



# NEWS

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**CONTACT: ANDREA GREENE/JIM SMART  
MTA MEDIA RELATIONS  
(213) 922-2702/922-2700**

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## **MTA PREDICATE STUDY CONFIRMS UNDERUTILIZATION OF MINORITY AND WOMEN-OWNED BUSINESSES**

An MTA-ordered report underscores the need to continue the MTA's DBE/WBE programs, said Gail Charles, MTA director of equal opportunity. It also shows that MTA's goals need to be adjusted to reflect the availability of these firms in the marketplace.

The study, commissioned by the MTA, was prepared by the firm of Perkins Coie and National Economic Research Associates (NERA). Known as a predicate study, it was sought by the agency in order to comply with the U.S. Supreme Court's requirements in *Richmond v. Croson* and *Adarand v. Peña*. Public agencies enacting affirmative action programs must satisfy two requirements, according to the rulings: First, there must be compelling government interest underlying the program. This means that an agency like the MTA must have a defensible basis for concluding that an ongoing problem exists with discrimination in contracting. Secondly, its affirmative action program must be narrowly tailored to serve that interest.

The study indicated there is significant underutilization for African Americans, Hispanic and Asian firms in both construction and professional services. According to the study, minority-owned firms are 80 percent or less than what would be expected in the absence of discrimination.

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Further analysis showed that these same minority groups were under represented among new business starts in both construction and professional services. Significant disparities were also found in regard to women-owned businesses in professional services and, to some degree, in construction.

Staff will recommend to the MTA Board adoption of the study and approval of the FTA overall annual DBE goal of 23%, with a construction sub-goal of 28%, and professional services sub-goal of 18%.

"The study documents what we have known all along," said Joe Drew, MTA's Interim CEO. "Apparent discrimination against small minority and women-owned businesses continues to exist in the Los Angeles area. We have our work cut out for us to ensure that all businesses have access and can succeed while at the same time helping Los Angeles build a world class transportation infrastructure."

The report relied on data provided by both the U.S. Census Bureau and F.W. Dodge Construction Report, a specialized construction report.

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