

Washington State Department of Transportation's Proposed Federal Transit Administration Triennium Disadvantaged Business Enterprise Goal Federal Fiscal Years 2018 through 2020

The Washington State Department of Transportation (WSDOT) submits this Disadvantaged Business Enterprise (DBE) goal methodology to the U.S. Department of Transportation's Federal Transit Administration (FTA) for review and approval pursuant to [49 CFR § 26.45](#) to establish the triennium DBE goal for its federally-assisted transit contracts for Federal Fiscal Years (FFYs) 2018 through 2020 (hereinafter the "triennium"). WSDOT has established a proposed triennium DBE goal of 5.58%, comprised of a step 1 base figure of 10.8% averaged with a step two adjustment of 0.35%.

To meet the requirements of § 26.45, WSDOT commissioned a Disparity Study from Colette Holt & Associates (CHA), a nationally recognized law and consulting firm (Attachment A). The Study provides a statistical analysis of baseline DBE availability that can be used to establish the step 1 base figure estimate of DBE availability in WSDOT's markets. The Study further analyzed Census Bureau and other econometric and social science evidence to determine whether there are disparities between DBEs and non-DBEs in factors impacting entrepreneurial success on WSDOT's contracts and subcontracts. In addition, the study also provided anecdotal data on the experiences of DBEs seeking WSDOT prime contracts and associated subcontracts, and whether firms owned by minorities or women have equal opportunities to compete.

WSDOT requested the consultant review all FTA contracts to develop data specific to FTA goal setting.¹ The resulting Final Contract Data File from WSDOT's records for 2012 through 2015 was comprised of 152 contracts, representing a total award amount of \$50,366,526. Of that total, \$34,500,011, comprised of 42 contracts, was paid to prime contractors, and \$15,836,516, comprised of 110 associated subcontracts, was received by subcontractors.

Step 1 Base Figure

Under the DBE program regulations official Guidance, a defensible disparity study must determine empirically the industries that comprise the Department's product or industry market.² The accepted approach is to analyze those detailed industries, as defined by 6-digit North American Industry, Classification System ("NAICS") codes³ that make up at least 75 percent of the prime contract and subcontract payments for the study period.⁴

Tables 1 through 3 present the NAICS codes used to define the product market for WSDOT's FTA-funded contracts. These contracts were disaggregated by level of contract (*i.e.*, was the firm receiving the contract as a prime vendor or a subcontractor), the label for each NAICS code, and the industry percentage distribution of the number of contracts and spending across NAICS codes and funding source. The following Tables present the

¹ The Study created a representative sample of all WSDOT contracts.

² https://www.transportation.gov/sites/dot.gov/files/docs/Tips_for_Goal-Setting_in_DBE_Program_20141106.pdf; see also 49 CFR § 26.45.

³ www.census.gov/eos/www/naics.

Department's *unconstrained* product market, which was later constrained by the geographic market area, discussed below.

Table 1
Industry Percentage Distribution of Contracts by Dollars Paid for FTA
Contracts
Construction and Construction-Related Services Sectors

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
336611	Ship Building and Repairing	50.003%	50.003%
237990	Other Heavy and Civil Engineering Construction	15.061%	65.063%
238320	Painting and Wall Covering Contractors	9.807%	74.870%
485991	Special Needs Transportation	7.499%	82.369%
541330	Engineering Services	5.135%	87.503%
236220	Commercial and Institutional Building Construction	2.257%	89.760%
238210	Electrical Contractors and Other Wiring Installation Contractors	1.831%	91.591%
238290	Other Building Equipment Contractors	0.973%	92.564%
238990	All Other Specialty Trade Contractors	0.973%	93.538%
561320	Temporary Help Services	0.972%	94.510%
562910	Remediation Services	0.947%	95.457%
238220	Plumbing, Heating, and Air-Conditioning Contractors	0.632%	96.089%
485999	All Other Transit and Ground Passenger Transportation	0.538%	96.627%
238150	Glass and Glazing Contractors	0.500%	97.127%
238330	Flooring Contractors	0.440%	97.567%
484110	General Freight Trucking, Local	0.397%	97.963%
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	0.387%	98.350%
336360	Motor Vehicle Seating and Interior Trim Manufacturing	0.360%	98.710%
337215	Showcase, Partition, Shelving, and Locker Manufacturing	0.208%	98.918%
339950	Sign Manufacturing	0.193%	99.111%

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
561720	Janitorial Services	0.167%	99.278%
488330	Navigational Services to Shipping	0.116%	99.394%
541618	Other Management Consulting Services	0.091%	99.485%
541614	Process, Physical Distribution, and Logistics Consulting Services	0.069%	99.554%
541370	Surveying and Mapping (except Geophysical) Services	0.062%	99.615%
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	0.057%	99.672%
326122	Plastics Pipe and Pipe Fitting Manufacturing	0.057%	99.729%
541511	Custom Computer Programming Services	0.050%	99.779%
332313	Plate Work Manufacturing	0.043%	99.822%
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	0.035%	99.857%
238130	Framing Contractors	0.033%	99.890%
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	0.027%	99.917%
484220	Specialized Freight (except Used Goods) Trucking, Local	0.020%	99.938%
811111	General Automotive Repair	0.018%	99.956%
237310	Highway, Street, and Bridge Construction	0.017%	99.973%
541990	All Other Professional, Scientific, and Technical Services	0.011%	99.983%
561990	All Other Support Services	0.009%	99.992%
561730	Landscaping Services	0.005%	99.996%
237120	Oil and Gas Pipeline and Related Structures Construction	0.002%	99.998%
336612	Boat Building	0.002%	100.000%
TOTAL			100.0%

Source: CHA analysis of WSDOT data.

Table 2
Industry Percentage Distribution of Contracts by Dollars Paid for FTA
Contracts
Construction and Construction-Related Services Sectors
Prime Contracts

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
336611	Ship Building and Repairing	62.00%	62.00%
237990	Other Heavy and Civil Engineering Construction	21.97%	83.97%
485991	Special Needs Transportation	10.94%	94.91%
236220	Commercial and Institutional Building Construction	3.02%	97.93%
238220	Plumbing, Heating, and Air-Conditioning Contractors	0.90%	98.83%
485999	All Other Transit and Ground Passenger Transportation	0.79%	99.61%
541618	Other Management Consulting Services	0.12%	99.73%
541614	Process, Physical Distribution, and Logistics Consulting Services	0.10%	99.83%
541511	Custom Computer Programming Services	0.07%	99.90%
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	0.05%	99.95%
238210	Electrical Contractors and Other Wiring Installation Contractors	0.05%	100.00%
TOTAL			100.0%

Source: CHA analysis of WSDOT data

Table 3
Industry Percentage Distribution of Contracts by Dollars Paid for FTA
Contracts
Construction and Construction-Related Services Sectors
Subcontracts

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
238320	Painting and Wall Covering Contractors	31.17%	31.17%
336611	Ship Building and Repairing	23.87%	55.04%

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
541330	Engineering Services	16.32%	71.36%
238210	Electrical Contractors and Other Wiring Installation Contractors	5.71%	77.08%
238290	Other Building Equipment Contractors	3.09%	80.17%
238990	All Other Specialty Trade Contractors	3.09%	83.27%
561320	Temporary Help Services	3.09%	86.36%
562910	Remediation Services	3.01%	89.36%
238150	Glass and Glazing Contractors	1.59%	90.95%
238330	Flooring Contractors	1.40%	92.35%
484110	General Freight Trucking, Local	1.26%	93.61%
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	1.23%	94.84%
336360	Motor Vehicle Seating and Interior Trim Manufacturing	1.14%	95.99%
337215	Showcase, Partition, Shelving, and Locker Manufacturing	0.66%	96.65%
339950	Sign Manufacturing	0.61%	97.26%
236220	Commercial and Institutional Building Construction	0.60%	97.86%
561720	Janitorial Services	0.53%	98.39%
488330	Navigational Services to Shipping	0.37%	98.76%
541370	Surveying and Mapping (except Geophysical) Services	0.20%	98.95%
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	0.18%	99.13%
326122	Plastics Pipe and Pipe Fitting Manufacturing	0.18%	99.31%
332313	Plate Work Manufacturing	0.14%	99.45%
238130	Framing Contractors	0.10%	99.56%
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	0.09%	99.64%
484220	Specialized Freight (except Used Goods) Trucking, Local	0.06%	99.71%
811111	General Automotive Repair	0.06%	99.77%

NAICS	NAICS Code Description	Pct Total Contract Dollars	Cumulative Pct Total Contract Dollars
238220	Plumbing, Heating, and Air-Conditioning Contractors	0.06%	99.82%
237310	Highway, Street, and Bridge Construction	0.05%	99.88%
541618	Other Management Consulting Services	0.04%	99.91%
541990	All Other Professional, Scientific, and Technical Services	0.03%	99.95%
561990	All Other Support Services	0.03%	99.97%
561730	Landscaping Services	0.01%	99.99%
237120	Oil and Gas Pipeline and Related Structures Construction	0.01%	99.99%
336612	Boat Building	0.01%	100.00%
TOTAL			100.0%

Source: CHA analysis of WSDOT data

Under court precedent and the DBE regulations,⁵ local governments are required to limit the reach of their race- and gender-conscious contracting program to their geographic market area. To conform to the geographic market as established by the Study, we used the State of Washington and Multnomah County as the geographic market area.

Having determined the Department's product and geographic market areas for FTA-funded contracts, the next step was to determine the dollar value of WSDOT's utilization of DBEs as measured by payments to prime firms and subcontractors and disaggregated by race and gender. The Department and its subrecipients did not collect data for most non-DBE subcontractors, as well as other records critical for the Study. We therefore had to obtain missing data from prime vendors, a lengthy process, as well as reconstruct other contract records, including researching the race and gender ownership of subcontractors and assigning NAICS codes to those firms.

The following Tables present data on the total contract dollars paid by the Department for each NAICS code in the constrained product market and the share the contract dollars comprise of all industries. It is important to note the contract dollar shares are equivalent to the weight of each NAICS code spending. These weights were used to transform data from unweighted availability to weighted availability, discussed below.

⁵ https://www.transportation.gov/sites/dot.gov/files/docs/Tips_for_Goal-Setting_in_DBE_Program_20141106.pdf; see also 49 CFR § 26.45.

Table 4
NAICS Code Distribution of FTA-Funded Contract Dollars

NAICS	NAICS Code Description	Total Contract Dollars	Pct Total Contract Dollars
336611	Ship Building and Repairing	\$25,169,681	50.00%
237990	Other Heavy and Civil Engineering Construction	\$7,580,981	15.06%
238320	Painting and Wall Covering Contractors	\$4,936,366	9.81%
485991	Special Needs Transportation	\$3,774,590	7.50%
541330	Engineering Services	\$2,584,536	5.13%
236220	Commercial and Institutional Building Construction	\$1,136,074	2.26%
238210	Electrical Contractors and Other Wiring Installation Contractors	\$921,462	1.83%
238290	Other Building Equipment Contractors	\$490,019	0.97%
238990	All Other Specialty Trade Contractors	\$490,017	0.97%
561320	Temporary Help Services	\$489,303	0.97%
562910	Remediation Services	\$476,593	0.95%
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$318,124	0.63%
485999	All Other Transit and Ground Passenger Transportation	\$270,865	0.54%
238150	Glass and Glazing Contractors	\$251,800	0.50%
238330	Flooring Contractors	\$221,351	0.44%
484110	General Freight Trucking, Local	\$199,605	0.40%
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	\$194,796	0.39%
336360	Motor Vehicle Seating and Interior Trim Manufacturing	\$181,267	0.36%
337215	Showcase, Partition, Shelving, and Locker Manufacturing	\$104,534	0.21%
339950	Sign Manufacturing	\$97,000	0.19%
561720	Janitorial Services	\$83,923	0.17%

NAICS	NAICS Code Description	Total Contract Dollars	Pct Total Contract Dollars
488330	Navigational Services to Shipping	\$58,568	0.12%
541618	Other Management Consulting Services	\$45,745	0.09%
541614	Process, Physical Distribution, and Logistics Consulting Services	\$34,604	0.07%
541370	Surveying and Mapping (except Geophysical) Services	\$31,000	0.06%
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	\$28,792	0.06%
326122	Plastics Pipe and Pipe Fitting Manufacturing	\$28,517	0.06%
541511	Custom Computer Programming Services	\$25,000	0.05%
332313	Plate Work Manufacturing	\$21,835	0.04%
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	\$17,766	0.04%
238130	Framing Contractors	\$16,538	0.03%
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	\$13,738	0.03%
484220	Specialized Freight (except Used Goods) Trucking, Local	\$10,150	0.02%
811111	General Automotive Repair	\$9,227	0.02%
237310	Highway, Street, and Bridge Construction	\$8,336	0.02%
541990	All Other Professional, Scientific, and Technical Services	\$5,304	0.01%
561990	All Other Support Services	\$4,400	0.01%
561730	Landscaping Services	\$2,281	0.00%
237120	Oil and Gas Pipeline and Related Structures Construction	\$1,040	0.00%
336612	Boat Building	\$800	0.00%
Total		\$50,336,528	100.0%

Source: CHA analysis of WSDOT data.

Table 5
Distribution of FTA-Funded Contract Dollars by Race and Gender
(total dollars)

NAICS	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
236220	\$0	\$0	\$0	\$0	\$785,713	\$785,713	\$350,361	\$1,136,074
237120	\$0	\$0	\$0	\$0	\$0	\$0	\$1,040	\$1,040
237310	\$0	\$0	\$0	\$8,336	\$0	\$8,336	\$0	\$8,336
237990	\$0	\$0	\$0	\$0	\$0	\$0	\$7,580,981	\$7,580,981
238130	\$0	\$0	\$0	\$0	\$0	\$0	\$16,538	\$16,538
238150	\$0	\$0	\$0	\$0	\$0	\$0	\$251,800	\$251,800
238210	\$0	\$0	\$0	\$0	\$78,000	\$78,000	\$843,462	\$921,462
238220	\$0	\$0	\$0	\$0	\$9,225	\$9,225	\$308,899	\$318,124
238290	\$0	\$0	\$0	\$0	\$0	\$0	\$490,019	\$490,019
238320	\$0	\$516,396	\$0	\$0	\$0	\$516,396	\$4,419,970	\$4,936,366
238330	\$0	\$0	\$0	\$0	\$221,351	\$221,351	\$0	\$221,351
238990	\$0	\$0	\$0	\$0	\$0	\$0	\$490,017	\$490,017
326122	\$0	\$0	\$0	\$0	\$28,517	\$28,517	\$0	\$28,517
332313	\$0	\$0	\$0	\$0	\$21,835	\$21,835	\$0	\$21,835
335999	\$0	\$0	\$0	\$0	\$13,738	\$13,738	\$0	\$13,738
336360	\$0	\$0	\$0	\$0	\$0	\$0	\$181,267	\$181,267
336611	\$0	\$0	\$0	\$0	\$0	\$0	\$25,169,681	\$25,169,681
336612	\$0	\$0	\$0	\$0	\$0	\$0	\$800	\$800
337215	\$0	\$0	\$0	\$0	\$0	\$0	\$104,534	\$104,534
339950	\$0	\$0	\$0	\$0	\$0	\$0	\$97,000	\$97,000
423110	\$0	\$0	\$0	\$0	\$0	\$0	\$17,766	\$17,766
423810	\$0	\$0	\$0	\$0	\$0	\$0	\$194,796	\$194,796
423990	\$0	\$0	\$0	\$0	\$0	\$0	\$28,792	\$28,792
484110	\$103,500	\$0	\$0	\$0	\$0	\$103,500	\$96,105	\$199,605

NAICS	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
484220	\$0	\$0	\$0	\$0	\$0	\$0	\$10,150	\$10,150
485991	\$0	\$0	\$0	\$103,963	\$202,087	\$306,050	\$3,468,540	\$3,774,590
485999	\$0	\$0	\$0	\$0	\$0	\$0	\$270,865	\$270,865
488330	\$0	\$0	\$0	\$0	\$0	\$0	\$58,568	\$58,568
541330	\$0	\$0	\$0	\$0	\$0	\$0	\$2,584,536	\$2,584,536
541370	\$0	\$0	\$0	\$0	\$0	\$0	\$31,000	\$31,000
541511	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$25,000
541614	\$0	\$0	\$0	\$0	\$34,604	\$34,604	\$0	\$34,604
541618	\$0	\$0	\$0	\$0	\$40,000	\$40,000	\$5,745	\$45,745
541990	\$0	\$0	\$0	\$0	\$0	\$0	\$5,304	\$5,304
561320	\$0	\$0	\$0	\$0	\$0	\$0	\$489,303	\$489,303
561720	\$0	\$0	\$0	\$0	\$83,923	\$83,923	\$0	\$83,923
561730	\$0	\$0	\$0	\$0	\$2,281	\$2,281	\$0	\$2,281
561990	\$0	\$0	\$0	\$0	\$0	\$0	\$4,400	\$4,400
562910	\$0	\$0	\$0	\$0	\$0	\$0	\$476,593	\$476,593
811111	\$0	\$0	\$0	\$0	\$0	\$0	\$9,227	\$9,227
Total	\$103,500	\$516,396	\$0	\$112,299	\$1,521,274	\$2,253,469	\$48,083,059	\$50,336,528

Source: CHA analysis of WSDOT data.

Table 6
Distribution of FHWA-Funded Contract Dollars by Race and Gender
(share of total dollars)

NAICS	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
236220	0.0%	0.0%	0.0%	0.0%	69.2%	69.2%	30.8%	100.0%
237120	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
237310	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
237990	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

NAICS	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
238130	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
238150	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
238210	0.0%	0.0%	0.0%	0.0%	8.5%	8.5%	91.5%	100.0%
238220	0.0%	0.0%	0.0%	0.0%	2.9%	2.9%	97.1%	100.0%
238290	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
238320	0.0%	10.5%	0.0%	0.0%	0.0%	10.5%	89.5%	100.0%
238330	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
238990	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
326122	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
332313	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
335999	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
336360	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
336611	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
336612	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
337215	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
339950	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
423110	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
423810	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
423990	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
484110	51.9%	0.0%	0.0%	0.0%	0.0%	51.9%	48.1%	100.0%
484220	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
485991	0.0%	0.0%	0.0%	2.8%	5.4%	8.1%	91.9%	100.0%
485999	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
488330	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
541330	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
541370	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

NAICS	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
541511	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
541614	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
541618	0.0%	0.0%	0.0%	0.0%	87.4%	87.4%	12.6%	100.0%
541990	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
561320	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
561720	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
561730	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%	100.0%
561990	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
562910	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
811111	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Total	0.2%	1.0%	0.0%	0.2%	3.0%	4.5%	95.5%	100.0%

Source: CHA analysis of WSDOT data.

The next step in the analysis is to determine the availability of DBEs as a percentage of all firms in WSDOT’s FTA-funded product and geographic markets. As discussed in depth in the Study, CHA applied the “Custom Census” approach with refinements to estimating availability. The courts and the National Model Disparity Study Guidelines,⁶ consider this methodology generally superior to the other approaches.

To conduct the Custom Census for this study, CHA utilized three databases:

1. The Final Contract Data File.
2. CHA’s Master D/M/WBE Directory.
3. Dun & Bradstreet/Hoovers Database.

The Master D/M/WBE Directory combined the results of an exhaustive search for directories and other lists containing information about minority and women-owned businesses. The resulting list of minority and women businesses is comprehensive.

To develop the Dun & Bradstreet/Hoovers Database, after compiling the Master D/M/WBE Directory, we limited the firms analyzed to those operating within WSDOT’s constrained product market. We purchased the firm information from Hoovers for the firms in the NAICS codes located in the Department’s market area to form the Dun & Bradstreet/Hoovers Database. Hoovers, a Dun & Bradstreet company, maintains a comprehensive, extensive and regularly updated listing of all firms conducting business. The database includes a vast amount of information on each firm, including location and

⁶ National Disparity Study Guidelines, pp.57-58.

detailed industry codes. The Dun & Bradstreet/Hoovers Database is the broadest publicly available data source for firm information. In the initial download, the data from Hoovers simply identify a firm as being minority-owned.⁷ CHA purchased the additional detailed information on ethnicity (*i.e.*, is the minority firm owner Black, Hispanic, Asian, or Native American).⁸

We merged the three databases to form an accurate estimate of the step 1 base figure. The following tables present data on:

- The unweighted availability by race and gender and by NAICS codes for FTA-funded contracts in WSDOT’s constrained product markets for Construction and Construction and Construction-Related Services combined, Construction, and Construction-Related services;
- The weights used to adjust the unweighted numbers; and
- The final estimates of the weighted averages of the individual 6-digit level availability estimates in WSDOT’s market areas.

**Table 7
Unweighted Availability for FTA-Funded Contracts
Construction and Construction-Related Services**

NAICS	Black	Latino	Asian	Native American	White Women	DBE	Non-DBE	Total
236220	3.0%	2.4%	3.6%	2.5%	6.8%	18.5%	81.5%	100.0%
237120	1.7%	1.5%	5.5%	1.3%	3.3%	13.3%	86.7%	100.0%
237310	2.3%	2.9%	2.9%	3.4%	9.0%	20.5%	79.5%	100.0%
237990	3.6%	3.4%	3.7%	2.5%	6.6%	19.8%	80.2%	100.0%
238130	0.7%	0.4%	0.6%	0.2%	2.5%	4.4%	95.6%	100.0%
238150	2.4%	1.1%	1.6%	0.9%	8.4%	14.4%	85.6%	100.0%
238210	0.9%	0.8%	1.0%	0.7%	4.9%	8.3%	91.7%	100.0%
238220	0.6%	0.5%	0.8%	0.4%	3.7%	6.1%	93.9%	100.0%
238290	2.8%	0.8%	1.3%	0.7%	3.8%	9.4%	90.6%	100.0%
238320	0.7%	0.7%	0.8%	0.5%	4.1%	6.8%	93.2%	100.0%
238330	0.6%	0.6%	0.6%	0.3%	3.9%	6.0%	94.0%	100.0%
238990	1.1%	1.1%	1.1%	0.8%	4.6%	8.7%	91.3%	100.0%

⁷ The variable is labeled: “Is Minority Owned” and values for the variable can be either “yes” or “no”.

⁸ Hoovers was able to provide the detailed information for 75% of the firms. We used the available information to estimate the detailed information for the firms where the data was not provided.

NAICS	Black	Latino	Asian	Native American	White Women	DBE	Non-DBE	Total
326122	3.1%	2.8%	4.2%	2.4%	25.0%	37.5%	62.5%	100.0%
332313	3.9%	1.1%	1.7%	1.0%	10.3%	17.9%	82.1%	100.0%
335999	1.7%	0.9%	1.3%	0.8%	6.0%	10.7%	89.3%	100.0%
336360	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
336611	0.8%	0.7%	1.1%	0.6%	4.0%	7.3%	92.7%	100.0%
336612	0.1%	0.1%	0.2%	0.1%	7.0%	7.4%	92.6%	100.0%
337215	0.0%	0.0%	0.0%	0.0%	3.7%	3.7%	96.3%	100.0%
339950	1.3%	1.2%	1.8%	1.0%	11.4%	16.7%	83.3%	100.0%
423110	1.1%	0.9%	1.4%	0.8%	5.6%	9.8%	90.2%	100.0%
423810	0.8%	0.7%	1.1%	0.7%	7.5%	10.9%	89.1%	100.0%
423990	0.3%	0.3%	0.5%	0.3%	5.6%	7.1%	92.9%	100.0%
484110	0.7%	0.6%	0.8%	0.5%	3.2%	5.8%	94.2%	100.0%
484220	5.7%	2.9%	3.6%	4.9%	14.2%	31.4%	68.6%	100.0%
485113	2.4%	0.4%	0.6%	4.2%	7.7%	15.4%	84.6%	100.0%
485999	2.0%	1.7%	2.6%	1.5%	5.0%	12.8%	87.2%	100.0%
488330	0.0%	0.0%	0.0%	0.0%	3.8%	3.8%	96.2%	100.0%
541330	1.9%	1.8%	3.2%	1.5%	6.3%	14.7%	85.3%	100.0%
541370	1.9%	2.3%	3.1%	1.3%	7.5%	16.1%	83.9%	100.0%
541511	1.1%	1.0%	1.5%	0.8%	4.7%	9.0%	91.0%	100.0%
541614	3.6%	2.5%	4.2%	2.3%	24.3%	36.9%	63.1%	100.0%
541618	0.5%	0.5%	0.7%	0.4%	6.5%	8.5%	91.5%	100.0%
541990	0.3%	0.2%	0.4%	0.2%	6.3%	7.4%	92.6%	100.0%
561320	2.0%	1.6%	2.3%	1.4%	15.6%	23.0%	77.0%	100.0%
561720	1.5%	1.1%	1.7%	0.9%	11.0%	16.2%	83.8%	100.0%
561730	0.8%	0.9%	1.1%	0.7%	6.2%	9.7%	90.3%	100.0%
561990	0.4%	0.3%	0.5%	0.3%	3.2%	4.6%	95.4%	100.0%

NAICS	Black	Latino	Asian	Native American	White Women	DBE	Non-DBE	Total
562910	3.7%	3.4%	4.3%	4.0%	7.7%	23.1%	76.9%	100.0%
811111	0.4%	0.3%	0.5%	0.3%	2.5%	4.0%	96.0%	100.0%
TOTAL	0.8%	0.7%	1.0%	0.6%	5.0%	8.0%	92.0%	100.0%

Source: CHA analysis of WSDOT data; Hoovers; CHA Master Directory.

Table 7
Share of WSDOT Spending on FHWA-Funded Contracts by NAICS Code
Construction and Construction-Related Services

NAICS	NAICS Code Description	WEIGHT (Pct Share of Total Sector Dollars)
236220	Commercial and Institutional Building Construction	2.26%
237120	Oil and Gas Pipeline and Related Structures Construction	0.00%
237310	Highway, Street, and Bridge Construction	0.02%
237990	Other Heavy and Civil Engineering Construction	15.06%
238130	Framing Contractors	0.03%
238150	Glass and Glazing Contractors	0.50%
238210	Electrical Contractors and Other Wiring Installation Contractors	1.83%
238220	Plumbing, Heating, and Air-Conditioning Contractors	0.63%
238290	Other Building Equipment Contractors	0.97%
238320	Painting and Wall Covering Contractors	9.81%
238330	Flooring Contractors	0.44%
238990	All Other Specialty Trade Contractors	0.97%
326122	Plastics Pipe and Pipe Fitting Manufacturing	0.06%
332313	Plate Work Manufacturing	0.04%
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	0.03%
336360	Motor Vehicle Seating and Interior Trim Manufacturing	0.36%
336611	Ship Building and Repairing	50.00%

NAICS	NAICS Code Description	WEIGHT (Pct Share of Total Sector Dollars)
336612	Boat Building	0.00%
337215	Showcase, Partition, Shelving, and Locker Manufacturing	0.21%
339950	Sign Manufacturing	0.19%
423110	Automobile and Other Motor Vehicle Merchant Wholesalers	0.04%
423810	Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers	0.39%
423990	Other Miscellaneous Durable Goods Merchant Wholesalers	0.06%
484110	General Freight Trucking, Local	0.40%
484220	Specialized Freight (except Used Goods) Trucking, Local	0.02%
485991	Special Needs Transportation	7.50%
485999	All Other Transit and Ground Passenger Transportation	0.54%
488330	Navigational Services to Shipping	0.12%
541330	Engineering Services	5.13%
541370	Surveying and Mapping (except Geophysical) Services	0.06%
541511	Custom Computer Programming Services	0.05%
541614	Process, Physical Distribution, and Logistics Consulting Services	0.07%
541618	Other Management Consulting Services	0.09%
541990	All Other Professional, Scientific, and Technical Services	0.01%
561320	Temporary Help Services	0.97%
561720	Janitorial Services	0.17%
561730	Landscaping Services	0.00%
561990	All Other Support Services	0.01%
562910	Remediation Services	0.95%
811111	General Automotive Repair	0.02%

NAICS	NAICS Code Description	WEIGHT (Pct Share of Total Sector Dollars)
Total		100.0%

Source: CHA analysis of WSDOT data.

The Study estimated 10.8% as the base DBE availability figure for Step 1.

Table 8
Aggregated Weighted Availability for FTA-Funded Contracts
Construction and Construction-Related Services
(total dollars)

Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE	Total
1.5%	1.2%	1.6%	1.3%	5.1%	10.8%	89.2%	100.0%

Source: CHA analysis of WSDOT data; Hoovers; CHA Master Directory.

Step Two Adjustment

Once the step 1 base figure has been calculated, WSDOT must examine all of the evidence available in its jurisdiction to determine if an adjustment is necessary to the base figure to reflect the level of DBE participation expected absent the effects of discrimination. Among the types of evidence that must be considered are the current capacity of DBEs to perform work on WSDOT’s federally-assisted contracts, as measured by the volume of work DBEs have performed in recent years, and evidence from disparity studies conducted anywhere within WSDOT’s jurisdiction, to the extent not already accounted for in the base figure. If available, WSDOT must also consider available evidence from related fields that affect the opportunities for DBEs to form, grow and compete, including statistical disparities in the ability of DBEs to obtain the financing, bonding and insurance required to participate in the Program, and data on employment, self-employment, education, training and union apprenticeship programs, to the extent relevant to the opportunities for DBEs to perform in the Program. The regulations caution that any adjustment to the base figure to account for the continuing effects of past discrimination or the effects of an ongoing DBE program must be based on “demonstrable evidence that is logically and directly related to the effect for which the adjustment is sought.” 49 CFR § 26.45(d)(3).

Past DBE utilization

WSDOT considered the current capacity of DBEs to perform work on FTA-assisted contracts, as measured by the amount of work performed by certified DBE’s on such projects over the past five years as reported to FTA. The median for WSDOT’s participation for FFY 2013 through FFY 2017 was 0.35%.

DBE Participation FFY 2013	0.00%
DBE Participation FFY 2014	0.31%
DBE Participation FFY 2015	1.30%
DBE Participation FFY 2016	0.35%
DBE Participation FFY 2017	1.90%

The WSDOT median past DBE participation for FFYs 2013-2017 is 0.35%.

Evidence from local disparity studies

No other local jurisdictions have conducted studies relevant to WSDOT’s contracting activities.

Disparities affecting DBE opportunities

The Study explored the Census Bureau data and literature relevant to how discrimination in the Washington State highway industry market and throughout the wider economy affects the ability of minorities and women to fairly and fully engage in the Department’s prime contract and subcontract opportunities. Data from the Census Bureau’s Survey of Business Owners indicate very large disparities between M/WBE firms and non-M/WBE firms when examining the sales of all firms, the sales of employer firms (firms that employ at least one worker), or the payroll of employer firms. Data from the Census Bureau’s American Community Survey (ACS) indicate that Blacks, Hispanics, Native Americans, Asian/Pacific Islanders, Others, and White women were underutilized relative to White men. Controlling for other factors relevant to business outcomes, wages and business earnings were lower for these groups compared to White men. Data from the ACS further indicate that non-Whites and White women are less likely to form businesses compared to similarly situated White men. The literature on barriers to access to commercial credit and the development of human capital further reports that minorities continue to face constraints on their entrepreneurial success based on race. These constraints negatively impact the ability of firms to form, to grow, and to succeed.

While relevant and probative to whether the Department needs to continue to employ race-conscious measures to meet its DBE goal, as well as the types of supportive services and other approaches to level the playing field WSDOT should consider, the Study recognized that these results are difficult to quantify within the rigors of the strict scrutiny standards. CHA therefore recommended that no quantitative adjustment be made using these data sets.

Step 2 Adjustment Calculation

WSDOT considered the current capacity of DBE firms to perform work in in this market area as measured by the amount of work performed by DBEs on FTA-assisted projects over the past five years. Following the USDOT’s Office of Small and Disadvantaged Business Utilization’s *Guidance on Tips for Goal-Setting in the Disadvantaged Business Enterprises (DBE) Program*, the Department combined the step 1 base figure with its median past DBE participation for an average of 5.58% (step 1 base figure of 10.8% +

median past participation of 0.35% = 11.38% ÷ 2 = 5.58%).

WSDOT then averaged the step 1 base figure of Aggregated Weighted Availability for FTA-Funded Contracts with the median past participation to arrive at the overall DBE goal of 5.58%.

Projection of Race-Neutral vs. Race-Conscious Goal Attainment

Under the federal DBE regulations, WSDOT must meet the maximum feasible portion of its overall goal by using race-neutral measures to facilitate DBE participation. New and ongoing initiatives must seek to reduce discriminatory barriers, increase capacity, and level the playing field for the participation of DBEs and other small contractors. In addition, WSDOT must design initiatives to assist in meeting the goal for increased DBE participation as prime contractors and subcontractors.

To meet the requirements established under the Ninth Circuit’s *Western States* case, a USDOT- recipient must establish that discrimination is present in its market area such that race-conscious contract goals are supportable. To that end, CHA calculated disparity ratios for total DBE utilization compared to the total weighted availability of DBEs, measured in dollars paid.

Courts commonly define “large” or “substantively significant” disparity as utilization that is equal to or less than 80 percent of the availability measure. A substantively significant disparity supports the inference that the result may be caused by the disparate impacts of discrimination.⁹ A statistically significant disparity means that an outcome is unlikely to have occurred as the result of random chance alone. The greater the statistical significance, the smaller the probability that it resulted from random chance alone. A more in depth discussion of statistical significance is provided in Appendix C of the Study.

Table 9 presents the results of this disparity analysis by demographic group for all combined data sets.

**Table 9
Disparity Ratios by Demographic Group,
FTA-Funded Contracts
Construction and Construction-Related Services**

	Black	Hispanic	Asian	Native American	White Women	DBE	Non-DBE
Disparity Ratio	13.5%‡	83.1%	0.0%‡	17.1%‡	58.9%‡	41.4%‡	107.1%**

Source: CHA analysis of WSDOT data.

⁹ See U.S. Equal Opportunity Employment Commission regulation, 29 CFR § 1607.4(D) (“A selection rate for any race, sex, or ethnic group which is less than four-fifths (4/5) (or eighty percent) of the rate for the group with the highest rate will generally be regarded by the Federal enforcement agencies as evidence of adverse impact, while a greater than four-fifths rate will generally not be regarded by Federal enforcement agencies as evidence of adverse impact.”).

‡ Indicates substantive significance
 **Indicates statistical significance at the 0.01 level

With the exception of Hispanic-owned firms, DBEs face large and substantive disparities in full and fair access to WSDOT’s FTA-assisted contracts. Even though Hispanic-owned firms were above the threshold, the ratio nonetheless was quite close to the 80 percent threshold. The study’s anecdotal data suggests that these firms continue to experience discriminatory barriers on the basis of their ethnicity. Further, as established by the Study, DBE utilization on state-funded contracts, for which no goals were set, was extremely low. Coupled with the additional anecdotal and economy-wide evidence, the Study findings paint a clear picture of a market mostly closed to DBEs. These results strongly suggest that narrowly tailored contract goals on FTA-funded contracts remain necessary to ensure nondiscrimination.

Past DBE race-neutral participation

To estimate the portions of the goal to be met through race-neutral and race-conscious measures, WSDOT evaluated past race-neutral DBE participation, as defined in §26.51(a), and reported to FTA. WSDOT’s median percentage on federal-aid contracts through race-neutral means for FFY 2013-2017 was 0.31%.

Federal Fiscal Year	Total DBE Participation	Race-Neutral Participation	Race-Conscious Participation
2013	0.00%	0.00%	0.00%
2014	0.31%	0.31%	0.00%
2015	1.30%	0.58%	0.72%
2016	0.35%	0.35%	0.00%
2017	1.90%	0.25%	1.65%

WSDOT projects that it will meet 0.31% of its overall goal of 5.58% through race-neutral measures and 5.27% of its overall goal through race-conscious contract goals. WSDOT will monitor DBE participation throughout the year to adjust its use of contract goals to ensure that their use does not exceed the overall goal.

Race-neutral measures to achieve DBE participation

WSDOT will meet the maximum feasible portion of its triennium goal through the race-neutral measures listed below. WSDOT will maximize outreach efforts to the DBE contracting community and the use of DBE support services to increase the utilization and support of DBEs that participate on upcoming WSDOT projects.

Supportive Services

WSDOT provides the following supportive services to DBEs:

- Immediate and long-term business management, record keeping, financial and accounting capabilities;
- Long-term development assistance to increase opportunities to participate in more varied and significant work, and to achieve eventual self-sufficiency;
- Programs on contracting procedures and specific contract opportunities;

- Assistance in obtaining bonding or financing;
- Assistance to start-up firms, particularly in fields with historically low DBE participation;
- Identification of potential highway-related DBEs and prequalification assistance; and
- To increase awareness of the DBE Supportive Services program, WSDOT has developed a DBE Supportive Services hotline (888) 259-9143, email address dbess@wsdot.wa.gov, and website: www.wsdot.wa.gov/EquaJOpportunity/DBE.htm.

Outreach and Networking

WSDOT engages in a number of outreach efforts to minority and women's organizations to enhance DBE opportunities in Department projects. These efforts include but are not limited to:

- Sponsorship and attendance at numerous outreach events, including Alliance NW an annual tradeshow in the Puget Sound, Washington, in partnership with state, local and federal agencies. Last year's event attracted approximately 1,000 individuals.
- WSDOT works with organizations such as the Northwest Mountain Minority Supplier Diversity Council, Women in Construction, USDOT's Small Business Transportation Resource Center, the Women's Transportation Seminar, Tabor 100, the National Association of Minority Contractors, Association of General Contractors, American Council of Engineering Companies, the Office of Minority and Women's Business Enterprises and other groups to promote the DBE Program.
- WSDOT has established a Washington State DBE Advisory Group comprised of WSDOT divisions and stakeholders, that advise WSDOT on DBE issues, including but not limited to, goal setting, outreach, training, etc.

Complaint Procedures

WSDOT has implemented procedures to process complaints of discrimination in the operation of the DBE Program and against contractors receiving WSDOT contracts. This will ensure prompt, uniform and fair responses to allegations of unlawful conduct so that DBEs, non-DBEs and interested persons can have confidence in the integrity of WSDOT's operations.

WSDOT has implemented the Fraud Hotline to report fraud and abuse in the DBE Program. The Fraud Hotline is available at (877) 856-3770 or fraudhotline@wsdot.wa.gov.

Prompt Payment

WSDOT continues to enforce its prompt payment provisions and processes. WSDOT uses an electronic payment verification system to monitor prompt payment to subcontractors. It also impresses upon its personnel and prime contractors the necessity and importance of meeting these requirements.

This is accomplished via WSDOT sponsored training for internal staff as well as external contractors, which includes a portion on prompt payment.

Emerging Contractor Support Initiatives

WSDOT recognizes the necessity of developing new and innovative race-neutral contractor support services, and implementing new programs and resources (e.g., Mentor Protégé Program; Minority, Small, Veteran and Women's Business Enterprise Program; remodeled DBE Support Services Program, etc.). This process involves examining other states' supportive services strategies, as well as working with construction, consulting and minority and women business organizations. It also includes soliciting input from the DBE Advisory Group and from construction and DBE organizations in this and other states.

Public Participation

Consultation

Per 49 CFR § 26.45, WSDOT employs a consultative process requesting input from organizations serving or representing DBEs, minority-owned or women-owned businesses, state or local procurement offices, public agencies responsible for enforcing civil rights laws, local labor offices, and any other relevant organizations. WSDOT developed the proposed overall DBE goal and presented it to the DBE Work Group (individuals from various WSDOT divisions and offices), including:

- Washington State Attorney General's Office
- WSDOT Public Transportation Division
- WSDOT Secretary of Transportation
- Washington State Ferries

Once the DBE Work Group reviewed and provided comments, the overall DBE goal was revised accordingly.

Upon DBE Work Group review, the goal was then reviewed by members of the DBE Advisory Group, comprised of minority, women and trade organizations, including but not limited to:

- Tabor 100
- National Association of Minority Contractors
- Latino Civil Alliance
- American Council of Engineering Companies of Washington
- Laborer's Local 440, Street Pavers, Sewer, Watermain, and Tunnel Workers
- Washington Association of General Contractors
- Washington Asphalt Pavement Association Northwest Mountain Minority Supplier Diversity Council
- Tribal Employment Rights Office
- Women's Transportation Seminar
- Washington Asphalt Pavement Association
- Women in Highway Construction

Published Notice

To satisfy the public consultation requirements of 49 CFR§ 26.45(g)(2), WSDOT will provide a press release to all media outlets in Washington State and publish the proposed overall annual DBE goal for the triennium on WSDOT's website. Included in its press release and publication is WSDOT's request for public comment and inspection of the goal methodology for over 30 days from the date of publication.

Summary

Pursuant to the requirements of 49 CFR§ 26.45(a)(2), WSDOT submits this proposed triennium DBE Goal to FTA for review and approval. WSDOT followed the requirements of 49 CFR §26.45 in completing this FTA DBE goal along with the OSDBU Guidance and FTA Regional Assistance. The proposed DBE Goal of 5.58% is based upon the availability of ready, willing, and able DBEs, as established by the Study. WSDOT anticipates race-neutral participation of 0.31% and race-conscious participation of 5.27%.