

# Montana Department of Transportation Draft 2016 Disparity Study



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Availability and Disparity Study  
Briefing at MDT public meetings



## Topics for briefing

1. Purpose of a disparity study
2. Availability
3. Overall DBE goal and neutral projections
4. Utilization
5. MBE and WBE utilization and availability
6. Disparity indices by group
7. Results by subsets of MDT contracts
8. Marketplace results
9. Overconcentration analysis
10. Next steps

## 1. Why conduct a disparity study?

- MDT must implement the Federal DBE Program, per 49 CFR Part 26
- Disparity study provides information to help MDT:
  - Set overall goal for DBE participation on FHWA-funded contracts
  - Consider whether MDT can achieve overall DBE goal solely through neutral means
  - If MDT needs to continue DBE contract goals, assess the specific race/ethnic/gender groups eligible for that program component
- USDOT instructed agencies to conduct disparity studies after 2005 Ninth Circuit decision in *Western States Paving v. Washington State DOT*
- Also, outside review of MDT practices and other policies is useful

## 2a. Availability – headcount from master bidders list

### Master bidders list - headcount

| Race/ethnicity and gender         | Number of firms | Percent of firms |
|-----------------------------------|-----------------|------------------|
| African American-owned            | 3               | 0.3 %            |
| Asian-Pacific American-owned      | 7               | 0.7              |
| Subcontinent Asian American-owned | 3               | 0.3              |
| Hispanic American-owned           | 11              | 1.1              |
| Native American-owned             | <u>36</u>       | <u>3.8</u>       |
| Total MBE                         | 60              | 6.2 %            |
| WBE (white women-owned)           | <u>156</u>      | <u>16.3</u>      |
| Total MBE/WBE                     | 216             | 22.5 %           |
| Total majority-owned firms        | <u>743</u>      | <u>77.5</u>      |
| Total firms                       | 959             | 100.0 %          |

## 2b. Detailed availability survey

Detailed availability survey – headcount

| Race/ethnicity and gender         | Number of firms | Percent of firms |
|-----------------------------------|-----------------|------------------|
| African American-owned            | 2               | 0.5 %            |
| Asian-Pacific American-owned      | 2               | 0.5              |
| Subcontinent Asian American-owned | 0               | 0.0              |
| Hispanic American-owned           | 2               | 0.5              |
| Native American-owned             | 20              | 4.6              |
| Total MBE                         | 26              | 6.0 %            |
| WBE (white women-owned)           | 70              | 16.1             |
| Total MBE/WBE                     | 96              | 22.1 %           |
| Total majority-owned firms        | 339             | 77.9             |
| Total firms                       | 435             | 100.0 %          |

Detailed availability survey – dollar-weighted

| Race/ethnicity and gender         | FHWA    | State   | Total   |
|-----------------------------------|---------|---------|---------|
| African American-owned            | 0.01 %  | 0.00 %  | 0.01 %  |
| Asian-Pacific American-owned      | 1.67    | 4.03    | 1.81    |
| Subcontinent Asian American-owned | 0.00    | 0.00    | 0.00    |
| Hispanic American-owned           | 1.20    | 4.09    | 1.37    |
| Native American-owned             | 4.81    | 6.98    | 4.94    |
| Total MBE                         | 7.69 %  | 15.10 % | 8.13 %  |
| WBE (white women-owned)           | 11.28   | 8.19    | 11.10   |
| Total MBE/WBE                     | 18.97 % | 23.29 % | 19.23 % |

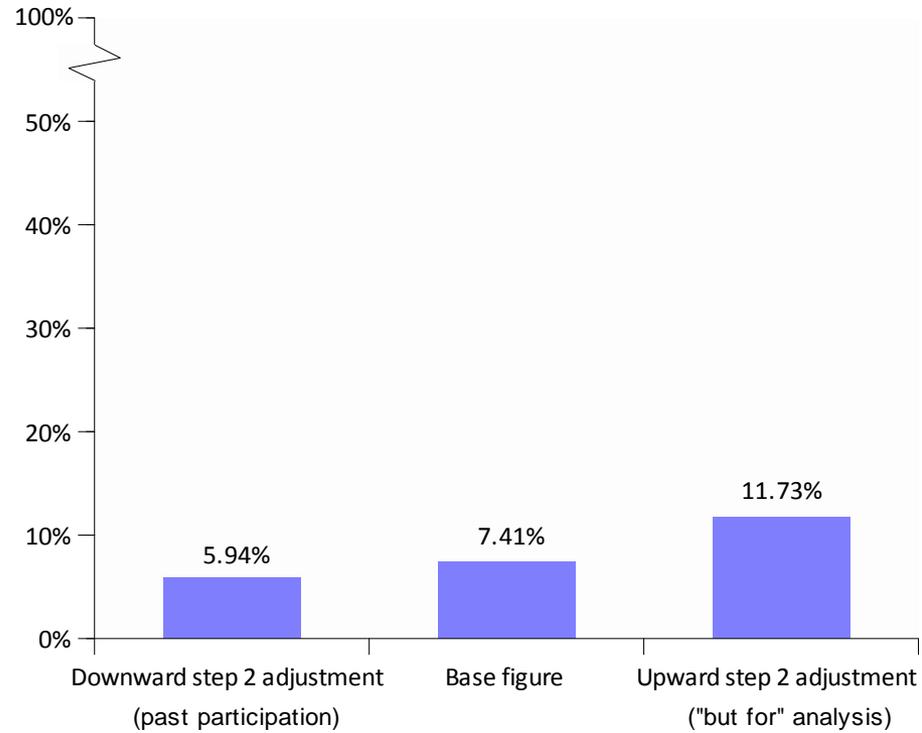
### 3a. Availability results for setting overall DBE goal

| Calculation of base figure     | FHWA        |
|--------------------------------|-------------|
| Minority- and women-owned DBEs | 7.07 %      |
| White male-owned DBEs          | <u>0.34</u> |
| Total currently-certified DBEs | 7.41 %      |

### 3b. Analysis of potential step 2 adjustments

| Step 2 adjustment component            | Value          | Explanation  |
|--|----------------|--|
| <b>Lower range of overall DBE goal</b> |                |  |
| Base figure                            | 7.41 %         | From base figure analysis                          |
| Evidence of current capacity           | - 4.46         | Median DBE participation based on awards           |
| Difference                             | <u>2.95 %</u>  |  |
|  | ÷ 2            | Reduce by one-half                                 |
| Adjustment                             | <u>1.47 %</u>  | Downward adjustment for current capacity           |
| Base figure                            | 7.41 %         | From base figure analysis                          |
| Adjustment for current capacity        | - <u>1.47</u>  | Downward step 2 adjustment                         |
| <b>Overall DBE goal</b>                | <b>5.94 %</b>  | Lower range of DBE goal                            |
| <b>Upper range of overall DBE goal</b> |                |  |
| Base figure                            | 7.41 %         | From base figure analysis                          |
| Adjustment for "but for" factors       | + <u>4.32</u>  | "But for" step 2 adjustment for business ownership |
| <b>Overall DBE goal</b>                | <b>11.73 %</b> | Upper range of DBE goal                            |

### 3c. Overall DBE goal for FHWA-funded contracts



### 3d. Analysis of neutral projections

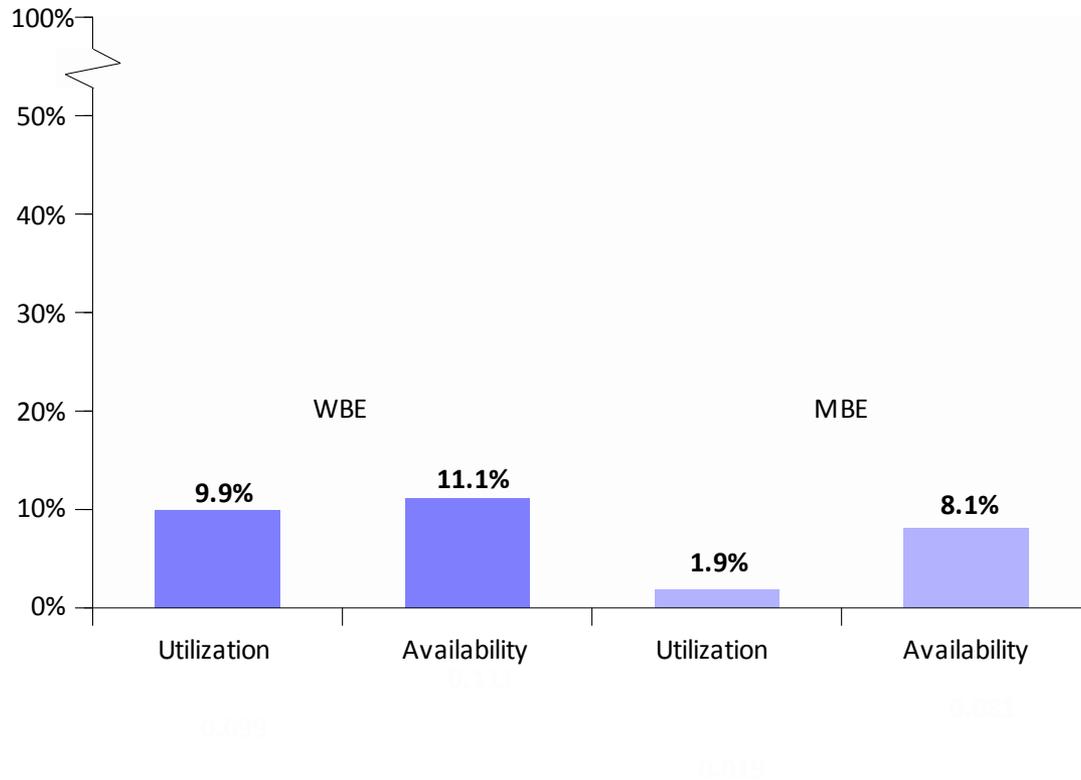
| Component of overall goal <sup>2</sup> | FFY 2014-<br>FFY 2016 | Downward<br>adjustment | FFY 2017- FFY 2019 |                      |
|--|-----------------------|------------------------|--------------------|----------------------|
|  |                       |                        | Base figure        | Upward<br>adjustment |
| Overall goal                           | 3.55 %                | 5.94 %                 | 7.41 %             | 11.73 %              |
| Neutral projection                     | - <u>3.55</u>         | - <u>3.96</u>          | - <u>3.96</u>      | - <u>3.96</u>        |
| Race-conscious projection              | 0.00 %                | 1.98 %                 | 3.45 %             | 7.77 %               |

## 4. MBE/WBE and DBE utilization FFY 2010-FFY2014

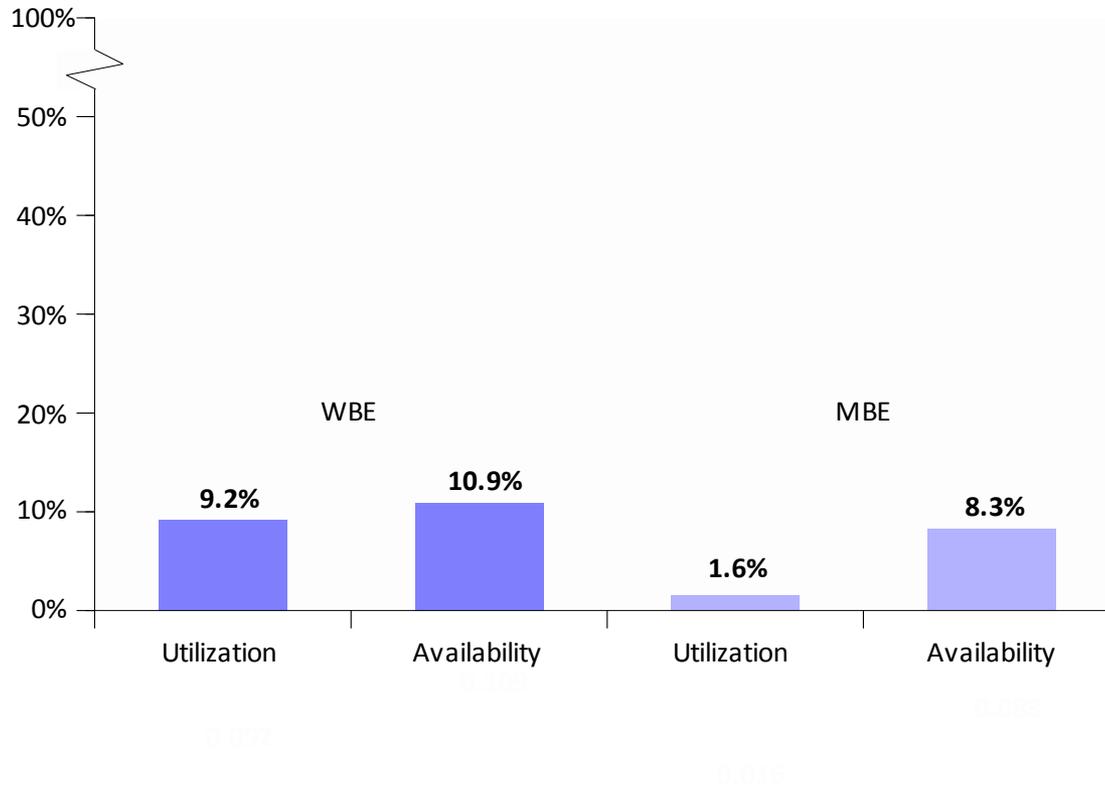
|                                   | Total FHWA and State |                     |                    |
|-----------------------------------|----------------------|---------------------|--------------------|
|                                   | Number of contracts* | \$1,000s            | Percent of dollars |
| <b>MBE/WBEs</b>                   |                      |                     |                    |
| African American-owned            | 0                    | \$ 0                | 0.0 %              |
| Asian-Pacific American-owned      | 37                   | 5,522               | 0.3                |
| Subcontinent Asian American-owned | 0                    | 0                   | 0.0                |
| Hispanic American-owned           | 50                   | 1,424               | 0.1                |
| Native American-owned             | <u>168</u>           | <u>28,762</u>       | <u>1.5</u>         |
| Total MBE                         | 255                  | \$ 35,708           | 1.9 %              |
| WBE (white women-owned)           | <u>1,072</u>         | <u>190,612</u>      | <u>9.9</u>         |
| <b>Total MBE/WBE</b>              | <b>1,327</b>         | <b>\$ 226,320</b>   | <b>11.7 %</b>      |
| Majority-owned                    | <u>5,352</u>         | <u>1,701,825</u>    | <u>88.3</u>        |
| <b>Total</b>                      | <b>6,679</b>         | <b>\$ 1,928,145</b> | <b>100.0 %</b>     |
| <b>DBEs</b>                       |                      |                     |                    |
| African American-owned            | 0                    | \$ 0                | 0.0 %              |
| Asian-Pacific American-owned      | 35                   | 4,794               | 0.2                |
| Subcontinent Asian American-owned | 0                    | 0                   | 0.0                |
| Hispanic American-owned           | 29                   | 1,198               | 0.1                |
| Native American-owned             | <u>119</u>           | <u>18,742</u>       | <u>1.0</u>         |
| Total MBE                         | 183                  | \$ 24,734           | 1.3 %              |
| WBE (white women-owned)           | 582                  | 52,455              | 2.7                |
| White male-owned DBE              | <u>0</u>             | <u>0</u>            | <u>0.0</u>         |
| <b>Total DBE-certified</b>        | <b>765</b>           | <b>\$ 77,189</b>    | <b>4.0 %</b>       |
| Non-DBE                           | <u>5,914</u>         | <u>1,850,956</u>    | <u>96.0</u>        |
| <b>Total</b>                      | <b>6,679</b>         | <b>\$ 1,928,145</b> | <b>100.0 %</b>     |

\*Number of prime contracts and subcontracts

# 5a. For all contracts, MBE and WBE utilization and availability

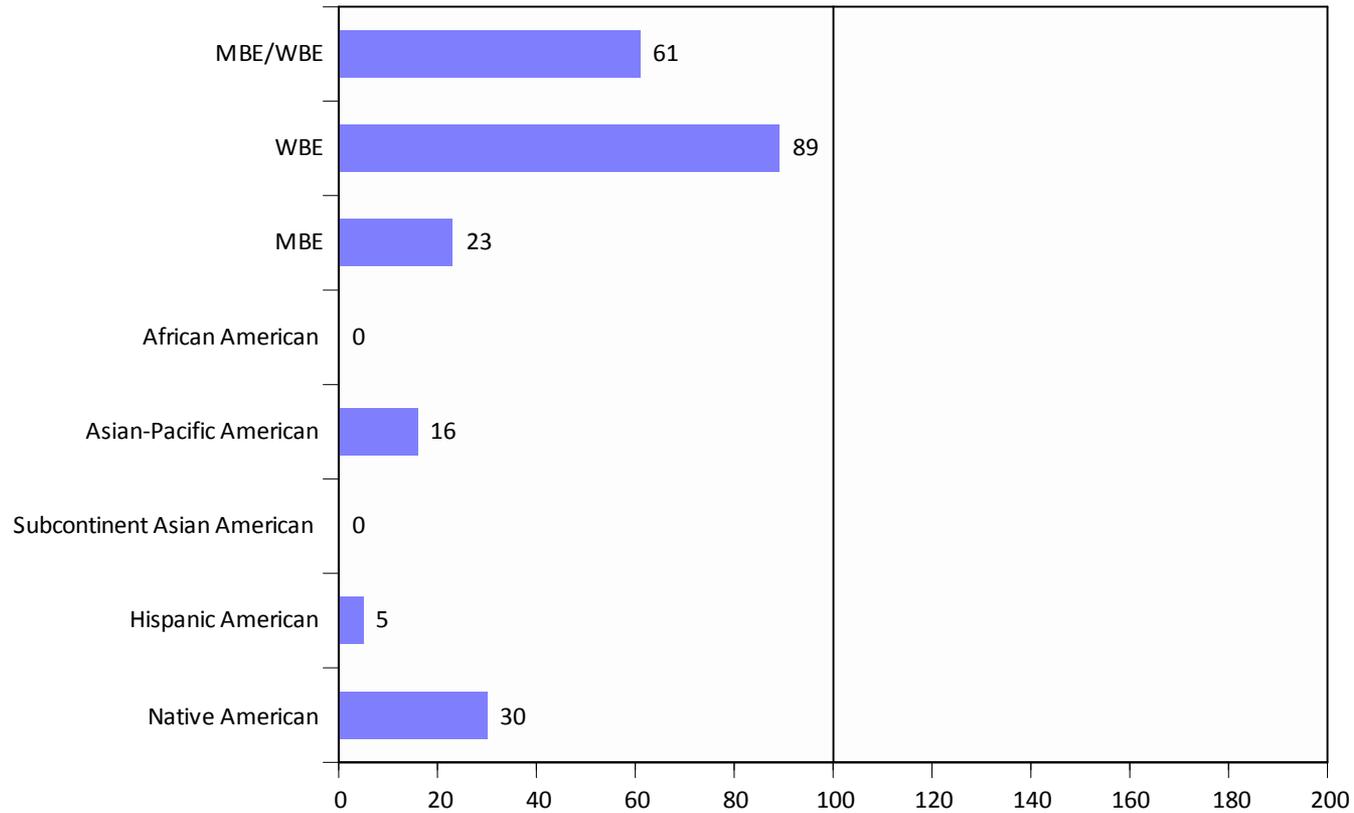


## 5b. MBE/WBE utilization and availability for non-goals contracts



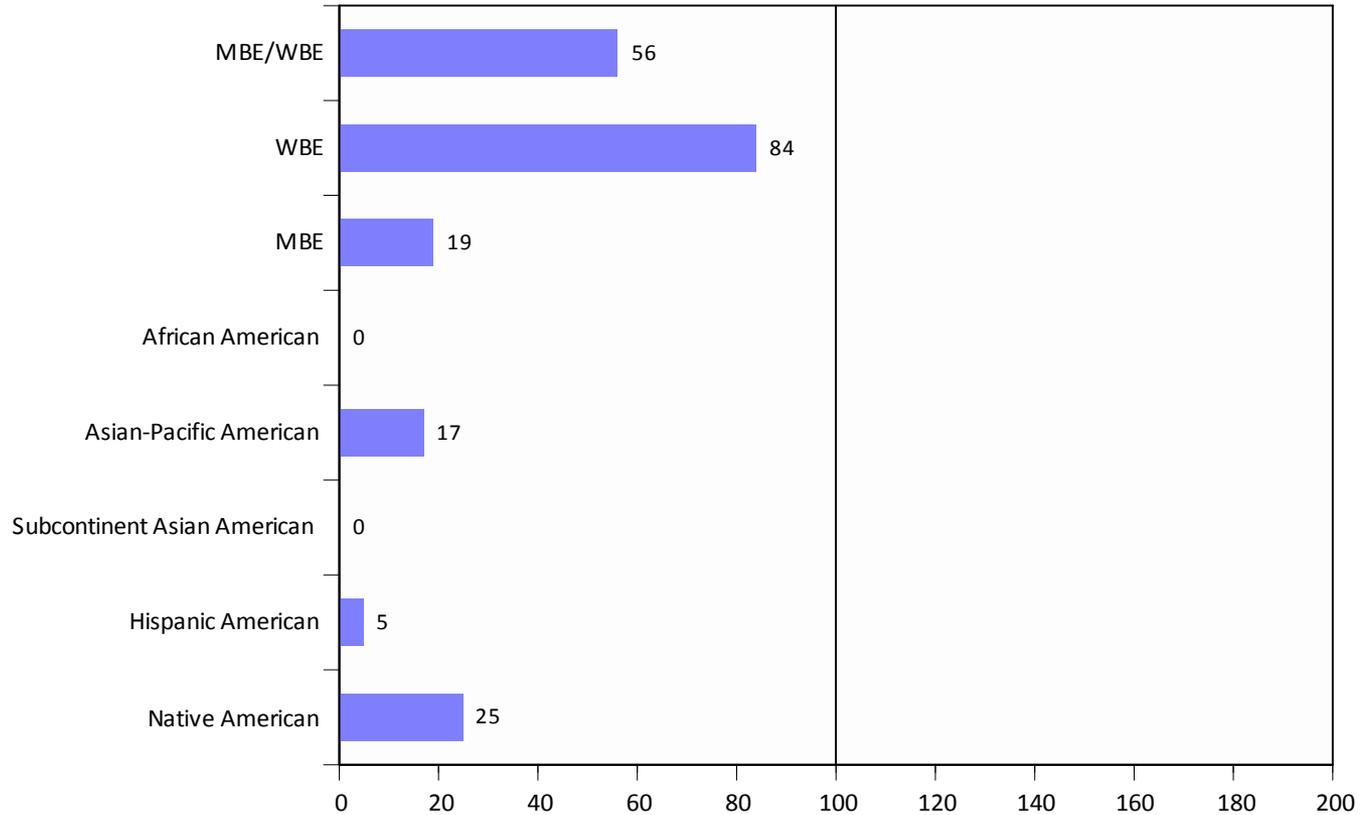
## 6a. Disparity indices by group for total contracts

Disparity index of 100 indicates parity,  
80 or less indicates substantial disparity

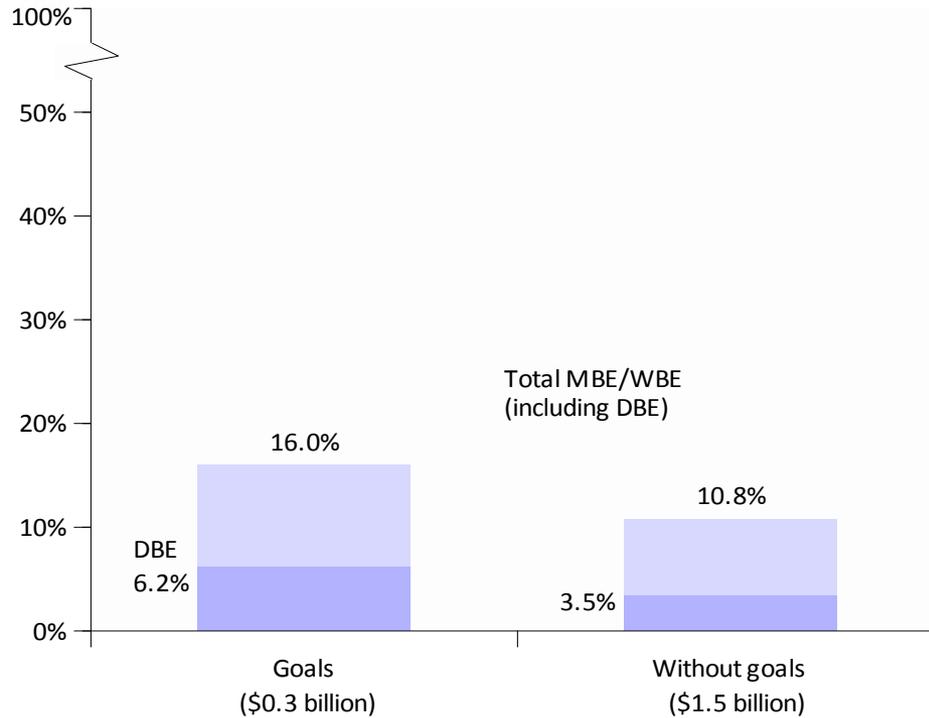


## 6b. Disparity indices by group for non-goals contracts

Disparity index of 100 indicates parity,  
80 or less indicates substantial disparity

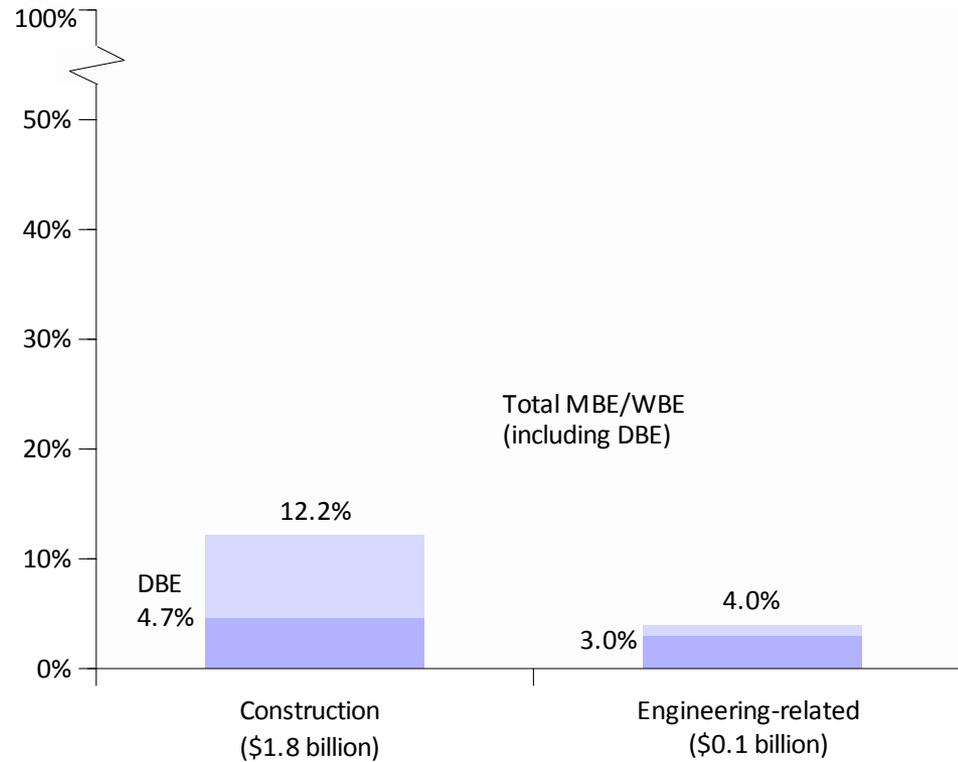


## 7a. MBE/WBE and DBE utilization with and without goals

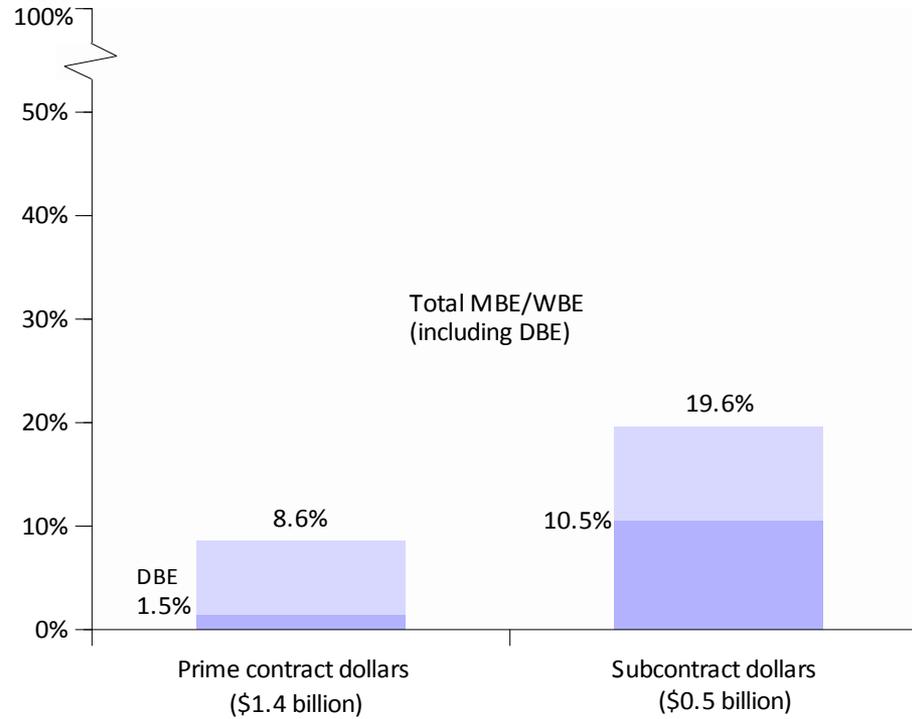


Disparity index with goals is 40 for MBEs and 109 for WBEs  
Disparity index without goals is 20 for MBEs and 84 for WBEs

## 7b. MBE/WBE and DBE utilization for construction and engineering



## 7c. MBE/WBE and DBE utilization by prime/sub



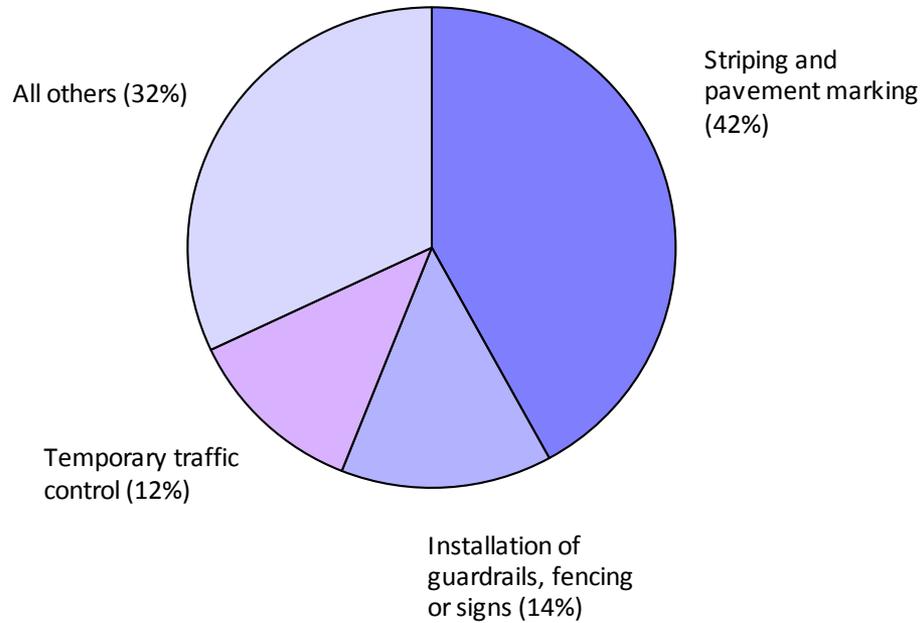
## 8a. Marketplace results (quantitative)

- Barriers to entry as employees for women in construction and engineering
- Disparities in advancement within construction industry
- Disparity in rate of business ownership for Native Americans in construction and women in engineering
- Disparities in home ownership and mortgage lending for minorities
- Disparities in Mountain region regarding small business loans for minorities and women
- MBEs in MT transportation contracting industry more likely to report difficulties obtaining loans or lines of credit
- MBE/WBEs more likely to report difficulty obtaining bonds
- WBEs more likely than majority-owned firms to report difficulties learning about opportunities and networking with prime contractors and customers

## 8b. Marketplace results (qualitative)

- Some minority and female business owners report experiencing discrimination, including overt statements
- Reports included racial and sexist writings on port-a-potties on jobsites
- Many interviewees, including white males, said there were negative stereotypes affecting minorities and women in the industry
- Some interviewees indicated that conditions have improved over time
- Many reported existence of a “good ol’ boy” network affecting the industry in Montana

## 9. Distribution of DBE dollars across types of work



## 10. Next steps

- Hold public meetings in late March
- Review comments and prepare final report