

## OVERALL DISADVANTAGED BUSINESS ENTERPRISE GOAL-SETTING METHODOLOGY REPORT FFY 2023-2025

The Illinois Department of Transportation (IDOT) submits its Disadvantaged Business Enterprise (DBE) Overall Goal Setting Methodology Report to the United States Department of Transportation Federal Aviation Administration (FAA) for review and approval. This report has been prepared in compliance with 49 CFR § 26.45, the United States Department of Transportation's (USDOT's) "Tips for Goal Setting," and other official USDOT guidance.

The regulations require that the overall goal be prepared using a two-step process. According to the *USDOT Tips for Goal Setting*<sup>1</sup> approved by the General Counsel of the USDOT, the recipient must first determine a base figure for the relative availability of certified and non-certified minority and woman-owned business enterprises in the relevant market area, hereafter collectively referred to as DBEs. Next, the recipient must examine all relevant evidence to determine what adjustment to the base figure, if any, is needed to arrive at an overall goal. The final adjusted figure is the recipient's overall goal and represents the proportion of federal transportation funding the recipient is expected to allocate to DBEs during the subsequent three federal fiscal years (FFY). Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by race- and gender-neutral measures.

If a recipient purports that it can meet its overall goal with race- and gender-neutral measures, those measures must be utilized. In contrast, if the recipient determines it cannot achieve the entire overall goal using only race- and gender-neutral measures, it must establish a race- and gender-conscious portion of the overall goal.<sup>2</sup>

Based on the requirements set forth in 49 CFR Part 26 and official USDOT guidance, the Illinois Department of Transportation is submitting a goal for FFY 2023-2025. The recommended overall DBE goal for this period is **20.20 percent**. **IDOT expects to meet 12.55 percent of this goal through race-conscious means and 7.65 percent through race-neutral means.**

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<sup>1</sup> United States Department of Transportation, "Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program," <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

<sup>2</sup> 49 CFR Part 26, §26.51(f)(1), §26.51(d)

## OVERALL GOAL-SETTING METHODOLOGY

### STEP ONE: DETERMINING A BASE FIGURE – 49 CFR PART 26.45 (c)

Under the regulations, IDOT began the goal-setting process by determining a base figure for relative availability of DBEs. The base figure is intended to be a measurement of the current ready, willing, and able DBEs as a percentage of all ready, willing, and able businesses to perform the recipient’s anticipated FAA-assisted contracts.<sup>3</sup>

Several options are available for establishing a base figure for relative availability of DBEs. The options utilized in this methodology include:

- **DBE Directories and Census Data Method** – DBE directories of Illinois USDOT recipients are consolidated into the Illinois **Unified Certification Program (IL UCP)** database. The IL UCP is a “one-stop” certification process for DBEs and includes five local USDOT-funded agencies, including IDOT, City of Chicago, Chicago Transit Authority, Metra, and Pace. Using the IL UCP database to determine DBE availability is limited to USDOT-certified businesses; however, USDOT Tips requires including businesses that are not certified, but are potential DBEs, to determine availability. The website for the **United States Bureau of the Census** (census.gov) was also a resource for data collection as pertaining to the North American Industry Classification System (NAICS) code of Illinois businesses.<sup>4</sup>
- **Alternative Method(s)** – Alternative methods may be used to determine a base figure for the overall goal. Any methodology used to determine a base figure must be based on demonstrable evidence of the local market conditions and be designed to ultimately attain a goal that is related to the relative availability of DBEs and potential DBEs in the recipient’s market area. The alternative method provides the most flexibility, but it is also subject to a higher level of scrutiny. Aside from the IL UCP database and Bureau of the Census website mentioned earlier, the other databases used to obtain information needed for these determinations included:
  - IDOT’s **Integrated Disadvantaged Business Enterprises** database (IDBE) which lists the awarded amounts, final amounts, goal amounts, contractors utilized, and their corresponding NAICS codes on construction contracts.
  - The **United States Office of Personnel Management’s** website, which listed all recipients of Paycheck Protection Program (PPP) loans by state (<https://www.federalpay.org/paycheck-protection-program>). The PPP database aids in matching Illinois DBE firms with their appropriate NAICS codes that are shown in Tables 3 and 4.

<sup>3</sup> United States Department of Transportation, “Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program.”

<sup>4</sup> The Census Bureau’s County Business Pattern (CBP) data are derived from business federal income tax filings and, therefore, cannot address businesses’ willingness to do business with IDOT. Additionally, the CBP does not have the functionality to filter Caucasian male-owned businesses that work exclusively in the private sector, or those not interested in contracting with IDOT. Essentially, the CBP over-counts Caucasian males and the IL UCP under-counts DBEs, thus this method understates the relative availability of DBEs.

## A. Base Figure Calculation

The initial phase of the Step One analysis required the compilation of critical data regarding IDOT’s contracting. The relevant data considered for the Step One analysis included the following:

\* Definition of the market area from an analysis of contracts awarded July 1, 2019 to June 30, 2020 (State Fiscal Year 2020).

\* Classification of procurement areas by NAICS code.

### 1. IDOT’s Relevant Market Area

The relevant market area was determined to specify the geographical area for seeking available businesses. A cluster analysis by business location and award amount was prepared using data from the prime contracts awarded during the study period of July 1, 2019 to June 30, 2020. As set forth in 49 CFR Part 26, to be certified as a DBE, a business must be a for-profit entity that is at least 51 percent owned by one or more individuals who are socially and economically disadvantaged. Therefore, all procurement with non-profits and other government agencies were excluded from the analysis. The analysis revealed that 90.9 percent of the contract dollars were awarded in the State of Illinois, indicating that Illinois should be considered the relevant geographic market area.<sup>5</sup> Table 1 presents the market area findings.

**Table 1: Location of Contracts Awarded during the Study Period**

BUSINESS LOCATION	TOTAL CONTRACTS	PERCENT OF DOLLARS
State of Illinois	20	90.9%
Outside of Illinois	2	9.1%
TOTAL	22	100.0%

Of the 22 contracts awarded during this period, three of them were awarded for work performed at the University of Illinois Willard Airport (CMI). While this particular airport is considered a “primary” airport that sets its own DBE goals<sup>6</sup>, its three contracts during the study period were included here for the purpose of determining the Relevant Market Area. These three contracts will not be used in the calculation and establishment of a base figure.<sup>7</sup>

<sup>5</sup> One contract was awarded to Collins & Hermann, Inc., based in St. Louis, Missouri. Another was awarded to the Tri City Electric Company of Iowa, based in Davenport.

<sup>6</sup> Airport Improvement Program (AIP) Sponsor Guide, Section 220 – “DBE Program Submittal Information,” Aug. 2021.

<sup>7</sup> The FAA defines Primary Airports as “Commercial Service Airports that have more than 10,000 passenger boardings each year.” For that reason, the following airports in Illinois are classified as Primary and were not considered in calculating the base figures: Chicago O’Hare International Airport; Chicago Midway International Airport; Abraham Lincoln Capital Airport (Springfield); Quad City International Airport (Moline); Peoria International Airport; Central Illinois Regional Airport (Bloomington-Normal); MidAmerica St. Louis Airport (Belleville/SAFB); University of Illinois-Willard Airport (Champaign-Urbana-Savoy); Chicago Rockford International Airport; Quincy Regional Airport; and Veterans Airport of Southern Illinois (Marion). A list of other applicable Illinois airports is included at the end of this document.

**2. Classification of Procurement Areas by NAICS Codes**

All contracts awarded during the study period were classified using a combination of sources. The primary source was a description of the contracts awarded **July 1, 2019 to June 30, 2020**. The balance was classified by Internet research. Table 2 below presents the NAICS codes and industries that were represented in IDOT’s 2019-2020 contracts.

**Table 2: 2019-2020 Contracts - NAICS Titles and Industries Represented**

NAICS CODE	INDUSTRY	NAICS TITLE
237310	Construction	Highway, Street, and Bridge Construction
237990		Other Heavy and Civil Engineering Construction
238210		Electrical Contractors
238910		Site Preparation Contractors
238990		All Other Specialty Trade Contractors
541330	Architecture and Engineering	Engineering Services
561990		All Other Support Services

**B. Base Figure Determination**

The base figure is intended to be a measurement of the relative percentage of ready, willing, and able businesses that are DBEs. The recipient is required to measure willing and able businesses in its marketplace, using the best available evidence, to derive a fair and accurate base figure that represents the percentage of available DBEs. According to Section 26.45(c) and *USDOT Tips*, the overall goal must be based on demonstrable evidence of available ready, willing, and able DBEs relative to all ready, willing, and able non-DBEs to participate on IDOT’s federally assisted contracts.

Several sources were used to identify businesses in the market area that provide construction and architecture and engineering services that IDOT procures. Sources included government listings and databases, certification lists, and listings of firms by NAICS category who received Paycheck Protection Program (PPP) loans.

**1. Relative Base Figure**

*USDOT Tips* requires the calculation of the relative base figure by dividing the number of market area DBEs by all market area businesses (DBEs and non-DBEs), which produces a relative base figure of **11.99 percent**, as shown in Table 3. This number is simply the percentage of DBEs in the market area. The relative base figure calculation essentially over counts the number of available DBEs as it assumes that every DBE has equal weight and equal opportunity to perform IDOT contracts. However, in the practical application of the overall DBE goal, not all DBEs have equal opportunity for participation as opportunity is dependent on the spent amount in each NAICS code. To accurately reflect the nature and scope of work, *USDOT Tips* recommends the following formula to calculate availability:

Relative Base Figure = Ready, willing, and able DBEs  
*All ready, willing, and able businesses*  
*(Including DBEs and non-DBEs)*

Relative Base Figure of **11.99%** = 987 DBEs  
**8235 Total Businesses**

**Table 3: Relative Base Figure**

NAICS CODE	NUMBER OF AVAILABLE BUSINESSES		PERCENT OF AVAILABLE BUSINESSES		
	DBEs	All	DBEs	Non-DBEs	All
237310	294	379	3.57%	1.03%	4.60%
237990	84	201	1.02%	1.42%	2.44%
238210	93	2692	1.13%	31.56%	32.69%
238910	136	1108	1.65%	11.80%	13.45%
238990	117	1521	1.42%	17.05%	18.47%
541330	219	1803	2.66%	19.23%	21.89%
561990	44	531	0.54%	5.92%	6.46%
<b>TOTAL</b>	<b>987</b>	<b>8235</b>	<b>11.99%</b>	<b>88.01%</b>	<b>100.00%</b>

**2. Weighted Base Figure**

IDOT believes that this relative base figure calculation over-counts the number of available businesses as it assumes that every business has an equal opportunity and equal weight to perform IDOT contracts. However, in the practical application, not all DBEs have equal opportunity for participation as opportunity is dependent on the amount of dollars spent in each NAICS code. Therefore, to accurately reflect the relative availability of DBE firms, as recommended by the USDOT, IDOT performed a weighted calculation of availability.

Before a weighted calculation was undertaken, IDOT examined the awarded contract amounts per NAICS code, with the results listed in Table 4 below:

**Table 4: Awarded Contract Amounts Per NAICS Code**

NAICS CODE	NUMBER OF AVAILABLE BUSINESSES		AWARDED CONTRACT AMOUNT
	DBEs	All	
<b>CONSTRUCTION NAICS</b>			
237310	294	379	\$1,603,761
237990	84	201	\$236,750
238210	93	2692	\$563,131
238910	136	1108	\$498,862
238990	117	1521	\$3,609,761

<b>TOTAL CONST.</b>	724	5901	\$6,512,265
<b>ARCHITECTURE AND ENGINEERING NAICS</b>			
541330	219	1803	\$11,070,530
561990	44	531	\$87,578
<b>TOTAL A&amp;E</b>	263	2334	\$11,158,108
<b>TOTAL</b>	<b>987</b>	<b>8235</b>	<b>\$17,670,373</b>

When the 19 awarded contract amounts are taken into consideration, 36.85% of contract dollars were awarded to firms representing the Construction NAICS Codes, and 63.15% were awarded to firms in the Architecture & Engineering NAICS Codes. This strongly suggests the need for a weighted base figure. According to *USDOT Tips*, “weighting can help ensure that your Step One Base Figure is as accurate as possible. While weighting is not required by the rule, it will make your goal calculation more accurate.” Thus, the new formula becomes:

[.37 (Construction DBEs / All Construction Firms) + .63 (Architecture and Engineering DBEs / All Architecture and Engineering Firms)] x 100 = Step One Base Figure, weighted by type of work to be performed.

$$[.37 (724/5901) + .63 (263/2334)] \times 100 =$$

$$[.37 (.1227) + .63 (.1127)] \times 100 = [.0454 + .0710] \times 100 = \mathbf{11.64}$$

Thus, the weighted base figure is **11.64%**.

## **STEP TWO: BASE FIGURE ADJUSTMENT – 49 CFR PART 26.45 (d)**

### **A. DBE Past Participation**

The Step Two base figure adjustment, as recommended in *USDOT Tips*, requires examining relevant and reliable data in the recipient’s market area to determine if an adjustment to the base figure is warranted. The consideration of an adjustment is intended to account for any impact the relevant factors may have on DBEs’ contracting opportunities with IDOT.

Among the many factors suggested in *USDOT Tips* for considering the base figure adjustment, the factor of “Past DBE Participation” validates a modest adjustment to the weighted base figure. “Tips for Goal Setting” suggests that agencies should examine data on past DBE participation in their USDOT-funded contracts in recent years. USDOT further suggests that agencies should choose the median level of annual DBE participation for those years as the measure of past participation.

Table 5 represents past DBE participation based on IDOT’s Uniform Reports of DBE Awards or Commitments and Payments as reported to FAA. According to these Uniform Reports, median

DBE participation in FAA-funded contracts from federal fiscal years 2019 through 2021 was **14.12 percent**.

*Table 5: Past Certified DBE Participation in FAA-Funded Contracts, FFY 2019-2021*

FEDERAL FISCAL YEAR	DBE ATTAINMENT	ANNUAL DBE GOAL	DIFFERENCE
2019	14.12%	15.30%	- 1.18%
2020	17.72%	20.20%	- 2.48%
2021	13.36%	20.20%	- 6.84%

The difference between the Step One weighted base figure of 11.64% and the median past DBE participation (14.12%) suggests that an adjustment of the Step One figure is warranted.

While it is not appropriate to adjust the measurements of relative DBE availability solely due to the size of IDOT’s expanding contracting program, if the type of work IDOT expects to contract changes dramatically, this does impact the goal regardless of the level of funding IDOT expects to receive.<sup>8</sup>

In 2019, \$144 million was appropriated to IDOT through the Rebuild Illinois Airport Capital Improvement Program (ACIP), with \$94 million available from July 1, 2021, through June 30, 2024 (state fiscal years 2022-2025). ACIP provides competitive grants for the planning, construction, reconstruction, extension, development, and improvement of public-use airports that are included in the Illinois Aviation System Plan (IASP).<sup>9</sup>

In 2021, the President signed the Infrastructure Investment and Jobs Act (IIJA) into law. Illinois will receive nearly \$16 billion more in transportation funding, including \$616 million to fund improvements to Illinois airports. This covers federal fiscal years 2022-2026.<sup>10</sup>

Considering the increased opportunities available to DBEs and non-DBEs as a result of increased state and federal appropriations, past achievement is not indicative of what DBE participation may be achieved in FFY 2023-2025. To merely look at the past achievement rate is not dispositive that further efforts to increase DBE attainment cannot be made. Therefore, IDOT proposes an adjusted base figure of **20.20 percent**, maintaining the current DBE goal from federal fiscal years 2021-2022.

IDOT understands the overall DBE goal to be an aspirational one, which would reflect the level of DBE participation in the absence of discrimination in the marketplace.

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<sup>8</sup> <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

<sup>9</sup> <https://idot.illinois.gov/transportation-system/transportation-management/transportation-improvement-programs-/Annual-Airport-Improvement/index>

<sup>10</sup> <https://illinoisepi.files.wordpress.com/2022/03/ijja-transpo-funding-for-illinois.pdf>

There is no current applicable disparity study for the local market area or recent legal case information from the relevant jurisdictions to show evidence of barriers to entry or competitiveness of DBEs in the market area that is sufficient to warrant making an additional adjustment.

**B. Race and Gender-Neutral Split**

The final requirement of the goal-setting process is to determine the portion of the overall goal that will be achieved by race- and gender-neutral means. As required by 49 CFR 26.51, the maximum feasible portion of the overall DBE goal should be achieved using race- and gender-neutral means.

*Race- and gender-neutral* program measures are designed to encourage the participation of all businesses—or all small businesses—in an agency’s work. In contrast, *race- and gender-conscious* measures are designed to encourage the participation of minority- and woman-owned businesses specifically in an agency’s work (e.g., using DBE participation goals to award individual contracts). If an agency cannot meet its goal solely through using race- and gender-neutral measures, then it must consider also using race- and gender-conscious measures.

In accordance with federal regulations and USDOT guidance, IDOT will attempt to meet the maximum feasible portion of its proposed 20.20 percent overall DBE goal using race- and gender-neutral measures. IDOT considered median DBE participation as the result of race- and gender-neutral efforts during FFYs 2019 through 2021 to project the portion of its overall goal that it will meet using race- and gender-neutral measures during FFYs 2023 through 2025. Table 6 below presents past DBE participation as the result of race- and gender-neutral efforts during FFYs 2019 through 2021. Median DBE participation as the result of race- and gender-neutral efforts for those three years was 7.65 percent.

**Table 6: Race-Conscious and Race-Neutral Attainment, FFY 2019-2021**

FEDERAL FISCAL YEAR	DBE ATTAINMENT	RACE-CONSCIOUS	RACE-NEUTRAL
2019	14.12%	6.47%	7.65%
2020	17.72%	9.00%	8.72%
2021	13.36%	9.47%	3.89%

IDOT intends to use myriad race- and gender-neutral measures to encourage DBE participation in its FAA-funded contracts in FFYs 2023 through 2025. These measures include re-establishing its Mentor-Protégé program and emphasizing its Small Business Initiative (SBI) program – two programs classified as race-neutral. Based on that information, IDOT projects that it will be able to meet 7.65 percent of its proposed DBE goal for FFYs 2023 through 2025 through the use of race- and gender-neutral measures. The agency will meet the remainder of its overall DBE goal—12.55 percent—using race- and gender-conscious measures, specifically using DBE contract goals to award various FAA-funded contracts and procurements, as appropriate.

**C. Public Participation Process**



In accordance with 49 Code of Federal Regulations 26.45(g), the Illinois Department of Transportation provided an opportunity for public participation in establishing its overall Disadvantaged Business Enterprise goal. This was accomplished by making the goal setting methodology and rationale available for public inspection and comment.

Beginning on July 22, 2022, IDOT published the Overall DBE Goal-Setting Methodology Report on its public website ([idot.illinois.gov/dbe](http://idot.illinois.gov/dbe)) for over 30 days. Two public meetings were scheduled and held via Webex to provide the public with the opportunity to hear IDOT's methodology process and provide comments on it and the document. A dedicated email address ([DOT.DBEPublicComment@illinois.gov](mailto:DOT.DBEPublicComment@illinois.gov)) was advertised and available during those 30 days for anyone wishing to comment on the report.

An email with the meeting information, report, and instructions on how to comment on it was sent out to all 2,300 DBEs in the Illinois Unified Certification Program that same day (July 22). This email originated from another dedicated address, [DOT.SBE@illinois.gov](mailto:DOT.SBE@illinois.gov).

The public information meetings were held on August 2, 2022, from 10:30am-12:00pm and on August 9, 2022, from 4:30-6:00pm. A presentation on the goal document and methodology was given at both meetings. Among all of the public participants who attended either meeting, none decided to comment publicly. There were also no comments made on the FAA goal document and methodology that were sent to the dedicated e-mail address during that time.

## **APPENDIX A: LIST OF AIRPORTS**

This is a list of all applicable Illinois airports – those Nonprimary / “General Aviation” / Reliever airports with less than 10,000 annual enplanements. (Format is “CITY” – “AIRPORT NAME”.)

Aledo – Mercer County  
Aurora – Aurora Municipal  
Beardstown – Greater Beardstown  
Benton – Benton Municipal  
Bethalto – St. Louis Regional  
Bolingbrook – Clow International  
Cahokia – St. Louis Downtown  
Cairo – Cairo Regional  
Canton – Ingersoll  
Carbondale – Southern Illinois  
Carmi – Carmi Municipal  
Casey – Casey Municipal  
Centralia – Centralia Municipal  
Danville – Vermilion County  
Decatur – Decatur Municipal  
DeKalb – DeKalb Taylor  
Dixon – Walgreen Memorial  
Effingham – Effingham County Memorial  
Fairfield – Fairfield Municipal  
Flora – Flora  
Freeport – Albertus  
Galesburg – Galesburg Municipal  
Greenville – Greenville  
Harrisburg – Harrisburg-Raleigh  
Havana – Havana Regional  
Jacksonville – Jacksonville Municipal  
Joliet – Joliet Regional  
Kankakee – Greater Kankakee  
Kewanee – Kewanee Municipal  
Lacon – Marshall County  
Lake in the Hills – Lake in the Hills  
Lansing – Lansing Municipal  
Lawrenceville – Lawrenceville-Vincennes International  
Lincoln – Logan County  
Litchfield – Litchfield Municipal  
Macomb – Macomb Municipal  
Mattoon-Charleston – Coles County Memorial  
Metropolis – Metropolis Municipal  
Monmouth – Monmouth Municipal  
Monticello – Piatt County  
Morris – Morris Municipal  
Mt. Carmel – Mt. Carmel Municipal

Mt. Sterling – Robert F. Tracy Memorial  
Mt. Vernon – Mt. Vernon  
Olney – Olney-Noble  
Ottawa – Skydive Chicago  
Paris – Edgar County  
Paxton – Paxton Municipal  
Pekin – Pekin Municipal  
Peoria – Mt. Hawley Auxiliary  
Peru – Illinois Valley Regional  
Pinckneyville-DuQuoin – Perry County  
Pittsfield – Penstone  
Pontiac – Pontiac Municipal  
Rantoul – National Aviation Center  
Robinson – Crawford County Airport  
Rochelle – Rochelle Municipal  
Romeoville – Lewis University  
Salem – Leckrone Field  
Savanna – Tri-Township  
Schaumburg – Schaumburg Regional  
Shelbyville – Shelby County  
Sparta – Sparta Community  
Sterling-Rock Falls – Whiteside County  
Taylorville – Taylorville Municipal  
Vandalia – Vandalia  
Waukegan – Waukegan Regional  
West Chicago – DuPage  
Wheeling-Prospect Heights – Chicago Executive