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## Disparity study findings released

**FRANKFORT, Ky.**— The Finance and Administration Cabinet today released the findings of the “*Disparity Study for the Commonwealth of Kentucky*,” conducted by the Atlanta-based law firm of Griffin & Strong. The study was commissioned by the Governor’s Minority Employment, Business Affairs and Economic Development Council in response to several court rulings that established standards for governments’ use of race-based “set asides” for public contracting and purchasing.

In the most well-known case, *City of Richmond v. Croson* (1989), the United States Supreme Court ruled that such preferences may only be used when evidence shows they are necessary to remedy the effects of discrimination in the marketplace.

In its study, Griffin & Strong concluded that both the availability and use of minority and women-owned firms by the Commonwealth has been low. However, they also concluded that the quantitative evidence shows the state “will be somewhat constrained in terms of its ability to craft a race or gender conscious remedy involving set asides or price preferences.” Instead of set asides, the study recommends that the state address four barriers to minority and women-owned businesses: access to contracts; availability of capital; obtaining bonding; and business development and training.

Citing the success of the Louisville Community Development Bank, Griffin & Strong recommended the state partner with the bank to create a New Market Venture Capital and Business LINC program. The study also suggests implementing an aggressive program to assist small minority and women-owned businesses in obtaining bonding and insurance.

“We strongly agree with the study’s recommendations, many of which would require General Assembly action, and fully support the creation and funding of these important initiatives,” Finance and Administration Cabinet Secretary Gordon Duke said.

Leonard Gray, director of the Governor’s Office of Minority Affairs, said that he is “committed to working with the General Assembly to develop legislation to implement the study’s recommendations.” Gray highlighted the Patton administration’s efforts to address minority issues, noting the creation of Governor’s Office of Minority Affairs and the Governor’s Minority Affairs Council.

In addition, Gray and Duke said the commonwealth would continue to encourage the participation of minority-owned businesses in state government purchases and projects. Efforts to improve the participation of minority-owned businesses in capital construction projects have included the following:

- **Established the Governor’s Office for Minority Affairs**, headed by Leonard Gray, responsible for coordinating activities of the Governor’s Minority Affairs Council and minority contract opportunities.
- **Created the Governor’s Minority Affairs Council**, which was charged with recommending improvements in the availability of minority contract opportunities in the commonwealth.

(more)

- **Entered into a contract with Reverend Louis Coleman and the Justice Resource Center (JRC)** for the purpose of identifying minority contractors and increasing their participation in state construction projects.
- **Measured minority business participation as part of the scoring criteria for awarding contracts**, resulting in more than \$18.5 million of work being performed by minority firms. Using this method of award, bids are evaluated using a point system rather than simply the low bid. The Cabinet has awarded four such projects—the Kentucky State University (KSU) Hill Student Center Renovation, the Kentucky Higher Education Assistance Authority Office Building, the Elliott County Medium Security Correctional Facility, and the Transportation Cabinet Office Building.
- **Conducted business fairs with the Kentucky Transportation Cabinet**, which drew more than 500 minority business enterprises.
- **Required contractors to verify minority business utilization** by reporting monthly the payments made to minority business firms they use as subcontractors. This also serves to assure that minority subcontractors are properly paid for their work.
- **Established percentage goals for minority-owned business participation in state capital construction projects** and required contractors to provide documentation of good faith efforts to achieve these goals.

The study is available on the Cabinet's Web site at <http://www.state.ky.us/agencies/adm/pressrelease2.htm>.