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Minnesota Department of Transportation failing to meet diverse contracting goals

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Nancy Kuehn | MSPBJ

Construction work along Interstate 94 in March 2021.

The Minnesota Department of Transportation has failed every fiscal year to reach its target percentages for awarding federally funded contracting dollars to disadvantaged firms going back to at least 2015 — falling short on a measure intended to be an equalizer for people of color, women and other marginalized groups.

And MnDOT did worse at contracting disadvantaged businesses in fiscal year 2020 than in 2019, bucking what had until then been a trend of year-over-year improvement, according to MnDOT data. The shortfalls beg questions regarding their cause and whether the department will achieve its contracting goals in 2021 and beyond.

MnDOT sets goals for the percentage of federal contracting dollars it aims to award people-of-color- or women-owned businesses, mostly in the construction sector, over a fiscal year. The targets are intended to "increase opportunities for historically disadvantaged groups who are historically underrepresented in Department of Transportation contracts," said Sean Skibbie, MnDOT interim director of civil rights.

For fiscal years 2019 through 2021, MnDOT's goal is to annually award 12.23% of Federal Highway Administration-funded contracting dollars to disadvantaged businesses — but those firms only received 8.1% in 2020 — down from 10.5% in 2019.

Various factors may explain why MnDOT has fallen short of its goals, Skibbie said. Infrastructure contracts are capital-intensive and difficult for smaller firms to compete for. Geographically, it can be difficult to contract disadvantaged businesses for projects in rural Minnesota. More, Covid-19 may have rendered these firms less capable of taking on contracts.

Abdifatah Ali, an assistant professor at the University of Minnesota's Carlson School of Management with an expertise in workplace diversity and inclusion, said MnDOT's shortfalls could be due to a lack of capacity among disadvantaged businesses and to businesses not being aware of contracting opportunities in the first place.

"The question that I would ask is what are these government agencies doing in support of minority-owned businesses to raise awareness and build capacity," he said.

MnDOT helps disadvantaged businesses be more competitive in contract bidding by providing them technical assistance and access to financial resources, said Jacob Loesch, MnDOT director of communications and public engagement.

Lynn Pingol, CEO of MaKee Co., a St. Paul consulting firm that lands ethnic-minority-owned businesses government contracts, said there are enough capable disadvantaged contractors in the

state for MnDOT to meet its goals, and that government agency contracting shortfalls are often due to a procurement process that doesn't offer disadvantaged businesses enough backing or fully value what these firms have to offer.

As for MnDOT reaching its goals in fiscal year 2021: "We're optimistic we're going to hit that number," Skibbie said.

MnDOT doesn't face any sanctioning for not meeting its contracting goals, but must explain shortfalls each year to the U.S. Department of Transportation, Skibbie said.

Putting contracting dollars into the hands of disadvantaged firms, particularly those owned by people of color, is a necessary element of creating a more equitable economy, Pingol said.

"Millions and millions of dollars are being sent out, and white people have it, and that's not fair," she added.



Iain Carlos

Reporter - *Minneapolis / St. Paul Business Journal*

[Back to Top](#) ▲

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