. GARNER: Yes.

SENATOR POU: Thank you for that clarification.

So here's my original question. In your opening remarks -- which, first of all, let me just commend you because this is really such an incredible program; and I'm just so excited, Madam Chairwoman, that you actually were able to get this as part of our record. So my question was that, in your small business mentoring program you mentioned how your prime contractors -- they're waived from bonding. Did I hear that correctly?

MR. GARNER: Yes; so we've created an internal bond program. So there's a concept that's called *OCIP*, and that means *owner-controlled insurance program*. So all of our contractors that do work on any MTA site -- they are wrapped up into an OCIP. And so we took that OCIP concept and created an internal bond. And so under ordinary circumstances, if you do not have bonding you cannot work for any state agency in the state of New York. That will exclude you. So we said -- I mean, we felt that that was not fair. So we created an internal bond program, and we put monies aside. And so if you don't have bonding, and if you're bidding in our Tier 1 Small Business Mentoring Program, we will wrap you up with our internal bond. That way it gives you the opportunity to learn, earn, and grow during that first four years in our Small Business Mentoring Program. So we're giving you the opportunity, although you don't have any bonding, for four years.

SENATOR POU: And is that internal bonding system, that you've just talked about, is that also part of that investment banking

financial system, where you indicated that they can apply to? Or is that a separate and apart concept?

MR. GARNER: So it is separate and apart, but it is part of the core program.

But let's state that we waive your bonding; we really are not doing you a favor, long-term. So during your four years in the program, we've hired a house (indiscernible) consultant to work with you to hopefully ensure that by the time you graduate out of our Small Business Mentoring Program Tier 1 that you will graduate with bonding. So now you can work on our larger projects, up to \$3 million, in our Tier 2 program.

SENATOR POU: Right; no, I got that. The Tier 2 is -- up to \$3 million with their surety insurance bonding.

MR. GARNER: Yes.

SENATOR POU: Yes, I got that.

MR. GARNER: Up to \$1 million it's waived. But between \$1 million and \$3 million -- no, you need bonding.

SENATOR POU: Okay, thank you; thank you.

MS. AGUDOSI: Yes.

MR. GARNER: And so I will close on this by saying that, historically, we as government -- we failed, because we put all of our emphasis on outreach and certification. So we'll meet your company at an event, we'll help you go through this arduous certification process. And then you're certified, and then we bring you in, and you still can't work because you have barriers to entry. And so the new paradigm is -- like the old baseball movie, *Field of Dreams* -- you build it and they will come. So we

built our program, and now we're seeing a spike in our MW and DB payments; so going from \$114 million in 2009, now to \$790 million in payments. And in two years, that \$790 million is going to evolve into \$1 billion in payments from one agency for one year. It is a game-changer.

MS. AGUDOSI: Thank you, Michael.

I think we have one more question.

Assemblywoman.

ASSEMBLYWOMAN PINKIN: I was just wondering, if they default and they're in this self-bonding program -- the internal bonding program -- what happens then? Is there a penalty going forward?

MR. GARNER: Yes. So if a contractor defaults on their contract, then we'll take monies out of our account and cover that contract. But the chances of a contractor defaulting is going to be slim to none, because I forgot to mention that we've hired a construction manager to make sure that projects that we allocate into the MTA's Small Business Mentoring Program are finished safely, timely, and on budget. And so that construction manager or (indiscernible) firm is being paid a fee.

So I would say in the 10 years of this program, we've had two defaults to our surety bonding. The same holds true in our loan program. And so the loan program is structured to the point whereas when a contractor in our program is issued a loan, it is mandatory for them to take out a second account at Carver Savings Bank. So when we pay them on their most recent invoice, those monies are wired to Carver Federal Savings Bank. Carver has 48 hours to take their proceeds off and give the balance to the contractor. And so we have fully mitigated Carver's exposure. And so, in 10 years, once again, in our loan programs there have been two

defaults; less than 1 percent. And in one of those cases the owner of the company died.

So if the program is structured where it can mitigate risk and exposure, then it's a win-win for everybody.

MS. AGUDOSI: Thank you, Michael.

Once again, on behalf of the Commission, we appreciate the time that you've spent, the information that you've shared.

I will be following up with you separately to obtain the information that I requested.

And wishing all the best to you, there, at the MTA.

MR. GARNER: Great.

You know -- and let me offer that any time you guys want to come over to New York, I will hold you over here, even to the point of meeting you at Sylvia's up in Harlem. You know, we can follow up.

And as a matter of fact, I guess it was about five or six years ago I had the opportunity to speak with Senator Rice because we were part of the Wall Street Conference -- Reverend Jackson--

SENATOR RICE: That's right.

MR. GARNER: --and he was one of the speakers, and we spoke on the same panel.

SENATOR RICE: Yes; thank you very much, Mike. I really appreciate you, man.

MR. GARNER: Okay; definitely, you got it.

All right, have a great day.

MS. AGUDOSI: Thank you.

In the interest of time, Mr. Medina, I just have one more question of you. And then we have representatives from the Veterans Chamber of Commerce.

I just wanted you to clarify a little bit -- when you were talking about the ratings for the DPMC and how that creates a challenge for upstart or a newly certified MWBE. Can you just expound on that a little bit more, because that's another area that we want to reach back to DPMC to get some clarification on.

MR. MEDINA: Yes, I purchased a small mechanical electrical plumbing -- a diverse firm -- and incorporated them into my company. But I had trouble since I did not bring the principal with me. So a lot of that firm's experience -- they did not allow it to carry over. So that's onerous for startups, because what comes first, the chicken or the egg? You know, when do you get that project to put under your belt?

So DPMC is pretty strict with what they allow you to do, and prior performance or prior jobs. So if you're a new owner of a diverse firm, but you worked at a large engineering firm, they won't credit a lot of your résumé; it has to be under the new entity.

So if they could be a little more relaxed in allowing you to count-- If you were the project manager on a large bridge project, that's on your résumé, but it's not on your firm history. So if they would just relax those rules a little, it would be an easier entry port for some of the new startups.

MS. AGUDOSI: Thank you very much.

MR. MEDINA: You're welcome.

MS. AGUDOSI: So at this time I'd like to ask representatives from the Veterans Chamber of Commerce -- if they could please come forward.

Good morning; if you could state your name for the record.

And as was done previously, provide the Commission with your insights and understanding, as a representative of your Chamber, and any of the experiences, challenges, issues that your membership face in doing business with the State of New Jersey.

COLONEL JEFF CANTOR: Yes; thank you, Ms. Agudosi.

My name is Jeff Cantor; I'm a Colonel -- retired now -- Colonel in the United States Army.

I'm a business owner; I own a construction company. I used to work for the State of New Jersey, for the Department of Military and Veterans Affairs. So I'm familiar with some of the operations that the State undertakes for veterans' issues.

We have a membership-- And a brief statement to read, as well as a couple of points to make. Then I'll be happy to answer any questions, if that's all right.

MS. AGUDOSI: Yes, please do.

COLONEL CANTOR: Thank you, Ms. Agudosi.

Senators, Assembly people, thank you so much for allowing me to be here.

Ms. Agudosi, honorable members, thank you so much for allowing me to give testimony today on the Disparity in State Procurement in the State of New Jersey.

I'm also handing out a copy of my brief statement so you have it on record.

My name is Colonel Jeff Cantor, and I represent, as of today, 662 members of the New Jersey State Veterans Chamber of Commerce.

In the 32 years I spent in the military, I was always taught to deliver the bottom line up front, so here it is. The procurement system is rigged, complicated, and doomed for failure to so many veteran business entities, as well as other diverse business entities in our state. To provide context, I will share with you that New Jersey has two set-aside laws currently on the books. One is for small business entities and the other is for service-connected disabled veteran-owned businesses, called SDVOBs; or in New Jersey, it's called DVOBs.

The SDVOB set-aside law, which is Public Law 2016, chapter 116, has been public law since it was passed unanimously in 2015. Since that time frame, roughly three-and-a-half years, not one contract has been set aside; and until recently through the Veterans Chamber's advocacy, no money has been awarded to service-connected disabled veteran-owned businesses.

Recently a contract was awarded to a disabled veteran-owned business for advertising services -- he happens to be sitting behind me today -- and although the State didn't know that his business was an SDVOB, he was awarded a contract.

The EDA also recently purchased printer cartridges from an SDVOB firm, as an under-the-threshold direct purchase, for \$900.

So, to date, that's the extent of the business that disabled veteran and veteran-owned businesses have had with the State of New Jersey.

There are many issues affecting veteran procurement in the state that I would like to share.

There are many states that have implemented SDVOB set-aside laws. New York state -- which we just heard from the MTA -- has done a very good job of implementing their program and currently awards \$56 million to service-disabled veteran-owned businesses, and has increased their spends by over 250 percent, year after year.

They also publish the dollar amount and percent spends by every department, division, and authority; and publishes the SDVOB plans for the upcoming year. I have a copy that I will be happy to share with you. This represents total transparency in government, which is what New Jersey should strive for. I know that Ms. Agudosi would like to implement a report card on diverse spends; we spoke about this personally. And we at the New Jersey State Veterans Chamber of Commerce fully support that endeavor.

Very few people serve in the military, and even fewer people come back to start businesses. Even fewer are rated as *disabled veterans* who start businesses. To that end, the current law on the books -- which requires three qualified bidders for any RFP, or invitation to bid -- pretty much ensures that an SDVOB will never get a contract.

When the New Jersey State Veterans Chamber of Commerce started, there were 26 disabled veteran firms certified in the State of New Jersey. As of yesterday there are now 65, through our advocacy. This is a

very low number; and as a result there is likely not three qualified bidders in any one industry to compete for a contract. That means that the contract cannot be set aside for an SDVOB, which means that the 3 percent set-aside law is worthless to this community.

New York state, and the Federal government, and many other states around us adhere to a two-bidder rule, which gives them great success in awarding set-aside contracts. This would require legislation to change the amount of eligible bidders in this group. But what I would offer to you is that many other states -- what they do is they've implemented a price preference law, because of the lower number of businesses. A 15 percent price preference law is needed in New Jersey. This would allow disabled veteran-owned businesses to compete in the open bid process. States like Michigan and Connecticut have already implemented these laws, and have seen success. If the lowest bidder on a project is \$100,000, and a service-disabled firm comes in at a \$112,000, under a 15 percent price preference law it would mean that the disabled veteran-owned firm is still the lowest technical bidder. Since we are not talking about a lot of businesses -- right now, the number is 65 -- this would have a positive impact on the disabled veteran business community and minimal risk or negative impact on the business community at large.

We are requesting that New Jersey institute a price preference law in our state to make it fair for disabled veteran-owned businesses.

The system is very complicated to navigate. Right now, a disabled veteran-owned business has to register with the State, then with the Division of Purchase and Property, then with the Division of Property Management and Construction, then with New Jersey Transit, then with

the Turnpike Authority, then with utilities, and with the Port Authority, and so on and so on. This takes time, money, and a lot of effort away from the business owner. Instead, there should be one universal registration portal in the State. Once a diverse business is registered, they would be pre-qualified with all State entities.

I've recently written a white paper -- which I have copies here -- that I shared with the Governor on steps the State can take to improve its support of small and diverse businesses. I'd be happy to share that with each of you upon request.

Just for the record, Treasury has taken steps recently to improve the atmosphere with SDVOBs, like getting rid of the registration fees to register in the State. It was \$100; they were going to raise it to \$167. They decided to waive those fees; and we were the only state that actually charged a fee to register a disabled veteran-owned business, so I'm happy to hear that Treasury has stepped up to reverse that decision.

More needs to be done to ensure success of disabled veteran-owned businesses in the State procurement process. And I'd gladly make myself available to each of you for one-on-one discussions on ways to improve the environment for veteran business entities.

You have my personal cell number there; my personal e-mail.

And I wish you success in your efforts to improve the competitive atmosphere for all diverse businesses in the state.

And one of the things about the white paper that I wrote was -- I made 17 recommendations that can be implemented for all diverse businesses to have a better atmosphere of competition in the State of New

Jersey. And I'm hoping that we can get some traction with some of those results.

You heard from the MTA about their bonding and insurance program -- their OCIP program -- which is a fantastic program. I'm really hoping that the State of New Jersey implements a program like that.

With regards to DPMC, I will tell you it's an arduous process to get pre-qualified. So not only, like I said, do you have to register with all these entities, once you get to the pre-qualification process with DPMC, it's a 48-page pre-qualification statement. There's another 48a document that has to be filled out. They ask a lot of information; it takes a lot of time, a lot of effort. It could definitely be simplified to make it easier for veteran-owned firms and disabled veteran-owned firms.

Mr. Griffin was with us when the Veterans Chamber spoke with the Chief of Staff, and Ms. Agudosi, and many of the people at Treasury, to talk about waiving the fees and adding subcontracting opportunities for veterans and disabled veteran-owned firms. And I'm happy to see that some traction has been made with that, so I thank you for that.

In my business-- I own a construction company, and I was bidding out a job with New Jersey Transit. And I spoke to the supervisor of the project, and I said, "Hey, by the way, do you know that New Jersey has a 3 percent disabled veteran business set-aside law?" He said, "No, I had no idea." I'm like, "Does anybody at New Jersey Transit know that you're supposed to set aside 3 percent of your contracts to disabled veteran-owned business?" -- which my firm is a disabled veteran-owned business, certified in the State of New Jersey. "No, no we don't know. I mean, I can always--"

He said he could talk to his compliance person; but honestly, nobody there on the project site, or that overlooked what was coming down the pike, knew that they needed to set aside 3 percent of the contracts.

So that's a little frustrating, as a business owner, to sort of not be able to compete in that marketplace.

Yesterday the *New York Post* wrote an article that New Jersey is the least patriotic state; and *Wallethub* did a survey, three years in a row, and rated New Jersey last in the nation for veterans.

So I'm hoping that, as a result of this Commission, you have the ability to change the trajectory from where we're going and actually move the needle forward for veterans in the state. You know, veterans have done so much for all of us; and we hope that the State recognizes that, and does their due diligence to provide an opportunity so that veterans can succeed and provide for their families.

Thank you.

MS. AGUDOSI: Thank you, Mr. Cantor.

Do any members of the Commission have any questions?

SENATOR RICE: Can you make certain-- You said *upon request*, so I'm making a request that we all get a copy of the white paper. I think that's important.

COLONEL CANTOR: Yes, Senator. I only have three copies.

SENATOR RICE: Okay; also, I just wanted to indicate that the Legislative Black Caucus worked with the Latino Caucus in the past under the Corzine Administration -- when we started to put in place the Diversity Office and stuff like that. There was monitoring, and everything -- every agency, every authority knew what they were supposed to be doing. That

was all gutted out. And we're hoping that the Diversity Officer, Ms. Agudosi, and the Governor make sure that all those things are put back in place. This way every agency and entity, from the top to the bottom of the employee ladder, would know what we have and what they are supposed to be doing. That was done intentionally under the Christie Administration. We had that debate with him -- the Legislative Black Caucus, with me as Chair.

There are people in the Legislature and people in government who do not want minorities, and women, and veterans to be a part of the process. It's just that clear to me. I can say that; I've been here 34 years -- okay? -- going on 34.

So yes, we want to see your white paper.

And thank you very much.

COLONEL CANTOR: Thank you, Senator Rice.

And you're absolutely right, you know.

And by the way, we don't want to be special; we want to be lumped together with the African American community, with the Hispanic community. And in fact, the Chair people of the Chambers have seen the white paper, and they stand with the Veterans Chamber on the 17 points that we make with that paper.

SENATOR RICE: Well, just a response back to you. I'm a veteran; I'm a Vietnam veteran.

COLONEL CANTOR: Yes, sir; all the way.

SENATOR RICE: Okay; General -- four-star General Edward Rice is my first cousin; he just retired from the Air Force. My family is veterans; I get it, okay? And the thing is, is that the one thing you said --

veteran -- the good thing about veterans, you're talking across the board. So when we talk about women and minority businesses, we are talking about veterans, and vice versa. When we talk about veterans, we're talking about women and minority businesses.

COLONEL CANTOR: Yes, sir; absolutely aligned, for sure.

MS. AGUDOSI: Any other questions?

SENATOR POU: Madam Chairwoman, I noticed that -- through you, I'd like to ask if you can make available to the rest of the members copies of the report that you have. I know that there are only two copies available.

Thank you.

MS. AGUDOSI: Yes, absolutely.

SENATOR POU: Thank you.

COLONEL CANTOR: And I can provide my contact information and send it to you directly, if that makes it easier.

SENATOR POU: Thank you, Colonel.

MS. AGUDOSI: Seeing that there are no further questions from the Commission--

Oh, I'm sorry.

MS. WALTER: You've spoken about the arduous certification process with the different agencies. Could you speak to, a little bit more specifically, the ways that those could be better coordinated? Do you see that there are inconsistencies across those processes, and would -- giving you a compound question here -- what would you see as the best way to address that? Is it centralization or just standardization across the agencies?

COLONEL CANTOR: Yes, it's a valid question.

I think the best forward is to have one universal portal. So that if you certify, you've registered with the State of New Jersey, that all entities in the State of New Jersey recognize that you are, in fact, pre-qualified or you're certified. And I think what happens now is-- Like, for example, my personal experience with my business-- So in order-- So I signed up to be a veteran-owned business with the State of New Jersey. And all you have to do is show your business paperwork and a copy of your DD-214, send it in with a \$100 check; then it took about two months and I got my certification as a veteran-owned business.

At the time, even though I was a service-disabled veteran-owned veteran, I was not able to get certified in the State of New Jersey as a disabled veteran-owned business. And the reason for that was originally you needed your CDE certification through the VA. So the VA certifies you as a disabled veteran-owned small business. And so the State mandated that you have to have that first, and then they will award you your disabled veteran-owned business certification.

The problem there, and what I communicated to Treasury, was that could take up to a year. So while I'm waiting for a full year to get my CDE certification, I wouldn't be able to compete at all, at the State level, for any type of opportunities, because I would not be a certified disabled veteran-owned business. And I said it's very simple. I can show you my disability rating and I can show you the business documents. You put that together, and it should be vetted enough that I am a certified disabled veteran-owned business.

I'm happy to report that Treasury has changed the rules and regulations on that, and they will now accept a disability rating from the VA, along with the business documents, to prove that you are a disabled veteran-owned business. So that was the first step.

And then what happens is, every single entity in the State of New Jersey has their own qualification process, right? So I have to qualify with DOT, I have to qualify the Turnpike Authority, I have to qualify with all the utilities, I have to qualify with New Jersey Transit. All these entities have their own pre-qualification forms, and they ask the same exact information over and over again. And it's really interesting -- with DPMC -- that's part of Treasury, right, and so is the certification process. Yet they still ask you for all the documents to prove that you're certified. Well, you're the certifying authority in the State of New Jersey. All you have to do is just look on the NJSAVI database and see that I'm certified in the State of New Jersey. Why do I, then, have to go and try to track down those documents to try and submit it with that? So there's a lot of duplication of efforts.

It's also pretty expensive. So every single form that you utilize to get pre-qualified for can cost \$150 here, \$150 there. Like I said, it's \$100 for my VOB certification; \$105 for my SDE certification. So everywhere along the way, it's chipping away at whatever revenue that I need to bring in -- it's a profitability thing. Plus, you know, being a construction firm, I have \$60,000 to \$100,000 in insurance that I have to maintain. So I'm holding on to \$100,000 that I'm laying out, every single month, and I don't have the ability to compete for any State contracts for any type of construction.

And if you look, over and over again, with the Turnpike Authority, with New Jersey Transit, with all the State agencies, there are pretty much five companies that get 95 percent of all the business. I mean, you see the trucks going up and down. And I can tell you right now -- they're not minority firms, they're not veteran firms, they're not disabled veteran firms. They are the same five that get every single contract.

And what would be nice is, like what MTA does -- the MTA takes diversity very seriously. You heard from Michael Garner; and I met with Michael, many times, on this topic. And they take it so seriously that they will pull a contract if you don't set aside a percentage of your business for minority and disabled veteran-owned business. They have a 6 percent set-aside in the state of New York; we have a 3 percent here in New Jersey. But if you don't do your due diligence -- and you have to document what you've done as a State agency to find those subcontractors -- that prime vendor can lose a contract.

So, you know, I'd love to see that here in New Jersey, because as a veterans' Chamber we can help so many prime vendors find qualified veteran and disabled veteran-owned businesses that are -- to your point, Senator -- also minority, Latino, Latina, women-owned, LGBT. They're all incorporated under the veteran banner. So we're a very diverse organization within a diverse community.

But there's a lot of redundancy, there's a lot of money to be spent for no apparent reason. And it seems that one hand doesn't talk to the other a lot of times, when they could just easily -- if you have one portal and say, "All right, you're pre-qualified," you're pre-qualified for all.

MS. WALTER: Thank you.

We're actually issuing a procurement regulation to the Division of Local Government Services in the next few weeks; they'll be coming out in the *Register*. And I want to encourage you guys take a look and give us comments, if you have thoughts, because we are looking to streamline the procurement process.

COLONEL CANTOR: I'd love to follow up with you afterwards, if that's okay. Thanks.

MS. AGUDOSI: Assemblywoman.

ASSEMBLYWOMAN PINKIN: Well, I appreciate your comments -- and thank you for your service, by the way -- but I appreciate your comments on the streamlining. To me, one of New Jersey's big issues is trying to realign ourselves to a system of efficiency and effectiveness by streamlining systems that we have. If we're going to stabilize our budget and get on better financial footing, the way we can do that -- one of the ways we can do that is by addressing this inefficiency. It's sort of home rule taken to every single department.

Thank you.

COLONEL CANTOR: Yes, Assemblywoman, you're absolutely correct.

And this is just State procurement that we're talking about. So there are no set-asides for local purchasing at all. We've done something with the veteran's community, with the Veterans Chamber, to certify municipalities and counties to become veteran-friendly by setting aside 6 percent of their contracts. But that's something that we've done. It would be nice to see if there was universality between the State, the county, and the municipal level for all of these minority and diverse set-aside programs.

SENATOR RICE: Yes; and Colonel, thank you for your service too.

At some point in time we're going to have to do that.

I know I've been here long enough, and we've tried to that. It's the politics of the State government that stinks -- okay? -- besides the corrupt State. And I said it, personally, because I know the actors.

We're going to continue to try that, because it doesn't make any sense. You know, we deal too much with minority and women who keep saying, "Well, you have to certify over here, certify over *here*, and certify over *here*. And then we went through the Port Authority; they wanted different certification." So we kind of bring it together, to try to -- at least we tried to. But I think that is something we just need to mandate, and I think it's something that if we mandated legislatively, while this Governor is here, to come into law-- Because it has to be law.

It's like the ethics report, you know? Those of us who are legislators have to do an ethics report. So we have to go and see Ms. Hochman; then we have to go on computers that say the same thing, the same thing. It seems to me that if I tell *you*, then you get it from *her* -- you know, why do I have to keep going through this?

So we do get it, and we know these are barriers to women and minorities and veteran organizations as it relates to getting businesses. And we also know the five or six companies that you talked about, and those others out there in other fields that are now working with Transit, are political families -- that's what I call them. They get all the work for their contributions, etc. That doesn't mean they are better companies.

And then when you look at the companies -- a lot of them are union shops. They don't diversify the work force, you know? Blacks and Latinos tell me that they're sitting up in labor halls when all that work is taking place, particularly in the urban communities, on the construction side. Professional services people tell me that they can't get legal work. They can't get this and get that; veterans tell me the same thing.

So we do have to streamline, number one, to make sure that everybody understands who's certified and who is not.

We also need to do more investigation, because we know that a lot of work that is being given out -- under the auspices of women, and minorities, and veterans -- are fronted by businesses. And we have to tighten up the laws and make it clear that you're not only going to get fined, we will lock you up for life. I mean, you have to be so tough on that stuff that people don't want to take that chance.

So we know that; thank you very much.

COLONEL CANTOR: Thank you, Senator.

MS. AGUDOSI: Colonel Cantor, I'd like to thank you for your service.

I'd like to thank you for -- personally thank you for your commitment to what you do on behalf of the veterans in the State of New Jersey, and your advocacy.

And as the Chair of this Commission, I can assure you that we will be working collaboratively with you, as well as the other diverse Chambers, to address some of these very concerning issues that have been brought to the attention of the Commission.

COLONEL CANTOR: Thank you, Ms. Agudosi.

And to your point, you have done an amazing job to date, trying to put forth focus on minority, women, veteran businesses. And you've added veteran businesses to the map.

And I know one of the things you want to do is create a report card that can showcase by department, by division, by authority how the minority, women, veteran, disabled veteran spending goes; and what they can do to improve.

We fully support your efforts in doing that, and we thank you for all your efforts in helping us.

MS. AGUDOSI: I just want to reference that what is being depicted is the report card that came out from the New York City's Controller's Office. And that is something that they issue annually for all of the City agencies in New York.

Thank you.

COLONEL CANTOR: Thank you; thank you, everybody.

MS. AGUDOSI: So for my fellow Commission members, the time is upon us.

ASSEMBLYWOMAN PINKIN: Can I just add one quick little statement?

MS. AGUDOSI: Yes.

ASSEMBLYWOMAN PINKIN: I do want to say that the issue came up of labor. And I did, recently, within the past two weeks, attend a labor training program for women to work in the trades. And they actually were asking for information to assist with procurement and advancing the issues of -- including their workers -- all their staff in a more diversified procurement process.

MS. AGUDOSI: That was the Department of Labor who--

ASSEMBLYWOMAN PINKIN: No, no, this was through the AFL-CIO Carpenters' Training Program.

MS. AGUDOSI: Okay; thank you for that.

Due to the hour, there was another matter on the agenda that I had listed; and that was "review of general delegated purchase authority limits."

I'm going to defer speaking on that and addressing that until we have our next Commission meeting.

But just by way of context, that was touched upon by Michael Garner in his remarks. One of the things that they did in New York state, and the MTA specifically, is that they increased their limits. He referred to, in his testimony -- indicated that they raised that amount up to, I believe it is, \$1 million. So that instead of these contracts having to go out to public bid, that with that increase to \$1 million, all they have to do is go out and secure three bids which go directly to MWBEs. By way of reference, I would note that New Jersey's threshold right now is \$40,000. I think that's something that this Commission really needs to take a look at, in terms of whether or not that threshold is relevant for where we are in 2019; as well as the ability to be able to increase that threshold in order to be able to engage in more meaningful engagements with minority-, women-owned and small businesses.

So in advance of our next meeting, I will send out not just the materials from today; but I will send out the governing language as it relates to the DPA spend. And I ask for you to take a look at that in advance of

our meeting, because our next meeting-- Because I would like for us to really take a look at that.

SENATOR RICE: Madam Chair, if I can go through you, I want to put this on the record. At every meeting I make I'm going to put it on the record.

What you're hearing in testimony -- I know from years of working with New York -- is that Mayor Dinkins, and Mayor Willie, and Governor Paterson, and this Governor Cuomo have been very committed to making sure the resources are there. The legislative leadership, and the legislative members and their majority have been very committed, and the Black and Latino Caucuses have been at the forefront of pushing these issues.

And the reason I want this on the record is because I want to make sure that this Governor, at the end of the process, and the legislative leadership -- President, Speaker and members of the Legislature, and particularly members of the Latino and Black Caucuses -- understand that there were relationships where people were pushing; they were committed.

When one part of the coalition is not committed, it's not going to work. And I think that the Black and Latino -- and the Women's Caucus too, that Senator Weinberg chairs -- we have a special responsibility to make sure that our members are committed, and that this Governor -- and any other Governor that comes (indiscernible) -- is committed.

And I think at the end of the process we'll put the right legislation in place, and we'll find where those discriminatory practices are and we'll fix them; then long after we are gone, New Jersey is not going to

have a problem again, in terms of equitable relationships and equal opportunity.

So I'm going to say that every time we meet, so that every time they read it they are going to say, "There goes Ron Rice again." I think it's my responsibility.

Thank you.

MS. AGUDOSI: Unless there are any other comments or questions, we are now adjourned.

(MEETING CONCLUDED)