

CITY OF CINCINNATI, OHIO

DISPARITY STUDY



FINDINGS & RECOMMENDATIONS

PRESENTATION

**235 PEACHTREE STREET, NE SUITE 400
ATLANTA, GA 30303
PHONE: (404) 584-9777
FAX: (404) 584-9730**



STUDY PARAMETERS

Study Period:

CY2016-CY2020

Industry Categories:

Construction
Architecture & Engineering (A&E)
Professional Services
Other Services
Goods

Relevant Geographic Market Area:

Hamilton County, Ohio

Construction:	81.41%
Architectural & Engineering:	80.87%
Professional Services:	84.31%
Other Services:	81.79%
Goods:	59.90%
Total	76.03%



Availability by Industry Category (in the Relevant Geographic Market)

Cincinnati Disparity Study

Availability of Firms by Business Ownership in Market Area

(Using Master Vendor File)

Business Ownership Classification	Construction	A&E	Professional Services	Other Services	Goods and Services
African American	12.48%	7.69%	12.37%	10.45%	5.05%
Asian American	0.65%	3.55%	1.03%	0.72%	0.27%
Hispanic American	0.65%	2.37%	0.26%	0.32%	0.13%
Native American	0.13%	0.00%	0.00%	0.08%	0.00%
TOTAL MBE	13.91%	13.61%	13.66%	11.58%	5.44%
Non-Minority Woman	6.76%	10.65%	6.44%	3.54%	4.52%
TOTAL M/WBE	20.68%	24.26%	20.10%	15.11%	9.96%
NON-M/WDBE	79.32%	75.74%	79.90%	84.89%	90.04%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%

Prime Utilization (Payments) by Industry Category (in the Relevant Geographic Market)

Business Ownership Classification	Construction	A&E	Professional Services	Other Services	Goods	TOTAL
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
African American	\$ 5,861,003	\$ 73,488	\$ 5,604,981	\$ 6,401,643	\$ 8,332,710	\$ 26,273,825
Asian American	\$ -	\$ 1,797,534	\$ -	\$ 3,110	\$ -	\$ 1,800,644
Hispanic American	\$ -	\$ 213,581	\$ -	\$ -	\$ 1,732	\$ 215,313
Native American	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL MINORITY	\$ 5,861,003	\$ 2,084,603	\$ 5,604,981	\$ 6,404,753	\$ 8,334,442	\$ 28,289,782
Non-Minority Woman	\$ 3,955,594	\$ 133,547	\$ 1,097,765	\$ 5,802,602	\$ 1,399,692	\$ 12,389,201
TOTAL M/WBE	\$ 9,816,597	\$ 2,218,150	\$ 6,702,747	\$ 12,207,355	\$ 9,734,134	\$ 40,678,983
NON-M/WBE	\$357,620,015	\$13,369,777	\$51,988,656	\$200,289,650	\$160,667,282	\$ 783,935,381
TOTAL FIRMS	\$367,436,612	\$15,587,927	\$58,691,403	\$212,497,005	\$170,401,416	\$ 824,614,364
Business Ownership Classification	Construction	A&E	Professional Services	Other Services	Goods	TOTAL
	(%)	(%)	(%)	(%)	(%)	(%)
African American	1.60%	0.47%	9.55%	3.01%	4.89%	3.19%
Asian American	0.00%	11.53%	0.00%	0.00%	0.00%	0.22%
Hispanic American	0.00%	1.37%	0.00%	0.00%	0.00%	0.03%
Native American	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL MINORITY	1.60%	13.37%	9.55%	3.01%	4.89%	3.43%
Non-Minority Woman	1.08%	0.86%	1.87%	2.73%	0.82%	1.50%
TOTAL M/WBE	2.67%	14.23%	11.42%	5.74%	5.71%	4.93%
NON-M/WBE	97.33%	85.77%	88.58%	94.26%	94.29%	95.07%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



Total Utilization (Prime + Sub) by Industry Category (in the Relevant Geographic Market)

Business Ownership Classification	Construction	A&E
	(\$)	(\$)
African American	\$ 36,342,775	\$ 73,488
Asian American	\$ 8,737,800	\$ 1,797,534
Hispanic American	\$ -	\$ 213,581
Native American	\$ -	\$ -
TOTAL MINORITY	\$ 45,080,575	\$ 2,084,603
Non-Minority Woman	\$ 19,190,255	\$ 133,547
TOTAL M/WBE	\$ 64,270,830	\$ 2,218,150
NON-M/WBE	\$ 303,165,783	\$ 13,369,777
TOTAL FIRMS	\$ 367,436,612	\$ 15,587,927
Business Ownership Classification	Construction	A&E
	(%)	(%)
African American	9.89%	0.47%
Asian American	2.38%	11.53%
Hispanic American	0.00%	1.37%
Native American	0.00%	0.00%
TOTAL MINORITY	12.27%	13.37%
Non-Minority Woman	5.22%	0.86%
TOTAL M/WBE	17.49%	14.23%
NON-M/WBE	82.51%	85.77%
TOTAL FIRMS	100.00%	100.00%

Comparison with 2015 Study

- 2015 Study: 3 procurement categories
- Current Study: 5 procurement categories

Most significant difference:

- 2015 Study: Construction MWBE Subcontractor \$12,260,946
- Current Study: Construction MWBE Subcontractors \$55,245,285

MWBE PRIME DISPARITIES

*Summary of Statistically Significant Prime Underutilization of MWBEs
City of Cincinnati Disparity Study*

Firm Ownership	Construction	A&E	Professional Services	Other Services	Goods
African American	X	X	X	X	*
Asian American	X		X	X	**
Hispanic American	X	X	X	X	**
Native American	**	**	**	**	**
Non-Minority Woman	X	X	X	X	X
Note: * Disparity but not statistically significant.					
** Small number of businesses in both Prime and Availability data to conduct statistical analysis.					

MWBE TOTAL UTILIZATION DISPARITIES

*Summary of Statistically Significant Total Utilization
Underutilization of MWBEs
City of Cincinnati Disparity Study*

Firm Ownership	Construction	A&E
African American	X	X
Asian American		
Hispanic American	X	X
Native American	**	**
Non-Minority Woman	X	X
Note: * Disparity but not statistically significant.		
** Small number of businesses in both Prime and Availability data to conduct statistical analysis.		

PRIME DISPARITIES CONTROLLING FOR CONTRACT SIZE

For contracts under \$500K and \$1 million, all MWBEs were underutilized for all categories with the exception of:

- Asian Americans in A&E
- Non-Minority Women in Other Services.

OVERALL FINDINGS

A regression analysis found that disparities by race, ethnicity, or gender status of the firm owners remained after controlling for capacity and other race and gender-neutral factors.

GSPC found that City of Cincinnati should continue its race and gender-neutral programs and that there is a factual predicate for race and gender conscious efforts.

COMMENDATIONS

SLBE and ELBE Programs including Sheltered Market

MWBE Goals Program

Exemplary MWBE Subcontractor Payment Tracking

Bond Waivers

Forecasting

Prompt Pay Provisions

Business Resource Guide

RECOMMENDATIONS

Recommendation 1: Allocating Resources and Staffing

Recommendation 2: Set Annual Aspirational MBE and WBE Goals Based Upon Availability

Recommendation 3: Continue to set MBE and WBE contract-by-contract goals adding additional ethnicities based on the Study findings with robust Good Faith Efforts.

RECOMMENDATIONS

Recommendation 4: Require joint ventures for large construction contracts.

Recommendation 5: Initiate a campaign to increase certification of firms in all ethnicities. Increase certification period from 2 years to 4 years and broaden reciprocity of accepted certifications.

Recommendation 6: Institute measures to track invoices to better enforce prompt pay measures

RECOMMENDATIONS

Recommendation 7: Set more definitive parameters for the Small Business Sheltered Market

Recommendation 8: Continue Targeted Outreach, Supportive Services, and Forecasting

Recommendation 9: Review Bonding and Insurance

RECOMMENDATIONS

Recommendation 10: Data Reform:

*Currently the City only collects subcontractor payment data on contracts that have MWBE or SBE goals. GSPC recommends that the City track all subcontracts; both the award amount (promised amount) and the payment amount.

*The City should include Purchase Order/Contract Number in the City Financial System payment data.

*The City should consider including NIGP/NAICS codes to all procurement activities.

*The City should require all bidders and other respondents (including those submitting informal quotes) to register as vendors.

NEXT STEPS

1. **Accepting the Study and its Recommendations;**
2. **Conducting a Gap Analysis (What needs new legislation and what can be implemented under current authority?);**
3. **Plan for Implementation (Steps, Phases, and Tasks);**
4. **Draft New Program Plan;**
5. **Determine Budget and Staffing Needs for New Program Elements; and**
6. **Develop a Training Protocol and Train Staff.**

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Q&A



Next Steps: DEI

- New program will go into effect October 1st
- DEI is working with B2G Now on administrative changes based on DS findings.
- DEI will no longer offer MWBE certification
- Letters will be sent to all business owners affected by the changes.
- DEI is exploring partnerships to create a pipeline for firms who no longer qualify for WBE certification with the City.
- DEI business development events are open to the public effective immediately.
- Exploring pilot programs based on additional recommendations.