

Racial Equity and Social Justice Impact Statement

Office of Legislative Oversight

EXPEDITED CONTRACTS AND PROCUREMENT – MINORITY OWNED BILL 23-24 BUSINESS PURCHASING PROGRAM – EXTENSION OF SUNSET DATE

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 23-24 will have a positive impact on racial equity and social justice (RESJ) in the County by extending the County’s minority owned business purchasing program.

PURPOSE OF RESJ STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a process that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a goal of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social disparities.²

PURPOSE OF BILL 23-24

County law includes a sunset date for the Minority, Female, and Disabled-Owned (MFD) Business purchasing program and requires the Office of Procurement to evaluate the need to extend the program.³ The County’s MFD program was initially created as the Minority Business Enterprise (MBE) program in 1978 and later expanded to include women-owned businesses and to encompass disabled-owned enterprises.⁴ The MFD program has continued to evolve, consolidating other programs to support under-represented businesses.⁵

In September 2024, the County released the 2024 Disparity Study. Based upon the findings of ongoing disparities in procurement affecting MFD businesses as illustrated in the 2024 study, Expedited Bill 23-24 would extend the sunset of the County’s MFD law from December 31, 2024, until December 31, 2029. The Bill would require the Director of Procurement to complete a new disparity study by July 1, 2029.⁶

The Council introduced Expedited Bill 23-24 on October 15, 2024.

This RESJ impact statement (RESJIS) builds on the RESJIS for Expedited Bill 37-23, Contracts and Procurement - Minority Owned Businesses–Sunset Date - Amendments, published, October 18, 2023, and Expedited Bill 29-21, Contracts and Procurement–Minority Owned Businesses–Sunset Date–Amendments, published September 13, 2021. Please refer to these impact statements for a detailed background on entrepreneurship and racial equity.

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ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 23-24 on racial equity and social justice, OLO considers two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could the passage of this bill weaken or strengthen?

OLO anticipates Bill 23-24 could positively impact RESJ in the County as it could especially benefit Black, Asian, and Indigenous-owned businesses that are under-represented in County contracts as observed in Table 1 and Table 2 (Appendix A) which summarizes data on disparities in business utilization and availability by business type and owner race, ethnicity, and gender. Extension of the MFD program could also benefit Latinx-owned businesses who are not currently under-represented in County contracts as well as White women owned business who are also under-represented among County contractors.

Table 1 – Summary of Disparities in Business Utilization and Availability by Business Type and Owner Race, Ethnicity, and Gender, Montgomery County, MD – 2024

Business Ownership Classification	All Firms	Construction	Professional Services	Other Services	Goods
By Race and Ethnicity					
Black Owned	Disparity	Disparity	Disparity	No Disparity	Disparity
Asian Owned	Disparity	Disparity	Disparity	Disparity	Disparity
Latinx Owned	No Disparity	No Disparity	No Disparity	Disparity	No Disparity
Indigenous Owned	Disparity	Disparity	Disparity	Disparity	Disparity
By Gender					
Women Owned	Disparity	Disparity	Disparity	Disparity	No Disparity
Men Owned	No Disparity	No Disparity	No Disparity	No Disparity	Disparity

BOLD Indicates a statistically significant disparity.⁷

Source: Montgomery County, MD Disparity Study 2024 Table 5-16

As noted in Appendix A, 85 businesses were awarded contracts with procurement in 2024 totaling \$570 million. Among these businesses:⁸

- 68 were owned by White men who received \$355 million in contracts;
- 7 were owned by White women who received \$136 million in contracts; and
- 8 were owned by BIPOC men and women who received \$78 million in contracts.

Regarding whether Bill 23-24 could narrow racial and social disparities, the RESJIS for Expedited Bill 37-23 observes that increased participation of BIPOC-owned businesses in County contracting could help narrow racial disparities in business ownership and revenue.⁹ Similarly, OLO finds that Bill 23-24 could also help narrow racial and social disparities in business ownership and revenue. Taken together, OLO anticipates Bill 23-24 would have a favorable impact on RESJ in the County.

RECOMMENDED AMENDMENTS

Bill 44-20 amending the County’s Racial Equity and Social Justice Act¹⁰ requires OLO to consider whether recommended amendments to narrow racial and social inequities are warranted in developing RESJ impact

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statements for Bills. OLO anticipates Expedited Bill 23-24 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Elsabett Tesfaye, Performance Management and Data Analyst, drafted this racial equity and social justice impact statement.

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools <https://www.racialequitytools.org/glossary>

² Ibid

³ Peña, Janmarie. OLO Racial Equity and Social Justice (RESJ) Statement for Expedited Bill 37-23. October 13, 2023. [Racial Equity and Social Justice Impact Statement for Expedited Bill 37-23 \(montgomerycountymd.gov\)](https://montgomerycountymd.gov)

⁴ MGT Impact Solutions, LLC. Montgomery County, MD, 2024 Disparity Study September 24, 2024. https://montgomerycountymd.granicus.com/Viewer.php?view_id=169&event_id=16285&meta_id=184741

⁵ Ibid.

⁶ Memorandum from Christine Wellons, Chief Legislative Attorney, to County Council. Bill 23-24: Contracts and Procurement – Minority Owned Business Purchasing Program – Extension of Sunset Date. October 10, 2024. https://montgomerycountymd.granicus.com/Viewer.php?view_id=169&event_id=16285&meta_id=184741

⁷ Montgomery County, MD Disparity Study 2024, Executive Summary

⁸ Office of Procurement. FY2024 Annual Report, Minority, Female and Disabled–Owned Business (MFD) Program, p.9. <https://www.montgomerycountymd.gov/PRO/report/index.html>

⁹ Peña, Janmarie. Expedited Bill 37 -23.

¹⁰ Bill 44-20, Racial Equity and Social Justice – Impact Statements – Advisory Committee – Amendments, Montgomery County, Maryland, December 1, 2020. https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2682_1_12149_Bill_44-20_Signed_20201211.pdf

Appendix A

**Table 2: Total Dollar and Value of Request for Proposals by Minority, Female, and Disabled-Owned (MFD) Group– Owner’s Race, Ethnicity, Gender, and Disability
Montgomery County, MD – 2024**

	No. of Awards	% of No. of Awards	Award Dollar Value	% of Dollar Value	% of Total MFD Dollar Value	No. of Proposals Submitted	% of Proposals Submitted
By Race and Ethnicity*							
<u>Black</u>	<u>4</u>	<u>4.71%</u>	<u>\$58,461,980</u>	<u>10.27%</u>	<u>27.21%</u>	<u>22</u>	<u>8.47%</u>
<u>Latinx</u>	<u>2</u>	<u>2.36%</u>	<u>\$13,999,999</u>	<u>2.46%</u>	<u>6.52%</u>	<u>7</u>	<u>2.70%</u>
<u>Asian</u>	<u>4</u>	<u>4.71%</u>	<u>\$6,325,000</u>	<u>1.11%</u>	<u>2.94%</u>	<u>12</u>	<u>4.62%</u>
<u>Indigenous</u>	<u>0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>
Persons with Disabilities							
<u>Persons with Disabilities</u>	<u>0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1</u>	<u>0.39%</u>
By Gender among White-Owned Firms							
<u>Female Owned</u>	<u>7</u>	<u>8.24%</u>	<u>\$136,075,675</u>	<u>23.89%</u>	<u>63.33%</u>	<u>23</u>	<u>8.85%</u>
<u>Male Owned</u>	<u>68</u>	<u>80.00%</u>	<u>\$354,815,863</u>	<u>62.29%</u>	<u>---</u>	<u>195</u>	<u>75.00%</u>
Total Businesses	85	100%	\$569,678,517	100.00%		260	

Source: Adapted from the table “Total Dollars & Value of RFPs by MFD Group”(p.9), Office of Procurement FY 2024 Annual Report, Minority, Female and Disabled–Owned Business (MFD) Program for OLO’s analysis.

*The County’s MFD program recognizes six (6) groups of MFD firms that must be at least 51% owned, controlled, and operated by: Blacks, Asians, Hispanic Americans, Native Americans, Persons with Disabilities, and White Females,