

Disadvantaged Business Enterprises (DBE) Supportive Services

tech transfer summary

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RESEARCH PROJECT TITLE

Disadvantaged Business Enterprises (DBE) Supportive Services

SPONSORS

Iowa Department of Transportation (InTrans Project 16-589)

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The Construction Management and Technology (CMAT) program is part of the Institute for Transportation (InTrans) at Iowa State University. The mission of the CMAT program is to improve the efficiency and cost-effectiveness of planning, designing, constructing, and operating transportation facilities through innovative construction processes and technologies.

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This project uncovered DBE characteristics nationwide and in Iowa, revealed challenges in offering DBE supportive services, identified useful supportive services for DBE firms, and helped advance a wide range of supportive services for Iowa-certified DBE firms.

Project Purpose

The goal of this project was to strategically develop the portion of the Iowa Department of Transportation (DOT)'s disadvantaged business enterprises (DBE) supportive services (DBE/SS) program administered by the Construction Management and Technology (CMAT) program at Iowa State University's Institute for Transportation (InTrans).

Problem Statement

The challenges in providing DBE supportive services and options vary among states, and there was a need to identify the various types of supportive services available and determine their usefulness to Iowa-certified DBE firms.

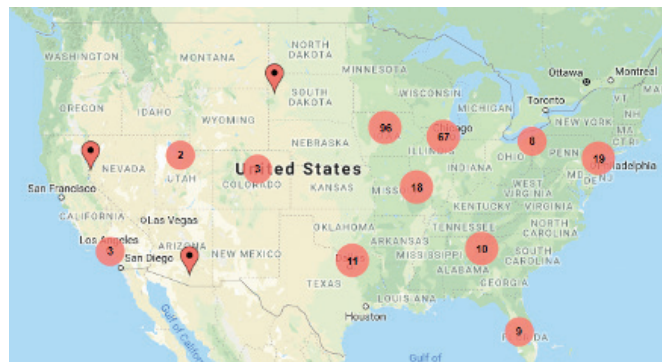
Background

The Federal Highway Administration (FHWA) annually distributes funds to help state transportation agencies carry out the activities of the DBE/SS program in their respective states.

In Iowa, the Civil Rights team within the Iowa DOT Office of Employee Services manages and oversees both the DBE and DBE/SS programs. The Iowa DOT provides supportive services in collaboration with CPMI, Inc. and the CMAT program at InTrans.

Project Description

Through this project, the CMAT program assisted in the development of supportive services for DBEs certified in Iowa.



Geographic distribution of Iowa-certified DBE firms in the US

This work included conducting a needs analysis, exploring the state of the practice, and developing and delivering supportive services identified as being useful to Iowa-certified DBEs. A variety of data collection methods were used to assess Iowa's DBE/SS program and understand the needs of DBE firms:

- **Database mining:** In 2018 and 2019, national and local databases pertaining to DBE registration, including information on ethnicity, gender, disadvantaged group(s), and North American Industry Classification System (NAICS) codes, were mined to determine the profiles of DBE firms to evaluate the firms' needs.
- **Surveys:** Two comprehensive surveys were developed in the summer of 2019. One collected information nationally and locally from DBE firms regarding the business challenges they face and the usefulness of supportive services. The second asked state DBE liaison offices about DBE program practices and effective supportive services.
- **Interviews:** CMAT representatives attended the DBE Essentials Workshop hosted by the Iowa DOT in February 2017 to interview some of the DBE representatives. The goal was to determine which types of supportive services are needed for DBEs and which areas of business DBEs would like to improve.
- **Informal means:** Occasionally, DBEs and other parties provided unsolicited ideas to CMAT personnel for DBE supportive service offerings. Additionally, through the project's technical advisory committee (TAC), CMAT participated in multiple DBE workshops conducted by the Iowa DOT to talk about supportive service offerings, develop relationships with DBEs, and capture ideas directly from DBEs.

Key Findings

Needs Analysis

The national survey of DBE firms resulted in 1,384 responses. Most DBE firms reported that they experience no business challenges or minor challenges, with some experiencing somewhat difficult or major challenges. The top five business challenges that respondents deemed to be major were as follows:

- Delayed payments or withheld retainages
- Finding new or retaining existing skilled workers
- Finding capital such as loans and credits
- Bid shopping by primes after contract award
- Finding contracting opportunities in general

Because the survey of DBE liaison offices yielded a low response rate, those data were excluded from statistical analysis and only used as supplementary validation for results obtained by other means.

The database mining indicated that the Iowa DOT lists 287 certified DBE firms, of which 74 are in highway construction, with 26 consistently performing work on Iowa DOT-let projects. The data indicate that Iowa-certified DBEs register their services in two major industrial sectors: construction and professional, scientific, and technical services. The largest DBE group in Iowa is women (white), followed by Black, Hispanic, Subcontinent Asian, Asian-Pacific, and Native Americans.

State of the Practice

In the national survey, 42% of the 448 respondents to a question on the use of supportive services reported having used some and an interest in using more, 33% had never used any but were interested, 14% had used some and had no intention of using any in the future, and the remainder had never used any supportive services and had no intention of using any in the future.

The top two most useful supportive services according to all types of businesses were tuition reimbursement and collaboration with other organizations. Other useful supportive services included accounting, DBE program support, contract administration, quality assurance and control, safety, and bidding, which were differently ranked depending on DBE specialization sector.

The Iowa DOT and neighboring state DOTs provide supportive services to their DBE firms to help them improve and expand their business. These services are typically offered for free or at a discounted market price.

Supportive services offered by Iowa's neighboring states include (1) DBE program introduction/orientation, (2) technical training, (3) marketing and networking, (4) financial assistance, (5) management consultation, and (6) software seminars. These supportive services were taken to represent the state of the practice in neighboring states and provided a point of reference for developing further supportive services in Iowa.

Developing and Delivering Services in Iowa

The CMAT program has offered many supportive services to DBE firms over the past few years. These services are offered either through Iowa State University or outside organizations via contracts. Examples of these services include the following:

- Networking events, including an Associated General Contractors (AGC) of Iowa event, the Innovations in Transportation Conference, and the GovCon Networking Group (Business Builders), all held in 2018
- A Cost-Based Estimator Training course, which was held twice, in May 2017 and November 2018
- Training videos on topics such as accounting and finances in a format that can be delivered in person or as part of a training video series developed by CMAT
- Short-take videos on topics that include how to become and remain a certified DBE, how to bid on Iowa DOT projects, and an introduction to surety bonds

- Workshops on topics that include Otta seal surfacing, creating and designing marketing materials, pavement preservation tools, and fracture critical inspection techniques for steel bridges
- Additional resources, including a curated repository of online videos provided by other state agencies and organizations

Implementation Readiness and Benefits

This project uncovered DBE characteristics nationwide and in Iowa, revealed challenges in offering DBE supportive services, and identified useful supportive services for DBE firms. In addition, this work helps provide a wide range of supportive services going forward in various formats, including networking events, workshops, and training sessions. These supportive services have identifiable and metric-based results.