

2017 Minnesota Joint Disparity Study

Presentation to Metropolitan Council



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Agenda

1. Introductions
2. Why conduct a disparity study?
3. Disparity study tasks
4. Utilization/availability results
5. Results of qualitative analysis
6. Recommendations

Why conduct a disparity study?

- 1989 U.S. Supreme Court decision in *City of Richmond v. J.A. Croson Company* established the strict scrutiny standard of review for race-conscious programs adopted by state and local governments:
 - Compelling governmental interest
 - Narrow tailoring
- The disparity study examined whether there is evidence of discrimination against minority- and women-owned firms in the marketplace, and, if so, what remedies might be appropriate
- Disparity study provides information to help each entity:
 - Determine if current programs, alone, are an effective remedy
 - Whether additional or different measures are needed
- Also, outside review of policies and practices is useful
- Study also examined marketplace conditions for businesses owned by persons with disabilities and veterans

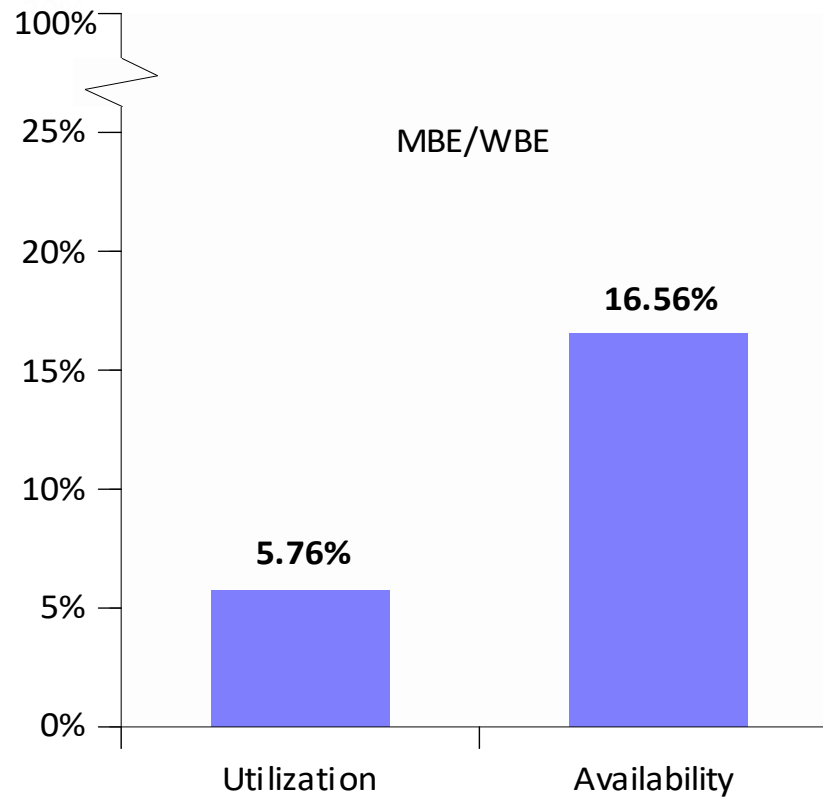
Quantitative analysis

- Collected data for the study period (July 1, 2011 through June 30, 2016)
 - Contracts awarded
 - WAM procurements
- Coded primary type of work involved in each contract and subcontract (construction, professional and technical services, goods and other services)
- Determined relevant geographic market area (Minneapolis-Saint Paul-Bloomington, MN-WI MSA)
- Calculated percentage of procurement dollars awarded to MBE/WBEs
- Conducted availability analysis:
 - Availability survey
 - Contract-by-contract availability analysis
- Performed disparity analysis

Example of component of availability analysis

- Subcontract for electrical work (\$114,625) on a 2014 Met Council contract in the Twin Cities area
- Examined firms that:
 - Were in business in 2014
 - Indicated that they performed electrical work
 - Reported working or bidding on subcontracts on public sector projects in Minnesota in the past 6 years
 - Reported qualifications and interest in working as a subcontractor on public sector contracts
 - Reported bidding on work of similar or greater size in the past 6 years
 - Reported ability to perform work in the Twin Cities area
- 104 businesses in the availability database met those criteria and 25 were MBE/WBE, so MBE/WBE availability was 24% ($25/104 = 24\%$)
- Dollar weighted result added to availability calculations that included all other Met Council contracts and subcontracts

Utilization and availability for Met Council procurements, July 2011–June 2016



Disparity results for Met Council procurements, July 2011–June 2016

	Utilization	Availability	Disparity index
African American-owned	0.80 %	2.55 %	32
Asian American-owned	1.00	0.47	213
Hispanic American-owned	0.34	0.44	76
Native American-owned	0.45	2.38	19
Unknown MBE	0.00		
Total MBE	<u>2.59 %</u>	<u>5.86 %</u>	44
WBE (white women-owned)	<u>3.18</u>	<u>10.71</u>	30
Total MBE/WBE	5.76 %	16.56 %	35

Disparity results for Met Council procurements

	Disparity	Utilization exceeding availability	Notes
Construction			Contract goals applied
African American-owned	Substantial		
Asian American-owned		No disparity	
Hispanic American-owned	Substantial		
Native American-owned	Substantial		
WBE (white women-owned)	Substantial		
Total MBE/WBE	Substantial		
Professional services			No contract goals applied
African American-owned	Substantial		
Asian American-owned		No disparity	
Hispanic American-owned	Substantial		
Native American-owned	Substantial		
WBE (white women-owned)	Substantial		
Total MBE/WBE	Substantial		

Disparity results for Met Council procurements

	Disparity	Utilization exceeding availability	Notes
Goods			No contract goals applied
African American-owned	Substantial		
Asian American-owned	Substantial		
Hispanic American-owned		No disparity	
Native American-owned	Substantial		
WBE (white women-owned)	Substantial		
Total MBE/WBE	Substantial		
Other services			No contract goals applied
African American-owned		No disparity	
Asian American-owned		No disparity	
Hispanic American-owned	Substantial		
Native American-owned	Substantial		
WBE (white women-owned)	Substantial		
Total MBE/WBE		No disparity	

Qualitative analysis

- Conducted in-depth personal interviews and focus groups with 110 businesses and trade associations
- Performed telephone interviews with thousands of other firms
- Topics included local marketplace, business assistance programs, contracting and procurement policies
 - Access to capital was a barrier for MBE/WBEs
 - Prompt payment was an issue
 - Business experienced exclusionary practices (“Good ol’ boy” networks)

Recommendations

- Work with participating entities to address barriers and open opportunities for minority- and women-owned firms and other small businesses
- Based on all information available, consider retaining existing programs and more fully implementing them:
 - Expand lists of MCUB businesses available for Procurement staff for small purchases
 - Implement authorized sheltered market program that can restrict bidding to MCUB firms under certain conditions
 - Implement authorized price and evaluation preference program
 - Implement efforts such as a working capital loan program and measures to reduce insurance cost barriers
 - Carefully consider eligibility of specific MBE/WBE groups for programs

Recommendations (continued)

- Track and report results on MBE/WBE participation
 - Disaggregating information by race, ethnicity and gender of certified businesses
 - Over time, expanding reports to encompass all of locally-funded spending
 - Including participation of non-certified MBE/WBEs in addition to MCUB companies

Public forums

Date	Time	Location
February 12, 2018	5 pm to 7 pm	Minneapolis Urban League Laura Scott Williams Room 2100 Plymouth Avenue North Minneapolis, MN 55411
February 13, 2018	5 pm to 7 pm	The Wellstone Center Room 31 179 Robie Street East St. Paul, MN 55107
February 15, 2018	10 am to 12 pm	MnDOT Rochester Headquarters East and West Mississippi Rooms 2900 48th Street NW Rochester, MN 55901
February 16, 2018	11 am to 1 pm	MnDOT Duluth Headquarters Lake Superior Room 1123 Mesaba Avenue Duluth, MN 55811
	To be scheduled	Statewide webinar