

DBE/ACDBE Program

Goal Setting Methodology



Federal Aviation
Administration

Office Of Civil Rights

ACHIEVING SAFETY
THROUGH DIVERSITY

AMAC 2013

Airport Business Diversity Conference

San Diego, California

Part 26 - DBE

- Written Grant Assurances require, as a legal obligation, a DBE Program and incorporates it into the Grant Agreement.
- FAA recipients receiving grants for airport planning and/or development that will award prime contracts of \$250,000 or more must have a DBE Program with rational participation goals.

DBE Goals Due Chart

Airport Type	Region	Date Due	Period Covered	Next Goal Due
Large & Medium Hub Primary	All regions	August 1, 2013	2014/2015/2016	August 1, 2016 (2017/2018/2019)
Small Hub Primary	All regions	August 1, 2014	2015/2016/2017	August 1, 2017 (2018/2019/2020)
Non-Hub Primary	All regions	August 1, 2015	2016/2017/2018	August 1, 2018 (2019/2020/2021)
Non-Primary including State DOTs	Alaskan Eastern Great Lakes	August 1, 2013	2014/2015/2016	August 1, 2016 (2017/2018/2019)
Non-Primary including State DOTs	New England NW Mountain Southern	August 1, 2014	2015/2016/2017	August 1, 2017 (2018/2019/2020)
Non-Primary including State DOTs	Central Southwest Western-Pacific	August 1, 2015	2016/2017/2018	August 1, 2018 (2019/2020/2021)

What You Need to Know

- Goal submissions scrutinized
- Develop a system to collect and analyze data needed to support goal-setting and counting
- New and/or significantly different projects after goal submission?
 - Submit a revised goal for approval

Tools for Goal Setting

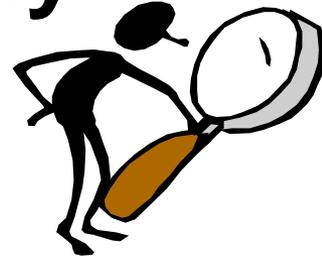
- Regulations in 49 CFR Part 26
- FAA's DBE & ACDBE Program Sample Plans
- DOT's "Tips for Goal-Setting"
- Program Guidance Documents

Link to Goal Setting Tools

USDOT Office of Small and
Disadvantaged Business Utilization:

<http://www.osdbu.dot.gov/DBEProgram>

Goal Setting Step 1: Determine Relative Availability



- Collect data to determine type and amount of work to be performed as a percentage (%) of total project
- Determine relative availability of DBE firms in Market Area

Relative Availability = # DBE Firms / # All Firms

Define the Market Area

- Establish market area based on bid and spending activity
- Consider market area as:
 1. geographical area in which majority of grant funds are expended, and
 2. majority of bidders are located

Types/Amounts of Work

- Researched, Described, and Tracked using **North American Industry Classification System** (NAICS) codes
- Work amounts expressed as a basic percentage (%) of all work on a contract

Possible Step 1 Methods

- DBE Directories and Census Bureau Data
- Bidders Lists
- Disparity Study Data
- Another similarly situated Recipient's Goal
- Recipient's Unique Method(s), with FAA approval

Step 1 - *Example A*: Using DBE Directories & Census Bureau Data

- Census Bureau's **County Business Patterns** (CBP) to determine number of **All Firms**, and
- **Your State DBE Directory** to determine number of **DBE Firms** in the market area
- Break down work into the most refined categories possible
- Firms are listed by NAICS Codes in both

Link to CBP database:

www.census.gov/epcd/cbp/view/cbpview.html

Step 1 - *Example A*: Data Collection

NAICS Code	% of Work	DBEs	All Firms
238910 – Excavation \$5,000,000	50%	4	25
237310 – Asphalt Paving \$4,000,000	40%	1	25
484220 – Local Trucking \$1,000,000	10%	8	50

Step 1 *Example*: Base Figure Calculation

#DBE Firms / #All Firms

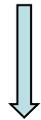
8+1+4 / 25+25+50

13 / 100 = 13%

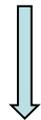
- 13% is the relative availability of **DBE Firms** to **all Firms**

Step 1 *Example A*: Weighted Base Figure Calculation

$$[\%work(\#DBE/\#All\ Firms) + \%work(\#DBE/\#All\ Firms)] \times 100$$



$$[.50\ excavation(4/25) + .40\ paving(1/25) + .1\ trucking(8/50)] \times 100$$



$$(.08 + .016 + .016) \times 100 = 11.2\%$$

Other Suggested Step 1 Methods

- **Bidders Lists**
 - Divide past number of **DBE Bidders** by number of **All Firms** on the list using same formulas shown in Example A
- **Percentage Figure**
 - Derived in a valid study within past 5 years
- **Approved Goal**
 - Another DOT/FAA recipient if markets/projects similar

VERY IMPORTANT!!



***YOU MUST "SHOW YOUR
WORK" IN ALL GOAL
METHODOLOGY AND
CALCULATIONS.***

Step 2: Adjusting the Goal

- Adjust Step 1 figure to make it more precise
- Regulations require recipients must **consider** all evidence available in the area to determine if step 1 goal should be adjusted

Step 2: Data to Consider

- Past Participation
- Disparity Study data (*if not used in Step 1*)
- Statistical data from other sources regarding disparities (e.g., on insurance and bonding)
- Other data gleaned through community consultations

Step 2 Example A: Past Participation Data

- Weighted Step 1 Goal = 11.2%

Past DBE Participation:

Similar Runway Construction Projects	FY08	FY09	FY10	FY11
Goal	6.5%	7%	4%	9.4%
Participation	6%	8%	4%	9.7%
Difference	-.5	+1	+/- 0	+.3%

Step 2 Example A: Past Participation Calculations

- To find *median* past participation, arrange all the values from lowest to high:

4%, 6%, 8%, 9.7%

- Find the middle number or in the above example the *mean* of the two middle numbers:

$$6\% + 8\% = 14\% / 2 = 7\%$$

Median Past Participation = **7%**

Step 2 Example A: Past Participation Adjustment

- If an adjustment based on past participation is needed, average the Step 1 figure (11.2%) with a figure that represents past participation (7%)

$$11.2 + 7.0 = 18.2 / 2 = 9.1$$

Step 2 Adjusted Figure = **9.1%**

Race* Neutral & Conscious Means

Recipients must meet maximum feasible portion of overall goals by using race/gender neutral actions to facilitate DBE firm participation.

How much participation can your program expect to achieve using neutral actions?

*Includes “Gender”



Race **Conscious** vs. **Neutral** Means

- **Conscious = Deliberate actions to obtain DBE firm participation**
 - Employs use of contract-specific goals
- **Neutral = Various actions to increase opportunities for ALL small firms, including DBE firms**

Race Neutral Activities: *Examples*

Arrange	Provide	Conduct
contracts to be of a size most small businesses can perform	business management supportive services (record keeping, accounting, etc.)	DBE Program information sessions & post information online
	technical assistance (e.g., overcoming limitations to obtaining bonding, financing, insurance)	pre-bid information meetings for sub-contractors, specifically

Estimating Race-Neutral/ Race-Conscious Breakout

- Consider:
 - Past participation on similar contracts
 - Other participation sources (MBE/WBE)
 - Other airports' data (similarly situated size & market area)
 - Information from community consultations
 - Disparity Studies

R-N/R-C Projection Example A: Use of Past Participation Data

Similar Runway Construction Projects	FY08	FY09	FY10	FY11
Goal	6.5%	7%	4%	9.4%
Participation	6%	8%	4%	9.7%
Difference	-.5	+1	+/- 0	+.3%

The amount by which recipients exceeded overall goals in past years can be a useful tool for future projections.

R-N/R-C Projection Example A: Past Participation Calculations

- To find median past participation differences, arrange all the values from lowest to high:

.5%, 0%, .3%, 1%

- Find the middle number or in the above example the mean of the two middle numbers:

$$0\% + .3\% / 2 = -.15\%$$

Median Past Participation Difference = **-.15%**

- Data could be used to project that of the 9.1% adjusted goal, **8.95%** will be achieved through Race **conscious** actions; therefore, 0.15% will be achieved through race **neutral** actions

Consultation

- You must consult with:
 - Minority, women's and general contractor groups
 - Community organizations
 - Other officials or organizations at the Federal, State, and County levels
- Look for and consider:
 - Evidence that affects DBE opportunity to compete
 - Effects of discrimination on opportunities
 - Airport's efforts to level the playing field

Consultation Documentation

- Must Include:
 - With whom did recipient consult and when?
 - Summary of comments received
- What was done with the information?
 - How does it impact Step 2?
 - How does it impact RN/RC breakout?



Public Notice of Goal

- Publish proposed overall goal and methodology widely (online, local newspaper, etc.)
- Make available to inspect for 30 days
- Comments accepted for 45 days
- Begin process by June 1st

***DO NOT WAIT FOR FAA APPROVAL OF
GOAL TO PUBLISH NOTICE***

When & How to Update Your Goal

When

- You have new projects with different types of work
- If you expect to exceed or fall well under your goal

How

- Develop and advertise revised overall goal

Part 23 - ACDBE

- Primary airports that have or were required to have a concessions DBE program prior to April 21, 2005
- ACDBE Program applies if Recipient has received a grant for airport development at any time after January 1988 that was authorized under Title 49 of the United States Code

Part 23 Goals

- Two Goal Submittals: **Car Rentals** and **Other Than Car Rentals**
- **No requirement** to submit overall goal if annual revenue:
 - <\$200,000 **car rentals** concession
 - <\$200,000 **other than car rentals** concessions

Part 23 Goals

- Step 1 – *Same* as Part 26 (establish base figure), except use gross receipts vs. contract dollars
- Step 2 – *Similar* to Part 26, with some differences:
 - Market area = geographical area of firms seeking to do concessions business are located, and geographical area of firms which receive substantial majority of concessions-related revenues are located
 - Market area may be different for different types of concessions

Part 23 Goals *cont'd.*

- **Car Rentals Goal**

- **Step 1.** Base Figure = total gross receipts of car rental operations
- Do not add to base figure gross receipts of other concessions
- If all or most of the goal is to be met through purchases by car rental companies of vehicles or other goods or services from ACDBEs, airport may structure goal entirely in terms of purchases of goods and services
- Then, calculate goal by dividing the estimated dollar value of such purchases from ACDBEs by the total estimated dollar value of all purchases to be made by car rental companies

Part 23 Goals *cont'd.*

- **Car Rentals Goal**

- **Step 2.** Examine relevant evidence to determine what adjustment, if any, is needed. For example:
 - Current capacity of ACDBEs to perform work in your concessions program, as measured by volume of work ACDBEs have performed in recent years; and
 - Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure

Part 23 Goals *cont'd.*

- **Other Than Car Rental Goal**

- **Step 1.** Base Figure = total gross receipts of concessions
(This base does not include the gross receipts of car rental operations.)

Not Added to Base Figure

- Dollar amount of management contract or subcontract with a non-ACDBE, and
- Gross receipts of business activities to which management or subcontract with a non-ACDBE pertains
- Any portion of firm's estimated gross receipts not generated from a concession

Part 23 Goals *cont'd.*

- **Other Than Car Rental Goal**

- **Step 2.** Examine relevant evidence to determine what adjustment, if any, is needed. For example:
 - Current capacity of ACDBEs to perform work in your concessions program, as measured by volume of work ACDBEs have performed in recent years; and
 - Evidence from disparity studies conducted anywhere within your jurisdiction, to the extent it is not already accounted for in your base figure

REMEMBER!

*YOU MUST SHOW AND EXPLAIN
YOUR WORK IN ALL GOAL
METHODOLOGIES AND
CALCULATIONS!*



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