

THE AFRICAN AMERICAN LEADERSHIP FORUM (AALF) FIRST ANNUAL REPORT OF
GOVERNMENT SPENDING WITH BUSINESSES SHOWS THAT AFRICAN AMERICAN
OWNED BUSINESSES RECEIVED LESS THAN 1%

In 2016 African American Leadership Forum's (AALF) Executive Director, Jeffrey Hassan, and Minneapolis Urban League Executive Director, Steven Belton, met with public, private and philanthropic leaders to determine investments in the Twin Cities African American community. What they found is that while some progress was being made in employment, legislative initiatives, and philanthropic investment, there was no progress being made in government spending with African American owned businesses.

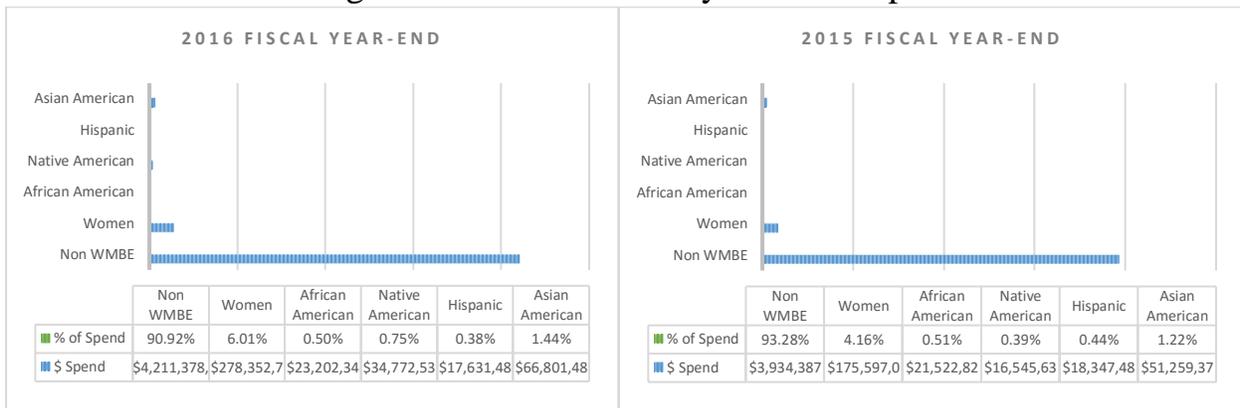
Consequently, in November 2016, AALF held its first Public Sector Forum co-sponsored by the University of Minnesota. The Public-Sector Forum convened state and local government entities to begin working on solutions to the lack of progress. Government entities in attendance included the State of Minnesota, University of Minnesota, Hennepin and Ramsey Counties, the Cities of St. Paul and Minneapolis, Minneapolis and St. Paul Public Schools, Brooklyn Center School District, Osseo School District, Metropolitan Council, Metropolitan Airport Commission, Minnesota Sports Facilities Authority (MSFA), and metro area schools that make up the Minnesota State Colleges and Universities (MNSCU) system.

Most entities were able to tell us their WMBE (Women and Minority Business Enterprise) spending; but, only two of the entities - the State of Minnesota and University of Minnesota - were able to disaggregate their data to tell us how much they were spending with African American owned businesses. What we found out, is that while the WMBE spend can look good, the spend with African American owned businesses can look bad.

This year, 2017, seven (7) entities were able to provide disaggregated data on their spending for 2015 and 2016, including: State of Minnesota, University of Minnesota, Cities of Minneapolis and St. Paul, Hennepin County, Metropolitan Council, and Metropolitan Airport Commission. In the aggregate, these seven (7) entities spent more than \$4 Billion dollars in 2015 and 2016 in contracting, and purchasing goods and services. However, spending with African American businesses was substantially less than 1% (i.e. \$20 Million).

*For a full detailed report for each reporting government entity, go to www:aalftc.org, and click on Programs/AALF's 5 Point Plan to End Economic Inequality.

Insight into the Public Entity Annual Reports



In FYE 2016, of the Public Entities able to disaggregate showed **less than 10%** of their business spend Women and Minority Businesses

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Everyone was surprised and disappointed by these figures. And, before we cast any blame, we acknowledge that many of the leaders of these government entities did not know just how bad the data was (and is). Many of the purchasing and contracting decisions have been hidden from public view, being made at lower levels of government – out of sight and out of mind. Until we were all able to see the disaggregated data, we have all been shooting in the dark, relying solely on anecdotal information.

African Americans in Minnesota contribute an estimated \$500 Million dollars a year in state and local taxes. We know from our work, and studies have shown, that when African American-owned businesses are utilized and grow they increase the tax revenue base, create new jobs where they are needed most, support families, strengthen communities, and build the economy.

AALF is currently working with Minneapolis Public Schools and St. Paul Public Schools to track and disaggregate their data. A number of entities have shown increase in their spend with African American entities compared to the previous fiscal year (e.g. State of Minnesota, Hennepin County, Metropolitan Airport Commission and the City of St. Paul). Although these increases show progress in the right direction, they are still anemic at best. Minneapolis Public Schools has increased its spending with ethnic minority owned businesses by over 500% in the past 3 years, and is working with AALF to disaggregate its spend. However, Ramsey County, one of our largest government entities, was unable to provide any data on with whom it spent public funds.

These entities, with a few notable exceptions, are working with AALF to disaggregate their data, and are working on ways to increase their spending. AALF is disappointed and concerned, that two entities, Osseo School District and Brooklyn Center School District chose not to participate in this year’s convening and did not provide any of their spending data - even though over 50% of Osseo, and 75% of Brooklyn Center students are students of color.

Many the public entities are working on the Minnesota Joint Disparity Study to determine whether discrimination affects minority and women owned businesses in the marketplace, and, if so, ways to address discrimination. We hope the study will confirm similar trend of underutilization for African American businesses, communities of color and women business. As we continue to push

for greater transparency in disaggregating the data, our request is that all entities will be able to not only share the data, but produce procurement methods that will utilize the public spend to be commensurate with the representation of African American population in Minnesota.

Having now seen the data, each of the entities in attendance at this year's meeting committed to increasing their spending in 2017 and 2018. AALF's goal is to see an increase in public spending with African American owned businesses, equal to African American representation in the Minnesota population, of about 6%. If we reach that level of economic parity, investment in African American owned businesses would grow from \$20 Million in 2016 to over \$240 Million, thereby creating hundreds of jobs, stable housing, and economic stability in our community.