

CHAPTER 4.

Utilization and Disparity Analyses for Madison Public Works Contracts

Keen Independent examined the participation of minority- and women-owned firms on City public works contracts from 2008 through 2013. Appendix C explains the methods used to collect and analyze these data.

There were 600 City-funded public works contracts awarded during this time period totaling \$331 million. The study team attempted to exclude from this analysis those City projects with state or federal funding (see Appendix C). In total, the study team examined 2,834 prime contracts and subcontracts on those City-funded public works contracts.

The SBE contract goals program applies to City-funded public works contracts of more than \$100,000. For contracts \$100,000 and below, the City encourages participation of SBE prime contractors. From 2008 through 2013, the study team identified \$317 million in City-funded contracts with SBE goals and \$14 million without SBE contract goals.

A. MBE and WBE Utilization on City Public Works Contracts

The City of Madison does not currently track utilization of minority- and women-owned firms on a comprehensive basis. The City has some information about minority- and women-owned firms that are not certified as MBE/WBEs or DBEs, but the study team had to develop information about ownership status from other sources, including contacting individual firms. City staff reviewed coding of individual firms before the study team analyzed MBE/WBE utilization.

The following presents best estimates of the participation of minority- and women-owned firms.

MBE utilization. Minority-owned firms received about \$6 million in City-funded public works contract dollars from 2008 through 2013, including subcontracts, trucking work and materials supplies. MBE utilization was 1.9 percent of the \$331 million in City-funded public works contract dollars (see Figure 4-1 on the following page).

Keen Independent examined trends in annual MBE utilization from 2008 through 2013. MBE participation by year varied from 1 percent in 2009 to 3 percent in 2013.

WBE utilization. White women-owned firms obtained about \$11 million in 2008-2013 City public works contracts. WBE utilization was 3.6 percent of total City-funded public works contracts.

WBE participation has varied somewhat by year from 2008 through 2013. WBE utilization was highest for contracts awarded in 2010 (6%) and lowest for contracts in 2013 (2%).

B. SBE Utilization on City Public Works Contracts

Study team analysis of SBE utilization. The study team determined that certified SBEs received \$23.3 million in City public works contract dollars during the study period, or 7.1 percent of the contract dollars. This estimate is higher than the City previously reported, as explained below. Figure 4-1 summarizes these results.

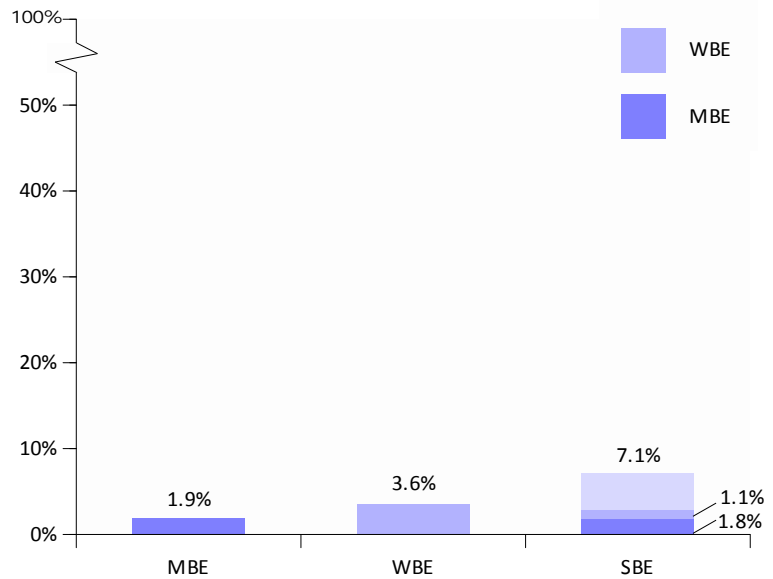
Figure 4-1.
MBE, WBE and SBE share of prime contract/subcontract dollars for City-funded public works contracts, 2008-2013

Note:

Number of contracts/subcontracts analyzed is 2,834

Source:

Keen Independent from data on City of Madison public works contracts 2008-2013.



Portion of SBE participation that was MBE/WBEs. Majority-owned SBEs received \$13.9 million out of the \$23.3 million in SBE participation on City-funded public works contracts. This indicates that MBE/WBEs together received two-fifths and majority-owned firms received three-fifths of dollars going to SBEs. The right-most bar in Figure 4-2 shows the distribution of SBE dollars to majority-owned firms (the light part of the bar) and to minority- and women-owned firms (1.8% to MBEs and 1.1% to WBEs).

Portion of MBE/WBE participation that is certified SBEs. Keen Independent also analyzed whether minority- and women-owned firms receiving public works contract dollars were certified as SBEs. This provides one measure of the possible impact of the SBE Program on MBE and WBE opportunities on City public works contracts.

- Firms certified as SBEs accounted for \$5.9 million out of the \$6.2 million total participation of minority-owned firms in City-funded public works contracts. Based on these data, 93 percent of the MBE participation on City-funded contracts was minority-owned firms certified as SBEs.
- White women-owned firms certified as SBEs accounted for nearly one-third of total WBE participation (\$3.6 million out of \$11.7 million total WBE utilization).
- Of the total amount going to MBE/WBE businesses certified as SBEs, minority-owned firms obtained more contract dollars (\$5.9 million) than white women-owned firms (\$3.6 million).

Trends in SBE participation. Based on study team analyses, SBE utilization grew from 6 percent of City-funded public works contract dollars in 2008 to 9 percent in 2013.

City reports of SBE utilization on contracts with SBE goals. The City's past analyses of SBE participation on public works contracts with SBE goals indicate \$16 million of SBE participation in \$290 million of public works contracts from 2008 through 2013, or about 6 percent SBE utilization.

Refinements in data collection and analysis account for the higher estimates of SBE participation in the disparity study than the City previously reported, as explained in Appendix C.

C. Disparity Analysis

Keen Independent compared the MBE and WBE utilization results discussed above to the utilization that might be expected for minority- and women-owned firms based on the availability analysis. (It was not necessary to perform a disparity analysis for SBE firms.)

Minority-owned firms. The 1.9 percent utilization of minority-owned firms on City-funded public works contracts exceeded what might be expected based on the availability of local area minority-owned firms to perform this work. There is no disparity between the utilization and availability of minority-owned firms in City-funded public works contracts. This is largely due to the City's SBE Program.

As presented in Chapter 3, minority-owned firms account for 2 percent of the firms available for City public works contracts interviewed as part of the availability analysis. After adjusting for the types of work performed, whether firms bid on prime contracts or subcontracts, and the size of contracts firms bid on, the percentage of contract dollars that might be expected to go to MBEs is only 0.1 percent. (Appendix D discusses the availability analysis.)

Figure 4-2 compares MBE utilization and availability on City-funded public works contracts.

White women-owned firms. As with MBEs, the 3.6 percent utilization of white women-owned firms on City-funded public works contracts is higher than the 2.5 percent utilization that might be expected based on the availability of local area WBEs for these contracts. There is no disparity between the utilization and availability of white women-owned firms in City-funded public works contracts. As with MBEs, this may be due to the City’s SBE Program. Figure 4-2 shows these results as well.

Figure 4-2.
MBE and WBE utilization and
availability on City-funded public
works contracts, 2008-2013

Note:
Number of contracts/subcontracts analyzed is
2,834.

Source:
Keen Independent from data on City of
Madison public works contracts 2008-2013.

