2016 ODOT DISPARITY STUDY - INITIAL RESULTS

The 2016 Disparity Study conducted for the Oregon Department of Transportation analyzes whether there is a level playing field for minority- and women-owned firms in Oregon’s transportation contracting industry. This information will inform ODOT contracting practices and help the agency operate the federal Disadvantaged Business Enterprise (DBE) Program for its federally funded contracts.

Keen Independent Research is leading the study team. The team has been consulting with an External Stakeholder Group with representatives from DBE-certified firms, other businesses, industry associations, public agencies and Federal Highway Administration (FHWA) throughout the study. To review the draft report or learn about an open house in your area, please visit the project website at www.ODOTDBEstudy.org.

Key Findings

What firms are available to work on ODOT projects? The study team completed thousands of surveys with businesses to determine which firms are available to work on ODOT or local agency transportation contracts in Oregon. The team found that 27% of businesses that are qualified and interested in specific types of transportation projects are minority- or white women-owned (MBE or WBE) firms.

Keen Independent also examined the types of work and sizes of contracts performed by each firm to develop an MBE/WBE “availability” benchmark for specific transportation contracts and found that 19% of transportation contract dollars would go to MBE and WBE firms if there were a level playing field for those firms in Oregon. This represents MBE/WBE availability, as shown in Figure 1.

What firms are getting contracts? During the study period of October 2010 through September 2014, ODOT and local agencies awarded 8,027 prime and subcontractor contracts totaling $1.9 billion in FHWA and state funds.

The study team identified the race, ethnicity, and gender ownership of firms receiving ODOT and local agency work. The team then calculated the percentage of contract dollars going to MBEs and WBEs for the study period and found 11.7% of transportation contract dollars were awarded to MBE and WBE firms. This represents MBE/WBE utilization, as shown in Figure 1.

For more information or to provide comments on the draft report:
Email: info@ODOTDBEstudy.org | Website: www.ODOTDBEstudy.org
Project hotline: 503-660-8865
Mail: Keen Independent Research, 100 Fillmore Street, 5th Floor, Denver, CO 80206
The team recommends initiatives to ensure that ODOT’s contracting and assistance is:

- Open
- Simple
- Fair
- Transparent
- Impactful
- Monitored and improving

**What we heard.** During interviews with businesses and associations, some interviewees indicated difficulties for minorities and women beyond those associated with being a small business, including:

- Workplace conditions unfavorable to women and minorities.
- Greater difficulties for women and minorities to obtain financing.
- Different treatment of minority- and women-owned firms by bonding companies.
- Negative stereotypes about minority- and women-owned firms by some contractors and customers.

**Overall DBE goal calculations.** The team prepared analyses to help ODOT set an overall goal for DBE participation on FHWA-funded contracts for three years beginning October 1, 2016.

- The data supports a DBE goal range between 11.63% and 21.31%.
- The disparity results suggest ODOT should consider including all DBE groups as eligible to meet DBE contract goals on FHWA-funded construction and engineering-related contracts.

**Recommendations**

Keen Independent has developed recommendations from the quantitative and qualitative results of the disparity study. Many study participants recognized ODOT’s efforts to enhance access for minority-, women-owned, and other small business firms. However, the agency can do more to improve its contracting and business assistance programs.

The report identifies a number of initiatives for ODOT to consider. Visit the project website at ODOTDBEstudy.org to view the complete draft report.

**What is ODOT doing?**

ODOT is working to address the study recommendations to ensure the agency’s business processes are open, simple, fair, transparent, impactful, monitored and improving. Based on the study’s preliminary findings, ODOT is investigating how the agency can:

- Make its contracting opportunities more accessible to women- and minority-owned businesses, including a review of business processes and insurance and bonding requirements.
- Ensure prompt payment to subcontractors.
- Increase the value of small business certification and help eligible businesses get certified.
- Leverage new and continue to build existing strategic stakeholder partnerships and programs to provide effective outreach, training, and access to financial and business resources.

ODOT is also:

- Proposing an overall DBE goal of 11.6% with a 5% race- and gender-neutral portion and 6.6% race- and gender-conscious portion on FHWA funded contracts for federal fiscal years 2017-2019.
- Proposing that all DBE groups be eligible to meet contract goals.

ODOT seeks public comment on these efforts and proposed goals.