



From the Desk of - Mary Ratliff, President  
MISSOURI STATE CONFERENCE NAACP

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## **Stimulus Oversight Board opens inquiry into MoDOT's Stimulus spending in response to NAACP Report...**

The Federal Stimulus Oversight Board's Office of Inspector General (OIG), August 15, 2009: "We have reviewed the information that you provided, and will be directing an inquiry."

COLUMBIA — The Missouri State Conference NAACP on August 11, 2009 made a formal request to Vice President Biden to have the Stimulus Oversight Board hold hearings into MoDOT's stimulus spending; the response, an OIG investigation.

President Mary Ratliff said "I'm confident that the Office of the Inspector General will conduct a thorough investigation with respect to the NAACP's concerns with MoDOT's stimulus spending."

The NAACP raised a number of concerns:

- MoDOT awarded \$198 Million in stimulus funded contracts in which 1% went to minority business enterprises (MBE), yet 8% was awarded to women business enterprises.
- MoDOT awarded 76 subcontracts to women business enterprises (WBE); 56% or roughly 43 subcontracts went to two WBE(s); one in Macon Mo. got 33% of all the WBE business, and the other out of Farmington, Mo. walked away with 23% of all the WBE subcontracts.
- MoDOT approved 183 subcontracts of which 16 went to minority business enterprises (MBEs) for a total of \$2.7 million of the \$198 million awarded in stimulus funded projects.

- MoDOT did not follow federal guidelines put in place for stimulus funding; the guidelines required federal funded recipients to **“make vigorous efforts”** to maximize the involvement of DBE firms. Recipients were encouraged to take steps to mobilize underutilized DBE capacity and to:
  - i. Reach out to firms that may potentially be eligible for DBE certification, but are not yet part of the program, urging them to apply.
  - ii. Expedite the processing of applications for certification.
  - iii. In many cases, there are substantial numbers of certified firms that are seldom used on contracts. This can be an additional source of DBE capacity. Recipients were to make vigorous efforts to work with such firms and prime contractors to take advantage of this resource.
  - iv. Along with prime contractors, be as inclusive as possible in utilizing all available DBE firms, not ruling certified firms out based on preconceptions about their competence to do a particular job.
  
- \$15 Million in stimulus funded construction contracts required “No” DBE (disadvantaged business enterprise) participation at all.
  
- One of the firms which has been consistently fined for failure to meet participation goals was awarded an \$8 Million stimulus fund contract which required “No Participation” (APAC-Mo); and \$28 Million in stimulus funded contracts overall.
  
- MoDOT revised its funding plan for the \$1.5 billion Transportation Investment Generating Economic Recovery Grants application to help pay for transportation cost associated with Paul McKee’s proposed Northside development in St. Louis.
  
- Of \$198 Million in contracts awarded by MoDOT, over \$161 Million in stimulus funded contracts went to members of AGC-Missouri (association of general contractors), an organization that has consistently opposed disadvantaged business programs and efforts.

According to OIG; “It is our policy not to provide updates during an open inquiry. When our inquiry is completed we will notify you in writing of our results. Thank you for bringing this matter to our attention.”

The Office of Inspector General has prepared a plan identifying the key oversight activities they will undertake to carry out their responsibilities under the American Recovery and Reinvestment Act of 2009 (the Recovery Act).

"Most IGs, including myself, generally spend considerable time detecting fraud or waste and then examining such fraudulent or wasteful activities through either a traditional audit or criminal investigation," Devaney said in a March 19, 2009 Government Executive.Com article; Earl Devaney is chairman of the Recovery Act Accountability and Transparency Board

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