

City of Austin
Small and Minority Business Resources

Overview

2022 Disparity Study

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SMALL AND MINORITY
BUSINESS RESOURCES



Objectives



Background



Disparity Study Purpose and Objectives



Quantitative & Qualitative Analysis



Key Findings



Study Recommendations



Next Steps

Background

- Jan. 2020 – Colette Holt & Associates (CHA) was contracted to conduct the 2022 Disparity Study
- April 2020 – Two virtual Public Kick-off webinars were held
- 2020 – Launched disparity study website and e-mail account



Disparity Study Purpose and Objectives

- Complies with constitutional mandate to regularly review evidence supporting race- and gender-based programs
- Provides a legal defense if the programs are challenged
- Develops accurate data for annual and contract goal setting
- Gathers feedback for program improvements

Quantitative Analysis

CHA analyzed the following information:

FY 2013 – FY 2018 contract data files

4,741 contract records
-1,069 contracts were analyzed for the sample file
-*96 % Prime and Subcontractor validation of contract files

More than 75 documents and information resources

SMBR's MBE/WBE Program; and Financial Services Departments' (Purchasing, Capital Contracting), Public Works' and Economic Development's processes and procedures

Study Contract Data

Contract Type	Total Contracts	Share of Total Contracts
Prime Contracts	1,002	54.3%
Subcontracts	842	45.7%
TOTAL	1,844	100.0%

Final Contract Data File Net Dollar Value

Business Type	Total Contract Dollars	Share of Total Contract Dollars
Prime Contracts	\$826,453,073.73	76.8%
Subcontracts	\$249,783,337.28	23.2%

Source: CHA analysis of City of Austin data

Distribution of Contract Dollars

Distribution of Contract Dollars by Race and Gender (total dollars)

NAICS	Black	Hispanic	Asian	Native American	MBE	White Women	M/WBE	Non-M/WBE	Total
TOTAL	\$15,368,481	\$51,392,913	\$17,411,303	\$754,775	\$84,927,473	\$60,325,355	\$145,252,828	\$747,078,317	\$892,331,145

Distribution of Contract Dollars by Race and Gender (share of total dollars)

NAICS	Black	Hispanic	Asian	Native American	MBE	White Women	M/WBE	Non-M/WBE	Total
TOTAL	1.7%	5.8%	2.0%	0.1%	9.5%	6.8%	16.3%	83.7%	100.0%

Weighted Availability

Aggregated Weighted Availability for City Contracts

Black	Hispanic	Asian	Native American	MBE	White Women	MBE/WBE	Non-MBE/WBE	Total
1.5%	4.7%	1.4%	0.4%	8.0%	6.5%	14.4%	85.6%	100.0%

Disparity Ratios

Disparity Ratios by Demographic Group

	Black	Hispanic	Asian	Native American	MBE	White Women	MBE/WBE	Non-MBE/WBE
Disparity Ratio	118.0%	122.1%	142.5%	20.0%‡	119.5%	104.4%	112.7%	97.9%

‡ Indicates substantive significance

Formula: DR = U/WA

DR – Disparity Ratio
 U – Utilization Rate
 WA – Weighted Availability

‡ Courts have ruled the disparity ratio less or equal to 80% represent disparities that substantively significant.

Qualitative Data

Qualitative Public Sessions

Stakeholder/Public Introduction Meetings: 312 Participants

Public Engagement Sessions: 185 Participants

Business Owner Surveys: 198 Participants

One on One Interviews: 17 Participants

SMBR Staff Session: 27 Participants

Department Executive Staff Sessions: 8 Departments

COA Internal Input Sessions: 117 Participants

MBE/WBE Advisory Committee: 7 out of 8 Members



Qualitative Evidence

- **Systemic Racial Exclusion**

Many minorities reported that fair opportunities to compete for contracts were not available because of systemic racial barriers.

- **Discriminatory Attitudes and Negative Perceptions of Competence**

Many minority and woman interview participants reported that they still encounter biases, stereotypes and negative assumptions about their qualifications and competency.

- **Gender Bias and Hostile Work Environments**

Regardless of their industry, many women reported that stereotypical assumptions about their role and authority are common.

- **Exclusion from Industry Networks**

Many M/WBEs found it difficult to penetrate the industry networks necessary for entrepreneurial success.

Qualitative Evidence cont.

- **Access to Contract Opportunities**

Some minority and woman respondents felt that prime bidders often use them only to meet affirmative action goals.

- **Financial Barriers to Contract Opportunities**

Many minority and woman owners reported difficulties with obtaining financing and bonding that would allow them to take on more work and successfully compete.

- **Barriers to Equal Contract Terms**

Some minority and woman respondents reported being charged higher pricing for materials based on their race, ethnicity and gender.

Study Recommendations

- Use additional Race-Neutral measures
- Develop an Annual Procurement Forecast
- Centralize the Program's data collection and reporting in the B2Gnow system
- Enhance strategies on professional services contracting process
- Use the study availability data to assist in setting MBE and WBE contract goals
- Implement a Comprehensive Supportive Services Program
- Adopt a Mentor-Protégé Program



Key Findings

MBE/WBE Program has proven successful.

Contracts awarded to firms located in Texas, accounted for 90% of all dollars during the study period. Austin, San Antonio, Dallas-Fort Worth, and Houston captured 92.2% of the State dollars and 82.9% of the entire FCDF.

MBE and WBE weighted availability: MBE – 8.0% and WBE – 6.5%

Key Findings cont.

Disparity Ratio showing a significant disparity for Native Americans.

Despite the City's success, disparities still exist in the marketplace.

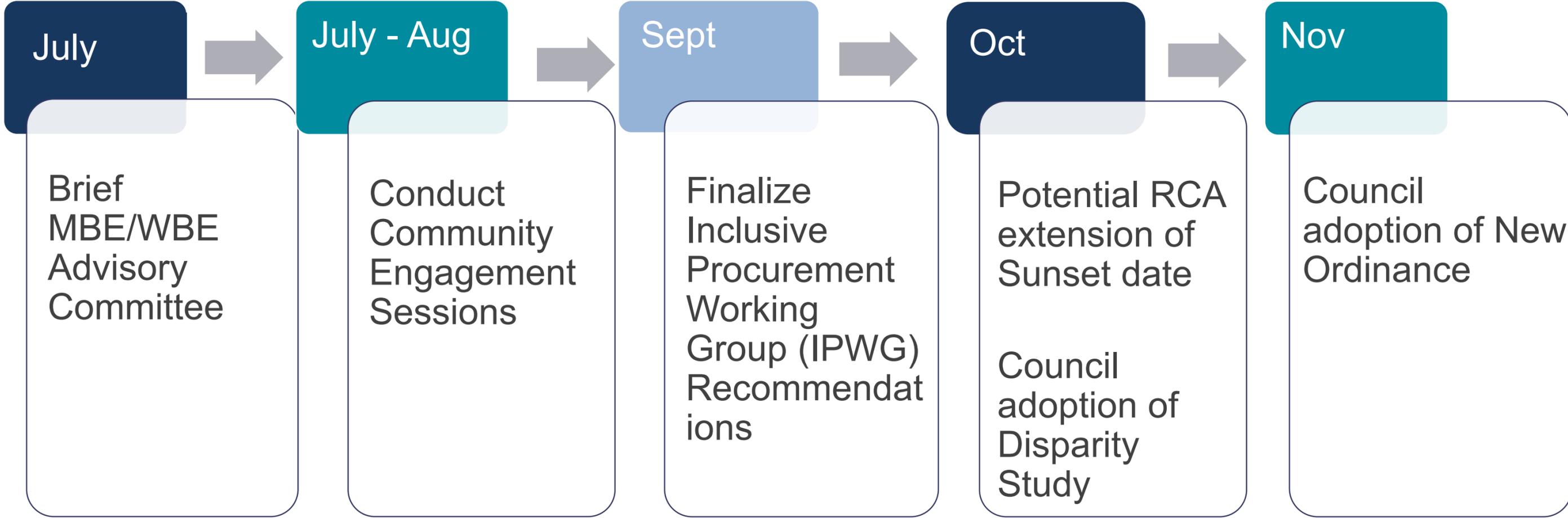
Key Findings cont.

Compared to non-MBEs/WBEs, minority- and woman-owned firms were concentrated in a different subset of industries.

Three NAICS codes that provide the most contract dollars to each MBE/WBE capture a larger share of the overall City spending received by the group than the share of overall City spending captured by the top three NAICS codes for the City; and

The three NAICS codes that provide the most contract dollars to MBEs/WBEs are different from the three NAICS codes that provide non-MBE/WBE firms their most contract dollars.

Next Steps – Anticipated Milestone Dates



Source: CHA analysis of City of Austin data



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Questions

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