

The Color Of Public Money: Black Businesses' Share Of Public Contracts Has Declined Over 20 Years

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This article is the first installment in an ongoing investigation by WGBH News' New England Center for Investigative Reporting into racial disparities in government contracting. Read part two [here](#).

State and local government agencies in Massachusetts pay billions of dollars to contractors every year for a vast array of goods and services. But minority businesses — and black owned businesses in particular — see only a tiny fraction of this money.

And their share of state contracts and discretionary agency spending has actually declined over the past 20 years, according to documents obtained by WGBH News' New England Center for Investigative Reporting.

Despite the high marks Massachusetts government gives itself each year for hiring a diverse mix of contractors, minority business owners competing for state contracts were awarded \$135 million less in 2018 than they were in 1998 based on inflation-adjusted dollars, state records show. That's a drop of 24 percent.

NECIR also analyzed 13,000 large construction and services contracts publicly announced by state and local agencies between 2008 and 2018 and found only about 250 were awarded to minority-owned business.

Two years ago, a \$1 million study paid for by the State Division of Capital Asset Management and Maintenance (DCAMM) found that just one percent of design and construction spending by the state agency between 2010 and 2015 went to African-American contractors, down from about four percent in a previous study of spending between 1999 and 2004. DCAMM handles the state's major public construction projects and manages state facilities.

By comparison, women-owned businesses were awarded 11 percent of the state dollars for design and construction, according to [the more recent DCAMM study](#).

The studies confirm what DCAMM and policymakers already knew: Minority- and women-owned enterprises are struggling to overcome discrimination in the statewide marketplace. Such a finding is actually required before state and local government can create programs aimed at reducing racial and gender discrimination.

Massachusetts' leaders began decades ago trying to fix economic disparities facing minority business owners -- passing laws, creating agencies and signing executive orders meant to even the playing field. The state sets percentage goals for contracting with minority contractors and other groups experiencing discrimination. These goals can vary by program, and even by individual contract, based on what minority businesses are available.

Top state officials say they're doing a great job year-to-year increasing minority spending by government agencies, setting higher goals and winning national praise for their diversity inclusion record. Critics and minority business owners say a lack of political leadership and poor enforcement have led to paltry rates of minorities landing state contracts and helped create a wealth and earnings gap between nonwhites and whites in Massachusetts.

"I'm very proud of the success we have had in this program," said William McAvoy, head of the state's Supplier Diversity Office. "The fact that we have expanded our program to include veterans, LGBT and disability-owned businesses really puts us at the forefront of supplier diversity offices across the nation."

Data compiled by his office show executive agencies exceeded their goal of spending seven percent of their 2018 discretionary budgets with minority contractors. But the report is unclear about how much of that money went specifically to black-owned companies, Hispanic-owned companies or other minority-owned businesses.

The totals also include both what agencies spent directly and what agency-funded prime contractors spent on minority subcontractors.

Cole said that the state isn't doing enough to make sure prime contractors actually meet their commitments to hire minority subcontractors like himself.

Cole, 72, hauls construction materials and said most of his work relies on jobs funded by the state. In 2009, he blew the whistle on a Pittsfield construction company that committed to hiring him for 225 hours of work as a minority contractor. He received only a fraction of the work despite showing up with five trucks and employees.

"At that time, I had three kids in college," said Cole, remembering how he challenged the construction company when they turned him and his dump trucks away. "I said, 'Wait, I'm supposed to be doing all the trucking here.' Well, next thing you know, you're not doing it."

Court records show the Pittsfield company told the state it had paid Cole more than \$40,000 and had met its minority hiring goals. The State Attorney General took up the case but it dragged on for five years and more than 30 court hearings, ultimately getting Cole a settlement of just \$19,800.

His trucking company shrank, he said, partly because of the challenges like these in public sector contracting.

James Jennings, an expert on race and politics and an emeritus professor at Tufts University, said the state's efforts to increase fairness and equity for minority business owners like Larry Cole aren't cutting it.

"The pushing has been going on for 25 to 30 years now," said Jennings. "I think leadership has to be more aggressive in saying we're going to do something about this."

The state's commitment to helping minority businesses get a bigger share of state spending has waned, said JoAnne Thompson, who led the State Office of Minority and Women's Business Assistance from 1999 to 2004. Her office was a precursor of McAvoy's Supplier Diversity Office.

"I know the commitment has to be there," she said. "We understood the mandate. We knew that there were sanctions. We wouldn't get a merit increase -- I wouldn't get a raise -- if I didn't meet my goals."

Documents show that in 1998, Thompson's agency gave letter grades to each of the 91 state agencies, rating them on their progress in meeting minority contracting goals. More than a third of them got D's. That system has since been scrapped.

One tool Thompson uses to gauge progress on minority hiring in the state isn't found in any documents. As she drives her car to and from her home in Dorchester, Thompson scans roadwork sites looking for people of color working on the crews.

"Now if there are minorities working on those construction sites, I haven't seen a one, not a one," she said.

After DCAMM released the study showing just 1% minority participation, it was supposed to develop a response showing how it would increase that rate. But more than two years later DCAMM says it is still working on that response. The agency [did issue a report](#) last June laying out its plans for \$4.7 billion in capital projects over the next 5 years, but it made no mention of attempting to hire more minority contractors.

"I'm not saying you can fix everything because there aren't that many minority businesses who can meet the guidelines for these contracts," said Thompson. "But (the state) could do a better job in making sure that they have access to these opportunities. And no one is doing that."

McAvoy said his agency recognizes the state could do more and is hiring for a new position dedicated to reaching out to African-American and Latino communities.

Jennings said the goal is a wider, more equitable distribution of wealth. African-Americans in Massachusetts on average earn 39 percent less than white males, according to the state survey commissioned by DCAMM.

Jennings said that investing in minority business enterprises – called MBE’s by policymakers – can bring wealth back to communities long hurt by discrimination

“This is a major resource if we can bring MBE’s to the table in a substantive way,” he said. “You bring jobs into the community. You have greater levels of disposable income which then helps the broader economy because you have more consumers spending more money.”

The state’s own annual diversity reports say their goal is to do just that – increase business opportunity for minorities. But critics like Mukiya Baker-Gomez say what’s missing is consistent accountability.

“Compliance sucks right now. It's not as forceful as it needs to be. It's not as technical as it needs to be. And it's not as helpful as it needs to be,” said Baker-Gomez, who worked for decades as an affirmative action officer for state agencies before retiring in 2016.

Baker-Gomez said the state’s system of holding big contractors accountable for affirmative hiring goals needs to be consistent across all agencies.

Documents NECIR obtained from DCAMM showed only four contractors in the past 10 years have been penalized for failing to meet promised minority hiring goals. The state also says contractors who win bids will be fined or punished if they don’t meet their commitments to bring on minority and women-owned businesses as subcontractors. But the State Attorney General’s Office has prosecuted only six contractors in the last decade for making false claims about using minority subcontractors.

Cole said state officials are never on job sites monitoring whether contractors are meeting their commitments to hire minority subcontractors, a criticism that Thompson echoed.

“There really isn't a watchdog,” said Thompson. “There's no one at the helm who's making sure that these things happen.”

McAvoy said his office is hiring a new investigator to look into allegations of fraud.

For Calvin Brandford, a black business owner who’s run an excavation business north of Boston for 35 years, the whole system of getting state-funded jobs is fraught with trouble.

“Even though the work’s out there, it's very challenging to get it,” he said, during a break from a drainage project he was doing at Middlesex Community College in Lowell. “It's 'old boy network' as far as most of the work that goes on.”

Only about ten percent of his work comes from public jobs partly because as a subcontractor, he has to wait 60 to 90 days for one of the big prime contractors to pay him.

Black-owned businesses complained about late payments on state jobs at almost double the rate of Latino and women-owned businesses, the DCAMM survey found. In interviews with more than 1,000 contractors, the survey also found significant discrimination is just part of the marketplace -- a finding that rang true with Larry Cole.

“You walk into a foreman's office, they’re talkin’ the N-word and everything else in there,” said Cole. “I've been there.”

Data collection and analysis for this series was provided by computer science students at Boston University’s [SPARK!](#) Program. Participating students were Steven Brzozowski, Gur Asees Chandok, Keval Khara, Nicole Mis, Brooke Mullen, Pranav Raikundalia and Vaibhav Sharma, with the assistance of technical director Dharmesh Tarapore.

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Correction: A previous version of this story incorrectly reported Cole's winnings in his lawsuit.