



October 13, 2009

## **EQUITABLE RECOVERY IN MINNESOTA: THE TRANSPORTATION OPPORTUNITY**

### **A SUMMARY OF PRELIMINARY FINDINGS**

ISIAIAH, PolicyLink and the Organizing Apprenticeship Project (OAP) are analyzing the American Reinvestment and Recovery Act (ARRA) transportation investments in Minnesota to determine the impacts on low-income communities and communities of color. Because ARRA expanded existing programs, increased reporting requirements and included little to no new policies or mechanisms, we can also use the influx of ARRA funds to analyze longstanding transportation policies.

In our analysis, we asked four fundamental questions: what types of projects were funded?; what communities received the transportation funding; who benefited from the businesses and jobs?; and, was the process equitable, meaning, did the ARRA transportation investments benefit poor neighborhoods, people of color and women?

#### **Background**

Before delving into the results and recommendations of the study, it is important to look at some of the broader challenges in the areas of transportation and the current economic crisis.

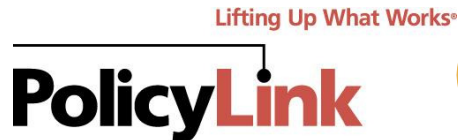
#### ***Economic Crisis and Disparate Impacts***

First, we need to acknowledge that our automobile-centered transportation system leaves too many Americans with limited options. For example, 19 percent of African Americans households, and 13.7 percent of Latinos don't have access to cars, compared to 4.6 percent of all white households.

Poverty compounds the problem. Households earning between \$20,000 and \$35,000 annually, and living far from employment centers, spend twice as much of their income (37 percent) on transportation than does the average U.S. household, at 18 percent.

In a focus group conducted for this study, a resident of St. Cloud makes an important point, "*If you don't have transportation up here, it's hard to get a job...[for] a lot of temp services' [the] first question is, "do you have transportation?"*"

Another resident stated, "*I have my own vehicle. I share with others in Bell Clair Acres, servicing five families without transportation. There is no bus service out there... I work with three women to bring them to the grocery store. They don't have cash for a cab.*"



Transportation is access. It provides access to jobs, school, food, medical appointments, loved ones and all the essential places that life takes us.

***Jobs:***

Jobs in the transportation construction industry tend to pay a living wage but, people of color and women are grossly underrepresented in the construction industry.

By most measures, this is the worst economic downturn since the Great Depression. The economy has lost 6.5 million jobs since the recession began in December 2007 and the unemployed are out of work for record lengths. The national unemployment rate is 9.5%.

While everyone is hit by the economic crisis, communities of color are hit far harder than others. The unemployment rate is 14.7% for African-Americans and 12.2% for Hispanics nationwide. Without a recovery package, unemployment rates could have climbed as high as 18.2% for blacks according to the *Economic Policy Institute*, rivaling the country's jobless rate at the height of the Great Depression.

ARRA provides \$50 billion to build and repair our nation's roads, bridges, railways, and ports "to preserve and create jobs" ...and "to assist those most impacted by the recession." These are two of the five principles and purposes of the ARRA as listed in the legislation. But people of color have been grossly underrepresented in the construction industry historically. To address this, ARRA explicitly states that investments should prioritize those hit hardest by the recession –those in distressed communities who have a high percentage of low-income households or high unemployment rates.

**Impacts of ARRA in Minnesota**

***What types of projects are being funded?***

MN received almost \$600 million in AARA Transportation Funds: \$487 million for the Surface Transportation Program (STP) (known as the highway program); \$94 million for the Public Transportation Program; and \$15 million for the Bike/Pedestrian Set Aside program. An analysis by Transit for Livable Communities found that the state spent just slightly more than the minimum requirement on public transportation, and the Twin Cities spent 30 percent of local funds for highway expansions rather than the unmet needs for roadway repair and public transit.

Moreover, the project selection process itself was also inadequate. The public had little to no opportunity to provide input into what projects were funded. Without an equitable process, it is nearly impossible to reach equitable outcomes.

***What communities are receiving the transportation funding?***

Our analysis shows that the highest levels of investments are not in areas with the highest poverty or unemployment rates, nor are they in areas with the highest percentage of people of color across the state or within the Twin Cities. See attached maps for details.



***Who is getting the business?***

Based on data we received from the Minnesota Department of Transportation (MN/DOT) in July 2009, there were \$95,749,741 bids won by contractors at that time. \$5,433,683 of these dollars had gone to Disadvantaged Business Enterprise (DBE) subcontractors. Therefore only 6% of the total dollars under contract are benefiting DBE contractors.

***Who is benefiting from the jobs?***

We have sought information on the workforce participation of minorities and women for over three months. We have submitted two formal requests for data from MN/DOT and made contacts with at least 16 state and federal agencies, departments and divisions since June to better understand the job opportunities that ARRA has presented for minorities and women. State and federal law require the maintenance of records that track the race and sex and hours worked of each employee of public contracts for transportation, and to maintain records in an easily understandable and retrievable form. Yet, accessing this information has been very difficult.

MN/DOT's Office of Civil Rights does collect information from contractors on minority and women hiring. The Office enters and computes minority and women workforce participation of all their contractors for the last week of July –when construction is busiest –and bases the entire year's performance on these numbers. There is limited analysis of the other 51 weeks or how well jobs are retained throughout the year.

Even based on this one week of records, the percentage of people of color working on MN/DOT contracts has remained stagnant at 6.4 percent since 1992 even as the minority population has grown significantly. Based on the 2000 US census, minorities make up nearly 12 percent of Minnesota's population and this number has risen since. The percentage of women in the workforce dropped to a 17 year low in 2008 at 4.1 percent. Women make up over half the population. Therefore, minorities and women are grossly underrepresented in the jobs created by these public dollars.

Just late last week, through independent efforts by ISIAIAH with the coalition Hire Minnesota, we were able to access the number of minority and women in the workforce for the last week of July 2009. We found that the participation of minorities and women have dropped since last year. There were only 114 minorities in the workforce and 62 women out of 1,873 workers. This lowers the minority and women participation in MN/DOT's workforce to 6.1% minority and 3.3% women. This level of participation does not meet MN/DOT's own goals for minority and women participation.

In order to achieve better outcomes, we must back out of these poor outcomes and look at the processes in place that influence the outcomes. We must look at what processes are in place to help support minority and women training, hiring and retention, the process for monitoring progress towards goals, and enforcement mechanisms in order to find ways to meet and exceed the state's goals.



### **Preliminary Recommendations**

Below are a set of preliminary recommendations to help achieve more equitable outcomes from public investment in transportation. The final report will include a larger set of recommendations. For the purposes of this event, we distilled several key recommendations.

- Increase investment in affordable and reliable public transportation for low-income communities.
- Provide meaningful public input in transportation planning and decision-making.
- Allocate an appropriate level of resources towards tracking and monitoring of workforce participation –hiring and retention.
  - o Invest in and implement database technology in order to receive direct electronic information from contractors.
- Establish community oversight committees for major contracts to help monitor minority and women participation performance.
- Implement effective consequences for non-compliant contractors.
- Allocated ½ of 1% of all investments for recruitment, training, placement and retention of minority and women workers.
- Ensure that Disadvantaged Business Enterprises are receiving a fair share of the public investment in transportation and infrastructure related business.

### **Conclusion**

By distributing ARRA funds through existing formulas, policies and mechanisms, this funding is reproducing the status quo. Our preliminary findings show that ARRA transportation investments have not sufficiently or proportionately helped poor people, people of color, and women. These funds have continued to reinforce existing inequities.

Unless there is a commitment to racial and gender justice, ARRA investment in transportation will fail to anticipate unequal outcomes and actually reinforce racial and gender disparities. Therefore, a racial and gender analysis is critical to ensuring equitable benefits from public investment for all communities.

We have the opportunity now to implement the remainder of the ARRA transportation funds with this analysis in mind. We also have immense opportunities to develop and implement new state and federal policies and regulations which can ensure the benefits of public investment in infrastructure are enjoyed by all communities, particularly those who need it the most.