

# Walsh unveils minority & women business spending goals

New equity study on city procurement to follow

**Jule Pattison-Gordon** | 3/2/2016, 10:30 a.m | Bay State Banner

Mayor Martin Walsh announced at City Hall last week that his administration plans to bolster minority- and women-owned businesses. During an event that filled the City Hall mezzanine, he signed an executive order establishing spending goals and declared his intent to conduct annual “disparity studies” that will analyze the city’s procurement for any racial, gender or ethnic biases.

“It is clear that women and people of color have huge impacts on our success [as a city] and we need to make sure we support those businesses,” Walsh said, noting that minority-owned business enterprises generate \$2.7 billion in revenue in Boston and women-owned business enterprises generate \$3.3 billion.

## Equity and inclusion agenda

Yet disparities remain strong: While Boston is 52 percent women, only 30 percent of Boston businesses are women-owned, according the city’s first Equity and Inclusion Agenda, released at the event. Additionally, while Boston is 47 percent non-Hispanic white, according to the 2010 census, the Equity and Inclusion Agenda states that this demographic owns 80 percent of Boston’s privately-owned firms that have paid employees.

The Agenda outlines racial and economic disparities in areas of income and employment, wealth creation, business development and economic mobility, along with programs offered by the city that seek to address these gaps.

## Spending benchmarks

Walsh signed an executive order that calls upon directors of all city departments to actively pursue MBEs and WBEs when conducting business transactions such as purchasing and contracting.

The city’s last similar program — the Minority & Women’s Business Enterprise Program — was dismantled in 2003. While the city has undertaken other efforts to bring visibility to MBEs and WBEs, it has not had a program in the interim that targets a portion of government contract spending specifically for such businesses, said Karilyn Crockett, city Director of Economic Policy & Research.

“This is a wonderful, wonderful step at putting fairness back in place,” Joyce Ferribough said, during remarks made at the signing. Ferribough’s late husband, Bruce Bolling, sponsored the ordinance establishing the Minority & Women’s Business Enterprise program.

The 2016 executive order goes beyond the scope of the earlier MWBE program, which only targeted spending in construction contracting. This new order establishes spending goals also in architecture, engineering and professional services, Crockett said. Depending on contract type and size, the goals range from 15-20 percent to 25-30 percent benchmarked for WBEs, and 10-15 to 20-25 percent for MBEs.

Including minorities in earlier phases of a project has a significant impact on whether minorities are hired later in the project life cycle, Greg Janey, president of Janey Construction Management and Consultant, told attendees.

“When we get early consultants on, whether architects, project managers, or equity stakeholders, that has a direct influence on diversity during construction phases, particularly if they’re a person of color,” Janey said.

The administration said it intends to provide training to help businesses navigate the bidding process, and will announce additional procurement policies at a future point.

### **2003 disparity study**

The Minority and Women Business Enterprise Program that ended in 2003 required city departments to make their best effort to contract at least 15 percent of their business with certified MBEs and 5 percent with certified WBEs. The program ceased operation after it was challenged in a lawsuit and the city failed to demonstrate sufficiently that MBEs and WBEs needed such a program.

At that time, the City of Boston had hired an external public policy and public relations company to conduct a study examining city procurement for disparities. The research results were regarded as inconclusive, and the MWBE program was discontinued, Crockett said.

However, according to both John Barros, chief of Economic Development, and Crockett, that study’s lack of a clear answer did not mean there was no need for such programs. Rather, it reflected limitations on the quality and quantity of data that the city was able to provide at the time.

“[The disparity study] was inconclusive because we didn’t have the right data sets to answer the question,” Barros said.

According to Crockett, the 2003 study did identify some areas of inequality, which informed parts of Walsh’s executive order: The research pointed to disparities in

architecture and engineering, which prompted the Walsh administration to create benchmarks in those areas, she said.

During the event, several business owners attested that the city's earlier MBE and WBE set-asides played critical roles in growing their firms.

Lisa Brothers is president and CEO of Boston-based Nitsch Engineering, a 26-year-old company and the largest women-owned civil engineering firm in the state. She said the city's large contract offerings were important opportunities that allowed her business to grow.

Ann Sullivan, CEO of Metro Equipment, a 30-year-old corporation, had a similar story. "I come from the era of set-asides," Sullivan said "If we didn't have programs like in this executive order, we wouldn't even have the chance to work with the city."

### **Annual equity analysis**

Walsh also announced a new disparity study — the first in 13 years — that will analyze the city's procurement process for any racial, ethnic or gender bias.

Applying lessons learned from the 2003 study, the Walsh administration is taking particular care with the new study's design, Crockett said. A request for proposals to conduct the study will be issued this year, and disparity analyses will be conducted annually, Barros said.