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FOR INFORMATION CALL

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December 12, 2023

Ald. Russell W. Stamper, II  
(414) 286-2659

## **Council formally adopts City of Milwaukee 2023 disparity study**

Today the Common Council formally adopted the findings and recommendations of a key study that showed under-participation by minority- and women-owned business enterprises in City of Milwaukee contracts and services.

In 2021, the City of Milwaukee contracted with Griffin & Strong, P.C., (“GSPC”) to conduct a comprehensive disparity [study](#) to determine whether or not statistically significant disparity exists between the number of minority- and women-owned businesses that are ready, willing, and able to provide or perform goods, services (professional and non-professional) and construction services and the number of majority-owned entities currently participating in these same types of contracts with the City.

**Alderman Russell W. Stamper, II**, the primary sponsor of the Council legislation authorizing the hiring of GSPC to conduct the study, said GSPC analyzed the prime contractor contracting and subcontracting activities for the City’s purchases in the industry categories of construction, architecture and engineering, professional services, other services, and goods during the 5-year study period January 1, 2015 through December 31, 2019.

“The study laid out in detail how minority- and women-owned (MWBE) enterprises are having a hard time being included in the overall business of the City, and how we can work to make improvements to address those related issues of non-inclusion,” Alderman Stamper said.

“The study has been in the works for some time, and I want to thank my colleagues for their support. I look forward to creating a more equitable city in whatever ways we can,” the Alderman said.

The file approved today was co-sponsored by **Alderman Khalif J. Rainey**, **Alderman Andrea M. Pratt**, **Alderman Mark Chambers, Jr.**, **Alderman Larresa Taylor**, and **Alderman Milele A. Coggs**. Some **key findings** of the study (looking at city operations between 1/1/2015 and 12/31/2019):

- Despite implementing race- and gender-neutral measures to try to increase utilization of MWBE firms, the study showed that those measures were not effective in resolving or significantly reducing identified disparities. Accordingly, the study found the City has a basis to introduce race and gender conscious remedies or policies toward that goal.

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## 2023 Disparity Study/ADD ONE

- Anecdotal interviews indicated that there were some complaints by bidders or potential bidders that bond requirements were a barrier to participation in City contracting. Likewise, insurance was occasionally cited in interviews as a potential barrier to participation.
- Milwaukee paid a total of \$500.3 million in prime construction spending in the Geographic Relevant Market (the 4-county metro area) during the study period and \$44.9 million of this amount, or 8.55% was paid to MWBE firms as prime contractors. MWBEs were paid 9.55% of architectural and engineering services, 6.69% of professional services, 4.07% of other services, and 8.11% of goods. MWBEs won 7.40% of prime payments across all purchasing categories.
- There was underutilization in prime contracts for all MWBEs groups, except Black Americans in goods and Native Americans in construction services.
- Study participants expressed concern about prime contractors using pass-throughs and fronts to sidestep the City's 25% SBE (small business enterprise) hiring goals. More than one-third of the firms participating in the anecdotal interview portion of the Study outlined experiences in which they encountered prime contractors using subcontractors to skirt participation goals or feign good faith efforts to win contracts with the City. More than a third of the respondents to the GSPC Survey of Business Owners believed to some degree that prime contractors would include a small business subcontractor on a bid to meet the goals, then drop the subcontractor after winning the bid.

GSPC makes a number of recommendations to assist the City in remedying the disparities found to ensure that all available firms within the Geographic Relevant Market are given every chance to succeed in doing business with the City, including that the City:

- Increase both resources and staffing as part of the City's plan to adopt and implement the Study's recommendations.
- Set annual internal MBE and WBE goals based upon availability.
- Establish a procurement non-discrimination policy to investigate possible discrimination.
- Streamline the registration and certification process and initiate a campaign to encourage MWBE firms to obtain certification.
- Analyze payments at the departmental level to improve the time for prime contractors to get paid.
- Continue to review bonding and insurance levels on a project-by-project basis to make sure that the limits are necessary.