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Impact of COVID-19 on Disadvantaged Business Enterprises in Minnesota

Prepared by The Improve Group



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16. Abstract (Limit: 250 words) <p>Minnesota’s Office of Civil Rights at the Minnesota Department of Transportation administers the Disadvantaged Business Enterprise (DBE) program. The DBE program is intended to remedy past and current discrimination against disadvantaged business enterprises, ensure a level playing field and foster equal opportunity in DOT-assisted contracts, improve the flexibility and efficiency of the DBE program, and reduce burdens on small businesses.</p> <p>The last Needs Assessment of The Minnesota Department of Transportation’s (MnDOT) Office of Civil Rights Disadvantaged Business Enterprise (DBE) and On-the-Job Training/Supportive Services (OJT/SS) programs was conducted in 2020. With the emergence of the COVID-19 global pandemic, MnDOT’s Office of Civil Rights partnered with The Improve Group, a research and evaluation firm, to develop and conduct an analysis on the impact of COVID-19 on disadvantaged business enterprises in Minnesota engaged in highway heavy construction and providing professional and technical services.</p> <p>In assessing this impact, The Improve Group utilized both quantitative and qualitative data collection methods to outline the effects of COVID-19 on business stability, support received from MnDOT to alleviate impact, and generate recommendations for MnDOT to consider for use in the future.</p>			
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MnDOT: Impact of COVID-19 on DBEs

EXECUTIVE SUMMARY

Minnesota's Office of Civil Rights at the Minnesota Department of Transportation administers the Disadvantaged Business Enterprise (DBE) program. The DBE program is intended to remedy past and current discrimination against disadvantaged business enterprises, ensure a level playing field and foster equal opportunity in DOT-assisted contracts, improve the flexibility and efficiency of the DBE program, and reduce burdens on small businesses.

The last Needs Assessment of The Minnesota Department of Transportation's (MnDOT) Office of Civil Rights Disadvantaged Business Enterprise (DBE) and On-the-Job Training/Supportive Services (OJT/SS) programs was conducted in 2020. With the emergence of the COVID-19 global pandemic, MnDOT's Office of Civil Rights partnered with The Improve Group, a research and evaluation firm, to develop and conduct an analysis on the impact of COVID-19 on disadvantaged business enterprises in Minnesota engaged in highway heavy construction and providing professional and technical services.

In assessing this impact, The Improve Group utilized both quantitative and qualitative data collection methods to outline the effects of COVID-19 on business stability, support received from MnDOT to alleviate impact, and generate recommendations for MnDOT to consider for use in the future.

Who are the stakeholders involved?

The DBE program has several stakeholder groups that interact with the program. The program involves prime contractors that recruit subcontractors in highway heavy construction and professional and technical services for work. The DBE program is federally funded and aims to give contract work out to disadvantaged businesses owned by women, people of color, and other disadvantaged persons.

DBE:

- DBE-certified firms who have or have not participated and/or bid on MnDOT highway heavy and professional technical construction projects

Technical Assistance Agencies:

- Agencies that provide services to disadvantaged businesses statewide, though most technical assistance interviewees reported they mostly consult with DBEs based in the Twin Cities.

Key Themes

Challenges faced by DBEs due to COVID-19 include:

- Difficulty developing COVID-19 guidelines & transitioning their business virtually (where applicable) during COVID-19.

- The increasing cost of supplies during COVID-19 that surpassed original negotiated contract prices.
- Emotional and psychological effects of managing their health and their employees' health while maintaining a steady workload.
- Lack of affordable and reliable childcare for employees.
- Delays in payment, project timelines, and project goals including inability to split large jobs into smaller portions.
- Developing mutually beneficial, intentional, trusting relationships with larger contractors
- Unemployment benefits from the government that outpaced wage increases DBEs are able to provide.

Despite these challenges, DBEs point to the resources and supports they received from MnDOT over the past year as a useful support, including virtual trainings and communications from MnDOT's Office of Advancing Equity. Additionally, DBEs that were able to maintain similar work and remain confident they will be in business this next season feel the following assisted in their positive experience:

- Existing relationships with prime contractors
- Previously established contracts
- Nature of work being critical even during COVID-19
- Ability to follow COVID-19 protocols while completing work

CONTEXT AND BACKGROUND

The DBE Program

Disparity studies have found that minority owned businesses experience a substantial number of disparities when compared to the non-minority owned counterparts.¹ For example, minority owned businesses receive fewer contracts and the contracts they do receive are typically for smaller dollar amounts. Studies have also documented that explicit bias (e.g. racial discrimination) and implicit bias (e.g. stigma associated with being a DBE) exist from agencies and prime contractors when working with minority and women owned subcontractors. The MnDOT DBE program is a federally funded program working to address the disparities experienced by DBE firms when working on highway heavy construction projects. The MnDOT DBE program focuses on supporting DBE firms to participate, grow, diversify, and build capacity to successfully compete and participate on federally funded highway heavy construction projects.

DBE program services are also designed to provide economic development opportunities for disadvantaged communities and increase the number of ready, willing, and able DBE firms in the highway heavy construction industry.

The MnDOT DBE program is managed and administered by the Office of Civil Rights. Currently, this program provides business development services for participating firms, including:

- 1:1 technical assistance
- Bid opportunity email updates
- Business skills courses
- Meet & greets between DBE and prime contractors
- Mentor-protégé opportunities
- Micro Grant and Small Business Resource Center
- New DBE orientation
- Pinpoint bidding and estimating services
- Support of pilot projects to reduce DBE participation barriers
- The Working Capital Loan Fund (WCLF), up to \$60,000 per business

In addition, the federal government requires MnDOT to perform a number of compliance activities, including:

- Establishing a statewide annual DBE participation goal
- Setting individual contract goals for certified DBEs
- Evaluating bidders' good faith efforts to create opportunities for DBE participation
- Monitoring to ensure DBEs perform commercially useful functions
- Federal reporting requirements

¹ U.S. Department of Commerce. "Contracting Barriers and Factors Affecting Minority Business Enterprises." December 2016.

These requirements apply to all states receiving Federal Highway Transportation funding.

COVID-19

With the emergence of the coronavirus pandemic in 2020, the global public health climate changed rapidly and with known disparate effects. There have been both racial disparities² and gender disparities³ that have been exacerbated by the pandemic, and it will continue to affect our economy in ways that are still unknown.

MnDOT leads the state's investment in its transportation infrastructure and is a significant economic engine in the state. Through its direct contracting and in partnership with local governments, over \$3 billion is expended every year. Minnesota's Department of Transportation (MnDOT) contracting, and purchasing has experienced disparities with underlying causes that include impacts of historical discrimination. It has tried to correct these through its Disadvantaged Business Enterprise (DBE) and other programs.

This study will explore the intersection of the disparate effect of COVID-19 and the efforts by MnDOT to reduce disparities with an intention to help prepare MnDOT to work effectively with DBEs in the months ahead.

This study identified several barriers DBEs have to contracting with MnDOT:

- **Financial capacity.** To navigate lost revenue, increased costs and greater uncertainty due to COVID-19, businesses need to have good financial data, relationships with vendors and customers, skills to plan for different scenarios, and access to capital to float fixed costs for several months.
- **Access to needed materials.** COVID-19 resulted in supply chain interruptions as several countries experienced varying levels of shut-downs. In addition, new materials (i.e., face masks, hand sanitizer) became necessary but were in short supply.
- **Workplace safety.** DBEs may have had staff that fell ill, were reluctant to work due to risks of on-the-job exposure, or who had new caregiving responsibilities.

This research will explore what the effects of COVID-19 have been on DBEs, what needs emerged, and what solutions could address these effects and advance MnDOT contracting goals. In particular, it will examine:

- What challenges DBEs had that are unique to their circumstances,
- To what degree DBEs have overcome those challenges and anticipate staying in business through this construction season and beyond, and
- What opportunities there are for supporting DBEs (training, technical assistance, linking to other community small business resources).

² <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/race-ethnicity.html>

³ <https://unfoundation.org/blog/post/shadow-pandemic-how-covid19-crisis-exacerbating-gender-inequality/>

Methodology

A mixed methods approach utilizing program data and interviews was utilized to understand the impact of COVID-19 on DBEs. To understand the impacts of COVID-19, data from three sources were utilized and analyzed:

1. Program data for DBEs with federal funds between 2018 and 2020
2. Interviews with DBE employees
3. Interviews with technical assistance agencies

The Improve Group worked with MnDOT to understand program data and conducted individual interviews with DBEs and technical assistance agencies. Different protocols were used for interviews with DBE employees and technical assistance agency employees.

Quantitative data were analyzed using cross tabs, frequency tables, and pivot tables in Microsoft Excel.

The results from the interviews were analyzed in Dedoose, a qualitative data analysis platform. Analysis was conducted using a phenomenological approach, which focuses on the lived experiences of individuals who share a particular phenomenon (e.g., assisting businesses who are conducting and sustaining a business during a pandemic) in an effort to describe the experience. The Improve Group used themes around the observed experiences of small businesses, and their successes and challenges.

Program Data

To analyze existing quantitative data on DBEs with federal funds, we used crosstabs and other descriptive statistics in Microsoft Excel. We received data from the years 2018 to 2020 on contract payments, contract awards, DBE commitments, and DBE payments for highway heavy and professional/technical DBEs. Demographic information and change in work over time were analyzed using program data.

DBE Interviews

The Improve Group reached out to 154 DBE firms with federal funds for interviews, and ultimately 26 individuals from 25 DBE firms participated. Of the 26 interviews conducted, 23 interviewees are in highway heavy firms and three professional/technical firms. Sub-industries include construction, civil engineering, trucking, metals, and more. See Appendix C for a full list of sub-industries identified. Each interview lasted approximately 30-60 minutes and was conducted via Zoom or phone call.

Questions covered five topics: 1) participation in MnDOT projects during COVID-19; 2) major drivers of their experience during COVID-19; 3) effects of COVID-19 on their business and employees; 4) confidence in their business stability; and 5) support received and needed during COVID-19. See interview protocols in Appendix B.

Technical Assistance Agencies

To understand and get an overview of the impact of COVID-19 on more businesses than were being interviewed, The Improve Group interviewed representatives from four agencies that provide technical assistance to small businesses in Minnesota. All the agencies provide services to disadvantaged

businesses statewide but reported that most of the businesses they consult with are based in the Twin Cities. The interviews took place in May and June 2021, at the beginning of the construction season.

All phone interviews were approximately 60 minutes long. Questions asked during interviews fell into five main categories: 1) the types of technical assistance being requested during COVID-19; 2) the challenges experienced by small Minnesota businesses and the impact of COVID-19 on those businesses; 3) the characteristics of resilient businesses; 4) required services and support. A copy of the interview protocol is attached in Appendix B.

Limitations of the Study

Non-Response bias occurs when there is a significant difference between those who participated in data collection and those who did not. When this occurs, needs assessment results are not representative of all stakeholders invited to participate in data collection. To mitigate non-response bias, The Improve Group took several steps to encourage respondents to participate in data collection, including sending prospective participants multiple invitations to participate via email and setting a long timeframe for participation. In addition, The Improve Group took steps to reduce barriers to participation, such as offering interviews online and via phone and offering data collection on multiple days of the week and times of the day to reduce scheduling barriers. Even with these strategies, it is possible that some degree of non-response bias occurred. These findings cannot, therefore, be generalizable to the experiences of all MnDOT DBE firms.

In addition, while interviewees were assured that their responses would remain confidential and would only be reported in aggregate, it is possible that interviewees may have provided limited negative information out of concern of being identified.

Another limitation was related to language. Because recruitment emails, protocols, and facilitation were all in English, participants needed to speak English in order to participate. As such, staff from DBE firms and prime contractors who do not speak English were not represented in data collection.

Additionally, data collection occurred over the construction season, which may have impacted DBEs' capacity and availability to participate in interviews.

Lastly, this report covers DBEs with federal funds who are participating in the DBE program. All DBEs referred to in this report pertain to DBEs with federal funds.

FINDINGS

Findings are divided by data source: program data, DBE interviews, and technical assistance agencies.

Program Data

Demographics

Race/Ethnicity: Highway Heavy DBEs

Race/ethnic categories reported by MnDOT were utilized for this analysis. DBE program data from 2018 to 2020 show there were 131 unique DBE firms. Of those firms, one chose not to report the race/ethnicity of its owner. Between 2018 and 2019, 7 in 10 DBE firms identified as “non-minority.” Each other race/ethnicity category all had a share of less than 10 percent, with the highest shares being firms with Native American, Black American, and Hispanic American owners.

By year, there was an increase in Native American DBE firm owners between 2018 and 2020, even though there was a decrease in the overall number of DBE firms with commitments. Each year, there are approximately three times the number of white-owned DBE firms than there are minority-owned DBE firms.

Figure 2. Highway Heavy DBE Contractors 2018-2020, by Race/Ethnicity (n=131)

Race/Ethnicity	Count	Percent
Asian-Pacific American (APA)	5	4%
Black American (BA)	10	8%
Hispanic American (HA)	8	6%
Native American (NA)	10	8%
Non-Minority (NM)	90	69%
Subcontinent Asian American (SAA)	4	3%
Multiple*	3	2%
N/A	1	1%
Total*	131	100%

Figure 3. Highway Heavy DBE Contractors, by Race/Ethnicity and Year

Race/Ethnicity	2018	2019	2020
Asian-Pacific American	2	2	2
Black American	6	6	5

Hispanic American	4	6	4
Native American	5	6	8
Non-Minority	68	66	56
Subcontinent Asian American	1	4	1
Multiple*	1	1	1
N/A	1	1	-
Total*	86	90	75

*Note: Some DBEs had two race/ethnicities selected. Those are included in the race/ethnicity breakdown to present accurate race/ethnicity representation, but we have also included a “Multiple” category to show the number of firms that selected multiple. Therefore, the “Total” represents number of DBEs firms with a single race/ethnicity category chosen + number of firms with multiple race/ethnicity categories chosen.

Race/Ethnicity: Professional Technical DBEs

Between 2018 and 2020, there were 21 unique professional technical DBE firms. Of those firms, just over half of them reported having “non-minority” owners. The next highest representation was from Asian-Pacific American firms with 24 percent, or five firms, of the share of professional technical firms. We did not break these data down by year due to the small number of firms; analysis would not be meaningful.

Figure 4. Total Professional Technical DBE Contractors 2018-2020, by Race/Ethnicity (n=131)

Race/Ethnicity	Count	%
Asian-Pacific American	5	24%
Black American	4	19%
Hispanic American	1	5%
Non-Minority	11	52%
Total	21	100%

Gender: Highway Heavy DBEs

Whether looking at the total number of unique highway heavy firms between 2018 and 2020 or looking at firms with commitments by year, the number of women-owned DBE ranged from between three to four times the number of men-owned firms, which is unsurprising given the racial breakdown of the firms being majority white (Figures 6 and 7). While there are firms that are owned by women of color, that share is very small. In fact, of the 1404 DBE commitments between 2018 and 2020, 1185, or approximately 84 percent, of commitments went to “non-minority” women, and one went to a “non-minority” man.

Figure 5. Gender of Highway Heavy DBE Owner between 2018-2020 (n=131)

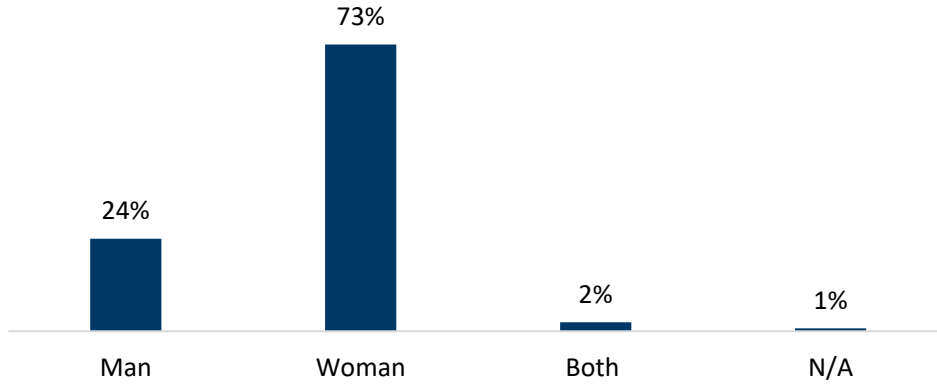


Figure 6. Gender of Highway Heavy DBE Owner, by Year (2018-2020)

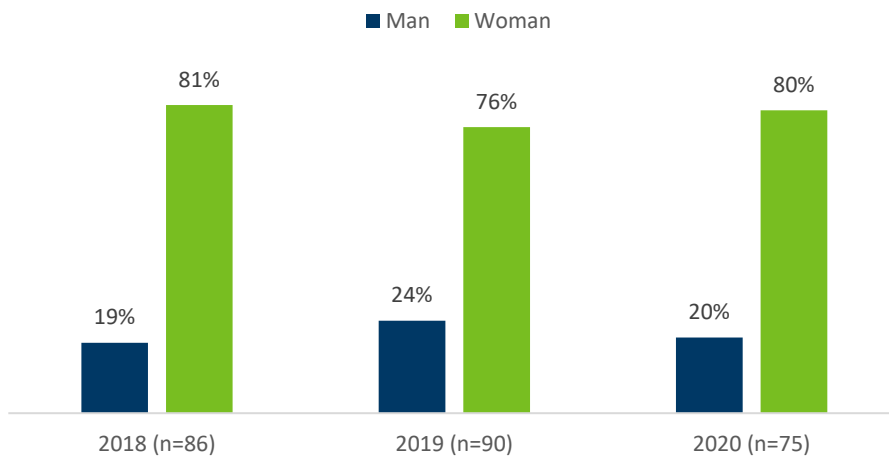
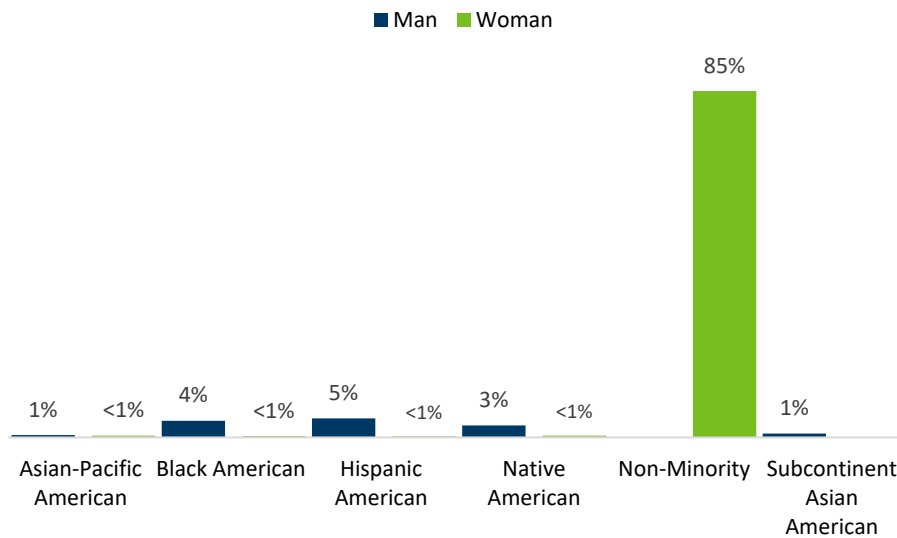


Figure 7. Highway Heavy DBE Commitments between 2018-2020, by Race and Gender (n=1391)



Race/Ethnicity	Man	Woman	Grand Total
Asian-Pacific American	1%	0.4%	1%
Black American	4%	0.4%	4%
Hispanic American	5%	0.3%	5%
Native American	3%	0.4%	3%
Non-Minority	-	85%	85%
Subcontinent Asian American	1%	0%	1%
Grand Total	13%	87%	100%

*Note: Firms that did not report race/ethnicity or gender are not represented in the table and sample (n).

Gender: Professional Technical DBEs

For professional technical DBEs, 7 in 10 are owned by women. Professional technical DBEs were not broken down by year due to sample size (Figure 8). Additionally, between 2018 and 2020, 6 in 10 professional technical commitments (n=26), were given to “non-minority” women.

Figure 8. Gender of Professional Technical DBE Owner between 2018-2020 (n=21)

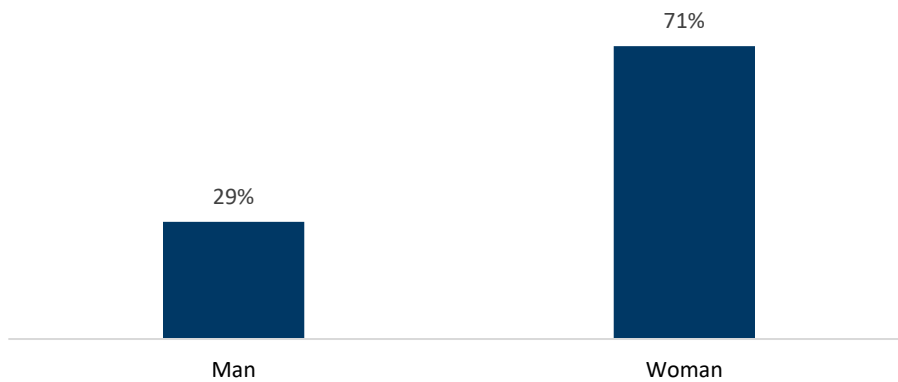
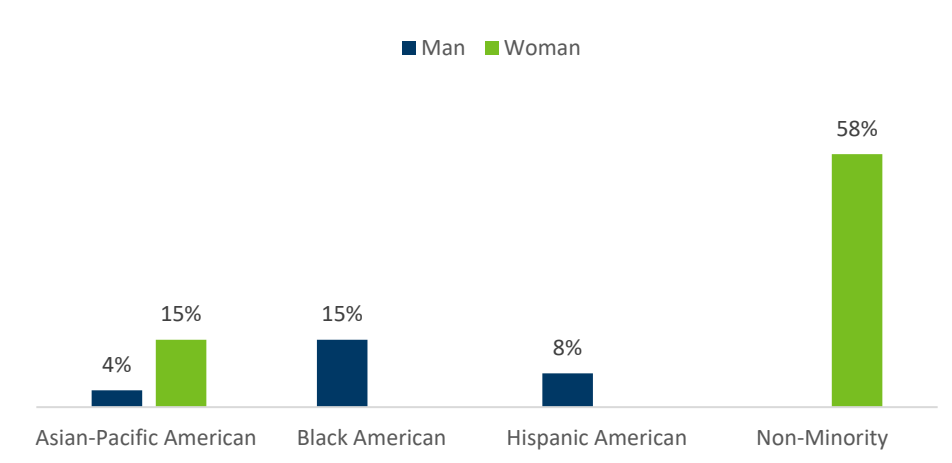


Figure 9. Professional Technical DBE Commitments between 2018-2020, by Race/Ethnicity (n=26)



Number of DBE Commitments

Between 2018 and 2020, there were a total of 132 unique highway heavy DBE firms with commitments. By year, there were 86 firms with commitments in 2018, 90 in 2019, and 75 in 2020--some firms do repeat year to year. Additionally, the total number of DBE commitments between 2018 and 2019 increased by about 7 percent, from 470 to 502, but then dropped between 2019 and 2020 by 14 percent, from 502 commitments to 432 (Figure 10).

The story for professional technical firms is a bit different; compared to highway heavy DBE firms, professional technical firms make up a smaller portion of the DBE program. Between 2018 and 2020, there were a total of 21 unique professional technical firms with DBE commitments. By year, there were four firms in 2018, 15 firms in 2019, and five firms in 2020. There were five professional technical commitments in 2018, which nearly tripled to 2019 to 16, and then reduced back down to 5 in 2020. The increase in 2019 was due to a single firm that had multiple contracts for a single project.

Figure 10. Number of Projects and Firms, by Year

Year	# Highway heavy DBEs with commitments	# Highway heavy commitments	# Professional technical DBEs with commitments	# Professional technical commitments
2018	86	470	4	5
2019	90	502	15	16
2020	75	432	5	5
Total	-	1404	-	26

Change in DBE Work

The DBE contract data show there was a 43 percent increase the sum of all highway heavy DBE contracts between 2018 and 2019. Between 2019 and 2020, the sum of all DBE contracts dropped by approximately 19 percent. Additionally, from 2018-2019, of highway heavy firms that had DBE commitments in 2018, about 50 percent of DBEs had a decrease in commitments (Appendix A). From 2019 to 2020, about 76 percent of DBEs who had commitments in 2019 saw a decrease in the number of commitments. It is important to note that the data does not tell us why commitments decreased; it could have been for a number of reasons, including firm size and capacity, COVID-19 for the year 2020, demand for certain types of services, or other reasons.

Figure 11. Sum of All Highway Heavy DBE Contracts, by Year

Year	Sum of DBE Contract Amount
2018	\$ 72,429,039
2019	\$ 103,619,783
2020	\$ 83,612,934

The sum of all professional technical service contracts greatly increased year to year. However, when looking at the percent change in number of commitments for professional technical DBEs, every firm that had commitments in 2019 had no new commitments in 2020. There were five firms that received large contracts in 2020, and two of these firms are prime contractors. Again, it is important to that the

data does not tell us why commitments decreased; it could have been for a number of reasons, including firm size and capacity, COVID-19 for the year 2020, demand for certain types of services, or other reasons.

Figure 12. Sum of All Professional Technical DBE Contracts, by Year

Year	Sum of DBE Contract Amount
2018	\$ 395,562
2019	\$ 810,113
2020	\$ 1,448,372

DBE Interviews

DBE Interviewee Characteristics

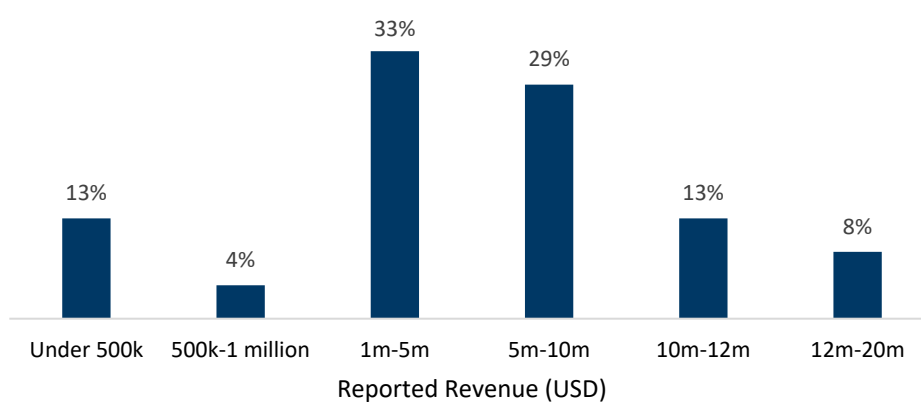
The Improve Group asked DBE interviewees a series of questions about their firm’s characteristics, including annual revenue, demographic information, and number of employees. Twenty-three highway heavy DBE firms were interviewed, and three professional technical service firms were interviewed (Figure 13).

Figure 13. DBE Interviewees Industry (n=26)

Industry	Number of DBE Interviewees
Highway Heavy	23
Professional Technical Services	3

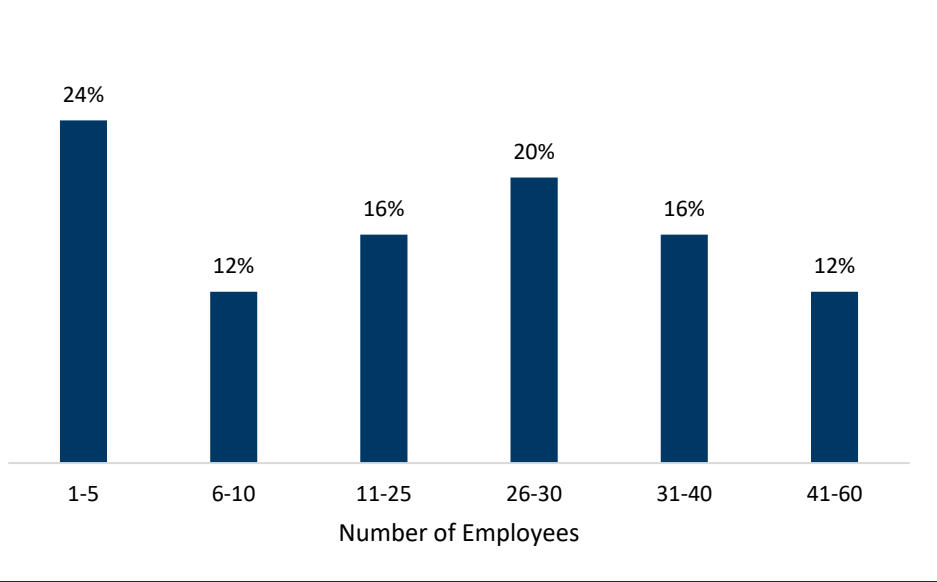
DBEs reported their respective annual revenue and number of employees. The data show that firms who participated in the interviews generally had at least 10 employees (up to 60 employees) and made at least \$1million dollars in revenue each year (up to \$20million). Thirteen percent of interviewees (n=3) reported annual revenue under \$500,000

Figure 14. Reported Annual Revenue of DBE Interviewees (n=24)



*Presenting data for 24 interviewees. Two interviewees opted out.

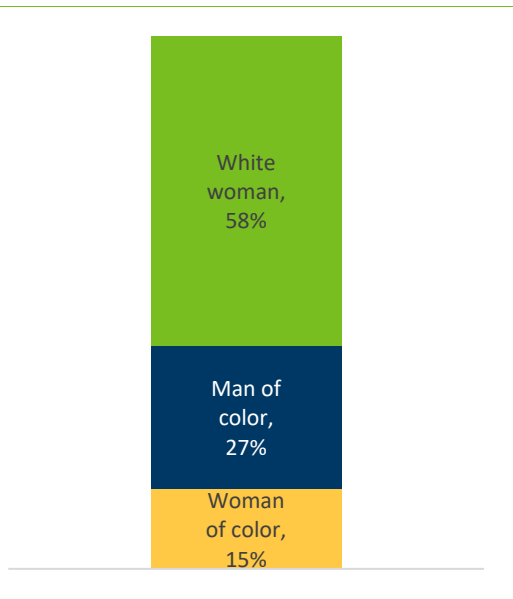
Figure 15. Reported Number of Employees of DBE Interviewees (n=25)



*Presenting data for 25 interviewees. One interviewee opted out.

Approximately 58 percent of DBEs interviewed reported being white woman-owned businesses, while 27 percent of interviewees reported their business being owned by a man of color, and 15% said their DBE firms are owned by a woman of color (Figure 16).

Figure 16 Race of DBE Owner, DBE Interviewees' Firms (n=26)



Impact of COVID-19 on DBEs

The following themes emerged from the DBE interviews about the impact of COVID-19 on their businesses:

- Participation in MnDOT projects during COVID-19
- Major drivers of experience during COVID-19
- Financial, emotional, and logistical impacts of COVID-19
- Confidence in business stability

Participation in MnDOT Projects

All interviewees had MnDOT projects this year. Depending on industry, some interviewees were working on large-scale construction of highways and bridges while others were suppliers or transported material from MnDOT sites. Interviewees worked in a variety of different capacities as prime contractors, sub-contractors, suppliers, or transporters of materials.

During interviews, The Improve Group asked DBEs if they felt their MnDOT work had decreased in 2020. Overall, 77 percent of interviewees (n=20) reported no changes in their level of work, and 23 percent (n=6) reported a decline in their level of work (Figure 17). Notably, 19 interviewees in the highway heavy construction witnessed no change in their level of work, while two reported receiving more contracts this year.

Figure 17. Changes to MnDOT work during COVID-19 reported by DBE Interviewees

	Decline in MnDOT Work (n=6)	No Change in MnDOT Work (n=20)
Overall	23%	77%
By Industry	Highway Heavy: 4 Professional Technical Services: 2	Highway Heavy: 19 Professional Technical Services: 1

According to interviewees, DBEs were able to maintain similar work this year despite COVID-19 is because of existing relationships, previously established contracts, the nature of their work, and the ability to follow COVID-19 protocols while completing work. One interviewee noted that construction projects needed to continue even during COVID-19 because “the roads [still] need fixing.”

Some highway heavy DBE interviewees mentioned decision points that allowed them to stay afloat during this uncertain time: one business noted that they downsized a few years prior, while another firm mentioned they were forced to reach outside the state for work.

Six DBE firms reported a decline in MnDOT work over the past year, noting that any of the jobs they qualified for were highly competitive and/or smaller jobs: “I will lose money to match [other bidders] prices. It’s hard to compete [as a small DBE]. We are worried about being profitable this year.”

Of the six firms that reported their work had decreased, four of these firms are highway heavy firms and two are professional technical. All firms except for one professional technical DBE had data available in the program data. Of the four highway heavy firms that said they feel their MnDOT work has decreased, three had increased commitments between 2019 and 2020, and one had decreased DBE commitments.

However, according to the data, there were no payments made to three of these four firms in 2020, which could be for a number of reasons, potentially including when their portion of the work occurs in the contract or delayed payment. This may impact the perception of decreased MnDOT work. The single professional technical firm who felt their MnDOT work had decreased in 2020 had an increase in commitments from zero in 2019 to one in 2020. This firm also received no payments in 2020, which may impact their perception of decreased MnDOT work.

Specifically, a DBE firm who works in the metals industry stated there was a significant impact on their business over the past year; with the light rail project put on hold and the price of steel increasing, as a small DBE business, the firm “can’t pay triple for the price of material.”

Most civil engineering interviewees noted no change in their work this year as their field is considered essential and many of the contracts were predetermined before COVID-19. However, one interviewee reported many of their projects were either significantly delayed and the volume of work available decreased. This interviewee also noted “there were 4-5 projects that were projected to start, but have not,” which has affected their ability to track and maintain their annual business revenue.

Major Drivers of Experience

Interviewees in highway heavy construction identified the nature of their work as a reason why they were able to sustain their business during COVID-19. A firm had more ease in adapting to the pandemic when the work was designated as essential (e.g., construction), was more easily transitioned to a virtual environment (e.g., professional technical services), or was work that was conducted independently or could easily adapt to COVID-19 guidelines (e.g., trucking).

Many interviewees noted their DBE status was key to obtaining and maintain their sub-contracts since many contracts have DBE goals. Interviewees also noted that their ability to adapt, remain agile, smaller business size, and their reputation helped them weather the impact of the public health crisis. Some highway heavy DBEs who work in civil engineering noted they were not as affected by COVID-19 over the last year because they were able to design virtually but could be affected down the line.

A DBE outside the metro area said there were few firms providing their services in their region, so they have been able to have consistent business from neighboring cities. During COVID-19, this allowed them to avoid competition and maintain similar networks of people on several projects. Another interviewee mentioned they had to re-organize their workload by prioritizing larger clients with larger contracts in order to generate enough revenue to sustain their business: “We are a service industry, so if the projects are not there, there is not much we can do. We [would have to] lower our prices.”

DBE interviewees also noted that their firms were able to maintain stability due to adaptations made by MnDOT, including the agency’s flexibility in transitioning some in-person requirements to virtual. Additionally, interviewees stated that MnDOT classes and trainings allowed their firms to grow and sustain their business during COVID-19.

Financial, Emotional, and Logistical Impacts of COVID-19 on DBEs

Interviewees reported the following **financial impacts** of COVID-19 on their businesses:

- The increasing cost of supplies during COVID-19 that surpassed original negotiated contract prices.

- Delays in payment, project timelines, and project goals including inability to split large jobs into smaller portions.
- Unemployment benefits from the government that outpaced wage increases DBEs are able to provide.

For highway heavy firms who specialized in metals, interviewees described the hardship COVID-19 has caused their business over the past year. As one explained, “I had a project that started 1 year ago, and it was bid on before the pandemic. After the pandemic, the prices skyrocketed, and I did not have enough material for them to purchase because it was too expensive. Steel plants were shut down.” The other interviewee shared similar sentiments and said they pled with MnDOT and Hennepin County to understand their situation: “I can’t bid for jobs that don’t pay me...I feel like they are trying to run us into the ground. We are getting deeper in debt.”

Another interviewee who is both a DBE and part of a labor union highlighted the negative impact COVID-19 had on their business. Since several of their projects were delayed due to COVID-19, the price of materials increased and the cost for labor also increased: “Every year, employees receive a raise even though the price for the project can change. For a 2018 project, we were supposed to finish in 2019, but we are still working on it now due to COVID-19. Now, the price of the material is increasing, and we had to reprice our bid to prime contractors to be profitable. We lost that job.” As a small DBE, this interviewee stated they are unable to supply inventory and offer competitive prices to prime contractors for material.

Several interviewees also highlighted a labor shortage across industries that is impacting their business. One interviewee stated, “unemployment is paying more than we do –why would people work if they get paid more on unemployment?” This interviewee spoke more broadly of the cost of living as outpacing increases in wages for small businesses like themselves. Similar sentiments were echoed across interviews.

In addition to the financial impact, DBEs also experienced added **emotional impacts** of stress due to COVID-19. These experiences include:

- The emotional and psychological effects of managing their health and the health of their employees while maintaining a steady workload.
- Difficulty working in the midst of a global reckoning on race relations, especially during the protests of the Summer of 2020.

Across industries, interviewees noted the emotional toll of worrying about the stability of their business, their health, and the health of their employees. One interviewee explained that because they have a small staff, when one of their employees became exposed to COVID-19, everyone had to quarantine to ensure the safety of all employees. This interviewee explained that this occurred with multiple different employees, which impacted both the employees’ emotional health and business stability.

Importantly, an interviewee explained that while COVID-19 did not affect their business, racism did. As a Black and woman-owned DBE, this interviewee described how the systemic racism they encounter in their industry impacts their work: “These larger companies with larger contracts...all they have to do is say they reached out to you [but] they have no desire to work with me...I don’t have generational access to certain relationships and connections. It’s a vicious cycle.”

Lastly, DBEs outlined **logistical challenges** that emerged due to COVID-19. These included:

Difficulty developing COVID-19 guidelines and transitioning their business virtually (where applicable) during COVID-19.

- Lack of affordable and reliable childcare for employees.
- Developing mutually beneficial, intentional, trusting relationships with larger companies
- Developing a COVID-19 preparedness plan for their business.

When DBE firms developed COVID-19 guidelines, some DBEs relied on their insurance companies for this information; however, they also wished MnDOT had provided more direction regarding the rules, regulations and guidelines from the Centers for Disease Control and Prevention (CDC) as they changed throughout the pandemic.

Interviewees repeated noted the lack of affordable and reliable childcare as a challenge that has contributed to their employees being unable to work, even if they are fully capable otherwise. Schools and childcare services closing or moving to virtual, or hybrid models has created an obstacle for parents who continued to work throughout the pandemic but were unable to do so from home. Several interviewees mentioned that their employees would have to adjust their working schedule to tend to their parental obligations that made it difficult to depend on employees.

Lastly, DBE interviewees highlighted that, due to COVID-19, it was much harder to develop relationships with larger companies, especially if these relationships had not started prior to COVID-19. As noted in the previous Needs Assessment, relationships are extremely important to the growth and success of DBE firms. During COVID-19, DBEs reported that many larger companies were hard reach and having authentic conversations with these firms was even more challenging.

Support received during COVID-19

Across interviews, there were differing levels of support sought and received during COVID-19. Several interviewees stated they have not used many of the resources from MnDOT; many of these interviewees are long-standing businesses and mentioned how these resources were more helpful in the beginning stages of their business.

One interviewee highlighted several things MnDOT has done that have been helpful over the past year: “MnDOT has been very reasonable and efficient in their transition to work from home. We saw things didn’t collapse from the administration side. They allowed electronic signatures, transitioned to virtual meetings, and exchanged documents professionally and efficiently online.” Another interviewee shared these sentiments and highlighted the business planning training as a helpful resource to their business. This DBE had recently diversified their services and said, “Thank God MnDOT has [payroll classes] so I can get the answers I need to sustain my extension...Being able to have a support system with MnDOT is great.”

Conversely, some DBEs did not use support because they did not know how to access it. Two interviewees from the highway heavy industry said they felt like they were “alone” and “on their own” during COVID-19. One interviewee stated the DBE office has been more distant than usual since they are working from home. Another interviewee highlighted that they are three hours away from the Twin

Cities, which poses a challenge as many of the trainings are usually offered in-person, or, if the training is offered on-demand, it does not allow for questions and conversation.

Confidence in business stability

As illustrated in Figure 18, DBEs were asked on a scale of 1-5, with 1 being not confident and 5 being very confident, whether they thought they will be in business next season. Out of 26 interviewees, 89 percent (n=23) said they felt “very confident” that they will be in business this next season, with an additional interviewee saying they felt “confident” and two interviewees feeling unsure about their future status. Notably, no DBEs felt a lack of confidence in their future status.

Figure 18. Interviewee Confidence their DBE Firm will be in Business Next Season

Level of confidence	% of interviewees who reported associated confidence level (n=26)	Industry of interviewees
Very confident	88%	Highway Heavy: 21 Professional Technical Services: 2
Confident	4%	Highway Heavy: 1
Unsure	8%	Highway Heavy: 2
Not Confident	-	-
Extremely unconfident	-	-

Technical Assistance Agencies

The following section reflects the responses of consultants who participated in interviews related to technical assistance agencies. Findings are organized into the following sections based on themes that emerged from the data:

- Characteristics of services provided by technical assistance agencies
- Challenges faced by small businesses during the COVID-19 pandemic
- Strengths that resilient businesses exhibit
- Required services and supports that can help small businesses survive the pandemic

These findings represent the perspectives, observations, and recommendations of technical assistance agency staff who assist small businesses.

Technical Assistance Agency Interviewee Characteristics

Technical Assistance Agencies provide training and consultation to small businesses throughout the State of Minnesota, although most of the businesses they assist are based in the Twin Cities metropolitan area. The services this year were mostly virtual due to COVID-19, but most reported greater attendance because travel was not required. Some agencies reported one-on-one assistance to businesses, but PTAC reported they do not provide that assistance for bidding on specific jobs due to conflict of interest in case another client is bidding on the same job. The training PTAC provided would be general training on responding to all bids by MnDOT or other local government agencies.

Figure 19. Services Provided by Technical Assistance Agency Interviewees

Service	IMO Consulting	CIA Media	PTAC	MEDA
	Highway heavy Professional technical	Highway heavy Professional technical	Highway heavy Professional technical	Professional technical
Understanding state government contracting	Yes	Yes	Yes	Yes
Bidding and estimating for MnDOT scopes of work	Yes	Yes	Yes	Yes
Bidding and estimation for local government scopes of work	Yes	Yes	Yes*	No
Reading plans and matching scopes of work with DBE capacity	Yes	Yes	Yes	No
One on one technical assistance	Yes	Yes	Yes	Yes
Accounting and finances	Yes	Yes	No	Yes
Networking and mentorships with prime contractors	Yes	Yes	Yes	Yes
Accessing working capital loan funds	Yes	No	No	Yes
Accessing micro grant programs	No	Yes	No	Yes
DBE certification	No	No	Yes	Yes

*No one-on-one training

Technical assistance interviewees reported helping businesses understand their business models, assess their finances, access to capital, and how they could retool to survive the pandemic. Highway heavy contractors generally experienced greater competition, even though government contracting continued. Professional and technical services firms generally had to shift their businesses to low or no contact models; technical agency staff felt like those businesses did not have as many opportunities with MnDOT as highway heavy contractors did.

“Understanding their business model, business planning, marketing, networking, cash flow, accounting, leveraging their certifications, understanding how to respond to contacts, RFQs. Understanding how to leverage debt or use debt as a resource.

Understanding how to access or leverage capital and debt.” – Technical Assistance Agency Employee

“Capacity and being locked out of financing but underfunded to begin with. Did not get enough PPP funds, especially African American businesses. They could not pay themselves or the rent. If you supply products, you can’t buy them or afford to hire.”
– Technical Assistance Agency Employee

“Highway Heavy DBEs had more issues with bidding and finding more work. The PT had to change how they did business, their operations, logistics to low-contact.” – Technical Assistance Agency Employee

Impact of COVID-19 on DBEs

According to the technical assistance agencies, businesses contracting with the government fared better than businesses doing private industry work, which slowed down considerably. Large contractors started bidding on government work, increasing competition and eroding everyone’s margins. They reported that COVID-19 impacts were unevenly felt, with some small businesses, for instance janitorial services, suffering major disruption. However, the ones which could pivot to sanitizing and disinfection services survived and earned some revenue.

Technical assistance agencies reported that DBEs had to find ways to pivot to web-based options, for example, retail with pick-up options. Technical assistance agencies helped businesses assess increased overhead and reevaluation of their overhead costs, while also helping them figure out how to keep up networking and relationships during the pandemic. Manufacturing is reported to have experienced downturns in business plus difficulty retaining and recruiting workers during the pandemic.

In addition, technical assistance agencies reported that small businesses did not fare well when applying for the Small Business Administration’s Paycheck Protection (PPP) loans, or the COVID-19 Economic Injury Disaster Loan (EIDL). These loans created liquidity for some contractors, but small businesses were unable to access these loans. Small businesses without employees and paying independent contractors were unable to access PPP loans as initially the funding was geared towards preserving employment.

One technical assistance agency reported that the businesses they were helping were hurting. They said the unemployment benefit made workers not want to come in to work for DBEs because they made more on unemployment. Some DBEs were not deemed necessary businesses. Even for the ones deemed necessary businesses, maintaining revenues was hard. For instance, some DBEs had orders for protective garments, but the orders were too large for DBEs to fulfil, plus they could not get raw materials due to disruptions in their supply chains.

There is no one collecting information on bankruptcies and businesses closings due to the pandemic. However, technical assistance agencies reported that some DBEs reported that business had slowed down, and one technical assistance agency reported that two construction companies did go bankrupt and were bailed out. One technical assistance agency employee reported that many businesses had closed but they are always only seeing a small sample size.

“Government Construction was not heavily impacted. So, DBEs that were working in this space tended to perform well through COVID-19 and even benefited from some of the loan and grant programs available to them.” – Technical Assistance Agency Employee

“Private contractors started to move to government space to get work, so then a lot more bidding for jobs and created more competition, and margins were dropping and big companies bidding for small jobs.” – Technical Assistance Agency Employee

“Many union contractors did very well with SBA EIDL and PPP because they had respectable revenue and W2 payroll. The smallest contractors did not do well. EIDL worked for them. But most of the other programs fell short...State programs usually shut out home-based businesses, [such as] residential painters, electricians, plumbers, etc., are home based and were excluded.” – Technical Assistance Agency Employee

“I know trucking firms that went out of business. The ones that were trying to start up put their businesses on hold. When they go, they do not send emails out, but just disappear. I have about 500 clients, some are just there for certification, and you don't hear from them. The smart ones take advantage of the whole program.” – Technical Assistance Agency Employee

Characteristics of Resilient Businesses

Technical Assistance agency employees characterized businesses which they found to be resilient as businesses who paid attention to all the offered trainings, had a learning culture, and paid attention to their business structures. They also said it was important that DBEs be comfortable working in multiple sectors and versatile in marketing themselves. One technical assistance agency employee said too often some DBE firms are consulting with advisors that are only familiar with one sector, which many times is the government contracting sector. They argued that this is the space with the worst business opportunities and should generally be avoided by most small DBE firms.

Most technical assistance agencies had a high degree of confidence that the DBEs they are working with would make it past the pandemic.

“They are more driven and open to learning and having a better understanding of the industry and can ebb and slow with it and adapt to change and do not appear overwhelmed.” - Technical Assistance Agency Employee

“So the structure of the way you were doing business impacted how much capital you had access to during PPP (with employees versus independent contractors. It's not about worthiness about getting capital - it's about structure.” – Technical Assistance Agency Employee

“For Construction the government contracting process is a completely different business than a residential and/or private customer. Businesses need to assess what their skills are. There are big differences in administrative requirements, sales

processes, working capital, labor rates, method of obtaining work, etc.” – Technical Assistance Agency Employee

“My confidence level is at a four out of five. If they make it past this run of COVID-19, they will make it.” – Technical Assistance Agency Employee

Support and Services Necessary for DBEs to Survive COVID-19

Technical assistance agencies mentioned that besides trainings, DBEs need one-on-one technical assistance. They also felt that more capacity building is needed in areas outside of construction to help suppliers of goods and services. They acknowledge that MnDOT has hired three or four contractors to support DBEs with continuity, networking and social media, bidding and estimating, and that this has helped DBEs.

Currently, technical assistance agencies report that the training DBEs appreciate the most are accounting and management structure training, operations and SWOT analysis, and bidding and estimation trainings. Businesses also needed support on to market themselves post-COVID-19.

Technical assistance agency employees said MnDOT needs to train on more types of bids and spec books because currently, MnDOT trainers focuses on three types of bids or areas: small business contracting opportunities, doing business with MnDOT, and MnDOT contracts.

Technical assistance agencies also reported that DBEs would also like increased access to capital since traditional sources of capital were not accessible to them. They said generally the amount of business a DBE firm can process is limited by their access to working capital. DBE sales growth is directly tied to working capital growth and projects should be ranked accordingly. They said working capital growth is a function of 1) invoice payment time 2) profit margin 3) retainage. Therefore, many interviewees wished the governor would have expanded the pool of Minnesota Small Business Relief Grants Program funds approved by the Minnesota State Legislature and administered by the Minnesota Department of Employment and Economic Opportunity (DEED).

Technical assistance agencies said that minority-owned DBEs had capacity issues to begin with, and then were locked out of financing—though they were underfunded to begin with—and did not get enough of PPP funds, which interviewees noted especially impacted African American businesses. These businesses could not pay themselves or the rent. For example, for businesses that supply products, without access to capital, the DBEs find it hard to buy products, and without products, they cannot sell and cannot afford to hire.

Technical assistance agencies also urged MnDOT to continue virtual trainings because they observed that without the requirement to travel, more DBEs were able to access trainings. They suggested an additional virtual training topic DBEs could benefit from is addressing tax breaks available to employers as a result of COVID-19.

“The one-on-one consultations and support. They are producing, getting opportunities, contracts etc. DBEs call it meeting plus therapy. Offering real solutions. When someone says they won a contract, you can ask them about insurance, payroll, and whether they are staffed for it.” – Technical Assistance Agency Employee

“DBEs could benefit from hearing more from MnDOT and the MnDOT contracting class could be expanded (too brief). The trainings could be offered more frequently. MnDOT could expand the curriculum and frequency while avoiding too many trainings during Construction season.” – Technical Assistance Agency Employee

“Ask the governor for a bigger pool of money to help DBEs. DEED is first come first serve and left a lot of people frustrated.” – Technical Assistance Agency Employee

“For those with employees, they were having difficulty and needed help understanding tax code and other tax breaks for employers regarding COVID-19. Continue to keep more trainings accessible after COVID-19 because of increased virtual attendance to training offerings due to COVID-19 and more people were able to access trainings virtually without having to travel.” – Technical Assistance Agency Employee

RECOMMENDATIONS

During the DBE interviews, each interviewee was asked two questions about additional support they would have liked to receive, and, if received, how it could be delivered in a way that is most effective to their business. The following list of recommendations is generated from these responses along with discussions with MnDOT staff of current protocols in place.

Recommendation 1: Develop COVID-19 preparedness plan template for DBEs to use for communicating with their employees and contractors. Several interviewees across industries explained they would have liked streamlined communication from MnDOT on COVID-19 guidelines they should employ in their business for their own safety and the safety of their partners.

“The challenge of DBEs and small businesses is a general contractor would say that we have 5 days to put together a COVID preparedness plan...I wish MnDOT had sent out a COVID-19 preparedness plan or have a virtual class to walk us through this. Regulations & guidelines change so I would have liked more streamlined communication.” – DBE Interviewee

Recommendation 2: Develop a DBE-specific MnDOT forecast of upcoming projects on the horizon for DBEs to be aware and prepared for. While a general forecast of upcoming projects exists, DBEs stated having a DBE-specific calendar would allow them to project their business capacity and revenue in advance.

“It would be helpful to know what kind of projects are coming on the horizon. Having a forecast would allow us to plan & be proactive. A forecast outlining projects within the next 5 years would be helpful.” – DBE Interviewee

Recommendation 3: Continue offering trainings, classes, and additional resources for DBEs with additional consideration for the following:

1. Additional advanced trainings for more established DBEs who would like continued support.

2. Offer live trainings and classes for DBEs who would like to engage with presenters and get questions answered.
3. More virtual and in-person networking opportunities. DBEs especially valued networking sessions with other DBEs and large contractors.
4. Diversify formats for classes and trainings for preferred learning styles.
5. Understanding that DBEs are at different points and may need more individualized and tailored support.

While some DBEs are aware of these resources and regularly utilize them, some DBEs are unaware of how to access these opportunities. Employing a diverse communications approach in various mediums (emails, social media, phone calls, etc.) may increase the engagement of DBEs. Further, asking DBEs about the types of trainings and resources they need would help MnDOT provide the most useful trainings for DBEs.

“It could be nice for MNDOT to offer DBEs who are well developed: Guidance on how to make sure I get paid despite price increases/shortage of materials. It may not be a class but basic support/technical support.” – DBE Interviewee

“To know that different DBEs are at different points of the learning curve. To better support them, is to have the opportunity to understand their needs and share opportunities for them to grow.” – DBE Interviewee

“As a business in Greater Minnesota, I would appreciate to see these trainings offered live online or more in-person once it is safe to do so” . Another interviewee agreed and added, “I would like for training to be live and not prerecorded so I am able to ask questions and engage with the presenter.” – DBE Interviewee

Recommendation 4: Where possible, continue to develop streamlined communications and remove administrative hurdles for DBEs. Several interviewees underscored bureaucratic and logistical hurdles that often discourage them from fully participating in the opportunities available. The following areas were special areas of concern:

1. **Paperwork:** If possible, allow documents to be submitted both by paper and electronically to avoid confusion and maximize efficiency. Or clarify, what needs to be submitted by paper, electronically, or have both options available.
2. **Organization Chart:** Develop and distribute a clear organization chart that allows DBEs to identify the appropriate division or department to contact for their needs.
3. **Payments:** Distribute funds to DBEs as quickly as possible to increase financial stability of DBE firms.
4. **Language Support:** Have translators available to interpret information for DBEs with limited English proficiency or have translated program documents available.

“There are many different departments/divisions and the line of transfer from person to person to get a question answered is hard. It’s hard to trust someone with the right answer.” – DBE Interviewee

“There is a big language barrier for DBEs - oftentimes I find that some DBEs don’t understand the documents and it would be nice to have someone walk them through it. The communication from the many different departments in MnDOT don’t take time to explain the process to them.” – DBE Interviewee

Recommendation 5: Continue to improve the responsiveness of the DBE Office. Perceptions on responsiveness are mixed. This can be accomplished by setting up a DBE question hotline, hiring a contractor to manage administrative work, or systemizing answers to general questions and communicating this to DBEs often.

“MnDOT has been very reasonable & efficient in their transition to work from home. We saw things that didn’t collapse from the admin side. Allowed electronic signatures – easy changes since people couldn’t be together.” – DBE Interviewee

“It was hard to find people during COVID-19 and for MnDOT staff to get back to us. Some people were very hard to get a hold of.” – DBE Interviewee

Recommendation 6: In all projects possible, split up components of large projects so smaller DBEs can participate. Many DBEs underscored their inability to partake in larger projects because they only have capacity for a smaller component of large projects.

“MnDOT is beginning to encourage primes to split contracts and enable smaller DBEs to bid on it; however, it has not been consistent.” – DBE Interviewee

“MnDOT would get more involvement from DBEs if they split up larger contracts so more DBEs can split the job. MnDOT just has really big jobs.” – DBE Interviewee

Recommendation 7: Leverage MnDOT’s power, resources, and influence to support DBEs who are capable of completing projects, but do not have the relationships with large companies. Many interviewees suggested more networking sessions, one-on-ones with large contractors, and an overall investment in helping DBEs build long-term relationships with larger companies.

“I want them to introduce me to other top businesses and companies to give me a chance to come to their office and tell them about my work. I am just asking for an introduction, nothing more.” – DBE Interviewee

We are competing with businesses who are much larger & contract out these positions instead of having them in-house like us. I would like MnDOT to assist with this.” – DBE Interviewee

Recommendation 8: Ensure prime contractors understand the purpose of the DBE program and require more transparency for the fulfillment of DBE goals. Several interviewees highlighted that they feel like they are unwanted on projects for the value they add and rather wanted only for their DBE status. Ensuring early on and intentionally with prime contractors the broader purpose of the DBE program and the importance of genuinely including DBEs in projects as more than just labor or supply. Additionally, MnDOT could participate in repeated check-ins throughout the contract to ensure prime contractors are meaningfully engaging DBEs in the work.

“We just want to fulfill MnDOT’s DBE requirements” and are not interested in building a long-term mutually beneficial relationship. On another project, a prime contractor told me to bring one of my employees to join the prime contractor's employees to fulfill the DBE work requirement. I was so upset and explained to them I do not operate like this and I would like to add value not just labor.” – DBE Interviewee (Prime Contractor)

CONCLUSION

DBEs experienced several challenges COVID-19 with varying levels of impacts on their business. While just over 9 in 10 DBEs reported they are confident they will continue to be in business this next season, they highlight the numerous challenges COVID-19 uncovered. These challenges include:

- Difficulty developing COVID-19 guidelines & transitioning their business virtually (where applicable) during COVID-19.
- The increasing cost of supplies during COVID-19 that surpassed original negotiated contract prices.
- Emotional and psychological effects of managing their health and their employees’ health while maintaining a steady workload.
- Lack of affordable and reliable childcare for employees.
- Delays in payment, project timelines, and project goals including inability to split large jobs into smaller portions.
- Developing mutually beneficial, intentional, trusting relationships with larger contractors

- Unemployment benefits from the government that outpaced wage increases DBEs are able to provide.
- Difficulty working with some contractors in the midst of a global reckoning on race relations, especially during the protests of the Summer of 2020.

Despite these challenges, DBEs point to the resources and supports they received from MnDOT over the past year as a useful support, including virtual trainings and communications from MnDOT's Office of Advancing Equity. Additionally, DBEs that were able to maintain similar work and remain confident they will be in business this next season feel the following assisted in their positive experience:

- Existing relationships with contractors
- Previously established contracts
- Nature of work being critical even during COVID-19
- Ability to follow COVID-19 protocols while completing work

These recommendations were developed from DBE interviews and conversations with MnDOT staff to help address the challenges DBEs reported and could help DBEs to remain strong and resilient in the face of COVID-19, and future challenges.

APPENDIX A – Percent Change in DBE Commitments

Percent Change in Highway Heavy DBE Commitments, 2018-2020

DBE	# Commitments			% Change	
	2018	2019	2020	2018-2019	2019-2020
JD Donovan Inc	2	1	3	-50%	200%
Reiner Contracting		3	7	N/A	133%
Povolny Specialties	3	2	4	-33%	100%
Safety Signs LLC	7	13	22	86%	69%
All State Traffic Control	3	3	5	0%	67%
Lawn & Driveway Service Inc	4	6	9	50%	50%
M-R Signs Co Inc	9	7	10	-22%	43%
K O'Connor LLC	15	8	10	-47%	25%
Crocus Hill Electric Co	11	17	19	55%	12%
Boys Contracting (DBA Water Products)	31	27	30	-13%	11%
Courtland LLC	19	22	24	16%	9%
CI Utilities LLC	4	3	3	-25%	0%
Big G Tech Support LLC	6	2	2	-67%	0%
Utility Sales & Supply Inc	4	3	3	-25%	0%
Husky Construction Inc	5	2	2	-60%	0%
E & J Rebar Inc	3	1	1	-67%	0%
Northern Engineering & Consulting	1	2	2	100%	0%
JL Theis Inc	2	1	1	-50%	0%
Donovan Enterprises Inc	2	1	1	-50%	0%
Castrejon Inc	2	1	1	-50%	0%
All Phase Contracting		1	1	N/A	0%
Rock On Trucks Inc		1	1	N/A	0%
Central Minnesota Sawing LLC	30	31	29	3%	-6%
Boys Water Products	12	14	13	17%	-7%
M & J Trucking Co LLC	17	22	19	29%	-14%
-	2	7	6	250%	-14%
Icon Constructors LLC	13	23	19	77%	-17%
High Five Erectors II Inc	31	22	18	-29%	-18%
Standard Contracting Inc	19	20	16	5%	-20%
Zaczkowski Trucking Service	5	5	4	0%	-20%
Stonbrook Fence Inc	11	14	11	27%	-21%
Carlo Lachmansingh Sales Inc	3	4	3	33%	-25%
Mahkahta Trucking	2	4	3	100%	-25%
C Olson Concrete Inc	40	38	27	-5%	-29%

Rock On Enterprises Inc	3	6	4	100%	-33%
Dispatch Trucking LLC	5	8	5	60%	-38%
Erosion Control Inc	9	14	8	56%	-43%
B & L Supply	6	10	5	67%	-50%
Northwoods Sodding Inc	7	4	2	-43%	-50%
On Call Pavement Sweeping Inc	3	4	2	33%	-50%
Hanson Custom Crushing Inc	2	2	1	0%	-50%
O'Malley Construction Inc	1	2	1	100%	-50%
LM Eating Trucking LLC	1	2	1	100%	-50%
Princess Trucking		2	1	N/A	-50%
Chippewa Wood Products LLC		5	2	N/A	-60%
Mavo Concrete Sawing Services Inc	4	3	1	-25%	-67%
F & S Concrete Paving Inc	4	4	1	0%	-75%
Hansen Thorp Pellinen Olson Inc	3	4	1	33%	-75%
Aura Fabricators Inc	1	4	1	300%	-75%
Highway Solutions Inc	3	5	1	67%	-80%
Nadeau Companies	20	16	1	-20%	-94%
Anne Duffield Construction	7	6	N/A	-14%	-100%
E-Con Placer Inc	6	7	N/A	17%	-100%
Airfresh Industries Inc	5	5	N/A	0%	-100%
Quality Cutting and Coring Inc	4	5	N/A	25%	-100%
Stonebrooke Engineering	2	5	N/A	150%	-100%
GM Contracting LLC	1	5	N/A	400%	-100%
Jordan Drilling Solutions LLC	3	2	N/A	-33%	-100%
Traffic Control Tech's LLC	2	2	N/A	0%	-100%
M J Nelson Trucking Inc	1	3	N/A	200%	-100%
Flying W Gardens LLP	3	1	N/A	-67%	-100%
MBE Inc	3	1	N/A	-67%	-100%
Deer River Trucking	2	1	N/A	-50%	-100%
CH Wilson Transport Inc		3	N/A		-100%
Joe Mullin Trucking Inc		3	N/A		-100%
Sullivan Construction	1	2	N/A	100%	-100%
Skyview Construction	1	1	N/A	0%	-100%
Midstates Rebar & Supply Inc (Anne Duffield Construction Inc)	1	1	N/A	0%	-100%
Martinez Geospatial Inc	1	1	N/A	0%	-100%

Aztec Midwest Contracting Inc	1	1	N/A	0%	-100%
Professional Engineering Services		2	N/A	N/A	-100%
Isthmus Engineering Inc	1	1	N/A	0%	-100%
Erosion Blue LLC	1	1	N/A	0%	-100%
H & H Transport LLC		1	N/A	N/A	-100%
R & S Trucking		1	N/A	N/A	-100%
Dakota Excavating Inc		1	N/A	N/A	-100%
PARAS Contracting Inc		1	N/A	N/A	-100%
Red Lake Builders Inc		1	N/A	N/A	-100%
Dinius Fence LLC		1	N/A	N/A	-100%
Pipe Detectives Inc		1	N/A	N/A	-100%
Saldana Excavating & Aggregates Inc		1	N/A	N/A	-100%
Wenrich PD Construction		1	N/A	N/A	-100%
Bald Eagle Erectors Inc		1	N/A	N/A	-100%
Robin Steel LLC		1	N/A	N/A	-100%
Pioneer Asphalt Technologies		1	N/A	N/A	-100%
H G Sims Trucking LLC		1	N/A	N/A	-100%
Novco Inc		1	N/A	N/A	-100%
MJ Nelson Trucking Inc		1	N/A	N/A	-100%
Rani Engineering LLC		1	N/A	N/A	-100%
Dionne Construction		1	N/A	N/A	-100%
Restoration & Construction Services			17	N/A	N/A
Karen's Electric	7		2	-100%	N/A
Taruna Trucking Inc			6	N/A	N/A
Missy's Trucking			6	N/A	N/A
Boone Container Inc			5	N/A	N/A
Am-Tec Designs Inc			4	N/A	N/A
Morris Sealcoat & Trucking Inc			3	N/A	N/A
Pankratz Trucking	3			-100%	N/A
USAFrik Construction	2		1	-100%	N/A
Kaskaskia Engineering Group LLC			3	N/A	N/A
MinCon Inc	2			-100%	N/A
Pete's Water & Sewer	2			-100%	N/A
Sambatek Inc	1		1	-100%	N/A
Countryman Network Supply	2			-100%	N/A

Muscha Pavement Marking Inc			2	N/A	N/A
Lema Trucking			2	N/A	N/A
Affordable Sanitation inc	1		1	-100%	N/A
PJ Express	2			-100%	N/A
Blackstone Contractors LLC			2	N/A	N/A
AgVenture Feed & Seed			1	N/A	N/A
Midwest Borings Inc	1			-100%	N/A
Precision Testing Inc			1	N/A	N/A
Minnesota Street Works Inc	1			-100%	N/A
Emerge Construction	1			-100%	N/A
EVS Inc			1	N/A	N/A
Procellis Technology Inc	1			-100%	N/A
Moltron Builders Inc	1			-100%	N/A
Atlas Specialized Transport Inc			1	N/A	N/A
Biffs Inc	1			-100%	N/A
Mac's Roll-Off Service Inc			1		N/A
DF Countryman Co Inc	1			-100%	N/A
Hydro-Vac Inc			1	N/A	N/A
Theresa's Construction Services Inc			1	N/A	N/A
HZ United LLC	1			-100%	N/A
Udeen Trucking Inc	1			-100%	N/A
Ray Trucking			1	N/A	N/A
Northern Integrity Services	1			-100%	N/A
Baseline Supply LLC	1			-100%	N/A
JR Transport			1	N/A	N/A
Innovative Trenchless Solutions			1	N/A	N/A
Invision Services LLC	1			-100%	N/A
Grand Total	470	502	432	-	-

Percent Change in Professional Technical DBE Commitments, 2018-2020

DBE	# Commitments			% Change	
	2018	2019	2020	2018-2019	2019-2020
Associated Consulting Services		1		N/A	-100%
Deco Cultural Services LLC	1	1		0%	-100%
Gemini Research	2	1		-50%	-100%
Ingco International LLC		1		N/A	-100%
Jade Logistics		1		N/A	-100%
Lakeside Engineering		1		N/A	-100%
Makee Company		1		N/A	-100%
MN Best Inc		1		N/A	-100%
PDI Deisgn Group LTD		1		N/A	-100%
Signarama-Burnsville		1		N/A	-100%
Straightforward LLC		1		N/A	-100%
Total Safety Guys		1		N/A	-100%
Windmill Design Inc		1		N/A	-100%
Zan Associates		2		N/A	-100%
Zaylore Stout & Associates Inc		1		N/A	-100%
Grand Total	5	16	5	220%	-69%
106 Group LTD			1	N/A	N/A
AMKA Global LLC			1	N/A	N/A
Duluth Archaeology Center, LLC	1			-100%	N/A
IMO Consulting Group Inc	1		1	-100%	N/A
Professional Engineering Services			1	N/A	N/A
Stonebrooke Engineering Inc			1	N/A	N/A

APPENDIX B - DBE Interview Protocol

DBE Interview Protocol

Business Name:

Interviewee Name:

Date:

Hello [NAME]. My name is _____, and I am with The Improve Group. We have an interview scheduled for this time. Is now still a good time for a 30-60-minute interview?

As I mentioned, I am _____, and I am with The Improve Group, a research and evaluation firm located in St. Paul.

We have been contracted by the Minnesota Department of Transportation to reach out to Disadvantaged Business Enterprises (DBE) to understand how they are doing with the effects of the COVID-19 pandemic and economic challenges of the past year. MnDOT intends to use this information to make program or other adjustments to help support DBEs.

This interview should last no more than 45 minutes. I will take notes during our conversation and combine them with responses from other people that participate in our data collection process. Your individual responses will not be identifiable in any of our reporting. Your name will not be associated with your comments in our reports. There are no right or wrong answers! We are hoping to hear your perspective and get your opinion. Also, we would like to emphasize that your participation is voluntary, so please feel free to skip any questions at any time.

Thank you.

Intro questions

1. To begin, I'd like to learn a bit more about your business. Prompt:
 - a. What does your business do? *Prompt for Highway Heavy or Professional and Technical Services.*
 - b. What is your position in the business?
 - c. Where do you do your work (region/county)?
 - d. How long have you been in business? Since 2008.
 - e. How long has it been since your business was certified by MnDOT?
 - f. Can you help me understand your business size...what is your annual revenue/# employees?
 - g. Do you identify your disadvantaged business as Black, Indigenous, Person of Color-owned and/or woman-owned?
 - h. Before we move on to other questions about your experience this past year, what else is important for me to understand about your business?

Challenges

2. What MnDOT work did you do this year?
3. How does that differ from what you have done in other years? *Prompt: contract size, number of jobs, type of work or some other way.*
 - a. [Yes] What would you say are some reasons why work for MnDOT was different this year? OR
2. [No] What would you say are some reasons you were able to maintain similar work this year, even though it was such a tough year with the pandemic for the economy?
3. What were some important drivers of your experience this past year: the size of your business, the nature of your business, your geographic area, other?
5. How would you describe the effect of COVID-19 on your business? On your revenues and employees?

DBE response

6. What have you been able to do that has helped your business this year? What resources or supports have been helpful to your business this year?
7. How confident are you (1-5 with 5 being very confident) that you will be in business this season? Next? What would increase your confidence one notch?

Supports needed

8. What supports would help your business to overcome challenges and be stable and strong? *Prompts: Some ideas could be: training, technical assistance, getting information about small business resources, other? Something you hope MnDOT in particular would do?*
9. Have you accessed resources like this before? What helps them to be effective for you and your business? *Prompt: Could be who does it, how it is done, the content...?*

Closing

10. What else is important for MnDOT to understand about the current status of DBEs and how to support them?

These are all of the questions I have for you. Is there anything that you would like to add that I didn't ask about?

Thank you so much for your time and thoughtful responses!

APPENDIX C - DBE Interviewees Additional Information

Relevant Sub-industries (MnDOT classified as Highway Heavy & Professional Technical Services)

Industry	Number of DBE Interviewees
Construction	8
Civil Engineering	7
Trucking	2
Metals	2

APPENDIX D - Technical Assistance Agency Interview Protocol

Technical Assistance Organization Interview Protocol

Intro

Hello [NAME]. My name is _____, and I am with The Improve Group a research and evaluation firm located in St. Paul. We have an interview scheduled for this time. Is now still a good time for a 60-minute interview?

We have been contracted by the Minnesota Department of Transportation to reach out to technical assistance organizations that help Disadvantaged Business Enterprise (DBE) Program to understand how they are doing with the impacts of the COVID-19 pandemic and economic challenges of the past year. MnDOT intends to use this information to make program or other adjustments to help support DBEs.

This interview should last no more than 60 minutes. I will take notes during our conversation and

combine them with responses from other people that participate in our data collection process. There are no right or wrong answers! We are hoping to hear your perspective and get your opinion. Also, we would like to emphasize that your participation is voluntary, so please feel free to skip any questions at any time.

Before we begin, I would like to make sure you are okay with me recording this conversation; this helps to make sure we have a record if any of my notes are incomplete. We will have the recording transcribed, and it will be destroyed once this study is complete. Are you okay with me recording our conversation?

Thank you.

Intro questions

1. To begin, I would like to learn a bit more about the disadvantaged businesses you provide technical assistance too. Prompt:

- a. What kinds of disadvantaged businesses are you assisting? Prompt for Highway Heavy or Professional and Technical Services
- b. Do you assist disadvantaged businesses in the Twin Cities or the entire State of Minnesota?
- c. What kinds of assistance do you provide?
 - i. Understanding State government contracting.
 - ii. Bidding and estimation for MnDOT scopes of work.

- iii. Bidding and estimation for local government scopes of work.
- iv. Reading plans and matching scopes of work with DBE capacity.
- v. One on one technical assistance.
- vi. Accounting and finances.
- vii. Networking and mentorships with prime contractors.
- viii. Accessing working capital loan funds.
- ix. Accessing micro grant programs.
- x. DBE certification.

Challenges

- 2. In your perspective what have been the impacts of COVID-19 on DBEs?
- 3. Do you know any DBEs that have gone out of business as a result of COVID-19, and if so, would you say there are a few, or many?
- 4. What problems have you noticed that DBEs need help with this year as a result of COVID-19?
- 5. Have you noticed any differences in the way COVID-19 has impacted DBEs who work on Highway Heavy contracts compared to DBEs who work on professional and technical services contracts? How about any differences in impact on those doing work for MnDOT, versus a City or County?
- 6. How would you describe the impact of COVID-19 on DBES in terms of revenues, and employees?

Strengths

- 7. For the DBES that are doing well despite COVID-19, what characteristics have you noticed in their structures or practices?
- 8. How confident are you (1-5 with 5 being very confident) that the DBEs you advise will be in business this year? Next? What would increase your confidence one notch

Services and supports

- 9. What supports would help DBEs to overcome challenges and be stable and strong? Prompts: Some ideas could be: training, technical assistance, getting information about small business resources, other? Something you hope MnDOT in particular would do?

10. Of the services and supports you provide, which ones have been most helpful and effective in helping DBEs survive during COVID-19?

11. Which services and supports have you noticed that DBEs need but are not available from either technical assistance organizations or MnDOT?

Closing

12. What else is important for MnDOT to understand about the current status of DBEs and how to support them?

These are all of the questions I have for you. Is there anything that you would like to add that I didn't ask about?

Thank you so much