

Oregon Department of Transportation 2016 Disparity Study



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Public Meetings

David Keen, Principal
Keen Independent Research LLC
100 Fillmore St., 5th Floor
Denver CO 80206
303-385-8515
928-684-3021 (fax)
dkeen@keenindependent.com

Stacy Thomas
JLA Public Involvement



Topics concerning Draft 2016 ODOT Disparity Study

1. Why conduct a disparity study
2. Requirements to set overall DBE goal and make projections under Federal DBE Program
3. Availability results
4. Setting overall DBE goal
5. MBE/WBE and DBE utilization
6. Disparity analysis
7. Examples of marketplace information
8. ODOT proposed goal, projections and inclusion of DBE groups to meet contract goals
9. Keen Independent recommendations
10. ODOT responses to results and recommendations
11. Next steps

1. Why conduct a disparity study?

- ODOT must implement the Federal DBE Program
- Disparity study provides information to help ODOT:
 - Set overall goal for DBE participation on FHWA-funded contracts
 - Consider whether ODOT can achieve overall DBE goal solely through neutral means
 - If ODOT 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 ODOT practices and other policies is useful

2. Federal requirements for overall DBE goal (49 CFR Part 26)

- Determine base figure
- Consider step 2 adjustments
- Project portion of goal to be met through neutral means
- Ensure that program operation is narrowly tailored

3a. Availability – data sources and process

- Developed initial lists for surveys
- Conducted telephone, online and other surveys in summer 2015
- Based on responses, identified firms qualified and interested in ODOT and local agency transportation-related work
- Determined “head count” availability
- Performed availability analysis for each ODOT prime/subcontract
- Aggregated results to determine “dollar-weighted” availability

3b. Availability – headcount

From 2015 telephone and online surveys

Race/ethnicity and gender	Number of firms	Percent of firms
African American-owned	38	2.3 %
Asian-Pacific American-owned	27	1.6
Subcontinent Asian American-owned	15	0.9
Hispanic American-owned	57	3.5
Native American-owned	<u>35</u>	<u>2.1</u>
Total MBE	172	10.5 %
WBE (white women-owned)	<u>274</u>	<u>16.7</u>
Total MBE/WBE	446	27.2 %
Total majority-owned firms	<u>1,193</u>	<u>72.8</u>
Total firms	1,639	100.0 %

3c. Availability – dollar-weighted

Determined availability for each contract and dollar-weighted results

Race/ethnicity and gender	FHWA	Total
African American-owned	2.92 %	2.86 %
Asian-Pacific American-owned	0.83	0.86
Subcontinent Asian American-owned	0.62	0.66
Hispanic American-owned	2.31	2.27
Native American-owned	<u>2.78</u>	<u>2.71</u>
Total MBE	9.47 %	9.37 %
WBE (white women-owned)	<u>9.82</u>	<u>9.88</u>
Total MBE/WBE	19.29 %	19.24 %

4a. Setting overall DBE goal – base figure

Dollar-weighted availability

Calculation of base figure	FHWA
Total MBE/WBE	19.29 %
Less firms that graduated from the DBE Program or denied DBE certification in recent years or exceed revenue thresholds or on BOLI list	<u>3.45</u>
Subtotal	15.84 %
Plus white male-owned DBEs	<u>--</u>
Current and potential DBEs	15.84 %

4b. Analysis of potential step 2 adjustments

Step 2 adjustment component	Value	Explanation
Lower range of overall DBE goal		
Base figure	15.84 %	From base figure analysis
Evidence of current capacity	- <u>7.42</u>	Past DBE participation
Difference	8.42 %	
	÷ <u>2</u>	Reduce by one-half
Adjustment	4.21 %	Downward adjustment for current capacity
Base figure	15.84 %	From base figure analysis
Adjustment for current capacity	- <u>4.21</u>	Downward step 2 adjustment
Overall DBE goal	11.63 %	Lower range of DBE goal
Upper range of overall DBE goal		
Base figure	15.84 %	From base figure analysis
Adjustment for "but for" factors	+ <u>5.47</u>	"But for" step 2 adjustment for business ownership
Overall DBE goal	21.31 %	Upper range of DBE goal

4c. Analysis of neutral projections

Neutral projection based on Keen Independent analysis of DBE participation on FHWA-funded contracts without goals

Component of overall DBE goal	FFY 2015- FFY 2016	FFY 2017- FFY 2019		
		Downward adjustment	Base figure	Upward adjustment
Overall goal	13.10 %	11.63 %	15.84 %	21.31 %
Neutral projection	- <u>7.90</u>	- <u>5.00</u>	- <u>5.00</u>	- <u>5.00</u>
Race-conscious projection	5.20 %	6.63 %	10.84 %	16.31 %

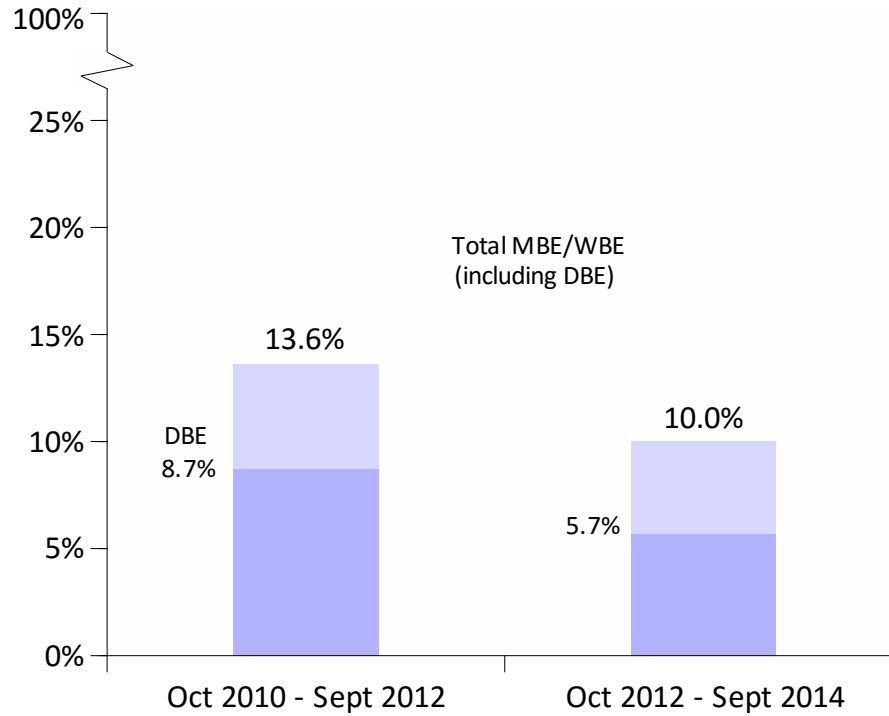
5a. MBE/WBE and DBE utilization FFY 2010-FFY 2014

*Number of
prime contracts
and subcontracts

	Number of contracts*	\$1,000s	Percent of dollars
MBE/WBEs			
African American-owned	165	\$ 32,018	1.7 %
Asian-Pacific American-owned	104	11,394	0.6
Subcontinent Asian American-owned	105	11,321	0.6
Hispanic American-owned	158	45,737	2.4
Native American-owned	185	25,577	1.3
Total MBE	717	\$ 126,048	6.5 %
WBE (white women-owned)	1,297	98,488	5.1
Total MBE/WBE	2,014	\$ 224,536	11.7 %
Majority-owned	6,013	1,701,741	88.3
Total	8,027	\$ 1,926,277	100.0 %
DBEs			
African American-owned	85	\$ 21,159	1.1 %
Asian-Pacific American-owned	64	3,696	0.2
Subcontinent Asian American-owned	101	10,872	0.6
Hispanic American-owned	107	30,806	1.6
Native American-owned	82	11,829	0.6
Total MBE	439	\$ 78,362	4.1 %
WBE (white women-owned)	823	57,621	3.0
White male-owned DBE	1	39	0.0
Total DBE-certified	1,263	\$ 136,023	7.1 %
Non-DBE	6,764	1,790,254	92.9
Total	8,027	\$ 1,926,277	100.0 %

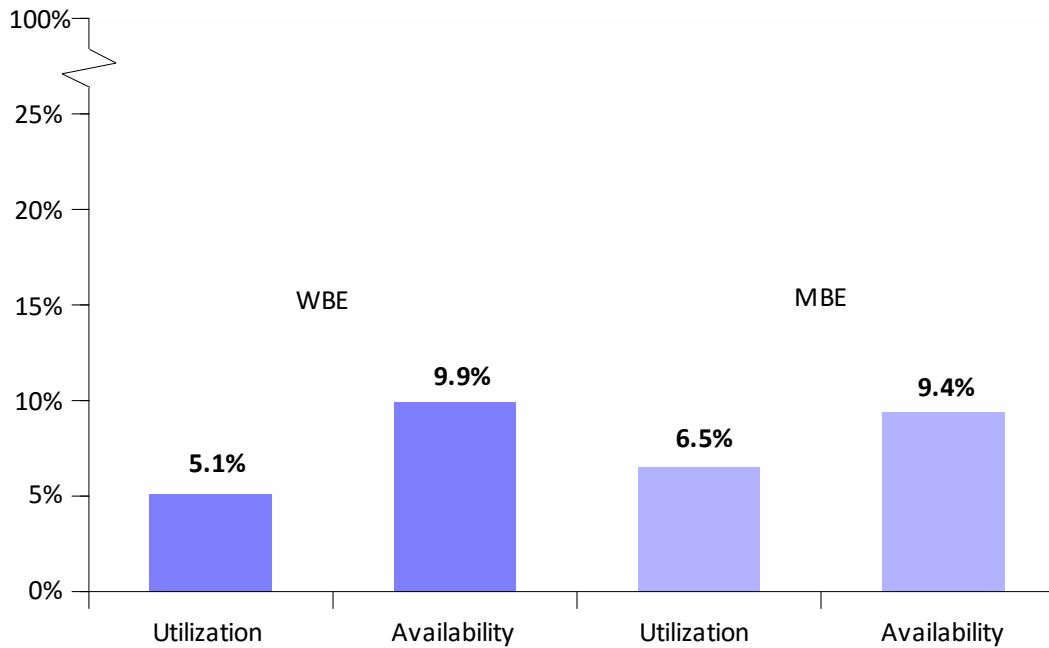
5b. MBE/WBE and DBE utilization FFY 2010-FFY 2014

Declining MBE/WBE and DBE participation on ODOT contracts



6a. Disparity analysis – MBE and WBE utilization and availability

MBE and WBE utilization substantially less than availability



6b. Key disparity indices by group

100 = parity, 80 = substantial disparity

Evidence of substantial disparities for each group

Firm ownership	Disparity index	Set of contracts
White women-owned	52	All contracts
African American-owned	58	All contracts
Asian Pacific American-owned	69	All contracts
Subcontinent Asian American-owned	24	Contracts without goals
Hispanic American-owned	59	FFY 2013 and FFY 2014
Native Americans-owned	49	All contracts

7a. Examples of unequal outcomes in marketplace

- Limited entry of women and certain minority groups into Oregon construction and engineering industries
- Disparities in business ownership rates for:
 - Hispanic Americans, Native Americans and women working in construction
 - African Americans, Native Americans and women working in engineering
- Home ownership and home mortgages for minorities
- Business loans
- Difficulties with bonding
- Revenues of businesses
- Availability survey results concerning different barriers for businesses

7b. Examples of qualitative results from interviews and other sources

- Financing a large barrier to successful start-up and growth
- Difficulties obtaining bonding related to personal and business capital
- Bid shopping negatively affects firms
- Catch-22 of needing to have experience or past relationship to get work; difficult to get one's "foot in the door"
- Some minority and female business owners reported experiencing discrimination, including overt statements and racial and sexist writings on jobsites
- Interviewees indicated unequal treatment, double standards, stereotyping or other harassment
- Many reported existence of a "good ol' boy" network in Oregon; some say negatively affects minorities and women
- Some say "it's improving" for minorities and women



8. ODOT proposed goal, projections and program operation

- a. 11.6% overall annual DBE goal for FHWA-funded contracts for three years starting October 1, 2016
- b. Project to achieve overall goal through:
 - Neutral means (5.0%) and
 - Race- and gender-conscious means (6.6%)
- c. ODOT proposes to include all DBE groups as eligible to meet contract goals on FHWA-funded contracts

9. Keen Independent recommends initiatives to ensure that ODOT's contracting and assistance is:

1. Open
2. Simple
3. Fair
4. Transparent
5. Impactful
6. Monitored and improving

ODOT should continue top-to-bottom improvement regarding its contracting and its assistance programs



10. ODOT response to results and recommendations

- Make its contracting opportunities more accessible to women- and minority-owned businesses, including a review of
 - Business processes
 - Insurance and bonding requirements
- Ensure prompt payment to subcontractors
- Increase the value of small business certification and help businesses get certified
- Leverage new and continue to build existing strategic stakeholder partnerships and programs to provide effective:
 - Outreach
 - Training
 - Access to financial business resources

11. Next steps

- Have distributed draft report and ODOT's proposed overall DBE goal to the public
- Hold public meetings
 - April 5, 2016, La Grande (3:00pm)
 - April 6, 2016, Bend (3:00pm)
 - April 7, 2016, Medford (3:00pm)
 - April 11, 2016, Portland (3:00pm)
 - April 12, 2016, Eugene (3:00pm)
- Receive written comments through April 30
 - info@ODOTDBEstudy.org
 - www.ODOTDBEstudy.org
 - Study Hotline: 503-660-8865
- Review comments and prepare final report