

150339.

DISPARITY IN CONTRACTING



City of Gainesville:
Office of Equal
Opportunity

“DISPARITY” STUDIES

- Studies of potential disparities in contracting practices can be large, complex, and expensive analyses with many components:
 - Legal analyses
 - Review of contracting processes
 - Study of prime/subcontractor availability & utilization
 - Study of market availability & utilization of prime/subcontractors
 - Study of prime/subcontractor disparities
- Collection of original data/survey data
- Statistical analyses of existing data



SURVEY: METHODOLOGY

■ Survey of Businesses

- Population of Interest: Businesses licensed to operate in the City of Gainesville
 - 5717 unique listings, 4041 locally-owned
- Methodologies: Online & Mail
- Email contact for online survey
 - All listed with email contact information
 - 3616 locally-owned
- Mail contact for others
 - All listed without email contact but with mailed address
 - 425 locally-owned

SURVEY: RESPONSE

Owner Characteristic	Study Sample	2007 Census SBO Data*
White	79.8%	86.4%
Black	8.9%	8.9%
Asian	1.8%	4.0%
Hispanic	5.3%	7.3%
"Minority"	20.3%	19.9%
Female	39.3%	32.9%
Total	N=169	N=10,281

**2007 Survey of Business Owners, US Census Bureau, Gainesville City, Florida (Classifiable businesses)*

- **Online Completions: 159**
- **Mail Completions: 10**
- **Total Completions: 169**
- **Demographics of respondents match demographics of Census data "Survey of Business Owners" (SBO)**

SURVEY: RESULTS

The FSRC performed two sets of analyses:

- **Examining Race & Ethnicity: “Minority Status”**
 - **White-Owned v. Minority-Owned**
 - **“Minority-owned” businesses include those businesses in which the race or ethnicity of the majority owner is one of the following: Black/African American; Asian/Pacific Islander; Native American; or, Hispanic**

- **Examining Gender**
 - **Men-Owned v. Women-Owned**

SURVEY RESULTS: MINORITY STATUS

Similarities between white-owned & minority-owned businesses:

- Types of businesses operated
- Most were unlikely to be current vendors or have contracts with the City

Table 1-9: Current Vendor Status by Minority Status

Current Vendor / Supplier	White-Owned Business	Minority-Owned Business
Yes	17.7%	16.1%
No	74.2%	77.4%
Not sure	7.3%	6.5%
Prefer not to answer	0.8%	0.0%
	<i>n=126</i>	<i>n=32</i>

SURVEY RESULTS: MINORITY STATUS

Differences between white-owned & minority-owned businesses:

- **Minority-owned businesses tended...**
 - To be newer (# years in operation) than white-owned businesses
 - To have lower total revenues than white-owned businesses
 - Have fewer full-time & part-time employees than white-owned businesses

SURVEY RESULTS: MINORITY STATUS

- **Ease or Difficulty of Doing Business with the City of Gainesville**
 - The survey asked respondents to assess a series of five statements regarding the ease or difficulty of doing business with the City of Gainesville using a scale from 1 to 5, where 1 is “very easy” and 5 is “very difficult.” Summary scores are shown below & statements that showed a significant difference between white-owned & minority-owned businesses follow.

Table 1-19F: Average Rating of Ease or Difficulty of Various Aspects of Doing Business with the City, Overall and by Minority Status

	Overall Sample	White-Owned Business	Minority-Owned Business
Finding procurement procedures	3.41	3.16	3.86
Finding bid notifications (large projects)	3.25	2.87	3.88
Finding bid notifications (small projects)	3.35	2.77	4.21
Obtaining bid documents	3.17	2.76	3.82
Completing bid documents	3.39	3.04	4.07

SURVEY RESULTS: MINORITY STATUS

Table 1-19A: Finding Procurement Procedures by Minority Status

	White-Owned Business	Minority-Owned Business
1 (Very Easy)	3.2%	9.4%
2	5.6%	6.3%
3	8.7%	3.1%
4	8.7%	12.5%
5 (Very Difficult)	4.0%	34.4%
Not sure	59.5%	31.3%
Prefer not to answer	10.3%	3.1%
	<i>n</i> =126	<i>n</i> =32

Only about one in eight (12.7%) white-owned businesses indicated that “finding the City’s procurement procedures” was difficult, compared to nearly half (46.9%) minority-owned businesses. The difference in assessing the ease or difficulty of finding procurement procedures by minority status is statistically significant ($\chi^2=12.95$, $p=.01$), moderate ($\tau_c=0.32$), and positive, indicating that minority-owned businesses rate the process as more difficult (higher on the scale) than white-owned businesses.

SURVEY RESULTS: MINORITY STATUS

Table 1-19C: Finding Information about Bid Notifications for Small Projects by Minority Status

	White-Owned Business	Minority-Owned Business
1 (Very Easy)	7.1%	6.3%
2	4.8%	0.0%
3	4.8%	9.4%
4	2.4%	3.1%
5 (Very Difficult)	5.6%	40.6%
Not sure	64.3%	40.6%
Prefer not to answer	11.1%	0.0%
	<i>n</i> =126	<i>n</i> =32

Only about one in ten (8.0%) white-owned businesses indicated that “finding information about bid notifications for small purchases/projects (under \$50,000)” was difficult, compared to about two in five (43.7%) minority-owned businesses. The difference in assessing the ease or difficulty of finding bid notifications for small projects by minority status is statistically significant ($\chi^2=12.07$, $p=.02$), strong ($\tau_c=0.48$), and positive, indicating that minority-owned businesses rate the process as more difficult (higher on the scale) than white-owned businesses.

SURVEY RESULTS: MINORITY STATUS

Table 1-19D: Obtaining Bid Documents by Minority Status

	White-Owned Business	Minority-Owned Business
1 (Very Easy)	5.6%	9.4%
2	4.8%	0.0%
3	5.6%	6.3%
4	4.0%	12.5%
5 (Very Difficult)	3.2%	25.0%
Not sure	66.7%	46.9%
Prefer not to answer	10.3%	0.0%
	<i>n</i> =126	<i>n</i> =32

Less than one in ten (7.2%) white-owned businesses indicated that “obtaining bid documents” was difficult, compared to about two in five (37.5%) minority-owned businesses. The difference in assessing the ease or difficulty of obtaining bid documents by minority status is statistically significant (chi-sq=9.33, $p=.05$), moderate (tau-c=0.39), and positive, indicating that minority-owned businesses rate the process as more difficult (higher on the scale) than white-owned businesses.

SURVEY RESULTS: MINORITY STATUS

Barriers to Procurement Opportunities

- The survey asked a series of 12 questions regarding possible barriers companies may face in efforts to participate in the City's procurement process. Respondents were asked to indicate whether each item has been a barrier for their company.

Table 1-20: Barriers to Procurement Opportunities by Minority Status

	White-Owned Business	Minority-Owned Business
Pre-qualification requirements	9.3%	22.2%
Bonding requirements	8.8%	11.5%
Cost of bidding or proposing	9.3%	10.7%
City contract insurance requirements	4.9%	18.5%
Bid specifications too rigid	5.3%	21.4%
Not enough time to prepare bid package or quote	7.1%	9.1%
Not enough information received for City solicitations	22.1%	34.6%
Not enough knowledge of City policies/procedures	41.2%	42.3%
Lack of experience/Previous experience requirements	15.2%	29.2%
Lack of personnel	16.5%	7.7%
Scope of services/quantity of commodity too large	9.2%	3.7%
Obtaining working capital/Financing*	8.0%	28.6%

Reflects only those respondents who indicated the experience was applicable to their business.

**Indicates a statistically significant difference between responses based on minority status.*

SURVEY RESULTS: GENDER

Differences between men-owned & women-owned businesses:

- **Women-owned businesses tended...**
 - To be newer (# years in operation) than men-owned businesses
 - To have lower total revenues than men-owned businesses
 - Have fewer full-time & part-time employees than men-owned businesses

SURVEY RESULTS: GENDER

Table 2-9: Current Vendor Status by Gender

Current Vendor / Supplier	Men-Owned Business	Women-Owned Business
Yes	22.7%	7.8%
No	68.2%	85.9%
Not sure	9.1%	4.7%
Prefer not to answer	0.0%	1.6%
	<i>n=89</i>	<i>n=66</i>

Men-owned businesses were more statistically likely to be vendors or suppliers for the City than women-owned businesses. While about one in five (22.7%) men-owned businesses were currently vendors/suppliers for the city of Gainesville, only about one in ten (7.8%) women-owned businesses were currently vendors/suppliers. The difference in current vendor status by gender is statistically significant ($\chi^2=6.49$, $p=.01$), weak to moderate ($\tau-b=0.22$), and positive, indicating that women-owned businesses were less likely to be current vendors than men-owned businesses.

SURVEY RESULTS: GENDER

Table 2-10: Bid by Gender

Bid	Men-Owned Business	Women-Owned Business
Yes	25.8%	6.1%
No	67.4%	86.4%
Not sure	5.6%	6.1%
Prefer not to answer	1.1%	1.5%
	<i>n=89</i>	<i>n=66</i>

Men-owned businesses were more statistically likely to have submitted a bid to the City in the past five years than women-owned businesses. While one in four (25.8%) men-owned businesses have submitted a bid, proposal, quotation, or statement of qualifications to the city of Gainesville in the past five years, only about one in twenty (6.1%) women-owned businesses have done so. The difference in submitting a bid by gender is statistically significant ($\chi^2=10.33$, $p=.001$), weak to moderate ($\tau_b=0.27$), and positive, indicating that women-owned businesses were less likely to have submitted a bid in the past five years than men-owned businesses.

SURVEY RESULTS: GENDER

- **Ease or Difficulty of Doing Business with the City of Gainesville**
 - The survey asked respondents to assess a series of five statements regarding the ease or difficulty of doing business with the City of Gainesville using a scale from 1 to 5, where 1 is “very easy” and 5 is “very difficult.” Summary scores are shown below.

Table 2-19F: Average Rating of Ease or Difficulty of Various Aspects of Doing Business with the City, Overall and by Gender

	Overall Sample	Men-Owned Business	Women-Owned Business
Finding procurement procedures	3.41	3.38	3.55
Finding bid notifications (large projects)	3.25	3.21	3.23
Finding bid notifications (small projects)	3.35	3.16	3.61
Obtaining bid documents	3.17	3.03	3.46
Completing bid documents	3.39	3.38	3.40

SURVEY RESULTS: GENDER

Barriers to Procurement Opportunities

- The survey asked a series of 12 questions regarding possible barriers companies may face in efforts to participate in the City's procurement process. Respondents were asked to indicate whether each item has been a barrier for their company.

Table 2-20: Barriers to Procurement Opportunities by Gender

	Men-Owned Business	Women-Owned Business
Pre-qualification requirements	14.1%	11.4%
Bonding requirements	11.7%	6.5%
Cost of bidding or proposing	10.9%	8.3%
City contract insurance requirements	10.3%	5.3%
Bid specifications too rigid	13.6%	5.7%
Not enough time to prepare bid package or quote	9.7%	7.1%
Not enough information received for City solicitations	25.0%	29.7%
Not enough knowledge of City policies/procedures*	28.1%	61.4%
Lack of experience/Previous experience requirements*	10.6%	32.4%
Lack of personnel	12.1%	18.9%
Scope of services/quantity of commodity too large	7.9%	10.5%
Obtaining working capital/Financing	9.5%	21.6%

Reflects only those respondents who indicated the experience was applicable to their business.

**Indicates a statistically significant difference between responses based on gender.*

ANALYSIS OF EXISTING DATA

US Census
Bureau Data

SBO DATA ANALYSIS

- **The Survey of Business Owners (SBO) is a comprehensive dataset of information on selected economic and demographic characteristics of businesses and business owners by gender, ethnicity, race, and veteran status.**
 - Includes all non-farm businesses filing IRS tax forms as individual proprietorships, partnerships, or any type of corporation, with receipts of \$1000 or more
 - Data are compiled by combining data collected from businesses & business owners in the SBO with data collected from the main economic census and administrative records
 - Covers 20 industries and is collected every five years
- **The data presented here are from the 2007 SBO, the most recent data available at the city level.**
 - Data reflect all businesses classifiable by gender, ethnicity, race, and veteran status – “classifiable” excludes: publicly held firms; foreign-owned firms; and not for profit businesses

SBO DATA ANALYSIS

Table 3-1: Businesses Sales by Owner Characteristics

Owner Characteristic	Number of Businesses	% of Total Businesses	% of Total Sales	Sales per Business
White	8,885	86.4%	94.4%	\$491,000
Minority	2,043	19.9%	9.8%	\$221,000
Female	3,387	32.9%	13.6%	\$185,000
Total	10,281	10,281	\$46,220,960,000	\$4,496,000

SBO DATA ANALYSIS

Table 3-2: Businesses Employees by Owner Characteristics

Owner Characteristic	Number of Businesses	% of Total Businesses	% of Firms with Paid Employees	% of Total # of Paid Employees	Employees per Business
White	8,885	86.4%	89.0%	95.2%	10.5
Minority	2,043	19.9%	18.1%	8.1%	4.4
Female	3,387	32.9%	19.3%	17.2%	8.8
Total	10,281	10,281	2,586	25,355	9.8

PUMS DATA ANALYSIS

- Drawing on previous disparity studies, the FSRC used 2013 American Community Survey Public Use Microdata Samples (PUMS) for the City of Gainesville
 - Potential effects of minority status, ethnicity, & gender on Gainesville residents' participation in the work force as self-employed business operators & their earnings as a result
 - Disaggregated US Census data
 - Data reflect Gainesville residents, 18 years of age or older, part of the work force
- These types of analyses determine how much of any difference in self-employment (a proxy for business ownership) is attributable to individual demographic characteristics (e.g. education, age, etc.) & how much is attributable to race, ethnicity, and/or gender.
 - Note: cannot provide direct evidence of discrimination, as we cannot account for every variable that might impact business ownership (including, perhaps most importantly, whether someone wants to be a business owner)

PUMS DATA ANALYSIS

Table 3-10: Self-Employment by Minority Status

	White	Minority
Not self-employed	91.7%	93.2%
Self-employed	8.3%	6.8%
	(n=20,889)	(n=10,436)

*Chi-sq=20.79, p<.001, tau-b=-.026

PUMS DATA ANALYSIS

Table 3-12: Self-Employment by Gender

	Male	Female
Not self-employed	89.0%	95.7%
Self-employed	11.0%	4.3%

(n=16,464) (n=14,861)

*Chi-sq=488.37, $p < .001$, tau-b=-.125

PUMS DATA ANALYSIS

Table 3-15: t-test Results Comparing Self-Employed Minorities and Non-Minorities on Earnings

	n	Mean	SD	t	df	Sig.
Minorities	710	\$30,151	42,996	2.72	1572	p=.007
Non-minorities	1727	\$35,696	51,656			

The results of the t-test show a statistically significant difference in the average earnings of self-employed minorities and self-employed whites ($t=2.72$, $p=.007$) in the City of Gainesville. Self-employed whites in Gainesville had higher average earnings (\$35,696) than did self-employed minorities (\$30,151).

PUMS DATA ANALYSIS

Table 3-17: t-test Results Comparing Self-Employed Women and Men on Earnings

	n	Mean	SD	t	df	Sig.
Women	633	\$22,120	47810	7.16	2435	p<.001
Men	1804	\$38,277	49203			

The results of the t-test show a statistically significant difference in the average earnings of self-employed women and self-employed men ($t=7.16$, $p<.001$) in the City of Gainesville. Self-employed men in Gainesville had higher average earnings (\$38,277) than did self-employed women (\$22,120).

CONCLUSIONS

Minority-Status
&
Gender

CONCLUSIONS

- Research helps us better understand issues facing minority-owned and women-owned businesses in contracting with the City of Gainesville
- Hurdles to Obtaining City Contracts for Minority-Owned & Women-Owned Businesses:
 - Businesses are generally newer, smaller
 - Face greater difficulties in obtaining & completing bids
 - Minority-owned businesses also face greater difficulty in obtaining working capital

CONCLUSIONS

Women and minorities own a smaller percentage of businesses than their percentages in the population as a whole

Characteristic	Gainesville, FL Population (Census 2010*)	Gainesville, FL Businesses (Census SBO 2007**)
White	64.9%	86.4%
Black	23.0%	8.9%
Asian	6.9%	4.0%
Hispanic	10.0%	7.3%
"Minority"	30.5%	19.9%
Female	51.6%	32.9%
Total	124,354	10,281

*US Census Bureau: State and County Quick Facts, Data derived from 2010 Census of Population

**2007 Survey of Business Owners, US Census Bureau, Gainesville City, Florida (Classifiable businesses)

CONCLUSIONS

- **Self-employed women & minorities earn less than self-employed men & whites**
- **City has programs to help women-owned & minority-owned businesses obtain & complete bids**
 - **Additional outreach & contact with businesses may be needed, however**
- **Some “structural” issues may be more difficult to overcome, such as lack of experiences**

CONCLUSIONS

- Additional research would help improve the depth of understanding of issues & challenges facing women-owned and minority-owned businesses
- A series of focus groups would complement the survey & census data analysis and yield specific recommendations for the City to increase the number of City contracts awarded to minority-owned & women-owned businesses