

STATE OF NORTH CAROLINA

2021 Disparity Study



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STUDY PARAMETERS

Study Period: FY2014-FY2018

Industry Categories:

- Construction
- Architectural & Engineering (A&E)
- Professional Services
- Other Services
- Goods

Relevant Geographic Market Area

- State of North Carolina

Agencies

- Volume I

- 10 Cabinet Agencies*
- 9 Council of State Agencies*
- 10 Support Agencies*

- Volume II

- 58 Community Colleges*
- 21 Universities & Related Institutions*

AVAILABILITY

Measurement Basis for Availability

- Demonstrated interest in doing business with government;
- Located in the State of North Carolina; and
- Performs in the Relevant Industry Category of Purchases

Capacity

The ability or capacity to perform the work is tested in the Regression Analysis. The regression analysis shows whether race/ethnicity/gender factors are impediments to the success of MWBEs in obtaining awards in the marketplace. And whether, excluding those factors, firms would be able to provide goods and services at a higher rate than their present utilization.

AVAILABILITY

State Agencies

Business Ownership Classification	Construction	A&E	Professional Services	Other Services	Goods
Black American	13.71%	9.17%	15.68%	6.85%	2.99%
Asian American	1.03%	3.17%	2.29%	0.59%	0.43%
Hispanic American	4.20%	3.50%	1.70%	0.71%	0.68%
American Indian	2.09%	1.83%	1.24%	0.30%	0.26%
TOTAL MBE	21.02%	17.67%	20.91%	8.44%	4.35%
Nonminority Female	12.55%	13.83%	8.12%	3.85%	3.58%
TOTAL M/WBE	33.57%	31.50%	29.02%	12.29%	7.93%
NON-M/WDBE	66.43%	68.50%	70.98%	87.71%	92.07%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%

UTILIZATION -FY2014-2018

State Agencies

Based upon Payments

Construction:	MBE firms received \$12,595,854 or 1.84% WBE firms received \$36,856,059 or 5.39%
A&E:	MBE firms received \$4,461,299 or 2.02% WBE firms received \$16,502,020 or 7.46%
Professional Services:	MBE firms received \$1,552,208 or .22% WBE firms received \$10,953,313 or 1.59%
Other Services:	MBE firms received \$60,651,255 or 1.31% WBE firms received \$31,418,787 or .68%
Goods:	MBE firms received \$17,711,952 or .48% WBE firms received \$19,655,234 or .53%

OVERALL FINDINGS

State Agencies

GSPC found statistically significant underutilization of minority and woman owned firms in all five (5) Industry Categories of NC State Agency contracting.

AVAILABILITY

Community Colleges & Universities

Business Ownership Classification	Construction	A&E	Professional Services	Other Services	Goods
Black American	14.65%	6.41%	18.42%	15.86%	8.18%
Asian American	1.12%	2.42%	2.86%	1.30%	1.09%
Hispanic American	4.38%	2.42%	2.00%	1.72%	1.71%
American Indian	2.39%	1.21%	1.49%	0.69%	0.68%
TOTAL MBE	22.54%	12.45%	24.77%	19.57%	11.65%
Nonminority Female	13.64%	10.52%	9.55%	9.05%	9.27%
TOTAL M/WBE	36.19%	22.97%	34.32%	28.62%	20.93%
NON-M/WDBE	63.81%	77.03%	65.68%	71.38%	79.07%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%

UTILIZATION -FY2014-2018

Community Colleges & Universities

Construction:	MBE firms received 65,940,776 or 2.86% WBE firms received \$222,482,937 or 9.65%
A&E:	MBE firms received \$10,629,580 or 2.41% WBE firms received \$13,386,364 or 3.04%
Professional Services:	MBE firms received \$1,995,804 or .32% WBE firms received \$1,606,856 or .25%
Other Services:	MBE firms received \$8,131,016 or .27% WBE firms received \$39,601,591 or 1.31%
Goods:	MBE firms received \$116,910,954 or 5.79% WBE firms received \$65,276,250 or 3.23%

OVERALL FINDINGS

Community Colleges & Universities

GSPC found statistically significant underutilization of minority and woman owned firms in all five (5) Industry Categories except Asian American owned firms in Goods in NC Community Colleges and University contracting.

OVERALL FINDINGS

A regression analysis found that disparities by race, ethnicity, or gender status of the firm owners remained after controlling for capacity and other race and gender-neutral factors.

This statistical evidence found support in the anecdotal and marketplace disparities evidence.

RECOMMENDATIONS

1. Strengthen the HUB Program by including full-time HUB Coordinators within each Agency and strengthen the HUB Office's enforcement authority.

2. Review and Revise Home Rule Requirements to give local jurisdictions more flexibility in applying Good Faith Effort and establishing Small Business Reserve programs

3. Institute MWBE Subcontracting Goals in addition to Annual Goals based upon Availability

RECOMMENDATIONS

4. Require Robust Good Faith Efforts. If firms do not meet the goals they must prove meaningful good faith efforts and not just that they checked off 50 points.

5. Institute Size Standards for HUB Certification to benefit smaller MWBE firms.

6. Create a Small Business Reserve Program that allows only small businesses to bid on certain sized contracts.

RECOMMENDATIONS

7. Provide or facilitate Supportive Services to better assist HUB firms to be better prepared to bid on state contracts..

8. Implement Mandatory Subcontracting goals on large contracts to create more opportunities.

9. Continue to view Bonding and Insurance requirements to make sure required levels are necessary

RECOMMENDATIONS

10. Utilize a Balanced Scorecard to closely monitor utilization and establish measures of accountability for HUB firm growth.

11. Apply Remedial programs consistently wherever state dollars are expended.

DATA REFORM

Without Data Reform it will be difficult to assess participation

1) Maintain Uniform Data

Data is kept inconsistently both in what is kept and how it is kept.

2) Centralize Access to Data for Community Colleges & Universities

There is no centralized source that keeps procurement or payment data.
GSPC has to go to each community college and university separately.

3) Capture all award data

Award data is not consistent captured and some Community Colleges and Universities do not keep any unless it comes through the State Construction Office that does not keep all data in electronic format.

3) Track all subcontractor data (MWBE and non-MWBE)

This particularly important with the new program elements.

State of North Carolina Implementation Plan

Disparity Study

