



Office of Business Opportunity MWSBE Policies

Presented by Cylenthia Hoyrd, Director

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Mission

The Office of Business Opportunity (OBO) is committed to cultivating an inclusive and competitive economic environment in the City of Houston by promoting the success of small businesses and developing Houston's workforce, with a special emphasis on historically underutilized businesses and disenfranchised individuals.

Vision

OBO's vision is to eliminate systemic barriers to prosperity and economic opportunity in the Greater Houston region.



Agenda

- Background – Disparity Study
- Market Availability & Participation
- New Programs
- Community Education
- Timelines for Education

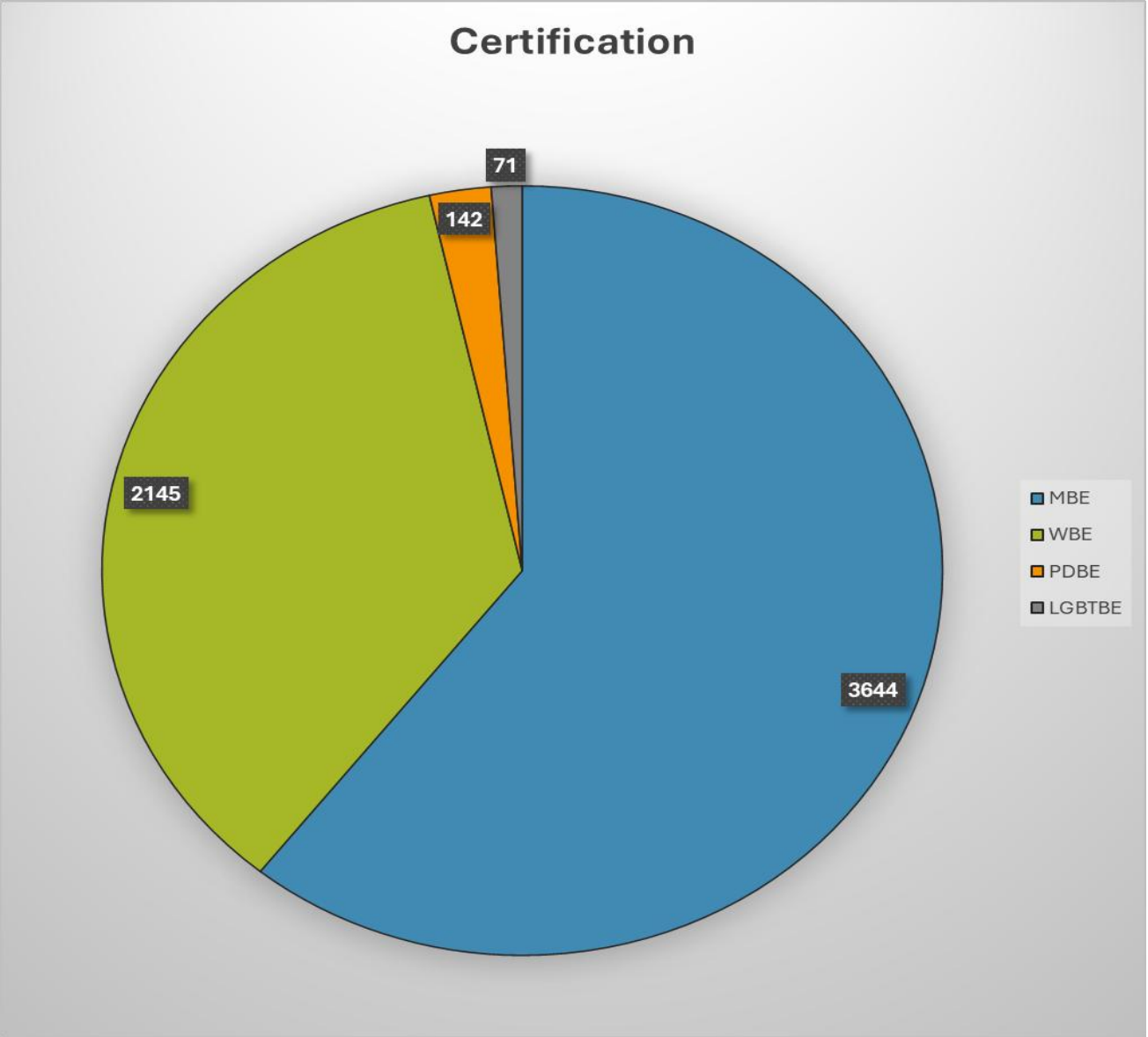




Background

Disparity Study

Certification By The Numbers



Study Overview

**Conducted by
MGT Consulting
(FY18–FY22)**

**Covered
Construction,
Professional
Services, Goods,
Other Services,
ACDBE & DBE**

**Based on
procurement data
and availability in
9-county region**

**Included
quantitative and
qualitative
components**

The Disparity Study: What We Learned

Overall:

- **Houston's Minority, Women, and Small Business Community has grown.**
- **Houston's MWSBE, DBE, and ACDBE Programs have been successful.**
- **Non-minority/unclassified firms continue to dominate government contracting.**
- **The City of Houston is committed to economic opportunity.**
- **The City of Houston will operate a narrowly tailored MWSBE Program.**



Key Findings



MWBE Disparity Highlights

- 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.

YOUR FEEDBACK

We Heard You

- Increase outreach between City departments with target markets for participation.
- Programs that will establish partnerships to access financing and larger contracting opportunities.
- Actively graduating firms.
- Enhanced data tracking and transparency.
- Focusing outreach towards data.
- Presentations and training on bidding.
- Bidding in tiers.
- Specific outreach according to scopes of work.
- Meetup opportunities between primes and subs.
- Highlighting payments to subs during progress meetings.
- Rejecting pay apps without subcontractor payments.
- Low availability notifications.



Legal Context & Litigation Risk

Croson (1989) and Kossman (2016) require statistical evidence for race-conscious programs



2023 Litigation challenges MWBE Program constitutionality



Disparity Study provides current, defensible basis for updated Program



Without it, enforcement mechanisms could be invalidated



Market Availability & Participation

Where We Are Now

MWSBE Participation

- Federal precedent allows jurisdictions to establish **aspirational goals** even when no statistical disparity exists, provided the goals reflect market availability, promote inclusion, and do not constitute rigid quotas (Croson, 1989; Engineering Contractors, 1997).
- The methodology used in this justification follows the study's disparity index and significance testing framework, but pivots toward **availability-based aspirational goal-setting**—an accepted practice under **narrow tailoring** principles and relevant judicial guidance (Paradise, 1987; Kossman v. City of Houston, 2016).
- MWBEs combined have substantial and statistically significant disparities in all categories

Business Ownership Classification	ALL	CONSTRUCTION	PROFESSIONAL SERVICES	OTHER SERVICES	GOODS
Black Americans	FULL	FULL	FULL	FULL	FULL
Asian Americans	FULL	FULL	6%	FULL	FULL
Hispanic Americans	FULL	16%	7%	FULL	FULL
Native Americans	FULL	FULL	FULL	FULL	FULL
Total MBE Firms	FULL	FULL	FULL	FULL	FULL
Nonminority Women	FULL	FULL	FULL	FULL	8%

BOLD Indicates a substantial level of disparity, which is a disparity index below 80.00.

Disparity indicates statistically significant.

New Programs



NEW PROGRAMS



Veteran and Disabled Veteran Owned Small Business

Personal Net Worth Cap on M/W/S/VBE

Certification Flexibility for Disabled Business Owners

Removal of Construction SBE Cap

Expansion of SBE to All Procurement Categories

Mentor Protégé Program

Small Business Hub

Community Relations Specialist

Small Contractor Rotation

Overview



This will be initiated by City Departments to include selected recurring projects to place in the CRP. This program will consist of a two-year project designed to provide capacity building and assistance to Small, Minority and/or Women owned businesses and to help transition them into prime contractors by:

- Creating Cash Flow
- Assigning Smaller Work Orders
- Improving Bonding Capabilities
- Become prime contractors doing business with the City of Houston.
- Attain reputable performance and credit history.
- Establish relationships with surety and insurance; thus, creating increased opportunities for bonding upon successful completion.
- Establish relationships with the financial institutions, as well as obtain a credit line for ongoing contracting opportunities.
- Acquire partners who contribute to their long-term success.

Small Business Reserve

Overview

The Small Business Reserve (SBR) Program will offer opportunities for mid-sized firms to compete for Prime contract opportunities. This program establishes a unique marketplace where small businesses only compete against other small businesses instead of larger, more established, companies.

The SBR Program directs participating departments to spend at least 20% of its fiscal year procurement expenditures with Certified Small Businesses (CSBs).

Once a solicitation has been Designated as “SBR,” an award can only be made to a Certified Small Business. A procurement with a total dollar value between \$100,000 and \$500,000 shall be designated for the small business reserve.



New Program Benefits

- Retains certification reciprocity for MBE/WBE firms

- Expanded SBE goals improve competition and equity

- Avoids mid-cycle disruption to contracts

Community Education



Community Policy Meetings

By Industry

Date	Time	Stakeholder	Location
July - Week 4	8:00am – 11:00 am	Construction	Houston Permitting Center
July – Week 4	4:00 – 6:00 pm	Construction	Houston Permitting Center
July – Week 4	8:00am-11:00 am	Professional Services	Houston Permitting Center
July – Week 4	4:00pm-6:00pm	Professional Services	Houston Permitting Center
July – Week 4	8:00am – 11:00am	Goods/ Other Services	Houston Permitting Center
July – Week 4	4:00pm – 6:00pm	Goods/ Other Services	Houston Permitting Center
August – Week 2	TBD	Council Districts	TBD

Timelines for Education



Partner Education & Training Workshops

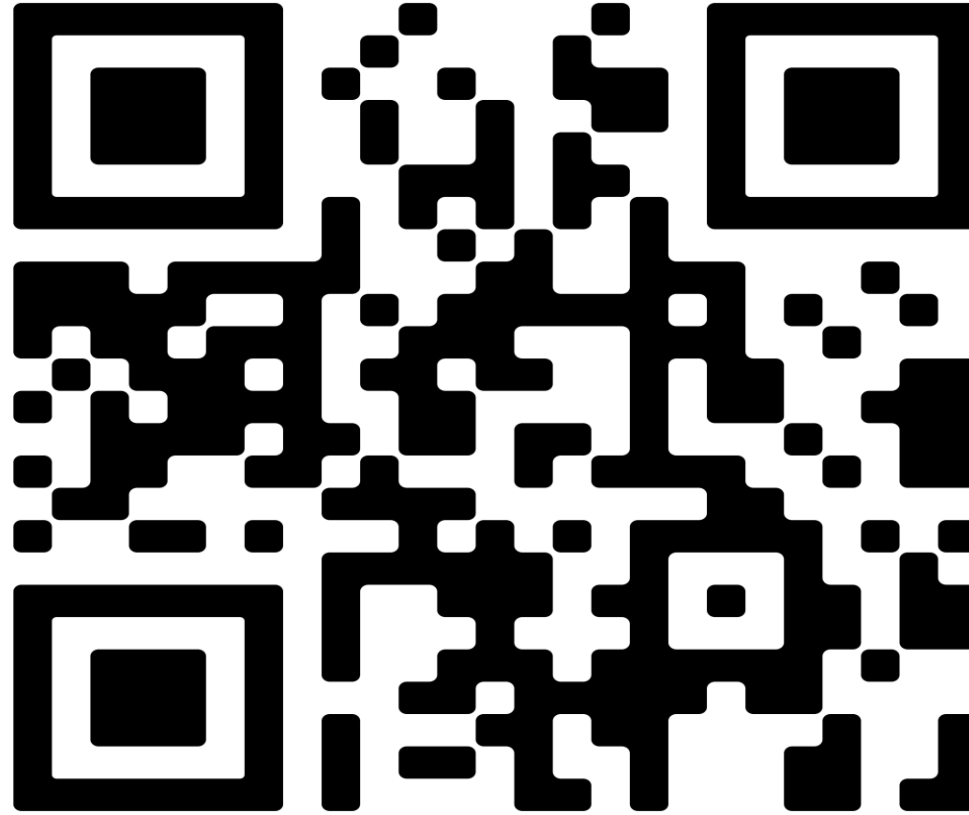
Community Partners / External Agencies w/ Major Impact			
9/23/25	<u>10am – 12pm</u>	Metro, Port, Harris Co, Harris Health, HISD, FISD, HCC, SBA, PTAC	TBD
9/24/25	TBD	Houston Contractors Association (HCA)	HCA Training Room 4001 Sherwood Lane
9/25/25	<u>10am -12pm</u>	Hispanic Chamber	TBD
9/25/25	<u>2pm – 4pm</u>	Asian Chamber	TBD
9/30/25	<u>10am – 12pm</u>	NMAC	TBD
Contractors + HAS Internal			
10/7/25	<u>10am – 12pm</u>	Prime Contractors	TBD
10/7/25	<u>2pm – 4pm</u>	Prime Contractors	TBD
10/8/25	<u>10am -12pm</u>	Subcontractors	TBD
10/8/25	<u>2pm – 4pm</u>	Subcontractors	TBD
10/9/25	All Day	HAS Internal	111 Standifer Dr. Humble, TX
Chambers + HAS Primes & Subs			
10/14/25	TBD	Black Chamber & Black Engineers	TBD
10/15/25	TBD	Greater Houston Procurement Breakfast	TBD
10/16/25	<u>10am – 12pm</u>	HAS Primes	111 Standifer Dr. Humble, TX
10/16/25	<u>1pm – 3pm</u>	HAS Subs	111 Standifer Dr. Humble, TX
Other Stakeholders by Appointment			
10/21/25 -10/23/25 10/28/25 - 10/30/25	Morning and Afternoon Slots Will Be Available	TBD	TBD

New Program Roll-Out Schedule

OBO Rollout 9/2025 – 1/ 2026

September	Policies Forms	OBO Staff	611 Walker Garden Auditorium
September	Policies Forms	SPD / Legal	611 Walker Garden Auditorium
September	Contract Reviews	Legal	611 Walker Garden Auditorium
October	Policy Presentation	City Council	City Hall Annex Council Chamber
September	Training	HPW	611 Walker Garden Auditorium
September	Training	GSD	Conference Rm 157 (Basement)
October	Training	Other City Depts	611 Walker Garden Auditorium
October	Training	HAS	111 Standifer Dr. Humble, TX
October-November	Training	Stakeholders	TBD
January	IMPLEMENTATION		

QR CODE MWSBE Policies





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Thank You

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