

**FINAL REPORT
BROWARD COUNTY
SMALL DISADVANTAGED BUSINESS
ENTERPRISE (SDBE) DISPARITY STUDY**

SUBMITTED TO:

**BROWARD COUNTY
BOARD OF COUNTY COMMISSIONERS
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1.0 INTRODUCTION

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In December 1999, MGT of America, Inc. (MGT) began work on a disparity study for Broward County. The results of this year-long study are found in this report. Throughout the chapters that follow, MGT presents its findings, analyses, and recommendations. First, however, this chapter provides a background for the study, the scope of services we were asked to perform, the major tasks undertaken, and an overview of the organization of the report.

1.1 Background

The Board of County Commissioners of Broward County (County) commissioned MGT on October 26, 1999, to conduct a Small Disadvantaged Business Enterprise (SDBE) Disparity Study. This study, covering the years beginning October 1, 1990 through September 30, 1999, is a second-generation study. A first-generation study was completed in 1991 by another consultant. The first study was in response to the 1989 U.S. Supreme Court decision in the case of the *City of Richmond v. J.A. Croson Co.*¹ requiring local agencies to adhere to the legal standard of strict scrutiny as a condition of implementing remedial race-conscious contracting programs.

With subsequent court cases following *Croson*, many government agencies began to update their initial study. Broward County, not unlike the others, began their own plans to have an updated study conducted that would expand the research scope of jurisdictional market area utilization to include alternative program approaches. MGT was then selected to conduct the SDBE disparity study.

¹*City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

1.2 Scope of Services

The scope of services required by the County in conducting the disparity study included the following:

- conducting a detailed legal review of *Croson* and other relevant court cases with emphasis on program and methodological requirements;
- reviewing County procurement policies, procedures, and SDBE program;
- analyzing the effectiveness of race- and gender-based and race- and gender-neutral programs;
- conducting a utilization analyses of minority, women, and non-minority firms in the County's procurement of goods and services;
- determining the availability of qualified minority and women-owned firms;
- analyzing the utilization and availability data for determination of disparity;
- analyzing the results of a mail survey, personal interviews, and focus groups;
- conducting a multivariate (regression) analysis; and
- identifying narrowly tailored race- and gender-based and race- and gender-neutral remedies.

1.3 Major Tasks

In conducting the study and preparing our recommendations, MGT followed a carefully designed work plan that allowed study team members to fully analyze availability, utilization, and disparity with regard to minority, women, and non-minority firms. The final work plan consisted of 13 major tasks. The major tasks were as follows:

- Conduct Detailed Legal Review
- Finalize Work Plan
- Review Existing Data and Establish Data Parameters

- Review Policies, Procedures, and Programs
- Analyze the Effectiveness of Race- and Gender-Based and Race- and Gender-Neutral Programs
- Conduct Utilization Analyses
- Determine the Availability of Qualified Firms
- Analyze the Utilization and Availability Data for Disparity
- Conduct a Mail Survey
- Conduct the Multivariate Analysis
- Collect and Analyze Anecdotal Information
- Identify Narrowly Tailored Race- and Gender-Based and Race- and Gender-Neutral Remedies
- Prepare a Final Report.

The study team used a variety of procedures to collect data. The procedures included:

- archival research;
- review and analysis of County records and databases;
- review and analysis of documents and reports;
- interviews with members from a broad spectrum of the business community; and
- interviews with County staff and agency directors.

1.4 Organization of the Report

The following chapters of this report are designed to give the reader a comprehensive overview of the County's procurement practices; past and present patterns of minority, women, and non-minority availability and utilization; and a broad understanding of the environment in which the County operates. This report contains the following chapters:

- Chapter 2.0—an in-depth legal analysis of relevant court cases.
- Chapter 3.0—a review of procurement policies and procedures, an analysis of the County's SDBE program, and race- and gender-neutral efforts.
- Chapter 4.0—the methodology employed in conducting and analyzing the utilization and availability of minority, women, and non-minority businesses in procurement.
- Chapter 5.0—an analysis of the levels of disparity for minority, women, and non-minority prime contractors and subcontractors, a multivariate analysis, and a private sector utilization and availability analysis.
- Chapter 6.0—an analysis of anecdotal data collected from a mail survey, personal interviews, and focus groups.
- Chapter 7.0—summary of the overall report, conclusions, and recommendations.²

The appendices, provided under separate cover, include:

Appendix A: County Staff Interview Guide

Appendix B: Verification of Contracts

Appendix C: Market Areas for Business Categories (County by County)

Appendix D: Letter to Advocacy Groups Announcing Study

Appendix E: Letter to SDBE and Non-minority Vendors Announcing Study

Appendix F: Anecdotal Evidence Documents

² Chapter 7.0 is designed to provide a summary of the overall report, conclusions drawn from the study, and MGT's recommendations. Chapter 7.0 serves as an Executive Summary for the study.

2.0 LEGAL REVIEW

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The fundamental requirements necessary for the maintenance of a permissible affirmative action program involving the procurement of goods or services by governmental entities are summarized as follows:

- For a remedial race-conscious program to be maintained there must be a clear evidentiary foundation established for the continuation or implementation of the program(s).
- The evidentiary foundation must be reviewed as part of the implementing jurisdiction's decision-making process for it to be relevant in any subsequent legal challenge.
- The program(s) must be cognizant of the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution.
- Because race-conscious programs utilize racial and ethnic classifications, they are subjected to strict judicial scrutiny.
- To survive the strict scrutiny standard, remedial race-conscious programs must be based upon a compelling governmental interest.
- There must be a strong evidentiary basis for the compelling governmental interest.
- Statistical evidence is preferred, anecdotal evidence is permissible.
- The subsequent program(s) arising from the compelling governmental interest(s) must be narrowly tailored to remedy the identified discrimination.
- A lesser standard, intermediate judicial scrutiny, is applicable when analyzing programs that establish gender preferences.
- To survive the intermediate scrutiny standard, the remedial gender-conscious program must serve important governmental objectives and be substantially related to the achievement of those objectives.

As is the case today with many laws involving federal and state action, affirmative action law is an evolving area of jurisprudence. Since the United States Supreme Court's decisions in the *Croson* and *Adarand* cases, governmental entities have struggled to establish and maintain affirmative action programs to eliminate discriminatory practices while complying with the guidelines issued by the Supreme

Court. The *Croson* decision and lower court cases that followed have set forth the legal standards that should be the basis for a well-designed program.¹ This review identifies and analyzes those standards, discusses *Adarand* (which is the federal equivalent of *Croson*), and summarizes how courts evaluate the constitutionality of race- and gender-specific programs.

2.1 City of Richmond v. J.A. Croson Company

In 1983, the Richmond City (City) Council adopted a Minority Business Utilization Plan (Plan) following a public hearing in which seven citizens testified about historical *societal* discrimination. In adopting the Plan, the Council also relied on a study that indicated that “while the general population of Richmond was 50 percent African American, only 0.67 percent of the city’s prime construction contracts had been awarded to minority businesses in the five-year period from 1978 to 1983.”² The evidence before the Council established that a variety of state and local contractor associations had little or no minority business membership. The Council also relied on statements by a Council member whose opinion was that “the general conduct of the construction industry in this area, the state, and around the nation, is one in which race discrimination and exclusion on the basis of race is widespread.”³ There was, however, no direct evidence of race discrimination *on the part of the City* in its contracting activities or evidence that the City’s prime contractors had discriminated against minority-owned subcontractors.⁴

The Plan required the City’s prime contractors to subcontract at least 30 percent of the dollar amount of each contract to one or more MBEs. The Plan did not establish any

¹ *City of Richmond v. J.A. Croson Company*, 488 U.S. 469 (1989).

² *Id.* at 479-80.

³ *Id.* at 480.

⁴ *Id.*

geographic limits for eligibility. Therefore, an otherwise qualified MBE from *anywhere* in the United States could benefit from the 30 percent set-aside.

J.A. Croson Company, a non-M/WBE mechanical plumbing and heating contractor, filed a lawsuit against the City, alleging that the Plan was unconstitutional and violative of the Equal Protection Clause of the Fourteenth Amendment. After the district court and circuit court upheld the Plan, the Supreme Court vacated the decisions of the lower courts and remanded the case for further consideration in light of its decision in *Wygant v. Jackson Board of Education*.⁵

On remand, a divided United States Court of Appeals for the Fourth Circuit refused to uphold the Plan. The court held that “findings of societal discrimination will not suffice [to support a race-based plan]; the findings must concern prior discrimination by the governmental unit involved.”⁶ The court further held that the Plan was not narrowly tailored to accomplish a remedial purpose. The 30 percent set-aside requirement of the Plan was held to be arbitrarily chosen and not sufficiently related to the number of minority subcontractors in Richmond or any other relevant number.⁷ As a result, the Fourth Circuit struck down the Richmond Plan⁸ and the Supreme Court affirmed that part of the decision.⁹ The Court, however, specifically allowed that governments are not prohibited from acting to remedy the effects of private discrimination when necessary to ensure that tax dollars do not finance the evils of private prejudice. In this way, governments may legitimately act to avoid becoming unwitting “passive participants” in private sector discrimination.

⁵*City of Richmond v. J.A. Croson Co.*, 478 U.S. 1016 (1986); *Wygant v. Jackson Board of Education*, 476 U.S. 267(1986).

⁶*City of Richmond v. J.A. Croson Co.*, 822 F.2d 1355, 1358 (4th Cir. 1987).

⁷*Id.* at 1360.

⁸*Id.* at 1362.

⁹*Croson*, 488 U.S. at 511.

The effect of *Croson* was clear. For instance, in *RGW Construction, Inc. v. San Francisco BART*, the Federal District Court heard a constitutional challenge to the San Francisco Bay Area Rapid Transit (BART) DBE program.¹⁰ On September 18, 1992, the court issued a preliminary injunction against the race-conscious program because BART, at that time, had not undertaken any studies and had not made any findings in order to satisfy *Croson* requirements. BART subsequently applied to modify the injunction based upon new evidence of prior discrimination. The court then lifted the injunction in two out of four counties within BART's service area based upon completed disparity studies for those two counties.¹¹

2.2 Adarand Constructors, Inc. v. Peña

On June 12, 1995, the U.S. Supreme Court extended the same "strict scrutiny" standard of review adopted in *Croson* to all federal programs that contain race-based classifications.¹² In *Adarand*, a narrow five to four majority decided that even a relatively modest voluntary remedy where a racial classification is used to create a rebuttable presumption of social and economic disadvantage can pass constitutional muster only if it serves a "compelling interest" and is "narrowly tailored" to achieve that objective.

The racial preference at issue in *Adarand* was a Subcontractor Compensation Clause (SCC) imposed by the Central Federal Lands Highway Division (a part of the U.S. Department of Transportation). The SCC terms provided that the prime contractor, Mountain Gravel, would receive additional compensation if it hired disadvantaged business enterprise (DBE) subcontractors. Mountain Gravel sought subcontractor bids

¹⁰ *RGW Construction, Inc. v. San Francisco BART*, F.Supp. (N.D. Calif. 1992).

¹¹ *Id.*

¹² *Adarand Constructors v. Peña*, 515 U.S. 200 (1995).

for guardrail work, and plaintiff Adarand was the low bidder. However, Adarand was not certified as a DBE.

The Department of Transportation defined DBEs as businesses that were at least 51 percent owned and controlled by socially and economically disadvantaged individuals. Racial preference and strict scrutiny was implicated by virtue of a rebuttable presumption in the law that socially and economically disadvantaged individuals include African Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities. In fact, any other individual found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act was also included. Adarand was not awarded the subcontract because Mountain Gravel decided to take advantage of this Subcontractor Compensation Clause by hiring a certified DBE firm instead.

In writing the majority opinion for the Court, Justice O'Connor stated that the strict scrutiny standard of review is to be imposed on any federal program containing racial classifications. This was identical to the level of review that was imposed in *Croson*. Justice O'Connor was careful to point out that this was a standard that had been met in the past and could be met in the future. She further observed, "Government is not disqualified from acting in response to the unhappy persistence of both the practice and the lingering effects of racial discrimination against minority groups in this country."¹³

Procedurally, this case was remanded to lower courts for further proceedings to determine facts as to whether there is a compelling interest and if this remedy at issue is narrowly tailored. Therefore, this Supreme Court opinion provides no further guidance beyond *Croson* as to the quantum and quality of evidence that is required to satisfy the strict scrutiny standard. However, upon remand, the District Court granted Adarand's

¹³ *Id.*, at 235.

motion for summary judgment. The Court found a compelling governmental interest for the program, but ruled that the program was not narrowly tailored for the reasons described further in the balance of this section. On March 4, 1999, the Tenth Circuit Court of Appeals vacated this most recent District Court decision on grounds of mootness, as Plaintiff Adarand is presently certified as a DBE and no longer has standing to challenge the DBE program. The Tenth Circuit Court of Appeals denied Adarand's appeal on this issue on May 19, 1999. However, on January 12, 2000, the U.S. Supreme Court vacated this Tenth Circuit ruling as to mootness and remanded the case back to the Tenth Circuit for the purpose of obtaining a ruling on the merits of the appeals of the trial court's decision.

The broader implication, however, of the Supreme Court's *Adarand* decision is that strict scrutiny will be applied in testing the legality of *any* government program (federal, state, or local) that contains a racial classification.

In *Rothe Development Corporation v. U.S. DoD*, a litigant challenged the constitutionality of Section 1207 of the National Defense Authorization Act (10 U.S.C. 2323) and Section 8(d) of the Small Business Act 15 U.S.C. 637 (d).¹⁴ Section 1207 of the National Defense Authorization Act of 1987 sets a statutory goal of 5 percent participation by economically and socially disadvantaged businesses in DoD contracts.

The 1207 Program makes specific reference to section 8(d) of the Small Business Act in order to define economically and socially disadvantaged businesses. The 1207 Program also authorizes DoD to apply a price evaluation adjustment (PEA) of 10 percent in order to attain the overall 5 percent contracting goal. The Court denied Plaintiff's request for a temporary restraining order to stay the contract and granted summary judgment to the Defendant.

¹⁴ *Rothe Development Corporation v. U.S. DoD*, 49 F. Supp. 2d 937 (W.D. Tx 1999).

The Court held that “a thorough examination of the statutory scheme at issue and its application to the contract at issue, reveal[ed] no illegitimate purpose, no racial prejudice, and no racial stereotyping. Rather, the program is designed to address a societal ill, [discrimination] that has been identified by Congress on the basis of extensive evidence.”¹⁵ The Court went on to find the program to be narrowly tailored.

Sherbrooke Sodding involves a constitutional challenge by white male-owned sod companies to the State of Minnesota’s application of the USDOT DBE program.¹⁶ The court granted the plaintiff’s motion for summary judgment on the grounds that the federal DBE program was not narrowly tailored. Specifically, the court held:

While the Court has assumed for purposes of this motion that a compelling interest exists, defendants have been singularly unable to demonstrate the connection between those individuals upon whom DBE status has been conferred by the Congress and the regulations, and any present or past discrimination against the races or gender of those individuals. After consideration of the relevant factors, the Court concludes that the DBE Program is not narrowly tailored [as applied to highway construction contracts by the Minnesota DOT DBE program] to serve a compelling governmental interest. Thus, the DBE program fails Adarand's strict scrutiny test, and is unconstitutional.¹⁷

Of course, this decision reviewed the federal DBE program as promulgated under Part 23, 49 CFR. The new foundation for the federal program is section 1101(b) of the Transportation Equity Act for the 21st Century (TEA-21), codified by Congress on June 9, 1998, as Public Law 105-178. The various DBE programs around the nation or governmental entities that must adhere to program guidelines to be eligible for federal funding must be in compliance with the regulations issued by the United States Department of Transportation (USDOT) as recently promulgated in Part 26, 49 CFR.

¹⁵ *Id.*

¹⁶ *Sherbrooke Sodding*, 17 F.Supp. 2d 1026 (D. Minn. 1998)

¹⁷ *Id.*, at 1037.

2.3 Standards of Review for Race-Specific and Gender-Specific Programs

In *Croson*, the Supreme Court determined that strict scrutiny is the appropriate standard of judicial review for race-conscious affirmative action programs. The Court concluded that a race-conscious program must be based on a compelling governmental interest; there must be a strong evidentiary basis that identifies and proves the discrimination; and the program must be narrowly tailored to achieve its objective.

Regarding the affirmative action plan in *Croson*, the Supreme Court stated:

Since the plan denies certain citizens the opportunity to compete for a fixed percentage of public contracts based solely on their race, Wygant's strict scrutiny standard of review must be applied which requires a firm evidentiary basis for concluding that the under-representation of minorities is a product of past discrimination.¹⁸

Strict scrutiny is the most stringent form of constitutional review. For an MBE program to pass constitutional muster under this standard, the program must be (1) based on a compelling governmental interest, and (2) narrowly tailored to achieve its objective.

Concerning gender-specific programs, the Supreme Court has never directly addressed the issue of a gender-based classification in the context of WBE programs. *Croson* was limited to the review of an MBE plan. In other contexts, however, the Supreme Court has ruled that gender classifications are subject to *intermediate* scrutiny instead of the more rigorous strict scrutiny standard applied to racial classifications. Intermediate scrutiny requires the governmental entity to demonstrate an important governmental objective and a means that is directly and substantially related to achieving that objective.¹⁹

The Eleventh Circuit has applied the intermediate scrutiny standard to the review of gender preference programs.²⁰ In *Engineering Contractors Association of South*

¹⁸ *Croson*, 488 U.S. at 472.

¹⁹ *Mississippi Univ. for Women v. Hogan*, 458 U.S. 718, 724 (1982).

²⁰ *Engineering Contractors Ass'n of South Florida, Inc. v. Metropolitan Dade County*, 122 F.3d 895, 907-08 (11th Cir. 1997).

Florida, Inc. v. Metropolitan Dade County, the Eleventh Circuit acknowledged that to withstand constitutional challenge, a gender-specific program must serve important governmental objectives and be substantially related to the achievement of those objectives.²¹ To establish the evidentiary basis necessary to meet the intermediate scrutiny standard, the Eleventh Circuit requires that: “(1) the local government must demonstrate some past discrimination against women, but not necessarily discrimination by the government itself; and (2) such review ‘is not to be directed toward mandating that gender-conscious affirmative action is used only as a ‘last resort.’”²²

The U.S. Supreme Court recently invalidated Virginia’s maintenance of the single-sex Virginia Military Institution (VMI).²³ Although the Court invalidated this gender-based classification under the Equal Protection Clause of the 14th Amendment, it apparently used a standard of review that is different from traditional intermediate scrutiny, yet apparently not identical to “strict scrutiny.” The Court held that “[p]arties who seek to defend gender-based government action must demonstrate an ‘exceedingly persuasive justification’ for that action.”²⁴ Accordingly, it remains unclear what precise standard of review is applicable to gender classifications and whether the Supreme Court is articulating a new level of heightened scrutiny for such cases.

After the VMI decision, the Eleventh Circuit still applied intermediate scrutiny in examining the constitutionality of Dade County’s WBE program. “Unless and until the Supreme Court tells us otherwise, intermediate scrutiny remains the applicable constitutional standard in gender discrimination cases, and a gender preference may be

²¹ *Id.*

²² *Webster v. Fulton County*, 51 F.Supp.2d 1354, 1363 (citing *Engineering Contractors Ass’n*, 122 F.3d at 910).

²³ *United States v. Virginia*, 518 U.S. 515, (1996).

²⁴ *Id.*, at 116 S. Ct. 2284.

upheld so long as it is substantially related to an important governmental objective.”²⁵ Further, the Court explains that the difference between the evidentiary foundation necessary to support a race-based program and the foundation necessary to support a gender-based program is one of degree, not of kind. Less evidence is needed. Also, there is no requirement that the government demonstrate discrimination by the government itself. There is also no requirement that gender-conscious programs be used only as a “last resort.” They only need to be based upon evidence of past discrimination in the economic sphere at which the program is directed.

In *Bilbo Freight Lines* there was a constitutional challenge to Section 4(f) of the Texas Motor Carrier Act that gave preferential treatment to minorities and women in the issuance of Certificates of Authority for providing trucking services.²⁶ Although the Texas Railroad Commission produced evidence suggesting underutilization of available minority truckers, the Federal District Court granted an injunction against the preference because there was no evidence presented to demonstrate the existence of discrimination in the issuance of Certificates of Authority, which is what the challenged preference addressed.

In *Concrete Works*, a constitutional attack on Denver’s MBE/WBE ordinance for local public works projects was litigated. The ordinance sets good faith goals for MBE and WBE participation on construction and professional design contracts. On February 26, 1993, the presiding judge in *Concrete Works I* ruled on cross-summary judgment motions that the ordinance was constitutional under the *Croson* analysis. It further concluded that any city council could reasonably rely upon the record consisting of an exhaustive compilation of federal studies, anecdotal evidence, independent analysis,

²⁵ *Engineering Contractors Association of South Florida, Inc. et al. v. Metropolitan Dade County, et al.* (943 F.Supp. 154 (S.D.Fla. 1996).

²⁶ *Bilbo Freight Lines, et. al. v. Dan Morales, et. al.* (S.D. Tx. 1994).

council hearings, census data, and statistical studies to infer the presence of discrimination.

The Plaintiffs appealed to the Tenth Circuit Court of Appeals. On September 23, 1994, in *Concrete Works II*, the Tenth Circuit reversed and remanded the case to trial to resolve material issues of fact regarding disparity in utilization of MBE/WBEs.²⁷ The first part of the trial was held in February 1999, and completed in June 1999. On March 7, 2000, the court ruled in *Concrete Works III* that Denver's three W/MBE programs (enacted in 1990, 1996, and 1998, respectively) were unconstitutional, because their factual predicates were not sufficiently probative and failed to establish a compelling government interest to remedy discrimination. Moreover, the presiding judge ruled that since the City failed to utilize available race-neutral remedies, its MBE programs were not narrowly tailored.²⁸

A To Withstand Strict Scrutiny an MBE Program Must Be Based on a Compelling Governmental Interest Such as Remediating Discrimination

Under strict scrutiny, a race-conscious affirmative action program must be based on a "compelling governmental interest" and must be "narrowly tailored" to achieve that interest.²⁹ In general, it is settled law that:

In practice, the interest that is alleged in support of racial preferences is almost always the same—remediating past or present discrimination. That interest is widely accepted as compelling. . . . [T]he true test of an affirmative action program is usually not the nature of the government's interest, but rather the adequacy of the evidence of discrimination offered to show that interest.³⁰

²⁷ *Concrete Works of Colorado, Inc. v. City and County of Denver*, 36 F.3d 1513, 1520 (10th Cir. 1994).

²⁸ *Concrete III*.

²⁹ *Maryland Troopers Association, Inc. v. The Coalition of Black Maryland State Troopers, Inc.*, 993 F. 2d 1072, 1076-77 (4th Cir.1993).

³⁰ *Engineering Contractors Ass'n of South Florida, Inc. v. Metropolitan Dade County*, 122 F.3d 895, 906 (11th Cir. 1997) (*Engineering Contractors II*) (citing *Ensley Branch NAACP v. Seibels*, 31 F.3d 1548, 1564 (11th Cir. 1994) (citations and internal quotation marks omitted)).

The Ninth Circuit in *Coral Construction* identified two factors necessary to establish a compelling governmental interest. Interpreting *Croson*, the court stated that in order to maintain a valid set-aside program a showing must be made that “identifiable discrimination has occurred within the local industry affected by the program.”³¹ Essentially, “a governmental actor cannot render race as a proxy for a particular condition merely by declaring that the condition exists.”³² The second factor necessary to show a compelling governmental interest is “the governmental actor enacting the set-aside program must have somehow perpetuated the discrimination to be remedied by the program.”³³

A state or local government cannot employ a race-specific program on the basis of an amorphous claim of *societal* discrimination, simple legislative assurances of good intentions, or congressional findings of discrimination in the national construction industry. The state or local government may employ a race-specific remedial plan only if it identifies past or present discrimination with the degree of particularity required by the Fourteenth Amendment.

1. A Strong Evidentiary Basis Must Exist That Specifically Identifies and Demonstrates the Discrimination to be Remedied by the MBE Program

Although the Supreme Court did not specifically define the methodology that should be used to establish the evidentiary basis required by strict scrutiny, the Court did outline governing principles. Lower courts have expanded the Supreme Court’s *Croson* guidelines and have applied or distinguished these principles when asked to decide the constitutionality of state, county, and city programs that seek to enhance opportunities for minorities and women.

³¹ *Coral Construction Co.*, 941 F.2d at 916.

³² *Id.* quoting *Croson*, 488 U.S. at 500-01.

³³ *Id.*

In *Engineering Contractors Association*, the court stated, “In practice, the interest that is alleged in support of racial preferences is almost always the same—remedying past or present discrimination. That interest is widely accepted as compelling. . . . [T]he true test of an affirmative action program is usually not the nature of the government’s interest, but rather the adequacy of the evidence of discrimination offered to show that interest.”³⁴ Specifically, statistical evidence as well as anecdotal evidence are used to demonstrate past or present discrimination.

a. Evidence of significant statistical disparities between qualified minority business owners utilized and qualified minority business owners available satisfies strict scrutiny and justifies a narrowly tailored MBE program.

Regarding statistical evidence to support a race-conscious program, the Supreme Court in *Croson* stated that “where gross statistical disparities can be shown, they alone in a proper case may constitute prima facie proof of a pattern or practice of discrimination.”³⁵ The statistics, however, may not compare the percentage of MBEs in the general population to the percentage of prime construction contracts awarded to MBEs. The Court objected to this comparison “since the proper statistical evaluation would compare the percentage of MBEs in the relevant market that are qualified to undertake City subcontracting work with the percentage of total City construction dollars that are presently awarded to minority subcontractors.”³⁶

The district court in *Webster v. Fulton County* also addressed the issue of proper statistical comparisons. The court concluded that proper statistical comparisons were not made in the studies supporting the County’s program.³⁷ The court, therefore,

³⁴ *Engineering Contractors Ass’n*, 122 F.3d 895, 906 (citing *Ensley Branch NAACP v. Seibels*, 31 F.3d 1548, 1564 (11th Cir. 1994) (citations and internal quotation marks omitted)).

³⁵ *Croson*, 488 U.S. at 501.

³⁶ *Id.* at 470-71.

³⁷ *Webster v. Fulton County*, 51 F.Supp.2d at 1369.

concluded that the County had not actively discriminated against MBE contractors.³⁸ The statistical evidence presented by the County included an analysis comparing the amount of contract dollars going to minority firms with the availability of minority firms in the same year. According to the court, however, the problem with the analysis was that comparisons were made for black-owned businesses in the United States, Georgia, the Atlanta Standard Metropolitan Statistical Area, and Fulton County.³⁹ The study primarily analyzed black- and minority-owned firms and covered construction, general contractors, trade contractors, and land developers. The data, however, made statistical comparisons in the marketplace as a whole.

The court concluded that the study was flawed in that it “proceeds on the premise that a statistical showing of underutilization of minorities in the marketplace, as a whole, is sufficient proof of discrimination to justify a program of racial preferences by a local government in whatever area is involved.”⁴⁰ The court further stated:

This assumption is directly contrary to Justice O’Connor’s analysis in *Croson*. If a statistical showing of underutilization of minorities in the marketplace as a whole is sufficient proof of discrimination to justify a program of racial preferences, such a showing as to the United States as a whole would justify racial preferences by every governing entity in the United States.⁴¹

The court concluded that since no statistical evidence was presented showing discrimination by Fulton County in the award of contracts, the County had not actively discriminated against MBE contractors.

³⁸ *Id.*

³⁹ *Webster v. Fulton County*, 51 F.Supp.2d 1354, 1368.

⁴⁰ *Id.*

⁴¹ *Id.*

(i) Determining Availability

One of the most important elements in statistical analysis is the “availability” determination—the number of qualified minority contractors willing and able to perform a particular service for the entity involved. In *Croson*, the Court stated:

Where there is a significant statistical disparity between the number of qualified minority contractors *willing and able* to perform a particular service and the number of such contractors actually engaged by the locality or the locality’s prime contractors, an inference of discriminatory exclusion could arise.⁴²

The Court further noted that “where special qualifications are necessary, the relevant statistical pool for purposes of demonstrating discriminatory exclusion must be the number of minorities qualified to undertake the particular task.”⁴³ An accurate determination of availability is necessary so the legislative body may “determine the precise scope of the injury it seeks to remedy” by its program.⁴⁴ Following *Croson*’s statements on availability, lower courts have decided how legislative bodies may determine the precise scope of the injury sought to be remedied by an MBE program.

The Eleventh Circuit briefly addressed the availability question in *Engineering Contractor’s Association*. The court reviewed the Marketplace Study conducted as part of the statistical support for Dade County’s program. The court examined whether the study’s statistical universe was larger than the number of firms that were actually qualified, willing, or able to work on County construction contracts. The study considered all firms that filed a Certificate of Competency with the County to be “available.” Filing the Certificate indicated that the firm was a licensed construction contractor.

⁴² *Croson*, 488 U.S. at 509 (emphasis added).

⁴³ *Id.* at 501-02.

⁴⁴ *Id.* at 498.

Addressing the concern that the Study may have included firms that were not qualified, willing, or able, the court stated:

We do not view that weakness in the methodology as rendering the marketplace study meaningless . . . Indeed, we appreciate the difficulty that would accompany an effort to identify the statistical pool of contractors willing, able, and qualified to perform on County contracts. Nevertheless, we believe this problem is a factor that the district court was permitted to take into account when evaluating the weight of the statistical results, particularly insofar as the race- and ethnicity-conscious programs are concerned.⁴⁵

Ultimately, where availability statistics are not collected accurately and evaluated carefully, they will be subject to attack. If the availability determination is too narrow, potential discrimination will be understated or dismissed. If the availability determination is too broad, discrimination will be exaggerated.

(ii) *Racial Classifications*

Considering the appropriate racial groups is a threshold issue in determining availability. In *Croson*, the Supreme Court criticized the City of Richmond's inclusion of "Spanish-speaking, Oriental, Indian, Eskimo or Aleut persons" in the City's affirmative action program.⁴⁶ These groups had not previously participated in City contracting, and "[t]he random inclusion of racial groups that, as a practical matter, may never have suffered from discrimination in the construction industry in Richmond suggests that perhaps the City's purpose was not in fact to remedy past discrimination."⁴⁷ To properly evaluate availability, data must be gathered for separate racial groups.

(iii) *Relevant Market Area*

Another central issue in availability analysis is the definition of the overall market area. Specifically, the question is whether the overall market area should be defined as

⁴⁵ *Engineering Contractors Ass'n*, 122 F.3d at 920-21.

⁴⁶ *Croson*, 488 U.S. at 506.

⁴⁷ *Id.*

the area from which a specific percentage of purchases is made, the area in which a specific percentage of willing and able contractors is located, or a fixed geopolitical boundary. If the overall market area is not properly defined, it can artificially inflate or deflate M/WBE or DBE availability. The Supreme Court has not yet established how the overall market area should be defined. However, some courts of appeals have done so, including the Tenth Circuit in *Concrete Works of Colorado, Inc. v. City and County of Denver*.⁴⁸

Concrete Works, a non-M/WBE construction company, argued that *Croson* precluded consideration of discrimination evidence from the six county Denver Metropolitan Statistical Area (MSA) and, therefore, Denver should be confined to the use of data within the City and County of Denver alone. The Tenth Circuit, interpreting *Croson*, concluded, “The relevant area in which to measure discrimination . . . is the local construction market, but that is not necessarily confined by jurisdictional boundaries.”⁴⁹ The court further stated:

It is important that the pertinent data closely relate to the jurisdictional area of the municipality whose program we scrutinize, but here Denver’s contracting activity, insofar as construction work is concerned, is closely related to the Denver MSA.⁵⁰

The Tenth Circuit ruled that over 80 percent of Denver Department of Public Works construction and design contracts were awarded to firms located within the Denver MSA; therefore, the appropriate market area should be the Denver MSA—not the City and County of Denver alone.⁵¹ Accordingly, data from the Denver MSA was “adequately particularized for strict scrutiny purposes.”⁵²

⁴⁸ *Concrete Works of Colorado, Inc. v. City and County of Denver*, 36 F.3d 1513, 1520 (10th Cir. 1994).

⁴⁹ *Id.*

⁵⁰ *Concrete Works*, 36 F.3d at 1520.

⁵¹ *Id.*

⁵² *Id.*

In *Concrete Works*, the court accepted data concerning only construction and construction-related services in determining the overall market area. It should be noted, however, that the court examined the construction industry in general and did not differentiate market areas for each construction service area.

(iv) Firm Qualifications

Another availability consideration is whether the M/WBE or DBE firms being considered are qualified to perform the required services. In *Croson*, the Court noted that although gross statistical disparities may demonstrate prima facie proof of discrimination, “[w]hen special qualifications are required to fill particular jobs, comparisons to the general population (rather than to the smaller group of individuals who possess the necessary qualifications) may have little probative value.”⁵³ The Court, however, does not define the appropriate mechanism for determining whether a firm is qualified.

Nevertheless, considering firm qualifications is important not only to assess whether M/WBEs in the overall market area are capable of providing the goods and services required, but as the Supreme Court stated in *Hazelwood School District v. United States*, it also ensures proper comparison between the number of qualified M/WBEs and the total number of similarly qualified contractors in the overall market area.⁵⁴ In short, proper comparisons are necessary to ensure the integrity of the statistical analysis. Proper statistical comparisons may be achieved by grouping firms by Standard Industrial Classification codes for each relevant minority and female classification in each county. The data may permissibly be disaggregated by the type of goods or services provided. Finally, as is the custom with MGT of America, Inc., the

⁵³ *Croson*, 488 U.S. 469, 501 (citing *Hazelwood School Dist. v. United States*, 433 U.S. 299, 308 n.13 (1977)).

⁵⁴ *Hazelwood School Dist. v. United States*, 433 U.S. 299 (1977).

consultants may conduct surveys and review contracts to verify the database information used to make statistical comparisons.

(v) Willing

Croson requires that to be considered available a firm must be *willing* to provide the required services. As stated in *Croson*, an inference of discriminatory exclusion arises when there is significant statistical disparity between the number of qualified MBEs and WBEs and the number actually engaged by the locality.⁵⁵ In this context, it can be a difficult task to determine whether a business is willing. For example, in *Concrete Works*, Denver presented evidence as part of its availability analysis indicating that although most MBEs and WBEs had never participated in City contracts, “almost all firms contacted indicated that they were interested in City work.”⁵⁶ In *Contractors Association of Eastern Pennsylvania, Inc. v. City of Philadelphia*, the Third Circuit explained, “In the absence of some reason to believe otherwise, one can normally assume that participants in a market with the ability to undertake gainful work will be ‘willing’ to undertake it.”⁵⁷ The Third Circuit continues,

[P]ast discrimination in a marketplace may provide reason to believe the minorities who would otherwise be willing are discouraged from trying to secure the work. . . . [I]f there has been discrimination in City contracting, it is to be expected that black firms may be discouraged from applying, and the low numbers [of black firms seeking to prequalify for City-funded contracts] may tend to corroborate the existence of discrimination rather than belie it.⁵⁸

(vi) Able

Another availability consideration is whether the firms considered are *able* to perform a particular service. Those who challenge affirmative action often question

⁵⁵ *Croson*, 488 U.S. at 509.

⁵⁶ *Concrete Works*, 36 F.3d at 1529.

⁵⁷ *Contractors Ass’n of Eastern Pennsylvania, Inc. v. City of Philadelphia*, 91 F.3d 586, 603 (3rd Cir. 1996).

⁵⁸ *Id.* at 603-04.

M/WBE or DBE firms' "capacity" to perform particular services, focusing availability determination on firm size. The Eleventh Circuit makes firm size significant and emphasizes the importance of regression analysis to account for it. For further discussion on the impact of firm size and capacity, see Section viii of this chapter, *infra*, titled "Measuring Utilization/Evidence of Underutilization."

(vii) *The Use of Census Data to Measure Availability*

Census data have the benefits of being accessible, comprehensive, and objective in measuring availability. In *Engineering Contractors Association*, the Eleventh Circuit approved the use of census data in the consultant's disparity study. The County presented the study as evidence of discrimination against black-owned construction firms and analyzed the business receipts of these firms based on the Census Bureau's Survey of Minority-Owned Business Enterprises (SMOBE) and Survey of Woman-Owned Business Enterprises (SWOBE) from the years 1977, 1982, and 1987. The study found substantial disparities for black-owned construction business receipts for 1977 and 1987, but for not 1982.⁵⁹

In *Contractors Association of Eastern Pennsylvania, Inc. v. City of Philadelphia*, the Third Circuit also approved the use of census data. The City's consultant calculated a disparity using data from the City concerning the total amount of contract dollars awarded by the City, the amount that went to MBEs, and the number of black construction firms. The consultant combined this data with data from the Census Bureau on the number of construction firms in the Philadelphia Standard Metropolitan Statistical Area.⁶⁰

⁵⁹ *Engineering Contractors Ass'n of South Florida, Inc.*, 122 F.3d at 923.

⁶⁰ *Contractors Ass'n of Eastern Pennsylvania, Inc.*, 91 F.3d at 604.

These cases indicate that the use of census data has been permitted by the courts; however, in studies using census data, the statistical evidence presented included more data sources than the census alone. Other options for measuring availability are surveys and certification lists. The use of census data is at least a sound beginning for an overview of availability, but other data sources should be used in addition to, or in conjunction with, census data in the final statistical analysis.

(viii) *Measuring Utilization/Evidence of Underutilization*

To demonstrate an evidentiary basis for enacting a race- or gender-conscious program and to satisfy *Croson's* compelling interest prong, governmental entities must present evidence of underutilization of MBEs that would give rise to an inference of discrimination in public contracting.⁶¹ To measure utilization, courts have accepted the standard disparity index. The Supreme Court in *Croson* recognized the use of disparity indices for the purpose of comparing the number of available MBEs qualified to perform certain contracts with the amount of City construction dollars that were actually being awarded to MBEs to demonstrate discrimination in the local construction industry.⁶²

The Eleventh Circuit in *Engineering Contractors Association* approved the use of disparity indices in identifying discrimination. The statistical evidence presented by Dade County to support its program included a County contracting statistical analysis, a marketplace data statistical analysis, and two additional studies. The contracting statistical analysis compared the number of construction contracts to (1) the percentage of M/WBE bidders; (2) the percentage of contract awardees that comprised M/WBE firms; and (3) the proportion of County contract dollars that was awarded to M/WBE

⁶¹ *Croson*, 488 U.S. at 509.

⁶² *Croson*, 488 U.S. at 470-71.

firms. The results showed no significant disparities between the bidder and awardee percentages. The County then calculated disparity indices comparing construction dollars paid to M/WBEs with both M/WBE bidder and awardee percentages. The court acknowledged other circuits that utilize disparity indices to examine the utilization of minority- or woman-owned businesses.⁶³

The court then addressed what constitutes a significant level of disparity. Generally, disparity indices of 80 percent or greater—which are close to full participation—are not considered significant.⁶⁴ The court referenced the Equal Employment Opportunity Commission’s disparate impact guidelines, which establish 80 percent as the threshold for determining a prima facie case of discrimination.⁶⁵ The court noted that no circuit that has explicitly endorsed using disparity indices has held that an index of 80 percent or greater is probative of discrimination.⁶⁶ But these courts have held that indices below 80 percent indicate “significant disparities.”⁶⁷ After calculating disparity indices, Dade County in *Engineering Contractors Association* conducted a standard deviation analysis. The purpose of such an analysis is to determine the probability that the measured disparity is the result of chance. The court concluded, “Social scientists consider a finding of two standard deviations significant, meaning there is about one chance in 20 that the explanation for the deviation could be

⁶³ *Engineering Contractors Ass’n of South Florida, Inc.*, 122 F.3d at 914 (citing *Concrete Works*, 36 F.3d at 1523 n.10 (10th Cir. 1994) (employing disparity index); *Contractors Ass’n*, 6 F.3d at 1005 (3d Cir. 1993) (employing disparity index); *Associated Gen. Contractors v. Coalition for Economic Equity*, 950 F.2d 1401, 1414 (9th Cir. 1991) (employing similar statistical data); see also *Stuart v. Roache*, 951 F.2d 446, 451 (1st Cir. 1991) (employing similar statistical data); *Cone Corp. v. Hillsborough County*, 908 F.2d 908, 915-16 (11th Cir. 1990)(employing similar statistical data)).

⁶⁴ *Engineering Contractors Ass’n of South Florida, Inc.*, 122 F.3d at 914.

⁶⁵ *Id.* at 914 (citing 29 C.F.R. § 1607.4D concerning the disparate impact guidelines and threshold used in employment cases).

⁶⁶ *Engineering Contractors Ass’n of South Florida, Inc.*, 122 F.3d at 914 (referencing *Contractors Ass’n of Eastern Pennsylvania, Inc.*, 6 F.3d at 1005 (crediting disparity index of 4%); and *Concrete Works*, 36 F.3d at 1524 (crediting disparity indices ranging from 0% to 3.8%)).

⁶⁷ *Engineering Contractors Ass’n of South Florida, Inc.*, 122 F.3d at 914.

random and the deviation must be accounted for by some factor other than chance.”⁶⁸

With standard deviation analyses, the reviewer can determine whether the disparities are substantial or statistically significant, which lends further statistical support to a finding of discrimination.

Regression analysis is recognized by the Eleventh Circuit as an integral part of the overall statistical analysis and is necessary to determine whether factors other than discrimination may have affected MBE availability and utilization. In *Engineering Contractors Association*, Dade County attempted to explain through regression analyses that the disparities found were due to discrimination and not a neutral factor such as firm size.⁶⁹ Even though the Eleventh Circuit did not appear to have any problems with the methodology used in the County’s contracting statistical analysis, the court found that the statistical results did not support the need for the County’s race and gender preference program

As part of the contracting statistical analysis, the County conducted a study of subcontracting practices. The purpose of the subcontracting study was to measure the participation of each M/WBE group in the County’s subcontracting business. The study compared the proportion of M/WBEs that filed a subcontractor’s release of lien on a County construction project with the proportion of sales and receipts dollars that the same group received. The district court held that the methodology used to gather the data was flawed. Specifically, the denominator used in the calculation of M/WBE sales and receipts percentages was based upon total sales from all sources. The Eleventh

⁶⁸ *Id.* (citing *Peightal v. Metropolitan Dade County*, 26 F.3d 1545, 1556 n.16 (11th Cir. 1994)).

⁶⁹ *Engineering Contractors Ass’n*, 122 F.3d at 917-18. See also, *Webster v. Fulton County*, 51 F.Supp.2d 1354, 1369-70. The district court acknowledged the County’s problem in not conducting a regression analysis. “The second flaw is there is no statistical analysis of other factors that may affect minority business enterprise availability and utilization. . . . [T]he study contains no attempt to explain whether the disparity is due to discrimination or other neutral reasons, such as firm size and the ability of a firm to obtain financing and bonding.”

Circuit concluded that the district court did not err by rejecting the County's subcontracting statistics because of the flaw in the data.⁷⁰

The court did not afford significant weight to the results of the County's three other statistical analyses. The first study was a marketplace data analysis that consisted of a telephone survey designed to examine the relationships among race, ethnicity, and gender. Reported sales and receipts were used to determine whether marketplace discrimination may be responsible for unfavorable disparities that exist in the sales and receipts of MWBE firms and non-MWBE firms. After regressing for firm size, neither black-owned nor woman-owned businesses showed any significantly unfavorable disparities. Regarding Hispanic-owned businesses, the Eleventh Circuit concluded that based on the totality of the evidence presented, the statistical disparities did not provide the strong basis of evidence needed to implement a race-based program.

b. Anecdotal evidence of the experiences of MBE firms may be used to justify an MBE program.

Most disparity studies utilize anecdotal evidence along with statistical data. The Supreme Court in *Croson* discussed the relevance of anecdotal evidence and explained: "Evidence of a pattern of individual discriminatory acts can, if supported by appropriate statistical proof, lend support to a local government's determination that broader remedial relief is justified."⁷¹ Concerning the purpose of anecdotal evidence, the Eleventh Circuit in *Engineering Contractors Association* stated that:

anecdotal evidence can play an important role in bolstering statistical evidence, but that only in the rare case will anecdotal evidence suffice standing alone. While such evidence can doubtless show the perception and, on occasion, the existence of discrimination, it needs statistical underpinnings or comparable proof to show that substantial amounts of business were actually lost to minority or female contractors as the result of the discrimination.⁷²

⁷⁰ *Engineering Contractors Ass'n*, 122 F.3d at 920.

⁷¹ *Croson*, 488 U.S. at 509.

⁷² *Engineering Contractors Ass'n.*, 122 F.3d at 925-26.

Although the Supreme Court in *Croson* did not expressly consider the form or level of specificity required for anecdotal evidence, the Eleventh Circuit has addressed both issues. The anecdotal evidence presented by Dade County in *Engineering Contractors Association* included testimony of two County employees responsible for administering the M/WBE programs, testimony of 23 M/WBE contractors and subcontractors, and a survey of black-owned construction firms. Concerning the sufficiency of anecdotal evidence, the court held:

Without the requisite statistical foundation for the anecdotal evidence to reinforce, supplement, support, and bolster, we cannot say on the facts and circumstances of this case that the district court clearly erred by failing to find that the anecdotal evidence formed a sufficient evidentiary basis to support any of the MWBE programs—either taken alone or in combination with the statistics that the district court found to be ambiguous at best. By so holding, we do not set out a categorical rule that every case must rise or fall entirely on the sufficiency of the numbers. To the contrary, anecdotal evidence might make the pivotal difference in some cases; indeed, in an exceptional case, we do not rule out the possibility that evidence not reinforced by statistical evidence, as such, will be enough.⁷³

The court in *Webster v. Fulton County* also considered the sufficiency of the anecdotal evidence presented by the County, which included interviews with 76 individuals, including trade association representatives, MBE representatives, civic organization representatives, and public administrators who played some role in the development and implementation of MFBE programs. The interviewees reported examples of racial and gender discrimination in several areas including: (1) bonding; (2) financing; (3) employment opportunities; (4) double standards in performance and qualifications; (5) limited access to private sector markets; and (6) stereotypical attitudes of customers and buyers. The County also conducted public hearings. Finally, as part of the Post-Disparity Study, a random survey of 183 minority and female firms certified

⁷³ *Id.* at 926.

by the County was conducted. Concerning all of the anecdotal evidence gathered, the court ultimately concluded:

The anecdotal evidence reflects the honest and concerned beliefs of many in the Atlanta and Fulton County area that they have been or are the victims of discriminatory practices. However, the anecdotal evidence alone is insufficient to provide the strong basis in evidence to justify the racial and ethnic preferences or sufficient probative evidence to justify the gender preferences of the 1994 MFBE Program. It is insufficient to offset the weaknesses of Fulton County's statistical evidence. The Court notes that much of the anecdotal evidence offered supports the identification of discrimination in the private sector and not by Fulton County. This is clearly not the exceptional case where anecdotal evidence standing alone may justify a race, ethnic or gender preference program.⁷⁴

2. The Governmental Entity Enacting an MBE Program Must be Shown to Have Actively or Passively Perpetuated the Discrimination

The district court in *Webster v. Fulton County* narrowly defined the proof necessary to show active discrimination by a governmental agency. The court interpreted *Croson* to require a *showing of discrimination by the County in the award of contracts*. The court stated:

In *Croson*, Justice O'Connor was clear that the focus must be on contracting by the entity that is considering the preference program . . . There is no statistical evidence in the Brimmer-Marshall Study of discrimination by Fulton County government in the award of contracts. Therefore, in order to justify racial preferences, the County must show that it is a "passive participant" in discrimination by the private sector.⁷⁵

Regarding passive participation, the Supreme Court in *Croson* stated: "It is beyond dispute that any public entity, state or federal, has a *compelling* interest in assuring that public dollars, drawn from the tax contributions of all citizens, do not serve to finance the evil of *private* prejudice."⁷⁶

⁷⁴ *Webster v. Fulton County*, 51 F.Supp.2d at 1379.

⁷⁵ *Webster v. Fulton County*, 51 F.Supp.2d at 1369 (citing *Croson*, 488 U.S. at 492; *Engineering Contractors Ass'n*, 122 F.3d at 911).

⁷⁶ *Croson*, 488 U.S. at 492 (emphasis added).

The court in *Webster v. Fulton County* did not accept the County's concept of passive participation, which was argued as "any governmental contracting in a marketplace where there is discrimination."⁷⁷ The court does indicate examples of passive participation. These examples include: (1) evidence that non-minority contractors were systematically excluding minority businesses from subcontracting opportunities; (2) evidence that its spending practices are exacerbating a pattern of prior discrimination that can be identified with specificity; and (3) evidence of discrimination in the private sector if it provides a linkage between private sector discrimination and the County's contracting policies."⁷⁸

Accordingly, municipalities must be shown to be active or passive participants in the discrimination occurring within their jurisdictional boundaries to subsequently be eligible to design and implement a race-based program. Active participation requires credible evidence of active discrimination by the governmental agency. Passive participation can be proven by the specific methods discussed above.

B. To Withstand Strict Scrutiny, an MBE Program Must be Narrowly Tailored to Remedy the Identified Discrimination

The Eleventh Circuit has addressed the considerations necessary to establish a narrowly tailored program. The Court starts by stating, "the essence of the narrowly tailored inquiry is the notion the explicitly racial preferences . . . must be only a last resort option."⁷⁹ In *Engineering Contractors Association*, the court identified four factors that should be considered when determining if a program is narrowly tailored: (1) necessity for the relief and the efficacy of alternative remedies; (2) the flexibility and duration of the relief, including the availability of waiver provisions; (3) the relationship of numerical

⁷⁷ *Webster v. Fulton County*, 51 F.Supp.2d at 1369.

⁷⁸ *Id.* (citations and internal quotation marks omitted).

⁷⁹ *Engineering Contractors Ass'n*, 122 F.3d at 926 (citing *Hayes v. North State Law Enforcement Officers Ass'n*, 10 F.3d 207, 217 (4th Cir. 1993)).

goals to the relevant market; and (4) the impact of the relief on the rights of innocent third parties.⁸⁰

In *Coral Construction*, the Ninth Circuit ruled on the issue of whether King County's program was narrowly tailored by applying the principles espoused in *Croson*. To be narrowly tailored, an MBE program should be instituted either after, or *in conjunction with*, race-neutral efforts to increase minority business participation in public contracting. Further, the use of minority participation goals must be set on a case-by-case basis, rather than as part of rigid numerical quotas. Finally, an MBE program must be limited in its effective scope to remedying discrimination within the boundaries of the enacting jurisdiction.⁸¹

1. Race-Neutral Alternatives

The Supreme Court and other courts, including the Eleventh Circuit, have addressed in detail the alternative remedial programs. Concerning such programs, the Supreme Court concluded that a governmental entity must demonstrate that it has evaluated the use of race-neutral means to increase minority business participation in contracting or purchasing activities.⁸² Regarding the use of race-neutral alternatives, the Eleventh Circuit stated, "if a race-neutral remedy is sufficient to cure a race-based problem, then a race-conscious remedy can never be narrowly tailored to that problem."⁸³ The Court acknowledged Justice O'Connor's examples of possible race neutral remedies.

[T]he city has at its disposal a whole array of race-neutral devices to increase the accessibility of city contracting opportunities to small entrepreneurs of all races. Simplification of bidding procedures, relaxation of bonding requirements, and training and financial aid for disadvantaged entrepreneurs of all races would open the public contracting market to all those who have suffered the effects of past

⁸⁰ *Id.* at 927 (citing *Ensley Branch*, 31 F.3d at 1569).

⁸¹ *Coral Construction Co.*, 941 F.2d at 922.

⁸² *Croson*, 488 U.S. at 507.

⁸³ *Engineering Contractors Ass'n.*, 122 F.3d at 927.

societal discrimination or neglect. Many of the formal barriers to new entrants may be the product of bureaucratic inertia more than actual necessity, and may have a disproportionate effect on the opportunities open to new minority firms. Their elimination or modification would have little detrimental effect on the city's interests and would serve to increase the opportunities available to minority business without classifying individuals on the basis of race.⁸⁴

In *Coral Construction*, the Ninth Circuit reasoned that "while strict scrutiny requires serious, good faith consideration of race-neutral alternatives, strict scrutiny does not require exhaustion of every possible such alternative."⁸⁵

With regard to King County's comprehensive plan to increase minority participation, the Ninth Circuit concluded, "inclusion of such race-neutral measures is one factor suggesting that an MBE plan is narrowly tailored."⁸⁶ The court acknowledged that King County incorporated some race-neutral measures into its program (e.g., training sessions for small businesses and information on accessing small business assistance programs), and for this reason had fulfilled the burden of considering race-neutral alternatives.

2. Flexibility

The court also concluded in *Coral Construction* that King County passed the second aspect of the narrowly tailored test requiring flexibility: "Under the set-aside method, the prescribed percentage of MBE subcontractor participation is determined individually on each contract according to the availability of qualified MBEs."⁸⁷ Even though the program was locked into a five percent preference allotted to MBEs, the court determined that under the circumstances "such a fixed preference is not unduly rigid."⁸⁸

⁸⁴ *Id.* at 928 (citing *Croson*, 488 U.S. at 509-10).

⁸⁵ *Coral Construction Co.*, 941 F.2d at 923.

⁸⁶ *Id.*

⁸⁷ *Id.* at 924.

⁸⁸ *Coral Construction Co.*, 941 F.2d at 924.

Another feature of program flexibility is a waiver provision. For instance, King County's program permitted prime contractors to request a waiver of the MBE participation requirement when a non-MBE was the sole source of a good or service, or if no MBE was otherwise available or competitively priced. In addition, under the preference method, if no MBE was within five percent of the lowest bidder, a non-MBE was awarded the contract. Therefore, the Ninth Circuit concluded, "King County's MBE program is not facially unconstitutional for want of flexibility."⁸⁹

3. Geographic Scope

The third tailoring requirement is that the MBE program must be limited in its geographical scope to the boundaries of the enacting jurisdiction.⁹⁰ In *Coral Construction*, the Ninth Circuit concluded that the King County MBE program failed this aspect of the narrow tailoring requirement. Specifically, the definition of MBEs eligible to benefit from the program was overbroad; it included MBEs that had no prior contact with King County provided the MBE could demonstrate that discrimination occurred "in the particular geographic areas in which it operates."⁹¹ This MBE definition suggested that the program was designed to eradicate discrimination not only in King County but also in the particular area in which a nonlocal MBE conducted business. In essence, King County's program focused on the eradication of *societywide* discrimination, which is outside the power of the state or local entity. Since "the County's interest is limited to the eradication of discrimination within King County, the only question that the County may ask is whether a business has been discriminated against in King County."⁹²

⁸⁹ *Id.* at 925.

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.*

In clarifying an important aspect of the narrow tailoring requirement, the court defined the issue of eligibility for MBE programs as one of participation, not location. For an MBE to reap the benefits of an affirmative action program, the business must have been discriminated against in the jurisdiction that established the program.⁹³ As a threshold matter, before a business can claim to have suffered discrimination, it must have attempted to do business with the County.⁹⁴ Significantly, "if the County successfully proves malignant discrimination within the King County business community, an MBE would be presumptively eligible for relief if it had previously sought to do business in the County."⁹⁵

According to the court, the presumptive rule requires that the enacting governmental agency establish that systemic discrimination exists within its jurisdiction and that the MBE is, or attempted to become, an active participant in the agency's business community.⁹⁶ Since King County's definition of MBE permitted participation by those with no prior contact with King County, its program was overbroad.

2.4 Conclusion

When developing and implementing a race- or gender-conscious program, it is crucial to understand the case law that has developed in the federal courts. These cases establish specific factors that must be addressed for such programs to withstand judicial review. Before instituting affirmative action programs, the governmental entity involved must engage in a specific fact-finding process to compile an evidentiary foundation. It is also important to understand the kinds of evidence that will be necessary and acceptable to provide a sufficient factual predicate for a race- or gender-

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.*

⁹⁶ *Id.*

conscious program. Ultimately, MBE and WBE programs can be successful and instrumental in remedying identified discrimination if enacting jurisdictions comply with the requirements outlined by the Supreme Court in *Crosby* and the lower court cases that followed.

**3.0 REVIEW OF PROCUREMENT POLICIES,
PROCEDURES, AND PROGRAMS**

3.0 REVIEW OF PROCUREMENT POLICIES, PROCEDURES, AND PROGRAMS

This chapter reviews policies and procedures governing and directing the Broward County Government (County) in its purchase of goods and services. The chapter is divided into eight sections:

- Section 3.1 – the methodology used to conduct the review of procurement policies, procedures, and programs;
- Section 3.2 – the governing and organizational structure of the County;
- Section 3.3 – policies and procedures;
- Section 3.4 – procurement of goods and services;
- Section 3.5 – Purchasing Division
- Section 3.6 – the Office of Equal Opportunity and the Small Disadvantaged Business Enterprise Program;
- Section 3.7 – race- and gender-neutral programs;
- Section 3.8 – current procurement as affected by the petition initiative regarding affirmative action; and
- Section 3.9 – findings, conclusions, and recommendations.

3.1 Methodology

The methodology used for collecting and analyzing data for this portion of the study included a review of relevant County policies, operating procedures, and manuals from the various County departments and divisions. In addition to reviewing existing policies for each area of procurement, MGT also reviewed state statutes, County resolutions, and policy changes during the relevant period. Interviews were conducted with County management and staff regarding the application of policies, discretionary use of policies, exceptions to written policies and procedures, and the impact of policies

on essential users. A copy of the guide used in interviewing County staff is in **Appendix A**

In addition to the above review, MGT also collected and studied previous disparity studies conducted for the County and all County documents reviewed are shown in **Exhibit 3-1**.

3.2 Governing and Organizational Structure

The County Charter (Charter), Code of Ordinances and Administrative Code are reviewed in this section to provide the necessary background information for understanding the County's policies, procedures, and programs. Duties and responsibilities of the County Administrator and the overall organizational structure of the County government are included.

3.2.1 Charter, Code of Ordinances, and Administrative Code

A Charter governs Broward County government. The Charter, adopted on November 5, 1974, has enabled the County to operate as a "home rule" government since January 1, 1975. Through the Charter, Broward County exercises self-governance as provided by the United States Constitution and the Laws of Florida. The Charter enables the County to operate as a corporate body and to carry out its functions in accordance with the Charter's provisions. In situations where the Charter makes no provision for a particular subject matter, the County has the general power to provide for the subject by ordinance, resolution of the County Commission, or the Laws of Florida.

**Exhibit 3-1
Documents Reviewed**

- 1996 Disparity Update, OEO, September 18, 1996
- 1999 Comprehensive Annual Financial Report
- Agenda Report to the Broward County Commission, February 3, 1998
- Board of County Commissioners Agenda for February 15, 2000
- Broward County Application for Certification M/WBE and DBE
- Broward County Capital Budget, FY 2000-2004
- Broward County Code of Ordinances, Administrative Procedures for SDBE Program
- Broward County Commission, Agenda Item #55; February 3, 1998
- Broward County Commission, Consent Agendas, February 3, 1998, and June 10, 1997
- Broward County Disadvantaged Business Enterprise (DBE) Proposed Program Plan for the U.S. Department of Transportation, August 30, 1999; June 29, 2000
- Broward County Disparity Study, June 11, 1991
- Broward County Full-Cost Allocation Plan, Fiscal 1997
- Broward County Purchasing Card Users Manual, Purchasing Division Internal Control Handbook, Chapter 16, 4/20/2000
- Broward County Procurement Code
- Charter of Broward County, Florida
- County Commission Agenda Item #98 for December 14, 1999
- DBE Program Review for Broward County and the Fort Lauderdale International Airport, Letter from U.S. Department of Transportation, Federal Aviation Administration, April 3, 2000
- DPEP, Purchasing Process/Cost Study, October 15, 1999
- Draft Lease Agreements from the Purchasing Division
- EEOP/AAP for Hazen and Sawyer, February 22, 1995
- Invitation for Bid (copy)
- Maden and Thompson v. Broward County, 98-6925, Class Action Suit
- MBE/WBE Disparity Study for Broward County, July 12, 1991
- Office of Equal Opportunity (OEO) Annual Reports
- Office of Equal Opportunity (OEO) Correspondence, July 27, 1999
- Office of Equal Opportunity (OEO) Project Log, September 1989 through February 7, 2000
- Office of Equal Opportunity Study Public Hearing, June 21, 1996
- Organizational Charts for Broward County, Florida
- Purchasing Division Minority Development Summary, FY 1995 – March 2000
- Position descriptions for Broward County OEO Personnel
- Procurement System Procedures (Flowcharts), Internal Control Handbook, Volume II, February 19, 1996
- RLI Accelerated Process Improvement, June 2000
- Standard Form Construction Contract Documents
- *Sun Sentinel* Articles on Broward County Procurement
- *he Equalizer* OEO Quarterly Newsletter, January and April 1999.
- Vendor Payment History for Mass Transit funds
- Web site for Broward County: <http://www.broward.org>

The Charter and Code of Ordinances permits the establishment of an Administrative Code to govern the following:

- the County's organization;
- the nature and scope of each Department, Division, and Office;
- all Department, Division, and Office operating rules and procedures;
- the County's comprehensive budgeting procedures; and
- a personnel system.

The Administrative Code prescribes internal control or procedural requirements, which govern the handling of and accounting for all County funds and property. Any changes to the Administrative Code must be submitted to the County Commission for their review, amendment, and/or adoption. The Commission may approve or adopt the code as submitted or the Commission can amend the proposed change by resolution. Any additions or amendments made by the Commission to the Administrative Code are automatically incorporated.

Although the County operates under a Charter, a Code of Ordinances, and an Administrative Code, other internal governance methods may be used. Those methods permit the enactment of internal control measures and development of procedural manuals. Authority to promulgate ordinances rests between the County Administrator and the Commission Auditor, concurrently.

Administrative orders may be issued by the County Administrator to carry out the duties and responsibilities delegated under the Charter, Code of Ordinances, or the Administrative Code. When administrative orders are issued, they must be signed and dated by the County Administrator, indexed, sequentially identified, and appended to the Administrative Code.

Finally, resolutions and policy statements may be issued by the Commission to direct the operational and administrative issues relating to County personnel, departments, offices, boards, agencies, or divisions. Resolutions and policy statements

also become a part of the Administrative Code and must be collectively indexed, sequentially identified, dated, and filed.

The Administrative Code also contains various internal control handbooks to ensure the proper handling of specific areas. These handbooks supplement and provide direction for better utilization within program areas.

3.2.2 County Commission and County Administrator

The Charter established separation of powers between legislative and administrative functions. The Legislative Branch, the Board of Broward County Commissioners (County Commission), is responsible for the establishment and adoption of policy. The elected County Commission has nine members.

The Administrative Branch is headed by the County Administrator, who serves at the pleasure of the County Commission. The County Administrator maintains jurisdiction over all operations not assigned by the Charter and is responsible to the County Commission for the administration of all County affairs placed under the Administrator's charge. The administration and functions of the County and its departments, divisions, offices, and agencies are directed and supervised by the County Administrator. The offices of the County Attorney and the Commission Auditor as well as various County boards have appointed heads who serve at the pleasure and will of the County Commission and are not included under the County Administrator's supervision.

The County Administrator's responsibilities include:

- submitting an annual budget and capital improvement program based on appropriations and ordinances adopted by the Commission;
- making monthly reports to the Commission on County affairs;
- submitting a complete report on the financial and administrative activities of the County for the preceding year; and

- distributing a comprehensive Annual Financial Report to the public within three months after the end of the fiscal year.

In addition, the County Administrator enforces the provisions of the Charter and sets forth the departmental organization of the government and the scope of services each department provides in accordance with the Broward County Administrative Code.

3.2.3 Organizational Structure

Exhibit 3-2 shows the organizational structure of the County government. Organizationally, the following offices currently report to the County Administrator or the Deputy County Administrator:

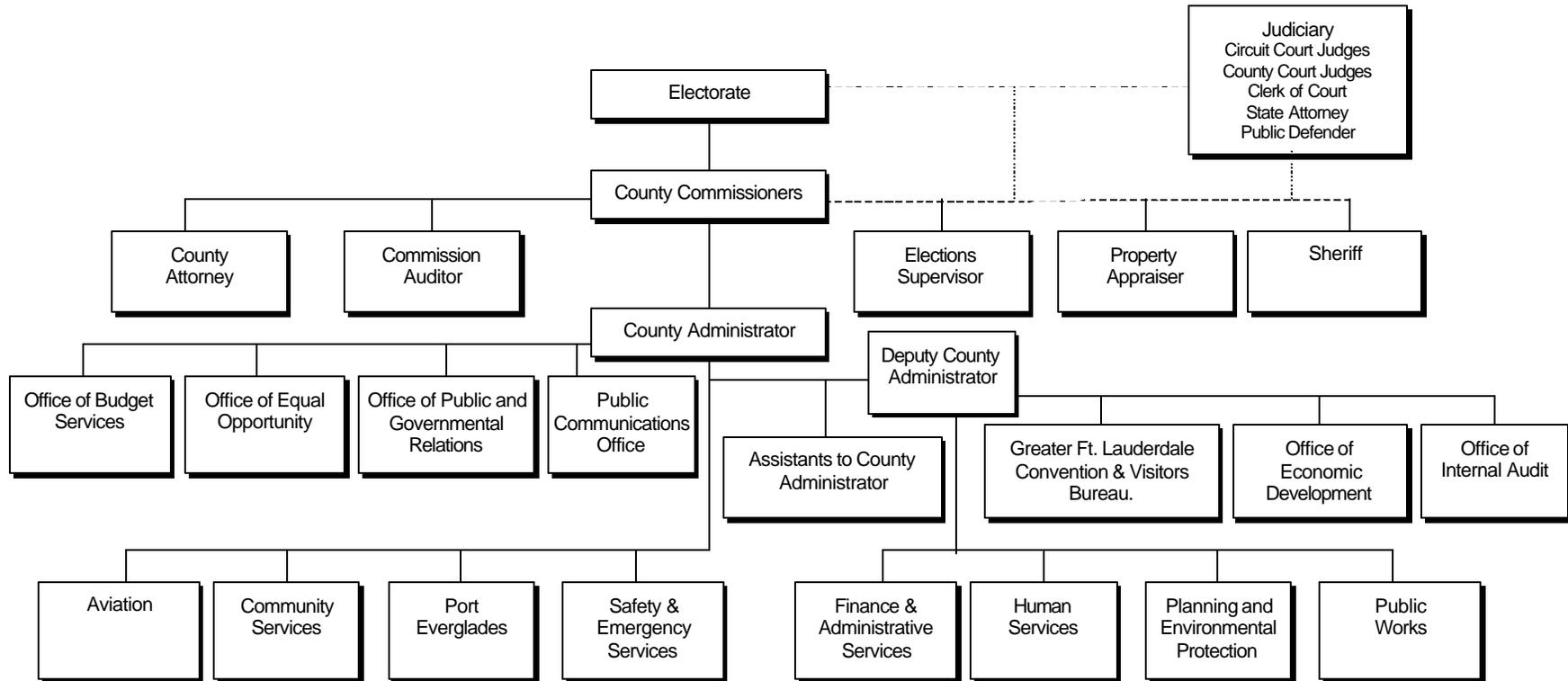
- Aviation Department
- Community Services Department
- Finance and Administrative Services Department
- Greater Fort Lauderdale Convention and Visitors Bureau
- Human Services Department
- Office of Budget Services
- Office of Economic Development
- Office of Equal Opportunity
- Office of Internal Audit
- Office of Public and Governmental Relations
- Planning and Environmental Protection, Department of
- Port Everglades Department¹
- Public Works Department
- Safety and Emergency Services Department

3.3 Policies and Procedures

Within this section, the policies and procedures that govern County procurement are presented. First, the Procurement Code that governs the County's procurement of goods and services is reviewed. Following this review are the policies that address the participants of small, disadvantaged, minority, and women-owned business enterprises in the procurement of these goods and services. And, finally, the federal policies governing procurement are discussed.

¹ November 1994, the Authority was abolished and control was transferred to County government.

**Exhibit 3-2
Broward County Government Organization**



Source: 1999 Broward County Comprehensive Annual Report.

3.3.1 Procurement Code

The Procurement Code, which is part of the County's Administrative Code, governs the County's procurement of services and goods. The Procurement Code's underlying purpose is to provide the County with a unified purchasing system. The Procurement Code describes the centralized responsibility and references to guide the user through the County's processes.

The Director of the Purchasing Division, under the Department of Finance and Administrative Services, carries out the Procurement Code according to applicable provisions in the Administrative Code. The Purchasing Director is required to cooperate with the offices of Budget Services and the Commission Auditor in preparing statistical data concerning procurement usage and disposition of all supplies, services, and construction. All departments, divisions, and offices are required to furnish statistical reports of procurement needs and stock on hand.

The Procurement Code applies to all procurement by the County irrespective of the source of funds (federal assistance monies), unless specifically exempted. Specific services and supplies excluded from the Procurement Code regulations include the following:

- Works of art for public places, and art design and conservation services.
- Printed copyright material including published books, maps, periodicals, and technical pamphlets (not including software for computer systems) for library purchases only.
- Real property, real estate brokerage and appraising, options of title or abstracts of title for real property, title insurance for real property, and other related costs of acquisition or sale of real property.
- Subscriptions for library purchases only.
- Services provided directly to individual citizens.
- Utilities including but not limited to electric, water, and telephone.

- Purchases of items for resale up to \$3,000 for the Library's Gift Shop.
- Licensed health professions, e.g., Doctors, Nurses, Veterinarians who provide services directly to patients.
- Expert witnesses and attorneys at law having a unique, specialized skill or knowledge of an area of legal practice as defined by state law.
- Corporate and media sponsorship agreements up to the mandatory bid amount.
- Training and educational courses, contracts between the County and governmental entities or nonprofit corporations, memberships, publications, meeting rooms, and hotels not covered by travel arrangements when any of the procurements listed above are below the mandatory bid amount.
- Lectures by individuals.
- Services provided by governmental agencies.
- Continuing education events or programs.
- Artistic services.
- Airport concessions and consumer service privileges issued pursuant to Chapter 26 of the Administrative Code.
- Lobbyists for governmental agencies or legislative bodies.

3.3.2 Policies Involving SDBE Participation

The County's affirmative action policy in the Administrative Code governs and directs the procurement of goods and services for the participation and utilization of small, disadvantaged, minority, and women-owned business enterprises (SDBE). On March 15, 1984, the County adopted Ordinance 84-14 to further address procurement involving SDBEs. The Ordinance was adopted to encourage and foster the participation of SDBEs in the procurement process. Prior to 1984, the Administrative Code did not address procurement for these small disadvantaged business enterprises.

In 1993, the County enacted Ordinance 93-17 to address further its procurement activities regarding SDBEs. Implementation of County Ordinance 93-17 imposes the following requirements:

- Construction Contracts – In order to achieve goals established for SDBE participation, the County can use contract goals, set-asides, bid preferences, and bid credits. The County must also develop a Construction Project Affirmative Action Program (CPAAP) to encourage the use of MBEs and WBEs. This includes competitively bid, construction management, design-build, and prequalified award contracts.
- Professional Services Contracts – In all Professional Service Contracts, except for those covered under the Consultant's Competitive Negotiation Act (CCNA), measures to achieve goals may include goals, set-asides, and bid preferences. Minority-majority joint ventures are encouraged where goal setting will not yield desired results and set-asides and other measures may be inappropriate.
- Purchasing – In general purchasing activities, the County will focus on departmental goal achievement. The County may use the program measures outlined as well as the encouragement of procurement staff.

The Ordinance further imposes the following:

- The contractor is required to execute a nondiscrimination clause on contracts totaling \$10,000 or more.
- The contractor agrees to the following on contracts containing a commitment to MBE and WBE participation:
 - periodic reporting of all expenditures made to MBEs and WBEs to achieve compliance;
 - payment of damages for noncompliance, termination for disqualification if MBE/WBE status was an award factor, and contractor misrepresented status;
 - uniform termination provisions and noncredit for disqualified subcontractors; and uniform access to contractor's books and records including payroll records, tax returns, records, and books of account.
- The County is responsible for establishing uniform certification and decertification procedures for M/WBEs, SDBEs, and DBEs. The County can also participate in reciprocal certification efforts with

federal, state, and local jurisdictions that meet County certification requirements.

- If a contract modification increases the contract award by 10 percent or \$50,000, whichever is less, the Ordinance requires a review of the request.
- On contracts involving MBEs or WBEs, the County may expedite payments and reduce retainage where appropriate.

In addition, the Ordinance places the following conditions on bidders and the County:

- Requires the Director of the Office of Equal Opportunity (OEO) to:
 - monitor applicable County contracts for compliance;
 - review County procurement activities to ensure reasonable efforts are being made to eliminate and remedy discrimination in contract procurement on the basis of race, ethnicity, or gender-conscious measures in central procurement; and
 - encourage and foster the participation of small disadvantaged business enterprises (SDBE) in central procurement activities.
- Permits remedial measures under the Ordinance, which include:
 - implementation of a set-aside program (where appropriate);
 - contract goals for small disadvantaged business enterprises;
 - a targeted market program;
 - a bid preference program;
 - a bid credit program; and
 - a minority economic development program.
- Establishes individual contract goals for SDBE participation in excess of the overall goals annually established in all individual contracts that reasonably permit subcontracting and are in excess of \$150,000 for construction, \$75,000 in total contract value for architectural/engineering and related activities, and \$50,000 for all other contractual services.

- Determines instances where goals are established that subcontracting be commercially viable and useful in the performance of the contract.
- Subjects individual contracts less than the threshold amounts to remedial measures, where applicable, on the recommendation of the OEO Director or by initiation of the Purchasing Director.
- Applies set-aside, targeted market, and bid preference programs to a contract of any value. The Ordinance requires that the Director of OEO recommend implementation with the concurrence of the Purchasing Director. Finally, set-aside contracts equal to or more than \$150,000 require recommendations by the County Administrator and approval by the County Board.
- Permits a prime contractor to receive credit in certain contracts for meeting SDBE requirements.
- Permits a minority economic development program to be designed to enhance efforts to assist SDBEs.

Procedurally, County Ordinance 93-17 established the following goals or special requirements:

- The County Commission establishes overall, annual SDBE goals for all direct contract awards and contract awards over the previous year.
- All contracts, except those waived by the County Commission, require goals. Contract goals require the contractor to commit to the expenditure of at least the established minority business enterprise (MBE) and woman-owned business enterprise (WBE) percentages. Contractors providing no MBE or WBE goals are deemed nonresponsive.
- For set-asides, the OEO Director, via the County Administrator, submits a recommendation to the County Board for its review and approval for contracts of \$150,000 or more. Set-asides are used only when it is determined, prior to solicitation, that sufficient SDBEs are available.
- For targeted market contracts, the OEO Director, with the Purchasing Director's concurrence, identifies contracts suitable for designation. This may entail dividing contracts into lesser award units to facilitate offers to SBEs, MBEs, or WBEs in proportion to their availability to provide the goods/services. The Ordinance also requires the County to develop a list of SBEs, MBEs, or WBEs eligible to participate and the type of contract each is interested in performing. The County can require strict compliance audits, participation guidelines, or training programs as conditions to

participation. Participation is limited to nonestablished SBEs, MBEs, or WBEs.

- The OEO Director recommends bid preferences, with the concurrence of the Purchasing Director. The Director makes the recommendation prior to the solicitation for bids or proposals when it is determined that SDBEs are capable of entering into competition with nondisadvantaged businesses but lack the experience to win highly competitive contracts.
- Bid credits are established by the County when contractors meet certain SDBE requirements, such as use of M/WBEs when no affirmative action goals are mandated, or, if mandated, use of M/WBEs is above the established goal.
- The minority economic development program is used for County activities, and the County Administrator may charge the OEO Director to monitor and support enhanced efforts to assist in the growth and development of SDBEs.

The following definitions are provided in Ordinance 93-17 for SDBEs:

- **Minority-owned Business or MBE** is a certified business with at least 51 percent owned by one or more members of one or more minority groups, or in the case of a publicly held corporation, at least 51 percent of the stock of which is owned by one or more women, whose management and daily business operations are controlled by one or more women, and which is not an established business.
- **Minority Group** means any of the following racial or ethnic groups:
 - African Americans - persons having origins in any of the black racial groups of Africa or Blacks;
 - Hispanic Americans - persons of Spanish or Portuguese culture with origins in North, South, or Central America or the Caribbean Islands, regardless of race;
 - Asian Pacific Americans - persons having origins in Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the United States Trust Territories of the Pacific Islands, or the Northwest Mariana Islands;
 - Native Americans - persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians;
 - Other groups or individuals - groups of persons supported by an appropriate study who are found, by the County Commission, to be socially and economically disadvantaged and to have suffered actual racial or ethnic discrimination and

decreased opportunities to compete in South Florida professional services, sales, building, construction, manufacturing and related markets, or to do business with the County Board; and

- Groups found to be eligible by government sources for purposes of contracts funded by state or federal government.
- **Women-owned business** or **WBE** is a certified business that is at least 51 percent owned by one or more women, or in the case of a publicly held corporation, at least 51 percent of the stock is owned by one or more women, whose management and daily business operations are controlled by one or more women, and which is not an established business.

In recent years, several factors have led the County to review its SDBE Affirmative Action policies. Those factors included, but were not limited to, the following:

- the United States Court of Appeals for the Eleventh Circuit upholding the Ryskamp decision in *Engineering Contractors Association of South Florida, Inc. v. Metropolitan Dade County* in 1997;
- the statewide petition drive to place affirmative action questions on the November 2000 ballot;
- the United States Supreme Court ruling in *Adarand Constructors, Inc. v. Peña* extending the “strict scrutiny” standard beyond the controlling legal precedent of *City of Richmond v. J.A. Croson*;
- the need to update the existing SDBE ordinance; and
- the commitment to maintain or expand SDBE programs and services to the extent allowable under the law.

Thus, on February 3, 1998, the County Commission acted to revise its SDBE Program. The OEO Director recommended that the County Commission authorize the County Attorney to identify and update the language of various sections of Ordinance 93-17. The Director of OEO also recommended that the County provide funding for an in-depth study prior to permanently modifying the existing SDBE Sections of the Ordinance, which is race/gender conscious. Further, a recommendation was made that the study encompass the geographical area covered by Broward, Miami-Dade, and Palm Beach counties.

The County's affirmative action policy sets the parameters for procurement efforts in providing opportunities to SDBEs. Its success is largely dependent upon the cooperation and coordination between the Purchasing Division, the Office of Equal Opportunity, and all other departments and offices within the County government.

3.3.3 Federal Policies Governing Procurement

The U.S. Department of Transportation (USDOT) imposes Federal Disadvantaged Business Enterprise (DBE) requirements on the County due to the federal funding the County receives from the Federal Aviation Administration (FAA) and the Federal Transit Administration (FTA). The Broward County Aviation Department (BCAD) operates the Fort Lauderdale-Hollywood International Airport and the North Perry General Aviation Airport. BCAD is the only County department that receives a portion of its funding from the FAA Federal Airport Improvements Program (AIP). As a condition of accepting funds from the FAA, the County is required to adhere to the FAA's policies regarding contracting with DBEs, unless the County's policies are stricter than those of the FAA. County goals must meet the requirements of Chapter 49, Code of Federal Regulations (CFR), Part 26 and Part 23.

The County also receives funding via the FTA. Each year the County must establish DBE goals for these programs.

BCAD is required to submit an annual goal and methodology to update its DBE plan to ensure the continued funding by FAA of its AIP projects in construction and for the operation of the Ft. Lauderdale-Hollywood International Airport. The initial DBE plan was submitted to the FAA in September 1999 for review. In April 2000, the FAA responded with a series of corrective actions or strategies to ensure BCAD's compliance with the new regulations. One of the major areas addressed in BCAD's Disadvantaged Business Enterprise Program Plan for 2000 was a provision relating to their monitoring

and enforcement mechanisms to ensure compliance with FAA requirements. Specifically, Section 49 CFR 26.37 requires the County to ensure compliance by applying legal and contract remedies available under federal, state, and local law. In September 2000, the County received approval of its federal DBE plan.

3.4 Procurement of Goods and Services

The processes used to procure needed goods and services are presented in this section. There is a review of the general types of purchases; the procurement of construction, design, and professional services; the County's Capital Improvement plan; and compliance regulations.

3.4.1 Informal and Formal Procurement Processes

The Purchasing Division handles two general types of purchases: official formal bids and contracts and informal quotations and contracts. The Invitation for Bid (IFB) is the Purchasing Division's official formal procurement method. The IFB involves purchases over \$30,000. A legal advertisement is required, and formal bid openings are held. Under the formal bid and contracting procedures, one-time contracts, price agreements, construction, and service contracts are permitted. Professional services and design (A&E) services are procured by a qualifications-based selection procedure with a contract negotiated with the most qualified firm.

For purchases under \$30,000, the Purchasing Division holds an informal quotations process. This process is generally for commodities, printing, or services under the informal quotation process. Written and telephone quotations are permitted in the process. Delegated purchases of \$3,500 or less and procurement purchases up to \$1,000 are also permitted.

Bidders on procurement solicitations are advised to pay close attention to certain terms and conditions, such as:

- Contents of the solicitation, since Bid forms contain the terms and conditions of the bid and become the actual contract.
- Adherence to Specifications, which may require use of certain manufacturers, trade names, brand information, and/or catalog numbers necessary to ensure the establishment of a level of quality desired for a service or commodity.
- Prompt pay provisions, although addressed in a separate ordinance, may require the County to pay interest when it makes late payments to vendors.
- Possibility of suspension or disbarment if contractors are found guilty of violations, or found to be in violation of any County Commission rules or regulations. Such findings may prohibit the vendors from doing business with the County.
- Compliance with SDBE contract goals and if goals are not met demonstration of good faith efforts to meet the goals.

The Procurement Code specifies procedures for handling the various types of formal and informal bid processes. Formal competitive sealed bids that result in a purchase order must be for a firm, fixed price. The following conditions apply to competitive sealed bids:

- Solicitations equal to or exceeding the threshold bid amount prescribed by Procurement Code are to be solicited by formal competitive sealed bids in the form of an IFB, unless they fall into one of the conditional uses mentioned above.
- IFBs for each solicitation must include a purchase description and all applicable procurement terms and conditions.
- Adequate Public Notice must be given for IFBs, including time for newspaper advertisement and notice mandated under Florida statute for construction services only.
- Bid Openings must be at a specified time and date, before the public, accepted unconditionally without alteration, and must remain sealed until opening.
- Exceptions to Bid Requirements do not permit deletions or corrections. However, bidders are permitted to furnish other information called for in the IFB and not supplied due to oversight,

unless the oversight relates to the condition of the bidder's responsiveness.

- The Purchasing Director may require a bidder to provide evidence or additional information in determining responsibility.
- Waivers of Technicality may be granted if there is a minor or nonsubstantive lack of conformity not consistent with a determination of nonresponsiveness.
- Corrections of Bids for mathematical errors, nonjudgmental errors, and voluntary reduction of price are permitted.
- Unsuccessful Bidders are not permitted to correct bid mistakes that would cause the bid to be lower and result in award to that bidder.
- Corrections after awards are permitted only if they are non-judgmental, clerical, and/or mathematical bid mistakes.
- Bidders can voluntarily amend their bids before the opening.
- Determinations of "responsiveness" and "responsibility" are the duty of the Purchasing Director, and all such determinations must be made in writing.

All contracts must be awarded in a reasonable time by written notice to the lowest responsible and responsive bidder. The Purchasing Division is required to certify that the bid meets the minimum requirements. Any awards of \$100,000 or more per year, or over \$200,000 for multi-year awards, require approval of the County Commission. The Purchasing Director can make awards under \$100,000. Additionally, the Procurement Code specifies that bid awards over \$100,000 per year may be subject to bid preferences for local vendors.

Competitive sealed proposals are used where it is not practical to solicit bids. The same general requirements are used for proposals as for competitive sealed bids. Evaluation factors or criteria must be developed before the notice for the Request for Proposals (RFPs) is issued.

The County Attorney must approve all formal multiple-party contracts above \$5,000. However, the Purchasing Director can request approval or review any contract for legal sufficiency regardless of amount.

The Purchasing Director must issue a Change Order unless the change is for minor corrections of errors, omissions, or discrepancies in contract documents. Any change that alters the terms and conditions of the contract or provides for a change in scope must be made according to the formal contract amendment process spelled out in the Procurement Code. The original Selection and Negotiation Committee must negotiate changes equaling \$30,000 or more. The Contract Administrator may conduct negotiations with the firm if the change is less than \$30,000. In all instances, the approval of the awarding authority is required.

The Procurement Code requires the contracting entity to submit complete contract specifications. These specifications must be provided to assure free and open competition among all vendors. The Procurement Code states contract specifications should be standardized for certain types of commodities. The Purchasing Director can recommend standardization of brands for commodities or services for contracts totaling \$100,000 or more. The Procurement Code also permits the Purchasing Director to issue procedures for the annual review of standardized items exceeding \$100,000 annually.

Some contracts require contractors to submit a copy of their Equal Employment Opportunity/Affirmative Action Plan (EEO/AAP) for inclusion in the contract agreement. The plan requires listing of the company's internal program activities and goals. On contracts where no goals have been set, the County may require the contractor to provide a copy of its Equal Opportunity and Small Disadvantaged Business Enterprise Affirmative Action plan.

3.4.2 Procurement of Construction and Design Services

The authority to award construction contracts rests with the County Commission. However, the Purchasing Director oversees procurement of construction activities which may include:

- building design;
- obtainment and implementation of the best method for construction contracting, which may include using a general contractor;
- construction management;
- management of multiple prime contractors by a designated general contractor or construction manager;
- use of government furnished materials; or
- other commonly accepted construction methods.

The Purchasing Director is also responsible for designating bonding and security requirements for contractors. The Purchasing Director may require the posting of bid securities. All construction contracts must also contain insurance provisions and indemnification of the County for injuries or damage arising out of the contractual agreement.

The Contract Administrator may approve and issue field orders for minor changes; architects or engineers may issue supplemental instructions that involve no change in contract sums or time. Construction change orders have an initial amount budgeted for changes equal to five percent of the contract. Any larger percentage must be approved by the County Commission. The changes must be approved in advance, and all contract change orders of \$250,000 or more require Board approval.

Approvals of change orders under \$250,000 are delegated to the Director of Aviation, the Director of Port Everglades, and the Director of Public Works for their projects. Explanations, back-up information, and a detailed breakdown of the changes are also required.

Design/build contracts are used by the County for specialized projects. These contracts are negotiated with a firm, which designs and builds a designated County construction project. Requests for Proposals (RFP) are sent to all interested firms requesting that they submit their design/build qualifications, the proposed design solution to a construction project, and price based upon the County's design criteria.

The Procurement Code states that RFPs should be sent to all firms that show an interest in the respective project. The processing requirements are similar to the solicitation and competitive bid processes. However, a Selection and Negotiation Committee is assigned to review and evaluate all proposals and short lists containing no less than three firms. The short lists are based on qualifications, availability, and past work of the firm. After short listing, the Selection and Negotiation Committee opens the separate sealed envelopes containing the proposed design solutions and the price submitted. The Committee then ranks the firms and advises the County Commission of the results. The Committee then attempts to negotiate a contract within the parameters of the design criteria.

The criteria for Architectural & Engineering professional services are spelled out in Section 21.85, Procurement of Architectural, Engineering, Testing, Landscape Architectural, and Land Surveying Services. They include the following requirements:

- The Purchasing Division maintains a list documenting the qualifications of CCNA firms. The qualification list contains the types of services provided by each firm, the available staff, their areas of specific expertise, and the standard federal form questionnaire. Firms are encouraged to update their qualifications annually.
- Services under the CCNA are procured by Request for Letters of Interest (RLI). The Purchasing Director sends RLI to all firms on the qualification list.²
- Firms responding to the RLI submit the required documentation. Their responses are reviewed by a Selection and Negotiation Committee, which reduces the number of firms to a short list of three firms determined to be most qualified.

² All RLI's are posted on the County Web page for review and/or downloading.

- The County Commission can declare CCNA emergencies. In those cases, emergency services are procured outside of the Procurement Code's requirements.

3.4.3 Procurement of Professional Services

County Commission appointed Selection and Negotiation Committees are also created for securing professional service contracts that are estimated to cost \$500,000 or more. Further, County Commission appointed Selection and Negotiation Committees are required when the fee for professional services is \$100,000 or more. Membership on Selection and Negotiation Committees must include no less than three county staff. A representative of the Office of the County Attorney is required to provide advisory legal assistance and must be present at all meetings. Voting members of Selection and Negotiation Committees may include: a County Commissioner(s) (if the Committee is appointed by the County Commission); the director of the division seeking professional services or an authorized designee; and other voting members who may have significant financial concern, interest, or special expertise.

For purchases of Professional Services not covered by CCNA or below the mandated bid amount, the Purchasing Director can enter multiple awards, either open-ended, fixed, or any other legal contracts in one of the following ways:

- When multiple award contracts are issued, the director of the division seeking professional services can select the vendor most capable and advantageous to perform the needed services and request that the Purchasing Division issue a purchase order covering the contract.
- If a Single Award Contract is to be issued and qualifications are on file or a Request for Letters of Interest (RLI) are solicited.
- The director of the division seeking professional services appoints a Selection and Negotiation Committee that ranks the top three firms in order of preference and the Committee negotiates with the highest ranked firm and recommends award of the contract to the firm.

3.4.4 Capital Improvement Plan

Each year the County Commission adopts a five-year capital improvement plan (CIP). The plan details the County's proposed allocation of funds for addressing new facilities and infrastructure needs. This plan sets out clear criteria for prioritizing capital projects that have been designated as essential to the success of the five-year capital program.

County staff develop the capital projects based on priorities and policies set by the Commission during its annual goal setting process. User agencies identify monies they have available to fund capital projects. These agencies are required to work with OEO, Division of Equal Employment and Small Business Opportunity (OEO/DEESBO), to articulate those needs and formulate plans for their purchasing and contracting needs that fall within the dollar thresholds established in the County Procurement Code.

3.4.5 Contract Compliance

After any contract is awarded, the County agency (any department, division, office) using the service assumes the role of Contract Administrator. The Contract Administrator must ensure that both the County and the vendor comply with all terms of the contract, including maintaining current insurance certificates. The County agency contracting with the vendor is required to keep written records of performance for each contract, including adherence to delivery requirements and specifications.

If a breach occurs relating to delivery or specifications requirements, the Contract Administrator must attempt to rectify the situation with the vendor. The Contract Administrator is also required to keep written records documenting such attempts. In cases where the Contract Administrator is unable to rectify a contract breach, the matters should be turned over to the Purchasing Director along with the documented attempts to resolve the matter. The documentation serves as the basis for further

Commission action, which may lead to cancellation of the contract, suspension, debarment, or institution of legal action.

Part IX of the Procurement Code, Pre-Litigation Resolution of Controversies, gives any actual and prospective bidder or offeror a means to seek relief. Any firm that has a substantial interest in and is aggrieved in connection with the solicitation or proposed award of a contract, may seek relief. Section 21.118 of Part IX permits them to direct their protests to the Purchasing Director. If their protest arises out of a decision or vote by a Selection and Negotiation Committee, their protests are limited to alleging deviation(s) from established procedures. Complaints must be in writing, state the facts, and must be submitted within seven calendar days of the occurrence of the matter in controversy. Protests concerning Bid Specifications must be made within 72 hours after knowledge of facts leading to the protest or 24 hours before the scheduled bid opening.

Part IX also prescribes Broward County's authority to debar or suspend a contractor after its representative has had an opportunity to be heard. Part IX contains procedural requirements that must be followed to ensure administrative review, including hearings, the attendance of witnesses, issuance of administrative subpoenas, and remedies that include reinstatement and/or termination of a contract or rescission of an award.

The Purchasing Director may verify or audit the receiving procedures of any County agency to ensure that all purchasing authority delegated is being performed in accordance with the delegation instructions and the requirements of the Procurement Code.

The Purchasing Division is required to have a vendor performance rating system for use in eliminating vendors who fail to perform or perform unsatisfactorily. The rating system may be used to evaluate vendors and award contracts. The OEO completes a

rating sheet on the performance of construction contractors and their adherence to SDBE procurement and EEO/AAP requirements. This process assists the Purchasing Division in making a decision as to the overall performances of some contractors.

3.5 Purchasing Division

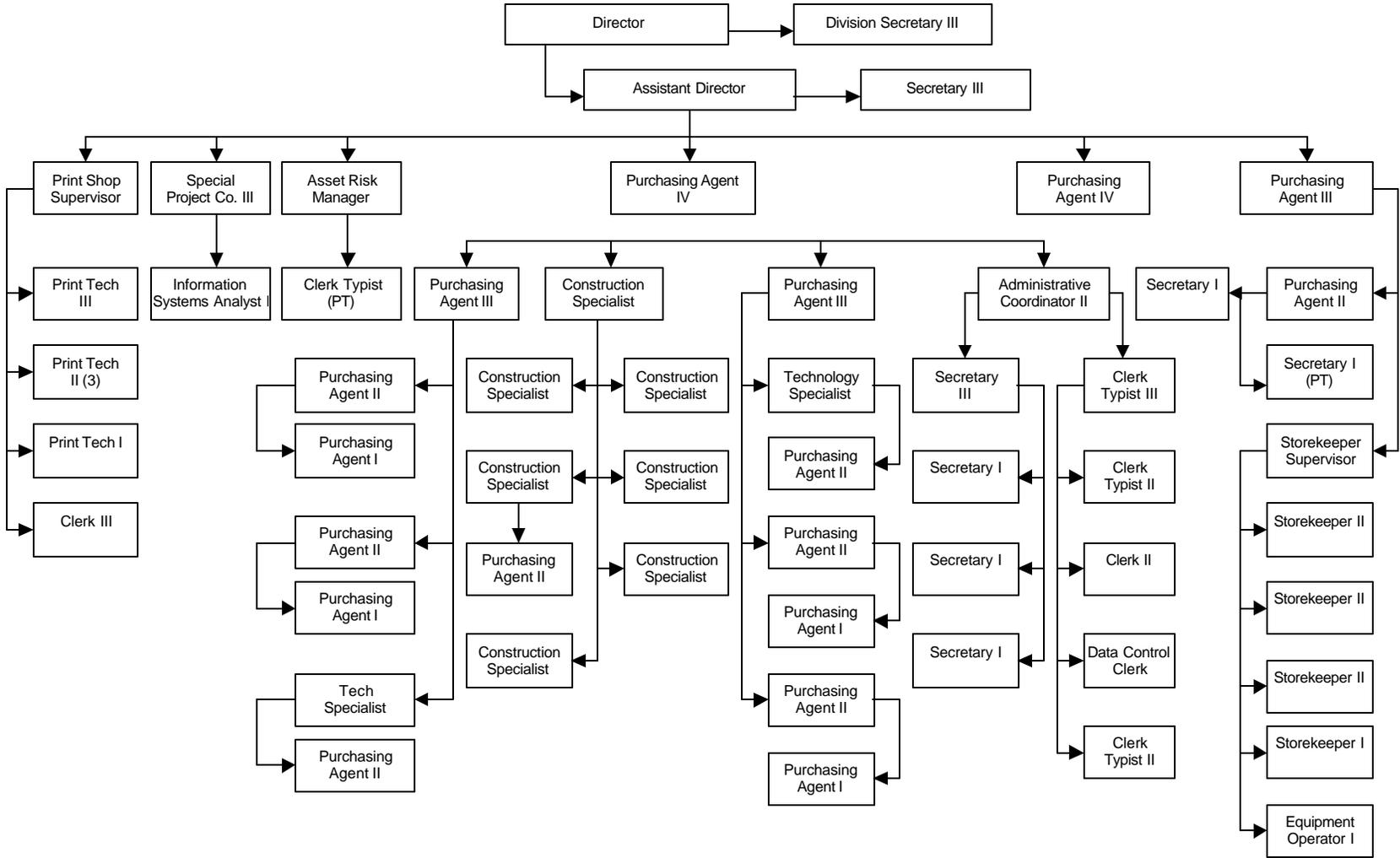
The Purchasing Division is one of eight divisions under the control and authority of the Finance and Administrative Services Department, which exists primarily as an internal support system handling various financial and personnel actions for the County. The Finance and Administrative Services Department maintains functional responsibilities for all of the following areas within the County:

- accounting and financial reporting
- payrolls
- official recording and archiving
- purchasing
- printing
- personnel and labor relations
- information systems
- tax collections
- automobile and boat registration
- banking and investment of County funds
- occupational licensing
- safety and risk management
- employee benefits management
- child support enforcement
- bond financing
- debt management.

3.5.1 Organizational Structure

The Purchasing Division is responsible for the procurement of goods and services as directed by the Procurement Code. The organizational structure for this division is shown in **Exhibit 3-3**.

**Exhibit 3-3
Broward County
Purchasing Division**



The Purchasing Division is divided into seven sections: Administration, the Print Shop, Special Projects, Risk Management, Operations, Negotiations, and the Central Warehouse. A description of each follows:

- Administration Section – Administration consists of a Director, an Assistant Director, and administrative support personnel. This section handles the budget and personnel files and runs the daily business of the Division. Staff in the section provides expertise to County internal and external customers in the Local Government Financial System (LGFS), negotiations, and other specialized purchasing requirements.
- Print Shop – The Print Shop is available to provide printing on demand for County agencies. The Print Shop handles single-color and double-color presses, quick copy, numbering, envelopes, NCR paper, bindery work, and other jobs specified in the Purchasing Handbook. The Print Shop is headed by a Print Shop Supervisor and six technical/administrative support personnel.
- Special Projects – The Special Projects section deals with computers and runs reports from the LGFS system, creates database systems and reports, teaches agencies how to use the LGFS system, and works on new releases and new systems for the balance of the Purchasing Division.
- Risk Management – This section assess the insurance needed on all contracts entered into by the County, and reviews all insurance certificates provided by vendors to determine their legality and sufficiency.

Negotiations – A purchasing agent arranges all meetings with Commissioners for selections/negotiations committees as well as provides training for all Agencies on how to conduct or participate in the Selection/Negotiation process.

Operations Section – Operations is headed by a Chief of Operations and consists of three Purchasing Agent IIIs in charge of Construction teams, Commodity teams, and Projects. An Administrative Coordinator oversees support staff reporting to the Chief of Operations. The Operations Section functions as the procurement unit. All requisitions come into the Operations Section, and purchase orders are generated via the LGFS system. All requisitions submitted to the section must be electronically generated, as the section does not accept paper requisitions.

- Central Warehouse – The Central Warehouse stores various items ranging from office supplies used daily by County employees to specialized safety equipment and emergency supplies used for hurricanes or other natural disasters. A listing of items stored in the

Central Warehouse is accessible via the LGFS System or a printed catalog. The Central Warehouse is also responsible for the disposition of surplus property. The Central Warehouse is headed by a Purchasing Agent III, who is assisted by a Stores Supervisor is asserted by six storekeepers or administrative support personnel.

3.5.2 Procurement Activities and Outreach

The Purchasing Division utilizes the LGFS to track procurement activities. The division conducts specialized computer inquiries to extract certified SDBE vendor information for the Small Business Opportunity (SBO) Section. SBO also relies on the LGFS to obtain information relating to vendors. Liaisons for the two offices are continually working to improve the process flow and information exchange to enhance data availability.

Based on the figures from the Purchasing Division over the past five years, it appears that outreach efforts have been successful. Vendor registration has averaged a 17.5 percent annual increase from 3,394 vendors in 1995 to 7,416 vendors in 1999. The total dollar amount of purchase orders for commodities reported by the Purchasing Division for 1997, 1998, and 1999 was \$22.8 million, \$22.1 million, and \$31.3 million, respectively.

The County operates a Web site at <http://www.broward.org>. This site provides Internet users access to information about the County's procurement process and business opportunities for potential and current vendors. Also available within the site is on-line vendor registration that enables all potential Broward County vendors to choose/list commodity or service classifications. Completion of the Purchasing Division's Vendor/Bid List Request Form begins the process for placing a firm on the County's automated bid mailing list. The County's booklet, *How To Do Business with Broward County: A Vendor's Guide*, is accessible via the Web site. The booklet refers

interested persons to the Chief of Operations for sales interviews if the firms are interested in pursuing business opportunities. The County's on-line system also refers to the SDBE program and briefly describes the functions.

The Purchasing Web site has a section that provides notices for all bids and quotations for presently solicited formal bids or quotations. A Purchasing directory is available, which outlines the various functions of the division and guides the user through its processes and activities. The Web site also provides a copy of the Procurement Code, a link to DEESBO Web site, vendor registration, an up-to-date copy of *How To Do Business with Broward County*, and the bid tabulation of all opened bids.

The Finance and Administrative Services Department has a comprehensive Web site, which is also accessed via the County Web site. The site permits vendor payment history searches and provides other information, including quick pay information for vendors.

3.5.3 Small Disadvantaged Business Enterprise Development Activities

The Purchasing Division provided a summary of its SDBE development activities for the last five fiscal years. During that period, the Purchasing Division participated in annual trade fairs, made presentations on how to do business with Broward County to various forums, and scheduled networking functions as a part of its goal to have an ever-increasing role and presence in the development of minority and women vendors.

The Purchasing Division also participates in monthly, quarterly, and other regularly scheduled meetings with the Florida Regional Minority Purchasing Council, the Broward Alliance, the Vanguard Chronicle, and the South Florida Regional Planning Council. Additionally, the Division's outreach efforts include participation in quarterly and/or monthly meetings and activities with the Broward County Chamber of Commerce, the Puerto Rican Chamber of Commerce of South Florida, the Miami Beach Latin Chamber of Commerce, and the National Caribbean Business Women. The Purchasing Division

also holds monthly meetings with minority and women vendors to assist them in understanding Broward County's procurement process as well as specialized meetings to assist minority and women vendors with technology and bonding issues.

In order to encourage minority and women business development efforts, a Purchasing Division employee was selected and recognized as the Minority Business Advocate of the Year for 1999. The selection was made by an association of minority purchasers.

3.5.4 County Purchasing Card

The Purchasing Division recently established a Purchasing Card Program, which is intended to facilitate convenient purchases of nonrecurring, low dollar value goods and services. The program permits authorized users to purchase goods and services valued up to \$1,000 per purchase. This will reduce the use of Delegated Purchase Orders, Direct Payment Vouchers, and petty cash.

One of the Card's main purposes is to reduce the time spent processing low dollar transactions. In turn, the Purchasing Division hopes to improve its management reporting and service to eligible users and members, while decreasing the number of inappropriate users of County goods and services. The County anticipates the Card system will enhance the discount structure for supplies.

Preliminary analysis of figures for Broward County commodities during FY98-99 shows that approximately \$6.2 million dollars (81 percent) were spent on purchases of goods and services valued at or less than \$1,000. Conversely, only 16 percent of the County's purchases fell into the \$1,001 - \$10,000 range. This analysis shows the value of a more efficient method to process such small, nonrecurring purchases.

3.6 Office of Equal Opportunity and the Small Disadvantaged Business Enterprise Program

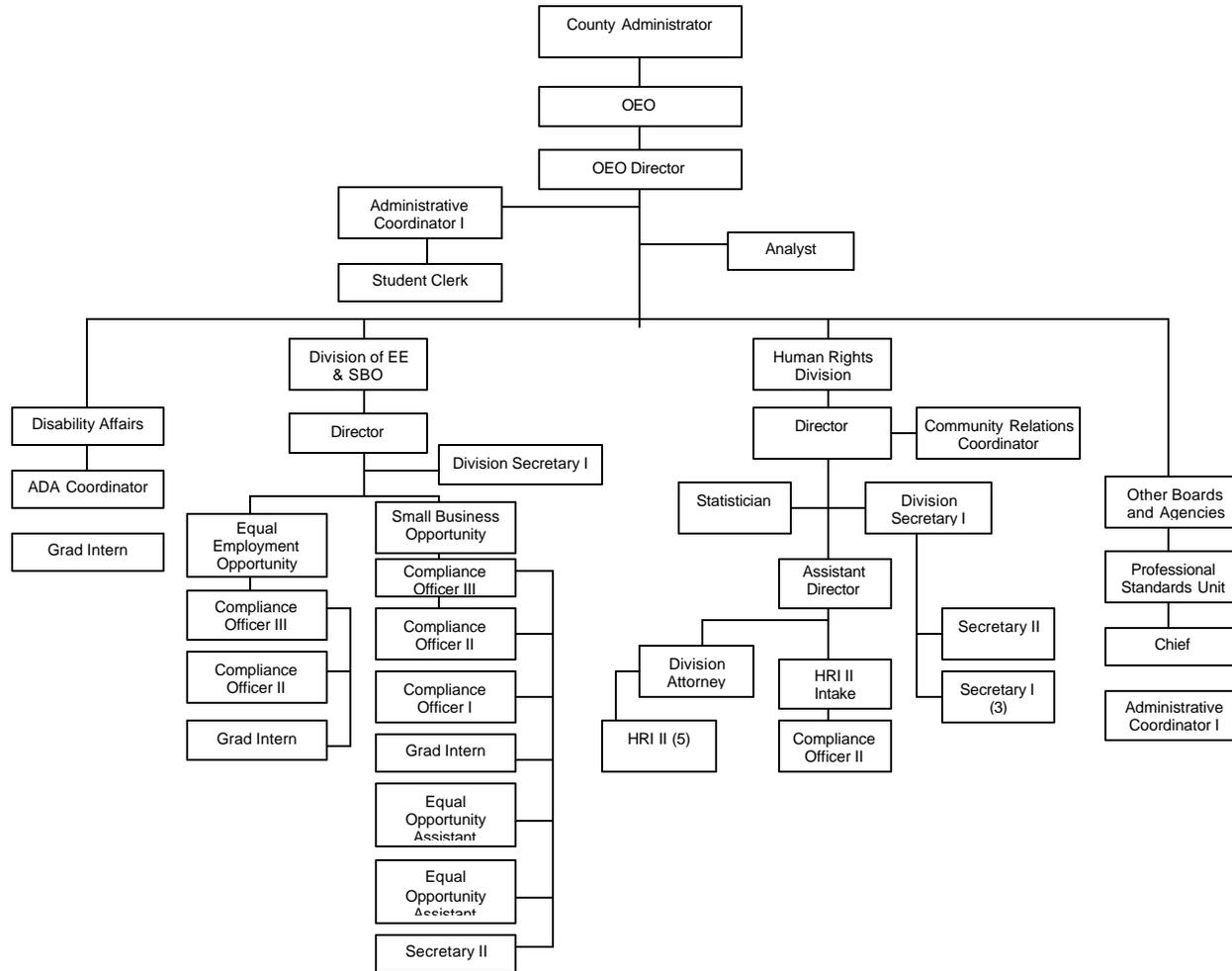
The organizational structure of the Office of Equal Opportunity and a review of the Small Disadvantaged Business Enterprise Program are presented in this section.

3.6.1 Organization

A Director, who reports to the County Administrator, oversees the Office of Equal Opportunity (OEO) with its two divisions - the Human Rights Division and the Division of Equal Employment and Small Business Opportunity (DEESBO). Within DEESBO are the Equal Employment Opportunity (EEO) Section and the Small Business Opportunity (SBO) Section; the two sections are overseen by a DEESBO director, who is supported by a division secretary. Since the County receives a substantial amount of federal funding for its projects, the OEO Director also serves as the liaison officer for oversight of the County's DBE plan. **Exhibit 3-4** shows the organizational structure of the office.

The SBO Section is staffed with three compliance officers, two equal opportunity assistants, and a graduate intern. One secretary is assigned to this section. The SBO staff are assigned to the DBE program as well as performing other assignments and duties related to the Small Disadvantaged Business Enterprise (SDBE) program. The EEO Section is staffed with two compliance officers and a graduate intern.

Exhibit 3-4 Office of Equal Opportunity Organizational Chart



The DEESBO publishes a SDBE directory that is available on the County's Web site. The directory is a compilation of all the firms certified by the SBO Section of DEESBO. The Web site permits downloading of the on-line certification and recertification application, and publishes Disadvantaged Business Enterprise program goals. In addition, DEESBO also publishes the quarterly newsletter *The Equalizer*.

3.6.2 SDBE Background Information

Broward County enacted its first MBE/WBE program in 1979. In 1984 the program was changed to a SDBE program. The County then amended the SDBE Program by repealing Sections 20-275 through 20-277 of Ordinance 93-17 and replacing these sections with new Sections 20-275 through 20-279. The program's intent was to ensure the full and equitable participation of minority-owned and women-owned businesses in the performance of its contractual relations for construction, A&E, professional and business services, and commodities.

When the 1991 study of the County's contracting efforts by BPA Economics, Inc. (BPA), was conducted a goal of 15 percent for minorities and five percent for women for purchasing and construction projects over \$150,000 was in place. BPA made the following recommendations in their study:

- implement mandatory MBE/WBE goals for industry categories in which there is evidence of disparity;
- replace the MBE/WBE program in purchasing with a bid preference program; or
- continue the voluntary MBE/WBE program with modifications in focus.

Other improvements recommended pertained to simplifying certification/recertification procedures, establishing procedures to assist MBEs/WBEs in satisfying bonding requirements, assuring sufficient resources to operate the program effectively,

and expanding existing outreach programs. Other recommendations included improving the information systems to provide sufficient detail for monitoring and analysis and making goal attainment part of the performance measures for purchasing and contracting staff. Finally, the study addressed the need for the County to keep detailed, accurate records of subcontractor activity with non-minority and WBE/MBE firms to facilitate the evaluation of data.

In June 1996, OEO conducted its own study, complete with public hearings and surveys to update the 1991 study. The OEO surveyed WBEs/MBEs, the Purchasing Division, Certified Agency Buyers (CABs), Contract Administrators, Project Managers, Project Engineers, and minority, women, and non-minority contractors, vendors, suppliers, and consultants. Based on these surveys, OEO inferred the following:

- MBEs and WBEs are interested in obtaining government contracts and in performing as prime contractors;
- financial problems may preclude minority and women firms from getting County contracts;
- purchasing procedures need to be developed to ensure purchasing agents comply with SDBE guidelines;
- purchasing agents should be monitored quarterly based on SDBE goals;
- CABs needed training;
- SDBE program requirements should be a part of every purchasing agent's and CAB's performance appraisal;
- a majority of the contract administrators, project managers, and engineers confirmed that minority and women firms completed projects in a timely manner and within budget;
- non-minority firms did not perceive SDBE goals and requirements as barriers to getting contracts or to their profit margin;
- In addition to overall annual goals, individual contract goals may be established for SDBE participation in all contracts that are conducive to subcontracting. These individual contracts must be over \$150,000 for construction, \$75,000 for architectural and engineering, and \$50,000 for all other contracting activities.

- Where goals are established, subcontracting should be commercially viable and useful.
- The minority economic development program should be designed and tailored for implementation to any designated development activity.

Some of the provisions are no longer viable within the SDBE Program and include:

- bid credit program that operated within the goals established under the County Procurement Code; and
- set-aside, targeted market, and bid preference programs, which were included in the Ordinance to be applied to contracts of any value.

Set-aside, targeted market, bid preference, and bid credit programs were discontinued in 1995 because of findings that were contrary to the *Adarand* decision.

The Ordinance governing the SDBE program was originally developed to establish overall goals for SDBE procurement. The SBO staff would prepare a resolution announcing the SDBE goals, which were effective from October 1 of each year through September 30 of the following year. The County Administrator would recommend the goals to the County Commission for approval. This process did not preclude setting individual contract goals for some projects. However, during the past several years, the County has adhered to the guidelines established in the ordinance for identifying and setting goals on contracts.

In order to be certified as a SDBE, applicants must complete a nine-page form, provide required documents, and submit them to the SBO Section for review and approval. Once the application is approved, the firm is certified for two years unless no longer eligible to hold certification status or is issued a one-year certification instead. Minority women-owned firms receive certification as an M/WBE, while white women receive certification as a WBE only.

The County, a participating member of the Broward Interlocal Consortium (BIC) composed of the North County Hospital District and the Broward County School Board, uses a joint certification form of BIC – the Broward Interlocal M/W/SDBE Consortium Certification Application. The vendor may apply for certification with any of the three agencies but the County may impose additional certification requirements to ensure compliance with the SDBE efforts. The SBO staff works closely with user agencies to develop a plan for compliance with the SDBE guidelines. SDBE goals are set by the SBO Section on contracting and purchasing needs that meet threshold requirements based on capacity, availability, and utilization needs. For contracts where there are no goals, the SBO Section requires the contractor to provide a copy of its Affirmative Action Plan (AAP) and its equal opportunity plan policy statement. They are also required to submit an SDBEAAP. SDBE information is available on the DEESBO Web site and on the Purchasing Division Web site. Both of these sites are accessible via the County Web site.

3.6.4 Appeal Procedures

Appeals to SDBE certification denials must be made in writing within 10 working days after receipt of a notice of denial. According to the Administrative procedures for implementing the ordinance, the OEO Director ensures that an investigation is conducted and at the decision of the Director a hearing may be held within 45 days of the appeal. A determination must then be issued by the OEO Director within 21 days. In practice, however, the OEO Director has been conducting an informal hearing within 21 days after receiving the written notice of appeal. The decision of the OEO Director is final unless the vendor files a written appeal with the County Administrator within 10 working days after receipt of the OEO Director's determination. The appellant may seek

legal remedy at any time during the appeal process when a federally funded project or program is involved.

3.6.5 Goal Setting

Specific goals for construction, A&E, professional services, and business services, and commodities contracts are established where feasible and/or applicable. Aggregate totals for the groups represent overall goals. Specific goals for each racial, ethnic, or gender group are based on capacity, availability, and utilization.

Proposed construction contracts for projects of \$150,000 or more or estimated to be within 10 percent of the threshold amount of \$150,000 are forwarded to the SBO Section for review. Ordinance 93-17 requires the submission of complete information from the user department or division to the SBO Section for analysis, for recommendations of remedial actions to take, and for contract goal setting. The documentation is returned to the user department with the goals assigned, and the bid document is then finalized.

Draft documents for procurement of A&E and professional services are provided to SBO staff by the Purchasing Division. Professional services and A&E services of an estimated \$75,000 value or greater are reviewed by SBO staff as well as any proposed contracts for projects within 10 percent of the threshold. Utilization, availability, and capacity analyses for SDBE firms are conducted. Once the goals are established for professional and A&E services, the documents are returned to purchasing for further action.

The Purchasing Division forwards to the SBO Section documents for the procurement of commodities estimated to be \$50,000 or more. The documents are reviewed as well as any proposed contracts estimated to be within 10 percent of the

\$50,000 threshold amount. From this point on, much of the same process are followed as with construction and professional services.

3.6.6 Efforts to Increase SDBE Participation

The SBO Section is required by Ordinance 93-17 to conduct continuing outreach efforts. These efforts include providing/offering workshops relating to the following topics:

- information on various procurement opportunities;
- instructions and clarification on bid specifications, procurement policy and procedures, and general bidding requirements;
- debriefing sessions on major awarded contracts to explain why certain minority and women bids were unsuccessful;
- information on projected procurement opportunities to SDBE contractors on a periodic basis;
- maintenance of an on-line certification/recertification application;
- instructions on SDBE contract performance requirements; and
- information and assistance on continued certification procedures, subcontracting practices, and bonding requirements.

Purchasing agents and CABS are provided suggested procedures to follow in efforts to boost SDBE participation.

3.7 Race- and Gender-Neutral Programs

Broward County conducts a number of race- and gender-neutral programs that include:

- the County's Office of Economic Development with its partnership and referral activities;
- the Entrepreneurial Education Initiative with its partnership between the County and the University of Florida's Cooperative Extension Service offering small business education components;

- the Small Business Resource Center, a joint effort between the Broward County Libraries Division and Bank of America's Small Business Resource Center offering business start-up resources.

Other internal agencies listed on the County's Web site that offer race- and gender-neutral opportunities are the Department of Planning and Environmental Protection Comprehensive and Neighborhood Planning Division, and the Greater Fort Lauderdale Convention and Visitor's Bureau.

The County's Web site also references outside organizations such as the Broward Alliance and the Broward Workforce Development Board that provide race- and gender-neutral opportunities. These agencies provide a variety of services ranging from business outreach, training, one-on-one business consultations, market research, loan review, and capitalization for new business start-ups.

Other race- and gender-neutral efforts provided by the County include:

- information provided by Purchasing and other departments to vendors seeking to do business with Broward County;
- technical assistance and information provided to firms as needed;
- seminars, workshops, and other efforts designed to educate and attract vendors seeking to do business with Broward County; and
- the Broward County Web site, which permits notification of such activities.

The Office of Economic Development offers such opportunities as the small business incubator programs, business relocation assistance, and a partnership with the Broward Alliance. The partnership promotes all aspects of business development. The Office of Economic Development assists vendors with tasks such as site selection, qualifying for financial assistance, and incentive packages for new business efforts.

3.8 Petition Initiative Drive on Affirmative Action and One Florida Initiative

Throughout 1999, California businessman Ward Connerly conducted a petition initiative drive in the State of Florida (State) to gather signatures to place an affirmative action query doing away with race- and gender-preference programs on the November 2000 statewide ballot. On December 14, 1999, the County Commission adopted a Resolution opposing the petition initiative drive. The County Commission directed the County Administrator to provide the Florida Association of Counties (FAC) with a copy of the Resolution and to request the FAC to distribute copies of the Resolution to County Commissions throughout the state. The Resolution strongly supports affirmative action and states that the Board would mount an educational campaign against the proposed anti-affirmative action initiative.

In May 2000, Mr. Connerly announced that the Florida Civil Rights Initiative (FCRI) campaign had terminated its efforts to have the petition initiative placed on the November 2000 statewide ballot. Mr. Connerly stated that the FCRI campaign was redirecting its focus from 2000 to 2002 for two reasons. First, Connerly said that Florida's *One Florida* Initiative issued by the Governor was inadequate because it does not touch state law and local policies that affect race and gender. And second, Connerly stated that the Florida Supreme Court had not given FCRI the "green light."

The Governor's *One Florida* initiative has two components: Executive Order 99-280, which created the Equity in Educational Opportunity Task Force, and Executive Order 99-281. Executive Order 99-281 reaffirmed the Governor's and Lieutenant Governor's commitment to nondiscrimination in state hiring, contracting, and education and directed the Governor's agency heads not to use optional race and gender set-asides and preferences in their agencies.

Key changes enacted by Executive Order 99-281 include the following actions:

- Moving the State of Florida Minority Business Advocacy and Assistance Office to the Department of Management Services;
- Increasing penalties for companies that discriminate on the basis of race or gender;
- Creating an effective method of investigating complaints of discrimination by state procurement agents;
- Streamlining the minority business certification process; and
- Creating a geographic-based system of assistance to businesses based in urban Historically Underutilized Business Zones and Front Porch communities.

In addition to the measures outlined in the Executive Order, the Governor pledged to diversify the ranks of his procurement agents and relocate more of them outside of Tallahassee. The Governor has since announced improvements to his plan as well as the formation of the One Florida Accountability Commission to examine student enrollment and minority business spending to gauge progress.

3.9 Conclusion

After carefully reviewing the County's policies, procedures, and programs, MGT has drawn several conclusions based on our findings. The following bullets outline what MGT has found and will become an integral part of the recommendations (and commendations) we make to the County in Chapter 7.0

- The County's system for policy changes is an excellent means of ensuring that the public is aware of the policy changes it makes. Making certain that changes are relayed to internal and external customers is important to keep them fully informed and enhances the ability of both groups to act on the changes in an immediate positive manner. The process used by the County to promulgate new or changed policy is open and deliberative. The County affords employees and citizens the opportunity to participate in and hear the discussion of the recommended changes or additions to its rules and regulations.

- The County's Web site provides an abundance of information to users on policy changes, business opportunities, procurement processes, notices of bids, on-line vendor registration, and SDBE program information and certification application.
- The County is undergoing major growth, particularly in its airport expansion projects. The County is praised for its initiatives in improving the airport and the steps they are taking indicates a commitment to addressing the growth it is experiencing. The airport is vital to the effective operation of the County in response to the growing population and service needs of the its citizens and visitors.

Substantial construction and renovation projects at the County airport are in progress. Large amounts of federal dollars are flowing into the County for these projects. Thus, it is critical that the County in order to receive these federal funds meet disadvantaged business enterprise (DBE) requirements. The oversight and monitoring of DBE requirements requires the coordination and cooperation between BCAD, OEO, the Division of Purchasing, and the office of the County Attorney. A review of the issues affecting BCAD and its needs must be responsive to the internal and external demands to assure compliance with federal guidelines. At the present there is no OEO staff member located at the airport assisting in these matters.

- The County SDBE program is well structured and the ordinances covering the program are spelled out effectively for the oversight and monitoring of SDBE participation and compliance. While the SBO Section is well structured to undertake the enormous task of oversight of components delegated to its authority, the size of staff in the section does not allow for a staff member to be placed in the Aviation Department or Purchasing Division to monitor, provide assistance, or help to increase outreach efforts to SDBEs. Some of the processes that require the staff to undertake could be more simplified with the use of updated technology.
- Out of the necessity to process information and handle fiscal matters, the Finance and Administrative Services Department and the Purchasing Division have at their disposal a financial system (LGFS – Local Government Financial System) that enables the retrieval and analysis of vital procurement data. The potential for continued use and enhancement of its many features are great. The Purchasing Division and DEESBO need to continue to explore ways to make this system more accessible for use by DEESBO for tracking of SDBE prime and subcontractor participation.
- Vendors and contractors do not appear to understand and appreciate the process that goes into goal setting and contractual analysis by the Purchasing Division and the SBO Section. Even directors and managers within departments and divisions do not always understand the process. If data similar to that prepared for

DBE compliance with federal requirements were available for all contracts where goals are set, it might better aid users in understanding the policy.

4.0 UTILIZATION AND AVAILABILITY ANALYSIS

4.0 UTILIZATION AND AVAILABILITY ANALYSIS

A major objective of the Broward County (County) disparity study is to analyze the amount of participation of minority, women, and non-minority owned businesses in the County's procurement of commodities. The results of this analysis then determines whether minority, women, or non-minority owned businesses have been under- or overutilized in the procurement of those goods and services. In this chapter, MGT looks at the County's relevant market area and then analyzes the utilization and availability of minority, women, and non-minority owned firms.

4.1 Methodology

The determination of parameters for business categories and minority and women classifications as well as the methods employed in collecting data for the study are explained in this section. Also detailed are the methodological procedures for determining the relevant geographical market areas, utilization, and availability of firms.

4.1.1 Business Categories

The County's procurement of goods and services is divided into five business categories: construction services, architecture and engineering (A&E) services, professional services, business services, and commodities. The categories are defined by the type of purchases made by the County during the nine-year study period - October 1, 1990 through September 30, 1999. A description of each of the five business categories follows.

Construction Services

Construction services include all firms involved in the process of building, altering, repairing, improving, or demolishing any structure, building, or real property including:

- Any major/heavy construction services

- Airport runways
- Bridge construction
- Building construction
- Road construction
- Any light/maintenance construction services
 - Carpentry
 - Electrical work
 - Installation, repair, and maintenance of air conditioning, flooring, carpeting, fire protection systems, glasswork
 - Installation, repair and maintenance of boilers, pipe lines
 - Plumbing
 - Renovations
- Other related construction services
 - Asbestos abatement
 - Brick laying
 - Concrete work
 - Drainage
 - Dredging
 - Excavation
 - Fencing
 - Grading
 - Hauling
 - Landscaping (large construction projects such as boulevards, highways)
 - Lot cleaning – large projects
 - Masonry
 - Painting
 - Paving
 - Plastering
 - Roofing
 - Signage Structural Steel
 - Toxic waste cleanup
- General contractors

Architecture and Engineering Services (A&E)

Architecture and Engineering services includes all firms involved in architectural design, engineering services, and includes all environmental consulting. Also included within this category:

- Architectural designs
- Engineering services
- Inspections
- Materials testing

- Soil testing
- Surveying

Professional Services

Professional services include services that require special licensing, educational degrees, and unusual highly specialized expertise. The following services are found within this category:

- Financial Services
 - Accounting
 - Appraising
 - Banking
 - Insurance
 - Land acquisition
- Legal Services
- Medical Services
 - Doctor and nurse services
 - Lab testing
- Other Professional Services
 - Advertising
 - Aerial photography
 - Computer training, programming, development
 - Consultants
 - Court reporting
 - Evaluations and assessments
 - General studies
 - Marketing specialist
 - Promotional
 - Public relations
 - Systems development
 - Training

Business Services

Business services involves any services that are labor intensive and not a construction related service or professional service. The following list includes some of these services:

- Maintenance Services
 - Janitorial

- Lawn Maintenance
- Vehicle repair
- Other Business Services
 - Alarm systems installation and repair
 - Armed car services
 - Artists and art work
 - Carpet services
 - Communications systems
 - Debris removal (small lot)
 - Delivery services
 - Employment services
 - Guard services
 - Landscaping –small projects
 - Locksmiths
 - Lot clearing – small projects
 - Maintenance and repair of small equipment/appliances
 - Moving service
 - Telephone systems
 - Trash services
 - Security services
 - Valet parking
 - Weed removal

Commodities

The commodities business category includes all tangible personal property, including equipment, leases of equipment, printing, food, building materials, office supplies and materials, and other items needed to support normal operations including:

- Automobiles
- Auto parts and supplies
- Cleaning supplies
- Computer equipment
- Construction equipment
- Fire protection (e.g. extinguishers)
- Food items
- Machinery
- Medical Supplies
- Oil/Petroleum
- Office supplies
- Trucks

4.1.2 Minority and Woman Business Enterprises – Classifications and Definitions

For the purposes of this study, businesses classified as M/WBEs and/or SDBEs are firms that are at least 51 percent owned and controlled by members of one of five groups—African Americans, Hispanic Americans, Asian Americans, Native Americans, and Women.¹

- **African Americans:** U.S. citizens or lawfully admitted permanent residents having an origin in any of the black racial groups of Africa.
- **Hispanic Americans:** U.S. citizens or lawfully admitted permanent residents of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin regardless of race.
- **Asian Americans:** U.S. citizens or lawfully admitted permanent residents who originate from the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.
- **Native Americans:** U.S. citizens or lawfully admitted permanent residents who originate from any of the original peoples of North America and who maintain cultural identification through tribal affiliation or community recognition.
- **Women:** U.S. citizens or lawfully admitted permanent residents that are a non-minority. This definition of “Women” includes non-minority women only. **Minority women are included in their respective minority category.**

4.1.3 Collection and Management of Data

At MGT’s request, the County Purchasing Division provided MGT with electronic data of all purchase orders issued for goods and services during the nine-year study period. The data were downloaded from the County’s financial system—Local Government Financial System (LGFS). The downloaded data were then placed into a MGT database for further analysis of all purchases made during the study period. The data provided included:

¹ M/WBE refers to any minority and women-owned business enterprise. SDBEs are those M/WBEs who are certified with the County as a SDBE firm.

- purchase order number
- purchase order date
- commodity code
- purchase order amount
- vendor number
- vendor name
- vendor address

To identify minority and woman-owned firms certified (SDBEs) with the County's Division of Equal Employment and Small Business Opportunity (DEESBO), vendors in MGT databases were linked by vendor number to a vendor database of Small Disadvantaged Business Enterprises (SDBE) provided by the SBO Section of DEESBO. MGT also identified M/WBEs not certified through the SBO Section by entering M/WBE vendor lists provided by other agencies, firms that self-identified themselves through the mail survey, on verification reports, and/or on County procurement project files and bidding lists.

While a record of all purchases of goods and services was attainable from the LGFS system, subcontracting information was not. Thus, to locate subcontractors, MGT reviewed hard copy files of purchase orders, contracts, and projects. The following departments and divisions were visited to abstract available subcontracting data from the files maintained in each of these offices:

- Public Works Department
 - Construction Management Division
 - Engineering Division
 - Office of Environmental Services
- Parks and Recreation Division, Community Services Department
- Aviation Department
- Port Everglades Department²

² Port Everglades, previously known as the Port Everglades Authority, came under control of the County government as a department in November 1994. The only records available for review for this study were those from November 1994 through September 1999. Prior to this time, records were misplaced, damaged, or lost during the turnover of the agency.

Data for the earlier years of the study were retrieved from County archives and reviewed.

Records of minority and woman-owned businesses who served as subcontractors to prime contractors on contracts that required SDBE participation were maintained in the SBO Section and were provided to MGT for review. Similar documentation of SDBE participation was found in other County department and division files. Subcontracting data, however, for M/WBE and non-minority subcontractors were more difficult to find in the contract and project files. If subcontracting data were found, it was usually in connection with lien notices, notice to owners, and various correspondence, but seldom were the dollars awarded to the subcontractor or the service performed provided.

The retrieval of subcontracting data were limited to those projects or contracts that met the following dollar thresholds.

- Construction - \$100,000 and above
- Architecture and Engineering - \$75,000 and above
- Professional Services - \$75,000 and above
- Business Services - \$50,000 and above
- Commodities - \$50,000 and above

The thresholds were chosen to coincide with the thresholds used by the SBO Section for determination of SDBE goals.³ Relevant data captured during the collection period included:

- contract number
- award date
- service provided by prime contractor
- award amount
- prime contractor name
- prime contractor address
- subcontractor name
- subcontractor ethnicity, race, gender, if available
- subcontractor address
- subcontract dollar amount
- service provided by subcontractor

³The SBO Section sets \$150,000 as threshold for setting SDBE goals on construction projects. However, MGT reviewed all construction contracts \$100,000 and above as not to miss any construction project where SDBE, M/WBE, or non-minority subcontractors were used.

In addition to the collection of procurement data, MGT reviewed all County documentation that was available on bids submitted by contractors and vendors for goods or services that the County purchased during the study period. This additional information and the resulting award provided further statistical detail in regard to the procurement process. Bid data were reviewed and collected in the Purchasing Division. MGT was able to access a database maintained by the Purchasing Division that tracks the location of current and past bid files. The information was available in both line item detailed reports and mini file summaries. Data collected included:

- contract award number
- project/contract description
- name and address of bidder
- federal employer identification number of bidder
- amount bid
- awardee

Once the subcontracting and bid data were collected and entered into MGT databases, the data and purchase order data from the LGFS system were processed as follows:

- Elimination of records not relevant to the study such as
 - duplicate procurement records;
 - purchase orders out of the time frame of the study; and
 - purchase orders awarded to non-profits and government entities.
- Identification of the county in which vendor is located – the zip code of the vendor was matched against an MGT zip code database of all United States counties.
- Classification of each purchase order according to the five business categories (construction, A&E, professional services, business services, and commodities). Commodity codes are assigned to each purchase order issued to identify the type of purchase made for financial and budget considerations. MGT, with assistance from the SBO Section, placed commodity codes into one of the five business categories according to the definition of the particular commodity code.

After the data were processed, prime contractors in the County's relevant market area for each business category were mailed a letter and a survey (verification report) of contracts awarded to them by the County.⁴ Only prime contractors for construction, A&E, professional services, and business services were mailed a survey and only to those contractors whose contracts met the dollar thresholds for each business category previously stated.⁵ The letter requested verification of the dollar amount awarded to the contractor, ethnicity, race, gender, of firm, services provided, and any subcontracting information listed on the survey. The prime contractor was asked to edit any incorrect data and list additional subcontracting information not reported. A similar verification process was conducted for subcontractors. Subcontractors were randomly selected from the subcontracting database and mailed a letter along with a verification report requesting the subcontractor to verify the dollars received as a subcontractor.

The letters along with the verification reports were mailed to 300 prime construction, architecture and engineering, professional services, and business services contractors. Approximately 31 reports were returned by the Post Office as undeliverable. Thus, of the 269 reports that reached their destination, 86 contractors responded for a return rate of approximately 32 percent. Of the verification reports mailed to 566 subcontractors, 115 were returned by the Post Office, 122 responded for a return rate of approximately 27 percent. A sample of the letter and a sample of a verification report are included in **Appendix B**.

Exhibit 4-1 shows the total number of records (purchase orders) that were analyzed for the nine-year study period.

⁴The determination of the County's relevant market area for each business category is explained in the next section (Section 4.1.4).

⁵Vendors providing commodities were not mailed verification reports since MGT found no subcontracting information attached to these purchases of \$50,000 or more.

**Exhibit 4-1
Broward County Disparity Study
Number of Analyzed Records
Fiscal Years 1990-91 through 1998-99**

Business Category	# Of Records
Construction	4,701
Architecture and Engineering	1,213
Professional Services	17,196
Business Services	46,082
Commodities	272,664
Total	341,856

Source: MGT databases of County's procurement records.

4.1.4 Market Area Methodology (Overall and Relevant)

To establish the appropriate geographic boundaries for the statistical analysis, market areas were determined for each of the business categories included in the study. First, the overall market area was determined and then the relevant market area, based on the number of contracts and dollars let by the County, was established.

Overall Market Area

A United States county is the geographical unit of measure selected for determining market area. The use of counties as geographical units is based upon the following considerations:

- the courts have accepted counties as a standard geographical unit of analysis in conducting equal employment opportunity and disparity analyses;
- county boundaries are externally determined and, hence, are free from any researcher bias that might result from any arbitrary determinations of boundaries of geographical units of analysis; and
- census and other federal and state data are routinely collected and reported by county.

Procurement dollars expended by the County during the study period were summarized county by county according to the location of each firm awarded dollars.

These counties then constituted the County's overall market area. All data concerning the availability of firms were similarly summarized.

Relevant Market Area

A relevant market area was determined for each business category. The first step in determining a relevant market area was to sum the dollars awarded in each county according to business category. Counties were then listed in descending order according to the number of purchase orders issued in each county. Starting with the county where the most purchase orders were issued, succeeding counties were added until at least “75 percent” of the awarded dollars were included; these counties then made up the relevant market area.

The use of the “75 percent rule” for market area determination is generally accepted in antitrust cases. In another relevant case, the court accepted less than 100 percent of data when it were reasonable to assume that the missing data would not significantly change the results of the analyses.⁶ For the County, there is a sufficient volume of awarded dollars to safely assume that the relevant market area approximates the overall geographic market area in terms of purchase order dollars and percentage of purchase orders awarded.

The data used to determine the overall and relevant market area for the County’s business categories follow:

- number of purchase orders
- percent of total purchase orders
- number of unique firms/vendors
- percent of total firms/vendors
- dollars awarded
- percent of total dollars

⁶*James C. Jones v. the New York County Human Resources Administration*, 528 F.2d 696 (F.2d Cir. 1976).

4.1.5 Utilization Methodology

After the relevant market area was determined, utilization analysis of minority, women, and non-minority owned firms was conducted for those firms located within the relevant market area. Utilization was calculated for each fiscal year for the nine years of the study (October 1, 1990 through September 30, 1999).

Utilization of minority, women, and non-minority owned firms was based on dollars awarded to prime contractors and prime vendors during the study period. MGT refers to those firms awarded dollars for construction, A&E, professional and business services as prime contractors. Firms who provide material and supplies (commodities) to the County are referred to as vendors. Seldom are subcontractors utilized on commodity purchases. Using the amount paid to prime contractors or vendors within the relevant market area, MGT calculated the percent of dollars for each M/WBE classification for each year of the study whether the M/WBE firm was certified as an SDBE with the County or not certified.

To calculate the percent of dollars going to M/WBE subcontractors, MGT took the amount of dollars awarded to M/WBE subcontractors of those prime contractors in the relevant market area. MGT then calculated the percent of dollars going to African American, Hispanic American, Asian American, Native American, and women subcontractors for each fiscal year of the study.

The same process was used to analyze dollars going to SDBE prime contractors and subcontractors (certified as a SDBE with the County). Thus, two analyses were conducted for the utilization of firms:

- First, an analysis of all M/WBE firms whether certified as an SDBE with the County or not; and
- Second, an analysis of only those minority and women-owned firms certified as SDBE by the County.

Other study analyses conducted include:

- Analysis of construction dollars within dollar ranges. Dollars going to construction prime contractors by ethnicity, race, and gender are analyzed according to dollar thresholds or ranges. This analysis shows trends in the type of firm that wins contracts in particular dollar ranges. The dollar ranges chosen for analyses include:
 - prime contractors awarded construction contracts of \$250,000 or less;
 - prime contractors awarded construction contracts between \$250,001 and \$500,000;
 - prime contractors awarded construction contracts between \$500,001 and \$1 million; and
 - prime contractors awarded construction contracts over \$1 million.
- Analysis of bids submitted by contractors and vendors for goods and services. MGT analyzed bids submitted to the County by contractors and vendors for goods and services. Out of the bids reviewed, MGT shows the number of unique businesses winning awards according to ethnicity, race, and gender. The dollars and percent of dollars going to these winning firms are also shown.⁷

4.1.6 Availability Methodology

Before establishing the existence of a disparity, the identification of available minority and women firms in a relevant market area must be determined. This determination, referred to as *availability*, has been the subject of dispute in several recent court cases. If, for example, the availability of minority and women firms is overstated, a distortion of the disparity determination will result. Several methodologies have been used. The use of census data has been criticized because it does not consider whether minority and women contractors actually are willing, available, or able to perform contracts. The use of vendor data, which is determined by identifying minority and women business enterprises that have actually performed work for the locality or have expressed an interest in securing contracts, is a desirable methodology

⁷The bid analyses does not include all bids submitted to the County during the nine-years of the study. Only bids that were made available to MGT were analyzed.

since it excludes firms that are uninterested or unable to provide goods or services to the locality. Thus, for the purposes of this study MGT uses vendor data in determining availability of SDBE firms. The number of total M/WBEs (those certified as SDBE with the County and those not certified) available and capable of providing goods and services to the County in its relevant market area for each business category is the next step in the analysis process. All counties are weighted by their respective dollar contribution in the relevant market area. Availability of M/WBEs is calculated as the percentage of all firms in the relevant market area. These figures are used for comparison with utilization percentages in order to determine disparity. Availability of only SDBE firms certified by the County was also determined.

Analyzing the number of firms or vendors in the County's relevant market area who are willing and able to provide services to the County for each business category is the method undertaken by MGT to determine the availability of firms. MGT determined this number by developing a Master Vendor Database. The MGT Master Vendor Database is a collection of vendor or firm names obtained from several sources.

- Small Disadvantaged Business Enterprise Directory from the SBO Section;
- LGFS vendor database from the Purchasing Division;
- M/WBE vendor database from the Palm Beach County School Board; and
- M/WBE vendor databases from Miami-Dade County Department of Business Development and the Miami-Dade County School Board.

Contractors, subcontractors, and vendors from county procurement records were added to the database if the vendor was not already listed. In addition, vendor names were provided to MGT from local advocacy groups, personal interviews, and focus groups.

The following are the relevant fields of information in the MGT Master Vendor Database:

- vendor name
- vendor address/phone number
- identification of vendor ethnicity, race, gender, whether certified with the County or not
- description of service or product provided by vendor
- business information

Business information such as number of employees, gross revenues, public/private sector work was obtained from a business survey mailed to over 3,000 vendors along with a letter announcing the Broward County Disparity Study. Vendors were asked in the letter to complete the survey and return to MGT. Thus, for many of the vendors in the vendor database, a much more detailed profile is given of the vendor. This profile provided data for the regression analysis conducted and reported in Chapter 5.0.

In order to identify the type of work each vendor was able to perform, if it were not already available, MGT referenced a database maintained by the County of vendors and the type of work they perform. Vendors self identify their services by completing a County Vendor/Bid List Request Form. From the database MGT was able to categorize a vendor's services into one of the study's five business categories. A vendor may be available in more than one of the business categories because of the various services the vendor performs.

To identify the county, in which the vendor was located, the database was linked by zip code to MGT's zip code database. For those vendors without addresses and services, MGT used a CD-ROM of yellow pages identifying vendor addresses and service. Vendors such as government agencies and non-profits, were removed from the Master Vendor Database. Approximately 18,077 vendors comprise the Master Vendor

Database. **Exhibit 4-2** provides a break-out of the number of firms in the database according to ethnicity, race, and gender.

**Exhibit 4-2
Broward County Disparity Study
Number Of Available Firms In Master Vendor Database**

African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Woman		M/WBES Subtotal		Non-Minority Firms	Total Available
NC	C	NC	C	NC	C	NC	C	NC	C	NC	C		
1,703	915	1,425	712	128	96	16	7	1,272	729	4,544	2,459	11,074	18,077

Source: Master Vendor Database developed by MGT.

NC - non-certified
C - certified as a SDBE

To develop the appropriate level of availability data within each relevant market, area, MGT utilized the Master Vendor Database. The vendor data meets the ready, willing, and able requirements necessitated by *Croson and Engineering Contractors*⁸. The data only includes firms known to exist, firms that have indicated willingness to work for the County, and those that are able to work.

4.2 Construction

The County's market area and the utilization and availability of minority, women, and non-minority contractors and subcontractors who provide construction services for the County are examined in this section.

4.2.1 Relevant Market Area Analysis

As **Exhibit 4-3** shows, 79.75 percent of the dollars awarded in construction went to firms located in the County's relevant market area of Broward, Miami-Dade, and Palm

⁸ *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989) and *Engineering Contracts Ass'n of South Florida, Inc. v. Metropolitan Dade County*, 122F.3d 895, 907-08 (11th Cir. 1997).

Beach counties, Florida. Over \$640 million was awarded for construction services in the relevant market area. Of the 4,212 purchase orders let, the average purchase order amount, was \$152,144.

**Exhibit 4-3
Broward County Disparity Study
Construction
Relevant Market Area Analysis
Fiscal Years 1990-91 through 1998-99**

County, St	# of POs	% of POs	# of Contractors	% of Contractors	Dollars	% of Dollars	Cum% ¹
BROWARD, FL	3,517	74.81%	402	49.08%	\$441,886,533.51	54.99%	54.99%
MIAMI-DADE, FL	427	9.08%	120	14.65%	\$157,206,439.35	19.56%	74.56%
PALM BEACH, FL	268	5.70%	56	6.84%	\$41,739,309.33	5.19%	79.75%
Total	4,212	89.60%	578	70.57%	\$640,832,282.19	79.75%	

Source: Broward County LGFS electronic system.

¹ Cumulative total of percent of dollars in market area.

For a complete list of each County in the construction overall geographic market area see **Appendix C**.

4.2.2 Utilization Analysis

Three types of analyses are conducted in this section for firms located in the relevant market area. They include:

- utilization analyses of all M/WBE and non-minority prime contractors and subcontractors by fiscal year for the nine years of the study;⁹
- utilization analyses of SDBE prime contractors and subcontractors and the difference between the dollars going to only SDBEs and those going to all M/WBEs over the nine year period; and
- analyses of construction dollars according to dollar ranges.

Utilization of M/WBE Firms

Exhibit 4-4 shows the utilization analysis of M/WBEs as prime contractors in the relevant market area. As the exhibit shows, firms owned by M/WBEs received

⁹ M/WBE firms include all minority and women-owned firms whether certified as a SDBE or not.

**Exhibit 4-4
Broward County Disparity Study
Construction
Utilization Analysis Prime Contractors in the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$0.00	0.00%	\$2,296,290.09	2.24%	\$51,184.00	0.05%	\$0.00	0.00%	\$3,305,696.76	3.22%	\$5,653,170.85	5.51%	\$97,023,104.82	94.49%	\$102,676,275.67
1991-92	\$0.00	0.00%	\$154,305.29	0.53%	\$55,180.00	0.19%	\$0.00	0.00%	\$381,651.46	1.31%	\$591,136.75	2.03%	\$28,580,261.21	97.97%	\$29,171,397.96
1992-93	\$36,861.80	0.12%	\$10,786,177.23	34.55%	\$0.00	0.00%	\$0.00	0.00%	\$665,744.78	2.13%	\$11,488,783.81	36.80%	\$19,729,861.03	63.20%	\$31,218,644.84
1993-94	\$6,924.80	0.02%	\$381,536.75	0.95%	\$0.00	0.00%	\$0.00	0.00%	\$391,487.82	0.98%	\$779,949.37	1.95%	\$39,316,063.59	98.05%	\$40,096,012.96
1994-95	\$1,084,751.60	1.76%	\$9,964,217.85	16.20%	\$0.00	0.00%	\$0.00	0.00%	\$666,784.74	1.08%	\$11,715,754.19	19.05%	\$49,790,145.01	80.95%	\$61,505,899.20
1995-96	\$133,624.00	0.18%	\$27,775,503.22	38.39%	\$0.00	0.00%	\$0.00	0.00%	\$1,958,529.46	2.71%	\$29,867,656.68	41.28%	\$42,492,567.78	58.72%	\$72,360,224.46
1996-97	\$2,988,894.79	4.99%	\$12,920,036.37	21.59%	\$35,734.44	0.06%	\$0.00	0.00%	\$1,336,906.55	2.23%	\$17,281,572.15	28.88%	\$42,559,184.80	71.12%	\$59,840,756.95
1997-98	\$1,402,431.79	0.97%	\$13,831,058.50	9.55%	\$105,626.38	0.07%	\$0.00	0.00%	\$2,515,277.00	1.74%	\$17,854,393.67	12.32%	\$127,009,091.69	87.68%	\$144,863,485.36
1998-99	\$257,098.02	0.26%	\$16,820,828.93	16.97%	\$79,689.00	0.08%	\$0.00	0.00%	\$2,208,111.76	2.23%	\$19,365,727.71	19.54%	\$79,733,857.08	80.46%	\$99,099,584.79
Total	\$5,910,586.80	0.92%	\$94,929,954.23	14.81%	\$327,413.82	0.05%	\$0.00	0.00%	\$13,430,190.33	2.10%	\$114,598,145.18	17.88%	\$526,234,137.01	82.12%	\$640,832,282.19

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of Total Dollars Awarded annually to prime contractors.

approximately \$114.5 million dollars, or 17.88 percent. Hispanic American firms were the most utilized receiving 14.81 percent of the total dollars awarded, followed by non-minority women with 2.10 percent. All other ethnic groupings received less than one percent of the overall dollars. Non-minority firms received the largest portion of dollars, a little over half a billion dollars, or 82.12 percent of the overall dollars.

Of the 4,461 purchase orders issued for the time period, 779 were awarded to minority owned firms (**Exhibit 4-5**). Non-minority women were issued 548 purchase orders, or 12.28 percent of the total purchase orders. Hispanic American firms received 122 purchase orders followed by African Americans and Asian Americans with 90 and 19 purchase orders, respectively.

The total number of individual M/WBE firms receiving contracts was 84. The ethnicity with the largest number of different firms was Hispanic Americans with 35. This was closely followed by non-minority women with 28 or 4.84 percent of the total number of firms.

The utilization of subcontractors for construction projects is illustrated in **Exhibit 4-6**. As the exhibit shows, 17.81 percent of the total amount spent on construction went to M/WBE subcontractors. Firms owned by African Americans were the most utilized with 7.94 percent of overall subcontractor dollars. Hispanic American and non-minority women followed with 5.94 and 3.71 percent, respectively.

**Exhibit 4-5
Broward County Disparity Study
Construction
Purchase Orders Awarded and Individual Prime Contractors
In the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total POs
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#
1990-91	0	0.00%	8	2.46%	1	0.31%	0	0.00%	45	13.85%	54	16.62%	271	83.38%	325
1991-92	0	0.00%	3	1.37%	1	0.46%	0	0.00%	26	11.87%	30	13.70%	189	86.30%	219
1992-93	3	1.19%	4	1.58%	0	0.00%	0	0.00%	34	13.44%	41	16.21%	212	83.79%	253
1993-94	2	0.64%	1	0.32%	0	0.00%	0	0.00%	37	11.86%	40	12.82%	272	87.18%	312
1994-95	3	0.63%	14	2.92%	0	0.00%	0	0.00%	53	11.04%	70	14.58%	410	85.42%	480
1995-96	17	2.38%	23	3.23%	0	0.00%	0	0.00%	96	13.46%	136	19.07%	577	80.93%	713
1996-97	21	2.99%	27	3.85%	4	0.57%	0	0.00%	84	11.97%	136	19.37%	566	80.63%	702
1997-98	29	3.86%	27	3.60%	10	1.33%	0	0.00%	83	11.05%	149	19.84%	602	80.16%	751
1998-99	15	2.12%	15	2.12%	3	0.42%	0	0.00%	90	12.75%	123	17.42%	583	82.58%	706
Total Contracts	90	2.02%	122	2.73%	19	0.43%	0	0.00%	548	12.28%	779	17.46%	3,682	82.54%	4,461

Number of Individual Firms by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#
1990-91	0	0.00%	4	3.03%	1	0.76%	0	0.00%	7	5.30%	12	9.09%	120	90.91%	132
1991-92	0	0.00%	2	1.89%	1	0.94%	0	0.00%	4	3.77%	7	6.60%	99	93.40%	106
1992-93	3	3.53%	3	3.53%	0	0.00%	0	0.00%	5	5.88%	11	12.94%	74	87.06%	85
1993-94	2	2.27%	1	1.14%	0	0.00%	0	0.00%	3	3.41%	6	6.82%	82	93.18%	88
1994-95	2	1.71%	8	6.84%	0	0.00%	0	0.00%	5	4.27%	15	12.82%	102	87.18%	117
1995-96	4	2.76%	9	6.21%	0	0.00%	0	0.00%	7	4.83%	20	13.79%	125	86.21%	145
1996-97	7	3.95%	16	9.04%	3	1.69%	0	0.00%	9	5.08%	35	19.77%	142	80.23%	177
1997-98	9	3.85%	17	7.26%	2	0.85%	0	0.00%	17	7.26%	45	19.23%	189	80.77%	234
1998-99	4	2.78%	11	7.64%	1	0.69%	0	0.00%	8	5.56%	24	16.67%	120	83.33%	144
Total Individual Firms Over Nine Years⁴	18	3.11%	35	6.04%	3	0.52%	0	0.00%	28	4.84%	84	14.51%	495	85.49%	579

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of *Total POs* awarded to prime contractors.

³ Percent of *Total Individual Firms*.

⁴ The *Total Individual Firms* counts a firm only once for each year the firm receives work. Since a firm could be used in multiple years, the *Total Individual Firms* for the entire study period may not equal the sum of all years.

**Exhibit 4-6
Broward County Disparity Study
Construction
Utilization Analysis of Subcontractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$5,500,673.00	5.36%	\$6,837,730.00	6.66%	\$67,456.00	0.07%	\$0.00	0.00%	\$2,884,330.00	2.81%	\$15,290,189.00	14.89%	\$102,676,275.67
1991-92	\$451,021.00	1.55%	\$1,838,657.20	6.30%	\$35,700.00	0.12%	\$0.00	0.00%	\$685,606.00	2.35%	\$3,010,984.20	10.32%	\$29,171,397.96
1992-93	\$2,469,500.00	7.91%	\$1,491,662.00	4.78%	\$161,109.00	0.52%	\$346,670.00	1.11%	\$1,827,839.00	5.85%	\$6,296,780.00	20.17%	\$31,218,644.84
1993-94	\$1,787,440.46	4.46%	\$996,374.03	2.48%	\$0.00	0.00%	\$25,000.00	0.06%	\$1,518,777.38	3.79%	\$4,327,591.87	10.79%	\$40,096,012.96
1994-95	\$5,636,509.00	9.16%	\$9,186,111.55	14.94%	\$12,850.00	0.02%	\$0.00	0.00%	\$2,226,639.42	3.62%	\$17,062,109.97	27.74%	\$61,505,899.20
1995-96	\$5,380,659.00	7.44%	\$3,573,258.50	4.94%	\$453,039.00	0.63%	\$0.00	0.00%	\$3,445,762.80	4.76%	\$12,852,719.30	17.76%	\$72,360,224.46
1996-97	\$6,870,058.00	11.48%	\$3,655,469.15	6.11%	\$0.00	0.00%	\$0.00	0.00%	\$4,654,304.75	7.78%	\$15,179,831.90	25.37%	\$59,840,756.95
1997-98	\$19,036,878.75	13.14%	\$6,439,001.48	4.44%	\$64.11	0.00%	\$0.00	0.00%	\$4,593,088.90	3.17%	\$30,069,033.24	20.76%	\$144,863,485.36
1998-99	\$3,729,630.38	3.76%	\$4,025,372.00	4.06%	\$374,663.00	0.38%	\$0.00	0.00%	\$1,942,386.21	1.96%	\$10,072,051.59	10.16%	\$99,099,584.79
Total	\$50,862,369.59	7.94%	\$38,043,635.91	5.94%	\$1,104,881.11	0.17%	\$371,670.00	0.06%	\$23,778,734.46	3.71%	\$114,161,291.07	17.81%	\$640,832,282.19

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commisioners Agenda Items, OEO Participation Summaries.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of *Total Dollars Awarded*.

³ The *Total Dollars Awarded* is the actual amount given to prime contractors.

Utilization of SDBE Firms

Exhibit 4-7 shows that the County spent \$71.8 million with SDBE firms over the nine-year study period. This represents 11.21 percent of the total dollars awarded for construction services. Certified Hispanic American firms were awarded 8.92 percent of the total dollars, certified non-minority women firms were awarded 1.79 percent of total dollars, all other minority firms received less than one percent of awarded dollars.

**Exhibit 4-7
Broward County Disparity Study
Construction
Utilization of M/WBE and SDBE Prime Contractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Non-Minority Firms		Total
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	
M/WBEs³	\$5,910,586.80	0.92%	\$94,929,954.23	14.81%	\$327,413.82	0.05%	\$0.00	0.00%	\$13,430,190.33	2.10%	\$114,598,145.18	17.88%	\$526,234,137.01	82.12%	\$640,832,282.19
SDBEs⁴	\$2,893,201.06	0.45%	\$57,158,000.90	8.92%	\$327,413.82	0.05%	\$0.00	0.00%	\$11,444,792.07	1.79%	\$71,823,407.85	11.21%	\$569,008,874.34	88.79%	
Total Difference	\$3,017,385.74		\$37,771,953.33		\$0.00		\$0.00		\$1,985,398.26		\$42,774,737.33		(\$42,774,737.33)		

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of total dollars awarded to prime contractors over the nine-year study period.

³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Out of the total purchase orders issued for construction services, SDBE firms received 15.85 percent or 707 purchase orders, as shown in Exhibit 4-8. In the case of non-minority women firms, 527 of the 707 purchase orders represented 11.81 percent of the awarded dollars.

**Exhibit 4-8
Broward County Disparity Study
Construction
Purchase Orders Awarded and Individual Contractors
M/WBE and SDBE Prime Contractors
In the Relevant Market Area¹
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Number of POs Let by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²
M/WBEs ⁴	90	2.02%	122	2.73%	19	0.43%	0	0.00%	548	12.28%	779	17.46%
SDBEs ⁵	81	1.82%	80	1.79%	19	0.43%	0	0.00%	527	11.81%	707	15.85%
Total Difference	9		42		0		0		21		72	

Number of Individual Firms by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³
M/WBEs	18	3.11%	35	6.04%	3	0.52%	0	0.00%	28	4.84%	84	14.51%
SDBEs	13	2.25%	28	4.84%	3	0.52%	0	0.00%	21	3.63%	65	11.23%
Total Difference	5		7		0		0		7		19	

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida Counties of Broward, Miami-Dade and Palm Beach.

² Percent of Total PO's awarded to prime contractors over the nine-year study period.

³ Percent of the total individual firms used over the nine-year study. An individual firm is counted only once although the firm may have been used multiple times over the nine-years.

⁴ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁵ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Exhibit 4-9 shows the utilization of M/WBE and SDBE who provided construction services. The chart shows that overall utilization for the period for SDBE firms was 16.34 percent. As shown prime contractors primarily choose SDBE firms when finding subcontractors. The most utilized SDBE group are African American firms with 7.63 percent of awarded dollars.

**Exhibit 4-9
Broward County Disparity Study
Construction
Utilization of M/WBE and SDBE Subcontractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	
M/WBEs³	\$50,862,369.59	7.94%	\$38,043,635.91	5.94%	\$1,104,881.11	0.17%	\$371,670.00	0.06%	\$23,778,734.46	3.71%	\$114,161,291.07	17.81%	\$640,832,282.19
SDBEs⁴	\$48,926,626.61	7.63%	\$34,418,725.82	5.37%	\$970,078.11	0.15%	\$371,670.00	0.06%	\$20,002,038.23	3.12%	\$104,689,138.77	16.34%	
Total Difference	\$1,935,742.98		\$3,624,910.09		\$134,803.00		\$0.00		\$3,776,696.23		\$9,472,152.30		

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of Total Dollars Awarded.

³ M/WBEs include all firms identified as minority and women owned whether certified with the County or not.

⁴ DBEs include all minority and women-owned firms certified with the County as a SDBE.

Utilization of SDBEs by Dollar Ranges

In the paragraphs that follow, the dollars going to SDBE and non-minority prime contractors in the relevant market area for construction services are analyzed accordingly to dollar thresholds or ranges.

- purchase orders \$250,000 or less
- purchase orders between \$250,001 and \$500,000
- purchase orders between \$500,001 and \$1 million
- purchase orders over \$1 million

Purchase Orders \$250,000 and Under

The County issued approximately \$74.6 million in purchase orders for construction services between fiscal years 1990-91 and 1998-99 for purchase orders valued at \$250,000 and under. As **Exhibits 4-10** and **4-11** illustrate, SDBE firms in the relevant market area received 16.49 percent of the purchase order dollars under \$250,000. Non-minority women-owned firms were the most utilized SDBE category, receiving 9.53 percent. Hispanic Americans follow, with 5.39 percent. The remaining SDBEs (African Americans, Asian Americans, Native Americans) received a little over one and one-half percent of the dollars in this range. Non-minority firms received 83.51 percent.

**Exhibit 4-10
Broward County Disparity Study
Construction Contracts
Utilization of SDBE and Non-Minority Prime Contractors
In the Relevant Market Area
Grouped by Dollar Thresholds and Percentage of Dollars
By Race/Ethnicity/Gender Classification
Fiscal Years 1990-91 through 1998-99**

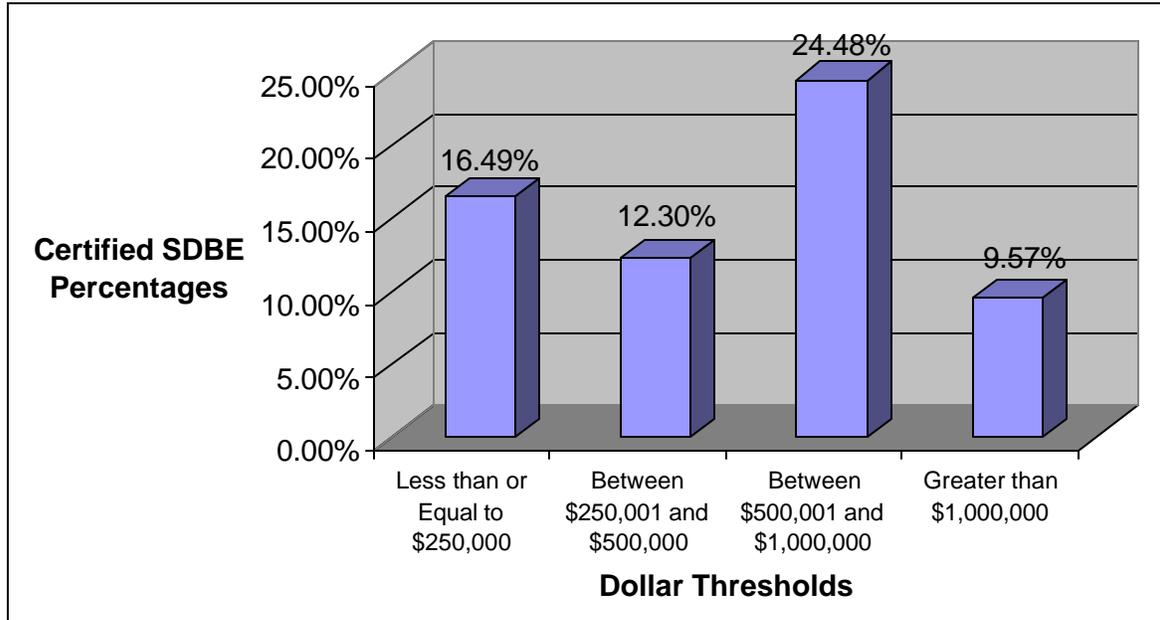
Revenue	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Men		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
Less than or Equal to \$250,000	\$843,960.31	1.13%	\$4,025,294.56	5.39%	\$327,413.82	0.44%	\$0.00	0.00%	\$7,113,765.08	9.53%	\$12,310,433.77	16.49%	\$62,339,631.46	83.51%	\$74,650,065.23
Between \$250,001 and \$500,000	\$369,300.00	1.27%	\$1,792,594.47	6.17%	\$0.00	0.00%	\$0.00	0.00%	\$1,413,065.13	4.86%	\$3,574,959.60	12.30%	\$25,478,052.85	87.70%	\$29,053,012.45
Between \$500,001 and \$1,000,000	\$605,740.75	1.99%	\$6,180,795.69	20.29%	\$0.00	0.00%	\$0.00	0.00%	\$671,812.07	2.21%	\$7,458,348.51	24.48%	\$23,006,348.31	75.52%	\$30,464,696.82
Greater than \$1,000,000	\$1,074,200.00	0.21%	\$45,159,316.18	8.91%	\$0.00	0.00%	\$0.00	0.00%	\$2,246,149.79	0.44%	\$48,479,665.97	9.57%	\$458,184,841.72	90.43%	\$506,664,507.69
Total	\$2,893,201.06	0.45%	\$57,158,000.90	8.92%	\$327,413.82	0.05%	\$0.00	0.00%	\$11,444,792.07	1.79%	\$71,823,407.85	11.21%	\$569,008,874.34	88.79%	\$640,832,282.19

Source: Broward County LGFS electronic system.

¹ Relevant Market Area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of total dollars awarded annually to prime contractors for each dollar threshold.

**Exhibit 4-11
Broward County Disparity Study
Construction
Certified SDBE Prime Contractors in the Relevant Market Area
Percentage of Dollar Thresholds
Fiscal Years 1990-91 through 1998-99**



Purchase Orders Between \$250,001 and \$500,000

A little over \$29 million were issued for construction services valued between \$250,001 and \$500,000 during the study period. Certified SDBE firms received 12.30 percent of purchase order dollars. Hispanic American firms were the most utilized SDBE category, receiving 6.17 percent of the dollars awarded. Non-minority women-owned firms followed, with 4.86 percent. African Americans received 1.27% while Asian and Native Americans were not awarded any dollars in this dollar range. Non-minority firms received 87.70 percent.

Purchase Orders Between \$500,001 and \$1,000,000

For purchase orders issued for construction services worth between \$500,001 and \$1,000,000 each, the County awarded \$30.5 million to firms in the relevant market area. The most utilized SDBE group was Hispanic American firms (20.29 percent) followed by

non-minority women-owned firms, with 2.21 percent. African American-owned firms received approximately two percent of the dollars and Asian and Native Americans received none. Non-minority firms received 75.52 percent of total construction dollars.

Purchase Orders Over \$1,000,000

Over \$506 million were awarded to firms in the relevant market area for purchase orders valued at over \$1M each. Hispanic American firms were awarded 8.91 percent with all other SDBEs awarded less than two percent. Non-minority firms received 90.43 percent of the purchase orders valued at \$1M or above.

Exhibit 4-11 illustrates how SDBE firms fared as dollar ranges rose. SDBE firms were awarded 16.49 percent of the money spent on contracts less than \$250,000 and 9.57 percent for construction contracts greater than \$1M. Within the threshold of between \$500,001 and \$1,000,000 SDBEs were awarded 24.48 percent of all dollars. As an average, SDBE accounted for 11.21 percent of the total amount contracted for construction projects. Non-minority firms accounted for 90.43 percent of total dollars. for contracts greater than \$1M.

4.2.3 Availability Analysis

In this section the availability of SDBE firms are examined along with an analysis of SDBEs certified by the County.

Availability of M/WBE Firms

Exhibit 4-12 presents availability of prime contractors and subcontractors based on vendor data from the MGT Master Vendor Database. Concerning the availability of firms, M/WBE construction firms represented over 40 percent of the total construction firms available. Hispanic and African American-owned firms both made up 15 percent of the available construction firms. Non-minority women owned firms made up 8.66 percent of the market. Non-minority firms represented nearly 60 percent of all available firms.

**Exhibit 4-12
Broward County Disparity Study
Construction
Availability of M/WBE Prime Contractors and Subcontractors
In the Relevant Market Area¹
Based on Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	540	15.79%	516	15.09%	33	0.97%	2	0.06%	296	8.66%	1387	40.57%	2,032	59.43%	3,419

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Minority male and female firms are included in their respective minority classifications.

Availability of SDBE Firms

Exhibit 4-13 presents availability of SDBE prime contractors and subcontractors based on vendor data from the MGT Master Vendor Database. SDBE construction firms represented approximately 27.4 percent of the total construction firms (2,799) available. Certified African American-owned firms made up the largest pool of construction firms, with 10.79 percent of the market. Certified Hispanic American firms followed with 9.54 percent, closely followed by certified non-minority women with 6.04 percent of the available firms.

**Exhibit 4-13
Broward County Disparity Study
Construction
Availability of SDBE Prime Contractors and Subcontractors
In the Relevant Market Area¹
Based on Vendor Data
For Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		SDBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	302	10.79%	267	9.54%	27	0.96%	2	0.07%	169	6.04%	767	27.40%	2,032	72.60%	2,799

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Minority male and female firms are included in their respective minority classifications.

4.3 Architecture and Engineering

The market area and the utilization of minority, women and non-minority prime consultants and subconsultants providing architectural and engineering (A&E) services to the County are analyzed. The availability of total A&E consultants and subconsultants are then presented.

4.3.1 Relevant Market Area Analysis

Overall, during the study period, the County spent more than \$166.4 million for A&E services. The relevant market area for A&E services is Broward County as shown in **Exhibit 4-14**. Broward County constituted 47.45 percent of firms and 83.24 percent of dollars awarded for a total spent of \$138.6 million on A&E services. For those purchase orders awarded in the relevant market area, the average dollar purchase order was \$183,562.50, and the average award to a firm was \$1,145,369.

**Exhibit 4-14
Broward County Disparity Study
Architectural and Engineering
Relevant Market Area Analysis
Fiscal Years 1990-91 through 1998-99**

County, St	# of PO's	% of PO's	# of Consultants	% of Consultants	Dollars	% of Dollars	Cum% ¹
BROWARD, FL	755	62.24%	121	47.45%	\$138,589,676.06	83.24%	83.24%

Source: Broward County LGFS electronic system.

¹ Cumulative total of percent of dollars in market area.

For a complete list of each county in the overall geographical market area, see **Appendix C**.

4.3.2 Utilization Analysis

The following paragraphs present the analyses of the utilization of all M/WBEs, which include those minority and woman-owned firms certified as SDBEs. Utilization of only SDBE firms is then presented with the difference between the two groups shown.

Utilization of M/WBE Firms

Exhibit 4-15 shows the utilization of M/WBEs (whether certified or not with the County). M/WBEs represent 4.17 percent of the total dollars awarded for architecture and engineering over the nine-year study period. Asian American firms received the largest portion of contract dollars \$3.8 million dollars or 2.75 percent. No other ethnic group received more than two percent of the overall dollars awarded.

Exhibit 4-16 shows that during the study period, out of the total 884 purchase orders issued in the relevant market area, M/WBE firms received a larger share of purchase orders (8.60 percent) than they did dollars (4.17 percent). African American firms received 37 purchase orders, twenty or more than the next group, non-minority women. One hundred and three (103) individual firms received over eight hundred (808) purchase orders. In total there were 18 different individual M/WBE firms utilized.

The utilization of M/WBE subconsultants is illustrated in **Exhibit 4-17**. As the exhibit shows, 11.87 percent of the total amount spent on A&E went to minority and women firms. Firms owned by Asian Americans (4.27 percent) were the most utilized followed by Hispanic Americans with 2.72 percent or approximately \$3.8 million dollars. With the exception of Native American firms all other minorities received over two percent of awarded dollars.

Exhibit 4-15
Broward County Disparity Study
Architecture and Engineering
Utilization Analysis of Prime Consultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$22,414.00	0.21%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$696.96	0.01%	\$23,110.96	0.22%	\$10,469,014.59	99.78%	\$10,492,125.55
1991-92	\$30,258.96	0.43%	\$36,000.00	0.51%	\$0.00	0.00%	\$0.00	0.00%	\$50.00	0.00%	\$66,308.96	0.94%	\$7,009,724.79	99.06%	\$7,076,033.75
1992-93	\$2,871.00	0.04%	\$0.00	0.00%	\$2,850.00	0.04%	\$0.00	0.00%	\$0.00	0.00%	\$5,721.00	0.07%	\$7,642,488.65	99.93%	\$7,648,209.65
1993-94	\$6,691.11	0.08%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$5,950.00	0.07%	\$12,641.11	0.15%	\$8,519,070.31	99.85%	\$8,531,711.42
1994-95	\$390,607.90	2.59%	\$10,200.00	0.07%	\$0.00	0.00%	\$0.00	0.00%	\$30,272.00	0.20%	\$431,079.90	2.86%	\$14,634,075.05	97.14%	\$15,065,154.95
1995-96	\$6,730.00	0.04%	\$182,600.00	1.00%	\$19,850.00	0.11%	\$0.00	0.00%	\$15,890.00	0.09%	\$225,070.00	1.24%	\$17,991,739.09	98.76%	\$18,216,809.09
1996-97	\$784,351.80	3.14%	\$180,220.00	0.72%	\$2,390.00	0.01%	\$0.00	0.00%	\$21,610.00	0.09%	\$988,571.80	3.96%	\$23,961,624.42	96.04%	\$24,950,196.22
1997-98	\$126,786.30	0.44%	\$14,999.00	0.05%	\$1,948,409.00	6.74%	\$0.00	0.00%	\$14,400.00	0.05%	\$2,104,594.30	7.28%	\$26,811,009.36	92.72%	\$28,915,603.66
1998-99	\$56,901.64	0.32%	\$13,900.00	0.08%	\$1,836,799.00	10.38%	\$0.00	0.00%	\$14,950.00	0.08%	\$1,922,550.64	10.87%	\$15,771,281.13	89.13%	\$17,693,831.77
Total	\$1,427,612.71	1.03%	\$437,919.00	0.32%	\$3,810,298.00	2.75%	\$0.00	0.00%	\$103,818.96	0.07%	\$5,779,648.67	4.17%	\$132,810,027.39	95.83%	\$138,589,676.06

Source: Broward County LGFS electronic system.

¹ The relevant market area includes Broward County only.

² Percent of total dollars awarded annually to prime consultants.

Exhibit 4-16
Broward County Disparity Study
Architecture and Engineering
Purchase Orders Awarded and Individual Prime Consultants
In the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 Through 1998-99

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total POs
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#
1990-91	4	5.13%	0	0.00%	0	0.00%	0	0.00%	3	3.85%	7	8.97%	71	91.03%	78
1991-92	5	8.47%	1	1.69%	0	0.00%	0	0.00%	1	1.69%	7	11.86%	52	88.14%	59
1992-93	3	5.45%	0	0.00%	1	1.82%	0	0.00%	0	0.00%	4	7.27%	51	92.73%	55
1993-94	4	6.90%	0	0.00%	0	0.00%	0	0.00%	1	1.72%	5	8.62%	53	91.38%	58
1994-95	5	5.32%	3	3.19%	0	0.00%	0	0.00%	2	2.13%	10	10.64%	85	90.43%	94
1995-96	1	1.02%	2	2.04%	1	1.02%	0	0.00%	3	3.06%	7	7.14%	91	92.86%	98
1996-97	3	1.92%	2	1.28%	1	0.64%	0	0.00%	3	1.92%	9	5.77%	149	95.51%	156
1997-98	5	3.31%	1	0.66%	6	3.97%	0	0.00%	3	1.99%	15	9.93%	138	91.39%	151
1998-99	7	5.19%	1	0.74%	3	2.22%	0	0.00%	1	0.74%	12	8.89%	127	94.07%	135
Total Contracts	37	4.19%	10	1.13%	12	1.36%	0	0.00%	17	1.92%	76	8.60%	808	91.40%	884

Number of Individual Firms by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#
1990-91	1	4.00%	0	0.00%	0	0.00%	0	0.00%	1	4.00%	2	8.00%	23	92.00%	25
1991-92	1	4.17%	1	4.17%	0	0.00%	0	0.00%	1	4.17%	3	12.50%	21	87.50%	24
1992-93	1	4.17%	0	0.00%	1	4.17%	0	0.00%	0	0.00%	2	8.33%	22	91.67%	24
1993-94	1	3.57%	0	0.00%	0	0.00%	0	0.00%	1	3.57%	2	7.14%	26	92.86%	28
1994-95	2	4.76%	1	2.38%	0	0.00%	0	0.00%	2	4.76%	5	11.90%	37	88.10%	42
1995-96	1	2.22%	2	4.44%	1	2.22%	0	0.00%	2	4.44%	6	13.33%	39	86.67%	45
1996-97	3	5.45%	2	3.64%	1	1.82%	0	0.00%	2	3.64%	8	14.55%	47	85.45%	55
1997-98	3	5.00%	1	1.67%	4	6.67%	0	0.00%	2	3.33%	10	16.67%	50	83.33%	60
1998-99	4	7.69%	1	1.92%	3	5.77%	0	0.00%	1	1.92%	9	17.31%	43	82.69%	52
Total Individual Firms Over Nine Years⁴	5	4.13%	2	1.65%	5	4.13%	0	0.00%	6	4.96%	18	14.88%	103	85.12%	121

Source: Broward County LGFS electronic system.

¹ The relevant market area includes Broward County only.

² Percent of *Total POs* awarded to prime consultants.

³ Percent of *Total Individual Firms*.

⁴ The *Total Individual Firms* counts a firm only once for each year the firm receives work. Since a firm could be used in multiple years, the *Total Individual Firms* for the entire study period may not equal the sum of all years.

**Exhibit 4-17
Broward County Disparity Study
Architecture and Engineering
Utilization Analysis of Subconsultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$21,654.00	0.21%	\$193,056.00	1.84%	\$35,610.00	0.34%	\$0.00	0.00%	\$92,573.00	0.88%	\$342,893.00	3.27%	\$10,492,125.55
1991-92	\$629,653.00	8.90%	\$449,640.00	6.35%	\$217,600.00	3.08%	\$0.00	0.00%	\$39,000.00	0.55%	\$1,335,893.00	18.88%	\$7,076,033.75
1992-93	\$0.00	0.00%	\$49,328.00	0.64%	\$1,000.00	0.01%	\$0.00	0.00%	\$48,111.94	0.63%	\$98,439.94	1.29%	\$7,648,209.65
1993-94	\$189,694.59	2.22%	\$209,941.60	2.46%	\$52,660.30	0.62%	\$0.00	0.00%	\$117,115.00	1.37%	\$569,411.49	6.67%	\$8,531,711.42
1994-95	\$641,668.89	4.26%	\$678,207.73	4.50%	\$25,610.00	0.17%	\$0.00	0.00%	\$139,461.50	0.93%	\$1,484,948.12	9.86%	\$15,065,154.95
1995-96	\$1,448,026.41	7.95%	\$1,178,876.54	6.47%	\$145,426.00	0.80%	\$0.00	0.00%	\$1,624,831.62	8.92%	\$4,397,160.57	24.14%	\$18,216,809.09
1996-97	\$114,156.94	0.46%	\$17,273.00	0.07%	\$32,598.60	0.13%	\$0.00	0.00%	\$229,461.00	0.92%	\$393,489.54	1.58%	\$24,950,196.22
1997-98	\$337,745.63	1.17%	\$986,698.00	3.41%	\$5,367,323.00	18.56%	\$0.00	0.00%	\$919,036.15	3.18%	\$7,610,802.78	26.32%	\$28,915,603.66
1998-99	\$12,750.00	0.07%	\$0.00	0.00%	\$33,450.00	0.19%	\$0.00	0.00%	\$167,775.90	0.95%	\$213,975.90	1.21%	\$17,693,831.77
Total	\$3,395,349.46	2.45%	\$3,763,020.87	2.72%	\$5,911,277.90	4.27%	\$0.00	0.00%	\$3,377,366.11	2.44%	\$16,447,014.34	11.87%	\$138,589,676.06

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

¹ The relevant market area includes Broward County only.

² Percent of *Total Dollars Awarded*.

³ The *Total Dollars Awarded* is the actual amount given to prime consultants.

Utilization of SDBE Firms

Approximately \$138.6 million was awarded by the County to A&E prime consultants located in the relevant market area for the nine years of the study. **Exhibit 4-18** shows that the County spent approximately \$5.7 million with M/WBE firms, of which \$5.6 million were with County SDBEs. The insignificant difference of \$138,992, indicates that when the County used SDBE firms as prime consultants, it primarily used certified firms.

**Exhibit 4-18
Broward County Disparity Study
Architecture and Engineering
Utilization of M/WBE and SDBE Prime Consultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
M/WBEs³	\$1,427,612.71	1.03%	\$437,919.00	0.32%	\$3,810,298.00	2.75%	\$0.00	0.00%	\$103,818.96	0.07%	\$5,779,648.67	4.17%	\$132,810,027.39	95.83%	\$138,589,676.06
SDBEs⁴	\$1,288,892.59	0.93%	\$437,919.00	0.32%	\$3,810,298.00	2.75%	\$0.00	0.00%	\$103,122.00	0.07%	\$5,640,656.59	4.07%	\$132,949,019.47	95.93%	\$138,589,676.06
Total Difference	\$138,720.12		\$0.00		\$0.00		\$0.00		\$696.96		\$138,992.08		(\$138,992.08)	-0.10%	\$138,589,676.06

Source: Broward County LGFS electronic system.

¹ The relevant market area includes Broward County only.

² Percent of total dollars awarded to prime consultants over the nine-year study period.

³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

A total of 884 purchase orders were awarded for A&E services over the study period. As shown in **Exhibit 4-19**, of those total purchase orders awarded, 37 (or 4.19 percent) were awarded to African American firms. Fifteen (15) individual consultants were SDBEs (12.40 percent). Of these SDBEs, Hispanic Americans were represented by two firms, African Americans by three firms, non-minority women and Asian Americans by five firms. Native Americans were not utilized.

Exhibit 4-19
Broward County Disparity Study
Architecture and Engineering
Purchase Orders Awarded and Individual Consultants
M/WBE and SDBE Prime Consultants
In the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Total Pos
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	
M/WBEs⁴	37	4.19%	10	1.13%	12	1.36%	0	0.00%	17	1.92%	76	8.60%	
SDBEs⁵	0	0.00%	10	1.13%	12	1.36%	0	0.00%	14	1.58%	37	4.19%	884
Total Difference	37		0		0		0		3		39		

Number of Individual Firms by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Total Pos
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	
M/WBEs	5	4.13%	2	1.65%	5	4.13%	0	0.00%	6	4.96%	18	14.88%	
SDBEs	3	2.48%	2	1.65%	5	4.13%	0	0.00%	5	4.13%	15	12.40%	121
Total Difference	2		0		0		0		1		3		

Source: Broward County LGFS electronic system.

¹ The relevant market area includes Broward County only.

² Percent of total POs awarded to prime consultants over the nine-year study.

³ Percent of the total individual firms used over the nine-year study. An individual firm is counted only once although the firm may have been used multiple times over the nine years.

⁴ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁵ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Exhibit 4-20 shows the utilization of M/WBE and SDBE subconsultants who provided A&E services over the study period.

**Exhibit 4-20
Broward County Disparity Study
Architecture and Engineering
Utilization of M/WBE and SDBE Subconsultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
M/WBEs³	\$3,395,349.46	2.45%	\$3,763,020.87	2.72%	\$5,911,277.90	4.27%	\$0.00	0.00%	\$3,377,366.11	2.44%	\$16,447,014.34	11.87%	\$138,589,676.06
SDBEs⁴	\$1,971,544.46	1.42%	\$2,525,099.64	1.82%	\$5,911,277.90	4.27%	\$0.00	0.00%	\$2,063,929.02	1.49%	\$12,471,851.02	9.00%	\$138,589,676.06
Total Difference	\$1,423,805.00		\$1,237,921.23		\$0.00		\$0.00		\$1,313,437.09		\$3,975,163.32		\$138,589,676.06

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

- ¹ The relevant market area includes Broward County only.
- ² Percent of total dollars awarded to prime consultants
- ³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.
- ⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

4.3.3 Availability Analysis

The availability analysis shows the number of available firms in the relevant market area by M/WBE firms, followed by an analysis of SDBE firms.

Availability of M/WBE Firms

Exhibit 4-21 presents the availability of M/WBE and non-minority prime consultants and subconsultants in the relevant market based on vendor data from MGT’s Master Vendor database. In regard to the availability of firms, non-minority consultants and subconsultants represent 55 percent of the total number of firms. Non-minority women and Hispanic American consultants and subconsultants account for approximately 30 percent, combined. African Americans represent nearly 10 percent (35 firms) of the 356 total firms.

**Exhibit 4-21
Broward County Disparity Study
Architecture and Engineering
Availability of M/WBE Prime Consultants and Subconsultants
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	35	9.83%	53	14.89%	17	4.78%	0	0.00%	55	15.45%	160	44.94%	196	55.06%	356

Source: MGT's Master Vendor Database.

¹ The relevant market area includes Broward County only.

² Minority male and female firms are included in their respective minority classifications.

Availability of SDBE Firms

Regarding the availability of SDBE and non-minority firms, the data from MGT's Master Vendor Database shows that non-minority firms available to serve as prime contractors or subcontractors comprised 62.82 percent of the availability pool to provide A&E services in the relevant market area. (**Exhibit 4-22**) Non-minority women make-up 13.14 percent of the total available firms. Hispanic American firms followed, with 11.86 percent of the availability pool, and African American and Asian American firms followed closely, with 7.37 percent and 4.81 percent, respectively.

**Exhibit 4-22
Broward County Disparity Study
Architecture and Engineering
Availability of SDBE Consultants and Subconsultants
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		SDBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	23	7.37%	37	11.86%	15	4.81%	0	0.00%	41	13.14%	116	37.18%	196	62.82%	312

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the county of Broward County only.

² Minority male and female firms are included in their respective minority classifications.

4.4 Professional Services

Professional Services are analyzed in this section. The County's market area and the utilization and availability of all M/WBE and non-minority firms who provide professional services to the County follow along with the utilization and availability of SDBE firms.

4.4.1 Relevant Market Area Analysis

Exhibit 4-23 displays the relevant market areas for the County's expenditures for professional services.

**Exhibit 4-23
Broward County Disparity Study
Professional Services
Relevant Market Area Analysis
Fiscal Years 1990-91 through 1998-99**

County, St	# of PO's	% of PO's	# of Consultants	% of Consultants	Dollars	% of Dollars	Cum% ¹
BROWARD, FL	10,625	61.79%	682	40.64%	\$57,873,766.01	53.04%	53.04%
MIAMI-DADE, FL	990	5.76%	147	8.76%	\$23,024,252.94	21.10%	74.14%
ORANGE, FL	875	5.09%	21	1.25%	\$1,719,674.94	1.58%	75.71%
Total	12,490	72.63%	850	50.66%	\$82,617,693.89	75.71%	

Source: Broward County LGFS electronic system.

¹ Cumulative total of percent of dollars in market area.

The relevant market area for includes, Broward County, Miami-Dade County, and Orange County, Florida. The relevant market area constituted 50.66 percent of all firms and 75.71 percent of all dollars awarded (\$82.6 million) for professional services. For those purchase orders awarded in the relevant market area, the average purchase order issued was \$6,614, and the average firm award was \$97,197. (See **Appendix C** for a complete list of all the counties in the overall geographical market area.)

4.4.2 Utilization Analysis

Within the following paragraphs the utilization analysis of all M/WBE firms (certified and uncertified) is presented. The difference between M/WBE utilization and utilization of only SDBEs is then shown.

Utilization of M/WBE Firms

M/WBEs (whether certified with the County as a SDBE or not) received 3.47 percent of awarded professional service dollars (**Exhibit 4-24**). Non-minority women were the most heavily utilized with 2.66 percent of the awarded dollars. All other M/WBEs shared less than one percent of awarded dollars. Non-minority firms were awarded \$79.7 (96.53 percent) of the \$82.6 million awarded.

Exhibit 4-25 shows that out of the 12,597 purchase order awarded, minorities and women received 2,407 awards. African Americans were the most successful group, winning 1,441 of the awards followed by non-minority women with 791 awards. Native Americans were awarded 26 purchase orders. Out of the total of 850 individual firms, all but 59 firms were non-minority.

In regard to subconsultants, 9.52 percent of overall dollars were awarded to M/WBE firms (**Exhibit 4-26**). African American firms received close to \$5 million dollars or nearly 6 percent of overall dollars.

**Exhibit 4-24
Broward County Disparity Study
Professional Services
Utilization Analysis of Prime Consultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$7,124.84	0.10%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$8,000.00	0.11%	\$15,124.84	0.21%	\$7,079,382.84	99.79%	\$7,094,507.68
1991-92	\$16,832.10	0.42%	\$1,981.37	0.05%	\$0.00	0.00%	\$0.00	0.00%	\$16,868.50	0.42%	\$35,681.97	0.89%	\$3,976,314.69	99.11%	\$4,011,996.66
1992-93	\$25,991.89	0.34%	\$14,051.08	0.18%	\$0.00	0.00%	\$0.00	0.00%	\$17,543.08	0.23%	\$57,586.05	0.75%	\$7,580,348.31	99.25%	\$7,637,934.36
1993-94	\$29,553.61	0.42%	\$12,166.33	0.17%	\$0.00	0.00%	\$0.00	0.00%	\$218,175.08	3.13%	\$259,895.02	3.72%	\$6,718,578.72	96.28%	\$6,978,473.74
1994-95	\$53,403.50	0.65%	\$3,109.28	0.04%	\$883.00	0.01%	\$0.00	0.00%	\$71,674.45	0.88%	\$129,070.23	1.58%	\$8,029,681.82	98.42%	\$8,158,752.05
1995-96	\$27,380.45	0.26%	\$22,654.64	0.21%	\$1,649.00	0.02%	\$0.00	0.00%	\$626,331.70	5.87%	\$678,015.79	6.35%	\$9,996,508.80	93.65%	\$10,674,524.59
1996-97	\$16,520.08	0.18%	\$78,958.64	0.84%	\$5,552.00	0.06%	\$950.00	0.01%	\$309,971.19	3.29%	\$411,951.91	4.38%	\$9,002,970.99	95.62%	\$9,414,922.90
1997-98	\$59,569.60	0.50%	\$4,701.49	0.04%	\$3,005.00	0.03%	\$36,925.00	0.31%	\$454,952.30	3.81%	\$559,153.39	4.68%	\$11,379,867.95	95.32%	\$11,939,021.34
1998-99	\$126,477.64	0.76%	\$8,077.19	0.05%	\$44,610.12	0.27%	\$68,464.52	0.41%	\$474,722.57	2.84%	\$722,352.04	4.32%	\$15,985,208.53	95.68%	\$16,707,560.57
Total	\$362,853.71	0.44%	\$145,700.02	0.18%	\$55,699.12	0.07%	\$106,339.52	0.13%	\$2,198,238.87	2.66%	\$2,868,831.24	3.47%	\$79,748,862.65	96.53%	\$82,617,693.89

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Orange.

² Percent of Total Dollars awarded annually to prime consultants.

**Exhibit 4-25
Broward County Disparity Study
Professional Services
Purchase Orders Awarded and Individual Prime Consultants
In the Relevant Market Area¹
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total POs
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	
1990-91	121	14.90%	0	0.00%	0	0.00%	0	0.00%	1	0.12%	122	15.02%	690	84.98%	812
1991-92	194	18.87%	8	0.78%	0	0.00%	0	0.00%	7	0.68%	209	20.33%	819	79.67%	1,028
1992-93	256	21.19%	14	1.16%	0	0.00%	0	0.00%	13	1.08%	283	23.43%	925	76.57%	1,208
1993-94	308	18.50%	17	1.02%	0	0.00%	0	0.00%	29	1.74%	354	21.26%	1311	78.74%	1,665
1994-95	154	9.37%	19	1.16%	2	0.12%	0	0.00%	20	1.22%	195	11.86%	1449	88.14%	1,644
1995-96	95	6.87%	17	1.23%	2	0.14%	0	0.00%	113	8.18%	227	16.43%	1155	83.57%	1,382
1996-97	85	5.69%	20	1.34%	5	0.33%	1	0.07%	124	8.31%	235	15.74%	1258	84.26%	1,493
1997-98	97	5.64%	17	0.99%	3	0.17%	11	0.64%	254	14.77%	382	22.21%	1338	77.79%	1,720
1998-99	131	7.96%	22	1.34%	3	0.18%	14	0.85%	230	13.98%	400	24.32%	1245	75.68%	1,645
Total Contracts	1,441	11.44%	134	1.06%	15	0.12%	26	0.21%	791	6.28%	2,407	19.11%	10,190	80.89%	12,597

Number of Individual Firms by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	
1990-91	2	1.71%	0	0.00%	0	0.00%	0	0.00%	1	0.85%	3	2.56%	114	97.44%	117
1991-92	2	1.32%	2	1.32%	0	0.00%	0	0.00%	4	2.65%	8	5.30%	143	94.70%	151
1992-93	4	2.08%	3	1.56%	0	0.00%	0	0.00%	7	3.65%	14	7.29%	178	92.71%	192
1993-94	5	2.00%	3	1.20%	0	0.00%	0	0.00%	10	4.00%	18	7.20%	232	92.80%	250
1994-95	7	2.89%	2	0.83%	1	0.41%	0	0.00%	7	2.89%	17	7.02%	225	92.98%	242
1995-96	5	1.92%	3	1.15%	2	0.77%	0	0.00%	12	4.60%	22	8.43%	239	91.57%	261
1996-97	3	1.01%	5	1.68%	2	0.67%	1	0.34%	12	4.03%	23	7.72%	275	92.28%	298
1997-98	6	1.97%	2	0.66%	3	0.98%	2	0.66%	11	3.61%	24	7.87%	281	92.13%	305
1998-99	10	3.24%	2	0.65%	2	0.65%	1	0.32%	9	2.91%	24	7.77%	285	92.23%	309
Total Individual Firms Over Nine Years⁴	13	1.53%	10	1.18%	5	0.59%	2	0.24%	29	3.41%	59	6.94%	791	93.06%	850

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Orange.

² Percent of *Total POs* awarded to prime consultants.

³ Percent of *Total Individual Firms*.

⁴ The *Total Individual Firms* counts a firm only once for each year the firm receives work. Since a firm could be used in multiple years, the *Total Individual Firms* for the entire study period may not equal the sum of all years.

**Exhibit 4-26
Broward County Disparity Study
Professional Services
Utilization Analysis of Subconsultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$7,094,507.68
1991-92	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$4,011,996.66
1992-93	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$7,637,934.36
1993-94	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$6,978,473.74
1994-95	\$1,003,138.00	12.30%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$1,690,699.00	20.72%	\$2,693,837.00	33.02%	\$8,158,752.05
1995-96	\$3,949,278.00	37.00%	\$569,693.00	5.34%	\$108,824.00	1.02%	\$0.00	0.00%	\$545,003.00	5.11%	\$5,172,798.00	48.46%	\$10,674,524.59
1996-97	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$2,500.00	0.03%	\$2,500.00	0.03%	\$9,414,922.90
1997-98	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$11,939,021.34
1998-99	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$16,707,560.57
Total	\$4,952,416.00	5.99%	\$569,693.00	0.69%	\$108,824.00	0.13%	\$0.00	0.00%	\$2,238,202.00	2.71%	\$7,869,135.00	9.52%	\$82,617,693.89

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Percent of *Total Dollars Awarded*.

³ The *Total Dollars Awarded* is the actual amount given to prime consultants.

Utilization of SDBE Firms

Over \$2.6 million was awarded by the County to SDBE prime professional services consultants located in the relevant market area over the nine years of the study. As shown in **Exhibit 4-27**, over \$2.8 million was awarded to all M/WBEs (not certified and certified), a difference of around \$185,000.

**Exhibit 4-27
Broward County Disparity Study
Professional Services
Utilization of M/WBE and SDBE Prime Contractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Non-Minority Firms		Total \$
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	
M/WBEs ³	\$362,853.71	0.44%	\$145,700.02	0.18%	\$55,699.12	0.07%	\$106,339.52	0.13%	\$2,198,238.87	2.66%	\$2,868,831.24	3.47%	\$79,748,862.65	96.53%	\$28,617,693.89
SDBEs ⁴	\$280,325.11	0.34%	\$92,199.00	0.11%	\$22,889.00	0.03%	\$103,289.00	0.13%	\$2,184,603.94	2.64%	\$2,683,306.05	3.25%	\$79,934,387.84	96.75%	
Total Difference	\$82,528.60		\$53,501.02		\$32,810.12		\$3,050.52		\$13,634.93		\$185,525.19		(\$185,525.19)		

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Orange.

² Percent of total dollars awarded to prime consultants over the nine-year study period.

³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

As shown in **Exhibit 4-28**, of the total purchase orders awarded, 2,141 (or 17 percent) were awarded to SDBE firms. Of the eight hundred fifty-one (851) individual firms who received awards over the nine-year period, 43 (5.06 percent) were individual SDBE firms. Of all SDBE firms, non-minority women were represented by 22 firms, Asian Americans by five firms, and Hispanic Americans and African Americans by seven firms.

**Exhibit 4-28
Broward County Disparity Study
Professional Services
Purchase Orders Awarded and Individual Consultants
M/WBE and SDBE Prime Consultants
In the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²
M/WBEs⁴	1,441	11.44%	134	1.06%	15	0.12%	26	0.21%	791	6.28%	2,407	19.11%
SDBEs⁵	1,333	10.58%	8	0.06%	15	0.12%	24	0.19%	761	6.04%	2,141	17.00%
Total Difference	108		126		0		2		30		266	

Number of Individual Consultants by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³
M/WBEs	13	1.53%	10	1.18%	5	0.59%	2	0.24%	29	3.41%	59	6.94%
SDBEs	7	0.82%	7	0.82%	5	0.59%	2	0.24%	22	2.59%	43	5.06%
Total Difference	6		3		0		0		7		16	

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the Florida Counties of Broward, Miami-Dade and Orange.

² Percent of total POs awarded to prime consultants over the nine-year study.

³ Percent of the total individual firms used over the nine-year study. An individual firm is counted only once although the consultant may have been used multiple times over the nine years.

⁴ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁵ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Exhibit 4-29 shows the difference between the utilization of all M/WBE subconsultants (whether certified or not) and the utilization of only SDBEs.

4.4.3 Availability Analysis

The availability analyses show the number of available firms in the relevant market area by certified firms, followed by total firms combined.

Exhibit 4-29
Broward County Disparity Study
Professional Services
Utilization of M/WBE and SDBE Subconsultants
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
M/WBEs ³	\$4,952,416.00	5.99%	\$569,693.00	0.69%	\$108,824.00	0.13%	\$0.00	0.00%	\$2,238,202.00	2.71%	\$7,869,135.00	9.52%	\$82,617,693.89
SDBEs ⁴	\$4,952,416.00	5.99%	\$510,975.00	0.62%	\$108,824.00	0.13%	\$0.00	0.00%	\$2,059,386.00	2.49%	\$7,631,601.00	9.24%	
Total Difference	\$0.00		\$58,718.00		\$0.00		\$0.00		\$178,816.00		\$237,534.00		

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

- ¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.
- ² Percent of total dollars awarded to prime consultants.
- ³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.
- ⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Availability of M/WBE Firms

Exhibit 4-30 shows the availability of all M/WBEs (includes those certified as SDBEs) and non-minority professional services consultants and subconsultants. Nearly 45 percent of all available consultants are M/WBEs. These are represented by four Native American firms, 17 Asian American firms, 191 Hispanic American firms, 204 non-minority women firms, and 299 African American firms. The overall total number of firms was 1,599.

Exhibit 4-30
Broward County Disparity Study
Professional Services
Availability of M/WBE Prime Consultants and Subconsultants
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	299	18.70%	191	11.94%	17	1.06%	4	0.25%	204	12.76%	715	44.72%	884	55.28%	1,599

Source: MGT's Master Vendor Database.

- ¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.
- ² Minority male and female firms are included in their respective minority classifications.

Availability of SDBE Firms

The availability of SDBE professional services consultants and subconsultants are shown in **Exhibit 4-31**. The exhibit shows that non-minority firms either serving as prime consultants or subconsultants comprised 69.28 percent of the availability pool to provide professional services in the relevant market area. Non-minority women make-up 9.56 percent of the total available firms. Asian American and Native American firms have the lowest availability with 1.10 percent and 0.16 percent respectively. African American firms have the largest percentage of the availability pool with 12.07 percent or 154 firms.

**Exhibit 4-31
Broward County Disparity Study
Professional Services
Availability of SDBE Prime Consultants and Subconsultants
In the Relevant Market Area¹
Based on Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		SDBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	154	12.07%	100	7.84%	14	1.10%	2	0.16%	122	9.56%	392	30.72%	884	69.28%	1,276

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² Minority male and female firms are included in their respective minority classifications.

4.5 Business Services

Business services are analyzed in this section. The County's market area and the utilization and availability of M/WBEs (SDBEs and non-certified) and non-minority contractors who provide business services to the County follow. Also included are the utilization and availability of SDBEs only.

4.5.1 Relevant Market Area Analysis

Exhibit 4-32 displays relevant market area for the County's procurement of business services.

**Exhibit 4-32
Broward County Disparity Study
Business Services
Relevant Market Area Analysis
Fiscal Years 1990-91 through 1998-99**

County, St	# of PO's	% of PO's	# of Contractors	% of Contractors	Dollars	% of Dollars	Cum% ¹
BROWARD, FL	32,106	69.67%	1,649	54.66%	\$208,087,537.62	63.78%	63.78%
MIAMI-DADE, FL	4,580	9.94%	332	11.00%	\$21,940,288.69	6.73%	70.51%
PALM BEACH, FL	2,344	5.09%	190	6.30%	\$8,845,267.36	2.71%	73.22%
SHELBY, TN	2,064	4.48%	3	0.10%	\$339,108.42	0.10%	73.33%
ORANGE, FL	450	0.98%	34	1.13%	\$2,280,556.29	0.70%	74.02%
GREENVILLE, SC	389	0.84%	1	0.03%	\$2,766,309.00	0.85%	74.87%
HILLSBOROUGH, FL	291	0.63%	35	1.16%	\$1,221,741.42	0.37%	75.25%
Total	42,224	91.63%	2,244	74.38%	\$245,480,808.80	75.25%	

Source: Broward County LGFS electronic system.

¹ Cumulative total of percent of dollars in market area.

The relevant market area includes Broward, Miami-Dade, Palm Beach, Hillsborough, and Orange counties, Florida; Shelby County, Tennessee; and Greenville County, South Carolina, where 42,224 purchase orders were let, 74.38 percent of the firms were located, and 75.25 percent of the dollars were awarded. The total dollars in the relevant market area (approximately \$245 million) were awarded to 2,244 different firms for a total of 42,224 separate purchase orders. The average amount awarded to a firm was approximately \$109,394. For a complete listing of all counties in the overall geographical market area for Business Services, see **Appendix C**.

4.5.2 Utilization Analysis

In the following paragraphs the utilization of M/WBEs (certified and non-certified) are analyzed, followed by the utilization of certified (SDBE) firms.

Utilization of M/WBE Firms

The County awarded approximately \$245 million to prime contractors over the study period as shown in **Exhibit 4-33**. The County spent an average of \$27.27 million per year on business services.

**Exhibit 4-33
Broward County Disparity Study
Business Services
Utilization Analysis of Prime Contractors in the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$1,792.00	0.01%	\$1,723,900.30	6.73%	\$0.00	0.00%	\$0.00	0.00%	\$737,844.63	2.88%	\$2,463,536.93	9.62%	\$23,137,227.17	90.38%	\$25,600,764.10
1991-92	\$73,655.35	0.47%	\$629,130.48	4.00%	\$0.00	0.00%	\$0.00	0.00%	\$718,621.79	4.57%	\$1,421,407.62	9.03%	\$14,318,378.87	90.97%	\$15,739,786.49
1992-93	\$518,116.21	3.18%	\$470,082.38	2.89%	\$0.00	0.00%	\$0.00	0.00%	\$889,134.87	5.46%	\$1,877,333.46	11.53%	\$14,405,325.33	88.47%	\$16,282,658.79
1993-94	\$354,314.79	2.28%	\$515,276.99	3.32%	\$928.44	0.01%	\$0.00	0.00%	\$894,422.86	5.76%	\$1,764,943.08	11.36%	\$13,768,913.04	88.64%	\$15,533,856.12
1994-95	\$367,485.12	1.64%	\$622,057.66	2.78%	\$277,746.02	1.24%	\$0.00	0.00%	\$1,071,431.98	4.79%	\$2,338,720.78	10.45%	\$20,041,317.71	89.55%	\$22,380,038.49
1995-96	\$303,088.38	1.13%	\$519,015.48	1.94%	\$162,177.54	0.61%	\$0.00	0.00%	\$2,228,594.44	8.31%	\$3,212,875.84	11.99%	\$23,591,952.93	88.01%	\$26,804,828.77
1996-97	\$1,781,209.97	5.34%	\$557,811.45	1.67%	\$225,577.84	0.68%	\$0.00	0.00%	\$2,676,989.41	8.02%	\$5,241,588.67	15.71%	\$28,121,754.82	84.29%	\$33,363,343.49
1997-98	\$381,175.91	1.04%	\$993,336.93	2.71%	\$90,573.77	0.25%	\$50,600.00	0.14%	\$4,230,060.23	11.55%	\$5,745,746.84	15.69%	\$30,882,676.01	84.31%	\$36,628,422.85
1998-99	\$1,521,031.54	2.86%	\$310,755.62	0.58%	\$487,666.92	0.92%	\$51,975.00	0.10%	\$5,210,477.95	9.80%	\$7,581,907.03	14.27%	\$45,565,202.67	85.73%	\$53,147,109.70
Total	\$5,301,869.27	2.16%	\$6,341,367.29	2.58%	\$1,244,670.53	0.51%	\$102,575.00	0.04%	\$18,657,578.16	7.60%	\$31,648,060.25	12.89%	\$213,832,748.55	87.11%	\$245,480,808.80

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Percent of Total Dollars Awarded annually to prime contractors.

M/WBE firms obtained a total of 12.89 percent of the total dollars. Of those, non-minority women firms received the most (7.60 percent). African American and Asian American firms received 2.6 percent and 0.51 percent of the total dollars awarded, respectively. Hispanic American firms obtained 2.58 percent of the dollars and Native American firms were awarded 0.04 percent.

For fiscal years 1991 through 1999, a total of 42,677 purchase orders were awarded, as demonstrated in **Exhibit 4-34**. Of those total purchase orders awarded, 2,942 (or 6.89 percent) were awarded to M/WBE firms providing business services. Hispanic American firms received the greatest number of purchase orders at 1,269 (or 2.97 percent). Non-minority women firms followed, with 984 purchase orders (or 2.31 percent). Non-minority women comprised the greatest number of individual firms, at 58, or 2.58 percent of the total individual firms. Non-minority firms represented 93.14 percent of all individual firms providing business services over the nine years.

Regarding subcontractors, as shown in **Exhibit 4-35**, M/WBEs captured only 0.61 percent of total dollars. Very few M/WBE subcontractors were used by the prime contractors providing business services.

Utilization of SDBE Firms

Exhibit 4-36 shows the utilization of SDBE firms providing business services. approximately 12 percent (11.80 percent) of overall dollars were awarded to total SDBE firms. Of the SDBE firms, non-minority women were awarded \$17.8 million or \$12 million more than any other single total ethnic grouping. There is a difference of one percent between M/WBEs and total SDBEs. This was due to a half percent difference for Asian American firms.

**Exhibit 4-34
Broward County Disparity Study
Business Services
Purchase Orders Awarded and Individual Contractors
In the Relevant Market Area¹
By Race/Ethnicity/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total POs
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	
1990-91	9	0.27%	197	5.82%	0	0.00%	0	0.00%	33	0.98%	239	7.06%	3,144	92.94%	3,383
1991-92	46	1.24%	106	2.86%	0	0.00%	0	0.00%	34	0.92%	186	5.02%	3,521	94.98%	3,707
1992-93	59	1.63%	93	2.58%	0	0.00%	0	0.00%	84	2.33%	236	6.54%	3,374	93.46%	3,610
1993-94	86	1.99%	97	2.24%	4	0.09%	0	0.00%	169	3.91%	356	8.23%	3,969	91.77%	4,325
1994-95	65	1.23%	166	3.14%	22	0.42%	0	0.00%	109	2.06%	362	6.85%	4,921	93.15%	5,283
1995-96	71	1.17%	172	2.84%	15	0.25%	0	0.00%	110	1.82%	368	6.08%	5,682	93.92%	6,050
1996-97	53	0.97%	152	2.77%	19	0.35%	0	0.00%	148	2.70%	372	6.78%	5,116	93.22%	5,488
1997-98	95	1.83%	181	3.49%	10	0.19%	2	0.04%	137	2.65%	425	8.21%	4,754	91.79%	5,179
1998-99	109	1.93%	105	1.86%	21	0.37%	3	0.05%	160	2.83%	398	7.04%	5,254	92.96%	5,652
Total Contracts	593	1.39%	1,269	2.97%	91	0.21%	5	0.01%	984	2.31%	2,942	6.89%	39,735	93.11%	42,677

Number of Individual Firms by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	
1990-91	3	0.67%	10	2.23%	0	0.00%	0	0.00%	13	2.90%	26	5.79%	423	94.21%	449
1991-92	4	0.87%	9	1.96%	0	0.00%	0	0.00%	12	2.61%	25	5.43%	435	94.57%	460
1992-93	8	1.68%	9	1.89%	0	0.00%	0	0.00%	18	3.78%	35	7.35%	441	92.65%	476
1993-94	13	2.24%	13	2.24%	1	0.17%	0	0.00%	18	3.10%	45	7.75%	536	92.25%	581
1994-95	11	1.58%	18	2.58%	2	0.29%	0	0.00%	17	2.44%	48	6.89%	649	93.11%	697
1995-96	14	1.77%	16	2.02%	3	0.38%	0	0.00%	26	3.28%	59	7.44%	734	92.56%	793
1996-97	18	2.18%	22	2.66%	1	0.12%	0	0.00%	24	2.91%	65	7.87%	761	92.13%	826
1997-98	25	2.90%	19	2.20%	2	0.23%	2	0.23%	27	3.13%	75	8.69%	786	91.31%	863
1998-99	21	2.35%	18	2.02%	2	0.22%	2	0.22%	27	3.02%	70	7.84%	823	92.16%	893
Total Individual Firms Over Nine Years⁴	46	2.05%	43	1.92%	5	0.22%	2	0.09%	58	2.58%	154	6.86%	2,091	93.14%	2,245

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Percent of *Total POs* awarded to prime contractors.

³ Percent of *Total Individual Firms*.

⁴ The *Total Individual Firms* counts as a firm only once for each year the firm receives work. Since a firm could be used in multiple years, the *Total Individual Firms* for the entire study period may not equal the sum of all years.

**Exhibit 4-35
Broward County Disparity Study
Business Services
Utilization Analysis of Subcontractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	
1990-91	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$25,600,764.10
1991-92	\$118,446.00	0.75%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$118,446.00	0.75%	\$15,739,786.49
1992-93	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$16,282,658.79
1993-94	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$15,533,856.12
1994-95	\$21,600.00	0.10%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.10%	\$43,200.00	0.19%	\$22,380,038.49
1995-96	\$476,951.00	1.78%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$476,951.00	1.78%	\$26,804,828.77
1996-97	\$864,689.00	2.59%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$864,689.00	2.59%	\$33,363,343.49
1997-98	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$36,628,422.85
1998-99	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$53,147,109.70
Total	\$1,481,686.00	0.60%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.01%	\$1,503,286.00	0.61%	\$245,480,808.80

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Percent of *Total Dollars Awarded*.

³ The *Total Dollars Awarded* is the actual amount given to prime contractors.

Exhibit 4-36
Broward County Disparity Study
Business Services
Utilization of M/WBE and SDBE Prime Contractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		MWBE and SDBE Subtotal		Non-Minority Firms		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
MWBEs ³	\$5,301,869.27	2.16%	\$6,341,367.29	2.58%	\$1,244,670.53	0.51%	\$102,575.00	0.04%	\$18,657,578.16	7.60%	\$31,648,060.25	12.89%	\$213,832,748.55	87.11%	\$245,480,808.80
SDBEs ⁴	\$5,017,446.99	2.04%	\$6,039,143.87	2.46%	\$54,541.02	0.02%	\$102,575.00	0.04%	\$17,757,455.69	7.23%	\$28,971,162.57	11.80%	\$216,509,646.23	88.20%	
Total Difference	\$284,422.28		\$302,223.42		\$1,190,129.51		\$0.00		\$900,122.47		\$2,676,897.68		(\$2,676,897.68)		

Source: Broward County LGFS electronic system.

- ¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.
- ² Percent of total dollars awarded to prime contractors over the nine-year study.
- ³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.
- ⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

Exhibit 4-37 shows that over the nine-year study period 2,323 purchase orders going to SDBEs were largely shared between Hispanic Americans and non-minority women (1,187 and 751, respectively). Of the SDBEs, Hispanic Americans were awarded the most purchase orders. A lower number of individual Hispanic American firms were awarded purchase orders (29) than non-minority women (38). Thirty-four individual African American firms were awarded 365 purchase orders. Five individual Asian American firms were awarded 15 purchase orders and two Native American firms received five purchase orders over the nine years.

**Exhibit 4-37
Broward County Disparity Study
Business Services
Purchase Orders Awarded and Individual Contractors
M/WBE and SDBE Prime Contractors
In the Relevant Market Area¹
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²
M/WBEs⁴	593	1.39%	1,269	2.97%	91	0.21%	5	0.01%	984	2.31%	2,942	6.89%
SDBEs⁵	365	0.86%	1,187	2.78%	15	0.04%	5	0.01%	751	1.76%	2,323	5.44%
Total Difference	228		82		76		0		233		619	

Number of Individual Firms by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³
M/WBEs	46	2.05%	43	1.92%	5	0.22%	2	0.09%	58	2.58%	154	6.86%
SDBEs	34	1.51%	29	1.29%	5	0.22%	2	0.09%	38	1.69%	108	4.81%
Total Difference	12		14		0		0		20		46	

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Percent of total POs awarded to prime contractors over the nine-year study period.

³ Percent of the total individual firms used over the nine-year study. An individual firm is counted only once although the firm may have been used multiple times over the nine years.

⁴ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁵ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

The level of subcontracting activity in this business category is extremely low as can be seen in **Exhibit 4-38**. This would suggest that an insignificant amount of purchase orders required subcontracting activity; less than one percent of overall business services dollars.

**Exhibit 4-38
Broward County Disparity Study
Business Services
Utilization Analysis of M/WBE and SDBE Subcontractors
In the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	Total Dollars Awarded ³
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²
M/WBEs³	\$1,481,686.00	0.60%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.01%	\$1,503,286.00	0.61%
SDBEs⁴	\$1,363,240.00	0.56%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.01%	\$1,384,840.00	0.56%
Total Difference	\$118,446.00		\$0.00		\$0.00		\$0.00		\$0.00		\$118,446.00	

Sources: Broward County Construction Management PMIS electronic database, Broward County Board of Commissioners Agenda Items, OEO Participation Summaries.

- ¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.
- ² Percent of total dollars awarded to prime contractors.
- ³ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.
- ⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

4.5.3 Availability Analysis

The availability analyses show the number of available firms in the relevant market area by all M/WBE firms (certified and not certified), followed by SDBE firms.

Availability of SDBE Firms

Exhibit 4-39 shows the availability of M/WBE and non-minority firms in the MGT Master Vendor Database. Total firms make up over a quarter of the database (26.75 percent). African Americans, Hispanic Americans and non-minority women all have over 200 firms available to work. Non-minority firms have over 2,300 firms available to perform business service related work.

Exhibit 4-39
Broward County Disparity Study
Business Services
Availability of M/WBE Prime Contractors and Subcontractors
In the Relevant Market Area¹
Based on Vendor Data
Fiscal years 1990-91 through 1998-99

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	349	10.89%	209	6.52%	21	0.66%	2	0.06%	276	8.61%	857	26.75%	2,347	73.25%	3,204

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Minority male and female firms are included in their respective minority classifications.

Availability of SDBE Firms

Availability of SDBE firms providing business services is shown in **Exhibit 4-40**. SDBEs made-up 18.25 percent of the total available firms. Of those available firms, 6.03 percent were non-minority women firms and 7.31 percent were African American firms. Hispanic American firms followed, with 4.35 percent of the availability pool, then Asian American and Native American firms, with 0.49 percent and 0.07 percent, respectively. Non-minority firms constituted the majority of available firms to conduct business services, with 81.75 percent.

Exhibit 4-40
Broward County Disparity Study
Business Services
Availability of SDBE Prime Contractors and Subcontractors
In the Relevant Market Area¹
Based on Vendor Data
Fiscal years 1990-91 through 1998-99

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		SDBE Subtotal		Non-Minority Firms		Total Firms
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	210	7.31%	125	4.35%	14	0.49%	2	0.07%	173	6.03%	524	18.25%	2,347	81.75%	2,871

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² Minority male and female firms are included in their respective minority classifications.

4.6 Commodities

The County's procurement of commodities is analyzed in this section for the nine years of the study. The market area is determined and utilization and availability are presented.

4.6.1 Relevant Market Area Analysis

Exhibit 4-41 details the distribution of purchase orders in the County's relevant market area according to counties. The exhibit shows the number of purchase orders issued to the vendors, the number of vendors supplying commodities, and the dollar value of the commodities. For a complete list of each county in the County's market area, see **Appendix C**.

Approximately 75.59 percent of the dollars spent went to vendors located in the relevant market area, which consists of the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

Exhibit 4-41
Broward County Disparity Study
Commodities
Relevant Market Area Analysis
Fiscal Years 1990-91 through 1998-99

County, St	# of POs	% of POs	# of Vendors	% of Vendors	Dollars	% of Dollars	Cum% ¹
BROWARD, FL	169,722	62.25%	2,714	30.03%	\$184,438,262.64	34.60%	34.60%
MIAMI-DADE, FL	22,171	8.13%	743	8.22%	\$48,833,000.06	9.16%	43.76%
PALM BEACH, FL	16,947	6.22%	374	4.14%	\$58,027,767.04	10.88%	54.64%
DUVAL, FL	4,468	1.64%	65	0.72%	\$12,115,087.07	2.27%	56.91%
HILLSBOROUGH, FL	3,519	1.29%	178	1.97%	\$7,645,142.95	1.43%	58.35%
LEON, FL	3,003	1.10%	71	0.79%	\$4,777,146.29	0.90%	59.24%
GWINNETT, GA	2,386	0.88%	41	0.45%	\$7,606,687.91	1.43%	60.67%
ORANGE, FL	1,672	0.61%	137	1.52%	\$10,531,389.20	1.98%	62.65%
COOK, IL	1,569	0.58%	159	1.76%	\$7,238,613.23	1.36%	64.01%
DU PAGE, IL	1,322	0.48%	29	0.32%	\$4,211,535.47	0.79%	64.80%
KINGS, NY	1,293	0.47%	10	0.11%	\$747,922.88	0.14%	64.94%
FULTON, GA	1,180	0.43%	64	0.71%	\$6,322,947.66	1.19%	66.12%
DALLAS, TX	1,140	0.42%	69	0.76%	\$2,344,241.40	0.44%	66.56%
DANE, WI	1,130	0.41%	24	0.27%	\$274,522.23	0.05%	66.61%
LAKE, IL	1,061	0.39%	32	0.35%	\$1,422,630.92	0.27%	66.88%
SEMINOLE, FL	1,046	0.38%	68	0.75%	\$4,209,669.86	0.79%	67.67%
LOS ANGELES, CA	1,016	0.37%	146	1.62%	\$11,085,512.75	2.08%	69.75%
POLK, FL	942	0.35%	49	0.54%	\$8,495,580.69	1.59%	71.34%
NEW YORK, NY	888	0.33%	153	1.69%	\$2,501,605.02	0.47%	71.81%
CUYAHOGA, OH	735	0.27%	27	0.30%	\$654,823.83	0.12%	71.93%
PINELLAS, FL	726	0.27%	95	1.05%	\$1,782,142.89	0.33%	72.27%
MIDDLESEX, NJ	701	0.26%	22	0.24%	\$941,639.23	0.18%	72.45%
SARASOTA, FL	680	0.25%	32	0.35%	\$376,579.67	0.07%	72.52%
CHESTER, PA	679	0.25%	20	0.22%	\$1,462,990.50	0.27%	72.79%
JEFFERSON, AL	651	0.24%	15	0.17%	\$1,454,847.39	0.27%	73.06%
NEW LONDON, CT	601	0.22%	3	0.03%	\$252,351.65	0.05%	73.11%
MANATEE, FL	597	0.22%	15	0.17%	\$862,200.96	0.16%	73.27%
BERGEN, NJ	573	0.21%	48	0.53%	\$625,609.16	0.12%	73.39%
LEHIGH, PA	555	0.20%	6	0.07%	\$86,803.46	0.02%	73.41%
BOWIE, TX	533	0.20%	1	0.01%	\$11,657,156.65	2.19%	75.59%
Total	243,506	89.31%	5,410	59.86%	\$ 402,986,410.66	75.59%	

Source: Broward County LGFS electronic system.

¹ Cumulative total of percent of dollars in market area.

4.6.2 Utilization of Vendors

In the following paragraphs the utilization of M/WBEs (certified and non-certified) and SDBEs are presented.

Utilization of M/WBE Vendors

Exhibit 4-42 shows the utilization of M/WBE (certified and non-certified), and non-minority vendors providing commodities. Of the \$402.9 million awarded, M/WBE vendors received \$48.1 million or 11.95 percent. Hispanic American vendors were awarded the most dollars, capturing \$33.9 million. This was five percent higher than the

Exhibit 4-42
Broward County Disparity Study
Commodities
Utilization Analysis of Vendors in the Relevant Market Area¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Vendors		Total Dollars Awarded
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$
1990-91	\$72,392.99	0.13%	\$960,001.09	1.71%	\$5,070.34	0.01%	\$0.00	0.00%	\$1,922,976.71	3.42%	\$2,960,441.13	5.27%	\$53,261,129.40	94.73%	\$56,221,570.53
1991-92	\$229,365.70	0.69%	\$3,841,729.01	#####	\$5,188.05	0.02%	\$0.00	0.00%	\$748,647.85	2.24%	\$4,824,930.61	14.42%	\$28,637,126.98	85.58%	\$33,462,057.59
1992-93	\$118,637.49	0.38%	\$3,534,964.25	#####	\$6,265.00	0.02%	\$0.00	0.00%	\$838,934.49	2.72%	\$4,498,801.23	14.59%	\$26,328,144.07	85.41%	\$30,826,945.30
1993-94	\$149,481.60	0.46%	\$5,059,677.40	#####	\$7,531.07	0.02%	\$0.00	0.00%	\$860,732.35	2.65%	\$6,077,422.42	18.72%	\$26,386,796.14	81.28%	\$32,464,218.56
1994-95	\$200,813.26	0.54%	\$4,246,255.49	#####	\$14,786.90	0.04%	\$0.00	0.00%	\$985,007.95	2.65%	\$5,446,863.60	14.64%	\$31,759,603.12	85.36%	\$37,206,466.72
1995-96	\$385,139.77	0.78%	\$5,608,413.65	#####	\$13,115.45	0.03%	\$0.00	0.00%	\$976,888.41	1.99%	\$6,983,557.28	14.20%	\$42,195,499.50	85.80%	\$49,179,056.78
1996-97	\$127,103.58	0.29%	\$4,369,181.31	#####	\$51,087.41	0.12%	\$869.00	0.00%	\$2,398,852.51	5.55%	\$6,947,093.81	16.08%	\$36,263,925.51	83.92%	\$43,211,019.32
1997-98	\$114,033.66	0.16%	\$4,716,969.72	6.59%	\$37,435.68	0.05%	\$23,544.00	0.03%	\$1,606,402.99	2.24%	\$6,498,386.05	9.08%	\$65,086,056.92	90.92%	\$71,584,442.97
1998-99	\$183,859.64	0.38%	\$1,653,840.82	3.39%	\$42,623.00	0.09%	\$14,297.30	0.03%	\$2,005,426.48	4.11%	\$3,900,047.24	7.99%	\$44,930,585.65	92.01%	\$48,830,632.89
Total	\$1,580,827.69	0.39%	\$33,991,032.74	8.43%	\$183,102.90	0.05%	\$38,710.30	0.01%	\$12,343,869.74	3.06%	\$48,137,543.37	11.95%	\$354,848,867.29	88.05%	\$402,986,410.66

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² Percent of total dollars awarded annually to vendors.

next M/WBE vendor, non-minority women with \$12.3 million dollars. Non-minority vendors were awarded the largest portion of dollars with 88 percent which translated into over a third of a billion dollars.

Exhibit 4-43 shows that 25,581 purchase orders went to M/WBE vendors (10.49 percent). Non-minority women and Hispanic Americans won the largest numbers of purchase orders, 13,187 and 9,492, respectively. This translated into 124 and 87 vendors, respectively, for these M/WBE groups. Each non-minority vendor would on average receive 42 purchase orders through out the time period, or almost five a year. Through the same time period minority vendors could expect to receive 10 purchase orders a year.

Utilization of SDBE Firms

The utilization of SDBE vendors is illustrated in **Exhibit 4-44**. As the exhibit illustrates, the total purchasing dollars with SDBE vendors was approximately 8.67 percent of the total dollars expended by the County in the relevant market area during the study period. Hispanic American vendors were the most utilized of the SDBEs, capturing 6.65 percent of the total dollars. Non-minority women firms were allocated 1.69 percent of total purchasing dollars. All other SDBE firms were awarded less than one percent of the total purchasing dollars. There was a \$13 million difference between MWBEs (certified and not certified) and SDBEs. The groups with the largest percentage differences were Hispanic American vendors and non-minority women vendors (1.79 and 1.73 percent respectively).

**Exhibit 4-43
Broward County Disparity Study
Commodities
Purchase Orders Awarded and Individual Vendors
In the Relevant Market Area¹
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Vendors		Total POs
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#
1990-91	70	0.40%	418	2.37%	10	0.06%	0	0.00%	757	4.28%	1,255	7.10%	16,416	92.90%	17,671
1991-92	135	0.64%	609	2.89%	9	0.04%	0	0.00%	1114	5.28%	1,867	8.85%	19,222	91.15%	21,089
1992-93	139	0.59%	972	4.11%	9	0.04%	0	0.00%	1112	4.70%	2,232	9.43%	21,429	90.57%	23,661
1993-94	195	0.71%	1,373	5.00%	17	0.06%	0	0.00%	1320	4.81%	2,905	10.58%	24,550	89.42%	27,455
1994-95	248	0.82%	1,290	4.27%	13	0.04%	0	0.00%	1755	5.81%	3,306	10.95%	26,877	89.05%	30,183
1995-96	414	1.33%	1,372	4.39%	22	0.07%	0	0.00%	1741	5.58%	3,549	11.37%	27,670	88.63%	31,219
1996-97	486	1.54%	1,298	4.11%	22	0.07%	1	0.00%	1637	5.18%	3,444	10.90%	28,157	89.10%	31,601
1997-98	533	1.62%	1,430	4.35%	29	0.09%	5	0.02%	1807	5.49%	3,804	11.56%	29,096	88.44%	32,900
1998-99	509	1.81%	730	2.59%	32	0.11%	4	0.01%	1944	6.91%	3,219	11.44%	24,926	88.56%	28,145
Total Contracts	2,729	1.12%	9,492	3.89%	163	0.07%	10	0.00%	13,187	5.41%	25,581	10.49%	218,343	89.51%	243,924

Number of Individual Vendors by Race/Ethnicity/Gender Classification

Fiscal Years	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Vendors		Total Vendors
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#
1990-91	12	0.73%	21	1.28%	2	0.12%	0	0.00%	45	2.74%	80	4.86%	1,565	95.14%	1,645
1991-92	14	0.89%	20	1.27%	2	0.13%	0	0.00%	44	2.80%	80	5.09%	1,492	94.91%	1,572
1992-93	13	0.83%	27	1.72%	2	0.13%	0	0.00%	47	2.99%	89	5.67%	1,482	94.33%	1,571
1993-94	18	1.02%	29	1.65%	3	0.17%	0	0.00%	45	2.55%	95	5.39%	1,667	94.61%	1,762
1994-95	19	1.00%	31	1.63%	3	0.16%	0	0.00%	58	3.06%	111	5.85%	1,787	94.15%	1,898
1995-96	17	0.87%	37	1.90%	6	0.31%	0	0.00%	56	2.87%	116	5.95%	1,834	94.05%	1,950
1996-97	15	0.75%	35	1.75%	6	0.30%	1	0.05%	55	2.75%	112	5.60%	1,889	94.40%	2,001
1997-98	17	0.79%	42	1.96%	4	0.19%	2	0.09%	61	2.85%	126	5.89%	2,013	94.11%	2,139
1998-99	27	1.25%	49	2.27%	7	0.32%	1	0.05%	65	3.02%	149	6.92%	2,005	93.08%	2,154
Total Individual Vendors Over Nine Years⁴	59	1.09%	87	1.61%	11	0.20%	2	0.04%	124	2.29%	283	5.23%	5,124	94.77%	5,407

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² Percent of Total POs awarded to vendors.

³ Percent of Total Individual Vendors.

⁴ The Total Individual Vendors counts a vendor only once for each year the vendor receives work. Since a vendor could be used in multiple years, the Total Individual Vendors for the entire study period may not equal the sum of all years.

Exhibit 4-44
Broward County Disparity Study
Commodities
Utilization of M/WBE and SDBE Vendors
In the Relevant Market¹
Dollars and Percentage of Total Dollars Awarded
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²	\$	% ²
M/WBEs³	\$1,580,827.69	0.39%	\$33,991,032.74	8.43%	\$183,102.90	0.05%	\$38,710.30	0.01%	\$12,343,869.74	3.06%	\$48,137,543.37	11.95%
SDBEs⁴	\$1,256,178.95	0.31%	\$26,780,441.39	6.65%	\$62,837.45	0.02%	\$38,710.30	0.01%	\$6,815,109.01	1.69%	\$34,953,277.10	8.67%
Total Difference	\$324,648.74		\$7,210,591.35		\$120,265.45		\$0.00		\$5,528,760.73		\$13,184,266.27	

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² Percent of total dollars awarded to vendors over the nine-year study period.

³ M/WBEs include all vendors identified as minority and woman-owned whether certified with the County or not.

⁴ SDBEs include all minority and women-owned firms certified with the County as a SDBE.

As shown in **Exhibit 4-45**, of the total purchase orders let, 21,220 (or 8.70 percent) were awarded to SDBE vendors. Non-minority women vendors received 10,778 purchase orders of the total purchase orders let to SDBE firms. Of those, 180 vendors, or 3.33 percent, were purchase orders awarded to individual SDBE vendors. Non-minority women and Hispanic American firms made-up the greatest number of individual vendors, at 80 (1.48 percent) and 58 (1.07 percent), respectively.

4.6.2 Availability Analysis

The availability analyses show the number of available firms in the relevant market area by M/WBE (certified and non-certified) firms, followed by SDBE firms.

**Exhibit 4-45
Broward County Disparity Study
Commodities
Purchase Orders Awarded and Individual Vendors
M/WBE and SDBE Vendors
In the Relevant Market Area'
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99**

Number of Purchase Orders Let by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²	#	% ²
M/WBEs⁴	2,729	1.12%	9,492	3.89%	163	0.07%	10	0.00%	13,187	5.41%	25,581	10.49%
SDBEs⁵	2,590	1.06%	7,755	3.18%	87	0.04%	10	0.00%	10,778	4.42%	21,220	8.70%
Total Difference	139		1,737		76		0		2,409		4,361	

Number of Individual Vendors by Race/Ethnicity/Gender Classification

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE and SDBE Subtotal	
	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³	#	% ³
M/WBEs⁴	59	1.09%	87	1.61%	11	0.20%	2	0.04%	124	2.29%	283	5.23%
SDBEs⁵	34	0.63%	58	1.07%	6	0.11%	2	0.04%	80	1.48%	180	3.33%
Total Difference	25		29		5		0		44		103	

Source: Broward County LGFS electronic system.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² Percent of *Total POs* awarded to vendors over the nine-year study period.

³ Percent of the total individual vendors used over the nine-year study period. An individual vendor is counted only once although the firm may have been used multiple times over the nine years.

⁴ M/WBEs include all firms identified as minority and woman-owned whether certified with the County or not.

⁵ SDBEs include all minority and women-owned firms certified as a SDBE.

Availability of Total M/WBE and Non-Minority Firms

Exhibit 4-46 shows the availability of M/WBEs and non-minority businesses. Slightly over twenty percent of all available vendors are M/WBEs with all other M/WBEs except Asian Americans and Native Americans showing more than 450 available vendors. There are 5,615 non-minority vendors available in the MGT Master Vendor Database.

**Exhibit 4-46
Broward County Disparity Study
Commodities
Availability of M/WBE Vendors
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		M/WBE Subtotal		Non-Minority Vendors		Total Vendors
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	480	6.82%	456	6.48%	40	0.57%	8	0.11%	441	6.26%	1425	20.24%	5,615	79.76%	7,040

Source: MGT's master vendor database.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, IA; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; and Bowie, TX.

² Minority male and female firms are included in their respective minority classifications.

Availability of SDBE Firms

As shown in **Exhibit 4-47**, SDBEs comprised 10.55 percent of the available vendors in the Master Vendor Database who were available to provide commodities to the County. Of those, African American firms were the largest group, with 3.6 percent. Closely following, were non-minority women and Hispanic American, with 3.58 percent and 2.93 percent, respectively. Non-minority firms comprised 89.45 percent of the total availability pool in commodities for the relevant market area.

**Exhibit 4-47
Broward County Disparity Study
Commodities
Availability of SDBE Vendors
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

	African Americans ²		Hispanic Americans ²		Asian Americans ²		Native Americans ²		Non-Minority Women		SDBE Subtotal		Non-Minority Vendors		Total Vendors
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	226	3.60%	184	2.93%	26	0.41%	1	0.02%	225	3.58%	662	10.55%	5,615	89.45%	6,277

Source: MGT's Master Vendor Database.

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² Minority male and female firms are included in their respective minority classifications.

4.7 Analyses of Bid Data

Exhibits 4-48 and **4-49** show bid data that MGT collected from County files. **Exhibit 4-48** illustrates the number and percent of bids submitted over the study period. The reader is reminded that the number of bids analyzed is not inclusive of all projects where bids might have been submitted. The bid data analyzed are for those projects where bid information could be located.

M/WBEs submitted 7.01 percent of the total bids submitted over the study period and won 4.30 percent of these bids (See **Exhibit 4-49**). Percentage wise, M/WBEs submitted the most bids on A&E and construction projects, 14.69 percent and 12.93 percent respectively.

The dollar value of bids won for M/WBEs as shown in **Exhibit 4-49** was 6.35 percent of overall dollars analyzed. The overall dollar value awarded to M/WBEs for construction services was \$27.7 million or 61 awards, the highest in any business category. Of the data analyzed non-minority firms submitted over 30,000 bids and were successful approximately 96 percent of the time. Hispanic American firms were the most successful minority firms, being awarded 2.29 percent of the contracts awarded which translated into 5.15 percent of awarded dollars. Hispanic American firms gained their highest dollar amounts in the field of construction and business, where they were awarded \$25 an \$1.4 million, respectively. Overall, non-minority firms were awarded nearly half a billion dollars in contracts, or 93.65 percent of the total awards analyzed.

4.8 Conclusion

The utilization and availability of M/WBEs (certified and non-certified) is summarized in **Exhibit 4-50** and **4-51**. In regard to M/WBE, construction services proved to be the area where most dollars were awarded and where most dollars ere awarded as a percentage of dollar in the business category. A total of \$114.6

**Exhibit 4-48
Broward County Disparity Study
Analysis of Bid Data
By Race/Ethnicity/Gender Classification
For Fiscal Years 1990-91 through 1998-99**

Number and Percent of Bids Submitted

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Construction	159	3.94%	256	6.34%	5	0.12%	0	0.00%	102	2.53%	522	12.93%	3,514	87.07%	4036
Architecture and Engineering	3	2.10%	11	7.69%	0	0.00%	0	0.00%	7	4.90%	21	14.69%	122	85.31%	143
Professional Services	1	0.54%	1	0.54%	0	0.00%	0	0.00%	13	7.03%	15	8.11%	170	91.89%	185
Business Services	134	3.76%	150	4.21%	3	0.08%	0	0.00%	31	0.87%	318	8.92%	3,247	91.08%	3565
Commodities	401	1.58%	446	1.76%	232	0.92%	2	0.01%	377	1.49%	1458	5.75%	23,891	94.25%	25349
Total Bids Submitted	698	2.10%	864	2.60%	240	0.72%	2	0.01%	530	1.59%	2,334	7.01%	30,944	92.99%	33,278

Number and Percent of Individual Bidders Submitting Bids

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Construction	47	3.73%	69	5.48%	3	0.24%	0	0.00%	29	2.30%	148	11.75%	1,112	88.25%	1,260
Architecture and Engineering	3	2.68%	11	9.82%	0	0.00%	0	0.00%	6	5.36%	20	17.86%	92	82.14%	112
Professional Services	1	0.84%	1	0.84%	0	0.00%	0	0.00%	8	6.72%	10	8.40%	109	91.60%	119
Business Services	61	5.47%	35	3.14%	1	0.09%	0	0.00%	2	0.18%	99	8.88%	1,016	91.12%	1,115
Commodities	57	1.81%	43	1.37%	7	0.22%	1	0.03%	51	1.62%	159	5.05%	2,987	94.95%	3,146
# of Unique Bidders Submitting Bids	169	2.94%	159	2.76%	11	0.19%	1	0.02%	96	1.67%	436	7.58%	5,316	92.42%	5,752

Source: Broward County Bid Tabulation Locator database.

Note: The number of bids shown in the tables is not inclusive of all projects for which bids were submitted during the study period. The data shown above represents only those projects on which bid information was available in the files reviewed.

**Exhibit 4-49
Broward County Disparity Study
Analysis of Contract Awards and Dollar Values of Those Contracts
By Race/Ethnicity/Gender Classification
For Fiscal Years 1990-91 through 1998-99**

Number and Percent of Purchase Orders Awarded

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Construction	1	0.14%	38	5.32%	0	0.00%	0	0.00%	22	3.08%	61	8.54%	653	91.46%	714
Architecture and Engineering	0	0.00%	4	16.00%	0	0.00%	0	0.00%	2	8.00%	6	24.00%	19	76.00%	25
Professional Services	0	0.00%	0	0.00%	1	3.03%	0	0.00%	1	3.03%	2	6.06%	31	93.94%	33
Business Services	3	0.49%	16	2.59%	2	0.32%	0	0.00%	3	0.49%	24	3.89%	593	96.11%	617
Commodities	20	0.69%	40	1.38%	0	0.00%	0	0.00%	31	1.07%	91	3.15%	2,801	96.85%	2892
Contracts Awarded	24	0.56%	98	2.29%	3	0.07%	0	0.00%	59	1.38%	184	4.30%	4,097	95.70%	4,281

Dollars and Percent of Dollars Awarded

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		M/WBE Subtotal		Non-Minority Firms		Total
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
Construction	\$31,174.00	0.01%	\$25,111,256.54	7.07%	\$0.00	0.00%	\$0.00	0.00%	\$2,616,619.46	0.74%	\$27,759,050.00	7.81%	\$327,670,332.00	92.19%	355,429,382
Architecture and Engineering	\$0.00	0.00%	\$196,971.00	0.94%	\$0.00	0.00%	\$0.00	0.00%	\$268,559.00	1.28%	\$465,530.00	2.22%	\$20,511,560.12	97.78%	20,977,090
Professional Services	\$0.00	0.00%	\$0.00	0.00%	\$18,720.00	1.69%	\$0.00	0.00%	\$633,160.00	57.16%	\$651,880.00	58.85%	\$455,733.20	41.15%	1,107,613
Business Services	\$1,275,290.69	3.51%	\$1,405,071.00	3.86%	\$52,705.00	0.14%	\$0.00	0.00%	\$131,679.96	0.36%	\$2,864,746.65	7.87%	\$33,519,489.12	92.13%	36,384,236
Commodities	\$440,969.62	0.39%	\$435,520.97	0.38%	\$0.00	0.00%	\$0.00	0.00%	\$874,127.95	0.77%	\$1,750,618.54	1.54%	\$111,953,676.76	98.46%	113,704,295
Bids Won	\$1,747,434.31	0.33%	\$27,148,819.51	5.15%	\$71,425.00	0.01%	\$0.00	0.00%	\$4,524,146.37	0.86%	\$33,491,825.19	6.35%	\$494,110,791.20	93.65%	\$527,602,616.39

Source: Broward County Bid Tabulation Locator database.

Note: The number of bids shown in the tables is not inclusive of all projects for which bids were submitted during the study period. The data shown above represents only those projects on which bid information was available in the files reviewed.

**Exhibit 4-50
Broward County Disparity Study
Summary of Utilization
M/WBE and Non-Minority Prime Contractors, Subcontractors, and Vendors
By Business Category
Fiscal Years 1990-91 through 1998-99**

Prime Contractor Utilization

Business Category	M/WBE		Non-Minority		Total Dollars	
	\$	%	\$	%	\$	%
Construction Services	\$114,598,145.18	17.88%	\$526,234,137.01	82.12%	\$640,832,282.19	100.00%
Architecture and Engineering	\$5,779,648.67	4.17%	\$132,810,027.39	95.83%	\$138,589,676.06	100.00%
Professional Services	\$2,868,831.24	3.47%	\$79,748,862.65	96.53%	\$82,617,693.89	100.00%
Business Services	\$31,648,060.25	12.89%	\$213,832,748.55	87.11%	\$245,480,808.80	100.00%
Commodities	\$48,137,543.37	11.57%	\$368,033,133.56	88.43%	\$416,170,676.93	100.00%
Total	\$203,032,228.71	13.33%	\$1,320,658,909.16	86.67%	\$1,523,691,137.87	100.00%

Subcontractor Utilization

Business Category	M/WBE		Total Dollars	
	\$	%	\$	%
Construction Services	\$114,161,291.07	17.81%	\$640,832,282.19	100.00%
Architecture and Engineering	\$16,447,014.34	11.87%	\$138,589,676.06	100.00%
Professional Services	\$7,869,135.00	9.52%	\$82,617,693.89	100.00%
Business Services	\$1,503,286.00	0.61%	\$245,480,808.80	100.00%
Total	\$139,980,726.41	12.64%	\$1,107,520,460.94	100.00%

Exhibit 4-51
Broward County Disparity Study
Summary of Available Firms
According to Vendor Data for M/WBE and Non-Minority
Prime Contractors, Subcontractors, and Vendors
By Business Category
Fiscal Years 1990-91 through 1998-99

Business Category	M/WBE		Non-Minority		Total	
	#	%	#	%	#	%
Construction Services	1,387	40.57%	2,032	59.43%	3,419	100.00%
Architecture and Engineering	160	44.94%	196	55.06%	356	100.00%
Professional Services	715	44.72%	884	55.28%	1,599	100.00%
Business Services	857	26.75%	2,347	73.25%	3,204	100.00%
Commodities	1,425	20.24%	5,615	79.76%	7,040	100.00%
Total	4,544	29.09%	11,074	70.91%	15,618	100.00%

million was awarded in the construction area, or 17.88 percent of all dollars awarded in construction. The next largest area in terms of awarded dollars size was in the area of commodities (\$48.1 million) although this represented only 11.57 percent of overall commodity dollars. Non-minority firms received the largest share of dollars in all the business categories. In terms of dollar value, non-minority firms received the most dollars for construction services and commodities with \$526.2 million and \$368 million, respectively.

In the area of subcontractors, construction services was the area where M/WBE received the most dollars, \$114 million or 17.81 percent of overall dollars awarded in construction. A&E services followed with 11.87 percent and then professional services with 9.52 percent.

The availability of M/WBE firms shows the largest concentration of M/WBE firms, as a percentage of total firms, in A&E (44.94 percent). The lowest areas of M/WBE availability were in commodities and business services (20.24 percent and 26.75 percent).

The County's utilization and availability of SDBE prime contractors and subcontractors are summarized in **4-52** and **4-53**. Business services had the highest percentage (11.80%) of dollars going to SDBE firms. Professional services utilized SDBE firms the least, awarding them only 3.25 percent of all professional services dollars. Of the total procurement dollars going to firms in the relevant market over the nine years of study, 9.54 percent went to SDBEs. SDBEs subcontractors were awarded the greatest percentage of total dollars in construction (16.34 percent). For professional services, SDBE subcontractors, received around nine percent of the total dollars.

For availability of firms according to vendor data, more SDBE firms are available in A&E (37.18 percent) than in any other business category.

**Exhibit 4-52
Broward County Disparity Study
Summary of Utilization
SDBE Contractors, Subcontractors, and Vendors
By Business Category
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 Through 1998-99**

Certified SDBE Prime Contractor Utilization

Business Category	SDBE		Non-Minority		Total Dollars	
	\$	%	\$	%	\$	%
Construction Services	\$71,823,407.85	11.21%	\$569,008,874.34	88.79%	\$640,832,282.19	100.00%
Architecture and Engineering	\$5,640,656.59	4.07%	\$132,949,019.47	95.93%	\$138,589,676.06	100.00%
Professional Services	\$2,683,306.05	3.25%	\$79,934,387.84	96.75%	\$82,617,693.89	100.00%
Business Services	\$28,971,162.57	11.80%	\$216,509,646.23	88.20%	\$245,480,808.80	100.00%
Commodities	\$34,953,277.10	8.67%	\$368,033,133.56	91.33%	\$402,986,410.66	100.00%
Total	\$144,071,810.16	9.54%	\$1,366,435,061.44	90.46%	\$1,510,506,871.60	100.00%

Certified SDBE Subcontractor Utilization

Business Category	SDBE		Total Dollars	
	\$	%	\$	%
Construction Services	\$104,689,138.77	16.34%	\$640,832,282.19	100.00%
Architecture and Engineering	\$12,471,851.02	9.00%	\$138,589,676.06	100.00%
Professional Services	\$7,631,601.00	9.24%	\$82,617,693.89	100.00%
Business Services	\$1,384,840.00	0.56%	\$245,480,808.80	100.00%
Total	\$126,177,430.79	11.39%	\$1,107,520,460.94	100.00%

Exhibit 4-53
Broward County Disparity Study
Summary of Available Firms
According to Vendor Data for SDBE and Non-Minority
Prime Contractors, Subcontractors, and Vendors
By Business Category
By Race/Ethnic/Gender Classifications
Fiscal Years 1990-91 through 1998-99

Business Category	SDBE		Non-Minority		Total	
	#	%	#	%	#	%
Construction Services	767	27.40%	2,032	72.60%	2,799	100.00%
Architecture and Engineering	116	37.18%	196	62.82%	312	100.00%
Professional Services	392	30.72%	884	69.28%	1,276	100.00%
Business Services	524	18.25%	2,347	81.75%	2,871	100.00%
Commodities	662	10.55%	5,615	89.45%	6,277	100.00%
Total	2,461	18.18%	11,074	81.82%	13,535	100.00%

5.0 STATISTICAL AND MULTIVARIATE ANALYSIS

5.0 STATISTICAL AND MULTIVARIATE ANALYSIS

Chapter 5.0 has two primary goals. The first goal is to use various statistical methods to examine characteristics of firms providing goods and services to Broward County. The other goal is to determine, through statistical methods, whether firms have experienced discrimination through the procurement process.

The use of an assortment of statistical testing procedures allows one to examine data from various angles. In this chapter, MGT will use disparity indices to examine whether or not minority and woman-owned firms are receiving a proportional share of contracts and contract dollars in the public and private sectors. Following this examination, MGT will use multiple regression techniques to determine if minority and woman-owned businesses earned revenues equivalent to those businesses owned by non-minority males.

The chapter consists of three sections. Section 5.1 focuses on the presence or absence of disparity in the public and private sectors and makes use of the disparity indices. Section 5.2 focuses on the ability of minority and woman-owned firms to earn market revenues. Based on regression techniques, this section is intended to be a supplement to the analysis provided in Section 5.1. In Section 5.3, the overall conclusions for Chapter 5.0 are presented. The findings of Sections 5.1 and 5.2 are integrated and placed in perspective.

5.1 Disparity in the Public and Private Sectors

The focus of this section is on determining whether or not disparity in purchasing and contracting exists in the public and private sector. MGT uses the availability and utilization information presented in Chapter 4.0 to determine if minority and woman-owned businesses received a proportional share of public and private sector contracts

and contract dollars. This determination is made primarily through the construction of a disparity index that calculates the difference between availability and utilization and provides an index value that can be given a commonly accepted substantive interpretation.

Disparity Indices and T-Tests

Disparity indices and t-tests are utilized to analyze the differences between a firm's utilization and availability. The underlying assumption of this approach is that, absent discrimination, the proportion of dollars received by a particular minority and woman-owned business enterprise (M/WBEs) group should approximate that group's proportion of the relevant population. To determine if disparity exists for minority, woman, or non-minority firms within a specific business category, MGT compared the utilization of each group to its availability within the relevant market area.

Disparity Index

The disparity index is used to measure the differential between utilization and availability. Several post-*Croson* cases, most notably *Contractors Association of Eastern Pennsylvania v. City of Philadelphia*, support the use of disparity indices for determining disparity within the marketplace.¹

Although a variety of similar indices could be utilized, the index used must be easily calculable, readily interpreted, and universally comparable. MGT pioneered the use of disparity indices as a method of determining the degree of disparity between utilization and availability.

For this study, the ratio of the percentage of utilization to the percentage of availability times 100 serves as our measure of choice, as shown in the following formula:

¹ *Contractors Ass'n of Eastern Pennsylvania, Inc. v City of Philadelphia*, 91 F 3d at 604.

$$(1) \text{ Disparity Index} = \frac{\%Um_1p_1}{\%Am_1p_1} \times 100$$

Where: Um_1p_1 = utilization of M/WBE₁ for procurement₁
 Am_1p_1 = availability of M/WBE₁ for procurement₁

Due to the mathematical properties involved in the calculations, a disparity index value of 0.00 indicates no utilization. An index of 100 indicates perfect parity between utilization and availability. An M/WBE group is considered underutilized if the disparity index is less than 100 and overutilized if the index is above 100.

A disparity index value under 80 indicates substantial underutilization. The disparity index threshold of 80 is based on the Equal Employment Opportunity Commission's (EEOC) adopted "80 percent rule" in the *Uniform Guidelines on Employee Selection Procedures*. In the context of employment discrimination, a disparity ratio below 80 indicates a substantial level of disparity demonstrating adverse or disparate impact. The Supreme Court accepted the use of the 80 percent rule in *Connecticut v. Teal (Teal)*, 457 U.S. 440 (1982). In *Teal* and other affirmative action cases, the terms "adverse impact," "disparate impact," and "discriminatory impact" are used interchangeably. Thus, MGT's designation of disparity is founded upon the Supreme Court decision.

T-Test

In addition to the disparity index, MGT conducted t-tests to determine if statistical differences existed between utilization and availability in terms of contract or payment dollars or number of firms. The t-test determines if the relationship between availability and utilization is strong enough to make the claim that the relationship between the two variables (suggested by the disparity index value) supports a conclusion of disparity. In other words, the results of the t-test allow us to conclude if the relationships between

availability and utilization are strong enough to say, with a high degree of confidence, that the results found in the disparity index represent real disparity.

The t value indicates whether or not the results found in the disparity index are what one would ordinarily expect to find given the attributes of the sampling distribution. Given the large sample sizes involved, the t distribution approaches a normal distribution. Because of the statistical properties of the normal distribution, 95 percent of all cases can be found within two standard deviations of the mean. Since t values can be positive or negative, it is necessary to determine the critical region of the distribution on each end of the distribution. In other words, since values can be found on either end of the distribution, we need to know the critical t values for a two-tailed distribution. Based on the properties of the normal distribution, these critical values are +1.96 and -1.96. Any t value found between these critical t values is not sufficiently "extreme" enough for us to conclude that the underlying relationship is present. For a conclusion of "statistical significance" to be reached, the t value must be either greater than +1.96 or less than -1.96. When such a t value is present, we can say with 95 percent certainty that disparity, as represented by over or underutilization, is actually present.

The previous discussion means that any t value less than or equal to -1.96 indicates that an ethnic group is being underutilized in terms of contract dollars or contracts awarded. The relationship is said to be statistically significant. In other words, the fact that the t value is so extreme means that we can be sufficiently confident that the underutilization is severe enough to be considered a real phenomenon and not just a statistical artifact of the sampling distribution. In some cases, disparity is indicated by the disparity index but cannot be tested with a t-test due to the mathematical constraint of division by zero. Although these cases cannot be tested to be statistically significant, the

existence of disparity can be inferred due to the prima facie evidence of zero utilization levels.

5.1.1 Public Sector Disparity Indices and T- Test Results

Tables showing disparity indices and t-test results for construction services, architect and engineering services (A&E), professional services, business services, and commodities are analyzed in this section. The tables are based on the utilization and availability of M/WBEs and non-minorities for the County's relevant market area shown in Chapter 4.0.²

Construction Disparity Results

Exhibit 5-1 shows that non-minority firms were overutilized as prime contractors with a disparity index of 138.17. In descending order, the disparity indices were as follows for the remaining M/WBEs in the relevant market are

- Hispanic Americans – 98.15;
- Non-minority women – 24.21;
- African Americans – 5.84;
- Asian Americans – 5.29; and
- Native Americans – 0.00.

² M/WBEs include all firms identified as M/WBE whether certified with the County as a SDBE or not certified.

**Exhibit 5-1
Broward County Disparity Study
Construction
Disparity Analysis of Prime Contractors
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO ² Dollars	% of Available ³ Firms	Disparity ⁴ Index	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.00%	15.79%	0.00	* Underutilization
Hispanic Americans	2.24%	15.09%	14.82	* Underutilization
Asian Americans	0.05%	0.97%	5.16	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	3.22%	8.66%	37.19	* Underutilization
Non-Minority Firms	94.49%	59.43%	158.99	Overutilization
Fiscal Year 1991-92				
African Americans	0.00%	15.79%	0.00	* Underutilization
Hispanic Americans	0.53%	15.09%	3.50	* Underutilization
Asian Americans	0.19%	0.97%	19.60	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	1.31%	8.66%	15.11	* Underutilization
Non-Minority Firms	97.97%	59.43%	164.85	Overutilization
Fiscal Year 1992-93				
African Americans	0.12%	15.79%	0.75	* Underutilization
Hispanic Americans	34.55%	15.09%	228.93	Overutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.13%	8.66%	24.63	* Underutilization
Non-Minority Firms	63.20%	59.43%	106.34	Overutilization
Fiscal Year 1993-94				
African Americans	0.02%	15.79%	0.11	* Underutilization
Hispanic Americans	0.95%	15.09%	6.30	* Underutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.98%	8.66%	11.28	* Underutilization
Non-Minority Firms	98.05%	59.43%	164.98	Overutilization
Fiscal Year 1994-95				
African Americans	1.76%	15.79%	11.17	* Underutilization
Hispanic Americans	16.20%	15.09%	107.34	Overutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	1.08%	8.66%	12.52	* Underutilization
Non-Minority Firms	80.95%	59.43%	136.21	Overutilization
Fiscal Year 1995-96				
African Americans	0.18%	15.79%	1.17	* Underutilization
Hispanic Americans	38.39%	15.09%	254.34	Overutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.71%	8.66%	31.26	* Underutilization
Non-Minority Firms	58.72%	59.43%	98.81	Underutilization
Fiscal Year 1996-97				
African Americans	4.99%	15.79%	31.62	* Underutilization
Hispanic Americans	21.59%	15.09%	143.06	Overutilization
Asian Americans	0.06%	0.97%	6.19	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.23%	8.66%	25.81	* Underutilization
Non-Minority Firms	71.12%	59.43%	119.67	Overutilization

continued next page

Exhibit 5-1 (Continued)
Broward County Disparity Study
Construction
Disparity Analysis of Prime Contractors
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.97%	15.79%	6.13	* Underutilization
Hispanic Americans	9.55%	15.09%	63.26	* Underutilization
Asian Americans	0.07%	0.97%	7.55	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	1.74%	8.66%	20.06	* Underutilization
Non-Minority Firms	87.68%	59.43%	147.52	Overutilization
Fiscal Year 1998-99				
African Americans	0.26%	15.79%	1.64	* Underutilization
Hispanic Americans	16.97%	15.09%	112.47	Overutilization
Asian Americans	0.08%	0.97%	8.33	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.23%	8.66%	25.74	* Underutilization
Non-Minority Firms	80.46%	59.43%	135.38	Overutilization
All Fiscal Years				
African Americans	0.92%	15.79%	5.84	* Underutilization
Hispanic Americans	14.81%	15.09%	98.15	Underutilization
Asian Americans	0.05%	0.97%	5.29	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.10%	8.66%	24.21	* Underutilization
Non-Minority Firms	82.12%	59.43%	138.17	Overutilization

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² The percentage of *PO Dollars* is taken from the utilization Exhibit 4-4.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-12.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

The t-test results for the prime construction contracts, **Exhibit 5-2**, mirror the disparity index results in Exhibit 5-1.

**Exhibit 5-2
Broward County Disparity Study
Construction
T-Test Results for Prime Contractors**

Firm Classification	PO Dollars ¹	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans	0.92%	-103.91 *	15.79%	-90.97 *
Hispanic Americans	14.81%	-0.52	15.09%	-0.46
Asian Americans	0.05%	-27.02 *	0.97%	-23.65 *
Native Americans ⁴	0.00%		0.06%	
Non-Minority Women	2.10%	-30.60 *	8.66%	-26.79 *
Non-Minority Firms	82.12%	39.54 *	59.43%	34.61 *

¹ Percent of related prime PO dollars awarded to firms within the relevant market area. See Exhibit 5-1.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-1.

⁴ T-test cannot be calculated for a utilization variable (PO dollars) of 0%.

Exhibit 5-3 shows the results for M/WBE participation in the relevant market area at the subcontractor level. All M/WBEs were underutilized as subcontractors in the construction business category. An anomaly is shown in the index for Native American subcontractors for fiscal year 1992-93. The low relative availability of Native American firms over-emphasizes any utilization of these firms. Therefore, the marginal procurement activity with Native American firms in 1992-93 translates to an overutilization disparity index of 1,898.33 for that fiscal year and near parity for the study period.

**Exhibit 5-3
Broward County Disparity Study
Construction
Disparity Analysis of M/WBE Subcontractors
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	5.36%	15.79%	33.92	* Underutilization
Hispanic Americans	6.66%	15.09%	44.13	* Underutilization
Asian Americans	0.07%	0.97%	6.81	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.81%	8.66%	32.45	* Underutilization
Fiscal Year 1991-92				
African Americans	1.55%	15.79%	9.79	* Underutilization
Hispanic Americans	6.30%	15.09%	41.76	* Underutilization
Asian Americans	0.12%	0.97%	12.68	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.35%	8.66%	27.15	* Underutilization
Fiscal Year 1992-93				
African Americans	7.91%	15.79%	50.08	* Underutilization
Hispanic Americans	4.78%	15.09%	31.66	* Underutilization
Asian Americans	0.52%	0.97%	53.47	* Underutilization
Native Americans	1.11%	0.06%	1,898.33	Overutilization
Non-Minority Women	5.85%	8.66%	67.63	* Underutilization
Fiscal Year 1993-94				
African Americans	4.46%	15.79%	28.23	* Underutilization
Hispanic Americans	2.48%	15.09%	16.47	* Underutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.06%	0.06%	106.59	Overutilization
Non-Minority Women	3.79%	8.66%	43.75	* Underutilization
Fiscal Year 1994-95				
African Americans	9.16%	15.79%	58.02	* Underutilization
Hispanic Americans	14.94%	15.09%	98.96	Underutilization
Asian Americans	0.02%	0.97%	2.16	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	3.62%	8.66%	41.82	* Underutilization
Fiscal Year 1995-96				
African Americans	7.44%	15.79%	47.08	* Underutilization
Hispanic Americans	4.94%	15.09%	32.72	* Underutilization
Asian Americans	0.63%	0.97%	64.87	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	4.76%	8.66%	55.00	* Underutilization
Fiscal Year 1996-97				
African Americans	11.48%	15.79%	72.69	* Underutilization
Hispanic Americans	6.11%	15.09%	40.48	* Underutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	7.78%	8.66%	89.84	Underutilization

continued next page

Exhibit 5-3 (Continued)
Broward County Disparity Study
Construction
Disparity Analysis of M/WBE Subcontractors
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	13.14%	15.79%	83.20	Underutilization
Hispanic Americans	4.44%	15.09%	29.45	* Underutilization
Asian Americans	0.00%	0.97%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	3.17%	8.66%	36.62	* Underutilization
Fiscal Year 1998-99				
African Americans	3.76%	15.79%	23.83	* Underutilization
Hispanic Americans	4.06%	15.09%	26.91	* Underutilization
Asian Americans	0.38%	0.97%	39.17	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	1.96%	8.66%	22.64	* Underutilization
All Fiscal Years				
African Americans	7.94%	15.79%	50.25	* Underutilization
Hispanic Americans	5.94%	15.09%	39.34	* Underutilization
Asian Americans	0.17%	0.97%	17.86	* Underutilization
Native Americans	0.06%	0.06%	99.15	Underutilization
Non-Minority Women	3.71%	8.66%	42.86	* Underutilization

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² The percentage of *PO Dollars* is taken from the subcontract utilization Exhibit 4-6.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-12.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

The t-test results are shown in **Exhibit 5-4**. The exhibit shows that while being underutilized overall, the level of underutilization was not significant for Native Americans. All other group results were statistically significant.

**Exhibit 5-4
Broward County Disparity Study
Construction
T-Test Results for M/WBE Subcontractors**

M/WBE Classification	PO Dollars¹	T Value for PO Dollars²	% of Available Firms³	T Value for Available Firms²
African Americans	7.94%	-103.91 *	15.79%	-17.00 *
Hispanic Americans	5.94%	-9.02 *	15.09%	-22.65 *
Asian Americans	0.17%	-5.93 *	0.97%	-11.17 *
Native Americans	0.06%	-0.01	0.06%	-0.01
Non-Minority Women	3.71%	-8.12 *	8.66%	-15.30 *

¹ Percent of related subcontract PO dollars awarded to firms within the relevant market area. See Exhibit 5-3.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-3.

Architecture and Engineering Disparity Results

Exhibit 5-5 shows that non-minority firms were overutilized as prime consultants in the A & E business category. The disparity index for non-minority firms located in the relevant market area was 174.06. African Americans, Hispanic Americans, Asian Americans, and non-minority women-owned firms were underutilized as indicated by their respective indices. Native Americans were not utilized nor were any A&E firms available during the study period and thus are not shown in the exhibit.

**Exhibit 5-5
Broward County Disparity Study
Architecture and Engineering
Disparity Analysis of Prime Consultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.21%	9.83%	2.17	* Underutilization
Hispanic Americans	0.00%	14.89%	0.00	* Underutilization
Asian Americans	0.00%	4.78%	0.00	* Underutilization
Non-Minority Women	0.01%	15.45%	0.04	* Underutilization
Non-Minority Firms	99.78%	55.06%	181.23	Overutilization
Fiscal Year 1991-92				
African Americans	0.43%	9.83%	4.35	* Underutilization
Hispanic Americans	0.51%	14.89%	3.42	* Underutilization
Asian Americans	0.00%	4.78%	0.00	* Underutilization
Non-Minority Women	0.00%	15.45%	0.00	* Underutilization
Non-Minority Firms	99.06%	55.06%	179.93	Overutilization
Fiscal Year 1992-93				
African Americans	0.04%	9.83%	0.38	* Underutilization
Hispanic Americans	0.00%	14.89%	0.00	* Underutilization
Asian Americans	0.04%	4.78%	0.78	* Underutilization
Non-Minority Women	0.00%	15.45%	0.00	* Underutilization
Non-Minority Firms	99.93%	55.06%	181.50	Overutilization
Fiscal Year 1993-94				
African Americans	0.08%	9.83%	0.80	* Underutilization
Hispanic Americans	0.00%	14.89%	0.00	* Underutilization
Asian Americans	0.00%	4.78%	0.00	* Underutilization
Non-Minority Women	0.07%	15.45%	0.45	* Underutilization
Non-Minority Firms	99.85%	55.06%	181.36	Overutilization
Fiscal Year 1994-95				
African Americans	2.59%	9.83%	26.37	* Underutilization
Hispanic Americans	0.07%	14.89%	0.45	* Underutilization
Asian Americans	0.00%	4.78%	0.00	* Underutilization
Non-Minority Women	0.20%	15.45%	1.30	* Underutilization
Non-Minority Firms	97.14%	55.06%	176.44	Overutilization
Fiscal Year 1995-96				
African Americans	0.04%	9.83%	0.38	* Underutilization
Hispanic Americans	1.00%	14.89%	6.73	* Underutilization
Asian Americans	0.11%	4.78%	2.28	* Underutilization
Non-Minority Women	0.09%	15.45%	0.56	* Underutilization
Non-Minority Firms	98.76%	55.06%	179.39	Overutilization
Fiscal Year 1996-97				
African Americans	3.14%	9.83%	31.98	* Underutilization
Hispanic Americans	0.72%	14.89%	4.85	* Underutilization
Asian Americans	0.01%	4.78%	0.20	* Underutilization
Non-Minority Women	0.09%	15.45%	0.56	* Underutilization
Non-Minority Firms	96.04%	55.06%	174.44	Overutilization

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Exhibit 5-5 (Continued)
Broward County Disparity Study
Architecture and Engineering
Disparity Analysis of Prime Consultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.44%	9.83%	4.46	* Underutilization
Hispanic Americans	0.05%	14.89%	0.35	* Underutilization
Asian Americans	6.74%	4.78%	141.11	Overutilization
Non-Minority Women	0.05%	15.45%	0.32	* Underutilization
Non-Minority Firms	92.72%	55.06%	168.41	Overutilization
Fiscal Year 1998-99				
African Americans	0.32%	9.83%	3.27	* Underutilization
Hispanic Americans	0.08%	14.89%	0.53	* Underutilization
Asian Americans	10.38%	4.78%	217.39	Overutilization
Non-Minority Women	0.08%	15.45%	0.55	* Underutilization
Non-Minority Firms	89.13%	55.06%	161.90	Overutilization
All Fiscal Years				
African Americans	1.03%	9.83%	10.48	* Underutilization
Hispanic Americans	0.32%	14.89%	2.12	* Underutilization
Asian Americans	2.75%	4.78%	57.57	* Underutilization
Non-Minority Women	0.07%	15.45%	0.48	* Underutilization
Non-Minority Firms	95.83%	55.06%	174.06	Overutilization

Note: Native Americans are not included because they were not utilized nor were there any Native American A&E firms available during the study period.

¹ The relevant market area includes the county of Broward, Florida.

² The percentage of *PO Dollars* is taken from the utilization Exhibit 4-15.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-21.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100.

An asterisk is used to indicate a substantial level of disparity - index below 80.00.

Exhibit 5-6 indicates that all disparity results are statistically significant at the 0.05 level.

**Exhibit 5-6
Broward County Disparity Study
Architecture and Engineering
T-Test Results for Prime Consultants**

Firm Classification	PO Dollars ¹	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans	1.03%	-25.92 *	9.83%	-16.45 *
Hispanic Americans	0.32%	-77.20 *	14.89%	-48.99 *
Asian Americans	2.75%	-3.68 *	4.78%	-2.34 *
Non-Minority Women	0.07%	-167.08 *	15.45%	-106.03 *
Non-Minority Firms	95.83%	60.64 *	55.06%	38.48 *

¹ Percent of related prime PO dollars awarded to firms within the relevant market area. See Exhibit 5-5.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-5.

At the subcontractor level, **Exhibit 5-7** shows that all M/WBEs providing A&E services were underutilized during the study. Asian Americans were the most utilized group. The disparity index for Asian Americans during the study period was 89.32. By inverse ranking, the disparity index for African Americans was 24.92, Hispanic Americans - 18.24, and non-minority women - 15.77. Native Americans were not utilized nor were any firms available during the study period.

**Exhibit 5-7
Broward County Disparity Study
Architecture and Engineering
Disparity Analysis for M/WBE Subconsultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.21%	9.83%	2.10	* Underutilization
Hispanic Americans	1.84%	14.89%	12.36	* Underutilization
Asian Americans	0.34%	4.78%	7.11	* Underutilization
Non-Minority Women	0.88%	15.45%	5.71	* Underutilization
Fiscal Year 1991-92				
African Americans	8.90%	9.83%	90.51	Underutilization
Hispanic Americans	6.35%	14.89%	42.68	* Underutilization
Asian Americans	3.08%	4.78%	64.40	* Underutilization
Non-Minority Women	0.55%	15.45%	3.57	* Underutilization
Fiscal Year 1992-93				
African Americans	0.00%	9.83%	0.00	* Underutilization
Hispanic Americans	0.64%	14.89%	4.33	* Underutilization
Asian Americans	0.01%	4.78%	0.27	* Underutilization
Non-Minority Women	0.63%	15.45%	4.07	* Underutilization
Fiscal Year 1993-94				
African Americans	2.22%	9.83%	22.62	* Underutilization
Hispanic Americans	2.46%	14.89%	16.53	* Underutilization
Asian Americans	0.62%	4.78%	12.93	* Underutilization
Non-Minority Women	1.37%	15.45%	8.89	* Underutilization
Fiscal Year 1994-95				
African Americans	4.26%	9.83%	43.32	* Underutilization
Hispanic Americans	4.50%	14.89%	30.24	* Underutilization
Asian Americans	0.17%	4.78%	3.56	* Underutilization
Non-Minority Women	0.93%	15.45%	5.99	* Underutilization
Fiscal Year 1995-96				
African Americans	7.95%	9.83%	80.85	Underutilization
Hispanic Americans	6.47%	14.89%	43.47	* Underutilization
Asian Americans	0.80%	4.78%	16.72	* Underutilization
Non-Minority Women	8.92%	15.45%	57.73	* Underutilization
Fiscal Year 1996-97				
African Americans	0.46%	9.83%	4.65	* Underutilization
Hispanic Americans	0.07%	14.89%	0.47	* Underutilization
Asian Americans	0.13%	4.78%	2.74	* Underutilization
Non-Minority Women	0.92%	15.45%	5.95	* Underutilization

continued next page

Exhibit 5-7 (Continued)
Broward County Disparity Study
Architecture and Engineering
Disparity Analysis for M/WBE Subconsultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	1.17%	9.83%	11.88	* Underutilization
Hispanic Americans	3.41%	14.89%	22.92	* Underutilization
Asian Americans	18.56%	4.78%	388.71	Overutilization
Non-Minority Women	3.18%	15.45%	20.57	* Underutilization
Fiscal Year 1998-99				
African Americans	0.07%	9.83%	0.73	* Underutilization
Hispanic Americans	0.00%	14.89%	0.00	* Underutilization
Asian Americans	0.19%	4.78%	3.96	* Underutilization
Non-Minority Women	0.95%	15.45%	6.14	* Underutilization
All Fiscal Years				
African Americans	2.45%	9.83%	24.92	* Underutilization
Hispanic Americans	2.72%	14.89%	18.24	* Underutilization
Asian Americans	4.27%	4.78%	89.32	Underutilization
Non-Minority Women	2.44%	15.45%	15.77	* Underutilization

Note: Native American are not included because they were not utilized nor were there any Native American A&E firms available during the study period.

¹ The relevant market area includes the county of Broward, Florida.

² The percentage of *PO Dollars* is taken from the subcontract utilization Exhibit 4-17.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-21.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

Exhibit 5-8 indicates that while Asian American firms were underutilized it was not at a significant level (-0.30). All other ethnicities were significantly underutilized.

**Exhibit 5-8
Broward County Disparity Study
Architecture and Engineering
T-Test Results for M/WBE Subcontractors**

Firm Classification	PO Dollars ²	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans	2.45%	-5.75 *	9.83%	-9.01 *
Hispanic Americans	2.72%	-9.02 *	14.89%	-14.13 *
Asian Americans	4.27%	-0.30	4.78%	-0.48
Non-Minority Women	2.44%	-10.16 *	15.45%	-15.92 *

¹ Percent of related subcontract PO dollars awarded to firms within the relevant market area. See Exhibit 5-7.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. Exhibit 5-7.

Professional Services Disparity Results

Exhibit 5-9 shows that non-minority men in the relevant market area were overutilized for professional services contract awards at the prime consultant level during the study period. The disparity index for this group was 174.60. Native American firms were the next most utilized group by ranking of the disparity indices at 51.45. The availability of Native American firms, discussed in earlier sections, is a point for consideration in reviewing the utilization of this ownership category of firms. The disparity index for certified and uncertified non-minority women owned firms was 20.86. The disparity indices for the remaining M/WBE categories at the prime contracting level was below 7.00 respectively.

**Exhibit 5-9
Broward County Disparity Study
Professional Services
Disparity Analysis for Prime Consultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.10%	18.70%	0.54	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.11%	12.76%	0.88	* Underutilization
Non-Minority Firms	99.79%	55.28%	180.50	Overutilization
Fiscal Year 1991-92				
African Americans	0.42%	18.70%	2.24	* Underutilization
Hispanic Americans	0.05%	11.94%	0.41	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.42%	12.76%	3.30	* Underutilization
Non-Minority Firms	99.11%	55.28%	179.27	Overutilization
Fiscal Year 1992-93				
African Americans	0.34%	18.70%	1.82	* Underutilization
Hispanic Americans	0.18%	11.94%	1.54	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.23%	12.76%	1.80	* Underutilization
Non-Minority Firms	99.25%	55.28%	179.52	Overutilization
Fiscal Year 1993-94				
African Americans	0.42%	18.70%	2.26	* Underutilization
Hispanic Americans	0.17%	11.94%	1.46	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	3.13%	12.76%	24.51	* Underutilization
Non-Minority Firms	96.28%	55.28%	174.15	Overutilization
Fiscal Year 1994-95				
African Americans	0.65%	18.70%	3.50	* Underutilization
Hispanic Americans	0.04%	11.94%	0.32	* Underutilization
Asian Americans	0.01%	1.06%	1.02	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.88%	12.76%	6.89	* Underutilization
Non-Minority Firms	98.42%	55.28%	178.02	Overutilization
Fiscal Year 1995-96				
African Americans	0.26%	18.70%	1.37	* Underutilization
Hispanic Americans	0.21%	11.94%	1.78	* Underutilization
Asian Americans	0.02%	1.06%	1.45	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	5.87%	12.76%	45.99	* Underutilization
Non-Minority Firms	93.65%	55.28%	169.39	Overutilization
Fiscal Year 1996-97				
African Americans	0.18%	18.70%	0.94	* Underutilization
Hispanic Americans	0.84%	11.94%	7.02	* Underutilization
Asian Americans	0.06%	1.06%	5.55	* Underutilization
Native Americans	0.01%	0.25%	4.03	* Underutilization
Non-Minority Women	3.29%	12.76%	25.81	* Underutilization
Non-Minority Firms	95.62%	55.28%	172.97	Overutilization

continued next page

**Exhibit 5-9 (Continued)
Broward County Disparity Study
Professional Services
Disparity Analysis for Prime Consultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.50%	18.70%	2.67	* Underutilization
Hispanic Americans	0.04%	11.94%	0.33	* Underutilization
Asian Americans	0.03%	1.06%	2.37	* Underutilization
Native Americans	0.31%	0.25%	123.63	Overutilization
Non-Minority Women	3.81%	12.76%	29.87	* Underutilization
Non-Minority Firms	95.32%	55.28%	172.41	Overutilization
Fiscal Year 1998-99				
African Americans	0.76%	18.70%	4.05	* Underutilization
Hispanic Americans	0.05%	11.94%	0.40	* Underutilization
Asian Americans	0.27%	1.06%	25.11	* Underutilization
Native Americans	0.41%	0.25%	163.81	Overutilization
Non-Minority Women	2.84%	12.76%	22.27	* Underutilization
Non-Minority Firms	95.68%	55.28%	173.06	Overutilization
All Fiscal Years				
African Americans	0.44%	18.70%	2.35	* Underutilization
Hispanic Americans	0.18%	11.94%	1.48	* Underutilization
Asian Americans	0.07%	1.06%	6.34	* Underutilization
Native Americans	0.13%	0.25%	51.45	* Underutilization
Non-Minority Women	2.66%	12.76%	20.86	* Underutilization
Non-Minority Firms	96.53%	55.28%	174.60	Overutilization

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² The percentage of *PO Dollars* is taken from the utilization Exhibit 4-24.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-30.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100.

An asterisk is used to indicate a substantial level of disparity - index below 80.00.

Exhibit 5-10 verifies the findings of the disparity index with the exception of Native American firms. The negative t values range from -309.93 to -43.06.

**Exhibit 5-10
Broward County Disparity Study
Professional Services
T-Test Results of Prime Consultants**

Firm Classification	PO Dollars ¹	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans	0.44%	-309.93 *	18.70%	-110.42
Hispanic Americans	0.18%	-314.81 *	11.94%	-112.16
Asian Americans	0.07%	-43.06 *	1.06%	-15.34
Native Americans	0.13%	3.80 *	0.25%	1.35
Non-Minority Women	2.66%	-70.42 *	12.76%	-25.09
Non-Minority Firms	96.53%	252.84 *	55.28%	90.08

¹ Percent of related prime PO dollars awarded to firms within the relevant market area. See Exhibit 5-9.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-9.

All M/WBE groups were substantially underutilized as subconsultants in the relevant market area for professional services. The disparity indices were as follows (**Exhibit 5-11**):

- African Americans - 32.06;
- Hispanic Americans - 5.77;
- Asian Americans - 12.39;
- Native Americans - 0.00; and
- Non-minority women - 21.23.

**Exhibit 5-11
Broward County Disparity Study
Professional Services
Disparity Analysis for M/WBE Subconsultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
Fiscal Year 1991-92				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
Fiscal Year 1992-93				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
Fiscal Year 1993-94				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
Fiscal Year 1994-95				
African Americans	12.30%	18.70%	65.75	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	20.72%	12.76%	162.43	Overutilization
Fiscal Year 1995-96				
African Americans	37.00%	18.70%	197.85	Overutilization
Hispanic Americans	5.34%	11.94%	44.68	* Underutilization
Asian Americans	1.02%	1.06%	95.89	Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	5.11%	12.76%	40.02	* Underutilization
Fiscal Year 1996-97				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.03%	12.76%	0.21	* Underutilization

continued next page

Exhibit 5-11 (Continued)
Broward County Disparity Study
Professional Services
Disparity Analysis for M/WBE Subconsultants
In the Relevant Market Area ¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

M/WBE Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
Fiscal Year 1998-99				
African Americans	0.00%	18.70%	0.00	* Underutilization
Hispanic Americans	0.00%	11.94%	0.00	* Underutilization
Asian Americans	0.00%	1.06%	0.00	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	0.00%	12.76%	0.00	* Underutilization
All Fiscal Years				
African Americans	5.99%	18.70%	32.06	* Underutilization
Hispanic Americans	0.69%	11.94%	5.77	* Underutilization
Asian Americans	0.13%	1.06%	12.39	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	2.71%	12.76%	21.23	* Underutilization

¹ The relevant market area includes the Florida counties of Broward, Miami-Dade, and Palm Beach.

² The percentage of *PO Dollars* is taken from the subcontract utilization Exhibit 4-26.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-30.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

Exhibit 5-12 show the t-test results for M/WBE professional service subconsultants. Asian American firms have a positive t-value for purchase order dollars and a significantly negative t value for available firms. All other M/WBEs have significantly negative t values.

**Exhibit 5-12
Broward County Disparity Study
Professional Services
T-Test Results for M/WBE Subconsultants**

M/WBE Classification	PO Dollars ¹	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans	5.99%	-3.43 *	18.70%	-21.40 *
Hispanic Americans	0.69%	-8.71 *	11.94%	-54.39 *
Asian Americans ⁴	0.13%	-1.64	1.06%	-10.27 *
Native Americans	0.00%		0.25%	
Non-Minority Women	2.71%	-3.96 *	12.76%	-24.75 *

¹ Percent of related PO dollars awarded to firms within the relevant market area. See Exhibit 5-11.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-11.

⁴ T-test cannot be calculated for a utilization variable (PO dollars) of 0%.

Business Services Disparity Results

Non-minority firms in the relevant market area were overutilized as prime contractors for business services. The disparity index for this ownership group was 118.91. M/WBEs were underutilized as prime contractors for business services, however non-minority women were not significantly underutilized. **Exhibit 5-13** shows the results of the calculations of the disparity indices.

**Exhibit 5-13
Broward County Disparity Study
Business Services
Disparity Analysis of Prime Contractors
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.01%	10.89%	0.06	* Underutilization
Hispanic Americans	6.73%	6.52%	103.23	Overutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.88%	8.61%	33.46	* Underutilization
Non-Minority Firms	90.38%	73.25%	123.38	Overutilization
Fiscal Year 1991-92				
African Americans	0.47%	10.89%	4.30	* Underutilization
Hispanic Americans	4.00%	6.52%	61.28	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	4.57%	8.61%	53.00	* Underutilization
Non-Minority Firms	90.97%	73.25%	124.19	Overutilization
Fiscal Year 1992-93				
African Americans	3.18%	10.89%	29.21	* Underutilization
Hispanic Americans	2.89%	6.52%	44.26	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	5.46%	8.61%	63.39	* Underutilization
Non-Minority Firms	88.47%	73.25%	120.78	Overutilization
Fiscal Year 1993-94				
African Americans	2.28%	10.89%	20.94	* Underutilization
Hispanic Americans	3.32%	6.52%	50.85	* Underutilization
Asian Americans	0.01%	0.66%	0.91	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	5.76%	8.61%	66.84	* Underutilization
Non-Minority Firms	88.64%	73.25%	121.00	Overutilization
Fiscal Year 1994-95				
African Americans	1.64%	10.89%	15.07	* Underutilization
Hispanic Americans	2.78%	6.52%	42.61	* Underutilization
Asian Americans	1.24%	0.66%	189.35	Overutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	4.79%	8.61%	55.58	* Underutilization
Non-Minority Firms	89.55%	73.25%	122.25	Overutilization
Fiscal Year 1995-96				
African Americans	1.13%	10.89%	10.38	* Underutilization
Hispanic Americans	1.94%	6.52%	29.68	* Underutilization
Asian Americans	0.61%	0.66%	92.31	Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	8.31%	8.61%	96.52	Underutilization
Non-Minority Firms	88.01%	73.25%	120.15	Overutilization
Fiscal Year 1996-97				
African Americans	5.34%	10.89%	49.01	* Underutilization
Hispanic Americans	1.67%	6.52%	25.63	* Underutilization
Asian Americans	0.68%	0.66%	103.16	Overutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	8.02%	8.61%	93.15	Underutilization
Non-Minority Firms	84.29%	73.25%	115.07	Overutilization

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Exhibit 5-13 (Continued)
Broward County Disparity Study
Business Services
Disparity Analysis of Prime Contractors
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	1.04%	10.89%	9.55	* Underutilization
Hispanic Americans	2.71%	6.52%	41.57	* Underutilization
Asian Americans	0.25%	0.66%	37.73	* Underutilization
Native Americans	0.14%	0.06%	221.31	Overutilization
Non-Minority Women	11.55%	8.61%	134.06	Overutilization
Non-Minority Firms	84.31%	73.25%	115.10	Overutilization
Fiscal Year 1998-99				
African Americans	2.86%	10.89%	26.27	* Underutilization
Hispanic Americans	0.58%	6.52%	8.96	* Underutilization
Asian Americans	0.92%	0.66%	140.00	Overutilization
Native Americans	0.10%	0.06%	156.67	Overutilization
Non-Minority Women	9.80%	8.61%	113.81	Overutilization
Non-Minority Firms	85.73%	73.25%	117.04	Overutilization
All Fiscal Years				
African Americans	2.16%	10.89%	19.83	* Underutilization
Hispanic Americans	2.58%	6.52%	39.60	* Underutilization
Asian Americans	0.51%	0.66%	77.36	* Underutilization
Native Americans	0.04%	0.06%	66.94	* Underutilization
Non-Minority Women	7.60%	8.61%	88.23	Underutilization
Non-Minority Firms	87.11%	73.25%	118.91	Overutilization

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade FL; Palm Beach, FL; Shelby, TN; Orange, FL; Greenville, SC; and Hillsborough, FL.

² The percentage of *PO Dollars* is taken from utilization Exhibit 4-33.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-39.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

Exhibit 5-14 shows the results of the t-test calculations. Asian American firms t value for purchase order dollars was significant (-4.32) while the t value for availability of firms was not significant (-1.18). In all other groups the t value results for purchase orders was significant.

**Exhibit 5-14
Broward County Disparity Study
Business Services
T-Test Results for Prime Contractors**

Firm Classification	PO Dollars¹	T Value for PO Dollars²	% of Available Firms³	T Value for Available Firms²
African Americans	2.16%	-124.10 *	10.89%	-34.00 *
Hispanic Americans	2.58%	-51.31 *	6.52%	-14.06 *
Asian Americans	0.51%	-4.32 *	0.66%	-1.18
Native Americans	0.04%	2.09 *	0.06%	0.57
Non-Minority Women	7.60%	-7.90 *	8.61%	-2.17 *
Non-Minority Firms	87.11%	85.41 *	73.25%	23.40 *

¹ Percent of related prime PO dollars awarded to firms within the relevant market area. See Exhibit 5-13.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-13.

As shown in **Exhibit 5-15**, prime contractors in the relevant market area for business services utilized only African Americans and non-minority women as subcontractors. Across all fiscal years, the utilization and availability of African American firms yielded a disparity index of 5.54. The index for non-minority women owned firms was 0.10.

**Exhibit 5-15
Broward County Disparity Study
Business Services
Disparity Analysis of Subcontractors Combined
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.00%	10.89%	0.00	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1991-92				
African Americans	0.75%	10.89%	6.91	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1992-93				
African Americans	0.00%	10.89%	0.00	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1993-94				
African Americans	0.00%	10.89%	0.00	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1994-95				
African Americans	0.10%	10.89%	0.89	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.10%	8.61%	1.12	* Underutilization
Fiscal Year 1995-96				
African Americans	1.78%	10.89%	16.34	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1996-97				
African Americans	2.59%	10.89%	23.79	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization

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Exhibit 5-15 (Continued)
Broward County Disparity Study
Business Services
Disparity Analysis of Subcontractors Combined
In the Relevant Market Area¹
Based On Vendor Data
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.00%	10.89%	0.00	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
Fiscal Year 1998-99				
African Americans	0.00%	10.89%	0.00	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.00%	8.61%	0.00	* Underutilization
All Fiscal Years				
African Americans	0.60%	10.89%	5.54	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.01%	8.61%	0.10	* Underutilization

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Shelbv. TN; and Hillsborough, FL.

² The percentage of *PO Dollars* is taken from the subcontract utilization Exhibit 4-35.

³ The percentage of *Available Firms* is taken from the availability Exhibit 4-39.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity-index below 80.00

As shown in **Exhibit 5-16**, of the M/WBE firms calculated, African Americans and non-minority women showed significantly negative t-values.

**Exhibit 5-16
Broward County Disparity Study
Business Services
T-Test Results for M/WBE Subcontractors**

Firm Classification	PO Dollars ¹	T Value for PO Dollars ²	% of Available Firms ³	T Value for Available Firms ²
African Americans ⁴	0.60%	-4.20 *	10.89%	-75.19 *
Hispanic Americans ⁴	0.00%		6.52%	
Asian Americans ⁴	0.00%		0.66%	
Native Americans ⁴	0.00%		0.06%	
Non-Minority Women	0.01%	-29.01 *	8.61%	-519.30 *

¹ Percent of related subcontract PO dollars awarded to firms within the relevant market area. See Exhibit 5-15.

² Statistically significant at the 0.05 level

³ Percent of available firms in the relevant market area. See Exhibit 5-15.

⁴ T-test cannot be calculated for a utilization variable (PO dollars) of 0%.

Commodities Disparity Results

Exhibit 5-17 shows that Hispanic American firms in the relevant market area were overutilized in commodity procurements. The disparity index for Hispanic American firms was 130.22. Non-minority firms were also overutilized with a disparity index of 110.40. The disparity indices for African Americans, Asian Americans and Native Americans were less than 9.00, indicating significant underutilization of these ownership groups. Non-minority women were also underutilized, but not to the same degree as other M/WBE groups. The disparity index for non-minority women was 48.90.

**Exhibit 5-17
Broward County Disparity Study
Commodities
Disparity Analysis of Vendors
In the Relevant Market Area¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99**

Firm Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
Fiscal Year 1990-91				
African Americans	0.13%	6.82%	1.89	* Underutilization
Hispanic Americans	1.71%	6.48%	26.36	* Underutilization
Asian Americans	0.01%	0.57%	1.59	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	3.42%	6.26%	54.60	* Underutilization
Non-Minority Firms	94.73%	79.76%	118.78	Overutilization
Fiscal Year 1991-92				
African Americans	0.69%	6.82%	10.05	* Underutilization
Hispanic Americans	11.48%	6.48%	177.25	Overutilization
Asian Americans	0.02%	0.57%	2.73	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	2.24%	6.26%	35.72	* Underutilization
Non-Minority Firms	85.58%	79.76%	107.30	Overutilization
Fiscal Year 1992-93				
African Americans	0.38%	6.82%	5.64	* Underutilization
Hispanic Americans	11.47%	6.48%	177.04	Overutilization
Asian Americans	0.02%	0.57%	3.58	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	2.72%	6.26%	43.44	* Underutilization
Non-Minority Firms	85.41%	79.76%	107.08	Overutilization
Fiscal Year 1993-94				
African Americans	0.46%	6.82%	6.75	* Underutilization
Hispanic Americans	15.59%	6.48%	240.62	Overutilization
Asian Americans	0.02%	0.57%	4.08	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	2.65%	6.26%	42.33	* Underutilization
Non-Minority Firms	81.28%	79.76%	101.91	Overutilization
Fiscal Year 1994-95				
African Americans	0.54%	6.82%	7.92	* Underutilization
Hispanic Americans	11.41%	6.48%	176.20	Overutilization
Asian Americans	0.04%	0.57%	6.99	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	2.65%	6.26%	42.26	* Underutilization
Non-Minority Firms	85.36%	79.76%	107.02	Overutilization
Fiscal Year 1995-96				
African Americans	0.78%	6.82%	11.49	* Underutilization
Hispanic Americans	11.40%	6.48%	176.06	Overutilization
Asian Americans	0.03%	0.57%	4.69	* Underutilization
Native Americans	0.00%	0.11%	0.00	* Underutilization
Non-Minority Women	1.99%	6.26%	31.71	* Underutilization
Non-Minority Firms	85.80%	79.76%	107.57	Overutilization
Fiscal Year 1996-97				
African Americans	0.29%	6.82%	4.31	* Underutilization
Hispanic Americans	10.11%	6.48%	156.10	Overutilization
Asian Americans	0.12%	0.57%	20.81	* Underutilization
Native Americans	0.00%	0.11%	1.77	* Underutilization
Non-Minority Women	5.55%	6.26%	88.62	Underutilization
Non-Minority Firms	83.92%	79.76%	105.22	Overutilization

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Exhibit 5-17 (Continued)
Broward County Disparity Study
Commodities
Disparity Analysis of Vendors
In the Relevant Market Area¹
Based On Vendor Data
By Race/Ethnic/Gender Classification
Fiscal Years 1990-91 through 1998-99

Firm Classification	% of PO Dollars ²	% of Available Firms ³	Disparity Index ⁴	Disparate Impact of Utilization
Fiscal Year 1997-98				
African Americans	0.16%	6.82%	2.34	* Underutilization
Hispanic Americans	6.59%	6.48%	101.73	Overutilization
Asian Americans	0.05%	0.57%	9.20	* Underutilization
Native Americans	0.03%	0.11%	28.94	* Underutilization
Non-Minority Women	2.24%	6.26%	35.82	* Underutilization
Non-Minority Firms	90.92%	79.76%	114.00	Overutilization
Fiscal Year 1998-99				
African Americans	0.38%	6.82%	5.52	* Underutilization
Hispanic Americans	3.39%	6.48%	52.29	* Underutilization
Asian Americans	0.09%	0.57%	15.36	* Underutilization
Native Americans	0.03%	0.11%	25.77	* Underutilization
Non-Minority Women	4.11%	6.26%	65.56	* Underutilization
Non-Minority Firms	90.92%	79.76%	114.00	Overutilization
All Fiscal Years				
African Americans	0.39%	6.82%	5.75	* Underutilization
Hispanic Americans	8.43%	6.48%	130.22	Overutilization
Asian Americans	0.05%	0.57%	8.00	* Underutilization
Native Americans	0.01%	0.11%	8.45	* Underutilization
Non-Minority Women	3.06%	6.26%	48.90	* Underutilization
Non-Minority Firms	88.05%	79.76%	110.40	Overutilization

¹ The relevant market area includes the counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

² The percentage of *PO Dollars* may be found in Exhibit 4-42.

³ The percentage of *Available Firms* may be found in Exhibit 4-46.

⁴ The *Disparity Index* is the ratio of % utilization to % availability times 100. An asterisk is used to indicate a substantial level of disparity - index below 80.00.

As shown in **Exhibit 5-18**, the t test results verify the results of the disparity indices.

**Exhibit 5-18
Broward County Disparity Study
Commodities
T-Test Results for Vendors**

Firm Classification	PO Dollars¹	T Value for PO Dollars²	% of Available Firms³	T Value for Available Firms²
African Americans	0.39%	-507.71 *	6.82%	-86.25 *
Hispanic Americans	8.43%	34.79 *	6.48%	5.91 *
Asian Americans	0.05%	-121.15 *	0.57%	-20.58 *
Native Americans	0.01%	52.43 *	0.11%	8.91 *
Non-Minority Women	3.06%	-91.75 *	6.26%	-15.59 *
Non-Minority Firms	88.05%	126.34 *	79.76%	21.46 *

¹ Percent of related prime PO dollars awarded to firms within the relevant market area. See Exhibit 5-17.

² Statistically significant at the 0.05 level.

³ Percent of available firms in the relevant market area. See Exhibit 5-17.

5.1.2 Private Sector Disparity Indices Results

An analysis of disparity in the private sector is critical to an overall disparity study because significant disparity in the private sector plays a crucial role in the ability of minority firms to become established and bid on larger public sector jobs. Without sustained success in the private sector, firms cannot accumulate the resources that are necessary to successfully bid on some of the larger public sector jobs, a complaint often registered by smaller M/WBEs in Chapter 6.0 of this report. Thus, a spillover effect often occurs between the private and public sectors where failure in one sector can lead to less opportunity for success in the other.

MGT explores the differences in the next paragraphs between utilization and availability that are present in the private sector for the Miami Primary Metropolitan Statistical Area (PMSA) and West Palm Beach-Boca Raton Metropolitan Statistical Area (MSA) combined. The counties that are within the Miami PMSA and the West Palm Beach-Boca Raton MSA are Broward, Miami-Dade, and Palm Beach Counties. Exhibits 5-19 through 5-22 show the disparity analyses of prime contractors and vendors in the

private sector for the Miami PMSA and the West Palm-Boca Raton MSA for African Americans, Asian Americans, and Native Americans, and women.

African American firms are represented in **Exhibit 5-19**. There is substantial disparity among all industry (business) categories with the exception of retail trade, which shows a disparity index of 201.89. The remaining indices range from 33.52 (agricultural services, forestry, fishing and mining) to 61.84 (services). The overall disparity index for African American firms is 83.20, an underutilization but not at a substantial level.

Exhibit 5-20 shows Hispanic American firms were overutilized overall, with a disparity index of 129.61. In all areas with the exception of construction (87.61) a disparity index of more than 100 exists. The disparity indices for the business categories above parity ranged from 103.94 (agricultural services, forestry, fishing and mining) to 256.03 (manufacturing).

In **Exhibit 5-21**, the results for Asian American and Native American firms are presented. Asian American and Native American firms were overutilized, as shown by their overall disparity index score of 134.56. In the areas of manufacturing, transportation and public utilities and retail trade they were substantially underutilized. This was counterbalanced by large disparity indices pointing at overutilization in the remaining areas, leading to an overall finding of overutilization. Industries not classified included those services that were not covered in the other eight service categories.

As shown in **Exhibit 5-22**, woman-owned firms were underutilized, with an overall disparity index of 78.47. These firms were overutilized in construction and agricultural services. However, they were underutilized in transportation and utilities, wholesale trade, retail trade, and slightly underutilized in finance and in services.

Exhibit 5-19
Broward County Disparity Study
Private Sector Industry Classifications
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Disparity Analysis of Prime Contractors and Vendors
Based on 1992 Census Data for African Americans

All Firms-Paid Employees

Industry	Firms ¹	Receipts ²
All Industries	30,659	\$20,333,876
Agricultural services, forestry, fishing and mining	718	\$151,751
Construction	2,614	\$1,744,049
Manufacturing	1,371	\$727,486
Transportation and Public Utilities	1,184	\$467,214
Wholesale Trade	3,953	\$7,041,638
Retail Trade	5,590	\$5,312,767
Finance, insurance and real estate	2,229	\$1,095,190
Services	12,704	\$3,769,891
Industries not classified	297	\$23,889

African Americans-Paid Employees

Industry	Firms ¹	Receipts ²
All Industries	1,268	\$699,725
Agricultural services, forestry, fishing and mining	55	\$3,896
Construction	105	\$28,088
Manufacturing	12	\$0
Transportation and Public Utilities	69	\$6,323
Wholesale Trade	107	\$96,880
Retail Trade	229	\$439,392
Finance, insurance and real estate	63	\$12,661
Services	613	\$112,485
Industries not classified	15	\$0

African Americans-Disparity Index

Industry	Utilization Percent	Availability Percent	Disparity Index
All Industries	3.44	4.14	83.20
Agricultural services, forestry, fishing and mining	2.57	7.66	33.52
Construction	1.61	4.02	40.09
Manufacturing	0.00	0.88	0.00
Transportation and Public Utilities	1.35	5.83	23.22
Wholesale Trade	1.38	2.71	50.83
Retail Trade	8.27	4.10	201.89
Finance, insurance and real estate	1.16	2.83	40.90
Services	2.98	4.83	61.84
Industries not classified	0.00	5.05	0.00

Source: Black, 1992: U.S. Census Bureau. Survey of Minority-Owned Business Enterprises (MB92-1). Washington, D.C., U.S. Government Printing Office. West Palm Beach-Boca Raton MSA includes Palm Beach County, FL; Miami PMSA includes Broward County, FL, and Miami-Dade County, FL.

¹ The firms included in the census data are sole proprietorships, partnerships, and Subchapter S corporations.

² Receipts are measured in thousands of dollars.

Exhibit 5-20
Broward County Disparity Study
Private Sector Industry Classifications
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Disparity Analysis of Prime Contractors and Vendors
Based on 1992 Census Data for Hispanic Americans

All Firms-Paid Employees

Industry	Firms¹	Receipts²
All Industries	30,659	\$20,333,876
Agricultural services, forestry, fishing and mining	718	\$151,751
Construction	2,614	\$1,744,049
Manufacturing	1,371	\$727,486
Transportation and Public Utilities	1,184	\$467,214
Wholesale Trade	3,953	\$7,041,638
Retail Trade	5,590	\$5,312,767
Finance, insurance and real estate	2,229	\$1,095,190
Services	12,704	\$3,769,891
Industries not classified	297	\$23,889

African American-Paid Employees

Industry	Firms¹	Receipts²
All Industries	11,639	\$10,005,155
Agricultural services, forestry, fishing and mining	271	\$59,532
Construction	1,039	\$607,292
Manufacturing	533	\$724,123
Transportation and Public Utilities	458	\$245,068
Wholesale Trade	1,399	\$3,912,241
Retail Trade	2,211	\$2,530,322
Finance, insurance and real estate	664	\$351,381
Services	4,927	\$1,551,306
Industries not classified	138	\$23,889

African Americans-Disparity Index

Industry	Utilization Percent	Availability Percent	Disparity Index
All Industries	49.20	37.96	129.61
Agricultural services, forestry, fishing and mining	39.23	37.74	103.94
Construction	34.82	39.75	87.61
Manufacturing	99.54	38.88	256.03
Transportation and Public Utilities	52.45	38.68	135.60
Wholesale Trade	55.56	35.39	156.99
Retail Trade	47.63	39.55	120.41
Finance, insurance and real estate	32.08	29.79	107.70
Services	41.15	38.78	106.10
Industries not classified	100.00	46.46	215.22

Source: Black, 1992: U.S. Census Bureau. Survey of Minority-Owned Business Enterprises (MB92-1). Washington, D.C., U.S. Government Printing Office. West Palm Beach-Boca Raton MSA includes Palm Beach County, FL; Miami PMSA includes Broward County, FL, and Miami-Dade County, FL.

¹ The firms included in the census data are sole proprietorships, partnerships, and Subchapter S corporations.

² Receipts are measured in thousands of dollars.

**Exhibit 5-21
Broward County Disparity Study
Private Sector Industry Classifications
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Disparity Analysis of Prime Contractors and Vendors
Based on 1992 Census Data for Asian and Native Americans**

All Firms-Paid Employees

Industry	Firms¹	Receipts²
All Industries	30,659	\$20,333,876
Agricultural services, forestry, fishing and mining	718	\$151,751
Construction	2,614	\$1,744,049
Manufacturing	1,371	\$727,486
Transportation and Public Utilities	1,184	\$467,214
Wholesale Trade	3,953	\$7,041,638
Retail Trade	5,590	\$5,312,767
Finance, insurance and real estate	2,229	\$1,095,190
Services	12,704	\$3,769,891
Industries not classified	297	\$23,889

African-Americans-Paid Employees

Industry	Firms¹	Receipts²
All Industries	1,049	\$936,137
Agricultural services, forestry, fishing and mining	4	\$745
Construction	40	\$53,956
Manufacturing	13	\$3,363
Transportation and Public Utilities	46	\$13,653
Wholesale Trade	100	\$527,089
Retail Trade	369	\$163,833
Finance, insurance and real estate	52	\$35,881
Services	419	\$137,617
Industries not classified	6	\$0

African Americans-Disparity Index

Industry	Utilization Percent	Availability Percent	Disparity Index
All Industries	4.60	3.42	134.56
Agricultural services, forestry, fishing and mining	0.49	0.56	88.12
Construction	3.09	1.53	202.17
Manufacturing	0.46	0.95	48.75
Transportation and Public Utilities	2.92	3.89	75.22
Wholesale Trade	7.49	2.53	295.89
Retail Trade	3.08	6.60	46.72
Finance, insurance and real estate	3.28	2.33	140.44
Services	3.65	3.30	110.68
Industries not classified	0.00	2.02	0.00

Source: Black, 1992: U.S. Census Bureau. Survey of Minority-Owned Business Enterprises (MB92-1). Washington, D.C., U.S. Government Printing Office. West Palm Beach-Boca Raton MSA includes Palm Beach County, FL; Miami PMSA includes Broward County, FL, and Miami-Dade County, FL.

¹ The firms included in the census data are sole proprietorships, partnerships, and Subchapter S corporations.

² Receipts are measured in thousands of dollars.

Exhibit 5-22
Broward County Disparity Study
Private Sector Industry Classifications
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Disparity Analysis of Prime Contractors and Vendors
Based on 1992 Census Data for Women

All Firms-Paid Employees

Industry	Firms¹	Receipts²
All Industries	30,659	\$20,333,876
Agricultural services, forestry, fishing and mining	718	\$151,751
Construction	2,614	\$1,744,049
Manufacturing	1,371	\$727,486
Transportation and Public Utilities	1,184	\$467,214
Wholesale Trade	3,953	\$7,041,638
Retail Trade	5,590	\$5,312,767
Finance, insurance and real estate	2,229	\$1,095,190
Services	12,704	\$3,769,891
Industries not classified	297	\$23,889

African-Americans-Paid Employees

Industry	Firms¹	Receipts²
All Industries	16,703	\$8,692,859.00
Agricultural services, forestry, fishing and mining	388	\$87,578.00
Construction	1,430	\$1,054,713.00
Manufacturing	813	\$0.00
Transportation and Public Utilities	611	\$202,170.00
Wholesale Trade	2,347	\$2,505,428.00
Retail Trade	2,781	\$2,179,220.00
Finance, insurance and real estate	1,450	\$695,267.00
Services	6,745	\$1,968,483.00
Industries not classified	138	\$0.00

African-Americans-Disparity Index

Industry	Utilization Percent	Availability Percent	Disparity Index
All Industries	42.75	54.48	78.47
Agricultural services, forestry, fishing and mining	57.71	54.04	106.80
Construction	60.47	54.71	110.55
Manufacturing	0.00	59.30	0.00
Transportation and Public Utilities	43.27	51.60	83.85
Wholesale Trade	35.58	59.37	59.93
Retail Trade	41.02	49.75	82.45
Finance, insurance and real estate	63.48	65.05	97.59
Services	52.22	53.09	98.35
Industries not classified	0.00	46.46	0.00

Source: Black, 1992: U.S. Census Bureau. Survey of Minority-Owned Business Enterprises (MB92-1). Washington, D.C., U.S. Government Printing Office. West Palm Beach-Boca Raton MSA includes Palm Beach County, FL; Miami PMSA includes Broward County, FL, and Miami-Dade County, FL.

¹ The firms included in the census data are sole proprietorships, partnerships, and Subchapter S corporations.

² Receipts are measured in thousands of dollars.

5.1.3 Summary

By combining the disparity analyses for the private and public sectors, it is possible to obtain a clearer picture of the relationship between utilization and availability of minority and woman-owned firms in the Broward County area.

The private sector analyses is summarized in **Exhibit 5-23**.

**Exhibit 5-23
Broward County Disparity Study
Private Sector Industry Classifications
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Disparity Analysis of Prime Contractors and Vendors
Based on 1992 Census Data for all Ethnic Groups**

Industries	African Americans Disparity Index	Hispanic Americans Disparity Index	Asian/ Native Americans Disparity Index	Women Disparity Index
All Industries	83.20	129.61	134.56	78.47
Agricultural services, forestry, fishing, and mining	33.52	103.94	88.12	106.80
Construction	40.09	87.61	202.17	110.55
Manufacturing	0.00	256.03	48.75	0.00
Transportation and Public Utilities	23.22	135.60	75.22	83.85
Wholesale Trade	50.83	156.99	295.89	59.93
Retail Trade	201.89	120.41	46.72	82.45
Finance, insurance, and real estate	40.90	107.70	140.44	97.59
Services	61.84	106.10	110.68	98.35
Industries not classified	0.00	215.22	0.00	0.00

From **Exhibit 5-23**, it can be determined that for the Broward County area no one category is dominant in terms of all M/WBEs being overutilized or underutilized. The overall average of all industries shows slight overutilization. The overutilization of Asian Americans and Native Americans and Hispanic Americans are above that of the African Americans and women, pulling the average for all over 100. Significant levels of overutilization were found in retail trade (African American-201.89), manufacturing (Hispanic Americans-256.03), and wholesale trade (Asian Americans and Native Americans-295.89). Construction is another area that proves on average to be strong, with Asian Americans and Native Americans and women having indices of 202.17 and 110.55, respectively. The results in the private sector would suggest that overall

M/WBEs are actively working in the market place and winning contracts in proportion to their presence, in the area of materials and supplies and to a lesser extent construction.

When the data is compared to the findings in the public sector, the only areas where there is any overutilization of prime contractors and vendors are in construction services, business services, and commodities (materials and supplies). However, in each of these cases there is only one M/WBE group overutilized, so they are the exception. And, if an average were taken of all M/WBEs, the high level of these single groups would be insufficient to cause an overall overutilization in the business category.

The case of Hispanic Americans in the area of construction illustrates a valuable point, that sometimes, albeit rarely, some minority firms do compete successfully in the public sector, however, the results of the private sector show that success in one sector does not guarantee success in another sector. Rather, the low disparity index for Hispanic American construction firms in the private sector would suggest that a determination has to be made as to which sector to concentrate efforts.

5.2 Testing for the Presence or Absence of Discrimination

This section is included as a supplement to the preceding disparity analysis and is intended to demonstrate whether or not minority and woman-owned firms, when holding all other factors constant, earn significantly less revenue than firms owned by non-minority males.

In order to comprehend the effect of race and gender on a firm's gross revenues, a multivariate regression procedure is necessary. The disparity index analysis performed in the previous section only allowed direct comparisons between M/WBE or non-minority firms utilization and availability percentages. A multivariate regression analysis improves one's ability to understand complex relationships by including multiple

firm characteristics in a modeling framework and by examining the relative importance of each factor. Firm gross revenues are analyzed in order to gain a greater understanding of the influences involved in a firm's success. In addition to race and gender, other factors such as capacity, experience, and managerial ability may play a role in a firm's gross revenues.

In this section, MGT analyzes whether discrimination is evident in the public and private marketplace.

5.2.1 Multivariate Regression Overview and Data Description

In the regression model, the variable to be explained is gross revenues, and the independent or characteristic variables are selected according to extensive literature on disparity analysis. Most economic studies of discrimination are based on a seminal work, *The Economics of Discrimination*, by Gary Becker, a Nobel Prize recipient.³ Becker first theorized defining discrimination in financial terms. Labor economists and statistical researchers, including Blinder and Oaxaca, Corcoran and Duncan, Gwaltney and Long, Reimers, Saunders, Darity and Myers, Hanushek, Hirsch, Topel and Blau, among others, have employed earnings, or revenues, as the dependent variable in conducting race and gender discrimination studies.⁴ Comparable worth studies use regression analysis with gross revenues as the dependent variable for policy analysis.⁵ The U.S. Department of Commerce uses regression analysis (included in 48 CFR 19) to establish price evaluation adjustments for small disadvantaged businesses in Federal

³ Becker, Gary. 1971, second edition. *The Economics of Discrimination*. The Univ. of Chicago Press, Chicago, Il. pp. 167.

⁴ *Race and Gender Discrimination Across Urban Labor Markets*, 1996. Ed. Susan Schmitz. Garland Publishers, New York, New York. pp. 184.

⁵ Gunderson, Morley. 1994. Male-Female Wage Differentials and Policy Responses. In *Equal Employment Opportunity: Labor Market Discrimination and Public Policy*. pp. 207 - 227.

procurement programs.⁶ The dependent variable is capacity-driven, like gross revenues, but is a utilization (mean share of contracting dollars) estimate.

Bates,⁷ among others, has identified the following variables to play a substantial role in the definition of a firm's success. The variables encompass such areas as capacity, managerial ability, experience, and demographic characteristics (race and gender) and are outlined below.

Dependent Variable—The dependent variable (the variable to be explained) in the model is 1999 gross revenues. Ideally, this variable would be measured as the exact dollar figure for gross revenues. However, companies were very reluctant to release precise dollar figures and are usually more comfortable providing a dollar range. In this case, gross revenues ranged from less than \$25,000 to greater than \$10,000,000, with nine different range categories.

Independent (Characteristic) Variables—The independent (or explanatory or characteristic) variables were those variables that help explain the variation in the dependent variable (1999 gross revenues). Independent variables that were used in this study and their expected direction were:

Number of employees—The more employees a company has, the more likely it is to produce more products and generate higher revenues.

Owner's years of experience—The longer an owner has been in this area of business, the more likely it is that the owner has knowledge of how to acquire contracts and the skills and experience to be successful in work performance.

Legal structure—Generally, companies are structured either as sole proprietorships, partnerships, or corporations. Typically, corporations earn the most revenue. For purposes of this model, a firm is coded 1 if it is incorporated and 0 otherwise. We would expect that the coefficient for corporations would be positive since corporations are expected to earn more than non-incorporated firms.

⁶ Federal Acquisition Regulations for Small Disadvantaged Businesses ; Notice and Rules. June 30, 1998. Memorandum for Office of Federal Procurement Policy, Economic and Statistics Administration, Department of Commerce.

⁷ Bates, Timothy. *The Declining Status of Minorities in the New York City Construction Industry*. Reprinted from Economic Development Quarterly Vol. 12., No. 1, February 1998, pp. 88-100.

Percentage of revenues earned in private sector—Companies with greater percentages of earnings from the private sector may earn less revenue than those companies that earn revenues predominantly in the public sector. This is because the selection of firms is related to the vendor list of the County, a public sector organization.

Owner's level of education—Education is usually positively correlated with income.

Race/Ethnic group/gender of firm owners—The issue to be tested is whether there is a statistical relationship between the race/ethnic/gender group of firm owners and the level of firm revenues. We will leave non-minority males as the reference group, therefore all coefficients will measure the differences between non-minority males and the other race/gender groups. Theory would lead us to believe that non-minority males would earn more, on average, than other race/gender groups, so we would anticipate the coefficients for these demographic variables to be negative.

Age of firm - We would expect firms that have been in operation for longer periods of time to have higher revenues since they are more likely to have an established client base.

The survey responses provided the data necessary to examine the relative importance of these factors. The following variables, outlined in **Exhibit 5-24**, measure capacity, experience, managerial ability, race, and gender.

Exhibit 5-24
Concepts, Variables, And Measures for the Analysis of Working With Broward County

Concepts	Variables	Measures
<i>Capacity</i>	Staff	Number of Employees
<i>Firm Experience</i>	Private Contracting	% of Total Revenue from Private Sources
	Age of firm	Number of years firms has been in business
<i>Owner's Managerial Ability</i>	Owner's Education	Level of Education
	Legal Structure	Corporation Dummy
	Owner's Experience	Years Experience
<i>Race, Gender and Demographic</i>	Ethnic and Gender Groups	African American, Hispanic American, Asian American, Native American, and Woman-owned Firms

The race and gender variables take into account the differences among not only minority and non-minority groups but also differences across minority groups. The racial

groups listed in **Exhibit 5-24** supply a basis for determining major racial categories. A separate variable for the African American, Hispanic American, Asian American, Native American, and woman racial/gender groups was included. The absence of a non-minority male variable allows that group to serve as the control group. The non-minority male control group supplies a benchmark, or base, to measure differences between non-minorities and M/WBEs. If the coefficient of an independent variable (the variable serving to explain the difference in gross revenues) representing one of the specific racial groups fails to be a significant predictor of the dependent variable (the factor we are seeking to explain), then it can be concluded that no statistically significant difference exists between the base (non-minority) and that specific group (M/WBEs). However, if the coefficient of the variable representing one of the specific racial groups is statistically significant, then it can be concluded that the race of the owner of a firm affects the annual revenue of the firm.

The data used for the analysis was collected by a business survey conducted May through June 2000. (See **Appendix E** for a sample of the business survey instrument.) Over 3,238 firms were sampled from the MGT Master Vendor Database as explained in Chapter 4.0. The business survey was sent to 1,406 certified SDBE firms and 1,832 non-minority firms. Valid responses were obtained from 278 SDBE businesses representing a 21.5 percent response rate. The total number of valid responses for non-minority firms was 17 percent. The sample contained companies involved in construction, A & E, professional services, business services, and commodities. The survey was designed to be administered such that a representative response would be obtained by all groups and enough data would be available to perform multivariate analyses.

5.2.2 Multivariate Regression Model

After statistical adjustments were made for the race-neutral factors of capacity, managerial ability, and experience, the multivariate model examined the effect of race and gender characteristics on gross revenues. The linear regression multivariate model is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \dots + e$$

Where: Y = annual firm gross revenues.

α = a constant value.

β = coefficient corresponding to independent variables.

X = the independent variables, such as capacity, experience, managerial ability, race and gender.

ϵ = an error or residual term to capture the variation in the variables.

The above equation provides a statistical model for testing the null hypothesis (at an alpha level of 0.05) that revenues of the M/WBE firm and non-minority firm groups should be equivalent. The hypothesis would be represented as:

$$H_0 : Y_1 = Y_2 \quad (\text{the null hypothesis})$$

$$H_1 : Y_1 \neq Y_2 \quad (\text{the alternate hypothesis})$$

The level of significance is defined at 95 percent, or at an alpha level of 0.05. If the significance level of the coefficient associated with the independent variable is less than or equal to the previously stated level of significance (0.5), then the null hypothesis is rejected and the outcome is said to be statistically significant.

5.2.3 Multivariate Regression Model Results

The results of the regression analysis are presented below in **Exhibit 5-25** and are as follows:

Statistical Results

- The statistically significant variables in the multivariate regression model (at the .05 level) were the number of employees, owner experience, legal structure (corporation dummy), and the variables representing African American, Hispanic American, and non-minority female ownership. These variables had a statistically significant influence on a firm's gross revenues.

**Exhibit 5-25
Broward County Disparity Study
Results of Regression**

Variable	Unstandardized		Standardized		
	B	Std. Error	Beta	t	Sig.
Constant	5.834	0.555		10.511	0
White female	-0.843	0.357	-0.179	-2.36	0.019
Black	-2.199	0.377	-0.432	-5.83	0
Hispanic	-0.841	0.371	-0.164	-2.266	0.024
Asian	-0.914	0.796	-0.07	-1.148	0.252
Native American	-0.813	0.954	-0.051	-0.852	0.395
Corporation	0.751	0.35	0.125	2.145	0.033
Age of firm	0.000433	0.001	0.027	0.462	0.645
Education	0.0779	0.269	0.017	0.29	0.772
Owner Experience	0.03249	0.01	0.205	3.223	0.001
Private Sector	-0.005133	0.003	-0.093	-1.576	0.117
Employee Number	0.001939	0.001	0.15	2.51	0.013

- The C Corporation organizational structure status was a significant variable at the .10 level of confidence. Based on the data, we can be 90 percent confident that corporations earn greater gross revenues than partnerships.
- The coefficients for all of the race/gender variables were in the predicted direction (negative), but the only coefficients that were statistically significant were the ones for African Americans, Hispanic Americans, and non-minority females. Thus we can only be sufficiently confident that these groups earned less revenue than non-minority males when controlling for the other race- and gender-neutral variables (capacity, firm experience, and managerial ability).
- With an R² of 0.239, approximately 23.9 percent of the variation in gross revenues was explained by the selected business characteristics. This indicated a relatively good linear relationship (or good fit) for the selected regression model.
- The F test statistic had a value of 7.494 and was highly significant (.000). The F statistic is a test statistic that serves as an indicator of the entire model, meaning that the combined effects of all the variables in the model are not equal to zero. We may reject the null hypothesis that the independent variables have no influence on gross revenues.

Findings

- African American, Hispanic American, and non-minority female firms generated significantly less gross revenues than non-minority firms did.

- Capacity (number of employees), corporation status, and owner experience played a significant positive role in the explanation of differences among firms' gross revenues.
- Firm age and the level of an owner's education had a positive effect on revenues, but this effect is not statistically significant.
- The relationship between private revenue and total revenue is negative, though not significant.

The null hypothesis that there is no difference between the SDBE and non-minority firm groups' gross revenues was rejected only for African American, Hispanic American, and non-minority woman-owned firms. The regression analysis found that these groups earn significantly less gross revenues than their non-minority counterparts even after accounting for capacity, managerial ability, and experience.

The regression analysis does support the concept that the size of a firm (measured by number of employees) is positively related to a firm's revenues. As a firm's capacity increased, so did a firm's gross revenues.

5.3 Conclusions

This section presents the conclusions reached during the previous two sections of the chapter. Based on the information presented, the following conclusions can be drawn for Broward County prime contracts:

- In the construction area, non-minority male-owned firms were overutilized every year. M/WBEs were significantly underutilized for the study period and for each year with the exception of Hispanic Americans in 1992-93, 1994-95, 1996-97, 1997-98, and 1998-1999.
- For architectural and engineering (A&E) contracts, all M/WBE groups were significantly underutilized during the study period. The only years that any M/WBE firms were overutilized were 1997-98 and 1998-99; and only Asian Americans were overutilized during these years. No Native American firms were present in the marketplace so no Native American firms were utilized. Non minority male-owned firms were significantly overutilized.

- In the area of professional services, all M/WBE groups were significantly underutilized during the study period while non-minority male firms were significantly overutilized. Native American firms were significantly overutilized during 1997-98 and 1998-99. No other M/WBE firm was overutilized during any of the years in the study period.
- For business services, all M/WBE categories except non-minority females were significantly underutilized for the study period as a whole. Non-minority male and non-minority female firms were significantly overutilized.
- For commodities, Hispanic Americans and non-minority males were overutilized during the study period while the remaining groups were substantially underutilized. Native American firms were overutilized during the last two fiscal years.

The disparity found in prime contracting held for subcontracting as well. None of the M/WBE classifications were overutilized in any of the business categories when the entire time period is considered. Overall, the record in the public sector reveals persistent, significant disparity for all M/WBE groups in nearly all business categories at both the prime and subcontractor levels.

In the private sector, the following conclusions can be reached:

- In the combined Miami-West Palm Beach area, African American and woman-owned firms were underutilized. Woman-owned firms were not underutilized in construction but were underutilized in all other relevant categories.
- Hispanic American, Asian American, and Native American firms were overutilized in the private sector overall. However, Hispanic American firms were slightly underutilized in construction.

While analysis of Asian American and Native American data is somewhat hampered by the decision of the Census Bureau to combine the two ethnic groups, the overall implication from the data is that Hispanic American, Asian American, and Native American firms were able to compete relatively successfully in the private sector. In contrast, firms owned by women and African Americans were not.

The purchase order data from Broward County reveals that Hispanic, Asian, and Native American firms were not able to translate their relative success in the private sector into public sector work.

Subsequent regression analysis for both public and private sector data reveals several interesting conclusions:

- Capacity has a direct influence on the ability of firms to earn gross revenues.
- Even after adjusting for capacity, African American, non-minority female, and Hispanic American firms earn significantly less revenue than do firms owned by non-minority males.

Given the varying data sources used in the preceding analyses, some overall conclusions can be drawn:

- Prior to the study period, African Americans and woman-owned firms earned revenue that was less than their presence in the private marketplace suggests they should have earned. The same was not true for Hispanic American, Asian American, and Native American firms.
- With few exceptions, M/WBE firms do not receive as much of the public sector contracts or revenues as their presence in the marketplace would suggest.
- Capacity plays a significant role in the ability of companies to earn revenue.
- African American and non-minority female-owned firms are not able to build capacity as easily as are firms owned by non-minority males.
- Although Hispanic American, Asian American, and Native American firms are able to compete successfully in the private sector, their success has not carried over to the public sector.

Overall, the data reveal that African Americans and non-minority females were not able to build a significant presence in the private sector from which to launch successful ventures in the public sector. Regression analysis shows that each of these groups earn significantly less than non-minority males even after capacity is accounted for. In contrast, Hispanic American were able to compete relatively successfully in the private

sector, but these gain did not translate into public sector success. Regression results show that even after controlling for capacity, Hispanic American firms earn less than do non-minority male firms.

Consistent with the earlier work of Bates, a nexus between private and public sector practices exists and negatively impacts the ability of some minority and female-owned firms to establish and build a consistently strong presence in the overall marketplace.

6.0 ANECDOTAL ANALYSIS

6.0 ANECDOTAL ANALYSIS

This chapter describes the results of the analysis of anecdotal information for the Broward County (County) Disparity Study. The collection and analysis of anecdotal data is performed to determine whether underutilization of minority and women-owned firms is the result of objective, nonbiased bidding¹ and purchasing procedures or the result of discriminatory practices. Anecdotal evidence is designed to explain, interpret, and support statistical findings. Courts have ruled that the combination of disparity findings and anecdotal evidence provides the best evidence demonstrating the existence of historical discriminatory practices, if any. Unlike other chapters in this report, anecdotal analysis does not rely solely on quantitative data. Anecdotal analysis also utilizes qualitative data to describe the context of the examined environment as well as the climate in which all businesses and other relevant entities applicable to our study operate.

The following sections present the approach used by MGT in the collection of anecdotal data, the methods employed in the collection of that data, and the quantitative and qualitative results of the data collected. The chapter is organized into the following sections:

- 6.1 Methodology
- 6.2 Mail Survey
- 6.3 Personal Interviews
- 6.4 Focus Groups

¹ As used throughout this section, the term "bid" refers to bidder or proposer responses to competitive solicitations whether issued as invitations to bid (ITBs) or Requests for Proposals (RFPs). This usage is consistent with that of the instruments used to gather anecdotal data (Mail Survey, Personal Interview Guides, and Focus Group Guides).

6.1 Methodology

A variety of methods were used in the collection of anecdotal data from individuals representing firms in the Broward County market area owned by minorities, non-minority women, and non-minority men. Specifically, three activities were conducted to obtain anecdotal information for the study:

- Mail Survey
- Personal Interviews
- Focus Groups

Each of the three information gathering methods has its own advantages and disadvantages, but by combining several methodologies, MGT is able to describe a more complete picture of the "real world" of the participants studied. For instance:

- The mail survey features the use of a structured interview guide mailed to vendors that provides the advantage of:
 - collecting data from a scientifically drawn sample;
 - gathering a wide range of data from a broad base of the business community that is cost-effective;
 - providing information from those who may be reluctant to have their observations attributed directly to them; and
 - allowing the respondent to make comments that will not be challenged by peers or panelists as in the case of focus groups and public hearings.

However, a mail survey does not allow for the in-depth exploration of issues as they are raised.

- The personal interviews, which consist of one-on-one interviews using a structured interview instrument, offer the advantage of:
 - hearing from people who are reluctant to speak in front of groups or whose schedule does not allow them to attend meetings; and
 - providing opportunities to fully explore the concerns, experiences, and issues of the interviewees.

Personal interviews, however, have the disadvantage of being expensive and time-consuming to conduct. Also, individuals are

generally free from having their comments challenged by peers or panelists as in the case of focus groups.

- Focus group sessions offer the advantage of group consensus building in response to questions regarding major issues, practices, and experiences. Individuals tend to exercise care in making statements when they know their peers may challenge them. At the same time, patterns of experience and opinions can be quickly established or refuted through group discussion. Focus groups, however, do not permit in-depth exploration of individual experiences. Focus groups also are ineffective in obtaining information from those who are reluctant to speak in group meetings.

To develop a pool of vendors from which to select business owners for participation in one of the above activities, MGT mailed a letter announcing the study to 76 advocacy groups. Membership lists and referrals of business owners who would be interested in participating in one of the activities were requested. A copy of this letter, an announcement of the study, and a referral form are located in **Appendix D**.

Shortly afterward, the County mailed over 1,400 letters announcing the study to vendors listed on the County's Small Disadvantaged Business Enterprise directory; included were a business survey and referral form. A similar letter, business survey, and referral form were mailed to 1,800 randomly selected non-minority vendors. From these mail-outs, over 285 M/WBE and over 250 non-minority business surveys and referrals were returned for return rates of 21.5 and 17.0 percent, respectively. A copy of the letters mailed to M/WBE and non-M/WBE vendors along with the business survey and referral form may be found in **Appendix E**.

From this input and the development of a Master Vendor Database described in Chapter 4.0, a collection of vendors made up a pool of nearly 14,000 vendors from which MGT developed a stratified sample of firms to invite to participate in each of the anecdotal activities. The stratified sample included firms by business category (construction, architecture and engineering, professional services, business services, and commodities) and by ethnicity, race, and gender. MGT selected separate stratified

samples for recruiting firms for the mail survey, personal interviews, and focus groups to ensure that different business owners were asked to participate in each anecdotal activity. The methodology used and the number of business owners who were personally interviewed, surveyed by mail, or participated in focus groups follows.

6.1.1 Mail Survey

A mail survey was conducted in May 2000 of firms that had done or attempted to do business with the County. The intent of the survey was to ask firms about their business association with the County and about any discriminatory practices they might have faced from 1990 forward.

A letter requesting the vendor to complete a questionnaire was mailed to 4,200 minority and non-minority vendors. A follow-up post card was mailed at the end of June to those vendors who had not responded by the deadline of May 31. Of the 4,200 questionnaires mailed, 361 were completed and returned to MGT. Approximately 593 questionnaires were returned by the Post Office as undeliverable. Thus, an estimated 3,607 questionnaires reached their intended destinations. The response rate (percentage of those who returned their survey) based on the number of businesses that received a questionnaire, is 10 percent. The response rate based solely on the number of surveys mailed is 8.5 percent.

Questionnaires were considered usable for analysis if the respondent had completed half of the questionnaire. However, this allowed for a number of questions to go unanswered. Unanswered questions were coded as nonresponses and appear as such throughout the exhibits. The percentage of nonresponses can range up to 80 percent once the results are calculated by subgroups. MGT was sensitive to this issue and stated observations only when the response frequencies were larger than just a few percentage points and when patterns of responses led to the same conclusion.

The letter, questionnaire, and detailed response frequencies to the survey are presented in **Appendix F**.

6.1.2 Personal Interviews

One-on-one interviews were conducted with 92 business owners or their representatives. During the first round of interviews 72 business owners were interviewed, 12 firms over the 60 interviews that the County had requested. For most of the initial interviews, firms were selected from a stratified sample of 2,932 firms representing all business categories and ethnic, race, and gender classifications. Firms selected for personal interviews were firms that had not participated in the mail survey or focus groups. Names were added to this stratified sample as referrals were received from vendors. To ensure that a fair representation of interviews was conducted with each race/ethnic/gender group from each business category, MGT calculated the percentage of minority and non-minority firms that were listed in each business category of the stratified sample drawn (2,932). Based upon this percentage, the number of firms that were to be interviewed in each ethnic/race/gender group for each business category was determined. **Exhibit 6-1** provides this breakout for the 60 interviews that were initially to be conducted.

Since great interest was generated during the study by vendors interested in one or more of the anecdotal activities, a second round of interviews was conducted drawing upon those vendors who specifically requested to participate in a personal interview or focus group. An additional 20 interviews were conducted, bringing the total interviewed for the study to 92. All vendors who requested an interview were provided with the opportunity.

Exhibit 6-1
Broward County Disparity Study
Personal Interviews
Number of Vendors to Interview

Construction		
Vendor Classification	Percent	# of Firms To Interview
African American	31.58%	6
Hispanic American	31.58%	6
Asian American	5.26%	1
American Indian	0.00%	0
Non-Minority Female	21.05%	4
Non-Minority Male	10.53%	2
Total	100.00%	19
A & E		
African American	18.18%	2
Hispanic American	36.36%	4
Asian American	9.09%	1
American Indian	0.00%	0
Non-Minority Female	18.18%	2
Non-Minority Male	18.18%	2
Total	100.00%	11
Professional Services		
African American	27.27%	3
Hispanic American	18.18%	2
Asian American	9.09%	1
American Indian	0.00%	0
Non-Minority Female	27.27%	3
Non-Minority Male	18.18%	2
Total	100.00%	11
Business Services		
African American	33.33%	3
Hispanic American	11.11%	1
Asian American	11.11%	1
American Indian	0.00%	0
Non-Minority Female	22.22%	2
Non-Minority Male	22.22%	2
Total	100.00%	9
Commodities		
African American	20.00%	2
Hispanic American	20.00%	2
Asian American	10.00%	1
American Indian	0.00%	0
Non-Minority Female	30.00%	3
Non-Minority Male	20.00%	2
Total	100.00%	10
Totals		
African American	26.67%	16
Hispanic American	25.00%	15
Asian American	8.33%	5
American Indian	0.00%	0
Non-Minority Female	23.33%	14
Non-Minority Male	16.67%	10
Total	100.00%	60

Source: MGT's Master Vendor Database

¹ Percent of firms in the stratified sample for each business category.

Personal interviews were conducted with:

- 35 African Americans
- 25 non-minority women
- 13 Hispanic American
- 10 non-minority men
- 7 Native Americans
- 2 Asian American

The types of businesses owned by the interviewees included construction, architecture and engineering (A&E), professional services, business services, commodity providers, and those that classify themselves as “other” types of businesses.

All interviews were conducted using a personal interview guide and for the most part were held at the office of each business owner. If available, documentation supporting the experiences of the business owner was collected. Each person completing an interview was required to sign an affidavit attesting that their responses to interview questions were (to the best of their abilities) true and accurate reflections of past experiences in procurement and business opportunities with the County. See **Appendix F** for a copy of the interview guide and affidavit.

6.1.3 Focus Groups

Between March 31, 2000 and May 1, 2000, MGT conducted 17 small focus group sessions during which 38 individuals participated. Initially, six focus groups were planned: one each for non-minority, African American, Hispanic American, Asian American, Native American, and non-minority women firms. When attendance proved to be low, additional focus groups were added. **Exhibit 6-2** provides a list of the focus groups that were held.

**Exhibit 6-2
Broward County Disparity Study
Focus Groups**

Date	Location	Time	Conf. ¹	Attend. ²	N-MM ³	N-MW ⁴	AA ⁵	HA ⁶	Asian Amer.
3-31	S. Davis & Associates	Noon	6	3				3	
4-3	Chamber of Commerce (Pompano)	Noon	6	5		5			
4-7	Waste Reclamation Center (Miramar)	Noon	4	1					1
4-14	Dickey Consulting Services (DCS)	Noon	3	1			1		
4-17	Greater Chamber of Commerce (Ft Lauderdale)	Noon	5	3	3				
4-18	DCS	Noon	6	3			3		
4-18	Incubator	10:30 a.m.	5	5			4		1
4-19	Chamber of Commerce (Pompano)	Noon	5	4		4			
4-20	Greater Chamber of Commerce (Ft Lauderdale)	Noon	3	2		1	1		
4-24	DCS	Noon	3	2			1	1	
4-26	DCS	5:00 p.m.	1	1			1		
4-27	DCS	5:00 p.m.	3	2			2		
4-27	DCS	Noon	4	2			1	1	
4-28	Hollywood Restaurant	10:30 a.m.	1	1	1				
4-28	DCS	Noon	1	1		1			
4-28	DCS	Noon	3	1			1		
5-1	DCS	Noon	1	1		1			
	TOTALS		60	38	4	12	15	5	2

¹ Conf.–Confirmed the day of the focus group.

² Attend–Attend focus group.

³ N-MM–Non-minority Men

⁴ N-NW–Non-minority Women

⁵ AA–African American

⁶ HA–Hispanic American

Focus groups were used to obtain facts, opinions, and perceptions about barriers and obstacles related to doing or attempting to do business with the County. The participants were selected from a stratified sample of firms pulled from MGT's Master Vendor Database with attention paid to not including those firms that were selected for personal interviews or the mail survey.

Business owners were invited by telephone to attend one of the planned focus groups. If the vendor agreed to attend, a letter of confirmation was sent to the vendor. Vendors agreeing to participate were called the day of the focus group as a reminder of the time and location.

A focus group guide was developed and used in soliciting information about participant experiences in doing business with the County, experiences with the M/W/DBE programs, and interaction with non-minority contractors. Attendees were asked about their perceptions regarding barriers, constraints, and obstacles to participating with the County business community. Comparisons also were elicited from participants regarding their business experiences with the County and other county governments in the State of Florida. Each session lasted approximately 90 minutes and was recorded on audiocassette. The focus group guide is provided in **Appendix F**.

1.1 Mail Survey

Within this section, the results of the mail survey are reported and analyzed. First a profile of the respondents is provided followed by such topics as bonds, loans, and insurance experience; public and private sector work experience; specific work experience with the County; discriminatory experience; and attitudes on business practices and perceptions.

Respondent Profile

The MGT survey included questions designed to help develop a respondent profile (See **Exhibit 6-3**). Eighteen percent of the surveyed firms listed their primary line of business as construction. Another 10 percent were involved in the architecture and engineering field, with eight percent involved in other professional services.

**Exhibit 6-3
Broward County Disparity Study
Mail Survey
Selected Demographics by Business Owner
Race/Ethnicity and Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Length of establishment:</i>	N=360								
1970 or earlier	12%	3%	8%	25%	13%	7%	24%	14%	6%
1971 to 1980	17%	18%	20%	0%	0%	12%	22%	21%	12%
1981 to 1990	30%	24%	34%	50%	38%	31%	32%	30%	33%
1991 to 2000	41%	55%	38%	25%	50%	50%	22%	35%	49%
<i>Primary line of business:</i>	N=357								
Construction	18%	23%	30%	25%	0%	14%	13%	23%	14%
Arch. & engineering	10%	7%	17%	25%	38%	8%	3%	12%	8%
Business services	9%	12%	6%	0%	13%	13%	6%	7%	13%
Professional services	8%	16%	8%	0%	0%	4%	10%	12%	5%
Commodities and Equipment	20%	15%	19%	0%	13%	20%	29%	19%	21%
Other	35%	28%	21%	50%	38%	41%	40%	28%	39%
<i>Number of employees:</i>	N=360								
0 – 10	68%	81%	65%	75%	75%	81%	46%	60%	81%
11 – 25	18%	13%	25%	25%	13%	14%	19%	22%	13%
26 – 50	5%	7%	5%	0%	0%	2%	13%	8%	3%
51 – 100	4%	0%	5%	0%	13%	1%	8%	5%	1%
Over 100	5%	0%	0%	0%	0%	3%	14%	5%	2%

Exhibit 6-3 (Continued)
Broward County Disparity Study
Mail Survey
Selected Demographics by Business Owner
Race/Ethnicity and Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Mean percent of gross revenues earned in 1999:</i>	N=331								
Private sector	53%	48%	49%	26%	69%	50%	62%	53%	51%
Public sector	47%	52%	51%	74%	31%	50%	38%	47%	49%
<i>Organizational Structure</i>	N=358								
Sole proprietorship	12%	16%	11%	25%	13%	10%	11%	12%	12%
Partnership	1%	0%	3%	0%	0%	1%	0%	1%	1%
Corporation	84%	77%	86%	75%	63%	86%	89%	84%	85%
Other	4%	7%	0%	0%	13%	3%	0%	2%	3%
<i>Gross revenues:</i>	N=354								
Less than \$100,000	18%	23%	22%	0%	0%	23%	8%	13%	25%
\$100,001 to \$500,000	23%	26%	14%	50%	25%	27%	23%	20%	27%
\$500,001 to \$1,000,000	16%	20%	17%	25%	25%	19%	7%	16%	17%
\$1,000,001 to \$2,500,000	17%	18%	25%	25%	13%	12%	15%	22%	12%
\$2,500,001 to \$5,000,000	10%	5%	10%	0%	0%	10%	16%	9%	11%
\$5,000,001 to \$7,000,000	3%	2%	4%	0%	13%	2%	7%	5%	2%
\$7,000,001 to \$8,000,000	2%	2%	4%	0%	0%	2%	3%	4%	1%
\$8,000,001 to \$9,000,000	0%	0%	0%	0%	0%	0%	2%	1%	0%
\$9,000,001 to \$10,000,000	1%	0%	1%	0%	0%	3%	0%	1%	2%
More than \$10,000,000	9%	5%	4%	0%	25%	3%	21%	10%	4%

Source: MGT Mail Survey of Businesses, May 2000.

Approximately one-fifth (20%) of responding businesses engaged in the sale of commodities and equipment; nine percent were active in business services. Slightly more than one-third (35%) were involved in unspecified (other) businesses. Seventy-one percent of the businesses were established after 1980. Only 12 percent of the surveyed firms were in business prior to 1970.

Most of the enterprises were small businesses; 68 percent had 10 or fewer full-time employees. Only nine percent had more than 50 employees. Furthermore, 57 percent of businesses in the sample earned less than \$1 million in gross revenues in fiscal year 1999. Only 15 percent earned more than \$5 million in FY 1999. A majority of the surveyed businesses earned more gross revenue from the private sector (53%) than the public sector (47%). Although most of the responding businesses were small businesses, the vast majority were incorporated (84%).

The profile of the total sample varies when the survey results are viewed by race/ethnicity and gender of business owner:²

- Approximately one-fourth (24%) of the non-minority male-owned firms were established prior to 1971. In contrast, fewer non-minority female-owned firms (7%), African American-owned firms (3%), and Hispanic American-owned firms (8%) have been in operation this long. Generally, M/WBE firms have been in operation for shorter periods of time.
- Firms owned by non-minority males are less likely to be engaged in construction than were M/WBE firms. However, firms owned by men are more likely to be engaged in this line of business than are firms owned by women. This suggests that firms owned by minority males are most likely to be engaged in construction. Firms owned by non-minority women are least likely to engage in professional services (4%) while firms owned by non-minority men are more likely to be engaged in the sale of commodities and equipment than any other sub-group.
- Firms owned by non-minority males are larger and have more employees than minority and female-owned firms. Thirty-five percent of non-minority male-owned firms have over 25 employees. In contrast, only six percent of firms owned by non-minority females have more than 25 employees. Similar percentages apply to firms

² Due to their small sample sizes, analyses will not include discussion of Asian American and Native American/Other categories. Percentages are included in the table for reference but any inferences made from such small sample sizes would not be reliable.

owned by African Americans (7%), and Hispanic Americans (10%). As a result, only 46 percent of firms owned by non-minority males report having 10 or fewer employees. All other subgroups have at least 65 percent of their businesses in this category.

- Firms owned by non-minority males earned more revenues than minority and female-owned firms. Thirty-three percent of non-minority male firms earned more than \$5 million in gross revenues in FY 1999. Only 10 percent of non-minority female and nine percent of African American-owned firms earned more than \$5 million in FY 1999. Hispanic American-owned firms earned slightly more; 13 percent had gross revenues over \$5 million. Male-owned firms earned more, on average, than did female-owned firms. Fifty-two percent of female-owned firms earned less than \$500,000 in revenues, while only 33 percent of male-owned firms earned similar revenues.
- Generally, organizational structure did not vary greatly across race/gender subgroups. African American-owned firms were slightly less likely to incorporate (77%) than other subgroups. Most of the African American-owned firms that were not incorporated were registered as sole proprietorships.
- Firms owned by non-minority males earned more of their gross revenues in the private sector than did M/WBE firms. On average, firms owned by non-minority males earned 62 percent of their gross revenues in the private sector. In contrast, firms earned by non-minority women (50%), African Americans (48%), and Hispanic American (49%) earned less of their total revenues in the private sector.
- Overall, minority and women-owned firms are smaller, earn less revenue, and have been in business for a shorter period of time than non-minority male-owned firms. They earn more of their revenue in the public sector than do firms owned by non-minority males.

Several business profile questions were asked about the business owner's race/ethnicity and gender. **Exhibit 6-4** shows the survey results for the total sample.

Key findings include the following:

- Of the businesses surveyed, 47 percent were owned by males, 45 percent were owned by females, six percent were owned equally by males and females and two percent were publicly held.

**Exhibit 6-4
Broward County Disparity Study
Mail Survey
Demographics By Business Owner
Race/Ethnicity and Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Gender of company owner:</i>	N=350								
Male	47%	72%	63%	75%	57%	0%	100%	100%	0%
Female	45%	18%	30%	25%	24%	100%	0%	0%	100%
50/50	6%	10%	8%	0%	29%	0%	0%	0%	0%
Publicly Held	2%	NA	NA	NA	NA	NA	NA	NA	NA
<i>Race/Ethnicity of owner:</i>	N=345								
Non-minority	55%	0%	0%	0%	0%	100%	100%	38%	76%
Hispanic or Latino	23%	0%	100%	0%	0%	0%	0%	31%	15%
African American	18%	100%	0%	0%	0%	0%	0%	27%	7%
Asian	1%	0%	0%	100%	0%	0%	0%	2%	1%
Native American/Other	2%	0%	0%	0%	100%	0%	0%	2%	1%
<i>Are you certified as WBE, MBE or SBE?</i>	N=327								
Yes	73%	98%	89%	100%	63%	86%	15%	64%	87%
No	28%	2%	11%	0%	38%	14%	86%	36%	13%
<i>If eligible, would you certify as SBE?</i>	N=187								
Yes	95%	100%	95%	100%	100%	93%	88%	96%	95%
No	5%	0%	5%	0%	0%	7%	13%	4%	5%
<i>If eligible, would you certify as EBE?</i>	N=183								
Yes	87%	100%	87%	100%	100%	84%	50%	86%	86%
No	13%	0%	13%	0%	0%	16%	50%	14%	14%

Source: MGT Mail Survey of Businesses, May 2000.

**Exhibit 6-4 (Continued)
Broward County Disparity Study
Mail Survey
Demographics By Business Owner
Race/Ethnicity and Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Education of company owner:</i>	N=346								
Some high school	3%	5%	4%	0%	13%	2%	0%	2%	1%
High school grad	8%	5%	8%	0%	0%	14%	7%	5%	11%
Some college	19%	26%	15%	0%	0%	21%	16%	17%	21%
College grad	41%	36%	41%	50%	63%	39%	48%	42%	41%
Post college grad	24%	24%	25%	25%	25%	23%	21%	26%	21%
Trade or tech school	5%	5%	8%	25%	0%	3%	8%	7%	4%
<i>Experience of owner:</i>	N=346								
0-5 years	5%	5%	4%	0%	13%	7%	0%	1%	8%
6-10 years	12%	12%	14%	0%	13%	14%	8%	10%	16%
11-20 years	38%	48%	30%	50%	25%	51%	21%	30%	49%
21-30 years	32%	30%	39%	50%	50%	19%	42%	40%	20%
over 30 years	13%	7%	14%	0%	0%	9%	29%	19%	8%

Source: MGT Mail Survey of Businesses, May 2000.

- Slightly over half (55%) of the businesses that responded to the survey were owned by non-minorities (male and female). Another 23 percent of the firms were owned by Hispanic American; 18 percent was owned by African Americans; one percent was owned by Asian American, and two percent were owned by Native Americans and those who classified themselves as “Other.”
- Roughly three-fourths (73%) of participating firms indicate that they are certified as either an MBE, WBE, or SBE. Nearly all firms owned by African Americans reported they are certified (98%) while only 15 percent of firms owned by non-minority males reported the same. Firms owned by non-minority males were slightly less likely to report they would certify as Small Businesses and were much more likely to report they would not certify as an Emerging Business.
- Little variation exists across subgroups in the educational levels of company owners. Non-minority male business owners were slightly more likely to have graduated college, but were slightly less likely to have received post-graduate degrees.
- Non-minority male firm owners possess more experience in their fields than do minority and women business owners. Twenty-nine percent of firms owned by non-minority males reported that their owner had over 30 of years experience in their primary fields. In comparison, only seven percent of firms owned by African Americans, 14 percent of firms owned by Hispanic American, and nine percent of firms owned by non-minority females possess similar experience. Seventy-one percent of non-minority male owned firms reported that their owners had over 20 years of experience.

Bonds, Loans, and Insurance Experience

Survey respondents were asked the number of times they had applied for a business start-up loan, operating capital loan, performance bond, bid bond, equipment loan, commercial liability insurance, and professional liability insurance. Response percentages are indicated only for applicable firms (an existing business would not need start-up capital) who provided a response. For most items, roughly one-half to one-third of the surveyed businesses did not respond. Response percentages were calculated from the balance of the firms. **Exhibit 6-5** shows the percentage of firms that indicated they had applied for one of these loans, bonds, or insurance policies since 1990.

**Exhibit 6-5
Broward County Disparity Study
Mail Survey
Experience With Loans, Bonds, and Insurance Since 1987 By
Business Owner Race/Ethnicity and Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Business Start-Up Loan</i>	N=191								
Applied:	25%	50%	22%	0%	50%	20%	13%	25%	23%
Approved at least once	44%	44%	37%	NA	25%	47%	50%	50%	42%
Never approved	56%	56%	63%	NA	75%	53%	50%	50%	58%
<i>Operating Capital Loan</i>	N=202								
Applied:	48%	71%	52%	25%	67%	37%	39%	49%	42%
Approved at least once	73%	56%	77%	100%	40%	85%	86%	74%	76%
Never approved	27%	44%	23%	0%	60%	15%	14%	26%	24%
<i>Performance Bond</i>	N=168								
Applied:	36%	38%	41%	33%	17%	30%	43%	39%	29%
Approved at least once	73%	71%	74%	100%	0%	74%	93%	77%	70%
Never approved	27%	29%	26%	0%	100%	26%	7%	23%	30%
<i>Bid Bond</i>	N=170								
Applied:	37%	48%	41%	33%	17%	30%	40%	41%	30%
Approved at least once	70%	58%	71%	100%	0%	75%	86%	74%	69%
Never approved	30%	42%	29%	0%	100%	25%	14%	26%	31%
<i>Equipment Loan</i>	N=181								
Applied:	47%	79%	45%	0%	33%	43%	43%	51%	43%
Approved at least once	78%	79%	74%	NA	33%	83%	93%	81%	82%
Never approved	22%	21%	26%	NA	67%	17%	7%	19%	18%

Exhibit 6-5 (Continued)
Broward County Disparity Study
Mail Survey
Experience With Loans, Bonds, and Insurance Since 1987 By
Business Owner Race/Ethnicity and Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Commercial Liability</i>	N=204								
Applied:	73%	86%	75%	50%	67%	71%	69%	77%	69%
Approved at least once	96%	96%	95%	100%	75%	98%	96%	96%	97%
Never approved	4%	4%	5%	0%	25%	2%	4%	4%	3%
<i>Professional Liability</i>	N=184								
Applied:	58%	75%	63%	50%	83%	54%	45%	64%	56%
Approved at least once	87%	95%	82%	100%	80%	87%	87%	90%	86%
Never approved	13%	5%	18%	0%	20%	13%	13%	10%	14%
<i>Not approved due to race or gender of company owner:</i>	N=64								
Yes	20%	19%	5%	0%	100%	27%	25%	12%	32%
No	39%	33%	40%	0%	0%	40%	75%	47%	36%
Don't know	41%	48%	55%	0%	0%	33%	0%	41%	32%

Source: MGT Mail Survey of Businesses, May 2000.

From Exhibit 6-5, the following observations can be made.

- Firms owned by African Americans were most likely to apply for a business start-up loan. One-half (50%) of all African American-owned firms applied for such a loan. This level was far higher than for firms owned by Hispanic American (22%), non-minority females (20%), or non-minority males (13%). Male-owned firms were only slightly more likely than were female-owned firms to apply for a start-up loan.
- Non-minority firms were slightly more likely than were minority firms to be approved for a business start-up loan. Fifty percent of firms owned by non-minority males were rejected for a business start-up loan. In contrast, 56 percent of African American-owned firms were never approved for a start-up loan while 63 percent of Hispanic American-owned firms were never approved for a business start-up loan.
- Forty-eight percent of the qualified businesses in the sample applied for an operating capital loan. Again, African American-owned firms were the most likely to apply (71%) for such a loan, although they were the least likely to be approved (56%). Non-minority firms, both male (86%) and female (85%) were much more successful in obtaining operating capital loans. Firms owned by males were more likely to apply for and receive operating capital loans than were female-owned firms.
- Firms owned by non-minority males were most likely to apply for performance bonds (43%) and to receive these bonds (93% approved at least once). Firms owned by non-minority women were least likely to apply for performance bonds (30%) while firms owned by African Americans were the least likely to be approved at least once for such bonds (71%). Again, male-owned firms were more likely to apply for and be granted performance bond than were firms owned by women.
- Although firms owned by African Americans were most likely to apply for bid bonds (48%), they were the least likely to be approved at least once (58%). In contrast, only 14 percent of firms owned by non-minority males reported they had never been approved for a bid bond. Firms owned by males (41%) were more likely to apply for bid bonds than were female-owned firms (30%) and were more likely to be approved at least once (74% to 69%, respectively).
- Firms owned by African Americans (79%) were most likely to apply for equipment loans. Although 79 percent of African American firms were successful in obtaining an equipment loan at least once, this figure was lower than the success rate for firms owned by non-minority women (83%) and non-minority men (93%). Hispanic American-owned firms reported that they obtained equipment loans at least once 74 percent of the time.

- Although African American firms were most likely to report applying for commercial liability insurance (86%), little variation exists across groups in the approval rates for commercial liability insurance. Nearly all firms (96%) were able to obtain commercial liability insurance at least once.
- Of firms that were never approved for a loan, bond or insurance, 20 percent believed that their rejections were due to discrimination. Thirty-nine percent did not believe this was the case while 41 percent indicated they did not know. Almost one-third (32%) of firms owned by women indicated they thought their rejections were because of discrimination. Only 12 percent of firms owned by men thought the same was true.

Patterns in the data indicate that African American-owned firms are most likely to apply for loans but are least likely to be approved. Generally, firms owned by men are more likely to apply for loans, bonds and insurance than are firms owned by women. With the exception of professional liability insurance, firms owned by non-minority males are more likely to be approved for loans, bonds, and insurance than are M/WBE firms. The results from this portion of the survey indicate that M/WBEs are faced with an uphill struggle in comparison to firms owned by non-minority males in gaining access to critical business resources.

Public and Private Sector Work Experience

Surveyed firms were asked about their work experience in the public and private sector. **Exhibit 6-6** provides information on the percentage of firms that worked as a prime contractor, prime consultant, vendor, or subcontractor/subconsultant to a prime contractor in the public and private sector since 1990. The results are presented by total sample, race/ethnicity, and gender. The following general observations can be made:

- Male- and female-owned firms were almost equally as likely to report never having worked as a prime contractor. In other words, firms owned by women were just as likely to be prime contractors as firms

Exhibit 6-6
Broward County Disparity Study
Mail Survey
Work Experience Since 1990
By Business Owner Race/Ethnicity and Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Number of times worked as a prime contractor:</i>	N=164								
Never	38%	40%	33%	0%	50%	43%	38%	36%	41%
1 to 10 times	26%	26%	31%	0%	0%	32%	16%	24%	33%
11 or more times	37%	34%	36%	100%	50%	25%	46%	40%	26%
<i>Number of times worked as a prime consultant:</i>	N=141								
Never	52%	64%	35%	0%	33%	55%	64%	53%	51%
1 to 10 times	21%	21%	38%	0%	0%	23%	7%	20%	26%
11 or more times	27%	15%	27%	100%	67%	22%	29%	37%	23%
<i>Number of times worked as a vendor:</i>	N=170								
Never	35%	52%	41%	50%	100%	36%	21%	36%	36%
1 to 10 times	15%	16%	13%	50%	0%	19%	10%	13%	20%
11 or more times	50%	32%	46%	0%	0%	45%	69%	51%	44%
<i>Number of times bid as a subcontractor or subconsultant:</i>	N=208								
Never	36%	18%	25%	67%	25%	53%	32%	27%	46%
1 to 10 times	26%	39%	29%	33%	75%	19%	21%	27%	25%
11 or more times	38%	44%	47%	0%	0%	29%	47%	46%	29%

Exhibit 6-6 (Continued)
Broward County Disparity Study
Mail Survey
Work Experience Since 1990
By Business Owner Race/Ethnicity and Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Number of times asked to be a sub by a prime:</i>	N=197								
Never	33%	29%	15%	50%	0%	44%	36%	25%	41%
1 to 25 times	32%	37%	44%	50%	67%	25%	26%	38%	27%
26 or more times	36%	34%	41%	05	33%	31%	39%	37%	32%
<i>Number of times <u>hired</u> as a subcontractor by a prime contractor:</i>	N=206								
Never	38%	32%	24%	25%	67%	51%	33%	28%	49%
1 to 25 times	29%	46%	28%	50%	33%	23%	27%	37%	23%
26 or more times	33%	22%	48%	25%	0%	26%	40%	35%	28%

Source: MGT Mail Survey of Businesses, May 2000.

owned by men. However, firms owned by non-minority males (46%) were more likely to report being frequent prime contractors (more than ten times) than were M/WBE firms. Only 25 percent of firms owned by non-minority females reported they were frequent contractors. This fact contributed to the disparity between male- and female-owned firms in this area.

- Hispanic American-owned firms were most likely to have reported working as a prime consultant at least once since 1990. Although 35 percent of Hispanic American-owned firms never worked as prime consultants, this is well below the overall average of 52 percent. Despite the fact that 64 percent of non-minority male firms reported they had never worked as a prime consultant, they were most likely (29%) to have worked frequently (more than ten times) as a prime consultant. Firms owned by men (37%) were more likely than firms owned by women (23%) to report that they worked frequently as prime consultants.
- Wide variation exists across subgroups in the likelihood of performing as a vendor. On average, 35 percent of all firms never acted as a vendor after 1990. However, 79 percent of firms owned by non-minority males reported they had acted as a vendor at least once. This percentage is far greater than for firms owned by African Americans (52%), Hispanic American (41%) and non-minority females (36%). In addition, firms owned by non-minority males were very likely (69%) to report acting as a vendor frequently. No other subgroup was over the 50 percent mark.
- Generally, minority businesses were more likely to bid as subcontractors than were non-minority businesses. For example, 83 percent of African American-owned businesses reported bidding as a subcontractor one or more times since 1990. Similar percentages were found for Hispanic American-owned firms (76%). In contrast, fewer firms owned by non-minority males reported bidding as subcontractors during the study period (68%) while firms owned by non-minority females were even less likely to bid as subcontractors (47%). Firms owned by males (73%) were much more likely to bid as subcontractors than were firms owned by females (54%).
- Firms owned by non-minority females were particularly likely to report never having been asked to work as a sub (44%). In contrast, Hispanic American firms were most likely to report having been asked to be a sub at least once since 1990 (85%). Similar trends held for sub hiring patterns. Firms owned by non-minority females were most likely to report never having been hired as a sub (51%). In contrast, firms owned by non-minority males (40%) and Hispanic American (48%) were particularly likely to report being hired frequently (more than ten times).

Firms that had been a prime contractor or prime consultant since 1990 reported how often they had used M/WBE subcontractors on these projects. **Exhibit 6-7** shows frequency of use of subcontractors by prime contractors. On average, prime contractors used M/WBE subcontractors *very often* or *sometimes* 59 percent of the time on private projects, 57 percent on public agency projects, 53 percent on federal projects, and 46 percent on County projects.

Race or ethnicity of the prime's owner had some influence on how often a minority or woman-owned subcontractor was used on a project. For example, firms owned by African Americans were most likely to use M/WBE subcontractors for all types of projects. In contrast, firms owned by non-minority males were less likely than other groups to use M/WBE subcontractors. Firms owned by non-minority males were least likely to use M/WBE subcontractors for all types of projects except private projects. Firms owned by non-minority women were least likely to use M/WBE subcontractors on a regular basis on private projects (44%). Overall, little difference existed between men- and women-owned firms on this issue.

Primarily, this section of the survey reveals that firms owned by non-minority males are most likely to be used on a frequent basis as prime contractors, prime consultants, and vendors. However, these very same firms are the least likely to use M/WBE subcontractors. Perhaps the most surprising finding is that prime contractors are less likely to use M/WBE subcontractors on County projects than on projects in the private sector where race and gender goals are not prevalent.

As shown in **Exhibit 6-8**, the majority (65%) of the respondents rated their experience with prime contractors as *excellent* or *good*. Responses shown by race/ethnicity of firm owner, however, indicate some differences of opinion. Firms owned by African Americans (50%) were much less likely to highly rate their experience with prime contractors than other subgroups were.

Exhibit 6-7
Broward County Disparity Study
Mail Survey
Use Of Subcontractors By Business Owner
Race/Ethnicity And Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian Americans	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Use of M/WBE subcontractors on federal projects:</i>	N=156								
Very often/sometimes	53%	60%	56%	0%	50%	50%	45%	52%	52%
Seldom/never	47%	40%	44%	100%	50%	50%	55%	48%	48%
<i>Use of M/WBE subcontractors on Broward County projects:</i>	N=157								
Very often/sometimes	46%	66%	59%	67%	50%	44%	21%	43%	48%
Seldom/never	54%	34%	41%	33%	50%	56%	79%	57%	52%
<i>Use of M/WBE subcontractors on public agency projects:</i>	N=173								
Very often/sometimes	57%	64%	64%	100%	100%	53%	41%	56%	57%
Seldom/never	43%	36%	36%	0%	0%	47%	59%	44%	43%
<i>Use of M/WBE subcontractors on all private projects:</i>	N=177								
Very often/sometimes	59%	72%	61%	100%	67%	44%	55%	60%	58%
Seldom/never	41%	28%	39%	0%	33%	56%	45%	40%	42%

Source: MGT Mail Survey of Businesses, May 2000.

**Exhibit 6-8
Broward County Disparity Study
Mail Survey
Subcontractor Experience With Prime Contractors By Business Owner
Race/Ethnicity And Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Experience rating of prime contractors by subcontractors:</i>	N=165								
Excellent/good	65%	50%	67%	67%	67%	72%	73%	67%	63%
Fair/poor	35%	50%	33%	33%	33%	28%	27%	33%	37%
<i>Situations confronted by firms:</i>	N=361								
Have provided bid to prime contractor and gotten no response	31%	44%	36%	50%	25%	25%	27%	36%	27%
Asked to pose as front for non-MBE firm	6%	13%	4%	0%	25%	5%	0%	5%	5%
Pressured to lower quote on bid	23%	27%	28%	0%	25%	19%	24%	27%	19%
Paid less than negotiated amount in the contract	13%	13%	16%	25%	13%	9%	14%	15%	10%
Dropped from project after prime contractor won contract	16%	19%	18%	25%	38%	16%	11%	17%	17%
Completed job, but payment was delayed	30%	36%	38%	50%	38%	24%	27%	36%	26%
Completed job, but never got paid	12%	13%	20%	25%	13%	8%	10%	13%	10%
Did different and less work than specified in contract	9%	10%	9%	0%	25%	11%	8%	10%	10%
Held to higher standards compared to other subcontractors	8%	10%	8%	0%	13%	8%	8%	9%	6%

Source: MGT Mail Survey of Businesses, May 2000.

Some situations confronted by firms in the public and private sector may influence how firms rate their experiences with prime contractors. Exhibit 6-8 shows the percentage of firms that felt they experienced one or more situations that reflect poor business practices. The more common of the nine situations listed were:

- Have provided a bid to a prime contractor and not gotten a response (31%).
- Completed a job, but payment was delayed (30%).
- Pressured to lower a quote on a bid (23%).

African American-owned businesses were most likely to report having provided bids to prime contractors and receiving no response (44%), being asked to pose as a front for a non-MBE firm (13%), being dropped from a project after the prime contractor won a contract (19%), and being held to a higher standard than other firms (10%). Firms owned by women experienced slightly fewer business-related problems than did firms owned by men. Firms owned by non-minority males reported experiencing fewer problems than the survey average in each category except for being paid less than the negotiated contract amount.

Specific Work Experience with the County

A number of firms surveyed (**Exhibit 6-9**) reported attempts to do business with the County since 1990. On average, roughly two-thirds (66%) of all firms submitted at least one bid or proposal to the County with 66 percent of such firms winning at least one project from the County. Exhibit 6-9 also details the results on barriers to participation as well as the levels of interest the surveyed firms have in doing business with the County.

Exhibit 6-9
Broward County Disparity Study
Mail Survey
Experience With Broward County Since 1990 By Business Owner
Race/Ethnicity And Gender

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Number of bids or proposals submitted:</i>	N=250								
None submitted	34%	18%	35%	100%	40%	39%	38%	30%	38%
Submitted 1-10 bids	47%	60%	47%	0%	60%	45%	35%	49%	46%
Submitted over 10 bids	19%	22%	18%	0%	0%	16%	28%	21%	16%
<i>Number of projects won:</i>	N=162								
None	34%	49%	28%	0%	33%	33%	16%	29%	38%
1-10	54%	46%	64%		67%	53%	60%	58%	52%
More than 10	12%	5%	8%		0%	14%	24%	14%	10%
<i>Experienced the following as a barrier to doing business with Broward County:</i>									
Performance bond reqts.	10%	19%	10%	25%	13%	8%	7%	13%	8%
Insurance requirements	5%	7%	4%	25%	13%	3%	7%	7%	3%
Bid specifications	11%	16%	11%	0%	13%	8%	15%	15%	8%
Limited time given to prepare bid/quote	13%	15%	14%	25%	38%	15%	7%	12%	15%
Limited info. on pending projects	19%	21%	20%	50%	38%	24%	7%	17%	22%
Classification of my svcs.	12%	10%	13%	25%	25%	15%	10%	12%	14%
Lack of experience	2%	3%	1%	0%	13%	3%	0%	2%	2%
Lack of personnel	3%	2%	5%	0%	13%	3%	0%	1%	4%
Purchasing process	11%	18%	10%	25%	25%	10%	2%	11%	10%
Contract too large	11%	13%	18%	50%	25%	9%	5%	10%	13%
<i>Level of interest in doing business with Broward County:</i>	N=317								
Was previously interested	66%	60%	58%	100%	75%	76%	67%	66%	70%
Currently interested	89%	90%	84%	75%	100%	91%	90%	89%	91%
Interested in the future	81%	83%	67%	50%	100%	89%	85%	79%	83%
None of the above	5%	0%	9%	0%	0%	4%	4%	4%	4%

Source: MGT Mail Survey of Businesses, May 2000.

Survey results on participation in the bid process and the number of County projects won vary across the race/ethnicity subgroups. The following findings highlight these differences:

- Non-minority female-owned firms reported the highest percentage of firms that had not submitted a bid or proposal to Broward County since 1990 (39%). Firms owned by African Americans were the most likely to have reported submitting at least one bid or proposal (82%). Firms owned by men were more likely to have submitted a bid or proposal (70%) than firms owned by women (62%).
- Despite the fact they were most likely to submit bids and proposals to the County, firms owned by African Americans were least likely to have won at least one project (51%). In contrast, 84 percent of non-minority male firms won at least one contract. Firms owned by Hispanic American (71%) and non-minority females (67%) also fared better than did firms owned by African Americans.
- Firms owned by non-minority males (24%) were most likely to have received multiple (more than ten) contracts. Fewer than one in ten African American (5%) and Hispanic American-owned firms (8%) received multiple projects from the County during the study period.

Respondents indicated that a number of factors have affected their ability to conduct business with the County since 1990. The three most common factors included: limited information on pending projects (19%); limited time to prepare bid/quote (13%), and the classification of services (12%). For eight of the ten factors listed, African American-owned firms report experiencing more problems than the survey average. They were most likely of all the subgroups to have difficulty with bid specification requirements (16%). In contrast, non-minority male-owned firms were below the survey average for nine of the ten factors listed. Limited variation exists between male and female-owned businesses although female-owned firms were at least three percentage points more likely than male-owned firms to report experiencing problems with limited time, information on pending projects, lack of personnel, and contracts that are too large.

Firms owned by non-minority women reported the highest level of interest in doing business with the County at all times. Among all subgroups, the level of interest in doing business with the County is greater than it was in the past. However, if survey results for future interest hold true, then the level of interest for all subgroups will decline in the near future.

Discriminatory Experience

Exhibit 6-10 displays respondent perceptions of discriminatory experiences by the owner's race, ethnicity, or gender. Nineteen percent of the respondents indicated that they had experienced discrimination because of race, ethnicity, or gender on one or more occasions (three percent very often, 10 percent sometimes, and six percent seldom). Forty percent reported they had not experienced discrimination. The fact that 19 percent of respondents reported experiencing discrimination on at least an occasional basis suggests that discrimination is not confined to isolated incidents. The 19 percent that experienced discrimination account for 63 surveyed respondents categorized as follows: 22 African Americans, 17 Hispanic American, 16 non-minority females, two Asian American, two non-minority males, and one Native American. Three people reported discriminatory incidents but did not indicate their demographic background.

Thirty-nine of the 63 responding companies provided some information on the discriminatory acts, including type, basis, time frame, and entity. These survey results were used to prepare a profile of discrimination activity that is included in Exhibit 6-9. Part B of the exhibit shows the survey results not as a percentage of the respondents who gave each answer but as the number of times each response was given. For example, where n=45 under "Form of discrimination," the letter "n" means *responses*, not *respondents*. The responses resulted in the following conclusions:

**Exhibit 6-10
Broward County Disparity Study
Mail Survey
Discriminatory Experience Since 1990 By Business Owner
Race/Ethnicity and Gender**

Demographic	Total ¹	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian Americans	Native American/ Other	White Women	White Men	M	F
Sample size	n=316								
Part A: Frequency of Discrimination									
Experienced discrimination due to race, ethnicity, or gender of the owner:									
Yes, very often	3%	9%	3%	25%	0%	1%	0%	4%	2%
Yes, sometimes	10%	28%	9%	25%	14%	8%	0%	9%	12%
Yes, but seldom	6%	4%	11%	0%	0%	7%	4%	6%	7%
Never	40%	11%	37%	25%	29%	42%	64%	43%	37%
Don't know	41%	47%	40%	25%	57%	43%	32%	39%	41%
Number who experienced discrimination:	n=63	n=22	n=17	n=2	N=1	n=16	n=2	n=27	n=30
Part B: Profile of Discrimination									
Form of discrimination:	n=45	n=16	n=14	n=1	n=2	n=9	n=1	n=19	n=21
Verbal comment	23	6	8	0	1	6	1	8	12
Written statement	4	1	1	0	0	2	0	2	2
Actions taken against us	18	9	5	1	1	1	0	9	7
Basis for discrimination:	n=69	n=20	n=25	n=1	n=3	n=13	n=2	n=24	n=34
Owner's race or ethnicity	30	15	7	1	1	2	1	14	10
Owner's sex	27	3	11	0	2	8	1	4	18
Owner's length of time in Business	12	2	7	0	0	3	0	6	6
Time of occurrence:	n=44	n=19	n=12	n=1	n=3	n=6	n=2	n=22	n=18
Precontract award	23	9	5	1	2	5	1	10	11
Postcontract award	21	10	7	0	1	1	1	12	7
Discrimination by entity:	n=58	n=24	n=15	n=2	n=2	n=9	n=0	n=23	n=26
City	6	2	1	1	0	1	0	1	4
County	34	13	10	1	0	6	0	15	15
State/other	18	9	4	0	2	2	0	7	7

Source: MGT Mail Survey of Businesses, May, 2000.

¹ Part A Total is the percentage of people who responded to the question. Part B is the number of responses given to each question.

- Over 40 percent of African American firms reported they had experienced some form of racial discrimination. This is significantly higher than the rates for Hispanic American (23%), non-minority women (16%) and non-minority men (4%).
- The more common forms of discrimination were verbal statements or from some type of action taken by those who engaged in discrimination. Forty-one of the 45 reported cases of discrimination were reported to be in these forms. In only four cases was discrimination manifested in the form of a written statement.
- Discriminatory experiences happened more often in the precontact award phase (23 cases reported) than in the postcontract phase (21 cases reported).
- More of the discriminatory incidences that occurred since 1990 were with the County than with the city, state, or other entities.
- Thirty-four discriminatory incidents were reported to have occurred in Broward County. African American-owned firms were most likely to report such incidents (13 cases).
- Firms more commonly reported that discrimination is race-based rather than gender-based or based on the experience of the firm. Firms owned by women were more likely to report discrimination based on gender than firms owned by men.
- African American-owned firms were most likely to report that discrimination was race-based. Hispanic American and non-minority women were more likely to report that discriminatory behavior was gender-based than race-based.

Attitudes on Business Practices and Perceptions

Recipients were asked to respond to statements on the presence of an informal network among prime contractors, subcontractors, and suppliers in Broward County. Additionally, they were asked about the effect that such a network might have on the ability of minority and women-owned businesses to contract in the public or private sector. Responses are found in **Exhibit 6-11**. Not surprisingly, different racial/gender groups disagree over the existence of an informal network of “good old boys.” For example, only 29 percent of firms owned by non-minority males agree that an

**Exhibit 6-11
Broward County Disparity Study
Mail Survey**

	Total	African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Females	Non-Minority Males	Male	Female
Double standards in qualifications and performance are applied to minority or woman owned businesses when they bid on contracts in the public or private sector.									
Strongly Agree/Agree	36	68	34	75	57	28	15	36	34
Strongly Disagree/Disagree	15	3	17	25	43	16	27	17	52
Neither Agree nor Disagree	49	29	59	0	0	56	58	48	15
Double standards in qualifications and performance make it more difficult for minority and woman owned businesses to win bids and contracts in Florida.									
Strongly Agree/Agree	39	73	46	50	71	31	8	37	41
Strongly Disagree/Disagree	15	5	42	25	14	12	31	18	10
Neither Agree nor Disagree	46	22	12	25	14	57	62	45	49
It is a common practice for a prime contractor to include a minority subcontractor on a bid to meet the "good faith effort" requirement, then drop that company as a subcontractor after winning the award									
Strongly Agree/Agree	30	53	35	25	29	27	10	30	32
Strongly Disagree/Disagree	14	4	19	25	57	15	15	13	16
Neither Agree nor Disagree	56	44	46	50	14	58	75	57	53

Exhibit 6-11 (Continued)
Broward County Disparity Study
Mail Survey

	Total	African American	Hispanic	Asian	Native American/ Other	Non-Minority Females	Non-Minority Males	Male	Female
Minority and woman owned businesses are as competent and capable of performing as well as non-minority businesses.									
Strongly Agree/Agree	83	89	91	75	63	90	60	80	91
Strongly Disagree/Disagree	2	2	0	0	13	3	2	1	2
Neither Agree nor Disagree	15	9	9	25	25	7	39	19	7
Minority and woman owned businesses are viewed by the general public as less competent than non-minority businesses									
Strongly Agree/Agree	54	83	56	75	43	55	19	40	59
Strongly Disagree/Disagree	14	5	16	0	14	16	21	15	14
Neither Agree nor Disagree	32	12	29	25	43	29	60	35	27
Non-minority contractors put forth an honest effort to involve minority and woman based businesses as subcontractors when bidding on projects									
Strongly Agree/Agree	23	14	21	50	14	21	33	24	19
Strongly Disagree/Disagree	32	58	31	25	43	34	10	29	28
Neither Agree nor Disagree	45	28	48	25	43	45	58	47	43

**Exhibit 6-11 (Continued)
Broward County Disparity Study
Mail Survey**

	Total	African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Females	Non-Minority Males	Male	Female
There is an informal network of contractors, subcontractors, and suppliers in Broward County									
Strongly Agree/Agree	47	64	53	50	75	43	29	50	46
Strongly Disagree/Disagree	3	2	8	0	0	2	0	4	2
Neither Agree nor Disagree	50	34	39	50	25	55	71	46	52
Exclusion from this network has kept my company from bidding or has interfered with our ability to contract in the public sector									
Strongly Agree/Agree	31	50	33	50	50	32	8	32	32
Strongly Disagree/Disagree	13	10	15	0	0	9	20	16	9
Neither Agree nor Disagree	56	40	53	50	50	59	72	52	59
Exclusion from this network has kept my company from bidding or has interfered with our ability to contract in the private sector									
Strongly Agree/Agree	19	32	19	25	25	20	4	19	20
Strongly Disagree/Disagree	23	22	24	0	13	21	26	26	20
Neither Agree nor Disagree	58	46	56	75	63	59	71	55	60
Although exclusion from this formal network adversely affects a majority of small businesses in construction, the adverse impact is felt the greatest among woman and minority owned businesses									
Strongly Agree/Agree	38	73	47	50	43	33	6	37	41
Strongly Disagree/Disagree	10	4	10	0	14	8	18	11	7
Neither Agree nor Disagree	52	23	44	50	43	59	76	52	52

informal network exists. However, 64 percent of African American firms, 53 percent of Hispanic American firms, and 43 percent of firms owned by non-minority females agree that an informal network exists. Only three percent of responding firms disagreed that an informal network exists. Although one half (50%) of all respondents neither agreed nor disagreed with the statement, nearly three-fourths (71%) of non-minority males provided this response.

Findings from subsequent questions on the effect of an informal network are as follows:

- Approximately eight percent of non-minority males responding to the survey indicated that the presence of an informal network interfered with their ability to contract in the public sector. African Americans (50%), Asians (50%) and Native American/Others (50%) were most likely to agree that exclusion from the network caused them to lose public sector work. Similar results were found in the private sector.
- When asked to respond to the statement that adverse impact is felt worst among minority and women-owned businesses, 18 percent of non-minority male owned firms disagreed with the statement, while only six percent agreed. Most neither agreed nor disagreed (76%). African-American-owned firms held the opposite view. Seventy-three (73) percent of firms owned by African-Americans agreed with the idea that exclusion from the informal network hurt women and minority-owned firms the greatest. Likewise, all other M/WBE businesses were much more likely to agree than disagree with this statement.
- Overall, the survey results indicate that each group is more likely to agree than disagree that an informal network governing the award of contracts exists. The perceived impact of that network varies by the racial/gender group that a firm belongs to. To a certain extent, all groups indicate that exclusion from the informal network has hurt their businesses. However, MBE-owned firms are more likely to feel this way. Non-minority owned firms do not believe that exclusion hurts MBE-owned firms more than themselves. Minority-owned firms hold the opposite view.

Those surveyed responded to a series of statements on discriminatory practices and double standards that might be present in the Broward area in regard to contracting in the public and private sector. Two statements were presented asking about the

existence of double standards and the subsequent effect of such standards. A third statement concerned the practice of including minority subcontractors on a bid and then dropping them after being awarded the contract. Responses varied greatly between ethnic groups with regard to these questions. For example, 28 percent of non-minority female-owned firms agreed that double standards are applied to minority and women-owned businesses. In contrast, 68 percent of African-Americans surveyed agreed.

Other findings include the following:

- Only three percent of African-American and 17 percent of Hispanic-owned firms disagreed that double standards are applied to minority and women-owned businesses. Non-minorities, both male and female, agree with this statement approximately 20 percent of the time and disagree about 20 percent. In contrast, over half of all minority businesses agree that double standards are applied to qualifications and performance. Overall, 49 percent of all respondents neither agreed nor disagreed.
- While just eight percent of non-minority male-owned firms agreed in some way that double standards make it more difficult for minority and women-owned businesses to win bids and contracts, the figure jumps to 73 percent for firms owned by African-Americans. Fifty percent of Asian-owned firms agreed, while lower levels of agreement were indicated by firms owned by Hispanic Americans (46%) and non-minority females (31%).
- The same response pattern held true when firms were asked about the practice of including a minority subcontractor in bid documentation and later dropping the subcontractor after being awarded a contract. Only 10 percent of non-minority male-owned firms agreed this was a common practice. In contrast, 53 percent of African-American-owned firms, 35 percent of Hispanic-owned firms, and 27 percent of firms owned by non-minority females indicated this was true.

Respondents were asked about the competency of M/WBEs and the effort that non-minority contractors put forth in involving minority and women-owned subcontractors. The vast majority (83%) of those responding agreed that M/WBEs are as competent as non-minority businesses. However, the intensity of opinion varied by ethnic category. For example, 89 percent of African-American-owned firms agreed with

the statement. This figure is substantially higher than the 60 percent agreement rate for non-minority owned firms. Other conclusions from the responses to these statements are the following:

- Firms owned by racial minorities are more likely than are firms owned by non-minorities, particularly non-minority males, to believe that the public perceives minority and women-owned firms negatively. Nineteen percent of firms owned by non-minority males agreed that the public holds such attitudes. However, 83 percent of African-American-owned firms, 56 percent of Hispanic-owned firms, and 75 percent of firms owned by Asian-Americans indicated that the public has a less favorable view of M/WBE businesses.
- Ten percent of non-minority male-owned firms disagreed that non-minority contractors put forth an honest effort to include minority and women-owned businesses as subcontractors. The percentage of African-Americans that disagreed with the statement is approximately 58 percent. Thirty-four percent of non-minority female-owned firms disagreed.

6.3 Personal Interviews

Personal interviews were conducted with 92 business owners or their representatives in Broward County. Businesses were classified into six main categories: construction services, architectural and engineering services (A&E), professional services, business services, commodities, and other types of services. A content analysis of the interview responses was completed to determine the issues related to business relations and experiences with the County and their M/WBE program. MGT also sought to discover other key factors related to doing or attempting to do business with the County. Issues examined included the M/WBE's experiences with prime contractors, major barriers to conducting general business, and suggestions for improvement to the entire M/WBE process.

Exhibit 6-12 gives the number of African American, Hispanic-American, Asian-American, non-minority women, and non-minority men interviewed by business type.

Exhibit 6-12
Broward County Disparity Study
Personal Interviews
Business Type By Race and Ethnicity

Category	African Americans		Hispanic Americans		Asian Americans		Native Americans		Total MBEs	Non-Minority Women	Non-Minority Men	Total
	M	W	M	W	M	W	M	W				
Construction Services	7	2	0	1	1	0	2	2	15	2	5	22
Architectural & Engineering	2	2	6	0	0	0	2	0	12	3	4	19
Professional Services	7	2	0	1	0	0	0	0	10	6	1	17
Business Services	2	2	0	1	0	0	1	0	6	6	0	12
Commodities	2	1	2	0	0	1	0	0	6	4	0	10
Other	5	1	1	1	0	0	0	0	8	4	0	12
Total	25	10	9	4	1	1	5	2	57	25	10	92

Source: Data from MGT Personal Interviews of Businesses conducted 2000.

The following paragraphs detail characteristics of those businesses such as year of establishment, business ownership, line of business and gross revenues, and amount of business conducted with the County.

Business Characteristics

As seen in Exhibit 6-12, 40 of the 92 businesses are owned by minority males, and 17 are owned by minority females. Of the remaining 35 businesses, 25 are owned by non-minority females; 10 are owned by non-minority males. Exhibit 6-12 also reveals that 22 (24%) of the 92 businesses interviewed are in constructions services, 19 (21%) are in A&E services, 17 (19%) are in professional services, 12 each (13%) in business services and other services respectively, and 10 (11%) are in commodities. Further analysis reveals that 90 percent of the non-minority respondents are engaged either in construction or A&E services, whereas non-minority females are concentrated (80%) in the remaining four business categories.

Among minority firms, African American males are concentrated in construction services and professional services; respondents that are Hispanic American males are concentrated in A&E businesses (67%). The remaining minority businesses are evenly distributed across business types.

As seen in **Exhibit 6-13**, most businesses (54%) were established between 1990 and 2000. Roughly one-third (32%) were founded between 1980 and 1989, and the remaining 15 percent were established prior to 1980. Only seven percent of the businesses were founded prior to 1970. Firms owned by Hispanic American (69%) and non-minority females (68%) were particularly likely to be established within the past ten years. Interestingly, no female-owned business (minority or non-minority) was established prior to 1970, and only two were established before 1980.

**Exhibit 6-13
Broward County Disparity Study
Personal Interviews
Year Business Established**

Years	African American				Hispanic American				Asian American				Native American/Other				Total MBES		Non-Minority Women		Non-Minority Men		Total	
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Pre 1970	1	0	1	3%	2	0	2	15%	0	0	0	0%	0	0	0	0%	3	5%	0	0%	3	33%	6	7%
1970 - 1979	4	1	5	14%	1	0	1	8%	0	0	0	0%	0	0	0	0%	6	11%	1	4%	0	0%	7	8%
1980 - 1989	11	3	14	40%	1	0	1	8%	0	1	1	50%	3	0	3	43%	19	33%	7	28%	3	33%	29	32%
1990 - 2000	9	6	15	43%	5	4	9	69%	1	0	1	50%	2	2	4	57%	29	51%	17	68%	3	33%	49	54%
Total	25	10	35	100%	9	4	13	100%	1	1	2	100%	5	2	7	100%	57	100%	25	100%	9	100%	91	100%

Source: Data from MGT Personal Interviews of Businesses conducted 2000

Exhibit 6-13 also shows that businesses owned by non-minority men were more likely to be established prior to 1970 (33%) than were any other race/gender category. The frequency of their establishment is more evenly spread through the years than were minority-owned firms. Minority and women-owned businesses were not prevalent until the 1980s and 1990s, well past the enactment of civil rights laws.

Exhibit 6-14 shows the distribution of ownership, number of employees, gross revenues, and revenue sources for the interviewed firms. The exhibit reveals that 91 percent of the businesses are corporations. Of the 56 minority-owned businesses that responded to this question, a vast majority (91%) have a corporate ownership structure. Little variation is present across race/gender groups for this business characteristic.

On average, firms earned 46 percent of their gross revenues in the previous year in the private sector and 54 percent in the public sector (see Exhibit 6-14). Variation existed across race/gender subgroups, but the variation was not overly systematic. Generally, with the exception of Hispanic American and Asian American, women earned more of their revenues in the private sector than did men. Non-minority females earned 60 percent of their revenues in the private sector while non-minority males earned only 33 percent of their revenues through private sector transactions. A similar pattern was found for African American-owned businesses. Overall, no substantively significant results were discernible from this portion of the interviews.

Business owners were asked about two separate indicators of business success. They were asked to provide the number of full-time employees and their general level of gross revenues in calendar year 1999. Generally, the results from both sections indicated that the majority of business owners interviewed came from small businesses. Additionally, firms owned by non-minority males earned more average revenue and

**Exhibit 6-14
Broward County Disparity Study
Personal Interviews
Ownership, Employees, and Gross Revenues
By Race/Ethnicity and Gender**

Category	African Americans		Total	Hispanic Americans			Total	Asian Americans			Total
	M	F		%	M	F		%	M	F	
Ownership											
Sole proprietorship	4	0	4	12%	0	0	0	0%	0	0	0
Partnership	0	0	0	0%	0	0	0	0%	0	0	0
Corporation	20	9	29	85%	9	4	13	100%	1	1	2
Non-profit	0	0	0	0%	0	0	0	0%	0	0	0
Other	1	0	1	3%	0	0	0	0%	0	0	0
Total Respondng	25	9	34	100%	9	4	13	100%	1	1	2
Employees											
0	1	2	3	10%	1	0	1	8%	0	0	0
1 to 10	11	7	18	58%	3	2	5	42%	0	1	1
11 to 25	5	0	5	16%	1	1	2	17%	1	0	1
25 to 50	4	0	4	13%	3	0	3	25%	0	0	0
Over 50	1	0	1	3%	1	0	1	8%	0	0	0
Total Respondng	22	9	31	100%	9	3	12	100%	1	1	2
Gross Revenues											
Less than \$25,000	0	1	1	3%	0	0	0	0%	0	0	0
\$25,001-\$50,000	1	0	1	3%	0	0	0	0%	0	0	0
\$50,001-\$100,000	2	1	3	9%	0	0	0	0%	0	0	0
\$100,001-\$300,000	4	4	8	24%	2	2	4	36%	0	1	1
\$300,001-\$500,000	3	0	3	9%	1	0	1	9%	0	0	0
\$500,001-\$1,000,000	5	1	6	18%	1	0	1	9%	0	0	0
\$1,000,001-\$3,000,000	4	1	5	15%	2	0	2	18%	0	0	0
\$3,000,001-\$5,000,000	4	1	5	15%	1	0	1	9%	1	0	1
\$5,000,001-\$10,000,000	0	0	0	0%	1	0	1	9%	0	0	0
over \$10,000,000	1	1	2	6%	1	0	1	9%	0	0	0
Total Respondng	24	10	34	100%	9	2	11	100%	1	1	2
% of Gross Revenues Earned in the:											
Private Sector	38%	61%			35%	15%			40%	0%	
Public Sector	62%	39%			65%	85%			60%	100%	

**Exhibit 6-14 (Continued)
Broward County Disparity Study
Personal Interviews
Ownership, Employees, and Gross Revenues
By Race/Ethnicity and Gender**

Native Americans/Others			Total	%	Total MBEs	White Women		White Men			Total	%
%	M	F			Total	%	#	%	#	%	#	
0%	0	0	0	0%	4	7%	2	8%	0	0%	6	7%
0%	0	0	0	0%	0	0%	0	0%	0	0%	0	0%
100%	5	2	7	100%	51	91%	22	88%	10	100%	83	91%
0%	0	0	0	0%	0	0%	0	0%	0	0%	0	0%
0%	0	0	0	0%	1	2%	1	4%	0	0%	2	2%
100%	5	2	7	100%	56	100%	25	100%	10	100%	91	100%
0%	1	0	1	14%	5	10%	1	4%	0	0%	6	7%
50%	3	2	5	71%	29	56%	23	92%	1	10%	53	61%
50%	1	0	1	14%	9	17%	1	4%	1	10%	11	13%
0%	0	0	0	0%	7	13%	0	0%	2	20%	9	10%
0%	0	0	0	0%	2	4%	0	0%	6	60%	8	9%
100%	5	2	7	100%	52	100%	25	100%	10	100%	87	100%
0%	0	0	0	0%	1	2%	0	0%	0	0%	1	1%
0%	0	1	1	14%	2	4%	0	0%	0	0%	2	2%
0%	1	0	1	14%	4	7%	1	4%	0	0%	5	6%
50%	0	1	1	14%	14	26%	6	24%	0	0%	20	22%
0%	0	0	0	0%	4	7%	4	16%	0	0%	8	9%
0%	2	0	2	29%	9	17%	11	44%	1	10%	21	24%
0%	1	0	1	14%	8	15%	2	8%	0	0%	10	11%
50%	0	0	0	0%	7	13%	0	0%	0	0%	7	8%
0%	1	0	1	14%	2	4%	0	0%	4	40%	6	7%
0%	0	0	0	0%	3	6%	1	4%	5	50%	9	10%
100%	5	2	7	100%	54	100%	25	100%	10	100%	89	100%
	50%	88%			42%		60%		33%		46%	
	50%	12%			58%		40%		67%		54%	

employed more people than did minority and non-minority female-owned firms. Overall, 68 percent of the interviewed business owners indicated that their business had ten or fewer full-time employees. Only nine percent had more than 50 employees. This pattern held for minority firms but not for non-minority firms. On average, firms owned by non-minority females were smaller than the total sample percentages. Ninety-six percent of non-minority female firms had ten or fewer full-time employees. In contrast, only 10 percent of firms owned by non-minority males had ten or fewer employees. Eighty percent reported they had 25 or more employees.

A similar picture is provided from analysis of revenue data. Sixty-six percent of respondents indicated that they earned between \$100,000 and \$3 million in Calendar Year 1999. This pattern holds for most race/gender categories, but firms owned by non-minority males did considerably better. Ninety percent of firms owned by non-minority males earned over \$5 million in revenues during the relevant period. Minority firms, on average, earned more than did non-minority female firms. Exhibit 6-14 reveals that only 12 percent of firms owned by non-minority females earned over \$1 million in 1999. However, 38 percent of minority firms earned over \$1 million. The data provided by interview respondents indicates that firms owned by non-minority males are larger and earn more revenue than other do other firms. Firms owned by non-minority females are the smallest and earn the least revenue. Minority-owned firms are somewhere between these two extremes, although they tend to resemble non-minority female firms more than they do non-minority male firms.

Conducting Business with the County

During the personal interview process, business owners were asked a number of questions related to conducting business with the County. The following sections address the issues of frequency of transactions, factors that interfere with conducting

business with the County, County outreach and responsiveness, selection issues, appeals and retaliation, and suggestions for improvement.

Frequency of Interaction

In order to determine the quality of information provided by the business owners during the personal interview process, MGT sought to determine the frequency with which these business owners had interacted with the County purchasing process. The results, shown in **Exhibit 6-15**, reveal that slightly under three-fourths (73%) of all the surveyed business owners had bid on a County project during the study period. Most of the minority business categories were somewhat close to the overall average. However, the results indicated that firms owned by non-minority females are less likely to bid on County projects (52%) while firms owned by non-minority males are more likely to bid on such projects (90%).

Although a majority of businesses in the personal interview sample did bid on County projects, most did not do so on a regular basis. For those respondents who indicated they had bid on a County project (n=67) nearly half (49%) indicated they had only bid as a prime between one and ten times during the study period. Twenty-six percent reported bidding 11 to 25 times as a prime, while 15 percent reported bidding between 26 and 50 times. Only 10 percent of the business owners reported bidding more than 50 times as a prime, during the study period. African American business owners reported percentages similar to the overall averages, but the other minority categories reported bidding less frequently than the total sample average. Non-minority owners (particularly non-minority males) reported that they had bid more often as primes than minority owners did. For example, one-third (33%) of non-minority males bid 26 to 50 times as a prime during the study period. This indicates that firms owned by non-minority males are not only more likely to bid on projects, they are more likely to bid on

**Exhibit 6-15
Broward County Disparity Study
Personal Interviews
Bids By Race/Ethnicity and Gender**

Category	African Americans			Hispanic Americans			Asian Americans			Native Americans/Others			Total MBEs		White Women			White Men			Total			
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	#	%	#	%	#	%		
Bid on County Project																								
Yes	21	6	27	77%	8	3	11	85%	0	1	1	50%	5	1	6	86%	45	79%	13	52%	9	90%	67	73%
No	4	4	8	23%	1	1	2	15%	1	0	1	50%	0	1	1	14%	12	21%	12	48%	1	10%	25	27%
Total Respondng	25	10	35	100%	9	4	13	100%	1	1	2	100%	5	2	7	100%	57	100%	25	100%	10	100%	92	100%
Frequency of Prime Bids																								
1 to 10	12	1	13	52%	6	1	7	78%	0	0	0	0%	3	1	4	80%	24	62%	5	38%	1	11%	30	49%
11 to 25	5	2	7	28%	1	0	1	11%	0	0	0	0%	0	0	0	0%	8	21%	4	31%	4	44%	16	26%
26-50	3	0	3	12%	0	0	0	0%	0	0	0	0%	0	0	0	0%	3	8%	3	23%	3	33%	9	15%
51-100	1	0	1	4%	1	0	1	11%	0	0	0	0%	1	0	1	20%	3	8%	0	0%	0	0%	3	5%
Over 100	0	1	1	4%	0	0	0	0%	0	0	0	0%	0	0	0	0%	1	3%	1	8%	1	11%	3	5%
Total Respondng	21	4	25	100%	8	1	9	100%	0	0	0	0%	4	1	5	100%	39	100%	13	100%	9	100%	61	100%
Frequency of Prime Quotes																								
1 to 10	12	2	14	78%	3	1	4	67%	0	0	0	0%	2	1	3	75%	21	75%	6	67%	3	60%	30	71%
11 to 25	1	0	1	6%	2	0	2	33%	0	0	0	0%	0	0	0	0%	3	11%	1	11%	2	40%	6	14%
26-50	1	0	1	6%	0	0	0	0%	0	0	0	0%	0	0	0	0%	1	4%	0	0%	0	0%	1	2%
51-100	1	0	1	6%	0	0	0	0%	0	0	0	0%	1	0	1	25%	2	7%	0	0%	0	0%	2	5%
Over 100	0	1	1	6%	0	0	0	0%	0	0	0	0%	0	0	0	0%	1	4%	2	22%	0	0%	3	7%
Total Respondng	15	3	18	100%	5	1	6	100%	0	0	0	0%	3	1	4	100%	28	100%	9	100%	5	100%	42	100%
% of Contracts Awarded																								
Bids	16%	15%			31%	2%			0%	0%			21%	0%					11%		24%		18%	

repeated projects as primes. In contrast, while non-minority female-owned firms are least likely to bid overall, they are more likely than minority businesses to bid frequently as a prime.

In addition to analyzing bid information, MGT also examined the number of times that companies submitted quotes to the County. This was done primarily to account for those firms that sell commodities and supplies and who ordinarily do not bid on projects the way that services companies do. Forty-two firms reported that they had provided a quote as a prime during the study period. For those firms that reported providing a quote, over half (71%) reported they did so infrequently (between one and ten times during the study period). Little variation existed across race/gender categories.

Exhibit 6-15 also shows how successful the responding firms were in attaining County business. On average, firms won 18 percent of the bids they submitted and 25 percent of the quotes they submitted. Firms owned by men were more successful than were firms owned by women. In fact, for both bids and quotes, success percentages for women-owned businesses in each racial category were below the total sample average. Firms owned by Hispanic American males were the most successful overall in winning contracts, at least on a percentage basis.

Interfering Factors

Respondents were asked if any factors, including County processes and procedures, may have interfered with their ability to bid or win County contracts. The results, shown in **Exhibit 6-16**, indicated that roughly one-third of the sample (34%) have experienced some business conditions that have interfered with their ability to bid and win County projects. Additionally, nearly half (44%) reported that County practices and procedures have interfered with their ability to bid County contracts successfully. When examined by race/gender categories, the overall pattern is the same. Minority businesses are more likely to report experiencing problems that interfere with

**Exhibit 6-16
Broward County Disparity Study
Personal Interviews
Interfering Factors
By Race/Ethnicity and Gender**

	African Americans				Hispanic Americans				Asian Americans				Native Americans/Others				Total MBES		Non-Minority Women		Non-Minority Men		Total	
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Interfering Factors																								
Yes	6	4	10	31%	5	3	8	67%	1	0	1	50%	0	1	1	14%	20	38%	8	33%	2	20%	30	34%
No	17	5	22	69%	3	1	4	33%	0	1	1	50%	5	1	6	86%	33	62%	16	67%	8	80%	57	66%
Total Responses	23	9	32	100%	8	4	12	100%	1	1	2	100%	5	2	7	100%	53	100%	24	100%	10	100%	87	100%
Practices or Procedures																								
Yes	12	5	17	53%	2	2	4	40%	0	1	1	100%	2	1	3	60%	25	52%	8	36%	2	22%	35	44%
No	12	3	15	47%	5	1	6	60%	0	0	0	0%	1	1	2	40%	23	48%	14	64%	7	78%	44	56%
Total Responses	24	8	32	100%	7	3	10	100%	0	1	1	100%	3	2	5	100%	48	100%	22	100%	9	100%	79	100%

Source: Data from MGT Personal Interviews of Businesses conducted 2000

successfully bidding on County contracts than are non-minority firms. Additionally, firms owned by non-minority females are more likely to report problems than firms owned by non-minority males. For example, 38 percent of MBE firms reported that they had experienced factors that interfered with their ability to bid successfully on County contracts. Fewer (33%) non-minority female business and non-minority male-owned businesses (20%) reported the same. Likewise, the pattern was the same for County practices and procedures preventing companies from successfully bidding on contracts. Fifty-two percent of MBEs, 36 percent of WBEs and 22 percent of non-minority male-owned enterprises reported these circumstances prevented them from successfully bidding on County contracts.

The range of factors that limit business owners from successfully bidding on projects is fairly wide. Listed below are some of the more common problems faced by business owners and comments culled from the interviews that reflect the experience of some business owners.

Bonding

The majority of firms that expressed an interest in bonding issues thought that bonding requirements were too stringent for the dollar volume of the work to be done. African American-owned firms were particularly frustrated with what they perceived as excessive bonding requirements. Comments from the interview are listed below.

- *The County requires performance bonding/security deposits for certain projects for which we cannot compete. - African American*
- *I do not think that subcontractors should be placed in a position where they have to provide a bond to the prime contractor. As a result of these requirements, I will not bid or work on any county project in Broward County. - African American*
- *Sometimes when we see information on a bid that may interest us it is often too late to establish a bonding line. This is due to the enormous amount of paper work required to obtain a bond. - African American*

- *The bonding requirement on park renovation is too high for the project. The County would not negotiate with me on this. - African American*
- *On projects over \$500,000 to \$1,000,000 we cannot obtain bonding and lose out to competitors from outside the area. - African American*
- *In the past, I could not afford bonding. This was particularly troubling since you had to submit the bond with the proposal. - African American*
- *Bonding has been a big factor for us in the past. The size of bonding capacity is a factor when bidding. - Hispanic American*
- *Up to a certain point, the company's limitation was a lack of bonding. - Hispanic American*
- *Well, I don't have the bonding so I am not going for a construction job, we do State work so I have all the professional liability, but I pay a fortune for it. - Non-minority female*
- *We have a limited bonding capacity. The jobs require more bonding than we can afford. - Other*

Size of Projects

A substantial number of firms indicated that many County projects were too large for them to bid. Most indicated that they wanted to see large contracts carved into smaller pieces to allow for more competition and better opportunities for local firms. This problem was particularly acute for firms owned by non-minority females. Comments are provided below.

- *When they bundle projects together, making them large offerings, this does not let local firms bid. - African American*
- *It seems the county wants big firms to go after big contracts. Since we are a small firm, some projects are too big to go after. - Hispanic American*
- *The county should break down projects so more firms can compete. - Hispanic American*

- *To respond on RLI's, the project size may hinder me from bidding. My project limit is about \$500,000. - Non-minority female*
- *Sometimes they do not break up the bids into smaller increments. This prevents me from bidding. - Non-minority female*
- *The projects are too large. - Other*

DBE Goals

Some DBE and WBE firms were frustrated by a perceived lack of enforcement on the part of the County. They indicated that primes often mistreated subcontractors but that the County would do nothing to prevent it. Comments are provided below.

- *The County enforcement program has no teeth. When I complain they (the County) claim it is a matter between me and the prime. - African American*
- *The County does not follow up and enforce execution of sub contracts. - Non-minority female*
- *As a prime you can't count your DBE status for a goal. Instead you have to hire other subcontractors to meet the goal. Seems like they want DBEs to only be subcontractors. - Other*

Licensing/Certification

Several firms indicated that they were experiencing licensing and certification problems. However, this issue was not widespread and confined mostly to a few highly specific technical areas. Comments are provided below.

- *For me to sell my product, it needs to be approved. But I cannot find out who needs to approve it. - African American*
- *Dade County accepts licenses from Broward County but Broward County does not reciprocate. - Other*

Classification of Services

A small minority of firms were concerned that the County did not always seek out the proper types of firms to perform the necessary work. Several others complained that

they received invitations to bid but the jobs were not in areas where they performed work. Comments are provided below.

- *They sometimes put out an RLI [Request for Letter of Interest] and then only allow an architectural engineering firm to bid on the project when construction management firms are equally qualified to do the work. - African American*
- *The County should separate inspection and testing services. Testing firms will not join with inspection firms to do work together. - Asian American*
- *Some jobs are not in line with what I do. - Asian American*

Insurance Requirements

A substantial number of firms reported that County insurance requirements were simply too high. Many small firms indicated that being required to carry more than \$500,000 in professional liability insurance priced them out of contracts. This problem was particularly prevalent among non-minority females and African Americans. Comments are provided below:

- *We only carry \$500,000 in professional liability insurance coverage. This prevents us from bidding on some projects. - African American*
- *The County asks for the firm to identify their deductible on a bid; the County should not set a maximum deductible for a professional liability insurance policy. The County forces companies to pay more for insurance and this eats into the profits. - African American*
- *I don't think it is fair for the County or any phase of government to require a small business person to carry more than \$500,000 of liability insurance. The projects themselves are not valued this high. - African American*
- *Sometimes the insurance requirements prevent us from bidding on County contracts. Hispanic American*
- *Indemnification - insurance coverage requests are too onerous. My first four years I did not apply for this reason as a prime. - Asian American*
- *I feel some of the contracts require too high of insurance coverage. I did not bid on some projects because the project's margin would not*

have been worth the extra cost of insurance. It was excessive for the level (value) of the bid being proposed. - Non-minority female

- *The insurance requirements are higher than what is legally required. - Non-minority female*

Lack of Information

Companies from each race/gender category expressed concern that they did not receive enough information from the County concerning bids. Many claimed to never receive information. This concern was often tied to a perception that the County had a "preferred vendor list" that was restricted by race and political connections. Comments are provided below.

- *The County does not send us any bid information. - African American*
- *The County does not send me any information. - Asian American*
- *The factor that most frequently prevents us from winning County contracts is having knowledge of the bid. - Non-minority female*
- *The County does not send information to everyone on the list. - Non-minority female.*

Purchasing Process

Many firms had problems with the purchasing process. Complaints varied from excessive paperwork to overly complicated forms and contracts. Comments are provided below.

- *The County only allows five companies in my industry to be placed on the required list of companies that they use. I am unable to get on this list. - African American*
- *There is too much paperwork involved. The purchasing process is horrible. The procurement agents could not answer any questions about the purchasing process. - Non-minority female*
- *The terms of the contracts are too hard to understand. - Non-minority female*
- *The bids are complicated. There are too many steps in the process. If one step is missed or left out the County throws your bid out. - Non-minority female*

- *It is too difficult to do business with Broward County. We have stopped trying.* - Non-minority male

Payment Issues

A large number of small businesses were not satisfied with the timeliness of payment for work performed. Some blamed the County directly, whereas others placed the blame on prime contractors. Many small business owners thought that the inability to get paid in a timely fashion negatively impacted payroll and disproportionately hurt small businesses. Comments are provided below.

- *The County does not pay promptly or give up-front retainers. The 60-90 day billing cycle is a big obstacle faced by SDBEs.* - African American
- *Primes do not pay in a timely fashion.* - African American

Although a number of other issues were raised, they were usually isolated to specific problems of individual companies. One should note that anywhere between 50 and 60 percent of interviewed firms did not list any problems that hindered business with the County. However, enough concerns were raised to warrant further investigation. The majority of problems were encountered by minority and women-owned firms. Firms owned by non-minority males registered few complaints and were generally satisfied with County operations.

Outreach and Responsiveness

Interview subjects were asked several questions regarding the County's outreach program and their general level of responsiveness when they had a question or a problem to be resolved.

As seen in **Exhibit 6-17**, interview respondents generally did not think that the County had made sufficient attempts to encourage them to bid on County projects (59%). However, the vast majority did indicate that County personnel were helpful when they had questions related to the purchasing process (81%) and that County personnel were courteous and responsive when they interacted with them (90%). In addition, for

those who thought that County personnel were helpful, most thought the information provided was timely and accurate (80%).

Some noticeable differences existed across race/gender categories in regard to outreach and responsiveness. For example, although nearly one in two minority businesses (49%) indicated the County had made an effort to encourage them to bid on County projects, only one in three (33%) non-minority female-owned businesses agreed. In addition, only one in five (20%) non-minority male owners thought the County had encouraged them to bid. The differential can probably be attributed to the efforts of the County OEO office, since many minority firms attributed their response to the efforts of the OEO office rather than the purchasing department.

In contrast to the findings for outreach, minorities were generally less satisfied than were non-minorities in the area of responsiveness. All non-minority owners (male and female) indicated that County personnel were courteous (100%), but only 84 percent of minority business owners agreed. Non-minority males were slightly more likely (90%) to consider County personnel to be helpful when answering questions than were minority business owners (80%) and non-minority females (76%).

Most business owners were not favorable toward County outreach efforts, although some were. Listed below are some of the common themes found in the outreach portion of the interviews.

Favorable Comments

- *The County has made attempts to solicit my participation on their contracts and I have since become successful.* - African American
- *We have received some e-mail items and prior notification in the mail.* - African American
- *To my best recollection we are being informed of different projects and given the criteria of meeting what the necessary requirements are.* - African American

**Exhibit 6-17
Broward County Disparity Study
Personal Interviews
Outreach and Responsiveness
By Race/Ethnicity and Gender**

	African Americans				Hispanic American				Asian Americans				Native Americans/Other				Total MBES		Non-Minority Women		Non-Minority Men		Total	
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Encouraged to Bid																								
Yes	14	3	17	52%	4	3	7	58%	0	0	1	50%	0	1	1	17%	26	49%	8	33%	2	20%	36	41%
No	9	7	16	48%	4	1	5	42%	1	1	1	50%	4	1	5	83%	27	51%	16	67%	8	80%	51	59%
Total Responses	23	10	33	100%	8	4	12	100%	1	1	2	100%	4	2	6	100%	53	100%	24	100%	10	100%	87	100%
Personnel Helpful																								
Yes	17	7	24	75%	6	3	9	100%	0	1	1	100%	2	1	3	75%	37	80%	13	76%	9	90%	59	81%
No	6	2	8	25%	0	0	0	0%	0	0	0	0%	1	0	1	25%	9	20%	4	24%	1	10%	14	19%
Total Responses	23	9	32	100%	6	3	9	100%	0	1	1	100%	3	1	4	100%	46	100%	17	100%	10	100%	73	100%
Personnel Courteous																								
Yes	15	8	23	82%	6	3	9	90%	0	1	1	100%	3	1	4	80%	37	84%	20	100%	10	100%	67	91%
No	4	1	5	18%	1	0	1	10%	0	0	0	0%	0	1	1	20%	7	16%	0	0%	0	0%	7	9%
Total Responses	19	9	28	100%	7	3	10	100%	0	1	1	100%	3	2	5	100%	44	100%	20	100%	10	100%	74	100%

Source: Data from MGT Personal Interviews of Businesses conducted 2000

- *I had stopped trying but they encouraged me to start bidding again. - African American*
- *Two to three staff members call to give me information. - African American*
- *I have received bids, unfortunately they have not always been in time for me to bid. - African American*
- *The County sends me RLI's and then contacts me to see if I am interested. - African American*
- *They gather different purchasing agents from all the cities, even some from Dade County, and they all meet in one room and you go around and meet everybody, interchange, and that has been very helpful. - Hispanic American*
- *It's not the County's job to spoon feed everyone information. Companies should do their own homework. - Hispanic American*
- *Reviews of Notices and Library processes have been helpful. - Hispanic American*
- *The County is my biggest client. I learned how to do business with them. Purchasing has seminars. - Non-minority male*
- *They have an excellent program making us know that they have wonderful web pages. - Non-minority male*
- *Mailings are sent to us on bid opportunities. The Web site is very good. - Non-minority male*

Unfavorable Comments

- *The County has made no efforts to reach me. Although the OEO walked me through the certification process, the problem is purchasing. - African American*
- *There is a need for more dissemination of opportunities by the County to minorities. -African American*
- *The County should seek out SDBEs to form partnerships with large firms. - African American*
- *Through the efforts of the Black Business Association, the company gets information, but not directly from the County. - African American*
- *I do not receive any opportunities. The County makes no effort on my behalf. - African American*

- *I was certified in 1996 and haven't received any contact since then. - African American*
- *I don't get as many now as I used to. I think the County should conduct networking sessions to introduce primes to SDBE subcontractors. - African American*
- *Keep sending a listing or mass mailings, and give other opportunities to minorities. - Hispanic American*
- *The OEO office sends me bids, purchasing does not. - Hispanic American*
- *The County should try to match people's capability to what is coming out for bid. - Asian American*
- *Information from the County is not very helpful. The route to work in Broward County is to find a prime consultant that can use our services. - Non-minority female*
- *The County should have training sessions for small business to teach them how to do business. - Non-minority female*
- *I was certified early on. Bid notification and communication by the County agency is terrible. The documentation required too much paperwork. I don't understand why the County can't divide up RFPs so that smaller firms can bid. - Non-minority female*
- *I get flyers but they are worthless. - Non-minority female*
- *It's not like they call me up. I have to go find them myself. - Non-minority female*
- *It would be nice for the County to inform consultants about Capital Improvement Programs annually instead of the firm having to go to several departments to gather the information. It should be made available in one department. - Non-minority male*
- *Disseminate more public information other than the internet. Use different avenues with earlier notices for responses. - Non-minority male*
- *The County should provide projects in all ranges so everyone can bid as a prime. - Other*

Generally, non-minority females provided some of the most direct criticism of the County's outreach efforts. African American firms were, for the most part, the most positive. However, much of their praise was reserved for the OEO office, not the

purchasing department. Many respondents mentioned outreach activities that other respondents did not know existed. This indicates that the County is capable of effective outreach, but has not been consistent enough in its implementation.

Since a broad consensus exists regarding the helpfulness and courteousness of County personnel, it is not necessary to pursue this issue in great depth. However, most respondents did indicate that even though overall the County can be hard to deal with at times, they have been most successful when they can make personal relationships with specific individuals within the agencies. Generally, most respondents could get their questions answered, but they did not receive much information other than what they specifically requested.

Selection

MGT asked a number of questions related to the fairness of the selection process. The results are shown in **Exhibit 6-18**. At first glance, the results appear somewhat contradictory. Most respondents (63%) indicated that they had never been treated unfairly by the County during the selection process despite the fact that most (79%) thought that the County favored some companies over others. Of course, it is possible that some businesses were actually the ones favored by the County. But more likely, the results show that people have heard of incidents of favoritism while not actually experiencing it themselves. The exhibit also reveals that only a small percentage of firms (16%) reported losing a contract after being the low bidder.

When the results are examined by race/gender category, it is evident that little variation exists across groups concerning the matter of unfair treatment. Although African American business owners were the most likely to report that they were treated unfairly by the County during the selection process (45%), minority businesses overall

**Exhibit 6-18
Broward County Disparity Study
Personal Interviews
Selection Process
By Race/Ethnicity and Gender**

	African Americans				Hispanic American				Asian Americans				Native Americans/Other				Total MBES		Non-Minority Women		Non-Minority Men		Total	
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Encouraged to Bid																								
Yes	14	3	17	52%	4	3	7	58%	0	0	1	50%	0	1	1	17%	26	49%	8	33%	2	20%	36	41%
No	9	7	16	48%	4	1	5	42%	1	1	1	50%	4	1	5	83%	27	51%	16	67%	8	80%	51	59%
Total Responses	23	10	33	100%	8	4	12	100%	1	1	2	100%	4	2	6	100%	53	100%	24	100%	10	100%	87	100%
Personnel Helpful																								
Yes	17	7	24	75%	6	3	9	100%	0	1	1	100%	2	1	3	75%	37	80%	13	76%	9	90%	59	81%
No	6	2	8	25%	0	0	0	0%	0	0	0	0%	1	0	1	25%	9	20%	4	24%	1	10%	14	19%
Total Responses	23	9	32	100%	6	3	9	100%	0	1	1	100%	3	1	4	100%	46	100%	17	100%	10	100%	73	100%
Personnel Courteous																								
Yes	15	8	23	82%	6	3	9	90%	0	1	1	100%	3	1	4	80%	37	84%	20	100%	10	100%	67	91%
No	4	1	5	18%	1	0	1	10%	0	0	0	0%	0	1	1	20%	7	16%	0	0%	0	0%	7	9%
Total Responses	19	9	28	100%	7	3	10	100%	0	1	1	100%	3	2	5	100%	44	100%	20	100%	10	100%	74	100%

Source: Data from MGT Personal Interviews of Businesses conducted 2000

were less likely to indicate they were treated unfairly (35%) than were non-minority males (38%) or non-minority females (40%).

A large percentage of each race/gender group indicated that the County does favor some companies over others. Firms owned by African Americans (72%), especially African American women, and non-minority females (73%) were least likely to indicate this was true. However, non-minority women were most likely to report that they had lost contracts despite being the low bidder (25%).

The sections below highlight some of the comments made by interview respondents concerning the fairness of the selection process and possible obstacles to selection.

Fairness of the Selection Process

- *Racism is part of the system.* - African American
- *The selection process is fair when all the information is put up-front in writing.* - African American
- *It is not fair at all. The same companies are awarded the contracts. There are no efforts to help a true minority corporation.* - African American.
- *The interaction at the meeting with the County officials and some of the contractors, you just know there is something going on right there...the reaction between the officials and the contractors, you just know the job is theirs right away...in 20 years I have never done a job for them, I know my numbers can't be wrong every time.* - African American
- *We lost a bid because we did not fill in a zero, and that had nothing to do with the pricing. We were going to provide the watering service free of charge anyway, and I left the section blank, and did not fill in the zero, and we lost the bid.* - African American
- *Nothing is ever fair. It is who you know, whose campaign you have contributed to. If it were fair, we would not be having this conversation.* - African American
- *I would prefer that information be submitted without names attached.* - African American

- *The political process is a problem, but there is no way to get around it. Both race and politics have affected outcomes for my firm. - African American*
- *When they can list the bids out and show the bidders and what they actually came in and see the bids and read them out, we feel it is a good process. - African American*
- *At times it can be fair. The County awards contracts by dollar amount; they should consider, besides saving money, quality and deadline. - Hispanic American*
- *There are companies out there that will put numbers down that are unreasonable (low). They may get the work but they might not be able to perform with those numbers. - Hispanic American*
- *It's a lot more fair if you are a favorite firm. After they are selected then others have an opportunity after that. Feed the 400-pound guerilla first, then others will get fed. - Hispanic American*
- *From what I can see, it is fair. - Hispanic American*
- *On a scale of one to 10, it is a seven. It would be more fair if selection was done by staff instead of the commissioners. They would look more at technical capabilities and at past performance. - Hispanic American*
- *It's hard to say how fair it is. But we do win everywhere but Broward County. - Hispanic American*
- *Generally it is pretty fair when the staff runs it. - Hispanic American*
- *I have no comments. I would say it has been fair as far as I have seen. - Hispanic American*
- *There's too much political influence. The County Commission should excuse themselves out of the selection process – many counties are doing this now. But I prefer to not go to the Dade County process where they shortlist everybody. – Asian American*
- *The process is fair and unfair. The County rotates on a list, companies are not chosen by quality, just by number. - Non-minority female*
- *It is very fair. - Non-minority female*
- *Yes, I was treated unfairly. In general, there is a, let me think of the right word, a close knit political circle at the County that wield a lot of power to get contracts. The bigger the contract, the more control they have politically, and most minority firms are given small*

contracts, that aren't part of their political charities. - Non-minority female

- *I think it is a little too political and some jobs are pre-selected, and again the lack of enforcement when you are selected as a sub...They should force them to comply to perform with their own package, otherwise it is bait and switch. - Non-minority female*
- *I do not like the rotation list. The County's practice of not giving points to benefit Broward County companies over those from outside the county is wrong. - Non-minority female*
- *There was an instance once where the company was under contract to coordinate and print a County booklet. We acquired the company and inherited the contract. Unfortunately, there was an oversight and we did not have the ability to increase paper cost when that is common in the industry. County staff was unwilling to negotiate and make amenable revisions. I bid on the new RFP and got short-listed for the same contract. I presented with the competition in the room and that company was able to take that information and use it in their presentation. He was also allowed to negotiate on terms I was unable to get on the last contract. The County changed its mind on the same issues for which I was unable to convince them to do in the previous contract. - Non-minority female*
- *It's still an extremely political arena. Who you know is more important than the firm's qualifications. - Non-minority female*
- *The interview committee was composed of several individuals. One individual was someone who had applied for a job that I had advertised, and I did not select him or interview him a year or two ago. I could see like a light bulb go on for he recognized me, and he tore into with questions like you could not believe. - Non-minority female*
- *I would say it is fair but complicated. - Non-minority female*
- *The selection process is very poor. The bids are set for certain vendors. The County found something wrong with me just to exclude me. - Non-minority female*
- *Broward County will not send you the bid tabs. You don't know if you are one cent over someone else's price or \$25. - Non-minority female*
- *More times than not it is fair, but people who are not in play are out. Those who are always at the table get fair treatment because they are already there. – Non-minority male*
- *They make every effort to spread the work, and they do a good job in performing in that capacity. – Non-minority male*

- *We are encouraged to come in and compete and subsequently, we discovered a firm was informally selected. – Non-minority male*
- *The selection process is pretty fair, balanced. One department does not dominate the selection. But they should balance the committee with staff. – Non-minority male*
- *The system is as good as the people scoring the proposals. - Other*
- *It is based on competitive pricing for primes. It is fair. – Other*

Favoritism

- *Politics is the major component of doing business with the County. - African American*
- *The "good ole boy" system boils down to commissioners asking, "What have you done for me lately?" - African American*
- *I think that white professionals get preference over minorities. - African American*
- *The process relies on persons who give political contributions. The County feels more comfortable doing business with larger firms they have selected in the past. - African American*
- *Absolutely, it's obvious, look at all the companies doing business with the County, they remain the same. Same groups get the jobs. - African American*
- *Look at the record. Some companies have preferences. They hide selections by going under two or three sub-consultants - prime on one contract and sub-consultant on others. - Hispanic American*
- *The County has a group of favorite consultants. There are times when my company had the talent but we did not get short listed. We are never told why. - Hispanic American*
- *At the SNC process two Commissioners were present. One fell asleep and the other went through his mail during our presentation. If they are not listening, there must be a pre-conceived outcome to the selection process. - Hispanic American*
- *They listen to the most powerful lobbyist. No matter how prepared you are, the outcome is always predetermined. - Hispanic American*
- *I respect that the County favors firms that have done a good job. However, in certain cases the firms awarded jobs are getting them for other reasons – political. – Asian American*

- *They favor companies that have a positive track record or are their political allies.* - Non-minority female
- *The same group of people get awarded all the work.* - Non-minority female
- *Definitely there is favoritism. It's because of some companies' influence, politics and money.* - Non-minority female
- *It's not what you know, it's who you know.* – Non-minority male

Low Bid

- *Yes, we were low bidder once and not awarded the contract, but the County threw out all the bids and reopened the bid process.* - Non-minority female
- *Yes, I was once the lowest bidder and someone else got the contract.* - Non-minority female
- *Yes, I had to hire a lobbyist so I did not get the contract taken away from me, because it was meant to go to somebody else.* - Non-minority female
- *I had a service agreement that I was low bidder on, but based on a prior experience, the person in charge would not have anything to do with me.* - Non-minority female

Factors that Prevent Winning County Contracts

- *Not knowing about opportunities, lack of communication with vendors.* - African American
- *I'm black.* - African American
- *Lack of networking and political contributions.* - African American
- *Bonding requirements.* - African American
- *Simple clerical errors can disqualify you. Most of it is nitpicking and has nothing to do with the contract.* - African American
- *Committee structure and the subjectivity of the process. It's frustrating when the staff ranks you number one but elected officials do what they want anyway.* - African American
- *Either the competition is more prepared or the outcome is predetermined.* - Hispanic American
- *Lack of information* - Hispanic American

- *The County does not give everyone an opportunity, they do not call. They do not send information to everyone on the list.* - Non-minority female
- *There is too much paperwork involved.* - Non-minority female
- *They award to low bidder, there are more important things than price.* - Non-minority female
- *Not having a local presence.* - Non-minority female
- *The perception that smaller firms are less capable than larger firms.* - Non-minority female
- *I think the biggest thing, first of all it starts with knowledge of the bid. Knowing the bid is even available is number one. The bid process is a difficult one, I mean it is time consuming. It is a difficult process and you can't get people on the phone to help you.* - Non-minority female
- *Lack of experience with the process* - Non-minority female
- *It's too expensive to go after projects.* - Non-minority male
- *The way that purchase orders are being written, the way the scope of work is done which obviously it is being written to benefit a particular company or group.* - Other

Overall, the interview responses provide a fairly consistent pattern. The most frequently heard complaint was that the selection process is too political. A strong consensus exists that jobs are routed to companies with political connections to elected officials. Minority firms are also likely to believe that part of the political favoritism is racially based. Many firms were concerned with the influence of lobbyists in the selection process.

Respondents listed a wide variety of factors that prevented them from being more successful in the selection process. Minority firms were most likely to list items that were related to bonding and lack of information. Non-minority firms were most likely to emphasize pricing concerns and the size of contracts. Although outright discrimination was not frequently mentioned, many minority firms were concerned with their inability to be included in the political calculations that they perceived to drive the selection process.

Appeals and Retaliation

When a firm loses a bid to another firm, it has the right to appeal or lodge a complaint. However, some firms are hesitant to lodge a complaint for fear of future retaliation. MGT asked firms if they had ever appealed a contract or purchase order award and if they felt that they might be retaliated against if they did so. The results are shown in **Exhibit 6-19**.

Appeals

- *There was a \$50,000 contract to build a wall. I appealed it and got the bid after all. In this case, the appeal process did work. – African American*
- *I brought someone in to help me with the job, a white guy, he got so upset about what happened, that they just said no, and that one line was left with nothing in it. I was going to give them the watering for free, and we would have won it because of the fact that we were the low bidder. But we left the one line blank. Everyone else said it was ok, but this one guy didn't. They gave it to the second low bidder, who was only about \$500 dollars higher than us. It was a Spanish company and they got it. The project was about a \$1,000,000 project. – African American*
- *We appealed a job at Port Everglades. I do not remember the reason we appealed, but we did not win the appeal. We lost the appeal and they awarded the job to a smaller firm. – Non-minority male.*

Retaliation

- *I would have to forget about getting work. I would be viewed as a troublemaker and get blacklisted. That is why people do not appeal. – African American*
- *If you complain, the same members will be a part of the upcoming selection committee and can hurt your chances of getting selected. – African American*
- *Yes, it usually happens when a minority firm challenges a government entity in terms of its practices. The firm is usually blackballed or not allowed to participate in the process, or they just aren't selected. I guess the proper term is "systematically excluded". – African American*

**Exhibit 6-19
Broward County Disparity Study
Personal Interviews
Appeals and Retaliation
By Race/Ethnicity and Gender**

	African Americans				Hispanic Americans				Asian Americans				Native Americans/Others				Total MBEs		Non-Minority Women		Non-Minority Men		Total	
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Appealed A Contract?																								
Yes	3	0	3	9%	0	0	0	0%	0	0	0	0%	0	0	0	0%	3	5%	0	0%	1	10%	4	5%
No	22	10	32	91%	8	4	12	100%	1	1	2	100%	5	2	7	100%	53	95%	22	100%	9	90%	84	95%
Total Responses	25	10	35	100%	8	4	12	100%	1	1	2	100%	5	2	7	100%	56	100%	22	100%	10	100%	88	100%
Retaliation Likely?																								
Yes	9	4	13	57%	0	2	2	33%	1	1	2	100%	3	0	3	75%	20	57%	6	32%	3	43%	29	48%
No	6	4	10	43%	3	1	4	67%	0	0	0	0%	0	1	1	25%	15	43%	13	68%	4	57%	32	52%
Total Responses	15	8	23	100%	3	3	6	100%	1	1	2	100%	3	1	4	100%	35	100%	19	100%	7	100%	61	100%

Source: Data from MGT Personal Interviews of Businesses conducted 2000

- *Absolutely, I would be labeled as a troublemaker. – African American*
- *Indirectly yes, it is human nature. Nobody likes to be challenged, especially government agencies. – African American*
- *No one likes you to “rock” or “buck” the system and they do not want you to question their authority. – African American*
- *I think I would be blackballed due to my company’s size and inability to compete with the larger companies and the bonding requirements imposed by all involved in the contracting process. – African American*
- *That kind of mentality permeates the whole County building. It filters down from the decision-makers (commissioners) to the staff. – African American*
- *I fear that they will retaliate. I perceive that they will. – Hispanic American*
- *It depends. If you consistently lodge complaints there is the perception that with four competent firms responding to the RLI, why should you select a problem child? I have lodged complaints, but haven’t been blackballed to date. – Hispanic American*
- *Yes, because they will say that I am a troublemaker. Unfortunately, it is best to stay quiet and mind your own business. I have learned that. – Hispanic American*
- *They would hold it against me, just be fair and give opportunities. – Asian American*
- *More than likely, public officials remember who starts commotions. – Asian American*
- *I have seen other people file complaints and get blacklisted. People have to wait their turn sometimes. – Asian American*
- *I lodged a complaint and met with the County. They explained getting money from the government and having to use many suppliers. – Non-minority female*
- *Yes, I think there is retaliation because of the political nature of the process. – Non-minority female*
- *Yes, I know there is within a specific department but not from the County as a whole. – Non-minority female*
- *Yes, it’s human nature. – Non-minority female*

- *I would be viewed as a troublemaker. Men hold most of the positions and do not want to hear from an assertive woman. – Non-minority female*
- *In business it is difficult to be impartial if people make claims against your judgement, it's "best to lick your wounds and come back next time". – Non-minority male*
- *It would probably depend on the complaint, I think it is human nature, if you cannot work within the parameters the County established, it would be difficult for them to award you additional work. If you want to call that retaliation, that is one term you can use. – Non-minority male*
- *Some might feel that if they complain they might get blackballed from future work. – Non-minority male*
- *I don't think so. I don't think government would retaliate against people. – Other*
- *Yes, because I am not the only person that I heard they would retaliate against. Because of the behavior and performance of the person you would deal with and there is no question that we would be. – Other*

Clearly many of the most condemning comments come from African American business owners. The specter of retaliation may be a significant factor in the unwillingness of business owners (notably minority business owners) to lodge protests or complaints against the County selection process.

Subcontractors

In this section the experiences of subcontractors on Broward County projects will be examined. The first portion of the analysis will be an examination of the interviewees' frequency of subcontracting experience. The other questions asked are concerned with factors that inhibit subcontracting success, subcontractor replacement, and favoritism on the part of primes to certain subcontractors.

Frequency of subcontracting experience

As seen in **Exhibit 6-20**, of the 87 responding interviewees, 46 (53%) indicated that they had served as a subcontractor on a County project during the study period.

Based on the reported responses, the following conclusions can be drawn.

- Firms owned by females are less likely to serve as subcontractors on County projects than are firms owned by males. For example, only 40 percent of non-minority female owners reported that they have served as subcontractors on County projects. Among minority businesses, male-owned firms served as subcontractors more often than did their female counterparts.
- Two-thirds of responding non-minority males indicated they had served as subcontractors during the study period. MBE firms were slightly less likely (57%) to indicate that they served as subcontractors.

Respondents who indicated they had served as subcontractors on County projects during the study period were asked how often they had served as subcontractors. The results, shown in Exhibit 6-20, reveal that most of the interviewed firms did not serve often as subcontractors. Three-fifths (60%) served as subcontractors on only 10 or fewer occasions. Thirteen percent served as subcontractors between 11 and 25 times while only 20 percent served as subcontractors over 50 times during the study period.

Generally, MBE firms and WBE firms served as subcontractors more often than did firms owned by non-minority males. However, since only four non-minority male firms responded to this question, it is somewhat difficult to make any sweeping generalizations. African American-owned firms were most likely to report working frequently as subcontractors on County projects. Nearly one-fourth (24%) reported serving as subcontractors more than 50 times.

Interfering Factors

Interview subjects were asked what factors prevented them from serving as subcontractors on County projects. The vast majority of respondents did not indicate

**Exhibit 6-20
Broward County Disparity Study
Personal Interviews
Served as a Subcontractor
By Race/Ethnicity and Gender**

Category	African Americans			Hispanic Americans				Asian Americans				Native Americans/Others				Total MBEs			Non-Minority Women	Non-Minority Men	Total			
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%		
Served As Sub On County Project																								
Yes	15	5	20	59%	6	1	7	54%	1	0	1	50%	4	0	4	57%	32	57%	10	40%	4	67%	46	53%
No	10	4	14	41%	3	3	6	46%	0	1	1	50%	1	2	3	43%	24	43%	15	60%	2	20%	41	47%
Total Respondng	25	9	34	100%	9	4	13	100%	1	1	2	100%	5	2	7	100%	56	100%	25	100%	6	100%	87	100%
Frequency of Use As Sub																								
1 to 10	7	4	11	52%	5	1	6	86%	0	0	0	0%	2	0	2	50%	19	59%	6	67%	2	50%	27	60%
11 to 25	2	0	2	10%	1	0	1	14%	0	0	0	0%	0	0	0	0%	3	9%	1	11%	2	50%	6	13%
26-50	2	1	3	14%	0	0	0	0%	0	0	0	0%	0	0	0	0%	3	9%	0	0%	0	0%	3	7%
51-100	2	0	2	10%	0	0	0	0%	0	0	0	0%	1	0	1	25%	3	9%	1	11%	0	0%	4	9%
Over 100	1	2	3	14%	0	0	0	0%	0	0	0	0%	1	0	1	25%	4	13%	1	11%	0	0%	5	11%
Total Respondng	14	7	21	100%	6	1	7	100%	0	0	0	0%	4	0	4	100%	32	100%	9	100%	4	100%	45	100%

that there were any problems that interfered with their ability to obtain subcontracting work. Several respondents did mention a lack of capital or other factors such as insurance requirements, but these comments were fairly rare. However, some minority and non-minority female interview subjects did indicate that primes listed their firms in proposals and then dropped them once the contract was obtained. The following comments are fairly typical.

- *Prime contractors are not monitored to make sure that the primes have awarded the contracts to minority subcontractors. - African American*
- *In 1999, a South Carolina company bid on a Broward County computer service contract and used us as its minority service provider. They were awarded the contract but they failed to ever contact us for the services we were listed to provide. In my opinion, they used us to get County business and I have never received one dollar from this company. The prime has yet to meet its goals with the County. - African American*
- *The general contractor had the job and we were the minority contractors on the job. We have not been contacted to start the job and the general contractor is still claiming that they haven't received the job. - African American*
- *The County should not allow primes to change firms in the "middle of a race". A project should not be shopped to other firms after a commitment is made to one. - Asian American*
- *I have called the minority office about being squeezed out of a contract that we were supposed to be included in, and it was very unsuccessful. - Non-minority female*
- *The County once called me and told me I was listed as a subcontractor on a project that was awarded. However, I never worked on the project. - Non-minority female*
- *Primes will claim that a woman-owned firm cannot do the job, even though they listed that company to get the contract. Then they get a male-owned company to take her place. - Non-minority female*
- *Once we had to withdraw from a project because the amount of the contract was less than we had originally negotiated for. - Non-minority female*

In many ways, the experience of subcontractors is somewhat similar to the experience of prime contractors. Some do not receive sufficient business information, while others struggle with issues such as insurance, bonding, and projects that are too large for them to perform. However, minority and women subcontractors face an additional hurdle to obtaining business. As documented in the above comments, these firms face the specter of being replaced on contracts even when their presence in the bid package may have helped the prime obtain the contract in the first place. As one minority sub explained it, this "bait and switch" practice is very damaging to minority and women-owned firms and reflects an underlying resistance on the part of non-minority primes to employ businesses that have been historically underutilized.

Favoritism

MGT asked subcontractors if they thought that prime contractors show favoritism towards particular subcontractors when it comes to procuring services and products for County projects. The question was asked only of those interviewees who indicated that they had served as subcontractors on a County project sometime during the study period. Although the sample is somewhat small, the results, shown in **Exhibit 6-21**, are consistent with the comments of the respondents. While non-minority males generally did not believe favoritism was prevalent (25%), minority (83%) and women (71%) business owners overwhelmingly indicated that favoritism was the rule rather than the exception. For the total sample, 74 percent of subcontractors indicated that primes exhibit favoritism to designated subcontractors.

Interviewees had different perspectives about the type of favoritism they had witnessed and what motivated the preferential treatment of some subcontractors. Listed below are comments that are representative of the opinions of interviewees.

**Exhibit 6-21
Broward County Disparity Study
Personal Interviews
Favoritism
By Race/Ethnicity and Gender**

Category	African Americans			Hispanic Americans				Asian Americans				Native Americans/Others				Total MBEs		White Women		White Men		Total		
	M	F	Total	%	M	F	Total	%	M	F	Total	%	M	F	Total	%	Total	%	#	%	#	%	#	%
Primes have favorites																								
Yes	11	3	14	88%	2	0	2	67%	0	0	0	0%	3	0	3	75%	19	83%	5	71%	1	25%	25	74%
No	1	1	2	13%	1	0	1	33%	0	0	0	0%	1	0	1	25%	4	17%	2	29%	3	75%	9	26%
Total Respondng	12	4	16	100%	3	0	3	100%	0	0	0	0%	4	0	4	100%	23	100%	7	100%	4	100%	34	100%

- *It is who they are comfortable with, the ones who have worked with them for years, I am beginning to understand that now. - African American*
- *Yes, it is based on bids and County requirements for minority goals. - African American*
- *Yes, if they can run the subcontractors (tell them what to do). The County should separate contracts. - African American*
- *Primes, in general, have to involve MBE subcontractors because of requirements. For the most part, most of them do not want to, they resent it. There have been times that the County has not focused on complaints given to them by SDBEs who wanted help in getting the awards they were promised. Some staff are more helpful than others regarding this matter. - African American*
- *Yes they do. When prime or general contractors bid County projects, and coming from the private sector they have already set up a team of subcontractors. Those primes go with the teams they have already set up. So if they are not forced to change, the chances are very slim for others to work on County projects. - African American*
- *I am sure they favor people they have had success with in the past. - African American*
- *Yes, because of their familiarity with the firm or there is a category that they want a sub to meet a participation goal for. - African American*
- *There are some primes comfortable working with previous subcontractors and want to stick with them, not add new ones. - African American*
- *Sometimes, subcontractors are not necessarily selected totally on their ability but also on who their contacts are in the system. - African American*
- *They may have prior relationships so it makes sense. - Hispanic American*
- *They utilize who they need to meet goals - different groups as required. - Hispanic American*
- *If they have worked with them in the past, they typically use them. They feel more comfortable working with those subcontractors they know. However, there is still an opportunity for them to get to know a new sub, but the interview process given to a new sub is risky. - Hispanic American*

- *When primes put together the team they do so with firms close to commissioners to get a vote. They want to make sure that the team members can help with the vote. - Hispanic American*
- *I do not think that primes will use SDBEs. If they can bring you to the table they will, but first you have to show them why they should. Usually those reasons are related to political pull, knowing people and the system. - Asian American*
- *Many times when you work successfully with a prime and they are aware of your past performance, this creates additional opportunities in the future. - Non-minority female*
- *Yes, they have certain people that they work with and I don't disagree with that concept. I think they should sometimes be a little bit more open, and I don't like it when they are a subsidiary of themselves. I contact them and they tell me that they are going to give me a little bit of the sub work. Then they say, well, we don't need to give you any of the work. We have a group of our boys we put together, and then they make them into a minority company. - Non-minority female*
- *I think it is possible, and again, I think it is political. - Non-minority female*
- *They prefer to use subcontractors they have previously done business with. Sometimes there is no way to break through, and this is a business problem to overcome. - Non-minority female*
- *Absolutely - they favor those who do the work that they are paid to do. DBEs have sometimes been used for name only and not the work which many could not do. - Non-minority male*
- *They like to use firms that have done work with the County, known to the staff and commissioners, local and have a proven record. - Non-minority male*
- *It is base on who you are familiar with, who you are comfortable with. - Non-minority male*
- *Yes, they get used to using the same MBEs and seldom use others. - Other*
- *Their favoritism is seen in that they have certain companies that they like to do business with and in most cases these are non-minority firms. They only use minorities when they need to fill a percentage of gender or color or nationality. But otherwise they have their own clique and they like to stay within that clique. - Other*

The comments above provide a fairly clear picture of what respondents believe are the reasons for favoritism in the marketplace. Most respondents indicated that familiarity is the key reason for favoritism. This is logical and consistent with standard business practices. If a company provides good service, it will ordinarily receive repeat business.

However, many minority and female business owners observed that M/WBE status will prevent them from receiving that critical first opportunity, particularly if no goals are in place to provide the incentive for a non-minority prime. Most of the business owners from historically underrepresented categories are comfortable with the idea of repeat business being generated from satisfactory performance. However, before a firm can prove itself, it must first have access, and many firms were concerned that receiving access would be difficult in a very political environment. This is especially true when most minority and female-owned firms are younger and less established than non-minority male-owned firms.

Minority and Non-minority Business Climates

In this section the differences and similarities in the attitudes of minority and non-minority business owners are presented and analyzed. Even though all of the personal interview subjects work in the same geographical area, their life experiences and cultural backgrounds may lead them to see the same events and conditions in very different ways. Therefore, similar questions were asked of all interviewees, and the following sections record their responses.

Discrimination

One of the critical issues addressed by any disparity study is the presence of discrimination in the marketplace. Discrimination can be overt or it can be subtle, and often the same event or comment can be interpreted in different ways depending on the

race or gender of the person perceiving it. Interview subjects were asked about discriminatory experiences (non-minority males were asked about reverse discrimination) and the comments below provide a summary of interviewee attitudes. Minority business owners were asked if they experienced discrimination from the County or other private and public sector entities.

Minority Discrimination from the County

- *We were working on a project in Port Everglades and there was a problem with the payments. Everyone else got to explain their side but when it was our turn we were told, "I am going to give you \$35,000 and I don't want to hear anything about this". We were never given a chance to explain what the situation was. He doesn't explain how he came up with the numbers. Just because we are a black company, does that mean we are supposed to be impressed with \$35,000 when we put in a change order for \$51,000? We don't think so, especially when you tell us we have to take it and not say anything else about it. - African American*
- *No, I don't expect to because there are a lot of people to report it to. No one wants to be considered a racist or have a report that says they are racist. Of course, we know that it happens behind closed doors all the time. It's never going to be exposed by the perpetrator, that isn't going to happen. - African American*
- *While I don't bid often, when I do I always get the runaround from County employees. They just don't treat you professionally and I categorize it as discriminatory. - African American*
- *I put in paperwork to be certified two or three times but wasn't certified until a commissioner intervened. - African American*
- *The head of the procurement process is nasty and will not interact. They use it for their friends and "kickbacks". I plan on getting some people to confront the County Commission. - African American*
- *Broward County views minority firms as not being qualified. - African American*
- *Yes, I had clearly demonstrated more experience and had a better track record, but the job was awarded to another firm. - African American*
- *Indirectly yes. It is more like a treatment of systematic exclusion, but it is not overt. Governments have become more sophisticated with the methodology they use to discriminate. It is more in the manner*

of how they treat you and the information they allow you to have. - African American

- *Yes, for example a project manager withheld information during the design phase. He refused to pay for specific line items during negotiations, but when the project started he wanted the SDBE firm to provide those same tasks without paying for them. - African American*
- *On our presentation we presented many letters of reference and the projects we performed that could speak to our work. They could see that we had the necessary experience, but they did not give us the job, simply because they said they did not know our company. - Hispanic American*
- *Yes, we've had County employees make derogatory remarks about our black concrete crews. They said that they don't do their jobs right and that they are stupid and things like that. However, I think this is more of an individual problem than an attitude on the part of the County. - Non-minority female*
- *It is covert and confined to individual departments. At times the County doesn't take me seriously because I'm a women. - Non-minority female*
- *Yes, Broward County Aviation had preconceived notions and I had to get nasty with their Chief of Operations. - Non-minority female*
- *The Department Heads have their favorite companies. I know this for a fact. The "good ole' boy network" is the reason for the discrimination. - Non-minority female*
- *I would not go so far as to say discriminatory, no. Just very unprofessional behavior is what I would say. No need to elaborate, water under the bridge. - Non-minority female*
- *The description of discriminatory behavior is very difficult to incorporate into words since this can be done in so many ways. But even the uneducated persons feel they are better than the educated minority persons. This is very evident in the stuff that I have seen written all over the different rules. My men were attacked on the job-site in Broward County by a non-minority firm, because they didn't get along with us, and one of my men was hurt. My worker was taken to the hospital with a gash on his forehead. The police basically told everybody to be quiet and nothing was ever done to the other guy. - Other*

Minority Discrimination from other public and private entities

- *From the General Contractors it happens all the time. You know how they deal with the white subcontractors, they are allowed to air their complaints and grievances with all the time they need. For minority subcontractors, they act as if they do not want to hear about it. - African American*
- *Yes we have, many times. Once for a major contractor in Broward County, we were the low bidder but he said that we weren't financially able to do the project even though we could produce a bond for it. They made us produce a financial statement. We did it but they were steadfast they were not going to allow us to do it. We did not get the project. - African American*
- *The one project that comes to mind is the Broward County Courthouse Project. The construction manager spent more time trying to find things that we were doing wrong than code problems with the building. - African American*
- *Yes certainly. Private companies say they do not want to do business with me. I remember when somebody told me "to get my Black ass out of here." - African American*
- *I have experienced racial discrimination from the School Board, NBHD, Dade County School Board, BCC, City of Fort Lauderdale, and Lauderhill for the past nine years. - African American*
- *Yes the private sector uses their friends. The Broward County School Board funnels all their work to one company. - African American*
- *We haven't experienced it from the County, but other governments will promise to send you bid information and never send it. - African American*
- *Yes this is a very racist county, and that explains everything. I also discriminate myself, I don't like the Chinese. We all do it. You do it to me, I do it to the Chinese or the Italians or to the Blacks, whatever. - Hispanic American*
- *Yes, with the Department of Juvenile Justice, which is quite ironic, absolutely ironic. We were doing a project for them, and in Volusia County their project manager was the most racist person we have ever encountered in our lives. He would write these letters that were just horrendous. - Hispanic American*
- *In the private sector discrimination occurs at the level they will not take the lowest bid. They will choose the person they are most comfortable with. - Hispanic American*

- *Yes, discrimination occurs in the private sector all the time. I serve an organization that votes to fund agencies and the Chairperson did not see the need to have Blacks, Hispanics, and other minorities on the Board.* - Hispanic American
- *Being a woman-based business, they do not want to see me at a construction site.* - Non-minority female
- *Dade County discriminates against me all the time.* - Non-minority female
- *Not the County, but I was presenting one time and a male employee came up to me and said that I did a very good presentation, and that even if I didn't win I would be given the "Miss Congeniality" award. I doubt he would have said that to a man.* - Non-minority female
- *In the public it happens every day, but there is nothing you can do about it.* - Other
- *Yes, with the Broward County School Board.* - Other

Reverse Discrimination

- *To a certain extent, we have suffered from it. Some companies were smart enough to transfer stock to their wives' names, which gives them a distinct advantage where they enjoy the ability to perform more of the work themselves. The minority status allows them to get work, and they do not subcontract out the work which puts me at a disadvantage. White females and Hispanics are not, in my opinion, disadvantaged and should not be in that mix. The money is going to the wrong place.* - Non-minority male
- *No, I have never suffered from that. In fact, I have served as a sub for an MBE.* - Non-minority male
- *Well, I have lost money because I was required to subcontract and make purchases from minority firms at higher prices. We have minorities that do excellent work and non-minorities that do excellent work. Most of the time it is not based on race.* - Non-minority male
- *Not in Broward County but in Palm Beach County.* - Non-minority male

Overall, the interviewees had diverse experiences. For the most part, non-minority males did not indicate to any great degree that reverse discrimination was a serious problem in Broward County. Minorities and non-minority females had different

experiences, although most indicated that discrimination was more of a problem in the private sector than in the public sector. Within Broward County, many respondents indicated that discrimination was somewhat ephemeral. They could often sense that discrimination was present, but had difficulty pointing to specific examples. Some observed that discrimination is less overt than it used to be and is more covert in nature.

Minority Certification

In this section, the advantages and disadvantages of minority and female certification is examined. While many minority and female businesses attempt to get certified to qualify for preference programs, the impact of that certification is not always obvious. The first comments are from non-minority male firms and indicates their opinions about the competitive advantage of certified minority firms.

Comments from non-minority male owners

- *Certification is not the determining factor for getting work with the County. It is their qualifications, experience, performance, and relationships. - Non-minority male*
- *Yes, if my firm is required to have certified firms on my team, then those are the only firms I will consider. - Non-minority male*
- *If you are not certified the County does not consider that to be part of the contribution toward meeting the M/WBE goals established for the contract. - Non-minority male*
- *I think it only matters for subcontractors. In my area, MBE primes can get work. - Non-minority male*
- *Well, when we are going to use an M/WBE, we use that. We try to use firms that are on Broward's list. We also look for firms that can bring votes from the selection committees. - Non-minority male*
- *I would answer yes and then qualify it. It is not a competitive advantage by way of comparison to us, but when we pull a team together, we look for minority firms that are certified. So I guess in comparison to each other there is an advantage. - Non-minority male*

- *In some respects, yes there is. Some minority companies know they don't have to lower their prices like we do because they are MBEs. - Non-minority male.*

Comments from M/WBE owners

- *No, it does not matter. It is additional paperwork. - African American*
- *Yes, it is the only way we were ever considered. When there was no minority participation goal level required, our chances for selection or being short listed were absolutely zero. - African American*
- *Certification has helped me get work. On the other hand, I have been hurt by it as well. - African American*
- *I don't think it makes any difference for my firm. - African American*
- *No, it is the opposite because people assume the firm is less qualified. - African American*
- *Yes, because if there were no requirements for the prime contractors, then there would be no opportunities for SDBEs. I support the certification process. - African American*
- *If there were no certification requirements, I would not get any business. Seventy-five percent of my work is based on my certification as an MBE. - African American*
- *Yes, it has helped us and is probably the factor that helped us most. - Hispanic American*
- *Yes, it opens the doors once in the arena and everything else is equal. It opens up new opportunities to the prime and the sub. - Hispanic American*
- *Sometimes it is a two-edged sword. As a sub it can be an advantage. As a prime it is often assumed we are not as experienced to do a job. - Hispanic American*
- *Yes, larger firms would not use smaller firms if it was not required. - Hispanic American*
- *No. Why would it? - Hispanic American*
- *It has given me an opportunity to work on larger projects since there are goals to be met on projects. I have been selected because I am an MBE. - Asian American*
- *No, as a prime it is not much of an advantage. - Asian American*

- *No, it puts firms at the bottom of the subcontractors to be considered. The County's Outreach Program sends a subliminal message that the SDBE is not qualified. - African American Certification can be a hindrance because the process is so slow that it may delay your ability to participate on a project. On the other hand, if you are not certified, you will not be utilized. - Non-minority female*
- *I think we get jobs because we are certified, and we do a good job. - Non-minority female*
- *Certification has no impact. - Non-minority female*
- *Certification has not affected us either way. - Non-minority female*
- *When given an opportunity to bid, M/WBEs are looked at differently than non-M/WBEs. - Non-minority female*
- *Yes, absolutely, I get more work through certification and a lot of repeat work. - Non-minority female.*
- *Broward County does not pay any attention to it. The State, Palm Beach, and the School Board does. - Non-minority female*
- *I think it gives a competitive edge. It gives a larger company a little bit of an incentive to hire because they have to meet their quotas. - Non-minority female*
- *I have not gotten work with this certification so it does not help me. I don't see anything coming from it. - Other*
- *I haven't found it to be helpful - only SBA 8(a) status has helped us to get contracts. There is an unwritten rule to use Blacks, then Hispanics, then Native Americans. - Other*
- *Yes, I receive bid requests because I am certified. - Other*
- *Yes, because if the County is looking for primes to utilize M/WBEs then it could give M/WBEs an edge. - Other*

On the issue of certification, several conclusions can be drawn from the interview participants. Most non-minority males thought that M/WBE certification was of some benefit to women and minority-owned firms. However, many thought that this advantage was gained over other, non-certified M/WBEs. They did not think that certification necessarily brought a competitive advantage over to their own business.

Among minority and women-owned businesses, opinion was somewhat divided. Slightly over half indicated that certification was useful for obtaining work, but a substantial minority thought that certification either did not help them or indirectly hurt them by casting a stigma of inferiority on their businesses. Based on the total responses, it is clear that minority goal programs have had a definite impact on the selection procedure, but opinion is somewhat divided over just what that impact has been.

Willingness to Use M/WBE Firms

Interview subjects were asked a series of questions related to the willingness of prime contractors to use M/WBE firms. Minority firms were first asked if primes would use M/WBEs if no goals were present. A cross-section of their responses are listed below.

- *Definitely not. "If there is no one guarding the house, the house will fall". Without laws there would be no contracting opportunities. If this program is eliminated another one needs to replace it. - African American*
- *I don't think they would at all. It is my personal view that if they did not have to meet those goals, they would use whoever they chose and minorities would not be hired. - African American*
- *No, they would just not use them. It is obvious. - African American*
- *No, because I think they are so comfortable with the people they have been working with for years, and if not for the program minorities would not be able to come in and show their capabilities. - African American*
- *No, they are reluctant to use them now. Many times they include minority firms to win the bid and once they win it the minority vendors are not used. - African American*
- *I think very few would use minorities if there were not goals. - African American*
- *No, they would only use them if they could make a bigger profit. - African American*

- *No, that's why the goals had to be established in the first place. - African American*
- *History has proven that they will not use them without goals. NBHD records show that when there were no goals, there was no usage. - African American*
- *Yes, they would but they would use the ones that they hand pick or the ones that are referred by friends. They would not give an opportunity as much as they do on public projects. - African American*
- *If the minority firm gives them the best price, then they might do it. Otherwise, probably not. - Hispanic American*
- *I think that there would be less use of them (minorities). We've been around for years so people know our work, but I suspect firms just starting out would have a very difficult time. - Hispanic American*
- *Yes, but at a much reduced level. You would have to one of the gang or give a very low price. - Hispanic American*
- *They would use M/WBE firms less than in the past because they would just use the firms they have used in the past. - Hispanic American*
- *Yes, but not to the same degree as when there are goals. Where real relationships already exist, they may continue to exist. - Hispanic American*
- *Yes, if there are not enough qualified subcontractors to do the work and minority subcontractors have proven they can do the work. Primes do not want to rely on one set group, this helps them to be more competitive. - Asian American*
- *No. Without a program you have to depend on people's good will. - Asian American*
- *Some would and some would not. It depends on their motivation. - Non-minority female*
- *No way, they do not want to. - Non-minority female*
- *Probably not, they are not using me now. They only use minorities to satisfy requirements. I think my firm is very good, but no one is requesting me. - Non-minority female*
- *Yes, I think they would, based on the quality of work performed. - Non-minority female*

- *No I don't and that is based on when I look at the teams that are put together for Federal projects that have DBE goals on them. Very rarely do women show up in any significant way on these teams. That to me is about as open as things get.* - Non-minority female
- *They would be looking for someone they have already worked with or someone they could control. The new businesses would not be getting any jobs.* - Non-minority female
- *Sure, I think so.* - Other
- *They would use them, but less often.* - Other
- *Without requirements they would not use them as often. Requirements make them develop relationships they would not otherwise develop.* - Other

Based on the responses given, it is obvious that the vast majority of minority and women business owners do not think that primes would use M/WBE firms without the presence of goals. African Americans were almost unanimous in this conclusion. Hispanic American respondents concluded that it would happen only if primes could reap some type of additional economic reward, while most non-minority females thought that goals allowed them access that they would lose if programs were no longer in place.

Minority and non-minority respondents were asked if they were aware of any practices used by primes to avoid using M/WBEs. Their responses indicated the practices of:

- paying a percentage to a minority firm to use their name to meet minority goals;
- hiring M/WBE firms and only giving them secretarial work;
- placing the company in the wife's name;
- setting up dummy corporations;
- replacing subcontractors after contract award;
- claiming minority subcontractors cannot handle work and replacing them; and

- claiming that minority subcontractors don't do the type of work they require.

Although many interviewees indicated that they were not aware of any practices, a considerable number reported the use of "front" companies, particularly the practice of putting a company in the name of an owner's wife. The other practice that was widely reported was the award and replacement technique. Minority firms would be asked to bid, and when the job was won they would be replaced.

In addition to the previous questions, M/WBEs and non-M/WBES were asked if there were any differences in the willingness of primes to use M/WBEs in the private versus the public sector. Almost without exception, firms thought that M/WBEs were more likely to be used on public sector jobs than private sector jobs. As one African American respondent put it, "I would say that there is much more willingness in the public sector, but only because it is required."

Based on the responses provided, the issue of prime usage of M/WBEs is actually not overly complicated. Minority and women business owners have almost no doubt that without program goals, M/WBE usage would drop dramatically if not be eliminated all together. Even under the current system, non-minority primes find ways to avoid using M/WBE firms. The most prevalent techniques are the use of front organizations and replacement after contract award. Business owners also agreed that M/WBE firms are more successful in the public sector than in the private sector.

6.4 Focus Groups

Between March 31, 2000, and May 1, 2000, MGT conducted 17 focus group sessions during which 37 individuals participated. Fourteen participants were African American, 12 were non-minority females, five were Hispanic American, four were non-minority males, and two were Asian American. Focus groups were held by ethnic group

in order to encourage a free dialogue flow. Due to the different experiences of M/WBE firms and non-minority firms, non-minority male focus group participants were asked slightly different questions. Consequently, their responses are separated from the rest of the analysis below.

6.4.1 Results from Minority and Women-Owned Business Enterprises

The following paragraphs present the discussion that took place during the M/WBE focus groups. Where possible, the participants' own words are used to capture the subtext of the discussion.

Company Formation and Obstacles to Entry

Focus groups subjects were asked to describe how they started their businesses and what obstacles, if any, they faced in the formation of their businesses. Some of their experiences are recorded below:

African American

- *I worked in construction for over 20 years and used my own savings to get started. I started the company in 1998 and started working in 1999. The business climate is tough. Government contracts were my goal, but the going has been slow.*
- *Prior to 1992, I worked on Wall Street and the company I worked for brought me to Boca Raton. Once I was here, I wanted to go into international business. I started off small in my home and decided to work with government because it is more stable. The government doesn't go out of business. I got certified with different agencies and the same day I got certified I got a \$5,000 contract from the School Board of Broward County. While I have received a lot of opportunities from West Palm Beach, it is difficult to break through in Broward County.*
- *After being successful in Dade County, last year I started servicing Dell computers in Broward County. I started off with four workers and now I have 19. Now Dell wants to start doing business with me directly and the State of Florida is putting pressure on Dell to use minorities. I am working with the One Florida people, but I don't endorse it or condemn it.*

- *I started six months ago but this is a difficult business climate. The Whites I went to school with had families with businesses already. I didn't have large amounts of money saved, and the banks had a 200 point requirement for a loan. Funding doesn't stay in the community and other professionals do not use community based professionals.*
- *I started my own company because the one I was working for was going out of business. I attempted to contract with a CFO with a billion dollar budget, but the perception was that I was too small to get the contract. I finally got a break and got a contract, now I have money to look for larger contracts.*
- *I started doing accounting work for another company. Friends started asking me to do work for them. I started by taking a laptop and going to friends' homes and offices. The hard part about starting a business was learning about myself and how to operate a firm. I couldn't push duties off on others.*
- *Five years ago we moved here from Washington. We have increased our workload due to good relationships with larger firms. It is hard to do business in Broward County. Our networking is strong in Dade County, but not in Broward.*
- *I started my business in 1998. Doing work is not the problem, but getting paid is.*
- *Our company was started in 1996. It is hard to get business with other ethnic groups. For example, Cubans show favoritism toward other Cubans.*
- *I worked for the government for 20 years before I decided to start my own business. I didn't get much assistance or funding.*
- *I started in 1984. At that time there was not an opportunity for African Americans. I tried to get started with major contracts. There were none available in the private sector and very few in the public sector. I got some airport contracts and eventually a joint partnership venture in which I never got paid. This occurs a lot. The County's efforts over the last 15 years have not been completely successful. There is a need for more creative thinking, the public sector needs to set an example.*

Non-Minority Females

- *I started at a management company and was mentored at my previous company. For several different reasons, certification is difficult to get. Broward County is a fairly easy place to work.*
- *I had 20 years programming for IBM. I've had difficulty with local government, been much more successful with the federal*

government. The County's certification process is far more difficult. Females with the company were asked, "Are you puppets?"

- *We got our start working on state contracts for someone else. We started our own business because the MBE we were working for wasn't doing a good job. We got capital and some funding and started our own business.*
- *We have been in business since 1983. We are a WBE because of the exposure it brings. I think the renewal system is too short. Certification should last three years, not two.*
- *Before I started my own company, I worked in construction. I had difficulties with the application process, it should have been shortened. SCORE helped me deal with the process. Once we got into the process, the forms were simple but after certification there was no welcome pack that explained how to deal with the process and how I could benefit.*
- *I had four other business interests that got bought out. I started my business three and a half years ago and it has been extremely hard to do business with Broward County for the first three years. The County's purchasing agents need to be on top of their expiration dates.*

Hispanic American

- *I researched and noticed that the County needed my services, but a White gentleman has the whole contract. I noticed that parts of the County contract work were out, but I never got any notification. I was told the County works with one company and sticks with them.*
- *It's hard to get in touch with someone from purchasing.*
- *The County doesn't even give me an opportunity. They don't send me nothing, they just keep me in the dark.*
- *My company is 21 years old, I've been there six years. I enjoy working with Broward County. I use the Internet as an outlet to review bids.*
- *I worked in New Orleans before moving to South Florida. I have no difficulty getting into the market but the bid process does not allow enough to provide samples. It is hard to get bid samples to Purchasing Department before bid dates. I don't get paid on time.*

Asian American

- *I was inspired by my father who was an entrepreneur. After working for a consulting firm for 10 years, I got started. But it's an uphill battle, hard to compete with big firms.*

- *I had a background in insurance with other agencies. But it was hard to get financing for my firm.*
- *I found a niche by finding engineering work bigger firms don't want to do. I have a steady income from a big project.*

Overall, the experiences related by the focus group participants reveal fairly conventional start-up patterns and problems. Most businesses were founded by individuals who worked for other firms before they broke off and formed their own businesses. Many businesses had difficulty raising start-up capital. Others reported problems with obtaining bid information and certification, although some differences of opinion did exist over the ease of obtaining certification. Although some of the M/WBE owners related experiences that implied discriminatory behavior, most related problems that are common to all new business owners. Where the County was concerned, there were more related negative experiences than positive experiences, but the difference was not great.

Interfering Factors

Focus group respondents were asked if any factors exist that prevent them from obtaining a contract, agreement, or purchase order with the County. Their responses are summarized below in **Exhibit 6-22**.

Overall, the results show that most M/WBE businesses did not experience the problems listed in the exhibit, but patterns presented in the data do reveal that some issues were more prevalent than others. For example, 50 percent of African American business owners who took part in the focus groups reported that they had been dropped from contracts after the contract was awarded. Some of their comments are reflected below.

- *Yes, this happened a few times, but we try to work with firms we are familiar with. It happens with general or miscellaneous contracts. It does not happen with specific projects due to letters of intent. - African American*

Exhibit 6-22
Broward County Disparity Study
Focus Groups
Interfering Factors
By Race/Ethnicity and Gender

Item	African American		Hispanic American		Asian American		White female		Total	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Dropped from contract after award	7	7	1	4	1	1	3	9	12	21
Asked to be a front for a majority firm	2	10	0	5	0	2	1	11	3	28
Pressured to lower a quote	6	6	0	5	0	2	4	8	10	21
Asked to bid and never heard from prime	6	7	1	4	0	2	2	10	9	23
Dropped because M/WBE goal met	5	8	1	4	1	1	1	11	8	24
Unable to secure performance bond	4	8	0	5	0	2	1	11	5	26
Unable to secure required insurance	1	12	0	5	1	1	1	11	3	29
Unable to secure start-up capital	8	5	0	5	0	2	2	9	10	21

- *This happens everyday. Companies try to get me to provide my services for nothing. - African American*

Generally, African Americans were most likely to report experiencing problems that inhibited their ability to win work from the County. Hispanic-owned firms reported few problems, while firms owned by non-minority females did experience some difficulty in the areas of being dropped from contracts and being pressured to lower quotes.

Discriminatory Experiences

Focus group participants were asked to relate any discriminatory experiences they may have had in the public or private sectors. Some of their responses are listed below.

- *Yes, I experience it a lot in the private sector. Guys are used to working with certain groups and when another group is presented, they are not received well. I was a foreman on a job and another person of a different race would not listen to me. This person would challenge my authority and walk off the job. - African American*
- *Yes. One time I tried to get a joint purchase order and needed a line of credit for a one-time bid of \$550,000. The bank wanted security which I did not have. I left Broward County, went to Palm Beach County and they did it for me. - African American*
- *Yes, 10 years ago if you were pursuing a project over \$100,000 and were African American you would not be taken seriously. Things haven't changed that much. - African American*
- *I've found that it is hard to do business with Cubans in Miami and South Florida. - African American*
- *Well, it is subtle. I am Black and female in a male-dominated industry. I think this is why I don't get paid in a timely manner - people assume that I don't have a gun. - African American*
- *Well, it's easier to do business in Broward County than Dade County. Dade County has discriminated against my company, they didn't give me any work until 1996. - Hispanic American*
- *A lot of discrimination occurs but it is subtle. It is usually based on age or appearance, particularly because of the fact that I am a minority. - Hispanic American*
- *I have been discriminated against plenty of times, but to be honest, I've come to expect it because the field I work in is predominantly male. - Hispanic American*

- *I have not been blatantly discriminated against based on race, but many prospective clients perceive that a small firm cannot do the job. - Asian American*
- *Yes, this occurs mostly in the private sector. I have heard comments like, "What does a woman know about roofing?". I have been told that I have been short-listed because I am a WBE but the prime said that they were going to take a male-owned firm. - Non-minority female*
- *This happens in the public sector. I think the public sector has a responsibility to guide vendors through the process but I get cast aside because I am a female. - Non-minority female*

The above comments indicate that a strong perception exists in the minority business community that discrimination is a common occurrence. Additionally, many of the focus group participants believe that discrimination is becoming subtler and less easy to prove. They indicate that it is manifested less in overt comments and actions and more in denial to access to resources.

The Good Old Boy Network

Participants were asked if a "good old boy" network exists in Broward County that influences who does and does not obtain work. Based on the comments below, it is apparent that many M/WBE firms strongly believe that the good old boy network is alive and well in Broward County.

- *Yes, people have problems dealing with those that don't look like them (like Blacks, Chinese, and Spanish). Most would use a White female before using a Black. - African American*
- *Yes, who you know gets you there and what you know keeps you there. - African American*
- *Yes, working in engineering there are mostly White men and the same firms are always selected. They play golf together and their kids go to the same schools. - African American*
- *When it comes to government contracts, it seems like it is who you know. - African American*
- *Yes, you can see it. My primary concern is with the Broward Hospital District, they do not give minority business a chance. - African American*

- *Yes, to an extent there is. It is who you know and not what you know. The same firms get all the work.* - Hispanic American
- *Yes, there is a political system, absolutely. You play the game or you are left out in the cold.* - Asian American
- *Yes, the good old boys redline and use different sets of policies for different groups.* - Asian American
- *There must be. We do not (only two notices in two years) get bids from Broward County.* - Non-minority female
- *Yes, they only give work to people they know. I don't get anything from Broward County, but I do get work from Palm Beach County.* - Non-minority female
- *There can be different types of "good ole boys". Lobbyists are important. If you have enough money to pay, you can play.* - Non-minority female
- *Yes, it is all related to politics and money.* - Non-minority female

Based on the comments above, focus group participants held similar attitudes to those held by respondents in the personal interview portion earlier in this chapter. Most agreed that the good old boy network exists and that inclusion in the "club" was tied to long-standing connections and political influence.

Broward County M/WBE Program

Focus group participants were asked several questions related to Broward County's M/WBE program. They were asked how Broward's program compares with other local programs, what problems or positive experiences they have experienced with the program, and whether the program has provided them an advantage or disadvantage. Their responses are categorized and listed below.

- *Dade County is harder to do business with because of the runaround. There are several cancellations on bids where solicitations are made.* - African American
- *Broward County is awful except for the school board. The school board has been very helpful. The EEOC is not active in Broward County.* - African American

- *I would say it is not as strong as others because they do not reinforce (or enforce) their goals. The County should penalize firms that do not meet or attempt to meet their goals. - African American*
- *Dade County mandates that subcontractors get paid in a timely manner. Broward has the same but does not enforce it. When I spoke to the Director of Aviation she told me there was nothing they could do. - African American*
- *People are afraid of rocking the boat. At least 75 percent of the people are afraid of being blackballed. - African American*
- *Broward County is as good as others. Dade County is worse, especially for African Americans. - African American*
- *Yes, I can describe Broward's program easily. It sucks. The state's program was far better. At least I received bids from them. - Hispanic American*
- *The program doesn't work. I need technical assistance and I don't get it. - Hispanic American*
- *I don't think this is the issue. The issue is more like, "Does the program we have work?" - Hispanic American*
- *Broward County is much better than others. Dade was sued and lost. - Asian American*
- *There are trade shows and award shows in other counties. I never see any printing or merchandising from them. It works for the federal government. There is cooperation with other counties but not Broward. - Non-minority female.*
- *The research behind Broward's program is not adequate. They don't research the true involvement of women in businesses. Other counties' re-certification is more involved. - Non-minority female*
- *When I was certified, the interview by the County staff was not very professional. - Non-minority female*
- *As a new business, when I applied for certification, the process was a nightmare. - Non-minority female.*
- *Broward County and its agents are not on top of things. I knew that I would have an opportunity with North Broward and eventually it did happen. I finally got what I was interested in, but it took five years. - Non-minority female*

The clear theme weaving its way through these comments is that in comparison to other jurisdictions, Broward's certification process is seen as overly complicated. Concerns also exist regarding the program's overall effectiveness and enforcement.

Some respondents were more upbeat than were others about Broward's M/WBE program. Listed below are some of the more revealing comments obtained from the focus group sessions.

- *To be honest, I haven't really received any benefits from Broward's program because I haven't gotten that much work there. Therefore I would say that I haven't had any good or bad experiences.* - African American
- *No positive results. Broward should look at Dade's Ordinance Program.* - African American
- *The positive aspect is that if the County did not set goals, SDBEs would not get work.* - African American
- *On behalf of my company and others that could not be here, let me say that some of the County's staff are helpful but others are not. Also, if primes were not required to use minorities, they would not.* - African American.
- *There is nothing positive about the County's program.* - Hispanic American
- *The certification time is fast. It only took two weeks in my case. In Dade it took me three months.* - Hispanic American
- *I've had positive experiences, but only because I am proactive.* - Hispanic American
- *There is lots of paperwork, but no notification.* - Hispanic American
- *There have been some positive results. One of the County representatives mentioned my name at a proposal meeting at OES, which gave me an opportunity.* - Asian American
- *My WBE status helped me to get a contract with SFWMD.* - Non-minority female
- *At least they have called back when I have called.* - Non-minority female

- *I am not getting calls back after being contacted to give a quote/bid. I spend two to three days working on a quote and then do not get contacted.* - Non-minority female
- *I would not have a business if not for goals that were dictated by law.* - Non-minority female
- *With the help of the program, I have a \$260,000 contract with Broward, a five-year contract with North Broward, Palm Beach County contracts and City of Fort Lauderdale contracts.* - Non-minority female
- *It's been no help. I've had no opportunities and 100 other vendors feel the same way.* - Non-minority female

Although many participants had difficulty with components of the program, it is clear from the comments that many participants attribute a good deal of their success to existing programs. Of particular concern is the recurring theme of a lack of notification about outgoing bids and contract awards.

Generally, most of the M/WBE focus group participants considered the established program to be an advantage. However, a few saw some disadvantages as well.

- *It has been an advantage, it allows for opportunity. Some contracts I would not have received without it. The disadvantage is that some primes see you as a firm to meet minority goals only.* - African American
- *It has been an advantage. It has opened my eyes to a lot of areas that I was not aware of.* - Hispanic American

Participants were asked what changes they would make to existing programs.

Responses covered a wide range of topics.

- *There should be a monthly forum with different agencies to improve contract availability. Establish "meet and greet" sessions to help form relationships.* - African American
- *Simply mean what you say. There is nothing fair about the current program. It needs management and commissioners who care about MBE participation. It has no decision-makers with our interests at heart.* - African American
- *Do not give bids to primes that do not have a history of minority participation. The program needs an enforcement arm.* - African American

- *Improve enforcement and provide platforms where small business can discuss improving programs like this disparity study. - African American*
- *More minorities should be included, programs should be more accessible and informative. Provide technical assistance and access to capital. - African American*
- *Increase participation through venture capital and make requirements realistic. - African American*
- *The County should send out notices to SDBEs and notify them of work. - Hispanic American*
- *The County needs better internal communication. Make bidding less complicated and increase the time frame to provide samples. - Hispanic American*
- *The County should provide technical assistance. Miami has workshops on a weekly basis. For example, they have programs on Quicken and tutorial services that are free of charge. - Hispanic American*
- *Try to help small firms get prime contracts. Identify and match firms to projects and use administrative calls to make it happen. - Asian American*
- *Bids must be broken up into much smaller packages. - Non-minority female*
- *More local focus is needed. Concentrate on Broward firms instead of Palm Beach and Dade firms. - Non-minority female*
- *The certification process should be better spelled out as in how to do business with the County. The certifying agent should be a liaison to new business, technical assistance, and the bid process. - Non-minority female*
- *The county needs to reach out to people that can be of service to them. SDBEs get frustrated and quit and move. This needs to be prevented. At Broward functions, the staff go into a corner and hang out with themselves instead of mingling. - Non-minority female*
- *Review the rotation process and see if it actually helps distribute work. I don't think it does. - Non-minority female*

6.4.2 Results from the Non-Minority Male Business Enterprises

Non-minority male-owned firms are likely to have different views of the County's programs because other than small business programs, they cannot take advantage of County programs. For this reason, the focus group results for this group are considered separately below.

Interfering Factors

Non-minority male participants were asked if any factors prevent them from obtaining County contracts. None of the participants listed any factors that prevented them from obtaining County work. Participants were then asked if they had any difficulties contracting with the County. None reported having any difficulty getting on bid lists, being the victims of reverse discrimination, or being unable to meet M/WBE goals. The only comment of note came from one participant who reported that he had difficulty finding M/WBEs that wanted to do a proportional share of the work when included on projects. His comment is listed below.

- *I have been sought out to include MBEs on my team. Some did not want to do a proportionate share of the work. They wanted us to just add them on to the contract and get paid.*

Good Old Boy Network

Focus group non-minority male participants were asked if a "good old boy" network operates in Broward County that prevents them from obtaining work. Based on the comments presented below, opinion is divided.

- *Yes, 10-15 companies with strong ties to the Commissioners and those who are former Commissioners get an inordinate amount of work. The County favors some companies over others.*
- *No, selections are done by the committee so no matter how qualitative their criteria is, there will always be personal discretion.*
- *Not that I know of, but I am relatively new to the area. It's hard getting acquainted but I am moving forward.*

County Practices and Obtaining Business

Participants were asked if the County has any practices that make it difficult to obtain business with the County. Generally, the participants did not express any dissatisfaction. One respondent indicated that the volume of paperwork made it necessary for smaller firms to subcontract with larger firms because the paperwork was too much for them to deal with up front.

When asked how the County could better serve their needs, the participants listed the following concerns.

- *On the smaller jobs, come up with less paperwork. Make the amount of paperwork proportionate to the size of the contract. Create a program to help smaller firms land smaller projects and cut larger bids into smaller jobs.*
- *The County has a good system now but there is a lot of wasted time when quotes are given to a middle man and then eventually shot down by a supervisor.*
- *The contracting system is archaic. They should revise their procurement contracts for services to retrofit the specific service they want provided.*

Discrimination and M/WBE Programs

Non-minority male focus group participants were asked if they had ever experienced discrimination in the private or public sectors. Although none of the participants could recall experiencing discrimination, one did mention that the "good old boy" network is still quite active, particularly in smaller jurisdictions. One participant noted that he has not seen evidence of discrimination against firms owned by white males, but he has seen plenty of discrimination against ethnic minorities, particularly Blacks, Hispanics, and Asians.

When asked if M/WBE programs provided advantages or disadvantages to M/WBE firms, opinion was somewhat divided. Listed below are some comments about this subject.

- *In most cases it is a way of diverting some cost of the contract to SDBEs.*
- *It is an advantage but it does not always work as intended. I have seen firms owned by white males that put their wives up front for the WBE status. They have increased their market share by doing so.*
- *It is a clear disadvantage to M/WBEs. It has been used as a filtering process because to get the certification, these firms must reveal additional financial information. This information is then used against them because it is possible to say that they are not financially capable. Thus the competitive edge goes to the firm that did not have to reveal as much financial information.*

Participants were asked what positive or negative results they had witnessed in relation to M/WBE programs. Again, respondents were divided about the programs' effects:

- *It may result in higher costs being placed on contracts due to M/WBE subcontracting requirements.*
- *In some cases of WBEs, the businesses may still be dominated by non-minority males. I would rather see programs geared toward who is working for the business upon receipt of the contract.*
- *Without the programs, some businesses would use M/WBEs and some would not. Some have a personal commitment while some do not.*
- *They bring in new contractors who may not have a chance otherwise.*

When queried about what changes they would suggest to existing programs, the participants had varying recommendations for changes.

- *The program should help M/WBEs to get the work in the cheapest manner possible. Rather than focusing on the certification aspect, they should try to eliminate County favorites in the selection process. I think they should look at capping the amount one company can get from the County in any given year.*

- *They should put M/WBE lists on line and make sure they keep it up to date.*
- *They need to always have some sort of a research effort to make sure that firms are really M/WBEs. The County would only have to research the top two or three firms on the list.*
- *I have never seen any published results from the County that says whether or not the programs actually work.*

Opinion was fairly uniform concerning the utility of the Emerging Small Business program instituted by the County five years ago. Generally, participants agreed that the program helped businesses overcome barriers to participation.

- *Yes, it has helped us overcome barriers where otherwise we would have been ignored. It has given us the opportunity to meet new subcontractors that would not have happened otherwise. The program has helped make people aware that we are in business.*
- *The program has let M/WBEs have more opportunities. The list alone does not provide total opportunity. It only helps them get identified. They still must go after the business and meet people just like non-minority firms.*
- *I think the Governor's new program is good. It places the emphasis on small and emerging firms and puts less of a stigma on firms.*
- *I don't understand why certification is necessary. Why not use occupational license? Use occupational lists, vendor lists, etc.. These should be the source for identifying service providers. I see the certification process as a whipping post for M/WBE firms.*

Concluding Remarks

Participants were asked to provide concluding remarks. The following comments were provided.

- *I can see where a program is needed but the County needs to nurture SDBEs. They need to show them how to fill out forms, go after bigger jobs and give them a better understanding of business practices.*
- *If the County is to continue the programs, I would only request that they make an attempt to find out if these companies are actually pursuing work.*
- *I would support a program as long as it covers all small business and does not make racial or gender distinctions.*

- *I would like to find out if the certification process has actually resulted in work for M/WBEs. If not, a lot of paperwork could be avoided.*

6.5 Conclusion

The information contained in this chapter provides an overview of the business climate in Broward County and the contrasting ways that different racial/ethnic/gender groups perceive that environment. Information was collected from a combination of mail surveys, personal interviews, and focus groups.

The most frequently heard complaint regarding the purchasing process in Broward County is the presence of favoritism in the selection process. Both M/WBE businesses and non-minority businesses alike complain that the selection process is overly political and closely tied to the relationships between a small number of vendors and County Commissioners. Although none of the study participants appear to condone this connection, M/WBE business owners are much more likely to link the political nature of the process to long-standing patterns of market exclusion. In other words, M/WBE owners are more likely to associate business success with the ability to make the proper business contacts, but they do not think that minorities and women have historically had equal access to these contacts.

The network of business contacts that many participants refer to as the "good old boy network" is a recurring theme. Nearly all participants agree that the "network" is still in operation, but differences exist as to the disparate impact the network has. M/WBE firms are confident that the "good old boy network" hurts minority and women-owned businesses more than it does non-minority male businesses. However, non-minority males disagree. Non-minority males are less likely to think of the "good old boy network" as being racially or sexually discriminatory. Instead, they tend to view it as either completely politically oriented or based on past business relationships. However,

M/WBE firms tend to equate these very same terms with past and present discrimination.

When it comes to the actual presence of discrimination in the marketplace, the number of overt examples provided is quite small. Few participants can recall specific examples of discrimination within Broward County, though many feel that discrimination is an everyday phenomenon. Most minority and women business owners indicate that discrimination today is much more subtle, and therefore less provable. They believe it occurs in decisions made behind closed doors, such as rejecting a credit application or not sending a minority firm bid information.

Minority and women-owned firms do indicate that they have more problems accessing business resources than do non-minority males. This restriction to business resources is particularly acute for African Americans. Minority firms find it particularly difficult to deal with bonding and insurance requirements, and generally have a more difficult time getting access to operating capital. For nearly every type of business obstacle, M/WBE firms report having more difficulty overcoming these obstacles.

The inability to overcome numerous business obstacles is one reason that M/WBE firms tend to be, on average, smaller and younger than do non-minority firms. They also have less contact with the County and earn fewer contracts and revenue from the County. The fact that these businesses are usually younger and smaller than non-minority firms is directly related to historic trends in restriction to key business assets.

M/WBE inability to overcome these historic obstacles to business success is one of the reasons that many jurisdictions have used minority hiring goals. One of the most divisive issues encountered during the personal interview portion of this chapter related to the future use of M/WBE firms absent a County SDBE program. Almost without exception, minority firms (especially African American firms), believe that absent project

goals, minority firms will lose what little work they are receiving now. In contrast, non-minority males believe this will happen only if M/WBE firms do not price their goods and services competitively. Thus, M/WBE firms view this issue primarily in social terms (i.e., race and gender), whereas non-minority male firms view the issue in economic terms.

Despite the fact that few minority or women-owned firms believe that they will be hired without a goal-oriented program, opinion is somewhat divided over the effectiveness of the current program. Many M/WBE firms indicate that goals are a critical part of their success, but others disagree. Some firms claim that certification has not helped them obtain work, although others claim that the process is actually a net negative because it casts their firm with a stigma of inferiority. Others cite problems with the certification process itself, claiming it is either too time consuming or requires too much paperwork.

Many businesses complained that the County did not provide timely information regarding bids, but the overall satisfaction level with County personnel was quite high. (However, some very vocal exceptions were noticeable.) Business complaints seemed to be focused more on procedures and rules than on personnel.

Among minority businesses, the perception remains that an unseen wall remains that prevents them from achieving equal access to County business. Many believe that discrimination is the cement that binds the wall together. It begins with restriction to key business resources such as capital, bonding, and insurance. It extends to discrimination in subcontracting and the unethical practices of some non-minority firms to exclude M/WBE businesses. Discriminatory practices prevent smaller M/WBE firms from winning key projects and from becoming large enough to bid on larger jobs. This frustration was evident by the high number of M/WBE firms that complained about the size of County projects. Many firms wanted larger jobs to be broken into smaller jobs so

they could compete on a more equitable playing field. Finally, many M/WBE firms feel they are shut out of the selection process before it even begins. They believe that the only way to get beyond the unseen wall is to either become "connected" to somebody on the other side or to receive an assist over the top from local programs.

In contrast, most non-minority firms view the obstacles that are in front of minority firms as being no different from the ones they themselves face. Although they acknowledge that discrimination does exist in some areas, they do not perceive it as being widespread. They perceive the lack of minority success as being related to the individual problems of specific firms and do not view the situation in systemic terms. Despite the fact that both minority and non-minority businesses operate in the same environment, they view that environment completely differently based on their personal experiences and histories.

7.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

7.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

In the preceding chapters, the results of the Broward County Small Disadvantaged Business Enterprise Disparity Study, conducted by MGT of America, Inc., were presented. In this closing chapter, MGT summarizes these results, provides our conclusions based upon the results, and proposes recommendations based upon the findings from our review of the data.

7.1 Summary of Study

The following sections provide a summary of each component of the study. For a more detailed accounting, the reader should refer back to the individual chapters.

7.1.1 Study Background

Authorized by the Broward County Board of Commissioners, this study's main objective was to determine the participation of minority and women vendors in the County's procurement of goods and services. Further, it was to determine whether the procurement of these goods and services was obtained through an open process compliant within the requirements of the *Croson* decision¹ and subsequent court cases. Finally, the study was to determine if the County's Small Disadvantaged Business Enterprise (SDBE) program was appropriate and legally justified.

Thus, MGT designed and implemented a methodology that included:

- a detailed examination of relevant legal opinions;
- analysis of the effectiveness of policies, procedures, and programs in relation to the involvement of minority and women participants in the County's procurement of goods and services;

¹ *City of Richmond v. J.A. Croson Company*, 488 U.S. 469 (1989).

- collection of personal experiences and observations of minority and non-minority vendors in supplying goods and services to public and private sectors;
- analysis of existing data relating to the utilization and availability of these vendors; and
- statistical testing for the presence or absence of discrimination in County contracting practices.

The study covers a nine-year period from October 1, 1990 through September 30, 1999.

7.1.2 Legal Analysis

The fundamental requirements necessary for the maintenance of a permissible affirmative action program involving the procurement of goods or services by governmental entities are summarized as follows.

- For a remedial race-conscious program to be maintained there must be a clear evidentiary foundation established for the continuation or implementation of the program(s).
- The evidentiary foundation must be reviewed as part of the implementing jurisdiction's decision-making process for it to be relevant in any subsequent legal challenge.
- The program(s) must be cognizant of the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution.
- Because race-conscious programs utilize racial and ethnic classifications, they are subjected to strict judicial scrutiny.
- To survive the strict scrutiny standard, remedial race-conscious programs must be based upon a compelling governmental interest.
- There must be a strong evidentiary basis for the compelling governmental interest.
- Statistical evidence is preferred, anecdotal evidence is permissible.
- The subsequent program(s) arising from the compelling governmental interest(s) must be narrowly tailored to remedy the identified discrimination.

- A lesser standard, intermediate judicial scrutiny, is applicable when analyzing programs that establish gender preferences.
- To survive the intermediate scrutiny standard, the remedial gender-conscious program must serve important governmental objectives and be substantially related to the achievement of those objectives.

When developing and implementing a race- or gender-conscious program, it is crucial to understand the case law that has developed in the federal courts. These cases establish specific factors that must be addressed for such programs to withstand judicial review. Before instituting affirmative action programs, the governmental entity involved must engage in a specific fact-finding process to compile an evidentiary foundation. Also important to understand are the kinds of evidence that are necessary and acceptable to provide a sufficient factual predicate for a race- or gender-conscious program. Ultimately, MBE and WBE programs can be successful and instrumental in remedying identified discrimination if enacting jurisdictions comply with the requirements outlined by the Supreme Court in *Croson* and the lower court cases that followed.

7.1.3 Review of Policies, Procedures, and Programs

The policies governing the County's procurement of goods and services as well as the procedures for carrying out these policies were examined and analyzed. The County's SDBE program structure, services, policies, procedures, and staffing were reviewed to evaluate the usefulness and legality of the program. To understand and determine the effectiveness of the ways in which these policies, procedures, and programs are adhered to, interviews were held with key managers and staff along with business owners who have done business with or who have attempted to do business with the County.

The County's Procurement Code governs the County's procurement of more than \$300 million spent annually for construction, services, and goods. The Procurement

Code's underlying purpose is to provide the County with a unified purchasing system, which describes the centralized responsibility of the Purchasing Division and guides the user through the County's processes.

The County's affirmative action policy governs and directs the procurement of goods and services from small, disadvantaged, minority, and women-owned enterprises. Over the study period, the County used a broad array of race- and gender-conscious measures and race- and gender-neutral measures to increase the number and diversity of vendors and contractors interested in conducting business with the County.

The Small Business Opportunity Section under the Division of Equal Employment and Small Business Opportunity (DEESBO) in the Office of Equal Opportunity (OEO) oversees the County's Small Disadvantaged Business Enterprise (SDBE) Program. A vendor applies for certification as a SDBE through the SBO Section. SBO staff works closely with user agencies to develop plans for compliance within SDBE guidelines. SDBE goals are set by SBO staff on contracting and purchasing needs that meet the following threshold dollar requirements based on capacity, availability, and utilization of vendors. These goals are:

- construction services - \$150,000+
- architecture and engineering services - \$75,000+
- professional services - \$75,000+
- commodities - \$50,000+

For contracts where there are no goals, SBO staff requires the contractor to provide a copy of its Affirmative Action Plan (AAP), equal opportunity policy statement, and Small/Disadvantaged Business Enterprise Affirmative Action Plan (SDBE AAP).

A County Web site provides Internet users access to information about the County's procurement processes and business opportunities for potential and current vendors. Available on-line are such components as:

- on-line vendor registration;

- Vendor/Bid List Request Form for placing a firm on the County's automated bid mailing list;
- County's booklet, *How To Do Business with Broward County: A Vendor's Guide*;
- notices of all bids and quotations for presently solicited formal bids or quotations;
- bid tabulations of all opened bids;
- purchasing directory;
- copy of the Procurement Code; and
- a link to the Division of Equal Employment and Small Business Opportunities (DEESBO) Web site that includes EEO policies, DBE program goals, applications for certification, SDBE directory, SDBE Affirmative Action program, and bid document forms.

In order to increase the participation of SDBEs in the County's procurement process, the Purchasing Division and the DEESBO have undertaken some of the following activities:

- attendance at annual trade fairs;
- presentations to various forums on how to do business with Broward County;
- scheduled networking functions as a part of the County's goal to have an ever-increasing role and presence in the development of minority and women vendors;
- attendance at monthly, quarterly, and other regularly scheduled meetings with the Florida Regional Minority Purchasing Council, the Broward Alliance, the Vanguard Chronicle, and the South Florida Regional Planning Council;
- attendance at quarterly and/or monthly meetings and activities with the Broward County Chamber of Commerce, the Puerto Rican Chamber of Commerce of South Florida, the Miami Beach Latin Chamber of Commerce, and the National Caribbean Business Women; and
- monthly meetings for minority and women vendors to assist them in understanding Broward County's procurement process as well as specialized meetings to assist minority and women vendors with technology and bonding issues.

Still, MGT's data indicated a general underutilization of ready, willing, and able M/WBE firms.

7.1.4 Utilization and Availability Analysis

Methodology—Major Points

The County's relevant market area and the utilization and availability of minority and non-minority firms were analyzed for five business categories: construction services, architecture and engineering services (A & E), professional services, business services, and commodities (materials and supplies). The categories were defined by the type of purchases made by the County during the period October 1, 1990 through September 30, 1999. The definitions of the business categories are shown in **Exhibit 7-1**.

**Exhibit 7-1
Business Categories**

CONSTRUCTION—includes all firms involved in the process of building, altering, repairing, improving, or demolishing any structure, building, or real property.

ARCHITECTURE AND ENGINEERING SERVICES (A&E)—includes all firms involved in architectural design, engineering services, and all environmental consulting.

PROFESSIONAL SERVICES—includes services that require special licensing, educational degrees, and unusual, highly specialized expertise other than A & E.

BUSINESS SERVICES—involves any services that are labor intensive and not a construction-related service or professional service. Includes all work not placed in the two other service categories.

COMMODITIES—includes all tangible personal property, including equipment, leases of equipment, printing, food, building materials, office supplies and materials, and other items needed to support normal operations.

Procurement data for the study were collected, reviewed, and analyzed from several sources. These sources included:

- an electronic file of the County's Local Government Financial System (LGFS) - database of purchase orders issued to vendors for

the purchase of construction services, A & E services, professional services, business services, and commodities;

- project files (in order to collect subcontracting information) maintained in each of the following offices:
 - Public Works Department (Construction Management Division, Engineering Division, and the Office of Environmental Services)
 - Parks and Recreation Division
 - Aviation Department
 - Port Everglades Department²
- SDBE records from DEESBO of M/WBE participation over the nine years of the study.

The data from all of these sources were either downloaded or entered into MGT databases developed for the study.

In addition to the collection of procurement data, MGT reviewed documentation of bids submitted by vendors to the County for services and commodities. These data were reviewed and collected in the Purchasing Division and entered into databases.

Exhibit 7-2 shows the total number of records that were analyzed for the relevant time period of the study, fiscal years 1990-91 through 1998-99.

**Exhibit 7-2
Broward County Disparity Study
Number of Analyzed Records
Fiscal Years 1990-91 through 1998-99**

Business Category	# Of Records
Construction	4,701
Architecture and Engineering	1,213
Professional Services	17,196
Business Services	46,082
Commodities	272,664
Total	341,856

Source: MGT databases of County's procurement records.

² Port Everglades, previously known as the Port Everglades Authority, came under control of the County government as a department in November 1994. The only records available for review for this study were those from November 1994 through September 1999. Prior to this time, records were misplaced, damaged, or lost during the turnover of the agency.

After the data were processed, prime contractors in the County's relevant market area³ for each business category were mailed a letter and a survey of contracts (verification report) awarded to them by the County. Only prime contractors for construction, A&E, professional services, and business services were mailed a survey and only to those contractors whose contracts met the dollar thresholds of \$100,000 for construction services and \$75,000 for A & E and professional services.⁴ The letter requested verification of the dollar amount awarded to the contractor; ethnicity, race, gender, of firm; services provided; and subcontracting data. The prime contractor was asked to edit any incorrect data and list any additional subcontracting information not reported. A similar verification process was conducted with subcontractors. Subcontractors were randomly selected from the subcontracting database and mailed a letter along with a verification report requesting the subcontractor to verify the dollars received as a subcontractor. In most all of the returned verification reports, the data were accurate and corrections were made where necessary.

Relevant Market Area

The relevant market area is defined as the geographic area where the County spent 75 percent or more of its total dollars over the study period, determined separately for each business category. The relevant market area established the geographic boundaries for the utilization, availability, and disparity analyses. After analysis of all contracts, the relevant market area for each business category was determined to be:

- Construction—Florida counties of Broward, Miami-Dade, and Palm Beach.
- Architecture and Engineering—Broward County, Florida.

³The determination of the County's relevant market area for each business category is explained in the next paragraph.

⁴Vendors providing materials and supplies (Commodities) were not mailed verification reports, since MGT found no subcontracting information attached to these purchases of \$50,000 or more.

- Professional Services—Florida counties of Broward, Miami-Dade, and Orange.
- Business Services—Florida counties of Broward, Miami-Dade, Palm Beach, Hillsborough, Orange; Shelby County, Tennessee; and Greenville County, South Carolina.
- Materials and Supplies—Counties of Broward, FL; Miami-Dade, FL; Palm Beach, FL; Duval, FL; Hillsborough, FL; Leon, FL; Gwinnett, GA; Orange, FL; Cook, IL; Du Page, IL; Kings, NY; Fulton, GA; Dallas, TX; Dane, WI; Lake, IL; Seminole, FL; Los Angeles, CA; Polk, FL; New York, NY; Cuyahoga, OH; Pinellas, FL; Middlesex, NJ; Sarasota, FL; Chester, PA; Jefferson, AL; New London, CT; Manatee, FL; Bergen, NJ; Lehigh, PA; and Bowie, TX.

Utilization

Using the amount paid to prime contractors within the relevant market area, MGT first calculated the percentage of dollars awarded to each M/WBE per fiscal year over the nine-year study period. Using the amount awarded to subcontractors of those prime contractors in the relevant market area, MGT calculated the percentage of subcontract dollars given to each M/WBE subcontractor. The same analyses were conducted for only those M/WBE prime contractors and subcontractors certified as SDBEs through the County's SBO Section. The difference in utilization between those firms identified as M/WBEs and those certified as SDBEs is shown in **Exhibits 7-3 and 7-4** for each of the business categories.

Availability

Before establishing the existence of disparity, the identification of available minority and women firms in a relevant geographic area was determined. This determination, referred to as *availability*, has been the subject of dispute in several recent court cases. If, for example, the availability of minority firms is overstated, a distortion of the disparity determination will result. Several methodologies have been

**Exhibit 7-3
Broward County Disparity Study
Utilization of M/WBE and SDBE Prime Contractors/Consultants/Vendors
In the Relevant Market Area
Fiscal Years 1990-91 Through 1998-99**

Construction

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$5,910,586.80	0.92%	\$94,929,954.23	14.81%	\$327,413.82	0.05%	\$0.00	0.00%	\$13,430,190.33	2.10%	\$114,598,145.18	17.88%
SDBEs	\$2,893,201.06	0.45%	\$57,158,000.90	8.92%	\$327,413.82	0.05%	\$0.00	0.00%	\$11,444,792.07	1.79%	\$71,823,407.85	11.21%
Total Difference	\$3,017,385.74		\$37,771,953.33		\$0.00		\$0.00		\$1,985,398.26		\$42,774,737.33	

A&E

M/WBEs and SDBEs	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$1,427,612.71	1.03%	\$437,919.00	0.32%	\$3,810,298.00	2.75%	\$0.00	0.00%	\$103,818.96	0.07%	\$5,779,648.67	4.17%
SDBEs	\$1,288,892.59	0.93%	\$437,919.00	0.32%	\$3,810,298.00	2.75%	\$0.00	0.00%	\$103,122.00	0.07%	\$5,640,656.59	4.07%
Total Difference	\$138,720.12		\$0.00		\$0.00		\$0.00		\$696.96		\$138,992.08	

Professional Services

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$362,853.71	0.44%	\$145,700.02	0.18%	\$55,699.12	0.07%	\$106,339.52	0.13%	\$2,198,238.87	2.66%	\$2,868,831.24	3.47%
SDBEs	\$280,325.11	0.34%	\$92,199.00	0.11%	\$22,889.00	0.03%	\$103,289.00	0.13%	\$2,184,603.94	2.64%	\$2,683,306.05	3.25%
Total Difference	\$82,528.60		\$53,501.02		\$32,810.12		\$3,050.52		\$13,634.93		\$185,525.19	

NOTE:
M/WBEs include all minority and women-owned firms whether certified with the County or not.
SDBEs include only minority and women-owned firms certified with the County as an SDBE.

**Exhibit 7-3 (Continued)
Broward County Disparity Study
Utilization M/WBE and SDBE Prime Contractors/Consultants/Vendors
In the Relevant Market Area
Fiscal Years 1990-91 Through 1998-99**

Business Services

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$5,301,869.27	2.16%	\$6,341,367.29	2.58%	\$1,244,670.53	0.51%	\$102,575.00	0.04%	\$18,657,578.16	7.60%	\$31,648,060.25	12.89%
SDBEs	\$5,017,446.99	2.04%	\$6,039,143.87	2.46%	\$54,541.02	0.02%	\$102,575.00	0.04%	\$17,757,455.69	7.23%	\$28,971,162.57	11.80%
Total Difference	\$284,422.28		\$302,223.42		\$1,190,129.51		\$0.00		\$900,122.47		\$2,676,897.68	

Commodities

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$1,580,827.69	0.39%	\$33,991,032.74	8.43%	\$183,102.90		\$38,710.30	0.01%	\$12,343,869.74	3.06%	\$48,137,543.37	11.95%
SDBEs	\$1,256,178.95	0.31%	\$26,780,441.39	6.65%	\$62,837.45	0.02%	\$38,710.30	0.01%	\$6,815,109.01	1.69%	\$34,953,277.10	8.67%
Total Difference	\$324,648.74		\$7,210,591.35		\$120,265.45		\$0.00		\$5,528,760.73		\$13,184,266.27	

NOTE:
M/WBEs include all minority and women-owned firms whether certified with the County or not.
SDBEs include only minority and women-owned firms certified with the County as an SDBE.

**Exhibit 7-4
Broward County Disparity Study
Utilization of M/WBE and SDBE Subcontractors/Subconsultants
In The Relevant Market Area
Over the Nine-Year Study Period
Fiscal Years 1990-91 Through 1998-99**

Construction

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$50,862,369.59	7.94%	\$38,043,635.91	5.94%	\$1,104,881.11	0.17%	\$371,670.00	0.06%	\$23,778,734.46	3.71%	\$114,161,291.07	17.81%
SDBEs	\$48,926,626.61	7.63%	\$34,418,725.82	5.37%	\$970,078.11	0.15%	\$371,670.00	0.06%	\$20,002,038.23	3.12%	\$104,689,138.77	16.34%
Total Difference	\$1,935,742.98		\$3,624,910.09		\$134,803.00		\$0.00		\$3,776,696.23		\$9,472,152.30	

A&E

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$3,395,349.46	2.45%	\$3,763,020.87	272.00%	\$5,911,277.90	4.27%	\$0.00	0.00%	\$3,377,366.11	2.44%	\$16,447,014.34	11.87%
SDBEs	\$1,971,544.46	1.42%	\$2,525,099.64	1.82%	\$5,911,277.90	4.27%	\$0.00	0.00%	\$2,063,929.02	1.49%	\$12,471,851.02	9.00%
Total Difference	\$1,423,805.00		\$1,237,921.23		\$0.00		\$0.00		\$1,313,437.09		\$3,975,163.32	

Professional Services

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$4,952,416.00	5.99%	\$569,693.00	69.00%	\$108,824.00	13.00%	\$0.00	0.00%	\$2,238,202.00	2.71%	\$7,869,135.00	9.52%
SDBEs	\$4,952,416.00	5.99%	\$510,975.00	0.62%	\$108,824.00	0.13%	\$0.00	0.00%	\$2,059,386.00	2.49%	\$7,631,601.00	9.24%
Total Difference	\$0.00	0.00%	\$58,718.00	0.07%	\$0.00	0.00%	\$0.00	0.00%	\$178,816.00	0.22%	\$237,534.00	0.29%

NOTE:
M/WBEs include all minority and women-owned firms whether certified with the County or not.
SDBEs include only minority and women-owned firms certified with the County as an SDBE.

Exhibit 7-4 (Continued)
Broward County Disparity Study
Utilization of M/WBE and SDBE Subcontractors/Subconsultants
In The Relevant Market Area
Fiscal Years 1990-91 Through 1998-99

Business Services

	African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Women		Total M/WBEs and SDBEs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
M/WBEs	\$1,481,686.00	0.60%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.01%	\$1,503,286.00	0.61%
SDBEs	\$1,363,240.00	0.56%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$21,600.00	0.01%	\$1,384,840.00	0.56%
Total Difference	\$118,446.00		\$0.00		\$0.00		\$0.00		\$0.00		\$118,446.00	

NOTE:
M/WBEs include all firms identified as an M/WBE whether certified with the County or not.
SDBEs included all firms certified with the County as a SDBE.

used. The use of census data has been criticized because it does not consider whether minority contractors actually are willing, available, or able to perform the work required under the contract specifications. The use of vendor data, which is determined by identifying minority and women business enterprises that have actually performed work for the locality or have expressed an interest in securing contracts, is a desirable methodology since it excludes firms that are uninterested or unable to provide goods or services to the locality. Thus, for the purposes of this study MGT used vendor data in determining availability of M/WBE firms.

The number of M/WBEs available and capable of providing goods and services to the County in its relevant market area for each business category was determined. Availability of M/WBEs was calculated as the percentage of all firms in the relevant market area that were M/WBEs. These figures were used for comparison with utilization percentages of M/WBEs in order to determine disparity. Availability was also determined for only those M/WBE firms certified as SDBEs within the County.

The number of firms available was based on MGT's Master Vendor Database, a collection of vendors from many sources:

- Small Disadvantaged Business Enterprise Directory;
- LGFS vendor database;
- M/WBE vendor database from the Palm Beach County School Board; and
- M/WBE vendor databases from Miami-Dade Department of Business Development and the School Board.

Contractors, subcontractors, and vendors from County procurement records were added to the database if the vendor was not already listed. In addition, vendor names were provided to MGT from local advocacy groups; from vendors who participated in personal interviews; and those who attended focus groups. Other M/WBEs were identified through the verification reports, procurement project files, and bidding lists where vendors self-identified themselves as M/WBEs.

Over 18,000 vendors make up the Master Vendor Database. **Exhibit 7-5** provides a breakout of the number of firms in the vendor database according to ethnicity, race, and gender, and whether or not certified with the County.

**Exhibit 7-5
Broward County
Number Of Available Firms In Master Vendor Database**

African Americans		Hispanic Americans		Asian Americans		Native Americans		Non-Minority Woman		M/WBES Subtotal		Non-Minority Firms	Total Available
NC	C	NC	C	NC	C	NC	C	NC	C	NC	C		
1,703	915	1,425	712	128	96	16	7	1,272	729	4,544	2,459	11,074	18,077

Source: Master Vendor Database developed by MGT.

NC - non-certified
C - certified as a SDBE

7.1.5 Statistical and Multivariate Analysis

Disparity

The use of an assortment of statistical testing procedures allows one to examine data from various angles. MGT used disparity indices to examine whether or not minority and woman-owned firms are receiving a proportional share of contracts and contract dollars in the public and private sectors. Following this examination, MGT used multiple regression to determine if minority and woman-owned businesses earned revenues equivalent to those businesses owned by non-minority males.

A comparison of utilization and availability by each minority group was the foundation of the disparity analysis. The measurement of disparity is presented in the disparity index that is supported by several post-Croson cases. A disparity index of 0.00 shows no utilization. Conversely, a disparity index of 100 indicates that utilization equals availability, which is parity. An index under 80 reflects substantial underutilization.

The results of the disparity analysis for the public (County) and private sector (Miami PMSA and West Palm Beach-Boca Raton MSA) are presented in **Exhibit 7-6** and **Exhibit 7-7**.

**Exhibit 7-6
Broward County Disparity Study
Summary of Disparity Analysis of Prime Contractors/Consultants/Vendors
In the Relevant Market Area
Fiscal Years 1990-91 Through 1998-99**

Summary, Conclusions, and Recommendations

Construction

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	0.92%	15.79%	5.84	* Underutilization
Hispanic Americans	14.81%	15.09%	98.15	Underutilization
Asian Americans	0.05%	0.97%	5.29	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	2.10%	8.66%	24.21	* Underutilization
Non-Minority Firms	82.12%	59.43%	138.17	Overutilization

A & E *

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	1.03%	9.83%	10.48	* Underutilization
Hispanic Americans	0.32%	14.89%	2.12	* Underutilization
Asian Americans	2.75%	4.78%	57.57	* Underutilization
Non-Minority Women	0.07%	15.45%	0.48	* Underutilization
Non-Minority Firms	95.83%	55.06%	174.06	Overutilization

Professional Services

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	0.44%	18.70%	2.35	* Underutilization
Hispanic Americans	0.18%	11.94%	1.48	* Underutilization
Asian Americans	0.07%	1.06%	6.34	* Underutilization
Native Americans	0.13%	0.25%	51.45	* Underutilization
Non-Minority Women	2.66%	12.76%	20.86	* Underutilization
Non-Minority Firms	96.53%	55.28%	174.60	Overutilization

Business Services

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	2.16%	10.89%	19.83	* Underutilization
Hispanic Americans	2.58%	6.52%	39.60	* Underutilization
Asian Americans	0.51%	0.66%	77.36	* Underutilization
Native Americans	0.04%	0.06%	66.94	* Underutilization
Non-Minority Women	7.60%	8.61%	88.23	Underutilization
Non-Minority Firms	87.11%	73.25%	118.91	Overutilization

Commodities

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	0.39%	6.82%	5.75	* Underutilization
Hispanic Americans	8.43%	6.48%	130.22	Overutilization
Asian Americans	0.05%	0.57%	8.00	* Underutilization
Native Americans	0.01%	0.11%	8.45	* Underutilization
Non-Minority Women	3.06%	6.26%	48.90	* Underutilization
Non-Minority Firms	88.05%	79.76%	110.40	Overutilization

*Native Americans are not included because they were not utilized for A&E contracts during the nine-year study period.

**Exhibit 7-6 (Continued)
Broward County Disparity Study
Summary of Disparity Analysis of Subcontractors/Subconsultants
In the Relevant Market Area
Fiscal Years 1990-91 Through 1998-99**

Construction

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	7.94%	15.79%	50.25	* Underutilization
Hispanic Americans	5.94%	15.09%	39.34	* Underutilization
Asian Americans	0.17%	0.97%	17.86	* Underutilization
Native Americans	0.06%	0.06%	99.15	Underutilization
Non-Minority Women	3.71%	8.66%	42.86	* Underutilization

A & E *

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	2.45%	9.83%	24.92	* Underutilization
Hispanic Americans	2.72%	14.89%	18.24	* Underutilization
Asian Americans	4.27%	4.78%	89.32	Underutilization
Non-Minority Women	2.44%	15.45%	15.77	* Underutilization

Professional Services

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	5.99%	18.70%	32.06	* Underutilization
Hispanic Americans	0.69%	11.94%	5.77	* Underutilization
Asian Americans	0.13%	1.06%	12.39	* Underutilization
Native Americans	0.00%	0.25%	0.00	* Underutilization
Non-Minority Women	2.71%	12.76%	21.23	* Underutilization

Business Services

M/WBE Classification	% of PO Dollars²	% of Available Firms³	Disparity Index⁴	Disparate Impact of Utilization
All Fiscal Years				
African Americans	0.60%	10.89%	5.54	* Underutilization
Hispanic Americans	0.00%	6.52%	0.00	* Underutilization
Asian Americans	0.00%	0.66%	0.00	* Underutilization
Native Americans	0.00%	0.06%	0.00	* Underutilization
Non-Minority Women	0.01%	8.61%	0.10	* Underutilization

*Native Americans are not included because they were not utilized for A&E contracts during the nine-year study period.

Exhibit 7-7
Broward County Disparity Study
Disparity Indices of Prime Contractors and Vendors
In the Private Sector
For the Miami PMSA and the West Palm-Boca Raton MSA Combined
Based on 1992 Census Data for all Ethnic Groups

Industries	African Americans Disparity Index	Hispanic Americans Disparity Index	Asian/ Native Americans Disparity Index	Women Disparity Index
All Industries	83.20	129.61	134.56	78.47
Agricultural services, forestry, fishing, and mining	33.52	103.94	88.12	106.80
Construction	40.09	87.61	202.17	110.55
Manufacturing	0.00	256.03	48.75	0.00
Transportation and Public Utilities	23.22	135.60	75.22	83.85
Wholesale Trade	50.83	156.99	295.89	59.93
Retail Trade	201.89	120.41	46.72	82.45
Finance, insurance, and real estate	40.90	107.70	140.44	97.59
Services	61.84	106.10	110.68	98.35
Industries not classified	0.00	215.22	0.00	0.00

Multivariate Regression

In order to comprehend the effect of race and gender on a firm's gross revenues, a multivariate regression procedure is necessary. The disparity index analysis only allowed direct comparisons between M/WBE or non-minority firms utilization and availability percentages. A multivariate regression analysis improves one's ability to understand complex relationships by including multiple firm characteristics in a modeling framework and by examining the relative importance of each factor. Firm gross revenues are analyzed in order to gain a greater understanding of the influences involved in a firm's success. In addition to race and gender, other factors such as capacity, experience, and managerial ability may play a role in a firm's gross revenues.

The results of the regression analysis were presented in Chapter 5.0. The findings show:

- African American, Hispanic American, and non-minority female firms generated significantly less gross revenues than non-minority firms did.

- Capacity (number of employees), corporation status, and owner experience played a significant positive role in the explanation of differences among firms' gross revenues.
- Firm age and the level of an owner's education had a positive effect on revenues, but this effect is not statistically significant.
- The relationship between private revenue and total revenue is negative, though not significant.

The regression analysis does support the concept that the size of a firm (measured by number of employees) is related positively to a firm's revenues. As a firm's capacity increases, so does a firm's gross revenues.

Summary

Based on the statistical information presented in **Chapter 5.0, Statistical and Regression Analysis**, the following summary is provided of prime contracts.

- In the construction area, non-minority male-owned firms were overutilized every year. M/WBEs were significantly underutilized for the study period and for each year with the exception of Hispanic Americans in 1992-93, 1994-95, 1996-97, 1997-98, and 1998-1999.
- For architectural and engineering (A&E) contracts, all M/WBE groups were significantly underutilized during the study period. The only years that any M/WBE firms were overutilized were 1997-98 and 1998-99; and only Asian Americans were overutilized during these years. No Native American firms were present in the marketplace, so no Native American firms were utilized. Non-minority firms were significantly overutilized.
- In the area of professional services, all M/WBE groups were significantly underutilized during the study period while non-minority firms were significantly overutilized. Native American firms were significantly overutilized during 1997-98 and 1998-99. No other M/WBE firm was overutilized during any of the years in the study period.
- For business services, all M/WBE categories except non-minority females were significantly underutilized for the study period as a whole. Non-minority male and non-minority female firms were significantly overutilized.
- For commodities, Hispanic Americans and non-minority firms were overutilized during the study period while the remaining groups were substantially underutilized. Native American firms were overutilized during the last two fiscal years.

The disparity found in prime contracting held for subcontracting as well. None of the M/WBE classifications were overutilized in any of the business categories when the entire time period is considered. Overall, the record in the public sector reveals persistent, significant disparity for all M/WBE groups in nearly all business categories at both the prime and subcontractor levels.

In the private sector, the following conclusions can be reached:

- In the combined Miami-West Palm Beach area, African American and woman-owned firms were underutilized. Non-minority women firms were not underutilized in construction but were underutilized in all other relevant categories.
- Hispanic American and Asian American/Native American firms were overutilized in the private sector overall. However, Hispanic American firms were slightly underutilized in construction.

Although analysis of Asian American and Native American data is somewhat hampered by the Census decision to combine the two ethnic groups, the overall implication from the data is that Hispanic American and Asian American/Native American firms were able to compete relatively successfully in the private sector. In contrast, firms owned by women and African Americans were not.

The contract data from Broward County reveals that Hispanic, Asian, and Native American firms were not able to translate their relative success in the private sector into public sector work.

Subsequent regression analysis for both public and private sector data reveals several interesting conclusions:

- Capacity has a direct influence on the ability of firms to earn gross revenues.
- Even after adjusting for capacity, African American, non-minority female, and Hispanic firms earn significantly less revenue than do firms owned by non-minority males.

Given the varying data sources used in the preceding analyses, some overall conclusions can be drawn:

- Prior to the study period, African Americans and woman-owned firms earned revenue that was less than their presence in the private marketplace suggests they should have earned. The same was not true for Hispanic American, Asian American, and Native American firms.
- With few exceptions, M/WBE firms do not receive as much of the public sector contracts or revenues as their presence in the marketplace would suggest.
- Capacity plays a significant role in the ability of companies to earn revenue.
- African American and non-minority female-owned firms are not able to build capacity as easily as are firms owned by non-minority males.
- Although Hispanic American, Asian American, and Native American firms are able to compete successfully in the private sector, their success has not carried over to the public sector.

Overall, the data reveal that African Americans and non-minority females were not able to build a significant presence in the private sector from which to launch successful ventures in the public sector. Regression analysis shows that each of these groups earn significantly less than non-minority males even after capacity is accounted for. In contrast, Hispanic Americans were able to compete relatively successfully in the private sector, but these gains did not translate into public sector success. Regression results show that even after controlling for capacity, Hispanic American firms earn less than do non-minority male firms.

A nexus between private and public sector practices exists and negatively impacts the ability of some minority and female-owned firms to establish and build a consistently strong presence in the overall marketplace.

7.1.6 Anecdotal Analysis

In applying *Croson*, courts have addressed the appropriate manner in which a race-conscious and gender-conscious remedial program should be evaluated. Concerning anecdotal evidence, the courts have concluded that there is no requirement

to specifically detail each and every instance that supports the decision that a race-conscious and gender-conscious program is necessary.

The following methods were utilized to elicit anecdotal evidence from vendors who had attempted to do or who had done business with Broward County. Vendors were selected randomly from a stratified sample of firms representing the five business categories depending upon their percentage of representation in MGT's Master Vendor Database for a mail survey, for personal interviews, or to participate in a focus group. Attention was paid to including different firms for each activity. Any vendor who requested to participate in one of the three activities was given the opportunity to do so.

Mail Survey

A mail survey was conducted of firms that had done or attempted to do business with the County based upon the stratified sample. The intent of the survey was to ask firms about their business association with the County and about any discriminatory practices they might have faced from 1990 forward.

A letter requesting the vendor to complete a questionnaire was mailed to 4,200 minority and non-minority vendors. A follow-up post card was mailed to those vendors who had not responded by the deadline. Of the 4,200 questionnaires mailed, 361 were completed and returned to MGT. Approximately 593 questionnaires were returned by the Post Office as undeliverable. Thus, an estimated 3,607 questionnaires reached their intended destinations. The response rate (percentage of those who returned their survey) based on the number of businesses that received a questionnaire, is 10 percent. The response rate based solely on the number of surveys mailed is 8.5 percent. **Exhibit 7-8** provides a breakout of the number of survey participants.

**Exhibit 7-8
Broward County Disparity Study
Mail Survey
Race/Ethnicity and Gender**

Demographic	Total	Race/Ethnicity						Gender	
		African American	Hispanic American	Asian American	Native American/ Other	Non-Minority Women	Non-Minority Men	M	F
<i>Gender of company owner:</i>	N=350								
Male	47%	72%	63%	75%	57%	0%	100%	100%	0%
Female	45%	18%	30%	25%	24%	100%	0%	0%	100%
50/50	6%	10%	8%	0%	29%	0%	0%	0%	0%
Publicly Held	2%	NA	NA	NA	NA	NA	NA	NA	NA
<i>Race/Ethnicity of owner:</i>	N=345								
Non-minority	55%	0%	0%	0%	0%	100%	100%	38%	76%
Hispanic or Latino	23%	0%	100%	0%	0%	0%	0%	31%	15%
African American	18%	100%	0%	0%	0%	0%	0%	27%	7%
Asian	1%	0%	0%	100%	0%	0%	0%	2%	1%
Native American/Other	2%	0%	0%	0%	100%	0%	0%	2%	1%

Personal Interviews

Consultants trained in interviewing techniques conducted one-hour interviews with 92 business owners. Where possible, personal interviews were held in the office of each business owner.

The business owners interviewed were asked to provide information about their business involvement with the County, as well as identify any barriers and/or opportunities that exist in attempting to or conducting work for the County, other public sector organizations, and for the private sector. Testimony given was acknowledged by signature to be a true and accurate reflection of past experiences in procurement and business opportunities with the County.

Exhibit 7-9 provides a breakout of the business owners that were interviewed according to ethnicity, race, and gender.

**Exhibit 7-9
Broward County Disparity Study
Personal Interviews
Business Type By Race and Ethnicity**

Category	African Americans		Hispanic Americans		Asian Americans		Native Americans		Total MBEs	Non-Minority Women	Non-Minority Men	Total
	M	W	M	W	M	W	M	W				
Construction Services	7	2	0	1	1	0	2	2	15	2	5	22
Architectural & Engineering	2	2	6	0	0	0	2	0	12	3	4	19
Professional Services	7	2	0	1	0	0	0	0	10	6	1	17
Business Services	2	2	0	1	0	0	1	0	6	6	0	12
Commodities	2	1	2	0	0	1	0	0	6	4	0	10
Other	5	1	1	1	0	0	0	0	8	4	0	12
Total	25	10	9	4	1	1	5	2	57	25	10	92

Source: Data from MGT Personal Interviews of Businesses conducted 2000.

Focus Groups

MGT conducted 17 small focus group sessions during which 38 individuals participated. Initially, six focus groups were planned: one each for non-minority, African

American, Hispanic American, Asian American, Native American, and non-minority women firms. When attendance proved to be low, additional focus groups were added.

Exhibit 7-10 provides a list of the focus groups that were held.

**Exhibit 7-10
Broward County Disparity Study
Focus Groups**

Date	Confirmed ¹	Attended ²	Non-Minority Men	Non-Minority Women	African American	Hispanic American	Asian American
3-31	6	3				3	
4-3	6	5		5			
4-7	4	1					1
4-14	3	1			1		
4-17	5	3	3				
4-18	6	3			3		
4-18	5	5			4		1
4-19	5	4		4			
4-20	3	2		1	1		
4-24	3	2			1	1	
4-26	1	1			1		
4-27	3	2			2		
4-27	4	2			1	1	
4-28	1	1	1				
4-28	1	1		1			
4-28	3	1			1		
5-1	1	1		1			
	60	38	4	12	15	5	2

¹ Confirmed the day of the focus group.

² Attended focus group.

Summary

The most frequently heard complaint regarding the purchasing process in Broward County is the presence of favoritism in the selection process. Both M/WBE businesses and non-minority businesses alike complain that the selection process is overly political and closely tied to the relationships between a small number of vendors and County Commissioners. While none of the study participants appear to condone this connection, M/WBE business owners are much more likely to link the political nature of the process to long-standing patterns of market exclusion. In other words, M/WBE owners are more likely to associate business success with the ability to make the proper

business contacts, but they do not think that minorities and women have historically had equal access to these contacts.

The network of business contacts that many participants refer to as the "good old boy network" is a recurring theme. Although nearly all participants agree that the "network" is still in operation, differences exist as to the disparate impact of the network. M/WBE firms are confident that the "good old boy network" hurts minority and women-owned businesses more than it does non-minority businesses. However, non-minority males disagree. Non-minority males are less likely to think of the "good old boy network" as being racially or sexually discriminatory. Instead, they tend to view it as either completely politically oriented or based on past business relationships. M/WBE firms, on the other hand, tend to equate these very same terms with past and present discrimination.

When it comes to the actual presence of discrimination in the marketplace, the number of overt examples provided is quite small. Few participants can recall specific examples of discrimination within Broward County, though many feel that discrimination is an everyday phenomenon. Most minority and women business owners indicate that discrimination today is much more subtle, and, therefore, less provable. They believe it occurs in decisions made behind closed doors, such as rejecting a credit application or not sending a minority firm bid information.

Minority and women-owned firms do indicate that they have more problems accessing business resources than do non-minority males. This restriction to business resources is particularly acute for African Americans. Minority firms find it particularly difficult to deal with bonding and insurance requirements, and generally have a more difficult time getting access to operating capital. For nearly every type of business obstacle, M/WBE firms report having more difficulty overcoming these obstacles.

The inability to overcome numerous business obstacles is one reason that M/WBE firms tend to be, on average, smaller and younger than do non-minority firms. They also have less contact with the County and earn fewer contracts and revenue from the County. The fact that these businesses are usually younger and smaller than non-minority firms is directly related to historic trends in restriction to key business assets.

M/WBE inability to overcome these historic obstacles to business success is one of the reasons that many jurisdictions have used minority hiring goals. One of the most divisive issues encountered during the personal interview portion of this chapter related to the future use of M/WBE firms absent a County SDBE program. Almost without exception, minority firms (especially African American firms), believe that absent project goals, minority firms will lose what little work they are receiving now. In contrast, non-minority males believe this will happen only if M/WBE firms do not price their goods and services competitively. Thus, although M/WBE firms view this issue primarily in racial terms (i.e., ethnicity), non-minority male firms view the issue in economic terms.

Despite the fact that few minority or women-owned firms believe that they will be hired without a goal-oriented program, opinion is somewhat divided over the effectiveness of the current program. Many M/WBE firms indicate that goals are a critical part of their success, but others disagree. Some firms claim that certification has not helped them obtain work, whereas others claim that the process is actually a net negative because it casts their firm with a stigma of inferiority. Others cite problems with the certification process itself, claiming it is either too time consuming or requires too much paperwork.

Many businesses complained that the County did not provide timely information regarding bids, but the overall satisfaction level with County personnel was quite high.

(However, some very vocal exceptions were noticeable.) Business complaints seemed to be focused more on procedures and rules than on personnel.

Among minority businesses, the perception remains that an unseen wall remains that prevents them from achieving equal access to County business. Many believe that discrimination is the cement that binds the wall together. It begins with restriction to key business resources such as capital, bonding, and insurance. It extends to discrimination in subcontracting and the unethical practices of some non-minority firms to exclude M/WBE businesses. Discriminatory practices prevent smaller M/WBE firms from winning key projects and from becoming large enough to bid on larger jobs. This frustration was evident by the high number of M/WBE firms that complained about the size of County projects. Many firms wanted larger jobs to be broken into smaller jobs so they could compete on a more equitable playing field. Finally, many M/WBE firms feel they are shut out of the selection process before it even begins. They believe that the only way to get beyond the unseen wall is to either become "connected" to somebody on the other side or to receive assistance over the top from local programs.

In contrast, most non-minority firms view the obstacles that are in front of minority firms as being no different from the ones they themselves face. Although acknowledging that discrimination does exist in some areas, they do not perceive it as being widespread. They perceive the lack of minority success as being related to the individual problems of specific firms and do not view the situation in systemic terms. Despite the fact that both minority and non-minority businesses operate in the same environment, they view that environment completely differently based on their personal experiences and histories.

7.2 Conclusions

Governing the County's minority and women participation efforts is a detailed procurement policy. The County's Small Disadvantaged Business Enterprise Program guides these efforts. The program operates out of the Small Business Opportunity (SBO) Section, which serves as the hub for the oversight of minority and women participation in County procurement. MGT concludes that the level of M/WBE participation that has been achieved would not have been possible without the County's SDBE program that counters the business practices perceived to be discriminatory by minority and women business owners in the County's relevant market area.

However, the statistical disparities found in the study and the supporting anecdotal testimony still compel an inference of discrimination sufficient to support the continuation of this program. As was seen in the statistical analysis, minority and women-owned businesses are utilized more often when the County sets SDBE goals on contracts than when they do not.

Although the County has a well-conceived SDBE program and well-managed SBO Section that serves as the nerve center for the minority and women participation efforts, the limited staff in the office hampers its efforts to expand and provide oversight and assistance to the many and varied agencies within the County's realm. The Aviation Department, for instance, receives substantial federal funding and is required by law to award dollars to DBEs. Contracts must be tracked, monitored, and reported to the Federal Aviation Administration, and without a staff on-site devoted to this program, disconnects occur.

7.3 Findings and Recommendations

MGT proposes the following recommendations to help solve and remedy what MGT has found to be the weak points and difficulties faced by County government in its procurement of good and services that are fair, equitable, and cost-effective not only for the County itself but for all minorities, women, and non-minorities who participate in this process. While MGT suggests that the County adopt and implement these recommendations as soon as is feasible, we also recognize the many positive aspects of their program and procurement efforts. With this said, MGT proposes the following recommendations based on our findings from this study. The findings and recommendations are presented under two main categories: those that are race- and gender-neutral and those that are race- and gender-specific.

Race- and Gender-Neutral Recommendations and Commendations

FINDING

The County's Small Disadvantaged Business Enterprise Program was established to ensure reasonable efforts were being made to eliminate and remedy discrimination in contract procurement and to encourage and foster the participation of small, disadvantaged, minority, and women business enterprises. The program has and is providing the means to outreach to these groups through race- and gender-neutral activities and programs as well as race- and gender-based efforts such as establishing SDBE and DBE goals. Firms desiring to participate in the race- and gender-based efforts must be certified with the County.

Small business enterprises are accorded outreach efforts through registration with the County's Division of Equal Employment and Small Business Opportunity office wherein they are considered for smaller projects such as lot clearing or janitorial services. However, registration requirements are much different than the certification process and no specific goals are set on contracts for small business participation.

The utilization of SDBE firms occurs primarily in the form of smaller contracts, which do not comprise a significant portion of the total dollar value of a contract. As the dollar range utilization figures for construction illustrate, the majority of SDBE utilization occurs in the lower dollar ranges. Defining small contracts as those contracts under \$250,000, construction contracts awarded to SDBEs over the nine years of the study constituted 16.49 percent, but only 9.57 percent for construction contracts greater than \$1million. For those contracts from \$250,001 up to \$1 million, SDBEs received an average 18.39 percent of the dollars over the nine years of the study.

RECOMMENDATION

Recommendation 7-1:

Develop a Small Business Enterprise (SBE) component to complement the County's SDBE program already in place.

The County should develop a Small Business Enterprise (SBE) component as part of their SDBE program. Conceivably, this part of the SDBE program could logically be limited to firms in the County's relevant market area. Eligible businesses could be limited to having 100 or fewer employees, with averaged annual gross receipts of \$10 million or less over the previous three years. The program could mirror the SDBE program in assistance efforts.

FINDING

A majority of the funds expended for goods and services are awarded to firms in Broward County. In **Exhibit 7-11**, the total dollars and percentage of total dollars awarded to Broward County firms and the number and percentage of total Broward County firms receiving these dollars over the nine-year study period in each of the five business categories are shown.

**Exhibit 7-11
Broward County Disparity Study
Dollars and Percentage of Total Dollars
Awarded to Firms in Broward County
Fiscal Years 1990-91 Through 1998-99**

Business Category	Total Dollars Awarded	Dollars Awarded Broward County	% of Total Dollars Awarded	Total Number of Contractors/Consultants	Number of Broward County Contractors/Consultants	% of Total Contractors/Consultants
Construction	\$803,554,341	\$441,886,534	54.99%	819	402	49.08%
A & E	\$166,490,182	\$138,589,676	83.24%	255	121	47.45%
Professional Services	\$109,117,587	\$57,873,766	53.04%	1678	682	40.64%
Business Services	\$326,233,604	\$208,087,538	63.78%	3,017	1,649	54.66%
Commodities	\$533,102,395	\$184,438,263	34.60%	9,038	2,714	30.03%
Total	\$1,938,498,109	\$1,030,875,777	53.18%	14,807	5,568	37.60%

As shown in the exhibit, commodities are the only business category where a majority of County funds do not go to firms in Broward County. However, 80 percent of the commodity dollars were awarded to Broward, Miami-Dade, and Palm Beach counties – the County's relevant market area for Commodities.

COMMENDATION

MGT commends the County for awarding the majority of its procurement dollars (53.18%) over the nine years to firms located in Broward County to benefit non-minority and minority firms.

RECOMMENDATION

Recommendation 7-2

Add a component to the County's SDBE program that would set a local and small business goal for firms located in Broward County that provide commodities.

The County should add to their SDBE program a component for setting goals on commodity purchases for businesses located in Broward County. As was shown in Exhibit 7-10, only around 35 percent of County dollars are going to Broward County firms for commodity purchases as compared to the other business categories.

FINDING

SDBE subcontracting data where goals are established is maintained in some electronic form, but no other minority, women, and non-minority subcontracting data is currently maintained in a centralized, consistent manner electronically. If the data is collected, it is done only of SDBEs by each contracting department in a non-uniform manner. Further, MGT was unable to identify every SDBE or self-identified M/WBE on the County's electronic vendor database, as some of the data were not current or had not been entered.

RECOMMENDATIONS

Recommendation 7-3:

Implement policies and procedures to improve the collection, management, and tracking of contract and subcontracting data that would be especially accessible to the SBO Section.

Recommendation 7-4:

Establish a systemwide link with all County departments so that each department has the capability of entering subcontracting data as well as contract data.

Both recommendation (7-3 and 7-4) go hand in hand. First, the County should implement policies and procedures to improve its collection and management of contract data. A centralized data collection strategy should be developed with the specific purpose of standardization of data. Then, in order to ensure uniform data classification techniques, it is imperative that a mechanism be created that links County departments and divisions. Next, a network link should be developed so that all departments and divisions could enter and store data. This would include all contracting, subcontracting, SDBE, purchasing, bidder, and other pertinent data.

FINDING

Although the County has taken and is taking steps to modernize its procurement efforts such as establishing a purchasing card program and the development of its Web pages, serious consideration should be given to fully embracing the emerging electronic commerce activities as well. The County should develop and sustain compatibility with the emerging electronic commerce “revolution” currently spreading to governmental procurement offices.

COMMENDATION

MGT commends the County on instituting a purchasing credit card.

RECOMMENDATION

Recommendation 7-5:

Consider fully embracing the merging electronic commerce.

Electronic commerce has already caught on as a cost-effective and efficient method for ordering goods and services and for making payments in the private sector. Now it is expected to become an aid for governments. Electronic commerce involves the restructuring of existing procurement systems and the development of computer networks to exchange order and payment data. To implement this recommendation, the County will need to develop electronic databases of solicitations, product pricing information and other pertinent procurement information so that vendors and other interested parties can view and respond to proposals electronically over the Internet.

Electronic commerce can speed the exchange of transactions, avoid re-key transactions by keeping them in electronic form; eliminate steps in the business process; and allow new, more efficient business practices to be utilized. Given these possibilities, governments are moving toward electronic commerce in search of the following gains:

- savings from reducing costs of goods and services purchased through increased competition;
- faster procurements so end users will get what they need faster and can reduce inventories;
- increased productivity for buyers so they can provide more value-added services to end users;
- increased access to selling opportunities for small and disadvantaged businesses in ways that fit their own business needs and budgets; and
- increased availability of public information related to procurement such as award information and bid tabulations.

The County's procurement system is driven by the need to be as objective as possible when deciding which vendor wins a contract. To maximize that objectivity, cost is appropriately given great weight in the selection process. When awarding a contract based on the lowest bid, governmental entities occasionally end up with a product that is low in quality, high in risk, and fails to meet the needs of the agency. This issue is especially important regarding the procurement of information technology that will allow the County to embrace electronic commerce. The technological environment supporting the exchange of electronic transactions must be reliable, provide adequate privacy for the transactions, and be flexible and robust enough to support growing volumes of transactions and more ways to use electronic commerce as users increase their capabilities. The County is already implementing and using several procedures to obtain quality products that are not necessarily based on lowest bid only.

FINDING

A significant amount of M/WBE contracting is accomplished by a limited number of departments. The departments that receive federal funding are performing at a higher rate proportionately than the departments without federal funding.

RECOMMENDATION

Recommendation 7-6:

Employ performance-based management tactics directly within the procurement apparatus and hold department executives accountable for their department's performance in increasing opportunities and utilization of M/WBE firms.

Performance-based management links strategic planning with the systematic use of select feedback to manage projects and processes. MGT recommends that the County employ performance-based management tactics directly within its procurement apparatus. This effort would seek to promote improved government performance and greater public confidence in government through better planning and reporting of the results of the County's procurement programs. This is accomplished in part by acknowledging that performance-based measurements and program evaluation are complementary in nature.

The County's performance-based management efforts should be guided by a procurement performance plan. This plan should:

- establish goals that define the level of performance to be achieved by a department activity;
- express such goals in an objective, quantifiable, and measurable form;
- briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;
- establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;
- provide a basis for comparing actual program results with the established performance goals; and
- describe the means to be used to verify and validate measured values.

The County may want to include such objectives as increased outreach, larger vendors list, use of a more diverse group of vendors, reduced error rates, or better value to the customers. As a beginning point, the County may wish to consider the following performance measures:

- utilization of M/WBEs by department;
- number of vendors solicited, number of bids received, number of bid protests filed, number of bid protests affirmed; and
- number of unique vendors contacted over time to increase the diversity of the County's vendor database;

FINDING

Prime contractors after completion of a project where SDBE goals were established are required to return closing documents of SDBE participation to DEESBO staff, who in turn evaluates the prime contractor on various criteria. However, MGT did not find a mechanism in place for an overall assessment of contractors or vendors performance.

RECOMMENDATION

Recommendation 7-7:

Develop accountability measures applicable to vendors.

As a necessary corollary in this era of increased governmental accountability, the County should also develop accountability measures applicable to contractors and vendors. Measurements on all vendors should involve some or all of the non-exhaustive list of variables below depending upon type of contract, type of service required, and other factors:

- default;
- improper or exaggerated claims;
- late deliveries;
- unsatisfactory performance resulting in additional contractual and administrative costs;
- financial resources;
- technical qualifications;
- experience;
- organization, material, equipment, facilities, and personnel resources and expertise (or the ability to obtain them) necessary to carry out the work and to comply with required delivery or performance schedules, taking into consideration other business commitments;
- a satisfactory record of performance;
- a satisfactory record of business integrity;
- failure of a firm to provide relevant information specifically requested;
- delinquencies;
- unauthorized substitution of items;
- partial shipments;
- billing discrepancies; and
- number of times solicited.

FINDING

The County Web site provides users with information about the County's procurement processes and business opportunities. Information such as *How To Do Business With Broward County, a Vendor's Guide*, notices of bids and results, on-line vendor registration, and a link to the Division of Equal Employment and Small Business Opportunities (DEESBO) can be found on the site. The site is easy to access and use.

COMMENDATION

The County, its Purchasing Division, the OEO, and DEESBO are commended for the Web site that has been developed, which allows all firms to access various procurement processes and business opportunities as well as SDBE certification applications, the SDBE directory, and other related documents.

FINDING

The Mentor Protégé program that allows a major firm (mentor) to assist a small disadvantaged business enterprise (protégé) in general business management, marketing, sale of products and services, regulatory reporting, and internal audits is one of the programs that the SBO Section undertakes.

COMMENDATION

The County is to be commended for establishing a Mentor-Protégé program to help small disadvantaged business enterprise firms become successful.

FINDING

Although the Division of Equal Employment and Small Business Opportunity tracks Alternative Dispute Resolution (ADR) sessions, the office needs to log all complaints electronically and provide a listing of the nature and type of complaints received in the office.

RECOMMENDATION

Recommendation 7-8:

Log all complaints brought to DEESBO electronically and provide semi-annual reports.

The information tracked electronically should contain a listing of the complaint, when it was made, against whom it was directed, notations as to actions taken to resolve the issue, and the date the complaint was fully resolved. This will provide anecdotal as well as factual references for the kinds of concerns contractors typically have in doing business with the County.

Race- and Gender-Based Related Recommendations

FINDING

From the analysis of the utilization and availability data in Chapter 4, the resulting underutilization of M/WBEs and SDBEs shown in Chapter 5, and the supporting anecdotal testimony found in Chapter 6, MGT concludes there is compelling inference of discrimination sufficient to support the continuation of the County’s race-based remedial program on a limited basis.

Based on vendor data for availability, substantial disparity exists for the following underutilized groups (**Exhibit 7-12**) in Broward County’s business categories

**Exhibit 7-12
Substantial Disparity
M/WBEs
By Business Categories**

Business Category	African American	Hispanic American	Asian American	Native American	Non-Minority Women
Construction					
Prime Contracts	5.84		5.29	0.00	24.21
Subcontracts	50.25	39.34	17.86		42.86
Architecture & Engineering					
Prime Contracts	10.48	2.20	57.57	-----	0.48
Subcontracts	24.92	18.24			15.77
Professional Services					
Prime Contracts	2.35	1.48	6.34	51.45	20.88
Subcontracts	32.08	5.77	12.39		21.23
Business Services					
Prime Contracts	19.83	39.6	77.36	66.94	
Subcontracts	5.54	0.00	0.06	0.00	0.10
Commodities	5.75		8.00	8.45	48.90

Note: The table shows disparity indices that indicate substantial underutilization (disparity).

RECOMMENDATION

Recommendation 7-9:

Tailor minority and women participation programs to remedy the specific disparity determined.

The SDBE program should address each case of disparity within each specific business category. The County should establish annual goals for each race/ethnic/gender group in each business category. At the current time, the SBO Section does not established goals on large commodity purchases due to time and staff limitations. However, the SDBE program specifies that goals may be established on purchases of commodities of \$50,000 or more. Since the study revealed that there is a substantial underutilization of minority and women firms providing materials and goods to the County, the SBO Section should undertake the review and analysis of County purchases of commodities of \$50,000 or more and establish goals on these contracts as well.

- On an annual basis, the County should continue reviewing its budget and established annual goals, in dollars and percentages, consistent with M/WBE availability, for each SDBE group that has demonstrated significant disparity. Only M/WBEs in the relevant market areas should be allowed to benefit from the program.
- The utilization of SDBE groups should continue to be calculated as the dollar percentage of all contract dollars awarded for each separate business group.
- Annual goals for each ethnic groups and women should reflect M/WBE availability as referenced in this report. The purpose of annual participation goals is to assist the County in monitoring the success of the SDBE program.

FINDING

Contracts issued by the County require compliance with civil rights and disadvantaged business enterprise clauses. These clauses are standard in the Invitation to Bid and in subsequent contracts created for the successful bidder. Bidders are to supply the County with their Affirmative Action plan. However, while some bidders supply this documentation, others do not.

A procedure is needed to allow the County to determine if a vendor outreaches and utilizes small, minority, and women-owned firms in their business with other public sectors as well as private sector agencies.

RECOMMENDATION

Recommendation 7-10:

Develop a non-discriminatory policy statement or clause in bid documents for large dollar projects that would require the contractor/vendor who is awarded a contract (whether or not the contract has a SDBE goal) to produce evidence that the contractor/vendor has not discriminated in public and private sector work.

The County should decide when and on what projects the clause would be used in the bid document and how it would be worded and implemented. However, the wording should include that the contractor/vendor winning the award will be required to submit a non-discriminatory report detailing their efforts and usage of M/WBE subcontractors when contracting with other public and private sector agencies. Statistical evidence from prime contractors should mirror availability. If disparity exists, the prime contractor should provide a corrective action plan to increase M/WBE participation on private and public work.

FINDING

A minority female applying for certification may choose to be certified as a WBE or MBE; under the County's SDBE program; however, they cannot qualify to be certified as both. Thus, the County's WBE category includes minority women-owned firms as well as non-minority women firms.

RECOMMENDATION

Recommendation 7-11:

Certify minority female businesses as MBEs.

The WBE category should be reserved for non-minority women firms only.

FINDING

MGT conducted two sets of procurement analysis for the study: an analysis of the dollars going to all firms identified as M/WBEs whether or not the M/WBE firm was certified with the County; and an analysis of the utilization of only those firms certified with the County as an SDBE. The differences between these two analyses were provided and are reshown in this Chapter under Exhibit 7-3. The analysis reveals that there are many M/WBE firms in the County's market area not certified with the County.

RECOMMENDATION

Recommendation 7-12:

Reach out to minority and women-owned businesses that are not certified with the County's SDBE program.

Efforts to certify those minority and women-owned firms in the County's market area that are not certified with the County should be attempted. The DEESBO office should develop some strategies to reach out to these M/WBEs as well. This process would increase the availability of M/WBE firms to participate in the County's SDBE program.

FINDING

The seven staff members in the Small Business Opportunity Section undertake all responsibilities and activities for the oversight of the SDBE program and related activities. These include but are not limited to the certification of minority and women-owned businesses as SDBEs, registration of SBEs, setting contract goals, monitoring contracts for SDBE compliance, outreach activities, maintenance of the SDBE Directory, and the certification of SDBEs.⁵ Several of the recommendations that MGT has proposed will require the additional time of these staff members. The inclusion, for instance, of a Small Business component to the SDBE program will require the certification of small businesses. Increasing outreach efforts to M/WBE firms in the County's relevant market area who are not certified with the County will require additional efforts on the part of this office.

Even at present, the staff is finding it difficult to manage the outreach, certification, and tracking of SDBE firms. Setting goals on contracts, monitoring the efforts of prime contractors, securing compliance, and evaluating the end results of County contracts where goals have been established is requiring an inordinate amount of time of staff and resources.

The DBE program is another area under the auspices of the SBO Section. The monitoring and quarterly and annual reporting to the FAA of DBE participation in airport contracts where the County receives large amounts of federal funding is undertaken by the SBO Section.

⁵ The Small Business Opportunity Section is under the Division of Equal Employment and Small Business Opportunity (DEESBO). The division is overseen by a director with assistance of a secretary. The EEO Section has three staff members and SBO has seven.

RECOMMENDATION

Recommendation 7- 13:

Increase the staffing of the Small Business Opportunity Section by at least two staff members.

To ensure that the functions of the SDBE program and the County's procurement efforts for increased participation of small, minority, and woman-owned enterprises are provided, support is necessary to achieve these objectives. MGT is recommending that two staff members be added to the SBO Section. One staff member should be located at Broward County Airport Department (BCAD) to work with and assist staff in the monitoring of airport contracts for compliance with FAA DBE rules and regulations. Many airports across the country have DBE offices located at the airports devoted to carrying out such tasks required under DBE regulations. With the current growth of the Fort Lauderdale-Hollywood International Airport (FLL), more staff should be monitoring the County's program. Placing another staff member in the Purchasing Division would enable more direct contact with the County's buyers and their outreach efforts.

FINDING

Ordinance No. 93-17 governing the Small Disadvantaged Business Enterprise Program and the administrative procedures guiding the program are detailed, well conceived, and well designed. However, both documents contain language and sections that need updating and revising.

RECOMMENDATION

Recommendation 7-14:

Update the Small Disadvantaged Business Enterprise Ordinance and Administrative Procedures documents.

An ordinance that was written years ago involving a legal subject such as local governmental procurement with still-evolving case law cannot help but be in need of updating. Along with the update of the ordinance would be the inclusion of a Small Business Enterprise program if adopted by the County.

FINDING

The County has delayed establishing a SDBE Advisory Board until completion of this disparity study.

RECOMMENDATION

Recommendation 7-15:

Proceed with establishing an Advisory Board as soon as possible.

Now that the study has been conducted and the results known, the County should adopt a resolution establishing a SDBE Advisory Board and see that it is functioning as soon as feasible. This Board will play an important role in improving the efforts of the County to outreach to small, disadvantaged, minority and women enterprises.

FINDING

The Division of Purchasing and the Division of Equal Employment and Small Business Opportunity have made worthwhile efforts to increase the participation of SDBEs in the County's procurement process. The offices have conducted or participated in presentations on "How to do Business with Broward County," provided networking functions in the development of minority and women vendors, and attended trade fairs and advocacy group meetings.

COMMENDATION

The Division of Purchasing and the Division of Equal Employment and Small Business Opportunity are to be commended for their outreach efforts.

FINDING

During the interviews with County staff as MGT prepared to review and collect procurement data from contract and project files, many of the staff reported that they had no idea how SDBE goals on projects were derived. Staff seemed to be aware only that the paperwork was sent to the DEESBO office and was returned with a goal requirement for SDBE participation on the contract/project. A lack of support for the program was evidenced in some offices and by some staff members.

RECOMMENDATION

Recommendation 7-16:

Provide mandatory periodic training to staff about SDBE program procedures and include sensitivity training to racial and gender differences.

The OEO office should provide mandatory periodic training that explains details of the SDBE program and procedures, which should include sensitivity training to racial and gender differences.