

Proposed Metropolitan Council FTA and EPA DBE Goals 2024-2026

September 1, 2023

Samuel L. Myers, Jr.
Director

Roy Wilkins Center for Human Relations and Social Justice
Hubert H. Humphrey School of Public Affairs



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Overview

- Overview of the Methodologies
- Results for FTA
- Results for EPA
- Comparison of Results Using Alternative Methodologies
- Questions and Answers



US DOT, FTA Guidance on DBE Goal Setting

- Define Geographic Market Area
- Forecast Future Expenditures by NAICs Codes
- Compute Base Goal – Availability Rates
- Adjustment to Base Goal
- Estimation of Race Neutral vs Race Conscious Goals



The Proposed DBE Goal for FTA
Contracts: **13.4%**



The Bottom Line

The Base Goal = Weighted Average of Availability Rate Using Five Legally and Economically Valid Methods

TABLE 5 FTA WEIGHTED AVAILABILITY RATES BY METHOD

| Method | Original NAICS 485113 Code | Proxy for NAICS Code 485113 ^b | National Estimate for NAICS Code 485113 | Weighted Base Goal |
|-------------------------|----------------------------|--|---|--------------------|
| Bidders List Method | 8.0% | 8.0% | 13.5% | 9.6% |
| Vendors List Method | 6.0% | 6.0% | 11.5% | |
| ABS List Method | 15.2% | 15.2% | 15.2% | |
| DBE List Method | 3.8% | 15.1% | 9.3% | |
| D&B List Method | 6.8% | 3.2% | 7.4% | |
| Weighted Average | 8.0% | 9.5% | 11.4% | |



Discrimination Analysis for Adjustment (FTA)

| Method | Model | Mean Difference in Log Contract Amount by DBE Status (A) | Explained Gap (B) | Unexplained Gap (C) | Unexplained Portion (= C/A) | Notes |
|-----------------------------------|-------|--|-------------------|---------------------|-----------------------------|---|
| Residual Difference by DBE status | 1 | 0.6112 | 0.3328 | 0.2784 | 45.5% | Oaxaca Decomposition. FTA-funded only, D&B variables included, small contracts (<\$10K) excluded |
| | 2 | 0.5569 | 0.2482 | 0.3086 | 55.4% | Oaxaca Decomposition, Overall, D&B variables included, small contracts (<\$10K) excluded |
| | 3 | - | - | - | 27.8% | Gelbach Decomposition. FTA-funded only, D&B variables included, small contracts (<\$10K) excluded |
| | 4 | - | - | - | 30.9% | Gelbach Decomposition. Overall, D&B variables included, small contracts (<\$10K) excluded |
| Average | | | | | 39.9% | |

(A) = mean of predicted value of ln(contract amount of non-DBE) - mean of predicted value of ln(contract amount of DBE)



Table 1. Proposed Metropolitan Council FTA DBE Goals FY 2024–2026

| | |
|--------------------------------|-------|
| Base Goal | 9.6% |
| <i>Adjustment to Base Goal</i> | 39.9% |
| Adjusted Goal | 13.4% |
| <i>Race-Neutral Portion</i> | 18.2% |
| Race-Neutral Goal | 2.4% |
| <i>Race-Conscious Portion</i> | 81.8% |
| Race-Conscious Goal | 11.0% |



Proposed DBE Goal for EPA

Contracts: **11.9%**



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Table 1. Proposed Metropolitan Council EPA DBE Goals FY 2024–2026

| Type | 3 Availability Methods ^a |
|--|-------------------------------------|
| Base Goal | 9.9% ^b |
| <i>Discrimination Gap for Adjustment</i> | 19.9% |
| Adjusted Goal | 11.9% |
| Race-Neutral (RN) Goal | 6.5% |
| Race-Conscious (RC) Goal | 5.4% |



DBE Goals using the DBE/CBP - Median Adjustment Method -Seven County GMA

| | FTA | | EPA | |
|--|-----------------------------|------------------------------|-----------------------------|-------------------------------|
| Base Availability Rate using the DBE method (7 metro counties only) | 4.58% | | 13.92% | |
| DBE Utilization Rates | | | | |
| Year | Based on 6 years of Awards" | Based on 3 years of Awards** | Based on 6 years of Awards* | Based on 3years of Payments** |
| 2017 | 13.40% | | 11.10% | |
| 2018 | 13.00% | | 8.10% | |
| 2019 | 16.30% | | 9.60% | |
| 2020 | 13.01% | 13.00% | 6.20% | 29.28% |
| 2021 | 14.02% | 14.02% | 16.00% | 10.58% |
| 2022 | 18.22% | 18.22% | 11.10% | 16.70% |
| <i>Median for adjustment</i> | 13.71% | 14.02% | 10.35% | 16.70% |
| Adjusted Goal | 9.14% | 9.30% | 12.14% | 15.31% |
| Notes: *Contract Award Files; **MetroCouncil Records | | | | |



Questions and Comments?



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Thank You!!
myers006@umn.edu

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