

Atlanta Public Schools Disparity Study



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Overview of disparity study tasks

- Focused on contracts involved in SPLOST (construction, A&E, IT)
- Examined 568 APS contracts/subcontracts (July 2011 - June 2016)
- Collected information about firms available for APS work (successfully contacted 5,143 businesses)
- Analyzed Census data and other information
- Analyzed 273 non-APS school construction projects in Atlanta area
- Conducted in-depth interviews with businesses, trade associations
- Reviewed other local studies
- Examined past APS M/WBE Program and potential future actions

Utilization results for APS construction and professional services contracts, July 2011 through June 2016

	Number of contracts*	\$1,000s	Percent of dollars
MBE/WBE			
African American-owned	22	\$ 11,432	2.9 %
Asian American-owned	9	6,466	1.7
Hispanic American-owned	16	2,366	0.6
Native American-owned	2	1,026	0.3
Total MBE	<u>49</u>	<u>\$ 21,290</u>	<u>5.5 %</u>
WBE (white women-owned)	66	18,889	4.9
Total MBE/WBE	115	\$ 40,179	10.4 %
Majority-owned	<u>453</u>	<u>345,210</u>	<u>89.6</u>
Total	568	\$ 385,389	100.0 %

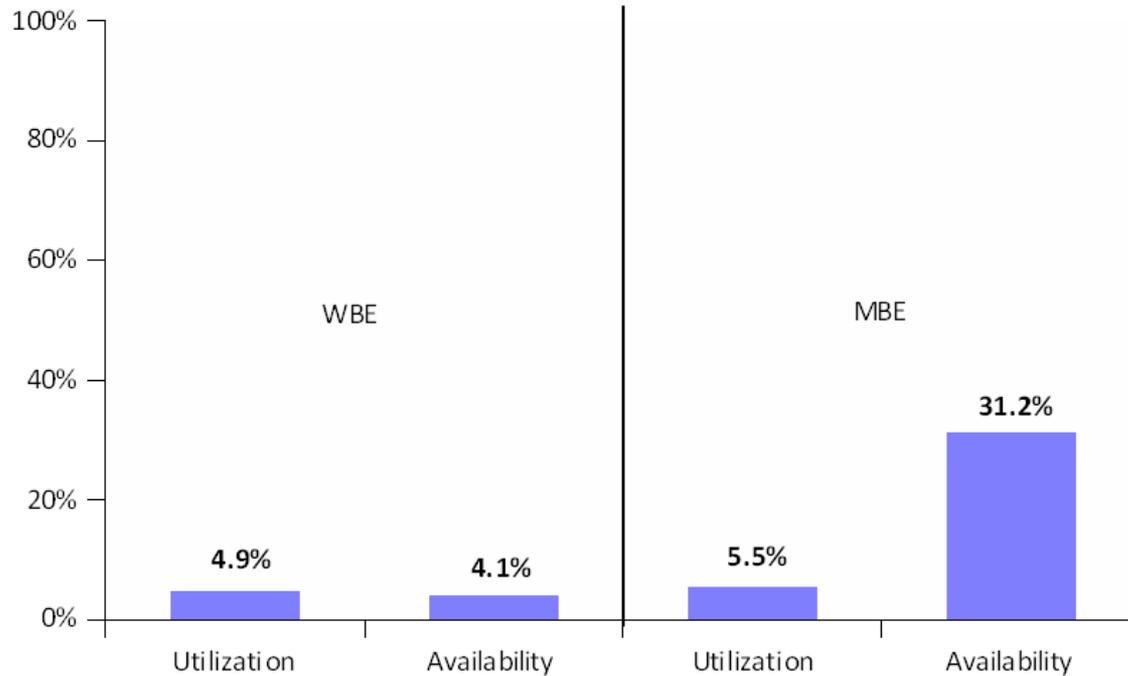
*Contracts and subcontracts

Availability survey

- Contacted construction and professional services firms in Atlanta area (reached 5,000+ businesses)
- Asked about qualifications and interest in working with APS
- 47% of firms available for APS were MBE/WBEs (headcount)
- 35% of APS contract dollars might be expected to go to MBE/WBEs based on contract-by-contract availability analysis
- Results similar to other Keen Independent studies in the Atlanta market

Disparity analysis for APS contracts, July 2011-June 2016

Percentage of contract dollars going to MBEs lower than expected based on availability analysis



Source: Keen Independent utilization and availability analyses for contracts awarded by APS.

Additional disparity analysis results

Disparities for African American-owned firms in APS construction contracts

	Utilization	Availability	Disparity index
MBE/WBE			
African American-owned	2.3 %	29.2 %	8
Asian American-owned	1.6	1.2	133
Hispanic American-owned	0.7	0.7	100
Native American-owned	0.3	0.1	300
Total MBE	4.8 %	31.1 %	15
WBE (white women-owned)	5.2	3.6	144
Total MBE/WBE	10.0 %	34.7 %	29

Additional disparity analysis results

Disparities for all MBE/WBE groups in APS professional services contracts

	Utilization	Availability	Disparity index
MBE/WBE			
African American-owned	8.6 %	16.0 %	54
Asian American-owned	2.6	9.2	28
Hispanic American-owned	0.2	6.4	3
Native American-owned	0.0	0.1	0
Total MBE	11.4 %	31.6 %	36
WBE (white women-owned)	2.7	8.8	31
Total MBE/WBE	14.1 %	40.4 %	35

In-depth interviews with business owners and others

- 27 in-depth interviews with businesses and trade associations
- Examples of comments:
 - Financing, capital and maintaining cash flow are barriers
 - Difficult to learn about APS opportunities and know how to bid
 - Closed networks negatively affect MBE/WBEs
 - Playing field in the Atlanta marketplace not level for MBE/WBEs
- One prime indicated that they include MBE/WBE subs on contracts with other public agencies but not APS since “they don’t require it”

Previous M/WBE Program included many “neutral” measures

- Reaching out to potential bidders that are small businesses
- Educating firms about how to do business with APS
- Using a small business bidders list
- Minimizing restrictive contract specifications
- Unbundling contracts when possible
- Cooperating with other groups to build small business capabilities
- Tracking minority- and women-owned business participation

Race-conscious measures in previous M/WBE Program

- Bid preferences and points for M/WBE bidders
- M/WBE contract goals
- Requirement for M/WBE joint venture partner on construction contracts of \$10 million+
- Included African American-, Asian American-, Hispanic American- and women-owned firms

Potential actions for APS consideration

- a. Inform business community of APS commitment to inclusion
- b. Reinstate relevant neutral measures from past APS M/WBE Program
- c. Re-examine APS methods for procuring construction, A&E and IT
- d. Encourage primes to reach out to minority- and women-owned subcontractors and require reporting
- e. Track and review whether these measures are successful
- f. Consider SBE contract goals program, if needed
- g. If needed, consider race- and gender-conscious components of M/WBE Program (and determine which groups should be eligible)

Administrative Response to Study Findings and Recommendations

Presented by Dr. Meria J. Carstarphen, Superintendent



Overview of Next Steps Recommended by Administration

APS utilizes a competitive solicitation process for purchases greater than \$2,000, except for those exempt categories specifically identified in Board Policy DJEA, Purchasing Authority. The following steps are identified as a means to continue the competitive solicitation process while expanding the number of Minority/Women Owned Business Enterprises (M/WBEs) given the opportunity to participate in our solicitation process.

The following slides outline recommended steps to be taken as:

1. Immediate Actions
2. Ongoing Administrative Work
3. For Board Consideration



Immediate Actions

1. Vendor Outreach Program

- Identify M/WBE vendors in the Metro Atlanta area
- Provide expanded training opportunities on “How To Do Business” (HTDB) with APS
- Actively notify M/WBEs of solicitation opportunities
- Update Procurement Webpage



Immediate Actions

2. Revise language in all formal solicitation documents to encourage inclusion of M/WBEs.

- Request for Proposal (RFP)
- Request for Qualifications (RFQ)
- Invitation to Bid (ITB)

3. Implement a new Administrative Regulation to memorialize the steps the Administration will take to improve inclusive practices in the competitive solicitation process



Ongoing Administrative Work

1. Design and implement a monitoring system
2. Review non-competitive procurement methods and make changes where necessary



For Board of Education Consideration

1. Make the inclusion of M/WBEs vendors a District commitment and priority through a revision to Board Policy
2. Explore a formal Inclusive Procurement Program
 - a) Develop taskforce, Board Commission or working group to explore more long-term and formalized programs
 - b) Investigate Small Business Enterprise Program
 - c) Review large projects (especially Construction and IT) for feasibility to segment into multiple smaller projects to allow participating by M/WBEs and SBEs. Considerations would have to include the additional oversight/project management by APS staff required for multiple projects.



For Board of Education Consideration – revise draft Policy DJEA, Purchasing Authority

Insert the following clause:

“4. All procurement shall be awarded with the goal of inclusivity. The district is committed to the participation of Minority/Women Owned Business Enterprises (M/WBEs). The Superintendent is authorized to develop administrative regulations necessary to carry out the goals of inclusivity and diversity among district vendors. The Administration will monitor and report minority participation on an annual basis. The Board directs the Administration to: (1) identify where there are disparities; (2) enhance recruitment of M/WBEs; and, (3) identify a plan for increasing participation of M/WBEs.”

