



Overall Annual DBE Goal for Public Transportation

Fiscal Years 2018-2020

Table of Contents

EXECUTIVE SUMMARY	3
Results Summary	3
Methods	3
ESTABLISH BASE FIGURE	4
Procurable Categories	4
Weight of Categories	7
Relative Availability Calculations	8
Base Figure Calculation	10
ADJUSTMENTS TO BASE FIGURE	10
2009 State of Texas Disparity Study	10
Public Consultation Evidence	11
Past Participation	11
ADJUSTED GOAL	12
RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION	13
PUBLIC REVIEW AND COMMENT	15
ATTACHMENTS	15
Attachment A - Public Consultation Meetings Invitees	16
Attachment B - Public Notice Postings/Notifications	18

EXECUTIVE SUMMARY

The Texas Department of Transportation (TxDOT) submits the following Disadvantaged Business Enterprise (DBE) goal methodology for 2018 - 2020 to the United States Department of Transportation (DOT) Federal Transportation Administration (FTA) for review in accordance with 49 Code of Federal Regulations (CFR) Part 26.45, as amended by Docket No. OST-2010-0021. The goal will remain in effect until the next review cycle. TxDOT will make a good faith effort to meet the goal each year.

To ensure overall quality of the information and data used in the goal setting methodology, TxDOT will continue to review and refine, as needed, its data collection process and analysis, and engagement with stakeholders and the public.

The goal methodology consists of two steps: the base figure for the relative availability of DBEs and any adjustments to the base figure based on available evidence. In Step 1, the base figure is established through the use of the Texas Unified Certification Program (TUCP) DBE directory and United States Census Bureau data. In Step 2, TxDOT reviews and considers available information and new evidence presented in public consultation meetings when determining an adjustment to the base figure. The base figure and the adjustments to the base figure are then used to determine the overall goal. The overall goal is further defined as race-neutral and race-conscious based on the amount that TxDOT plans to meet through race-neutral means.

To engage the public, TxDOT provided two types of opportunities for public participation. The first opportunity included public consultation meetings held throughout the state of Texas. The public was invited to discuss evidence that would influence the relative availability of DBEs or other issues that influence DBE participation. In the second opportunity, the public reviewed the goal methodology until July 26, 2017. TxDOT did not receive any comments or changes that impacted the DBE goal methodology.

Results Summary

The revised DBE goal methodology justifies an overall DBE goal of 2.9% for FYs 2018-2020. TxDOT plans to meet the overall DBE goal of 2.9% with 0.6% race-neutral means and 2.3% race-conscious means. TxDOT will monitor DBE participation for federal-aid achievement in public transportation projects during FYs 2018-2020 and will make necessary adjustments based on the DBE program requirements.

Methods

The process for setting an overall goal is defined in §26.45. The CFR identifies August 1st as the submittal date (see §26.45(f)(1)).

The methodology includes the following (see §26.45(f)(3)):

- Description of the methods used to establish the goal,
- Base figure and evidence used for its calculation,
- Summary listing of available evidence, and if necessary, an explanation on why it was not used, and
- Proposed projections for the portions of the goal to be met through race-neutral and race-conscious means.

The methodology also expands on TxDOT's efforts to obtain public participation through public consultation meetings for evidence that may influence adjustments to the base figure and extending public comment on the proposed methodology (see §26.45(g)).

TxDOT is not required to have the operating administration's concurrence to implement the DBE goal; however if the operating administration's review suggests there are concerns over the methodology, it may, after consulting with TxDOT, adjust the overall goal or require TxDOT to do so (see §26.45(f)(4)).

TxDOT's overall goal provides for the participation of all certified DBEs. The overall goal is not subdivided into group-specific goals (see §26.45(h)).

ESTABLISH BASE FIGURE

For Step 1, TxDOT takes into account available evidence in determining the base figure. Factors considered in this calculation include the relative availability of DBEs and the types of contracts anticipated for the upcoming fiscal years. In order to improve the efficiency of the calculation, TxDOT evaluated the procurable portion of all contracts to determine contracting opportunities, determined the weight of the contracting opportunities, evaluated the relative availability of these opportunities using the TUCP DBE Directory and US Census Bureau data, and calculated a weighted average of the relative availability to determine the base figure. The final calculation results in a base figure of 3.67%.

Procurable Categories

TxDOT evaluated all projected FTA funding and determined only four categories had procurable opportunities (Table 1).

Table 1: Funding Categories with Procurable Opportunities

Funding Category	Description	Dollar Amount
2	5304 Statewide Planning	\$ 335,000
3	5339 Bus and Bus Facility (Other Than Vehicle)	\$ 3,360,000
4	5310 Elderly & Disabled (E&D)	\$ 700,000
6	5311 Non-Urbanized Are	\$ 10,350,000

We grouped the procurable funds into 37 procurement opportunity categories (Table 2). The procurement opportunity categories were then compared against the North American Industry Classification System (NAICS) codes. Some procurement categories allow multiple NAICS codes.

Table 2: Procurement Categories

Procurement Opportunity	NAICS Code
Commercial and Institutional Building Construction (bus shelter/terminal)	23622
Roofing Contractors	23816
Siding Contractors	23817
Illumination, Electrical Contractors, and Wiring Installations	23821
Plumbing, Heating, and Air Conditioning Contractors	23822
Painting	23832
Flooring Contractors	23833
Minor Structures and Miscellaneous Concrete	23899
Vehicle Parts, Supplies	44131
Tire Dealers	44132
Furniture Stores	44211
Electronic Stores	44314
Office Supplies and Stationary Stores	45321
Gasoline Service Stations	44719
Fuel Dealers	45431

Transit Services (Mixed mode, Bus)	48511
Taxi Service	48531
Needs Transportation	48599
Motor Vehicle Towing	48841
Direct Life, Health, Medical, Property, and Casualty Insurance Carriers	52411
Office of Lawyers	54111
Accounting	54121
Architectural Services	54131
Engineering Services	54133
Custom Computer Programming, Design, and Other Services	54151
Administrative Management and General Management Consulting Services	54161
Planning, Safety, Consultants (Other Scientific and Technical Consulting Services)	54169
Advertising Agencies	54181
Outdoor Advertising	54185
Facility Support Services	56121
Janitorial Services	56172
Landscaping Services	56173
General, Exhaust, Transmission, Mechanical, and Electrical Automotive Repair	81111
Automotive Body, Paint, Interior, and Glass Repair and Maintenance	81112
Automotive Oil Change, Car Wash, and Other Maintenance	81119
Computer, Office, and Communication Equipment Repair and Maintenance	81121
Appliance Repair and Maintenance	81141

Weight of Categories

TxDOT evaluated all procurable funds (Table 1) against the procurable categories (Table 2) to determine the proportion of the funds or the “weight” each category carries (Table 3).

Table 3: Weight of Procurement Categories

Procurement Opportunity	Category Weight Percentage	Procurement Opportunity	Category Weight Percentage
Commercial and Institutional Building Construction (bus shelter/terminal)	9.53%	Roofing Contractors	0.47%
Siding Contractors	0.34%	Illumination, Electrical Contractors, and Wiring Installations	0.34%
Plumbing, Heating, and Air Conditioning Contractors	1.56%	Painting	0.68%
Flooring Contractors	0.17%	Minor Structures and Miscellaneous Concrete	5.63%
Vehicle Parts, Supplies	9.56%	Tire Dealers	0.34%
Furniture Stores	1.70%	Electronics Store	13.71%
Gasoline Service Stations	10.85%	Office Supplies and Stationary Stores	7.49%
Fuel Dealers	7.46%	Transit Services (Mixed mode, Bus)	1.36%
Taxi Service	2.03%	Special Needs Transportation	4.07%
Motor Vehicle Towing	0.41%	Direct Life, Health, Medical, Property, and Casualty Insurance Carriers	0.44%
Office of Lawyers	0.34%	Accounting	0.68%
Architectural Services	0.20%	Engineering Services	0.68%
Custom Computer Programming, Design, and Other Services	2.03%	Administrative Management and General Management Consulting Services	2.71%

Planning, Safety, Consultants (Other Scientific and Technical Consulting Services)	2.03%	Advertising Agencies	0.20%
Outdoor Advertising	0.31%	Facility Support Services	0.68%
Janitorial Services	1.36%	Landscaping Services	0.27%
General, Exhaust, Transmission, Mechanical, and Electrical Automotive Repair	6.38%	Automotive Body, Paint, Interior, and Glass Repair and Maintenance	0.68%
Automotive Oil Change, Car Wash, and Other Maintenance	2.71%	Computer, Office, and Communication Equipment Repair and Maintenance	0.54%
Appliance Repair and Maintenance	0.07%		

Relative Availability Calculations

TxDOT determined the base figure by calculating the relative availability of DBEs (see §26.45(c)) for each of the procurement categories by weight. TxDOT used the TUCP DBE directory and the most current, at the time of relative availability calculations, US Census Bureau’s 2014 County Business Patterns (CBP) data as suggested in §26.45(c)(1) to determine the number of ready, willing and able firms.

TxDOT's initial and primary source of DBE firms that perform public transportation work is the TUCP DBE Directory (www.txdot.gov/business/tucpinfo.htm) for each of the relevant procurement categories (Table 2). The overall number of all ready, willing and able businesses in TxDOT’s market is determined by the 2014 CBP data (Table 4).

Table 4: Relative Availability of DBEs by Procurement Category

Procurement Opportunity	DBE Firms	All Firms
Commercial and Institutional Building Construction (bus shelter/terminal)	389	3057
Roofing Contractors	46	1216
Siding Contractors	8	176
Illumination, Electrical Contractors, and Other Wiring Installations	159	4541
Plumbing, Heating, and Air-Conditioning Contractors	80	6918
Painting Contractors	104	1256
Flooring Contractors	42	531

Minor Structures and Miscellaneous Concrete (sidewalk, driveway, parking lot, fencing)	282	2151
Vehicle Parts/Supplies	9	3181
Tire Dealers	4	1798
Furniture Stores	8	1981
Electronic Stores	11	3739
Gasoline Service Stations	1	964
Fuel Dealers	18	543
Office Supplies and Stationary Stores	1	380
Transit Services (Mixed Mode, Bus)	6	62
Taxi Service	1	88
Special Needs Transportation	20	178
Motor Vehicle Towing	0	616
Direct Life, Health, Medical, Property, and Casualty Insurance Carriers	1	1074
Office of Lawyers	2	13100
Accounting	67	10195
Architectural Services	95	1413
Engineering Services	522	5087
Custom Computer Programming, Design, and Other Services	289	10218
Administrative Management and General Management Consulting Services	633	10159
Planning, Safety, Consultants (Other Scientific and Technical Consulting Services)	120	2239
Advertising Agencies	47	903
Outdoor Advertising	10	200
Facilities Support Services	34	504
Janitorial Services	127	2891
Landscaping Services	186	4388
General, Exhaust, Transmission, Mechanical, and Electrical Automotive Repair	20	6164
Automotive Body, Paint, Interior, and Glass Repair and Maintenance	11	2568
Automotive Oil Change, Car Wash, and Other Maintenance	14	2528
Computer, Office, and Communication Equipment Repair and Maintenance	34	917
Appliance Repair and Maintenance	2	382

We calculated the Step 1 relative availability by using the weight goal setting guidelines, “Tips for Goal-Setting in the DBE Program,” from the Office of Small and Disadvantaged Business Utilization (OSDBU). The weight of each category was determined by calculating the relative availability of DBEs in that category against the weight of the contracting funds for each category (see Figure 1).

Figure 1: Weighted Relative Availability Calculation

$$\text{CategoryWeightOfAllFunds} \times \left(\frac{\# \text{DBEinCategory}}{\# \text{AllFirmsInCategory}} \right)$$

Base Figure Calculation

The base figure is calculated by adding the relative availability for each of the identified procurement categories identified in Table 2, 3 and 4. The calculation (see Figure 2) resulted in a base figure of 3.67%.

Figure 2: Base Figure Calculation

$$\begin{aligned} \text{Base Figure} &= \left[\text{Category 1 Weight} \left(\frac{\# \text{DBEinCategory 1}}{\# \text{AllFirmsinCategory 1}} \right) + \dots + \text{Category 37 Weight} \left(\frac{\# \text{DBEinCategory 37}}{\# \text{AllFirmsinCategory 37}} \right) \right] \\ &= \left[12.72\% \left(\frac{389}{3,057} \right) + \dots + 0.52\% \left(\frac{2}{382} \right) \right] \\ &= 3.67\% \\ &\text{Base Figure} \\ &\text{3.67\%} \end{aligned}$$

ADJUSTMENTS TO BASE FIGURE

TxDOT examined all available evidence to determine any adjustments to the base figure. A summary of the evidence considered included: 2009 Texas Disparity Study, evidence made available through public consultation meetings, and past participation.

2009 State of Texas Disparity Study

TxDOT considered, but did not use the 2009 Texas Disparity Study towards the calculation or adjustment of the base figure. TxDOT’s determination and approach in using the TUCP DBE directory and US Census Bureau Data targets more TxDOT procurements, in particular, FTA-funded contracts.

Public Consultation Evidence

TxDOT consulted with minority, women, and general contractor groups, community organizations, and other officials or organizations (See Attachment A: Public Consultation Meeting Invitees) to assist in the development of the FY 2018 – 2020 DBE goal. Consultation was conducted through six public meetings and webinars held in March 2017, and a survey conducted from March through April 2017. TxDOT used its available resources of minority chambers, TUCP DBE Directory, distribution list of business development organizations, and other viable resources to engage these entities for public input.

TxDOT sought comments and information regarding the following topics (see §26.45(g)(1)):

- Information concerning the availability of DBEs and non-DBEs,
- Knowledge regarding barriers and the effects of discrimination on opportunities for DBEs, and
- Information on TxDOT’s efforts to establish a level playing field for the participation of DBEs.

The survey results were compiled into three sections and analyzed. With respect to the majority of items for each of these three question subsets, the modal scale item responses indicated some evidence of effects of discrimination on DBE opportunities. More specifically, the majority of the respondents (n = 184) indicated a slight lean towards:

- Subcontracting opportunities are not equal (harder) for DBEs,
- Improved TxDOT efforts to increase and monitor DBE sub work with Primes, and
- Interest in increasing the overall goal.

TxDOT determined the results of the public consultation survey should be noted. However the analysis of the data did not support sufficient basis for an adjustment. Therefore no adjustment to the base figure was made due to public consultation.

Past Participation

TxDOT determined an adjustment for past participation is appropriate. TxDOT used the goal setting guidelines, “Tips for Goal-Setting in the DBE Program,” from the OSDBU website which includes a method for determining an adjustment based on past participation for the years in which participation is similar to the type of contracts for the goal methodology period. This adjustment considers, with the exception of FYs 2011 and 2012, past participation as a relative gauge of anticipated participation for FYs 2018-2020. Note that FYs 2011 and 2012 are determined to have different types of contracts due to the significant impact of the American Recovery and Reinvestment Act (ARRA) funds. The

increase of ARRA funds allowed for additional work which was reflected in higher DBE participation than expected.

The adjustment to the base figure is determined with the median of past participation. The median is used instead of the average or mean because it excludes outliers (abnormally high or low numbers). TxDOT used six completed years of past participation (see Table 5) in computing the median value; the value is determined by averaging the two middle values. The resulting calculation yields a median value of 2.10% (see Figure 3).

Table 5: Recent Past DBE Participation

Fiscal Year	DBE % Achieved
2016	1.01
2015	2.78
2014	2.44
2013	1.75
2012*	4.63
2011*	8.57

* Note FY 2011, and FY 2012 figures were not used because DBE participation is not typical of what is projected for FYs 2018 - 2020.

Figure 3: Median Value

Median Value
2.10%

ADJUSTED GOAL

All available evidence is taken into consideration to determine the adjustments to the base figure. An adjustment for past participation is appropriate; therefore the base figure and median past participation adjustment are averaged to reveal the recommended adjusted goal (see Figure 4). The recommended DBE Goal for FYs 2018-2020 is 2.9%.

Figure 4: Adjustment to Base Figure Calculation

$$\begin{aligned}
 \text{Adjusted Goal} &= (\text{Base Figure} + \text{Median Past Participation Adjustment}) \div 2 \\
 &= (3.67 + 2.10) \div 2 \\
 &= 2.885\%
 \end{aligned}$$

Proposed DBE Goal 2.9%

RACE-NEUTRAL AND RACE-CONSCIOUS PARTICIPATION

The goal methodology includes the methods used to compute the DBE goal and a determination of how TxDOT plans to meet the goals through race-neutral and race-conscious measures. TxDOT plans to meet the “maximum feasible portion of [the] overall goal by using race-neutral means (see §26.51(a)).”

The race-neutral attainment for the past six fiscal years was examined (Table 6) to determine the maximum race-neutral participation. On average, TxDOT achieved 2.09% (Figure 5) of the goal through race-neutral means. The calculation for the average race-neutral participation is determined with the median of race-neutral participation. The median is used instead of the average or mean because it excludes outliers—that is, abnormally high or low numbers. TxDOT used six completed years of race-neutral participation (Table 6) in computing the median value; therefore, the value is determined by averaging the two middle values. The median race-neutral achievement is calculated using the 2013 achievement of 1.75% and 2014 achievement of 2.44%.

Table 6: Race-Neutral Goal vs. Achievement

Fiscal Year	DBE % Goal	DBE % Achieved
2016	3.33	1.01
2015	3.33	2.78
2014	3.62	2.44
2013	3.62	1.75
2012*	3.62	4.63
2011*	1.57	8.57

* Note FY 2011 and FY 2012 figures were not used because DBE participation is not typical of what is projected for FYs 2018 - 2020.

TxDOT also considered the amount by which past goals were exceeded, as well as past history of inability to achieve goals, in determining the race-neutral and race-conscious proportion consistent with USDOT goal-setting tips. Specifically, USDOT recommends increasing the race-conscious portion of the annual goal to account for the proportion of previous years’ goals that were not met or increasing the race-neutral portion to account for

exceeding goals¹ TxDOT first determined the median as described above and then determined the mean of the difference between the race-neutral achievement and goals for the two years used to calculate the median. The mean difference between achievement and goals for these two years was added to the race-neutral median to account for exceeding and not meeting race-neutral goals. Since the mean difference of 2013 and 2014 was negative, this resulted in a decrease from the race-neutral median.

The resulting calculation yields a median value of 0.57%. TxDOT set the proposed race-neutral goal for FY 2018-2020 as 0.6% accordingly (see Figure 5 below).

**Figure 5: Median Race-Neutral Value + Mean
(Race-Neutral Difference in Median Years)**

$$\begin{aligned} &= ((1.75+2.44)\div 2) + (((1.75-3.62)+(2.44-3.62))\div 2) \\ &= 2.095 + (-1.525) \\ &= 0.57\% \end{aligned}$$

Proposed Race-Neutral Allocation
0.6%

TxDOT will establish race-conscious measures and contract goals to meet the balance (see Figure 6) of the overall goal (see §26.51(d)). The proposed Race-Conscious Goal for FY 2018-2020 is 2.3%.

Figure 6: Race-Conscious Calculation

$$\begin{aligned} \text{Race-Conscious} &= \text{Overall Goal} - \text{Race-Neutral} \\ &= 2.9\% - 0.6\% \\ &= 2.3\% \end{aligned}$$

Proposed Race-Conscious Allocation
2.3%

¹ Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program: IV. Calculating the Race/Gender-Neutral and Race/Gender-Conscious Split; A. Consider the Amount by Which You Exceeded Your Goals in the Past. & F. Consider Past History of Inability to Achieve Goals. (<https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>)

PUBLIC REVIEW AND COMMENT

TxDOT published a public notice announcing the proposed overall goal and methodology on TxDOT's website, Texas Register, general circulation, and minority and trade focus media (see Attachment B: Public Notice Postings/Notifications) on June 9, 2017. The notice provided for a 45-day review and comment period from the posting date. The public was afforded the opportunity to review and comment on the methodology until July 26, 2017. TxDOT did not receive any comments.

Additionally, TxDOT provided two interactive webinars on the FTA goal methodology. The interactive webinars were conducted on July 13, 2017 and July 20, 2017. Invitations for participation and review of the proposed goal methodology were sent via email to interested parties including businesses, associations, and transit providers. TxDOT did not receive any comments.

ATTACHMENTS

Attachment A: Public Consultation Meeting Invitees

Attachment B: Public Notice Postings/Notifications

Attachment A - Public Consultation Meetings Invitees

The following minority, women's and general contractor groups, community organizations, and other officials and organizations were invited to attend public consultation meetings:

Abilene Black Chamber of Commerce
Acres Home Center for Business and Economic Development
African American Chamber of Commerce of San Antonio
African American News & Issues
African Chamber of Commerce, D/FW
African-American Chamber of Commerce
AGC of Texas
American Indian Chamber of Commerce of Texas
Beaumont Chamber of Commerce
Bee County Area Hispanic Chamber of Commerce
Bryan-College Station Chamber of Commerce
Capital City African American Chamber of Commerce
Childress Chamber of Commerce
Construction Information Network (CIN)
Corpus Christi Bay Area Minority Business Opportunity Center
Corpus Christi Hispanic Chamber of Commerce
Corpus Christi Minority Business Development Center
Dallas Black Chamber of Commerce
Dallas Black Contractors Association
Dallas / Ft. Worth – MBDC
Dallas / Ft. Worth / Arlington / MBDC
DFW Native American Chamber of Commerce
East Texas Council on African-American Affairs
El Paso Black Chamber of Commerce
El Paso Hispanic Chamber of Commerce
El Paso MBDC
El Paso Minority Business Development Center
Fort Worth Hispanic Chamber of Commerce
Fort Worth Metropolitan Black Chamber of Commerce
Greater Austin Hispanic Chamber of Commerce
Greater Dallas Asian American Chamber of Commerce
Greater Dallas Hispanic Chamber of Commerce
Greater Killeen Chamber of Commerce
Greater Marshall Chamber of Commerce
Greater Orange Area Chamber of Commerce
Greater San Antonio Chamber of Commerce
Greater Waco Chamber of Commerce
Hispanic Chamber of Greater Baytown
Hispanic Contractors Association of Dallas/Ft Worth
Houston Citizens Chamber of Commerce
Houston Hispanic Chamber of Commerce
Houston MBDC

Kilgore Chamber of Commerce
Lamar County Chamber of Commerce
Laredo Chamber of Commerce
Longview Metro Black Chamber of Commerce
Lubbock Hispanic Chamber of Commerce
Lufkin/Angelina County Chamber of Commerce
McAllen Chamber of Commerce
McAllen Hispanic Chamber of Commerce
Mexican American Network of Odessa, Inc. (MANO)
Midland Hispanic Chamber of Commerce
NAACP (Austin Office)
NAACP (San Antonio Office)
National Association of African American Chamber of Commerce
National Association of Women in Construction
Pampa Chamber of Commerce
Pharr Chamber of Commerce
Professional Women's Association
Rio Grande City Chamber of Commerce
Round Rock Chamber of Commerce
San Angelo Chamber of Commerce
San Antonio Hispanic Chamber of Commerce
San Antonio MBDC
San Antonio Women's Chamber of Commerce
San Marcos Hispanic Chamber of Commerce
San Saba County Chamber of Commerce
Seguin-Guadalupe County Hispanic Chamber of Commerce
Seminole Area Chamber of Commerce
Smithville Chamber of Commerce
South Texas MBDC
Texarkana Chamber of Commerce
Texas Asian Chamber of Commerce
Texas Association of African-American Chamber of Commerce
Texas Association of Mexican-American Chamber of Commerce
Texas State Conference of NAACP
Texas Tech University Small Business Development Center
Texas Workforce Center of El Paso
Tulia Chamber of Commerce
Tyler Area Chamber of Commerce
Tyler Metropolitan Chamber of Commerce
Victoria Hispanic Chamber of Commerce
Women's Business Council – Southwest
Women's Chamber of Commerce of Texas

Attachment B - Public Notice Postings/Notifications

The following is a list of the general circulation and minority-focused media that were contacted to post a public notice for the examination of the DBE Goal Methodology.

Texas Register
African American News & Issues
Austin American – Statesman
Dallas Morning News
Dallas Examiner
Houston Chronicle
La Prensa
McAllen Monitor
San Antonio Express-News