



Peter Franchot
Comptroller

TESTIMONY OF COMPTROLLER PETER FRANCHOT

Senate Bill 2 - Task Force on Minority Business Enterprise Program and Equity Investment Capital (SUPPORT)

*For Presentation to the Senate Education, Health and Environmental Affairs Committee
January 26, 2010*

Good afternoon, Chairman Conway, Vice-Chairman Dyson and members of the Committee. It is my pleasure to provide testimony in **support** of **Senate Bill 2 - Task Force on the Minority Business Enterprise (MBE) Program and Equity Investment**. I want to thank you Madame Chair, for sponsoring this bill and serving as Chair of the current Task Force on the MBE program and Equity Investment Capital. Your proven commitment to ensuring women and minority-owned businesses are able to continue to participate in our state's economy is known throughout the state.

As a member of the Board of Public Works, I have worked with Governor O'Malley and Treasurer Kopp to reinforce the State of Maryland's renewed commitment to its MBE program. This program is an essential component of a thorough and successful state procurement process, and is vital to our shared efforts to create a new climate of employment and entrepreneurial opportunity that benefits all Marylanders. It is in that same spirit that I have worked with Treasurer Kopp and our fellow Trustees of the State Retirement and Pension System (SRPS) to expand the number of smaller, minority-owned investment firms that are hired to manage state assets. In addition to being the right thing to do, our shared commitment to inclusion has yielded impressive economic and fiduciary benefits.

We stand in support of this bill because, while we have made extraordinary progress in this area, we must be vigilant that the MBE program itself does not inadvertently eliminate women and minority-owned companies from participation for reasons that no longer reflect today's economic realities. Senate Bill 2 will extend the current Task Force until May 2011 to allow more time to study the issues that have contributed to a lack of Private Equity investments in minority-owned companies. It is my hope that the additional time will result in a body of recommendations that will ensure our MBE program does not lead to these adverse and unintended consequences.

In these fiscally tight times, it is important that state policies do not eliminate potential capital resources from flowing into these successful women and minority-owned businesses, but rather serve as a catalyst for meaningful investment. It is for this reason that I support Senate Bill 2 and respectfully request your favorable consideration.

Thank you for this opportunity to provide this testimony, and for your consideration.

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