



**Do you know what it means to be a DBE in  
New Orleans?**

Disadvantaged Business Enterprises struggling in a dysfunctional  
and unsupportive environment

CUEE Position Statement No. 3

October 2011

## **Background:**

### **The greatest DBE opportunities in New Orleans are at the mercy of an ineffectual program.**

Since mid-2009, the New Orleans Code of Ordinances has called for local participation goals of 50% and minority participation goals of 35% in city contracting<sup>1</sup>. Currently, it is unclear whether or not these goals have ever been met; in August 2010 the Office of the Inspector General for New Orleans evaluated the City's DBE program and found that:

- DBE program personnel as well as the City Attorney's office were unclear as to the legal standards and procedures that provide the basis for the city's DBE program;
- DBE certification and contract award procedures did not follow any clear, written rules, adhere to open meeting laws, promote accountability or offer any meaningful appeals process; and
- the DBE office was not adequately funded to carry out the functions and implement the requirements placed on it<sup>2</sup>.

The dysfunction surrounding City DBE procedures has only added to the confusion of the overall DBE climate in New Orleans. Among the five major entities administering contracts that include DBE participation goals, there is a lack of coordination, strategic focus, and mutual understanding. While Mayor Mitch Landrieu has vowed to restructure both the City DBE office and program to increase efficiency, transparency, accountability and oversight<sup>3</sup>, a comprehensive study on the extent to which the local minority-owned business community is positioned to take advantage of public DBE goals has yet to be undertaken. In addition, there is no coordinated public economic development structure in place to help small, minority or women-owned business gain access to the technical assistance or the capital that would allow them to diversify, increase their capacity, or acquire the bonding needed in order to participate in the myriad public contracts that call for DBE participation, including those for the City, Louis Armstrong International Airport, the New Orleans Sewerage and Water Board, the New Orleans Regional Transit Authority, and the Port of New Orleans.

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<sup>1</sup> New Orleans Code of Ordinances, Sec. 70-432.1 -- Local and disadvantaged business enterprise (DBE) goals for the City of New Orleans.

<sup>2</sup> Ed Quatrevaux, Office of the Inspector General, City of New Orleans, Letter to the Honorable Mitchell J. Landrieu, 10 August 2010.

<sup>3</sup> City of New Orleans, Executive Order MJL 10-02, 3 June 2010.

## **CUEE's position:**

### **For DBEs in New Orleans, capital and advocacy must go hand-in-hand.**

The City's DBE program provides only one of the pivotal factors an Urban Institute study has identified as necessary for the long-term success of minority and women-owned businesses: access to markets. And it has so far done a poor job at that. It is imaginable that a newly revamped DBE office could establish programs regarding two of the remaining factors -- opportunities for social connections, and education. Yet it is doubtful that in the short term the city will be able to implement a plan for the final success factor: access to working capital<sup>4</sup>. As long as capital remains elusive, contracting with the City and other public entities will remain an unobtainable goal for most of the minority-owned businesses in New Orleans.

To ensure the success of DBE programs in New Orleans, and therefore the growth of local small, minority-owned and woman-owned businesses, CUEE is working to establish the DBE Advocacy Initiative. This initiative will support businesses that have contracted or wish to contract with the City, Sewerage and Water Board, Louis Armstrong International Airport, the New Orleans Regional Transit Authority or the Port of New Orleans but for lack of capital or gap financing have been unable to participate or have been limited in their participation. CUEE is interested in seeing sub-contractors move into greater roles, and small businesses move into subcontracting as an increase in capacity allows them to pursue greater public opportunities. While African-Americans account for 63% of the city's population, African-American owned firms account for just 30% of businesses and a mere 7% of businesses with employees<sup>5</sup>. The DBE Advocacy Initiative will help to change that.

Capital alone will only go so far in building strong local DBEs. CUEE is therefore committed to collecting the data and performing the analysis that will allow us to become forceful advocates for robust adherence to DBE participation goals and for the development of coordinated programs to provide technical assistance and centralized access to contracting information and entities. In 2010 CUEE partnered with Policy Link and the New Orleans Regional Transit Authority (RTA) to evaluate the RTA's compliance with federal DBE regulations. The subsequent report resulted in changes at RTA that have made its DBE program a model for the region. We know it can be done.

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<sup>4</sup> Maria A Enchautegui et al. "Do Minority Firms Get a Fair Share of Government Contracts?" Urban Institute Report, 1 December 1997. 12 Sept 2011 <http://www.urban.org/publications/307416.html>.

<sup>5</sup> U.S. Census Bureau, American Community Survey 5 Year Estimates, New Orleans LA; 13 Sept 2011, <http://factfinder.census.gov>