
Disparity Study Update

Economic Development and University Relations Committee

September 27, 2023





Agenda

- Project Background.
- Draft Findings and Recommendations from Griffin and Strong, P.C.
- Preliminary Program and Policies.
- Questions & Discussion.



Project Background - Where We've Been

November 2020

- Kicked off discussion with Economic Development and University Relations Committee hearing “on challenges and opportunities in City purchasing, procurement and programs for MWBEs and other historically disadvantaged businesses and non-profits in Cambridge.”

Early 2021

- Based on conversation in late 2020, the City Council requested that the City Manager and City staff to implement a Disparity Study and a Sheltered Market Program for WBE, MBE, Veteran's and LGBTQ+ businesses.
- In response to these council orders, Law Department determined that the City must conduct a Disparity Study prior to creating any type of Sheltered Market Program under state law.

Summer 2021

- Purchasing, Community Development, Law, and Office of Equity and Inclusion Departments worked together to put out the Disparity Study RFP around goods and services.

CITY of CAMBRIDGE, MA

DISPARITY STUDY



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FINDINGS & RECOMMENDATIONS

PRESENTATION



STUDY PARAMETERS

Study Period:

FY2017-FY2021

Relevant Geographic Market Area:

Boston Metropolitan Statistical Area (MSA):

Suffolk, Essex, Norfolk, Middlesex, and Plymouth Counties.

By Industry Categories

- Professional Services: 82.58%*
- Other Services: 84.01%
- Supplies: 68.64%
- Total of three (3) Industry Categories: 77.97% within the MSA

*Excludes construction-related professional services

ABOUT GRIFFIN & STRONG, P.C.

- Project Executive, Rodney K. Strong has unmatched expertise, serving as Director of the City of Atlanta's Department of Contract Compliance, project manager on the first post-Croson disparity study, and as principal architect of the City of Atlanta's distinguished Equal Business Opportunity contracting program. Qualified as an expert witness in 2 cases.
- Principal Investigator, Dr. Vince Eagan is one of the foremost experts nationwide, conducting over 150 studies & successfully defending 6 studies as expert witness.
- Senior Economist, Dr. Gregory Price has 25 years of experience in economic analysis of discrimination and disparity of employment, private sector contracting, lending and public contracting and was recently named one of the top 40 Black economists of the last 30 years.

WHAT IS A DISPARITY STUDY?

A DISPARITY STUDY is an objective research tool that determines whether there are disparities in a governmental agency's procurement activities of certain groups. It further determines if those disparities are statistically significant and likely caused by the race and gender status of firm owners.

A Disparity Study's uses are:

- Remedy past or current inferences of discrimination
- Bolster firms who may have previously been under-utilized
- Determines a geographic area that creates a pool of firms to be used for the procurement process

ANECDOTAL OUTREACH

Interviews, Public Hearings, Focus Groups

- 30 Randomly selected Anecdotal Interviews for Services and Supplies within the Relevant Market
- 4 Requested Business Interviews with MWBE and Veteran owners
- Engaged with the Cambridge-Somerville Black Business Network, Grow to Consume
- Public Hearing 1: 22 participants
- Public Hearing 2: 31 participants
- Focus Group 1: 4 participants
- Focus Group 2: 5 participants
- Focus Groups had members from each target ethnicity

Survey Results

- Survey sent to 8,000+ firms within the Relevant Market
- 150 completed surveys from professional and goods and services firms
- Survey translated to Portuguese, Amharic, Arabic, Traditional Chinese, Spanish, Bangla.
- Survey data used for Anecdotal and Private Sector Chapters

STUDY PROCESS



Availability by Industry Category (in the Relevant Market Boston MSA)

Business Ownership Classification	Professional Services	Other Services	Supplies
Black American	0.42%	0.80%	0.09%
Asian American	0.42%	1.92%	0.09%
Hispanic American	0.42%	0.56%	0.19%
Native American	0.00%	0.24%	0.00%
Portuguese American	0.00%	0.00%	0.00%
TOTAL MBE	1.27%	3.52%	0.37%
Nonminority Female	5.06%	4.00%	2.72%
TOTAL M/WBE	6.33%	7.52%	3.09%
NON-M/WDBE	93.67%	92.48%	96.91%
TOTAL FIRMS	100.00%	100.00%	100.00%

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

Business Ownership Classification	Professional Services	Other Services	Goods	Total
	(\$)	(\$)	(\$)	(\$)
African American	\$ 45,550	\$ 14,003	\$ -	\$ 59,553
Asian American	\$ -	\$ 985,433	\$ -	\$ 985,433
Hispanic American	\$ 282,324	\$ -	\$ 24,757	\$ 307,082
Native American	\$ -	\$ 6,626	\$ -	\$ 6,626
Portuguese American	\$ -	\$ -	\$ -	\$ -
TOTAL MINORITY	\$ 327,874	\$ 1,006,063	\$ 24,757	\$ 1,358,694
Nonminority Female	\$ 255,118	\$ 1,069,629	\$ 379,869	\$ 1,704,615
TOTAL M/WBE	\$ 582,992	\$ 2,075,691	\$ 404,626	\$ 3,063,309
NON-M/WBE	\$18,667,401	\$151,284,162	\$ 86,952,238	\$ 256,903,801
TOTAL FIRMS	\$19,250,393	\$153,359,853	\$ 87,356,864	\$ 259,967,111
Business Ownership Classification	Professional Services	Other Services	Goods	Total
	(%)	(%)	(%)	(%)
African American	0.24%	0.01%	0.00%	0.00%
Asian American	0.00%	0.64%	0.00%	0.00%
Hispanic American	1.47%	0.00%	0.03%	0.03%
Native American	0.00%	0.00%	0.00%	0.00%
Portuguese American	0.00%	0.00%	0.00%	0.00%
TOTAL MINORITY	1.70%	0.66%	0.03%	0.03%
Nonminority Female	1.33%	0.70%	0.43%	0.43%
TOTAL M/WBE	3.03%	1.35%	0.46%	0.46%
NON-M/WBE	96.97%	98.65%	99.54%	99.54%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%

Statistically Significant Underutilization of MWBEs in Prime Contracting (in the Relevant Geographic Market)

Business Owner Classification	Professional Services	Other Services	Supplies
Asian American	X	X	X
African American	X	X	X
Hispanic American		X	X
Native American	NA	X	NA
Portuguese American	NA	NA	NA
Non-Minority Women	X	X	X

“X” denotes statistically significant underutilization

no X denotes parity or overutilization

NA” denotes firms not available

CONTROLLING FOR CAPACITY

For contracts <\$500,000 and <\$ 1 million all MWBEs were underutilized for all categories except for firms owned by:

- Asian Americans 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 Cambridge, MA has a factual predicate for race and gender conscious efforts.

COMMENDATIONS

Commendation 1: Education and Participation- The City provides financial and management assistance in multiple forms

Commendation 2: Less Experiences of Perceived Discrimination- The experience of perceived discrimination is far lower for the City when compared to the Cambridge Market Private Sector and other non-City of Cambridge public entities

RECOMMENDATIONS

Recommendation 1: Tracking Prime and Subcontracting Utilization of MWBEs and Veterans When Applicable

Recommendation 2: Internal Annual Aspirational Goals

Recommendation 3: Aspirational Contract Goals

Recommendation 4: Encourage Certification

RECOMMENDATIONS

Recommendation 5: Forecasting

Recommendation 6: Targeted Outreach

Recommendation 7: Contract Compliance

Recommendation 8: Data Reform

Vendor ID to state ethnicity, not just MBE certification

Commodity Codes to be utilized across data sources

Vendor State, City, Zip to be collected across data sources

IMPLEMENTATION RECOMMENDATIONS

As the City considers GSPC's recommendations, it is important to make sure any resulting race or gender policies consider the following:

Severability Clause

If any provision in the race or gender program or ordinance is deemed unconstitutional it will not cause the whole plan or ordinance to be dismantled

Sunset Provision

Having a defined end date of any race or gender program or ordinance implemented. A new factual predicate to be established every 5-7 years

Data Reform

To track and monitor the effectiveness of any remedial program



Preliminary Programs and Policies



Evaluate Current Procurement Policies

Ways to further encourage participation from M/WBEs

Current efforts

- Purchasing considers W/MBE status as an element in determining “best value” when procuring goods and services through statewide contracts established by the Operational Services Division.
- Added a section on the City’s Business Certificate form to better understand our businesses. Certificate additions include:
 - if a business owner identifies as a W/MBE.
 - if they would like to become a vendor with the City.



Evaluate Current Procurement Policies

Future efforts under consideration

- Evaluate the current insurance requirements for current city contracts.
- Think about prompt payment policy.
- Require draft RFPs to include comparative evaluation criteria that rates W/MBE certification status.
- Continue to encourage City departments to purchase from W/MBEs when procuring under sound business practices.
- Provide a list of W/MBEs on Common Ground for the more commonly purchased commodities under 10k.



Certification & BID Education for Businesses

Current Efforts

- Virtual workshop and in-person computer lab training on COMMBUYS, the state's procurement website.
- Mass Supplier Diversity Office Info Session & Pre-Certification Watch Party.
- “How to be a Vendor with the City” workshops.

Future Efforts Under Consideration

- Provide Cambridge businesses hands-on technical assistance for the State's certification process and explore various paths to certification.
- Improve user experience of the Purchasing BID website.



Develop Aspirational Goals

- The Disparity Study found that the City does not have aspirational goals for the participation of minority- and women-owned businesses in its contracting and procurement.
- City will look at the availability data in the study and create a base figure for our overall aspirational goal.
- Once developed, we will work to internally educate staff on how to meet this goal and review it as needed.



Consider Sheltered Market Pilot Program

What Is a Sheltered Market?

- A Sheltered Market Program is a program under which certain contracts are designated by the Chief Procurement Officer (Purchasing Agent) for procurement from one or more classes of "disadvantaged vendors."
- M.G.L. Chapter 30B Section 18 would allow Cambridge, when authorized by majority vote and City Manager approval, to create a sheltered market for:
 - Designated supplies and services.
 - Currently, Section 18 only lists "disadvantage vendors" to be a minority business, women-owned business, or veteran-owned business.
- May apply to a single contract or to any number of contracts.



Sheltered Market Pilot Program (continued)

How Does a Sheltered Market Process Differ from the Standard 30B Process?

- No sole source.
- Contract shall not be awarded if fewer than three responsive bids, proposals, or quotes are received or if all rejected (pursuant to Section 9 of Chapter 30B).
- No majority vote approval for contract duration longer than 3 years.
- May have to rebid if no responsive/certified bidders respond.
- Sound business practices allowed for purchases valued less than \$1,000 only.
- More stringent solicitation of quotes and invitation for bids requirements.



Sheltered Market Pilot Program (continued)

Sheltered Market has limitations

- No disadvantaged vendor shall be awarded a program contract if at the time of award vendor is a party to any other sheltered market program contract which has not expired.
 - Including options for renewal or extension.
- No disadvantaged vendor shall be awarded more than three (3) sheltered market program contracts by one or more governmental bodies within a one-year period.
 - Boston and other local governmental bodies.



Promoting Opportunities

Current effort:

- Continue to host and plan Supplier Diversity Fairs with fellow top Cambridge employers – next Fair being held on October 17th, 2023, at MIT.

Possible future efforts:

- Developing a bid book which includes services, supplies, and construction projects that are coming up in six months to a year to help businesses prepare to respond.
- Expand advertisement of public procurements beyond the current 30B requirements.
 - Look at news sources that target historically disadvantaged, underserved, and underheard communities.
 - Work with organizations in the supplier diversity spaces, such as - Black Economic Council of Massachusetts and Greater New England Minority Supplier Council.



Help Build Businesses Capacities

Current Efforts:

- Continue to promote and advertise diverse businesses through the Diversity Directory.
- Continue to provide small business technical and grant assistance programs.
- Assist vendors on how to do business with City on goods and services less than 10K.

Possible Future Efforts:

- Succession planning programs in specific fields/sectors and entrepreneurship through acquisition models.
- Consider mentor/protégé programs.



Track Data

- Work with IT to start tracking W/MBE utilization and awards.
- Start tracking vendor ethnicity, race, gender, veteran and other disadvantaged identification status.
- Create a Procurement Dashboard.



Questions & Discussion