

**The MassDOT Transit Division proposed Overall DBE Goal for  
FFY2016, FFY2017, and FFY2018 is 5.5%; (Race Neutral (RN) =  
4.1%; (Race Conscious (RC) = 1.4%)**

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MassDOT calculated the Transit Division goal utilizing a preliminary budget to identify federal-aid service and supply contracts on USDOT-assisted projects to be performed. To determine the relative availability of DBE firms pertinent to each procurement category, NAICS statistics from the Department of Commerce and Census Bureau were also utilized. The information below, illustrates the Transit Division's proposed DBE goal for the Fiscal Year 2016 through 2018 period:

***Step 1: Determination of Base Figure for Relative Availability of DBEs***

The DBE goal is derived from an examination of census availability within the relevant geographic area (the Commonwealth of Massachusetts, Suffolk County, and metropolitan areas as defined by the most recent, Economic Census), and the current SDO directory. This geographic area was selected due to evidence the Office receives through its interaction with DBEs during public meetings and other business venues that DBEs have demonstrated a willingness to travel the breadth of the Commonwealth in pursuit of prospective work.

The Office of Diversity and Civil Rights consulted with the Rail and Transit Division, the MassDOT Planning Department, and reviewed TRAMs. We obtained a list of all upcoming FTA-assisted grants and projects that are expected to be awarded during the next three federal fiscal years to begin the process of establishing an overall goal for DBE participation. Grant managers were also consulted for additional project details specific to each FTA-assisted grant. The magnitude of anticipated contracting opportunities under each grant was determined and prospective procurement opportunities expected to occur under each grant were identified by NAICS code. Subrecipients under each grant were also identified.

***Base Figure of Relative Availability***

The base level of DBE availability was calculated through an analysis of businesses with employees in the most recent Massachusetts Economic Census available. This data is derived from the 2014 Economic Census available through the U.S. Census Bureau's website and the Massachusetts Unified Certification Program database of certified DBEs.

***Relative Availability of DBEs***

The relative availability of DBEs was determined by calculating the percentage of Ready, willing, and able (RWA) DBE firms certified in Massachusetts of all firms for each type of work within the state. The numerator is the number of businesses certified as DBEs by the Massachusetts Unified Certification Program. The denominator is the number of all firms in the Massachusetts Economic Census. This data is derived from the U.S. Census Bureau 2014 Massachusetts Economic Census and the Massachusetts Unified Certification Program database.

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**Weighted DBE Availability for each FTA-Assisted Grant**

	<b>Grant</b>	<b>Amount of DOT funds on Grant:</b>	<b>% of total DOT funds (weight)</b>
<b>1</b>	5310	\$514,944.00	0.2062
<b>2</b>	5311	\$278,830.00	0.1116
<b>3</b>	5311(f)	\$0.00	0.0000
<b>4</b>	5311(b)	\$103,267.00	0.0413
<b>5</b>	5339	\$1,600,587.00	0.6408
<b>6</b>	CMAQ	\$0.00	0.0000
<b>7</b>	MassCCD	\$0.00	0.0000
<b>8</b>	5303	\$0.00	0.0000
<b>9</b>	5304	\$0.00	0.0000
	<b>Total FTA-Assisted Grant Funds</b>	<b>\$2,497,628.00</b>	<b>1.0000</b>

	<b>Grant</b>	<b>Number of DBEs available to perform this work</b>	<b>Number of all firms available (including DBEs)</b>	<b>Relative Availability</b>
<b>1</b>	5310	220	4039	0.0545
<b>2</b>	5311	342	18741	0.0182
<b>3</b>	5311(f)	0	0	
<b>4</b>	5311(b)	96	1745	0.0550
<b>5</b>	5339	412	6637	0.0621
<b>6</b>	CMAQ	0	0	
<b>7</b>	MassCCD	0	0	
<b>8</b>	5303	0	0	
<b>9</b>	5304	0	0	
	<b>Combined Totals</b>		<b>1070</b>	<b>31162</b>
				<b>0.0343</b>
				<i>Overall availability of DBEs</i>

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	Project	Weight	x	Availability	Weighted Base Figure
1	5310	0.20617	x	0.05447	0.0112
2	5311	0.11164	x	0.01825	0.0020
3	5311(f)	0.00000	x	0.00000	
4	5311(b)	0.04135	x	0.05501	0.0023
5	5339	0.64084	x	0.06208	0.0398
6	CMAQ	0.00000	x	0.00000	
7	MassCCD	0.00000	x	0.00000	
8	5303	0.00000	x	0.00000	
9	5304	0.00000	x	0.00000	

<b>Total</b>	0.0553
Expressed as a % (*100)	5.53%
<b>Rounded, Weighted Base Figure:</b>	<b>5.5%</b>

**Step 1 Weighted Base Figure of availability 5.5%**

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	<b>NAICS Code</b>	<b>Description of Work Anticipated in FFY16-FFY18</b>	<b>Number of DBEs available to perform this work</b>	<b>Number of ALL firms available (including DBEs) MA 2014</b>
<b>1</b>	236220	Commercial & Institutional Building Construction	54	766
<b>2</b>	238150	Glass & Glazing Contractors	0	114
<b>3</b>	238210	Electrical Contractors	38	2,232
<b>4</b>	238220	Plumbing & Heating Contractors	17	2,716
<b>5</b>	238290	Other Building contractors, Elevator installation	11	181
<b>6</b>	238910	Site Preparation Contractors	73	1,083
<b>7</b>	238990	Concrete Paving, All Other Specialty Trade Contractors	74	765
<b>8</b>	323111	Printing Services	16	457
<b>9</b>	327991	cut stone and stone product manufacturing, curbing	2	42
<b>10</b>	334220	(GPS) Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	2	41
<b>11</b>	336390	Racks (e.g., bicycle, luggage, ski, tire), automotive, truck, and buses manufacturing	0	12
<b>12</b>	423430	Computer and Peripheral Equipment and Software Wholesalers	10	243
<b>13</b>	424120	Stationery and Office Supplies	4	92
<b>14</b>	448190	Uniforms	2	263
<b>15</b>	454310	Fuel	3	475
<b>16</b>	488410	Towing	3	207

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<b>17</b>	512110	Video Production	4	236
<b>18</b>	524210	Insurance agents & brokerages	11	2,451
<b>19</b>	532490	Equipment lease & rental	4	159
<b>20</b>	541110	Legal services	2	4,561
<b>21</b>	541211	Accounting	8	1,246
<b>22</b>	541430	Graphic Design Services	34	318
<b>23</b>	541512	Computer Consulting Services	80	1,039
<b>24</b>	541611	Administrative Management and General Management Consulting Services	95	1,631
<b>25</b>	541618	Other Management Services	46	97
<b>26</b>	541620	Environmental Consulting Services	70	274
<b>27</b>	541810	Advertising Agencies, Marketing, Promotion	9	261
<b>28</b>	561510	Travel Agencies	1	581
<b>29</b>	561720	Janitorial Services	43	1,312
<b>30</b>	611519	Bus Driver Training	1	114
<b>31</b>	711510	Independent artists, writers and performers (video filmographers & actors)	6	261
	<b>Total</b>		<b>723</b>	<b>24230</b>

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***Step 2: Examination of Other Evidence for Determination of Availability and Adjustments***

MassDOT reviewed all available relevant evidence to determine what adjustments, if any, were needed to apply to the base figure in order to arrive at the overall annual DBE goal. Using data collected regarding availability of ready, willing and able DBE firms the goal is set at the level of DBE participation expected absent the effects of discrimination.

MassDOT examined the current capacity of DBEs to perform work on FTA-assisted contracts based on the value of work performed by DBEs in the previous three (3) federal fiscal years. The chart below shows the total past DBE participation relative to total value of commitments over the three-year period.

FTA - Year Data <sup>1</sup>	FY2015	FY2014	FY2013	3 Year Total
Total Value of commitments	\$23,954,616	\$3,343,720	\$4,402,660	\$32,700,996
Total DBE Participation	\$1,799,948	\$174,400	\$182,446	\$2,156,794
DBE Race/Gender Neutral	\$83,998	\$174,400	\$182,446	\$440,844
DBE Race/Gender Conscious	\$1,715,950	\$0	\$0	\$1,715,950
	7.2%	5.2%	4.1%	<b>5.2% median</b>

During the last triennial cycle (FFY13-FFY15) contracting opportunities included a substantial amount of construction contracting opportunities in Springfield, MA. There are no similar projects in the upcoming triennial cycle, so we have determined we will not use past participation as a factor in adjusting the base figure to arrive at the adjusted goal.

During FY2015 MassDOT exceeded the overall DBE goal of 2.3% with DBE participation of 7.2%. 0.3% of this DBE attainment was due to race neutral participation. In FY 2014 MassDOT exceeded the overall DBE goal of 2.3% gaining 5.2% in DBE participation. The entire goal was achieved through race neutral means solely with prime contracts. This level of participation (5.2%) exceeded the race neutral goal of 1.9% and the race conscious goal of 0.4%. During FY 2013 MassDOT exceeded the overall DBE goal of 2.3% with 4.1% in DBE participation. This amount was achieved entirely with race neutral measures through prime contracts with DBEs. Contract goals were not implemented during this period due to MassDOT's ability to meet the DBE goal with race neutral methods. Almost all of past DBE participation for fiscal years 2013 and 2014 was due to DBE prime contracting. Most of these contracts did not carry DBE goals; however DBE participation during this period generally exceeded the overall goals.

As part of this process, MassDOT sought additional evidence in related fields within its jurisdiction that could affect opportunities for DBEs to form, grow, and compete, such as statistical disparities for DBEs to obtain finance, bonding and insurance. Based on a the report "Race, Sex, and Business Enterprise: Evidence from the Commonwealth of Massachusetts

<sup>1</sup> Note: This data was obtained from MassDOT's Semi-Annual Uniform Reports of DBE Awards or Commitments and Payments. This data included all projects including the Springfield construction project.

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prepared for Division of Capital Asset Management in 2010, it was demonstrated that there is a lesser availability of firms owned by minorities and women as a result of discrimination practiced by the commercial markets. Data from the Current Population Survey (CPS) and the Five Percent Public Use Microdata Samples (PUMS) has shown that annual wages for Blacks were almost 30% lower than for Whites males despite similar in geographic location, industry, age and education. This large disparity is also reflected when the analysis is restricted to the construction related industry sectors and the access to capital and banking services.

MassDOT also reviewed economic studies and statistical data that revealed the need for capital and the sales receipts value and employment status of a business. Firms with employees and large firms need more capital to finance capital improvements of the business than small or non-employer firms regardless of ownership group. (*Characteristics of Minority Businesses and Entrepreneurs: An Analysis to the 2002 Survey of Business Owners*; US Department of Commerce, Minority Business Development Agency.) The specific factors that may have influenced the ability of minority firms to access to bank loans compared to similarly-sized majority firms were inconclusive. Similarly a January 2010 study (*Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: the Troubling Reality of Capital Limitations Faced by MBEs*; US Department of Commerce, Minority Business Development Agency) indicated that not only were Minority-Owned firms more likely to lag behind in size compared to Majority-Owned firms, despite their faster growth, Minority-Owned Firms were less likely to successfully obtain capital. Further, Minority-Owned firms were also more likely to not apply for loans, more likely to be denied loans, consistently receive smaller loan amounts, and pay higher interest rates than Majority-Owned firms<sup>2</sup>.

Based on the review of these reports and available data, MassDOT found no demonstrable and quantifiable evidence that logically or directly impacts any significant areas affecting DBE participation. Therefore, MassDOT seeks no further adjustments and has set an overall goal of **5.5%**.

***Public Consultation***

A consultation with stakeholders was held September 13, 2016 review our DBE goal-setting methodology and solicit feedback from program stakeholders. Representatives of the following groups were present: the Greater New England Minority Supplier Development Agency and the Conference of Minority Transportation Officials. Participants suggested that the methodology may potentially be a useful tool in the forecasting process for DBEs looking to obtain more work. MassDOT is considering making this information more available to DBEs and other small businesses, particularly the contract projection by NAICs code, dollar value of work, and location in Step 1. This will assist the businesses in identifying potential contracting opportunities. Additionally, MassDOT can promote this information as a way to generate more interest about the DBE goal-setting process in order to encourage a larger group of stakeholders

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<sup>2</sup> Approximately 50% of the certified DBEs in Massachusetts are minority-owned.

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to engage in the process. There were no comments or suggestions about the proposed numerical DBE goal and no adjustments were made to the overall goal.

***Determination of Race Conscious vs. Race Neutral Split***

MassDOT reviewed DBE attainment during the last triennial period minus the Springfield construction project and determined that our median of race neutral participation without construction activity was 4.1%.

FTA - Year Data <sup>3</sup>	FY2015	FY2014	FY2013	3 Year Total
Total Value of commitments	\$2,300,366	\$3,343,720	\$4,402,660	\$32,700,996
DBE Race/Gender Neutral	\$83,998	\$174,400	\$182,446	\$440,844
	3.7%	5.2%	4.1%	<b>4.1% median</b>

To meet the maximum feasible portion of the goal through race neutral measures per 49 CFR 26.51(a) and based upon availability of DBEs in the categories of work MassDOT intends to utilize during FFY16-FFY18, and the median of race neutral participation absent the Springfield construction project during the last three year cycle MassDOT anticipates meeting up to 4.1% of its overall goal through using race neutral measures. As these measures will be insufficient to satisfy the 5.5% overall goal we propose using race conscious methods to achieve the balance of the goal. Therefore we propose a race conscious goal of 1.4%.

MassDOT will continue to regularly review DBE attainment through our inspection of DBE commitments, awards, and actual payments. If it appears unlikely that the overall goal will not be achieved race conscious measures may be added for the remainder of the year.

***Description of the types of Race-Neutral measures implemented by MassDOT***

MassDOT offers several types of race-neutral measures through the Small Business Resource Center to assist small businesses and businesses owned by disadvantaged individuals (DBEs). These technical services include information in obtaining bonding, matchmaking services for small businesses, development program and assistance in becoming pre-qualified to bid on MassDOT projects. During the FY 2012 - FY 2014 period MassDOT provided business development assistance in the Boston, Worcester, and Springfield area for over one hundred and fifty (150) small businesses and DBEs to help build readiness to perform work with MassDOT.

MassDOT will use the following Race-Neutral (RN) measures to increase DBE participation:

- Implementing a supportive services program to increase the growth and development of firms eligible to participate in federally-aided transportation contract as a DBE firm by

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<sup>3</sup> Note: This data was obtained from MassDOT's Semi-Annual Uniform Reports of DBE Awards or Commitments and Payments.



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providing general business development training paired with specific transportation construction technical assistance and other resources to increase the capacity of participating DBEs. MassDOT has designed a program to address the barriers facing certified DBEs that will provide general business development training paired with specific transportation technical assistance and other resources to increase the capacity of participating DBEs.

- Providing technical assistance and other services to DBEs, one on one and through consultants.
- Conducting periodic surveys and needs assessments to better determine DBE needs and identify barriers to participation
- Informing DBEs of specific contracting opportunities
- Providing a copy of the Invitation for Bids to DBEs upon request.
- Providing introductions to help DBEs, and other small businesses with access to prime contractors in an effort to develop working relationships
- Ensuring the inclusion of DBEs on mailing lists for bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors;