

**“UTILIZATION OF SMALL CONTRACTORS IN NEW INFRASTRUCTURE
PLAN**

**TESTIMONY OF THE
NATIONAL ASSOCIATION OF MINORITY CONTRACTORS
WASHINGTON, D.C.**

**BY
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**BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON CONTRACTING AND INFRASTRUCTURE HEARING
RAYBURN HOUSE OFFICE BUILDING
ROOM 2350
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Good morning, Mr. Chair and ladies and gentlemen of this most important Congressional Committee. Thank you for your invitation to testify before this most important hearing of House Small Business Committee's Subcommittee on Contracting and Infrastructure.

My name is Ralph C. Thomas III, and I am testifying today on behalf of the National Association of Minority Contractors (NAMC). Our headquarters is here in Washington, D.C., and we have chapters and affiliates all over the country. NAMC was founded in 1969, to advocate primarily on behalf of minority –owned construction firms, so our organization has been around for more than 50 years, making us the oldest minority construction trade association in the United States.

We advocate not just for our members but also for the approximate 100,000 minority contractors across America and for the construction industry as a whole and, almost all our members would qualify as Disadvantaged Business Enterprises, otherwise known as DBE's, although they qualify in other small business categories in other federal small business programs. The inclusion of minority contractors/DBE's in the rebuilding of America's infrastructure is particularly important to ensuring that America is operating at the full productive capacity of its citizenry. Needless to say, NAMC looks very much forward to playing a significant role in the upgrading of this nation's infrastructure.

I. POTENTIAL BENEFITS TO DBE'S AS A RESULT OF NEW INFRASTRUCTURE PLAN

As contractors, DBE's both understand and encourage the Administration's implementation of a new Infrastructure Plan that will address America's need to improve the nation's current deteriorating infrastructure with bridges, highways, and roads sorely in need of repairs. It is what we do and have always done. We help America to build the nation.

Accordingly, we look forward to participating in all phases of the rebuilding of our country's infrastructure.

The figures that have been mentioned in connection with the Plan should allow minority contractors and DBE's more opportunities than ever before. The \$621 billion that the Administration presently anticipates spending on roads, bridges, public transit, rail, ports, waterways, airports, are all areas that DBE's are currently performing in, and the new infusion of federal spending will be more than welcome. NAMC was very encouraged by the remarks of Transportation Secretary Pete Buttigieg before the House Committee on Transportation and Infrastructure in March of this year. The Secretary testified that the DBE Program would be more robust under his watch. He said that the DBE Program within the U.S. Department of Transportation would be a priority for him and that he would make it a robust program. He also said that he would build up the capacity of DBE's to perform a wider range of contracts. So, we are committed to helping the Secretary making his commitment a reality.

In that light DBE's also expect to participate to the maximum possible extent in the President's proposal for allocating \$115 billion to modernize 20,000 miles of highways, roads, and main streets, and another \$20 billion to improve road safety, which will include fixing the significant large bridges and repairing the worst smaller bridges.

The current \$80 billion currently projected to address Amtrak's repair backlog and modernize the Northeast Corridor line between Boston and Washington DC is particularly welcome and is an area in which DBE's have been commended in the past. In a 1986 Study conducted was by an Advisory Panel of the U.S. Commission on Civil Rights DBE's were highly commended in the performance of their work on a \$2.2 billion project to improve the main Amtrak rail line running through eight states in the Northeast Corridor, including New York,

New Jersey, and Connecticut. DBEs were reported to have performed their role in the project within budget and on time. DBE's performed 17.8 percent of the work, even though the goal was 15%, and it was noted in the study that part of the DBE's success on the project was because of 10 years of strong commitment from top officials at Amtrak and the U.S. Department of Transportation. We are confident that with a similar from today's leadership that we will be able to repeat such performance.

The President's Infrastructure Plan would also allocate \$100 billion to workforce development, helping dislocated works, assisting underserved groups, and getting students on career paths before they graduate high school. Secretary Buttigieg has testified before Congress that this was an especially important issue for him, and that DOT was going to go about increasing diversity in the transportation construction workforce in a big way. He said that DOT would develop programs to get to individuals early in their development – as early as Middle School, to perk their interest in this field.

NAMC welcomes this commitment because we have long been concerned about workforce development within the construction industry. The U.S DOT had a workforce development program in 2017, however, it was not reauthorized under the 2018 federal budget. That represented a loss of investment in American workers which minority contractors desperately need to develop an essential workforce in their performance of future transportation projects. Without the Administration's attention to this most important area, NAMC feared that America would lose a generation of minority youth unnecessarily. For example, African American males, ages 18-35, are projected to have the highest unemployment rate in America. Other minority groups, women veterans and disabled veterans have seen similar disparities and

should be included in reestablishing the workforce development program. And these are the primary groups that DBE's will rely upon to fulfill their labor force needs.

The U.S. DOT has estimated that for every \$1 billion in transportation infrastructure investment, 13,000 jobs will be created over the next 10 years. In addition to these jobs, transportation employers will need to hire up to 4.6 million workers, or 1.2 times the current transportation workforce, during the same period. Many of these workers will require skills training to meet job requirements - a need that is projected to be met by the current Infrastructure Plan. So, we are pleased that the current Infrastructure Plan would also funnel \$48 billion into much-needed apprenticeships, career pathway programs for middle and high school students and job training at community colleges. This will fill a current hole in the construction workforce from which DBE's will depend upon.

Lastly, the Administration's plan would double federal funding for public transit to \$85 billion to modernize existing transit and help agencies expand their systems to meet demand. Once again, such additional funding gives DBE's an opportunity to better participate in those projects which they use in their own communities and which they see the need for improvement.

II. U.S. DOT's ROLE IN THE UTILIZATION OF DBE'S IN INFRASTRUCTURE PLAN

The U.S. Department of Transportation's (USDOT) Disadvantaged Business Enterprise (DBE) Program is designed to include Disadvantaged Business Enterprises in federally assisted highway, transit, airport, and transportation-safety projects. The program embraces the concept of engaging minority and women small business owners into the transportation industry as contractors.

The DBE Program is established under the Act itself: Fixing America's Surface Transportation Act (FAST-Act). The FAST Act requires that, unless the Secretary of Transportation determines otherwise, no less than 10% of funds made available for any program under Titles I, II, III and VI of the Act and 23 U.S. Code 403, shall be expended with DBEs. The FAA also manages a separate DBE program for airport concessions.

Although there are other federal programs designed to improve the government's utilization of small disadvantaged businesses, including the SBA's 8(a) Business Development Program, the Small Business Subcontracting Goals Program, the SBA's Women Enterprise Development Program, the Veterans and Disabled Veterans Small Business Program as well as a Program designed for small businesses located in Historically Underutilized Business (HUB) Zones, the bulk of the utilization of DBE's for the Infrastructure Program will come from the DOT's DBE Program.

NAMC will be working closely with the DOT to ensure that the DBE Program is maximized in enforcement and compliance to ensure that the rebuilding of America's infrastructure with the full participation of DBE's is a dream realized . We also intend to work closely with this Subcommittee to ensure the system designed to help DBE's get transportation contracts runs smoothly and efficiently.

III. THE IMPACT OF ADDITIONAL CAPITAL TO DBE'S THROUGH THE INFRASTRUCTURE PLAN

If DBE's are able to access additional capital for their businesses through the acquisition and performance of more contracts obtained through the Infrastructure Plan, such capital should result in higher profits. With these higher profits, DBE's should be able to invest in better technology, equipment and labor expertise. Moreover, DBE's will develop more experience, giving them a competitive benefit in past performance evaluations when being considered for

new work. Moreover, it will give large primes a larger base from which to choose good subcontractors, particularly its DBE base.

In addition, the new capital should allow them to pay better wages and benefits, allowing themselves and their workers to have a better lifestyle. It should have social benefits as well.

That ends my testimony, distinguished Members of the Committee. Once again, thank you for allowing me to testify today. I am now ready for any questions that you might have.

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