



U.S. Department  
of Transportation  
**Federal Highway  
Administration**

**Hawaii Federal-Aid Division**

October 30, 2023

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In Reply Refer To:  
HDA-HI

Mr. Edwin Sniffen  
Director  
State of Hawaii Department of Transportation  
869 Punchbowl Street  
Honolulu, HI 96813

Subject: Disadvantaged Business Enterprise Goal Methodology FFY 2023-25

Dear Mr. Sniffen:

Thank you for your letter, OCR-D 1.9055 dated August 1, 2022 submitting Disadvantage Business Enterprise Proposed Goal Methodology for FFY 2023 to 2025 for Federal Highway Administration Funded Projects. In accordance with the provisions of 49 CFR §26.45, the Federal Highway Administration (FHWA) Hawaii Division has reviewed the overall Disadvantaged Business Enterprise (DBE) Goal Methodology (Methodology) submitted by the Hawaii Department of Transportation (HDOT) for Federal Fiscal Years (FFY) 2023 - 2025. HDOT submitted an overall goal of 12.18%, of which 0.05% is projected to be met through race neutral measures and 12.13% through race conscious measures.

FHWA's review considered the overall goal as well as HDOT's descriptions of the data and methods used in arriving at the overall goal. The review included the base figure calculation and evidence supporting the calculation; any adjustments made to the base figure and evidence supporting these adjustments, including a summary of the relevant evidence specific to your jurisdiction; the projection of the portion of the overall goal that HDOT will meet through race neutral and race conscious means as well as the basis for these projections; and evidence of public participation in establishing the overall goal.

FHWA has determined that the methodology HDOT employed is consistent with the requirements of 49 CFR §26.45. FHWA has also approved the projection of the portions of the overall goal which HDOT expects to meet through race neutral and race conscious means. That projection is subject to modification in accordance with 49 CFR §26.51. The basis for our conclusions is set forth more fully in the enclosed document.

HDOT is expected to make a good faith effort to meet its goal each year during the three-year period in which it is in effect. Any mid-cycle adjustments to the goal which may be needed to

reflect changed circumstances require prior FHWA approval. HDOT's next regularly scheduled DBE Goal Methodology is due August 1, 2025.

Please note that HDOT must submit a separate DBE Goal Methodology for programs funded by the Federal Transit Administration (FTA) and the Federal Aviation Administration (FAA), based on the goal setting approach outlined in HDOT's approved DBE program. HDOT should contact its regional FTA and FAA offices for further guidance and assistance.

Pursuant to CFR §26.47(c), State Departments of Transportation (State DOTs) that fall short of their overall DBE goal in any given year must submit a Shortfall Analysis and Corrective Action plan that describes specific reasons for the shortfall and includes a timeline for corrective actions that could reasonably be projected to cause the State DOT to meet its goal during the next goal cycle.

Thank you for your diligence in administering the DBE program. If you have any questions, please contact Kelly Okumura, Civil Rights Program Manager, at [kelly.okumura@dot.gov](mailto:kelly.okumura@dot.gov) or 808-541-2304.

Sincerely,

A handwritten signature in black ink, reading "Richelle M. Takara".

Richelle Takara  
Division Administrator

Enclosure

cc: Robin Shishido, Deputy Director  
Curtis Motoyama, Civil Rights Coordinator  
Keturah Pristell, DBE/ACDBE Compliance Specialist, FAA  
Karin Vosgueritchian Region 9, FTA

# **State of Hawaii**

**Department of Transportation**

**Highways Division**

**Disadvantaged Business Enterprise**

**FFY 2023 - 2025**

Proposed Goal & Methodology

**August 2022**

**REVISED June 2023**

## Introduction

The Hawaii Department of Transportation hereby submits its proposed annual, overall Disadvantaged Business Enterprise goal for federal fiscal years 2023-2025 to the Federal Highway Administration (FHWA) for review and approval pursuant to [49 CFR Part 26, section 26.45](#).

Based on HDOT's internal Road Map of federally funded projects for FFYs 2023-2025, HDOT is anticipating additional projects totaling approximately \$386,260,000. HDOT has established a triennial DBE goal for FHWA-funded contracts of 12.18% based on the results of the 2019 DBE Availability and Disparity Study. HDOT's proposed overall DBE goal will be 12.18% with a 0.05% race/gender neutral and 12.13% race/gender conscious split. The overall goal is based on demonstrable evidence of ready, willing, and able DBEs relative to all businesses currently ready, willing, and able to participate on HDOT's FHWA-assisted contracts.

HDOT used data from the 2019 Keen Independent Availability and Disparity Study, and guidance from the *2022 DBE Overall Goal Methodology DBE Program – Overall Goal Methodology* PowerPoint and USDOT's *Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program* for this process to establish its proposed overall DBE goal.

The 2019 DBE Availability and Disparity Study report provided information to HDOT as it considered refinements to: (1) its overall DBE goal for FFY 2023-2025 for FHWA-funded contracts, and (2) its projection of the portion of its overall DBE goal to be achieved through race/gender neutral and race/gender conscious means. HDOT estimates that the overall goal can be achieved through race/gender conscious and race/gender neutral participation on HDOT FHWA-assisted projects.

Here is an overview of the HDOT public outreach and interactive exchanges:

- Opportunity to Comment. HDOT provided opportunities for the public to provide information that might contribute to its proposed overall DBE goal. These activities included:
  - External Stakeholder Groups were provided two opportunities to meet with HDOT and provide comments and feedback on the overall DBE goal.
    - Tuesday, July 12, 2022 - 9-10:30 a.m. - Hawaii Standard Time
    - Thursday, July 14, 2022 - 9-10:30 a.m. - Hawaii Standard Time
  - The public was provided a 30-day comment period (June 30, 2022 to July 29, 2022) and were encouraged to provide feedback on the proposed goal and methodology. HDOT posted its press release informing the public on June 30, 2022 at: <https://hidot.hawaii.gov/blog/2022/06/30/public-notice-announcing-proposed-overall-triennial-disadvantaged-business-enterprise-dbe-goal/>. During this period, the public had three different avenues to communicate their comments:
    - Online at: <https://forms.office.com/g/u62M6qg3S6>
    - Email at [HDOT-DBE@hawaii.gov](mailto:HDOT-DBE@hawaii.gov)
    - Through regular mail to HDOT Office of Civil Rights, 200 Rodgers Boulevard, Honolulu, HI 96819

Table 1 - Comments Received from the Public and External Stakeholders:

Questions Posed					
Type(s) of work business performs	Is the 17.26% overall DBE goal attainable?	Should the overall DBE goal be higher than 17.26%?	Should the overall DBE be lower than 17.26%?	On what island is your firm located?	Does your firm provide services in the public, private or federal sector
Architecture, Engineering, Landscape Architecture and Construction Management	Yes – no comments provided	Yes – 25%-30% perhaps	No – no comments provided	Oahu	Public and federal sector
Security System Installation	Yes – no comments provided	Yes – no comments provided	No – no comments provided	Oahu	Federal sector
Construction	Maybe – no comments provided	Maybe – no comments provided	No – no comments provided	Oahu	Private sector

*\*There were three comments received from the public and external stakeholders during this period. The comments were based on the originally proposed overall DBE goal of 17.26% with a 6.04% race-neutral and 11.22% race-conscious split. However, after the public comment period ended, HDOT was provided additional information regarding its ability to make a Step 2 adjustment and utilized it to establish a more accurate DBE goal.*

### **Relevant Geographic Market Area and Types of Work**

HDOT is using data from its 2019 DBE Availability and Disparity Study to determine Relevant Geographic Market Area and Types of Work. Based on analysis of FHWA-funded contracts for FFY 2023-2025, HDOT determined that Hawaii should be selected as the relevant geographic market area.

- About 95% of HDOT FHWA-funded contract dollars from July 2011 through June 2016 went to firms with locations in Hawaii. Therefore, the availability analysis examined firms with locations in Hawaii.
- The Disparity Study also examined the types of work involved in FHWA-funded contracts from July 2011 through July 2016. There were 31 types of work that accounted for about 96% of FHWA-funded contract dollars. The availability analysis focused on firms performing these 31 types of work. We utilized the same 31 types of work for the proposed goal.

### **STEP 1 – Availability Analysis**

The base figure of 17.26% is based on data from the Disparity Study analysis. As presented in Chapter 4 of the Disparity Study, one might expect current and potential DBEs to receive 17.26 percent of HDOT FHWA-funded transportation contract dollars based on analysis of FHWA-

funded contracts from July 2011 through June 2016 and availability of firms to perform that work.

HDOT's availability analysis determined the percentage of FHWA-funded contracts from FFY 2023-2025 that might go to current or potential DBEs if they had the same chance of winning that work as any other available firm, after accounting for the type, size and location of those prime contracts and subcontracts. HDOT used a dollar-weighted approach to determine this overall availability estimate. Based on this analysis and considerations made for a Step-2 adjustment, it is expected that current and potential DBEs will receive 12.18% of FHWA-funded transportation contracts let by HDOT for FFY 2023-2025.

Master Availability Database. Keen Independent developed a master availability database (current and potential DBEs and non-DBEs) by contacting thousands of firms to collect information about availability for HDOT contracts. The firms contacted for the database came from sources including, but not limited to:

- Companies that had previously identified themselves to HDOT as interested in learning about future work by being prequalified for certain types of work or being on bidding lists; and
- Businesses that Dun & Bradstreet (D&B) identified in certain transportation contracting-related sub-industries in Hawaii (D&B's Hoover's business establishment database). (D&B's Hoover's database is accepted as the most comprehensive and complete source of business listings in the nation.)

Keen Independent completed surveys with 1,101 Hawaii businesses. After consolidating duplicate responses and removing companies that are no longer in business, not-for-profit, unable to perform transportation-related work or uninterested in discussing availability for HDOT work, the final database contains 304 businesses, of which 174 (or 57.2%) were minority- or women-owned (MBE or WBE). The table below shows the number of firms in the final availability database and the breakdown of minority and majority owned firms.

<sup>1</sup>Table 2 - Availability Head Count of Transportation Construction and Engineering -Related Businesses Included in the 2019 Availability and Disparity Study.

**Figure 1. Availability "Head Count" of Transportation Construction and Engineering-Related Businesses Included in 2019 Availability and Disparity Study**

Race/ethnicity and gender	Number of firms	Percent of firms
African American-owned	5	1.6 %
Asian Pacific American, Native Hawaiian or Pacific Islander-owned	126	41.4
Hispanic American-owned	18	5.9
American Indian or Alaska Native-owned	2	0.7
Subcontinent Asian American-owned	10	3.3
<b>Total MBE</b>	<b>161</b>	<b>53.0 %</b>
WBE (white women-owned)	13	4.3
<b>Total MBE/WBE</b>	<b>174</b>	<b>57.2 %</b>
Total majority-owned firms	130	42.8
<b>Total firms</b>	<b>304</b>	<b>100.0 %</b>

<sup>1</sup> Source: Keen Independent 2019 Availability and Disparity Study (Chapter 4, Page 9)

Dollar-Weighted Availability. HDOT developed a dollar-weighted availability benchmark. This approach is consistent with USDOT’s *Tips for Goal-Setting in the Disadvantaged Business Enterprise (DBE) Program*. To calculate dollar-weighted availability, HDOT determined the number of DBEs (109) and the total number of firms available (1,947) for the total amount of FHWA-funded contract (\$386,260,000) for FFY 2023-2025.

HDOT then dollar-weighted the availability results for the total projects based on the dollars of that prime contract or subcontract relative to the total dollars of FHWA-funded contracts for FFY 2023-2025. The overall dollar-weighted availability for FHWA funded contracts during the study period was 52.97%.

Potential and Certified DBE Availability Adjustments. HDOT further refined this figure, which focuses on availability of currently certified DBEs and firms that could be certified as DBEs, by not counting any MBE or WBE firms as potential DBEs that appear to be ineligible for certification. Based on the Disparity Study’s findings, there were three groups of MBEs/WBEs that did not count as potential DBEs when calculating the base figure:

- MBE/WBEs that in recent years graduated from the DBE Program or had applied for DBE certification in Hawaii but were denied.
- MBE/WBEs that reported annual revenue in the availability surveys that exceeded the revenue limits for DBE certification for their sub-industry over the most recent three years (at the time of the 2018 survey).
- MBE/WBEs that indicated in follow-up interviews that they were not eligible or not interested in DBE certification (interviews performed in the Availability and Disparity Study).

As shown below in figure 4, HDOT’s base figure is calculated to be 17.26%. HDOT believes the base figure can be used for the FY 23-25 DBE goal methodology based on its anticipated federally funded projects amounts.

<sup>2</sup>Table 3 - Overall Dollar-Weighted Availability Estimates for MBE/WBEs for HDOT FHWA-Funded Contracts, July 2011-June 2016.

**Figure 4. Overall Dollar-Weighted Availability Estimates for MBE/WBEs for HDOT FHWA-Funded Contracts, July 2011–June 2016**

Calculation of base figure	FHWA
Total MBE/WBE	52.97 %
Less firms that graduated from the DBE Program or denied DBE certification in recent years or exceed revenue limits	<u>35.71</u>
Subtotal	17.26 %
Plus white male-owned DBEs	<u>—</u>
Current and potential DBEs	17.26 %

<sup>2</sup> Source: Keen Independent 2019 Availability and Disparity Study (Chapter 4, Page 18)

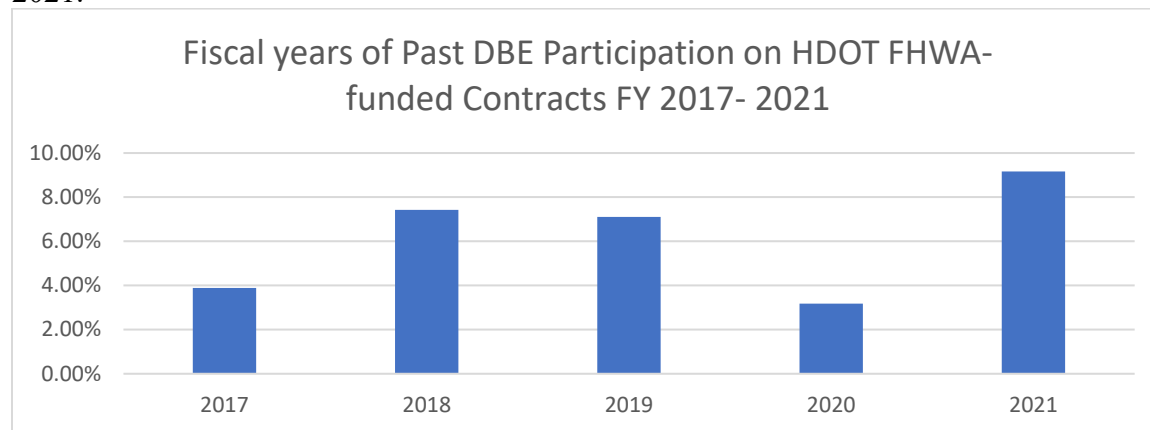
## **STEP 2 – Base Figure Adjustment**

Quantification of potential downward or upward step 2 adjustments is summarized below:

### **1. Current Capacity of DBEs to Perform Work, Measured by the Volume of Work DBEs Performed in Recent Years.**

Analysis of this factor might indicate a downward step 2 adjustment if HDOT analyzed its estimates of past DBE participation from FFY 2017-2021. Based on HDOT's analysis, the median DBE participation on FHWA-funded contracts was 7.10% for FFY 2017–2021.

<sup>3</sup>Table 4 - Past DBE Participation on HDOT FHWA-funds Contracts During Fiscal Years 2017-2021.



FY 2020: 3.18%, FY 2017: 3.89%, FY 2019: 7.10%, FY 2018: 7.43%, FY 2021: 9.17%.

***NOTE:** Fiscal years of Past DBE Participation on HDOT FHWA-funded Contracts FY 2017-2021 are arranged to illustrate that FY 2019: 7.10% is the median number.*

USDOT “*Tips for Goal-Setting*” suggests taking one-half of the difference between the base figure and evidence of current capacity as one approach to calculate the step 2 adjustment for that factor. Using the Disparity Study’s base figure of 17.26% and median number of 7.10% from the past five fiscal years of DBE Participation on HDOT FHWA- funded contracts, DBE participation is 24.36 percentage points ( $17.26\% + 7.10\% = 24.36\%$ ). One-half of this difference reflects a downward adjustment to 12.18 percentage points ( $24.36\% \div 2 = 12.18\%$ ).

### **2. Information Related to Employment, Self-employment, Education, Training and Unions.**

As per the Keen Independent 2019 DBE Availability and Disparity Study, HDOT used the quantification of the business ownership factor indicating an upward step 2 adjustment of 14.21 percentage points to reflect the “but-for” analyses of business ownership rates. If HDOT made this adjustment, the overall DBE goal for FHWA-funded contracts would be 31.47 percent ( $17.26\% + 14.21\%$ ).

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<sup>3</sup> Source: HDOT Uniform Reports of DBE Awards/Commitments and Payments



<sup>4</sup>Table 5 - Downward and Upward Adjustment Options for HDOT:

Step 2 adjustment component		Value	Explanation
<b>Lower range of overall DBE goal</b>			
Base figure		17.26%	From Disparity Study base figure analysis
Evidence of current capacity	+	7.10	Past DBE participation (Uniform Report data)
Total		24.36%	
	÷	2	Reduce by one-half
Adjustment		12.18%	Downward adjustment for current capacity
<b>Upper range of overall DBE goal</b>			
Base figure		17.26%	From base figure analysis
Adjustment for "but for" factors	+	14.21	"But for" step 2 adjustment for business ownership ( <i>As per the Keen Independent for the 2019 Availability and Disparity Study</i> )
<b>Overall DBE goal</b>		<b>31.47%</b>	Upper range of DBE goal

HDOT considered the above information when determining whether to make a downward, upward or no step 2 adjustment when establishing its overall DBE goal.

For FHWA-funded contracts, HDOT is proposing to utilize a step 2 downward adjustment of 12.18%, as its DBE goal for FFY 2023-2025 for the following reasons:

- The goal of 12.18% is greater than the median past DBE participation of 7.10% (based on the Uniform Report data of 2017 – 2021), which supports using a downward adjustment rather than the previous base figure of 17.26% or an upward step 2 adjustment to 31.74%.

HDOT will utilize a downward step 2 adjustment (12.18%) because HDOT feels that it is more reflective of current capacity.

- HDOT calculated the difference between the "but for" MBE/WBE availability (14.21%) and the current availability (17.26%) to calculate the potential upward adjustment. This total, and potential upward adjustment is 31.47 percentage points (14.21% + 17.26% = 31.47%). HDOT data does not support using an upward step 2 adjustment.

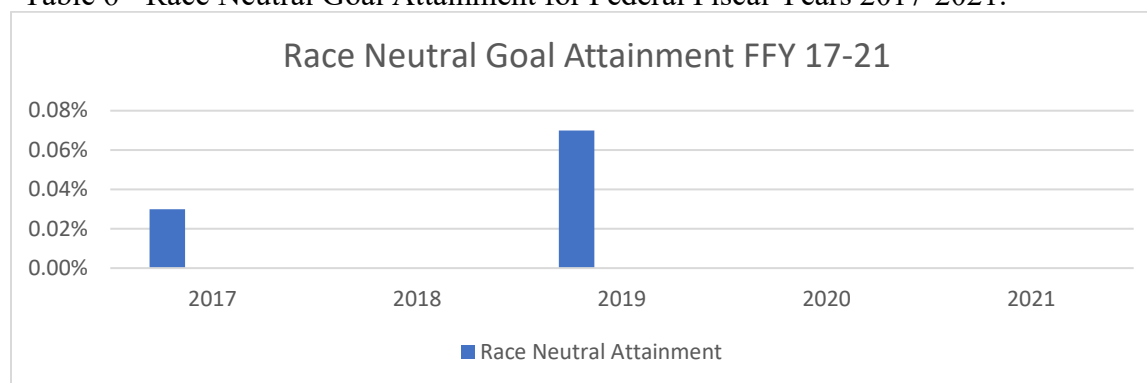
### **Race/Gender Neutral and Race/Gender Conscious Split**

HDOT initially proposed to take the median of the race neutral attainment over the past 5 federal fiscal years to establish the race-neutral projection of its overall goal:

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<sup>4</sup> Source: HDOT Uniform Reports of DBE Awards/Commitments and Payments

<sup>5</sup>Table 6 - Race Neutral Goal Attainment for Federal Fiscal Years 2017-2021.



FY 2018: 0.00%, FY 2020: 0.00%, FY 2021: 0.00%, FY 2017: 0.03%, FY 2019: 0.07%

*NOTE: Race Neutral Goal Attainment FFY 17-21 is arranged to illustrate that FY 2021: 0.00% is the median number.*

- Based on the above data, if this method is utilized, the race neutral/race conscious split would be 0.00% (race/gender neutral) / 12.18% (race/gender conscious). However, this proposed method does not provide HDOT an opportunity to maximize its race/gender neutral efforts to achieve its goal and will not be utilized.
- Rather, HDOT proposes to average the two years of recorded race/gender neutral participation (FY 17 – 0.03% and FY 19 – 0.07%) to identify its race/gender neutral participation. This will allow HDOT to maximize its race/gender neutral efforts.
- The average of 0.03% and 0.07% would result in a 0.05% race/gender neutral projection ( $0.03\% + 0.07\% = 0.10\% / 2 = 0.05\%$ ).

Based on the data presented, the proposed overall DBE goal is 12.18% with a 0.05% race neutral and 12.13% race/gender conscious split. HDOT will monitor DBE participation throughout the year to adjust its use of contract goals to ensure that its use does not exceed the overall goal.

To increase race/gender neutral efforts, HDOT will continue to provide the following supportive services:

- Inform and educate DBEs of available solicitations posted the Hawaii Awards & Notification Data System (<https://hands.ehawaii.gov/hands/>).
- Ensure the access of our DBE Directory ([www.hdot.dbesystem.com](http://www.hdot.dbesystem.com)), through electronic means to prime contractors.
- Provide outreach and education on the DBE program to trade groups, associations, chapters, and minority and women's organizations.
- Organize, host, and sponsor multiple networking events yearly to provide the opportunities for primes and HDOT DBEs to meet face to face (either in-person or

<sup>5</sup> Source: HDOT Uniform Reports of DBE Awards/Commitments and Payments

virtually). These networking events will occur on the islands of Oahu, Kauai, Maui and Hawaii.

- Organize, host, and sponsor informational events for specifically identified lettings. These informational events will inform the DBEs of the specific scope of work for the project, and they will be able to better understand the opportunities that the project may afford them.
- Notify DBEs, with the capability and willingness to performing as a prime contractor, of the upcoming lettings that are conducive to businesses their size.
- Host supportive services programs to improve the business acumen for DBEs and other small businesses.

Additionally, HDOT will continue to count the following race/gender neutral participation:

- DBE participation on projects with a contract goal, that exceed the DBE contract goal.
- When a DBE wins a prime contract through customary competitive procurement procedures.

### **Groups Eligible for DBE Contract Goals:**

HDOT strongly feels that businesses owned and controlled by socially and economically disadvantaged individuals, specifically Asian Pacific Americans, Native Hawaiians or Pacific Islanders, must be eligible for DBE contract goals. <sup>6</sup>Nearly 25% of residents of Hawaii identify as multiracial. <sup>7</sup>Approximately 70% of those who identify as multiracial, recognize themselves as a combination of white, Asian Pacific American and Native Hawaiian/Pacific Islander.

Based on information provided in the 2019 Hawaii DBE Availability and Disparity Study, HDOT believes it is necessary to include the demographic group for “Asian Pacific Americans, Native Hawaiians or Pacific Islanders” in the participation of DBE contract goals the for the following reasons:

For purposes of the 2019 Hawaii DBE Availability and Disparity Study, demographic information was provided in a more detailed breakdown regarding ethnic sub-groups included in broader groups found in 49 CFR Section 26.5. To accurately analyze the unique multi-racial and ethnic background of Hawaii’s population, the study team examined availability for businesses owned by:

- Asian Pacific Americans, Native Hawaiians or Pacific Islanders, which includes the following:  
Burmese, Cambodian, Chamorro, Chinese, Fijian, Filipino, Guamanian, Hmong, Indonesian, Japanese, Korean, Laotian, Malaysian, Mongolian, Native Hawaiian,

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<sup>6</sup> Hawaii’s Diverse Racial Makeup. (2020, June 25). <https://census.hawaii.gov/wp-content/uploads/2020/06/Hawaii-Population-Characteristics-2019.pdf>

<sup>7</sup> Krogstad, J. (2015, June 17). Hawaii is home to the nation’s largest share of multiracial Americans. Pew Research Center. <https://www.pewresearch.org/fact-tank/2015/06/17/hawaii-is-home-to-the-nations-largest-share-of-multiracial-americans/>

Samoan, Taiwanese, Thai, Tongan and Vietnamese. This category also included other Polynesian, Melanesian and Micronesian races, as well as individuals identified as Pacific Islanders.

- Hispanic Americans, including people of Portuguese background
- American Indians or Alaska Natives
- Subcontinent Asian Americans
- Non-Hispanic white women

The 2019 DBE Availability and Disparity Study illustrated that businesses owned by Native Hawaiians were grouped with those owned by Asian Pacific Americans and Pacific Islanders rather than with American Indians and Alaska Natives. <sup>8</sup>*This reflects U.S. Census data that shows many Native Hawaiians also identifying as Asian Pacific Americans or Pacific Islanders, and vice-versa.* Other groupings listed above follow those in 49 CFR Section 26.5.

Table 7 provides, information regarding the utilization and availability of these groups is demonstrated as an aggregate of the groups and sub-groups listed above. Substantial disparities are illustrated for African American-, Hispanic American-, American Indian- and Alaska Native-, and Subcontinent Asian American-owned companies. These disparities occurred even with HDOTs application of DBE contract goals during the study period.

**<sup>9</sup>Table 7 - MBE/WBE utilization and availability for HDOT FHWA-funded contracts, July 2011–June 2016.**

	Utilization	Availability	Disparity Index
## African American	0.11%	0.65%	18
**Asian Pacific American, Native Hawaiian or Pacific Islander	31.50%	26.05%	121
## Hispanic American	1.10%	2.53%	44
## American Indian or Alaska Native	0.00%	0.00%	0
## Subcontinent Asian American	0.69%	6.20%	11
^^ Total MBE	33.41%	38.71%	88
## WBE (White women-owned)	1.06%	14.80%	7
## Total MBE/WBE	34.47%	52.97%	65
**Total majority-owned	65.53%	47.03%	139
Total firms	100%	100%	
** Disparity index of 100 or higher	A disparity index of 100 indicates an exact match between actual utilization and what might be expected based on MBE/WBE availability for a specific set of contracts (often referred to as “parity”).		
^^ Disparity index of 99-80	A disparity index of less than 100 may indicate a disparity between utilization and availability, and		
## Disparity index of less than 80			

<sup>8</sup> Monte, L., & Shin, H. (2022, May 25). *Broad Diversity of Asian, Native Hawaiian, Pacific Islander Population*. The United States Census Bureau. <https://www.census.gov/library/stories/2022/05/aanhpi-population-diverse-geographically-dispersed.html>

<sup>9</sup> Source: Keen Independent 2019 Availability and Disparity Study (Figure 5-12, Chapter 5, Page 16)

	disparities of less than 80 in this report are described as “substantial.”
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Despite the 2019 DBE Availability and Disparity Study data indicating there was no disparity for the group of businesses owned by Asian Pacific Americans, Native Hawaiians or Pacific Islanders, having these individual subgroups being identified as a singular group, disguises the disparities faced individually by these subgroups. It hides the disparities that Native Hawaiian and Pacific Islander communities face when it comes to education, health care, criminal justice and other areas. That, in turn, affects the resources that those communities are afforded.<sup>10</sup> HDOT notes, however, when compared to all other groups, Native Hawaiians, Chinese Americans, Filipino Americans and Japanese Americans were all associated with lower probabilities of business ownership for people working in the construction industry. These results suggest that the disparities in business ownership rates are found across the largest subgroups of Asian Pacific Americans/Native Hawaiians in Hawaii (Appendix F, Page 10).

Ensuring that businesses owned by Asian Pacific Americans, Native Hawaiians or Pacific Islanders (which encompasses Native Hawaiians, Chinese Americans, Filipino Americans and Japanese Americans subgroups) are included in the participation of contract goals will help ease the past unjust treatment and afford present and future generations opportunities for success. Having these opportunities will help continue to break down barriers and disparities that are continually faced, and it will give them the chance to no longer be a statistic, but instead a success story.

Table 8 shows that there is substantial disparity between utilization and availability of subgroups including Filipino American, Japanese American, Other Asian Pacific, and Pacific Islanders. While utilization significantly exceeded the availability for Korean American and Native Hawaiian-owned firms, significant disparities exist for Filipino American, Japanese American, Other Asian Pacific and Pacific Islanders.

**<sup>11</sup>Table 8 - Asian Pacific American, Native Hawaiian and Pacific Islander utilization and availability for HDOT FHWA-funded contracts, July 2011–June 2016.**

	Utilization	Availability	Disparity Index
** Chinese American	8.14%	6.15%	132
## Filipino American	0.31%	2.76%	11
## Japanese American	8.09%	14.91%	54
** Korean American	2.34%	0.12%	999+
** Native Hawaiian	11.02%	1.86%	593
## Other Asian Pacific	0.01%	0.17%	4
## Pacific Islander	0.02%	0.08%	26
## Unknown Asian Pacific American	1.57%	0.00%	N/A
** Total Asian Pacific American, Native Hawaiian and Pacific Islander	31.50%	26.05%	121

<sup>10</sup> Kaur, H. (May 1, 2023). *Why some have mixed feelings about the terms Asian American and AAPI*. CNN. <https://www.cnn.com/2023/05/01/us/asian-american-aapi-terms-history-cec/index.html>

<sup>11</sup> Source: Keen Independent 2019 Availability and Disparity Study (Figure 5-13, Chapter 5, Page 17)

Other firms	68.50%	73.95%	
Total	100%	100%	
** Disparity index of 100 or higher	A disparity index of 100 indicates an exact match between actual utilization and what might be expected based on MBE/WBE availability for a specific set of contracts (often referred to as “parity”).		
^^ Disparity index of 99-80	A disparity index of less than 100 may indicate a disparity between utilization and availability, and disparities of less than 80 in this report are described as “substantial.”		
## Disparity index of less than 80			

As illustrated in Table 9, of the \$548 million in FHWA-funded contracts from July 2011–June 2016, that had DBE contract goals applied, \$178 million (32%) went to Asian Pacific American-, Native Hawaiian- or Pacific Islander-owned companies and \$12 million (2%) went to other minority- and women-owned firms. About 30 percent of the contract dollars for the \$267 million of FHWA-funded contracts without goals also went to Asian Pacific American-, Native Hawaiian- or Pacific Islander-owned businesses.

<sup>12</sup>Table 9 - MBE/WBE and DBE Share of Dollars for Contracts with and without DBE Contract Goals for FHWA-Funded Contracts by Specific Racial Groups, July 2011–June 2016.

	With goals			Without goals		
	Number of procurements*	\$1,000s	Percent of dollars	Number of procurements*	\$1,000s	Percent of dollars
<b>MBE/WBEs</b>						
African American	8	\$ 873	0.2 %	3	\$ 59	0.0 %
Asian Pacific American, Native Hawaiian or Pacific	317	177,539	32.4	157	79,188	29.6
Hispanic American	27	5,461	1.0	11	3,530	1.3
American Indian or Alaska	3	0	0.0	0	0	0.0
Subcontinent Asian American	0	0	0.0	3	5,662	2.1
Total MBE	355	\$ 183,872	33.6 %	174	\$ 88,439	33.1 %
WBE (white women-owned)	16	6,414	1.2	10	2,243	0.8
<b>Total MBE/WBE</b>	<b>371</b>	<b>\$ 190,286</b>	<b>34.7 %</b>	<b>184</b>	<b>\$ 90,682</b>	<b>33.9 %</b>
Total majority-owned	403	357,531	65.3	333	176,494	66.1
<b>Total</b>	<b>774</b>	<b>\$ 547,817</b>	<b>100.0 %</b>	<b>517</b>	<b>\$ 267,176</b>	<b>100.0 %</b>
<b>DBEs</b>						
African American	2	\$ 745	0.1 %	0	\$ 0	0.0 %
Asian Pacific American, Native Hawaiian or Pacific	165	18,890	3.4	34	11,049	4.1
Hispanic American	21	5,037	0.9	3	55	0.0
American Indian or Alaska	3	0	0.0	0	0	0.0
Subcontinent Asian American	0	0	0.0	0	0	0.0
Total MBE	191	\$ 24,672	4.5 %	37	\$ 11,104	4.2 %
WBE (white women-owned)	5	\$ 390	0.1 %	1	\$ 0	0.0 %
White male-owned DBE	0	0	0.0	0	0	0.0
<b>Total DBE-certified</b>	<b>196</b>	<b>\$ 25,062</b>	<b>4.6 %</b>	<b>38</b>	<b>\$ 11,104</b>	<b>4.2 %</b>
Non-DBE	578	522,755	95.4	479	256,071	95.8
<b>Total</b>	<b>774</b>	<b>\$ 547,817</b>	<b>100.0 %</b>	<b>517</b>	<b>\$ 267,176</b>	<b>100.0 %</b>

<sup>12</sup> Note: Number of contracts/subcontracts analyzed is 774 with DBE contract goals and 517 without contract goals.

Source: Keen Independent 2019 Availability and Disparity Study (Figure 5-13, Chapter 3, Page 3)

In contrast, Filipino American- and Pacific Islander-owned companies combined received less than \$1 million of the contract dollars with DBE goals and about \$2 million of the contract dollars without DBE goals. This translates into utilization of 0.1 percent for contracts with goals and 0.8 percent for contracts without goals.

With and without DBE goals, Chinese American-, Japanese American-, Korean American- and Native Hawaiian-owned businesses were awarded the most FHWA-funded contract dollars.

- With goals: Chinese American-, Japanese American-, Korean American- and Native Hawaiian-owned businesses were awarded \$175,535,000 worth of FHWA-funded contracts.
- Without goals: Chinese American-, Japanese American-, Korean American- and Native Hawaiian-owned businesses were awarded \$65,619,000 worth of FHWA-funded contracts.

<sup>13</sup>Table 10 - MBE/WBE and DBE Share of Dollars for Contracts with and without DBE Contract Goals for FHWA-Funded Contracts by Asian Pacific American, Native Hawaiian and Pacific Islander groups, July 2011–June 2016.

	With goals			Without goals		
	Number of procurements*	\$1,000s	Percent of dollars	Number of procurements*	\$1,000s	Percent of dollars
<b>MBE/WBEs</b>						
Chinese American	46	\$ 48,194	8.8 %	37	\$ 18,157	6.8 %
Filipino American	15	372	0.1	3	2,161	0.8
Japanese American	81	39,024	7.1	56	26,885	10.1
Korean American	2	11,663	2.1	6	7,413	2.8
Native Hawaiian	148	76,654	14.0	38	13,164	4.9
Other Asian Pacific American	0	0	0.0	1	59	0.0 %
Pacific Islander	1	165	0.0	0	0	0.0
Unknown Asian Pacific American	24	1,468	0.3	16	11,349	4.2
<b>Total Asian Pacific American</b>	<b>317</b>	<b>\$ 177,539</b>	<b>32.4 %</b>	<b>157</b>	<b>\$ 79,188</b>	<b>29.6 %</b>
Total non-Asian Pacific American	457	370,278	67.6	360	187,988	70.4
<b>Total</b>	<b>774</b>	<b>\$ 547,817</b>	<b>100.0 %</b>	<b>517</b>	<b>\$ 267,176</b>	<b>100.0 %</b>
<b>DBEs</b>						
Chinese American	5	\$ 700	0.1 %	3	\$ 1,614	0.6 %
Filipino American	12	319	0.1	2	1,520	0.6
Japanese American	31	1,717	0.3	8	1,839	0.7
Korean American	1	5	0.0	1	0	0.0
Native Hawaiian	100	14,957	2.7	13	1,527	0.6
Other Asian Pacific American	0	0	0.0	0	0	0.0
Pacific Islander	0	0	0.0	0	0	0.0
Unknown Asian Pacific American	16	1,191	0.2	7	4,549	1.7
<b>Total Asian Pacific American</b>	<b>165</b>	<b>\$ 18,890</b>	<b>3.4 %</b>	<b>34</b>	<b>\$ 11,049</b>	<b>4.1 %</b>
Total non-Asian Pacific American	609	528,927	96.6	483	256,126	95.9
<b>Total</b>	<b>774</b>	<b>\$ 547,817</b>	<b>100.0 %</b>	<b>517</b>	<b>\$ 267,176</b>	<b>100.0 %</b>

<sup>13</sup> Note: Number of contracts/subcontracts analyzed is 774 with DBE contract goals and 517 without contract goals.

Source: Keen Independent from data on FHWA-funded prime contracts and subcontracts, July 2011–June 2016 (Chapter 6, Page 4)

Additionally, as stated in the 2019 DBE Availability and Disparity Study, about 71% of the workforce in the State of Hawaii identifies their race as Asian Pacific American or Native Hawaiian (Appendix E, Page 2), and 42% of business owners in the construction and engineering industries in the State of Hawaii identifies their race as Asian Pacific American (Appendix E, Page 5). The inclusion of Asian Pacific Americans, Native Hawaiians or Pacific Islanders is paramount to having a suitable number of ready, willing and available DBEs to establish accurate and attainable contract goals.

<sup>14</sup>Table 11 - Amount of Transportation Construction and Engineering Related Businesses Firms Owned by Asian Pacific Americans, Native Hawaiians or Pacific Islanders in Hawaii.

Race/ethnicity and gender	Number of firms	Percent of firms
African American-owned	5	1.6%
Asian Pacific Americans, Native Hawaiians or Pacific Islander-owned	126	41.4%
Hispanic American-owned	18	5.9%
American Indian or Alaska Native-owned	0	0.7%
Subcontinent Asian American-owned	10	3.3%
<b>Total MBE</b>	<b>161</b>	<b>53.0%</b>
WBE (white women-owned)	13	4.3%
<b>Total MBE/WBE</b>	<b>174</b>	<b>57.2%</b>
Total majority-owned firms	130	42.8%
<b>Total firms</b>	<b>303</b>	<b>100%</b>

The number of transportation construction and engineering related firms owned by Asian Pacific Americans, Native Hawaiians or Pacific Islanders in Hawaii far outpaces (126 to 33) the total the number of transportation construction and engineering related firms owned by African-Americans, Hispanic-Americans, American Indians or Alaska Natives, Subcontinent Asian Americans, and nearly equals (126 to 130) the total number of majority-owned firms.

Asian Pacific Americans, Native Hawaiians and Pacific Islanders constitute 71 percent of the Hawaiian workforce, of which, the largest groups are Filipino Americans, Japanese Americans, Native Hawaiians and Chinese Americans (in that order).

This data demonstrates how intricately woven current and potential Asian Pacific American, Native Hawaiian or Pacific Islander owned firms are into the fabric of the business communities across the state. Access to contracting and subcontracting opportunities for these firms will continue to play a vital role in the economic health, well-being, and growth of individuals, businesses, families, and communities statewide.

Therefore, including Asian Pacific Americans, Native Hawaiians or Pacific Islanders in the participation of contract goals will continue to provide prime contractors with a suitable pool of qualified, ready, willing, and able DBEs, and it will provide a majority of firms in this large group a fair opportunity to compete for federally funded transportation contracts that are beneficial to them for acquiring access to potential prospects of generational wealth.

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<sup>14</sup> Source: Keen Independent 2019 Availability and Disparity Study (Chapter 4, Page 9)



### **Overall DBE Goal**

The proposed FHWA goal has been narrowly tailored and illustrates the following:

- Overall goal: 12.18%
- Race Neutral goal: 0.05%
- Race Conscious goal: 12.13%

HDOT's results suggest that narrowly tailored contract goals remain necessary to ensure nondiscrimination. Based on the Annual Uniform Report data, HDOT has been closing the attainment gap in recent years. Therefore, a 12.18% goal presents a great opportunity that will permit HDOT to continue that trend. HDOT will continue its outreach efforts to attract more eligible firms to participate in the DBE program and will begin to set contract goals on federally funded Request for Proposals (RFPs) to capture DBE participation more broadly and accurately.