



## CITY OF BLOOMINGTON 2025 Joint Disparity Study

### Prepared for:

City of Bloomington  
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Bloomington MN 55431

**Final Summary Report  
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**KEEN  
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## SUMMARY REPORT — Executive Summary

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The City of Bloomington is committed to ensuring equitable opportunities for small and local businesses, including those that are historically disadvantaged. It conducted this disparity study to examine whether there are disparities between the utilization and availability of minority- and woman-owned businesses in its contracts. The City's current efforts are focused on implementing a program that supports and expands access for small and local vendors across its construction, professional services, goods and other services contracts.

The City participated in this joint disparity study with 15 other state and local governments in Minnesota. Keen Independent Research LLC (Keen Independent) performed the previous joint disparity study led by the Minnesota Department of Administration in 2017. (The City did not participate in that study). The 2025 Study also examined firms owned by veterans, service-disabled veterans and people with a disability.

Information from disparity studies helps government entities such as the City determine if there are barriers to participation of historically underrepresented firms in their contracts, and if so, what legally defensible actions they can take to address those barriers. The U.S. Supreme Court has set a standard for legal review of race-conscious contract equity programs that allows them only if (a) there is evidence of discrimination affecting those businesses, and if (b) small business enterprise (SBE) programs or other neutral efforts alone are insufficient to address any barriers, and that programs meet other narrow tailoring requirements. These programs cannot be quotas or have unlimited duration. (The full report explains applicable legal standards.)

The City has not operated any programs to remove barriers to small business or minority- and woman-owned business participation in its contracts or subcontracts.

Keen Independent launched the Joint Disparity Study in early 2024, with a mid-2025 completion. An External Stakeholder Group provided input throughout the study.

### Utilization, Availability and Disparity Analyses

Keen Independent compared the utilization and availability of minority-owned businesses (MBEs) and white woman-owned businesses (WBEs) in City contracts and subcontracts from July 2016 through June 2023. Overall, 6 percent of City contract dollars went to MBE/WBEs (including firms not certified as MBE/WBEs). About 53 percent of City contract dollars examined went to small business as a group.

Keen Independent analyzed the availability of MBE/WBEs and other firms to perform City contracts and subcontracts based on a survey of companies in Minnesota. MBE/WBEs were about 35 percent of firms indicating qualifications and interest in public sector contracts and subcontracts. Through a contract-by-contract analysis of firms able to work in the Twin Cities and available to perform specific types and sizes of City contracts and subcontracts, Keen Independent determined that 17.8 percent of City contract dollars might go to MBE/WBEs if there were a level playing field. The City's utilization of MBE/WBEs (6.4%) was substantially below the 17.8 percent that might be expected from the availability analysis.

There were substantial disparities in the utilization of Black American-, Asian-Pacific American-, South Asian American-, Hispanic American-, American Indian- and white woman-owned firms in City contracts. Keen Independent also compared utilization with availability benchmarks for each MBE/WBE group for City construction, professional services, goods and other services contracts. There was a pattern of substantial disparities for MBE groups and WBEs across industries and contract sizes, although there were not disparities for every group for every industry.

## SUMMARY REPORT — Executive Summary

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The combined results for the 16 entities participating in this joint disparity study showed 9 percent of entity contract dollars going to MBE/WBEs, which was less than the 22 percent that might be expected from the combined availability analysis. There were substantial disparities for each MBE/WBE group even though many entities operate SBE and/or MBE/WBE-type programs. Combined results for entities that have not implemented or only recently implemented programs showed only 0.2 percent of contract dollars going to minority-owned firms and 1 percent of dollars going to white woman-owned firms. Disparities were substantial for those entities across study industries.

Some of the Minnesota entities with fully operational SBE and MBE/WBE programs have narrowed or eliminated any disparities in MBE/WBE participation. Hennepin County provides an example of how flexible use of SBE and MBE/WBE program elements can help to level the playing field for minority- and woman-owned businesses in public procurement.

### Other Research

Keen Independent performed in-depth interviews with businesses, trade associations and others and examined other data about the Minnesota marketplace, including access to capital. In total, more than 2,200 business owners and other individuals provided input.

Both the quantitative and qualitative research showed a pattern of disparities or barriers for Black Americans, Asian-Pacific Americans, South Asian Americans, Hispanic Americans, American Indians and women and the businesses they own.

Keen Independent's marketplace research also found evidence of disadvantages for firms owned by members of the LGBTQ+ community, persons with disabilities, veterans and service-disabled veterans.

### Conclusions

The quantitative and qualitative information for City contracts and the local marketplace indicates a need for City remedial actions to level the playing field for minority- and woman-owned firms and promote full opportunities for MBE/WBEs to do business with the City.

### Actions for City of Bloomington Consideration

The City should consider implementing efforts focused on small businesses, minority- and woman-owned companies, and other firms that may have been affected by discrimination based on the personal characteristics of the business owner. The final pages of this Summary Report discuss specific actions for City consideration. They are summarized below.

1. Establish objectives for small business measures and remedial action to address the effects of discrimination
2. Develop and monitor metrics to gauge success
3. Authorize and develop a full set of tools to address objectives
4. Identify registrations and certifications for participation
5. Flexibly operate programs to target businesses needing assistance
6. Provide adequate resources to effectively operate programs

## SUMMARY REPORT — Introduction

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### Background

As part of efforts to ensure fairness in its contracting activities, the City of Bloomington and 15 other public entities commissioned a joint disparity study to determine if there is a level playing field for minority- and woman-owned business enterprises when competing for City and other participating entity contracts.

This research examines whether there are any barriers to minority- and woman-owned businesses seeking work with public entities and with prime contractors doing business with the entities. The study identifies how each entity can develop and implement contract equity program elements to address any observed disparities in their contracts and subcontracts.

### Contract Disparity Study

Government programs that provide preferences or requirements regarding use of minority- or woman-owned businesses and certain other diverse businesses can be challenged in court. This joint disparity study provides the types of information needed by public entities to review whether race- and gender-based programs are needed and might be legally supported. The study methodology is based on court decisions that have ruled on the constitutionality of minority- and woman business enterprise (MBE/WBE) programs, especially those within the jurisdiction of the United States Court of Appeals for the Eighth Circuit, which includes Minnesota. The methodology Keen Independent employed in this study has been reviewed and approved by courts.

Figure 1 lists the public entities participating in the 2025 Minnesota Joint Disparity Study. The Minnesota Department of Administration led this effort, as it did for the 2017 Minnesota Joint Disparity Study (2017 Study).

#### 1. Entities participating in 2025 Minnesota Joint Disparity Study

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

#### Research methods. The study included:

- Identification of the ownership of prime contractors, subcontractors and other vendors on past entity contracts;
- A survey of firms in Minnesota available to perform public sector work related to construction, professional services, goods and other services (referred to as “study industries”);
- Disparity analyses that compare participation of minority- and woman-owned firms on participating entity contracts with what would be expected from the availability analysis;
- Interviews with business owners and representatives; and
- Other research about the local marketplace.

Appendix A provides definitions of terms used in this study.

# SUMMARY REPORT — Introduction

**Groups of business owners examined in the study.** The original scope of work for the 2025 Joint Disparity Study identified the groups to be examined in the study, which were largely the same as the 2017 Study. At the outset of the 2025 Study, Keen Independent reexamined the rationale for the racial, gender and other groups included and how each group was defined.

Keen Independent reviewed the literature, analyzed Census data, interviewed local experts and obtained public input. Keen Independent assessed (a) whether there was evidence of discrimination against groups of individuals based on their immutable personal characteristics as it pertains to business creation and success in Minnesota, (b) existing data sources for businesses for each group, and (c) how groups might be defined.

Keen Independent submitted the Task 2.7 Group Definitions Report to the participating entities that included the following recommendations:

- All groups in the 2017 Study be included in the 2025 Study;
- Definitions and names for certain racial groups be refined;
- Analysis of persons with substantial disabilities be expanded to persons with disabilities in general;
- Analysis of veterans be expanded to include a sub-analysis for service-disabled veterans (based on USDOD certification);
- LGBTQ-owned businesses be added to the study; and
- Analysis of people from the Middle East and North Africa be added to a future study once there are sufficient data.

Keen Independent also recommended the study include any additional information for subgroups such as firms owned by Somali Americans, Hmong Americans and limited English-speaking immigrants. These recommendations were accepted and Keen Independent proceeded with study analyses for the groups identified in Figure 2.

## 2. Groups of business owners examined in the 2017 and 2025 Minnesota Joint Disparity Studies

Groups in 2017 Study	Support for continued inclusion	Groups in 2025 Study
<b>Racial groups</b>		
African Americans	Yes	Black Americans
Asian Americans	Yes	Asian-Pacific American* South Asian Americans
Hispanic Americans	Yes	Hispanic Americans
Native Americans	Yes	American Indians
	New	Middle Easterners and North Africans (not 2025 but in future study)
<b>Gender group</b>		
Women	Yes	Women
<b>Other groups (not included in full disparity analyses)</b>		
Persons with a substantial physical disability	Yes	Persons with a disability
Veterans	Some	Veterans
	New	Service-disabled veterans
	New	Members of LGBTQ+ community

\* Includes Central, East and Southeast Asian Americans and Native Hawaiians and Pacific Islanders.

# SUMMARY REPORT — Introduction

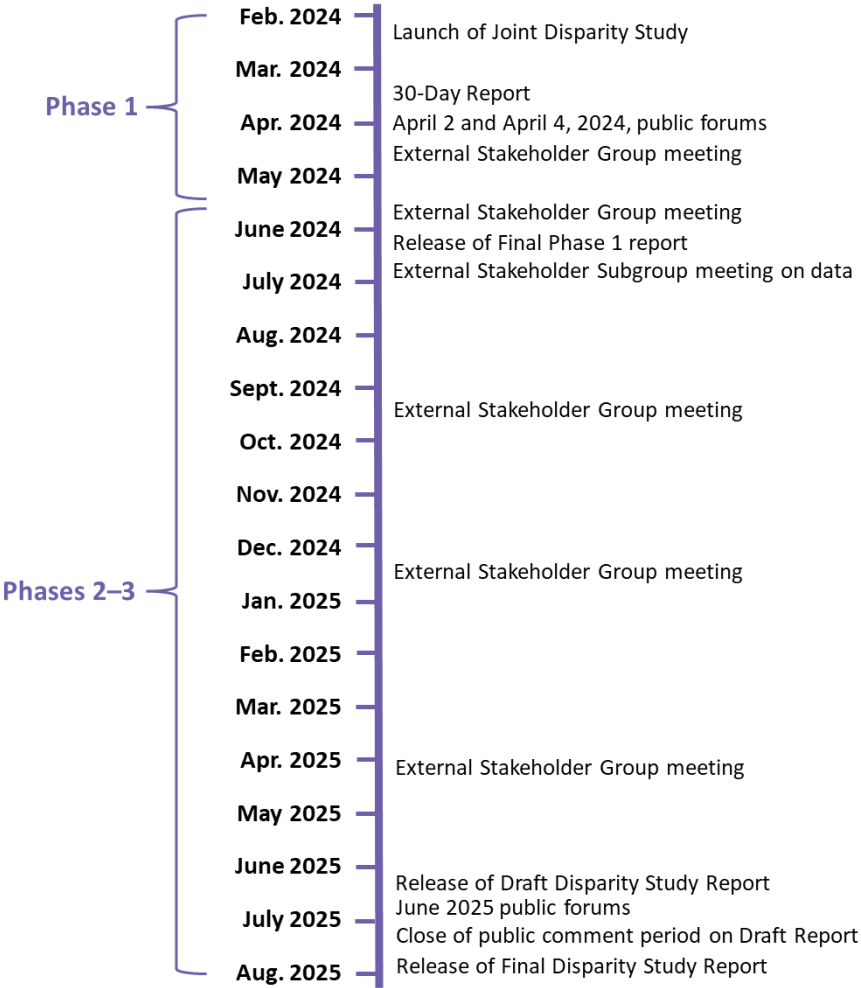
**Study team.** Keen Independent is a national economic consulting firm headquartered in Denver. The study team included the national law firm Holland & Knight and survey firm Customer Research International (CRI). Both firms were part of the 2017 Study. Also participating in the 2025 Study were Donaldson Consulting, Market Solutions, etc. and DEBLAR and Associates, qualitative research firms that have worked on past Keen Independent disparity studies. The study team has performed more than 200 similar disparity studies for public entities, including original disparity studies in the 1990s for some of the Minnesota entities participating in the 2025 Study.

**Public input and overall project timeline.** The disparity study started in February 2024 with a June 2025 release of the draft report to the public. The first phase of the study refined the groups to be examined in the study as well as study methodology. Input from the public through two public forums, as well as contributions from External Stakeholder Group members, was considered in the refined study approach.

There were additional opportunities for public input through 2024 and into 2025. Keen Independent reached out to thousands of businesses, trade association representatives and others through surveys, in-depth interviews and other research. More than 2,200 businesses, trade association representatives and other interested individuals provided input through these methods.

After release of the draft reports to the public in June 2025, Keen Independent held four virtual public forums and solicited additional public comments via hotline, website and email.

## 3. Project timeline





## SUMMARY REPORT — Legal framework

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Across the country, state and local governments have enacted efforts such as MBE/WBE programs to ensure there is equitable treatment of minority- and woman-owned firms and the public entity is not a participant in race or gender discrimination against those firms, including as a passive participant in private marketplace discrimination.

### Overall Legal Framework

Holland & Knight prepared Appendix N of this report, which provides the legal framework for the study and guides study methodology.

Appendix N identifies the standards of legal review that apply when a public entity must defend a program that includes components for MBEs, WBEs and types of businesses such as small businesses, veteran-owned businesses or businesses owned by persons with disabilities. The different standards of legal review are:

- **Strict scrutiny** (for MBE programs).
- **Intermediate scrutiny** (for WBE programs and LGBTQ+ business programs).
- **Rational basis** (for programs for businesses that are small, veteran-owned or owned by persons with a disability, for example). This is the most easily met standard of legal review, as a government entity need only show that it had a rational basis for enacting a law (see Appendix N).

These are the same legal standards that applied when conducting the 2017 Study. They have not changed with recent court cases.

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<sup>1</sup> 488 U.S. 469 (1989).

### Strict Scrutiny

In 1989, the U.S. Supreme Court in *City of Richmond v. J.A. Croson Company* established “strict scrutiny” as the standard of legal review for race-conscious programs adopted by state and local governments.<sup>1</sup> Strict scrutiny requires that:

- A governmental entity has a “compelling governmental interest” in remedying past identified discrimination or its present effects; and
- The program adopted be “narrowly tailored” to achieve the goal of remedying the identified discrimination.

### Intermediate Scrutiny

Certain courts, including in the Eighth Circuit Court of Appeals and the state of Minnesota, apply intermediate scrutiny when reviewing gender-conscious programs.<sup>2</sup> Courts have required they be:

- Supported by both “sufficient probative” evidence or “exceedingly persuasive justification” in support of the stated rationale for the program; and
- Substantially related to the achievement of that underlying objective.

As discussed in Appendix N, a program providing preferences for firms owned by members of the LGBTQ+ community would likely be subject to intermediate scrutiny.

<sup>2</sup> See, *Geyer Signal, Inc.*, 2014 WL 1309092; see, *In re Guardianship, Conservatorship of Durand*, 859 N.W.2d 789 (Minn. 2013); *State ex rel. Forslund v. Bronson*, 305 N.W.2d 748, 750 (Minn.1981).



## SUMMARY REPORT — Procurement policies and equity programs

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### Procurement Policies

A combination of state statutes and local laws and ordinances govern City of Bloomington procurement.

**Bidding thresholds and requirements.** In general, the City must procure goods, professional and technical services, general services and construction valued at more than \$175,000 through formal solicitation of competitive sealed bids or proposals. Purchases below that amount can be made through informal solicitation. Public advertisement includes posting on the City procurement website and the official newspaper of the City. Competition is not required for purchases under \$10,000.

**Contract award.** Contract awards are typically determined based on low bid or best value. Certain types of professional and technical services contracts must be awarded based on qualifications.

**Bonding.** At award, firms on public works construction projects in Minnesota must supply a payment and performance bond.

**Prompt payment.** State law requires local governments to pay a valid vendor invoice within 35 days of receiving that invoice and its prime contractors pay subcontractors within 10 days of when the prime receives payment.

**Other requirements.** The State has other direct and indirect requirements regarding what firms can bid or work on. See Appendix L for additional information.

### Procurement Equity Programs

The City of Bloomington does not currently operate any contract equity programs.

## SUMMARY REPORT — City of Bloomington procurements examined

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### Contracts Examined

Keen Independent began the process of performing utilization, availability and disparity analyses by collecting and analyzing data on City contracts and subcontracts. Keen Independent examined City data concerning payments to vendors for construction, professional services, goods and other services contracts.

### Contract and Subcontract Data

City provided payment data for contracts awarded during the study period (July 1, 2016, through June 30, 2023).

City does not centrally track payment information for subcontractors performing work on its contracts. Keen Independent compiled subcontract payment information from IC134 affidavits on City construction procurements, which accounted for about \$37 million of the total construction contract dollars.

In total, Keen Independent examined 3,094 contract elements (\$352 million), 303 of which were subcontracts.

Keen Independent identified payments to exclude from the study, such as payments to governmental entities, employee benefits and nonprofits as well as types of purchases typically made from national markets (see Appendix B for additional detail regarding exclusions). Utilization, availability and disparity analyses use City payment data after removing the identified exclusions.

### Types of Work in City Contracts

A disparity study focuses on the types of work procured by the individual governmental entity.

Based on information in the contract and subcontract records, Keen Independent coded the primary type of work involved in each prime contract and subcontract using North American Industry Classification System (NAICS) and Standard Industrial Classification (SIC) codes. NAICS and SIC codes are standardized federal systems for classifying firms into a subindustry according to the type of work they perform. If a company performed more than one type of work on a contract or subcontract, the study team attempted to identify the primary type of work conducted.

Figures 4 through 7 on the following four pages show dollars of prime contracts and subcontracts by subindustry for City purchases during the study period (beginning with construction, each page reviews types of spending within a particular industry).

Keen Independent's availability analysis and research on local marketplace conditions focused on the subindustries accounting for the most City spending within each industry.

# SUMMARY REPORT — City of Bloomington procurements examined

## Construction

About \$203 million of City contract dollars during the study period went to construction contracts and subcontracts. Figure 4 identifies the major types of construction activity, organized by work performed.

- Road construction and paving (\$89 million) and water and sewer line construction (\$32 million) accounted for nearly 60 percent of City construction spending.
- Other relatively large areas of construction spending were excavation, site prep, grading and drainage (\$15 million) and public, commercial and multifamily building construction (\$10 million).

In total, the 12 major types of construction work listed in Figure 4 accounted for 88 percent of City construction dollars. Other types of work were also included in the availability survey but not individually listed in Figure 4. They accounted for another 4 percent of total City construction contract dollars (“Other surveyed types of work” in Figure 4).

### 4. Spending by type of work on City construction prime contracts and subcontracts, July 2016–June 2023

	Dollars (\$1,000s)	Share of industry
Road construction and paving	\$ 88,771	43.8 %
Water and sewer lines and related structures	32,013	15.8
Excavation, site prep, grading and drainage	14,930	7.4
Public, commercial and multifamily building construction	9,788	4.8
Electrical work including lighting and signals	9,216	4.5
Plumbing and HVAC	6,898	3.4
Concrete work	5,650	2.8
Bridge and elevated highway construction	4,240	2.1
Roofing	3,990	2.0
Striping and pavement marking	919	0.5
Plastering, drywall and installation	690	0.3
Structural steel work	352	0.2
Other surveyed types of work	8,830	4.4
<b>Subtotal</b>	<b>\$ 186,288</b>	<b>92.0 %</b>
Other construction	\$ 15,926	7.9 %
Other types of work	353	0.2
<b>Total</b>	<b>\$ 202,568</b>	<b>100.0 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — City of Bloomington procurements examined

## Professional Services

About \$26 million of City contracts went to professional services contracts during the study period. Figure 5 examines major areas of City spending on professional services.

- Architecture and engineering made up about 50 percent of the professional services contract dollars (\$13 million).
- About 16 percent of professional services contract dollars went to IT work (about \$4 million).

The 10 major types of professional services work listed in Figure 5 accounted for about 95 percent of City professional service contract dollars. These and other types of professional services work were included in the availability survey.

5. Spending by type of work on City professional services prime contracts and subcontracts, July 2016–June 2023

	Dollars (\$1,000s)	Share of industry
Architecture and engineering	\$ 12,609	49.4 %
IT and data services	4,105	16.1
Legal services	1,701	6.7
Certified public accountant services	1,467	5.7
Landscape architecture and urban design	1,207	4.7
Surveying and mapping	1,132	4.4
Management consulting and research	1,093	4.3
Marketing, communications and outreach	516	2.0
Environmental consulting	359	1.4
Testing laboratories	164	0.6
Other surveyed types of work	33	0.1
<b>Subtotal</b>	<b>\$ 24,386</b>	<b>95.5 %</b>
Other professional services	\$ 1,155	4.5 %
Other types of work	5	0.0
<b>Total</b>	<b>\$ 25,545</b>	<b>100.0 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — City of Bloomington procurements examined

## Goods

City goods purchases examined in the study totaled \$50 million over the study period. Figure 6 lists 17 types of goods purchases that together accounted for 82 percent of the City goods purchases that were analyzed.

- Cars and trucks (\$7 million) and petroleum and petroleum products (\$7 million) each accounted for 12 percent of City goods spending.
- About 11 percent (\$7 million) of City goods spending was for chemicals.

The types of goods in Figure 6 were included in the availability survey.

Not shown in Figure 6 is the spending for types of goods that the City primarily purchased from national markets (computer and computer peripheral equipment, for example).<sup>3</sup>

<sup>3</sup> Excluding types of purchases made from a national market is a standard step in a disparity study. Since these purchases are primarily made from a national market and

## 6. Spending by type of City goods procurements, July 2016–June 2023

	Dollars (\$1,000s)	Share of industry
Cars and trucks	\$ 7,511	12.4 %
Petroleum and petroleum products	7,406	12.2
Chemicals	6,815	11.2
Construction and farm machinery and equipment	5,476	9.0
Construction materials	5,387	8.9
Vehicle parts and supplies	5,376	8.9
Electrical equipment and supplies	2,919	4.8
Industrial equipment and supplies	2,433	4.0
Law enforcement equipment and supplies	1,709	2.8
Communications and A/V equipment	1,639	2.7
Medical equipment and supplies	933	1.5
Furniture	540	0.9
Signs	428	0.7
Food	367	0.6
Pharmaceuticals	366	0.6
Office equipment	177	0.3
Office supplies	97	0.2
<b>Subtotal</b>	<b>\$ 49,580</b>	<b>81.8 %</b>
Other goods	\$ 11,028	18.2 %
<b>Total</b>	<b>\$ 60,608</b>	<b>100.0 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

not the relevant geographic market area, they are typically made ineligible for application of contract equity program elements.

## SUMMARY REPORT — City of Bloomington procurements examined

### Other Services

Other services contracts accounted for \$63 million of City contract dollars during the study period. Figure 7 examines major areas of City spending on other services (not including types of work typically purchased from outside the local area).

Figure 7 lists 16 types of work that together accounted for 96 percent of other services procurement dollars.

- Waste collection and disposal (\$49 million) was the largest area of spending, representing more than three-quarters of City other services contract dollars.
- Landscaping installation and maintenance services was the second largest area of spending on other services.

The types of other services work in Figure 7 were included in the availability survey.

7. Spending by type of work on City other services procurements, July 2016–June 2023

	Dollars (\$1,000s)	Share of industry
Waste collection and disposal	\$ 48,979	77.6 %
Landscape installation and maintenance	5,368	8.5
Automotive repair and maintenance	2,064	3.3
Janitorial services	1,171	1.9
Traffic control services and sign rental	938	1.5
Industrial machinery repair	664	1.1
Security systems services	598	0.9
Printing and copying	176	0.3
Staffing services	168	0.3
Motor vehicle towing	156	0.2
Elevators and elevator services	117	0.2
Construction equipment rental	62	0.1
Remediation services	49	0.1
Bus transit services	48	0.1
Security guard services	46	0.1
Contracted food services	7	0.0
<b>Subtotal</b>	<b>\$ 60,612</b>	<b>96.0 %</b>
Other services	\$ 2,535	4.0 %
<b>Total</b>	<b>\$ 63,147</b>	<b>100.0 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

SUMMARY REPORT — City of Bloomington procurements examined

Geographic Market Area

Firms with a location in the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area (MSA) performed most of the dollars on contracts and subcontracts for the City, after excluding the types of purchases typically made from national markets. Firms in this area accounted for 81 percent of City construction, professional services, goods and other services contract dollars. Keen Independent also refers to this area as the Twin Cities marketplace in this report (see Figure 8 on the right).

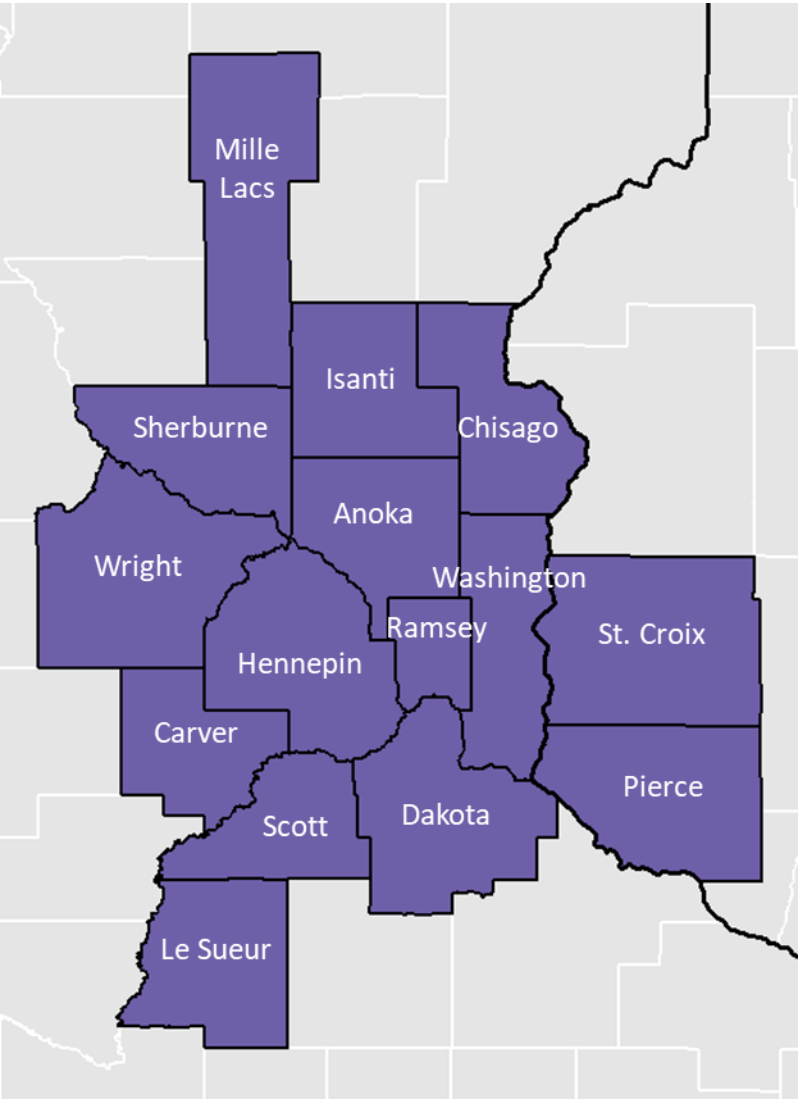
Figure 9 below shows that firms with a location in the Twin Cities metro area obtained a substantial share of City contract dollars in each of the study industries. Therefore, examination of marketplace conditions focused on firms in this area for each industry.

9. Dollars of City prime contracts and subcontracts by location of firm, July 2016–June 2023

	Dollars (\$1,000s)	Percent in Twin Cities metro area
Construction	\$ 202,568	78.0 %
Professional services	25,545	80.3
Goods	60,608	76.2
Other services	63,147	95.0

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

8. Relevant geographic market area for City contracts



Source: Keen Independent analysis of City procurement data, July 2016–June 2023.



## SUMMARY REPORT — Information about marketplace conditions

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Keen Independent examined data from the U.S. Census Bureau, the availability survey conducted for this study, and other sources on conditions for minority- and woman-owned firms and other businesses.

Appendices E through H of this report provide results from these analyses. Appendix I explains data sources.

The Keen Independent study team also collected qualitative information from business owners and representatives from trade organizations and business assistance organizations. The study team conducted in-depth interviews, availability surveys, public forums and other activities.

Both the quantitative and qualitative information in the study primarily focus on the time period since the 2017 study.

For anonymity, Keen Independent analyzed and coded comments from the qualitative research without identifying any of the participants. Keen Independent provided opportunities for public comments via mail and the designated study telephone hotline, website and email address.

Some of the comments from the qualitative research are provided in the following pages. Appendix J provides a much richer analysis of the input received. Appendix J is based on input from more than 2,200 businesses, trade association representatives and others.

Note that the comments in Appendix J and the following pages identify individuals by number, not by name. (Appendix J explains the numbering system in further detail.)

The anecdotal information reflects the point of view of the business owner or other individual making the comments. Comments are the individual perspectives of the respondents. The entirety of the qualitative information (see Appendix J), combined with quantitative results, is important when interpreting results.

The following pages present the analysis of marketplace conditions in the following order:

- Entry and advancement as employees;
- Business ownership;
- Business success; and
- Specific barriers to doing business in the marketplace and with public entities. (This analysis includes topics such as access to capital, information about work opportunities and unfair treatment in the marketplace.)

## SUMMARY REPORT — Information about marketplace conditions

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### Entry and Advancement as Employees

People of color were about 24 percent of the Minneapolis-St. Paul MSA marketplace (“local marketplace” or “Twin Cities marketplace”) workforce from 2018 through 2022. Women accounted for about 48 percent of all workers. Any barriers to entry or advancement as workers in the study industries might affect the relative number of businesses owned by people of these groups in these industries in the Twin Cities metro area. Analysis of the Twin Cities metro area workforce in the study industries indicates disparities in employment consistent with barriers to entry and advancement for some minority groups, women and other groups (see Appendix E). Disparities were particularly evident for the following groups:

- Sub-Saharan African Americans and other Black Americans, Southeast Asian Americans and other Asian-Pacific Americans, South Asian Americans, women, persons with disabilities and people in same-sex couples in the construction industry.
- Sub-Saharan African Americans and other Black Americans, South Asian Americans, American Indians, women and persons with disabilities in the professional services industry (after controlling for education).
- Sub-Saharan African Americans, Southeast Asian Americans, other Asian-Pacific Americans, South Asian Americans and women in the goods industry.
- Asian-Pacific Americans, South Asian Americans, women and people in same-sex couples in the other services industry.

Comments from the qualitative research include those to the right (see Appendix J).

*The whole reason I started this business is mostly because of the negativity that I was experiencing in my workplace.*

*I-53. Black American female owner of an other services firm*

*Because I speak with an accent ... supervisors have expressed doubts about my education. I ... have a very strong background .... Yet I faced constant doubts about whether I could perform the work required.*

*I-34. Hispanic American female owner of a professional services firm*

*I always thought that women that complained about [discrimination] were whiners, but [it exists] ... The mindset ... is [that women work] for their family ... but women are not really [professionals].*

*I-10. American Indian female owner of an other services firm*

*At one time I had someone say to another driver on the radio. ‘She should just go home you know, and she really belongs in the kitchen’ and then the guy made another comment about something.*

*I-38. American Indian female owner of an other services firm*

*I ran into glass ceilings; I’ve been passed over and not recognized for contributions .... That happens in the workplace all the time for the fact that we’re female.*

*I-60. South Asian American female owner of a professional services firm*

*If I’m the only African American in the room, and when I speak my words are dismissed ..., [it creates] the feeling ... as if you don’t have any knowledge.*

*I-71. Black American male service-disabled veteran owner of a construction-related firm*

## SUMMARY REPORT — Information about marketplace conditions

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### Business Ownership

Keen Independent examined whether there were differences in business ownership rates for workers in local construction, professional services, goods and other services industries related to race, ethnicity, gender, veteran status, disability and being in a same-sex couple. Appendix F provides detailed results.

- **Construction.** Women working in the Twin Cities metro area construction industry were less likely than men to own a business. The disparity was substantial and persisted after controlling for certain other personal and family characteristics (statistically significant difference).

Workers with a disability also had a lower rate of business ownership after controlling for certain other factors.

- **Professional services.** Certain racial and ethnic groups such as South Asian Americans and Mexican Americans had lower rates of business ownership when compared to other workers in the Twin Cities metro area professional services industry, however, these differences did not persist when statistically controlling for certain other personal characteristics.

White women working in the local professional services industry were less likely than white men to own a business and statistically significant differences persisted for white women when controlling for other factors. This disparity was substantial.

- **Goods.** In the Twin Cities metro area goods industry, workers with a disability and workers in same-sex couples had lower rates of business ownership than other workers after controlling for certain other personal characteristics (statistically significant differences).
- **Other services.** In the Minneapolis-St. Paul MSA other services industry, Asian-Pacific Americans and women were less likely than white workers and men, respectively, to own a business.

After controlling for personal characteristics, statistically significant differences persisted for Asian-Pacific Americans. This disparity was substantial.

Discussion of marketplace barriers later in the Summary Report begin to explain factors that could be related to these disparities in business ownership rates, including results from the qualitative research in Appendix J of the report and the separate Task 2.7 Report. For example:

- There is substantial evidence that the playing field for people of color and some other groups to start a business, especially around access to capital in Minnesota.
- Qualitative research also shows the importance of networks for new business owners to find opportunities for work. There is evidence that people of color, women and other historically disadvantaged groups face additional barriers.

## SUMMARY REPORT — Information about marketplace conditions

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### Business Success

Keen Independent explored many different types of business outcomes in the Minnesota marketplace for minority- and woman-owned firms compared with majority-owned companies. There is a pattern of disparities in outcomes for MBEs and WBEs (see Appendix H).

**Business closure.** The study team used different data sources to explore whether there were disparities in the rates of business closures for minority- and woman-owned businesses compared with other businesses. Three different data sources specific to Minnesota for three different time periods (2002–2006, 2017–2024 and during the COVID-19 pandemic found MBEs more likely to close than majority-owned firms.

For example, Keen Independent analyzed the rate of closure of businesses in the 2017 availability survey conducted as part of the 2017 Minnesota Joint Disparity Study. Minority-owned firms were more than twice as likely to close by early 2025 as majority-owned firms. (MBEs certified under a federal program or state or local program in Minnesota were less likely to close than non-certified firms, however.)

The data for 2017–2024 and the COVID-19 pandemic also found WBEs more likely to close than other firms.

**Business revenue and earnings.** The study team used data from several different sources to analyze business receipts and earnings for businesses owned by people of color and women.

- In general, U.S. Census Bureau data from the 2022 Annual Business Survey showed lower average receipts for businesses owned by people of color, women and veterans in Minnesota than businesses owned by non-minorities, men or nonveterans.

- Data from 2018–2022 American Community Survey for the Minneapolis-St. Paul MSA marketplace indicated the following statistically significant differences in business earnings:

- For the study industries combined, Black American, Hispanic American, and American Indian business owners had lower business earnings than non-Hispanic white business owners, women had lower business earnings than men, veterans had lower business earnings than nonveterans, and persons with disabilities had lower business earnings than other business owners (statistically significant differences).
- After statistically accounting for certain race- and gender-neutral factors, there were statistically significant differences in earnings for Black American, Hispanic American, Asian American and American Indian, and woman business owners as well as business owners with disabilities.

- Data from the 2024 availability survey showed lower revenue for MBEs and WBEs compared with majority-owned firms. For example, only 9 percent of MBEs and 12 percent of WBEs had average annual revenue of \$1 million or more compared with 19 percent of majority-owned firms.

**Bid capacity.** Keen Independent’s availability survey asked firms to identify the largest contracts they had bid or worked on in the past eight years (the study team labels this value measure of “bid capacity”). Minority- and woman-owned firms had lower bid capacity than majority-owned firms in the Minnesota study industries, but those differences did not persist after accounting for the types of work they perform and length of time in business.

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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Keen Independent researched why certain disparities in business outcomes might be occurring. Appendices E through J and the Task 2.7 Report provide in-depth analysis of this question. We summarize results here.

### Access to Capital

Business start-up and long-term business success depend on access to capital. Discrimination at any link in that chain may produce cascading effects that result in racial and gender disparities in business formation and success as well as the competitiveness of MBE/WBE businesses for public sector contracts.

**Discrimination in housing.** Appendix G of this study and the Task 2.7 Report present substantial evidence of racial disparities in access to capital and some evidence of unequal access to capital for women in Minnesota. Some of the racial disparities may be due to past public and private sector discrimination affecting housing for people of color in the state. For example, sundown laws, restrictive covenants and the building of I-94 have contributed to housing and wealth inequity for Black Minnesotans today.

Historically, redlining referred to mortgage lending discrimination against geographic areas based on racial or ethnic characteristics of a neighborhood.<sup>4</sup> Presently, the concept of redlining includes an examination of the availability of and access to credit in predominantly

minority neighborhoods, and the credit terms offered within a lender's assessment area.<sup>5</sup>

Research from 2022 indicates that the Minneapolis-St. Paul MSA had the highest Black and white homeownership gap in the country, surpassing the national average by more than 20 percentage points.<sup>6</sup> Furthermore, the practice of redlining in previous decades within the Minneapolis-St. Paul MSA is believed to have limited the amount of wealth that minorities could accumulate and transfer on to future generations, creating a recurring problem.<sup>7</sup>

As discussed in Appendix G, Keen Independent's analysis of Home Mortgage Disclosure Act data for 2018 through 2022 show home mortgage denial rates among high income households to be substantially higher for each minority group compared to non-Hispanic whites (in the case of South Asian Americans, three times higher rates of mortgage denials).

Discrimination in housing and home mortgages is not limited to race or gender. Nearly one-third of LGBTQI+ adults reported experiencing housing discrimination or harassment, including during the process of buying or renting a home.<sup>8</sup>

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<sup>4</sup> Burnison, T. R., & Boccia, B. (2017). Redlining everything old is new again. *ABA Banking Journal*, 109(2).

<sup>5</sup> Ibid.

<sup>6</sup> Habitat for Humanity (2022). Closing the racial homeownership gap in the Twin Cities. Retrieved from <https://www.habitat.org/stories/closing-racial-homeownership-gap-twin-cities>

<sup>7</sup> Habitat for Humanity (2024). Race and housing series: Racial covenants. Retrieved from <https://www.tchabitat.org/blog/racial-covenants>

<sup>8</sup> Gruberg, S. et. al, (2020). The state of the LGBTQ community in 2020. CAP Survey Data. Retrieved from: <https://www.americanprogress.org/article/state-lgbtq-community-2020/#:~:text=NORC%20conducted%20a%20pretest%20and%20then%20fielded,in%20their%20access%20to%20critical%20health%20care.>

SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

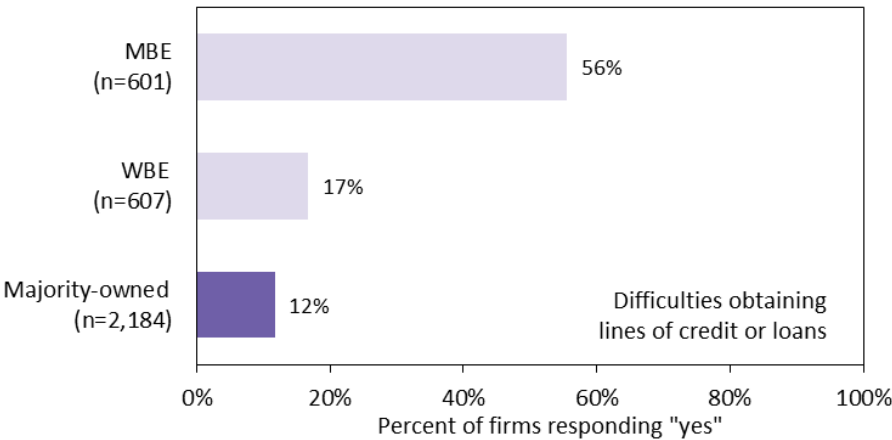
**Disparities in access to business loans.** There is substantial national evidence of disparities in access to business loans for minority-owned companies. Evidence within Minnesota includes disparities in access to Paycheck Protection Program loans for minority-owned businesses during the COVID-19 Pandemic (see Appendix G).

The 2024 availability survey asked respondents “Has your company experienced any difficulties in obtaining lines of credit or loans?”

As shown in Figure 10, more than half (56%) of MBEs experienced difficulties obtaining lines of credit or loans. Additionally, a somewhat greater share of WBEs (17%) reported having difficulties obtaining lines of credit or loans when compared to majority-owned firms (12%). These results are especially notable given that most of the businesses (MBE, WBE and majority-owned) in the availability survey database are small.

Further analysis (not shown) indicated that the difficulties that minority-owned firms often reported regarding access to capital affected each racial group. Among respondents to this question in the availability survey, each group of MBE firms (Black American-, Asian-Pacific American-, South Asian American-, Hispanic American- and American Indian-owned firms) was more likely to report difficulties obtaining lines of credit or loans than were majority owned firms.

10. Responses to availability survey question concerning loans



Source: Keen Independent Research from 2024 availability survey.

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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**Qualitative information about access to capital.** Business owners and others participating in the availability survey, in-depth interviews and other qualitative research discussed access to capital, reporting that it was critical to success and difficult for companies to secure.

Many individuals described the importance of personal or family wealth, home ownership and the amount of equity in a home when starting their businesses and accessing resources for growth. The interviews make it clear that any racial discrimination in the housing market, including home mortgages, place potential and current business owners of color at a disadvantage compared with other individuals. Examples from the in-depth interviews are shown below.

*I basically took my life savings and put ... most of it into the business.*

*I-41. Hispanic American female owner of a construction-related firm*

*We didn't really seek any outside funding. We just took money out of our own mortgage and that's how we founded the company.*

*I-20. South Asian American female owner of a professional services firm*

Some commented on barriers specific to people of color and women. Examples of comments are to the right.

*The majority of capital is still controlled by older white guys, and they all have their biases.*

*I-21. White female with a disability and owner of a professional services firm*

*A Black woman, one of my members, went into the bank and asked for a business line of credit. She had put millions of dollars through this bank. That was her bank .... The white old man banker said, 'we don't have that product here. You're going to have to go somewhere else.' Of course they had that. They didn't even take an application, so they didn't have to report on it.*

*TO-16. White female representative of a business assistance organization*

*... it takes longer for our native businesses to really get up [and] running like a regular white-owned business. It doesn't happen as quickly because we don't have the same kinds of assets, and especially if you're a tribal member living on your traditional territories. Your home ownership has no value to a bank, because they can't repossess your home.*

*TO-18. Indian American female representative of a business assistance organization*

*When you're able to sit down in front of your bank .... A lot of times for us minorities, even though we may have our business attire on, and our hands are clean, we get looked at [differently].*

*I-29. Hispanic American male owner of a construction-related firm*

*I've encountered a couple of fellow female [business] owners ... One was [asked] directly, 'Can your husband co-sign for this loan?'*

*I-21. White female owner with a disability of a professional services firm*

*A woman-owned company [that I know] ... does have problems trying to get access to capital ... because she's a woman.*

*I-24. Black American male owner of a construction-related firm*



SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

Bonding

Bonding requirements can present difficulties for construction firms in the state. Barriers to obtaining bonding and increasing bonding capacity are closely related to barriers regarding access to capital.

The 2024 availability survey asked construction firms if they had tried to obtain bonding for a project or contract. About one-half of construction firms indicated that they had tried to obtain bonding.

Firms that had tried to obtain a bond were then asked, “Has your company had any difficulties obtaining bonds needed for a project or contract?” Of those that had tried to obtain a bond, MBEs and WBEs were more likely than other firms to report difficulties obtaining a bond.

Figure 11 presents these results. Examples of comments from the qualitative research are shown below.

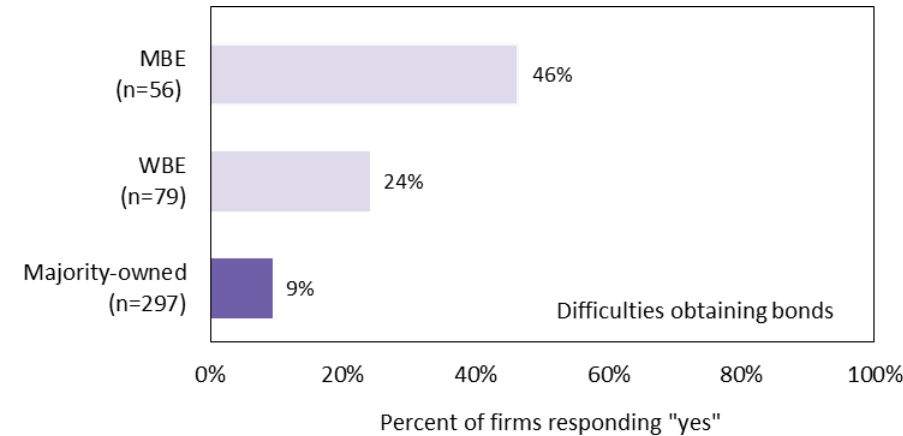
*There's always issues with bonding. Diverse populations don't have the same access ....*  
*To-5b. Black American female representative of a trade association*

*As a new minority contractor, [the bonding rate] kills you.*  
*I-27B. Black American owner of a construction-related firm*

*I have friends who ... were trying to go for a construction contract, and they couldn't get bonding .... He is a person of color. His wife is a person of color.*  
*I-57. Asian-Pacific male owner of a goods firm*

*[The bonding requirements] systematically [deny] us fair access into the broader construction trades opportunities.*  
*I-5. Black American male owner of a construction-related firm*

11. Responses to availability survey question concerning bonding



Source: Keen Independent Research from 2024 availability survey.

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### Insurance

Public sector construction, professional services and other services contracts typically require different types of insurance, often in excess of what is required for private sector work.

The availability survey asked firms about difficulties due to insurance requirements. About one-third of MBEs and 18 percent of WBEs reported such difficulties compared to 11 percent of majority-owned firms.

Many business owners participating in the qualitative research had comments about insurance requirements, often suggesting that the types of levels of insurance required by public entities, even for small contracts, were excessive. Examples of comments are shown to the right.

The final comment to the right provides one example of where a local government's flexibility in insurance requirements helped a firm get a contract.

*The amount of insurance seems unnecessary.*

*AS-1833. White female owner of a professional services firm*

*... The insurance requirements have been the biggest barrier. This keeps business owners of color out of the game and away from the table.*

*AS-16. Black American female owner of a professional services firm*

*Better insurance [requirements]. Don't make me go out and get a \$25 million insurance policy for your job. I don't need for the \$100,000 job I'm going to do.*

*I-77. White female owner of a construction-related firm*

*... it seems that between state and counties where we've been awarded work, they have different insurance requirements which are, outsized, irrelevant and another barrier to smaller minority-owned companies in engaging with these opportunities.*

*AS-1147. Representative of a woman-owned professional services firm*

*The City of Minneapolis has waived [insurance] requirements for us .... They have their generic insurance requirements that they want for people who are doing City contracts, and oftentimes those are well above what a small business can afford.*

*I-65. White female owner of a professional services firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### Issues with Prompt Payment

Small businesses can be more negatively affected by slow payment than larger businesses with more established cash flow. Because of disparities in access to capital for minority- and woman-owned firms (and certain other groups of businesses) that affect their working capital, slow payment for work can disproportionately affect those businesses.

The availability survey asked firms whether they experienced difficulties receiving payment from public entities, prime contractors and other customers.

- About one-quarter of MBEs indicated that they experienced difficulties receiving payment from public entities, about twice the share of majority-owned firms expressing difficulties.
- A similar percentage of MBEs and WBEs indicated difficulties receiving payment from prime contractors, somewhat higher than found for majority-owned firms.

Some firms gave specific instances of slow payment. Examples are shown to the right (and discussed in more detail in Appendix J). (Note that there were only a few comments that pointed out difficulties with a specific participating entity.)

*Doing work and not being paid for 3 months on jobs ... presents a great challenge to hire and maintain staff.*

*AS-1080. Black American female owner of an other services firm*

*The payment schedule is so slow that we've had to go into our own pockets to cover the costs.*

*AS-1587. Black American male owner of a professional services firm*

*When payment isn't prompt, they're being asked to finance the operations of the [entity].*

*TO-4. White female representative of a trade association*

*No small company should ever finance a bigger company.*

*I-2. White female owner of a construction-related firm*

*Cash flow is always an issue with the smaller companies .... If payments are delayed, that's an issue for smaller businesses.*

*I-30. Service-disabled veteran owner of a goods firm*

*The contractors want to use you to help them get a government job, to show participation. But they ... pay slowly [and] know how to manipulate and use your company. They end up putting a lot of the minority businesses out of business and then they don't have to pay them.*

*I-29. Hispanic American male owner of a construction-related firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

### Information on Work Opportunities

Study participants provided insights into their experiences learning about bid opportunities.

**Learning about public sector bid opportunities.** The availability survey asked firms if they experienced difficulties learning about bid opportunities with (a) public sector entities in Minnesota, (b) private sector opportunities in Minnesota, and (c) subcontracting opportunities in Minnesota. In each instance, MBEs and WBEs were considerably more likely to report experiencing difficulties than were majority-owned companies. For example, two-thirds of MBEs reported difficulties learning about bid opportunities with public entities in Minnesota compared to about one-third of majority-owned firms.

Availability survey participants and individuals who completed in-depth interviews gave insights into these difficulties. Appendix J discusses this issue. Examples of comments and some of the ideas for improvement mentioned by business owners and others are shown to the right.

*Have actual humans that could talk to someone on the phone and help to explain the process and that's their job to do that [would be critical].*

*I-64. White male representative of a woman-owned professional services firm*

*What if, as a state, there was one central place where all these bids end up? They end up in a ton of different places .... There's only so many resources that go around.*

*I-68. White female owner of construction-related firm*

*Be more holistic, feels very fractured, hard to manage what opportunities are out there. Everything seems more fragmented.*

*AS-1866. White female owner of a goods firm*

*Bid listings are hard to find, a consolidated listing would be helpful.*

*AS-1642. Representative of a majority-owned other services firm*

*It'd be great if the [bid] information [for the participating entities] could be more centralized so that there's an easy access, somewhat of a one-stop shop to find and register for things ....*

*I-71. Black American service-disabled veteran owner of a construction-related firm*

*Narrowing down the type of opportunities that apply to our company would help a great deal, sometimes we are on alerts that have wildly irrelevant opportunities to sift through.*

*AS-686. Asian-Pacific American female owner of a professional services firm*

*To get registered in [each procurement software] system and then to get trained to use it properly [is cumbersome]. [The software] changes every year and some consistency would be terrific.*

*I-55. White male owner of a construction-related firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### **Learning about subcontract opportunities with prime contractors.**

As mentioned on the previous page, MBEs (70%) and WBEs (50%) were more likely to report difficulties learning about subcontract opportunities than majority-owned firms (33%) when asked about that potential barrier in the availability survey.

Some business owners and representatives reported that certain prime contractors or customers are reluctant to work with newer or smaller businesses. Some business owners indicated that they were at a disadvantage trying to work with prime contractors because of their race or gender.

There were also comments that working with some prime contractors could actually be harmful to a minority-owned business.

Examples of comments are shown to the right (see Appendix J for more information).

*When I started [this] business, I wanted to do some subcontracting work specializing in [my trade] .... Most of the bigger contractors have a preference of the companies that they want to use for such projects, so it was very hard to get something meaningful.*

*I-6. Black American male owner of a construction-related firm*

*Construction is a relationship business .... There's a lot of minority contractors that don't have the relationships .... It hurts their companies.*

*I-27b. Black American male owner of a construction-related firm*

*Since I started doing my job, I have never got[ten] anybody who [is] interested to make me their sub .... I have been struggling with that .... [Prime contractors are] already enclose[d] [in] their groups .... It takes a lot of energy [to break into new networks].*

*I-58. Black American male owner of a construction-related firm*

*There are larger GCs in the state .... If it doesn't serve them politically to work with small businesses and minorities, they don't.*

*I-56. Black American female owner of a construction-related firm*

*[Closed networks are] something that [prime contractors] don't even realize they do ....*

*I-76. Black American female owner of a construction-related firm*

*[I have] a list of contractors in my desk that I don't bid [because] they put so many minority businesses out of business.*

*I-29. Hispanic American male owner of a construction-related firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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**Importance of relationships to finding and winning work.** Business relationships and networks are critical to finding opportunities and winning work, according to business owners and others providing input in this study.

The importance of “who you know” extends to the public sector based on these comments. Examples are provided to the right.

*Our work is ... based on relationships .... Otherwise, it's hard to know ... what's out there to bid on ... especially with government work ....*

*I-33. White female representative of a white male-owned construction-related firm*

*[Relationships are] the bone of my business structure .... When I am communicating with the [client] at the first meeting, I try to figure out where [we have common ground].*

*I-58. Black American male owner of a construction-related firm*

*My business has been about my one-to-one personal relationships and networking ....*

*I-71. Black American service-disabled veteran owner of a construction-related firm*

*The most important [marketing tool] is networking and developing relationships ....*

*I-74. White female LGBTQ+ owner of a construction-related firm*

*At the end of the day, I learned all that comes is still through connections, who you know, even in the government side.*

*I-20. South Asian American female owner of a professional services firm*

*... the few projects that I've done with the State have been handled ... basically through personal connections that I have made or somebody just reaching out to me.*

*I-22. American Indian male rep. of an American Indian-owned professional services firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### Meeting Bid Specifications, Costs of Bidding and Other Barriers to Obtaining Public Sector Contracts

Business owners and others discussed whether there were barriers to bidding on participating entities' work. Many discussed financial and time restraints, access to procurement information, unclear bid requirements and restrictive contract specifications as barriers.

**Financial restraints and time investment to bid.** Interviewees commented on the financial and time restraints faced by small and minority-owned firms when bidding on projects.

*The process of bidding for contracts and completing RFPs are quite complex, cumbersome and requires a lot of technicalities that makes it difficult for small business owners that cannot afford the services of professionals like bidders, estimators, accountants and lawyers, etc.*

*AS-1270. Black American owner of a professional services firm*

*The RFP process takes a lot of time, and ... the paperwork required to read through and manage it is dense, confusing, and overwhelming.*

*AS-1272. American Indian male owner of a goods firm*

*The bidding process for state ... and federal government projects is very arduous. There's not [a lot] of support that can help you .... It was very much ... trial and error.*

*I-71. Black American service-disabled veteran owner of a construction-related firm*

**Unclear bid requirements and access to procurement information.** Business owners and representatives reported that they have experienced difficulties accessing procurement information. Some reported that bid and proposal requirements can be difficult to understand.

*[Simplify]. The fog factor in government communication in contracts is silly.*

*I-57. Asian-Pacific male owner of a goods firm*

*I've been looking at more state and city contracts lately ... honestly, it's tough as a small business trying to go through those .... I swear they make the verbiage ... so difficult to read that you have to be an engineer to understand it .... [MnDOT's bid required] lots of paperwork to fill out, lots of things to try and decipher....*

*I-62. White male owner of a construction-related firm*

*... there's no support [during the bidding process], and if you do it wrong, then you either obviously don't win the bid or you bid yourself into a situation of where you're [taking] a [financial] loss.*

*I-71. Black American service-disabled veteran owner of a construction-related firm*

*I did register with the state of Minnesota, but it never went anywhere. I never heard back from them or anyone of the entities. None of them.*

*I-83. White male owner of an other services firm*



## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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**Restrictive contract specifications.** Many business owners and representatives commented on what they viewed as restrictive specifications or other requirements.

*For these ... larger [entities], whether it's MnDOT or [Minnesota State] or Department of Admin, there must be more flexibility for small businesses. They have these lists of what you can include in your accounting ledger of your overhead expenses, and they're very specific .... if you're a small business none of that makes sense, and none of it directly correlates.*

*I-65. White female owner of a professional services firm*

*Over 90 percent of the bids requires 5 or more years in business .... Other bids require a deposit of \$5,000, especially for the Metropolitan Council. As a small business, I don't have \$5,000 for deposit and ... getting a small business loan is not possible because the bank would most [likely] want to see that there's an awarded contract.*

*AS-67. Black American female owner of an other services firm*

*Expand the date range of prior experience to a 10-year time frame.*

*AS-1454. Representative of a majority-owned professional services firm*

**Denial of opportunity.** Some interviewees described situations where they were denied opportunities.

*There were a number of times where we were selected for projects ... when they found out we were woman-owned they deleted the contract.*

*I-16. White female owner of a professional services firm*

*[Minorities experience] denial of opportunity .... If a white contractor can get away from ... using us, they will [not use us].*

*I-5. Black American male owner of a construction-related firm*

*A lot of times that if I'm doing a proposal, I will sign it [with my male business partner's name], because as [a female], they ignore me.*

*I-10. American Indian female owner of an other services firm*

*Sometimes the bids are sent to very specific people, and [if] you're not one of them, you don't have a say in that matter.*

*I-14. White male owner of a goods firm*

*It seems like these RFPs come out, and they are intended for one audience. That's the audience that's already been pre-chosen to win the RFP.*

*I-22. American Indian male rep. of an American Indian-owned professional services firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

### Other Perceptions of Unfair Treatment

Interviewees shared their perceptions of unfair treatment in the marketplace.

**Bid shopping.** Many interviewees provided examples of predatory bid shopping by prime contractors and others. Sometimes the comments suggested that the intent was to avoid having to work with a minority- or woman-owned company. Appendix J provides more information.

*[Primes] get a quote from a Native business to be a partner .... Once they get the contract, they hire their buddies ....*

*TO-18. American Indian female representative of a business assistance organization*

*We were approached once by a larger firm that needed to have a minority quota ..., and that just seemed wrong ... because they're just using me as a puppet.*

*I-57. Asian-Pacific male owner of a goods firm*

*Many times ... a request is sent to us [last minute]. Hardly enough time to submit a proper response. It leaves me with the impression that whoever is sending it won't consider my response and seems to only want minority-owned business participation in the bidding process.*

*AS-177. American Indian male owner of a professional services firm*

**Evidence of a “good ol’ boy” and other closed networks.** Many business owners and representatives reported that “good ol’ boy” networks or other closed networks persist in the marketplace.

*I still feel like it's an old boys club out there ....*

*I-16. White female owner of a professional services firm*

*In the Minneapolis/St. Paul marketplace, [closed networks are] actually quite prevalent ....*

*I-88. White male owner of a professional services firm*

*[Most of the participating entities] don't make any effort to try to reach a broader market .... That's where the 'good ol' boys' network ... comes from.*

*I-6. Black American male owner of a construction-related firm*

*[There is] definitely a network .... Rural ..., white males.*

*I-43. Hispanic American female owner of a professional services firm*

*The larger contractors ... already have deals in place ... and just use us smaller business as another number for their bids, knowing they won't use us either way. This hurts us because we find yourself working hard on entering these bids only to find out we never even had a chance.*

*AS-170. American Indian male owner of a construction-related firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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**Stereotyping and double standards specific to diverse business owners.** Some participants discussed whether there are stereotypes or double standards that impact a firm's ability to perform or secure work and noted clear instances of discriminatory and biased behavior. The comments below and on the right are examples (see Appendix J for more discussion).

*I am a female owner. I show up to a meeting or a site visit and I'm surrounded by males. It's a male dominant industry.... I get looked at like, 'What are you doing here?'*

*I-41. Hispanic American female owner of a construction-related firm*

*[If] it's a woman-owned business, it's a passion project .... That's a stereotype. They don't think I can run it like a business. It's just me having fun.*

*I-45. South Asian American female owner of a goods firm*

*They profile you because you are Latino, and they might think you might not do a good job....*

*I-43. Hispanic American female owner of a professional services firm*

*[Racism is] alive and well here in the state ....*

*I-90. Black American male owner of an other services firm*

*[This industry] is mostly men, because there's a lot of heavy work involved. A lot of times, even now people will come in and they're looking for the guy.*

*I-18. White female owner of a goods firm*

*LGBTQ+ businesses face definite disadvantages in Minnesota ....*

*PF-11. Public forum participant*

*It takes time to build trust. As a veteran business, if I can show them that I can do the work and am qualified to do the work, they won't have to get three bids.*

*I-104. White male owner of an SDVOSB certified firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### **Competitive disadvantages due to pricing from suppliers.**

When asked in the availability survey if they had any competitive disadvantages due to pricing from suppliers, 57 percent of MBEs and 28 percent of WBEs answering that question said “yes” compared to only 23 percent of majority-owned firms. (This is notable as most MBEs, WBEs and majority-owned companies participating in the availability survey were small businesses.)

The comments to the right related to reports of unfavorable pricing or other relationships with manufacturers and suppliers. These may be related to being a small business or perhaps based on the race of the business owner.

*The larger companies have the pricing ... their largest advantage.*

*I-41. Hispanic American female owner of a construction-related firm*

*One of the disadvantages I deal with is, I don't do a lot of volume ... and I don't get as good of a pricing....*

*I-12. White male owner of a construction-related firm*

*Small companies have a disadvantage because they do not have [the] scale of purchasing power.*

*AS-1005. White woman-owned goods firm*

*A large company ... may have a little bit more buying power with [a] particular supplier ... so they get a better price.*

*I-48. White male representative of an American Indian woman-owned other services firm*

*[Large] manufacturers do a lot of discrimination. I had one company that said, 'You better shut your business down. We're going to drive you out of business in six months.'*

*I-63. South Asian American male owner of a goods firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

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### Business Assistance and Certifications

Interviewees provided comments about their experiences with business assistance programs and obtaining certification.

**Business assistance programs.** Some of the business owners interviewed as part of this study were knowledgeable of and participated in different types of technical assistance or other training programs. Some said that they would be interested in those resources but did not know about them. Appendix J provides more information about knowledge, perceptions and value received from those programs.

*I ended up meeting a ... mentor who helped me understand how to become a targeted business group within the state and get my SDVOSB certification that would allow me to have an advantage on federal projects.*

*I-71. Black American service-disabled veteran owner of a construction-related firm*

*I got a connection ... at Women Venture and it just happened that there was ... women business classes starting up. I went through [some] courses and that helped so much ... helping with the ... business finances and operations.*

*I-53. Black American female owner of an other services firm*

*I've been a part of continuing education programs through ... MnDOT, ... [the] Association of Women Contractors ... [and the Women Venture] Scale Up program that was instrumental in helping me understand my finances and [operate effectively] ... to grow [my business].*

*I-2. White female owner of a construction-related firm*

*I know the state of Minnesota has a few programs, but when I go and talk to them ... they just do it to say they're doing something to help [small minority-owned businesses] but they don't do anything because they already [have] a contract ... they don't help anyone.*

*I-15. Hispanic American male owner of a construction-related firm*

*It's been difficult to learn about [business assistance programs]. Entities should do more to advertise those opportunities for learning.*

*I-64. White male representative of a woman-owned professional services firm*

*With programs like SURGE (Start Up and Rapid Growth Enterprises) and APEX, it would be nice if they put the two different programs in line with each other.*

*AS-1843. Representative of a white woman-owned construction-related firm*

## SUMMARY REPORT — Specific barriers in the marketplace and doing business with public entities

**Certification.** Keen Independent also discussed programs that required certification. Many participants mentioned that they were unaware of what certifications were or how to become certified.

Keen Independent found that approximately 42 percent of MBEs and 35 percent of WBEs in the availability database had a certification. Overall, 38 percent of MBE/WBEs in the availability database were certified firms.

Some of the perceived barriers to certification are evident in the comments from the qualitative research (see examples to the right).

Some business owners indicated a negative stigma from being certified. For example:

*These minority designations and certifications, they really are harmful when you really think about it. Because if I never tell anybody that I have a women's business enterprise or a minority business enterprise designation, I get a lot more conversations.*

*I-103. Black American female owner of a professional services firm*

Some white male business owners said they face discrimination based on their race or gender. For example:

*We actually feel like we're in an inferior position compared to a woman-owned or any of the [disadvantaged business enterprises]. We feel we're far inferior in terms of opportunities that we get as a small business.*

*I-14. White male owner of a goods firm*

*... all of these [certifications] exist. But how do small businesses know about them? And can we get a capsule of the benefits – the costs, the applicability.*

*I-57. Asian-Pacific male owner of a goods firm*

*It was a lot of work .... it was a heavy lift .... I have to do some work on an annual basis. It seems like a bit much.*

*I-35. Hispanic American male owner of a professional services firm*

*I've been trying to get my business registered through the state for that CERT program. I've emailed them and I just haven't heard back .... Make the process a little bit easier.*

*AS-1489. Black American male owner of a construction-related firm*

*[Getting certified] was somewhat difficult .... We actually had to get an attorney involved to get it pushed through.*

*I-48. Representative of an American Indian woman-owned other services firm*

*Many of the small businesses don't even try to either get the [CERT] certification or get the project because they are intimidated by the process and the amount of paperwork that is required.*

*I-34. Hispanic American female owner of a professional services firm*

*I've known some [businesses] that had 11 different certifications [to work with various clients], and each of those required a recertification process. It was burdensome to them .... [Entities need to] broaden the certifications that they recognize .... The current certification process is really a challenge for diverse firms.*

*TO-4. White female representative of a trade association*

## SUMMARY REPORT — Utilization analysis

The next section of this Summary Report examines the utilization and availability of minority- and woman-owned firms for locally funded City contracts. The study team analyzed the utilization of other groups of businesses as well.

The analysis of utilization is followed by availability and disparity analyses that compare MBE/WBE utilization and availability by industry and group.

### City Utilization of Minority- and Woman-owned Firms and Other Businesses

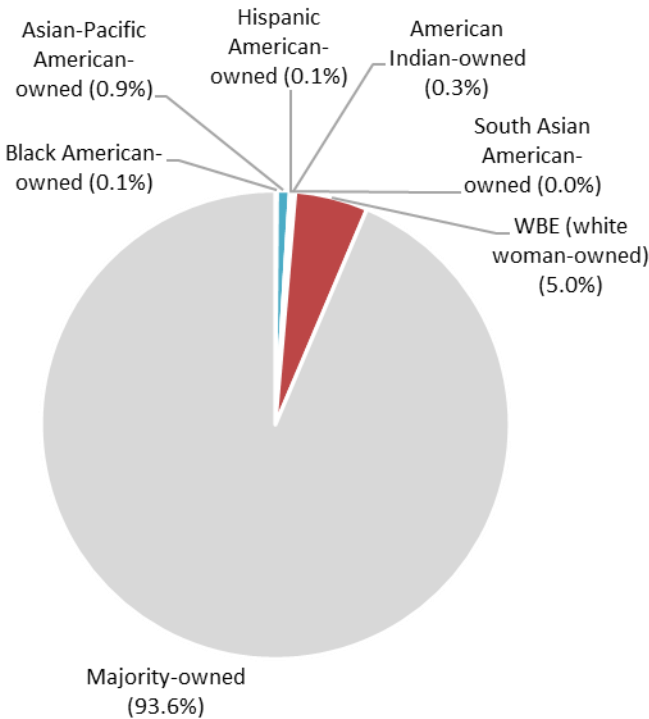
Keen Independent examined the ownership of firms performing City contracts and subcontractors awarded during the July 1, 2016, through June 30, 2023, study period.

There were more than 1,000 companies that received at least one contract or subcontract during this time. Of those companies, 121 were minority- or woman-owned (33 MBEs and 88 WBEs).

Of the \$352 million in City contract dollars going to businesses during this period, \$22 million (6%) went to minority- and woman-owned companies (including non-certified firms). Figure 12 presents these results.

Note that in the following pages Keen Independent uses the term “contracts” synonymously with “procurements” or “purchases” and is not referring to the specific type of legal agreement used to acquire a good or service.

12. Share of City contract dollars going to MBEs and WBEs, July 2016–June 2023



Source: Keen Independent analysis of City of Bloomington procurement data, July 2016–June 2023.



## SUMMARY REPORT — Utilization analysis

### Utilization Analysis by Group

Participation of MBE/WBEs on City contracts and subcontracts (July 2016–June 2023) included:

- About \$5 million going to minority-owned businesses (64 contracts or subcontracts); and
- About \$18 million going to white woman-owned businesses (226 contracts or subcontracts).

The bottom portion of Figure 13 examines utilization for different groups of firms. As shown, 53 percent of City contract dollars went to small businesses (based on U.S. Small Business Administration size standards). Results for certified firms used the following certifications:

- Firms certified as DBEs, MBEs or WBEs (as noted) by the following groups: DBEs by Minnesota Unified Certification Program, State-certified MBEs and WBEs (TGBs), CERT (Central Certification Program) MBEs and WBEs, National Minority Supplier Development Council MBEs, and Women’s Business Enterprise National Council WBEs.
- Small business enterprises certified through CERT.
- Veteran-owned businesses certified through the State or through the federal government (VetBiz).
- Service-disabled businesses certified through the federal government.
- Firms owned by persons with disabilities that are certified as TGBs by the State or certified by DisabilityIN.
- Firms owned by members of the LGBTQ+ community in the Twin Cities Quorum directory.

Figure 13 includes a row labeled “firms eligible for entity program,” which for the City, is blank as it did not have a program in operation.

13. Share of City contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	12	\$ 396	0.11 %
Asian-Pacific American-owned	13	3,066	0.87
South Asian American-owned	7	70	0.02
Hispanic American-owned	21	387	0.11
American Indian-owned	11	887	0.25
Total MBE	64	\$ 4,806	1.37 %
WBE (white woman-owned)	226	17,687	5.03
<b>Total MBE/WBE</b>	<b>290</b>	<b>\$ 22,493</b>	<b>6.39 %</b>
Majority-owned	2,804	329,375	93.61
<b>Total</b>	<b>3,094</b>	<b>\$ 351,868</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	1,945	\$ 186,965	53.14 %
Firms eligible for entity program	0	0	0.00
General certification			
MBE/WBE/DBE	140	14,659	4.17
SBE (CERT)	128	12,653	3.60
Veteran (VO, VetBiz, SDVOB)	8	100	0.03
Service-disabled (SDVOB)	0	0	0.00
Disability (TG, DisabilityIN)	0	0	0.00
LGBTQ+ (NGLCC)	8	370	0.11

Note: Number of procurements includes contracts and subcontracts.

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

### Construction

Keen Independent examined MBE and WBE participation in 922 City construction contracts and subcontracts in the July 2016–June 2023 study period. Of \$203 million in construction contract dollars, about 7 percent went to minority- or woman-owned companies.

There were 14 minority-owned firms and 48 white woman-owned companies that received City construction prime contracts or subcontracts.

The bottom portion of Figure 14 shows utilization for small businesses and certified firms. Small businesses obtained 59 percent of City construction contract dollars.

14. City construction contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	1	\$ 56	0.03 %
Asian-Pacific American-owned	11	3,042	1.50
South Asian American-owned	1	11	0.01
Hispanic American-owned	4	31	0.02
American Indian-owned	5	722	0.36
Total MBE	22	\$ 3,862	1.91 %
WBE (white woman-owned)	93	9,662	4.77
<b>Total MBE/WBE</b>	<b>115</b>	<b>\$ 13,524</b>	<b>6.68 %</b>
Majority-owned	807	189,044	93.32
<b>Total</b>	<b>922</b>	<b>\$ 202,568</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	408	\$ 119,510	59.00 %
Firms eligible for entity program	0	0	0.00
General certification			
MBE/WBE/DBE	71	9,188	4.54
SBE (CERT)	65	7,487	3.70
Veteran (VO, VetBiz, SDVOB)	6	86	0.04
Service-disabled (SDVOB)	0	0	0.00
Disability (TG, DisabilityIN)	0	0	0.00
LGBTQ+ (NGLCC)	0	0	0.00

Note: Number of procurements includes contracts and subcontracts.

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

**Construction prime contracts.** Figure 15 examines utilization for City construction prime contracts. The dollar values in Figure 15 reflect the value of the construction contracts that was not subcontracted.

As shown, MBE/WBEs accounted for 4.6 percent of total construction prime contract dollars for the City. Shaw-Lundquist Associates represented much of this participation.

15. City construction prime contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	0	\$ 0	0.00 %
Asian-Pacific American-owned	9	2,580	1.57
South Asian American-owned	1	11	0.01
Hispanic American-owned	0	0	0.00
American Indian-owned	1	641	0.39
Total MBE	11	\$ 3,231	1.97 %
WBE (white woman-owned)	38	4,270	2.60
<b>Total MBE/WBE</b>	<b>49</b>	<b>\$ 7,501</b>	<b>4.56 %</b>
Majority-owned	573	156,905	95.44
<b>Total</b>	<b>622</b>	<b>\$ 164,406</b>	<b>100.00 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

**Construction subcontracts.** Figure 16 shows the utilization of MBEs, WBEs and other firms on subcontracts for City construction contracts.

About 16 percent of construction subcontract dollars went to MBE/WBE, with much of that comprised of subcontracts with white woman-owned companies.

16. City construction subcontract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	1	\$ 56	0.15 %
Asian-Pacific American-owned	2	462	1.21
South Asian American-owned	0	0	0.00
Hispanic American-owned	4	31	0.08
American Indian-owned	4	82	0.21
Total MBE	11	\$ 630	1.65 %
WBE (white woman-owned)	55	5,392	14.13
<b>Total MBE/WBE</b>	<b>66</b>	<b>\$ 6,022</b>	<b>15.78 %</b>
Majority-owned	234	32,139	84.22
<b>Total</b>	<b>300</b>	<b>\$ 38,161</b>	<b>100.00 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

### Professional Services

Keen Independent examined MBE and WBE participation in 529 City professional services contracts in the July 2016–June 2023 study period. Of \$26 million in professional services contract dollars, about 11 percent went to minority- or woman-owned companies.

Eight different MBEs and 19 WBEs obtained professional services contracts out of the 192 businesses that received this type of work from the City.

As shown in the bottom portion of Figure 17, about 56 percent of City professional services contract dollars went to small businesses.

The bottom portion of Figure 17 also shows utilization for certified firms. More than half of the professional services contract dollars going to MBEs and WBEs went to certified firms.

17. City professional services contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	4	\$ 197	0.77 %
Asian-Pacific American-owned	0	0	0.00
South Asian American-owned	1	8	0.03
Hispanic American-owned	6	205	0.80
American Indian-owned	0	0	0.00
Total MBE	11	\$ 410	1.60 %
WBE (white woman-owned)	44	2,286	8.95
<b>Total MBE/WBE</b>	<b>55</b>	<b>\$ 2,695</b>	<b>10.55 %</b>
Majority-owned	474	22,850	89.45
<b>Total</b>	<b>529</b>	<b>\$ 25,545</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	360	\$ 14,300	55.98 %
Firms eligible for entity program	0	0	0.00
General certification			
MBE/WBE/DBE	31	1,259	4.93
SBE (CERT)	28	982	3.84
Veteran (VO, VetBiz, SDVOB)	0	0	0.00
Service-disabled (SDVOB)	0	0	0.00
Disability (TG, DisabilityIN)	0	0	0.00
LGBTQ+ (NGLCC)	8	370	1.45

Note: Number of procurements includes contracts and subcontracts.

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

### Goods

MBEs and WBEs were awarded about 3 percent of the City's goods contract dollars.

Six MBEs and 21 WBEs obtained goods procurements. MBE participation totaled \$205,000, which was one-third of 1 percent of goods contract dollars.

Among small businesses, 57 percent of City goods purchases went to small businesses. Figure 18 presents these results. (Note that this analysis excludes the types of goods purchases that the City typically procures from a national marketplace.)

The bottom portion of Figure 18 shows utilization for certified firms. About \$242,000 of the \$1.7 million (0.4% of total City goods contract dollars) going to MBEs and WBEs went to certified firms. About \$14,000 went to veteran-owned firms.

18. City goods contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	6	\$ 119	0.20 %
Asian-Pacific American-owned	1	19	0.03
South Asian American-owned	5	51	0.08
Hispanic American-owned	2	16	0.03
American Indian-owned	0	0	0.00
Total MBE	14	\$ 205	0.34 %
WBE (white woman-owned)	51	1,582	2.61
<b>Total MBE/WBE</b>	<b>65</b>	<b>\$ 1,787</b>	<b>2.95 %</b>
Majority-owned	1,153	58,821	97.05
<b>Total</b>	<b>1,218</b>	<b>\$ 60,608</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	816	\$ 34,336	56.65 %
Firms eligible for entity program	0	0	0.00
General certification			
MBE/WBE/DBE	19	242	0.40
SBE (CERT)	19	215	0.35
Veteran (VO, VetBiz, SDVOB)	2	14	0.02
Service-disabled (SDVOB)	0	0	0.00
Disability (TG, DisabilityIN)	0	0	0.00
LGBTQ+ (NGLCC)	0	0	0.00

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

### Other Services

Keen Independent examined MBE and WBE participation in 425 City other services contracts totaling \$63 million. Of these dollars, 7 percent went to MBE/WBEs (mostly to WBEs).

Six MBEs and 11 WBEs obtained other services contracts (out of 161 companies that received other services procurements).

The bottom portion of Figure 19 shows utilization for other groups of firms. For example, about 30 percent of other services contract dollars went to small businesses.

19. City other services contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	1	\$ 24	0.04 %
Asian-Pacific American-owned	1	5	0.01
South Asian American-owned	0	0	0.00
Hispanic American-owned	9	135	0.21
American Indian-owned	6	165	0.26
<b>Total MBE</b>	<b>17</b>	<b>\$ 330</b>	<b>0.52 %</b>
WBE (white woman-owned)	38	4,157	6.58
<b>Total MBE/WBE</b>	<b>55</b>	<b>\$ 4,487</b>	<b>7.11 %</b>
Majority-owned	370	58,660	92.89
<b>Total</b>	<b>425</b>	<b>\$ 63,147</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	361	\$ 18,818	29.80 %
Firms eligible for entity program	0	0	0.00
General certification			
MBE/WBE/DBE	19	3,970	6.29
SBE (CERT)	16	3,969	6.29
Veteran (VO, VetBiz, SDVOB)	0	0	0.00
Service-disabled (SDVOB)	0	0	0.00
Disability (TG, DisabilityIN)	0	0	0.00
LGBTQ+ (NGLCC)	0	0	0.00

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — Utilization analysis

## MBE/WBE Utilization by Size of Contract

For each entity participating in the disparity study, Keen Independent examined purchases up to \$100,000, between \$100,000 and \$500,000 and more than \$500,000. These analyses exclude subcontracts.

**Contracts up to \$100,000.** As shown in Figure 20, for all City contracts up to \$100,000, about 8 percent went to MBEs and WBEs combined, with about 1.7 percent going to MBEs and 6.5 percent to WBEs.

20. City contract dollars going to MBEs and WBEs, contracts \$100,000 and under, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
Business ownership			
Black American-owned	10	\$ 217	0.40 %
Asian-Pacific American-owned	8	110	0.20
South Asian American-owned	7	70	0.13
Hispanic American-owned	17	356	0.66
American Indian-owned	6	165	0.31
Total MBE	48	\$ 918	1.71 %
WBE (white woman-owned)	150	3,475	6.45
Total MBE/WBE	198	\$ 4,393	8.16 %
Majority-owned	2,241	49,450	91.84
Total	2,439	\$ 53,843	100.00 %

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.



## SUMMARY REPORT — Utilization analysis

**Contracts ranging from \$100,001 to \$500,000.** As shown in Figure 21, approximately 7 percent of City contracts ranging from \$100,001 to \$500,000 went to MBEs and WBEs together, slightly less than found for smaller contracts. Only three procurements of the 242 in this size range went to minority-owned firms (1% of other services contract dollars).

21. City contract dollars going to MBEs and WBEs, contracts \$100,001 up to \$500,000, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	1	\$ 123	0.22 %
Asian-Pacific American-owned	2	413	0.75
South Asian American-owned	0	0	0.00
Hispanic American-owned	0	0	0.00
American Indian-owned	0	0	0.00
Total MBE	3	\$ 536	0.98 %
WBE (white woman-owned)	13	3,243	5.91
<b>Total MBE/WBE</b>	<b>16</b>	<b>\$ 3,779</b>	<b>6.89 %</b>
Majority-owned	226	51,101	93.11
<b>Total</b>	<b>242</b>	<b>\$ 54,880</b>	<b>100.00 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Utilization analysis

**Contracts over \$500,000.** Figure 22 shows that about 4 percent of City contract dollars went to MBEs and WBEs for contracts over \$500,000.

Two of these 110 large procurements went to MBEs and eight went to WBEs.

22. City contract dollars going to MBEs and WBEs, contracts over \$500,000, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	0	\$ 0	0.00 %
Asian-Pacific American-owned	1	2,081	1.02
South Asian American-owned	0	0	0.00
Hispanic American-owned	0	0	0.00
American Indian-owned	1	641	0.31
Total MBE	2	\$ 2,721	1.33 %
WBE (white woman-owned)	8	5,577	2.72
<b>Total MBE/WBE</b>	<b>10</b>	<b>\$ 8,298</b>	<b>4.05 %</b>
Majority-owned	100	196,647	95.95
<b>Total</b>	<b>110</b>	<b>\$ 204,945</b>	<b>100.00 %</b>

Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

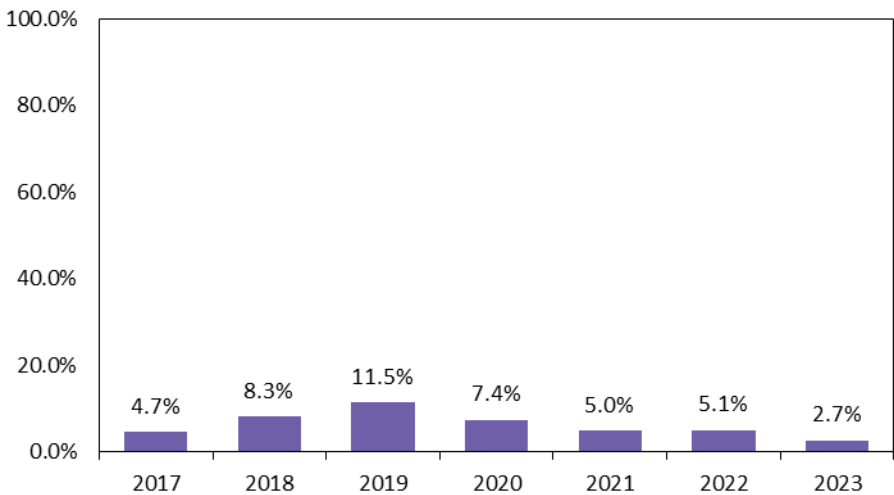
SUMMARY REPORT — Utilization analysis

MBE/WBE Utilization by Year

City utilization of MBE/WBEs could have been affected by changes in procurements and market conditions during the COVID-19 pandemic. Figure 23 examines MBE/WBE utilization from July 1 through June 30 of each 12-month period beginning July 2016.

MBE/WBE participation was highest (12%) in the 12 months ending in June 2019 and lowest (3%) in the most recent time period.

23. City contract dollars going to MBE/WBEs by 12-month period, July 2016–June 2023



Source: Keen Independent analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Availability analysis

Disparity studies compare the actual utilization of MBE/WBEs to what would be expected based on the availability of firms to perform that work. Keen Independent conducted a survey of businesses in Minnesota (and Pierce and St. Croix counties in western Wisconsin) to identify companies indicating they were qualified and interested (ready, willing and able) to work on public sector contracts and subcontracts.

The survey asked about the types of work performed, sizes of contracts they bid, regions of the state they serve and the ownership of the firm.

Figure 24 outlines the steps to completing the survey.

### Methodology

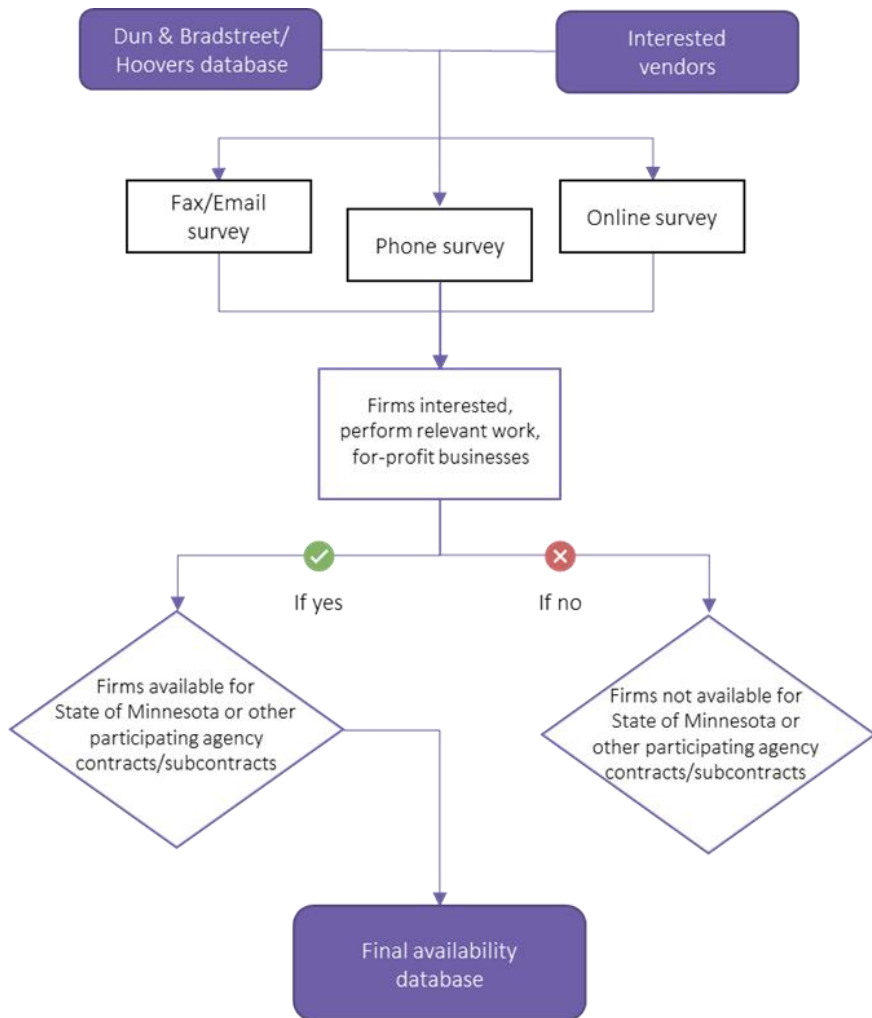
**List of firms to be contacted.** Keen Independent developed the list of firms to be contacted in the availability survey by collecting and combining each participating entity’s list of firms that had indicated interest in bid opportunities, supplemented by data from Dun & Bradstreet (D&B) Hoover’s business establishment database. This was the same approach Keen Independent employed in the 2017 Study, and it has been accepted and approved by federal courts in connection with disparity study methodology.

More than 75,000 business establishments were on this initial list. Only some of the firms expressed qualifications and interest in State of Minnesota or other participating agency contracts, as described in the following pages.

Keen Independent did not draw a sample of firms for the availability analysis; rather, the study team attempted to contact each relevant business identified in the combined interested firm list and D&B list.

Some courts have referred to similar approaches to gathering availability data as a “custom census.”

#### 24. Availability survey process



## SUMMARY REPORT — Availability analysis

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**Online surveys.** Keen Independent developed an online availability survey that could be completed by any firm. Companies could go to the Minnesota Joint Disparity Study website to complete an availability survey or click on a link on an email received from the State of Minnesota Department of Administration. Admin emailed the first request to participate in the survey on September 30, 2024, and made follow-up requests through October.

**Telephone surveys.** Keen Independent also prepared a phone version of the availability survey. Keen Independent submitted a list of firms to Customer Research International (CRI), which then conducted telephone surveys.

- **Firms contacted by telephone.** CRI attempted to contact each firm at different times of day and different days of the week. CRI made at least five attempts to reach a business. CRI introduced the survey in Spanish, as necessary.
- **Survey sponsorship.** CRI began by saying that the call was made on behalf of the State of Minnesota. CRI explained, “The State and 15 cities, counties and other public agencies are updating a list of local companies interested in working on a wide range of public sector contracts, and our firm is helping them do that.”
- **Survey period.** CRI began surveys on October 10, 2024, and completed them on November 25, 2024. Firms not responding to a request to complete an online survey were contacted by phone as long as they had a working number.

**Other avenues to complete a survey.** Business owners could complete the survey online or using a fillable form that could be returned via email or fax.

**Information collected.** Survey questions covered topics including:

- Types of work performed or goods supplied;
- Qualifications and interest in performing work or supplying goods for public entities in Minnesota;
- Qualifications and interest in performing work as a prime contractor and/or as a subcontractor;
- Geographic areas in Minnesota where the firm can work (six different regions of the state);
- Largest prime contract or subcontract bid on or performed in Minnesota in the past eight years;
- Annual revenue;
- Year of establishment;
- Race/ethnicity and gender of firm owners; and
- Potential barriers in the marketplace.

**Screening firms for the availability database.** Keen Independent considered businesses to be potentially available for a public sector contract or subcontracts if they reported possessing all of the following characteristics:

- Were a private, for-profit business with a local in Minnesota or Pierce or St. Croix counties in Wisconsin;
- Expressed qualifications and interest in public sector work; and
- Performed work relevant to public sector contracts.

There were 5,079 unique firms completing the survey that met these criteria, which was comparable to the number of firms in the availability database for the 2017 Study.

Availability Survey Results

The study team successfully contacted 23,056 businesses in the phone and online surveys. Most of those businesses did not indicate interest or qualifications in performing work for public entities in Minnesota. Combining both phone and online survey responses, the following results are for those firms that did indicate qualifications and interest in working with public entities.

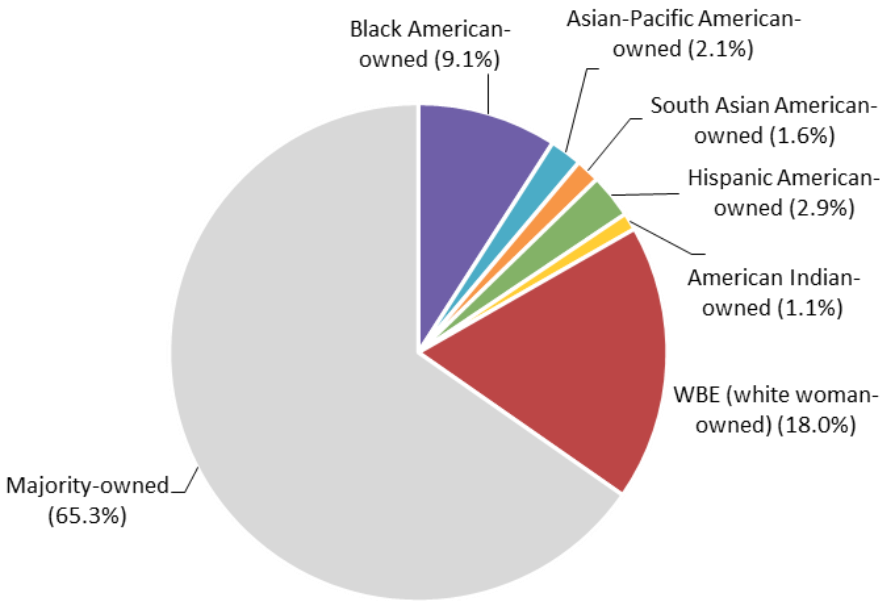
- In total, about 17 percent of firms indicating qualifications and interest in State of Minnesota or other participating agency contracts and subcontracts were owned by people of color;
- About 18 percent of qualified and interested businesses were owned by white women; and
- About 65 percent of businesses were owned by white men or were otherwise non-minority, non-woman-owned firms (majority-owned firms).

Figure 25 shows results by individual MBE/WBE group.

The share of businesses in the availability database owned by people of color was higher in the 2024 survey than in the 2017 Study (9%), and the share of businesses owned by white women was unchanged from the 2017 Study. Appendix C presents analyses showing that the share of total responses from MBE/WBEs was about what might be expected from the underlying D&B list.

Keen Independent also examined the share of businesses that were small businesses. Approximately 96 percent of businesses met U.S. Small Business Administration small business size standards.

25. MBEs and WBEs as a share of total firms in the availability database, 2024



Source: Keen Independent Research 2024 availability surveys.

Appendix C presents more information about survey approach, response rates, confidence intervals and analysis of any differences in response rates between groups. It also provides a copy of the survey instrument.

## SUMMARY REPORT — Availability analysis

### Methodology for Developing Dollar-Weighted Availability Benchmarks

Although MBE/WBEs comprise more than one-third of total firms available for public sector contracts, there are industry specializations in which there are relatively few minority- and woman-owned firms. Also, the study team found that minority-owned firms are less likely than other companies to be available for the largest contracts due to responses to survey items regarding the sizes of contracts or subcontracts competed for or completed during the study period. In addition, many firms work in only some regions of the state.

Keen Independent conducted a contract-by-contract availability analysis based on specific types and sizes of City contracts and subcontracts for July 2016–June 2023 and dollar-weighted results.

- The study team used the availability database developed in this study, including information about the types of work a firm performed, the size of contracts or subcontracts it bids, the regions where it is able to work, and the race, ethnicity and gender of its ownership.
- To determine availability for a contract or subcontract, Keen Independent first identified and counted the firms indicating that they performed that type of work of that size in the appropriate region.
- The study team then calculated the MBE and WBE share of firms available for that contract (by race/ethnic group).
- Once availability had been determined for every City contract and subcontract, Keen Independent weighted the availability results based on the share of total City contract dollars that each contract represented.

Figure 26 provides an example of this dollar-weighted analysis for one City subcontract from the 2025 Study.

#### 26. Example of an availability calculation for a City contract

One of the subcontracts examined was for plumbing and HVAC (\$409,238) on a 2019 contract. To determine the number of MBE/WBEs and majority-owned firms available for that subcontract, the study team identified businesses in the availability database that:

- a. Were in business in 2019;
- b. Indicated that they performed plumbing and HVAC;
- c. Indicated qualifications and interest in such subcontracts;
- d. Reported bidding on work of similar or greater size in the past eight years in the market area; and
- e. Reported ability to work in the relevant region.

There were 37 businesses in the availability database that met those criteria. Of those businesses, 12 were MBE/WBEs. Therefore, MBE/WBE availability for the subcontract was about 32 percent ( $12/37 = 32.4\%$ ).

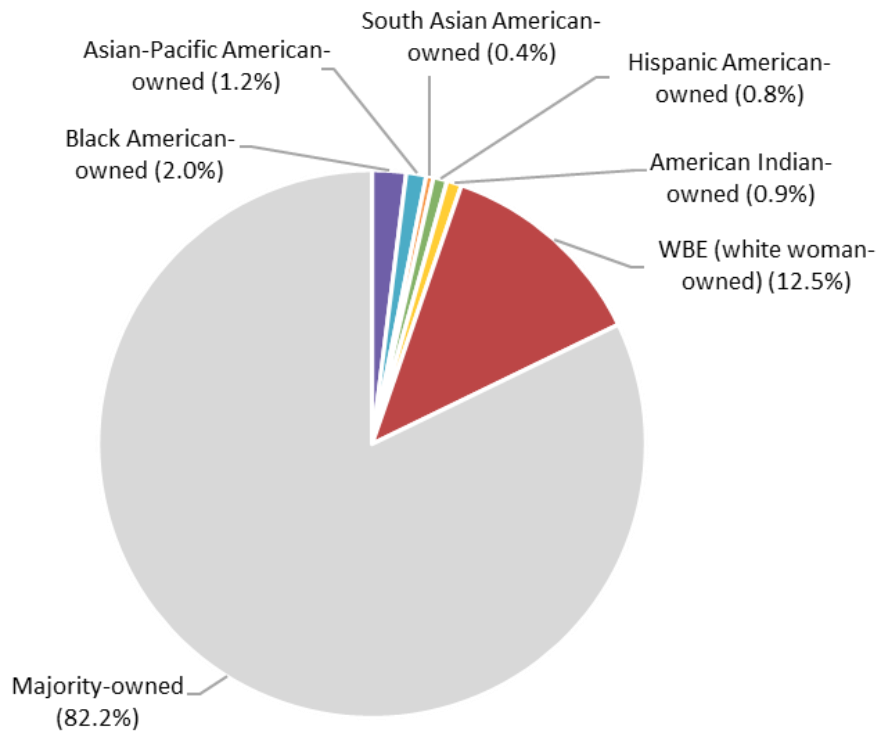
The contract weight was  $\$409,238 \div \$352 \text{ million} = 0.12\%$  (equal to its share of total City procurement dollars). Keen Independent made this calculation for each prime contract and subcontract and then summed the results.

Dollar-Weighted Availability Results

The contract-by-contract availability analysis described on the previous page determined that about 18 percent of City contract dollars might be expected to have gone to MBEs and WBEs during the July 2016–June 2023 study period. (See Figure 27.)

Not all businesses are equally available for all types and sizes of City contracts and subcontracts. The contract-by-contract analysis accounts the types and sizes of contracts that each available firm can perform, which explains why the weighted availability benchmark for the share of City contract dollars expected to go to different MBE/WBE groups differs slightly from the headcount availability in Figure 25. For example, Black American-owned firms were 9.1 percent of the availability database but the dollar-weighted availability for this group was 2.0 percent.

27. Dollar-weighted availability for City contracts



Source: Keen Independent Research 2024 availability survey and analysis of City of Bloomington procurement data, July 2016–June 2023.



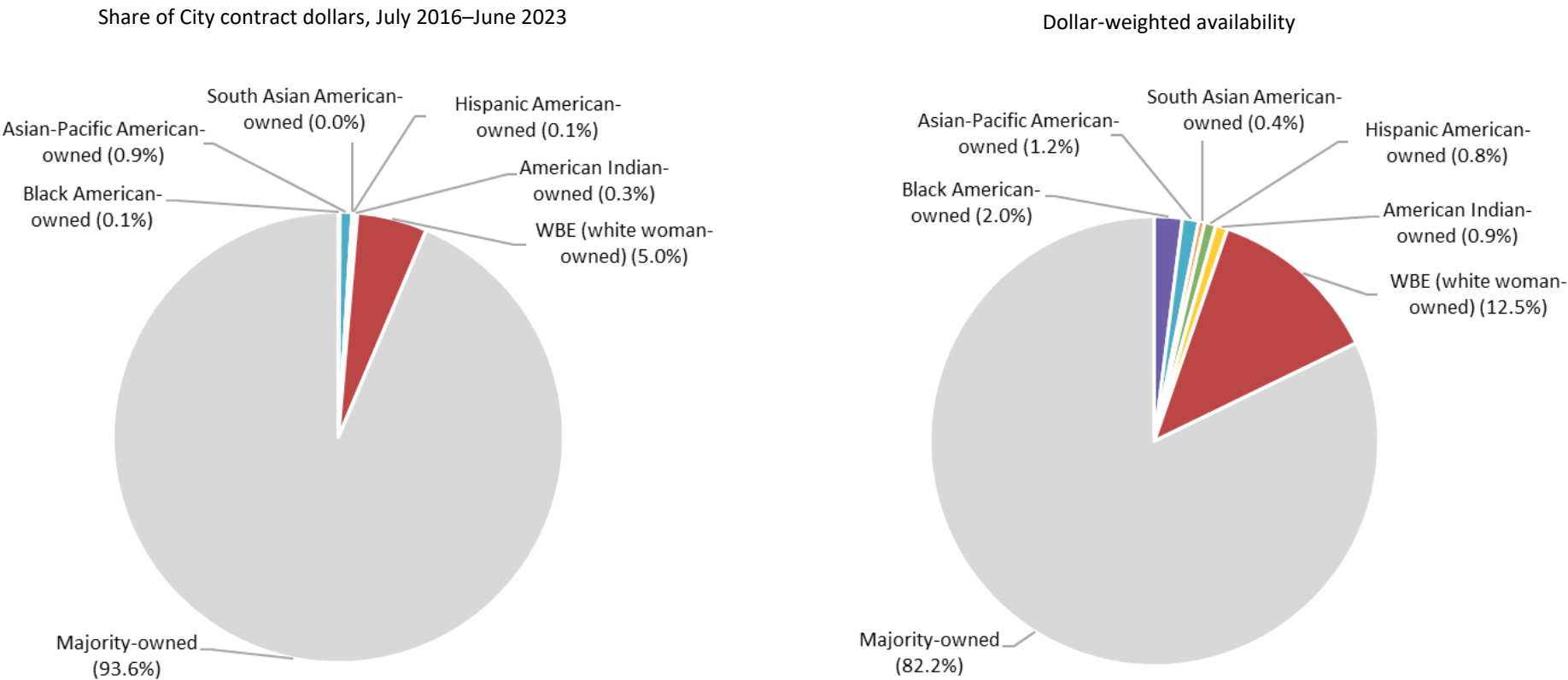
SUMMARY REPORT — Disparity analysis

Comparing Overall MBE/WBE Utilization and Availability

Disparity analyses compare the share of procurement dollars going to MBE/WBEs with the dollar-weighted availability benchmarks described in previous pages.

As shown in Figure 28, the share of City procurement dollars going to MBEs and WBEs (6.4%) was less than half of what might be expected based on the availability analysis of firms qualified and interested (ready, willing and able) in doing business with the City (17.8%).

28. Utilization and availability of MBE/WBEs for City contracts, July 2016–June 2023



Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

SUMMARY REPORT — Disparity analysis

Disparity Analysis by Group

Figure 29 compares utilization and availability for each MBE group and for white woman-owned firms. For July 2016–June 2023 City procurements, utilization was less than the availability benchmarks for Black American-, Asian-Pacific American-, South Asian American-, Hispanic American-, American Indian- and white woman-owned firms.

Following direction from court decisions, Keen Independent calculated disparity indices to compare utilization and availability.

- A disparity index is calculated by dividing utilization by availability and multiplying by 100, where a value of “100” equals parity.
- An index of less than 80 is described as “substantial.”

The disparity index for MBE/WBEs overall for City contracts was “36,” which indicates a substantial disparity. One way of interpreting these results is that MBE/WBEs obtained 36 cents of every \$1.00 of contracts that might be expected if there were a level playing field for those companies.

Disparity indices were below 80, and therefore substantial, for each MBE group and for white woman-owned firms when examining City contracts overall.

The following pages show that there was a pattern of substantial disparities for City contracts across industries for white woman-owned firms as well as for each MBE group.

29. Utilization and availability of MBE/WBEs for City prime contracts and subcontracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.11 %	2.00 %	6
Asian-Pacific American-owned	0.87	1.18	74
South Asian American-owned	0.02	0.43	5
Hispanic American-owned	0.11	0.82	13
American Indian-owned	0.25	0.87	29
Total MBE	1.37 %	5.30 %	26
WBE (white woman-owned)	5.03	12.51	40
<b>Total MBE/WBE</b>	<b>6.39 %</b>	<b>17.81 %</b>	<b>36</b>
Majority-owned	93.61	82.19	114
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis City procurement data, July 2016–June 2023.

Keen Independent did not perform disparity analyses for small businesses, veteran-owned businesses or firms owned by persons with a disability. Based on the legal framework provided in Appendix N, programs to assist these types of businesses can be designed and legally defended without finding a disparity between utilization and current availability for those groups.

There was too little data for LGBTQ-owned firms to perform disparity analyses.

SUMMARY REPORT — Disparity analysis

Disparity Analysis by Industry

Keen Independent calculated the utilization, weighted availability and disparity indices for City procurements by study industry.

**Construction disparity analysis.** Figure 30 compares utilization and availability for each MBE group and for white woman-owned firms for City construction procurements (including prime contracts and subcontracts combined):

- Overall utilization of MBE/WBEs was below what might be expected from the availability analysis. The disparity index for MBE/WBEs was 52 (a substantial disparity).
- Utilization was lower than availability for Black American-, South Asian American-, Hispanic American-, American Indian- and white woman-owned businesses. These disparity indices were each below 80 and therefore substantial.
- Utilization exceeded availability for Asian-Pacific American-owned businesses on City construction contracts.

Keen Independent also performed separate disparity analyses for construction prime contracts and subcontracts. These results are presented on the following two pages.

30. Disparity analysis for City construction prime contracts and subcontracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.03 %	1.13 %	2
Asian-Pacific American-owned	1.50	1.27	118
South Asian American-owned	0.01	0.03	19
Hispanic American-owned	0.02	0.70	2
American Indian-owned	0.36	0.98	36
Total MBE	1.91 %	4.11 %	46
WBE (white woman-owned)	4.77	8.80	54
Total MBE/WBE	6.68 %	12.90 %	52
Majority-owned	93.32	87.10	107
Total	100.00 %	100.00 %	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — Disparity analysis

Construction prime contracts. Figure 31 examines utilization and availability for City construction prime contracts.

- There were no prime contractors identified as Black American- or Hispanic American-owned on City construction contracts (disparity index of “0” for each group).
- Utilization was substantially lower than availability for South Asian American-, American Indian- and white woman-owned businesses as prime contractor on City construction contracts (substantial disparities).
- Utilization exceeded availability for Asian-Pacific American-owned businesses on City prime construction contracts. Shaw-Lundquist Associates, a large Asian-Pacific American-owned firm, accounted for nearly all of this participation.

31. Disparity analysis for City construction prime contracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.00 %	0.89 %	0
Asian-Pacific American-owned	1.57	0.95	164
South Asian American-owned	0.01	0.02	31
Hispanic American-owned	0.00	0.66	0
American Indian-owned	0.39	0.80	49
Total MBE	1.97 %	3.32 %	59
WBE (white woman-owned)	2.60	7.48	35
<b>Total MBE/WBE</b>	<b>4.56 %</b>	<b>10.80 %</b>	<b>42</b>
Majority-owned	95.44	89.20	107
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — Disparity analysis

**Construction subcontracts.** Figure 32 examines utilization and availability for City construction subcontracts. Utilization of MBEs and WBEs on City construction subcontracts was substantially below availability (a disparity index of 64).

- Utilization was below availability for Black American-, Asian-Pacific American-, South Asian American-, Hispanic American- and American Indian-owned businesses on City construction subcontracts. Each of these disparities was substantial (disparity indices less than 80).
- There was a disparity for white woman-owned firms concerning construction subcontracts. It was not substantial (disparity index of 87).

32. Disparity analysis for City construction subcontracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.15 %	2.44 %	6
Asian-Pacific American-owned	1.21	3.09	39
South Asian American-owned	0.00	0.06	0
Hispanic American-owned	0.08	0.93	9
American Indian-owned	0.21	2.02	11
Total MBE	1.65 %	8.54 %	19
WBE (white woman-owned)	14.13	16.27	87
<b>Total MBE/WBE</b>	<b>15.78 %</b>	<b>24.82 %</b>	<b>64</b>
Majority-owned	84.22	75.18	112
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data July 2016–June 2023.

SUMMARY REPORT — Disparity analysis

**Professional services disparity analysis.** Figure 33 compares utilization and availability for each MBE group and for white woman-owned firms. For July 2016–June 2023 City professional services contracts:

- Utilization of MBE/WBEs for City professional services contracts was about 11 percent. Availability of MBE/WBEs was higher, at about 29 percent. The disparity index for MBEs and WBEs combined was 37 (a substantial disparity).
- Utilization was below availability for Black American-, South Asian American- and white-woman owned businesses for City professional services contracts. Each disparity was substantial.
- There were no firms identified as Asian-Pacific American- or American Indian-owned that received City professional services contracts (disparity index of “0” for each).
- Utilization of Hispanic American-owned firms was about the same as expected from the availability analysis for City professional services contracts (disparity index of 114).

33. Disparity analysis for City professional services contracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.77 %	4.48 %	17
Asian-Pacific American-owned	0.00	1.68	0
South Asian American-owned	0.03	2.87	1
Hispanic American-owned	0.80	0.70	114
American Indian-owned	0.00	1.76	0
Total MBE	1.60 %	11.49 %	14
WBE (white woman-owned)	8.95	17.40	51
<b>Total MBE/WBE</b>	<b>10.55 %</b>	<b>28.90 %</b>	<b>37</b>
Majority-owned	89.45	71.10	126
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

# SUMMARY REPORT — Disparity analysis

**Goods disparity analysis.** Figure 34 compares utilization and availability for each MBE group and for white woman-owned firms for July 2016–June 2023 City goods procurements:

- There were no vendors identified as American Indian-owned on City goods procurements (disparity index of “0”).
- Utilization was below availability for all MBE study groups and white woman-owned firms. There were substantial disparities for each of these groups.

34. Disparity analysis for City goods contracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.20 %	4.21 %	5
Asian-Pacific American-owned	0.03	0.79	4
South Asian American-owned	0.08	0.89	9
Hispanic American-owned	0.03	0.87	3
American Indian-owned	0.00	0.89	0
Total MBE	0.34 %	7.65 %	4
WBE (white woman-owned)	2.61	11.15	23
<b>Total MBE/WBE</b>	<b>2.95 %</b>	<b>18.80 %</b>	<b>16</b>
Majority-owned	97.05	81.20	120
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

SUMMARY REPORT — Disparity analysis

**Other services disparity analysis.** Figure 35 compares utilization and availability for other services procurements for each MBE group and for white woman-owned firms.

- The disparity index for MBEs and WBEs together was 26 (a substantial disparity).
- There were no businesses identified as South Asian American-owned on City other services contracts (disparity index of “0”).
- There was a substantial disparity for Black American-, Asian-Pacific American-, Hispanic American and white woman-owned companies.
- Although there was low utilization of American Indian-owned companies, availability was also very low (disparity index of 148).

35. Disparity analysis for City other services contracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.04 %	1.39 %	3
Asian-Pacific American-owned	0.01	1.09	1
South Asian American-owned	0.00	0.17	0
Hispanic American-owned	0.21	1.17	18
American Indian-owned	0.26	0.18	148
Total MBE	0.52 %	4.01 %	13
WBE (white woman-owned)	6.58	22.82	29
<b>Total MBE/WBE</b>	<b>7.11 %</b>	<b>26.82 %</b>	<b>26</b>
Majority-owned	92.89	73.18	127
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.



SUMMARY REPORT — Disparity analysis

Disparity Analysis by Contract Size

For each participating entity, Keen Independent calculated the utilization, weighted availability and disparity indices for City procurements for three different size ranges of contracts: up to \$100,000, between \$100,001 and \$500,000, and above \$500,000. These analyses do not include subcontracts.

Figures 36, 37 and 38 present these results. As shown in Figure 36, for contracts up to \$100,000:

- There was a substantial disparity for each MBE racial group as well as white woman-owned firms (disparity indices less than 80).
- There was a substantial disparity for MBEs and WBEs combined (disparity index of “32”).

36. Disparity analysis for City contracts up to \$100,000, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.40 %	5.64 %	7
Asian-Pacific American-owned	0.20	1.33	15
South Asian American-owned	0.13	1.19	11
Hispanic American-owned	0.66	1.52	44
American Indian-owned	0.31	1.32	23
Total MBE	1.71 %	10.99 %	16
WBE (white woman-owned)	6.45	14.15	46
<b>Total MBE/WBE</b>	<b>8.16 %</b>	<b>25.15 %</b>	<b>32</b>
Majority-owned	91.84	74.85	123
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

SUMMARY REPORT — Disparity analysis

Figure 37 shows the disparity indices for MBEs and WBEs for City contracts ranging from \$100,001 to \$500,000.

- The disparity index for MBEs and WBEs together was 31, a substantial disparity.
- Utilization was below availability for Asian-Pacific American- and white woman-owned firms.
- There were no businesses identified as South Asian American-, Hispanic American- or American Indian-owned for contracts of this size (disparity index of “0”).

37. Disparity analysis for City contracts from \$100,001 to \$500,000, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.22 %	4.12 %	5
Asian-Pacific American-owned	0.75	1.11	68
South Asian American-owned	0.00	0.77	0
Hispanic American-owned	0.00	1.36	0
American Indian-owned	0.00	1.16	0
Total MBE	0.98 %	8.51 %	11
WBE (white woman-owned)	5.91	13.37	44
Total MBE/WBE	6.89 %	21.88 %	31
Majority-owned	93.11	78.12	119
Total	100.00 %	100.00 %	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Disparity analysis

Figure 38 shows the disparity indices for MBEs and WBEs for City contracts above \$500,000.

- Utilization (4.05%) was below the availability benchmark (13.49%) for MBE/WBEs as a group. The resulting index of 30 indicated a substantial disparity.
- There were no firms identified as Black American-, South Asian American- or Hispanic American-owned (disparity index of “0” for each).
- There were also substantial disparities for American Indian- and white woman-owned companies among large City contracts.
- Utilization exceeded availability for Asian-Pacific American-owned firms on contracts of this size. (The construction work for Shaw-Lundquist was in this size range.)

38. Disparity analysis for City contracts above \$500,000, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.00 %	0.29 %	0
Asian-Pacific American-owned	1.02	0.85	119
South Asian American-owned	0.00	0.18	0
Hispanic American-owned	0.00	0.43	0
American Indian-owned	0.31	0.50	62
Total MBE	1.33 %	2.25 %	59
WBE (white woman-owned)	2.72	11.24	24
<b>Total MBE/WBE</b>	<b>4.05 %</b>	<b>13.49 %</b>	<b>30</b>
Majority-owned	95.95	86.51	111
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.

Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of City procurement data, July 2016–June 2023.

## SUMMARY REPORT — Disparity analysis

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### Statistical Confidence in Results

Keen Independent conducted additional analyses to assess whether the disparities for people of color and woman-owned firms could have occurred by chance (i.e., whether results are “statistically significant”).

**Examination of whether chance in sampling could explain any disparities.** Keen Independent can reject sampling in the collection of utilization and availability information as a cause for any disparities.

- Keen Independent attempted to compile a complete “population” of City contracts for the study. There was no sampling of City contracts or subcontracts. Using a set of data approaching a population provides statistical confidence in utilization results
- Keen Independent’s availability survey attempted to obtain a population of firms within Minnesota that are available for City contracts. There was no sampling of firms to be included in the survey since Keen Independent obtained the complete list of firms that Dun & Bradstreet identified as doing business within relevant lines of work. The overall response rate to the survey was very high (33%) and the confidence interval for MBE/WBE availability is within +/- 1 percentage point.

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<sup>9</sup> Even if there were zero utilization of a group, Monte Carlo simulation might not reject chance in contract awards as an explanation for that result if there were a small number

### Monte Carlo simulation to examine chance in contract awards.

One can be more confident in making certain interpretations from the disparity results if they are not easily replicated by chance in contract awards. Keen Independent performed Monte Carlo simulation to determine whether chance could explain the disparities observed for minority- and woman-owned firms on City contracts.

None of the 10,000 Monte Carlo simulations produced utilization equal to or less than the observed utilization for firms owned by people of color or white women.

Therefore, one can be very confident that the disparities observed for MBEs and WBEs in City procurements are not due to chance in contract awards (at the 99 percent confidence interval).

It is important to note that this test may not be necessary to establish statistical significance of results. It also may not be appropriate for very small populations of firms.<sup>9</sup>

of firms in that group or a small number of contracts and subcontracts in the analysis. Results can also be affected by the size distribution of contracts and subcontracts.

# SUMMARY REPORT — Utilization and disparity results for all participating entities

## Utilization and Disparity Results by Entity

Keen Independent performed utilization, availability and disparity analyses for each of the 16 entities participating in the 2025 Study.

Figure 39 on the following page presents the MBE, WBE and combined MBE/WBE utilization results for each entity on the left side of the table and disparity indices for each group on the right side. Utilization results and disparity indices from the 2017 Study are also shown for the nine entities that participated in that study.

Overall, there was a pattern of disparities for minority-owned firms and white woman-owned firms across the participating entities. Disparities were evident even with application of race- and gender-conscious programs, which are in place for each of the entities on the top half of the table as well as the University of Minnesota on the bottom half of the table (and the City of Rochester recently implemented a Targeted Business program). Appendix L reviews each of the participating entities’ programs.

Hennepin County was the entity that showed considerable growth in both MBE and WBE participation. The County increased its MBE/WBE utilization from 11 percent (July 2011 through June 2016) to 23 percent (July 2016 through June 2023). This eliminated the disparity in its utilization of minority-owned firms (including for each MBE group) and narrowed the disparity for white woman-owned firms.

The County used direct select, sheltered market, incentives and evaluation preferences, and other tools to open opportunities to SBEs (especially emerging small businesses or “ESBEs”), and used MBE/WBE-focused efforts when SBE/ESBE efforts alone were insufficient. The County also invested in staff and other resources to successfully execute these programs.

Met Council also did not have a disparity for minority-owned firms as its utilization of MBEs in the 2025 Study (5.2%) was double that found in the 2017 Study (2.6%). Met Council operates a race- and gender-conscious Metropolitan Council Underutilized Business (MCUB) program.

## SUMMARY REPORT — Utilization and disparity results for all participating entities

### 39. Share of participating entity contract dollars going to MBEs and WBEs, July 2016–June 2023

	Utilization						Disparity indices					
	FY2012–FY2016			FY2017–FY2023			FY2012–FY2016			FY2017–FY2023		
	MBE	WBE	Total	MBE	WBE	Total	MBE	WBE	Total	MBE	WBE	Total
Admin	2.6 %	8.8 %	11.4 %	4.8 %	5.6 %	10.5 %	34	61	51	53	44	48
Hennepin County	4.6	6.0	10.6	12.8	10.0	22.8	67	56	60	155	71	102
Minnesota State	1.4	6.1	7.5	1.7	5.3	7.0	21	46	38	17	42	31
MnDOT	1.6	5.4	7.0	1.9	8.1	10.0	19	45	34	37	69	59
Met Council	2.6	3.2	5.8	5.2	3.8	9.0	44	30	35	102	46	68
MAC	2.4	9.2	11.6	1.2	6.4	7.6	32	74	58	11	57	34
MMCD	0.4	2.6	3.0	2.9	2.3	5.1	13	57	41	58	10	18
City of Minneapolis	5.2	6.0	11.2	6.4	7.5	13.9	84	52	63	81	61	69
City of St. Paul	3.8	12.5	16.2	4.7	9.2	13.9	50	93	77	42	75	59
City of Bloomington				1.4 %	5.0 %	6.4 %				26	40	36
City of Brooklyn Park				1.3	4.3	5.7				19	39	31
City of Rochester				0.1	2.7	2.8				2	25	17
Hennepin Healthcare				0.1	0.6	0.7				1	5	2
Ramsey County				4.7	7.9	12.6				69	62	64
SPPS				6.9	8.9	15.8				63	84	73
UMN				3.8	4.2	8.0				38	38	38

Source: Keen Independent Research 2024 availability survey, analysis of combined entity procurement data, July 2016–June 2023, and 2017 Minnesota Joint Disparity Study.

## SUMMARY REPORT — Utilization and disparity results for all participating entities

### Utilization Analysis for All Entities Combined

Keen Independent examined the utilization of different groups of businesses for all entity contracts combined (adding up all contract and subcontract dollars for July 2016–June 2023). Figure 40 presents these results.

- About \$1.1 billion went to more than 1,000 minority-owned businesses (more than 6,100 contracts and subcontracts). MBEs received 3.6 percent of total contract dollars.
- About \$1.7 billion went to more than 2,000 white woman-owned businesses (more than 14,000 contracts and subcontracts). WBEs obtained 5.5 percent of total dollars.
- Combined MBE/WBE participation was 9.1 percent of total contract dollars (more than 3,000 individual companies that obtained nearly 21,000 contracts or subcontracts).

The bottom of Figure 40 examines utilization for other groups. For example, 43 percent of combined entity contract dollars went to firms that appeared to be small businesses according to U.S. Small Business Administration size standards. Most of these firms are not SBE-certified.

Different entities accept different certifications for their SBE or MBE/WBE programs (and some participating entities did not have programs). Counting that participation entity by entity, about 6.1 percent of combined contract dollars went to firms eligible for those programs.

40. Total combined entity contract dollars going to MBEs, WBEs and other firms, July 2016–June 2023

	Number of procurements	Dollars (1,000s)	Percent of dollars
<b>Business ownership</b>			
Black American-owned	1,638	\$ 251,787	0.81 %
Asian-Pacific American-owned	1,539	257,170	0.82
South Asian American-owned	795	107,767	0.35
Hispanic American-owned	1,311	161,794	0.52
American Indian-owned	879	337,565	1.08
Total MBE	6,162	\$ 1,116,084	3.58 %
WBE (white woman-owned)	14,769	1,719,794	5.51
<b>Total MBE/WBE</b>	<b>20,931</b>	<b>\$ 2,835,878</b>	<b>9.09 %</b>
Majority-owned	129,785	28,352,378	90.91
<b>Total</b>	<b>150,716</b>	<b>\$ 31,188,256</b>	<b>100.00 %</b>
<b>Business classification or certification</b>			
All small businesses	108,597	\$ 13,540,356	43.41 %
Firms eligible for entity program	12,858	1,905,088	6.11
General certification			
MBE/WBE/DBE	11,910	1,803,325	5.78
SBE (CERT)	8,824	1,353,164	4.34
Veteran (VO, VetBiz, SDVOB)	1,009	183,451	0.59
Service-disabled (SDVOB)	374	77,623	0.25
Disability (TG, DisabilityIN)	125	31,066	0.10
LGBTQ+ (NGLCC)	38	3,118	0.01

Note: Number of procurements includes contracts and subcontracts.

Source: Keen Independent analysis of combined entity procurement data, July 2016–June 2023.

SUMMARY REPORT — Utilization and disparity results for all participating entities

Disparity Analysis by For All Entities Combined

Figure 41 compares utilization and availability for each MBE group and for white woman-owned firms for all 150,716 entity contracts and subcontracts combined. The 9.1 percent of entity contract dollars that went to MBE/WBEs was less than the 22.3 percent that might be expected from the availability analysis. The resulting disparity index was 41. The disparities for MBEs, WBEs and MBE/WBEs combined were substantial and statistically significant (based on Monte Carlo simulations similar to those described in Appendix D).

Utilization was less than the availability benchmarks for Black American-, Asian-Pacific American-, South Asian American, Hispanic American-, American Indian- and white woman-owned businesses. Each disparity was substantial. These disparities occurred even though many entities operate SBE and/or MBE/WBE-type programs.

**Results for entities that only operate SBE programs.** During the study period, SPPS and Ramsey County operated SBE programs with no race- or gender-conscious elements. The disparity index for their contracts combined was 66 for MBEs and 69 for WBEs (both substantial).

**Results for entities without programs or only recently introduced programs.** Keen Independent also examined combined results for the City of Bloomington, City of Brooklyn Park and Hennepin Healthcare, which have not implemented programs, and the City of Rochester, which began implementing its Targeted Business program in the last years of the study period. Combining these entities’ contracts, only 0.2 percent of contract dollars went to minority-owned firms (resulting in a disparity index of 1) and 1 percent of dollars went to white woman-owned firms (disparity index of 10).

41. Utilization and availability of MBE/WBEs for combined entity prime contracts and subcontracts, July 2016–June 2023

	Utilization	Availability	Disparity index
Black American-owned	0.81 %	4.25 %	19
Asian Pacific American-owned	0.82	2.49	33
South Asian American-owned	0.35	0.94	37
Hispanic American-owned	0.52	1.20	43
American Indian-owned	1.08	1.81	60
Total MBE	3.58 %	10.69 %	33
WBE (white woman-owned)	5.51	11.66	47
<b>Total MBE/WBE</b>	<b>9.09 %</b>	<b>22.35 %</b>	<b>41</b>
Majority-owned	90.91	77.65	117
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	

Note: Percentages may not add to totals due to rounding.  
Disparity index = 100 × Utilization/Availability.

Source: Keen Independent Research 2024 availability survey and analysis of combined entity procurement data, July 2016–June 2023.

**Results by industry.** Appendix M presents disparity results by industry for combined entity contracts and for a group of entities that only operated SBE programs during the study period (SPPS and Ramsey County) as well as those that did not operate any programs (City of Bloomington, City of Brooklyn Park, Hennepin Healthcare) or only introduced programs late in the study period (City of Rochester).

There were substantial disparities for WBEs for each industry. There was also a pattern of disparities for each MBE group across industries. When there was no disparity in an industry for a specific racial group for all contracts combined, in each case there was a substantial disparity for that group for SBE program-only or no program entities.



## SUMMARY REPORT — Conclusions and recommendations

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### Conclusions

The quantitative and qualitative information for City contracts and the local marketplace indicates a need for City remedial actions to level the playing field for minority- and woman-owned firms and promote full opportunities for MBE/WBEs to do business with the City. The evidence may be consistent with raising an inference of discrimination affecting certain racial and ethnic groups of minority-owned businesses as well as woman-owned businesses in the local marketplace.

The results detailed in this report indicate substantial disparities for minority- and woman-owned businesses on City contracts. Only 1.4 percent of City contract dollars from July 2016 through June 2023 went to minority-owned businesses, substantially below the 5.3 percent expected from the availability analysis for City contracts. The City's disparity index for MBEs was 26. There were substantial disparities for Black American-, Asian Pacific American-, South Asian American-, Hispanic American- and American Indian-owned companies in City contracts.

Keen Independent also determined that 5.0 percent of City contract dollars went to white woman-owned companies during the study period (compared to 12.5 percent availability), resulting in a disparity index of 40. Combined, MBE/WBE participation in City contracts was 6.4 percent, well below the 17.8 percent of dollars expected.

There was a pattern of substantial disparities for each MBE group and WBEs across industries and contract sizes, although there were not disparities for every group for every industry.

The disparities identified for City contracts were consistent with results for many other entities participating in the 2025 Study that do not have MBE/WBE or related programs, such as the City of Brooklyn Park, or only recently implemented measures, such as the City of Rochester.

Minnesota entities with established contract equity programs have reduced the underutilization of MBE/WBEs in their contracts. Through additional neutral and race- and gender-conscious measures, Hennepin County doubled its MBE/WBE participation in July 2016–June 2023 compared to July 2011–June 2016. Its 23 percent MBE/WBE utilization for the most recent time period reached its availability benchmark, although disparities persisted for WBEs.

The City should review all of the results in the disparity study and other information it may have to determine whether a combination of small business programs and other neutral measures paired with race- and gender-conscious programs may be appropriate to remedy the disparities in its utilization of minority- and woman-owned businesses in its contracts.

### Need for Action

Keen Independent presents recommendations for City consideration in the following pages. A summary list of these actions is presented below.

#### 42. Summary of actions for City consideration

1. Establish objectives for small business measures and remedial action to address the effects of discrimination
2. Develop and monitor metrics to gauge success
3. Authorize and develop a full set of tools to address objectives
4. Identify registrations and certifications for participation
5. Flexibly operate programs to target businesses needing assistance
6. Provide adequate resources to effectively operate programs

## SUMMARY REPORT — Conclusions and recommendations

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### 1. Establish separate objectives for (a) small business measures and (b) remedial action to address the effects of any discrimination

We recommend that the City adopt objectives for (a) small businesses and (b) minority- and woman-owned businesses as well as other firms that could be affected by discrimination.

**Small businesses.** Participation of Twin Cities small businesses in City procurement is beneficial for several reasons, including:

- Small business start-up and growth create opportunities for entrepreneurs and generate jobs, worker skill development and income for area residents;
- Some types of City contracts may be best delivered by small businesses; and
- Supporting small vendors today increases the supply of bidders on future public contracts.

Any of these reasons might be cause for the City to celebrate growth in small business participation in its contracts. The City might set a goal and track overall share of contract dollars going to small businesses, the number of individual small businesses involved in its contracts and subcontracts, and the number of new small businesses participating in City procurement each year. Positive trends would be important for those businesses and to the region's economy.

After excluding types of purchases that might only be made from a national market, small businesses obtained 53 percent of City contract dollars for July 2016–June 2023. The City might consider an overall aspirational goal of 75 percent for the share of annual contract dollars going to small businesses (including non-certified firms). This is level of small business is possible based on Keen Independent's analysis of firms in the availability survey and past City contracts.

**Businesses affected by discrimination.** Although most MBE/WBEs are small businesses, a public entity must answer a different set of questions before it can consider actions that focus on those firms.

- Start-up and growth of minority- and woman-owned firms also create opportunities for entrepreneurs, generate jobs, enhance the supply of bidders and benefit the local economy (which cannot be working at full capacity if it is leaving up to one-third of its local businesses behind). However, those facts do not establish a legal basis for a public entity to aid certain firms based on the race or gender of the business owner.
- For MBE/WBEs, key issues for a public entity to consider are:
  - Whether its procurement system has direct or indirect discriminatory effects on minority- and woman-owned companies or its public contract dollars perpetuate systemic discrimination in the local marketplace; and
  - If so, whether a remedial program not based on race or gender is sufficient to address such discrimination.
- In sum, “preventing and remedying discrimination” are the fundamental concepts behind an MBE or WBE program. These are the values the City has articulated in its overall approach to racial equity. The disparity study focused on understanding any discrimination affecting City procurement and identifying means to combat it.
- The City should establish a specific objective of remedying the effects of discrimination against businesses based on the race, gender or other immutable personal attributes of its owner. The evidence indicates that neutral measures are needed but alone would not be sufficient to remedy the effects of discrimination as it affects City contracts.

## SUMMARY REPORT — Conclusions and recommendations

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Keen Independent offers additional overall recommendations for consideration:

- There is national and local evidence that business owners can face discrimination based on their personal characteristics unrelated to race or gender. As part of the study effort, Keen Independent identified evidence of discrimination based on disability status and sexual orientation of the business owner, for example.
- There is also evidence that some racial groups not currently included in MBE/WBE programs may be affected by discrimination. As part of the study effort, Keen Independent conducted research on businesses owned by people from the Middle East and North Africa. This part of the study provides evidence of disadvantages for those business owners as well as business owners living with a disability and business owners from the LGBTQ+ community.

Therefore, Keen Independent recommends that the public entities participating in this study jointly consider new efforts to assist any small business owner who has shown they have been negatively affected by discrimination based on their immutable personal characteristics.

Such assistance requires certification of those businesses. This might be accomplished under one or more existing certification systems in Minnesota or could require a new business certification. Certification by either path would require review of individual business owner marketplace experiences and not presume social disadvantage solely from their race or gender. The business owner would also need to show economic disadvantage. For purposes of this report, the designation for socially and economically disadvantaged business enterprises without presumption of disadvantage based on group is called “SEDBE certification.”

**Next steps.** After considering the evidence in this study and any other information City has available, it might:

- Adopt a resolution formalizing its objectives concerning small businesses and firms disadvantaged by discrimination;
- Outline how will achieve those objectives;
- Authorize staff to take steps to take needed actions;
- Require regular staff reporting on progress; and
- Establish a sunset date for those activities after which any further activities would need future City Council consideration (perhaps five to seven years).

An overall aspirational goal for small businesses could be a part of how the City articulates its objectives.

## SUMMARY REPORT — Conclusions and recommendations

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### 2. Develop and monitor new metrics for success

The City should develop and operate systems that can track its success in achieving its small business and non-discrimination objectives.

**Small businesses.** The City should develop and track metrics on the success of small businesses in its contracts. Those metrics should consider small businesses that have been certified as such as well as those that have not. Examples of metrics include:

- Number of individual contracts and subcontracts going to small businesses.
- Contract and subcontract dollars going to small businesses.
- Number of small businesses involved in its contracts and subcontracts.
- Number of new small businesses obtaining City contracts and subcontracts each year.
- Small contracts going to small businesses.
- On publicly advertised contracts, number of bids and proposals received from small businesses.

Each of those metrics can be expressed in total and as a share of City contracts or dollars (after excluding national market purchases).

The City might start with relatively simple metrics and continually expand and develop them as it is able.

**MBE/WBE and other disadvantaged businesses.** The metrics related to small businesses can be adapted to track participation of MBEs, WBEs and other potentially disadvantaged business groups. As with small business metrics, the City should track certified firms and all businesses, regardless of certification.

For each racial group of MBEs, for WBEs, and for each other set of small disadvantaged businesses, the City should periodically gauge whether utilization for each group is closer to what would be expected based on the group's availability for City contracts. The City might consider using the availability benchmarks for groups that Keen Independent provided in this study.

As City tracking and monitoring become more comprehensive, the City might consider analyzing the participation of large, small and emerging small MBE/WBE businesses in its contracts. It could also review whether there was any evidence that participation of certified MBE/WBEs was limited to only a few firms or whether it was broadly distributed.

**Next steps.** Keen Independent understands that the City does not currently have information systems to produce these reports, nor does it have ownership information for firms performing its contracts and subcontracts. It will need to invest in such systems. Many of the other entities participating in the Joint Disparity Study have systems in place that the City could review.

Keen Independent is also providing the City information about size and ownership of the firms that obtained City contracts and subcontracts for the July 2016–June 2023 study period, as well as data for firms receiving other entities' contracts.

## SUMMARY REPORT — Conclusions and recommendations

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### 3. Authorize and develop a full set of tools to address objectives

The City has not implemented a small business program or contract equity program. If it chose to do so, the following tools are recommended. They are:

- a. Business assistance, including access to capital.
- b. Full implementation of a central procurement system and recruitment, bid notification and procurement education.
- c. Unbundling and addressing potentially restrictive procurement elements.
- d. Direct select and shelter market procurement programs.
- e. Price and evaluation preferences.
- f. Contract goals for contracts with subcontracting.

The first initiative pertains to City participation in regional efforts to support small businesses and businesses potentially affected by discrimination. The second initiative could also be a joint effort with other public entities.

The other tools would be adopted by the City for application to its own contracts.

The final three tools — direct select/sheltered market programs, price and evaluation preferences and contract goals — would be restricted to businesses that are certified as small businesses, MBE/WBEs or small disadvantaged business enterprises (SEDBEs). As explained later in this report, each tool is flexible and could be applied to SBEs in one contract and certified MBE/WBEs or SEDBEs in another. As mentioned under Recommendation 1, these three sets of tools should not be operated indefinitely without formal evaluation of their effectiveness and continued need.

**a. Business assistance, including access to capital.** The City should be a partner to other state and local governments, nonprofits and other groups to help disseminate information about small business assistance efforts, especially for local companies. Access to capital and bonding are two of the greatest needs for small disadvantaged businesses that may currently be inadequately addressed.

**Better coordination and connection of businesses to the right assistance.** There are currently hundreds of business assistance providers serving Minnesota companies, but no one consistent source to identify the assistance that best fits the need for an individual business. In the 2017 Study, Keen Independent recommended improving virtual assistance portals with links to assistance and availability of just-in-time training. This need continues.

**Threats to continued funding.** At the time of this report, there were threats to continued federal funding of certain assistance efforts focusing on minority- or woman-owned firms. There may be a need to fill funding gaps if federal support ends.

**Mentor-protégé programs.** The 16 entities participating in this study should consider developing a coordinated mentor-protégé program to assist small disadvantaged businesses that are established and could obtain maximum benefit from such a program. This regional effort might build on current programs that some participating entities operate as part of the Federal DBE Program.

## SUMMARY REPORT — Conclusions and recommendations

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**Working capital loan programs and bonding programs.** The City might also consider participating in regional partnerships related to:

- Working capital for disadvantaged construction firms working on public works projects; and
- A bond guarantee program for disadvantaged construction firms seeking public sector work.

The City might consider collaborating with other regional public entities to create or contribute grants or bonds to regional capital loan and bonding programs. The City should also ensure that it directs its current and potential vendors to these resources. (Keen Independent made this recommendation to entities participating in the 2017 Study.)

There are several examples of regional or statewide working capital programs in Minnesota and other states that focus on capital needs for business development or construction contractors. For example, MnDOT had a working capital loan fund for DBEs and TGBs that were awarded certain MnDOT construction or professional/technical services contracts. Loans were up to \$25,000. Wisconsin DOT has a similar program, with loans up to \$100,000. Based on feedback from participating entities, there is a need for working capital loans for disadvantaged businesses, but at much higher dollar amounts.

Bonding is often a significant hurdle for small contractors to compete for public agency work, even relatively small projects. There is some assistance available concerning bonding in Minnesota (see Appendix K), but there appears to be additional need. A partnership that includes the City and other regional agencies might be the best way to approach this barrier for some SEDBE contractors. This was also a recommendation in the 2017 Minnesota Joint Disparity Study.

As an example of a bond guarantee program, the Colorado Department of Transportation partnered with Lockton Companies to launch the

Bond Assistance Program in 2019 for construction contracts of \$3 million or less. CDOT provides a partial guarantee. As another example, Florida DOT has a similar Bond Guarantee Program.

**b. Recruitment, bid notification and education.** Many of the entities participating in this study have identified and recruited new small businesses to participate in their contracts. The City could partner with other entities in this effort.

Some of the interviewees in this study indicated a need for centralized, coordinated notification of bid opportunities for public entities in Minnesota. Several entities participating in the 2025 Study have been working on a solution. As one develops, the City could participate by posting its bids in this centralized system.

The City will need to educate potential bidders on its procurement process, a challenge shared with other public entities. Joint efforts to educate potential bidders could be a productive response.

When it has large construction projects, the City should hold meetings well in advance of bidding to educate potential small business subcontractors and suppliers about opportunities on the project.



## SUMMARY REPORT — Conclusions and recommendations

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**c. Unbundling and addressing potentially restrictive procurement elements.** The City should review its large contracts that are routinely bid to determine whether any can be divided into smaller segments to reduce this barrier.

The City should also review whether it can eliminate or change potentially restrictive elements of its procurement processes, from requiring bid bonds when not necessary to reevaluating insurance requirements on smaller contracts. The City can work with other local governments to standardize procedures and eliminate unnecessarily restrictive or unusual requirements.

Small businesses are vulnerable to late payments from clients, including public agencies and prime contractors. The City might review prompt payment of its prime contractors and other vendors. The City might also consider means to ensure that subcontractors are protected from unfair payment practices by its prime contractors.

**d. Direct select, sheltered market and small business cooperative contracts.** Keen Independent recommends that the City authorize two types of small purchasing procedures and participate in a small business cooperative purchasing program.

**Direct select.** Some entities participating in this study have authorized direct purchases with certified firms at dollar levels that exceed what would typically require competitive bidding. These direct purchase programs appear to be effective in including SBEs and MBE/WBEs in an entity's small purchases. (The State of Minnesota Department of Administration operates such a program.)

**Sheltered market.** Many entities participating in this study, including Hennepin County and the City of Minneapolis, can restrict bidding for certain small contracts to firms certified as small businesses. The City of Minneapolis operates this program up to \$175,000, which is its current threshold for formal bids. Hennepin County operates a sheltered market program on contracts up to \$500,000. For some types of contracts (including small construction and building maintenance contracts), the County develops rosters of SBEs and ESBEs to bid or propose on those contracts in advance of the bids.

**e. Price and evaluation preferences.** The Minnesota Department of Administration provides a price or scoring preference up to 12 percent for certified firms bidding as prime contractors on certain goods and services contracts. (A certified firm could be awarded a contract if its price or evaluation score were within 12 percent of the low bidder.) Some other entities have similar programs, with a maximum preference of 6 percent. Keen Independent recommends that the City consider this type of program as well.

**f. Contract goals for contracts with subcontracting.** Some of the entities participating in this study, including state agencies, Hennepin County, City of Minneapolis, City of Saint Paul and City of Rochester, operate contract goals programs. Keen Independent recommends that the City of Bloomington enact such a program for larger construction and professional services contracts with subcontracting opportunities. Contract goals could be set for SBEs or ESBEs or for MBE/WBEs.

The program would require prime contractors to reach out to certified firms for involvement as subcontractors in City projects. It would encourage efforts to provide subcontract opportunities to certified firms without mandating a certain level of participation in these projects. (It would not operate as a quota.)

The program might include elements described on the next page.

## SUMMARY REPORT — Conclusions and recommendations

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**Contract goals.** Keen Independent recommends contract goals programs modeled after regulations in the Federal DBE Program:

- Identify contracts eligible for contract goals.
- Set no goal or 0 percent goal when appropriate (either insufficient subcontract opportunities or insufficient availability of certified firms for those subcontracts).
- Customize contract goals based on the types of subcontracting opportunities and availability of certified firms to do the work.
- Require bidders and proposers to meet the specified contract goal or show good faith efforts (GFEs) to do so.
- Evaluate whether the proposer or apparent low bidder met the goals or made sufficient GFEs before awarding a contract.
- Allow for appeals of any negative decisions on GFEs.
- Monitor utilization of certified firms throughout the contract and allow prime contractors to substitute certified firms if needed.
- Enforce remedies for any non-compliance.

**Utilization plan.** The contract goal program would require bidders to submit at the time of bid a utilization plan containing:

- A list of all subcontractors to be utilized in the contract and the dollar amounts of work committed to those companies.
- A description of the efforts made to reach out to eligible, certified firms for subcontract opportunities.
- Documentation of those efforts.

Proof that the bidder has met the contract goal might qualify as satisfying all documentation requirements.

**Program application.** Contract goals program elements would apply to competitively bid construction and professional services projects with meaningful opportunities for subcontractor participation. The City might start by setting goals for only the largest contracts.

Construction contracts could include design-bid-build and design-build projects. The Transportation Research Board has published guidance on applying and monitoring DBE or MBE/WBE contract goals on alternative delivery projects, such as design-build.<sup>10</sup>

**Good faith efforts evaluation.** For program flexibility, the City should consider establishing good faith efforts criteria that enable prime contractors to comply with the program even if the utilization plan does not meet the City's specified contract goals. Federal regulations in Appendix A to 49 CFR Part 26 describe how good faith efforts can be used to comply with goals set for USDOT-funded contracts under the Federal DBE Program.

**Program compliance.** As a matter of compliance and evaluation, the City should consider requiring prime contractors to submit reports of payments made to all subcontractors and suppliers involved in eligible City contracts. This may require the purchase of and training concerning contract data tracking software. The City should establish enforcement mechanisms for noncompliance and should monitor whether certified subcontractors and subconsultants are performing a commercially useful function (as a condition for eligibility to meet contract goals).

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<sup>10</sup> Keen, D. J., Edinger, L., Wiener, K., & Salcedo, E. (2015). Current practices to set and monitor DBE goals on design-build projects and other alternative project delivery

methods (No. Project 20-05 (Topic 45-03)). Retrieved from: <https://www.trb.org/Publications/Blurbs/172886.aspx>



## SUMMARY REPORT — Conclusions and recommendations

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### 4. Authorize and develop a full set of registrations and certifications to address objectives

Based on the information in this disparity study and other information it may have, the City might consider developing and authorizing a small business program and a contract equity program. Registrations and certifications the City might use when operating a program include:

- a. Self-identified small businesses, MBE/WBEs and other targeted businesses.
- b. Certified ESBEs and SBEs.
- c. Certified MBEs and WBEs (or TGBs).
- d. Certified socially and economically disadvantaged business enterprises (SEDBEs).

The Task 2.7 Group Definitions Report and this report identified evidence of disadvantages for persons with disabilities, including service-disabled veterans, which suggests a continued need for inclusion of these groups in entity certifications.

**a. Self-identified small businesses, MBE/WBEs and other targeted businesses.** The City should request firms bidding on and awarded City contracts and subcontracts to identify whether they are small businesses under the U.S. Small Business Administration size standards. The federal government's System for Award management (SAM) registration system is one example of a procurement system that requests such information. The City can coordinate with other entities to identify the best option for its small business self-certification.

The City should request and maintain information about race and gender ownership of its bidders, vendors and subcontractors. There may be other types of ownership that the City should track as well (veteran-owned business ownership, for example). This self-identification would not qualify a firm for any procurement programs.

**b. Certified ESBEs and SBEs.** The City of Bloomington should use an existing regional system such as CERT or a combination of systems for its program and not establish its own certification process. CERT, a joint certification system for several local cities and counties, currently certifies firms as small business enterprises (SBEs). Hennepin County uses that information to identify a subset of SBEs that are emerging small business enterprises (ESBEs).

**c. Certified MBEs and WBEs.** As with certified SBEs, the City should use an existing regional system such as CERT or the State TGB program for identifying MBEs and WBEs eligible for its program.

**d. Certified socially and economically disadvantaged business enterprises (SEDBEs).** Entities in this study should consider a joint certification for small businesses that demonstrate, on an individual basis, both:

- Social disadvantage after evaluating a personal narrative of the effects of discrimination against the business owner based on that owner's immutable personal characteristics; and
- Economic disadvantage after considering financial information about the firm and the business owner.

There would be no presumption of social disadvantage based on group identification, rather it would be based on a personal narrative of how the individual experienced social disadvantage or other discrimination. This is the method for certifying non-minority- or woman-owned firms in the Federal DBE Program and all firms in the U.S. SBA Section 8(a) Program at the time of this report (also see City of New Orleans SLDBE Program). Keen Independent recommends that this path to certification be part of joint regional or statewide efforts. (Local SBA 8(a) businesses might be automatically eligible for this certification.)

# SUMMARY REPORT — Conclusions and recommendations

## 5. Flexibly operate programs to target businesses needing assistance

Keen Independent suggests that the City develop and use all the tools and all the firm certifications or registrations outlined in the previous pages. The City should flexibly apply the tool and firm eligibility for specific contracts, only using race- and gender-conscious approaches when needed.

For example, the City might set an SBE contract goal for a certain large construction project and an MBE/WBE or SEDBE contract goal for another project. For one sheltered market purchase, the City might solicit bids from certified SBEs but in another, which might have high availability of certified MBE/WBEs or SEDBEs, it might request bids from only those firms. Figure 43 displays which groups of firms might be eligible to participate in specific types of programs.

43. Flexible application of programs and groups of certified firms

	All SBEs and other groups	Certified SBEs/ESBEs	Certified MBE/WBEs, SEDBEs and other groups
<b>Business assistance</b>			
Virtual one-stop	■		
Mentor-protégé			■
Working capital loans			■
Bonding program			■
<b>Procurement recruitment, notification and education</b>			
Joint efforts to recruit bidders	■		
Joint bid notification	■		
Joint procurement training	■		
<b>Unbundling and addressing restrictive procurement</b>			
More small contracts	■		
Easier bidding	■		
<b>Targeted solicitation of bids/quotes</b>			
Direct select/sheltered market		■	■
SBE cooperative contracts		■	
<b>Goals for contracts with subcontracting</b>			
Contract-specific goals		■	■
<b>Price and evaluation preferences</b>			
Apply program as needed			■

## SUMMARY REPORT — Conclusions and recommendations

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### 6. Provide adequate resources to effectively operate programs

The City will need resources to establish and operate any new programs. It can be aided in this effort by understanding and using tools already developed by other entities participating in this study. For example, Hennepin County already flexibly applies programs based on multiple certifications.

City resources will be needed for the following:

- a. Program development.
- b. Communications and outreach.
- c. Program administration.
- d. Participation in regional efforts.
- e. Comprehensive monitoring and reporting.
- f. Formal evaluation prior to sunset.

**a. Program development.** Keen Independent has provided a list of recommendations that the City might take into consideration as it develops small business and contract equity programs.

Drafting and enacting authorizing policy may require several months, as will program implementation and administration (including staff training, purchase or modification of existing contract tracking systems and preparing prime contractors for updated procedures on contracts awarded after program authorization).

**b. Communications and outreach.** To ensure the success of programs authorized and other efforts to level the playing field for disadvantaged businesses, the City should devote resources to communications and direct business outreach. Some of the business lists Keen Independent developed in this study can help marketing and communications efforts.

**c. Program administration.** Entities that have successfully implemented these types of programs have added staff positions for ongoing operation. Activities would include outreach to small businesses, identification of contract opportunities for SBE and MBE/WBE participation, managing sheltered market procurements, and operating contract goals programs.

Staff training and new software may be needed for compliance, including the management of data systems to track subcontractor payments as well as the review of committed versus actual SBE or MBE/WBE participation.

The City could build the program and staff over time. It should evaluate which highly specialized activities could be contracted out or operated with one or more other entities through a cooperative agreement. Operation of a contract goals program might be best handled through an agreement with another public entity or other party.

**d. Participate in region-wide efforts.** The City can have the most impact, while efficiently using its resources, if efforts such as vendor outreach, recruitment, education and bid notification are done as part of cooperative efforts with other public entities in Minnesota.

**e. Comprehensive reporting of utilization.** The City should develop the information systems for ongoing tracking and at least annual reporting of (a) utilization of certified firms and (b) utilization of small businesses and minority- and woman-owned firms regardless of certification.

**f. Formal evaluation prior to program sunset/reauthorization.** About every five to six years, the City should review the effectiveness of the program and whether it continues to be needed or should be refined. As with the 2025 Joint Disparity Study, this evaluation can be done cooperatively with other state and local entities.

## SUMMARY REPORT — Conclusions and recommendations

### Next Steps

This disparity study for the City is an important step toward further encouraging participation of small businesses and leveling the playing field for small disadvantaged businesses seeking to participate in its contracts. Figure 44 illustrates one possible timeline for the development and implementation of some of the recommendations detailed above.

- **Review the full report and other relevant information.**  
The City should consider information in the report and other information it has in considering next steps.
- **Perform needed legal review.** Some of the potential initiatives will require further legal review to determine whether the City could make these changes itself or whether it would need State legislation.
- **Reach out to potential partners.** The City should also reach out to potential partners to discuss regional efforts to remedy some of the barriers identified in this disparity study. For example, the City may want to work with the other public entities that operate CERT, the regional SBE and MBE/WBE certification system, to utilize CERT certifications as part of its program operation.
- **Allocate staff time to start and operate the program.**  
Program elements will require staff time for launch and operation. If the City were to implement the complete program outlined here, it would need at least one additional full-time position. It would also need funding for adequate information systems.

44. Example timeline of program authorization, implementation and evaluation

