



2022 Disparity Study

Andres Bernal, *Vice President, MGT*

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Agenda

- Disparity Study Overview
- Disparity Study Objectives
- Disparity Study Results
- Conclusions
- Questions





220+

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Key MGT Disparity Study Staff



Dr. Fred Seamon
Project Manager
Legal/Policy Analysis

Qualitative Research Methods
Community Engagement
Policy Analysis



Andres Bernal
Legal/Policy Analysis
Research and Analysis

Quantitative Analysis
Legal & Social Science Research
Bilingual / English & Spanish



Vernetta Mitchell
Qualitative Analysis
Research and Analysis

Qualitative Research Methods
Community Engagement
Policy Analysis

Overview of WSSC Water's Disparity Study

- Disparity studies are used to determine whether there is evidence of discrimination in the market in which a public entity does business that would permit the use of policies to eliminate discrimination and remedy its effects
- WSSC Water's disparity study involved the collection and analysis of quantitative and qualitative data to make this determination
- Disparity studies provide actionable results that can be used to **narrowly tailor** a supplier diversity program

2022 Disparity Study

Study Objectives

- Determine if there are any disparities between the utilization of minority or women-owned business enterprises (M/WBEs) compared to the availability of M/WBEs in the marketplace
- Determine if disparities that are found are consistent with the existence of discrimination
- Determine if there is quantitative or qualitative evidence of discrimination in the private market in which WSSC Water conducts business
- Provide best practices to assist in administering the MBE/SLBE programs and the establishment of overall aspirational goals



WSSC Water Utilization Results

- WSSC Water's utilization of non-M/WBE firms totaled 66.80 percent vs. 33.20 percent that went to M/WBE firms
- Overall, highest utilization rates among MBEs included African American firms accounting for 8.89 percent of dollars spent and Hispanic American firms accounting for 8.18 percent of dollars spent
- African American firms had the greatest utilization rates in Goods & Services at 19.97 percent, followed by Asian American firms in Architecture & Engineering at 14.77 percent

BUSINESS OWNERSHIP CLASSIFICATION	ALL	Construction	Architecture & Engineering	Professional Services	Goods & Services
African Americans	\$186,114,375.02	\$59,608,032.37	\$19,762,135.64	\$14,500,476.19	\$92,243,730.82
Asian Americans	\$152,173,372.36	\$82,671,083.79	\$36,592,200.17	\$13,997,684.86	\$18,912,403.54
Hispanic Americans	\$171,318,721.88	\$141,938,432.17	\$10,468,364.83	\$1,226,732.75	\$17,685,192.13
Native Americans	\$1,035,291.62	\$1,035,291.62	\$0.00	\$0.00	\$0.00
TOTAL MINORITY FIRMS	\$510,641,760.88	\$285,252,839.95	\$66,822,700.64	\$29,724,893.80	\$128,841,326.49
Nonminority Female Firms	\$184,855,431.93	\$132,523,411.82	\$7,429,400.40	\$7,987,604.94	\$36,915,014.77
TOTAL M/WBE FIRMS	\$695,497,192.81	\$417,776,251.77	\$74,252,101.04	\$37,712,498.74	\$165,756,341.26
TOTAL Non-M/WBE Firms	\$1,399,202,921.88	\$753,093,852.85	\$173,543,420.35	\$176,307,926.83	\$296,257,721.85
TOTAL FIRMS	\$2,094,700,114.69	\$1,170,870,104.62	\$247,795,521.39	\$214,020,425.57	\$462,014,063.11
BUSINESS OWNERSHIP CLASSIFICATION	ALL	Construction	Architecture & Engineering	Professional Services	Goods & Services
African Americans	8.89%	5.09%	7.98%	6.78%	19.97%
Asian Americans	7.26%	7.06%	14.77%	6.54%	4.09%
Hispanic Americans	8.18%	12.12%	4.22%	0.57%	3.83%
Native Americans	0.05%	0.09%	0.00%	0.00%	0.00%
TOTAL MINORITY FIRMS	24.38%	24.36%	26.97%	13.89%	27.89%
Nonminority Female Firms	8.82%	11.32%	3.00%	3.73%	7.99%
TOTAL M/WBE FIRMS	33.20%	35.68%	29.97%	17.62%	35.88%
TOTAL Non-M/WBE Firms	66.80%	64.32%	70.03%	82.38%	64.12%

WSSC Water Availability Results

- Availability based on the 29 counties and independent cities where 75 percent of WSSC Water spend is located
 - Detailed availability results by business category and 4-digit NAICS provided in report
- In all categories M/WBEs make up nearly 50 percent
- M/WBEs make up a greater proportion of available firms in Architecture & Engineering with 55.56 percent

WSSC Water Relevant Market Area	
Anne Arundel County, MD	Washington, DC
Arlington County, VA	Fairfax County, VA
Baltimore County, MD	Fauquier County, VA
Calvert County, MD	Frederick County, MD
Carroll County, MD	Howard County, MD
Charles County, MD	Jefferson County, WV
City of Alexandria, VA	Loudoun County, VA
City of Baltimore, MD	Montgomery County, MD
City of Fairfax, VA	Prince George's County, MD
City of Falls Church, VA	Prince William County, VA
City of Fredericksburg, VA	Rappahannock County, VA
City of Manassas Park, VA	Spotsylvania County, VA
City of Manassas, VA	Stafford County, VA
Clarke County, VA	Warren County, VA
Culpeper County, VA	

BUSINESS OWNERSHIP CLASSIFICATION	ALL	Construction	Architecture & Engineering	Professional Services	Goods & Services
African Americans	12.39%	9.77%	14.42%	17.21%	15.71%
Asian Americans	8.73%	7.22%	18.31%	11.62%	6.09%
Hispanic Americans	9.88%	13.19%	7.38%	4.44%	5.35%
Native Americans	0.48%	0.29%	0.68%	0.43%	0.85%
TOTAL MINORITY FIRMS	31.48%	30.47%	40.78%	33.71%	28.00%
Nonminority Female Firms	15.58%	14.56%	14.78%	13.05%	19.75%
TOTAL M/WBE FIRMS	47.05%	45.03%	55.56%	46.75%	47.75%
TOTAL Non-M/WBE Firms	52.95%	54.97%	44.44%	53.25%	52.25%

WSSC Water Disparity Results

- Disparity index methodology yields an easily calculable value, understandable in its interpretation, and universally comparable result
- Substantial and statistically significant disparity gives evidence of discrimination within the public sector
 - Only in Goods & Services do you find no disparity for African American firms.
- M/WBEs combined have substantial and statistically significant disparities in all categories

Procurement Category	All	Construction	Architecture & Engineering	Professional Services	Goods & Services
African Americans	Disparity	Disparity	Disparity	Disparity	No Disparity
Asian Americans	Disparity	Disparity	Disparity	Disparity	Disparity
Hispanic Americans	Disparity	Disparity	Disparity	Disparity	Disparity
Native Americans	Disparity	Disparity	Disparity	Disparity	Disparity
Total MBE Firms	Disparity	Disparity	Disparity	Disparity	Disparity
Nonminority Females	Disparity	Disparity	Disparity	Disparity	Disparity
Total M/WBE Firms	Disparity	Disparity	Disparity	Disparity	Disparity

BOLD indicates substantial statistically significant disparity.

WSSC Water Private Sector Results

- Private sector analyses looked at whether there was evidence of discrimination in the private sector marketplace supporting WSSC Water's continuance of its MBE program
- M/WBE firms earned significantly less than self-employed nonminority males, holding all other variables constant
 - Example, across all industries African Americans earn 44 percent less than a nonminority male, holding all other variables constant
 - Overall results statistically significant at 95 percent confidence interval
- Holding all factors consistent, race, ethnicity, and gender play a role in the lower level of self-employment for M/WBEs
 - Example, African Americans in the construction industry have a business formation rate of 51 percent lower than expected in a race-, ethnicity-, and gender-neutral market area
 - Overall results statistically significant at 95 percent confidence interval
- More private sector data results provided in the report*

BUSINESS EARNINGS	TOTAL	CONSTRUCTION	A&E	PROFESSIONAL SERVICES	GOODS & SERVICES
AFRICAN AMERICAN	-44%***	-38%***	-74%***	-62%***	-43%***
ASIAN AMERICAN	-19%***	117%	22%***	-22%*	-57%***
HISPANIC AMERICAN	-23%***	-10%***	-20%***	-7%	-28%***
NATIVE AMERICAN	-37%***	-23%***	-33%***	-33%***	-42%***
MBE	-31%***	-22%***	-26%***	-31%***	-42%***
NONMINORITY FEMALE	-33%***	-67%***	-24%***	-44%***	-46%***
TOTAL M/WBE	-31%***	-31%***	-26%***	-33%***	-43%***

SELF-EMPLOYMENT PERCENT CHANGES	TOTAL	CONSTRUCTION	A&E	PROFESSIONAL SERVICES	GOODS & SERVICES
AFRICAN AMERICAN	-24%***	-51%***	-22%***	-137%***	-20%***
ASIAN AMERICAN	-8%***	61%***	-53%***	-81%***	24%*
HISPANIC AMERICAN	-13%***	-38%***	-19%***	-51%***	-16%
NATIVE AMERICAN	44%***	-42%***	3%***	-33%***	59%***
MBE	-15%***	-17%***	-23%***	-75%***	-18%***
NONMINORITY FEMALE	-3%***	-67%***	4%***	-13%***	-6%***
TOTAL M/WBE	-12%***	-27%***	-17%***	-63%***	-14%***

“*” indicates a significant adverse disparity at the 15% level or better (85% confidence). “***” indicates the disparity is significant at a 10% level or better (90% confidence).
 “****” indicates significance at a 5% level or better (95% confidence).

WSSC Water Qualitative/Anecdotal Results

- The qualitative/anecdotal evidence found that M/WBE firms face business-related discrimination in the marketplace at substantially higher rates than non-M/WBEs
- The results also show that M/WBE firms that were solicited for projects with M/WBE goals are seldom or never solicited for projects without goals
 - The lack of solicitation of M/WBEs in the absence of affirmative efforts by WSSC Water in the market shows that discrimination continues to be a barrier to M/WBE business opportunities
- Additionally, firms that participated in the interviews, surveys or community meetings indicated that discrimination is prevalent in the market
- 15 percent of the survey respondents said they believe they were discriminated against due to race, ethnicity, or gender
 - African American firms indicated experiencing the highest levels of direct discrimination against them due to race
 - All other groups indicated direct discrimination compared to nearly no indication for non-M/WBEs
- *More Qualitative/Anecdotal data results provided in the report*

DISCRIMINATORY ACT	AFRICAN AMERICAN	ASIAN AMERICAN	HISPANIC AMERICAN	NATIVE AMERICAN	MBE	NON-MINORITY FEMALE	TOTAL M/WBE	NON-MWBE
Harassment	20%	2%	2%	0%	6%	3%	5%	0%
Unequal or unfair treatment	24%	2%	2%	0%	7%	3%	6%	1%
Double standards in performance	12%	2%	2%	0%	4%	1%	3%	0%
Denial of opportunity to bid	17%	2%	2%	0%	5%	2%	5%	1%
Unfair denial of contract award	11%	1%	0%	0%	3%	0%	2%	0%
Unfair termination	14%	2%	0%	0%	4%	2%	4%	0%
Unequal price quotes from suppliers	30%	0%	0%	0%	8%	0%	6%	0%

Conclusions

- The study finds statistical evidence of the presence of business discrimination of M/WBEs in both the private and public sector within the WSSC Water's marketplace
- Statistical evidence from qualitative and anecdotal activities find discriminatory experiences of vendors in the marketplace
- Results of the public sector, private sector, and qualitative/anecdotal analyses are all consistent with the presence of discrimination against M/WBEs in the marketplace
- MGT looks forward to working with WSSC Water staff in the creation of fair & constitutionally valid aspirational goals based on the study results

Questions?

