New Jersey Transit DBE Goals
Report to the Federal Transit Authority

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EXECUTIVE SUMMARY

Based on an availability analysis of the available DBEs in the narrowly defined geographical market and a comprehensive statistical analysis of recent New Jersey Transit contracts, New Jersey Transit establishes a 19% overall DBE goal for FY 2004. Of this 19% overall goal, 10% of New Jersey Transit contracts will be awarded to DBEs through race-conscious measures and 9% through race-neutral measures.
I. INTRODUCTION

This report updates NJ TRANSIT's Disadvantaged Business Enterprise ("DBE") goal, which has been established in accordance with the Federal Transit Authority’s ("FTA") regulation 49 CFR Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Programs; Final Rule ("Final Rule"), and reflects a narrowly tailored DBE program within NJ TRANSIT.

State and local transit authorities, participating in FTA’s Disadvantaged Business Enterprise Programs have been instructed to follow the two-step process described in the Final Rule:

   Step One: Establish the base figure of DBE availability in the specific industries and geographical market from which DBE and non-DBE contractors are drawn, and

   Step Two: Adjust this base figure in light of other evidence regarding the market area.

As a participating state authority, NJ TRANSIT ("NJT") completed these steps and determined that the base figure of DBE availability for FY 2003 is 19%, which is the best estimate of the availability of DBEs within NJ TRANSIT’s relevant industries and narrowly defined geographical market.

After the overall goal of 19% was established, in compliance with the Final Rule, NJT calculated the percentage of contracts it expects to award to DBEs through race-conscious (contracts with a goal) and race-neutral (contracts without a goal) means. The percentage of the overall DBE goal that NJT can expect to achieve through race-neutral measures is 48%, and the percentage of the DBE goal that NJT can expect to achieve through race-conscious measures is 52%.

NJ TRANSIT DBE GOAL

<table>
<thead>
<tr>
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<th>Overall Goal x</th>
<th>19</th>
<th>0.52</th>
<th>10%</th>
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<tr>
<td>Race-Conscious Goal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race-Neutral Goal</td>
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<td></td>
<td>0.48</td>
<td>9%</td>
</tr>
<tr>
<td>OVERALL GOAL</td>
<td></td>
<td></td>
<td>1.00</td>
<td>19%</td>
</tr>
</tbody>
</table>

Tables explaining how the race-neutral portion of the goal was calculated are included in the appendix.
II. METHODOLOGY TO ESTABLISH OVERALL GOALS

A. Choice of Methodology

The Final Rule does not prescribe one way to calculate the base figure of relative availability of DBEs, rather it suggests several methods for calculating the base figure. In its 2000 and 2002 Goal Report, NJ TRANSIT measured DBE availability using one of the methods suggested in the regulations. This method includes all relevant industries in the established geographic market and utilizes data from NJ TRANSIT DBE List and the U.S. Census Bureau’s NAICS Codes Manual. This report presents two variations of the availability methodology proposed in the Final Rule. Method one uses the current NJ TRANSIT DBE list. Method two uses DBE lists from NJ TRANSIT, as well as the New Jersey Port Authority and Department of Transportation.

B. Overall DBE Goal Computation

The overall DBE goal for NJ TRANSIT was computed by:

(1) Defining the geographical market place
(2) Identifying the relevant industries in which NJ TRANSIT contracts
(3) Calculating the weighted availability measure

1. Geographical Market

In the September 2002 DBE Goal Report, NJT narrowly-tailored the geographical market to satisfy the requirements set forth in the FTA regulations. The same geographical market is used to establish this year’s DBE goal.

2. Relevant Industries

The relevant industries are those industries in which NJ TRANSIT awards contracts. In the 2002 report, the relevant industries were identified by reviewing the October 1997 – September 2001 contracts and assigning each contract a corresponding NAICS codes. In accordance with the amended rules, this year’s industries were determined by looking at forecasted allocations instead of previous years’ contracts. The relevant industries, as determined by the NJ TRANSIT DBE office, are listed in Table 1.1 in the Appendix.

3. Availability Measures

Availability Measure No. 1

Availability Measure No.1 was calculated for the geographical market and relevant industries previously defined. This measure is the basis for the preliminary goal. It was derived using the formula provided in 49 CFR Part 26:
According to 49 CFR Part 26, in determining a base figure for the overall goal, recipients should set a base figure that relies on data sources that are immediately available to all recipients, such as a DBE directory and a Census Bureau database. In compliance with these instructions, the following steps were completed:

**Step One:** Obtained a DBE directory from NJ TRANSIT (“NJT DBE List”).

**Step Two:** Identified the New Jersey-based DBEs.

**Step Three:** Grouped New Jersey-based DBEs by NAICS Code.

**Step Four:** Calculated the numerator of the availability rate, by summing the number of DBEs in the geographical market, by NAICS codes in the relevant industries.

**Step Five:** Used the 1999 Zip Code Business Patterns Data (ZBP) to determine the total number of firms in the geographical market for each NAICS code.

**Step Six:** Calculated the denominator of the availability rate, by summing the total number of firms in the geographical market, by NAICS codes representing NJT’s relevant industries.

**Step Seven:** Constructed weights for each NAICS code, representing the percentage of NJT dollars spent per code.

**Step Eight:** Adjusted\(^1\) the number of DBEs for some industries in order to ensure that the majority of DBEs were assigned a weight.

**Step Nine:** Multiplied the weights by the DBE Share, which is the ratio of DBEs to total firms in the designated industry and geographical market.

**Step Ten:** Summed the resulting measures for each NAICS code.

Availability Measure No. 1, which is the availability measure based on the NJ TRANSIT DBE directory and Census Bureau database, yielded a weighted availability rate of only 4.25%. Possible explanations for this low availability rate are discussed in the Limitations and Constraints Section.

\(^1\)The NAICS codes on the 2003 DBE list did not correspond with all of the NAICS codes on the NJT contract file, which lists expenditures per NAICS codes. If possible, some NAICS codes were reassigned to a similar code. If a NAICS codes from the DBE list was not similar to a NAICS code on the NJT contract file, then that code was not assigned a weight.
Availability Measure No. 2

**Step One:** Obtained a copy of DBE lists from the New Jersey Port Authority ("Port Authority") and New Jersey Department of Transportation ("State DOT"). Unlike the DBEs in the NJT DBE list, the DBEs in these two directories do not have a corresponding NAICS code.

**Step Two:** Calculated the proportion of DBEs, which fall within each NAICS code on the NJT DBE List. This calculation was performed by dividing the number of NJT DBEs for each code by the total number of NJT DBEs.

**Step Three:** Estimated the number of Port Authority DBEs for each NAICS code by multiplying the percentage distribution (from the NJT DBE List) by the total number of Port Authority DBEs. This analysis assumes that if the Port Authority DBE List had NAICS codes, the percentage distribution of NAICS codes would be the same as that for the NJT DBE List.

**Step Four:** Estimated the number of State DOT DBEs for each NAICS code by multiplying the percentage distribution (from the NJT DBE List) by the total number of State DOT DBEs. This analysis assumes that if the State DOT List had NAICS codes, the percentage distribution of NAICS codes would be the same as that for the NJT DBE List.

**Step Five:** Added the estimated number of DBEs from the Port Authority and State DOT list to the number of NJT DBEs.

**Step Six:** Calculated the DBE share for each NAICS code by dividing the estimated number of DBEs (NJT DBE list, Port Authority and State DOT) by the Total Firms. The same number of Total Firms, as determined by the Zip Code Business Patterns data, which was used for Availability Measure No. 1, was also used for this availability measure.

Availability Measure No. 2 yielded a weighted availability rate of 19%.
III. GOAL SETTING

A. Limitations and Constraints

Both of the availability measures are limited by constraints. NJT currently has two very large contracts, Hudson-Bergen Light Rail and Southern New Jersey Light Rail Transit. These two contracts account for over 75% of the NJT contract dollars. Originally, NJT lumped these two contracts into one NAICS code, which would have biased the results. Hence, in order to determine appropriate weights, NJT reallocated the total contract dollars for these contracts into 22 NAICS Codes. After the contract dollars were assigned to more specific codes, the amounts were adjusted based on the proportion distribution of these NAICS Codes in the 2002 Report.

Availability Measure No. 1

Availability Measure No. 1 uses the NJT DBE list. The NJT DBE List reflects the number of “ready, willing and able” DBEs certified to bid on NJT contracts. The current DBE list only has around 400 New Jersey-based DBEs, as opposed to the over 1,200 New Jersey-based DBEs included in the 2002 NJT Goal Report. Since the “number of DBEs” is the numerator of the availability calculation, when the number of NJT DBEs decreased and the number of total firms in the denominator remained the same, the availability rate significantly declined. Although the current DBE list reflects the number of “ready, willing and able” DBEs, it probably underestimates the number of DBEs “able” to work on NJT contracts. There are probably many more DBE firms in the geographical market that are “able” to bid on NJT contracts, in terms of having the experience and resources to perform the work, however, they have failed to take the steps required to exhibit that they are “ready and willing.”

This drastic reduction in the number of DBEs within such a short period of time could be explained by internal and external factors. Internally, NJ TRANSIT has experienced some personnel changes. Some staff are no longer with the agency and the director has been away from the office for an extended period of time due to health reasons. Over the years, the NJ TRANSIT DBE Office has had an outstanding reputation for having a strong DBE program. This reputation is attributed to its highly skilled and experienced staff, which has been committed to increasing the number of contracts and contract dollars awarded to DBEs. The Office has sought to achieve this goal by developing and maintaining a large pool of certified DBEs. This pool has significantly dropped and part of this reduction could be explained by the changes in personnel.

There are numerous external factors that could also explain the reduction in the number of DBEs. The political environment in New Jersey has changed and DBE program across the State have been under attack. The most significant examples of this attack are the elimination of the State DBE Program, adverse reactions to lawsuits against the State and budget cuts. In addition to changes in State governments, DBE firms in the State have failed to maintain their DBE certification with NJT. This drop could also be due to declining success by NJT in registering, certifying and documenting the existence of qualified DBE firms in the state. NJT can respond to these changes by redoubling its efforts to register, certify and document the existence of
qualified DBEs firms because there is evidence that there is a large pool of qualified DBEs in New Jersey, as evidenced by the large number of DBEs on the NJT DBE list used in the 2002 DBE Goal Report. If NJT wants to increase its number of certified DBEs, it could 1) follow up with previously certified DBEs to find out why they have not maintained their certification and 2) reach out and educate other qualified DBEs in the geographical market that might be interested in bidding on NJT contracts. Currently, if a DBE firm is not on the NJT DBE list, then they do not meet the “ready and willing” condition required for being included in the overall DBE availability.

The Total Number of Firms used for this calculation may be overestimated. “Total Firms” was derived from the Zip Code Business Pattern CD, which includes all firms (firms which have bidded on NJT contracts and those that have not). It might be possible to correct for this bias by using a bidder’s list or vendors list, which would include DBEs and non-DBEs that have actually bidded on NJT contracts. This list would be more specific; however, in order to use a bidder’s list, each bidder would need an assigned NAICS code. At this time, NJ Transit does not have a comprehensive vendors’ list that includes vendors from each program area. Currently each program area (Construction, Professional Services, Supplies & Equipment and Small Purchases) maintains its own vendors’ list and has its own unique qualification standards. In addition, not all program areas categorize vendors by NAICS code, and although the Zip Code Business Pattern data might overestimate the number of total firms available to work on NJT contracts, it is easier to calculate the availability rate using this data because the Census Bureau provides NAICS codes for each firm.

The weights for Availability Measure No. 1 were calculated using the NJT Contract File. Since all of the NAICS codes from the NJT DBE List did not match the NAICS codes from the Contract File, some codes were reassigned to a similar code on the NJT Contract File in order to ensure that most of the NJT DBEs were included in the calculation.

Availability Measure No. 2

Availability Measure No. 2 uses the NJT DBE list and data sets from two other New Jersey transportation departments -- the New Jersey Port Authority and New Jersey State Department of Transportation. It is possible that this measure could overestimate the availability of “ready, willing and able” New Jersey based DBEs because the DBEs on the Port Authority and State DOT lists may not bid on NJ Transit contracts. However, these two DBE lists are included because the Port Authority and State DOT are transportation-related agencies. Although there is no guarantee that the DBEs on these lists will bid on NJ Transit contracts, it is highly probable they will.

This measure could overestimate the number of available DBEs if there is any overlap among the three lists. While it is possible that a DBE could be certified on more than one list and thus counted two or three times, this measure assumes that if a DBE is on more than one list, it is certified to perform work in more than one NAICS code and can hence be counted more than once.
B. Race Neutral Goal

The Federal Rule instructs local transit authorities to determine how much of the goal can be achieved through race-conscious measures and how much can be achieved through race-neutral measures. In order to achieve the 19% overall DBE goal, NJ TRANSIT projects a 10% race-conscious goal and 9% race-neutral goal.

\[
\text{NJ TRANSIT DBE GOAL} \\
\text{Race-Conscious Goal} = \text{Overall Goal} \times 52\% = 19 \times 0.52 = 10\% \\
\text{Race-Neutral Goal} = \text{Overall Goal} \times 48\% = 19 \times 0.48 = 9\% \\
\text{OVERALL GOAL} = \text{Overall Goal} \times 100\% = 19 \times 1.00 = 19\%
\]

These figures are based on a proprietary statistical methodology in which several measures of the race-neutral goal were computed. This methodology was also used to calculate NJ Transit’s previous race-neutral goal and the methodology was explained in the September 2002 NJ TRANSIT DBE report. The NJ Transit contracts awarded from January through December 2002 were used to calculate this year’s race neutral goal. This database included detailed information on each contract including contract name, date of award, contractor’s name, type of contract, amount of contract, DBE goal percent, DBE goal amount, WBE goal amount, and funding source. Using this data, it was possible to perform several regression analyses to predict the race-neutral portion of the overall NJT goal. A list of variables used for the regression analysis is included in the appendix as Table 3-1. A summary table describing the results of the various regression analysis is included in the appendix as Table 3-2 and the detailed tables are included as Tables 3-3 through 3-12.

IV. CONCLUSION

NJ TRANSIT shares the Department of Transportation’s commitment to ensuring that DBEs have the opportunity to procure government contracts, and despite the internal and external challenges that the NJT DBE Office has experienced over the past year, it will continue to implement race-conscious and race-neutral measures to achieve its 19% DBE goal.
<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>NAICS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
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<td>Commercial and Institutional Construction</td>
<td>421830</td>
<td>Industrial Machinery and Equipment</td>
</tr>
<tr>
<td>234110</td>
<td>Highway and Street Construction</td>
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<td>Transportation Equipment</td>
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<tr>
<td>234120</td>
<td>Bridge and Tunnel Construction</td>
<td>422120</td>
<td>Supplies Wholesalers</td>
</tr>
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<td>New Car Dealers</td>
</tr>
<tr>
<td>234930</td>
<td>Industrial Nonbuilding Structure Construction</td>
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<td>Other Clothing Stores</td>
</tr>
<tr>
<td>234990</td>
<td>All Other Heavy Construction</td>
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<td>General Freight Trucking</td>
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<td>235210</td>
<td>Painting and Wall Covering Contractors</td>
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<td>Rail Transportation</td>
</tr>
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<td>532112</td>
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<td>Other Commercial and Industrial Machinery</td>
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</tr>
<tr>
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<tr>
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<td>Electrical Appliance Contractors</td>
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<td>Commercial and Industrial Machinery Equipment</td>
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Source: Contracts' File provided by NJ TRANSIT DBE Office
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<th>NAICS Description</th>
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<th>DBEs</th>
<th>Total Firms</th>
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<th>Weight</th>
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<td>$6,354,438.00</td>
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<td>$0.00</td>
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<td>Wrecking and demolition</td>
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<td>$0.00</td>
<td>$0.00</td>
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<td>0.011</td>
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<td>0.00%</td>
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<td>0.04%</td>
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<td>$29,766.00</td>
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<td>0.00%</td>
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<td>421490</td>
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<td>$618,513.00</td>
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<td>0.00%</td>
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<td>Electrical Apparatus and Equipment, Wiring Supplies, and Construction Material Wholesers</td>
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<td>$2,370,850.00</td>
<td>$4,029,455.70</td>
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<td>PBE %</td>
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<td>2002</td>
<td>2001</td>
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<td>% of Employment</td>
<td>% Of DBE Goal</td>
<td>% Of Goal Achieved</td>
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<td>3</td>
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<td>$593,214,350.74</td>
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Sources: 2003 NJ TRANSIT DBE List  
1999 Zip Code Business Pattern CD  
NJ Contract File with Utilization per NAICS Code  
Hudson-Bergen Utilization per NAICS code (provided by NJT DBE office)

Note: The NAICS Code column includes a combination of codes from the NJT Contract File and the 2002 DBE Goal Report. Both sources are included because some of the NAICS Codes in the DBE list may not have corresponded to the NAICS Codes in the NJT Contract File but corresponded to codes in the 2002 DBE Goal Report. The HBLRT column reflects NJT's suggestion for how to allocate the HBLRT contract among 22 NAICS codes. The amount is also adjusted based on the distribution in the 2002 DBE Goal Report.
<table>
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<th>NAICS Code</th>
<th>NAICS Description</th>
<th>HBLRT ($421,774,781)</th>
<th>NJT Utilization</th>
<th>Total Utilization</th>
<th>NJT DBEs</th>
<th>Port Authority + State DOT</th>
<th>NJT DBE + Port Authority + State DOT</th>
<th>Total Firms</th>
<th>DBE Share</th>
<th>Weight</th>
<th>Weighted DBE Share</th>
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<td>233320</td>
<td>Nonresidential Building Construction</td>
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<tr>
<td>421610</td>
<td>Electrical Apparatus and Equipment, Wiring Supplies, and Construction Material Wholesalers</td>
<td>$1,658,605.70</td>
<td>$2,370,850.00</td>
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</tr>
<tr>
<td>421860</td>
<td>Transportation Equipment &amp; Supplies</td>
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<td>Other Building Material Dealers</td>
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<td>Specialized Freight Trucking, Local</td>
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<td>$34,783.00</td>
<td>13</td>
<td>31</td>
<td>44</td>
<td>670</td>
<td>0.065</td>
<td>0.000</td>
<td>0.00%</td>
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<tr>
<td>485999</td>
<td>All Other Transit and Ground Passenger Transportation</td>
<td>$0.00</td>
<td>$358,448.00</td>
<td>13</td>
<td>13</td>
<td>38</td>
<td>0.335</td>
<td>0.001</td>
<td>0.02%</td>
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<tr>
<td>488490</td>
<td>Other Support Activities for Road Transportation</td>
<td>$32,135,485.38</td>
<td>$976,021.00</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>20</td>
<td>0.259</td>
<td>0.056</td>
<td>1.45%</td>
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<tr>
<td>513322</td>
<td>Cellular and Other Wireless Communications</td>
<td>$0.00</td>
<td>$0.00</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>139</td>
<td>0.022</td>
<td>0.000</td>
<td>0.00%</td>
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<tr>
<td>513390</td>
<td>Other Telecommunications</td>
<td>$0.00</td>
<td>$0.00</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>32</td>
<td>0.033</td>
<td>0.000</td>
<td>0.00%</td>
<td></td>
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<tr>
<td>514210</td>
<td>Data Processing Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>2</td>
<td>17</td>
<td>19</td>
<td>379</td>
<td>0.049</td>
<td>0.000</td>
<td>0.00%</td>
<td></td>
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<tr>
<td>524298</td>
<td>All Other Insurance Related Activities</td>
<td>$69,000.00</td>
<td>$69,000.00</td>
<td>1</td>
<td>11</td>
<td>12</td>
<td>32</td>
<td>0.363</td>
<td>0.000</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>532490</td>
<td>Other Commercial and Industrial Machinery &amp; Equipment Rental</td>
<td>$226,173.50</td>
<td>$195,700.00</td>
<td>1</td>
<td>1</td>
<td>122</td>
<td>0.009</td>
<td>0.001</td>
<td>0.00%</td>
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</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>---------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>541210</td>
<td>Accounting, Tax Preparation, Bookkeeping and Payroll Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>541211</td>
<td>Offices of CPAs</td>
<td>$0.00</td>
<td>$0.00</td>
<td>11</td>
<td>14</td>
<td>1580</td>
<td>0.009</td>
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</tr>
<tr>
<td>541320</td>
<td>Landscape Architectural Services</td>
<td>$82,650.00</td>
<td>$82,650.00</td>
<td>23</td>
<td>24</td>
<td>187</td>
<td>0.128</td>
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<tr>
<td>541330</td>
<td>Engineering Services</td>
<td>$21,088,739.00</td>
<td>$5,092,716.00</td>
<td>190</td>
<td>241</td>
<td>2161</td>
<td>0.49%</td>
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<tr>
<td>541430</td>
<td>Graphic Design Services</td>
<td>$2,337,476.00</td>
<td>$2,337,476.00</td>
<td>17</td>
<td>22</td>
<td>527</td>
<td>0.02%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>541512</td>
<td>Computer Systems Design Services</td>
<td>$3,380,188.00</td>
<td>$3,380,188.00</td>
<td>44</td>
<td>74</td>
<td>2431</td>
<td>0.02%</td>
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<td></td>
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</tr>
<tr>
<td>541611</td>
<td>Administrative Management and General Management Consulting Services</td>
<td>$245,570.00</td>
<td>$245,570.00</td>
<td>36</td>
<td>44</td>
<td>1005</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>541612</td>
<td>Human Resources and Executive Search Consulting Services</td>
<td>$283,911.00</td>
<td>$283,911.00</td>
<td>22</td>
<td>29</td>
<td>674</td>
<td>0.00%</td>
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<td></td>
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<tr>
<td>541618</td>
<td>Other Management Consulting Services</td>
<td>$250,000.00</td>
<td>$250,000.00</td>
<td>35</td>
<td>59</td>
<td>793</td>
<td>0.00%</td>
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<td></td>
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<tr>
<td>541910</td>
<td>Marketing Research &amp; Public Opinion Polling</td>
<td>$0.00</td>
<td>$0.00</td>
<td>15</td>
<td>25</td>
<td>215</td>
<td>0.00%</td>
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<td></td>
<td></td>
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<tr>
<td>561410</td>
<td>Document Preparation Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>16</td>
<td>17</td>
<td>132</td>
<td>0.00%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>561421</td>
<td>Telephone Answering Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>561439</td>
<td>Other Business Service Centers</td>
<td>$0.00</td>
<td>$0.00</td>
<td>11</td>
<td>12</td>
<td>145</td>
<td>0.00%</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>561611</td>
<td>Investigation Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>561612</td>
<td>Security Guards and Patrol Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>11</td>
<td>12</td>
<td>145</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>561621</td>
<td>Security System Services</td>
<td>$0.00</td>
<td>$0.00</td>
<td>6</td>
<td>7</td>
<td>170</td>
<td>0.00%</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>561710</td>
<td>Exterminating and Pest Control</td>
<td>$0.00</td>
<td>$0.00</td>
<td>11</td>
<td>17</td>
<td>289</td>
<td>0.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>561720</td>
<td>Janitorial Services</td>
<td>$5,060,115.00</td>
<td>$5,060,115.00</td>
<td>50</td>
<td>65</td>
<td>1535</td>
<td>0.04%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>562910</td>
<td>Remediation Services</td>
<td>$414,000.00</td>
<td>$414,000.00</td>
<td>21</td>
<td>25</td>
<td>81</td>
<td>0.02%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAICS Code</td>
<td>Description</td>
<td>NJ Transit</td>
<td>Procurement</td>
<td>DBE</td>
<td>DBE</td>
<td>Total DBE</td>
<td>NJJT Goal</td>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
<td>-----</td>
<td>-----</td>
<td>-----------</td>
<td>-----------</td>
<td>--------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>811110</td>
<td>Other Automotive Mechanical and Electrical Repair</td>
<td>$19,120,456.73</td>
<td>$3,905,097.00</td>
<td>$23,025,553.73</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0.039</td>
<td>0.00%</td>
<td></td>
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</tr>
</tbody>
</table>

**TOTAL**  
$152,319,113.00  
$593,214,350.74  
377  
1,319  
1,696  
29,685  
5.314  
1.00  
19%

**Sources:**  
2003 NJ TRANSIT DBE List  
2003 New Jersey Port Authority DBE List  
2003 New Jersey State Department of Transportation DBE List  
1999 Zip Code Business Pattern CD  
NJT Contract File with Utilization per NAICS Code  
Hudson-Bergen Utilization per NAICS code (provided by NJT DBE office)

**Note:**  
The NAICS Code column includes a combination of codes from the NJT Contract File and the 2002 DBE Goal Report. Both sources are included because some of the NAICS Codes in the DBE list may not have corresponded to the NAICS Codes in the NJT Contract File but corresponded to codes in the 2002 DBE Goal Report. The HBLRT column reflects NJT's suggestion for how to allocate the HBLRT contract among 22 NAICS codes. The amount is also adjusted based on the distribution in the 2002 DBE Goal Report.
### Table 3:1: Definitions of Variables Used in Regression Analysis for Race Neutral Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Variable</strong></td>
<td></td>
</tr>
<tr>
<td>DBE amount (method 1)</td>
<td>Log of DBE sub contract</td>
</tr>
<tr>
<td>Contract amount (method 2)</td>
<td>Log of Contract amount</td>
</tr>
<tr>
<td><strong>Dependent Variable</strong></td>
<td></td>
</tr>
<tr>
<td>FTA funded</td>
<td>If Funding Source = FTA then = 1, = 0 otherwise</td>
</tr>
<tr>
<td>Construction</td>
<td>If Type = Construction then = 1; = 0 otherwise</td>
</tr>
<tr>
<td>Professional Services</td>
<td>If Type = Professional Services = 1; = 0 otherwise</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>If Type = Supplies/Equipment then = 1; = 0 otherwise</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>If Type = Under $11, 500 then = 1; =0 otherwise</td>
</tr>
<tr>
<td>Others</td>
<td>If Type = Others then =1; =0 otherwise</td>
</tr>
<tr>
<td>Prime DBE Status</td>
<td>If Prime Contractor = DBE then = 1; = 0 otherwise</td>
</tr>
<tr>
<td>Goal Percent</td>
<td>Percentage of Goal Amount (0 - 1)</td>
</tr>
<tr>
<td><strong>Interaction Terms</strong></td>
<td></td>
</tr>
<tr>
<td>Goal_construction</td>
<td>Goal * Construction</td>
</tr>
<tr>
<td>Goal_Professional Service</td>
<td>Goal * Professional Services</td>
</tr>
<tr>
<td>Goal_Supplies/Equipment</td>
<td>Goal * Supplies/Equipment</td>
</tr>
<tr>
<td>Goal_Small Purchases</td>
<td>Goal * Small Purchases</td>
</tr>
<tr>
<td>Goal_Others</td>
<td>Goal * Others</td>
</tr>
<tr>
<td>Goal_FTA</td>
<td>Goal * FTA</td>
</tr>
</tbody>
</table>
Table 3:2: Race Neutral Analysis of NJT Contracts (considering interaction term)

<table>
<thead>
<tr>
<th>1. FTA and State</th>
<th>Contract Amount</th>
<th>N</th>
<th>Race-Neutral Percent</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average log-amount</td>
<td>Total amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Straight race neutral</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual DBE contract (a=b+c)</td>
<td></td>
<td>$19,677,224.00</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>Actual DBE Contract with Goals (b)</td>
<td></td>
<td>$18,039,698.00</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Actual DBE Contract without Goals (c)</td>
<td></td>
<td>$1,637,526.00</td>
<td>5</td>
<td>8.32% =c/a</td>
</tr>
<tr>
<td>B. Regression Method I (using DBE sub contract only - log linear analysis)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predicted DBE contract (d)</td>
<td>12.25612186</td>
<td>$19,677,224.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (e)</td>
<td>12.22729366</td>
<td>$14,811,082.78</td>
<td>75.27% =c/d</td>
<td></td>
</tr>
<tr>
<td>C. Regression Method II (using coefficient from all contract * mean of DBE sub contract - log linear analysis)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predicted DBE contract (f)</td>
<td>13.71674461</td>
<td>$89,835,665.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.44423191</td>
<td>$75,707,853.11</td>
<td>84.27% =g/f</td>
<td></td>
</tr>
<tr>
<td>D. Using interaction of goal and Type MethodI (using DBE sub contract only - log linear analysis)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Predicted DBE contract (d)</td>
<td>12.24612061</td>
<td>$19,677,224.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Value</td>
<td>Percentage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (e)</td>
<td>11.92633201</td>
<td>$11,906,627.44</td>
<td>60.51%</td>
<td>e/d</td>
</tr>
<tr>
<td>Predicted DBE contract (f)</td>
<td>14.03462227</td>
<td>$105,474,801.92</td>
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</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.53621785</td>
<td>$73,867,039.49</td>
<td>70.03%</td>
<td>g/f</td>
</tr>
<tr>
<td>Predicted DBE contract (d)</td>
<td>12.25612044</td>
<td>$19,677,224.00</td>
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</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (c)</td>
<td>11.67845222</td>
<td>$8,580,960.35</td>
<td>43.61%</td>
<td>e/d</td>
</tr>
<tr>
<td>Predicted DBE contract (f)</td>
<td>14.11592982</td>
<td>$117,069,154.85</td>
<td></td>
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</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.42326258</td>
<td>$72,682,532.91</td>
<td>62.09%</td>
<td>g/f</td>
</tr>
</tbody>
</table>

### 2. FTA only

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual DBE contract (a=b+c)</td>
<td>$12,313,531.00</td>
<td>27</td>
</tr>
<tr>
<td>Actual DBE Contract with Goals (b)</td>
<td>$12,313,531.00</td>
<td>27</td>
</tr>
</tbody>
</table>
Actual DBE Contract without Goals (c)  

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0.00% =c/a</td>
</tr>
</tbody>
</table>

**B. Regression Method I (using DBE sub contract only - log linear analysis)**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Predicted DBE contract (d)</td>
<td>12.81536887</td>
<td>$12,313,531.00</td>
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<tr>
<td>Estimated DBE contract with setting 0% goal (e)</td>
<td>12.58103904</td>
<td>$8,182,846.62</td>
<td>66.45% =e/d</td>
</tr>
</tbody>
</table>

**C. Regression Method II (using coefficient from all contract * mean of DBE sub contract - log linear analysis)**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Predicted DBE contract (f)</td>
<td>14.7884311</td>
<td>$83,557,734.44</td>
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<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.16181552</td>
<td>$22,852,137.23</td>
<td>27.35% =g/f</td>
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</tbody>
</table>

**D. Using interaction of goal and Type Method1 (using DBE sub contract only - log linear analysis)**

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Predicted DBE contract (d)</td>
<td>12.81537298</td>
<td>$12,313,531.00</td>
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</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (e)</td>
<td>11.52232195</td>
<td>$5,402,276.14</td>
<td>43.87% =e/d</td>
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</tbody>
</table>

**E. Using interaction of goal and Type Method2 (using coefficient from all contract * mean of DBE sub contract - log linear analysis)**

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Predicted DBE contract (f)</td>
<td>14.77242316</td>
<td>$74,554,487.56</td>
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</tr>
<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.34679785</td>
<td>$36,842,710.62</td>
<td>49.42% =g/f</td>
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</tbody>
</table>
**F. Using interaction of goal and FTA Method1 (using DBE sub contract only - log linear analysis)**

<table>
<thead>
<tr>
<th>Predicted DBE contract (d)</th>
<th>12.81537298</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated DBE contract with setting 0% goal (e)</td>
<td>11.52232195</td>
</tr>
<tr>
<td></td>
<td>$5,402,276.14</td>
</tr>
<tr>
<td></td>
<td>43.87% =c/d</td>
</tr>
</tbody>
</table>

**G. Using interaction of goal and FTA Method2 (using coefficient from all contract * mean of DBE sub contract - log linear analysis)**

<table>
<thead>
<tr>
<th>Predicted DBE contract (f)</th>
<th>14.78639316</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated DBE contract with setting 0% goal (g)</td>
<td>13.34679785</td>
</tr>
<tr>
<td></td>
<td>$36,842,710.62</td>
</tr>
<tr>
<td></td>
<td>48.75% =g/f</td>
</tr>
</tbody>
</table>

**Overall**  

| 48.84% |

1) regression results of the underlying equation are shown in Table 3-1.  
2) regression results of the underlying equation are shown in Table 3-2.  
3) regression results of the underlying equation are shown in Table 3-3.  
4) regression results of the underlying equation are shown in Table 3-4.  
5) regression results of the underlying equation are shown in Table 3-5.  
6) regression results of the underlying equation are shown in Table 3-6.  
7) regression results of the underlying equation are shown in Table 3-7.  
8) regression results of the underlying equation are shown in Table 3-8.  
9) regression results of the underlying equation are shown in Table 3-9.  
10) regression results of the underlying equation are shown in Table 3-10.  
11) regression results of the underlying equation are shown in Table 3-11.  
12) regression results of the underlying equation are shown in Table 3-12.  

Independent variables are source, type, goal percent for method 1. Method 2 includes DBE prime besides.

### Table 3-3: Log-Linear Regression Analysis of DBE Share (method 1)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>10.50766**</td>
<td>17.57</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>1.074601**</td>
<td>4.42</td>
<td>0.4576271</td>
</tr>
<tr>
<td>Construction</td>
<td>1.055297</td>
<td>1.60</td>
<td>0.2711864</td>
</tr>
<tr>
<td>Professional Services</td>
<td>1.604201*</td>
<td>2.36</td>
<td>0.1864407</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>2.215934**</td>
<td>3.21</td>
<td>0.1016949</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>1.025733</td>
<td>1.62</td>
<td>0.4067797</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>0.0018241</td>
<td>0.31</td>
<td>15.80407</td>
</tr>
</tbody>
</table>

Mean of Dependent: 12.25612184  
Adjusted R-Square: 0.3603  
Number of Observations: 59

Dependent variable is log (DBE sub contract amount)

Independent variables are source, type, goal percent (The reference group in "type" is others.)

Run the regression for all DBE sub contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
Table 3-4: Log-Linear Regression Analysis of DBE Share (method 2)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>13.02985 **</td>
<td>44.04</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>0.4337246</td>
<td>1.66</td>
<td>0.4576271</td>
</tr>
<tr>
<td>Construction</td>
<td>-0.0287649</td>
<td>-0.06</td>
<td>0.2711864</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-0.9004947 *</td>
<td>-2.46</td>
<td>0.1864407</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>-0.9610171 **</td>
<td>-2.67</td>
<td>0.1016949</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>1.521128 **</td>
<td>3.53</td>
<td>0.4067797</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>0.0172432</td>
<td>1.88</td>
<td>15.80407</td>
</tr>
<tr>
<td>DBE prime</td>
<td>-0.9546651</td>
<td>-1.60</td>
<td>0.1355932</td>
</tr>
</tbody>
</table>

|                              | Mean of Dependent    | 13.71674472 |
|                              | Adjusted R-Square    | 0.3203      |
|                              | Number of Observations| 59          |

1. It is mean of DBE subcontract only.

dependent variable is log (contract amount)

independent variables are source, type, goal percent and DBE prime

Run the regression for all contract then use the coefficient * (DBE firm mean)

*  Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
Table 3-5: Log-Linear Regression Analysis of DBE Share (method 1)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>11.25297 **</td>
<td>6.15</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>0.968136 **</td>
<td>3.42</td>
<td>0.4576271</td>
</tr>
<tr>
<td>Construction</td>
<td>0.381654</td>
<td>0.21</td>
<td>0.2711864</td>
</tr>
<tr>
<td>Professional Services</td>
<td>0.9127218</td>
<td>0.75</td>
<td>0.1864407</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>1.419309</td>
<td>0.75</td>
<td>0.1016949</td>
</tr>
<tr>
<td>Small Purchase</td>
<td>-0.4613988</td>
<td>-0.24</td>
<td>0.4067797</td>
</tr>
<tr>
<td>Goal Percent</td>
<td>-12.97633</td>
<td>-0.43</td>
<td>0.1580407</td>
</tr>
<tr>
<td>Goal_constr</td>
<td>13.04226</td>
<td>0.43</td>
<td>0.0816949</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>13.22522</td>
<td>0.44</td>
<td>0.0381356</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>13.59362</td>
<td>0.45</td>
<td>0.009661</td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>25.1626</td>
<td>0.81</td>
<td>0.0266034</td>
</tr>
<tr>
<td>Mean of Dependent</td>
<td>12.24612018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R-Square</td>
<td>0.3427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Observations</td>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

dependent variable is log (DBE sub contract amount)

independent variables are source, type, goal percent (The reference group in "type" is others.)

Run the regression for all DBE sub contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

Source: NJT Contracts between January 2002 and December 2002
Table 3-6: Log-Linear Regression Analysis of DBE Share (method 2)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean ¹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>13.02269 **</td>
<td>45.85</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>-0.0602391</td>
<td>-0.23</td>
<td>0.4576271</td>
</tr>
<tr>
<td>Construction</td>
<td>0.763512</td>
<td>1.64</td>
<td>0.2711864</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-1.239759 **</td>
<td>-3.50</td>
<td>0.1864407</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>-0.9647076 **</td>
<td>-2.80</td>
<td>0.1016949</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>1.667627 *</td>
<td>2.01</td>
<td>0.4067797</td>
</tr>
<tr>
<td>Goal Percent</td>
<td>3.09567</td>
<td>0.20</td>
<td>0.1580407</td>
</tr>
<tr>
<td>DBE prime</td>
<td>-0.1111308</td>
<td>-0.20</td>
<td>0.1355932</td>
</tr>
<tr>
<td>Goal_constr</td>
<td>-4.429428</td>
<td>-0.29</td>
<td>0.0816949</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>7.749659</td>
<td>0.50</td>
<td>0.0381356</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>7.057618</td>
<td>0.44</td>
<td>0.009661</td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>0.274505</td>
<td>0.01</td>
<td>0.0266034</td>
</tr>
</tbody>
</table>

|                        |                      |             |         |
| Mean of Dependent      | 14.03462236          |             |         |
| Adjusted R-Square      | 0.3203               |             |         |
| Number of Observations | 59                   |             |         |

1. It is mean of DBE subcontract only.

dependent variable is log (contract amount)

independent variables are source, type, goal percent and DBE prime ( The reference group in "type" is others.)

Run the regression for all contract then use the coefficient * ( DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

Source: NJT Contracts between January 2002 and December 2002
Table 3-7: Log-Linear Regression Analysis of DBE Share (method 1)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>11.26297 **</td>
<td>6.29</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>0.3315019</td>
<td>0.73</td>
<td>0.4576271</td>
</tr>
<tr>
<td>Construction</td>
<td>0.2285286</td>
<td>0.13</td>
<td>0.2711864</td>
</tr>
<tr>
<td>Professional Services</td>
<td>1.015167</td>
<td>0.54</td>
<td>0.1864407</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>1.419309</td>
<td>0.77</td>
<td>0.1016949</td>
</tr>
<tr>
<td>Small Purchase</td>
<td>-0.3240103</td>
<td>-0.17</td>
<td>0.4067797</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>-12.97633</td>
<td>-0.44</td>
<td>0.1580407</td>
</tr>
<tr>
<td>Goal_constr</td>
<td>13.08745</td>
<td>0.44</td>
<td>0.0816949</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>9.828675</td>
<td>0.33</td>
<td>0.0381356</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>13.59362</td>
<td>0.46</td>
<td>0.009661</td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>24.8264</td>
<td>0.82</td>
<td>0.0266034</td>
</tr>
<tr>
<td>Goal_fta</td>
<td>5.527805</td>
<td>1.77</td>
<td>0.0710339</td>
</tr>
</tbody>
</table>

Mean of Dependent 12.25612044
Adjusted R-Square 0.3705
Number of Observations 59

dependent variable is log (DBE sub contract amount)

independent variables are source, type, goal percent (The reference group in "type" is others.)

Run the regression for all DBE sub contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
<table>
<thead>
<tr>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>13.02269**</td>
<td>47.38</td>
</tr>
<tr>
<td>FTA funded</td>
<td>-0.4721268</td>
<td>-1.65</td>
</tr>
<tr>
<td>Construction</td>
<td>0.505956</td>
<td>1.11</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-1.195351**</td>
<td>-3.49</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>-0.8743575**</td>
<td>-2.61</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>1.900739*</td>
<td>2.36</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>3.095666</td>
<td>0.21</td>
</tr>
<tr>
<td>DBE prime</td>
<td>0.1328975</td>
<td>0.24</td>
</tr>
<tr>
<td>Goal_constr</td>
<td>-4.82659</td>
<td>-0.32</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>-0.3803602</td>
<td>-0.02</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>6.63024</td>
<td>0.43</td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>-5.662921</td>
<td>-0.30</td>
</tr>
<tr>
<td>Goal_fta</td>
<td>9.838081**</td>
<td>3.40</td>
</tr>
</tbody>
</table>

Mean of Dependent: 14.11592986  
Adjusted R-Square: 0.3203  
Number of Observations: 59

1. It is mean of DBE subcontract only.

dependent variable is log (contract amount)

independent variables are source, type, goal percent and DBE prime (The reference group in "type" is others.)

Run the regression for all contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
**Table 3-9: FTA only- Log-Linear Regression Analysis of DBE Share (method 1)**

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>12.86322**</td>
<td>18.88</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded (dropped)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>-0.0498812</td>
<td>-0.14</td>
<td>0.2592593</td>
</tr>
<tr>
<td>Professional Services (dropped)</td>
<td></td>
<td></td>
<td>0.2962963</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>(dropped)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Small purchases</td>
<td>-0.6058098</td>
<td>-1.14</td>
<td>0.444444</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>1.509641</td>
<td>0.61</td>
<td>0.1552222</td>
</tr>
</tbody>
</table>

Mean of Dependent 12.8153691
Adjusted R-Square 0.4134
Number of Observations 27

dependent variable is log (DBE sub contract amount)

independent variables are source, type, goal percent (The reference group in "type" is others.)

Run the regression for all DBE sub contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
### Table 3-10: FTA only - Log-Linear Regression Analysis of DBE Share (method 2)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>14.24996 **</td>
<td>40.63</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>(dropped)</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Construction</td>
<td>-1.134595 *</td>
<td>-2.49</td>
<td>0.2592593</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-2.679717 **</td>
<td>-5.42</td>
<td>0.2962963</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>-2.758036 **</td>
<td>-5.81</td>
<td>0</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>(dropped)</td>
<td></td>
<td>0.444444</td>
</tr>
<tr>
<td>Goal 1)</td>
<td>10.47927 **</td>
<td>5.32</td>
<td>0.1552222</td>
</tr>
<tr>
<td>DBE prime</td>
<td>(dropped)</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

- Mean of Dependent: 14.78843081
- Adjusted R-Square: 0.6882
- Number of Observations: 27

1. It is mean of DBE subcontract only.

Dependent variable is log (contract amount)

Independent variables are source, type, goal percent and DBE prime

Run the regression for all contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

1) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002
<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>10.58347**</td>
<td>5.23</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>(dropped)</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Construction</td>
<td>2.743843</td>
<td>1.32</td>
<td>0.2592593</td>
</tr>
<tr>
<td>Professional Services</td>
<td>(dropped)</td>
<td></td>
<td>0.2962963</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>(dropped)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>0.5118418</td>
<td>0.25</td>
<td>0.4444444</td>
</tr>
<tr>
<td>Goal Percent</td>
<td>10.19442</td>
<td>1.33</td>
<td>0.1552222</td>
</tr>
<tr>
<td>Goal_constr</td>
<td>-11.65816</td>
<td>-1.45</td>
<td>0.0448148</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>(dropped)</td>
<td></td>
<td>0.0777778</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>(dropped)</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>7.144083</td>
<td>0.70</td>
<td>0.0326296</td>
</tr>
</tbody>
</table>

Mean of Dependent 12.81537259
Adjusted R-Square  0.4773
Number of Observations 27

Dependent variable is log (DBE sub contract amount)

Independent variables are source, type, goal percent (The reference group in "type" is others.)

Run the regression for all DBE sub contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

Source: NJT Contracts between January 2002 and December 2002
### Table 3-12: FTA only -Log-Linear Regression Analysis of DBE Share (method 2)

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>t-statistic</th>
<th>Mean ¹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>14.76452 **</td>
<td>12.36</td>
<td>1</td>
</tr>
<tr>
<td>FTA funded</td>
<td>(dropped)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>-1.219102</td>
<td>-0.96</td>
<td>0.2592593</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-3.718098 **</td>
<td>-2.84</td>
<td>0.2962963</td>
</tr>
<tr>
<td>Supplies/Equipment</td>
<td>-3.272597 *</td>
<td>-2.65</td>
<td>0</td>
</tr>
<tr>
<td>Small Purchases</td>
<td>(dropped)</td>
<td></td>
<td>0.4444444</td>
</tr>
<tr>
<td>Goal ¹)</td>
<td>6.214268 *</td>
<td>2.01</td>
<td>0.1552222</td>
</tr>
<tr>
<td>DBE prime</td>
<td>(dropped)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Goal_constr</td>
<td>(dropped)</td>
<td>0</td>
<td>0.0448148</td>
</tr>
<tr>
<td>Goal_professional service</td>
<td>7.258258</td>
<td>1.82</td>
<td>0.0777778</td>
</tr>
<tr>
<td>Goal_supplies/equipment</td>
<td>(dropped)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Goal_small purchase</td>
<td>-2.743775</td>
<td>-0.17</td>
<td>0.0326296</td>
</tr>
<tr>
<td>Goal_fta</td>
<td>(dropped)</td>
<td></td>
<td>0.1552222</td>
</tr>
</tbody>
</table>

|                     | Mean of Dependent    | 14.7863932 |
|                     | Adjusted R-Square    | 0.3203     |
|                     | Number of Observations| 59         |

---

1. It is mean of DBE subcontract only.

The dependent variable is log (contract amount).

The independent variables are source, type, goal percent and DBE prime (The reference group in "type" is others.)

Run the regression for all contract then use the coefficient * (DBE firm mean)

* Coefficient estimates are significant at 95% significance level.

** Coefficient estimates are significant at 99% significance level.

¹) The range of "Goal" is between 0 and 1.

Source: NJT Contracts between January 2002 and December 2002