



**IDOT  
Overall DBE Goal Setting Report  
2024-2026  
Federal Transit Administration**

## **OVERALL DISADVANTAGED BUSINESS ENTERPRISE GOAL-SETTING METHODOLOGY REPORT FFY 2024-2026**

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 Transit Administration (FTA) 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<sup>2</sup> 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>3</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 2024-2026. The recommended overall DBE goal for this period is **13.70 percent**. **IDOT expects to meet 11.70 percent of this goal through race-conscious means and 2.00 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> Woman-owned businesses refer specifically to businesses owned by white women. Minority woman-owned businesses are classified along with their corresponding race/ethnic groups.

<sup>3</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 FTA-assisted contracts.<sup>4</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**, specifically the County Business Patterns (CBP) database, was also a resource for data collection as pertaining to the North American Industry Classification System (NAICS) code of Illinois businesses.<sup>5</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 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 Table 2.

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<sup>4</sup> United States Department of Transportation, “Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program.”

<sup>5</sup> United States Census County Business Patterns, <https://data.census.gov/table?q=illinois+naics&tid=CBP2020.CB2000CBP>. Detractors of these methods claim that the CBP over-counts Caucasian males (not fully addressing a company’s willingness to do business with IDOT) and that the Illinois UCP under-counts DBEs. But these methods remain the best ones among all methods available in calculating the relative availability of DBEs.

**A. Base Figure Calculation**

The relevant data considered for the Step One analysis included the following:

- \* Definition of the market area.
- \* Classification of procurement areas by NAICS code.

**1. IDOT’s Relevant Market Area**

Based on past IDOT projects through the Office of Intermodal Project Implementation (OIPI), which was formerly known as the Division of Public and Intermodal Transportation (DPIT), it has been determined that the relevant market area will be the entire State of Illinois, Districts 1-9. Many OIPI projects are awarded downstate due to the other transit facilities located in District 1 (METRA, CTA, PACE); however, District 1 businesses still have the opportunity to work in neighboring districts included in the project award areas. Therefore, the entire state is included as the relevant market area.

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

Table 1 below presents the NAICS codes and industries that have been associated with FTA-funded prime contracts and subcontracts awarded by IDOT in the past and anticipated / projected for FFY 2024-2026.

**Table 1: NAICS Titles and Industries Represented**

<b>NAICS CODE</b>	<b>NAICS TITLE</b>
236220	Addition, alteration and renovation, general contractors, commercial and institutional building
238990	All Other Specialty Trade Contractors
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
423120	Motor Vehicle Supplies and New Parts Merchant Wholesalers
424120	Stationery and Office Supplies Merchant Wholesalers
454310	Fuel Dealers
485991	Special Needs Transportation
541211	Offices of Certified Public Accountants
541310	Architectural Services
541320	Landscape Architectural Services
541330	Engineering Services
541611	Administrative Management and General Management Consulting Services
541613	Marketing consulting services
561720	Janitorial services
511111	General Automotive Repair
812332	Protective apparel supply 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 **4.92 percent**, as shown in Table 2. 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:

$$\text{Relative Base Figure} = \frac{\text{Ready, willing, and able DBEs}}{\text{All ready, willing, and able businesses (Including DBEs and non-DBEs)}}$$

$$\text{Relative Base Figure of } \mathbf{4.92\%} = \frac{\mathbf{1023 \text{ DBEs}}}{\mathbf{20812 \text{ Total Businesses}}}$$

**Table 2: Relative Base Figure**

NAICS CODE	NUMBER OF AVAILABLE BUSINESSES	
	DBEs	All
236220	117	1369
238990	106	1521
334220	3	30
423120	11	479
424120	13	193
454310	0	147
485991	10	97
541211	13	2293
541310	42	971
541320	43	212
541330	199	1803
541611	317	3527
541613	77	1833
561720	66	2471
511111	5	3799
812332	1	67
<b>TOTAL</b>	<b>1023</b>	<b>20812</b>

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

**A. DBE Past Participation**

After establishing the base figure, IDOT considered additional information to determine whether any adjustment was needed to the base figure to ensure the agency’s new overall DBE goal is precise and reflects current conditions in the local marketplace for minorities, women, and minority- and woman-owned businesses. In considering an adjustment to the base figure, the agency evaluated information about:

- a. Current capacity of DBEs to perform agency work;
- b. Information related to employment, self-employment, education, training, and unions;
- c. Disparities in the ability of DBEs to access financing, bonding, and insurance; and
- d. Other factors.<sup>6</sup>

**a. Current capacity of DBEs to perform agency work.** USDOT’s “Tips for Goal-Setting” suggests that agencies should examine data on past DBE participation in their USDOT-funded work in recent years as an indication of the aggregate capacity of those

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<sup>6</sup> 49 CFR Part 26, §26.45

businesses to perform in its future work and to consider adjusting their base figures accordingly. USDOT further suggests that an agency should do so by averaging the median level of annual DBE participation for those years with its base figure and potentially consider the result as its new overall DBE goal.<sup>7</sup> Based on internal reports, IDOT has determined that the participation of certified DBEs in its FTA-funded contracts and procurements in FFYs 2021 through 2023 was 0 percent, which supports a downward adjustment to the agency's base figure.<sup>8</sup>

**b. Information related to employment, self-employment, education, training, and unions.** Information from a disparity study that IDOT completed in 2017 (herein the Disparity Study) indicates that there are barriers that certain minority groups and women face related to human capital, financial capital, and business ownership in the Illinois contracting industry. Such barriers may decrease the availability of minority- and woman-owned businesses to obtain and perform the FTA-funded contracts that IDOT awards, which supports an upward adjustment to IDOT's base figure (for details, see Chapter 3 and Appendices C and D of the Disparity Study report).<sup>9</sup>

**c. Disparities in the ability of DBEs to get financing, bonding, and insurance.** Quantitative and qualitative evidence collected as part of the Disparity Study indicate that minorities; women; and minority- and woman-owned businesses do not have the same access to financing, bonding, and insurance as non-Hispanic white men and businesses owned by non-Hispanic white men in the relevant geographic market area (for details, see Chapter 3 and Appendices C and D of the Disparity Study report). Any barriers to obtaining financing, bonding, and insurance might affect opportunities for minorities and women to successfully form and operate businesses in the local marketplace. Those barriers that minorities; women; or minority- and woman-owned businesses face in obtaining financing, bonding, and insurance would also place those businesses at a disadvantage in obtaining IDOT prime contracts and subcontracts. Thus, information from the Disparity Study about financing, bonding, and insurance supports an upward adjustment to IDOT's base figure.

**d. Other factors.** USDOT suggests that agencies also examine "other factors" when determining whether to make step-2 adjustments to their base figures.

**i. Success of businesses.** There is quantitative evidence that certain groups of minority- and woman-owned businesses are less successful than businesses owned by non-Hispanic white men and face greater barriers in the marketplace, even after accounting for race- and gender-neutral factors (for details, see

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<sup>7</sup> Section III (A)(5)(a) in USDOT's "Tips for Goal-Setting in the Federal Disadvantaged Business Enterprise (DBE) Program."

<sup>8</sup> IDOT acts as a pass-through agency that provides funding to subrecipient local agencies to administer projects and contracts. Nearly all IDOT's FTA-funded contracts are awarded and administered by subrecipient agencies. Moreover, subrecipient agencies use most of that funding on overhead, purchasing insurance, and purchasing transit vehicles that fall under federal transit vehicle manufacturing requirements. As these purchases do not represent contracting opportunities, IDOT did not include those in calculating its base figure.

<sup>9</sup> IDOT has commissioned Colette Holt & Associates to conduct a new Disparity Study, but that Study will not be completed until 2024.

Chapter 3 and Appendices C and D of the Disparity Study report). There is also qualitative evidence of barriers to the success of minority- and woman-owned businesses. Some of that information suggests that discrimination on the basis of race/ethnicity and gender adversely affects minority- and woman-owned businesses in the local contracting industry (for details, see Appendix D of the Disparity Study report). Thus, information about the success of businesses also supports an upward adjustment to IDOT's base figure.

*ii. Evidence from disparity studies conducted within the jurisdiction.* USDOT suggests that federal fund recipients also examine evidence from disparity studies conducted within their jurisdictions when determining whether to make adjustments to their base figures. As part of the 2017 Disparity Study, IDOT also analyzed the availability of potential DBEs for Federal Highway Administration (FHWA)-funded contracts. However, IDOT's FHWA-funded contracts greatly differ in terms of size and type from the agency's FTA-funded contracts, so that information is of little use to IDOT in informing the agency's DBE goal for FTA-funded contracts.

*iii. Increased state and federal appropriations.* 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>10</sup>

In 2019, the Governor signed "Rebuild Illinois" into law. This act will enable the investment of \$33.2 billion over six years into the state's aging transportation system, creating jobs and promoting economic growth throughout the state. By 2022, \$111.4 million was awarded to a total of 37 transit districts to advance 51 different projects.<sup>11</sup>

In 2021, the President signed the Infrastructure Investment and Jobs Act (IIJA) into law. Illinois will receive nearly \$4 billion in transit formula funding and nearly \$150 million for the new National Electric Vehicle Formula Program. This covers federal fiscal years 2022-2026.<sup>12</sup>

#### **e. Adjustment.**

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 2024-2026. 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 **13.70 percent**, reflecting the DBE goal from FFY 2021-2023.

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<sup>10</sup> <https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise>

<sup>11</sup> <https://idot.illinois.gov/news/second-round-of-grants-announced-for-ports-and-transit-systems-t.html>

<sup>12</sup> <https://illinoisepi.files.wordpress.com/2022/03/iiija-transpo-funding-for-illinois.pdf>



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.

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

In accordance with federal regulations and USDOT guidance, IDOT will attempt to meet the maximum feasible portion of its proposed **13.7 percent** overall DBE goal using race- and gender-neutral measures. IDOT considered DBE participation as the result of race- and gender-neutral efforts during FFYs 2021 through 2023, which was 0 percent. IDOT used myriad race- and gender-neutral measures to encourage DBE participation in its FTA-funded contracts in FFYs 2021 through 2023 and will continue to use those measures in FFYs 2024 through 2026. **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 meet **2.0 percent** of its DBE goal using race- and gender-neutral measures, and the remaining **11.7 percent** using race- and gender-conscious measures, specifically using DBE contract goals to award various FTA-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 (IDOT) provided an opportunity for public participation in establishing its overall Disadvantaged Business Enterprise goal. The goal setting methodology and rationale were made available for public inspection and comment on IDOT's public website ([idot.illinois.gov/dbe](http://idot.illinois.gov/dbe)) for over 30 days, beginning on January 19, 2024. It was also e-blasted to all 2,980 DBEs in the Unified Certification Program (UCP) Directory on January 24, 2024. Information on upcoming public meetings regarding the document was also provided on the website and e-blast.

Two public meetings were held via Webex to provide the public with the opportunity to hear IDOT's methodology process and provide comments on it and the document. The first meeting was held from 4:00-5:30pm (CST) on February 6, 2024. The second meeting was held from 1:30-3:00pm (CST) on February 7, 2024. Attendees asked questions regarding NAICS codes and the difference between participation of construction DBEs and engineering DBEs, but otherwise there was no public input regarding the proposed goal itself.

A dedicated email address ([DOT.DBEPublicComment@illinois.gov](mailto:DOT.DBEPublicComment@illinois.gov)) was advertised and available for over 30 days (January 19-February 23, 2024) for anyone wishing to comment on the report. During that time, only one e-mail was received, and that pertained to airport concessionaire DBEs and bid opportunities for airports, not the FTA or the goal document.

### **D. Summary**

IDOT proposes an overall DBE goal for FFYs 2024 through 2026 of 13.7 percent. Based on information about FTA-funded work the agency anticipates awarding and considering the increases in state and federal appropriations, the agency determined that the base figure for its

new overall DBE goal will remain at 13.7 percent. IDOT will meet 11.7 percent using race- and gender-conscious measures and 2.0 percent using race- and gender-neutral measures.