

City of Austin  
Small and Minority Business Resources

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# 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



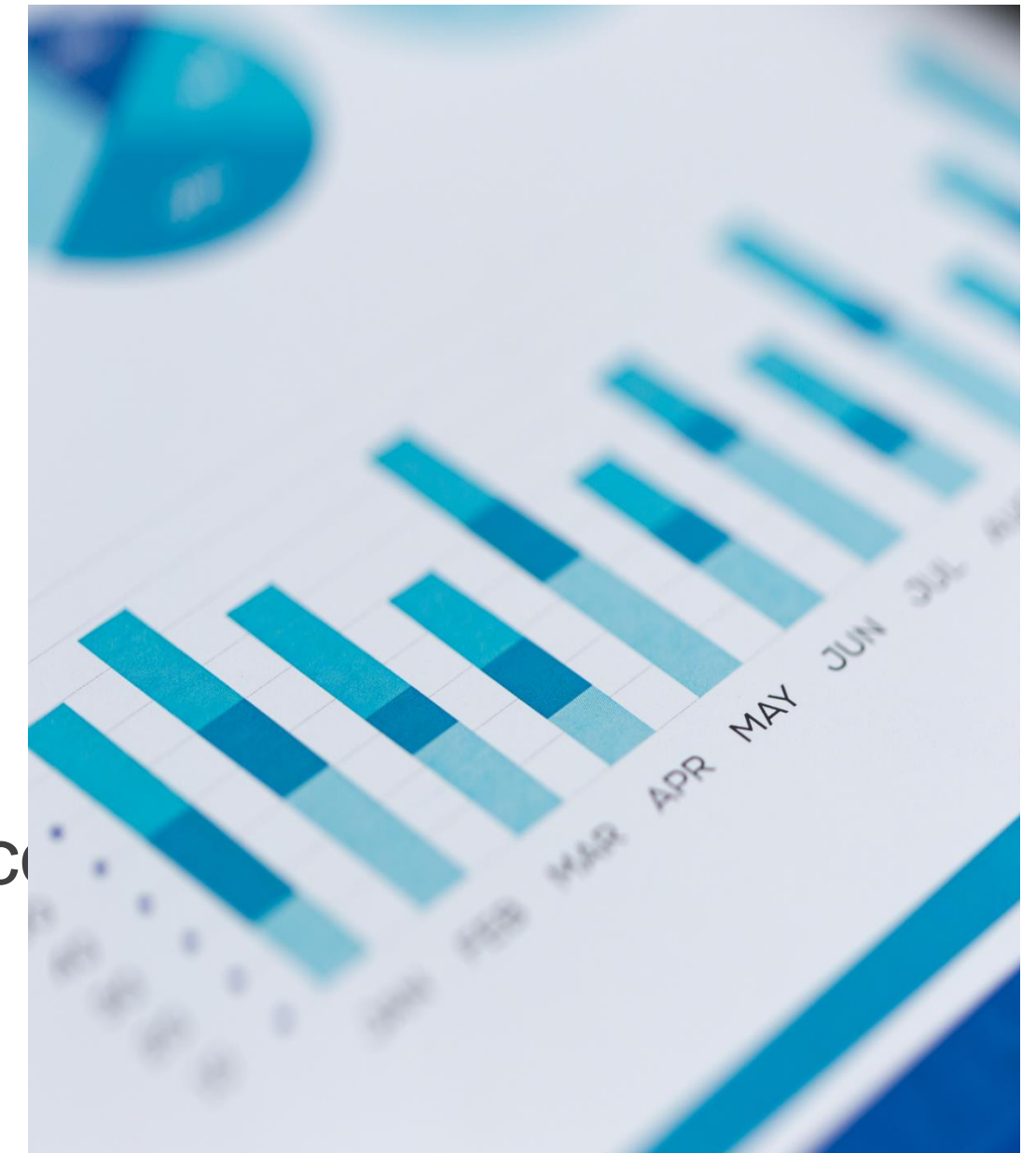
Study Recommendations



Next Steps

# Background

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



# Disparity Study Purpose and Objectives

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- 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

- Study analyzed FYs 2013-2018 contracts \$50,000 or greater
  - Final Contract Data File
    - 1,002 prime contracts totaling \$826,453,073.73
    - 842 subcontracts totaling \$249,783,337.28
- Geographic market
  - 19 counties with Austin, San Antonio, Dallas-Fort Worth and Houston metro areas captured 82.9% of the Final Contract Data File
- Product market
  - 204 NAICS codes in Final Contract Data File

# Study Contract Data

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

## 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%

# City's Utilization of M/WBEs

- MBEs: 9.6%
  - Blacks: 1.7%
  - Hispanics: 5.8%
  - Asians: 2.0%
  - Native Americans: 0.1%
- White Women: 6.8%
- M/WBEs: 16.4%
- Non-M/WBEs: 83.6%

# Weighted Availability

## 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.

# 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.

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

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

Disparity Ratio showing a significant disparity for Native Americans.

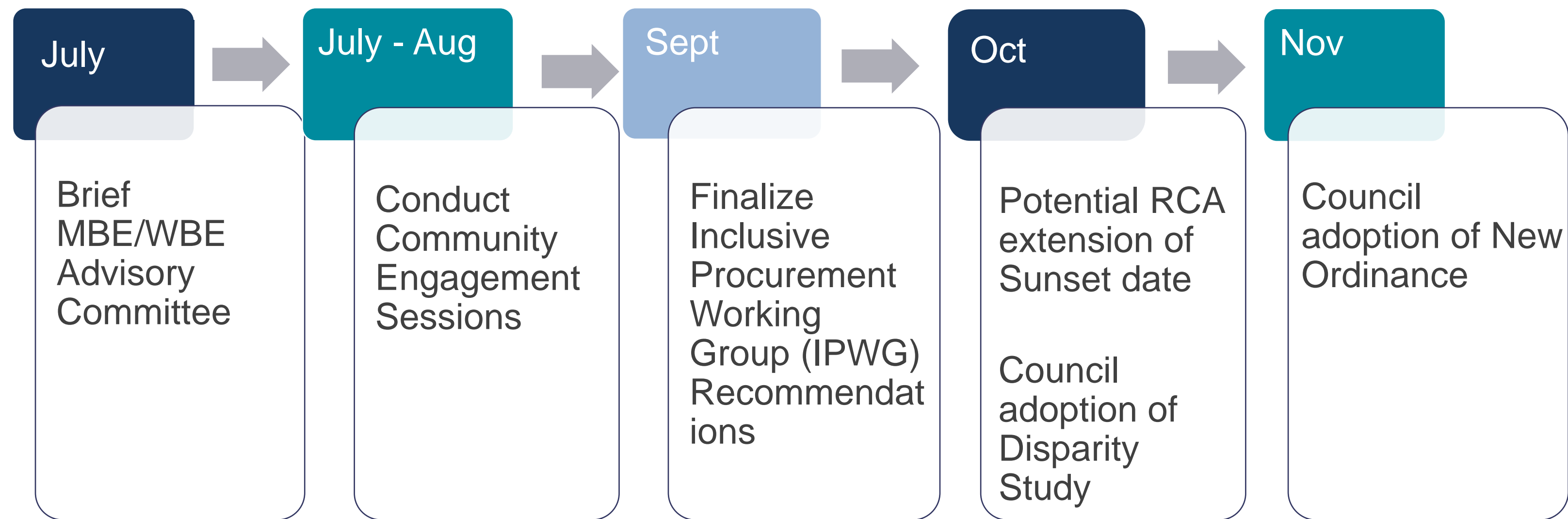


# Study Recommendations

- 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



# Next Steps – Anticipated Milestone Dates







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# Questions

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