

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 %

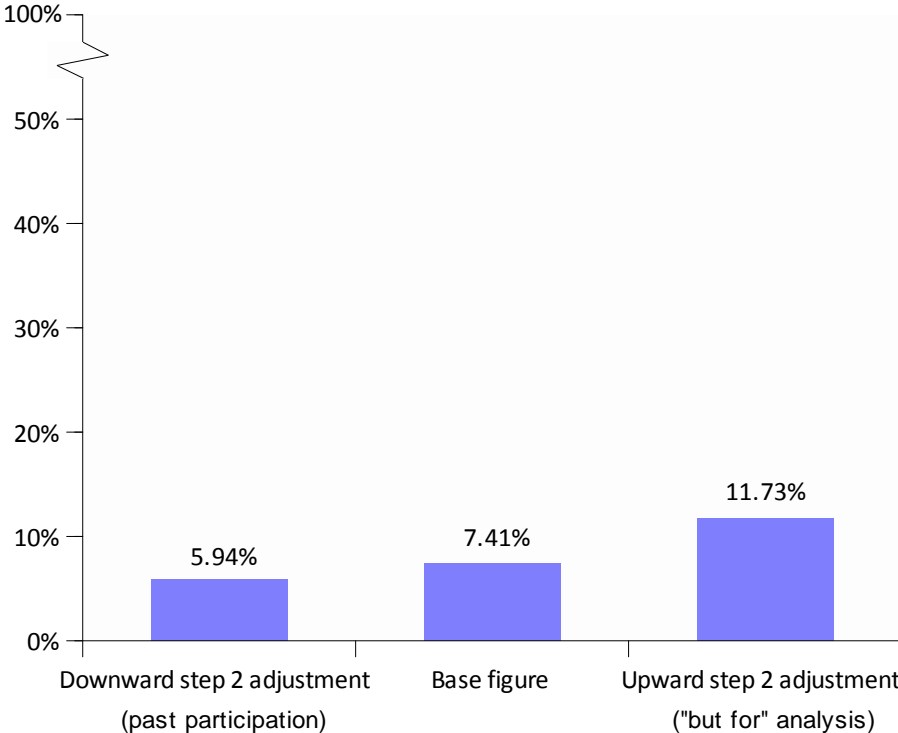
3a. Availability results for setting overall DBE goal

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
Lower range of overall DBE goal		
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	- 1.47	Downward step 2 adjustment
Overall DBE goal	5.94 %	Lower range of DBE goal
Upper range of overall DBE goal		
Base figure	7.41 %	From base figure analysis
Adjustment for "but for" factors	+ 4.32	"But for" step 2 adjustment for business ownership
Overall DBE goal	11.73 %	Upper range of DBE goal

3c. Overall DBE goal for FHWA-funded contracts



3d. Analysis of neutral projections

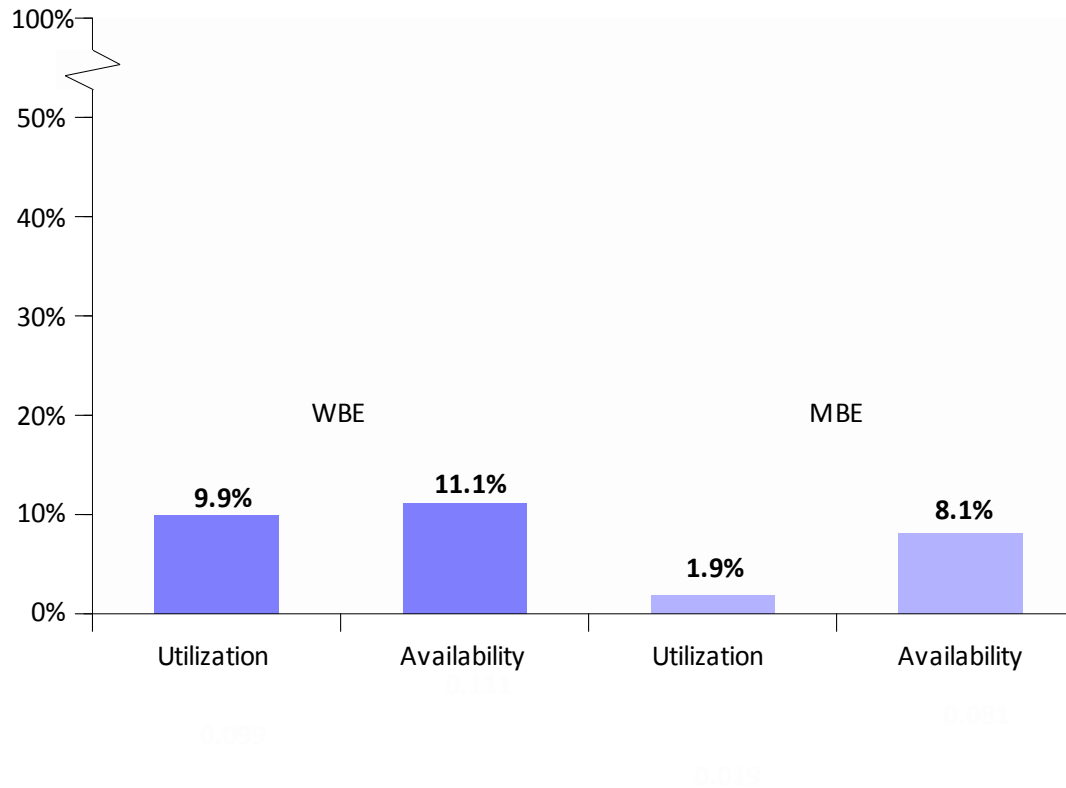
Component of overall goal ²	FFY 2014- FFY 2016	FFY 2017- FFY 2019		
		Downward adjustment	Base figure	Upward adjustment
Overall goal	3.55 %	5.94 %	7.41 %	11.73 %
Neutral projection	- <u>3.55</u>	- <u>3.96</u>	- <u>3.96</u>	- <u>3.96</u>
Race-conscious projection	0.00 %	1.98 %	3.45 %	7.77 %

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

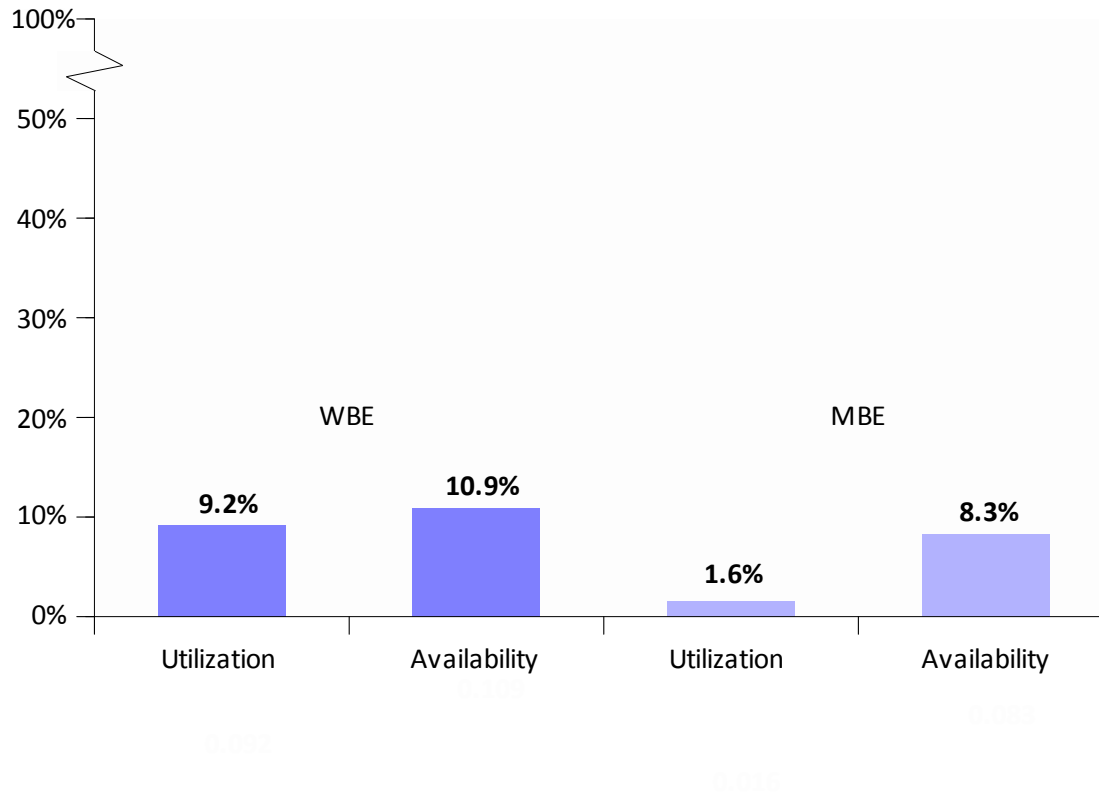
	Total FHWA and State		
	Number of contracts*	\$1,000s	Percent of dollars
MBE/WBEs			
African American-owned	0	\$ 0	0.0 %
Asian-Pacific American-owned	37	5,522	0.3
Subcontinent Asian American-owned	0	0	0.0
Hispanic American-owned	50	1,424	0.1
Native American-owned	<u>168</u>	<u>28,762</u>	<u>1.5</u>
Total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

*Number of prime contracts and subcontracts

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

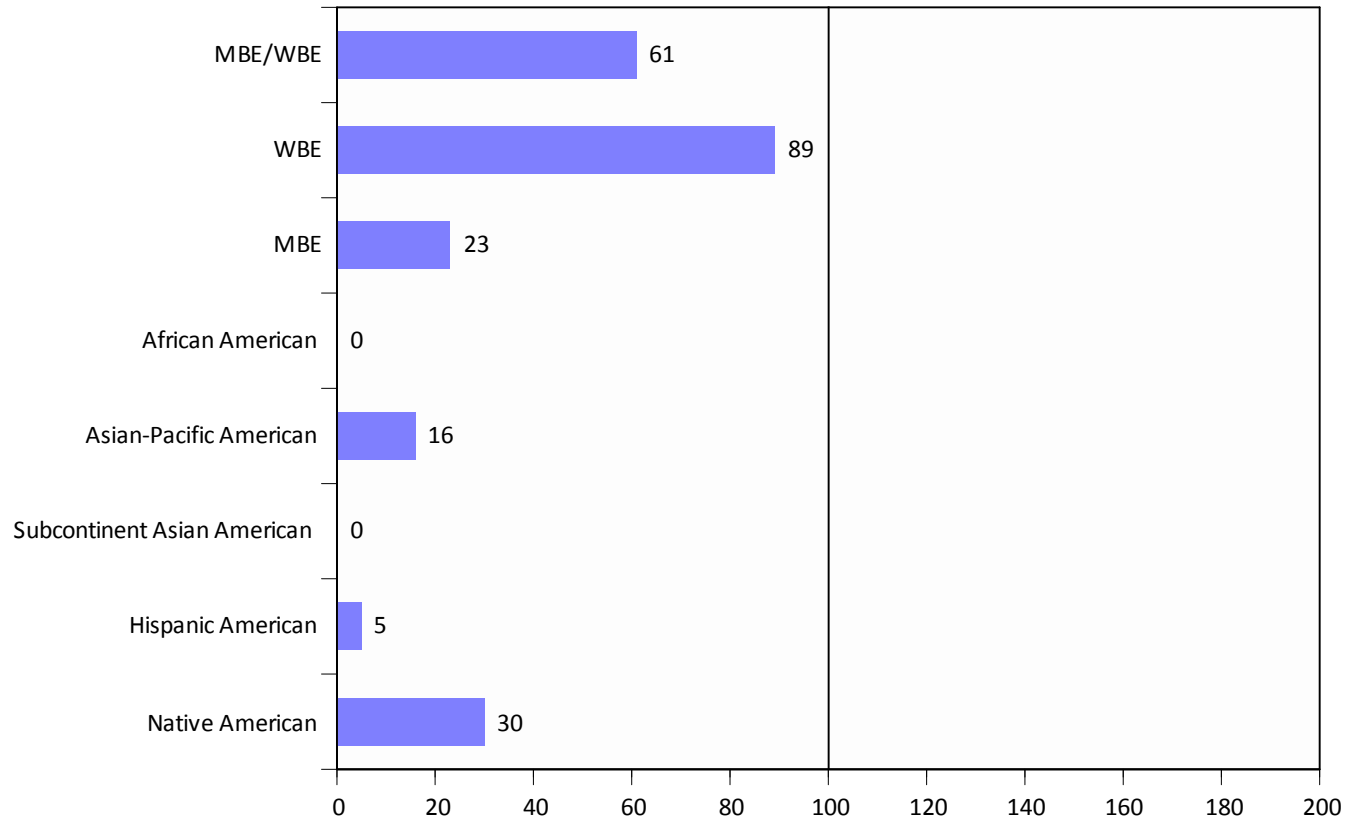


5b. MBE/WBE utilization and availability for non-goals contracts



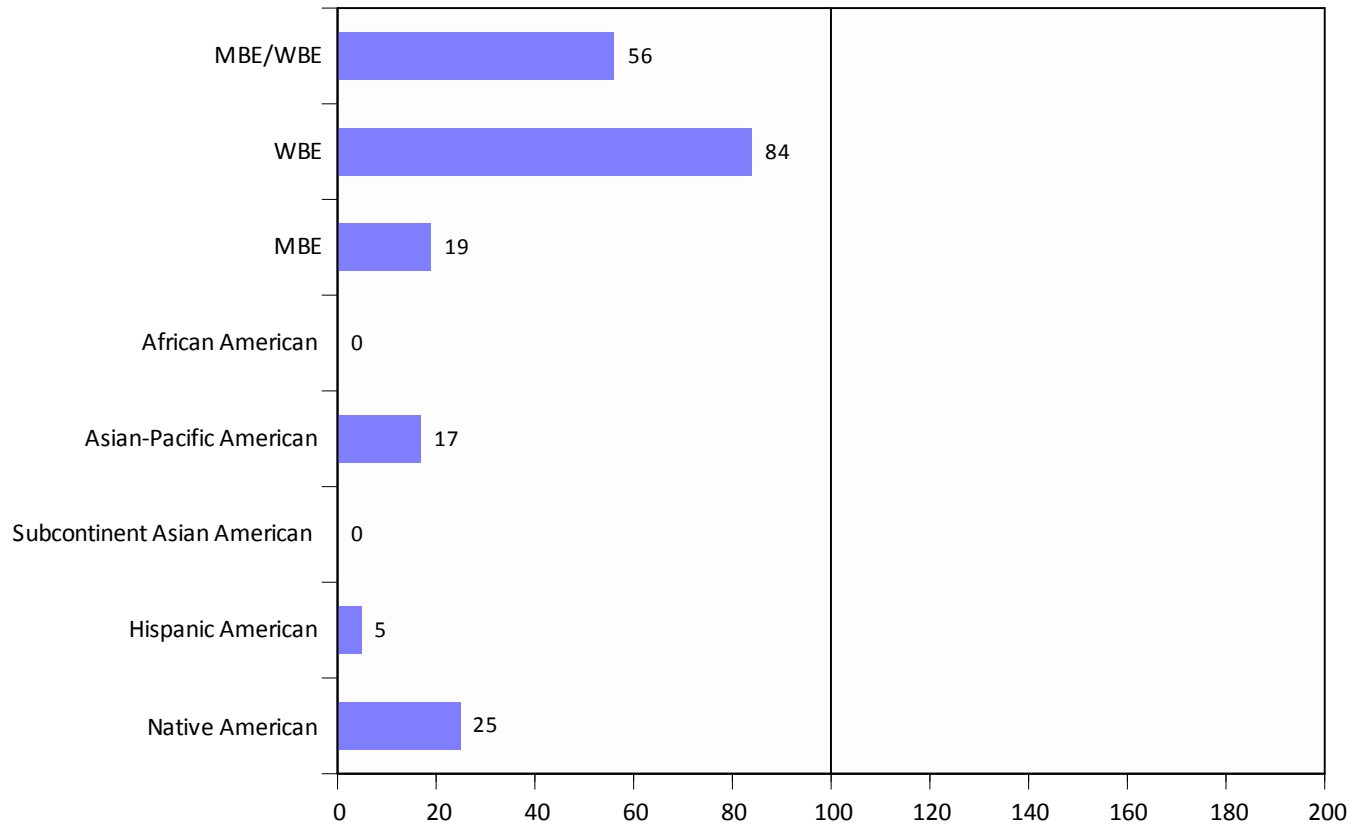
6a. Disparity indices by group for total contracts

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

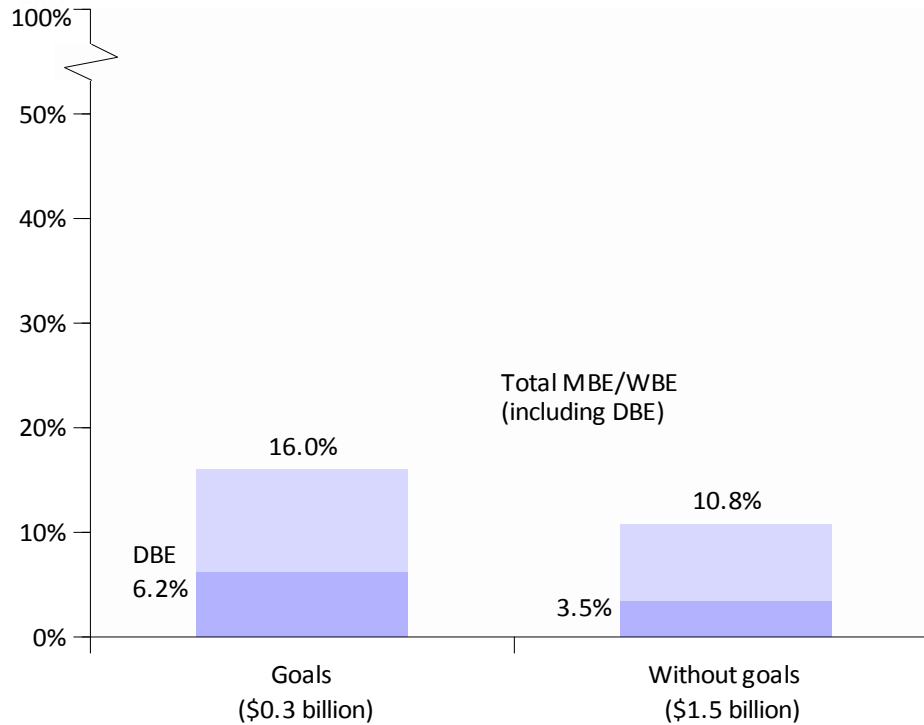


6b. Disparity indices by group for non-goals contracts

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

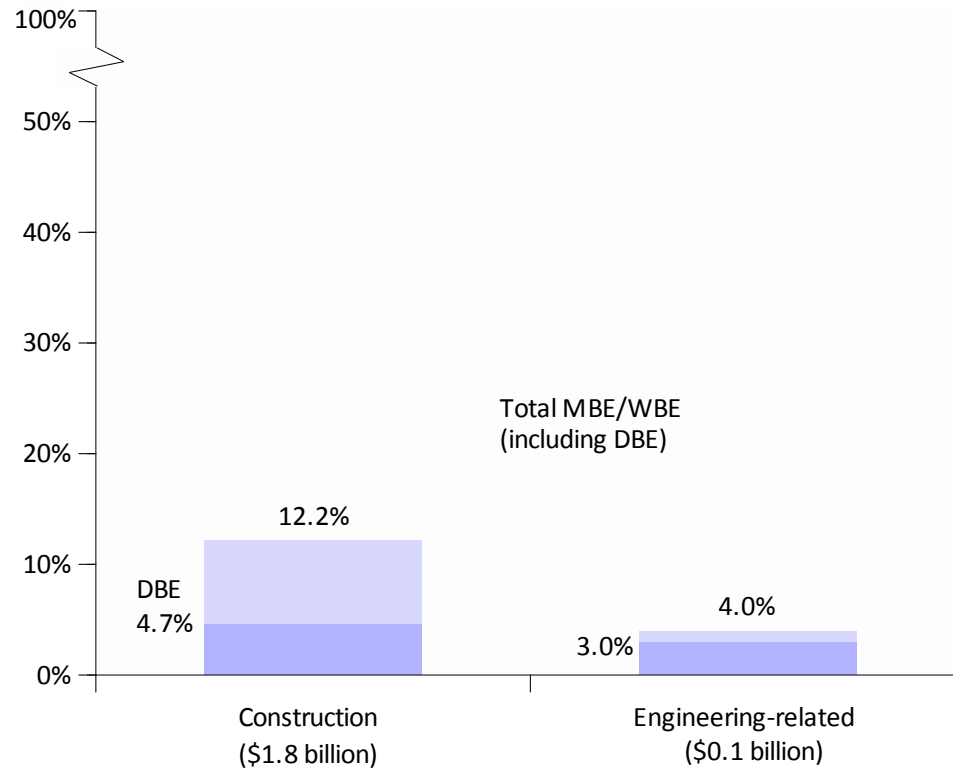


7a. MBE/WBE and DBE utilization with and without goals

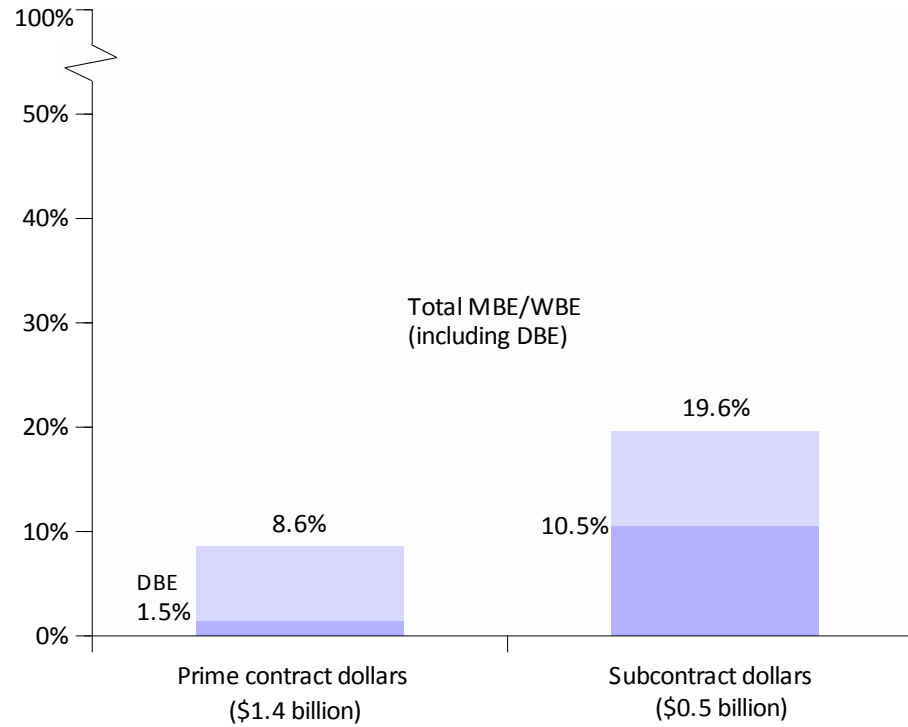


Disparity index with goals is 40 for MBEs and 109 for WBEs
Disparity index without goals is 20 for MBEs and 84 for WBEs

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



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



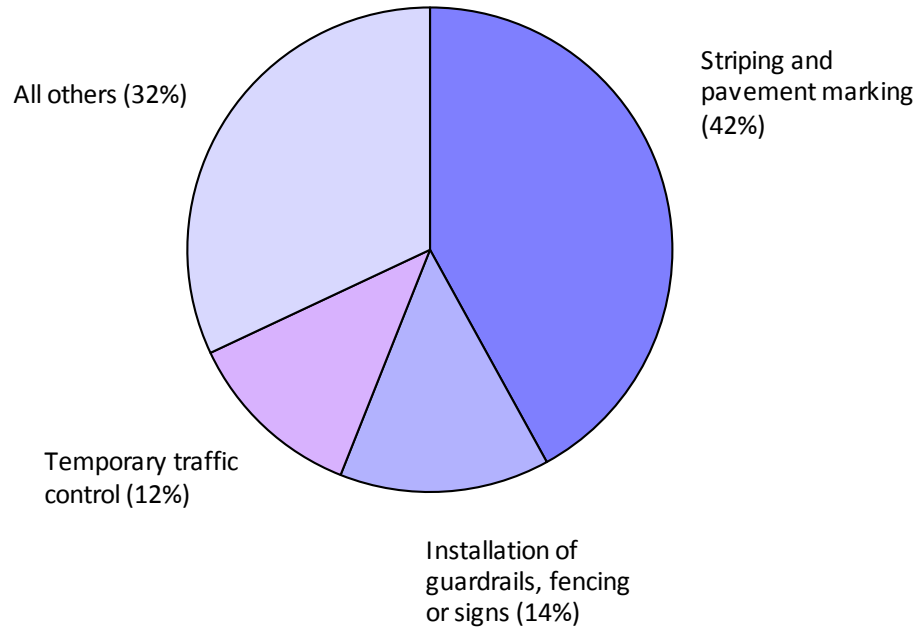
8a. Marketplace results (quantitative)

- 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