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Economic Equity in Communities of Color: The Effectiveness of Minority Contracting Initiatives

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2015

Economic Equity in Communities of Color: The Effectiveness of Minority Contracting Initiatives

Matt Chorpenning, Ann Curry-Stevens, Greg Schrock and Nathen Lamb

As the movement for racial equity takes hold in Portland, Oregon, we look for examples of where the living conditions of communities of color are improving. One concrete initiative that many point to is the array of minority contracting efforts whereby minority-owned businesses are supported by various levels of government in ways that are entrenched in both policy and practice. This report looks at the most recent data on minority contracting, as well as minority hiring policies, research-based best practices and a case study of the Sellwood Bridge project and determines that much more can and should be done to create real equity for minority business owners and workers.



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Multnomah County**

For providing data on the Sellwood Bridge Project

Dear Reader,

The Center to Advance Racial Equity (CARE) is pleased to present *Economic Equity in Communities of Color: The Effectiveness of Minority Contracting Initiatives*. At the request of the Coalition of Black Men, CARE was asked to provide research support to study the status of minority contracting and dig into relevant data to see how well the system is working. Beginning with the hiring of researcher Matt Chorpenning (MSW) and extending to include support from Dr. Greg Schrock and a student researcher Nathen Lamb from the Toulan School of Urban Studies and Planning at Portland State University, this team of three were headed by Dr. Ann Curry-Stevens. All four worked in deep partnership with James Posey from the Coalition of Black Men to provide for you this report.

The goal of this report was originally to examine minority contracting by governments in the state of Oregon, but that discussion quickly grew to exist within a broader context of wage gaps for workers of color and the difficulty of obtaining clear data on workforce diversity. Essentially, our process has led us to discern the degree to which current contracting policies within various levels of government in Oregon are actually resulting in greater economic opportunities for communities of color. Our results, as the reader will see, are mixed, and have yet to be developed as the effective lever that minority contracting policies hold the potential to deliver.

The case study of the Sellwood Bridge Project, conducted by Dr. Greg Schrock and Nathen Lamb, highlights these issues and the results can most charitably be described as mixed. While some diversity goals of the project have been met, a closer examination of the data reveals a significant wage gap between white workers and workers of color. Further, the gap is largely attributable to the fact that workers of color are concentrated in the lowest-paid jobs on the project. Such findings are troubling as the net impact of this public investment results in a likely expansion to the economic gap between workers of color and white workers, who continue to reap the most from the project.

Significant recommendations are included at the close of the report. We remain positive about the potential of numerous avenues to support minority contracting but signal that these levers are not being maximized, to the detriment of workers and communities of color.

Whether you are an elected official, or a policy maker, or someone interested in how to support racial equity, please do read the report. We believe it provides concrete advice for improvements to minority contracting policies, practices and accountability systems.

Created in 2012 to provide needed resources for community groups engaged in racial equity efforts, the Center to Advance Racial Equity (CARE) has been linking researchers to community groups so as to better articulate needs and solutions that hold potential to advance racial equity. CARE has been publishing studies tied to a variety of local issues such as culturally responsive programming, effective data systems to document disparities, youth gang violence, culturally relevant food security, educational equity, environmental funding to communities of color, and oral health issues within the Asian and Pacific Islander community. We are pleased to add this study, *Economic Equity in Communities of Color: The Effectiveness of Minority Contracting*, to CARE's publications.

Matt Chorpenning, Ann Curry-Stevens, Greg Schrock, and Nathen Lamb

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Executive Summary

There is a growing body of work that documents the positive impact that government contracting to minority-owned businesses can have on communities of color. As an exemplar, the State of Maryland reports that in 2011, their \$1 billion worth of contracts to state-certified Minority and/or Woman-owned Businesses Enterprises (MWBES) amounted to 12,830 full-time jobs, \$392 million in wages and salaries and \$25.5 million in state and local tax receipts (Lohrentz et al, 2014).

As government contracting has become more prevalent, it has come to be seen as a possible method by which states, counties and cities can address racial disparities (Shaw, 2010; Enchautegui et al, 1997). The purpose of this report is to explore the efficacy of contracting to minority-owned businesses and the extent to which money awarded to minority-owned businesses makes its way into communities of color through the hiring of workers of color.

This report also unveils, for the first time, details on minority contracting in the State of Oregon. The State of Oregon awarded nearly \$2 billion in contracts in 2013 to all contractors. The State had the explicit goal of directing 10% of that money to minority-owned or woman-owned businesses as a means of providing economic opportunity to populations who typically experience systemic barriers. Oregon fell well short of its goal (barely 1% of funds distributed were awarded to women-owned or minority-owned businesses) and yet 2013 marked the first year that minority-owned and woman-owned businesses received more than 1% of contract dollars. Viewing these weak results in comparison with the progress that has been emerging in Multnomah County, Metro and the City of Portland, we encourage the State to seriously and immediately address the status of minority contracting in its department.

Our examination of the Sellwood Bridge project reveals both the progress made toward racial equity in contracting and the distance yet to travel. As per project goals, workers of color *do* make up 20% of the workforce on the project, and actually hold almost half of such positions. However, they are mostly grouped in the lowest-paying jobs on the project, with no clear path for career advancement. White workers make almost five dollars per hour more on the Sellwood Bridge project than all workers of color combined; when we compare African Americans to White workers, the gap doubles. Furthermore, minority-owned businesses receive much smaller subcontracts than mainstream firms on the project, despite evidence that minority-owned businesses tend to hire more diverse workforces.

A survey of relevant literature reveals several features of effective, accountable minority contracting programs, among them:

- Clear, accessible data that the public can view in real time (Jaja, 2013)
- Stiff penalties for fraud (Bates and Williams, 1995)
- Clear program goals, including long-term aspirations that can be reflected in bids from potential contractors (Jaja, 2013; Flynn, 2014; Lohrentz et al, 2014)

- State assistance in the certification process so minority-owned businesses can navigate the often cumbersome steps to being certified as a Minority/Woman-Owned/Emerging Small Business or MWESB (Bates and Williams, 1995; Lohrentz et al, 2014)

The recommendations put forth here are rooted in our case study of the Sellwood Bridge and a growing body of research in the area of minority contracting by government entities. Our central recommendation is that governments prioritize the creation of a regional system that ensures that minority contracting is as effective as possible. We must ensure that we generate real economic gains for minority owned businesses, for workers of color, and for their local communities where children are raised. The second theme in our findings is the imperative to ensure that policies are translated into effective performance measures. Too many policies are ineffective because of the absence of accountability practices. Third, we must collect clear data to support the achievement of diversity goals on contracted projects and that the data collected be made accessible in real time, so the public can see and evaluate for themselves whether or not their tax dollars are promoting equity and economic opportunity for communities of color.

The central recommendation is to implement a regional strategy to provide improved opportunities for minority contractors (Lohrentz et al, 2014). This strategy should ideally:

1. Require active participation of all departments and agencies
2. Include clear goals and benchmarks
3. Provide assistance in navigating the MWESB certification process
4. Develop and employ standardized methods of data collection and reporting that are clear, accountable, and accessible to the public in real time

Four additional categories of recommendations are included in this report: (1) accountability and data systems, (2) innovations, (3) incentives and sanctions, and (4) discourse and awareness efforts. The need for readily available and accurate data accompanied by clear goals in minority contracting cannot be overstated; in an audit of Metro's MWESB program, Flynn (2014) found that Metro staff were not always clear on the goals of the program and that annual reports were publishing data from the wrong fiscal year. Since annual reports tend to be the method by which interested citizens obtain information about such programs, unclear data can lead to unclear results and a skewed picture of what is really happening.

We retain a goal for all levels of government to dig comprehensively into its progress on minority contracting. We want to ensure that taxpayer money for public construction has a long reach into communities of color. This would lead to diversity for the sake of equity as opposed to diversity for the sake of diversity. To move effectively forward, we urge real partnerships with community advocates, including those who have been on the receiving end of inequities of such contracting practices.

There is clear intention within the Portland metropolitan area and Multnomah County to address issues of racial equity; our hope with this report is that steps are taken to move from intention to measurable results.

Introduction

As the movement for racial equity takes hold in Portland, Oregon, we look for examples of where the living conditions of communities of color are improving. One concrete initiative that many point to is the “protected contracting” initiatives that are entrenched in both policy and practice at most levels of government. It is laudable that our governments have committed themselves to ensuring that the businesses owned by persons of color (called “minority owned businesses”) have an increasing slice of public dollars that are spent on various contracts and subcontracts.

Before, however, we become celebrate this commitment, we wanted to make sure that the promised results were actually occurring. In research conducted for a 2010 report on racial disparities in the region, three findings raised concerns. The first was the obscuring of results for business owners of color when government data reports amalgamated minority-owned businesses with women-owned businesses and emerging small businesses. When we were able to disaggregate these reports, it was clear that few dollars were going to businesses of color. The second was that there were few minority-owned businesses in Oregon and that it appeared that fewer still were gaining certification to become eligible for “protected contracting” initiatives. The third was that few dollars made it into the “protected contracting” arena, and the vast majority of contracts continue to be awarded to white-owned businesses.

These 2010 findings needed some updating, as recent reports have been released on the status of minority contracts in the city, the county, metro and the state. We share these findings in this report. We also share our assessment of the effectiveness of data reports to document the equity that exists in government contracting practices. The bottom line? Many improvements are still needed.

Also on our radar are major public works projects, including the Sellwood Bridge project that has marked the largest local public expenditure in recent years. This report digs into the available data and we explore how well the objective of 20% to go into protected contracting, and 20% of the project’s hours to be worked by people of color. Our findings are that these goals have not been fully reached. We also expand our analysis of the Sellwood Bridge records to examine the profile of workers of color on the project, their average pay level, the types of employment secured, and the degree of investment that these workforce numbers create for our various communities in the region. All remain troubling.

And yet, we are far from ready to suggest these initiatives are not successful. This report also details the results of our literature review on the topic, and the types of improvements that could be made to our local contracting practices so as to ensure improved results.

We conclude this report with concrete recommendations for data systems, contracting practices, and transparency of progress, alongside ways to handle shortfalls in meeting objectives.

We very much look forward to ongoing dialogue with public officials responsible for these initiatives, and hope to ensure that in the next five years, gains can be made to the ways that public dollars are invested. Racial equity, narrowing the gap between workers of color and white workers, and improving the role of businesses of color so as to help expand the wellbeing of communities of color are our goals. We seek the support of public leaders to act on our recommendations and use public contracting to expand racial equity.

Minority Contracting Policy History

Summary of the Status of Minority Contracting

Government efforts to increase contracting to minority-owned businesses can be traced back at least as far as the Nixon Administration. In 1969, Richard Nixon signed Executive Order 11458, which gave the Secretary of Commerce authority to “Coordinate as consistent with law the plans, programs, and operations of the Federal Government which affect or may contribute to the establishment, preservation and strengthening of minority business enterprise” (para 3). The order also established the Minority Business Development Agency (Rice, 1991). When the Supreme Court ruled, in *Fullilove v. Klutznick* (1980), that government set-aside programs were a valid method for Congress to use in order to combat past discrimination, such programs “proliferated nationwide to include some 36 states and 190 localities by the late 1980s” (Rice, 1991, p.114).

However, two later Supreme Court rulings had a tremendous dampening effect on government contracting policy in the United States. In *City of Richmond v. J.A. Croson Co.* (1989), the Court ruled that state and local set-aside programs (those that were intended to address inequity by requiring a certain amount of contract dollars be set aside for minority business enterprises) could only be allowed to exist if they satisfied two requirements of “strict scrutiny.” First, they must be “justified by compelling governmental interest” and second, they must be “narrowly tailored to accomplish a remedial purpose” (p.1). In 1995, the Court, in *Adarand Constructors, Inc. v. Peña*, applied the same strict scrutiny standard to all federal set-aside programs. Enchautegui et al (1997) sum up the impact of these rulings: “Proponents of race-based policies intended to help minorities must meet the same high standard of proof required for proponents of race-based practices that disadvantage minorities” (p.ix). It is perhaps unsurprising then that Enchautegui et al found in their 1997 national study that “minority-owned businesses receive far fewer government contract dollars than would be expected based on their availability” in a post-*Croson* America (p.x). Riccucci (2007) found that “the concept of strict scrutiny has been applied in an inconsistent, arbitrary manner and, therefore, should not serve as the basis for judicial review of affirmative action programs” (p.124).

Following *Croson* and *Adarand*, a burden of proof has been placed upon governments, state or local, to establish a history of discrimination before enacting a remedy such as a set-aside program. This proof has typically been supplied in the form of disparity studies which have varied widely in cost and rigor. Rice (1992) found, however, that carefully conducted disparity studies “may assist state and local entities in devising MBE set-aside programs that will expand minority access to government contracts” (p.489).

Enchautegui et al (1997) wrote that, “Procurement – like public employment – provides governments with a potentially powerful tool for promoting minority opportunities and counteracting discrimination” (p.vii). Our concern here is to gain an understanding of how effectively this tool is being used in Oregon, with a specific focus on contracts awarded by the state, Multnomah County, the City of Portland, and Metro.

In their 2010 report, *Communities of Color in Multnomah County: An Unsettling Profile*, Curry-Stevens et al noted that only 7% of all of Oregon's licensed businesses were owned by people of color. New data is expected to be released in 2015 when we will see if things have improved, but the Coalition report points out that “while 20,677 minority-owned businesses operate in Oregon, only 3.3% of them are certified, and fewer still are certified as 'minority-owned businesses' for procurement eligibility” (p.55). Because government

contracting can be so lucrative and can bring with it opportunities for technical assistance, the ability of minority-owned businesses to compete on a level playing field for contracts is essential to addressing racial equity and creating real economic opportunity for communities of color.

The 2010 *Unsettling Profile* report examined funding to minority-owned, women-owned, and emerging small businesses (MWESB) from Multnomah County, Metro, and the City of Portland. The report found that, at all three levels, minority-owned businesses were not receiving the amount of government contract dollars that could be expected in a barrier-free environment. In fact, the data revealed that, within Portland's protected contracting practices, “where there is an intention to increase the City's awards to communities of color, White men gain the lion's share of these dollars, etching out 51% of the awards for their own businesses” (p.54). The report found that, within the field of construction, minority-owned businesses in the city of Portland received just \$80,749 of \$91 million in construction contracts from the city – just 0.088% of the total money awarded from 2007 to 2008.

The 2010 Coalition report identified four priorities for improving contracting to minority-owned businesses:

- Better outreach and supports to expand certification practices
- Reporting on the equity achievements of Workforce Training and Hiring programs
- Affirmative action initiatives that ensure “removal of all employment barriers to full workforce participation of people of color”
- The advancement of equity concerns in development agendas across all government levels (p.57)

The report also highlighted the need for changes to the macro context in which MWESBs are attempting to thrive: “When people of color have few assets, are impoverished and face social exclusion and discrimination on a regular basis, they are not likely to take risks and build their own businesses” (p.57). This conclusion echoes the finding of Enchautegui et al (1997) more than a decade earlier, when they identified two types of barriers faced by minority firms: “(1) barriers to firm formation and growth, and (2) barriers to participation in the government contracting process itself” (p.viii).

Current Status of Oregon, Multnomah County, Metro and the City of Portland

Because the 2010 Coalition of Communities of Color Report drew from governmental annual reports, it is relatively simple for us to update the numbers for the County, City of Portland, and Metro and identify trends. To establish a statewide context, we will begin with a look at the data reported by the Oregon House Bill 2667 Task Force in September of 2014.

State of Oregon

As of June, 2014, the State of Oregon has 3,309 firms that are certified as MWESB firms (that is, minority-owned, women-owned and emerging small businesses).¹ Because updated data on all Oregon businesses will not be available until 2015, we can only compare to the 2007 data used in the report by Curry et al (2010). Table 1 shows a breakdown of Oregon's total number of licensed businesses with the most recent data available to us. In the table below, we see that Oregon is well behind the USA averages for the presence of communities of color in licensing their own firms.

Table 1. Oregon's Licensed Firms

2007	Oregon	USA
Total number of firms	348,154	27,092,908
Black-owned firms	1.2%	7.1%
American Indian and Alaska Native-owned firms	1.2%	0.9%
Asian-owned firms	3.6%	5.7%
Native Hawaiian and Pacific Islander-owned firms	0.2%	0.1%
Latino-owned firms	3.3%	8.3%
White-owned firms	90.5%	77.9%

Source: Census Bureau's Survey of Business Owners 2007.²

In this same time period, the population of Oregon was 77.5% White, and in the USA was 62.2% White. This translates into a greater racial disparity in Oregon: an Oregon resident of color more than two times less likely to become a business owner than, on average, elsewhere in the nation, while a White Oregonian is only half as likely as their national counterparts to own a business. This signals a magnitude of barriers to business ownership that will partially be explained by differential wealth levels, for wealthier people who are much more likely to be White are more likely to start businesses. Also implicated is access to credit, as people of color are much less likely to be approved for credit, and are much more likely to not apply due to fear of being turned down (Robb, 2013).³

Coupled with these larger forces that deter and render many in communities of color unable to create businesses, we also face challenges in accessing MWESB certification. The data below shows the Oregon-wide data on the racial breakdown of these firms.

Table 2. The racial breakdown of the certified D/MWESB firms in the state as of June, 2014.

Racial Identity, June 2014	%	Number of firms
African American/Black	6.3%	210
Asian and Pacific Islander	5.2%	171
White	70.9%	2347
Latino	8.7%	287
Native American	3.4%	114
Other	0.5%	15
Subcontinent Asian	2.0%	66
Unknown	3.0%	99

Source: Oregon’s State Legislature 2014 report on compliance with HB 2667 (p.9).⁴

Excluding the categories of “Other” and “Unknown,” in order to keep the data as clear as possible, we see that barely one quarter (25.62%, which is 848 businesses) of the certified MWESB firms in the entire state of Oregon could be accurately described as minority-owned businesses. In fact, nearly 71% of certified MWESBs are owned by white people, due to the overwhelming majority of this amalgam being awarded to “emerging small businesses” which while facing challenges in becoming established, are almost completely owned by white people, and mostly by white men. Disaggregated by gender, the 2,347 white MWESB owners break down to 1,794 white men (54%) and 1,515 white women (46%). Put another way, more white men in Oregon own certified MWESBs than all of the identified racial minorities **combined**.

Curry-Stevens et al pointed out that, as of 2010, “while 20,677 minority-owned businesses operate in Oregon, only 3.3% of them are certified” (p.55). Using the 2014 data from the State of Oregon, we can see that percentage has increased to 4.1%. Still, a staggering 95.9% of minority-owned businesses in our state are not certified as MWESBs and therefore miss out on the opportunities provided through specialized procurement programs. The HB 2667 Task Force (2014) lists several challenges to MWESB certification, including a cumbersome application process, no guarantee of benefit, and payment delays that can be especially problematic for smaller vendors (p.21).

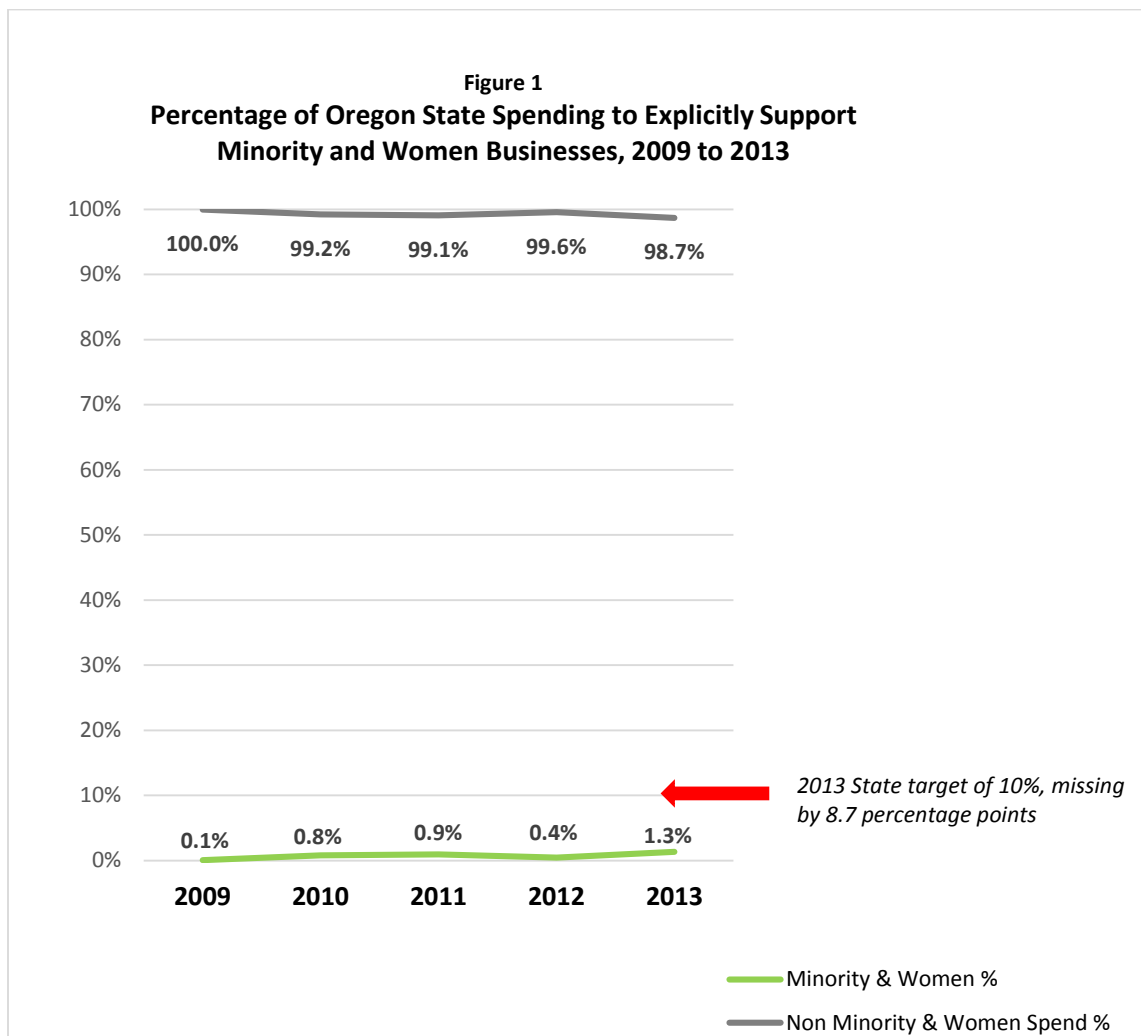
As part of its 2013 Ten Year Plan for Oregon, the State set a goal that “State contracts with minority-owned or woman-owned businesses meet or exceed 10% of the value of all agency contracts every year where eligible firms exist” (quoted in Myers, 2013, p.3). The State separates minority and woman-owned businesses into a discrete category apart from emerging small businesses but does not separate the two groups further. This level of aggregation is still problematic (as it was for Curry-Stevens et al in 2010) but the State reports awarding \$25,802,073 of almost \$2 billion to the combined minority and/or women-owned business category. That amounts to 1.32% of contract dollars, 8.68% short of the stated goal. And yet, the state reports that 2013 is “the first time since data has been collected” that contracting to minority-owned and/or woman-owned businesses topped 1% of total funds (p.3). In the State's 2013 report, we see that minorities and women have increased their share of state contracts from 0.78% (\$19.8 million of \$2.57 billion) of total funds in 2010 to 1.32% in 2013. When this data is combined with the fact that more certified MWESBs in Oregon are owned by white men than all identifiable minorities combined, it is logical to ask whether

contracting to MWESBs is actually that much of a benefit for communities of color or if other steps might need to be taken in order to increase economic opportunities for marginalized communities.

Table 3. State of Oregon Contracting to Minority and/or Women-owned businesses, 2009-2013.

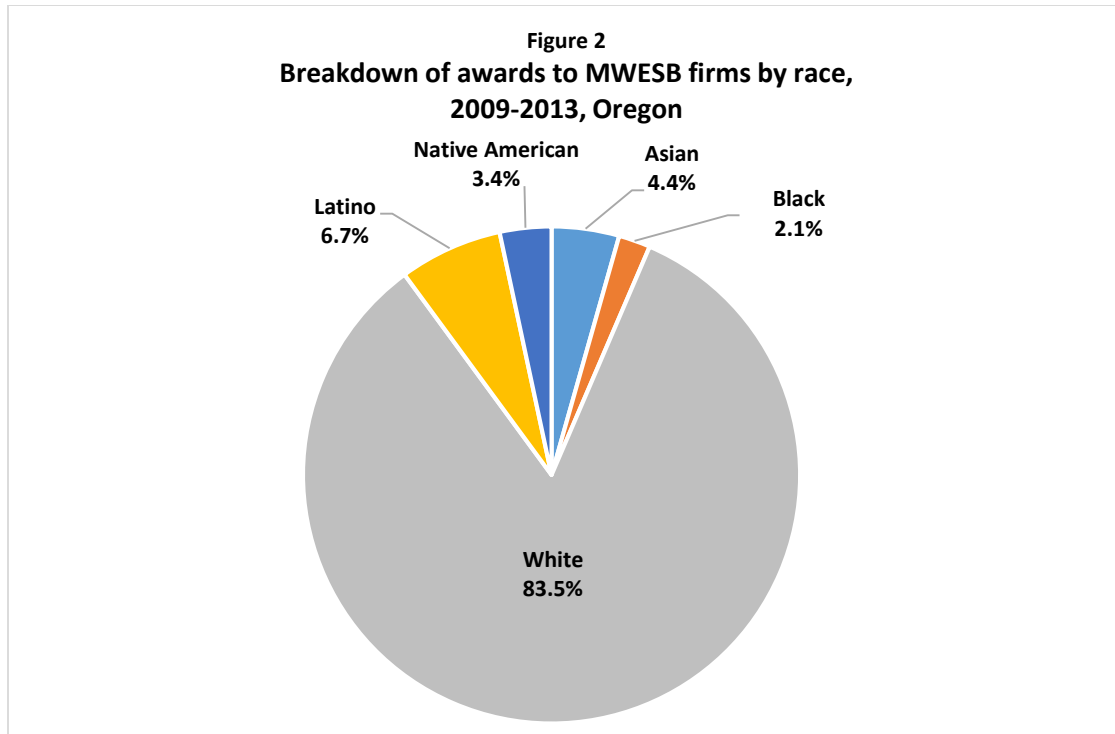
Calendar Year	Total Spend Value	Minority & Women Spend Value	Minority & Women %	Non Minority & Women Spend %	Reporting Agencies	Agencies with Minority & Women Spending
2009	\$8,849,411,955	\$4,798,452	0.05%	99.95%	11	9
2010	\$2,566,371,942	\$19,846,134	0.78%	99.22%	11	5
2011	\$3,519,269,608	\$33,017,961	0.92%	99.08%	12	12
2012	\$2,523,496,452	\$11,180,702	0.44%	99.56%	21	15
2013	\$1,957,796,353	\$25,802,073	1.32%	98.68%	21	17

Graphically representing the percentage of expenditures that are explicitly and directly aiming to remedy the lack of investment of public dollars into minority-owned businesses, we reproduce Figure 1 to show the percentages from the above chart.



In the above chart, we see the improvements in State contracting practices in the larger context where minority businesses continue to get a meager slice of public investments.

Our next look at data from the State of Oregon shows the racial breakdown of its MWESB firms. These data are not available annually (or not been disclosed annually), but rather as an amalgam of the last five years.



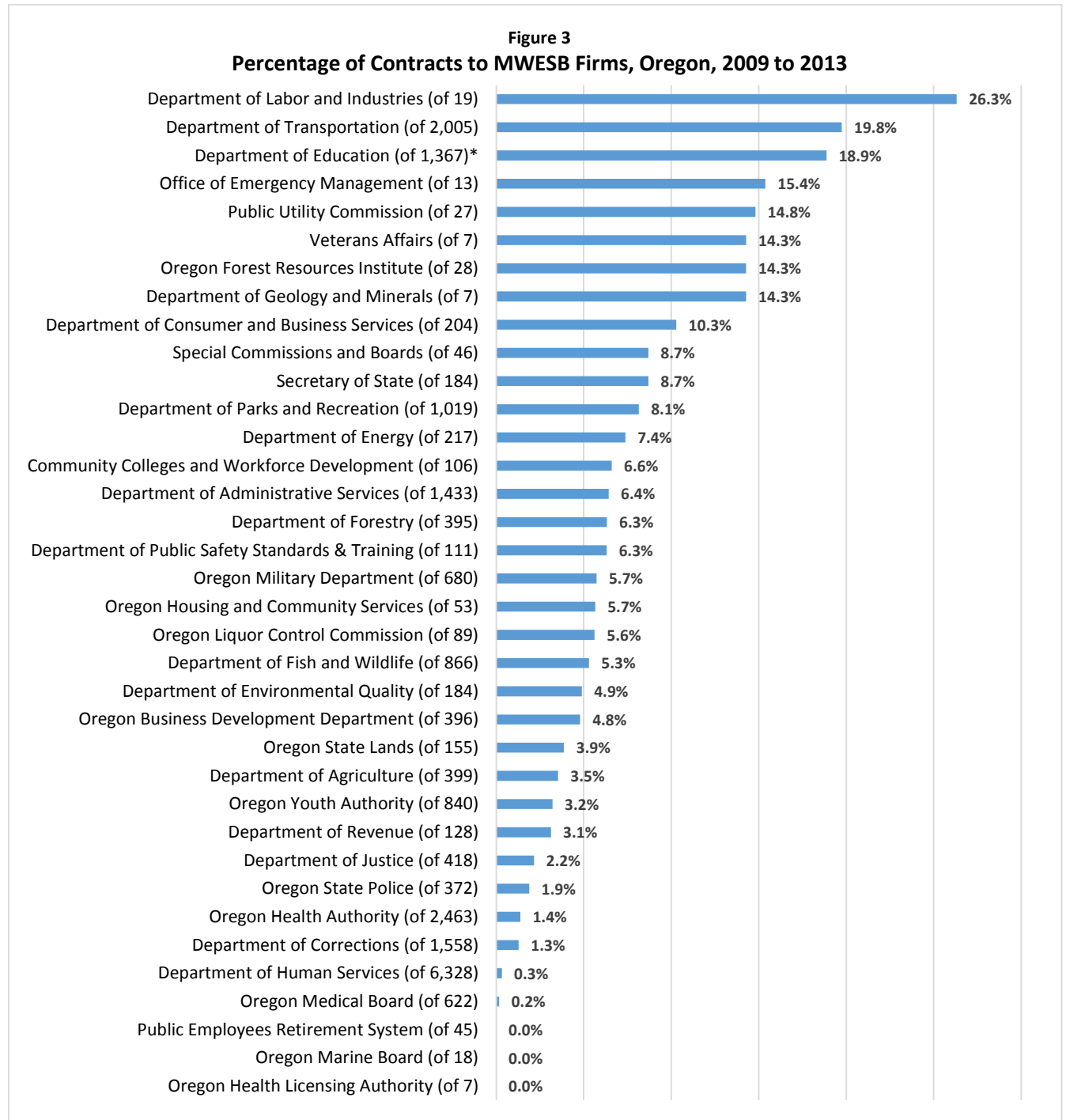
Source: Oregon's State Legislature 2014 report on compliance with HB 2667 (p.15).⁵

These numbers are concerning. The *Unsettling Profile* report documented pervasive problems with minority contracting practices improving access to contracts by businesses of color because the vast majority of awards go to emerging small businesses and women-owned businesses. This pattern clearly extends to the State of Oregon and needs immediate attention.

We turn next to a review of Oregon's data on the nature of the contracts secured by minority businesses. The first issue is that the business most used by the State is translation. This service outpaces all others, and holds 18.7% of the contracts awarded (more than 250 such awards over the last 5 years). While this is not necessarily a problem (and the median salary for translators is \$45,000/year compared with the national median wage of \$35,000/year),⁶ it suggests that minority contracts are having greater difficulty penetrating a more expanded set of occupations.

Finally, we turn to examine the departmental patterns of hiring MWESB contractors. There is wide variation among departments that demonstrates which departments are tough to access. Three awarded no MWESB contracts: Oregon Health Licensing Authority, Oregon Marine Board and the Public Employees Retirement System. These bodies awarded relatively few contracts so might remain a lesser priority for reforms. The next batch include very large contractors, and also include those which have been addressing racial equity for a

high number of years. The departments that, by all estimation, should be more effective in integrating minority businesses but are falling significantly short include the Oregon Medical Board, the Department of Human Services, the Department of Corrections, The Oregon Health Authority, the Oregon State Policy, and the Department of Justice. We are surprised to see these departments among the worst performers in MWESB contracting.



Source: The HB 2667 Task Force (2014). Breakdown of Agency Purchases, dated 07/02/14.⁷

* Note that of the 258 MWESB contracts awarded by ODE, 207 (or 80.2%) of these were for translation services.

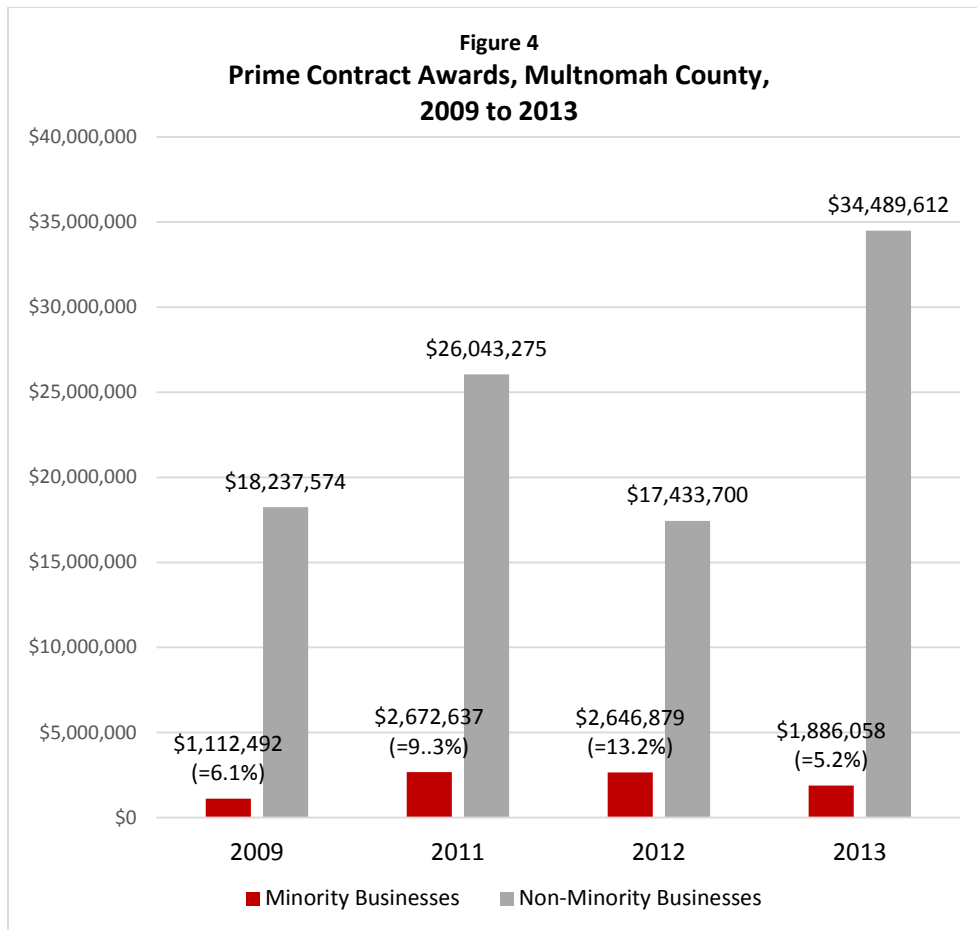
Four messages become clear as these data are reviewed in their entirety:

- The State of Oregon has been unable to significantly improve equity within its contracting practices
- The people of Oregon are unable to discern how minority businesses are benefiting from public contracting expenditures (because these data combine women-owned businesses with minority businesses)
- The State of Oregon does not have key data systems in place to be able to see annual progress
- The State of Oregon does not have an effective strategy in place to meet its targets

We look forward to dialogue within the State to establish responses to these challenges in the implementation of minority contracting policies and procedures.

Multnomah County

Moving our analysis to the County level, we did see some improvement from 2009 to 2012 (as shown in Figure 4), but significant erosion of gains for minority-owned businesses occurred in 2013, taking the level of awards to levels lower than they were in 2009, at 5.2%. Back in 2009, Multnomah County, awarded 10 prime contracts worth \$1,112,492 to Minority Business Enterprises, which was 6.1% of prime contract awards from the County in 2009. In 2013, minority-owned businesses received 11 of 135 prime contracts (6.29% of the total awarded) for \$1,886,058 (5.2% of the total prime contract funds awarded). In each metric – the dollars awarded, the number of contracts, and the percentage these awarded dollars make up of total awards has dropped in the past year.



Source: Curry-Stevens et al (2010) for 2009 data, and Multnomah County Purchasing Report 2013 for remaining data.⁸

We look forward to seeing Multnomah County engage seriously with community advocates on this issue. While their reporting is easier to grasp, and the portion of funds awarded to minority-owned businesses more clear, the results are troubling.

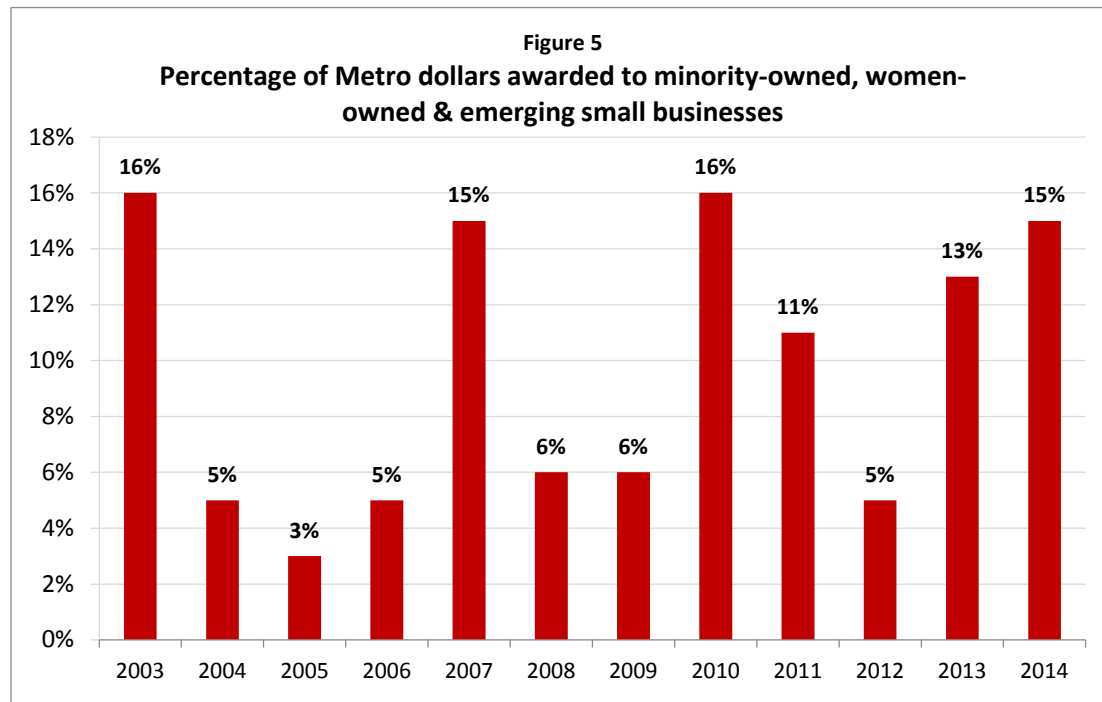
Metro

Metro's goal as of 2010 was 17% of contract dollars to MWESBs and they hit 16% as of 2006/2007, which is a level that has not ever been achieved. These data, as previously mentioned, were not disaggregated and so it is hard to establish a baseline for minority-owned businesses when comparing the data published in 2010 to now. However, looking at the 2012/2013 annual report for Metro's MWESB program, the data is disaggregated and we can get a sense of how minority-owned businesses are doing with regards to Metro contracts.

In Fiscal Year 2012/2013, Metro awarded 397 contracts worth \$44,679,083. Of those, MWESBs received 138 contracts (34.7% of the total contracts) worth \$5,900,894 (13.2% of total dollars). When we break that data down further, we see that minority-owned businesses received 28 contracts (7% of all contracts awarded) worth \$1,286,407 (2.8% of total dollars awarded). The 2012/2013 annual report does not mention a

utilization goal for all MWESBs but does state that the program wants “to strive for a utilization rate that mirrors availability of firms in each category, by industry, according to the most current Census and US Bureau of Labor Statistics data. For instance, if the makeup of the tree pruning market were 4% MBE, then ideally Metro would expect to have a utilization rate close to that number” (Metro 2013, p. 5).

Figure 5 shows the uneven nature of the expenditures into disadvantaged businesses by Metro. There was an audit in 2014 that surfaced many inaccuracies and problematic practices in their procurement processes that suggest that these results are not, however, reliable.



Source: Metro's FY 2012/2013 annual report (p. 6) and shows their utilization from 2003 through 2013, and updated added to with Metro's 2013/14 annual report figures.⁹

In 2010, Curry-Stevens et al expressed concerns about the results of the utilization data they had examined, saying that “the results show that these policies do not ensure equitable outcomes, nor are the results improving. The pattern is tremendously uneven” (p.56). We can see while progress is being made in the last three years, utilization data for all MWESBs remains short of the goal cited in 2010 at 17%. If one were only to examine the last three years, progress would be deemed exemplary, but we are reticent to believe this is a durable improvement. Doubt, however, as to the accuracy of these figures exists.

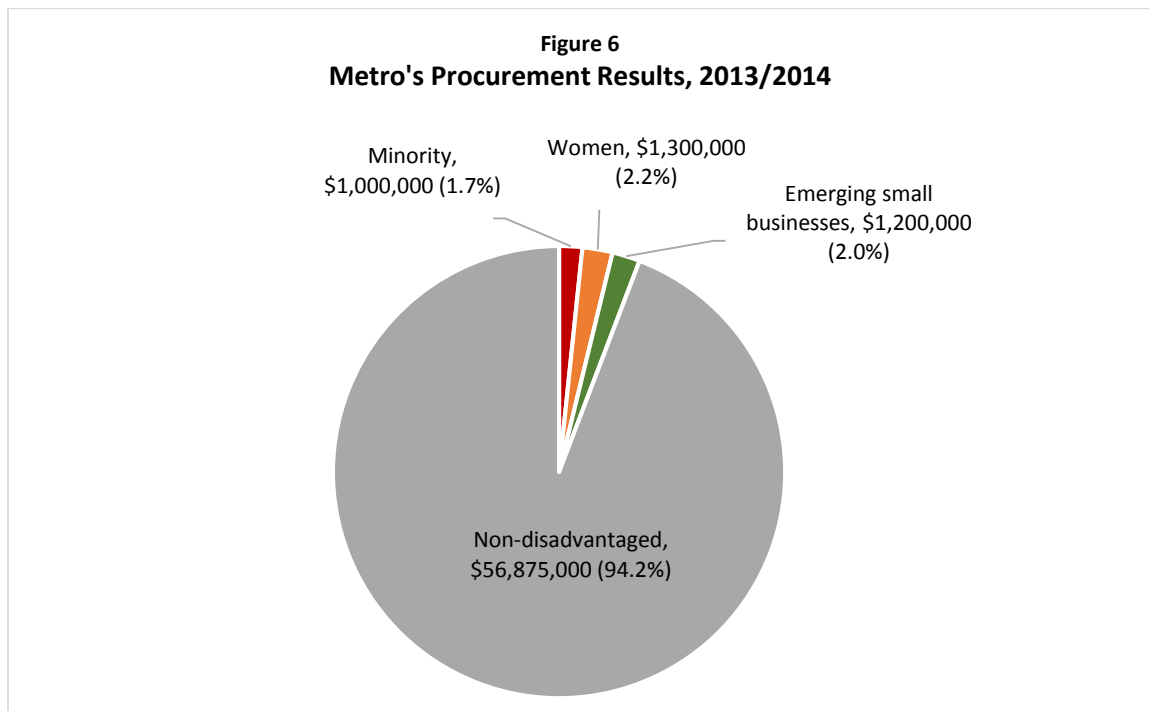
Metro published an audit of their MWESB procurement program in March of 2014 that leads us to question the accuracy of the above data: Auditor Flynn pointed out that “Metro reported different numbers for the same fiscal year in two different budget documents. Further, the measures in the budget did not match those in the annual report” (p.9).¹⁰ In a more concerning conclusion, the Auditor's office states, “Over the past four years, the report was completed by four different analysts and we found no clear or consistent guidance on

how to create it. In addition, there was no process in place to catch potential errors or inaccuracies. As a result, the MWESB utilization data was not comparable between years.”¹¹

The audit includes a memorandum, sent to all Metro councilors, from Auditor Suzanne Flynn which states, “Our examination found weaknesses in program design and implementation” and pointed out problems with clarity of goals, a need for well-developed activity areas, compliance and a need for better performance measures (p.iii).

The concern here is that public expenditures are a matter of public record; if the data pulled for this report is problematic or inaccurate, it becomes difficult for taxpayers concerned with racial equity to gain a clear understanding of the current climate regarding minority contracting. Flynn (2014) has this to say about the FY 2012/2013 data, examined above: “The FY 2012-13 annual report included information about activities that happened outside of the fiscal year covered by the report. This may provide an inaccurate picture of the program's activities and their effectiveness” (p.10). Shaw (2010) highlights transparency as a necessary component of any functional contracting program, and points out, “There is no apparent transparency when the average citizen has no idea what is happening in government or understands the public procurement process, or is unable to interpret contracts for outsourced services” (p.11).

While there are gains made in outreach, partnerships, tracking systems and a targeted showcased item (of an Oregon Zoo exhibit for condors), the program still manifests a dominant pattern of negligible, albeit important, investments into communities of color.



Source: Metro's 2013/14 MWEST Annual Report

We urge Metro to consider the results of these investments, and to understand that should these patterns continue, White communities will flourish as communities of color face stalled economic prospects. Working more assertively to engage with and support minority owned businesses and to direct resources into the sector will require a more comprehensive approach.

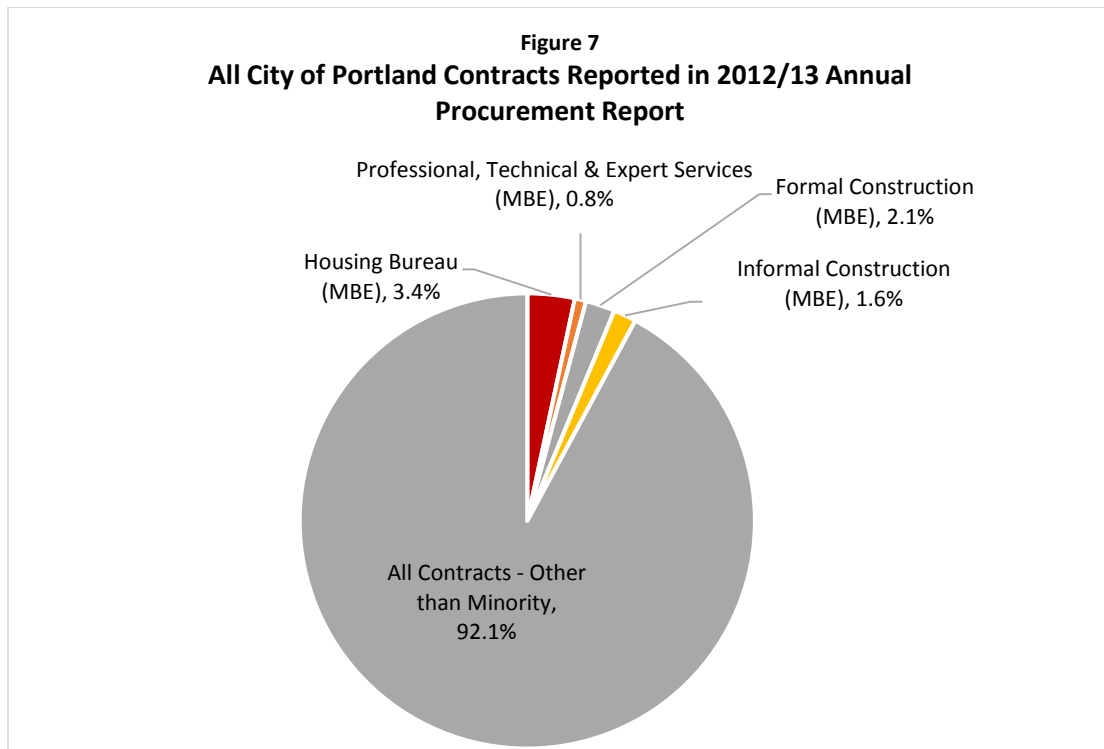
City of Portland

The City of Portland has a troubling record with minority contracting. Curry-Stevens et al (2010) detailed the findings from 2007-2008, during which time the City “allocated only 0.09% of its contracting dollars to minority-owned businesses” (p.54).

In June of 2011, the Portland City Council passed Resolution No. 36868 that required the city to take immediate steps to improve the City’s equity programs, passed on the heels of an updated Disparities Study (with the last one conducted in 2009) that assessed the need for a MWESB initiative. The Disparities Study confirmed such a need, and formal impetus was afforded by the City to improve equity in contracting.

Additional steps were outlined in Resolution No. 36944, passed in July 2012 that set a goal of 27% for minority- and women-owned businesses in construction projects, and related supports to achieve this target such as requiring equity when subcontracts are established, including expanded rules to maximize accessibility and reduce the emphasis on pre-qualification on projects under \$250,000. These initiatives are credited with the heightened expectations for equity within the Sellwood Bridge Project

In 2012/2013, the City of Portland reported out on a total of three sectors for which minority-owned data was available. In these fields of Construction (formal and informal), Housing, and Professional, Technical & Expert (PTE) Service, the City awarded contracts totaling \$462,191,060. In those fields, minority-owned businesses received contracts totaling \$36,381,160. As a share of the total city contracts awarded, it comes to 7.9% of total funds, as shown in Figure 7.



Source: City of Portland Procurement Services Annual Report, 2012/13.¹²

These are important gains, not to be maligned. Moving the institution from 0.09% to 7.9% of contracting dollars over a five-year period is considerable and there should be important learnings here for other jurisdictions. The types of efforts that seem to be helpful in expanding these gains include the following, with critiques being wrapped into these descriptions because the initiatives have emerged with variations and inconsistencies that limit their ability to work in the ways they were intended:

- **Good Faith Effort Program** that asks larger prime construction contractors to subcontract with minority- and women-owned businesses when possible
 - **Critique:** Without accountability, the program is seen by most minority contractors as a “check the box” exercise that has a low threshold, with no consequence for failing to show good faith. The process is actually a nuisance to minority contractors and creates false expectations.
- **Workforce Training and Hiring Program** that aims to diversity its own workforce in public works by expanding apprenticeship opportunities in 20% of hours in each trade.
 - **Critique:** As yet, we have not seen if the numbers of apprenticeship hours has increased. Sharing results is needed to see whether this program is increasing equity.
- **Sheltered Market Program** that aims to expand access to City contracts under \$200,000, by allowing MWESB-certified firms to enroll for up to five years to have access to these construction projects.
 - **Critique:** A City audit of this program in 2010 demonstrated numerous problems including discovery that 76% of these contracts were awarded to white-owned businesses over a 12-year history of the program.¹³ This is a slice of a bigger problem whereby (in 2007/08) less than 1/10 of one percent of all construction contract dollars were awarded to minority businesses.¹⁴ In addition, data systems were flagged as inadequate for tracking outcomes. Also, the results of the program – supporting disadvantaged businesses to graduate through to open competitions for

contracts – was inadequate: only 66 of 306 participating firms graduated. Greater transparency on the current program results, validated by minority contractors, would be valuable for confirming the program is reporting improved results.

- **Technical Assistance Program** that provides classes in areas such as computer programs, bidding, estimating and creating business plans.
 - **Critique:** Training for development in areas like bidding and estimating, and computer literacy went away with the advent of the Prime Contractor Development program. There may be some elements of it on their one CBA project but those services are generally not accessible for most minority contractors.
- **Prime Contractor Development Program** that provides support for businesses transitioning to higher contract levels, with education and technical assistance provided.
 - **Critique:** The composition of this group heavily reflects white males or DBE contractors who have a reputation for hiring their own people. Of the members of the Tier 1 team, 9 of 15 members do not hold experience as minority contractors, and in the Tier 2 team, 9 of 14 members do not have this experience. It should be an effective program but diversity without accountability for making improved decisions with improved results remains hollow. It is a perfect example of “diversity for the sake of diversity rather diversity for the sake equity.” It gives the appearance of influence when fact, it has no influence on the procurement making process for real. There are no numbers to demonstrate effectiveness.
- **Minority Evaluator Program** that aims to evaluate contract bids by a panel of at least three people, one of which must represent the interest of minority contractors.
 - **Critique:** This program lacks power to influence hiring, or even recommend hiring of people of color or minority-owned businesses. The panels have difficulty recruiting minority contractors. Numerous minority contractors find fault with the creation of the program and its implementation.

These interventions have, however, been unable to take the program close to the goal of 27% set in 2012 for contracts awarded to minority- and women-owned businesses.

In the next section, we will examine the problem of obtaining clear data regarding minority contracting, through a conversation with James Posey, who has been a minority contractor in the Portland area for more than 25 years.

Problems with Data Collection and Reporting

James Posey has been a minority contractor in Portland for 25 years, is a former president of the Portland Coalition of Black Men, co-founder of the local chapter of National Association of Minority Contractors – Oregon (NAMC-Oregon) and founded the Black Portland Agenda (BPA) Report in 2012 “to create a better dialog about policies that effect Portland's African American community” (BPA website, “James Posey,” para. 5). Mr. Posey approached the Center to Advance Racial Equity (CARE) earlier this year to help examine minority contracting issues. Although a broader review of the literature is in the next section, it is instructive to connect some of Mr. Posey's assertions to current research in the field.

When asked why he was driven to pursue this project, Mr. Posey pointed to his own experience as a minority contractor and mentioned witnessing “many fallacies, hypocrisy and outright fraudulent nature of many of the programs purported to help minority contractors level the playing field. While these programs theoretically are designed to increase minority participation in the lucrative construction market, they in fact often have the opposite result” (James Posey, personal communication, November 23, 2014). Posey's thoughts here are substantiated by Sweet's (2006) study of minority contracting in three major metropolitan areas (including Portland), in which he concludes “As a result of the MBE programs in these three cities, minority employment did *not* significantly increase and extant racial disparities in employment did *not* significantly decrease” (p.180, emphasis from original publication).

Posey is also concerned with the proportion of government contracts that are going to minorities: “Minorities need an equitable share of these opportunities in order to support the general welfare of their families and communities. To the extent we monitor and measure their participation, we can predict socioeconomic benefits to communities of color, which ultimately benefit the entire community” (Posey, 2014). The question of measuring participation and performance accurately is taken up by Flynn (2014), who found that Metro's MWESB procurement program “had not developed guidelines to ensure accuracy and consistency of measures” in their reporting processes. Posey has sought data on various projects in the Portland metropolitan area and has found, “Often the data is not collected at all but when it is collected it is incomplete, misleading and/or misrepresented.” He suggests that data is collected and reported “for the purpose of making the agency look good or at least shielding it from criticism.”

We can illustrate this point by examining the Sellwood Bridge Project's Diversity Dashboards, published on the project website, www.sellwoodbridge.org. The December 2014 dashboard, which contains data as of November 30th, 2014, shows that the project has yet to meet its goal of 20% minority contracts – standing at 16.5% of awards, but at only 9% of paid contracts. While there is considerable racial diversity among potential suppliers (with African Americans at 43%, Native American firms at 14%, Latino at 4% and Asian and Pacific Islanders at 1%), this does not translate into equity for the contracts awarded. Digging into the workforce data, however, shows more pressing concerns. A closer examination of the data, conducted by Greg Schrock and Nathen Lamb, shows that two thirds of African Americans currently employed on the project are flaggers, who earn the lowest base hourly rate of all trades (more than four dollars less per hour than the next lowest-paying trade). Multnomah County accurately states workforce composition but their choice to not report what most of those jobs are and where they are on the wage scale suggests an effort to obscure less desirable features of the Sellwood Bridge Project. Detailed workforce data on employment

disaggregated by race and trade is not published on the website along with the dashboard, but can be obtained by request, as it was for this report. It is worth pointing out here that none of the annual reports on procurement and/or MWESB utilization from Multnomah County, Metro, the State of Oregon or the City of Portland contain the complete data tables, scrubbed of any information that could be used to identify workers.

Posey proposes several solutions to the problem of obtaining clear and correct data from governments who are engaged in minority contracting. These recommendations will be discussed more after a deeper review of the existing literature but they include front-end electronic data collection, frequent audits, “online real time transparency websites” and independent community oversight.

These contributions follow a theme that has existed in writings on racial equity and racial disparities that Curry-Stevens and the Coalition of Communities of Color have partnered on for the last seven years. Numerous data systems have generated profiles of systems outcomes that have obscured the details of the experiences of communities of color. Referred to as the “whiteness bias,” these representations have either failed to reveal data, amalgamated categories so that we cannot see what has happened to various communities of color, and neglected routine investigations of racial disparities in public services.¹⁵ It is time to ensure that data is revealed accurately, routinely and transparently. Only with such practices can the trust of communities of color be earned. And such information must lead to improvements in accountability practices such that troubling patterns of inequities can be effectively remedied.

At the same time, it is important to address the discourse regarding race-conscious contracting: we believe that public agencies hold some fear over the backlash and potential litigation from white contractors that might flow from becoming more public about their equity initiatives. We think this is a contributing factor in the lack of transparency on reporting racial outcomes. What might seem like a “no win” situation for public contractors – being criticized for not meeting their equity goals, and being criticized by those who think such goals should not exist in the first place – is really an extension of the damage of racism and its corollary of white privilege. We ponder the privilege involved for white contractors to believe that they are more entitled to government contracts than minority contractors! We encourage all levels of government to join in an effort to improve and expand the discourse on racial equity. In today’s political landscape of civil unrest in the face of inequities, we believe it is an initiative that cannot be left untended.

Attaining this discourse goal and that of data transparency is best done in real partnership with leaders of color who have lived experiences of the shortcomings of current policies and procedures.

A Review of Available Literature

Establishing Best Practices in Minority Contracting

While there is a lot written on government contracting, there is less research that is specifically focused on the issue of contracting to minority-owned businesses. Lohrentz et al conducted a large, nationwide study of 40 jurisdictions (cities and counties) that identified several best practices for minority contracting and their conclusions echo themes that emerge in other studies as well (Bates, 2005; Sweet, 2006; Curry-Stevens et al, 2010; Shaw, 2010; Jaja, 2013; Office of Inspector General, 2013; Flynn, 2014).

Lohrentz et al (2014) identified 7 best practices for successful programs, defining success as “policies and practices that tend to increase jobs in diverse, low-income communities and enhance regional asset distribution” (p.7). Those practices are:

1. Set specific sub-contracting goals and benchmarks
2. Help MWBE firms grow from sub-contractors to prime contractors
3. Work within local political realities and legal requirements
4. Eliminate discrimination at every stage of the procurement process
5. Build in comprehensive strategies to ensure effectiveness of race-neutral programs
6. Set aggressive procurement goals to expand opportunities
7. Encourage micro-enterprise development through contract scale adjustments and set-asides¹⁶

Several of these practices are substantiated elsewhere in the literature. Sweet (2006), in attempting to empirically assess the efficacy of minority-contracting programs in the U.S., notes that “Those who have studied MBE programs empirically rarely explicitly addressed the issue of goals of such programs, but instead have implicitly attributed goals to them” (p.167). Flynn's (2014) audit of the Metro MWESB program chronicles conflicts between active and passive goals that make it hard to identify what the desired outcomes of the Metro MWESB program would be. She writes, “Differences in the language used to describe goals were sometimes subtle, but had a large impact on setting expectations for the program among Metro employees and program participants” (p.12). Lohrentz et al (2014) identify “policies that set clear goals to address specific disparities and barriers” as one part of the equation, adding that jurisdictions with clear goals also “support one reporting agency and coordinated program implementation in all relevant city departments” (p.7).

Streamlined collection and reporting of clear data is a resounding theme in the literature. Curry-Stevens et al (2010) pointed out problems in acquiring disaggregated data so that accurate comparisons could be made and the progress of minority-owned businesses could be tracked from year to year. Shaw (2010) predicts Posey's concerns (2014) about incomplete and misleading data when she writes, “Theoretically, all contracting and procurement information is available, but in practice, information can be inaccurate and misleading” (p.19). The 2014 Metro audit by Flynn notes that “management and staff were unable to identify how the measures were calculated” in asserting that “Metro needs consistent and reliable information to determine whether it is reaching its MWESB goals” (p.9). Jaja (2013) proposes the use of real-time tracking and reporting software (such as ePrismSoft) that would effectively create a “scoreboard” by which the public

could see and respond to the actions of both government contracting entities and the businesses to whom they award contracts.

As to the best practices of helping minority-owned firms grow from sub-contractors to primary contractors and setting aggressive goals to grow opportunity, Bates and Williams (1995) identified three practices that “actually do promote the longevity of MBE vendors:

1. The presence of a rigorous certification process is positively associated with heightened MBE vendor survival prospects, and the presence of a staff assigned to assist minority firms produces the same result.
2. MBE vendors located in areas where bonding requirements are routinely waived for procurement contracts (or bonding is actually provided by the locality) are much more likely to remain in business, other things equal, than firms in other areas
3. MBE vendors located in areas where the local government provides working capital assistance to contract recipients are more likely to remain in operation, other factors constant, than firms in other areas” (p.16-17).

Shaw (2010) documents the potential for “fraud and scandal” in contracting, and the primary form of fraud documented in the literature is known as fronting (18). Front firms are nominally MWESB firms that are often hastily thrown together in order to secure a preferential contract that is actually executed (and therefore actually benefits) a larger, non-MWESB firm. Bates and Williams (1995) documented the fronting phenomenon (a concern also raised by James Posey) and were blunt in their assessment: “MBE front company abuses can be held down by penalizing such activity heavily” (p.21). They went on to suggest that on-site compliance reviews could serve as easy detection systems for front companies.

Policies to Support and Expand Minority Hiring and Local Hiring

Of equivalent, or possibly greater, importance to who receives public contracts is who gets paid to work on them. Local governments and community-based actors have developed a variety of tools to ensure that the benefits of publicly-funded job creation – whether through economic development incentives or public works projects – are directed toward communities of need, especially those experiencing elevated poverty and institutional barriers to opportunity, such as racial minorities. In addition to promoting more equitable outcomes, such policies can also have broader economic benefits for communities. Labor economists like Tim Bartik of the Upjohn Institute for Employment Research have argued that “demand side” policies that target employment opportunities toward long-term unemployed and underemployed populations can have long run benefits for labor force participation and earnings, and enhance the social return on public investment in economic development projects (Bartik, 2001; 2007).¹⁷

Why are such policies necessary?

Without policy interventions, the labor market on its own is unlikely to ensure diverse, equitable hiring on public construction projects. There are several reasons for this, including:

- *Education and skill gaps*: Individuals from disadvantaged communities often experience both lower educational quality and worse educational outcomes, leading to basic skill deficits in the workforce. These deficits contribute to difficulty obtaining living-wage positions offering opportunities for skill development and career advancement. This ultimately compounds the disadvantages facing those communities.
- *Informal networks and “workplace culture”*: Workers often find out about jobs, and employers find out about workers, through informal networks that are often reflective of who already is employed and therefore “in the know.” This perpetuates the disadvantage that underrepresented groups such as racial minorities and women experience, both because they do not find out about opportunities, and benefit less from informal mentoring on the job, increasing the likelihood of attrition if workers do not feel welcomed on the worksite.¹⁸
- *Institutional racism*: Ostensibly race- or gender-neutral policies can have disparate impacts on different population segments. For example, procedures that require new apprentices to travel long distances initially for less-desirable jobs to “get off the bench” may have greater negative impacts on workers with limited capacity to undertake travel, such as single parents or economically disadvantaged persons, which may perpetuate disparities by race and/or gender. While “fair” on their face, such policies can reinforce existing advantages and disadvantages, perpetuating disparity and inequity.

Demand-side tools are an important complement to supply-side approaches, such as pre-apprenticeship programs, which aim to increase the pool of workers from disadvantaged and underrepresented communities¹⁹. However, these tools alone are often insufficient unless they are coupled with policies that incent employers to take advantage of their availability. A recent study by the UCLA Labor Center of 33 public construction projects in Seattle found that African American workers made up only 3% of the hours worked, despite comprising nearly 8% of the city’s population,²⁰ even though the Seattle region has an extensive network of construction pre-apprenticeship programs.²¹

What tools exist for overcoming these barriers?

Several options exist for promoting the hiring of workers of color and for hiring local workers. While the priority of hiring local workers does not explicitly aim to hire workers of color, it has an impact that can affect workers of color. First, when enacted in a comparatively diverse region, it increases the likelihood that workers of color will be hired over lesser diverse workers in neighboring jurisdictions (as will be demonstrated in the Sellwood Bridge case study that follows). Second, when local communities receive economic investments (as local hiring practices create), the benefits are retained in the larger community which cannot help but spill into overall economic conditions, employment rates and the wage floor which holds potential to improve wages across the community.

In the following text, we demonstrate the viability of four tools for improving the employment conditions of workers of color: first source hiring policies, local hiring policies, community benefits agreements, and project labor agreements.

- **First source hiring policies** require employers receiving public subsidies or contracts to utilize a designated workforce agency or intermediary on a preferential basis. This usually means the establishment of a defined window of time in which those agencies, or referrals from those agencies, are given “first chance” to fill available positions. The City of Portland was the first U.S. city to adopt a First Source Hiring policy back in 1978, requiring all economic development incentive recipients to work with publicly-funded employment and training programs for hiring, and often the creation of customized training programs to help prepare individuals for those jobs. In the 1980s First Source requirements were extended to the State of Oregon’s economic development programs, including enterprise zones (EZ) and lottery-funded programs, and in the 1990s the Portland Development Commission (PDC) used the “JobNet” program to help target employment toward residents of the North/Northeast Portland community. First Source Hiring Agreements are still required by PDC and Business Oregon for EZ and certain other incentive programs, but presently this entails requiring employers to list available employment opportunities with the Worksource Oregon system. Since First Source policies cannot obligate employers to hire individuals referred by those agencies, the efficacy of such policies is largely dependent on the quality of the intermediary and the degree of activity of the relationship with the employer.
- **Local hire policies** are similar to first source policies, but instead specify that employers/contractors must achieve a specified participation of workers from a defined geography, usually the public jurisdiction granting the contract or subsidy. Local hire requirements have been subject to considerable legal challenges over the years, with courts generally holding that such requirements on economic development incentive recipients are not constitutional due to their infringement of individuals’ “privileges and immunities” to work across jurisdictions. However, courts have been more open to the establishment of local hire requirements in public contracting, especially if the source of funding is state or local, rather than federal. Federal agencies such as the Federal Highway Administration explicitly prohibit local recipients from establishing local hire goals or targets on their projects, which fund the vast majority of transportation-related projects in the United States²². Boston’s Resident Jobs Policy is a good example of a local hire policy²³; it stipulates that 50% of hours worked on City-funded construction projects must be by city residents, 25% by racial minorities, and 10% by women. In practice, however, local governments have been somewhat reticent to enforce local hire requirements for fear of provoking further legal challenges.
- **Community benefits agreements (CBA)** are negotiated contracts between a project developer and a consortium of community representatives, typically with the direct or indirect participation of public agencies financially or legally involved in the project.²⁴ CBAs are designed to maximize beneficial impacts of projects on communities, especially disadvantaged communities, by obligating developers to contribute toward measures, such as affordable housing or parks construction, which offset potential negative impacts such as displacement or congestion. At the same time, CBAs often include provisions that require for hiring of local residents and/or residents from disadvantaged populations during the construction phase (often in conjunction with project labor agreements, discussed below) and for “permanent” jobs in cases of commercial developments. CBAs emerged in the 2000s in Los Angeles around projects like the LA Live/Staples Center redevelopment project, and have been adopted in a

number of cities throughout the U.S. Because they are negotiated agreements between private developers and community coalitions, rather than governmental policies, CBAs are often better positioned to include local hiring provisions, and provisions for racial diversity, which are forbidden in several states, including California and Washington State. However, the efficacy of CBAs as a social and racial equity tool depends greatly on the capacity and willingness of community representatives and public agencies to monitor and enforce the provisions agreed to by developers.

- **Project labor agreements** with community workforce provisions are similar to CBAs in that they specify targeting goals and procedures, except that they require labor unions to formally agree to stipulations that support local workforce conditions. A Project Labor Agreement (or PLA) is a negotiated contract between project owners and a consortium of labor unions to establish protocols for a specific building project on variety of issues relating to working conditions, dispute resolution and hiring.²⁵ Many major construction projects, public and private, in Oregon involve PLAs, which help to mitigate labor-management conflict and ensure timely completion. In some cases, PLAs are completed on an agency-wide or “master” basis, applying to all projects of a particular size. It is important to note that PLAs are not inherently designed to promote equity and inclusion, especially in terms of minority contracting,²⁶ and without strong community workforce provisions, are often part of the problem to the extent that they enforce the use of union hiring procedures that have perpetuated disparities and underrepresentation. However, PLAs can be a useful vehicle for community workforce provisions that achieve targeting goals. Apprentice utilization rates are a common provision of PLAs, but they can go further, to specify goals for women and racial minority workforce participation, local hiring outcomes, and even hiring priority from designated pre-apprenticeship programs (called “direct” or “preferred entry” provisions). As with CBAs, their value is greatest where transparency and accountability are achieved, through oversight committees where community representatives, construction trade unions, contractors and public agencies/owners can review and scrutinize project outcomes. But since public agencies are not signatories to PLAs, they have limited tools to enforce community workforce provisions within those agreements.

Each of these tools provides important levers to enhance conditions for minority owned businesses and for workers of color. That said, and as will be demonstrated in the case study that follows, an unenforced policy is worse than no policy at all, because policies provide the semblance of progress where none exists, and they raise expectations for workers that are not going to materialize. The net result is that we are left with a local landscape that looks promising but that requires reports such as these to investigate and decipher.

Case Study: The Sellwood Bridge Project

In summer 2012, construction began on a replacement for the Sellwood Bridge (SWB) in southeast Portland. Multnomah County, which owns the bridge and is overseeing the project, awarded the construction contract to Slayden-Sundt JV, a joint venture between Slayden Construction of Slayton, Oregon (Marion County) and Sundt of Tempe, Arizona. As of January 2015, construction is more than two-thirds complete on the replacement bridge, which is scheduled to open in early 2016.

Multnomah County and Slayden-Sundt have made diversity a prominent part of their public relations strategy for the SWB project. In its Diversity Plan approved by Multnomah County in September 2011²⁷, Slayden-Sundt laid out a series of quantitative benchmarks for contractor and workforce diversity, including:

- 20% of total construction contract value to Disadvantaged, Minority, Women and Emerging Small Business (DMWESB) contractors;
- 20% of labor hours for each apprenticeable trade on large subcontracts to be performed by state registered apprentices²⁸;
- “Aspirational” goals of 20% of hours worked by racial minorities and 14% by women.

In addition, Slayden-Sundt committed to a variety of outreach, technical assistance, and capacity building efforts that are common to such projects.

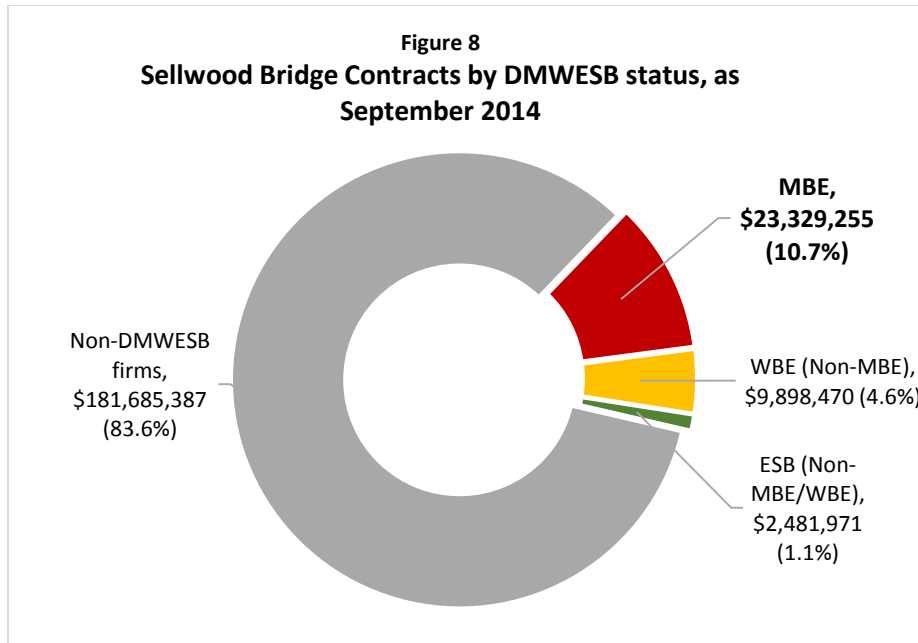
How well is the SWB project achieving its goals? We obtained data from Multnomah County regarding contractor and workforce outcomes, updated through September 2014. Our analysis identifies a series of shortcomings with the contracting and employment outcomes from the SWB project. We have organized these findings into two categories: contracting and workforce, and provided summary statements as to our insights of these data, along with justification for these insights.

Contracting Findings

Here we detail shortcomings of the contracting goals, disaggregated to identify the progress achieved by minority owned businesses, and the total investments into these businesses.

a. As of September 2014, the SWB project was short of its 20% DMWESB contracting goal.

The Sellwood Bridge project has struggled to approach its DMWESB goal of 20% participation. As of last September, they stood at 16.4% - \$35.7 million of \$217.4 million total – contracted to DMWESBs. Although this represents an increase from one year earlier, when they stood at less than 13%, they are still nearly \$8 million below the level necessary to reach their diversity contracting target²⁹.



Source: Authors' analysis of Sellwood Bridge Project (SWB) contractor data, obtained from Multnomah County.

b. State-certified minority business enterprises represent roughly 11% of SWB contract totals.

It is critical to break down the broad category of DMWESB contractors into the three overlapping categories of minority, women and “emerging small businesses” (i.e., recently-started businesses). Using data from the State’s Oregon Minority, Women and Emerging Small Business (OMWESB) database³⁰, we coded SWB contractors based on the categories for which they are certified. State-registered Minority Business Enterprises (MBEs) represent 10.7% of total contracts (Figure 1), totaling \$23.3 million. By comparison, 4.6% (\$9.9 million) of total contracts have gone to non-minority, Women-owned businesses (WBE), while 1.1% (\$2.5 million) have gone to ESBs not certified as either minority- or women-owned.

The contract share allocated to federally-qualified DBE contractors varies greatly across the three categories. Among MBEs, 60% of the total contracts went to DBEs, with 40% going to larger, established businesses no longer eligible for DBE status. Among WBEs not registered as MBEs, only 31% of contract totals went to DBEs³¹, and among remaining ESBs (12 contracts totaling \$2.5 million), none were certified DBEs. Overall, DBE contractors represented less than half (48%) of the DMWESB total, suggesting that smaller, less established MBEs are not benefitting as much.

c. Minority-owned businesses are engaged on smaller contracts than non-MBEs.

A total of 55 contracts worth \$23.3 million have gone to 40 minority-owned businesses for the SWB project, for an average contract size of \$424,168. This is significantly smaller than the average non-prime (i.e., other than Slayden-Sundt) contract size of nearly \$600,000. For DBE-eligible MBEs the average contract is much lower, at \$167,201. Among African-American contractors, the average contract for DBE-eligible firms (18 firms, 26 contracts) is slightly higher (\$297,011) than the MBE average³², while much lower for Asian-American (4 firms, 4 contracts, \$138,302) and Hispanic-owned MBEs (12 firms, 12 contracts, \$83,258). This

suggests that MBEs are engaged primarily on small subcontracts with fewer opportunities to gain experience and build wealth.

Workforce Findings

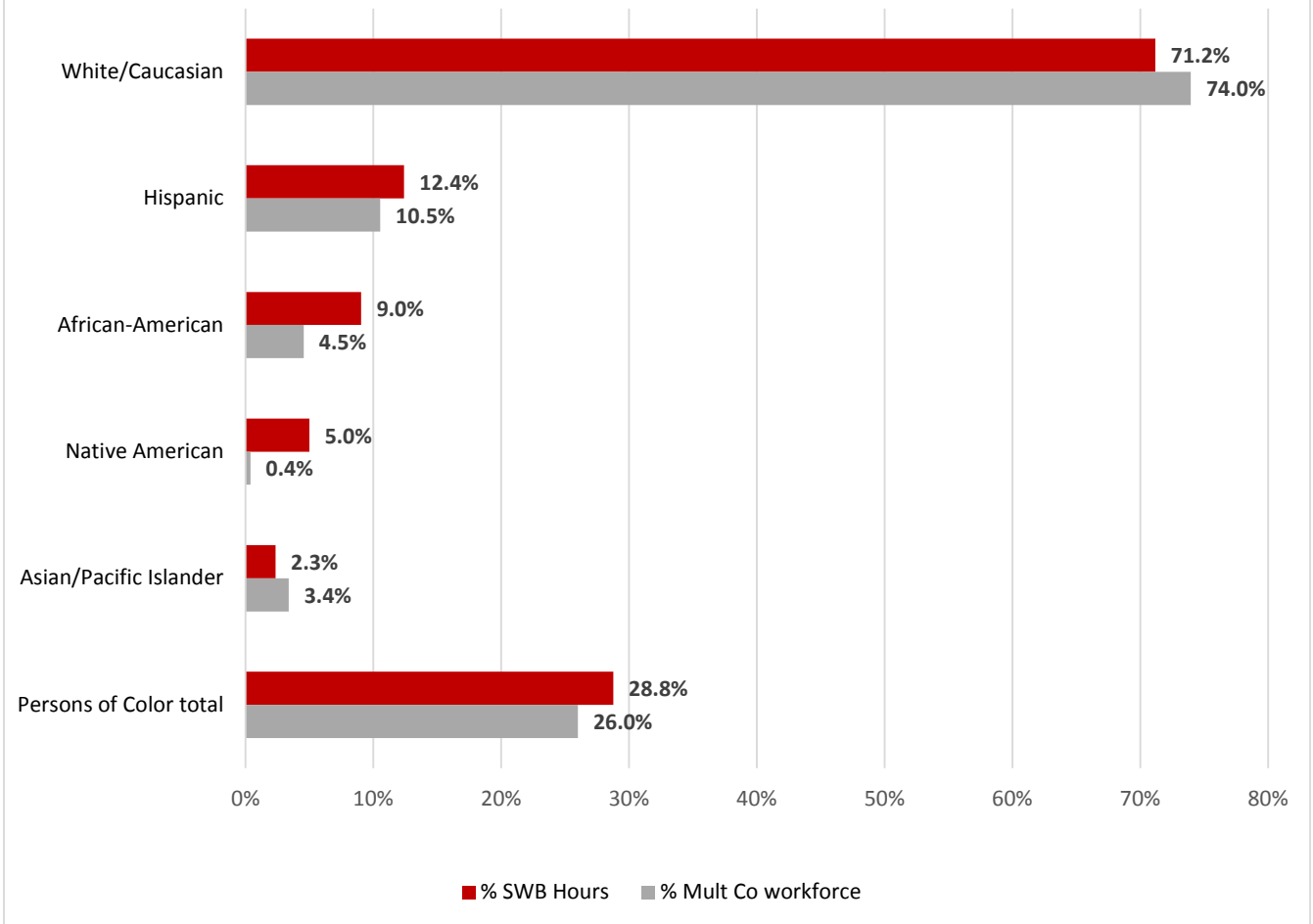
Workforce measures are typically reported by the numbers of hours worked by each community, and the second is to add additional complexities to these hours worked, such as wages earned and types of employment. We then wanted to dig a little deeper into an assessment of the degree to which using minority contractors actually generates solid employment for workers of color.

a. So far, the SWB project is exceeding its 20% aspirational goal for minority workforce participation.

The total employment figures are positive, with communities of color accessing 28.8% of the work hours expended on the SWB project, as of the early fall of 2014. Figure 9 below shows that while this is laudable, it is a relatively similar level as the overall Multnomah County workforce data, which has workers of color at 26.0% of the workforce. This shows that overall access to employment has been well-addressed such that workers of color enter the jobs in the SWB project at levels equivalent to their workforce population.

It is, however, possible that employers who are expected to hire workers of color do so on a temporary basis or do so at such few hours of employment as to compel us to look, instead, at hours of work to discern more durable benefits of these public expenditures. As of September 2014, nearly 30% of the hours worked on the SWB project were by persons of color (POC), exceeding the 20% aspirational goal for racial diversity (Figure 9). Among racial/ethnic groups, Hispanic workers represented the largest share, with over 12% of hours worked, followed by African-Americans (9%), Native Americans (5%), and Asian/Pacific Islanders (2.3%). This compares favorably to the racial diversity of the adult workforce in Multnomah County, with the exception of Asian/Pacific Islanders, who are significantly underrepresented relative to their population share.

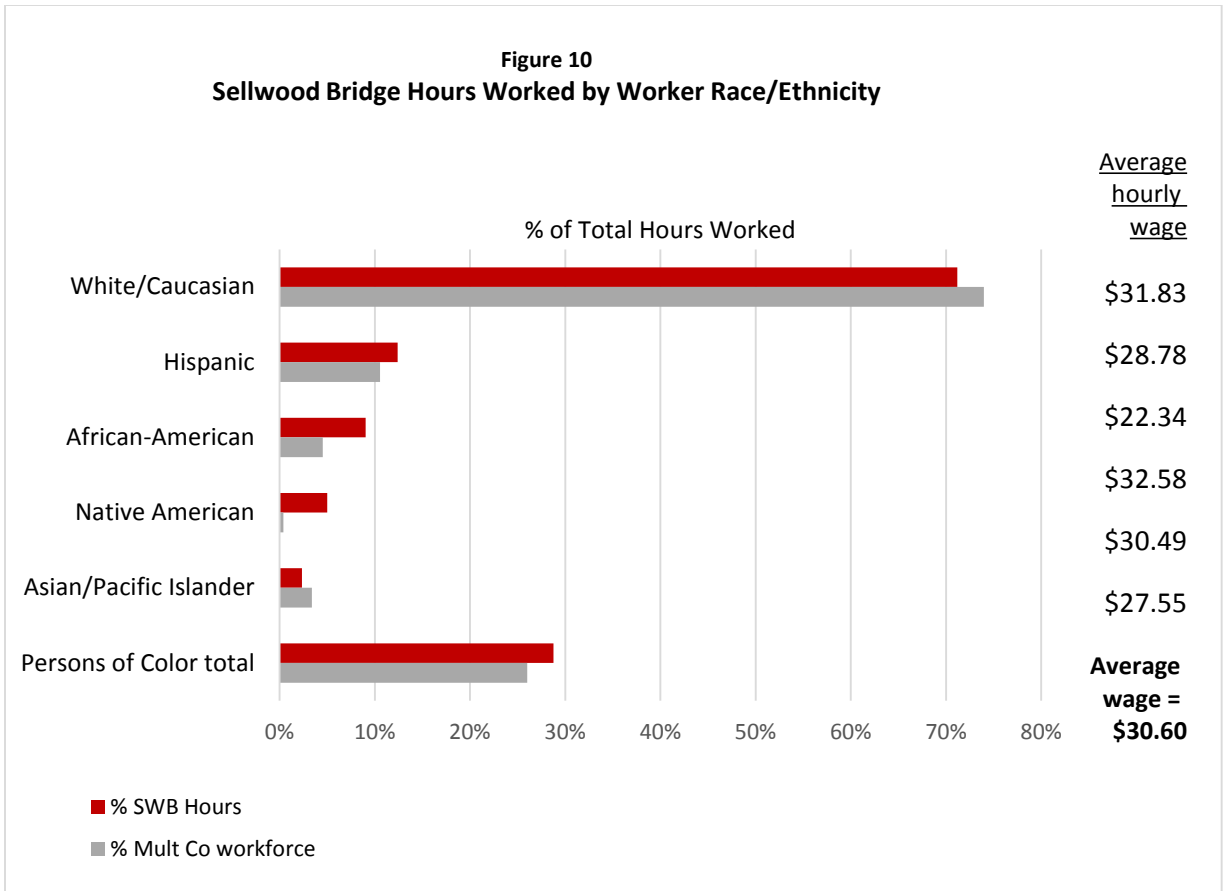
Figure 9
Sellwood Bridge Hours Worked by Worker Race/Ethnicity



Source: Authors' analysis of SWB project workforce data, obtained from Multnomah County. Multnomah County workforce data based on authors' analysis of 2011-13 American Community Survey Public Use Microdata Series.

b. This aggregate total, however, masks wide disparities in the quality of jobs held by Whites and by Persons of Color, especially African Americans.

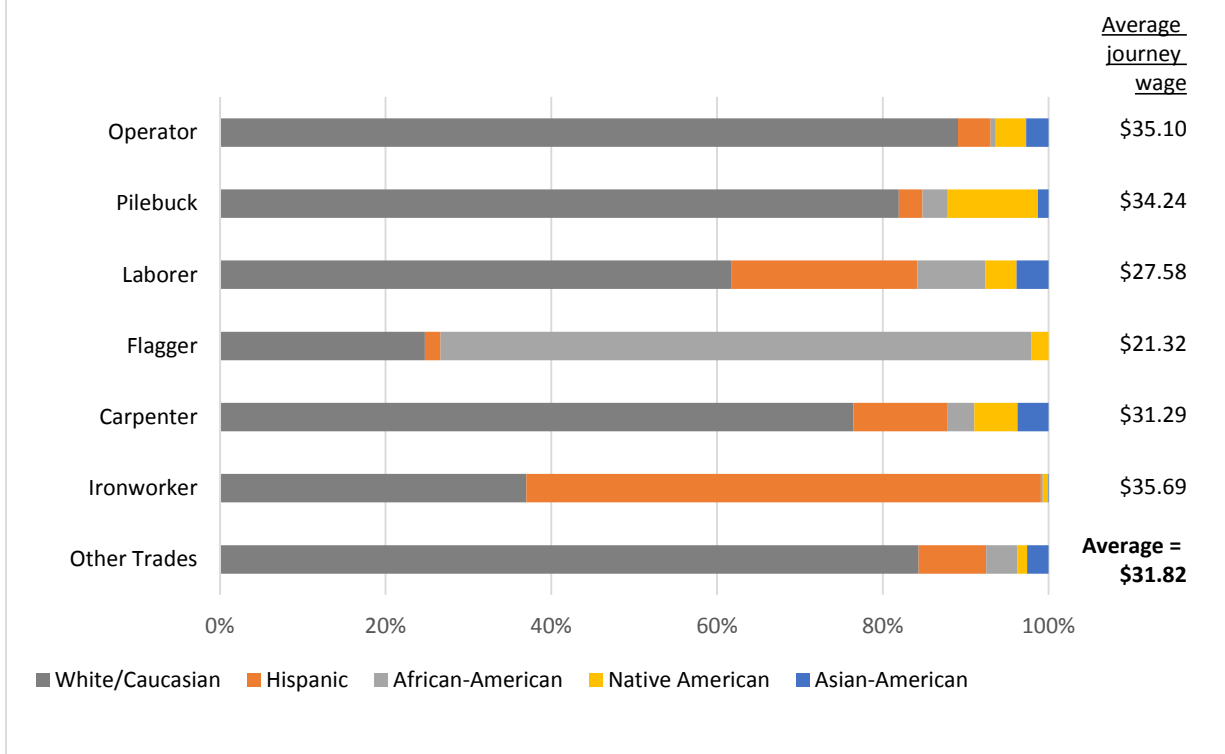
There is a significant wage gap for White workers and workers of color on the SWB project. The average wage for White workers was nearly \$32 per hour, compared to \$27.55 for workers of color – a gap of nearly 14% (Figure 10). For African Americans the gap is even greater, with an average wage of only \$22.34 – nearly \$10 less per hour than White workers.



Source: Authors' analysis of SWB project workforce data, obtained from Multnomah County. Multnomah County workforce data based on authors' analysis of 2011-13 American Community Survey Public Use Microdata Series.

The primary reason for this gap is because persons of color are concentrated in lower-paid trades such as Flaggers and other Laborers, and with some exceptions, underrepresented in higher-paid trades (Figure 11). For example, Persons of Color worked three-fourths of all hours in Flagging – the lowest-paid position at an average journey-level wage of approximately \$21 per hour – and nearly 40% of other Laborer hours (\$27/hour), but only 11% of Operators (\$34/hour) and 18% of Pilebucks. Amazingly, nearly two out of three hours worked by African-Americans were as Flaggers.

Figure 11
Sellwood Bridge Hours Worked by Trade and Worker Race/Ethnicity



Source: Authors’ analysis of SWB project workforce data, obtained from Multnomah County.

One of the few bright spots among higher-paid trades are the Ironworkers, for which 63% of the hours worked on the SWB project have been Persons of Color. However, closer analysis shows that this has been almost entirely attributable to Latino workers; there were no hours worked by African-Americans in this trade. This suggests that some trades may be making inroads within certain communities of color, but not all.

c. *Minority-owned businesses show a higher rate of minority workforce utilization than White-owned businesses.*

Over half (56%) of hours worked by minority-owned businesses were by Persons of Color, compared to only 23% for White-owned businesses. To some extent this gap is skewed by two minority-owned flagging businesses; excluding these two, minority workforce utilization is somewhat lower (38%), but still nearly two-thirds higher than White-owned businesses. This reflects the tendency for MBEs to be concentrated in lower-paid, manual labor fields, but it also suggests that majority-owned firms – and the trade unions they draw workers from – are less successful in connecting with diverse communities in their recruitment and hiring.

d. *Multnomah County workers on the SWB project are more diverse than the regional figures, but represent only one-quarter of hours worked and approximately one-fifth of earnings.*

One factor hindering workforce diversity on the SWB project is the relatively low utilization of workers from within Multnomah County, who tend to be more racially diverse. Less than one-quarter of hours worked

(24%) and roughly one-fifth (20.7%) of earnings went to Multnomah County workers. By contrast, Clackamas County workers have garnered nearly one in six hours (16%) on the project, followed by Clark County (Washington) at 13%. Workers drawn from within Multnomah County were much more racially diverse, with 53% persons of color compared to 21% of workers from elsewhere. The low utilization of Multnomah County workers stands in stark contrast to the funding for the project, of which over three-fourths (78%) comes from the City of Portland and Multnomah County taxpayers.³³ However, because the SWB project is funded in small part through federal monies, they have been unable to incorporate local hiring goals. Yet in the absence of such goals, we can see that the vast majority of the work will go to residents of other jurisdictions, reducing both the public return on investment and opportunities to benefit communities of color.

A full set of data tables is included in the Appendix.

Summary

The Sellwood Bridge Project shows the critical importance of digging deeper into the data to see what is happening with contracting and hiring on large public construction projects. Top-level goals for DMWESB and minority workforce utilization can mask as much as they reveal. For example, it shows that state-certified minority-owned businesses have gotten only 11% of the contracts for the project, less than half of total DMWESB contracts have gone to disadvantaged businesses, and that MBE contracts tend to be, on average, much smaller than those of majority-owned businesses. And while the project has more than met its 20% goal for workforce racial diversity, it is clear that Persons of Color – African-Americans in particular – are locked into the lowest-paid trades with the fewest opportunities for upward mobility. As a result, far less of the material benefits – in terms of income and wealth – are flowing back to communities of color within Multnomah County.

Recommendations

Five categories of recommendations are advanced in this report: (1) regional strategies, (2) accountability and data systems, (3) innovations, (4) incentives and sanctions, and (5) discourse and awareness efforts. These surface from our investigation of practices at the State, County, City and Metro levels, and specifically investigated in the Sellwood Bridge Project. Our recommendations are rooted in the evidence of shortcomings with the minority contracting policies and practices. We remain enthusiastic about the potential for the program, particularly as shown in the literature. Given the ability of successful minority contracting programs to increase wealth in communities of color, mitigate the impacts of historical discrimination, and support a more even distribution of income and assets within regional economies, we find it essential to work with policy makers at multiple levels to advance improvements to the MWESB minority owned business contracting system.

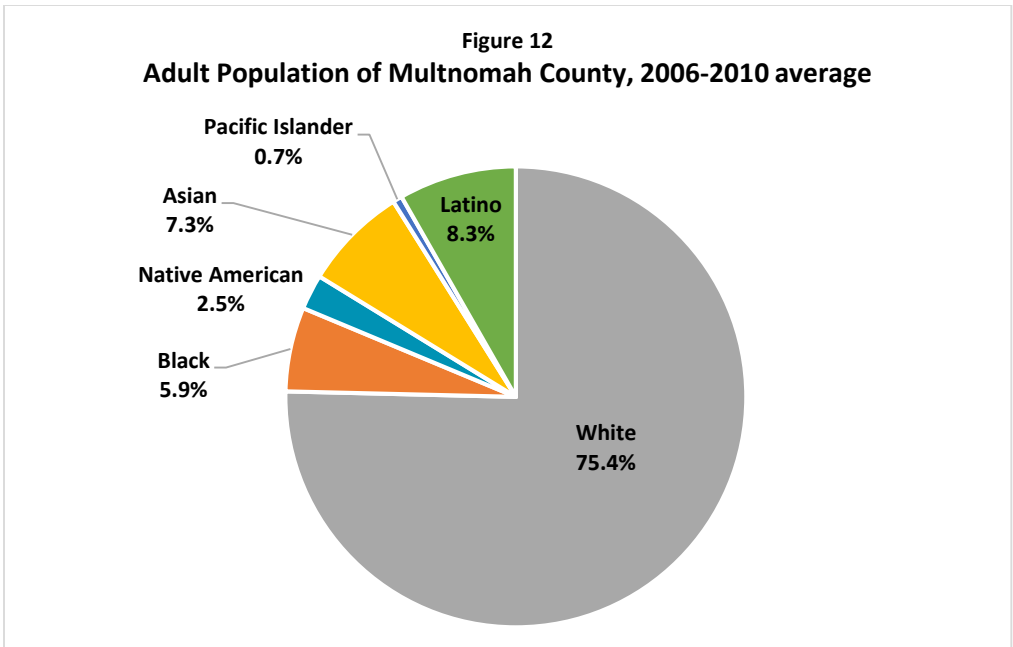
Regional Strategy

Our central recommendation is to implement a regional strategy to provide work opportunities for minority contractors (Lohrentz et al, 2014). This strategy should require active participation of all departments and agencies, include clear goals and benchmarks, provide assistance in navigating the MWESB certification process, and employ streamlined methods of data collection and reporting that are clear, accountable, and accessible to the public in real time. A program such as ePrismSoft could be utilized to collect and publish such data and it could be published in the form of an online “scoreboard” to guarantee transparency and measure progress (Jaja, 2013). Lohrentz et al also recommend creating or designating “one reporting agency for the whole city or county, as is done in jurisdictions such as New York City, Philadelphia, Houston and Baltimore” (p.33).

The development of a regional strategy should include multiple levels of government, and establishing standards which need to be adhered to across departments and regions. The State of Oregon should convene these tables, include leading community experts on this topic (we can provide a list of suggested experts), and should come to the table with an attitude of humility that reflects its own deeply flawed outcomes. While the State is an appropriate convening group, it has much to learn about effective contracting practices and accountability measures.

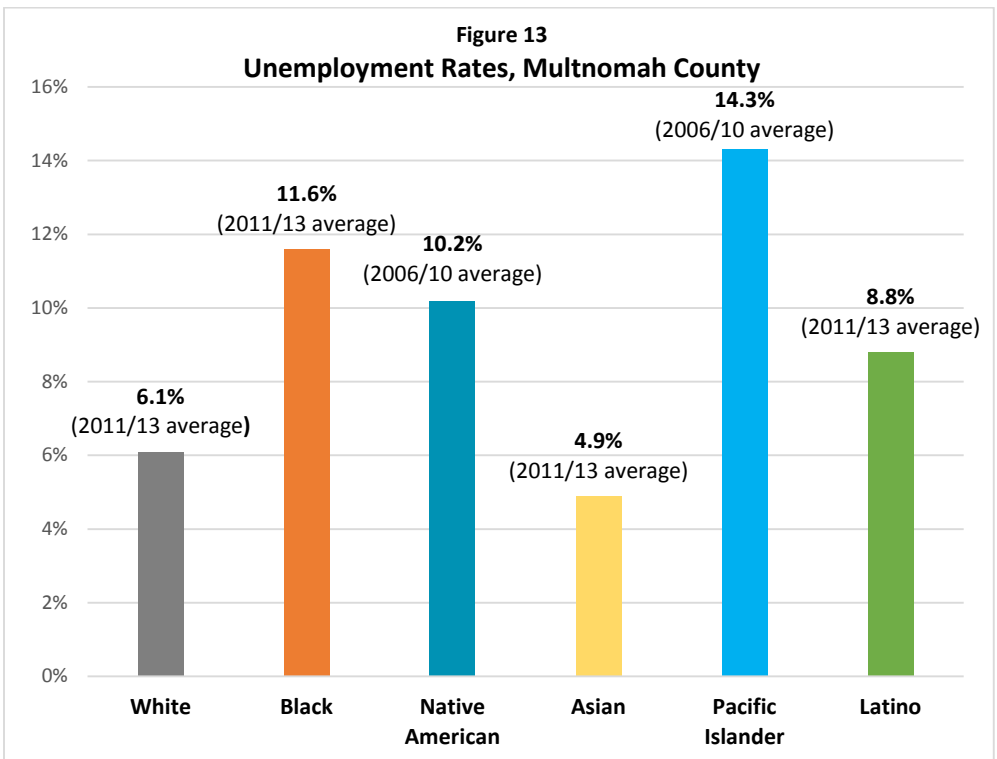
We add a stronger vision to this regional strategy about the establishment of targets for both minority contractors as well as workforce hiring. We believe it is time to embark on serious conversation about need, for some communities have stronger needs than others.

It is time to let ourselves be informed by needs – on the basis of the size of the population, and considering a metric that is not tied to available workers, but rather by the population itself, and give us higher aspirations to ensure that more people of color become prepared for and eligible for work in sectors where public investments are being made. So too we need to consider the profile of the unemployed population – which surfaces where the need for employment is greatest. We reproduce these data below to begin to catalyze thinking about appropriate targets for hiring workers of color and for minority contracting.



Source: American Community Survey, 2006-2010. Please note that this larger time span allows the Census Bureau (who publish these data) to share information on smaller communities, such as Pacific Islanders.

Figure 12, above, suggests that there should perhaps be more robust metrics used to set appropriate targets for workforce hiring. If we were to use these metrics, the performance of the SWB project would remain positive, but not surpassing targets in the same magnitude.



Source: American Community Survey, varying years. We opted to use more current figures when available for most communities so they better reflected current economic conditions. The years of data are detailed in the figure.

Please notice that we are not saying that these need to be targets or metrics to assess success; rather, we invite policy makers and stakeholders to consider that “need” could factor into the establishment of targets in more effective ways. We hope to be invited to these policy tables to share our perspectives and open dialogue about the importance of wrapping issues of need into targets, anticipating that these would include population levels, unemployment rates, poverty rates, “hard to employ” populations, geographic areas where needs are highest, and sectors where communities of color have been unable to penetrate barriers to the profession.

Accountability and Data Systems

a. Standardized policy frameworks

At the top of our list is the need to develop policy frameworks that ensure that data on the status of minority contracting is shared routinely, accurately, and transparently. Using the same system and outcome metrics across jurisdictions is recommended so that results are comparable and so that the community is able to effectively discern progress and challenges.

b. Reporting details expanded

Greater detail in reporting is important to ensure that we can understand the effectiveness in minority contracting in different communities. Disaggregating expectations should follow the requirements of House Bill 2134, which currently applies only to the Oregon Health Authority and the Department of Human Services and those with who they contract and subcontract.³⁴ It is expected that similar legislation will increasingly spread to other departments in the coming years.

c. Worker level details expanded

We also want to ensure that we can separate workforce activities for apprentice and journey-level workers. We would like to discern the degree to which apprentice opportunities are (a) completed, and (b) lead to well-paying jobs. We simultaneously want to ensure that the bulk of employment hours for workers of color serve to expand their future employment opportunities, equivalently with those available to white workers. Dead-end jobs do not well serve communities of color. The type of occupational segregation uncovered in the Sellwood Bridge Project necessitates a cohesive approach to both monitoring and remedy. We urge the exploration of establishing a trade-specific lens on its barriers to recruitment, retention and promotion of workers, as well as robust and transparent commitments to eradicating inequities. This would ideally be aligned with strong government expectations for achieving trade-specific employment equity, and to disclosing these intentions and outcomes publicly.

d. Inclusion forecasting

Government organizations who are serious about addressing equity could also engage in long-term inclusion forecasting – that is, implementing a process whereby future projects are examined to identify potential inclusion opportunities. In fact, local policymakers could lead efforts to establish a comprehensive economic development plan focused on providing access to the full range of procurement processes, including new infrastructure funding.

e. Independent audits

We also need regular independent audits of projects to guarantee proper collection and reporting of data. It is important that data be reliable and effective; too often our own research had questions about accuracy of data and sometimes questions surfaced about the degree to which undesirable patterns

might have been intentionally obscured. Audits would both eliminate our concerns as well as promoting greater accuracy by firms and by project managers.

Innovations

a. Pathways to advancement

The identification of the prevalence of employment of workers of color as flaggers is obviously troubling. We would like to see partnerships between governments and contractors to support the employment opportunities for low-end workers, and the establishment of recognized and supported pathways to advancement. These can be accompanied by a combination of incentives (where pathways are successful) and sanctions (where pathways are not made available for workers). An additional idea is to expand partnerships across sectors: if union apprenticeship programs in higher paid fields could recruit from lower paid fields like laborers and flaggers, which tend to be more diverse, we could bridge workers of color to higher paid jobs. We would also expand this idea in pre-apprenticeship programs, again which tend to be more diverse.

b. Moratorium on low-bid selection process

Another significant recommendation is for organizations to provide a moratorium on the low-bid process in favor of a negotiated or best-value bid arrangement. This would allow diversity/inclusion to feature more prominently as factors in the selection process (see Jaja, 2013 and Lohrentz et al, 2014).

c. Expanded role of equity in bid selection process

To replace the low-bid selection process, we recommend that additional features be included in the decision-making practices of awarding contracts. These features should include the contractors' past minority and local hiring performance (ideally that has been validated by public agencies), expectations for enhanced hiring of workers of color, improved opportunities for lower-end workers, and penalties for failed promises in past contracts. While some language exists for similar criteria to be considered, it is generally believed that equity criteria are rarely integrated into decision-making.

d. Expand local and first source hiring

We need to strengthen first source and local hiring policies, and community workforce provisions within Project Labor Agreements on public construction projects. While we endorse heightened expectations in both these areas (to hire locally and to hold requirements to hire workers of color), we repeat our assertion that an unenforced policy is worse than no policy at all; these policies simply must be enforceable.

Incentives and Sanctions

a. Wage reimbursement for priority communities

An incentive program modeled on the current Workforce Training program (which reimburses \$20.00 per hour for every apprenticeship hour worked up to 10,000 hours), should be implemented. Additional reimbursements could be possible for primary contractors whose apprenticeship hours are worked by African Americans or Asian Americans (two of the most underrepresented workforce groups based on the disparity study). Such an incentive program could be utilized in conjunction with the Oregon Department of Transportation's Mentor/Protégé program, allowing primary contractors to recoup additional expenses with helping to develop and train a minority-owned firm. The use of mentor/protégé programs is identified by Lohrentz et al (2014) as a "promising practice" in capacity building that is currently used in Charlotte and Houston (p.35). To protect against the fraud Bates and Williams (1995)

warn of, the program should require prime contractors to clearly identify the MBE firm and the specific type of work that is to be performed. This should go through an approval process that not only includes ODOT representation but also minority contracting representation in order to validate the legitimacy of the relationship (thus guarding against the practice of fronting) and that the relationship can deliver on the goal of building capacity and expertise in the minority contracting community.

b. Serious sanctions for failed diversity histories

Businesses that receive awards with promises or expectations that they will hire workers of color, and subsequently do not make such hires need to face sanctions. So too do unions that create roadblocks to diversity in hiring. While the reach of such sanctions needs to be determined, it is important to provide sanctioning capacity for governments who award minority contracts. These sanctions should consider a wide range of options, up to and including disbarment from certification for repeated low performance.

Discourse and Awareness Efforts

- a. It is time for public agencies to work across jurisdictions and to partner with community advocates and bring forward both the ethics of racial equity (and the injustices of racial inequities) and the social and economic imperative for expanding their role in addressing racial disparities. We see this as important for eliminating the concerns that many in public agencies hold in being transparent about their equity initiatives. It is essential for our collective future for everyone in the region to have real opportunities for a positive future; a vision that will simultaneously improve our standing in national rankings of prosperity and in international rankings of human development.

Conclusion

Our journey through this research has been intriguing and illuminating. We have used our review of the literature, of the results gained by various jurisdictions, and our deep dive into the outcomes of the Sellwood Bridge Project to draw a tight conclusion: the promise of minority contracting remains intact, but the net impacts on workers of color, and communities that benefit from the investments of public dollars has not been realized to anywhere near their full potential. Improvements to this situation is essential, and we hope that our public sector leaders understand the depths of the work needed to turn the promise into much more solid outcomes.

Our priorities for action are multifaceted: (1) build effective data systems that track progress in accurate, timely and transparent ways, (2) establish targets in more relevant ways so that “need” features as a higher priority, (3) create a robust accountability structure that integrates use of effective incentives and sanctions, (4) integrate viable innovations that promote stronger worker and community wellbeing, and (5) work regionally to establish enhanced capacity to reach the promise of minority contracting.

We look forward to seeing these ideas integrated within policy dialogues and to seeing the potential for minority contracting to come to fruition.

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Appendix: Sellwood Bridge (SWB) Project Contractor and Workforce Diversity Analysis Tables

Table 1a
Total SWB contracts and subcontracts by DMWESB status

	November 2013		September 2014	
	Contracted	% of total	Contracted	% of total
Non-DMWESB firms	\$192,941,868	91.2%	\$189,700,677	87.3%
DMWESB firms	\$18,705,520	8.8%	\$27,694,405	12.7%
MBE	\$11,482,188	5.4%	\$15,083,670	6.9%
WBE (Non-MBE)	\$5,387,226	2.5%	\$9,898,470	4.6%
DBE/ESB (Non-MBE/WBE)	\$1,836,106	0.9%	\$2,273,320	1.0%
Total	\$211,647,388		\$217,395,083	

Table 1b
Total SWB contracts and subcontracts by Owner Race/Ethnicity

	November 2013		September 2014	
	Contracted	% of total	Contracted	% of total
White/Caucasian*	\$194,024,141	91.7%	\$194,065,827	89.3%
African-American	\$11,870,788	5.6%	\$15,737,574	7.2%
Native American	\$4,911,861	2.3%	\$6,039,373	2.8%
Hispanic	\$585,933	0.3%	\$999,099	0.5%
Asian-American**	\$254,655	0.1%	\$553,209	0.3%
Total	\$211,647,378	100%	\$217,395,083	100%
Minority contractors, total	\$17,623,237	8.3%	\$23,329,255	10.7%

* Businesses not listed in OMWESB database assumed to be White/Caucasian.

** includes South Asian and Asian-Pacific categories

Table 1c

Total SWB contracts, awarded versus paid, by Owner Race/Ethnicity, as of September 2014

	September 2014		Paid as % of Awarded
	Awarded	Paid	
White	\$194,065,827	\$130,729,947	67%
African-American	\$15,737,574	\$4,220,207	27%
Native American	\$6,039,373	\$4,152,291	69%
Hispanic	\$999,099	\$475,532	48%
Asian-American	\$553,209	\$185,283	33%
Total	\$217,395,083	\$139,763,260	64%
Minority contractors, total	\$23,329,255	\$9,033,313	39%

Table 1d

Total SWB non-prime contracts by Owner Race/Ethnicity and DMWESB status

Owner Race/Ethnicity	Firms	Contracts	Awarded	Average Contract
White	109	152	\$100,121,586	\$658,695
African-American	18	27	\$15,737,574	\$582,873
Native American	6	12	\$6,039,373	\$503,281
Hispanic	12	12	\$999,099	\$83,258
Asian-American	4	4	\$553,209	\$138,302
Total	149	207	\$123,450,842	\$596,381
Minority contractors, total	40	55	\$23,329,255	\$424,168

By DMWESB status	Firms	Contracts	Awarded	Average Contract
MBE contractors	39	54	\$15,083,670	\$279,327
MBE/DBE contractors	34	48	\$8,025,668	\$167,201
All DBE contractors	55	77	\$11,485,060	\$149,157

Table 1e
Largest SWB Minority Contractors

Contractor	Location	Owner Race/Ethnicity	# of Contracts	Net Contracted	Net Paid as of Sept 2014
Carr Construction*	Portland	African-American	1	\$8,015,291	\$313,271
McDonald Excavating	Washougal, WA	Native American	1	\$3,876,670	\$2,735,517
O'Neill Electric	Portland	African-American	2	\$2,867,564	\$13,509
Pacificmark Construction Corp.	Milwaukie	African-American	3	\$1,739,581	\$1,326,453
PTS Surveying	Hillsboro	Native American	1	\$1,014,970	\$835,597
Munitor Construction	Newberg	Native American	1	\$1,007,793	\$439,020
Tri-Star Flagging	Oregon City	African-American	1	\$996,212	\$836,126
Meko Construction**	Woodinville, WA	African-American	2	\$468,993	\$456,436
Affordable Electric Inc.	Fairview	African-American	2	\$467,708	\$416,454
A D Traffic Control Services	Portland	African-American	1	\$383,559	\$397,071
Northwest Infrastructure	Portland	African-American	3	\$333,981	\$201,926
Azuri Construction, Inc.	Portland	Hispanic	1	\$327,216	\$0
R & R General Contractors	Portland	Hispanic	1	\$282,290	\$128,733
Green Art Landscape & Irrigation	Hillsboro	Asian-American	1	\$254,665	\$46,771
MSD Construction	Hillsboro	Hispanic	2	\$232,261	\$163,896
Minority contractors, total			55	\$23,329,255	\$9,033,313

* Not currently certified as MBE by State of Oregon, because it exceeded revenue limits.

** Excluded from DBE/MBE calculations because it failed the "Commercially Useful Function Test" by Multnomah County.

Table 2a
SWB Hours Worked and Earnings by Race/Ethnicity, as of September 2014

Race/Ethnicity	Hours	% of Hrs	Earnings*	% of Earnings	Average Wage	% of Mult Co workforce**
White	282,399	71.2%	\$8,987,944	74.1%	\$31.83	74.0%
Hispanic	49,207	12.4%	\$1,416,232	11.7%	\$28.78	10.5%
African-American	35,878	9.0%	\$801,402	6.6%	\$22.34	4.5%
Native American	19,776	5.0%	\$644,232	5.3%	\$32.58	0.4%
Asian-American	9,295	2.3%	\$283,417	2.3%	\$30.49	3.4%
Unknown	109	0.0%	\$3,573	0.0%	\$32.85	
Total	396,663	100%	\$12,136,801	100%	\$30.60	100%
Persons of Color***, total	114,155	28.8%	\$3,145,284	25.9%	\$27.55	26.0%

* Estimated as base hourly wage multiplied by total worker hours, as reported on Monthly Employee Utilization Reports (MEUR) submitted by contractors.

** Authors' analysis of 2013 American Community Survey data for adults in the labor force. Category totals include individuals identifying in that racial category only, and does not include individuals identifying with more than one race (3.4% of labor force).

*** Includes workers identifying as a race/ethnicity category other than White-Caucasian.

Table 2b
SWB Hours Worked by Trade and Race/Ethnicity, as of September 2014

Trade	Average Journey Wage*	Total Hours	POC Hours	POC% of Trade Hrs	African American Hours	Af-Am % of Trade Hrs
Operator	\$35.10	101,768	11,108	11%	597	1%
Pilebuck	\$34.24	89,647	16,234	18%	2,742	3%
Laborer	\$27.58	89,062	34,096	38%	7,349	8%
Flagger	\$21.32	32,458	24,427	75%	23,154	71%
Carpenter	\$31.29	36,680	8,639	24%	1,184	3%
Ironworker	\$35.69	25,984	16,380	63%	54	0%
Other Trades		21,064	3,298	16%	798	4%
Total	\$31.82	396,663	114,181	29%	35,878	9%
Total, Minus Flaggers		364,204	89,754	25%	12,724	3%

* Calculated as total wages divided by total hours for workers classified as non-apprentice/trainee status.

Table 2c

Sellwood Bridge Project: Hours Worked by Race/Ethnicity and Apprenticeship Status

Ethnicity	Apprenticeship hours	% of Apprentice hours	Journey hours	% of Journey Hours	Apprentice % of Total Hours
White/Caucasian	38,242	68%	242,043	72%	14%
African-American	4,740	8%	31,098	9%	13%
Hispanic	11,260	20%	37,183	11%	23%
Asian-American	1,150	2%	8,126	2%	12%
Native American	1,222	2%	18,555	6%	6%
Unknown	0	0%	109	0%	0%
Total, all workers	56,613	100%	337,112	100%	14%
Total, Persons of Color	18,371	32%	94,961	28%	16%

Table 2d

SWB Apprentice Hours Worked by Trade and Race/Ethnicity, as of September 2014

Trade	Total Trade Hrs	Total Apprentice Hrs	Apprentice % of Total Hours	Total POC Apprentice Hrs	POC % of Trade Apprentice Hrs	Af-Amer Apprent Hrs	Af-Am % of Apprent Hrs
Operator	101,768	10,771	11%	511	5%	52	1%
Pilebuck	89,647	15,437	17%	2,832	18%	513	11%
Laborer	89,062	13,179	15%	7,806	59%	2,214	46%
Flagger	32,458	1,396	4%	1,138	82%	1,138	24%
Carpenter	36,680	6,622	18%	899	14%	296	6%
Ironworker	25,984	5,025	19%	4,401	88%	0	0%
Other Trades	21,064	4,185	20%	1,607	38%	567	12%
Total, all trades	396,663	56,613	14%	19,194	34%	4,780	8%

Table 2e

SWB Hours Worked by Race/Ethnicity and Owner Race/Ethnicity

Worker Race/Ethnicity	Contractor Race/Ethnicity						All contractors	Minority contractors
	White	Hispanic	African- American	Asian- American	Native American			
White/Caucasian	77%	44%	33%	67%	77%	71%	44%	
Hispanic	13%	56%	9%	22%	10%	12%	12%	
African-American	3%	0%	53%	11%	1%	9%	37%	
Asian-American	2%	0%	1%	0%	7%	2%	2%	
Native American	5%	0%	4%	0%	6%	5%	4%	
Total, all workers	100%	100%	100%	100%	100%	100%	100%	
Total, workers of color	23%	56%	67%	33%	23%	29%	56%	

Table 2f

SWB Hours Worked by Trade and Owner Race/Ethnicity

Trade	Contractor Race/Ethnicity						All contractors	Minority contractors
	White	Hispanic	African- American	Asian- American	Native American			
Operator	28%	0%	4%	23%	40%	26%	13%	
Pilebuck	27%	0%	1%	0%	0%	23%	0%	
Laborer	22%	41%	13%	76%	59%	22%	26%	
Carpenter	10%	3%	11%	0%	0%	9%	8%	
Flagger	0%	0%	66%	0%	0%	8%	47%	
Ironworker	8%	4%	0%	0%	0%	7%	0%	
Other Trades	5%	51%	5%	0%	1%	5%	7%	
Total, all trades	100%	100%	100%	100%	100%	100%	100%	

Table 2g

SWB Worker Hours, Earnings and Workforce Diversity by County, as of September 2014

County/State	Total Hours	% of Total Hours	Earnings	% of Total Earnings	POC % of Total Hours
Portland Metro Total	247,862	62%	\$7,275,180	60%	34%
-Multnomah County	95,913	24%	\$2,506,483	21%	53%
-Clackamas County	62,188	16%	\$1,982,500	16%	12%
-Clark County WA	50,823	13%	\$1,605,277	13%	32%
-Washington County	25,941	7%	\$782,366	6%	21%
-Columbia, Skamania WA, Yamhill	12,997	3%	\$398,554	3%	24%
Salem Metro (Marion, Polk)	44,138	11%	\$1,326,651	11%	26%
Other Oregon	50,795	13%	\$1,672,070	14%	25%
Other WA State	42,950	11%	\$1,492,867	12%	15%
All other places	10,918	3%	\$370,032	3%	3%
Total, all locations	396,663	100%	\$12,136,801	100%	29%

Endnotes

- ¹ Note that various regions reference disadvantaged businesses with different terminologies.
- ² From State and County Quick Facts for Oregon. Downloaded from <http://quickfacts.census.gov/qfd/states/41000.html>.
- ³ Robb, A. (2013). *Access to capital among young firms, minority-owned firms, women-owned firms and high-tech firms*. Washington, DC: Office of Advocacy, US Small Business Administration. Downloaded from [https://www.sba.gov/sites/default/files/files/rs403tot\(2\).pdf](https://www.sba.gov/sites/default/files/files/rs403tot(2).pdf).
- ⁴ The House Bill 2667 Task Force (2014). Task Force Report: Procuring Through Small and Local Business Report. Downloaded from http://www.oregon.gov/DAS/HB2667_TaskForce/HB%202667%20Final%20Report.pdf.
- ⁵ The House Bill 2667 Task Force (2014). Task Force Report: Procuring Through Small and Local Business Report. Downloaded from http://www.oregon.gov/DAS/HB2667_TaskForce/HB%202667%20Final%20Report.pdf.
- ⁶ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2014-15 Edition*, Interpreters and Translators. Downloaded from <http://www.bls.gov/ooh/media-and-communication/interpreters-and-translators.htm>.
- ⁷ Report prepared for the House Bill 2667 Task Force (2014). *Breakdown of agency purchases*. Downloaded from http://www.oregon.gov/DAS/Pages/HB2667_TaskForce.aspx?Paged=TRUE&p_Created=20140718%20%3a25%3a41&p_ID=12&PageFirstRow=4&&View={3EC0FC45-7784-4608-BEEB-BE09F86608AF}.
- ⁸ Multnomah County (2014). *Purchasing: 2013 annual report*. Downloaded from <https://multco.us/file/33374/download>.
- ⁹ Metro (2015). Expanding opportunity through contracting: Minority, women, emerging small business and first opportunity target area report. Downloaded from http://www.oregonmetro.gov/sites/default/files/FNL_Metro_MWESB_AR.PDF.
- ¹⁰ Flynn, S., Evans, B. & Owens, A. (2014). *MWESB Procurement Program: Clarify goals, align activities and improve performance reporting*. Portland, OR: Office of the Auditor, Metro.
- ¹¹ P.9 in Flynn, S., Evans, B. & Owens, A. (2014). *MWESB Procurement Program: Clarify goals, align activities and improve performance reporting*. Portland, OR: Office of the Auditor, Metro.
- ¹² City of Portland (2014). *Procurement Services annual report*. Downloaded from <https://www.portlandoregon.gov/bfrs/article/497388>.
- ¹³ Griffin-Walade, L., Kahn, D. Norman, D. & Fercak, A. (2010). *Sheltered Market Program: Need for clearer focus and stronger management*. Portland, OR: Office of the City Auditor, Portland, Oregon.
- ¹⁴ Har, J. (2010, January 6). Audit shows businesses owned by white men dominated Portland minority contract program. *The Oregonian*. Downloaded from http://www.oregonlive.com/portland/index.ssf/2010/01/audit_shows_businesses_owned_b.html.
- ¹⁵ Curry-Stevens, A., Cross-Hemmer, A., Meier, J. & Maher, N. (2011). The politics of data: Uncovering whiteness in conventional social policy and social work research. *Sociology Mind*, 1(4), 183-191.
- ¹⁶ P.7-8 in Lohrentz, T., Chitayat, A., McCray, A., & Gomez, Y. (2014). *Economic development in diverse communities: Inclusive procurement by cities and counties*. Oakland, CA: Insight Center for Community Economic Development.
- ¹⁷ See Timothy J. Bartik. 2001. *Jobs for the Poor: Can Labor Demand Policies Help?* New York: Russell Sage Foundation, and 2007. "Solving the Problems of Economic Development Incentives." In *Reining the Competition for Capital*, edited by Ann Markusen, 103–39. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.
- ¹⁸ Burd-Sharps, S., Lewis, K. & Kelly, M. (2014). *Building a more diverse skilled workforce in the highway trades: Are Oregon's current efforts working?* Final report submitted to the Oregon Bureau of Labor and Industries and Oregon Department of Transportation. Downloaded from <http://archives.pdx.edu/ds/psu/13074>.
- ¹⁹ For a review of pre-apprenticeship programs, see Matt Helmer, Amy Blair, and Allison Gerber. 2012. *A Strong Foundation: Key Capacities of Construction Pre-Apprenticeship Programs*. Washington, DC: The Aspen Institute, Workforce Strategies Initiative.

²⁰ UCLA Labor Center, “Worker Profile in City of Seattle Construction Projects,” Report to City of Seattle, February 2014. Local population data from the 2010 Census.

²¹ See the Washington State Department of Labor and Industries list of pre-apprenticeship programs: <http://www.lni.wa.gov/TradesLicensing/Apprenticeship/About/IntroProg/>.

²² Cantrell, Jennifer D., Suparna Jain, and James B. McDaniel. 2013 (April). “Enforceability of Local Hire Preference Programs,” Legal Research Digest 59. Washington DC: US Department of Transportation, National Cooperative Highway Research Program.

²³ City of Boston, Boston Resident Jobs Policy: <http://www.cityofboston.gov/brjp/>

²⁴ See Julian Gross, Greg LeRoy, and Madeline Janis-Aparicio. 2005. *Community Benefits Agreements: Making Development Projects Accountable*. Washington, DC: Good Jobs First and California Partnership for Working Families.

²⁵ This section draws heavily from UCLA Labor Center, 2014 (March). “Exploring Targeted Hire: An Assessment of Best Practices in the Construction Industry,” Los Angeles: UCLA Labor Center.

²⁶ “Open shop” contractors who are not signatories with construction trade unions, including many DBE and M/WBE firms, can be disadvantaged by provisions in PLAs that require them to utilize union hiring halls; many PLAs make provisions exempting “core” employees of DMWESBs from such referral procedures.

²⁷ <http://www.sellwoodbridge.org/files/tiger/sellwood-diversity-plan--final-approved-9-13-11.pdf>

²⁸ This goal assumes that apprentices are more likely to come from underrepresented populations than established, journey-level workers.

²⁹ Multnomah County releases a monthly “Diversity Dashboard” with updated results: <http://www.sellwoodbridge.org/?p=diversity&w=field-work>. We utilize a somewhat different approach to presenting the data; because the project is federally-funded, they show all DBE contracts, regardless of M/W/ESB status, then MBEs (non-DBE), then WBE (non-DBE). We felt that this method obscures the total M/WBE breakdown.

³⁰ Publicly available at <https://oregon4biz.diversitysoftware.com/FrontEnd/VendorSearchPublic.asp?XID=6787&TN=oregon4biz>

³¹ When minority-owned WBEs are included, the share increases only marginally, to 33%, as 97% of the contract totals to WBEs were to White-owned firms.

³² Over half of the African-American contractor total (\$8.0m of \$15.7m total, or 51%) is from a single firm, Carr Construction, which was no longer eligible for federal DBE status, and as of 2014 had surpassed the revenue limits (\$22.41 million gross annual receipts) for state MBE certification. However, because its subcontract was executed while the company had MBE status, they are still counted toward Multnomah County’s DMWESB goals.

³³ Data available at <http://www.sellwoodbridge.org/?p=frequently-asked-questions#funding>.

³⁴ The racial identifiers contained within the Rules of House Bill 2134 can be found at http://arcweb.sos.state.or.us/pages/rules/bulletin/0414_bulletin/0414_ch943_bulletin.html.