

Washington State Airports Disparity Study 2019

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Disparity Study Objectives

- Provide a legal defense if the programs are challenged
- Meet constitutional & FAA requirements
- Meet the Airports' policy objectives
- Provide recommendations
- Educate policy makers & stakeholders about the legal, regulatory & economic issues to build consensus

DBE Program Standards & Objectives

- Airports receiving federal grants must comply with USDOT guidance for 9th Circuit recipients
- Program must be narrowly tailored to the Airports' geographic & industry markets
- Must ensure nondiscrimination in USDOT funded contracts
 - Create a level playing field
 - Remove barriers to DBE participation
 - Promote the use of DBEs

Disparity Study Elements

- Legal review & analysis
- Determination of the Airports' geographic markets
- Determination of the Airports' industry markets
- Determination of the Airports' utilization of DBEs
- Estimation of DBE availability
- Economy-wide analysis
- Anecdotal data collection & analysis
- Review of Airports' DBE programs
- Recommendations

Disparity Study Findings

- **Washington State Airports' Disadvantaged Business Enterprise Programs**
 - 64 Airports included in Study; 54 with FAA-funded contracts
 - Programs are in conformance with 49 C.F.R. Part 26
 - DBE certification is performed by OMWBE
 - Programs & goal setting methodology approved by FAA

Disparity Study Findings

- **Experiences with the Washington State Airports' DBE programs**
 - Interviewed staff and 143 individuals
 - Airport work challenges
 - Fewer DBEs outside of Puget Sound area
 - Some DBEs are not interested or reluctant to take on complex airport work
 - Small airports & those located in rural areas lack Program resources
 - Specialized nature of airport projects exacerbates the overall and geographic challenges
 - Smaller airports want more assistance from the FAA & WSDOT to increase DBE participation

Disparity Study Findings

- Meeting goals
 - The Airports' goal-setting processes were often seen as lacking transparency
 - Many general contractors found it difficult to meet DBE goals
 - Airports will award when the contract goal is missed & good faith efforts have been made
 - Some prime firms found it easier to find DBE design consultants than construction firms
 - Using DBEs was reported to sometimes increase costs
- Certification policies
 - Lack of contract goals reduces incentive to become DBE certified
 - Inability to add NAICS codes when a DBE expands capabilities is limiting

Disparity Study Findings

- Obtaining work on Airport projects
 - It is very difficult for DBEs to obtain work on Airport projects, particularly prime contracts
 - Contract size impedes participation of DBEs & small firms
 - Segmenting projects to include work not requiring such a high skill level is a possible solution
- Access to networks & information
 - Relationships are important in accessing airport contracts because of their specialized nature
 - Additional opportunities to network between DBEs & prime contractors are important

Disparity Study Findings

- The cycle of FAA funded work makes it more difficult to develop relationships & teams
- Difficult to access information about contracts outside of Port of Seattle
- More centralized approach, particularly for the smaller airports, would help
- Annual forecasts of Airport projects would help small firms to plan
- Large & medium sized airports conduct ample outreach, but more regional outreach by smaller airports is needed
 - The Port of Seattle activities were cited as good examples
 - Efforts should include prime contractors

Disparity Study Findings

- Some consultants suggested additional training for Airport staff about the DBE program
- Mentor-Protégé Program
 - Adoption of a Mentor-Protégé Program to support aviation contracts is widely supported
 - Several participants reported good experiences with WSDOT's recently adopted program for non-federally assisted contracts
 - Prime contractors expressed concerns that should be addressed, such as insufficient Protégé resources, growing one's competition & overlap with their own supportive services/mentoring program

Disparity Study Findings

- **Study analyzed FAA- funded contracts for 54 Washington State Airports for FFYs 2012-2016**
- **Final Contract Data File**
 - 1,375 FAA-funded contracts totaling \$376.54M
 - 287 prime contracts totaling \$230.91M
 - 1,088 subcontracts totaling \$145.64M
- **Geographic market**
 - State of Washington

Disparity Study Findings

- **Airports' utilization of DBEs**

- DBEs: 13.5%
 - Blacks: 0.4%
 - Hispanics: 5.2%
 - Asians: 0.9%
 - Native Americans: 3.7%
 - White women: 3.3%

- **DBE weighted availability**

- DBEs: 13.4 %
 - Blacks: 1.1%
 - Hispanics: 2.1%
 - Asians: 1.4%
 - Native American: 2.6%
 - White women: 6.3%

Disparity Study Findings

- **Disparity ratios**

- DBEs: 101.3 %

- Blacks: 38.8%
 - Hispanics: 252.4%
 - Asians: 68.1%
 - Native American: 143.2%
 - White women: 52.3%

- The high disparity ratios for Hispanics & Native Americans result from a large concentration of contract dollars in one or two firms & NAICS codes.

- Removing these firms, the disparity ratios for these groups fall to:

- Hispanics: 31.1%
 - Native Americans: 98.6%

Disparity Study Findings

- **Economy-wide disparity analysis**
 - Useful to evaluate the effectiveness of race-neutral measures
 - Survey of Business Owners
 - Very large disparities in firm sales receipts between Non-White & White Women firms and all firms
 - American Community Survey
 - Minorities & White women significantly earned lower wages & formed fewer businesses and earned less from their businesses than White males
 - Credit discrimination barriers remain high
 - Human capital constraints continue to impede success

Disparity Study Findings

- **Qualitative evidence of disparities in the Airports' market**
 - DBEs experience stereotypes, discriminatory attitudes & negative perceptions
 - Highly male dominated nature of the construction industry provides few opportunities for women to work on teams or take on leadership roles
 - Some women reported biased agency employees
 - Minority firm owners were sometimes stigmatized by being labeled a “disadvantaged” firm
 - Some owners reported a bias against small firms
 - DBE certification helped reduce these barriers
 - WSDOT’s dropping White women for goal credit on FHWA funded contracts (the “waiver”) has shut White women DBEs out of the market with devastating results

Disparity Study Recommendations

- **Augment race- and gender-neutral measures**
 - Increase access to FAA funded contracting opportunities
 - Partner with other agencies to conduct outreach efforts
 - Post information about contract opportunities on other agencies' portals
 - Provide information about how to do business with the Airports on each Airport's website
 - Conduct training on FAA specifications and performance standards
 - Increase contract “unbundling”
 - Adopt an SBE Target Market Program
 - Consider adopting a Mentor-Protégé Program for aviation contracts

Disparity Study Recommendations

- **Implement narrowly tailored DBE programs**
 - Use the study to set narrowly tailored triennial FAA DBE goals
 - Use the weighted DBE availability estimates for step 1
 - Consider other study evidence for possible step 2 “but for” adjustment for FAA triennial goal
 - Use the study to set narrowly tailored DBE contract goals
- **Develop performance measures for program success**

Questions & Answers

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