



MnDOT Contracting and Workforce Goals

MnDOT Response to the Legislative Auditor

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MnDOT Response Summary

- Workforce and small business contracting are two separate and distinct programs
- Commonalties:
 1. Similar policy objectives
 2. Legal framework
 3. other MN state agencies administer similar programs

MnDOT Response Summary – Workforce Goals

- **Workforce:** the employees of a private contractor performing work on a MnDOT-owned contract.
 - Workforce goals are established by the MN Department of Human Rights
 - Race and gender-based goals are aspirational cannot operate as quotas
 - Historically, highway heavy contractors have not met the state's workforce goals
 - Trends show improvement

Key Recommendations #1

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 appreciates any clarity the Legislature may provide relating to priorities and the roles of contracting agencies.
- MnDOT works in partnership with MDHR in the application and enforcement of workforce goals.

Key Recommendations #2

MnDOT should take a more engaged role in overseeing workforce goals for a greater share of its state-funded contracts.

- MnDOT applies enhanced monitoring to contracts likely to provide workforce opportunities
 - Total estimates \$5M or greater includes all costs
 - Workforce plans require contractors to review skilled labor needs and targeted areas for hiring women and people of color
 - Not based on state or federal fund sources
 - Greater number of state-funded contracts are less than \$5M, few have a workforce plan
 - MnDOT will expand the number of state-funded contracts requiring a workforce plan

MnDOT Response Summary – Small Business Contracting

- **Small business contracting:** a small business in a contractual relationship to perform work on a MnDOT-owned contract as either a prime or subcontractor
 - MnDOT sets goals on a contract-by-contract basis
 - Contracts of \$250,000 or greater
 - Program recently incorporated project monitoring
 - Women-owned business far exceed the participation of minority-owned firms

Key Recommendations #3

MnDOT should better monitor the extent to which contractors are meeting both workforce and contracting goals for state-funded contracts.

- Technology development has increased the ability to monitor and improve the administration the program
- MnDOT reviews the performance of workforce goals with Collaborative stakeholders
- MnDOT will analyze the cost-benefit of expanding monitoring to all contracts

Key Recommendations #4

MnDOT should reconsider its current cap on contract practices.

- MnDOT is reviewing the to more closely align with the Department of Administration

Key Recommendations #5

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

- MnDOT welcomes the analysis and review of its programs to further advance policy priorities

Progress & Accomplishments

- Improved documentation and retention practices;
- Evaluating an increase in the prime preference cap;
- Ongoing work with the Collaborative stakeholder group;
- MnDOT will conduct a cost analysis to evaluate the benefit of setting goals and monitoring of all state-funded construction contracts for small business program goals.

Questions and Thank You

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