

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



UNIVERSITY OF MINNESOTA
Driven to DiscoverSM

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%**



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

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?



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

Thank You!!
myers006@umn.edu

HUMPHREY SCHOOL
OF PUBLIC AFFAIRS

UNIVERSITY OF MINNESOTA
Driven to DiscoverSM