

State Department of Transportation Small Business Programs

DETAILS

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NATIONAL COOPERATIVE HIGHWAY RESEARCH PROGRAM

NCHRP SYNTHESIS 448

**State Department of Transportation
Small Business Programs**

A Synthesis of Highway Practice

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FOREWORD

Highway administrators, engineers, and researchers often face problems for which information already exists, either in documented form or as undocumented experience and practice. This information may be fragmented, scattered, and unevaluated. As a consequence, full knowledge of what has been learned about a problem may not be brought to bear on its solution. Costly research findings may go unused, valuable experience may be overlooked, and due consideration may not be given to recommended practices for solving or alleviating the problem.

There is information on nearly every subject of concern to highway administrators and engineers. Much of it derives from research or from the work of practitioners faced with problems in their day-to-day work. To provide a systematic means for assembling and evaluating such useful information and to make it available to the entire highway community, the American Association of State Highway and Transportation Officials—through the mechanism of the National Cooperative Highway Research Program—authorized the Transportation Research Board to undertake a continuing study. This study, NCHRP Project 20-5, “Synthesis of Information Related to Highway Problems,” searches out and synthesizes useful knowledge from all available sources and prepares concise, documented reports on specific topics. Reports from this endeavor constitute an NCHRP report series, *Synthesis of Highway Practice*.

This synthesis series reports on current knowledge and practice, in a compact format, without the detailed directions usually found in handbooks or design manuals. Each report in the series provides a compendium of the best knowledge available on those measures found to be the most successful in resolving specific problems.

PREFACE

By Tanya M. Zwahlen
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This report compiles and documents information regarding state department of transportation (DOT) transportation-related small business programs. A primary objective of this research is to identify successful strategies that maximize Disadvantaged Business Enterprise (DBE) program achievements through race-neutral measures.

Information used in this study was acquired through a review of the literature, a survey of DOT DBE program liaisons, and manager’s representatives in all states. Follow-up interviews with multiple DOT DBE liaisons provided additional information.

Deirdre D. Kyle, D. Wilson Consulting Group LLC, Jacksonville, Florida, collected and synthesized the information and wrote the report. The members of the topic panel are acknowledged on the preceding page. This synthesis is an immediately useful document that records the practices that were acceptable with the limitations of the knowledge available at the time of its preparation. As progress in research and practice continues, new knowledge will be added to that now at hand.

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Note: Many of the photographs, figures, and tables in this report have been converted from color to grayscale for printing. The electronic version of the report (posted on the Web at www.trb.org) retains the color versions.

STATE DEPARTMENT OF TRANSPORTATION SMALL BUSINESS PROGRAMS

SUMMARY This project's objectives are to (1) gather and synthesize existing state department of transportation (DOT) transportation-related small business programs; and (2) identify successful strategies that maximize Disadvantaged Business Enterprise (DBE) program achievements through race-neutral measures.

For the purposes of this report, the definition of "race-neutral" from Title 49 Code of Federal Regulations Part 26, §26.5 (Part 26) is: "[A] Race-neutral measure or program is one that is, or can be, used to assist all small businesses. For the purposes of this part, race-neutral includes gender-neutrality." A definition of terms for this report can be found in Appendix A.

In §26.39(a) of Part 26, the regulation states: "Your DBE program must include an element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors."

The small business programs discussed in this report have not necessarily been endorsed by the U.S.DOT or evaluated for compliance with Part 26.39.

The report was developed by conducting a literature review of DBE programs, a survey of state DOTs, and interviews with DBE liaisons.

The survey focused on existing practices of small business programs regardless of funding sources and only on race-neutral means, which are aimed at removing barriers and enhancing opportunities for all small businesses, both DBEs and non-DBEs.

The survey was conducted between March 2 and May 18, 2012, with 42 states and the District of Columbia and Puerto Rico (44 total) out of 53 states and territories or 83% completing the survey. Because of an initial low response rate, follow-up telephone calls were made to identify the appropriate contact(s). Participants were allowed to complete the survey by phone. While administering the telephone surveys, interviews were conducted to gather additional information regarding their programs and to request available documentation.

The results of this study revealed several key findings. It was determined that 15 state DOTs had implemented separate small business programs to meet DBE goals prior to the inclusion of the small business element in the regulation. In many cases, these states use a modified definition of small business that is tailored to their geographic location and applied to state-funded highway construction projects only. For those states that have a 100% race-neutral program or are actively implementing race-neutral measures for federally funded projects, the small business definition mirrors the federal definition for a small business. It is important to note that there are variations in the definition of a small business concern, eligibility criteria, and certification processes between states because of the independent initiatives undertaken by several states to support small businesses. FHWA is working with all

states to create a uniform small business definition and modify existing programs as needed to help level the playing field for all small businesses.

Strategies for increasing small business participation that were rated most effective by survey respondents were not always those most commonly used, because a relatively small percentage of states have actively implemented race-neutral small business elements. States that are in transition may want to pilot test various strategies to evaluate their potential for success. One such strategy—restricting small contracts for small businesses—can have a high payoff; however, it may be challenging to implement, and may require a state DOT to seek enabling legislation or approval from the U.S.DOT to utilize this strategy on federally funded projects.

Survey respondents were most familiar with small business participation strategies that relate to outreach, training, and support, because a majority of states have implemented these types of practices as a part of their DBE program plan. To that end, it is evident that communication, networking, and supportive services are among the most effective tools for increasing DBE participation. Facilitating and improving communication between DBEs and prime contractors is seen as critical in helping DBEs effectively solicit work and perform successfully on state DOT projects. States are actively helping to build these relationships through online networking, meet and greet sessions, online contractor hubs, and proactive management of subcontractor project performance. Providing one-on-one consulting, training, and tools to help build the knowledge base and capabilities of DBE firms were also determined to be effective practices as derived from comments in the survey.

This synthesis is intended to enable a broad-scope evaluation of race-neutral small business program elements. It is important to note, however, that because a majority of the state DOTs are in the process of submitting or resubmitting their DBE program plans (which include the small business element) to U.S.DOT for comment and approval, many of the plans noted in the report may not fulfill the requirements of Part 26, §26.39. Further, many of the state DOTs are not planning on implementing their plans until they receive U.S.DOT approval. Nonetheless, several effective practices were identified by state DOTs related to outreach, supportive services, and electronic access because these are the most widely used by all states for DBE program participation. However, other methods such as alternative procurement strategies, restricted projects, and prime contractor incentives have been implemented on a very small scale and do not provide enough generalized data to prove their effectiveness across all states. Therefore, further research is recommended to evaluate the effectiveness of small business strategies in Federal Fiscal Year 2013–2014.

CHAPTER ONE

INTRODUCTION

This chapter presents the purpose of the report; background information; identifies the issues to be addressed based on the study scope; outlines the survey and interview process, with details presented in appendices; highlights problems and high profile issues to be covered in specific chapters; and describes the organization of the report. Topics to be covered include those listed here.

BACKGROUND

Effective January 28, 2011, U.S.DOT revised Part 26, which, among other things, required state departments of transportation (DOTs) to develop a small business element to their Disadvantaged Business Enterprise (DBE) programs as a means of maximizing race-neutral DBE participation. The small business element was to be a strategy to facilitate opportunities for small businesses, including DBEs, to participate in federally assisted contracts. Although this new requirement does not require state DOTs to create an actual “Small Business Program,” many transportation agencies across the country have and or are developing such programs as one way of complying with this requirement.

Some methods used by transportation agencies in response to this requirement are new procurement procedures that include unbundling large contracts, creating small business set asides on smaller projects (i.e., only small businesses can bid on contracts under certain dollar amounts), and letting contracts with items that must be subcontracted. Additionally, state and local governments as recipients of local and state transportation funding have policies to promote small business participation in their procurement and contracting processes. In most cases, the state and local government small business program is not sufficient or is too restrictive to be accepted by U.S.DOT.

This synthesis attempted to review all existing state DOT transportation-related small business programs. However, most programs reviewed apply only to recipients of FHWA funds; whereas, the small business elements applies to all U.S.DOT modes.

Many state DOTs have or are developing small business programs to comply with the recent revisions to the federal regulations that require DBE program plans to include a small business element that will facilitate participation on

federally assisted contracts for all small businesses, including DBEs. However, other than the U.S.DOT guidance (provided in Appendix B), there is little information available to assist states with compliance. This study provides state DOTs with a reference document/resource of existing DOT small business programs. Again, it should be underscored that not all programs included in this report have received U.S.DOT approval or are compatible with 49 CFR 26.39.

On January 28, 2011, U.S.DOT issued revisions to 49 Code of Federal Regulations (CFR) Part 26 regarding the inclusion of a small business element in state DOT’s DBE program. State DOTs were required to submit this element for approval to the U.S.DOT operating administration by February 28, 2012. The regulation provided the following strategies as suggestions to fulfill the small business element:

1. Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million).
2. In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.
3. On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
4. Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
5. Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform to meet the portion of your overall projected to be met through race-neutral measures.
6. Actively implementing program elements to foster small business participation. Doing so is a requirement of good faith implementation of your DBE program.

On December 11, 2011, the U.S.DOT provided guidance on implementation of §26.39 Fostering Small Business Participation. The complete guidance can be found in Appendix B.

STUDY APPROACH

This Synthesis project gathered relevant information through a literature review, survey of state DBE program managers, and individual interviews with DBE program managers.

LITERATURE REVIEW

The study consisted of a comprehensive search and review of information related to each state DOT's DBE and small business programs. A majority of this data was collected from online sources including state DOT websites. If available online the most recent version of the state's DBE plan was reviewed. In many cases, the version obtained was dated prior to the required update for inclusion of small business program elements. Also included was a review of any recent disparity studies referenced by the state DBE program liaison or representative. In addition, legal documents such as state resolutions and executive orders, as well as any legal proceedings related to the states' small business programs, were included.

To supplement this information and construct program summaries for various states with mature small business programs DBE program liaisons were asked to submit, along with survey responses, any relevant supporting materials related to their programs. Also, all available online presentations and marketing materials relating to the state's DBE and small business program were reviewed. Recognizing that information obtained from the Internet might be inaccurate or out of date, all state DOTs included in the program summaries were sent a copy of the review related to their state and asked to verify or update the information. Four of nine states that provided supporting materials responded to this request.

Historical context was also established by reviewing past TRB research reports and U.S.DOT guidelines, including *NCHRP Synthesis 416: Implementing Race-Neutral Measures in State Disadvantaged Business Enterprise Programs*.

The information acquired focused on existing practices of small business programs regardless of funding source and programs that use the following methods that are explicitly mentioned in the Part 26.39 regulatory guidelines (Fostering Small Business Participation):

- Structuring contracting requirements to facilitate competition by small business concerns (SBCs).
- Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors.
- Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million).
- In multi-year design-build contracts or other large contracts (e.g., for megaprojects) requiring bidders on the prime contract to specify elements of the contract or

specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.

- On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
- Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
- Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
- Other activities fostering small business participation.

Additional information gathered included the following:

- The number of states that have existing small business programs for state-funded contracts.
- The cost of the program, including staffing requirements.
- How state DOTs define their small business program.
- Whether the definition matches the federal definition of a small business program.
- If and how state DOTs verify small business.
- State regulatory and/or legal impediments to the implementation of a small business program in compliance with 49 CFR 26.39.
- State DOT range of contract sizes over the last five years (construction and consultant).
- Who decides the size of the contract and how it is decided.
- What dictates the size of the projects.
- How many states have existing locally funded supportive services to help small businesses compete on contracts.

SURVEY OF STATE DEPARTMENT OF TRANSPORTATION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM LIAISONS AND MANAGERS

A web-based survey of state DBE program managers was conducted between March 2, 2012 and May 18, 2012. The purpose of the survey was to gather and synthesize information related to existing state DOT transportation-related small business programs and identify strategies that maximize DBE program achievements through race-neutral measures. The survey was conducted by D. Wilson Consulting Group, a policy and research firm located in Jacksonville, Florida.

Contact information for DBE program liaisons representing 50 states, as well as the District of Columbia, Puerto Rico, and the Virgin Islands, was obtained from the U.S.DOT Office of Small Disadvantaged Business Utilization website. An initial e-mail was delivered to the primary contact for each state or territory on March 2, 2012. A follow-up e-mail

was sent on March 19, 2012. This initial contact resulted in a low response rate and small sample size (19 completed surveys) and an additional process of telephone calls was used to contact state DOT DBE program liaisons or managers and supplement the data with quantitative and qualitative information. This finding indicated a need for regular updates to the list of DBE liaisons that can be accomplished through an annual survey or when DBE plans are submitted. Once the appropriate person was identified, the DBE program liaison either complied or referred the survey to the appropriate program staff.

Follow-up telephone calls were made to all 34 states or territories that had not responded, and state DOT DBE program liaisons and alternate contacts were called an average of five times over a six-week period in an effort to reach the appropriate representative, encourage participation in the survey, and gather responses.

All phone contacts were given the opportunity to receive an e-mail with a link to the online survey or take part in a phone interview. A total of 26 e-mails were re-sent during this period, and nine DBE program liaisons or designated staff members chose to be interviewed. Interviews were specifically requested of those states that had a known small business program. Phone conversations were documented and entered into the online survey instrument with additional notes captured separately, if needed.

A total of 44 states and territories (out of 53) responded to the survey, a response rate of 83%.

Survey results were analyzed using an approach that incorporated both quantitative and qualitative analysis:

- **Quantitative analysis:** The survey responses were tallied and the resulting data were analyzed to determine the current state of DBE and small business practice for state DOTs, strategies that respondents found most and least effective, and challenges faced by DBE program liaisons in implementing small business elements.
- **Qualitative analysis:** State DOT's responses to open-ended questions were analyzed to identify patterns in the way states described their small business programs and challenges and impediments to implementing small business elements in fostering race-neutral participation. Respondents' comments were evaluated individually by question and integrated into the survey report. Comments gathered during telephone interviews were also analyzed and added to the report.

Supplemental documentation pertaining to each state's DBE and small business programs was requested as part of the survey and interview process. Documents were submitted by 13 states and reviewed as part of the overall analysis.

A copy of the e-mail invitation to state DBE program liaisons can be found in Appendix C. The follow-up reminder e-mail can be found in Appendix D. A copy of the survey questions is in Appendix E and a summary of survey responses is in Appendix F. A copy of the contact call list spreadsheet is provided in Appendix G.

APPROVED STATE DEPARTMENT OF TRANSPORTATION SMALL BUSINESS ELEMENTS

As of June, 2013, all but two states' programs had been approved.

CHAPTER TWO

SUMMARY OF LITERATURE REVIEW

The following chart summarizes the literature review of state DOT small business programs that have been in place for more than five years (Table 1). These are states with separate existing programs that were developed to increase participation in contracting for all small businesses, including increasing the use of DBEs in a race-neutral way.

Of the nine states that were reviewed and included in the program summary, seven are managed internally by the state DOT Civil Rights Office, whereas the other two have a cooperative agreement with an outside state certifying agency. Florida and New Hampshire have 100% race-neutral DBE

goals. New Hampshire does not have a formal separate small business program as do the other eight states; however, they utilize race-neutral measures to achieve the DBE goal.

Additionally, six of the nine state small business programs are supported by the state and apply to state-funded projects only. Florida received a waiver from FHWA to use its small business program on federally funded projects. New Jersey applies its small business program to federally funded projects; however, it only counts DBE participation toward the DBE goal. And, as mentioned earlier, New Hampshire uses race-neutral measures that apply to federal projects.

TABLE 1
LITERATURE REVIEW

State	Program Name	Legal Background	Managing Entity	SB Eligibility	Benefits	Goals	Small Business Participation Achievement	Additional Notes
California (Caltrans)	Small Business Enterprise (SBE)	Initial SBE legislation enacted February 1998. Executive Order to improve support for small business signed May 2006. Currently applies to state-funded projects only.	State of California Department of General Services (also certifying entity)	<ul style="list-style-type: none"> • Must be independently owned and operated; • Cannot be dominant in its field of operation; • Must have its principal office located in California; • Must have its owners (or officers in the case of a corporation) domiciled in California; • A business with 100 or fewer employees, and average annual gross receipts of \$14 million or less over the previous three tax years; or • A manufacturer with 100 or fewer employees. 	<p>5% bid preference on state solicitations. Cannot exceed \$50,000 in any single bid and \$100,000 combined preferences.</p> <p>Non-small business primes using SBE subs for at least 25% of net bid price are eligible for 5% bid preference.</p> <p>Prompt Payment Program pays higher interest penalties (0.25% per day) for late payment (>30 days) of construction invoices.</p> <p>Streamlined “SB/DVBE Option” to contract directly (with 2 price quotes) for goods, services, and IT valued between \$5,001 and \$249,999.99 and public works up to \$147,000.</p> <p>Listing in the online Certified Firm and Application Status Search</p>	25% of the state’s overall annual contract dollars.	N/A	
Colorado DOT (CDOT)	Emerging Small Business Enterprise (ESBE)	Authorized by Colorado State Legislature in 1992. Rules and funding approved by the Colorado Transportation Commission. Guidelines implemented by CDOT Center for Equal Opportunity. Program revamped in 2011. Currently applies to state-funded projects only.	CDOT	<ul style="list-style-type: none"> • Must be independently owned and operated. • Certified by secretary of state to do business in state of Colorado. • 50% of SBA size standard in the eligible areas of work (NAICS) • Level 1 ESB: construction < \$3M averaged revenues and consultants < \$1M. All others Level 2 • Must perform services in an eligible area of work (work codes) identified by CDOT for construction and consultants • Maximum revenue cap of \$11.205M 	<p>ESB Reserved construction and maintenance contracts: Less than \$1,000,000</p> <p>ESB Reserved consultant contracts: Less than \$150,000</p> <p>Financial incentive for Low-Bid awarded contracts: 0.5%–1% of project cost awarded to prime that meets optional target ESB goal percentage on project. Funded through project force accounts.</p> <p>Scoring points for Best Value awarded contracts: Up to 10 points on SOI evaluation for commitment to</p>	Optional target participation goals set on select projects. Percentage determined based upon a sliding scale relative to the DBE goal. Ranges from 5%–10%.	N/A	<p>ESB program is specific to CDOT only and does not apply to other Colorado state agencies or local agencies.</p> <p>Program overhauled in 2011 and many new elements are currently being piloted. Some are still waiting for internal approval.</p>

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TABLE 1
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State	Program Name	Legal Background	Managing Entity	SB Eligibility	Benefits	Goals	Small Business Participation Achievement	Additional Notes
					<p>meet optional target ESB participation goal percentage. Compliance enforced with a contractor “grade” that is factored into future project scoring for the prime.</p> <p>Some opportunities available for Level 1 ESB only.</p> <p>Small business support services provided through Colorado SBDC Network.</p> <p>Listing PDF Directory</p>			
Florida DOT (FDOT)	Business Development Initiative (BDI)	<p>The Business Development Initiative (BDI) is designed to support the Florida Department of Transportation’s (FDOT) efforts to increase competition, lower prices, and increase support to meet its contracting needs over the next ten years. § 337.025, Florida Statutes provides BDI the authority for innovative contracting and is designed to provide more opportunities and support for small businesses to move from subcontracting and sub consulting to prime contracting and consulting roles.</p> <p>The initial phase of the Business Development Initiative was first</p>	FDOT	<ul style="list-style-type: none"> Meet the small business definition as defined by USDOT 49 CFR Part 26.65; with the BDI cap at \$22.41 million. Submit a notarized affidavit on a form provided by FDOT attesting to meeting the definition of a small business, if awarded a contract (affidavit and profile sheet). Modified qualification requirement: provide a listing of contracts on which the firm has performed either as a prime or subcontractor or sub consultant (reference sheet) 	<p>Reserved construction and maintenance contracts: less than \$500,000</p> <p>Performance bond requirements waived for contracts under \$250,000. Bid bonds are \$500 for contracts over \$150,000.</p> <p>Modified qualification process. Bidders on reserved construction and maintenance contracts are not required to be prequalified for contracts over \$250,000.</p> <p>Reserved professional services contracts: less than \$500,000 for state funded and \$100,000 for federal funded. Professional service projects that are reserved require prequalification (no modification).</p> <p>Reduced liability insurance requirements</p> <p>All firms (prime and subs) that participate on the contract must be a small business.</p>	100% race-neutral program	<p>To date, 135 contracts (43 Professional Services, 60 Construction, and 32 Maintenance) have been awarded accounting for approximately \$60.5 million, which includes subcontracting work for small businesses; 43 more contracts will be offered as BDI contracts in FY12-13, for a total of 178 contracts.</p> <p>Approximately 132 different small business firms received work with FDOT from the BDI; 69 are DBEs.</p> <p>To date, 27 DBE firms were awarded contracts as a prime contractor.</p> <p>Since the approval from FHWA, the BDI strategies were used on 22 federal</p>	<p>March 2009, FDOT received approval from FHWA to use the BDI on federally funded projects, being the first of its kind, nationally to be considered.</p> <p>March 2012, FDOT received approval from FHWA and FTA.</p>

		implemented in fiscal year 2006–07. For the first six months, the pilot program was conducted in District 2. The other districts were added in January 2007. In March 2009 the Department received approval from the FHWA to use the BDI program on federally funded projects. This was the first program of its kind to be considered nationally.					funded contracts. Only one contract default The BDI has been successful for small firms to be a prime contractor and grow their business to eventually compete on larger contracts. Also, the BDI has been instrumental in creating much needed jobs.	
New Hampshire (NHDOT)	Race and gender neutral practices	NHDOT does not have a separate small business program. However, they have consistently met their DBE goal by implementing race- and gender-neutral practices.	NHDOT	<ul style="list-style-type: none"> • Same as DBE program 	DBE firms listed in the state DBE directory. DBEs have access to a list of work items typically subcontracted by Prime Contractors and Consultants. DBEs receive information regarding upcoming NHDOT and municipal projects.	FHWA overall DBE goal for 2012–2014 is 7.75% with 100% race-neutral.	N/A	NHDOT has the option to implement race-conscious goals on contracts if it is determined during the year that the overall annual goal may not be met by using race-neutral methods exclusively.
New Jersey DOT (NJDOT)	Emerging Small Business Enterprise (ESBE)	In response to a litigation claiming that its DBE program was unconstitutional, NJDOT introduced an ESBE program in 2003–2004. Plaintiffs in the litigation claimed that the DBE goals program impermissibly discriminates against white male-owned	NJDOT and NJ Commerce Commission	<ul style="list-style-type: none"> • Meets small business size standards according to U.S. SBA and NAICS. • Principal is a U.S. citizen or a legal permanent resident of the country. • Socially disadvantaged owner with net worth of less than \$1.32 million (not including primary residence or ownership equity in the company). • Company is a for-profit business. 	Restricted contracts: Select contracting opportunities reserved for ESBE firms only on federally funded projects. Prime incentive: Prime contractors who use first time DBE/ESBE/SBE receive credit toward their goal percentage equal to the actual dollar amount subcontracted to the DBE/ESBE/SBE. The total project credit limit is 2 percent of the total bid price not to exceed \$200,000.	Contract-specific ESBE goals for construction projects. Set ESBE goal amount equal to the overall DBE goal for professional services. DBE specific goals are used on contracts if overall goal is not being	NJDOT commissioned a study released in January 2011 of all construction and professional services prime contracts between fiscal years 2004 and 2006 with federal funding. The study examined the effect of replacing the DBE program with the ESBE	ESBEs are used only on federally funded projects. Either certified DBE or ESBE firms may be used to satisfy ESBE goals. NJ has a similar SBE program that is only used on state-funded projects and is managed by the

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TABLE 1
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State	Program Name	Legal Background	Managing Entity	SB Eligibility	Benefits	Goals	Small Business Participation Achievement	Additional Notes
		<p>firms [GEOD v. State of New Jersey, Civil Action No. 01-2656 (SRC) (D.N.J.)].</p> <p>Currently applies to federally funded projects only.</p>		<ul style="list-style-type: none"> • Same criteria as DBE without race/gender requirement. • All DBEs are automatically considered ESBEs. 	Listing in PDF directory	<p>met through ESBE Program.</p> <p>A contract can only have an ESBE goal or a DBE goal.</p>	<p>program.</p> <p>For the period analyzed, the DBE share fell, both in terms of the number of contracts and the dollars awarded. The net effect of the ESBE goal on the DBE share was negative 71 percent.</p>	<p>NJ Commerce Commission. This is a race- and gender-neutral program requiring 25% of state contract and purchase order dollars to be awarded to SBES.</p>
North Carolina DOT (NCDOT)	<p>Small Business Enterprise (SBE) Program</p> <p>Small Professional Service Firm (SBSF) Program</p>	<p>The SBE program was created by state statute G.S. 136-28.10 Highway Fund and Highway Trust Fund Small Project Bidding. Established by Senate Bill 26, § 65 of the 1993 session of the General Assembly. The program was approved by the Board of Transportation in December 1993 and established by the NCDOT in March 1994.</p> <p>Currently applies to state-funded projects only. U.S.DOT approved its use on federal projects in June 2012.</p> <p>The SPSF program was implemented in April 2008. Recently received approval by the NC General Assembly to let design project under \$250,000.</p>	NCDOT	<ul style="list-style-type: none"> • Certification with submission of applicable forms. Audit system to review tax information to ensure firms are within the criteria of the program every 2–3 years. • Any business that is established for profit. • Must be independently owned. • Annual gross income of less than \$1,500,000, excluding materials. 	<p>SBE Restricted contracts: For Highway Fund or Highway Trust Fund construction, repair, and maintenance projects of \$500,000 or less. Solicit at least 3 informal bids from SBEs and award contracts to the lowest responsible SBE bidder.</p> <p>New federal program will have the same criteria.</p> <ul style="list-style-type: none"> - NC General Contractor's license may be waived. - Contract payment and performance bonds may be waived. - Listed in online directory. - SBE restricted bids posted online. <p>SBSF Set-asides: Developed to provide subconsulting opportunities for small professional service firms to compete against other comparable subconsulting firms on federal, state, or locally funded projects. If all bidders are equal on the evaluation review, then those qualified firms with proposed SPSF participation will be given priority consideration.</p>	<p>No separate goals are set for SBE participation.</p>	<p>Between 2004 and 2008, 207 contracts were awarded to small businesses for \$144,645,000. Minority and women DBE firms received 20.3% of the contracts.</p>	<p>Typical work that may be let under the SBE program includes, but is not limited to, grubbing, clearing, and grading; hauling stone and other materials; erosion control; paint striping; drainage (pipe, curb and gutter, catch basin, etc.); signal installation; landscape planting; fencing and guardrail.</p> <p>The current program also includes Ferries, Rail, Aviation, Bike and Pedestrian and Transit.</p>

<p>Oregon DOT (ODOT)</p>	<p>Emerging Small Business (ESB) Program Small Contracting Program (SCP)</p>	<p>The ODOT ESB program grew out of the 1989 legislative session. It began as a pilot program and became a permanent program in 1991. The ESB program was not active during the late 1990s, but in 2000–01 the program was reactivated. The Oregon ESB program is currently governed by ORS Chapter 200.</p> <p>Oregon State Statutes provide that ODOT will deposit with the state treasurer an amount equal to not more than 1% of each public improvement highway construction contract into the ESB account within 30 days of the contract award. This has been limited to contracts 100 percent financed with State Highway Trust Fund dollars.</p> <p>The Oregon Constitution mandates that the state only spend highway trust funds on highways. Consequently, no ODOT funds can be spent on support services for ESBs</p>	<p>ODOT</p>	<p>ESB Criteria</p> <ul style="list-style-type: none"> • Have its principal place of business located in Oregon. • Have average annual gross receipts over 3 years of: Tier I \$1,671,177 for construction firms, \$668,471 for other; Tier II \$3,342,354 for construction firms, \$1,114,118 for other. • Tier I: <20 employees • Tier II: <30 employees • Be an independent business (not a subsidiary) • Be properly licensed and legally registered in this state • 12 years max. participation <p>SCP Criteria</p> <ul style="list-style-type: none"> • General construction contractor <\$22,410,000 (DBE) and \$33,500,000 (MWBE) • Specialty construction contractor <\$14,000,000 • Engineering/Architecture/Surveying <\$4,500,000 • Non-construction firms NAICS size standard 	<p>Set-asides for ESBs: Determination made by ODOT ESB Manager for projects <\$100k. No restriction on project type but typically maintenance and capital construction. Moving toward personal services, surveying, consulting, vertical construction.</p> <p>Projects selected based upon geographic and work type diversity, ESB concentration (greater Portland).</p> <p>Other state agencies can use ESB set-aside for projects <\$50k.</p> <p>Mentor-Protégé Program by project</p> <p>Training assistance (\$300k budget)</p> <p>Waiver for performance and bid bonds</p> <p>SCP Set-asides for Professional Services: Prime SB consultant contracts valued at \$74,990 annually or less. Notice to registered firms only (8–10 from list). Preference to firms with no existing ODOT prime contracts. May go to large firms but typically requests sent out to small firms.</p> <p>SCP Set-asides for Construction: Pre-qualified SB prime contracts at \$100,000 or less. Notice via RFP with pre-qualification. Limited selection pool (3). Consideration may be given to contractors without existing prime contract. Final selection based on low bid. May go to large firms but</p>	<p>The ESB program is authorized to set goals on larger highway and bridge contracts. There are aspirational ESB goals in ODOT advertisements for projects but prime contractors have no contractual obligation to meet these.</p>	<p>Not available for ESB Program</p> <p>Between 2007 and 2011 the percentage of total contracts awarded to certified small businesses under SCP has been between 53 and 63 percent.</p>	<p>During 2007–2009, ODOT set aside more than 70 new projects with an estimated value of more than \$2.8 million for exclusive bidding by Oregon firms with ESB designation.</p> <p>2010—\$6.4 million of \$7 million budget dedicated to creating ESB opportunities. Currently have identified 130 projects.</p> <p>75% of DBE goal met with race-neutral means.</p> <p>Primarily used on highway maintenance services. The state has a cost share program for maintenance work marketed to district maintenance offices. If a district identifies a contract, the state pays 75% of the cost and the district pays the remaining 25%.</p> <p>Small Contracting Program (SCP) encourages small business participation but it is tailored toward</p>
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TABLE 1
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State	Program Name	Legal Background	Managing Entity	SB Eligibility	Benefits	Goals	Small Business Participation Achievement	Additional Notes
					typically requests sent out to small firms. Small business support services provided through Oregon SBDC Network.			small projects—any firm can bid if it is pre-qualified for the program.
Texas DOT (TxDOT)	Small Business Enterprise (SBE) Program	Authorized by state law 43 TAC §9.55 adopted July 2000 and updated with repeal and revision of new Subchapter K §9.300 – 9.333 in June 2012. Rules governed by Texas Transportation Commission. Currently applies to state-funded projects only.	TxDOT	<ul style="list-style-type: none"> Meet the U.S. Small Business Administration (SBA) size standards At least 51% of the assets and interest and/or classes of stock and equitable securities must be owned by one or more persons who are United States citizens or lawfully admitted permanent resident. 	<p>Learning, Information, Networking, Collaboration (LINC) Mentor-Protégé Program: TxDOT mentors small and minority-owned businesses interested in doing business with TxDOT. The program focuses on construction, goods and services, information technology, and professional services.</p> <p>DBE/HUB/SBE Industry Liaison Meetings: Quarterly meetings that provide an opportunity for the small and minority businesses development community to provide input and recommendations to TxDOT DBE/HUB/SBE programs.</p> <p>Small Business Briefings: Conducted around the state to provide contract opportunities and information on how to do business with TxDOT and the state in construction, goods and services, information technology, and professional engineering.</p> <p>TxDOT Specialized Workshops: Training on various business development and technical industry topics.</p>	<p>Mandatory overall annual SBE participation goals. Individual contract goals may be assigned as necessary to achieve the overall goal.</p> <p>Set SBE goals for federally funded contracts that do not meet the criteria for establishing a DBE goal.</p>	N/A	The SBE program is applicable to all highway construction and maintenance contracts funded entirely with state and local funds. Professional services are not included in the SBE program unless it is for a federally funded contract that does not meet the criteria for a DBE goal.
Virginia DOT (VDOT)	Small, Women-owned, and	On August 10, 2006, Governor Timothy Kaine signed	Virginia Department of Minority	<ul style="list-style-type: none"> 51% independently owned and controlled by one or more individuals who are 	Small Business Set-Aside Program: Certain Commonwealth statewide	Commonwealth overall SWaM goal of 40%.	N/A	

	<p>Minority-owned Business (SWaM) Program</p>	<p>Executive Order No. 33 (2006) focusing on enhancing business opportunities for small, women- and minority-owned (“SWaM”) businesses.</p> <p>The regulations that govern the SWaM Certification Program are found in the Virginia Administrative Code (7 VAC 10-21-10).</p> <p>Applies to state and federally funded projects.</p>	<p>Business Enterprise (“DMBE”)</p>	<p>U.S. citizens or legal resident aliens, and together with affiliates.</p> <ul style="list-style-type: none"> • 250 or fewer employees or average annual gross receipts of \$10 million or less averaged over the previous three years. • DBE firms not exceeding SWaM size standards automatically receive SWaM status upon certification. 	<p>and agency procurements up to \$50,000 may be set-aside only for competition between small businesses and large businesses will not be permitted to participate.</p> <p>SB Preference: Certain Commonwealth purchases over \$50,000 may be awarded to other than the lowest bidder or most successful offeror, if there is a reasonably priced or reasonably ranked small businesses that is other than the lowest bidder or highest ranking offeror.</p> <p>Small Purchases: Only one small business is required to be solicited for work below \$5,000.</p> <p>Listed in SWaM Vendor Directory</p>	<p>SWaM firms working on federally funded contracts are not counted toward credit for DBE participation toward attainment of DBE goal.</p>		
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N/A = not available.

CHAPTER THREE

SUMMARY OF SURVEY RESPONSES

The following is a summary of the 44 state DOTs that responded to the survey or participated in a phone interview.

**STATE DEPARTMENT OF TRANSPORTATION
MANAGED DISADVANTAGED BUSINESS
ENTERPRISE PROGRAMS**

Each state DOT was required to submit a revised plan by February 28, 2012. In several of the phone interviews, the DBE program liaisons indicated that they have submitted a revision to U.S.DOT by the deadline as required for a small business element and were either waiting for approval or in the process of making revisions and re-submitting based on U.S.DOT rejecting their original plan.

Of the states responding to the survey, 17 were still waiting for approval of their small business element; therefore, they did not have a definite date for implementing their new plans (Table 2). U.S.DOT is allowing 9 months after plan approval for implementing small business elements. More than half of the states that responded anticipate launching their new small business element in 2012.

For those that indicated they did not have a specific date for implementing the plan, ten states provided comments stating that they will be implementing the new program elements within the 9 month timeframe mandated by U.S.DOT. Most reported that they anticipate needing the entire 9 months to effectively implement program elements. Five states noted that they would be implementing the plan as soon as they receive plan approval from U.S.DOT. The remaining five states providing comments reported that they were awaiting approval or had provided an exception based on their current program or association with another agency such as a state's Commerce Department.

In most cases (74.4%), the state's legislature is not involved in approving or regulating the state DOT's small business program (see Figure 1). Only California, Colorado, Iowa, North Carolina, and Washington State noted having state legislative action requirements and each of these states already had a separate small business program in place prior to the U.S.DOT regulation to include small business elements. For three of the states, the legislative process took approximately one year for approval of the small business program, whereas it was more than two years for one state.

When all states were asked if there were any state legislative or legal impediments to implementing a small business program within the organization, a majority of the respondents said no. However, some legal impediments were uncovered relative to state laws that prohibit limiting contracting opportunities based on business size or other factors (set-asides) and, therefore, many states have developed a small business program that follows state statutes.

The following comments were received from representatives at various state DOTs:

1. "Yes, there are impediments with respect to limiting contracting opportunities based on business size, as there is no authority in the state's public contracting code to do so. However, [state DOT] SBE works around this issue by targeting supportive services and outreach to small businesses and providing small contracting opportunities."
2. "If we were to implement small business set-asides (which we will not do at this time), it would require legislative action to change state law."
3. "We structured our plan to follow State Statute; otherwise we would not be able to implement the plan without legislative approval, which would likely not be forthcoming."
4. "We cannot apply the small business element to state funds because we are legally enjoined from applying the DBE program goal setting to state-only funded projects."
5. [State DOT] "does have an existing state SBE program and there were some fundamental issues in terms of designating a separate federal SBE program."
6. "We believe we have developed a U.S.DOT compliant program under the legislation but would need to go through the legislative process for a broader program."

PROJECT SIZE

State DBE program managers were also asked to provide information related to their contracting activities. This can be used as a gauge for determining if adequate opportunities exist for small businesses. Smaller contracts and unbundling of larger contracts can lead to increased participation by all small businesses, including DBEs.

TABLE 2
DBE PLAN IMPLEMENTATION DATES

Implementation Date	No. of States	Percent
January–March 2012	10	22.7
April–June 2012	3	6.8
July–September 2012	3	6.8
October–December 2012	8	18.2
Don't Know (please explain)	20	45.5
Total	44	100

The average size of a construction contract for a majority of the states that responded (19) is between \$1 million and \$5 million. The size of the state does not appear to be a factor in how large is the average contract size. For example, the four states with average contracts of \$1 million or less are Maine, Minnesota, South Dakota, and Wyoming, whereas the two states with an average size of more than \$10 million are Rhode Island and Texas. This leads to a conclusion that each state has individual procurement methods that may support smaller contracting opportunities regardless of the total budget or infrastructure needs.

Table 3 presents the varying levels of construction prime contracts. It is important to note that for all procurement-

related data there is a significant percentage of “don’t know” responses.

As expected, the average size of construction subcontracts is typically much smaller for all states (Table 4). The majority of states (15) have an average size of \$350,000 or less, and 19 states reported an average size of less than \$750,000. Only two states, Rhode Island and North Carolina, reported having average construction subcontracts of \$1 million to \$5 million. In general, states with smaller average size prime contracts have smaller average subcontracts. For example, North Carolina reported an average prime contract size of \$5 to \$10 million, which would correlate to the larger subcontract size. However, it also opens up opportunities for additional unbundling that may foster additional small business participation.

Consultant prime contracts for all state DOTs are generally smaller than construction prime contracts, which is expected given the nature of transportation projects (Table 5). Several states indicated that most of their design work is performed in-house and therefore the average dollar amount is low. All state representatives that knew the dollar value of prime

Did/Does your state require legislative action to implement your SBE program?

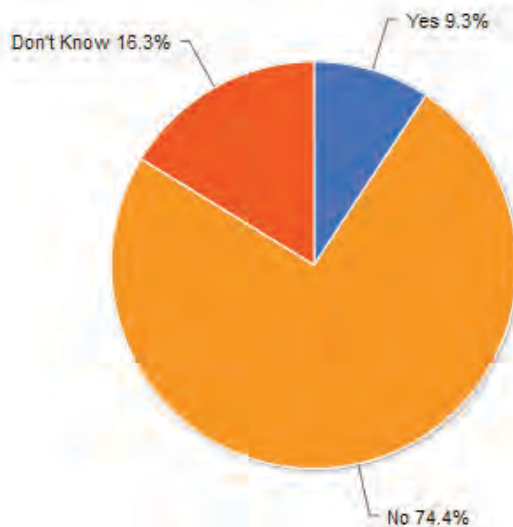


FIGURE 1 Legislative action.

TABLE 3
AVERAGE SIZE OF CONTRACTS

Average Size of Prime Construction Contracts	No. of States	Percent
\$500,000 or less	1	2.4
\$500,001 to \$1,000,000	3	7.1
\$1,000,001 to \$5,000,000	19	45.2
\$5,000,001 to \$10,000,000	6	14.3
Over \$10,000,000	2	4.8
Don't Know	11	26.2
Total	42	100

TABLE 4
AVERAGE SIZE OF SUBCONTRACTS

Average Size of Construction Subcontracts	No. of States	Percent
\$150,000 or less	9	22
\$150,001 to \$350,000	6	14.6
\$350,001 to \$750,000	4	9.8
\$750,001 to \$1,000,000	0	0
\$1,000,001 to \$5,000,000	2	4.9
Over \$5,000,000	0	0
Don't Know	20	48.8
Total	41	100

TABLE 5
AVERAGE SIZE OF CONSULTANT CONTRACTS

Average Size of Prime Consultant Contracts	No. of States	Percent
\$500,000 or less	9	22
\$500,001–\$1,000,000	9	22
\$1,000,001–\$5,000,000	6	14.5
\$5,000,001–\$10,000,000	0	0
Over \$10,000,000	0	0
Don't Know	17	41.5
Total	41	100

consultant contracts (24) listed the average as \$5 million or less. Three-quarters (18 of 24) indicated that the average is less than \$1 million.

Similar to construction subcontracts, the average size of consultant subcontracts correlates to the average size of consultant prime contracts (Table 6). All state representatives (19) who knew the dollar value of subconsultant contracts listed the average as \$750,000 or less. Eighteen of 19 indicated that the average is less than \$350,000. This size contract creates significant opportunities for small business; however, the frequency and overall dollar amount spent on design/consultant contracts is generally less than construction for all state DOTs.

PROCUREMENT STRUCTURES

Organizational structures (e.g., how projects are determined, which departments are responsible for contracting) within state DOTs is also an indicator of how easy or difficult it may be

to implement small business elements such as restricted projects or prime contractor specifications for utilizing small business subcontractors. Most agencies reported that there are specific discipline-based departments (e.g., engineering, professional services contracting) responsible for making decisions related to how contracts are structured for letting and the size of those contracts.

A majority of states responding (33 of 40) indicated that the highway construction/engineering contracting department is responsible for determining how construction contracts are structured for letting. In some cases contracts or procurement (four of 40 states) are responsible (Table 7). The process may also be a collaboration of departments such as program development and contract administration or regional engineers and contracts.

Similarly, architectural/engineering (A&E) or consultant-type contracts are typically structured by the A&E/professional

TABLE 6
AVERAGE SIZE OF CONSULTANT SUBCONTRACTS

Average Size of Consultant Subcontracts	No. of States	Percent
\$150,000 or less	11	27.5
\$150,001 to \$350,000	7	17.5
\$350,001 to \$750,000	1	2.5
\$750,001 to \$1,000,000	0	0
\$1,000,001 to \$5,000,000	0	0
Over \$5,000,000	0	0
Don't Know	21	52.5
Total	*41	100

*One state provided two responses.

TABLE 7
PROCUREMENT PROCESS

Responsible Party	No. of States	Percent
Highway Construction/Engineering Contracting	33	82.5
Procurement/Purchasing	2	5
Other (please describe)	5	12.5
<ul style="list-style-type: none"> • Capital program development and management • Collaborative effort between the program development division and contract administration • Contract services administrator, oversees the competitively bid contracts coordinator • Contracts division • Region field techs, engineers—most requirements come from the regions 		

TABLE 8
PROCUREMENT A&E PROCESS

Responsible Party	No. of States	Percent
A&E/Professional Services Contracting	28	71.8
Procurement/Purchasing	1	2.6
Other (please describe):	10	25.6
<ul style="list-style-type: none"> • Bureau of design • Collaborative effort between the program development division and contract administration • Contract services administrator, oversees the consultant control coordinator • Contracts division • Engineering division • Executive director/legal counselor • Most of our design work is done in-house • Same as the construction contracts • Office responsible for work requests use of consultant and their division director grants approval to perform selection. Office request outlines services needed. 		

services contracting department (28 of 39 states) (Table 8). This process is more diversified across state DOTs, but generally collaboration also happens with contract administration.

The size of a contract is typically determined based on the scope of work, engineer’s estimate, and available budget. In some cases, state DOTs may also review factors such as the

project location, priority/need, safety, and anticipated bidders. Budget is a primary factor that dictates the size and priority of a project. Reviews by executive management, contract administration, and DBE committee were also cited as factors in the process of determining size. There were no comments related to unbundling or considering small business participation as a part of determining the size of a project.

CHAPTER FOUR

EXISTING SMALL BUSINESS PROGRAM ELEMENTS AND EFFECTIVE PRACTICES

This chapter synthesizes existing state DOT transportation-related small business programs and focuses on effective practices as identified by state DOTs.

Although most states currently do not have a small business program in place other than the race-conscious DBE program, 15 of the 43 states and territories responding (32.6%) indicated they have a separate state-funded small business program (see Table 9).

STATE DEPARTMENT OF TRANSPORTATION DEFINITIONS OF SMALL BUSINESSES

A majority of the states with a small business program (9 of 15) have established program definitions that mirror those set out in Part 26. This includes that a SBC, with respect to firms seeking to participate as DBEs in DOT-assisted contracts, have gross receipts averaged over a three-year period that do not exceed the size standards set forth in 13 CFR Part 121 associated with the type of business it performs on federally assisted contracts, and in no case exceeds \$22.41 million. Nearly one-third of these states also have personal net worth criteria that conforms to the PNW limit of \$1.32 million as set forth in the DBE program, while the remaining states do not enforce a personal net worth limit. Responding states with a small business program definition that is different from the CFR are described in Table 10.

OPERATING COSTS

There were five states that provided information regarding the annual cost of managing their respective small business programs. These costs include staffing requirements that may be in addition to staff utilized for the DBE program (Figure 2). Two of the states indicated that the amount is less than \$50,000 per year, whereas another two states listed the cost as from \$50,000 to \$100,000. One state noted that the annual management cost is between \$300,000 and \$500,000. The remaining states had not tracked or did not know the cost of managing their program.

CERTIFICATION PROCESS

Ten states with small business programs have a formal certification process in place for their program. This requires that staff confirm the business size and/or personal net worth of

the applicant. Other examples provided by the state DOTs concerning their certification process included the following:

1. Application that requires business, personal, and affiliate tax returns.
2. Firm must provide notarized statement of compliance with the size standard.
3. Size standard is reviewed and verified.
4. Firm will undergo the same scrutiny as a DBE certification application.
5. Firm's annual gross does not exceed \$4 million over a three-year period.
6. The Emerging Small Business Enterprise (ESBE) program mirrors the DBE program in terms of the certification process and eligibility standards.
7. We have an audit system that audits every firm over a two-year period to ensure that they are in compliance.
8. Small businesses' personal net worth (PNW) and firm size will be verified for participation in the Small Business Enterprise (SBE) program.
9. There is a registration process for the Small Contracting Program. The staff does not check the PNW or business size of all participants. However, participation by DBE, Minority/Women-owned Business Enterprise (M/WBE), and Emerging Small Business (ESB) is tracked, all of which must be certified and meet small business size standards as already stated.

A few of the state representatives commented that it is a daunting task to certify small businesses separately from DBE firms and maintain a directory with current staff. One DOT said, "We do not have a formal process in place to certify Small Business Enterprises. Our plan for online certification was rejected because it was considered 'self-certifying' even though we intended to review the applications once they were submitted."

This presents a challenge for small businesses as well, because a majority of states do not have a unified certification program in place for small businesses similar to the Unified Certification Program used for the DBE program. Creating a centralized system is advisable to streamline multiple agency certifications and reduce the redundancy and complexity for small and disadvantaged firms.

For eight of the states, DBE-certified firms are automatically qualified to participate in the small business program.

TABLE 9
EXISTING SMALL BUSINESS PROGRAMS

State DOT	Small Business Program Name	Length of Time Program Had Been in Place
Indiana	Small Business Program	<6 months
Minnesota	Small Business Program	<6 months
Washington D.C.	Small Business Program	<6 months
Washington State	Small Business Enterprise Program	<6 months
Connecticut	Small Business Participation Program	1–5 years
Iowa	Small Business Development Program	1–5 years
California	Small Business Enterprise Program	>5 years
Colorado	Emerging Small Business Program	>5 years
Florida	Small Business Program	>5 years
North Carolina	Small Business Enterprise Program	>5 years
New Hampshire	Race-Neutral Practices That Promote Small Business Utilization	>5 years
New Jersey	Emerging Small Business Enterprise Program	>5 years
Oregon	Small Contracting Program/Emerging Small Business Program	>5 years
Texas	Small Business Enterprise Program	>5 years
Virginia	Small, Woman & Minority Owned Business Program	>5 years

Four states provided additional information regarding why DBE firms do not automatically qualify.

1. DBE must apply to the ESB program.
2. They have to show that their gross is less than or equal to \$1.5 million minus materials.
3. Under the DBE program they can have a greater size, up to \$22.41 million; SBC only up to \$4 million.
4. When the Small Contracting Program was first created existing DBEs were automatically signed up; however,

new DBEs must register to participate and are encouraged to do so during outreach events.

SMALL BUSINESS DIRECTORY

Only five of the states with small business programs maintain an online small business directory (Table 11). The other eight states that responded do not have a separate directory. Eleven states provided the number of small businesses that are currently certified or eligible to participate in their small

TABLE 10
SMALL BUSINESS PROGRAM DEFINITIONS

State DOT	Definition
Colorado	One-half SBA size standard, capped at one-half of DBE size limit.
North Carolina	Sets a limit of \$1.5 million gross minus materials and an independent firm to be eligible.
Oregon	ODOT identifies “small business” participation by tracking contracting and subcontracting with Disadvantaged Business Enterprise (DBE), Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE), and Emerging Small Business (ESB) firms that are certified by Oregon’s Office of Minority, Women and Emerging Small Business (OMWESB). ODOT’s CRCT database is updated nightly with current certification data from OMWESB, and these data are used to report on small business participation on ODOT contracts. DBE size is per the 49 CFR 26; M/WBE is per size standards as defined by the Small Business Administration, North American Industry Classification System Codes (NAICS) size standards; and ESB includes two tiers: (1) For Oregon-based firms with 19 or fewer employees, whose average annual gross receipts over the last three years are under \$1,699,953 for construction firms and under \$679,981 for non-construction-related firms, and (2) for Oregon-based firms with 29 or fewer employees whose average annual gross receipts over the last three years are under \$3,399,907 for construction-related businesses and under \$1,133,302 for non-construction businesses.
Texas	The Small Business Enterprise (SBE) Program offers small businesses another avenue of maximizing their opportunities of doing business with TxDOT. The program applies only to highway construction and maintenance projects that are funded entirely by state and/or local funds.

What is the overall estimated annual cost of the Small Business Program (including staffing requirements)?

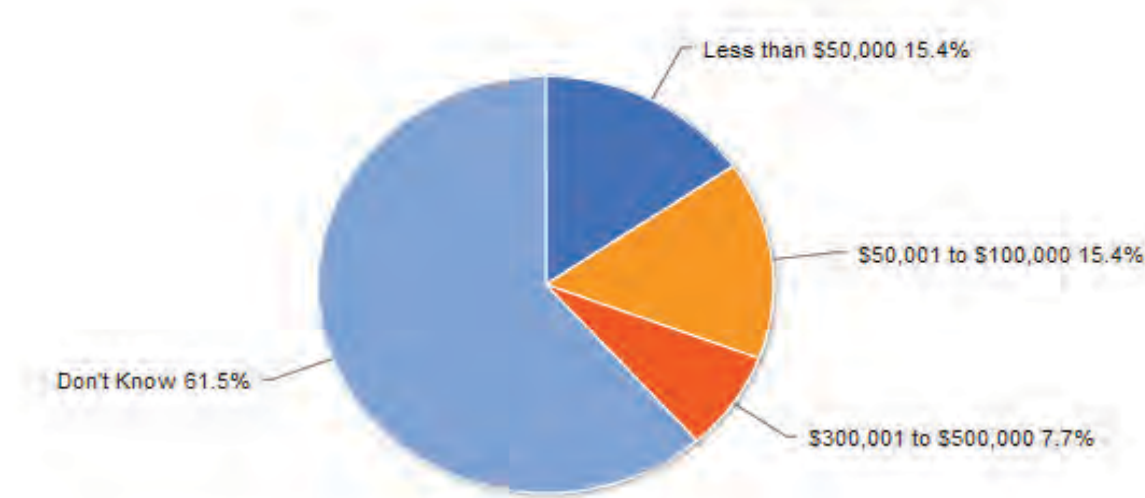


FIGURE 2 Operating costs.

business program. A majority of states have less than 150 small business participants in their program and the average was 138. Only North Carolina has more than 500 small business participants.

METHODS OF FOSTERING SMALL BUSINESS PARTICIPATION

U.S.DOT provided guidelines in the regulation of various methods of fostering small business participation in federally assisted transportation contracts. These guidelines include:

1. Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million).
2. In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.
3. On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting oppor-

tunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.

4. Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.
5. To meet the portion of your overall goal you project to meet through race-neutral measures, ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.
6. Actively implementing program elements to foster small business participation. Doing so is a requirement of good faith implementation of your DBE program.

In an effort to determine the methods that have been successful, all state DOTs were asked which of these methods they had used and were asked to rate the effectiveness of each tactic. These questions, as well as all other program information questions, were not required on the survey and therefore the total response count varies.

A total of 22 states had structured contracting requirements for small businesses (Table 12). This was the most used strategy of all U.S.DOT recommended methods for fostering small business participation. Of the 20 states that rated effectiveness, 16 found it to be effective, very effective, or extremely effective. This was perceived as the best method of all five strategies. Only one state DOT did not find this method effective.

The second most used method for increasing small business participation was unbundling contract requirements. A total of 18 responding states had used this method and 13 found it effective, very effective, or extremely effective.

TABLE 11 SMALL BUSINESS DIRECTORY

No. of Small Businesses	No. of States	Percent
<50	2	18.2
50–100	1	9.1
101–150	2	18.2
151–200	0	0
201–300	0	0
301–500	1	9.1
>500	1	9.1
Don't Know	4	36.4

TABLE 12
SMALL BUSINESS UTILIZATION METHODS

Method	Have Used	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Total Responses
Structuring contracting requirements to facilitate competition by small business concerns	51.3% 20	2.6% 1	7.7% 3	12.8% 5	10.3% 4	17.9% 7	100.0% 39
Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors	46.2% 18	5.1% 2	7.7% 3	15.4% 6	12.8% 5	5.1% 2	100.0% 39
Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million)	23.1% 9	2.6% 1	2.6% 1	5.1% 2	5.1% 2	7.7% 3	100.0% 39
In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.	25.6% 10	2.6% 1	7.7% 3	5.1% 2	5.1% 2	5.1% 2	100.0% 39
On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.	23.1% 9	7.7% 3	7.7% 3	2.6% 1	2.6% 1	2.6% 1	100.0% 39

tive. A representative from one state DOT stated, “We have attempted to unbundle contracts but this has not significantly increased DBE participation as primes but it has improved subcontracting opportunities and DBE participation on megaprojects.”

Twelve states have used set-aside or restricted project procurements for eligible small businesses only. Of those that had used this method and ranked its effectiveness, seven of nine found it to be effective, very effective, or extremely effective. Again, one state DOT found this method to not be effective at all for fostering small business participation. However, a representative from another state DOT stated that they “are following the regulations as outlined and have submitted our plan with a focus on using restricted projects of less than \$400,000 as our primary strategy.”

Based on follow-up phone interviews, most of the states that use the set-aside method only do so for state-funded projects that do not have any federal assistance. For several states, this method was not permissible under current state law and therefore could not be implemented. Table 13 presents a list of responding states that use small business set-asides and the dollar limit for those restricted projects.

A total of ten responding states had attempted to require prime contractors to specify elements or specific subcontracts on a megaproject that would be of an appropriate size that a small business or DBE firm could perform. Six of the ten states found this to be effective, very effective, or extremely effective. One state DOT did not find this method effective at all.

The least effective method for fostering small business participation was requiring prime contractors to provide subcontracting opportunities for small businesses and DBEs on contracts without DBE goals. Only New Jersey has found this to be extremely effective; however, the DBE Liaison Officer could not be reached to learn more about how they structure this requirement to make it successful.

ADDITIONAL METHODS

Two additional methods were provided to survey participants for effectiveness ranking related to fostering small business participation. These methods have been cited by various states DOTs as practices that may assist small businesses in contracting. The methods and the ratings are included in Table 14.

TABLE 13
SET-ASIDE METHODS

State DOT	Dollar Threshold
Arizona	\$50,000
Colorado	\$500,000–\$1,000,000
Florida	\$500,000
Iowa	\$100,000
Mississippi	\$500,000–\$1,000,000
North Carolina	\$500,000
Nevada	\$250,000
Oregon	\$100,000
Rhode Island	\$500,000
Virginia	\$500,000
Washington	\$25,000

The more successful of these two alternative methods is ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform. This is related to unbundling contract requirements, but is actually perceived to be more effective. Fifteen of the 17 states that have used this method found it to be effective, very effective, or extremely effective.

Identifying alternative acquisition strategies for small business joint ventures or consortia is also viewed as somewhat effective; however, this method was used by the least number of responding states.

SUCCESSFUL STRATEGIES USED BY STATE DEPARTMENTS OF TRANSPORTATION WITH SMALL BUSINESS PROGRAMS OPERATING FOR MORE THAN FIVE YEARS

There are nine state DOTs that have had state-funded Small Business Programs in place for more than five years. These states have been able to test a variety of small business participation practices on a long-term basis. By separately analyzing these state's responses, other states can learn which of

the various recommended methods for fostering small business participation have been most successful. Tables 15–21 show a breakdown of the ranking for each method by state.

1. Structuring contracting requirements to facilitate competition by SBCs (Table 15).
2. Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors (Table 16).
3. Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million) (Table 17).
4. In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform (Table 18).
5. Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts (Table 19).
6. On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.
7. Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform (Table 20).

A comparison of state DOTs with mature Small Business Programs shows that, in general, all of the states that had used any of the recommended methods found them to be at least somewhat effective. The most effective methods were Method 3, establishing a race-neutral small business set-aside for prime contracts under a stated dollar amount, and Method 1, structuring small business contracting requirements to facilitate competition by small business concerns. Most of the states

TABLE 14
ADDITIONAL SMALL BUSINESS METHODS

Method	Have Used	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Total Responses
Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform	44.7% 17	2.6% 1	2.6% 1	13.2% 5	10.5% 4	15.8% 6	100.0% 38
Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts	27.8% 10	5.6% 2	5.6% 2	8.3% 3	8.3% 3	0.0% 0	100.0% 36

TABLE 15
STRUCTURING CONTRACTING REQUIREMENTS TO FACILITATE COMPETITION
BY SMALL BUSINESS CONCERNS (Method No. 1)

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California					X	
Colorado		X				
Florida						X
North Carolina					X	
New Hampshire						X
New Jersey					X	
Oregon						X
Texas						X
Virginia						X

TABLE 16
UNBUNDLING OF CONTRACT REQUIREMENTS TO FACILITATE SMALL
BUSINESS PARTICIPATION IN PROCUREMENTS AS PRIME CONTRACTORS
OR SUBCONTRACTORS (Method No. 2)

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California						X
Colorado	X					
Florida						X
North Carolina						X
New Hampshire				X		X
New Jersey						X
Oregon	X					
Texas					X	
Virginia						X

TABLE 17
ESTABLISHING A RACE-NEUTRAL SMALL BUSINESS SET-ASIDE FOR PRIME
CONTRACTS UNDER A STATED AMOUNT (e.g., \$1 million) (Method No. 3)

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California						X
Colorado					X	
Florida				X		
North Carolina					X	
New Hampshire						X
New Jersey					X	
Oregon		X				
Texas						X
Virginia						X

TABLE 18
IN MULTI-YEAR DESIGN-BUILD CONTRACTS OR OTHER LARGE CONTRACTS
(e.g., for “megaprojects”) REQUIRING BIDDERS ON THE PRIME CONTRACT
TO SPECIFY ELEMENTS OF THE CONTRACT OR SPECIFIC SUBCONTRACTS
THAT ARE OF A SIZE THAT SMALL BUSINESSES, INCLUDING DBEs, CAN
REASONABLY PERFORM

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California						X
Colorado		X				
Florida						X
North Carolina						X
New Hampshire				X		
New Jersey						X
Oregon			X			
Texas				X		
Virginia						X

that had used these methods rated them as very or extremely effective.

The most widely used methods by this group were Method 1, structuring small business contracting requirements, and Method 7, ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.

There were variances across the board that showed that some states had found a particular method to be only somewhat effective, while another state found that same method to be extremely effective. This could be the result of a variety of factors, including the state’s implementation and education process, the type of work contracted in the state, and the availability and ability of small businesses for the work.

OUTREACH AND SUPPORTIVE SERVICES

For all responding states, outreach and small business supportive services were believed to be the most effective method of increasing small business participation and ensuring successful small business performance. All but one of the 43 states and territories responding provide supportive services as part of the federally funded DBE program, and 17 states offer some level of these services to all small businesses regardless of whether they are DBE-certified. In some cases, states do not manage supportive services internally but will refer small businesses to outside agencies such as a state-run program or small business development center (SBDC) for assistance. Note that 23 CFR Part 230 allows state DOTs, as recipients of federal funds, to apply FHWA supportive services funds to assist DBEs only; however, if those federal funds are com-

TABLE 19
ON PRIME CONTRACTS NOT HAVING DBE CONTRACT GOALS, REQUIRING
THE PRIME CONTRACTOR TO PROVIDE SUBCONTRACTING OPPORTUNITIES
OF A SIZE THAT SMALL BUSINESSES, INCLUDING DBEs, CAN REASONABLY
PERFORM, RATHER THAN SELF-PERFORMING ALL THE WORK INVOLVED

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California						X
Colorado						X
Florida						X
North Carolina						X
New Hampshire				X		
New Jersey					X	
Oregon						X
Texas		X				
Virginia						X

TABLE 20
 ENSURING THAT A REASONABLE NUMBER OF PRIME CONTRACTS
 ARE OF A SIZE THAT SMALL BUSINESSES, INCLUDING DBEs,
 CAN REASONABLY PERFORM

State DOT	Not Effective	Somewhat Effective	Effective	Very Effective	Extremely Effective	Have Not Used
California			X			
Colorado						X
Florida						X
North Carolina					X	X
New Hampshire				X		
New Jersey						X
Oregon		X				X
Texas					X	
Virginia						X

bined with other state or local funding sources, services may properly be provided to all small businesses.

A majority of responding states (24 of 34) reported that their supportive services are federally funded by U.S.DOT as part of the DBE program (Figure 3). Thirteen states also receive funding from their state and one receives funding from local sources. Other sources cited included public-private partnerships and an agency “admin” fund that covers supportive services and staff salaries. Only eight state DOTs (19.5% of respondents) have funding provided by their agency for supportive services for non-DBE firms.

States that do not currently have an approved SBE indicated that they are planning on conducting additional outreach to all small businesses as a primary method of fostering additional race-neutral participation. Events such as business fairs, private industry co-sponsored events, business develop-

ment conferences, and training symposiums have been very effective. Many states also send out newsletters to keep the small business community informed about contracting opportunities and other topics of interest.

In addition, group training sessions and one-on-one consulting are highly effective in helping small businesses advance and obtain contracting opportunities. Also, all states that were interviewed mentioned one-on-one consulting and “meet and greet” sessions with “primes” (primary contractors) as highly effective tools. The following is a list of other comments from respondents regarding the type of outreach and supportive services they use to foster small business participation:

- Business fair in partnership with the Small Business Administration (SBA) and local banks, one-on-one networking.

How are supportive services funded?

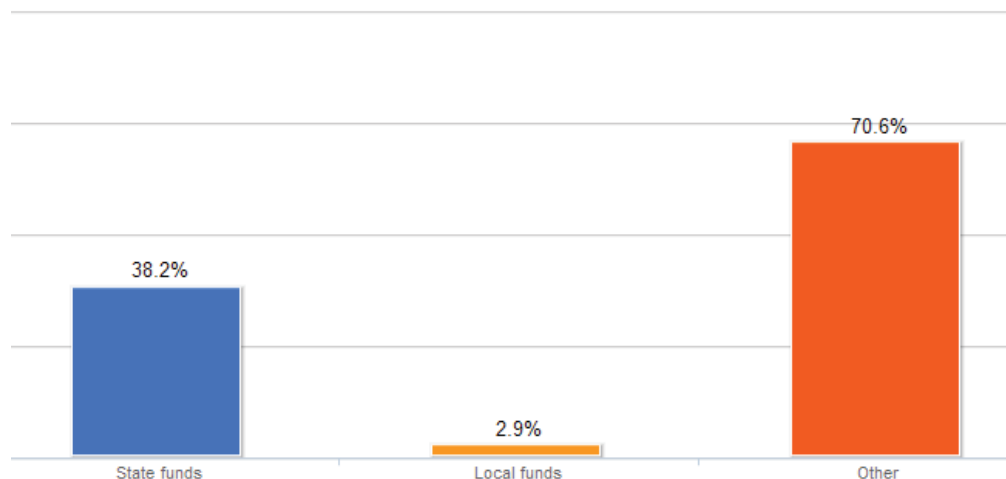


FIGURE 3 Support services funding.

- Non-DBE small businesses are referred to the state program for supportive services.
- Organize meet and greet sessions between primes and “subs” (subcontractors).
- Working Capital Loan Fund and Mentor Protégé Program.
- Newsletters, statewide training calendars, etc. Leverage services with partnerships with SBA, SBDC, Procurement Technical Assistance Centers, and other small business organizations within the state.
- Two hundred and twenty-five small business events per year, mock contracting workshops, mandatory pre-bid meetings for networking, meet the prime (ad hoc and project specific).
- [State DOT] runs a mentor protégé program for its ESB firms (many of which are also DBEs). [State DOT] also sponsors Port of Portland’s mentor protégé program. [State DOT] directly offers training and outreach on how to do business with state agencies and indirectly provides other supportive services by sponsoring programs such as Turner School of Construction Management.
- Provide introductions to prime contractors as needed, educate on state and federal bidding procedures, work with firms as requested to overcome individual challenges as they arise (payment issues, subcontracting issues, bidding advice, and education).
- We do many outreaches within the state to interest folks in doing business with [State DOT]. We have notaries at these outreaches so they can submit their completed application at that moment for SBE certification.
- We have used an outside consultant for ten years to provide supportive services. This has worked very well for us. The consultant does one-on-one sessions, business development, business assessments, newsletters, etc. We have found this is the most productive and effective way to facilitate DBE and small business participation.
- Annual business development conference with other cooperative agencies, reimbursement of association dues, training symposiums with curriculum developed over last two years including accounting, pre-qualification, etc.
- We have an outside consultant who provides supportive services. The consultant is required to be in the DOT office three days per week for one-on-one consultations. This has worked very well. They also provide statewide training on finance, taxes, business law, bidding, and bonding. We are also focusing on getting small businesses up to speed on computer technology. Of our bids, 99% are submitted electronically so it is important that subs submit their quotes to primes electronically. We have established 100 free accounts for DBE firms; however, only 17 originally signed up. We are doing additional outreach to get more DBE firms on board.

CASE EXAMPLE: CALIFORNIA DEPARTMENT OF TRANSPORTATION

The California DOT (Caltrans) proposed an overall DBE goal for its federal-aid contracts of 13.5%, to be achieved in equal proportions, 6.75% race-neutral and 6.75% race-conscious. For the DBE program, Caltrans had attained a level of 2.48% race-neutral and 5.51% race-conscious. Caltrans fully supports small business and implements a variety of race-neutral programs designed to help increase procurement opportunities between small business owners and the agency.

Caltrans completed its first Availability/Disparity Study in June 2007, and is in the process of completing its 2012 Availability/Disparity Study, which will assist the agency in establishing its new overall DBE goals. On any given day, Caltrans administers more than 700 contracts totaling more than \$11 billion. Caltrans also oversees the contract administration of more than 600 local agencies as subrecipients.

The California Department of General Services (DGS) is the “business manager” for all California state government entities. As such, DGS manages the state SBE program and the state Disabled Veteran Business Enterprise (DVBE) program. DGS is responsible for SBE/DVBE certification and maintaining BidSync, a proprietary, online contract bidding system. DGS has more than 23,000 certified SBE firms and more than 3,000 DVBE firms. Certification of SBEs and DVBEs allows Caltrans to count only participation on “state-funded” contracts. Caltrans can count only “certified DBE” participation on federally funded contracts.

For state-certified SBEs and DVBEs, DGS maintains certification. For the federal DBE program, Caltrans, along with eight other certifying agencies, maintains DBE certification through the California Unified Certification Program (or CUCP).

Through Executive Order S-11-06, all California state government departments are required to commit no less than 25% of their state procurement dollars to SBEs and 3% to DVBEs. In the last five years, Caltrans has met and exceeded these goals. For Caltrans, that represents more than \$400 million going to SBEs and DVBEs annually.

The 2006 Disparity Study outlined more than 190 measures to build race-neutral participation; of those, Caltrans implemented approximately 70. There are nine key elements included in the DBE plan for small business participation. Another four have been proposed as part of the plan submitted to FHWA on February 28, 2012.

In 2006, Caltrans identified more than 140 race-neutral measures. From this list, more than one-half of the measures were implemented. On February 28, 2012, FHWA, the operating agency that governs state DOT allocations, required

that all state DOTs identify new race-neutral elements to its DBE program. This initiative, Fostering Small Business Participation, requires Caltrans to identify any race-neutral measures to help small businesses participate in federal contracts, including DBEs. Caltrans submitted to FHWA an implementation plan of those measures. Caltrans identified 13 measures and is currently implementing nine. These measures represent no-cost technical assistance to small business and are as follows:

Key Small Business Initiatives

- *Websites*—Caltrans manages a Contractor Information Table that is inclusive of all the information a small business would need to do business with the agency. There is also an Opt-In feature that Caltrans calls the “love connection for primes” and is similar to an online dating site for contractors. Primes can advertise to subs for multi-tier contract work and subs can contact primes that have been awarded contracts for price quotes and good-faith effort. Primes are able to post upcoming opportunities and search for small businesses (including DBEs), and subs can post information about their company and connect directly with the prime. This assists with good-faith effort requirements.
 - As part of the CUCP database for DBEs, Caltrans created a feature whereby contractors can download the entire DBE database as an Excel spreadsheet that primes can search and sort.
- *Host mandatory pre-bid construction meetings*—Prime contractors are required to attend mandatory pre-bid meetings or their bid will be dismissed regardless of whether it is the lowest. Estimators, as well as owners, are encouraged to attend. This facilitates networking and introductions between small business subs and primes.
- *All 12 districts have a district small business liaison*—These staff members are dedicated to SBE/DVBE/DBE outreach and support, which has allowed Caltrans to effectively cover the entire state and provide support services to small businesses in all districts. Through the dedicated resource, Caltrans participates in more than 225 outreach events annually.
- *Workshops*—These include “meet the prime” and privately funded workshops (banks, financiers, bonding companies, etc.). One key type of workshop is the mock contracting workshop where small businesses (DBE and other) are walked through the entire process of contracting and are provided with helpful hints.
- *SBE events*—Caltrans hosts 225 events each year. These are done statewide and cover a variety of topics including meet and greet with primes, industry, and consultants; access to capital, marketing, social media, costing, and estimating; surety bonding; insurance; bookkeeping; certified payrolls, etc.
- *DBE supportive services*—These include no-cost one-on-one counseling, training workshops, technical assis-

tance, and outreach. These services are open to all small businesses, but are paid for by funds provided by FHWA.

- *CalMentor and Mentor-Protégé Program*—Mentor-Protégé is designed for construction firms and the CalMentor Program is for A&E firms. This program works best in the larger districts where there are larger projects and more availability of primes to serve as mentors. All districts participate in the CalMentor Program and a few host Mentor-Protégé Programs.
- *Memorandum of Understanding (MOU) with U.S. SBA*—In 2009, Caltrans became the only state DOT in the country to offer no-cost technical assistance to small business, including DBEs, for surety bonding through a MOU with U.S. SBA.

Other Program Measures

Unbundling

Caltrans has piloted several different programs including an attempt to unbundle contracts. However, they have found that this tactic increases administrative costs to each contract by more than 10%. During the last four years, construction contract bids have come in 15%–20% below the engineer’s estimate. The surplus is then applied to other future projects. When a contract is unbundled, the cost of administering multiple smaller contracts subtracts from that surplus and thus decreases contract opportunities for small business.

Pre-advertising to DBEs (prevented by state law to restrict projects)

Caltrans is prevented by state Proposition 209 from providing preference in its state-funded contracts. This makes it difficult to set aside or restrict certain projects with state or federally funded contracts without first establishing, as required by federal regulation, egregious instances. Federal contract goals must be achieved using other race-neutral means. Caltrans did try to use pre-advertising as a method to target a project to DBE firms. For example, it selected a small (\$800,000) paving project and sent the notice and invitation for bid to all DBE firms with a paving National American Industry Classification System code. The agency encouraged bid participation from DBEs before sending out the notice to the public. They did not receive a single bid from a DBE firm and it was acquired by a non-DBE prime.

CASE EXAMPLE: COLORADO DEPARTMENT OF TRANSPORTATION

The current DBE program of the Colorado DOT (CDOT) demonstrates an increased focus on race-neutral participation, which is the product of community research, regulation changes, and innovative approaches to supporting small businesses. For FFY 2013–2015, CDOT has proposed a 10.25%

DBE overall goal, which consists of 4.15% race-neutral and 6.10% race-conscious goals.

In response to the legal outcomes of the *Adarand* and *Western States Paving* cases, CDOT conducted its first Disparity Study in 1998, an update in 2001, and another Disparity Study in 2009. The studies are one of the means that CDOT uses to ensure that the DBE program is narrowly tailored based on current conditions in the contracting community. From these studies, CDOT determined that all DBEs shall be considered underutilized. Additionally, in the most recent Disparity Study, community feedback encouraged the implementation of additional race-neutral measures to obtain the DBE goal.

To foster race-neutral participation, over the past two years CDOT has significantly revised the elements of its Emerging Small Business (ESB) program. In 1992, the Colorado State Legislature authorized the creation of the ESB program, a state-funded program designed to assist small businesses with contracting opportunities regardless of the race or gender of the owner. However, the contracting community believed that the program lacked impact. CDOT developed new program elements based on extensive industry research, numerous consultations, focus groups, surveys, and other communication with stakeholders, prime contractors, and small businesses in the transportation community. The revised program rules and guidelines were adopted by the Colorado Transportation Commission in 2011 and new program elements are being rolled out in phases.

The ESB program is managed by the CDOT Center for Equal Opportunity. It is aligned with the DBE program, but is a completely separate certification program. Unlike the DBE program, the ESB program applies to both federally assisted contracts and contracts that are solely state funded. The size standard for participation in the ESB program is one-half of the SBA size standards. However, DBE certified firms can also become ESB certified if they meet the eligibility requirements. CDOT maintains an ESB directory of certified firms that can be used by prime contractors. There are currently 130 firms certified as ESB and more than 1,200 DBEs certified through the Unified Certification Program.

In March 2012, CDOT received approval from FHWA to incorporate the ESB program as the part of the DBE program plan pursuant to the new requirements for fostering small business participation. CDOT uses the following methods to increase race-neutral DBE participation:

Key Small Business Initiatives

1. **Restricted projects**—Identification and advertisement of up to \$1 million for bidding by ESB certified firms only. CDOT estimates that at least seven restricted projects will be offered in 2012–2013 and intends to increase that number in the future.

2. **Target participation goal**—An optional goal for prime contractors to utilize ESB firms for a percentage of the contract. Good faith effort regulations do not apply; primes receive incentives for the utilization of small businesses.
3. **New enforcement mechanisms**—Where commitments are made to utilize ESB firms using a small business subcontracting plan CDOT is researching alternatives for effectively enforcing such commitments and thereby increasing small business participation on contracts.
4. **Structuring bids for small business participation**—CDOT Engineering Contracting and Civil Rights staff evaluate all projects during the annual planning process and regularly throughout the year to determine if large projects can be unbundled or structured to facilitate competition by small business or participation in procurements as prime contractors. Additionally, CDOT's projects are advertised for three weeks before the bid opening. This allows DBE and ESB primes adequate time to prepare and submit bids and allows small business subcontractors sufficient time to submit subcontract bids. Larger and more complex projects have even longer advance times.
5. **Regional civil rights managers**—CDOT has assigned civil rights managers in each of the six CDOT regional offices as a point of contact for small businesses, including DBEs, in those geographic areas. These CDOT staff members provide focused outreach, such as local procurement fairs and small business events, and one-on-one assistance regarding contracting issues, networking with local prime contractors, regional bidding opportunities, and other general support services.
6. **Cooperative agreement with Colorado Small Business Development Centers (SBDCs)**—In 2012, CDOT entered into a cooperative agreement with the Colorado state SBDCs to offer no-cost technical assistance to small businesses, including DBEs. The program is called Connect2DOT and will be the primary resource for CDOT supportive services. The program is being piloted at the Denver SBDC and will provide free web-based access to construction plans and online bidding (BidX) through a co-located kiosk; one-on-one consulting to assist small businesses with business management, marketing, bidding and estimating; and numerous workshops and training sessions for DBE, ESB, and non-DBE firms on relevant business topics. The program will be rolled out to a minimum of ten SBDCs statewide over the next two years.
7. **Workshops**—These include “meet the prime” and reverse trade shows whereby DBE and ESB firms can network with CDOT project engineers and prime contractors. In addition to the business and technical training offered by the SBDCs, CDOT conducts small business workshops on topics such as contractor compliance.
8. **Outreach**—CDOT hosts numerous outreach sessions for small businesses throughout the year. These are

often focused on upcoming project opportunities where DBE and ESB firms can learn about the project and meet the prime contractors that are bidding. These sessions also provide opportunities for small businesses to meet partners for teaming and joint ventures.

9. **Small business forum**—CDOT holds a forum every other month to discuss topics relevant to the small business contracting community. These sessions often cover changes to the DBE and ESB programs, available benefits, and upcoming project announcements including ESB restricted projects. They are open to the public and typically attended by the CDOT Center for Equal Opportunity staff, as well as prime contractors and small business owners.

Other Program Measures

Mentor-Protégé Program

For almost ten years, CDOT managed a Mentor-Protégé Program for design and engineering consultants in cooperation with the American Council of Engineering Companies. Prior

to that, CDOT worked with the Colorado Contractors Association to implement a similar program for construction contractors. Although these programs were successful for a few firms, overall CDOT believed that the programs should be revised. CDOT has temporarily suspended both programs while evaluating strategies and alternatives for improvement. The goal is to create a program that will enhance opportunities for small businesses.

Tuition Reimbursement

CDOT currently offers tuition reimbursement for DBE and ESB owners who attend a fee-based professional development course or training session. Firms must apply prior to the training and half of the tuition fee is reimbursed, up to \$300 annually. In the future, CDOT hopes to expand the scope of its reimbursement program to be an education and capital improvement grant-based reimbursement. The concept is that firms will seek grants based on ideas to expand and grow their business. For those accepted, CDOT will monitor efforts and improvement and provide financial reimbursements to assist with the costs.

CHAPTER FIVE

CHALLENGES RELATED TO FACILITATING SMALL BUSINESS PARTICIPATION

This chapter provides details on challenges related to facilitating small business participation by state DOTs. The information is based on the surveys, interviews conducted, and the literature review.

CHALLENGES

The following items are the most common challenges related to facilitating small business participation:

- Administrative challenges (budget constraints, staffing requirements);
- External factors, such as economic conditions or rising fuel costs, material costs, etc.; and
- Internal agency challenges (lack of support or attention from upper management, bureaucracy, agency reluctance to alter method of procuring contracts or to unbundle contracts planned in advance).

The primary challenges faced by state DOTs in implementing a small business program or facilitating small business participation are budget constraints and lack of staff. As shown in Table 21, more than half of the states responding (21) believe that this is a significant to severe problem for their organization. On the other hand, internal agency challenges did not appear to be as much of a problem.

More than one-third of respondents indicated that lack of support, bureaucracy, or agency reluctance to alter procurement methods was not a problem at all. New Hampshire and Vermont noted that they had not encountered any challenges to date. This was primarily because they have been able to achieve more than adequate small business participation through race-neutral means on their federal-aid projects.

A representative from New Hampshire reported that “NH is primarily race-neutral with contracts that vary in size from \$50 million dollar highway construction to small 100–200K locally administered town projects. We don’t have difficulty securing a variety of subcontracting opportunities for small business, including DBEs. NH’s race-neutral program and typical contract size and scope of work provide sufficient diverse contracting opportunities for small business, including DBEs.”

Because the majority of state DOTs had not yet implemented a small business program or developed targeted strategies for

increasing race-neutral participation, these challenges were experienced within the DBE program itself (see Table 22). Incorporating new small business elements heightened concerns about budget and resources and how existing funds could be stretched even further to accommodate additional outreach, internal education, and program management. Coordination with other agencies that currently manage small business certification is a new task that many states have not yet undertaken and that will require additional resources as well.

For the remaining states that provided feedback on the survey or during an interview there were several challenges that have been or are anticipated to be barriers in implementing a successful small business program. A summary of these challenges is presented here.

BUDGET AND STAFF LIMITATIONS

As mentioned previously and shown in Table 22, an inadequate budget and insufficient staff are the primary challenges faced by state DOTs. As a representative from one state DOT succinctly said, “Budget is the big one.” This sentiment was shared in comments by more than ten other states. Typically, budgetary constraints are felt most in a state’s inability to acquire sufficient resources to manage additional program elements. Many states are already under pressure to provide adequate support for the DBE program because of a lack of staff. The following are additional comments by states that are challenged by budget and staffing constraints:

- Staffing continues to be an issue. The DBE program is a one-person program, so adding requirements that will not necessarily add benefit to the department or the contractor is costly. Most of our contracts are less than \$5 million (84%), with 42% being less than \$1 million. We just don’t have the budget to support such regulation.
- We have a limited number of staff dedicated to outreach to DBEs. By adding new outreach to the SBE community and additional industry associations we will be stretched. We also do not have any additional funding for this effort. We have recommended creating a position for a Small Business Advocate who will manage outreach, monitoring, and applications.
- We can barely provide effective services to our DBE participants with the employees we currently have. The small

TABLE 21
CHALLENGES WITHIN THE DBE PROGRAM

Challenge	Not a Problem	Minor Problem	Problem	Significant Problem	Severe Problem	Don't Know	Responses
Administrative challenges (budget constraints, lack of staff)	2.6% 1	17.9% 7	20.5% 8	30.8% 12	23.1% 9	5.1% 2	39
Internal agency challenges (lack of support or attention from upper management, bureaucracy, agency reluctance to alter method of procuring contracts or to unbundle contracts planned in advance)	30.8% 12	20.5% 8	17.9% 7	12.8% 5	7.7% 3	10.3% 4	39

business program is certainly a step in the right direction; however, we have [few] resources to commit to it.

- Funding and staffing are huge issues. We have one staff member for DBE program administration, DBE supportive services and OJT [on-the-job training] supportive services, so resources are very sparse.
- We do not know how we will fund expanding supportive services to all small businesses and could use guidance on that aspect. We currently only include DBE firms, but once the program is expanded to all small businesses we can't exactly exclude them from meetings or services because it would be like [the] cousin who can't come to dinner.

COORDINATION WITH OTHER AGENCIES

Another concern cited by several states was the necessity to coordinate with other state and local agencies to implement a small business program. Ohio listed this as one of its primary challenges after budget and staffing constraints. In some cases, state DOTs work with "sister" agencies to manage certifications and to maintain a directory of eligible small businesses. Even though most state DOTs have a unified certification process for the DBE program, they do not have unified certification for small businesses. This will require additional identification and coordination with other agencies to simplify the process.

Additional coordination is also required to comply with state statutes and requirements of local agencies on federal-aid transportation projects. This can be an impediment because of the multiple stakeholders involved and the lack of autonomy in implementing a program for the DOT. For example, a representative from Virginia stated, "Another agency is responsible for DBE certification and the state's small business program; it will be a challenge to collaborate with the certifying agency to verify PNW and revenues."

This coordination extends to other federal agencies as well, because the small business element of the DBE plan also applies to projects funded by FAA and FTA. State DOTs anticipate additional challenges with communication between federal agencies and educating various stakeholders and small

businesses on how the program elements apply to all federal-aid projects.

LACK OF GUIDANCE

As evidenced in the survey and during personal interviews there appears to be a lack of specific guidance regarding how to best implement small business program elements. Several states that did not currently have a small business program reported that they felt somewhat in the dark about the strategies they should or could include in their DBE plan. Some state DOTs believe this lack of direction resulted in portions of their plan being rejected, which then required additional effort to rethink and revise program elements. As a representative from a state DOT noted, "We would like more specific guidance from U.S.DOT on what to do with the program and how to make it effective. There were general guidelines and then all states had to figure it out for themselves."

Several states took the initiative to contact other states with existing small business programs to request advice and identify methods that have been effective. During interviews, a majority of representatives requested a copy of the research report produced from the study to obtain ideas and learn about current practices. One state DOT representative noted that, "We could use additional guidance on how to implement the program. We did our own research of other states and talked with another state DOT, but they are way too big for us to compare to and another state DOT spent a lot of time talking with us but they were still trying to figure out their plan as well."

UNSTABLE FUNDING SOURCE

There were also several concerns expressed about the inability to plan because of unknown federal funding levels. Most states rely primarily on U.S.DOT funding to support DBE program components. Every year, states must apply for these funds and the amount to be allocated is not known in advance, which makes budgeting difficult. Although many states are faced with eroding infrastructures and having to prioritize projects, the lack of a known funding amount for small business programs is a challenge.

PUBLIC UNDERSTANDING

Because the federal regulation for inclusion of small business program elements was recently enacted, several states have been struggling with how to best educate prime contractors, DBE firms, and the public. With limited resources, there is a concern that it will be difficult to provide adequate education regarding changes to their program. A representative from one state DOT stated that “Public understanding of the new program will be most challenging.”

Concerns were expressed as to how general small business participation will be included in addition to DBE participation. Most states have a DBE program that includes an overall annual race-conscious goal and project-specific DBE goals. There is concern that non-DBE firms will not have equal contracting opportunities even if a separate small business program is implemented, because there are no goals and no enforcement. One state representative noted that, “The challenge we have heard in the contracting community is how will the SB program be enforced when there is not a goal. We can encourage usage but there is no accountability. Contractors do not like that the SBE and DBE programs

will be separate instead of combined with percentages of the goal set for both.”

INTERNAL AND EXTERNAL SUPPORT

Although a majority of states reported that internal agency challenges are not a problem, eight states (20% of respondents) reported that this was a significant to severe problem. For these states, the most common issue is related to garnering support from contracting and procurement and construction and engineering departments that are responsible for determining procurement strategies and project requirements. It was noted that these teams must support the small business effort for the program to be successful. For example, these internal teams must be willing to unbundle contract requirements or identify projects to be set aside for small business. A representative from one state DOT mentioned that this would be a potential issue because “in order for us to be able to make a small business program work, we will need to have our construction and consultant contract letting teams work together. Currently, they are separate and this will be a challenge because we will need buy-in from the different groups.”

CHAPTER SIX

CONCLUSIONS

The following is a summary of key findings and conclusions including:

- Current and evolving state of practice.
- Effective practices inferred from review and lessons learned: what has worked, what has not, in each case, and why?
- Influences and constraints on small business programs: for example, applicable state law, procurement practices.

**DEPARTMENT OF TRANSPORTATION
SMALL BUSINESS PROGRAMS**

A total of 14 states plus the District of Columbia had established some form of a small business program prior to the Part 26 requirement for the inclusion of a small business element. More than half have had these programs in place for longer than 5 years, with several dating back to the early 1990s. Over the years, these states have piloted a variety of strategies to help foster race-neutral small business participation in DOT transportation-related contracts. Although several practices have been broadly successful, it appears that the effectiveness of individual methods varies by state. This may be the result of differences in the implementation or the overall contracting environment.

The other state departments of transportation (DOTs), as well as Puerto Rico and the Virgin Islands, are currently seeking guidance on how to best comply with the new regulations. Many states have sought advice from other agencies with existing small business programs to develop a revised Disadvantaged Business Enterprise (DBE) program plan. In general, many have relied solely on direction from U.S.DOT, as well as a review of current DBE programs to recommend small business elements that would be applicable to their state. Because these states were waiting for approval of their revised plans or were within the acceptable nine-month period for implementation, they were not able to comment on specific small business strategies that may increase race-neutral participation.

A few states, including Florida, New Hampshire, and Vermont, have been successful at achieving DBE goals using primarily race-neutral means. Florida has had a 100% race-neutral program in operation since 2000, and has utilized various strategies such as small business set-aside projects with good success. As more states adopt these types of practices

in their new programs, the overall utilization of DBE firms on transportation projects through race-neutral means should gradually increase.

EFFECTIVE PRACTICES

The following is a list of effective practices summarized from the quantitative and qualitative analysis that was conducted on the write-in comments and telephone interviews.

Outreach and One-on-One Networking

As reported by state participants, by far the most effective strategy listed by survey respondents for fostering increased small business participation is through outreach and one-on-one networking. This has worked for narrowly tailored DBE programs as well as 100% race-neutral and separate small business programs. As a representative from Georgia stated, “definitely, outreach has been our best method.” For various states this includes a combination of public communication, media, and direct connections with prime contractors and the small business community.

The types of successful outreach strategies that were cited included:

- Events such as business fairs hosted by the Small Business Administration, regional small business development centers, procurement technical assistance centers, and other state and municipal agencies.
- Co-sponsored private industry events that target specific topics such as a local financial institution providing presentations on how to obtain a loan or secure bonding.
- Business development conferences focused on helping small businesses learn how to brand and market their services to prime contractors and other DBE firms for teaming opportunities.
- Meet and greet with prime contractors that provides an overview of how to work with the company, identifies upcoming opportunities, and allows small business owners to “speed date,” make personal introductions, and present their capabilities.
- Training symposiums that provide a variety of different training tracks on topics relevant to small business, including how to become certified. Having an on-site

notary at these events allows attendees to submit and complete their applications immediately.

- Establishing DOT liaison officers in outlying regions so that coverage and assistance is available to small businesses statewide rather than concentrated at the headquarters location.
- Mandatory pre-bid meetings that include the prime contractor and estimator to provide small business subcontractors with the opportunity to meet and network directly with potential bidders.
- Multimedia communication using electronic newsletters, e-mail campaigns, videos, and social media such as Facebook, LinkedIn, and Twitter, as well as distributing bid opening information and upcoming project alerts through small business organization websites and other DBE-targeted newsletters.
- Training or informational webinars on relevant small business topics to enable better outreach to rural and outlying areas of the state.

Supportive Services

A majority of states provide supportive services to DBE firms through federally provided funding. Some states have expanded these services to all small businesses leveraging state, local, and private partnership funds. These services are viewed as a key ingredient in preparing DBE firms for DOT contract opportunities and helping them perform successfully as a prime or subcontractor. One of the most effective means of delivering these services is by using outside consultants with a broad knowledge of small business issues and specialized expertise in transportation contracting. The following is a list of the most commonly used and top-rated supportive services.

- **One-on-one consulting:** Leveraging outside consultants or in-house resources to work with DBE firms and other small businesses to increase their knowledge and business acumen. This includes working with firms personally to overcome individual challenges such as payment issues, subcontracting issues, bidding advice, and other relevant education as they arise.
- **Workshops and training:** On business topics such as financials, taxes, bidding, bonding, business planning, marketing, and business development. Mock contracting workshops are also a successful method of helping subcontractors learn the ropes and understand state-specific specifications, regulations, and processes.
- **Technical assistance:** Focused on getting small businesses up to speed on technology, including online competitive bid research, finding opportunities, electronic bidding, and networking.
- **Mentor-Protégé Program:** Matching prime contractors and consultants with small businesses that can partner as subcontractors in a project environment. This extends the traditional educational and support

model beyond basic mentoring to assisting with project implementation.

Small Project Procurements

Many states have found that structuring projects and procurement requirements at a size that is manageable for a small business increases participation. Larger prime contractors are not as likely to compete for these projects and smaller firms are able to meet state-mandated bonding and insurance requirements. This practice requires internal team coordination between the departments that identify and let projects (e.g., engineering and contracts), as well as the staff dedicated to implementing the DBE program.

The challenge is often controlling rising administrative costs that are inherent when managing multiple smaller projects. Strategic assignment of smaller projects and unbundling can be successful when small business prime contractors are educated on competitive bidding and are able to control project costs; passing on the savings to the DOT, which negates additional administrative costs.

Restricted Projects

When permitted by state law, implementing a program to set-aside projects of less than \$500,000 for bidding by small businesses can be a very effective strategy for obtaining race-neutral participation. States that have piloted these programs found that the project size needs to be small enough for a small business to meet requirements such as bonding. Although some states have a limit of up to \$1 million, they have discovered that a project of that size is often difficult for a small business to bid and perform. Therefore, identifying smaller projects in a line of work (e.g., National American Industry Classification System) where there is a fair amount of small business availability is critical to a successful outcome.

It is also important to have the internal cooperation of letting departments to identify set-aside projects early in the forecasting cycle. This provides DBE firms with ample notice and opportunity to structure teams and obtain the required bonding, insurance, and other specifications typical of DOT contracts. Colorado is currently restricting construction and consultant projects and has already identified a minimum of seven projects in its planning process for FY 2013.

Waiving Requirements

Because it is often difficult for small businesses to meet state DOT contracting requirements, especially for larger projects, many states have waived certain requirements for small businesses. For example, one state DOT representative reported that the most important change that they have made to increase small business participation was to eliminate retainage on all projects. This “put money into the pockets of

primes and subs in a timely manner allowing them to better manage cash flow.”

Several states have also encouraged prime contractors to waive bonding for subcontractors, and states have provided assistance to small businesses in obtaining bonding. Often the issue with bonding is qualifying the small business. Therefore, offering funding support does not help as much as reducing or completely eliminating bonding requirements. One state DOT has implemented this practice by not requiring bonding for jobs in its Small Business Element program. Additionally, they waive the general contractor license requirement for small businesses.

Electronic Access

Increasingly, state DOTs are adopting technology to streamline and improve outreach, bidding, and contracting practices. Most states provide a significant amount of information to small businesses on their state website. Some states have taken this a step farther and created online areas for prime and subcontractor identification and networking. One state DOT representative noted that its web-based initiatives such as the Contractor Information Table, the prime-sub opt-in site, and the free central hub for downloading project plans have been the most successful in increasing small business participation.

Several states are also moving toward 100% electronic bidding, which has reduced the administrative cost of procurement for both the agency and bidders. The challenge has been educating small businesses on the systems and encouraging them to sign up for accounts. Two state DOTs mentioned that they have provided a limited number of free accounts for DBE firms and small businesses in order to utilize their state online bidding systems. However, both are finding that small businesses are not readily taking advantage of this incentive. One state DOT reported that during a pilot program it established 100 free accounts; however, only 17 DBE firms registered. They are now in the process of conducting additional outreach and education to improve the adoption rate.

Prime Contractor Incentives

States with a race-conscious DBE program have found that setting goals generally increases the utilization of minority and woman-owned firms. Race-neutral measures that include encouraging prime contractors to use small business subcontractors even when there is not an established goal has also been successful. As a state DOT representative noted “having DBE participation goals has helped improve the mindset of primes using small businesses as subcontractors.”

Some states have gone beyond verbal encouragement and have piloted practices that “put teeth” into their small business programs. For example, one state DOT is in the process of implementing a financial pay-out incentive for prime contractors on low-bid projects that meet a small business par-

ticipation target percentage on certain projects. The reward amount is between 0.5% and 1% of the total contract value. For consultant contracts that are awarded based on scoring a Statement of Interest, points are allocated to prime consultants that commit to meeting the target percentage. Projects are then monitored to ensure that the prime is complying with the commitment. Compliance is enforced using a contractor “grade” that affects future bidding.

INFLUENCES AND CHALLENGES

Several state DOTs are limited by state statutes in the procurement strategies they can legally utilize to increase small business participation. For example, some states mentioned that they are not able to limit contracting opportunities based on business size, as there is not authority in the state’s public contracting code to do so or there is a proposition that prevents giving preference in contracting.

In most cases, state DOTs are not prohibited by the state legislation from implementing a small business program. Only four states have state legislative action requirements and this is primarily because their small business programs were initially being authorized by state legislation with supporting state funds. Other states structured their small business elements to follow state statutes so they can implement the DBE plan without legislative approval.

Because many states are in the process of developing and implementing race-neutral small business elements, they are still trying to navigate the legislative waters. States that have an existing small business program have often encountered fundamental issues in applying program regulations to federally funded projects. A representative from one state DOT “does have an existing state SBE program and there were some fundamental issues in terms of designating a separate federal SBE program.”

In addition to federal and state law impediments, state DOTs outlined several challenges they are currently facing or anticipate encountering with regard to implementing small business program elements. The primary factor is an inadequate budget and staff resources to cover the additional outreach, education, monitoring, and reporting that is required. With unstable and unknown funding sources year to year, the process of budgeting for the DBE program is difficult. Without additional state or private funds to support a separate small business program, states will be required to stretch already reduced federal funds to implement additional program elements. In addition, most states facing internal challenges with their DBE program are concerned that those same challenges will adversely impact their small business element.

Coordination with other agencies, as well as garnering internal and external support, has also been challenging for several states. The political environment surrounding a government agency has a direct bearing on its ability to

implement new programs successfully. Many states have found that outreach and education to internal staff, as well as external stakeholders, has mitigated these impediments. Coordination among parties that have buy-in from the top down has contributed to making existing small business programs successful.

Outreach and education is also critical to ensuring that the public, including contractors, understand the new regulations and revisions made to individual state DBE plans. This will require an extra effort by each state to successfully launch their small business elements. Additional support from U.S.DOT in promoting the regulatory change is strongly encouraged, as well as providing more specific and tailored guidance to state DOTs.

Ultimately, all states are prepared to implement additional race-neutral measures as required by U.S.DOT to foster DBE small business participation. Those states that already have small business programs in place have experienced proven results that justify moving toward more race-neutral strategies. Follow-up research that examines the success and/or failures of recently approved revisions to DBE plans would also be beneficial because there will be more states reporting on tested strategies. One state representative noted that the information gathered as part of this study is somewhat premature because it is “not capturing the ‘approved’ work the state is agreeing to do. States have nine months after approval to put their final SBE plan together. So redoing this or a similar survey [in the] summer [of] 2013 would be an interesting comparison.”

APPENDIX A

Definitions of Terms

This appendix provides explanations and definitions useful to understanding the State DOT Small Business Program Synthesis. These definitions are only relevant in the context of this report.

Business—A for-profit company, including all of its establishments (equivalent to “firm”).

Disadvantaged Business Enterprise (DBE)—A small for-profit business owned and controlled by one or more individuals who are both socially and economically disadvantaged according to the guidelines in the Federal DBE Program (49 CFR Part 26). Membership in certain race and ethnic groups identified under “minority-owned business enterprise” in this appendix may meet the presumption of socially and economically disadvantaged. Women are also presumed to be socially and economically disadvantaged. Examination of economic disadvantage also includes investigating the gross revenues and the firm owner’s personal net worth (maximum of \$750,000 exclusive of equity in a home and in the business). Some minority- and women-owned firms do not qualify as DBEs because of the gross revenue or the net worth requirements. A firm owned by a non-minority male can be certified as a DBE if the individual meets social and economic disadvantaged requirements in 49 CFR Part 26, Appendix E. Tribally owned concerns can be certified as a DBE if the enterprise meets the requirements in 49 CFR Part 26. The DBE program was reauthorized via legislation signed July 2012, entitled “Moving Ahead for Progress in the 21st Century” (MAP 21).

DBE liaison—The liaison officer shall be responsible for implementing all aspects of the DBE program. The officer shall have direct, independent access to your chief executive officer concerning DBE program matters.

DBE program managers—The program manager can be different from the liaison officer. In most instances, the program manager has responsibility for the day-to-day activities of the DBE program.

DBE small business element—A component of the DBE program to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors.

Federal DBE Program—Unless otherwise specified, “Federal DBE Program” refers to the Disadvantaged Business Enterprise program established by the U.S.DOT after enactment of the Transportation Equity Act for the 21st Century (TEA-21), as amended in 1998. The elements of the Program are set forth in 49 CFR Parts 26 and 23. The DBE program recently has been reauthorized through legislation signed July 2012, entitled “Moving Ahead for Progress in the 21st Century (Map 21).”

Federal Aviation Administration (FAA)—An operating agency of the U.S.DOT that works with state and local governments to improve the safety and efficiency of aviation.

Federal Highway Administration (FHWA)—An agency of the U.S.DOT that works with state and local governments to construct, preserve, and improve the National Highway System, other roads eligible for federal aid, and certain roads on federal and tribal lands.

Federal Transit Administration (FTA)—An agency of the U.S.DOT that administers federal funding to support a variety of locally planned, constructed, and operated public transportation systems throughout the United States, including buses, subways, light rail, commuter rail, streetcars, monorail, passenger ferry boats, inclined railways, and people movers.

Firm—See “business.”

Federally funded contract—Any contract or project funded in whole or in part with FAA, FHWA, and/or FTA financial assistance, including loans. As used in this study, it is synonymous with “federally assisted contract.”

Industry—A broad grouping of firms providing related goods or services.

Local agency—Any local government that solicits bids, qualifications, or proposals for transportation construction or engineering projects.

Majority-owned businesses—For-profit firms not owned and controlled by minorities or women (see definition of “minorities”).

Minorities—Racial and ethnic groups with a rebuttable presumption of social and economic disadvantage identified in the federal regulations in 49 CFR Part 26:

- Asian-Pacific Americans, which includes persons whose origins are Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, Hong Kong, and other countries and territories in the Pacific set forth in 49 CFR § 26.5;
- Black Americans, which includes persons having origins in any of the black racial groups of Africa;
- Hispanic Americans, which includes persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
- Native Americans, which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians; and
- Women, which includes women who are a non-Hispanic white woman. This definition of “women” includes only white women. Minority women are included in their respective minority category.

Minority-owned business (MBE)—A firm with at least 51% ownership and control by minorities. Minority groups are defined according to federal guidelines. For the purposes of this study, a firm need not be certified to be counted as a minority-owned firm. Firms owned by minority women are counted as MBEs in this study (where that information is available). This is not a classification included in CFR 49 parts 26 and 23.

Non-DBEs—Firms not certified as DBEs.

Non-minority owned businesses—For-profit firms not owned and controlled by minorities or women (see definition of “minorities”).

Owned—Ownership of at least 51% of a company. A “minority-owned” firm is at least 51% owned by one or more minorities. (For DBE certification, additional guidelines are set forth in 49 CFR § 26.69.)

Prime consultant—The professional services firm performing a contract for an end user.

Public sector—Government or a public service body.

Race- and gender-conscious—Remedies that apply to individuals or firms that include some races and ethnicities and not others; and women and not men. This term is equivalent to “race- and gender-based.” A DBE contract goal is one example of a race- and gender-conscious remedy. Note that this term is more accurately “race-,” “ethnicity-,” and “gender-” conscious. For ease of communication, the study team has shortened this to “race- and gender-conscious” remedies.

Race- and gender-neutral—As defined by Title 49 Code of Federal Regulations (CFR) Part 26, § 26.5 (Part 26): “[A] race-neutral measure or program is one that is, or can be, used to assist all small businesses. For the purposes of this part, race-neutral includes gender-neutrality.”

Small business concern—A small business concern as defined pursuant to § 3 of the Small Business Act and Small Business Administration regulations implementing it (13 CFR part 121) that also does not exceed the cap on average annual gross receipts specified in §26.65(b). In general, a firm with low revenues or employment size relative to other firms in the industry. “Small business” does not necessarily mean that the firm is certified as such.

Small Business Administration (SBA)—The U.S. Small Business Administration, an independent agency of the U.S. government.

Small business element—A DBE program must include an element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors.

Small business program—A program targeting small business success regardless of funding sources and only on race-neutral means, which are aimed at removing barriers and enhancing opportunities for all small businesses, both DBEs and non-DBEs.

State-funded contract—Any contract or project funded in whole or in part with state funds that does not include federal funds.

U.S.DOT—U.S. Department of Transportation, which includes the FHWA, FTA, and FAA.

Women-owned business (WBE)—A firm with at least 51% ownership and control by non-minority women. For this study, a WBE firm is not a regulatory term; however, the DBE programs keep records as to the race, ethnicity, and gender of DBE firms. In addition, firms owned and controlled by minority women are counted as minority-owned firms. Therefore, WBEs principally refer to firms owned by white women.

APPENDIX B

U.S.DOT Guidance

On December 11, 2011, the U.S.DOT provided the following guidance on implementation of § 26.39 Fostering Small Business Participation.

1. **What are recipients required to submit to the concerned operating administration (OA) to comply with 49 CFR § 26.39?**
 - Recipients must submit to the appropriate OA an amendment to their DBE program plan that sets forth in detail the steps to be taken to facilitate competition by small business concerns.
 - The concerned OA will provide instructions to recipients on whether the amendment should be submitted for review as a stand-alone document or whether it should be incorporated into the recipient's existing DBE program plans. If the amendment is submitted for review as a stand-alone document, it must be integrated into the body of the recipient's DBE program plan document once approved.
 - There is no requirement that the DBE plan amendment be signed by all recipients in the state.
 - Recipients must submit the program amendment to the concerned OA by February 28, 2012.
2. **By what date must the small business element be implemented?**
 - The implementation date should be established by the OA when it approves the small business element submitted by the recipient. This date should not be more than nine months after the approval date.
 - Recipients are encouraged to include an implementation schedule as part of their submission to ensure the small business element is fully operational within nine months of approval.
3. **Must the recipient address each of the strategies presented as examples in the rule as part of its submission?**
 - No. The list of strategies set out in the rule is designed to give you some ideas on how to accomplish the objectives of the rule. Additional suggestions may be found in the preamble discussion of the rule at 76 Fed. Reg. 5094. This is not an exclusive list, and you are not expected to explain why one strategy was chosen instead of others.
 - Recipients may choose one or more of the listed strategies or may develop any alternative strategy that can be effective in creating contracting opportunities for small businesses.
 - Recipients (particularly FTA and FAA recipients) also may collaborate with regional partners by pooling resources and/or creating joint programs, but each recipient in the collaborative must make a submission to the appropriate OA.
 - In any case, we believe it to be advisable that your submission address unbundling contracts in the context of your procurement program, even if unbundling is not ultimately a strategy you choose.
 - A recipient that has an existing race-neutral small business program that has been used to set aside state-funded contracts for competition among small businesses may decide to use that program for federally assisted contracts to meet this requirement, subject to OA approval. However, the recipient is not required to do so. If an existing small business program is used to comply with the rule, recipients must take steps to separate state and federal contracts to ensure proper reporting to U.S.DOT of DBE participation on federally assisted contracts only.
4. **How should recipients define a small business when developing a small business program to foster small business participation?**
 - Since the small business element developed by a recipient will be a part of the recipient's approved DBE program plan, recipients should use the definition of small business concerns set out in 49 CFR §26.5.
 - This will ensure that all small businesses allowed to participate in the recipient's program (DBEs and non-DBEs alike) are subject to the same size standards and, consequently, compete with similarly sized businesses.
 - A state or local MBE/WBE or other program, in which eligibility requires satisfaction of race/gender or other criteria in addition to business size, may not be used to comply with the rule.
5. **Should a personal net worth (PNW) requirement be a part of any small business program used to comply with this requirement?**
 - A recipient has the option of establishing a PNW threshold as an eligibility criterion for its small business program element. Except in a micro-small business program (where a PNW threshold could be lower), if a recipient chooses to establish such a requirement as part of its program, the PNW threshold should be consistent with the one in 49 CFR Part 26.
6. **Could a micro-small business program be an appropriate part of a small business element in a DBE program?**
 - Yes. A recipient may develop a program for very small businesses (e.g., those with annual gross receipts well below the SBA small business size criteria). As part of such a program, a recipient could also have a lower PNW threshold for owners of the very small businesses.
 - Where a recipient creates a micro-small business program, we believe it is a best practice to also provide opportunities to facilitate competition among small businesses that are larger than those eligible to participate in the micro-small business program.
7. **Are small business goals required?**
 - No. The use of small business goals is optional.
 - The use of race-neutral small business goals on the same contracts that have DBE contract goals can be difficult to administer. We recommend that recipients not do so unless they have a clear understanding of these complexities and how they expect to manage them.
8. **Can supportive services programs be used to meet the requirements of § 26.39?**
 - The FHWA-funded "supportive service program" is intended to be used only to assist DBEs. Recipients should not include services to non-DBEs as part of that program.
 - However, a state- or locally funded supportive services-type program could be made available to non-DBE firms as a part of the recipient's small business program element.

- Outreach activities are not sufficient, standing alone, to meet the requirements of § 26.39. Recipients are responsible for taking active, effective steps to increase small business participation.
- 9. Should a small business program include a verification requirement? If so, may a recipient rely upon or accept the verification process used by another entity?**
- Yes to both questions.
 - To ensure that a firm is in fact a small business concern and to minimize fraud and abuse, it is advisable for a recipient to take steps to verify eligibility of a firm to participate in the recipient’s program. This means that a program should not allow firms to self-certify/verify as small businesses.
 - A recipient may rely on the certification/verification processes used by another entity as long as the process is designed to confirm eligibility consistent with small business criteria consistent with those of Part 26. A certified DBE is presumed eligible to participate in a small business program developed to comply with 49 CFR §26.39, unless it is a micro-small business program.
 - While it is not necessary for a recipient to verify the small business status of every firm that might in some way benefit from the recipient’s program, if participation will result in a tangible advantage for a firm (e.g., getting a contract via a small business set-aside program), verification is important to avoid program fraud.
- 10. Are recipients expected to report on the level of small business participation achieved through their program?**
- No. Recipients will be required only to track and report any race-neutral participation by certified DBEs achieved through their small business element or program in the same way they report race-neutral DBE participation obtained through other methods [see 49 CFR §26.11(a)].
 - Nevertheless, recipients may find it useful to collect data on small business participation obtained through their program in order to answer any future questions that could arise about the results of their programs.
- 11. How is the small business program element requirement to be applied to sub-recipients?**
- The required small business program amendment is part of your overall DBE program. Therefore, it applies to sub-recipients in the same way as your overall DBE program.
- Just as direct recipients are expected to ensure that their sub-recipients comply with goal-setting or certification requirements, so direct recipients are expected to ensure that sub-recipients implement the recipient’s approved small business element as a part of the recipient’s DBE program plan.
 - In any case where a sub-recipient has its own DBE program, separate from that of a direct recipient, the sub-recipient is responsible for creating its own small business program and submitting it to the concerned operating administration for approval.
- 12. How does this Q&A relate to guidance posted July 15, 2009, titled “What actions should a recipient take before implementing a small business program on federally assisted projects as a race- and gender-neutral means of facilitating DBE participation in meeting the recipient’s overall goal?”**
- This guidance should be read in concert with the July 2009 Q&A.
 - In establishing a race-neutral small business set-aside as a measure under the small business program element required by § 26.39, you should follow the guidance in the July 2009 Q&A.
 - It is important to note that implementing a small business element or program is intended to facilitate compliance with the twin obligations in 49 CFR §26.51: (1) to meet the maximum feasible portion of the overall goal by using race-neutral means of obtaining DBE participation, and (2) to establish DBE contract goals to meet any portion of the overall goal you are unable to meet using race-neutral means alone.
- 13. The DBE rule appears to prohibit set-asides. How then, is it permitted to have small business set-asides as part of the small business program element?**
- §26.43 generally prohibit the use of set-asides for DBEs. This means that limiting competition on a contract to DBEs—a category based on race- or gender-based classifications—is forbidden. It is the race-conscious nature of a DBE set-aside that necessitates this prohibition.
 - A small business set-aside is different. In this case, competition is limited only on the basis of business size. This is a race-neutral, rather than race-conscious, classification. Consequently, a small business set-aside does not fall under the prohibition applying to DBE set-asides.

APPENDIX C

E-Mail Invitation

Dear State DOT DBE Liaison,

The National Academy of Sciences (NAS), through the Transportation Research Board (TRB), conducts studies related to contemporary transportation issues. The National Cooperative Highway Research Program (NCHRP) was established within TRB to fund and execute these research projects and publish reports. **I am writing to request your input regarding NCHRP Project 20-05/Topic 43-08 DBE Small Business Programs.** This synthesis is being advanced on behalf of NCHRP, under the sponsorship of the American Association of State Highway and Transportation Officials and in cooperation with the Federal Highway Administration.

Topic 43-08 will review and synthesize all state DOT transportation-related small business programs. Since the types of small business programs are quite different among state DOTs, this study will focus on existing practices of small business programs regardless of funding source.

Please complete the survey at <https://www.surveymogizmo.com/s3/807943/NCHRP> by the close of business on March 16, 2012. The survey has been developed to solicit your input regarding how your agency is handling the delivery of DBE small business programs. The attached PDF document includes the survey questions for your reference, so you will know what is being asked and how long it will take to complete before you begin.

This research is being conducted by D. Wilson Consulting Group, LLC, who is under contract with TRB to perform this work. Surveys are being sent to DOT LPA Coordinators in all states. If you have any questions about this survey, how the data will be used, or how to obtain a copy of the final report for this project, please contact the Principal Investigator, Ms. Deirdre Kyle. Her contact information is as follows:

Deirdre D. Kyle
Principal
D. Wilson Consulting Group, LLC
14816 Amelia View Drive
Jacksonville, Florida 32226
(904) 757-9300 Office
(904) 800-2478 Fax
(904) 699-4871 Cell
E-mail: ddkyle@dwilsongroup.net

Your time and effort are greatly appreciated in support of this important and timely research effort.

Sincerely,
Tanya Mooza Zwahlen, AICP
Senior Program Officer
Transportation Research Board of the National Academies
500 Fifth Street NW
Washington DC 20001
Ph 585-315-1834
Fax 202-334-2081
E-mail: tzwahlen@nas.edu

APPENDIX D

Reminder E-Mail

Hello: This is a reminder to complete the survey at the link below at your earliest convenience. Thank you for your assistance! Tanya

From: Zwahlen, Tanya
Sent: Friday, March 02, 2012 1:22 PM
To: Zwahlen, Tanya
Cc: ddkyle@dwilsongroup.net
Subject: NCHRP Project 20-05/Topic 43-08 DBE Small Business Program: Survey Request

Dear State DOT DBE Liaison,

The National Academy of Sciences (NAS), through the Transportation Research Board (TRB), conducts studies related to contemporary transportation issues. The National Cooperative Highway Research Program (NCHRP) was established within TRB to fund and execute these research projects and publish reports. **I am writing to request your input regarding NCHRP Project 20-05/Topic 43-08 DBE Small Business Programs.** This synthesis is being advanced on behalf of NCHRP, under the sponsorship of the American Association of State Highway and Transportation Officials and in cooperation with the Federal Highway Administration.

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Deirdre D. Kyle
Principal
D. Wilson Consulting Group, LLC
14816 Amelia View Drive
Jacksonville, Florida 32226
(904) 757-9300 Office
(904) 652-2677 Fax
(904) 699-4871 Cell
E-mail: ddkyle@dwilsongroup.net

Your time and effort are greatly appreciated in support of this important and timely research effort.

Sincerely,

Tanya Mooza Zwahlen, AICP
Senior Program Officer
Transportation Research Board of the National Academies
500 Fifth Street NW
Washington DC 20001
Phone: 585-315-1834
Fax: 202-334-2081
E-mail: tzwahlen@nas.edu

APPENDIX E

Survey Questionnaire

NCHRP SYNTHESIS TOPIC 43-08 DBE SMALL BUSINESS PROGRAMS

Introduction

The Transportation Research Board (TRB) is preparing a synthesis on Topic 43-08, “DBE Small Business Programs.” This is being done for NCHRP, under the sponsorship of the American Association of State Highway and Transportation Officials, in cooperation with the Federal Highway Administration (FHWA). The project’s goal is to gather and synthesize existing state DOT transportation-related small business programs and identify successful strategies that maximize DBE program achievements through race-neutral measures.

For the purposes of this survey, the definition of “race-neutral” from 49 CFR §26.5 is “Race-neutral measure or program is one that is, or can be, used to assist all small businesses. For the purposes of this part, race-neutral includes gender-neutrality.”

From 49 CFR § 26.39(a), the regulation states: “Your DBE program must include an element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors.”

This survey focuses only on Small Business Programs included as part of FHWA DBE Programs and only on race-neutral means, which are aimed at removing barriers and enhancing opportunities for all small businesses, both DBEs and non-DBEs.

This project’s final report will be available in late 2012 for state DOTs and other agencies to use as a tool in meeting the recent revision to 49 CFR § 26 that requires state DOTs to include a small business element in their DBE program plan to facilitate participation on federally assisted contracts for all small businesses, including DBEs. This online survey is a key component of the project.

Much of the survey consists of multiple choice questions and a few questions ask you to rate on a 1 to 5 scale the effectiveness of some methods of small business participation used by your agency. A few questions ask for additional details, this information will greatly improve the quality of the final report, which will benefit all state DOTs. We hope that you will spend a few moments to provide brief comments in these sections if you are able to do so.

Your survey responses will be kept confidential. Your responses will be aggregated with those of other responding agencies in the final report, but your response will not be associated with your name or state.

This questionnaire is being sent to U.S. state DOTs. Your cooperation in completing the questionnaire will ensure the success of this effort. **If you are not the appropriate person at your agency to complete this questionnaire, please forward it to the correct person.**

We estimate that it should take approximately 10 minutes to complete. If you have any questions, please contact our principal investigators Deirdre Kyle or Debbie Griffin via e-mail or by calling 904-757-9300. Any supporting materials can be sent directly to these contacts by e-mail or at the postal address shown at the end of the survey.

QUESTIONNAIRE INSTRUCTIONS

1. To view and print the entire questionnaire, click on the following link and print using “control p” DBE Small Business Program Survey.
2. To save your partial answers and complete the questionnaire later, click on the “Save and Continue Later” link in the upper right hand corner of your screen. A link to the incomplete questionnaire will be e-mailed to you from SurveyGizmo. To return to the questionnaire later, open the e-mail from SurveyGizmo and click on the link.
3. To pass a partially completed questionnaire to a colleague, click on the on the “Save and Continue Later” link in the upper right hand corner of your screen. A link to the incomplete questionnaire will be e-mailed to you from SurveyGizmo.” Open the e-mail from SurveyGizmo and forward it to a colleague.
4. To view and print your answers before submitting the survey, click forward to the page following question 42. Print using “control p.”
5. To submit the survey, click on “Submit” on the last page.

Thank you very much for your time and expertise.

Contact Information

1) Please provide your name and contact information. This information is required, but will be kept confidential and will not be associated with your survey responses in this project’s final report. We may use this information to contact you if we have questions about your responses.

First Name*: _____

Last Name*: _____

Title*: _____

Agency/Organization*: _____

Street Address*: _____

Suite: _____

City*: _____

State*: _____

Zip Code*: _____

Country: _____

E-mail Address*: _____

Phone Number*: _____

Fax Number: _____

Mobile Phone: _____

URL: _____

Disadvantaged Business Enterprise (DBE) Program Plan

2) Do you have a Disadvantaged Business Enterprise (DBE) Program Plan?

- Yes
- No
- Don’t know

3) When was it approved by the Federal Highway Administration (FHWA)?

- Date (MM/DD/YYYY): _____
- Still waiting
- Don't Know

4) Approximately how many firms are currently certified to participate in your DBE Program?

- <100
- 100–200
- 200–300
- 300–400
- 400–500
- 500–600
- 600–700
- 700–800
- 800–900
- 900–1,000
- 1,000–1,250
- 1,250–1,500
- 1,500–1,750
- 1,750–2,000
- Greater than 2,000
- Don't know

5) Is your agency DBE Liaison Officer (DBELO) actively involved in implementing the DBE Program Plan?

- Yes
- No
- Don't know

6) Does your State DOT DBE Program Plan include an element to facilitate participation of all small businesses, including DBEs, on federally assisted contracts?

- Yes (Federal Aid Projects)
- No
- Don't know

7) Does the DBE Program Plan's small business element apply to Local Public Agencies that receive federal funds?

- Yes
- No
- Don't know

8) February 28, 2012, was the deadline to submit Small Business Element plans to FHWA. When do you anticipate your agency to implement this new program?

- January–March 2012
- April–June 2012
- July–September 2012
- October–December 2012
- Don't know (please explain): _____
-

Small Business Program**9) Did/does your state require legislative action to implement your SBE program?**

- Yes
- No
- Don't know

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10) How long did/will it take for the legislature to approve?

- 1 year
 2 years
 More than 2 years
 Did not approve
 Don't know

11) Please let us know if there are any state legislative or legal impediments to implementing an SBE program in your organization.

12) Will your agency DBE Liaison Officer (DBELO) be involved in the implementation of an SBE program?

- Yes
 No
 Don't know

13) Does your organization currently have any type of small business program other than a race-conscious DBE Program?

- Yes
 No
 Don't Know
-

Small Business Program

14) Following are some common small business race-neutral participation programs that have been implemented by various state DOTs to facilitate participation of federally assisted contracts for all small businesses, including DBEs. Please select the name of your program.

- Emerging Small Business Program
 Emerging Small Business Enterprise Program
 Small Business Enterprise Program
 Small Business Program
 Micro-Small Business Program
 Other (Please provide name of program): _____

15) How long has the program been in place?

- <6 months
 6–12 months
 1 year–5 years
 > 5 years
 Don't know

16) Does your program's definition of small business mirror the definition set out in 49 CFR Part 26? (Small business concern means, with respect to firms seeking to participate as DBEs in DOT-assisted contracts, a business with gross receipts averaged over a three-year period that do not exceed the size standards set forth in 13 CFR Part 121 associated with the type of business it performs on federally-assisted contracts, but in no case exceeds \$22.41 million as specified in §26.65(b)).

- Yes
 Don't know
 No (please provide a definition of your agency's Small Business Program): _____

17) Is there a personal net worth requirement for your Small Business Program? If so, does it conform with the PNW limit of \$1.32 million as set forth in the DBE program?

- Yes
- No
- Don't know

18) What is the personal net worth requirement for your Small Business Program?

- \$1,320,000
- \$750,000 to \$1,319,999
- \$500,000 to \$749,999
- \$250,000 to \$499,999
- Less than \$250,000
- Don't know

Small Business Program

19) What is the overall estimated annual cost of the Small Business Program (including staffing requirements)?

- Less than \$50,000
- \$50,001 to \$100,000
- \$100,001 to \$200,000
- \$200,001 to \$300,000
- \$300,001 to \$500,000
- \$500,001 to \$750,000
- Greater than \$750,000
- Don't know

20) Is there a certification process in place for the Small Business Program; e.g., does your staff confirm firm size and/or PNW if applicable?

- No
- Don't know
- Yes (please describe this process): _____

21) Does an online directory exist for the Small Business Program?

- Yes
- No
- Don't know

22) Approximately how many firms are currently certified to participate in the Small Business Program?

- <50
- 50–100
- 101–150
- 150–200
- 201–300
- 301–500
- Greater than 500
- Don't know

23) Are current certified DBEs automatically qualified to participate in the Small Business Program?

- Yes
- Don't know
- No (please explain): _____

Methods Used to Foster Small Business Participation

24) Following are methods for fostering small business participation which are explicitly mentioned in the 49 CFR § 26.39 regulatory guidelines. Please indicate any that are currently used by your agency. (Please check as many as appropriate.)

- Structuring contracting requirements to facilitate competition by small business concerns.
- Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors.
- Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million).
- In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.
- On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.

25) If your agency restricts or sets aside projects for small business participation only, what is the approximate dollar threshold for those projects?

- \$25,000
- \$50,000
- \$100,000
- \$250,000
- \$500,000
- \$500,001–\$1 million
- Over \$1 million
- Do not have restricted projects
- Don't know

26) Please rate on a scale of 1 to 5 the effectiveness of each method that is used by your agency to foster small business participation (1 = Not at all effective, 2 = Somewhat effective, 3 = Effective, 4 = Very effective, 5 = Extremely effective) or click the “Have not used” button.

	1	2	3	4	5	Have not used
Structuring contracting requirements to facilitate competition by small business concerns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g., \$1 million).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In multi-year design-build contracts or other large contracts (e.g., for “megaprojects”) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	1	2	3	4	5	Have not used
On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.	()	()	()	()	()	()
Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.	()	()	()	()	()	()
Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.	()	()	()	()	()	()

Range of Contract Sizes Over the Last Five Years

27) Over the last five (5) years, please indicate the average size of prime construction contracts awarded:

- \$500,000 or less
- \$500,001 to \$1,000,000
- \$1,000,001 to \$5,000,000
- \$5,000,001 to \$10,000,000
- Over \$10,000,000
- Don't know

28) Over the last five (5) years, please indicate the average size of construction subcontracts in place on construction contracts:

- \$150,000 or less
- \$150,001 to \$350,000
- \$350,001 to \$750,000
- \$750,001 to \$1,000,000
- \$1,000,001 to \$5,000,000
- Over \$5,000,000
- Don't know

29) Over the last five (5) years, please indicate the average size of prime consultant contracts awarded:

- \$500,000 or less
- \$500,001 to \$1,000,000
- \$1,000,001 to \$5,000,000
- \$5,000,001 to \$10,000,000
- Over \$10,000,000
- Don't know

30) Over the last five (5) years, please indicate the average size of consultant subcontracts in place on consultant contracts:

- \$150,000 or less
- \$150,001 to \$350,000
- \$350,001 to \$750,000
- \$750,001 to \$1,000,000
- \$1,000,001 to \$5,000,000
- Over \$5,000,000
- Don't know

Contracting Process

31) Who in your agency decides how a construction contract will be structured for letting?

- Highway Construction/Engineering Contracting
- Procurement/Purchasing
- Other (please describe): _____

32) Who in your agency decides how an architectural/engineering (A&E) contract will be structured for letting?

- A&E/Professional Services Contracting
- Procurement/Purchasing
- Other (please describe): _____

33) How is the size of a contract determined? Please explain.

34) What dictates the size of a project?

- Engineer’s estimate of project
- Budget
- Other (please describe): _____

Challenges in Facilitating Small Business Participation

35) Following are some common challenges faced by states in implementing a small business program or facilitating small business participation. Please rate on a scale of 1 to 5 the degree to which each challenge has affected your states small business participation efforts (1 = Not a problem at all, 2 = A minor problem, 3 = A problem, 4 = A significant problem, 5 = A severe problem).

	1	2	3	4	5	Don't Know
Administrative challenges (budget constraints, lack of staff).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal agency challenges (lack of support or attention from upper management, bureaucracy, agency reluctance to alter method of procuring contracts or to unbundle contracts planned in advance).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36) Please provide information regarding other challenges faced by your agency:

Small Business Program Supportive Services

37) Please indicate all applicable supportive services that are provided by your Agency to help only small businesses, including DBEs compete on contracts:

- Currently only provide supportive services to DBE certified firms.
- Provide firms with business development assistance, such as marketing and training assistance or help with business management, business plans, or financial statements.
- Provide firms with bidding assistance, such as holding mock workshops on the bidding process or providing assistance with plan reading, bidding and estimating, job costing, and writing/designing statements of qualifications (SOQs).
- Assist firms in using technology, such as electronic bidding, Web site development, and conducting business over the Internet.

Provide firms with one-on-one business reviews and/or technical assistance.

Provide training classes and technical education.

Other (please provide additional information below):

38) Does your Agency fund a supportive services program for non-DBE firms?

Yes

No

Don't Know

39) How are supportive services funded?

State funds

Local funds

Other

Additional Comments and Materials

40) If you know of any local government, who has a small business program, please identify the agency and a contact if available.

41) If you have any additional comments on any aspect of implementing a small business program that facilitates participation of federally assisted contracts for all small businesses, including DBEs, please use this space to enter them.

Thank You!

Thank you for taking this survey. Your response will aid other DOTs in their efforts to implement a small business program that facilitates participation of federally assisted contracts for all small businesses, including DBEs. If you have any questions or comments, please feel free to contact the principal investigators.

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APPENDIX F

Summary of Survey Responses

1. Agency/Organization

Count Response

1	ADOT
1	Alabama DOT
1	Alaska DOT
1	Arkansas State Highway & Transportation Department
1	Caltrans
1	Colorado Dept. of Transportation
1	Connecticut Department of Transportation
1	DelDOT
1	Florida Department of Transportation
1	GA DOT
1	Hawaii DOT
1	INDOT
1	Idaho Transportation Department
1	Iowa DOT
1	Kentucky Transportation Cabinet/Office for Civil Rights & Small Business Development
1	Kansas Department of Transportation
1	LA Department of Transportation & Development
1	Maine Department of Transportation
1	Michigan Dept. of Transportation
1	Minnesota Department of Transportation
1	Mississippi DOT
1	NCDOT/Contractual Services Unit
1	NDDOT
1	NMDOT Office of Equal Opportunity Programs
1	Nebraska Department of Roads
1	Nevada Dept. of Transportation
1	New Hampshire Department of Transportation
1	New Jersey Department of Transportation
1	Office of the Director District Department of Transportation Office of Civil Rights
1	Ohio Department of Transportation
1	Oklahoma Dept. of Transportation
1	Oregon Department of Transportation

Count Response

- 1 PA Department of Transportation
- 1 Puerto Rico Highway and Transportation Authority
- 1 Rhode Island DOT
- 1 South Dakota DOT
- 1 Tennessee DOT
- 1 Texas Department of Transportation
- 1 Vermont Agency of Transportation
- 1 Virginia Department of Transportation
- 1 Washington State Department of Transportation/Office of Equal Opportunity
- 1 West Virginia Department of Transportation
- 1 Wisconsin Department of Transportation
- 1 Wyoming Department of Transportations

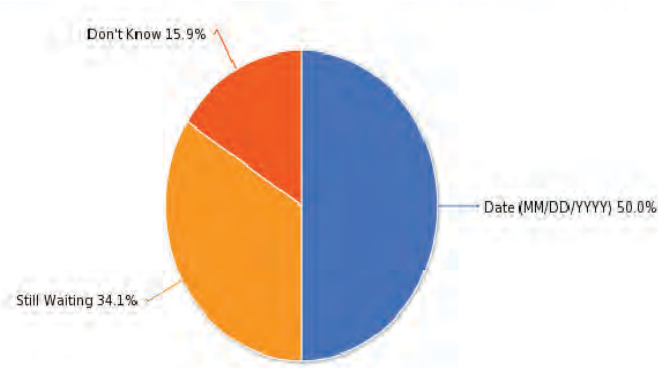
2. Do you have a Disadvantaged Business Enterprise (DBE) Program Plan?



	Value	Count	Percent %
Yes		44	100%
No		0	0%
Don't know		0	0%

Statistics	
Total Responses	44

3. When was it approved by the Federal Highway Administration (FHWA)?



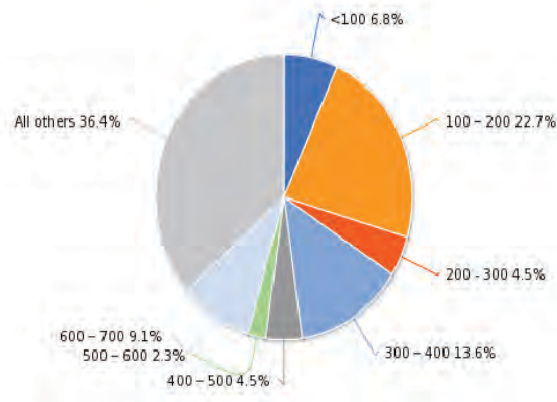
Value	Count	Percent %
Date (MM/DD/YYYY)	22	50%
Still Waiting	15	34.1%
Don't Know	7	15.9%

Statistics		
Total Responses		44

Open-Text Response Breakdown for "Date (MM/DD/YYYY)"

Open-Text Response	Count
<i>Left Blank</i>	1
01/10/2011	1
03/31/2000	1
04/20/2000	1
06/01/2008	1
06/12/2006	1
08/03/2004	1
09/11/2011	1
09/28/2011	1
11/03/2002	1
1982	1
2004	1
2006	1
2007	1
2010	1
April 15, 2009	1
April 2012	1
Conditional 3/29/2012	1
March 2000	1
October 2007	1
October 2010	1
Pending	1

4. Approximately how many firms are currently certified to participate in your DBE Program?



Value	Count	Percent
<100	3	6.8%
100 - 200	10	22.7%
200 - 300	2	4.5%
300 - 400	6	13.6%
400 - 500	2	4.5%
500 - 600	1	2.3%
600 - 700	4	9.1%
700 - 800	2	4.5%
800 - 900	2	4.5%
900 - 1,000	2	4.5%
1,250 - 1,500	3	6.8%
1,500 - 1,750	1	2.3%

1,750 - 2,000	1	2.3%
1,000 - 1,200	2	4.5%
Greater than 2,000	3	6.8%
Don't know	0	0%

Statistics	
Total Responses	44
Sum	9,461.0
Average	249.0
Std. Dev.	287.55
Max.	900.0

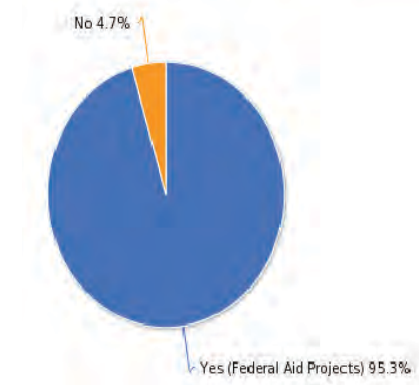
5. Is your agency DBE Liaison Officer (DBELO) actively involved in implementing the DBE Program Plan?



	Value	Count	Percent
Yes		42	95.5%
No		2	4.5%
Don't know		0	0%

Statistics		
Total Responses		44

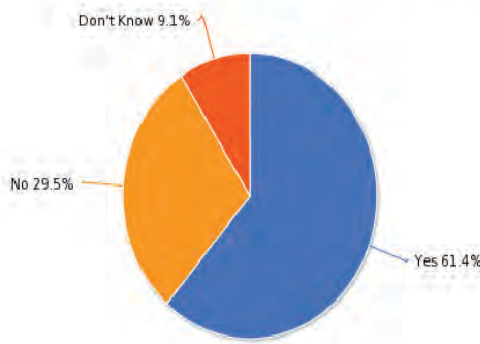
6. Does your State DOT DBE Program Plan include an element to facilitate participation of all small businesses, including DBEs, on federally-assisted contracts?



Value	Count	Percent
Yes (Federal Aid Projects)	41	95.3%
No	2	4.7%
Don't know	0	0%

Statistics	
Total Responses	43
Skipped	1

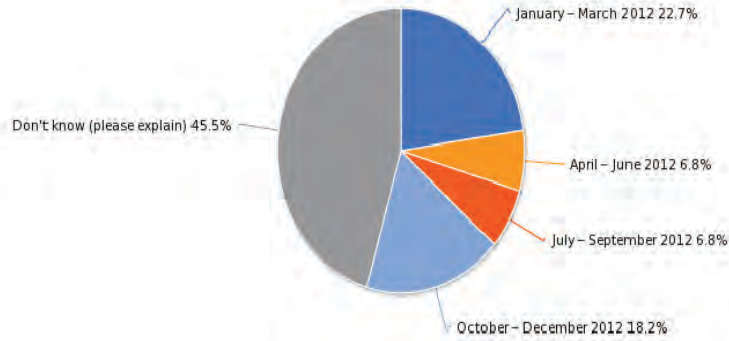
7. Does the DBE Program Plan's small business element apply to Local Public Agencies that receive federal funds?



Value	Count	Percent
Yes	27	61.4%
No	13	29.5%
Don't know	4	9.1%

Statistics	
Total Responses	44

8. February 28, 2012, was the deadline to submit Small Business Element plans to FHWA. When do you anticipate your agency to implement this new program?



Value	Count	Percent
January - March 2012	10	22.7%
April - June 2012	3	6.8%
July - September 2012	3	6.8%
October - December 2012	8	18.2%
Don't know (please explain)	20	45.5%

Statistics	
Total Responses	44

Open-Text Response Breakdown for "Don't know (please explain)"

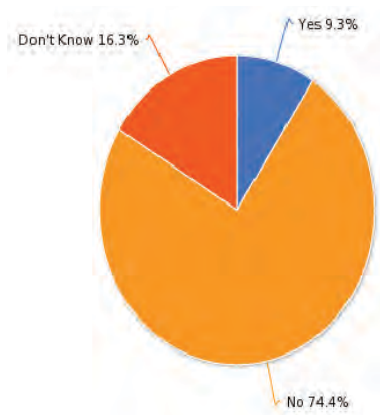
Open-Text Response	Count
6-9 months after approval	1
8 months after approval of the plan	1
9 months after approval per the regulations	2
As soon as we get approval	1
Have not received approval. Will implement within specified timeframe.	1
Ready to implement upon approval from FHWA.	1
Waiting on approval from FHWA	1
Nine months after plan approval by FHWA FAA FTA.	1
Within 9 months of receiving FHWA approval	1
DBE program was modified only to include basic elements of small business participation, but no small business program has been implemented	1
Small Business component has not been approved...implementation will be within 9 months of approval	1
We did not submit a formal plan but we did submit an exception that explained how we meet most of our DBE participation goals using race-neutral means. Most of our construction contracts are under \$1M and therefore most of our prime contractors are small businesses. We have race-conscious goals on some projects to meet our overall goal but this combined with our contracting environment facilitates the utilization of all small businesses.	1

Open-Text Response Breakdown for "Don't know (please explain)"

Count

- The regulation requires implementation within 9 months of approval. We have submitted to FHWA, FTA, and FAA and we are still waiting on approval. 1
- PA DOTs Proposed Small Business Program Submitted to FHWA on 2/28/12 as required. Will implement upon approval from FHWA. 1
- Most activities, such as the Small Contracting Program and the state-funded Small Business Supportive Services and Outreach have been implemented since 2007. ODOT has already been engaged in unbundling practices. As part of the SBE, we are now considering encouraging Prime-Contractor Identified Small Business Opportunities and Consortia /Joint Ventures, and if feasible, would implement in the Oct-Dec 2012 timeframes. 1
- We have a 3-phase approach to implementation. We plan to start phase 1 as soon as we get approval. 1
- We submitted to FHWA what we do and our partnership with the Dept of Commerce when it comes to small business. And, there is language in our DBE programs with encouragement of use of small businesses. However, to have a specific small business element plan exclusive to KDOT we currently do not as we have worked in partnership with the Kansas Department of Commerce when it came to small business. 1
- It depends on the feedback we receive and when we receive approval. We anticipate needing the full nine months to implement our program. 1
- Due to a retirement, AHTD is in hiring process of a new EEO Section Head who will lead this effort 1

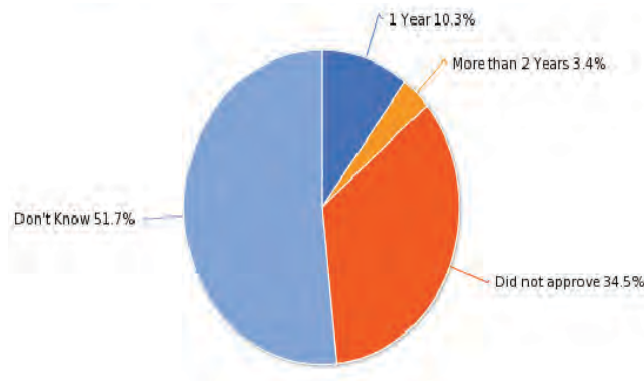
9. Did/Does your state require legislative action to implement your SBE program?



	Value	Count	Percent
Yes		4	9.3%
No		32	74.4%
Don't know		7	16.3%

Statistics	
Total Responses	43
Skipped	1

10. How long did/will it take for the legislature to approve?



Value	Count	Percent
1 year	3	10.3%
More than 2 years	1	3.4%
Did not approve	10	34.5%
Don't know	15	51.7%
2 years	0	0%

Statistics	
Total Responses	29
Sum	3.0
Average	1.0
Max	1.0
Skipped	15

11. Please let us know if there are any state legislative or legal impediments to implementing an SBE program in your organization.

Count	Response
1	Currently run a Veterans Program on our State Funded Construction Projects
1	Legislative approval not required
5	N/A
1	N/A
1	No
1	None
1	Our state legislators approved our SB program
1	Unknown—None that we foresee
1	N/A

Count	Response
1	No
2	None
1	State prequalification requirements provide some limitations
1	Our ESB Program was adopted in 1992. We believe we have developed a USDOT compliant program under the legislation but would need to go through the legislative process for a broader program.
1	Yes, there are impediments with respect to limiting contracting opportunities based on business size, as there is no authority in the state's public contracting code to do so. However, ODOT's SBE works around this issue by targeting supportive services and outreach to small businesses and providing small contracting opportunities.
1	If we were to implement small business set-asides (which we will not do at this time), it would require legislative action to change state law.
1	We structured our plan to follow State Statute; otherwise we would not be able to implement the plan without legislative approval which would likely not be forthcoming.
1	None...actually the Legislature were the ones who came up with it on the State funding side in 1993.
1	We cannot apply the small business element to state funds because we are legally enjoined from applying the DBE program goal setting to state-only funded projects.
1	TxDOT does have an existing state SBE Program and there were some fundamental issues in terms of designating a separate federal SBE Program.

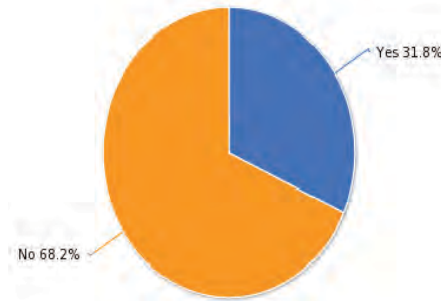
12. Will your agency DBE Liaison Officer (DBELO) be involved in the implementation of an SBE program?



Value	Count	Percent
Yes	41	93.2%
Don't know	3	6.8%
No	0	0%

Statistics	
Total Responses	44

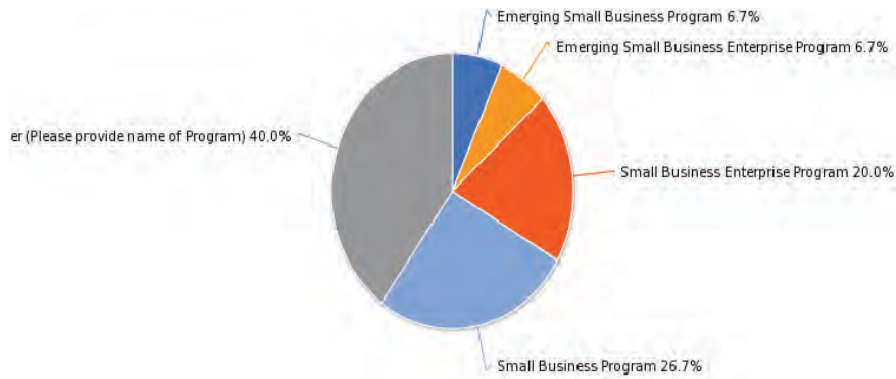
13. Does your organization currently have any type of small business program other than a race-conscious DBE Program?



Value	Count	Percent
Yes	14	31.8%
No	30	68.2%
Don't Know	0	0%

Statistics	
Total Responses	44

14. Following are some common small business race-neutral participation programs that have been implemented by various state DOTs to facilitate participation of federally-assisted contracts for all small businesses, including DBEs. Please select the name of your program.

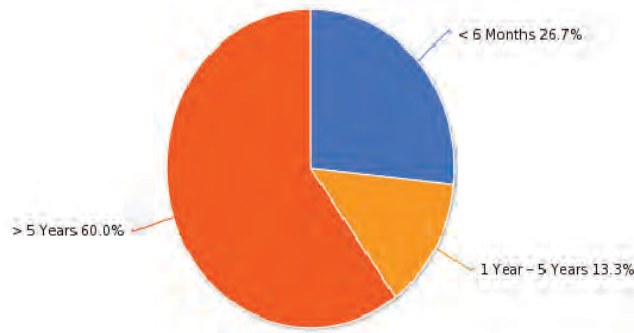


Value	Count	Percent
Emerging Small Business Program	1	6.7%
Emerging Small Business Enterprise Program	1	6.7%
Small Business Enterprise Program	3	20%
Small Business Program	4	26.7%
Other (Please provide name of Program)	6	40%
Micro-Small Business Program	0	0%

Statistics	
Total Responses	15
Skipped	1

Open-Text Response Breakdown for "Other (Please provide name of Program)"	Count
Race-neutral practices that promote small business utilization	1
Small Business Development Program	1
Small Business Participation Program	1
We have a race-neutral small business program	1
VDOT's small business race-neutral program is a state program and is not used on federally-assisted contracts.	1
Small Contracting Program (Note: Oregon also has an Emerging Small Business certification that DBE's may participate in.)	1

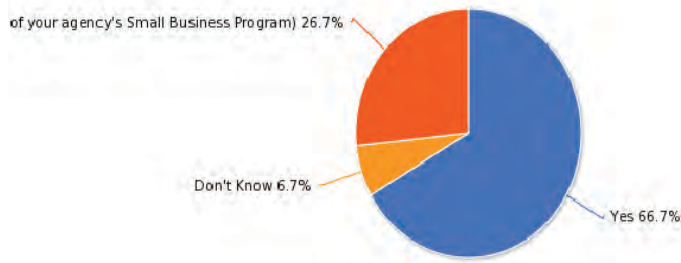
15. How long has the program been in place?



Value	Count	Percent
<6 Months	4	26.7%
1 year – 5 years	2	13.3%
> 5 years	9	60%
6 – 12 months	0	0%
Don't know	0	0%

Statistics	
Total Responses	15
Sum	2.0
Average	1.0
Max	1.0
Skipped	1

16. Does your program's definition of small business mirror the definition set out in 49 CFR Part 26? (Small business concern means, with respect to firms seeking to participate as DBEs in DOT-assisted contracts, a business with gross receipts averaged over a three-year period that do not exceed the size standards set forth in 13 CFR Part 121 associated with the type of business it performs on federally-assisted contracts, but in no case exceeds \$22.41 million as specified in §26.65(b)).



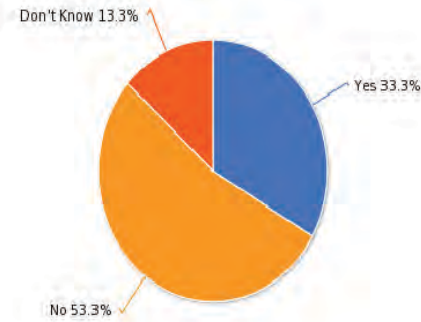
Value	Count	Percent
Yes	10	66.7%
Don't know	1	6.7%
No (please provide a definition of your agency's Small Business Program)	4	26.7%
No	0	0%

Statistics	
Total Responses	15
Skipped	1

Open-Text Response Breakdown for "No (please provide a definition of your agency's Small Business Program)" **Count**

One-half SBA size standard, capped at one-half of DBE size limit.	1
Ours set a limit of \$1.5 million gross minus materials and an independent firm to be eligible.	1
ODOT identifies "small business" participation by tracking contracting and subcontracting with Disadvantaged Business Enterprise (DBE), Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE), and Emerging Small Business (ESB) firms that are certified by Oregon's Office of Minority, Women and Emerging Small Business (OMWESB). ODOTs CRCT database is updated nightly with current certification data from OMWESB, and these data are used to report on small business participation on ODOT contracts. DBE size is per the 49 CFR 26; M/WBE is per size standards as defined by the Small Business Administration, North American Industry Classification System Codes (NAICS) size standards; and ESB includes two tiers—(1) For Oregon-based firms with 19 or less employees whose average annual gross receipts over the last three years are under \$1,699,953 for construction firms and under \$679,981 for non-construction-related firms, and (2) For Oregon-based firms with 29 or less employees whose average annual gross receipts over the last three years are under \$3,399,907 for construction-related businesses and under \$1,133,302 for non-construction businesses.	1
The Small Business Enterprise (SBE) Program offers small businesses another avenue of maximizing their opportunities of doing business with TxDOT. The program applies only to highway construction and maintenance projects that are funded entirely by state and/or local funds.	1

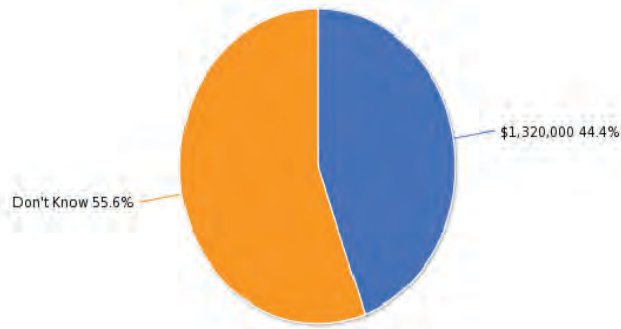
17. Is there a personal net worth requirement for your Small Business Program? If so, does it conform with the PNW limit of \$1.32 million as set forth in the DBE program?



Value	Count	Percent
Yes	5	33.3%
No	8	53.3%
Don't Know	2	13.3%

Statistics	
Total Responses	15
Skipped	1

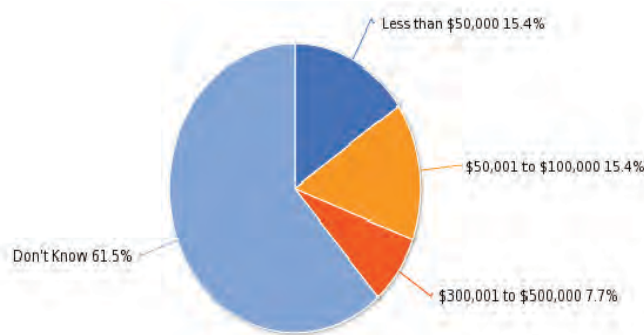
18. What is the personal net worth requirement for your Small Business Program?



Value	Count	Percent
\$1,320,000	4	44.4%
Don't know	5	55.6%
\$750,000 to \$1,319,999	0	0%
\$500,000 to \$749,999	0	0%
\$250,000 to \$499,999	0	0%
Less than \$250,000	0	0%

Statistics	
Total Responses	9
Skipped	7

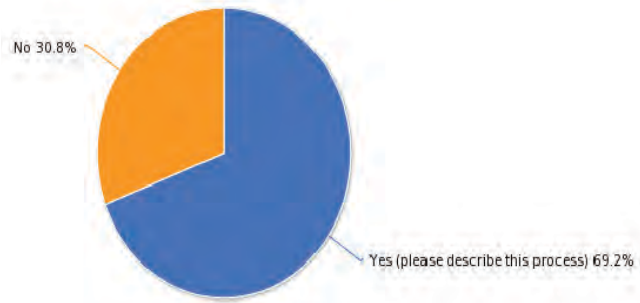
19. What is the overall estimated annual cost of the Small Business Program (including staffing requirements)?



Value	Count	Percent
Less than \$50,000	2	15.4%
\$50,001 to \$100,000	2	15.4%
\$300,001 to \$500,000	1	7.7%
Don't know	8	61.5%
\$100,001 to \$200,000	0	0%
\$200,001 to \$300,000	0	0%
\$500,001 to \$750,000	0	0%
Greater than \$750,000	0	0%

Statistics	
Total Responses	13
Skipped	1

20. Is there a certification process in place for the Small Business Program; e.g., does your staff confirm firm size and/or PNW if applicable?



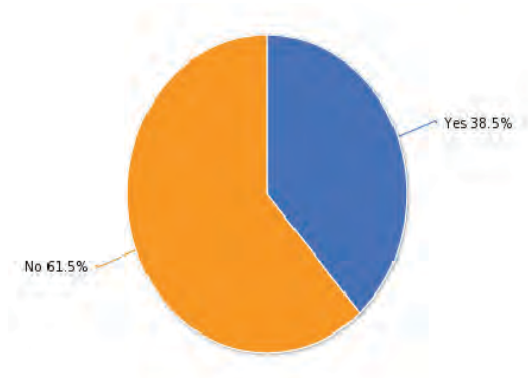
Value	Count	Percent
Yes (please describe this process)	9	69.2%
No	4	30.8%
Don't know	0	0%

Statistics	
Total Responses	13
Skipped	1

Open-Text Response Breakdown for "Yes (please describe this process)"

	Count
Application which requires business, personal and affiliate tax returns.	1
Firm must provide notarized statement of compliance with the size standard	1
Size Standard is reviewed and verified.	1
The firm will undergo the same scrutiny as DBE certification applications.	1
The firm's annual gross does not exceed \$4 million in a 3 year period	1
The ESBE program mirrors the DBE program in terms of the certification process and eligibility standards.	1
We have an audit system that audits every firm over a 2 year period to ensure that they are in compliance.	1
Small businesses' PNW and firm size will be verified for participation in the Small Business Enterprise Program.	1
There is a registration process for the Small Contracting Program. The staff does not check the PNW or Business Size of all participants. However, participation by DBE, M/WBE, and ESB is tracked, all of which must be certified and meet small business size standards as already stated.	1

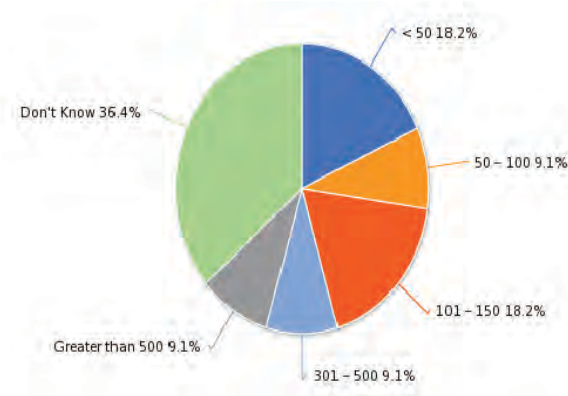
21. Does an online directory exist for the Small Business Program?



Value	Count	Percent
Yes	5	38.5%
No	8	61.5%
Don't know	0	0%

Statistics	
Total Responses	13
Skipped	1

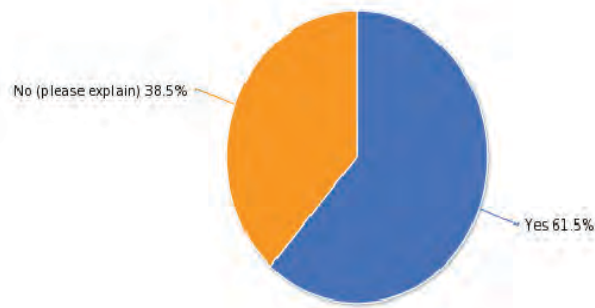
22. Approximately how many firms are currently certified to participate in the Small Business Program?



Value	Count	Percent
<50	2	18.2%
50 – 100	1	9.1%
101 – 150	2	18.2%
301 – 500	1	9.1%
Greater than 500	1	9.1%
Don't know	4	36.4%
150 – 200	0	0%
201 – 300	0	0%

Statistics	
Total Responses	11
Sum	553.0
Average	138.3
Std. Dev.	96.24
Max.	301.0
Skipped	3

23. Are current certified DBEs automatically qualified to participate in the Small Business Program?



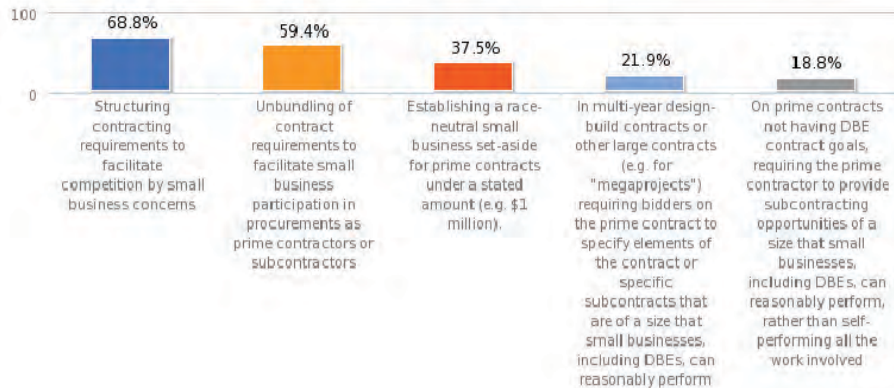
Value	Count	Percent
Yes	8	61.5%
No (please explain)	5	38.5%
Don't know	0	0%

Statistics	
Total Responses	13
Skipped	1

Open-Text Response Breakdown for "No (please explain)"

Response	Count
DBE must apply to the ESB program	1
N/A	1
They have to show that their gross is less than or equal to \$1.5 million minus materials.	1
Under DBE Program they can have a greater size \$22–\$41 million; SBC only up to \$4 million	1
When the Small Contracting Program was first created existing DBE's were automatically signed up for the SCP, but new DBE's must register to participate and are encouraged to do so during outreach events.	1

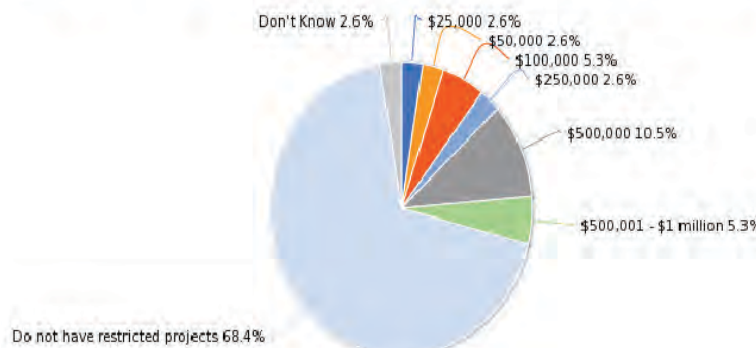
24. Following are methods for fostering small business participation which are explicitly mentioned in the 49 CFR § 26.39 regulatory guidelines. Please indicate any that are currently used by your agency. (Please check as many as appropriate.)



Value	Count	Percent
Structuring contracting requirements to facilitate competition by small business concerns	22	68.8%
Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors	19	59.4%
Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g. \$1 million).	12	37.5%
In multi-year design-build contracts or other large contracts (e.g. for "megaprojects") requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform	7	21.9%
On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved	6	18.8%

Statistics	
Total Responses	32
Skipped	11

25. If your agency restricts or sets aside projects for small business participation only, what is the approximate dollar threshold for those projects?



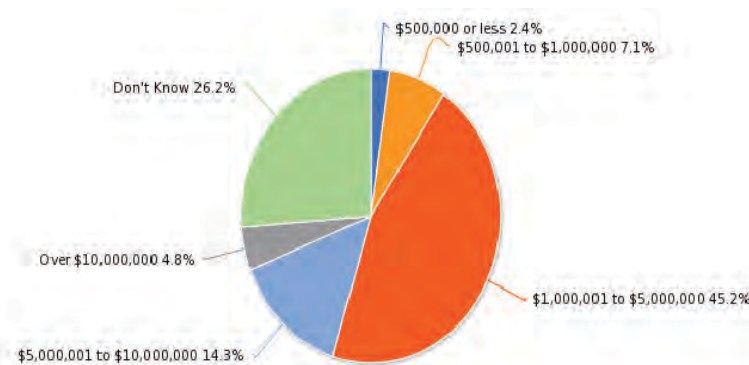
Value	Count	Percent
\$25,000	1	2.6%
\$50,000	1	2.6%
\$100,000	2	5.3%
\$250,000	1	2.6%
\$500,000	4	10.5%
\$500,001 - \$1 million	2	5.3%
Do not have restricted projects	26	68.4%
Don't know	1	2.6%
Over \$1 million	0	0%

Statistics	
Total Responses	38
Skipped	5

26. Please rate on a scale of 1 to 5 the effectiveness of each method that is used by your agency to foster small business participation (1 = Not at all effective, 2 = Somewhat effective, 3 = Effective, 4 = Very effective, 5 = Extremely effective) or click the "Have not used" button.

	1	2	3	4	5	Have not used	Responses
Structuring contracting requirements to facilitate competition by small business concerns.	2.6% 1	7.7% 3	12.8% 5	10.3% 4	17.9% 7	48.7% 19	39
Unbundling of contract requirements to facilitate small business participation in procurements as prime contractors or subcontractors.	5.1% 2	7.7% 3	15.4% 6	12.8% 5	5.1% 2	53.8% 21	39
Establishing a race-neutral small business set-aside for prime contracts under a stated amount (e.g. \$1 million).	2.6% 1	2.6% 1	5.1% 2	5.1% 2	7.7% 3	76.9% 30	39
In multi-year design-build contracts or other large contracts (e.g. for "megaprojects") requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including DBEs, can reasonably perform.	2.6% 1	7.7% 3	5.1% 2	5.1% 2	5.1% 2	74.4% 29	39
On prime contracts not having DBE contract goals, requiring the prime contractor to provide subcontracting opportunities of a size that small businesses, including DBEs, can reasonably perform, rather than self-performing all the work involved.	7.9% 3	7.9% 3	2.6% 1	2.6% 1	2.6% 1	76.3% 29	38
Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including DBEs, to compete for and perform prime contracts.	5.6% 2	5.6% 2	8.3% 3	8.3% 3	0.0% 0	72.2% 26	36
Ensuring that a reasonable number of prime contracts are of a size that small businesses, including DBEs, can reasonably perform.	2.6% 1	2.6% 1	13.2% 5	10.5% 4	15.8% 6	55.3% 21	38

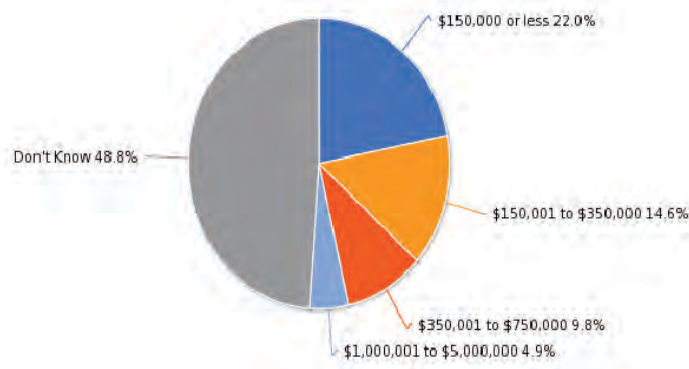
27. Over the last five (5) years, please indicate the average size of prime construction contracts awarded:



Value	Count	Percent
\$500,000 or less	1	2.4%
\$500,001 to \$1,000,000	3	7.1%
\$1,000,001 to \$5,000,000	19	45.2%
\$5,000,001 to \$10,000,000	6	14.3%
Over \$10,000,000	2	4.8%
Don't know	11	26.2%

Statistics	
Total Responses	42
Skipped	1

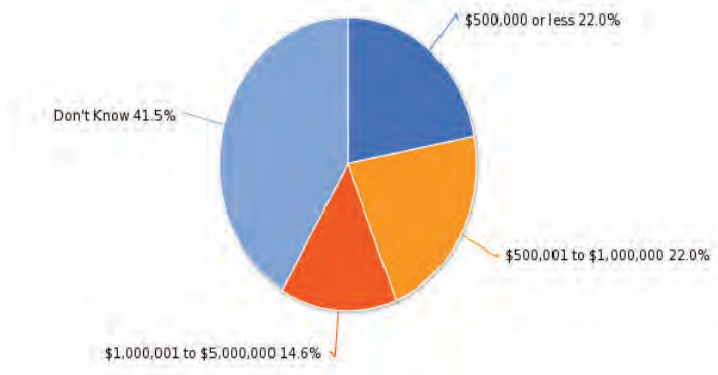
28. Over the last five (5) years, please indicate the average size of construction subcontracts in place on construction contracts:



Value	Count	Percent
\$150,000 or less	9	22%
\$150,001 to \$350,000	6	14.6%
\$350,001 to \$750,000	4	9.8%
\$1,000,001 to \$5,000,000	2	4.9%
Don't Know	20	48.8%
\$750,001 to \$1,000,000	0	0%
Over \$5,000,000	0	0%

Statistics	
Total Responses	41
Skipped	2

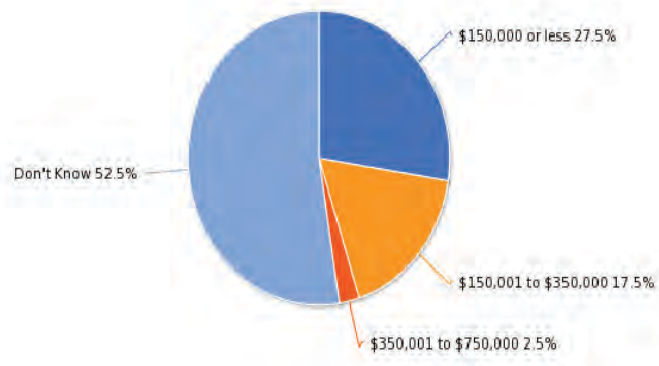
29. Over the last five (5) years, please indicate the average size of prime consultant contracts awarded:



Value	Count	Percent
\$500,000 or less	9	22%
\$500,001 to \$1,000,000	9	22%
\$1,000,001 to \$5,000,000	6	14.6%
Don't know	17	41.5%
\$5,000,001 to \$10,000,000	0	0%
Over \$10,000,000	0	0%

Statistics	
Total Responses	41
Skipped	2

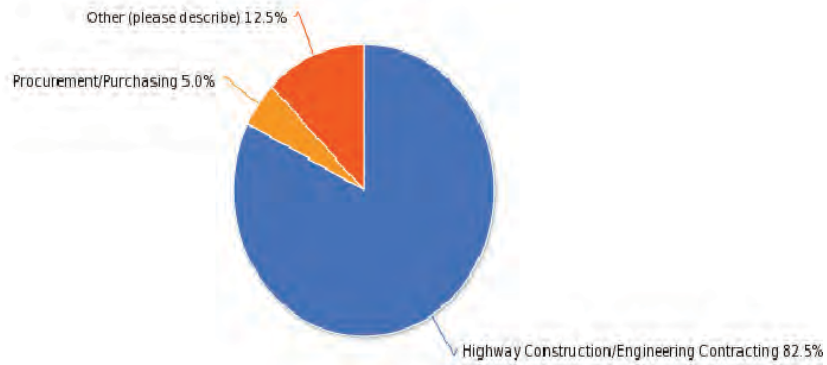
30. Over the last five (5) years, please indicate the average size of consultant subcontracts in place on consultant contracts:



Value	Count	Percent
\$150,000 or less	11	27.5%
\$150,001 to \$350,000	7	17.5%
\$350,001 to \$750,000	1	2.5%
Don't know	21	52.5%
\$750,001 to \$1,000,000	0	0%
\$1,000,001 to \$5,000,000	0	0%
Over \$5,000,000	0	0%

Statistics		
Total Responses		40
Skipped		3

31. Who in your agency decides how a construction contract will be structured for letting?

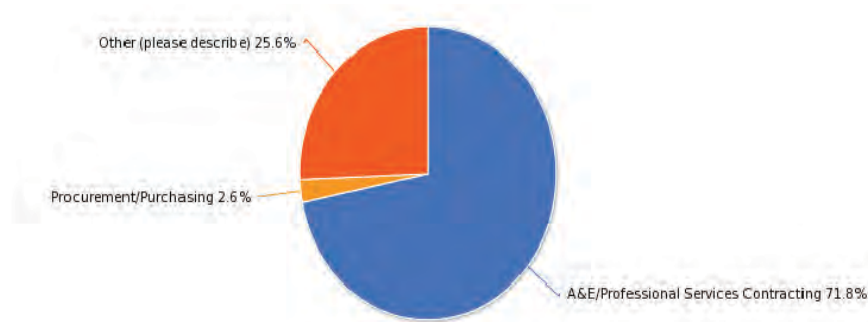


Value	Count	Percent
Highway Construction/Engineering Contracting	33	82.5%
Procurement/Purchasing	2	5%
Other (please describe)	5	12.5%

Statistics		
Total Responses		40
Skipped		3

Open-Text Response Breakdown for "Other (please describe)"	Count
Capital Program Development & Management	1
Collaborative effort between the Program Development Division and Contract Administration	1
Contract Services Administrator, oversees the Competitively Bid Contracts Coordinator	1
Contracts Division	1
Region field techs, Engineers - most requirements come from the regions	1

32. Who in your agency decides how an architectural/engineering (A&E) contract will be structured for letting?



Value	Count	Percent
A&E/Professional Services Contracting	28	71.8%
Procurement/Purchasing	1	2.6%
Other (please describe)	10	25.6%

Statistics	
Total Responses	39
Skipped	4

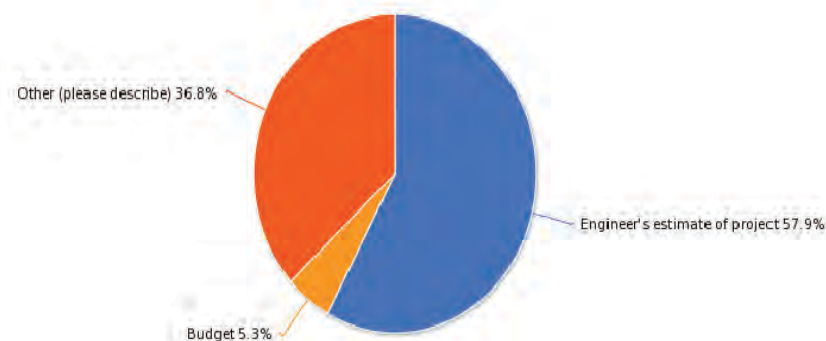
Open-Text Response Breakdown for "Other (please describe)"

Open-Text Response	Count
<i>Left Blank</i>	1
Bureau of Design	1
Collaborative effort between the Program Development Division and Contract Administration	1
Contract Services Administrator, oversees the Consultant Control Coordinator	1
Contracts Division	1
Engineering Division	1
Executive Director/Legal Counselor	1
Most of our design work is done in-house	1
Same as the construction contracts	1
Office responsible for work requests use of consultant and their division director grants approval to perform selection. Office request outlines services needed.	1

33. How is the size of a contract determined? Please explain.

Count	Response
1	Based on scope of services
1	By the scope of work
1	Depends on the location, budget and a host of factors
1	Depends on the project's complexity and location
1	Don't know
1	Don't know
1	Engineer's estimate and available budget
1	Engineer's estimate and low bid.
1	Engineer's estimate or scope of project
1	I do not know
1	Need and available funding
1	Needs, budget, complexity
1	Planning and Contracts Divisions review project needs, timeline and budget.
1	Project based
1	STIP, Public necessity, Budget, Programming, Executive Director
1	Scope of work
1	Scope of work and funding available
1	Various. Location, Type of Work, Scope of Project, etc.
1	Typically based on the scope of the project by our planners
1	Varies based on scope of work desired and available funding
1	Work items in the project
1	Engineer creates an estimate which is approved by committee. DBE committee also reviews and determines goal.
1	For minor agreements (less than \$100,000), companies can be chosen informally if they meet qualifications, or off the Term Agreement List. Up to \$500,000 dollars, agreements can be awarded from companies on ITD's Term Agreement List (a pre-qualification list). Over \$.5 million, projects must be put out as RFPs.
1	The size of the contract depends on the type of work that needs to be completed and the budget available. For A&E Projects, it is based upon the anticipated needs of the project and services not-available with agency staff. For construction projects, it is based upon an Engineers Estimate and priorities of WSDOT's Monitoring Systems. For example, WSDOT has traffic monitoring, pavement cycle monitoring, bridge preservation monitoring, maintenance needs, etc. The higher the priority (e.g. a bridge needing preservation in a high fatality zone would be a higher priority than new cable guardrail in a remote, low altitude location) the more likely the project will be conducted in the current biennium. If there is more than one need in a specific area then two items (e.g. paving and installing guardrail) could be addressed simultaneously which would influence the size of the project. Also, the project is considered for design-build if it is greater than \$1M and WSDOT does not have the workforce available to design the project in the necessary timeframe. This is a simplistic explanation of a complicated process.
1	Scoping, engineering estimate, location. We look at a number of factors such as geography, size of the project, safety, anticipated bidders. Bundling projects is rare and is only done when it is beneficial to our program and to the economy.
1	Based upon need and budget. We have a very small budget and therefore most of our work is done in-house or it is less than \$1M. We have only had two projects over \$25M and we don't anticipate any large construction contracts in the future.
1	Executive Mgmt reviews all projects prior to including them in the STIP plan which is then reviewed by our stakeholders.

34. What dictates the size of a project?



Value	Count	Percent
Engineer's estimate of project	22	57.9%
Budget	2	5.3%
Other (please describe):	14	36.8%

Statistics	
Total Responses	38
Skipped	5

Open-Text Response Breakdown for "Other (please describe)"

Open-Text Response Breakdown for "Other (please describe)"	Count
Combination of Engineers Estimate and Scheduling	1
Don't know	1
Engineer's estimate and available budget	1
Estimate and budget	1
STIP (Statewide Transportation Improvement Program)	1
The scope of work	1
Work items	1
Estimate is factor, funding is factor, long range planning and impact	1
Multiple factors, including budget and project needs	1
Varies based on scope of work and available funding	1
Estimate, budget, logical termini, need, environmental factors, project constraints, location, type of work, etc.	1
Not really understanding the question. The size of the project is based on the need, complexity, location, etc. Budget definitely places into it as well as the Engineer's Estimate.	1
Conditions, priorities - most contracts are resurfacing rather than new projects so there is a budget established from past history. Planning happens five years out so we set project sizes at that time.	1
The size of a projects is dictated by the amount of work needed to produce an efficient and effective transportation solution.	1

35. Following are some common challenges faced by states in implementing a small business program or facilitating small business participation. Please rate on a scale of 1 to 5 the degree to which each challenge has affected your states small business participation efforts (1 = Not a problem at all, 2 = A minor problem, 3 = A problem, 4 = A significant problem, 5 = A severe problem).

	1	2	3	4	5	Don't Know	Responses
Administrative challenges (budget constraints, lack of staff).	2.6% 1	17.9% 7	20.5% 8	30.8% 12	23.1% 9	5.1% 2	39
Internal agency challenges (lack of support or attention from upper management, bureaucracy, agency reluctance to alter method of procuring contracts or to unbundle contracts planned in advance).	30.8% 12	20.5% 8	17.9% 7	12.8% 5	7.7% 3	10.3% 4	39

36. Please provide information regarding other challenges faced by your agency:

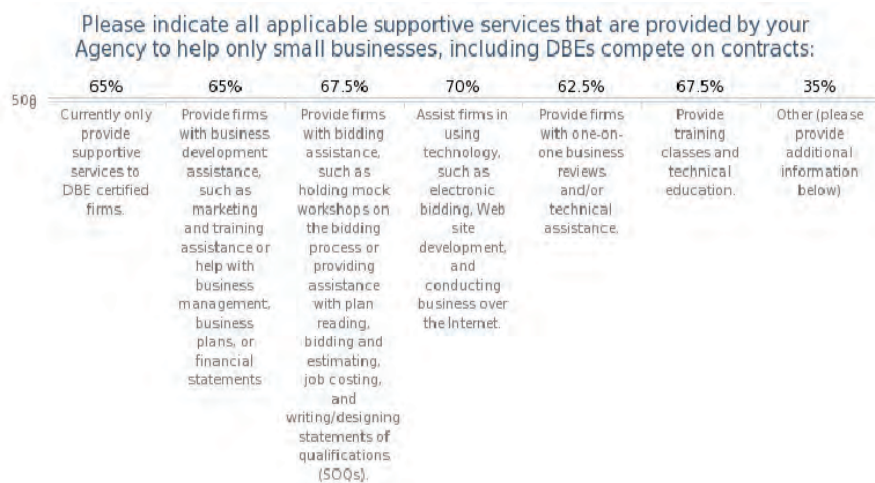
Count	Response
1	Budget is the big one.
1	Lack of guidance from our operating DOT administration.
1	Listed above in #35
2	N/A
1	Since approval has not been received as of this date, cannot answer at this time.
1	We are in transition mode
1	Coordination with other state and federal programs
1	Another agency is responsible for DBE certification and the state's small business program; it will be a challenge to collaborate with the certifying agency to verify PNW and revenues.
1	The political environment in Arizona is not conducive to adding contracting limitations based on federal objectives.
1	PA DOTs Proposed Small Business Program has not been approved by FHWA for implementation. Awaiting approval.
1	I have only been in this position for 2 months so I am still learning how everything works. We have a very small staff and it is going to be extremely difficult to add SBE outreach and services without increasing staff and funding. Our DBE Liaison is also the Contracts Division Chief so we know there will be cooperation at the contracting level.
1	NH is primarily race neutral with contracts that vary in size from \$50 million dollar highway construction to small 100-200K locally administered town projects. We don't have difficulty securing a variety of subcontracting opportunities for small business, including DBEs.
1	Have not encountered challenges to date. Small businesses (based on current SBA size standards) are performing the majority of work on federal-aid projects.
1	In order for us to be able to make a small business program work, we will need to have our construction and consultant contract letting teams work together. Currently, they are separate and this will be a challenge because we will need buy-in from the different groups.
1	We can barely provide effective services to our DBE participants with the employees we currently have. The small business program is certainly a step in the right direction; however we have little resources to commit to it.
1	Capacity of DBE/SBEs to perform even when contracts are unbundled due to financial and bonding issues
1	Public understanding of the new program will be most challenging. DBE's will not understand how the SBE requirements fit in or affect them. DBE is DOT only while SBE will apply across the board.
1	Need to explain the necessity and applicability of the small business effort. All stakeholders want more money and opportunity. Small business is equal to DBE; primes complain that DBE get enough through DBE program.
1	Unstable funding source - every year we do not know how much we will have in our budget. Eroding infrastructure - prioritizing projects. Frequent (future 3 year rule) disparity studies - requires staff to allocate more time to the activities of the study which takes away from how much they can do directly for program initiatives.

Count

Response

- 1 We have a limited number of staff dedicated to outreach to DBEs. By adding new outreach to the SBE community and additional industry associations, we will be stretched. We also do not have any additional funding for this effort. We have recommended creating a position for a Small Business Advocate that will manage outreach, monitoring and applications. We also do not have a formal process in place to certify SBEs. Our plan for online certification was rejected because it was considered "self-certifying" even though we intend to review applications. The challenge we have heard in the contracting community is how will the SB program be enforced when there is not a goal. We can encourage usage but there is no accountability. Contractors do not like that the SBE and DBE programs will be separate instead of combined with percentages of the goal set for both.
- 1 HI has had a race-neutral DBE program for several years. A recent disparity study found underutilization of firms owned by African Americans, Hispanic Americans, Native Americans (including Native Hawaiians) and women in both construction and construction-related professional services. Based on this finding, the Study recommended that HDOT include only those firms identified by the Study as experiencing large and statistically significant disparities in HDOT's race-neutral program for credit toward race-conscious or contract goals. If the waiver is approved, this will mean that participation by firms owned by Asian-Pacific American males (including those of Japanese, Chinese, Filipino and Korean ethnicity) will be limited to fulfilling race-neutral or overall DBE goals set by HDOT. For race-conscious or contract goals on federal-aid projects, prime contractors will be given goal credit for the utilization of Hispanics, African Americans, Native Americans, and women. HDOT will be conducting extensive outreach to certify more DBE firms. It is anticipated that race-conscious or contract goals will not be implemented until federal fiscal year 2013 (October 1, 2012 to September 30, 2013) so that HDOT may increase its pool of DBEs through this outreach. If the waiver is not approved, HI will have to meet a goal of 53.43%. This will place an undue burden on our team because we will need to certify more DBE's and this will be our priority over a general small business program.
- 1 Staffing continues to be an issue. The DBE program is a one person program so adding requirements that will not necessarily add benefit to the Department or the Contractor is costly. Most of our contracts are less than \$5 Million 84%, with 42% being less than \$1 Million. We just don't have the budget to support such regulation.

37. Please indicate all applicable supportive services that are provided by your Agency to help only small businesses, including DBEs compete on contracts:

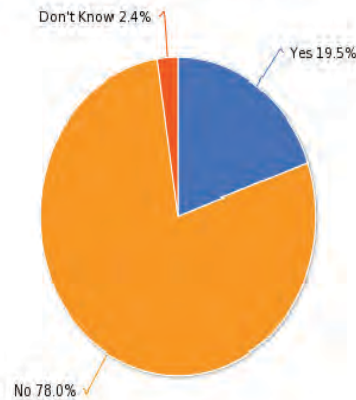


	Value	Count	Percent
	Currently only provide supportive services to DBE certified firms.	26	65%
	Provide firms with business development assistance, such as marketing and training assistance or help with business management, business plans, or financial statements	26	65%
	Provide firms with bidding assistance, such as holding mock workshops on the bidding process or providing assistance with plan reading, bidding and estimating, job costing, and writing/designing statements of qualifications (SOQs).	27	67.5%
	Assist firms in using technology, such as electronic bidding, Web site development, and conducting business over the Internet.	28	70%
	Provide firms with one-on-one business reviews and/or technical assistance.	25	62.5%
	Provide training classes and technical education.	27	67.5%
	Other (please provide additional information below)	14	35%

Statistics	
Total Responses	40
Skipped	1

Open-Text Response Breakdown for "Other (please provide additional information below)"	Count
Business fair in partnership with SBA and local banks, one-on-one networking	1
No Supportive Services Program	1
Non-DBE small businesses are referred to the State program for supportive services.	1
Organize meet and greet sessions between primes and subs.	1
Working Capital Loan Fund and Mentor Protégé Program	1
Newsletters, statewide training calendars, etc. Leverage services with partnerships with SBA, SBDCs, PTAC, and other small business organizations within the State of Idaho.	1
225 small business events per year, mock contracting workshops, mandatory pre-bid meetings for networking, meet the prime (ad hoc and project specific),	1
ODOT both runs a mentor protégé program for its ESB firms (many of which are also DBE's). ODOT also sponsors Port of Portland's mentor protégé program. ODOT directly offers training and outreach on how to do business with state agencies and indirectly provides other supportive services by sponsoring programs like Turner School of Construction Management.	1
Provide introductions to prime contractors as needed, educate on state and federal bidding procedures, work with firms as requested to overcome individual challenges as they arise (payment issues, subcontracting issues, bidding advice and education)	1
We do many outreaches within the state to interest folks in doing business with NCDOT. We have notaries at these outreaches so they can submit their completed application at that moment for SBE certification.	1
We have used an outside consultant for 10 years to provide supportive services. This has worked very well for us. The consultant does one-on-one sessions, business development, business assessments, newsletters, etc. We have found this is the most productive and effective way to facilitate DBE and small business participation.	1
Although most of our supportive services are for DBE certified firms, we do offer some assistance in the above checked areas	1
Annual business development conference with other cooperative agencies, reimbursement of association dues, training symposium with curriculum developed over last 2 years including accounting, pre-qualification, etc.	1
We have an outside consultant that provides supportive services. The consultant is required to be in the DOT office 3 days per week for one-on-one consultations. This has worked very well. They also provide statewide training on finance, taxes, business law, bidding, and bonding. We are also focusing on getting small businesses up to speed on computer technology. 99% of our bids are submitted electronically so it is important that subs submit their quotes to primes electronically. We have established 100 free accounts for DBE firms but only 17 originally signed up. We are doing additional outreach to get more DBE firms on board.	1

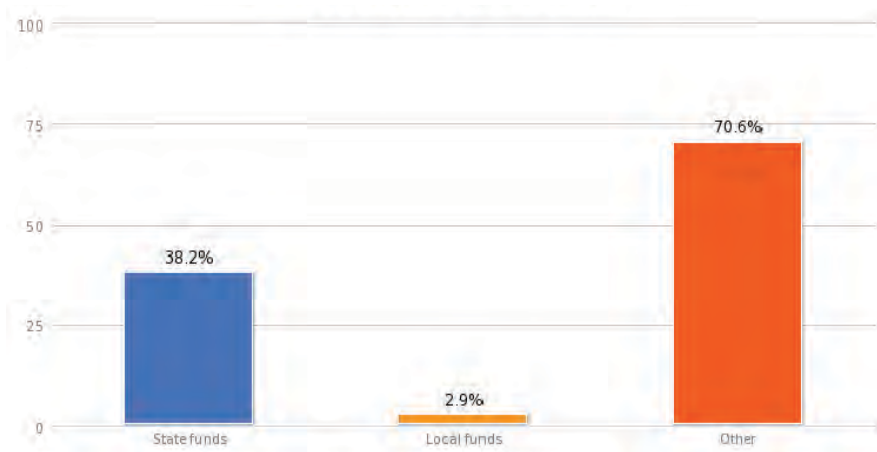
38. Does your Agency fund a supportive services program for non-DBE firms?



	Value	Count	Percent %
Yes		8	19.5%
No		32	78%
Don't Know		1	2.4%

Statistics	
Total Responses	41

39. How are supportive services funded?



	Value	Count	Percent
State funds		13	38.2%
Local funds		1	2.9%
Other		24	70.6%

Statistics	
Total Responses	34
Sum	200.0
Average	100.0
Max	100.0
Skipped	7

	Count
Open-Text Response Breakdown for "Other"	
100% federally funded through DBE program	2
Both DBE and OJT SS are 100% FHWA funded	1
DBE SS is federally funded.	1
FHWA	3
FHWA DBE supportive services funds	3
Federal funds	3
Federal aid	1
Federal and private funding through public-private partnerships	1
Federal funds only	1
N/A	2
No funds used	1
Not determined yet.	1
State and Federal funds	1
Supportive Services for DBEs are supported by federal dollars	1
Through federal and state funds and industry partnerships	1
We also have an Admin fund that is used for staff salaries and supportive services.	1

40. If you know of any local government, who has a small business program, please identify the agency and a contact if available.

Count	Response
1	City of Atlanta, DeKalb County
1	City of Hartford and City of New Haven
1	City of Honolulu
1	City of Omaha Human Rights and Relations Department
1	Municipality and Railroad
3	N/A
1	No
1	None known
1	Regional Transportation District (RTD), City and County of Denver
1	SBA
1	Sound Transit, Forrest Gillette (206) 398-5029 & forrest.gillette@soundtransit.org
1	TSB - Mary Montgomery
1	Dept. of General Services and Governor's Office of Diversity Services. We are looking at how to work with them to cooperate on the SBE program.
1	Only full or partially federally-funded organizations, such as SBA, SBDCs, PTAC, SCORE, Women's Business Center, etc.
1	Department of Commerce - Rhonda Harris 785 296-3425; KS Business Development Center - Greg Panic hello 785 296-6514; Office of Native American Affairs - www.sba.gov/naa; Women's Business Center - Terri Taylor 316 269-6273 ext. 223; Wichita SBA - Wayne Bell 316 269-6566 ext. 200;

41. If you have any additional comments on any aspect of implementing a small business program that facilitates participation of federally-assisted contracts for all small businesses, including DBEs, please use this space to enter them.

Count	Response
5	N/A
1	Our small business program is currently under federal review.
1	See supplemental information
1	See www.iowadot.gov/civilrights/index.aspx
1	We have done some other things which assist small businesses such as waiving the GC license and not requiring bonding for jobs in the SBE program. We have also started the same type of program on the consultant side and called it the SPSF (Small Professional Services Firms) where we advertise RFPs for projects under \$250,000.
1	We have good internal cooperation and support from management for inclusion of a small business program. We have also started doing outreach to the community to let them know that this is coming. We are following the regulations as outlined and have submitted our plan with a focus on using restricted projects of less than \$400,000 as our primary strategy. We do not know how we will fund expanding supportive services to all small businesses and could use guidance on that aspect. We currently only include DBE firms but once the program is expanded to all small businesses we can't exactly exclude them from meetings or services because it would be like cousin who can't come to dinner.
1	We would like more specific guidance from FHWA on what to do with the program and how to make it effective. There were general guidelines and then all states had to figure it out for themselves.
1	Sorry, no additional information. NH's race neutral program and typical contract size and scope of work provide sufficient diverse contracting opportunities for small business, including DBE's.
1	One-on-one networking has been the most effective for us. However, with our current situation regarding race-neutral participation vs. race-conscious goals, we will need to focus on certifying and supporting DBE firms (other than Asian-Pacific American males).
1	Outreach has been our best method. We also post everything on our website and have streamlined bidding with electronic systems. On July 31, the state is going to vote on an \$18B 10 year state funded transportation investment act. The Transportation Board just passed a resolution to encourage participation of minority, women, veteran and small businesses on those state funded projects (1500 total over 10 years). The other most important change that we have made to increase small business participation is to eliminate retainage on all projects. This has put money into the pockets of primes and subs in a timely manner allowing them to better manage cash flow. We also encourage primes to waive bonding for subs and we provide assistance to subs for getting bonded. We also enforce prompt payment and pro-rating payments.
1	Funding and staffing are huge issues. Guidance on what exactly is required is severely lacking. Also, FHWA hasn't even released the RFP for DBE/SS funding for this year, although it was supposed to be released in December 2011. How can we plan for FFY13? Also, the new funding formulas are very vague. How do we plan? We have no state or local funding. We have one staff member for DBE Program Administration, DBE Supportive Services and OJT Supportive Services, so resources are very sparse.
1	We could use additional guidance on how to implement the program. We did our own research of other states and talked with CA but they are way too big for us to compare to and Iowa spent a lot of time talking with us but they were still trying to figure out their plan as well.
1	We have attempted to unbundle contracts but this has not significantly increased DBE participation as primes but it has improved subcontracting opportunities and DBE participation on megaprojects. We have an overall DBE goal of 10.18% and typically obtain 3% race-neutral participation on projects without DBE goals. Our training program has been the most beneficial to DBE firms. Having DBE participation goals has helped improve the mindset of primes using small businesses as subcontractors. We also have great relationships with industry associations and have been able to facilitate networking between primes and DBE firms.
1	The timing of this survey is not great. Yes we had to have the plans in by Feb 28th, but we also knew it would take FHWA/FTA/FAA time to review and approve/ask for more details. By doing the survey now, you are not capturing the 'approved' work the state is agreeing to do. States have 9 months after approval to put their final SBE plan together. So redoing this or a similar survey summer 2013 would be an interesting comparison.

Abbreviations used without definitions in TRB publications:

A4A	Airlines for America
AAAE	American Association of Airport Executives
AASHO	American Association of State Highway Officials
AASHTO	American Association of State Highway and Transportation Officials
ACI-NA	Airports Council International-North America
ACRP	Airport Cooperative Research Program
ADA	Americans with Disabilities Act
APTA	American Public Transportation Association
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
ATA	American Trucking Associations
CTAA	Community Transportation Association of America
CTBSSP	Commercial Truck and Bus Safety Synthesis Program
DHS	Department of Homeland Security
DOE	Department of Energy
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
HMCRP	Hazardous Materials Cooperative Research Program
IEEE	Institute of Electrical and Electronics Engineers
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
ITE	Institute of Transportation Engineers
MAP-21	Moving Ahead for Progress in the 21st Century Act (2012)
NASA	National Aeronautics and Space Administration
NASAO	National Association of State Aviation Officials
NCFRP	National Cooperative Freight Research Program
NCHRP	National Cooperative Highway Research Program
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
PHMSA	Pipeline and Hazardous Materials Safety Administration
RITA	Research and Innovative Technology Administration
SAE	Society of Automotive Engineers
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (2005)
TCRP	Transit Cooperative Research Program
TEA-21	Transportation Equity Act for the 21st Century (1998)
TRB	Transportation Research Board
TSA	Transportation Security Administration
U.S.DOT	United States Department of Transportation