



**Joint Diversity/Finance Committees
NOVEMBER 17, 2015
4:00 P.M.**

**MCCORMICK ROOM
30 7TH STREET EAST
SAINT PAUL, MN**

Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

1. Joint Meeting of the Diversity and Equity and Finance and Facilities Committees,
 - Vendor/Supplier Diversity Strategy Development (pp. 1-25)

Diversity Committee

Duane Benson, Chair
Louise Sundin, Vice Chair
Ann Anaya
Kelly Charpentier-Berg
Erma Vizenor

Finance Committee

Jay Cowles, Chair
Thomas Renier, Vice Chair
Ann Anaya
Philip Krinkie
Maleah Otterson
Erma Vizenor

Bolded items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Joint Meeting - Diversity and Finance and Facilities Committees Date: November 17, 2015

Title: Vendor/Supplier Diversity Strategy Development

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed New Policy or Amendment to Existing Policy | <input type="checkbox"/> Approvals Required by Policy | <input type="checkbox"/> Other Approvals |
| <input type="checkbox"/> Monitoring / Compliance | <input checked="" type="checkbox"/> Information | |

Brief Description:

This discussion focuses on the board's commitment to vendor and supplier diversity. The discussion includes a check in on the board's policy commitment, oversight and current strategic efforts underway to ensure procurement efforts with targeted group businesses.

Scheduled Presenter(s):

**Leon Rodrigues, Chief Diversity Officer
Laura King, Chief Financial Officer**

Vendor/Supplier Diversity Strategy Development



Presentation to the joint meeting of the
Diversity and Finance and Facilities Committees

November 17, 2015

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



Agenda

- Check in on Board's policy commitment to the objectives
- Check in on Board's oversight of our approach

- Legal and policy environment/foundation
- Current strategic efforts underway
- Policy questions ahead



Legal and Policy Foundation

- Procurement preference activity governed by state and federal law and Board policy and procedure
- MnSCU participates in the program administered by the State of Minnesota
- Focus today on procurement activities with targeted group businesses



MnSCU Board Procedure 5.14.5, Part 10

Targeted group businesses are those meeting the definition in Minnesota Statutes §16C.16. Subd. 5. Targeted businesses are certified by the Department of Administration, which maintains the list.

Groups include vendors certified as Women, Veteran or Economically Disadvantaged Owned and further certified by ethnicity/disability status.



Legal Options for Program Design

Essentially, there are two legal options for increasing purchases of goods and services from targeted group vendors:

- Targeted outreach - Targeted outreach is the identification of targeted group vendors and the provision of notice of opportunity to them. In this scenario, the bids of the targeted vendors are evaluated by the same standards as the other bids. There are no legal requirements for this method.
- Preferment - The legally conforming preferment of targeted group vendors either by a set aside or a percentage preference. The percentage preference method is established in Minnesota law by Minn. Stat. §16.C.16, Subd. 5 and 6.

Program Design, Continued

- The state operates a Preferment program designed and administered by the Department of Administration
- A Preferment based program must be based upon a legally defensible finding of statistical disparity in the agency's procurement practices
- These program then award a preference in procurement pricing evaluations
- MnSCU policy and procedure encourage and in some cases require preferences in accordance with the State program



Overall Improvement Efforts Underway

- We are participating in Governor Dayton’s Diversity and Inclusion Council best practices improvement program sponsored by Department of Administration
- We are participating with the state in an RFP to establish new program guidance in the procurement arena
- This policy area is a priority for ISRS improvements for data collection and analytics
- We are participating with the Itasca Project Business Bridge targeting “buy local” efforts



Policy Questions

- Does our approach capture the Board's policy objectives?
- Any advice as we examine MnSCU's program participation with the state?

Vendor/Supplier Diversity Strategy Development



Presentation to the joint meeting of the
Diversity and Finance and Facilities Committees

November 17, 2015

Pre-reading materials

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- Preferment - The legally conforming preferment of minority-owned vendors either by a set aside or a percentage preference. The percentage preference method is established in Minnesota law by Minn. Stat. §16.C.16, Subd. 5 and 6.



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State of MN Diversity and Inclusion Council/Contracting Practices Committee

- Identified barriers for vendors in the current system
- Determined metrics to use for evaluation of results
- Identified milestones to be met by 1/1/16 (short-term milestones) – work of Admin
 - State certification of veteran-owned businesses
 - Issue RFP and award contract for State Disparity Study
 - Create web-based portal to streamline certification process
 - Align State criteria for TG/Vet certification with federal DBE
 - Expand outreach to the small business community
 - Improve transparency and accountability
 - Compare alignment between state purchasing and what is available from diverse businesses
 - Developed long-term goals to achieve equity in state procurement



State of MN RFP and MnSCU Participation

- State sponsored RFP to establish market analysis for available diverse/targeted vendors
- Anticipated outcomes include current benchmarking and market analysis to highlight available diverse vendors across the state
- Goal of RFP – find if state and MnSCU have sufficient data and legal justification to implement race and/or gender based preferences for procurement
- 7 state/municipal/county entities plus MnSCU & U of M
- RFP response due date is 11/19/15 – contract will extend through June 2017



Vendors Certified by the State

| Number of Certified vendors in State's TG/ED/VO Directory on 8/18/15 | | | | |
|--|-------------|-------------|---------------|----------------------------|
| Ethnicity/Disabled Certification | Total | Woman Owned | Veteran Owned | Economically Disadvantaged |
| Asian American | 101 | 34 | 0 | 2 |
| African American | 143 | 31 | 0 | 1 |
| Hispanic American | 52 | 14 | 0 | 2 |
| Indigenous American | 41 | 7 | 0 | 8 |
| Disabled | 27 | 2 | 0 | 1 |
| Non-Minority | 707 | 601 | 11 | 129 |
| Total | 1071 | 689 | 11 | 143 |



Current MnSCU Spending Patterns

- For the fiscal year July 1, 2014 through June 30, 2015, \$518,238,831 was spent on supplies and services, including \$34,689,243 from vendors classified as Small Businesses in the State's vendor file.
- Of the small businesses, \$9,346,598 was spent with certified targeted group or economically disadvantaged vendors.
 - Non-Minority Women - \$7,115,352 (95 vendors of 601 in TG-ED Directory)
 - Asian or Pacific Islander - \$923,944 (12 vendors of 101)
 - Indigenous American - \$374,468 (3 vendors of 41)
 - Hispanic American - \$193,191 (7 vendors of 52)
 - Disabled - \$35,031 (6 vendors of 27)
 - Black American - \$8,267 (4 vendors of 143)
 - Economically Disadvantaged - \$691,204 (17 vendors of 143)
 - Veteran - \$5,140 (1 vendor of 11)

Current MnSCU program provisions/ governance and practice

- System Procedures:

- 5.14.5, *Purchasing, Part 10* – references state program definitions and certification process
- 5.14.2, *Consultant, Professional or Technical Services, Part 8* - references state program definitions and certification process
- 6.5.5, *Facilities Construction Contracts, Part 10*:

...include provisions, whenever practicable, for procurement from small targeted group and economically disadvantaged businesses as defined in Minnesota Statutes §471.345, Subd. 8.

- 6.5.5, *Facilities Construction Contracts, Part 10, Subpart A*,
 - Purchases under \$50,000. If construction services are available from targeted group businesses...make every effort to purchase from these vendors.





Minnesota
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& UNIVERSITIES

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