2023 Disparity Study Report

Agenda

City of Houston
2023 Disparity Study

Introductions

Disparity Study Overview

Disparity Study Results

Commendations & Recommendations

Questions

MGT
CONSULTING

MGT

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Public Sector Consultants

We are nationally recognized leaders in public sector management consulting who equip our clients with thorough, innovative solutions so they can better serve their agency, stakeholders, and community.

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230+
Successful Disparity- & Equity-related Projects

260+
Dedicated consultants across the country

50 years

Half a century providing consulting services

We power the work of the public professional to advance the lives of the citizens they serve

Project Leaders

Andres Bernal, JD

**Executive in Charge
Methodological & Quantitative
Research Leader**

Vernetta Mitchell

**Project Director
Qualitative Research Team Lead
& Subconsultant Manager**

Corlisha Mitchell

**Project Manager
Policy Analysis**

Project Partners

James Goodwille Pierre, Esq.
The Pierre Law Firm

Mr. Goodwille owns and operates a nationwide Corporate Counsel, Intellectual Property, Business Development, Government Relations, and Diversity and Inclusion management consulting practice.

Mr. Goodwille provided anecdotal data collection and assisted in the legal review.

Reuben Brown
BWA Diversity Consulting

Mr. Brown has over twenty-five years of diversity inclusion experience; working knowledge of local construction requirements in Houston; a thorough understanding of the 49 CFR Part 26, and an understanding of local ordinances that allows BWA to develop industry best practice services.

BWA Diversity Consulting conducted outreach, assisted in the policy review, anecdotal data collection, and subcontractor data collection.

Susan S. Barham
Skybase7

CEO of Skybase7 has over 30 years of exceptional experience in technology and the research industry. Her hands-on expertise includes sophisticated research techniques and data analysis for both public and private sector clients.

Skybase7 conducted the custom census (availability), vendor (qualitative) surveys, and subcontractor data collection.

Disparity Study Overview

- Disparity studies are used to determine whether there is evidence of discrimination in the market in which a public entity does business that would permit the use of policies to eliminate discrimination and remedy its effects

- The City of Houston's disparity study involved the collection and analysis of quantitative and qualitative data to make this determination

- Disparity studies provide actionable results that can be used to **<u>narrowly tailor</u>** a supplier diversity program

Findings

- Disparity identified in Houston's utilization of MWBE firms compared to the availability of firms in the City's marketplace.

- Qualitative/Anecdotal accounts of discriminatory behavior/barriers in Houston's marketplace.

- Disparity in self-employment earnings for MWBE firms compared to non-MWBE firms was identified in Houston's private sector marketplace.
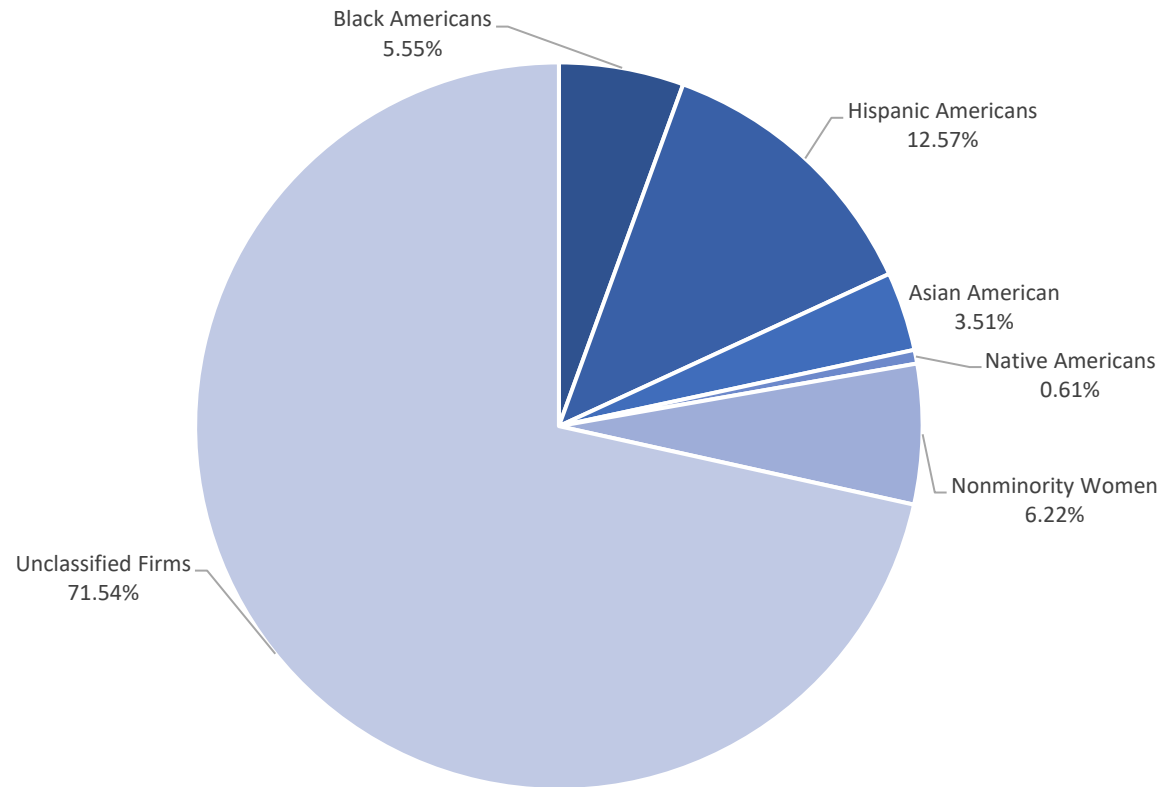
Relevant Geographic Market

- Austin County, TX
- Brazoria County, TX
- Chambers County, TX
- Fort Bend County, TX
- Galveston County, TX
- Harris County, TX
- Liberty County, TX
- Montgomery County, TX
- Waller County, TX
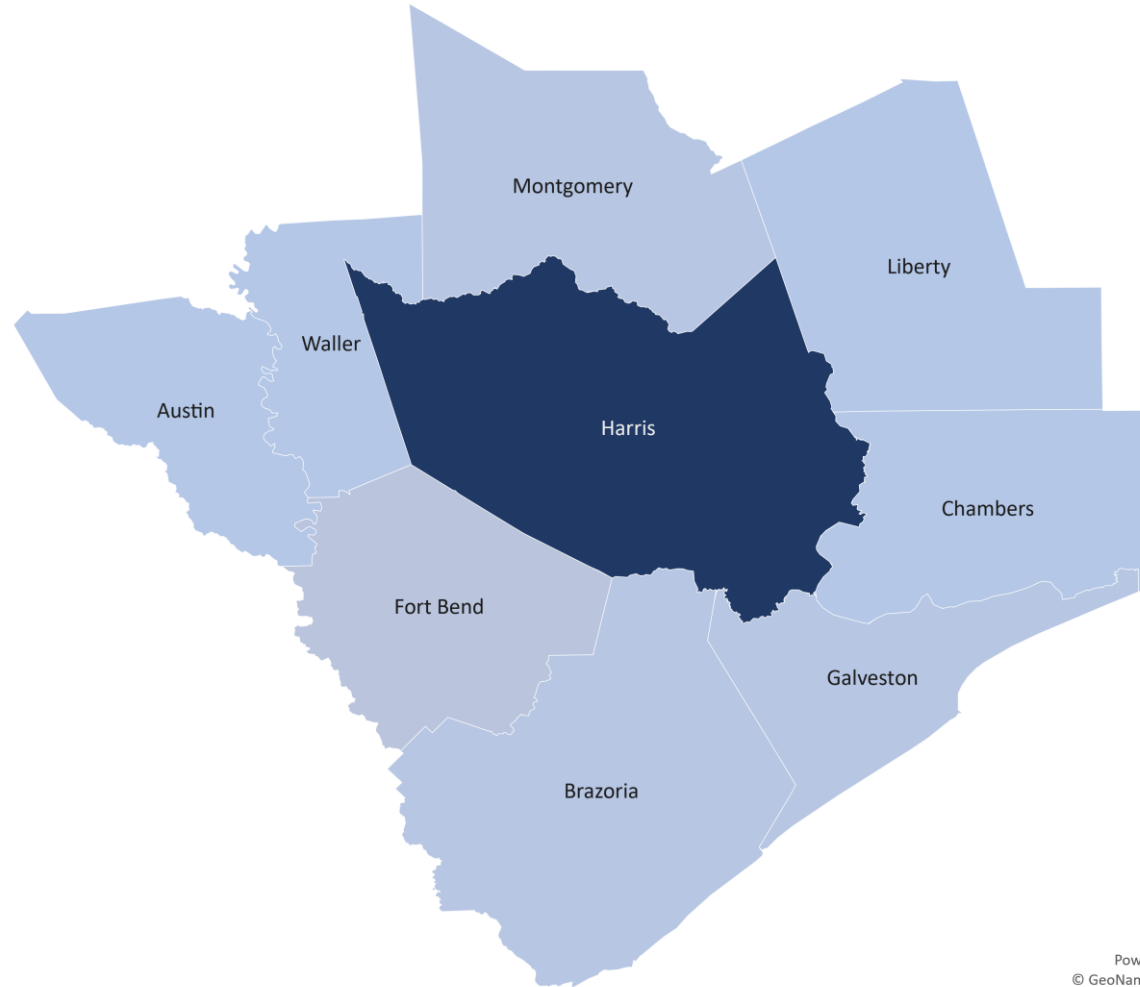
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MWBE Utilization – Total Spend FY 18 - 22

- The City's utilization of Unclassified Firms totaled 71.54 percent vs 28.46 percent that was spent with MWBE firms.

- Overall, the highest utilization rates among MWBEs were Hispanic American firms accounting for 12.57% of dollars spent, and Nonminority Women firms accounting for 6.22% of dollars spent.

Black Americans 5.55%
Hispanic Americans 12.57%
Asian American 3.51%
Native Americans 0.61%
Nonminority Women 6.22%
Unclassified Firms 71.54%

DBE Utilization on Federally Funded Projects – Total Spend FY 18 - 22

- The City's utilization of Non-DBE firms totaled 78.38 percent vs 21.62 percent that was spent with DBE firms.

- Overall, the highest utilization rates among DBEs were Black American firms accounting for 15.14% of dollars spent, and Hispanic American firms accounting for 5.32% of dollars spent.

Minority DBE , 21.17%

Non-Minority Women, 0.45%

Non-DBE , 78.38%
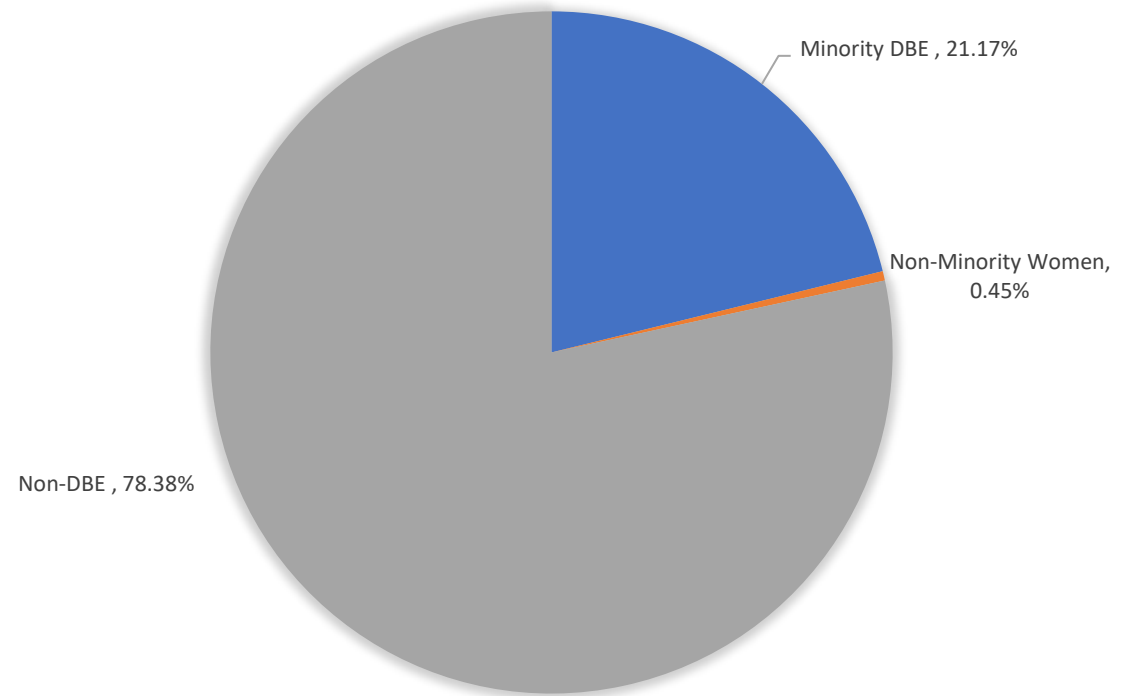
ACDBE Utilization – Total Spend FY 18 - 22

- The City's utilization of ACDBE Firms totaled 28.93% vs 62.25% that was spent with Non-ACDBE firms.

- Overall, the highest utilization rates among ACDBEs were Black American firms accounting for 20.67% of dollars spent, and Non-Minority Women firms accounting for 8.11% of dollars spent.
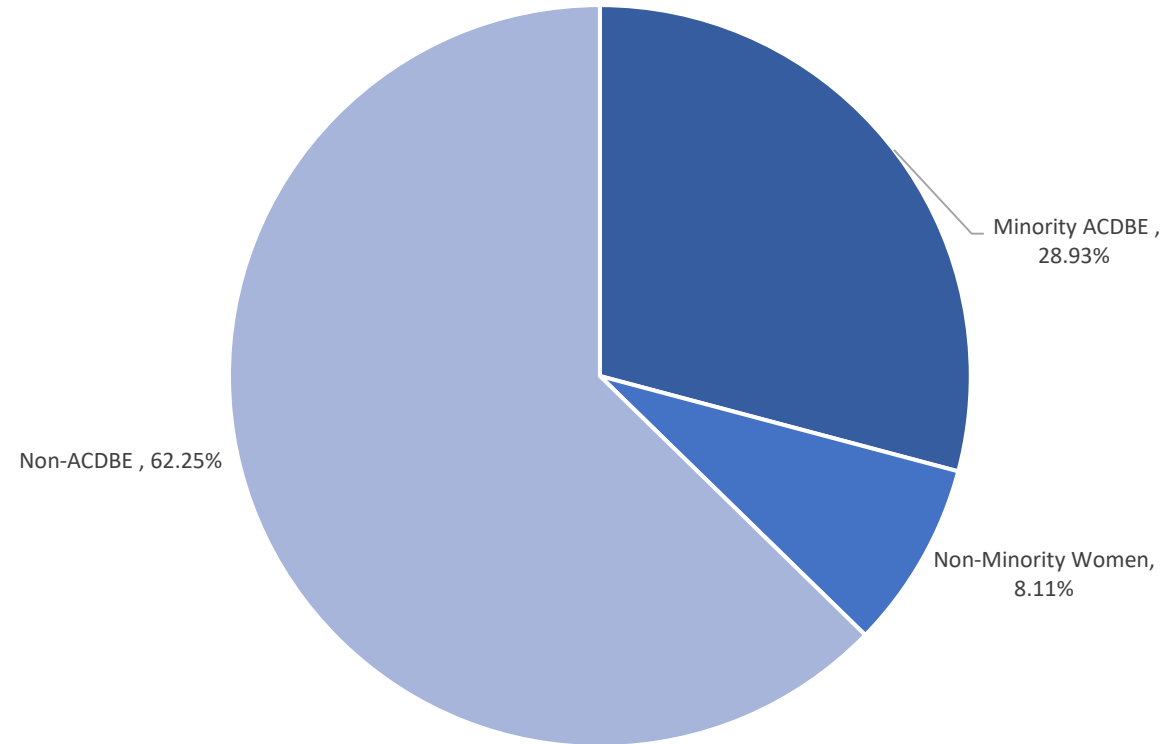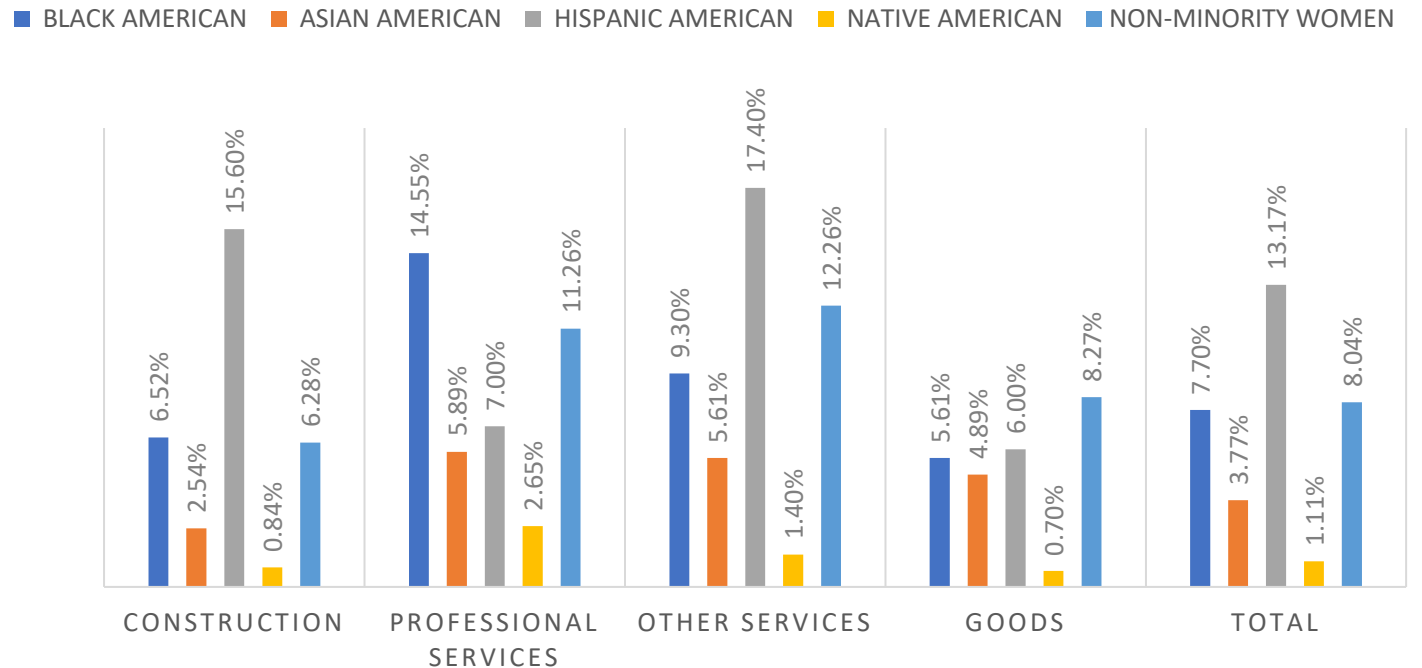

Minority ACDBE , 28.93%

Non-Minority Women, 8.11%

Non-ACDBE , 62.25%

Availability Estimates

- Availability based on the 9 counties within the Relevant Geographic Market.

- The total Availability Estimates are:

  - Asian Americans – 3.77%

  - Black Americans – 7.70%

  - Hispanic Americans – 13.17%

  - Nonminority Women – 8.04%

MWBE firms make up 33.8% of estimated availability in the relevant market area.

DBE Availability Estimates

- The total Availability Estimates are:

  - Asian Americans – 5.74%

  - Black Americans – 8.96%

  - Hispanic Americans – 25.11%

  - Nonminority Women – 9.87%

AVAILABILITY ESTIMATES

■ MINORITY FIRMS   ■ NON-MINORITY WOMEN

	CONSTRUCTION	OTHER SERVICES	GOODS
Minority Firms	39.14%	47.59%	86.56%
Non-Minority Women	10.25%	6.39%	3.93%

ACDBE Availability Estimates

- The total Availability Estimates are:

  - Asian Americans – 10.19%

  - Black Americans – 22.44%

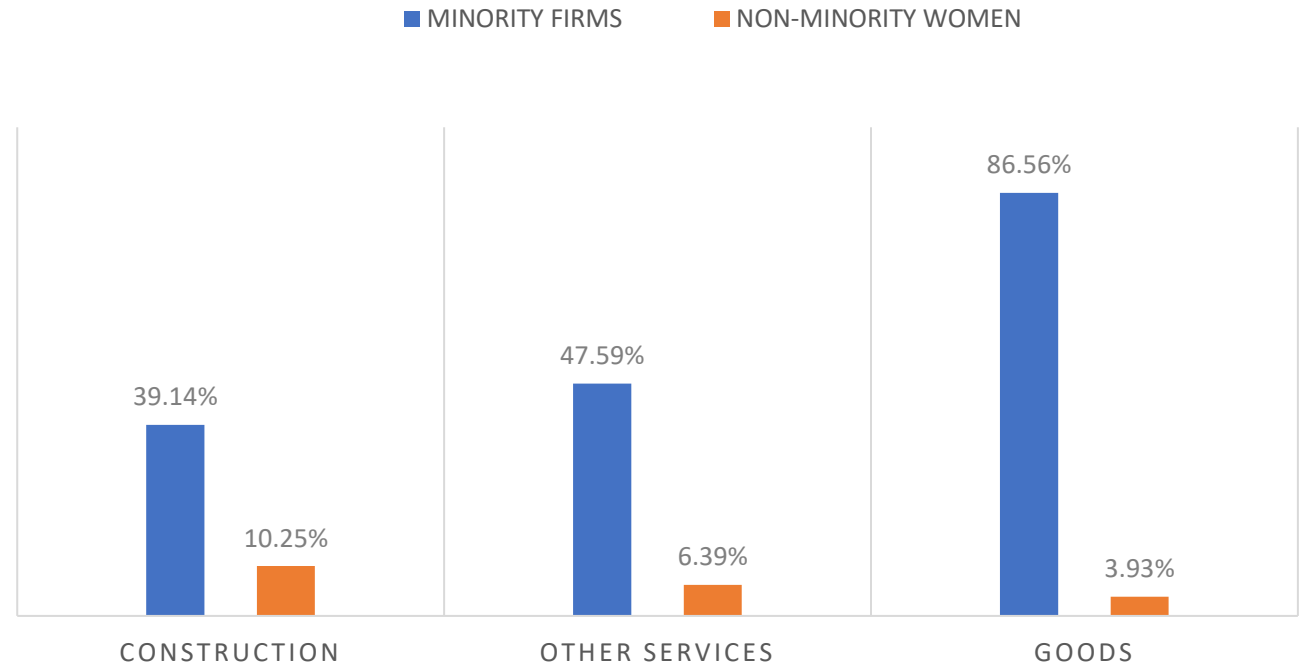 - Hispanic Americans – 11.39%

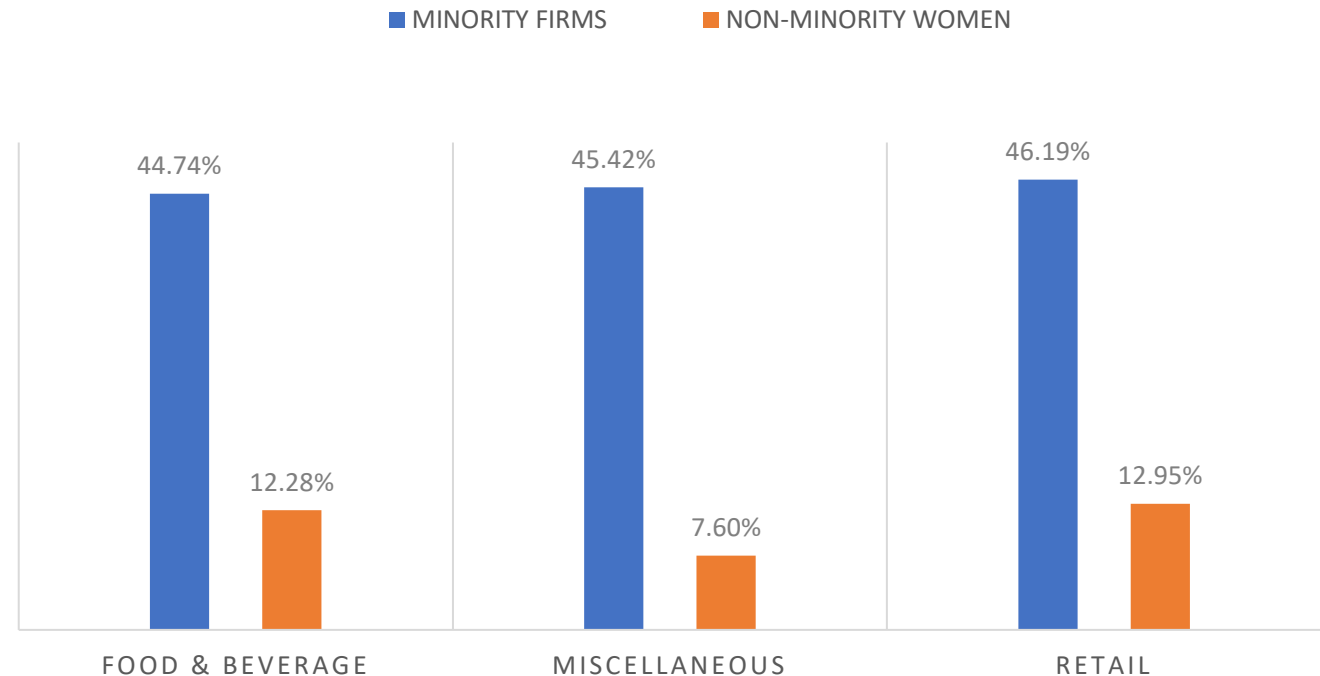 - Nonminority Women – 10.93%

AVAILABILITY ESTIMATES

■ MINORITY FIRMS ■ NON-MINORITY WOMEN

	FOOD & BEVERAGE	MISCELLANEOUS	RETAIL
Minority Firms	44.74%	45.42%	46.19%
Non-Minority Women	12.28%	7.60%	12.95%

M/WBE Disparity Results

- Disparity index methodology yields an easily calculable value, understandable in its interpretation, and universally comparable result

- Substantial and statistically significant disparity gives evidence of discrimination within the public sector

- MWBEs combined have substantial and statistically significant disparities in all categories

Business Ownership Classification	ALL	CONSTRUCTION	PROFESSIONAL SERVICES	OTHER SERVICES	GOODS
Black Americans	*Disparity*	Disparity	*Disparity*	Disparity	Disparity
Asian Americans	Disparity	Disparity	NO DISPARITY	Disparity	*Disparity*
Hispanic Americans	Disparity	NO DISPARITY	NO DISPARITY	Disparity	*Disparity*
Native Americans	Disparity	Disparity	*Disparity*	Disparity	Disparity
Total MBE Firms	*Disparity*	Disparity	*Disparity*	*Disparity*	*Disparity*
Nonminority Women	Disparity	Disparity	*Disparity*	Disparity	NO DISPARITY
Total MWBE Firms	*Disparity*	Disparity	*Disparity*	*Disparity*	*Disparity*
Unclassified Firms	NO DISPARITY	NO DISPARITY	NO DISPARITY	NO DISPARITY	NO DISPARITY

BOLD Indicates a substantial level of disparity, which is a disparity index below 80.00.
Disparity indicates statistically significant.

DBE Disparity Results

- Analyzed federally funded contracts.

- Disparity index methodology yields an easily calculable value, understandable in its interpretation, and universally comparable result

- Substantial and statistically significant disparity gives evidence of discrimination within the public sector

- M/W/DBEs combined have substantial and statistically significant disparities in all categories

Business Ownership Classification	ALL	CONSTRUCTION	OTHER SERVICES	GOODS
Black Americans	No Disparity	No Disparity	**Disparity**	No Disparity
Asian Americans	**Disparity**	**Disparity**	**Disparity**	***Disparity***
Hispanic Americans	***Disparity***	***Disparity***	**Disparity**	**Disparity**
Native Americans	**Disparity**	**Disparity**	**Disparity**	Not Applicable
Total Minority Firms	***Disparity***	**Disparity**	***Disparity***	***Disparity***
Nonminority Women	**Disparity**	**Disparity**	**Disparity**	Disparity
Total M/W/DBE Firms	***Disparity***	***Disparity***	***Disparity***	***Disparity***
Unclassified Firms	No Disparity	No Disparity	No Disparity	No Disparity

BOLD Indicates a substantial level of disparity, which is a disparity index below 80.00.
Disparity indicates statistically significant.

ACDBE Disparity Results

- Analyzed federally funded contracts.

- Disparity index methodology yields an easily calculable value, understandable in its interpretation, and universally comparable result

- Substantial and statistically significant disparity gives evidence of discrimination within the public sector

- M/W/ACDBEs combined have substantial and statistically significant disparities in all categories

Business Ownership Classification	ALL	FOOD & BEVERAGE	MISCELLANEOUS	RETAIL
Black Americans	Disparity	**Disparity**	No Disparity	Disparity
Asian Americans	*Disparity*	*Disparity*	No Disparity	**Disparity**
Hispanic Americans	*Disparity*	*Disparity*	*Disparity*	No Disparity
Native Americans	Disparity	Disparity	**Disparity**	Disparity
Total Minority Firms	*Disparity*	*Disparity*	Disparity	Disparity
Nonminority Women	**Disparity**	Disparity	**Disparity**	*Disparity*
Total M/W/ACDBE Firms	*Disparity*	*Disparity*	Disparity	**Disparity**
Unclassified Firms	No Disparity	No Disparity	No Disparity	No Disparity

BOLD Indicates a substantial level of disparity, which is a disparity index below 80.00.
Disparity indicates statistically significant.

Remedies

- Enhance Data Collection
- Advertise Future Informal Procurement Opportunities
- Establish Contract Compliance Process for Indefinite Delivery/Indefinite Quantity (IDIQ) Purchases
- Adopt a Policy Forbidding Exclusivity Agreements between Primes and Subcontractors
- Graduation Program
- Expand SBE Program
- Expand the Office of Business Opportunity Staff
- M/WBE Program Sunset

Q & A