

MDT DBE Goal Methodology for FHWA funded contracts

Federal Fiscal Year 2017-2019



Goal Setting Requirements

- Requirements for setting overall DBE goals are specified in 49 CFR 26.45
 - http://www.ecfr.gov/cgi-bin/text-idx?SID=71458a17c336806ad78959da29fea7d9&mc=true&node=se49.1.26_145&rgn=div8
- USDOT has also provided guidance for goal setting in the DBE Program
 - <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>
- MDT used both resources when preparing the FY 2017 – 2019 DBE Goal Methodology
 - http://www.mdt.mt.gov/other/webdata/external/research/docs/research_pro/j/disparity_2016/FY17-19_Goal_Methodology_Draft_2-8-16.pdf

Step 1: Determining the Base Figure

- 49 CFR 26.45 (c) 3 – Use data from a disparity study
- 2016 Draft Disparity Study determined:
 - Market area of Montana
 - Availability of current DBEs is 7.41%
- The contracts MDT intends to let during Federal Fiscal Year 2017 – 2019 are reasonably similar to projects reviewed in the Disparity Study.
- **Base Figure established at 7.41%**

Step 2: Adjustments to the Base Figure

- The Disparity Study analyzed the following factors to quantify their effect on the base figure:
 - Current capacity of DBEs to perform work, as measured by the volume of work DBEs have performed in recent years;
 - Information related to employment, self-employment, education, training and unions;
 - Any disparities in the ability of DBEs to get financing, bonding and insurance; and
 - Other relevant factors.

Current Capacity (Past Participation)

- Disparity Study reviewed past participation for 6 years (FFY 2010 – 2015)
 - Median past participation based on awards/commitments from Uniform Reports was 4.46%
- In the goal setting document, MDT used 5 years in determining median for past participation (FFY 2011 – 2015)
 - Matched past participation time frame with two most recent goal setting cycles (FFY 2011 – 2013 and FFY 2014 – 2016)
 - Median past participation based on awards/commitments from Uniform Reports was 4.86%

Employment, Education, Training, and Unions

- Disparity Study indicates barriers related to business ownership
 - Native Americans in the Montana construction industry were less likely than non-minorities to own construction businesses
 - Women in the Montana engineering industry were less likely than men to own engineering companies.
- MDT did not adjust for business ownership disparities
 - Consistent with availability (base 1 figure) that evaluates current DBEs and not potential DBEs

Disparities in Financing, Bonding, and Insurance

- Disparity Study found quantitative and qualitative evidence of disadvantages for minorities, women and MBE/WBEs regarding access to financing and bonding.
- Effects not easily quantifiable, so MDT did not utilize for a step 2 adjustment.



Other Relevant Factors

- Success of MBE/WBEs relative to majority-owned businesses in the Montana marketplace.
 - Quantitative evidence that minority- and women-owned firms are less successful than majority-owned firms and face greater barriers in the marketplace
 - Qualitative information suggests that discrimination on the basis of race, ethnicity and gender affects minority- and women-owned firms in the Montana transportation contracting industry
- Effects not easily quantifiable, so MDT did not utilize for a step 2 adjustment.



Step 2: Adjustments to the Base Figure

- Base figure 7.41%
- Past Participation 4.86%
- Average $(7.41 + 4.86) / 2 = 6.14\%$

- In the goal setting document, MDT proposes an overall DBE participation goal of **6.14%** for FHWA funded contracts for FFY 2017 - 2019

Race Conscious / Race Neutral Evaluation

- 49 CFR 26.51 -You must meet the maximum feasible portion of your overall goal by using race-neutral means of facilitating race-neutral DBE participation.
- Median race neutral DBE past participation from 2011 – 2015 was 4.07%, which is less than the overall goal of 6.14%.
- MDT proposes to meet overall goal solely through race neutral means



Why Race Neutral?

- Race Neutral DBE participation in most recent two fiscal years indicates contractors and consultants know what the overall goal is and are able to achieve through race neutral means:

Federal Fiscal Year	Overall DBE Goal	% Total DBE Utilization	% of Race Neutral DBE Participation
2015	3.55%	4.86%	4.86%
2014	5.83%	6.66%	5.85%

Race Neutral Initiatives

- Aspirational contract goals
- Relationships with trade organizations
 - Training and education about DBE program, DBE firms and overall goal
- Supportive Services to DBEs
 - Training and assistance to enable DBEs to successfully compete in their marketplace.

Monitoring of Goal

- MDT monitors DBE utilization on a monthly basis as well as through semi-annual Uniform Reports.
- If Uniform Reports indicate MDT fell short or will fall short of meeting the overall goal, MDT will re-evaluate how much of the overall goal can be met through race neutral means and will implement race conscious measures (project specific goals) to meet the remainder of the goal.

Public Comment

- We want your feedback on the Draft Goal Methodology

http://www.mdt.mt.gov/other/webdata/external/research/docs/research_poj/disparity_2016/FY17-19_Goal_Methodology_Draft_2-8-16.pdf

- Comments can be provided via the following methods:

- Verbal testimony: at Public Hearings
- Online (select Disparity Study in the project dropdown list)

http://www.mdt.mt.gov/mdt/comment_form.shtml

- Email: mdtcrform@mt.gov
- Mail: MDT Office of Civil Rights, PO Box 201001, Helena, MT 59620

- Comments accepted through April 8, 2016.



Goal Methodology

Next Steps

- Comments will be reviewed after April 8th
- Goal Methodology will be updated with a summary of comments and any adjustments and submitted to the Montana Division of FHWA
- FHWA will review for legal sufficiency
- New DBE goal implemented by October 1, 2016.



For More Information

- See the Disparity Study website:
<http://www.mdt.mt.gov/disparitystudy/involvement.shtml>
- Contains:
 - Draft Disparity Study Report and Appendices
 - Draft Goal Methodology
 - Dates for other public hearings
 - Ways to provide public comment on either the Disparity Study or Goal Methodology

Reminder: ALL comments are due by April 8, 2016.



Comments or Questions?

