

# SECTION 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, queer, and other sexual or gender orientation (LGBTQ+)-owned businesses face any barriers in Harry Reid International Airport's (LAS') construction, professional services, and non-professional services and supplies contracts and procurements. As part of the disparity study, we examined whether there are any disparities, or differences, between:

- The percentage of contract and procurement dollars LAS awarded to POC-, woman-, veteran-, and LGBTQ+-owned businesses during the *study period*, which was July 1, 2017 through June 30, 2022 (i.e., *utilization or participation*); and
- The percentage of contract and procurement dollars one might expect LAS to award to POC-, woman-, veteran-, and LGBTQ+-owned businesses based on their availability to perform specific types and sizes of LAS contracts and procurements (i.e., *availability*).

Information from the disparity study will help LAS better understand outcomes for POC-, woman-, veteran-, and LGBTQ+-owned businesses in its contracting and procurement and help LAS address any substantial disparities between the participation and availability of POC-, woman-, veteran-, and LGBTQ+-owned businesses in its work. Moreover, if LAS determines that it is appropriate to use *race- and gender-conscious* measures to address substantial disparities (e.g., awarding individual contracts and procurements with the use of POC- and woman-owned business participation goals), then the agency can rely on information from the disparity study to help ensure its use of such measures adheres to the *strict scrutiny* and *intermediate scrutiny* standards of constitutional review, respectively.

### A. Disparity Study Results

BBC analyzed \$419 million of worth of contracts and procurements LAS awarded during the study period to measure the participation and availability of POC-, woman-, veteran-, and LGBTQ+-owned businesses for LAS work to assess whether any disparities exist between those measures. We summarize key results from those analyses below and identify sections of the report that provide more details about the methodology and results of each analysis.

**1. Availability analysis (Chapter 5 and Appendix E of the report).** BBC conducted a custom census availability analysis to estimate the availability of POC-, woman-, veteran-, and LGBTQ+-owned businesses for LAS work while accounting for the specific characteristics of relevant businesses that exist in Clark County and the specific characteristics of the relevant prime contracts and subcontracts LAS awards. Figure ES-1 presents the availability of each relevant group of POC- and woman-owned businesses for relevant LAS contracts and procurements overall. The availability of those businesses is 34.6 percent. The business groups that exhibit the greatest availability for LAS work are Hispanic

American-owned businesses (11.1%), white woman-owned businesses (9.1%), and Black American-owned businesses (6.9%).<sup>1</sup>

BBC also examined the overall availability of MENA American-, veteran-, and LGBTQ+-owned businesses for LAS work, the results for which are not shown in Figure ES-1. The analysis indicated that the availability of MENA American-owned businesses for LAS work is 2.7 percent, the availability of veteran-owned businesses is 12.4 percent, and the availability of LGBTQ+-owned businesses is 2.1 percent.

**Figure ES-1.**  
**Overall availability estimates for LAS work**

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

Business group	Availability
White woman-owned	9.1 %
Asian Pacific American-owned	4.7 %
Black American-owned	6.9 %
Hispanic American-owned	11.1 %
Native American-owned	2.0 %
Subcontinent Asian American-owned	0.7 %
Total POC-owned	25.5 %
<b>Total POC- and woman-owned</b>	<b>34.6 %</b>

**2. Utilization analysis (Chapter 6 of the report).** BBC also calculated the participation of POC-, woman-, veteran-, and LGBTQ+-owned businesses in relevant contracts and procurements LAS awarded during the study period. As shown in Figure ES-2, during the study period, LAS awarded 9.2 percent of its relevant contract and procurement dollars to POC- and woman-owned businesses. The groups that exhibited the greatest levels of participation in that work were white woman-owned businesses (3.4%), Black American-owned businesses (2.7%), and Hispanic American-owned businesses (1.8%).

BBC also examined the overall participation of MENA American-, veteran-, and LGBTQ+-owned businesses for LAS work, the results for which are not shown in Figure ES-2. LAS awarded 0.3 percent of relevant contract and procurement dollars to MENA American-owned businesses; 1.5 percent to veteran-owned businesses; and 0.0 percent to LGBTQ+-owned businesses.

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<sup>1</sup> The overall availability estimates presented in ES-1 are based on all relevant contracts and procurements LAS awarded during the study period, regardless of funding source. Availability estimates for United States Department of Transportation (USDOT)-funded contracts and procurements are presented in Chapter 5, and information related to the agency's next triennial Federal Disadvantaged Business Enterprise (DBE) goal is presented below and in Chapter 10.

**Figure ES-2.**  
**Overall utilization analysis**  
**results for LAS work**

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

Source:  
 BBC utilization analysis.

Business group	Utilization
White woman-owned	3.4 %
Asian Pacific American-owned	0.8 %
Black American-owned	2.7 %
Hispanic American-owned	1.8 %
Native American-owned	0.2 %
Subcontinent Asian American-owned	0.3 %
Total POC-owned	5.8 %
<b>Total POC- and woman-owned</b>	<b>9.2 %</b>

**3. Disparity analysis (Chapter 7 and Appendix F of the report).** The crux of the disparity study was to assess whether any disparities exist between the participation of POC-, woman-, veteran-, and LGBTQ+-owned businesses in LAS work and the availability of those businesses for that work. A disparity index of 100 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 100 indicates a *disparity* between participation and availability. That is, the group is considered to have been underutilized relative to its availability. Finally, a disparity index of less than 80 indicates a *substantial disparity* between participation and availability. A *substantial disparity* for a particular racial/ethnic or gender group is interpreted by courts as an inference of discrimination against that group in the marketplace and often serves as evidence that the organization of interest could consider using race- or gender-conscious measures to address barriers for that group (for details, see Chapter 2).

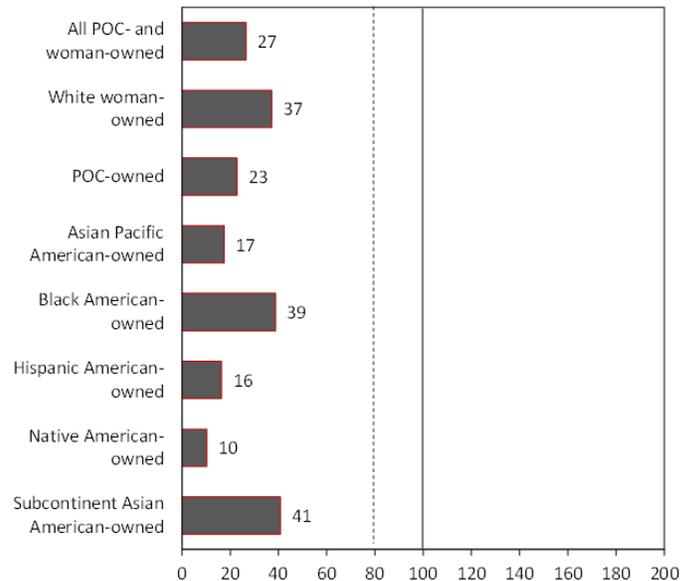
**a. Overall.** Figure ES-3 presents disparity indices for POC- and woman-owned businesses for all relevant prime contracts and subcontracts LAS awarded during the study period considered together. As shown in Figure ES-3, POC- and woman-owned businesses considered together exhibited a disparity index of 27 for all relevant contracts and procurements LAS awarded during the study period, indicating a disparity where LAS awarded POC- and woman-owned businesses \$0.27 for every dollar one might expect the agency to award to those businesses based on their availability for that work. All POC- and woman-owned business groups exhibited substantial disparities for LAS work: white woman-owned businesses (disparity index of 37), Asian Pacific American-owned businesses (disparity index of 17), Black American-owned businesses (disparity index of 39), Hispanic American-owned businesses (disparity index of 16), Native American-owned businesses (disparity index of 10), and Subcontinent Asian American-owned businesses (disparity index of 41).

BBC also assessed whether MENA American-, veteran-, and LGBTQ+-owned businesses exhibited disparities between their participation and availability for LAS work, the results for which are not shown in Figure ES-3. MENA American-owned businesses (disparity index of 10), veteran-owned businesses (disparity index of 12), and LGBTQ+-owned businesses (disparity index of 0) all exhibited substantial disparities for all relevant LAS contracts and procurements considered together.

**Figure ES-3.**  
**Overall disparity analysis**  
**results for LAS work**

Note:  
 Substantial disparities  
 highlighted with red borders.

Source:  
 BBC disparity analysis.

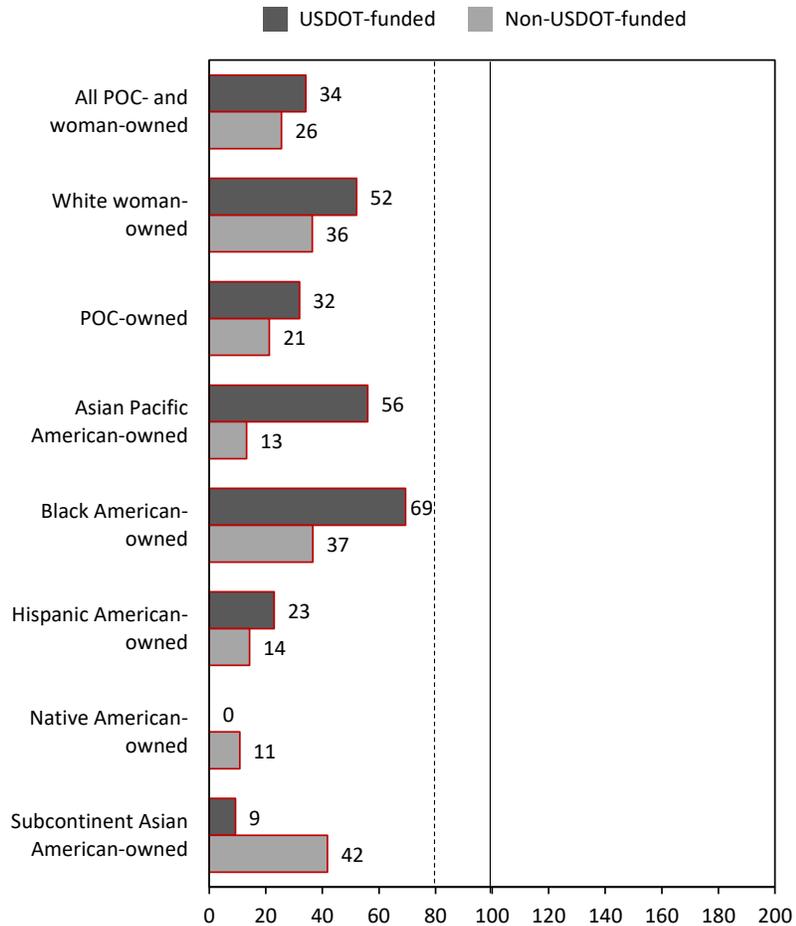


**b. Funding source.** The Federal DBE Program applies specifically to LAS' United States Department of Transportation (USDOT)-funded projects.<sup>2</sup> As part of the program, the agency uses various race- and gender-neutral measures as well as race- and gender-conscious DBE contract goals to encourage the participation of POC- and woman-owned businesses in the USDOT-funded projects it awards. Comparing disparity analysis results separately for USDOT- and non USDOT-funded projects may be indicative of the efficacy of LAS' implementation of the Federal DBE Program as well as its use of race- and gender-conscious measures to encourage the participation of POC- and woman-owned businesses in its work relative to their availability for it. As shown in Figure ES-4, POC- and woman-owned businesses considered together exhibited substantial disparities for both USDOT-funded work (disparity index of 34) and non USDOT-funded work (disparity index of 26). In addition, all individual POC- and woman-owned business groups exhibited substantial disparities for both USDOT- and non USDOT-funded work: white woman-owned businesses (USDOT-funded work disparity index = 52; non USDOT-funded work disparity index = 36), Asian Pacific American-owned businesses (USDOT-funded work disparity index = 56; non USDOT-funded work disparity index = 13), Black American-owned businesses (USDOT-funded work disparity index = 69; non USDOT-funded work disparity index = 37), Hispanic American-owned businesses (USDOT-funded work disparity index = 23; non USDOT-funded work disparity index = 14), Native American-owned businesses (USDOT-funded work disparity index = 0; non USDOT-funded work disparity index = 11), and Subcontinent Asian American-owned businesses (USDOT-funded work disparity index = 9; non USDOT-funded work disparity index = 42).

<sup>2</sup> BBC considered a project to be USDOT-funded if it included at least one dollar of USDOT funding.

**Figure ES-4.**  
**Disparity analysis results by**  
**funding source**

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

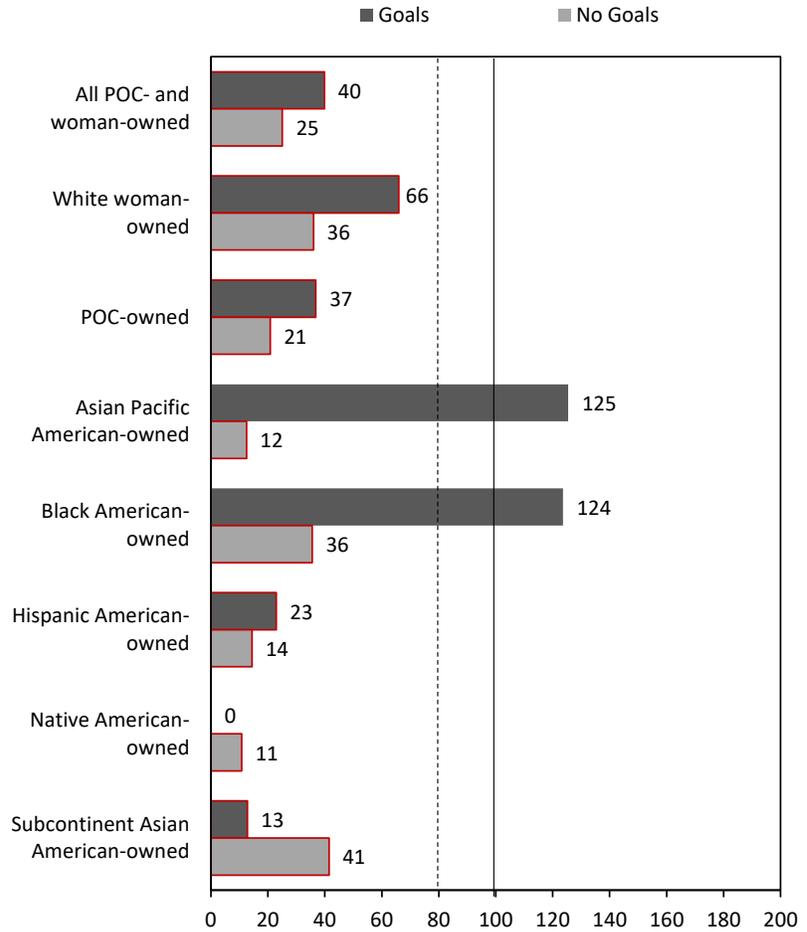


**c. Goal status.** As part of its implementation of the Federal DBE Program, LAS uses race- and gender-conscious DBE contract goals to encourage the participation of certified DBE subcontractors in some, but not all, of its USDOT-funded projects. BBC assessed disparity analysis results for POC- and woman-owned businesses for contracts and procurements LAS awarded with the use of DBE contract goals (goals projects) and contracts and procurements LAS awarded without the use of race- and gender-conscious goals, which includes both USDOT-funded projects and non USDOT-funded projects (no goals projects). As shown in Figure ES-5, POC- and woman-owned businesses exhibit substantial disparities on both goals projects (disparity index of 40) and no goals projects (disparity index of 25). Disparity analysis results differed by group and goal status.

- White woman-owned businesses (disparity index of 66), Hispanic American-owned businesses (disparity index of 23), Native American-owned businesses (disparity index of 0), and Subcontinent Asian American-owned businesses (disparity index of 13) exhibited substantial disparities for goals projects.
- All relevant business groups exhibited substantial disparities for no goals projects: White woman-owned businesses (disparity index of 36), Asian Pacific American-owned businesses (disparity index of 12), Black American-owned businesses (disparity index of 36), Hispanic American-owned businesses (disparity index of 14), Native American-owned businesses (disparity index of 11), and Subcontinent Asian American-owned businesses (disparity index of 41).

**Figure ES-5.**  
**Disparity analysis results for**  
**LAS work by goal status**

Note:  
 For more detail, see Figures F-13 and F-14 in  
 Appendix F.  
 Source:  
 BBC disparity analysis



**d. Summary.** Figure ES-6 presents a visualization of the various sets of LAS contracts and procurements for which relevant POC- and woman-owned business groups exhibited substantial disparities, as indicated by black circles. Most relevant POC- and woman-owned business groups showed substantial disparities for most—if not all—the project sets BBC examined as part of the disparity study. Substantial disparities indicate inferences of discrimination against relevant POC- and woman-owned business groups in the Clark County marketplace and as part of LAS’ contracting and procurement.

**Figure ES-6.**  
**Substantial disparities observed for LAS work**

Contract set	Business group							
	All POC and white woman	All POC	White woman	Asian Pacific American	Black American	Hispanic American	Native American	Subcontinent Asian American
All work	●	●	●	●	●	●	●	●
Construction	●	●	●	●		●	●	●
Professional services	●	●	●	●	●	●	●	●
Non-prof. svcs. and goods	●	●	●	●	●	●	●	
Prime contracts	●	●	●	●	●	●	●	●
Subcontracts	●	●	●		●	●	●	●
USDOT-funded	●	●	●	●	●	●	●	●
Non USDOT-funded	●	●	●	●	●	●	●	●
Goals	●	●	●			●	●	●
No goals	●	●	●	●	●	●	●	●

Notes: ● indicates substantial disparity

Source: BBC disparity analysis.

## B. Marketplace Conditions

BBC conducted extensive quantitative analyses to assess whether POCs, women, and POC- and woman-owned businesses face any barriers in the construction, professional services, and non-professional services and supplies industries in Clark County. The study team also examined the potential effects any such barriers have on the formation and success of businesses as well as their participation in and availability for contracts and procurements LAS awards. We examined local marketplace conditions in four primary areas:

- **Human capital**, to assess whether POCs and women face barriers related to education, employment, and gaining industry experience;
- **Financial capital**, to assess whether POCs and women 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; and
- **Business success**, to assess whether POC- and woman-owned businesses have outcomes similar to those of businesses owned by white men.

For more details, see Chapter 3 and Appendix C of the report.

BBC’s analyses of marketplace conditions in Clark County indicate that POCs and women face various barriers in industries relevant to LAS’ contracting and procurement. Existing research and primary research we conducted indicate that disparities exist in acquiring human capital, accruing financial capital, owning businesses, and operating successful businesses. In many cases, there is evidence those disparities exist even after accounting for various personal and business factors. There is also evidence that many disparities are due—at least, in part—to race- or gender-based discrimination. Barriers in the marketplace likely have important effects on the ability of POCs and women to start businesses in relevant industries—construction, professional services, and non-professional services and supplies—

and to operate those businesses successfully. Any difficulties those individuals face in starting and operating businesses may reduce their availability for public work and the degree to which they are able to successfully compete for such projects.

## C. Overall DBE Goal

In accordance with 49 Code of Federal Regulations (CFR) Part 26 and USDOT requirements, every three years, LAS must establish an overall goal for the participation of DBEs in the USDOT-funded projects it awards. USDOT requires agencies to set their overall DBE goals using a two-step process: establishing a base figure and considering whether a *step-2 adjustment* to the base figure is warranted. The disparity study provides information regarding both steps of the required goal-setting process for LAS to consider as it sets its next overall DBE goal.

**1. Base figure.** In accordance with USDOT requirements, BBC assessed the availability of potential DBEs—that is, POC- and woman-owned businesses that are currently DBE-certified or appear they could be DBE-certified according to size limits specified in the Federal DBE Program—for the USDOT-funded projects LAS awarded during the study period. That analysis indicated that the availability of potential DBEs for LAS’ USDOT-funded work is 18.6 percent, which LAS could consider as its base figure for its next overall DBE goal.

**2. Step-2 adjustment.** After establishing a base figure, LAS must consider additional information to determine whether any adjustment is needed to the base figure to ensure the agency’s new overall DBE goal is precise and reflects current conditions in the local marketplace for POCs, women, and POC- and woman-owned businesses. USDOT suggests agencies consider the following information in assessing whether to make step-2 adjustments to their base figures:

- Current capacity of DBEs to perform agency work;
- Information related to employment, self-employment, education, training, and unions;
- Disparities in the ability of DBEs to access financing, bonding, or insurance; and
- Other relevant factors.<sup>3</sup>

BBC assessed information related to each of the above factors, which we summarize below:

- **Current capacity of DBEs to perform agency work.** USDOT’s “Tips for Goal-Setting” suggests that agencies should examine data on past DBE participation in their USDOT-funded projects in recent years. Based on information from LAS, the participation of certified DBEs in the USDOT-funded projects LAS awarded during the study period was 7.6 percent of total dollars on USDOT-funded projects. That information supports a downward adjustment to LAS’ base figure.
- **Information related to employment, self-employment, education, training, and unions.** BBC’s analyses of barriers in the local marketplace indicate barriers that certain POC groups and women face related to human capital, financial capital, business ownership, and business success. Such barriers may decrease the availability of POC- and woman-owned businesses for the USDOT-funded projects LAS awards. For example, BBC used regression analyses to investigate whether

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<sup>3</sup> 49 CFR Section 26.45.

race/ethnicity and gender are related to business ownership in relevant industries among workers in the Clark County marketplace, independent of various other personal characteristics, including familial status, education, and age. (Chapter 3 and Appendix C provide details about our regression analyses.) Based on the results of those analyses, LAS might consider an upward adjustment of its base figure for USDOT-funded contracts to account for marketplace barriers.

- **Any disparities in the ability of DBEs to get financing, bonding, or insurance.** BBC's analysis of access to financing, bonding, and insurance also revealed quantitative and qualitative evidence that POCs, women, and POC- and woman-owned businesses in the region do not have the same access to those business inputs as non-Hispanic white men and businesses owned by non-Hispanic white men. Any barriers to obtaining financing, bonding, or insurance might limit opportunities for POCs and women to successfully form and operate businesses in the *relevant geographic market area*. Any barriers that POC- and woman-owned businesses face in obtaining financing, bonding, or insurance would also place those businesses at a disadvantage in competing for LAS' USDOT-funded projects. Thus, those results also support an upward adjustment to LAS' base figure.
- **Other relevant data.** Marketplace analyses also indicate that POC- and woman-owned businesses are less successful than other businesses in the local marketplace in terms of business closures, business receipts, business owner earnings, and other metrics. Barriers in business success among POC- and woman-owned businesses can limit their growth, which may depress their availability for LAS' USDOT-funded work. Thus, those results also support an upward adjustment to the agency's base figure.

The agency should consider the above information carefully as part of setting its next triennial DBE goal for federal fiscal years 2026 through 2028, if anticipated future contracts are similar to the contracts reviewed as part of the disparity study. LAS is not required to make a step-2 adjustment, but it must explain its decision to make or not make an adjustment in goal documentation it submits to USDOT.

## D. Guidance

BBC observed substantial disparities between the participation and availability of POC- and woman-owned businesses for the contracts and procurements LAS awarded during the study period. We present guidance on how LAS can use that information and other information from the disparity study to further encourage the participation of those businesses in its work and address the disparities we observed effectively and in a legally defensible manner, including potentially using race- and gender-conscious measures to do so. In considering the guidance we provide, LAS should be mindful of the legal requirements surrounding the use of race- and gender-conscious measures in particular, including state and federal regulations as well as relevant case law. The organization should consult closely with its legal counsel in developing any new policies or programs related to POC- and woman-owned businesses to ensure they are consistent with the requirements of the strict scrutiny and intermediate scrutiny standards of constitutional review, respectively. We present key recommendations below and present additional recommendations and more information relevant to those recommendations in Chapter 9 of the report.

**1. Vendor selection.** Comments from in-depth interviews indicate that LAS' contract and evaluation requirements often favor larger companies and inhibit the ability of small businesses to win work with the organization. In addition, results from the utilization analysis indicated that 21 percent of all POC- and woman-owned businesses that participated in LAS projects during the study period were awarded

75 percent of all the dollars associated with that work. LAS should consider reviewing its evaluation criteria to ensure they are not unduly restrictive for small or newly established businesses. In addition, LAS should consider expanding its vendor pool through targeted advertising and outreach and revising evaluation criteria and policies to encourage the use of vendors with which the organization or prime contractors have never worked.

**2. Small business set asides.** Disparity analysis results indicated substantial disparities for all relevant business groups on prime contracts LAS awarded during the study period. LAS could consider setting aside select prime contracts for bidding from small businesses, including many POC- and woman-owned businesses, to encourage their participation in that work as prime contractors. Small business set asides could help small businesses work directly with LAS and build the technical skills and capacity to perform as prime contractors on larger contracts and procurements, both with LAS and other organizations.

**3. Bid and evaluation preferences.** During the study period, LAS awarded 90 percent of its relevant contract and procurement dollars to businesses located in Clark County, Nevada. State law allows bid preferences to be applied to locally funded construction projects if at least 50 percent of bidders' workforces are located in the county. BBC recommends that LAS explore ways it can expand its use of bid and evaluation preferences and, to the extent allowable by state law, consider applying them to locally funded professional services and non-professional services and supplies as well. Doing so might help small and diverse businesses participate in LAS projects as prime contractors.

**4. Finance, bonding, and insurance assistance.** As part of the qualitative evidence process, many business representatives noted difficulties obtaining financing to start, grow, or expand their businesses. Many businesses also commented that having access to capital is crucial to business success, but obtaining financing can be challenging for small businesses. The State of Nevada offers multiple financial assistance programs through the Office of Economic Development that are available to small businesses. LAS could consider partnering with the Office of Economic Development to advertise these programs and help vendors apply for them. LAS could also consider providing guarantees for loans, encouraging contract-backed loans with lenders, or facilitating lender fairs. It could develop such programs with the support of local, regional, or statewide financial institutions or other business assistance organizations. Regardless of the type of program LAS uses, such programs should take into account the burden high-interest rates place on small businesses.

In addition, small businesses typically obtain bonds at higher rates than other businesses, making it more difficult for them to access bonding opportunities and compete for relatively large projects. LAS requires payment and performance bonds of varying amounts for construction projects worth \$100,000 or more for both prime contractors and subcontractors performing substantial proportions of the total cost of those projects. LAS could consider partnering with financial institutions to encourage standardized bonding rates at more equitable levels for its vendors. Alternatively, LAS could develop relationships with bonding companies that provide adequate levels of bonding and provide information on these companies to its vendors.

LAS should also consider the insurance it requires on projects relative to the risks associated with them, and in situations where associated risks are relatively low, reduce its insurance requirements accordingly. The agency could also consider allowing small businesses to build the cost of additional

insurance into their bids or develop relationships with insurance companies to reduce rates for small businesses.

**5. Data collection.** LAS does not collect comprehensive information on subcontractors that participate in its projects. The agency should consider collecting comprehensive subcontract data—that is, for all subcontractors regardless of the races or genders of their owners or certification status—on all projects, including:

- Associated prime contract or purchase order numbers;
- Subcontractor names, addresses, phone numbers, and email addresses;
- Types of work involved in the subcontract; and
- Award and paid-to-date amounts.

LAS should consider collecting those data at the time of award and requiring prime contractors to submit data on the payments they make to subcontractors as part of monthly invoicing. Doing so will improve the agency’s monitoring of the participation of small businesses, including many POC- and woman-owned businesses—regardless of certification—in its work and could also help the agency identify future subcontracting opportunities for those businesses. Collecting comprehensive subcontract data might require upgrading to a different data management system that allows LAS to collect and maintain that information efficiently and effectively.