

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON ECONOMIC DEVELOPMENT

----- X

October 22, 2015
Start: 1:11 p.m.
Recess: 2:56 p.m.

HELD AT: 250 Broadway - Committee Rm.
16th Fl.

B E F O R E: DANIEL R. GARODNICK
Chairperson

COUNCIL MEMBERS: Vincent J. Gentile
Julissa Ferreras-Copeland
Karen Koslowitz
Ruben Wills
Donovan J. Richards
Inez D. Barron
I. Daneek Miller

A P P E A R A N C E S (CONTINUED)

Andrew Schwartz, Acting Commissioner
Department of Small Business Services

Kerri Jew, Deputy Commissioner
Division of Economic and Financial Opportunities
Department of Small Business Services

Carra Wallace, Chief Diversity Officer
New York City Comptroller Scott Stringer

Janet Handel
2020 Women on Boards

Francesca Burack
Enterprising and Professional Women--New York City

Linda Hayman
Co-Founder of Direct Women

Ed Diaz, Past Regional Chairman
U.S. Hispanic Chamber of Commerce
Founder, Chairman and CEO of Diverse Visions Group

Beverly Neufeld
Powher New York

Felice Farber, Director of External Affairs
General Contractors Association of New York

Deborah Gillis, President & CEO
Catalyst

2 [sound check, pause]

3 CHAIRPERSON GARODNICK: Good afternoon
4 everybody and welcome. You are at the City Council's
5 Committee on Economic Development. My name is Dan
6 Garodnick. I have the privilege of chairing this
7 committee, and today's date is October 21st. I want
8 to recognize my colleague Elizabeth Crowley from
9 Queens who is joining me today is also the sponsor of
10 two of the three bills that we are hearing on the
11 agenda today. WE are going to be having a public
12 forum on the subject of the three bills relating to
13 the city's economic development policies as they
14 relate to job creation reports and about diversity.
15 The first bill is Intro 128, which would expand
16 public access to job creating metrics from the City's
17 Economic Development Corporation by requiring the
18 submission of job creation reports to all of the
19 city's community boards. These reports are already
20 distributed to the Mayor's Office, the Council, the
21 Controller, the Public Advocate and the borough
22 presidents. And Intro 128 would ensure the city's
23 commu9nity boards are afforded the same access to
24 information regarding the efficiency of the Economic
25 Development Corporation's job creation strategies.

2 The next two bills Intros 704 and 705
3 would require the Department of Small Business
4 Services to collect and report on gender and racial
5 diversity of the Boards of Directors and other C
6 level employees of companies doing business with the
7 city. This information is currently collected for
8 employees of companies that contract with the city,
9 and these bills would expand that collection of
10 information to executive level staff. Intros 704 and
11 705 would shed some light on the demographics of city
12 contractors and expand the city's access to this
13 information.

14 Today we're going to hear from the
15 Economic Development Corporation, SBS, advocates,
16 other city officials who are going to answer
17 questions and testify on the objectives and the
18 impact of these three bills. And with that, I'm
19 going to turn the floor over to the sponsor of Intros
20 704 and 705. Gosh, I thought she almost had a
21 microphone malfunction, but Elizabeth Crowley,
22 Council Member the floor is yours.

23 COUNCIL MEMBER CROWLEY: Thank you.
24 Thank you, Chair Dan Garodnick. Thank you for
25 conducting this hearing. I am Council Member

2 Elizabeth Crowley. I also co-chair the Women's
3 Caucus here at the Council, and together with Council
4 Member Darlene Mealy we've introduced this
5 legislation, and Council Member Mealy is also the
6 Chair of the Civil Rights Committee. She will be
7 joining us soon for the hearing. This legislation
8 would require the city to collect gender and racial
9 diversity data of the boards and the executive staff
10 of companies that contract with the city. This
11 information would be reported to the Mayor and to the
12 City Council on an annual basis. This legislation
13 would additionally--additionally require companies to
14 disclose diversity goals and measures taken to
15 achieve such goals. This legislation is in the form
16 of two bills, Introduction 704, which requires gender
17 disclosure and Introduction 705, which requires
18 racial disclosure. These two bills were introduced
19 in response to numerous studies that showed companies
20 with diverse boards performed more better than those
21 without diversity. And I believe that through this
22 hearing we will learn just how much diversity matters
23 in the corporate world. Data shows such diversity
24 improves financial performance, and leverages talent.
25 Diversity has proven to produce significantly better

2 financial performance, greater economic growth, and
3 improve corporate sustainability. This legislation
4 is not only smart, it promotes opportunity. And
5 although this was recently introduced to the Council,
6 it is not a new concept. Other cities in this
7 country and other states and even other countries
8 have come to legislate this type of oversight. This
9 is simply a transparency bill. Currently, the city
10 does not require this type of reporting. We have no
11 idea where the majority of the companies that we do
12 business with stand on diversity goals, and what they
13 are doing to achieve such goals with their top
14 management. When diversity across the board can
15 affect employers, our economy and New York City as a
16 whole, isn't that something that we should promote.

17 I would like to again thank Chair
18 Garodnick and all my colleagues for their--for their
19 work in preparing today's hearing, and I look forward
20 from--I look forward to hearing from the
21 Administration and all those who are here today to
22 testify. Thank you.

23 CHAIRPERSON GARODNICK: Thank you,
24 Council Member. We've also been joined by Council
25 Member Cabrera who is the sponsor of Intro 128, which

2 I noted in my opening. Council Member Cabrera, the
3 floor is yours.

4 COUNCIL MEMBER CABRERA: Thank you very
5 much Chair Garodnick, and thank you for the
6 opportunity to hear my bill Intro 128 this afternoon.
7 Currently, job creation and retention reports
8 provided to the Mayor, the Council, the City
9 Controller, the Public Advocate and the borough
10 presidents. I believe our community boards should
11 also be receiving report as they are critical players
12 in improving the unemployment rate in our cities.
13 Specifically, my bill requires that the report must
14 be sent out by January 31st of each year for the
15 prior fiscal year. The report must provide for all
16 information on projected and actual jobs created, and
17 retaining connection with any project undertaken by a
18 contracted entity, which includes local development
19 corporations, not-for-profit corporations and all
20 other entities involved in economic development in
21 our city. This bill will not only apply to projects
22 that involve expenditure of city capital
23 appropriations, but also those who were provided with
24 assistance in the form of a loan, grant or tax
25 benefit over \$150,000. It would also apply to

2 projects involving the sale or lease of city-owned
3 land where at least 25 jobs are expected to be
4 created or retained. In addition, the report must
5 include terms of restrictions on the use of leased
6 property including the rent received in prior fiscal
7 year. For sales the price for which the property was
8 sold and any terms or restrictions of the lease or
9 sale of the property must be included. This bill
10 will increase transparency and allow us to get a
11 better sense of the role the city funds are playing
12 in the creation and retention of jobs. Access to a
13 job is truly a lifeline, and all our residents
14 deserve to make a decent living if they are willing
15 to work. I hope that we could work together of pass
16 Intro 128 towards that end. Thank you very much, Mr.
17 Chair.

18 CHAIRPERSON GARODNICK: Thank you very
19 much, Council Member Cabrera, and with that, we're
20 going to call the Administration to the witness
21 table. We have representatives from both SBS and
22 EBC. We've got Andrew Schwartz from SBS, Kerri Jew
23 from SBS, and [background comments] and no EDC yet.
24 Okay, well, I see. Are you coming up for--for EDC?
25 No. Okay, we've got SBS and no EDC. So we'll sort

2 that out, but we're glad you guys are here. We've
3 been joined by Council Member Koslowitz. Welcome
4 former chair of this committee. So thank you guys,
5 and whenever you're ready you can go ahead and hit
6 that microphone button and get started.

7 COMMISSIONER SCHWARTZ: Good afternoon,
8 Chairman Garodnick and members of the Committee on
9 Economic Development as well as Council Members
10 Koslowitz who is on the committee and Council Member
11 Crowley and Cabrera. My name is Andrew Schwartz.
12 I'm Acting Commissioner of the Department of Small
13 Business Services. I'm joined today by Kerri Jew,
14 Deputy Commissioner of SBS' Division of Economic and
15 Financial Opportunities, and colleagues from the
16 Economic Development Corporation should be along to
17 answer questions on 128. At SBS we seek to foster a
18 thriving equitable economy by connecting New Yorkers
19 to jobs, creating stronger businesses, and building a
20 fairer economy. Today, I'm pleased to testify on
21 Intro 704 and 705, which would require contractors
22 submitting employment reports to provide certain
23 demographic information regarding the leadership of
24 their company. The intention of this legislation is
25 a laudable and in line with the Administration's

2 efforts to fight inequality and promote the economic
3 mobility of social inclusion of all New Yorkers. To
4 support gender parity, the Administration is working
5 closely with Speaker Melissa Mark-Viverito on the
6 Young Woman's Initiative making unprecedented
7 investments in domestic violence response and
8 education through the Mayor's Office to Combat
9 Domestic Violence, and the Mayor recently launched
10 the Commission on Gender Equity to advise on
11 initiatives and methods to reduce gender-based
12 inequality. Today, we'll offer comments on the bills
13 being discussed, and I'll be happy to answer your
14 questions after.

15 Currently, SBS's Division of Labor
16 Services, DLS, monitors contractors' compliance with
17 equal employment opportunity laws by requiring
18 contractors to submit employment reports. The
19 employment report contains detailed information on
20 the contractor's employment practices, policies and
21 procedures, and collective bargaining agreements.
22 The Division reviews submitted documents and works
23 with companies to ensure compliance. However, not
24 all contracts with the city are subject to the
25 requirements of DLS. Generally, construction prime

2 contracts in excess of \$1 million and subcontracts in
3 excess of \$750,000 are subject to review. For supply
4 and services contracts, prime and subs over \$100,000
5 are subject to review when the vendor has more than
6 50 employees. Supplying services vendors with fewer
7 than 50 employees are exempt. If approved, companies
8 are certified by DLS for a three-year period. As
9 part of the process, companies can also be certified
10 upon submission of a Certificate of Equal Employment
11 Opportunity Compliance issued by an appropriate state
12 or federal agency in the prior 12 months.

13 The proposed legislation, Intro 704 and
14 705 would require contractors submitting these
15 employment reports to submit additional information
16 regarding the demographics of their directors,
17 officers, and other executive level staff members and
18 their goals for diversity in their leadership. While
19 it would be administratively possible for SBS to add
20 these new categories of information to an employment
21 report, if enacted the proposals would require
22 significant additional work and analysis by the
23 division. Given the varied forms of ownership
24 structure available to businesses, clear definitions
25 may be needed regarding executive level staff in

2 order to limit the requirements to appropriate
3 categories of the subject businesses. As we consider
4 whether to add new requirements to the Employment
5 Report, it should be noted that many businesses may
6 be reluctant to gather and provide this type of
7 information. So the requirement may, in fact, deter
8 some businesses from competing for contracts with the
9 city. In addition to potentially deterring bidders,
10 the new requirement would also add an additional step
11 to the city's procurement process at a time when
12 efforts are underway specifically to reduce the
13 timeline for agency procurements. The various steps
14 in procurement are designed to ensure maximum
15 fairness and competition, and to see that the city is
16 getting the best price and quality in all of its
17 purchases. At the same time we always look for ways
18 to make each of our steps more efficient and reduce
19 turnaround times as well as the burdens that may be
20 imposed on vendors. Vendors with the city are
21 already subject to background steps such as Vendex to
22 ensure that bidders on proposals are responsible
23 vendors. Vendex requires submission of a vendor
24 questionnaire, and a principal questionnaire.
25 Depending on the contractor's ownership structure,

2 the principal questionnaire can be required for
3 multiple individuals. The employment report will
4 then be asking additional questions from these same
5 individuals. As the city works to speed procurement
6 from end to end, an additional requirement such as
7 the ones required by these intros could work against
8 that goal. Finally, there remains a question as to
9 what the city will do with the information once
10 collected. Although there is language in the intros
11 referring to goals, it's not clear what these goals
12 are, how they could be established, and whether
13 contractors would be required to have them, or
14 expected to meet them. From a legal perspective, a
15 concern is whether the information provided would
16 have an impact on the procurement. Selection of the
17 vendor based on diversity of their leadership could
18 raise issues that conflict with laws governing the
19 city's procurement process. Further, contractors may
20 not have numerical diversity goals or specific plans
21 to increase diversity, and even if they do it's
22 unclear how SBS would be able to track measures that
23 contractors take to achieve their goals or hold them
24 accountable. At this time, we will not be able to
25 aggregate and report on the compiled information

2 because businesses have very different documents and
3 forms for their employment policies and procedures.
4 Furthermore, the reports that are currently required
5 come into us on paper, and would require a
6 significant investment in technology and staff to
7 comply with the reporting requirements of the
8 legislation. As hundreds of contracts may be subject
9 to these requirements, rules for analysis and
10 reporting will have to be established, staff trained
11 and systems put in place for the input, and analysis
12 of data. We would be concerned about the timing of a
13 new requirement as well and instituting it in just
14 several months that the bill now contemplates. We
15 look forward to working with the Council to address
16 the concerns raised here, and I'm happy to take your
17 questions.

18 CHAIRPERSON GARODNICK: Thank you very
19 much, Commissioner. We appreciate your testimony,
20 and I think we definitely want to probe a few of the
21 points that you made. The first is let's talk about
22 the employment report that you already get from
23 contractors. As you testified, it includes detailed
24 information about employment practices, policies and
25 procedures, collective bargaining agreements.

2 [pause] What do you do with this information when you
3 get it today?

4 COMMISSIONER SCHWARTZ: Our Division of
5 Labor Services reviews this submission from
6 companies. These are all aimed at ensuring the
7 company is complying with Equal Employment
8 Opportunity laws essentially looking at their job
9 applications to ensure they're not asking the
10 questions that can't be asked of applicants for jobs.
11 They're looking at those types of things, if it's--
12 and seeing that they have an Equal Employment
13 Opportunity policy that comports with the City's
14 requirements. You know, in years past the city was
15 in the forefront of some areas of EEO policy, and you
16 had companies from outside of New York who wanted to
17 do business here and these were--these are questions
18 for them whether they can adopt their policy to
19 comply with what New York City demands. And that's
20 always been something we've encountered. There's a
21 lot of companies that don't want to submit this
22 information, but we do require they do.

23 CHAIRPERSON GARODNICK: But doesn't it
24 also include--forgive me for--for--I was looking for
25 the language precisely--some of the diversity

2 elements for the employees, not directors, but the
3 employees of these companies that contract with the
4 city?

5 COMMISSIONER SCHWARTZ: Yeah, with the
6 submission, the companies do give employment
7 information for employees as you say based on certain
8 occupational codes and broken out by gender and
9 ethnicities.

10 CHAIRPERSON GARODNICK: Okay. So they're
11 doing it for the employees. So in your testimony
12 when you said they may be reluctant to gather and
13 provide this type of information, why do you think
14 that they would be more reluctant to gather it for
15 the management than they would be for the employees
16 of the company?

17 COMMISSIONER SCHWARTZ: It's a great--
18 it's a great question. I mean as I say, we could add
19 those categories to our forum. As you say we ask for
20 these, but our sense right now, I mean there is
21 reluctance to provide what they provide now. So I
22 know those are anecdotal.

23 CHAIRPERSON GARODNICK: But do you think
24 they should be required to provide what they provide
25 now?

2 COMMISSIONER SCHWARTZ: Yes, we do. We
3 require it.

4 CHAIRPERSON GARODNICK: And they're
5 reluctant.

6 COMMISSIONER SCHWARTZ: Yeah, that's why
7 I was saying in my last answer was that we have--you
8 know, there have been companies that walk away from a
9 city contract when they understand that they are
10 going to have to change their EEO policy to comport
11 with what New York City is requiring. We've been on
12 the phone with leadership of companies looking at,
13 you know, rather large contracts. At the time we'll
14 have to make that decision because we think it's not
15 negotiable that they have to provide the EEO
16 information. So this is just--this is adding another
17 layer. We--and part of it is until we looked at the
18 committee's report today, didn't understand even that
19 this would include boards of directors. We were
20 looking at the language in the--in the Intros as to
21 officers and boards--directors didn't know that it
22 was boards of directors. So this would be obviously
23 an adjustment in terms of how businesses would
24 respond to this requirement.

2 CHAIRPERSON GARODNICK: So there would be
3 an adjustment for perhaps they would be reluctant,
4 but put aside the logistical challenges of collecting
5 it. Does the Administration believe that we should
6 collect this information?

7 COMMISSIONER SCHWARTZ: Well, part of it
8 is as I mentioned in getting into definitions that we
9 agree exactly on the categories that we're going to
10 collect and I think I know that our Legal Affairs
11 Office spoke with the Committee Council just in the
12 last couple of days, and I think those are the kinds
13 of conversations we could have more of to see if we
14 could define it, and be comfortable with that we
15 agree on what we're trying to get here.

16 CHAIRPERSON GARODNICK: Well, I think
17 that's good for sure for any bill that we pass here
18 we want to make sure that there is no ambiguity as to
19 what exactly we're after so that we don't create any
20 confusion out there in the marketplace in our
21 procurement process. Okay, so we'll--we'll continue
22 to have that conversation with you. Let's talk a
23 little bit about--well, let me just make one
24 correction about whether contracts are required to
25 meet those goals, and the bill does not require that

2 they hit the goals. It just requires that they
3 provide the information. I just want to make sure
4 that that was clear. You know, I just took another
5 look at the text of the bill. I don't think there is
6 anyway to--to read it as a requirement in the--in the
7 text of the bill. So I just--do you--what do you
8 read differently than I'm--than I was missing?

9 COMMISSIONER SCHWARTZ: I--I could look
10 at the language. I think well we raised it as a,
11 again, a concern just wanting to understand what the
12 bill was contemplating in terms of goals. I mean we,
13 you know, again, you know, hard number goals, America
14 goals and kind of what their--the measures that they
15 would take to achieve the goals.

16 CHAIRPERSON GARODNICK: Okay, I mean the
17 text of the bill it--it just says that, you know,
18 what the employment report needs to include. It
19 doesn't say anything about goals. So--okay, but
20 let's talk about the--the last point that I wanted to
21 ask you about from your testimony, which was
22 procurement. You said in your testimony selection of
23 a vendor base under diversity of leadership could
24 raise issues that conflict with laws governing the
25 city's procurement process. Let's talk about that a

2 little bit. What--what is the--what is the concern
3 there? What do you have in mind when you say that?

4 COMMISSIONER SCHWARTZ: And I try to
5 limit to "could raise concerns" depending on say
6 you're selecting a vendor or not selecting a vendor
7 because of the diversity of their leadership. Now,
8 that's kind of a--as I understand it social policy
9 concern that the--the city's process is governed by
10 General Municipal Law 103, and there have been court
11 cases that limit the city's ability to establish
12 concerns separate from price and quality in terms of
13 selecting vendors. You know we also run a minority
14 women business enterprise program that's designed to
15 bring vendors into the system. These are--these are
16 companies that have been through a disparity study
17 found to have trouble competing for work with in the
18 city so the MWBE program brings them in. So you're
19 kind of expanding the competitive base through that
20 program. A concern here could be as if we're saying,
21 you know, you're not diverse enough to do business
22 with the city. That could raise the GML 103.

23 CHAIRPERSON GARODNICK: And that could
24 limit the ability of those companies to actually

2 compete because they are potentially less diverse.
3 Is that what you're saying?

4 COMMISSIONER SCHWARTZ: That's what the
5 concern would be. As you moved towards--you know,
6 just as you say collecting information is one thing,
7 using it in a procurement determination could be
8 another thing.

9 CHAIRPERSON GARODNICK: Okay, I can't
10 claim to be an expert on the GML 103, but I--maybe--
11 maybe you know the answer to--to--to this. The--the
12 variety of things the city asks for when considering,
13 um, contracting with one entity over another, does
14 every question, does every fact gathered have to go
15 directly to a worthiness score or are there other
16 things that are gathered, which do not?

17 COMMISSIONER SCHWARTZ: Like you, Chair,
18 I am not an expert on GML 103 either. I would tend
19 to think most things you're looking at when you're
20 doing a--if you're doing competitive bidding, you're
21 looking at price and at the vendors responsible, and
22 responsive to your dollar. That's a--

23 CHAIRPERSON GARODNICK: [interposing]
24 Responsible?

25 COMMISSIONER SCHWARTZ: --below--

2 CHAIRPERSON GARODNICK: Responsible,
3 right. The question, though is, and this is really
4 it, and we don't--and if you don't know the answer
5 it's okay. We'll figure it out, but responsible,
6 though, as a criterion as in, you know, do they do
7 good things for the environment? Do they have a
8 diverse board? Do they have this-- I don't even know
9 if any of that is a potential component when the city
10 is interested in picking a contractor or whether it
11 could be legal to be a component. But really what
12 I'm asking you is there anything that we--that we
13 inquire about that is not something that you award
14 points for, which is just something that we gather?

15 COMMISSIONER SCHWARTZ: Right, I was
16 starting to say, yeah, on road (sic) costs, dollar
17 bidding I think you don't look at anything else. If
18 you're doing an RFP obviously there are some other
19 factors that go into experience and proposals that,
20 you know, I still think are aimed at what the city is
21 trying to buy generally, but I think it could require
22 some further conversation as well.

23 CHAIRPERSON GARODNICK: Thank you. I'm
24 going to turn to Council Member Crowley. Thank you.
25 Thank you, Commissioner for your testimony and the

2 Administration. Now, would you agree wouldn't it be
3 good--wouldn't it be good for us to understand who's
4 running the company that we're doing business with
5 and what the boards that are governing these company
6 look like?

7 DEPUTY COMMISSIONER JEW: I don't--I
8 think we're saying that we're in agreement that the
9 objectives of this bill, of this legislation are
10 laudable. Our concerns really have to do with the
11 operations of collecting the information as well as
12 what we would do with the information and how to hold
13 the companies accountable to it.

14 COUNCIL MEMBER CROWLEY: Well, how do you
15 hold companies accountable to the information you
16 gather through understanding the demographics of
17 their workforce?

18 DEPUTY COMMISSIONER JEW: Well, right
19 now, they have to submit it to us.

20 COUNCIL MEMBER CROWLEY: Right.

21 DEPUTY COMMISSIONER JEW: So what we're
22 saying is right we could collect this additional
23 information, if there are additional fields of
24 information that this bill would require, we could
25 certainly do that. If there were to be goals to be

2 set on that, I'm not sure how we would hold them
3 accountable--

4 COUNCIL MEMBER CROWLEY: [interposing] We
5 do you hold companies--

6 DEPUTY COMMISSIONER JEW: --for those
7 goals.

8 COUNCIL MEMBER CROWLEY: --accountable?
9 Do you question if a company is very large and doing
10 a lot of business, and most of their employees move
11 in the city. And that company doesn't reflect the
12 demographics of the city, do you question that in
13 your work with your labor division?

14 DEPUTY COMMISSIONER JEW: With the
15 Division of Labor Services we don't question that per
16 se.

17 COUNCIL MEMBER CROWLEY: [interposing]
18 Yeah--

19 DEPUTY COMMISSIONER JEW: We do--

20 COUNCIL MEMBER CROWLEY: --but do you
21 find that--situations where you have entirely--

22 DEPUTY COMMISSIONER JEW: That would be
23 completely anecdotal. I wouldn't be able to answer
24 that at this point.

2 COMMISSIONER SCHWARTZ: And let--and I--
3 and then I wanted to add in response to your question
4 don't we want to know about the businesses that's
5 what I was getting at. In Vendex, that vendor
6 questionnaire the principal questionnaire, that
7 covers a lot of information about the leadership of
8 those companies as well, but I agree that there are
9 elements of wanting to know more about the firm's
10 demographics that agree and discuss how we can do
11 that in the right way.

12 COUNCIL MEMBER CROWLEY: So it seems that
13 you are generally supportive of the bill.

14 COMMISSIONER SCHWARTZ: I would say
15 that's fair, yes.

16 COUNCIL MEMBER CROWLEY: Well, good.
17 Well, that makes it easy.

18 COMMISSIONER SCHWARTZ: Right, it could.

19 COUNCIL MEMBER CROWLEY: But right now
20 I'm more interested in hearing from people who oppose
21 the bill, and their thing (sic) that it's not a good
22 idea. I know that our numbers aren't the best when
23 it comes to MWBE, and diversity practices, and I know
24 that in your testimony you had brought up some
25 questions about lowest bidder and you mentioned such

2 as that. When--when do you consider best practices
3 of companies rather than just a low bidder? Like to
4 promote companies that are more diverse or more based
5 here in New York City versus a company outside of New
6 York City? How much more are we looking at helping
7 emergent companies with best practices rather than
8 just getting a low bidder? An example, in comparison
9 to the state who seems to have more diversity in
10 those types of numbers--

11 COMMISSIONER SCHWARTZ: [interposing]

12 Well, I think--

13 COUNCIL MEMBER CROWLEY: If you can
14 comment. (sic)

15 COMMISSIONER SCHWARTZ: Yeah, that's a--
16 that's a variety of, um, concerns you're raising
17 there, and certainly, you know, look--favoring local
18 businesses. I mean it would be wonderful if all the
19 contracts went to New York City based business, but
20 there are legal obstacles to that similar to what I
21 was discussing as well as just realistically not
22 being able to get vendors for a lot of things. I
23 think we're doing, you know, a tremendous amount of
24 work on the side of the MWBE program in--in building

2 the capacity of those firms once they're certified
3 with us to learn how to bid and--and grow, but Kerri.

4 DEPUTY COMMISSIONER JEW: In addition in
5 comparison to the state, there are certain things
6 that as a city are not able to do, and we're trying
7 to seek state legislation in order to change the
8 rules of the game in our favor so that we have more
9 flexibility to consider certain things not just
10 necessarily pricing when--when awarding best value
11 procurements.

12 COUNCIL MEMBER CROWLEY: And do we know
13 how many companies that we have doing business with
14 the City that would have to fall under the purview of
15 this bill?

16 COMMISSIONER SCHWARTZ: I think in a
17 normal like a typical procurement year (sic) it may
18 be as many as 1,500. It's very approximate right
19 now.

20 COUNCIL MEMBER CROWLEY: Do you know how
21 many would have boards?

22 COMMISSIONER SCHWARTZ: No. That I don't
23 know.

24 COUNCIL MEMBER CROWLEY: Okay, So this is
25 important. We don't know this information and, um,

2 and that's why I think it's important, and I'm glad
3 to see my co-chair waling in, Council Member Mealy.
4 It's important we--we get this information so that we
5 can move forward so we have an idea of what's going
6 on with the corporations and where our tax dollars
7 are going and what type of businesses we're investing
8 in. And I have no further questions. Thank you,
9 Chair.

10 CHAIRPERSON GARODNICK: Thank you and I
11 will join my colleague in welcome--welcoming Council
12 Member Mealy and I think that's probably all that we
13 have for you. I will note that I'm glad the
14 Administration is generally supportive. The
15 testimony I felt like was generally against just for
16 whatever it's worth, but that's--but that is--that's
17 good. It's a good thing and it sounds like perhaps
18 now that we have an understanding that it's not about
19 the analysis and follow up on the various component
20 parts that are being reported. But it is just a
21 report that that makes it easier for SBS to envision
22 receiving and--and reporting back to the Council and
23 to the public.

24 COMMISSIONER SCHWARTZ: Yeah, I--

2 CHAIRPERSON GARODNICK: [interposing] Is
3 that fair?

4 COMMISSIONER SCHWARTZ: Yeah, I--I--I
5 think we support, as you say, the goals of this bill,
6 but I did want to raise that variety of concerns, and
7 again deterring businesses from--from competing is an
8 important factor. The things we laid out there just
9 moving us into the--the--the technical ability to
10 evaluate all of this information coming would be a--a
11 big lift for us to do as well.

12 CHAIRPERSON GARODNICK: Okay. I'm going
13 to go to Council Member Mealy before you go.
14 Apologies.

15 COUNCIL MEMBER MEALY: Thank you and I
16 apologize. We just hit another press conference. I
17 just hit one question. I just have one question. Do
18 you think it's feasible if people Fortune 500
19 companies put the pictures of all their board members
20 on all their websites? Would that be feasible, you
21 think?

22 COMMISSIONER SCHWARTZ: Well, um--

23 COUNCIL MEMBER MEALY: That we could
24 really know if someone is really looking to see how
25 the diversity is? We could look on their email and

2 see who exactly are the board members, and we could--
3 we would know from right there?

4 COMMISSIONER SCHWARTZ: And I think--
5 well, I think that's outside the scope of this
6 legislation or our ability to require it. I would
7 certainly hope--

8 COUNCIL MEMBER CROWLEY: [interposing]
9 But, do you think it's feasible?

10 COMMISSIONER SCHWARTZ: Oh, I think it's
11 feasible for the companies to do that. I would say
12 so.

13 COUNCIL MEMBER CROWLEY: Okay, I put the
14 LS (sic) in. Thank you. (laughs)

15 CHAIRPERSON GARODNICK: Well, just--well,
16 just to follow up on Council Member Mealy's question,
17 because she may have been asking about whether you
18 believe the city could require companies to put that
19 information up or make it available if they were
20 successful in the city's procurement process.

21 COMMISSIONER SCHWARTZ: [off mic] You
22 want to take that?

23 DEPUTY COMMISSIONER JEW: I'm not sure
24 that we could require a private company to put
25 something on their website.

2 COUNCIL MEMBER MEALY: But if they're
3 given a city contract, why not? And maybe we could
4 put a cap on it. If it's more than five million, it
5 should be required. Because it is important for this
6 city agency now to make sure that diversity is put in
7 place. And there is no way if someone has to search
8 for it and cannot find, something is wrong with the
9 process.

10 COMMISSIONER SCHWARTZ: Well, I
11 appreciate the question. We didn't have that in the
12 original bill, but we'll take that back to the Law
13 Department.

14 CHAIRPERSON GARODNICK: Okay, Council
15 Member Crowley.

16 COUNCIL MEMBER CROWLEY: Okay, in line
17 with the questions from my colleague Council Member
18 Mealy, and just in recent--a project that the
19 Controller launched about our pension dollars. We're--
20 --so our city, which is separate from the business we
21 do in contracting out. But we become shareholders as
22 we become investors in many of these major
23 corporations. Almost in like the same way we become
24 shareholders in these companies, and then their
25 providing us--if we didn't have the city tax dollars

2 to ask for this service, then we wouldn't--it
3 wouldn't be needed or would not be getting provided.
4 So we are shareholders as well to a certain extent.
5 And just in what he's done, he's promoted and
6 launched the Board Room Accountability Project, which
7 leverages the power of \$160 billion in pension funds
8 to force the--to force some more diversity. And he
9 is saying that he thinks--and--and through the work
10 of this project, that in independent and accountable
11 directors are ensuring that shareholders have the
12 ability to nominate directors. And--and to make for
13 their diversity in terms of leadership in these big
14 companies, too. So there may be some type of
15 connection in what he's doing here with our pension
16 dollars as to what we're doing in the contracting
17 with our city dollars. Thank you.

18 CHAIRPERSON GARODNICK: Thank you,
19 Council Member Crowley. Okay, we've been joined by
20 Council Member Ferreras-Copeland, and with that we--
21 we thank you for your testimony. I'm going to call
22 our next panel. Did you have anything to add? No.
23 Okay. Thank you very much for being here. [pause]
24 The next witness is Carra Wallace from Controller
25 Scott Stringer. You're here. Ms. Wallace, welcome.

2 And then the next panel will be Janet Handel (sp?).

3 Come on over here.

4 CARRA WALLACE: [off mic] Oh, okay good.

5 CHAIRPERSON GARODNICK: Come and have a
6 seat at the table. The next panel will be Janet
7 Handel. Forgive me. Francesca of Enterprising and
8 Professional Women.

9 FRANCESCA BURACK : [off mic] Francesca
10 Burack.

11 CHAIRPERSON GARODNICK: Burack. Thank
12 you. Linda Hayman and Ed Diaz will be the next
13 panel. So, Ms. Wallace go right ahead.

14 CARRA WALLACE: [off mic] Thank you
15 Council Members.

16 SERGEANT-AT-ARMS: [off mic] Turn the mic
17 on.

18 CARRA WALLACE: [on mic] Okay. Thank you
19 Council Members Crowley and Mealy for your leadership
20 of the Women's Caucus and your efforts to advance
21 diversity among leadership of companies that do
22 business with the City of New York, and I'm reading
23 this on behalf of Comptroller Scott Stringer. I
24 strongly endorse Intro 704 and 705, which will
25 require the Department of Small Business Services to

2 collect data on the gender diversity of the boards of
3 directors, officers and other executive level
4 employees of companies that contract with the city,
5 and publish a report detailing those statistics and
6 the efforts of these vendors to improve diversity
7 within their enterprises. Reporting initiatives of
8 this kind bring much needed transparency to an area
9 where it is sorely lacking, and communicate the
10 city's values to those with whom we do business.

11 In New York City, over 200 languages are
12 spoken in the five boroughs with nearly 50% of New
13 Yorkers speaking a language other than English at
14 home. Furthermore, nearly 40% of our population, 3.1
15 million people hail from outside of the United
16 States. This extraordinary diversity serves us well
17 not only because it makes New York a vibrant
18 enriching place to call home because also because
19 diversity of thought and perspective leads to better
20 decision making. However, today, the sad reality is
21 that diversity is lacking in corporate America
22 particularly in the boardroom and the executive
23 suite. When they make up less than 5% of the CEOs
24 and S&P 500 companies, and among Fortune 500 CEOs and
25 only five are African-American.

2 A recent study of venture capital firms
3 found that nearly two-thirds of the top 71 investment
4 funds have no women as senior investment team
5 members, and that roughly 30% of those funds have a
6 senior investment team that is composed entirely of
7 white members. We must do more to expand diversity
8 not only in city government and public procurement,
9 but also in corporate America. From the boardroom to
10 the factory floor to the supply chain this has been a
11 central goal of my administration from day one. Last
12 year I appointed the city's first Chief Diversity
13 Officer to focus on diversity in city procurement and
14 in corporate America.

15 In conjunction with the trustees of our
16 pension funds we launched the Board Room
17 Accountability Project, which leverages the power of
18 our \$160 billion pension funds to foster more diverse
19 independent and accountable directors by ensure that
20 share owners have the ability to nominate directors
21 at U.S. companies. We are also working to increase
22 transparency around workplace diversity, and
23 financial services in advertising two New York City
24 based industries with pervasive and persistent under-
25 representation of women and minorities especially in

2 senior positions. And we have expanded the fund's
3 focus on diversity to the corporate supply chain once
4 again seeking data from 20 of our largest holdings
5 about their supplier diversity programs. Each of
6 these steps is an important component of our mission
7 to bring equal opportunity to all New Yorkers. But
8 diversifying the C-Suite isn't just about equal
9 opportunity. It's about good business practices that
10 promote growth and strengthen our economy over the
11 long run.

12 Intro 704 and 705 are designed to with
13 the same purpose in mind, to bring transparency to
14 diversity among companies doing business with the
15 city, and to urge these companies to do more to
16 ensure that their leadership is representative of the
17 city and the country that they serve. Once again,
18 thank you Council Members Crowley and Mealy for
19 introducing these important bills. I urge the
20 Council to pass them into law. Thank you.

21 CHAIRPERSON GARODNICK: Great. Thank you
22 very much. We appreciate your testimony. Before we
23 go to the next panel, I just think that we want to
24 get one point of clarity, and that is on the
25 administration's position on Intro 128, which we did

2 not hear in the initial testimony. So, there is one
3 question for you, which is do you support 128 and no
4 follow up is necessary if the answer is yes, but do
5 you support 128?

6 Good afternoon, Council Member.

7 CHAIRPERSON GARODNICK: Yes.

8 LANEY BURN: My name is Laney Burn (sic)
9 and I'm from the New York City Economic Development
10 Corporation, and we don't have any issues with the
11 bill as it stands. That's already available publicly
12 online. So if there are any additional questions,
13 I'll be happy to answer them.

14 CHAIRPERSON GARODNICK: So you--you
15 support the bill?

16 LANEY BURN: Yes--

17 CHAIRPERSON GARODNICK: [interposing]
18 Okay.

19 LANEY BURN: --the goal of the bill.

20 CHAIRPERSON GARODNICK: Will the Mayor
21 signed this bill into law if it comes on his desk is
22 the question?

23 LANEY BURN: Yes.

24 CHAIRPERSON GARODNICK: Yes, okay. Thank
25 you very much. Okay, now we've got Janet Handel.

2 Francesca, again, my apologies, Linda Hayman and Ed
3 Diaz, come on up, and welcome. It's a--it was a
4 handwriting thing and I apologize, and forgive me,
5 and we've been joined by Council Member Inez Barron,
6 and I noted Council Member Mealy already. So
7 welcome. [background comments, pause]

8 CHAIRPERSON GARODNICK: I did call Linda
9 Hayman.

10 LINDA HAYMAN: Okay.

11 CHAIRPERSON GARODNICK: Welcome. Okay,
12 Janet, go ahead and kick it off.

13 JANET HANDEL: Okay.

14 CHAIRPERSON GARODNICK: I know you have
15 to go.

16 JANET HANDEL: Good afternoon. My name
17 is Janet Handel, and I'm speaking this afternoon on
18 behalf of 2020 Women on Boards, a national advocacy
19 organization and campaign to advance gender diversity
20 on corporate boards. I want to take this opportunity
21 to thank Congresswoman--I'm sorry--Council Member--
22 I'm thinking about your future career.

23 COUNCIL MEMBER CROWLEY: Oh, uh-oh, uh-
24 oh.

2 JANET HANDEL: Council Member Crowley and
3 Mealy for your leadership on this important topic,
4 and am for introducing these two bills. And I want to
5 thank Council Member Garodnick for the work that he's
6 done on this, and for scheduling the hearing and, you
7 know, bringing a light on this important thing.

8 Our mission of 2020 Women's is to see a
9 minimum of 20% women on public company boards by the
10 year 2020. The campaign redefines successful
11 corporate governance, gender diversity standards and
12 creates a cultural imperative for corporate action.
13 We publish annually the Gender Diversity Index, which
14 identifies the gender composition of the boards of
15 the Fortune 1,000. Using social media we encourage
16 those boards with less than 20% women to add them to
17 their boards--to add women to their boards. To those
18 who would say why add more women? We already had one
19 or two. You know, our answer would be: Yes, but you
20 already have eight or nine men, or whatever the
21 number is. 2020 on Boards supports the two
22 transparency bills because we have known--we know
23 based on extensive research, and we provided as part
24 of our testimony and appendix on corporate
25 performance data and on our own efforts that

2 transparency leads to increased diversity. In
3 companies with highly diverse boards perform better
4 than those with less diverse boards. Countries other
5 than the United States have been leading the way in
6 transparency and greater gender balance while the
7 U.S., a major economic power, lag behind. Encouraging
8 more women and minorities on boards and in senior
9 leadership roles is not just the right thing to do or
10 the fair thing to do. It's the best thing to do for
11 the New York City economy.

12 We are amazed that in 2020 that--in 2015
13 that companies are not embracing gender and racial
14 diversity more fully even in such a progressive city
15 as New York. There is often inertia (sic) and
16 complacency on boards of directors, corporate leaders
17 and sometimes they need legislative encouragement to
18 do what is best for their companies, the economy and
19 society at large. The City of New York has been a
20 leader in no many issues in the past, and strongly
21 encourage the city to be a leader on gender and
22 racial transparency as well. Thank you very much.

23 [pause]

24 FRANCESCA BURACK: Good afternoon. I'd
25 like to thank the members of the committee for

2 holding this hearing, and especially our co-sponsors
3 of this bill, Councilwomen Crowley and Mealy. I'm
4 Francesca Burack and I represent Enterprising and
5 Professional Women - New York City. We are better
6 known as EPW NYC. We are a chapter and affiliated
7 with Business and Professional Women International.
8 We are in 100 countries around the world on the five
9 continents. Economic empower and equity for women
10 and minorities is a major issue for us, as well as
11 diversity on boards. Transparency is the first step
12 to economic equality and empowerment for our citizens
13 of this great city. This legislation really helps to
14 provide data that we need to obtain in order to see
15 exactly where we are and where we can go with
16 diversity on boards. We have to change what is not
17 working, and what is not working is economic
18 opportunities for all of our citizens. Leadership at
19 the top drives a company and it's profitability. We
20 all know that. And as we have heard from a variety
21 of people in the past few years, there are many
22 studies indicating a connection between profitability
23 and diversity on boards. We all want to be more
24 profitable. I'm a small business owner. I know that
25 really well, and profitability provides growth, and

2 with this growth becomes job opportunity. The fact,
3 and it's a fact now, that companies with diverse
4 boards have better profits than those that do not.
5 Boards that are gender and racially diverse make
6 better decisions. These better decisions lead to
7 better profit. Better profit leads to New York
8 City's economic engine increasing and being more
9 powerful. The healthier the city the better our
10 financial status. The better we are financially the
11 more opportunities for people. So, you know, it's
12 all very connected, as we all know, especially the
13 opportunities for employment. People who are
14 employed contribute a lot to our society, and they
15 also help--employment also helps with individual
16 responsibility, self-esteem, confidence. It leads to
17 better citizens. This legislation has so many
18 implications for us as a city, and why shouldn't the
19 greatest city in this world be functioning as the
20 greatest city in this world? And this can occur with
21 this first step of transparency, and we highly
22 support the passage of this legislation. We at EPW
23 NYC are not against white men on boards. That is not
24 our goal. They are a part of this diversity picture,
25 and their contribution to better decision making is

2 also part of what we need. What we are against is
3 all white male boards with only one shareholder
4 making a contribution to the decisions. And we are
5 also against minority companies that only have, you
6 know, women and minorities. We should have some
7 white men there also. So going back to transparency,
8 this legislation should be welcomed by one and all.
9 It is the first step to helping companies make better
10 decisions. It is also helping them to look at how
11 they are operating, and how they can really help
12 people with job opportunities. We applaud those
13 companies that are already doing this. I mean they
14 are really people that we really need to be aware of,
15 and could possibly help other companies diverse their
16 boards. Change always creates anxiety. And so I
17 listened to SBS discuss this change, and what it
18 would mean, and we can all get on board here, and
19 help change this. And I'm sure that with little
20 tweaks, SBS can handle this. And getting back to a
21 comment that you made, Councilwoman Crowley, it's
22 very important how pension funds get used. We as an
23 organization encourage our individual members to vote
24 with their purchasing power. When companies send out
25 election notices to their board, we look to see how

2 many women and minorities are on that board. And, if
3 there are no candidates, we write and we say you must
4 diverse--diversify this board if you want us to
5 continue to invest in your company. So again, I want
6 to thank all of you for your part in all of this. I
7 think it's a great legislation to start, and
8 transparency is a very vital issue. Thank you.

9 CHAIRPERSON GARODNICK: Thank you. Sir,
10 do you want to go next?

11 ED DIAZ: Ladies first.

12 CHAIRPERSON GARODNICK: It's up to go you
13 guys. Go ahead.

14 LINDA HAYMAN: Sure I can. I do have a
15 loud voice, (laughs) but I'll use this anyway. Good
16 afternoon, Chair Garodnick and you to Councilwomen
17 Crowley and Mealy for sponsoring this legislation.
18 My name is Linda Hayman and I'm the co-Founder of a
19 group called Direct Women. Direct Women was founded
20 in 2007, so it's relatively new, and it's fairly
21 small. It's project of the American Bar Association
22 and catalyst, and it maintains its 501(c)(3) status
23 through the Tide Center. It's an umbrella, which is
24 an umbrella organization for non-profits. The
25 mission of Direct Women is to increase representation

2 of women on board. We accomplish the mission through
3 identifying leading women lawyers from around the
4 country who are excellent candidates for board
5 service and through serving as a resource through
6 companies seeking qualified women board candidates
7 who will improve corporate governance and increase
8 shareholder value. Direct Women's network includes
9 over 200 business leaders including CEOs and other C-
10 Suite executives, managing partners at law firms and
11 executive search firm consultants and corporate
12 directors. I've come today to participate in the
13 hearing to express Direct Women's support for Bills
14 704 and 705, and to share our organization's
15 experience and knowledge on this topic with you. The
16 number of women on Fortune 500 boards had been stuck
17 under 20% for many years now. Moreover, many women
18 currently account for only 3% of board chairs and
19 less than 9% of lead directors. 70% of companies in
20 the Russell 3000 have either no women or just one
21 woman on their board. 35% of Fortune 500 have either
22 no women or just one woman, and 70% have no directors
23 who are women of color. Given the economic and
24 social benefits of board diversity, this needs to
25 change. The business case for increased

2 representation of women on corporate boards is clear.

3 Women now have greater participation and importance

4 in the workforce than ever before. Women now have

5 greater participation and importance in the workforce

6 than ever before. In fact, 40% of the sole or

7 primary breadwinners in American families are now

8 women. The tremendous economic clout of women is

9 further demonstrated by the fact that the number of

10 women-owned businesses continues to grow, and they

11 represent nearly 30% of all businesses. Women now

12 account for 50% of all stock ownership, control of

13 more than 60% of personal wealth, and make 85% of

14 consumer purchasing decisions. It goes without

15 saying that boards and executive staff must reflect

16 the growing representation of women among their

17 employees, their shareholders and the economy as a

18 whole. The research bears this out as multiple

19 studies from Catalyst, McKenzie, and various academic

20 journals have found that corporate diversity can

21 improve decision making and shareholder value.

22 Gender diversity on corporate boards--boards also has

23 a salutary domino effect. It increases both the

24 number and compensation of women executives, officers

25 and senior managers. A recent study of over 800

2 public companies found that on average the top five
3 women executives earned 34% less than their male
4 counterparts. However, the study also found that
5 having at least two women on the board's compensation
6 committee eliminated the gender pay gap. Direct
7 Women believe that disclosure of diversity goals and
8 collection of data indicating progress or lack
9 thereof towards these goals will continue to move the
10 needle. Board diversity is not a woman's issue or a
11 racial issue. It's a business imperative and,
12 therefore, cannot--there cannot be any more excuses
13 for the lack of a critical mass of women or of people
14 of color on boards. So, on behalf of Direct Women, I
15 thank the committee for the opportunity to come and
16 speak to you today.

17 [pause]

18 CHAIRPERSON GARODNICK: Diaz. You're up.

19 ED DIAZ: Okay. Good afternoon. Good
20 afternoon all. I'd like to thank the committee for
21 holding hearing on this very important subject, and
22 I'd like to thank Councilwoman Crowley, Councilwoman
23 Mealy and Councilwoman Carmen Arroyo and their staffs
24 for facilitating this opportunity for me to come here
25 today to express to you my strong support of Intros

2 704 and 705, Councilwoman Crowley's proposed
3 amendments to the City Charter. This legislation if
4 approved by City Council will have a profoundly
5 positive impact on the future of all women, children
6 of color and ethnic diversity in this ear, and for
7 many years to come. I'm here to testify as someone
8 who was born and raised in the South Bronx and who
9 has spent most of my adult working life advocating
10 for equal opportunities on behalf of minority owned
11 companies at the local, regional an national levels.
12 I am, by the way, the immediate past Regional
13 Chairman of the U.S. Hispanic Chamber of Commerce.
14 I'm also the Founder, Chairman and CEO of Diverse
15 Visions Group. We are a consulting company
16 specializing in supplier diversity. Ladies and
17 gentlemen of the Council, what you are considering is
18 truly historic legislation that will, in my opinion,
19 significantly mitigate the possibilities of
20 discrimination within the workforce and leadership
21 ranks of the city's active and future vendors who if
22 otherwise left unaccountable will continue to deny
23 qualified women and minorities the opportunities we
24 deserve at those companies in management,
25 procurement. And, more importantly, as members of

2 their boards of directors where the policies and
3 cultures of Fortune 500 company city vendors are
4 decided and established. For me, leadership
5 diversity is the most important of the two components
6 of the proposed legislation I am testifying in
7 support of today. Simply put, if we're not at the
8 tables in those board rooms where these corporate
9 decisions are made, then we will continue to have
10 very little impact on those decisions that are
11 economically and negatively affecting our
12 communities. I stress to you the significance of
13 mandating leadership diversity at the highest levels
14 of large companies doing business with the City of
15 New York. I urge you to pass this proposed
16 legislation to assure that we the people have equal
17 representation at those companies. In closing, I
18 want to quickly share with you something you may not
19 be aware of. It took me over three months to do the
20 research necessary to compile this information and
21 only after I reviewed everyone of the over 18,000
22 quote, unquote active New York City vendors. I bet
23 you folks probably never knew that we had that many.
24 Over 18,000 vendors of record that I discovered the
25 following and I offer only these two as examples in

2 support of Intros 704 and 705. Of the more than
3 1,100 corporate directors within the total of 111 top
4 New York City active vendors whose leadership I
5 reviewed, only 8% or 103 were to the best of my
6 determination minority directors. Many of these 111
7 companies that selected had either no minorities on
8 their boards or had no ethnic minorities as board
9 members. Some had neither. Thank you for this
10 opportunity to come before you to urge you to pass
11 this extremely important legislation. Please before
12 sure before doing so that there will be the teeth in
13 this new law that will assure compliance by those
14 corporate vendors who will surely test your resolve.
15 Thank you.

16 CHAIRPERSON GARODNICK: Thank you very
17 much. Before you go, Council Member Crowley has a
18 couple of questions or comments.

19 COUNCIL MEMBER CROWLEY: Thank you, Chair
20 Garodnick. I want to thank all those people today
21 who have come to testify in support of the bill.
22 Generally a few questions and anybody could and as
23 you see fit. Now, you know, I've done a little bit
24 of research, but you may know better. We're not
25 necessarily the leaders here. Other cities are

2 asking for this type of reporting and not only other
3 cities, states and even countries. So if somebody
4 could speak to that just how we're behind here when
5 it comes to this type of reporting and this type of
6 diversity goals that you spoke of today. Maybe
7 somebody who spoke on behalf of 2020.

8 JANET HANDEL: Yeah, I did. We have in
9 our appendix a--

10 COUNCIL MEMBER CROWLEY: And speak into
11 the mic, please.

12 JANET HANDEL: --I'm sorry--information
13 about what's going on in Europe. I mean it's--it's
14 the law now in several countries that there are--in
15 some cases it's a 40% mandate that that be the number
16 of women, you know, on board. It's just a law that's
17 passed, and so they really are taking a leadership
18 role in terms of compelling diversity on boards. So
19 that's something, you know, when we look at the
20 research, you know, of the better performance of
21 diverse boards, you know, that is really the
22 imperative. And it filters down. I mean it's not
23 only the decision making that happens at the board
24 level. It's how the board really steers--steers the
25 corporations. So when you have more women at the

2 table and--and more racially diverse, when they are
3 talking about talent management, when they are
4 identifying, you know, key people to go into key
5 roles, it has a ripple effect all the way down
6 through the corporation. And so, it's a very
7 important initiative to take, and I do think that,
8 you know, New York City taking this--this leading
9 role in--in doing it really makes a statement about,
10 you know, the thinking of the city and the position
11 of the city on diversity.

12 COUNCIL MEMBER CROWLEY: [off mic] Thank
13 you.

14 JANET HANDEL: May I.

15 COUNCIL MEMBER CROWLEY: [off mic] Sure.
16 Jump in.

17 JANET HANDEL: And the other thing is
18 that governments are giving women's organizations
19 money, millions of dollars to help train them to be
20 on boards and to identify women to be on boards. I
21 mean governments have really stepped up. As you
22 said, we are not just saying that there must be a
23 percentage, but really their money where their mouth
24 is and say, we're going to help you create those

2 opportunities and that's really, you know, amazing to
3 see what's going on.

4 LINDA HAYMAN: But something and a point
5 that I want to make and I know that--that Catalyst
6 will be speaking with more detail about this when
7 they appear. You know, it's a myth to say that there
8 are not enough qualified women now and that, you
9 know, so it's great that these governments are
10 putting out the money to train the women, but the
11 women are out there. They are trained. The--the
12 problem that is happening is when there is a--an
13 opening on a board, you know, they go to their head
14 hunter. They ask to develop slates. If you don't
15 say and direct the head hunter to say I want a
16 diverse slate, guess what, you know, the--the board,
17 you know, the slate looks like mostly like the board
18 looks. And it's a bit of, you know, you--you--as a
19 CEO of a company you would want to put together a
20 team, which is going to work productively and
21 cooperatively. So, you know, how you kind of think
22 oh, well, you know, I know this person. I know that
23 person. I know the other person and that's a more
24 comfortable thing to do in some cases, but it does
25 not lead to diversity. And so that's why we think it

2 is really important that there be legislative support
3 and encouragement for diversity. That's all I wanted
4 to say about that. I just got--and I am like I said,
5 Deborah will have much more information about the--
6 the myth of there are not enough women out there
7 because it truly is a myth and qualified diverse
8 candidates also.

9 FRANCESCA BURACK: I totally agree and I
10 don't believe we needed a book like Mr. Romney
11 needed, you know, back then.

12 CHAIRPERSON GARODNICK: You mean a
13 binder?

14 FRANCESCA BURACK: Yes, the binder.
15 Thank you.

16 CHAIRPERSON GARODNICK: Right, right.

17 FRANCESCA BURACK: And I'm sure Catalyst
18 would be very helpful to any company looking for
19 qualified women, and so can a variety of us. The
20 problem is that in that room--

21 JANET HANDEL: Right, that's true.

22 FRANCESCA BURACK: Right, you, too and I
23 didn't mean to discard to not include you. I mean
24 all of us have those connections, and we have those
25 networks. Unfortunately, as you were mentioning, in

2 that board room where you have only men, you know, we
3 all stay within our gender networks with our comfort
4 level. And so the opportunities don't arise because
5 they really don't know people, and that's why they
6 say that there are no qualified women.

7 CHAIRPERSON GARODNICK: Okay. Well,
8 thank you. Oh, I'm sorry, please.

9 ED DIAZ: [off mic] One more comment.

10 CHAIRPERSON GARODNICK: Have the final
11 word. Go ahead.

12 ED DIAZ: During the--is this on.

13 FRANCESCA BURACK: Yes.

14 ED DIAZ: During the research I did and
15 again I went through 18,000 New York City vendors,
16 and didn't look at all of the websites, but looked at
17 quite a few of the websites of all the major
18 companies doing business with New York City. And I
19 saw a, um, I saw a very interesting pattern, and that
20 is that in many cases the--when I went into the
21 government's sections of the websites of many of
22 these larger corporations, I noticed that many of
23 them failed to--failed to disclose by photos of their
24 board members. The--the--at least those that would
25 be--those that I might recognize as obvious ethnic

2 women. Women were obviously women by name or shadow
3 pictures, if you will, but I would--I would urge you
4 to consider the fact that many of these companies
5 okay are not putting photos of their board members on
6 their--It's hard to determine just by names, okay,
7 who is an ethnic minority. If they're not reporting
8 that directly to you, and then how are you going to
9 determine that yourselves if you--if you have to
10 spend time--if you're going check--check up on a
11 particular company. I'm not sure what the process is
12 going to thereafter--after these reports are
13 submitted in the future after this law is hopefully
14 passed. So I'm not sure if you got that down pat
15 yet, but I'm sure you will. As I said before, the
16 law needs the teeth to make it meaningful for all of
17 us in the future. Thank you.

18 JANET HANDEL: I just have one other
19 point that I wanted to make, you know, in comment on
20 the--the technology issue that was raised by the
21 administration about oh it's going to be difficult if
22 we have to change the forms and collect the data, and
23 it's going to be a big investment of dollars. In my
24 capacity as President of our building association, we
25 are--have received grants from the--you know small

2 grants from the city and they--they have required in
3 the board listing, you know, they require board
4 listing and it's in a PDF format and that you
5 basically you send it electronically. It's sucked
6 into a database. So, I just reject that, you know,
7 that it's going to be really, really costly. I just
8 think that that's--that's not--not accurate based on
9 what the--the city is doing with--with, you know,
10 tiny grants as compared to millions of dollars or
11 tens of millions of dollars. So is it doable? I
12 think it's very doable to do that. I don't think
13 that it's burdensome from a technology standpoint. I
14 just might add I--I--worked at the Clinton White
15 House where I chaired the Taskforce on Information
16 Technology. So I'm not a neophyte about technology
17 and I just--I don't accept what they have to say that
18 it's going to be hard. It's not going to be hard.
19 It's--it's just having the will to do it.

20 CHAIRPERSON GARODNICK: Well, thank you
21 and thanks to the whole panel. We appreciate your
22 testimony here today. And I'm going to call the next
23 group and the next panel. We've got a little bit in
24 favor, a little bit against, but we're going to mix
25 it up here. Felice Barber of the General

2 Contractors; Bev Neufeld of Power--of course, Powher
3 New York, and Deborah Gillis from Catalyst. Welcome.
4 [pause] And that will be our last panel of this
5 hearing. So, we welcome you. [pause] And let me just
6 welcome Council Member Gentile who has joined us.
7 Ms. Neufeld, would you like to kick it off?

8 BEV NEUFELD: [off mic] I think I do.

9 CHAIRPERSON GARODNICK: Go right ahead.

10 BEV NEUFELD: [off mic] I believe it's
11 on--[on mic] I believe it's on there.

12 CHAIRPERSON GARODNICK: [off mic] Yes.

13 BEV NEUFELD: Thank you so very much to
14 the committee for inviting us to speak about Bill 704
15 and 705. I'm Bev Neufeld, as you said, President of
16 Powher New York. We're a statewide network of
17 organizations and individuals working together to
18 accelerate economic equality for New York Women. And
19 our particular issue that we focus on is equal pay
20 and we've led the fight for equal pay for the past
21 eight years. I'm also a board member of 2020 Women
22 on Boards, and I'm proud to say as I speak today.
23 Yesterday, Governor Cuomo signed the Women's Equality
24 Act. He signed eight bills that guarantee new
25 rights, which will expand opportunities for women in

2 terms of economic and personal security. It is very
3 gratifying that one of those bills is an equal pay
4 bill, and the focus of that equal pay bill was
5 transparency. The Governor and the Legislature's
6 actions they speak to the importance of creating a
7 level playing field for women, and the responsibility
8 of legislators to find any way in their power to
9 promote equity, diversity, access and opportunity.
10 Really, the question is how. 704 and 705 offer an
11 innovative and effective approach to creating
12 transparency, increasing women's access to
13 leadership, and making clear that diversity is our
14 gold standard here in New York City. They also
15 reflect a national trend I would like to share with
16 you, and I think will be helpful. And in my
17 testimony there are a number of examples of what is
18 happening right here in our country and in our state
19 that use contractors as a vehicle for creating
20 positive social change. It started in New Mexico,
21 not the place that you might assume, you know, that
22 we would have this kind of innovation. But it did
23 start under a Democratic governor. It was continued
24 under Republican--with the Republican administration,
25 and they are requiring not just reporting of board

2 members, but for every state contract you have to
3 submit data around pay equity in the wage gap. So
4 they have forms. It was simplified. It is not
5 complicated. If New Mexico can do it, I think New
6 York City can, too. President Obama using his
7 executive power, executive orders has banned federal
8 contractors from retaliating against workers. We
9 talk about their salaries. There is required
10 collection of wage data that has to do again with pay
11 equity. As well, he's banned discrimination based on
12 sexual orientation. And I think you'll be surprised
13 to find out that affects 22% of America's workforce.
14 Those are only federal contracts. In New York State,
15 Senator Savino and Assembly Member Rosenthal have
16 introduced in the 2015 session an amendment to seek
17 finance law in relationship to requiring bidders and
18 others seeking state contractors may have to disclose
19 the number of female executive and board members on
20 your boards. So the state level hasn't moved forward
21 yet. So at a state level it hasn't moved forward
22 yet. We have time to be first, and Philadelphia has
23 similar legislation.

24 This fall, Senator Brad Harmon and
25 Assembly Member Glick introduced a bill requiring

2 companies who are seeking contracts or doing business
3 with the state to publicly report their wage gap, and
4 that's based on gender, race and ethnicity. And
5 Council Member Rosenthal has taken it even farther by
6 saying that they should be issuing certificates of
7 compliance to achieve a gender pay gap of 10%. And
8 lastly, right here in New York city our Public
9 Advocate with Council Member Rosenthal, Chin, Mendez
10 and Miller have a proposal Int. 752. It requires
11 that the City's Chief Procurement Officer publish an
12 annual report that provides employment details
13 regarding vendors and the--their contract with the
14 City, that includes hours, numbers employed, total
15 compensation, and number of men and women and
16 minorities. So using the contract process to create
17 social change is a new trend, and these are all
18 mechanisms to ensure that taxpayers hard earned money
19 is spent with companies who promote our values, our
20 community values of diversity, inclusion and
21 transparency. With the speedy passage of 704 and
22 705, because we don't want anyone to get ahead of us
23 here, New York City has a chance to pass
24 groundbreaking and concrete response to the lack of
25 women and minorities in corporate leadership. The

2 legislation does not offer carrots or sticks, but it
3 does encourage self-examination by contractors of
4 their career policies, and it affords New York City,
5 us, to look at the information about the diversity in
6 leadership of the companies who are benefitting from
7 public funds. I thank you for letting me share this
8 information, and I'm happy to answer any questions.

9 CHAIRPERSON GARODNICK: Ms. Farber, your
10 turn.

11 FELICIA FARBER: Thank you Chairman
12 Garodnick and members of the Economic Development
13 Committee. I'm Felice Farber, Director of External
14 Affairs for the General Contractors Association of
15 New York. The GCA represents the heavy civil
16 contractors who have built the very foundations of
17 New York City for more than 100 years. GCA members
18 construct and rehabilitate New York's roads, bridges,
19 parks, schools, water and transit systems. We
20 appreciate the opportunity to comment today on two
21 bills that will increase, and in many respects
22 duplicate existing mandated employment reporting
23 requirements. Intro 704 and 705 would require all
24 contractors and their proposed subcontractors to
25 submit an employment report that includes information

2 on the gender and racial composition of directors,
3 officers and executive level staff as well as the
4 contractor and subcontractor's goals for diversity in
5 its leadership. First and foremost, let me say that
6 the GCA is committed to ensuring a diverse workforce,
7 and we have taken a number of aggressive actions to
8 promote and encourage females and minorities to enter
9 the heavy construction field whether it be through
10 mentoring program--programs--excuse me--or
11 educational activities. That said, there are
12 currently 65 separate federal, state and city laws
13 that govern the employment practices of companies
14 that do their business with the City of New York. On
15 top of those requirements, a typical city funded
16 construction project requires the submission of 16
17 documents and certifications with each payment
18 request for each project monthly. Additionally, some
19 of these documents involve the contractor making
20 subcontractor certifications. What this means
21 practically speaking is that a contractor with just
22 five projects with the City of New York has to
23 complete 80 forms and certifications each and every
24 month just to get a single invoice paid. This does
25 not include the time consuming and costly back and

2 forth between contractors and subcontractors to
3 confirm that their data is accurate. One of those
4 monthly submissions includes detailed information on
5 gender and race by trade classification and
6 professional staff. To require additional
7 information about board composition and diversity
8 goals, of what in most instances are privately held
9 family run businesses is burdensome in terms of
10 administrative costs and ultimate benefit. MOCS, the
11 Mayor's Office of Contracts Services' Agency
12 Procurement Indicators in fiscal year 2014, the city
13 awarded 1,411 construction contracts, and the average
14 value of \$2.6 million. That amount to 22,576
15 document and certifications contractors must submit
16 monthly in order to get paid. Rather than
17 increasing the administrative burden on companies
18 that do business with the City of New York, the GCA
19 believes there are other more productive actions that
20 the city could support to encourage and promote
21 diversity. Take for example the two paths the GCA is
22 already taking in this regard. The first is for
23 professional staff hired directly out of engineering
24 programs both locally and across the country. The
25 second is for trades workers who are hired

2 exclusively from New York City's unions as GCA
3 members are proud to be union contractors.

4 Attracting students of all genders and races to the
5 engineering profession has been challenging before.

6 As of 2011, the last year for which information is
7 available, 18.6% of the nation's engineering degrees
8 were awarded to women. 12% were awarded to Asians,

9 8.5% were awarded to Hispanics and 4% to African-

10 Americans. The engineering discipline continues to

11 suffer from the perception that only students who

12 excel at math should apply, and the major is much

13 more difficult with hours spent in science labs and

14 lengthy homework assignments. The good news is that

15 those numbers are inching up every year. That said,

16 more needs to be done to expose students to the

17 positive side of the engineering profession. In that

18 regard, we've undertaken other--we have undertaken a

19 number of initiatives such working with industry

20 partners to publish two books: *Those Amazing*

21 *Engineers* and *Those Amazing Builders*, which I have

22 with me and I'm happy to share with you, which have

23 been distributed in public schools throughout the

24 city, and to all students participating in the

25 Brooklyn Community Youth Services Youth Programs.

2 More recently, the GCA has focused on New York City's
3 high schools to encourage more females and minorities
4 to attend college and pursue engineering degree
5 programs. The GCA is serving as a curriculum advisor
6 for the Innovative City Polytechnic High School 9 to
7 14 Program that will enable high school students to
8 also earn associates degree credits in construction
9 management, civil engineering and architectural
10 technology from CUNY's New York City College of
11 Technology. This innovative program will provide the
12 students with a structured road map that will lead to
13 careers in the engineering and construction fields.
14 The GCA also serves as the Chair of the Department of
15 Education's Industry Taskforce to examine the
16 citywide pre-engineering high school curriculum by
17 recommending class exercises and course content to
18 expose students to current technology and industry
19 topics with a goal of bringing industry practitioners
20 into the schools to mentor prospective students and
21 expose them to the career opportunities that the
22 construction industry provides. The GCA sponsors
23 numerous programs geared to exposing women and
24 minority high school students to STEM fields, and
25 many GCA members serve as mentors. Programs such as

2 the ACE Mentor Program and Manhattan College of
3 Summer Engineering Awareness Program seek to engage
4 insight and enlighten high school students to
5 proceed--pursue careers in architecture or
6 construction or engineering. These programs have
7 proven to be successful. Students who participate in
8 these programs are more likely to graduate high
9 school, and many choose to pursue undergraduate
10 engineering degrees. Indeed over 90%--97% of
11 Manhattan College's program graduates pursue degrees
12 in STEM fields. At the same time the GCA works
13 closely with non-traditional employment for women,
14 construction skills, and helmets to hard hats to open
15 up opportunities in the union construction workforce.
16 There is no question that these programs are helping
17 to change the face of union construction.

18 Apprentices who are the future of the construction
19 industry are 65% Black, Hispanic or Asian, of which
20 11% are women, three times the national average.
21 While over 75% of union apprentices live in New York
22 City, finally the GCA promotes training, mentoring
23 and network opport--networking opportunities to help
24 grow Minority and Women Owned heavy construction
25 companies in New York City. Our members also serve

2 as mentors in the School Construction Author and
3 mentee and mentor programs as well as participate
4 nationally in federally sponsored programs. The
5 bottom line is that rather than amending the law to
6 further burden business, the focus should in stead be
7 on assisting organizations like the GCA in getting to
8 the heart of the efforts that work to promote
9 diversity with professional trades workforce rather
10 than simply requiring them to spend time and money
11 preparing reports. Thank you.

12 CHAIRPERSON GARODNICK: Okay.

13 DEBORAH GILLIS: Thank you Chair
14 Garodnick and congratulations and thanks to
15 Councilors Crowley and Mealy for introducing this
16 legislation and to other members of the committee for
17 participating in this hearing. It's a distinct honor
18 for me to be here today. My name is Deborah Gillis.
19 I'm President and CEO of Catalyst, the leading non-
20 profit organization working globally to advance women
21 in business. I'd like to focus my remarks on the
22 primary goal of Bill 704 and 705, which were
23 introduced to promote transparency about the
24 composition of senior leadership at New York City
25 based companies. We've learned through experience

2 that transparency and disclosure are two actions that
3 allow progress towards gender parity on boards of
4 directors and senior leadership teams to be
5 accurately tracked and measured. I'd like to echo
6 many of the comments from other presenters and add a
7 few dimensions to the conversation instead of
8 repeating some of what you've heard today. The
9 business case for increased diversity in leadership
10 on boards and directors, and in senior leadership
11 teams is compelling. You've heard references to
12 extensive data that points to improved financial
13 performance for gender diverse teams. Let me add
14 another piece of research that Catalyst has added to
15 this business case, and that is that our research
16 also finds not only is financial performance
17 stronger, but gender diverse leadership teams also
18 invest in their communities. Contributions to
19 charitable organizations, philanthropic
20 contributions, and dimensions of corporate social
21 performance are stronger in gender diverse teams than
22 they are in those with less diversity. So as you
23 think about serving community, this is another
24 important dimension of the business case for
25 diversity. I'd like to also add some specific to

2 some of the data that you've heard. As you heard
3 referenced earlier, 19.2% of S&P 500 directors are
4 held by women, 19.2%. When we look at the Fortune
5 500 the issue for women of color becomes even weaker,
6 3.1% of board seats are held by women of color in
7 Fortune 500 companies. Now, there is an argument
8 that's often made that the reason for this
9 underrepresentation of women is because there are not
10 women available to serve. Again, research shows that
11 the myth of needing to be a CEO to serve on a board
12 is actually not true. Fifty percent of directors
13 serve without ever having been a CEO, and our
14 research shows looking at data from our census
15 reports that in--there are more than 700 available
16 women, corporate and executive officers with the
17 skills and qualifications to serve on boards. It's
18 simply a myth to say that the women don't exist.
19 Secondly, I want to turn to some data around women in
20 leadership positions because you're heard a lot about
21 women on boards this afternoon. 14.6% of executive
22 officer positions of women held--14.6% of executive
23 officer positions on Fortune 500 companies in 2013.
24 Those numbers were stagnant over four years. In
25 fact, there was no statistical difference in four

2 years, and when we look at women on boards, the
3 number in 2013 was 16.9%. Again, stagnant over eight
4 years. So there's another important myth that says
5 this issue will take care of itself, and that there
6 will be momentum that will propel women forward. In
7 fact, that's not the case. And so, busting the myth
8 that doing nothing will change this picture is a
9 really important one. So let's turn to where
10 transparency has had an impact, and one of the best
11 examples that we can point to is what's happened in
12 Australia over the last five years as regulations
13 were put in place requiring the disclosure around
14 representation of women on leadership. In five
15 years, the number of women on Australian boards
16 doubled from 10.7% in 2010 to 21% in September of
17 this year. Again, the simple act of drawing
18 attention and focusing and looking at the
19 representation of women in leadership causes
20 organizations to pay attention in a way that they may
21 not have done in the past. I would conclude by
22 saying that when we talk to leaders of businesses,
23 what we like to say is that to serve the market, you
24 must look like the market. And I would say in the
25 same way that businesses seeking to do business with

2 the great City of New York should reflect the market
3 that you serve in terms of your citizens as well.

4 Thank you very much.

5 CHAIRPERSON GARODNICK: So let me
6 (coughs)--I'm just going to play Devil's advocate for
7 a moment because the hearing has been too easy so
8 far. (laughter) Nobody wants that. So let me just
9 pose a couple of tougher questions. The testimony
10 before was that companies are better. They are more
11 productive. They do more--they're more profitable.
12 They--they're more--in a capitalistic sort of sense,
13 they are more successful. Why don't companies
14 inherently have the sense to do then what is most
15 productive and capitalistic, if you will? What--
16 what--what's the problem here? Why are they not
17 doing it if it is so obvious? That's for you Bev.

18 BEV NEUFELD: I actually am going to turn
19 that to--to Deborah (laughter) as an answer because
20 I--I think that it's complicated, and we are often
21 doing things that are against our best interest.
22 Smart companies, though, are doing this. The smart
23 companies, the large companies are doing this. I
24 think what we need to do is influence more companies.

2 CHAIRPERSON GARODNICK: But as they
3 actually more profit--but I mean are they more
4 profitable? They may be smart.

5 BEV NEUFELD: Uh-huh.

6 CHAIRPERSON GARODNICK: I agree with you.

7 BEV NEUFELD: [interposing] Yes. (laughs)

8 CHAIRPERSON GARODNICK: They're smart
9 because they have a sense that you--you get more--

10 BEV NEUFELD: [interposing] Right.

11 CHAIRPERSON GARODNICK: --and you do
12 better, but are you actually more profitable?
13 Because that's really the argument that's--that's
14 being made here. It's better for the city. They're
15 more profitable. It's better for us, et cetera and
16 it's obviously better for the world, but like--

17 BEV NEUFELD: [interposing] Right.

18 CHAIRPERSON GARODNICK: Let's talk about
19 that.

20 BEV NEUFELD: Deborah, you have three
21 members of mine. (sic)

22 DEBORAH GILLIS: Data consistently shows
23 that those companies that have higher representation
24 of women in leadership on boards and in executive
25 officer positions financially outperform those that

2 have the least. That's true of data as others have
3 cited from Catalyst, from Credit Suisse, from
4 McKenzie. The--the list goes on, and it is the same
5 consistent message that's found, um, and again not
6 just from organizations like Catalyst or others that
7 are represented here that advocate for these issues.
8 But from business organizations like McKenzie and
9 Credit Suisse who have found the same argument.

10 CHAIRPERSON GARODNICK: So, okay. So
11 then let's just--just take that point. So, it makes
12 perfect sense to me that if you had a diverse board,
13 you're going to be considering a lot of different
14 things, and you're probably going to be better as a
15 company. But why do we need to tell the marketplace
16 that when the marketplace seems like it is staring to
17 figure that out? If McKenzie, as the strategic
18 consultant to like whole world, they say he, you
19 know, look--look at these guys, they have diversity
20 on their boards and they're outperforming you by 40%.
21 Why--you know, does the city need to--to tell them or
22 tell the rest of the boards that they need to catch
23 up? Isn't that what they do all the time? They try
24 to beat each other and outcompete each other, and to
25 find ways to be more competitive?

2 DEBORAH GILLIS: So I'll start by echoing
3 Bev's comment, and that is that the smarting
4 companies are getting this, and they are paying
5 attention and they're recognizing that in a globally
6 competitive marketplace that the war for talent is
7 the first imperative. Getting the very best people
8 and keeping them is critical, and secondly that their
9 organizations are going to be better if they bring
10 diverse perspectives to the table. So, again
11 research shows more diversity of thought and
12 perspective around tables leads to innovation, team
13 citizenship, stronger financial performance, et
14 cetera. Why aren't they doing that? There's a
15 variety of complex reasons. Let's start with people
16 with power don't always like to give it away too
17 easily, but secondly there are inherent barriers that
18 exist to women's representation, and advancement in
19 leadership that extends from stereotypes to
20 unconscious bias to lack of access to networks and
21 mentors and sponsors and systems that reinforce a
22 result that ends up with leadership teams continuing
23 to look like they did in the 1960s.

24 FELICE FARBER: But I think we need to
25 keep in mind that this bill as it's written is much

2 broader than what people are describing. It's not
3 just looking at the large corporations and their--and
4 what their corporate boards are. It applies to a
5 whole slew of businesses that do business with the
6 city, that are privately held that are family run.
7 Whose ownership is, you know, the family or close
8 business associates who have been promoted or stayed
9 closer than the family. So, it's one thing looking
10 at what are the large Fortune 500 companies and those
11 are the big companies that are doing business with
12 the City versus kind of the meat and potatoes
13 everyday business that is bidding on work for the
14 City of New York.

15 CHAIRPERSON GARODNICK: But what should
16 be the right threshold here for this understanding
17 that we know small businesses have a lot of burdens
18 on them. The city asks for a lot, and it, you know,
19 everything that we do as well intentioned as we are
20 does add an additional burden. So my question for
21 you is what would be the fair size of a business for
22 which this would be a reasonable obligation?

23 FELICE FABRER: Well, I think that the
24 city needs to take a look at the data that it's
25 already collecting whether it's a city funded project

2 that the city is doing or a federally funded project
3 there is slightly different data that's collected.
4 But for the most part a lot of the data already is
5 collected. When you have Vendex reports that has the
6 information on what the ownership of the company
7 looks like. So the City should do a better job
8 aggregating the data that it already collects rather
9 than increase saying the additional reporting on, you
10 know, small or medium sized businesses. So I don't
11 have a threshold on what makes sense, but I think
12 there's a lot of data that the city already has, and
13 that the city can do a better job of figuring out
14 what it has and how to better use it.

15 CHAIRPERSON GARODNICK: Right, but one
16 thing we know it doesn't have is the diversity of the
17 boards.

18 FELICE FABRER: Well, you have a lot of
19 that information in the Vendex reports, and a lot of
20 this is calling for information that gets reported
21 monthly.

22 CHAIRPERSON GARODNICK: So, and I'll--
23 I'll double check. (sic) So you're saying that this
24 information is now included in Vendex Reports, which

2 are required to be given to the city already for--for
3 corporate boards?

4 FELICE FABRER: So I'm not sure of the
5 exact details that Vendex has, but it has information
6 about corporate structure and ownership of the
7 companies.

8 CHAIRPERSON GARODNICK: Right. I don't
9 think it has--I actually don't--I'm pretty sure it
10 does not have this.

11 FELICE FABRER: Uh-huh.

12 CHAIRPERSON GARODNICK: So, looking at
13 what we already have probably won't at least answer
14 the issue that is being presented as the issue that--
15 that, you know, that the bills are intended to get
16 to. But think about that question about the, um,
17 the--the size, because I think it's--that's actually
18 a very reasonable question here. What size company
19 does it become, you know, below which it becomes a
20 real burden? I mean I think have we have--50 is our
21 threshold and a million dollars for construction.
22 You don't need to answer that today, but--but do--if
23 you're willing, come back to us and tell us--I know
24 your position is you don't like it, but, you know, a
25 world in which you--you were willing to tell us what

2 you thought that fair number would be, please it if
3 you're willing.

4 FELICE FABRER: Well, and you also need
5 to think about how many of these are publicly traded
6 companies because very few actually are. Most of
7 them are just--are privately held indemnity--

8 CHAIRPERSON GARODNICK: [interposing]
9 Right, so what do I--what should I take from that?
10 So they're--they're not publicly traded. So,
11 therefore--?

12 FELICE FABRER: So, there's a lot of
13 conversation about investor pressure and changing the
14 composition of--of the companies, and we're not
15 talking publicly traded companies here, and for the
16 most part very few of the companies are actually--
17 are-are actually larger companies in terms of the
18 professional management, but we can get back to you.

19 CHAIRPERSON GARODNICK: Okay, good, and
20 then my last question for either of the folks who
21 were the bookends. We are--there was some reference
22 to the General Municipal Law about what we can do
23 with this information. Obviously, if you can
24 consider it as a factor in making procurement
25 decisions it has significant weight. If you can't

2 include it as a factor, you know, one can we in your
3 opinion and two what do you--what do you do with it
4 once you know it? If you can't use it as a factor in
5 making the determination?

6 BEV NEUFELD: Well, I do just want to say
7 that I think this is the easiest information for
8 companies to give because it doesn't change, right.
9 You know, every year it stays the same. There are
10 very few openings on board seats that are open. So I
11 think reporting who your leadership is going to, you
12 know, it's pretty much, you know, ditto, ditto every
13 month. So, I do understand that there are a lot of
14 compliance issues, and maybe that's something to
15 discuss. (coughs) When you have a problem you have
16 to--you have to address it. You have to see it. So
17 we're saying let's see it. How people address their
18 problems is probably on some level as we're talking
19 about here is going to be done by every company
20 individually. But right now, companies are not
21 thinking about this. There--there--right now, there
22 is no requirement for a percentage. There's no
23 suggestion of that at all, but I think we are aware
24 that when we identify an issue we can start to deal
25 with it. And it also is a statement that this is

2 important. So if New York City doesn't really care,
3 you know, who they're doing business with, what
4 diversity there is of--that we're spending, I don't
5 even know. We haven't talked about how many millions
6 or billions of dollars that we're talking about, then
7 it doesn't matter. But I don't think that's the
8 case. The case is that the people are asking for
9 diversity. They're asking for accountability. It's--
10 --there's the--a new administration as well as a
11 previous administrations feel this way. The state
12 feels this way. The federal government feels this
13 way, and it would seem like it's a pity for us to not
14 help companies just look at what they're doing.

15 CHAIRPERSON GARODNICK: And does there--
16 does there exist a precedent for us of a procurement
17 process, which requires this as information to be
18 provided?

19 BEV NEUFELD: I think Philadelphia is the
20 only city that has done this, but I--I do want to
21 underscore that this is happening around the country.
22 S o there have been resolutions that companies that
23 do business in certain states, California and
24 Illinois just past one. Massachusetts yesterday
25 passed--their second house this resolution, but the

2 resolutions all say we suggest you do better. In a
3 sense this is actually saying the same thing. We
4 suggest you do better, but we want to know what you
5 are doing. So, it--when I said it would be
6 groundbreaking, I think that it is groundbreaking
7 because it's really saying that the city is using the
8 power of the purse to simply say who are we doing
9 business with and looking at that.

10 CHAIRPERSON GARODNICK: Totally. I get
11 that, and I think--

12 BEV NEUFELD: [interposing] You know, so
13 yeah.

14 CHAIRPERSON GARODNICK: --one of the
15 reasons I asked about the precedent and the legal--

16 BEV NEUFELD: [interposing] Right.

17 CHAIRPERSON GARODNICK: --issue is
18 because in contrast to our resolution, which I think
19 we--you know, I can't imagine there would be anybody--
20 -

21 BEV NEUFELD: [interposing] Right.

22 CHAIRPERSON GARODNICK: --in the entire
23 City Council I'd be surprised if there was anybody in
24 the entire city who would disagree with that
25 principle, but when we're talking about procurement,

2 the question that I have is does state law allow us
3 to either ask or consider those sorts of questions in
4 the procurement process, and I actually don't know
5 the answer to that.

6 BEV NEUFELD: The reporting is--the
7 reporting is within the purview of the process. You--
8 -

9 CHAIRPERSON GARODNICK: [interposing] Ah,
10 reporting after the fact?

11 BEV NEUFELD: Actually, the bidding
12 process is--is--it can be considered. All instances
13 (sic) can be--

14 CHAIRPERSON GARODNICK: [interposing]
15 Under initial--under New York law. (sic)

16 BEV NEUFELD: Not considered. I used the
17 word--it's not considered. It's actually included as
18 information, but in no place does this say that it
19 will be part of decision making. In New Mexico it
20 is. In New Mexico they're asking for wage gaps that
21 are less than 10%, but that's not what is happening
22 here.

23 CHAIRPERSON GARODNICK: Got it. So--

24 BEV NEUFELD: [interposing] And that is
25 not law in New York City.

2 CHAIRPERSON GARODNICK: So, your view is
3 that we allowed to ask for information--

4 BEV NEUFELD: [interposing] Right.

5 CHAIRPERSON GARODNICK: --even if it is
6 not a formal part of the--the decision process--

7 BEV NEUFELD: [interposing] That's
8 right.

9 CHAIRPERSON GARODNICK: --on that
10 particular issue. Okay.

11 BEV NEUFELD: It's my understanding from
12 conversations as well with the Mayor's Office and
13 also with the Public Advocate's Office.

14 CHAIRPERSON GARODNICK: Okay. We'll take
15 a look at that. So thank you. I'm going to go to
16 Council Member Crowley. Did anybody else want to add
17 anything on that. Okay, Council Member, thank you
18 for your patience.

19 COUNCIL MEMBER CROWLEY: Okay, thank you
20 to the Chair and thank you to the panel, and just for
21 the panel I think, you know, I thank for the two at
22 either ends I want to thank you for clearing some of
23 the misconceptions, and providing me some of the best
24 practices that are happening in other municipalities,
25 in other countries. And now, I have some questions

2 for Ms. Farber. I understand your hesitation and--
3 and I understand the types of companies that you
4 represent, and I do appreciate the work that your
5 organization has done. I especially when it comes to
6 the diversity and the rank and file of the number of
7 apprentices and those that are moving up in the
8 trades, I know years ago the numbers were not the
9 same. And it is good that you actually have the
10 number to--to make that comparison and to measure
11 your work. And although, you know, I would like to
12 see more women graduating with engineering degrees at
13 least you know there is roughly under 20%. Now,
14 those are good, but we're talking about from the
15 bottom up, and you have no way of really analyzing
16 what your top-down data is. And if we were to pass
17 this bill, we would be able to do that. So I just
18 don't understand what the hesitation would be about
19 being able to compile information in a clear and
20 concise way. You know, as we see--I do understand
21 your companies aren't as much boards, but even if
22 there are companies with just the employees, they're
23 going to have a president, a chief financial officer,
24 and a number of people in management positions that--
25 I mean I would say the majority of which wouldn't be

2 from the same family. Especially when these partners
3 do bigger contracts with the city.

4 FELICE FABRER: So, it all becomes even
5 when you have 50 employees, the amount of paperwork
6 that's required in certifications adding additional
7 information and yet another certification that you
8 report on what your subcontractors are doing as well
9 and get confirmation on what your subcontractors do.
10 And making sure that information is accurate becomes
11 burdensome and it's yet another piece of paperwork
12 that adds to the craziness when you're trying not to
13 add additional personnel to handle the administrative
14 process. What we're--what we're looking closely at
15 is who's entering the industry because we hire
16 engineers. We hire out of engineering schools for
17 the professional staff, and that's why it's of
18 concern when people graduating from engineering
19 schools are not as diverse. But when you're looking
20 at small closely held companies to start reporting
21 monthly on what their board composition is and then
22 their diversity goals, which are required as well, it
23 becomes an initial challenge for companies. And it
24 also is a fine line between reporting on goals to the
25 next step and having standards on what those goals

2 ought to be when there are already lots and lots of
3 rules that companies have to comply with in doing
4 business with the city.

5 COUNCIL MEMBER CROWLEY: It is
6 conceivable that one may not have a degree in
7 engineering, but they're in a leadership position
8 where they may have experience as an attorney or in
9 accounting, or they may just have been a product from
10 the trades that have risen up.

11 FELICE FABRER: Right, that is--that is,
12 um, the case mostly they are engineers but not
13 entirely.

14 COUNCIL MEMBER CROWLEY: Right. So, I
15 understand the frustration with more paperwork, um,
16 but if--in a lot of ways this is just duplicating the
17 process, but just increasing the type of reporting
18 that you're already getting done. I don't think it
19 would be that burdensome, but I understand that for
20 small companies, it maybe that I'm willing to discuss
21 more as we, you know, modify these bills before we
22 vote them on the floor.

23 FELICE FABRER: Well, let's--let's take
24 as an example something that seems like it was not an
25 issue, and that was the requirement that privately

2 held companies provide a transit check to their
3 employees. It seems like good public policy, a good
4 thing to do, but the number of members that I got
5 calls from complaining about just the additional
6 paperwork requirements, and, it's one person handling
7 everything that has to do even more. If there are 19
8 employees, they're not going to 20th employee because
9 that all of a sudden changes their reporting
10 requirements. So something that may seem like it is
11 simple good public policy, you know, not an issue it
12 is yet one more thing that really impacts whether or
13 not they want to do business with the city or hire an
14 additional employee. And when you're looking at a
15 very robust private sector market, people are going
16 to say I don't want to do business with the city.
17 This is just to much. There's enough private work
18 going on right now, and I don't think that's the
19 direction we want to be heading in.

20 COUNCIL MEMBER CROWLEY: Okay.

21 FELICE FABRER: Uh-huh.

22 COUNCIL MEMBER CROWLEY: No further
23 questions. Thank you, Chair.

24

25

2 COUNCIL MEMBER CROWLEY: Thank you,
3 Council Member. I think that's going to be it. Oh,
4 Bev, did you have something else to say? Go ahead.

5 BEV NEUFELD: Well, I--I just wanted to
6 say that I think that we've been talking a little bit
7 about leadership at the top, and how it affects
8 companies. So it would be very interesting to note
9 when there is leadership with women on board or in
10 leadership if that actually helps retain and attract
11 some of the engineers and some of the people that you
12 want to attract. There is--there is some research
13 that that is the case. So MWBE United did a study.
14 They found that when you had MWBEs at the--at the
15 helm, that it brought in more women and minorities
16 into the business. And I think that there were some
17 studies that show, right, that when you have
18 leadership at the time that includes diversity, you
19 have a more diverse and responsive workforce. So
20 we're finding that ways to encourage ways to
21 encourage young women to go into--to go into these
22 fields is actually for them to see someone else in
23 it. So I mean Deborah may have some numbers, but I
24 just think it is a point we should be aware so--

2 CHAIRPERSON GARODNICK: Okay, we're going
3 to let that-

4 BEV NEUFELD: [interposing] On that note.
5 (laughs)

6 CHAIRPERSON GARODNICK: --we're going to
7 let that one to be the last word, and we thank you
8 all very much for your testimony and we thank
9 everybody for your interest in this subject. And we
10 will continue this conversation. We thank you
11 Council Member Crowley for you leadership in putting
12 forward these bills, and also we congratulate Council
13 Member Cabrera on getting the full and unequivocal
14 endorsement of the Administration and the Mayor
15 promised to sign a bill. I don't know if I ever seen
16 that in a City Council hearing. With that, we are
17 adjourned. Thank you all. [gavel]

18

19

20

21

22

23

24

25

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 31, 2015