





CITY OF GREENSBORO, NC

2018 Disparity Study





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ABOUT GRIFFIN & STRONG, P.C.


- The firm has conducted over 40 disparity studies, 50 related studies, and team members have participated in over 150 studies
- Team includes 5 Attorneys, 2 PhDs in Economics, a PhD Statistician and a PhD Candidate in Anthropology, all with expertise in disparity studies.
- Rodney K. Strong procured and managed the first post-Croson disparity study.
- Rodney K. Strong and Dr. Vince Eagan are considered two of the foremost experts on disparity studies nationally, with each holding expert witness testimony.
- Dr. Eagan has successfully defended 5 disparity studies and is the foremost expert in the U.S. Appeals Court of the Fourth Circuit
- Firm specializes in disparity research, contract compliance, program development, training and supplier diversity consulting.
- No study conducted by Griffin & Strong, P.C. has ever been challenged or overturned in court.



WORKING WITH PUBLIC POLICY COMMISSION


Griffin & Strong, P.C. Project Team

- Rodney K. Strong, Esq.
- Michele Clark Jenkins
- Dr. J. Vincent Eagan
- Dr. Gregory Price
- Dr. Rom Haghighi
- David Maher, Esq.
- Sterling Johnson
- Imani Strong Tucker
- Susan Johnson
- Tanisha Jones
- Felicia Loetscher
- Creative Research Solutions



Local Team

- McCants Communications Group
- Joy Cook Public Relations Group, LLC.
- Triad Reporting and Typing Services



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WHAT IS A DISPARITY STUDY & WHY DO WE DO THEM?

Disparity Studies Form the Factual Basis for Remedial Programs

- City of Richmond v. J.A. Croson Co., 488 U.S. 469 (1989) &
- H.B. Rowe Company, Inc. v. W. Lyndo Tippet, et al., 615 F. 3d 233 (2010)
- Strict Scrutiny for race-based programs (Intermediate for gender-based programs)
- Must have a factual predicate
- Methodology dictated by Case Law
- Must have narrowly-tailored remedy (to avoid over- or under-inclusion)
- Difference between legal methodology and construct of Program

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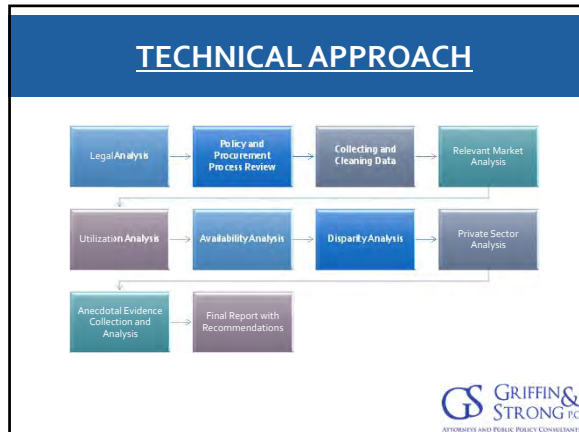
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STUDY OBJECTIVES

1. Is there a statistically significant disparity in the relevant geographic and product markets between the number of qualified Minority and Nonminority Female owned firms ("M/WBE and DBE") willing and able to provide goods or services to the City in each of the category of contracts and the number of such firms actually utilized by the City (whether as prime contractors/consultants or subcontractors/consultants)?
2. If a statistically significant disparity exists, have factors, other than race and gender been ruled out as the cause of that disparity, such that there can be an inference of discrimination?
3. Can the discrimination be adequately remedied with race and gender-neutral remedies?
4. If race and gender-neutral remedies are not sufficient, does the evidence from the Study legally support a race and/or gender conscious remedial program?
5. Are the proposed remedies narrowly tailored to the strong basis in evidence from the disparity study?

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POLICY FINDINGS

Authorization & Enforcement of Current Program Goals

- There is an on-going discussion of the appropriate parameters of the current M/WBE program that must be resolved in order for there to be a cohesive and uniformly effective program.

Good Faith Efforts

- GSPC has reviewed GFE forms on projects with M/WBE goals. Often bidders claim 50 GFE points, with little or no achievement.
- The fifty (50) point system allows bidders to add up to the fifty points without negotiating in good faith with any M/WBE.
- The M/WBE Program Office does not have the authority to make the final determination of good faith efforts.

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POLICY FINDINGS

Other Policy Findings

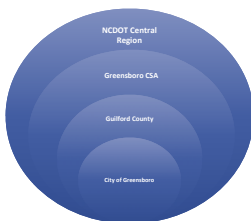
- Bifurcated Bidding
- On Call Contracts
- Bonding
- Prompt Payment
- Certification
- Financial and Management Assistance
- DBE Program
- M/WBE Office Budget & Staffing
- Economic Development



STATISTICAL FINDINGS

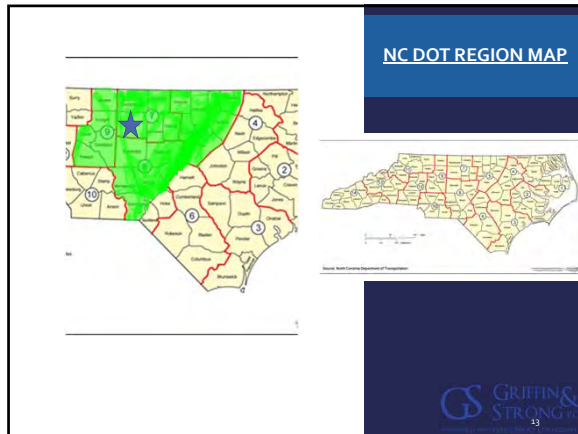


GEOGRAPHIC RELEVANT MARKET



- The Relevant Market was chosen as a governmentally approved, connected land area which includes smaller counties.
 - NC DOT Central Region (5,7,8,9)
- The M/WBE Program area can be smaller, but should not be larger, than the relevant market in the study.





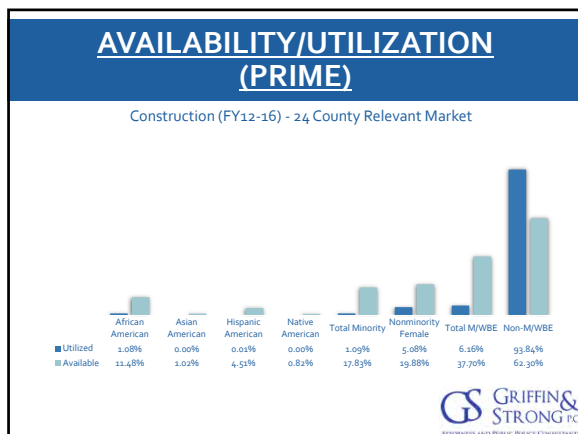
PRIME UTILIZATION

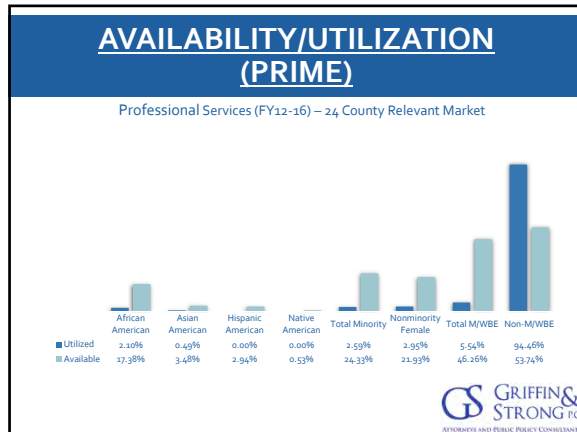
Summary of Prime Utilization
In the 24 County Relevant Market – FY2012-FY16

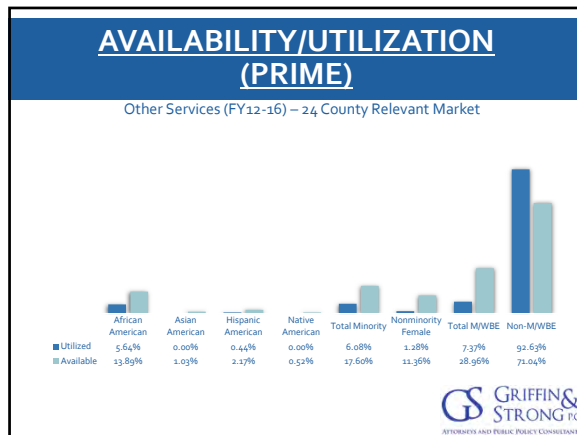
	Prime Awards (using Contracts and Purchase Orders)				
	Construction	Professional Services	Other Services	Goods	Total
African American	\$3,185,339 1.08%	\$2,543,027 1.10%	\$7,041,106 5.64%	\$561,510 0.29%	\$13,331,082 1.81%
Asian American	\$0 0.00%	\$593,475 0.43%	\$0 0.00%	\$2,799 0.00%	\$596,274 0.08%
Hispanic American	\$30,000 0.01%	\$0 0.00%	\$549,483 0.44%	\$0 0.00%	\$579,483 0.08%
Native American	\$0 0.00%	\$0 0.00%	\$5,692 0.00%	\$0 0.00%	\$5,692 0.00%
Total Minority	\$3,215,339 1.09%	\$3,136,502 2.53%	\$7,597,381 6.08%	\$564,309 0.29%	\$14,513,531 1.97%
Nonminority	\$15,015,933 5.08%	\$3,567,737 3.95%	\$1,604,810 1.28%	\$1,750,443 0.89%	\$21,940,923 2.97%
Total M/WBE	\$18,231,272 6.16%	\$6,706,239 5.54%	\$9,202,190 7.37%	\$2,314,752 1.18%	\$36,454,453 4.94%
Total Non M/WBE	\$277,574,951 93.84%	\$114,254,361 94.46%	\$125,773,165 92.63%	\$19,454,119 98.82%	\$702,086,606 95.06%
Total Firms	\$295,806,223 100.00%	\$120,960,600 100.00%	\$124,973,355 100.00%	\$19,689,881 100.00%	\$738,547,059 100.00%

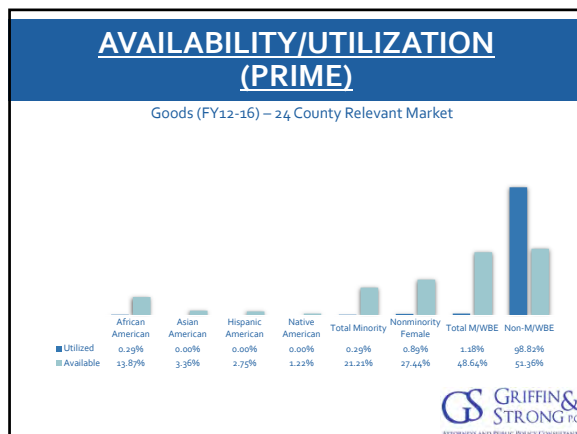
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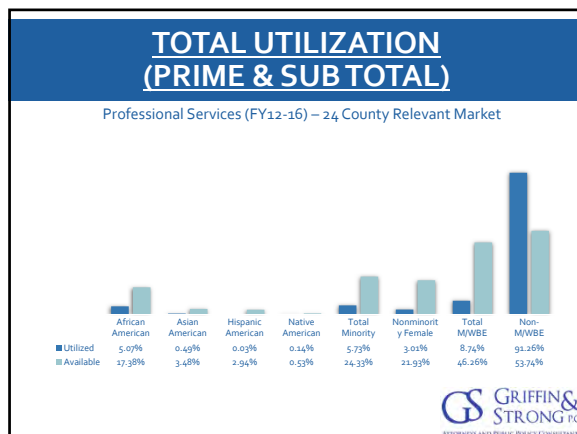
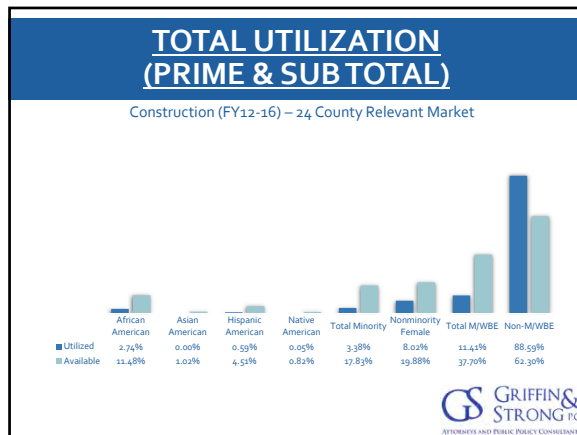








TOTAL UTILIZATION (PRIME AND SUBCONTRACTOR)				
Summary of Total Utilization (Prime & Subcontractor Combined)				
In the 24 County Relevant Market (Based upon Awards FY2012-FY2016) City of Greensboro Disparity Study				
Business Ownership Classification	Construction		Professional Services	
	\$	%	\$	%
African American	\$ 8,105,829	2.74%	\$ 6,134,450	5.07%
Asian American	\$ -	0.00%	\$ 593,475	0.49%
Hispanic American	\$ 1,755,120	0.59%	\$ 35,890	0.03%
Native American	\$ 143,195	0.05%	\$ 168,920	0.14%
Total Minority	\$ 10,004,144	3.38%	\$ 6,930,735	5.73%
Nonminority Female	\$ 23,733,842	8.02%	\$ 3,643,189	3.01%
Total M/WBE	\$ 33,737,986	11.41%	\$ 10,573,924	8.74%
Non-M/WBE	\$ 262,098,236	88.59%	\$ 119,386,076	91.26%
Total	\$ 295,836,222	100.00%	\$ 120,960,600	100.00%



PRIVATE SECTOR ANALYSIS

Our results suggest that, in general a firm owner's race, ethnicity, and gender have, in several instances, a statistically significant and adverse effect on entering the Greensboro-High Point market area. GSPC Found:

- M/WBEs are **LESS LIKELY** than Non-M/WBEs to have revenues that equal or exceed their market representation.
- African American firms are **MORE LIKELY** than Non-M/WBEs to be denied bank loans.
- Among the approved building permits, M/WBEs held a share of approximately one (1) percent.



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TEN COUNTY PROGRAM AREA COMPARISON

Current Study (FY2012-FY-2016) compared to
MGT Study (FY2006-FY2010)
(in the 10-County Current M/WBE Program Area)
In Construction

Business Ownership Classification	Current M/WBE Program Area -- 10 Counties				
	Prime (2006-2010 Disparity Study)		Prime (2012-2016 Disparity Study)		Difference (+/-)
	\$	%	\$	%	
African American	\$ 198,310	0.21%	\$ 3,185,339	1.30%	1.08%
Asian American	\$ -	0.00%	\$ -	0.00%	0.00%
Hispanic American	\$ -	0.00%	\$ 30,000	0.01%	0.01%
Native American	\$ -	0.00%	\$ -	0.00%	0.00%
TOTAL MINORITY	\$ 198,310	0.21%	\$ 3,215,339	1.31%	1.09%
Nonminority Female	\$ 2,637,505	2.85%	\$ 15,015,933	6.11%	3.26%
TOTAL M/WBE	\$ 2,835,815	3.07%	\$ 18,231,271	7.42%	4.35%
NON-M/WBE	\$ 89,566,997	96.93%	\$ 227,522,262	92.58%	-4.35%
TOTAL PRIME AWARDS	\$ 92,402,811	100.00%	\$ 245,753,533	100.00%	



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TEN COUNTY PROGRAM AREA COMPARISON

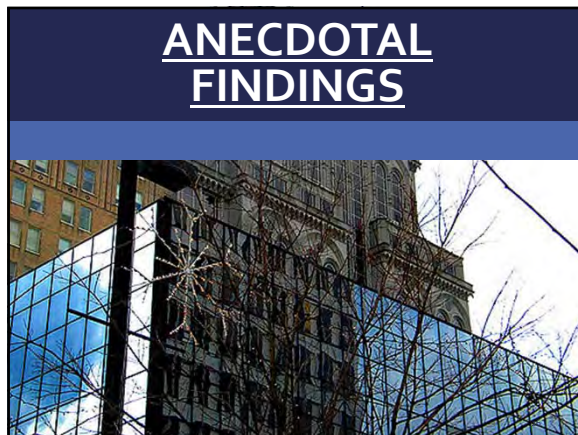
Current Study (FY2012-FY-2016) compared to
MGT Study (FY2006-FY2010)
(in the 10-County Current M/WBE Program Area)
In Construction

Business Ownership Classification	Current M/WBE Program Area -- 10 counties				
	Subcontractors (2006-2010 Disparity Study)		Subcontractors (2012-2016 Disparity Study)		Difference (+/-)
	\$	% Relative to Total Prime \$	\$	% Relative to Total Prime \$	
African American	\$ 2,853,070	3.09%	\$ 5,155,603	2.10%	-0.99%
Asian American	\$ -	0.00%	\$ -	0.00%	0.00%
Hispanic American	\$ 3,540,468	3.83%	\$ 1,725,120	0.69%	-3.14%
Native American	\$ 3,500	0.00%	\$ 143,195	0.06%	0.05%
TOTAL MINORITY	\$ 6,397,038	6.92%	\$ 7,023,918	2.86%	-4.06%
Nonminority Female	\$ 5,918,819	6.41%	\$ 9,518,959	3.87%	-2.53%
TOTAL M/WBE	\$ 12,315,857	13.33%	\$ 16,542,877	6.73%	-6.60%
TOTAL PRIME AWARDS	\$ 92,402,811		\$ 245,753,533		



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ANECDOTAL FINDINGS


1. Culture Issues and Discrimination

➤ 2. Informal Networks and Transparency


➤ 3. M/WBE Program Structure & Monitoring

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ANECDOTAL ANALYSIS	
4. Other Barriers to M/WBE Participation	Varying Inspection standards
	Late Payment
	WBE Goals can only be filled by Nonminority Females
	Bonding and Insurance Requirements
	Lack of Prime opportunities for Small Businesses



CONCLUSION OF FINDINGS
<p>1. GSPC found that there is a statistically significant disparity in the relevant geographic and product markets between the number of qualified M/WBEs willing and able to provide goods or services to the City in each of the category of contracts, & the number of such firms actually utilized by the City.</p> <p>GSPC found that M/WBEs were statistically significantly underutilized as prime contractors, as subcontractors, and as prime and subcontractors combined in every work category during the Study Period, with the exception of African American owned firms in Other Services on prime contracts less than \$300,000. GSPC also found very low utilization of M/WBEs on private sector commercial projects.</p>



CONCLUSION OF FINDINGS
<p>2. Having found that a statistically significant disparity exists, race and gender are still significant after controlling for other factors. Specifically, GSPC found that being an M/WBE does have an adverse impact on securing public contracting and subcontracting opportunities relative to Non-M/WBEs, in general.</p> <p>3. The City of Greensboro currently has no remedial program for M/WBE subcontractors on Construction contracts under \$300,000, which would make it a race-neutral program. In those awards, GSPC found that M/WBE construction subcontractors were awarded 3.77% of construction Award dollars. This would indicate that race- and gender-neutral remedies alone are insufficient to remedy the identified disparities.</p>



CONCLUSION OF FINDINGS

4. GSPC found quantitative and qualitative evidence from the Study to legally support race and/or gender conscious elements in a remedial program.

5. GSPC has proposed recommendations that are narrowly tailored to the strong basis in evidence from the disparity study as is explained in the recommendations themselves as follows.



RECOMMENDATIONS



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