

Hennepin County aims for more diversity in contracting

By: [Brian Johnson](#) May 3, 2018 7:15 am [finance-commerce.com](#)

Hennepin County is expanding the scope of a small-business outreach program to increase participation of women- and minority-owned businesses in county contracts, including construction.

The change, approved last week by the County Board, includes adding gender- and race-specific goals to the county's existing Small Business Enterprise program, according to the county.

The county has an overall 25 percent small business "utilization" goal for professional and construction services. That program is for all qualifying small businesses, regardless of the owner's race or gender. Going forward, the county will establish specific goals for women- and minority-owned businesses within that program. The goals will vary depending on the contract.

By taking that next step, "we are going to be able to go to a higher level with our utilization of WBEs [women-owned business enterprises] and MBEs [minority-owned business enterprises]," Hennepin County Administrator David Hough said in an interview.

Michael Rosenfeld, manager of negotiated procurement at Hennepin County, said it will take some time to "gear up programmatically" for the change, but he expects some contracting goals for minority- and women-owned businesses to be established by mid-year.

Despite recent progress, the county is leaving some opportunities on the table when it comes to diversity in contracting dollars, according to a January 2018 [study](#) by Denver-based Keen Independent Research.

Conducted on behalf of Hennepin County and eight other state and local entities, the study examined if there's "a level playing field for minority- and women-owned firms in the Minnesota marketplace and in public procurement," according to the study's executive summary.

Overall in the Twin Cities, "there is quantitative and qualitative information suggesting that there is not a level playing field" for those businesses in "construction, professional services, goods and other services industries," the study said.

Besides Hennepin County, participants included the state of Minnesota, the Minnesota Department of Transportation, the Metropolitan Council, the Metropolitan Airports Commission, Minnesota State Colleges and Universities, the Metropolitan Mosquito Control District and the cities of St. Paul and Minneapolis.

In [Hennepin County](#), the study examined 3,857 contracts and subcontracts awarded by the county between July 1, 2011, and June 30, 2016. The contracts have a combined value of \$1.4 billion.

The study found that 10.61 percent of those procurement dollars went to minority- and women-owned businesses. But the share could have been 17.68 percent based on the availability of those businesses in the Twin Cities market, the study found.

In the construction category, 11.6 percent of the contracts, based on dollar value, went to minority- and women-owned businesses. Based on the number of businesses available, 16.96 percent was achievable, according to the study.

Asian-American-owned businesses, largely represented by one company, accounted for the biggest share of construction contracts awarded to minority-owned businesses between July 2011 and June 2016.

In that category, total participation among minority-owned businesses was 6.27 percent. That breaks down to 3.65 percent Asian-American, 1.33 percent Native American, 0.82 percent Hispanic American, and 0.46 percent African American.

Through its small business program, the county has “increased its focus” in recent years on participation of women- and minority-owned businesses, the study said. That’s showing up in the numbers.

For example, the county’s use of certified small businesses owned by minorities increased from 1.45 percent in the first half of the study period (July 2011 to December 2013) to 4.05 percent in the second half (January 2014 through June 2016).

Even so, the county’s SBE program “has really plateaued from the standpoint of promoting the inclusion of small MBE and WBE firms,” Rosenfeld said.

“We know we can spend more money with these firms by having an MBE or WBE program,” Rosenfeld said. “That is an explicit, direct tool, versus the indirect tool of an SBE program. The disparities study got us to the point where we can now use that direct tool.”

Barb Lau, executive director of the Association of Women Contractors, said the association supports the idea of having specific goals for women- and minority-owned businesses if the “methodology in setting those goals makes sense.”

The goals need to be realistic and attainable, Lau said.

“Otherwise you are just looking for failure – you won’t meet a goal because you set it too high,” she said. “You don’t want to see that happen, either.”