



City of Houston Disparity Study Recommendations

Presented by Cylenthia Hoyrd, Director

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Mission

The Office of Business Opportunity (OBO) is committed to cultivating an inclusive and competitive economic environment in the City of Houston by promoting the success of small businesses and developing Houston's workforce, with a special emphasis on historically underutilized businesses and disenfranchised individuals.

Vision

OBO's vision is to eliminate systemic barriers to prosperity and economic opportunity in the Greater Houston region.



The Why

Withstanding Challenge

Legal Premise

- Disparity studies provide actionable results that can be used to narrowly tailor a supplier diversity program

The Court in *Croson* indicated that the proper statistical evaluation would compare the percentage of qualified MBEs in the relevant market with the percentage of total municipal construction dollars awarded to them. In *Croson*, Justice O'Connor recognized statistical measures of disparity that compared the number of qualified and available MBEs with the rate of state construction dollars actually awarded to M/WBEs to demonstrate discrimination in the local construction industry. To meet this more precise requirement, courts, including in the Fifth circuit, have accepted the use of a disparity index.

Croson, 488 U.S. at 501-02.

Id. at 503-04.

The disparity index is the ratio of the percentage of utilization and the percentage of availability for a particular demographic group times 100.

W H Scott Constr. Co. v. City of Jackson, 199 F.3d 206, 218 (5th Cir. 1999) and *Kossmann Contracting v. City of Houston.*, No. H-14-1203, 2016 U.S. Dist. LEXIS 37708, at *50-51 (S.D. Tex. Feb. 16, 2016).



The Process

2023 -2024

April 2023 – May 2024

Departments Involved

- OBO
- Legal
- Finance
- SPD

April 2023 – May 2024

Quantitative Data Gathering Process

- MGT Consulting Engaged
- MGT granted access to City spend data
- Review and catalog of all NAICS codes
- Aggregation of Spending with all NAICS codes
- Catalog all vendors Primes & Subcontractors
- All data was broken out by demographics
- All data broken out by spending NAICS codes
- Data matched with vendors
- Aggregated by spending categories

April 2023 – May 2024

Qualitative Data Gathering Chapter 7

- 687 survey respondents
- Conducted 49 interviews
- Conducted 7 Focus Groups by Procurement Category
- Mailed over 30,000 physical collateral
- Phone calls
- Over 800 business owners responded
- Outreach to Chambers of Commerce
- Outreach to professional and trade organizations

April 2023 – May 2024

Qualitative Data Gathering

MGT worked with the City to create a Communication, Outreach, and Engagement Plan that included various outreach methods geared to inform and encourage the business community's utilization and engagement for the anecdotal data collection activities. Outreach methods included:

- ◆ MGT and the City of Houston identified area trade associations and business organizations, referred to as stakeholders for purposes of this report, whose insights would be valuable to understanding the dynamics and perceptions of the vendor community. The stakeholders were notified via e-mail blasts and phone calls of anecdotal data collection activities and asked to encourage their members to participate.
- ◆ MGT and the City of Houston transmitted numerous email blasts to the business community to increase awareness and engagement.
- ◆ OBO provided on its website a direct link to the MGT-hosted disparity study website, which is a site that businesses and organizations regularly visit to obtain information about the OBO ad its Programs.
- ◆ In addition, OBO staff included within their email signatures a direct link to the vendor survey.

April 2023 – May 2024

QUALITATIVE DATA GATHERING

TABLE 7-1. CITY OF HOUSTON
 QUALITATIVE BUSINESS DEMOGRAPHICS
 PROPORTION OF RESPONDENTS BY BUSINESS CLASSIFICATION & INDUSTRY

Source: Qualitative participants from business engagement meetings, in-depth interviews, focus groups, and vendor surveys.

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	Total
Black American	29%	45%	51%	51%	42%
Asian American	5%	13%	6%	10%	9%
Hispanic American	28%	15%	12%	17%	19%
Native American	2%	3%	0%	3%	2%
Total MBE	65%	15%	70%	82%	73%
Non-Minority Women	14%	10%	15%	11%	14%
Total M/WBE	79%	90%	84%	93%	87%

April 2023 – May 2024

BUSINESS ENGAGEMENT MEETINGS

TABLE 7-2. CITY OF HOUSTON
BUSINESS ENGAGEMENT MEETINGS DEMOGRAPHICS: M/WBE CLASSIFICATION

Source: Attendance rosters during June 21, 2023 Business Engagement Meetings.

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	Total
African American	47%	78%	0%	63%	67%
Asian American	0%	14%	0%	0%	8%
Hispanic American	20%	3%	0%	38%	11%
Native American	7%	0%	0%	0%	2%
Total MBE	73%	95%	0%	100%	89%
Nonminority Women	0%	5%	0%	0%	3%
Total MWBE	73%	100%	0%	100%	92%

April 2023 – May 2024

IN-PERSON INTERVIEWS

TABLE 7-3. CITY OF HOUSTON
IN-DEPTH INTERVIEW DEMOGRAPHICS: MWBE CLASSIFICATION

Source: In-Depth Interviews, BWA Diversity Consulting and Goodwille Pierre LLC, 2023.

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	Total
African American	63%	50%	0%	20%	47%
Asian American	0%	6%	0%	20%	6%
Hispanic American	25%	18%	0%	40%	20%
Native American	0%	0%	0%	0%	0%
Total MBE	88%	74%	0%	80%	73%
Nonminority Women	0%	21%	100%	20%	20%
Total MWBE	88%	94%	100%	100%	94%

April 2023 – May 2024

FOCUS GROUPS

TABLE 7-4. CITY OF HOUSTON
FOCUS GROUPS DEMOGRAPHICS: MWBE CLASSIFICATION

Source: Focus Groups, MGT, 2023.

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	Total
African American	0%	60%	0%	80%	54%
Asian American	0%	0%	0%	20%	8%
Hispanic American	0%	40%	0%	0%	15%
Native American	0%	0%	0%	0%	0%
Total MBE	0%	100%	0%	100%	77%
Nonminority Women	67%	0%	0%	0%	15%
Total MWBE	67%	100%	0%	100%	92%

April 2023 – May 2024

FOCUS GROUPS

The following focus groups were held virtually:

- August 7, 2023, 5:00pm-6:30pm (Construction Subcontractors)
- August 9, 2023, 1:00pm-2:00pm (Professional Services)
- August 9, 2023, 4:00pm-5:30pm (Construction Non-MWBE Subcontractors)
- August 10, 2023, 8:30am-10:00am (Construction MWBE Primes)
- August 22, 2023, 1:00pm-2:30pm (Airport Concessions)
- August 23, 2023, 9:00am-10:30am (Goods and Services)
- August 29, 2023, 9:00am-10:30am (Construction Non-MWBE Primes)

April 2023 – May 2024

PROFESSIONAL ORGANIZATIONS & TRADE ASSOCIATIONS

Outreach to stakeholders (trade associations and business organizations) was beneficial to the outreach efforts because their assistance extended communication efforts to inform and engage the business community in anecdotal activities. Stakeholders were asked to provide their feedback on the MBE, WBE, SBE, PDBE, and DBE, programs and on procurement processes from the perspective of the objectives of the organization. In addition, stakeholders were asked to disseminate community meeting notices and encourage their members to participate in the anecdotal data collection activities.

Appendix I, List of Trade Associations and Business Organizations.

April 2023 – May 2024

ONLINE COMMENTS

Submission of online comments was available via email and the Study website for firms to provide their comments regarding their experiences doing business with City, its primes, or in the private marketplace. Any comments received were reviewed for study inclusion.

April 2023 – May 2024

Additional Analysis

- Spend Concentration
- Separation of Goods & Services
- Best Practices
- Practices of Comparable Cities
- Draft Reviews



The Results

Disparity vs No Disparity

MWBE 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
- MWBEs combined have substantial and statistically significant disparities in all categories

Business Ownership Classification	ALL	CONSTRUCTION	PROFESSIONAL SERVICES	OTHER SERVICES	GOODS
Black Americans	*Disparity*	Disparity	*Disparity*	Disparity	Disparity
Asian Americans	Disparity	Disparity	No Disparity	Disparity	*Disparity*
Hispanic Americans	Disparity	No Disparity	No Disparity	Disparity	*Disparity*
Native Americans	Disparity	Disparity	*Disparity*	Disparity	Disparity
Total MBE Firms	*Disparity*	Disparity	*Disparity*	*Disparity*	*Disparity*
Nonminority Women	Disparity	Disparity	*Disparity*	Disparity	No Disparity
Total MWBE Firms	*Disparity*	Disparity	*Disparity*	*Disparity*	*Disparity*
Unclassified Firms	No Disparity	No Disparity	No Disparity	No Disparity	No Disparity

BOLD Indicates a substantial level of disparity, which is a disparity index below 80.00.

Disparity indicates statistically significant.

A group of people are gathered around a wooden table, looking at a large set of architectural blueprints. The scene is lit with warm, golden light, suggesting an indoor setting with large windows. The people's hands are visible, pointing at various parts of the drawings. The overall atmosphere is one of collaborative work and professional discussion.

Recommendations

MGT Consulting

Remedies

- Enhance Data Collection
- Advertise Future Informal Procurement Opportunities
- Establish Contract Compliance Process for Indefinite Delivery/Indefinite Quantity (IDIQ) Purchases
- Adopt a Policy Forbidding Exclusivity Agreements between Primes and Subcontractors
- Graduation Program
- Expand SBE Program
- Expand the Office of Business Opportunity Staff
- M/WBE Program Sunset

Public Comment

November 21, 2024 – January 31, 2025



Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024, and concluded on January 14, 2025.

- **November**

Emails sent to City of Houston's Contract Compliance Commissioners, OBO Advisory Board Members, Chambers of Commerce, Council Members, and various collaborative partners such as Metro, HISD, Port Houston, and Harris County to announce the release of the disparity study, inviting them to an in-person and virtual presentation for the Economic Development Committee on November 20, 2024.

Communications sent to over 5,800 certified firms through B2GNow

Email blast to 28,000 individuals and firms

Study released publicly at Economic Development Committee November 20, 2024. Portal announced and promoted.

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024, and concluded on January 14, 2025.



You are invited to attend

ECONOMIC DEVELOPMENT COMMITTEE MEETING

**JOIN US IN PERSON OR ONLINE FOR THE
ECONOMIC DEVELOPMENT COMMITTEE
MEETING, WHICH WILL INCLUDE THE
RESULTS OF THE DISPARITY STUDY**

ANNA RUSSELL COUNCIL CHAMBER,
901 BAGBY, 2ND FLOOR,
HOUSTON, TEXAS 77002

WEDNESDAY 20 NOVEMBER
2:00 P.M. 2024

STREAM ONLINE ON HTV, THE CITY OF
HOUSTON'S MUNICIPAL CHANNEL:
[HTTPS://WWW.HOUSTONTX.GOV/HTV/](https://www.houstontx.gov/htv/)



Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024, and concluded on January 14, 2025.



Businesses are welcomed to a Disparity Study Information Session on

Tuesday, January 14, 2025 at 2:00 pm CT via Zoom.

Join Zoom Meeting

<https://mgtconsulting.zoom.us/j/82723988913?pwd=bnexJMmu2yGumkC4QlFbdyo5h1W40v.1>

Meeting ID: 827 2398 8913

Passcode: 776644

The City of Houston is encouraging business owners and stakeholders to review the draft 2023 Disparity Study Report and draft Executive Summary. There will be a presentation of the findings and recommendations via Zoom. All are welcome attend.

Comments and/or questions regarding the Report's findings and recommendations will be accepted until December 31, 2024.

Submit your comments [here](#).

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024, and concluded on January 14, 2025.

Business Owner Engagement

Executive Summary



[Read Executive Summary Draft](#)

Disparity Study Report



[Read Disparity Study Report](#)

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024, and concluded on January 14, 2025.

Company Name

Phone

Email *

Address

Company's Primary Line of Business:

Company Owner's Ethnicity:

- African American/Black
- American Indian
- Asian American
- Hispanic American or Latino
- Caucasian American (Non-Hispanic)
- Other (please specify)

If Selected 'Other' (Please Specify Here)

Company Owner's Gender:

- Male
- Female

Comments

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025.

- **December**

Flyer containing details about a virtual informational session, including a Zoom link, was shared via B2Gnow, Constant Contact, and the OBO Weekly Eblasts. In addition, multiple emails were sent to the same groups to provide a chance to hear the information again pertaining to the disparity study.

The B2Gnow platform is designed to reach all active certified vendors, while the audience for Constant Contact and the OBO weekly e-blasts includes certified firms, council members and staff, directors from various departments, Texas House Representatives, participants of Meet the Buyer events, the OBO Advisory Board, and a range of OBO distribution and mailing lists, along with OBO staff and prime contractors.

Zoom Presentation December 14, 2025, to present results and promote the portal for recommendations and comments. Attendees 26

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025.

- **January**

Flyer containing details about a virtual informational session, including a Zoom link, was shared via B2Gnow, Constant Contact, and the OBO Weekly Eblasts. In addition, multiple emails were sent to the same groups to provide a chance to hear the information again pertaining to the disparity study.

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Zoom presentation January 14, 2025, of results and promotion of portal for comments, papers, and questions. Attendees 120

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025.

[PUBLIC NOTICE - City of Houston eGovernment Center](#)

- V. City of Houston Disparity Study Overview and Objectives o MGT Consulting Group, LLC VI. Public Comments VII. Adjournment If you are disabled or require special accommodations, ...

Public Comment and Recommendations

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025.

- **December – January Statistics**

B2Gnow

Date of campaign	# of contacts	Total views
12/19/2024	5,892	3,335
1/14/2025	5,892	2,410

Constant Contact

Date of campaign	# of contacts	Total views
12/19/2024	14,726	4,530
1/2/2025	14,696	4,093
1/9/2025	14,670	4,110
1/14/2025	14,654	3,975

Weekly Eblast

Date of Campaign	# of contacts	Total views
12/23/2024	14,717	4,612
12/30/2024	14,704	4,656
1/6/2025	14,688	4,451
1/13/2025	14,659	4,419

Media Coverage

Departmental outreach attracted media attention

<https://www.houstonpublicmedia.org/articles/news/city-of-houston/2024/12/02/507540/study-f>

CITY OF HOUSTON

Study finds racial, gender disparities in City of Houston spending

From 2017 through 2022, the city's spending saw across-the-board disparities for construction, professional services and goods.

[Dominic Anthony Walsh](#) | December 2, 2024, 12:52 PM



Lucio Vasquez/Houston Public Media

Media Coverage

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025

[City of Houston Completes ACDBE, DBE, M/WBE Disparity Study](#)

The image is a screenshot of a news article from Contractor News. At the top, the site's name 'CONTRACTOR NEWS' is displayed in large, bold, black letters. Below it, the tagline 'America's #1 Small Business & Public Works News Source' is written in a smaller font. A navigation bar contains links for 'Business Types', 'Topics', 'About Us', 'Contact Us', and a 'Search' button. The main headline of the article reads 'City of Houston Completes ACDBE, DBE, M/WBE Disparity Study' with a sub-headline 'Houston is the largest city in Texas.' Below the text is a large green graphic with the words 'GOV'T UPDATES' in white, outlined letters. At the bottom of the graphic, the website 'ContractorNews.Com' is mentioned. The article's date, 'January 5, 2025', and author, 'Author : Alex Bustillos', are listed at the bottom of the page.

CONTRACTOR NEWS
America's #1 Small Business & Public Works News Source

Business Types ▾ Topics ▾ About Us Contact Us Search

City of Houston Completes ACDBE, DBE, M/WBE Disparity Study
Houston is the largest city in Texas.

GOV'T
UPDATES

ContractorNews.Com

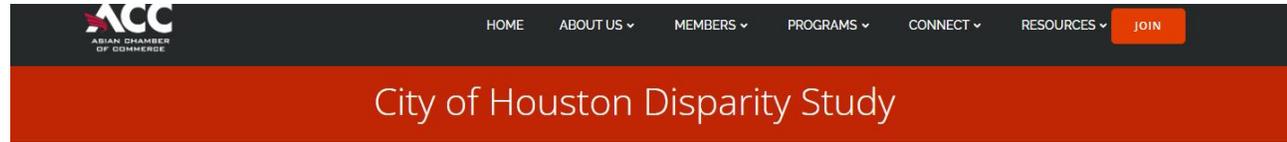
Source : Contractor News
Author : Alex Bustillos

January 5, 2025

Media Coverage

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025

[City of Houston Disparity Study - Asian Chamber of Commerce](#)



The City of Houston has retained MGT Consulting Group to conduct a disparity study. The overall purpose of the Study is to determine whether there is racial and/or gender discrimination in the markets in which the City does business – both public and private sectors.

Disparity Study Online Vendor Survey

The City invites ALL business owners to participate in an online vendor questionnaire to share your experiences with discrimination, if any, and its impact on your ability to conduct business in the City's marketplace.



Learn more about this study at <https://houstontxdisparitystudy.com/>



Media Coverage

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025

[Disparities in Houston's city spending: MWBEs face systemic bias - DefenderNetwork.com](https://www.defendernetwork.com/news/houston-city-spending-analysis-shows-racial-and-gender-disparities-in-business-opportunities)

NEWS

Houston City Spending Analysis shows racial and gender disparities in business opportunities



by ReShonda Tate
DECEMBER 11, 2024



Relatives As Parents help kinship caregivers keep families together

March 14, 2025

Media Coverage

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025

[DBE Journal | DBEGoodFaith.com's Trade Journal](#)

Find a Contract

Example: Trucking

Certifications

Select Certification

State

Select a State

SEARCH

City of Houston seeking comment on its newly issued MWDBE disparity study

Published on 12/11/2024

The City of Houston has recently issued a draft of its 2023 disparity study as well as a draft of the executive summary of the study. The study was commissioned to examine whether or not minority, and women-owned, and disadvantaged business enterprises (MWDBEs) faced disparities in their utilization, relative to their availability, in City contracting, and, if so, what remedies might be implemented. The study covered City contracts from fiscal year 2018 through fiscal year 2022. The City is currently seeking comments and questions on the report's findings and recommendations, and will accepting feedback until December 31, 2024.

The findings of the study included findings of disparities in almost all categories. Overall, MWDBEs had an availability in the City's market area of 51.3 percent, but had a utilization rate during the study period of 21.62 percent. The study also makes mentions of findings of disparities in private sector data for MWDBEs, as well as qualitative and anecdotal information gathered from direct engagement with MWDBEs indicating discrimination and disproportionate obstacles.

Remedies proposed by the study that the City could consider implementing include enhanced data collection, better advertising of informal procurement opportunities, establish specific contract compliance procedures for "indefinite delivery/indefinite quantity" (IDIQ) contracts, forbidding primes to require exclusivity agreements from MWBE subcontractors, expanding the City's Small Business Program, and more.

Find the page for the disparity study, including the link for leaving feedback on the study as well as the documents themselves, at <https://houstontxdisparitystudy.com/>.

Media Coverage

Marketing initiatives for the Disparity Study commenced November 21, 2024 and concluded on January 14, 2025

[Houston looks to update minority contracting program](https://houstonlanding.org/houston-minority-contracting-program-may-be-at-crossroads-with-new-mayor-lawsuit/)

<https://houstonlanding.org/houston-minority-contracting-program-may-be-at-crossroads-with-new-mayor-lawsuit/>

Houston minority contracting program may be at crossroads with new study, lawsuit





The Ordinance

Aligning With The Disparity Study



Chapter 15 Article V. Proposed Updates

Currently

- No Veteran Owned Small Business Program
- Presumptive Groups without disparity removed from program
- Construction Only Small Business Enterprise Program
 - 4% Participation Cap

Proposed

- Create Veteran Owned Small Business Program
- Presumptive Groups without disparity graduate to Small Business Enterprise Program
- Expand the Small Business Enterprise Program
 - Construction – Remove 4% Cap
 - Professional Services
 - Goods
 - Services

Chapter 15 Article V. Proposed Updates

Currently

- Advertise Future Formal Procurements
- Treat All Contract Compliance the Same
- Vendors prohibit the competitive process for subs
- Presumptive Groups without disparity
- Graduation has been waived

Proposed

- Advertise Future Informal Procurements
- Establish Contract Compliance Process for Indefinite Delivery/Indefinite Quantity (IDIQ) Purchases
- Adopt a Policy Forbidding Exclusivity Agreements between Primes and Subcontractors
- Graduation Program

Chapter 15 Updates: THE PROCESS

New Small Business Programs

- Creation of Veteran Owned Small Business Enterprise Program
- Creation of Service-Disabled Veteran Owned Small Business Enterprise Program
- Expansion of Small Business Enterprise Program (Professional Services, Goods, Services)
- Mentor Protégé Program
- Small Business Rotation Program
- Small Business Reserve Program

Chapter 15 Updates: THE PROCESS

Small Business Enterprise Migration

- Creation of Services Category
- SBE added to ALL purchasing categories in phases
 - Phase 1 – Construction – removing the cap
 - Phase 2 – Professional Services
 - Phase 3 - Services
 - Phase 4 – Goods

Chapter 15 Updates: THE PROCESS

Small Business Enterprise Migration

- TIMELINE

- Ordinance Changes – March 2025
- Administrative Update – April - June 2025
- Department Training – June – July 2025
- Procurement Updates – June - July 2025
- Construction MBE migration to SBE – July 2025 – September 2025
- Professional Services MBE migration to SBE September 2025 – November 2025
- Goods WBE migration to SBE November 2025 – December 2025
- New goal categories January 2026



Q&A

Public



John Whitmire, **Mayor**

Cylenitha Hoyrd, **Director**

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Thank You

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