



Kirwan Institute for the Study of Race and Ethnicity

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NEWS RELEASE

October 26, 2009

Recovery Act Funds Reaching Limited Number of Minority-Owned Businesses

While federal government American Reinvestment and Recovery Act (ARRA) funds are targeted to promote financial recovery for all Americans, an analysis by the Kirwan Institute shows that a comparatively low percentage of ARRA contracts and revenues are reaching minority- and women-owned businesses. Through October 12, the federal government had disseminated more than \$25 billion in funds, with only approximately \$1.6 billion reaching black-, Hispanic- or women-owned businesses.

The Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University examined data presented in the October 12, 2009 Federal Procurement Data System “American Recovery and Reinvestment Act Report” which presents an analysis of all ARRA funds directly allocated from the federal government to private firms through October 12.

While approximately 14 percent of businesses are minority owned, the study shows that minority owned businesses received only 9.6 percent of federal contracts. The study shows that only 1.3 percent of ARRA funds went to black-owned businesses, 2 percent to Hispanic-owned businesses and 3.1 percent to women-owned businesses. Comparably, there are 5.2 percent black-owned, 7.0 percent Hispanic-owned and 28.3 percent women-owned U.S. businesses overall.

“Based on this early data, it appears that small, minority and disadvantaged firms are receiving few of the initial ARRA federal contracts,” said Jason Reece, senior researcher at the Kirwan Institute. “We are drawing attention to this inherent inequity in the hope that it will be rectified. While other funds are disseminated through the states, which are not reflected here, we feel it is important to note this disparity and take it into account as future funds are allocated.”

The Kirwan Institute recommends that government policy target a share of federal stimulus funds toward these minority-owned businesses, in order to ensure their survival. More information can be found on the Web site fairrecovery.org which is co-sponsored by the Kirwan Institute and several other organizations focused on social justice.

The Kirwan Institute for the Study of Race and Ethnicity was established in 2003 as a center for interdisciplinary research at The Ohio State University. The Kirwan Institute partners with people, communities, and institutions worldwide to think about, talk about, and act on race in ways that create and expand opportunity for all. For more information, go to: kirwaninstitute.org.

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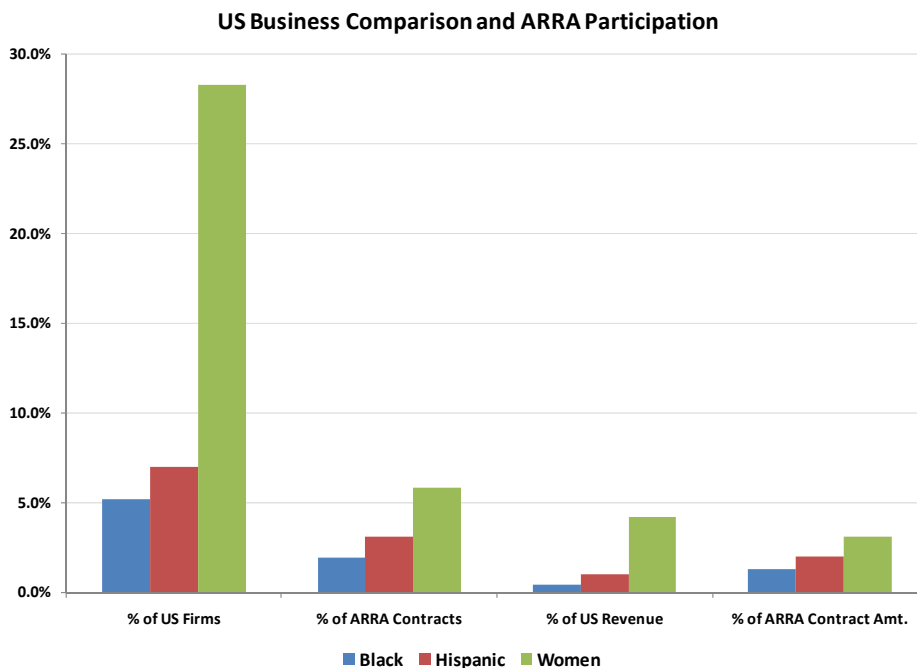
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Contract Procurement and Equity in the Recovery

Contract procurement has emerged as one of the most significant intervention points for securing an equitable implementation of the American Recovery and Reinvestment Act of 2009 (ARRA). While numerous programs and funding streams exist, many of which are intended to stabilize state budgets and keep school districts afloat, insuring that contracts and jobs are available in marginalized communities is a vital part of ending the recession and building a fair economy. Many contracts have been awarded through the Federal and state governments, and because of the fact that the next two years will represent the largest portion of ARRA spending, there are many more contracts left to be awarded. However, based on the data that is available thus far, there already appears to be a disparity among the contractors receiving the work, which may also influence the communities that have access to ARRA employment opportunities. For instance, while black-owned firms represent 5.2% of businesses, these firms have only received 1.9% of the Federal ARRA contracts, and only 1.3% of the value of all contracts. A similar disparity exists among Hispanic and women-owned firms as well, as shown in the following table and chart. What these figures represent is that in addition to capacity-building initiatives, the standards and accountability measures for Federal (and state) contract procurement must be more robust and transparent.

Business Type	% of US Firms	% of ARRA Contracts	% of US Revenue	% of ARRA Contract Amt.
Black	5.2%	1.9%	0.4%	1.3%
Hispanic	7.0%	3.1%	1.0%	2.0%
Women	28.3%	5.8%	4.2%	3.1%



Data Sources: US Census 2002 Survey of Businesses, Federal Procurement Data System (10/12/09)