US DOT Disadvantaged Business Enterprise (DBE) Program

Alaska Unified Certification Program (AUCP)
A Few Facts About the DBE Program

► Federal Program (USDOT) administered for the Municipality of Anchorage and other AUCP members by Alaska Department of Transportation and Public Facilities (ADOT&PF) Civil Rights Office

► Applies to ALL transportation modes, including highway, aviation & transit

► Helps disadvantaged business owners compete for transportation-related contracts
DBE Program Objectives

► To ensure non-discrimination in contracts funded all or in part by USDOT funds.

► To create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts
DBE Program Objectives

► Ensure only firms meeting eligibility standards can participate as DBEs

► Help remove barriers to DBE participation in US-DOT funded contracts

► Assist in business development so DBE firms can compete successfully outside the program
So, what is a “DBE”?

A DBE is a small, for-profit business with 51% owned and controlled by socially & economically disadvantaged individuals.
Business Requirements for Qualifying as a “DBE”

► Business is in existence, operational and for-profit
► Business is independent and self-sufficient
  *(No “umbilical cord” relationships with other companies)*
► Small Business
  *Gross receipts from the past 3 years are used to determine business size*
  *Newly formed businesses MAY ALSO qualify*
  *Size limits are determined by Small Business Administration (SBA) standards based on NAICS code*
  *CANNOT exceed USDOT’s $20.41 million limit*
Owner Requirements for Qualifying as a “DBE”

Presumed to be “Socially & Economically Disadvantaged”

- Asian-Indian Americans
- Asian-Pacific Americans
- Black Americans
- Hispanic Americans
- Native Americans
- Women
Owner Requirements for Qualifying as a “DBE” cont’d.

Case-by-Case Basis (Caucasian Males)

- Chronic & substantial social disadvantage in the U.S.
- Negative impact in business world because of social disadvantage
Owner Requirements for Qualifying as a “DBE” cont’d.

However:

“Social & economic disadvantage” is rebutted if adjusted net worth exceeds $750,000.
Control Requirements for Qualifying as a DBE

► DBE owner(s) has Operational Control (no limits or restrictions)

► DBE owner(s) has Managerial Control (control can be delegated, but owner(s) must maintain ultimate authority)

► DBE owner(s) can establish at least 51% ownership (Must be able to show documentation of capital contribution)
Certification & Recertification

Certification Process

* ADOT&PF Civil Rights Office DBE Certification Officer reviews applications, requests additional information as needed.

* Eligibility determination based on information supplied by applicant

* Decisions CAN be appealed

Annual “No Change” Affidavits
Documentation is VERY IMPORTANT!!!

► All applicable documentation must accompany the application

► Materials submitted are confidential; Personal Net Worth information released ONLY with applicants’ WRITTEN consent

► Failure to submit appropriate documentation delays the process and may cause consideration to be terminated
Why Do Applications Get Denied?

- Lack of owner experience
- Lack of owner control
- Lack of documentation
- Business is emerging and not yet fully operational
Why Become a DBE?

► DBE participation goals provide more opportunity on Federal-Aid Transportation Projects

► Prime Contractors on these projects MUST make Good Faith Efforts to subcontract with DBEs
Why Become a DBE? cont’d.

What kind of DBEs are used?
Consultants, contractors and suppliers are used for the planning, design and construction of highways, airports & public transportation systems.
The **Advantages** of Being a DBE

- Certification is recognized by members of the Alaska Unified Certification program, including the Municipality of Anchorage, Alaska Railroad, AK DOT etc.

- Excellent supportive services benefits!
Supportive Services for DBEs

- 50% Reimbursement for Business-Related Training
- 50% Reimbursement for Business-Related Membership Fees/Dues
- USDOT Bonding & Short-Term Lending Programs
- Inclusion in DBE Directories (print and online versions)
- Quarterly DBE Newsletters
- Invitations to Bid from Prime Contractors
The DBE Program is NOT a Free Ride

- DBE firms must still aggressively market themselves
- DBEs must compete with one another for contracts
- DBEs who are unwilling or unable to perform can be terminated from projects
- DBEs must perform “CUFS” – Commercially Useful Functions
What are “CUFs” – Commercially Useful Functions?

► DBEs are responsible for distinct elements of work.
► DBEs perform, manage and supervise work.
► Prime contractors will not be given credit for DBE goals if DBEs do not perform CUFs.
► DBE credit can be given only for areas in which DBEs are certified.
Determining CUFs

- DBE must employ a separate work force
- DBE must control & supervise work
- DBE must perform more than 50% of the work
- Subcontracted work MUST be performed by another DBE to be creditable
- CUF issues cannot be considered when making certification decisions
*CUFs Caution*

DBEs consistently failing to perform CUFS (commercially useful functions) endanger their certified status by raising questions about their independence, ownership and control.
Graduation

Ideally, DBEs outgrow the program.

- Exceed business size or personal net worth limits
- Build working relationships with primes outside the DBE program
- Acquire managerial & technical skills to successfully compete with non-DBEs
QUESTIONS?

► Contact Angie Podolak with the Mayor’s Office of Equal Opportunity at 343-4897 or PodolakAC@ci.anchorage.ak.us

► You can also get more information on the web at: http://www.dot.state.ak.us/cvlrts/aucp.shtml