



BEXAR COUNTY

Disparity and Availability Study

1

VOLUME

EXECUTIVE SUMMARY

FINAL REPORT | DECEMBER 2011

Submitted by: Mason Tillman Associates, Ltd.



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EXECUTIVE SUMMARY

I. STUDY OVERVIEW

A. Study Team

Mason Tillman Associates, Ltd., a public policy consulting firm based in Oakland, California, was selected to perform the Bexar County Disparity and Availability Study (the “Study”). Mason Tillman also subcontracted with McCall & Associates to perform data collection activities and anecdotal interviews.

Renee Watson, Manager of the Bexar County SMWBE and DBE Programs, provided the overall leadership and guidance for the Study. Ms. Watson and her staff facilitated Mason Tillman’s access to resources needed to complete the Study. The extraordinary effort of Bexar County and the business community should also be applauded.

B. Study Purpose

In 2010, Bexar County (the “County”) commissioned Mason Tillman to determine whether or not a statistically significant disparity existed between the number of minority and women-owned business enterprises (M/WBEs) in individual industry groupings that were ready, willing, and able to provide services to the County and the number of M/WBEs that were actually providing those services to the County. Because there was not sufficient data available on individual industries, the Study focused on the three groups of industries the County tracked—construction, professional services, and goods and other services. The Study reviewed the award of prime contracts during the October 1, 2006 to September 30, 2009 study period.

C. Industries Studied

The Study included a statistical analysis and evaluation of construction, professional services, and goods and other services prime contracts and subcontracts awarded in the three industries.

Construction is defined as public work for new construction, remodeling, renovation, maintenance, demolition and repair of any public structure or building, and other public improvements.

Professional Services is defined as construction management, landscape architecture, surveying, mapping service, architecture and engineering, and services provided by



attorneys, accountants, medical professionals, technical services, research planning, and consultants.

Goods and Other Services is defined as materials, supplies, equipment, maintenance and other services which could be performed without a professional license, special education, or training.

D. Definition of Ethnic and Gender Groups Studied

The data in the Study is disaggregated into nine ethnic and gender groups. The nine groups are listed below in Table 1.

Table 1: Definition of Ethnic and Gender Groups Studied

Ethnic and Gender Category	Definition
African American Businesses	Businesses owned by male and female African Americans
Asian American Businesses	Businesses owned by male and female Asian-Pacific and Subcontinent Asian Americans
Hispanic American Businesses	Businesses owned by male and female Hispanic Americans
Native American Businesses	Businesses owned by male and female Native Americans
Caucasian Female Business Enterprises	Businesses owned by Caucasian females
Minority Business Enterprises	Businesses owned by African American, Asian American, Hispanic American, and Native American males and females
Women Business Enterprises	Businesses owned by Caucasian females
Minority and Women Business Enterprises	Businesses owned by Minority males, Minority females, and Caucasian females



Ethnic and Gender Category	Definition
Non-Minority Male Business Enterprises	Businesses owned by Caucasian males, businesses that did not declare their ethnicity, or businesses that could not be identified as minority- or female-owned ¹

E. Prime Contract Data

In 2010, Bexar County (County) commissioned Mason Tillman to determine whether or not a statistically significant disparity existed between the number of minority and women-owned business enterprises (M/WBEs) that were ready, willing, and able to provide services and goods in individual industry groupings to the County and the number of M/WBEs that were actually providing those services to the County. Because Bexar County had insufficient data for individual industries, the Study focused on the three general industry categories-tracked by the County. The industries studied are construction, professional services, and goods and other services. The Study reviewed the award of prime contracts during the October 1, 2006 to September 30, 2009 study period.

Each County contract was classified into one of the three industries. Mason Tillman worked closely with the County to classify the contracts into the appropriate industry by using both Object and Organization codes. Cooperative agreements and contracts with non-profits, government agencies, utilities, and contracts designated as non-competitive purchases were excluded from the Study. The industry classifications were reviewed and approved by the County.

After the industry classifications were approved by the County, the ethnicity and gender of each prime contractor was verified. The ethnicity and gender information the County maintained for prime contractors was incomplete and the information for many prime contractors had to be reconstructed. Since ethnicity and gender information is central to the validity of the prime contractor utilization analysis, Mason Tillman conducted research to reconstruct the ethnicity and gender for each contract.

The prime contractor names were cross-referenced with certification lists, chambers of commerce lists, and trade organization membership directories. Websites were also reviewed for ethnicity and gender of the business owner. Prime contractors whose ethnicity and gender could not be verified through published sources were surveyed. Mason Tillman also submitted the utilized vendor list to the County to review for ethnicity and gender classifications known to the County. Once the contract records were cleaned and the ethnicity and gender verified, the utilization analysis was performed.



¹ See *Section II: Methodology* for the methodology employed to identify the ethnicity and gender of the County's utilized prime contractors.

F. Subcontractor Data

Extensive research was undertaken to reconstruct the construction and professional services subcontracts issued by the County's prime contractors. Subcontracts for goods and other services contracts were not included in the analysis because goods and other services prime contractors traditionally do not subcontract out much of their work.

Several different sources were used to compile the subcontract data for the analysis. Mason Tillman identified contracts over \$100,000 and reviewed the Bexar County Commissioners Court Meeting Minutes and project documents to extract subcontractor information. Subcontractor data was also extracted from the B2Gnow system.

In addition, Mason Tillman conducted a prime contractor expenditure survey to identify subcontractors. A request for subcontractors was mailed to each prime contractor that received at least one purchase order over \$100,000. For each subcontract, the prime contractor was asked to provide the subcontractor name, contact information, award amount, and total payments. Mason Tillman made three rounds of reminder telephone calls to encourage prime contractors to respond to the survey. After the third round of reminder calls, the County assisted in contacting the large prime contractors in order to encourage them to respond. This effort resulted in many additional prime contractor responses to the survey.

All subcontractors identified from the research were contacted to verify their participation on each prime contract and the amount of their payment.

The extraordinary effort of the County staff made it possible to reconstruct the subcontracts for many prime contracts.

G. Contract Thresholds

In the procurement process, there are two contract dollar thresholds. The first threshold is formal contracts, which require advertising and competitive solicitations, valued at over \$25,000 for construction, professional services,² and goods and other services. The second threshold is informal contracts, which do not require advertising and competitive solicitations, valued at \$25,000 and under for construction, professional services, and goods and other services.



² Professional services do not require advertising per the Government Code Chapter 2254 Sub-Chapters A and B.

II. METHODOLOGY

A. Legal Framework

The review of *Croson*³ and related case law provided the legal framework for conducting the Study.

<p>Disparity Study: Critical Components</p>
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- | |
|--|
| <ol style="list-style-type: none">1. Legal Framework2. Utilization Analysis3. Market Area Analysis4. Availability Analysis5. Disparity Analysis6. Anecdotal Analysis7. Recommendations |
|--|

A legal review was the **first step** in the Study. Case law sets the standard for the methodology employed in a disparity study. **Step two** was to collect utilization records and determine the extent to which the County had used minority, women-owned, and other businesses to secure its needed construction, professional services, and goods and other services. Utilization records were also used to determine the geographical area in which companies that had received County contracts were located. In **step three**,

the County's market area was identified. Once the market area was defined, the **fourth step**, the availability analysis, identified businesses willing and able to provide construction, professional services, and goods and other services needed by the County. In the **fifth step**, a disparity analysis was performed to determine whether there was a statistically significant disparity within the three industries. In **step six**, the anecdotal analysis, the contemporary experiences of business owners in the County's market area were collected. In **step seven**, the statistical and anecdotal analyses were reviewed and recommendations were written to enhance the County's efforts in contracting with M/WBEs in its market area. Additionally, a regression analysis using state data was conducted to determine if factors other than discrimination could account for any statistically significant disparity.

B. Structure of the Report

The Study findings are presented in eleven chapters. The contents of each chapter are briefly described below:

Study Report

- *Chapter 1: Legal Analysis* presents the legal cases applicable to business affirmative action programs and the methodology based on those cases required for the Study
- *Chapter 2: Contracting and Procurement Policies Analysis* presents the County's contracting and procurement practices



³ *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

- *Chapter 3: Prime Contractor Utilization Analysis* presents the distribution of prime contracts by industry, ethnicity, and gender
- *Chapter 4: Subcontractor Utilization Analysis* presents the distribution of subcontracts by industry, ethnicity, and gender
- *Chapter 5: Market Area Analysis* presents the legal basis for geographical market area determination and defines the County's market area
- *Chapter 6: Prime Contractor and Subcontractor Availability Analysis* presents the distribution of available businesses in the County's market area
- *Chapter 7: Prime Contractor Disparity Analysis* presents prime contractor utilization compared to prime contractor availability by industry and M/WBE status, and determines whether the comparison is statistically significant
- *Chapter 8: Subcontractor Disparity Analysis* presents subcontractor utilization compared to subcontractor availability by industry and M/WBE status and determines whether the comparison is statistically significant
- *Chapter 9: Anecdotal Analysis* presents the business community's experiences and perceptions of barriers encountered in contracting or attempting to contract with the County
- *Chapter 10: Private Sector and Regression Analysis* presents an examination of whether there are private sector economic indicators of discrimination in the County's market area that could impact the formation and development of M/WBEs
- *Chapter 11: Recommendations* presents best management practices to enhance the County's contracting and procurement activities with M/WBEs and other small businesses

III. NOTABLE FINDINGS

A. Prime Contractor Utilization Analysis

The County issued 26,164 unique transactions during the October 1, 2006 to September 30, 2009 study period. The transactions are referred to as contracts in this Study. The 26,164 contracts included 967 for construction, 2,411 for professional services, and 22,786 for goods and other services.

The payments made by the County during the study period totaled \$290,957,798 for all 26,164 contracts. Payments included \$144,107,293 for construction, \$31,521,701 for professional services, and \$115,328,804 for goods and other services.



B. Subcontractor Utilization Analysis

Mason Tillman analyzed 446 subcontracts, which included 315 construction subcontracts and 131 professional services subcontracts for the October 1, 2006 to September 30, 2009 study period.

Of the subcontracts analyzed, there were \$100,553,337 total subcontract dollars expended during the October 1, 2006 to September 30, 2009 study period, which included \$93,950,526 for construction subcontracts and \$6,602,811 for professional services subcontracts.

C. Market Area Analysis

A review of the contracts awarded by the County shows that the one single jurisdiction where the businesses receive most of the 26,164 contracts and the majority of the contract dollars was Bexar County.

The County awarded 26,164 contracts valued at \$290,957,798 during the October 1, 2006 to September 30, 2009 study period. Businesses based in the County's market area received 57.73 percent of these contracts and 67.82 percent of the dollars.

D. Contract Size Analysis

A size analysis of prime contracts was undertaken to determine the capacity required to perform on the County's prime contracts. The size distribution illustrates the fact that limited capacity is needed to perform the overwhelming majority of the County's contracts. For the size analysis, the County's contracts were grouped into eight dollar ranges.⁴ Each industry was analyzed to determine the number and percentage of contracts that fell within the eight size categories. The size distribution of contracts issued to Non-Minority Males was then compared to the size distribution of contracts issued to Caucasian Females, Minority Females, and Minority Males.

The contract size analysis demonstrated that 95.738 percent of the County's contracts were less than \$25,000; 97.515 percent were less than \$50,000; 98.428 percent were less than \$100,000; and 99.617 percent were less than \$500,000. Only 0.383 percent of the County's contracts were \$500,000 or more.



⁴ The eight dollar ranges are \$1 to \$24,999; \$25,000 to \$49,999; \$50,000 to \$99,999; \$100,000 to \$249,999; \$250,000 to \$499,999; \$500,000 to \$999,999; \$1,000,000 to \$2,999,999; and \$3,000,000 and greater.

IV. DISPARITY ANALYSIS STANDARD

The objective of the disparity analysis is to determine the levels at which M/WBEs are utilized on County contracts. Under a fair and equitable system of awarding contracts, the proportion of contract dollars awarded to M/WBEs should be relatively close to the corresponding proportion of available M/WBEs⁵ in the relevant market area. If the ratio of utilized M/WBE prime contractors to available M/WBE prime contractors is less than one, a statistical test is conducted to calculate the probability of observing the empirical disparity ratio or any event which is less probable. This analysis assumes a fair and equitable system.⁶

As discussed in the *Contract Size Analysis* section above on page 7, the majority of the County's contracts were small. The threshold levels for the disparity analysis were set to ensure that within the pool of willing businesses there was documented capacity to perform the formal contracts analyzed. The formal threshold for the three industry groupings: construction, professional services, and goods and other services was limited to the \$500,000 level. The \$500,000 threshold was designated because at this level there was a demonstrated capacity within the pool of M/WBEs willing to perform the County's contracts.⁷ The informal contract analysis was performed at the \$25,000 threshold stipulated in the County's procurement policy.

V. STATISTICAL FINDINGS

There was a finding of statistically significant disparity of M/WBEs in the award of formal and informal prime contracts and the award of subcontracts.

A. Prime Contract Findings

1. Construction Contracts

As indicated in Table 2, disparity was found for African American and Hispanic American construction prime contractors for contracts under \$500,000. Disparity was found for African American and Women Business Enterprise construction prime contractors at the informal contract level.⁸

⁵ Availability is defined as the number of ready, willing and able firms. The methodology for determining willing and able firms is detailed in Chapter 6.

⁶ When conducting statistical tests, a confidence level must be established as a gauge for the level of certainty that an observed occurrence is not due to chance. It is important to note that a 100 percent confidence level or a level of absolute certainty can never be obtained in statistics. A 95 percent confidence level is considered by the courts to be an acceptable level in determining whether an inference of discrimination can be made. Thus, the data analyzed here was done within the 95 percent confidence level.

⁷ See Chapter 6: *Prime and Subcontractor Availability Analysis – Section III* for a discussion of M/WBE capacity.

⁸ There is no disparity for Hispanic Americans at the informal contract level when the genders are combined.



**Table 2: Disparity Summary: Construction Prime Contract Dollars,
October 1, 2006 to September 30, 2009**

Ethnicity/Gender	Construction	
	Contracts under \$500,000	Contracts \$25,000 and under
African American Male	Yes	Yes
African American Female	No	No
Asian American Male	No	No
Asian American Female	No	No
Hispanic American Male	Yes	Yes
Hispanic American Female	No	No
Native American Male	No	No
Native American Female	No	No
Minority Business Enterprises	Yes	No
Women Business Enterprises	No	Yes
Minority and Women Business Enterprises	Yes	Yes

Yes = The analysis is statistically significant

No = The analysis is not statistically significant or there are too few available firms to test statistical significance



2. Professional Services Contracts

As indicated in Table 3, disparity was found for African American, Native American, and Women Business Enterprise professional services prime contractors on contracts under \$500,000.⁹ Disparity was found for Asian American and Native American professional services prime contractors at the informal contract level.¹⁰

Table 3: Disparity Summary: Professional Services Prime Contract Dollars, October 1, 2006 to September 30, 2009

Ethnicity/Gender	Professional Services	
	Contracts under \$500,000	Contracts \$25,000 and under
African American Male	No	No
African American Female	Yes	Yes
Asian American Male	No	Yes
Asian American Female	No	Yes
Hispanic American Male	No	Yes
Hispanic American Female	Yes	No
Native American Male	No	No
Native American Female	No	No
Minority Business Enterprises	Yes	No
Women Business Enterprises	Yes	No
Minority and Women Business Enterprises	Yes	Yes

Yes = The analysis is statistically significant

No = The analysis is not statistically significant or there are too few available firms to test statistical significance



⁹ There is no disparity for Hispanic Americans on contracts under \$500,000 when the genders are combined. There is a disparity for Native Americans on contracts under \$500,000 when the genders are combined.

¹⁰ There is no disparity for African Americans and Hispanic Americans at the informal contract level when the genders are combined. There is a disparity for Native Americans at the informal contract level when the genders are combined.

3. Goods and Other Services

As indicated in Table 4, disparity was found for African American, Hispanic American, and Women Business Enterprise goods and other services prime contractors for contracts under \$500,000 and informal contracts.

Table 4: Disparity Summary: Goods and Other Services Prime Contract Dollars, October 1, 2006 to September 30, 2009

Ethnicity/Gender	Goods and Other Services	
	Contracts under \$500,000	Contracts \$25,000 and under
African American Male	Yes	Yes
African American Female	Yes	Yes
Asian American Male	No	No
Asian American Female	No	No
Hispanic American Male	Yes	Yes
Hispanic American Female	Yes	Yes
Native American Male	No	No
Native American Female	No	No
Minority Business Enterprises	Yes	Yes
Women Business Enterprises	Yes	Yes
Minority and Women Business Enterprises	Yes	Yes

Yes = The analysis is statistically significant

No = The analysis is not statistically significant or there are too few available firms to test statistical significance



B. Comparison of Utilization to Availability for All Prime Contracts, by Industry

Comparison of Utilization to Availability for All Prime Contracts, by Industry Grouping was performed. A summary is provided in Tables 5 to 7.

Table 5: Comparison of Utilization to Availability for All Construction Prime Contracts, October 1, 2006 to September 30, 2009

Minority and Females	Actual Dollars	Utilization	Availability
Minority Business Enterprises	\$46,339,102	32.156%	43.509%
Women Business Enterprises	\$4,030,658	2.797%	10.414%
Minority and Women Business Enterprises	\$50,369,760	34.953%	53.923%
Non-Minority Male Business Enterprises	\$93,737,533	65.047%	46.077%

Table 6: Comparison of Utilization to Availability for All Professional Services Prime Contracts, October 1, 2006 to September 30, 2009

Minority and Females	Actual Dollars	Utilization	Availability
Minority Business Enterprises	\$10,674,002	33.862%	33.048%
Women Business Enterprises	\$2,024,155	6.421%	14.697%
Minority and Women Business Enterprises	\$12,698,157	40.284%	47.745%
Non-Minority Male Business Enterprises	\$18,823,545	59.716%	52.255%

Table 7: Comparison of Utilization to Availability for All Goods and Other Services Prime Contracts, October 1, 2006 to September 30, 2009

Minority and Females	Actual Dollars	Utilization	Availability
Minority Business Enterprises	\$10,722,879	9.298%	34.532%
Women Business Enterprises	\$4,561,714	3.955%	16.982%
Minority and Women Business Enterprises	\$15,284,593	13.253%	51.514%
Non-Minority Male Business Enterprises	\$100,044,211	86.747%	48.486%



C. Subcontractor Disparity Findings

Extensive efforts were undertaken to obtain the County’s construction and professional services subcontract records. The County’s goods and other services prime contract records were not available and, thus, not considered for a subcontract analysis. The subcontractor disparity findings are summarized below.

As indicated in Table 8, disparity was found for Hispanic American subcontractors in the construction industry and African American subcontractors in the professional services industry.¹¹

**Table 8: Subcontractor Disparity Summary,
October 1, 2006 to September 30, 2009**

Ethnicity/Gender	Construction	Professional Services
African Americans Male	No	No
African American Female	No	No
Asian American Male	No	No
Asian American Female	No	No
Hispanic American Male	Yes	No
Hispanic American Female	Yes	No
Native American Female	No	No
Native American Male	No	No
Minority Business Enterprises	Yes	No
Women Business Enterprises	No	No
Minority and Women Business Enterprises	Yes	No

Yes = The analysis is statistically significant

No = The analysis is not statistically significant or there are too few available firms to test statistical significance



¹¹ There is disparity for African Americans when the genders are combined.

VI. ANECDOTAL FINDINGS

In addition to requiring a statistical analysis, the United States Supreme Court in Croson stated that anecdotal findings, “if supported by appropriate statistical proofs, lend support to a [local entity’s] determination that broader remedial relief [be] justified.” Croson authorizes anecdotal inquiries along two lines. The first approach examines barriers attributed to the local entity. Such action is defined as the active participation of the government entity. The second approach examines passive participation, which are the barriers created by the contractors that are awarded public funds.

A. Summary of In-Depth Interviews

Pursuant to the contract terms stipulated by the County, the anecdotal interviews were tape-recorded and videotaped in a County office. From August 2010 to October 2010, Mason Tillman performed outreach to engage local businesses to participate in the anecdotal interviews.

A total of 94 businesses were contacted for an interview, but only four business owners agreed to be interviewed. The other 90 businesses declined to participate in an interview due to the recording and videotaping requirement at a County facility. They expressed concern about possible retaliation or other adverse consequences if they made negative or critical comments about County agencies, agents, or its prime contractors.

The four interviews were less than 30 minutes in length. One interviewee left the interview after five minutes and did not return to complete the interview. The four interviews were transcribed, coded, and analyzed for barriers the interviewees encountered.

B. Anecdotal Interview Findings

The results of the interviews were insufficient to yield comprehensive personal anecdotes from the interviewees regarding their experiences working with or seeking work from the County.

VII. REGRESSION ANALYSIS

A regression analysis was conducted to examine three outcome variables—business ownership rates, business earnings, and business loan denial rates. The three regression models used to study the outcome variables were the Likelihood of Business Ownership Model, the Earnings Disparity Model, and the Likelihood of Business Loan Denial Model. Each regression model compared minorities and women to Caucasian males by controlling for race and gender-neutral explanatory variables such as the business owner’s age, education, marital status, home value, disability status, and credit worthiness.



The findings of the regression analysis suggest areas of racial and gender discrimination in the construction, goods and other services, and professional services industries after controlling for race and gender-neutral factors. However, neither the Likelihood of Business Ownership Model nor the Earnings Disparity Model demonstrated statistically significant evidence of discrimination for minorities and females across all industries.

The Likelihood of Business Ownership Model results revealed that when controlling for race and gender-neutral factors, statistically significant disparities exist for Hispanic American males, Asian-Pacific American males, and Caucasian females in all industries. Only Asian-Pacific American females have a statistically significant business ownership disparity in the construction industry. In the professional services industry, only Asian-Pacific American males have a statistically significant business ownership disparity. The goods and other services industry has the most disparity as Hispanic American males, Asian-Pacific American males, Caucasian females, and African American females have significantly lower probabilities of owning a goods and other services business than Caucasian males.

The Earnings Disparity Model regression analysis documented statistically significant disparities in the business earnings of Asian-Pacific American males and Caucasian females in all industries combined. In the professional services industry, Other-race males¹² and Caucasian females have statistically significant business earnings disparities. In addition, Caucasian females have significantly lower business earnings in the goods and other services industry. It is important to note that no statistically significant gender or racial business earnings disparities are present in the construction industry.

The Likelihood of Business Loan Denial Model reveals that even after controlling for race and gender-neutral factors, Hispanic American males and Asian-Pacific American males in the construction industry have a statistically significant higher likelihood of being denied a business loan. The professional services industry has the greatest amount of disparity with Hispanic American males, Other-race males, and Other-race females experiencing statistically significant higher probabilities of being denied a business loan. In the goods and other services industry, only Other-race females have a statistically significant higher probability of being denied a business loan.

These analyses of the three outcome variables documented disparities that could adversely affect the formation and growth of M/WBEs within the construction, professional services, and goods and other services industries. In the absence of a race-and-gender-neutral explanation for the disparities, the regression findings document racial and gender private sector discrimination in business ownership rates, business earnings, and business loan denial rates. Such discrimination creates economic conditions in the private sector that could disadvantage M/WBEs, lower their formation rates, depress their earnings, and impede their access to business capital.



¹² Based on the dataset, Other minority race (Other race) males and females are defined as individuals of some race alone (non-Caucasian) and individuals who identified as having two or more race groups.

VIII. RACE AND GENDER-CONSCIOUS REMEDIES

Mason Tillman recommends race and gender-conscious remedies designed to address findings of statistically significant M/WBE disparity when there is evidence of discrimination; however, the County's data set is insufficient to identify disparity in individual industries as required by case law, and there was no evidence of discrimination.

IX. RACE AND GENDER-NEUTRAL RECOMMENDATIONS

Mason Tillman found that there were statistically significant disparities for specific ethnic and gender groups in the three industries. The methodology which produced these findings is based upon the holdings of *Croson* and its progeny. The County requested race neutral recommendations to address the Study findings. The recommendations are set forth below. The race and gender-neutral recommendations apply to all of the County's prime contracts in the three industries.

A. Pre-Award Recommendations

1. Expand Unbundling Policy

The County unbundles large contracts into smaller ones to provide additional opportunities for SMWBEs. While the County has implemented measures to unbundle its contracts, 13 of its 2,240 vendors received \$145,278,287 or 50 percent of the prime contract dollars. There is a more diverse pool of ready, willing and able firms to compete on smaller, unbundled projects. Large construction, landscaping, fencing, and traffic control projects could be let to a more diverse group of contractors.

2. Adopt the Initiatives in the County's SMWBE Fiscal Year 2010-2012 Strategic Plan

On August 24, 2009, the SMWBE Program Office adopted the SMWBE Program Fiscal Year 2010-2012 Strategic Plan (FY 2010-2012 Strategic Plan). This Plan was to provide economic development for SMWBEs. The County should implement the Plan initiatives which include:

- Revise the 2004 SMWBE Policy 8.0 SECTION 8 regarding informal contracts to document SMWBE availability of commodities, equipment, maintenance, construction, services, professional services, and personal services from \$25,000 and under to \$50,000 and under



- Revise the 2004 SMWBE Policy 8.0 SECTION 9 regarding formal contracts to document SMWBE availability of commodities, equipment, maintenance, construction, services, professional services, and personal services from \$25,000 and over to \$50,000 and over
- Increase vendor participation on BidNet via aggressive outreach and strengthening relationships with partner agencies and organizations
- Establish a Procurement Guideline manual profiling the Annual Small, Minority, Women and Veterans Business Owners Conference entitled, “How to Get in the Game & Stay in the Game.” The County should expand its partnerships with other local, state, federal, and private sector contracting entities to promote the conference. The conference attendees should be monitored and tracked to determine their success as well as evaluate the value received by the conference exhibitors and sponsors. The County could maintain communication with the attendees via a link on its website with a Frequently Asked Page responding to inquiries, updates regarding SMWBE Program changes affecting prospective bidders, and upcoming contracting opportunities with the County.
- Implement the Technology Program which will be comprised of information technology professionals dedicated to the implementation and advancement of technology solutions that will improve service capabilities and business operations of SMWBEs.

3. Expand the SMWBE Program Certification Designations

The County should expand its SMWBE program by recognizing businesses certified as an African American Business Enterprise (AABE), Asian American Business Enterprise (ABE), Disabled Individual Business Enterprise (DIBE), Emerging Small Business Enterprise (ESBE), Hispanic American Business Enterprise (HABE), Native American Business Enterprise (NABE), or Veteran Business Enterprise (VBE) through the South Central Texas Regional Certification Agency’s (SCTRCA’s) new certification designations. The SCTRCA is responsible for the certification process for these entities to ensure that only bona fide firms participate in the program.

4. Establish a Business Enterprise Center

The County desires to support business creation and employment in its market area by providing value-added resources and services to SMWBEs. The Business Enterprise Center would provide business consulting, educational seminars, network access, and funding access seminars.

The Business Enterprise Center should include training and conference room rentals, web services such as internet training, business development programs, and a procurement technology kiosk. Information on certification requirements for SMWBE, Disadvantaged Business Enterprise (DBE), and Historically Underutilized Business (HUB) designations



will also be included in the services offered at the Business Enterprise Center. ACCION

Texas and the Small Business Administration could have satellite offices to provide start-up loans and financing for SMWBEs.

5. Review Cooperative Agreements

The County should review its cooperative agreements for opportunities to increase the participation of SMWBEs. Standard written procedures setting forth the criteria to be used to identify contracting opportunities for SMWBEs should be implemented by the County.

6. Establish a Direct Purchase Program for Construction Contracts

A Direct Purchase Program would reduce the amount of a construction bid subject to a bond. On procurements where the County is statutorily allowed to purchase material supplies directly from vendors, the prime contractor would bid the material and supplies and itemize the cost in their bid, and the County would purchase them directly from the vendor. The cost of material and supplies would be subtracted from the bid for the purpose of establishing the required bond, thereby reducing the amount of the contractor's bond that would be obligated for the job.

7. Joint Ventures

The County should encourage joint ventures between SMWBEs to create more contracting opportunities at the prime contract level. Joint ventures can benefit SMWBEs by reducing costs, consolidating risks, and obtaining experience working as a prime contractor.

8. Virtual Plan Room

The County should consider purchasing software that would allow bidders to obtain digitized plans and specifications on the County's website. Such software could reduce the need to designate or pay for a space for a plan room and reduce the reproduction cost for contractors.

9. Remove Brand Name Requirements in Solicitations

The County should refrain from specifying brand names in their solicitations in order to avoid restricting competition because the named brands may not be available to SMWBEs or offered at a competitive price.

10. Develop an Expedited Payment Program

Expedited payments should be implemented to remove the major barrier to small businesses-late payments from prime contractors. Payments to prime contractors would



be made within 15 days of the County receiving an undisputed invoice, and prime contractors would be required to pay their subcontractors within five days of receipt of their invoice payment. The County should also adopt and implement written measures which encourage prime contractors to quickly resolve disputed invoices between a subcontractor and the prime contractor.

11. Publish Informal Contracts

Informal contract opportunities should be posted on the County's website, and small businesses should be requested to express their interest in performing the small contracts. E-mail notices of contracting opportunities should also be targeted to certified businesses providing the goods or services being solicited.

12. Mandatory Reporting of SMWBE Participation

All prime contractors should be required to report SMWBE participation in their contracts. This will increase the amount of data available for identifying disparity in individual industries.

13. Conduct an SMWBE Outreach Campaign

There should be a comprehensive outreach campaign to promote the enhancements from the Study. The Communication and Marketing Program set forth in the County's FY 2010-2012 Strategic Plan should be implemented, including the following initiatives:

- Work with the County Public Information Officer and court offices to disseminate press releases and public service announcements to inform the media and community regarding the SMWBE Program
- Allow the SMWBE Program Office to pursue quarterly interviews with local radio and television stations and partner with local business organizations to discuss opportunities for collaboration that will benefit SMWBEs
- Make available printed and online information on the SMWBE Program
- Draft a business development brochure and manual
- Provide E-notifications for programs and events
- Provide E-flyers with hotlinks to SMWBE Program on the County's website
- Promote cross marketing strategies with other entities
- Develop a quarterly newsletter



14. Mobilization to Subcontractors

When a mobilization payment is made to a prime contractor, the subcontractor should be paid its appropriate share of the mobilization payment when directed to mobilize and prior to commencing work.

Table 9: List of Pre-Award Recommendations

PRE-AWARD RECOMMENDATIONS
Expand Unbundling Policy
Adopt the Initiatives in the County's SMWBE Fiscal Year 2010-2012 Strategic Plan
Expand the SMWBE Program Certification Designations
Establish a Business Enterprise Center
Review Cooperative Agreements
Establish a Direct Purchase Program for Construction Contracts
Joint Ventures
Virtual Plan Room
Remove Brand Name Requirements in Solicitations
Develop an Expedited Payment Program
Publish Informal Contracts
Mandatory Reporting of SMWBE Participation
Conduct an SMWBE Outreach Campaign
Pay Mobilization to Subcontractors



B. Post-Award Recommendations

1. Publish SMWBE Utilization Reports

The County should publish quarterly utilization reports. Utilization reports should present payment and award data organized by industry, department, ethnicity, gender, and certification status to measure the effectiveness of the SMWBE Program. Change orders and substitutions should be identified in the reports, and any modifications to the listed subcontractors or the subcontract award amount should be tracked.

2. SMWBE Substitution Requirements

The County should require prime contractors to provide written justification whenever the prime contractor, in performing the contract, does not enter into a subcontract with a listed subcontractor, or substitutes another subcontractor for one already identified in the prime contractor's bidding documents.

3. Payment Verification Program

A web-based payment verification program should be instituted. All prime contractor payments would be posted on the County's website on a weekly basis to inform subcontractors when the prime contractor payment was issued. The posting should be scheduled for the same day and time each weekday to simplify the time required for subcontractors to track their prime contractor's payment.

4. Verify SMWBE Subcontractor Payments

The County's payment verification system should ensure SMWBE subcontractors are paid after the completion of their work. Prime contractors should be discouraged from holding the subcontractor's final payment until after the project has been approved by the County.

5. Provide Debriefing Process in Procurement Solicitations

Debriefing sessions for unsuccessful bidders should be timely held by the project manager or the appropriate County department. The process utilized to debrief unsuccessful bidders should be described in the County's bid and proposal solicitations. Table 10 summarizes the race and gender-neutral post-award recommendations.



Table 10: List of Post-Award Recommendations

POST-AWARD RECOMMENDATIONS
Publish SMWBE Utilization Reports
SMWBE Substitution Requirements
Payment Verification Program
Verify SMWBE Subcontractor Payments
Provide Debriefing Process in Procurement Solicitations

X. ADMINISTRATIVE RECOMMENDATIONS

A. Website Enhancements

The County's website was evaluated with the goal of improving its functionality, informational content, and aesthetic for businesses wishing to contract with the County. The following enhancements are offered to improve accessibility to businesses seeking information and contracting opportunities on County projects.

1. Improve Website Structure by Reorganizing Links and Creating a Contracting Portal for Business Users

The County should reorganize the links on its main homepage in order to facilitate improved access to needed information within the first 30 seconds of being on the site. Reorganization of the site eliminates the need to read through cumbersome links. The County's main homepage includes over 70 hyperlinks directing users to different web pages, which makes the web browsing experience less appealing and more time consuming.

2. Provide Detailed Contact Information for Purchasing Agents

The County's Purchasing Department webpage lists one purchasing agent and the department's general contact information on the top left column, which is easily viewed by the user. Complete contact information for the Procurement Department and SMWBE Program, including purchasing agents and business/diversity compliance officers, should also be listed.

3. Offer Links to Ethnic/Trade Associations Assisting SMWBE Contractors

The County's website should offer links to its partners that offer SMWBE supportive services. Membership organizations and their services should be listed. There should also be links for ethnic/trade organizations and governmental agency publications for small



businesses and minority contractors.

4. Make Compliance Reports Available

The County should post compliance reports on a regular schedule to document its business diversity mission. Making such information public on a regular schedule to businesses not only ensures the integrity of the County's SMWBE Program but allows businesses in the County's market area to readily review the results and effects of the Program.

5. Consider the Needs of Visitors with Disabilities

While the web is still a largely visual medium, it is important to take into consideration those who cannot access it in the usual way. A well-designed site will often be an accessible site. Shorter, more direct text would also improve the experience of visually-impaired users employing screen readers.

6. Update the County's Logo

The County logo on every web page should be made clickable. It is a general web design practice to insert a hotspot on a business/organization's logo and link it to the homepage so that users can easily navigate back to a home page without having to search the hyperlink "Home" while they are browsing through the web pages.

7. Maintain Navigation to the County's Purchasing Department Website

Any domain outside of Bexar County should be loaded in a new window or new tab. Currently, the link to "Bids/Proposals," which directs the user to "Texas Bid System" hosted on govbids.com, is loaded on the parent window of the Purchasing Department webpage. The link should open a new window or tab to prevent the user to experience loss of navigation from the County's page.

8. Provide the Website in Different Languages

It is recommended to provide the County's website in optional languages that are widely used in the County's market area in order to facilitate access for business owners with limited English language skills who are seeking to do business with the County.

9. Provide Downloadable SMWBE Directory

The County's SMWBE directory should be made available in a downloadable format to allow users to download it and save it for future reference. In addition, the date of when the directory was last updated should be provided in order for users to determine if there were any new updates since they last accessed the directory.



10. Develop a Mobile-Optimized Website

With the current popularity of small handheld devices, it is recommended that a mobile-optimized County website be implemented for a faster and more efficient experience for handheld device users. Although smartphones, such as the iPhone and Google Android devices, can display full web pages, having features with essential information that can be found in a few seconds can make the mobile web-browsing experience more user-friendly.

11. Set Up a Twitter Feed or Blog

The County's website should incorporate a Twitter feed or blog and place it on the County's main homepage, as well as the Procurement Department and SMWBE Program webpages. A Twitter feed and blog can be an informative tool providing hints and tips for responding to County solicitations. The objective is to have rotating, pertinent information for the site's target user.

B. Data Management Enhancements

1. Compliance, Monitoring, and Reporting

Currently, the County utilizes a monitoring and tracking system that tracks its subcontract and bidder data. However, the County set forth compliance, monitoring, and reporting initiatives in its FY 2010-2012 Strategic Plan that need to be implemented. Specifically, the initiatives include:

- Develop a set of regularly produced reports from the Advantage Financial System/Contract and Diversity Management System to track the utilization of SMWBEs
- SMWBE Program staff should collaborate with the Purchasing Department to develop a standardized method, timeline, and strategy to track bidder and award data in a field format that allows for automated extraction
- Perform automated updates regarding certified SMWBE vendor data in the Advantage Financial System from the Contract and Diversity Management System database on a quarterly basis

2. Develop Department-Wide SMWBE Manager and Staff Training

A department-wide SMWBE training manual should be developed. This manual would provide background on the SMWBE Program, any state or federal regulations which govern the program, and the County's SMWBE policy and objectives and discuss standard methods employed by the County to increase SMWBE participation and administer the Program in accordance with the County, State, and federal regulations. Managers and departmental staff would be responsible for attending annual training seminars to ensure they are abreast of current changes in the law to the County's



SMWBE Program. Table 11 summarizes the race and gender-neutral administrative recommendations.

Table 11: List of Administrative Recommendations

ADMINISTRATIVE RECOMMENDATIONS
Website Enhancements
Improve Website Structure by Reorganizing Links and Creating a Contracting Portal for Business Users
Provide Detailed Contact Information for Purchasing Agents
Offer Links to Ethnic/Trade Associations Assisting SMWBE Contractors
Make Compliance Reports Available
Consider the Needs of Visitors with Disabilities
Update the County's Logo
Maintain Navigation to the County's Purchasing Department Website
Provide the Website in Different Languages
Provide Downloadable SMWBE Directory
Develop a Mobile-Optimized Website
Set Up a Twitter Feed or Blog
Data Management Enhancements
Compliance, Monitoring, and Reporting
Develop Department-Wide SMWBE Manager and Staff Training





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