

Illinois Department of Transportation Disparity Study Public Information Webinar

**Colette Holt & Associates
Sandi Llano & Associates, Inc.
WindGypsy Consulting**

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Disparity Study Team

- Colette Holt & Associates
 - Colette Holt, J.D. - Project Manager
 - Nationally recognized expert, educator and author on DBE issues
 - Steven Pitts, Ph.D. - Economist and Statistician
 - Nationally recognized expert, educator and author on market issues regarding minorities for over 30 years
 - Joanne Lubart, J.D. - Associate Counsel
 - National expert DBE programs

Disparity Study Team, cont.

- Glenn Sullivan - Director of Technology
 - Extensive experience with CHA data collection and website management
- Ilene Grossman, B.A. - Assistant Project Manager/COO
 - Experienced manager of disparity studies
- Victoria Farrell, M.B.A. – Anecdotal Team Manager
 - Experienced researcher and data manager
- Carol Borst - Contract Data Collection Team Manager
 - Highly experienced coordinator of all contract data collection activities

Disparity Study Team, cont.

- DBE Subconsultants
 - Sandi Llano & Associates, Inc.
 - Experienced community engagement expert
 - Has worked with CHA on numerous Illinois studies
 - WindGypsy Consulting
 - Experienced contract data expert
 - Has worked with CHA on numerous studies

Disparity Study Objectives

- Comply with the constitutional mandate and the DBE program regulations to ensure IDOT's DBE program remains narrowly tailored
- Provide a defense if IDOT's implementation of 49 C.F.R. Part 26 is challenged
- Develop accurate data for triennial and contract goal setting
- Gather feedback for program improvements
- Educate elected officials, IDOT staff, assist agencies and business owners on these issues

Dedicated Study Website

- Dedicated study website is updated throughout the process
- Materials to increase public understanding of, and participation in, the study process
- Answer inquiries and provide updates
- Website tabs
 - Elements of the study
 - FAQ sheet
 - Team member bios
 - Information about how to participate
 - Contact and comment information

Legal Analysis

- Review current case law, other relevant legal documents, with emphasis on 7th Circuit decisions
- Review 49 C.F.R. Part 26 and USDOT Guidance
- Describe the legal standards and how the research methodology conforms to the case law
- Explain how the legal principles apply to each study element
- Objectives
 - Educate the reader about the legal standards
 - Provide a framework for a court in litigation

Determination of IDOT's Market Areas

- Study period is October 1, 2016 – September 30, 2021
- Analyze all formally procured construction and engineering contracts \$50,000 or greater
- Five funding sources
 - Federal Highway Administration
 - Federal Transit Administration
 - Federal Aviation Administration
 - Federal Railroad Administration
 - State

Determination of IDOT's Market Areas

- Develop Initial Contract Data Files
 - Step 1: Gather IDOT's prime contracts to create the Initial Contract Data Files
 - Step 2: Develop sample from Initial Contract Data Files
 - Step 3: Gather additional data for contracts in the Sample Contract Data Files

Determination of IDOT's Market Areas

- Develop Final Contract Data Files
 - Step 1: Contact primes for missing subcontractor data
 - Collect at least 80% of the contract dollars
 - Step 2: Assign missing race and gender status and NAICS codes
 - Based on actual scope of work of specific contracts, as firms may provide multiple services
 - Step 3: Research Illinois location of any firm with out-of-state address

Determination of IDOT's Market Areas

- Determine IDOT's industry market
 - Determine the industry market, disaggregated by funding source, by NAICS codes for at least 75% of the contracts
 - Limit further analysis to firms in the designated codes
- Determine IDOT's geographic market area
 - Determine the geographic market, disaggregated by funding source, by contiguous counties for at least 75% of the contracts
 - Limit further analysis to firms in the designated counties

Determination of IDOT's DBE Utilization

- Produce the Contract Data Utilization Analysis
 - Develop Contract Data Utilization Files
 - Disaggregate results by funding source
 - Provide utilization by race and gender aggregated across all industry codes
 - Provide utilization by race and gender disaggregated by six-digit NAICS codes

Estimation of DBE Availability

- Availability sources
 - Master D/M/WBE Directory
 - UCP directories; other Illinois government directories; private sector listings
 - Master Business List of IDOT prime and subcontractors from Contract Data Utilization Files; Bidders List; other IDOT lists
 - Hoovers for business universe of firms in the market area sorted by NAICS codes and location
- Availability determination
 - Assign missing race or gender status and six-digit NAICS codes in Master Directory and Master Business List
 - Merge sources

Estimation of DBE Availability

- Produce unweighted availability disaggregated by race, gender and industry codes
 - Unweighted six-digit results can be used for narrowly tailored contract goal setting
- Produce weighted availability by race and gender aggregated across all industry codes
 - Weighted result can be used for Step 1 baseline estimate for DBE Triennial Goal submissions

Analysis of Disparities in DBE Utilization

- Disparity ratio = DBE utilization ÷ weighted availability
- Calculate disparity indices for all race and sex groups aggregated across all industry groups for state funded contracts
 - Calculate statistical significance
 - Calculate substantive significance
- Examine whether disparities are the result of discrimination or some other factors
 - Are DBE contract goals needed to ensure a level playing field?

Analysis of Overconcentration of DBEs

- Examine specific codes with ratios over 100% to look for patterns
 - Do the results reflect the success of a few DBEs?
 - Step 1
 - Identify codes over 100%
 - Identify codes where DBEs received a large share of dollars
 - Step 2
 - Compare outcomes by group
 - Compare outcomes by codes
- Gather anecdotal data on firm and industry concentration

Economy-Wide Disparity Analyses

- Census Bureau data sources
 - Compare M/WBEs' formation rates and business earnings to non-M/WBEs' rates using the American Community Survey
 - Possible basis for step 2 adjustment under §26.45(d)
 - Compare M/WBEs' revenues to non-M/WBEs' revenues using the Annual Business Survey
- Extensive government and academic reports on discrimination in market for commercial credit
- Critical for evaluation of effectiveness of race-neutral measures

Anecdotal Data Analyses

- Develop invitation and outreach lists for extensive follow-up by subconsultants
- Utilize study website, invitations, meeting attendance, traditional and social media, etc.
- Gather evidence and input through:
 - Public informational webinar
 - Electronic survey of business owners
 - Stakeholder organization group interviews
 - Small group business owner interviews grouped by industry and DBE status
 - Written comments
- Review judicial or administrative opinions or data

Anecdotal Data Analyses

- Possible topics
 - Equal access to networks and information
 - Biased perceptions and stereotypes
 - Workplace harassment or hostile work environments
 - Experiences with barriers to equal access to prime and subcontracting opportunities
 - Barriers to obtaining business credit, surety bonds insurance coverage, etc.
 - Impact of experience and specification requirements
 - Unequal payments or performance standards

Review of IDOT's DBE Program

- Review and evaluate program elements
 - Certification process
 - Outreach and access to information
 - Contract goal setting
 - DBE compliance
 - Small business elements
 - Supportive services offerings
- Process
 - Review documents
 - Interview stakeholder groups, business owners and IDOT staff
 - Surveys

USDOT DBE Goal Submissions

- CHA will be responsible for defining, researching, compiling and analyzing all required data by mode
 - Determination of step I base figures using study results
 - Recommend any adjustments under step 2
 - Past DBE participation
 - Other information
 - Estimate race-neutral vs. race-conscious attainment
 - Propose triennial goals for FHWA, FTA and FAA programs
- Draft goal submission documents
- Work with IDOT to address any USDOT concerns

Findings and Recommendations

- Provide recommendations for race-neutral measures based on study results
- Provide recommendations for race-conscious remedies if supported by the study findings, including a goal setting methodology

Study Participation Information

- Public study introduction webinar December 2022
- Stakeholder/ Business Owner Interviews Spring 2023
- Electronic survey of business owners Summer 2023
- Study information
 - <http://idot.disparity-study.com>
 - idot-study@mwbelaw.com
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