

APPENDIX A.

Definitions of Terms

This appendix provides explanations and definitions useful to understanding the Availability and Disparity Study. These definitions are only relevant in the context of the Caltrans Availability and Disparity Study Interim Report.

Anecdotal evidence. Includes personal accounts of incidents, including of discrimination, told from an individual's perspective.

Availability analysis. Examination of the relative number of DBEs or MBE/WBEs ready, willing and able to perform work related to transportation construction and engineering work for Caltrans or local agencies.

Business. A for-profit company, including all of its establishments (equivalent to "firm").

Business listing. A record in the Dun & Bradstreet database of businesses (or other database). A D&B record is just a "listing" until the study team determines it to actually be a business establishment with a working phone number.

Business establishment. A place of business with an address and working phone number. One firm can have many business establishments. (Same as "establishment.")

California Department of Transportation (Caltrans). The California Department of Transportation (Caltrans), a part of the State's Business, Transportation and Housing Agency, is the owner/operator of California's federal and state highway system, provides inter-city rail services, assists local airports and provides other programs such as transportation safety.

California Unified Certification Program (CUCP) database. The statewide electronic directory of firms certified as DBEs in California under the guidelines in 49 CFR Part 26.

Certified small business. A firm certified by the State of California that, together with affiliates, has employment of 100 or fewer workers and average annual gross receipts of \$12 million or less over the previous three years (or if a manufacturer,

simply have 100 or fewer employees). To be certified as a small business by the State of California, the firm must also have its principal office in California and have its owners domiciled in California. The firm must be independently owned and operated. It cannot be dominant in its field of operation.

Contract. A legally binding relationship between the seller of goods or services and a buyer.

Contractor. The study team uses "contractor" to refer to firms performing construction contracts.

Controlled. Exercising management and executive authority for a company, per 49 CFR Section 26.71.

Disadvantaged Business Enterprise (DBE). A small business owned and controlled by one or more individuals who are both socially and economically disadvantaged according to the guidelines in the Federal DBE Program (49 CFR Part 26). Membership in certain race and ethnic groups identified under "minority-owned business enterprise" in this appendix may meet the presumption of social and economic disadvantaged. Women are also presumed to be socially and economically disadvantaged. Examination of economic disadvantage also includes investigating the gross revenues and the firm owner's personal net worth (maximum of \$750,000 exclusive of equity in a home and in the business). Some minority- and women-owned firms do not qualify as DBEs because of the gross revenue or the net worth requirements. A firm owned by a non-minority male can be certified as a DBE. Tribally-owned concerns can be certified as a DBE if the enterprise meets the requirements in 49 CFR Part 26.

Disparity. A difference or gap between an actual outcome and a reference point. For example, a difference between an outcome for one race/ethnic group and an outcome for non-Hispanic whites may constitute a disparity.

Disparity analysis. Comparisons of actual outcomes with what might be expected based on other data. Analysis of whether there is a "disparity" between DBE utilization and availability is one tool in examining whether there is evidence consistent with discrimination against DBEs.

Disparity index. Computed by dividing percentage utilization by percentage availability and then multiplying the result by 100. A disparity index of 100 indicates "parity."

Dun & Bradstreet. The leading firm in the United States and abroad that provides lists of business establishments and other business information (see www.dnb.com).

Employer firms. Firms with paid employees other than the business owner and family members.

Enterprise. An economic unit that could be a for-profit firm or establishment, not-for-profit organization or public sector organization.

Establishment. See "business establishment."

Federal DBE Program. Unless otherwise specified, "Federal DBE Program" refers to the Disadvantaged Business Enterprise program established by the U.S. Department of Transportation after enactment of the Transportation Equity Act for the 21st Century (TEA-21) as amended in 1998. The elements of the Program are set forth in 49 CFR Part 26.

Federal Highway Administration (FHWA). An agency of the USDOT that works with state and local governments to construct, preserve and improve the National Highway System, other roads eligible for federal aid, and certain roads on federal and tribal lands.

Federal Transit Administration (FTA). An agency of the USDOT that administers federal funding to support local public transportation systems including buses, subways, light rail, passenger ferry boats and other forms of transportation.

Firm. See "business."

Federally-funded contract. Any contract or project funded in whole or in part with FHWA or FTA financial assistance, including loans. As used in this study, it is synonymous with "federally-assisted contract."

Industry. A broad grouping of firms providing related goods or services.

Local agency. Any local government receiving money through the Caltrans Local Assistance Program. More than 600 municipalities, counties and regional agencies receive federal and state transportation funding through the Caltrans Local Assistance Program.

Local Assistance Program. Caltrans program that provides financial support for local agency transportation construction and engineering projects. Local agencies contract for transportation construction and design contracts using funds from this program. Caltrans retains certain oversight in the use of the funds, which may also involve federal funds. Contracts funded through the Local Assistance Program are "local assistance contracts."

Majority-owned businesses. For-profit firms not owned and controlled by minorities or women (see definition of "minorities" below).

Microbusiness. A firm that, together with affiliates, has average annual gross receipts of \$2,750,000 or less over the previous three years. For more on this State of California definition, see <http://www.pd.dgs.ca.gov/smbus/mbdef.htm>.

Minorities. Racial and ethnic groups identified in the federal guidelines in 49 CFR Part 26:

- Black Americans (or "African Americans" in this study), which includes persons having origins in any of the black racial groups of Africa;
- Hispanic Americans, which includes persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
- Native Americans, which includes persons who are American Indians, Eskimos, Aleuts or Native Hawaiians;
- Asian-Pacific Americans, which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, Hong Kong, and other countries and territories in the Pacific set forth in 49 CFR Section 26.5; and
- Subcontinent Asian Americans, which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka.

Minority-owned business (MBE). A firm with at least 51 percent ownership and control by minorities. Minority groups are defined according to federal guidelines, as outlined above. For purposes of this study, a firm need not be certified to be counted as a minority-owned firm. Firms owned by minority women are counted as MBEs in this study (where that information is available).

NAICS code. North American Industry Classification System code that identifies primary line of business of a an enterprise. <http://www.census.gov/epcd/www/naics.html>.

Non-DBEs. Firms not certified as DBEs.

Non-response bias. Occurs when the observed value to a survey question differs from what would be obtained if all individuals in a population, including non-respondents, answered the question.

Owned. Ownership of at least 51 percent of a company. A "minority-owned" firm is at least 51 percent owned by one or more minorities. (For DBE certification, additional guidelines are set forth in 49 CFR Section 26.69.)

Prime consultant. The professional services firm performing a contract for an end user such as Caltrans.

Prime contract. The contract between the seller and an end user such as Caltrans.

Prime contractor. The firm performing a contract for an end user such as Caltrans.

Race-and gender-conscious. Remedies that apply to individuals or firms that includes some races and ethnicities and not others, and women and not men. This term is equivalent to "race- and gender-based." A DBE contract goal is one example of a race- and gender-conscious remedy. Note that this term is more accurately "race-," "ethnicity-" and "gender-" conscious. For ease of communication, the study team has shortened this to "race- and gender-conscious" remedies.

Race- and gender-neutral. Remedies that apply to individuals or firms that are not classified based on race, ethnicity or gender. Note that this term is more accurately "race-," "ethnicity-" and "gender-" neutral. For ease of communication, the study team has shortened this to "race- and gender-neutral."

Race- and gender-neutral remedies may include assistance in overcoming bonding and financing obstacles, simplifying bidding procedures, providing technical assistance, establishing programs to assist start-up firms, and other methods open to all firms or any disadvantaged firm regardless of race or gender. (A broader list of examples can be found in 49 CFR Section 26.51(b).)

Relevant geographic market area. The geographic area that contains most establishments receiving Caltrans or local agency transportation construction and engineering-related work, based on dollars. It is also referred to as the "local marketplace."

Remedy. A program element designed to address barriers to full participation for a particular group.

SIC code. Standard Industrial Classification code, which describes the primary business of a firm (see SIC Manual at <http://www.census.gov/epcd/www/sic.html>). The federal government groups firms into industries down to 4-digit SIC codes. Dun and Bradstreet further classifies types of work to the 8-digit level.

Small business. In general, a firm with low revenues or employment size relative to other firms in the industry. "Small business" does not necessarily mean that the firm is certified as such.

Small Business Administration (SBA). The U.S. Small Business Administration, which is an independent agency of the United States government.

State-funded contract. Any contract or project funded in whole or in part with State of California funds administered through Caltrans that does not include federal funds.

Statistically significant difference. A difference in which chance in the sampling process can be eliminated as a cause, at the 95 percent confidence level (meaning that chance in the sampling process could still explain the difference in no more than 5 out of 100 cases).

Subconsultant. A professional services firm performing a service for the prime consultant as part of a larger contract.

Subcontract. The contract between a prime contractor and another firm selling services to the prime contractor.

Subcontractor. A firm performing a service for a prime contractor as part of a larger construction project.

Subrecipient. Local agency receiving USDOT financial assistance directly from Caltrans.

Supplier. A firm selling supplies to a firm as part of a larger project.

Transportation construction and engineering. Work involving construction, design or related services concerning transportation facilities or projects.

USDOT. U.S. Department of Transportation, which includes the Federal Highway Administration, the Federal Transit Administration and the Federal Aviation Administration.

Work field. A narrow grouping of firms providing related goods or services, sometimes referred to as "work specialty." Sometimes a work field is one 4- or 8-digit SIC code. In other cases, it combines 4-digit SIC codes.

Utilization. Percentage of total dollars of a type of work going to DBEs or MBE/WBEs (or another group).

Women-owned business (WBE). A firm with at least 51 percent ownership and control by women. For this study, a firm need not be certified as a WBE or DBE to be counted as a woman-owned firm. In addition, firms owned and controlled by minority women are counted as minority-owned firms. Therefore, WBEs principally refer to firms owned by white women.