

VIII. DETAILED FINDINGS AND RECOMMENDATIONS

This Disparity Study set out to determine whether Montgomery County, Maryland is an active or passive participant to discrimination in the access of its procurement process by minority, female or disabled owned businesses. The previous chapters have set forth the legislative requirements, County practices and policies, statistical evidence, and anecdotal evidence which is measured to make the ultimate determinations. This chapter details the findings of the evidence found by GSPC in the context both of providing summary information and establishing such information within the findings of Croson and its progeny

As outlined in the Legal History section of this Study, the courts have indicated that for a race-based or gender-based preference program to be maintained there must be a clear evidentiary foundation established for the continuation of existing programs. Generally, this evidence should also have been reviewed as part of the implementing jurisdiction's decision-making process related to the race-conscious program in order for it to be relevant in any subsequent legal action. Thus, GSPC presents its summary of findings and conclusions to the County for deliberative review and discussion.

A. Findings

FINDING 1: Overall MFD Utilization

Throughout the Study Period, the County spent \$368 million with Minority and Women Owned Firms (roughly 14% of the overall prime dollars spent at all thresholds) within the relevant market across all procurement categories at the prime level in Purchase Orders, Direct Purchase Orders and P-Card Purchases. Payments to Disabled owned firms represented \$11.5 million or 0.45% of total county spending of \$ \$2.59 billion for the Study Period.

Table 125: Utilization Totals

**Montgomery County, MD Disparity Study
Study Period Totals, Minority and Female Owned Businesses**

	Construction	Prof. Serv.	Services	Goods	Other
Purchase Orders Prime					
African-American	\$17,856,992	\$5,690,358	\$5,893,298	\$2,229,496	\$0
Asian American	\$33,609,137.00	\$1,126,571	\$33,849,917	\$109,127	\$0
Hispanic American	\$149,848,041	\$11,652,061.00	\$17,615,117	\$2,128,569	\$0
Native American	\$507,847	\$0	\$2,675,000	\$0	\$0
White Female	\$50,492,621	\$7,066,574	\$16,224,172	\$9,384,357	\$0
Non-MFD	\$919,078,351	\$295,357,383	\$548,076,057	\$397,784,720	\$0
Total	\$1,171,392,989	\$320,892,947	\$624,333,561.00	\$411,636,269	\$0
Direct Purchase Orders Prime					
African-American	\$80,834	\$3,200	\$60,409	\$1,245	\$0
Asian American	\$21,203	\$140	\$855	\$28,033	\$0
Hispanic American	\$80,625	\$19,465	\$2,499	\$0	\$0
Native American	\$0	\$0	\$0	\$0	\$0
White Female	\$109,764	\$25,993	\$17,144	\$143,521	\$0
Non-MFD	\$1,590,619	\$1,545,129	\$3,718,658	\$3,739,694	\$19,761,785
Total	\$1,883,045	\$1,593,927	\$3,799,565	\$3,912,493	\$19,761,785
P-Cards Prime					
African-American	\$0	\$0	\$2,117	\$2,375	\$0
Asian American	\$0	\$0	\$0	\$4,398	\$0
Hispanic American	\$0	\$0	\$0	\$0	\$0
Native American	\$0	\$0	\$0	\$0	\$0
White Female	\$607	\$0	\$3,326	\$37,826	\$0
Non-MFD	\$35,291	\$215,600	\$697,295	\$1,235,712	\$0
Total	\$35,898	\$215,600	\$702,738	\$1,280,311	\$0

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Table 126: Utilization Totals, Disabled

**Montgomery County, MD Disparity Study
Study Period Totals, Minority and Female Owned Businesses**

	Pos	DPOs	Totals
Construction	\$10,794,846	\$1,687	\$10,796,533
Professional	\$0	\$375	\$375
Services	\$18,000	\$731,457	\$749,457
Goods	\$0	\$0	\$0
Total	\$10,812,846	\$733,519	\$11,546,365

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FINDING 2: Relevant Market

The relevant market for each procurement category is the area in which 75% or more of the dollars were spent during the Study Period. The relevant markets for this Study by procurement categories are:

- Construction –Maryland, Washington D.C., and Virginia;
- Professional Services– Maryland, Washington D.C., and Virginia
- Services – Maryland, Washington D.C., and Virginia
- Goods – United States

FINDING 3: County MFD Prime Utilization and Availability

➤ Purchase Orders

The dollar value of Minority and Female owned businesses prime utilization for Purchase Orders (purchases over \$10K) during the Study Period in the relevant market by the County is shown below:

- 578 Minority and Female owned businesses received \$252 million in Construction PO contract dollars on County projects, which represents 21% of the total dollars spent by the County on Construction.
- 86 Minority and Female owned businesses received \$25.5 million in prime Professional Services Purchase Order contract dollars which represents 8 % of total Professional Services dollars spent by the County on Professional Services.
- 146 Minority and Female owned businesses received \$76 million in Other Services dollars, which represent 12.2 % total dollars spent by the County on Other Services.

- 67 Minority and Female owned businesses received \$13.8 million in Goods/Supplies dollars, which represents 3.3% of total Purchase Order contract dollars spent by the County in this category.

➤ **Direct Purchase Orders**

The value of DPOs issued during the Study Period to Minority and Female owned prime contractors is shown in the bullet-points below.

- Minority and Female owned businesses received \$242,426 Construction PO contract dollars on County projects, which represents 15.5% of all DPOs spent by the County on Construction.
- Minority and Female owned businesses received \$48,798 in prime Professional Services DPO contract dollars which represents 3% of total DPO dollars spent by the County on Professional Services.
- Minority and Female owned businesses received \$80,907 in Other Services dollars, which represents 2 % total DPO dollars spent by the County on Other Services.
- Minority and Female owned businesses received \$172,798 in Goods/Supplies dollars, which represents 4.42% of total Purchase Order contract dollars spent by the County in this category.

➤ **P-Card Purchases**

- Minority and Female owned businesses received \$607 Construction P-Card contract dollars on County projects, which represents 1.8% of all DPOs spent by the County on Construction.
- Minority and Female owned businesses received \$0.00 in prime Professional Services P Card dollars.

- Minority and Female owned businesses received \$5,443 in Other Services P Card dollars, which represents 0.77 % total P Card dollars spent by the County on Other Professional Services.

- Minority and Female owned businesses received \$44,599 in Goods/Supplies P Card dollars, which represents 3.48% of total Purchase Order contract dollars spent by the County in this category.

FINDING 4: Prime Availability within the Relevant Market

Table 127: Summary of Prime Availability Within the Relevant Market

Business Category	African America n %	Asian America n %	Hispanic America n %	Native America n %	White Female e %	Non-MFD Firms %	Disabled %
Construction	11%	3.29%	6.14%	.49%	5.54%	73.52%	1.00
Professional Services	8.25%	4.11%	1.24%	.11%	4.26%	82.03%	.80
Services	12.57%	3.49%	2.58%	0.08%	5.46%	75.82%	.62
Goods	5.79%	2.01%	1.51%	.11%	4.5%	86.08%	.76

Source: Griffin & Strong, P.C. Montgomery County, MD Master Vendor Database

FINDING 5: Disparity in MFD Prime Utilization

MFDs were under-utilized across many procurement categories during the Study Period. However, the under-utilization of the following MFD groups was determined to be statistically significant enough to suggest the possible presence of discrimination:

- Construction: African American, Asian American, Native American, Disabled and White Female owned firms;

- Professional Services: African American, Asian American, Native American, Disabled, and White Female owned firms;
- Services: African American, Disabled, and White Female owned firms;
- Goods: African American, Asian American, Hispanic American, Native American, Disabled and White Female owned firms.

It is also significant that Non-MFD owned firms were overutilized in all procurement categories during the Study Period.

FINDING 6: Threshold Analysis

GSPC measured the number of firms in each race/ethnicity/gender group according to the levels of awards granted to each group by certain dollar increments. The full threshold table is attached as Appendix G hereto. To summarize the awards by threshold:

Construction

- 21.54% of all Construction P.O.s went to Minority and Women owned businesses as compared to 26.26% availability.
- Minority and Women Owned businesses accounted for 37.80% of all Construction P.O's under \$250,000 and 44.93% of all construction contracts between \$250,000 and \$500,000. Of all P.O's under \$500,000 Minority and Women owned businesses account for 39.80% while representing 26.46% availability.
- For all Construction P.O.s \$500,000 and over, Minority and Women Owned businesses accounted for only 15.53% of Construction P.O's despite the same 26.46% availability.
- 31.26% of all P.O.'s awarded to Minority and Women owned business were under \$250,000, 45.73% were under \$500,000 and 54.26% were \$500,000 and over.

- Disabled owned firms gained .92% of all Construction P.O.'s as compared to a 1.00 availability.
- Disabled owned firms accounted for 3.26% of all Construction P.O.'s under \$250,000 and 2.01% between \$250,000 and \$500,000
- .27% of all P.O.s over \$500,000 went to Disabled owned firms with a 1.00% availability.
- Of all Disabled owned firms 78.11% of Construction P.O.s were under \$500,000 and 21.89% were \$500,000 or over.

Professional Services

- Minority and Female owned business utilization using P.O.s was 7.96% for all Professional Services as compared to a 17.97% availability.
- 13.24% of all P.O.'s under \$250,000 and 13.36% between \$250,000 and \$500,000 were awarded to Minority and Female owned businesses.
- Of all Professional Services P.O.'s under \$500,000 Minority and Women owned businesses account for 13.28% while representing 17.97% availability.
- 67% of all Minority and Female owned business P.O purchases were under \$500,000 with 32.90% \$500,000 or above.
- For all Services P.O.s \$500,000 and over, Minority and Women Owned businesses accounted for only 4.38% of Professional Services P.O.'s despite the same 17.97%. availability.
- There were no Disabled Owned P.O.s awarded during the Study Period in Professional Services

Services

- Minority and Female owned business utilization using P.O.s was 12.21% for all Services as compared to a 24.18% availability.
- 23.76% of all Services P.O.'s under \$250,000 and 31.61% between \$250,000 and \$500,000 were awarded to Minority and Female owned businesses. Of all Services P.O.'s under \$500,000 Minority and Women owned businesses account for 25.94% while representing 24.18% availability.
- 55.80% of all Minority and Female owned business P.O purchases were under \$500,000 with 44.20% \$500,000 or above.
- For P.O.s \$500,000 and over, Minority and Women Owned businesses accounted for only 7.32% of Services P.O's despite the 24.18% availability.
- Disabled owned firms gained only \$18,000 of \$624,333,561 for an effective percentage of zero as compared to a 1.00 availability.

Goods

- Minority and Female owned business utilization using P.O.s was 3.36% for all Goods as compared to a 13.92% availability.
- 7.92% of all P.O.'s under \$250,000 and 11.80% between \$250,000 and \$500,000 were awarded to Minority and Female owned businesses.
- 83.49% of all Minority and Female owned business P.O purchases were under \$500,000 with 16.51% \$500,000 or above.
- Of all Goods P.O's under \$500,000 Minority and Women owned businesses account for 8.98% while representing 13.92% availability. However, for P.O.s \$500,000 and over, Minority and Women Owned businesses accounted for only .81% of Goods P.O's with a 13.92%. availability.
- There were no Disabled Owned P.O.s awarded during the Study Period in Goods

FINDING 7: Comparison with 2005 Study

GSPC compared the IFB and RFPs from 2001-03 to the IFB and RFPs from 2007-2012 and found that in Construction there was an overall slight decrease in amounts awarded to MFDs. It should be noted that the overutilization of Hispanic owned firms in Construction that is present in the current Study was also present in the previous study at a just slightly lower utilization percentage.

Table 128: Comparison of IFB and RFPs from 2001-03 to 2007-2012 in Construction

Construction				
	2001-03 IFB & RFPs	%	2007-2012 IFB & RFPs	%
African American	\$ 230,000.00	0.08%	\$ 16,919,670.61	1.79%
Asian American	\$ 18,119,094.00	6.48%	\$ 33,369,201.09	3.52%
Hispanic American	\$ 40,369,226.00	14.44%	\$ 143,488,153.75	15.15%
Native American	\$ -	0.00%	\$ 507,846.92	0.05%
Female	\$ 14,281,268.00	5.11%	\$ 49,960,490.61	5.27%
Disabled	\$ -	0.00%	\$ 2,141,987.03	0.23%
Non-MFD	\$ 206,532,925.00	73.89%	\$ 700,766,422.87	73.99%
Total MFD	\$ 72,999,588.00	26.11%	\$ 246,387,350.13	26.01%
Total	\$ 279,532,513.00	100.00%	\$ 947,153,773.00	100.00%

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Note: In 2001-03 the IFB & RFP threshold was \$25,000. In 2010 it changed to \$100,000 which would include part of the 2007-2012 IFB & RFP period reviewed for Table 128

In Professional Services there was a 1.86% overall increase in utilization of MFD's with a noticeable jump in the percentage of Hispanic American owned firms and a noticeable decrease in the utilization of Asian American owned firms. It should be noted that Disabled owned firms decreased from 1.36% to no utilization.

Table 129: Comparison of IFB and RFPs from 2001-03 to 2007-2012 in Professional Services

Professional Services				
	2001-03 IFB & RFPs	%	2007-2012 IFB & RFPs	%
African American	\$ 6,518,494.00	1.61%	\$ 5,076,657.78	1.86%
Asian American	\$ 8,295,307.00	2.05%	\$ 1,126,571.29	0.41%
Hispanic American	\$ 1,697,282.00	0.42%	\$ 11,652,061.06	4.27%
Native American	\$ -	0.00%	\$ -	0.00%
Female	\$ 6,568,491.00	1.63%	\$ 6,542,321.17	2.40%
Disabled	\$ 5,513,569.00	1.36%	\$ -	0.00%
Non-MFD	\$ 375,480,084.00	92.92%	\$ 248,655,813.74	91.06%
Total MFD	\$ 28,593,143.00	7.08%	\$ 24,397,611.32	8.94%
Total	\$ 404,073,227.00	100.00%	\$ 273,053,425.06	100.00%

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The utilization of MFD firms had a significant 12.34% increase in 2007-2012 from the 2001-2003 measurements of IFBs and RFPs. This is predominantly attributable to a 14% increase in the utilization of Asian American owned firms and an almost 3% increase in Female owned business utilization. However, there was also an almost 5% decrease in African American utilization, and again a small utilization down to zero for Disabled owned businesses.

Table 130: Comparison of IFB and RFPs from 2001-03 to 2007-2012 in Services

Services				
	2001-03 IFB & RFPs	%	2007-2012 IFB & RFPs	%
African American	\$ 7,378,185.00	6.82%	\$ 4,461,279.37	2.06%
Asian American	\$ 731,986.00	0.68%	\$ 31,789,245.08	14.69%
Hispanic American	\$ 8,245,551.00	7.62%	\$ 14,113,041.22	6.52%
Native American	\$ -	0.00%	\$ 2,675,000.00	1.24%
Female	\$ 4,611,340.00	4.26%	\$ 16,094,937.02	7.44%
Disabled	\$ 253,240.00	0.23%	\$ -	0.00%
Non-MFD	\$ 87,012,419.00	80.39%	\$ 147,233,747.72	68.05%
Total MFD	\$ 21,220,303.00	19.61%	\$ 69,133,502.73	31.95%
Total	\$ 108,232,722.00	100.00%	\$ 216,367,250.45	100.00%

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The total utilization of MFDs in IFBs and RFPs increased slightly from 6.19% to 7.13%. None of the specific race/gender/ethnicity groups changed more than 1% from the previous measurement to the current one.

Table 131: Comparison of IFB and RFPs from 2001-03 to 2007-2012 in Goods

Goods				
	2001-03 IFB & RFPs	%	2007-2012 IFB & RFPs	%
African American	\$ 127,734.00	0.19%	\$ 1,433,259.57	0.84%
Asian American	\$ 302,052.00	0.46%	\$ 95,564.00	0.06%
Hispanic American	\$ -	0.00%	\$ 1,376,595.44	0.80%
Native American	\$ -	0.00%	\$ -	0.00%
Female	\$ 3,643,665.00	5.53%	\$ 9,321,791.10	5.44%
Disabled	\$ -	0.00%	\$ -	0.00%
Non-MFD	\$ 61,777,725.00	93.81%	\$ 159,194,117.32	92.87%
Total MFD	\$ 4,073,450.00	6.19%	\$ 12,227,210.10	7.13%
Total	\$ 65,851,175.00	100.00%	\$ 171,421,327.42	100.00%

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FINDING 8: MFD Subcontractor Utilization and Disparity Analyses

MFD Subcontractor utilization was measured through a Prime Vendor Questionnaire to all County contractors from July 1, 2007 and ending June 30, 2012 (see Section M(1) for rate of response). The results compared to availability exhibited statistically significant underutilization over the Study Period for:

Construction: All MFD Groups

Professional Services: African American, Hispanic American, Native American, and Disabled owned firms

Services: African American, Asian American, Hispanic American, Native American, and Disabled (PO and P-card purchases only) owned

Goods: Asian American, Hispanic American, Native American and Female owned.

FINDING 9: Disparities in Seeking Contracts and Success in Contracting

GSPC determined that relative to non-MFD business owners, MFD business owners are similar in their propensity to bid for prime contracts, but are less likely to actually win a prime contract.

FINDING 10: Regression Analysis

GSPC found that a business owner's race, ethnicity, gender and disability status has a statistically significant and adverse effect on self-employment probabilities, and securing public contracting and subcontracting opportunities. It also found that race, ethnicity, gender and disability status do not necessarily reduce the likelihood/probability of pursuing public contracting opportunities. In general, the estimated regression parameters suggest that the disparities in contracting are explained by the race, ethnicity, gender, and disability status of business owners.

FINDING 11: Access to Capital

Relative to non-MFDs, MFDs are more likely to need start up financing for a new business and to expand their business. However, GSPC found that relative to non-MFDs, MFDs, are less likely to secure bank loans, home equity, and venture capital to either start-up businesses or expand their business.

FINDING 12: Anecdotal Evidence

The following presents findings based on the review presented in Chapter VII.

■ Perceptions of Discrimination

The primary concern regarding discrimination in the anecdotal testimony was the impediments to opportunity resulting from informal networks and discrimination in the private sector.

■ Barriers to Doing Work with the County

Major concerns in anecdotal testimony regarding barriers to work with the County were the advantages possessed by large and incumbent vendors, an informal network, and the selection process. Of those firms that responded to our telephone questions about barriers to doing business, key issues noted were as follows:

- financing (an average of 10% of all respondents);

- limited knowledge of purchasing/contracting policies and procedures (average of 14% of all respondents);
- bid and performance bond requirements (11% of respondents);
- time allotted to prepare bids and quotes (25% average of respondents);
- Informal networks (44% of respondents)
- Selection process (25% average of respondents)
- Competing with large firms (40% average of firms surveyed)
- Disparate treatment of MFD subcontractors (35% of respondents)

In public hearings, focus groups, and one-on-one anecdotal interviews, several themes emerged that are reflective of the answers to the Telephone Survey shown above. A number of business owners in different forums and work categories discussed the prevalence of a “Good old boy” system, advocating more accountability measures and citing experiences of being passed over for more “connected” firms. Dissatisfaction with the procurement process and the accountability of procurement personnel was widespread as well. This behavior included accounts a changing the scope of work on a project without notification, not responding to submittals and complaints, cumbersome and unnecessary bid specifications, and a use of non-competitive task orders that has perceived disparate impact on MFD firms. In anecdotal interviews, this was addressed as an issue of a lack of support in the department and sometimes overt discrimination. While financial impediments appear to be an issue, the perception of MFD firms within Montgomery County’s relevant market area seems to be that much of the improvement needs to occur within the County’s internal processes.

FINDING 13: Disparity Analysis

There remains a significant disparity between the utilization and availability of MFDs in Montgomery County. Based on the qualitative evidence in the anecdotal chapter and the quantitative private sector evidence, an inference of discriminatory exclusion from private sector construction can be drawn. Detailed statistical evidence also supports the claim that discrimination against Minority and Female owned businesses persists even after controlling for

both individual and firm characteristics. This combined evidence suggests that absent affirmative measures the County would be a passive participant in a pattern of exclusion of MFD firms.

FINDING 14: Purchasing Practices Policies and Procedure Findings

In general, based on a comparison among the anecdotal interviews, interviews with procurement personnel and GSPC's review of the procurement policies, GSPC finds that the County's current policies are not in need of revision to give better access to MFDs in the procurement process. However, there appears to be a disconnect in communicating that process to the MFD business community. Further, it appears the procurement personnel are unclear in how to execute the process of utilizing MFDs and do not always take full advantage of the lists and other tools available to them.

B. Recommendations

The statistical evidence in this Study, combined with anecdotal accounts and an examination of purchasing practices shows that there is significant basis for an inference of passive participation in discrimination and/or evidence of past discrimination against minority, female, and disabled owned businesses in Montgomery County. GSPC's Study team has found that Montgomery County will be an appropriate site for programs and measures to ensure that it is not a passive participant in discrimination and that all capable firms available within the relevant market are given every chance to succeed in business with the County. Much of the information emerging from the anecdotal evidence indicates that there are harmful perceptions of the County's processes, which may prevent capable and available MFD firms from attempting to do business with the County, further perpetuating this impression. The recommendations below are intended to streamline the County's practices, improve relations with the MFD business community in and around the county, and promote increased transparency.

1. Annual Goals for African American Participation

African American owned firms are the only race/ethnic/gender group that was underutilized in every procurement category, in every year of the Study. The anecdotal evidence drawn from the African American business community in Montgomery County's relevant market area support a

determination that discrimination and/or the effects of past discrimination are the proximate explanation for GSPC's findings that show statistically significant disparities. A conclusion that the process by which contracts are awarded in Montgomery County is race neutral finds no support in our regression analysis that finds MFD status lowers the likelihood of success in contracting and subcontracting---particularly for businesses owned by African Americans. Therefore, GSPC recommends that Montgomery County consider instituting a strong, narrowly tailored program to draw more participation from this group in particular. We specifically recommend a goal based procurement non-discrimination program, which is a very narrowly tailored option, and yet has been highly effective in a number of jurisdictions.

2. Standard Operating Procedures for Procurement and MFD Officer

The GSPC Study team found while conducting the Purchasing Policies and Practices review that there was significant confusion amongst the County's personnel regarding goals for MFD participation. GSPC has reason to believe that the perception of Montgomery County as a closed, exclusionary, informal network that frequently emerged in the anecdotal evidence is a result of a lack of standardized organization and training as well as a lack of transparency of process. The production of a Standard Operating Procedure that incorporates MFD participation goals and includes efforts that demonstrate a desire for new MFD engagement with the County will go a long way to improving perceptions of the County's commitment to utilizing MFD firms.

3. Program Training and Monitoring

Griffin & Strong, P.C. recommends that, in light of the findings and recommendations made in this Study, that procurement training be reviewed and revised to include more extensive training on non-discriminatory practices and MFD participation/goals. There should be an increase in the training and resources of Montgomery County to ensure the necessary resources to operate any programs or goals for MFD participation, train the internal customers and to track the data necessary to report on accomplishment. Specifically, this staff would perform outreach, respond to public inquiries about the program, set project and overall goals, analyze bid requirements, monitor compliance with current contracts, perform dispute resolution, collect and report on data related to contract awards and expenditures and respond to the needs of the internal customers regarding interpretation, assistance, and compliance.

4. Performance Reviews and Evaluations

Due to the statistically significant underutilization for certain racial and ethnic groups across a majority of work categories, a system of accountability in conjunction with the new training initiatives will be essential. County employees and user departments should be evaluated based on the quality, transparency, and overall effectiveness of their programs and attempts to reach goals. Once goals for the level of participation by Minority owned, Female owned and Disabled owned are set, the performance evaluation criteria for employees with procurement authority should include an evaluation of the employees' MFD utilization.

5. Private Sector Initiatives

Montgomery County should ask all bidders to describe their diversity program and list the MFDs with which they do business. The County should also consider private sector initiatives, such as including MFD goals in their economic development contracts and measuring MFD participation on private sector projects performed by prime contractors who currently do business with Montgomery County.

6. Promote MFD Collaboration/Joint-Venture Contracts

In order to encourage participation on high-dollar contracts, Montgomery County should look for instances in which MFD capacity can be increased to match contract size. MFD capacity can be increased by encouraging joint ventures. For example, in Oregon, the Northeast Urban Trucking Consortium, an organization composed of seven MWBE independent trucking firms with 15 trucks, joined together to win a \$2 million trucking contract. MWBE collaboration can be encouraged by citing consortium examples in newsletters and increasing outreach for projects where such collaboration may be effective.

Montgomery County may also cautiously encourage joint ventures between MFDs and nonminority firms on large-scale projects. For example, the City of Atlanta encourages

establishment of joint ventures on large projects over \$10 million, where economically feasible, to ensure prime contracting opportunities for all businesses, including certified MFDs. It must be noted that this type of joint venture poses potential illicit “front” risks, and Montgomery County must examine these joint ventures carefully.

IX. CONCLUSION

It is clear from this Study that Montgomery County has made great efforts to establish a fine-tuned procurement process that is set up to provide equal access to all firms. In addition, the Local Small Business Reserve Program was a significant attempt to benefit MFDs and all small business owners in obtaining contracts with the County. Notwithstanding such efforts, GSPC’s analysis found that there is still statistically significant underutilization of MFDs, with the exception of Hispanic American owned businesses, in almost every business category throughout the Study Period.

In addition to determining that there is an inference of past or present, passive or active discrimination in the Maryland marketplace, it is GSPC’s conclusion that there may also be a disconnect between Montgomery County’s true efforts and the perception of the business community. In addition, GSPC believes that there are several new programs that may be implemented in an attempt to bridge the gap between MFD availability and utilization in future years. Such recommendations have been made to Montgomery County as a result of the findings herein.

GSPC will make every effort to follow through and provide assistance to the County in the development of such recommendations into action and potential legislative plans.

Griffin & Strong, P.C.

June, 2014