

BUSINESS

State of Minnesota makes progress on minority contracting, employment

Increase comes after 2016 audit highlighted gaps.

By Neal St. Anthony (<http://www.startribune.com/neal-st-anthony/10646026/>) Star Tribune |

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The Dayton administration has increased minority contracting and hiring after a critical 2016 audit found state government falling short.

Spending with businesses owned by minorities, women and veterans totaled \$74.9 million in 2017, up 89 percent from 2015's total of \$39.7 million, the governor's office said last week.

"We are working hard to ensure that state government better reflects the rich diversity of Minnesota and is accessible to all Minnesotans," Dayton said in a statement.

While touting the increase, Dayton's office noted the 2017 total was still less than 6 percent of total state contracts.

Black-owned businesses saw the biggest overall increase in state contracts: a 10-fold jump from \$135,000 in 2015 to \$1.5 million in 2017.

Among other groups: Contracts with businesses headed by women increased 85 percent to \$47 million.

Contracts with businesses owned by Asian-Americans rose 47 percent to \$16.3 million.

Contracts with businesses owned by veterans more than tripled, to \$6.8 million.

And contracts with Hispanic-owned businesses rose 43 percent to \$2.8 million.

Matt Massman, head of the Department of Administration, started systematically tracking diversity in state contracting after he was appointed in 2015. Massman also simplified the process to certify minority-owned businesses as targeted vendors.

A 2016, first-ever outside audit of Minnesota government found that state agencies do not fully comply with equal opportunity laws, resulting in missed job and contract opportunities for people of color, women and people with disabilities. The audit, ordered by Dayton, concluded that state agencies didn't follow affirmative action laws to recruit and hire a diverse pool of employees and contractors.

The 114-page audit also found that the state has dramatically slashed the budget and staff at the Human Rights Department, which has the job of investigating discrimination allegations and reviewing departmental affirmative action plans.

"There is a lot of work that needs to be done," Minneapolis attorney Michael Fondungallah told the Star Tribune last year. "People were ... not following the law and not making the effort to recruit protected-class people."

The report supported social justice advocates' contention that a lack of opportunity and deep-seated institutional biases play a big role in the state's record of income and educational disparities.

"It's hard for minorities to get into certain areas," Dwayne Etheridge, president of the regional Association of Minority Contractors, told the Star Tribune in early 2017. "If you don't know someone or have a relationship with someone, it's not passed down to you."



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In 2016, Dayton announced a goal to increase diversity in state employment to 20 percent. When Dayton took office in 2011, 8 percent of state employees were minorities. That has risen to 12 percent.

In the Twin Cities, minority employment in many job sectors, including construction, health care and finance, is growing at double the rate of the overall Twin Cities labor force.

Labor experts say that without more trained minority and immigrant workers, the Twin Cities will face a labor shortage because of retiring baby boomers and economic growth.

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