



EQUITY AND INCLUSION

MWBE Disparity Study Summary



Raleigh

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Purpose

On November 22, 2021, the City of Raleigh commissioned Miller3 Consulting, Inc. (M3 Consulting) to conduct a Disparity Study. The purpose of the study was to determine if ready, willing, and able Minority- and Women-Owned Business Enterprises (MWBEs) were underutilized in City contracting within the contract categories of AES-Design Services, Construction and Construction-Related Services, Professional Services, Nonprofessional Services, and Goods & Supplies from Fiscal Year 2017 through Fiscal Year 2021. The City of Raleigh's Disparity Study goal was to determine the effectiveness and efficiency of the current Minority and Women-Owned Business Program. The City sought the following as a part of the study:

- Recommendations on any programmatic changes or resource needs;
- Current legal guidance on any changes in case law so that the City's Minority and Women-Owned Business Program meets Constitutional requirements;
- Recommendations for programmatic remedies to address any identified underutilization of MWBEs; and,
- Means to reduce or eliminate identified barriers that adversely impact MWBE participation in City procurement activities.

Process

Below is a summary of Miller3's Ten Standard Analyses leading to the conclusions and recommendations:

Industry Analysis	<ul style="list-style-type: none">• Legal Analysis• Procurement and MWBE Program Operational Analysis
Statistical Analysis	<ul style="list-style-type: none">• Relevant Market• Availability Analysis• Utilization Analysis• Disparity Ratios• Capacity Analysis
Market Analysis	<ul style="list-style-type: none">• Anecdotal and Survey Analysis• Race-Gender Neutral Analysis• Regression and Capacity Analysis
Conclusions	<ul style="list-style-type: none">• Finding discrimination passive or active, if any• Identification of barriers to MWBE participation
Recommendations	<ul style="list-style-type: none">• Procurement and MWBE Programmatic Initiatives• Race Conscious and Race Neutral Recommendations• Post Study Support and Implementation



Findings

In summary, M3 Consulting found that Raleigh purchasing activities suggest that MWBEs continue to have some difficulties obtaining significant contracts with Raleigh. In submitting specific findings within the Disparity Study, M3 Consulting formulated recommendations that allow the City to rely upon race and gender-conscious goals when necessary to address ongoing hindrances to eliminate statistically significant MWBE underutilizations, while also addressing MWBE participation through race and gender-neutral efforts. The City's economic and statistical utilization analyses serve as part of the policy and procedure-making decisions needed to ensure enhanced and legally defensible MWBE participation in Raleigh's purchasing processes.

AREAS OF UNDERUTILIZATION BY CONTRACT TYPE

- 1 Design Services (e.g., Architectural, Engineering, Surveying)
- 2 Goods & Supplies (e.g., Shoes, Uniforms, Equipment)
- 3 General Services (Professional and Nonprofessional Services) (e.g., Catering, Janitorial, Landscaping)
- 4 Construction & Construction-Related Services
- 5 The only contract type where MWBE overutilization was present was for Nonprofessional Services (e.g., Services not requiring a professional license)

BARRIERS FOR MWBES INCLUDE:

- 1 Difficulty accessing loan and grant funding
- 2 Small business owners, especially M/WBEs, struggle to get clear instruction/direction on how to navigate the process of finding work with the City and how to sustain visibility among City departments where their services are a fit. From initial start-up to attempts to scaling, many small businesses do not have a reliable go-to source for clear guidance regarding how to succeed in doing business with Raleigh.
- 3 Lack of networking opportunities for MWBE owners to build connections
- 4 MWBE certification processes are time consuming and laborious
- 5 Statistically significant discrimination was found in 16 out of 25 segments (noted below in Table E.7)

Statistical Findings

TABLE E.7

INFERENCE OF DISCRIMINATION BASED ON FINDINGS OF STATISTICALLY SIGNIFICANT DISPARITY By Race/Ethnicity/Gender, By Procurement Type For the City of Raleigh					
	AES-Design Services (POs)	Construction & Construction- Related Services (Contract Awards)	Nonprofessional Services (POs)	Professional Services (POs)	Goods & Supplies (POs)
African American	Disparity	Disparity*	No Disparity*	Disparity*	Disparity*
Asian American	Disparity*	Disparity*	Disparity*	No Disparity*	Disparity*
Hispanic American	Disparity*	Disparity*	No Disparity*	Disparity	Disparity*
Native American	Disparity	Disparity*	Disparity*	No Disparity	Disparity*
WBE	Disparity*	Disparity	No Disparity	Disparity*	Disparity*

Source: M3 Consulting
 *Statistically significant



Recommendations

Based upon the findings, M³ Consulting has made the following recommendations to the City of Raleigh. The recommendations contain both race- and gender-neutral and race- and gender-conscious elements. The recommendations are grouped within the following categories:

ESTABLISHMENT OF RACE AND GENDER-CONSCIOUS GOALS

- Established goals as an effective mechanism for creating objectives for Raleigh to achieve the desired outcome of increasing M/WBE Participation.

PROCUREMENT SYSTEMS AND CULTURE CHANGES

- Organizational, cultural, structural, and programmatic changes that will lead to transformative and sustainable change in Raleigh's procurement operations that will bring Raleigh into an inclusive procurement environment that ensures regulatory compliance and alignment with best practices.

RACE AND GENDER-NEUTRAL INITIATIVES

- Race-and Gender-Neutral is a measure, policy or other action that is designed to benefit all firms without regard to race or gender ownership of the firm.

DIVERSE SUPPLIER PROGRAM

- Six elements of an effective M/WBE Program:
 - **Outreach and Matchmaking:** Efforts to increase the business community's awareness of an entity's procurement and contract opportunities and match M/WBEs and SBEs to specific contract opportunities at prima and subcontracting levels.
 - **Certification:** Eligibility criteria for M/WBE participants.
 - **Technical Assistance:** Informational and strategic support of businesses to meet the entity's M/WBE plan objective.
 - **M/WBE Inclusion in Bid Opportunities:** The mechanism by which the entity ensures that material consideration of M/WBE participation is given in the award of a contract.
 - **Contract Compliance:** Ensuring adherence to M/WBE plan goals on all contracts after execution of the contract.
 - **Organizational Performance Evaluation:** A comparison of performance results to the entity's goals to determine policy successes, strengths and weaknesses, and performance improvement areas.



For more details regarding the recommendations read the executive summary

Next Steps

Over the next twelve months, the City of Raleigh will work on Phase I of implementation to close the gaps determined by the study. The immediate plans include, but are not limited to:

ESTABLISHMENT OF RACE AND GENDER- CONSCIOUS GOALS/RACE NEUTRAL PROGRAMS

- Establish Goal Setting committee to review the City's existing race and gender-conscious goals and advise the City's MWBE Executive Committee on the need for new race and gender-conscious goals consistent with the findings of the Disparity Study
- Pending City Council enactment of a MWBE ordinance or new MWBE policy, the City will establish new race and gender conscious-goals for City procurement activities consistent with the findings of the Disparity Study
- (Race and Gender-conscious goals established) - represent existing goals and future work to expand
- (Race and Gender-neutral programs established) - represent existing goals and future work to expand

PROCUREMENT SYSTEMS AND CULTURE CHANGES

- Establish committee to review current procurement systems and processes to ensure a culture of inclusivity
- Establish a data committee to assess current data collection systems and to develop comprehensive policies related to how departments/divisions collect, steward, disseminate, and integrate data on behalf of the organization
- Define and deploy collaborative partnership initiatives between Procurement Office, MWBE Office, and Project-Managing Department/Division staff with a primary goal to:
 - Develop project forecasting processes appropriate for each procurement category/contract type
 - Collaborate/co-chair department/division engagement activities
 - Develop collective framework, which includes MWBE staff in contract administrative process throughout the contract lifecycle

SIX COMPONENTS OF MWBE PROGRAM

- Create and implement more robust outreach, community engagement, and matchmaking initiative plans and activities
- Identify new and innovative support service delivery methods to best serve needs of qualifying MWBEs
- Strengthen and enforce Good Faith Effort and Contract Compliance obligations as established by policy/statutes
- Recommend to City Council enactment of a MWBE ordinance or new MWBE policy consistent with the findings of the Disparity Study

Stay Connected

To stay updated about the implementation of the Disparity Study, visit raleighnc.gov and search **"MWBE Disparity Study"**

MWBE PROGRAM CONTACT INFO:

City of Raleigh
Minority and Women-Owned Business Enterprise (MWBE) Program
mwbe@raleighnc.gov
919-996-5740

Raleigh Pathways Center
900 S. Wilmington Street
Raleigh, NC 27601

