

## **FAA DBE Goal Methodology Montana Department of Transportation Federal Fiscal Year 2023 – 2025**

The Montana Department of Transportation (MDT), in accordance with United States Department of Transportation (USDOT) guidelines, determines MDT's Disadvantaged Business Enterprise (DBE) Goal for Federal Aviation Administration (FAA) funded contracts on a staggered three-year schedule.

MDT calculates the goal using the criteria set forth in 49 CFR Part 26.45. The determination of the level of DBE participation is based on the availability of all DBE businesses that are ready, willing, and able to participate in FAA-assisted contracts in the State of Montana in relationship to all comparable businesses which are known to be available to compete for FAA-assisted contracts.

For Federal Fiscal Year 2023 – 2025, MDT has established an overall DBE goal of 12.2% to be accomplished through race neutral means.

This methodology and the supporting evidence comply with the requirements of the federal regulations and federal guidance, as well as relevant court decisions, including *Western States Paving v. Washington State Dept. of Transportation*, 907 F.3d 963 (9<sup>th</sup> Cir. 2005).

For Federal Fiscal Years 2023 through 2025, the following projects are anticipated:

**Contract(s) FY 2023 – \$0**

No anticipated awards

**Contract(s) FY 2024 - \$275,337**

Pavement Condition Index

**Contract(s) FY 2025 - \$275,075**

Economic Impact Study

### **Step 1: Determining the Base Figure**

For the Step 1 Base Figure, MDT determined the relative DBE availability in accordance with 49 CFR Part 26.45 (c)(3), which is to use data from a disparity study. MDT utilized data from the 2022 Disparity Study compiled by BBC Research & Consulting (BBC) to set the base figure. According to the report, 91% of all relevant contracting and procurement dollars during the study period went to firms located within Montana<sup>1</sup>. Therefore, Montana was determined to be the relevant geographic market area (RGMA). To examine availability, BBC used a custom-census approach that focused on

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<sup>1</sup> 2022 MDT Disparity Study, Chapter 3.

airport construction and professional services work types that the NPIAS (National Plan of Integrated Airport Systems) airports in Montana awarded as prime contracts and subcontracts during the study period. BBC developed the availability database through surveys of businesses, located in the RGMA, that perform work in airport construction and professional services industries relevant to MDT contracting.

Table 1 calculates the DBE availability using the 2022 Disparity Study data and anticipated work types and associated costs for the Pavement Condition Index, which is the only anticipated 2024 project.

**Table 1 – Weighted DBE Availability Using 2022 Disparity Study Data 2024 Pavement Condition Index**

NAICS	Work Type	Sub/supplier Opportunity (Y=Yes)	Work Item Amount	Item Availability	Item Availability Adjustment	Final Item Availability	Available Work Item Amount
<b>Other Industries</b>							
541690	Other professional services	y	\$ 275,337.00	12.2%	0%	12.2%	\$33,687
<b>Sum of Available Work Item Amounts (L):</b>							<b>\$33,687</b>
<b>Total Project Amount (M):</b>							<b>\$275,337</b>
<b>Base Contract Goal (N):</b>							<b>12.2%</b>

Table 2 calculates the DBE availability using the 2022 Disparity Study data and anticipated work types and associated costs for the Economic Impact Study, which is the only anticipated project in 2025.

**Table 2 – Weighted DBE Availability Using 2022 Disparity Study Data 2025 Economic Impact Study**

NAICS	Work Type	Sub/supplier Opportunity (Y=Yes)	Work Item Amount	Item Availability	Item Availability Adjustment	Final Item Availability	Available Work Item Amount
<b>Other Industries</b>							
541690	Other professional services	y	\$ 275,075.00	12.2%	0%	12.2%	\$33,655
<b>Sum of Available Work Item Amounts (L):</b>							<b>\$33,655</b>
<b>Total Project Amount (M):</b>							<b>\$275,075</b>
<b>Base Contract Goal (N):</b>							<b>12.2%</b>

The weighted DBE availability calculation and step 1 base figure is 12.2%.

**Step 2: Adjustments to the Base Figure**

During Step 2, MDT examined all evidence available in its jurisdiction to determine what adjustment, if any, is needed to the base figure to arrive at the overall DBE participation goal. MDT considered the following Step 2 adjustments:

- 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***

MDT has not previously met the threshold for a DBE goal and historical data on DBE participation is unavailable, so MDT did not make a current capacity adjustment to the Step 1 figure.

### ***Employment, Education, Training, and Unions***

The 2022 Disparity Study conducted analysis related to marketplace conditions in Montana and found that there are barriers that certain minority groups and women face related to human capital, financial capital, and business ownership in Montana. Specifically, Native Americans working in the Montana construction industry were less likely than non-minorities to own construction businesses and Hispanic Americans were less likely than non-minorities to own a professional services business. The 2022 Disparity Study indicated that Native American owned firms did not experience substantial disparities on airport work, so an upward adjustment was not made for this factor.

### ***Financing, Bonding, and Insurance***

The 2022 Disparity Study found quantitative and anecdotal evidence that minorities, women, and minority- and women-owned firms in Montana do not have the same access to financing, bonding, and insurance as those owned by white American men. Although the analysis indicates an upward adjustment could be made to address these barriers, the impact of those factors could not be quantified.<sup>2</sup> As a result, MDT chose not to make this Step 2 adjustment.

### ***Other Factors***

The other factors examined in the 2022 Disparity Study were related to success of minority- and women-owned firms relative to majority-owned businesses in the Montana marketplace. The Study noted quantitative and anecdotal evidence that minority- and women-owned firms are less successful than majority-owned firms and face greater barriers in the marketplace.<sup>3</sup> Although the analysis indicates an upward adjustment could be made to address these barriers, the impact of those factors could not be quantified. As a result, MDT chose not to make this Step 2 adjustment.

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<sup>2</sup> 2022 MDT Disparity Study, Chapter 10.

<sup>3</sup> 2022 MDT Disparity Study, Chapter 10.

### **Final Step 2 Adjustments to Step 1 Base Figure**

After examining all evidence available and evaluating all Step 2 adjustment options, MDT elected to not make any adjustments to the Base Figure. The overall DBE participation goal for Fiscal Years 2023 through 2025 is 12.2%.

### **Race Conscious / Race Neutral Evaluation**

The 2022 Disparity Study indicated that race- and possibly gender-conscious means may need to be implemented for the portion of the overall goal that cannot be met solely through race neutral measures. While race- and gender-conscious methods may be used, MDT has shown through DBE utilization at other airports and through other Department of Transportation Operating Administrations that it can meet its overall DBE goal solely through race neutral measures. Furthermore, to comply with 49 CFR 26.51, where the maximum feasible portion of the overall DBE goal must be met through race- and gender-neutral measures MDT proposes to meet the overall goal solely through race neutral measures. If the Uniform Report indicates that the 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 implement race conscious measures (i.e. project specific goals) to meet the remainder of the goal.

### **Race Neutral Initiatives**

To meet the overall 12.2% DBE goal, MDT is committed to implementing race neutral measures that encourage small business and DBE participation. MDT has implemented several race neutral measures to ensure the maximum feasible portion of the overall goal is achieved through race neutral means, in accordance with 49 CFR 26.51. These include:

- A networking meeting with different Montana airports, consultants, and contractors to encourage relationship building and opportunities to partner on upcoming airport projects
- A Quote Request System that allows a prime contractor to solicit bids from DBE and SBE firms. <https://app.mdt.mt.gov/dbeqt/>
- Ensuring a reasonable number of prime contracts are of a size that small businesses can reasonably perform.

MDT provides the following Supportive Services for DBEs and SBEs:

- Long-term development assistance to increase opportunities
- Trainings in contracting procedures
- Assistance to start-up firms
- Identification of potential DBEs and SBEs