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Minority hiring report shows little progress on MnDOT projects

Diversity has decreased on MnDOT projects, and the recession limits prospects for changing that.

By **ALEX EBERT**, Star Tribune

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Despite years of diversity hiring goals and decades of growth in Minnesota's minority population, state construction projects remain largely the work of white males.

Advocates are increasingly pushing the Minnesota Department of Transportation to sanction contractors who don't meet hiring goals on tax-funded projects, though federal rules could make that difficult if not impossible.

Over the past two decades, overall diversity actually decreased at MnDOT construction sites, according to department records. The percentage of women on the job has fallen almost in half over the same period.

"Do all Minnesotans have a right to equal opportunity or not?" asked Louis King, co-chair of HIRE Minnesota, an advocacy group that wants the state to hire more people of color. "Put us to the test."

The percentage of people of color working on MnDOT contracts has hovered around 6.4 percent since 1992, according to annual employment reports required by the federal government.

MnDOT hiring goals call for between 3 and 11 percent of a project's workforce to be people of color. But advocates say the goals should be met, pointing to U.S. census reports that show people of color have risen from 5.4 percent of the state's total population to 14.3 percent from 1990 to 2007.

MnDOT's hiring goal for women is 6 percent. Yet while more women are entering the U.S. workforce, women hiring levels on MnDOT projects have sunk from 8.4 percent in 1996 to at least a 17-year low of 4.1 percent in 2008.

The department is working to improve diversity and is "in compliance with any state and federal law," said Kevin Gutknecht, a MnDOT spokesman. "Is there an issue with the law? Perhaps you should change the law."

After years of demanding more, but seeing less, community groups and legislators are demanding progress despite the recession. Tension brewing since last winter's legislative session erupted into public view last month when protesters marched on the Minnesota Department of Transportation building to present their hiring demands.

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The construction industry itself needs to do more to level its unequal playing field, said Alex Tittle, education director for Summit Academy OIC, a vocational training center in north Minneapolis, where King is president and CEO.

"People like to think that just because we have a black president everything is on equal ground," Tittle said. "They're wrong."

Contractors, unions and MnDOT officials say the recession and the complexity of the construction industry are keeping new hires, especially people of color and women, off job sites.

Each party points its finger at another, Jessica Looman, spokeswoman for the Laborers District Council of Minnesota, said. "Until there are jobs to be had, we can't put people to work."

Contractors go unscathed

The state may not set hiring quotas, federal courts have ruled. MnDOT may set general hiring goals for women and people of color, and companies that win state contracts are required to make "good faith efforts" to meet them. Though they often fail to meet the goals, repercussions from the state are rare.

From 2007 to 2008, MnDOT scrutinized seven contractors that didn't show "good faith efforts" toward meeting hiring goals, said Ashanti Payne, department contract compliance specialist.

But none of the companies received sanctions and all are eligible for more state contracts.

Meanwhile, the overall hiring levels for women and people of color dropped slightly across the state, according to department records.

The process looks worse than it is, Payne said. Good faith efforts, along with on-the-job training, are the best tools MnDOT has to increase contractors' diversity.

"Yes, we may not be meeting the goals, but this criteria is here," he said.

The criteria are not working, King said.

"We're not after process, we're after outcomes," he said. "Do not hide behind good faith efforts; show progress."

Hiring in a hard-hit industry

Contractors and unions say that to raise hiring levels, the industry first needs to find work.

The Minnesota construction industry is suffering a 16 percent job loss, almost twice the state unemployment level, according to the Associated General Contractors, a national trade group.

From June 2008 to June 2009, the Twin Cities region was one of the hardest hit in the country, according to the AGC. It lost more than 16,000

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construction jobs, or 21 percent.

Duluth fared worse. It lost the third highest percentage of construction jobs of any metro area in the country -- 2,800 workers, nearly a third of the area's construction workforce.

"It doesn't matter if you're a woman or a minority," Dave Semerad, CEO of AGC of Minnesota, said.

Regardless of gender or race, contractors are more likely to bring back veteran workers than to hire new, inexperienced workers.

Even federal stimulus money doesn't promise new jobs, said Looman, from the Laborers District Council. Instead of hiring new workers, contractors move existing crews from one project to another.

Union officials say their memberships are growing more diverse. People of color make up 20 percent of the Minneapolis local laborers union, for example. But the 14 different building trade unions in Minnesota have many specialty trades and certifications that are dominated by white male members.

"One of the misconceptions is that you stand at a gate and someone tells you to pick up a shovel and go to work," Looman said. An inexperienced worker can hold a "slow" sign but can't lay pipes or finish concrete like experienced workers who

have been certified by unions.

Many people of color quit the union when they get laid off and can't pay the membership dues, Tittle said. As a result, they never get the specialized skills.

Innovation and pressure

Some companies are making diversity a priority, while politicians are proposing ways to punish those that don't.

Veit Construction couldn't find specialized people of color on union benches, said Chuck Geisler, Veit executive manager of sales and marketing.

So instead, Veit trained them in a partnership with Summit Academy, which has 85 percent students of color, Tittle said.

"Every organization has its racial issues, but how they develop and change makes them a better company," said Tittle, who points to Veit as an effective model.

Politicians may force progress through stricter standards on MnDOT next session.

In 2007 Alice Hausman, DFL-St. Paul, wrote legislation mandating that MnDOT release an annual progress report. This year's report showed little progress, she said.

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"I believe there has to be teeth in the law," she said.

Federal rules wouldn't allow the state to sanction a contractor for failing to meet strict hiring targets, but Rep. Jeff Hayden, DFL-Minneapolis, said he wants public hearings and legislative audits of contractors that consistently miss MnDOT hiring goals.

"It's the last step, it's the stick and not the carrot," Hayden said. "But I think that we've had a carrot approach for a long time and it hasn't worked."

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