

# 2025 Minnesota Joint Disparity Study

## June 25, 2024, External Stakeholder Subgroup Meeting on Methodology

Draft, confidential, trade secrets, not for public distribution



Minnesota Dept. of Administration  
MnDOT  
Minnesota State Colleges and Universities  
University of Minnesota  
Metropolitan Airports Commission  
Metropolitan Council  
Mosquito Control District  
Hennepin County  
Ramsey County  
City of Bloomington  
City of Brooklyn Park  
City of Minneapolis  
City of Rochester  
City of Saint Paul  
Hennepin Healthcare System  
Saint Paul Public Schools

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**m** 2025 JOINT  
DISPARITY STUDY

**KEEN  
INDEPENDENT  
RESEARCH**

# Agenda

1. Introductions (please put name, title, org and whether 1<sup>st</sup> time attendee in Chat)
2. Meeting protocols
3. Update on Phases 1 and 2 of the study
4. New task to review whether additional groups should be examined in study
5. Request for ESG member assistance
6. Study website and fact sheet
7. Overview of study methodology
8. Opportunities to explore methodology in more detail
9. Other topics/questions



# Meeting protocols — Minnesota Dept. of Administration

- Please identify yourselves at beginning of meeting (or when join)
- Please do not use a meeting bot unless pre-approved by Admin
- Please use “raise hand” function and please leave additional comments in Chat
- Other tips
- Thank you!





# New task to examine groups in study — Admin

New work added to Task 2.7 to examine:

- If any additional groups should be included in study research
- Whether definitions of groups currently in study should be refined or individual groups further disaggregated

New task is an assessment and screening of groups for inclusion in balance of disparity study

Assessment will consider group size in Minnesota and whether data exist for the group

Inclusion in study research does not necessarily mean that group would be included in future programs

Program design a responsibility of individual participating entities once study complete

# Ways business owners and others can participate

- Participate in online or phone business survey conducted by Customer Research International (fall 2024)
- Request to be put on the potential list of in-depth interviews (contact us as shown below)
- Go to: <https://mn.gov/admin/disparity-study/>
- Email the study team: [JointMNDisparityStudy2025@keenindependent.com](mailto:JointMNDisparityStudy2025@keenindependent.com)
- Call us at: 602-704-0125 (study telephone hotline)
- Attend a future public forum to discuss preliminary study results (spring 2025)
- Provide comments on the draft reports when distributed to the public (spring 2025)

# Overview of legal framework



1989 U.S. Supreme Court decision in *City of Richmond v. J.A. Croson Co.*

Applied **strict scrutiny standard** for race-conscious programs

- Compelling governmental interest
- Narrow tailoring

## Key disparity study elements

Consider which legal standard of review applies to group

For certain groups:

- Explicitly define geographic market area and subindustries
- Compare utilization of firms to benchmarks of firms ready, willing and able to perform an entity's contracts
- Examine any evidence of passive participation in discrimination in marketplace (including quantitative and qualitative information)
- Examine neutral remedies and whether would be effective in remedying any identified barriers

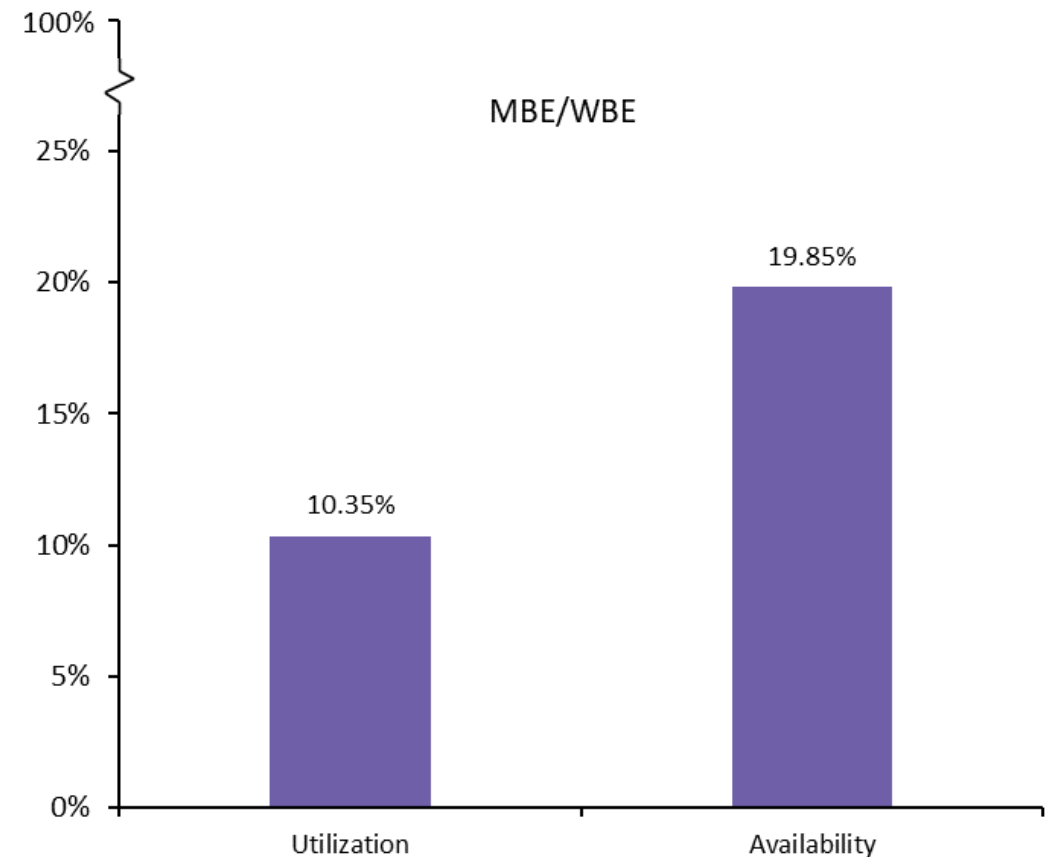
More general analyses appropriate for other groups, depending on which legal standard of review applies

# Introduction to utilization, availability and disparity analyses

Disparity analyses can compare:

- Utilization (share of entity dollars going to a group)
- Availability (expected share of dollars going to a group given a level playing field)

Aggregate disparity results from another study shown on right



# Collecting contract data from participating entities

## Overview

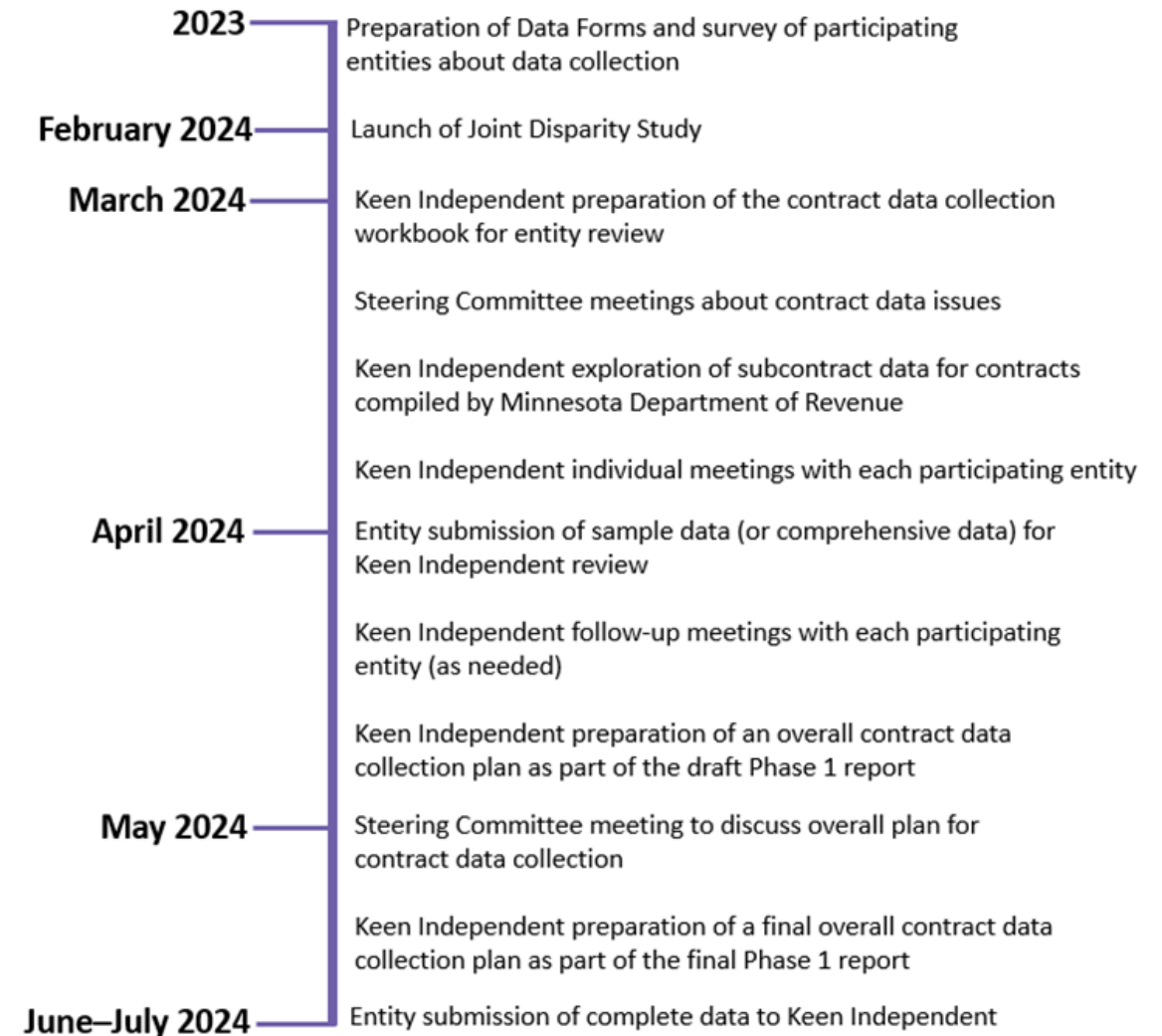
- Preparing contract data for a disparity study is not straightforward
- Road to success will differ for each agency

## Potential types of contract data

- Purchases (or actions) July 1, 2016–July 31, 2023
- Payments
- Subcontracts (including IC 134 from DOR)
- Vendor table
- Interested firms list

## Will review, but not required from entity

- Data about firm ownership for own vendors



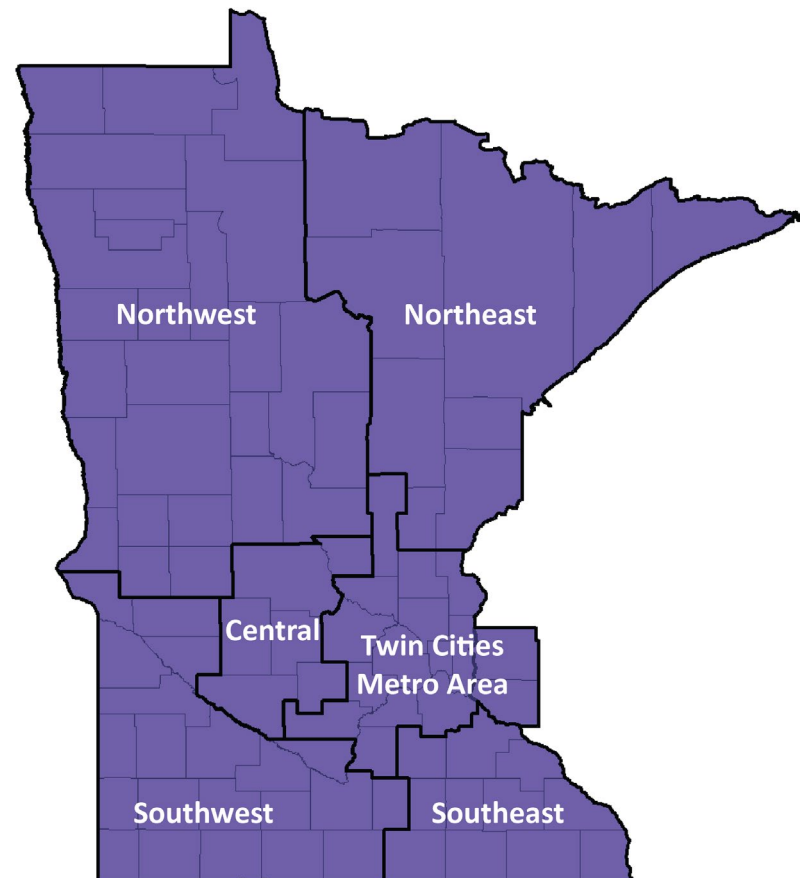
# Overview of availability survey

Attempt to reach tens of thousands of businesses in relevant geographic market area

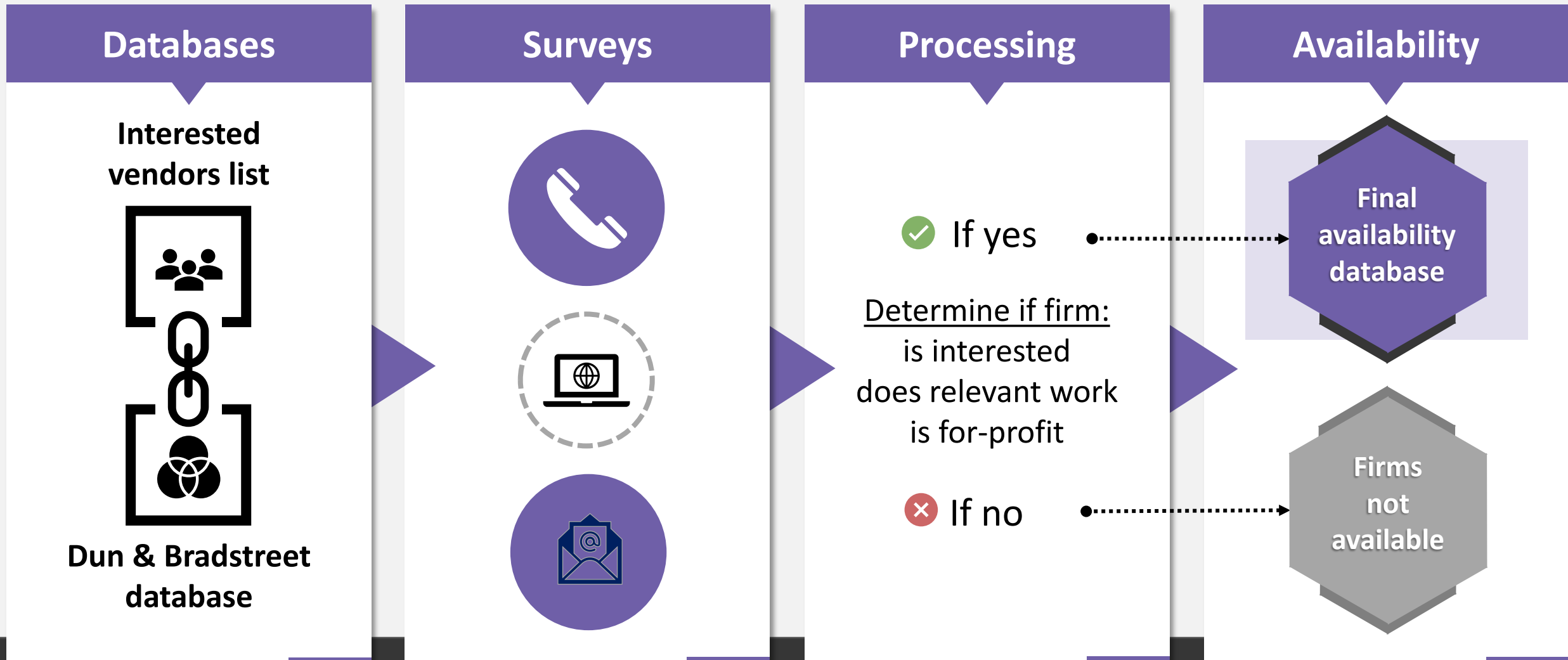
- Interested vendors lists
- Augmented with listings purchased from Dun & Bradstreet

Ask survey respondents for:

- Interest in working with entities
- Qualifications, types of work
- Bid capacity
- Experiences in the marketplace



# Availability survey



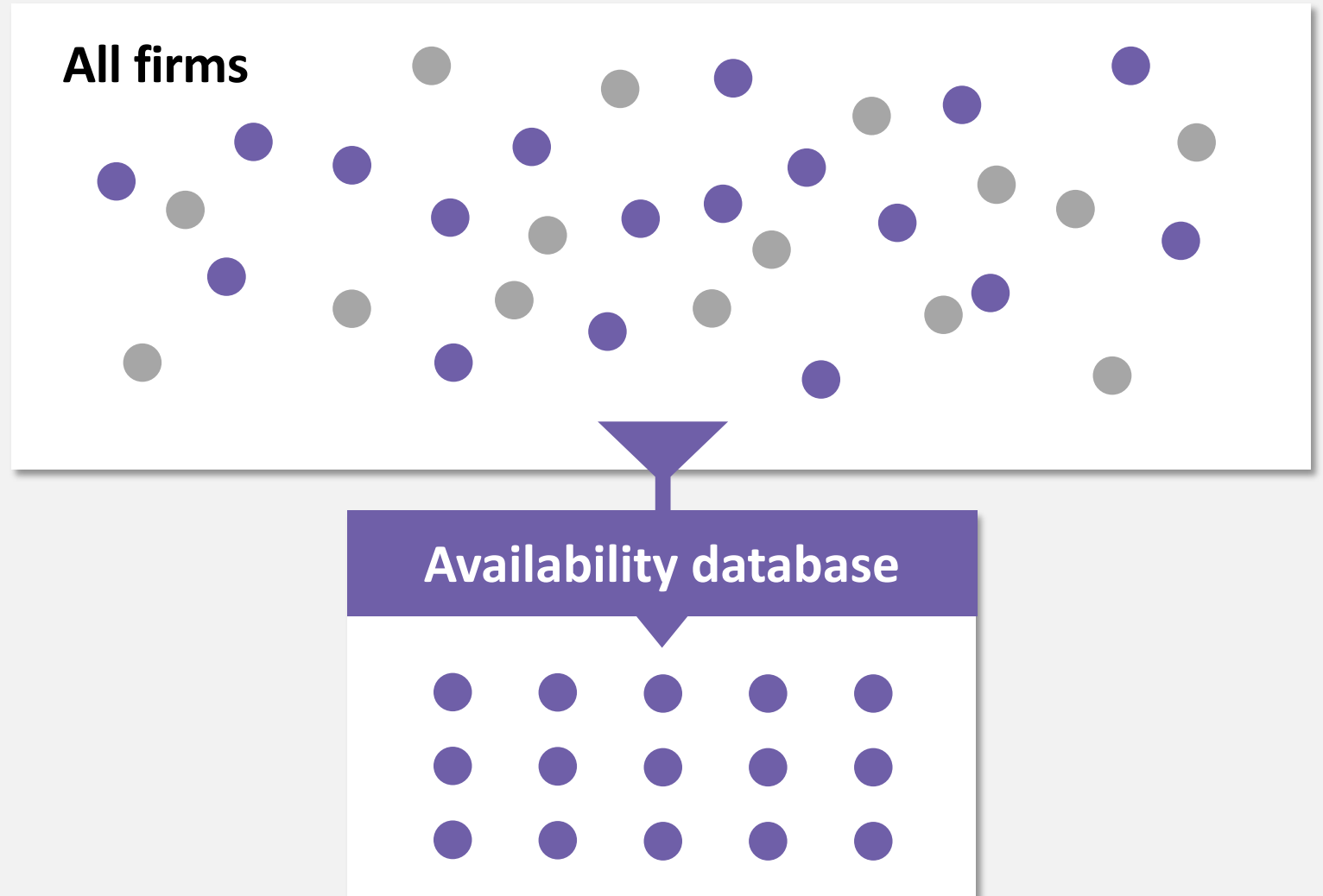
# Availability analysis

## Our methodology

is court-tested and approved, meeting guidelines to identify both **qualified** and **interested** firms

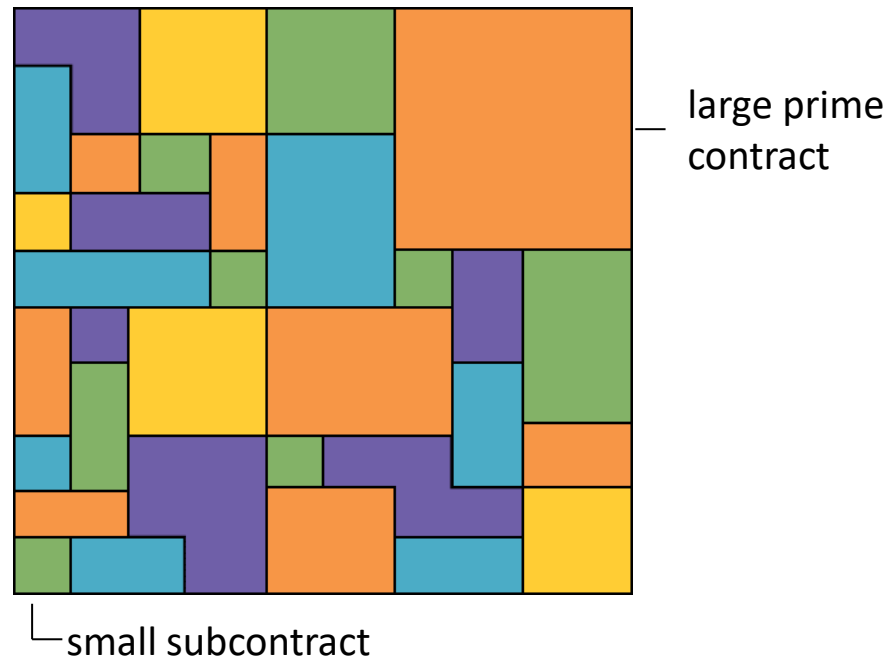
Firms **interested**, perform relevant work and for-profit

Firms **not** interested, **do not do** relevant work or not-for-profit business



# Contract-by-contract availability analysis

All contract data



Example calculation

- \$22,000 subcontract in 2020
- Businesses in availability database that met criteria = 55
- 19 firms were MBEs or WBEs
- $19/55 \times 100 = 35\%$
- Repeat for each contract element

# Disparity analysis

Example:

- Utilization of WBEs = 1%
- Availability of WBEs = 2%
- $(1\% \times 100) \div 2\% = 50$
- Indicates “substantial disparity”  
(disparity index less than 80)

Disparity index

$$\frac{\% \text{ actual utilization} \times 100}{\% \text{ availability}}$$

# Example disparity analysis — City of St. Louis Study

Utilization and availability of MBE/WBEs for City of St. Louis contracts without the M/WBE program, January 2016–December 2021

	Utilization	Availability	Disparity index
African American-owned	10.08 %	14.44 %	70
Asian American-owned	0.29	2.88	10
Hispanic American-owned	1.20	10.42	12
Native American-owned	0.09	1.19	7
<b>Total MBE</b>	<b>11.66 %</b>	<b>28.93 %</b>	<b>40</b>
WBE (white woman-owned)	6.93	23.47	30
<b>Total MBE/WBE</b>	<b>18.59 %</b>	<b>52.40 %</b>	<b>35</b>
Majority-owned	81.41	47.60	171
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

# Examples of marketplace analyses

## Research includes:

- Any barriers regarding entry and advancement as employees in the construction, professional and technical services, goods and other services industries
- Business ownership
- Access to capital (including data on housing)
- Business outcomes (including failure rates, revenue, experiences with barriers in the marketplace)
- Other

# Examples of results from marketplace analyses in 2017 Study

## Minority- and women-owned firms

- Fewer MBE/WBE firms in business today than would be if a level playing field
- Compared with majority-owned firms, MBE/WBEs more likely to be small
- Outcomes for MBE/WBEs differ from white male-owned companies, even after controlling for other factors (especially for WBEs)
- Relatively more MBE/WBEs report difficulties with access to capital, bonding, obtaining relationships with customers, suppliers, primes and others

## Businesses owned by persons with disabilities and veterans

- Persons with disabilities and veterans more likely than others to own businesses
- Businesses owned by persons with disabilities earn less than other firms
- Veteran-owned businesses earn slightly less than other firms

# Collecting anecdotal information

Research includes:

- Interviews and business advisory group meetings
- Information from telephone surveys
- Review of informal and formal complaints
- Public meetings



# Examples of questions for in-depth interviews

- How the firm became established
- Flexibility and adaptability
- Keys to success
- Experiences working with private sector, public sector and participating entities
- Potential barriers
- Any unfair treatment
- Insight on business assistance — technical assistance, financing assistance, pre-bid conferences, outreach
- Insight regarding programs and certifications

# Further opportunities to provide comments on methodology

- Send us questions/comments: [JointMNDisparityStudy2025@keenindependent.com](mailto:JointMNDisparityStudy2025@keenindependent.com)
- Arrange to talk with us (email us to set up a meeting)