

## Disparity Study Frequently Asked Questions (FAQ's)

### **Q1: What is a disparity study?**

A1: Disparity studies are commissioned by a government entity to analyze the entity's record in awarding contracts to minority- and women-owned firms when competing for construction and professional services contracts in relation to the diversity of the local business market.

### **Q2: Why did APS commission a disparity study?**

A2: Atlanta Public Schools commissioned a study in order to analyze APS' history in awarding contracts to minority- and women-owned firms when competing for construction and professional services contracts. After extensive community input during the 2017 SPLOST referendum process, concerns were raised regarding the level of minority participation in relation to the diversity of the local business market. To that end, the district commissioned the study to better understand the level of access and opportunities for minority- and women-owned firms in construction and IT contracts from 2011-2016.

### **Q3: What did the disparity study examine?**

A3: The disparity study examined whether there are disparities between:

- The percentage of dollars that minority- and women-owned businesses received on an agency's prime contracts and subcontracts during a particular time period (referred to as a "utilization analysis"); and
- The percentage of dollars that those firms might be expected to receive based on their availability to perform on the agency's prime contracts and subcontracts (referred to as an "availability analysis").

The comparison between the utilization of minority- and women-owned businesses on an agency's contracts and the availability of those businesses to perform that work is referred to as a disparity analysis.

### **Q4: What information/data did the consultant review in making its analysis?**

#### **A4: The firm looked at the following information/data.**

- Contracts awarded to construction, design related professional services, and information technology funded by SPLOST (including subcontracts) 2011- 2016
- Ownership information for each firm
- Information about firms available for APS work in the Atlanta Metro Area
- Census data for the Atlanta Metro Area
- Information from in-depth interviews with trade associations, business owners and managers
- Other Atlanta area disparity studies
- Past and current programs, policies, procedures related to APS procurement of contracts

### **Q5: What firm completed the study for APS?**

A5: Keen Independent Research LLC is an economic research firm that specializes in disparity studies. It has staff throughout the country. David Keen (Principal) and Leslie Parker (Consultant) led the study.

### **Q6: What factors are considered in determining where disparity exists?**

A6: Disparity is calculated in the form of an index. The disparity index is a ratio of the percentage of utilization and the percentage of availability of M/WBE firms. If the disparity index is 100, the utilization of M/WBE is consistent with the

## Disparity Study Frequently Asked Questions (FAQ's)

availability of M/WBEs in the market area. If the index is less than 80, it indicates that M/WBE's are substantially underutilized by an agency based on availability. Indices between 80 and 100 –which is close to full participation— indicate underutilization, though not substantial.

### **Q7: Why does APS believe that a disparities exist in the awarding of contracts?**

A7: The district identified four primary reasons why disparities exist. These include:

1. Lack of awareness for M/WBEs for solicitation opportunities and how to participate in the APS competitive solicitation process for lack of opportunity for sub-contractors to be considered by prime contractors.
2. Complexity of the procurement process especially for smaller firms who have less experience with large government contracts.
3. Lack of clear expectations from the district for the inclusion of M/WBEs especially when subcontract opportunities exist.
4. Inadequate monitoring in place to recognize that disparities existed.

### **Q8: What groups are being analyzed as part of the disparity study?**

A8: The groups in the study included:

- African American
- Asian American
- Hispanic American
- Native American
- Women Owned

### **Q8: What is the study period being analyzed as part of the disparity study?**

A8: Keen analyzed Atlanta Public Schools contract data from 2011 to 2016 using a combination of interviews, focus groups and supporting data to examine the existing contracting policies, practices and programs for the district in the areas of construction, Architect & Engineer (A&E) and Information Technology (IT).

### **Q9: What will the district do with the findings of the study?**

A9: The district reviewed all findings and recommendations outlined in the study. The district plans to make changes in policies, practices and programming with the goal of inclusivity. The district is committed to the participation of Minority/Women Owned Business Enterprises.

### **Q10: What is APS' plans to implement?**

A10: **The administration outlined immediate next steps to expand programming for Minority/Women Owned Business Enterprises (M/WBE). Recommended next steps include:**

1. Create a Vendor Outreach Program to expand diversity within the vendor pool: (1) Identify M/WBE vendors in the Atlanta metro area; (2) Provide expanded training opportunities on "How To Do Business" (HTDB) with APS; (3) Actively notify M/WBEs of solicitation opportunities; (4) Update

### Disparity Study Frequently Asked Questions (FAQ's)

Procurement Webpage; and (5) Review the respondents to current Construction Manager and Architectural Services contracts to expand the approved pools to include additional contractors including M/WBE responders.

2. Revise language in all formal solicitation documents: Request for Proposal (RFP), Request for Qualifications (RFQ), and Invitation To Bid (ITB), to encourage inclusion of M/WBEs
3. Implement a new Administrative Regulation to memorialize the steps the Administration will take to improve inclusive practices in the competitive solicitation process

**The administration outlined ongoing work including** designing and implementing a tracking system as well as reviewing non-competitive procurement methods.

**The administration outlined the following considerations for the Board:**

4. Make the inclusion of M/WBEs vendors a District-wide commitment and priority
5. 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 participation by M/WBEs. Considerations would have to include the additional oversight/project management by APS staff required for multiple projects