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Chamber of Commerce

The Honorable Glenn Grothman
Chair

Subcommittee on Health Care and Financial Services House
Committee on Oversight and Accountability
2247 Rayburn House Office Building Washington, DC 20515

The Honorable Raja Krishnamoorthi
Ranking Member

Subcommittee on Health Care and Financial Services
House Committee on Oversight and Accountability
2247 Rayburn House Office Building Washington, DC 20515

**RE: Testimony for the Record – Hearing on “Sacrificing Excellence for Ideology:
The Real Cost of DEI” Hearing Date: June 25, 2025 at 10:00 AM ET**

Dear Chair Grothman, Ranking Member Krishnamoorthi, and Members of the
Subcommittee:

On behalf of the U.S. Black Chambers, Inc. (USBC)—the national voice of over
350,000 Black-owned businesses represented through a network of more than 150 local
Black Chambers—we respectfully submit this testimony for the record in connection
with your hearing titled “Sacrificing Excellence for Ideology: The Real Cost of DEI.”

Contrary to the framing of this hearing, diversity, equity, and inclusion (DEI) initiatives
do not diminish excellence—they unlock it. These efforts are not arbitrary social
programs; they are data-backed economic strategies that expand competition, elevate
standards, and position the federal government to access the full range of American
talent and innovation.

In truth, diverse and small business contractors must meet the same procurement
requirements, demonstrate their capacity, and deliver value like any other bidder. DEI
initiatives do not undermine merit; rather, they expand access to competition by
ensuring that procurement processes recognize a broader set of qualified suppliers who
may have historically been overlooked.

While we recognize the importance of maintaining a competitive and merit-based
procurement process, it is equally critical to acknowledge the significant economic
benefits that an expanded and diverse supplier base brings to the national economy. A
procurement system that actively includes small, minority-, woman-, and veteran-
owned businesses does not tilt the playing field unfairly—it strengthens the U.S.
economy by ensuring broader participation, fostering competition, and driving
innovation.

Studies consistently show that when procurement opportunities are more inclusive,
jurisdictions experience greater economic growth, job creation, and increased taxpayer
value. For example:



- The National Association of State Procurement Officials (NASPO) highlights that numerous states have implemented supplier diversity programs within their procurement departments. These programs are specifically designed to foster equitable opportunities, increase competition, and drive economic growth—without compromising procurement integrity or quality.¹
- A 2024 McKinsey & Company study titled Diversity Wins: The Financial Impact of DEI found that ethnically diverse executive teams are 36% more likely to outperform their peers on profitability. Similarly, a Boston Consulting Group study found that organizations with diverse leadership see 19% higher innovation revenues.^{2 3}
- A Hackett Group research study determined that organizations with robust supplier diversity programs can achieve a 133% greater return on procurement investments compared to those without. Specifically, for every \$1 million spent on procurement operations, these organizations generated \$3.6 million in added economic value.⁴
- That same Hackett study further concluded that companies dedicating 20% or more of their procurement spending to diverse suppliers can attribute as much as 15% of their annual sales to those programs.⁴
- A 2023 Billion Dollar Roundtable report found that \$123 billion spent with diverse suppliers generated \$321 billion in total economic impact and supported 1.76 million jobs.⁵
- Minority-owned businesses generate over \$500 billion in output and support up to 2 million jobs, while women-owned businesses added \$580 billion in revenue and 1.4 million jobs in 2023, according to data from the U.S. Census Bureau and the National Minority Supplier Development Council (NMSDC).⁶
- Finally, inclusive procurement delivers an average of 8.5% year-over-year savings, exceeding the typical 3–7% range for standard procurement approaches.⁷

The fact is, having a robust and diverse supplier base enhances competition by introducing new market players, often leading to better pricing, improved service quality, and innovative solutions that might not otherwise emerge in a concentrated contractor pool.

The workforce and supplier diversity plans under discussion are not unnecessary burdens—they are strategic investments in America’s economic future. A more diverse local and national supply chain reduces dependency on a limited number of large or out-of-state contractors, builds economic resilience, and supports historically underutilized businesses—many of which reinvest directly in their communities.

We urge this Subcommittee to:

1. Recognize the documented economic and operational value of inclusive procurement based on public- and private-sector performance data.
2. Investigate the adverse impact of recent federal rollbacks on small and disadvantaged business participation and innovation.



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3. Promote transparency and accountability before federal agencies dismantle DEI-related contracting initiatives that currently strengthen U.S. supply chains.
4. Affirm that a competitive federal procurement system includes—not excludes—the full breadth of American entrepreneurial talent.

Thank you for the opportunity to submit this testimony. We are available to provide further insights, case studies, or connect the Subcommittee with successful businesses in our network directly affected by these issues.

Sincerely,

Ron Busby, Sr.
President & CEO
U.S. Black Chambers, Inc.

Footnotes

1. National Association of State Procurement Officials (NASPO). Supplier Diversity in State Procurement, 2021. <https://www.naspo.org>
2. McKinsey & Company. Diversity Wins: How Inclusion Matters, 2020. <https://www.mckinsey.com/business-functions/organization/our-insights/diversity-wins-how-inclusion-matters>
3. Boston Consulting Group. How Diverse Leadership Teams Boost Innovation, 2018. <https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation>
4. The Hackett Group. Supplier Diversity Study: 2023 Key Issues and Best Practices, 2023. <https://www.thehackettgroup.com>
5. Billion Dollar Roundtable. 2023 Annual Impact Report, 2023. <https://www.billiondollarroundtable.org>
6. U.S. Census Bureau & National Minority Supplier Development Council (NMSDC). Annual Business Survey (ABS), 2023. <https://www.census.gov/programs-surveys/abs.html>; <https://nmsdc.org>
7. The Hackett Group. Supplier Diversity and Procurement ROI Report, 2023. <https://www.thehackettgroup.com>



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