

# South Dakota Department of Transportation

## Office of Aeronautics

### Proposed Methodology for Determining Overall DBE Goal

#### FY 2026 - 2028 FAA Goal

**Goal – 1.0%**

**Race Conscious – 1.0%**

#### **Step 1. Determining the Base Figure: 49 CFR 26.45(c)(1)**

The FAA Airport Improvement Program Grant Assurances requires airport sponsors to implement and maintain a Pavement Maintenance Program. The State of South Dakota is a Channeling Act State and assumes the responsibility for the planning and execution of this work on behalf of the individual airport sponsors. Pavement Maintenance work is performed yearly on 10-15 airports.

We identified the top single NAICS code (237310) that best represents the type of contracting opportunity that exists for a recipient or sub recipient of FAA funds. We compared the number of South Dakota, Montana, Minnesota, North Dakota and Wyoming firms to the number of similar certified DBE firms. According to the 2022 US Census Bureau County Business Patterns, these states have 573 firms in the applicable NAICS code. We used the Census Bureau data because the South Dakota Department of Transportation (SDDOT) does not maintain data relative to NAICS codes on its bidders list. We then examined the SDDOT Disadvantaged Business Enterprise (DBE) Directory and determined that there are 42 businesses with this NAICS code. To determine the availability of DBEs for FAA projects we divided the number of firms in those trades (573) into the number of SDDOT certified DBEs (42). The number is 7.3% ( $42/573 = .073$  or 7.3%). We also found that while using the 6-digit NAICS code allowed us to narrow the search to more accurate type of work; it was deficient in several areas which included:

- No racial, ethnic or gender information
- No indication as to whether the firms were interested or willing to do work in South Dakota
- No indication if they would qualify for DBE certification

Since only firms certified and appearing on the DBE directory can be used to meet the DBE goal, it is our opinion that only those firms should be considered ready, willing and able, and to narrowly tailor our goal by determining the most accurate availability of DBEs.

**Step 2. Adjustments to the Base Figure: 49 CFR 26.45(d)**

49 CFR 26.45 (d) says once we have calculated a base figure, we must examine evidence available in our jurisdiction to determine what adjustment, if any, is needed to the base figure in order to arrive at our overall goal. We examined DBE participation for the past five (5) years FY 2020-2024, which would be a fair indicator of future participation. That participation is as follows:

FY	Fed-Aid dollars	DBE Part. \$	DBE%
2020	967,502	0	0
2021	1,341,000	0	0
2022	297,000	12,154	4.1
2023	1,093,500	0	0
2024	2,212,500	16,011	0.7

We determined that our past participation percentage was **0.96%** for the past five (5) years.

South Dakota has not conducted a disparity study. Because of this, we are unable to collect data showing disparities with DBEs working in South Dakota. We do, however feel that both availability and capacity should be considered equally in adjusting the base figure. This method should be applied consistently to eliminate making a “judgment call” on the similarity between the two percentages (availability and capacity).

South Dakota DOT does not have the ability to track data on employment, self-employment, education and training, or any other applicable fields currently for our DBEs. Because of this, we are unable to determine whether this would have an impact on the amount of potential work DBEs could obtain in South Dakota.

The SDDOT DBE Directory contains only six (6) possible bidders to participate in our annual pavement maintenance contract. Taking these circumstances into consideration the SDDOT Office of Aeronautics is requesting that the base figure be adjusted accordingly to 1.0 % ( $6/573 = .010$  or 1.0% rounded).

**Race neutral and race-conscious means to meet the overall goal:**

49 CFR 26.51 (c) requires us to submit with our overall goal a projection of what we expect to meet through race-neutral means. The DOT sets contract goals as a race-conscious means of achieving the overall goal. We also implement the following race-neutral means of achieving the overall goal:

1. Provide a monthly DBE newsletter with business articles and advice.
2. Provide a copy of the DBE Snapshot which is a supplement to the DBE newsletter sent electronically during months that include two or more DOT lettings.
3. Provide one-on-one and group training and technical assistance to enhance DBE's business skills.
4. Provide an online DBE directory with the firms NAICS Codes and Work Descriptions tailored to fit each individual businesses expertise.
5. Conduct business reviews, analyses, and recommendations to DBE firms.

For reporting purposes, race-conscious participation includes:

1. DBE prime contract awards.
2. DBE participation on contracts without individual contract goals.

To the extent possible, we will meet the overall goal through race-conscious means (with outreach and technical assistance).