

# Disadvantaged Business Enterprises (DBE)

## Percent of ODOT-Awarded Contract Dollars to Oregon Disadvantaged Business Enterprises (DBEs)

### Our strategy

As a recipient of US Department of Transportation (USDOT) financial assistance, the Oregon Department of Transportation (ODOT) is required to implement a Disadvantaged Business Enterprise (DBE) program according to the requirements explained in 49 CFR Part 26. The DBE program is intended to ensure ODOT and our contractors comply with state and federal non-discrimination laws, create a level playing field for disadvantaged businesses to compete fairly for contracts, narrowly tailor the DBE program in accordance with applicable law, require only eligible firms benefit from the program, help develop firms to compete successfully in the

marketplace outside the DBE program, and assist DBEs in overcoming barriers to participation in ODOT's procurement and contracting processes.

### About the target

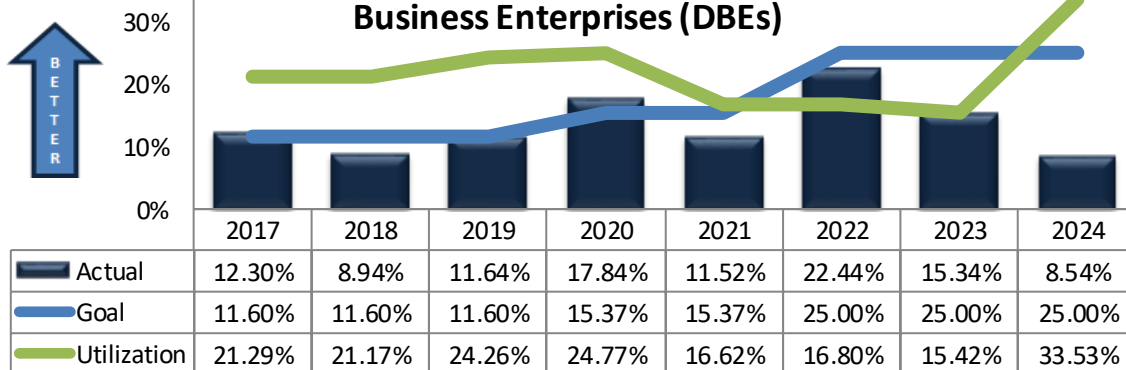
ODOT is required to set an overall goal for DBE participation in USDOT-assisted contracts. Based on demonstrable evidence by a 2022 Disparity Study of ready, willing, and able DBEs, ODOT has established an overall goal of 23.43% for Fiscal Years 2023 through 2025 and approved by FHWA.

### How we are doing and how we compare

ODOT is committed to the requirements of 49 CFR Part 26. The DBE goal was exceeded

in Fiscal Years 2022, 2020, 2019 & 2017. However, it was not met in Fiscal Years 2024, 2023, 2021 & 2018. In 2024, the percentage of DBE work awarded is at a 5-year low due to various challenges including lack of DBE prime contractors awarded in a statewide construction environment. However, the Uniform Report is also able to track the utilization of firms, defined as the number of DBEs given contracts out of all ODOT/FHWA contracts. ODOT had 33.53% DBE contract utilization in Fiscal Year 2024. The percentage of DBE contract hit the highest since Fiscal Year 2017 and met the contract awarded goal of 25% for the first time in three years.

### Disadvantaged Business Enterprises - Percent of ODOT Awarded Contracts to Oregon Disadvantaged Business Enterprises (DBEs)



### Fact

We provide statewide training for project management and field staff and reach out to certified firms to let them know about opportunities and resources for working on ODOT projects.

# Disadvantaged Business Enterprises, Cont.

## Factors affecting results and what needs to be done

ODOT offers a variety of supportive services for DBEs. Supportive services are defined as professional training, mentoring, and consulting services which

help develop a firm's ability to perform successfully on ODOT contracts. This is a new Legislative Key Performance Measure that was approved as a replacement for Certified Firms.

In addition, the following factors affected our performance this past year:

- (1) Reviewing the FFY2024 DBE commitment breakdown of race-conscious and race-neutral participation illustrates that both race-neutral (RN) and race-conscious (RC) methods significantly underperformed the target breakout of the overall goals. The RN participation is 4.9% less than the target of 6.10% while Race-conscious participation is 9.99% less than the target of 17.33%. To meet the overall goal in future, it will be necessary to increase DBE participation through race-neutral means and race-conscious contract goals as well.
- (2) The DBE goal cannot be met only through assigning contract goals and



using DBE subcontractors. The participation of DBE firms as primes on mid-sized projects supports the objectives of the DBE program, increase overall dollars, and the growth of DBE businesses. In addition to larger dollar

commitments at bid, when DBE firms are primes, they are more likely to see their work increase if there are contract changes during construction project design or scope. We only had two DBE primes last year resulted in only a million dollar of total contract value.

However, the implementation of the Small Business Development Program (SBDP) can bring small firms bidding as primes in near future, the potential for DBEs as well.

- (3) The most common types of work committed to DBE subcontractors is greatly limited to a small set of disciplines such as traffic control, erosion control & landscaping, excavation, and trucking. While this work is available on many traditional highway construction projects, it creates limitations for growth of firms. In addition, as ODOT continues to build a multimodal transportation system we have increased frequency of projects in which these work disciplines are a smaller portion of the total estimate. Expanding work types will also require

increasing DBE certified firms in additional disciplines. Moreover, a significant number of DBE firms became ineligible last year due to ownership changes and other causes also contributed to limiting the growth and availability of DBE firms.

- (4) ODOT did not include change orders to the Uniform Reports last year due to technical glitches and challenges in data transfer and processing. It experienced technical issues with existing CRCT system and started transitioning new projects to the AASHTOWare program. ODOT participated at peer exchanges with Nevada DOT and Washington DOT. We are exploring how to add change orders appropriately to the Uniform Report. Since change orders are a big part of ODOT procurement process, this has a significant impact on the DBE achievement.

## Contact information

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## Data sources

Trns\*port which is downloaded to the Civil Rights Compliance Tracking system, Purchasing & Contract Management System (PCMS), Local Agencies