In January 2017 the City hired Keen Independent Research to find out what they could about economic inequity in New Orleans. Now available to the public, the draft of the study describes a business environment where minority owned firms are sidelined. Biases in contracting, lending, hiring, and more have kept the City’s African Americans from being able to work for their fair share. Here are some disparities the study points out:

**WHO GETS CITY CONTRACT DOLLARS?**

- **53.03%** Majority-owned
- **29%** African American-owned
- **14.19%** White women-owned
- **2.3%** Hispanic American-owned
- **1%** Asian American-owned
- **0.48%** Native American-owned

In a city with a population that is 60% African American, firms owned by white males and white females received about 68% of City contract dollars in 2014-2016.

**FACT**

- 33 City “other service” contracts awarded to African American firms accounted for $100 million (65%) of the total money paid to black owned businesses for all contracts. This skews the overall averages and makes it seem like black firms working with the City are earning more than most are.

**DISPARITIES IN CITY CONSTRUCTION CONTRACTING**

- **African American firms received 11%** of construction contract dollars although the study determined that they should have received 27%

- **Firms owned by white women received 24%** of construction contract dollars although the study determined that they should have received 9.6%

- **Firms owned by white men received 60%** of construction contract dollars.
Disparities in City’s Professional Service Contracting

Average contract amounts:

White Male Firms: $674,297
White Female Firms: $409,959
African American Firms: $217,158

Professional Service Contracts:

- African American Firms Received: 25% of contracts but only 18% of contract dollars
- White Male Firms Received: 44% of contracts and 64.5% of contract dollars

Average contract amounts:

White Male Firms: $398,089
African American Firms: $199,396
**DISPARITIES IN CITY’S CONTRACTING FOR GOODS**

**CITY DOLLARS SPENT ON GOODS**

- **93%**
  - Of city dollars spent on goods went to white male firms

- **6%**
  - Of city dollars spent on goods went to white female firms

- **1%**
  - Of city dollars spent on goods went to African American firms

**CONTRACTS AWARDED BY THE CITY**

- **72%**
  - White male firms

- **8%**
  - White female firms

- **20%**
  - African American firms

**AVERAGE CONTRACT AMOUNTS**

- **White male firms**: $1.5 million
- **White female firms**: $981,500
- **African American firms**: $55,000
In addition to evaluating City contracts, the Disparity Study draft examines the overall business environment in New Orleans. They found measurable biases in contracting and lending, as well as substantial inequities in education, hiring, and professional promotion. These elements create an environment that perpetuates lower than average employment and net worth among African Americans. This in turn makes it more difficult for them to start, keep, and grow businesses. Here are two disparities the study points out:

**OF ALL NON-CITY PUBLIC AND COMMERCIAL CONSTRUCTION PROJECTS**

<table>
<thead>
<tr>
<th></th>
<th>White Males</th>
<th>White Women</th>
<th>African Americans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received</td>
<td>81%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>Of Projects</td>
<td></td>
<td>Of Projects</td>
<td>Of Projects</td>
</tr>
<tr>
<td>Earned</td>
<td>93%</td>
<td>4.3%</td>
<td>1.29%</td>
</tr>
<tr>
<td>Of All Dollars Spent</td>
<td></td>
<td>Of All Dollars Spent</td>
<td>Of All Dollars Spent</td>
</tr>
</tbody>
</table>
**BUSINESS LOAN DENIAL RATES**

Data shows us that when every other factor is equal, African American small businesses are still denied loans 51% of the time.

Loans for women and minority owned businesses in the South are on average 73% smaller than those approved for businesses owned by white males.

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**FACT**

Census data reveals that annual income for white families in New Orleans averages

$67,884

with African American families at

$25,324

Lack of opportunity to start, maintain and grow a business is a large part of what is holding the African American community back.

* City of New Orleans at https://datadriven.nola.gov/results/economic-development/5-2/median-household-income/
SUMMARY

Without a doubt, economic disparity in the City of New Orleans is overwhelmingly demonstrated by this study. It shows that 92% of commercial and non-City Public construction contract dollars as well as 68% of City business goes to white owned firms.

It is a tale of two cities, the white one rich and the black one poor. In city with a majority of African American citizens, it represents a poor prognosis for our community. We can not continue along a path that keeps our firms from competing and our families from experiencing economic parity and generational wealth.

The Collaborative is calling on our elected officials, civic leaders, and concerned citizens to fight for the bold and aggressive remedies that are required to change this inequitable and destructive economic environment.