2025 SOUND TRANSIT DISPARITY STUDY

FINAL REPORT

Final Report

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2025 Sound Transit Disparity Study

Prepared for
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CHAPTER ES.
Executive Summary

BBC Research & Consulting (BBC) conducted a disparity study to evaluate whether person of color (POC)-; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (referred to collectively as *diverse businesses* for the purposes of this study) have equitable opportunities to participate in Sound Transit's contracts and procurements.[1] BBC also assessed the degree to which small businesses (SBs)—which include Emerging SBs and Rising SBs—have equitable opportunities to participate in agency work.[2] As part of the disparity study, we examined whether there are any *disparities*, or differences, between:

- The percentage of prime contract and subcontract dollars Sound Transit awarded to local small and diverse businesses during the *study period*, which was January 1, 2020 through December 31, 2024 (i.e., *utilization* or *participation*); and
- The percentage of prime contract and subcontract dollars one might expect Sound Transit to award to local small and diverse businesses based on their availability to perform specific types and sizes of its prime contracts and subcontracts (i.e., *availability*).

Information from the disparity study will help Sound Transit better understand outcomes for small and diverse businesses in its contracts and procurements and help the agency address any substantial disparities between the participation and availability of those businesses for that work.

A. Disparity Study Results

BBC analyzed $1.8 billion of construction, professional services, architecture and engineering (A/E), and goods and services contracts and procurements Sound Transit awarded during the study period to measure the participation and availability of small and diverse businesses for that work and to assess whether any disparities exist between them. We summarize key results from those analyses and identify sections of the report that provide more details about the methodology and results of each analysis.

1. Availability analysis (Chapter 6 and Appendix C of the report). BBC conducted a *custom census* availability analysis to estimate the availability of small and diverse businesses for Sound Transit contracts and procurements while accounting for the specific characteristics of relevant businesses that exist in the *relevant geographic market area (RGMA)* and the specific characteristics of the relevant prime contracts and subcontracts the agency awards.[3] Figure ES-1 presents the availability of each small

[1] "Woman-owned businesses" refers to Non-Hispanic White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding race/ethnic groups.

[2] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84).

[3] We defined the RGMA for the disparity study as King, Pierce, and Snohomish counties in Washington (see Chapter 3 of the report for additional details). We also refer to this area as the *Sound Transit marketplace* and the *Seattle Metro Area*. A *local business* is a business with a location within the RGMA.

and diverse business group for the contracts and procurements Sound Transit awarded during the study period. As shown in Figure ES-1:

- The availability of all SBs for Sound Transit work is 69.9 percent, indicating that one might expect the agency to award approximately 69.9 percent of its contract and procurement dollars to SBs based on their availability. The SB tier that exhibits the greatest availability for Sound Transit work is Emerging SBs (50.5%), followed by Rising SBs (12.9%) and other SBs (6.5%). While Emerging SBs are the smallest SBs, their relatively high availability is consistent with BBC's findings that the vast majority of SBs in the marketplace are Emerging SBs (for more information, see Chapter 9).
- The availability of POC-owned businesses for Sound Transit work is 17.5 percent.
- The availability of White woman-owned businesses is 11.0 percent.
- The availability of veteran-owned businesses is 4.4 percent.
- The availability of LGBTQ-owned businesses is 2.3 percent.

Figure ES-1.
Availability estimates for Sound Transit contracts and procurements

Business group	
Business size	
SBs	69.9 %
Emerging SBs	50.5 %
Rising SBs	12.9 %
Other SBs	6.5 %
Race and gender	
POC	17.5 %
White woman	11.0 %
Veteran status	
Veteran	4.4 %
LGBTQ status	
LGBTQ	2.3 %

Notes:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

For more detail, see Figure D-1 in Appendix D.

During the study period, Sound Transit used race- and gender-conscious Disadvantaged Business Enterprise (DBE) participation goals in awarding certain Federal Transit Administration (FTA)-funded projects and used Small Business (SB) participation goals in awarding certain non FTA-funded projects. On applicable contracts, as a condition of award, bidders and proposers had to meet those goals by either making subcontracting commitments with certified DBEs and SBs or by demonstrating genuine and meaningful *good faith efforts* (*GFE*s) that they tried to meet the goals if they failed to do so through participation commitments. BBC examined availability analysis results separately for work the agency awarded with the use of SB goals (*SB goals* projects), DBE goals (*DBE goals* projects), and without the use of any goals (*no goals* projects). As shown in Figure ES-2:

- All SBs considered together exhibit higher availability for Sound Transit's no goals projects (75.7%) than for its SB goals (66.5%) and DBE goals projects (66.0%). The no goals projects that Sound Transit awards are primarily ones valued at less than $250,000. SBs typically show greater levels of availability for smaller projects, which could help explain the differences in availability for SB goals, DBE goals, and no goals projects.

- POC-owned businesses exhibit higher availability for Sound Transit's no goals projects (20.1%) than for its SB goals projects (15.1%) and DBE goals projects (16.1%).
- White woman-owned businesses exhibit higher availability for Sound Transit's no goals projects (12.7%) than for its SB goals projects (10.5%) and DBE goals projects (9.9%).
- Veteran-owned businesses exhibit lower availability for Sound Transit's no goals projects (3.5%) than for its SB goals projects (4.5%) and DBE goals projects (4.8%).
- LGBTQ-owned businesses exhibit higher availability for Sound Transit's no goals projects (2.9%) than for its SB goals projects (2.0%) and DBE goals projects (1.7%).

Figure ES-2.
Availability analysis results for no goals, SB goals, and DBE goals projects

Notes:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

For more detail, see Figures D-18, D-21, and D-22 in Appendix D.

	Goals Status		
Business group	No goals	SB goals	DBE goals
Business size			
SBs	75.7 %	66.5 %	66.0 %
Race and gender			
POC	20.1 %	15.1 %	16.1 %
White woman	12.7 %	10.5 %	9.9 %
Veteran status			
Veteran	3.5 %	4.5 %	4.8 %
LGBTQ status			
LGBTQ	2.9 %	2.0 %	1.7 %

2. Utilization analysis (Chapter 7 of the report). BBC also calculated the participation of local SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses in the relevant contracts and procurements Sound Transit awarded during the study period. As shown in Figure ES-3, during the study period:

- Sound Transit awarded 19.8 percent of its project dollars to all SBs considered together.
  - It awarded 2.0 percent of those dollars to Emerging SBs, 6.4 percent to Rising SBs, and 11.5 percent to other SBs.
- Sound Transit awarded 6.8 percent of its project dollars to POC-owned businesses.
- Sound Transit awarded 6.9 percent of its project dollars to White woman-owned businesses.
- Sound Transit awarded 1.5 percent of its project dollars to veteran-owned businesses.
- Sound Transit awarded 0.1 percent of its project dollars to LGBTQ-owned businesses.

Figure ES-3.
Utilization analysis results for Sound Transit contracts and procurements

Business group	
Business size	
SBs	19.8 %
Emerging SBs	2.0 %
Rising SBs	6.4 %
Other SBs	11.5 %
Race and gender	
POC	6.8 %
White woman	6.9 %
Veteran status	
Veteran	1.5 %
LGBTQ status	
LGBTQ	0.1 %

Notes:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

For more detail, see Figure D-1 in Appendix D.

BBC also examined utilization analysis results separately for no goals projects, SB goals projects, and DBE goals projects. As shown in Figure ES-4:

- SBs considered together exhibited greater participation in Sound Transit's no goals projects (22.1%) compared to both its DBE goals projects (17.7%) and SB goals projects (14.1%).
- POC-owned businesses exhibited greater participation in Sound Transit's no goals projects (12.5%) than in its SB goals projects (4.2%) and DBE goals projects (3.9%).
- White woman-owned businesses exhibited lower participation in Sound Transit's no goals projects (2.0%) and SB goals projects (3.7%) than in its DBE goals projects (9.3%).
- Veteran-owned businesses exhibited greater participation in Sound Transit's no goals (2.0%) than in its SB goals projects (1.3%) and DBE goals projects (0.5%).
- LGBTQ-owned businesses exhibited the same level of participation in Sound Transit's SB goals projects (0.2%) and DBE goals projects (0.2%). They did not exhibit any participation in the agency's no goals projects.

Figure ES-4.
Participation analysis results for no goals, SB goals, and DBE goals projects

Notes:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

For more detail, see Figures D-18, D-21, and D-22 in Appendix D.

Business group	Goals Status: No goals	SB goals	DBE goals
Business size			
SBs	22.1 %	14.1 %	17.7 %
Race and gender			
POC	12.5 %	4.2 %	3.9 %
White woman	2.0 %	3.7 %	9.3 %
Veteran status			
Veteran	2.0 %	1.3 %	0.5 %
LGBTQ status			
LGBTQ	0.0 %	0.2 %	0.2 %

3. Disparity analysis (Chapter 8 and Appendix D of the report). The crux of the disparity study was to assess whether any disparities exist between the participation and availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for Sound Transit contracts and procurements. We used the following formula to calculate *disparity indices* to compare utilization and availability:

$$\textbf{Disparity Index (\$)} = \frac{\text{dollars of participation}}{\text{dollars of availability}}$$

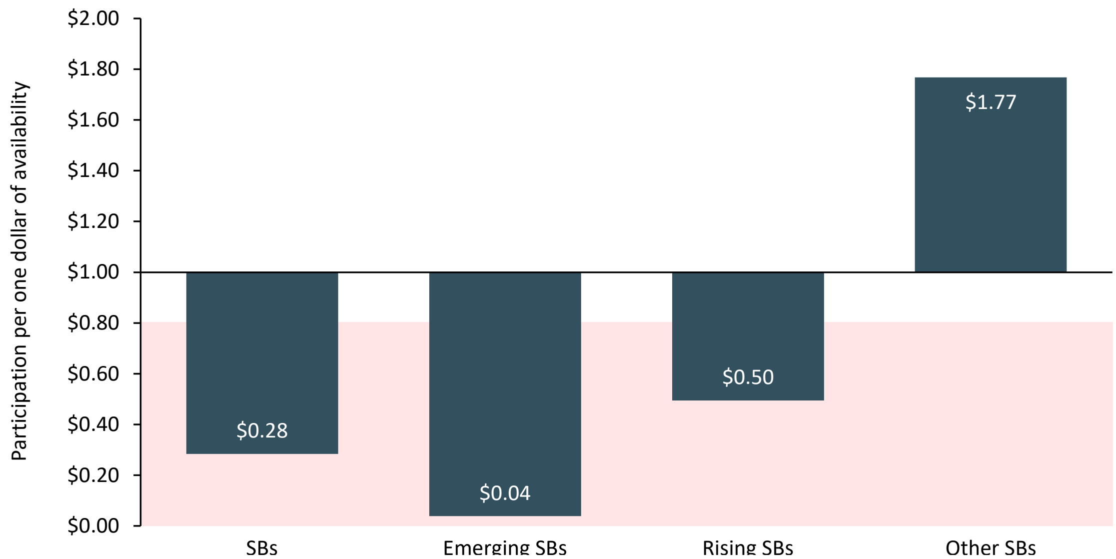
A disparity index indicates the proportion of Sound Transit's contract dollars it awarded to a business group for every $1.00 of the group's availability for that work. For example, a disparity index of $0.57 would indicate that Sound Transit awarded $0.57 of its contract dollars to a business group for every $1.00 of that group's availability for the agency's work. A disparity index of less than $1.00 indicates a *disparity* between participation and availability. That is, the participation of a group is less than its availability. A disparity index of $1.00 or greater indicates *parity* between participation and availability. That is, the participation of a group is in line with or exceeds its availability. A disparity index of less than $0.80 indicates a *substantial disparity* between participation and availability. That is, the group is considered to have been substantially underutilized relative to its availability.

a. Overall. Figure ES-5 presents disparity indices for small and diverse businesses for all Sound Transit contracts and procurements. There is a red box at the disparity index level of $0.80 and below, which indicates a substantial disparity. As shown in Figure ES-5:

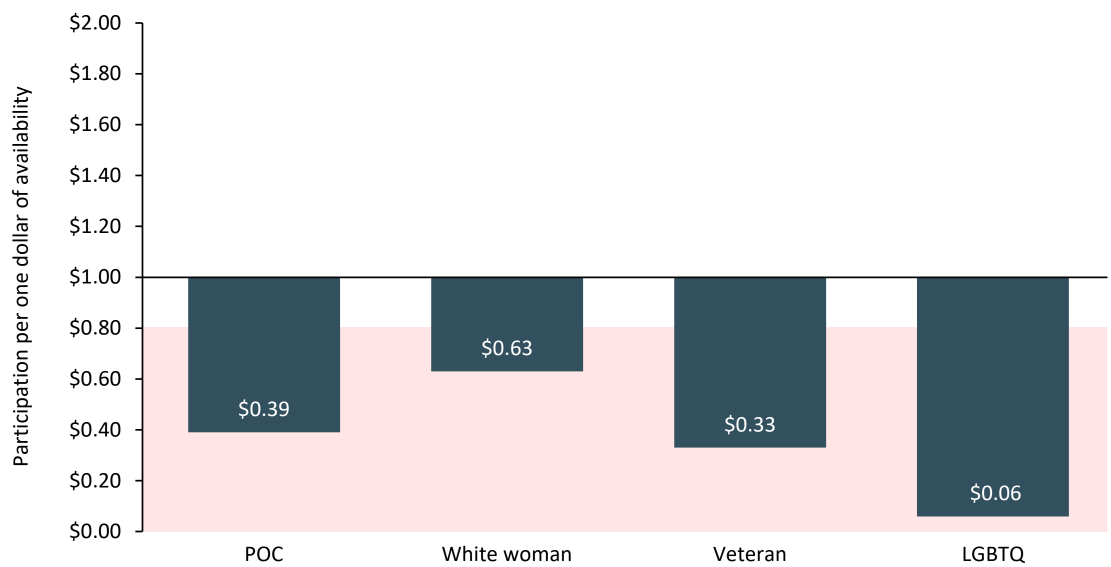
- SBs considered together exhibited a disparity index of $0.28 for all relevant contracts and procurements Sound Transit awarded during the study period, indicating a disparity where Sound Transit awarded SBs $0.28 for every dollar one might expect the agency to award to those businesses based on their availability for that work.
  - Emerging SBs exhibited a substantial disparity (disparity index of $0.04). Rising SBs also exhibited a substantial disparity (disparity index of $0.50). Other SBs did not exhibit a disparity (disparity index of $1.77).

Figure ES-5.
Disparity analysis results for Sound Transit work

a) SBs



b) Diverse businesses



Note: For more detail, see Figure D-1 in Appendix D.

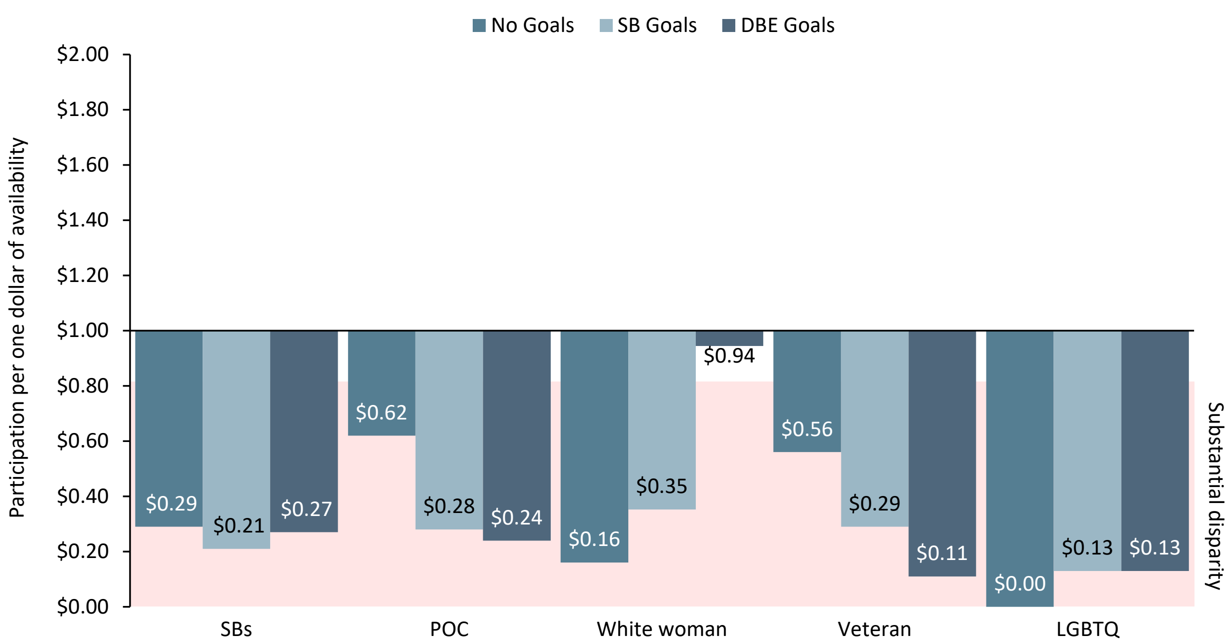
- POC-owned businesses exhibited substantial disparities for Sound Transit work (disparity index of $0.39).
- White woman-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of $0.63).
- Veteran-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of $0.33).

- LGBTQ-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of $0.06).

b. Goal status. BBC examined disparity analysis results separately for *DBE goals* projects, *SB goals* projects, and *no goals* projects. That comparison provides important information about the effectiveness of Sound Transit's use of contract goals in encouraging the participation of SBs and diverse businesses in its work relative to their availability. As shown in Figure ES-6:

- SBs considered together exhibited substantial disparities for Sound Transit's DBE goals projects (disparity index of $0.27), SB goals projects (disparity index of $0.21), and no goals projects (disparity index of $0.29).
- POC-owned businesses exhibited substantial disparities for Sound Transit's DBE goals projects (disparity index of $0.24), SB goal projects (disparity index of $0.28), and no goals projects (disparity index of $0.62).
- White woman-owned businesses exhibited substantial disparities for Sound Transit's SB goals (disparity index of $0.35) and no goals projects (disparity index of $0.16). White woman-owned businesses exhibited a disparity for DBE goals projects (disparity index of $0.94), but that disparity was not substantial.
- Veteran-owned businesses exhibited substantial disparities for Sound Transit's DBE goals (disparity index of $0.11), SB goals (disparity index of $0.29), and no goals projects (disparity index of $0.56).
- LGBTQ-owned businesses exhibited substantial disparities for Sound Transit's DBE goals (disparity index of $0.13), SB goals (disparity index of $0.13), and no goals (disparity index of $0.00) projects.

Figure ES-6.
Disparity analysis results for no goals, SB goals, and DBE goals projects



Note: For more detail, see Figures D-18, D-21, and D-22 in Appendix D.

c. Summary. In addition to analyzing disparities for Sound Transit's contracts overall and by goal status, BBC analyzed various other contract sets as part of the disparity analysis, including contracts in different industries and of various sizes. Figure ES-7 presents a summary of disparity analysis results for SBs and diverse businesses. For a particular business group and contract set, a dot indicates that the group exhibited a substantial disparity for the contract set. As shown in Figure ES-7, SBs showed substantial disparities in all contract sets. POC-, woman-, veteran-, and LGBTQ-owned businesses showed substantial disparities in most but not all contract sets. POC-owned businesses showed substantial disparities for all contract sets except goods and services contracts and subcontracts. White woman-owned businesses showed substantial disparities for all contract sets except goods and services contracts, subcontracts, and small prime contracts. Veteran-owned businesses showed substantial disparities for all contract sets with the exception of subcontracts, non FTA-funded contracts, and no goals contracts. LGBTQ-owned businesses showed substantial disparities for all contract sets.

Figure ES-7.
Substantial disparities observed for Sound Transit work

Contract set	Business Group				
	SBs	POC	White woman	Veteran	LGBTQ
All work	●	●	●	●	●
Construction	●	●	●	●	●
Professional services	●	●	●	●	●
A/E	●	●	●	●	●
Goods and services	●			●	●
Prime contracts	●	●	●	●	●
Subcontracts	●				●
Large prime contracts	●	●	●	●	●
Small prime contracts	●	●		●	●
Goals eligible projects	●	●	●	●	●
Goals ineligible projects	●	●	●	●	●
FTA-funded	●	●	●	●	●
Non FTA-funded	●	●	●		●
DBE goals contracts	●	●	●	●	●
SB goals contracts	●	●	●	●	●
No goals contracts	●	●	●		●

Notes: ● indicates substantial disparity (i.e., disparity index of $0.80 or less)

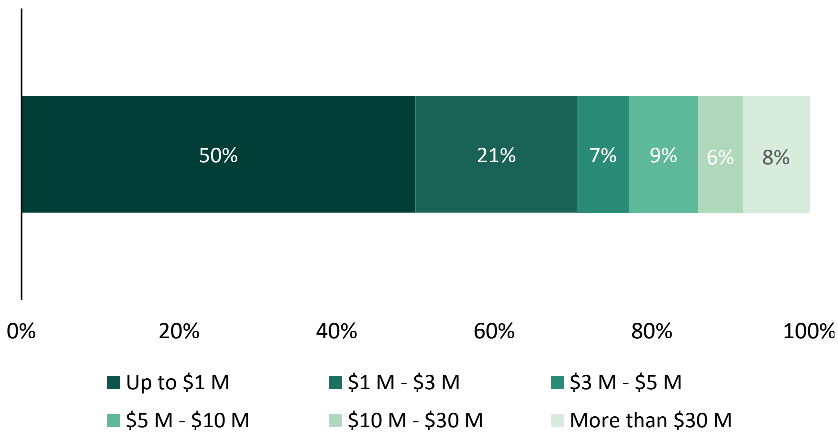
4. Analysis of business characteristics (Chapter 9 of the report).

BBC collected extensive information on local businesses available for Sound Transit contracts and procurements and on businesses that participated in Sound Transit work during the study period. The agency can use that information to tailor its contracting inclusion efforts to the specific needs of the businesses—including many small and diverse businesses—in the marketplace.

a. Available businesses. BBC analyzed various characteristics of businesses we identified as available for Sound Transit work, including information on their revenues, numbers of employees, ages, bidding capacities, and whether they work as prime contractors or subcontractors. We highlight results from two key analyses—those on businesses' revenues and bidding capacities—in the executive summary.

i. Business revenues. Contracting inclusion programs are typically designed to support socially and *economically* disadvantaged businesses in organizations' contracting. A common indicator of economic disadvantage is business revenue, so we explored the distribution of businesses available for Sound Transit work based on their annual revenues. Figure ES-8 shows the distribution of the businesses that provided data on their annual revenues as part of availability surveys. As shown in Figure ES-8, 50 percent of businesses available for Sound Transit work have annual revenues of $1 million or less, and 70.5 percent of them have annual revenues of $3 million or less. These results indicate that the majority of businesses available for Sound Transit work would meet the requirements for the smallest category of SBs—that is, Emerging SBs.

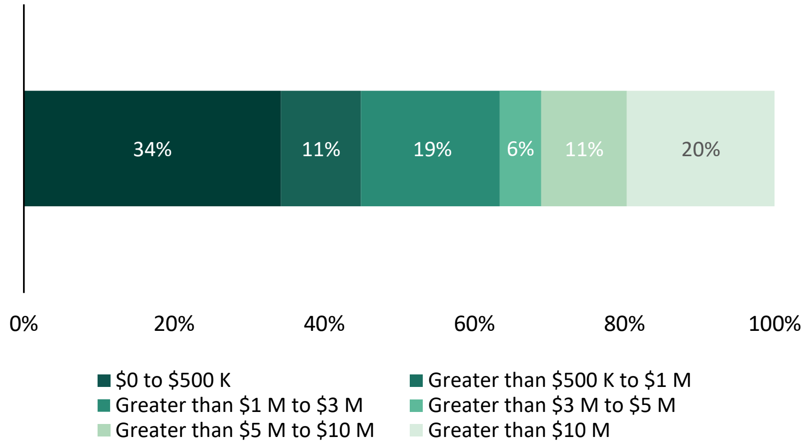
Figure ES-8.
Distribution of available businesses based on their annual revenues



Note: Values may not sum exactly to 100 percent due to rounding.

ii. Bidding capacity. It is useful for Sound Transit to understand the largest contracts for which available businesses can realistically compete (i.e., *bidding capacity*) so it can right-size its opportunities for them. As part of availability surveys, businesses reported the largest contract that they can compete for or perform. Figure ES-9 shows the distribution of the maximum bid capacities of those businesses that provided that information. As shown in Figure ES-9, 44.9 percent of businesses available for Sound Transit work can bid on contracts worth a maximum of between $0 and $1 million, and an additional 18.5 percent can bid on contracts worth a maximum of between $1 million and $3 million.

Figure ES-9.
Distribution of available businesses based on their maximum capacities



Note: Values may not sum exactly to 100 percent due to rounding.

b. Concentration of utilized businesses. A common finding in disparity study research is that government organizations tend to award a disproportionate percentage of their contracts and contract dollars to relatively few businesses. BBC conducted a concentration analysis of the contract and procurement dollars Sound Transit awarded during the study period to assess whether the agency awarded dollars to a relatively large number of businesses or whether awards were heavily concentrated among a relatively small number of businesses. BBC identified all the businesses that Sound Transit awarded work worth less than $10 million to and then ordered businesses in descending order based on the volume of contract dollars Sound Transit awarded to each one. We then calculated the percentage of businesses that accounted for 50 percent and 80 percent of the dollars Sound Transit awarded. As shown in Figure ES-10, during the study period, the agency awarded 50 percent of its contracts worth less than $10 million (824 contracts) to just 14.4 percent of businesses (94 businesses). It awarded 80 percent of those dollars to only 49.6 percent of businesses. Those results indicate a great deal of business concentration in terms of obtaining Sound Transit work.

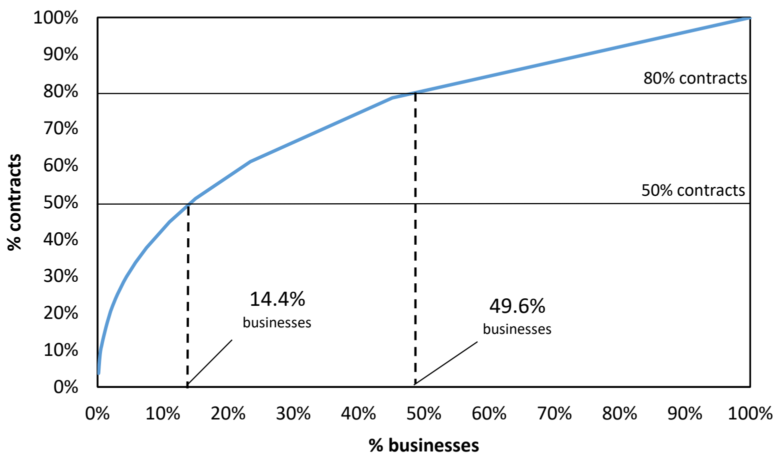
B. Recommendations (Chapter 10 of the report)

The disparity study provides substantial information Sound Transit should examine as it considers potential refinements to its policies and contracting inclusion efforts to further encourage the participation of small and diverse businesses in its work. Although BBC analyzed outcomes for POC- and woman-owned businesses as part of the disparity study, it is important to note that, on October 3, 2025, the United States Department of Transportation (USDOT) issued Interim Final Rule 2025 (IFR 2025) that would amend 49 Code of Federal Regulations (CFR) to remove the presumption of social disadvantage it previously extended to businesses owned by POCs and women.[4] As part of the implementation of the Federal DBE Program, USDOT fund recipients would have to re-evaluate businesses currently certified as DBEs to ensure that they meet the criteria for being socially disadvantaged with no regard to race or gender, which would make the Federal DBE Program

[4] IFR 2025 is available online at https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/DBE-IFR-10-03…. USDOT released answers to frequently asked questions about IFR 2025 later in October 2025, available online at https://www.transportation.gov/sites/dot.gov/files/DBE_IFR_FAQs.pdf.

completely race- and gender-neutral in practice. In addition, the Washington Civil Rights Act prohibits Sound Transit from using race- or gender-conscious program measures as part of its contracting processes. As a result of IFR 2025 and the Washington Civil Rights Act, Sound Transit can only consider using race- and gender-neutral measures to support small and diverse businesses in its contracts and procurements. Accordingly, BBC limited our recommendations to only race- and gender-neutral policies and program measures that support the participation of SBs in Sound Transit work.

Figure ES-10.
Cumulative distribution of businesses based on the number of contracts worth less than $10 million Sound Transit awarded to them



Note: n = 1,647 contracts.

1. Federal DBE Program measures. The regulatory updates USDOT has proposed to make to the Federal DBE Program in IFR 2025 will alter Sound Transit's implementation of the program. BBC recommends that Sound Transit partner with other USDOT fund recipients in the state to develop processes for the reevaluation of DBE certification and communicate those plans and new requirements to the local business community. BBC recommends that Sound Transit assess the availability of socially disadvantaged businesses in its marketplace based on the new definition of the term that USDOT has set forth in IFR 2025. Per IFR 2025, such an assessment would follow a methodology very similar to the one BBC used to conduct the availability analysis as part of this study, but it would also account for self-reported information about business owners' experiences with social disadvantage. After completing its reevaluation process and updating its availability analysis to account for social disadvantage, Sound Transit should set a new overall aspirational DBE goal and submit it to USDOT for review and approval. Finally, Sound Transit should consider continuing to track the participation of POC- and woman-owned businesses in its work. While the agency should not continue to implement or enforce race- or gender-conscious elements of the Federal DBE Program, and while it is not required to report data on the participation of POC- and woman-owned businesses to USDOT, continued tracking of the participation of those businesses in its work will serve as a benchmark for Sound Transit to measure the impact of program changes and can inform refinements to its contracting inclusion efforts.

2. SB Program measures. Sound Transit operates an SB Goals Program to encourage the participation of SBs on the non FTA-funded contracts and procurements it awards. The agency could consider additional efforts to support the participation of SBs, especially the *smallest* small and diverse businesses, in agency work. BBC suggests several ways it could do so.

a. Overall SB goal. BBC recommends that Sound Transit set an overall aspirational goal for the participation of SBs to guide its efforts to encourage the participation of SBs in the contracts and procurements it awards and to serve as a benchmark against which to compare the outcomes of its contracting inclusion efforts. Based on the availability analysis and the past participation of certified SBs from the disparity study, BBC recommends that the agency set an overall SB goal of 27.6 percent.

b. Federal SBE Program. BBC recommends that Sound Transit develop a robust Federal SBE Program to encourage the participation of SBEs in its FTA-funded contracts and procurements. This SBE Program could be modeled after the agency's SB Program for non FTA-funded projects and could include the program measures BBC recommends below.

c. Program measures. Sound Transit could use multiple program measures to encourage the participation of SBs and SBEs as part of its SB Program (for non FTA-funded projects) and SBE Program (for FTA-funded projects). Those measures include:

- Setting **condition-of-award, percentage goals** for the participation of SBs and SBEs as subcontractors on the individual contracts and procurements it awards;
- Offering **bid discounts or evaluation incentives** to bidders and proposers that include SBs and SBEs on their project teams as subcontractors or that are SBs or SBEs themselves;
- **Setting aside certain prime contracts** under certain value thresholds exclusively for SB and SBE competition;
- **Facilitating joint ventures** that include SBs and SBEs to compete for and perform prime contracts;
- **Creating an SB financing program** to reduce cashflow barriers that may prevent SBs and SBEs from performing public sector contracts; and
- **Expanding and advertising its technical assistance offerings** designed to support capacity building for SBs.

3. Procurement policy refinements. Sound Transit could consider making refinements to its contract and procurement policies to better support the participation of small and diverse businesses. These efforts could include:

- **Providing supplier diversity training** to Sound Transit staff to identify and increase outreach to small and diverse businesses for small, informal purchases (i.e., informal procurements of goods and services valued at $10,000 or less).
- **Establishing subcontracting minimums**, which would require prime contractors to subcontract a minimum percentage of projects to other businesses.
- **Unbundling projects** to create more contract and procurement opportunities that are right-sized to the capacity of small and diverse businesses. This effort could also include encouraging prime contractors to unbundle subcontracts into several smaller pieces.
- **Expanding alternative procurement methods**, such as multiple award task order contracts and construction manager at risk procurements, to make the agency's work opportunities more accessible to a greater number of businesses, including small and diverse businesses.

- **De-concentrating contract awards** by exploring ways to engage with more and different businesses, including businesses that have not worked with Sound Transit in the past.
- **Expanding key performance indicators** to track and report not just the percentage of total contract dollars Sound Transit awards to small and diverse businesses but to also share other metrics that together may better demonstrate the full value of the agency's contracting inclusion efforts, including:
  - The number of unique small and diverse businesses that participate in agency work;
  - The number of projects Sound Transit awards to small and diverse business;
  - The volume of work Sound Transit awards to untried businesses;
  - Various characteristics of the small and diverse businesses to which Sound Transit awards work, including business size, location, age, industry, and average contract size;
  - Qualitative information, including success stories of individual businesses that Sound Transit's contracting inclusion efforts have helped; and
  - An assessment of the economic activity and impact that Sound Transit's small and diverse business programs generate in the local marketplace.

CHAPTER 1. Introduction

The Central Puget Sound Regional Transit Authority, or *Sound Transit*, builds and operates regional transit services throughout the Seattle Metropolitan Area, including the urban areas of Pierce, King, and Snohomish counties in Washington. Sound Transit serves nearly 40 million passengers each year through the various services it offers, including Link light rail, Sounder commuter trains, the ST Express Bus, and soon, Stride bus rapid transit. To maintain, operate, and expand its transit system, Sound Transit spends more than $1.5 billion each year in contracting and procurement in the areas of construction, architecture and engineering (A/E), professional services, and goods and services using a combination of state and local funds and United States Department of Transportation (USDOT) Federal Transit Authority (FTA) funds.

As an FTA fund recipient, Sound Transit implements the Federal Disadvantaged Business Enterprise (DBE) Program, which is designed to address potential discrimination against socially and economically disadvantaged businesses certified as DBEs in the award and administration of FTA-funded projects. On October 3, 2025, USDOT issued an Interim Final Rule 2025 (IFR 2025) that amends 49 Code of Federal Regulations (CFR) to redefine the term *social disadvantage* and to make corresponding changes to the certification criteria, goal setting, and reporting requirements associated with the Federal DBE Program.[1] Most notably, USDOT proposes to remove the presumption of disadvantage for businesses owned by people of color (POCs) and women and, in doing so, set forth the following requirements:

- Certifying agencies must re-evaluate businesses currently certified as DBEs to ensure that they meet the criteria for experiencing social disadvantage (and economic disadvantage) with no regard to race or gender;
- Certifying agencies must develop a process to accept and assess *personal narratives* that certification applicants—regardless of the race or gender of their owners—would submit to demonstrate their social disadvantage;
- USDOT fund recipients cannot set or enforce their overall aspirational DBE participation goals—which they are required to do every three years—while the DBE recertification process is ongoing. Agencies must set new overall aspirational DBE goals when they have completed their recertification processes; and
- USDOT fund recipients must pause their use of DBE contract goals in awarding individual contract opportunities while DBE recertification processes are ongoing.

The changes that USDOT has proposed to the Federal DBE Program would make the program completely *race- and gender-neutral* in nature. In other words, USDOT's proposed changes to the Federal DBE Program change it from being a program designed to encourage the participation of POC- and woman-owned businesses to being a program designed to support the participation of all businesses, or

[1] IFR 2025 is available online at https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/DBE-IFR-10-03-2025. USDOT released answers to frequently asked questions about IFR 2025 later in October 2025, available online at https://www.transportation.gov/sites/dot.gov/files/DBE_IFR_FAQs.pdf.

all socially and economically disadvantaged businesses, regardless of the race or gender of the owners. Race- and gender-neutral business inclusion programs are not subject to the same standard of legal scrutiny as *race- and gender-conscious* programs.

This study was conducted prior to the issuance of IFR 2025 and thus focuses on Sound Transit's implementation of the Federal DBE Program prior to IFR 2025. It does not account for USDOT's new definition of social disadvantage or the adjustments the agency is undertaking in compliance with IFR 2025. Historically, DBEs have primarily been POC- and woman-owned businesses (although businesses owned by White men were also permitted to become DBE certified). And although IFR 2025 has removed presumptions of social disadvantage for POC- and woman-owned businesses, it is important to continue to monitor and understand outcomes for those businesses in Sound Transit's contracting and procurement processes. Decades of research indicates that those businesses have been substantially underutilized in government contracts, and it is likely that a substantial—if not disproportionate—percentage of those businesses will meet the criteria of being considered socially disadvantaged according to USDOT's new definition of the term.

Sound Transit retained BBC Research & Consulting (BBC) to conduct a *disparity study* to evaluate the effectiveness of its implementation of the Federal DBE Program in encouraging the participation of POC- and woman-owned businesses, specifically, in the FTA-funded projects it awards. In addition, the agency commissioned the study to assess outcomes for small businesses (SBs) as well as POC; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *diverse businesses* for the purpose of this study) in the contracts and procurements it awards, regardless of the funding source.[2] As part of the disparity study, we examined whether there are any *disparities,* or differences, between:

- The percentage of prime contract and subcontract dollars Sound Transit awarded to SBs and diverse businesses during the *study period*, which was January 1, 2020 through December 31, 2024 (i.e., *utilization* or *participation*); and
- The percentage of prime contract and subcontract dollars Sound Transit might be expected to award to those businesses based on their availability to perform the specific types and sizes of the contracts and procurements the agency awards (i.e., *availability*).

The disparity study also examined other quantitative and qualitative information related to:

- The legal framework surrounding Sound Transit's contracting and procurement practices, policies, and statutes, as well as its implementation of the Federal DBE Program and other efforts it makes to encourage the participation of SBs and diverse businesses in its work;
- Conditions in the marketplace for POCs, women, veterans, people who identify as LGBTQ, and the businesses they own; and

[2] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

- Contracting practices Sound Transit has in place or could consider implementing in the future relating to the Federal DBE Program and other efforts designed to encourage the participation of SBs and diverse businesses in the agency's contracting.

There are several ways in which information from the disparity study could be useful to Sound Transit as it encourages the participation of SBs and diverse businesses in its work. Primarily, the study:

- Identifies barriers diverse individuals and businesses face in the marketplace that might affect their ability to compete for or obtain Sound Transit work;
- Assesses whether any particular groups of SBs or diverse businesses exhibit any *substantial disparities* between their participation in and availability for the projects Sound Transit awards;
- Provides an evaluation of the effectiveness of Sound Transit's implementation of the business inclusion efforts it makes to encourage the participation of SBs and diverse businesses in its projects; and
- Provides recommendations related to how Sound Transit could refine its contracting processes and business inclusion efforts to better encourage the participation of SBs and diverse businesses in its work and help address any barriers those businesses face in the marketplace.

BBC introduces the 2025 Sound Transit Disparity Study in three parts:

A. Background;

B. Study scope; and

C. Study team members.

A. Background

Sound Transit implements the Federal DBE Program and the SB Goal Program to encourage the participation of SBs and diverse businesses in the projects it awards.

1. Federal DBE Program. The Federal DBE Program is designed to increase the participation of DBEs in USDOT-funded projects. As a recipient of FTA funds, Sound Transit must implement the Federal DBE Program and comply with USDOT regulations around the program.

a. DBE certification. To fully participate in all the measures Sound Transit uses as part of its implementation of the Federal DBE Program, businesses must be certified as DBEs by the Washington State Office of Minority and Women's Business Enterprises (OMWBE). To be eligible for DBE certification, business owners must prove they are part of a "socially and economically disadvantaged" group as defined in Title 49 Code of Federal Regulations (CFR) Part 26. In terms of economic disadvantage, businesses that demonstrate they are socially disadvantaged must also demonstrate they are SBs based on the size requirements set forth by the United States Small Business Administration (SBA) for their work types, or $31.84 million.

During the study period and prior to IFR 2025, USDOT presumed Asian Pacific-, Black-, Hispanic-, Native American-, and Subcontinent Asian-owned businesses as well as businesses owned by women of any race to be disadvantaged. A business whose principal owner identified as members of these groups, established 51 percent "real and substantial ownership," possessed the power and expertise to control the daily operations and management of their businesses, and met the criteria for economic disadvantage could be certified as a DBE.

b. Overall DBE goal. Every three years, Sound Transit must set an overall aspirational goal for the participation of DBEs in its FTA-funded projects. If DBE participation in FTA-funded projects is less than its overall DBE goal in a particular year, then the agency must analyze the reasons for the difference and establish specific measures that enable it to meet the goal in the next year. To begin the goal-setting process, Sound Transit must develop a *base figure* for its goal based on demonstrable evidence of the availability of *potential DBEs*—that is, socially and economically disadvantaged businesses that are either currently certified as DBEs or could be certified based on SBA size requirements—for its FTA-funded projects. Then, the agency must consider business conditions in its *relevant geographic market area* (*RGMA*), business capacity, and other factors to determine whether an adjustment to its base figure is necessary to ensure that its overall DBE goal accurately reflects current contracting conditions for DBEs and future contracting realities for the agency (referred to as a *step-2 adjustment*). Sound Transit set an aspirational overall DBE goal for federal fiscal years 2023 through 2025 of 18.17 percent. Due to the requirements of IFR 2025, the agency, like other USDOT fund recipients, cannot set a new overall DBE goal until the recertification of DBEs is completed.

c. Program measures. During the study period, Sound Transit used a combination of race- and gender-neutral and race- and gender-conscious measures to try to meet its overall DBE goal each year. Race- and gender-neutral measures are designed to encourage the participation of all businesses—or all small businesses—in an agency's work, regardless of the race or gender of business owners. Race- and gender-conscious measures are designed to encourage the participation of POC- and woman-owned businesses, specifically, in an agency's contracts and procurements (e.g., using condition-of-award DBE goals to award individual projects).

The Federal DBE Program required Sound Transit to project the portion of its overall DBE goal it will meet through the use of race- and gender-neutral measures each year, and if it projected that it could not meet its entire goal through the use of race- and gender-neutral measures alone, then also the portion it will meet through the use of any race- and gender-conscious measures.

2. SB Goal Program. Sound Transit implements the SB Goal Program to support the inclusion of SBs in its non FTA-funded work. As part of the program, the agency sets SB goals on non FTA-funded projects. Sound Transit uses race- and gender-neutral program measures for all of its non FTA-funded projects because the agency cannot use race- or gender-conscious contracting measures per the Washington State Civil Rights Act (Initiative 200), which voters passed in 1998. The act prohibits government agencies from discriminating against or giving preferential treatment to individuals and businesses based on race, sex, color, ethnicity, or national origin in contracting and other government functions. The act does not prohibit the use of race- or gender-conscious contracting measures if an agency is required to implement them "to establish or maintain eligibility for any federal program, if ineligibility would result in a loss of federal funds to the state."

B. Study Scope

As part of the disparity study, BBC analyzed the construction, A/E, professional services, and goods and services contracts and procurements Sound Transit awarded between January 1, 2020 and December 31, 2024.[3]

1. Definitions of business groups. To interpret the core analyses presented in the disparity study, it is useful to understand how BBC defines SBs; POC-, woman-, veteran-, and LGBTQ-owned businesses; and DBEs in its analyses.

a. SBs. BBC defines SBs as businesses that do not exceed the revenue requirements established by the SBA or $31.84 million, regardless of whether they hold any certification. As part of availability, participation, and disparity analyses, BBC presents information about different tiers of SBs based on various revenue groupings to assess outcomes for SBs of different sizes:

- Emerging SBs, which are businesses with annual revenues of less than $3 million;
- Rising SBs, which are businesses with annual revenues between $3 million and $10 million; and
- Other SBs, which are businesses with annual revenues greater than $10 million and less than the size standards for SBs established by the SBA or $31.84 million.

In order to count towards an SB goal on individual contracts subject to the SB Goal Program, Sound Transit recognizes any business with the following certifications as an SB:

- The business is certified by OMWBE as a DBE, Small Business Enterprise, Minority Business Enterprise, Women's Business Enterprise, Minority Women's Business Enterprise (MWBE), Public Works Small Business Enterprise (PWSBE), Combination Business Enterprise, LGBTQ Business Enterprise, or Socially and Economically Disadvantaged Business Enterprise; or
- The business is certified by King County as a Small Contractor and Supplier.

As a condition for certification in any of the above categories, a business must demonstrate to the certifying agency that it complies with SBA standards for an SB or has an annual revenue averaged over three years of less than $31.84 million.

b. POC-owned businesses. BBC defines a POC-owned business as a business with at least 51 percent ownership and control by individuals who identify as Asian Pacific, Black, Hispanic, Middle Eastern or North African, Native American, or Subcontinent Asian. We consider businesses to be POC-owned based on the known races of their business owners, regardless of whether they are DBE-certified or hold any other certification. Our definition of POC-owned businesses includes businesses owned by men of color and women of color. For example, we group results for businesses owned by Black men with results for businesses owned by Black women to assess outcomes for Black-owned businesses in general.

c. Woman-owned businesses. BBC defines a woman-owned business as a business with at least 51 percent ownership and control by non-Hispanic White women. As described above, we classified businesses owned by women of color along with businesses owned by men of color according to their

[3] BBC provides definitions of construction, A/E, professional services, and goods and services in Appendix A.

corresponding race groups. A woman-owned business does not have to be certified as such to be included in our analyses.

d. Veteran-owned businesses. BBC defines a veteran-owned business as a business with at least 51 percent ownership and control by veterans of the United States military. A veteran-owned business does not have to be certified as such to be included in our analyses.

e. LGBTQ-owned businesses. BBC defines an LGBTQ-owned business as a business with at least 51 percent ownership and control by individuals who identify as LGBTQ, asexual, or by individuals who do not identify as cisgender or heterosexual. An LGBTQ-owned business does not have to be certified as such to be included in our analyses.

f. DBEs. BBC defines DBEs as POC- and woman-owned businesses that were specifically certified as such at the time of the study by OMWBE.

2. Analyses in the disparity study. The purpose of the disparity study was to assess whether any disparities exist between the participation and availability of SBs and diverse businesses for the contracts and procurements Sound Transit awards. Those analyses focus on construction, A/E, professional services, and goods and services prime contracts and subcontracts Sound Transit awarded between January 1, 2020 and December 31, 2024. The study also includes various analyses related to outcomes for SBs and diverse businesses as well as diverse individuals in the local marketplace. We present those analyses and resulting recommendations as follows:

a. Legal framework and analysis. The study team conducted a detailed analysis of relevant laws, legal decisions, and other information to guide the methodology for the study and to inform our recommendations related to Sound Transit's implementation of the Federal DBE Program, the SB Goal Program, and other contracting inclusion efforts. BBC presents the legal framework and analysis for the study in **Chapter 2** and **Appendix B**.

b. Data collection. BBC examined contract, procurement, and vendor data from multiple sources to complete the utilization and availability analyses. We also collected extensive qualitative data from stakeholders, including business owners and representatives of trade associations. We present the study team's contract, procurement, vendor, and qualitative data collection process in **Chapter 3**.

c. Program measures. BBC reviewed procurement policies and program measures Sound Transit uses to encourage the participation of SBs and diverse businesses in its contracts and procurements as well as its implementation of the Federal DBE Program and the SB Goal Program. We present that information in **Chapter 4.**

d. Marketplace conditions. The study team conducted extensive quantitative analyses of conditions and potential barriers in the marketplace for POCs, women, veterans, and people who identify as LGBTQ and the businesses they own. In addition, we collected qualitative evidence about potential barriers those individuals and businesses face in the marketplace through in-depth interviews, focus groups, public meetings, and other engagement efforts. BBC presents quantitative and qualitative evidence of marketplace barriers in **Chapter 5**.

e. Availability analysis. BBC analyzed the percentage of contract and procurement dollars one might expect Sound Transit to award to SBs and diverse businesses based on their availability to perform specific types and sizes of the projects the agency awards. That analysis was based on Sound Transit data and surveys we conducted with businesses in the local marketplace that work in industries related to the types of contracts and procurements Sound Transit awards. We present results from the availability analysis in **Chapter 6** and **Appendix C**.

f. Participation analysis. BBC analyzed contract and procurement dollars Sound Transit awarded to SBs and diverse businesses during the study period, including information about both prime contracts and subcontracts. We present results from the participation analysis in **Chapter 7**.

g. Disparity analysis. The study team examined whether there were any disparities between the participation and availability of SBs and diverse businesses for contracts and procurements Sound Transit awards. BBC presents results from the disparity analysis in **Chapter 8** and **Appendix D.**

h. Analyses of the business community. BBC conducted key analyses of business characteristics—beyond the race and gender of their owners—of businesses potentially available for the contracts and procurements Sound Transit awards and the businesses that performed work for Sound Transit during the study period. We present that information in **Chapter 9**.

i. Recommendations. The study team provided guidance related to additional program options and changes to current contracting practices Sound Transit could consider. We present those recommendations and considerations in **Chapter 10.**

C. Study Team Members

The BBC study team was made up of four firms that, collectively, possess decades of experience related to conducting disparity studies in connection with small and diverse business programs.

1. BBC (prime consultant). BBC is a Denver, Colorado-based disparity study and economic research firm that had overall responsibility for the study and performed all the quantitative analyses.

2. Dynamic and Innovative Research Solutions (DIRS). DIRS is a DBE-, PWSBE-, and MWBE-certified consulting company based in Seattle, Washington. The firm conducted in-depth interviews with local business representatives, conducted focus groups with local business organizations, and performed qualitative data analyses on the resulting information.

3. Davis Research. Davis Research is a survey firm based in Calabasas, California. The firm conducted telephone and online surveys with thousands of businesses in the marketplace to gather information to serve as the basis for the utilization and availability analyses.

4. Rosales Law Partners (RLP). RLP is a law firm based in San Francisco, California. RLP conducted the legal analysis that provided the basis for the study.

CHAPTER 2.
Legal Framework

Sound Transit is a recipient of Federal Transit Administration (FTA) funds, and such, is required to implement the Federal Disadvantaged Business Enterprise (DBE) Program to encourage the participation of socially and economically disadvantaged businesses in the FTA-funded projects it awards.[1]

On October 3, 2025, USDOT issued an Interim Final Rule 2025 (IFR 2025) that amends 49 Code of Federal Regulations (CFR) to redefine the term *social disadvantage* and to make corresponding changes to the certification criteria, goal setting, and reporting requirements associated with the Federal DBE Program.[2] Most notably, USDOT proposes to remove the presumption of disadvantage for businesses owned by people of color (POCs) and women and, in doing so, set forth the following requirements:

- Certifying agencies must re-evaluate businesses currently certified as DBEs to ensure that they meet the criteria for experiencing social disadvantage (and economic disadvantage) with no regard to race or gender;
- Certifying agencies must develop a process to accept and assess *personal narratives* that certification applicants—regardless of the race or gender of their owners—would submit to demonstrate their social disadvantage;
- USDOT fund recipients cannot set or enforce their overall aspirational DBE participation goals—which they are required to do every three years—while the DBE recertification process is ongoing. Agencies must set new overall aspirational DBE goals when they have completed their recertification processes; and
- USDOT fund recipients must pause their use of DBE contract goals in awarding individual contract opportunities while DBE recertification processes are ongoing.

The changes that USDOT has proposed to the Federal DBE Program would make the program completely *race- and gender-neutral* in nature. In other words, USDOT's proposed changes to the Federal DBE Program change it from being a program designed to encourage the participation of POC- and woman-owned businesses to being a program designed to support the participation of all businesses, or all socially and economically disadvantaged businesses, regardless of the race or gender of the owners. Race- and gender-neutral business inclusion programs are not subject to the same standard of legal scrutiny as *race- and gender-conscious* programs.

During the *study period*, which was January 1, 2020 through December 31, 2024, Sound Transit implemented the Federal DBE Program according to its guiding regulation that presumed a member of a

[1] BBC Research & Consulting considers a project to be FTA-funded if it includes at least $1 of FTA funds.

[2] IFR 2025 is available online at https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/DBE-IFR-10-03-2025. USDOT released answers to frequently asked questions about IFR 2025 later in October 2025, available online at https://www.transportation.gov/sites/dot.gov/files/DBE_IFR_FAQs.pdf.

select race or gender group to be socially disadvantaged.[3] To try to meet the objectives of the Federal DBE Program during the study period, Sound Transit used a combination of race- and gender-neutral and race- and gender-conscious measures as part of awarding projects.

Race- and gender-neutral measures are designed to encourage the participation of all businesses in an agency's work, regardless of the race or gender of business owners. Examples of such measures include networking and outreach efforts, business assistance programs, and mentor-protégé programs not limited to POC- and woman-owned businesses.[4, 5] In contrast, race- and gender-conscious measures are designed to encourage the participation of POC- and woman-owned businesses, specifically, in an agency's work. The only race- and gender-conscious measure Sound Transit used as part of its implementation of the Federal DBE Program was using *DBE participation goals* in awarding certain FTA-funded projects. On contracts where Sound Transit applied DBE participation goals, as a condition of award, bidders had to meet percentage goals as part of their bids, quotes, or proposals by making participation commitments—usually subcontract commitments—with eligible, certified DBEs, or, if bidders were unsuccessful in reaching participation goals, by demonstrating they made genuine and sufficient *good faith efforts* to partner with DBEs and explaining why they were unable to do so.

Because Sound Transit used both race- and gender-neutral and race- and gender-conscious measures as part of its implementation of the Federal DBE Program during the study period, it is instructive to review information related to the legal standards governing their use. BBC Research & Consulting (BBC) summarizes information about those standards and how Sound Transit can use information from the disparity study to ensure that it is meeting applicable legal requirements in four parts:

A. Legal standards for different types of measures;

B. Key court decisions;

C. Washington Civil Rights Act (Initiative 200); and

D. Addressing legal requirements.

A. Legal Standards for Different Types of Measures

Different legal standards apply when determining the constitutionality of contracting inclusion programs, such as the Federal DBE Program, depending on whether these programs include only race- and gender-neutral measures or if they also include race- and gender-conscious measures.

1. Programs that include only race- and gender-neutral measures. Government agencies that implement contracting inclusion programs that include only race- and gender-neutral measures must show a *rational basis* for their programs. Showing a rational basis requires agencies to demonstrate that

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[3] According to the Federal DBE Program prior to IFR 2025, businesses owned by individuals who identify with one of the following race or gender groups were presumed socially disadvantaged: Asian Pacific, Black, Hispanic, Native American, Subcontinent Asian, or women of any race.

[4] Program measures designed to encourage the participation veteran-owned businesses are race- and gender-neutral, because eligibility to participate in such measures is not based on race or gender.

[5] Program measures designed to encourage the participation of lesbian, gay, bisexual, transgender, or queer- (LGBTQ-) owned businesses must meet the same intermediate scrutiny standard as gender-based program measures to encourage the participation of woman-owned businesses. As Sound Transit does not implement any gender-conscious LGBTQ-owned business inclusion measures and does not plan to in the future, we do not focus the legal analysis chapter on LGBTQ-owned business inclusion measures.

their programs are rationally related to legitimate government interests [e.g., increasing the participation of small businesses (SBs) in their work]. The rational basis standard is the least rigorous standard for evaluating the constitutionality of such programs. After IFR 2025, future implementation of the Federal DBE Program as a race- and gender-neutral certification and business inclusion program must meet a rational basis standard.

2. Programs that include race- and gender-conscious measures. Contracting inclusion programs that include race- and gender-conscious measures to encourage the participation of POC- and woman-owned businesses, specifically, in agency projects must meet the *strict scrutiny* and *intermediate* standards of constitutional review, respectively.

a. Strict scrutiny. Strict scrutiny represents the highest threshold for evaluating the legality of race-conscious contracting measures, short of prohibiting them altogether. Under strict scrutiny, government organizations must show a *compelling governmental interest* in using race-conscious measures and ensure that their use is *narrowly tailored*.[6]

i. Compelling governmental interest. Government organizations using race-conscious measures have the initial burden of showing evidence—including statistical and qualitative evidence—of discrimination within their *relevant geographic market areas* (*RGMAs*) that supports the use of such measures.[7] Although organizations can draw on national statistics relevant to conditions within their RGMAs, they cannot rely solely on such information to demonstrate a compelling governmental interest for their use of race-conscious measures. They must also present evidence demonstrating barriers or discrimination that POC- and woman-owned businesses face in their specific marketplaces.

It is not necessary for organizations themselves to have discriminated against POC-owned businesses for them to demonstrate a compelling governmental interest for their programs and take remedial action. Organizations could act if evidence indicates that they are *passive participants* in any race-conscious discrimination that exists in their RGMAs.[8] Passive participation in discrimination refers to government organizations perpetuating discrimination in their contract and procurement processes indirectly (e.g., by requiring stringent insurance requirements in a marketplace where disparate outcomes in insurance markets exist for POC- and woman-owned businesses). One of the objectives of the disparity study is to determine whether there is evidence of race-based discrimination in Sound Transit's RGMA—that is, King, Pierce, and Snohomish Counties in Washington.[9]

ii. Narrow tailoring. In addition to demonstrating a compelling governmental interest for the use of race-conscious contracting measures, government organizations must demonstrate that their use of such measures is narrowly tailored to meet program objectives. Courts consider a number of factors when determining whether an organization's use of race-conscious measures is narrowly tailored, including:

- The necessity of such measures and the efficacy of alternative, race-neutral measures;

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[6] In June 2023, the Supreme Court of the United States reaffirmed the strict scrutiny test for race-based classifications as part of its decision in *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College, 600 (2023)*.

[7] See e.g., *Concrete Works, Inc. v. City and County of Denver*, 36 F.3d 1513, 1520 (10th Cir. 1994).

[8] See e.g., *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 492 (1989); *Rothe Development Corp v. U.S. Dept of Defense*, 545 F.3d 1023, 1048 (Federal Cir. 2008).

[9] For more information, see Chapter 5.

- Whether the use of such measures is limited to those groups for which compelling evidence exists of disparate outcomes in the organization's contracting and procurement;
- The degree to which the use of such measures is flexible and limited in duration, including the use of requirement waivers and sunset provisions;
- The relationship of any numerical goals to the business population in the RGMA; and
- The impact of such measures on the rights of third parties.

b. Intermediate scrutiny. In 1976, the Supreme Court of the United States (SCOTUS) ruled that gender-conscious programs must adhere to the requirements of intermediate scrutiny, which is less rigorous than strict scrutiny but more rigorous than the rational basis standard.[10] In order for a gender-conscious program to meet intermediate scrutiny, it must:

- Serve an important government objective, and
- Be substantially related to achieving the objective.

SCOTUS' 1976 ruling on gender-conscious programs notwithstanding, many courts have applied the strict scrutiny standard when assessing the constitutionality of gender-conscious contracting and procurement programs, including the Ninth Circuit Court of Appeals, which has appellate jurisdiction over Washington.

B. Key Court Decisions

As part of two key cases, SCOTUS established strict scrutiny as the appropriate standard for evaluating the constitutionality of contracting inclusion programs that use race-conscious measures:

- *City of Richmond v. J.A. Croson Company* (*Croson*);[11] and
- *Adarand Constructors, Inc. v. Peña* (*Adarand*).[12]

Many subsequent decisions in federal courts refined the requirements for the use of race- and gender-conscious measures as part of disadvantaged and POC- and woman-owned business programs, including several cases decided by the Ninth Circuit Court of Appeals (Ninth Circuit). BBC briefly summarizes SCOTUS' decisions in *Croson* and *Adarand* as well as the Ninth Circuit's decisions in two other cases related to disadvantaged and POC- and woman-owned business programs:

- *Western States Paving Co. v. Washington State Department of Transportation (Western States)*;[13] and
- *Associated General Contractors of America, San Diego Chapter, Inc. v. California Department of Transportation, et al. (AGC, San Diego)*.[14]

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[10] *Craig v. Boren*, 429 U.S. 190 (1976).

[11] *City of Richmond v. J.A. Croson Company*, 488 U.S. 469 (1989).

[12] *Adarand Constructors, Inc. v. Peña*, 515 U.S. 200 (1995).

[13] *Western States Paving Co. v. Washington State DOT*, 407 F.3d 983 (9th Cir. 2005), cert. denied, 546 U.S. 1170 (2006).

[14] *Associated General Contractors of America, San Diego Chapter, Inc. v. California Department of Transportation, et al.,* 713 F.3d 1187 (9th Cir. 2013).

1. *Croson* and *Adarand*. SCOTUS' landmark decisions in *Croson* and *Adarand* are the most important court decisions to date in connection with the use of race-conscious measures in government contracting and procurement and disparity study methodology. In *Croson*, SCOTUS struck down the City of Richmond's race-conscious subcontracting program as unconstitutional and, in doing so, established various requirements government organizations must meet when considering the use of such measures as part of their contracting inclusion programs:

- Organizations' use of race-conscious measures must meet the requirements of strict scrutiny—that is, in remedying any observed race-conscious discrimination, they must establish a compelling governmental interest to do so and must ensure that the use of such measures is narrowly tailored.
- In assessing availability, organizations must account for various characteristics of the prime contracts and subcontracts they award and the various characteristics of the businesses in their RGMAs to estimate the degree to which those businesses are *ready, willing, and able* to perform work on those projects.
- If organizations show *substantial*, statistical disparities between the percentage of project dollars they awarded to POC-owned businesses and the percentage of dollars those businesses might be available to perform, then *inferences of discrimination* could exist, supporting the use of narrowly tailored, race-conscious measures to address any observed disparities.

SCOTUS' decision in *Adarand* expanded its decision in *Croson* to include federal government programs—such as the Federal DBE Program—that potentially include race-conscious contracting measures, requiring that those programs must also adhere to strict scrutiny.

2. *Western States*. *Western States* represented the first time the Ninth Circuit considered the constitutionality of a transportation agency's implementation of the Federal DBE Program using race- and gender-conscious measures. In *Western States*, the Court struck down the Washington State Department of Transportation's (WSDOT's) implementation of the Federal DBE Program because it did not satisfy the requirements of strict scrutiny. Specifically, the Court held that:

- WSDOT did not present compelling evidence of race- or gender-conscious discrimination in the Washington transportation contracting industry, and organizations must have evidence of such discrimination for their use of race- or gender-conscious measures to be considered constitutional.
- Even when evidence of discrimination exists within an organization's RGMA, the use of race- or gender-conscious measures must be limited to those business groups for which compelling evidence exists of disparate outcomes in the organization's contracting and procurement.
- Organizations can rely on statistical disparities between the participation and availability of POC- and woman-owned businesses on the projects they award to show inferences of discrimination against particular business groups in the marketplace.
- In assessing availability, organizations must account for various characteristics—such as capacity, firm size, and contract size—of projects they award and of relevant businesses located in their RGMAs. Agencies must provide sufficient amounts of both statistical and qualitative evidence to demonstrate support for using race- and gender-conscious measures.

3. AGC, San Diego. *AGC, San Diego* represents the only other time the Ninth Circuit considered the constitutionality of a transportation agency's implementation of the Federal DBE Program. In contrast to its decision in *Western States*, the court upheld the California Department of Transportation's (Caltrans') use of race- and gender-conscious DBE participation goals as constitutional, ruling that it met both the compelling governmental interest and narrow tailoring requirements of strict scrutiny. Caltrans' implementation of the Federal DBE Program and its legal defense were based in large part on a 2007 disparity study BBC conducted.

C. Washington Civil Rights Act (Initiative 200)

In addition to the Federal DBE Program, Sound Transit operates other contracting inclusion programs such as its SB Goals Program, but the agency does not use any other race- or gender-conscious measures. One of the primary reasons Sound Transit does not use race- or gender-conscious measures as part of its other business inclusion programs is because of the Washington Civil Rights Act, which voters passed in 1998.[15] The act prohibits discrimination and the use of race- and gender-conscious preferences in public contracting, public employment, and public education. However, it does not prohibit the use of race- or gender-conscious contracting measures if an agency is required to implement them "to establish or maintain eligibility for any federal program, if ineligibility would result in a loss of federal funds to the state." This clause, in conjunction with the United States Department of Transportation's (USDOT's) requirement that transportation agencies that receive USDOT funds must implement the Federal DBE Program, made it legal for Sound Transit to use race- and gender-conscious measures as part of awarding FTA-funded projects as the Federal DBE Program required during the study period, if the agency's use of such measures complied with the requirements of strict scrutiny.

D. Addressing Legal Requirements

Many government organizations use information from disparity studies to:

- Determine whether any barriers or discrimination affect their contracting and procurement practices;
- Design efforts to encourage the participation of small and disadvantaged businesses in their work; and
- Ensure that their use of any race- or gender-conscious contracting measures meets the requirements of strict scrutiny and intermediate scrutiny, respectively.

Various aspects of the 2025 Sound Transit Disparity Study specifically address requirements SCOTUS and other courts established around contracting inclusion programs and the use of race- and gender-conscious and race- and gender-neutral contracting measures:

- The disparity study includes extensive econometric analyses and analyses of qualitative evidence to assess whether any barriers or discrimination exist for POCs; women; veterans; and people who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ) and the businesses they own in the RGMA and whether Sound Transit is actively or passively participating in those barriers or that discrimination.

[15] Revised Code of Washington 49.60.400

- The study accounts for various characteristics of the prime contracts and subcontracts Sound Transit awards—such as work type, role, size, and location—as well as the specific characteristics of businesses working in the RGMA—such as their primary lines of work, roles, bid capacities, and interest in government work—resulting in precise estimates of the degree to which SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses are available to perform that work.
- The study includes assessments of whether POC- and woman-owned businesses exhibit substantial statistical disparities between their participation in and availability for Sound Transit work, indicating whether any inferences of discrimination exist for particular business groups.
- The study includes assessments of the availability and participation of SBs of different sizes that exceed the rational basis requirement to justify the agency's use of race- and gender-neutral SB inclusion measures in its federally- and non-federally funded work.

CHAPTER 3.
Data Collection and Analysis

Chapter 3 provides an overview of the data BBC Research & Consulting (BBC) analyzed as part of the 2025 Sound Transit Disparity Study and the processes we used to collect relevant prime contract, subcontract, and vendor data from Sound Transit and qualitative data from community sources. Chapter 3 is organized in six parts:

A. Contract and procurement data;

B. Vendor data;

C. Relevant geographic market area (RGMA);

D. Subindustry classifications;

E. Review process; and

F. Qualitative data collection.

A. Contract and Procurement Data

BBC collected the most comprehensive data available on the construction, architecture and engineering (A/E), professional services, and goods and services contracts and procurements Sound Transit awarded between January 1, 2020 and December 31, 2024 (the *study period*) from the agency's B2Gnow and EnterpriseOne (E1) data systems. Those data served as the basis for key disparity study analyses, including the participation, availability, and disparity analyses. We sought those data regardless of the businesses' statuses as small businesses (SBs) or person of color (POC)-owned; woman-owned; veteran-owned; or lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *diverse businesses* for the purpose of this study).

Sound Transit provided BBC with electronic data from its B2Gnow and E1 data systems on all contracts and procurements Sound Transit awarded during the study period. Because the agency collects comprehensive data on all prime contractors and subcontractors on its projects, we collected prime contractor and subcontractor data from the agency directly.

We requested the following information about each relevant contract or procurement:

- Contract or purchase order number;
- Name(s) of the prime contractor and all subcontractors;
- Vendor identification number(s) of the prime contractor and all subcontractors;
- Description of work performed by the prime contractor and all subcontractors;
- Award date;
- Award amount (including change orders and amendments);
- Amount paid-to-date;

- Funding source, including if the contract was funded fully or partially with Federal Transit Administration (FTA) funds;
- If the contract was subject to a Project Labor Agreement (PLA); and
- What goals, if any, for SB or Disadvantaged Business Enterprise (DBE) participation the agency applied to the contract.

Sound Transit advised BBC on how to interpret the data provided, including how to best identify unique bid opportunities and how to aggregate related award or payment amounts, where possible.

1. Prime contract and subcontract amounts. For each prime contract and subcontract (i.e., *contract element*) included in our analyses, BBC examined the dollars Sound Transit awarded to each prime contractor and the dollars each prime contractor committed to any subcontractors. If a project did not include any subcontracts, we attributed the project's entire award amount to the prime contractor. If a project included subcontracts, we calculated the prime contract amount as the total project award amount less the sum of dollars committed to all subcontractors.

2. Contracts and procurements included in study analyses. Figure 3-1 presents the number of contract elements and associated dollars BBC included in our analyses.

Figure 3-1.
Contract elements and associated dollars included in the disparity study

Source:
Sound Transit's B2Gnow and E1 data.

Contract type	Number	Dollars
Construction	542	$602,178,614
A/E	326	$698,938,607
Goods and Services	603	$338,030,305
Professional Services	206	$142,480,281
Total	**1,677**	**$1,781,627,806**

B. Vendor Data

BBC also compiled information on the businesses that participated in relevant prime contracts and subcontracts Sound Transit awarded during the study period, including:

- Business name;
- Vendor identification number;
- Physical addresses and phone number(s);
- E-mail address;
- Ownership status (i.e., whether each business was POC-, woman-, veteran-, or LGBTQ-owned);
- Race of owners (if POC-owned);

- Certification status as a DBE or any other certification(s), including those offered through the Washington State Office of Minority and Women's Business Enterprise (OMWBE), Washington State Department of Veterans' Affairs (WDVA), and King County;[1]
- Primary and, when applicable, secondary lines of work;
- Business size; and
- Year of establishment.

We relied on a variety of sources for that information, including:

- Sound Transit contract and vendor data;
- OMWBE's statewide certification database;
- WDVA's statewide veteran-owned and service-disabled veteran-owned business certification database;
- Surveys the study team conducted with business owners and managers;
- Local certification directories, including:
  - King County's Small Contracts and Suppliers certification database;
  - The United States Small Business Administration's directories of Washington-based businesses, including 8(a) participants and HUBZone-certified businesses; and
  - The Greater Seattle Business Association's directory of Lesbian, Gay, Bisexual, and Transgender Business Enterprises;
- Dun & Bradstreet (D&B) business listings and other business information sources; and
- Business websites and other secondary research.

C. RGMA

BBC used Sound Transit's data to determine the RGMA—the geographical area in which the agency spends the substantial majority of its contract and procurement dollars—for the disparity study. Sound Transit awarded approximately 94.1 percent of relevant contract and procurement dollars to businesses located in King, Pierce, and Snohomish counties in Washington. As a result, our analyses—including the availability analysis and quantitative analyses of marketplace conditions—focused on this three-county region of the state.

D. Subindustry Classifications

For each prime contract and subcontract included in our analyses, BBC determined the *subindustry* that best characterized the vendor's primary line of work (e.g., concrete work). We determined subindustries based on Sound Transit's contract, procurement, and vendor data; surveys the study team conducted with prime contractors and subcontractors; business certification lists; D&B business listings; and other sources. Figure 3-2 presents subindustry classifications for the construction, A/E, professional services,

[1] For more information on business certifications offered by OMWBE and King County that apply to Sound Transit's contracts and procurements, see Chapter 4.

and goods and services contracts and procurements we included in our analyses as well as the dollars Sound Transit awarded related to each subindustry during the study period.

Figure 3-2.
Contract and procurement dollars by subindustry

Note:

Numbers rounded to nearest dollar and thus may not sum exactly to totals.

Source:

Sound Transit's B2Gnow and E1 data.

Industry	Total
Construction	
Parking garage construction	$222,452,352
General Railway and subway construction	$180,196,463
Electrical work	$56,260,452
Nonresidential building construction	$48,453,202
Elevator installation and inspection	$22,896,380
Concrete work	$20,751,442
Other special trade contractors	$11,947,327
Excavation, drilling, wrecking, and demolition	$8,243,006
Highway, street, and bridge construction	$8,217,711
Plumbing and HVAC	$6,713,329
Other heavy construction	$5,322,424
Water, sewer, and utility lines	$4,264,804
Structural steel erection	$3,320,331
Masonry, stonework, tile setting, and plastering	$3,139,390
Total construction	**$602,178,614**
A/E	
Engineering	$622,975,669
Environmental services	$22,586,580
Transportation planning services	$21,904,212
Architectural and design services	$18,304,456
Testing and inspection	$8,019,726
Construction management	$4,573,168
Surveying and mapmaking	$574,796
Total goods and support services	**$698,938,607**
Goods and services	
Security guard services	$257,091,839
Cleaning and janitorial services	$27,641,505
Electrical equipment and supplies	$10,361,311
Other goods	$7,291,739
Other construction materials	$6,199,171
Elevator goods	$5,889,841
Other services	$4,863,350
Security systems services	$4,450,540
Industrial equipment and machinery	$3,563,644
Office equipment and supplies	$2,703,163
Trucking, hauling, and storage	$2,569,284
Safety equipment	$2,377,912
Vehicle parts and supplies	$1,244,454
Landscaping services	$904,290
Transit operations	$413,542
Petroleum and petroleum products	$269,197
Parking lot operation	$195,524
Total goods and support services	**$338,030,305**

Figure 3-2.
Contract and procurement dollars by subindustry (continued)

Note:

Numbers rounded to nearest dollar and thus may not sum exactly to totals.

Source:

Sound Transit's B2Gnow and E1 data.

Industry	Total
Professional services	
Real estate consulting	$51,291,566
IT and data services	$29,133,682
Financial services and consulting	$22,229,920
Business and management consulting	$22,139,591
Advertising, marketing, and public relations	$10,974,668
Other professional services	$6,710,854
Total professional services	**$142,480,281**
GRAND TOTAL	**$1,781,627,806**

BBC combined related subindustries that accounted for relatively small percentages of total contract and procurement dollars into six "other" subindustries: other heavy construction, other specialty trade contractors, other construction materials, other goods, other services, and other professional services. For example, the dollars Sound Transit awarded to contractors for equipment maintenance and repair represented less than 1 percent of total goods and services dollars we examined as part of the study; we combined equipment maintenance and repair with other services that also accounted for relatively small percentages of total dollars into the "other services" subindustry.

We also classified various contracts and procurements into subindustries that we did not ultimately include in our analyses, including:

- Purchases and grants Sound Transit made with or awarded to government agencies, utility providers, hospitals, or nonprofit organizations ($5 million);
- Contracts and procurements that reflected "national markets"—that is, subindustries dominated by large national or international businesses—or subindustries where Sound Transit awarded most of the dollars to businesses located outside the RGMA ($155 million);[2]
- Purchases that often include property purchases, leases, or other pass-through dollars ($30 million);[3] or
- Types of work not typically included in disparity studies and that account for relatively small percentages of Sound Transit's contract and procurement dollars ($52 million).[4]

E. Review Process

Sound Transit reviewed contract, procurement, and vendor data throughout the study process. BBC consulted with the agency to discuss the data collection process, review information the study team gathered, and present summary results. We incorporated that feedback in the final contract, procurement, and vendor data we used for our analyses.

[2] Examples of such work include computer manufacturing and proprietary software.

[3] An example of such work is right-of-way acquisition services.

[4] An example of an industry not typically included in disparity studies is legal services.

F. Qualitative Data Collection

In addition to the data the study team gathered from Sound Transit, we also collected personal insights from members of the local business community and other stakeholders about marketplace conditions, experiences working with Sound Transit, and recommendations for programs Sound Transit could refine or implement to reduce barriers for small and diverse businesses in its marketplace and encourage their participation in agency contracting and procurement. We made various efforts between October 2024 and September 2025 to collect that information:

- **Public forums:** BBC solicited stakeholders to provide written and verbal insights at two public forums: one virtual meeting on April 1, 2025 and one in-person meeting on April 8, 2025.
- **In-depth interviews:** In collaboration with Dynamic and Innovative Research Solutions (DIRS), the study team conducted 30 in-depth interviews with owners and other high-level representatives of local construction, A/E, professional services, and goods and services businesses to collect insights about interviewees' perceptions of, and experiences with, the local contracting industry; working or attempting to work with government organizations in the Sound Transit marketplace; the agency's business assistance programs; and other relevant topics. BBC identified interview participants primarily from a random sample of businesses the study team contacted during the availability survey process stratified by business type, location, and the ownership characteristics of business owners.
  - Interview participants were 10 women and 20 men representing diverse racial/ethnic backgrounds: two Asian Pacific, nine Black, five Hispanic, two Native American, one Subcontinent Asian, and 11 non-Hispanic White business owners.
  - Nine participants were military veterans, including two with service-connected disabilities.
  - Two participants identified as LGBTQ.
  - Firms represented construction, A/E, professional services, and goods and services sectors.
  - Seventeen businesses held OMWBE or King County business certifications, while 13 were not certified.
- **Availability surveys:** As part of the availability analysis, BBC conducted surveys with 541 businesses located and operating in the Sound Transit marketplace (see Chapter 6 for details). The survey included an opportunity for participants to share qualitative insights about whether they have experienced barriers starting or expanding businesses in their industries, obtaining work, or working with government organizations in the Sound Transit marketplace. A total of 217 survey participants shared such information.
- **Focus groups:** DIRS conducted two focus groups with representatives of local business support organizations such as chambers of commerce, business assistance non-profits, trade associations, and advocacy groups and representatives of small and diverse businesses. DIRS conducted the focus groups on July 21, 2025 and September 8, 2025. Thirteen participants engaged with the study team across the two focus groups. During each focus group, participants discussed and shared insights about working with private and public sector organizations in the Sound Transit marketplace.
- **Written comments:** Throughout the study, the study team invited stakeholders and community members to submit written comments directly to BBC regarding their experiences working in the

Sound Transit marketplace. The study team did not receive any written comments from stakeholders.

BBC reports anecdotes and insights from study participants throughout this report alongside academic, historical, quantitative, and policy analyses and recommendations. To protect the anonymity of individuals and businesses, we coded the source of each quotation with a random number and prefix that represents the individual who submitted the comment and the data collection method:

- "AV" indicates availability survey comments;
- "FG" indicates focus group comments;
- "PT" indicates public forum comments; and
- In-depth interview comments do not have a prefix.

We preface each quotation with a brief description of the ownership characteristics of the business and the business' line of work. We indicate whether each participant represents a business that holds a certification from OMWBE or King County. BBC edited quotations for clarity and brevity.

CHAPTER 4.
Procurement Policies and Program Measures

Chapter 4 provides an overview of the policies and regulations that guided Sound Transit's contracting and procurement processes and the programs the agency used to encourage the participation of small businesses (SBs) and disadvantaged business enterprises (DBEs) as well as person of color (POC)-; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *small and diverse businesses* for the purpose of this study) in its contracting and procurement from January 1, 2020 through December 31, 2024 (the *study period*).[1] The chapter is organized in four parts:

A. Contracting and procurement policies;

B. Business certifications;

C. Business inclusion measures; and

D. Stakeholder insights.

A. Contracting and Procurement Policies

Sound Transit procures work using various methods based on the size and type of the contract or procurement being let.

1. Micro-purchases. Sound Transit procures non-repetitive purchases or contracts for goods and services valued at $10,000 or less using a purchasing card or a division purchase order. Sound Transit policy encourages departments to seek and consider SB or DBE vendors for micro-purchase procurements. The agency cannot procure construction-related work through the micro-purchase process in accordance with Washington State statute.[2]

2. Simplified purchases. For procurements worth between $10,000 and $250,000, Sound Transit releases a request for quotes (RFQ) or an informal request for proposals (RFP). The procurement process varies slightly based on the type of work being procured:

- For goods and services simplified purchases, a Sound Transit contract specialist identifies at least three qualified suppliers from which to issue an RFQ. At least one of these suppliers must be an SB or a DBE. The agency assesses the quotes it receives and awards the contract to the firm that provides the lowest-priced responsive quote.

[1] An Interim Final Rule 2025 (IFR 2025) released by the United States Department of Transportation (USDOT) on October 3, 2025 significantly amends 49 Code of Federal Regulations to adjust the certification criteria, goal setting, and reporting requirements for recipients of USDOT funds required to implement the Federal DBE Program. This chapter details Sound Transit procurement policies and program measures active during the study period, but it does not account for future-looking adjustments to the Federal DBE Program and its implementation that the agency is undertaking in compliance with IFR 2025.

[2] Revised Code of Washington (RCW) Title 39.

- For professional services and architecture and engineering (A/E) simplified purchases, Sound Transit releases an informal RFP. The agency assesses proposals it receives in response and awards the contract to the firm that scores the highest in proposal evaluation.[3]
- Sound Transit cannot procure construction-related work through the simplified purchase process in accordance with Washington State statute.[4]

3. Competitive procurement processes. Sound Transit procures A/E services, professional services, and goods and services contracts valued at more than $250,000 and construction contracts valued at more than $350,000 through competitive procurement processes.

a. Construction and goods and services. For construction contracts valued at more than $350,000 and goods and services contracts valued at more than $250,000, Sound Transit implements a competitive bidding process through which it releases an invitation for bids (ITB). The agency evaluates the sealed bids it receives and awards a contract to the responsive and qualified bidder with the lowest price. The agency does not consider qualitative factors or negotiations with bidders for construction or goods and services competitive procurements.

b. A/E services and professional services. For A/E services and professional services contracts valued at more than $250,000, Sound Transit releases an RFP. An agency selection panel evaluates responsive proposals using a pre-established and advertised list of evaluation criteria. The panel may interview the proposing teams, and then it ranks the proposers based on their evaluation scores. The agency enters into cost negotiations with the top-ranked firm. If the agency and the top-ranked firm do not come to a negotiated agreement, the agency begins negotiations with the next-ranked firms in order of evaluation score until a contract is awarded.

4. Alternative procurement methods. Sound Transit awards select procurements, including Small Works Roster (SWR), Limited Public Works (LPW), and competitive design-build procurements, through alternative methods.

a. SWR procurement process. Sound Transit implements an SWR program in collaboration with the Municipal Research and Services Center (MRSC), a statewide organization commissioned to support local governments in small public works procurements. Sound Transit uses SWR procurements to procure construction services valued at $350,000 or less from SBs.[5] To participate in SWR solicitations, SBs must register with MRSC and indicate interest in working with Sound Transit. Sound Transit releases an RFP to all SBs registered in the MRSC SWR directory working in the relevant work type. The agency awards the SWR contract to the responsive bidder with the lowest price.[6]

b. LPW procurement process. Sound Transit implements an LPW procurement process for public works construction procurements valued at $50,000 or less. For LPW procurements, the agency solicits quotes from a minimum of three contractors, and the agency rotates the contractors it invites to bid. To

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[3] For A/E simplified purchases, the agency may not consider price in the evaluation of informal quotes or proposals and must negotiate the cost of the contract after selecting the most qualified firm.

[4] RCW Title 39.

[5] https://mrsc.org/about/mrsc-services.

[6] The agency awards the SWR contract to the responsive bidder with the lowest price that meets Bidder Responsibility Criteria established by Washington State in RCW 39.04.350.

compete for an LPW procurement, contractors must register with MRSC and indicate they are interested in working with Sound Transit in SWR solicitations. Sound Transit selects businesses from the SWR directory with an annual revenue of $1 million or less and invites them to provide informal quotes or respond to an RFP for the LPW contract. The agency may waive bonding and retainage requirements for LPW contractors.

c. Design build procurement process. Sound Transit awards select contracts as design build procurements, through which the agency procures both the design and construction elements of a project in a single contract. For design build procurements, the agency releases an RFQ. A selection panel assesses responses to the RFQ and selects the most qualified firms. Part of the selection process includes an evaluation of the bidder's commitment to and history of business inclusion practices.

The agency invites the firms that scored the highest in the RFQ evaluation to respond to an RFP that an evaluation committee assesses and awards through a competitive bidding process, as outlined above. Bidders are not required to have solidified subcontracting commitments to meet Sound Transit's business inclusion goals; however, the agency does assess the information a firm submits detailing its plans to meet subcontracting participation goals and to include and engage small and diverse businesses throughout the course of the project.

d. Project labor agreements (PLA). On select construction contracts, Sound Transit applies a PLA. A PLA is a collective bargaining agreement made between trade unions, contractors, and the agency that governs the employment of trade workers for select construction contracts Sound Transit awards. Sound Transit negotiated and implemented a PLA with local construction trade unions that it implements on pre-selected portions of its infrastructure expansion projects. For projects on which a PLA is applicable, 20 percent of the construction hours worked on that contract must be performed by apprentices to support the continued development of trade workers. While contractors do not need to be union signatories to perform work on PLA contracts, all contractors must comply with the PLA's terms.

B. Business Certifications

Sound Transit relies on business certifications administered through the Washington State Office of Minority and Women's Business Enterprises (OMWBE) and King County to track the participation of SBs and DBEs in its contracts and procurements. Each of the certifications described below requires a business to demonstrate economic disadvantage by presenting evidence that its annual revenue is at or below the limits for an SB as defined by the United States Small Business Administration or $31.84 million, and by demonstrating that the personal net worth of the principal owner does not exceed $2.047 million. Sound Transit considers a business with any of the certifications listed below as an eligible SB for projects with SB goals.[7]

[7] Prior to the summer of 2023, Sound Transit allowed uncertified businesses to self-identify as SBs if they met the revenue and personal net worth criteria for economically disadvantaged businesses. In July 2023, the agency discontinued this practice and required businesses to hold a certification that requires them to demonstrate economic disadvantage in order to be counted as an SB on projects with SB goals.

1. OMWBE certifications. OMWBE administers business certifications on behalf of public agencies across the state, including as part of the Federal DBE Program and the SB Goal Program.

OMWBE administers certifications in alignment with the Federal DBE Program, including:

- DBE certification for POC-owned, woman-owned, and other socially disadvantaged and economically disadvantaged businesses;[8] and
- Small Business Enterprise (SBE) certification for economically disadvantaged businesses.

Additionally, OMWBE administers certifications established by Washington State. A business with any of the below state certifications is eligible to participate in Sound Transit's SB Goal Program:

- Minority Business Enterprise (MBE) certification for businesses owned by POCs;
- Minority Women's Business Enterprise (MWBE) certification for businesses owned by women who are POCs;
- Women's Business Enterprise (WBE) certification for businesses owned by women;
- Combination Business Enterprise (CBE) certification for businesses that are equally owned by one POC and one woman;
- LGBTQ Business Enterprise (LGBTQBE) certification for businesses owned by people who identify as LGBTQ;[9]
- Public Works Small Business Enterprise (PWSBE) certification for SBs owned by economically disadvantaged individual(s) that seek to participate in public works contracts; and
- Socially and Economically Disadvantaged Business Enterprise (SEDBE) certification for businesses whose owner(s) "identify as a member of a group stemming from circumstances beyond her or his control" and "whose ability to compete in business has been impaired due to diminished capital and credit opportunities, as compared to others in the same or similar line of business who are not socially disadvantaged" (e.g., persons with disabilities may qualify).[10] OMWBE assesses a business' eligibility for SEDBE certification on a case-by-case basis.

2. King County certifications. King County administers the Small Contractors and Suppliers (SCS) certification program for economically disadvantaged businesses seeking to work for public agencies in King County, including Sound Transit.

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[8] IFR 2025 adjusts the certification criteria for DBEs in part by removing the presumption of disadvantage based on the race or gender of a business owner. Future DBE certifications require a business owner to demonstrate their own personal experience with social and economic disadvantage without relying in whole or in part on their racial or gender identity.

[9] OMWBE began certifying businesses as LGBTQBEs in the summer of 2025. Businesses certified as LGBTQBEs were not considered eligible to fulfill SB contract goals during the study period.

[10] OMWBE Socially and Economically Disadvantaged Business Enterprise Fact Sheet, Socially and Economically Disadvantaged Business Enterprise Fact Sheet | Office of Minority and Women's Business Enterprises.

C. Business Inclusion Measures

Sound Transit implements a variety of business inclusion measures, including the Federal DBE Program and the SB Goal Program, to encourage the participation of small and diverse businesses in its contracting and procurements.

1. Business programs. Sound Transit used a combination of *race- and gender-neutral measures* and *race- and gender-conscious measures* in its business inclusion programs. Race- and gender-conscious measures are measures designed to specifically encourage the participation of POC- and woman-owned businesses in an organization's contracting (e.g., using DBE participation goals on individual contracts).[11] The Washington Civil Rights Act, which voters passed in 1998, prohibits Sound Transit from using race- or gender-conscious contracting measures, except if an agency is required to implement them "to establish or maintain eligibility for any federal program, if ineligibility would result in a loss of federal funds to the state."[12] Therefore, the agency used race- and gender-conscious measures only as part of the Federal DBE Program on contracts and procurements funded by the United States Department of Transportation (USDOT).

Sound Transit used race- and gender-neutral business inclusion measures in tandem with race- and gender-conscious measures. Race- and gender-neutral measures are measures designed to encourage the participation of all businesses—or, all small businesses—in an organization's work, regardless of the race, ethnicity, or gender of business owners. The primary race- and gender-neutral program measure Sound Transit implements is its SB Goal Program.

a. Federal DBE Program. As a recipient of USDOT funds, Sound Transit implements the Federal DBE Program to encourage the participation of POC-owned businesses, woman-owned businesses, and other disadvantaged businesses in its contracts and procurements funded with Federal Transit Administration (FTA) dollars.[13, 14, 15] For federal fiscal years 2023 through 2025, Sound Transit committed to an aspirational DBE participation goal of 18.17 percent, with the expectation that 9.44 percent would be met through race- and gender-neutral measures and 8.73 percent would be met through race- and gender-conscious measures. During the study period, Sound Transit considered applying tailored DBE contract goals to all federally funded and federal fund-eligible contracts and procurements with an estimated value greater than $250,000.

b. SB Goal Program. For projects that are not federally funded with an estimated value greater than $250,000 that Sound Transit awards, the agency implements the SB Goal Program, as part of which the agency considers applying SB participation goals to certain projects. Sound Transit tailors SB participation goals to specific projects in the same way that the agency tailors DBE participation goals.

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[11] IFR 2025 adjusts the certification criteria for DBEs in part by removing the presumption of disadvantage based on the race or gender of a business owner. Future use of DBE goals will not be considered a race- and gender-based measure, but rather a DBE-based measure.

[12] RCW 49.60.400

[13] "Woman-owned businesses" refers to White woman-owned businesses. Information businesses owned by women of color are included along with their corresponding race/ethnic groups.

[14] The study team considered a project to be FTA-funded if it included at least $1 of FTA funding.

[15] IFR 2025 adjusts the Federal DBE Program to encourage the use of socially and economically disadvantaged businesses in federally funded contracting, regardless of the race and gender of the business owner.

2. Contract goals. Sound Transit considers setting contract goals on all contracts with an expected value of $250,000 or greater. For contracts that are fully or partially federally funded and for which the agency had sufficient evidence to permit the use of race- and gender-conscious measures (i.e., data from a disparity study indicating statistically significant differences between the availability and participation of DBEs in agency contracts), Sound Transit considers applying DBE participation goals.[16] For contracts that are not federally funded, or when there is insufficient evidence to justify the use of race- and gender-conscious measures for federally funded contracts, Sound Transit considers the use of SB participation goals. Sound Transit uses the same goal-setting and bid evaluation processes when applying DBE or SB participation goals to individual contracts.

a. Goal-setting process. Members of Sound Transit's Civil Rights, Equity and Inclusion Economic Development Division (CREI-EDD) collaborate with project managers from across the agency to assess the appropriateness of applying DBE or SB participation goals to contracts using a Diversity Analyses Worksheet (DAW). Sound Transit completes a DAW for all projects with an expected value of $250,000 or greater. The DAW accounts for the following factors:

- The contract's scope of work, including the prime contractor's work scope and any subcontracting work scopes;
- The industry work type for each element of the work scope;
- The approximate dollar value of each work scope;
- The geographic market for work;
- The availability of DBEs or SBs in the geographic marketplace for each work type scoped, based on information on DBE-certified businesses and certified SBs from the OMWBE database;
- The availability of all firms in the geographic marketplace for each work type scoped; and
- Past DBE or SB goals and attainments on agency contracts with similar scopes.

Following a project's DAW assessment, the agency establishes a DBE or SB goal for each project it lets.[17]

Before Sound Transit advertises a project solicitation, CREI-EDD staff ensure that the correct goal, if any, is included in the solicitation; that reporting provisions are included in the solicitation language; and that information is included in the solicitation detailing how the agency will evaluate a proposer's DBE and SB inclusion efforts as it evaluates proposals. If a bidder's proposed project team does not meet the solicitation's DBE or SB goal, as a condition of award, a bidder must provide good faith efforts (GFE) documentation outlining the steps it took to attempt to meet the goal and the factors and considerations that made it unable to meet the goal. CREI-EDD staff review submissions to solicitations with DBE or SB goals to verify that certified DBEs or SBs included in the project team will serve a commercially useful function on the project team, or to determine if a bidder that did not meet the goal made adequate GFEs.

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[16] IFR 2025 requires USDOT fund recipients to pause triennial overall DBE goal setting and DBE contract goal setting until DBEs can be recertified using new socially and economically disadvantaged requirements. At the time of writing, Sound Transit has paused all DBE contract goal setting.

[17] The agency lets some projects valued at $250,000 or greater with an aspirational DBE or SB goal of 0 percent when it determines that there is not sufficient availability of DBEs or SBs to perform work on a contract. Over the study period, Sound Transit let two projects valued at $250,000 or greater with an SB or DBE goal of 0 percent.

If a bidder does not meet a solicitation's aspirational goal or provide acceptable GFE documentation, the agency considers the bid non-responsive and does not consider the bid.

For bids evaluated using qualitative criteria, CREI-EDD staff participate in bid scoring meetings and evaluate the bidder's contract inclusion efforts, which account for 10 percent of the evaluation criteria the agency uses. CREI-EDD staff evaluate bidders' business inclusion efforts using scoring criteria that take into account a firm's experience over the last five years mentoring small and/or diverse businesses; its past DBE and/or SB inclusion performance; the expertise and involvement of DBEs or SBs on the bidder's project team; the bidder's outreach to and engagement with the DBE and SB community; and the bidder's plans to effectively communicate with, monitor, and utilize DBEs or SBs.

3. Additional business inclusion measures. Sound Transit uses additional program measures to encourage the participation of SBs—including many diverse businesses—in its contracting. Sound Transit uses the following additional measures as part of its business inclusion efforts:

- Advocacy and outreach efforts;
- Technical assistance programs;
- Prompt payment policies;
- Compliance and monitoring; and
- Identification of potential DBEs and SBs.

a. Advocacy and outreach efforts. Sound Transit conducts various advocacy and outreach efforts, including providing information about its programs and contracting opportunities to the business community.

i. Advance outreach. Sound Transit directly e-mails DBE and SB vendors registered with the agency who can perform work on the contract elements of upcoming solicitations to encourage their participation in advance of the bid release. For upcoming federally funded projects, the agency emails all DBE vendors performing relevant work information about the work. For upcoming non-federally funded projects, the agency emails all SB vendors information about the bid opportunity.

ii. Economic development outreach events. CREI-EDD hosts recurring outreach events to share information about Sound Transit's business inclusion programs with the community and to provide information on how businesses can get involved with agency work.

iii. Pre-bid meetings. Members of the CREI-EDD team attend pre-bid meetings hosted by awarding departments for all solicitations greater than $250,000. In pre-bid meetings, department staff clarify the expectations around small and diverse business participation for a project and facilitate networking between potential project team members.

iv. Preconstruction meetings. Construction contractors typically host a preconstruction meeting with Sound Transit prior to beginning work. CREI-EDD staff take part in pre-construction kickoff meetings to provide an overview of the DBE/SB inclusion parameters associated with the contract and to review compliance expectations.

b. Technical assistance programs. Sound Transit offers technical assistance training to businesses that are interested in or new to the agency's contracting opportunities.

i. Capacity Building Mentorship Program (CBMP). Sound Transit, in collaboration with the Washington State Department of Transportation and the Minority Business Development Agency (MBDA), implements the CBMP to enhance the capabilities and participation of underutilized businesses that can perform work on transportation-related projects. The agencies pair mentors, prime contractors, and prime consultants with protégé firms that are SB-certified or are POC-, woman-, or veteran-owned and have an interest in building their capacities to perform work for government agencies. MBDA supports mentor and protégé pairings in establishing a memorandum of understanding and an individualized development plan that the pair works on over the course of two years. Protégés in the CMBP are also eligible for capacity-building loans through partnerships with Business Impact NW and the Small Business Flex Fund.[18]

ii. New contractor onboarding. Sound Transit hosts monthly gatherings for contractors that are new to performing work with the agency to support them in understanding contract compliance, agency processes, and project requirements.

iii. Office hours. Sound Transit hosts monthly office hours at a local community center to provide opportunities for the community to meet with and receive hands-on assistance from staff members.

c. Prompt payment policies. Sound Transit implements policies to help ensure prompt payment to both prime contractors and subcontractors. Prime contractors are paid within 30 days of the agency receiving a completed invoice. Prime contractors are required to pay all subcontractors within five days of receipt of payment from the agency.

d. Compliance and monitoring. Sound Transit monitors prime contractor payments to subcontractors in B2Gnow system monthly. The agency also ensures that subcontractors perform work in a commercially useful function over the course of a project, and the agency monitors compliance with award commitments or goal attainment plans to which a contractor committed in its bid.

e. Identification of potential DBEs and SBs. Sound Transit makes efforts to identify diverse businesses that are not currently certified but that could be and encourages them to complete DBE or SB certification processes through OMWBE and/or King County.

D. Stakeholder Insights

Throughout the course of the study, BBC Research & Consulting and Dynamic and Innovative Research Solutions collected qualitative feedback from Sound Transit stakeholders to understand their perceptions of and experiences with Sound Transit and other government agencies' contract and procurement processes, certification, and business inclusion programs.[19] In the following sections, we synthesize and report these insights related to:

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[18] At time of writing, the Tacoma branch of the federal MBDA, the technical assistance partner of Sound Transit, was closed through the elimination of the federal agency. Sound Transit plans to bring the CBMP in-house so that the program can continue in the future.

[19] For more information about our qualitative data collection and reporting processes, see Chapter 3, Section F.

1. Navigating public sector work;
2. Certification; and
3. Business inclusion programs.

1. Navigating public sector work. Interviewees described a public-sector contracting environment that can be hard to enter and difficult to navigate.

a. Learning about public sector work. Stakeholders described barriers to learning about bid opportunities with public agencies.

> *The representative of a professional services company stated, "I wish our government would make contracts more public about what their needs are. Contracts do not go out [to] small business[es] and are not sought out, and so small business[es] should be contacted [about] what government needs are." [AV #134]*
>
> *The representative of a construction company stated, "Sometimes it's hard to find jobs to bid on, because you have to try and dig to find these types of work. I'm enrolled in the small work roster but that doesn't really help any." [AV #140]*

Some study participants described limitations to Sound Transit's outreach efforts to small and diverse businesses that are available for agency work, but that might not understand the best path to enter into Sound Transit contracting. Additionally, they described how important networking is to learning about Sound Transit work, but identified barriers to creating relationships with the people at the agency who could support them in accessing work.

> *The representative of a POC-serving trade association stated, "There's still a huge gap within our community and those that have access to opportunities. Especially I'm hearing that regionally—the Port [of Seattle], the City [of Seattle], [King] County, Sound Transit—everybody's thinking [about] projects seven, ten years down the line and [saying] there's not enough supply. That's what I'm hearing on that side. But on the community side, nobody knows about this opportunity. So, I think there's a huge gap there." [FG #1]*
>
> *The Black male owner of a DBE- and MBE-certified professional services company stated, "Sound Transit, they don't do as much outreach as the City of Seattle. They have their own outreach sometimes, but some of the outreach was a big thing downtown with bad parking … . Go where the people businesses are and where the associations are, where it's easy for people to come and park and all those things." [#12].*
>
> *The representative of a POC-serving trade association stated, "One of the things I know with other agencies, when you've worked with them for a while, you sort of know who's who and get the feel of knowing who the point people are to go to. I haven't gotten really that feel with Sound Transit as far as knowing … who's who, who you can contact and go to. So that would be kind of nice to know as far as knowing the right connection so you're not wasting both parties' time of trying to figure it out." [FG #1]*
>
> *The representative of a POC-serving trade association stated, "[Sound Transit is] a big black box to me, because I'm not that plugged in or familiar with who's who, who makes the decisions." [FG #1]*

b. Bid process barriers. Stakeholders described barriers that businesses face when trying to bid on Sound Transit and other public agency work. Study participants reported difficulties navigating Sound Transit's procurement portals and the administrative burden that submitting a bid can be to small and diverse businesses, which can also pose a barrier to these businesses bidding directly with the agency and to prime contractors trying to meet contract goals as they prepare bids.

> *The representative of a regional chamber of commerce stated, "I work with government [organizations] all the time, and I struggle to find out where I need to go to get the answers that I want. And so, how do you expect a small business owner to understand that? And especially if English isn't your first language, it becomes harder. … The other issue is that public agencies talk about just how much they want equity in their procurement process, but don't actually provide any assistance in making sure that everyone has a reasonable chance of actually getting those bids. It's like, 'We want to open it up to everybody,' but they're not out there giving anyone any help or providing any resources for them to put together a successful bid." [FG #2]*

> *A representative of a Native American-serving business support organization stated, "If you do have a chance [to win a contract or procurement], it usually means you knew about it before it was coming out, or even to the point of you might've been the one that even helped draft the RFP in such a way that you knew who was going to win. … The only issued RFP that we ever won was when we had someone on the inside fighting for us behind the scenes … ." [PT #1]*

> *The representative of a trade association stated, "I can't tell you the number of times—and particularly on construction bids or construction-related bids—where [as a prime contractor] we would have a list of small businesses, we'd send out the RFP [to potential subcontractors], [and we] wouldn't hear back … . I'd call them up and say, 'Hey, just want to make sure you saw the RFP', and it essentially came down to the hurdles or requirements that go into even just bidding on some of these projects or opportunities … a lack of resources. … Just from the complexity standpoint of complying with RFPs alone can be a massive burden to some of the smaller businesses that you'd like to see really elevated to taking on these large projects." [FG #2]*

> *The representative of a POC-serving trade association stated, "How many procurement portals are out there? You have the City of Seattle, King County, the Port of Seattle, the State [of Washington], Sound Transit, [the Washington] Department of Transportation. … You have to be signed up to all these procurement portals just to find out about opportunities. And then going through those actual applications, sometimes it's 'send a Word document', sometimes it's 'go through this portal.' Every agency uses a different format. So that's been a big challenge, or a big need in our community, helping folks navigate that process." [FG #1]*

> *The representative of a chamber of commerce stated, "A lot of times [small businesses] don't have something like a grant writer or somebody that is just knocking out all these applications. Sometimes it's the business owner that sits there and tries to fill out this application and has a disadvantage because they're not using maybe the keywords that certain agencies are looking for. They're just trying to pitch their business and the actual*

capability of doing the job, but they may not be using the proper language that this application sometimes scans through." [FG #1]

The representative of a chamber of commerce stated, "I've heard from one of our members who is actually in the process right now with Sound Transit and she shared that it is a pretty lengthy and a very competitive environment and very cutthroat. I'm not quite sure what dynamics play into this, but it seems to be quite a long stretch process. … It seems like partnering with other companies for this piece of Sound Transit seems to be the way to go. Because yeah, most of our members are not the size that seem the right fit for Sound Transit." [FG #1]

Study participants also reported a perception that Sound Transit awards work to the same contractors, which discourages new or untried businesses from pursuing contracts or procurements with the agency.

The Black male veteran owner of a professional services company stated, "I do know that they want to get people in to do [my line of work] … and I've looked at that and I've said, 'Oh, I'd be interested,' but I also know that Sound Transit has a habit of hiring people that they've already hired and that they already have on board. And so for me, I just say, 'Why would I waste my time?'" [#2]

The representative of a woman-owned professional services firm stated, "It's really challenging to get Sound Transit to notice us as small businesses. We're just not on their radar, nor do they really seem like they're interested in working with folks beyond their normal contractors." [AV #42]

The White female LGBTQ owner of an SCS- and SBE- certified professional services firm stated, "We tried to get in the door at Sound Transit for a number of years, and every time we tried to, it was either doors were closed, or when you submitted an RFP response, … you never got anybody looking at you because they ended up kind of going with the firms that they know, and that was a very long history of that." [#25]

A representative of a Native American-serving business support organization stated, "The main difficulty is that you're going up against pre-established relationships. If you're competing, you're going up against someone that had the contract last time, and they know each other's families. They've gone out to coffee together. You're going up against that as a stranger. Whereas they've already got a comfortable relationship with another contractor that they've been working with." [PT #1]

c. PLAs. Participants described PLA requirements as limiting small contractors' control over crews and, for some non-union firms, limiting their access to public works contracts and procurements.

The Hispanic female LGBTQ owner of a DBE-, MWBE-, PWSBE-, SBE-, and SCS-certified construction company stated, "The project labor agreement will basically say, 'You are going to displace some of your own employees and we will dispatch Union Hall members to your crew.'… It is very scary when I'm awarded a project and then they say, 'Oh, we're only going to let you use so many of your guys, and the rest of them are going to get benched,' which means they're not going to have any work unless I somehow find more work for them to do. … Then they'll be sitting there doing nothing when they have babies' mouths to feed." [#16]

The Native American male veteran owner of a DBE-, MBE-, and SCS-certified construction firm stated, "Start back at the beginning of PLAs, PLAs were originally geared toward providing the ability for all contracting operations to participate, union and non-union. And now that slowly morphed itself into another animal completely. Now it's like PLAs are in existence only to ride cover for the union trades. If you're non-union, do not apply. … The unions and the owners [like] Sound Transit will get together, collaborate with the unions, write the language, and we are required to abide by it. Consequently, if you really look at it in a foul ball way, we've become just a pipe that people blow money through." [#23]

The Black male veteran owner of a consulting firm stated, "If they really want to get minority construction firms working for them, they would ditch the PLA." [#2]

The representative of a Black-owned construction company stated, "PLAs are a barrier for [our company]. Unions are not friendly to work with for small businesses. They make us micro businesses follow the same rules as the mega businesses." [AV #7]

d. Performing public sector work. Business owners described barriers to performing public sector work after a contract is awarded.

i. Payment barriers. Participants described slow payments with government agencies that require them to seek out long cash-flow bridges. Additionally, they describe slow change-order processing and exploitation of "pay when paid" clauses that pass down financial challenges to subcontractors. Stakeholders described how these conditions increase financial risk for smaller firms, especially for subcontractors required to prepay materials and payroll.

The Native American woman veteran owner of a VOB-, MBE-, DBE-, and PWSBE-certified construction firm stated: "You have to have a line of credit in place in order to be able to pay for your materials, in order to pay for your crew, because you have to pay them in a timely manner. And you have to oftentimes get affidavits that you have paid your materials before you can get paid for a job, which I still don't understand." [#26]

The Native American male veteran owner of a DBE-, MBE-, and SCS-certified construction firm stated, "Trouble is [government agencies] are not paying the general contractor and these contracts are 'pay when paid.' So, if [the prime contractor] doesn't get paid for my stuff, I don't get paid by him. … [Or] sometimes they'll … sit on [our money for] maybe 60 days." [#23]

The Hispanic male owner of a DBE-, MBE-, PWSBE-, and SCS-certified construction company stated, "I would say my biggest comment about Sound Transit—and it's a secret that everybody knows—is they suck at paying. In this industry, they are not what you would call an owner of choice. They are a very, very slow-paying, very bureaucratic agency that I feel like comes across to the industry as very arrogant and that doesn't play well. [For small businesses, it's important to] … have a line of credit, to understand, 'Can you float 120 days between the time that you did the work and when you finally get paid through their massive stupid system? Can you perform a change order and wait two years to get paid on it?'" [#4]

The White male owner of an A/E firm stated, "There are many public agencies that don't follow the state laws on the 60-day payment. … [F]or the bigger projects we work on, we *just know we're probably not going to get our first payment until four months have gone by." [#15].*

The representative of a construction trade association stated, "The smaller business needs that lifeline, needs that money quicker, [than] the normal cadence of getting paid. … If everything is going right, it might be six weeks before you get paid for the work that you've done … [and] that was specifically a real burden, I think, to small businesses." [FG #2]

ii. Contract administration barriers. Study participants noted that government agency contracting requirements often present challenges for businesses because they find contract administration expectations unclear or that they can change unexpectedly.

The representative of a POC-serving chamber of commerce stated, "[Contract] requirements change and sometimes you don't hear about them until two or three months after you've already put your paperwork in. And then we've had clients come back saying all of a sudden, 'This requirement [is different] even though we already have the contract.' … On the flip side, they do orientations, but sometimes the orientation person is not the grant writer or grant person who's helping you in the process." [FG #1]

The representative of a chamber of commerce stated, "[The barriers are] not just waiting for [payment] to come in, but also reporting requirements for government contracts are just so much paperwork and so many questions that sometimes don't even relate or don't even make sense. So, navigating that and then compound that with … language [barriers], that is really difficult to maneuver for smaller diverse-owned businesses." [FG #1]

The representative of a construction trade association stated, "[Once] you've gotten the work as a small business, you're starting the work, and you start running into issues. The public works side have very little support for advocacy for a small business that's running into problems. They basically say, 'That's the contract with the general contractor, you guys figure it out.' And [that becomes a] … pressure cooker when you have to have something done by a certain date and you're not being treated fairly or you're doing something you didn't think you needed to do, and the general contractor says, 'That's within your scope.' Who do you turn to? And I have numerous examples of trying to mentor young or small businesses that [are] … doing extra work and not getting paid for it, and there's just nobody at the agency that's there to advocate for them or help them through that kind of thing." [FG #2]

2. Certification. Interviewees described business certification as both a doorway to working with public agencies and as a hurdle. Several business owners said that being certified opened doors and helped them obtain work on which contract goals are applied. Other participants emphasized the administrative time and documentation that make certification applications and renewals hard for small firms to complete. Participants also discussed "graduation" or net-worth thresholds, recent changes to federal programs, and the perception that certification alone does not translate into contracts without enforcement. Many owners of non-certified businesses explained why they had not pursued certification or had abandoned their certification applications.

a. Certification process barriers. Business owners largely accepted the need for due diligence when it comes to certifying businesses, but they described the cumulative paperwork, gathering financial statements, and scheduling of group reviews as heavy burdens that can delay certification for months. Some owners of very small firms without back-office capacity described pausing or abandoning their certification applications due to the time and resources required to complete them.

> *The Hispanic male owner of a DBE-, MBE-, PWSBE-, and SCS-certified construction company stated, "[Certification is] a nightmare. Especially being a third-generation business, it was terrible for me. Washington State has monopolized their certification programs to a single entity, OMWBE. And they'll tell you whatever they're going to tell you. Ultimately, they don't work very fast. They're a very slow-moving agency in terms of certifications. The bigger the code, the seemingly more scrutiny one's receiving, the broader the scope of work you do, the more codes or descriptors that are trying to be attached to you, and those take longer." [#4]*

> *The Hispanic male owner of an A/E firm stated, "I've tried to do all that [certification], but they just demand so much. They want to know all your accounting … . They want financial statements. They want pro formas. They want all this stuff, just for me to prove that I am who I am. And that costs a lot of money. And then a lot of time. And it's like, do I really need to be certified?" [#21]*

> *The Black male owner of a goods and services firm stated, "I know that there's a Washington certification that you can sign up for. I've tried signing up for it twice, and we just never finished the application. It takes so long. That application requires a lot, it's just a lot of information. I get it, I understand that they want to be thorough. Just as a small business, when I'm juggling all these things and I'm having to work, it's a lot." [#7]*

> *The White male owner of an SBE- and SCS-certified A/E firm stated, "[Certification is] just a lot of paperwork. Every year you [have] to redo it and update your financials, update any changes in the business. It's a couple of days' worth of paperwork for each of them. It's a pain in the ass but what do you do? Got to do it." [#8]*

> *The Black male owner of a DBE- and MBE-certified professional services firm stated, "A lot of [businesses] choose not to do it or don't get certified because they don't want to be bothered with all the extra paperwork." [#12]*

Some business owners described the personal net worth requirements of certification as a barrier because they feel it unduly restricts program opportunities for businesses owned by socially disadvantaged individuals.

> *The White female LGBTQ owner of an SCS-certified professional services firm stated, "They're tying personal net worth to size and scale of business, [which has] nothing to do with anything. If someone comes out of a successful corporate career to start a business, you already can't qualify to be a DBE. It's a very distorted way of thinking about it, but have we been disadvantaged? You bet." [#25]*

b. Advantages to certification. Participants described how certification affords them more opportunities to perform public sector work.

> *The Black male owner of a DBE- and MBE-certified professional services company stated, "I missed out [on two] opportunities [because my business was not certified]. I said, 'Okay,*

that's the last time I'll do that.' I went in and got my certifications. If you're a small business owner, if you're a minority or even a small business, … it does help, because when the city or state or county requires a certification, then that just gives you that much more of a chance. If you're not certified through the OMWBE, we can't use you. Even if we know you're a minority-owned or woman-owned business, but if you're not certified, we can't use it, or we don't count [toward the goal]." [#12]

The White male owner of an SBE- and SCS-certified A/E firm stated, "The SCS [certification] gave us the foot in the door with these guys and we succeeded in meeting their needs, and so they come back to us whether they need SCS participation or not. So it was the foot in the door with public agencies" [#8]

The Hispanic male owner of a DBE-, MBE-, PWSBE-, and SCS-certified construction company stated, "As a DBE firm, there is no doubt that that helps. And in the biggest way, I feel like it's the general contractors [that] become more proactive in notifying us of these opportunities." [#4]

The Black woman owner of a formerly DBE-certified construction company stated, "I believe these programs are very, very, very good. They give the small business or the certified business an opportunity to walk through a doorway that they don't know how to find. And once they have been introduced to the primary firms, then you can walk in, and you can sell the idea of why your company's good to work with them. The certification only opens the door to encourage the conversation to begin. That's all it does." [#6]

3. Business inclusion programs. Study participants described their perceptions of and experience with business inclusion efforts that Sound Transit and other local government agencies implement to support the participation of small and diverse businesses in public contracts and procurements.

a. Race- and gender-conscious program measures. Small and diverse business owners described how race- and gender-conscious program measures support their participation in government contracts and procurements, but they also expressed concerns that their businesses will be negatively impacted if race- and gender-conscious program measures are removed.[20]

The Hispanic male owner of a DBE-, MBE-, PWSBE-, and SCS-certified construction company stated, "As a DBE firm, condition of award goals, … there is no doubt that that helps. And in the biggest way, I feel like it's the general contractors [that] become more proactive in notifying us of these opportunities." [#4]

The Hispanic woman LGBTQ owner of a DBE-, MWBE-, PWSBE-, SBE-, and SCS-certified construction company stated, "How are general contractors like Sound Transit going to keep fighting for small businesses if the Women/Minority Business Enterprise goals and the DBE goals go away? Because even with the Federal Small Business Enterprise [initiatives] coming along, any small business can qualify for that. So it really doesn't help a company like mine … because I will now just be anybody." [#16]

The representative of a POC-serving trade association stated, "With the current political environment, you're also seeing firms that used to aggressively look for small businesses

[20] The project team collected most qualitative data prior to the release of IFR 2025.

don't. They've just stopped. … My firm was in the industry for 20-some years, and some of those major firms that would work with us before, now that there's no kind of requirement for it at all, have pretty much turned their back. And I'm talking about ones that I've had strong relationships with over the years. ... They see no need, and I think greed takes over." [FG #1]

The Black woman owner of a formerly DBE-certified construction company stated, "I have two types of clients. … One type would say, 'We're interested in having you join our team.' And I would say, 'I would love to, but I want to bring it to your attention we're not certified anymore. We're not DBE. We're not WBE, but we're still small according to the federal government criteria.' And they will say to me, 'I don't care. You guys do really good work. We want you to come to the team because you have such a great reputation. You're doing good.' … And then another client on the other hand would say, 'Yeah, you're not certified, so you're not Black enough for us.'" [#6]

b. Race- and gender-neutral program measures. Study participants described a lack of opportunities to support the inclusion of small businesses in Sound Transit work, especially as prime contractors. Their feedback suggests there are systemic barriers within Sound Transit contracting that limit the opportunities available for small businesses to participate in agency contracts and procurements.

The White male owner of an A/E firm stated, "Sound Transit just hasn't had a propensity to hire mid-size firms to be a prime and it's clear … they'll hire a big company. … Right now, we're not focused on Sound Transit. … We don't think it's a good investment for our particular firm." [#15].

The representative of a POC-serving trade association stated, "My experience working with Sound Transit is that a lot of times the work there required is very specialized, so there is a lack of small businesses across the board to be able to do that work. And then, typically, the size of the work they're doing … does not suit well for small businesses. They usually go with big firms, and you are left to do what you can to become a subconsultant to them in some aspect." [FG #1]

The representative of an Asian Pacific- and veteran-owned construction company stated, "The barriers with [the Washington State] DOT are significant. What they will qualify my company to do is so small, it does not make it attractive to even bid. There are not many contracts for even $3 million. So, it is not even giving me the ability to bid on the work as a prime. I have no interest in being a sub." [AV #59]

The representative of an Asian Pacific- and woman-owned construction company stated, "What we are offering doesn't always measure up to what other larger companies are offering and it makes it harder to obtain contracts." [AV #198]

c. Technical assistance. Study participants described a continued need for technical assistance to support the inclusion of small and diverse businesses in Sound Transit contracting. Specifically, participants discussed a need for increased language accessibility and for support to help businesses participate in agency contracting.

The Asian male veteran owner of a DBE- and MBE-certified construction firm stated, "There's all these resources to get one certified, and they are really good at that … [but]

that's just the very beginning of your adventure. And then, there's really not a whole lot of help." [#27]

The representative of an immigrant-serving nonprofit organization stated, "One thing we realize is that translation of the materials can only go so far. What these small, local, minority businesses need is one-on-one support. Providing documents in one's written language is very different from providing technical assistance or providing explanations with a spoken language, as opposed to the recent language, especially when it comes to applications, the requirements of applications, and then the nuances that come with applications." [PT #1]

CHAPTER 5.
Analysis of Marketplace Conditions

BBC Research & Consulting (BBC) conducted an analysis of marketplace conditions in King, Pierce, and Snohomish counties in Washington (i.e., the *relevant geographic market area*, or *RGMA*; also referred to as the *Seattle Metro Area*) to help Sound Transit understand relevant economic trends in its region and the barriers that business owners may experience that impact their availability and participation in agency contracts and procurements. BBC conducted a literature review in parallel to extensive qualitative and quantitative analyses to assess whether people of color (POCs); women; veterans; and people who identify as lesbian, gay, transgender, and queer (LGBTQ); and the businesses they own (collectively referred to as *diverse businesses* for the purpose of this study) face barriers in the construction, architecture and engineering (A/E), professional services, and goods and services industries. The study team also examined the potential effects any such barriers have on the formation and success of businesses as well as their availability for contracts and procurements Sound Transit awards. We analyzed local marketplace conditions in four primary areas:

- **Human capital**, to assess whether POCs, women, veterans, and people who identify as LGBTQ face barriers related to education, employment, and gaining industry experience;
- **Financial capital**, to assess whether POCs, women, veterans, and people who identify as LGBTQ face barriers related to wages, homeownership, personal wealth, and financing;
- **Business ownership**, to assess whether POCs and women own businesses at rates comparable to that of White men, whether veterans own businesses at rates that are comparable to that of non-veterans, and whether people who identify as LGBTQ own businesses at rates that are comparable to people who do not identify as LGBTQ; and
- **Business success**, to assess whether POC- and woman-owned businesses have outcomes similar to those of businesses owned by White men, whether veteran-owned businesses have outcomes similar to those of businesses owned by non-veterans, and whether LGBTQ-owned businesses have outcomes similar to those of businesses owned by people who do not identify as LGBTQ.

Chapter 5 is organized into four sections:

A. Data collection and methodologies

B. Historical analysis;

C. Analyses of current marketplace conditions; and

D. Summary.

A. Data Collection and Methodologies

BBC combined a review of existing literature and analyses of quantitative and qualitative data into our assessment of the Seattle Metro Area marketplace.

1. Literature review. BBC grounds our analysis of marketplace conditions in a literature review of academic, journalistic, and historical research that describes historic barriers POCs, women, veterans, and people who identify as LGBTQ have experienced that may contribute to disparities in diverse business participation that we observe in the Seattle Metro Area today.

2. Econometric analysis data collection. BBC compiled publicly available population data from various sources to better understand the diverse communities and businesses living and working in the Seattle Metro Area. Where possible, we used the most recent data available and the data that best corresponded to our *study period*, which was January 1, 2020, through December 31, 2024. We relied primarily on the following data sources:

- The American Community Survey (ACS) from the United States Census Bureau from the 2019-2023 ACS 5% Public Use Microdata sample, which we obtained raw data from through the Integrated Public Use Microdata Series (IPUMS) program from the Minnesota Population Center.[1]
- Financial data made public as part of the Home Mortgage Disclosure Act (HMDA) from 2024, which we accessed from the Federal Financial Institutions Examination Council (FFIEC) data tool.[2]
- Small Business Credit Survey, provided by the Federal Reserve System, from 2022;[3] and
- Annual Business Survey conducted by the United States Census Bureau from 2022.[4]

Where possible, BBC reports data relevant to Sound Transit's RGMA for the groups of diverse people and business groups we study. However, because each of the data sources we used collects and reports population-level demographic data differently, we were not able to report results for each group in all econometric analyses.

Using each of the data sources described above, we conducted econometric and statistical significance tests to understand the degree to which different observable differences relating to each marketplace factor could be attributed to the demographic characteristics of diverse business owners (i.e., their race, ethnicity, gender, veteran status, sexuality or gender identity, etc.). To estimate the impact of demographic characteristics—that is, race and racism, sex and sexism, and preferencing or discrimination based on veteran status or LGBTQ identity—on observed marketplace outcomes, we compared each group of people or businesses to a statistical intercept.[5] We used the intercept as a reference when isolating race and ethnicity as explanatory variables as a more equitable metric that de-centers Whiteness as a point of reference and allows for observation of the experiences of White people alongside POCs in our analyses.

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[1] Available online at http://usa.ipums.org/usa/.

[2] Available online at https://ffiec.cfpb.gov/data-browser/.

[3] Available online at https://www.fedsmallbusiness.org/reports/survey/2025/2025-report-on-employer-firms.

[4] Available online at https://data.census.gov/table/ABSCS2022.AB2200CSA01?q=AB2200CSA01:+Annual+Business+Survey:+Statistics+for+Employer+Firms+by+Industry,+Sex,+Ethnicity,+Race,+and+Veteran+Status+for+the+U.S.,+States,+Metro+Areas,+Counties,+and+Places:+2022

[5] For more information on this methodology, see the University of California Los Angeles guidance on coding systems for categorical variables in regression analyses, available online at https://stats.oarc.ucla.edu/spss/faq/coding-systems-for-categorical-variables-in-regression-analysis/.

Wherever possible, we also conducted statistical significance tests to account for differences in sample size between groups of people or businesses and to determine whether an observed difference in the data reflects a true population-level difference or is just the result of chance. We report statistical significance at the 90 and 95 percent confidence levels. These two percentage levels are indicators of confidence that the observed differences in the sample reflect actual differences at the population level.

3. Qualitative data. The study team collected personal insights about marketplace conditions from a range of stakeholders, including business owners and their representatives, representatives of trade associations and business support groups, and community development advocates.[6] We integrate illustrative quotes from study participants throughout our marketplace analyses. BBC edited quotations for clarity and brevity.

B. Historical Analysis

Numerous legal, economic, and social obstacles have inhibited POCs, women, and other diverse communities from living, working, and operating successful businesses in the Seattle Metro Area, as in other parts of the United States. Systemic injustices and barriers such as slavery, racial oppression, segregation, race-based displacement, labor market discrimination, and other discriminatory government policies produced substantial barriers for POCs and women, the effects of which we continue to observe in the Seattle Metro Area in the present day. These barriers limited opportunities for POCs and women to obtain quality education, gain workplace experience, and build wealth, which ultimately may contribute to the barriers these business owners face.[1, 2, 3, 4, 5]

The Puget Sound region, including the Seattle Metro Area that Sound Transit services, has been an epicenter of Washington state's social and economic development for centuries. This region is the traditional and present-day homeland of the Coast Salish and Duwamish people, including the Suquamish, Stillaguamish, Tulalip, and Muckleshoot tribes. The first non-Native settlers to the Seattle area were a diverse mix of Americans of European, African, and Asian descent.[6] Despite its multi-racial origins, Seattle and the surrounding settlements quickly implemented structural obstacles aimed at limiting the rights and freedoms of non-White residents.

1. Legacy of racial exclusion. One of the Town of Seattle's first ordinances in 1865 authorized the removal of Native people, expelling them from the town and their homelands within it unless they were employed by a White settler.[7] Although this ban did not continue when the City of Seattle incorporated in 1869, it was the first of many legal and interpersonal actions that discriminated against Native people in an effort to exclude them from Seattle's early development.[8] In the 1910s, demand for land in the Seattle area increased due to the growing population and increased industrial activity. The federal government passed a law in 1907 that allowed it to transfer much of the land held by the Suquamish Tribe to White settlers without the consent of the Tribe or its members. This also coincided with laws that forced Native American children to attend boarding schools and be separated from their families, which lasted in the Seattle area until 1920. Today, the Suquamish Tribe is working to purchase some of its former land around the Seattle area.[9]

Chinese Americans, who moved to the region primarily to work on industrial and rail infrastructure projects, were later excluded from the labor market and experienced high rates of unemployment.[10] In

[6] For more information about our qualitative data collection and reporting processes, see Chapter 3, Section F.

November 1885, a race riot in Tacoma resulted in the expulsion of more than 700 Chinese families and workers from the City and the burning and looting of their businesses. In Seattle, a mob attempted to expel more than 300 Chinese residents from the city. It took decades for the Chinese American community to recover from these events.[11] The local chapter of a dominant labor union, the Knights of Labor, and other participants in an Anti-Chinese Congress participated in these attacks under the belief that Chinese communities threatened the economic development of White residents.[12] Despite their relatively small numbers compared to other racial and ethnic groups, Chinese communities were targeted by labor unions like the Knights of Labor for working in jobs and industries that the organization wanted to reserve for its primarily White members. Union policies and messaging contributed to efforts to exclude Black and Asian workers by framing communities of color as a threat to the economic stability of White workers.[13, 14]

Black residents, many of whom moved to the region in the early 1900s and settled into Seattle's historically Black neighborhood near King Street Station, were also targeted by White labor unions that wanted to exclude them from the labor market, contributing to very high Black unemployment in the 1930s. In 1891, White miners in Franklin, Washington went on strike. In response, mine owners paid for the transportation of over 500 Black workers from the Midwest to work in the coal mines. A few weeks after these new workers' arrival, a mob of White miners attacked the work camp, leading to a violent riot. Local newspapers blamed the Knights of Labor for the attack, which contributed to the decline of the chapter in the Seattle area. As the Knights of Labor lost influence, the American Federation of Labor (AFL) grew in popularity as a union representing workers in the 1890s. Despite the change, in Washington and nationwide, the AFL refused union membership to Black and Asian workers.[15]

In 1942, President Franklin Roosevelt signed Executive Order 9066 mandating the forced removal of Japanese and Japanese Americans from their homes into internment camps. In Washington, more than 13,000 Japanese and Japanese Americans—the vast majority of whom lived in the urban areas and farming valleys of King, Pierce, and Snohomish counties—were expelled from their homes and were forced to close their businesses.[16] In Tacoma, Japantown and all the businesses within it virtually disappeared after its residents were expelled. Local labor unions supported expulsion and anti-resettlement efforts, suggesting that the economic disenfranchisement of Japanese Americans benefited the economic and labor prospects of the organization's White members.[17]

These and other events that expelled or restricted communities of color from living and working in the Seattle Metro Area created the foundation of racial segregation in the city and the surrounding areas that continued through the mid-1900s. Systems of racial segregation excluded Black, Native, Asian, Hispanic, and at times Jewish communities across King, Pierce, and Snohomish counties from businesses, schools, neighborhoods, jobs, and many public establishments. In tandem with state and federal policymakers and financial institutions, governments and individuals across the region legally and socially enforced this separation, as "redlining," racially restrictive neighborhood covenants, "sundown town" ordinances, realtor practices, and racial violence disenfranchised communities of color.[18, 19, 20] In 1964, Seattle voters rejected a ballot measure to make racial discrimination in home sales and rentals illegal by a 2-to-1 margin.[21] While the Seattle City Council ultimately passed the law four years later, the law did not ban racial discrimination in lending. It wasn't until 1977 that the State of Washington addressed racial discrimination in lending by banning lenders from varying interest rates based on a property's location.[22] This history of segregation continues to impact the regional distribution of communities of color, and their economic, health, and social outcomes in the region.[23, 24]

2. Women in Puget Sound. Historically, White women in the United States were confined to homemaking as wives and daughters, or to gender-specific administrative or caregiving roles. Women of color often worked outside the home in gender-specific work such as domestic service with low pay and scarce advancement opportunities, or as agricultural workers alongside their husbands and children for the family's economic survival.[25, 26] Until the mid-1960s, women employed by the City of Seattle could lose their jobs if they got married, and they were ineligible for some jobs entirely.

Until the passage of the 1974 Equal Credit Opportunity Act, women in the United States were not legally entitled to apply for credit cards, open bank accounts, or obtain home loans without a male co-signer. Prior to this law, White women's access to credit was determined by the creditworthiness or permission of a male co-signer, while POCs, especially Black men and women, were systematically excluded from participation in loaning and credit systems altogether.[27] In 1988, the Women's Business Ownership Act further specified that credit discrimination against women business owners and women-owned businesses was unlawful and entitled women to own a business in their own name without a male co-owner.[28]

Despite these reforms, women still often faced—and can continue to face—unwelcoming work environments in male-dominated fields, including the trades, that limit their participation. These gaps are exacerbated by employer preferences for men, driven by gender stereotypes.[29, 30]

Today, women in Washington participate in the labor force at persistently lower rates than men. Sixty-two percent of women not in the labor force report not joining because of home responsibilities, compared to 14 percent of men.[31] Women experience greater career disruptions—including leaving the workforce entirely at high rates—which contributes to wage gaps, and is in part driven by the high cost of childcare.[32] Women continue to disproportionately take on childcare work even when they work outside of the home, which can limit the amount of time they have to spend advancing a career and owning or operating a business.

3. LGBTQ community. By the beginning of the 20th century, subcultures of same-sex communities existed across Washington state. At the same time, state lawmakers began to pass policies designed to restrict the labor market participation of people who identify as LGBTQ—especially openly gay, working-class men—and criminalize their sexual activities.[33] Nevertheless, in the 1930s, an increasingly visible LGBTQ community in Seattle began to establish businesses—primarily gay bars and clubs—in Pioneer Square, now recognized as the historic LGBTQ district of the city. These businesses were often forced to pay a bribe to police to avoid harassment or raids and to continue operating.[34]

Until the City of Seattle banned sexual orientation discrimination in employment and housing in the 1970s and expanded these policies to ban discrimination against transgender people in the 1980s, people who identified as LGBTQ could be denied employment or housing at an employer's or landlord's discretion. Despite this progress, community groups continue to advocate for people who identify as LGBTQ who continue to face systemic exclusion in the Seattle Metro Area and nationally—including increased rates of homelessness, undereducation, employment discrimination, and unemployment—especially among people who identify as LGBTQ who experience intersecting forms of social, economic, and racial discrimination.[35, 36, 37, 38]

4. Civil Rights era. Whenever municipalities, states, or the federal government created laws that restricted the civil rights of POCs, women, and people who identify as LGBTQ, activists challenged these practices. This organizing and activism contributed to key policy reversals that outlawed many forms of discrimination, including:

- *Brown v. Board of Education*, which outlawed school segregation in 1954;[39]
- *The Equal Pay Act of 1963*, which outlawed pay discrimination;[40]
- *The Civil Rights Act of 1964*, which outlawed discrimination in public places, including in employment;[41]
- *The Fair Housing Act of 1968*, which outlawed racial discrimination by landlords or real estate companies and discrimination in housing loans;[42] and
- *The Women's Educational Equity Act of 1974*, which was designed to ensure women had equitable access to education.[43]

Those reforms increased diversity in workplaces, reduced educational and employment disparities, and contributed to an increase in economic stability and mobility for POCs and women.[44, 45, 46, 47, 48]

Despite the strides toward equality of the Civil Rights era, POCs, women, and members of the LGBTQ community continue to face barriers nationally and in the Seattle Metro Area, such as wealth inequality, disproportionate incarceration, residential segregation, and family responsibilities.[49, 50] In some cases, members of these communities continue to be the victims of bias-motivated harassment and violence in the region.[51, 52] These persistent barriers, rooted in the historical inequities that these groups faced, contribute to the experiences POCs and women face when trying to acquire the human and financial capital necessary to start and successfully operate businesses.[53, 54]

C. Analyses of Current Marketplace Conditions

Grounded in historical research and other researchers' assessments of conditions in the Seattle Metro Area, the study team conducted quantitative and qualitative analyses of data relating to human capital, financial capital, business ownership, and business success in King, Pierce, and Snohomish counties to understand how local marketplace barriers may continue to impact small and diverse populations, businesses, and business owners.

1. Human capital. Human capital is the collection of personal knowledge, behavior, experience, and characteristics that make up an individual's ability to perform and succeed in particular labor markets. Factors such as education, business experience, and managerial experience have been shown to be related to business success.[55, 56, 57, 58, 59] Any barriers to accessing those experiences may make it more difficult for members of diverse groups to gain employment and experience in relevant industries and prevent some of them from starting and operating businesses successfully.

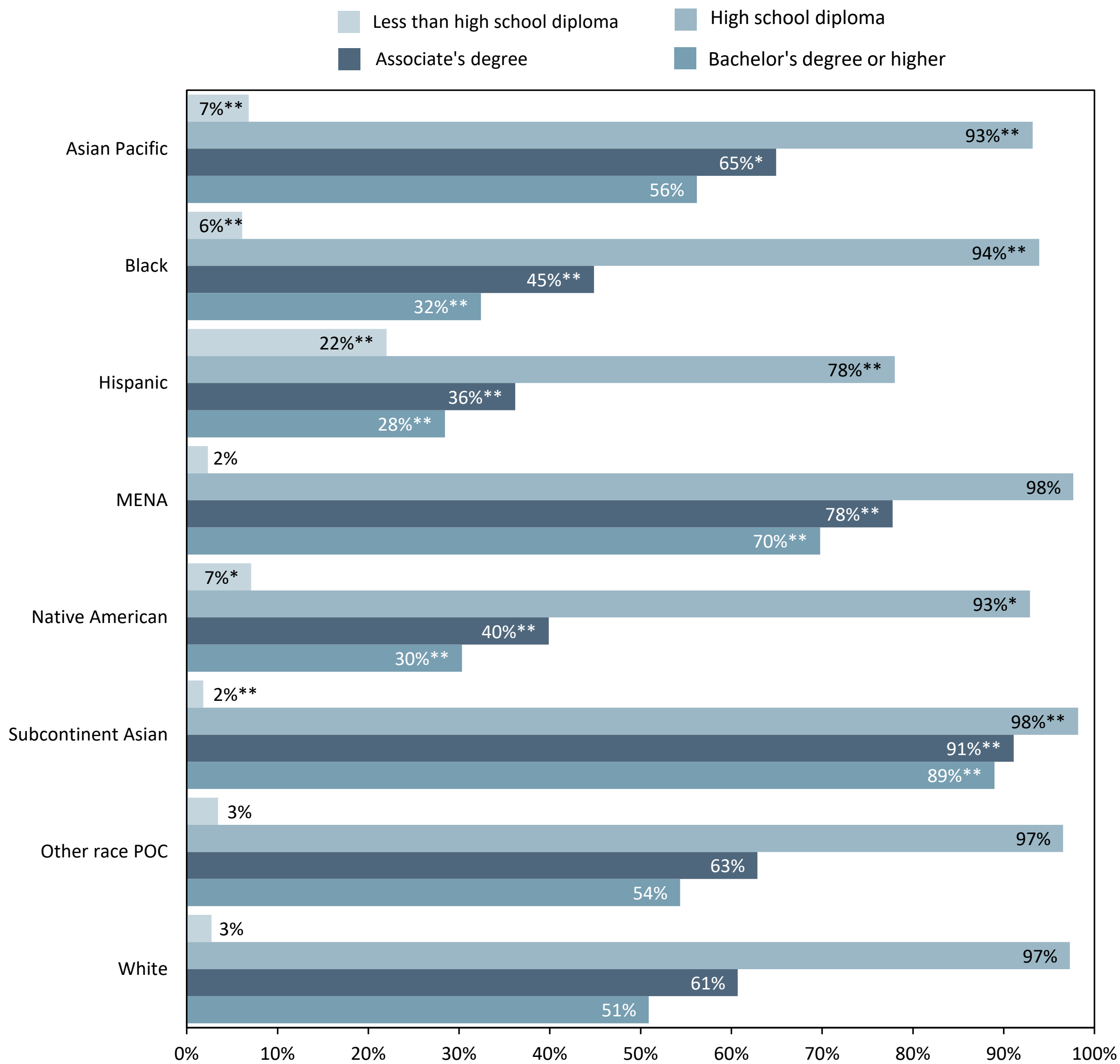
a. Education. Barriers associated with educational attainment may preclude entry or advancement in certain industries, as many occupations require at least a high school diploma, while some require at least a four-year college degree. Education is a strong predictor of both income and personal wealth, which are both shown to be related to business formation and success.[60, 61, 62]

Our analysis indicates that some POC workers earn education degrees at lower rates than White workers. Figure 5-1 presents the educational attainment of workers in the Seattle Metro Area. As shown in Figure 5-1:

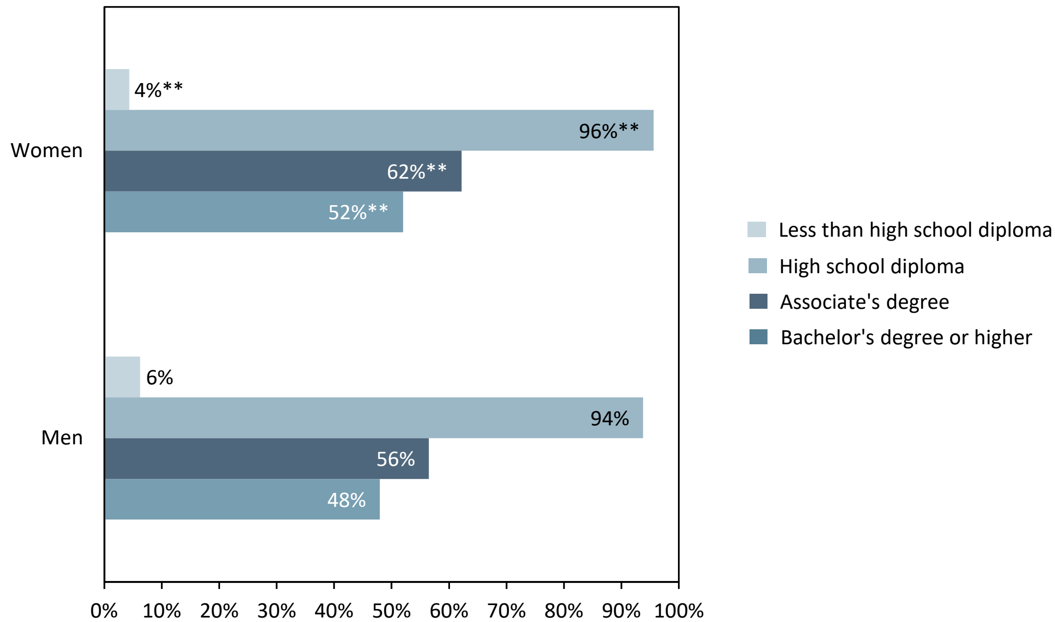
- Asian Pacific workers (93%) earn high school diplomas at a lower rate than White workers (97%), but earn associate's degrees (65%) at higher rates than White workers (associate's degree: 61%; bachelor's degree or higher: 51%). A greater percentage of Asian Pacific workers do not have a high school diploma (7%) compared to White workers (3%).
- Black workers earn high school diplomas (94%), associate's degrees (45%), and bachelor's degrees or higher (32%) at a lower rate than White workers. A greater percentage of Black workers do not have a high school diploma (6%) compared to White workers.
- Hispanic workers earn high school diplomas (78%), associate's degrees (36%), and bachelor's degrees or higher (28%) at lower rates than White workers. A greater percentage of Hispanic workers do not have a high school diploma (22%) compared to White workers.
- Middle Eastern and North African (MENA) workers earn associate's (78%) and bachelor's degrees or higher (70%) at higher rates than White workers.
- Native American workers earn high school diplomas (93%), associate's degrees (40%), and bachelor's degrees or higher (30%) at lower rates than White workers. A greater percentage of Native American workers do not have a high school diploma (7%) compared to White workers.
- Subcontinent Asian workers earn high school diplomas (98%), associate's degrees (91%), and bachelor's degrees or higher (89%) at higher rates than White workers. A smaller percentage of Subcontinent Asian workers do not have a high school diploma (2%) compared to White workers.
- Women earn high school diplomas (96%), associate's degrees (62%), and bachelor's degrees (52%) at a higher rate than men (high school diploma: 94%; associate's degree: 56%; bachelor's degree or higher: 48%). A smaller percentage of women have a high school diploma (4%) compared to men (6%).
- Veterans earn high school degrees (98%) at a higher rate than non-veterans (94%), but earn associate's (52%) and bachelor's degrees or higher (36%) at lower rates than non-veterans (associate's degree: 59%; bachelor's degree or higher: 51%). A smaller percentage of veterans have a high school diploma (2%) compared to non-veterans (6%).

Figure 5-1.
Percentage of all workers aged 25 and older with less than a high school diploma, a high school diploma, associate's degree, and bachelor's degree or higher; Seattle Metro Area; 2019-2023

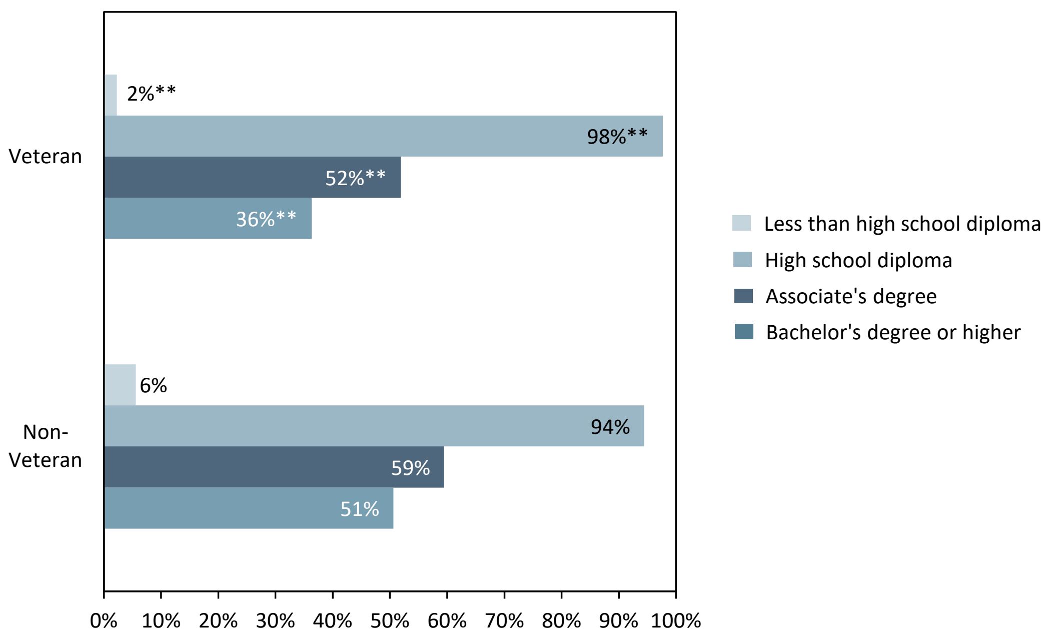
a) Race



b) Gender



c) Veteran status



Notes: ** Denotes that the difference in proportions between POC group and White workers, between women and men, or between veterans and non-veterans is statistically significant at the 95% confidence level.

"Less than high school diploma," "Associate's degree," and "Bachelor's degree or higher" are mutually exclusive categories. Workers who could appear in multiple groups are reported according to their highest level of educational attainment.

Source: 2019-2023 ACS 5% Public Use Microdata sample. The raw data extract was obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Nationally, a greater share of immigrants have not completed high school compared to the United States-born population. This may contribute to the lower rate of attainment of high school diplomas for Hispanic workers in the Seattle Metro Area.[63] The educational outcomes we observe at the high school, associate's degree, and bachelor's degree levels for Black, Hispanic, and Native American groups in the Seattle Metro Area align with national educational attainment trends. Nationally, these POC groups experience a gap in educational attainment and the quality of education they receive compared to their White counterparts, which may contribute to lower levels of educational attainment.[64, 65] POC students are more likely than White students to attend schools that do not provide access to core classes in science and math.[66] In addition, Black students are more likely than White students to be expelled or suspended from high school.[67] While racial diversity has increased in higher education over the past decades, large gaps between Black, Native American, and Hispanic college completion rates and White and Asian college completion rates persist.[68]

While ACS does not collect data on LGBTQ identities, national trends show there are higher rates of school dropout and unwelcoming school environments for LGBTQ people, which may contribute to lower levels of educational attainment of people who identify as LGBTQ compared to their peers, especially for women who identify as LGBTQ, in the Seattle Metro Area.[69, 70]

b. Employment and management experience. An important precursor to business ownership and success is acquiring direct experience in relevant industries. Any barriers that limit diverse groups from acquiring that experience could prevent them from starting and operating businesses in the future.

i. Unemployment. BBC examined the relationships between race, gender, and veteran status and unemployment. Figure 5-2 presents unemployment rates for racial and ethnic groups, men and women, and veterans and non-veterans. Results indicate that Black (8%), Native American (7%), and Hispanic workers (5%) experience unemployment at higher rates than White workers (4%). Subcontinent Asian workers (3%) experience unemployment at lower rates than White workers. Veterans experience a lower rate of unemployment (3%) compared to non-veterans (5%).

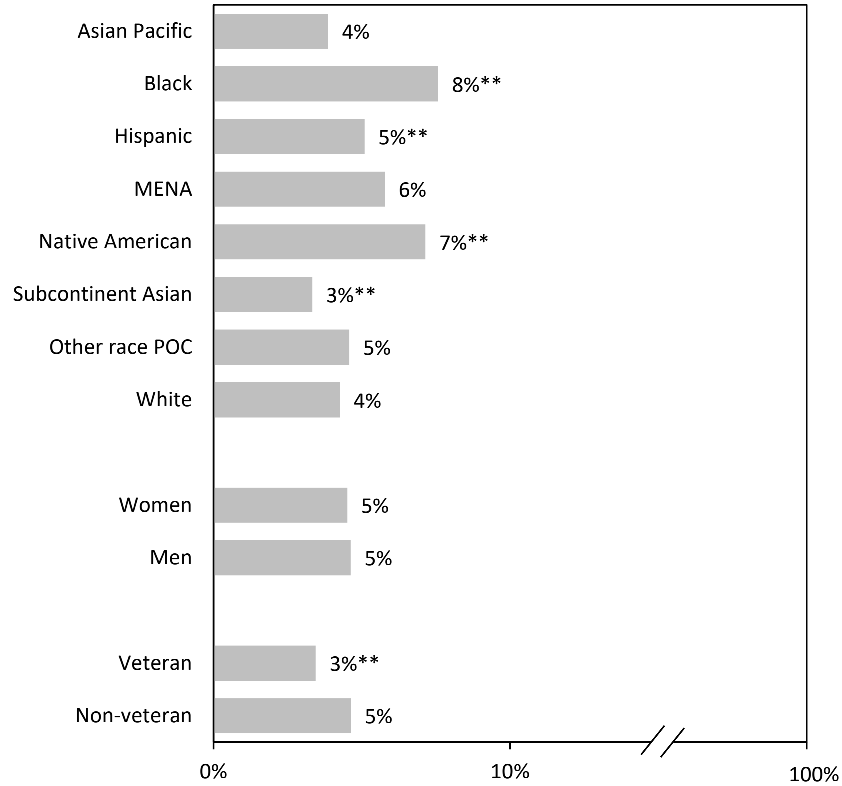
Figure 5-2.
Unemployment rates, Seattle Metro Area, 2019-2023

Note:

** Denotes that the difference in proportions between the POC group and White people, between women and men, and between veterans and non-veterans is statistically significant at the 95% confidence level.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.



We conducted regression analyses to assess if there are statistical relationships between race, gender, and veteran status and unemployment rates after accounting for various other personal factors such as age, education, and family status. Figure 5-3 presents the results of our regression analyses. In a marketplace where race, gender, and veteran status did not impact unemployment, we would expect a regression to produce a coefficient of 0 for each group. A result greater than 0 indicates there is an association between a demographic characteristic and a higher level of unemployment, which could be driven by discrimination in the marketplace. A result of less than 0 indicates there is an association between a demographic characteristic and a lower level of unemployment, which could be driven by preferencing in the marketplace.

Results indicate that MENA and Black workers experience unemployment at a greater rate when isolating the impacts of race, or racism, on unemployment. Asian Pacific, Hispanic, and White workers experience unemployment at a lower rate when isolating race or ethnicity.

When isolating the impact of gender, or sexism, on unemployment, we find that women are more likely to be unemployed compared to men.

Figure 5-3.
Explanatory variables in unemployment regression, Seattle Metro Area, 2019-2023

Notes:

The regression included 90,277 observations.

*, ** Denotes statistical significance at the 90% and 95% confidence levels, respectively.

The referent for each set of categorical variables variable is as follows: Non-veteran for the veteran variable, and men for the women variable. Coefficients for race categories represent deviations from the grand mean; all groups, including White, are shown.

Source:

2019-2023 ACS 5% Public Use Microdata samples. We extracted raw data from the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Variable	Coefficient
Asian Pacific	-0.1315 **
Black	0.1465 **
Hispanic	-0.1422 **
MENA	0.1578 *
Native American	0.0765
Subcontinent Asian	-0.0192
Other race POC	-0.0235
White	-0.0645 **
Women	0.0406 *
Veteran	-0.0602

The unemployment trends we observe mirror persistent, national trends, where women and Black communities experience higher rates of unemployment. Black women in particular experience some of the highest rates of unemployment compared to other race and gender groups. Research suggests that these trends are, at least in part, outgrowths of a history of labor market exclusion and segregation, creating an overrepresentation in jobs that are more vulnerable to economic and labor market downturns.[71, 72]

While ACS does not collect data on LGBTQ identities, national trends indicate fairly equitable rates of employment between LGBTQ workers and non-LGBTQ workers. However, despite being employed, LGBTQ workers may experience disparities in job quality and economic security, and transgender people experience higher rates of unemployment compared to other people who identify as LGBTQ and people who do not identify as LGBTQ in the Seattle Metro Area.[73]

Participants in the study's qualitative data collection process described experiences of employment and unemployment, suggesting that the trends we observe from marketplace data are driven at least in part by discrimination in hiring and workplaces.

> *The Hispanic male owner of an A/E firm stated, "If you're over 40 and you're Hispanic, you're the first to get laid off. ... I wasn't getting the raises. ... Everybody else was getting raises and bumps and advances and promotions, and I was stuck in a corner. ... Eventually I hit a ceiling." [#21]*

ii. Employment. Industry experience is an important indicator for business ownership and success, though POCs, women, and people who identify as LGBTQ often struggle to acquire that experience, in part because of discrimination in hiring choices.[74, 75, 76] When employed, POC and women workers are often segregated into industries that already exhibit high concentrations of POCs and women.[77] In addition, Black, Hispanic, and Native American residents are incarcerated at greater rates than White residents in Washington and nationwide, which contributes to many labor challenges, including difficulties finding jobs and slow wage growth.[78, 79, 80]

BBC assessed the representation of POCs, women, and veteran workers in the A/E, construction, professional services, and goods and services industries and compared it to their representation in all Seattle Metro Area industries considered together. We present the results of that analysis in Figure 5-4. The column labelled "all industries" shows the share of workers in the marketplace across all industries.

The remaining columns show the share of workers in different demographic groups in each study industry. We conducted statistical significance tests comparing the share of workers in each industry to all other industries to assess whether the over- or under-representation of groups in each sector is a population-level observation.

As shown in Figure 5-4, compared to their representation in all industries considered together:

- Black (3.6%), Hispanic (5.4%), Native American (1.0%), and Subcontinent Asian workers (2.7%) and women workers (32.7%) are underrepresented in the A/E industry compared to other study industries. In contrast, White workers (71.1%) and male workers (67.3%) are overrepresented in the A/E industry compared to other industries.
- Asian Pacific (6.0%), Black (3.9%), MENA (0.6%), and Subcontinent Asian workers (0.5%) and women workers (13.4%) are underrepresented in the construction industry compared to other industries. Hispanic (19.1%), Native American (2.2%), and White workers (66.4%) and male workers (86.6%) are overrepresented in the construction industry compared to other industries. Veteran workers (6.8%) are overrepresented in the construction industry compared to other industries.
- Black (3.2%), Hispanic (5.2%), and Native American workers (0.7%) and women workers (36.5%) are underrepresented in the professional services industry compared to other industries. Veteran workers (3.5%) are also underrepresented in the professional services industry compared to other industries. In contrast, Asian Pacific (16.6%), MENA (2.0%), and Subcontinent Asian workers (12.4%) and male workers (63.5%) are overrepresented in the professional services industry compared to other industries.
- Asian Pacific (11.2%), Hispanic (8.5%), and Subcontinent Asian workers (2.0%) and women workers (27.4%) are underrepresented in the goods and services industry compared to other industries. In contrast, Black workers (13.1%) and male workers (72.6%) are overrepresented in the goods and services industry compared to other industries. Veteran workers (10.2%) are overrepresented in the goods and services industry compared to other industries.

While ACS does not collect data on LGBTQ identities, national trends indicate that LGBTQ workers are overrepresented in jobs in grocery and convenience stores and the food and beverage industry.[81]

Figure 5-4
Demographic characteristics of workers in study-related contracting industries and all industries, Seattle Metro Area, 2019-2023

Group	All industries (n=98,445)	Architecture and engineering (n=1,311)	Construction (n=6,084)	Professional services (n=10,186)	Goods and services (n=1,562)
Race/Ethnicity					
Asian Pacific	14.8 %	13.6 %	6.0 % **	16.6 % **	11.2 % **
Black	7.4 %	3.6 % **	3.9 % **	3.2 % **	13.1 % **
Hispanic	10.2 %	5.4 % **	19.1 % **	5.2 % **	8.5 % *
MENA	1.3 %	1.7 %	0.6 % **	2.0 % **	1.4 %
Native American	1.9 %	1.0 % **	2.2 % *	0.7 % **	1.7 %
Subcontinent Asian	3.9 %	2.7 % *	0.5 % **	12.4 % **	2.0 % **
Other race POC	1.1 %	0.8 %	1.2 %	1.4 % *	1.2 %
Total POC	**40.5 %**	**28.9 %**	**33.6 %**	**41.6 %**	**39.1 %**
White	59.5 %	71.1 % **	66.4 % **	58.4 %	60.9 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Gender					
Women	45.2 %	32.7 % **	13.4 % **	36.5 % **	27.4 % **
Men	54.8 %	67.3 % **	86.6 % **	63.5 % **	72.6 % **
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Veteran Status					
Veteran	5.2 %	6.3 %	6.8 % **	3.5 % **	10.2 % **
Non-Veteran	94.8 %	93.7 %	93.2 % **	96.5 % **	89.8 % **
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Note: *, ** Denotes that the difference in proportions between workers in each study-related industry and workers in all other industries is statistically significant at the 90% and 95% confidence levels, respectively. Significance testing compares each group in an industry against that same group in "all other industries."

Source: 2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Study participants described their experiences with gaining relevant industry experience. Many participants described industry experience as foundational to their ability to start and maintain a business of their own. Additionally, business owners described race- and gender-based barriers they have observed or experienced in the marketplace related to gaining relevant industry experience that make business ownership and success more difficult.

> *The Asian male veteran owner of a Disadvantaged Business Enterprise (DBE)-, Minority Business Enterprise (MBE)-certified construction firm stated, "There's only so many female flaggers you can have. I mean, that's about the only role they go [for]. We'll let them be flaggers, [but they're excluded from more complex construction roles.]" [#27]*

> *The White woman representative of a professional services firm stated, "I've been working in this field for 30 years, but just even as a woman, it's an incredibly male-dominated field and just being able to be taken seriously. I hope it's far better now, but there's still meetings I go to and I'm like, 'Oh, this is no different than when I started out in my 20s.'" [#29]*

The representative of a construction trade association stated, "I've seen my entire career a challenge to build credibility. In particular, I have a construction company, so I walk in a room and everyone else is male, it takes a very long time for me to gain enough credibility to have the exact same conversations they could have with any man that walks in the room or that they take the time to have that. So if you're a person of color and you're female, it's even that much more difficult to just be taken seriously or receive the benefit of the doubt as anybody else that would be walking in a room." [FG #1]

Employment barriers also impact the ability of business owners to hire the workforce that they need to perform work and grow their businesses. Study participants described how employment barriers compound to impact the ability of small and diverse business owners to staff their companies.

The representative of a chamber of commerce stated, "It's really tough for a lot of employees to live in Seattle proper and they have just very long commutes. So, a lot of employees are also seeking employment in the areas that they actually live in so they can cut out the commute. Childcare is very expensive. As we mentioned earlier, it's really expensive to do business and live in the Seattle area. … If you don't have employees, then you can't fulfill your contracts or you constantly have to look for new ones and train them up." [FG #1]

The representative of a community finance organization stated, "It comes down to [having] skilled workers. There's a lack of skilled workers. So if somebody has skilled workers, then they're going to be pilfered." [FG #2]

The representative of a construction trade association stated, "I would say finding labor talent [is a barrier for small businesses], and we've had this dynamic [with government agencies] that most of the start-up smaller companies don't start out as being union companies, but there's a lot of barriers in public works projects that default to basically mandating being union companies. So we've seen both folks [have difficulty] getting people, and then getting involved in a public works project. They lose some of their people. They're poached by union companies, to be frank. And so, they have a double whammy trying to get talented people and keep them." [FG #2]

The Hispanic male owner of an A/E company stated, "I can make money with one engineer or I can make money with 10 engineers, but engineer two through nine will kill me. So I have to keep [my business] small in order to not [go under]. ... Because I'm my own accountant. I'm not good as an accountant. I'm my own marketer. I'm my own everything." [#21]

iii. Management experience. Managerial experience is an important predictor of business ownership and success, but discrimination remains an obstacle to greater diversity in management positions. Nationally, POCs, women, and people who identify as LGBTQ are far less likely than White men who do not identify as LGBTQ to work in management positions, in part because of bias in hiring decisions and promotions and because of persistent stereotypes of who makes a good leader. [82, 83, 84, 85, 86, 87, 88] We observe similar outcomes for POCs and women in the Seattle Metro Area. BBC examined the representation of POCs, women, and veterans in management positions in the Seattle Metro Area A/E, construction, professional services, and goods and services industries. As shown in Figure 5-5:

- Black (4.8%) and Hispanic workers (3.3%) are underrepresented in managerial roles in the construction industry compared to White workers (13.4%).
- Asian Pacific (4.8%) and Subcontinent Asian workers (5.2%) are underrepresented in managerial roles in the professional services industry compared to White workers (6.9%).
- Asian Pacific (0.1%), Black (2.2%), Hispanic (1.9%), and Subcontinent Asian workers (1.7%) are underrepresented in managerial roles in the goods and services industry compared to White workers (7.2%). Women (3.6%) are underrepresented in managerial roles compared to men (5.7%).

While ACS does not collect data on LGBTQ identities, national trends indicate that women who identify as LGBTQ and transgender people in particular are underrepresented in managerial and leadership positions.[89]

Figure 5-5.
Percentage of non-owner workers who worked as a manager in each study-related industry, Seattle Metro Area, 2019-2023

Group	Architecture and engineering	Construction	Professional services	Goods and services
Race/Ethnicity				
Asian Pacific	2.0 %	12.3 %	4.8 % **	0.1 % **
Black	2.4 %	4.8 % **	4.4 %	2.2 % **
Hispanic	0.0 %	3.3 % **	5.7 %	1.9 % **
MENA	0.0 % †	17.4 %	9.8 %	2.3 % †
Native American	3.2 % †	9.2 %	10.6 %	6.5 %
Subcontinent Asian	2.8 %	8.2 % †	5.2 % *	1.7 % **
Other race POC	0.0 % †	10.3 %	4.1 %	9.9 % †
White	2.4 %	13.4 %	6.9 %	7.2 %
Gender				
Women	2.5 %	9.8 %	5.9 %	3.6 % *
Men	2.0 %	11.0 %	6.4 %	5.7 %
Veteran Status				
Veteran	2.2 %	11.2 %	7.1 %	6.9 %
Non-veteran	2.2 %	10.8 %	6.2 %	4.9 %
All individuals	**2.2 %**	**10.8 %**	**6.2 %**	**5.1 %**

Notes: *, ** Denotes that the difference in proportions between the POC group and White, between women and men, or between veterans and non-veterans is statistically significant at the 90% and 95% confidence levels, respectively.

† Denotes significant differences in proportions not reported due to small sample size.

Source: 2018-2022 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/..

We conducted regression analyses to assess whether there is an observable relationship between race, gender, and veteran status and holding a management position in the Seattle Metro Area even after accounting for various other personal factors such as age, education, and family status. Figure 5-6 presents the results of those analyses. In a marketplace where race, gender, and veteran status did not impact managerial positions, we would expect a regression to produce a coefficient of 0 for each group.

A result greater than 0 indicates an association between a demographic characteristic and a higher rate of promotion to managerial positions, which could be driven by racial preferencing in the marketplace. A result of less than 0 indicates an association between a demographic characteristic and a lower level of promotion to managerial positions, which could be driven by racial discrimination in the marketplace. As shown in Figure 5-6, even after accounting for other explanatory factors:

- Black, MENA, Native American, and other race POC workers are less likely to hold managerial positions in the A/E industry. In contrast, Asian Pacific, Hispanic, Subcontinent Asian, and White workers are more likely to hold managerial positions in the A/E industry.
- Hispanic and women workers are less likely to hold managerial positions in the construction industry.
- White workers are more likely to hold managerial positions in the goods and services industry.

Figure 5-6.
Explanatory variables of management in study-related industries, Seattle Metro Area, 2019-2023

Variable	Coefficient			
	Architecture and engineering	Construction	Professional services	Goods and services
Asian Pacific	1.7484 **	0.0000	-0.0762	-1.1956
Black	-2.0298 **	-0.0265	-0.0925	0.2273
Hispanic	1.7045 **	-0.3208 **	0.0639	-0.2423
MENA	-1.9699 **	0.1791	0.2265	-0.1632
Native American	-2.0088 **	0.0619	0.2314	0.6372
Subcontinent Asian	2.3891 **	0.1403	-0.1625	-0.3895
Other race POC	-2.0129 **	-0.1437	-0.1862	0.5224
White	2.1793 **	0.1098	-0.0044	0.6037 **
Women	0.1004	-0.3482 **	-0.0280	-0.1845
Veteran	-0.2838	-0.1224	-0.1173	-0.1126

Notes: The A/E regression included 1,100 observations.

The construction regression included 4,824 observations.

The professional services regression included 8,487 observations.

The goods and services regression included 1,470 observations.

** Denotes statistical significance at the 95% confidence level.

The referent for each set of categorical variables is as follows: men for the woman variable and non-veteran for the veteran variable. Coefficients for race categories represent deviations from the grand mean; all groups, including White, are shown.

Source: 2019-2023 ACS 5% Public Use Microdata samples. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa.

Study participants identified barriers to managerial positions that align with the outcomes of our quantitative assessments.

> *The Subcontinent Asian male owner of a goods and services company stated, "I was a supervisor at a security company before five years ago. And I felt like I couldn't enter the top echelon because of what I felt was just a lot of casual racism and such. Everyone of color in the company, we got to a certain rank, and no one ever got past there." [#18]*

The White male owner of a professional services firm stated, "There's a barrier at probably the higher level for accounting firms. Most women and anyone of any outside of the White male will not make it to partner at an accounting firm and they'll be turned away." [#22]

2. Financial capital. Financial capital is an important indicator of business formation and success.[90, 91, 92] Individuals can acquire financial capital through many sources, including wages, personal wealth, homeownership, and loans. If barriers exist in accessing financial capital, POCs, women, veterans, and people who identify as LGBTQ may have difficulty acquiring the capital necessary to start, operate, or expand businesses.

a. Wages and income. Wage and income gaps between POCs and White people and between women and men exist nationwide, even when researchers have accounted for various personal factors.[93, 94, 95, 96]

Washington ranks sixth among all states in the country for the largest gender wage gap. For every $1 a man makes, a woman in Washington makes an average of $0.72, while Black, Hispanic, and Native American women make $0.58, $0.46, and $0.53, respectively.[97] Nationally, LGBTQ workers earn about $0.90 for every $1.00 non-LGBTQ workers make, and these gaps are exacerbated for POC LGBTQ workers and transgender workers.[98] Such disparities may make it difficult for POCs, women, and LGBTQ workers to use wages as a source of business capital.

BBC observed wage disparities in the Seattle Metro Area consistent with trends observed nationally. Figure 5-7 presents the distribution and mean annual wages for workers in the Seattle Metro Area by race, gender, and veteran status. Black ($66,426), Hispanic ($68,609), and Native American workers ($74,387) earn less on average than White workers ($101,582). Subcontinent Asian ($159,830) and MENA workers ($148,199) earn more on average than White workers in the Seattle Metro Area. In addition, women ($77,840) earn less on average than men ($115,414). Veterans ($94,467) earn less on average than non-veterans ($98,812).

Figure 5-7.
Mean annual wages, Seattle Metro Area, 2019-2023

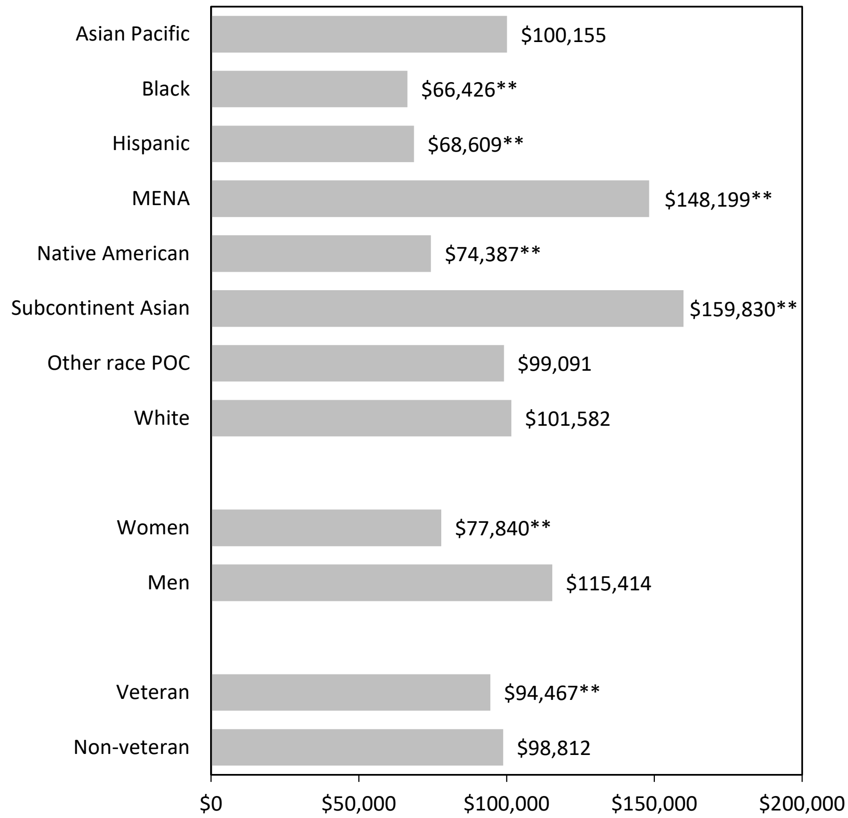
Notes:

The sample universe is all non-institutionalized, employed individuals aged 25-64 who are not in school, the military, or self-employed.

** Denotes that the difference in mean between the POC group and White workers, between women and men, or between veterans and all others is statistically significant at the 95% confidence level.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.



We also conducted regression analyses to assess whether race, gender, or veteran status are explanatory variables for the wage gaps we observe after accounting for various personal factors such as age, education, and family status. Figure 5-8 presents the results of those analyses. In a marketplace where race, gender, and veteran status do not impact a person's wage, we would expect a regression to produce a coefficient of 1 for each group. A result greater than 1 indicates an association between a demographic characteristic and a higher wage, which could be driven by racial preferencing in the marketplace. A result of less than 1 indicates an association between a demographic characteristic and a lower wage, which could be driven by racial discrimination in the marketplace. As shown in Figure 5-8, even after accounting for other explanatory factors, demographic characteristics negatively impact the earnings of Black, Hispanic, women, and veteran workers. Demographic characteristics positively impact the earnings of Subcontinent Asian and White workers.

Figure 5-8.
Explanatory variables in annual wage regression, Seattle Metro Area, 2019-2023

Variable	Exponentiated coefficient
Asian Pacific	1.001
Black	0.829 **
Hispanic	0.965 **
MENA	1.073
Native American	0.970
Subcontinent Asian	1.091 **
Other race POC	1.051
White	1.049 **
Women	0.766 **
Veteran	0.940 **

Notes:

The regression includes 57,610 observations.

The sample universe is all non-institutionalized, employed individuals aged 25-64 who are not in school, the military, or self-employed.

For ease of interpretation, the exponentiated form of the coefficients is displayed in the figure.

** Denotes statistical significance at the 95% confidence level.

The referent for race variables is the grand mean. The referent for women is men, and the referent for veterans is non-veterans.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

b. Personal wealth. Another source of business capital is personal wealth, which POCs, women, veterans, and people who identify as LGBTQ experience barriers to gaining.[99, 100, 101, 102] Nationally, White families have the highest levels of wealth compared to families of other races. In 2019, the average net worth of Black and Hispanic families was 14 percent and 17 percent of the average net worth of White households, respectively.[103] Nationally, women have lower average wealth compared to men.[104] These gender wealth gaps grow considerably for single women with children compared to single men.[105] Disparities in personal and household wealth across groups impact the ability of business owners to finance their own—or their family members'—companies, or to invest in their businesses' growth.

In the Seattle Metro Area, POC households ($97,400) have a lower median household income than White households ($110,200).[106] Nationally, women have lower average wealth compared to men.[107] These gender wealth gaps grow considerably for single women with children compared to single men.[108] LGBTQ households are more likely to live in poverty nationally, with LGBTQ households of color and transgender households even more likely to live in poverty than non-LGBTQ households.[109] In 2023, Washington had the third-highest number of veterans experiencing unsheltered homelessness in the country.[110] However, nationally, veteran households have consistently higher household incomes and are less likely to be in poverty than their non-veteran peers. This is especially the case for POC veterans and veterans without a college degree. [111]

Study participants described how personal wealth—or a lack thereof—impacts their ability to own and operate successful businesses in the Seattle Metro Area.

> *The Black male owner of an A/E firm stated, "Just in terms of barriers, there's always a financial barrier [to starting a business]. The way we overcame it really came out of pocket. Thank God it was two of us starting a business, myself and my brother, and that my wife and I have been working long enough that we created a sizable income. But the financial side is daunting to the point where you're looking at leveraging your house, trying to leverage everything. … But I think that's the same with any kind of business typically starting up, trying to bootstrap yourself. How do you do that? Where does that money come from?" [#1]*

> *The representative of a POC-serving trade association stated, "I think it touches on the conversations … around access to generational wealth. We're starting off from a place of*

deficit, whether it's knowledge, relationship, experience. ... There's still work to be done to get people to be at the same level playing field. ... If you come from a non-English speaking immigrant background, you don't have that built in. You don't have the uncle that's built a company before you that is guiding you through this. ... You're starting from scratch. You're basically swimming in the wide-open ocean trying to build your boat. Whereas others had a more soft launch, I would say." [FG #1]

c. Homeownership. Home equity can also be a key source of business capital and contribute to business development.[112, 113] However, POCs nationwide own homes at lower rates than their White peers.[114] These disparities in homeownership rates are driven at least in part by historical and systemic inequities.[115, 116, 117] POCs appear to face homeownership barriers in the Seattle Metro Area similar to those observed nationally. As shown in Figure 5-9, Asian Pacific (61%), Black (32%), Hispanic (41%), MENA (54%), Native American (52%), and Subcontinent Asian (54%) residents own homes at significantly lower rates than White residents (66%).

Figure 5-9.
Homeownership rates, Seattle Metro Area, 2019-2023

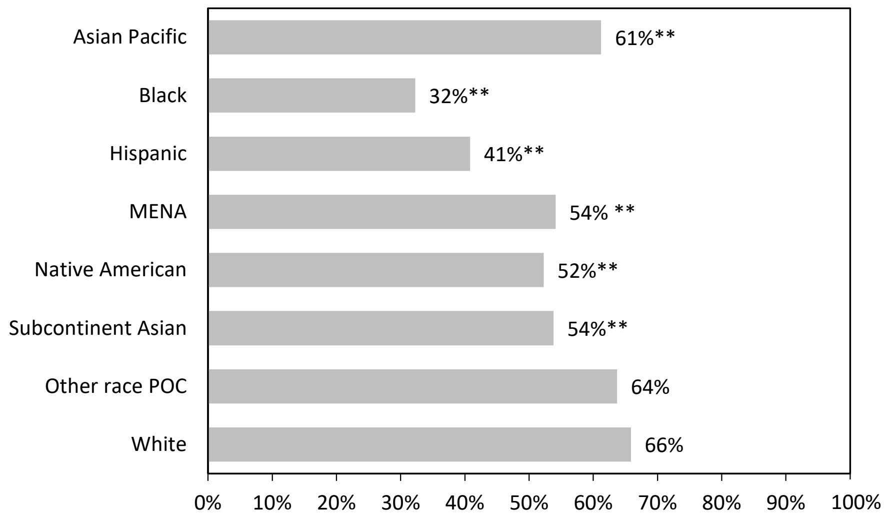
Notes:

The sample universe is all households.

** Denotes statistically significant differences from White homeowners at the 95% confidence levels.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.



In addition, POC homeowners tend to own homes worth less than those of White homeowners and tend to accrue less equity.[118, 119, 120] Researchers identify this loss in equity as a significant contributor to the racial wealth gap, which can impact the ability of POCs to start and operate their own businesses.[121] Differences in home values and equity can be attributed—at least, in part—to the depressed property values that tend to exist in racially segregated neighborhoods.[122, 123] Figure 5-10 presents median home values by the race and ethnicity of the owner in the Seattle Metro Area. As shown in Figure 5-10, Black ($460,000), Hispanic ($445,000), and Native American homeowners ($450,000) own homes that are worth less on average than those of White homeowners ($542,000). In contrast, Asian Pacific ($600,000), MENA ($700,000), and Subcontinent Asian homeowners ($830,000) own homes worth more on average than White homeowners.

While ACS does not collect data on LGBTQ identities, research indicates that people who identify as LGBTQ own homes at a lower rate than people who do not identify as LGBTQ, even after accounting for personal factors such as age. This homeownership gap is more pronounced for transgender people and for POCs who identify as LGBTQ.[124]

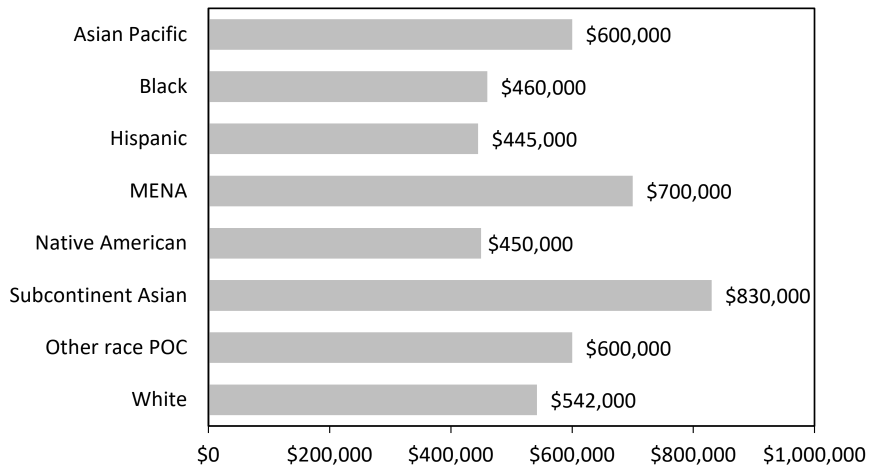
Figure 5-10.
Median home values, Seattle Metro Area, 2019-2023

Note:

The sample universe is all owner-occupied housing units.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.



d. Access to financing. POCs and women face many barriers in trying to access credit and financing, both for home and business capital. Some research attributes those barriers to various forms of race- and gender-based discrimination that exist in credit markets.[125, 126, 127, 128, 129, 130] BBC assessed difficulties POCs and women face in home and business credit markets.

i. Home credit. POCs, women, and people who identify as LGBTQ continue to face barriers when trying to access credit to purchase homes. For example, studies document discriminatory treatment of POCs, women, and people who identify as LGBTQ during pre-application processes and less favorable loan terms offered to these borrowers if they are approved for home loans.[131, 132,133] Disparities in home loan denial rates and in mortgage costs may prevent POCs, women, and people who identify as LGBTQ from accessing the wealth-building potential of homeownership.[134, 135, 136, 137, 138] To examine how POCs fare in the home credit market relative to White residents in the Seattle Metro Area, we analyzed home loan denial rates for high-income households—that is, households that make more than 120 percent of the area's median family income. We isolated high-income households to better assess the impact of race, not class, on loan denial rates. As shown in Figure 5-11, people who identify as Asian (6%), Black (7%), Hispanic (8%), and Native American (10%) in the Seattle Metro Area are denied home loans at greater rates than people who identify as White (4%).

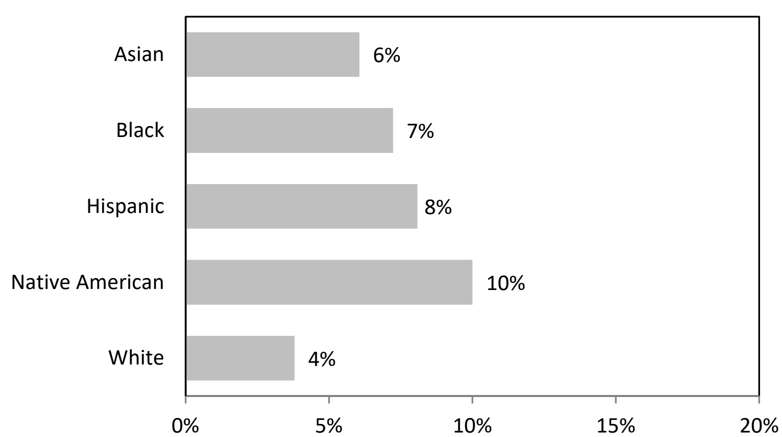
Figure 5-11.
Denial rates of conventional purchase loans for high-income households, Seattle Metro Area, 2024

Note:

High-income borrowers are those households with 120% or more of the HUD/FFIEC area median family income (MFI). The MFI data are calculated by the FFIEC.

Source:

FFIEC HMDA data 2024. We obtained raw data from the Federal Financial Institutions Examination Council's HMDA data tool: https://ffiec.cfpb.gov/data-browser/.



Some study participants described their personal experiences of barriers in accessing home credit.

> *The Black male veteran owner of a professional services firm stated, "Many years ago, I was trying to refinance a piece of property, and I had a 740 credit score and went to [a large national bank] with all my information, and [they] came back to me with a proposal to loan me money at like two a half percent above market rate and with double the points that I would've faced in the regular market. … [A friend later told me,] 'You're Black, so they sent you to the people that charge more money because they know that most Black people have bad credit scores and they're not able to get money regularly.'" [#2]*

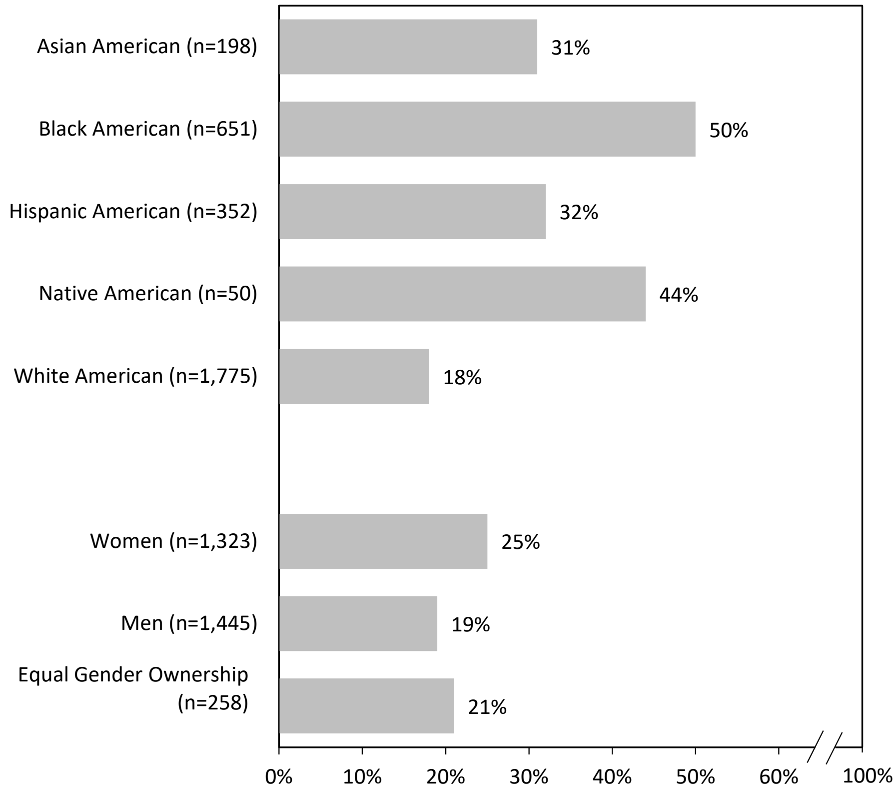
ii. Business credit. POC- and woman-owned businesses also face difficulties accessing business credit. For example, during pre-application meetings, POC-owned businesses are given less information about loans, are subjected to more information requests, and are offered less support than White-owned businesses.[139] In addition, POC- and woman-owned businesses are more likely to forego submitting business loan applications because of fears of denial.[140, 141, 142] They are also more likely to be denied business credit when they do seek loans and are less likely to receive all the financing they originally sought if their loans are approved.[143, 144, 145, 146] Finally, POC and women business owners face worse loan outcomes even after accounting for creditworthiness.[147, 148, 149] Without equal access to loans, POC- and woman-owned businesses operate with less capital than White-owned businesses and businesses owned by men, which may require them to rely more heavily on personal wealth to maintain their businesses.[150, 151, 152, 153]

BBC analyzed denial rates for loans, lines of credit, and cash advances for POCs and women relative to White people and men, respectively, at a national level. As shown in Figure 5-12, Asian- (31%), Black- (50%), Hispanic- (32%), and Native American-owned businesses (44%) are denied loans at greater rates than White-owned businesses (18%). In addition, woman-owned businesses (25%) are denied loans at greater rates than businesses owned by men (19%).

Figure 5-12.
Loan, line of credit, and cash advance denial rates, United States, 2022

Source:

2022 Small Business Credit Survey.



Study participants described their experiences and observations related to financing, including accessing loans or lines of credit. Some POC interviewees described their personal experiences of discrimination when accessing business credit, and representatives of business support organizations described the market-level trends they observe for small and diverse business owners, especially business owners who experience language barriers.

> *The Hispanic male owner of a DBE-, MBE-, Public Works Small Business Enterprise (PWSBE)-, and Small Contractors and Suppliers (SCS)-certified construction business stated, "I called every single construction outfit I knew that I had had a relationship with, all my CPA [certified public accountant] contacts because we had to have CPA-reviewed financial statements to have a line of credit and made every call that I could and interviewed something like 11 banks, of which seven shot us down, three gave us really crappy offers. And then finally, a local at the time credit union … was willing to give us decent enough terms…I got the impression from [my] business lender that somehow, I was a second-class person." [#4]*
>
> *The Black male owner of a professional services firm stated, "[I] definitely can't walk into a bank and get a bank loan like a guy named Adam can." [#7]*
>
> *The representative of a chamber of commerce stated, "I mean, there's still discriminatory lending practices and redlining. … There are studies about that and the lack of generational wealth in certain communities that all are contributing factors to building a lending relationship with banks and that's just really important to be able to kick off. So, there is a major disadvantage, especially for people of color." [FG #1]*

The representative of a chamber of commerce stated, "It's relatively hard for a startup business to get access to capital because everything still rides on their personal credit score as well and the opportunity to connect with a bank who actually believes that their business is not going to fail. … [And] the thing is that a lot of marginalized communities don't have the same access to credit opportunities as others do. … So it's really hard to maneuver all these different financial institutions, banks, credit unions, third type lenders. And for business owners to do that, especially when they're just starting out, is a lot of work and a lot of them want to work in their business and don't have the capacity to work on their business." [FG #1]

The representative of a POC-serving chamber of commerce stated, "Language is also [a barrier]. I've heard from several women that are Ukrainian who are Caucasian women, but yet their language skills are different. They're discriminated against on their applications because of that." [FG #1]

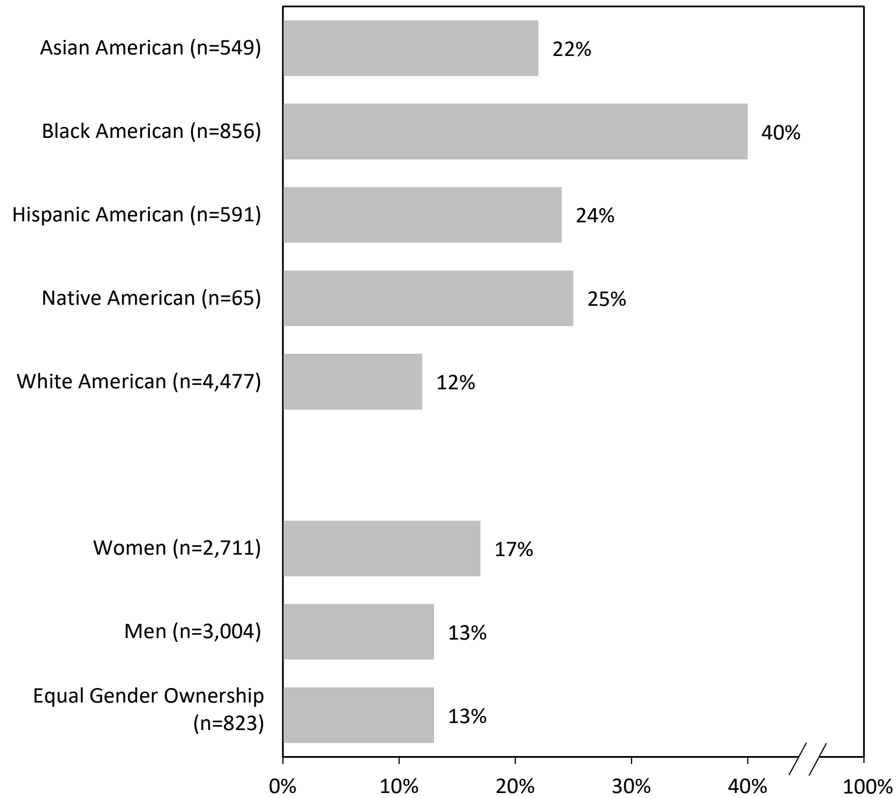
A participant in a focus group stated, "A lot of businesses we work with who need a lot of finance support, back-end bookkeeping, accounting. … It's very common, especially if they're limited English speakers that they're working with an accountant or a tax preparer; but they're not really working with a CPA to help them do those financial plannings. … It's more about, 'Let me get my documents at the end of the year, file my taxes, check that box.' Where they really need is more of that financial planning, financial support, back-end bookkeeping support, and there's just not [support in those areas]. The number one question we get asked is 'Do you know a good accountant that speaks Spanish?'" [FG #1]

BBC analyzed the degree to which POC- or woman-owned businesses do not apply for loans due to a fear of denial at a national level. Figure 5-13 presents the rates at which those businesses forego loan applications due to fears of denial relative to White-owned businesses and businesses owned by men, respectively. Nationally, Asian- (22%), Black- (40%), Hispanic- (24%), and Native American-owned businesses (25%) are more likely than White-owned businesses (12%) and woman-owned businesses (17%) are more likely than businesses owned by men (13%) to not apply for loans due to fear of denial.

Figure 5-13.
Businesses that did not apply for loans due to fear of denial, United States, 2022

Source:

2022 Small Business Credit Survey.



3. Business ownership. Nationally, there has recently been substantial growth in the number of POC-, woman-, and LGBTQ-owned businesses. From 2017 to 2020, the number of woman-owned businesses with employees increased by 9 percent, the number of Black-owned businesses increased by 14 percent, and the number of Hispanic-owned businesses increased by 17 percent.[154, 155] Nationally, researchers observed a 50 percent increase in businesses owned by people who identify as LGBTQ between 2023 and 2025.[156]

Yet barriers remain that make business ownership difficult for diverse business owners. People who identify as Black, Hispanic, and women are still less likely to start businesses than White men.[157, 158, 159, 160, 161] In addition, POCs and women have not been able to enter all industries as business owners equally; these owners disproportionately own businesses in industries that require less human and financial capital to be successful and that already include large concentrations of POCs and women.[162, 163, 164] BBC examined rates of self-employment (i.e., business ownership) in the Seattle Metro Area by race, gender, and veteran status. As shown in Figure 5-14:

- Asian Pacific (8.0%), Black (0.0%), Hispanic (5.6%), and Subcontinent Asian residents (4.5%) own A/E businesses at rates less than that of White residents (13.6%).
- Black (6.4%), Hispanic (11.2%), and Native American residents (10.9%) own construction businesses at rates less than that of White residents (17.9%). Subcontinent Asian residents (36.0%) own construction businesses at a rate higher than that of White residents. Women (11.1%) own construction businesses at a rate less than that of men (16.8%).
- Asian Pacific (7.1%), Hispanic (9.1%), MENA (6.7%), and Subcontinent Asian residents (1.8%) own professional services businesses at rates less than that of White residents (14.6%). Women

(13.5%) own such businesses at a rate higher than that of men (10.1%). Veterans (19.5%) own professional services businesses at a rate higher than that of non-veterans (11.0%).

- Native American residents (1.0%) own goods and services businesses at a rate less than that of White residents (4.1%).

Figure 5-14.
Self-employment rates in study-related contracting industries, Seattle Metro Area, 2019-2023

Group	Architecture and engineering	Construction	Professional services	Goods and services
Race/Ethnicity				
Asian Pacific	8.0 % **	16.9 %	7.1 % **	2.2 %
Black	0.0 % **	6.4 % **	14.7 %	1.8 %
Hispanic	5.6 % **	11.2 % **	9.1 % **	2.8 %
MENA	2.1 % †	9.3 %	6.7 % **	3.8 % †
Native American	23.2 % †	10.9 % **	19.8 %	1.0 % **
Subcontinent Asian	4.5 % **	36.0 % *	1.8 % **	2.5 %
Other race POC	3.8 % †	25.5 %	13.1 %	0.0 % †
White	13.6 %	17.9 %	14.6 %	4.1 %
Gender				
Women	9.8 %	11.1 % **	13.5 % **	3.5 %
Men	12.3 %	16.8 %	10.1 %	3.2 %
Veteran Status				
Veteran	12.4 %	15.0 %	19.5 % **	4.7 %
Non-veteran	11.4 %	16.2 %	11.0 %	3.1 %
All individuals	**11.5 %**	**16.1 %**	**11.3 %**	**3.3 %**

Notes: *, ** Denotes that the difference in proportions between the POC group and White group, between women and men, or between veterans and non-veterans is statistically significant at the 90% and 95% confidence level, respectively.

† Denotes significant differences in proportions not reported due to small sample size.

Source: 2019-2023 ACS 5% Public Use Microdata samples. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

BBC also conducted regression analyses to determine whether differences in business ownership rates in the Seattle Metro Area are driven by race and gender, even after statistically controlling for various personal factors such as income, education, and familial status. Figure 5-15 presents the results of those analyses. In a marketplace where race, gender, and veteran status did not impact a person's business ownership, we would expect a regression to produce a coefficient of 0 for each group. A result greater than 0 indicates there is a positive association between a demographic characteristic and business ownership, which could be driven by racial preferencing in the marketplace. A result of less than 0 indicates there is a negative association between a demographic characteristic and business ownership, which could be driven by racial discrimination in the marketplace. As shown in Figure 5-15, after statistically controlling for other variables:

- There is a negative association between being Black or a veteran and business ownership in the Seattle Metro Area A/E industry. There is a positive association between being Asian Pacific, Native

American, and White and business ownership for A/E workers in the Seattle Metro Area A/E industry.

- There is a negative association between being Black, Hispanic, a woman, and a veteran and business ownership in the Seattle Metro Area construction industry. There is a positive association between being Subcontinent Asian and business ownership in the Seattle Metro Area construction industry.
- There is a negative association between being Subcontinent Asian and business ownership in the Seattle Metro Area professional services industry. There is a positive association between being Black, Native American, and White and being a woman and business ownership Seattle Metro Area professional services industry.
- There is a negative association between being Subcontinent Asian and other race POC and business ownership in the Seattle Metro Area goods and services industry. There is a positive association between being Black, Hispanic, MENA, and White and business ownership in the Seattle Metro Area goods and services industry.

Figure 5-15.
Explanatory variables in business ownership regression, Seattle Metro Area, 2019-2023

	Coefficient			
Variable	Architecture and engineering	Construction	Professional services	Goods and services
Asian Pacific	0.5845 *	-0.0216	-0.0939	0.7933
Black	-3.8428 **	-0.5037 **	0.3791 **	1.0778 *
Hispanic	0.5086	-0.2250 **	0.0845	1.1492 *
MENA	0.0356	-0.2514	-0.1640	1.0983 *
Native American	1.1302 **	-0.2313	0.3747 **	0.8475
Subcontinent Asian	0.7662	0.9293 **	-0.7460 **	-3.0831 **
Other race POC	-0.1194	0.2725	0.0637	-3.0849 **
White	0.9370 **	0.0313	0.1019 **	1.2020 **
Women	-0.1116	-0.3774 **	0.1558 **	0.1130
Veteran	-0.7065 **	-0.4521 **	-0.0227	0.0076

Notes: The A/E regression included 1,165 observations.
The construction regression included 5,282 observations.
The professional services regression included 9,254 observations.
The goods and services regression included 1,381 observations.
*, ** Denotes statistical significance at the 90% and 95% confidence levels, respectively.

Source: 019-2023 ACS 5% Public Use Microdata samples. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

4. Business success. Research indicates that, nationally, POC- and woman-owned businesses fare worse than businesses owned by White men. For example, POC- and woman-owned businesses are more likely to experience financial challenges relative to those owned by people who identify as White and men, respectively.[165, 166] Study participants described barriers to business success that they observe and experience in the marketplace. Many of the barriers they described relate to experiences of discrimination that limit the work that business owners obtain and contribute to barriers to business success.

> *A participant in a focus group stated, "Being one of the Caucasian women that had success in my industry and then working with and spending a significant amount of time with minority firms and giving them opportunities and being present around those clients and seeing the interaction that they have is not the same. I mean, I can present them as the owner of the business and a lot of these clients will continuously talk to me [instead of the business owner] … whether it's [because of] flat out prejudice, whether it's just discomfort because they look different than them. It still exists and it's definitely a hindering factor." [FG #2]*
>
> *The Black male veteran owner of a construction firm stated, "I know I've turned around and I've lost some jobs because I was Black. … I quit turning around and saying I was the owner. I made business cards, I didn't put my face on it." [#9]*

In addition, research indicates that POC- and woman-owned businesses are often less successful than those owned by White people and men, respectively, based on a number of different indicators such as profits and business size.[167, 168, 169, 170] Research indicates that disparities in the success of businesses owned by men compared to women can be attributed in part to gendered perceptions of women business owners, particularly women entrepreneurs, as less competent than their male counterparts even when they have better qualifications for a leadership position, resulting in greater challenges founding and sustaining their own businesses. These findings reflect broader social inequities and gendered expectations of women.[171]

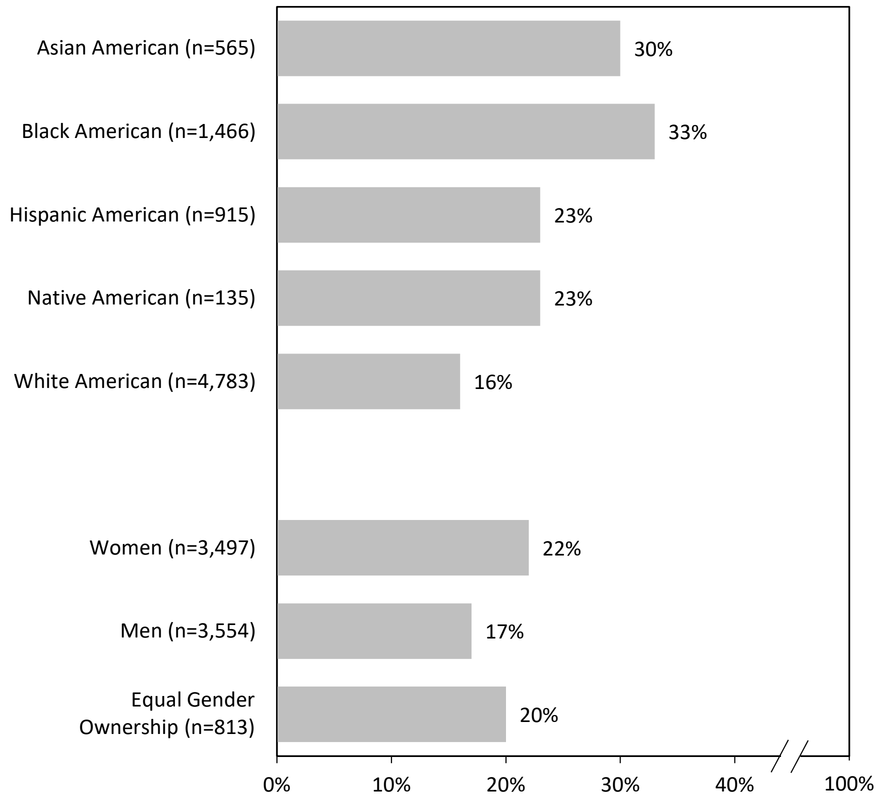
Nationally, certain groups of POC-owned businesses and woman-owned businesses are substantially more likely to be small in size compared to businesses owned by White people and men, respectively. According to JPMorgan Chase, Black- and Hispanic-owned businesses are less likely than White- and Asian-owned businesses to earn at least $1 million in annual revenue within five years of their existence as are woman-owned businesses compared to businesses owned by men.[172] In addition, sole proprietorships make up a larger share of Black- (96.3%), Latino- (92.4%), and Native American-owned businesses (92.4%) compared to White- (81.1%) and Asian-owned businesses (80.1%).[173] BBC examined data on business financial conditions, business receipts, and business owner earnings to further explore business success in the Seattle Metro Area.

a. Financial condition. BBC examined the reported *financial condition* of businesses in the United States by the race and gender of their owners. Financial condition refers to a business' increase or decrease in revenue and number of employees in the past 12 months as well as anticipated increase in revenue and number of employees over the next 12 months. Financial condition also measures financial challenges a business has experienced in the past 12 months including weak sales, difficulty paying expenses, uneven cash flow, and credit availability. As shown in Figure 5-16, Asian- (30%), Black- (33%), Hispanic- (23%), and Native American-owned businesses (23%) are more likely than White-owned businesses (16%) to self-report being in poor financial condition. In addition, woman-owned businesses (22%) are more likely than businesses owned by men (17%) to report being in poor financial condition. Marketplace barriers faced by POCs and woman likely drive these observable differences in business success, and are likely especially exacerbated by the COVID-19 pandemic, during which POC-owned businesses reported more significant financial stress and a lesser likelihood of having their financing needs met than their White-owned counterparts.[174]

Figure 5-16.
Businesses in poor financial condition, United States, 2022

Source:

2022 Small Business Credit Survey.



Study participants described a lack of financial support—including accessible loans, grants, and financing—to address the needs of small and diverse businesses in the marketplace. The need for financial support can be exacerbated by these businesses' experiences of poor financial condition, and by the rising cost of doing business in the Seattle Metro Area.

> *A participant in a public meeting stated, "We have noticed a higher demand for grants or general capacity support, especially for emerging businesses. I think during COVID we saw a huge influx of government support. With this new administration, that is kind of drying up. [But] the demand is still there, I think. Word got out and people are still looking for those resources." [PT #1]*
>
> *The representative of a POC-serving trade association stated, "I have heard that things are just getting more expensive. ... Especially with tariffs now, everything's just getting more and more expensive." [FG #1]*
>
> *The representative of a regional chamber of commerce stated, "[The Seattle Metro Area] probably [has] one of the highest costs of doing business in the country in general. So you're at a disadvantage straight away just because of the environment you're in. ... Rent, salary, cost of goods, cost of services, taxes. Washington in general and Seattle—probably the Puget Sound region specifically—probably [has] some of the higher costs of doing business." [FG #2]*

b. Business receipts. BBC also examined data on business receipts to assess whether POC- and woman-owned businesses in the Seattle Metro Area earn as much as those owned by people who identify as White and men, respectively. Figure 5-17 indicates that Asian- ($1.6 million), Black- ($1.2 million), Hispanic- ($1.0 million), and Native Hawaiian and Other Pacific Islander-owned businesses ($1.0 million) have mean annual business receipts less than White-owned businesses ($3.4 million). In addition, woman-owned businesses ($1.4 million) have mean annual business receipts less than those owned by men ($4.0 million).

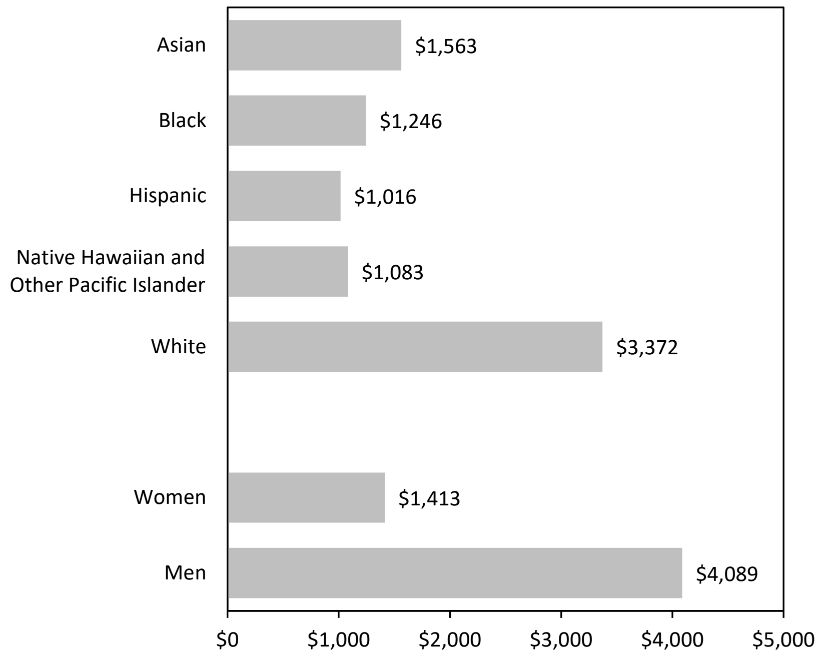
Figure 5-17.
Mean annual business receipts (in thousands), Seattle–Tacoma–Bellevue, WA, Metro Area

Note:

Includes employer firms. Does not include publicly traded companies or other firms not classifiable by race/ethnicity and gender.

Source:

2022 Annual Business Survey.



Study participants described barriers to business earnings, which include barriers business owners may face in the marketplace that make it difficult to obtain work and grow their businesses. Specifically, participants described how the COVID pandemic impacted businesses' ability to continue operating.

> *The representative of a community finance organization stated, "Mainly, there's just been a lot of changes in the City of Seattle, especially related to small businesses, their ability to be able to operate. It started with COVID when a lot of things were shut down, that affected a lot of small businesses, that either caused them to close or relocate." [#FG2]*

c. Business owner earnings. BBC also analyzed the earnings of business owners to assess whether business owners who are POCs, women, and veterans in the Seattle Metro Area earn as much as business owners who identify as White, men, and non-veterans, respectively. As shown in Figure 5-18, Black ($41,648), Hispanic ($43,052), MENA ($48,954), and Subcontinent Asian business owners ($46,961) earn less on average than White business owners ($62,920), and women business owners ($42,658) earn less on average than male business owners ($72,680). In contrast, veteran business owners ($69,475) earn more on average than non-veteran business owners ($58,381).

Figure 5-18.
Mean annual business owner earnings, Seattle Metro Area, 2019-2023

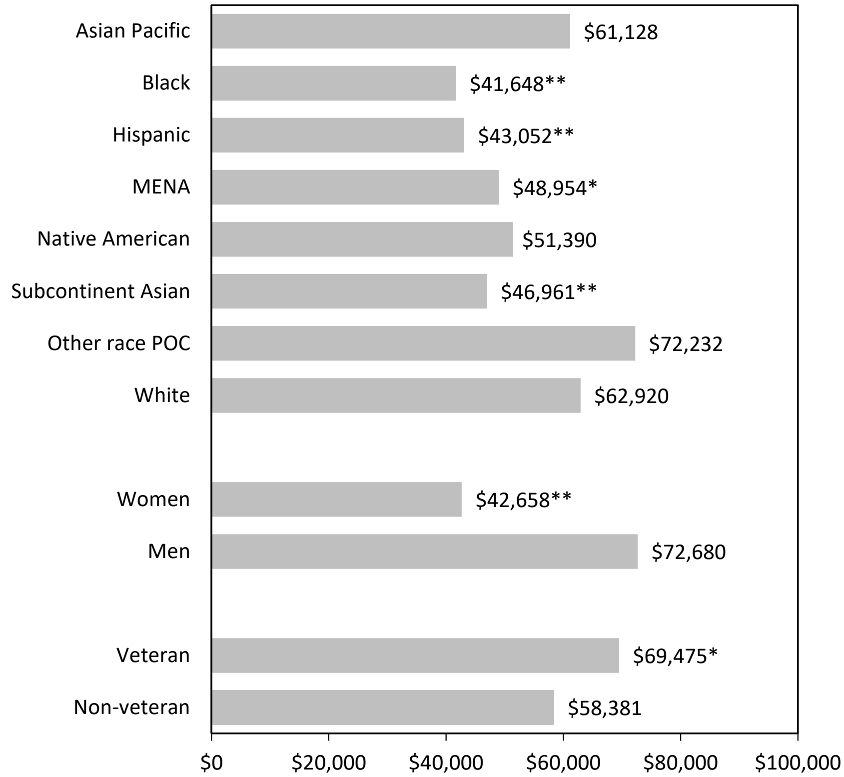
Notes:

The sample universe is business owners aged 16 and over who reported positive earnings. All amounts in 2023 dollars.

*, ** Denotes that the difference in mean between the POC group and White owners, between women and men, or between veterans and non-veterans is statistically significant at the 90% and 95% confidence levels, respectively.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.



BBC also conducted regression analyses to determine whether demographics impact business owner earnings in the Seattle Metro Area after statistically controlling for other variables such as age, education, and family status. Figure 5-19 presents the results of those analyses. In a marketplace where race, gender, and veteran status did not impact a business owner's earnings, we would expect a regression to produce a coefficient of 1 for each group. A result greater than 1 indicates there is a positive association between demographic characteristics and business owner earnings, which could be driven by racial preferencing in the marketplace. A result of less than 1 indicates there is a negative association between demographic characteristics and business owner earnings, which could be driven by racial discrimination in the marketplace. As shown in Figure 5-19, even after accounting for other variables, demographic characteristics negatively impact the earnings of Black business owners and women business owners, while demographic characteristics positively impact the earnings of Asian Pacific and White business owners.

Figure 5-19.
Explanatory variables in business earnings regression, Seattle Metro Area, 2019-2023

Variable	Exponentiated coefficient
Asian Pacific	1.397 **
Black	0.753 **
Hispanic	1.054
MENA	0.993
Native American	0.883
Subcontinent Asian	0.871
Other race POC	0.975
White	1.210 **
Women	0.517 **
Veteran	0.780

Notes:

The regression includes 5,385 observations.

For ease of interpretation, the exponentiated form of the coefficients is displayed in the figure.

The sample universe is business owners aged 16 and over who reported positive earnings.

** Denotes statistical significance at the 95% confidence level.

Coefficients for race categories represent deviations from the grand mean; all groups, including White, are shown. The referent variable for women is men.

Source:

2019-2023 ACS 5% Public Use Microdata sample. We obtained raw data through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

D. Summary

BBC's analyses of marketplace conditions indicate that POCs and women face barriers in Sound Transit's marketplace, including barriers related to employment, education, and industry experience. While we were only able to assess limited marketplace-level data about people who identify as LGBTQ and the businesses they own in the Seattle Metro Area, national trends suggest that LGBTQ people face barriers that may impact the success of the businesses they own and operate. Results indicated there were mixed outcomes for veterans and veteran business owners, but some of our analyses indicate that they experience barriers in the marketplace that may impact the success of the businesses they own.

When POCs and women do own their own businesses, they do so less often than their White and male peers, and their businesses are less successful than businesses owned by White and male peers. Both existing research and primary research we conducted indicate that these disparities exist in part due to marketplace barriers to acquiring human capital, accruing financial capital, opening businesses, and operating successful businesses. In many cases, there is evidence those disparities exist even after accounting for various personal factors. We observe that many disparities are due—at least, in part—to race- and gender-based discrimination. Barriers in the marketplace likely have important effects on the ability of POCs and women to start businesses in industries relevant to Sound Transit's contracting—A/E, construction, professional services, and goods and services—and to operate those businesses successfully. Any difficulties those individuals face in starting or operating businesses may reduce their availability for government work and the degree to which they are able to successfully perform such work.

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CHAPTER 6.
Availability Analysis

BBC Research & Consulting (BBC) analyzed the availability of small businesses (SBs) and person of color (POC)-; woman-; veteran; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *diverse businesses* for the purpose of this study) *ready, willing, and able* to perform work on the construction, architecture and engineering (A/E), professional services, and goods and services contracts and procurements Sound Transit awards.[1, 2] Chapter 6 describes BBC's availability analysis in four parts:

A. Purpose;

B. Approach;

C. Methodology; and

D. Results.

Appendix C provides additional supporting information related to the availability analysis.

A. Purpose

BBC examined the availability of SBs and diverse businesses for Sound Transit prime contracts and subcontracts to use as benchmarks against which to compare the actual participation of those businesses in organization work (i.e., assessing *disparities*). Assessing disparities between participation and availability allowed the study team to determine whether certain business groups were *substantially underutilized* during the study period relative to their availability for Sound Transit work. Estimating availability is useful to Sound Transit in understanding the businesses that exist in its marketplace and in setting overall aspirational goals for the participation of SBs and diverse businesses in the work it awards, as well as in setting *contract-specific goals* for the participation of those businesses in its work, if Sound Transit determines the use of such measures is appropriate.[3]

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[1] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

[2] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84 million).

[3] The United States Department of Transportation (USDOT) issued an Interim Final Rule 2025 (IFR 2025) on October 3, 2025 that significantly amends 49 Code of Federal Regulation to adjust the certification criteria, goal setting, and reporting requirements for recipients of USDOT funds required to implement the Federal Disadvantaged Business Enterprise (DBE) Program. This chapter refers to the Federal DBE Program as Sound Transit implemented it during the study period, but it does not account for future-looking adjustments to the Federal DBE Program and its implementation that the agency is undertaking in compliance with IFR 2025.

B. Approach

BBC's availability analysis focused on specific areas of work, or *subindustries*, associated with the contracts and procurements Sound Transit awarded between January 1, 2020 and December 31, 2024 (the *study period*), which served as a proxy for the work it might award in the future. We began the analysis by identifying the specific subindustries in which Sound Transit spends the majority of its contracting dollars as well as the geographic area in which the majority of the businesses with which Sound Transit spends those contract and procurement dollars are located (i.e., the *relevant geographic market area,* or *RGMA*). We determined that Sound Transit's RGMA is the three-county region of the Seattle Metro Area: King, Pierce, and Snohomish counties (collectively referred to as the *Sound Transit marketplace*).

1. Availability surveys. After identifying the RGMA, BBC conducted extensive surveys with 1,124 businesses in the marketplace to develop a representative and unbiased database of potentially available businesses located in the RGMA that perform relevant types of work. The objective of the surveys was not to collect information from every relevant business operating in the local marketplace, but rather to collect information from an unbiased subset of the relevant business population that appropriately represents the entire relevant business population. This approach allowed us to estimate the availability of SBs and diverse businesses for Sound Transit work in an accurate and statistically valid manner. BBC worked with Davis Research to conduct telephone and online surveys with business owners and managers to identify local businesses potentially available for Sound Transit prime contracts and subcontracts.[4]

a. Business directory. BBC and Davis Research began the process by compiling a *phone book* of all types of businesses—regardless of size or ownership characteristics—that perform relevant work and are located within the RGMA, based primarily on information from Dun & Bradstreet (D&B) Marketplace. We compiled information about all business establishments D&B lists under 8-digit work specialization codes that were most related to the contracts and procurements Sound Transit awarded during the study period. We obtained listings on 6,116 local businesses that perform work related to those work specializations. We did not have working phone numbers for 1,044 of those businesses, but we attempted availability surveys with the remaining 5,072 businesses.

b. Survey information. The study team conducted availability surveys with businesses listed in our phone book to collect various pieces of information about each business, including:

- Status as a private sector business (as opposed to a public agency or nonprofit organization);
- Status as a subsidiary or branch of another company;
- Primary lines of work;
- Interest in performing work for government organizations;
- Interest in performing work as a prime contractor or subcontractor;
- Largest and smallest prime contract or subcontract the business can perform;
- Whether the business can work or serve customers in the Sound Transit marketplace;

[4] BBC defines a "local business" as a business with a physical presence in the RGMA.

- Business size in terms of revenue and number of employees;
- The race/ethnicity, gender of the owner(s);
- Veteran status of the owner(s); and
- Whether the owner(s) identify as LGBTQ.

c. Availability database. After conducting availability surveys, BBC compiled an *availability database* that included information about businesses potentially available for relevant Sound Transit contracts and procurements. We included businesses in the availability database if they reported possessing *all* the following characteristics as part of surveys:

- Being a private sector business that is active and operational;
- Having primary or secondary lines of work in industries and subindustries directly relevant to Sound Transit contracts and procurements;
- Being able to perform work or serve customers in the Sound Transit marketplace; and
- Being interested in working for government organizations.

After those exclusions and reconciliations, BBC compiled a database of 425 businesses we considered potentially available for Sound Transit work. Figure 6-1 presents the percentage of businesses in the availability database that were SBs and that were POC-, woman-, veteran-, and LGBTQ-owned. As shown in Figure 6-1:

- 91.4 percent of those businesses were SBs;
- 17.9 percent of those businesses were POC-owned;
- 12.3 percent of those businesses were White woman-owned;
- 5.8 percent of those businesses were veteran-owned; and
- 2.1 percent of those businesses were LGBTQ-owned.

The businesses that were counted as SBs, veteran-owned businesses, and LGBTQ-owned businesses were not exclusive of other business categories. For example, if a business was owned by a Black person who was also a veteran, that business would have been counted as both a Black-owned business and a veteran-owned business. These percentages reflect a simple count of businesses with no analysis of their availability for specific Sound Transit contracts or procurements and thus represent only a first step toward analyzing the availability of diverse businesses for that work.

Figure 6-1.
Percent of businesses in the availability database by relevant business group

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	
Business size	
SBs	91.4 %
Emerging SBs	68.1 %
Rising SBs	15.8 %
Other SBs	7.4 %
Race and gender	
POC	17.9 %
Asian Pacific	3.7 %
Black	6.5 %
Hispanic	4.7 %
MENA	0.5 %
Native American	1.6 %
Subcontinent Asian	0.9 %
White woman	12.3 %
Veteran status	
Veteran	5.8 %
LGBTQ status	
LGBTQ	2.1 %

C. Methodology

BBC used a *custom census* approach—which accounts for specific business, contract, and procurement characteristics such as work type, role, size, capacity, and interest—to estimate the availability of SBs and diverse businesses for Sound Transit work. We analyzed information from the availability database to develop dollar-weighted estimates of the degree to which SBs and diverse businesses are ready, willing, and able to perform work on the contracts and procurements Sound Transit awards. Those estimates represent the percentage of contracting and procurement dollars one would expect Sound Transit to award to SBs and diverse businesses based on their availability for the specific types and sizes of corresponding contracts and procurements.

1. Calculations. BBC only considered a portion of the businesses in the availability database potentially available for any given prime contract or subcontract Sound Transit awarded during the study period (referred to generally as a *contract element*). Figure 6-2 provides an example of how we calculated SB availability for a subcontract associated with an A/E prime contract Sound Transit awarded during the study period.

Figure 6-2.
Example of calculating availability for a Sound Transit subcontract

On a contract Sound Transit awarded during the study period, the prime contractor awarded a subcontract worth $111,000 for engineering services. To determine the overall availability of diverse businesses for the subcontract, BBC identified businesses in the availability database that:

a. Perform engineering work;
b. Perform work as a subcontractors; and
c. Are able to perform work of equal size or larger than $111,000.

We found 52 businesses in the availability database that met those criteria. Forty five of these businesses were SBs. Thus, the availability of SBs for the subcontract was 86.5 percent (i.e., 45/52 x 100 = 86.5).

BBC began the process by identifying the type of work, contract size, and contract role of each contract element, and then took the following steps to estimate the availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for each one:

1. We identified businesses in the availability database that reported they:
   - Perform work in that particular role (i.e., as a prime contractor or subcontractor);
   - Perform that type of work; and
   - Can perform work of that size or larger.
2. We then counted the number of SBs, POC-owned, woman-owned, veteran-owned, LGBTQ-owned, and all other businesses in the availability database that met the criteria in step 1.
3. We translated the counts of businesses in step 2 into percentages for each relevant business group relative to all businesses we identified as available for the contract element.

BBC repeated the above steps for each contract element Sound Transit awarded within a particular contract set, and then multiplied the percent availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for each contract element by the dollars associated with it. We then added results across all contract elements and divided by the total dollars Sound Transit awarded as part of the contract set, resulting in dollar-weighted estimates of the percent of relevant contract and procurement dollars one would expect Sound Transit to award to SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses based on their availability for specific types and sizes of that work.

2. Markov Chain Monte Carlo (MCMC). With any survey effort where the survey sample does not represent the entire population and the response rate is less than 100 percent, there is some amount of random error or potential for unintended bias associated with the survey process itself. BBC used MCMC statistical models to adjust our observed availability estimates to help account for any such issues as part of our availability survey process. For each MCMC model, we specified a *prior*, which represented any initial knowledge we have about the population of local businesses potentially available for relevant contracts and procurements Sound Transit awarded. We rely on marketplace data from the United States Census Bureau, which provides percentages of SBs and POC-, woman-, and veteran-owned businesses located in the Seattle-Tacoma-Bellevue, Washington metropolitan statistical area that work in the local construction, A/E, professional services, and goods and services industries as a prior for these businesses. Because the United States Census Bureau does not collect data on the LGBTQ identity of business owners, we rely on marketplace data from the Small Business Credit Survey as a prior for LGBTQ-owned businesses. Using priors in our model allows us to better estimate business availability for each contract element included in the analysis.

After specifying the prior, we ran four MCMC models, each with four sequential chains of Monte Carlo simulations for each contract element in our analysis:

- One model for estimating the availability of SBs;
- One model for estimating the availability of POC- and woman-owned businesses;
- One model for estimating the availability of veteran-owned businesses; and
- One model for estimating the availability of LGBTQ-owned businesses.

Each chain included 4,000 simulations, so, in total, we ran 24,000 Monte Carlo simulations for each model for each contract element.[5] Essentially, the model generated estimated availability for each contract element as if we had repeatedly run our availability survey process 24,000 times, resulting in less random error and mitigating any unintended bias in the survey process. The availability estimates we report in the next section and in subsequent analyses are the availability estimates we observed for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses adjusted for results from the MCMC process.

D. Results

BBC estimated the overall availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for the construction, A/E, professional services, and goods and services work Sound Transit awards as well as separately for various subsets of contracts and procurements Sound Transit awards. For each set of contracts and procurements, we present availability estimates for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses. For each set of contracts, we present availability estimates separately for each relevant SB tier: Rising SBs, Emerging SBs, and all other SBs. We also present availability estimates for all POC-owned businesses together and separately for each relevant POC business group: Asian Pacific-owned businesses, Black-owned businesses, Hispanic-owned businesses, Middle Eastern and North African (MENA)-owned businesses, Native American-owned businesses, and Subcontinent Asian-owned businesses.

1. Overall. Figure 6-3 presents dollar-weighted estimates of the overall availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for all of Sound Transit's contracts and procurements awarded during the study period. As shown in Figure 6-3:

- The availability of SBs considered together for Sound Transit work is 69.9 percent, indicating that one might expect the agency to award approximately 69.9 percent of its contract and procurement dollars to SBs based on their availability for that work.
  - The SB tier that exhibits the greatest availability for Sound Transit work is Emerging SBs (50.5%), followed by Rising SBs (12.9%) and other SBs (6.5%). While Emerging SBs are the smallest SBs, their relatively high availability is consistent with BBC's findings that the vast majority of SBs in the Sound Transit marketplace are Emerging SBs (for more information, see Chapter 9).
- The availability of POC-owned businesses considered together for Sound Transit work is 17.5 percent.
  - The individual POC-owned business groups that exhibit the greatest availability for Sound Transit work are Asian Pacific- (6.0%) and Hispanic-owned businesses (5.9%).
- The availability of White woman-owned businesses for Sound Transit work is 11.0 percent.
- The availability of veteran-owned businesses for Sound Transit work is 4.4 percent.
- The availability of LGBTQ-owned businesses for Sound Transit work is 2.3 percent.

[5] Across all the more than 1,677 contract elements included in the analyses, there were 255 unique sets of combinations of business and contract characteristics (i.e., availability sets). For computational efficiency, we ran MCMC simulations on each unique availability set and then applied them to each appropriate contract element.

Figure 6-3.
Availability estimates for Sound Transit work

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	
Business size	
SBs	69.9 %
Emerging SBs	50.5 %
Rising SBs	12.9 %
Other SBs	6.5 %
Race and gender	
POC	17.5 %
Asian Pacific	6.0 %
Black	1.7 %
Hispanic	5.9 %
MENA	1.5 %
Native American	0.8 %
Subcontinent Asian	1.6 %
White woman	11.0 %
Veteran status	
Veteran	4.4 %
LGBTQ status	
LGBTQ	2.3 %

2. Industry. BBC examined the availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for Sound Transit construction, A/E, professional services, and goods and services work to assess whether the availability of those businesses differs by industry. As shown in Figure 6-4:

- The availability of SBs considered together is higher for Sound Transit's professional services work (88.6%) than for its goods and services (76.8%), A/E (68.2%), and construction work (63.5%). The industries for which SBs exhibit the greatest availability differ by SB tier:
  - Emerging SBs exhibit the greatest availability for professional services work (77.3%).
  - Rising SBs exhibit the greatest availability for goods and services work (16.7%).
  - Other SBs exhibit the greatest availability for A/E work (8.4%).
- POC-owned businesses considered together exhibit the greatest availability for Sound Transit's goods and services work (27.1%) compared to its construction (16.4%), professional services (16.2%), and A/E work (13.9%). The individual POC-owned business groups that exhibit the greatest levels of availability differ by industry:
  - Hispanic- (6.6%) and Asian Pacific-owned businesses (5.2%) exhibit the greatest availability for construction work.
  - Asian Pacific-owned businesses exhibit the greatest availability for A/E (6.2%) and professional services work (8.0%).
  - Hispanic-owned businesses exhibit the greatest availability for goods and services work (15.1%).

- White woman-owned businesses exhibit the greatest availability for Sound Transit's professional services work (19.9%) compared to its A/E (16.3%), goods and services (10.5%), and construction work (3.1%).
- Veteran-owned businesses exhibit the greatest availability for Sound Transit's construction work (6.9%) compared to its goods and services (4.8%), professional services (3.2%), and A/E work (2.2%).
- LGBTQ-owned businesses exhibit the greatest availability for Sound Transit's professional services work (7.9%) compared to its goods and services (2.3%), A/E (2.0%), and construction work (1.2%).

Figure 6-4.
Availability estimates for Sound Transit construction, A/E, professional services, and goods and services work.

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

	Industry			
Business group	**Construction**	**A/E**	**Professional services**	**Goods and services**
Business size				
SBs	63.5 %	68.2 %	88.6 %	76.8 %
Emerging SBs	42.8 %	49.3 %	77.3 %	55.4 %
Rising SBs	14.5 %	10.4 %	9.1 %	16.7 %
Other SBs	6.2 %	8.4 %	2.2 %	4.7 %
Race and gender				
POC	16.4 %	13.9 %	16.2 %	27.1 %
Asian Pacific	5.2 %	6.2 %	8.0 %	5.9 %
Black	1.1 %	1.4 %	2.0 %	2.9 %
Hispanic	6.6 %	1.7 %	2.2 %	15.1 %
MENA	1.4 %	1.4 %	1.9 %	1.6 %
Native American	1.6 %	0.3 %	0.4 %	0.6 %
Subcontinent Asian	0.5 %	2.9 %	1.6 %	0.9 %
White woman	3.1 %	16.3 %	19.9 %	10.5 %
Veteran status				
Veteran	6.9 %	2.2 %	3.2 %	4.8 %
LGBTQ status				
LGBTQ	1.2 %	2.0 %	7.9 %	2.3 %

3. Contract role. SBs and diverse businesses are typically smaller businesses, and as a result, often work as subcontractors. Consistent with this understanding, we would expect to see higher availability for SBs and diverse businesses for subcontracts than for prime contracts. In addition, Sound Transit's use of Disadvantaged Business Enterprise (DBE) and SB contract goals is designed to encourage the participation of small and diverse businesses primarily in subcontracts rather than prime contracts. BBC estimated the availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for Sound Transit's prime contracts and subcontracts to assess whether the availability of those businesses differed by contract role. As shown in Figure 6-5:

- SBs considered together exhibit lower availability for Sound Transit's prime contracts (67.3%) than for its subcontracts (82.3%).

- Emerging SBs (49.7% for prime contracts; 54.4% for subcontracts) and Rising SBs (11.9% for prime contracts; 17.7% for subcontracts) exhibit lower availability for prime contracts than for subcontracts.

- POC-owned businesses considered together exhibit slightly higher availability for Sound Transit's subcontracts (18.0%) than for its prime contracts (17.3%). The availability of individual POC-owned business groups differs by contract role:
  - Asian Pacific- (prime contracts: 6.1%; subcontracts: 5.4%), Hispanic- (prime contracts: 6.2%; subcontracts: 4.5%), and MENA-owned businesses (prime contracts: 1.6%; subcontracts: 1.2%) exhibit slightly higher availability for Sound Transit's prime contracts than for its subcontracts.
  - Black- (prime contracts: 1.4%; subcontracts: 2.8%), Native American- (prime contracts: 0.5%; subcontracts: 2.1%), and Subcontinent Asian-owned businesses (prime contracts: 1.5%; subcontracts: 2.1%) exhibit slightly higher availability for Sound Transit's subcontracts than for its prime contracts.
- White woman-owned businesses exhibit higher availability for Sound Transit's subcontracts (11.6%) than for its prime contracts (10.9%).
- Veteran-owned businesses exhibit higher availability for Sound Transit's subcontracts (7.4%) than for its prime contracts (3.7%).
- LGBTQ-owned businesses exhibit similar availability for Sound Transit's subcontracts (2.3%) and prime contracts (2.2%).

4. Prime contract size. BBC examined the availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for *large* prime contracts and *small* prime contracts. A large prime contract is a prime contract valued at $2 million or more for construction contracts, or $500,000 or more for A/E, professional services, and goods and services contracts. A small prime contract is a prime contract valued at less than $2 million for construction contracts, and less than $500,000 for A/E, professional services, and goods and services contracts. Small prime contracts are contracts that generally more SBs could perform, and thus we would expect to see higher availability from SBs and diverse businesses for small prime contracts than for large prime contracts.

As shown in Figure 6-6, SBs and diverse businesses consistently exhibit lower availability for Sound Transit's large prime contracts than for its small prime contracts. As shown in Figure 6-6:

- SBs considered together exhibit higher availability for Sound Transit's small prime contracts (89.8%) compared to its large prime contracts (66.1%).
- POC-owned businesses considered together exhibit higher availability for Sound Transit's small prime contracts (21.5%) than for its large prime contracts (17.1%). The availability of individual POC-owned business groups differs by prime contract size:
  - The POC-owned business groups that exhibit the greatest levels of availability for large prime contracts are Hispanic- (6.2%) and Asian Pacific-owned businesses (6.0%).
  - The POC-owned business groups that exhibit the greatest levels of availability for small prime contracts are Asian Pacific- (7.2%), Hispanic- (6.9%), and Black-owned businesses (3.8%).

- White woman-owned businesses exhibit higher availability for Sound Transit's large prime contracts (11.0%) than for its small prime contracts (9.0%).
- Veteran-owned businesses exhibit higher availability for Sound Transit's small prime contracts (5.6%) than for its large prime contracts (3.6%).
- LGBTQ-owned businesses exhibit higher availability for Sound Transit's small prime contracts (3.7%) than for its large prime contracts (2.2%).

Figure 6-5.
Availability estimates for Sound Transit prime contracts and subcontracts

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

	Role	
Business group	Prime contracts	Subcontracts
Business size		
SBs	67.3 %	82.3 %
Emerging SBs	49.7 %	54.4 %
Rising SBs	11.9 %	17.7 %
Other SBs	5.7 %	10.2 %
Race and gender		
POC	17.3 %	18.0 %
Asian Pacific	6.1 %	5.4 %
Black	1.4 %	2.8 %
Hispanic	6.2 %	4.5 %
MENA	1.6 %	1.2 %
Native American	0.5 %	2.1 %
Subcontinent Asian	1.5 %	2.1 %
White woman	10.9 %	11.6 %
Veteran status		
Veteran	3.7 %	7.4 %
LGBTQ status		
LGBTQ	2.2 %	2.3 %

Figure 6-6.
Availability estimates by prime contract size.

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	Prime Contracts Large	Small
Business size		
SBs	66.1 %	89.8 %
Emerging SBs	48.9 %	64.6 %
Rising SBs	11.7 %	16.1 %
Other SBs	5.6 %	9.1 %
Race and gender		
POC	17.1 %	21.5 %
Asian Pacific	6.0 %	7.2 %
Black	1.3 %	3.8 %
Hispanic	6.2 %	6.9 %
MENA	1.6 %	1.4 %
Native American	0.5 %	1.0 %
Subcontinent Asian	1.5 %	1.1 %
White woman	11.0 %	9.0 %
Veteran status		
Veteran	3.6 %	5.6 %
LGBTQ status		
LGBTQ	2.2 %	3.7 %

5. Funding source. The Federal DBE Program applies specifically to the Federal Transit Authority (FTA)-funded projects Sound Transit awards. As part of its implementation of the program during the study period, Sound Transit used various *race- and gender-neutral* measures as well as *race- and gender-conscious* DBE contract goals to encourage the participation of POC- and woman-owned businesses in the FTA-funded projects it awarded. As part of the agency's race- and gender-neutral SB Goal Program, Sound Transit sets SB contract goals on non FTA-funded projects to encourage the participation of all SBs in the non FTA-funded projects it awards. It is instructive to examine the availability of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately in Sound Transit's FTA-funded work and its non FTA-funded work to assess whether the participation of small and diverse businesses differs by funding source.[6] As shown in Figure 6-7:

- SBs considered together exhibit lower availability for Sound Transit's FTA-funded contracts (68.5%) than for its non FTA-funded contracts (79.5%). This difference could be attributed in part to the smaller average size of non FTA-funded projects ($300,000) compared to the average size of FTA-funded projects ($1.7 million), which may make it easier for the smallest SBs to win non FTA-funded work.
- POC-owned businesses considered together exhibit slightly higher availability for Sound Transit's FTA-funded projects (17.6%) than for its non FTA-funded projects (16.5%). The availability of individual POC-owned business groups differs by funding source:

[6] The study team considered a project to be FTA-funded if it included at least $1 of FTA funding.

- The POC-owned business groups that exhibit the greatest levels of availability for Sound Transit's FTA-funded projects and non FTA-funded projects are the same: Asian Pacific- (FTA-funded: 6.0%; non FTA-funded: 5.7%) and Hispanic-owned businesses (FTA-funded: 6.1%; non FTA-funded: 4.9%).

- White woman-owned businesses exhibit similar availability for Sound Transit's FTA-funded projects (11.0%) and its non FTA-funded projects (11.2%).
- Veteran-owned businesses exhibit similar availability for Sound Transit's FTA-funded projects (4.3%) and its non FTA-funded projects (4.7%).
- LGBTQ-owned businesses exhibit higher availability for Sound Transit's non FTA-funded projects (4.5%) than for its FTA-funded projects (1.9%).

Figure 6-7.
Availability estimates for FTA and non-FTA funded projects

Note:
Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

	Funding Source	
Business group	**FTA-funded**	**Non FTA-funded**
Business size		
SBs	68.5 %	79.5 %
Emerging SBs	49.1 %	59.8 %
Rising SBs	13.1 %	11.7 %
Other SBs	6.3 %	8.0 %
Race and gender		
POC	17.6 %	16.5 %
Asian Pacific	6.0 %	5.7 %
Black	1.6 %	2.2 %
Hispanic	6.1 %	4.9 %
MENA	1.5 %	1.5 %
Native American	0.8 %	1.0 %
Subcontinent Asian	1.7 %	1.2 %
White woman	11.0 %	11.2 %
Veteran status		
Veteran	4.3 %	4.7 %
LGBTQ status		
LGBTQ	1.9 %	4.5 %

6. Goal status. During the study period, Sound Transit used race- and gender-conscious measures to award many of its FTA-funded projects and race- and gender-neutral measures to award many of its non FTA-funded contracts and procurements. As part of its implementation of the Federal DBE Program, the agency used DBE contract goals to encourage the participation of certified DBEs in various FTA-funded projects it awarded during the study period. In addition, as part of the SB Goal Program, the agency used SB contract goals to encourage the participation of all SBs in the non FTA-funded projects it awarded. BBC examined availability analysis results separately for work the agency awarded with the use of DBE goals (*DBE goals* projects) and SB goals (*SB goals* projects), and work the agency awarded without the use of goals (*no goals* projects). As shown in Figure 6-8:

- SBs considered together exhibit higher availability for Sound Transit's no goals projects (75.7%) than for its SB goals (66.5%) and DBE goals projects (66.0%). Because Sound Transit considers applying DBE and SB goals to projects valued at $250,000 or greater, no goals projects are primarily projects valued at less than $250,000. A higher availability of SBs on no goals projects, and thus smaller projects, aligns with our understanding that SBs exhibit higher availability for smaller projects than for larger ones.
- POC-owned businesses considered together exhibit lower availability for Sound Transit's DBE goals projects (16.1%) and SB goals projects (15.1%) than for its no goals projects (20.1%). The availability of individual POC-owned business groups varies by goal status:
  - The POC-owned business groups that exhibit the greatest levels of availability for Sound Transit's DBE goals projects, SB goals projects, and no goals projects are the same: Asian Pacific- (DBE goals: 5.9%; SB goals: 5.9%; no goals: 6.1%) and Hispanic-owned businesses (DBE goals: 4.9%; SB goals: 4.0%; no goals: 7.9%).
- White woman-owned businesses exhibit higher availability for Sound Transit's no goals projects (12.7%) than for its DBE goals projects (9.9%) and SB goals projects (10.5%).
- Veteran-owned businesses exhibit lower availability for Sound Transit's no goals projects (3.5%) than for its DBE goals (4.8%) and SB goals (4.5%) projects.
- LGBTQ-owned businesses exhibit higher availability for Sound Transit's no goals projects (2.9%) than for its DBE goals (1.7%) and SB goals (2.0%) projects.

Figure 6-8.
Availability analysis results for goals and no goals projects

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

	Goals Status		
Business group	No goals	SB goals	DBE goals
Business size			
SBs	75.7 %	66.5 %	66.0 %
Emerging SBs	56.2 %	47.2 %	46.9 %
Rising SBs	14.0 %	11.8 %	12.1 %
Other SBs	5.5 %	7.4 %	7.0 %
Race and gender			
POC	20.1 %	15.1 %	16.1 %
Asian Pacific	6.1 %	5.9 %	5.9 %
Black	1.9 %	1.5 %	1.5 %
Hispanic	7.9 %	4.0 %	4.9 %
MENA	1.7 %	1.4 %	1.4 %
Native American	0.7 %	0.9 %	0.9 %
Subcontinent Asian	1.8 %	1.6 %	1.5 %
White woman	12.7 %	10.5 %	9.9 %
Veteran status			
Veteran	3.5 %	4.5 %	4.8 %
LGBTQ status			
LGBTQ	2.9 %	2.0 %	1.7 %

CHAPTER 7.
Participation Analysis

BBC Research & Consulting (BBC) measured the participation of small businesses (SBs) and person of color (POC)-, woman-, veteran-, and lesbian, gay, bisexual, and transgender (LGBTQ)-owned businesses (referred to collectively as *diverse businesses* for the purpose of this study) in the construction, architecture and engineering (A/E), professional services, and goods and services contracts and procurements the Sound Transit awarded between January 1, 2020 and December 31, 2024 (the *study period*).[1, 2] We measured *utilization*, or *participation*, which is the percentage of contract and procurement dollars Sound Transit awarded to SBs and diverse businesses during the study period. Chapter 7 presents the analysis in two parts:

A. Purpose; and

B. Results.

A. Purpose

Calculating the percentage of dollars Sound Transit awarded to SBs and diverse businesses during the study period is useful in determining whether certain business groups face barriers related to the agency's contracting and procurement processes. This assessment allows Sound Transit to develop program measures to better utilize available businesses, especially businesses that are *substantially underutilized* relative to their availability for agency work.

B. Results

BBC calculated the overall participation of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses based in King, Pierce, and Snohomish counties, which is Sound Transit's *relevant geographic market area* (*RGMA*). We refer to businesses located in the RGMA as *local businesses.* We specifically assessed the participation of local SBs and diverse businesses in the construction, A/E, professional services, and goods and services contracts and procurements Sound Transit awarded during the study period as well as separately for various subsets of those contracts and procurements.

1. Overall. Figure 7-1 presents the overall participation of local SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for all of Sound Transit's contracts and procurements awarded during the study period. As shown in Figure 7-1:

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[1] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

[2] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84 million).

- Sound Transit awarded 19.8 percent of its contract and procurement dollars to SBs considered together.
  - The agency awarded 2.0 percent of contract and procurement dollars to Emerging SBs, 6.4 percent to Rising SBs, and 11.5 percent to other SBs.
- Sound Transit awarded 6.8 percent of its relevant contract and procurement dollars to POC-owned businesses considered together.
  - The individual POC-owned business groups that exhibited the greatest participation in Sound Transit work were Hispanic- (4.5%), Black- (1.2%), and Native American-owned businesses (0.5%).
- Sound Transit awarded 6.9 percent of its relevant contract and procurement dollars to White woman-owned businesses.
- Sound Transit awarded 1.5 percent of its relevant contract and procurement dollars to veteran-owned businesses.
- Sound Transit awarded 0.1 percent of its relevant contract and procurement dollars to LGBTQ-owned businesses.

Figure 7-1.
Participation results for Sound Transit contracts and procurements

Note:
Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	
Business size	
SBs	19.8 %
Emerging SBs	2.0 %
Rising SBs	6.4 %
Other SBs	11.5 %
Race and gender	
POC	6.8 %
Asian Pacific	0.4 %
Black	1.2 %
Hispanic	4.5 %
MENA	0.0 %
Native American	0.5 %
Subcontinent Asian	0.1 %
White woman	6.9 %
Veteran status	
Veteran	1.5 %
LGBTQ status	
LGBTQ	0.1 %

2. Industry. BBC examined the participation of local SBs and local POC-, woman-, veteran-, and LGBTQ-owned businesses separately for Sound Transit's construction, A/E, professional services, and goods and services contracts and procurements to assess whether the participation of those businesses differed by industry. As shown in Figure 7-2:

- The participation of SBs considered together was greater in Sound Transit's goods and services work (47.0%) than in its construction (16.4%), A/E (11.5%), and professional services work (10.3%). That result may be due in part to the fact that goods and services contracts are, on average, smaller compared to the average contract size in other industries ($560,000 for goods and services contracts compared to $1.1 million for construction contracts, $2.1 million for A/E contracts, and $692,000 for professional services contracts). Typically, there is an inverse relationship between contract size and the availability of SBs. The industries for which SBs exhibited the greatest participation differed by SB tier:
  - Emerging SBs (5.4%) exhibited the greatest level of participation in goods and services work compared to construction (0.7%), A/E (1.2%), and professional services work (2.6%).
  - Rising SBs exhibited the greatest level of participation in construction (7.8%) and A/E work (7.7%) compared to professional services (1.9%) and goods and services work (3.0%).
  - Other SBs (38.6%) exhibited the greatest level of participation in goods and services work compared to construction (7.9%), A/E (2.6%), and professional services work (5.8%).
- POC-owned businesses considered together exhibited greater levels of participation in Sound Transit's goods and services work (23.1%) than in its A/E (3.5%), professional services (2.7%), and construction work (2.5%). The individual POC-owned business groups that exhibited the greatest levels of participation differed across industries:
  - Native American-owned businesses (1.5%) exhibited the greatest level of participation in construction work compared to other industries.
  - Black-owned businesses (1.9%) exhibited the greatest level of participation in A/E work compared to other industries.
  - Black-owned businesses (1.5%) and Hispanic-owned businesses (1.0%) exhibited the greatest levels of participation in professional services work compared to other industries.
  - Hispanic-owned businesses (21.5%) exhibited the greatest level of participation in goods and services work compared to other industries.
- White woman-owned businesses exhibited greater levels of participation in Sound Transit's goods and services work (20.7%) compared to its construction (2.0%), A/E (4.6%), and professional services work (5.8%).
- Veteran-owned businesses exhibited greater levels of participation in Sound Transit's construction work (2.3%) compared to its A/E (1.1%), professional services (2.1%), and goods and services work (0.5%).
- LGBTQ-owned businesses only exhibited participation in Sound Transit's professional services work (1.7%).

Figure 7-2.
Participation analysis results by industry

Business group	Industry: Architecture and engineering	Construction	Professional services	Goods and services
Business size				
SBs	11.5 %	16.4 %	10.3 %	47.0 %
Emerging SBs	1.2 %	0.7 %	2.6 %	5.4 %
Rising SBs	7.7 %	7.8 %	1.9 %	3.0 %
Other SBs	2.6 %	7.9 %	5.8 %	38.6 %
Race and gender				
POC	3.5 %	2.5 %	2.7 %	23.1 %
Asian Pacific	0.7 %	0.4 %	0.1 %	0.0 %
Black	1.9 %	0.2 %	1.5 %	1.6 %
Hispanic	0.4 %	0.4 %	1.0 %	21.5 %
MENA	0.0 %	0.0 %	0.0 %	0.0 %
Native American	0.0 %	1.5 %	0.0 %	0.0 %
Subcontinent Asian	0.3 %	0.0 %	0.0 %	0.1 %
White woman	4.6 %	2.0 %	5.8 %	20.7 %
Veteran status				
Veteran	1.1 %	2.3 %	2.1 %	0.5 %
LGBTQ status				
LGBTQ	0.0 %	0.0 %	1.7 %	0.0 %

Note: Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

3. Contract role. SBs and diverse businesses are typically smaller businesses, and as a result, often work as subcontractors. Consistent with this understanding, we would expect to see greater levels of participation for SBs and diverse businesses in subcontracts than in prime contracts. In addition, Sound Transit's use of Disadvantaged Business Enterprise (DBE) and SB contract goals is designed to encourage the participation of small and diverse businesses primarily in subcontracts rather than prime contracts. BBC examined the participation of local SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for Sound Transit's prime contracts and subcontracts to assess whether the participation of those businesses differed by contract role. As shown in Figure 7-3:

- SBs considered together exhibited lower levels of participation in Sound Transit's prime contracts (18.1%) than in its subcontracts (28.3%).
  - Emerging SBs (1.2% in prime contracts; 5.5% in subcontracts) and Rising SBs (5.3% in prime contracts; 11.6% in subcontracts) exhibited lower levels of participation in prime contracts than in subcontracts.
- The participation of POC-owned businesses considered together was greater in Sound Transit's subcontracts (15.0%) than in its prime contracts (5.1%). The participation of individual POC-owned business groups varied by contract role:

- The POC-owned business groups that exhibited the greatest levels of participation in subcontracts were Black-owned businesses (6.4%) and Native American-owned businesses (3.1%).
- The POC-owned business group that exhibited the greatest levels of participation in prime contracts was Hispanic- (4.9%). Asian Pacific- (0.1%) and Black-owned businesses (0.2%) exhibited very low levels of participation in prime contracts, while Middle Eastern and North African (MENA)-, Native American-, and Subcontinent Asian-owned businesses did not exhibit any participation in prime contracts. The relatively high participation of Hispanic-owned businesses compared to other POC-owned businesses may be due in part to the high level of availability of Hispanic-owned businesses in the construction and goods and services industries, and the fact that a large share of prime contracts Sound Transit awarded (more than 70%) were either construction or goods and services contracts.

- The participation of White woman-owned businesses was lower in Sound Transit's prime contracts (5.8%) than in its subcontracts (12.4%).
- The participation of veteran-owned businesses was lower in Sound Transit's prime contracts (0.5%) than in its subcontracts (6.0%).
- The participation of LGBTQ-owned businesses in Sound Transit's prime contracts was 0.2 percent. LGBTQ-owned businesses did not exhibit any participation in subcontracts (0.0%).

Figure 7-3.
Participation analysis results by contract role

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	Role	
	Prime contracts	Subcontracts
Business size		
SBs	18.1 %	28.3 %
Emerging SBs	1.2 %	5.5 %
Rising SBs	5.3 %	11.6 %
Other SBs	11.5 %	11.2 %
Race and gender		
POC	5.1 %	15.1 %
Asian Pacific	0.1 %	2.2 %
Black	0.2 %	6.4 %
Hispanic	4.9 %	2.5 %
MENA	0.0 %	0.1 %
Native American	0.0 %	3.1 %
Subcontinent Asian	0.0 %	0.8 %
White woman	5.8 %	12.4 %
Veteran status		
Veteran	0.5 %	6.0 %
LGBTQ status		
LGBTQ	0.2 %	0.0 %

4. Prime contract size. BBC examined the participation of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for *large* prime contracts and *small* prime contracts. A large prime contract is a prime contract valued at $2 million or more for construction contracts, or $500,000 or more for A/E, professional services, and goods and services contracts. A small prime contract is a prime contract valued $2 million or more for construction contracts, or less than $500,000 for A/E, professional services, and goods and services contracts. Small prime contracts are contracts that generally more SBs could perform, and thus we would expect to see greater SB and diverse business participation in small prime contracts than in large prime contracts. As shown in Figure 7-4:

- The participation of SBs considered together was greater in Sound Transit's small prime contracts (45.3%) than in its large prime contracts (16.6%).
  - This is especially true for Emerging SBs, which received 20.4 percent of small prime contract dollars but only 0.2 percent of large prime contract dollars.
- The participation of POC-owned businesses considered together was slightly greater in Sound Transit's small prime contracts (5.4%) than in its large prime contracts (5.1%). The participation of individual POC-owned business groups differed by prime contract size:
  - The POC-owned business groups that exhibited the greatest levels of participation in small prime contracts were Hispanic- (2.1%), Asian Pacific- (1.8%), and Black-owned businesses (1.3%).
  - The POC-owned business group that exhibited the greatest level of participation in large prime contracts was Hispanic-owned businesses (5.0%). The only other POC-owned business group that participated in Sound Transit's large prime contracts was Black-owned businesses, which exhibited a very low level of participation (0.1%).
- The participation of White woman-owned businesses was greater in Sound Transit's small prime contracts (10.2%) than in its large prime contracts (5.5%).
- The participation of veteran-owned businesses was greater in Sound Transit's small prime contracts (1.7%) than in its large prime contracts (0.5%).
- LGBTQ-owned businesses did not exhibit any participation in Sound Transit's small prime contracts. The participation of LGBTQ-owned businesses in large prime contracts was 0.2 percent.

Figure 7-4.
Participation analysis results by prime contract size

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	Prime Contracts: Large	Prime Contracts: Small
Business size		
SBs	16.6 %	45.3 %
Emerging SBs	0.2 %	20.4 %
Rising SBs	5.0 %	11.9 %
Other SBs	11.4 %	13.0 %
Race and gender		
POC	5.1 %	5.4 %
Asian Pacific	0.0 %	1.8 %
Black	0.1 %	1.3 %
Hispanic	5.0 %	2.1 %
MENA	0.0 %	0.0 %
Native American	0.0 %	0.0 %
Subcontinent Asian	0.0 %	0.2 %
White woman	5.5 %	10.2 %
Veteran status		
Veteran	0.5 %	1.7 %
LGBTQ status		
LGBTQ	0.2 %	0.0 %

5. Funding source. The Federal DBE Program applies specifically to the Federal Transit Authority (FTA)-funded projects Sound Transit awards. As part of its implementation of the program during the study period, Sound Transit used various *race- and gender-neutral* measures as well as *race- and gender-conscious* DBE contract goals to encourage the participation of POC- and woman-owned businesses in the FTA-funded projects it awarded.[3] As part of the agency's race- and gender-neutral SB Goal Program, Sound Transit sets SB contract goals on non FTA-funded projects to encourage the participation of all SBs in the non FTA-funded projects it awards.[4] It is instructive to examine the participation of SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately in Sound Transits FTA-funded work and non FTA-funded work to assess whether the participation of small and diverse businesses differed by funding source.[5] As shown in Figure 7-5:

- The participation of SBs considered together was greater in Sound Transit's non FTA-funded projects (36.4%) than in its FTA-funded projects (17.4%).
  - While Emerging and Rising SBs exhibited greater participation in non FTA-funded projects compared to FTA-funded projects (Emerging SBs: 9.4% in non FTA-funded projects, 0.9% in

[3] The United States Department of Transportation (USDOT) issued an Interim Final Rule 2025 (IFR 2025) on October 3, 2025 that significantly amends 49 Code of Federal Regulation to adjust the certification criteria, goal setting, and reporting requirements for recipients of USDOT funds required to implement the Federal DBE Program. This chapter refers to the Federal DBE Program as Sound Transit implemented it during the study period but does not account for future-looking adjustments to the Federal DBE Program and its implementation that the agency is undertaking in compliance with IFR 2025.

[4] Sound Transit does not use race- and gender-based program measures on non FTA-funded projects due to the restrictions of Initiative 200 in Washington State (for more information, see Chapter 2 and Appendix B).

[5] The study team considered a project to be FTA-funded if it included at least $1 of FTA funding.

FTA-funded projects; Rising SBs: 22.7% in non FTA-funded projects, 4.0% in FTA-funded projects), other SBs exhibited greater participation in FTA-funded projects (FTA-funded: 12.5%; non FTA-funded: 4.3%). This difference could be attributed in part to the larger average contract size for FTA-funded projects ($1.7 million) compared to the average size of non FTA-funded projects ($300,000), which may make it easier for the smallest SBs to win non FTA-funded work.

- The participation of POC-owned businesses considered together was greater in Sound Transit's FTA-funded projects (7.4%) than in its non FTA-funded projects (3.1%). The participation of individual POC-owned business groups differed slightly by funding source:
  - The POC-owned business groups that exhibited the greatest levels of participation in FTA-funded projects were Hispanic- (5.0%) and Black-owned businesses (1.3%).
  - The POC-owned business groups that exhibited the greatest levels of participation in non FTA-funded projects were Asian Pacific- (1.2%), Hispanic- (1.1%), and Black-owned businesses (0.7%).
- The participation of White woman-owned businesses was greater in Sound Transit's FTA-funded projects (7.3%) than in its non FTA-funded projects (4.3%). The higher rates of participation for most POC- and White woman-owned business groups in FTA-funded projects compared to their participation in non FTA-funded projects could be due in part to Sound Transit's use of race- and gender-conscious contract goals on FTA-funded projects.
- Veteran-owned businesses exhibited much greater levels of participation in Sound Transit's non FTA-funded projects (9.0%) compared to its FTA-funded projects (0.4%).
- LGBTQ-owned businesses did not exhibit any participation in Sound Transit's non FTA-funded projects. The participation of LGBTQ-owned businesses in Sound Transit's FTA-funded projects was 0.2 percent.

Figure 7-5.
Participation analysis results by funding source

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Business group	Funding Source	
	FTA funded	Non FTA-funded
Business size		
SBs	17.4 %	36.4 %
Emerging SBs	0.9 %	9.4 %
Rising SBs	4.0 %	22.7 %
Other SBs	12.5 %	4.3 %
Race and gender		
POC	7.4 %	3.1 %
Asian Pacific	0.3 %	1.2 %
Black	1.3 %	0.7 %
Hispanic	5.0 %	1.1 %
MENA	0.0 %	0.0 %
Native American	0.6 %	0.0 %
Subcontinent Asian	0.2 %	0.1 %
White woman	7.3 %	4.3 %
Veteran status		
Veteran	0.4 %	9.0 %
LGBTQ status		
LGBTQ	0.2 %	0.0 %

6. Goal status. During the study period, Sound Transit used race- and gender-conscious measures to award many of its FTA-funded projects and race- and gender-neutral measures to award many of its non FTA-funded contracts and procurements. As part of its implementation of the Federal DBE Program, the agency used DBE contract goals to encourage the participation of certified DBEs in various FTA-funded projects it awarded during the study period. In addition, as part of the SB Goal Program, the agency used SB contract goals to encourage the participation of all SBs in the non FTA-funded projects it awarded. BBC examined disparity analysis results separately for work the agency awarded with the use of DBE goals (*DBE goals* projects) and SB goals (*SB goals* projects), and work the agency awarded without the use of goals (*no goals* projects). As shown in Figure 7-6:

- SBs considered together exhibited greater participation in Sound Transit's no goals projects (22.1%) compared to both its DBE goals projects (17.7%) and SB goals projects (14.1%). Because Sound Transit considers applying DBE and SB goals to projects valued at $250,000 or greater, no goals projects are primarily projects valued at less than $250,000. Higher SB participation in no goals projects, and thus smaller projects, aligns with our understanding that SBs exhibit greater availability for smaller projects than for larger ones.
- POC-owned businesses considered together exhibited greater participation in Sound Transit's no goals projects (12.5%) than in its DBE goals projects (3.9%) and SB goals projects (4.2%). Similarly, this difference could be attributed in part to the relatively smaller size of no goals projects compared to DBE and SB goals projects, as well as to the high participation of Hispanic-owned businesses in no goals projects. The participation of individual POC-owned business groups varied by goal status:

- Hispanic-owned businesses exhibited the greatest participation in no goals projects (12.0%).
- The POC-owned business groups that exhibited the greatest levels of participation in SB goals projects were Black- (2.0%), Hispanic- (0.7%), and Native American-owned businesses (0.7%).
- The POC-owned business groups that exhibited the greatest levels of participation in DBE goals projects were Black- (1.8%) and Native American-owned businesses (0.8%).

- White woman-owned businesses exhibited greater participation in Sound Transit's DBE goals projects (9.3%) than in its SB goals projects (3.7%) and no goals projects (2.0%).
- Veteran-owned businesses exhibited greater participation in Sound Transit's no goals (2.0%) than in its DBE goals (0.5%) and SB goals projects (1.3%).
- LGBTQ-owned businesses exhibited the same level of participation in Sound Transit's DBE goals (0.2%) and SB goals (0.2%) projects. LGBTQ-owned businesses did not exhibit any participation in no goals projects.

Figure 7-6. Participation analysis results for DBE goals, SB goals, and no goals projects

Note:

Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

	Goals Status		
Business group	No goals	SB goals	DBE goals
Business size			
SBs	22.1 %	14.1 %	17.7 %
Emerging SBs	3.5 %	1.3 %	1.1 %
Rising SBs	7.4 %	6.3 %	5.0 %
Other SBs	11.2 %	6.5 %	11.5 %
Race and gender			
POC	12.5 %	4.2 %	3.9 %
Asian Pacific	0.2 %	0.6 %	0.4 %
Black	0.3 %	2.0 %	1.8 %
Hispanic	12.0 %	0.7 %	0.6 %
MENA	0.0 %	0.0 %	0.0 %
Native American	0.0 %	0.7 %	0.8 %
Subcontinent Asian	0.0 %	0.2 %	0.2 %
White woman	2.0 %	3.7 %	9.3 %
Veteran status			
Veteran	2.0 %	1.3 %	0.5 %
LGBTQ status			
LGBTQ	0.0 %	0.2 %	0.2 %

CHAPTER 8.
Disparity Analysis

BBC Research & Consulting (BBC) compared the percentage of contract and procurement dollars Sound Transit awarded to small businesses (SBs) and person of color (POC); woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *diverse businesses* for the purpose of this study) during the study period (i.e., *utilization* or *participation*) with the percentage of contract and procurement dollars one might expect the agency to award to those businesses based on their *availability* for that work.[1, 2] The analysis focused on construction, architecture and engineering (A/E), professional services, and goods and services contracts and procurements Sound Transit awarded between January 1, 2020 and December 31, 2025 (the *study period*). Chapter 8 presents the disparity analysis in two parts:

A. Overview; and

B. Results.

A. Overview

BBC expressed both participation and availability as percentages of the total dollars associated with a particular set of contracts or procurements and then used the following formula to calculate a *disparity index* to help compare participation and availability for relevant business groups and different sets of contracts and procurements:

$$\textbf{Disparity Index (\$)} = \frac{\text{\$ of participation}}{\text{\$ of availability}}$$

A disparity index of $1.00 or greater indicates *parity* between actual participation and availability. That is, the participation of a particular business group is in line with its availability. A disparity index of less than $1.00 indicates a *disparity* between participation and availability. That is, the group is considered to have been *underutilized* relative to its availability. A disparity index of less than $0.80 indicates a *substantial disparity* between participation and availability. That is, the group is considered to have been *substantially underutilized* relative to its availability. Many courts have considered substantial disparities as *inferences of discrimination* against particular business groups, and they often serve as

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[1] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

[2] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84 million).

justification for organizations to use relatively aggressive measures—such as *race- and gender-conscious* measures—to address corresponding barriers.[3]

B. Results

BBC measured overall disparities between the participation and availability of SBs and diverse businesses for all relevant contracts and procurements Sound Transit awarded during the study period as well as separately for various subsets of those contracts and procurements. In all disparity results figures in Chapter 8, we present a red box at the disparity index level of $0.80 and below, which indicates a substantial disparity. We provide detailed disparity analysis results in Appendix D.

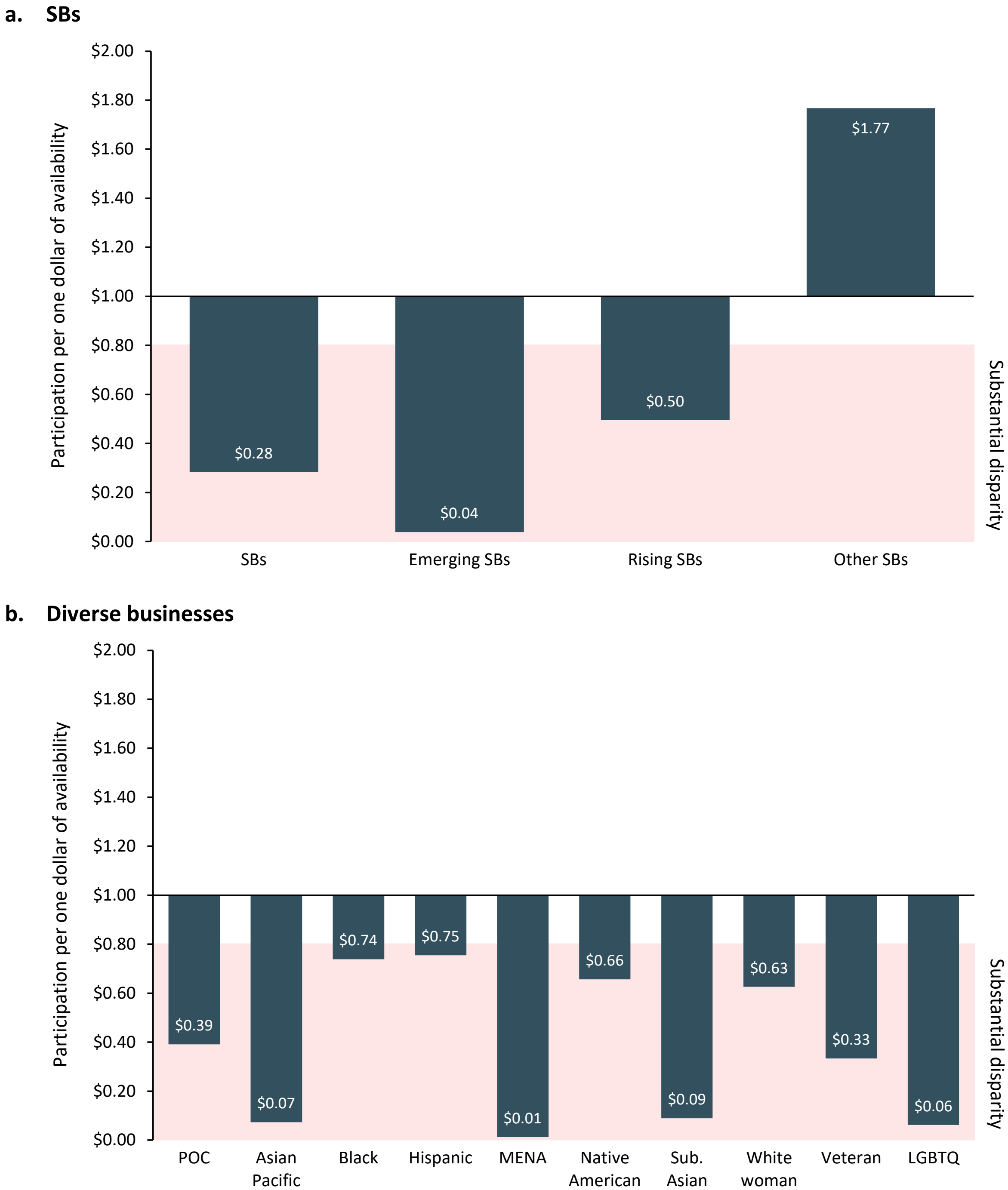
1. Overall. Figure 8-1 presents disparity indices for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses for all of Sound Transit's contracts and procurements awarded during the study period. As shown in Figure 8-1:

- SBs considered together exhibited a disparity index of \$0.28 for all relevant contracts and procurements Sound Transit awarded during the study period, indicating a disparity where Sound Transit awarded SBs \$0.28 for every dollar one might expect the agency to award to those businesses based on their availability for that work. The smallest SBs exhibited the greatest disparities:
  - Emerging SBs exhibited a substantial disparity (disparity index of \$0.04).
  - Rising SBs exhibited a substantial disparity (disparity index of \$0.50).
  - Other SBs did not exhibit a disparity (disparity index of \$1.77).
- POC-owned businesses considered together exhibited substantial disparities for Sound Transit work (disparity index of \$0.39). All POC-owned business groups exhibited substantial disparities for Sound Transit work:
  - Asian Pacific-owned businesses exhibited a disparity index of \$0.07.
  - Black-owned businesses exhibited a disparity index of \$0.74.
  - Hispanic-owned businesses exhibited a disparity index of \$0.75.
  - Middle Eastern and North African (MENA)-owned businesses exhibited a disparity index of \$0.01.
  - Native American-owned businesses exhibited a disparity index of \$0.66.
  - Subcontinent Asian-owned businesses exhibited a disparity index of \$0.09.
- White woman-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of \$0.63).
- Veteran-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of \$0.33).

[3] For example, see *Rothe Development Corp v. U.S. Dept of Defense*, 545 F.3d 1023, 1041; *Engineering Contractors Association of South Florida, Inc. v. Metropolitan Dade County*, 122 F.3d at 914, 923 (11th Circuit 1997); and *Concrete Works of Colo., Inc. v. City and County of Denver*, 36 F.3d 1513, 1524 (10th Cir. 1994).

- LGBTQ-owned businesses exhibited a substantial disparity for Sound Transit work (disparity index of $0.06).

Figure 8-1.
Disparity analysis results for Sound Transit work



Note: For more detail, see Figure D-1 in Appendix D.

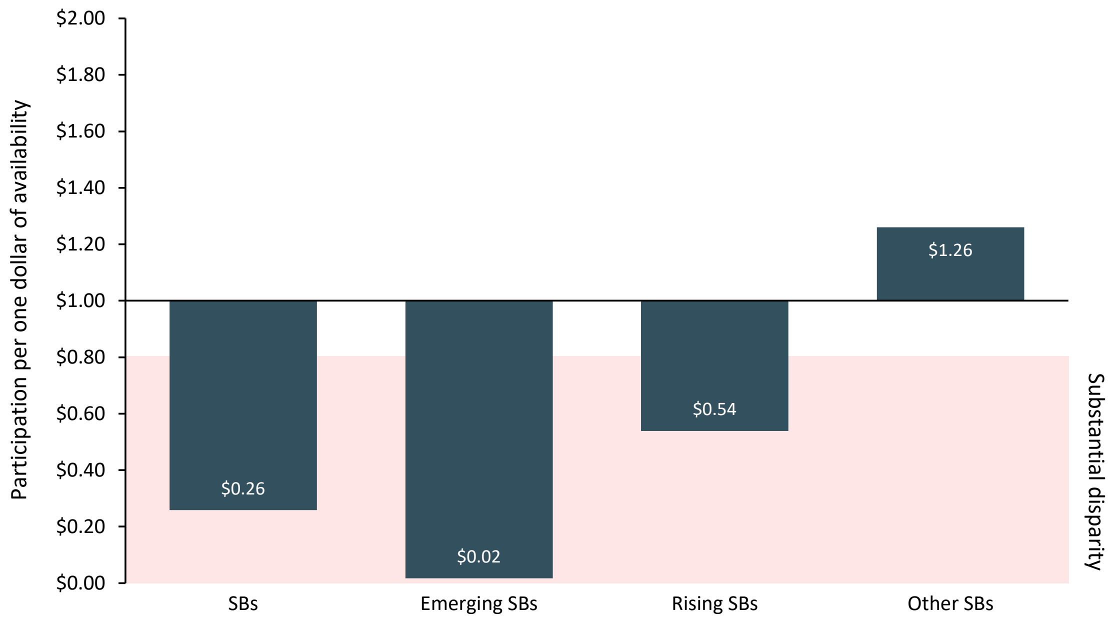
2. Industry. BBC examined disparity analysis results separately for the construction, A/E, professional services, and goods and services contracts and procurements Sound Transit awarded during the study period to determine whether outcomes for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses differed by industry. As shown in Figure 8-2:

- SBs considered together exhibited substantial disparities for Sound Transit work across all industries, with disparity indices of $0.26 for construction, $0.17 for A/E, $0.12 for professional services, and $0.61 for goods and services work. Disparity analysis results for SB tiers differed by industry:
  - Emerging SBs exhibited substantial disparities for Sound Transit work across all industries (disparity indices of $0.02 for construction, $0.02 for A/E, $0.03 for professional services, and $0.10 for goods and services work).
  - Rising SBs exhibited substantial disparities for Sound Transit work across all industries (disparity indices of $0.54 for construction, $0.74 for A/E, $0.21 for professional services, and $0.18 for goods and services work).
  - Other SBs exhibited a substantial disparity for Sound Transit's A/E work (disparity index of $0.31). Other SBs did not exhibit disparities for the agency's construction (disparity index of $1.26), professional services (disparity index of $2.00+), or goods and services work (disparity index of $2.00+).
- POC-owned businesses considered together exhibited substantial disparities for Sound Transit's construction (disparity index of $0.15), A/E (disparity index of $0.25), and professional services work (disparity index of $0.17). POC-owned businesses considered together exhibited a disparity (disparity index of $0.85) for the agency's goods and services work, but this disparity was not substantial. Disparity analysis results for individual POC-owned business groups differed by industry:
  - Asian Pacific- (disparity index of $0.08), Black- (disparity index of $0.13), Hispanic- (disparity index of $0.06), MENA- (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.04) exhibited substantial disparities for construction work. Native American-owned businesses exhibited a disparity for construction work (disparity index of $0.95), but this disparity was not substantial.
  - Asian Pacific- (disparity index of $0.12), Hispanic- (disparity index of $0.25), MENA- (disparity index of $0.03), Native American- (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.11) exhibited substantial disparities for A/E work.
  - Asian Pacific- (disparity index of $0.01), Black- (disparity index of $0.77), Hispanic- (disparity index of $0.47), MENA- (disparity index of $0.00), Native American- (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.00) exhibited substantial disparities for professional services work.
  - Asian Pacific- (disparity index of $0.00), Black- (disparity index of $0.53), MENA- (disparity index of $0.00), Native American- (disparity index of $0.02), and Subcontinent Asian-owned businesses (disparity index of $0.07) exhibited substantial disparities for goods and services work.
- White woman-owned businesses exhibited substantial disparities for Sound Transit's construction (disparity index of $0.66), A/E (disparity index of $0.28), and professional services work (disparity index of $0.29).

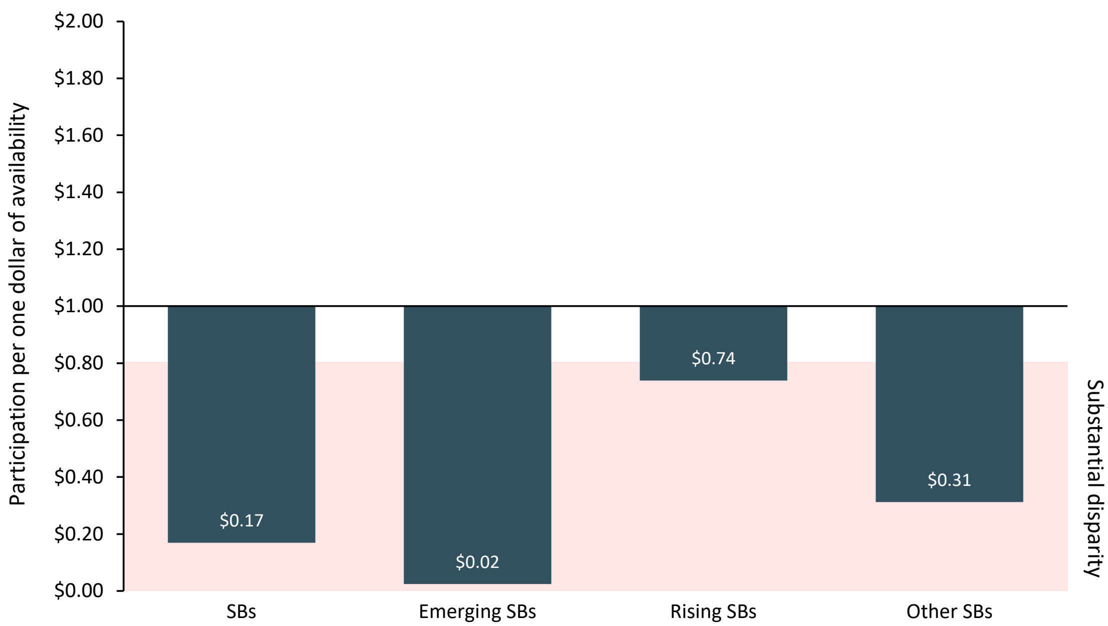
- Veteran-owned businesses exhibited substantial disparities for Sound Transit's construction (disparity index of $0.33), A/E (disparity index of $0.49), professional services (disparity index of $0.65), and goods and services work (disparity index of $0.11).
- LGBTQ-owned businesses exhibited substantial disparities for Sound Transit's construction (disparity index of $0.00), A/E (disparity index of $0.01), professional services (disparity index of $0.21), and goods and services work (disparity index of $0.00).

Figure 8-2.
Disparity results for Sound Transit construction, A/E, professional services, and goods and services work

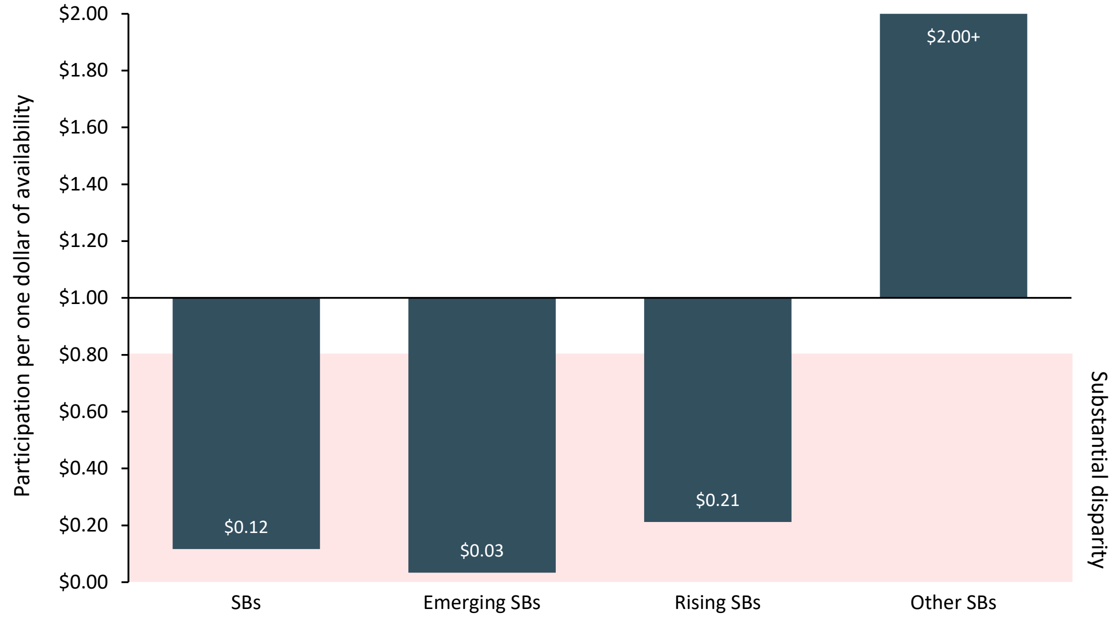
a. Construction (SBs)



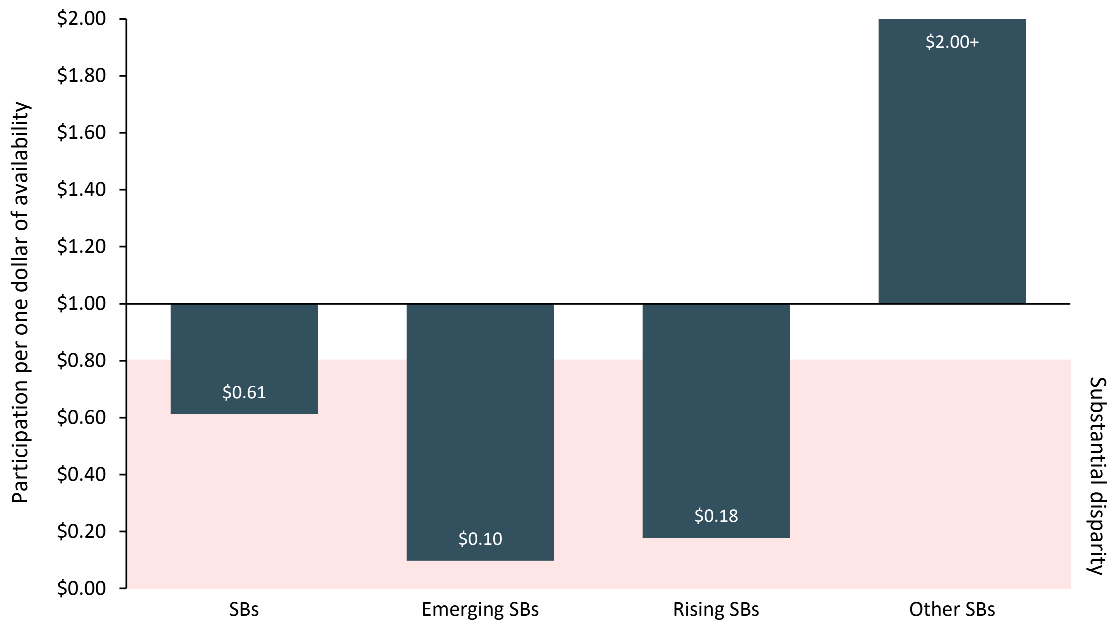
b. A/E (SBs)



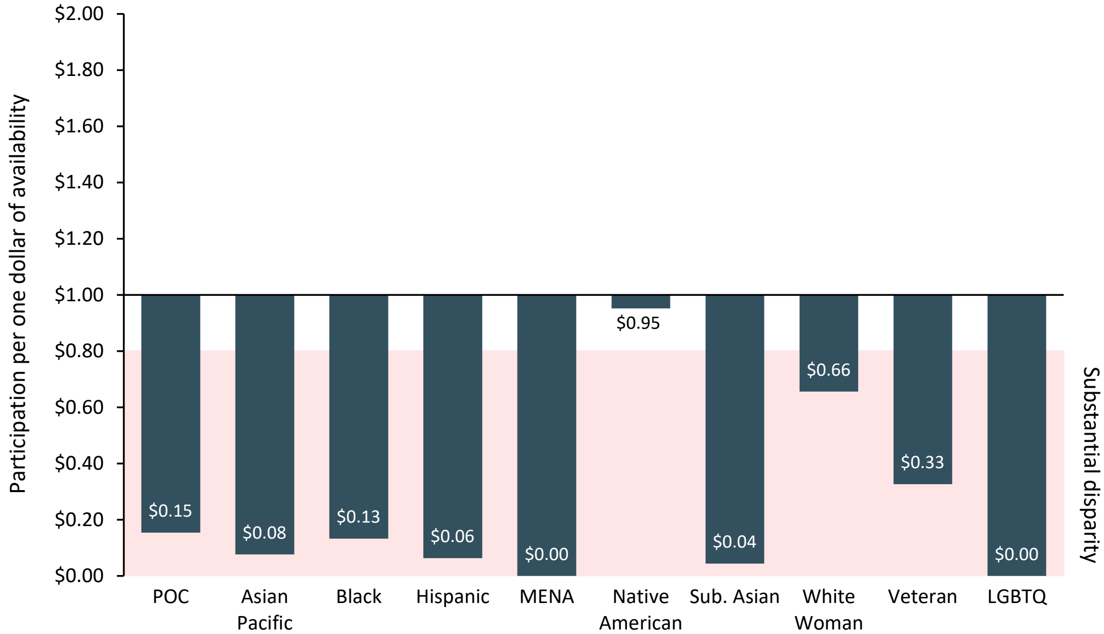
c. Professional services (SBs)



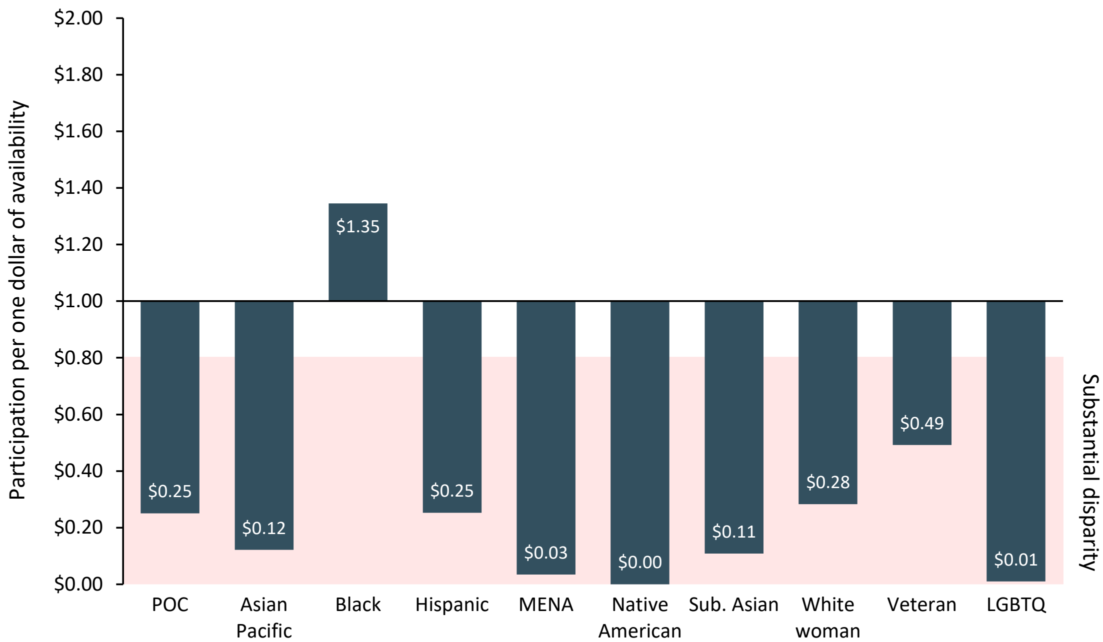
d. Goods and services (SBs)



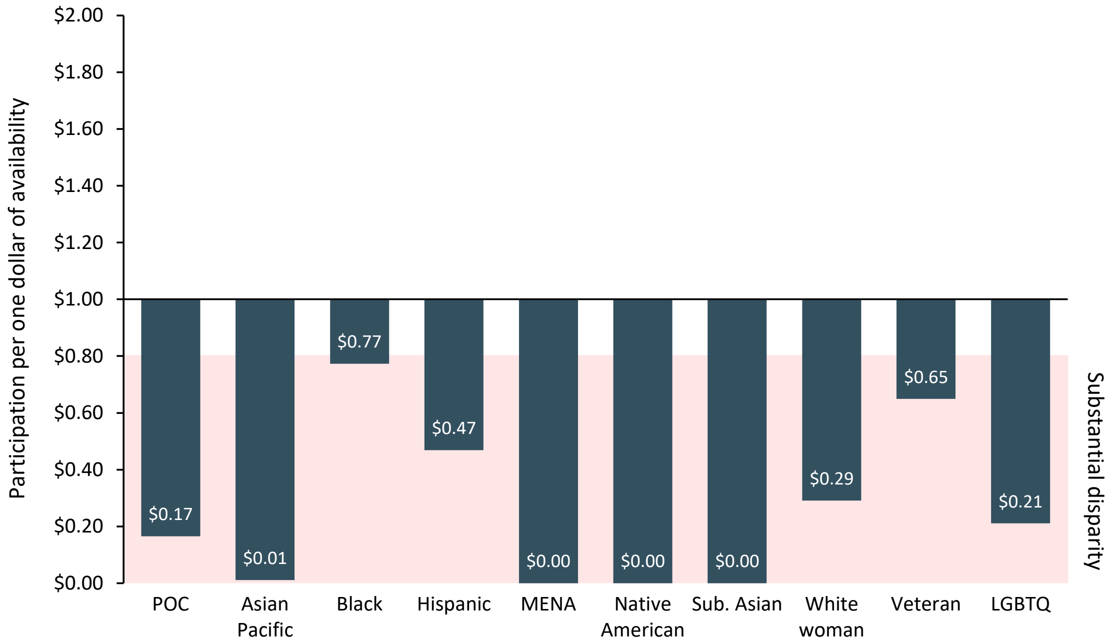
e. Construction (diverse businesses)



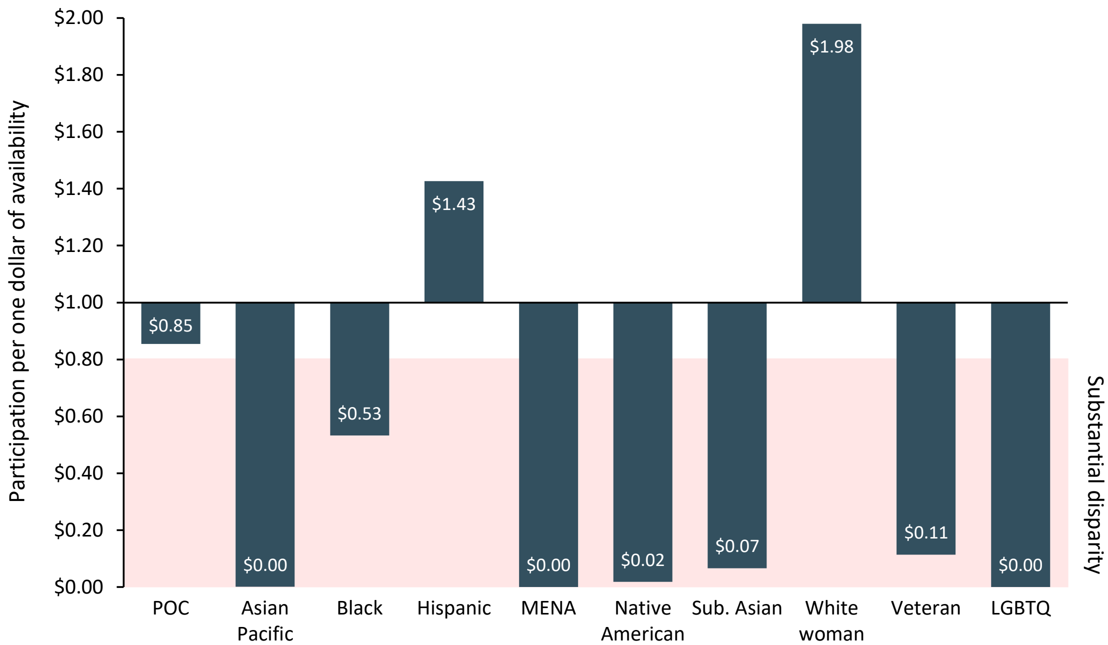
f. A/E (diverse businesses)



g. Professional services (diverse businesses)



h. Goods and services (diverse businesses)



Note: For more detail, see Figures D-2, D-3, D-4, and D-5 in Appendix D.

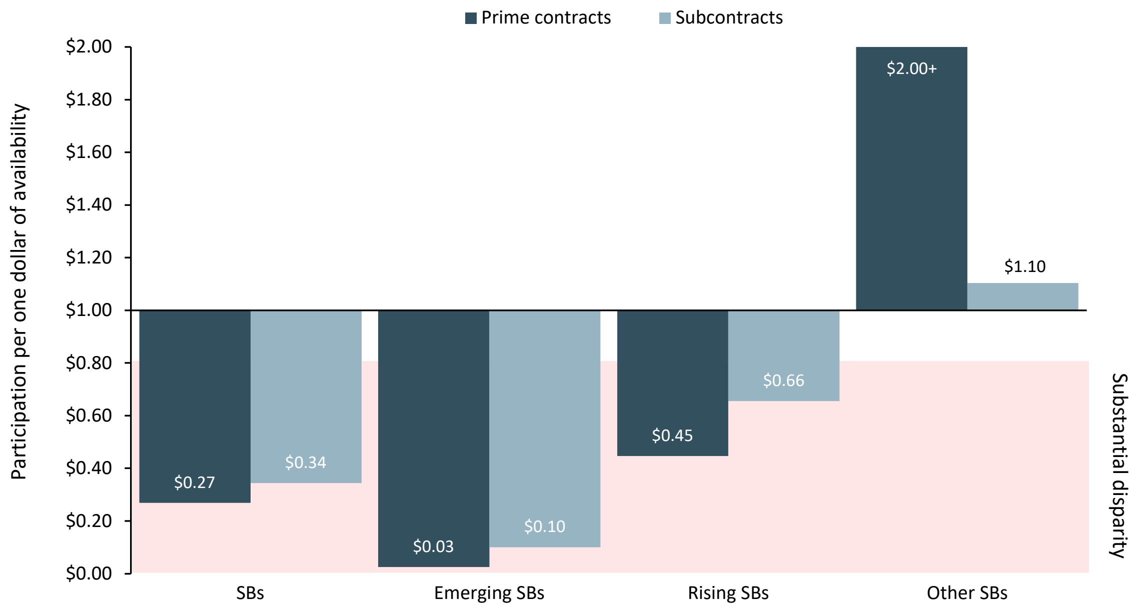
3. Contract role. SBs and diverse businesses are typically smaller businesses, and as a result, often work as subcontractors. Consistent with this understanding, we would expect to see smaller or fewer disparities for SBs and diverse businesses for subcontracts than for prime contracts. In addition, Sound Transit's use of Disadvantaged Business Enterprise (DBE) and SB contract goals is designed to encourage the participation of small and diverse businesses primarily in subcontracts rather than prime contracts.[4] BBC analyzed disparities for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for Sound Transit's prime contracts and subcontracts to assess whether disparities differed by contract role. As shown in Figure 8-3:

- SBs considered together exhibited substantial disparities for both Sound Transit's prime contracts (disparity index of $0.27) and subcontracts (disparity index of $0.34). Disparity analysis results for SB tiers differed by contract role:
  - Emerging SBs exhibited substantial disparities for both prime contracts (disparity index of $0.03) and subcontracts (disparity index of $0.10).
  - Rising SBs exhibited substantial disparities for both prime contracts (disparity index of $0.45) and subcontracts (disparity index of $0.66).
  - Other SBs did not exhibit a disparity for prime contracts (disparity index of $2.00+) or for subcontracts (disparity index of $1.10).
- POC-owned businesses considered together exhibited a substantial disparity for Sound Transit's prime contracts (disparity index of $0.30). POC-owned businesses considered together exhibited a disparity for Sound Transit's subcontracts (disparity index of $0.84), but this disparity was not substantial. Disparity analysis results for individual POC-owned business groups differed by contract role:
  - All POC-owned business groups exhibited substantial disparities for prime contracts: Asian Pacific- (disparity index of $0.01), Black- (disparity index of $0.12), Hispanic- (disparity index of $0.78), MENA- (disparity index of $0.00), Native American- (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.01).
  - Asian Pacific- (disparity index of $0.40), Hispanic- (disparity index of $0.56), MENA- (disparity index of $0.10), and Subcontinent Asian-owned businesses (disparity index of $0.39) exhibited substantial disparities for subcontracts.
- White woman-owned businesses exhibited a substantial disparity for Sound Transit's prime contracts (disparity index of $0.53) but did not exhibit a disparity for its subcontracts (disparity index of $1.07).
- Veteran-owned businesses exhibited a substantial disparity for Sound Transit's prime contracts (disparity index of $0.14). Veteran-owned businesses exhibited a disparity for the agency's subcontracts (disparity index of $0.81), but this disparity was not substantial.
- LGBTQ-owned businesses exhibited substantial disparities for both Sound Transit's prime contracts (disparity index of $0.07) and subcontracts (disparity index of $0.02).

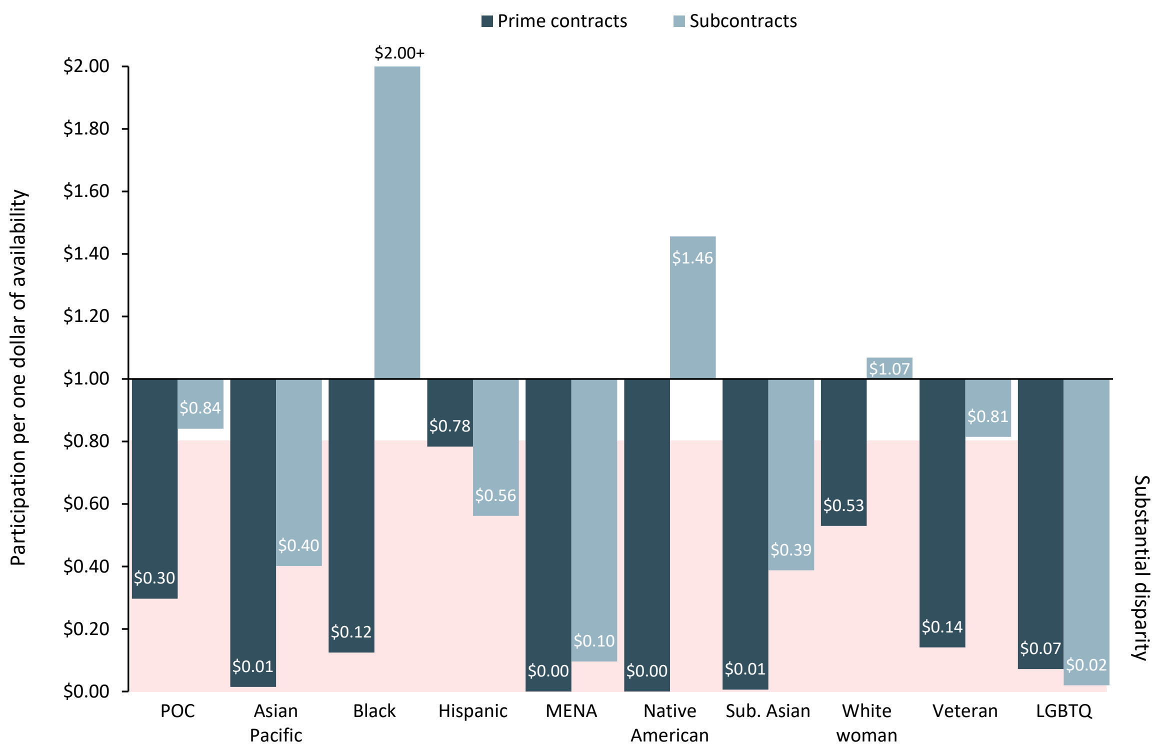
[4] The United States Department of Transportation (USDOT) issued an Interim Final Rule 2025 (IFR 2025) on October 3, 2025 that significantly amends 49 Code of Federal Regulation to adjust the certification criteria, goal setting, and reporting requirements for recipients of USDOT funds required to implement the Federal DBE Program. This chapter refers to the Federal DBE Program as Sound Transit implemented it during the study period but does not account for future-looking adjustments to the Federal DBE Program and its implementation that the agency is undertaking in compliance with IFR 2025.

Figure 8-3.
Disparity analysis results for prime contracts and subcontracts

a. Contract role (SBs)



b. Contract role (diverse businesses)



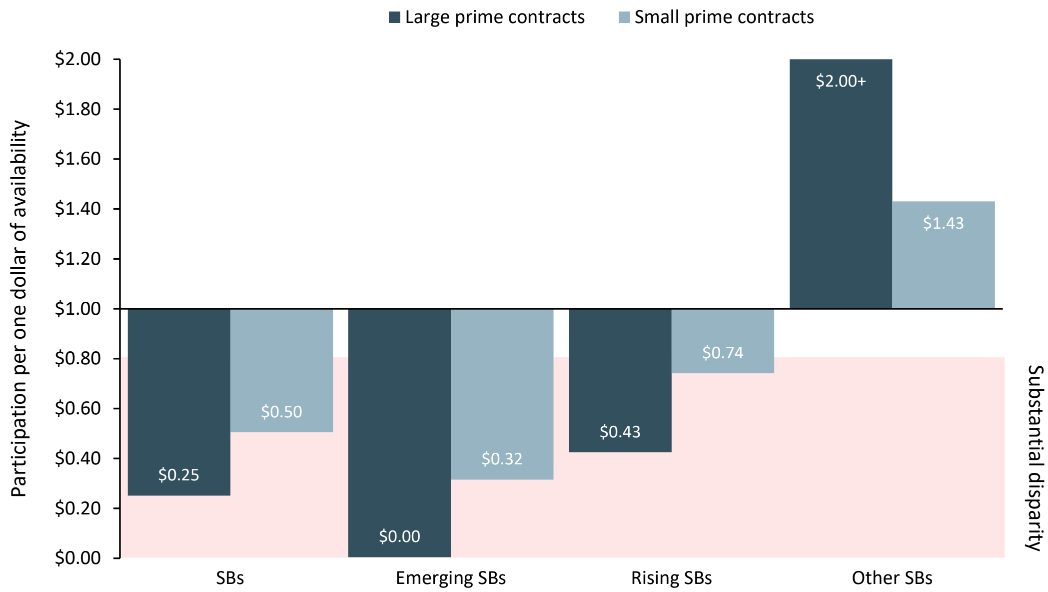
Note: For more detail, see Figures D-6 and D-7 in Appendix D.

4. Prime contract size. BBC examined disparities for SBs and POC-, woman-, veteran-, and LGBTQ-owned businesses separately for *large* prime contracts and *small* prime contracts. A large prime contract is a prime contract valued at $2 million or more for construction contracts, or $500,000 or more for A/E, professional services, and goods and services contracts. A small prime contract is a prime contract valued at less than $2 million for construction, or less than $500,000 for A/E, professional services, and goods and services contracts. Small prime contracts are contracts that generally more SBs could perform, and thus we would expect to see fewer or smaller disparities for SBs and diverse businesses for small prime contracts than for large prime contracts. As shown in Figure 8-4:

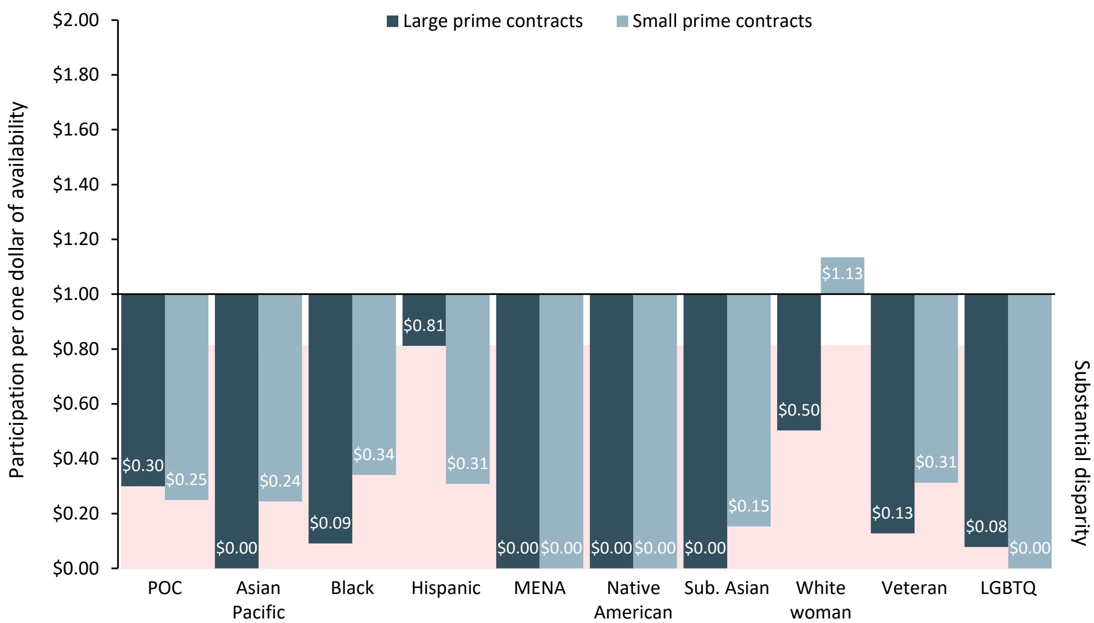
- SBs considered together exhibited substantial disparities for Sound Transit's large (disparity index of $0.25) and small prime contracts (disparity index of $0.50). Disparity analysis results for SB tiers differed by prime contract size:
  - Emerging SBs exhibited substantial disparities for both large (disparity index of $0.00) and small prime contracts (disparity index of $0.32)
  - Rising SBs exhibited substantial disparities for both large (disparity index of $0.43) and small prime contracts (disparity index of $0.74)
  - Other SBs did not exhibit disparities for either large (disparity index of $2.00+) or small prime contracts (disparity index of $1.43).
- POC-owned businesses considered together exhibited substantial disparities for Sound Transit's large (disparity index of $0.30) and small (disparity index of $0.25) prime contracts. Disparity analysis results for individual POC-owned business groups differed by prime contract size:
  - Asian Pacific- (disparity index of $0.00), Black- (disparity index of $0.09), MENA- (disparity index of $0.00), Native American (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.00) exhibited substantial disparities for large prime contracts. Hispanic-owned businesses exhibited a disparity for large prime contracts (disparity index of $0.81), but that disparity was not substantial.
  - All POC-owned business groups exhibited substantial disparities for small prime contracts: Asian Pacific businesses (disparity index of $0.24), Black- (disparity index of $0.34), Hispanic- (disparity index of $0.31), MENA- (disparity index of $0.00), Native American (disparity index of $0.00), and Subcontinent Asian-owned businesses (disparity index of $0.15).
- White woman-owned businesses exhibited a substantial disparity for Sound Transit's large prime contracts (disparity index of $0.50) but did not exhibit a disparity for its small prime contracts (disparity index of $1.13).
- Veteran-owned businesses exhibited substantial disparities for both Sound Transit's large (disparity index of $0.13) and small prime contracts (disparity index of $0.31).
- LGBTQ-owned businesses exhibited substantial disparities for both Sound Transit's large (disparity index of $0.08) and small prime contracts (disparity index of $0.00).

Figure 8-4.
Disparity results for large prime contracts and small prime contracts

a. Contract size (SBs)



b. Contract size (diverse businesses)



Note: For more detail, see Figures D-8 and D-9 in Appendix D.

5. Funding source. The Federal DBE Program applies specifically to the Federal Transit Administration (FTA)-funded projects Sound Transit Awards.[5] As part of its implementation of the program during the study period, the agency used various *race- and gender-neutral* measures as well as race- and gender-conscious DBE contract goals to encourage the participation of POC- and woman-owned businesses in the FTA-funded work it awarded. As part of the agency's race- and gender-neutral

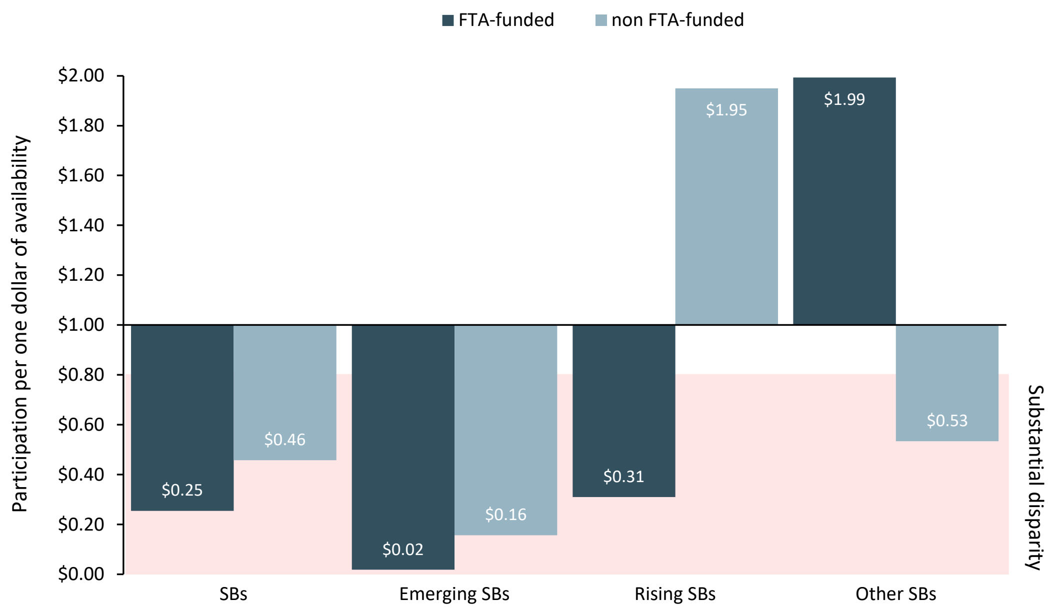
[5] The study team considered a project to be FTA-funded if it included at least $1 of FTA funding.

SB Goal Program, Sound Transit sets SB contract goals on non FTA-funded projects to encourage the participation of all SBs in the non FTA-funded projects it awards. It is instructive to examine disparity analysis results separately for Sound Transit's FTA- and non FTA-funded projects, because any disparities for FTA-funded work are most directly indicative of the efficacy of Sound Transit's implementation of the Federal DBE Program, while any disparities for the non FTA-funded projects are indicative of the efficacy of Sound Transit's implementation of the SB Goal Program. As shown in Figure 8-5:

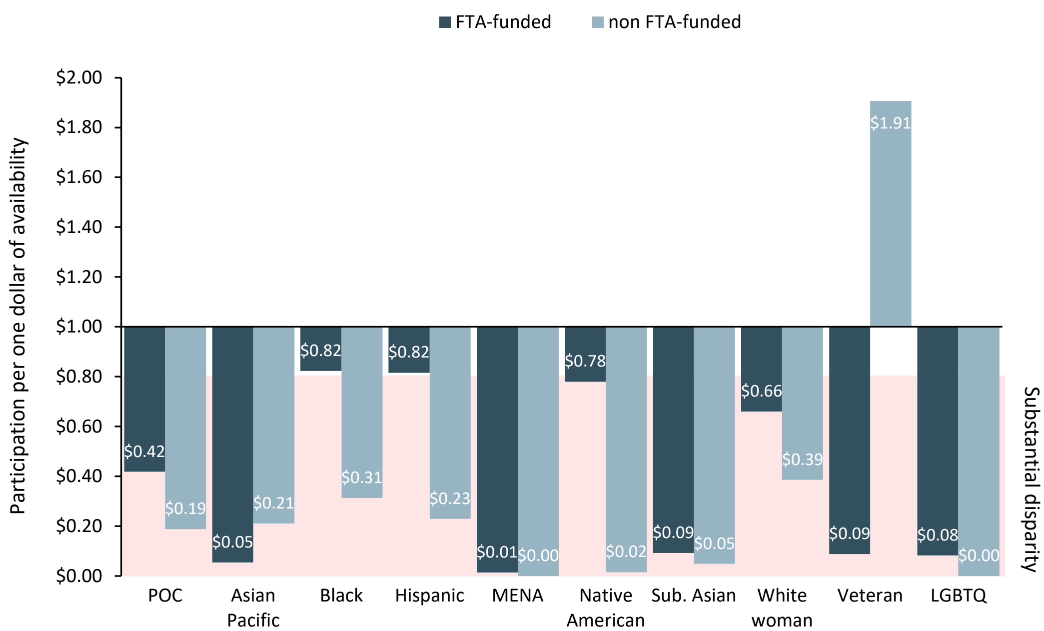
- SBs considered together exhibited substantial disparities for both Sound Transit's FTA-funded (disparity index of $0.25) and its non-FTA funded projects (disparity index of $0.46). Disparity analysis results for SB tiers differed by funding source:
  - Emerging SBs exhibited substantial disparities for both FTA-funded (disparity index of $0.02) and non-FTA funded projects (disparity index of $0.16).
  - Rising SBs exhibited a substantial disparity for FTA-funded projects (disparity index of $0.31) but did not exhibit a disparity for non-FTA funded projects (disparity index of $1.95).
  - Other SBs did not exhibit a disparity for FTA-funded (disparity index of $1.99), but they exhibited a substantial disparity for non-FTA funded projects (disparity index of $0.53).
- POC-owned businesses considered together exhibited substantial disparities for Sound Transit's FTA-funded (disparity index of $0.42) and non FTA-funded projects (disparity index of $0.19). Disparity analysis results for individual POC-owned business groups differed by funding source:
  - Asian Pacific- (disparity index of $0.05), MENA- (disparity index of $0.01), Native American- (disparity index of $0.78), and Subcontinent Asian-owned businesses (disparity index of $0.09) exhibited substantial disparities for FTA-funded projects. Black- (disparity index of $0.82) and Hispanic- (disparity index of $0.82) owned businesses exhibited disparities for FTA-funded projects, but these disparities were not substantial.
  - All POC-owned businesses exhibited substantial disparities for non FTA-funded projects: Asian Pacific- (disparity index of $0.21), Black- (disparity index of $0.31), Hispanic- (disparity index of $0.23), MENA- (disparity index of $0.00), Native American- (disparity index of $0.02), and Subcontinent Asian-owned businesses (disparity index of $0.05).
- White woman-owned businesses exhibited substantial disparities for both Sound Transit's FTA- (disparity index of $0.66) and non FTA-funded projects (disparity index of $0.39).
- Veteran-owned businesses exhibited a substantial disparity for Sound Transit's FTA-funded projects (disparity index of $0.09) but did not exhibit a disparity for its non FTA-funded projects (disparity index of $1.91).
- LGBTQ-owned businesses exhibited substantial disparities for both Sound Transit's FTA-funded projects (disparity index of $0.08) and its non FTA-funded projects (disparity index of $0.00).

Figure 8-5.
Disparity analysis results for FTA- and non FTA-funded projects

a. Funding source (SBs)



b. Funding source (diverse businesses)



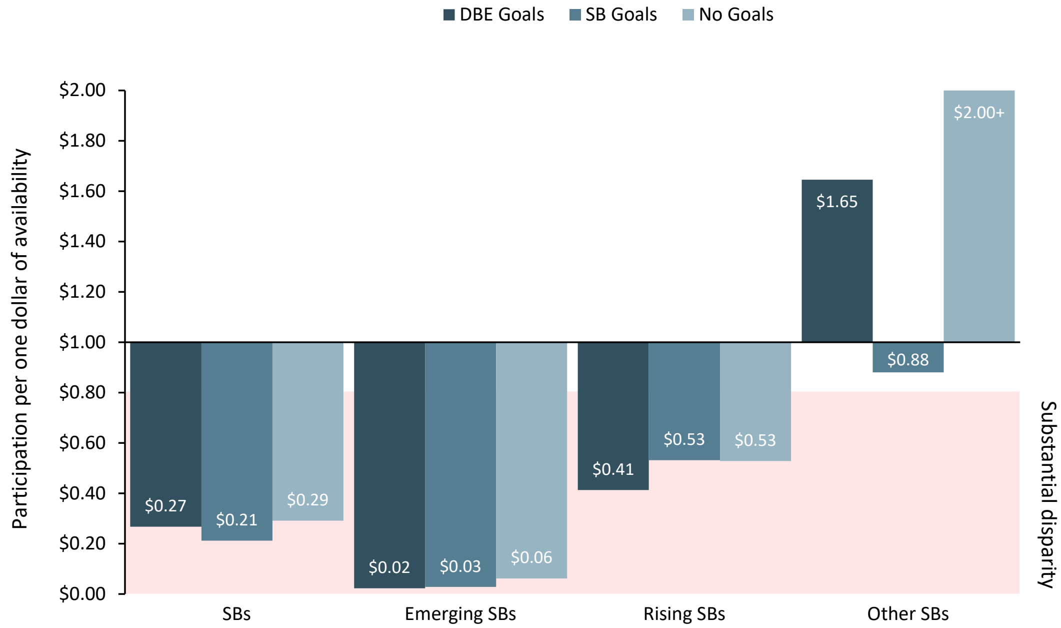
Note: For more detail, see Figures D-12 and D-13 in Appendix D.

6. Goal status. During the study period, Sound Transit used race- and gender-conscious measures to award many of its FTA-funded projects and race- and gender-neutral measures to award many of its non FTA-funded projects. As part of its implementation of the Federal DBE Program, the agency used DBE contract goals to encourage the participation of certified DBEs in various FTA-funded projects it awarded during the study period. In addition, as part of the SB Goal Program, the agency used SB contract goals to encourage the participation of all SBs in the non FTA-funded projects it awarded. BBC examined disparity analysis results separately for work the agency awarded with the use of DBE goals (*DBE goals* projects) and SB goals (*SB goals* projects), and work the agency awarded without the use of goals (*no goals* projects). That comparison provides important information about the effectiveness of Sound Transit's use of contract goals in encouraging the participation of SBs and diverse businesses in its work relative to their availability. As shown in Figure 8-6:

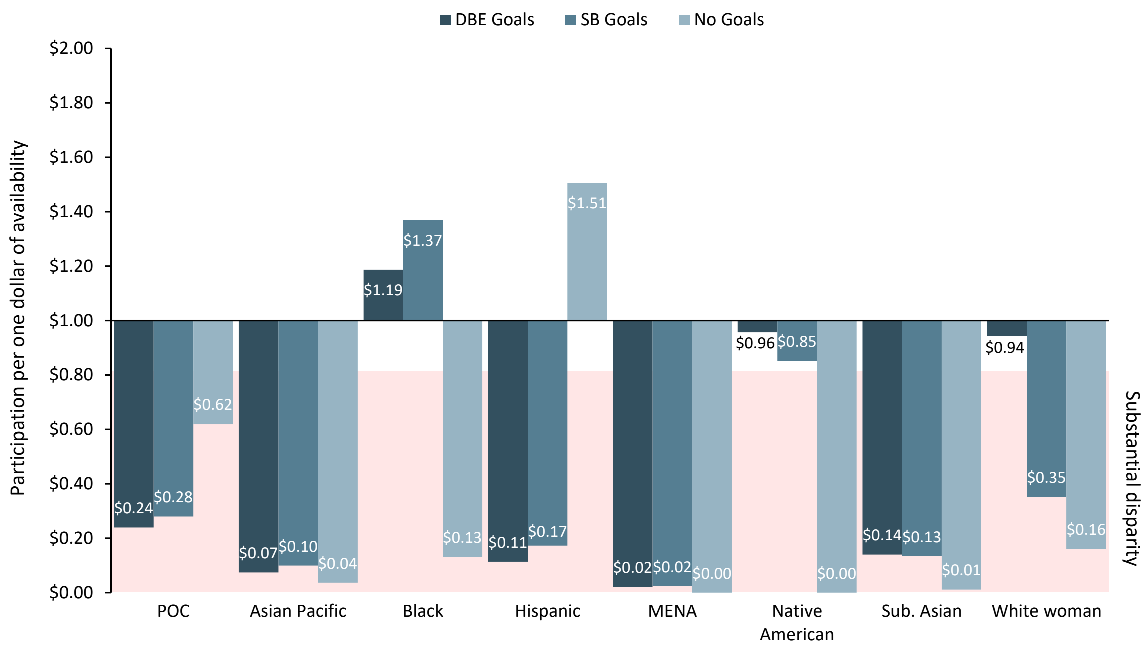
- SBs considered together exhibited substantial disparities for Sound Transit's DBE goals projects (disparity index of $0.27), SB goals projects (disparity index of $0.21), and no goals projects (disparity index of $0.29). Disparity analysis results for SB tiers differed by goal status:
  - Emerging SBs exhibited substantial disparities for DBE goals projects (disparity index of $0.02), SB goals projects (disparity index of $0.03), and no goals projects (disparity index of $0.06).
  - Rising SBs exhibited substantial disparities for DBE goals projects (disparity index of $0.41), SB goals projects (disparity index of $0.53), and no goals projects (disparity index of $0.53).
  - Other SBs exhibited substantial disparities for SB goals projects (disparity index of $0.88) but did not exhibit disparities for DBE goals projects (disparity index of $1.65) or no goals projects (disparity index of $2.00+).
- POC-owned businesses considered together exhibited substantial disparities for Sound Transit's DBE goals projects (disparity index of $0.24), SB goal projects (disparity index of $0.28), and no goals projects (disparity index of $0.62). Disparity indices for individual POC-owned business groups differed by goal status:
  - Asian Pacific- (disparity indices of $0.07 for DBE goals projects and $0.10 for SB goals projects), Hispanic- (disparity indices of $0.11 for DBE goals projects and $0.17 for SB goals projects), MENA- (disparity indices of $0.02 for DBE goals projects and $0.02 for SB goals projects), and Subcontinent Asian-owned businesses (disparity indices of $0.14 for DBE goals projects and $0.13 for SB goals projects) exhibited substantial disparities for both DBE and SB goals projects. Native American-owned businesses exhibited disparities for both DBE and SB goals projects (disparity indices of $0.96 and $0.85, respectively), but those disparities were not substantial.
  - Asian Pacific- (disparity index of $0.04), Black- (disparity index of $0.13), Native American- (disparity index of $0.00), MENA- (disparity index of $0.00), and Subcontinent Asian- (disparity index of $0.01) owned businesses exhibited substantial disparities for no goals projects.
- White woman-owned businesses exhibited substantial disparities for Sound Transit's SB goals (disparity index of $0.35) and no goals projects (disparity index of $0.16). White woman-owned businesses exhibited a disparity for DBE goals projects (disparity index of $0.94), but that disparity was not substantial.
- Veteran-owned businesses exhibited substantial disparities for Sound Transit's DBE goals (disparity index of $0.11), SB goals (disparity index of $0.29), and no goals projects (disparity index of $0.56).
- LGBTQ-owned businesses exhibited substantial disparities for Sound Transit's DBE goals (disparity index of $0.13), SB goals (disparity index of $0.13), and no goals (disparity index of $0.00) projects.

Figure 8-6.
Disparity analysis results for DBE goals, SB goals, and no goals projects

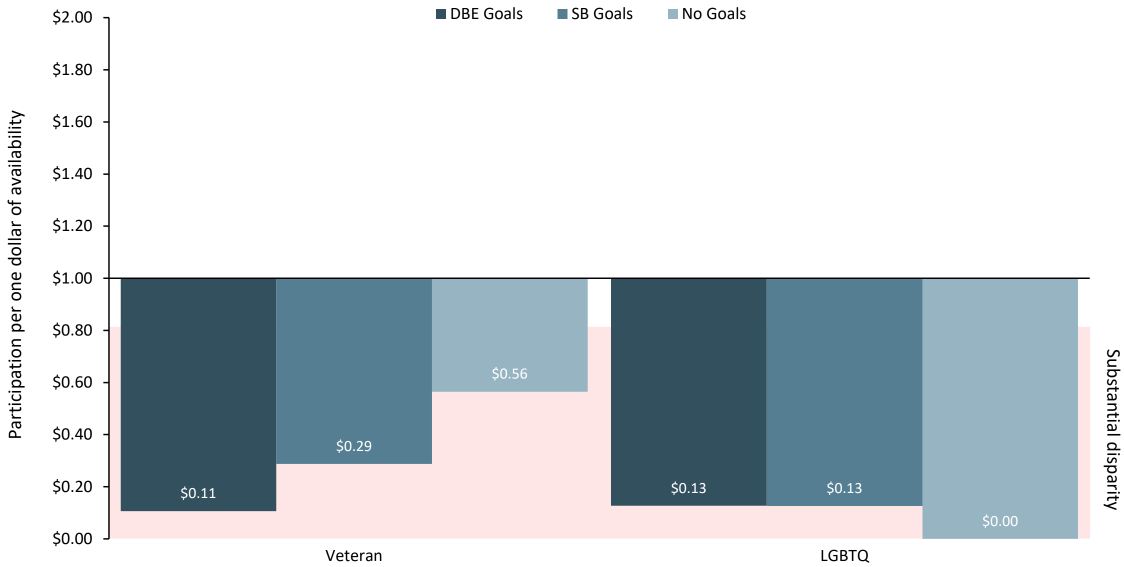
a. Goal status (SBs)



b. Goal status (POC- and White woman-owned businesses)



c. Goal status (veteran and LGBTQ-owned businesses)



Note: For more detail, see Figures D-18, D-19, and D-22 in Appendix D.

CHAPTER 9.
Business and Contract Analyses

As part of the 2025 Sound Transit Disparity Study, BBC Research & Consulting (BBC) collected information about the businesses that are potentially available for the contracts and procurements that Sound Transit awards and about the businesses that performed work for the organization between January 1, 2020 and December 31, 2024 (*the study period*). Additionally, BBC collected detailed information about the contracts and procurements Sound Transit awarded during the study period. That information can be valuable to Sound Transit in tailoring its implementations of the Federal Disadvantaged Business Enterprise (DBE) Program, the Small Business (SB) Goal Program, and other contracting inclusion efforts to the specific characteristics of the businesses operating in the *relevant geographic market area* (*RGMA*).[1]

A. Analysis of the Business Community

BBC assessed characteristics of the businesses that are available for and that participated in Sound Transit work. These insights together can help Sound Transit strengthen the *race- and gender-neutral* business inclusion measures it uses and help it better meet the needs of SBs and *diverse businesses*—that is, businesses owned by people of color (POCs); White women; veterans, and people who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ)—in the marketplace.[2, 3]

1. Available businesses. BBC conducted surveys with hundreds of local businesses to understand the characteristics of businesses *potentially available* for Sound Transit contracts and procurements.[4] As part of these surveys, we collected extensive information on the characteristics of each business (for more information, see Chapter 6 and Appendix C). We used that information to provide Sound Transit with a better understanding of the characteristics of the businesses in the marketplace that are ready, willing, and able to compete for and perform work on the contracts and procurements it awards.

a. General characteristics. BBC assessed the general characteristics of businesses we considered potentially available for Sound Transit contracts and procurements, disaggregated by revenue and by ownership characteristics.[5] Wherever possible, we conducted tests of *statistical significance* to understand whether observed differences between two groups were statistically *meaningful*, as

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[1] The RGMA for the study was King, Pierce, and Snohomish counties in Washington State. See Chapter 3 for more information on the RGMA.

[2] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

[3] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84 million).

[4] BBC defines a "local business" as a business located within the RGMA.

[5] For some survey questions, businesses had the option to answer with "don't know" or "refuse," so sample sizes vary across analyses of different characteristics based on how many businesses responded to each corresponding question.

indicated by what are called *p*-values. A *p*-value of less than .05 for a given observed difference indicates that the probability that chance correctly accounts for the difference is less than .05, which social scientists consider to be statistically significant.

i. Revenue. Figure 9-1 presents descriptive characteristics of all the businesses that completed availability surveys and that BBC considered potentially available for Sound Transit work. We present the following information for all businesses potentially available for Sound Transit work as well as separately for businesses that are potential Emerging SBs, potential Rising SBs, other SBs, and non-SBs:[6, 7]

- Percentage of available businesses that are POC- or woman-owned;
- Median annual revenues;
- Median business age;
- Median *bid capacity* (i.e., largest contracts businesses report being able to perform);
- Percentage of available businesses interested in prime contracting work;
- Percentage of available businesses interested in subcontracting work; and
- Percentage of available businesses that participated in Sound Transit work during the study period.

Figure 9-1.
General characteristics of potentially available local businesses by revenue

	Business Group				
Characteristic	All	Potential emerging SBs	Potential rising SBs	Other SBs	Non-SBs
POC-/ White woman-owned (%)	29.9%	35.1%	25.8%	18.8%	5.6%
Revenue (median)	$1.0M	$500K	$5M	$14.9M	$100M
Age (median)	20	15	24	30	44
Capacity (median)	$1.5M	$775K	$3M	$7.5M	$100M
Prime contractor (%)	86.4%	88.0%	77.3%	87.5%	88.9%
Subcontractor (%)	95.8%	96.6%	97.0%	93.8%	88.9%
Participated in Sound Transit work (%)	8.7%	5.2%	10.6%	25.0%	19.4%

Notes: *n* = 425 for race/gender, capacity, prime contract interest, subcontract interest, and location in the RGMA
n = 400 for age; *n* = 424 for revenue.
Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

[6] "Potential Emerging SBs" and "potential Rising SBs" refers to businesses that meet the revenue criteria to be certified as Emerging or Rising SBs regardless of their certification status.

[7] "Non-SBs" refers to businesses that are too large to qualify as SBs according to the revenue criteria for SBs that Sound Transit uses.

As shown in Figure 9-1:

- Overall, we observed an inverse relationship between the percentage of businesses owned by POCs and White women and their size. A larger percentage of potential Emerging SBs are POC-/White woman-owned (35.1%) than potential Rising SBs (25.8%), other SBs (18.8%), and non-SBs (5.6%).
- The smallest businesses earn less in annual revenue (potential Emerging SBs' median revenue = $500,000; potential Rising SBs' median revenue = $5 million) than other SBs (median = $14.9 million) and non-SBs (median = $100 million).
- The smallest businesses are generally younger (potential Emerging SBs' median age = 15 years old; potential Rising SBs' median age = 24 years old) than other SBs (median = 30 years old) and non-SBs (median = 44 years old).
- The smallest businesses generally have smaller bid capacities (potential Emerging SBs' median bid capacity = $775,000; potential Rising SBs' median bid capacity = $3 million) than other SBs (median bid capacity = $7.5 million) and non-SBs (median bid capacity = $100 million).
- The majority of all available businesses, regardless of size, are interested in performing work as prime contractors (potential Emerging SBs = 88.0%; potential Rising SBs = 77.3%; other SBs = 87.5%; and non-SBs = 88.9%). Similarly, the majority of available businesses, regardless of size, are interested in performing work as subcontractors (potential Emerging SBs = 96.6%; potential Rising SBs = 97.0%; other SBs = 93.8%; and non-SBs = 88.9%).
- We observed an inverse relationship between the size of businesses and the share of those businesses that participated in Sound Transit work during the study period. A smaller percentage of available potential Emerging SBs (5.2%) and potential Rising SBs (10.6%) participated in Sound Transit work than other SBs (25.0%) and non-SBs (19.4%).

ii. Ownership. Figure 9-2 presents descriptive characteristics of all businesses BBC considered potentially available for Sound Transit contracts as well as separately for businesses that are non POC-owned/non White woman-owned and businesses that are POC-/White woman-owned. As shown in Figure 9-2:

- Overall, 29.9 percent of businesses available for Sound Transit contracts and procurements are POC- or White woman-owned. As a result, 70.1 percent of available businesses are non POC-/non White woman-owned (100% - 29.9% = 70.1%).
- Non POC-/non White woman-owned businesses generally earn more in annual revenue (median = $1.4 million) than POC- and White woman-owned businesses do (median = $601,000).
- Non POC-/non White woman-owned businesses are generally older (median = 22 years old) than POC- and White woman-owned businesses (median = 13 years old).
- Non POC-/non White woman-owned businesses can perform contracts and procurements that are generally larger (median = $2.0 million) than those that POC- and White woman-owned businesses can perform (median = $1.3 million).
- Nearly all available businesses, regardless of the race or gender of the owner, are interested in prime contract work (non-POC/non-White woman = 84.6%; POC and White woman = 90.6%). Similarly, the vast majority of available businesses, regardless of the race or gender of the owners,

are interested in subcontract work (non POC/non White woman = 94.6%; POC and White woman = 98.4%).

- A larger percentage of POC- and White-woman owned businesses participated in Sound Transit's contracts and procurements (9.4%) than non POC-/non White woman-owned businesses (8.4%)

Figure 9-2.
General characteristics of potentially available local businesses by ownership

		Business Group	
Characteristic	All	Non POC-owned/ Non White woman-owned	POC-owned/ White woman-owned
POC-/ White woman-owned (%)	29.9%	—	—
Revenue (median)	$1.0M	$1.4M	$601K
Age (median)	20	22	13
Capacity (median)	$1.5M	$2.0M	$1.3M
Prime contractor (%)	86.4%	84.6%	90.6%
Subcontractor (%)	95.8%	94.6%	98.4%
Participated in Sound Transit work (%)	8.7%	8.4%	9.4%

Notes: *n* = 425 for race/gender, capacity, prime contract interest, subcontract interest, and location in the RGMA
n = 400 for age; *n* = 424 for revenue.
Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

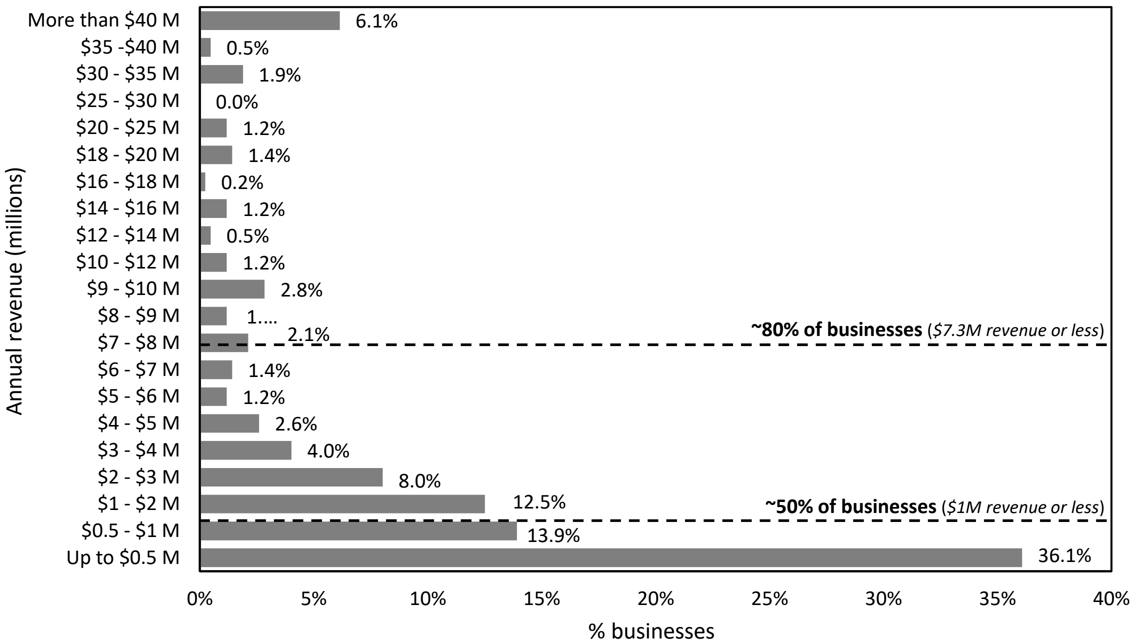
b. Business size. An important objective of most contracting inclusion programs is to support socially and economically disadvantaged businesses as part of an agency's contracting and procurement processes. A common indicator of economic disadvantage is business revenue, on which BBC collected information from businesses potentially available for Sound Transit work. As presented in Figures 9-1 and 9-2, among available businesses, POC- and White woman-owned businesses tend to earn less in annual revenues than non POC-/non White woman-owned businesses do. We explored annual revenues among businesses potentially available for Sound Transit work further by examining the distributions of available businesses based on their annual revenues. We analyzed that information for all available businesses together and separately for the different categories of SBs and for POC- and White woman-owned businesses.

i. All businesses. Figure 9-3 presents the distribution of the 424 available businesses for which we had raw revenue data.[8] The dashed lines represent the points at which 80 percent and 50 percent of businesses reported revenues of that amount or less. As shown in Figure 9-3, 80 percent of all the

[8] BBC relied on raw revenue data that businesses reported as part of availability surveys and raw revenue data that we generated using a revenue simulation model when we had complete business information to do so. The remaining businesses that completed availability surveys provided information on their annual revenues in the form of ranges or did not provide enough information for us to simulate their raw revenue as a modeled value. BBC decided not to include those responses in our analyses, because raw revenue data were more precise.

businesses BBC identified as available for Sound Transit work reported annual revenues of $7.3 million or less, and 50 percent reported revenues of $1 million or less.

Figure 9-3.
Distribution of potentially available local businesses based on their reported raw revenues

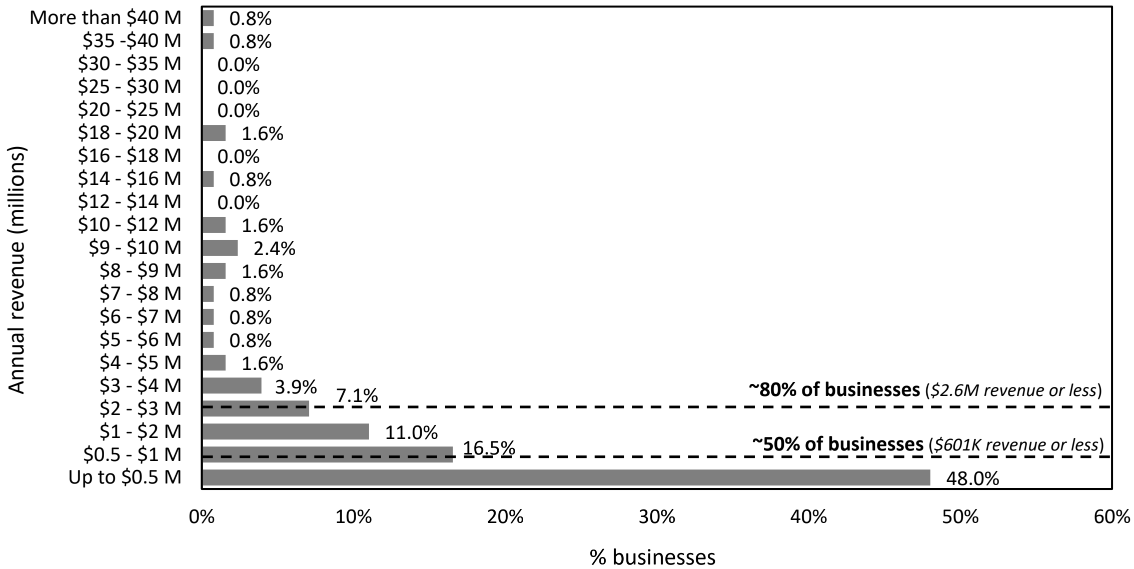


Notes: *n* = 424.

Numbers rounded to nearest whole percent and thus may not sum exactly to 100 percent.

ii. POC- and White woman-owned businesses. BBC separately examined the distribution of the 127 available POC- and White woman-owned businesses that provided raw revenue data as part of availability surveys. As shown in Figure 9-4, available POC- and White woman-owned businesses generally showed smaller annual revenues than all available businesses considered together. Approximately 80 percent of POC- and White woman-owned businesses available for Sound Transit work reported annual revenues of $2.6 million or less (compared to $7.3 million or less for all businesses), and approximately 50 percent of them reported annual revenues of $601,000 or less (compared to $1 million or less for all businesses). Moreover, a substantially larger percentage of POC- and White woman-owned businesses reported annual revenues of $500,000 or less (40.9%)—the smallest revenue category—than did non POC-/non White woman-owned businesses (27.6%). That difference is statistically significant at the 99 percent confidence level (χ^2 = 6.71; p < 0.01).

Figure 9-4.
Distribution of potentially available local POC- and White woman-owned businesses based on their reported raw revenues



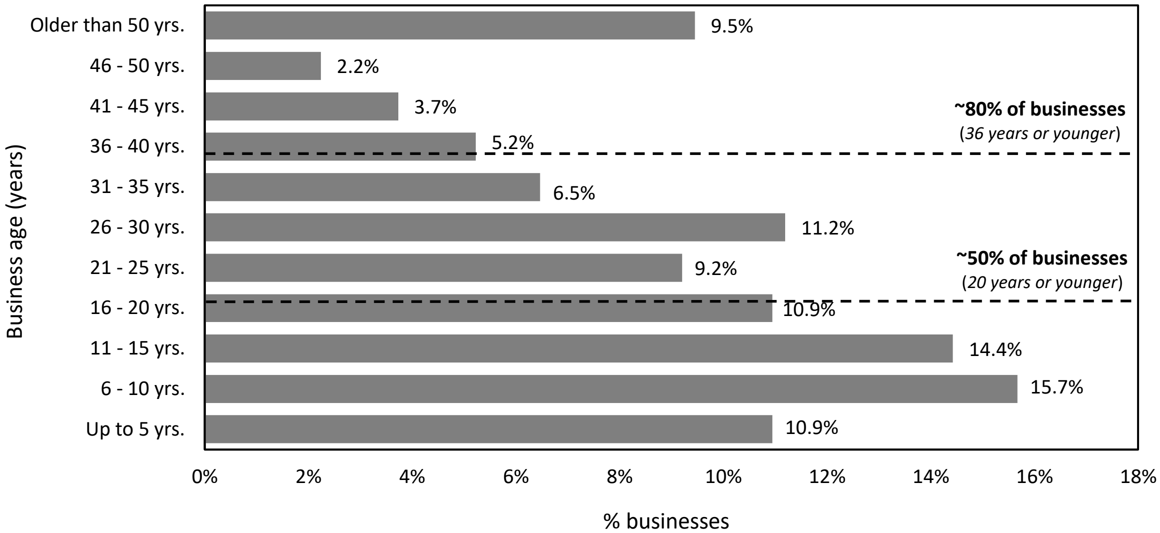
Notes: *n = 127.*

Numbers rounded to nearest whole percent and thus may not sum exactly to 100 percent.

c. Business age. Businesses can vary considerably in age, and it is likely that younger businesses need more support to compete for or perform work on government contracts than older businesses. Among available businesses, POC- and White woman-owned businesses tend to be younger than non POC-/non White woman-owned businesses in the marketplace, as presented in the General Characteristics section above. To further explore the age of businesses potentially available for Sound Transit contracts and procurements, we examined the distribution of available businesses based on the number of years they have been in business (i.e., business age). We analyzed that information for all available businesses considered together and separately for available POC- and White woman-owned businesses.

i. All businesses. Figure 9-5 presents the distribution of the 400 businesses that provided business age information as part of availability surveys. As shown in Figure 9-5, approximately 80 percent of businesses available for Sound Transit contracts and procurements reported an age of 36 years or younger, and approximately 50 percent of them reported an age of 20 years or younger.

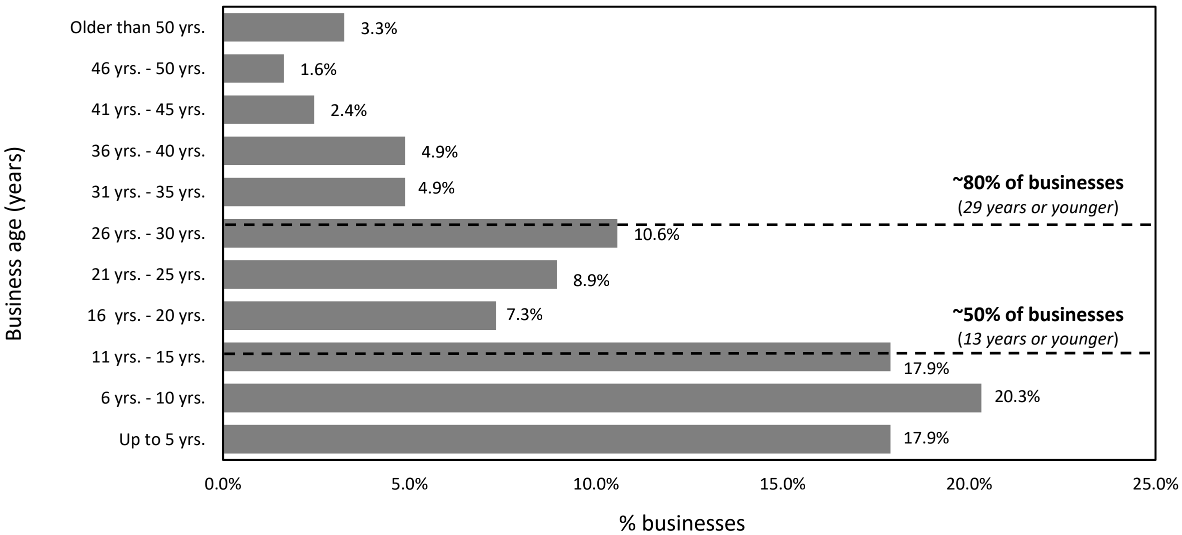
Figure 9-5.
Distribution of potentially available local businesses based on their reported ages



Notes: *n* = 400.
Numbers rounded to nearest whole percent and thus may not sum exactly to 100 percent.

ii. POC- and woman-owned businesses. Figure 9-6 presents the distribution of the 127 POC- and White woman-owned businesses that provided business age information as part of availability surveys. POC- and White woman-owned businesses are generally younger than all businesses considered together. Approximately 80 percent of POC- and White woman-owned businesses available for Sound Transit work reported an age of 29 years or younger (compared to 36 years or younger for all businesses), and 50 percent of them reported an age of 13 years or younger (compared to 20 years or younger for all businesses). A larger percentage of POC- and White woman-owned businesses reported an age of five years or younger (17.9%)—the youngest age category—than did non POC-/non White woman-owned businesses (8.6%). That difference is statistically significant at the 95 percent confidence level (χ^2 = 6.37; $p < 0.05$).

Figure 9-6.
Distribution of potentially available local POC- and woman-owned businesses based on their reported ages

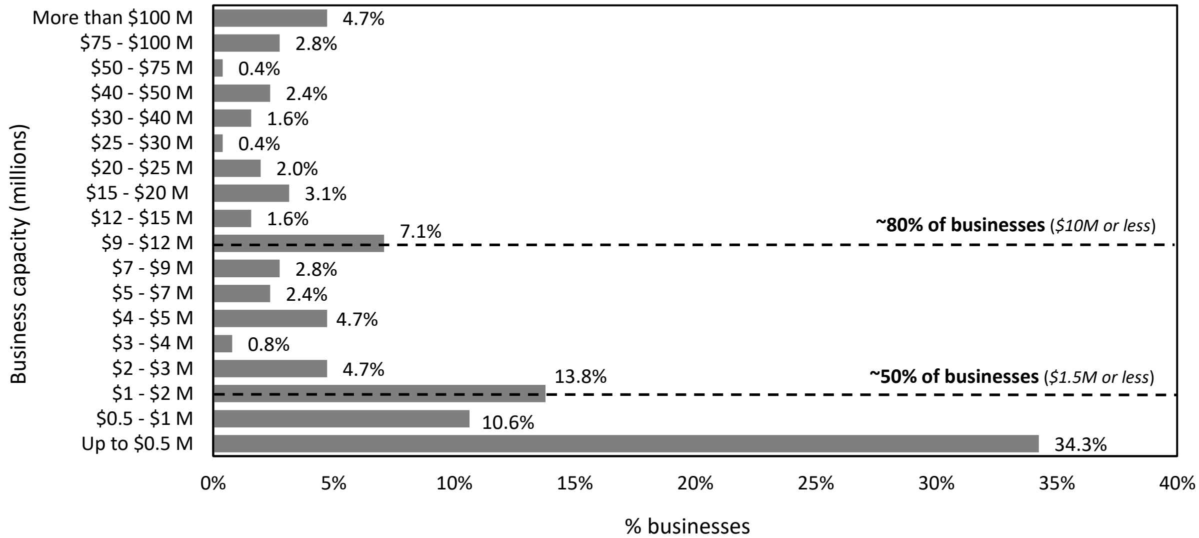


Notes: n = 127.
Numbers rounded to nearest whole percent and thus may not sum exactly to 100 percent.

d. Business capacity. As part of availability surveys, potentially available businesses reported the largest prime contract, subcontract, or other piece of work for which they are able to compete for or able to perform (i.e., *capacity*). BBC observed a correlation of 0.66 between annual revenue and capacity, indicating that businesses with greater revenues tend to report greater capacities (t =14.02, p < 0.01). However, among available businesses, POC- and White woman-owned businesses can perform contracts that tend to be smaller than the contracts non POC-/non White woman-owned businesses can perform, as presented in the General Characteristics section above. We examined the distributions of the businesses available for Sound Transit contracts based on their capacities.

i. All businesses. Figure 9-7 presents the distribution of business maximum bid capacity among the 254 businesses that provided that information as part of availability surveys. As shown in Figure 9-7, approximately 80 percent of businesses potentially available for Sound Transit contracts and procurements reported that they could compete for or perform contracts worth a maximum of between $0 and $10 million, and approximately 50 percent of them reported that they could compete for or perform contracts worth a maximum of between $0 and $1.5 million.

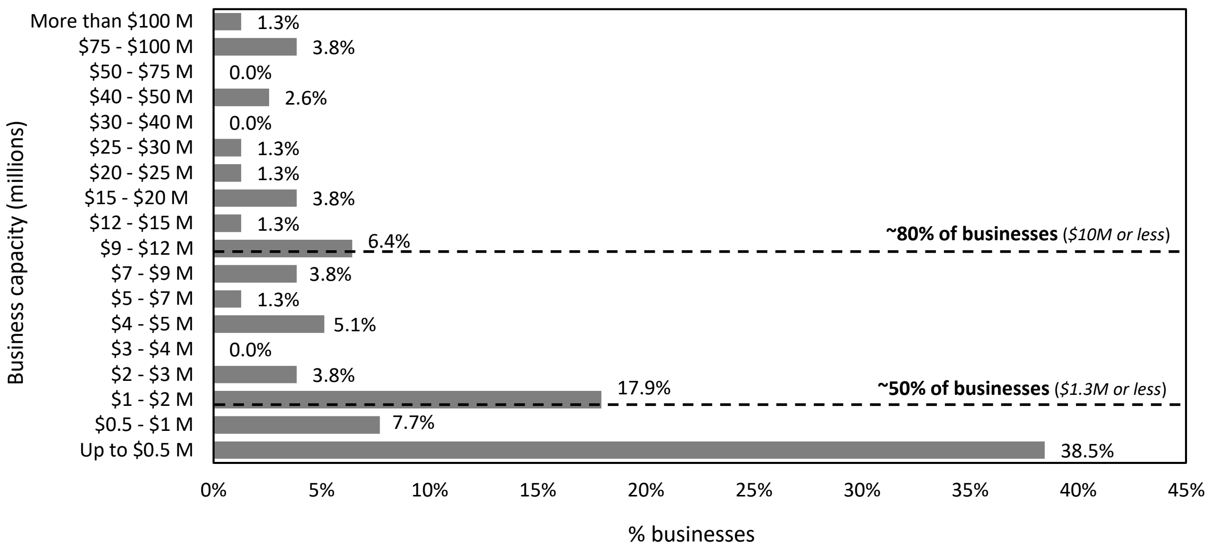
Figure 9-7.
Distribution of potentially available local businesses based on their reported capacities



Notes: *n* = 254.
Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

ii. POC- and White woman-owned businesses. Figure 9-8 presents the distribution of the 78 POC- and White woman-owned businesses that reported their capacity for Sound Transit contracts. As shown in Figure 9-8, POC- and White woman-owned businesses potentially available for Sound Transit work generally report the same maximum bid capacity for work compared to all available businesses considered together. Approximately 80 percent of available POC- and woman-owned businesses reported maximum capacities of between $0 and $10 million (the same as for all available businesses), and approximately 50 percent of them reported maximum capacities of between $0 and $1.3 million (compared to between $0 and $1.5 million for all available businesses). The difference between the percentage of POC- and White woman-owned businesses with a maximum bid capacity between $0 and $500,000 compared to the percentage of all available businesses with a maximum bid capacity between $0 and $500,000 is not statistically significant ($\chi^2 = 0.65$; $p < 0.42$).

Figure 9-8.
Distribution of potentially available local POC- and White woman-owned businesses based on their reported capacities



Notes: *n* = 78.
Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

2. Utilized businesses. BBC also assessed characteristics of the 661 businesses that participated in 1,677 contracts Sound Transit awarded during the study period. We used that information to provide Sound Transit with a better understanding of the characteristics of the businesses that performed work for the agency, and to see how the characteristics of utilized businesses compare to the characteristics of businesses in the marketplace that are available to work on the contracts and procurements it awards.

a. Revenue. Figure 9-9 presents descriptive characteristics of the businesses to which Sound Transit awarded work during the study period by revenue. We present the following information for all businesses that participated in Sound Transit contracts and procurements as well as separately for businesses that are potential Emerging SBs, potential Rising SBs, other SBs, and non-SBs:

- Percentage of utilized businesses that are local (i.e., located within the RGMA);
- Percentage of utilized businesses that are POC- or White woman-owned;[9]
- Percentage of contracts awarded;
- Percentage of contract dollars awarded;
- Average volume of contract dollars awarded to each business; and
- Median annual revenue of utilized businesses in each business group.

[9] BBC presents analysis of all businesses that participated in Sound Transit contracts and procurements, including local and non-local businesses. Participation results for utilized POC- and White woman-owned businesses only include local POC- and White woman-owned businesses. Participation results for utilized POC- and White woman-owned businesses located outside of the RGMA (i.e., non-local POC- and White woman-owned businesses) are reported with non POC-/non White woman-owned businesses.

Figure 9-9.
Characteristics of businesses to which Sound Transit awarded contracts and procurements during the study period, by revenue

	Business Group				
Characteristic	All	Potential emerging SBs	Potential rising SBs	Other SBs	Non-SBs
Local (%)	74.7%	—	—	—	—
POC-/White woman-owned (%)	24.2%	41.2%	48.5%	38.3%	7.5%
Contracts awarded (%)	—	14.7%	14.6%	12.8%	58.0%
Contract dollars awarded (%)	—	2.0%	6.4%	11.5%	80.2%
Dollars per business (avg.)	$2.7M	$360K	$1.1M	$1.8M	$4.1M
Revenue (median)	$12.9M	$1.3M	$5.7M	$17.1M	$53.5M

Notes: *n* = 661.

Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

Results for potential emerging SBs, potential rising SBs, and other SBs only include local businesses (i.e., businesses located within the RGMA). Results for non-local SBs are reported with non-SBs.

As shown in Figure 9-9:

- During the study period, 74.7 percent of businesses that participated in Sound Transit contracts and procurements were local.
- Of the 661 businesses that participated in Sound Transit's contracts and procurements, 24.2 percent were POC-/White woman-owned. As a result, 75.8 percent of utilized businesses were non POC-/non White woman-owned (100% - 24.2% = 75.8%).
    - Of utilized potential Emerging SBs, 41.2 percent of these businesses were POC-/White woman-owned.
    - Of utilized potential Rising SBs, 48.5 percent were POC-/White woman-owned.
    - Of utilized other SBs, 38.3 percent were POC-/White woman-owned.
    - Of utilized non-SBs, 7.5 percent were POC-/White woman-owned.
- Sound Transit awarded 14.7 percent of its 1,677 contracts and procurements to potential Emerging SBs, 14.6 percent to potential Rising SBs, 12.8 percent to other SBs, and 58.8 percent to non-SBs.
- Sound Transit awarded 2.0 percent of its approximately $1.8 billion contract dollars to potential Emerging SBs, 6.4 percent to potential Rising SBs, 11.5 percent to other SBs, and 80.2 percent to non-SBs.
- On average, Sound Transit awarded $2.7 million in contract dollars to each business that participated in its work during the study period, compared to $360,000 to each utilized potential Emerging SB, $1.1 million to each utilized potential Rising SB, $1.8 million to each utilized other SB, and $4.1 million to each utilized non-SB. These differences in dollars awarded to SBs of different tiers compared to non-SBs are statistically significant at the 99 percent confidence level for all SB tiers (Emerging SBs: t = 3.24; $p < 0.01$; Rising SBs: t = 3.48; $p < 0.01$; other SBs: t = 2.90, $p < 0.01$).

- Overall, businesses that participated in Sound Transit contracts exhibited a median annual revenue of $12.9 million.
  - Utilized potential Emerging SBs exhibited a median annual revenue of $1.3 million.
  - Utilized potential Rising SBs exhibited a median annual revenue of $5.7 million.
  - Utilized other SBs exhibited a median annual revenue of $17.1 million.
  - Utilized non-SBs exhibited a median annual revenue of $53.5 million.

b. Ownership. Figure 9-10 presents descriptive characteristics of the businesses to which Sound Transit awarded work during the study period by ownership overall as well as separately for businesses that are non POC-owned/non White woman-owned and businesses that are POC-/White woman-owned. As shown in Figure 9-2:

- During the study period, 24.2 percent of the 661 businesses that participated in Sound Transit's contracts and procurements were owned by POCs or White women.
- Sound Transit awarded 79.5 percent of its contracts to non POC/non White woman-owned businesses and awarded 20.5 percent of its contracts to POC-/White woman-owned businesses.
- Sound Transit awarded 86.3 percent of its contract dollars to non POC/non White woman-owned businesses and awarded 13.7 percent of its contract dollars to POC-/White woman-owned businesses.
- On average, Sound Transit awarded $2.7 million in contract dollars to each business that participated in its work during the study period, compared to $3.1 million on average to each utilized non POC-/non White woman-owned business and $1.5 million on average to each utilized POC-/White woman-owned business. This difference is not statistically significant ($t = 1.62$, $p < 0.11$), suggesting that Sound Transit awarded contracts to POC/White woman-owned businesses that were on average not significantly larger or smaller than the contracts it awarded to non POC-/non White woman-owned businesses.
- Overall, businesses that participated in Sound Transit contracts exhibited a median annual revenue of $12.9 million. Utilized non POC-/non White woman-owned businesses exhibited a median annual revenue of $15.7 million, compared to $7.9 million for utilized POC-/White woman-owned businesses. This difference is statistically significant at the 99 percent confidence level ($t = 5.23$; $p < 0.01$).

Figure 9-10.
Characteristics of businesses to which Sound Transit awarded contracts and procurements during the study period, by ownership

	Business Group		
Characteristic	All	Non POC-owned/ Non White woman-owned	POC-owned/ White woman-owned
Local (%)	74.7%	—	—
POC-/White woman-owned (%)	24.2%	—	—
Contracts awarded (%)	—	79.5%	20.5%
Contract dollars awarded (%)	—	86.3%	13.7%
Dollars per business (avg.)	$2.7M	$3.1M	$1.5M
Revenue (median)	$12.9M	$15.7M	$7.9M

Notes: *n = 661.*

Numbers rounded to nearest one-tenth of one percent and thus may not sum exactly to 100 percent.

Results for POC-/White woman-owned businesses only include local businesses (i.e., businesses located within the RGMA). Results for non-local POC- and White-woman owned businesses are reported with non POC/non White woman-owned businesses.

c. Business concentration. During the study period, Sound Transit awarded 1,677 contracts and procurements in construction, architecture and engineering (A/E), professional services, and goods and services—totaling approximately $1.8 billion—to 661 different businesses. A common finding in disparity study research is that government organizations tend to award a disproportionate percentage of their contracts and contract dollars to relatively few businesses. BBC conducted a concentration analysis of the contracts and contract dollars Sound Transit awarded during the study period to assess whether the agency awarded contracts or contract dollars to a relatively large number of businesses, or whether agency contract or contract dollar awards were heavily concentrated among a relatively small number of businesses.

BBC began the analysis by identifying all contracts Sound Transit awarded during the study period that were worth less than $10 million to align with the capacity of the vast majority of available businesses, including available POC- and White woman-owned businesses. Had we not limited our concentration analysis to contracts valued at $10 million or less, we might have observed relatively high levels of business concentration, particularly for non POC-/non White woman-owned businesses, when business concentration may in fact be much less for more typically sized Sound Transit contracts.[10]

After limiting the dataset to contracts worth less than $10 million, we ordered all utilized businesses in descending order based on how many contracts and contract dollars Sound Transit awarded to them. We then assessed how many different businesses accounted for 80 percent and 50 percent of the total contracts and contract dollars Sound Transit awarded.

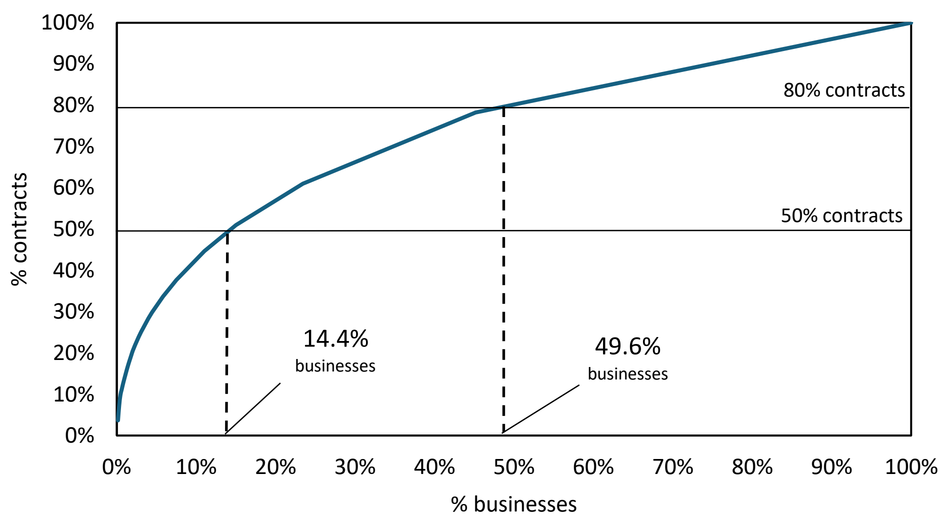
[10] Compared to when we limited the analysis to contracts worth less than $10 million, including all contracts in the analysis did in fact indicate greater levels of business concentration regardless of whether we based the analysis on contracts or contract dollars.

i. Contracts. Figure 9-11 presents a cumulative distribution of the 1,647 contracts worth less than $10 million Sound Transit awarded to 653 different businesses during the study period. The elements of Figure 9-11 represent the following information:

- The **horizontal axis** presents the percentage of the different businesses to which Sound Transit awarded contracts during the study period.
- The **vertical axis** presents the percentage of contracts Sound Transit awarded to different businesses.
- The **curve** presents the cumulative percentage of different businesses that accounted for the contracts Sound Transit awarded during the study period after BBC ordered businesses from the one that was awarded the largest number of contracts during the study period to the one that was awarded the least number of contracts.
- The **horizontal lines** indicate the number of contracts that represent 80 percent and 50 percent of the contracts Sound Transit awarded during the study period.
- The **vertical dashed lines** indicate the percentage of businesses that accounted for 80 percent and 50 percent of the contracts Sound Transit awarded during the study period.

As shown in Figure 9-11, during the study period, Sound Transit awarded approximately 80 percent of its contracts worth less than $10 million (1,318 contracts) to 49.6 percent of businesses (324 businesses). Furthermore, the organization awarded approximately 50 percent of its contracts worth less than $10 million (824 contracts) to just 14.4 percent of businesses (94 businesses).

Figure 9-11.
Cumulative distribution of businesses based on the number of contracts worth less than $10 million Sound Transit awarded to them

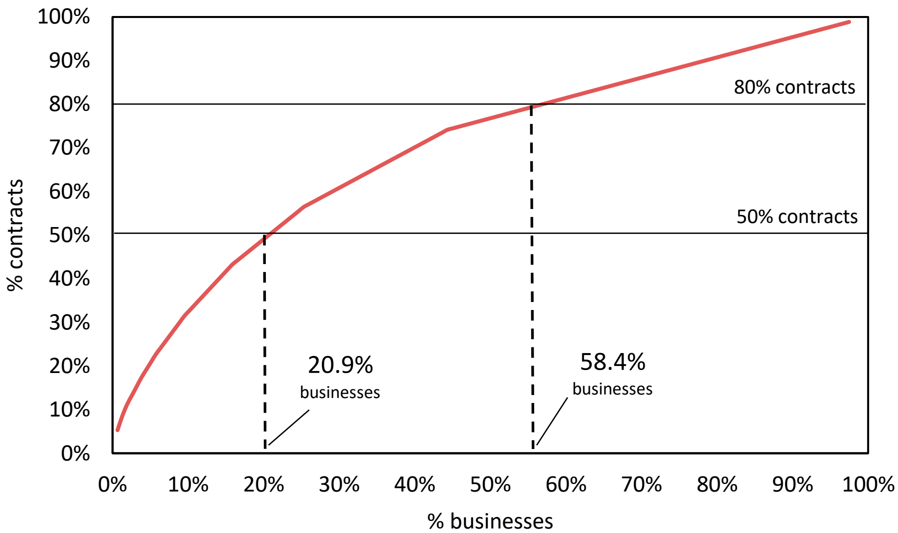


Note: *n* = 1,647 contracts.

BBC conducted the same analysis separately for the 340 contracts worth less than $10 million Sound Transit awarded to 158 POC- and White woman-owned businesses during the study period. Figure 9-12 presents those results. As with all businesses considered together, the concentration analysis indicated that a majority of the contracts worth less than $10 million that Sound Transit awarded to POC- and

White woman-owned businesses were awarded to relatively few businesses. The organization awarded approximately 80 percent of them (270 contracts) to 58.4 percent of POC- and White woman-owned businesses (90 businesses), and approximately 50 percent of them (171 contracts) to just 20.9 percent of POC- and White woman-owned businesses (33 businesses).

Figure 9-12.
Cumulative distribution of local POC- and White woman-owned businesses based on Sound Transit contracts worth less than $10 million

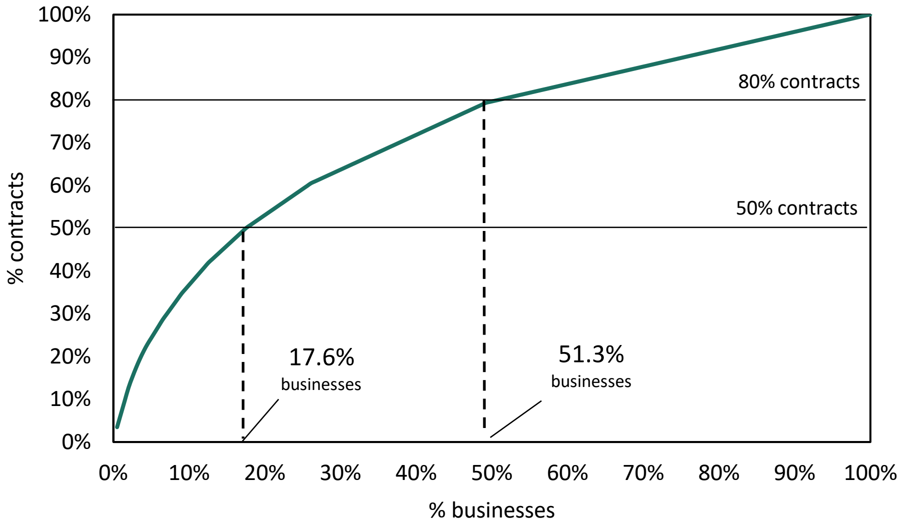


Note: *n* = 340 contracts.

Additionally, BBC conducted a concentration analysis separately for the 489 contracts worth less than $10 million Sound Transit awarded to 199 SBs during the study period. Figure 9-13 presents those results. As with all businesses and POC-/White woman-owned businesses, the concentration analysis of SBs indicated that Sound Transit awarded the majority of contracts worth less than $10 million to a relatively small number of SBs. The organization awarded approximately 80 percent of these contracts (392 contracts) to 51.3 percent of SBs (102 businesses), and approximately 50 percent of them (245 contracts) to just 17.6 percent of SBs (35 businesses).

These analyses taken together indicate that Sound Transit's contract and procurement awards are concentrated among a relatively small number of businesses, and that the agency could make efforts to further de-concentrate contract awards to encourage the participation of a greater number of available businesses in its work.

Figure 9-13.
Cumulative distribution of local SBs based on Sound Transit contracts worth less than $10 million

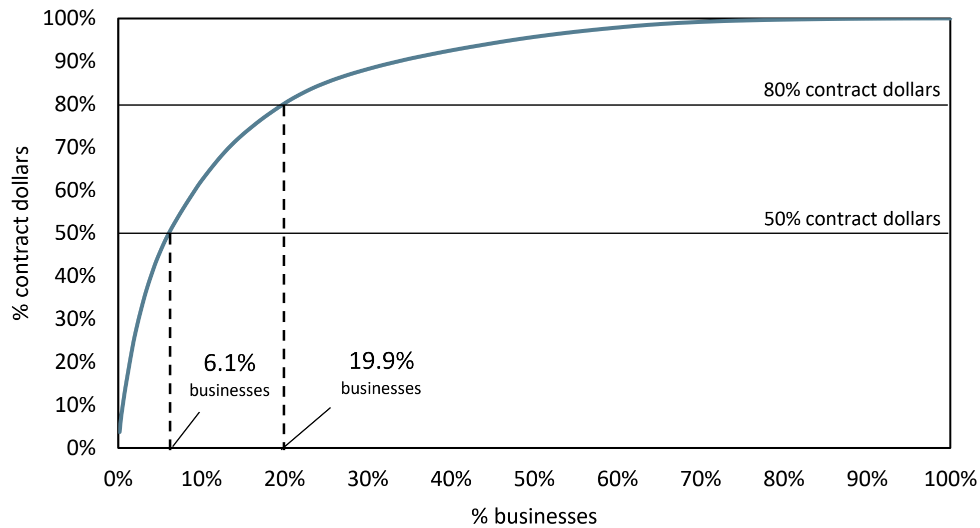


Note: *n* = 489.

ii. Contract dollars. Because contract sizes can vary so widely, BBC also assessed business concentration based on the contract *dollars* Sound Transit awarded during the study period. As with the contract-based concentration analysis, BBC limited the dollars-based analysis on contracts Sound Transit awarded during the study period that were worth less than $10 million, which totaled $499.4 million. Figure 9-14 presents a cumulative distribution of the percentage of contract dollars Sound Transit awarded to 653 businesses during the study period. As shown in Figure 9-14, during the study period, Sound Transit awarded approximately 80 percent of those contract dollars ($400.1 million) to just 19.9 percent of businesses (130 businesses). Furthermore, the organization awarded approximately 50 percent of those contract dollars ($250.5 million) to just 6.1 percent of businesses (40 businesses).

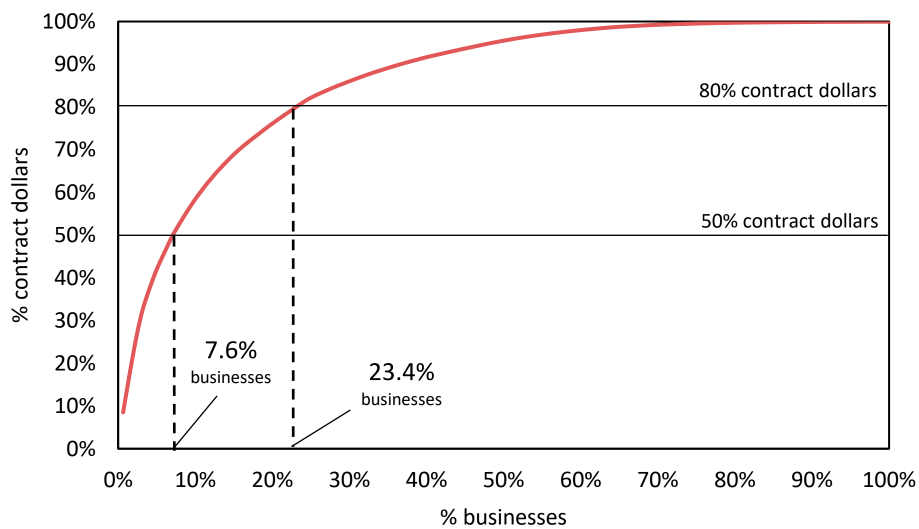
BBC conducted the same analysis separately for the POC- and White woman-owned businesses to which Sound Transit awarded contract dollars on contracts worth $10 million or less during the study period, totaling $97.2 million. Figure 9-15 presents those results. As with all businesses considered together, the analysis indicated that most of the total contract dollars Sound Transit awarded to POC- and White woman-owned businesses on contracts worth less than $10 million were awarded to relatively few businesses. Of the contract dollars Sound Transit awarded to POC- and White woman-owned businesses, it awarded approximately 80 percent of those contract dollars ($78.2 million) to just 23.4 percent of those businesses (37 businesses). Furthermore, it awarded approximately 50 percent ($50.2 million) of those contract dollars to just 7.6 percent of those businesses (12 businesses).

Figure 9-14.
Cumulative distribution of businesses based on Sound Transit contracts worth less than $10 million



Note: *n* = 1,647 contracts.

Figure 9-15.
Cumulative distribution of local POC- and woman-owned businesses based on Sound Transit contracts worth less than $10 million

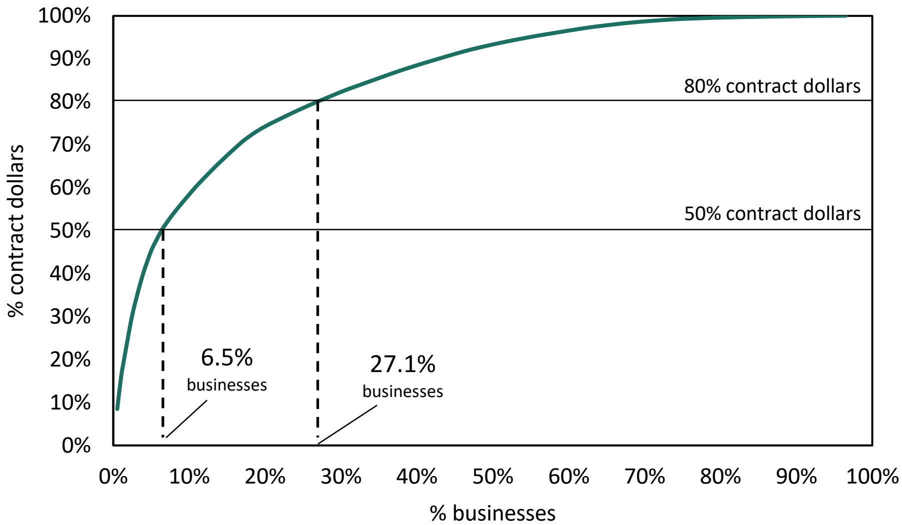


Note: *n* = 1,647 contracts.

Finally, BBC conducted a concentration analysis separately for the contract dollars Sound Transit awarded to SBs on contracts worth less than $10 million, totaling $94.6 million awarded to 199 SBs. Figure 9-16 presents those results. As with all businesses and POC-/White woman-owned businesses, the concentration analysis of SBs indicated that Sound Transit awarded the majority of the contract dollars for contracts worth less than $10 million to relatively few of SBs. The organization awarded approximately 80 percent of these dollars ($75.8 million) to 27.1 percent of SBs (54 businesses), and approximately 50 percent of them ($47.9 million) to just 6.5 percent of SBs (13 businesses).

These results of our concentration by contract dollars analyses taken together indicate that Sound Transit's contract and procurement dollars are highly concentrated among a relatively small number of businesses, suggesting that the agency can make efforts to further de-concentrate dollars among a greater number of businesses to encourage the participation of more available businesses in its work.

Figure 9-16.
Cumulative distribution of local SBs based on Sound Transit contracts worth less than $10 million



Note: *n* = 1,647.

B. Contract Analysis

BBC analyzed the characteristics of the various projects and contract elements Sound Transit awarded over the study period. These analyses can help Sound Transit understand some of the characteristics of contracts and procurements it awarded during the study period and can highlight potential opportunities for the agency to shape its work opportunities to be more aligned with the capacities of available businesses.

1. Projects. BBC assessed the 703 projects—which include the prime contract and all associated subcontracts (e.g., all contract elements)—Sound Transit awarded during the study period by total project value. First, we assessed how project dollars were spread across projects. We found that the vast majority of dollars associated with Sound Transit projects (84.7%) are concentrated in projects valued at more than $10 million. Just 28 projects accounted for 84.7 percent of project dollars. As discussed above, the vast majority of available businesses (80%) cannot compete as prime contractors for projects valued at $10 million or greater. These results suggest that the agency can make efforts to more evenly distribute project dollars across projects of different sizes to encourage more available businesses to participate in agency work.

Separately, we assessed the number of projects of different sizes Sound Transit awarded during the study period. The vast majority of projects (84.5%) were valued at $500,000 or less. Ninety percent of the projects the agency awarded were valued at $2 million or less. These results indicate that most projects the agency awards are well within the capacity of available businesses in the marketplace.

Taken together, these analyses of the projects Sound Transit awarded show that the agency's project dollars are highly concentrated among a very small number of projects that are outside of the capacity of most available businesses. Nevertheless, the vast majority of projects that the agency awarded are small, which may make them more accessible to available businesses, especially available SBs. The agency could take steps to address the imbalance between the distribution of the number of projects and the distribution of project dollars—for example, the agency could work to unbundle its largest dollar-value projects into smaller ones—which could more evenly distribute project dollars into packages that are more aligned with the capacities of available businesses.

2. Subcontracts. Subcontracts are often an accessible way for small and diverse businesses to participate in agency work. BBC also assessed the distribution of 640 subcontracts associated with projects Sound Transit awarded valued at $250,000 or more during the study period. We limited our analysis to subcontracts associated with projects valued at $250,000 or more because Sound Transit considers setting subcontract participation goals on projects of this size.

BBC assessed the distribution of subcontracts of different sizes as a percentage of total subcontract dollars awarded on projects valued at $250,000 or more during the study period. We found that 15.7 percent of all subcontract dollars are associated with subcontracts valued at more than $10 million. In other words, 84.3 percent of subcontract dollars awarded as part of projects valued at $250,000 or greater—a total of 637 subcontracts—were valued at $10 million or less. Thus, the dollar value of the vast majority of subcontracts aligns with the capacity of the vast majority of businesses available to perform work with Sound Transit.

Separately, we assessed the number of subcontracts of different sizes associated with projects valued at $250,000 or greater that the agency awarded. We found that 50 percent of subcontracts were valued at $80,500 or less. The vast majority of subcontracts (83.6%) were valued at $500,000 or less. These results indicate that most subcontracts associated with Sound Transit projects are well within the capacities of the majority of available businesses.

Our analysis of Sound Transit subcontracts indicates that the size of the vast majority of subcontracts on the projects the agency assesses for potential subcontracting goals is well within the capacities of even the smallest available SBs. These results suggest that prime contractors already subcontract scopes of work that are small in size, and that potential Emerging and Rising SBs could meaningfully compete for. As a result, Sound Transit could begin to set goals for the participation of these SBs to ensure that a portion of these subcontracts go to the smallest available businesses that are underutilized in agency contracts and procurements, but are ready, willing, and able to perform subcontracted agency work.

CHAPTER 10.
Recommendations

The 2025 Sound Transit Disparity Study provides information related to outcomes for small and diverse businesses in Sound Transit contracts and procurements. For the purposes of the study, *diverse* businesses include person of color (POC)-; White woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses.[1] The disparity study provides substantial information Sound Transit should examine as it refines its implementation of the Federal Disadvantaged Business Enterprise (DBE) Program, its Small Business (SB) Goals Program, and its other contracting inclusion efforts to encourage the participation of small and diverse businesses in the contracts and procurements it awards.

BBC Research & Consulting (BBC) presents various recommendations Sound Transit should consider based on disparity study results. We present recommendations for Sound Transit's consideration in three sections:

A. Federal DBE Program measures;

B. SB Program measures; and

C. Procurement policies.

A. Federal DBE Program Measures

As a recipient of Federal Transit Administration (FTA) funds, Sound Transit is required to implement the Federal DBE Program to encourage the participation of socially and economically disadvantaged businesses in the FTA-funded projects it awards. On October 3, 2025, the United States Department of Transportation (USDOT) issued Interim Final Rule 2025 (IFR 2025), which proposes to amend 49 Code of Federal Regulations (CFR) to redefine the term *social disadvantage* and to make corresponding changes to the certification criteria, goal setting, and reporting requirements associated with the Federal DBE Program.[2] Most notably, USDOT proposes to remove the presumption of disadvantage for businesses owned by POCs and women and has set forth the following requirements as part of doing so:

- Certifying agencies must re-evaluate businesses currently certified as DBEs to ensure that their owners meet the criteria for being socially disadvantaged with no regard to race or gender;
- Certifying agencies must develop a process to accept and assess *personal narratives* that certification applicants—regardless of the race or gender of their owners—would submit to demonstrate their social disadvantage;

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[1] "White woman-owned businesses" refers to non-Hispanic White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding race/ethnic groups.

[2] IFR 2025 is available online at https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/DBE-IFR-10-03.... USDOT released answers to frequently asked questions about IFR 2025 later in October 2025, available online at https://www.transportation.gov/sites/dot.gov/files/DBE_IFR_FAQs.pdf.

- USDOT fund recipients cannot set or enforce their triennial overall aspirational DBE goals while their reevaluation processes are ongoing and must set new goals when they have completed their processes; and
- USDOT fund recipients must pause their use of DBE contract goals in awarding individual contract opportunities while their reevaluation processes are ongoing.

The changes that USDOT has proposed to the Federal DBE Program would make the program completely *race- and gender-neutral* in nature. BBC offers recommendations for Sound Transit's consideration as it navigates those changes and strengthens the race- and gender-neutral program measures it uses to encourage the participation of small and diverse businesses in its work. We also strongly recommend that the agency work closely with its internal legal counsel in interpreting IFR 2025 and in making decisions regarding any changes to its implementation of the program.

1. Establish guidance for re-certification. In partnership with the Washington State Office of Minority and Women's Business Enterprises (OMWBE) and other USDOT fund recipients in the state of Washington, Sound Transit should develop plans for the reevaluation and certification of DBEs in accordance with IFR 2025. The agency should also communicate its plans and revised requirements to the local business community, particularly as it relates to establishing criteria for personal narratives. BBC recommends the following:

- As part of personal narratives, Sound Transit should allow applicants to include descriptions of their experiences of social disadvantage while understanding that, in many cases, such social disadvantage is inextricable from the race and gender of business owners. However, in alignment with IFR 2025, evaluators should not rely solely on business owners' races and genders to determine business eligibility for DBE certification.
- Sound Transit should take steps to ensure that personal narratives are interpreted consistently across multiple evaluators. The agency should make every effort to ensure that, were separate evaluators to assess the same personal narrative, they would draw the same conclusions about a business's eligibility for DBE certification.
- The organization should develop a process where evaluators can assess personal narratives anonymously without knowing the identities of the business or business owner(s) associated with each narrative to protect the privacy of the business owner and ensure an unbiased review process. Because personal narratives may contain sensitive information, Sound Transit should also ensure it takes sufficient data privacy steps to ensure the security of those data.

2. Assess the availability of disadvantaged businesses. The 2025 Sound Transit Disparity Study provides estimates of the availability of small and diverse businesses for Sound Transit's contracts and procurements. However, the analysis was based on the presumption that POC- and woman-owned businesses are socially disadvantaged, which IFR 2025 would eliminate. BBC recommends that Sound Transit update the availability analysis to include the availability of socially disadvantaged businesses in its marketplace based on the new definition of the term that USDOT has set forth in IFR 2025. Per IFR 2025, such an assessment would follow a methodology very similar to the one BBC used to conduct the availability analysis as part of this study, but it would also account for self-reported information about business owners' experiences with social disadvantage. This assessment would serve as the foundation for decisions Sound Transit would be required to make as part of its future implementation of the Federal DBE Program, including setting its next overall DBE goal.

3. Set a new overall DBE goal. After completing its recertification process and conducting an updated availability analysis, Sound Transit should set a new overall aspirational DBE goal and submit it to USDOT for review and approval. As part of its goal setting process, Sound Transit should project the portion of its goals it would achieve using *DBE-conscious measures* (i.e., measures that are designed specifically to encourage the participation of certified DBEs in its FTA-funded work) and the portion of its goal it would achieve using *DBE-neutral measures* (i.e., measures that are designed to support all businesses in its FTA-funded work).

4. Suspend race- and gender-conscious measures. During the study period, Sound Transit set project-based contract goals for the participation of certified DBEs in some of the FTA-funded projects it awarded. As a condition of award, bidders and proposers had to meet goal requirements by committing work to certified DBE subcontractors as part of their bids or by demonstrating that they made *good faith efforts* (*GFEs*) to do so. The use of those goals was race- and gender-conscious in nature, because POC- and woman-owned businesses were presumed to be socially disadvantaged as part of the Federal DBE Program, and thus, were automatically considered eligible to become certified as DBEs if they also met the requirements of economic disadvantage set forth in the program. Because IFR 2025 would strip the presumption of social disadvantage for POCs and women, for all intents and purposes, the Federal DBE Program would become race- and gender-neutral in nature. Consequently, Sound Transit should suspend its use of race- and gender conscious DBE contract goals unless USDOT regulations change again in the future.

5. Participation tracking. Sound Transit should consider continuing to track the participation of POC- and woman-owned businesses in its FTA-funded and non FTA-funded work. While the agency should not continue to implement or enforce *race- or gender-conscious* elements of the Federal DBE Program, and while it is not required to report data on the participation of POC- and woman-owned businesses to USDOT, continued tracking of the participation of those businesses in its work would serve as a benchmark for the organization to measure the impact of program changes on outcomes for those businesses in its contracting. That information could, in turn, inform refinements to Sound Transit's contracting inclusion efforts. Additionally, Sound Transit should continue to monitor legal and regulatory updates to the Federal DBE Program and avoid dismantling the framework of its program in case USDOT regulations change again in the future.

B. SB Program Measures

Sound Transit uses a variety of race- and gender-neutral measures to encourage the participation of SBs in its contracts and procurements, regardless of the race or gender of business owners.[3] Despite these efforts, results from the disparity analysis indicate that SBs are underutilized relative to their availability for many of the contract sets BBC analyzed. We discuss these results and provide recommendations for ways Sound Transit could maximize the effectiveness of its existing measures and develop additional measures to encourage the participation of SBs in its work.

BBC observed substantial disparities between the participation and availability of SBs for Sound Transit work across various sets of contracts and procurements Sound Transit awarded during the study

[3] BBC refers to any small business, regardless of certification, as an SB. Sound Transit implements an SB Goals Program to encourage the participation of SBs in its non FTA-funded contracts and procurements. To participate in Sound Transit's SB Goals Program, a business must hold any certification with OMWBE. For more detail, see Chapter 4 – Procurement Polices and Program Measures.

period. Figure 10-1 presents the contract sets we examined as part of the study and disparity analysis results for four groups of SBs relevant to Sound Transit's contracting inclusion efforts:

- All SBs, which include all businesses whose annual revenues are less than the United States Small Business Administration's (SBA's) size standards for small businesses working in their primary lines of work or are less than $31.84 million, whichever is less;
- *Emerging SBs*, which are businesses whose annual revenues are less than $3 million;
- *Rising SBs*, which are businesses whose annual revenues are $3 million or more but less than $10 million; and
- *Other SBs*, which are businesses whose annual revenues are $10 million or more but are less than $31.84 million;

The black dots shown in Figure 10-1 indicate which SB groups showed substantial disparities for the various contract sets we examined. As shown in Figure 10-1:

- All SBs considered together exhibited substantial disparities across all contract sets;
- Emerging SBs—which represent the smallest of SBs—exhibited substantial disparities across all contract sets;
- Rising SBs—which represent the next size tier of SBs—exhibited substantial disparities for all contract sets, except *goals ineligible* projects (i.e., projects worth $250,000 or less, the organization deems ineligible for the use of DBE or SB participation goals), non FTA-funded projects, and *no goals* projects (i.e., projects that Sound Transit awards without the use of DBE or SB goals); and
- Other SBs—which represent the largest of SBs—only exhibited substantial disparities for non FTA-funded projects, DBE goals contracts, SB goals contracts, and no goals contracts.

These results indicate that Sound Transit could consider additional efforts to support the participation of SBs, especially the *smallest* SBs, in agency work. BBC describes several ways it could do so below.

Figure 10-1.
Substantial disparities for SBs

Contract Set	Business Group			
	SBs	Emerging SBs	Rising SBs	Other SBs
All work	●	●	●	
Construction	●	●	●	
Professional services	●	●	●	
A/E	●	●	●	
Goods and services	●	●	●	
Prime contracts	●	●	●	
Subcontracts	●	●	●	
Large prime contracts	●	●	●	
Small prime contracts	●	●	●	
Goals eligible projects	●	●	●	
Goals ineligible projects	●	●		
FTA-funded	●	●	●	
Non FTA-funded	●	●		●
DBE Goals contracts	●	●	●	●
SB Goals contracts	●	●	●	●
No goals contracts	●	●		●

Note: For more information on disparity analysis results, see Chapter 8 and Appendix D.

1. Set an overall SB goal for non FTA-funded work. Sound Transit operates an SB Goals Program to encourage the participation of SBs in its non FTA-funded contracts and procurements. However, the agency does not have an overall aspirational goal to guide its SB inclusion efforts against and to serve as a benchmark against which to compare the actual participation of those businesses in its work. BBC recommends that Sound Transit set an overall aspirational SB goal against which to measure the impact of its various SB inclusion efforts. Various organizations across the country use overall aspirational SB goals as part of their contracting inclusion efforts that Sound Transit could model this measure after. For example:

- The Commonwealth of Virginia (Commonwealth) has an overall aspirational goal for the participation of Small, Women, and Minority (SWaM)-certified small businesses in its discretionary, state-funded contracts and procurements. As of 2014, the Commonwealth has set an annual goal of spending 42 percent of its dollars with SWaM-certified small businesses.
- The Houston Metropolitan Transit Authority (METRO) implements an SBE Program that includes an overall aspirational goal for the participation of small and disadvantaged businesses. METRO's overall aspirational SB goal is 35 percent. To meet its aspirational goal, the organization sets contract-based goals on the vast majority of its projects, but the contract-based goals may be more or less than its overall aspirational goal based on factors such as availability, funding, and subcontracting opportunities.

Sound Transit could consider using a two-step process modeled after the goal-setting process outlined in the Federal DBE Program to establish an overall aspirational SB goal for its non-FTA funded contracts and procurements. Figure 10-2 presents BBC's calculations for an overall SB goal that Sound Transit could consider.

a. Base figure. BBC assessed the availability of *potential SBs*—businesses that are either currently certified as federal small business enterprises (FSBEs) with OMWBE or could become certified as FSBEs with OMWBE based on their reported annual revenue—for the non FTA-funded contracts and procurements the organization awarded during the study period to calculate a baseline, or base figure, for an overall SB goal. As shown in column (b) of Figure 10-2, the analysis indicated that the base figure for all potential SBs together is 79.5 percent, comprising a 59.8 percent component for potential Emerging SBs, a 11.7 percent component for potential Rising SBs, and an 8.0 percent component for potential other SBs.

b. Adjustment considerations. Certain barriers, contracting realities, and other factors could impact the availability of SBs to compete for Sound Transit work and make it less appropriate for Sound Transit to set its overall SB goal based on the base figure alone. One factor the agency might consider in setting its goal is the relatively small number of SBs in the marketplace that hold any certification with OMWBE that would allow them to be counted towards the SB goal, which will impact Sound Transit's ability to meet its overall SB goal.

BBC recommends that Sound Transit consider using the past participation of all businesses that held any certification with OMWBE that counts towards Sound Transit's SB Goals Program during the study period to adjust its base figure. In column (c) of Figure 10-2, we present the participation of businesses that held any certification with OMWBE in Sound Transit's non FTA-funded contracts and procurements during the study period, which was 21.8 percent overall. Emerging SBs that were certified with OMWBE earned 3.8 percent of that work, Rising SBs that were certified with OMWBE earned 0.5 percent of that work, and other SBs that were certified with OMWBE earned 17.5 percent of that work.

c. Overall goal determination. Sound Transit could consider calculating its overall SB goal by taking an average of the base figure and the past participation of businesses certified with OMWBE. In calculating this average, BBC recommends that Sound Transit weigh the past participation of businesses certified with OMWBE more heavily than the base figure because this is the organization's first overall SB goal, and it is more realistic for the organization to base that goal more heavily on a percentage that is grounded in participation in the marketplace. Column (d) of Figure 10-2 represents custom weighting formulated by BBC, which weighs past participation more heavily than the base figure, resulting in an overall SB goal of 27.6 percent. The agency could consider breaking its goal down further to encourage the participation of Emerging SBs, Rising SBs, and other SBs separately. If the agency decided to do so, it would set goals of 9.4 percent, 1.6 percent, and 16.5 percent for those groups, respectively.

Figure 10-2.
Overall SB goal setting

a) Business group	b) Base figure	c) Past participation	d) Goal determination
Emerging SB	59.8 %	3.8 %	9.4 %
Rising SB	11.7 %	0.5 %	1.6 %
All other SBs	8.0 %	17.5 %	16.5 %
Total potential SBs	**79.5 %**	**21.8 %**	**27.6 %**

Note: Numbers are rounded to the nearest one-tenth of a percent.

2. Develop an SBE Program for FTA-funded contracts. Disparity analysis results indicated that, despite the race- and gender-neutral program measures Sound Transit operates, Emerging SBs and Rising SBs exhibited substantial disparities in that work. Results showed that for every $1.00 for which Emerging SBs are available for the agency's FTA-funded projects, they were awarded $0.02 during the study period. For every $1.00 for which Rising SBs are available for that work, they were awarded $0.31 during the study period. These results indicate that the agency should consider developing additional measures to further encourage the participation of these businesses in its FTA-funded contracts and procurements. 49 CFR Part 26.39 requires USDOT fund recipients to develop a race- and gender-neutral SB inclusion element as part of their implementations of the Federal DBE Program to foster SB participation in the USDOT-funded contracts and procurements they award.

OMWBE offers a Federal Small Business Enterprise (FSBE) certification for SBs that are interested in performing work on federally-funded contracts and procurements within the state. While FSBEs are eligible to fulfill SB Goals on non-FTA funded contracts and procurements Sound Transit awards, the agency does not operate business inclusion measures for FSBEs in the FTA-funded contracts and procurements Sound Transit awards. BBC recommends that Sound Transit develop a robust SBE Program—that could be tailored specifically to FSBE-certified businesses, or, because FTA regulation may allow Sound Transit to define SBs differently than OMWBE's FSBE certification, that could include a wider range of SBs—to encourage the participation of SBs in its FTA-funded contracts and procurements. Such a program could mirror Sound Transit's non FTA-funded SB Program, where Sound Transit considers setting race- and gender-neutral SB or FSBE participation goals on its FTA-funded work. An SBE Program should include measures tailored to address the specific needs of SBs in the marketplace. Sound Transit would be required to obtain approval from FTA to operate an SB Program as part of its FTA-funded awards.

3. Establish tiers of SBs and SBEs. To be eligible for participation in Sound Transit's SB Program, businesses must meet one size standard: the revenue requirements established by the SBA for small businesses working in their primary lines of work or $31.84 million, whichever is less. This threshold allows for the vast majority of businesses—including large and successful businesses—available for Sound Transit work to be eligible for the program and benefit from the efforts the agency uses to support SBs. BBC's analyses indicate that 80 percent of local businesses available for Sound Transit work have annual revenues of $7.3 million or less, and 50 percent of these businesses have annual revenues of $1 million or less. Sound Transit should consider creating multiple tiers of SB and SBE certifications tailored to the sizes of the available businesses in its marketplace (e.g., Emerging SBs, Rising SBs, and SBA SBs). The agency could then design measures specific to each tier of SB and SBEs. For example, Sound Transit could consider setting different overall aspirational goals, setting aside different sized contracts exclusively for competition among different tiers of SBs and SBEs, or setting separate participation goals for different tiers of SBs and SBEs.

4. Use SB and SBE participation goals. Throughout the entire study period, Sound Transit set condition-of-award SB participation goals on its non FTA-funded contracts and procurements. Only businesses certified as with OMWBE counted for credit towards meeting these goals.[4] Similarly, the agency set condition-of-award SBE participation goals on its FTA-funded contracts and procurements

[4] For more information on the certifications offered by OMWBE, see Chapter 4 – Procurement Policies and Program Measures and OMWBE's webpage at https://omwbe.wa.gov/certification.

until the summer of 2023. Despite these efforts, SBs still exhibited substantial disparities on projects Sound Transit awarded with the use SB or SBE contract goals. BBC recommends that Sound Transit start using SBE participation goals for its FTA-funded work again, and that the agency refine its use of SB participation goals for its non FTA-funded work.

a. FTA-funded projects. BBC recommends that Sound Transit begin using condition-of-award SB participation goals—which could be FSBE participation goals, or could be goals for SBs generally, depending on how Sound Transit seeks to define SBs for the purpose of its FTA-funded work—to encourage the participation of economically disadvantaged businesses in the agency's FTA-funded contracts and procurements. By using SB participation goals for FTA-funded projects, Sound Transit can continue to support the participation of SBs generally, many of which are socially disadvantaged businesses, in its FTA-funded work even if cannot set and enforce race- or gender-conscious DBE contract goals. Various USDOT fund recipients use condition-of-award SB participation goals as part of their Federal DBE Program. For example:

- The San Francisco Bay Area Rapid Transit District (BART) uses SBE contract goals to award many of its FTA-funded contracts. Prime contractors bidding on those contracts must meet the goals by either making subcontracting commitments with certified SBEs or by submitting documentation that they made GFEs to meet the goals but failed to do so. BART reviews GFE documentation and approves it if prime contractors demonstrate genuine efforts towards partnering with certified SBEs. If prime contractors do not meet goal requirements through subcontracting commitments or through approved GFEs, then BART can reject prime contractors' bids as non-responsive.
- The Michigan Department of Transportation (MDOT) operates an SB participation goals program on its locally-let FTA-funded projects valued at $500,000 or greater. All eligible projects include a 5 percent SB participation goal that prime contractors must meet by making subcontracting commitments to certified SBs. Instead of requiring prime contractors to submit GFE documentation and disqualifying prime contractors that do not meet the SB goal through subcontracting, MDOT provides incentives to prime contractors that meet the SB goal. If a bidder or proposer meets the goal, the agency provides the business with a 5 percent price discount or evaluation preference in evaluating bids or proposals.

When Sound Transit resumes setting DBE participation goals as part of its implementation of the Federal DBE Program in accordance with IFR 2025, the agency should assess the value of setting both SBE and DBE participation goals on FTA-funded projects. Should the agency choose not to set both SB and DBE participation goals on FTA-funded projects in the future, it will be important for the agency to still have other measures in place to support the participation of socially and economically disadvantaged businesses in its FTA-funded work.

b. Non FTA-funded projects. BBC recommends that Sound Transit continue to set SB contract goals on its non FTA-funded projects, and that the agency refine its SB Goals Program to encourage the participation of subcontractor SBs of all sizes. For example, the agency could implement a tiered contract goal program, where it sets three distinct SB goals on select projects for SBs of different sizes: one goal for the participation of Emerging SBs, one for the participation of Rising SBs (and Emerging SBs), and one for the participation of SBA SBs (and Emerging and Rising SBs). Other agencies across the country implement tiered subcontract goals programs. For example, as part of its Local Business Enterprise (LBE) Program, the City of San Francisco can set three separate subcontracting goals on projects to encourage the participation of LBEs across its three business certification tiers—Micro LBEs, Small LBEs, and SBA LBEs. If the agency chooses not to set multiple goals on a particular project, then it only allows Micro LBEs and Small LBEs to be counted toward meeting the goal.

Alternatively, Sound Transit could continue to set one overall SB goal on a project but incentivize prime contractors to meet the goal through subcontracting commitments with the smallest small businesses. For example, the agency could apply a multiplier to subcontracting commitments that value commitments to Emerging and Rising SBs more than commitments to SBA SBs. Figure 10-3 shows an example of how Sound Transit could apply subcontracting multipliers.

5. Expand SB prime contracting inclusion measures. A substantial majority of businesses available for Sound Transit work (86.4%) report an interest in working as prime contractors on agency projects. However, disparity analysis results showed there were substantial disparities for most small and diverse business groups on prime contracts Sound Transit awarded during the study period overall, as well as on small prime contracts and on large prime contracts. Business owners who shared insights about the marketplace described barriers they experience when trying to compete to work as prime contractors directly with the agency. For example:

> *The representative of a woman-owned professional services firm stated, "It's really challenging to get Sound Transit to notice us as small businesses. We're just not on their radar, nor do they really seem like they're interested in working with folks beyond their normal contractors."*

To address some of these barriers and disparities, Sound Transit could consider expanding prime contracting inclusion measures for SBs, such as SB set-aside contracts, price and evaluation incentives for SBs, and the encouragement of joint ventures (JVs) that include SBs.

i. Award SB set-aside contracts. Study participants indicated that the work agencies let is typically too large or too specialized for SBs to perform as prime contractors and described these large contracts as a barrier to building capacity. For example:

> *A participant in a focus group stated, "I would also … I would call 'on-ramping' or maybe 'small projects.' Maybe cutting out smaller projects that can be less burdensome, easier to implement with small, diverse businesses. But it could be an opportunity to start building those relationships, start building that knowledge in our community around how do you do business with Sound Transit."*

> *The representative of a POC-serving trade association stated, "My experience working with Sound Transit is that a lot of times the work there required is very specialized, so there is a lack of small businesses across the board to be able to do that work. And then, typically, the size of the work they're doing … does not suit well for small businesses. They usually go with big firms, and you are left to do what you can to become a subconsultant to them in some aspect."*

Figure 10-3.
Example of subcontract participation multipliers

a) No multipliers

Subcontractor	Emerging SB	Rising SB	SBA SB
Subcontract commitment	10 %	10 %	10 %
Multiplier	N/A	N/A	N/A
Subcontractor retained value	10 %	10 %	10 %
Total evaluated subcontract commitment	**10% + 10% + 10% = 30%**		

b) SB multipliers

Subcontractor	Emerging SB	Rising SB	SBA SB
Subcontract commitment	10 %	10 %	10 %
Multiplier	2	1.5	1
Subcontractor retained value	10 %	10 %	10 %
Total evaluated subcontract commitment	**20% + 15% + 10% = 45%**		

In example (a), each subcontract commitment is multiplied by one and added together. The bidder would be evaluated based on their commitment of 30 percent of the project to its three SB subcontractors. In example (b), each subcontractor still retains 10 percent of the project dollars, but prime contractors' subcontracting commitments are evaluated after applying multipliers to incentivize bidders to make subcontracting commitments with Emerging and Rising SBs. Thus, the bidder would get credit for a commitment of 45 percent of the project to its three SB subcontractors.

Sound Transit implements a Limited Public Works (LPW) and Small Public Works Roster (SWR) program, through which select construction contracts can be set aside for the exclusive competition of SBs as prime contractors on non FTA-funded projects.[5] BBC recommends that set-aside contracts be tiered to expand access to prime contractors to SBs of different sizes. For example, with Sound Transit's current policies, only businesses with average annual revenues of $1 million or less can compete for LPW procurements. Sound Transit could expand its set-aside program such that:

- Only Emerging SBs can compete for set-aside contracts of $350,000 or less;
- Only Emerging and Rising SBs can compete for set-aside contracts of $1 million or less; and
- All SBs can compete for set-aside contracts of $4 million or less.

[5] For more information on LPW and SWR procurements, see Chapter 4.

Sound Transit could further refine these thresholds based on industry. For example, the agency could set aside contracts of different sizes for Emerging SBs, Rising SBs, and all SBs in construction, professional services, and goods and services based on data about the capacities of available businesses—and available SBs—that perform each type of work. We also recommend that the agency expand its set-aside program to include FTA-funded projects as part of a new SBE Program.

USDOT fund recipients across the country operate contract set-aside programs that can serve as models for Sound Transit to consider. For example:

- The Florida Department of Transportation (FDOT) sets aside a percentage of its USDOT-funded contracts every year for exclusive competition among certified SBs. FDOT uses the following industry-specific thresholds in selecting set-aside contracts:
  - *Construction:* contracts of up to $3 million
  - *Professional services:* Project-specific contracts of up to $1.5 million and task order contracts of up to $3 million.
- The Los Angeles County Metropolitan Transportation Authority (LA Metro) certifies SBEs and two tiers of Medium-sized Businesses (MSZ-Is and MSZ-IIs). Additionally, the agency is developing a Microbusiness Program to certify businesses smaller than SBEs. The agency is authorized to set aside qualified contracts for exclusive competition among SBE, MSZ-I, and MSZ-II businesses:
  - LA Metro can set aside non USDOT-funded competitively negotiated contracts valued between $3,000 and less than $5 million and competitive low bid contracts valued between $5,001 and less than $5 million for exclusive competition among SBEs.
  - The agency can set aside competitively negotiated procurements and competitive low bid procurements valued between $5 million and $15 million exclusively for MSZ-I competition.
  - The agency can set aside competitively negotiated procurements valued between $15 million and $30 million and competitive low bid procurements valued between $15 million and $30 million exclusively for MSZ-II competition.

ii. Use SB price and evaluation incentives. Bid and evaluation preferences can help SBs compete with larger, more cost-competitive businesses. They provide an opportunity for businesses that may have higher overhead costs due to their size or age to compete with established businesses while also developing their expertise in working with Sound Transit. Preferences or discounts that prioritize SBs can also encourage more SB participation. Some government agencies use price incentives (also called bid discounts) to incentivize the participation of SBs in prime contracting when projects are awarded to the lowest bidder, most often in construction and goods and services awards. Similarly, government agencies use evaluation incentives (also called evaluation credits or evaluation points) to encourage SB participation in prime contracting when projects are awarded to the highest-scoring responsive bidder, most often in architecture and engineering (A/E) and other professional services awards. Figure 10-4 provides two examples of hypothetical assessments of bids or proposals where a certified SB receives a 10 percent price incentive or a 10-point evaluation incentive when bidding as a prime contractor.

Sound Transit could consider modeling this measure after similar measures that other organizations across the country operate:

- The City of San Diego applies a 5 percent bid discount to construction projects valued between $1 million and $1.5 million when qualified Emerging LBEs or Small LBEs bid as prime contractors. The organization calculates and applies a bid discount during bid evaluation. If there is a tie between bidders, the contract is awarded to the smallest LBE bidder.
- The Minnesota Department of Transportation offers a preference of up to 12 percent to certified Targeted Group Businesses (TGBs) and certified Veteran-owned Small Businesses (Vets) that bid as prime contractors on its state-funded construction and professional services contracts and procurements. These preferences cannot exceed $240,000. TGBs and Vets must request this preference by submitting a preference form alongside their proposal.
- The Ohio Turnpike and Infrastructure Commission (OTIC) awards bid discounts for SBE bidders on construction and professional services contracts:
  - SBE bidders on construction projects receive a 5 percent bid discount for projects valued at $500,000 or less, a 3 percent bid discount for projects valued between $500,000 and less than $1 million, and a 2 percent bid discount for projects valued greater than $1 million.
  - SBE bidders on professional services projects receive a 5 percent evaluation credit for all projects.

Additionally, as an alternative to bid discounts, OTIC offers SBE bidders bid matching. If an SBE's bid is no more than 5 percent greater than the lowest bid, the agency can offer the SBE the opportunity to match the low bid amount and be awarded the project.

iii. Encourage JVs. Due to their smaller capacities, SBs often work solely as subcontractors, which may prevent them from gaining the experience needed to build capacity and bid on future work as prime contractors. BBC found that, of the 315 SBs that participated in Sound Transit work over the study period, more than half of them only participated as subcontractors (181 of 315). One way Sound Transit could better support SB growth is by structuring procurements to facilitate the ability of consortia or JVs that include SBs to compete for and perform prime contracts. One business owner shared his insights around such an initiative:

> *The Black, male, veteran owner of a DBE-, Minority-owned Business Enterprise (MBE)-, and SBE-certified consulting firm stated, "Sound Transit could … maybe bundle a few minority firms together and have them take on a substantial piece of work at Sound Transit. I think you'll find that a lot of us will work together really, really well."*

Encouraging JVs that include SBs could allow them to gain experience working as prime contractors while mitigating some of the difficulties and costs of doing so, which would allow them to be more competitive on future projects. Sound Transit could consider replicating elements of other organizations' JV programs. For example:

- The Lexington-Fayette Urban County Government (LFUCG) in Kentucky implements a JV prime contracting incentive program for JVs between Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) and between non-MBE/WBEs and MBE/WBEs. Qualified JV teams are eligible for bid discounts:

Figure 10-4.
Examples of bid discounts and evaluation incentives

a) Bid discount

	Bidder A	Bidder B	Bidder C
Certified	Yes	No	No
Bid amount	$115,000	$110,000	$120,000
Bid discount	$11,500 (10%)	N/A	N/A
Adjusted bid amount	**$103,500**	**$110,000**	**$120,000**

b) Evaluation incentive

	Proposer A	Proposer B	Proposer C
Certified	Yes	No	No
Pre-bonus evaluation score	90.0	85.0	92.0
Bonus	10.0 (10%)	N/A	N/A
Adjusted evaluation score	**100.0**	**85.0**	**92.0**

In example (a), Bidder A would be deemed the low bidder based on its adjusted bid amount for being a certified SB. The contract would be awarded for $115,000, because the discount is only considered for evaluation purposes. In example (b), Proposer A would be deemed the highest-ranked proposer based on adjusted evaluation scores.

- A JV that is comprised entirely of MBE/WBEs is eligible for a 10 percent bid discount or evaluation points;
- A JV that includes 40 percent MBE/WBE participation or more is eligible for a 7.5 percent bid discount or evaluation points; and
- A JV that includes between 35 and 40 percent participation by an MBE/WBE is eligible for a 5 percent bid discount or evaluation points.

- The Washington State Department of Transportation (WSDOT) developed a trucking consortium where multiple DBE-certified trucking companies—many of which are very small SBs—collaboratively bid on WSDOT contracts and procurements as a collective to help meet the demand for trucking services on WSDOT projects and to build the capacity of consortium members.

6. Advertise and expand technical assistance. Many study participants described barriers SBs face in learning about and performing Sound Transit work and indicated a need for additional technical assistance offerings to address these barriers. For example, business owners described an interest in procurement fairs to learn about how to do business with a transit agency, resource packets for SBs, and opportunities to receive one-on-one support with administrative tasks from agency staff. While Sound Transit offers some of these opportunities, these insights highlight a need for more information about these programs among businesses that need support. BBC recommends that Sound Transit expand its advertisement of the technical assistance programs it offers. Additionally, the agency could expand its relationships with partners in the marketplace, such as non-profit organizations, trade associations, community lenders, and business development groups, to ensure that more members of the business community are able to access and participate in Sound Transit's programs. Study participants also described the importance of making these resources available to stakeholders who may not speak English, or would prefer to access information in another language. For example:

> *The Black owner of a goods and services company stated, "Sometimes for a small business like this one, when they ask you to put together a business plan, it's maybe difficult to apply the financial language or business language that the business plan requires. … They need to look into that, make sure that everybody has access to information [and is] not being limited by English. … To diversify flyers maybe [and] translate them to popular languages."*

Additionally, BBC recommends that Sound Transit consider additional technical assistance offerings, such as re-establishing a mentor-protégé program (MPP), offering more targeted vendor trainings, and creating an SB financing support program.

i. Re-establish an MPP. During the study period, Sound Transit operated an MPP in collaboration with WSDOT and the Tacoma branch of the Minority Business Development Agency (MBDA) called the Capacity Building Mentorship Program (CBMP). The program was designed to enhance the capabilities and participation of small and diverse businesses in transportation-related government work. However, in early 2025, the MBDA was closed, and Sound Transit and WSDOT are considering alternative ways to re-establish an MPP like the CBMP without the MBDA. BBC recommends that Sound Transit continue these efforts, which could include expanding the agency's internal capacity to oversee and implement an MPP, or soliciting the support of a qualified external partner to operate the program. We recommend that Sound Transit consider integrating the following elements into a future MPP:

- Mentorship from businesses that successfully compete for and perform Sound Transit contracts and procurements in the same industries as protégés;
- An emphasis on teaching protégés how to navigate Sound Transit processes to work as prime contractors;
- Compensation for the time and resources required for mentors and proteges to participate in the program;
- Incentives for mentors to include their protégés on project teams in future opportunities; and
- Key performance indicators (KPIs) tailored to ensure that mentors make genuine efforts to support the growth of protégés and that protégés benefit from their relationships with mentors.

Several organizations offer incentivized MPPs, which could serve as models Sound Transit can consider. For example:

- MDOT implements an MPP for small consulting businesses. Key elements of this program include:
  - *Set-aside contracts*: The agency sets aside select contracts each year for exclusive competition among mentor-protégé pairings. As part of bid evaluations for these contracts, project teams must submit mentorship plans that are assessed as part of the evaluation processes.
  - *Non-exclusivity*: Mentors can team with multiple protégés, and protégés can team with multiple mentors. Mentors cannot require their proteges to bid exclusively with them on MPP set-aside contract opportunities.
  - *Project cost reimbursement*: The time that mentors and protégés dedicate to executing mentorship plans can be billed to MDOT.
- The Colorado Department of Transportation (CDOT) operates an MPP for small construction and consulting businesses. Key elements of the program include:
  - *Relationship building*: The agency supports emerging businesses in developing relationships with prime contractors or consultants that successfully perform CDOT work.
  - *Financial compensation*: Mentors receive annual stipends for their participation in the program.
  - *Project team incentives*: Consultant teams receive an extra evaluation point for including protégés (past or present) on their teams and two points if prime consultants are graduates of the MPP and include protégés on their project teams.

ii. Expand targeted vendor trainings. As part of the qualitative insights we collected, study participants identified a continued need for vendor training and technical assistance for SBs interested in performing Sound Transit work. To ensure that available SBs have the preparation and information they need to successfully perform work on Sound Transit contracts, the agency should expand its new contractor onboarding and office hours offerings as a way to continue to provide tailored administrative assistance to small and diverse businesses seeking support in building project teams, preparing competitive bids, and managing projects. Expanding SB development and training opportunities could help build trust between Sound Transit and SBs, and could ensure that, as the agency considers additional SB inclusion measures, interested businesses have the foundational skills and training they need to be able to successfully compete for and perform agency work.

iii. Create an SB financing program. SBs frequently operate with limited working capital and are often unable to access financing on favorable terms. These barriers can make it difficult for them to take on public sector work that requires significant upfront investment and often has slower payment terms. Study participants identified cashflow barriers as a factor that impacts their interest in and ability to perform public sector work and recommended that Sound Transit develop programs to address them. For example:

> *The representative of a trade association stated, "[Is there] anything that Sound Transit can do to help with operating capital, bonding, that kind of access? That's the first rule of business, you have to have all that stuff ready and supportive, and I don't know what kind of underwriting for bonding [that would] … go a long way instead of trying to access that on the open market when you're brand new and don't know exactly what's going on."*

To reduce cashflow barriers that often prevent small and diverse businesses from pursuing or performing public sector contracts, Sound Transit should consider offering mobilization funds. Under this approach, contractors would be eligible to receive limited upfront funding after contract awards to help cover initial expenses—such as staffing, equipment, bonding, insurance, and material purchases—necessary to begin work on agency projects.

Several organizations offer mobilization funds to their vendors. For example:

- Alabama state agencies allow contractors to invoice for costs related to bonding, insurance, and other upfront costs in their first invoices, as long as the value of those mobilization funds does not exceed 3 percent of their total contract values.
- Los Angeles World Airports (LAWA) operates a Contractor Financing Assistance Program, where businesses that experience challenges in obtaining traditional loans can access up to $250,000 with fixed low-interest rates to pay for contract-related expenses associated with work they perform for the agency. Businesses can apply for the loans, and their approval is contingent on their winning a project with LAWA.

C. Procurement Policies

In addition to potential refinements to its implementation of the Federal DBE Program and the SB Goals Program, Sound Transit could also consider making refinements to its procurement policies to better support the participation of small and diverse businesses in its work.

1. Provide supplier diversity training. Sound Transit procures *micro-purchases* (i.e., non-repeating purchases or contracts for goods and services valued at $10,000 or less) using purchasing cards or division purchase orders. The agency's procurement policies encourage departments to seek and consider DBE or SB vendors for micro-purchase procurements. However, in practice, there is limited oversight into how individuals and agency divisions make these purchases and the impacts these practices have on the participation of small and diverse businesses in agency work. Sound Transit could consider developing supplier diversity training for staff and divisions to ensure that stakeholders across the agency understand their role in contracting inclusion efforts and have the tools they need to meaningfully consider SBs for small purchases.

2. Establish subcontracting minimums. Subcontracting is often the first opportunity small and diverse businesses have to work with government organizations. However, large companies may minimize subcontracting commitments to other businesses because it is typically more profitable to self-perform as much project work as possible. Sound Transit could establish subcontracting minimum policies, which would require prime contractors to subcontract a minimum percentage of a project's value to other businesses. The agency could consider various methods of setting subcontracting minimums, including:

- Setting a blanket minimum for all eligible contracts;
- Setting different minimums based on work type and contract size; or
- Setting different minimums based on various factors unique to each project.

Sound Transit could require prime contractors to meet or exceed subcontracting minimums or demonstrate acceptable GFEs for their bids or proposals to be considered responsive. In tandem with subcontract participation goals, a subcontracting minimum requirement could increase opportunities for small and diverse businesses to perform agency work.

3. Unbundle projects. SBs exhibited reduced availability for relatively large projects that Sound Transit awarded during the study period. BBC's analyses indicated 50 percent of businesses potentially available for Sound Transit work could not compete for or perform contracts valued at more than $1.3 million, while only 20 percent could compete for or perform contracts valued at more than $10 million. In contrast, we found that the vast majority of project dollars Sound Transit awarded during the study period (84.7%) were associated with projects worth $10 million or greater. To further encourage the participation of small and diverse businesses in its work, Sound Transit could consider unbundling relatively large projects and could consider establishing procurement policies that encourage prime contractors to unbundle subcontracts into several smaller pieces. The agency could also consider providing ongoing training and specific guidance to procurement staff and contract managers to help them identify opportunities to unbundle contracts into smaller, more accessible pieces, including:

- Reviewing multi-phase or large projects to assess whether any portions could be unbundled into smaller opportunities;
- Assessing whether multi-year contracts for certain services, such as janitorial services, could be unbundled into multiple shorter-term contracts or could be awarded as task-order contracts; and
- Assessing whether certain contracts could be unbundled into smaller contracts organized by geographic areas or based on other factors.

4. Expand the use of alternative procurement methods. Sound Transit could consider refining or expanding its alternative procurement methods to design its contract and procurement policies in ways that make agency work more accessible to a greater number of businesses, including small and diverse businesses.

a. Rotate Multiple Award Task Order Contracts (MATOCs). Sound Transit is implementing a process to procure select A/E and professional services contracts as MATOCs, which began in 2025. MATOC procurements require the agency to release a request for qualifications to select multiple vendors that meet the basic qualifications to be on a "bench" to perform future work on contracts with the agency. Sound Transit is designing five benches, where businesses will be placed based on their size and work scope: Micro, Small, Medium, Large, and Specialty. As the need for services arises, the vendors on the benches will be asked to submit work plans or quotes for the good or service, and the agency will select the vendor that best meets its needs for the work. Businesses on the bench can pursue MATOCs as either prime contractors or subcontractors.

As it implements this process, Sound Transit should assess the effectiveness of MATOCs in increasing the participation of SBs in its work. Because all vendors on a bench are deemed qualified to do agency work, Sound Transit could consider implementing a rotation system for individual task orders to ensure that businesses on the bench receive comparable amounts of work over the contract term. Rotation systems work best when the organization anticipates that the scopes of the task orders will be largely similar or even identical. One model Sound Transit could consider for a rotation system is operated by the San Diego Association of Governments (SANDAG). SANDAG has a task order contract program in which the organization selects a pool of qualified and certified DBE and SBE subcontractors through a proposal process. Prime contractors are then encouraged to choose from that pool of subcontracts as they need them for project work rather than choosing their own subcontractors, which can often lead to the same subcontractors repeatedly getting work on SANDAG projects. Additionally, Sound Transit could consider establishing a maximum number of task orders a business can win as part of a MATOC.

For example, the City of Portland caps the total number of task orders a business can win to encourage the participation of a range of businesses in its contracts and procurements.

b. Use the Construction Manager at Risk (CMAR) model. Sound Transit could also consider using CMAR-style procurements for large infrastructure projects. Under a CMAR model, a government organization hires businesses to serve as construction managers for both the design and construction elements of projects. Often, this model allows construction managers to award multiple prime contracts as part of the projects they are managing, both as part of design phases and build phases. Doing so not only creates more opportunities for businesses to serve as prime contractors but also can result in more flexible, cost-effective, and timely project delivery.[6]

c. Minimize low-bid awards. Awarding projects to the lowest bidder does not always equate to good value for Sound Transit, and many businesses choose not to work in the public sector because they view the work as less profitable than in the private sector due to the emphasis on low-bid awards in the public sector. The low-bid contracting model can also place SBs at a disadvantage, because they cannot always provide the same services for the same price as larger businesses, which can usually benefit from economies of scale. Some study participants provided insights related to these barriers. For example:

> *The representative of an Asian Pacific- and woman-owned construction company stated, "What we are offering doesn't always measure up to what other larger companies are offering and it makes it harder to obtain contracts."*

Sound Transit could consider integrating bidding methods other than low-bid awards for its construction and goods and services procurements. Doing so could result in better quality work and could allow the agency to award contracts to a broader range of businesses, many of which may not be willing or able to bid successfully on low-bid opportunities. As an example of an alternative model, Washington State law requires certain public works contracts to be awarded to the lowest *responsible* bidder, which gives Sound Transit the authority to assess qualifications when making determinations of bidders being responsible.[7] The agency could consider making increased use of best value procurement methods, such as through:

- Request for proposals (RFP) processes, by which bidders are evaluated on a combination of cost and qualitative factors, including their technical approaches, their qualifications, and their experience;
- Qualifications-based selection approaches, by which Sound Transit awards contracts based on qualifications alone (which the agency already uses for A/E and professional services projects); and
- Two-step bidding processes, by which Sound Transit reviews technical proposals first without consideration of price, and vendors who pass the technical proposal stage are then evaluated based on their costs (which the agency already uses for design-build projects).

5. De-concentrate awards. BBC found that the majority of the contracts and procurements—as well as the associated dollars—Sound Transit awarded during the study period were awarded to a small

[6] Gransberg, Douglas & Shane, Jennifer. (2008). Construction Manager-at-Risk Project Delivery for Highway Programs.

[7] RCW 39.04.010.

number of businesses. In addition, study participants shared insights about how difficult it is to break into Sound Transit work because they perceive an agency bias toward incumbents. For example:

> *The Black male veteran owner of a professional services company stated, "I do know that they want to get people in to do [my line of work] … and I've looked at that and I've said, 'Oh, I'd be interested,' but I also know that Sound Transit has a habit of hiring people that they've already hired and that they already have on board. And so for me, I just say, 'Why would I waste my time?'"*

> *The White female LGBTQ owner of a King County Small Contractors and Suppliers (SCS)- and SBE- certified professional services firm stated, "We tried to get in the door at Sound Transit for a number of years, and every time we tried to, it was either doors were closed, or when you submitted an RFP response, … you never got anybody looking at you because they ended up kind of going with the firms that they know … ."*

One of the fundamental objectives of a contracting inclusion program is to diversify the pool of businesses to which an organization awards contracts, allowing more businesses to share in the benefits of public work. Sound Transit could consider exploring different ways to engage with more businesses, including *untried* businesses—that is, businesses that have not performed work with the agency before—as part of its contract and procurement processes. Some of those efforts could include:

- Working more with local business support and trade organizations to engage directly with untried businesses;
- Awarding bid discounts or evaluation incentives to prime contractors that commit subcontracting work to untried businesses;
- Setting aside contract opportunities for exclusive competition among untried businesses;
- De-emphasizing previous experience with the organization in evaluating bidders' qualifications for contract and procurement work; and
- Awarding more contracts unbundled in a format like MATOCs—at the prime contract or subcontract level—to multiple businesses and implementing a rotation schedule so all the awarded businesses receive comparable amounts of work over the life of each contract.

6. Track additional KPIs. The primary metric most organizations use to assess the effectiveness of their contracting inclusion efforts is to monitor and report the percentage of contract and procurement dollars they spend with small and diverse businesses relative to all the contract dollars they award. This metric is the foundation of the participation analyses we conducted for Sound Transit as part of the disparity study.[8] Because of the sheer amount of dollars Sound Transit awards each year, relying only on the results of participation analyses typically requires the agency to award relatively large volumes of work to small and diverse businesses to meaningfully increase the overall percentage of dollars it awards to those businesses in aggregate. Although doing so is important and a key focus of our recommendations to the agency, focusing exclusively on the percentage of dollars an organization awards to small and diverse businesses may incentivize Sound Transit to repeatedly award work to businesses that are already successful performing agency work, or to award a relatively small number of

[8] For more information, see Chapter 7 – Participation Analysis.

large-dollar contracts and procurements to a limited number of small or diverse businesses. In addition, focusing exclusively on the percentage of dollars an organization awards to businesses can obscure some of the value that contracting inclusion programs provide.

In addition to the overall percentage of dollars Sound Transit awards to small and diverse businesses, the organization might consider tracking other KPIs that better reflect all the value that the agency's contracting inclusion efforts provide. Sound Transit should consider reporting various metrics that reflect the impact of its contracting inclusion efforts overall, and also as a direct result of the individual programs it operates, including the Federal DBE Program, its state-funded SB Program, and—should the organization choose to implement one—its Federal SB Program. Examples of such metrics include:

- The number of unique small and diverse businesses that participate in agency work;
- The number of bids the organization receives from small and diverse businesses;
- The number of contracts and procurements Sound Transit awards to small and diverse businesses;
- The volume of work Sound Transit awards to untried businesses;
- Various characteristics of the small and diverse businesses to which Sound Transit awards work, including business size, location, age, industry, and average contract size;
- Qualitative metrics, including success stories of individual businesses that Sound Transit's contracting inclusion programs have helped; and
- An assessment of the economic activity and impact that Sound Transit's small and diverse business programs generate in the local marketplace.

APPENDIX A.
Definitions of Terms

Appendix A defines terms useful to understanding the 2025 Sound Transit Disparity Study report.

49 Code of Federal Regulations (CFR) Part 26

49 CFR Part 26 are the federal regulations that set forth requirements for the Federal Disadvantaged Business Enterprise (DBE) Program. The objectives of 49 CFR Part 26 are to:

- Ensure nondiscrimination in the award and administration of United States Department of Transportation (USDOT)-funded work;
- Help remove barriers to the participation of DBEs in USDOT-funded work;
- Promote the use of DBEs in USDOT-funded work;
- Assist in the development of businesses so they can compete outside the Federal DBE Program;
- Create a level playing field on which DBEs can compete fairly for USDOT-funded work;
- Ensure the Federal DBE Program is narrowly tailored in accordance with applicable law;
- Ensure only businesses that fully meet eligibility standards are permitted to participate as DBEs; and
- Provide appropriate flexibility to agencies implementing the Federal DBE Program.

Architecture and Engineering (A/E)

A/E refers to professional, scientific, or technical services that require a high degree of expertise and training to support, plan, and ensure the safety of horizontal and vertical construction. Examples of A/E include architectural, engineering, and specialized design services; building inspection services; testing services; surveying and mapping services; environmental consulting services; and transportation planning services.

Base Figure

In accordance with United States Department of Transportation (USDOT) requirements, establishing a base figure is the first step agencies must take in calculating overall Disadvantaged Business Enterprise (DBE) goals. Agencies must base calculations of their base figures on demonstrable evidence of the availability of *potential DBEs* to participate in their USDOT-funded projects. That evidence often comes from an *availability analysis*.

Business

A business is a for-profit entity, including sole proprietorships, corporations, professional corporations, limited liability companies, limited partnerships, limited liability partnerships, and other business structures. The definition includes the headquarters of the entity as well as all its other locations, as applicable.

Combination Business Enterprise (CBE)

The Washington State Office of Minority and Women's Business Enterprises certifies businesses owned by both a person of color (POC) and a woman with shared ownership as a CBE. CBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. CBEs can have split 50 percent ownership and control of the business by two individuals, a POC and a woman, each with a personal net worth of less than $2.047 million. Sound Transit recognizes CBEs as eligible to fulfill small business participation goals on contracts.

Compelling Governmental Interest

As part of the strict scrutiny standard of constitutional review, a government agency must demonstrate a compelling governmental interest in remedying any identified barriers or discrimination in order to implement race-conscious measures. That is, an agency that uses race-conscious measures as part of a contracting program must have evidence of barriers or discrimination—including statistical and anecdotal evidence—in its marketplace that supports the need for such measures.

Construction

Construction refers to the construction, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other real property. "Buildings, structures, or other real property" includes bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, cemeteries, pumping stations, railways, airport facilities, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, channels, and other structures.

Consultant

A consultant is a business that performs professional services work.

Contract

A contract is a legally binding relationship between the seller of goods or services and a buyer. The study team sometimes uses the term *contract* interchangeably with *procurement*.

Contract Element

A contract element is either a prime contract or subcontract.

Contract Goals

Contract goals are often a contracting inclusion program measure whereby organizations set percentage goals for the participation of certain business groups—including small or diverse businesses—in individual contracts or procurements they award. As a condition of award, prime contractors have to meet contract goals as part of their bids, quotes, or proposals by making participation commitments with eligible, certified small and diverse businesses or, if they fail to do so, by demonstrating they made genuine and sufficient good faith efforts to do so. The use of contract goals as they apply to POC- and woman-owned businesses must meet the strict scrutiny and intermediate scrutiny standards of constitutional review, respectively.

Contractor

A contractor is a business that performs construction work.

Control

Control means exercising management and executive authority over a business.

Custom Census Availability Analysis

A custom census availability analysis is one in which researchers attempt surveys with relevant businesses working in the local marketplace to collect information about their characteristics. Researchers then take survey information about those businesses and match them to the characteristics of the contracts and procurements an agency actually awards to assess the percentage of dollars one might expect the agency to award to a specific group of businesses. (i.e., the group's *availability*). A custom census approach is accepted in the industry as the preferred method for conducting availability analyses, because it takes various different characteristics of businesses and agency projects into account.

Disadvantaged Business Enterprise (DBE)

A DBE is a business certified as owned and controlled by one or more individuals who are socially and economically disadvantaged according to the guidelines in 49 Code of Federal Regulations (CFR) Part 26. Until the issuing of Interim Final Rule 2025 (IFR 2025) by the United States Department of Transportation on October 3, 2025, the agency presumed the following race and gender groups to be socially disadvantaged as part of the Federal DBE Program:

- Asian Pacific;
- Black;
- Hispanic;
- Native American;
- Subcontinent Asian; and
- Women of any race or ethnicity.

A determination of economic disadvantage includes an assessment of businesses' gross revenues (maximum revenue limits ranging from $7 million to $31.84 million, depending on work type) and business owners' personal net worth (maximum net worth of $2.047 million, excluding equity in a home, leased cars, and in the business). Businesses owned by non-Hispanic White men could also be certified as DBEs if those businesses meet the economic requirements set forth in 49 CFR Part 26 and can demonstrate social disadvantage (e.g., if the business owner is disabled). Sound Transit recognized DBEs as eligible to fulfill small business participation goals on non-federally funded contracts and procurements the agency awards.

In this report, BBC Research & Consulting refers to businesses that were certified as DBEs during the study period as such. Our analyses do not account for which of these businesses can or will be certified as DBEs based on changes to the Federal DBE Program set out in IFR 2025.

Disparity

A disparity is a difference between an actual outcome and some benchmark such that the actual outcome is less than the benchmark. In this report, the term *disparity* refers specifically to a difference between the percentage of contract and procurement dollars Sound Transit awarded to a particular group of businesses (i.e., *participation*) and the percentage of dollars one might expect Sound Transit to award to those businesses based on their availability for that work (i.e., *availability*).

Disparity Analysis

A disparity analysis examines whether there are any differences between the participation of a specific group of businesses in agency contracts and procurements and the estimated availability of the group for that work.

Disparity Index

A disparity index is computed by dividing the actual participation of a specific group of businesses in agency work by the estimated availability of the group for that work. The result is the dollars and cents the agency awarded to the group for every dollar of the group's availability for that work.

Diverse Business

The study team uses the term diverse business to collectively refer to small businesses and person of color-; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer-owned businesses.

Federal Disadvantaged Business Enterprise (DBE) Program

The United States Department of Transportation (USDOT) established the Federal DBE Program after the enactment of the Transportation Equity Act for the 21st Century, as amended in 1998. It is designed to increase the participation of socially and economically disadvantaged businesses in USDOT-funded work. Regulations for the Federal DBE Program are set forth in 49 Code of Federal Regulations Part 26.

For the purposes of this study, the study team refers to the Federal DBE Program as it was implemented by Sound Transit during the study period (January 1, 2020 through December 31, 2024). It does not account for changes to the Federal DBE Program set out by USDOT in Interim Final Rule 2025.

Federal Transit Administration (FTA)

The FTA is an office of the United States Department of Transportation that provides financial and technical assistance related to local public transit systems.

Federal Transit Administration (FTA)-funded Contract

An FTA-funded contract is any contract or project funded in whole or in part with FTA financial assistance, including with grant or loan funding. The study team considered a contract to be FTA-funded if it included at least $1 of FTA funding.

Firm

See *business*.

Goods and Services

A goods and services business provides goods, supplies, or services that typically do not require a specific educational background, license, or high degree of expertise and training to perform. Examples of goods and services industries include cleaning and janitorial services and supplies; office equipment and supplies; printing, copying, and mailing services; safety equipment; security systems; security guard services; uniforms and apparel; automobiles; and vehicle repair services.

Industry

An industry is a broad classification for businesses providing related goods or services (e.g., *construction* or *professional services*).

Inference of Discrimination

An inference of discrimination is the conclusion that businesses whose owners identify as people of color or women suffer discrimination in the marketplace based on sufficient quantitative and qualitative evidence. When inferences of discrimination exist, government organizations sometimes use race- or gender-conscious measures to address the barriers affecting those businesses. Courts have generally considered substantial disparities between the participation and availability of a particular group of businesses for an agency's contracts and procurements as an inference of discrimination that supports the use of race-and gender-conscious contracting measures.

Intermediate Scrutiny

Intermediate scrutiny is the legal standard an agency's use of gender-conscious contracting measures must meet to be considered constitutional. It is more restrictive than the rational basis test, which applies to business measures unrelated to race or gender, but less restrictive than the strict scrutiny test, which applies to business measures related to race. In order for a gender-conscious program to comply with intermediate scrutiny, it must serve an important government objective, and it must be substantially related to achieving that objective.

King County Small Contractors and Suppliers (SCS) Program

King County (the County) operates the SCS Program, under which the County certifies for-profit small businesses as SCSs. To qualify for certification, a business must be licensed to do business in Washington and must meet United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million, and whose majority owner's(s') personal net worth is less than $2.047 million. Sound Transit recognizes certified SCSs as eligible to fulfill small business participation goals on contracts.

Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ)-owned Business

For the purposes of this study, an LGBTQ-owned business is a business with at least 51 percent ownership and control by individuals who identify as lesbian, gay, bisexual, transgender, or queer, or by individuals who do not identify as cisgender or heterosexual. The Greater Seattle Business Association, a member of the National LGBT Chamber of Commerce, certifies LGBT-owned businesses in Washington. Beginning in July 2025, the Washington State Office of Minority and Women's Business Enterprises began certifying businesses owned by socially and economically disadvantaged individuals who identify as LGBTQ as LGBTQ Business Enterprises (LGBTQBEs). Sound Transit recognizes certified LGBTQBEs as eligible to fulfill small business participation goals on contracts. A business does not have to be certified as such to be considered an LGBTQ-owned business in this study.

Marketplace Conditions

Marketplace conditions refer to various factors that potentially affect outcomes for certain workers and businesses operating in that marketplace (e.g., people of color; women; veterans; people who identify as lesbian, gay, bisexual, transgender, or queer; and the businesses they own). The study team assessed conditions in Sound Transit's marketplace related to four primary areas: human capital, financial capital, business ownership, and business success.

Minority Business Enterprise (MBE)

The Washington State Office of Minority and Women's Business Enterprises certifies person of color-owned businesses as MBEs. MBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. At least 51 percent ownership and control of the business must be held by individuals who are from racial or ethnic minority backgrounds with a personal net worth of less than $2.047 million. Sound Transit recognizes certified MBEs as eligible to fulfill small business participation goals on contracts.

Minority Women's Business Enterprise (MWBE)

The Washington State Office of Minority and Women's Business Enterprises certifies woman of color-owned businesses as MWBEs. MWBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. At least 51 percent ownership and control of the business must be held by women who are from racial or ethnic minority backgrounds with a personal net worth of less than $2.047 million. Sound Transit recognizes certified MWBEs as eligible to fulfill small business participation goals on contracts.

Narrow Tailoring

As part of the strict scrutiny standard of constitutional review, a government organization must demonstrate its use of race-conscious measures is narrowly tailored. There are several factors a court considers when determining whether the use of such measures is narrowly tailored, including:

- The necessity of such measures and the efficacy of alternative, race-neutral measures;
- The degree to which the use of such measures is limited to those groups that suffer barriers or discrimination in the local marketplace;
- The degree to which the use of such measures is flexible and limited in duration, including the availability of waivers and sunset provisions;
- The relationship of any numerical goals to the local marketplace; and
- The impact of such measures on the rights of third parties.

Overall Disadvantaged Business Enterprise (DBE) Goal

As part of the Federal DBE Program, every three years, agencies that receive United States Department of Transportation (USDOT) funds are required to set overall aspirational percentage goals for the participation of DBEs in the USDOT-funded projects they award. Agencies must work towards achieving their goals each year through various efforts. If DBE participation in their USDOT-funded work is less than their overall DBE goals in a particular year, then they must analyze reasons for the shortfall and establish specific measures that will enable them to meet the goal in the next year. USDOT sets forth a two-step process that agencies must use in establishing their overall DBE goals. First, agencies must develop *base figures* for their overall DBE goals, and then second, they must consider whether making *step-2 adjustments* to their base figures is necessary to ensure their overall DBE goals accurately reflect conditions in the local marketplace and within their contracting and procurement processes.

Per the Interim Final Rule (IFR 2025) issued by USDOT on October 3, 2025, agencies required to implement the Federal DBE Program are not required to set an overall DBE goal until the agency can recertify all DBEs using the new certification criteria established by IFR 2025.

Participation

See *utilization*.

Passive Participation

Passive participation in discrimination refers to government organizations perpetuating discrimination in their contract and procurement processes by operating in marketplaces where such barriers exist and unintentionally perpetuating them as part of their contracting processes.

Person of Color (POC)

For the purpose of this study, a POC is an individual who identifies with one of the following race groups: Asian Pacific, Black, Hispanic, Native American, Middle Eastern or North African, Subcontinent Asian, or other non-White race group.

Person of Color (POC)-owned Business

A POC-owned business is a business with at least 51 percent ownership and control by individuals who identify with one of the following race groups: Asian Pacific, Black, Hispanic, Native American, Middle Eastern or North African, Subcontinent Asian, or other non-White race group. The study team considered businesses owned by POC men and POC women as POC-owned businesses. A business does not have to be certified as a Minority Business Enterprise or Disadvantaged Business Enterprise or hold any other type of certification to be considered a POC-owned business.

Prime Consultant

A prime consultant is a professional services business that performs professional services prime contracts directly for end users, such as Sound Transit.

Prime Contract

A prime contract is a contract between a prime contractor or prime consultant and an end user, such as Sound Transit.

Prime Contractor

A prime contractor is a construction business that performs prime contracts directly for an end user, such as Sound Transit.

Procurement

See *contract*.

Professional Services

Professional services refers to the professional, scientific, or technical services that require a high degree of expertise and training. Frequently, individuals who perform professional services are required to have a license or a specific educational background. Examples of professional services include legal advice and representation; accounting, bookkeeping, and payroll services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

Project

A project refers to a construction, architectural and engineering, professional services, or goods and services endeavor an agency bids out. A project could include one or more prime contracts and corresponding subcontracts.

Public Works Small Business Enterprise (PWSBE)

The Washington State Office of Minority and Women's Business Enterprises certifies small businesses owned by economically disadvantaged individuals that perform work in the public works sector as PWSBEs. PWSBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million, and whose majority owner's(s') personal net worth is less than $2.047 million. Sound Transit recognizes certified PWSBEs as eligible to fulfill small business participation goals on contracts.

Qualitative Information

Qualitative information includes personal accounts of experiences—including any incidents of discrimination—and perceptions related to the marketplace that individual interviewees, public meeting participants, focus group participants, and other stakeholders shared with the study team.

Race- and Gender-conscious Measures

Race- and gender-conscious measures are contracting measures designed to increase the specific participation of person of color (POC)- and woman-owned businesses in government work. An example of race- and gender-conscious measures is an organization's use of POC- or woman-owned business contract goals on individual contracts or procurements. An agency's use of race-conscious measures and gender-conscious measures must meet the requirements of the strict scrutiny standard of review and the intermediate standard of constitutional review, respectively, to be considered constitutional.

Race- and Gender-neutral Measures

Race- and gender-neutral measures are measures designed to remove potential barriers for businesses attempting to perform work for an agency, regardless of the race or gender of the owners. Race- and gender-neutral measures might include assistance in overcoming bonding and financing obstacles, simplifying bidding procedures, providing technical assistance, and establishing programs to assist start-ups. An agency's use of race- and gender-neutral measures must meet the requirements of the rational basis test to be considered constitutional.

Rational Basis

Government agencies that implement contracting programs that rely only on race- and gender-neutral measures must show a rational basis for their programs. Showing a rational basis requires agencies to demonstrate their contracting programs are rationally related to a legitimate government interest. It is the lowest threshold for evaluating the legality of government contracting programs.

Relevant Geographic Market Area (RGMA)

The RGMA is the geographic area in which the businesses to which agencies award most of their contracting dollars are located. Case law related to contracting programs and disparity studies requires analyses to focus on the RGMA. The RGMA for the disparity study is King, Pierce, and Snohomish counties in Washington. The study team collectively refers to this three-county region as the Seattle Metro Area and the Sound Transit marketplace interchangeably.

Small Business (SB)

SBs are businesses that do not exceed the small business revenue requirements established by the United States Small Business Administration (SBA). We present information about different groups of SBs based on various revenue groupings to assess outcomes for SBs of different sizes. A business does not have to be certified as such to be considered an SB in this study.

As part of availability, participation, and disparity analyses, BBC defines three groups of SBs based on various revenue groupings determined by OMWBE to assess outcomes for SBs of different sizes:

- Emerging SBs, which are businesses with annual revenues of less than $3 million;
- Rising SBs, which are businesses with annual revenues between $3 million and $10 million; and
- Other SBs, which are businesses with annual revenues greater than $10 million and less than the size standards for small businesses established by the SBA or $31.84 million.

For the purpose of SB goal setting on individual contracts, Sound Transit recognizes any business with the following certifications as an SB:

- The business is certified by the Washington State Office of Minority and Women's Business Enterprises (OMWBE) as a Disadvantaged Business Enterprise, Small Business Enterprise, Minority Business Enterprise, Women's Business Enterprise, Minority Women's Business Enterprise, Combination Business Enterprise, LGBTQ Business Enterprise, or Socially and Economically Disadvantaged Business Enterprise; or

- The business is certified by King County's Small Contractors and Supplier (SCS) Program as an SCS.

As a condition for certification in any of the above categories, a business must demonstrate to the certifying agency that it complies with SBA standards for an SB or has an annual revenue averaged over three years of less than $31.84 million.

Small Business Enterprise (SBE)

The Washington State Office of Minority and Women's Business Enterprises certifies economically disadvantaged businesses as SBEs. SBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. At least 51 percent ownership and control of the business must be held by individuals with a personal net worth of less than $2.047 million. Sound Transit recognizes certified SBEs as eligible to fulfill small business participation goals on contracts.

Socially and Economically Disadvantaged Business Enterprise (SEDBE)

The Washington State Office of Minority and Women's Business Enterprises certifies socially and economically disadvantaged businesses as SEDBEs. SEDBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. At least 51 percent ownership and control of the business must be held by individuals who provide evidence of social disadvantage and with a personal net worth of less than $2.047 million. Sound Transit recognizes certified SEDBEs as eligible to fulfill small business participation goals on contracts.

Sound Transit

The Central Puget Sound Regional Transit Authority, or Sound Transit, builds and operates regional transit services throughout the Seattle metropolitan area, including urban areas of Pierce, King, and Snohomish counties in Washington. The agency serves nearly 40 million passengers each year through various services, including Link light rail, Sounder commuter trains, the ST Express Bus, and soon, Stride bus rapid transit.

State-/Locally Funded Project

A state-/locally funded project is any contract or project wholly funded by state or local sources. That is, the project does not include any United States Department of Transportation or other federal funds.

Statistically Significant Difference

A statistically significant difference refers to a quantitative difference for which there is a 0.95 or 0.90 probability that chance can be correctly rejected as an explanation for the difference. In other words, there is a 0.05 or 0.10 probability, respectively, that chance in the sampling process could correctly account for the difference.

Strict Scrutiny

Strict scrutiny is the legal standard a government agency's use of race-conscious measures must meet to be considered constitutional. Strict scrutiny is the most restrictive threshold for evaluating the legality of measures that might impinge on the rights of others. Under the strict scrutiny standard, an agency must:

- Have a compelling governmental interest in remedying past identified discrimination or its present effects; and
- Ensure that the use of any such measures is narrowly tailored to achieve the goal of remedying the identified discrimination.

An agency's use of race-conscious measures must meet both the compelling governmental interest and the narrow tailoring components of the strict scrutiny standard to be constitutional.

Study Period

The study period is the time period on which the study team focused for the utilization, availability, and disparity analyses. Sound Transit had to have awarded a contract or procurement during the study period for it to be included in the study team's analyses. The study period for the disparity study was January 1, 2020 to December 31, 2024.

Subcontract

A subcontract is a contract between a prime contractor or prime consultant and another business selling goods or services to the prime contractor or prime consultant as part of a larger project.

Subcontractor

A subcontractor is a business that performs services for prime contractors as part of larger contracts or projects.

Subindustry

A subindustry is a specific classification for businesses providing related goods or services within a particular industry (e.g., *highway and street construction* is a subindustry of *construction*).

Substantial Disparity

A substantial disparity is a disparity index of $0.80 or less, indicating that the actual participation of a specific business group in agency work is 80 percent or less of the group's estimated availability. Substantial disparities are considered *inferences of discrimination* in the marketplace against particular business groups. Agencies sometimes consider substantial disparities as support for the use of race- or gender-conscious measures to address barriers affecting person of color- and woman-owned businesses.

United States Small Business Administration (SBA)

The SBA is an independent federal agency that supports the development of small businesses (SBs) throughout the country. The SBA sets forth size standards for agencies to define SBs. Sound Transit uses SBA size standards to define businesses as SBs for goal setting.

Utilization

Utilization refers to the percentage of contract and procurement dollars Sound Transit awarded to a specific group of businesses during the study period. The study team uses the term *utilization* interchangeably with *participation*.

Veteran-owned Business

A veteran-owned business is a business with at least 51 percent ownership and control by individuals who are veterans of the United States military. The Washington State Department of Veterans Affairs certifies veteran-owned businesses in the state. A veteran-owned business does not have to be certified as such to be considered veteran-owned in this study.

Washington State Office of Minority and Women's Business Enterprises (OMWBE)

OMWBE is Washington's Unified Certified Authority for Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) certification. OMWBE is responsible for certifying eligible businesses and maintains a statewide electronic directory of certified DBEs and SBEs in Washington. OMWBE also has statewide responsibility for certifying businesses as Minority Business Enterprises, Women's Business Enterprises, Minority Women's Business Enterprises, Public Works Small Business Enterprises, Socially and Economically Disadvantaged Business Enterprises, and Airport Concessions Disadvantaged Business Enterprises.

Women's Business Enterprise (WBE)

The Washington State Office of Minority and Women's Business Enterprises certifies woman-owned businesses as WBEs. WBEs must be for-profit businesses licensed to do business in Washington that meet the United States Small Business Administration size standards for small businesses or have an annual revenue averaged over three years of less than $31.84 million. At least 51 percent ownership and control of the business must be held by women with a personal net worth of less than $2.047 million. Sound Transit recognizes WBEs as eligible to fulfill small business participation goals on contracts.

White woman-owned Business

For the purpose of this study, a White woman-owned business is a business with at least 51 percent ownership and control by non-Hispanic White women. A business does not have to be certified as a Women's Business Enterprise or Disadvantaged Business Enterprise to be considered a woman-owned business. The study team considers businesses owned by women of color as person of color-owned businesses.

APPENDIX B.
Legal Analysis and Framework

A. Introduction

Sound Transit implements the Federal Disadvantaged Business Enterprise (DBE) Program for contracts funded by the Federal Transit Administration (FTA) of the United States Department of Transportation (USDOT). Transit agencies that receive more than $670,000 in federal transportation funding must adopt and implement their own DBE Program in compliance with Title 49 Code of Federal Regulations (CFR) Part 26 and constitutional requirements. In the context of government contracting and procurement in the national transportation industry, race- and gender-conscious measures permitted by Part 26 are efforts designed by Congress to specifically address and mitigate identified race- and gender-based discrimination faced by certified businesses owned and controlled by people of color (POC) and women, as defined in 49 CFR Part 26, Section 1.[1]

The legal summary below is primarily focused on Ninth Circuit Court of Appeals and Washington court caselaw regarding a state or local transportation agency's efforts to address race- or gender-based discrimination in USDOT-funded contracts.[2]

B. Federal Constitutional Law

When a state or local governmental entity seeks to comply with the Federal DBE Program and uses race- or gender-conscious programmatic measures, the governmental action is subject to judicial scrutiny to determine if the state or local government agency's implementation of the Federal DBE Program runs afoul of the Fifth and Fourteenth Amendments to the United States Constitution.

In *Adarand Constructors, Inc. v. Peña* (*Adarand*), the United States Supreme Court held that federal affirmative action programs that use racial and ethnic criteria, referred to as racial classifications, as a basis for decision-making are subject to strict scrutiny.[3] Strict scrutiny is the most rigorous legal analysis that the federal courts can apply to a governmental policy or legislation. For the governmental action to survive strict scrutiny, the government must show a compelling governmental interest in using race-conscious measures and ensure that their use is narrowly tailored.[4] Strict scrutiny is necessary "to ensure that the personal right to equal protection has not been infringed."[5]

Gender-conscious programs are subject to intermediate scrutiny, which is a less burdensome standard of review than strict scrutiny. Under this standard, the government must show the gender-based

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[1] "POC-owned business" is used interchangeably with DBE in some contexts.

[2] The Ninth Circuit Court of Appeals is the federal appellate court with jurisdiction over the State of Washington, where Sound Transit is located.

[3] 515 U.S. 200 (1995).

[4] *City of Richmond v. Croson*, 488 U.S. 469 (1989).

[5] *Adarand Constructors, Inc. v. Peña*, 515 U.S. at 227.

program is "supported by an 'exceedingly persuasive justification' and substantially related to the achievement of that underlying objective."[6]

A race or gender-neutral classification, such as a small or emerging business enterprise contracting preference, is subject to the "rational basis" test. Rational basis is the correct level of judicial scrutiny when a constitutional challenge is to a program or statute which does not involve a fundamental right or a suspect class.[7] Under this standard, the court determines whether the government program is rationally related to a legitimate government purpose.[8]

1. Equal Protection and Judicial Scrutiny

a. Strict scrutiny. In the seminal case of *City of Richmond v. Croson* (*Croson*), the United States Supreme Court determined that state and local racial preference programs are subject to strict scrutiny under the Fourteenth Amendment Equal Protection Clause.[9] After *Croson,* the Supreme Court decided *Adarand,* where the Court concluded that the Federal DBE Program would be subjected to the same level of scrutiny under the equal protection components of the Fifth Amendment.[10] The court held that the "equal protection analysis in the Fifth Amendment area is the same as that under the Fourteenth Amendment," thereby subjecting the Federal DBE Program to strict scrutiny.[11] Notably, in *Students for Fair Admissions, Inc., v. President and Fellows of Harvard College*, the Supreme Court's most recent Equal Protection Clause ruling, the high court reaffirmed that strict scrutiny is the appropriate judicial review standard for racial classifications.[12]

The Supreme Court has held that classifications based on race are subject to strict scrutiny and "are constitutional only if they are narrowly tailored measures that further compelling governmental interests."[13] The Ninth Circuit has held that strict scrutiny applies to a state or local agency's implementation of the Federal DBE Program when race-conscious classifications are used.[14] "For a racial classification to survive strict scrutiny […] it must be a narrowly tailored remedy for past discrimination, active or passive, by the governmental entity making the classification."[15]

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[6] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d 1187, 1195 (9th Cir. 2013) (citing, *inter alia*, *United States v. Virginia*, 518 U.S. 515, 524 (1996)). Part 26 requires that a grant recipient's implementation of the Federal DBE Program have gender-conscious components. Under the Part 26 regulations, women are rebuttably presumed to be "socially and economically disadvantaged" in the same manner as the racial classifications. 49 C.F.R § 26.67(a)(1).

[7] Heller v. Doe, 509 U.S. 312, 319-320 (1993). Under 49 C.F.R § 26.39 a state or local governmental entity must establish a race-neutral small business element as a part of its DBE program.

[8] *Crawford v. Antonio B. Won Pat Int'l Airport Auth*., 917 F.3d 1081, 1095 (9th Cir. 2019).

[9] *City of Richmond v. J.A. Croson Co.*, 488 U.S. at 493–94.

[10] *Adarand Constructors v. Peña*, 515 U.S. at 227.

[11] *Id*. at 224 (citing *Buckley v. Valeo*, 424 U.S. 1, 93 (1973)).

[12] 600 U. S. 181, 213 (2023).

[13] *Adarand Constructors v. Peña*, 515 U.S. at 227.

[14] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1195.

[15] *Monterey Mech. Co. v. Wilson*, 125 F.3d 702, 713 (9th Cir. 1997) (citing *Croson*, 488 U.S. at 484-485, 490).

i. Compelling government interest. Several federal appellate circuits have upheld the facial constitutionality of the Federal DBE Program.[16] In 2000, the Tenth Circuit in *Adarand Contractors, Inc. v. Slater* held that the government had presented a "strong basis in evidence" supporting the Federal DBE Program and thus the program passed constitutional muster and was "narrowly tailored to serve a compelling governmental interest."[17] The Tenth Circuit undertook a lengthy analysis of the evidence put forth by the government and the Department of Justice detailing studies and Congressional hearings.[18] Three years later, in *Sherbrooke Turf, Inv. v. the Minnesota Department of Transportation (DOT)*. the Eighth Circuit agreed, holding "[w]hen the program is federal, the inquiry is (at least usually) national in scope…[i]f Congress or the federal agency acted for a proper purpose and with a strong basis in the evidence, the program has the requisite compelling government interest nationwide, even if the evidence did not come from or apply to every State or locale in the Nation."[19]

In 2005, the Ninth Circuit, in *Western States Paving Co. v. Washington State DOT (Western States Paving*), weighed in on the issue. There, the court held that a state or local governmental entity need not provide an independent compelling interest for a DBE program.[20] The court stated that when Congress enacted the Transportation Equity Act for the 21st Century (TEA-21), which was promulgated to implement, among other things, the Federal DBE Program, "Congress identified a compelling nation-wide interest in remedying discrimination in the transportation contracting industry."[21] Even if the described discrimination does not exist in the governmental entity's jurisdiction, "the State's implementation of TEA-21 nevertheless rests upon the compelling nationwide interest identified by Congress."[22]

In 2007, the Seventh Circuit in *Northern Contracting, Inc. v. State of Illinois* held that the Illinois DOT could rely on the federal government's compelling interest in implementing its DBE program.[23] More recently, in 2016 the Seventh Circuit addressed the constitutionality of Part 26 in *Midwest Fence Corp. v. USDOT* and agreed with its sister circuits in holding that the Federal DBE Program serves a "compelling government interest in remedying a history of discrimination in highway construction contracting."[24] The upheld compelling government interest means a state or local governmental entity's implementation of the Federal DBE Program is protected against a facial challenge.[25] The Federal DBE

[16] *See, e.g., Adarand Constructors, Inc. v. Slater (Adarand VII)*, 228 F.3d 1147 (10th Cir. 2000); *Sherbrook Turf, Inc. v. Minnesota Dep't of Transp.*, 345 F.3d 964 (8th Cir. 2003); *W. States Paving Co. v. Wash. State DOT*, 407 F.3d 983 (9th Cir. 2005); *Northern Contracting, Inc. v. State of Illinois*, 472 F.3d 715 (7th Cir. 2007).

[17] *Adarand Constructors, Inc. v. Slater (Adarand VII)*, 228 F.3d at 1155. (The holding overturned the lower court's ruling that the Federal DBE Program was both over- and under-inclusive and thus not narrowly tailored).

[18] *Id*. at 1168-1174.

[19] *Sherbrooke. Turf, Inv. v. Minn. Dep't of Trans.*, 345 F.3d at 970; *see also Northern Contracting, Inc. v. Illinois*, 473 F.3d at 721.

[20] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 997.

[21] TEA-21 and the USDOT regulations (49 C.F.R. Part 26) implement the Federal DBE Program. The Federal DBE Program has been reauthorized in legislation referred to as MAP-21, SAFETEA, SAFETEA-LU, the Fixing America's Surface Transportation Act (FAST Act), and most recently in the Investment and Jobs Act, Pub. L. 117–58, November 15, 2021, 135 Stat. 429. See also, *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 997. Though most of the caselaw discussed in this appendix references TEA-21 and not subsequent authorizing legislation, the stated legal analysis remains the same.

[22] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 997.

[23] *Northern Contracting, Inc. v. State of Illinois*, 472 F.3d 715, 721; *see also Dunnet Bay Constr. Co. v. Borggren*, 799 F.3d 676, 694 (7th Cir. 2015) (reaffirming the holding in *Northern Contracting, Inc. v. State of Illinois*).

[24] *Midwest Fence Corp. v. United States DOT*, 840 F.3d 932, 936 (7th Cir. 2016).

[25] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1191; *Midwest Fence Corp. v. United States DOT*, 840 F.3d at 946; *Sherbrook Turf, Inc. v. Minnesota Dep't of Transp.*, 345 F.3d at 973.

Program and the underlying regulations in 49 CFR Part 26 have changed substantively since both *Western States Paving Co., Inc. v. Washington State DOT* and *Associated General Contractors of America v. California DOT (Caltrans)* were decided.[26] The regulatory changes, effective May 9, 2024 (Final Rule 2024), account for, reference and incorporate Congress' receipt and review of "testimony and documentation from numerous sources which show that discrimination, its effects, and related barriers continue to pose significant obstacles for minority- and women-owned businesses seeking to do business in federally assisted surface transportation markets across the United States."[27]

Most recently and in contrast to the Ninth Circuit jurisprudence, in 2024 in *Mid-America Milling v. USDOT*, a federal district court in the Sixth Circuit enjoined the USDOT's use of the rebuttable presumption that certain POC- and women-owned enterprises are disadvantaged in the Federal DBE program.[28] The district court clarified that USDOT is "enjoined from mandating the use of race- and gender-based rebuttable presumptions for United States Department of Transportation contracts impacted by DBE goals upon which the Plaintiffs bid, to be effective in any state in which Plaintiffs operate or bid on such contracts."[29] In order to arrive at this holding the district court applied the Sixth Circuit compelling interest test created in *Vitolo v. Guzman*.[30]

In *Vitolo v. Guzman*, which is foundational for all racial classifications in the Sixth Circuit, the court held that "[t]he government has a compelling interest in remedying past discrimination only when three criteria are met."[31] In the Sixth Circuit: 1) the policy or program using a racial classification must target a specific episode of past discrimination, 2) there must be evidence of intentional discrimination in the past, and 3) the government must have had a hand in the past discrimination it now seeks to remedy.[32]

In *Mid-America Milling v. USDOT*, the district court, in concluding that the rebuttable presumption component of the DBE Program was unconstitutional and did not satisfy the test in *Vitolo v. Guzman*, held that the Government's evidence was too broad and pointed to societal discrimination against minority-owned businesses generally, and did not "offer much evidence of past discrimination against the many groups" included in the rebuttable presumption of the Federal DBE Program.[33]

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[26] In *Associated Gen. Contractors of Am. v. Cal. DOT*, the Ninth Circuit held that the Federal DBE Program was constitutionally implemented by Caltrans.

[27] 89 FR 24899.

[28] *Mid-America Milling Co. v. United States DOT*, 2024 U.S. Dist. LEXIS 171113 (E.D. Ken 2024).

[29] *Mid-America Milling Co. v. United States DOT*, 2024 U.S. Dist. LEXIS 198120 at *12 (E.D. Ky. Oct. 31, 2024). We note that none of the 23 states the *Mid America Milling Co*. Plaintiffs stated an intent to operate in or compete for FTA funded contracts is within the Ninth Circuit.

[30] 999 F.3d 353 (6th Cir. 2021).

[31] *Id*. at 361.

[32] *Id*.

[33] *Mid-America Milling v. United States DOT*, 2024 U.S. Dist. LEXIS 171113 at *26. The court granted the Plaintiffs and the government's motion to stay the case and took a proposed consent order under advisement. *Mid-America Milling v. United States DOT*, 3:23-cv-00072, ECF Docket No. 85 (E.D. Ken. June 5, 2025). A motion to intervene as Intervenor Defendants filed by National Association of Minority Contractors, Women First National Legislative Committee, Airport Minority Advisory Council, Women Construction Owners & Executives, Illinois Chapter, Upstate Steel, Inc., and Atlantic Meridian Contr. was granted. *Mid-America Milling v. United States DOT*, 3:23-cv-00072, ECF Docket No. 78 (E.D. Ken. May 21, 2025).

ii. Facially narrowly tailored. Similar to the Seventh, Eighth and Tenth Circuits, the Ninth Circuit has upheld the Federal DBE Program as narrowly tailored to a nationwide compelling interest.[34] The court reached this conclusion through the application of the "narrowly tailored" factors established in *US v. Paradise*:[35]

- Efficacy of alternative remedies;
- Program flexibility;
- Duration of the relief;
- Waiver provisions;
- Relationship of any numerical goals to the relevant labor market; and
- Impact of relief on third parties.[36]

We examine these factors in detail below.

Efficacy of alternatives: **"**[N]arrow tailoring" does not require exhaustion of every conceivable race-neutral alternative, but does "require serious, good faith consideration of workable race-neutral alternatives."[37] The Ninth Circuit noted that enabling regulations for the Federal DBE Program give preference to the "use of race-neutral means — including informational and instructional programs targeted toward all small businesses — to achieve a State's DBE utilization goal."[38]

Program flexibility: A rigid quota system is the "hallmark of an inflexible affirmative action program" that is constitutionally impermissible.[39] The federal regulations for TEA-21 prohibited the use of quotas.[40] When the governmental entity uses race-conscious contracting goals, non-disadvantaged prime contractors can meet the goal either by subcontracting work to DBEs or by demonstrating good faith efforts to find DBEs to subcontract the work to.[41] The good faith efforts mechanism in the TEA-21 regulations provides TEA-21 with the requisite flexibility for a system of contracting goals.[42]

Duration of relief: A narrowly tailored race-conscious program must have a targeted end date to ensure that the program does not extend to a point where it is no longer remedial. The Ninth Circuit has held that TEA-21 satisfied this requirement because the act is subject to periodic reauthorization, which allows Congress to debate whether the "compelling interest continues to justify TEA-21's minority

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[34] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 995; *see also Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1191; *Adarand Constructors, Inc. v. Slater (Adarand VII)*, 228 F.3d at 1155; *Sherbrooke. Turf, Inv. v. Minn. Dep't of Trans.*, 345 F.3d at 973; *Midwest Fence Corp. v. United States DOT*, 840 F.3d at 946.

[35] *W. States Paving Co. v. Wash. State DOT,*407 F.3d at 993.

[36] *Id*. at 993 (citing *United States v. Paradise*, 480 U.S. 149, 171 (1987)); see also *Associated Gen. Contractors, Inc. v. Coal. for Econ. Equity,* 950 F.2d 1401, 1416 (9th Cir. 1991) (addressing MBE programs) (citing *Coral Const. Co. v. King County*, 941 F.2d 910 (9th Cir. 1991) and *Croson*).

[37] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 993 (citing *Grutter v. Bollinger,* 539 U.S. 306, 339 (2003)).

[38] *Id.* (citing *Sherbrooke Turf, Inc. v. Minn. DOT*, 345 F.3d at 972).

[39] *Id*. at 994.

[40] 49 C.F.R. § 26.43.

[41] 49 C.F.R. § 26.53.

[42] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 994.

preference program."[43] The courts are hesitant to create a bright line rule as to what duration is unreasonable but have identified program durations that are reasonable.[44]

Waiver provisions: The waiver provisions that accompany the race-conscious measures of a DBE program must lend to the flexibility of the program. The Supreme Court in *Croson* invalidated a waiver system which only allowed an exemption from the numerical goal where "every feasible attempt has been made to comply, and it [is] demonstrated that sufficient, relevant, qualified Minority Business Enterprises … are unavailable or unwilling to participate in the contract … ."[45] In contrast, the enabling regulations for TEA-21 allow for waivers to several provisions "including, but not limited to, any provisions regarding administrative requirements, overall goals, contract goals or good faith efforts." [46]

Relationship of any numerical goals to the relevant labor market: Race-conscious contracting goals must be tailored to the availability of businesses in the agency's relevant local market, which in many cases is co-extensive with the agency's geographic boundaries.[47] The DBE regulations clarify that the ten percent utilization goal found in the statute is "aspirational" and that States may not "set their own DBE goals at 10% by simply relying upon the statute."[48] The TEA-21 regulations instead provide for each state to establish a DBE utilization goal that is based upon the proportion of ready, willing, and able DBEs in the State's transportation contracting industry.[49]

Impact of relief on third parties: The Ninth Circuit acknowledged that the DBE Program places a burden on non-disadvantaged businesses but also referenced 49 CFR Part 26 provisions "designed to minimize the burden on non-minority firms."[50] The court gave two examples. First, a firm owned by a non-minority can qualify as a DBE if the owner can demonstrate that they are socially and economically disadvantaged.[51] Second, the net worth limitations in the DBE regulations ensures that wealthy minorities do not receive "an unwarranted windfall under the DBE program."[52]

b. Heightened or intermediate scrutiny. A public policy or program that uses gender and gender identity classifications is subject to "heightened" or "intermediate" scrutiny," must be "supported by an 'exceedingly persuasive justification' and be substantially related to the achievement of that underlying objective."[53, 54] Because the evidence required to satisfy intermediate scrutiny is less than what is

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[43] *Id.* (citing *Sherbrooke Turf, Inc. v. Minn. DOT*, 345 F.3d at 972).

[44] *Cf. Students for Fair Admissions, Inc., v. President and Fellows of Harvard College* 600 U. S. at 213 (holding that a university admissions program's use of racial classifications must at some point end).

[45] *Croson,* 488 U.S. at 478-479.

[46] 49 C.F.R. § 26.15; the 2024 Final Rule changes both strengthened the flexibility of and simplified the Federal DBE Program; *see* 49 CFR § 26.67(d) (newly implemented section clarifying steps by which an owner not presumed socially and economically disadvantaged may attain certification).

[47] *Croson,* 488 U.S. at 491-492.

[48] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 994-995; *see also* 49 C.F.R. § 26.45(b).

[49] *Id.*; *see also* § 26.45(b).

[50] *Id.* at 995.

[51] *Id.*; *see also* 49 C.F.R. § 26.67(d).

[52] *Id.*; *see also* 49 C.F.R. § 26.67(b).

[53] "Heightened scrutiny" is also known as "intermediate scrutiny." (*Retail Digital Network, LLC v. Prieto* (9th Cir. 2017) 861 F.3d 839, 847, *citing Clark v. Jeter* (1988) 486 U.S. 456, 463, 465 ["referring to intermediate scrutiny as 'heightened scrutiny' in the equal protection context, which similarly distinguishes between three levels of scrutiny—rational basis, intermediate, and strict"].)

[54] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1195 (citing, *inter alia*, *United States v. Virginia*, 518 U.S. at 524).

required to satisfy strict scrutiny, courts applying the intermediate scrutiny standard to gender and gender-identity-based policies have all held the classification may be upheld even absent proof the entity adopting the program discriminated, actively or passively, against women.[55] Furthermore, a gender-based classification that satisfies strict scrutiny will necessarily satisfy intermediate scrutiny.[56]

i. Exceedingly persuasive justification. The first prong of the intermediate scrutiny analysis is determining if the governmental entity has an "exceedingly persuasive justification" for its program. The Ninth Circuit Court of Appeals has established that "helping women overcome the adverse effects of discrimination is a sufficiently important objective to justify the limited use of gender-based classifications, but 'the mere recitation of a benign, compensatory purpose' is not an automatic shield which protects against any inquiry into the actual purposes underlying a statutory scheme."[57] A governmental entity "may invoke a compensatory purpose to justify a discriminatory classification 'only if members of the gender benefited by the classification actually suffer a disadvantage related to the classification.'"[58] A permissible "gender classification [must] arise[] from reasoned analysis rather than through the mechanical application of traditional, often inaccurate, assumptions."[59]

In *Concrete Works v. City & County of Denver*, the Tenth Circuit Court of Appeals stated in reviewing Supreme Court cases that "it is unclear whether statistical evidence as well as anecdotal evidence is required to establish the discrimination necessary to satisfy intermediate scrutiny, and if so, how much statistical evidence is necessary."[60] The Fourth Circuit Court of Appeals has observed "[t]he very significant decline in utilization of minority and women subcontractors—nearly 38 percent—surely provides a basis for a fact finder to infer that discrimination played some role in prime contractors' reduced utilization of these groups during the suspension" of a POC- and woman-owned business program.[61]

ii. Substantially related means. The second prong under an intermediate scrutiny analysis is determining if the governmental action is substantially related to the achievement of the stated objective. Gender-conscious programs have been upheld by the Ninth Circuit when a disparity study "correctly isolate[d] the effect of gender by limiting its data pool to white women, ensuring that statistical results for gender-based discrimination are not skewed by discrimination against minority women on account of their race."[62]

The Ninth Circuit has held that a woman-owned business classification in a city ordinance is not facially unconstitutional because it "gives preference to women in all industries contracting with the governmental entity."[63] Under intermediate scrutiny, the program need only be "substantially related"

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[55] *Coral Constr. Co. v. King Cnty.*, 941 F.2d at 932.

[56] *Associated Gen. Contractors of Am. v. Cal. DOT*, 713 F.3d at 1195.

[57] *Associated Gen. Contractors, Inc. v. San Francisco*, 813 F.2d 922, 940 (9th Cir. 1987) (citing *Weinberger v. Wiesenfeld*, 420 U.S. 636, 648 (1975)).

[58] *Coral Constr. Co. v. King Cnty.*, 941 F.2d at 932 (citing *Associated General Contractors, Inc. v. San Francisco*, 813 F.2d at 940).

[59] *Concrete Works v. City & Cnty. of Denver*, 36 F.3d 1513, 1526 n.19 (10th Cir. 1994) (citing *Mississippi Univ. of Women v. Hogan*, 458 U.S. 718, 726 (1982)); *see also Associated Gen. Contractors, Inc. v. San Francisco*, 813 F.2d at 941.

[60] *Id.*

[61] *H.B. Rowe Co. v. Tippett*, 615 F.3d 233, 247-248 (4th Cir. 2010).

[62] *Associated Gen. Contractors of Am. v. Cal. DOT*, 713 F.3d at 1198.

[63] *Coral Constr. Co. v. King County*, 941 F.2d at 932.

to the goal of redressing the effects of prior discrimination. Contrary to strict scrutiny, it does not require that gender-conscious numerical goals be closely tied to the availability of woman-owned businesses in the market.[64] In addition, the government does not need to demonstrate it has attempted to avoid using gender-conscious remedies.[65]

c. State government DOT Part 26 compliance requires customized "narrow tailored" approach. While the federal appellate courts that have weighed in have approved the facial constitutionality of 49 CFR Part 26, there is a difference of opinion among the Circuits regarding how state and local government grant recipients must implement 49 CFR Part 26 to comply with the "narrowly tailored" requirement. The Eighth Circuit noted the Federal DBE Program "affords grantee States substantial discretion," which requires the court to analyze the state's implementation of the Federal DBE Program.[66] Under P40 CFR art 26, the states "set their own goals, based on local market conditions; their goals are not imposed by the federal government nor do recipients have to tie them to any uniform national percentage."[67] In the Seventh Circuit case of *Northern Contracting, Inc. v. Illinois,* the court addressed arguments from the plaintiffs that the Federal DBE Program adopted by the Illinois DOT (IDOT) was unconstitutional because IDOT allegedly did not follow the DBE regulations.[68] The court found that IDOT complied with the DBE regulations and thus the state's implementation of the Federal DBE Program was narrowly tailored on its face.[69] In the Seventh Circuit "a state is insulated from this sort of constitutional attack [based on narrow tailoring], absent a showing that the state exceeded its federal authority."[70]

In contrast, the Ninth Circuit in *Western States Paving* held that a state DOT, facing an as-applied equal protection clause challenge, did not pass constitutional scrutiny by simply relying on or implementing the USDOT's requirements or the programmatic features of the Federal DBE program.[71] A state's implementation of the DBE program can be subject to an as-applied constitutional challenge, the court said, despite the facial validity of the enabling federal program.[72] Applying strict scrutiny, the court in *Western States Paving* upheld the constitutionality of the Federal DBE Program, but struck down the DBE program implemented by Washington State DOT, stating "[w]hether [a governmental entity's] DBE program is narrowly tailored to further Congress's remedial objective depends upon the presence or absence of discrimination in the State's transportation contracting industry."[73] In order to meet the "narrowly tailored" requirement of *Adarand Constructors, Inc. v. Peña*, the court found that the state, in applying the federal DBE regulations, had to demonstrate evidence of past or present discrimination in its market against each benefited ethnic business group the state included in its DBE program.[74] In

[64] *Eng'g Contractors Ass'n v. Metro. Dade*, 122 F.3d at 910 (quoting *Ensley Branch, NAACP v. Seibels*, 31 F.3d 1548, 1581 (11th Cir. 1994)).

[65] *Associated Gen. Contractors of Am. v. Cal. DOT*, 713 F.3d at 1195.

[66] *Sherbrooke Turf v. Minnesota Dep't of Transp.*, 345 F.3d at 973.

[67] *Id*.

[68] *Northern Contracting, Inc. v. Illinois*, 473 F.3d at 722.

[69] *Id*. at 722-724.

[70] *Id*. at 721.

[71] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 997; 1002-1003.

[72] *Id*. at 1002-1003.

[73] *Id*. at 997-998.

[74] *Id*. at 998.

addition, the Ninth Circuit required an assessment of the availability or capacity of each such benefited business entity to perform contractual services.[75]

In sum, while the Federal DBE Program is facially valid in the Ninth Circuit, Sound Transit, as a USDOT grant recipient, cannot simply adhere to the program template established by Part 26. Sound Transit, must additionally demonstrate that it has complied with *Western States Paving's* two-prong test for this narrow tailoring analysis: (1) the agency must establish the presence of discrimination within its transportation contracting industry; and (2) the remedial program adopted by Sound Transit, must be "limited to those minority groups that have actually suffered discrimination."[76] We turn to an analysis of these two factors.

i. Presence of discrimination in the transportation contracting industry. In equal protection cases, courts accept statistical and anecdotal evidence to help identify the existence of discrimination."[77] The federal courts have ruled that a "significant statistical disparity" can be sufficient to justify race-conscious remedial programs.[78] Following *Croson*, the Ninth Circuit mandates that for a showing of discriminatory exclusion in a field requiring special skills, the relevant group for comparison in a statistical analysis is the number of qualified minorities within the relevant local industry.[79]

A proper disparity analysis involves making a comparison between the availability of POC- and woman-owned businesses and their actual utilization, producing a number called a "disparity index."[80] An index of 100 represents statistical parity between availability and utilization, and a number below 100 indicates underutilization. An index below 80 is considered a substantial disparity that supports an inference of discrimination.[81] Statistical evidence must assess factors that may affect the relative capacity of DBEs to undertake contracting work.[82]

Statistical evidence must account for business entity size, business capability in terms of job size and output, as well as geographic location.[83] Notably, as the Ninth Circuit states in *Western States Paving*, "DBE firms may be smaller and less experienced than non-DBE firms (especially if they are new businesses started by recent immigrants) or they may be concentrated in certain geographic areas of the State, rendering them unavailable for a disproportionate amount of work."[84] In essence, the study needs to probe for possible nondiscriminatory reasons for disparities in the contracting industry.

In *Associated Genercal Contractors of America v. Caltrans*, the Ninth Circuit approved the disparity analyses performed by BBC Research & Consulting (BBC) that supported Caltrans' remedial approach to

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[75] *Id*. at 999.

[76] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1191.

[77] *Id*. at 1196.

[78] *Id*. (citing *Croson*, 488 U.S. at 509).

[79] *Associated Gen. Contractors, Inc. v. Coal. for Econ. Equity,* 950 F.2d at 1413 (citing *Croson*, 488 U.S. at 501-502, 504).

[80] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1191; *see also H.B. Rowe Co. v. Tippett*, 615 F.3d at 243-44; *Rothe Development Corp. v. U.S. Department of Defense,* 545 F.3d 1023, 1041 (Fed. Cir. 2008).

[81] *Id.*; *see also Midwest Fence Corp. v. United States DOT*, 840 F.3d at 950; *H.B. Rowe Co., Inc. v. Tippett*, 615 F.3d at 243-244; *Engineering Contrs. Ass'n v. Metropolitan Dade County*, 122 F.3d 895, 914 (11th Cir. 1997).

[82] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 1000; *see also Associated Gen. Contractors of Am. v. Cal. DOT*, 713 F.3d at 1196.

[83] *Id*. at 1001.

[84] *Id*.

implementing the Federal DBE Program for Federal Highway Administration-funded contracts. In relevant part, the court noted that the BBC disparity study "showed systematic and substantial underutilization of African American-, Native American-, Asian-Pacific American-, and women-owned firms across a range of contract categories" supporting an inference of discrimination.[85]

Beyond statistical evidence, courts consider anecdotal evidence (i.e., personal accounts of discrimination), although standing alone it is rarely, if ever, sufficient to demonstrate a systemic pattern necessary to support a race-conscious program.[86] Even so, anecdotal evidence complements statistical evidence because of its ability to bring "the cold numbers convincingly to life."[87] Anecdotal evidence need not be verified.[88]

ii. Program must be limited to those who have suffered discrimination. The second narrowly tailored factor identified by the Ninth Circuit in *Western States Paving* requires that a race-conscious DBE program benefit groups that have suffered discrimination.[89] A disparity study will show which groups, if any, are subject to systematic and substantial underutilization.[90] The study does not have to differentiate between the separate types of contracts in the contracting industry such as prime contracts and subcontracts or construction and engineering.[91] However, the governmental entity seeking to implement a DBE program is required to obtain a waiver of federal regulatory requirements to limit the DBE program's race or gender based measures to the substantially underutilized groups.[92]

d. Rational basis. When a governmental program uses a classification that does not involve a fundamental right or suspect class, a court must analyze whether the classification is supported by a legitimate state interest and is rationally connected to the program's laws or goals.[93] The first prong of the rational basis test requires a race- and gender-neutral governmental program to serve a legitimate government interest. Courts generally uphold a challenged law "as long as there could be some rational basis for enacting [it]." That is, "the law in question is rationally related to a legitimate government purpose."[94] In contrast to intermediate scrutiny and strict scrutiny, "[t]he burden is on the one attacking the legislative arrangement to [negate] every conceivable basis which might support it, whether or not the basis has a foundation in the record."[95] In applying a rational basis analysis, courts are "free to consider any legitimate governmental interest the [agency] has …" in classifying non-suspect groups as part of contracting programs.[96]

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[85] *Associated Gen. Contractors of Am. v. Cal. DOT,* 713 F.3d at 1198-1199.

[86] *Coral Constr. Co. v. King Cnty.*, 941 F.2d at 919.

[87] *Associated Gen. Contractors of Am. v. Cal. DOT*, 713 F.3d at 1196.

[88] *Id*. at 1197 (discussing and appearing to agree with *H.B. Rowe v. Tippett*, 615 F.3d at 249 and *Concrete Works of Colo., Inc. v. City & Cnty. of Denver*, 321 F.3d 950, 989 (10th Cir. 2003)).

[89] *Id*. at 1198.

[90] *Id.*

[91] *Id.*

[92] *Id.*

[93] *Heller v. Doe*, 509 U.S. at 319-320.

[94] *Kadrmas v. Dickinson Public Schools*, 487 U.S. 450, 457-58 (1998).

[95] *Heller v. Doe*, 509 U.S. at 320-21.

[96] *Gallinger v. Becerra*, 898 F.3d 1012, 1018 (9th Cir. 2018).

The second prong of the rational basis test requires the governmental program to be rationally related to the legitimate government interest. The Supreme Court held that "courts are compelled under rational basis review to accept a legislature's generalizations even when there is an imperfect fit between means and ends."[97]A classification does not fail a rational basis analysis because "it is not made with mathematical nicety or because in practice it results in some inequality."[98] Under the rational basis standard, a legislative classification will be upheld "if there is a rational relationship between the disparity of treatment and some legitimate governmental purpose."[99] For example, in *Associated General. Contractors, Inc. v. San Francisco*, the Ninth Circuit Court of Appeals held that a local business preference program was rationally related to its purpose of offsetting the burden a business located in the jurisdiction bears that businesses located elsewhere do not.[100]

C. Passive Participant Theory

In *Croson*, the court stated, "if the city could show that it had essentially become a 'passive participant' in a system of racial exclusion practiced by elements of the local construction industry, we think it clear that the city could take affirmative steps to dismantle such a system."[101] The Ninth Circuit has acknowledged that the "passive participant" theory could satisfy a "sub-part of strict scrutiny review," but has not directly addressed the "passive participant" theory as it pertains to a federal race-conscious program in the same detail and depth that the Federal and Sixth Circuits have.[102]

In *Rothe Development Corp. v. United States Department of Defense (DOD)*, the Federal Circuit rejected the argument that the DOD was a passive participant in discriminatory market practices based on the fact that the DOD is incredibly large and spends a substantial amount of money.[103] The court stated that with the amount of money spent nationwide, some marketplace discrimination might exist, but probably not enough to "conclude that there was a nationwide pattern or practice of pervasive discrimination by state, local, and private contractors in the relevant contract markets at the relevant time."[104]

The Federal Circuit distinguished the evidence provided by the government in *Rothe Development Corp. v. DOD* from the evidence provided in the Tenth Circuit case *Concrete Works of Colo., Inc. v. City & County of Denver.* The Tenth Circuit upheld racial preferences in a governmental contracting program explicitly based on evidence that the governmental defendant was a passive participant in private sector discrimination.[105] The evidence the Tenth Circuit relied on split into three categories: historical, statistical, and anecdotal.

First, the City of Denver provided historical evidence of past discrimination, including an ineffective affirmative action office, an ordinance that had very little impact on increasing minority contractor participation because there was no enforcement mechanism, and two federal investigations into the

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[97] *Heller v. Doe*, 509 U.S. at 321.

[98] *Id*.

[99] *Heller v. Doe*, 509 U.S. at 320.

[100] *Associated Gen. Contractors, Inc. v. San Francisco*, 813 F.2d at 943.

[101] *City of Richmond v. J. A. Croson Co*., 488 U.S. at 492.

[102] *Coral Constr. Co. v. King Cnty.*, 941 F.2d at 916.

[103] *Rothe Development Corp. v. United States Department of Defense*, 545 F.3d at 1048-1049.

[104] *Id*.

[105] *Concrete Works of Colorado, Inc. v. City and County of Denver*, 321 F.3d at 991-992.

city's contracting practices.[106] The federal investigation included a threatened withdrawal of federal transportation funds for the city's airport.[107]

Second, the statistical evidence included four separate studies on past and present discrimination. A 1990 BBC analysis included disparity indices showing underutilization of minority-owned business enterprises (MBEs) and woman-owned business enterprises (WBEs) in both the public and private sectors of the city's construction market as well as anecdotal evidence from interviews of MBEs, WBEs, majority-owned construction firms, and government officials.[108] A 1991 BBC study produced disparity indices for the use of MBEs and WBES in the goods, services, and remodeling industries.[109] A 1995 BBC study again looked at the utilization of MBEs/WBEs in the construction and professional design industries based on telephone interviews with 2,920 construction firms regarding a variety of characteristics such as revenue, length of time in business, and interest in and qualification to work on city projects.[110] A 1997 study (the NERA study) commissioned by the city examined the availability of MBEs/WBEs to work on city projects and whether discrimination limited their participation, which was weighted based on detailed information about the construction industry.[111]

Third, both the BBC and NERA studies included anecdotal evidence. BBC's 1990 report recounted "conduct designed to circumvent the goals program," such as "using change orders to existing contracts rather than putting new work out to bid," "characteriz[ing] some major construction projects as 'remodeling,'" prime contractors "call[ing] WBEs they knew were no longer in business [as] good-faith efforts to meet the goals program," and bid shopping to prevent MBEs/WBEs from submitting the lowest bid.[112] The Tenth Circuit called the most "poignant" testimony "recitations of racially- and gender-motivated harassment experienced by M/WBEs at work sites."[113]

In *Vitolo v. Guzman***,** the Sixth Circuit acknowledged that race-based remedial measures may be justified by the governmental entity's passive participation in discrimination.[114] The court, however, emphasized that the government did not provide the requisite evidence to support its claim.[115] Evidence that "prior, race-neutral relief efforts failed to reach minorities is no evidence at all that the government enacted or administered those policies in a discriminatory way."[116] The *Vitolo* court did not explain how passive participation by the government in private sector discrimination is even implicated by a failed relief program that the court claimed was not administered in a discriminatory manner.[117] The holding in

[106] *Id*. at 960.

[107] *Id*. at 961.

[108] *Id*. at 962-963.

[109] *Id*. at 963-964.

[110] *Id*. at 964-966.

[111] *Id*. at 966-969.

[112] *Id*. at 963.

[113] *Id*. at 969.

[114] *Vitolo v. Guzman***,** 999 F.3d at 361 (a lawsuit over an ultimately unconstitutional federal law prioritizing the disbursement of coronavirus relief money to MBEs and WBEs).

[115] *Id*.

[116] *Id*. at 362.

[117] *Id*.

Vitolo essentially renders the passive participation rationale for racial or gender preferences meaningless in the Sixth Circuit.[118]

D. Federal Statutory Law

1. 42 United States Code (USC) Section 2000d -Title VI. Title VI, codified as 42 USC Section 2000d, prohibits discrimination based on race, color, or national origin in any program or activity that receives federal funds or other federal financial assistance but permits a voluntary race-conscious program that remediates discrimination.[119] 28 CFR Part 42, which sets forth the requirements of Title VI, states that a governmental entity "must take affirmative action to overcome the effects of prior discrimination."[120] Strict scrutiny applies to any federal fund recipient's intentional use of race.[121] Additionally, Title VI "proscribes only those racial classifications that would violate the Equal Protection Clause or the Fifth Amendment."[122]

2. 42 USC Section 1981. 42 USC Section 1981, states in relevant part:

> *All persons within the jurisdiction of the United States shall have the same right in every State and Territory to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens…*[123]

Section 1981 and the Fourteenth Amendment "were expressions of the same general congressional policy" and intended to work cooperatively to prohibit racial discrimination by the government as well as private parties.[124] In *Gratz v. Bollinger*, the Supreme Court reviewed the University of Michigan's admissions program that, among other factors, assigned points to members of underrepresented minority groups regardless of other qualifications.[125] The Supreme Court held that the admissions policy used by the University of Michigan violated the Equal Protection Clause and stated "[w]e further find that the admissions policy also violates Title VI and 42 USC Section 1981."[126, 127] The court explained that Section 1981 was "meant, by its broad terms, to proscribe discrimination in the making or enforcement of contracts against, or in favor of, any race."[128] "[P]urposeful discrimination that violates the Equal Protection Clause of the Fourteenth Amendment will also violate Section 1981."[129]

Grutter v. Bollinger was the companion case to *Gratz v. Bollinger*. At issue in *Grutter* v. *Bollinger* was the University of Michigan Law School admissions policy that considered diversity, including racial

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118 *Id.*

119 42 U.S.C. § 2000d.

120 28 C.F.R. § 42.104(b)(6)(1).

121 *Regents of the Univ. of Cal. v. Bakke*, 438 U.S. 265, 412-18 (1978).

122 *Grutter v. Bollinger*, 539 U.S. 306, 343 (2003) (citing *Gen. Bldg. Contractors Ass'n, Inc. v. Penn*., 458 U.S. 375, 389-391 (1982); see also *Students for Fair Admissions, Inc. v. President & Fellows of Harv.* Coll., 600 U.S.at 143 n.2.

123 42 USC § 1981(a).

124 *Gen. Bldg. Contractors Ass'n, Inc. v. Penn*., 458 U.S. at 383-391.

125 *Gratz v. Bollinger,* 539 U.S. 244, 255 (2003).

126 *Id*. at 275.

127 *Id*. at 275-276.

128 *Id.* at 275 n.23 (citing *McDonald* v. *Santa Fe Trail Transp. Co.*, 427 U.S. 273, 295-296 (1976)).

129 *Id.*

diversity, but looked holistically at each candidate.[130] The Supreme Court held that the law school's admissions policy did pass constitutional muster.[131] The court held that "the Equal Protection Clause does not prohibit the Law School's narrowly tailored use of race in admissions decisions to further a compelling interest in obtaining the educational benefits that flow from a diverse student body. Consequently, petitioner's statutory claims based on Title VI and 42 U.S.C. § 1981 also fail."[132]

E. Federal Regulatory Law

1. 49 CFR Part 26. The Federal DBE Program was created to ensure nondiscrimination in the award and administration of transportation contracts and concessions at state and local agencies receiving federal assistance. As noted above, several appellate circuits have found the Federal DBE Program to be facially valid under the United States Constitution.[133] In the Ninth Circuit, the court has concluded that the DBE Program will satisfy the strict scrutiny judicial standard provided the agency implementing the program satisfies the two-part test stated in *Western States Paving Co.*[134] The Ninth Circuit requires an assessment of the availability or capacity of each such benefited business entity to perform contractual services.[135] The implementation of the Federal DBE Program can be found in Title 49 of the CFR Part 26.

On April 9, 2024, USDOT released a final rule that modified the Federal DBE Program implementation in 49 CFR Part 26.[136] As stated above, the effective date of Final Rule 2024 was May 9, 2024.[137] Final Rule 2024 was implemented for the purpose of "updating the personal net worth and program size thresholds for inflation; modernizing rules for counting of material suppliers; incorporating procedural flexibilities enacted during the coronavirus (COVID-19) pandemic; adding elements to foster greater usage of DBEs and ACDBEs [Airport Concessions Disadvantaged Business Enterprises] with concurrent, proactive monitoring and oversight; updating certification provisions with less prescriptive rules that give certifiers flexibility when determining eligibility; revising the interstate certification process to provide for reciprocity among certifiers; and making technical corrections to commonly misinterpreted rules."[138]

Final Rule 2024 left in place the original goal setting structure, noting the "limitations and other flexibilities embedded in the DBE program—such as the ability of recipients to seek waivers of or exemptions from certain provisions, the requirement for recipients to reexamine their programs and program goals every three years, and the authority to decertify firms that do not continue to meet certification standards—ensured that DOT's DBE regulations, on their face, were narrowly tailored."[139]

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[130] *Grutter v. Bollinger*, 539 U.S. at 314-316.

[131] *Id*. at 343.

[132] *Id.* (citing *Gen. Bldg. Contractors Ass'n, Inc. v. Penn.*, 458 U.S. at 389-391 (the prohibition against discrimination in § 1981 is co-extensive with the Equal Protection Clause).

[133] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 993-995; *see also Adarand Constructors, Inc. v. Slater (Adarand VII)*, 228 F.3d 1147 *Sherbrooke. Turf, Inv. v. Minn. Dep't of Trans.*, 345 F. 3d 964 *Northern Contracting, Inc. v. State of Illinois,* 472 F.3d 715).

[134] *See* discussion supra at pages 12-16.

[135] *W. States Paving Co. v. Wash. State DOT*, 407 F.3d at 999.

[136] 89 FR 24898.

[137] *Id*.

[138] *Id*.

[139] 89 FR 24899.

Notwithstanding the recent adoption of Final Rule 2024, the USDOT issued an Interim Final Rule (IFR) applicable to Parts 23 and Part 26, effective October 3, 2025.[140] As stated in the IFR, the U.S. Department of Justice (DOJ) evaluated the DBE and ACDBE programs under the rulings of the U.S. Supreme Court in *Students for Fair Admissions, Inc., v. President and Fellows of Harvard College* and the District (trial) Court in *Mid-America Milling Co. v. U.S. Dep't of Transp.*,[141] and determined that the race and sex-based rebuttable presumptions of DOT's DBE programs are unconstitutional.[142] Consequently, the USDOT issued the IFR to remove the race and sex presumptions from the ACDBE and DBE Programs.[143]

One of the key changes set forth in the IFR substantially alters the goal setting structure of the DBE and ACDBE Programs. There is no longer a differentiation between race- and gender-conscious and race- and gender-neutral measures. The goal setting structure is now to account for "DBE-neutral" and "DBE-conscious" and "ACDBE- neutral" and "ACDBE- conscious" measures.[144] This change distinguishes DBE- or ACDBE-neutral measures, which encompass all small businesses, from DBE- or ACDBE-conscious measures, which only apply to business entities owned by "socially and economically disadvantaged" individuals. Pursuant to the new race- and gender-neutral criteria set forth in the IFR,[145] "all applicants [for certification] must demonstrate social and economic disadvantage (SED) affirmatively based on their own experiences and circumstances within American society, and without regard to race or sex."[146]

The IFR also requires recipients to suspend the certification of DBEs and ACDBEs and conduct an evaluation and recertification of every certified DBE and ACDBE within their jurisdiction, "as soon as practicable."[147]

F. State Constitutional Law

1. Initiative 200. In 1998, Washington voters passed Initiative 200, which has been codified in Revised Code of Washington (RCW) 49.60.400.[148] Initiative 200 states in part:

> *(1) The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.*
>
> *(2) This section applies only to action taken after December 3, 1998.*
>
> *(3) This section does not affect any law or governmental action that does not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin.*[149]

[140] 90 FR 47969.

[141] 2024 U.S. Dist. LEXIS 171113 (E.D. Ken 2024).

[142] 90 FR 47971. As discussed *supra,*this determination conflicts with appellate decisions in the Seventh, Eighth, Ninth and Tenth Circuits.

[143] *Id*.

[144] 90 FR 47978, 47980.

[145] 90 FR 47977, 47979.

[146] 90 FR 47978, 49 C.F.R. § 26.67 "Social and economic disadvantage."

[147] 90 FR 47972-47974.

[148] *Parents Involved in Cmty. Schs. v. Seattle Sch. Dist. No. 1*, 149 Wn.2d 660, 678 (Wash. 2003); *see also* RCW 49.60.400.

[149] RCW 49.60.400(1)-(3).

In *Parents Involved in Community Schools v. Seattle School District No. 1*, the Washington Supreme Court decided a case in which Seattle School District No. 1 was sued for its open choice plan and use of race as a "tiebreaker" to prevent "oversubscribed schools from becoming segregated."[150] The Washington Supreme Court was asked by the Ninth Circuit to interpret RCW 49.60.400 and whether it "prohibits all race-cognizant state action."[151] The Washington Supreme Court explained that the language in subsection (3) "strongly implies that RCW 49.60.400 does not ban all government action that is cognizant of race as it would be surplusage" because of subsection (1).[152] The court stated that subsection (3) "carves out from the prohibition of the statute government action cognizant of race, sex, color, ethnicity, or national origin that does not discriminate against or grant preferential treatment based on the enumerated characteristics."[153] The court held that "RCW 49.60.400 prohibits reverse discrimination where race or gender is used by government to select a less qualified applicant over a more qualified applicant."[154]

In 2017, the Washington State Attorney General issued an opinion on the question of whether Initiative 200 prohibits Washington from "implementing race-or sex-conscious measures to address significant disparities in the public contracting sector that are documented in a disparity study if it is first determined that race- and sex-neutral measures will be insufficient to address those disparities."[155] The Attorney General stated that even *Parents Involved in Community Schools v. Seattle School District No. 1* involved education, "ultimately the Court's task was to construe the language of RCW 49.60.400."[156] The statute applies to "'operation of public employment, public education, [and] public contracting' without distinction."[157]

The Attorney General restated the conclusions of the court in *Parents Involved in Community Schools v. Seattle School District No. 1* that the term "'[g]rant preferential treatment' denotes giving advantage to members of one race over another" and "[d]iscriminate" means "to show prejudice against."[158] The Attorney General listed some possible measures that could fall within the prohibition of subsection (1) as limited by the exception thereto in subsection (3): "aspirational goals for minorities or women, solicitation of women and minority businesses to participate in public contracting, training and outreach targeted to women-and minority-owned firms, or other measures designed to increase participation in public contracting by underrepresented groups."[159] These race- and gender-conscious measures "do not elevate a less qualified applicant over a more qualified applicant, they do not fall within the prohibition of RCW 49.60.400(1) as limited by RCW 49.60.400(3)" and are not considered "preferences."[160]

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[150] *Parents Involved in Cmty. Schs. v. Seattle Sch. Dist. No. 1*, 149 Wn.2d at 663.

[151] *Id.* at 662.

[152] *Id*. at 684-685.

[153] *Id*. at 685.

[154] *Id*. at 690. (Examples of impermissible "reverse discrimination" given by the court included "college quotas and minority set asides." *Id.* at 688).

[155] 2017 Wash. AG Lexis 4, *2.

[156] *Id*. at 11.

[157] *Id*. (citing RCW 49.60.400(1)).

[158] *Id*. at 12

[159] *Id*. at 14.

[160] *Id*. at 14-15.

In addition to the measures that are permitted under subsections (1) and (3) above, there are "very narrow circumstances for actions that do favor female or minority contractors over other contractors."[161] RCW 49.60.400 (1) prohibits discrimination against and preferential treatment in favor of minorities and women.[162] This "dual prohibition" could lead an agency to a complex situation where the agency, through its race- and gender-neutral contracting policies, discriminates against women and/or a minority group or groups. The Attorney General, relying on a disparate impact theory, concluded that RCW 49.60.400 (1) and (3) allowed for the use of preferences based on race or gender in narrow circumstances.[163] These circumstances "could arise if an agency had a strong basis in evidence for concluding that a narrowly tailored preference was the only means available to remedy discrimination in its contracting practices."[164] The Attorney General stressed how narrow these circumstances would be in practice by stating an "agency finding that its own policies cause a disparate impact must also exhaust available alternatives to the use of preferences."[165]

The Attorney General also noted that RCW 49.60.400(6) makes an exception for the prohibition against "reverse discrimination" where the prohibition would cause a loss of federal funding.[166] "Federal funding agencies have adopted Title VI regulations that require recipients of federal financial assistance to implement affirmative action to address the effects of prior discrimination."[167] For example, USDOT requires states receiving federal transportation funds to establish a DBE program in state transportation contracting.[168]

2. Article I Section 12. Article I Section 12 of the Washington State Constitution, known as the privileges and immunities clause, states:

> *No law shall be passed granting to any citizen, class of citizens, or corporation other than municipal, privileges or immunities which upon the same terms shall not equally belong to all citizens, or corporations.*[169]

The Washington Supreme Court has held on several occasions that the right to the equal protection of the laws as guaranteed by the federal Fourteenth Amendment and by the privileges and immunities clause of the Washington Constitution are "substantially identical and considered by [the] court as one issue."[170] The analysis and scrutiny under the Washington privileges and immunities clause follows the federal constitutional principles on equal protection addressed above.

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161 *Id*. at 17.

162 *Id*. at 18.

163 *Id*. at 27.

164 *Id.*

165 *Id*. at 27-28 (discussing RCW 49.60.400(3) and *Shannon v. Pay 'n Save*, 104 Wn.2d 722, 727 (Wash. 1985)).

166 *Id*. at 28.

167 *Id*. at 29.

168 *W. States Paving Co. v. Washington State Dep't of Transp.*, 407 F.3d 983, 988-90 (9th Cir. 2005).

169 Wash. Const. art. I, §12.

170 *State v. Smith*, 117 Wash. 2d 263, 281, (Wash. 1991); *see also American Network, Inc. Wash. Utils. & Transp. Com,* 113 Wn.2d 59, 77 (Wash. 1989)*; In re Borders,* 114 Wn.2d 171, 175 (Wash. 1990); *Omega Nat'l Ins. Co. v. Marquardt,* 115 Wn.2d 416, 430 (Wash. 1990); *Seattle v. Rogers Clothing for Men, Inc.,* 114 Wn.2d 213, 233 (Wash. 1990); *State v. Entz,* 58 Wn. App. 112, 119-120 (Wash. 1990); *Aventis Pharm., Inc. v. Dep't of Revenue*, 428 P.3d 389 (Wash. Ct. App. 2018).

3. Article XXXI Section 1. Article XXXI Section 1, also known as the Equal Rights Amendment (ERA), of the Washington State Constitution states:

> *Equality of rights and responsibility under the law shall not be denied or abridged on account of sex.*[171]

The ERA "absolutely prohibits discrimination on the basis of sex and is not subject to even the narrow exceptions permitted under traditional 'strict scrutiny.'"[172] The Washington Supreme Court has held that "[a]s long as the law favoring one sex is intended solely to ameliorate the effects of past discrimination, it simply does not implicate the ERA."[173]

[171] Wash. Const. art. XXXI, §1.

[172] *Sw. Wash. Chapter v. Pierce Cty.*, 100 Wash. 2d 109, 127(Wash. 1983) (discussing *Darrin v. Gould*, 85 Wn.2d 859, 872 (Wash.1975)).

[173] *Id.*at 127-28.

APPENDIX C.
Availability Analysis Approach

BBC Research & Consulting (BBC) used a custom census approach to estimate the availability of businesses located in the Seattle Metro Area for the construction, architecture and engineering (A/E), professional services, and goods and services prime contracts and subcontracts the agency awards. Appendix C expands on the information presented in Chapter 6 to further describe:

A. Availability data;

B. Representative businesses;

C. Availability survey instrument; and

D. Survey execution.

A. Availability Data

BBC partnered with Davis Research to conduct telephone and online surveys with thousands of businesses throughout the *relevant geographic market area* (*RGMA*), which we identified as King, Pierce, and Snohomish counties in Washington. Davis Research surveyed businesses with locations in the RGMA that perform work in fields closely related to the types of contracts and procurements Sound Transit awarded between January 1, 2020 and December 31, 2024 (the *study period*). We began the survey process by determining the work specializations, or *subindustries*, relevant to each prime contract and subcontract Sound Transit awarded during the study period and identifying 8-digit Dun & Bradstreet (D&B) work specialization codes that best corresponded to those subindustries. We compiled information about local businesses D&B listed as having their primary lines of business within those work specializations. Davis Research attempted surveys with each business multiple times on different days of the business week and at different times of the business day to maximize response rates. In total, the study team attempted to contact 6,116 local businesses that perform work relevant to Sound Transit contracting and procurement. We were able to successfully contact 1,124 of those businesses, 541 of which completed surveys.

B. Representative Businesses

The objective of the availability analysis was not to collect information about every business operating in the RGMA but instead to collect information from a large, unbiased subset of local businesses that appropriately represent Sound Transit's relevant business population. This approach allowed BBC to estimate the availability of local small businesses (SBs) and person of color (POC)-; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses (collectively referred to as *diverse businesses* for the purpose of this study) for Sound Transit work in an accurate, statistically valid manner.[1] In addition, we did not design the survey effort to contact every local business performing construction, A/E, professional services, or goods and services work. Instead, we reviewed

[1] ""Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

the relevant prime contract and subcontract dollars Sound Transit awarded during the study period, determined the types of work most relevant to those projects, and limited our survey efforts to those businesses that perform work consistent with those work types. Figure C-1 lists 8-digit work specialization codes within construction, A/E, professional services, and goods and services most related to the contract and procurement dollars Sound Transit awarded during the study period, which BBC included as part of the availability analysis. We grouped those specializations into distinct subindustries, which are shown as headings in Figure C-1.

C. Availability Survey Instrument

BBC created an availability survey instrument to collect extensive information from businesses working in relevant work types and located in the RGMA. As an example, the instrument the study team used with construction businesses is presented at the end of Appendix C. We modified the construction survey instrument slightly for use with businesses working in A/E, professional services, and goods and services to reflect terms more commonly used in those industries and to collect information specifically relevant to them.[2] (For example, BBC substituted the words "prime contractor" and "subcontractor" with "prime consultant" and "subconsultant" when surveying professional services businesses.)

1. Survey structure. The availability survey included 15 sections, and Davis Research attempted to cover all sections with each business the firm successfully contacted.

a. Identification of purpose. The surveys began by identifying Sound Transit as the survey sponsor and describing the purpose of the study (e.g., "Sound Transit is conducting a brief survey with businesses in the region to better understand their interest in and qualifications for contracting work with government organizations in the Seattle Metro Area").

b. Verification of correct business name. The surveyor verified that they reached the correct business. If the business was not correct, surveyors asked for the correct business information (see areas "X" and "Y" of the survey).

c. Verification of for-profit business status. The surveyor asked whether the entity was a for-profit business as opposed to a government or non-profit organization (Question A1). Surveyors continued the survey only with those entities that responded "yes" to that question.

d. Verification of active business status. The surveyor asked whether the entity was in business and operational (Question A2). Surveyors continued the survey only with those entities that responded "yes" to that question.

e. Interest in future work. The surveyor asked businesses about their interest in future prime contract and subcontract work with government agencies (Question A3). Surveyors continued the survey only with those entities that responded "yes" to that question.

f. Verification of business age. The surveyor asked in what year the business was originally established (Question A4).

[2] BBC also developed e-mail and text versions of the survey instruments for businesses that preferred to complete the survey online.

Figure C-1.
Subindustries included in the availability analysis

Industry Code	Industry Description	Industry Code	Industry Description
Architecture and engineering			
Architectural and design services		**Engineering (continued)**	
87120000	Architectural services	87110000	Engineering services
		87110404	Structural engineering
Construction management			
87419902	Construction management	**Environmental services**	
87420402	Construction project management consultant	87489905	Environmental consultant
Engineering		**Transportation planning services**	
87120100	Architectural engineering	87480201	City planning
87110402	Civil engineering	87480204	Traffic consultant
87110400	Construction and civil engineering	87420410	Transportation consultant
87119905	Electrical or electronic engineering	87480200	Urban planning and consulting services
Construction			
Concrete work		**Excavation, drilling, wrecking, and demolition**	
17710303	Parking lot construction	17959901	Concrete Breaking For Streets and Highways
		17940000	Excavation work
Developers and operative builders		17990903	Shoring and underpinning work
15319907	Commercial and Institutional buildings		
		General Railway and subway construction	
Electrical work		16290201	Cutting of right-of-way
17310401	Access control systems specialization	16290202	Railroad and railway roadbed construction
17310402	Closed circuit television installation	16290200	Railroad and subway construction
17310300	Communications specialization	47890400	Railroad maintenance and repair services
17310100	Electric power systems contractors		
17310000	Electrical work	**Highway, street, and bridge construction**	
17310302	Fiber optic cable installation	16229901	Bridge construction
17310400	Safety and security specialization	16220000	Bridge, tunnel, and elevated highway construction

Figure C-1.
Subindustries included in the availability analysis (continued)

Industry Code	Industry Description	Industry Code	Industry Description
Construction (continued)			
Highway, street, and bridge construction (continued)		**Other heavy construction**	
16110202	Concrete construction: roads, highways, sidewalks,	16299901	Blasting Contractor, Except Building Demolition
16119901	General contractor, highway and street constructio	16290100	Dams, waterways, docks, and other marine construct
16110203	Grading	16290105	Drainage system construction
16110207	Gravel or dirt road construction	16290106	Dredging contractor
16110101	Guardrail construction, highways	16299902	Earthmoving contractor
16110000	Highway and street construction	16290000	Heavy construction, nec
16110204	Highway and street paving contractor	16290108	Irrigation system construction
16229902	Highway construction, elevated	16299903	Land clearing contractor
16110100	Highway signs and guardrails	16290400	Land preparation construction
16110200	Surfacing and paving	16290402	Land reclamation
16229903	Tunnel construction	16299904	Pile driving contractor
		16290403	Rock removal
Masonry, stonework, tile setting, and plastering		16299906	Trenching contractor
17419901	Bricklaying		
17420101	Drywall	**Parking garage construction**	
17439904	Tile installation, ceramic	15420301	Garage construction
		15420302	Service station construction
Nonresidential building construction			
15420100	Commercial and office building contractors	**Plumbing and HVAC**	
15420101	Commercial and office building, new construction	17110401	Mechanical contractor
15420103	Commercial and office buildings, renovation and re	17110000	Plumbing, heating, air-conditioning
15429901	Custom builders, non-residential		
15410000	Industrial buildings and warehouses	**Structural steel erection**	
15419905	Industrial buildings, new construction, nec	17919902	Concrete reinforcement, placing of
15420000	Nonresidential construction, nec	17910000	Structural steel erection
15419909	Renovation, remodeling and repairs: industrial bui		
15420400	Specialized public building contractors		

Figure C-1.
Subindustries included in the availability analysis (continued)

Industry Code	Industry Description	Industry Code	Industry Description
Construction (continued)			
Water, sewer, and utility lines		**Water, sewer, and utility lines (continued(**	
16230201	Cable laying construction	16230302	Sewer line construction
16230202	Cable television line construction	16230203	Telephone and communication line construction
16230200	Communication line and transmission tower construc	16230204	Transmitting tower (telecommunication) constructio
16239901	Electric power line construction	16239906	Underground utilities contractor
17819901	Geothermal drilling	16230300	Water and sewer line construction
16230103	Oil and gas pipeline construction	16230303	Water main construction
16239903	Pipe laying construction	17810000	Water well drilling
16239904	Pipeline construction, nsk	16230000	Water, sewer, and utility lines
16239905	Pumping station construction		
Goods and services			
Cleaning and janitorial services		**Electrical equipment and supplies (continued)**	
73490104	Janitorial service, contract basis	36290106	Rectifiers (electrical apparatus)
		50630218	Switchgear
Electrical equipment and supplies		36130000	Switchgear and switchboard apparatus
33579902	Aluminum wire and cable	36120000	Transformers, except electric
50630202	Cable conduit	50630300	Wire and cable
50630303	Control and signal wire and cable, including coaxi		
50630000	Electrical apparatus and equipment	**Investigation services**	
36999900	Electrical equipment and supplies, nec	73810201	Detective agency
36990000	Electrical equipment and supplies, nec	73810200	Detective services
50630304	Electronic wire and cable	73810202	Fingerprint service
36120108	Line voltage regulators	73899926	Handwriting analysis
36120100	Power and distribution transformers	73810203	Lie detection service
36439907	Power line cable	73899935	Personal investigation service
50630305	Power wire and cable	73810204	Private investigator

Figure C-1.
Subindustries included in the availability analysis (continued)

Industry Code	Industry Description	Industry Code	Industry Description
Goods and services (continued)			
Landscaping services		**Financial services and consulting**	
7829903	Landscape contractors	87210000	Accounting, auditing, and bookkeeping
Office equipment and supplies		**IT and data services**	
59439902	Office forms and supplies	73790000	Computer related services, nec
51129907	Office supplies, nec	73730401	Computer-aided design (CAD) systems service
		73730200	Systems integration services
Safety equipment			
50849912	Safety equipment		
50990300	Safety equipment and supplies		
59990103	Safety supplies and equipment		
Security guard services			
73810101	Armored car services		
73810000	Detective and armored car services		
73810100	Guard services		
73810104	Protective services, guard		
73810105	Security guard service		
Security systems services			
73829901	Burglar alarm maintenance and monitoring		
73829904	Confinement surveillance systems maintenance and m		
73829902	Fire alarm maintenance and monitoring		
73899920	Fire protection service other than forestry or pub		
73829903	Protective devices, security		
73820000	Security systems services		
Advertising, marketing, and public relations			
73110000	Advertising agencies		

g. Confirmation of primary lines of work. Next, businesses confirmed their primary lines of work according to D&B (Question A5a). If D&B's work specialization codes were incorrect, businesses described their primary lines of work (Question A5b). Surveyors then asked businesses about other types of work they perform (Question A5c). BBC coded information on primary lines of work and additional types of work (if any) into appropriate 8-digit D&B work specialization codes.

h. Locations and affiliations. The surveyor asked participants if their businesses had other locations (Questions A6 through A7b) and if their businesses were subsidiaries or affiliates of other businesses (Questions A8 and A9).

i. Willingness and ability to work. The surveyor asked businesses that do construction-related work whether they are willing and able to work in various roles (Questions B1 through B3) (this question was not included in the professional services or goods and services survey instruments).

j. Geographic area. The surveyor asked businesses whether they could serve customers in various regions in the Seattle Metro Area, specifically in King, Pierce, or Snohomish counties (Question C1).

k. Capacity. The surveyor asked businesses about the values of the largest and smallest prime contract or subcontract they can perform as well as the maximum volume of work they can perform at any given time (Questions D1a and D1b).

l. Ownership. The surveyor asked whether businesses were at least 51 percent owned and controlled by POCs, women, veterans, or people who identify as LGBTQ (Questions E1 through E5). If businesses indicated they were POC-owned, they were also asked about the race of the businesses' owner(s) (Question E3). BBC confirmed that information through several other data sources, including:

- Sound Transit contract and vendor data;
- D&B business listings and other business information sources;
- Information from other available certification directories and business lists, including the Washington State Office of Minority and Women's Business Enterprises and Washington State Department of Veteran Affairs; and
- Business websites and other secondary research.

m. Business revenue. The surveyor asked questions about businesses' sizes in terms of their revenues and number of employees across all their locations (Questions F1 through F4).

n. Potential barriers in the marketplace. The surveyor asked an open-ended question about businesses' experiences working with Sound Transit and other local government agencies as well as general insights about conditions in the Seattle Metro Area marketplace (Question G1). In addition, the survey included a question asking whether respondents would be willing to participate in follow-up interviews about conditions in the local marketplace, which BBC used to recruit participants for in-depth interviews (Question G2).

o. Contact information. The survey concluded with questions about the participant's name, position, and contact information (Questions H1 through H3).

D. Survey Execution

Davis Research conducted all availability surveys between March 2025 and August 2025. The firm attempted to survey the owner, manager, or other officer of each business that could provide accurate responses to survey questions.

1. Businesses the study team successfully contacted. Figure C-2 presents the disposition of the 6,116 businesses the study team attempted to contact for availability surveys and how that number resulted in the 1,124 businesses the study team was able to successfully contact.

Figure C-2.
Disposition of attempts to contact businesses for availability surveys

	Number of businesses
Beginning list	6,116
Less non-working phone numbers	688
Less wrong number/business	356
Unique business listings with working phone numbers	5,072
Less no answer	2,762
Less could not reach responsible staff member	1,177
Less language barrier	9
Businesses successfully contacted	**1,124**

a. Non-working or wrong phone numbers. Some of the business listings BBC purchased from D&B were:

- Non-working phone numbers (688 listings); or
- Wrong numbers for the desired businesses (356 listings).

Some non-working phone numbers and wrong numbers resulted from businesses going out of business or changing their names and phone numbers between the time D&B listed them and the time the study team attempted to contact them.

b. Working phone numbers. As shown in Figure C-2, Davis Research attempted to contact 5,072 businesses with working phone numbers. It was unsuccessful in contacting many of those businesses for various reasons:

- The firm could not reach anyone after multiple attempts for 2,762 businesses.
- The firm could not reach a responsible staff member after multiple attempts for 1,177 businesses.
- The firm could not conduct the availability survey due to language barriers for nine businesses.

Thus, Davis Research was able to successfully contact 1,124 businesses.

2. Businesses included in the availability database. Figure C-3 presents the disposition of the 1,124 businesses Davis Research successfully contacted and how that number resulted in the 425 businesses BBC considered potentially available for Sound Transit work.

Figure C-3.
Disposition of successfully contacted businesses

	Number of businesses
Businesses successfully contacted	1,124
Less businesses not interested in discussing availability for work	395
Less companies no longer in business	181
Less not a for-profit business	7
Businesses that completed surveys	541
Less line of work outside of study scope	5
Less businesses not interested in government work	103
Less multiple locations of same business	8
Businesses potentially available for Sound Transit work	**425**

a. Businesses not eligible or interested in discussing availability for Sound Transit work. Of the 1,124 businesses the study team successfully contacted:

- BBC excluded 395 businesses from the analysis because they reported that they were not interested in discussing their availability for Sound Transit work.
- We excluded 181 businesses from the analysis that indicated they were no longer in business.
- We excluded seven businesses from the analysis that indicated they were not-for-profit businesses.

b. Businesses available for Sound Transit work. A total of 541 businesses completed availability surveys, but BBC deemed only a portion of those businesses as potentially available for the prime contracts and subcontracts Sound Transit awarded during the study period. We excluded many of the businesses that completed surveys from the availability database for various reasons:

- BBC excluded five businesses that reported primary and secondary lines of work that are out of scope for contracts and procurements Sound Transit awards.
- BBC excluded 103 businesses that reported they were not interested in contracting opportunities with Sound Transit or other government organizations.
- Eight survey participants represented different locations of the same businesses. Prior to analyzing results, BBC combined responses from multiple locations of the same business into a single data record according to the following rules:
  - If different locations of the same business indicated different lines of work, BBC conducted additional secondary research to reconcile that information into one primary line of work.
  - BBC combined the different roles of work (i.e., prime contractor or subcontractor) different participants representing the same business reported into a single response. For example, if one participant reported that the business works as a prime contractor and another participant reported that the business works as a subcontractor, then BBC considered the business as available for both prime contracts and subcontracts.

- BBC considered the largest project any participants representing the same business reported being able to perform as the business' capacity (i.e., the largest project for which the business could be considered available).

After those exclusions and reconciliations, BBC compiled a database of 425 businesses we considered potentially available for Sound Transit work.

AVAILABILITY SURVEY INSTRUMENT. Construction

Hello. My name is [INTERVIEWER NAME] from Davis Research, calling on behalf of Sound Transit. This is not a sales call. Sound Transit is conducting a brief survey with businesses in the region to better understand their interest in and qualifications for contracting work with government organizations in the Seattle metro area. The survey should only take about 15 minutes to complete. Your participation in the survey is for research purposes only. We value your privacy, so any identifying information you share will not be publicly reported.

Whom can I speak with to gather information about your business and its potential interest in working with government organizations in the Seattle metro area?

[AFTER REACHING AN APPROPRIATELY SENIOR STAFF MEMBER, THE INTERVIEWER SHOULD RE-INTRODUCE THE PURPOSE OF THE SURVEY AND BEGIN WITH QUESTIONS.]

[IF ASKED, THE INFORMATION DEVELOPED IN THE SURVEYS WILL RESULT IN DATA ON BUSINESSES QUALIFIED AND INTERESTED IN WORKING WITH GOVERNMENT AND OTHER PUBLIC AGENCIES, ENTITIES, AND OFFICES IN THE REGION AND WILL INFORM VARIOUS ANALYSES AS PART OF THE RESEARCH.]

Please answer each question as honestly and accurately as possible so Sound Transit can develop a realistic understanding of the businesses potentially available for government and other public agency work in the Seattle metro area.

X1. Can you confirm this is [BUSINESS NAME]?

1=Correct business [SKIP TO Y2]

2=Incorrect business, not related [TERMINATE]

3=Incorrect business, new name

99=Refused [TERMINATE]

Y1. What is the name of this business?

1=Verbatim

Y2. Can you give me the address for [BUSINESS NAME/NEW BUSINESS NAME]?

[NOTE TO INTERVIEWER - RECORD IN THE FOLLOWING FORMAT]:

. STREET ADDRESS

. CITY

. STATE

. ZIP

1=VERBATIM]

A1. Let me confirm [BUSINESS NAME/NEW BUSINESS NAME] is a for-profit business, as opposed to a non-profit organization, a foundation, or government office. Is that correct?

1=Yes, a for-profit business

2=No, other [TERMINATE]

A2. Is your company in business and operational?

1=Yes

2=No [TERMINATE]

A3. Is your business interested in performing work on projects for government or other public agencies, entities, or offices in the region?

1=Yes

2=No [TERMINATE]

98=Don't know

99=Refused

[NOTE TO INTERVIEWER: IF ASKED, EXAMPLES INCLUDE SOUND TRANSIT, STATES, CITIES, COUNTIES, PUBLIC SCHOOLS AND UNIVERSITIES, TRANSPORTATION ORGANIZATIONS, AND OTHERS]

A4. In what year was your business established?

1=VERBATIM

A5a. Let me also confirm what kind of business this is. The information we have from Dun & Bradstreet indicates your main line of work is [SIC DESCRIPTION]. Is that correct?

[NOTE TO INTERVIEWER – IF ASKED, DUN & BRADSTREET OR D&B, IS A COMPANY THAT COMPILES INFORMATION ON BUSINESSES THROUGHOUT THE COUNTRY]

1=Yes [SKIP TO A5c]

2=No

98=Don't know

99=Refused

A5b. What is your [BUSINESS NAME/NEW BUSINESS NAME]'s main line of work?

[NOTE TO INTERVIEWER – IF RESPONDENT INDICATES BUSINESS' MAIN LINE OF WORK IS "GENERAL CONSTRUCTION" OR "GENERAL CONTRACTOR," PROBE TO FIND OUT MORE DETAIL ABOUT TYPES OF WORK THEY PERFORM.]

1=VERBATIM

A5c. What other types of work, if any, does your business perform?

1=VERBATIM

97=(NONE)

A6. Is this the sole location of your business, or do you have offices in other locations?

1=Sole location [SKIP TO A8]

2=Have other locations

98=Don't know

99=Refused

A7a. Is this location the principal location for your business, or is your business primarily conducted at another location?

[NOTE TO INTERVIEWER: A PRINCIPAL PLACE OF BUSINESS IS A COMPANY'S PRIMARY LOCATION FOR CONDUCTING BUSINESS, AND IS GENERALLY WHERE THE COMPANY'S OFFICERS DIRECT, CONTROL, AND COORDINATE THE CORPORATION'S ACTIVITIES. IT'S ALSO WHERE THE COMPANY'S BOOKS AND RECORDS ARE KEPT, AND WHERE THE HEAD OF THE FIRM AND OTHER SENIOR MANAGEMENT PERSONNEL ARE LOCATED.]

1=Principal location is here [SKIP TO A8]

2=Principal location at another location

98=(DON'T KNOW) [SKIP TO A8]

99=(REFUSED) [SKIP TO A8]

A7b. What is the city, state, and zip code of your business' principal location?

[NOTE TO INTERVIEWER - RECORD IN THE FOLLOWING FORMAT]:

. STREET ADDRESS

. CITY

. STATE

. ZIP

1=VERBATIM

A8. Is your business a subsidiary or affiliate of another business?

1=Independent [SKIP TO B1]

2=Subsidiary or affiliate of another business

98=Don't know [SKIP TO B1]

99=Refused [SKIP TO B1]

A9. What is the name of the parent company?

1=VERBATIM

98=Don't know

99=Refused

A prime or general contractor is a business that contracts directly with the project owner. In contrast, a subcontractor is a business that contracts with a prime or general contractor as part of a larger project. Some businesses work in both roles on different projects. Based on these definitions:

B1. Is your business willing and able to work as a <u>prime contractor or general contractor</u>?

1=Yes

2=No

98=Don't know

99=Refused

B2. Is your business willing and able to work as a <u>subcontractor</u>?

1=Yes

2=No

98=Don't know

99=Refused

B3. What about as a supplier? Is your business willing and able to supply construction materials or goods?

1=Yes

2=No

98=Don't know

99=Refused

Now, I'd like to know whether your businesses can perform work in [the Seattle metro area].

C1. Is your business able to perform work in [King, Pierce, or Snohomish counties]?

1=Yes

2=No [TERMINATE]

98=Don't know

99=Refused

Now I'd like to ask you a few questions about the size of work your business is able to compete for or perform.

D1a. What is the largest prime contract, subcontract, or other piece of work your company is able to compete for or perform?

1=VERBATIM

[NOTE TO INTERVIEWER - READ CATEGORIES IF NECESSARY]

1=$100,000 or less

2=More than $100,000 to $250,000

3=More than $250,000 to $500,000

4=More than $500,000 to $1 million

5=More than $1 million to $2 million

6=More than $2 million to $5 million

7=More than $5 million to $10 million

8=More than $10 million to $20 million

9=More than $20 million to $50 million

10=More than $50 million to $100 million

11= More than $100 million to $200 million

12=Greater than $200 million

97=(NONE)

98=(DON'T KNOW)

99=(REFUSED)

D1b. Now, what is the <u>smallest</u> prime contract, subcontract, or other piece of work your company is willing to compete for or perform?

1=VERBATIM

[NOTE TO INTERVIEWER - READ CATEGORIES IF NECESSARY]

1=$100,000 or less

2=More than $100,000 to $250,000

3=More than $250,000 to $500,000

4=More than $500,000 to $1 million

5=More than $1 million to $2 million

6=More than $2 million to $5 million

7=More than $5 million to $10 million

8=More than $10 million to $20 million

9=More than $20 million to $50 million

10=More than $50 million to $100 million

11= More than $100 million to $200 million

12=Greater than $200 million

97=(NONE)

98=(DON'T KNOW)

99=(REFUSED)

My next questions are about the ownership of your business.

E1. A business is defined as a woman-owned business if more than half—that is, 51 percent or more—of the ownership and control of daily management and operations is by individuals who identify as women. By this definition, is [BUSINESS NAME/NEW BUSINESS NAME] a woman-owned business?

1=Yes

2=No

98=Don't know

99=Refused

E2. A business is defined as a person of color-, or POC-, owned business if more than half—that is, 51 percent or more—of the ownership and control of daily management and operations is by individuals who identify as Asian, Black, Hispanic, Native American, or another non-white race or ethnicity. By this definition, is [BUSINESS NAME/NEW BUSINESS NAME] a POC-owned business?

1=Yes

2=No – [SKIP TO E4]

98=Don't know [SKIP TO E4]

99=Refused [SKIP TO E4]

E3. Which of the following best represent the race/ethnicity of the business' owner(s)?

1=Black

2=Asian Pacific (examples include persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Tuvalu, Nauru, Federated States of Micronesia, or Hong Kong)

3=Hispanic or Latin American (examples include persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race)

4=Native American (examples include American Indians, Alaska Natives, Aleuts, or Native Hawaiians)

5=Subcontinent Asian (examples include persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal, or Sri Lanka)

6=Middle Eastern or North African (examples include persons whose origins are from Algeria, Bahrain, Comoros, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, Turkey, United Arab Emirates, or Yemen)

7=(OTHER - SPECIFY) ________________

98=(DON'T KNOW)

99=(REFUSED)

E4. A business is defined as a veteran-owned business if more than half—that is, 51 percent or more—of the ownership and control of daily management and operations is by veterans of the United States military. By this definition, is [BUSINESS NAME/NEW BUSINESS NAME] a veteran-owned business?

[NOTE TO INTERVIEWER – U.S. MILITARY SERVICES INCLUDE THE U.S. ARMY, AIR FORCE, NAVY, MARINES, AND COAST GUARD.]

1=Yes

2=No

98=Don't know

99=Refused

E5. A business is defined as an LGBTQ-owned business if more than half—that is, 51 percent or more—of the ownership and control of daily management and operations is by a person who identifies as lesbian, gay, bisexual, transgender, queer, asexual, or by individuals who do not identify as cisgender or heterosexual. By this definition, is [BUSINESS NAME/NEW BUSINESS NAME] an LGBTQ-owned business?

1=Yes

2=No

98=Don't know

99=Refused

Now I want to ask you a few questions about your business' size.

F1. Dun & Bradstreet indicates that your business has about [number] employees across all its locations. Is that an accurate estimate of the number of employees who work at your business, including both full-time and part-time employees?

1=Yes [SKIP TO F3]

2=No

98=Don't know [SKIP TO F3]

99=Refused [SKIP TO F3]

F2. About how many employees work at your business, including both full-time and part-time employees, across all your locations?

1=VERBATIM

[NOTE TO INTERVIEWER – READ CATEGORIES IF NECESSARY]

1=Sole proprietorship/no employees

2=1-4 employees

3=5-9 employees

4=10-25 employees

5=26-50 employees

6=51-100 employees

7=101-150 employees

8=151-200 employees

9=201-250 employees

10=251-500 employees

11=501-750 employees

12=751-1,000 employees

13=1,001-1,250 employees

14=1,251-1,500 employees

15=1,501 or more employee

98=(DON'T KNOW)

99=(REFUSED)

F3. Dun & Bradstreet lists the average annual gross revenue of your business, including all your locations, as [DOLLAR AMOUNT]. Is that an accurate estimate of your business's average annual gross revenue?

1=Yes [SKIP TO G1]

2=No

98=Don't know [SKIP TO G1]

99=Refused [SKIP TO G1]

F4. Roughly, what was the average annual gross revenue of your business, including all of your locations?

1=VERBATIM

[READ LIST IF NECESSARY]

1=$1 Million or less

2=More than $1 Million to $3 Million

3=More than $3 Million to $6 Million

4=More than $6 Million to $9 Million

5=More than $9 Million to $12 Million

6=More than $12 Million to $19 Million

7= More than $19 Million to $25 Million

8= More than $25 Million to $30 Million

9=More than $30 Million

98= (DON'T KNOW)

99= (REFUSED)

G1. We're interested in whether your business has experienced barriers or difficulties related to working with, or attempting to work with, any government agencies in the Seattle metro area. Do you have any thoughts to share?

1=VERBATIM [PROBE FOR COMPLETE THOUGHTS]

97=No comments

G2. Would you be willing to participate in a follow-up interview about any of those topics?

1=Yes

2=No

Just a few final questions.

H1. What is your name?

1=VERBATIM

H2. What is your position at [BUSINESS NAME/NEW BUSINESS NAME]?

1=Receptionist

2=Owner

3=Manager

4=CFO

5=CEO

6=Assistant to Owner/CEO

7=Sales manager

8=Office manager

9=President

10=Other, specify ________________

99=Refused

H3. At what email address can you be reached?

1= VERBATIM

Thank you very much for your participation. If you have any questions or concerns, please contact Edson Zavala, Deputy Executive Director, Business Inclusion at 206-737-6297 or CivilRightsDBE@soundtransit.org.

If you have any questions for the Disparity Study project team or wish to submit written questions, comments, or insights about the marketplace, please email SoundTransitDisparity@bbcresearch.com.

APPENDIX D.
Disparity Analysis Results Tables

As part of the disparity analysis, BBC Research & Consulting (BBC) compared the utilization, or *participation*, of small businesses (SBs) and person of color (POC)-; woman-; veteran-; and lesbian, gay, bisexual, transgender, and queer (LGBTQ)-owned businesses in construction, architecture and engineering (A/E), professional services, and goods and services prime contracts and subcontracts Sound Transit awarded between January 1, 2020 through December 31, 2024 (the *study period*) with the percentage of contract and procurement dollars one might expect it to award to those businesses based on their availability for that work.[1, 2] Appendix D presents results from the disparity analysis for relevant business groups and various sets of projects Sound Transit awarded during the study period.

A. Format and Information

Each table in Appendix D presents disparity analysis results for a different set of projects. For example, Figure D-1 presents overall disparity analysis results for all relevant projects Sound Transit awarded during the study period. A review of Figure D-1 introduces the calculations and format of all disparity analysis tables in Appendix D. Figure D-1 presents disparity study results for each relevant business group in separate rows:

- "All businesses" in row (1) pertains to information about all businesses regardless of the race/ethnicity, gender, veteran status, or LGBTQ status of their owners or the size of the businesses.
- Row (2) presents results for all POC-owned businesses considered together, regardless of whether they were certified as Disadvantaged Business Enterprises (DBEs) during the study period.[3]
- Rows (3) through (8) present results for businesses of each relevant race/ethnic group, regardless of whether they were certified as DBEs during the study period.
- Row (9) presents results for all White woman-owned businesses, regardless of whether they were certified as DBEs during the study period.
- Row (10) presents results for all veteran-owned businesses.

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[1] "Woman-owned businesses" refers to White woman-owned businesses. Information and results for businesses owned by women of color are included along with those of businesses owned by men of color according to their corresponding racial/ethnic groups. "White" refers to non-Hispanic White business owners.

[2] "SBs" refers to any business with an average annual revenue at or below the revenue standards for a small business as established by the United States Small Business Administration, or $31.84 million. BBC presents results for all SBs considered together, as well as separately for three tiers of SBs: Emerging SBs (SBs with annual revenue less than $3 million), Rising SBs (SBs with annual revenue greater than $3 million but less than $10 million), and other SBs (SBs with annual revenue greater than $10 million but less than $31.84 million).

[3] The United States Department of Transportation (USDOT) issued an Interim Final Rule 2025 (IFR 2025) on October 3, 2025 that significantly amends 49 Code of Federal Regulation to adjust the certification criteria, goal setting, and reporting requirements for recipients of USDOT funds required to implement the Federal Disadvantaged Business Enterprise (DBE) Program. This report refers to the Federal DBE Program as Sound Transit implemented it during the study period, but it does not account for future-looking adjustments to the Federal DBE Program and its implementation that the agency is undertaking in compliance with IFR 2025.

- Row (11) presents results for all LGBTQ-owned businesses.
- Row (12) presents results for all SBs considered together, regardless of whether they were certified as Small Business Enterprises (SBEs) or any other economically disadvantaged business enterprise.
- Rows (13) through (15) present results for Emerging SBs, Rising SBs, and Other SBs, regardless of whether they were certified as such.

1. Utilization analysis results. Each results table includes the same columns of information:

- Column (a) presents the total number of prime contracts and subcontracts (i.e., *contract elements*) BBC analyzed as part of the set. As shown in row (1) of column (a) of Figure D-1, we analyzed 1,677 contract elements Sound Transit awarded during the study period. The values presented in column (a) represent the number of contract elements in which businesses of each group participated. For example, as shown in row (4) of column (a), Black-owned businesses participated in 56 contract elements Sound Transit awarded during the study period.
- Column (b) presents the total number of unique businesses that participated in each contract set. As shown in row (1) of column (b) in Figure D-1, 661 unique businesses participated in Sound Transit contracts and procurements during the study period. The values presented in column (b) represent the number of unique businesses in each business group that participated in agency work. For example, as shown in row (4) of column (b), 23 unique Black-owned businesses participated in Sound Transit contracts and procurements awarded during the study period.
- Column (c) presents the dollars (in thousands) associated with the set of contract elements. As shown in row (1) of column (c) of Figure D-1, BBC examined approximately $1.8 billion that was associated with the 1,677 relevant contract elements Sound Transit awarded during the study period. The values presented in column (c) for each individual business group represent the dollars Sound Transit awarded to that particular group on the set of contract elements. For example, as shown in row (4) of column (c), Sound Transit awarded approximately $22.0 million of project dollars to Black-owned businesses during the study period.
- Column (d) presents the participation of each business group as a percentage of total dollars associated with the set of contract elements. BBC calculated each percentage in column (d) by dividing the dollars going to a particular group in column (d) by the total dollars associated with the set of contract elements shown in row (1) of column (b) and then expressing the result as a percentage. For example, for Black-owned businesses, the study team divided $22.0 million by $1.8 billion and multiplied by 100 for a result of 1.2 percent, as shown in row (4) of column (d).

2. Availability results. Column (e) of Figure D-1 presents the availability of each relevant group for all the contract elements BBC analyzed as part of the project set. Availability represents the percentage of dollars one might expect Sound Transit to award to businesses of a particular group based on their specific characteristics and the characteristics of the contract elements included in a particular set of projects. Availability estimates, which are represented as percentages of the total dollars associated with the project set, serve as benchmarks against which to compare the participation of specific groups in those projects. For example, as shown in row (4) of column (e), the availability of Black-owned businesses for Sound Transit work is 1.7 percent. That is, one might expect the agency to award 1.7 percent of relevant contract dollars to Black-owned businesses based on their availability for that work.

3. Disparity indices. BBC calculated a disparity index, or ratio, for each relevant business group, which compares the participation of POC- and woman-owned businesses in agency work to their estimated availability for that work. Column (f) of Figure D-1 presents the disparity index for each group. For example, as reported in row (4) of column (f), the disparity index for Black-owned businesses was $0.74, indicating that Sound Transit awarded approximately $0.74 to Black-owned businesses for every dollar one might expect it to award to those businesses based on their availability for that work. For disparity indices exceeding $2.00, BBC reported an index of "$2.00+." When there was no participation and no availability for a particular group for a particular set of projects, BBC reported a disparity index of "$1.00," indicating parity.

B. Index and Tables

The table of contents presents an index of the sets of projects for which BBC analyzed disparity analysis results. In addition, the heading of each table in Appendix D provides a description of the subset of projects BBC analyzed for that particular set of projects.

Table	Characteristics				
	Time period	Contract area	Contract role	Goals status	Other characteristics
D-1	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	All contracts	N/A
D-2	1/1/2020 - 12/31/2024	**Construction**	Prime contracts and subcontracts	All contracts	N/A
D-3	1/1/2020 - 12/31/2024	**Professional Services**	Prime contracts and subcontracts	All contracts	N/A
D-4	1/1/2020 - 12/31/2024	**A/E**	Prime contracts and subcontracts	All contracts	N/A
D-5	1/1/2020 - 12/31/2024	**Goods and services**	Prime contracts and subcontracts	All contracts	N/A
D-6	1/1/2020 - 12/31/2024	All	**Prime contracts**	All contracts	N/A
D-7	1/1/2020 - 12/31/2024	All	**Subcontracts**	All contracts	N/A
D-8	1/1/2020 - 12/31/2024	All	**Prime contracts**	All contracts	**Small (< $2M construction,< $500k other industries)**
D-9	1/1/2020 - 12/31/2024	All	**Prime contracts**	All contracts	**Large (>= $2M construction, >= $500k other industries)**
D-10	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	**Eligible**	**Large (>= $250K)**
D-11	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	**Ineligible**	**Small (< $250K)**
D-12	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	All contracts	**FTA-funded**
D-13	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	All contracts	**Non FTA-funded**
D-14	1/1/2020 - 12/31/2024	**Small Works Roster contracts**	Prime contracts and subcontracts	All contracts	N/A
D-15	1/1/2020 - 12/31/2024	**Indefinite Delivery, Indefinite Quantity (IDIQ) contracts**	Prime contracts and subcontracts	All contracts	N/A
D-16	1/1/2020 - 12/31/2024	**Design-build contracts**	Prime contracts and subcontracts	All contracts	N/A
D-17	1/1/2020 - 12/31/2024	**Project Labor Agreement (PLA) contracts**	Prime contracts and subcontracts	All contracts	N/A
D-18	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	**DBE Goals**	N/A
D-19	**1/1/2020 - 7/31/2023**	All	Prime contracts and subcontracts	**SB Goals**	N/A
D-20	**8/1/2023 - 12/31/2024**	All	Prime contracts and subcontracts	**SB Goals**	N/A
D-21	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	**SB Goals**	N/A
D-22	1/1/2020 - 12/31/2024	All	Prime contracts and subcontracts	**No goals**	N/A

Figure D-1.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**1,677**	**661**	**$1,781,628**			
	Race and Gender						
(2)	POC	184	85	$121,663	6.8 %	17.5 %	$0.39
(3)	Asian Pacific	42	21	$7,796	0.4 %	6.0 %	$0.07
(4)	Black	56	23	$21,999	1.2 %	1.7 %	$0.74
(5)	Hispanic	49	26	$79,685	4.5 %	5.9 %	$0.75
(6)	MENA	3	1	$332	0.0 %	1.5 %	$0.01
(7)	Native American	14	8	$9,332	0.5 %	0.8 %	$0.66
(8)	Subcontinent Asian	20	6	$2,520	0.1 %	1.6 %	$0.09
(9)	White woman	159	75	$122,774	6.9 %	11.0 %	$0.63
	Veteran						
(10)	Veteran	65	25	$25,924	1.5 %	4.4 %	$0.33
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.1 %	2.3 %	$0.06
	Size						
(12)	SB	705	315	$353,060	19.8 %	69.9 %	$0.28
(13)	Emerging (Less than $3M)	246	97	$34,889	2.0 %	50.5 %	$0.04
(14)	Rising ($3M up to $10M)	245	103	$113,713	6.4 %	12.9 %	$0.50
(15)	Other ($10M up to $31.84M)	214	115	$204,459	11.5 %	6.5 %	$1.77

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-2.
Time period: 01/01/2020 - 12/31/2024
Contract area: Construction
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**542**	**223**	**$602,179**			
	Race and Gender						
(2)	POC	61	31	$15,259	2.5 %	16.4 %	$0.15
(3)	Asian Pacific	15	8	$2,414	0.4 %	5.2 %	$0.08
(4)	Black	13	7	$921	0.2 %	1.1 %	$0.13
(5)	Hispanic	18	8	$2,507	0.4 %	6.6 %	$0.06
(6)	MENA	0	0	$0	0.0 %	1.4 %	$0.00
(7)	Native American	12	7	$9,293	1.5 %	1.6 %	$0.95
(8)	Subcontinent Asian	3	1	$124	0.0 %	0.5 %	$0.04
(9)	White woman	67	18	$12,141	2.0 %	3.1 %	$0.66
	Veteran						
(10)	Veteran	28	15	$13,653	2.3 %	6.9 %	$0.33
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	1.2 %	$0.00
	Size						
(12)	SB	210	106	$98,810	16.4 %	63.5 %	$0.26
(13)	Emerging (Less than $3M)	30	19	$4,372	0.7 %	42.8 %	$0.02
(14)	Rising ($3M up to $10M)	79	39	$47,130	7.8 %	14.5 %	$0.54
(15)	Other ($10M up to $31.84M)	101	48	$47,308	7.9 %	6.2 %	$1.26

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-3.
Time period: 01/01/2020 - 12/31/2024
Contract area: Professional services
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**206**	**97**	**$142,480**			
	Race and Gender						
(2)	POC	16	8	$3,810	2.7 %	16.2 %	$0.17
(3)	Asian Pacific	1	1	$124	0.1 %	8.0 %	$0.01
(4)	Black	11	5	$2,205	1.5 %	2.0 %	$0.77
(5)	Hispanic	4	2	$1,481	1.0 %	2.2 %	$0.47
(6)	MENA	0	0	$0	0.0 %	1.9 %	$0.00
(7)	Native American	0	0	$0	0.0 %	0.4 %	$0.00
(8)	Subcontinent Asian	0	0	$0	0.0 %	1.6 %	$0.00
(9)	White woman	24	16	$8,271	5.8 %	19.9 %	$0.29
	Veteran						
(10)	Veteran	9	3	$2,942	2.1 %	3.2 %	$0.65
	LGBTQBE						
(11)	LGBTQ	2	1	$2,367	1.7 %	7.9 %	$0.21
	Size						
(12)	SB	65	33	$14,733	10.3 %	88.6 %	$0.12
(13)	Emerging (Less than $3M)	31	13	$3,702	2.6 %	77.3 %	$0.03
(14)	Rising ($3M up to $10M)	17	8	$2,753	1.9 %	9.1 %	$0.21
(15)	Other ($10M up to $31.84M)	17	12	$8,278	5.8 %	2.2 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-4.
Time period: 01/01/2020 - 12/31/2024
Contract area: A/E
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**326**	**150**	**$698,939**			
	Race and Gender						
(2)	POC	67	24	$24,386	3.5 %	13.9 %	$0.25
(3)	Asian Pacific	21	9	$5,236	0.7 %	6.2 %	$0.12
(4)	Black	21	6	$13,576	1.9 %	1.4 %	$1.35
(5)	Hispanic	6	4	$3,043	0.4 %	1.7 %	$0.25
(6)	MENA	3	1	$332	0.0 %	1.4 %	$0.03
(7)	Native American	0	0	$0	0.0 %	0.3 %	$0.00
(8)	Subcontinent Asian	16	4	$2,199	0.3 %	2.9 %	$0.11
(9)	White woman	31	20	$32,235	4.6 %	16.3 %	$0.28
	Veteran						
(10)	Veteran	20	3	$7,491	1.1 %	2.2 %	$0.49
	LGBTQBE						
(11)	LGBTQ	1	1	$135	0.0 %	2.0 %	$0.01
	Size						
(12)	SB	137	62	$80,724	11.5 %	68.2 %	$0.17
(13)	Emerging (Less than $3M)	33	15	$8,491	1.2 %	49.3 %	$0.02
(14)	Rising ($3M up to $10M)	71	26	$53,820	7.7 %	10.4 %	$0.74
(15)	Other ($10M up to $31.84M)	33	21	$18,412	2.6 %	8.4 %	$0.31

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-5.
Time period: 01/01/2020 - 12/31/2024
Contract area: Goods and services
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**603**	**191**	**$338,030**			
	Race and Gender						
(2)	POC	40	22	$78,207	23.1 %	27.1 %	$0.85
(3)	Asian Pacific	5	3	$21	0.0 %	5.9 %	$0.00
(4)	Black	11	5	$5,297	1.6 %	2.9 %	$0.53
(5)	Hispanic	21	12	$72,654	21.5 %	15.1 %	$1.43
(6)	MENA	0	0	$0	0.0 %	1.6 %	$0.00
(7)	Native American	2	1	$39	0.0 %	0.6 %	$0.02
(8)	Subcontinent Asian	1	1	$196	0.1 %	0.9 %	$0.07
(9)	White woman	37	21	$70,127	20.7 %	10.5 %	$1.98
	Veteran						
(10)	Veteran	8	4	$1,839	0.5 %	4.8 %	$0.11
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	2.3 %	$0.00
	Size						
(12)	SB	293	114	$158,794	47.0 %	76.8 %	$0.61
(13)	Emerging (Less than $3M)	152	50	$18,323	5.4 %	55.4 %	$0.10
(14)	Rising ($3M up to $10M)	78	30	$10,009	3.0 %	16.7 %	$0.18
(15)	Other ($10M up to $31.84M)	63	34	$130,461	38.6 %	4.7 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-6.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**936**	**288**	**$1,480,607**			
	Race and Gender						
(2)	POC	36	22	$76,207	5.1 %	17.3 %	$0.30
(3)	Asian Pacific	8	5	$1,322	0.1 %	6.1 %	$0.01
(4)	Black	14	7	$2,667	0.2 %	1.4 %	$0.12
(5)	Hispanic	12	8	$72,091	4.9 %	6.2 %	$0.78
(6)	MENA	0	0	$0	0.0 %	1.6 %	$0.00
(7)	Native American	0	0	$0	0.0 %	0.5 %	$0.00
(8)	Subcontinent Asian	2	2	$126	0.0 %	1.5 %	$0.01
(9)	White woman	73	30	$85,498	5.8 %	10.9 %	$0.53
	Veteran						
(10)	Veteran	22	6	$7,821	0.5 %	3.7 %	$0.14
	LGBTQBE						
(11)	LGBTQ	2	1	$2,367	0.2 %	2.2 %	$0.07
	Size						
(12)	SB	367	134	$267,833	18.1 %	67.3 %	$0.27
(13)	Emerging (Less than $3M)	194	66	$18,412	1.2 %	49.7 %	$0.03
(14)	Rising ($3M up to $10M)	103	34	$78,766	5.3 %	11.9 %	$0.45
(15)	Other ($10M up to $31.84M)	70	34	$170,654	11.5 %	5.7 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-7.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**741**	**427**	**$301,021**			
	Race and Gender						
(2)	POC	148	72	$45,456	15.1 %	18.0 %	$0.84
(3)	Asian Pacific	34	18	$6,473	2.2 %	5.4 %	$0.40
(4)	Black	42	21	$19,331	6.4 %	2.8 %	$2.00 +
(5)	Hispanic	37	18	$7,594	2.5 %	4.5 %	$0.56
(6)	MENA	3	1	$332	0.1 %	1.2 %	$0.10
(7)	Native American	14	8	$9,332	3.1 %	2.1 %	$1.46
(8)	Subcontinent Asian	18	6	$2,393	0.8 %	2.1 %	$0.39
(9)	White woman	86	49	$37,276	12.4 %	11.6 %	$1.07
	Veteran						
(10)	Veteran	43	22	$18,104	6.0 %	7.4 %	$0.81
	LGBTQBE						
(11)	LGBTQ	1	1	$135	0.0 %	2.3 %	$0.02
	Size						
(12)	SB	338	191	$85,228	28.3 %	82.3 %	$0.34
(13)	Emerging (Less than $3M)	52	33	$16,476	5.5 %	54.4 %	$0.10
(14)	Rising ($3M up to $10M)	142	72	$34,946	11.6 %	17.7 %	$0.66
(15)	Other ($10M up to $31.84M)	144	86	$33,805	11.2 %	10.2 %	$1.10

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-8.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts
Goals: Goals and No Goals
Funding source: All funding sources

Small contracts

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**839**	**234**	**$75,045**			
	Race and Gender						
(2)	POC	34	20	$4,023	5.4 %	21.5 %	$0.25
(3)	Asian Pacific	8	5	$1,322	1.8 %	7.2 %	$0.24
(4)	Black	13	6	$983	1.3 %	3.8 %	$0.34
(5)	Hispanic	11	7	$1,591	2.1 %	6.9 %	$0.31
(6)	MENA	0	0	$0	0.0 %	1.4 %	$0.00
(7)	Native American	0	0	$0	0.0 %	1.0 %	$0.00
(8)	Subcontinent Asian	2	2	$126	0.2 %	1.1 %	$0.15
(9)	White woman	62	24	$7,664	10.2 %	9.0 %	$1.13
	Veteran						
(10)	Veteran	19	4	$1,313	1.7 %	5.6 %	$0.31
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	3.7 %	$0.00
	Size						
(12)	SB	341	118	$34,029	45.3 %	89.8 %	$0.50
(13)	Emerging (Less than $3M)	189	64	$15,302	20.4 %	64.6 %	$0.32
(14)	Rising ($3M up to $10M)	95	29	$8,939	11.9 %	16.1 %	$0.74
(15)	Other ($10M up to $31.84M)	57	25	$9,788	13.0 %	9.1 %	$1.43

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-9.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts
Goals: Goals and No Goals
Funding source: All funding sources

Large contracts

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**97**	**75**	**$1,405,562**			
	Race and Gender						
(2)	POC	2	2	$72,184	5.1 %	17.1 %	$0.30
(3)	Asian Pacific	0	0	$0	0.0 %	6.0 %	$0.00
(4)	Black	1	1	$1,684	0.1 %	1.3 %	$0.09
(5)	Hispanic	1	1	$70,500	5.0 %	6.2 %	$0.81
(6)	MENA	0	0	$0	0.0 %	1.6 %	$0.00
(7)	Native American	0	0	$0	0.0 %	0.5 %	$0.00
(8)	Subcontinent Asian	0	0	$0	0.0 %	1.5 %	$0.00
(9)	White woman	11	8	$77,835	5.5 %	11.0 %	$0.50
	Veteran						
(10)	Veteran	3	3	$6,508	0.5 %	3.6 %	$0.13
	LGBTQBE						
(11)	LGBTQ	2	1	$2,367	0.2 %	2.2 %	$0.08
	Size						
(12)	SB	26	22	$233,803	16.6 %	66.1 %	$0.25
(13)	Emerging (Less than $3M)	5	4	$3,110	0.2 %	48.9 %	$0.00
(14)	Rising ($3M up to $10M)	8	8	$69,828	5.0 %	11.7 %	$0.43
(15)	Other ($10M up to $31.84M)	13	10	$160,865	11.4 %	5.6 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-10.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Eligible for Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**936**	**524**	**$1,739,235**			
	Race and Gender						
(2)	POC	155	78	$119,291	6.9 %	17.4 %	$0.39
(3)	Asian Pacific	35	19	$7,076	0.4 %	5.9 %	$0.07
(4)	Black	44	22	$21,313	1.2 %	1.6 %	$0.76
(5)	Hispanic	41	22	$78,844	4.5 %	6.0 %	$0.76
(6)	MENA	3	1	$332	0.0 %	1.5 %	$0.01
(7)	Native American	14	8	$9,332	0.5 %	0.8 %	$0.67
(8)	Subcontinent Asian	18	6	$2,393	0.1 %	1.6 %	$0.09
(9)	White woman	112	59	$119,642	6.9 %	11.0 %	$0.62
	Veteran						
(10)	Veteran	46	24	$25,064	1.4 %	4.3 %	$0.33
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.1 %	2.2 %	$0.06
	Size						
(12)	SB	400	238	$335,409	19.3 %	69.3 %	$0.28
(13)	Emerging (Less than $3M)	78	55	$25,005	1.4 %	50.0 %	$0.03
(14)	Rising ($3M up to $10M)	154	82	$109,075	6.3 %	12.9 %	$0.49
(15)	Other ($10M up to $31.84M)	168	101	$201,329	11.6 %	6.4 %	$1.80

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-11.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Ineligible for Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**741**	**231**	**$42,392**			
	Race and Gender						
(2)	POC	29	21	$2,372	5.6 %	19.6 %	$0.29
(3)	Asian Pacific	7	6	$719	1.7 %	8.0 %	$0.21
(4)	Black	12	6	$686	1.6 %	3.7 %	$0.44
(5)	Hispanic	8	7	$841	2.0 %	4.9 %	$0.41
(6)	MENA	0	0	$0	0.0 %	1.3 %	$0.00
(7)	Native American	0	0	$0	0.0 %	0.7 %	$0.00
(8)	Subcontinent Asian	2	2	$126	0.3 %	1.0 %	$0.29
(9)	White woman	47	23	$3,132	7.4 %	9.8 %	$0.75
	Veteran						
(10)	Veteran	19	5	$860	2.0 %	4.8 %	$0.42
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	3.8 %	$0.00
	Size						
(12)	SB	305	121	$17,652	41.6 %	91.1 %	$0.46
(13)	Emerging (Less than $3M)	168	64	$9,884	23.3 %	69.2 %	$0.34
(14)	Rising ($3M up to $10M)	91	30	$4,638	10.9 %	13.3 %	$0.82
(15)	Other ($10M up to $31.84M)	46	27	$3,130	7.4 %	8.7 %	$0.85

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-12.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: FTA

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**936**	**455**	**$1,558,906**			
	Race and Gender						
(2)	POC	141	70	$114,757	7.4 %	17.6 %	$0.42
(3)	Asian Pacific	31	17	$5,127	0.3 %	6.0 %	$0.05
(4)	Black	40	20	$20,440	1.3 %	1.6 %	$0.82
(5)	Hispanic	36	18	$77,169	5.0 %	6.1 %	$0.82
(6)	MENA	3	1	$332	0.0 %	1.5 %	$0.01
(7)	Native American	13	8	$9,296	0.6 %	0.8 %	$0.78
(8)	Subcontinent Asian	18	6	$2,393	0.2 %	1.7 %	$0.09
(9)	White woman	106	51	$113,117	7.3 %	11.0 %	$0.66
	Veteran						
(10)	Veteran	36	20	$5,970	0.4 %	4.3 %	$0.09
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.2 %	1.9 %	$0.08
	Size						
(12)	SB	374	202	$271,976	17.4 %	68.5 %	$0.25
(13)	Emerging (Less than $3M)	65	37	$13,942	0.9 %	49.1 %	$0.02
(14)	Rising ($3M up to $10M)	152	76	$63,134	4.0 %	13.1 %	$0.31
(15)	Other ($10M up to $31.84M)	157	89	$194,900	12.5 %	6.3 %	$1.99

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-13.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: Non FTA

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**741**	**296**	**$222,721**			
	Race and Gender						
(2)	POC	43	27	$6,906	3.1 %	16.5 %	$0.19
(3)	Asian Pacific	11	7	$2,669	1.2 %	5.7 %	$0.21
(4)	Black	16	8	$1,559	0.7 %	2.2 %	$0.31
(5)	Hispanic	13	9	$2,516	1.1 %	4.9 %	$0.23
(6)	MENA	0	0	$0	0.0 %	1.5 %	$0.00
(7)	Native American	1	1	$37	0.0 %	1.0 %	$0.02
(8)	Subcontinent Asian	2	2	$126	0.1 %	1.2 %	$0.05
(9)	White woman	53	30	$9,657	4.3 %	11.2 %	$0.39
	Veteran						
(10)	Veteran	29	12	$19,955	9.0 %	4.7 %	$1.91
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	4.5 %	$0.00
	Size						
(12)	SB	331	146	$81,085	36.4 %	79.5 %	$0.46
(13)	Emerging (Less than $3M)	181	69	$20,947	9.4 %	59.8 %	$0.16
(14)	Rising ($3M up to $10M)	93	41	$50,578	22.7 %	11.7 %	$1.95
(15)	Other ($10M up to $31.84M)	57	36	$9,559	4.3 %	8.0 %	$0.53

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-14.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

Small Works Roster contracts

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**39**	**19**	**$3,527**			
	Race and Gender						
(2)	POC	7	4	$1,125	31.9 %	18.6 %	$1.72
(3)	Asian Pacific	3	2	$692	19.6 %	4.2 %	$2.00 +
(4)	Black	3	1	$357	10.1 %	3.8 %	$2.00 +
(5)	Hispanic	0	0	$0	0.0 %	7.0 %	$0.00
(6)	MENA	0	0	$0	0.0 %	1.2 %	$0.00
(7)	Native American	0	0	$0	0.0 %	1.4 %	$0.00
(8)	Subcontinent Asian	1	1	$77	2.2 %	1.0 %	$2.00 +
(9)	White woman	8	3	$363	10.3 %	6.7 %	$1.53
	Veteran						
(10)	Veteran	7	2	$393	11.2 %	5.7 %	$1.97
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	1.9 %	$0.00
	Size						
(12)	SB	34	14	$3,110	88.2 %	89.4 %	$0.99
(13)	Emerging (Less than $3M)	13	6	$1,148	32.5 %	63.9 %	$0.51
(14)	Rising ($3M up to $10M)	19	6	$1,797	51.0 %	17.6 %	$2.00 +
(15)	Other ($10M up to $31.84M)	2	2	$165	4.7 %	8.0 %	$0.59

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-15.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

IDIQcontracts

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**134**	**96**	**$477,512**			
	Race and Gender						
(2)	POC	29	19	$12,517	2.6 %	14.8 %	$0.18
(3)	Asian Pacific	7	5	$973	0.2 %	6.7 %	$0.03
(4)	Black	13	8	$7,492	1.6 %	1.4 %	$1.16
(5)	Hispanic	3	2	$2,833	0.6 %	1.8 %	$0.33
(6)	MENA	2	1	$324	0.1 %	1.5 %	$0.04
(7)	Native American	0	0	$0	0.0 %	0.3 %	$0.00
(8)	Subcontinent Asian	4	3	$896	0.2 %	3.1 %	$0.06
(9)	White woman	18	16	$8,463	1.8 %	17.0 %	$0.10
	Veteran						
(10)	Veteran	5	3	$773	0.2 %	2.2 %	$0.07
	LGBTQBE						
(11)	LGBTQ	1	1	$135	0.0 %	2.3 %	$0.01
	Size						
(12)	SB	55	40	$21,514	4.5 %	70.8 %	$0.06
(13)	Emerging (Less than $3M)	8	8	$1,803	0.4 %	53.4 %	$0.01
(14)	Rising ($3M up to $10M)	27	20	$8,631	1.8 %	10.0 %	$0.18
(15)	Other ($10M up to $31.84M)	20	12	$11,079	2.3 %	7.4 %	$0.31

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-16.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

Design-Build contracts

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**105**	**67**	**$230,744**			
	Race and Gender						
(2)	POC	16	8	$7,132	3.1 %	17.6 %	$0.18
(3)	Asian Pacific	2	2	$299	0.1 %	6.8 %	$0.02
(4)	Black	3	3	$405	0.2 %	1.2 %	$0.15
(5)	Hispanic	0	0	$0	0.0 %	6.2 %	$0.00
(6)	MENA	0	0	$0	0.0 %	1.3 %	$0.00
(7)	Native American	4	1	$5,764	2.5 %	1.5 %	$1.65
(8)	Subcontinent Asian	7	2	$663	0.3 %	0.7 %	$0.42
(9)	White woman	4	3	$385	0.2 %	4.1 %	$0.04
	Veteran						
(10)	Veteran	2	2	$1,048	0.5 %	9.6 %	$0.05
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	1.2 %	$0.00
	Size						
(12)	SB	35	23	$35,469	15.4 %	63.5 %	$0.24
(13)	Emerging (Less than $3M)	0	0	$0	0.0 %	42.5 %	$0.00
(14)	Rising ($3M up to $10M)	20	12	$9,254	4.0 %	15.3 %	$0.26
(15)	Other ($10M up to $31.84M)	15	11	$26,214	11.4 %	5.7 %	$1.98

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-17. **PLA contracts**
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: Goals and No Goals
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**121**	**89**	**$284,091**			
	Race and Gender						
(2)	POC	18	11	$4,240	1.5 %	17.6 %	$0.08
(3)	Asian Pacific	1	1	$6	0.0 %	6.4 %	$0.00
(4)	Black	4	3	$591	0.2 %	1.3 %	$0.16
(5)	Hispanic	1	1	$5	0.0 %	6.3 %	$0.00
(6)	MENA	0	0	$0	0.0 %	1.3 %	$0.00
(7)	Native American	5	4	$3,007	1.1 %	1.6 %	$0.64
(8)	Subcontinent Asian	7	2	$631	0.2 %	0.6 %	$0.38
(9)	White woman	5	5	$1,807	0.6 %	3.9 %	$0.17
	Veteran						
(10)	Veteran	3	3	$1,273	0.4 %	9.3 %	$0.05
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	1.2 %	$0.00
	Size						
(12)	SB	55	37	$45,664	16.1 %	63.4 %	$0.25
(13)	Emerging (Less than $3M)	4	3	$1,135	0.4 %	43.0 %	$0.01
(14)	Rising ($3M up to $10M)	29	19	$15,397	5.4 %	15.3 %	$0.35
(15)	Other ($10M up to $31.84M)	22	15	$29,132	10.3 %	5.0 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-18.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: DBE Goals Applied
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**640**	**396**	**$1,131,224**			
	Race and Gender						
(2)	POC	125	67	$43,599	3.9 %	16.1 %	$0.24
(3)	Asian Pacific	25	15	$4,925	0.4 %	5.9 %	$0.07
(4)	Black	36	20	$20,313	1.8 %	1.5 %	$1.19
(5)	Hispanic	31	17	$6,359	0.6 %	4.9 %	$0.11
(6)	MENA	3	1	$332	0.0 %	1.4 %	$0.02
(7)	Native American	13	8	$9,296	0.8 %	0.9 %	$0.96
(8)	Subcontinent Asian	17	6	$2,374	0.2 %	1.5 %	$0.14
(9)	White woman	78	50	$105,530	9.3 %	9.9 %	$0.94
	Veteran						
(10)	Veteran	31	19	$5,758	0.5 %	4.8 %	$0.11
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.2 %	1.7 %	$0.13
	Size						
(12)	SB	280	176	$199,754	17.7 %	66.0 %	$0.27
(13)	Emerging (Less than $3M)	39	28	$12,480	1.1 %	46.9 %	$0.02
(14)	Rising ($3M up to $10M)	112	65	$56,690	5.0 %	12.1 %	$0.41
(15)	Other ($10M up to $31.84M)	129	83	$130,585	11.5 %	7.0 %	$1.65

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-19.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: SB Goals Applied
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**705**	**406**	**$1,013,628**			
	Race and Gender						
(2)	POC	128	65	$42,983	4.2 %	15.1 %	$0.28
(3)	Asian Pacific	31	17	$5,899	0.6 %	5.9 %	$0.10
(4)	Black	38	21	$20,157	2.0 %	1.5 %	$1.37
(5)	Hispanic	28	14	$7,076	0.7 %	4.0 %	$0.17
(6)	MENA	3	1	$332	0.0 %	1.4 %	$0.02
(7)	Native American	11	6	$7,384	0.7 %	0.9 %	$0.85
(8)	Subcontinent Asian	17	6	$2,135	0.2 %	1.6 %	$0.13
(9)	White woman	80	48	$37,335	3.7 %	10.5 %	$0.35
	Veteran						
(10)	Veteran	41	22	$13,134	1.3 %	4.5 %	$0.29
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.2 %	2.0 %	$0.13
	Size						
(12)	SB	304	180	$143,209	14.1 %	66.5 %	$0.21
(13)	Emerging (Less than $3M)	45	28	$13,397	1.3 %	47.2 %	$0.03
(14)	Rising ($3M up to $10M)	130	66	$63,530	6.3 %	11.8 %	$0.53
(15)	Other ($10M up to $31.84M)	129	86	$66,282	6.5 %	7.4 %	$0.88

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-20.
Time period: 01/01/2020 - 07/31/2023
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: SB Goals Applied
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**506**	**323**	**$703,985**			
	Race and Gender						
(2)	POC	78	48	$31,321	4.4 %	14.2 %	$0.31
(3)	Asian Pacific	26	15	$5,136	0.7 %	5.8 %	$0.13
(4)	Black	20	14	$12,920	1.8 %	1.4 %	$1.29
(5)	Hispanic	12	8	$5,064	0.7 %	3.4 %	$0.21
(6)	MENA	1	1	$9	0.0 %	1.4 %	$0.00
(7)	Native American	7	4	$6,306	0.9 %	0.8 %	$1.12
(8)	Subcontinent Asian	12	6	$1,887	0.3 %	1.4 %	$0.19
(9)	White woman	61	40	$33,089	4.7 %	10.8 %	$0.43
	Veteran						
(10)	Veteran	34	17	$11,391	1.6 %	3.6 %	$0.45
	LGBTQBE						
(11)	LGBTQ	3	2	$2,502	0.4 %	2.0 %	$0.18
	Size						
(12)	SB	203	137	$78,197	11.1 %	65.8 %	$0.17
(13)	Emerging (Less than $3M)	25	16	$3,996	0.6 %	47.1 %	$0.01
(14)	Rising ($3M up to $10M)	85	53	$16,429	2.3 %	10.4 %	$0.22
(15)	Other ($10M up to $31.84M)	93	68	$57,772	8.2 %	8.3 %	$0.99

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-21.
Time period: 08/01/2023 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: SB Goals Applied
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**199**	**139**	**$309,643**			
	Race and Gender						
(2)	POC	50	32	$11,661	3.8 %	17.3 %	$0.22
(3)	Asian Pacific	5	4	$763	0.2 %	6.1 %	$0.04
(4)	Black	18	15	$7,237	2.3 %	1.5 %	$1.54
(5)	Hispanic	16	8	$2,012	0.6 %	5.4 %	$0.12
(6)	MENA	2	1	$324	0.1 %	1.3 %	$0.08
(7)	Native American	4	3	$1,078	0.3 %	1.0 %	$0.35
(8)	Subcontinent Asian	5	1	$248	0.1 %	2.0 %	$0.04
(9)	White woman	19	14	$4,246	1.4 %	9.6 %	$0.14
	Veteran						
(10)	Veteran	7	6	$1,742	0.6 %	6.5 %	$0.09
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	1.8 %	$0.00
	Size						
(12)	SB	101	68	$65,012	21.0 %	67.9 %	$0.31
(13)	Emerging (Less than $3M)	20	17	$9,400	3.0 %	47.5 %	$0.06
(14)	Rising ($3M up to $10M)	45	27	$47,101	15.2 %	14.9 %	$1.02
(15)	Other ($10M up to $31.84M)	36	24	$8,511	2.7 %	5.5 %	$0.50

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.

Figure D-22.
Time period: 01/01/2020 - 12/31/2024
Contract area: All industries
Contract role: Prime contracts and subcontracts
Goals: No Goals Applied
Funding source: All funding sources

	Business group	(a) Contract elements	(b) Unique businesses	(c) Dollars (thousands)	(d) Participation	(e) Availability	(f) Disparity index
(1)	**All businesses**	**876**	**291**	**$602,114**			
	Race and Gender						
(2)	POC	38	24	$75,093	12.5 %	20.1 %	$0.62
(3)	Asian Pacific	9	6	$1,354	0.2 %	6.1 %	$0.04
(4)	Black	15	8	$1,522	0.3 %	1.9 %	$0.13
(5)	Hispanic	12	8	$72,091	12.0 %	7.9 %	$1.51
(6)	MENA	0	0	$0	0.0 %	1.7 %	$0.00
(7)	Native American	0	0	$0	0.0 %	0.7 %	$0.00
(8)	Subcontinent Asian	2	2	$126	0.0 %	1.8 %	$0.01
(9)	White woman	59	26	$12,294	2.0 %	12.7 %	$0.16
	Veteran						
(10)	Veteran	21	7	$11,854	2.0 %	3.5 %	$0.56
	LGBTQBE						
(11)	LGBTQ	0	0	$0	0.0 %	2.9 %	$0.00
	Size						
(12)	SB	359	138	$132,876	22.1 %	75.7 %	$0.29
(13)	Emerging (Less than $3M)	197	70	$21,156	3.5 %	56.2 %	$0.06
(14)	Rising ($3M up to $10M)	104	37	$44,489	7.4 %	14.0 %	$0.53
(15)	Other ($10M up to $31.84M)	58	31	$67,232	11.2 %	5.5 %	$2.00 +

Note: A business must have a location in the relevant geographic market area to be classified into the business groups in rows (2) through (15). Otherwise, they are classified as non POC-/non woman-owned businesses, non veteran-owned businesses, non LGBTQ-owned businesses, and non-small businesses.

Source: BBC Research & Consulting Disparity Analysis.