TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

DISPARITY STUDY FOR CORPUS CHRISTI AND CCRTA

ANALYSIS OF THE AVAILABILITY OF MINORITY- AND WOMEN-OWNED BUSINESSES AND THEIR UTILIZATION BY THE CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Final Report



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY



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Analysis of the Availability of Minority- and Women-Owned Businesses and Their Utilization by the Corpus Christi Regional Transportation Authority

Final Report

Submitted by

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Disparity Study for Corpus Christi and CCRTA

This study investigates the availability of minority- and women-owned businesses in the Corpus Christi metro area in comparison with the extent to which these businesses are utilized in the Corpus Christi marketplace and, in particular, the Corpus Christi Regional Transportation Authority (CCRTA). The first part of this report serves as an update to the previous disparity studies by Marshall (1994) and Lee (2007) for CCRTA. This study also summarizes findings of anecdotal data collected from surveys and focus group interviews that solicited subjective opinions of local business owners regarding the environment in which they do business.

- CCRTA has established a Disadvantaged Business Enterprise (DBE) program as required by the U.S. Department of Transportation, and the Authority has consistently met its annual DBE participation goal for federally supported contracts. This study complements that program with additional evidence regarding disparity between DBEs and non-DBEs in *all* CCRTA contracting and procurement activities.

- Based on the latest 2012 Census data for Corpus Christi's business owners, minority- and women-owned businesses make up approximately 50 percent of all firms in the area. Despite being the lifeblood of the local economy, they collectively account for only 3 percent of all business sales. As such, the disparity index—the ratio of utilization divided by the ratio of availability—is 0.06 for these businesses. They have generally grown in numbers by not in their relative sizes. The disparity indexes suggest that *underutilization* of minority- or women-owned businesses in

Corpus Christi remains as prevalent today as it was two decades ago, and the extent of disparities might have even widened over time.

- For CCRTA's contracting and procurement activities in the most recent survey period ending in 2015, minority and female business owners accounted for approximately 13% of its vendors. This outcome was consistent with its DBE goal for federally funded projects for the FY 2014-16 period. However, the disparity index for Hispanic businesses, which compares their participation against their availability in the region, is 0.4. This measure suggests that there are more than twice as many Hispanic business owners available in Corpus Christi than what their share in CCRTA expenditures would suggest. Evidence of underutilization is found for all major minority groups, except Caucasian women, whose disparity index rose to greater than 2 from 0.4 a decade ago. Women have made great strides in winning CCRTA contracts. The extent of utilizing major minority groups has also been relatively higher for CCRTA than for the broader Corpus Christi economy.

- Anecdotal data collected from surveys and focus group meetings highlight some unique challenges faced by minority and female business owners. The majority of those entrepreneurs valued the DBE status in doing business with government agencies. However, a large number of them who were not DBEs believed that the certification process, particularly the amount of required information, was a hurdle for them not to seek certification. Owners of relatively smaller businesses also believed that they had suffered a disadvantage against their larger counterparts in the bidding process.

ACKNOWLEDGEMENT

This study was commissioned by the Corpus Christi Regional Transportation Authority in 2015. Research was completed in January 2016. This study benefited from vendor data provided by Mr. Jorge Cruz-Aedo, CEO of CCRTA, and Ms. Laura Yaunk, DBE Coordinator. The survey of local business owners was co-sponsored by Del Mar College's Procurement Technical Assistance Center.

The contents of this report reflect the views of the investigators at South Texas Economic Development Center, who are solely responsible for the accuracy of the data and findings presented therein. The contents do not necessarily reflect the official views or policies of Texas A&M University-Corpus Christi or the Corpus Christi Regional Transportation Authority.

INTRODUCTION

1. INTRODUCTION

1.1 Background

The Corpus Christi Regional Transportation Authority (hereafter, "CCRTA") has retained South Texas Economic Development Center at Texas A&M University-Corpus Christi to conduct a fact-finding disparity study, which analyzes the extent of disparity between the availability and participation of minority- and women-owned businesses in Corpus Christi. Those business vendors of interest are generally classified as Disadvantaged Business Enterprises (DBEs).

Between 2010 and 2014, CCRTA received an average of $1.7 million per year in federal grants for operating and capital expenses. As a condition of receiving federal funding from the Federal Transit Administration (FTA) of the U.S. Department of Transportation (DOT), CCRTA has established a DBE program to ensure maximum opportunities for DBEs to participate in DOT contracts for supplies and services. The program goal for the current three-year period of FY 2014-16 is 13% DBE participation. Since the development of the DBE program, CCRTA has reportedly met its annual goal of DBE participation in federally supported contracts.

Rather than confining to contracts supported by federal funds, this report provides an update to the 2007 report that presented findings of quantitative analysis on the utilization of DBE firms versus non-DBE firms for *all CCRTA* contracting and procurement activities, whether funded with federal dollars or non-federal dollars. To this end, the research team compiled and analyzed data on the availability of minority- and women-owned businesses in the Corpus Christi metropolitan statistical area (MSA) as well as CCRTA utilization of these businesses relative other businesses. In addition to an update with currently available data, this report contains anecdotal and qualitative evidence on the local business environment for minority- and women-owned businesses based on opinion surveys with local businesses.

1.2 Objective

The objective of this report is to document evidence on disparity between the availability and utilization of minority- and women-owned businesses relative to other businesses in the Corpus Christi metropolitan statistical area (MSA), particularly those doing business with CCRTA. The scope of the study includes analyzing data on the availability of minority- and women-owned businesses in the Corpus Christi economy and the extent to which these businesses are utilized by CCRTA and the broader Corpus Christi marketplace. Quantitative data in Sections 3 and 4 of this report serve as an update to the 2007 study reported by Lee (2007). Marshall (1994) conducted the first disparity study for CCRTA. As such, the present report not only serves as an update to the previous reports, but it also incorporates the data in those earlier reports in order to provide an understanding of changes in the business environment for minority and female business owners in Corpus Christi during the last two decades.

1.3 CCRTA Profile

CCRTA was created in 1985 by majority vote of Corpus Christi taxpayers in order to provide accessible and affordable transportation to residents within the Corpus Christi MSA. Today, the agency remains the sole provider of public transportation services in Corpus Christi. Its service area includes all of Nueces County (except Petronila) and part of San Patricio County. Nueces County includes the cities of Agua Dulce, Bishop, Corpus Christi, Driscoll, Port Aransas, Robstown, and some unincorporated areas. The service area in San Patricio County includes the cities of Gregory and San Patricio. The agency's total service area includes 838 square miles with an estimated population of 418,000 in 2015.

1.4 DBE Program

Since 2003, the U.S. Department of Transportation has required transportation agencies receiving more than $250,000 in federally aided grants to implement a DBE program. The main purpose of this program is to help create a "level playing field" for DBEs in DOT sponsored projects. CCRTA, which receives federal funding from DOT, is required to implement this program. Under this program, CCRTA submits an annual goal for DBE participation to the FTA for approval, and the amount of contract and subcontract awards to DBEs must meet the approved DBE goal. For FY 2014-16, the DBE participation goal on federally assisted contracts and projects is 13%. CCRTA has consistently met or exceeded its annual DBE goal.

A minority- or women-owned firm is not automatically considered a DBE according to DOT. A DBE status requires an application process with eligibility criteria listed in Appendix A. In addition to implementing the DBE program, CCRTA is responsible for certifying DBEs in 10 counties in the Coastal Bend: Aransas, Bee, Goliad, Jim Wells, Karnes, Kleberg, Live Oak, Nueces, Refugio, and San Patricio. Because DBE certification is not required for any minority- or woman-owned firm to do business with CCRTA, quantitative findings based on DBE data, including those presented in this report, might *understate* the "true" participation rate of minority- or women-owned businesses in the Corpus Christi market area.

1.5 Prior Studies

This report contains two components. The first component essentially serves as an update to two previous disparity studies for CCRTA. The most recent study was completed by Texas A&M University-Corpus Christi in 2007, titled "Quantitative Analysis of the Availability of Minority- and Women-Owned Businesses and Their Utilization by the Corpus Christi Regional Transportation

Authority" (Lee, 2007). An earlier study is titled "Availability and Participation of Disadvantaged Business Enterprises in the Corpus Christi, Texas Metropolitan Statistical Area," which was completed by Ray Marshall, Inc. in 1994.

The 1994 study concludes that "it is apparent that DBEs of all types face large disparities in the overall Corpus Christi MSA economy... The share of market sales going to DBEs typically running anywhere between one-tenth and two-thirds of their respective shares of the business population. Surely, such disparities limit the ability of existing DBEs to compete effectively in the Corpus Christi MSA's economic markets and thwart the development of new minority-owned and women-owned business enterprises" (Marshall, 1994, Executive Summary). The 2007 report contains a similar conclusion, which implies that disparities with minority or female business owners was a persistent and region-wide phenomenon rather than conditions pertaining specifically to CCRTA procurement.

Subsequent to the 1994 CCRTA disparity study, another disparity study (Marshall, 1999) was completed in 1999 for the City of Corpus Christi. Similar to CCRTA, the City has formally encouraged the participation of minority- or women-owned businesses in its contracting and procurement processes since 1983. In addition to analyzing the City's contracting and procurement data, the 1999 study measure disparities in the private sector of Corpus Christi based on the 1990 decennial Census data. In comparison with the findings in the 1994 report, evidence of disparities in the 1999 report is weaker, except for Black-owned firms.

In an attempt to draw comparisons with earlier findings, the present study employs research methodology and datasets consistent with those in earlier studies. By combining findings in those studies with currently available data, this strategy will enable us to understand possible changes in the extent of disparities for minority- and women-owned businesses in the Corpus Christi economy at large during the last two decades. To gain a better understanding about the

extent of disparities particularly in the public sector, the current study also included anecdotal and qualitative data collected from surveys and focus group meetings with local business vendors. Section 5 of this report contains a summary of those findings.

RESEARCH METHODOLOGY

2. RESEARCH METHODOLOGY

2.1 Market Definition

The first step in assessing the availability of minority- and women-owned businesses for CCRTA is to define the relevant market for the Authority's contracting and procurement activities. A market has a product as well as a geographic dimension, both of which are considered in measuring business availability in this study. Geographically, the relevant market definition is the Corpus Christi Metropolitan Statistical Area (MSA). The Corpus Christi MSA comprises of the counties of Nueces, San Patricio and Aransas. Following the previous two disparity studies (Marshall, 1994; Lee, 2007) for CCRTA, this geographical scope of the agency's supplier market overlaps with its service area, even though this overlap is not necessary. In those two studies, the market area was determined by analyzing the database of CCRTA vendors and payments. In addition to the geographical aspect of market availability, data will be broken down by industry category, as defined by the North American Industry Classification System (NAICS).

According to DOT, a DBE is a business that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged. Those individuals are primarily women or members of a minority group, i.e., Blacks or African Americans, Hispanic or Latino Americans, Native Americans or American Indians and Alaska Natives, and Asian and Pacific Island Americans. However, as pointed out above, a minority- or women-owned small business is not immediately considered to be a DBE until it passes a certification process. Since not all minority- and women-owned businesses that qualify for the DBE status are certified, statistical findings with only certified DBEs will systematically *understate* the extent of participation of minority- and women-owned firms in CCRTA procurement.

2.2 Data

Following Marshall (1994), Marshall and Wainwright (1999), and Lee (2007), the availability and participation data for local businesses are based on the Corpus Christi MSA as the geographic area. These data are used to analyze disparities in the private sector of Corpus Christi at large. The available pool of business vendors and market share figures derive from the U.S. Census Bureau's 2012 *Survey of Business Owners* (SBO). SBO surveys are conducted every five years. The 2012 Survey is the most current and comprehensive published data source available for local businesses. The 2012 SBO database was published in December 2015.

In line with Marshall (1994) and Lee (2007), disparity analyses will be conducted for six racial/gender categories: (1) Hispanics, (2) Black or African Americans, (3) Asians, (4) American or native Indians, (5) women, (6) all minority groups combined. The 1994 disparity report documents data for industry divisions categorized by the Standard Industrial Classification (SIC). The government replaced the SIC with NAICS in 1997. Accordingly, consistent with the 2007 disparity report, this report presents data for 18 sector divisions based on the 2012 NAICS instead of the SIC. The 18 industrial divisions are: (1) agriculture, fishing and hunting, (2) mining, and oil and gas extraction, (3) utilities, (4) construction, (5) manufacturing, (6) wholesale trade, (7) retail trade, (8) transportation and warehousing, (9) information, (10) finance and insurance, (11) real estate, rental, and leasing, (12) professional, scientific, and technical services, (13) administrative, support, waste management, and remediation service, (14) educational services, (15) health care and social assistance, (16) arts, entertainment, and recreation, (17) accommodation and food services, and (18) other services.

In addition to disparity measures for the regional economy of Corpus Christi, this study analyzes the supplier market specifically for CCRTA. Those

businesses' market shares in CCRTA procurement and contracting activities are calculated using the agency's vendor list and payment data collected in April 2015. Section 4 below discusses those data.

2.3 Disparity Measurement

The standard approach in disparity studies compares utilization of businesses in a minority group, such as DBEs, with their availability. The most popular measure in such analysis is the disparity index, which is the ratio of a measure of business utilization over availability:

$$\text{Disparity Index} = \frac{\text{Utilization of DBEs}}{\text{Availability of DBEs}}. \qquad (1)$$

The benchmark for the disparity index is one, which indicates the absence of disparity as the utilization of businesses is perfectly proportionate to their availability. An index close to zero indicates very little utilization of those businesses despite their availability. Businesses are considered underutilized if their disparity indexes are remarkably less than one, and overutilized if the indexes are remarkably above one.

Drawing on the common practice in major disparity studies (e.g., MGT of America, 2001, 2010; NERA Economic Consulting, 2005, 2006), CCRTA's business utilization of a firm is measured as the proportion of the Authority's business dollars paid to that firm. The definition of DBE availability is somewhat ambiguous, but it is generally measured by the share of DBEs among all existing firms within their relevant supplier market.

Using business receipts (or sales) as a measure of business activity, the disparity index for DBEs can be precisely measured as:

$$\text{Disparity Index} = \left(\frac{\text{DBE business receipts}}{\text{Total business receipts}}\right) \Big/ \left(\frac{\text{Number of DBEs}}{\text{Total number of firms}}\right). \qquad (2)$$

Simply put, the index reveals how the market share of DBEs compares with the share of DBEs in the relevant market's general business population. For example, a minority group owns 10% of the available firms in an area but receives 8% of business dollars in that market. As such, the disparity index for that minority group equals 0.8 ($8 \div 10 = 0.8$).

An alternative way to understand the meaning of the disparity index is to rearrange the terms in equation (2), so that it is interpreted as a comparison between the average receipt for DBEs (the numerator) and the average receipt for all locally available firms (the denominator):

$$\text{Disparity Index} = \left(\frac{\text{DBE business receipts}}{\text{Number of DBEs}}\right) \Big/ \left(\frac{\text{Total business receipts}}{\text{Total number of firms}}\right) \qquad (3)$$

According to this expression, the smaller is the average receipt for DBEs relative to the average receipt for all firms in the market, the smaller is the index and, thus, the larger is the disparity.

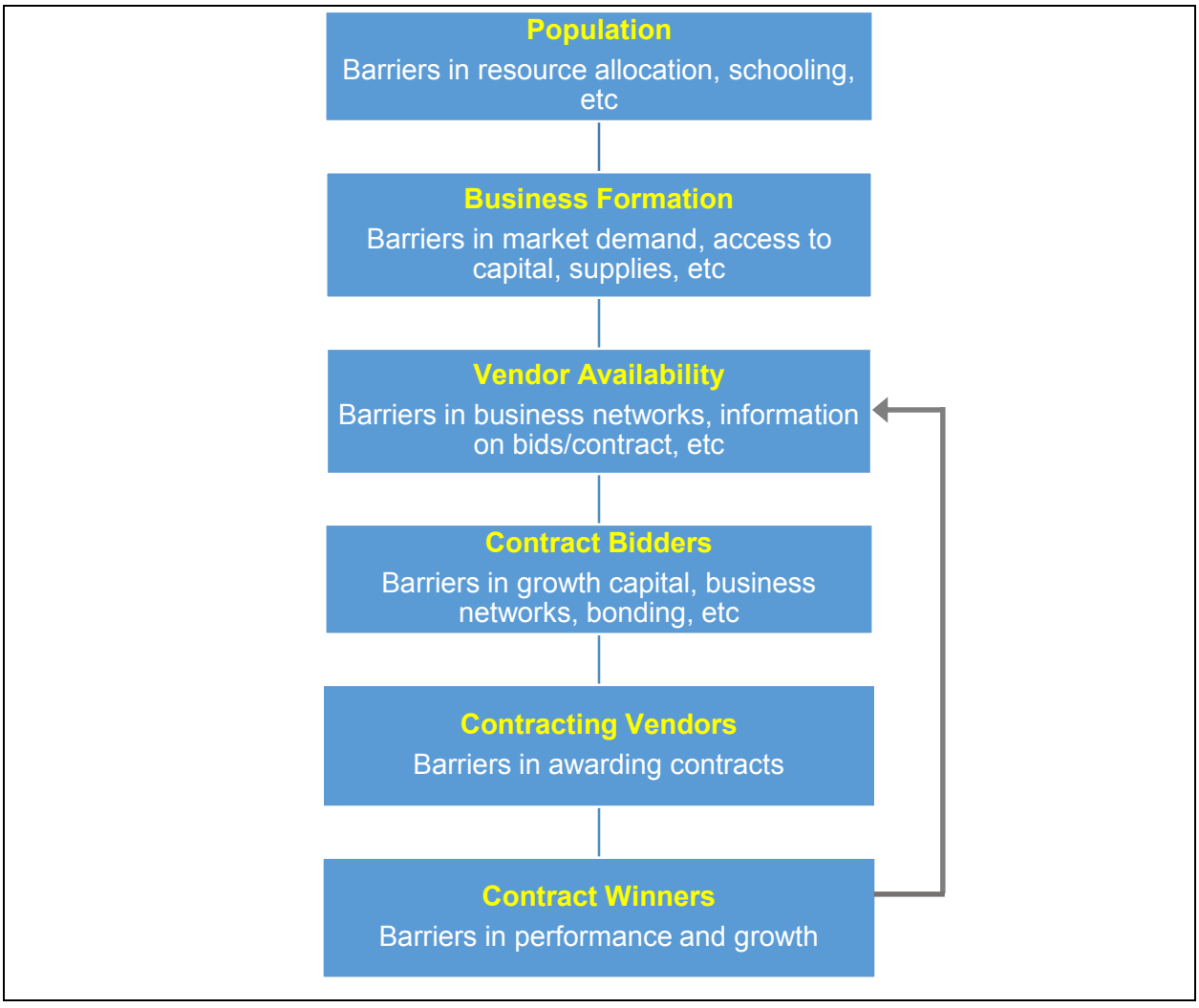
The same formula can be applied to quantify business disparities in the broader Corpus Christi economy instead of CCRTA's own contractors and suppliers. In this case, disparity indexes are computed using the 2012 Census data on a particular minority group in the Corpus Christi MSA instead of using CCRTA data.

2.4 Availability Measurement

There is no best measure of availability, however. As pointed out by Enchautegui *et al.* (2007), firms differ in capacity and thus their availability. In addition, there are many stages in the business formation and procurement

processes at which DBEs may be treated differently from their non-DBE counterparts. As illustrated in Figure 1, disparity can exist far beyond the marketplace in which a business vendor is competing in the bidding process against its counterparts.

Figure 1: Disparity in Business Formation and Procurement Processes.



Looking at contract winners—the final stage of the economic outcome—may *understate* the extent of disparity in a market. Disparity might exist within the general population, in which minority groups and women might receive underinvestment in training and human capital, leading to disparity in productivity or business formation ability. School or community segregation might contribute to disparity in human capital investment. In workforce employment, disparity might exist in promotions and training.

In the process of business formation, potential business owners might be discouraged by anticipated market or lending disparity. Among business owners, barriers in growth capital or business networks might exist to affect the "availability" of minority- and women-owned businesses to perform contracting work. In addition to the effect on the level of DBE certification from minority and female business owners, anticipated disparity in the contracting process might also discourage business formation altogether at the beginning. Among potential vendors, barriers might still exist in awarding contracts to DBEs. Even after awarding contracts, there can still be disparity in treatment that may affect the long-term growth and success of DBEs.

The more narrowly a measure for "availability", e.g., only firms that appear on a vendor list, the more is the bias toward a low disparity index because this measure rules out minority- or women-owned firms that have been discouraged from doing business or bidding on a contract. On the contrary, a broad availability measure that includes all minority firms is less likely to build in past and present treatments from the local business community or CCRTA. However, such a measure may include firms that may not be ready, willing or able to do business.

In line with Marshall (1994), Marshall and Wainwright (1999), Lee (2007) and MGT of America (2001, 2010), the present study analyzes disparities of minority groups and DBEs using the narrow statistical standards established by the *United States Supreme Court in City of Richmond v. J.A. Croson* (1989). In

this case, the scope of statistical comparisons will be limited to the outstanding population of DBEs. This excludes any "discouraged" business owners that have never entered the local market, or "deterred" business owners who have left the local market altogether due to the possible presence of inequitable treatments. As a result, the quantitative evidence to be presented in this report will likely *understate* the "true" extent of disparities in the Corpus Christi economy or in CCRTA contracting and procurement activities.

DISPARITY IN CORPUS CHRISTI

3. DISPARITY IN CORPUS CHRISTI

3.1 Demographic Profile

To understand the extent of disparities in business formation and performance, it is important to first understand the composition of the general population and workforce in the Corpus Christi MSA. Table 1 summarizes the demographic distribution for the general population and the workforce in the area. According to the 2014 Census, females make up slightly more than half of the population and 46% of the civilian workforce of Corpus Christi. Such figures are comparable to those for the U.S. as a whole.

Table 1: Demographic Distribution, Corpus Christi MSA, 2014.

Area Total & Percentage of Total	Population	Labor Force
Total population	437,528	190,246
Female	50.7%	46.0%
White, non-Hispanic	41.3%	31.4%
Hispanic or Latino origin	58.7%	60. 7%
Black or African American	3.2%	3.8%
American Indian and Alaska Native	1.1%	0.3%
Asian	2.1%	2.0%
Native Hawaiians and Other Pacific Islanders	0.2%	0.2%
Persons reporting two or more races	1.0%	1.7%

Source: U.S. Census Bureau, *2014 American Community Survey*.

Hispanic or Latino origin is the dominant demographic group, accounting for approximately 59% of the area's overall population and 60% of its workforce. Both figures are remarkably higher than those reported in Lee (2007), pointing to the expanding role of Hispanics in the Corpus Christi community. In particular, the share of the Hispanic workforce had grown by 10 percentage points. By

comparison, the share of Hispanics in the U.S. total population is 15%. The population share of non-Hispanic Whites, or Caucasians, in Corpus Christi is 31%, as compared to more than twofold for the nation as a whole. Similarly, Blacks or African Americans account for a smaller share (4%) of the overall population in Corpus Christi than in the U.S. (13%). The other demographic groups, including Asians, Native Americans (American Indians and Alaska Natives), and Native Hawaiians and other Pacific Islanders, collectively account for less than 3% of the area population. Such demographic breakdowns by race or ethnicity are typical of cities near the U.S.-Mexico border.

Table 2 provides a breakdown of the demographic distribution of the Corpus Christi workforce by industry. The table indicates that the major minority groups' workforce participation rates vary significantly across industries. Hispanics are more concentrated in construction, business management, health care and social assistance. Relatively few of them are employed in the government sector, where relatively more Blacks and Asians can be found instead. Workforce participation of women is concentrated mostly in the health care and social assistance sector (80%), followed by educational services (70%). Disparities in those minority groups' workforce concentration across different industries might have affected their relative wage earnings as well as business formation in individual industries.

Table 2: Demographic Distribution in Corpus Christi Workforce by Industry, 2015.

Industry Description	Hispanic	Black	American Indian	Asian	Female
Crop & Animal Production	36.9%	1.4%	<1%	1.4%	18.2%
Mining, Quarrying, & Oil & Gas Extraction	45.6%	2.9%	0.2%	0.7%	12.1%
Utilities	47.3%	2.0%	0.0%	<1%	23.6%
Construction	56.6%	2.9%	0.2%	0.8%	11.0%
Manufacturing	53.9%	3.1%	<1%	1.0%	17.7%
Wholesale Trade	46.4%	3.5%	0.3%	0.7%	21.1%
Retail Trade	54.8%	4.2%	0.2%	2.0%	50.2%
Transportation & Warehousing	46.8%	11.3%	0.3%	0.9%	21.4%
Information	48.7%	3.9%	<1%	0.9%	40.5%
Finance & Insurance	50.6%	3.5%	<1%	0.9%	70.3%
Real Estate & Rental & Leasing	38.2%	3.9%	<1%	1.8%	40.2%
Professional, Scientific, & Technical Services	33.0%	3.4%	<1%	2.1%	42.2%
Management of Companies & Enterprises	60.2%	5.8%	<1%	<1%	52.5%
Administrative & Waste Management	54.1%	7.1%	0.2%	0.8%	36.7%
Educational Services	31.9%	6.9%	<1%	2.2%	70.1%
Health Care & Social Assistance	59.9%	5.4%	0.2%	2.7%	80.4%
Arts, Entertainment, & Recreation	37.8%	3.0%	<1%	0.8%	47.5%
Accommodation & Food Services	50.8%	5.6%	0.3%	3.4%	54.0%
Other Services (except Public Administration)	40.8%	5.1%	0.2%	2.8%	49.4%
Government	22.0%	15.3%	0.4%	2.9%	53.5%

Source: EMSI, 2015.

3.2 Availability of Minority- and Women-Owned Firms

Tables 3a – 3d provide a detailed description of the distribution of minority- and women-owned firms in the Corpus Christi metro area. The data are based on the *2012 Survey of Business Owners* broken down by NAICS industry division. A "(D)" indicates that the data were not disclosed by the Census Bureau due to confidentiality restrictions largely as a result of a small number (typically less than 5) in the sample. The "all firms" designation indicates firms with employees (employer firms) and without employees (non-employer firms). Table 3a presents data for all firms in Corpus Christi as well as for firms owned by any of the minority groups (Hispanics, Blacks or African Americans, Asian Americans and American Indians). Table 3b presents corresponding data for women- and Hispanic-owned firms, Table 3c for Black- and Asian-owned firms, and Table 2d for Native American firms.

The total number of firms in Corpus Christi in 2012, with or without employees, was 37,854, which represented a nearly 120% growth from 2002. Of this total number of local firms, 18,642 (49%) were minority-owned, and 14,034 (37%) were women-owned businesses. Similar to the general demographic patterns, Hispanic-owned firms constituted the largest single group of minority-owned firms in Corpus Christi. Approximately 6% of all firms in the area belonged to other minority individuals, including Blacks, Asians and Native Americans.

Together, Hispanic owners accounted for 16,148 (43%) of all local businesses. The sheer numbers of Hispanic- and women-owned businesses in Corpus Christi, regardless of their sizes, grew faster than other businesses across all census windows between 1987 and 2012. As such, their shares among all local businesses grew over that period.

Small businesses are the backbone of the local economy. The majority of those businesses (81%) belong to self-employed individuals without any paid

employees. For minority- and women-owned firms, about 90% of them in Corpus Christi operate without paid employees.

When measured by receipts, or sales, the shares of minority- and women-owned businesses in Corpus Christi have in fact declined. In 2012, minority firms in the metro area generated a total of $75.6 billion, which equaled 3% of the area's total receipts, as compared to 5% in 1987 and 2002. Likewise, women-owned firms accounted for another 3% of all receipts in the area in 2012, as opposed to 7% in 1987. Those comparative statistics indicate that increasingly more minority and female entrepreneurs have created new business ventures, but they have not been growing in size as fast as their counterparts.

Table 3a: Minority/Women Availability by NAICS Industry, 2012.

Firm Demographics	All firms		Firms with Paid Employees			
	Number of Firms	Receipts ($1,000)	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)
ALL FIRMS						
All Industries	37,854	75,640,181	7,118	74,295,708	151,758	5,789,874
Agriculture, fishing & hunting	530	31,471	19	16,043	90	3,218
Mining, and oil and gas extraction	1,330	2,344,958	217	2,275,874	6,295	380,801
Utilities	93	675,839	24	671,150	769	60,198
Construction	5,001	1,913,064	639	1,683,502	11,848	588,394
Manufacturing	589	45,989,454	206	45,968,481	10,720	770,339
Wholesale trade	738	6,373,509	422	6,348,654	6,002	341,506
Retail trade	3,678	7,970,504	971	7,862,786	24,078	649,851
Transportation & warehousing	1,565	1,131,279	304	1,063,784	4,900	245,145
Information	481	579,498	102	573,480	2,252	99,562
Finance & insurance	1,323	1,133,073	387	1,055,694	3,501	177,756
Real estate, etc.	2,882	887,190	465	682,026	3,474	165,149
Professional services, etc.	4,046	832,201	802	687,792	5,609	273,778
Administrative & waste management	4,137	641,284	353	578,797	10,348	282,799
Educational services	615	123,980	88	115,292	1,427	46,311
Health care & social assistance	3,533	3,085,470	921	2,968,773	31,547	1,188,083
Arts, entertainment, etc.	1,451	150,359	108	127,478	1,751	32,220
Accommodation & food services	1,467	1,121,665	773	1,088,678	21,678	276,867
Other services	4,471	544,542	394	416,582	3,888	134,754
ALL MINORITY FIRMS						
All Industries	18,642	2,329,376	2,031	1,799,100	20,929	583,173
Agriculture, fishing & hunting	113	2,143	2	(D)	(D)	(D)
Mining, and oil and gas extraction	96	5,291	11	(D)	(D)	(D)
Utilities	47	(D)	0	(D)	(D)	(D)
Construction	3,335	255,006	236	95,806	640	16,481
Manufacturing	315	(D)	50	(D)	(D)	(D)
Wholesale trade	240	205,172	98	195,859	418	24,430
Retail trade	1,584	268,338	248	223,823	1,380	39,305
Transportation & warehousing	829	55,865	16	10,322	49	2,456
Information	216	(D)	10	(D)	(D)	(D)
Finance & insurance	337	19,364	89	14,287	166	3,638
Real estate, etc.	407	(D)	108	(D)	(D)	(D)
Professional services, etc.	1,642	207,647	256	159,716	1,711	72,856
Administrative & waste management	2,701	66,418	115	25,349	452	11,345
Educational services	263	18,656	24	12,804	38	4,949
Health care & social assistance	2,082	639,661	276	611,931	9,819	290,043
Arts, entertainment, etc.	669	10,581	14	(D)	(D)	(D)
Accommodation & food services	782	275,599	357	264,908	4,788	61,646
Other services	2,985	149,772	121	(D)	(D)	(D)

Note: D = No data available
Source: U.S. Census Bureau, *2012 Survey of Business Owners*.

Table 3b. Minority/Women Availability by NAICS Industry, 2012 (cont'd).

Firm Demographics	All firms		Firms with Paid Employees			
	Number of Firms	Receipts ($1,000)	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)
WOMEN FIRMS						
All Industries	14,034	1,902,823	1,182	1,605,843	14,955	435,089
Agriculture, fishing & hunting	40	(D)	0	(D)	(D)	(D)
Mining, and oil and gas extraction	203	61,371	7	51,498	148	12,955
Utilities	44	(D)	0	(D)	(D)	(D)
Construction	656	157,259	87	143,571	1,017	51,265
Manufacturing	155	95,364	42	93,297	452	18,304
Wholesale trade	208	384,619	38	370,370	419	23,528
Retail trade	1,750	197,723	175	163,805	1,078	19,809
Transportation & warehousing	351	(D)	76	(D)	(D)	(D)
Information	192	13,857	20	10,767	105	2,793
Finance & insurance	291	15,691	71	(D)	(D)	(D)
Real estate, etc.	851	70,968	138	36,155	259	7,666
Professional services, etc.	1,349	78,662	80	42,262	632	16,280
Administrative & waste management	2,125	76,658	42	51,390	1,331	40,557
Educational services	285	22,213	20	19,211	117	5,532
Health care & social assistance	2,323	(D)	209	(D)	(D)	(D)
Arts, entertainment, etc.	576	4,813	1	(D)	(D)	(D)
Accommodation & food services	476	(D)	124	(D)	(D)	(D)
Other services	2,161	112,579	56	(D)	(D)	(D)
HISPANIC FIRMS						
All Industries	16,148	1,599,817	1,397	1,141,249	13,906	421,275
Agriculture, fishing & hunting	79	1,479	2	(D)	(D)	(D)
Mining, and oil and gas extraction	58	3,377	7	(D)	(D)	(D)
Utilities	47	(D)	0	(D)	(D)	(D)
Construction	3,145	223,188	214	(D)	(D)	(D)
Manufacturing	264	29,259	33	20,538	80	3,472
Wholesale trade	207	(D)	67	(D)	(D)	(D)
Retail trade	1,297	149,666	163	(D)	(D)	(D)
Transportation & warehousing	801	52,971	13	9,595	39	2,017
Information	202	(D)	10	(D)	(D)	(D)
Finance & insurance	234	(D)	50	(D)	(D)	(D)
Real estate, etc.	270	(D)	60	(D)	(D)	(D)
Professional services, etc.	1,511	193,919	242	148,734	1,635	68,329
Administrative & waste management	2,478	50,730	68	12,015	255	6,317
Educational services	224	18,279	24	12,804	38	4,949
Health care & social assistance	1,865	489,971	210	(D)	(D)	(D)
Arts, entertainment, etc.	550	6,199	2	(D)	(D)	(D)
Accommodation & food services	478	(D)	146	(D)	(D)	(D)
Other services	2,439	111,905	88	(D)	(D)	(D)

Note: D = No data available
Source: U.S. Census Bureau, *2012 Survey of Business Owners*.

Table 3c. Minority/Women Availability by NAICS Industry, 2012 (cont'd).

Firm Demographics	All firms		Firms with Paid Employees			
	Number of Firms	Receipts ($1,000)	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)
BLACK FIRMS						
All Industries	779	94,998	91	(D)	(D)	(D)
Agriculture, fishing & hunting	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)
Construction	75	(D)	0	(D)	(D)	(D)
Manufacturing	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	140	(D)	46	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	87	(D)	38	(D)	(D)	(D)
Real estate, etc.	34	(D)	0	(D)	(D)	(D)
Professional services, etc.	30	(D)	4	(D)	(D)	(D)
Administrative & waste management	96	860	0	0	0	0
Educational services	29	113	0	0	0	0
Health care & social assistance	109	1,578	0	0	0	0
Arts, entertainment, etc.	62	553	0	0	0	0
Accommodation & food services	(D)	(D)	(D)	(D)	(D)	(D)
Other services	71	1,137	0	0	0	0
ASIAN FIRMS						
All Industries	1,544	554,886	491	502,834	6,450	143,485
Agriculture, fishing & hunting	33	(D)	0	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)
Construction	68	25,746	1	(D)	(D)	(D)
Manufacturing	38	(D)	12	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	139	(D)	38	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	113	(D)	49	(D)	(D)	(D)
Professional services, etc.	87	(D)	11	(D)	(D)	(D)
Administrative & waste management	103	(D)	46	(D)	(D)	(D)
Educational services	(D)	(D)	(D)	(D)	(D)	(D)
Health care & social assistance	95	(D)	66	(D)	(D)	(D)
Arts, entertainment, etc.	47	(D)	12	(D)	(D)	(D)
Accommodation & food services	294	(D)	211	(D)	(D)	(D)
Other services	468	32,220	28	(D)	(D)	(D)

Note: D = No data available
Source: U.S. Census Bureau, *2012 Survey of Business Owners*.

Table 3d. Minority/Women Availability by NAICS Industry, 2012 (cont'd).

Firm Demographics	All firms		Firms with Paid Employees			
	Number of Firms	Receipts ($1,000)	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)
NATIVE AMERICAN FIRMS						
All Industries	373	81,401	45	(D)	(D)	(D)
Agriculture, fishing & hunting	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)
Construction	123	4,870	20	(D)	(D)	(D)
Manufacturing	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	(D)	(D)	(D)	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	25	(D)	0	(D)	(D)	(D)
Professional services, etc.	(D)	(D)	(D)	(D)	(D)	(D)
Administrative & waste management	(D)	(D)	(D)	(D)	(D)	(D)
Educational services	30	(D)	0	(D)	(D)	(D)
Health care & social assistance	31	451	0	0	0	0
Arts, entertainment, etc.	(D)	(D)	(D)	(D)	(D)	(D)
Accommodation & food services	(D)	(D)	(D)	(D)	(D)	(D)
Other services	25	(D)	0	(D)	(D)	(D)

Note: D = No data available
Source: U.S. Census Bureau, *2012 Survey of Business Owners*.

Among all firms in the Corpus Christi MSA in 2012, 7,118 of them (19%) were employers, i.e., firms with one or more employees. The number of those firms with paid employees decreased by 737 from 2002. Their share of the total firms in the area also dropped six percentage points over that period. Of these employer firms in 2012, 2,031 (29%) were owned by minority individuals, and 1,182 (17%) were owned by women. Minority firms are relatively smaller in terms of business size. Out of the area total of $75 billion in receipts generated by employer firms in 2012, minority employers accounted for $1.8 billion (2%) while women employers accounted for $1.6 billion (2%).

In 2012, private firms in Corpus Christi collectively hired 151,758 employees with a total payroll of $5.8 billion. Minority-owned firms together accounted for

20,929 job positions, or 14% of area private employment; and a total payroll of $583 million, or 10% of the area total. Women-owned firms accounted for 14,955 job positions, or 10% of area employment; and a total payroll of $435 million, or 8% of the area total.

The relative sizes of those minority- or women-owned employers have declined in the past two decades. In terms of the sales volume, the share of all minority employers together was 2% in 2012, as opposed to 3% in 2002 and 4% in 1987. Similarly, the corresponding share of women employers fell from 6% in 1987 to 3% in 2002 and 2% in 2012.

3.3 Availability by Industry Division

The degree of availability by minority- and women-owned firms in the Corpus Christi MSA varies substantially across industry divisions, as shown in Tables 3a – 3d. For minority-owned firms, the largest concentration in 2012 went to construction (3,335 firms), followed by health care and social assistance (2,082 firms), and retail trade (1,584). This pattern was dominated by firms owned by Hispanics. In particular, Hispanic-owned firms constituted 63% of all construction firms in Corpus Christi, and generated 11% of the total sales volume in the construction industry.

The distribution of women-owned firms is similar to that of Hispanics. The number of female business owners has grown tremendously in the health care and social assistance, and administrative industries. In 2012, 2,323 businesses in health care and social assistance (66% of industry total) were owned by women. They also accounted for about half of all firms in the administrative and retail trade industries. In terms of sales, however, their shares were substantially smaller. Their largest share was in education services, in which women owners contributed to 18% of the metro area's total receipts.

3.4 Business Growth

Table 4 illustrates the recent growth experience of minority- and women-owned businesses. The data for 2012 are derived from Tables 3a-3d, and those for 2002 are from the previous disparity report (Lee, 2007). Between 2002 and 2012, the total number of businesses in the Corpus Christi MSA grew from 31,592 to 37,854, a nearly 20% growth. By comparison, the number of all minority-owned firms, with or without employees, grew nearly 80%. Much of this growth was driven by Hispanic-owned firms. In percentage terms, however, firms owned by African-Americans showed the largest increase of more than 200%. The growth rate of women-owned firms during this period was 62%, which was on a par with the growth rate of all minority firms combined.

Table 4: Business Growth in Corpus Christi MSA between 2002 and 2012.

Firm Demographics	All firms		Firms with Paid Employees	
	Number of Firms	Receipts ($1,000)	Number of Firms	Receipts ($1,000)
All Firms	19.8%	167.5%	-9.4%	172.1%
All Minority	76.8%	66.8%	39.9%	144.5%
Hispanic	81.5%	52.4%	33.0%	55.1%
Black	200.8%	33.1%	–	–
Asian & Native American	11.0%	101.8%	22.1%	–
Women	62.4%	114.0%	-15.3%	115.0%

Sources: Tables 3a – 3d, and Lee (2007).

Many of the new minority firms, particularly Hispanic-owned firms, are relatively small and without paid employees. Despite the relatively larger increase in the number of firms, the growth of minority firms by sales volume between 2002 and 2012 was 67 percent, which was remarkably less than the 168% growth rate for all firms in Corpus Christi. Measured only by businesses with

employees, the number of minority-owned firms grew by 145%, as compared to 172% for all employer firms. Women-owned employer firms were even smaller in size (measured either by receipts or employees), and they grew at an even slower pace than other employers between 2002 and 2012.

Table 5 compares the measures of availability among different minority business owners over time. The share of minority-owned firms together rose from 23% to 49% over the 25-year period between 1987 and 2012. The shares of individual minority groups also tended to rise over that period.

Table 5: Historical Comparison of Firm Availability, % of Total Firms, 1987-2012.

Firm Demographics	1987	1992	2002	2012
All Firms				
All Minority	23.1%	–	33.4%	49.2%
Hispanic	20.9%	26.0%	28.2%	42.7%
Black	1.2%	1.4%	0.8%	2.1%
Asian & Native American	0.9%	1.1%	4.4%	5.1%
Women	27.7%	38.0%	27.3%	37.1%
Firms with Employees				
All Minority	20.7%	–	18.5%	28.5%
Hispanic	19.0%	–	13.4%	19.6%
Black	0.9%	–	0.8%	1.3%
Asian & Native American	1.2%	–	5.1%	7.5%
Women	17.2%	–	17.8%	16.6%

Sources: Tables 3a – 3d, Marshall (1994), and Lee (2007).

As pointed out above, minority- and women-owned businesses tend to be relatively smaller than other businesses. In 2012, all firms in the Corpus Christi MSA together generated $75.6 billion in gross receipts. Of this total, minority-owned firms accounted for $2.3 billion (3%) and women-owned firms accounted for $1.9 billion (2.5%). In comparison with the shares of minority- and women-owned businesses in 1987, which were 5% and 7%, respectively, those figures for 2012 in fact represent declines since 1987.

Compared to the demographic distributions shown in Table 1, the data in Table 5 suggest that almost all minority groups were *underrepresented* in business formation. For instance, Hispanics accounted for about 60% of the Corpus Christi population, but 43% of the area's businesses. Asians were the only exception: they accounted for 2% of the area population but 4% of the area's businesses.

3.5 Disparity Measures

Tables 6a – 6d present results of disparity index calculations by minority status and by industry. The tables first list the 2012 *Survey of Business Owners* data corresponding to Tables 3a – 3d, except that the data are now expressed in percentage terms. These expressions are used directly for calculating the disparity indexes listed in the same tables. For instance, the percentage of sales (market share) going to women-owned firms was 3%, while their percentage in the firm population (availability) was 37%. Accordingly, the disparity index for women-owned firms is 0.07, which is calculated by dividing their market share of 3% by their availability of 37%. This reading implies that there were over 14 times (1 ÷0.07 = 14.3) more women-owned firms available in Corpus Christi than their market share of sales would suggest. Simply put, women-owned businesses have been *underutilized* given their availability.

Together Tables 6a – 5d reveal that in almost every industries that different minority groups and women do participate, the disparity index is substantially smaller than one. By convention, a disparity index value smaller than 0.7 is considered significant underutilization. The only industry that has a disparity reading higher than 0.7 is wholesale trade for women firms. The disparity index is 0.93. For the 2002 Census data (Lee, 2007), the construction industry instead is such an outlier, with a disparity index of 2.69 for women and 1.43 for Hispanic firms with employees.

The average disparity index for all (employer and non-employer firms) minority- and women-owned businesses across all industries is 0.06. For all local industries together, minority and female business owners made up nearly half of all firms in 2012, but they generated only 3% of the total sales volume in the area. As such, the disparity index indicates that those minority- and women owned firms received only 6% (3÷49 = 0.06) of the business sales implied by their availability.

Table 6a: Disparity Indexes by Minority Status and Industry, Corpus Christi.

Firm Demographics	All firms			Firms with Paid Employees				
	Number of Firms	Receipts ($1,000)	Disparity Index	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)	Disparity Index
ALL FIRMS								
All Industries	100%	100%	1.00	100%	100%	100%	100%	1.00
Agriculture, forestry, fishing & hunting	100%	100%	1.00	100%	100%	100%	100%	1.00
Mining, and oil and gas extraction	100%	100%	1.00	100%	100%	100%	100%	1.00
Utilities	100%	100%	1.00	100%	100%	100%	100%	1.00
Construction	100%	100%	1.00	100%	100%	100%	100%	1.00
Manufacturing	100%	100%	1.00	100%	100%	100%	100%	1.00
Wholesale trade	100%	100%	1.00	100%	100%	100%	100%	1.00
Retail trade	100%	100%	1.00	100%	100%	100%	100%	1.00
Transportation & warehousing	100%	100%	1.00	100%	100%	100%	100%	1.00
Information	100%	100%	1.00	100%	100%	100%	100%	1.00
Finance & insurance	100%	100%	1.00	100%	100%	100%	100%	1.00
Real estate, etc.	100%	100%	1.00	100%	100%	100%	100%	1.00
Professional services, etc.	100%	100%	1.00	100%	100%	100%	100%	1.00
Administrative & waste management	100%	100%	1.00	100%	100%	100%	100%	1.00
Educational services	100%	100%	1.00	100%	100%	100%	100%	1.00
Health care & social assistance	100%	100%	1.00	100%	100%	100%	100%	1.00
Arts, entertainment, etc.	100%	100%	1.00	100%	100%	100%	100%	1.00
Accommodation & food services	100%	100%	1.00	100%	100%	100%	100%	1.00
Other services	100%	100%	1.00	100%	100%	100%	100%	1.00
ALL MINORITY FIRMS								
All Industries	49%	3%	0.06	29%	2%	14%	10%	0.08
Agriculture, fishing & hunting	0%	0%	0.01	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	0%	0%	0.03	(D)	(D)	(D)	(D)	(D)
Utilities	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	9%	0%	0.04	3%	0%	0%	0%	0.04
Manufacturing	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	1%	0%	0.43	1%	0%	0%	0%	0.19
Retail trade	4%	0%	0.08	3%	0%	1%	1%	0.09
Transportation & warehousing	2%	0%	0.03	0%	0%	0%	0%	0.06
Information	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	1%	0%	0.03	1%	0%	0%	0%	0.02
Real estate, etc.	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Professional services, etc.	4%	0%	0.06	4%	0%	1%	1%	0.06
Administrative & waste management	7%	0%	0.01	2%	0%	0%	0%	0.02
Educational services	1%	0%	0.04	0%	0%	0%	0%	0.05
Health care & social assistance	6%	1%	0.15	4%	1%	6%	5%	0.21
Arts, entertainment, etc.	2%	0%	0.01	(D)	(D)	(D)	(D)	(D)
Accommodation & food services	2%	0%	0.18	5%	0%	3%	1%	0.07
Other services	8%	0%	0.03	(D)	(D)	(D)	(D)	(D)

Note: D = No data available
Sources: Tables 2a – 2d, and authors' calculations.

Table 6b: Disparity Indexes by Minority Status and Industry, Corpus Christi (cont'd).

Firm Demographics	All firms			Firms with Paid Employees				
	Number of Firms	Receipts ($1,000)	Disparity Index	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)	Disparity Index
WOMEN FIRMS								
All Industries	37%	3%	0.07	17%	2%	10%	8%	0.13
Agriculture, fishing & hunting	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	1%	0%	0.15	0%	0%	0%	0%	0.70
Utilities	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	2%	0%	0.12	1%	0%	1%	1%	0.16
Manufacturing	0%	0%	0.31	1%	0%	0%	0%	0.21
Wholesale trade	1%	1%	0.93	1%	0%	0%	0%	0.93
Retail trade	5%	0%	0.06	2%	0%	1%	0%	0.09
Transportation & warehousing	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Information	1%	0%	0.04	0%	0%	0%	0%	0.05
Finance & insurance	1%	0%	0.03	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	2%	0%	0.04	2%	0%	0%	0%	0.03
Professional services, etc.	4%	0%	0.03	1%	0%	0%	0%	0.05
Administrative & waste management	6%	0%	0.02	1%	0%	1%	1%	0.12
Educational services	1%	0%	0.04	0%	0%	0%	0%	0.09
Health care & social assistance	6%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Arts, entertainment, etc.	2%	0%	0.00	(D)	(D)	(D)	(D)	(D)
Accommodation & food services	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other services	6%	0%	0.03	(D)	(D)	(D)	(D)	(D)
HISPANIC FIRMS								
All Industries	43%	2%	0.05	5%	20%	2%	9%	0.08
Agriculture, fishing & hunting	0%	0%	0.01	1%	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	0%	0%	0.03	3%	(D)	(D)	(D)	(D)
Utilities	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	8%	0%	0.04	4%	(D)	(D)	(D)	(D)
Manufacturing	1%	0%	0.06	6%	0%	0%	0%	0.06
Wholesale trade	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	3%	0%	0.06	6%	(D)	(D)	(D)	(D)
Transportation & warehousing	2%	0%	0.03	3%	0%	0%	0%	0.07
Information	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Professional services, etc.	4%	0%	0.06	6%	3%	0%	1%	0.06
Administrative & waste management	7%	0%	0.01	1%	1%	0%	0%	0.02
Educational services	1%	0%	0.04	4%	0%	0%	0%	0.05
Health care & social assistance	5%	1%	0.13	13%	(D)	(D)	(D)	(D)
Arts, entertainment, etc.	1%	0%	0.01	1%	(D)	(D)	(D)	(D)
Accommodation & food services	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other services	6%	0%	0.02	2%	(D)	(D)	(D)	(D)

Note: D = No data available
Sources: Tables 3a – 3d, and authors' calculations.

Table 6c: Disparity Indexes by Minority Status and Industry, Corpus Christi (cont'd).

Firm Demographics	All firms			Firms with Paid Employees				
	Number of Firms	Receipts ($1,000)	Disparity Index	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)	Disparity Index
BLACK FIRMS								
All Industries	2%	0%	0.06	(D)	(D)	(D)	(D)	(D)
Agriculture, fishing & hunting	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Manufacturing	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Professional services, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Administrative & waste management	0%	0%	0.00	0%	0%	0%	0%	0.00
Educational services	0%	0%	0.00	0%	0%	0%	0%	0.00
Health care & social assistance	0%	0%	0.01	0%	0%	0%	0%	0.00
Arts, entertainment, etc.	0%	0%	0.00	0%	0%	0%	0%	0.00
Accommodation & food services	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other services	0%	0%	0.01	0%	0%	0%	0%	0.00
ASIAN FIRMS								
All Industries	4%	1%	0.18	7%	1%	4%	2%	0.10
Agriculture, fishing & hunting	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	0%	0%	0.19	(D)	(D)	(D)	(D)	(D)
Manufacturing	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Professional services, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Administrative & waste management	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Educational services	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Health care & social assistance	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Arts, entertainment, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Accommodation & food services	1%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other services	1%	0%	0.03	(D)	(D)	(D)	(D)	(D)

Note: D = No data available
Sources: Tables 3a – 3d, and authors' calculations.

Table 6d: Disparity Indexes by Minority Status and Industry, Corpus Christi (cont'd).

Firm Demographics	All firms			Firms with Paid Employees				
	Number of Firms	Receipts ($1,000)	Disparity Index	Number of Firms	Receipts ($1,000)	Number of Employees	Annual Payroll ($1,000)	Disparity Index
AMERICAN INDIAN FIRMS								
All Industries	1%	0%	0.11	(D)	(D)	(D)	(D)	(D)
Agriculture, fishing & hunting	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining, and oil and gas extraction	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	0%	0%	0.02	(D)	(D)	(D)	(D)	(D)
Manufacturing	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Wholesale trade	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Retail trade	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Transportation & warehousing	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Information	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Finance & insurance	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Real estate, etc.	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Professional services, etc.	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Administrative & waste management	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Educational services	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Health care & social assistance	0%	0%	0.01	0%	0%	0%	0%	0.00
Arts, entertainment, etc.	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Accommodation & food services	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Other services	0%	(D)	(D)	(D)	(D)	(D)	(D)	(D)

Note: D = No data available
Sources: Tables 3a – 3d, and authors' calculations.

For women-owned firms, in particular, the disparity index is 0.06 for all firms and 0.13 for employer firms. For Hispanic-owned firms, the respective figures are 0.05 for all firms and 0.08 for employer firms. These figures indicate a significant *underutilization* of minority- or women-owned firms in the Corpus Christi economy: Their availability is more than 10 times higher than what their actual market share in business sales.

Based on 2012 Census data as the measure of business participation, Tables 6a –6d also show remarkable variation in the size of the disparity indexes across industry divisions. Nevertheless, it is apparent that minority and female

business owners in most industries in Corpus Christi have been facing considerable disparity gaps.

Table 7 compares the disparity indexes based on the five Census databases since 1987. While evidence of disparity in the 2012 Census is similar to those of historical past, the indexes appear to exhibit declining trends over time. This means that disparities between the extent of availability and utilization for minority- and women-owned businesses in Corpus Christi have widened over time.

Table 7: Historical Comparison of Disparity Indexes, All Industries.

Description	1987	1992	2002	2012
All Firms				
All Minority	0.22	–	0.15	0.06
Hispanic	0.22	0.31	0.13	0.05
Black	0.38	0.41	0.31	0.06
Asian & Native American	0.53	0.81	0.24	0.18
Women	0.25	0.38	0.11	0.07
Firms with Employees				
All Minority	0.19	–	0.15	0.08
Hispanic	0.18	–	0.20	0.08
Black	0.11	–	–	(D)
Asian & Native American	0.38	–	–	0.10
Women	0.35	–	0.15	0.13

Note: D = No data available
Sources: Tables 6a – 6d, Marshall (1994), and Lee (2007).

PARTICIPATION IN CCRTA PROCUREMENT

4. PARTICIPATION IN CCRTA PROCUREMENT

4.1 DBE Participation

The evidence on local business availability and disparities in Section 3 serves as the backdrop for the extent of DBE participation in CCRTA contracting and procurement activities. Table 8 shows the pattern of DBE participation based on CCRTA payments since 2001. These figures are equivalent to business receipts for CCRTA contractors and suppliers. For the 2015 procurement database, the payments totaled $27.4 million, and DBE firms together received $1.6 million. The share of DBE participation in the 2015 survey period was therefore 6% ($1.6 million÷$27.4 million = 6%).

Table 8 shows an overall declining trend for the DBE participation rate since FY 2002. The latest figure is substantially smaller than the peak of 25% for FY 2002. Despite the larger total payments to DBEs in 2015 than in 2005-2006, the total amount of CCRTA procurement was more than twice in 2015 as in 2005-2006, resulting in a much smaller DBE participation ratio.

Table 8: Overall DBE Participation by CCRTA Payments.

	Total Payments	Payments to DBEs	% DBE Participation
2015	$ 27,447,076.08	$ 1,616,699.36	5.9%
2005–2006	$ 9,357,391.24	$ 1,760,647.56	18.8%
FY 2005	$ 8,722,162.29	$ 816,081.07	9.4%
FY 2004	$ 5,482,254.75	$ 880,894.82	16.1%
FY 2003	$ 11,417,204.53	$ 2,673,289.64	23.4%
FY 2002	$ 8,725,135.92	$ 2,198,613.25	25.2%
FY 2001	$ 9,956,452.74	$ 1,927,011.39	19.4%

Sources: CCRTA, Lee (2007), and authors' calculations.

CCRTA has also provided a vendor list along with disaggregated data on check disbursement and vendor payments in its survey period ending in April 2015. This database contains for each vendor its DBE status, and the gender and ethnicity of the owner. A total of 984 individuals or companies are considered "ineligible" entries for our purposes mostly because they are either CCRTA's own employees or broad members, or they belong to national incorporations.

Table 9 lists the breakdowns of CCRTA's DBE and non-DBE firms regardless of their locations versus those located within the Corpus Christi MSA. Only 39 (2%) of all 2,840 vendors in the list had been formally certified as a DBE. About half of those vendors were located in Corpus Christi. Among those 39 DBE-certified vendors, 26 were from Corpus Christi.

Table 9: CCRTA 2015 List of Vendors

Vendor Demographics	All Regions		Corpus Christi MSA	
	# Firms	% Total	# Firms	% Total
All Vendors	**2,840**		**1,308**	
Ineligible Individuals & companies	984		432	
Total less Ineligibles	**1,856**	**100.0%**	**876**	**100.0%**
Total DBE Certified	**39**	**2.1%**	**26**	**3.0%**
DBE Hispanic Male	17	0.9%	11	1.3%
DBE Hispanic Female	7	0.4%	5	0.6%
DBE Caucasian Female	15	0.8%	10	1.1%
Total Non-DBE Certified	**1,817**	**97.9%**	**850**	**97.0%**
Non-DBE Caucasian Female	7	0.4%	5	0.6%
Non-DBE Caucasian Male	1	0.1%	1	0.1%
Non-DBE Hispanic Female	8	0.4%	5	0.6%
Non-DBE Hispanic Male	22	1.2%	20	2.3%
Non-DBE Asian Female	1	0.1%	0	0.0%
Non-DBE Woman	1	0.1%	1	0.1%
Non-DBE Other Minorities	2	0.1%	2	0.2%

Sources: CCRTA, and authors' calculations.

Table 10 contains a breakdown of DBE participation by payments. The table includes only vendors that received payments during the survey period ending in April 2015, and it excludes individuals and companies that are considered "ineligible" for the purposes of this study. According to the table, CCRTA made payments totaling $27.4 million to 417 business vendors. Out of those 417 paid vendors, 12 (3%) were DBE-certified. Among those 12 DBEs, six were Hispanic-owned firms. Another six firms were owned by women, the majority of whom (five out of six) were Caucasians, or non-Hispanic Whites. Over 97% of contract payments went to non-DBEs, which made up about 94% of CCRTA's vendors.

The DBE participation statistics are similar if the geographical scope is confined only to the Corpus Christi MSA. Out of the total 297 paid vendors from Corpus Christi, 9 vendors were DBE-certified. The participation rate is therefore 3%, which is the same as the ratio for all vendors in CCRTA database.

Table 10: DBE Participation by CCRTA Payments, 2015.

Vendor Demographics	Amount	% Total	# Firms	%Total
CCRTA Total	$27,447,076	100.0%	417	100.0%
All DBEs	$1,617,419	5.9%	12	2.9%
Hispanic	$584,616	2.1%	6	1.4%
Others*	$1,032,803	3.8%	6	1.4%
DBE Men	$584,616	2.1%	6	1.4%
Hispanic	$584,616	2.1%	6	1.4%
Others*	$0	0.0%	0	0.0%
DBE Women	$1,032,803	3.8%	6	1.4%
Hispanic	$0	0%	0	0.0%
Caucasian	$1,032,083	3.8%	5	1.2%
Others*	$720	0.003%	1	0.2%
Non-DBEs	$25,830,377	94.1%	405	97.1%

Note: * Black or African American, Asian, Native American, and other minority firms.
Sources: CCRTA, and authors' calculations.

4.2 CCRTA Disparity Indexes

Based on CCRTA's vendor records, disparity indexes are computed using measures of participation for different demographic groups relative to measures of their availability. Based on the formulas presented in Section 2 (equation 2), the indexes are calculated using CCRTA payment dollars as the measurement of utilization, and the numbers of local firms as the measurement of participation. Both employer and non-employer firms are included in the calculation. In addition, to provide insights into the performance of *all* minority- and women-owned firms, the database for computing the disparity indexes includes also non-DBE certified vendors rather DBEs alone.

The first four columns of Table 11 list the data for calculating the disparity indexes. The second columns lists the average payments by the demographic of business owners. The average CCRTA vendor payment during the survey period was $65,820. By comparison, payments to minority- and women-owned

businesses, including those certified as DBEs, averaged at $33,567. However, Caucasian women received an average payment of $87,682, which was more than twice as much as the average for all minority- and women-owned businesses.

The third column of Table 11 shows the percentages of total CCRTA payments going to different business demographic groups. The fourth column lists the corresponding percentages measured by the numbers of vendors instead of payment amounts. Disparity indexes, displayed in the fifth column, are computed as the ratios of the figures in the third column over the corresponding figures in the fourth column. For comparison purposes, the last two columns list the disparity indexes reported in Marshall (1994) and Lee (2007), respectively.

Table 11: Disparity Indexes for CCRTA by Demographics.

Firm Demographics	Average Payment	% of Total Payment	% of Firms	Disparity Index		
				2015	2005-06	1988-94
All Firms	$65,820	100%	100%	1.00	1.00	1.00
All Minority/Women	$33,567	6.6%	10.1%	0.66	0.56	0.49
Hispanic	$18,906	2.8%	8.2%	0.34	0.14	0.49
Others*	$1,737	0.1%	1.9%	0.05	2.86	0.19
DBE Men	$22,242	2.8%	6.7%	0.41	0.36	–
Hispanic	$22,810	2.7%	6.5%	0.42	0.13	–
Others*	$3,500	0.01%	0.2%	0.05	1.17	0.69
Women	$52,820	3.8%	3.4%	1.15	0.37	0.14
Hispanic	$500	0.01%	1.7%	0.01	0.18	–
Caucasian	$87,682	3.8%	1.7%	2.28	0.42	0
Non-Minority/Women	$70,618	93.4%	97.1%	0.96	1.22	–

Note: * Black or African American, Asian, Native American, and other minority firms.
Sources: Table 10, Marshall (1994), Lee (2007), and authors' calculations.

The disparity indexes in Table 11 provide some perspective on minority- and women-owned businesses' participation in CCRTA procurement relative to their availability. The disparity index for all minority/female vendors as a whole is 0.66, which suggests that there are one and a half (1 ÷0.66 = 1.5) times as many minority- and women-owned firms available in the Corpus Christi MSA as what their combined share of CCRTA expenditures would suggest. This finding is in line with the earlier observations reported by Marshall (1994) and Lee (2007), highlighting the persistence of disparity conditions over time.

The disparity index for Hispanic owners is 0.34. As compared with the estimate of 0.49 in the earlier disparity study (Marshall, 1994), this updated disparity index suggests that the extent of *underutilization* for Hispanic businesses has deepened over the past two decades. On the other hand, there was substantial improvement for female business owners. For Caucasian (non-Hispanic White) women, in particular, the disparity index rises from 0.42 for the 2005-06 survey period to 2.28 in the latest survey period. This was a result of a substantial increase in their average procurement dollar amount.

As for the broader Corpus Christi economy, quantitative data clearly indicate that minority business owners, particularly Hispanics, face considerable disparities in CCRTA contracting and procurement activities. The disparity index is the lowest for Hispanic males, with a current utilization rate at only one-third of their availability rate. On the other hand, there appears significant improvement in utilizing certain minority groups over time, notably female business owners.

4.3 DBE Program Goal

CCRTA has established a DBE Program goal of 13% for its federally-funded expenditures during the period FY 2014-16. It is important to distinguish that CCRTA's official DBE goal applies solely to federally-funded expenditures. Appendix A shows the DBE program information and certification criteria.

In 2014, the total amount of federal and other grants, which equaled $125,900, represented only 0.4% of CCRTA's total revenue of $2.2 million for that year. The total amount of those grants was about 10 times larger in 2013 but still represented 4% of CCRTA's total annual revenue. The majority of CCRTA's revenues come from local sales and use taxes. This implies that our statistical results for the minority- and women-owned businesses bear no direct implication as to whether CCRTA has met its announced DBE goal.

Based on CCRTA list of paid business vendors during the 2015 survey period, 54 of the total 417 businesses were minority- or women-owned. This means that the market share (regardless of official DBE status) as measured by the number of businesses is 12.9%, which is on a par with CCRTA's DBE program goal.

QUALITATIVE ANALYSIS

5. QUALITATIVE ANALYSIS

5.1 Methodology

Quantitative findings in this disparity study, as described in Sections 3 and 4, have been supplemented with anecdotal data and surveys of opinions from local business owners and managers. The research team has investigated perceptions of the local business climate and the procurement processes of local government agencies through surveys and focus group meetings in October and November, 2015. The processes and instruments of those surveys and meetings drew on a recent disparity study conducted by MGT of America (2010) for state contracting in Texas.

5.2 Survey of Local Business Owners

The survey of local business owners' opinions contains 31 questions. Respondents were given an option to participate voluntarily and anonymously in the survey either by filling out a print copy, or responding to the same questions on the Internet. Appendix B shows the survey instrument in print format.

Copies of the questionnaire and email invitations for participation were sent out on a random basis to more than 300 business people in Corpus Christi. Some copies of the survey were handed out at Texas A&M University-Corpus Christi. Staff at Del Mar College's Procurement Technical Assistance Center (PTAC) also provided assistance in distributing hard copies of the survey at the Del Mar College Economic Development Center, as well as forwarding the email invitation to PTAC members for voluntary participation.

The online survey was conducted through Qualtrics with questions identical to those in paper form. To merge the results from the two sources, responses from hard copies were subsequently entered by the research team

into the Qualtrics database. Appendix C contains details of the tabulated survey results.

The surveys resulted in a total of 52 returns. Out of those 52 returns, 45 respondents fully completed the surveys. The other seven returns do not contain any meaningful responses and thus have been discarded. The next section is a summary of the findings, followed by details of the responses for each question.

5.2.1 Summary of Findings

Most of the respondents were key decision makers of their own companies, either as an owner or a manager. The size of those businesses varied widely. Less than 15% of them had received contracts from the government sector in 2014, including CCRTA. Government procurements also represented only a minor source of revenues for those businesses.

The majority of respondents considered themselves either a minority, woman or small business owner. Nearly one third of them valued the DBE status in doing business with government agencies, although the majority of them did not believe that the DBE status facilitated their ability to work on local government projects.

The major reason for those respondents not being certified was their perception that application required excessive information. Top business challenges for those businesses included competition with large companies and the selection process. The responses were mixed for the question regarding opinions on the existence of an informal network that had excluded their own companies from doing business in Corpus Christi.

5.2.2 Details of Survey Responses

Q1: What is your title?

Q2: Are you able to answer questions concerning ownership and business activities?

Out of those 45 respondents, 64% are business owners, 11% are CEO's/presidents, and 16% are managers/financial officers. Other respondents include VP managers and manager partners, who represent key decision makers of their businesses and thus are qualified to be included in this survey.

Q3: Which ONE of the following is your company's primary line of business?

The majority of those businesses in the survey provide services instead of goods. This reflects the business patterns of Corpus Christi. Only 11% of those businesses provide goods, such as books, office supplies and equipment.

Q4: What is the highest level of education completed by the primary owner of your company?

In terms of educational attainment, nearly 60% of the respondents have completed college education, and 23% of them have earned a post graduate degree. Another 23% of them have received some college education, and 5% of them have received trade or technical education.

Q5: In what year was your company established?

In terms of company history, the majority of those businesses are relatively young. Thirty businesses (67%) began in or after 1990, and thus are no more than 25 years old. Four businesses are new startups with their inceptions during the same year of the survey. The oldest organization

was established in 1916, and the second oldest business was established in 1946.

Q6: How many years of experience in your company's business line does the primary owner of your firms have?

Despite the relatively short history of those businesses, respondents have relatively strong experience in their companies' business lines. Nearly 60% of the respondents indicated at least 20 years of experience.

Q7: Excluding yourself, on average, how many employees does your company keep on the payroll, including full-time and part-time staff?

Regarding company size, most of those companies are fairly small. A total of 64% of the responding businesses have no more than 10 employees. On the other hand, four businesses (9%) keep at least 50 employees on their payroll.

Q8: Is your company sole proprietor, partnership, or corporation?

Reflecting the patterns of company size, corporations represent 34% of the sample, and sole proprietors represent 27%. Another 27% of those businesses are Limited Liability Companies (LLCs).

Q9: Which of the following categories best approximates your company's gross revenues for calendar year 2014?

Another measure of company size is business revenue. More than 10% of those businesses are relatively large, with gross revenues exceeding $10 million per year. The other businesses spread rather evenly across different revenue categories up to $5 million per year.

Q10: Which of the following categories best approximates your company's gross revenues for calendar year 2014?

CCRTA and the government sector represent relatively minor sources of revenues for those local businesses. Only six of the 45 respondents indicated at least some revenue sources from CCRTA in 2014, and the maximum amount was a mere 5%. On the contrary, the private sector is the primary revenue source for the majority of those business. The private sector is the only revenue source for 11 businesses.

Q11: Which of the following categories best approximates your company's largest contract awarded?

There is a large diversity in the largest amount of contracts awarded to those companies. While less than $50,000 represents the largest contract for more than 40% of those businesses, 10% of them have earned contracts over $1 million.

Q12: Is 51% or more of your company owned and controlled by a woman or women?

Nearly half (47%) of those businesses are considered woman-owned businesses with more than 50% of the company owned and controlled by at least one woman.

Q13: Is 51% or more of the company owned and controlled by one of the following racial or ethnic groups?

Non-Hispanic White, or Caucasian, are owners of half (50%) of those businesses in the survey. Hispanic is the second most popular demographic group as primary business owners, making up 34% of those respondents. African Americans represent 5% of those businesses, and

Asian 2%. Two respondents indicated that they are Hispanic, non-American citizens.

Q14: Is your company a DBE certified by the Texas Unified Certification Program or any other agency's certification program?

The survey respondents are well represented by individuals with DBE certification. A total of 44% of those respondents indicated that their companies had been certified as a DBE by the Texas Unified Certification Program or other similar programs.

Q15: What is your certification? Check all that applies.

For those DBE businesses, the type of specific certification spreads equally across MBE (Minority-owned Business Enterprise), WBE (Women-owned Business Enterprise), and DBE (Disadvantaged Business Enterprise) at 19% each. A total of 5 (31%) businesses identified HUB (Historically Underutilized Business) as their certification.

Q16: If you are not certified as with the State or City, what is the primary reason you are not?

For those non-DBE certified businesses, 12% of the respondents indicated that they were not qualified. Another 12% of those respondents indicated that application required too much information.

Q17: Do you consider your company a minority, women, or small business enterprise?

Regardless of the DBE certification status, all but one respondent considered their companies a minority, women, or small business enterprise.

Q18: Has your status as an M/W/D/SBE facilitated your ability to work on Corpus Christi Government projects?

When asked whether the DBE status facilitated their ability to work on Corpus Christi Government's projects, 32% of the respondents provided a positive response and 68% indicated no.

Q19: Do you feel your race or sex has been a positive or negative factor in your business relationship with the Corpus Christi Government?

When asked whether the respondents' race or sex had been a positive or negative factor in their business relationship with the Corpus Christi Government, 27% of them indicated yes and the rest indicated no.

Q20: Do you think certified M/W/D/SBE have a competitive advantage in doing business with the Corpus Christi Government?

Similar to the survey results of the preceding two questions, 36% of respondents considered that their DBE certification provided a competitive advantage in doing business with the public sector in Corpus Christi.

Q21: Do you think M/W/D/SBEs face challenges not faced by non- M/W/D/SBE?

A total of 38% of respondents viewed that M/W/D/SBEs face challenges not faced by their business counterparts.

The following questions are related to work your company have done or attempted to with the Corpus Christi Regional Transportation Authority, City, Nueces County, and other local government agencies.

Q22: The following list of factors may prevent companies from bidding or obtaining work on a project.

In your experience, have any of the following been a barrier to obtaining work on projects as a prime contractor/service provider or subcontractor on projects for the Corpus Christi Government:

#	Question
1	Prequalification requirements
2	Bid bond requirement
3	Performance bond requirements
4	Payment bond requirement
5	Financing
6	Insurance (general liability, professional liability, etc.)
7	Proposal/Bid specifications
8	Limited time given to prepare bid package or quote
9	Limited knowledge of purchasing contracting policies & procedures
10	Lack of experience
11	Lack of personnel
12	Contract too long
13	Selection process
14	Unnecessary restrictive contract specifications
15	Slow payment or nonpayment
16	Competing with large companies

This question deals with respondents' opinions on a list of 16 potential factors that may prevent companies from bidding or obtaining work on a government project. Competition with large companies and the selection process were identified as the top challenges, while lack of experience and insurance requirements were considered least important factors.

Q23: Since 2010, how many times has your company submitted a bid or proposal to be a contractor/service provider for a project with the Corpus Christi Government?

When asked about the number of times the respondents had submitted a bid or proposal for a project with local government agencies since 2010, 40% of them indicated none. Slightly more than that amount (43%) indicated between one and 10 times. Two respondents (5%) indicated more than 100 times. This means that nearly half of the respondents have made an effort in doing business with the local government.

Q24: Since 2010, how many times has your company been awarded a project as a contractor/service provider by the Corpus Christi Government?

When asked about the number of contracts awarded by the Corpus Christi Government, 46% of the respondents indicated none, with another 46% indicated between one and 10 contracts. One respondent (3%) indicated more than 100 contracts.

Q25: As a contractor/service provider, are you required to have bonding for the type of work that your company bids?

In this question, 38% of the respondents indicated that they were required to have bonding as a contractor or service provider. The rest (62%) indicated no requirement for bonding.

Q26: What is your current aggregate bonding limit?

The respondents indicated that their aggregate bonding limit spread widely across different dollar ranges. Five respondents (26%) indicated less than $100,000, while two respondents (11%) indicated move than $5 million.

Q27: What is your current single project bonding limit?

In terms of the bonding limit for a single project, 35% of the respondents indicated below $100,000. An equal number of four respondents (24%) indicated the bonding limit of $0.5-$1 million and $1-$1.5 million.

Q28: For the following statement, please indicate whether you Strongly Agree, Somewhat Agree, Neither Agree Nor Disagree, Somewhat Disagree, or Strongly Disagree.

"There is an informal network of contractors and service providers that has excluded my company from doing business in the private sector."

This question asked for a response to the above statement. One-third (33%) of the respondents strongly disagreed to the statement, and another 33% of them neither agreed nor disagreed. A total of 10 respondents agreed (13%) or another 10 strongly agreed (13%) to that statement. As such, perceptions about the existence of an informal network are not particularly strong.

Q29: Has your company applied for a commercial (business) bank loan since 2010?

This and the following two questions pertain to potential barriers for accessing financial capital. About half (49%) of the respondents have applied for a business bank loan since 2010.

Q30: Were you approved or denied for a commercial (business) bank loan?

For those businesses that have applied for a bank loan, the majority of them (75%) have been approved for it. One quarter (25%) of those businesses, however, have been denied a loan.

Q31: Which of the following do you believe was the primary reason for your being denied a loan?

For those respondents who have been denied a loan, one indicated that his/her race or ethnicity was the primary reason. Other factors include insufficient business history or income, and bad credit.

5.3 Focus Group Discussions

5.3.1 The Process

In addition to the anonymous opinion surveys of local businesses, the research team conducted two Focus Group meetings on October 15 and 27, 2015. Public announcements of the meetings were disseminated through flyers and emails, along with an advertisement in the Corpus Christi *Caller-Times* newspaper. Appendix D displays those announcements. The general public was invited to share opinions regarding the business relationship with CCRTA and other government agencies. The announcement also indicated that the meetings were part of a minority-/women-owned businesses/DBE disparity study that analyzed the procurement and contracting opportunities for local businesses in order to identify whether a statistical disparity exists.

The two Focus Group interviews were co-sponsored by Del Mar College's Procurement Technical Assistance Center (PTAC). PTAC helped distribute flyers for the meetings, and co-hosted both meetings in Del Mar College's Economic Development Center. Each meeting lasted for approximately one hour. Appendix D also documents the guidelines for the meetings and the list of five questions used at the two meetings. Members of the research team presented each question in order and then asked for responses from attendees on a voluntary basis. The following section summarizes the comments expressed by the participants.

5.3.2 Major Findings

Most attendees represented small and minority-owned businesses. Business vendors learned about government procurement opportunities through a variety of formal as well as informal channels. As indicated in the Survey of

Business Owners, business vendors faced challenges in the DBE certification process, even if they believed that they qualified. In addition, they felt that as small businesses, they were at a disadvantage during the bidding process in competition with larger businesses. The following lists the responses to each of the five questions asked during the Focus Group meetings.

1. **Please discuss how you get information about the Corpus Christi Government's procurement opportunities.**
   - Information was obtained from a variety of sources, including email, public announcements, government websites, PTAC, and word of mouth.

2. **What do you feel most influences with your ability to do business with the Corpus Christi Government vs. the private sector? What barriers do you face in winning contracts as a DBE with the government agencies?**
   - Credentials
   - Financials, particularly bonding requirements
   - Time factor to project completion
   - Barriers to get certified as DBE – tax returns, 3-year established business history or industry specific experience
   - Difficulty meeting the threshold for bonding
   - Excessive technical qualifications that include liability, insurance, workers' comp, bonds, and safety plans

3. **Do you feel the opportunities and services provided by the Corpus Christi Government through this DBE program are helpful?**
   - It provides an opportunity for small business owners to see what's out there.
   - Pre-bid processes are dominated by larger companies with subcontractors, but they also provide a channel for smaller business owners to network.

4. **How could the Corpus Christi Government improve its procurement practices to enable more businesses to participate on government projects?**
   - Disallow government agencies from cancelling an already announced project for bidding due to low bids.
   - Follow more closely federal regulations instead of their own (e.g., wage scales for the appropriate occupations): disallow contractors or government agencies to set below federally minimum wages.

5. **What business assistance services provided by the Corpus Christi Government have you used? Did you find them helpful? Please explain.**
   - Assistance with credit problems or bonding requirements
   - Provide more support for subcontractors to work their way up

5.4 Conclusions

The anecdotal data collected from local business vendors highlight some specific challenges faced by small local businesses, particularly minority- and women-owned businesses. The majority of minority and female business owners valued the DBE status in doing business with the local government. However, the certification process, particularly the burden of required information, was widely perceived to be a reason for those business vendors not to become a certified DBE. Owners of small businesses also believed that they suffered a disadvantage against their larger counterparts in doing business with CCRTA or other government agencies.

SUMMARY FINDINGS AND RECOMMENDATIONS

6. SUMMARY FINDINGS AND RECOMMENDATIONS

6.1 Quantitative Findings

This disparity study begins with a technical approach, which compares the extent of utilization for local minority- and women-owned businesses against their availability. To this end, the research team first compiled data on minority- and women-owned businesses, both in the private sector of the Corpus Christi MSA and those who have served as suppliers for CCRTA.

The Census data on local businesses have facilitated the analysis of disparities between business availability and participation for different demographic groups in Corpus Christi. In light of the conventional statistical measures, the extent of disparity between the participation and availability for minority- and women-owned businesses, as documented in earlier disparity reports for CCRTA, largely prevails today. The disparity indexes for the individual minority groups also exhibit downtrends over the subsequent Census periods between 1987 and 2012. This pattern suggests that the extent of disparities for those local business owners might have become more severe.

In 2012, minority groups collectively made up nearly 50% of all firms in Corpus Christi, a substantial increase from the share of 33% in 2002. The respective shares of all minority groups and women-owned firms also increased within this 10-year period. However, their shares of business sales are appreciably lower than their respective population shares. For all minority groups, their businesses are *underutilized*, meaning that minority entrepreneurs earn less business than what their availability would suggest. Despite their growth in sheer numbers, their shares in the Corpus Christi economy as measured by business revenues decreased from 5% in 2002 to 3% in 2012. Accordingly, the disparity index for those businesses—the ratio of utilization to the ratio of availability—fell from 0.15 in 2002 to 0.06 in 2012. Today, the

proportion of business share going to minority- and women-owned firms in Corpus Christi is less than 10% of their respective share of the business population.

The extent of disparities appears less striking for CCRTA, which has established a DBE program. CCRTA has consistently met or exceeded its annual DBE participation goal on federally assisted contracts. Based on CCRTA payments, the participation of minority- and women-owned businesses in contracting and procurement activities has also been in line with the Authority's program goal specifically for certified DBEs.

However, disparity indexes, which compare measures of minority businesses' utilization against their availability, confirm that considerable disparities that were found in the previous two reports (Marshall, 1994; Lee, 2007) still exist today among CCRTA's vendors. The share of the Authority's procurement dollars going to minority and women-owned businesses together is 67% of their respective share of the business population. In particular, the disparity index for Hispanic male business owners is 0.42, meaning that they receive less than half of CCRTA business relative to the extent of their availability. On the contrary, the disparity index for Caucasian female business owners indicates that their share of CCRTA payments is about twice as much as the measure of their availability would suggest. A lesson can be learned from those successful female entrepreneurs.

As with other disparity studies, research has been conducted using the narrow statistical standards established by the Court in *Croson*. Accordingly, quantitative analysis is limited to the outstanding population of minority- and women-owned firms, and thus excluding any "discouraged" businesses that have never entered or "deterred" businesses that have left the marketplace altogether due to the possible presence of inequitable treatments. As a result of this methodology, the findings most likely *understate* the "true" extent of business disparities in Corpus Christi.

On the other hand, the majority of minority- and women-owned businesses owners are not DBE-certified. For CCRTA, 78% of its minority and female business vendors did not receive DBE certification or maintained that status during the 2015 survey. As such, analyses with only certified DBEs plausibly *understate* the "true" extent of participation by minority and female business owners. To gain a more accurate perspective on business disparities, it is recommended that CCRTA and the community make increasing efforts in certifying eligible DBEs.

6.2 Survey Findings

Our technical analysis with "hard data" has been complemented by qualitative findings on anecdotal data. The research team has solicited opinions from local business owners in a series of surveys and focus group interviews. Responses from participants in those surveys and meetings yield a few insights into the local business environment for small and, in particular, minority-owned businesses—the lifeblood of the Corpus Christi economy.

Minority- and women-owned business owners indeed face unique challenges, either perceived or actual. The majority of those entrepreneurs value the DBE status in doing business with CCRTA and other local government agencies. However, a large number of them who are not DBEs believe that the certification process, particularly the amount of required information, is a hurdle for them not to become a certified DBE. From this perspective, more technical assistance, training programs and community support would help improve the DBE participation rate.

In the surveys, owners of relatively smaller businesses also believed that they had suffered a disadvantage against their larger counterparts in doing business with CCRTA and other government agencies. This highlights the role of size in firm performance and business competition, as explained in detail by Lee

(2009). Moreover, as for the broader national economy, the particularly small sizes of those businesses help contribute to the entrenched disparity issues within the local business community.

Corpus Christi has earned the reputation as one of the best U.S. cities for Hispanic entrepreneurs, next only to Laredo, Texas (Bernardo, 2014). The area is also relatively easy to start a business, according to the business surveys conducted by WalletHub. Despite a favorable business climate in the region, Hispanic and other minority entrepreneurs have persistently faced challenges that are common to many small businesses in addition to their unique factors, such as being new immigrants.

According to the statistical as well as anecdotal data in this study, those entrepreneurs tend to limit their businesses to small sizes. One of the key factors for their size limitations is the lack of financial capital and other support necessary to grow a business or to compete with larger, national corporations. From this perspective, relatively more community resources should be directed toward unlocking the growth opportunities of small businesses as opposed to creating more startups. Major community stakeholders that engage in small business development in Corpus Christi include the new Chamber of Commerce and various local business associations; the Small Business Development Center and Procurement Technical Assistance Center at Del Mar College; and the Coastal Bend Business Innovation Center at Texas A&M University-Corpus Christi.

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REFERENCES

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APPENDICES

APPENDIX A:

CCRTA DBE Eligibility Criteria

Disadvantaged Business Enterprise (DBE) Program Information

Disadvantaged Business Enterprise (DBE) program is a federal program managed by the U. S. Department of Transportation (DOT) as set forth in 49 Code of Federal Regulation (CFR) Part 26 and Part 23 to recruit socially and/or economically disadvantaged firms in DOT sponsored projects. The goals of the program are to remedy past and current discrimination against disadvantaged business enterprises, ensure a "level playing field" in which DBEs can compete fairly for DOT-assisted contracts, improve the flexibility and efficiency of the DBE program, and reduce burdens on small businesses.

Any transportation related project, including aviation, highway, or public transportation, which is supported in whole or in part by federal funding, must include an opportunity for DBE participation.

Because the Corpus Christi Regional Transportation Authority (CCRTA) receives federal funding from the Department of Transportation, it must in turn utilize as much as possible of that funding with small, minority-owned, and/or woman-owned companies.

Please note that DBE status is not required to do business with CCRTA; however, CCRTA must seek out and certify eligible and interested firms in Corpus Christi and the surrounding areas. Each year CCRTA must report back to the Department of Transportation how much of their funding went to DBEs and it can only count those that are certified as such.

Eligibility Criteria

- A business must be 51% owned, controlled, and managed by one or more socially and economically disadvantaged individuals.
- A business must be a small business as defined Small Business Administration (SBA) size standards. The firm's average annual gross receipts over the previous three fiscal years must not exceed U.S. DOT's cap of $23.98 million.
- Effective February 28, 2011, the Personal Net Worth (PNW) of each socially and economically disadvantaged owner must not exceed $1,320,000. Items excluded from disadvantaged owner's net worth calculation are his/her personal residence and ownership interest in the applicant firm.
- Only U.S. citizen or lawfully admitted permanent residents are eligible for certification.

DBE Benefits

- Applicants need only apply once for DBE certification that will be honored by all recipients in the state. Reciprocity with other Texas Unified Certification Program (TUCP) members includes Texas Department of Transportation, City of Houston, North Central Texas Regional Certification Agency, and South Central Texas Regional Certification Agency.

- Registers your business with Texas Department of Transportation's statewide DBE Directory

- DBE Certification enables qualified vendors to bid not only on CCRTA projects, but the opportunity to bid statewide for all DOT transportation modes, including Aviation, Highways, and Public Transportation.

- DBE Certification also provides your company with numerous other benefits such as contract information, referrals, technical assistance, and referrals to prime contractors.

Source: CCRTA, accessed online at http://www.ccrta.org.

APPENDIX B:
2015 Survey of Business Owner
Survey Form



ANNOUNCEMENT
Survey of Business Owners

Dear Local Business Owner:

We invite you to participate in a survey about the demographics of small business owners in the Corpus Christi metro area. This survey is part of a study of the availability of local Minority and Women-owned Business Enterprises, and Disadvantaged Business Enterprises, and their utilization by local government agencies.

This survey is powered by Qualtrics, and it should take no longer than 15 minutes to complete. Please note that your responses will remain completely anonymous. The survey will close on October 30.

If you are interested in participating, please click [START SURVEY] below to access the survey, **or copy and paste the URL** http://tinyurl.com/stxsurvey **into your internet browser.**

START SURVEY

This is a project of our South Texas Economic Development Center at Texas A&M University-Corpus Christi. The study is commissioned by the Corpus Christi Regional Transportation Authority and co-sponsored by the Del Mar College Procurement Technical Assistance Center.

A summary of aggregated survey results will be available in early 2016 by contacting Jim Lee at jlee@tamucc.edu.

You are also invited to participate in one of two Focus Group sessions on October 15 and 27. For detailed information, visit http://tinyurl.com/stxinvite.
Thank you very much for your time.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

PTAC

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

2015 SURVEY OF BUSINESS OWNERS

Project conducted by

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

Sponsored by

PTAC

Procurement Technical Assistance Center

SURVEY OF BUSINESS OWNERS

Corpus Christi Government

INTRODUCTION

South Texas Economic Development Center at Texas A&M University-Corpus Christi is conducting a study of the utilization of Minority- and Women-owned Business Enterprises (M/WBE), Disadvantaged Business Enterprises (DBE) for the **Corpus Christi Regional Transportation Authority, City, Nueces County, and other local government agencies (collectively referred to as the Corpus Christi Government)** to determine the current business climate and help evaluate the procurement of services and products for the Corpus Christi Government, and the anecdotal evidence collected from a broad cross section of businesses.

The following survey will gather information on business ownership, work performed and/or bid with the Corpus Christi Government, work bid and/or performed in the private sector, and factors, perceived or real, that might have affected your firm in doing business with the Corpus Christi Government. The results of the study will provide the basis that will potentially result in recommendations to improve the Corpus Christi Government's current procurement programs.

This is a great opportunity for you to provide feedback regarding your experience doing business with or attempting to do business with the Corpus Christi Government by agreeing to carefully complete this survey**.** The survey will only take a few minutes of your time to complete. **Your information is aggregated for the overall analysis and used only for the purpose of conducting this study. Individual information is kept confidential.**

For each question, please check the response that applies to you or your company.

This survey will typically take no more than 15 minutes to complete.

Access survey online at http://tinyurl.com/STXsurvey

Q1 What is your title?

- ☐ Owner
- ☐ CEO/President
- ☐ Manager/Financial Officer
- ☐ Other _____

Q2 Are you able to answer questions concerning ownership and business activities?

- ☐ Yes
- ☐ No **(If No, discontinue survey. Thank you!)**

BUSINESS PROFILE

Q3 Which **ONE** of the following is your company's primary line of business?

- ☐ Construction *(such as general contractor, electrical, site work, HVAC, drywall, etc.)*
- ☐ Construction Related Professional Services *(such as architecture, engineering environmental, structural, land development, etc.)*
- ☐ Professional Services *(such as consulting, accounting, software development, marketing, legal services, etc.)*
- ☐ General Services *(such as landscaping, building maintenance, vehicle maintenance, janitorial, security, training, etc.)*
- ☐ Goods *(such as books, office supplies, computers, equipment, vehicles, etc.)*
- ☐ Other, Please specify _____

Q4 What is the highest level of education completed by the primary owner of your company?

- ☐ Some high school
- ☐ High school graduate
- ☐ Trade or technical education
- ☐ Some college
- ☐ College degree
- ☐ Post graduate degree
- ☐ No response/Don't know

Q5 In what year was your company established? _____

Q6 How many years of experience in your company's business line does the primary owner of your firms have? _____

- ☐ 0 – 5 years
- ☐ 6 – 10 years
- ☐ 11 – 15 years
- ☐ 16 – 20 years
- ☐ 20+ years

Q7 Excluding yourself, on average, how many employees does your company keep on the payroll, including full-time and part-time staff?

- ☐ 0 - 10
- ☐ 11 - 20
- ☐ 21 - 30
- ☐ 31 - 40
- ☐ 41 - 50
- ☐ 51+

Q8 Is your company sole proprietor, partnership, or corporation?

- ☐ Sole proprietor
- ☐ Partnership
- ☐ Joint venture
- ☐ Limited Liability Company (LLC)
- ☐ Limited Liability Partnership (LLP)
- ☐ Corporation
- ☐ Non-profit organization

Q9 Which of the following categories best approximates your company's gross revenues for calendar year 2014?

- ☐ Up to $50,000?
- ☐ $50,001 to $100,000?
- ☐ $100,001 to $300,000?
- ☐ $300,001 to $500,000?
- ☐ $500,001 to $1 million?
- ☐ $1,000,001 to $3 million?
- ☐ $3,000,001 to $5 million?
- ☐ $5,000,001 to $10 million?
- ☐ Over $10 million?
- ☐ Don't Know

Q10 What percentage of these gross revenues was earned from the Corpus Christi Regional Transportation Authority, the City of Corpus Christi, the private sector, and other local public government sector (e.g., county, ISD) projects? (Must total 100%)

CCRTA _____ City _____ Other Public Sector _____ Private Sector _____

Q11 Which of the following categories best approximates your company's largest contract awarded?

- ☐ Not applicable
- ☐ Up to $50,000?
- ☐ $50,001 to $100,000?
- ☐ $100,001 to $200,000?
- ☐ $200,001 to $300,000?
- ☐ $300,001 to $400,000?
- ☐ $400,001 to $500,000?
- ☐ $500,001 to $1 million?
- ☐ Over $1 million?
- ☐ Don't Know

Q12 Is **51% or more** of your company owned and controlled by a woman or women?

- ☐ Yes
- ☐ No
- ☐ Don't Know

Q13 Is **51% or more** of the company owned and controlled by one of the following racial or ethnic groups?

- ☐ White/Caucasian
- ☐ African American
- ☐ Asian or Pacific Islander
- ☐ Hispanic American
- ☐ Native American/Alaskan Native
- ☐ No Response/Don't Know
- ☐ Other Specify: _____

Q14 Is your company a DBE certified by the Texas Unified Certification Program or any other agency's certification program?

- ☐ Yes
- ☐ No
- ☐ Don't Know

[IF THE ANSWER IS YES, THEN SKIP TO QUESTION 15]
[IF THE ANSWER IS NO, THEN SKIP TO QUESTION 16]
[IF THE ANSWER IS DON'T KNOW, THEN SKIP TO QUESTION 21]

Q15 What is your certification? ***Check all that applies.***

- ☐ MBE (Minority-owned Business Enterprise)
- ☐ SBE (Small Business Enterprise)
- ☐ WBE (Women-owned Business Enterprise)
- ☐ DBE (Disadvantaged Business Enterprise)
- ☐ Other (specify)_____

Q16 If you are not certified as with the State or City, what is the primary reason you are not?

- ☐ Not qualified
- ☐ Certification does not benefit my firm
- ☐ Application asks for too much information
- ☐ No reason
- ☐ Other (specify)_____

Q17 Do you consider your company a minority, women, or small business enterprise?

- ☐ Yes
- ☐ No

[IF THE ANSWER IS NO, THEN SKIP TO QUESTION 22]

The next set of questions are designed for firms that are minority, women, disadvantaged or small business enterprises (M/W/D/SBE). If the respondent is not an MBE, WBE, DBE, or SBE skip to Question 22.

MINORITY, WOMEN, DISADVANTAGED, SMALL BUSINESS ENTERPRISES (M/W/D/SBE)

Q18 Has your status as an M/W/D/SBE facilitated your ability to work on Corpus Christi Government projects?

- ☐ Yes
- ☐ No

Q19 Do you feel your race or sex has been a positive or negative factor in your business relationship with the Corpus Christi Government?

- ☐ Yes
- ☐ No

Q20 Do you think certified M/W/D/SBE have a competitive advantage in doing business with the Corpus Christi Government?

- ☐ Yes
- ☐ No

Q21 Do you think M/W/D/SBEs face challenges not faced by non- M/W/D/SBE?

- ☐ Yes
- ☐ No

CONDUCTING BUSINESS AS A CONTRACTOR/SERVICE PROVIDER

The following questions are related to work your company have done or attempted to with the Corpus Christi Regional Transportation Authority, City, Nueces County, and other local government agencies.

Q22 The following list of factors may prevent companies from bidding or obtaining work on a project.

In your experience, have any of the following been **a barrier** to obtaining work on projects as a prime contractor/service provider or subcontractor on projects for the Corpus Christi Government:

[PLEASE ANSWER EACH OF THE FOLLOWING]

FACTOR AS A BARRIER …	Yes	No
Prequalification requirements	☐	☐
Bid bond requirement	☐	☐
Performance bond requirement	☐	☐
Payment bond requirement	☐	☐
Financing	☐	☐
Insurance (general liability, professional liability, etc.)	☐	☐
Proposal/Bid specifications	☐	☐
Limited time given to prepare bid package or quote	☐	☐
Limited knowledge of purchasing contracting policies & procedures	☐	☐
Lack of experience	☐	☐
Lack of personnel	☐	☐
Contract too large	☐	☐
Selection process	☐	☐
Unnecessary restrictive contract specifications	☐	☐
Slow payment or nonpayment	☐	☐
Competing with large companies	☐	☐

Q23 Since 2010, how many times has your company submitted a bid or proposal to be a contractor/service provider for a project with the Corpus Christi Government?

- ☐ None
- ☐ 1-10 times
- ☐ 11-25 times
- ☐ 26-50 times
- ☐ 51-100 times
- ☐ Over 100 times

Q24 Since 2010, how many times has your company been awarded a project as a contractor/service provider by the Corpus Christi Government?

- ☐ None
- ☐ 1-10 times
- ☐ 11-25 times
- ☐ 26-50 times
- ☐ 51-100 times
- ☐ Over 100 times

Q25 As a contractor/service provider, are you required to have bonding for the type of work that your company bids?

- ☐ Yes
- ☐ No
- ☐ Don't' Know

Q26 What is your current aggregate bonding limit?

- ☐ Below $100,000
- ☐ $100,001 to $250,000
- ☐ $250,001 to $500,000
- ☐ $500,001 to $1,000,000
- ☐ $1,000,001 to $1,500,000
- ☐ $1,500,001 to $3,000,000
- ☐ $3,000,001 to $5,000,000
- ☐ Over $5 million
- ☐ Don't know

Q27 What is your current single project bonding limit?

- ☐ Below $100,000
- ☐ $100,001 to $250,000
- ☐ $250,001 to $500,000
- ☐ $500,001 to $1,000,000
- ☐ $1,000,001 to $1,500,000
- ☐ $1,500,001 to $3,000,000
- ☐ $3,000,001 to $5,000,000
- ☐ Over $5 million
- ☐ Don't know

Q28 For the following statement, please indicate whether you Strongly Agree, Somewhat Agree, Neither Agree Nor Disagree, Somewhat Disagree, or Strongly Disagree.

There is an informal network of contractors and service providers that has excluded my company from doing business in the private sector.

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree Nor Disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

ACCESS TO CAPITAL

Q29 Has your company applied for a commercial (business) bank loan since 2010?

- ☐ Yes
- ☐ No
- ☐ Don't' Know

Q30 Were you approved or denied for a commercial (business) bank loan?

- ☐ Approved
- ☐ Denied
- ☐ Don't' Know

[IF THE ANSWER IS APPROVED OR DON'T KNOW, THEN SKIP TO ***THE END***]

Q31 Which of the following do you believe was the primary reason for your being denied a loan?

- ☐ Insufficient Documentation
- ☐ Insufficient Business History
- ☐ Confusion about the Process
- ☐ Race or Ethnicity of Owner
- ☐ Gender of Owner
- ☐ Don't Know
- ☐ Other. Please Specify_____

That completes this survey!

Thank you very much for your time!

On behalf of the Corpus Christi Regional Transportation Authority, thank you very much for sharing your time and thoughts in this important project. If you would like more information on the Disparity Study, please contact Mr. Jorge Cruz-Aedo, Interim CEO/DBE Liaison Officer, Corpus Christi Regional Transportation Authority at (361) 289-2712.

END OF
2015 SURVEY OF BUSINESS OWNERS

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

PTAC

APPENDIX C:
2015 Survey of Business Owners
Tabulated Results

Q1 What is your title?

#	Answer	Response	%
1	Owner	29	64%
2	CEO/President	5	11%
3	Manager/Financial Officer	7	16%
4	Other (Please specify)	4	9%
	Total	45	100%

Other (Please specify)
VP Manager
General Counsel
Manager Partner
Director of membership

Q2 Are you able to answer questions concerning ownership and business activities?

#	Answer	Response	%
1	Yes	44	100%
2	No	0	0%
	Total	44	100%

Q3 Which ONE of the following is your company's primary line of business?

#	Answer	Response	%
1	Construction (such as general contractor, electrical, site work, HVAC, drywall, etc.)	11	24%
2	Construction Related Professional Services (such as architecture, engineering, environmental, structural, land development, etc.)	2	4%

3	Professional Services (such as consulting, accounting, software development, marketing, legal services, etc.)	14	31%
4	General Services (such as landscaping, building maintenance, vehicle maintenance, janitorial, security, training, etc.)	2	4%
5	Goods (such as books, office supplies, computers, equipment, vehicles, etc.)	5	11%
6	Other (Please Specify)	11	24%
	Total	45	100%

Other (Please Specify)
Recruiting and Staffing
Manufacturing
Land Surveying
Sign Manufacturer
financial services
Professional recruiting and Staffing
restaurant
show, exhibition
customer service
non-profit
Bottled Water, Soft Drinks, and Snack Vending

Q4 What is the highest level of education completed by the primary owner of your company?

#	Answer	Response	%
1	Some high school	2	5%
2	High school graduate	4	9%
3	Trade or technical education	2	5%
4	Some college	10	23%
5	College degree	16	36%
6	Post graduate degree	10	23%
7	No response/Don't know	0	0%
	Total	44	100%

Q5 In what year was your company established?

Text Response
2015
2014
2011
2015
1990
1985
1986
2003
2011
1979
1991
2004
2003
1997
1988
2013

1956
2005
1997
2015
1998
2005
2011
1986
1990
2002
1994
2012
2015
1985
1979
1916
2007
2001
2014
1946
1972
2012
no response
no response
no response
2013
2000
2003

Q6 How many years of experience in your company's business line does the primary owner of your firms have?

#	Answer	Response	%
1	0 - 5 years	1	2%
2	6 - 10 years	5	11%
3	11 - 15 years	6	14%
4	16 - 20 years	6	14%
5	20+ years	26	59%
	Total	44	100%

Q7 Excluding yourself, on average, how many employees does your company keep on the payroll, including full-time and part-time staff?

#	Answer	Response	%
1	0 - 10	28	64%
2	11 - 20	9	20%
3	21 - 30	2	5%
4	31 - 40	1	2%
5	41 - 50	0	0%
6	50+	4	9%
	Total	44	100%

Q8 Is your company sole proprietor, partnership, or corporation?

#	Answer	Response	%
1	Sole proprietor	12	27%
2	Partnership	4	9%
3	Joint venture	0	0%
4	Limited Liability Company (LLC)	12	27%
5	Limited Liability Partnership (LLP)	0	0%

6	Corporation	15	34%
7	Non-profit organization	1	2%
	Total	44	100%

Q9 Which of the following categories best approximates your company's gross revenues for calendar year 2014?

#	Answer	Response	%
1	Up to $50,000	7	17%
2	$50,001 - $100,000	3	7%
3	$100,001 - $300,000	6	14%
4	$300,001 - $500,000	5	12%
5	$500,001 - $1 million	7	17%
6	$1,000,001 - $3 million	6	14%
7	$3,000,001 - $5 million	3	7%
8	Over $10 million	5	12%
	Total	42	100%

Q10 What percentage of these gross revenues was earned from the Corpus Christi Regional Transportation Authority, the City of Corpus Christi, the private sector, and other local public government sector (e.g., county, ISD) projects?

#	Answer	Min Value	Max Value	Average Value	Standard Deviation
1	RTA	0.00	5.00	0.39	1.30
2	City	0.00	50.00	5.05	11.71
3	Other Public Sector	0.00	100.00	12.98	26.36
4	Private Sector	0.00	100.00	63.40	41.33

Q11 Which of the following categories best approximates your company's largest contract awarded?

#	Answer	Response	%
2	Up to $50,000	12	41%
3	$50,001 - $100,000	1	3%
4	$100,001 - $200,000	4	14%
5	$200,001 - $300,000	2	7%
6	$300,001 - $400,000	3	10%
7	$400,001 - $500,000	1	3%
8	$500,001 - $1 million	3	10%
9	Over $1 million	3	10%
	Total	29	100%

Q12 Is 51% or more of your company owned and controlled by a woman or women?

#	Answer	Response	%
1	Yes	20	47%
2	No	23	53%
	Total	43	100%

Q13 Is 51% or more of the company owned and controlled by one of the following racial or ethnic groups?

#	Answer	Response	%
1	White/Caucasian	22	50%
2	African American	2	5%
3	Asian or Pacific Islander	1	2%
4	Hispanic American	15	34%
5	Native American/Alaskan Native	0	0%
6	No Response/Don't know	1	2%
7	Other	3	7%
	Total	44	100%

Other
American
Hispanic Non-American
HISPANIC - MEXICAN

Q14 Is your company a DBE certified by the Texas Unified Certification Program or any other agency's certification program?

#	Answer	Response	%
1	Yes	16	44%
2	No	20	56%
	Total	36	100%

Q15 What is your certification? Check all that applies.

#	Answer	Response	%
1	MBE (Minority-owned Business Enterprise)	3	19%
2	SBE (Small Business Enterprise)	1	6%
3	WBE (Women-owned Business Enterprise)	3	19%
4	DBE (Disadvantaged Business Enterprise)	3	19%
5	Other (Specify)	6	38%
	Total	16	100%

Other (Specify)
SBE, MBE, WBE, DBE
HUB
HUB
HUB
hub

HUB

Q16 If you are not certified as with the State or City, what is the primary reason you are not?

#	Answer	Response	%
1	Not qualified	4	12%
2	Certification does not benefit my firm	1	3%
3	Application asks for too much information	4	12%
4	No reason	10	30%
5	Other (Specify)	14	42%
	Total	33	100%

Other (Specify)
I am HUB Certified
Application In Progress
Not applicable
Never Offered
I am certified
N/A
Our firm has applied for DBA Cert.
Did not know about it
do not know where to apply
N/A
we are certified by the state
no response

Q17 Do you consider your company a minority, women, or small business enterprise?

#	Answer	Response	%
1	Yes	34	97%

2	No	1	3%
	Total	35	100%

MINORITY, WOMEN, DISADVANTAGED, SMALL BUSINESS ENTERPRISES (M/W/D/SBE)

Q18 Has your status as an M/W/D/SBE facilitated your ability to work on Corpus Christi Government projects?

#	Answer	Response	%
1	Yes	11	32%
2	No	23	68%
	Total	34	100%

Q19 Do you feel your race or sex has been a positive or negative factor in your business relationship with the Corpus Christi Government?

#	Answer	Response	%
1	Yes	9	27%
2	No	24	73%
	Total	33	100%

Q20 Do you think certified M/W/D/SBE have a competitive advantage in doing business with the Corpus Christi Government?

#	Answer	Response	%
1	Yes	12	36%
2	No	21	64%
	Total	33	100%

Q21 Do you think M/W/D/SBEs face challenges not faced by non- M/W/D/SBE?

#	Answer	Response	%
1	Yes	15	38%
2	No	24	62%
	Total	39	100%

CONDUCTING BUSINESS AS A CONTRACTOR/SERVICE PROVIDER

The following questions are related to work your company have done or attempted to with the Corpus Christi Regional Transportation Authority, City, Nueces County, and other local government agencies.

Q22 The following list of factors may prevent companies from bidding or obtaining work on a project.

In your experience, have any of the following been a barrier to obtaining work on projects as a prime contractor/service provider or subcontractor on projects for the Corpus Christi Government:

#	Question	Yes	No	Total Responses	Mean
1	Prequalification requirements	11	27	38	1.71
2	Bid bond requirement	15	23	38	1.61
3	Performance bond requirements	15	23	38	1.61

4	Payment bond requirement	15	23	38	1.61
5	Financing	17	21	38	1.55
6	Insurance (general liability, professional liability, etc.)	9	29	38	1.76
7	Proposal/Bid specifications	10	28	38	1.74
8	Limited time given to prepare bid package or quote	10	28	38	1.74
9	Limited knowledge of purchasing contracting policies & procedures	11	28	39	1.72
10	Lack of experience	6	33	39	1.85
11	Lack of personnel	10	29	39	1.74
12	Contract too long	15	24	39	1.62
13	Selection process	19	20	39	1.51
14	Unnecessary restrictive contract specifications	16	23	39	1.59
15	Slow payment or nonpayment	15	24	39	1.62
16	Competing with large companies	25	14	39	1.36

Q23 Since 2010, how many times has your company submitted a bid or proposal to be a contractor/service provider for a project with the Corpus Christi Government?

#	Answer	Response	%
1	None	16	40%
2	1 - 10 times	17	43%
3	11 - 25 times	3	8%
4	26 - 50 times	1	3%
5	51- 100 times	1	3%
6	Over 100 times	2	5%
	Total	40	100%

Q24 Since 2010, how many times has your company been awarded a project as a contractor/service provider by the Corpus Christi Government?

#	Answer	Response	%
1	None	18	46%
2	1 - 10 times	18	46%
3	11 - 25 times	2	5%
4	26 - 50 times	0	0%
5	51 - 100 times	0	0%
6	Over 100 times	1	3%
	Total	39	100%

Q25 As a contractor/service provider, are you required to have bonding for the type of work that your company bids?

#	Answer	Response	%
1	Yes	12	38%
2	No	20	62%
	Total	32	100%

Q26 What is your current aggregate bonding limit?

#	Answer	Response	%
1	Below $100,000	5	26%
2	$100,001 - $250,000	2	11%
3	$250,001 - $500,000	0	0%
4	$500,001 - $1 million	3	16%
5	$1,000,001 - $1,5 million	2	11%
6	$1,500,001 - $3 million	4	21%
7	$3,000,001 - $5 million	1	5%
8	Over $5 million	2	11%

	Total	19	100%

Q27 What is your current single project bonding limit?

#	Answer	Response	%
1	Below $100,000	6	35%
2	$100,001 - $250,000	2	12%
3	$250,001 - $500,000	0	0%
4	$500,001 - $1 million	4	24%
5	$1,000,001 - $1.5 million	4	24%
6	$1,500,001 - $3 million	0	0%
7	$3,000,001 - $5 million	1	6%
8	Over $5 million	0	0%
	Total	17	100%

Q28 For the following statement, please indicate whether you Strongly Agree, Somewhat Agree, Neither Agree Nor Disagree, Somewhat Disagree, or Strongly Disagree.

"There is an informal network of contractors and service providers that has excluded my company from doing business in the private sector."

#	Answer	Response	%
1	Strongly Agree	5	13%
2	Somewhat Agree	5	13%
3	Neither Agree Nor Disagree	13	33%
4	Somewhat Disagree	3	8%
5	Strongly Disagree	13	33%
	Total	39	100%

Q29 Has your company applied for a commercial (business) bank loan since 2010?

#	Answer	Response	%
1	Yes	19	49%
2	No	20	51%
	Total	39	100%

Q30 Were you approved or denied for a commercial (business) bank loan?

#	Answer	Response	%
1	Approved	15	75%
2	Denied	5	25%
	Total	20	100%

Q31 Which of the following do you believe was the primary reason for your being denied a loan?

#	Answer	Response	%
1	**Insufficient Documentation**	**0**	**0%**
2	**Insufficient Business History**	**1**	**25%**
3	**Confusion about the Process**	**0**	**0%**
4	**Race or Ethnicity of Owner**	**1**	**25%**
5	**Gender of Owner**	**0**	**0%**
7	**Other. Please Specify**	**2**	**50%**
	Total	**4**	**100%**

Other. Please Specify
Insufficient Income
Bad credit

APPENDIX D:
Focus Group Meetings—
Announcements & Meeting Guide

ANNOUNCEMENT

Appeared on *Corpus Christi Caller Times*, Page B5, October 2, 2015.

Corpus Christi Regional Transportation Authority
M/W/DBE Disparity Study

FOCUS GROUP MEETING NOTICE

You are invited to attend a focus group meeting to provide your comments on doing business with or attempting to do business with the Corpus Christi Regional Transportation Authority (CCRTA), City, and other local government agencies (collectively referred to as the Corpus Christi Government).

The following two meetings are organized by the South Texas Economic Development Center at Texas A&M University-Corpus Christi, and sponsored by the CCRTA and the Del Mar College Procurement Technical Assistance Center (PTAC). The meetings are being conducted in coordination with a study of the utilization of Minority- and Women-owned Business Enterprises (M/WBE), and Disadvantaged Business Enterprises (DBE). The study will examine the procurement of services and products for the Corpus Christi Government, the participation of contractors and service providers who do business with the Corpus Christi Government, and the anecdotal evidence collected from a broad cross section of M/W/DBE and non-M/W/DBE firms. The results of this study will provide an update to the local government's current M/W/DBE programs.

This study will specifically analyze the procurement of services and products awarded by the Corpus Christi Government versus the contracting opportunities for local businesses in order to identify whether a statistical disparity exists.

Thursday, October 15, 2015
6:00 - 7:00 pm
Del Mar College Center for Economic Development, Room 108
3209 South Staples Street
Corpus Christi, Texas

Tuesday, October 27, 2015
6:00 - 7:00 pm
Del Mar College Center for Economic Development, Room 119
3209 South Staples Street
Corpus Christi Texas

Thank you in advance for your support and participation in this study.

To verify the information in this announcement, contact Mr. Jorge Cruz-Aedo, Interim CEO/DBE Liaison Officer, Corpus Christi Regional Transportation Authority at (361) 289-2712.

DAL710507



ANNOUNCEMENT
Business Owners Focus Group Meetings
9/28/2015

Dear Local Business Owner:

We invite you to participate in one of the two Focus Group Meeting sessions about the demographics of business owners in the Corpus Christi metro area.

The events are part of a study of the availability of local Minority and Women-owned Business Enterprises, and Disadvantaged Business Enterprises, and their utilization by local government agencies.

This is a great opportunity for you to provide feedback regarding your experience doing business with or attempting to do businesses with the local government agencies.

WHAT: BUSINESS OWNERS FOCUS GROUP MEETINGS	
WHEN	**WHERE**
October 15 (Thursday) 6:00 – 7:00 p.m.	Room 108, Del Mar College Center for Economic Development 3209 South Staples Street, Corpus Christi, Texas
October 27 (Tuesday) 6:00 – 7:00 p.m.	Room 119, Del Mar College Center for Economic Development 3209 South Staples Street, Corpus Christi, Texas

The project is conducted by our South Texas Economic Development Center at Texas A&M University-Corpus Christi. The study is commissioned by the Corpus Christi Regional Transportation Authority and co-sponsored by the Del Mar College Procurement Technical Assistance Center.

For more information, visit http://tinyurl.com/STXinvite.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

TEXAS A&M UNIVERSITY CORPUS CHRISTI | SOUTH TEXAS ECONOMIC DEVELOPMENT CENTER

PTAC

FOCUS GROUP MEETING GUIDE

Corpus Christi Regional Transportation Authority

DISPARITY STUDY

Hello and thank you for coming to this focus group to provide input that will be used as a part of a comprehensive disparity study of the Corpus Christi Regional Transportation Authority (CCRTA) and other local government agencies' procurement of services and products. We appreciate Del Mar College's Procurement Technical Assistance Center for co-sponsoring and hosting this event.

My name is _____and I am with Texas A&M University-Corpus Christi. We have been asked to gather opinions from business owners about the business climate in CCRTA, City, Nueces County and other local government agencies (Corpus Christi Government). We are looking to obtain information on your experiences, if any, when doing business or attempting to do business with the Corpus Christi Government and its contractors/service providers.

We will begin with introductions. Why don't you start and we will work around the room. State your name, what kind of work you do, how long you have been in business, and anything else you'd like us to know about you.

We are very glad that you are all here and appreciate your taking time out of your busy day to participate in this meeting.

We are going to be taking notes throughout the session. Responses to the questionnaire you complete will be held in strict confidence, and will not be distributed to any other firm or person with your firm's identity revealed.

The Process

The recordings and notes of these focus groups will only be reviewed by our research team at TAMU-CC. We will use the information to summarize the discussions that took place during this focus group. Individual names will not be identified nor will remarks or comments be attributed to a specific individual. Once all of the analyses for the focus group are completed, the results will be aggregated and incorporated with other data from this phase of the study. These findings will be used in reviewing the Corpus Christi Government's procurement practices and their procurement environment. We hope that everyone feels free to participate and to add as much insight as possible. We have ample time, so feel free to contribute to the discussion as we go along.

A. Welcome and brief background about the purpose of focus groups (see above).

- Introductions – have each participate state:
  - Name
  - Company's primary line of business
  - Certification status (if applicable)
  - Years in business

Be sure to note ethnic group, gender, and certification status (if applicable). This can be noted on the sign-in sheet.

B. Key Point to Discuss

- This is an open discussion involving all to participate. Goal is to have everyone participate in the discussion.
- Encourage participants to express thoughts and opinions freely.
- Stress that the intent is to focus on issues related to contracting (such as construction, construction related services – architecture, engineering, professional services, nonprofessional services, and goods) and the business climate in contracting with the Corpus Christi Government.
- Individuals and participants will not be identified by name when providing feedback and findings to Corpus Christi Government staff.
- Before this session begins, take 15 minutes to complete the Survey of Business Owners.

C. Facilitation Logistics

- **Facilitators:** The facilitator has primary responsibility for working with the group to solicit responses to questions.
- **Facilitation Time:** Approximately 1 hour
- **Major Issues** will be recorded in personal notes, or flipchart pages.
- **Date, Time, and Location:**

  Thursday, October 15, 2015; 6:00 - 7:00 pm
  Del Mar College Center for Economic Development, Room 108
  3209 South Staples Street, Corpus Christi, Texas

Tuesday, October 27, 2015; 6:00 - 7:00 pm
Del Mar College Center for Economic Development, Room 119
3209 South Staples Street, Corpus Christi Texas

- **Materials Needed:**

  1. Flip Chart, or overhead projector
  2. Focus Group Guide (attached)
  3. List of Participants (sign-in sheet to be provided)

D. Scope

- **Establish Scope:** We are going to discuss several items at this point. Our primary goal is to discuss your (local area business owners) opinions about the business climate in procurement opportunities with the Corpus Christi Government.

E. Discussion Questions

1. Please discuss how you get information about the Corpus Christi Government's procurement opportunities.

2. What do you feel most influences with your ability to do business with the Corpus Christi Government vs. the private sector? What barriers do you face in winning contracts as a DBE with the government agencies?

3. Do you feel the opportunities and services provided by the Corpus Christi Government through this DBE program are helpful?

4. How could the Corpus Christi Government improve its procurement practices to enable more businesses to participate on government projects?

5. What business assistance services provided by the Corpus Christi Government have you used? Did you find them helpful? Please explain.



SOUTH TEXAS ECONOMIC
DEVELOPMENT CENTER

College of Business

Texas A&M University-Corpus Christi

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