



Disadvantaged Business Enterprise Disparity Study

Alaska Department of Transportation & Public Facilities



AGENDA

Alaska DOT & Public Facilities DBE Disparity Study

- 01 Introductions
- 02 Study Objectives
- 03 Detailed Approach to the Study
- 04 Results
- 05 Questions & Answers





SECTION 1

Introductions





12,000k

Thousands of projects delivered successfully across the globe

Nationally recognized public sector consultants

We are nationally respected leaders in public sector management consulting who equip our clients with thorough, innovative solutions so they can better serve their agency, stakeholders, and community.

We power the work of the public professional to advance the lives of the citizens they serve.



47+ years

Almost half a century of experience providing public sector consulting

Largest

Disparity studies conducted in country for City of New York And State of Texas

DOT&PF

MGT conducted the DOT&PF's 2014 Disparity Study

225+

Hundreds of disparity studies completed for public sector

10/11

Conducted disparity studies in nearly all judicial districts

BACKGROUND & RELATED EXPERIENCE

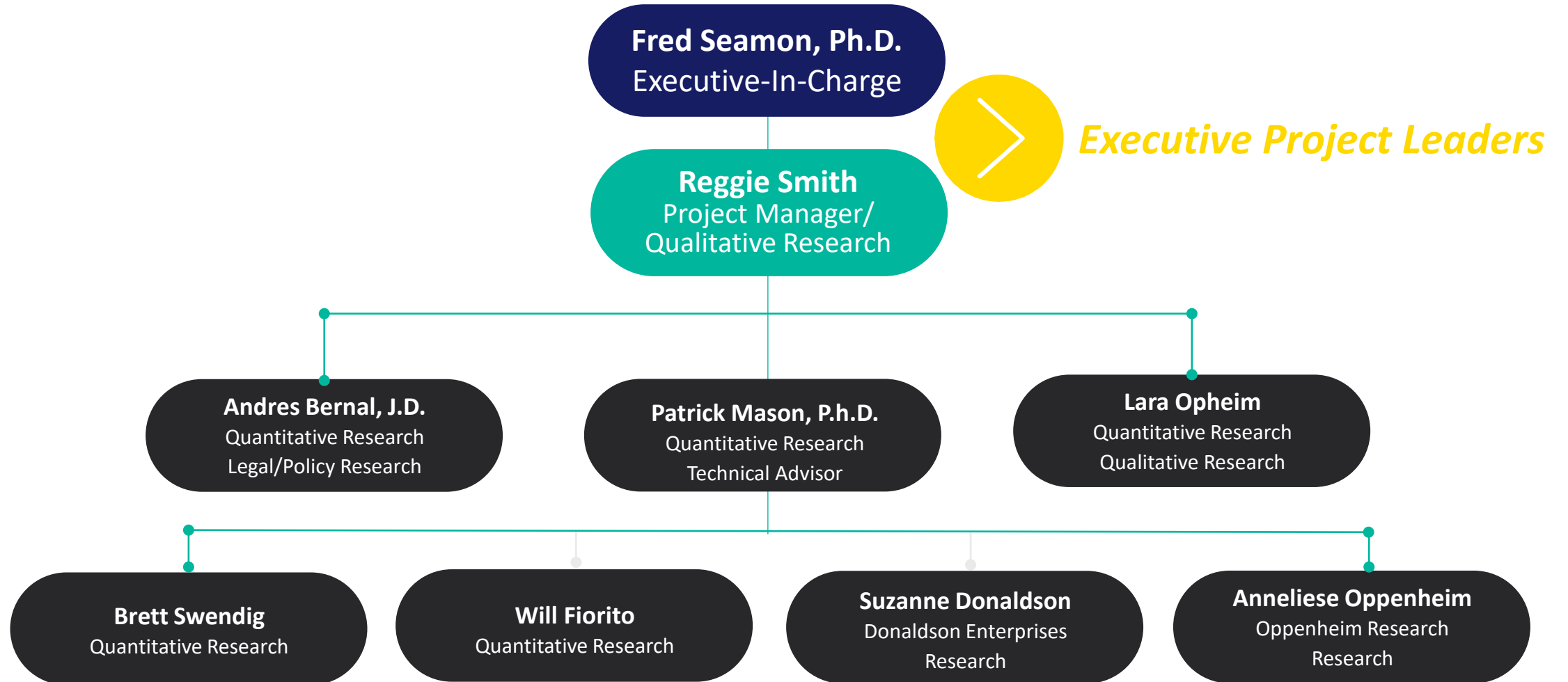
Of our completed disparity studies, none of the M/WBE programs where the client followed MGT's recommendations have been suspended. We've conducted more unchallenged studies than any other consultant in the country based on the thoroughness and quality of our work.

Our team of experts evaluate and examine contracting, procurement, and workforce inequalities to bring our clients answers and remedies that are legally defensible and objective.

We have helped clients navigate the complexities and challenges involved in producing accurate and valid disparity assessments so everyone has a greater path to economic opportunity and prosperity.

Our State-of-the-Art Project Management Tools Ensure:

- ▶ Quality Control
- ▶ Project Scope Management
- ▶ Effective Time/Schedule Management
- ▶ Communications Management
- ▶ Cost Control
- ▶ Project Risk Control





SECTION 2

Study Objectives



Study Objectives

- ▶ Determine the extent to which DBEs participate in the procurement of USDOT federally assisted highway/airport/transit contracts in general construction services, professional services, supplies, and manufactured items;
- ▶ Determine if DBE participation is representative of the availability of DBEs that are ready, willing and able to participate in federally assisted DOT contracts;
- ▶ Determine whether discrimination exists, and if found, identify, by DOT modal group and individually, by race, ethnicity and gender all groups affected;
- ▶ Identify presumed disadvantaged groups that are over- or underutilized for federally assisted DOT contracts based on their availability;
- ▶ Quantify the magnitude of differences between DBE availability (based on capacity) and DBE participation on federally assisted DOT contracts; and
- ▶ Update the results of the 2014 Alaska Disadvantaged Business Enterprise Study in light of more recent data and current methodological requirements.



SECTION 3

Detailed Approach to the Study





Study Definitions

- ▶ **Business Categories.**
 - ▶ Construction
 - ▶ Professional Services
- ▶ **Study Period.** October 1, 2014 to September 30, 2019 (FFY2015-FFY2019)
- ▶ **Relevant Market Area.** State of Alaska
- ▶ **Funding Modals.** Alaska is a multi-modal state with DOT&PF funded transportation provided through highways, airports, public transit, passenger/vehicle ferries, and rail. The types of federally-assisted transportation projects analyzed were based on the three U.S. DOT modal administrations: the FHWA, the FAA, and the FTA.
- ▶ **Program Review.** DBE Program (49 CFR Part 26)
- ▶ **Data Sources.**
 - ▶ Utilization – Contracts and Professional Service Agreements (PSAs)
 - ▶ Availability – Custom census, and vendor data lists (DOT&PF’s BizTrak vendor list, DBE list, Bidders list, Firm list, and Utilized vendors).
- ▶ **M/W/DBE Firms.** Firms owned by minorities or women regardless of DBE certification status.
- ▶ **DBE Firms.** Businesses that were certified by Alaska DOT&PF’s Civil Rights Office (CRO) that met the eligibility criteria stated in 49 CFR Part 26.

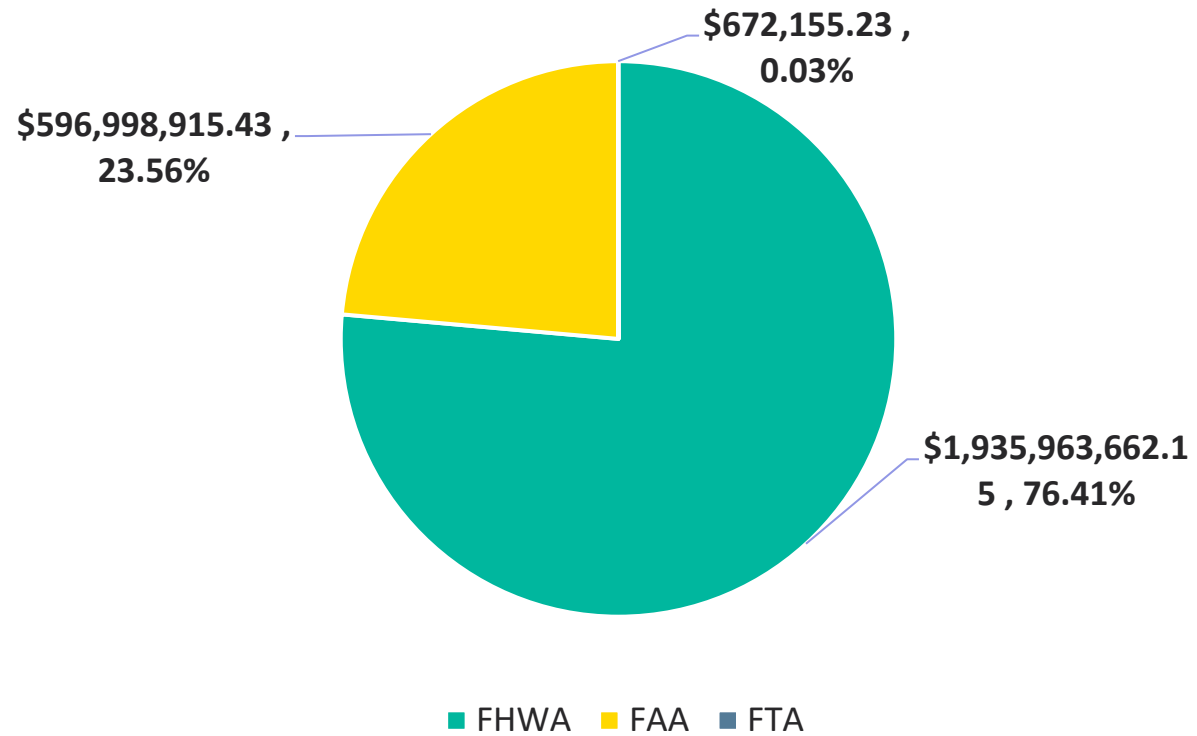


SECTION 4

Results



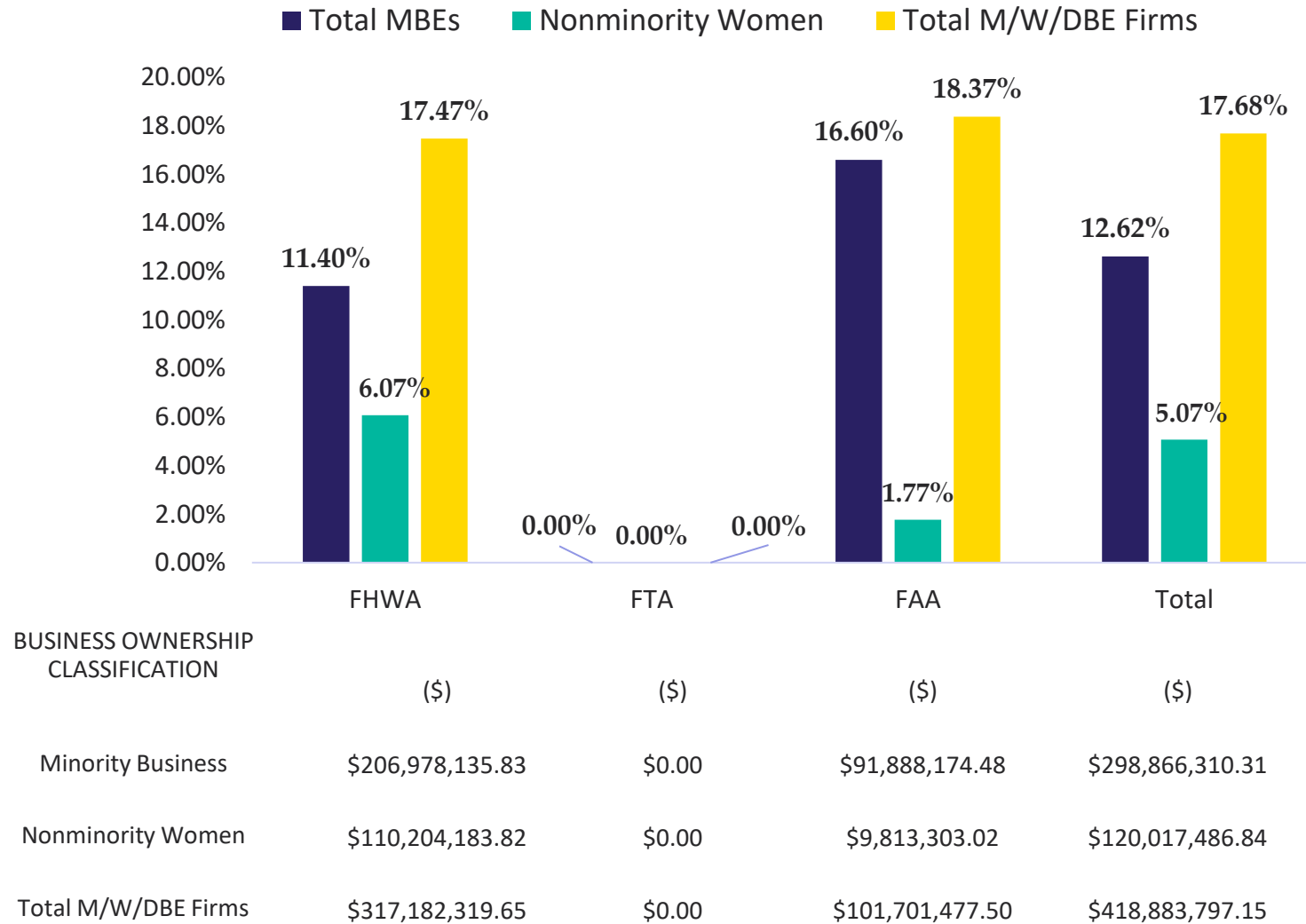
DOLLARS BY U.S. DOT FUNDING MODALS



Market Area Analysis-All Modals Combined

LOCATION	ALL	Construction	Professional Services
	(\$)	(\$)	(\$)
Inside Alaska	\$2,507,663,763.40	\$2,369,019,048.39	\$138,644,715.01
Outside Alaska	\$25,970,969.41	\$21,546,501.80	\$4,424,467.61
TOTAL	\$2,533,634,732.81	\$2,390,565,550.19	\$143,069,182.62
LOCATION	ALL	Construction	Professional Services
	(%)	(%)	(%)
Inside Alaska	98.97%	99.10%	96.91%
Outside Alaska	1.03%	0.90%	3.09%
TOTAL	100.00%	100.00%	100.00%

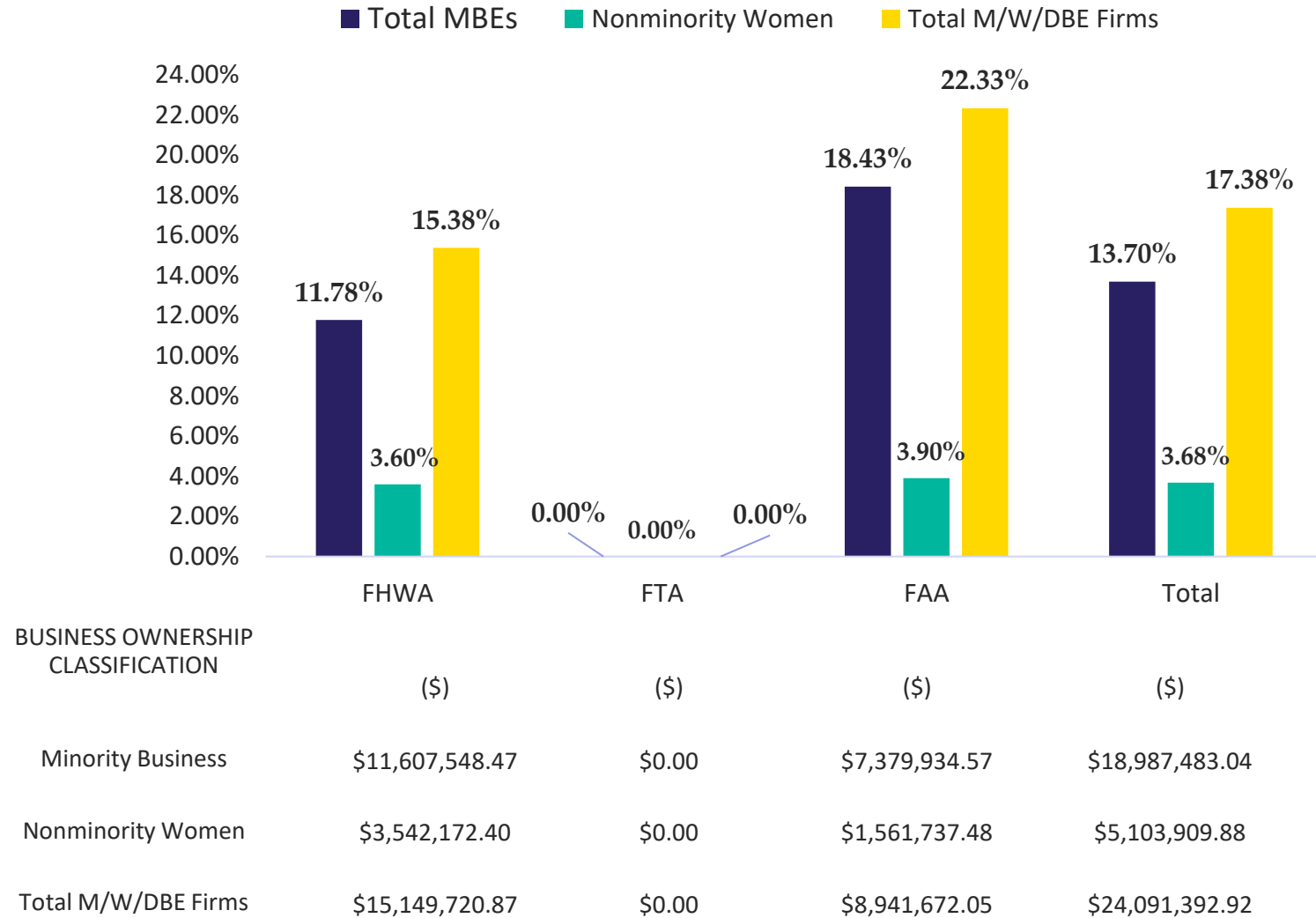
Construction Utilization Analysis-State of Alaska Only



Construction Disparity Analysis-State of Alaska Only-All Modals

Business Ownership Classification	Utilization	Availability	Disparity Index	Disparity Impact	Statistical Significance	Disparity Conclusion
African Americans	0.88%	1.04%	84.59	Underutilization		Disparity
Alaska Native Corporation	4.55%	3.86%	117.70	Overutilization	¥¥	No Disparity
Alaska Tribal Corporation	0.00%	0.00%		n/a		n/a
American Indians/Alaska Natives	1.77%	7.28%	24.30	Underutilization	¥¥	Disparity
Asian Indian/Pacific Islanders	0.27%	0.89%	30.34	Underutilization	¥¥	Disparity
Hispanic Americans	5.15%	2.38%	216.58	Overutilization	¥¥	No Disparity
Nonminority Women	5.07%	5.50%	92.15	Underutilization		Disparity
Total M/W/DBE Firms	17.68%	20.95%	84.40	Underutilization	¥¥	Disparity
Non-M/W/DBE Firms	82.32%	79.05%	104.14	Overutilization	¥¥	No Disparity

Professional Services Utilization Analysis-State of Alaska Only



Professional Services Disparity Analysis-State of Alaska Only-All Modals

Business Ownership Classification ⁴³	Utilization	Availability	Disparity Index	Disparity Impact	Statistical Significance	Disparity Conclusion
African Americans	0.00%	0.30%	0.00	Underutilization	¥¥	Disparity
Alaska Native Corporation	6.68%	4.45%	150.13	Overutilization	¥¥	No Disparity
Alaska Tribal Corporation	0.00%	0.00%		n/a		n/a
American Indians/Alaska Natives	6.49%	5.93%	109.28	Overutilization		No Disparity
Asian Indian/Pacific Islanders	0.00%	0.89%	0.00	Underutilization	¥¥	Disparity
Hispanic Americans	0.53%	1.78%	29.64	Underutilization	¥¥	Disparity
Nonminority Women	3.68%	10.09%	36.49	Underutilization	¥¥	Disparity
Total M/W/DBE Firms	17.38%	23.44%	74.12	Underutilization	¥¥	Disparity
Non-M/W/DBE Firms	82.62%	76.56%	107.92	Overutilization	¥¥	No Disparity

Anecdotal Commentary Analysis

▶ **PRIMES:**

- ▶ Slow payment or non-payment for project work – 10.95%
- ▶ Financing – 6.47%
- ▶ Insurance requirements/general liability, professional liability, etc.– 6.47%
- ▶ Unnecessarily restrictive contract specifications – 6.47%
- ▶ Short or limited time given to prepare bid package or quote – 6.47%

▶ **SUBCONTRACTORS:**

- ▶ Slow payment or nonpayment for project work – 11.24%
- ▶ Contract too large – 11.24%
- ▶ Informal network of primes and subcontractors excluding my company from doing business – 11.24%

Recommendations-Proposed Goals

Mode	Proposed DBE Goal	DBE Utilization in Study Period	M/W/DBE Utilization in Study Period	FFY 2012-14 DBE Goal
FHWA	4.24%	6.25%	17.36%	3.60%
FAA	4.30%	9.55%	18.64%	2.80%
FTA	4.25%	0.00%	0.00%	5.40%

Commendations

- ▶ DOT&PF should be commended for maintaining fairly strong M/W/DBE subcontractor utilization in the absence of DBE goals.
- ▶ DOT&PF should be commended for its rules promoting the solicitation of certified DBEs for small PSAs with FHWA or FAA funding.
- ▶ DOT&PF should be commended for its DBE outreach efforts in each region, including outreach efforts to reach all potential vendors through social media, email, and traditional media avenues.
- ▶ DOT&PF should be commended for using the BizTrak system to maintain procurement and vendor data.

Recommendations

- ▶ DOT&PF should consider breaking contracts into smaller components to all small business to adequately bid.
- ▶ DOT&PF should continue to consider the occasional use of aspirational subcontractor project goals for selected groups in regions where there is very low DBE subcontractor utilization.
- ▶ DOT&PF can also employ aspirational DBE project goals for PSAs to encourage more subcontracting on PSA contracts.
- ▶ The DOT&PF should establish and enhance programs that provide technical assistance, capacity building, and access to capital support.

Public Comments-Please Send To

- ▶ disparitystudypubliccomment2020@alaska.gov

Report and Presentation

- ▶ <https://alaskadotpfdisparitystudy.com/>



Any Questions?