

MnDOT Workforce and Contracting Goals

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May 27, 2021

Overview

- Background
- Key findings
- Workforce Goals
- Contract Preferences and Goals

Background

Workforce Goals

Intended to increase the diversity of on-the ground construction *workers* on MnDOT contracts



Contracting Goals

Intended to increase the diversity of the *business owners* with which MnDOT contracts for services and supplies

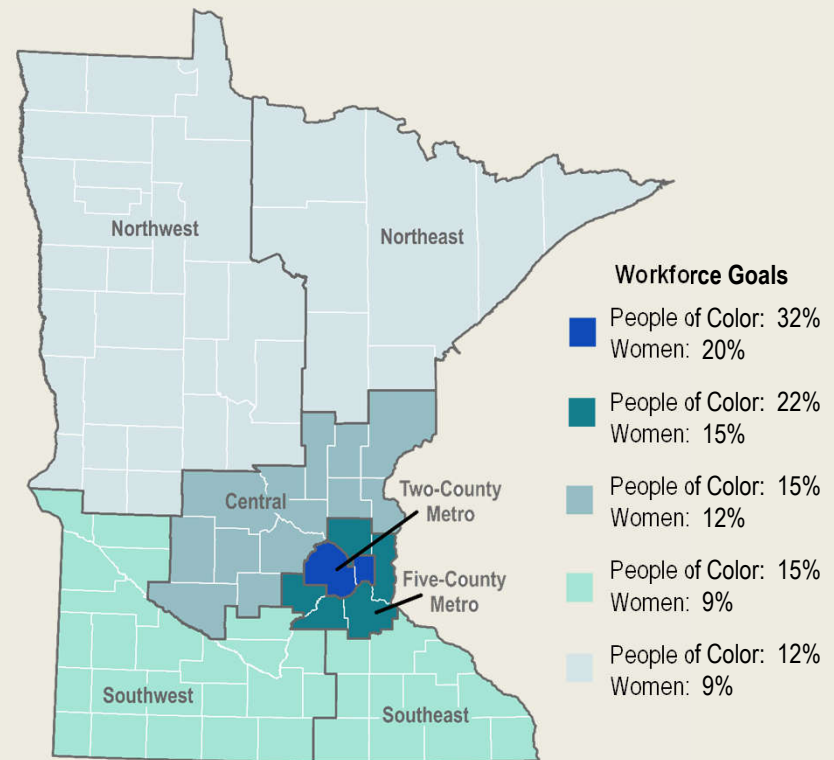


Key Findings

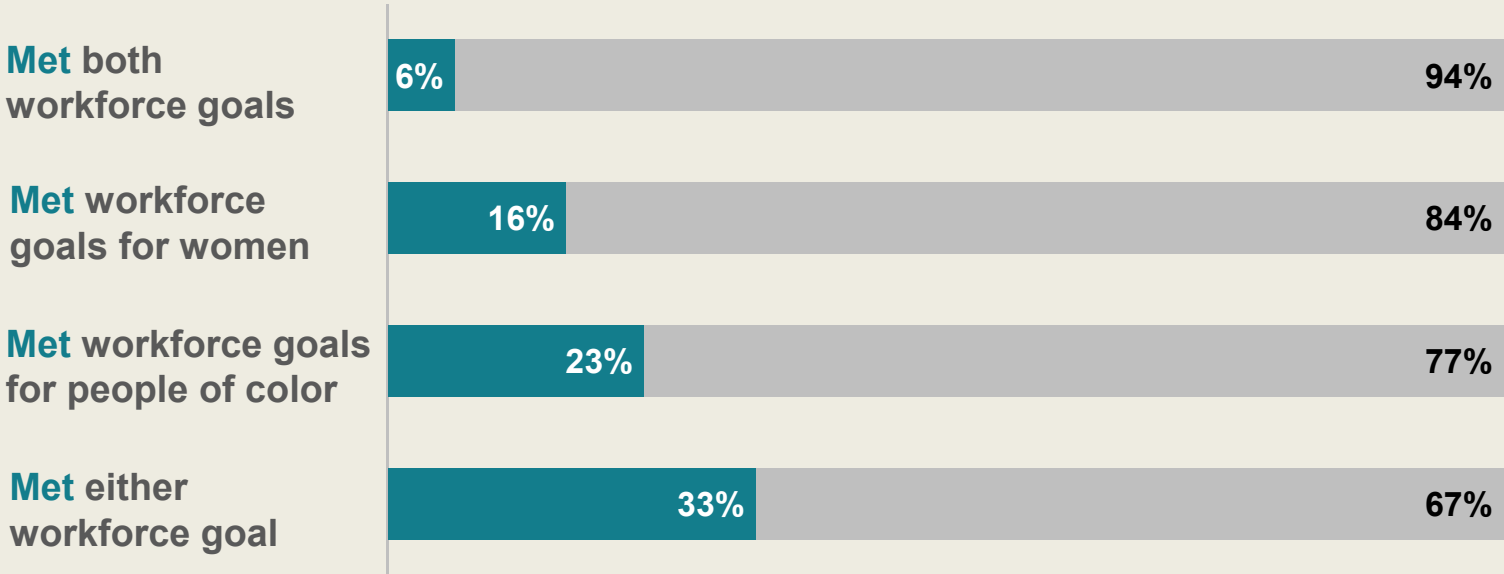
- Recent contracts rarely met workforce goals
- Certain aspects of MnDOT's contracting goal programs have had minimal effect
 - Preferences rarely changed which contractor won a contract
 - Relatively low share of contract expenditures to certified businesses
 - Payments to certified businesses not evenly distributed

Workforce Goals Overview

- Establish a target for the share of work hours completed by:
 - People of color
 - Women
- Goals are set by MDHR
- Goals are regional
- Required for construction contracts over \$100,000



MnDOT construction contracts rarely met the state's workforce goals.

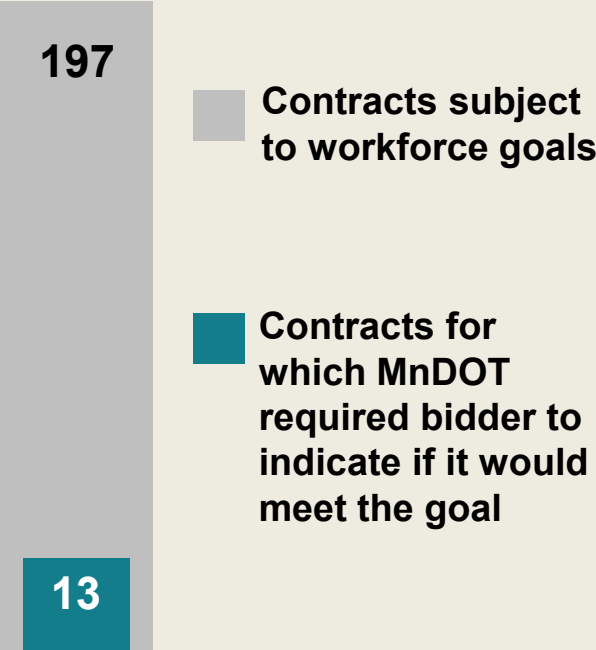


MnDOT has limited authority in law to enforce state workforce goals.

- MnDOT is required to provide information about the goals
 - Contract award not contingent upon goal performance
 - No clear authority to sanction contractors for poor goal performance

For most contracts, MnDOT did not regularly evaluate contractors' efforts to meet the workforce goals.

- Limited approach to overseeing workforce goals for 93 percent of contracts we reviewed



RECOMMENDATION

- The Legislature should consider the extent to which it wants to prioritize the state's workforce goals and clarify the role of contracting state agencies accordingly.
- MnDOT should take a more engaged role in overseeing workforce goals.

MnDOT's Contracting Goals Programs

Targeted Group Business Program

- People of color
- People with a substantial physical disability
- Women

Veteran-Owned Small Business Program

- Veterans

MnDOT uses both contract preferences and goals in an effort to increase the participation of certified businesses.

Contract Preferences

Used to increase certified prime contractor participation

Contracting Goals

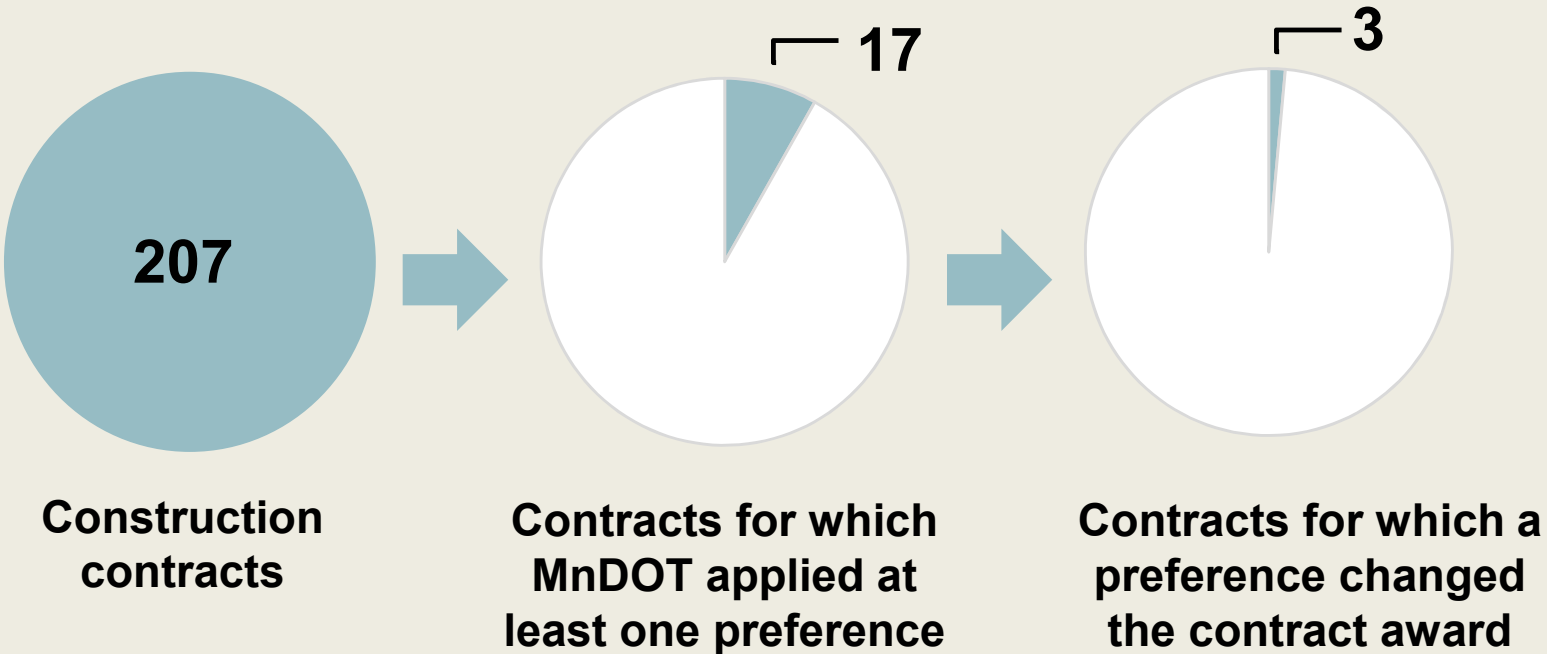
Used to increase certified subcontractor participation

MnDOT Contract Preferences Overview

- Seek to make certified businesses more competitive during bidding

Bidder	Bid amount before preference	Bid amount after preference	Rank before preference	Rank after preference
Bidder A (TGB)	\$656,000	\$616,640	2	1
Bidder B	\$618,000	\$618,000	1	2
Bidder C	\$698,000	\$698,000	3	3

Contract preferences rarely changed which contractor won a contract.



MnDOT Contracting Goals Overview

- Establish a target for the share of contract expenditures that go to targeted group and veteran-owned businesses

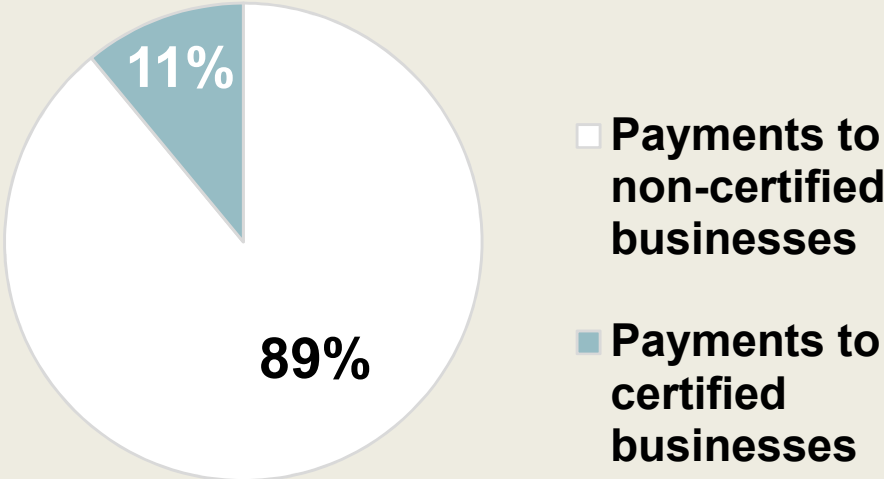
MnDOT has established the following goals for subcontractors and suppliers on this project:

VET goal 3.1 % TGB goal 7.6 %

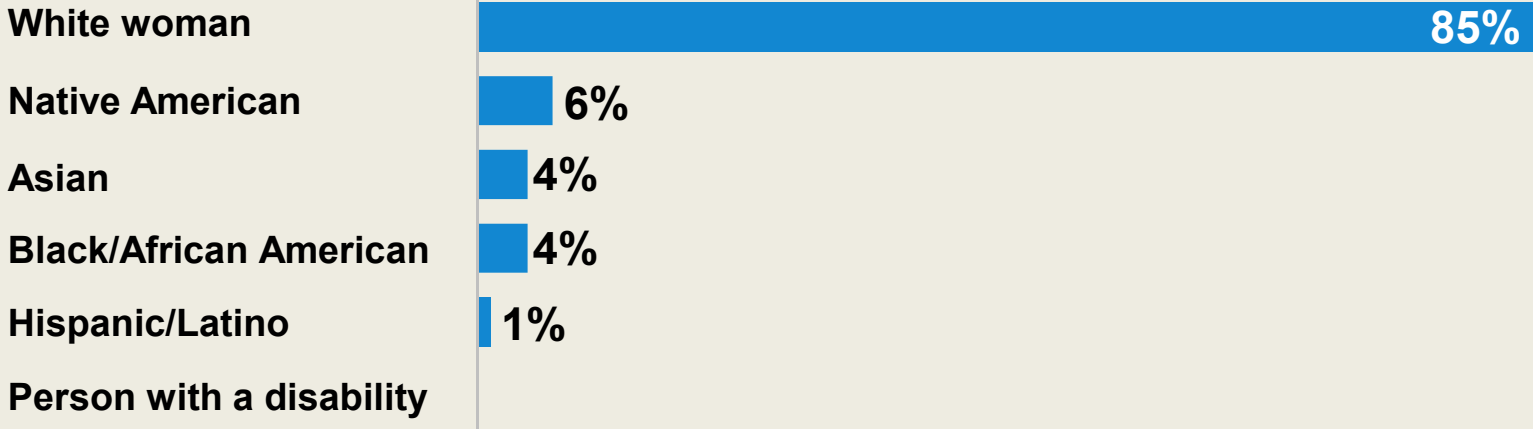
- Goals are set by MnDOT
- May set goals for construction or professional/technical contracts

Payments to certified businesses comprised 11 percent of total contract payments.

- Most payments went to targeted group businesses



Payments to certified businesses were not evenly distributed across the eligible demographic groups.



RECOMMENDATION

MnDOT and the Legislature should jointly consider additional strategies that could enable MnDOT to more effectively fulfill the purpose of its contracting goal and preference programs, taking into account the state's broader policy priorities.

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www.auditor.leg.state.mn.us