

# The City of South Bend Disparity Study 2019

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Colette Holt & Associates

# Disparity Study Objectives

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- Provide a legal defense if programs are challenged
- Meet constitutional requirements & City policy objectives
- Educate policy makers & stakeholders about the legal, regulatory & economic issues to build consensus

# Disparity Study Elements

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- Establishing a “strong basis in evidence”
  - Define South Bend’s geographic & industry market areas
  - Estimate M/WBE availability in those markets
  - Examine disparities between M/WBE utilization & availability
  - Analyze economy-wide evidence of race- & gender-based disparities
  - Evaluate anecdotal evidence of race- & gender-based barriers

# Disparity Study Elements

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- “Narrowly tailoring” a program
  - It must be necessary to ensure equal opportunity
  - The remedies must be effective
  - The remedies must be flexible & time-limited; waivers must be available
  - The goals must be related to availability
  - The impact on third parties must be considered

# Disparity Study Elements

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- Legal review & analysis
- Determination of the City's geographic markets
- Determination of the City's industry markets
- Determination of the City's utilization of MWBEs
- Estimation of MWBE availability
- Disparity analysis of City contracts
- Economy-wide disparity analysis
- Anecdotal data collection & analysis
- Recommendations

# Disparity Study Findings

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- Experiences with obtaining City contracting opportunities
  - Interviewed 110 individuals
  - Negative perceptions & discriminatory attitudes affect attempts to secure contracts
  - M/WBEs are perceived as less qualified
  - Exclusion from the networks necessary for success is a big obstacle
  - Contract size & requirements such as insurance are major impediments to performing work for the City

# Disparity Study Findings

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- M/WBE goals are necessary to level the playing field & overcome these barriers
- Aspirational & voluntary approaches were seen as ineffective
- Greater outreach, support & capacity building initiatives are needed

# Disparity Study Findings

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- Study analyzed FFY 2015-2017 contracts
- Final Contract Data File
  - 278 prime contracts, totaling \$103,162,022
  - 327 subcontracts, totaling \$25,523,221
- City's geographic market (75%+ of dollars)
  - State of Indiana & the counties of Berrien, MI; Wabash, IL; & Kankakee, IL



# Disparity Study Findings

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- City of South Bend's utilization of M/WBEs
  - M/WBEs: 11.97%
    - Blacks: 0.0%
    - Hispanics: 2.20%
    - Asians: 1.62%
    - Native Americans: 0.34%
    - White women: 7.81%
- M/WBE weighted availability in the City's market
  - M/WBEs: 14.91 %
    - Blacks: 3.25%
    - Hispanics: .57%
    - Asians: 1.01%
    - Native American: 0.92%
    - White females: 9.17%

# Disparity Study Findings

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- Disparity ratio = M/WBE utilization ÷ availability
- Disparity ratios on City contracts
  - M/WBEs: 80.25%
    - MBE: 72.38% ++
    - White females: 85.18%
  - Non-M/WBEs: 103.46%
    - ++ Indicates substantive significance

# Disparity Study Findings

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- Economy-wide disparity analysis
  - Useful to evaluate the effectiveness of race-neutral measures
  - Survey of Business Owners
    - Very large disparities in firm sales receipts between M/WBEs & Non-M/WBE firms
  - American Community Survey
    - Minorities & White women earned lower wages, earned less from their businesses & formed fewer businesses than White males
  - Credit discrimination barriers remain high
  - Human capital constraints continue to impede success

# Disparity Study Findings

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- Qualitative evidence of disparities in the City's market
  - M/WBEs experience stereotypes, discriminatory attitudes & negative perceptions
  - There are race- and gender-based barriers to obtaining City & private sector contracts
  - M/WBEs feel excluded from industry networks
  - M/WBEs are unable to obtain public sector work on an equal basis without goals
  - There is a lack of business resources to help M/WBEs & small firms

# Disparity Study Recommendations

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- Race- and gender-neutral measures
  - Implement an electronic contracting data collection, monitoring and notification system
  - Commit sufficient resources to implement and manage M/WBE & Small Business Program
  - Focus on reducing barriers to M/WBE prime contract awards
  - Increase vendor communication & outreach to M/WBEs & small firms
  - Partner with other agencies & local organizations to provide supportive services & technical assistance programs

# Disparity Study Recommendations

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- Provide training to City staff with contracting responsibilities & vendor interface
- Adopt a Small Business Enterprise Target Market

# Disparity Study Recommendations

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- Implement race- & gender conscious measures
  - Adopt goals for a new M/WBE Program
    - Use the weighted M/WBE availability estimate for overall spending targets
    - Use the Study's detailed availability estimates as the starting point for narrowly tailoring specific contract goals
  - Include all racial and ethnic groups and White women
  - Institute program compliance & monitoring policies & procedures, including data collection
- Develop performance standards & review processes for success

# Next Steps

City of South Bend







# Changes Already Made

- Revised Annual Inclusive Procurement and Contracting Report Format
- Addition of Forecast by Department
- Revised Bid package language for inclusion
- Internal inclusive procurement and contracting policy drafts
- Section 3 workforce list updates from SB Housing Authority
- Strengthened local organization partnerships (WSSBRC-CUC@ Project Impact, SB-Elkhart Regional Partnership, etc.)
- Identifying non-certified minority and women owners
- NAICS code adoption
- Consolidated MWBE Certified List
- Inclusive Procurement Grant with Technical Assistance from Griffin & Strong Law Firm



# Changes Underway for Future

1. Amend MWBE Ordinance
  1. Finalize Race and Gender Conscious Program Plan
  2. Finalize Race and Gender Neutral Program Plan
2. Implement contract data collection and monitoring system
3. Increase capacity for overall small business lending, especially for MWBEs through CDFIs
4. Review bid package requirements for insurance, bonding, experience
5. Finalize internal policy, process, for inclusive procurement, and contracting
6. Create a user-friendly Inclusive Procurement and Contracting website
7. Develop a Doing Business with the City of South Bend training video for external stakeholders
8. Convene top 10 employers for Living Cities Inclusive Procurement Grant
9. Ensure resources are available to follow through on study recommendations and to complete another analysis (study) in the next 5-7 years



## What you can do

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- Boards and Commissions—Serve & Attend
  - Diversity Utilization Board
  - Board of Public Works
  - Redevelopment Commission
- Volunteer with partner small business development centers
- Register as a vendor with the City
- Stay engaged

# Q&A

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With Colette Holt, Mayor Pete Buttigieg, and  
Christina Brooks

# Special Presentation

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# Closing Remarks

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Mayor Pete Buttigieg



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