

Key Findings: Affirmative Action in Contracting & Employment

Beginning on June 5th 2008, the Leadership Conference on Civil Rights Education Fund, the California Coalition to Analyze the Impact of Proposition 209 (IMPACT 209) and the Fulfilling the Dream Fund sponsored a series of webinars to share research on the impacts of eliminating affirmative action in California, Washington and Michigan. This document highlights some key findings shared on June 5th regarding the impacts of eliminating affirmative action policies in the area of public contracting and employment. For additional information please visit the Impact 209 website (www.impact209.org), or contact Sara Jackson at (415) 288-8717 or sjackson@equaljusticesociety.org.

The Impact of Proposition 209 on Public Contracting: Evidence from California's Transportation Construction Industry

By: Monique W. Morris, MS & Michael D. Sumner, PhD, Henderson Center for Social Justice

Key Finding:

Proposition 209 had an overall strong, negative effect on California's Disadvantaged Business Enterprises (DBEs) in the transportation construction industry.

- After Proposition 209's implementation, DBEs experienced a **greater than fifty percent reduction** in total awards and contracts from Caltrans;
- Awards to Minority Business Enterprises (MBEs) were **reduced by greater than 50 percent** and awards to Women Business Enterprises (WBEs) **fell by approximately 40 percent**;
- Only roughly **one-third** of DBEs certified in California with Caltrans from 1996 (pre-Proposition 209) are still in business;
- DBEs owned by African Americans and women of color experienced the greatest negative impact as a result of Proposition 209;
- Surviving WBEs still struggle to overcome gender bias in the transportation construction industry.

Key Recommendations:

- Support and expand equal opportunity programs;
- Address the culture of the transportation industry, including perceived "good old boy" networks;
- Advocate for the business model of diversity;
- Support data collection and continued research on DBEs.

"When Proposition 209 passed, I was working on \$200,000 worth of projects. The day after Proposition 209 passed, the senior project manager walked up to me and said, 'Hey, Prop 209 passed, and we don't have to use you anymore.' I didn't say anything to him at first, but the next day, I told him that I wanted to talk to him about what he had said to me. I said, 'Did it occur to you that I've been working here for a number of years and that I have always finished on time or early...and how many letters do you have from clients praising my cleanliness and professionalism?' Well, he didn't care. He just looked at me and said, 'Well, it's true. Prop 209 passed, and we don't have to use you anymore.' The next year, my projects plummeted to \$30,000. To this day, I have to call and remind clients that I'm still in business."

-- From the Henderson Center report "A Vision Fulfilled: The Impact of Proposition 209 on Equal Opportunity for Women Business Enterprises"

* Data are taken from the reports "Free to Compete?" and "A Vision Fulfilled?", with full reports available online for free at <http://www.law.berkeley.edu/centers/csj/>

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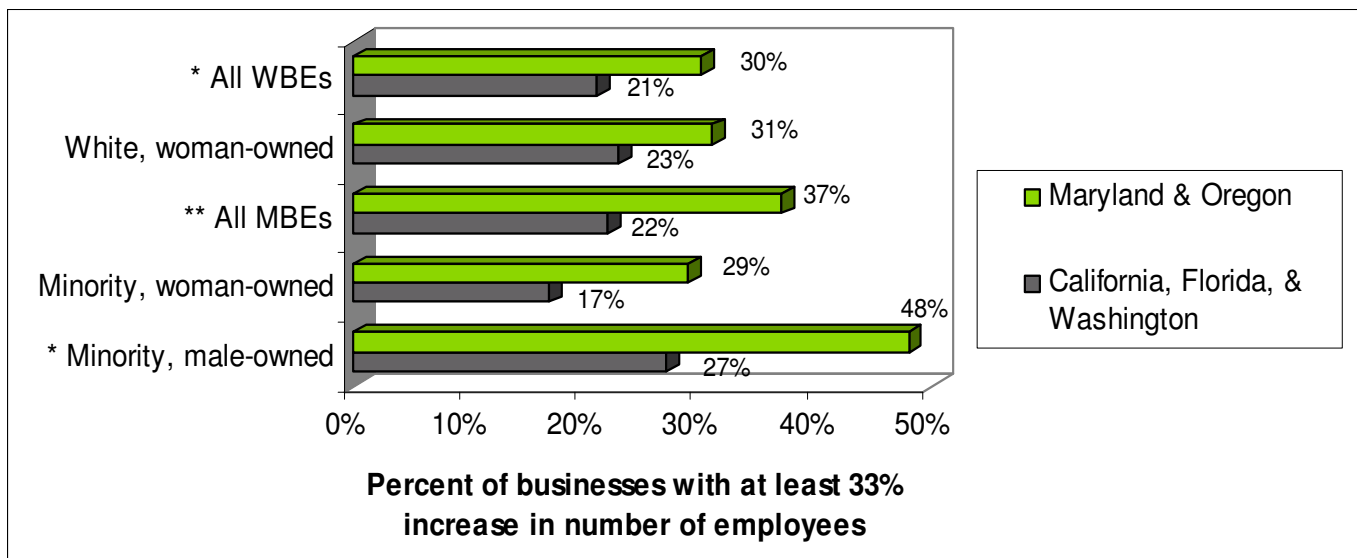
The Challenge of Ballot Measures to Affirmative Procurement Programs*

By: Tim Lohrentz, MS, Insight Center for Community Economic Development

Key Finding: There is a national state policy trend towards *inclusive business practices*. However, MBEs and WBEs in California and Washington (states with affirmative action bans), as well as Florida (which ended affirmative action before initiating a voluntary program) had **lower growth rates** than those in comparable states without affirmative action policy constraints.

- Numerous *inclusive business programs are at risk* in Arizona, Colorado and Nebraska should Connerly’s “Civil Rights Initiatives” pass;
- In the wake of Proposition 209, California dismantled *all aspects of inclusive programs*, including certification, procurement tracking, vendor outreach and targeted business services;
- Post I-200, Washington dismantled only *mandatory good faith outreach efforts and subcontract goals*, which led to a sharp decline in MBE/WBE procurement. However, it kept other aspects including outreach and recruitment programs, certification of W/MBE firms, monitoring and reporting and authority to identify and remove barriers to equal participation on contracting and purchasing. Consequently, Washington eventually reversed the decline in overall MBE/WBE procurement.

Business Growth by MBE and WBE status, Policy reduction states (CA, FL & WA) vs. Policy neutral/enhanced states (MD & OR), 1996-2001



*Data are taken from the report “The Impact of State Affirmative Procurement Policies on Minority- and Women- Owned Businesses,” available at www.impact209.org/wp-content/uploads/2007/10/lohrentz.pdf