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## Background

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Austin Transit Partnership (ATP) has established and adopted a Disadvantaged Business Enterprise (DBE) Program as required by Section 4.3 of the Joint Powers Agreement between ATP, the City of Austin, and CapMetro, and in accordance with current published regulations of the U.S. Department of Transportation (DOT).<sup>1</sup> Key goals of ATP's DBE program are to:

- Ensure non-discrimination in the award and administration of ATP contracts and subcontracts,
- Create a level playing field by which DBEs can compete for and perform work through ATP's DOT-assisted contracts, and
- Help remove barriers that impede DBE participation in DOT-assisted contracts.

Though not a current recipient of federal assistance from DOT, ATP is a current applicant for grant funding under the Federal Transit Administration's New Starts Capital Investment Grants Program. If awarded, funding under this program will be used to defray ATP's costs to design and build the Austin Light Rail system.

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## Results

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Overall, we found that ATP has established the groundwork for its DBE Program. Key policies demonstrate ATP's commitment to fair access for DBEs in federally funded contracts and lay out how ATP administers the program, sets contract goals, tracks payments, monitors compliance, and measures success.

ATP hired a consultant to complete an availability study that included DBE availability in the Austin-area overall and in key industries. The study found that about 14.5% of firms in ATP's immediate geographic market are DBEs.

Separate from our analysis of ATP's DBE program, we analyzed ATP payable data from October 1, 2022 through June 13, 2025 to understand how much ATP has spent on local suppliers. We found that ATP paid roughly \$19 million of \$110 million, or 17%, to local suppliers. About 42% of payments were directed towards Texas suppliers. Procurement is working on a methodology to calculate the precise amount and percentage of payments to local firms.

We issued one recommendation to develop a methodology to regularly calculate ATP's spending on local firms and periodically report this information to the ATP board. Management agreed with the recommendation and plans to implement corrective action by January 2026.

**Objective:** Has ATP established effective processes to set, track, and report DBE contract goals in accordance with applicable laws and regulations?

**Scope:** Past and current activities related to ATP's DBE Program.

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<sup>1</sup> Certain provisions of these DBE regulations are currently under review in a lawsuit in the federal Eastern District of Kentucky. In that lawsuit, DOT has taken the position that a presumption in the DBE regulations that women-owned businesses and certain minority-owned businesses automatically qualify as "disadvantaged" under the DBE regulations is illegal under the U.S. Constitution. The Court has not ruled on the DOT's position as of the date of this report.

### Austin Transit Partnership Internal Audit Team

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