

GAMING DISPARITY STUDY

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INDIANA UNIVERSITY
PUBLIC POLICY INSTITUTE

BY Drew Klacik, Senior Policy Analyst



**INDIANA UNIVERSITY
PUBLIC POLICY INSTITUTE**

334 N. Senate Avenue, Suite 300
Indianapolis, IN 46204
policyinstitute.iu.edu

EXECUTIVE SUMMARY

Many cities and states have undertaken disparity studies seeking to evaluate their contracting and purchasing practices and determine the degree to which all “ready, willing, and able” minority business enterprises (MBE) and women business enterprises (WBE), equally compete with other firms for public sector contracts. These evaluations became common in 1989 when, in the *City of Richmond v. J.A. Croson Company*, the U.S. Supreme Court ruled that the city of Richmond had “failed to demonstrate a compelling interest in apportioning public contracting opportunities on the basis of race.” Since that ruling, many cities and states have evaluated their public sector contracting and purchasing practices. Disparity studies have emerged as a common approach used in these evaluations

In general terms, a disparity study estimates an expected or potential level of public expenditures with MBE and WBE businesses. The estimated potential level of business is based on the proportion of all “ready, willing, and able” vendors designated as MBE or WBE, and is known as *capacity*. Once the potential or expected share of MBE and WBE business is estimated, it is then compared with the public agency’s actual MBE and WBE expenditures. The actual expenditures are commonly referred to as *utilization*. The difference between the expected and actual expenditures is the *disparity*.

This disparity study of Indiana’s casinos and racinos seeks to estimate capacity, measure utilization, and calculate disparity (or lack thereof) of the contracting and purchasing practices of 13 privately-owned, publicly-licensed casinos and racinos in Indiana. While many types of goods and services consumed by the casinos and racinos are consumed also by public sector organizations (e.g., construction, office supplies, etc.), these privately-owned casinos and racinos also purchase a set of goods and services that are directly related to gaming that would not be purchased by any governmental unit. Additionally, the casinos and racinos are not subject to the same set of bid and purchase rules as state and local governments. As a result, the approach used to estimate capacity for these private sector firms is somewhat different than disparity studies undertaken to evaluate the contracting and spending patterns of state or local government.

It is important to note that there are a variety of methods commonly used to estimate capacity and measure utilization. Furthermore, the method chosen to estimate capacity and measure utilization can potentially affect findings of disparity. While the primary purpose of this study is to define disparity, the study also may be used to further our understanding of MBE and WBE capacity and utilization. We suggest that increasing capacity and utilization are as important a goal as decreasing disparity, and that all three measures should be monitored consistently over time. Therefore, the estimate of capacity and measure of utilization used in this study must be replicable by any potential future disparity study vendor. We believe that the methods used to estimate capacity and measure utilization in this study provide the most accurate interpretation of available information while requiring the lowest level of personal judgment and interpretation. These measures will provide the opportunity for different vendors to undertake future studies, while assuring the ability to monitor changes in capacity and utilization over time and across multiple studies.

The capacity estimate in this analysis is based on data from multiple sources. First, we collected data from the 11 casinos and 2 racinos, including:

- firms that are contracted to provide goods and services,
- firms that have in the past three years provided the casinos and racinos with goods or services, and

- Firms that have bid for or otherwise expressed interest in doing business with casinos and racinos but failed to successfully win contracts.

These casino and racino specific data were augmented by vendor lists collected from state (Indiana) and local governments (in the counties with casinos and racinos, and the city of Indianapolis). In an effort to ensure the inclusion of any firm, MBE, WBE or other, which believed it was “ready, willing, and able” to do business with one or more of the casinos and racinos, three outreach meetings were organized and conducted by the Indiana Gaming Commission (IGC) and facilitated by the IU Public Policy Institute (PPI). These meetings were held during the summer of 2017 in Evansville, Merrillville, and Indianapolis. The IGC also organized and managed an online survey seeking to attract additional firms wishing to do business with the gaming industry in Indiana.

The utilization analysis in this study is based on actual expenditures made by the 11 casinos and 2 racinos between January 1, 2012, and December 31, 2016. The expenditure data was provided to PPI by the IGC. The IGC collects and monitors the expenditure data based on recommendations provided in the previous disparity report.

Findings

In 1997, the Urban Institute released a study summarizing the methodologies used and findings of 58 disparity studies. The Urban Institute found “substantial disparities between the share of contract dollars received by minority-owned firms and the share of all firms that they represent.” Based on the 58 disparity studies included in the Urban Institute’s analysis, MBEs, on average received only 57 cents for every dollar they would expect to receive (Urban Institute, 1997, p. 1). After separating all contracts into four broad industry groups (construction, procurement of supplies, professional services, and other services), the Urban Institute found disparity for all categories except construction subcontracting (in which very little disparity was found).

Our findings for this study find no disparity exists for expenditures with MBE vendors in any of the four industry categories (Table ES1). Our analysis of the number firms, however, revealed that MBE vendors were underutilized in both the construction and other services industry categories. In other words, fewer of these types of firms sold services and supplies to the casinos and racinos than we would expect based on the proportion they represent of total firms. The absence of monetary disparity, in spite of an underutilization of vendors is explained by the difference in average contract amounts. Our findings show that there was no disparity for WBE firms when analyzing expenditures or the number of firms.

While there is no finding of disparity, MBE and WBE spending as a share of total expenditures is in decline. Additionally, estimated capacity for construction and other services both declined relative to the prior two PPI studies of casino and racino capacity. While there are likely a wide range of reasons for this decline, two potential factors are outreach efforts on the part of the casinos and racinos and the failure of MBE and WBE firms to become certified.

Table ES1: Summary of disparity findings by industry category and firm type (2012-2016)

	Construction	Procurement	Professional Services	Other Services
MBE Capacity	\$ 11,901,168	\$ 5,370,020	\$ 3,126,151	\$ 1,920,173
MBE Utilization	\$ 15,585,551	\$ 105,001,578	\$ 25,841,020	\$ 37,219,586
MBE Disparity	\$ 3,684,383	\$ 99,631,558	\$ 22,714,869	\$ 35,299,413
WBE Capacity	\$ 10,661,481	\$ 13,126,715	\$ 5,036,576	\$ 3,792,342
WBE Utilization	\$ 12,412,364	\$ 99,907,566	\$ 16,718,532	\$ 29,695,844
WBE Disparity	\$ 1,750,883	\$ 86,780,851	\$ 11,681,955	\$ 25,903,502

INTRODUCTION

The Indiana University Public Policy Institute (PPI) has been engaged by the Indiana Gaming Commission (IGC) to prepare an update to the IGC's 2007 and 2011 disparity studies. While this updated study follows the same methodology as the previous study, there are two major differences from the original study. The two updates are based on the actions of 11 casinos (10 from the prior study and the more recent facility in French Lick), as well as the 2 racinos located at horse racing facilities in Anderson and Shelbyville. Additionally, as with the 2012 study, the updated analysis benefits from the creation by the IGC of a database that records and verifies each transaction reported by Indiana's casinos and racinos.

PART 1: AN OVERVIEW OF DISPARITY ANALYSES

In 1989, in *City of Richmond v. J.A. Croson Company* (488 U.S. 469 (1989)), the U.S. Supreme Court ruled that the city of Richmond had "failed to demonstrate a compelling interest in apportioning contracting opportunities on the basis of race." Since that ruling, many cities and states have conducted formal evaluations of their public sector contracting and purchasing practices. Disparity studies have emerged as a common approach used in these evaluations.

In general terms, a disparity study estimates a predicted level of potential public expenditures with minority business enterprises (MBE) and women business enterprises (WBE). The estimated level of potential minority business is then compared with the organization's actual MBE and WBE expenditures. The difference between the estimated and actual expenditures is the disparity.

Capacity, utilization, and disparity are three key terms in any disparity analysis, defined as:

1. *Capacity*: The estimated amount of potential expenditures with MBE and WBE firms, based on the proportion of MBE and WBE businesses that are identified as ready, willing, and able to compete for business in the local market.
2. *Utilization*: The amount of actual expenditures with MBE and WBE firms made by or contracts entered into by the subject of the study.
3. *Disparity*: The difference between capacity and utilization. A statistical analysis is used to determine whether disparity is within an acceptable margin of error or is likely a result of practices that prevent MBE and WBE firms from gaining their estimated potential share of local business.

In 1997, the Urban Institute released a study summarizing the methodologies and findings of 58 disparity studies. The Urban Institute found "substantial disparities between the share of contract dollars received by minority-owned firms and the share of all firms that they represent." Based on the 58 disparity studies included in the Urban Institute's analysis, MBEs, on average received only 57 cents for every dollar they would expect to receive (Enchautegui, Fix, Loprest, von der Lippe, & Wissoker, 1997, p. 1). After separating all contracts into four broad industry categories (construction, procurement of supplies, professional services, and other services), the Urban Institute found disparity for all categories except construction subcontracting (in which very little disparity was found).

The most recent disparity studies completed by PPI for the Indiana Lottery Commission (Klacik, 2010) and the Indiana Gaming Commission (Klacik & Seymour, 2007, and Klacik, 2012) found little disparity. However, the disparity study completed for the city of Indianapolis in 2005, found disparity in all four industry groups (construction, procurement of supplies, professional services, and other services) for both MBE and WBE firms (Klacik, 2005).

There are two critical differences between disparity studies for the Indiana Gaming Commission, and those for other governmental units. First, the private firms that own the casinos and racinos purchase a set of goods and services that are much different than that of typical state and local governments. Secondly, and perhaps more importantly, governmental units typically use a sealed bid process with policies requiring the acceptance of the lowest responsive bid. Private firms, such as casinos and racinos, have more discretion in purchasing/spending, and as a result have the option of purchasing goods and services from MBE and WBE firms even when they are not the lowest responsive bidder.

PART 2: METHODOLOGY OVERVIEW

The Urban Institute's review of disparity studies found that analysts use many different approaches to define capacity, utilization, and disparity. They also found that estimates of capacity were based on a variety of data sources ranging from the use of the U.S. Census Bureau's Survey of Minority-Owned Business Enterprises to information about firms that had previously contracted with the government entity being analyzed.

Each capacity and, to a lesser extent, utilization definition, has strengths and weakness, and most require a degree of interpretation or judgment on the part of researchers. Most importantly, the method used to estimate capacity affects the disparity findings of the study. For this reason, the most critical part of any disparity analysis is the selection of the method used to define and determine capacity.

While the primary purpose of this study is to estimate capacity, define utilization, and measure disparity, a second and equally important goal is to establish a consistent method of analysis that can be replicated in future studies. A consistent and replicable analytical approach has two advantages. First, changes over time (in multiple study periods) in capacity can be compared fairly. Consistent measures over time will help determine if Indiana's casinos and racinos are undertaking efforts to attract greater numbers of MBE and WBE firms that are ready, willing, and able to do business with them. The change in capacity or number of these MBE and WBE firms is a critical piece of data that is not typically tracked by other disparity studies. The second advantage of an easily replicable method is that the Indiana Gaming Commission will maintain the option of selecting a different consultant firm for its next disparity study, while preserving consistency in comparisons over time.

Capacity and Utilization Definitions

Because there are many methods available to estimate capacity and the method used affects the determination of disparity, it is essential that stakeholders interested in and affected by the results of the study understand and accept as reasonable the method selected to estimate capacity. To ensure a commitment to unbiased research and to approve the definitions of capacity, utilization, and disparity, for the previous two studies the Indiana Gaming Commission created a Disparity Study Advisory Group that included individuals from the public sector, as well as individuals representing MBE, WBE, and non-MBE/WBE firms competing for casino and racino contracts, and the casinos.

After careful consideration of the different methods discussed in the Urban Institute's analysis which ranged from the most inclusive definition of all firms identified in the Census to the least inclusive definition of only firms that have done business with one or more of Indiana's casinos and racinos, the Advisory Group agreed that capacity be defined as the total number of firms that expressed being ready, willing, and able by:

1. Currently (2017) providing goods and services to Indiana's casinos and racinos.
2. Having in the past (January 1, 2012 to December 31, 2016) provided Indiana's casinos and racinos with goods or services.
3. Having bid for or otherwise expressed interest in doing business with but failed to successfully obtain casino or racino contracts by asking to be included on at least one casino/racino vendor list.
4. The casino and racino specific data (listed above in 1-3) was augmented by vendor lists collected from the state of Indiana, city of Indianapolis, and local governments in the counties with casinos.
5. PPI researchers reviewed the list of non-certified vendors supplying goods and services to the gaming industry during the study period and identified any firms that appeared likely to be either MBE or WBE.
6. At the request of the IGC, three outreach meetings were held to identify any remaining firms by giving them the opportunity to express their interest in doing work with the casinos and racinos. These meeting were organized by the IGC and conducted by PPI and convened during the summer of 2017 in Merrillville, Evansville and Indianapolis. The IGC also organized an online instrument where firms that failed to attend the outreach meetings could register their interest in doing work with the casinos and racinos.

The utilization measure used in this study is identical that has been previously used and approved by the Advisory Group. Utilization in this analysis is based on actual expenditures made by Indiana's casinos and racinos between January 1, 2012 and December 31, 2016. While some disparity studies have used contracts, in our study expenditure data were used rather than contracted amounts because it was available and reflects actual (rather than intended) expenditures made. In the sections of the report dedicated to utilization and capacity, we provide more details about the methods and logic used to determine capacity and utilization.

The definitions of utilization and capacity in this analysis are identical to the definitions and analysis used in the two prior Indiana Gaming Commission disparity study with one exception. With the ability to track expenditures, we were able to conduct a more refined analysis by using six- digit NAICS codes rather than two- digit NAICS codes.

PART 3: UTILIZATION

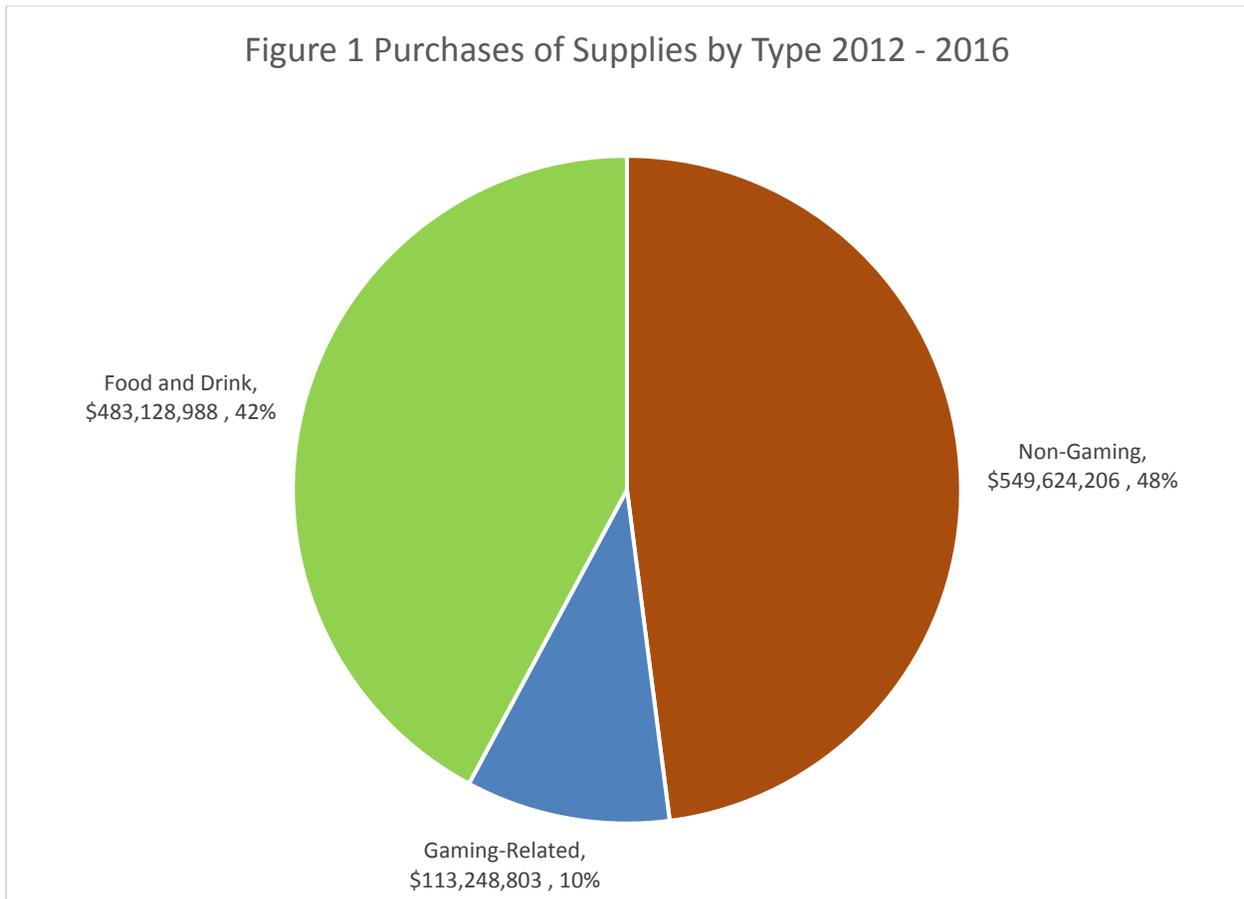
Utilization is the term for the actual payments made by casinos and racinos to MBE, WBE, and non-MBE/WBE vendors. The utilization analysis in this study is based on actual expenditures made by Indiana's casinos and racinos between January 1, 2012 and December 31, 2016. The data were provided by the casinos and racinos to the Indiana Gaming Commission where they were organized and audited prior to being transmitted to PPI for analysis. The transaction data included the NAICS code which permits the identification of an industry group (construction, procurement of supplies, professional services, and other services), vendor name, transaction amount, and MBE/WBE certification status.

In utilization analyses of government expenditures, there are typically three (construction, procurement of supplies, and services) or four (construction, procurement of supplies, professional services, and other services) industry categories. In this analysis of casino and racino expenditures, as with prior studies, it was determined that the use of the four industry categories was appropriate. It also was decided that the use of

the six digit NAICS codes would enable the analysis to be directed towards the specific behavior of casinos and racinos.

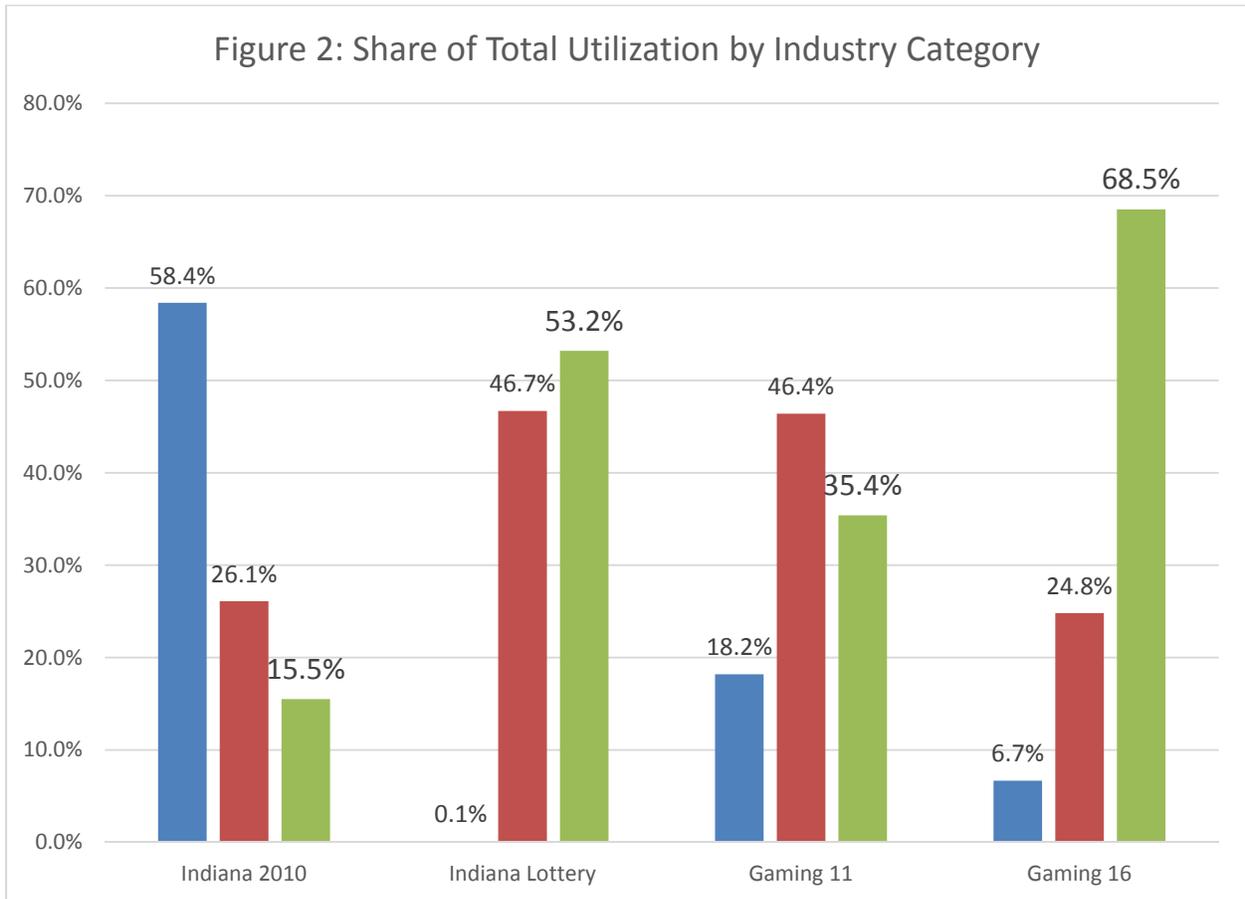
Comparing City of Indianapolis, State of Indiana, and Casino and Racino Utilization

As mentioned above, there are two important differences between the purchasing behavior of Indiana’s casinos and racinos and that of the city of Indianapolis (Klacik, 2005) and all other government organizations. The first important difference is that Indiana’s casinos and racinos purchase a set of goods that directly support gaming and are not typically purchased by units of government. These unique gaming-related goods range from slot machines and other electronic gaming devices to alcohol. As seen in Figure 1, the casinos and racinos purchase approximately the same share of non-gaming supplies as they do food and beverage supplies. They spend 14 percent on gaming-related goods. The non-gaming goods most closely resemble the typical purchase of supplies made by state and local governments in Indiana.



The second important difference is that the casinos and racinos spend a higher share of total expenditures on services and a much lower share on construction compared to that of the city of Indianapolis and the state of Indiana. While the casinos and racinos enjoy similar procurement spending habits, as shown in Figure 2, the two critical differences between the casinos and racinos and the governmental entities (city and state) is that the casinos and racinos spend proportionally less on construction and proportionally more

for procurement of supplies. This difference in spending is important to remember as MBE and WBE capacity varies by utilization category and as a result, the different spending mix may affect overall utilization and disparity.

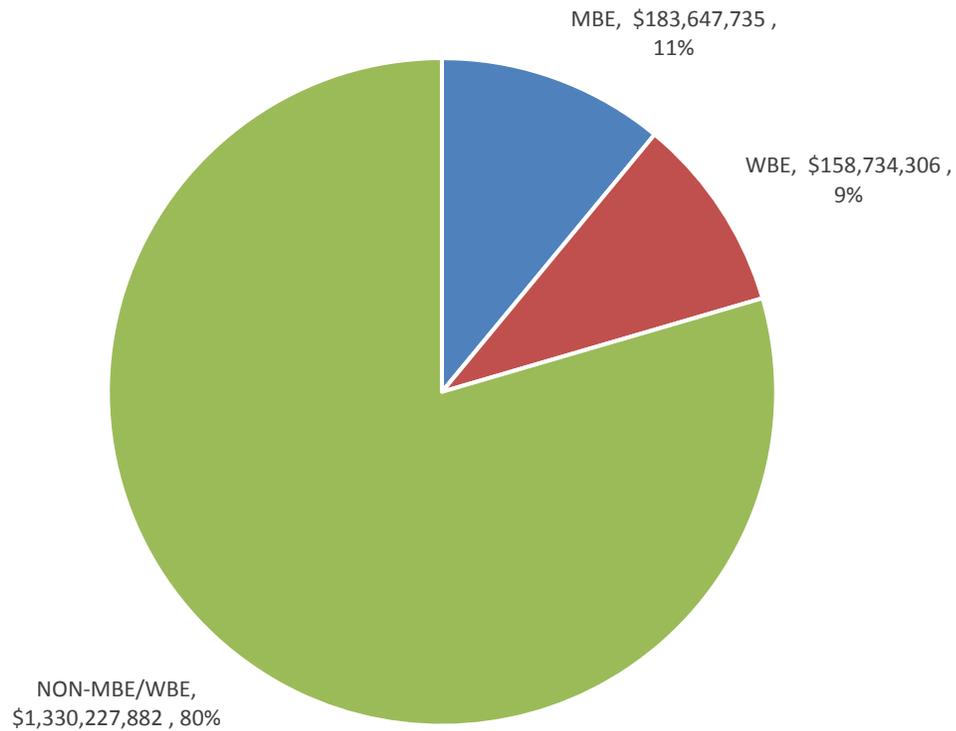


Overall Utilization

Collectively, Indiana’s casinos and racinos made nearly \$1.7 billion in total expenditures during the study period (2012 to 2016). Over \$183 million or 11 percent was made with certified MBE firms and nearly \$159 million or 9 percent was made with certified WBE firms. In the prior study (2009-2011) nearly \$205 million, or 17 percent, were made to MBE vendors and over \$175 million, or 14 percent, were made to WBE vendors.

Figure 3: Total casino/racino expenditures by firm type (CY 2012-2016)

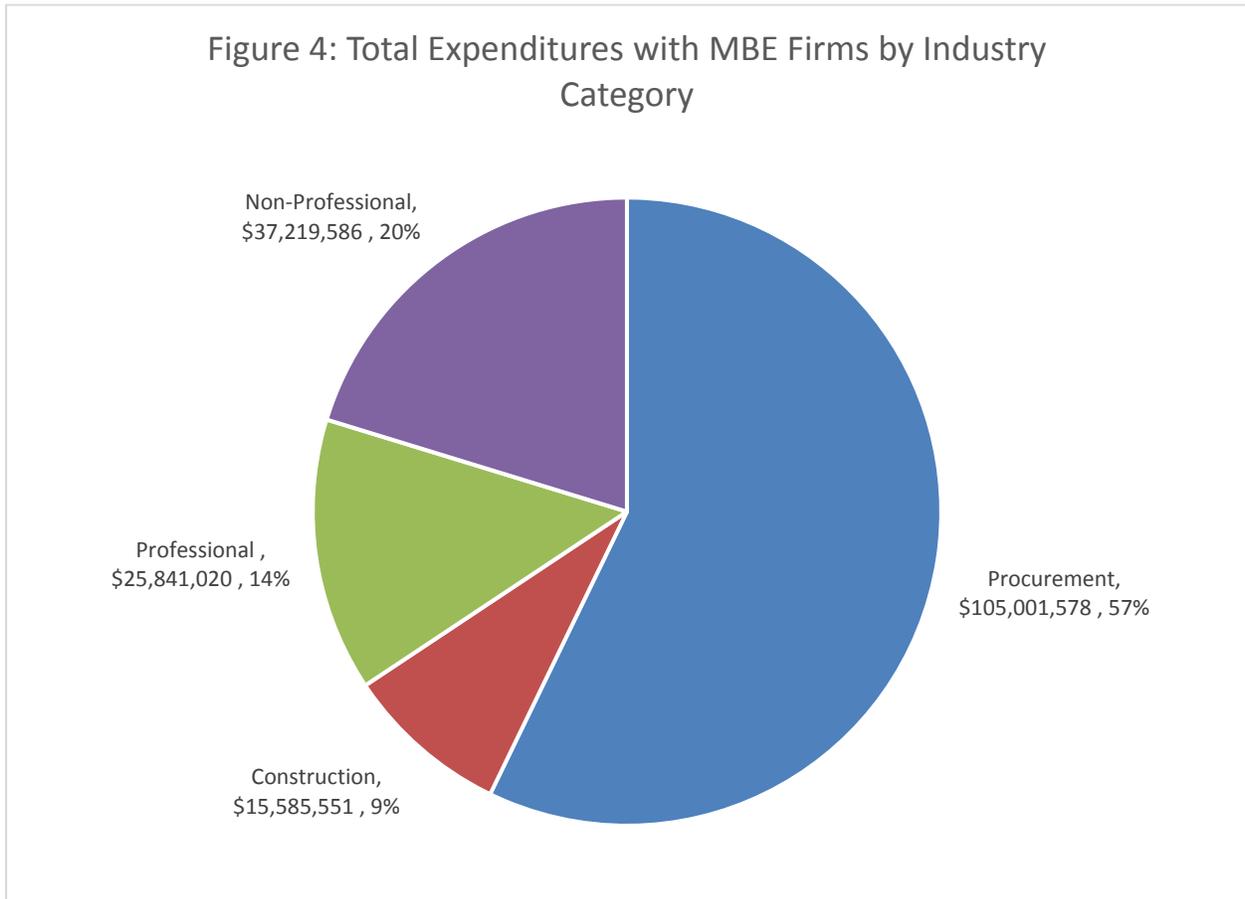
Figure 3: Total Expenditures by Type of Firm



As with disparity studies of local or state governments, not all vendors who would qualify for MBE or WBE status apply for certification, and to the degree that they do not apply, the data would undercount MBE/WBE expenditures. In an effort to address this concern, we compared the casino and racino vendor data with the certification data provided by the state of Indiana, local governments in the communities in which the casinos and racinos are located, and the certification list provided by the city of Indianapolis. If the vendor was certified on any of the lists, they were classified as MBE or WBE for the purposes of this study.

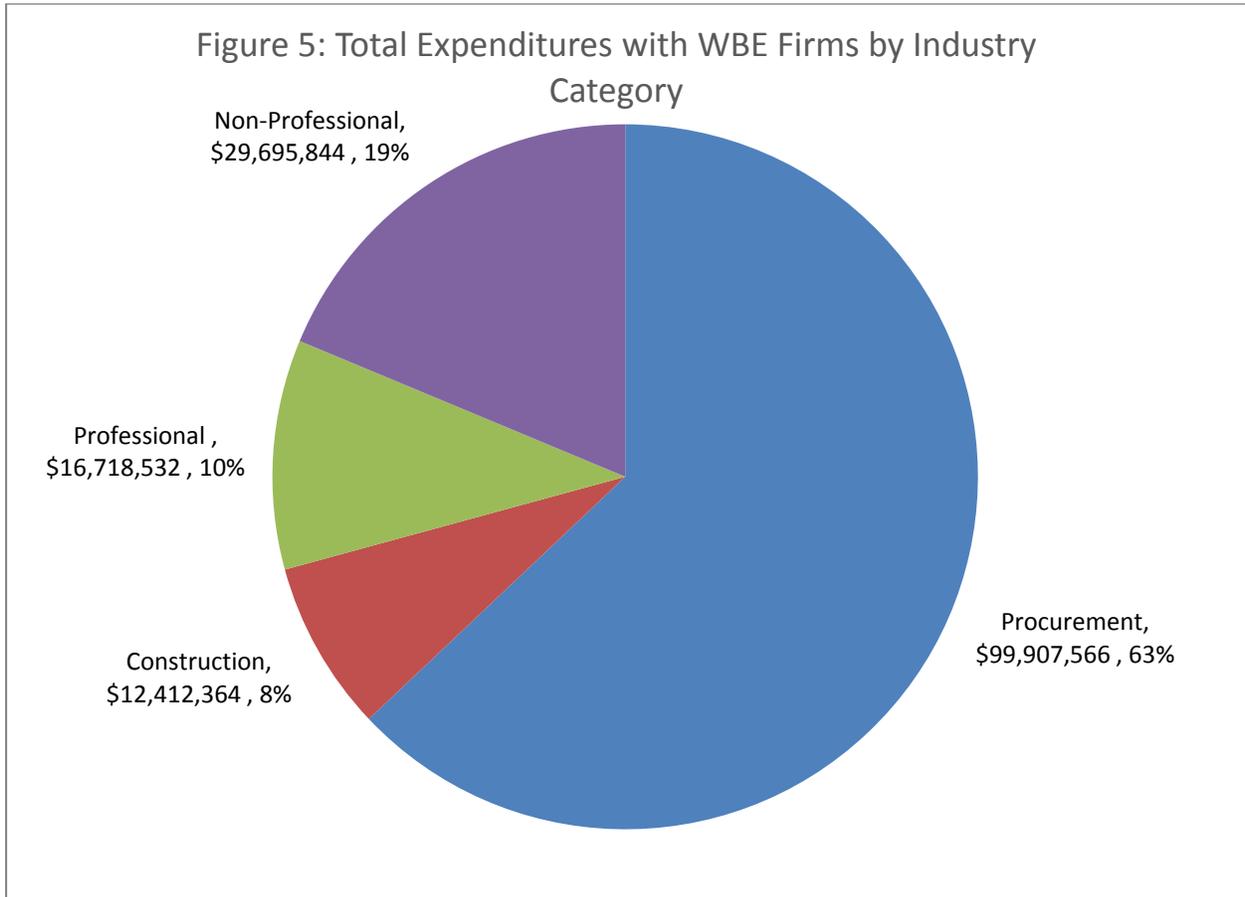
MBE Utilization

Indiana's casinos and racinos spent over \$183.6 million with MBE firms. Over \$105 million, well over half of these expenditures, were for the procurement of supplies (Figure 4). Non-Professional services spending was over \$37 million or 20 percent of all expenditures with MBE firms



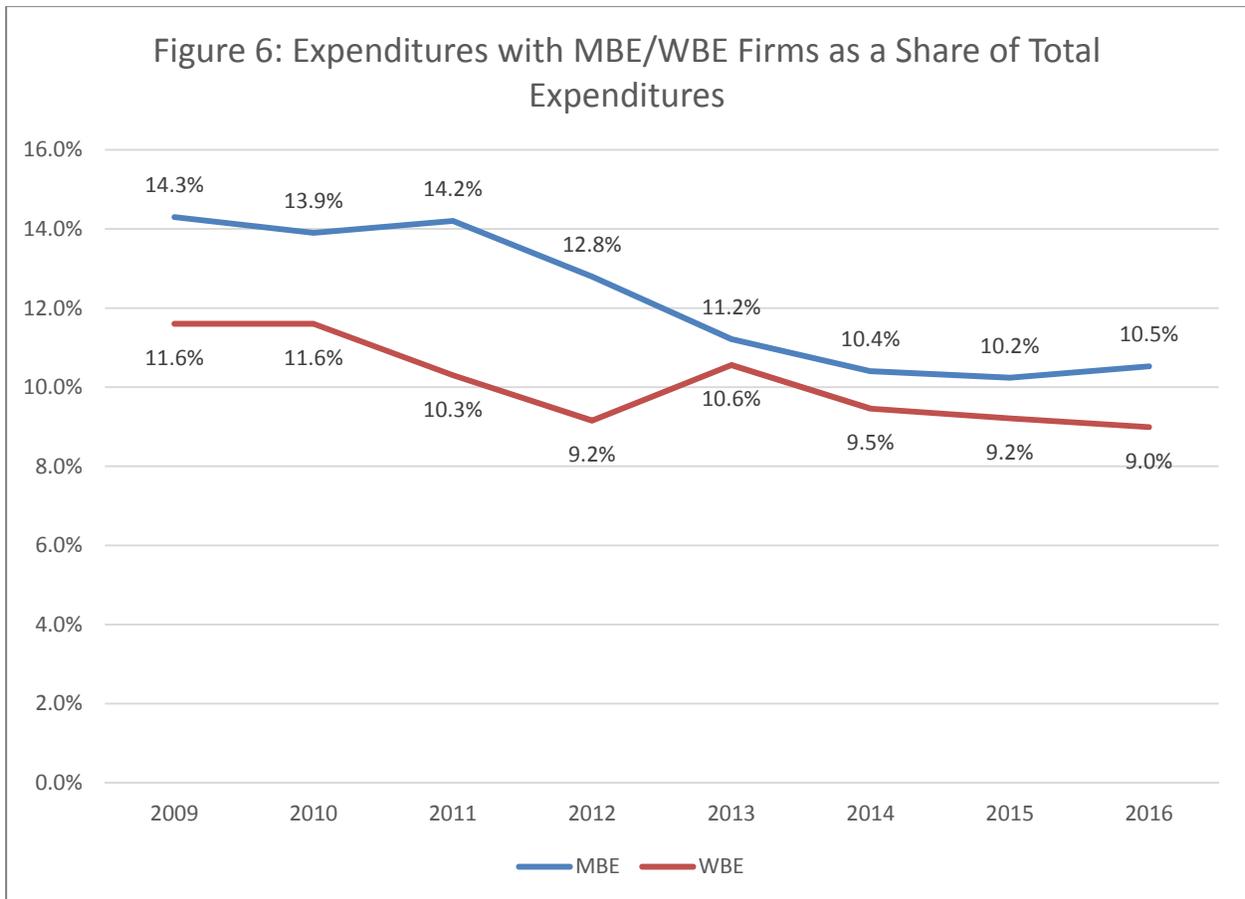
WBE Utilization

Total casino and racino expenditures with WBE firms exceeded \$158 million. As was the case with MBE firms the greatest share of WBE expenditures was with procurement firms. In the case of WBE firms, an even greater share of expenditures (64 percent) was for the procurement of supplies than for MBE firms (58 percent MBE).



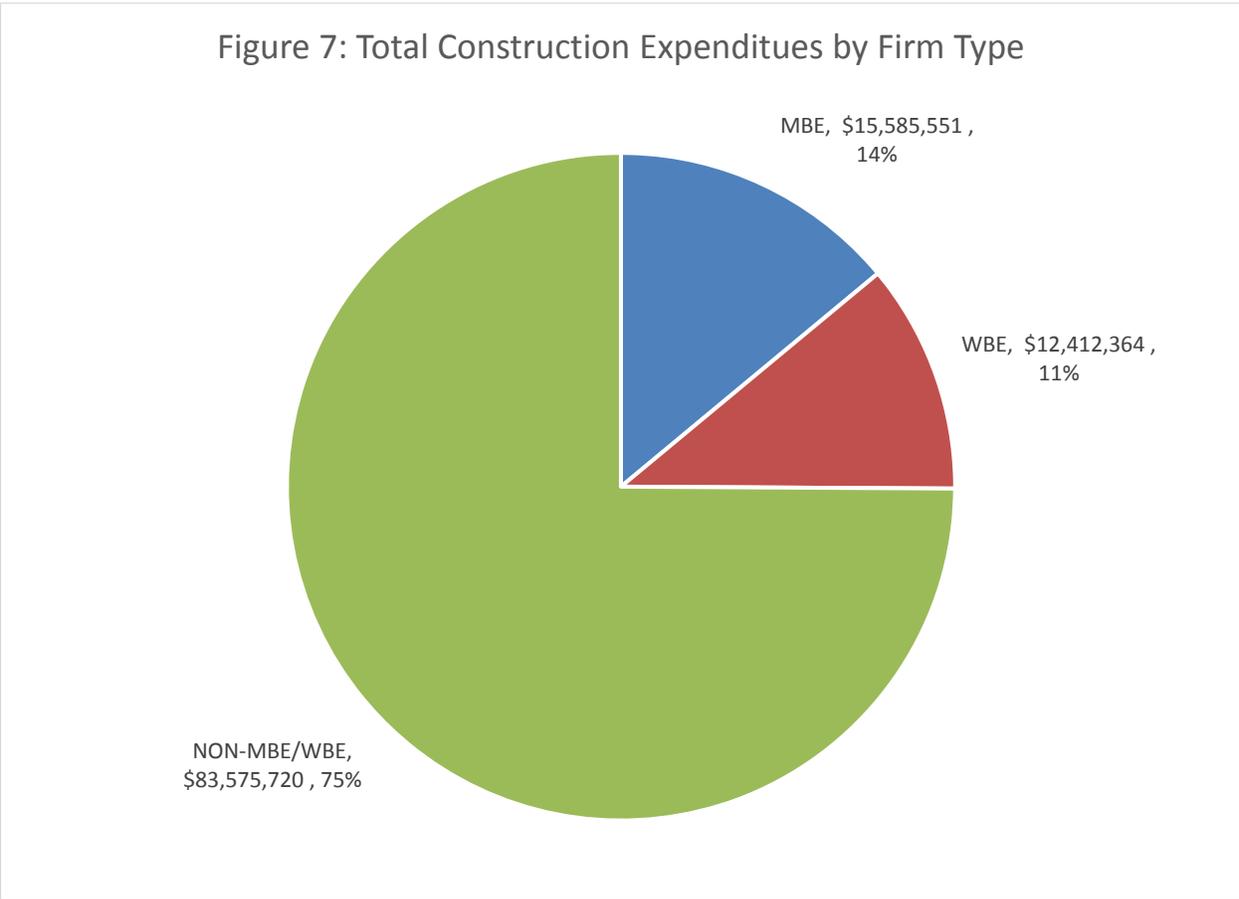
Annual Utilization

During the study period, expenditures by Indiana's casinos and racinos with MBE firms as a share of total expenditures trended downward. (Figure 6). Expenditures with WBE firms declined peaked at 10.6 percent in 2013 and declined to 9 percent during the study period. MBE expenditures peaked and 12.8 percent in 2012 and consistently declined through 2015. Both MBE and WBE certified expenditures as a share of total expenditures have declined since the prior disparity study.



Construction Utilization

Construction includes activities such as drywall, remodeling, paving, and trucking. The list NAICS codes included in the construction category is available in the capacity section of this report. During the study period, Indiana’s casinos and racinos spent over \$111.5 million on construction, or 16 percent of all casino and racino expenditures. Indiana’s casinos and racinos spent \$15.6 million or 14 percent of all construction-related expenditures with MBE firms (Figure 7) and spent \$12.4 million or 11 percent with WBE firms. During the study period, the casinos and racinos utilized 42 MBE and 54 WBE firms. As might be recalled, Indiana’s casinos and racinos spent a much lower share of their total expenditures on construction than did either the city of Indianapolis (Klacik, 2005) or the state of Indiana (Bucher & Christian, 2006) (Figure 2).

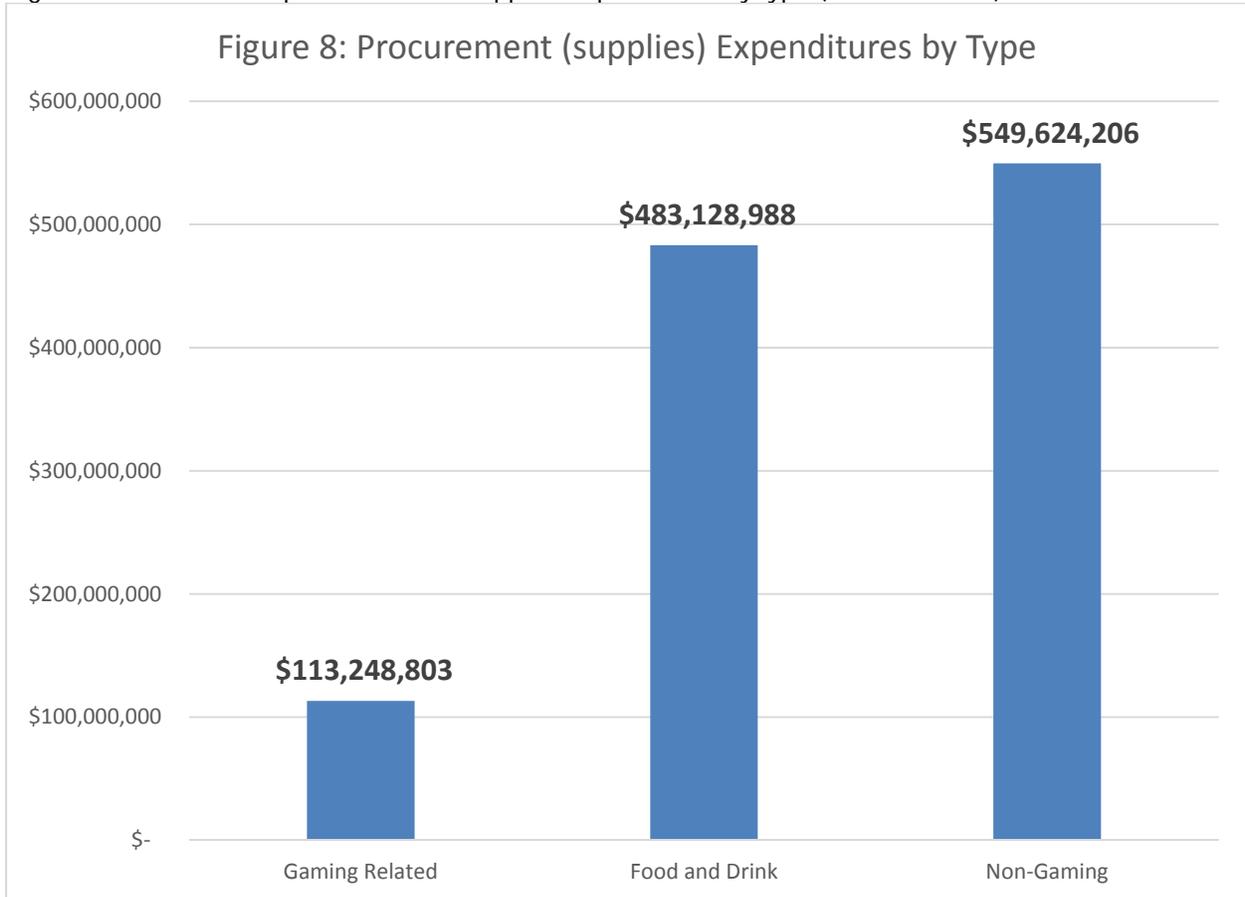


Procurement of Supplies Utilization

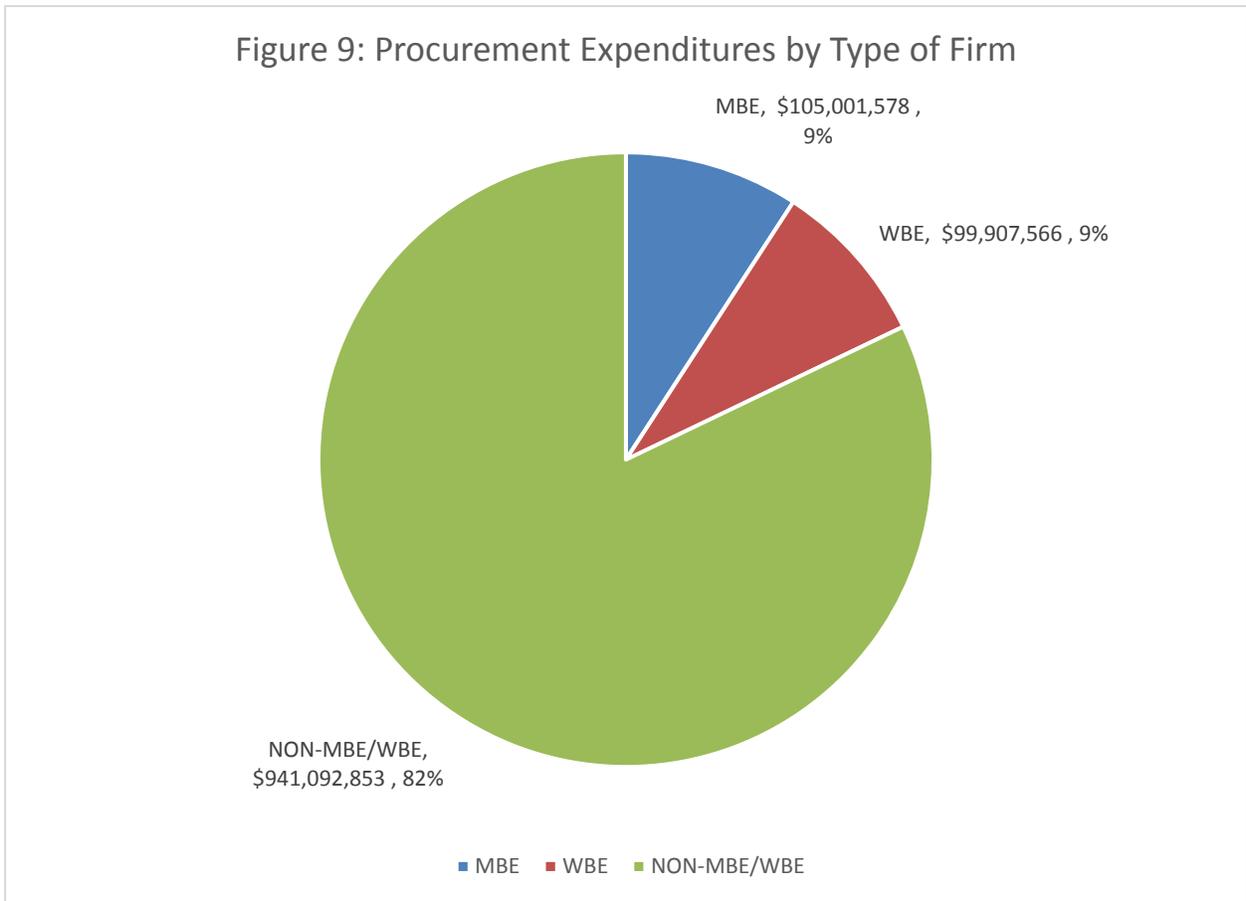
Typically, in disparity analyses performed for units of government, procurement of supplies expenditures are for the purchase of consumable and durable goods and supplies such as furniture, office equipment, and cleaning equipment. In addition, to these supplies, Indiana’s casinos and racinos purchase gaming-related supplies that would not be purchased by local units of government (such as gaming devices and alcohol). During the study period, Indiana’s casinos and racinos spent nearly \$768 million on supplies (Figure 8). Fifty-two percent (or over \$596 million) of all casino and racino expenditures were directed towards food and drink or gaming-related supplies. Thus less than half of all procurement expenditures

made by the casinos and racinos were for supplies typically purchased by government. Because of the unique supplies used for gaming, the group of ready, willing, and able firms interested in competing for casino and racino procurement of supplies contracts is likely to be much different than the groups competing for city and state supply contracts.

Figure 8: Casino/racino procurement of supplies expenditures by type (CY 2012-2016)



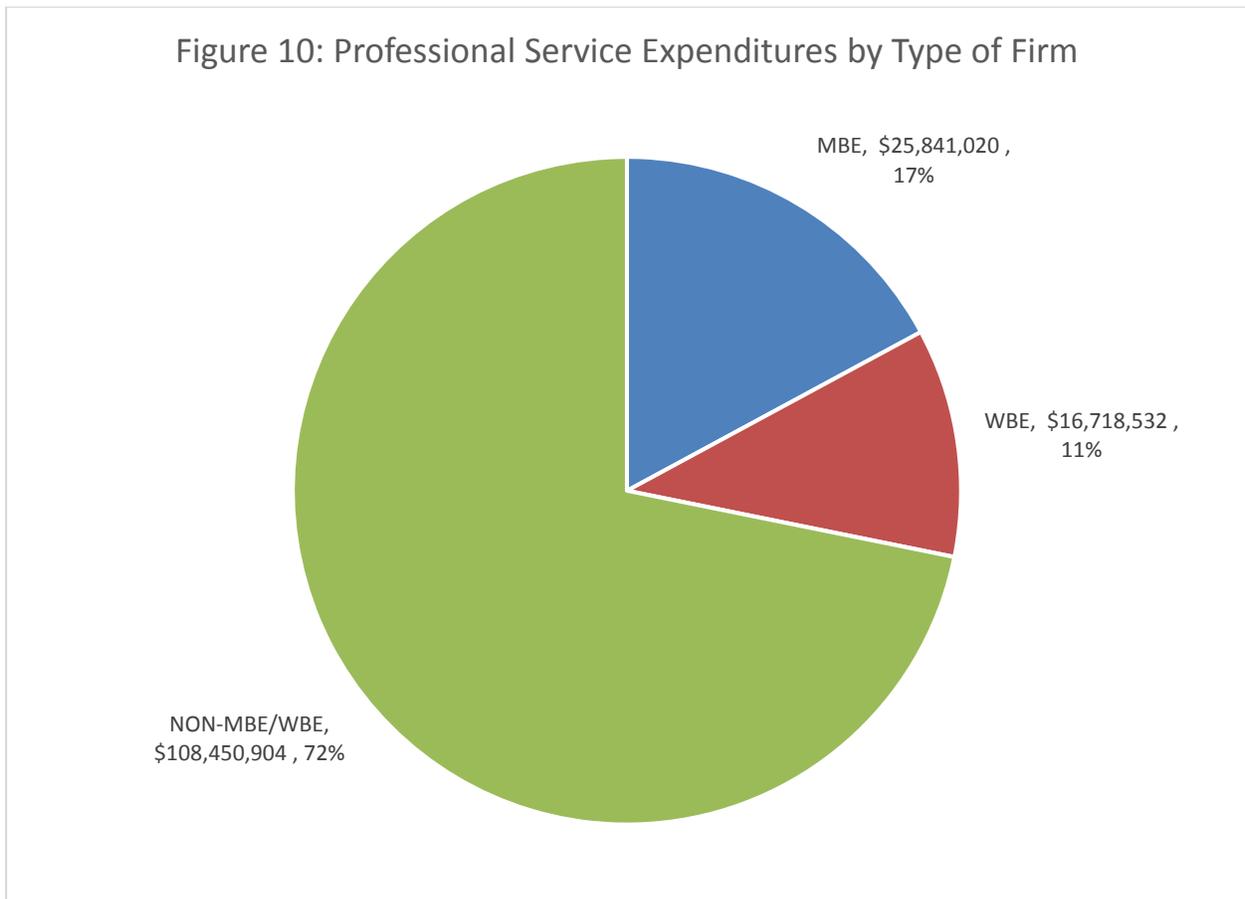
The total procurement (supplies) expenditures by Indiana's casinos and racinos with MBE and WBE firms was similar. For MBE firms expenditures were over \$105 million (or 9 percent of all of this type of expenditure) and WBE expenditures were nearly \$100 million (or 9 percent) (Figure 9)



Professional Services Utilization

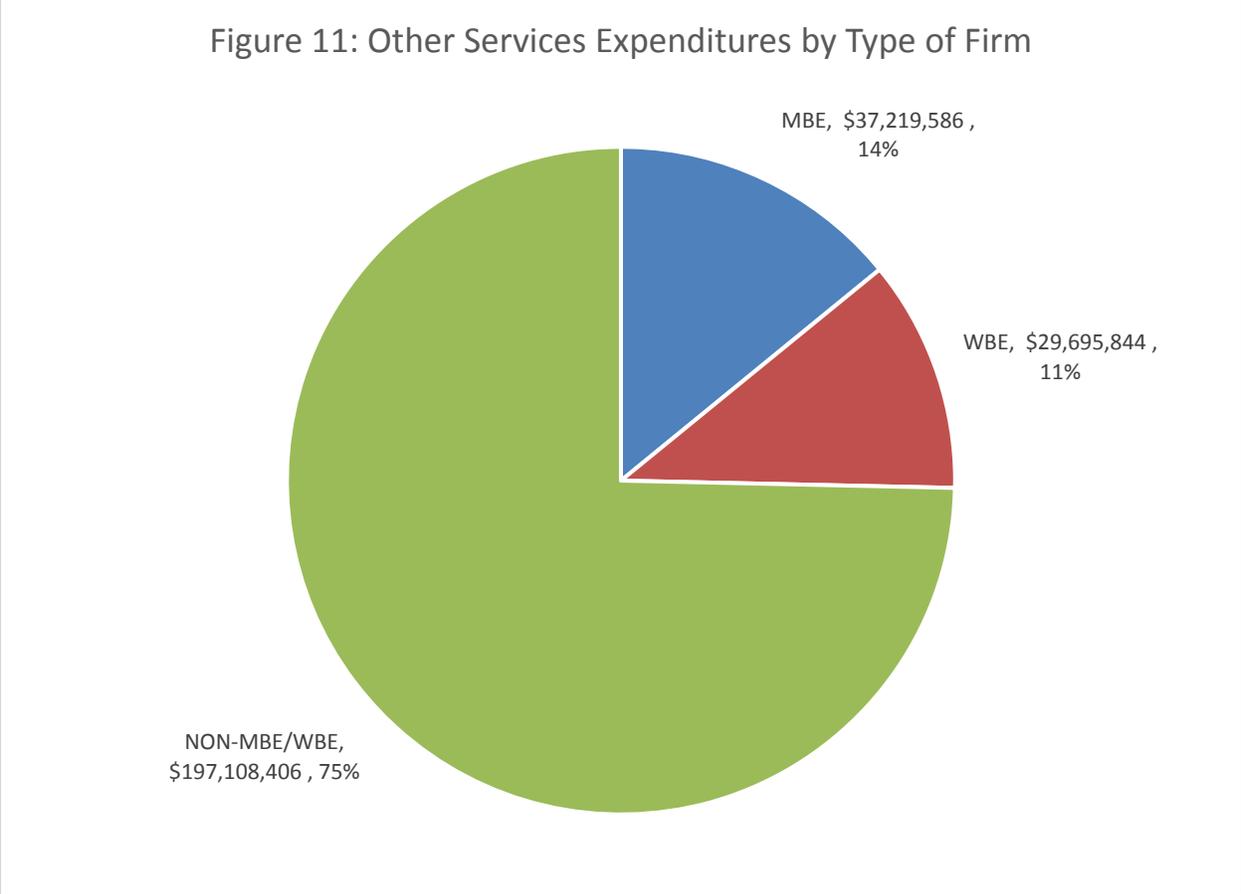
Professional services includes work done by legal and financial firms, data management, other information-based vendors, and other services which are typically provided by individuals that have earned college degrees. Between January 1, 2012 and December 31, 2016, total spending in this category by casinos and racinos was over \$151 million. \$25.8 million (17 percent) was spent with MBE firms and \$16.7 million (11 percent) was spent with WBE vendors (Figure 10). During the study period the casinos and racinos utilized 48 MBE and 89 WBE firms.

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Other Services Utilization

Other services includes non-degree services such as automotive repair, heating and cooling maintenance, janitorial services, and other labor-based service provision. Total spending for other services was \$264 million. Of this amount, \$37.2 million or 14 percent was spent with MBE firms. \$29.7 million or 11 percent was spent with WBE firms.



Part 4: Capacity

Capacity is the measure of the total share of MBE and WBE firms that are available to compete for casino and racino contracts/expenditures. The Urban Institute found that available studies use various measures of capacity. "There is no 'best' way to define which firms are available to perform government contracting work, although the choice of measure can affect the findings" (Enchautegui et al., 1997, p. 11). The Urban Institute's review of capacity studies determined that the five most common sources of data for defining capacity or availability are:

- Firms that have previously contracted with government,
- Firms that have previously bid on government contracts,
- Firms that have been certified by government units,
- Firms that have responded to surveys conducted for the study, and
- All firms.

Each of these data methods has strengths and weaknesses. The most important issue is the tradeoff between the **precision necessary to identify firms that are willing and able** to compete and the **broadness needed to be inclusive** enough to account for any past and present discrimination that may have affected the ability and willingness of MBE and WBE firms to compete for contracts. "The more narrowly a measure screens for capacity, the more prior discrimination it builds in" (Enchautegui et al., 1997, p. 12).

The Urban Institute researchers suggest that using all firms (by using Census or Dunn and Bradstreet data) is likely to best address past and present discrimination. The drawback of this option is that, there is also the likelihood that an unknown number of firms that are not ready, willing, or able to compete for a contract would be included in the study. Furthermore, the survey data include all who file a tax return indicating that they are self-employed, regardless of the share of income they earned while self-employed. Many of these self-employed individuals are unlikely to have the desire or the capacity to compete for casino contracts. Thus, using the broadest measure would overstate the capacity or availability of MBE and WBE firms to compete for casino and racino contracts and result in an overstated degree of disparity.

On the other hand the method of counting only firms that have done, are currently doing, or are registered with one or more of Indiana's casinos and racinos as being interested in doing business with them is likely to under-represent the number of MBE and WBE businesses that are ready, willing, and able to do business with the Indiana's casinos and racinos.

As mentioned earlier, a primary goal of this study is to identify the methodology that is most replicable while providing the best information with the least amount of judgment or interpretation. A key factor in enabling consistent replication is that the method for judging capacity requires the least possible amount of human interpretation. This provides an opportunity for different vendors to undertake a disparity study in the future and lets them measure changes in capacity and utilization consistently over time.

Throughout the two previous gaming related disparity studies, PPI researchers and the IGC worked with two Advisory Groups and considered many factors (including previous disparity experiences, the degree of judgment needed in various capacity measures, the fact that casinos and racinos are private firms rather than public entities, and the benefits of a consistent measure of capacity and. As a result of the first study of Indiana casino and racino disparity, the Indiana Gaming Commission requires that the casinos and

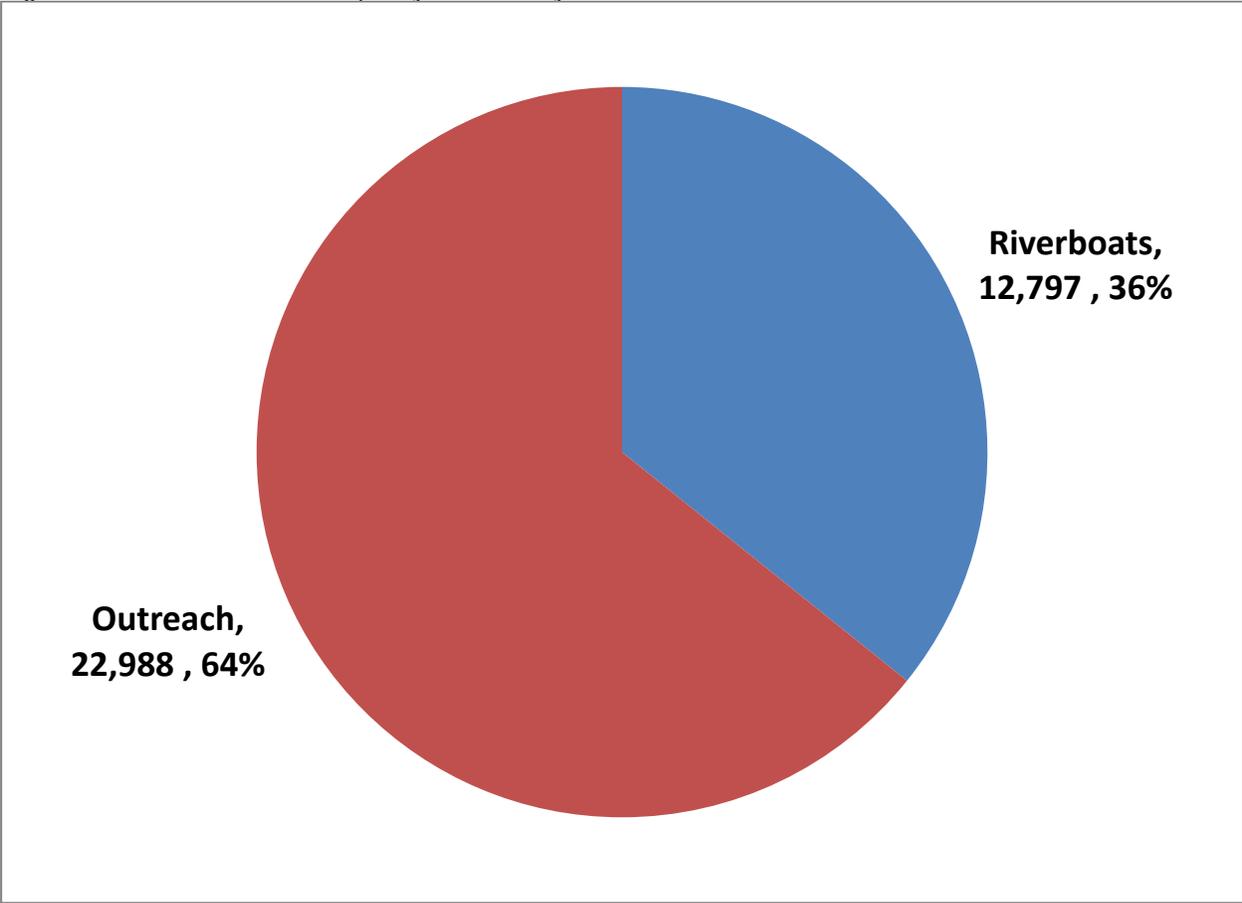
racinos report this information for all purchases of goods and services. The data reported by the casinos and racinos includes vendor, purchase type, and most importantly NAICS codes. The NAICS codes data allows for the precise definition of the types of goods and services consumed by the casinos and racinos. For example an analysis of all construction firms would include 32 6-digit NAICS codes while the casinos and racinos only reported purchasing services from 21 codes. The ability to identify the specific NAICS codes associated with all four types of goods and services enables this analysis to be limited to the specific collection of goods and services used by the casinos and racinos.

In this study the definitions of capacity, utilization and disparity remain consistent with the two prior studies. Capacity is measured as the number of vendors who have notified the casinos or racinos that they are ready, willing, and able by either doing or having done business with the casinos and racinos in the past five years (the study period) or by having notified the casinos and racinos that the firm would be ready, willing, and able by asking to be notified of contracting opportunities. Additionally, it was decided that the casino/racino lists would be complemented with public sector data collected online from the city/town and county in which each casino or racino is located as well as the state of Indiana's vendor list.

It also was decided that since some firms might provide goods or services that would be purchased by a casino or racino but not by the public sector (e.g., gaming devices, alcohol, etc.) a series of outreach meetings were held in the regions where Indiana's casinos and racinos are located and in Indianapolis to capture these specialized firms. The three outreach meetings were organized and run by the IGC, and held during the summer of 2017 Merrillville, Evansville, and Indianapolis. Additional components of IGC's outreach plan, were identical to previous outreach efforts and included the development and distribution of a vendor survey for use at the outreach meetings. This vendor survey was made available electronically at the IGC website and Facebook page. Finally, the vendor survey and notice of the outreach meetings were provided to the Indiana Chamber of Commerce, Indiana Department of Administration (which sent direct correspondence to all certified MBE and WBE vendors), local chambers of commerce, Office of Minority and Women Business entities, Indiana Minority Supplier Development Council, National Association of Women Business Owners, select MBE and WBE firms, and the Indiana Casino Purchasing Departments. Additionally, IGC worked with local media, (including print, talk radio, and public service announcements) to further publicize the opportunity for firms to express their availability to do business with Indiana's casinos and racinos and to publicize the outreach efforts and other means of accessing the vendor survey. As a result of these efforts we believe that maximum number of MBE, WBE, and non-MBE/WBE vendors were made aware of business opportunities with Indiana's casinos and racinos and included in the study.

In the final analysis, there were 35,785 unique vendors included in the capacity study. Approximately 13,000 of the firms (or 36 percent) included in the study were derived from the casino and racino vendor lists. The additional 23,000 firms (or 64 percent) were identified from the city, town, county, and state vendor lists and specific outreach efforts. To the best of our knowledge, no vendor firms are duplicates. Some firms provide more than one type of good or service and as such are included in the capacity estimate for multiple categories of expenditures.

Figure 12: Firms included in capacity estimate by source



Construction Capacity

Casinos and racinos reported purchasing construction-related services in 21 NAICS codes between 2012 and 2016, including:

- 236115 New Single-Family Housing Construction
- 236118 Residential Remodelers
- 236210 Industrial Building Construction
- 236220 Commercial and Institutional Building Construction
- 237110 Water and Sewer Line and Related Structures Construction
- 237310 Highway, Street, and Bridge Construction
- 238120 Structural Steel and Precast Concrete Contractors
- 238130 Framing Contractors
- 238140 Masonry Contractors
- 238150 Glass and Glazing Contractors
- 238190 Other Foundation, Structure, and Building Exterior Contractors
- 238210 Electrical Contractors and Other Wiring Installation Contractors
- 238220 Plumbing, Heating, and Air-Conditioning Contractors
- 238290 Other Building Equipment Contractors
- 238310 Drywall and Insulation Contractors
- 238320 Painting and Wall Covering Contractors
- 238340 Tile and Terrazzo Contractors
- 238910 Site Preparation Contractors
- 238990 All Other Specialty Trade Contractors
- 332322 Sheet Metal Work Manufacturing
- 484220 Specialized Freight (except Used Goods) Trucking, Local

For perspective, according to Dun and Bradstreet (www.hoovers.com, September 2017), there are 20,853 firms operating in Indiana in these codes and 387 or 2 percent are identified as MBE and 1,158 or 6 percent as WBE. However, not all the firms on this list are ready, willing, and able to do business with Indiana's casinos and racinos; and furthermore, some firms that are by evidence of having done business with the casinos and racinos between 2012 and 2016 are not located in Indiana.

The capacity methodology for this study described previously yielded 1,202 total construction firms ready, willing, and able to provide construction services. We estimate that there are 129 MBE firms, 116 WBE firms, and 957 non-MBE/WBE firms that are ready willing and able to do business with casinos. All total number of ready, willing and able construction firms declined from 1,511 in 2012 to 1,202 in 2017, this decline is reflective of the overall decrease in construction firms statewide and the decrease in spending on construction by casinos and racinos.

In total, 40 of the MBE firms identified as available provided construction services to the casino and racinos during the study period, 87 MBE firms were identified through the outreach efforts, and 2 non-certified firm was identified as a MBE by PPI researchers (Table 1). Similarly, there were 52 WBE firms that did work or were interested in doing work with the casinos and racinos during the study period. An additional 62 WBE firms were identified from outreach efforts, and 2 non-certified firms were identified by PPI researchers. Of

the 957 non MBE/WBE firms, 358 did business with a casino or racino, and 603 additional firms were identified during outreach effort. The four non-certified firms identified as either MBE or WBE were subtracted from the Non-MBE/WBE total.

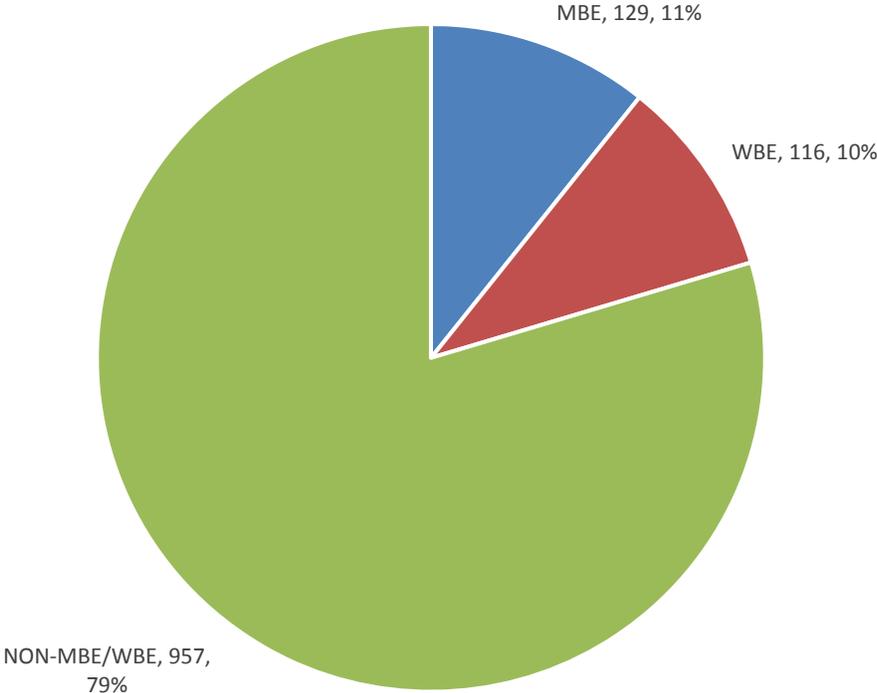
While the construction analysis includes some out-of-state vendors, our analysis estimates the total MBE capacity at 10.7 percent and WBE capacity at 9.7 percent. The MBE2017 study MBE capacity is higher than the prior 2012 study (10.4 percent) and the WBE is slightly lower (9.9 percent).

Table 1: Firms included in construction capacity estimates by source

	MBE	%MBE	WBE	%WBE	Non	%Non	Total
Casinos/Racinos	40	8.9%	52	11.6%	358	79.6%	450
Outreach	87	11.6%	62	8.2%	603		752
Non-Cert Adjustment	2		2		-4		0
Adjusted Totals	129	10.7%	116	9.7%	957		1,202

In summary, the capacity for construction services includes 1,202 firms (Table 1 and Figure 13). Of these, 129 are MBE construction firms that PPI estimates are ready, willing and able to do business with Indiana's casinos and racinos. There are 116 WBE construction companies identified as ready willing and able to do business with Indiana's casinos and racinos.

Figure 13: Construction Capacity by Type of Firm



Procurement Capacity

In this capacity study the term procurement is intended to represent the purchase of goods and supplies rather than services. More specifically, the casinos and racinos reported making procurement purchases from 52 NAICS codes between 2002 and 2016, including:

- 315299 All Other Cut and Sew Apparel Manufacturing
- 321911 Manufactured Home (Mobile Home) Manufacturing
- 322232 Envelope Manufacturing
- 325611 Soap and Other Detergent Manufacturing
- 325992 Photographic Film, Paper, Plate, and Chemical Manufacturing
- 337214 Office Furniture (except Wood) Manufacturing
- 339914 Costume Jewelry and Novelty Manufacturing
- 339943 Marking Device Manufacturing
- 339950 Sign Manufacturing
- 422400 whole sale durable goods
- 422990 whole sale trade
- 423210 Furniture Merchant Wholesalers
- 423420 Office Equipment Merchant Wholesalers
- 423430 Computer and Computer Peripheral Equipment and Software Merchant Wholesalers
- 423450 Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers
- 423610 Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers
- 423710 Hardware Merchant Wholesalers
- 423720 Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers
- 423730 Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers
- 423830 Industrial Machinery and Equipment Merchant Wholesalers
- 423840 Industrial Supplies Merchant Wholesalers
- 423850 Service Establishment Equipment and Supplies Merchant Wholesalers
- 423940 Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers
- 424110 Printing and Writing Paper Merchant Wholesalers
- 424120 Stationery and Office Supplies Merchant Wholesalers
- 424130 Industrial and Personal Service Paper Merchant Wholesalers
- 424410 General Line Grocery Merchant Wholesalers
- 424420 Packaged Frozen Food Merchant Wholesalers
- 424460 Fish and Seafood Merchant Wholesalers
- 424490 Other Grocery and Related Products Merchant Wholesalers
- 424690 Other Chemical and Allied Products Merchant Wholesalers
- 424720 Petroleum and Petroleum Products Merchant Wholesalers, except Bulk Stations and Terminals
- 424940 Tobacco and Tobacco Product Merchant Wholesalers
- 424950 Paint, Varnish, and Supplies Merchant Wholesalers
- 424990 Other Miscellaneous Nondurable Goods Merchant Wholesalers
- 425120 Wholesale Trade Agents and Brokers
- 441110 New Car Dealers
- 442110 Floor Covering Stores

443120 Paint and Wallpaper Stores
 444130 Hardware Stores
 444190 Other Building Material Dealers
 451110 Sporting Goods Stores
 453110 Florist
 453210 Office Supplies and Stationery Stores
 453220 Gift, Novelty, and Souvenir Stores
 453991 Tobacco Stores
 453998 All Other Miscellaneous Store Retailers, except Tobacco Stores
 454390 Other Direct Selling Establishments
 517110 Wired Telecommunications Carriers
 532490 Other Commercial and Industrial Machinery and Equipment Rental and Leasing
 533110 Lessors of Nonfinancial Intangible Assets
 722110 Full-Service Restaurants
 236115 New Single-Family Housing Construction
 236118 Residential Remodelers
 236210 Industrial Building Construction
 236220 Commercial and Institutional Building Construction
 237110 Water and Sewer Line and Related Structures Construction
 237310 Highway, Street, and Bridge Construction
 238120 Structural Steel and Precast Concrete Contractors
 238130 Framing Contractors
 238140 Masonry Contractors
 238150 Glass and Glazing Contractors
 238190 Other Foundation, Structure, and Building Exterior Contractors
 238210 Electrical Contractors and Other Wiring Installation Contractors
 238220 Plumbing, Heating, and Air-Conditioning Contractors
 238290 Other Building Equipment Contractors
 238310 Drywall and Insulation Contractors
 238320 Painting and Wall Covering Contractors
 238340 Tile and Terrazzo Contractors
 238910 Site Preparation Contractors
 238990 All Other Specialty Trade Contractors
 332322 Sheet Metal Work Manufacturing
 484220 Specialized Freight (except Used Goods) Trucking, Local

For perspective, there are 49,266 procurement firms operating in Indiana in these codes and 1,007 or 2 percent are identified as MBE and 3,459 or 7.1 percent as WBE. (www.hoovers.com, September 2017), However, not all the firms are ready, willing, and able to do business with Indiana's gaming industry, and furthermore, some firms that are have done business with the casinos and racinos between 2012 and 2016 are not located in Indiana.

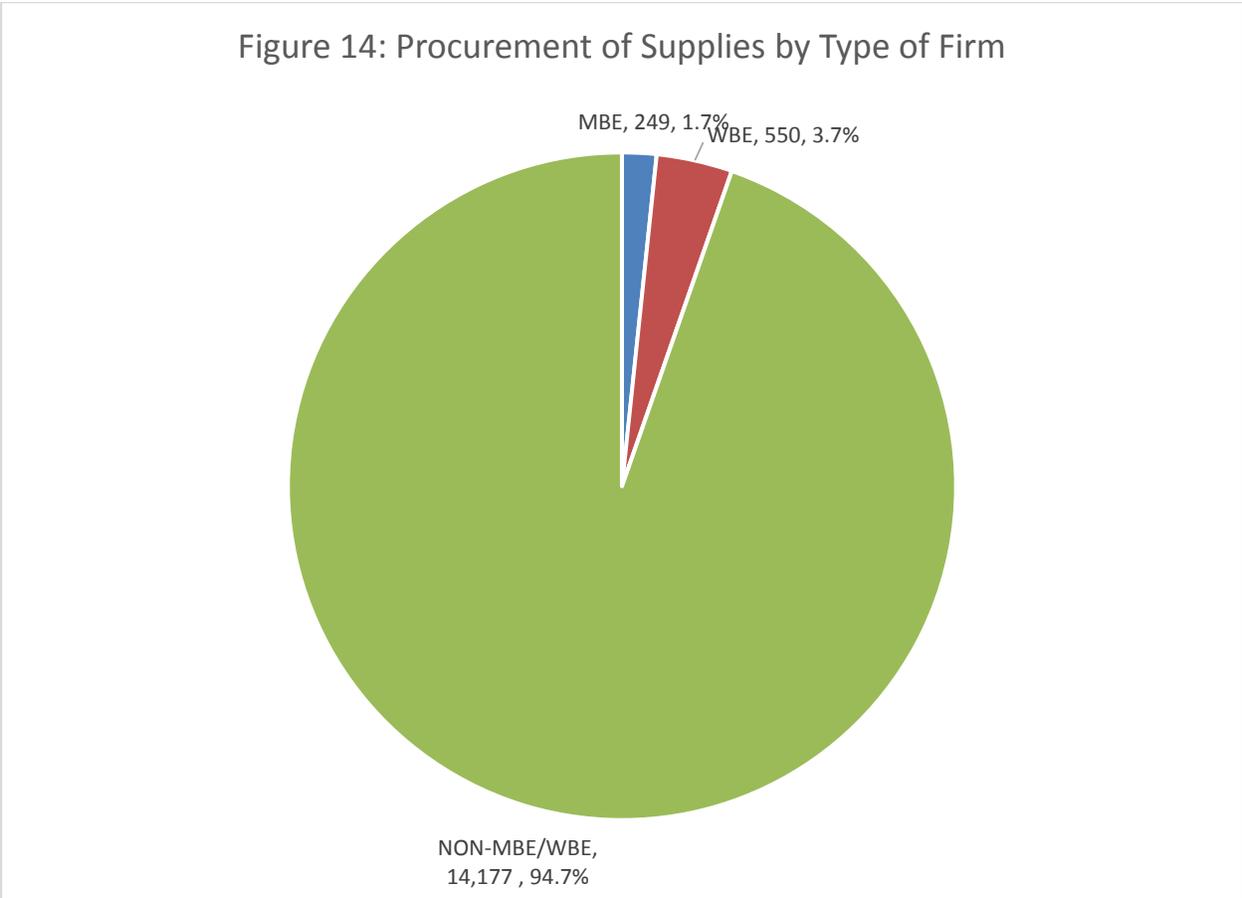
Using the same data sources and methodology described in the introduction to the capacity section (and identical to the 2007 and 2011 process) our procurement capacity estimates are based on 14,976 total firms. We estimate that there are 249 MBE firms, 550 WBE firms and 14,177 non-MBE/WBE firms that are available for business with casinos and racinos (Figure 14).

In total, 54 of the MBE firms identified as ready, willing, and able sold goods to the casinos and racinos during the study period; 69 additional MBE firms were identified through outreach efforts including other lists of certified vendors, the outreach meetings, and the online survey; and 126 non-certified firms were identified by PPI researchers. Similarly, there were 132 WBE firms that sold procurement goods to the casinos and racinos during the study period, an additional 245 WBE firms were identified from outreach efforts, and 173 non-certified firms were identified by PPI researchers. Of the 11,177 non-MBE/WBE firms, 11,338 sold procurement goods to at least one casino or racino. The 542 non-certified firms identified as either MBE or WBE by PPI were subtracted from the non-MBE/WBE total.

Table 2: Firms included in procurement capacity estimates by source

	MBE	%MBE	WBE	%WBE	Non	%Non	Total
Casinos/Racinos	54	0.5%	132	1.1%	11,338	98.4%	11,524
Outreach	69	2.0%	245	7.1%	3,138	90.9%	3,452
Non-Cert Adjustment	126		173		-299		
Adjusted Totals	249	1.7%	550	3.7%	14,177		14,976

Figure 14: Procurement of supplies capacity by firm type



Professional Services Capacity

The list of the 24 NAICS categories that the casinos and racinos reported contracting for professional services from between 2012 and 2016 includes:

524210	Insurance Agencies and Brokerages
541110	Offices of Lawyers
541310	Architectural Services
541320	Landscape Architectural Services
541370	Surveying and Mapping (except Geophysical) Services
541410	Interior Design Services
541430	Graphic Design Services
541511	Custom Computer Programming Services
541611	Administrative Management and General Management Consulting Services
541612	Human Resources Consulting Services
541613	Marketing Consulting Services
541618	Other Management Consulting Services
541690	Other Scientific and Technical Consulting Services
541810	Advertising Agencies
541820	Public Relations Agencies
541890	Other Services Related to Advertising
541990	All Other Professional, Scientific, and Technical Services
561520	Tour Operators
611430	Professional and Management Development Training
611699	All Other Miscellaneous Schools and Instruction
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists
621511	Medical Laboratories
624310	Vocational Rehabilitation Services
711410	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures

For perspective, there are 33,700 professional service firms operating in Indiana and 893 or 9.2 percent are identified as MBE and 3,101 or 7 percent as WBE (Dun and Bradstreet, www.hoovers.com, September 2016). However, not all the firms are ready, willing, and able to do business with Indiana's casinos and racinos, and some firms which have done business with Indiana casinos and racinos are not located in Indiana.

Using the same data sources and methodology described for construction and procurement (and identical to the 2007 and 2011 process), our professional services capacity estimates are based on 3,196 total available firms. We estimate that there are 111 MBE firms, 207 WBE firms, and 2,878 non-MBE/WBE firms (Figure 15).

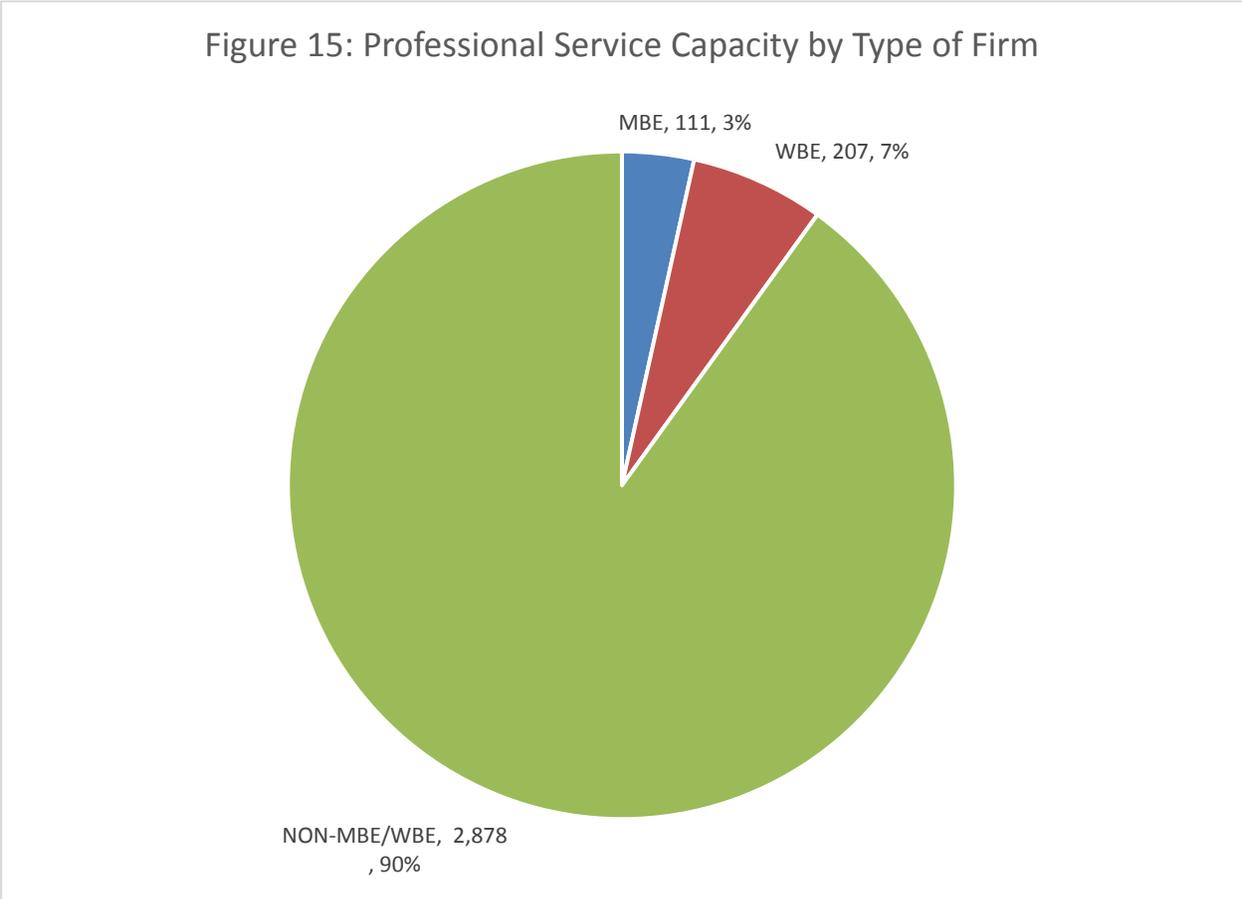
In total, 36 of the MBE firms identified as ready, willing, and able did work with the casinos and racinos during the study period; 58 MBE firms were identified through outreach efforts including other lists of certified vendors, the outreach meetings, and the online survey; and 17 non-certified professional service

firms were identified by PPI researchers. Similarly, there were 69 WBE firms that did or were interested in doing work with the casinos and racinos during the study period, an additional 118 WBE firms were identified from outreach efforts, and 20 non-certified firms were identified by PPI researchers. Of the 2,878 non-MBE/WBE firms, 1,634 did professional services work with a casino or racino. The 37 non-certified firms identified as either MBE or WBE were subtracted from the non-MBE/WBE total. Table 3 displays the sources of data used in the study.

Table 3: Firms included in professional services capacity estimates by source

	MBE	%MBE	WBE	%WBE	Non	%Non	Total
Casinos/Racinos	36	2.1%	69	4.0%	1,634	94.0%	1,739
Outreach	58	4.0%	118	8.1%	1,281		1,457
Non-Cert Adjustment	17		20		(37)		-
Adjusted Totals	111	3.5%	207	6.5%	2,878		3,196

Figure 15: Professional service capacity by firm type



Other Services Capacity

The list of the 39 NAICS categories that the casinos and racinos reported contracting for other services between 2012 and 2016 includes:

221122	Electric Power Distribution
323110	Commercial Lithographic Printing
323112	Commercial Flexographic Printing
323113	Commercial Screen Printing
323114	Quick Printing
323119	Other Commercial Printing
332996	Fabricated Pipe and Pipe Fitting Manufacturing
485320	Limousine Service
485510	Charter Bus Industry
485990	All Other Transit and Ground Passenger Transportation
488330	Navigational Services to Shipping
488490	Other Support Activities for Road Transportation
493110	General Warehousing and Storage
511110	Newspaper Publishers
541860	Direct Mail Advertising
541870	Advertising Material Distribution Services
541921	Photography Studios, Portrait
561320	Temporary Help Services
561510	Travel Agencies
561599	All Other Travel Arrangement and Reservation Services
561621	Security Systems Services (except Locksmiths)
561720	Janitorial Services
561730	Landscaping Services
561790	Other Services to Buildings and Dwellings
561990	All Other Support Services
562910	Remediation Services
562998	All Other Miscellaneous Waste Management Services
711320	Promoters of Performing Arts, Sports, and Similar Events without Facilities
722211	Limited-Service Restaurants
722310	Food Service Contractors
722320	Caterers
811192	Car Washes
811212	Computer and Office Machine Repair and Maintenance
811420	Reupholstery and Furniture Repair
812320	dry cleaning
812331	linen supply
812332	industrial launders
812930	parking lots
812990	all other personal services

For perspective, there are 44,167 other service firms operating in Indiana and 957 or 2.2 percent are identified as MBE and 2,942 or 6.7 percent as WBE (Figure 16) (Dun and Bradstreet, www.hoovers.com, September 2017). However, not all the firms are ready, willing, and able to do business with Indiana's gaming industry and some firms that have done business with the casinos and racinos between 2012 and 2016 are not located in Indiana.

Using the same data sources and methodology described for construction, procurement of supplies and professional services (and identical to the 2007 and 2011 process) our other services capacity estimates are based on 4,477 total ready, willing, and able firms. We estimate that there are 253 MBE firms, 510 WBE firms, and 3,714 non-MBE/ WBE firms that are ready, willing, and able to do other services business with casinos and racinos.

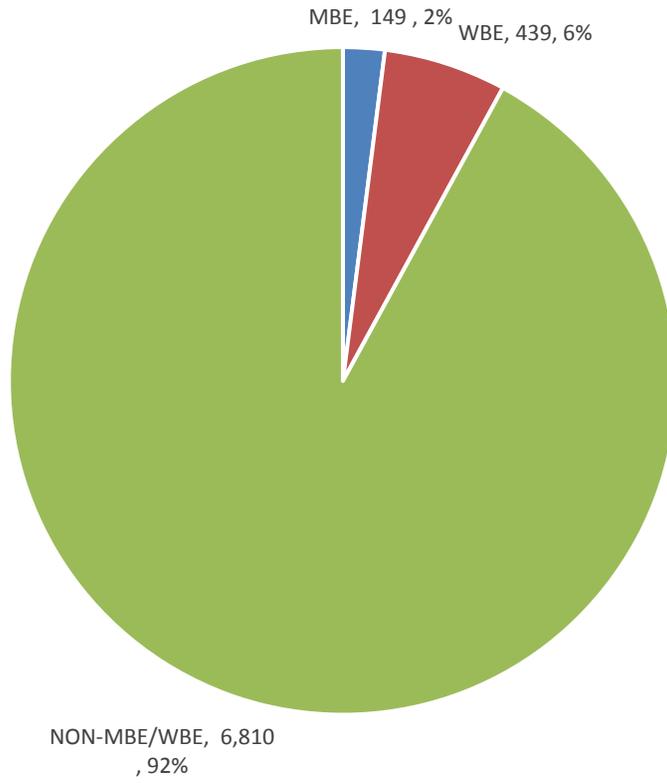
In total, 23 of the MBE firms identified as ready willing and able did work with the casinos and racinos during the study period; 141 MBE firms were identified through outreach efforts, and 76 non-certified non-professional service firms were identified by PPI researchers. Similarly, there were 38 WBE firms that did or were interested in doing work with the casinos and racinos during the study period, an additional 192 WBE firms were identified from outreach efforts, and 268 non-certified firms were identified by PPI researchers. Of the 3,714 non-MBE/WBE firms, 2,039 did other services work with a casino or racino. The 344 non-certified firms identified as either MBE or WBE were subtracted from the non-MBE/WBE total.

Thus, while not all firms included in the construction analysis are from Indiana (as the estimate includes out of state vendors used by the casinos and racinos between 2012 and 2016), the final estimate of capacity suggests that approximately 8 percent of all professional service firms in the state are ready, willing, and able to do business with the industry. However, the percentage is not spread evenly across the disparity study categories, as we estimate that 29 percent of all MBE, 11 percent of all WBE, and only 7 percent of the non-MBE/WBE professional service firms are available. Table 4 displays the sources of data used in the study.

Table 4: Firms included in other services capacity estimates by source

	MBE	%MBE	WBE	%WBE	Non	%Non	Total
Casinos/Racinos	40	0.7%	79	1.4%	5,381	97.8%	5,500
Outreach	31	2.4%	88	6.7%	1,191	90.9%	1,310
Non-Cert Adjustment	78		272		(350)		
Adjusted Totals	149	2.2%	439	6.4%	6,222		6,810

Figure 16: Other Services Capacity by Type of Firm



Capacity Summary

Table 5 presents a summary of the capacity estimates for all four industry groups. The highest estimated MBE capacity is in the construction services industry category while the lowest WBE capacity estimate is in the procurement of supplies category.

Table 5: Capacity estimates by industry category and firm type

	Total Firms	MBE	WBE	NON
Construction	1,202	10.7%	9.7%	79.6%
Procurement	14,976	1.7%	3.7%	94.7%
Pro Services	3,196	3.5%	6.5%	90.1%
Other Services	6,810	2.2%	6.4%	91.4%

Part 5: Disparity Determinations

Disparity is defined as the difference between capacity and utilization. A statistical analysis known as the z-test is used to determine whether the disparity is within an acceptable margin of error or is likely a result of discriminatory practices that prevent MBE and WBE businesses from gaining the estimated potential share of casino and racino expenditures.

Ideally, capacity and utilization would be identical and the disparity measure would be zero. For the purposes of a disparity study, a disparity measure of less than zero (a negative number) suggests an underutilization of MBE or WBE firms, and a disparity measure of greater than zero suggests overutilization.

This analysis presents disparity in terms of the difference in dollars estimated to be expended (estimated capacity) and actual dollars spent (utilization), as well as the difference in the estimated number of firms (estimated capacity) and the actual number of firms contracting with Indiana’s casinos (utilization). As with the previous measures of utilization and capacity the data are presented by category: construction, procurement of supplies, professional services, and other services. A summary table addressing disparity findings in all industry groups concludes this analysis.

The following are the definitions of terms and calculation methods for expenditure disparity:

- Estimated capacity of dollars* available is calculated by determining the average amount spent per firm and then multiplying that amount by the estimated number of firms. For example, the total amount spent by Indiana’s casinos and racinos on construction during the study period was \$111,576,634 and 450 total firms were utilized. When we divide the total amount spent by Indiana’s

casinos and racinos by the total number of construction firms, the result is an average expenditure of \$247,941 per firm. We then multiply the average expenditure by the expected number of firms to determine the estimated dollars available. In the case of construction firms (MBE), this means that the estimated capacity of dollars available is 48 (the expected utilization of MBE firms) times \$247,941 (the average dollars spent per firm) or \$11,901,168.

- *Actual utilization of dollars* is the sum of all dollars reported as being spent by the type of firm within each industry category.
- *Actual share of dollars* expended is calculated by dividing the amount spent by type of firm by the total dollars spent in each category.
- *Estimated share of dollars* spent is calculated by dividing the estimated capacity of dollars available for each type of firm by the total dollars spent by Indiana's casinos and racinos in each industry category.
- *Disparity of dollars* is the difference between the expected and actual expenditures by Indiana's casinos and racinos by type of firm. As previously stated, a disparity rating of less than zero (a negative number) indicates under utilization, and a disparity rate of greater than zero indicates over utilization of firms.

The definitions of terms and calculation methods for firm disparity follow:

- *Industry* includes any of the four categories suggested by the Urban Institute study: construction, procurement, professional services, and other services.
- *Firm* is distinguished by three types: MBE, WBE, or non-MBE/WBE.
- *Estimated capacity of firms* for each category in an industry group is calculated by dividing the share of actual firms by type expressing interest and ability in doing business into the total number of firms expressing interest and ability in that industry.
- *Actual utilization of firms* in each category represents the number of firms doing business with Indiana's casinos and racinos during the study period.
- *The difference* in number of firms is calculated by subtracting the estimate capacity of firms from the actual utilization of firms. A negative number represents an underutilization of firms.
- *Actual share of firms* is calculated by dividing the number of firms of each type by total firms. For example, the actual share of MBE construction firms was calculated by dividing the number of MBE construction firms being utilized by the total number of construction firms utilized.
- *Expected share of firms* is calculated by dividing the expected number of firms to be utilized by the total number of firms utilized.

- *Disparity of firms* is the difference between the expected and actual share of firms. As previously stated, a disparity rating of less than zero indicates underutilization and a disparity rate greater than zero indicates an over utilization of firms.

Disparity of Expenditures

Disparity of expenditures (dollars) is the difference between the expected and actual expenditures made by Indiana’s casinos and racinos. A negative disparity rate represents an underutilization of MBE or WBE firms and a positive disparity rate represents an overutilization of MBE or WBE firms.

Construction Disparity

Construction spending with MBE and WBE firms exceeded expected expenditure levels (Table 6). Indiana’s casinos and racinos spent \$12 million more with MBE construction firms than might have been expected. WBE firms experienced a \$1.8 million dollars of spending over estimated capacity.

Table 6: Construction expenditure disparity (CY 2012-2016)

	Estimated	Actual	Dollar	Estimated	Actual	Rate
	Capacity	Utilization	Disparity	Capacity	Utilization	Disparity
MBE	\$ 11,901,168	\$ 15,585,551	\$ 3,684,383	10.7%	14.0%	3.2%
WBE	\$ 10,661,481	\$ 12,412,364	\$ 1,750,883	9.7%	11.1%	1.5%
NON	\$ 88,763,025	\$ 83,575,720	\$ (5,187,305)	79.6%	74.9%	-4.6%

There is neither MBE nor WBE disparity for casino and racino construction spending. The construction capacity estimate increased slightly from 10.4 percent in the prior study to 10.7 percent and the WBE estimate decreased slightly from 9.9 percent to 9.7 percent. The construction capacity estimates in this analysis also exceeds the estimated share of all Indiana firms within the NAICS codes used by Indiana’s casinos and racinos (2.0 percent MBE and 4.8 percent WBE).

Procurement Disparity

Casino and racino expenditures on supplies with both MBE and WBE firms exceeded the estimated capacity (Table 7). MBE procurement firms received over \$99 million more than might have been expected. WBE firms received over \$86 million more than the estimated capacity. While there is no disparity, casino and racino procurement expenditure both declined as a share of total procurement expenditures, for MBE from 15.5 percent to 9.2 percent and for WBE from 14.7 percent to 8.7 percent. This trend should be monitored.

Table 7: Procurement of supplies expenditure disparity (CY 2012-2016)

	Estimated	Actual	Dollar	Estimated	Actual	Rate
	Capacity	Utilization	Disparity	Capacity	Utilization	Disparity
MBE	\$ 5,370,020	\$ 105,001,578	\$ 99,631,558	1.7%	9.2%	7.5%
WBE	\$ 13,126,715	\$ 99,907,566	\$ 86,780,851	3.7%	8.7%	5.0%
NON	\$ 1,127,505,262	\$ 941,092,853	\$ (186,412,409)	94.7%	82.1%	-12.5%

Professional Service Disparity

There was no MBE or WBE disparity in professional services expenditures (Table 8). Spending on MBE professional service firms was nearly twice the estimated capacity.

Table 8: Professional services expenditure disparity (CY 2012-2016)

	Estimated	Actual	Dollar	Estimated	Actual	Rate
	Capacity	Utilization	Disparity	Capacity	Utilization	Disparity
MBE	\$ 3,126,151	\$ 25,841,020	\$ 22,714,869	3.5%	17.1%	13.6%
WBE	\$ 5,036,576	\$ 16,718,532	\$ 11,681,955	6.5%	11.1%	4.6%
NON	\$ 141,892,516	\$ 108,450,904	\$ (33,441,612)	90.1%	71.8%	-18.2%

There is neither MBE nor WBE disparity for casino or racino professional service spending. However, capacity estimates decreased, which suggests a monitoring of casino and racino outreach efforts to professional service firms. While capacity estimates decreased utilization increased from 13.1 percent to 17.1 percent for MBE firms and from 10.8 percent to 11.1 percent for WBE.

Other Services Disparity

Both MBE and WBE other service firms were over utilized by casino and racino firms. MBE firms received over \$35 million more than would have been expected and WBE firms received over \$25 million more than expected (Table 9). While there is no disparity, the share of MBE and WBE spending declined precipitously. MBE firms' share of total other services declined from 30.8 percent in the prior study to 14.1 percent in the current study and WBE expenditure shares decreased from 22.7 percent to 11.2 percent. This trend must also be monitored.

Table 9: Other services expenditure disparity (CY 2012-2016)

	Estimated	Actual	Dollar	Estimated	Actual	Rate
	Capacity	Utilization	Disparity	Capacity	Utilization	Disparity
MBE	\$ 1,920,173	\$ 37,219,586	\$ 35,299,413	2.2%	14.1%	11.9%
WBE	\$ 3,792,342	\$ 29,695,844	\$ 25,903,502	6.4%	11.2%	4.8%
NON	\$ 258,311,320	\$ 197,108,406	\$ (61,202,915)	91.4%	74.7%	-16.7%

As with professional services capacity while estimates for other services trail the BBC estimate of capacity (between 8.5 and 14.0 percent MBE and 21.2 and 25.6 percent WBE), actual expenditures of the casinos and racinos with MBE firms exceeds even BBC's estimate. Furthermore, WBE utilization by the gaming industry exceeds BBC's low estimate of WBE capacity while trailing its highest estimate.

Conclusions

While estimated capacity declined in many categories and overall utilization declined, there was no MBE or WBE spending disparity however construction disparity is quite close, especially in the WBE category.

Table 10: Disparity by industry category (CY 2012-2016)

	Construction	Procurement	Professional Services	Other Services
MBE Capacity	\$ 11,901,168	\$ 5,370,020	\$ 3,126,151	\$ 1,920,173
MBE Utilization	\$ 15,585,551	\$ 105,001,578	\$ 25,841,020	\$ 37,219,586
MBE Disparity	\$ 3,684,383	\$ 99,631,558	\$ 22,714,869	\$ 35,299,413
WBE Capacity	\$ 10,661,481	\$ 13,126,715	\$ 5,036,576	\$ 3,792,342
WBE Utilization	\$ 12,412,364	\$ 99,907,566	\$ 16,718,532	\$ 29,695,844
WBE Disparity	\$ 1,750,883	\$ 86,780,851	\$ 11,681,955	\$ 25,903,502

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