BONDING & FINANCIAL ASSISTANCE

UNIQUE PARTNERSHIP FOSTERS NEW YORK BONDING & FINANCIAL ASSISTANCE PROGRAM
By Sam Carradine, The Surety & Fidelity Association of America (SFAA)

An unusual teaming of state government, the surety and financial industries, nonprofits and educational institutions has resulted in an effort in New York to make bonding and financing more accessible to small, minority and women contractors in that state.

What began as a relatively modest pilot effort between The Surety & Fidelity Association of America (SFAA) and the Jamaica Business Resource Center (JBRC), a Queens, N.Y.-based nonprofit business development organization, to marry SFAA’s Model Contractor Development Program with JBRC’s already existing technical assistance offerings has grown into a broad initiative that now involves two departments of government, the largest lending facility for small businesses in New York, as well as the statewide network of Small Business Development Centers administered by State University of New York.

At a news conference in February announcing the program, insurance department superintendent Eric Dinallo stated, “For too long, women and minority business owners have been held back from participating in state projects and other large undertakings, because they had difficulty getting the necessary surety bonds. I am pleased to announce a new program to help change that. The New York State Bonding Initiative will open up new opportunities and give these business owners the chance to tackle more and larger projects, to grow their businesses, to create jobs and foster economic development all across this state.”

Also attending the news conference was then-Lt. Governor David Paterson, Timothy Marshall of JBRC and Michael Jones-Bey, executive director of the New York State Division of Minority and Women’s Business Development, part of Empire State Development Corporation, that spearheaded the implementation of this bonding initiative.

That day, Jones-Bey proclaimed, “This new collaboration between the lieutenant governor, the superintendent of insurance, the surety industry and other stakeholders represents a model for how government should work to solve longstanding problems. The creation of our new capital access pilot program together with this new bond access initiative will open up unprecedented opportunities for minority- and women-owned businesses. I commend the Jamaica Business Resource Center, the Women Builders Council, the New York State Business Corporation, the Small Business Development Centers and the Small Business Administration in helping to make this day possible.”

JBRC’s Marshall echoed those remarks, “The Jamaica Business Resource Center is enormously grateful to Lt. Governor David Paterson and Insurance superintendent Eric Dinallo for their visionary leadership in assuring that minority- and women-owned businesses now have real access to bonding for their businesses. Historically, this has been a major inhibitor to success; therefore we are very pleased to work with Mr. Michael Jones-Bey, The Surety & Fidelity Association of America and the U.S. Department of Commerce in delivering a program that we believe will have positive and productive results for the M/WBE community.”

In addition to SFAA, the Empire State Development Corporation and the New York State Insurance Department, there are several other program partners involved in the implementation of the bonding initiative. JBRC (a grantee of the U.S. Department of Commerce/Minority Business Development Agency) is serving as program coordinator for the Downstate program, providing outreach, administrative and logistical support and technical assistance to participating contractors.
SFAA also has partnered with the New York State Small Business Development Center (NYS-SBDC), a network of 23 regional offices administered by State University of New York and financed by the U.S. Small Business Administration, which provides expert management and technical assistance to startup and existing businesses across the state. NYS-SBDC is providing outreach, administrative and logistical support and technical assistance to the initiative in the four Upstate locations. In addition, members of the National Association of Surety Bond Producers (NASBP) have been crucial, participating in each of these programs by conducting intake interviews, developing prescriptive plans to address contractor bonding deficiencies and introducing the contractors to the various surety markets that they represent.

On the financing side, SFAA is partnering with New York Business Development Corporation (NYBDC) and the Business Consortium Fund (BCF). The NYBDC mission is to promote economic activity within New York by providing innovative loans to small and medium-size businesses, while the BCF, a minority business development company created by the National Minority Supplier Development Council (NMSDC), provides contract financing to NMSDC-certified minority businesses through a network of local participating banks and NMSDC affiliates. Both of these organizations are part of a new Capital Access Program, established by Empire State Development Corporation, designed to increase access to capital to those contractors participating in the bonding initiative who need additional capital in their business to qualify for surety bonds.

The initiative, still in its early stages, not only has a program in Jamaica, Queens, but is operating in Buffalo, Rochester, Syracuse and Albany, and thus far more than 100 contractors are participating in the workshops and counseling that the programs offer.

The New York State Bonding Initiative includes:
• An educational workshop series designed to provide information to contractors to improve their operations and make it easier to be bonded or to increase their bonding capacity.
• One-one-one interactions with bonding professionals who will work with the business owner to assess bond readiness, identify and remedy deficiencies and assemble bond applications.
• Increased participation of the U.S. Small Business Administration’s (SBA) Surety Bond Guarantee Program in guaranteeing bonds on New York state projects.
• A commitment by the surety industry and companies with programs designed specifically for small and emerging contractors that every contractor who successfully completes the program will have an opportunity to obtain a bond or bond line.
• Establishment of an Advisory Oversight Committee made up of representatives of Empire State Development Corporation and the Department of Insurance to monitor the progress and success of the program.

In addition to New York, SFAA has successfully implemented its Model Contractor Development Program in cities in Texas, Mississippi, Illinois and Ohio.
Sam Carradine is director of development and diversity for The Surety & Fidelity Association of America (SFAA) in Washington, D.C. He can be reached at (202) 778-3638 or scarradine@surety.org.