



2023 Disparity Study

City of Richmond, VA



Agenda

City of Richmond

2023 Disparity Study

Introductions

Disparity Study Overview

Disparity Study Results

Commendations & Recommendations

Q&A

MGT

MGT Management Team



Vernetta Mitchell

Project Director



Andres Bernal, JD

Methodological Lead and Legal
Researcher



Dr. Fred Seamon

Executive Vice President,
Emeritus

MGT's Subcontractors



Carol Reese

CEO, ReeSources, Inc. assisted in the anecdotal data collection and **conducted in-depth business interviews.**



Joeffrey Trimmingham, MFA

CEO & CO-Founder of Phillip Reese. Engaged in the anecdotal data collection and **managed the public engagement meeting and conducted business and professional organizations interviews.**



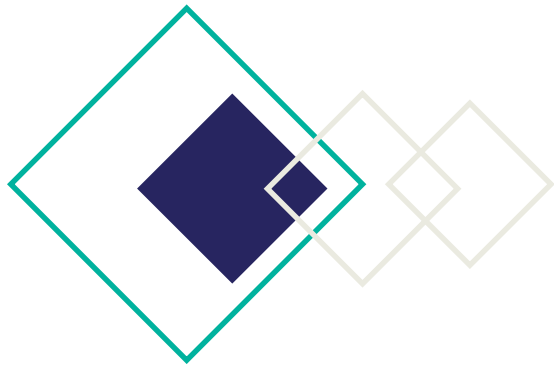
Melissa Cooper

CFO, Greensboro Staffing Consultants. Greensboro Staffing **conducted the vendor survey for anecdotal data collection.**



Lyle Durban

CEO Customer Research International, Inc (CRI) is quantitative data collection and research firm. **CRI administered the custom census surveys.**



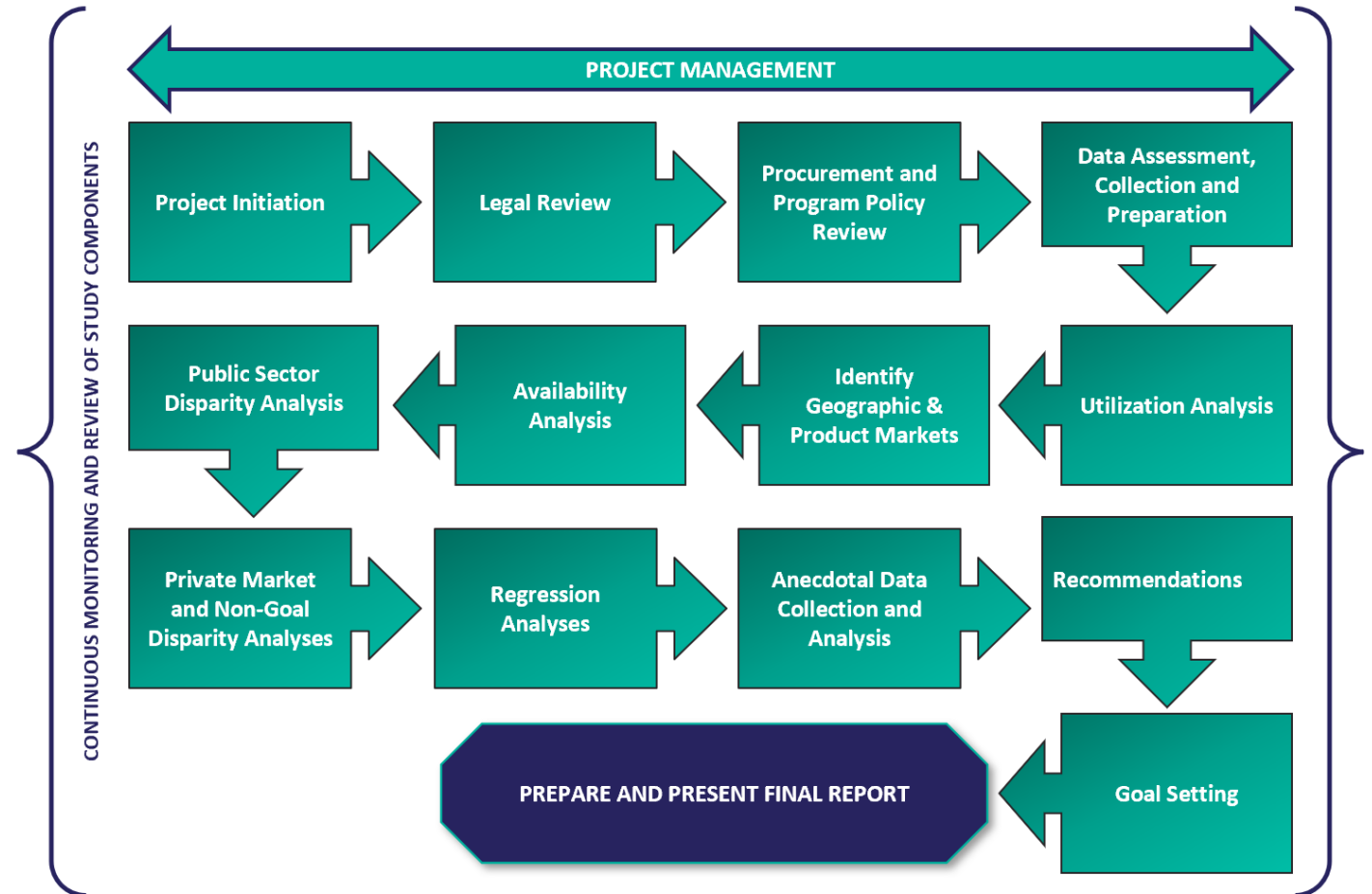
Disparity Study Overview

- 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 Richmond'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 narrowly tailor a supplier diversity program

2023 Disparity Study

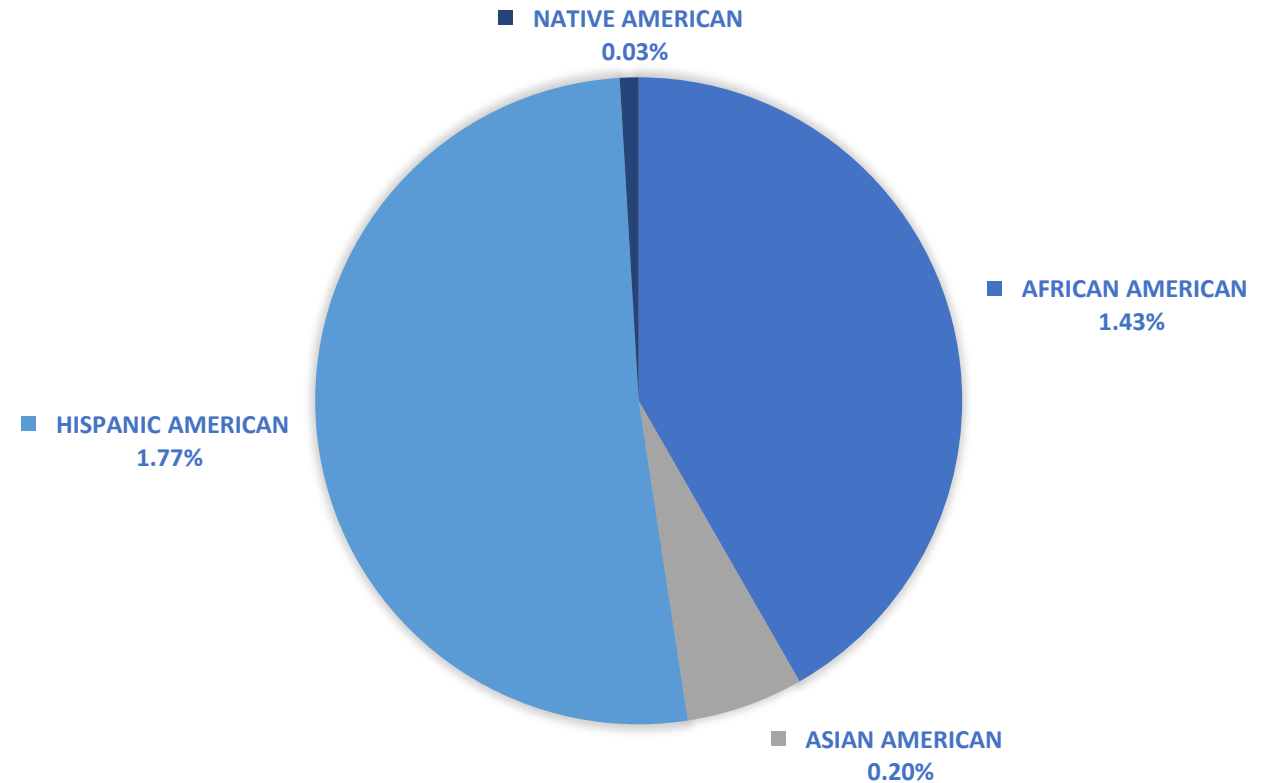
Study Objectives

- Determine if there are any disparities between the utilization of minority business enterprises (MBEs) compared to the availability of MBEs in the marketplace
- Determine if disparities that are found are consistent with the existence of discrimination
- Determine if there is quantitative or qualitative evidence of discrimination in the private market in which the City conducts business
- Provide best practices to assist in administering the MBE/ESB programs and the establishment of overall aspirational goals



MBE Utilization – Total Spend FY 17 - 21

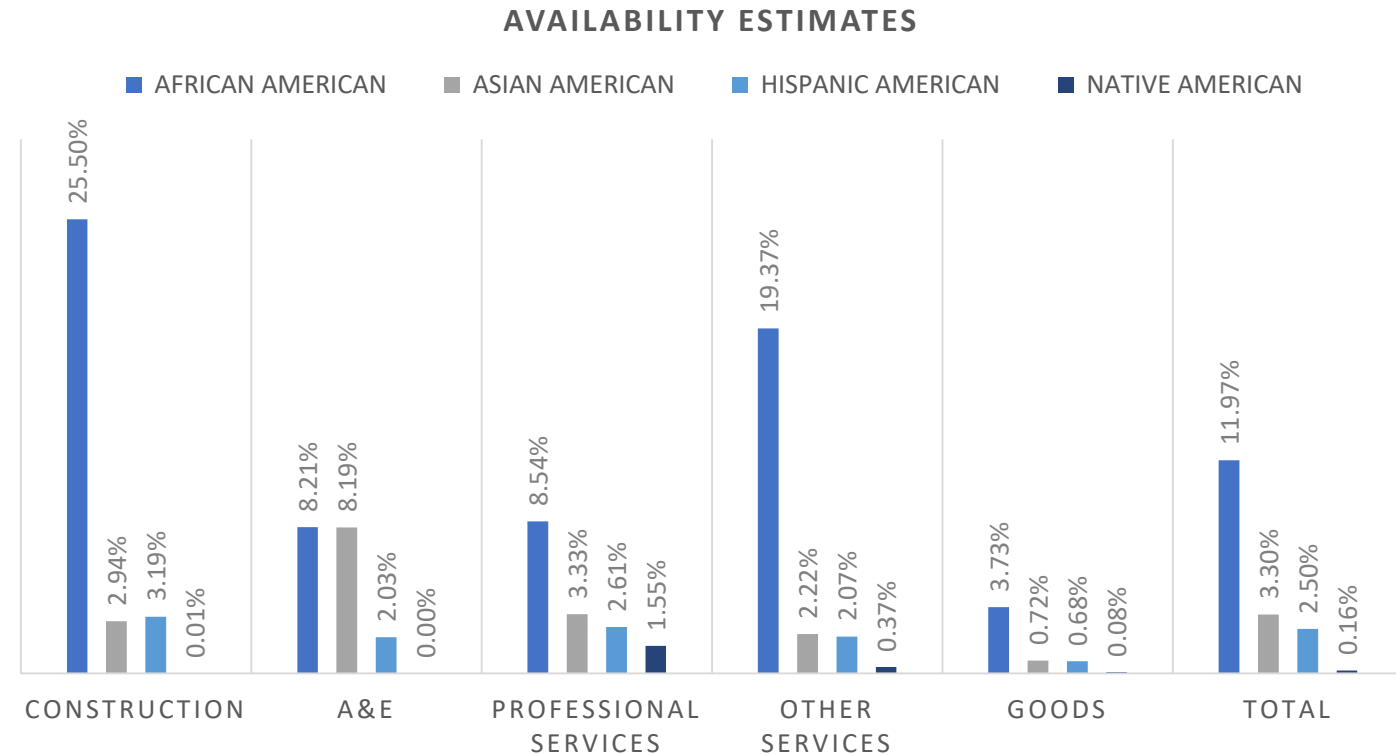
- The City's utilization of non-MBE firms totaled 96.57 percent vs. 3.43 percent that went to MBE firms
- Overall, the highest utilization rates among MBEs included Hispanic American firms accounting for 1.77 percent of dollars spent, and African American firms accounting for 1.43 percent of dollars spent
- Hispanic American firms had the greatest utilization rates in Other Services at 10.76 percent, followed by Asian American firms in Goods at 3.29 percent



Availability Estimates

- Availability based on the 14 counties and independent cities where 73 percent of the City spending is located.

- Amelia County
- Charles City
- Chesterfield County
- Colonial Heights City
- Goochland County
- Hanover County
- Henrico County
- Hopewell City
- King William County
- New Kent County
- Petersburg City
- Powhatan County
- Prince George County
- Richmond City



MBE firms make up 17.93% of estimated availability in the relevant market area.

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

Procurement Category	All	Construction	Architecture & Engineering	Professional Services	Other Services	Goods
African Americans	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Asian Americans	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity
Hispanic Americans	Disparity	Disparity	Disparity	Disparity	No Disparity	Disparity
Native Americans	Disparity	Disparity	No Disparity	Disparity	Disparity	Disparity
MBE Firms	Disparity	Disparity	Disparity	Disparity	Disparity	Disparity

BOLD indicates substantial statistically significant disparity

Private Sector Analysis

- Private sector analyses looked at whether there was evidence of discrimination in the private sector marketplace supporting the City's continuance of its MBE program
- MBE firms earned significantly less than self-employed nonminority males, holding all other variables constant
 - Example, across all industries Asian Americans earn 21 percent less than a nonminority male, holding all other variables constant
 - Overall results statistically significant at a 95 percent confidence interval
- Holding all factors consistent, race, and ethnicity play a role in the lower level of self-employment for MBEs
 - For Example, African Americans in the construction industry have a business formation rate of 51 percent lower than expected in a race-, ethnicity-neutral market area
 - Overall results statistically significant at a 95 percent confidence interval

BUSINESS EARNINGS	TOTAL	CONSTRUCTION	A&E	PROFESSIONAL SERVICES	GOODS & SERVICES
AFRICAN AMERICAN	-17%***	-17%***	-19%***	-30%***	-14%***
ASIAN AMERICAN	-21%***	-24%***	22%***	-30%*	-15%***
HISPANIC AMERICAN	-18%***	-19%***	-12%***	-19%***	-17%***
NATIVE AMERICAN	-17%***	-22%***	-6%***	-29%***	-10%***
MBE	-31%***	-22%***	-26%***	-31%***	-42%***

SELF-EMPLOYMENT PERCENT CHANGES	TOTAL	CONSTRUCTION	A&E	PROFESSIONAL SERVICES	GOODS & SERVICES
AFRICAN AMERICAN	-69%***	-51%***	-37%***	-96%***	-97%***
ASIAN AMERICAN	-42%***	-46%***	-44%***	-67%***	-29%***
HISPANIC AMERICAN	-56%***	-53%***	-12%***	-68%***	-77%***
NATIVE AMERICAN	-64%***	-62%***	-8%	-91%***	-47%***
MBE	-56%***	-53%***	-25%***	-80%***	-87%***

“*” indicates a significant adverse disparity at the 15% level or better (85% confidence). “***” indicates the disparity is significant at a 10% level or better (90% confidence).
 “****” indicates significance at a 5% level or better (95% confidence).

Qualitative/Anecdotal Results

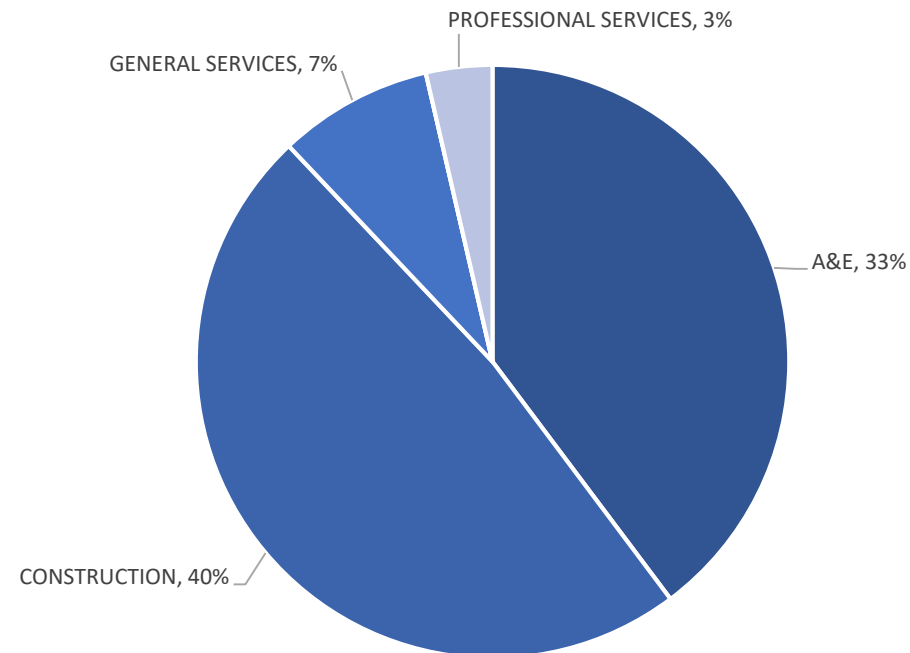
- The qualitative/anecdotal evidence found that MBE firms face business-related discrimination in the marketplace at substantially higher rates than non-MBEs
- Additionally, firms that participated in the interviews, surveys, or business engagement meetings indicated that discrimination is prevalent in the market
- African American firms indicated experiencing the highest levels of direct discrimination against them due to race

DISCRIMINATORY ACT	AFRICAN AMERICAN	ASIAN AMERICAN	HISPANIC AMERICAN	NATIVE AMERICAN	TOTAL MBE	NON-MBE
Harassment on the Jobsite	8%	0%	0%	0%	7%	0%
Double standards in measuring performance	11%	0%	20%	0%	11%	2%
Denial of opportunity to bid	9%	20%	0%	0%	9%	2%
Unfair denial of contract award	12%	0%	0%	0%	11%	4%
Unfair contract termination	3%	0%	0%	0%	3%	0%
Predatory business practices such as price discrimination by suppliers/inspectors, bid shopping, slow payment, or non-payment	17%	0%	0%	0%	15%	0%
Unequal access to bonding, credit, or financing as compared to nonminority- or nonwoman-owned companies	17%	0%	40%	0%	17%	2%

Qualitative/Anecdotal Results

- The results also show that MBE firms that were solicited for projects with MBE goals are seldom or never solicited for projects without goals
- The lack of solicitation of MBEs in the absence of affirmative efforts by the City in the market shows that discrimination continues to be a barrier to MBE business opportunities

PRIMES LACK OF SOLICITATION OF MBE FIRMS ON PROJECTS WITHOUT GOALS



Economic Impact of the MBE Program

MBE TOTAL SPENDING
ECONOMIC IMPACT SUMMARY
CITY OF RICHMOND

Year	Employment	Labor Income	Value Added	Local, State, and Federal Taxes
2017	99	\$6,033	\$9,518	\$1,787
2018	104	\$6,472	\$9,634	\$1,790
2019	99	\$7,382	\$10,573	\$2,013
2020	92	\$7,136	\$10,176	\$1,788
2021	83	\$6,741	\$9,640	\$1,893
Total Economic Impact	476	\$33,764	\$49,540	\$9,272

Note: Dollar values are in thousands



Findings

- Disparity identified in Richmond's utilization of MBE firms compared to the availability of firms in the City's marketplace.
- Qualitative/Anecdotal accounts of discriminatory behavior/barriers in Richmond's marketplace.
- Disparity in self-employment earnings for MBE firms compared to non-MBE firms was identified in Richmond's private sector marketplace.



Recommendations

- Adopt an Anti-Discrimination Ordinance
- Expand Data Collection & Management
- Develop a Formal Strategy for Business Relationships with Organizations
- Establish Performance Review Metrics
- Adopt and Audit Clause for Contracts
- Expand Contract Specific Subcontract Goals
- MBE Staff & Departmental Liaisons
- MBE Program Sunset



Q & A