



Institute for
PHYSICAL INFRASTRUCTURE
and TRANSPORTATION



Maximization of Disadvantaged Business Enterprise (DBE) Participation

Southeast Wisconsin Transportation Symposium – October 6, 2023

Al Ghorbanpoor, UWM – Madalena Maestri, WisDOT

What is the DBE Program?

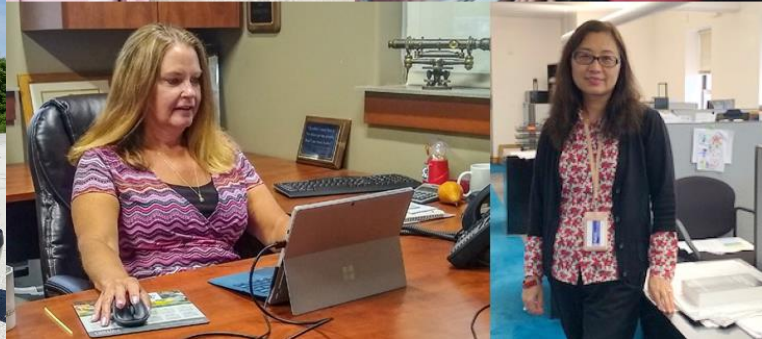
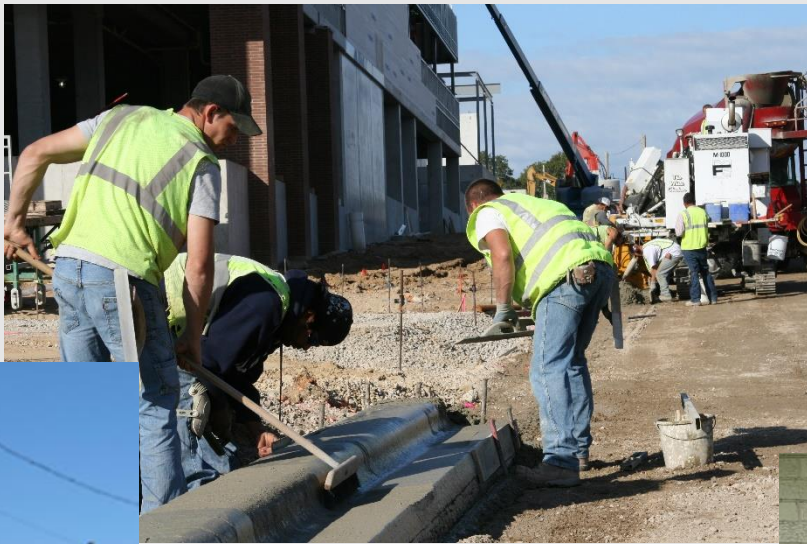
- DBE program is law, codified in Title VI of the Civil Rights Act of 1964
 - Prohibits discrimination
 - Provides opportunities and access
- DBE Program is approved in the Transportation Bill
 - Applicable to transportation contracts that include federal funds:
Transit, Highways, Aviation
- Every state that receives USDOT federal funds must have a DBE Program
 - Uses guidance in the Code of Federal Regulations, 49 CFR Part 26



What is a DBE?

- A Disadvantaged Business Enterprise is a small business
 - 51% ownership by socially and economically disadvantaged person(s)
 - For-profit business
 - Business size meets SBA standard for business type





Study Objective

To identify initiatives and actions that can maximize engagement and participation of Disadvantaged Business Enterprises (DBEs) in federally funded construction and professional services contracts awarded through WisDOT.



Study Tasks to Achieve Objectives

1. Review of Federal and State DOTs' DBE Programs
 - Survey of State DOTs
 - Review of State websites
2. Review and Analysis of WisDOT's DBE Program
 - Program review and staff interviews
 - Surveys and interviews with DBEs, Primes, Industry leaders
3. Identify and address barriers to DBE participation
4. Analysis of WisDOT's promotion and outreach activities
5. Recommendations including a robust Pilot Training & Onboarding (PTO) Program

■

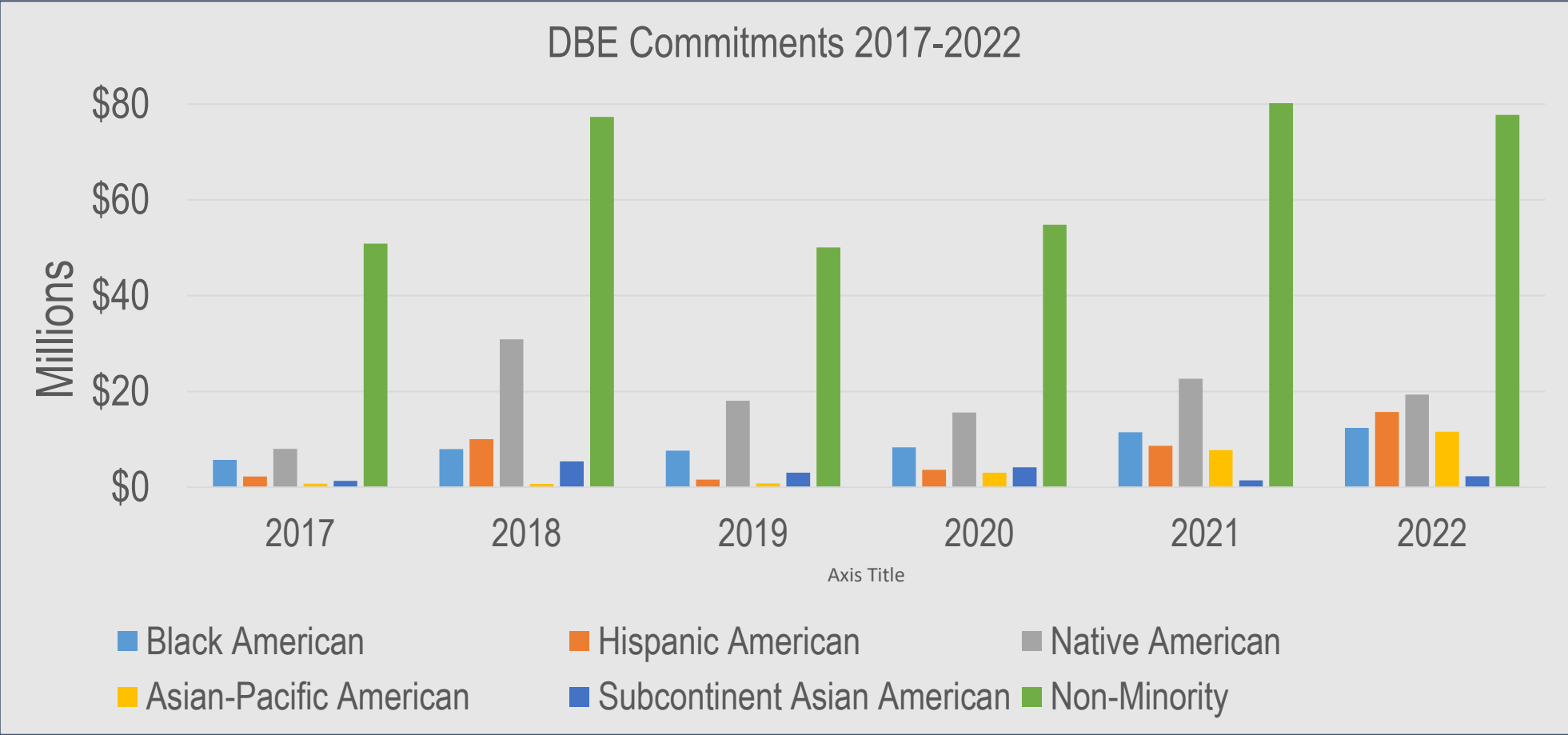


State of the DBE Program in Wisconsin

- Conforms to all federal (Title 49, CFR 26) and state (§84.072 and §84.076) requirements
- Meets federal reporting requirements (Uniform & Triannual reports)
- The program sets goals (based on past participation, # / type of DBEs, upcoming work)
- The program has met most of its goals over the last six years
- The DBE website includes ample information but can be enhanced/promoted more
- DBE participation and resources fall within the upper 50% of other states
- The program can benefit from a strategic outreach plan
- The current outreach and assistance to DBEs include:
 - Workshops
 - Training sessions
 - Roundtable meetings
 - Mentor-Protégé Program
 - Newsletters
 - e-mail/phone contacts
 - Web site resources
 - Networking opportunities
- The program has an apparent disparity – awards to non-minority firms vs minority firms

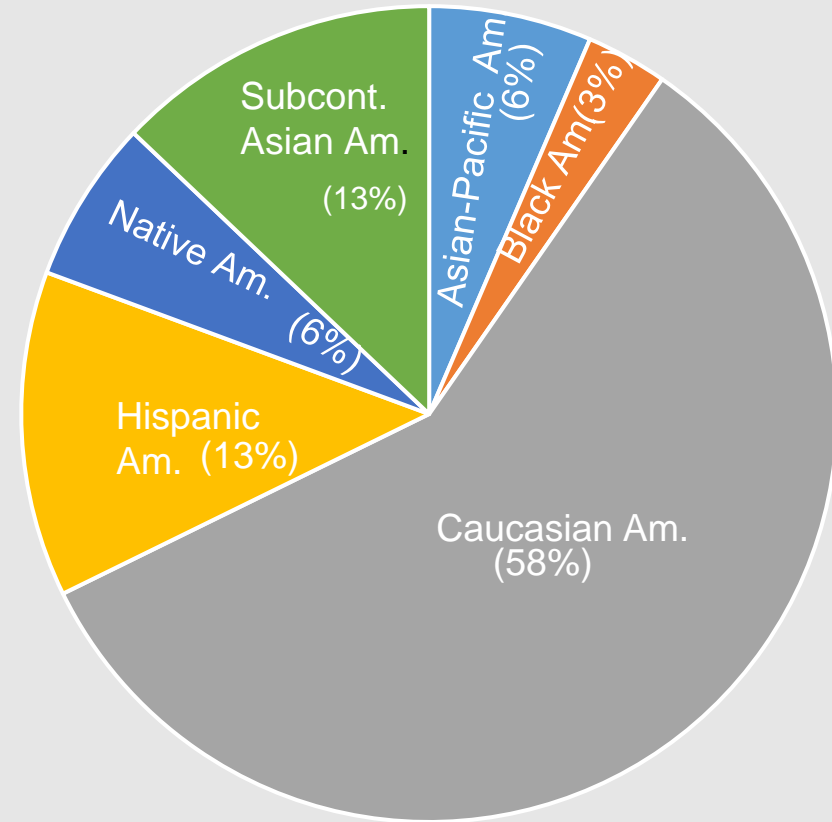


WisDOT Contract Dollars and Apparent Disparity

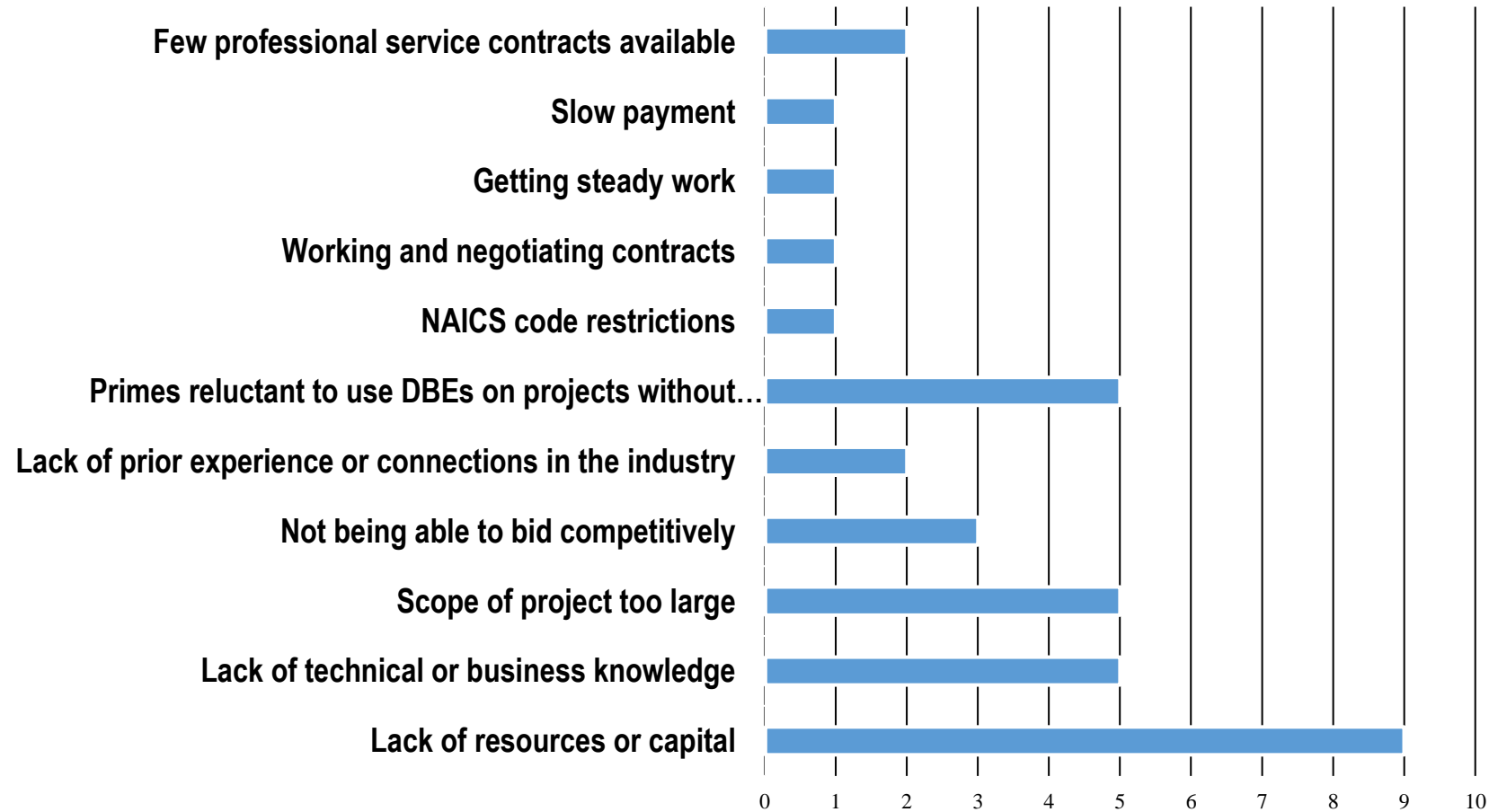


Identifying and Addressing Barriers – DBE insights

DBE Survey Respondents



Major barriers to DBE firms' success



Identifying and Addressing Barriers

(Insights by Prime Consultants)

- Prefer to work with established DBEs they know and trust
- More opportunities for DBEs with niche skill sets
- Improve communication between primes and DBEs
- WisDOT should promote qualified DBEs (Database/ACEC mtgs)
- WisDOT should ask primes to award 5-10% of contracts to DBEs
- WisDOT should create a long-term educational outreach program to promote careers in engineering and construction
- WisDOT should offer more effective mentoring programs and opportunities to grow existing and create new qualified DBEs



Identifying and Addressing Barriers

(Insights by Prime Contractors and Industry Leaders)

- DBEs are an asset to the transportation industry
- Primary challenge is finding qualified DBEs in the state
- Need better communication between primes and DBEs
- WisDOT should identify and promote qualified DBEs (Database)
- WisDOT should ask primes to award 5-10% of contracts to DBEs
- WisDOT should create new educational opportunities to grow existing firms and develop new qualified DBEs
- WisDOT should pool DBEs in the state and negotiate loans, insurance, and bonding options at more reasonable rates



Study's Recommendations

- Create standing committee to implement strategic education, training, and outreach plan
- Highlight DBEs based on completed training & educational programs
- Address the current high utilization disparity among DBE groups
 - Encourage use of diverse and developing firms
 - Good faith effort includes use of higher quotes if reasonable
- Set goals for professional services projects to incentivize new DBE use
- Enhance effectiveness of networking events



Study's Recommendations (cont.)

- Pool DBEs in the state and negotiate reasonable rates for loan, bonding, and insurance
- Improve navigation of WisDOT's DBE website
- Include recorded training sessions on the DBE website
- Develop a mobile DBE app to improve program's visibility and enhance the ease of access to program-related information
- Implement a new Pilot Training and Onboarding (PTO) program



Pilot Training and Onboarding Program (PTO)

Address Barriers

- The proposed PTO program will address the following barriers:
 - Access to capital
 - Access to insurance / bonding
 - Human resources
 - Back-office support
 - Business / management / legal acumen
 - Communication / networking / mentoring



Pilot Training and Onboarding Program (PTO) Structure

- Select DBEs in stages to win and complete WisDOT's projects
- Integrate with upcoming construction projects (I-41/I-94)
- Work with primes to identify projects suitable for DBE subs
- Optimal project size should be based on DBEs' capacity/qualifications
- Pre- and post-award tailored mentorship program



Pilot Training and Onboarding Program (PTO)

Benefits - A Public/Private/Academic partnership

- Grow DBE capacity, qualification, and competitiveness
- Develop new DBE firms
- Increase DBEs' likelihood of winning future contracts with little help
- Address participation disparities among DBE group
- WisDOT will be recognized as a national leader through
 - Increased and more diverse DBE participation
 - Leveling the playing field for DBEs
 - Developing new, qualified workforce for the transportation industry
- Wisconsin will benefit from economic growth of the industry

