

2017 Minnesota Joint Disparity Study

City of Saint Paul Meeting



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Agenda

1. Introductions
2. Why conduct a disparity study?
3. Disparity study main tasks
4. Utilization/availability results
5. 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

Disparity study main tasks – quantitative analysis

- Collected data for the study period (July 1, 2011 through June 30, 2016)
 - Information about City procurements maintained in its B2GNow
 - FMS and Infor data system
- Coded primary type of work involved in each contract and subcontract (construction, professional services, goods and other services)
- Determined relevant geographic market area (Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area)
- Calculated utilization of MBE/WBEs; 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 concrete work \$1,325,243 in 2015
- Examined firms that:
 - a. Were in business in 2015
 - b. Indicated that they performed concrete work
 - c. Reported working or bidding on subcontracts on public sector projects in Minnesota in the past 6 years
 - d. Reported qualifications and interest in working as a subcontractor on public sector contracts
 - e. Reported bidding on work similar or greater size in the past 6 years
 - f. Reported ability to perform work in the Twin Cities area
- 61 businesses in the availability database met those criteria and 11 were MBE/WBE, so MBE/WBE availability was 18% ($11/61 = 18\%$)
- Dollar-weighted result added to availability calculations that included all other City of Saint Paul contracts and subcontracts

Disparity study main tasks – qualitative analysis

- Conducted in-depth personal interviews and focus groups with 110 businesses and trade associations
- The interviews included discussions about interviewees' perceptions and anecdotes regarding the local marketplace, business assistance programs and certifications; the contracting and procurement policies, practices and procedures
 - Several minority- and women-owned businesses specifically reported difficulty securing work in the public sector in Minnesota
 - Business experienced any exclusionary practices or closed networks while conducting work in Minnesota “Good ol’ boy” networks
 - For some, getting certified was difficult, time-consuming, paper intensive

Disparity results for City of Saint Paul procurements, July 2011–June 2016

	Utilization	Availability	Disparity index
African American-owned	0.96 %	2.83 %	34
Asian American-owned	0.95	0.95	100
Hispanic American-owned	0.78	1.16	67
Native American-owned	0.98	2.62	37
Unknown MBE	0.03		
Total MBE	3.77 %	7.57 %	50
WBE (white women-owned)	12.53	13.52	93
Total MBE/WBE	16.24 %	21.09 %	77

Disparity results for City of Saint Paul procurements

	Utilization	Availability	Disparity index
Construction			
African American-owned	1.02 %	2.80 %	36
Asian American-owned	1.05	0.93	113
Hispanic American-owned	0.93	1.22	76
Native American-owned	1.21	3.11	39
Unknown MBE	0.04		
Total MBE	4.26 %	8.06 %	53
WBE (white women-owned)	13.26	13.69	97
Total MBE/WBE	17.52 %	21.75 %	81
Professional services			
African American-owned	1.37 %	3.70 %	37
Asian American-owned	1.39	2.52	55
Hispanic American-owned	0.46	1.06	43
Native American-owned	0.07	1.36	5
Unknown MBE	0.01		
Total MBE	3.29 %	8.64 %	38
WBE (white women-owned)	16.62	16.57	100
Total MBE/WBE	19.91 %	25.21 %	79

Disparity results for City of Saint Paul procurements

	Utilization	Availability	Disparity index
Goods			
African American-owned	0.58 %	2.15 %	27
Asian American-owned	0.27	0.61	44
Hispanic American-owned	0.00	0.90	0
Native American-owned	0.01	0.34	3
Total MBE	<u>0.85 %</u>	<u>3.99 %</u>	21
WBE (white women-owned)	<u>6.25</u>	<u>13.41</u>	47
Total MBE/WBE	7.10 %	17.41 %	41
Other services			
African American-owned	0.40 %	3.47 %	12
Asian American-owned	0.16	0.41	39
Hispanic American-owned	0.13	0.92	14
Native American-owned	0.03	0.45	7
Total MBE	<u>0.73 %</u>	<u>5.24 %</u>	14
WBE (white women-owned)	<u>8.42</u>	<u>8.75</u>	96
Total MBE/WBE	9.15 %	13.98 %	65

Recommendations

- Work together 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 fully implementing them. For example:
 - Implement Small Business Set Aside Program for CERT-certified businesses
 - Consider whether to eliminate self-performance as automatic compliance with the contract goals program
 - Periodically update the City's overall goals for MBE/WBE/SBE participation, if it chooses to retain MBE/WBE/SBE overall annual goals
- Pursue opportunities for new and better tools to address barriers. The City might evaluate and consider:
 - Enacting a price and evaluation preference program for prime contractors and vendors similar to the State's TGB program
 - Creating a specialized prime contractor/prime consultant capacity-building program for specific types of small construction and professional services contracts

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
February 14, 2018	11 am to 12:30 pm	Statewide webinar (watch for posted link)